Boutique house sale lifts prices for suburb

Watch the city from your pool: 126 Heath Street, Port Melbourne.

How it sold

Michael Bleby

The *Financial Review* has spoken to the team behind the weekend's most intriguing property sale.

The property: A three-bedroom, two-bathroom townhouse at 126 Heath St, Port Melbourne, Victoria. Sold at auction $3,705,000.

Who was the agent/agency? Greg Hocking & Simon Gowling, Greg Hocking Holdsworth.

How long was this on the market? [Greg] Five weeks.

Why did this one sell? It was a high-end design by architect Nicholas Murray and the execution of the builder Hansen Living was fantastic.

Was it overpriced? It certainly has reached a new benchmark high for the area, but with five bidders, it had be deemed to be market price. It wasn't just two buyers having a go for it.

What did you think it would go for? We were quoting mid-$2 million but we were hopeful we would get close to $3 million.

What was surprising about it? The buyers were a couple in their late 30s or early 40s with a young child. Most of the others were baby-boomer downsizers.

Most often the baby-boomers are very specific. They will only buy, or will only pay a premium for, Albert Park or Middle Park. Those are the acknowledged areas where the premium prices will be achieved. Port Melbourne will be looked at as an alternative but they're not going to pay a premium price – it's not Albert Park or Middle Park. It doesn't offer up as many of the higher-value prices, so the median price is lower. But this particular property has turned that on its head. This was a one-off property, no question, but the convergence of a high-quality builder and a first-class architect just shows what can be done to promote something of universal appeal.

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The other point that comes up with this style of property is these buyers rarely run out of bullets, they're just not motivated or energised to pursue the property any further. They don't say 'Now we can't afford it, so we'll stop bidding'. There were three or four bidders over $3.3 million. They are quite frequently people who've often sold their own property. This is a lifestyle move which they're prepared to go hard at.

It wasn't like: 'Sorry pal, I just run out of money'. It's not that with this market. A little cottage? It's a different story. An apartment buyer? A different story. At this end of the market they've got plenty of firepower. And they're not afraid to spend that money, either.

Do you reckon we'll see another result like this: a) next week b) next year c) next cycle d) never?

B) It will happen again. It does raise the benchmark for the area. In months to come, people will be talking about the Heath Street sale and buyers will be pumped to raise prices. Vendors are bound to start raising expectations on the back of that. They do tend to have an effect. I think it'll carry into the new year, given the stock levels are running down very quickly now. The market will reboot in February.