

BUSINESS PROPERTY

Smartest suburbs suffer biggest falls

Report Michelle Singer
and Robert Harley

The race to sell before Christmas is on. The sale boards are multiplying in Australia's top suburbs, but the outlook is not good – the owners are chasing a falling market.

Australian house prices fell marginally in the September quarter, but rose in Sydney, according to figures released on Friday by RP Data and Rismark International.

But in prestige suburbs around the country, where house prices have been boosted by years of strong corporate profits and stock exchange gains, the falls have been

pronounced. "The prestige market is inherently more liquid and more volatile than the mass market – and as a result, it's the most vulnerable of the different sub-sectors," Rismark International managing director Chris Joye said.

"If there's going to be price reduction you'll see it in the prestige market in part because we're seeing some evidence of affluent unemployment. A lot of people that have been retrenched work in the services industry and have been in upper to middle-income households."

In Melbourne, the top end suburbs led the market down in the September quarter with

median house price falls in suburbs such as Albert Park (minus 39 per cent), Kew (minus 19 per cent), and Toorak (minus 14 per cent), said the Real Estate Institute of Victoria.

REIV chief executive Enzo Raimondo said the difficult economy was having the strongest impact in the most expensive suburbs, the same ones that experienced runaway growth of 20 per cent or more last year.

In Queensland, the cracks appeared early. One Gold Coast mansion, Sails on Hope Island, was sold for \$9.75 million, well short of the \$25 million its builder/developer once wanted.

And in Sydney, one buyer's agent, PK Property's Peter Kelaher, said he had struck some "cracking deals" recently.

"From here till Christmas is probably one of the best times to buy. People upgrading from \$1.3 million to anything over \$2 million won't see prices this low for quite some time," he said.

Intelligent Finance director Justin Doobov is out in the Sydney market for himself and clients. He said there was "absolutely" evidence of price drops, where sellers had bought elsewhere and were lured by the agent's promise of a "great price".

"I've told my clients that if

they've picked up a bargain there's little chance their property will sell at a premium in this market," he said. "We've seen properties that would have sold for \$2.8 million to \$3 million in a better market, but the vendor has had to sell at any price and sold at \$2.1 million. It's happening on luxury properties in Dover Heights, Rose Bay, Bondi and Vaucluse even."

One saving grace is the Australian dollar. Mr Kelaher said: "When it hit 60c last week the phone rang off the hook."

McGrath Real Estate's John McGrath agreed.

"We've seen a pick-up in expat enquiry," he said.