

Queensland auction prices hammered

Michelle Singer

Auction sales have started to flow in Queensland as vendors accept conditions and offers that are below their expectations to conclude deals before Christmas.

Many sales in the past week have been well short of the vendors' original purchase price, particularly if they bought at the peak of the east coast boom in 2007.

On Tuesday, Storm Financial founders Emmanuel and Julie Cassimatis sold their Townsville home for a sum between \$1.35 million (at which it passed in at auction last week) and \$2 million (the reserve).

That was well down on the \$3.8 million asking price set three years ago.

Also last week, Gold Coast businessman Robert Fraser-Scott accepted an offer of \$3.5 million for his six-bedroom waterfront mansion on Sovereign Island, which he bought in 2007 for more than \$7.36 million.

Independent Queensland auctioneer Jason Andrew said clearance rates in the state were up 10 percentage points to 45 per cent as "cautiously pessimistic" buyers felt there was good value in many properties.

A Brisbane home passed in at \$755,000 in March on a \$955,000 reserve price was offered again last weekend as a mortgagee-in-possession property. It passed in again with a \$630,000 offer, below the \$670,000 vendor reserve.



Hoping for \$1.5 million plus ... more than 200 people have inspected this home in Mountain View Rd, Maleny.

Brisbane's median house price has fallen 9.3 per cent in the 12 months to October, according to RP Data's latest value index, released yesterday.

Its improving affordability — its \$425,000 median house price makes it more expensive than only Adelaide and Hobart — will be one of its biggest drawcards in 2012, according to Residex analyst John Edwards.

He forecast a modest 3 per cent

annual growth for the state in the next four years and said the best opportunities would be in cities supported by development and resource-driven demand.

More than 50 properties, ranging from luxury hinterland and waterfront homes to commercial and retail outlets, were scheduled to go under the hammer last night on the Gold Coast, Sunshine Coast and in Bris-

bane. Elders Nambour manager Peter Flint said an increase in activity was being seen on all listings, as long as buyers knew vendors genuinely intended to sell.

There had been strong interest in all 12 properties the office was scheduled to auction last night.

"Vendors are getting more and more flexible as they want to move on with their life," he said.

KEY POINTS

- Queensland clearance rates have risen 10 per cent to 45 per cent.
- But Brisbane's median house price is down 9.3 per cent in 12 months.
- A growth rate of 3 per cent is forecast for the state over the next four years.

"People feel that a lot of buyers are only focusing on bargains with low offers, but they're not at all. They want to pay what they think a property is worth."

More than \$1.5 million is expected for a five-year-old, two-storey home in Mountain View Road with 270-degree views of the Glass House Mountains. Mr Flint said almost 200 people had inspected the home in five weeks.

Australian Property Monitor figures show house prices have fallen 12 per cent in Maleny in the past 12 months and several homes are languishing on the market.

Hinternoosa agent Kirsten von Homeyer reports a "tangible" increase in activity in the past six to eight weeks since the agency's last in-room auction event.

"Sellers, particularly those buying in the same market, realise they can't bully the market," she said.

"They're starting to see that bids made under auction conditions are the best evidence for them of where the market is."

Neometro and Besen join forces

Scott Elliott

Melbourne-based developer Neometro has teamed up with property mogul Daniel Besen to develop its latest project in South Yarra as the group looks to lift yearly revenue beyond \$100 million.

It is understood the joint venture will develop a luxury apartment project near the Botanical Gardens after acquiring a site for more than \$4 million.

The South Yarra purchase follows Neometro's acquisition of 377 George Street, Fitzroy, for \$3.56 million earlier this year.

"We very much hold the view that we operate within a niche and offer a quality product from an established brand which gives us a competitive advantage," said

Neometro director James Tutton.

Mr Tutton said Neometro would focus its in-house capabilities on two markets — luxury product in South Yarra and Toorak, and higher-density, inner-urban projects in suburbs such as St Kilda and Fitzroy.

Neometro was founded by Jeff

Sales of \$100 million per annum are very much achievable within the next 24 to 36 months.

much achievable within the next 24 to 36 months," Mr Tutton said.

Neometro has brought on board Neil McLennan (formerly of MAB Corporation) as a director and Ben Khong to assist with site acquisitions.

"It's always difficult to find sites," Mr Tutton said. "It's a bit

like panning for gold, really, especially in the higher end of Toorak and South Yarra where you're competing against buyers for home sites."

Neometro already has its hands full with a \$13 million luxury apartment project on

Brookville Road, Toorak, and another 35 apartments planned for its George Street site.

It is also building a 15-apartment complex above the Panama Dining Room at 231 Smith Street, Fitzroy.

"The banks we do business with are comfortable with the space in which we move — projects with sales of \$13 million to \$30 million," Mr Tutton said.

The dearth of bank lending available for rival developers was proving a positive for Neometro, he said. "As the credit departments of banks become more demanding they have had to chase established developers for business because they're just not in a situation where they can lend to a developer without an established track record."

Grading of towers for quality goes up again

Robert Harley

The Property Council of Australia has once again lifted its standards for grading office towers, raising the weighting for sustainability and floor efficiency.

The new *Guide to Office Building Quality* uses 60 parameters to grade towers, from Premium to D.

New towers will need a Five Green Star and NABERS Energy rating to be Premium grade.

Property Council chief executive Peter Verwer said the expanded environmental performance metrics raised the bar.

"The industry already knows it: sustainable design and management of office buildings has become part of the core business," he said.

Buildings with higher sustainability ratings outperformed in both value and capital growth in the September quarter results from the PCA/IPD Green Property Investment Index.

The guide also raises the floor size required for a Premium-grade tower rating in Perth and Brisbane.

Mr Verwer stressed that the guide was voluntary — the ultimate determinant of grade was the rent tenants were prepared to pay.

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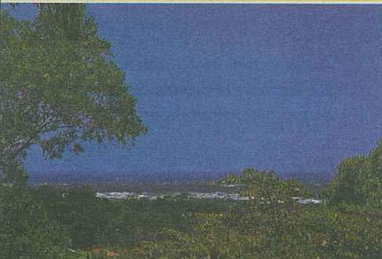
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