

Bargains put Sydney up for grabs

Article from: **Daily Telegraph**

July 27, 2008 12:00am

SYDNEY is up for sale: there are bargains from apartments and townhouses to luxury homes.

And while the focus of most bargain shoppers has been in the suburbs hit hardest by rising interest rates and petrol prices, savvy investors are snapping up some great buys in Sydney's affluent suburbs.

Real estate experts claim economic conditions have resulted in home prices being slashed by up to 20 per cent.

But whether they will fall further is a source of contention among property commentators and analysts.

The ANZ's head of property and financial system research, Paul

Braddick, says it is unlikely we will see further significant falls in Sydney property values.

"It is a good time to get back into the market over the next six to 12 months," he says. "We predict prices will rise considerably in 2010 – 2011 on the back of the rental market."

Braddick says demand for new housing is already far outstripping supply and the gap will only widen over the next few years, forcing house prices up.

"We're already seeing a shortage in the building and rental markets and this is setting the scene for a strong investment market," he says.

A recent report from BIS Shrapnel supports these claims, predicting a rise in Sydney property prices of 18 per cent over the next three years.

And in his latest market report John McGrath, CEO of McGrath Estate Agents, says now is the perfect time to invest in Sydney's property market.

"Despite all the negative predictions and gloomy analysis from various commentators, I'm going against the tide with what may seem like a bold statement: I really believe that Sydney is now in one of the best long-term investment climates we have seen in a decade," says McGrath.

“I believe that right now is the time that consumers will look back on in two years and say: ‘If only...’.

“With softer prices and rapidly rising rents come great opportunities and the time is now.”

So where are the bargains?

Distressed sales and mortgagee-in –possession auctions are offering buyers drastically reduced prices.

But Residex CEO John Edwards says buyers should tread cautiously in outer-ring areas, where fire sales are becoming more frequent, as it will be a while before prices there come back.

Instead Edwards suggests targeting suburbs in Sydney’s middle ring, within a 20 km radius of the city.

“A reduced sale will not necessarily translate into a bargain,” Edwards says.

“The suburb needs to have other aspects, such as transport nodes.”

Edwards, whose company launched real estate portal FindMeaHome (findmeahome.com.au) last week, says any suburbs in the middle-ring areas that display a high number of properties for sale will turn up some bargains.

Strathfield and its nearby suburbs, for example, currently show around 1350 properties for sale on the new website.

“With so much on the market in this area, there is bound to be some good pickings,” Edwards says.

Buyers agent and general manager of PK Property Search, Chad Crompton, says the softer market conditions are providing opportunities for buyers.

“There are pockets in most areas of Sydney that are currently offering good buys,” he says. “The market is generally softer during the winter months and vendors are usually more enthusiastic to sell at this time of year.

“That is even more so in the current economic climate, which means there are more bargains for our clients.”

Crompton says the best buys can be found on busier roads in upmarket parts of Sydney’s eastern suburbs, northern beaches and lower north shore.

A waterfront mansion at Newport sold last month for around \$2 million after it was

passed in earlier this year for \$2.7 million. In nearby Mona Vale, a property on Barrenjoey Rd sold for \$580,000 – well below its \$700,000 expectations.

It's a similar story in suburbs on Sydney's lower north shore, where some properties have sold for 10 to 15 per cent below the original asking price.

Further south, the Lantern House in Cronulla, on Gunnamatta Bay, is

testament to the fact that bargains abound even in the top end of town.

The Darook Park Rd property, which has been listed in a book of the world's best homes, was tipped to break the suburb's \$6.9 million record when it was listed in March. The five-bedroom waterfront mansion sold last week for an undisclosed sum, believed to be around \$2 million less than original expectations.

In Sydney's western suburbs forced sales are commonplace. Ray Fayad, principal of Laing + Simmons Granville and Parramatta, says he handles at least one mortgagee sale a week.

One such sale was for two near-new duplexes in Granville for \$630,000, a figure Fayad describes as well below replacement value. "Prices are low and the motivation is there from vendors, making it easier for the purchaser to secure a good buy quickly. I think it is a great time to get into the market, especially for those with a 10-year plan."