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Australia Off-the-plan Apartments prices slump high risk Melbourne developers warn of impending economic disaster as the apartment market crashes

# Australia Off-the-plan Apartments Prices Slump high risk economic disaster



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Summary of three articles published today highlighting AUSTRALIA is building more apartments than ever and the cooling housing economy has property developers rallying against bank and state government policy decisions.

Off-the-plan apartment owners are learning that property is not the golden ticket to increasing wealth as apartment values tumble. A valuation study conducted showed that 50 per cent of apartments demonstrated a shortfall between the contract price and the valuation.

<http://mortgageeproperty.com/australian-off-the-plan-apartments-prices-slump-high-risk.html>

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## Off-the-plan apartments are under the spotlight as prices slump

**June 2, 2016 - Kirsten Craze - news.com.au**

<http://www.news.com.au/finance/real-estate/buying/offtheplan-apartments-are-under-the-spotlight-as-prices-slump/news-story/e14b4bddcd1e2e8126e41064051edc0c>

NEW unit owners, and developers, are learning a rarely taught lesson in Australian real estate. Property is not always the golden ticket to increasing wealth. A construction boom in central Melbourne has had industry experts talking oversupply on the apartment scene for months and now the predictions have proved true - an increasing number of units have lost value even before they've been built. Other near-new units are reselling below their last purchase price. "If you don't have that kind of money to kick in and meet that shortfall then you either lose that deposit, or you can't settle. That's what the concern is in the next 12 months, that there is settlement risk,"

## Are you safe if the apartment market crashes?

**June 2, 2016 - Jason Murphy - News.com.au**

<http://www.adelaidenow.com.au/real-estate/investing/are-you-safe-if-the-apartment-market-crashes/news-story/62dc6261180c0c87c4ae28e49ef5b126>

The financial press is full of stories about people buying apartments off the plan and losing money on them. Banks are now restricting lending for construction of apartments in large areas of Australian cities. They don't want to be left holding bad loans on apartments that have tumbled in price. Even the Reserve Bank has got in on the warnings, with the head of Financial Stability, Lucy Ellis, pointing out that even if a crash seems to be coming, property developers will still rush to get buildings finished. "Just as there's a Greater Fool Theory of investment that helps perpetuate booms in prices of financial assets, it sometimes seems that there is a Slower Builder Theory of property development, where everyone knows that not all the projects underway will make money but yours will if you can just complete it before the other guys complete theirs," said Ms Ellis.

## Melbourne developers warn of impending economic disaster

Jun 2, 2016 - Larry Schlesinger - Financial Review

<http://www.afr.com/real-estate/melbourne-developers-warn-of-impending-economic-disaster-20160602-gpa1c8#ixzz4ASqzFCHq>

Melbourne's development community has come together in a show of force to rally against bank and state government policy decisions threatening the viability of their industry. On Thursday afternoon, about 60 of the city's most powerful residential developers filed into a room in the swanky Westin Hotel on Collins Street in the CBD. Nearby, dozens of cranes hover over their high-rise development projects. Those who attended the meeting covered every sector and segment of the development community from big listed players like Lendlease to the major private developers including Central Equity, ISPT, Metro Property Development, Gurner, BPM, Salta, Salvo and Little Projects. Developers fear this could lead to a surge in settlement defaults and send apartment values plummeting. "The industry has come together as one voice to tell the government about the real economic impact their decisions are having on the ground," Ms Addison said. She said the UDIA and the Property Council will seek meeting with the state government to voice these concerns. One developer who attended the meeting told the AFR: "Banks without any communication have stopped lending almost straight away to foreign buyers. "You don't need to be Einstein to know what the ramifications are, given tens of thousands of people will settle on their apartment purchases over the coming months. We need liquidity back into the market.