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off the plan apartment values slashed by Australian Banks triggering apartment settlement risk fears Australia's chronic apartment over supply

# Off the plan apartment values slashed by Australian Banks



Reported in both the Australian and Herald Sun news papers today, Australia's chronic apartment over supply is triggering banks to value off the plan apartments well below the original purchase price. Some bank valuations are reported to be between 10-40% below the contract purchase price to mitigate the risk as the glut of apartments continues to grow.

Apartment settlement risk is now the greatest concern effecting Australian property developers with many off the plan purchasers deciding to walk away from their deposits verses providing further equity to complete settlement of apartments that are worth less than the contract price.

<http://mortgageeproperty.com/off-the-plan-apartment-values-slashed-australian-banks.html>

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## AUSTRALIA'S oversupply of apartments has hit 70,000, according to research

June 7, 2016 - Michael Bennet - Herald Sun

<http://www.heraldsun.com.au/business/bank-revaluation-fears-grow-as-units-glut-at-70000/news-story/123c50c12dbaf8a2fec85d319f961119>

And banks are increasingly revaluing off-the-plan dwellings approaching settlement to "well below" the initial purchase price, raising the risk that settlement failures will rise, investment bank JP Morgan says. Ahead of the Reserve Bank's monthly board meeting today, the JP Morgan economics team has said high-density apartments now account for 70 per cent of residential work under construction.

## Banks slice apartment values

June 7, 2016 - Michael Bennet & Turi Condon - The Australian

<http://www.theaustralian.com.au/business/property/banks-slice-apartment-values/news-story/d5b5c1d6d61ba27daec6fc401d9d0976>

Australian Banks are increasingly revaluing apartments bought off the plan approaching settlement "well below" the initial purchase price, raising the risk that more deals will fall over as the nation's glut rises to 70,000 units.

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