

Residential slow down tipped - Macquarie

Nelson Yap

The Melbourne residential property market has slowed but demand for established homes and land is still solid according to the latest findings from Macquarie Property research released in the 2003 annual Property Market Outlook.

Head of Macquarie Property Research Rod Cornish revealed that while residential growth, driven by interstate migration has peaked, and peaked earlier than other cities, price growth is still reasonable.

"Interstate migration is slowing and is expected to flatten and as a result is not expected to have the same continuing impact on the residential market," Cornish said.

"Counterbalancing that, overseas migration is at one of its strongest levels since the 1980s. Therefore, we do not predict a crash. Moderate growth is expected - more in line with the single digit house price rises of last year."

Cornish said Macquarie has been concerned about over-speculation on apartments in Melbourne over the last two years.

"That concerns still exists, despite the number of projects that have already been shelved.

"The best thing that could happen is that apartment construction slows for a year. There are a lot of projects on the drawing board that are unlikely to go ahead," he said.

"Inner Melbourne locations close to long established lifestyle will feel less of an oversupply impact," Cornish concluded.

"Melbourne's weak spots include generic walk up apartments built in the 1960s, 70s and 80s without any differentiation and new apartments without community infrastructure in over supplied locations. Well designed, new apartments in inner city areas with well-established communities will fare better.

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JFM notes conversion

Existing investors of JF Meridian Trust Convertible Notes - formerly Tyndall Meridian Trust Convertible Notes - have first opportunity to convert or redeem all or part of their existing notes to Convertible Notes to JF Meridian Trust ordinary units.

This will occur on 30 June 2003.

Investors seeking to convert all or part of their Convertible Notes will receive one JFM Trust ordinary unit for each JFM Trust Convertible Note they hold.

The trading history for JFM Trust ordinary units for the 10 trading days prior to 19 May 2003, has seen the JFM Trust units trade on the Australian Stock

Exchange at an weighted average price of \$1.139 per unit.

The three month high for the period 19 February 2003 to 19 May 2003 was \$1.17 per unit on 12 May 2003 and the three month low for the

same period was \$1.10 per unit on 9 April 2003.

The latest available market price for JFM Trust ordinary units as at 19 May 2003 was \$1.12.

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LLC commits to leases despite move

Ted McDonnell

Lend Lease is currently committed to a number of leases at Australia Square totalling 25,000 sqm, the majority of which expire on 31 December 2003.

Lend Lease has signed an agreement to relocate to a new building being developed at 30 The Bond, Hickson Road, Sydney.

Under the terms of the agreement, Lend Lease will remain in approximately 16,700 sqm of its tenancy at Australia Square until 31 March 2004 when the new premises at Hickson Road, Sydney are expected to be complete.

Lend Lease will occupy a combination of eight Plaza Building floors, eight Tower low rise floors, and two Tower high rise floors.

Lend Lease will make rental payments over the space it continues to occupy until 31 March 2004. An amount equivalent to approximately nine months rent will be paid in consideration of the extension and make-good obligations.

Office Portfolio Manager for GPT, Tony Cope said the agreement satisfies the needs of all parties had been reached.

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Melbourne's the worst performer, says Laing + Simmons

Melbourne was the worst performing Australian city in the office property market for the first quarter of 2003, according to Laing + Simmons.

Research from L + S, reveals the city recorded a significant decline in rental levels and an increase in vacancy rates. This can be partially attributed to key tenants relocating to the city fringe.

Some analysts expect the city's vacancy rates to soar as high as 14% over the next two years.

Increased Construction Activity

L + S report building approvals in Victoria have surged to another high after a \$1.5 billion jump in activity pushed the total to \$13.8 billion for 2002.

"The commercial sector recorded the biggest increase with office building approvals, jumping 7% to \$2.1 billion. CBD construction activity remains fairly consistent at \$1.9 billion, while \$3.5 billion, or 60%, of the new construction is planned for the inner city areas of Melbourne."



Suffering Suburban Market

According to L + S, rising vacancies and falling demand continue in Melbourne's suburban office market, pushing incentives up to 15%. Softening demand is mainly attributed to recent contraction in employment, particularly in the finance, insurance, advertising and communications sectors. **PRV**

Rivkin not a big fish compared to many agents

Neil Jenman*

His profit from insider trading was about \$350 and he's staring at a five-year prison sentence. If the same rules used to convict stockbroker Rene Rivkin were applied in the real estate industry, hundreds of agents would be serving life sentences.

Insider Trading is rampant in real estate. And yet there are no gloating headlines. Just silence. At our consumer seminars, The Inside Secrets of Real Estate, we name agents and give clear examples of how this insidious scheme operates.

The only response from a government authority was the Queensland Fair Trading Minister, Merri Rose, who denied our claims and quoted the case of an agent who was convicted of insider trading. Wrong, Minister, the agent was convicted for not "disclosing" her interest. You see, in Queensland, as in most states, all agents have to do is "disclose" that they are going to buy their client's property. That's like saying it's okay to rob banks as long as you announce, "This is a stick up!" Insider Trading should be banned in real estate.

No excuses.

We invite the Minister to attend our consumer seminar in Brisbane on Monday May 12 where she will see the evidence of what's going on in her state. That's provided she does not accept an invitation to a Real Estate Institute dinner as happened last year when this seminar was presented.

In the meantime, Minister, you might like to comment on our article GIVE THE MONEY BACK which was written as far back as 2000 when we warned about real estate insider trading.

Rene Rivkin might be considered a big fish, but compared to the sharks in real estate, he's a tadpole...

**Neil Jenman is a leading consumer advocate & author. More of his stories can be found at www.jenman.com.au*

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