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## PROPERTY

Top sales in 2013

Address State

**Sale** Price Area Bedrooms Bathrooms Parking  
(sq m)

9 WolseleyCrescent,										
Point Piper	NSW	July 4	\$33.5m	1359	5	9	2			
Towers Rd, Toorak	Vic	June 1	\$21.5m	3901	6	7	4			
48 The Crescent,	Vaucluse	NSW	May 20	\$19.0m	1191	5	5	2		
27 Eastbourne Road,										
Darling Point	NSW	March 28	\$16.35m	584	5	6	6			
52 The Crescent,	Vaucluse	NSW	May 20	\$15.0m	1026	N/A	N/A	N/A		
46 Vaucluse Road,	Vaucluse	NSW	February 26	\$15.0m	1711	5	5	2		

N/A: Not available.

Source: Australian **Property** Monitors

TD

As the **property** market gears up for another year we take you on a tour of Australia's exclusive suburbs and their most expensive homes. Have a sneak peek inside lifestyles of the rich and famous as Matthew Smith crunches the numbers on some of the biggest gains and losses made on high-end real **estate**.

The prestige **property** market is geared for a comeback in 2014 as one-of-a-kind homes are prepared for **sale** in near perfect conditions. Records are expected to tumble as developers, foreign buyers and cashed-up locals eye a number of landmark homes being offered for the first time in decades.

After spending a few years being outshone by new money in the north and west of Australia, Sydney is expected to **lead** the charge as heated bidding puts one in seven homes **sold** at auction into **million**-plus territory.

It is the \$100 **million** price tag attached to a sprawling harbour front **property** named Elaine however that has people talking. The **property** has been in the hands of the family of former publisher and namesake of the owner of this magazine, Fairfax, for generations and experts are tipping it will set a new record for **residential property**.

Buoyant **equity** markets, a more affordable currency and a new visa category for significant investors are all expected to play into the owners achieving a "fair price" for the **property**. However, readers of more modest means may wonder how such an investment stacks up for the buyer.

While nimble vendors are sometimes able to bank **millions** after flipping these piles, the truth is that gains are more likely to be a slow and tedious grind.

The glamorous Point Piper mansion Altona, for instance, smashed Sydney records when it was reportedly **sold** for \$54 **million** in May 2013. Based on the 1992 auction price of Altona, the **property** has appreciated at a compound rate of 11.8 per cent a year. The previous owner, however, wasn't able to achieve anything like that.

Bought in 2002 for \$28.5 **million**, Altona's owner Deke Miskin managed a return of just 6 per cent, or the same return Seven West Media director Bruce McWilliam earned when he **sold** his 9 Wolseley Crescent **property**, also in Point Piper, in April 2013 for \$33.5 **million**.

At this end of the market timing isn't everything, it is the only thing. Getting a **property** to market a few months late can make all the difference and distressed sellers are eaten alive.

With this in mind, the only chance a buyer has to make money out of the Fairfax's enormous **property** is likely to be through developing it.

Simon Cohen, a buyer's agent for exclusive **property** advisory **group** CohenHandler, reckons that to reach its \$100 **million** potential, the Fairfax family home will need to be split up to make the most of the almost 7000 square metres of prime waterfront land.

Marketing material for the Elaine **estate** is in the process of being put together, according to Ken Jacobs, Sydney-based managing director of Ken Jacobs real **estate**, who has been asked by the Fairfax family to sell the **property**.

"There's no formula for marketing a **property** like this," Jacobs says of the **sale** process. He will be targeting overseas buyers, tapping the global client base of his **firm's** partner, Christie's International Real **Estate**, a branch of the famous auction house. "Sometimes it's a matter of picking up the phone and ringing logical buyers," he says.

"Other times it requires an international campaign. It's not difficult to find people with money to spend, the difficulty is finding buyers with the money and who have a need to be in Sydney." All eyes on Point Piper, Vacluse ... and Toorak

In terms of the top-end real **estate** stakes, Sydney is leading the country, with more exclusive, high-profile houses changing hands there in the past year than in any other state.

Among them is the \$19 **million** paid for a five-bedroom, five-bathroom **property** in The Crescent, Vacluse, overlooking the exclusive Kutti beach.

And yet the biggest deals in the nation are expected to occur in Sydney in the year to come.

A home under construction on Sydney's renowned Carrara Road, Vacluse, is creating a buzz after appearing on the market this year, setting expectations for a potential \$60 **million**-plus **sale**. The seven-bedroom, 12-bathroom modern mansion is owned by London-based international bank consultant Andrew Ipkendanz.

The closest interstate rival to the harbourside suburbs of Point Piper and Vacluse, in Sydney's east, and Mosman on the lower north shore is Toorak in Melbourne. This moneyed, leafy, inner-city suburb registered a string of high-end exclusive home sales in the past year, a few of which pushed the \$20 **million** mark.

Deals, such as the \$17 **million sale** of the home of former Legg Mason wealth management executive Ron Dewhurst in October 2012, as well as the \$20 **million sale** of a sprawling St George Road mansion to a **Chinese** buyer in October 2013, placed Toorak at the top of Smart Investor's highest-ranked suburbs in Australia, based on median home sales for 2012-13.

Michael Gibson, managing director of prestigious Toorak agency Kay & Burton, who was personally responsible for multiple home sales in the \$10 **million** to \$20 **million** category last year, says the high-end **property** market has come to life. Asian buyers driving the market

Gibson believes interest from overseas buyers is one of the main factors boosting demand for the exclusive market. He says Asian buyers in particular are on the lookout for prestigious properties in premium locations.

While foreign buyers are limited in terms of which properties they are allowed to **buy** in Australia, the global wealthy have not only targeted the country as a place to live, but they also see our resilient **property** market as a place to **park** their cash.

To be eligible to **buy** an existing **property**, foreigners must either be a resident or hold a temporary residency visa, which permits them to stay in Australia for a continuous period of more than 12 months.

However the rules are relaxed for wealthy buyers.

The introduction of new visas in 2012 for applicants with more than \$5 million to invest in complying assets over a four-year period has added to the pool of buyers. The federal government has approved 65 Significant Investor Applications (also called 888 visas) since November 2012, thereby bringing in more than \$325 million in capital.

Indeed, the increase in activity at the high luxury end of the market has been driven by overseas buyers, according to most agents. CohenHandler's Simon Cohen has seen this first hand, but notes that competition from local buyers stepping up to compete with foreigners, so as not to "miss out on these once-in-a-lifetime opportunities", is also spurring on the exclusive market.

While factors such as low interest rates and employment might dictate activity in the broader mass affluent or entry-level property market, the ultra high-end market has its own set of drivers, says RP Data senior research analyst Cameron Kusher.

The strong performance of the Australian sharemarket, he says, along with a spate of initial public offerings has meant many young local entrepreneurs, as well as high-flying company executives, have cashed up.

This in turn has driven domestic demand for properties, which is competing with international demand and creating a more favourable market for individuals and families – owners who have been sitting on their properties for some time and who are convinced now may be the right time to sell. Top-down recovery The high-end luxury residential market was the hardest hit during the global financial crisis and is leading the country's real estate recovery, Kusher explains.

At the height of the financial boom it was Hedges Avenue on the Gold Coast, known as Millionaire's Mile, where parcels of land were regularly traded for \$30 million. Former AFL player turned travel industry entrepreneur Tony Smith famously bought up five blocks along the prestigious street, only to be forced to sell what would have been his dream mega mansion to stay afloat.

More recently the strip claimed former LM Investment director Peter Drake. He was forced to accept a massive discount on his property, which was once valued at \$30 million, after LM Investment collapsed in March.

Drake, who obviously hadn't paid much attention to the troubles of Tony Smith, reportedly bought the neighbouring block for \$4 million for his children. In the end, the six-bedroom, eight-bathroom home with 25 metres of beach frontage sold for \$7.35 million.

Now, it is Sydney's turn to throw open the doors and host a series of what are likely to be the most extraordinary open for inspections the country has ever seen. If the pundits are correct it could be the biggest year in recent memory. But if history is any guide we may see some of those properties come back on the market more quickly than you might otherwise expect.

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