

# Rush for property as sale prices slump

Bridget Carter

THE property market is showing signs of strong activity, spurred on mainly by bargain hunters and first-home buyers.

The number of properties to sell at auction is expected to spike this weekend as prices are slashed by up to 30 per cent and buyer interest is reignited by this week's 100 basis point rate cut by the Reserve Bank.

The banks' subsequent mortgage rate cut appears to be adding to the momentum generated by the increase in the first-home buyer's grant from last October.

Online rate comparison company helpmechoose.com.au said there had been a big increase in expressions of interest from first-home buyers and those wanting to refinance an existing loan in the 48 hours after Tuesday's RBA rate announcement. The biggest spike was in Queensland.

On the Gold Coast yesterday, half the 12 properties sold at a Surfers Paradise auction were under \$500,000, a sharp discount on their asking price.

One Surfers Paradise apartment sold for \$195,000, \$55,000 less than its original price tag.

Andrew Bell of Ray White Surfers Paradise said: "Some of the properties had as many as seven registered bidders."

Mr Bell said residential developers were unable to keep up with the demand from aspiring first-home owners.

Major residential developer Australand, which revealed an 83 per cent drop in its annual net profit this week, and Lend Lease's residential development arm said the number of first-home buyer inquiries had doubled in the three months to January.

Most large residential developers want the Government to extend beyond June the current

first-home buyers grant of \$21,000 for a new property.

Reserve Bank governor Glenn Stevens said in his latest statement that government grants and interest rate cuts should boost prospects for the year ahead.

"A recent pick-up in housing loan approvals and in reported display home traffic suggests these factors are now starting to add to housing demand," he said.

LJ Hooker chief executive Warren McCarthy said there was a lot more interest in the past month than at the end of last year, particularly in the \$200,000-\$500,000 bracket.

"First-home buyers are driving some sort of revival," Mr McCarthy said.

In Sydney's west, the national market's worst-hit region, demand was strong as more properties went on mortgage sale and prices fell sharply.

A near-new three-bedroom

home at St Helens in the city's southwest was under contract for \$290,000, \$10,000 less than the owner paid six years ago. The property would rent for about \$300 per week.

Some properties with four bedrooms and swimming pools were selling in Sydney's mortgage belt for less than \$300,000.

Garth Makowski, of Dougal Real Estate at Campbelltown in Sydney's southwestern suburbs, said inquiries had nearly doubled to about 600 a month, while the time it took to sell a property had fallen from up to 100 days to as little as one week.

"That happened for us back in October. As soon as the grants came in, then bang, it just went through the roof," Mr Makowski said yesterday.

"The inquiries have been so strong that we've had to hire extra staff."