

Eastern Suburbs

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Scaling the heights

Sydney's prestige enclave has been keeping its nerve in challenging times

The \$95 million off-market sale of the Point Piper harbourfront home Edgewater highlights the market strength of the prestige sector in Sydney's Eastern Suburbs. And in late September a record onsite auction saw \$24.6 million paid for a five-bedroom property in Vaucluse.

The Vaucluse Road estate of the late Japanese businessman Akihiko Terada was last sold in 2013 for \$11.7 million when the home, built in 2009, was in better condition. Sydney Sotheby's agent Michael Pallier secured the sale of the property, which has a tennis court and indoor/outdoor heated lap pool on a 1085sq m block, to a Chinese-Australian resident.

There was also the \$30 million-plus sale of the Vaucluse home of Alexander Ma. Also on Vaucluse Road, the property – which sold for around \$28 million in March last year, only for the buyer to back out – was bought by Ma for \$26.5 million in 2017. BadgerFox agents Peter Leipnik and Alexander George secured the sale, reputedly to an Australian expatriate with a Chicago-based husband.

These three sales are high on the list of Australia's top known sales of 2020, with a home on the Swan River at Dalkeith, Perth, in third place at \$27.5 million.

The Point Piper and Vaucluse sales lead the 21 sales known to be over the \$10 million mark in the Woollahra local government area to the end of September. The tally exceeds the 20 sales in the pricey bracket achieved in the first nine months of 2019, which was subdued given anxiety around the May federal election.

There have been more than 90 sales of more than \$5 million in the Woollahra LGA this year, tracking around the same as 2019. Last year, from the end of September to the end of the year, there were a further 51 sales over \$5 million, 12 of which were over \$10 million, so agents will be working as far into December as they can. The Waverley LGA figures have tracked in a similar vein, with 28 confirmed sales over \$5 million to the end of September compared to 25 last year.

Herron Todd White valuer Shaun Thomas generally considers the prestige sector in the Eastern Suburbs to include properties of \$5 million or more.

"The Eastern Suburbs prestige market held up well throughout the overall market decline of mid-2017 to mid-2019, and appears to be doing the same so far through COVID-19," Thomas says. "The last major decline in the market coincided with the GFC, where the prestige end was the hardest hit. The local share market has somewhat stabilised and the overall property market hasn't seen any significant decline. Unless there is any further external shock, further lockdowns required, and if the unemployment rate doesn't increase too much more, it does appear that the prestige market will continue to hold up in the short to medium term."

Valuation firm Pontons has seen a huge uptick in its Sydney Prestige Index during 2020. In the 2018 calendar year there was a record number of Sydney-wide house and unit sales over \$10 million – 120 transactions – followed by around 70 sales in the 2019 calendar year. Of the 70 sales secured in 2019, 45 were in the first three-quarters of the calendar year. So far in 2020, there are over 70 sales both settled and unsettled as known to Pontons – an increase in the sales volume of the previous year of around 58 per cent. Pontons valuer Paul Donovan says that highlights the depth of activity and demand, notwithstanding the pandemic conditions that have prevailed for six months of this period.

Donovan says that sales are on track to exceed those of 2016 (73) and most likely



Top row: Bellevue Hill home sold by Melinda McMahon; the lounge room Centre row: The Vaucluse property sold by Alexander Ma; dining room of the Bellevue Hill home; Bronte's newest listing on Bronte Park Bottom row: Spectacular view from the bedroom of the Ma property; Bronte home kitchen and living area



2017 (85) to yield the second-highest volume of above-\$10 million sales in Sydney in a calendar year.

Rodney McLoughlin, director at TBAS Buyers Agents, says buyers agents became extremely busy after the initial strict lockdown period in Sydney passed. "Buyers needed us to inspect more properties on their behalf due to the restrictions and fear of getting infected," he says, adding that he also had the task of assisting buyers with online auctions. But he says prices for freestanding properties in the Eastern Suburbs have held up better than predicted by the banks. A trend that's a direct result of COVID-19 has been that buyers want more space, he adds, and that are now more flexible with their locations and happy to look further from the CBD because their employers are happy for them to work from home more often.

As lockdowns eased, sales became more free flowing, but The Agency agent Ben Collier said there was certainly a quiet period when lockdowns were enforced.

"From March to just recently there was very little happening at the prestige end of the market, both in terms of those looking and in terms of properties on offer," Collier says. "However, in the past two to three months we have seen that change dramatically. For what is meant to be spring, we are not yet seeing anywhere near the levels of supply we have come to expect for this time of year."

Alison Coopes from Agency by Alison Coopes secured the recent sale of the Bellevue Hill estate of Melinda McMahon, the eldest daughter of former PM Sir William McMahon. The Arthur Street home, sold with approval plans for a Frank Lloyd Wright-inspired house, was sold in less than a month by Coopes. No price has been revealed but the initial guidance was \$5.5 million.

"Buyers are looking where they think it gives them the quality of lifestyle they require," Coopes says. "They are no longer wedded to a fixed location and are more open to possibly purchasing in suburbs they would never have considered."

Christie's International agent Ken Jacobs says the shortage of quality stock is responsible for the prestige market's surprisingly good performance. He says inquiry from expatriate and foreign buyers has increased significantly, but this has not translated into sales due to enforced hotel quarantine. He expects the number of offshore and expat buyers to increase once quarantine requirements are lifted.

The coastal Eastern Suburbs market has seen success rivaling that of the harbourside in recent months, with two suburb records. There was the record-breaking \$17.9 million sale of a hillside home in Bronte, bought by green energy entrepreneur Carl Prins and his wife Kate, as well as the \$9.9 million sale of a luxury home in Clovelly, bought by YouTuber gamer Lannan Eacott.

The latest top-end listing is a state-of-the-art beach home with views over Bronte Park. One of only a handful of houses with direct access through the park to the sand, the high-spec, four-bedroom home is spread over four levels. It has a number of outdoor living spaces, including the main terrace with a barbecue.

Pauline Goodyer at Goodyer Real Estate, in conjunction with Phillips Pantzer Donnelley, has scheduled the auction for October 24 with a guide of \$6.8 million.

Goodyer says with COVID-19 forcing people to spend more time at home, homeowners and buyers have been rethinking their needs. "[They] require larger residences, with multiple spaces for husband, wife and children to all work or study. The home has become a more important place than ever to entertain and enjoy a comfortable lifestyle." She says local inquiry has escalated with families upsizing, but adds that overseas inquiry has also increased, with long-term expats looking to come home. "Since many of them have been overseas, especially those away for 10 years-plus, Sydney has evolved into a dynamic, safe and sought-after place to live."

The market needs more sellers to downsize to allow the many buyers taking advantage of low interest rates to upsize, Goodyer says. "Buyers are seeking lifestyle areas - Bondi Beach through to Coogee, around the harbour suburbs of Darling Point to Rose Bay and Bellevue Hill, Paddington and Woollahra never go out of fashion and are sought after by upsizers and downsizers."

Savills recently noted that urban centres such as Sydney reported increased interest in upsizing, particularly as residents often endured lockdown in small spaces.

Chris Curtis Associates buyers agent Chris Curtis says there are a "huge" number of inquiries, nearly all from locals and owner occupiers. "Several are cashed up," he says. "Many seem to think COVID represents a great opportunity to buy at bargain basement prices which, except for parts of the ultra-prestige end, hasn't happened because stock is in short supply and few vendors are stressed. It must be remembered that there are many owners unaffected by COVID - medical specialists and IT entrepreneurs, and those in crisis professions such as litigation solicitors and barristers, who are enjoying boom times." He says the next expected boom in professional services was likely to be in corporate reconstruction. "Many of our post-COVID buyers also feel life must go on regardless of COVID."

REA Group's director of economic research Cameron Kusher says the market is going to depend on new listings through spring. "Low mortgage rates are definitely going to make it attractive for buyers to upgrade, particularly in premium markets, but it will be a case of whether there are appropriate properties for sale. Don't be surprised to see an unexpectedly strong market in the Eastern Suburbs over the coming months."

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