

First legal sign of flat refusal

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The first sign that buyers of more than 900 Gold Coast apartments may attempt to renege on their boom-time purchases has reached the courts.

Lawyers representing Con Nikiforides' Niecon Group, the developer of The Oracle in Broadbeach, appeared in the Queensland Supreme Court yesterday requesting an early court hearing for what they believe to be unmeritorious claims by two investors.

The *Australian Financial Review* yesterday revealed that \$1.3 billion worth of Gold Coast apartments were due to settle in coming months but that many investors may refuse to settle because of depleted values.

In a statement issued on behalf of Niecon Group by Allens Arthur Robinson, the developer rejects the claim that Hendrik and Sokhom Prins, purchasers of two units within The Oracle, believe that their contracts can be terminated because of an alleged non-disclosure in their contracts.

The Prinses said Niecon did not inform them of its applications to trademark its "Oracle" name.

"The Niecon group strongly contests this claim, believes it is without merit and is seeking that the matter be heard by the court as soon as practically possible," the statement said.

Mr Prins said he had not decided yet whether to terminate the con-



Trouble on the Gold Coast ... two investors are seeking to renege on unit purchases.

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tract. "We believe we have the right to terminate the contracts," Mr Prins said.

"We have had a lot of people contact us about this and they are looking at the possibility of class action because of the alleged non-disclosure."

The Queensland Supreme Court made orders requiring the Prinses to file a defence by October 22 and for a one-day hearing in November.

"Niecon has and will continue to require all purchasers within The

Oracle to honour their contracts as and when called upon to do so.

"Given that the matter is now before the Supreme Court, it is not appropriate for Niecon to provide any further comment at this time in regard to this case," the statement said.

While investors and developers both show concern about how the values of apartments will influence the outcome of settlements, new research shows the lack of new stock is at one of its worst points in the last

decade. The Midwood investment report on Queensland real estate, published quarterly, says the stock of new high-rise apartments has dropped to 839 – its lowest figure since 2004.

"Developer high-rise stock has continued to decline since the August 2009 quarter [at which time] 1296 new apartments were for sale," Midwood's Bill Morris said.

Although the figure for new apartments is low, it still represents about three years worth of supply.