

Property bailout 'favours banks at taxpayers' cost'

Anthony Klan

THE federal government-led \$4 billion commercial property bailout is flawed and too heavily weighted in favour of the major banks at the expense of taxpayers, according to leading property analysts.

Prominent property researcher Bill Morris, author of the Midwood Investment Report, said the proposal was "throwing good money after bad" and could further exacerbate an acute oversupply of commercial property.

He said supply levels in many parts of the country were already up to two and three times their normal levels and the fallout — as commercial rents and property values fell — would be worn by taxpayers to the benefit of the major banks.

"What the Government should do, if they are worried about the commercial sector, is to

invest some of the money in the Future Fund in the major banks," Mr Morris said.

"It's simply not a good idea to be throwing good money after bad."

Under that proposal, the federal Government would invest \$2 billion in shares in the big four banks, with the provision that money be lent to quality commercial property developers squeezed by the market downturn.

"The Government would be investing taxpayers' money, rather than lending it out to developers where you could lose the lot," Mr Morris said.

That sentiment was echoed by property analyst Michael Matusik of Matusik Property Insights, who said it was unreasonable for taxpayers to be forced to bail out property developers — many of whom had made enormous profits during the boom.

"Property development is a risk," he said.

"What has happened in global financial markets may have been unforeseen but it's still an element of risk."

Properties such as the partly completed Southport Central on the Gold Coast — developed by the Raptis Group, whose arms have faced the receivers twice in less than two decades — is one of those struggling projects that could be saved by the proposal.

Shares in the listed Raptis Group have been suspended from trading since September, when the arm of the company building Southport Central was swept into receivership after failing to pay subcontractors.

It is the second time the Raptis Group — headed by property stalwart Jim Raptis — has been stricken with severe financial

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