



Anniversary of Raptis Southport failure

Nick Nichols, business editor | September 10th, 2009

TODAY marks a year since the Gold Coast development industry was thrown into turmoil by receivers moving in on the Raptis Group's Southport Central project.

With just eight floors to go for completion, the action by project lender Capital Finance triggered a wave of anxiety across the city and its army of sub-contractors and building workers.

Much of that anxiety has yet to subside and veteran property figure Max Christmas added little comfort yesterday when he forecast the Coast market had about two years of pain to endure.

Mr Christmas said the Raptis implosion was 18 months in the making, driven by the high price the company paid for the Southport redevelopment site.

But Mark Witheriff, the Gold Coast boss of CB Richard Ellis, said the Coast has quickly rebalanced in the past year.

He described the savage correction in Coast property values as more severe than in Brisbane, Sydney or Melbourne.

After a horror 2008, he also said buyers were returning to the Coast.

"We're in much better shape than we were last year," he said.

"There's some foreign money that's new, and there are some investors we haven't seen here for 10 years."

Southport Central receiver John Park, of KordaMentha, has backed this claim, saying he had fielded several offshore inquiries for the remaining stock in the third tower of the complex.

Mr Park, who oversaw completion of the third tower and the repayment of the \$21 million owed to unsecured creditors, said a multiple-apartment purchase would be rare in the current climate.

"But we're certainly starting to see a bit more excitement in that regard over the last few months," he said.

He said buyers were undertaking due-diligence on the tower, which had contracts on 96 of its 258 apartments when Raptis Group lost control of the property.

Mr Park said more than half of those contracts had settled, although he could not specify how many apartments were left for sale.

"The stock is continuing to move, though, and we're achieving the list prices."

Mr Park said he also was finalising a strategy for the commercial component of the property, sales of which have been few.

The problems at Southport Central triggered a wave of receiverships within the Raptis Group, culminating in the parent company calling in administrators early this year.

Raptis is operating under a deed of company arrangement as it sells off assets.

It is understood Raptis chairman Jim Raptis is seeking potential joint-venture partners for some of the remaining

trophy properties, including the Iluka high rise in Surfers Paradise.

Mr Raptis could not be contacted for comment yesterday.



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