

East West Link hits property prices



by [Michael Bleby](#)

When Ande Bunbury's house was valued in the middle of last year, an estate agent said the single-fronted brick house in Melbourne's Clifton Hill was worth between \$900,000 and \$950,000.

Three weeks later the state government published plans to build a giant tunnel, the East West Link, nearby. Her house in Gold Street, it turned out, was just outside the line of houses marked for compulsory acquisition.

While neighbouring buildings will be demolished to make way for a service road, Ms Bunbury's three-bedroom home will front building work and diverted traffic for the five years of construction.

She has tried to sell but failed.

"I can't get a bid on my house," Ms Bunbury, an architect, said. "The real estate agents say if I'm prepared to drop the value by \$200,000, then I might get a buyer. I can probably rent out the house while all that is happening, but it would be at a diminished rate. I would have to make up the financial difference."

For owners like Ms Bunbury, the East West Link tunnel has pushed house prices in their area into a decline from which it will take at least five years to recover, modelling by the Secret Agent property consultancy shows.

The average property price around Alexandra Parade, the arterial road that will form the eastern mouth of the 4.4-kilometre tunnel, has fallen almost 11 per cent last year to \$813,224 from \$912,120 in 2013. It is projected to fall as low as \$648,918 in 2016, based

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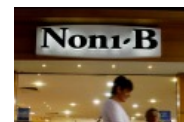
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on price movements of houses in similar relative positions to Melbourne's Burnley Tunnel, which was built in the late 1990s. The predictions are adjusted for variations such as number of rooms. At the tunnel's eastern end, prices in Clifton Hill and Collingwood will rise sharply in 2020, towards the end of planned construction, as the local market plays catch-up, jumping almost 52 per cent to \$1.16 million from \$761,072 in 2019, the report says.

Beyond five years

Prices will rise further to \$1.3 million in 2021, before dropping back to \$1.2 million the next year and thereafter rising gradually, the report says.

In the case of properties like Ms Bunbury's, it may not even be over in five years.

At the end of construction, the land earmarked as a service road is likely to be sold for development.

"I've got five years of construction then another three years with some other form of building construction next to me," she said.

The study focuses on the value of properties in relation to a venting stack, or chimney, to be built at the intersection of Alexandra Parade and Gold Street, a stone's throw from Ms Bunbury's house.

This is one of two planned ventilation stacks – the other is at the tunnel's western end in Parkville – and is likely to affect the value of houses within a 500-metre radius more than those 500 metres to a kilometre away.

During construction of the Burnley Tunnel, which connects the Westgate Freeway with the Monash Freeway, houses within 500 metres of the ventilation stack at the eastern end of the tunnel grew more slowly in price than those 500 metres to 1 kilometre away.

However, since the tunnel plans were published last year, there has been no such discrepancy in the Clifton Hill area. Properties have fluctuated equally, but this may be because work on the stack has not started, the report says.

Even if the longer term offers price gains, Ms Bunbury, who says she would need \$1.3 million to buy a comparable house elsewhere, is focused on the present. Tunnel construction is due to start next year – the year her daughter does Year 12. "I can't live here next year," she said. "I really can't."

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