

Melbourne's million-dollar suburbs left in East West Link limbo



Ballarat Street Collingwood resident Claire Mathieson said owners in her street began doing up their homes when acquisition negotiations began last year. **Paul Jeffers**

by **Rebecca Thistleton** and **Lucille Keen**

Victorian Labor government has spent months insisting the East West Link road project is dead. But when it comes to property transactions, no one is buying it.

"There still seems to be a lot of uncertainty around East West Link, people still believe there is a chance it will happen," said Paul Osborne, founder of buyers' advocacy Secret Agent. While the inner suburbs were always in demand, he said interest remained muted where tunnel entrances and exits would have been built under the previous Coalition government, and may still be built if Premier Daniel Andrews is forced to back down on his key election promise to scrap the \$7 billion project.

"The longer it drags on, the more people will avoid buying in those areas – home buyers are easily spooked," he said. Other agents confirmed that sales activity around parts of Clifton Hill, Collingwood and Parkville in Melbourne's inner north were still quiet and would remain so until the public becomes confident the project is off the table for good.

While Premier Andrews has declared the road will not be built, the controversial project continues to be tied up in the courts over continued legal action.

The Moone Valley Council's Supreme Court challenge over changes to the planning and design of the road was due to appear in court on Friday but was deferred until April 24.

The Lend Lease-led consortium, East West Connect is also pursuing action in the courts. The contract for the road has not been terminated because this would trigger an obligation on the government to pay \$1.2 billion in compensation.

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Negotiations over a settlement between the government and East West Link are continuing with the government claiming the group should only be entitled to costs incurred.

Future Fund chairman and former Liberal Treasurer Peter Costello told AFR Weekend the decision to cancel the \$6.8 billion East West Link road tunnel project was unprecedented.

'Heightened sovereign risk'

"I think it has heightened sovereign risk in Australia," Mr Costello said.

"One of the things you'd always be able to say is, 'if you're coming to Australia the regime is certain, no ifs, no buts'. You just don't want to raise a question about it. To my recollection no government of any complexion has ever cancelled a major contract entered into by its predecessor," he said.

Sovereign risk is not front of mind in the streets around where the tunnel's entrance and exits would be built. Ballarat Street Collingwood resident Claire Mathieson said owners in her street began doing up their homes when acquisition negotiations began last year.

"The street was suddenly looking fantastic ... but some people who weren't in the acquisition zone put off selling because they were worried about the price they'd get," she said.

"We've lived here 12 years, we love it – we thought about moving but moving is messy, when you factor in stamp duty and all the other costs it didn't seem worth the hassle. It was the construction period we were most worried about."

Research from Secret Agent found home values for properties within 550 metres of tunnel construction fall 10 per cent in the first two or three years of construction, before rising slowly towards the end of works.

Jellis Craig agent Simon Shrimpton said buyers were looking around, but vendors had been reluctant to list to list their homes, fearful buyers would not pay the asking price.

"When the plan for the road was first released, it put a real cloud over the area," he said. "I don't think it has hit prices but people have been wary, we haven't seen much activity in the market this year yet but it's still early days."

Houses acquired before the change in government will soon be put back to the market. A spokeswoman for the roads minister said many owners were still living in their homes and would have the option of buying back their home or finalising compensation and moving out.

The Linking Melbourne Authority had also bought an entire apartment complex in Parkville which would have been surrounded by the road. The spokeswoman said most apartments would remain tenanted while the government considered future use. The transport department will take over the properties once the LMA is wound up mid-year.

