

# Beautiful anomaly a perfect place



## Leasehold 'doesn't deter the knowledgeable'

**ANTHONY Walls** of Max Walls International is a leasehold specialist who has sold many properties in the Fairy Bower area of Manly. He says buyers are discouraged by a leasehold agreement only if they don't fully understand what it means.

"I never give buyers advice on the leasehold," he said. "I always tell them to do their own independent inquiries with their

lawyers. But over the past 25 years I've found that generally the people who buy in Bower Street are very wealthy individuals who have other assets, so they don't have all of their investment in that particular property.

"In fact, I've found that money won't move people when I approach them on behalf of buyers who want to get into the

area. One person recently rejected an offer that was \$7 million more than he paid for the property eight years ago."

Mr Walls says the leasehold properties in Fairy Bower sell for more than freehold properties because of the location.

"What people need to realise is the location is world class. My clients all over the world know Bower Street in Fairy Bower."

By **KIM POWELL**

**FAIRY Bower** is a beautiful anomaly. The small peninsula at the southern end of Manly Beach faces north, setting it apart in a city where most waterfronts face east.

Another difference is that many of its properties come under the often-misunderstood leasehold system.

Developer Matt Savage had his eye on the tightly held suburb from a personal and professional point of view. He decided the only way to get into the exclusive corner of the northern beaches was to build his own dream home as part of a boutique three-apartment project.

Project architect Vince Squillace, who also designed another house in the street, says the area is like a "sub-climate of Manly".

"The first time I discovered Bower Street, it reminded me of the first time I saw Saint Tropez on the French Riviera."

Despite the leasehold system, Mr Savage has sold one of the apartments off the plan for \$7 million, while expressions of interest are being sought on the other. He and his wife will keep the top floor. The apartments will be completed in July next year.

"Bower Street is one of the most beautiful locations in the world," Mr Savage, of Savage Property Enterprises, said. "You're a 12-minute Jetcat ride from the CBD.

### FAIRY BOWER/MANLY

- Distance to Sydney CBD: 10.8 kilometres.
- Median house price: about \$1.2 million\* (in Manly - no Fairy Bower figure available).
- Median unit price: \$695,000\* (Manly).
- Population: 36,544 (Manly).
- Activities: snorkelling, scuba diving, swimming, surfing, Manly Art Gallery and Museum, walking tracks, Oceanworld Manly, shopping, Manly Jazz Festival, Manly Food and Wine Festival, Sydney Harbour National Park, fishing, golf.

\* Australian Property Monitors, six months to October 2006. Population statistics from ABS.

"You can walk in the door, take your suit off, put your scuba gear on and walk out the back door and scuba dive in a marine reserve. To be able to do that in a major city is just amazing."

Leasehold properties at Fairy Bower are on land owned by the Catholic Church.

Unlike freehold property (where the house and the land are in the owner's hands), leasehold title means the State Government or another body (such as a church) retains the



# for a midsummer night's dream

land while the occupant holds the lease right to use it. Most leases are for 99 years. Fairy Bower titles are scheduled to expire in 2014.

Mr Savage said the church leaseholds, which incur a fee of about 20 per cent of the value of the property every 17 years, were more secure than some government leaseholds.

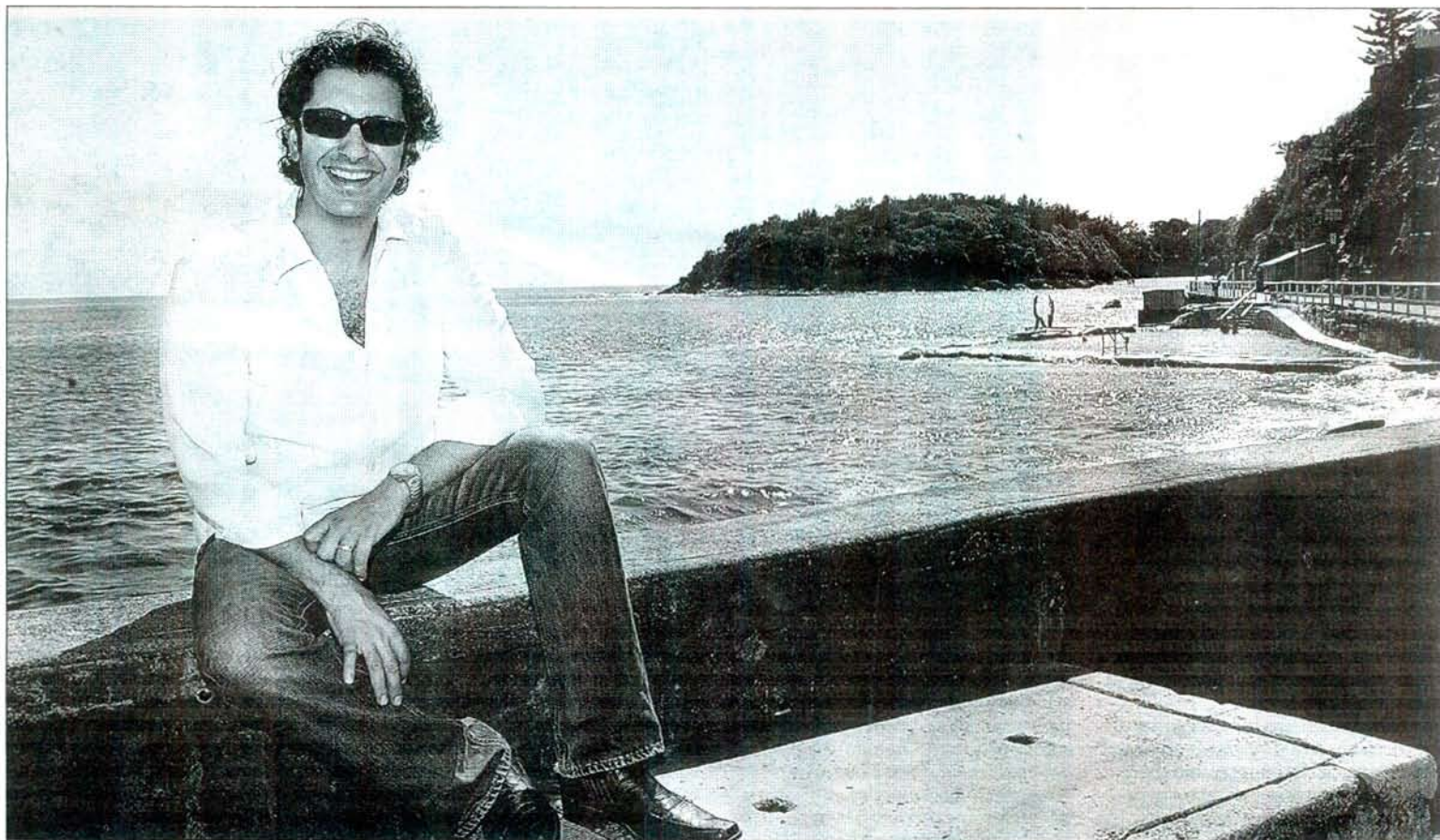
"If the Government decides it needs an area back it just won't renew the leases," Mr Savage said. "But the church earns a great income stream from leasing these properties to the wealthy and there's absolutely no incentive for them not to continue the arrangement."

Leasehold agreements often provide access to exclusive locations, like Manly and The Rocks, and they don't attract land tax, says Elders Manly agent James Economidis.

"If the property was freehold it would be a lot more expensive," he said. "A \$2.5 million leasehold property might be worth \$3.5 million freehold."

In some circumstances, however, the property is not cheaper, as shown by the \$16.5 million sale of Aussie Home Loans boss John Symond's leasehold apartment at Walsh Bay.

Sydney Property Finders director Dennis Kalofonos warned selling a property in the last 20 years of the lease could be hard as new owners might not be willing to risk the arrangement not being renewed.



NORTHERN EXPOSURE: Project architect Vince Squillace says Bower Street at Fairy Bower reminds him of Saint Tropez on the French Riviera.