

Building Projects Stalled As Flat Prices Tumble

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THE price of individual luxury flats has tumbled by as much as 25% in parts of Wales over the past five years, according to Land Registry statistics.

Figures showing prices have dropped by up to £50,000 at Cardiff's flagship Landmark Place development came as estate agents warned other apartment-building projects were being halted because of concerns over the property market.

Estate agents said the example of the Cardiff city-centre high-rise block was an indication of a glut in the flats market that has stalled developments across Wales.

Seen as one of first such developments of its kind, early speculators at the £50m development made significant profits from buying early and selling at the peak of the market.

But those who bought at the height of the property boom have not been so lucky. One apartment bought for £254,000 in 2003, just after the development opened, sold for £205,000 at the end of last year. Several other flats are on sale today at well below peak asking prices for similar-sized units five years ago.

Landmark Place was first advertised in 2001 and marketed as the start of a new era in Wales' property market.

Tony Filice, of Kelvin Francis estate agents, said the feverish demand for flats in the block before it was built helped spark a cycle that led to similar apartment blocks springing up elsewhere in Cardiff and in Wales.

He said: "It was the first major residential development block in the city.

"The general public warmed to it and the end result was that it created a demand, or indicated a future demand, that led to further development."

He added: "That strong market inspired the buy-to-let market. Instead of buying stocks and shares, people bought property. Between 80% and 90% of properties in Cardiff Bay are owned by landlords.

"It has led to what we have at the moment, which is an oversupply of development."

He added that many of the investors sitting on potential losses in the development were the same people who made money early on and would be prepared to wait for the market to turn.

Elsewhere in Wales, the plunge in the flat market is threatening developments and the hopes of regeneration that came with them.

In Swansea Nigel Jones, of John Francis estate agents, said the oversupply of flats both in Swansea and in towns such as Llanelli was leading to building sites being left idle.

He said: "There are already some developments that the builders have stopped working on. Some of the developments under construction I think will be mothballed. The market relies on supply and demand and if there's too much supply, prices will come down."

Mr Jones said that only the developments with marketable qualities, such as flats with sea views in the Mumbles, were keeping their prices.

Michael Young, of estate agent Michael Graham Young, who sold many of the first flats in the Landmark Place development, said similar factors would help bolster prices in the Cardiff development.

He said: "It is in the city centre with parking spaces and there will always be a demand for that."

Most estate agents believe that the boom times will not return until banks relax their lending criteria again.

Mr Filice, of Kelvin Francis said: "People can afford to buy houses but the banks are not giving them the money. We have had two examples recently of couples who had mortgages agreed in principle, they then found properties, instructed solicitors and had offers accepted, only to be told by the banks that their terms had changed and they didn't have mortgages after all.

"The banks are paying for their stupidity in lending people seven times their salaries over the past five years."