

FINANCIAL REVIEW

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Banks won't lend for Opal Tower apartment buy as 16pc loss is estimated

Owners of apartments in the [Opal Tower at Olympic Park](#) in Sydney may have to wait at least two years before selling out and face losses of more than 16 per cent say valuers who have issued a lending alert on the building to their bank clients.

Leading valuation firm Preston Rowe Paterson said further issues were likely to stem from the Opal Towers incident including strata corporation legal actions, "likely drops in rent" and "increased insurance premiums".

"Preston Rowe Paterson is aware that at least one lender will not be taking any additional mortgage security within the development until further notice," chief executive Greg Sugars said.



Parts of the newly built 36-level Opal Tower were evacuated by government authorities last week with engineers having identified "design and construction" problems within the high-rise building that needed further investigation. *Dominic Lorrimer*

"There is no doubt the development has suffered significant reputational damage."

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Icon built the property for joint developer Ecove. The high-profile structural failure in the building has prompted developers to reassess [their own projects](#).

Preston Rowe Paterson said the cost of the reputational risk was unlikely to be quantified in the near future, because there was unlikely to be any market transactions until certainty around structural issues and potential litigation was resolved.

"[Other examples of major incidents](#) and subsequent market uncertainty have seen extended periods of up to two years between a major event and a subsequent market transaction as was the case with the Botanic Ridge Estate in Cranbourne, Victoria," Mr Sugars said.

The national valuation firm which banks use for assessments for lending on properties noted how the Lacrosse Cladding Fire at 673 La Trobe Street Dockland in Victoria created significant buyer uncertainty and saw significant drops in value.