

HD Demand from **Chinese** speaking investors is up - but that's not the whole story

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Property buyers of **Chinese** descent find no shortage of coverage in the Australian press. **Chinese** investors are accused of inflating house prices and developing huge, tasteless properties. Wherever they go, they leave swathes of weeping would-be first home buyers in their wake, while bloggers want to make sure they don't get their hands on [our heritage properties](#).

According to Fairfax's Paul Sheehan, the mere sight of **Chinese** buyers at an auction is enough to make one's heart sink; even if one happens to be a high-income executive, with a partner on a good income.

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As we've [noted before](#), when people write about "**Chinese** buyers", they never quite seem to be sure whether they're referring to **Chinese** residents, Australian born buyers of **Chinese** descent, **Chinese** expats who have Australian citizenship, or just people who show up to auctions with black hair. But whoever they are, we do know that they are "cashed up", they "swoop" on properties and "attack", "rock", "take over" or "flood" the market.

Australia's Foreign Investment Review **Board** (FIRB) approved \$4.09 billion worth of real **estate** for **purchase** by **Chinese** citizens in 2010-11, placing **Chinese** buyers behind those from UK (non-Australian citizens), who made \$4.61 billion worth of approved **property** acquisitions in the same period.

However, the FIRB's figures don't make a distinction between **commercial** and **residential property** investment, nor does it take into account the unapproved foreign investment – from **China** and elsewhere – that undoubtedly occurs. Despite the fever pitch commentary around **Chinese** buyers (whoever they may be), there are very few statistics available on the prevalence of **property** investment from buyers of **Chinese** descent. There is even less empirical evidence to support the claim that buyers of Asian descent are pricing Australian citizens out of the market.

In the face of such a dearth of evidence, media outlets are required to maintain a certain delusion in order to continue trotting out the same tired lines about **Chinese** investors crippling Australian buyers (who might be struggling first home buyers, or luxury investors, depending on who you ask). The fiction that all buyers of Asian descent are the same – **Chinese** born, non-citizens, and wealthy – has to remain if we're to characterise the increase in **property** investment by buyers of Asian descent as something that renders "real" Australians victims.

Alternative narratives – the long history of **Chinese** migration to Australia dating back to the gold rush, Australia's own situation in the Asia-Pacific, or the benefits of increased activity in the **property** market to the national economy – are quickly forgotten.

Joseph Ngo is the branch manager of LJ Hooker Glen Waverley. His wife, Judy Thanh Truc, is the branch's director. Their team, which is expanding with a new branch opening in Doncaster and another in Box Hill, is comprised entirely of bilingual staff. Thanh Truc and Ngo opened the Glen Waverly branch after noticing a gap in the provision of real **estate** services in suburbs with significant **Chinese**-speaking populations.

"Of the buyers we encounter, about 90% would be **Chinese**-language speakers," said Ngo. But of the **Chinese** speaking buyers LJ Hooker Glen Waverley caters to, not all are foreign residents.

"At least 30% of those buyers would be from overseas, about 30% are Australian residents, and 40% would travel back and forth."

Ngo says that of the **Chinese** speaking buyers his team has encountered, many are looking to **purchase** properties to rent out, or to redevelop.

His office has also seen its share of mysterious investors.

"We've had some foreign buyers who are here for maybe a week – then they disappear for three months. Even their lawyers can't find them. Then, one or two days before settlement, they rock up and pay," says Ngo.

Despite the occasional unpredictable buyer, Ngo says that foreign investment has been overwhelmingly positive for his branch.

"The good thing about these buyers is that they're unconditional. They've got the cash to pay upfront, which is fantastic for us. A lot of them do know that they're buying over market prices, but they want that particular land, or location, or house number – whatever it is. And they're willing to pay the higher the price."

According to Australia's foreign direct investment laws, non-residents can **purchase** new dwellings directly from developers. They are also able to **purchase** single blocks of vacant land to build a new home, so long as they commence continuous construction within 24 months of receiving approval. The same conditions apply to buying a block for the development of multiple residences. They cannot **purchase** a second-hand or established **property** unless it is uninhabitable and they intend to redevelop.

Temporary residents are able to **purchase** established residences, so long as they live in the **property** for the duration of their ownership and don't rent any part of it out.

Of course, there are ways around this. It's unclear who exactly is responsible for checking a buyer's citizenship status when a **property** is **purchased**. And with many foreign investors with family members living in Australia it isn't difficult to **park** a **property** under a relative's name. But according to Esther Yong, the director of ACProperty, an Australian **Chinese**-language **property** listings **site**, the foreign investors she's encountered are meticulous about obeying Australia's regulations.

"We get a lot of calls asking about regulations. They ask a lot of questions and they call the agent to double check, then us again," said Yong.

But Yong says that there is no single type of buyer that visits the website, which was launched 12 months ago.

"Our main intention was to be a local **Chinese** website, and our target market is local **Chinese** speakers," said Yong. She identifies three main groups in ACProperty's audience.

"Most are parents, wanting to **buy** something for their children while they study. Their kid might be starting at Melbourne Uni (sic) and they want to **buy** around the area. Or maybe their kid is two years old and they're looking 10 years ahead, trying to get into a good school zone.

"The second type: family migrants. They're ready to move over, their visa is on the way, with that they're looking for a family home, mostly in the suburbs. That's when you hear people asking about the **Chinese** community in the suburb."

While suburbs with established populations of people of **Chinese** descent are popular on Yong's website, which currently lists properties in Melbourne, Sydney and Queensland, family migrants are beginning to consider neighbourhoods that haven't been marketed to foreign buyers, like Melbourne's northern suburbs.

"We've noticed that suburbs like [Preston](#) and [Reservoir](#) weren't very attractive places for buyers - but over a while, buyers tend to notice those areas. They're quite near the city and they're not hard to get to," says Yong.

"Sometimes they call and ask us, 'but why is it that [Doncaster](#) is more popular? The houses look the same, and they're the same distance from the city.'"

"The third type is pure investors. They don't really care about what they're buying; they just want to move their money to Australia, because it's a safe investment. They might want two properties in Brisbane, one in Adelaide, and one in Melbourne. They're after a variety of **property**."

Pure investors, says Yong, are motivated by the perceived stability of the Australian economy and the rising price of **property** in big **Chinese** cities like Shanghai.

"Some sell their properties in Shanghai and **buy** here. There are a lot of rules and regulations that have been introduced in the last year that are making these people move their money out of **China**. But contrary to reports of reckless spending, Yong says that the buyers she encounters are considered and do their research on Australia before jumping into the market.

"Late last year, we were at an expo in **China**, in a second-tier [smaller] city," Yong says. "There were about a **group** of 10 people we were speaking to. Then one asked me if the trains were running at a new station in the Western suburbs - and I had no idea!"

It's hard to deny that demand for Australian **property** from **Chinese** speaking investors is up. But instead of reporting on "frenzied" buyers and comparing **Chinese** speaking investors to "bulls in a **China** shop", the media should try a different story.

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