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HD **1pc of foreign home sales examined**
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AUSTRALIA's investment authorities are investigating a fraction of the more than 5000 foreign **purchases** of established homes over the past nine months despite widespread concern that current regulations are either inadequately enforced or widely flouted.

Treasury says it is investigating 33 cases where a foreigner has **purchased** an established home — which is banned in all but a narrow range of circumstances — including several “high value” **purchases**.

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The figure amounts to less than 1 per cent of the more than 5000 foreign **purchases** of established homes since March.

It is unlikely to alleviate the pressure on the Foreign Investment Review **Board** from MPs and renters to boost its lax enforcement efforts amid soaring real **estate** prices.

The Australian revealed recently that the FIRB, which sits within Treasury, has not prosecuted a single foreign investor for an illegal **purchase** since 2010.

Treasury's submission in response to a committee of MPs pushing for better enforcement of FIRB rules cites three examples of prosecutions it has led, but the most recent case date back to 2006.

The issue of foreigners, in many cases, wealthy **Chinese** investors, sidestepping FIRB regulations to **buy** established **property** is driving a backlash from would-be buyers priced out of city markets.

The FIRB has come under pressure from the House of Representatives economics committee chair, Liberal MP Kelly O'Dwyer, and other MPs on the inquiry into foreign investment in real **estate** over its lax oversight.

In response to questions from the MPs, the Treasury said it “is currently investigating the acquisition of foreign interests in 33 **residential** real **estate** properties”.

“All of these properties are in the established **residential** category, with a small number involving very high value established **purchases**.”

“In most instances the investigation activity involves the need to establish the identity of the relevant investor and to assess their eligibility to own the **property** in question.” The only situation in which foreigners can **purchase** established homes here is if they are temporarily residing in Australia, and even then, the **property** must be **sold** within three months of the buyer returning to their homeland.

As The Australian has revealed this loophole is being exploited by wealthy foreigners looking to **park** cash in the Australian housing market. In many cases they are using their children studying in Australia, or lawyers or other service providers, as investor proxies.

The latest figures from the FIRB show that foreign investors have doubled their **purchases** of Australian **property** in just one year with 5755 homes worth \$5.5 billion bought in the nine months to March alone.

More than 100 agencies are active in **China** openly marketing Australian established housing even though would-be buyers would almost certainly be breaking the law. Until recently, the lack of compliance has been largely ignored, but media interest and rising prices have increased the pressure on MPs to act on these practices.

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