



HD Real **estate** loopholes exploited by foreign investor claims expert

BY Tracy Bowden

WC 835 words

PD 27 November 2014

SN Australian Broadcasting Corporation Transcripts

SC ABCTRS

LA English

CY (c) 2014 Australian Broadcasting Corporation

LP

Foreign investors in Australian real **estate** are exploiting loopholes according to one expert while a parliamentary inquiry has called processes at Treasury and the Foreign Investment Review **Board** a 'systems failure'.

LEIGH SALES, PRESENTER: Many Australians trying to **buy property** are convinced that cashed-up foreign investors, particularly from **China**, have been pricing them out of the market.

TD

Now a parliamentary inquiry has proposed tighter controls and tougher penalties to crack down on foreign buyers who break the rules.

The report brands the current system a failure.

Shortly we'll speak to the chair of the parliamentary committee behind the report, Liberal MP Kelly O'Dwyer, but first, this report from Tracy Bowden.

TRACY BOWDEN, REPORTER: This is real **estate** Beijing-style, a four-day frenzy with tens of thousands of prospective buyers on the lookout for **property**. Australian agents are here keen to drum up business.

JASON HELLYER, **PROPERTY** AGENT: We do projects in Australia, so **residential** projects.

MAN: Which cities?

JASON HELLYER: Melbourne, Sydney. Are you interested in any of those marketplaces? ...

... This is just one channel that we're explore for our Australian vendors to expose some properties, special properties, to a market that clearly at the moment is looking for opportunities outside of the domestic **Chinese** market.

MONIKA TU, **PROPERTY** CONCIERGE: Business extremely well and Australia become more and more popular for **Chinese**.

TRACY BOWDEN: Back in Australia, Monika Tu is flat out trying to find properties for eager **Chinese** buyers.

MONIKA TU: Probably 90 per cent that live here permanently or probably 10 per cent of them, the wife and kids are living here and the husband's still travelling frequently from here back to **China** because they still have some kind of business back home.

TRACY BOWDEN: A year ago, Monika Tu invited 7.30 along as she showed a client a multimillion-dollar **property** on Sydney's lower North Shore. Back then, she had a sales target in mind.

MONIKA TU: This year I want to do \$100 million and I'm very close.

TRACY BOWDEN: So, did her high-end clients get her across the line?

MONIKA TU: I My target was, like, \$100 million, I remember, and I have reached now about \$120 million. So, yes, very pleased.

TRACY BOWDEN: So you've **sold** \$120 million worth of **property**?

MONIKA TU: Yes.

ROBERT SIMEON, REAL **ESTATE** AGENT: All of a sudden we're seeing this tsunami of overseas money coming in and it's sort of, like, wiping out markets, wiping out market demographics, it's denying people of the opportunity to **buy**.

TRACY BOWDEN: In 2012-2013, **Chinese** investors spent more than \$5.5 billion on Australian real **estate**. Many agents across the country are getting in on the act, but were those sales all above **board**?

ROBERT SIMEON: The fact is that there are rules and regulations that apply to everybody. And those rules and regulations have to be abided by and it's very clear that they haven't been.

TRACY BOWDEN: Australia allows foreigners to **buy** new properties so off-the-plan sales like this have seen a near stampede of buyers. But foreigners are banned from buying established homes, unless their they're temporary residents. Another avenue is gaping permanent residency through a significant investor visa.

What do you tell your clients about the rules in Australia about foreigners buying established properties?

MONIKA TU: They have to have a permanent visa, permanent resident, or some of them have long-term working visa, like a 457 or - but the majority of client are significant investment visa. So we call that 188.

ROBERT SIMEON: Well in a word, the Foreign Investment Review **Board**, they're hopeless.

TRACY BOWDEN: Robert Simeon has been in real **estate** for 30 years and says it's become easier for buyers to exploit loopholes in the system.

ROBERT SIMEON: Overseas students, when they're coming in here and they're allowed to **buy** a **property** whilst they study and they have to sell it once they've graduated, well there's no evidence at all that any **property**'s ever been **sold**.

TRACY BOWDEN: Incredibly, there hasn't been a single prosecution of a foreign investor for illegally buying a home in Australia since 2006.

ROBERT SIMEON: I think that the Government's turned a blind eye and they've been caught out. I mean, the fact is that now it's nearly a decade since they've prosecuted someone and the Foreign Investment Review **Board** is the first to say that they're understaffed and undermanned.

TRACY BOWDEN: Monika Tu is adamant that any changes to foreign investment rules won't affect her clients, and on that basis, she set herself a new sales target.

MONIKA TU: The market has increased and the business has expanded and, yeah, I think the figure should be doubled.

TRACY BOWDEN: So 200 million?

MONIKA TU: Something like that. (Laughs)

CO fgivrb : Foreign Investment Review Board

IN irreal : Residential Real Estate | i85 : Real Estate Transactions | icre : Real Estate/Construction | ireest : Real Estate

NS efdi : Foreign Direct Investment | c182 : Physical Asset Transactions | ntra : Transcripts | c18 : Ownership Changes | cactio : Corporate Actions | ccat : Corporate/Industrial News | e51 : Trade/External Payments | e511 : Capital Movements/Invisible Trade | ecat : Economic News | ncat : Content Types | nfact : Factiva Filters | nfce : C&E Exclusion Filter | nfcpx : C&E Executive News Filter | nfcpin : C&E Industry News Filter | niwe : IWE Filter

RE austr : Australia | china : China | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRICS Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia

IPD House

PUB Australian Broadcasting Corporation

AN Document ABCTRS0020141127eabr0008f