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HD Pitch to foreigners locks out locals before 'for sale' sign goes up
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AUSTRALIAN real estate is being marketed and sold exclusively to foreign investors — including Chinese millionaires — with local buyers not even aware the properties in question are up for sale.

More than 100 real estate firms have sprung up in mainland China, exclusively selling Australian real estate — both fixed and off-the-plan — directly to wealthy Chinese investors, bypassing Australian buyers.

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At the upper end of the fixed-home market, prestige Sydney property agency Simeon Manners — which says it has sold more than \$100 million of Sydney property to "China's most astute buyers and investors" — operates a sales site that cannot be accessed from within Australia.

Director Mark Manners said many of the listings on the site — sydneyluxuryproperty.com — could only be accessed from a foreign IP address and were private or off-market listings placed on behalf of owners who wanted a discreet sale to a foreign purchaser.

Simeon Manners is just one of a swag of firms offering Australian fixed housing to foreign buyers. Under Foreign Investment Review Board restrictions, the agents are not breaking the law but the buyers potentially are.

Adelaide firm DG Real Estate's Simon Hou said his firm sold many properties — including a \$4.2m mansion in the upmarket suburb of Unley — to wealthy mainland Chinese investors and had not had the FIRB reject an approval in recent years.

It is estimated that Chinese buyers spent \$5.9 billion on Australian real estate last year, in a market worth \$270bn.

The head of China-based online property portal juwai.com, Andrew Taylor, told The Australian there were Australian developers "who have been marketing properties exclusively in China and Asia for years".

"There are vendors who don't really want to put their home on the market but have a magic number that they would be willing to sell at (who) often put their homes online without listing them in Australia," he said.

"That way they have exposure to the Chinese buyer without having to put up a sign board and do open-for-inspections." Juwai is a marketing site only, Continued on Page 6 Continued from Page 1 and is not directly involved in the sale of properties.

The latest revelation of regulatory failure in Australia's foreign-investment regime comes as federal Labor MP Kelvin Thomson has labelled the FIRB "naive" and unwilling to prevent illegal foreign investment in established homes, even though it is pricing young Australians out of housing.

Mr Thomson's comments came after The Australian revealed that the FIRB had not prosecuted a single foreign investor since 2010, despite a surge in offshore investment into Australian established **property**, which is unlawful in all but a narrow range of circumstances.

Australia allows foreign investment in off-the-plan housing to boost supply but, aside from temporary residents, foreigners cannot **buy** established houses. Temporary residents are obliged to sell houses when they leave, but there is no evidence that this is occurring or being enforced.

The latest loophole on foreign-only sales was exposed in a recent parliamentary committee hearing in which FIRB officials admitted there were no requirements for developments of less than 100 units to be offered to local buyers, effectively allowing offshore-only sales channels to develop.

Juwai has calculated that **Chinese** investors accounted for \$1 out of every \$46 spent on real **estate** in Australia last year.

Mr Taylor said the **China**-only sales route was "especially common with vendors who may have overcapitalised with renovations or want more than the current market value".

Mr Thomson said unlawful foreign investment in fixed housing was driving up prices at all levels, not just the top end. It was pricing young Australians out of home ownership and tougher penalties and enforcement were needed.

"I believe the FIRB is naive, under-resourced and doesn't actually regard it as its mission to maintain Australian ownership of Australian real **estate**," he said. "Young Australians who can't afford to **buy** houses are the silent victims of its neglect and indifference." Family First's Victorian director Ashley Fenn also expressed concerns about the revelations, saying foreign investors "ignore the laws in place as they have become aware there is no real monitoring of foreign investment and there is no significant consequence for breaching the laws".

The chairwoman of the economics committee conducting the inquiry, Liberal MP Kelly O'Dwyer, probed FIRB officials on the enforcement failings during the recent committee hearing, telling The Australian yesterday, "if you can't enforce (the rules) you have to wonder whether people are going to follow them".

She said the committee would consider "if people are intending to do the wrong thing, and people do the wrong thing, are the penalties strict enough?". The FIRB was last night yet to respond to questions put to it by The Australian.

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