

FINANCIAL REVIEW

SE **Property**
HD **Spike in approvals for foreign investment in housing**
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The Foreign Investment Review **Board** has approved a big jump in applications to **buy** Australian housing.

In its submission to the House of Representatives economics committee inquiry into foreign investment in **residential** real **estate**, Treasury reported that 10,244 applications had been approved in the nine months to March.

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That compares with 6567 in the whole 2012-13 year. In dollar terms, the investment approved is up 67 per cent. Treasury cautioned that not all approvals result in **purchases**.

NSW Premier Mike Baird, who made his submission to the inquiry as NSW Treasurer, expressed concern about the lack of concrete information on foreign **purchases**, which made it difficult for the government to determine the effects of foreign investment.

One of his concerns is whether temporary foreign investors sell their properties when they leave the country – a condition required by law.

Other industry groups, such as the **Property** Council of Australia and the Real **Estate** Institute of Australia (REIA), echo Mr Baird's concerns, saying it is the enforcement of the investment rules that require review, not the rules themselves. **Chinese** investors prominent

"A significant point made also is that Australia's foreign investment rules are amongst the toughest in the world," said Nicholas Proud, executive director of the **Property** Council. "Consequently, these rules do not need to be changed, but their application could be considered as part of the review."

The REIA says while there have been few fines levied on investors since 2010, the lack of information means it is difficult to tell whether this is due to investor compliance or lack of enforcement.

Treasury also says a large proportion of the growth in foreign investments approvals is from non-resident **Chinese** investors, but that Australia is not the only country targeted by the **Chinese**.

Foreign investment also supplied additional housing, as evidenced by large projects around the country undertaken by Asian **property** giants such as Greenland, Country Garden and Frasers **Property**. The main discussion for the committee is whether foreign investment increases new housing and brings benefits to the local housing industry, amid claims that foreign investors are instead driving up prices.

The University of Technology Sydney submitted research showing there is no evidence that increased **Chinese** investment in a suburb drives up prices.

Researchers Adrian Lee and Lorenzo Casavecchia concluded that while **Chinese** investments have increased over an 11-year period, the prices the investors pay are, in fact, less than average prices.

Both researchers, however, said they needed to support this finding with more recent data.

CO prpcna : Property Council of Australia | reioa : Real Estate Institute of Australia

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

NS efdi : Foreign Direct Investment | e51 : Trade/External Payments | e511 : Capital Movements/Invisible Trade | ecat : Economic News

RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

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