

SE News
HD Housing probe targets Chinese
BY EXCLUSIVE SAMANTHA MAIDEN National Political Editor
WC 474 words
PD 16 March 2014
SN The Sunday Times (Perth)
SC SUNTIP
ED SundayTimes
PG 2
LA English
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FEDERAL MPs will investigate fears that Chinese investors are pricing first-home buyers out of the market as they plunge \$6 billion into Australian real estate.

As the rise of China's cashed up middle class creates new opportunities for Australian developers, Coalition MPs have raised concerns young families are being locked out of owning their own homes.

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Treasurer Joe Hockey will now ask the House of Representatives Economics Committee to examine whether foreign investment in real estate is being properly policed.

The parliamentary inquiry follows a recent report by Credit Suisse that estimates Chinese investors are snapping up 18 per cent of all new apartments and houses in Sydney, 14 per cent in Melbourne and just under 6 per cent in Perth.

Chinese buyer interest in Perth residential properties rose significantly in 2013, according to online property website Juwai.com.

Search activity for homes in Perth on the website, which caters to Mandarin speakers globally, rose 839 per cent over 2013 – the second biggest growth of interest in an Australian market last year.

Chaired by Victorian MP Kelly O'Dwyer, the parliamentary inquiry will hold public hearings in real estate hot spots.

"We need more homes, so foreign investment that increases the number of homes available is a good thing, particularly where it is housing for first-home buyers," she said.

But there are concerns the Foreign Investment Review Board lacks the manpower to police the rules, with the latest data suggesting investment in existing properties by foreign investors is growing.

There are also concerns that rules requiring temporary residents to sell Australian properties when they leave are not being policed.

The top investors in Australian real estate according to the Foreign Investment Review Board are Chinese, followed by Canadians, Americans, Singaporeans and Malaysians.

The parliamentary inquiry also follows Reserve Bank Governor Glenn Stevens's recent warning that Asian investors' love affair with the east coast was driving demand in Sydney, Melbourne and Brisbane. But he warned against any changes that would deter overseas investment that encouraged new construction.

Hong Kong has slapped a 15 per cent tax on foreigners investing in real estate amid fears mainland Chinese were driving up prices. Australia simply requires overseas families to invest in new homes to encourage construction.

Two years ago, Canada scrapped a visa scheme for foreigners amid concern **Chinese** investment was driving up house prices.

Australia has a similar visa scheme that fast-tracks permanent residency for wealthy **Chinese** investing over \$5 million in Australia. Since the visa was announced in 2012 there have been 120 applications — more than 100 of those were in the past three months. But Credit Suisse said approvals across Australia **purchased** by **Chinese** investors — around 12 per cent of new construction — were not the biggest factor driving prices.

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AN Document SUNTIP0020140315ea3g00025