

SE News
HD **Chinese** nationals 'illegally' buying luxury Australian real **estate** are forcing prices up by 30 per cent, leading agent claims
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* David Morrell says foreigners who do not meet residency requirements are illegally buying premium **property** in Australia's most expensive suburbs

* He claims they are being aided by local real **estate** agents and lawyers

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* **Chinese** investors buying up **property** in Toorak, Hawthorn and Mosman

Foreign investors are illegally buying premium **property** in Australia's most expensive suburbs and are pricing locals out of the market, a leading buyers' agent has claimed.

David Morrell said foreigners who did not meet residency requirements were being aided by local real **estate** agents and lawyers to **buy** large amounts of **property** in well-heeled areas including Toorak and Hawthorn in Melbourne's inner-east and Mosman on Sydney's North Shore.

He also claimed the Financial Investment Review **Board** (FIRB) was doing nothing to stop them, and that real **estate** agents and lawyers were turning a blind eye because they were profiting from the sales.

Mr Morrell, director of buyers' agency Morrell & Koren, said the investors who were predominantly from mainland **China** were willing to pay well above market value just to secure **property** in wealthy suburbs.

In his submission to a parliamentary inquiry into foreign investment in **residential** real **estate**, Mr Morrell said he had witnessed a recent Toorak auction where the reserve was exceeded by 30 percent.

'There were three **Chinese** nationals competing, neither spoke English or understood the process and literally just kept their hands in the air,' he said.

Mr Morrell told Daily Mail Australia: 'It was great for the vendor they got a big free kick but it was surreal. It was like the auctioneer taking money off the tree it was just silly.'

'The frustration I'm hearing from my clients is we're not competing on equal terms.'

'If they start getting free kicks like that all the time then the market really gets out of control.'

Mr Morrell said the issue was affecting two segments of the **property** market in particular – high-end properties worth more than \$10 million and inner-city properties worth between \$1.5 million and \$3 million.

'It's a domino effect because if someone down street sees a house sell for \$12 million when it's only worth \$9 million then someone else with a \$9 million house suddenly thinks it's worth \$12 million,' he said.

'There are also first home buyers trying to get in the inner city and all these apartments are being **sold** to people offshore.

'We're going to be looking at a generation of renters.'

Foreigners must have residency in order to **buy property** in Australia, but Mr Morrell said the FIRB relies on **estate** agents to report any wrongdoing, and Mr Morrell claimed the agents were turning a blind eye because of the higher commissions they were receiving.

'The big problem is the vendors and agents aren't going to stop it because they want more money,' he said.

'Lawyers are not going to do their own clients to the FIRB.'

He said current rules were sufficient but they needed to be enforced properly, and labelled the FIRB a 'toothless tiger'.

'They haven't got the resources to investigate and even if they do it's a slap over the face with a wet lettuce,' he said.

Mr Morrell said proposals to impose extra stamp duty on foreign buyers would do little to discourage the investors.

'Some people will just see that as the cost of doing business in Australia,' he said.

Daily Mail Australia has contacted the FIRB for comment.

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