

SE Business
HD **Foreign buyers ‘flood’ market**
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FOREIGN buyers snapped up one in every 12 established houses and one in six new properties **sold** in the past three months, a new survey reveals.

Overseas investment in established Australian housing surged to 8.2 per cent of sales in September — higher than the average of 5 per cent recorded since 2010.

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In Victoria, foreigners now account for one in four new **property** buyers, and one in nine established home buyers, the NAB **Residential Property** Survey shows. Liberal MP Kelly O'Dwyer, who is chairing a parliamentary inquiry into foreign investment in real **estate**, yesterday called on the Foreign Investment Review **Board** to prosecute any foreign buyers who flout the tight curbs on buying established housing.

"There is no question that FIRB processes need to be dramatically improved for audit, compliance and enforcement," she told The Australian yesterday.

"FIRB have not brought a prosecution since 2006. It beggars belief that there have been no breaches of the foreign investment framework regarding **residential** real **estate**." NAB chief economist Alan Oster suspects **China** is responsible for a "large chunk" of the foreign investment. "One of the big drivers in the foreign investment is **Chinese** looking for a bolthole," he said. "We know there are Singaporean investors onselling to **China**. The foreigners are buying apartments in the CBD, which are more up-market than the average." Mr Oster said foreigners were sending their children to study in Australia and buying them homes here, to comply with the FIRB.

The Australian revealed this week that **Chinese** buyers almost doubled their spending on Brisbane real **estate** during 2013/14, to a record \$185m. Foreigners can **buy** new properties off-the-plan, but may only **buy** established homes if they plan to demolish and rebuild within two years.

Temporary migrants, including foreign students, may **buy** an established home so long as they sell it when they leave Australia. Foreign companies may also **buy** established houses as homes for their expat executives.

The NAB survey predicts the simmering real **estate** market will cool over the next two years, with capital city growth slowing to average 3.9 per cent over the next 12 months, compared to 10.6 per cent growth in the past year. It forecasts that Brisbane will lead the nation's growth in house prices, rising 5.9 per cent over the next year — down slightly from the 7.9 per cent recorded in the 12 months to September.

Sydney housing prices — which rose 17.4 per cent in the past 12 months — are tipped to grow just 4.5 per cent in the next year.

Melbourne's growth is forecast to slow from 11.3 to just 2.8 per cent, with Adelaide's growth slowing from 6 to 3.8 per cent, and Perth's from 5.6 to 1.7 per cent. "We don't believe we have a housing bubble, but our outlook is that increasing house prices will be more modest than they have been in recent times because of rising unemployment, sluggish household income growth, affordability concerns, cost-of-living pressures and high levels of household debt," the survey says. Demand from Australian

investors has fallen in the past three months, from 32.5 per cent of sales in the three months to June to 27 per cent in the September quarter. First-home buyers bought 16.2 per cent of established homes in the September quarter; down from 18.5 per cent in June. Houses and low-rise units close to the city are tipped to be most popular with new home buyers in the next year.

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