

SE PrimeSpace
HD At home with Chinese whispers
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JOSEPH Zaja is preparing to move offices. It has been less than five years since he and his Chinese business partner started Ausin, a company that helps wealthy Chinese buy Australian property, and the business is recording phenomenal growth.

Ausin represents three of the most recognised residential developers in Australia — Mirvac, Lend Lease and Stockland — selling property through a network of offices in China, as well as offering property management and immigration services.

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In the past six months, Ausin has seen a 300 per cent increase in demand for its services, Zaja says.

Zaja had his start a long way from the booming Chinese property investment market. “My parents immigrated here, they didn’t have a good social network of very successful business people, and I had to work hard to establish myself,” he says.

He completed an applied finance degree at the University of Western Sydney before getting a job at MLC, where he worked on behalf of a number of wealthy businessmen.

He decided going to work for one would be advantageous, and persuaded some to take him on for free. He began to get paid after six months, and eventually went to work managing serviced apartment and industrial estates.

While in China for a conference, he met his business partner, who was already selling Australian property to Chinese investors. It was 2007.

“He was already selling property on a small scale in Shenzhen, and I saw an opportunity in an emerging market. I didn’t realise how big it would be until much later,” Zaja says. It took several years to work out the details, and Ausin was born in 2009.

“Our first client was Lend Lease, we had to walk in there and they said, ‘Who are you guys?’ “Now we have scale, we’re expanding our business into other services. “We were selling thousands of properties to mainland Chinese buyers, we had a strong relationship with them so we decided we’d do some work on significant investor visas.

“We started a finance division two years ago. Now we have around \$500 million in loans.

“Our property management arm, which we didn’t have two years ago, will grow to about 1000 properties (in Australia) by the end of the year.” Even with the phenomenal growth, Zaja says he is careful about which projects he takes on to sell, and he doesn’t use agents. “We need to know who is buying, it’s a big risk for us, so all our sales staff are employees,” he says. “If it’s an immigration client, they’ll buy one (property), but if it’s a high-net-worth investor they buy more. It’s about the relationship. One has purchased eight to 10 apartments per year for the last 10 years, and he pays for it all in cash.” Zaja is also cautious about which developers he works with. “A lot of local companies have limitations on pre-sales to overseas buyers as part of their internal risk structure, so I wouldn’t sell any more than 30, 40 or 50 per cent,” he says.

"Offshore groups don't have the same restrictions, as they are financed. They come in from everywhere, but have no experience in Australia.

"They might build in Kuala Lumpur and Singapore, but what's their experience in Australia? They don't have any.

"You have to assess who they are, what their capabilities are, or if they are staying for the long term.

"If they're not, I wouldn't represent them," Zaja adds, pointing out that in most instances he'll have to rent the apartments he's selling.

"I would say 70 per cent of our buyers are investors. It's my responsibility to say why we can't rent their apartments, so I'm extremely cautious." Questioned about the impact of foreign buyers, Zaja is emphatic. "There's this misconception that you go to an auction and out of 20 people 16 are Asian, and they must all be overseas buyers. They are not.

"My parents went through the same kind of thing when Europeans were coming here last century. People thought that the 'wogs' were coming to **buy** everything.

"Buying new apartments stimulates the economy. Without it, the Melbourne **apartment** market would be in a lot of trouble, it would completely collapse." He says **Chinese** buyers look at Australia to avoid the economic manipulation in **China**.

"The **Chinese** government has a masterplan, so they can speed things up or slow things down. And with an oversupply in a lot of cities — not Shanghai or Beijing, but many of the others — they've been pushing prices down, putting restrictions on construction funding.

They have recognised overdevelopment and are doing the right thing. "But that means some cities have been badly hit. One of our clients has seen the value of his **property** in **China** fall between 15 and 20 per cent, and that's not unusual." Zaja says Ausin won't be capital raising as it expands, but it already has a specialist **property** fund and will be spinning off several others. "We can sustain 1000 sales a year and we've just sent people to look for **property** in Western Australia, and we'll sell a lot more in Brisbane because it's a lot less expensive than Sydney and Melbourne," he says.

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