

# FINANCIAL REVIEW

SE **Property**  
HD **Chinese** buyers key to market: Triguboff  
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Australia's largest **apartment** developer, Harry Triguboff, says his market is already linked to **China**.

"We are part of the **Chinese** market. The buyers compare me with the prices in Shanghai and Beijing," Mr Triguboff said.

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"If the price falls in **China**, that will affect us."

Mr Triguboff's Meriton **Group** made a submission to the House of Representative Economics Committee Inquiry into Foreign Investment in **Residential** Real **Estate**.

Not surprisingly, the submission supported the current regulations, even raised the possibility that the Free Trade Agreement with **China** could lead to a liberalisation.

"If Australian wishes to keep housing affordable, and to keep developers building, it is imperative that we embrace foreign investment in real **estate** and the certainty it can bring to the industry," he wrote.

However, the Meriton submission raised issues about the implementation of the current regulations.

It also provided an insight into the real level of offshore investment.

Like others who have made submissions to the inquiry, Meriton raised the issue of whether those who were allowed to **buy** homes because they were temporary residents, **sold** them when they ceased to be Australian residents.

In the 2012-13 year, 43.7 per cent of approvals were for temporary residents to **buy** established dwellings because foreign buyers, who do not have temporary residency, can only **buy** new homes. Compliance issues

Meriton pointed out that the annual report of the Foreign Investment Review **Board** did not report on compliance.

"We consider that ongoing concerns about possible non-compliance undermine public confidence in the entire foreign investment and raise the risk of inappropriate policy responses to an established program which is making significant contributions to the national economy," Meriton wrote.

"We would welcome enhanced compliance arrangements for **residential** real **estate** which are commensurate with the risks involved and reported publicly as a means of boosting public confidence."

Meriton's forecast turnover for 2014 is about \$2 billion. In the process, it employs either directly, or as sub-contractors, up to 2000 people in the construction industry on about 15 building sites in Sydney, Brisbane and the Gold Coast, and more than 700 in services and tourism.

Surprisingly, foreign **purchases** contributed only 13 per cent to Meriton's **residential** sales in 2012-13.

Meriton estimated most of the 130 apartments bought by offshore **purchasers** were held for long-term investment and they were leased to local residents.

The submission also addressed concerns many of the new apartments bought by foreign investors are vacant.

"Meriton's figures show that the vacancy rates on these apartments is negligible, with up to two thirds being leased and the remainder occupied by the owners, either for themselves or by student children," the **company** said in its submission.

The **company** also addressed concerns about the concentration of foreign **purchasers**, arguing that concentration was limited because most financiers required that no more than 25 per cent of apartments were **sold** offshore.

Key points Offshore **residential** buyers essential to bring certainty to industry. Overseas **purchasers** make up only 13pc of Meriton sales, inquiry told.

**IN** ireest : Real Estate | icre : Real Estate/Construction

**RE** china : China | austr : Australia | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRIC Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia

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