



HD China-based real estate site warns buyers will freak at \$1500 fee just to make offers on Aussie property

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One of the biggest real estate sites in China has warned foreigners will freak at the idea of paying \$1500 just to make offers on Australian property.

A parliamentary inquiry into foreign investment in residential real estate proposed the federal government mandate a \$1500 fee for any foreigner trying to buy property here - something report chair Kelly O'Dwyer said could generate revenue of \$158.7 million over four years.

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Juwai.com co-chief executive Simon Henry said the proposal would have a negative effect, and see buyers look elsewhere in the western world for real estate.

"The proposed \$1500 fee could curtail foreign investment in Australia. The devil will be in the details."

Mr Henry said Treasurer Joe Hockey had to decide if he wanted such a reduction in foreign investment to occur.

"With the market slowing down, this is an awkward time to meddle with something that has been so positive," he said.

Mr Henry said Australia was "uniquely restrictive" among western nations, with such restrictions not present in the United States, Canada, New Zealand, the United Kingdom and most of Europe.

"I am worried about the proposal to tax or require a fee of \$1500 from overseas homebuyers every time they make an application to purchase a property - even if through no fault of their own they fail to buy it (for example, if another bidder wins it)," he said.

Mr Henry said if a fee were necessary, it should apply only when a purchase was made, not every time someone sought permission to buy.

"Anyone who has bought a property knows that you can bid on multiple properties before winning one. The Report wants investors to pay \$1500 - even if through no fault of their own they don't get to buy the property in question."

Mr Henry said foreign buyers did not compete with first home buyers and were not responsible for Australia's property price rise.

"The report itself revealed overwhelming evidence that foreign homebuyers are not the reason home prices are high across the board. More likely, prices are high due to low interest rates, supply constraints and negative gearing."

Yesterday, Real Estate Institute Queensland chief executive Antonia Mercorella welcomed the report, saying it had an important role to play in restoring confidence in foreign investment.

"We'll be looking at the recommendations closely but generally this looks like a very positive report," she said.

"The REIQ wants to see a transparent, fair and workable system of managing foreign investment in housing and we support any measures designed to make this a reality."

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