

Ms Kelly O'Dwyer MP
Chair, House of Representatives Economic Committee
Inquiry into Australian Foreign Investment Policy as it applies to residential real estate.
Committee Secretary
Standing Committee on Economics
P. O Box 6021 Parliament House Canberra ACT 2600

Dear Chair

This is a personal submission but it includes material compiled by Friends of Ku-ring-gai Environment Inc (FOKE), a community group established in 1994 of which I was the President from its inception until I retired from the Presidency and the Committee in March 2013.

I welcome this enquiry:

*“Dear Letters Editor
Many new multi-unit apartment blocks have been built in my area (Municipality of Ku-ring-gai NSW) but the apartments are not available to locals to purchase, even if they wished to, as they have already been sold off-the-plan to overseas investors. True it is that some of the newly constructed apartments are available for leasing but that is no comfort for those wanting to purchase their own home in which to live. **The impact of the unlimited purchasing of apartments off- the- plan by overseas money needs to assessed and addressed.** (Emphasis added)*

Anne Carroll Killara 1.12 2013 Sydney Morning Herald

Australia's foreign investment policy relating to residential property requires effective changes without delay. “Local” would-be home owners are competing with those from overseas who are paying a lower personal tax rate giving them higher after-tax income. The higher taxed locals are therefore disadvantaged in trying to purchase their own home in which to live. The competition from foreign investment for residential property, from luxury homes to one bedroom units has caused a distortion in the market, making housing less available and consequently more expensive. Increasing the supply without changing the current regulations in relation to overseas investment is not fully addressing the growing concerns about increasing house prices. More foreign money is destined to come as the opportunity to purchase real estate in their own countries faces tighter controls than those applied in Australia. The situation is somewhat urgent.

Totally out-of-character apartment buildings proliferating in Ku-ring-gai under NSW government increased housing planning policies has caused widespread concerns. (See page 9) It has to be asked - for whom are we planning, would- be genuine “local” home owners, or overseas investors land banking? Evidence strongly suggests

we are planning for overseas investors and for the developers who actively market to them. The NSW planning policies seem to be developer driven. What has happened in Ku-ring-gai has trashed equity, process, heritage, scale, topography, urban form and transport. What has happened in Ku-ring-gai is not in the national interest. We are not anti development but we oppose unsympathetic development. **A site inspection of Ku-ring-gai can be arranged.**

Housing stock has increased but it has not necessarily provided commensurate increased housing for would-be home owners as a number of the constructed apartments are vacant, or are for rent; nor does the increased housing provide for real housing choice.

The construction may have brought benefits to the building industry and its suppliers but it has caused destruction of the environment, of built and cultural heritage and has caused the loss of embodied energy. (This is demonstrated in greater detail later in this submission).

Please also see “*Strip Mining Sydney’s Heritage*” (*Ku-ring-gai*) - *The National Trust of Australia NSW August 2009*
https://nationaltrust.com.au/media/files/2009/August%2009/Strip%20minning%20Sydney%20heritage_low%20res%202.pdf

As one bulldozer driver said to a neighbour in a Ku-ring-gai street with houses destined for demolition to make way for apartment blocks: “*I can't believe we are knocking down such quality homes.*” (Source can be provided.)

As the Inquiry would be well aware there are many articles and reports which discuss the high rate of overseas investment in the Australian real estate market and the impacts of it on cost and availability of housing. The excerpts used in this submission from selected articles and my submission refer to Chinese investors because of the lower tax system in China (and related countries) than in Australia and the impacts of that lower tax..

I now draw attention to the following three articles:

1. ***APRA steps in on property as Reserve Bank stays unmoved.*** SMH 6 March 2014

*“.....Rising housing prices and turnover stimulates consumer spending by easing home owners' borrowing constraints and raising home owners' perception of wealth, the RBA said. What it didn't say was that stimulating consumer spending via the housing market is necessary because many of the past drivers of economic growth in this country are evaporating. **But housing is not just another asset class. As a tool for economic policy it is deeply flawed.***

*As academics such as Clive Hamilton, professor of public ethics at Charles Sturt University, have noted recently, **affordable property plays a crucial role in the health of any vibrant society. "It's where people live, put down roots, raise families and join in their communities,"** Professor Hamilton wrote last month.*

From a social policy perspective a disaster long ago unfolded. First home buyers as a proportion of total borrowers have fallen to a record low of 12.3 per cent nationally, from about 20 per cent at the end of 2011, according to the Bureau of Statistics”

(Emphasis added)

2. “The China syndrome: local buyers priced out.

Author: Max Mason
Date: 06/03/2014
Words: 531
Source: SMH

Publication: Sydney Morning Herald
Section: News
Page: 3

Close to one-fifth of new properties in Sydney are being bought by wealthy Chinese investors and the flood of money is set to continue.

Using data from the Australian Bureau of Statistics and the Foreign Investment Review Board, Credit Suisse estimates that Chinese buyers account for 18 per cent of new property purchases in Sydney, and 14 per cent of the supply in Melbourne. This does not include second-hand homes.

“A generation of Australians are being priced out of the property market. Many face a lifetime of renting,” analysts Hasan Teyfik and Damien Boey said.

There are currently 1.1 million millionaires in China who could easily afford properties in Australia's two most expensive markets, Credit Suisse said.

Wealthy Chinese buyers have purchased \$24 billion of Australian housing in the past seven years, and over the next seven years an additional \$44 billion will be spent on residential property, Credit Suisse estimates. ETC....” (Emphasis added)

http://newsstore.fairfax.com.au/apps/viewDocument.ac;jsessionid=AD3ACCEE42FC55D5A81B3AC953D2F5E2?sy=afr&pb=all_ffx&dt=selectRange&dr=1month&so=relevance&sf=text&sf=headline&rc=10&rm=200&sp=brs&cls=506&clsPage=1&docID=SMH140306GJ30D3B1AKT

3. *Cashed up Chinese keep young out of home market* SMH March 10 2014

This article documents the results of Surveys conducted by HSBC and reports (South China Morning Post 7th March 2014) of the high rate of Chinese investment in Australian real estate.

<http://www.smh.com.au/comment/cashedup-chinese-are-pricing-the-young-out-of-the-property-market-20140309-34f9k.html>

FROM KU-RING-GAI

“My leasing agent told me that most of the units in my block at 36-40 Culworth Ave (Killara- Ku-ring-gai) are sold to overseas buyers who are not currently living in the country, including the penthouse.” (which I am leasing)
Killara resident 28/04/2014 source can be verified.

A young man working on a Meriton construction site in Pymble Avenue Pymble (Ku-ring-gai) told me that over 80% of the apartments in the, then yet to be completed, multi- storey apartment block had been sold off-the- plan to overseas investors. He ruefully concluded "*How can I compete with that to own my own home.*" Indeed, how can he? Ku-ring gai resident, source can be verified

In the last week of August (2010) I looked through the large unit block recently completed at the bottom of Clydesdale Place, Pymble (opposite Telegraph Rd) (Ku-ring-gai NSW). The agent there informed me that over 85% of the units had been sold to Shanghai/Chinese investors, which was the target of their sales campaign Ku-ring gai resident source can be verified

INCREASING THE SUPPLY OF HOUSING (APARTMENTS) UNDER THE NSW GOVERNMENT URBAN DENSIFICATION POLICIES.

One of the reasons given by the State bureaucrats and the previous, now discredited, NSW Government for the urban densification policies was to provide for increased “housing choice.” Ku-ring-gai, as with other municipalities, was required to provide greatly increased housing numbers. In the case of Ku-ring-gai the increase in dwellings is to be in excess of 10 thousand new dwellings. Latest detailed figures can be supplied.

- With densification, it became apparent, however, in Ku-ring-gai, that real “housing choice” (villas, town houses and small houses on small blocks of land) was not being delivered under the policies. Instead, block after block of apartments, many of them charmless, were being constructed. (The air-conditioned apartment blocks tower above the nationally significant tree canopy and replace fine quality single lot housing set in established landscape gardens shaded and protected by canopy trees.)
- It then became apparent that the urban densification policies were seemingly more about providing opportunities for overseas investors to buy apartments off- the- plan rather than about providing real housing choice and, seemingly, more about favouring developers who specialise in apartment block construction .
- It then became apparent, as the apartment blocks were completed there were two active key developers, MERITON and RALAN, who were able to find the funds to purchase and amalgamate sites and to develop the apartment blocks when others could not do so. Both these developers are on the record as stating they have built for overseas investors. These investors, because of the Australian Foreign investment policy, as it relates to residential property, are able to purchase unlimited numbers of apartments off- the- plan.

**“DEVELOPERS TARGET INVESTMENT MARKET.
IS THIS WHAT THE URBAN CONSOLIDATION POLICY INTENDED?”**

The following excerpt from FOKE’s June 2011 Newsletter expands on points raised above.

“The following adds strength to the belief that much of the densification (apartment building) is directed at the overseas investment market rather than providing affordable, diversified housing for the domestic market. True it is, that much of the investment market will become rental stock, but given the pricing of the units it will not be rental stock that is generally affordable, nor provide for the diversity of accommodation either for the younger buyers with families or the downsizers.

MERITON

“BUYERS STAY CLEAR AS DOLLAR BEGINS TO BITE”

“Chinese abandon Triguboff” Turi Condon Property Editor *The Australian* April 21 2011:

“CHINESE buyers have deserted billionaire Harry Triguboff’s Meriton Apartments, with sales to Chinese owners and investors dropping from 30 a week to 10 over the past month.”

“Mr. Triguboff said prices in the overheated Chinese property market were starting to fall, while the Australian dollar continued its stellar run, making Australian property increasingly expensive compared with China.”

“Mr. Triguboff, whose Meriton Apartments builds more than 1000 units a year, said:

- *Chinese owners and investors had accounted for about 75 per cent of Meriton sales for the last two to three years.*
- *“The new apartment market relied on Chinese buyers.”*
- *“The Chinese, they are the only buyers I have. They are the only buyers anybody has..”*
- *“Our (real estate) market is the Chinese market, just like coal and iron ore..”*

(Additional Comment from BRW *“A prominent developer (Harry Triguboff) has said overseas buyers believe Australian residential prices are cheap...”* *“Our (Australian) prices are very far behind...”*.. *“Sales are going very well there is no question about that. The overseas investors love (Sydney’s) North Shore (where Ku-ring-gai is located) because it has got very good schools.”*

THERE ARE PRESENTLY 6 MERITON MULTI -UNIT SITES IN KU-RING-GAI TOTALLING 1050 approx APARTMENTS.”

RALAN

“RALAN, another prominent developer in Ku-ring-gai, is also seemingly targeting the overseas investment market. Many of the units built for Stage 1 of the Ku-ring-gai Residential Strategy (urban densification policy) are being purchased off-the-plan by overseas investors ‘land banking’ these units for investment purposes. The following is an excerpt from an internet video which commences with a non English speaker and promotional views of Sydney (May 2011). It is followed by words to the following effect by the principal of RALAN:

“There is a lot of interest from Chinese people in purchasing Real Estate in Australia, most importantly in Sydney. For any Chinese person considering overseas Real Estate they have to take into account the stability of Australia, the stable economy that we have and the fact that historically the residential market, which is my area of expertise, has always shown great growth, decade after decade after decade . Yes we are very excited about the influx of Chinese investment into the Australian property market.” + (see page 13)

THERE ARE PRESENTLY MORE THAN 15 MULTI-UNIT RALAN SITES IN KU-RING-GAI, WITH MANY UNITS PRE-SOLD OFF THE PLAN TO OVERSEAS INVESTORS. THE UNITS ARE THEN OFFERED AS RENTAL PROPERTIES.”

Additional reference: “*Oversupply claims another developer*” The Australian Financial Review 2.3.10 reported:

*“RALAN which is clearly the dominant player after collecting 11 sites on the North Shore, gained approval this year for a 68 unit development on the Warrawee site (in Ku-ring-gai). **It has already achieved pre-commitments of over 85% on the site.**”.... “Ralan Managing Director William O’Dwyer said he just happened to be in the right position at the right time. It is a good opportunity – in any crisis there are good opportunities”. “Mr O’Dwyer said that his developments had gone so well that he had the support of his banks and that put him in a position to take advantage of what demand there was available”. **We also have a big rent roll- we are finding that it is very strong**”. (Emphasis added)*

Between them, MERITON and RALAN have developed probably, by May 2014, more than 25 multi unit sites. Many of these, when completed, display “For rent” and “For lease” signs, with a good number of the dwellings remaining vacant. Additionally, some are used, so it seems, as pseudo-boarding houses for the children of overseas or partially-overseas based families to enable the children to attend educational institutions.

Please see attachment “Memo 18 March 2013” for details on medium density developments and overseas investors.

WHY THE APPARENT “SECRECY” IN RELATION TO THE MULTI-UNIT DEVELOPMENTS?

On **21st February 2013** the issue of the impact of overseas money and affordability of housing was raised by a constituent with a Federal MP at a public meeting. There was no follow up response from the MP’s office despite a note being taken at the meeting.

In **July 2013**, in response to ongoing agitation, the Federal MP advised that he was trying to get some figures from RALAN, a major apartment block developer in Ku-ring-gai.

In **mid September 2013**, in response to a follow-up query, the MP advised the constituent that he had yet to receive a response from RALAN.

28 October 2013

His questions/requested figures – querying the mix of purchasers (including how many overseas buyers) and the proportion of purchasers which have been owner occupiers or investors of the apartments they have developed and/or managed – remain unknown to the constituent.

The MP is content to leave the answers to the questions unknown to the constituent with words to the effect that he had telephoned the RALAN office and received a response from RALAN - in the form of discussion between him and a senior RALAN executive – and that he did not see a need to separately write again (to RALAN), that is ..to have written answers to his questions. Surprise was expressed by the constituent at this response.

Meanwhile RALAN continues to build more apartment blocks in Ku-ring-gai with a "For Lease" sign also erected on completion.

The same MP had tried to obtain some more general figures from the then Treasurer Mr Swan, without success. (Details of the requested figures can be supplied).

The above raises the questions: Why doesn't RALAN want to answer? Why does the Member of Parliament not want the answers to his questions known to the constituent? Why the apparent overall “secrecy”?

NOTE: It appears RALAN amalgamates sites under different company names.

THE COMMITTEE IS ASKED TO EXAMINE THE ECONOMIC BENEFITS OF FOREIGN INVESTMENT IN RESIDENTIAL PROPERTY

“NO MOVING FORWARD ON SARDINE SQUEEZE HIGHWAY.”

*“KU-RING-GAI is fulfilling its commitment to build an additional 10,000 dwellings. **And the already congested Highway is just supposed to cope.** That’s the message residents are getting after revelations that no one is keeping tabs on how many car parking spots are being built. Neither the RTA, the Planning Department nor Ku-ring-gai Council can answer the car parking question, meaning no one really knows how many cars are going to be sitting in the early morning and late afternoon commuter car park that we call the Pacific Highway. Just to show how inexact the science is, a spokesperson for Planning Minister Tony Kelly (**since disgraced**) said new dwellings were being built close to public transport, reducing pressure on roads. Well, what a relief. Drivers have nothing to worry about then. **And all those train commuters, who must already stand for the trip from Gordon to the city, will be happy to welcome more bodies into the mix.** Perhaps the State Government will put on more buses.*

But didn’t we say the Pacific Highway is already congested?

North Shore Times Editorial 13 Aug 2010 (Emphasis added)

Not only are there no overall plans to widen the main north south NSW Metro Road 1, the Pacific Highway, despite it being adversely impacted by the increase in traffic (from the increased housing), as described by the *North Shore Times* in the above editorial, the train service to the area has been decreased. The reduction in trains is due to the need for trains on the more recently completed Epping- to-Chatswood line entering the North Shore Line at Chatswood. In turn, both the Epping- to-Chatswood line and the North Shore line rely on the limited carrying capacity of the Sydney Harbour Bridge to connect commuters with the CBE. Given the above one has to question both the economic and social benefits of increased housing without commensurate improved infrastructure. With increased housing increased open space and schools etc are also required.

SINGLE LOT HOUSES:

It has become apparent that in addition to apartments off-the- plan being sold to incomes taxed on more favourable rates than Australian incomes, Real Estate Agents are actively targeting overseas money for single lot houses. The competition from the lower taxed overseas money squeezes out the higher taxed local money thus making it harder for local money to buy a house in which to live.

- *The majority of my Sales have been directly from my **Exclusive Overseas Database.** My marketing strategies have successfully achieved consistent*

excellent market prices for my vendors."Jing Peng (December 2012) LJ Hooker Lindfield (Ku-ring-gai) brochure.

- “*..one of the key aspects of the sale (of a particular house) that our vendors were delighted with , and we are particularly proud of, was the involvement of our “**Mc Grath Asian Desk**, which is a recent imitative to McGrath’s client services by John McGrath ...Accepting the ever growing interest, and current **high level of buying activity from Asia** , the McGrath Asia Desk is a unique and a very relevant value adding service; supplied “with our compliments “ to our valued prestige clientele. **Personalised letter from McGrath Estate Agents 29 April 2014 to Ku-ring-gai residents.***

CONTINUING TO EARN MONEY IN LOWER TAXED COUNTY WHILE FAMILY RESIDES IN PURCHASED HOME IN AUSTRALIA * (see page 12)

There is also the scenario which the Grattan Institute in a Report relating to the matter last year did not take into account (I am not able to provide the exact name of the Report). One parent of a family resides in the purchased home in Australia (purchased with lower tax overseas money while the bread winner, usually the father, works in the lower taxed country with periodic visits to the family in Australia. The children attend Australian educational institutions. Ku-ring-gai is well known and valued for its educational institutions. (#Ku-ring-gai schools see page 13)

“STATE OF SIEGE”

What has happened in Ku-ring-gai with the densification policies and the way that they were administered was the catalyst for the documentary “*State of Siege*” which has been sought by many, Australia wide, including universities for their pedagogical purposes. A copy has been lodged with various institutions including the NSW State Library and the NSW Parliamentary Library. **A copy can be made available to the Inquiry.**

In the context of the national interest and given what has happened in this part of Australia, I welcome this Inquiry. The transparency issues which have triggered the Current Federal Government to set up this parliamentary inquiry are understood (see page 7).

What has happened to this part of NSW and its impact on the community has generated widespread concern and caused the documentary *State of Siege* to be made.

This submission includes just a few of the ever increasing number of articles, with sections highlighted, from the media that are highly relevant to Ku-ring-gai (See also below). That there is an increasing number of articles about foreign investment in residential real estate is a relief because the issue was recognised in Ku-ring-gai a number of years ago.

It is hoped that the information provided in this submission and its **Attachment** assist the Inquiry.

Given Canada is tightening their controls and that Chinese investors can no longer buy a second property in China without incurring massive taxes, and given what has happened in this part of Australia there is ample evidence that rules regulating the approval of foreign investment in Australian real estate need enhancing, without delay.

Yours sincerely

Anne Carroll OAM

PLEASE FIND THE FOLLOWING EXCERPTS FROM PAST FOKE PUBLICATIONS WHICH ARE RELEVANT TO THE INQUIRY.

- “The impact the densification policies on Ku-ring-gai has attracted widespread attention: Press, talk back radio and television programs; with newspaper titles such as *“From leafy to lack lustre”*, *“Ku-ring-gai Plan will swamp housing targets, say residents”*, *“Heritage homes go under the hammer”*, *“Three jeers for the Bulldozers of Ku-ring-gai”*, *“Heritage homes hammered”*, *“Planning pandemonium”*, *“High density plans ripping the heart out of Ku-ring-gai”*, *“Bulldozing the beautiful”*, *“Our heritage can’t be trusted to state’s planners”*, *“Heritage interests out, apartments in”*, *“Upper North shore joins at-risk list”*, *“Oversupply claims another developer”*, *“Vacancy rates paint mixed rental picture”*, *“Developers on lending alert”*. The Sydney Morning Herald letters’ Editor reported that the big themes and most regular subjects for the year (2010) were climate change, the CBD Metro and complaints about the State Government. The next category of interest included planning in Ku-ring-gai.”
- “Ku-ring-gai was the subject of discussion at the Australian Institute of Urban Studies July 09 forum entitled “The Tragedy of Planning in NSW” when it was stated *“It’s now one-size-will-fit-all instead of designing for contexts”* and that *“the practice of moonscaping the land enables placement of the standard urban products.”*
- “Ku-ring-gai was supported by people across the State, concerned with the destruction of “place”, loss of community voice and the democratic process, in the Death of Democracy March on 27 September 2009. The Rally called for a Royal Commission into Planning in this State, a call which was subsequently taken up by others and received television coverage. Mr Jack Munday AO’s message to the State Wide Rally was *“Successive NSW governments have treated Ku-ring-gai people with contempt. Until an elected council assumes control of the planning process abuse of planning powers will continue. The present*

government is as reactionary as the Askin Government as regards the planning process.”

- “Ku-ring-gai based “Planning” questions have been raised in Parliament, by Members of Parliament other than those representing Ku-ring-gai.”
- “What is happening has caused the Australian Council of National Trusts to place Ku-ring-gai on the List of AUSTRALIA’S TOP TEN HERITAGE PLACES AT RISK ... The THREAT is listed as: Loss of settings and entire garden streetscapes; loss of trees and bushland; demolition of many individual outstanding heritage homes and replacement by six storey apartment blocks and loss of community under insensitive development and unsympathetic rezonings.”
- “...The research company SQM has found that the apartment blocks have seemingly targeted a demographic that isn’t there. Research found that *“Some of the highest vacancy rates in Sydney are in the upper north shore, where a glut of dwellings sits empty.”* The article also refers to the recent Ku-ring-gai Council Housing Survey which found *“that while 40% of people in the local government area wanted to move house at some point, only 5% wanted to move into a unit.”*
- “FOKE hosted a public meeting at which Mr John Hatton AO the former Independent MP was the guest speaker. Mr. Hatton told the Ku-ring-gai meeting: *“The issue of planning is just as important, if not more so, than the Wood Royal Commission (into police corruption in 1994). It is as serious as that because your business, your property, your investment, is no longer safe in this State. No longer can you gain appeal to the court, no longer are the tenets of basic justice available to you (the citizens) in the developer market”.* Mr. Hatton had previously told Stateline *“Everywhere we go in NSW, I’m going to collect the outrage, and I’m going to collect the evidence, and I’m going to build the pressure into establishing a Royal Commission into planning in NSW. “The starting point is a Royal Commission, I am absolutely confident (about the need for one), because I know what the signs of corruption are.”* (Emphasis added)
- (Given the public concern at the) “FOKE produced a publication entitled “A PHOTOGRAPHIC RECORD OF SITES AND STREETSCAPES IN KU-RING-GAI, IMPACTED BY LEP 194/200/202/204/207 RESIDENTIAL DEVELOPMENT STRATEGY STAGE 1”. FOKE’s award-winning document contains over 2,000 “before” photographs. The publication highlights the plight of Ku-ring-gai’s nationally-recognised and National Trust classified Urban Conservation Areas and serves as a reference point by which the loss of Ku-ring-gai’s (NSW’s) heritage can be measured. Of the rezoned homes earmarked for 5 storey development, 75% of these are situated within these Urban Conservation Areas. One quarter of these Areas has already been destroyed.” **A copy can be made available to the Inquiry.**

Comment: The house depicted in the recent Strathfield case## (see page 14 where the Federal Government Treasury stepped in disallowing purchase by an overseas based person, “pales” somewhat beside houses that have been demolished and are earmarked for demolition to make way for apartments in

Ku-ring-gai. We welcome this long overdue stance made by the Treasury and what it represents.

- “It is now widely recognised that Ku-ring-gai has been “brutalised” by redevelopment. During the year, an international planning expert, Joel Kotkin, Professor of Urban Development and Fellow at Chapman University in California, USA, visited Ku-ring-gai and other areas being densified. He subsequently reported in an international journal that what was happening in Ku-ring-gai was amongst the worst he had seen.”
- “Densification has been carried out in Ku-ring-gai with scant regard to its character, environment and heritage. Densification in Ku-ring-gai has failed the basic principle of sustainability of which a CSIRO publication has said: *Sustainability recognises the significance and diversity of community and regions for the management of the earth, and the critical importance of “sense of place” and heritage (buildings, townscapes, landscapes and culture) in any plans for the future.* (See “In Search of Sustainability” Jennie Goldie et al, CSIRO 2005.)”
- “The “brutal redevelopment” in Ku-ring-gai which has resulted from LEP 194 – the multi -unit apartment dwelling policy - has failed the intent of that policy to provide real housing choice and to decrease car usage. The promise of its Department of Planning proponents, namely that densification would be tailor-made to the area, has proven to be a monumental falsehood.”
- “Sydney Morning Herald editorial:
*“It is important in other ways, too, that an O’Farrell government not just be more of the same. That may seem unlikely, but the risk is real. A change of government is partly an illusion: though the personnel and the labels change, the problems do not. Nor in many cases do the solutions to them, and more importantly the interest groups which those solutions affect. The Coalition is already subject to the same pressures and incentives that Labor felt and was seduced by.... **Developers will already be putting out feelers to see if an O’Farrell government can be influenced to sideline planning rules for profitable developments and ignore community protests in return for discreet donations.** If all the Coalition can achieve is the same partisan, deal-driven winner-takes-all politicking, but with different personalities and a different brand name, it will have failed.”* (Emphasis now added)

PLEASE NOW FIND EXCERPTS FROM THE FOLLOWING ARTICLES RELEVANT TO THE INQUIRY AND THIS SUBMISSION. (Emphasis added)

► **“FOREIGN MEN OF PROPERTY MOVE IN”**

Natasha Bitá, Consumer editor , [The Australian](#) April 12, 2010

OVERSEAS home buyers may be crowding locals out of the market.

“Alex Caraco, chief executive of global real estate group Coldwell Banker, has noticed an increase in sales to temporary residents, mainly from China and Korea, since the federal government opened the door to sales of established housing to “foreign students and other temporary visa holders a year ago.”

*“Hot spots have been **Sydney's leafy north shore**, the Gold Coast, north Queensland and the inner-city suburbs of Melbourne and Brisbane.”*

“So what impact, if any, are the changes having on Australia's housing market?”

Reserve Bank governor Glenn Stevens conceded last month that the looser investment rules for foreign buyers had contributed to the housing price surge, an issue the central bank was “giving some attention to”.

“Sweeping changes -- which FIRB downplays as “administrative” -- mean that up to 340,000 temporary residents who arrive each year on 12-month visas -- including students, diplomats, working holidaymakers and medical staff -- are allowed to buy one property to live in, which the law no longer forces them to sell when they leave Australia.”

“Previously, foreign students were not allowed to spend more than \$300,000 on a property to live in -- effectively locking them out of the market in most capital cities -- and all temporary residents had to sell up when they returned overseas.”

“Under the old rules, developers had to sell half their off-the-plan projects to Australian residents. Now they can sell 100 per cent to foreign buyers.”

“It's all cash,” he says. “Some are buying development land for high-rise, and paying the full price in cash for the property.”

****“There are a lot of mainland and Hong Kong Chinese buying because their economy is booming and a lot of them do have children being educated in Australia so it's a convenient opportunity. Why wouldn't you buy something for your children?”***

“At Ray White's top-performing Victorian agency, at Glen Waverley 20km southwest of Melbourne's CBD, 13 of the 35 staff speak Chinese. Director Damian Moore says nearly half the houses he sold in 2009 went to newly arrived migrants and temporary residents, mostly from mainland China, India and Sri Lanka.”

**“We have a number of investors that spend time between home here and in China, and they may only be two or three months a year in the home and it may be locked up for the rest of the time,” he says.”*

“But opposition housing spokesman Kevin Andrews claims his Menzies electorate office, in Melbourne's eastern suburbs, is being bombarded with complaints about “foreigners” sitting on real estate.”

<http://www.theaustralian.com.au/news/features/foreign-men-of-property-move-in/story-e6frg6z6-1225852467604>

► **WELL-HEELED ASIAN BUYERS SPEARHEAD SALES REVIVAL**

Lucy Macken, Stephen Nicholls 15 Sept, 2012

*OFFSHORE buyers are the trailblazers of a Sydney property revival, say agents, snapping up apartments in Bondi, the central business district and **the North Shore** and houses in Mosman and **Killara**. (Ku-ring-gai)*

*It seems that from a distance, despite The Economist saying only last year that Australian property is overvalued, **many admire Sydney's resilience**. (As described by the **RALAN** spokesperson on page 6).*

Agents selling existing property are also changing the way they operate to cater for buyers who need Foreign Investment Review Board approval particularly those from China because of the increasing demand.

Some are hiring interpreters and employing Mandarin and Cantonese-speaking assistants to help with negotiations.

Most offshore buyers buy off-the-plan because there is no limit to what they can buy, although the relaxing of government rules in 2010 also allowed foreign buyers to purchase an existing property in Australia of any value. Previously they had been limited to a \$300,000 property.

Richard Simeon, a director of Richardson & Wrench Mosman, has been dealing with increasing numbers of Chinese buyers agents since 2009.

Another prime spot is Killara, where Philip Waller of McGrath Pymble estimates half of sales in the \$3 million-plus range are to foreign buyers. (Ku-ring-gai) #

Mr Waller's Mandarin and Cantonese-speaking colleague Polly Chan said one of the reasons Killara was so popular was because Killara High School was one of the state's best-performing non-selective high schools and did not have the waiting lists and standardised English-speaking requirements of many private schools. (Schools in Ku-ring-gai).#

Century 21 Cordeau Marshall has expanded its Lindfield, Roseville and Gordon offices (Ku-ring-gai) in recent months with four Chinese-speaking agents, and regularly advertises its properties in the Chinese language newspapers, The Chinese Weekly and Sing Tao.

"At least 25 per cent of people at open inspections would be Chinese, and up to 75 per cent in somewhere like East Killara (Ku-ring-gai) because of the school," said C21 group general manager Charles Caravousanos.

The chairman of Ray White, Brian White, said strong interest from Asia prompted the opening of the Kuala Lumpur Ray White office earlier this year to join those already in Indonesia, India, South Korea and Hong Kong.

Last month, LJ Hooker signed a partnership with the Chinese property website Juwai.com to tap into that country's rapidly expanding investor market. It has a similar deal with another group to target buyers in Malaysia, the Philippines,

Indonesia, Macao and Hong Kong. The deals enable LJ Hooker agents to automatically list Sydney property on the foreign websites for no extra cost.

More recently, Chinese investment has also been driven by changes at home, prompting buyers to look for secure places abroad to invest. (RALAN and Meriton)

<http://nqr.farmonline.com.au/news/metro/national/general/wellheeled-asian-buyers-spearhead-sales-revival/2623980.aspx>

► CHINESE BUYER'S STRATHFIELD HOUSE PURCHASE PLANS BLOCKED NB SEE PAGE 11##

Jonathan Chancellor | 9 April 2014

A rare Australian federal government Treasury refusal to an intending overseas buyer has emerged in a recent Sydney auction offering.

The attempt by Zhixiong Hua to purchase the Strathfield home was deemed contrary to the national interest under the Foreign Acquisitions and Takeovers Act 1975 in an April 7 order under subsection 21A(2).

The possible knockdown 1920s house, with lovely polished floors, at 86 Nicholson Street, Strathfield sold for \$1.8 million at its March 28 auction through LJ Hooker agents David Pisano, who is currently holidaying overseas, and Jeffrey Wan, who said he was unaware of the actual sale details. The 902 square metre holding was being offered to the market for the first time in over 43 years in a highly multi-cultural inner west locality. About a quarter of the street is owned by families of Asian descent, mostly Vietnamese.

...The Treasury departmental rejection has been quickly suggested as a sign Treasurer Joe Hockey was prompting a new direction in government policy. No property purchase proposals were rejected in 2012-13, compared with 13 in 2011-12, as the Labor government moved to its conclusion.

While the FIRB approval process is wrapped in secrecy, it is most likely the refusal relates to the buyer's intent and the issue of foreign buyers purchasing existing houses, demolishing them and rebuilding new, bigger homes when they are deemed liveable already.

[Property News and Insights](#)

http://www.propertyobserver.com.au/forward-planning/investment-strategy/property-news-and-insights/30041-foreign-acquisitions-and-takeovers-act-1975-order-under-subsection-21a-2.html?utm_source=Property+Observer+List&utm_campaign=76f34426a7-10_April_2014&utm_medium=email&utm_term=0_a523fbfccb-76f34426a7-245324673

► CHINESE INVESTORS BUY UP SYDNEY HOMES

By: *Jane Hansen* from: [The Daily Telegraph](#) March 18, 2013

CHINESE investors inundating the local real estate market with billions of dollars are artificially inflating the price of apartments bought off the plan, analysts have warned.

As many as one in six off-the-plan apartments in Sydney are snapped up by mainland Chinese investors.

Michael Yardney from Metropole Property Strategists said local buyers may be caught out paying too much.

"Overseas investors are pushing up prices for off-the-plan properties. If they weren't making these sales, they would not be able to get the project off the ground. But on completion, the apartments are worth 7 to 12 per cent less than what the contract price was," he said.

According to the Foreign Investment Review Board's 2012 annual report there were 10,118 approvals in the real estate sector, double that of 2008. Residential real estate investment was worth \$19.7 billion, with the US and China leading the way.

*James Sialepis, national director of sales for Meriton, said 15 per cent of all sales in projects such as VSQ North and EON in Zetland were going to mainland **Chinese investors who face tough property investment restrictions in their own country. He said Meriton used marketing companies in China.***

"They are a mix of investors and families who purchase because their children are here to study," Mr Sialepis said.

"I don't think we're artificially inflating prices, 15 per cent is only a small percentage."

Ben Stewart from CBRE, which marketed the The Residence at Hyde Park, said one in 10 of those apartments were sold to Chinese investors.

"The Chinese see great growth and a stable economy, and the main drive is their kids who will study here," Mr Stewart said.

Frasers Property, which is developing the Central Park apartments on Broadway, confirmed the majority of their off-the-plan sales were to Asians.

Andrew Taylor runs the Shanghai-based real estate portal Juwai.com, which directly markets Australian property to Chinese investors. He said the current interest was "just the tip of the iceberg".

"The real buying force are the upper middle class who earn around \$100,000 combined.

"They represent a huge market force and we predict 60 million buyers are about to hit the world," Mr Taylor said.

With Australian homebuyers cautious, foreign buyers rule the market, according to Mr Taylor.

*Michael Yang, the founder of GiFang.com, which means ``collect property" in Mandarin, said Chinese investors **could no longer buy a second property in China without incurring massive taxes.***

He said many Chinese investors also want to move here permanently. "I think migration is the No.1 factor to invest," Mr Yang said.

<http://www.adelaidenow.com.au/real estate/buying/chinese-investors-buy-up-sydney-homes/story-fndbmulp-1226599607346>
