

Chinese Interest in Australian Property

There are two schools of thought surrounding the apparent 'surge' in Chinese interest in the Australian property market.

One is that the Chinese are 'only interested in newly built properties and buildings'; the other, that this is not necessarily the case, and the Chinese are actually equally interested in land, or existing homes which they can renovate or knock down.

Whichever trend the current data leans towards, the fact is that Australia is now among the most popular property investment destinations for the Chinese, who are reported to have spent almost \$6 billion in Australia's real estate market last financial year. The driving force behind this sudden influx of foreign investment appears to be due to China's own financial policies forcing the financially wealthy to seek better returns outside their homeland, making them the fastest growing international property buyers in both the global and Australian real estate markets.

Their interest seems to be sparking strong surges within the Australian property market and, as a result, pushing prices up in Australian capital cities – particularly Sydney and Melbourne. Incomes of the average Australian workers aren't keeping up with the price rises, which is leaving the market open for an increasing number of wealthy overseas investors.

While Chinese buyers have been active in the Australian property market for some time, it has been during the last twelve months their investment activity has been more pronounced.

Many of these buyers have friends or relatives in Australia to bid for them, but there is no requirement for foreign

investors to reside in Australia themselves, subject to the relevant provisions in the Foreign Acquisitions and Takeovers Act 1975 (Cth). This means multitudes of overseas buyers fly into Australia to inspect and buy properties they simply found on the internet.

However, purchasing investment properties in this manner poses significant problems for many of the investors, as the legal requirements surrounding foreign investment in Australia differ greatly from those affecting the domestic investment industry. Building regulations, strata laws, contracts, monetary exchanges and tenancy laws within the Australian property market can be areas fraught with challenges for the Chinese investors, as well as Australian vendors, and it is an area of law that requires specialist knowledge and experience.

“Australian property laws operate very differently to Chinese law. There are many traps for unwary Chinese investors, says strata lawyer, Clifford To.”

With over eight years’ experience in property development, town planning and administrative law, Cantonese-speaking Clifford forms part of the expert team at JS Mueller & Co and is an expert in helping Chinese investors navigate the legal minefield of property investment in Australia.

Chinese investors need to understand the way Australian property laws impact on them. Not having a proper understanding of the law can have disastrous consequences, Clifford says. ”

With a reported, 90 million Chinese searching for investment property online every month, and more than half of them purchased their properties with cash, the impact on the Australia economy is expected to be significant.

For NSW strata legal or levy collection advice please contact us [here](#) or call 02 9562 1266, we’re happy to assist.

