

# Property Focus

Bringing you the latest news, fact and figures from the world of Australian real estate.

## Can non-residents buy property in Australia?

Tighter regulations have made it tougher than ever for non-resident buyers to buy property in Australia. While the process may seem near impossible to navigate, once you understand the framework the Government uses to approve applications, it's actually fairly straightforward. Take a look at what you need to know.

Generally speaking, yes, foreigners can buy property in Australia, but conditions do apply. In order to purchase residential property in Australia – whether to live in or to use as an investment property – non-residents need to apply for and secure an approval from the Foreign Investment Review Board (FIRB) to complete the purchase.

As part of the federal government, the FIRB is responsible for ensuring most foreign investments in Australia is directed towards new dwellings, which create jobs and benefit Australia's economy, as well as preserving the current stock of housing in Australia for purchase by local residents. All foreign citizens need to apply for approval of the FIRB before taking an interest in any residential real estate – the only exception are New Zealand citizens, Australian permanent residents and their spouses. That said, if you are a foreign buyer and you have identified a property that you wish to purchase, the next step is to make an application to FIRB. It is important to note that approval from FIRB must come before the property is purchased and an application form can be downloaded from the Australian Taxation Office website. Within 30 days of submitting your application and supporting documentation, you will either be approved or denied.

**It's very important that any contract for the property you wish to purchase has the clause "subject to FIRB approval" allowing you at least 30 days for a FIRB decision. It's vital that your solicitor states the clause in such a way so as to ensure that if your FIRB proposal is rejected, you won't lose your deposit.**

There are some limitations to the types of property you can purchase as a non-resident buyer: you can only buy brand new properties or vacant land, provided the development of a residential property is completed



on the vacant land within four years of the approval from the FIRB. Remember though, that purchasing vacant land that previously held a dwelling is not considered a new property and as a foreigner you may not be allowed to purchase that asset, unless you are intending to build two houses for every one that was demolished on the vacant land so as to encourage greater housing development.

By buying new properties or land on which to develop new properties, you are in effect adding to Australia's housing stock which is seen as a benefit to the economy. By contrast, if you are looking to buy an established dwelling then unfortunately the news is not so good. Non-resident foreign citizens are generally prohibited from buying existing properties in Australia, the reasoning being that it deprives Australian buyers of a property that they could buy and live in themselves.

### CAN NON-RESIDENTS SECURE FINANCE IN AUSTRALIA?

There have been a number of changes to how banks and lenders deal with non-resident borrowers. Many of the bigger banks no longer lend to non-residents, while some have inflated their maximum loan-to-value requirements to 60 per cent for foreign borrowers or charge higher interest rates to non-residents, right up to 8 per cent.

Depending on your residency status or type of visa you hold, there are still a number of lenders who will lend to non-residents. Be aware though that different lenders have different criteria when it comes to eligibility so it's worthwhile getting advice from a mortgage broker who understands which lenders are more likely to approve a non-resident application.

### HOW WILL THE BANK ASSESS MY APPLICATION?

Australian lenders are unable to access your overseas credit history



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which means if you are new to Australia, you won't have built up a credit file yet. Some lenders will approve non-resident lending using other criteria such as your financial situation, type of visa, any assets you have and your ability to repay the loan.

If you are a non-resident of Australia and you need advice about securing a mortgage and buying property in Australia, get in touch with one of our mortgage brokers. We have experience and success in working with non-residents to secure finance.

It's important you can show:

- You have a stable source of income / employment.
- You have a visa.
- You are able to repay your loan before your visa expires.
- You have Australian residency.
- You have an Australian bank account.

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Our wonderful Australia summer can cause problems for those plants in your garden. Using these few tips, you can achieve maximum water efficiency and retention of natural rainfall.

There are, of course, plants that thrive in these conditions such as succulents and Mediterranean herbs such as lavender, rosemary and thyme. But, for much of the garden, plants struggle with summer heat. To help you with the task of watering, reduce stress for your garden plants and keep your property looking its best, we have a few ideas.

**Watering** is best undertaken in the evening when cooler temperatures decrease water loss through evaporation. Saturation once weekly, depending on conditions, encourages roots to more deeply penetrate the soil. When considering drought conditions over much of Australia, collection of rainwater is an excellent way to reduce pressure on one of our most valuable resources.

**Hanging baskets** and potted plants are more suited to dappled shade during exceptionally hot days. This will reduce water requirements.

During the dry season, it is particularly important to reduce competition for water by **eliminating weeds**. Mulch your soil with bark, organic material, gravel, stone, mulch mats, plastic sheeting or even newspaper. They will all help to keep the moisture in the ground and keep weeds at bay.

**TIP:** If you want to spend the least amount of time and resource looking after your garden, choose the right plant for the right space. Ask your local plant nursery about soil and climatic conditions for your local area and choose plants accordingly.

Consider your soil and prepare it well for the plants you wish to grow. Time invested in initial soil preparation can save money and promote a healthy garden.

## Market Facts

Capital cities home value index - 30 September 2019

	ALL DWELLINGS		HOUSES		UNITS	
	% Change Year on Year	% Change Month on Month	% Change Year on Year	% Change Month on Month	% Change Year on Year	% Change Month on Month
<b>Sydney</b>	-4.75 ▼	1.68 ▲	-5.07 ▼	1.94 ▲	-4.07 ▼	1.12 ▲
<b>Melbourne</b>	-3.90 ▼	1.74 ▲	-5.92 ▼	1.93 ▲	0.49 ▲	1.37 ▲
<b>Brisbane*</b>	-1.92 ▼	0.23 ▲	-1.94 ▼	0.31 ▲	-1.85 ▼	-0.09 ▼
<b>Adelaide</b>	-1.12 ▼	-0.05 ▼	-1.36 ▼	-0.05 ▼	0.34 ▲	-0.01 ▼
<b>Perth</b>	-9.04 ▼	-0.83 ▼	-8.99 ▼	-0.90 ▼	-9.20 ▼	-0.24 ▼
<b>Hobart</b>	2.51 ▲	-0.40 ▼	3.34 ▲	-0.50 ▼	-0.69 ▼	0.12 ▲
<b>Canberra</b>	1.33 ▲	0.95 ▲	2.11 ▲	1.05 ▲	-1.49 ▼	0.57 ▲

\*includes Gold Coast