Regarding new developments - there should be restrictions or caps on the number of units sold to overseas investors in one development
Many oveseas property developers are "cashed up" and will not require financing from our local banks. They purchase prime expensive CBD locations for development. An issue which needs to discussed is the broader aspect of how do we want our cities to develop?
Do we want developments that are designed in a specific manner that are possibly to the minimum requirements because they are targeted to overseas investors
Do we want pockets of housing/apartments that are 100% owned by overseas investors. Where is the diversity in this? Is this our future plan for how we want our CBD and certain suburbs to grow?

You mention that one of the criteria of the overseas investment approval is that Australian housing stock is increased. If new development by an overseas property developer is 100% marketed to overseas investors i question where is the increase - how does this have an effect of increasing the housing stock for local residents if much of what is being is being built is being marketed overseas!

The significant rise in the year on year $ figures should be warning enough that something needs to be changed and that regulations need to be tightened and penalties implemented.

It is obvious that our government departments are under resourced and that additional funds are needed in this area. As mentioned in your report a levy or charge for applications (or why not additional stamp duty) should be imposed on foreign buyers to provide the much needed extra funding.

it should also be noted that comments from groups asociated with the property market such as developers/ property council/real estate agents/building industry groups etc are surely to be subjective and biased/skewed to self interest.

"The requirement that at least 50 per cent of a development with an advanced off-the-plan FIRB approval must be purchased locally was removed in 2008 (see Table 2.1). However Mr Nikolouzakis of Nyko property commented at the hearing on 20 June that this change had made no difference to the level of foreign investment because Australian banks would not permit more than a small percentage of the presale portion of a development to be from overseas. He stated: I think it made zero difference. For anyone who is getting funding—if you are an Asian developer, who, as you said, is coming in and you are using cash to build it, well that is a different story… "

RP Data commented at the hearing on 27 June that based on anecdotal knowledge, extensive overseas marketing of certain developments of over 100 dwellings does occur. Mr Lawless remarked: … I think you will find that a lot of developers do that. They are on the Asian road shows and are marketing very heavily across China, Singapore and Malaysia. You will find that there are particular developments that do have a very high proportion of foreign buyers based on that level of marketing.92

The committee is also aware of concerns in the community that some offthe-plan properties are not accessible to domestic buyers. For example, when asked at the public hearing in Melbourne on 20 June 2014 whether he was aware of any examples of where developments of over 100 units had been marketed overseas only, Mr Martin Vockler, Regional Sales Manager at SMATS Group responded: That has been happening recently, and it is probably more with some of the Asian developers. They are buying sites and they are paying quite a high premium for the sites. The price of the apartment developments per square metre is extremely high. The size of the apartments is extremely small; they are really designed for the overseas market. 3.43 Further evidence on this matter is discussed later in this chapter. The committee’s strong view is that Australians must have the same opportunity to purchase a property in any new development as a foreign investor. Currently developers who receive a certificate to sell to foreign investors off-the-plan must advertise in Australia. There is, however, no real penalty if they do not – other than a revocation of their certificate which can be redundant if all the properties have already been sold.

Angela Lees