

The Appeal of Australia for Chinese Property Investors

In 2017, Australia has remained one of the most popular targets for Chinese property investors. One in five new homes in Victoria and New South Wales were recently estimated to have been purchased by foreign buyers at a rate of \$8 billion per year.

Chinese investors spent a total of \$47.3 billion (AUD) on total direct investment in Australia in 2016. Residential and commercial real estate comprised the majority of the total at \$31.9 billion (AUD).

Chinese real estate investment in Australia has been focused primarily on residential development. Investment in new homes made up one-third of total foreign investment in Australia in 2016. Chinese property investors were also the largest source of foreign investment in Australia for the third year in a row.

Currency controls have had little impact

The demand for Australian real estate is expected to remain high despite recent restrictions on cross border capital flows.

Capital flows remain limited to \$50,000 USD per year. However, The State Administration of Foreign Exchange now requires citizens to sign a pledge stating their funds will not be used for the overseas purchase of property.

Regardless of these new restrictions, sales have continued to accelerate in major Australian cities such as Melbourne, Brisbane and Sydney.

One way that Chinese property investors have been able to circumnavigate the currency restrictions is through vendor financing.

A survey by Inventorist found that 40 percent of buyers were able to utilize vendor financing through property developers. The current demand in the market has encouraged developers to make several financing options available for Chinese property buyers.

Excellent education and a high quality of life

Part of the allure of Australia is the quality of life, attractions, and a long established Chinese population and culture. There are over 865,000 people of Chinese ancestry living in Australia, comprising a total of 4 percent of the population.

Other factors that investors have cited include the beauty and scenery of the country, open spaces, and the quality of the schools. The UN previously rated Australia's educational system as the highest in the world for their Education Index.

The country also offers a stable economic system and an excellent opportunity for long term property value growth. It can be comparably more difficult to purchase urban land for investment purposes in China. The allure of full property ownership rather than 70-year leasing rights in China are also motivating factors.

High rental yields in many Australian cities

Several Australia real estate markets also offer high average rental yields. Rental yields average 2 to 3 percent in Australia's major cities and remain steady, while yields have dropped off in some Chinese cities.

About the Author

Australia requires the owners of older residential properties to sell them when they leave the country regarding [Foreign Investors Us Real Estate](#). However, the same is not true for newly constructed properties. This has been one of the major driving forces for new dwelling investments. Chinese property buyers can rent them out or choose to retain and sell them even if they are not physically present.