

INSIGHTS INTO foreign purchases and sales of residential real estate

1 July 2017 to 30 June 2018

Introduction

A Register of foreign ownership of residential land has been established as part of the Australian Government's commitment to increase transparency around foreign investment in Australia

Information has been extracted from the Register to provide insights into foreign purchases and sales of residential real estate. The information relates to residential real estate transactions (purchases or sales) by foreign persons between 1 July 2017 and 30 June 2018 ('the reporting period').

Consistent with Australia's broader foreign investment review regime, the details of foreign persons are not made available publicly. Taxation law also restricts the release of information which could identify, or be used to identify, an individual or entity. For these reasons, this information is presented in an aggregated format only.

Care should be taken in comparing the Insights data with the Foreign Investment Review Board (FIRB) Annual Report 2017-18. The FIRB Annual Reports contain proposed investment information. The Insights data reflects confirmed real estate transactions in the 2017-18 financial year and is not a full stocktake of foreign ownership in residential land.

Methodology

The Register holds information about purchase or sale transactions during 2017-18 by foreign persons who have obtained prior foreign investment approval.

Purchase transactions are where:

- a foreign person (through self-registration) has indicated that they have settled on a residential property for which they had gained prior foreign investment approval and
- a foreign person (identified during compliance activity) that has settled property and failed to apply for foreign investment approval or
- through the collection of land titles data from participating states and territories, the ATO has matched a residential real estate transfer (purchase) and purchaser, to a corresponding property and foreign person that was previously issued foreign investment approval.

Similarly, sales transactions are where:

- a foreign person (through self-registration) has indicated that they have sold (and settlement has occurred on) a residential property for which they had gained prior foreign investment approval, or
- through the collection of land titles data, from participating states and territories, the ATO has matched a residential real estate transfer (sale) and vendor to a corresponding property and foreign person that was previously issued foreign investment approval.

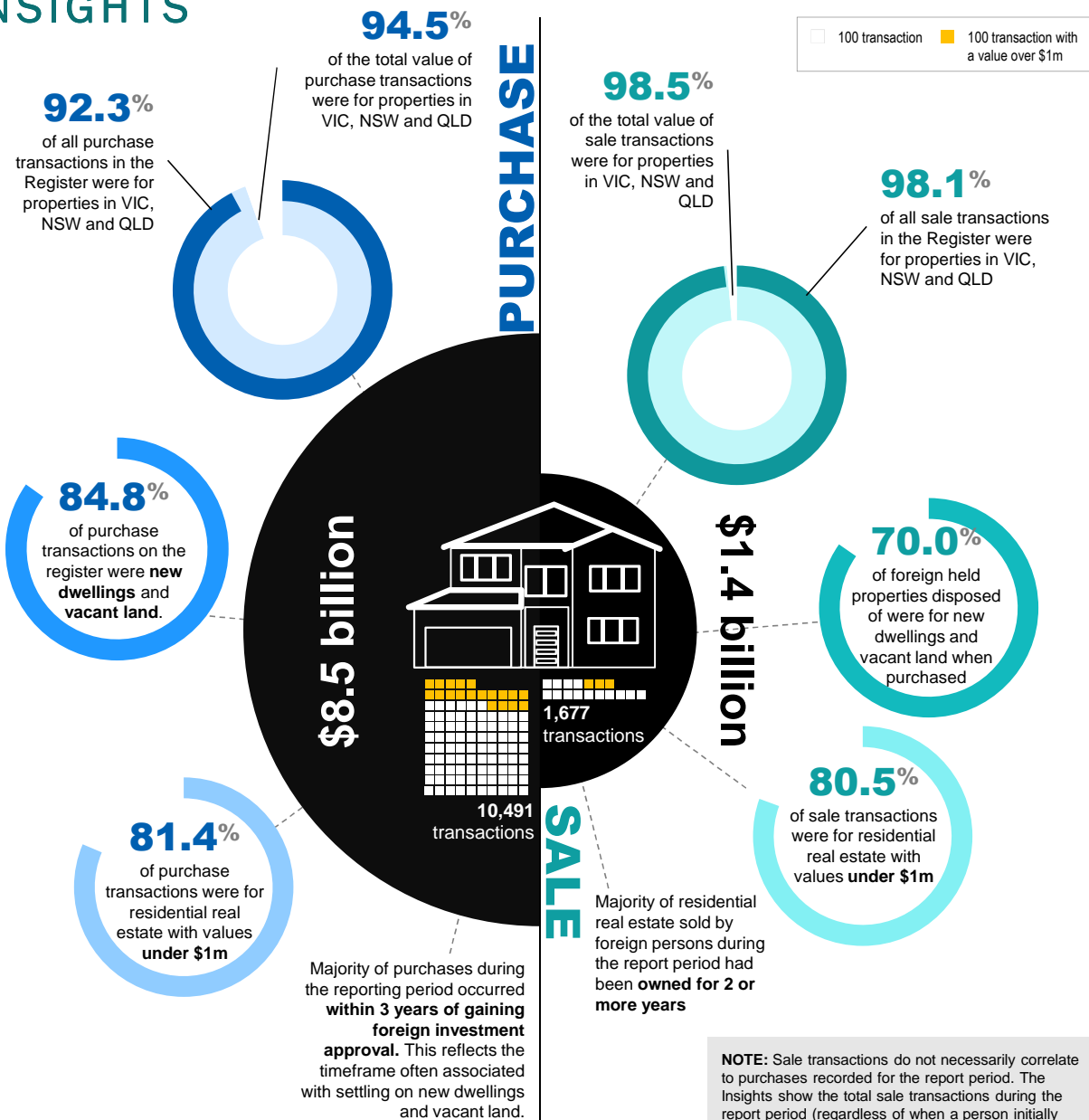
For a purchase or sale transaction to be included in the Insights, the settlement date for the transaction needs to have occurred within the reporting period.

The value is derived from the contract sale price and represents the transaction value at that time, not current market value.

Understanding the reporting period

Transactions	Included/Not included
Transactions wholly within the reporting period	✓ Included
Transaction starts before but settles within the reporting period	✓ Included
Transactions starts within the reporting period but settles after	✗ Not included
Transactions is wholly outside the reporting period	✗ Not included
Foreign person becomes a permanent resident before the reporting period	✗ Not included
Foreign person becomes a permanent resident within the reporting period	✓ Included

INSIGHTS



NOTE: Sale transactions do not necessarily correlate to purchases recorded for the report period. The Insights show the total sale transactions during the report period (regardless of when a person initially acquired the property).

PURCHASE TRANSACTIONS

The total number of residential real estate purchase transactions during the report period with a level of foreign ownership was 10,491 with a value of \$8.5b.

Victoria, New South Wales and Queensland represented 92.3% of all transactions making up 94.5% of the total value of purchase transactions recorded on the Register for the report period.

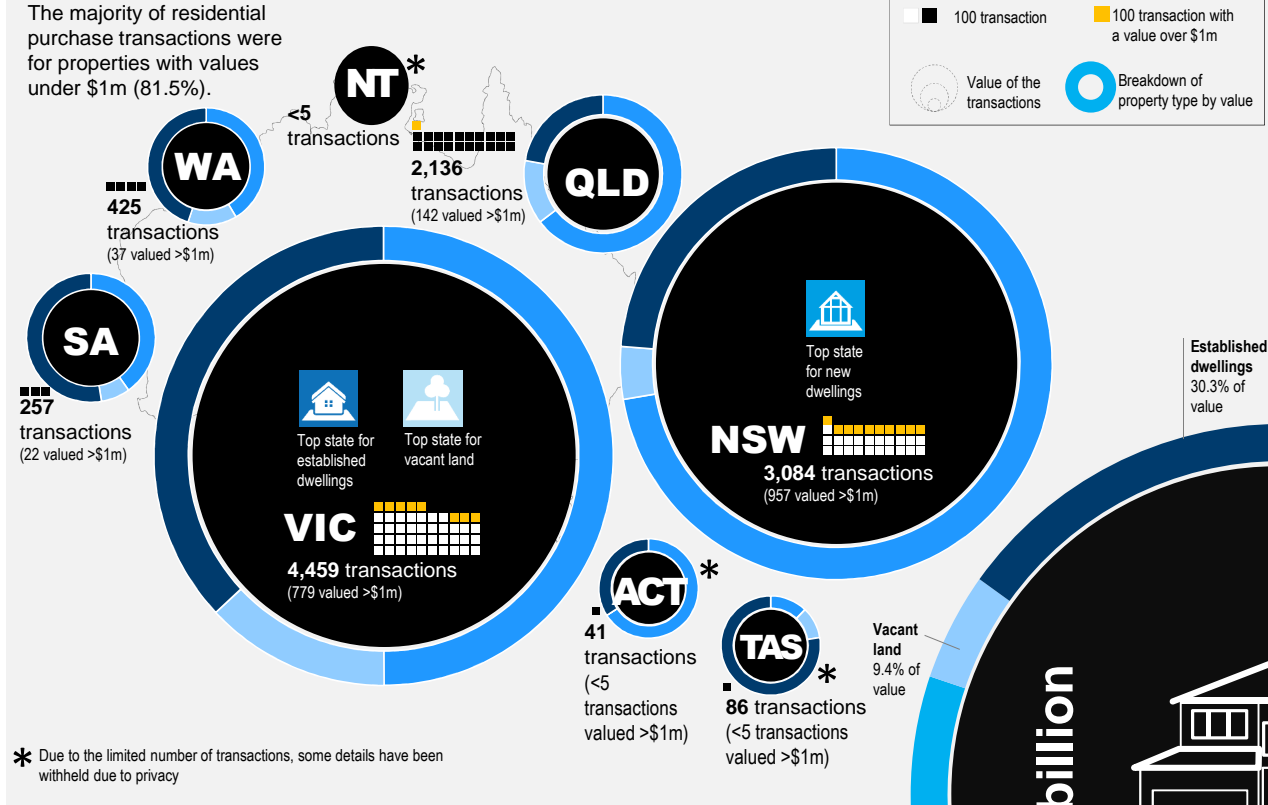
New dwellings represented 64.9% of purchase transactions, followed by 19.9% for vacant land and 15.2% for established dwellings.

The states with the greatest number of purchase transactions by property type are as follows:

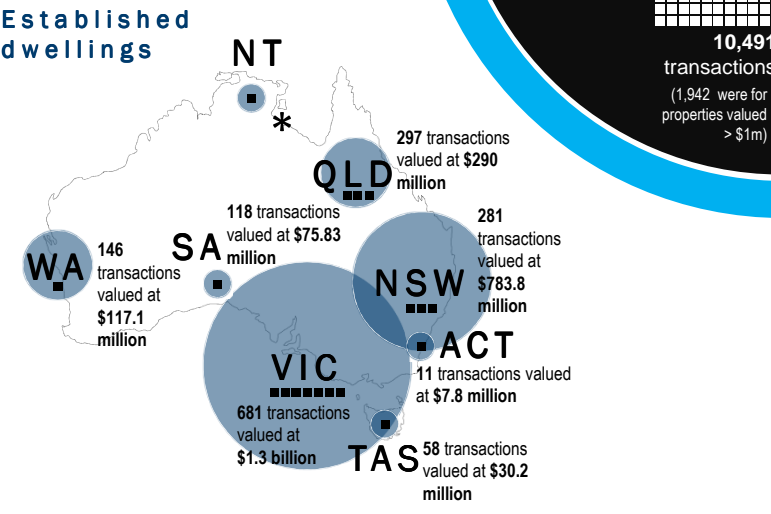
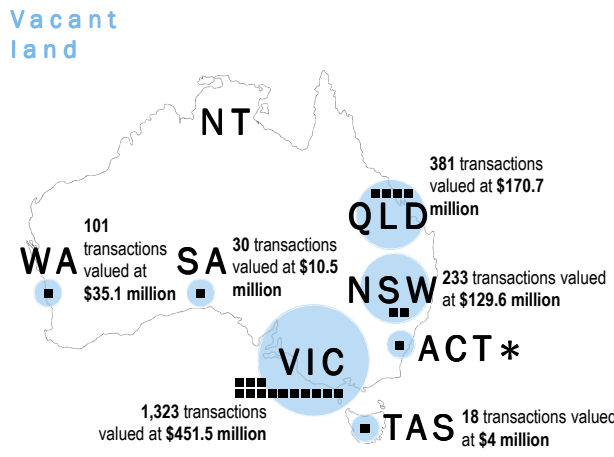
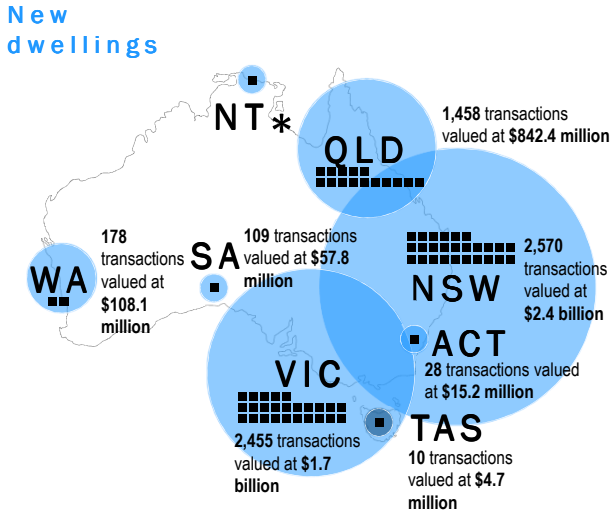
- New South Wales - New dwellings
- Victoria - Vacant land
- Victoria - Established dwellings

Of the 10,491 purchase transactions during the report period, 322 registrants became a permanent resident or gained Australian citizenship during the year and are included in these statistics.

The majority of residential purchase transactions were for properties with values under \$1m (81.5%).

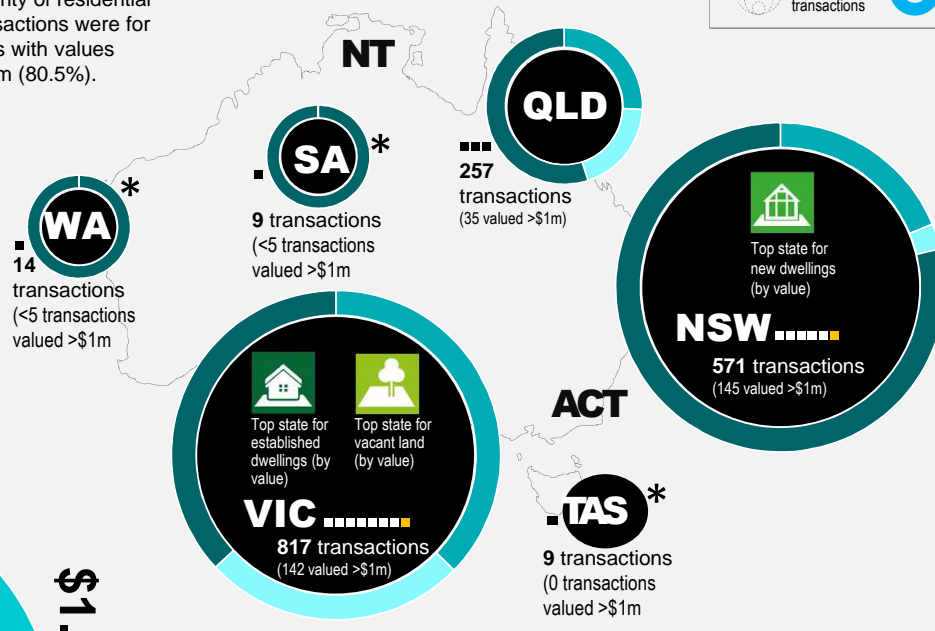
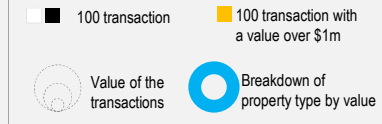


BREAKDOWN BY PROPERTY TYPES



SALE TRANSACTIONS

The majority of residential sale transactions were for properties with values under \$1m (80.5%).



The total number of residential real estate sale transactions by foreign persons during the report period was 1,677 with a value of \$1.4b.

Sale transactions do not necessarily correlate to purchases recorded for the report period; the Insights show the total sale transactions during the report period (regardless of when a person initially acquired the property).

Victoria, New South Wales and Queensland represent 98.1% of the number of sale transactions, making up 98.5% of the value of sales for the reporting period.

The states with the greatest number of sale transactions by property type are as follows:

- New South Wales - New dwellings
- Victoria - Vacant land
- Victoria - Established dwellings

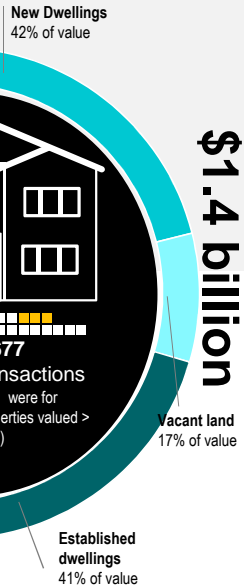
The property type reflects the type of property at time of purchase, e.g. new dwellings were new at the time of purchase.

Property values are not reported where the total number of sales is less than five. This approach is taken to avoid the possibility of report data being used to identify an individual or entity.

There are 146 sale transactions reflecting registrants who became permanent residents or gained Australian citizenship during the reporting period that have been included in these figures.

No sale transactions were recorded for the ACT and Northern Territory.

Values represent the contract value, not the current market value of the property at the time of reporting.



* Due to the limited number of transactions, some details have been withheld due to privacy.

BREAKDOWN BY PROPERTY TYPES

