

*A guide for international investors buying
residential property in Perth*



Perth Residential Property Guide

2022-23

knightfrank.com/research



LIVING IN PERTH

Where is the capital city of Perth located and what is the weather like?

In Perth, the lifestyle is unrivalled while watching the picturesque sun setting on the Indian Ocean.

Location



Perth is located on the West Coast of Australia in the state of Western Australia.

Population



Perth is the fourth largest capital city in Australia with 2.14 million residents in 2021—growing at a rate of 0.8% per annum. In 2019, prior to the pandemic, annual population growth was 1.4%.

Time zone



Perth operates under the Australian Western Standard Time (AWST) time zone at all times of the year; which is complimentary to many Asian cities.

Weather



Perth enjoys hot summers, with the hottest month being February. While Perth winters are cool and July is the coldest month. The highest daily sunshine is in the month of January for 13 hours and Perth generally has more sunny days than other Australian capital cities over the year.

Flying Time, Perth Airport

Direct International Flights

5 HOURS SINGAPORE

6 HOURS KUALA LUMPUR

8 HOURS HONG KONG

9 HOURS SHANGHAI

10 HOURS BEIJING

EVENTS IN PERTH

*Which major cultural and sporting events
take place in Perth?*

SUMMER

December
January
February

- Australia Day Skyworks
- Chinese New Year Festival
- Perth International Arts Festival
- Rottneest Channel Swim
- Hopman Cup Tennis
- Swan River New Years Eve Fire Works
- Falls Festival Fremantle

AUTUMN

March
April
May

- Perth's Autumn Festival
- Sculpture by the sea
- Joondalup Festival
- Fremantle International Street Arts Festival
- Fairbridge Festival
- Perth Comedy Festival

WINTER

June
July
August

- City of Perth Winter Arts Season
- Kings Park Festival
- Oxfam Trailwalker
- Perth International Cabaret Festival
- Perth Good Food & Wine Show

SPRING

September
October
November

- Perth Spring Racing Season
- Perth Royal Show
- Awesome Arts Festival
- Perth international Jazz
- Octoberfest
- Yates Springtime at Araluen
- Kings Park Festival

DEMOGRAPHIC PROFILE OF PERTH

*Who lives in Perth, where were they born
and what is their religion?*



Age Distribution

Greater Perth residents are primarily young to middle aged.

In 2021, 34.2% of the population was aged between 15 and 39 years old; compared to the national average of 33.4% for this age group.

The median age of the population in Greater Perth was 37 years, slightly lower than the national average of 38 years.

Children aged 0-14 years comprised 18.9% while people aged 65+ years made up 15.8% of the population.



Multiculturalism

The Greater Perth population comprised 40.5% of people being born outside of Australia, higher than the national average of 33.1%.

The most prominent countries of birth include England (8.0%), New Zealand (2.8%), India (2.8%), South Africa (1.8%) and Malaysia (1.5%).

In addition, approximately 46.5% of Greater Perth parents were born overseas, higher than national (36.7%).



Religion

The Catholic religion was practiced by 19.5% of Greater Perth residents at the time of the Census 2021, this was followed by Anglican at 9.9%, then Christian with 3.4%.

No religion was the most common response in Greater Perth with 41.8% of the population.

DEMOGRAPHIC PROFILE OF PERTH

What are the common languages spoken in Perth homes, how are they educated and what industries are they occupied in?



Language

Aside from English, Mandarin (2.3%) is the most common language spoken in a Greater Perth household.

Other typical languages include Italian (1.1%), Vietnamese (1.0%), Punjabi (0.9%) and Cantonese (0.9%).



Education

In Greater Perth, 31.1% of the population were attending an educational institution at the time of the 2016 Census.

Of these, 27.1% were in primary school, 20.7% in secondary school and 22.8% in a tertiary or technical institution.



Work

The most common occupation of Greater Perth residents is in Professional Services—at 22.2% compared to the national 22.2% average.

Technicians and trades workers (15.6%), clerical and administrative workers (13.6%) and managers (11.5%) were the next most common occupations.

Of all the employed people in Greater Perth, 3.8% worked in hospitals. Other major industries of employment included cafés and restaurants (2.5%), primary education (2.5%) and supermarket and grocery stores (2.4%).

NEIGHBOURHOODS OF PERTH

What are the key attributes of the popular suburban neighbourhoods in Perth?

NEIGHBOURHOOD	KEY ATTRIBUTES	POPULAR SUBURBS
PERTH CITY	Stellar, sweeping Swan River views Balances offices, with galleries and museums World-class sporting events	Perth CBD, Northbridge, Highgate, East Perth, West Perth
NORTH WEST PERTH	Exclusive leafy suburbs bordered by both the coast, with sparkling beaches, and the river Boutique shopping strips University of Western Australia	Subiaco, Scarborough, City Beach, Mount Lawley
NORTH EAST PERTH	Good value with more space Sense of community, yet close to the city Well serviced by public transport	Inglewood, Maylands, Morely
SOUTH WEST PERTH	Active professionals Prestigious private schools and suburbs Easy commute to CBD Curtin and Murdoch University campus	South Perth, Applecross, Como, Victoria Park, Bentley
FREMANTLE	Historic and well-maintained heritage buildings Tourist area with alfresco dining and cafés Easy, relaxing lifestyle	Fremantle, South Fremantle

Source: Knight Frank Research

WORKING IN PERTH

Where are the key employment hubs across Perth?

KEY EMPLOYMENT HUBS

The distribution of employment opportunities are wide across Perth, although there are key concentrated areas for office and industrial workers.

Commercial

Perth CBD is the largest office market in Perth. The CBD extends the length of St Georges Terrace through Adelaide Terrace to Plain Street in East Perth, bound by Wellington Street to the north, Elder Street to the west and the Swan River to the south.

The CBD is surrounded by open parklands enjoyed by workers at lunchtime including Kings Park, Langley Park, Wellington Square, Queens Gardens, Stirling Gardens, Supreme Court Gardens and the Esplanade Reserve.

The redevelopment of Elizabeth Quay accommodates further office space for the CBD and an array of restaurants and vibrant outdoor spaces overlooking the Swan River. Accessible by: train, ferry, bus and car.

West Perth accommodates the next largest office market

bound by Kings Park Road to the south, Thomas Street to the west, Roe Street to the north and George Street to the east.

To the south, the precinct skirts the Parliament of Western Australia, the Old Observatory, Dumus House and Kings Park. Accessible by: bus and car.

Industrial

Industrial areas are more spread across the metropolitan area varying from distribution centres to warehouses and industrial estates.

North: Balcatta, Malaga, Osborne Park, Neerabup, Gnangara.

East: Perth Airport, Kenwick, Maddington, Hazelmere, Welshpool, High Wycombe, Kendale, Bassendean, Forrestfield, Belmont, Bayswater, South Guildford, Forrestdale, Beckenham.

South: Jandakot, Canning Vale, Bibra Lake, Yangebup, Kwinana, O'Connor, Henderson, Hope Valley, Fremantle, Rockingham.

Mostly the suburbs are accessible by: bus, truck and car.

STUDYING IN AUSTRALIA

What is the school and university platform for International students in Australia?

Australia provides a world-class education system with many exceptional schools and universities.

For international students, the Simplified Student Visa Framework (SSVF) is designed to make the process of applying for a student visa in Australia simpler to navigate via two subclasses:

Student Visa—Subclass 500 where international students can apply for a single student visa regardless of their chosen course of study.

Student Guardian Visa—Subclass 590 where student guardians can apply for the new Student Guardian Visa. All students and student guardians must lodge their visa application online by creating an ImmiAccount.

STUDYING: SCHOOL

Schools in Australia generally comprise a mix of local and international students.

The education system is broadly divided into **primary** years K-6 (aged 5-12) and **secondary** years 7-12 (aged 13-18) students.

Independent schools are financially and administratively privately operated.

Religion-based schools hold faith at the core of their education—however they continue to follow the government education curriculum.

STUDYING: UNIVERSITY

Most **universities** have a main campus with several smaller campuses located across multiple states and territories, in the Central Business District (CBD) and regional areas.

This provides a wide range of options when studying in Australia with many Australian universities also setting up campuses in major international hubs.

Many universities also offer distance and online education where students can have flexible study load (full-time or part-time) with professional recognition and graduate with the same qualification.

PERTH PRIVATE SCHOOLS

Where are Perth's private schools registered to accept international students in 2022?

SUBURB	SCHOOL	RELIGION	GENDER	GRADE
Alkimos	St James' Anglican School	Anglican	Co-ed	K-12
Attadale	Santa Maria College	Catholic	Girls	5-12
Beaconsfield	Christ the King School	Catholic	Co-ed	K-7
Beechboro	Beechboro Christian School	Christian	Co-ed	K-6
Bedford	Chisholm Catholic College	Catholic	Co-ed	7-12
Bull Creek	All Saints' College	Anglican	Co-ed	K-12
Burswood	Perth Montessori School	Montessori	Co-ed	K-12
Carmel	Carmel Adventist College	Seventh Day Adventist	Co-ed	8-12
Churchlands	Newman College	Catholic	Co-ed	K-12
City Beach	International School of Western Australia	Non-denominational	Co-ed	K-12
Claremont	Christ Church Grammar School	Anglican	Boys	pre-K-12
Claremont	Methodist Ladies' College	Methodist	Girls	K-12
Claremont	St Thomas' Primary School	Catholic	Co-ed	K-7
Como	Penrhos College	Uniting	Girls	K-12
Darch	Kingsway Christian College	Protestant	Co-ed	K-12
Duncraig	St Stephen's School (Duncraig)	Uniting	Co-ed	pre-K-12
East Victoria Park	Ursula Frayne Catholic College (Balmoral Street)	Catholic	Co-ed	K-6
Fremantle	Christian Brothers College	Catholic	Boys	7-12
Guildford	Guildford Grammar School	Anglican	Boys	7-12
Hillarys	St Mark's Anglican Community School	Anglican	Co-ed	K-12
Joondalup	Lake Joondalup Baptist College	Christian	Co-ed	pre-K-12
Joondanna	St Denis School	Catholic	Co-ed	K-7
Karinyup	St Mary's Anglican Girls' School	Anglican	Girls	K-12
Kenwick	Rehoboth Christian College	Christian	Co-ed	K-12
Klemscott	John Wollaston Anglican Community School	Anglican	Co-ed	K-12
Koondoola	Mercy College	Catholic	Co-ed	K-12
Landsdale	Landsdale Gardens Adventist School	Seventh Day Adventist	Co-ed	K-7
Langford	St Jude's Catholic School	Catholic	Co-ed	K-7
Leederville	Aranmore Catholic College	Catholic	Co-ed	7-12
Lesmurdie	St Brigid's College	Catholic	Co-ed	K-12
Mandurah	Mandurah Catholic College	Catholic	Co-ed	K-12
Middle Swan	Swan Christian College	Christian	Co-ed	K-12
Mindarie	Quinns Baptist College	Baptist	Co-ed	K-12
Mirrabooka	John Septimus Roe Anglican Community School	Anglican	Co-ed	pre-K-12
Mosman Park	St Hilda's Anglican School for Girls	Anglican	Girls	K-12
Mount Lawley	Perth College	Anglican	Girls	K-12
Mt Claremont	Moerlina School	Non-denominational	Co-ed	pre-K-7
Murdoch	Kennedy Baptist College	Baptist	Co-ed	7-12
Murdoch	Murdoch College	Non-denominational	Co-ed	7-12
Murdoch	Winthrop Baptist College	Baptist	Co-ed	8-12
Peppermint Grove	Presbyterian Ladies College	Presbyterian	Girls	pre-K-12
Perth	Mercedes College	Catholic	Girls	7-12
Perth	St George's Anglican Grammar School	Anglican	Co-ed	7-12
Queens Park	St Norbert College	Catholic	Co-ed	7-12
Salter Point	Aquinas College	Catholic	Boys	K-12
Samson	Seton Catholic College	Catholic	Co-ed	8-12
Scarborough	St John's School	Catholic	Co-ed	K-7
South Perth	Wesley College	Methodist	Boys	K-12
Southern River	Thornlie Christian College	Christian	Co-ed	K-12
Swanbourne	Scotch College	Presbyterian	Boys	K-12
Tapping	St Stephen's School (Carramar)	Uniting	Co-ed	K-12
Thornlie	Australian Islamic College	Islamic	Co-ed	K-7
Victoria Park	Riverside Community School	Seventh Day Adventist	Co-ed	K-7
Victoria Park	Ursula Frayne Catholic College	Catholic	Co-ed	K-12
Wembley Downs	Hale School	Anglican	Boys	1-12
Wilson	Rehoboth Christian College	Christian	Co-ed	K-7

Source: Knight Frank Research, Private Schools Guide

PERTH UNIVERSITIES

Where are the universities in the state of Western Australia accepting international students in 2023?

UNIVERSITY	WORLD RANKING	AUSTRALIA RANKING	OVERALL SCORE	INTERNATIONAL STUDENT RATIO	ACADEMIC REPUTATION
The University of Western Australia	90	7	62	55.6	49.9
Curtin University	193	13	44	30.5	41.2
Murdoch University	561-570	27	NA	6.7	7.5
Edith Cowan University	601-650	28	NA	91.7	8.1
Central Queensland University (CQUniversity)	651-700	29	NA	7.0	10.7
University of Notre Dame, Australia	1,201-1,400	38	NA	3.0	5.5

Defintions

World Ranking, Australia Ranking and Overall Score is the QS World University Ranking by evaluating six metrics: Academic Reputation (40%), Employer Reputation (10%), Faculty/Student Ratio (20%), Citations per faculty (20%), International Faculty Ratio (5%) and International Student Ratio (5%).

International Student Ratio is calculated on the ability to attract faculty and students from across the world, which in turn suggests that it possesses a strong international brand.

Academic Reputation is derived from collating the expert opinions of over 130,000 individuals in the higher education space regarding teaching and research quality at the world's universities.

Further information is available at www.topuniversities.com

WHAT IS THE STANDARD PROCESS FOR BUYING A RESIDENTIAL PROPERTY?

The process to purchase a residential property can vary widely but the most common steps are outlined below. For further information and clarity, consult with a legal representative.

Finance Representation

Before starting the journey to purchase a residential property, carry out due diligence of the subject property and surrounding area to ensure the price expectation can be achieved with the allocated budget.

Legal Representation

Engaging a solicitor or conveyancer prior to purchasing the property is highly recommended so they can review the contract before signing, and then stay engaged throughout the process until the property settles (when the property officially changes ownership).

BUYING: AN ESTABLISHED PROPERTY

Inspect the property at an open house or by private appointment. Request a **copy of the contract** and have solicitor (or conveyancer) read it.

Gain **pre-approval** for loan from lender and confirm qualification from FIRB if required. Arrange a **pest and building** inspection to guarantee the quality of the building and be aware of

maintenance required.

Negotiate by private treaty the highest price willing to be paid for the property with the vendors (via the selling agent) or alternatively **bid at public auction**.

Holding deposit is recommended for a private treaty until cooling off ends (say, A\$1,000) until formal finance is approved; at this time the full deposit (say, 10%) is paid.

If the bid was accepted at auction, the **full deposit** is payable at this time (say, 10%) with any cooling off period now void. The deposit is generally paid by cheque or electronic transfer (private treaty only).

Contracts are signed and exchanged by both parties and it's time the solicitor (or conveyancer) finalises the formal paperwork with the lender. Loan documents are signed.

Settlement occurs when the property officially changes ownership, following one final inspection on the day and the locks are changed.

BUYING: OFF-THE-PLAN

In most cases, buying off-the-plan (OTP) is the commitment to buy a property that's not yet built. An OTP

property can sometimes be better priced than established stock.

Developers are keen to secure sales in the project so lenders will provide funding and construction can commence. There is also the potential flexibility at this time to make design changes to a house or apartment before construction begins.

In most cases a deposit, typically 10%, is paid to the developer and the remaining is paid on settlement of the property, allowing more time to save throughout the construction period.

Through this time, market forces may push market values up, at an advantage to the buyer, at the same time consideration must be made should the market slow over this time.

It's wise for this type of investment, that contracts are reviewed by legal representation and the 'sunset clause' explained, which places a deadline for the construction timeline.

Should a development not proceed, deposits will be returned, but this could be at the expense of missed interest and capital gains through other investments.

There can also be more tax depreciation available on new properties, meaning maximising benefits and improving after-tax cash flow for investment properties.

WHAT ARE THE INTERNATIONAL INVESTOR BUYING RULES?

The current rules around international buyers investing in Australian residential property aims to direct investment into new housing, increasing the housing supply and support local economic activity.

Before purchasing a residential property in Australia, all international investors must apply and be approved by the Foreign Investment Review

Board (FIRB). Different rules apply to three main investor groups:

International investor

A natural person who is not an Australian citizen and is a non-resident.

Temporary resident

A person residing in Australia and holds a temporary residency visa which

allows them to stay for continuous period of 12+ months or on a bridging visa awaiting permanent residency.

Offshore company with an Australian business

The scope of the offshore company's operations and assets in Australia would be considered before being eligible to acquire one or more properties under this category.

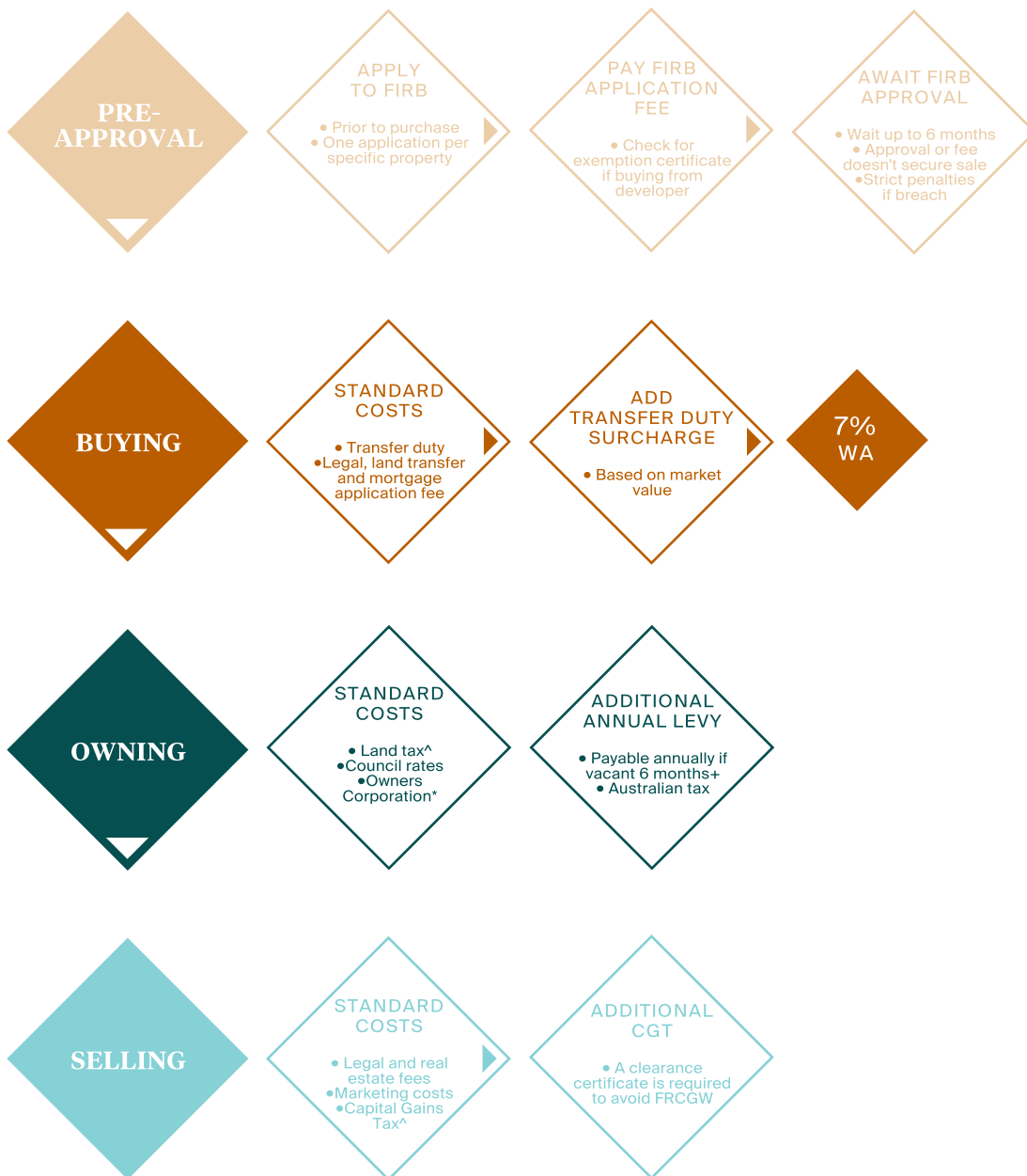
SCENARIO	INTERNATIONAL INVESTOR	TEMPORARY RESIDENT	OFFSHORE COMPANY WITH AUSTRALIAN BUSINESS
SUBMIT FIRB APPLICATION Must gain approval and pay fee before purchasing any property	YES	YES	YES
CAN BUY OFF-THE-PLAN Construction stage, new & not yet occupied	YES	YES	YES
CAN BUY OFF-THE-PLAN When another buyer has failed to reach settlement	YES	YES	YES
CAN BUY VACANT LAND If residential construction starts within 24 months	YES	YES	OA
CAN BUY ONE ESTABLISHED DWELLING With vacant possession throughout the redevelopment scheduled to increased dwelling count	YES	NO	OA
CAN BUY ONE ESTABLISHED DWELLING With no redevelopment scheduled, being main residence	NO	YES	YES
CAN BUY ONE OR MORE ESTABLISHED DWELLINGS As investment properties	NO	NO	NO
MAIN RESIDENCE Must be sold if property ceases to be main residence	N/A	YES	YES

Source: Knight Frank Research, Foreign Investment Review Board

N/A is not applicable, OA is on application

THE INTERNATIONAL INVESTOR BUYER PROCESS

What is the process for international investors when buying, owning and selling residential property in Perth as at 29 July 2022?



Source: Knight Frank Research, Australian Government, WA Office of State Revenue

^{*}If property is strata titled [^]If owned as investment property

WHAT ARE THE COSTS OF BUYING A PROPERTY?

STANDARD COSTS

When buying property in Australia, there are both federal and state taxes and a range of fees that are implemented.

Transfer Duty

Transfer duty (also known as Stamp Duty) is levied by the state government on the purchase of property.

Legal Fee

Legal fees will vary between legal firms and may be dependent on property value. Fees range from A\$900-\$3,000 plus Goods & Services Tax (GST).

Land Transfer Fee

When a property changes ownership, a document known as a Land Transfer is lodged and registered with the NSW Office of State Revenue, and a fee is charged. This document records the change of ownership.

The cost to register the title varies in each state of Australia. A solicitor or conveyancer will perform this task on behalf of the purchaser.

Mortgage Application Fee

A fee charged by the state government for the registration of a mortgage. A lender will perform this task on behalf of the purchaser.

ADDITIONAL INTERNATIONAL BUYING COSTS

FIRB Application Fee

Before purchasing a residential property in Australia, all international investors must apply to the FIRB before the application will be processed.

For most applications, the statutory timeframe is 30 days for making a decision and will not start until the correct fee has been paid at the time the application is made or notice is given.

The fees that are payable depend on the value and type of action being taken, and whether special fee rules apply. International persons are required to pay a fee for each application made, or notice given.

Once a foreign investment application has been lodged through the Australian Taxation Office (the ATO) Portal, applicants will receive an on-screen confirmation containing the fee details.

It's important to note that seeking approval from the FIRB is property-specific; therefore one application per property. Also the fee on application



“Before purchasing a residential property in Australia, all international investors must apply to the Foreign Investment Review Board (FIRB).”

“A fee is payable before the foreign investment application will be processed.”

“Seeking approval from the FIRB is property-specific; therefore one application per property.”

“The fee on application does not provide any assurance of securing the property.”



does not provide any assurance of securing the property.

Transfer Duty Surcharge

In Western Australia, in addition to the transfer duty, a transfer duty surcharge is payable for international investors of 7% on the market property value at the time of purchase.

FIRB APPLICATION FEES

*What are the Foreign Investment Review Board (FIRB)
application fees payable across Australia
as at 29 July 2022?*

PROPERTY VALUE (\$A)	FEE (\$A)	PROPERTY VALUE (\$A)	FEE (\$A)
\$0 - \$75,000	\$4,000	\$20,000,001 - \$21,000,000	\$528,000
\$75,001 - \$1,000,000	\$13,200	\$21,000,001 - \$22,000,000	\$554,400
\$1,000,001 - \$2,000,000	\$26,400	\$22,000,001 - \$23,000,000	\$580,800
\$2,000,001 - \$3,000,000	\$52,800	\$23,000,001 - \$24,000,000	\$607,200
\$3,000,001 - \$4,000,000	\$79,200	\$24,000,001 - \$25,000,000	\$633,600
\$4,000,001 - \$5,000,000	\$105,600	\$25,000,001 - \$26,000,000	\$660,000
\$5,000,001 - \$6,000,000	\$132,000	\$26,000,001 - \$27,000,000	\$686,400
\$6,000,001 - \$7,000,000	\$158,400	\$27,000,001 - \$28,000,000	\$712,800
\$7,000,001 - \$8,000,000	\$184,800	\$28,000,001 - \$29,000,000	\$739,200
\$8,000,001 - \$9,000,000	\$211,200	\$29,000,001 - \$30,000,000	\$765,600
\$9,000,001 - \$10,000,000	\$237,600	\$30,000,001 - \$31,000,000	\$792,000
\$10,000,001 - \$11,000,000	\$264,000	\$31,000,001 - \$32,000,000	\$818,400
\$11,000,001 - \$12,000,000	\$290,400	\$32,000,001 - \$33,000,000	\$844,800
\$12,000,001 - \$13,000,000	\$316,800	\$33,000,001 - \$34,000,000	\$871,200
\$13,000,001 - \$14,000,000	\$343,200	\$34,000,001 - \$35,000,000	\$897,600
\$14,000,001 - \$15,000,000	\$369,600	\$35,000,001 - \$36,000,000	\$924,000
\$15,000,001 - \$16,000,000	\$396,000	\$36,000,001 - \$37,000,000	\$950,400
\$16,000,001 - \$17,000,000	\$422,400	\$37,000,001 - \$38,000,000	\$976,800
\$17,000,001 - \$18,000,000	\$448,800	\$38,000,001 - \$39,000,000	\$1,003,200
\$18,000,001 - \$19,000,000	\$475,200	\$39,000,001 - \$40,000,000	\$1,029,600
\$19,000,001 - \$20,000,000	\$501,600	\$40,000,001 +	\$1,045,000

Further information is available at www.firb.gov.au | Guidance Note 10—Fees on foreign investment applications

Source: Knight Frank Research, FIRB

CASE STUDY

ESTIMATED COSTS TO BUY

What is the estimated costs to buy a new residential investment property in Perth as at 29 July 2022?

PURCHASE PRICE (\$A)	\$350,000	\$500,000	\$750,000
Transfer Duty (Stamp Duty)	\$10,740	\$17,770	\$29,750
Land Transfer Fee	\$510	\$530	\$590
Legal Fee (includes GST)	\$1,000	\$1,000	\$1,000
Mortgage Application Fee	\$600	\$600	\$600
Standard: Estimated Total Costs	\$12,850	\$19,900	\$31,940
International Investor FIRB Application Fee	\$13,200	\$13,200	\$13,200
International Investor Duty Surcharge @ 7.0%	\$24,500	\$35,000	\$52,500
International Investor: Estimated Total Costs	\$50,550	\$68,100	\$97,640

PURCHASE PRICE (\$A)	\$1,000,000	\$1,250,000	\$1,500,000
Transfer Duty (Stamp Duty)	\$42,620	\$55,500	\$68,370
Land Transfer Fee	\$630	\$690	\$730
Legal Fee (includes GST)	\$1,000	\$1,000	\$1,000
Mortgage Application Fee	\$600	\$600	\$600
Standard: Estimated Total Costs	\$44,850	\$57,790	\$70,700
International Investor FIRB Application Fee	\$13,200	\$26,400	\$26,400
International Investor Duty Surcharge @ 7.0%	\$70,000	\$87,500	\$105,000
International Investor: Estimated Total Costs	\$128,050	\$171,690	\$202,100

PURCHASE PRICE (\$A)	\$1,750,000	\$2,000,000	\$2,250,000
Transfer Duty (Stamp Duty)	\$81,250	\$94,120	\$107,000
Land Transfer Fee	\$790	\$830	\$890
Legal Fee (includes GST)	\$1,000	\$1,000	\$1,000
Mortgage Application Fee	\$600	\$600	\$600
Standard: Estimated Total Costs	\$83,640	\$96,550	\$109,490
International Investor FIRB Application Fee	\$26,400	\$26,400	\$52,800
International Investor Duty Surcharge @ 7.0%	\$122,500	\$140,000	\$157,500
International Investor: Estimated Total Costs	\$232,540	\$262,950	\$319,790

PURCHASE PRICE (\$A)	\$2,500,000	\$5,000,000	\$7,500,000
Transfer Duty (Stamp Duty)	\$119,866	\$248,620	\$377,370
Land Transfer Fee	\$930	\$1,430	\$1,930
Legal Fee (includes GST)	\$1,000	\$1,000	\$1,000
Mortgage Application Fee	\$600	\$600	\$600
Standard: Estimated Total Costs	\$122,396	\$251,650	\$380,900
International Investor FIRB Application Fee	\$52,800	\$105,600	\$184,800
International Investor Duty Surcharge @ 7.0%	\$175,000	\$350,000	\$525,000
International Investor: Estimated Total Costs	\$350,196	\$707,250	\$1,090,700

Important Notice

The above worked example is an estimate only, based on the ANZ estimated upfront costs calculator, FIRB calculator and state government surcharges. It is highly recommended to engage a solicitor or conveyancer during the entire process of a property purchase.

WHAT ARE THE COSTS WHEN OWNING A PROPERTY?

In Australia, most residential dwellings are purchased as freehold property, that is, the land and building are owned outright, in perpetuity, under the Torrens title system.

The same exists for strata title, although ownership allows individual ownership of part of a property (or 'lot'), combined with shared ownership in the remainder, or common property, through a legal entity known as the owners corporation.

STANDARD COSTS

Costs and taxes associated with the ownership of a property can vary dependent on the services the building provides.

Land Tax

Land tax is an annual state tax that is calculated based on the aggregated

taxable value of all land owned (or jointly owned) by an individual. Land Tax is not applied if the property is considered your principal residence.

Council Rates

This varies across states and local government areas. This is the tax the council charges owners for the services to the property—generally paid quarterly or annually.

Owners Corporation

If the purchased property is strata titled, an owners corporation will be established for the building.

A strata titled building has common areas and facilities for the use of all occupants of the building. A regular levy must be paid to the owners corporation to maintain and repair these common areas.

This can include foyers, elevators, gardens, swimming pools,

gymnasiums, visitor parking areas, security and lighting.

The owners corporation comprises an executive committee who make decisions on behalf of all owners, generally comprising individual apartment owners within the complex.

ADDITIONAL INTERNATIONAL OWNER COSTS

Vacant Residential Property Levy for International Owners

The Australian government charges an annual levy for foreign-owned vacant residential property (ghost tax) if the owner fails to occupy or lease for at least six (6) months of the year.

The levy is equivalent to the FIRB application fee imposed at the time the property was purchased.

WHAT ARE THE LANDLORD COSTS FOR RENTING OUT A PROPERTY?

STANDARD COSTS

Property Management Fees

Letting Fees are usually equivalent to two (2) weeks rent paid to the agent (property manager) as a fee for securing a tenant.

Management Fees cover any costs associated with managing the property and generally ranges from 7% to 8.5%, plus GST.

Utility and Service Charges

The owner generally pays for the use of utilities such as electricity, gas and water supply.

If the owner leases the property, some of these can be passed onto the tenant, but this must be stipulated in the tenancy agreement. In saying this, the owner must pay for the initial and/or replacement installation and connection costs.

Landlord Insurance

Landlord insurance is recommended and designed specifically to cover residential rental properties. Depending on the insurance provider, it protects the home from damage, theft, severe weather or rent default in some cases.

Income Tax

Income tax is payable on gross rental income, less any allowable deductions incurred in earning that income. To understand the number of potential allowable tax deductions, it is recommended an Australian Tax advisor is consulted.

The Tenancy Agreement

A tenancy agreement (lease) is a contract where the landlord (owner) allows the tenant (renter) to occupy their residential property for a specified length of time (term), in return for a regular payment (rent).

Lease application must be submitted to the property manager with proof of identity, ability to pay rent and good references.

Term of a tenancy can vary, although the standard term is six (6) months for the initial agreement. Alternate periods may be negotiable dependant on the requirements of the landlord and/or tenant.

Rent being the regular payment from the tenant, to the landlord, is normally paid via the property manager on a weekly, fortnightly or monthly basis. Any future increases will be stated within the tenancy agreement.

Bond is an upfront lump sum security of four (4) weeks rent paid by the tenant and returned if the vacated property is left in a suitable condition.

Termination occurs when the tenancy agreement is void. However, both landlord and tenant can request to end the tenancy for several reasons with conditions met such as, suitable days notice, number of notices and reason for termination.

WHAT COSTS ARE PAYABLE WHEN SELLING A PROPERTY?

STANDARD COSTS

There are costs and taxes to consider when selling residential property in Australia.

Legal Fee

Legal fees include, but are not limited to, the costs for preparing a contract for sale.

The solicitor or conveyancer fee could be dependent on value of property, and may vary between state and territory as well as the particular solicitor chosen. The cost may range between A\$2,000 - \$4,000, plus GST.

Real Estate Agent Selling Fee

An agent fee is the commission paid by the owner, to the agent, for selling the property—either tiered or at a fixed rate.

Do ensure the breakdown of the fee structure is understood as commissions will vary between states, and price point.

Fees often range between 2% and 3% of the value of the property sold.

Marketing Costs

When an agent is selected to sell the property, the fee breakdown will often stipulate the budget associated to the marketing and advertising of the property.

Budgets for marketing, media, as well as length of advertising should all be discussed with the agent to ensure maximum advertising potential for the residential property.

Capital Gains Tax

Capital gains tax (CGT) is a federal tax levied on the gain or loss upon the sale of an investment property.

The tax is implemented on the difference between the cost of acquiring the property, and the value when sold.

The difference is then added to the income tax for the individual or company for that financial year, and taxed accordingly with those rates.

ADDITIONAL INTERNATIONAL SELLING COSTS

Foreign Resident Capital Gains Withholding

Foreign resident capital gains withholding (FRCGW) applies to vendors disposing of certain taxable property under contracts entered into from 1 July 2016.

The FRCGW tax rate is 12.5%. It also now applies to real property disposals where the contract price is A\$750,000 or more.

For contracts that are entered into from 1 July 2016 and before 1 July 2017, even if they are not due to settle until after 1 July 2017, the FRCGW withholding tax rate is 10% and applies to real property disposals where the contract price is A\$2 million and above.

For further information, contact the Australian Taxation Office (ATO).

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



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