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Sydney Residential Buyer Guide

2021-22

knightfrank.com/research



LIVING IN SYDNEY

An overview of living in Sydney and the process involved when buying, owning and selling residential property.

Sydney is regarded as Australia's financial hub, attracting professionals from Asia Pacific and around the globe.

Liveability

Sydney offers an outstanding lifestyle compared to other global cities. From 100 cities, Sydney ranked 9th on the Knight Frank City Wellbeing Index 2021 after consideration was given to a host of factors including personal security, lifestyle, healthcare, crime, work-life balance and access to green space. Whilst Sydney placed 31st on the Knight Frank City Wealth Index 2021 after being ranked 15th for investment, 29th for lifestyle and 53rd for wealth.

The Economist Intelligence Unit ranked Sydney 11th for most liveable from 140 cities based on stability, health care, environment, education and infrastructure, whilst Mercer ranked Sydney 11th for quality of living from 231 cities evaluated on 39 factors extending to political, economic, personal safety, transportation and other public services.

World-Class Education

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.

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.

Most **universities** have a main campus with several smaller campuses located across multiple states and territories; in the Central Business District (CBD), and in regional areas (see page 5).

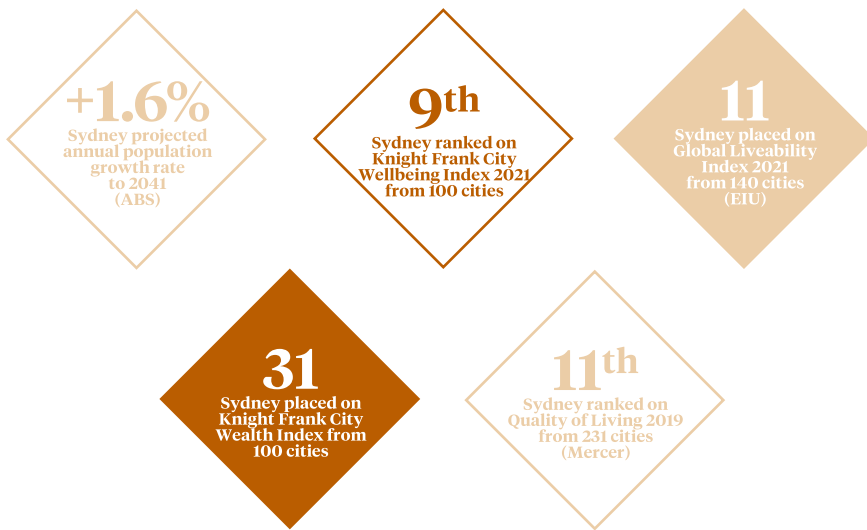
This provides a wide range of options when studying in Australia with many Australian universities also setting up campuses in major international hubs.

Noted











Sydney, located on the East Coast of Australia in the state of New South Wales (NSW) is the largest capital city with 5.4 million residents in 2020 – growing at a rate of 1.1% per annum.

Sydney operates under the Australian Eastern Standard Time (AEST) time zone from early April to early October each year, and Australian Eastern Daylight Time (AEDT) at other times of the year.

Hot summers are slightly humid, while winters are cool with the highest daily sunshine (9 hours) in the month of December.



Flying Time, Sydney Airport
Direct International Flights

	8 HOURS SINGAPORE	
	9 HOURS HONG KONG	
	9 HOURS KUALA LUMPUR	
	10 HOURS SHANGHAI	
	12 HOURS BEIJING	

Local Suburban Neighbourhoods, Sydney

NEIGHBOURHOOD	KEY ATTRIBUTES	POPULAR SUBURBS
SYDNEY CITY	Finance district, bordered by nightlife Tourists at Sydney Harbour Bridge, Opera House, Barangaroo, Darling Harbour, Circular Quay	Sydney CBD, Barangaroo, Surry Hills, Potts Point, Darlinghurst, Kings Cross, Pyrmont, Ultimo, Chippendale, Haymarket, The Rocks, Millers Point
INNER WEST	Hipster cafés, restaurants and bars Street art laneways around historic workers cottages Gentrification of suburbs close to universities	Newtown, Redfern, Camperdown, Marrickville, Stanmore, Enmore, Erskineville, Annandale, Leichhardt, Balmain, Hunters Hill
EASTERN SUBURBS	Exclusive schools and prime luxury property Wedged between the city and eastern beaches Bondi to Bronte coastal walk	Bondi Beach, North Bondi, Tamarama, Woollahra, Vaucluse, Double Bay, Bellevue Hill, Paddington, Point Piper, Rose Bay, Bronte, Coogee, Randwick
NORTH SHORE	Leafy, tree-lined streets with stellar city views Sophisticated café scene Well-connected by all means of transport	Mosman, North Sydney, Neutral Bay, Crows Nest, Artarmon, Kirribilli, Longueville, Kurraba Point, Waverton, Lavender Bay, McMahons Point
NORTHERN BEACHES	Pristine coastline, with surfing beaches Professionals access city by ferry Café brunches and active nightlife	Manly, Queenscliff, Palm Beach, Fairlight, Freshwater, Dee Why, Balgowlah, Balgowlah Heights, Collaroy, Avalon Beach
WESTERN SYDNEY	Great outdoors with parks and bike tracks World-class sporting events Families in established and new housing estates	Parramatta, Sydney Olympic Park, Strathfield, Granville, Burwood, Ashfield, Liverpool, St George, Sutherland, The Hills, Camden, Penrith

Source: Knight Frank Research

STUDYING & WORKING IN SYDNEY

Private Schools, International Students, Sydney

List of private schools registered to accept international students, 2020

SUBURB	SCHOOL	RELIGION	GENDER	YEAR LEVELS	MAP REF.
Auburn	Sule College	Non-denominational	Co-ed	K-6	C3
Bellevue Hill	Cranbrook School	Anglican	Boys	pre-K-12	D3
Bellevue Hill	The Scots College & Prep School	Presbyterian	Boys	pre-K-12	D3
Belrose	Covenant Christian School	Christian	Co-ed	pre-K-12	D1
Burwood	MLC School	Uniting	Girls	pre-K-12	C3
Chippendale	Uniwold	Non-denominational	Co-ed	10-12	D3
Collaroy	Pittwater House School	Non-denominational	Co-ed	pre-K-12	D1
Cremerne	Redlands	Church of England	Co-ed	pre-K-12	D3
Croydon	Presbyterian Ladies College	Presbyterian	Girls	pre-K-12	C4
Dee Why	St Luke's Grammar School	Anglican	Co-ed	pre-K-12	D2
Dulwich Hill	St Maroun's College	Catholic	Co-ed	pre-K-12	D4
Edgecliff	Ascham School	Non-denominational	Girls	pre-K-12	D3
Forestville	Forestville Montessori School	Montessori	Co-ed	pre-K-9	D2
Glebe Point	St Scholastica's College	Catholic	Girls	7-12	D3
Gordon	Ravenswood	Uniting	Girls	K-12	C2
Hurstville	St George Christian School	Christian	Co-ed	K-12	C4
Hurstville	Danebank School	Anglican	Girls	pre-K-12	C4
Kingsford	St Spyridon College	Greek Orthodox	Co-ed	pre-K-12	D4
Manly	Stella Maris College	Catholic	Girls	7-12	D2
Maroubra	The French School	Non-denominational	Co-ed	pre-K-12	D4
Middle Cove	Glenaeon Rudolf Steiner School	Non-denominational	Co-ed	pre-K-12	D3
Mosman	Church of England Preparatory	Anglican	Boys	pre-K-6	D3
Mosman	Queenwood School For Girls	Non-denominational	Girls	K-12	D3
Neutral Bay	SCECGS Redlands	Church of England	Co-ed	pre-K-12	D3
Newtown	The Athena School	Non-denominational	Co-ed	pre-K-10	D3
North Bondi	Reddam House, North Bondi	Non-denominational	Co-ed	pre-K-12	D3
North Strathfield	The McDonald College	Non-denominational	Co-ed	3-12	C3
North Sydney	Wenona School	Non-denominational	Girls	K-12	D3
North Sydney	Shore, Sydney Church of England Grammar	Anglican	Boys	pre-K-12	D3
Pymble	Pymble Ladies' College	Uniting	Girls	K-12	D2
Rose Bay	Kambala	Anglican	Girls	pre-K-12	D3
Rose Bay	Kincoppal	Catholic	Co-ed	pre-K-12	D3
Roseville	Roseville College	Anglican	Girls	K-12	D2
Sans Souci	St George Christian School	Christian	Co-ed	K-2	D5
South Belmore	All Saints Grammar	Greek Orthodox	Co-ed	pre-K-12	C4
St Ives	Masada College	Jewish	Co-ed	pre-K-12	D2
Stanmore	Newington College	Uniting	Boys	pre-K-12	D3
Strathfield	Meriden School	Anglican	Girls	pre-K-12	C3
Summer Hill	Trinity Grammar School	Anglican	Boys	pre-K-12	C4
Sydney	St Andrew's Cathedral School	Anglican	Co-ed	K-12	D3
Sydney	Macquarie Grammar School	Secular	Co-ed	7-12	D3
Terrey Hills	Northern Beaches Christian School	Christian	Co-ed	pre-K-12	D1
Terrey Hills	German International School	Non-denominational	Co-ed	pre-K-12	D1
Ultimo	International Grammar School	Non-denominational	Co-ed	pre-K-12	D3
Wahroonga	Knox Grammar School	Uniting	Boys	K-12	C1
Wahroonga	Abbotsleigh	Anglican	Girls	pre-K-12	C1
Waterloo	Taylor's College	Non-denominational	Co-ed	10-12	D4
Waverley	St Catherine's School	Anglican	Girls	K-12	D3
Woollahra	Reddam House, Woollahra	Non-denominational	Co-ed	pre-K-12	D3

Universities, New South Wales

Universities accepting international students, 2022

UNIVERSITY	WORLD RANKING	AUS. RANKING	OVERALL SCORE	INT. STUDENTS RATIO	ACADEMIC REP.	MAP REF.
The University of Sydney	38	3	80	100.0	96.8	D4.A6
The University of New South Wales (UNSW)	43	4	78	99.8	90.4	D2.D3.D4.B4
University of Technology Sydney	133	9	54	95.2	44.4	D3
Macquarie University	200	13	44	95.2	33.2	C2.D3
University of Wollongong	193	10	45	76.4	30.4	B4, C5
The University of Newcastle, Australia (UON)	197	12	45	30.5	30.8	D3
Western Sydney University	494=	26	24	50.8	17.7	A1A3.B3.B4.C3.C4
University of New England Australia	801-1,000	36	NA	4.6	10.4	C3
Charles Sturt University	801-1,000	35	NA	96.3	4.3	C3.D2.D3
Southern Cross University	751-800	33	NA	83.8	3.8	D2.D3

World Ranking 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

Source: Knight Frank Research, QS Intelligence Unit

Note: MAP REF. refers to the map located on Page 12.

KEY EMPLOYMENT HUBS

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

Commercial

Sydney CBD is the largest office market in Sydney. It extends from Central Station to Circular Quay, and across from Barangaroo to Hyde Park. Accessible by: train, light rail, ferry, bus and car.

North Shore accommodates the next largest office market comprising the main suburbs of North Sydney, Crows Nest/St Leonards and Chatswood. Accessible by: train, ferry, bus and car.

Macquarie Park includes the suburbs

of Macquarie Park and North Ryde. Workers are within close proximity of Macquarie University and the Macquarie University Hospital. Accessible by: train, bus and car.

Parramatta represents Sydney's second CBD with a high concentration of government tenants including the NSW Law Courts. Accessible by: train, ferry, bus and car.

Suburban locations include Surry Hills, Ultimo, Sydney Olympic Park, Burwood, Rhodes, Norwest, Mascot, Liverpool, Bankstown, Penrith are accessible by train, bus and car. Whilst those better serviced by bus and car include Pyrmont, Lane Cove and Alexandria.

Industrial

Industrial areas are more spread across the metropolitan area varying from

distribution centres, to warehouses, and industrial estates. Mostly they are accessible via bus, truck and car.

South includes Banksmeadow, Port Botany, Rosebery, Enfield, Marrickville, Kingsgrove, Airport.

North includes Artarmon, Mount Ku-Ring-Gai.

Inner West includes Chullora, Silverwater, Rydalmere, Lidcombe, Regents Park.

Outer West includes Yennora, Smithfield, Wetherill Park, Greystanes, Eastern Creek, Erskine Park, Arndell Park, Huntingwood, Marsden Park.

South West includes Moorebank, Prestons, Ingleburn, Minto and Smeaton Grange.

BUYING IN SYDNEY

THE PROCESS

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 over the document. 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 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.

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. It is this document that 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.

INTERNATIONAL INVESTOR BUYING RULES

The Australian Government welcomes and encourages international investment into Australia’s residential property market. The current rules around international investment in residential property aim to direct investment into new

housing, increasing the housing supply and support local economic activity. This application process is administered and approved by the Foreign Investment Review Board (FIRB).

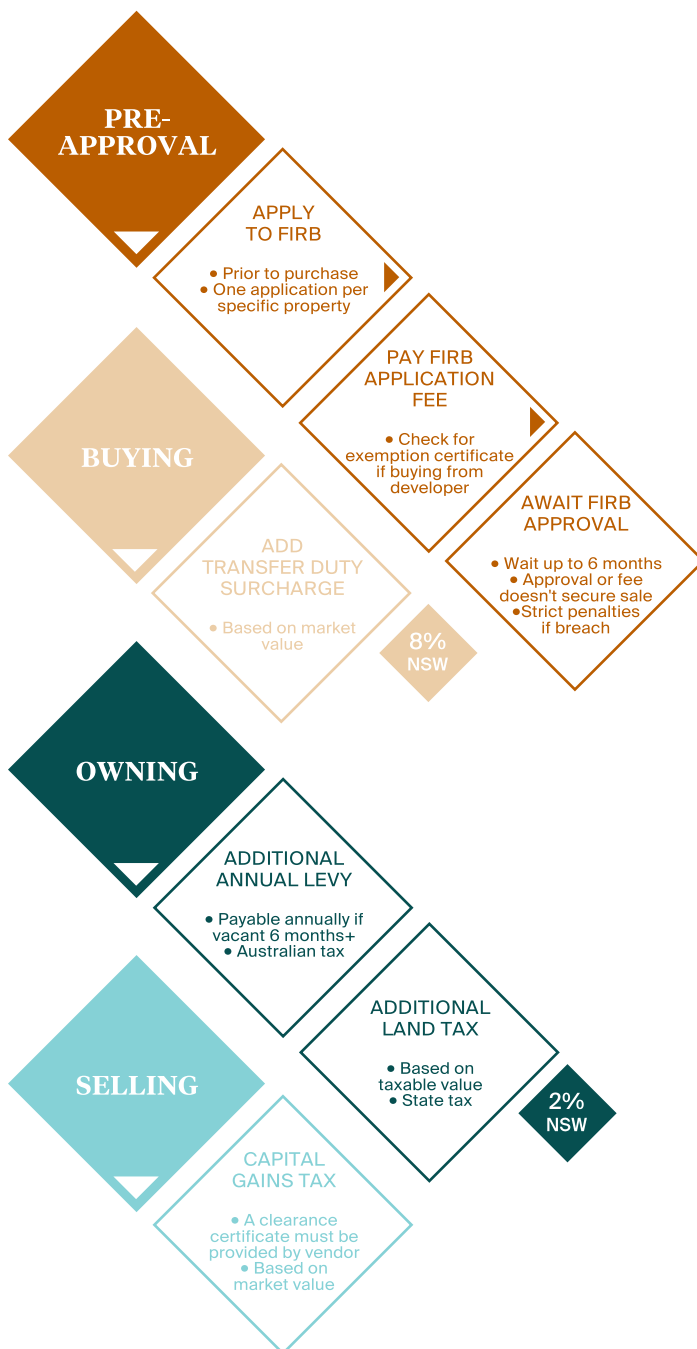
	INTERNATIONAL INVESTOR	TEMPORARY RESIDENT	OFFSHORE COMPANY WITH AUSTRALIAN BUSINESS
DEFINITION	A natural person who is not an Australian citizen and is a non-resident.	A person residing in Australia and holds a temporary residency visa which allows them to stay for continuous period of 12+ months or on a bridging visa awaiting permanent residency.	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.
FIRB APPLICATION Must gain approval 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	TBC
CAN BUY ONE ESTABLISHED DWELLING With vacant possession throughout the redevelopment scheduled to increased dwelling count	YES	NO	TBC
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 ceases to be main residence	N/A	YES	YES
CAN BUY ESTABLISHED DWELLING To provide housing for Australian-based employees	N/A	N/A	YES
VACANT PROPERTY Must be sold if unoccupied for 6+ months, but if the sale fails, can be rented in remote locations	N/A	N/A	YES

Source: Knight Frank Research, Foreign Investment Review Board

INTERNATIONAL INVESTOR BUYING PROCESS

Process for International Buyers when Buying, Owning and Selling Residential Property, Sydney

As at 1 July 2021



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



“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.”



FIRB Application Fees

Based on Property Value, AUD

RANGE	FEE
\$75,000–\$1,000,000	\$6,350
\$1,000,001–\$2,000,000	\$12,700
\$2,000,001–\$3,000,000	\$25,400
\$3,000,001–\$4,000,000	\$38,100
\$4,000,001–\$5,000,000	\$50,800
\$5,000,001–\$6,000,000	\$63,500
\$6,000,001–\$7,000,000	\$76,200
\$7,000,001–\$8,000,000	\$88,900
\$8,000,001–\$9,000,000	\$101,600
\$9,000,001–\$10,000,000	\$114,300
\$10,000,000+	POA

Source: Knight Frank Research, FIRB

CASE STUDY

ESTIMATED COSTS TO BUY

Estimated Cost to Buy a New Residential Investment Property in Sydney

All costs represented in AUD, as at 1 July 2021

PURCHASE PRICE	\$350,000	\$500,000	\$750,000
Transfer Duty (Stamp Duty)	\$11,090	\$17,840	\$29,090
Land Transfer Fee	\$310	\$310	\$310
Legal Fee (includes GST)	\$1,000	\$1,000	\$1,000
Mortgage Application Fee	\$600	\$600	\$600
Standard: Estimated Total Costs	\$13,000	\$19,750	\$31,000
International Investor FIRB Application Fee	\$6,350	\$6,350	\$6,350
International Investor Duty Surcharge @ 0.08	\$28,000	\$40,000	\$60,000
International Investor: Estimated Total Costs	\$47,350	\$66,100	\$97,350

PURCHASE PRICE	\$1,000,000	\$1,250,000	\$1,500,000
Transfer Duty (Stamp Duty)	\$40,340	\$53,760	\$67,510
Land Transfer Fee	\$310	\$310	\$310
Legal Fee (includes GST)	\$1,000	\$1,000	\$1,000
Mortgage Application Fee	\$600	\$600	\$600
Standard: Estimated Total Costs	\$42,250	\$55,670	\$69,420
International Investor FIRB Application Fee	\$6,350	\$12,700	\$12,700
International Investor Duty Surcharge @ 0.08	\$80,000	\$100,000	\$120,000
International Investor: Estimated Total Costs	\$128,600	\$168,370	\$202,120

PURCHASE PRICE	\$1,750,000	\$2,000,000	\$2,250,000
Transfer Duty (Stamp Duty)	\$81,260	\$95,010	\$108,760
Land Transfer Fee	\$310	\$310	\$310
Legal Fee (includes GST)	\$1,000	\$1,000	\$1,000
Mortgage Application Fee	\$600	\$600	\$600
Standard: Estimated Total Costs	\$83,170	\$96,920	\$110,670
International Investor FIRB Application Fee	\$12,700	\$25,400	\$25,400
International Investor Duty Surcharge @ 0.08	\$140,000	\$160,000	\$180,000
International Investor: Estimated Total Costs	\$235,870	\$282,320	\$316,070

PURCHASE PRICE	\$2,500,000	\$5,000,000	\$7,500,000
Transfer Duty (Stamp Duty)	\$122,510	\$288,490	\$463,490
Land Transfer Fee	\$310	\$310	\$310
Legal Fee (includes GST)	\$1,000	\$1,000	\$1,000
Mortgage Application Fee	\$600	\$600	\$600
Standard: Estimated Total Costs	\$124,420	\$290,400	\$465,400
International Investor FIRB Application Fee	\$25,400	\$63,500	\$88,900
International Investor Duty Surcharge @ 0.08	\$200,000	\$400,000	\$600,000
International Investor: Estimated Total Costs	\$349,820	\$753,900	\$1,154,300

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.

Source: ANZ, Foreign Investment Review Board, NSW Office of State Revenue

OWNING IN SYDNEY

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

STANDARD COSTS

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.

LANDLORD 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.

For further information, contact NSW Fair Trading.

SELLING IN SYDNEY

INTERNATIONAL OWNER COSTS

Land Tax Surcharge for International Owners

The NSW government has imposed a 2% land tax surcharge for international owners since 1 July 2017. This is payable in addition to general land tax and is based on the taxable value.

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.



“Property tax planning can make a significant difference to your financial position. It’s important to regularly engage with a local tax professional and seek the right advice before transacting on a property.”



STANDARD SELLING 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 a fixed rate.

Do ensure you understand the breakdown of the fee structure 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.

Additionally, there may be an allocation for multiple open home inspections held over several weeks.

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.

INTERNATIONAL OWNERS SELLING COSTS

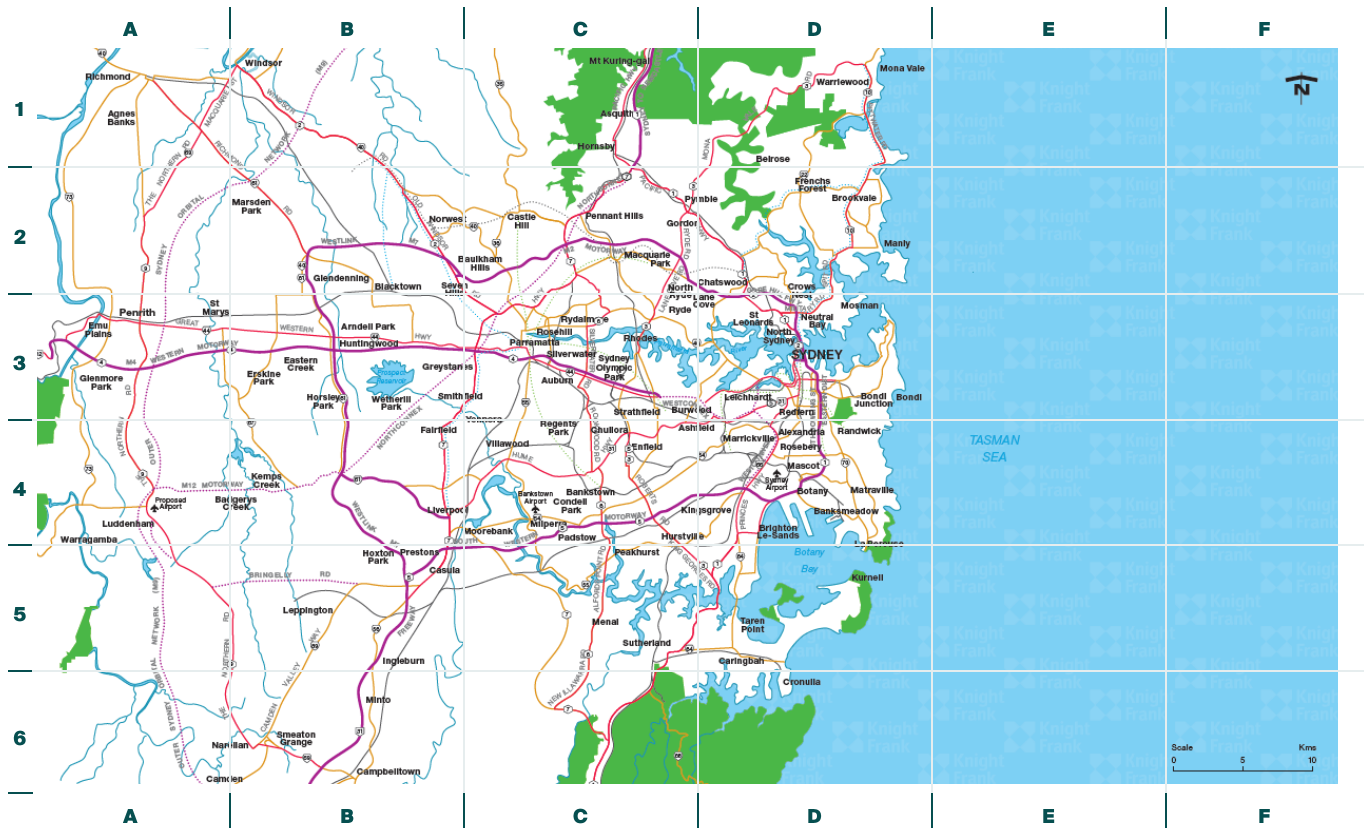
Foreign Resident Capital Gains Withholding

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 \$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 \$2 million and above.

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

Sydney Major Infrastructure Network



Source: Knight Frank Research

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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