

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



# Sydney Residential Property Guide

2022-23

[knightfrank.com/research](https://knightfrank.com/research)



# LIVING IN SYDNEY

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

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

## Location



Sydney is located on the East Coast of Australia in the state of New South Wales.

## Population



Sydney is the largest capital city in Australia with 5.36 million residents in 2021—growing at a rate of -0.1% per annum. In 2019, prior to the pandemic, annual population growth was 1.5%.

## Time zone



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.

## Weather



Sydney enjoys hot summers which are slightly humid, with the hottest month being January. While winters are cool and June is the coldest month. The highest daily sunshine is in the month of December for 9 hours.

## Flying Time, Sydney Airport

Direct International Flights

8 HOURS  
SINGAPORE

9 HOURS  
HONG KONG

9 HOURS  
KUALA LUMPUR

10 HOURS  
SHANGHAI

12 HOURS  
BEIJING

# EVENTS IN SYDNEY

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

## **SUMMER**

**December**  
**January**  
**February**

- Carols in the Domain
- Sydney to Hobart Yacht Race
- New Years Eve Fireworks
- Sydney Festival
- APIA International Tennis
- Yabun Festival
- Chinese New Year Festival
- Sun Run, Manly

## **AUTUMN**

**March**  
**April**  
**May**

- Gay & Lesbian Mardi Gras
- NSW Pro Surf series
- Longines Golden Slipper Day
- Sydney International Rowing Regatta
- The Royal Easter Show
- Sydney Comedy Festival
- Mercedes-Benz Fashion Week
- Sydney Writers Festival

## **WINTER**

**June**  
**July**  
**August**

- VIVID Sydney
- Sydney Film Festival
- Australian International Music Festival
- City2Surf fun run
- Bondi Winter Magic
- Sydney International Boat Show

## **SPRING**

**September**  
**October**  
**November**

- Oz Comic-Con Sydney
- Sydney Marathon
- Manly Jazz Festival
- Sydney Night Noodles Markets
- Sculptures by the Sea
- Sydney Spring Racing Carnival

# DEMOGRAPHIC PROFILE OF SYDNEY

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



## Age Distribution

Greater Sydney residents are primarily young to middle aged.

In 2021, 35.6% 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 Sydney was 37 years, slightly lower than the national average of 38 years.

Children aged 0-14 years comprised 18.5% while people aged 65+ years made up 15.2% of the population.



## Multiculturalism

The Greater Sydney population comprised 43.2% of people being born outside of Australia, higher than the national average of 33.1%.

The most prominent countries of birth include China (4.6%), India (3.6%), England (2.9%), Vietnam (1.8%) and the Philippines (1.7%).

In addition, approximately 52.4% of Greater Sydney parents were born overseas, higher than national (36.7%).



## Religion

The Catholic religion was practiced by 23.1% of Greater Sydney residents at the time of the Census 2021, this was followed by Anglican at 9.2%, then Islam with 6.3%.

No religion was the most common response in Greater Sydney with 30.3% of the population.

# DEMOGRAPHIC PROFILE OF SYDNEY

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



## Language

Aside from English, Mandarin (5.0%) is the most common language spoken in a Greater Sydney household.

Other typical languages include Arabic (4.2%), Cantonese (2.8%), Vietnamese (2.2%) and Hindi (1.5%).



## Education

In Greater Sydney, 31.7% of the population were attending an educational institution at the time of the 2016 Census.

Of these, 25.6% were in primary school, 19.9% in secondary school and 25.3% in a tertiary or technical institution.



## Work

The most common occupation of Greater Sydney residents is in Professional Services—at 26.3% compared to the national 22.2% average in the Census 2016.

Clerical and administrative workers (14.6%), managers (13.7%) and technicians and trades workers (11.7%), were the next most common occupations.

Of all the employed people in Greater Sydney, 3.4% worked in hospitals. Other major industries of employment included computer system design and related services (2.5%), cafés and restaurants (2.5%) and banking (2.5%).

# NEIGHBOURHOODS OF SYDNEY

*What are the key attributes of the popular suburban neighbourhoods in 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

# WORKING IN SYDNEY

*Where are the key employment hubs across Sydney?*

## 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.

# 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.



# SYDNEY PRIVATE SCHOOLS

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

SUBURB	SCHOOL	RELIGION	GENDER	GRADE
Auburn	Sule College	Non-denominational	Co-ed	K-6
Bellevue Hill	Cranbrook School	Anglican	Boys	pre-K-12
Bellevue Hill	The Scots College & Prep School	Presbyterian	Boys	pre-K-12
Belrose	Covenant Christian School	Christian	Co-ed	pre-K-12
Blacktown	Tyndale Christian School	Christian	Co-ed	7-12
Burwood	MLC School	Uniting	Girls	pre-K-12
Chippendale	Uniwold	Non-denominational	Co-ed	10-12
Collaroy	Pittwater House School	Non-denominational	Co-ed	pre-K-12
Cremorne	Redlands	Church of England	Co-ed	pre-K-12
Croydon	Presbyterian Ladies College	Presbyterian	Girls	pre-K-12
Dee Why	St Luke's Grammar School	Anglican	Co-ed	pre-K-12
Dulwich Hill	St Maroun's College	Catholic	Co-ed	pre-K-12
Edgecliff	Ascham School	Non-denominational	Girls	pre-K-12
Forestville	Forestville Montessori School	Montessori	Co-ed	pre-K-9
Glebe Point	St Scholastica's College	Catholic	Girls	7-12
Glenhaven	Lorien Novalis School for Rudolf Steiner Education	Non-denominational	Co-ed	pre-K-12
Gordon	Ravenswood	Uniting	Girls	K-12
Hurstville	St George Christian School	Christian	Co-ed	K-12
Hurstville	Danebank School	Anglican	Girls	pre-K-12
Kellyville	William Clarke Colle	Anglican	Co-ed	pre-K-12
Kellyville	Hills Adevtist College	Seventh-day Adevtist	Co-ed	pre-K-12
Kenthurst	Hills Grammer	Non-denominational	Co-ed	pre-K-12
Kingsford	St Spyridon College	Greek Orthodox	Co-ed	pre-K-12
Manly	Stella Maris College	Catholic	Girls	7-12
Maroubra	The French School	Non-denominational	Co-ed	pre-K-12
Middle Cove	Glenaeon Rudolf Steiner School	Non-denominational	Co-ed	pre-K-12
Mosman	Church of England Preparatory	Anglican	Boys	pre-K-6
Mosman	Queenwood School For Girls	Non-denominational	Girls	K-12
Neutral Bay	SCECGS Redlands	Church of England	Co-ed	pre-K-12
Newtown	The Athena School	Non-denominational	Co-ed	pre-K-10
North Bondi	Reddam House, North Bondi	Non-denominational	Co-ed	pre-K-12
North Parramatta	Redeemer Baptist School	Baptist	Co-ed	K-12
North Parramatta	The King's School	Anglican	Boys	pre-12
North Strathfield	The McDonald College	Non-denominational	Co-ed	3-12
North Sydney	Wenona School	Non-denominational	Girls	K-12
North Sydney	Shore, Sydney Church of England Grammar	Anglican	Boys	pre-K-12
Pymble	Pymble Ladies' College	Uniting	Girls	K-12
Rose Bay	Kambala	Anglican	Girls	pre-K-12
Rose Bay	Kincoppal	Catholic	Co-ed	pre-K-12
Roseville	Roseville College	Anglican	Girls	K-12
Sans Souci	St George Christian School	Christian	Co-ed	K-2
South Belmore	All Saints Grammar	Greek Orthodox	Co-ed	pre-K-12
St Ives	Masada College	Jewish	Co-ed	pre-K-12
Stanmore	Newington College	Uniting	Boys	pre-K-12
Strathfield	Meriden School	Anglican	Girls	pre-K-12
Summer Hill	Trinity Grammar School	Anglican	Boys	pre-K-12
Sydney	St Andrew's Cathedral School	Anglican	Co-ed	K-12
Sydney	Macquarie Grammar School	Secular	Co-ed	7-12
Terrey Hills	Northern Beaches Christian School	Christian	Co-ed	pre-K-12
Terrey Hills	German International School	Non-denominational	Co-ed	pre-K-12
Ultimo	International Grammar School	Non-denominational	Co-ed	pre-K-12
Wahroonga	Knox Grammar School	Uniting	Boys	K-12
Wahroonga	Abbotsleigh	Anglican	Girls	pre-K-12
Waterloo	Taylor's College	Non-denominational	Co-ed	10-12
Waverley	St Catherine's School	Anglican	Girls	K-12
Woollahra	Reddam House, Woollahra	Non-denominational	Co-ed	pre-K-12

Source: Knight Frank Research, Private Schools Guide

# SYDNEY UNIVERSITIES

*Where are the universities in the state of New South Wales accepting international students in 2023?*

UNIVERSITY	WORLD RANKING	AUSTRALIA RANKING	OVERALL SCORE	INTERNATIONAL STUDENT RATIO	ACADEMIC REPUTATION
The University of Sydney	41	3	80	99.3	96.2
The University of New South Wales (UNSW)	45	4	89	91.1	97.6
University of Technology Sydney	137	9	53	41.8	66.1
University of Wollongong	=185	10	45	29.4	34.1
The University of Newcastle, Australia (UON)	192	12	45	29.1	25.7
Macquarie University	=195	14	44	30.9	48.9
Western Sydney University	501-510	25	NA	16.5	18.1
Southern Cross University	701-750	31	NA	4.1	3.5
Charles Sturt University	801-1,000	34	NA	4.1	7.5
University of New England Australia	801-1,000	35	NA	10.1	6.5

## 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](http://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.

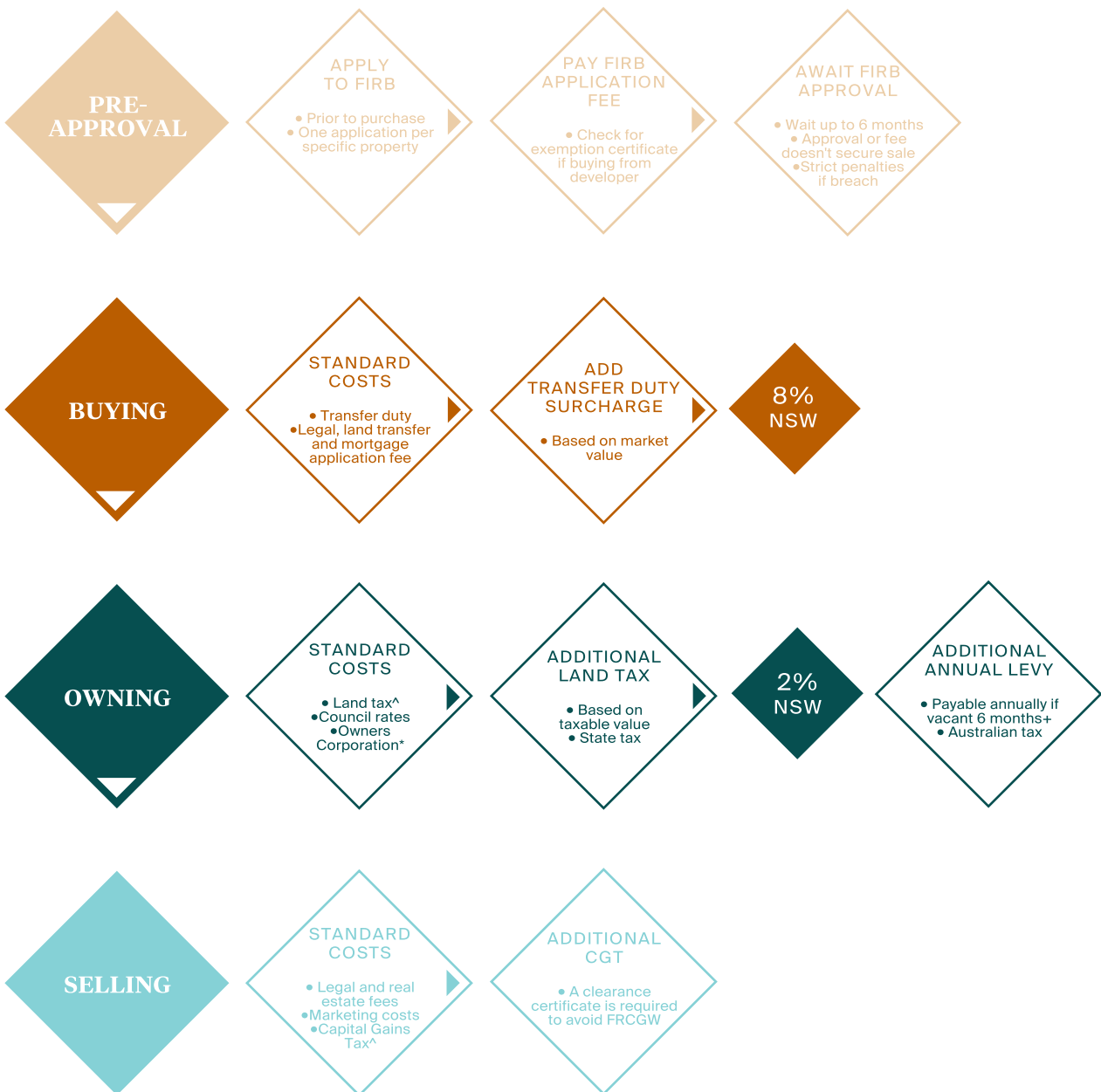
SCENARIO	INTERNATIONAL INVESTOR	TEMPORARY RESIDENT	OFFSHORE COMPANY WITH AUSTRALIAN BUSINESS
<b>SUBMIT FIRB APPLICATION</b> Must gain approval and pay fee before purchasing any property	YES	YES	YES
<b>CAN BUY OFF-THE-PLAN</b> Construction stage, new & not yet occupied	YES	YES	YES
<b>CAN BUY OFF-THE-PLAN</b> When another buyer has failed to reach settlement	YES	YES	YES
<b>CAN BUY VACANT LAND</b> If residential construction starts within 24 months	YES	YES	OA
<b>CAN BUY ONE ESTABLISHED DWELLING</b> With vacant possession throughout the redevelopment scheduled to increased dwelling count	YES	NO	OA
<b>CAN BUY ONE ESTABLISHED DWELLING</b> With no redevelopment scheduled, being main residence	NO	YES	YES
<b>CAN BUY ONE OR MORE ESTABLISHED DWELLINGS</b> As investment properties	NO	NO	NO
<b>MAIN RESIDENCE</b> 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 Sydney as at 29 July 2022?*



Source: Knight Frank Research, Australian Government, NSW 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 New South Wales, in addition to the transfer duty, a transfer duty surcharge is payable for international investors of 8% 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](http://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 Sydney as at 29 July 2022?*

PURCHASE PRICE (\$A)	\$350,000	\$500,000	\$750,000
Transfer Duty (Stamp Duty)	\$10,840	\$17,590	\$28,840
Land Transfer Fee	\$325	\$325	\$325
Legal Fee (includes GST)	\$1,000	\$1,000	\$1,000
Mortgage Application Fee	\$600	\$600	\$600
<b>Standard: Estimated Total Costs</b>	<b>\$12,765</b>	<b>\$19,515</b>	<b>\$30,765</b>
International Investor FIRB Application Fee	\$13,200	\$13,200	\$13,200
International Investor Duty Surcharge @ 8.0%	\$28,000	\$40,000	\$60,000
<b>International Investor: Estimated Total Costs</b>	<b>\$53,965</b>	<b>\$72,715</b>	<b>\$103,965</b>

PURCHASE PRICE (\$A)	\$1,000,000	\$1,250,000	\$1,500,000
Transfer Duty (Stamp Duty)	\$40,090	\$52,950	\$66,700
Land Transfer Fee	\$325	\$325	\$325
Legal Fee (includes GST)	\$1,000	\$1,000	\$1,000
Mortgage Application Fee	\$600	\$600	\$600
<b>Standard: Estimated Total Costs</b>	<b>\$42,015</b>	<b>\$54,875</b>	<b>\$68,625</b>
International Investor FIRB Application Fee	\$13,200	\$26,400	\$26,400
International Investor Duty Surcharge @ 8.0%	\$80,000	\$100,000	\$120,000
<b>International Investor: Estimated Total Costs</b>	<b>\$135,215</b>	<b>\$181,275</b>	<b>\$215,025</b>

PURCHASE PRICE (\$A)	\$1,750,000	\$2,000,000	\$2,250,000
Transfer Duty (Stamp Duty)	\$80,450	\$94,200	\$107,950
Land Transfer Fee	\$325	\$325	\$325
Legal Fee (includes GST)	\$1,000	\$1,000	\$1,000
Mortgage Application Fee	\$600	\$600	\$600
<b>Standard: Estimated Total Costs</b>	<b>\$82,375</b>	<b>\$96,125</b>	<b>\$109,875</b>
International Investor FIRB Application Fee	\$26,400	\$26,400	\$52,800
International Investor Duty Surcharge @ 8.0%	\$140,000	\$160,000	\$180,000
<b>International Investor: Estimated Total Costs</b>	<b>\$248,775</b>	<b>\$282,525</b>	<b>\$342,675</b>

PURCHASE PRICE (\$A)	\$2,500,000	\$5,000,000	\$7,500,000
Transfer Duty (Stamp Duty)	\$121,700	\$285,180	\$460,180
Land Transfer Fee	\$325	\$325	\$325
Legal Fee (includes GST)	\$1,000	\$1,000	\$1,000
Mortgage Application Fee	\$600	\$600	\$600
<b>Standard: Estimated Total Costs</b>	<b>\$123,625</b>	<b>\$287,105</b>	<b>\$462,105</b>
International Investor FIRB Application Fee	\$52,800	\$105,600	\$184,800
International Investor Duty Surcharge @ 8.0%	\$200,000	\$400,000	\$600,000
<b>International Investor: Estimated Total Costs</b>	<b>\$376,425</b>	<b>\$792,705</b>	<b>\$1,246,905</b>

#### 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



# 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.

### Land Tax Surcharge for International Owners

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

# 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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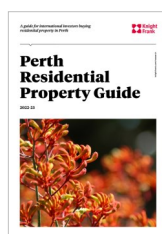
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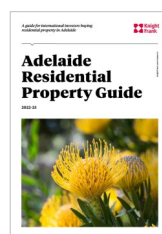
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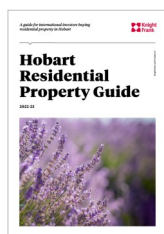
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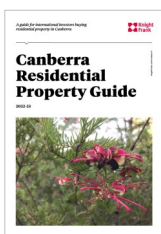
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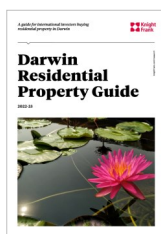
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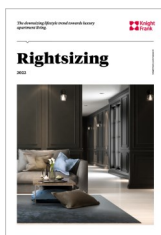
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