

## CHINA OVERTAKES THE UNITED STATES TO LEAD FOREIGN INVESTMENT IN AUSTRALIA

Off the back of major residential site sales across the country, the Foreign Investment Review Board has reported that China was the number one source of foreign investment in Australia in 2013-14.

### May 2015

**Proposed foreign investment in Australian residential and commercial property was up 44%;** recording \$74.6 billion in 2013-14 and represented 45% of all investment approvals

**China's total property approvals tallied \$12.4 billion** in 2013-14 (up 110% over the year), followed by the **United States** with \$6.1 billion

**Total investment in developer off-the-plan property was \$16.4 billion;** almost **three times higher** than the previous year

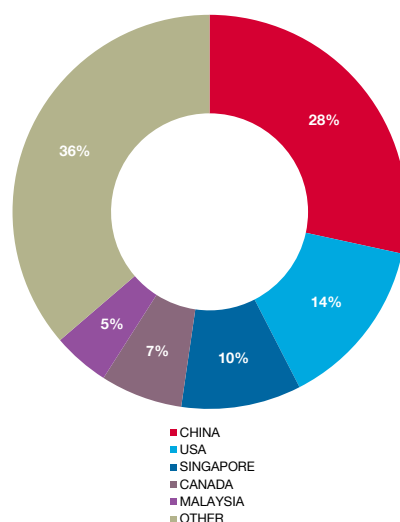
**Proposed investment in new residential property for individuals rose 165% to \$7.7 billion** in Australia, which comprised of **11,338 approvals** in 2013-14

The Australian Government have released the Foreign Investment Review Board (FIRB) Annual Report for 2013-14. According to the report, the FIRB approved a total of \$167.4 billion worth of proposed investments across all industry sectors that fall within the scope of Australia's Foreign Investment Policy.

Residential and commercial property represented 45% of all proposed foreign investment in 2013-14. Growth was recorded at 44% over the previous year; to \$74.6 billion.

Continuing to drill into the property sector, approvals for Chinese nationals to purchase Australian residential and commercial property tallied \$12.4 billion in 2013-14. This was up 110%, from \$5.9 billion, in 2012-13. Last year China overtook the United States (at \$6.1 billion).

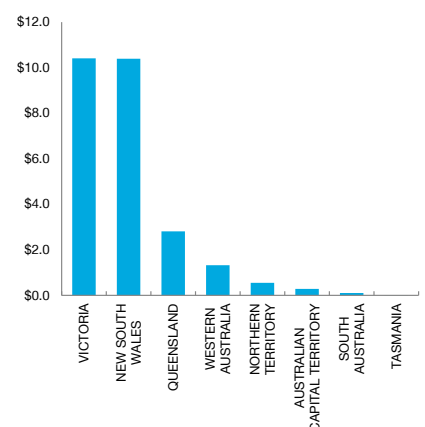
FIGURE 1  
**Total Value Of Property Approvals By Country Of Investor**  
Residential & Commercial, 2013-14



As shown in Figure 1, other active countries included Singapore (\$4.3 billion), Canada (\$2.9 billion) and Malaysia (\$2.0 billion).

A large component of residential FIRB approvals in 2013-14 included proposed investment in property for development totalling \$26.4 billion. As seen in Figure 2, Victoria led the states and territories, with \$10.41 billion approved, and closely followed by New South Wales with \$10.39 billion. Other significant approvals were included in Queensland (totalled \$2.8 billion) and Western Australia at \$1.3 billion.

FIGURE 2  
**Distribution Of Proposed Investment In Residential Property For Development**  
\$ billion, 2013-14



Source: FIRB Annual Report 2013-14

Estimating proposed investments include the aggregation of estimated acquisition costs, development costs and costs of both the establishment and development in the case of new businesses.

Non-residents of Australia are currently limited to purchasing new or off-the-plan (OTP) property. Total investment in developer OTP property was \$16.4 billion



**MICHELLE CIESIELSKI**  
Knight Frank Residential Research

Follow at @MCiesielski\_AU

Only countries specified by FIRB are represented

Source: FIRB Annual Report 2013-14



## GLOBAL BRIEFING

For the latest news, views and analysis on the world of prime property, visit [KnightFrankblog.com/global-briefing](http://KnightFrankblog.com/global-briefing)

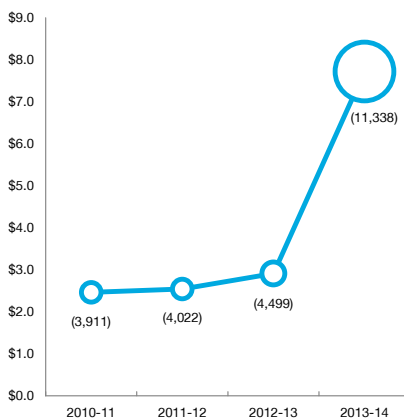
in 2013-14, almost three times higher than the \$5.7 billion over the previous year.

Proposed investment in new residential property for individuals rose 165% to reach \$7.7 billion in Australia, which comprised of 11,338 approvals in 2013-14. This was up significantly on 2012-13 when investment approvals were \$2.9 billion and 4,499 individual purchasers were approved, as shown in Figure 3.

FIGURE 3

### Investment In New Residential Property—Individual Purchases

\$ billion total value & (number of proposals)



Source: FIRB Annual Report 2013-14

As a comparison, over the year to 2013-14, approvals for existing commercial property rose 65% to \$31.7 billion.

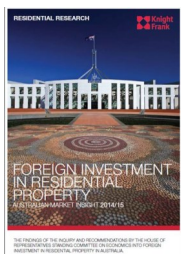
More than a year on from the enquiry into Foreign Investment in Australia, issues still remain with data compiled by the FIRB such as:

- The aggregation of residential and commercial property sales (inherently irregular and can be skewed due to large investment/multiple proposals).
- Still limited to investor intentions to acquire Australian assets, and not actual purchases.
- Timeliness of the release of this data, especially in a fast-paced market as currently experienced in Sydney and Melbourne.
- Detailed statistics, including nationality of purchaser, are not accessible to measure total foreign investment or the changes in net foreign ownership levels in Australia.

This issue will remain until the Government enforces the collation of national, granular data of property purchasers in Australia; this commitment we hope will be announced over the coming months.

Knight Frank Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs.

## RECENT MARKET-LEADING RESEARCH PUBLICATIONS



Residential Research  
Insight March 2015



The Wealth Report  
2015



Asia Pacific  
Residential Review  
January 2015



Australian  
Apartments  
Overview Q1 2015

© Knight Frank 2015 This report is published for general information only. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no legal responsibility can be accepted by Knight Frank Research or Knight Frank for any loss or damage resultant from the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank in relation to particular properties or projects. Reproduction of this report in whole or in part is not permitted without prior consent of, and proper reference to Knight Frank Research.

## RESIDENTIAL RESEARCH

### Michelle Ciesielski

Associate Director, Residential  
+61 2 9036 6659  
[Michelle.Ciesielski@au.knightfrank.com](mailto:Michelle.Ciesielski@au.knightfrank.com)

### Matt Whitby

Head of Research and Consultancy  
+61 2 9036 6616  
[Matt.Whitby@au.knightfrank.com](mailto:Matt.Whitby@au.knightfrank.com)

## RESIDENTIAL PROJECT MARKETING & KEY STATE CONTACTS

### Madelaine Lundgren

Senior Director, Sydney (NSW)  
+61 2 9036 6831  
[Madelaine.Lundgren@au.knightfrank.com](mailto:Madelaine.Lundgren@au.knightfrank.com)

### Daniel Cashen

Director, Melbourne (Vic)  
+61 3 9604 4749  
[Daniel.Cashen@au.knightfrank.com](mailto:Daniel.Cashen@au.knightfrank.com)

### Neil Kay

Senior Director, Perth (WA)  
+61 8 6210 0112  
[Neil.Kay@au.knightfrank.com](mailto:Neil.Kay@au.knightfrank.com)

### Gillian Bail

Director, Brisbane (QLD)  
+61 7 3246 8842  
[Gillian.Bail@au.knightfrank.com](mailto:Gillian.Bail@au.knightfrank.com)

### Peter McVann

Managing Director, Adelaide (SA)  
+61 8 8233 5210  
[Peter.Mcvann@au.knightfrank.com](mailto:Peter.Mcvann@au.knightfrank.com)

### Terry Daly

Managing Director, Canberra (ACT)  
+61 2 6221 7869  
[Terry.Daly@au.knightfrank.com](mailto:Terry.Daly@au.knightfrank.com)

### Scott Newton

Chief Executive Officer, Hobart (Tas)  
+61 3 6220 6999  
[scott.newton@au.knightfrank.com](mailto:scott.newton@au.knightfrank.com)

### Matthew Knight

Managing Director, Darwin (NT)  
+61 8 8982 2502  
[Matthew.knight@au.knightfrank.com](mailto:Matthew.knight@au.knightfrank.com)

## INTERNATIONAL PROJECT MARKETING

### Erin Van Tuil

Director  
+61 2 9036 6699  
[Erin.VanTuil@au.knightfrank.com](mailto:Erin.VanTuil@au.knightfrank.com)

## CAPITAL MARKETS

### Paul Henley

Head of Commercial Sales  
+61 3 9604 4760  
[Paul.Henley@au.knightfrank.com](mailto:Paul.Henley@au.knightfrank.com)

### Dominic Ong

Senior Director, Asian Markets  
+61 2 9036 6747  
[Dominic.Ong@au.knightfrank.com](mailto:Dominic.Ong@au.knightfrank.com)

