

# Exploring opportunities in Australia: offshore investment insights



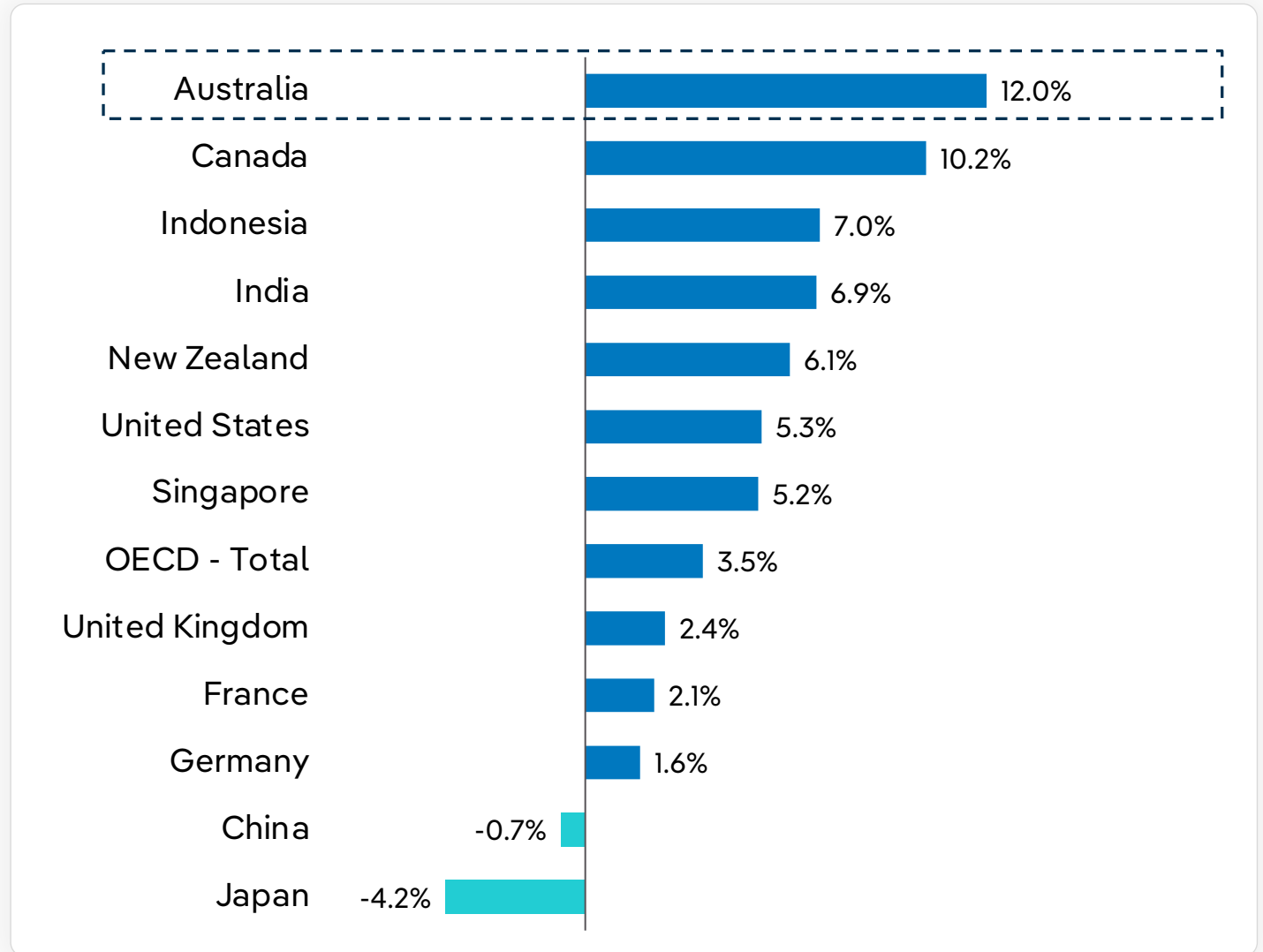
# Migration trends



# Australia's population is forecast to increase by over 3 million (12%) between 2022 and 2030

Among OECD countries, Australia is forecast to see the 3<sup>rd</sup> fastest rate of population growth between 2022 and 2030 (behind only Luxemburg and Israel)

## Forecast population growth between 2022 and 2030

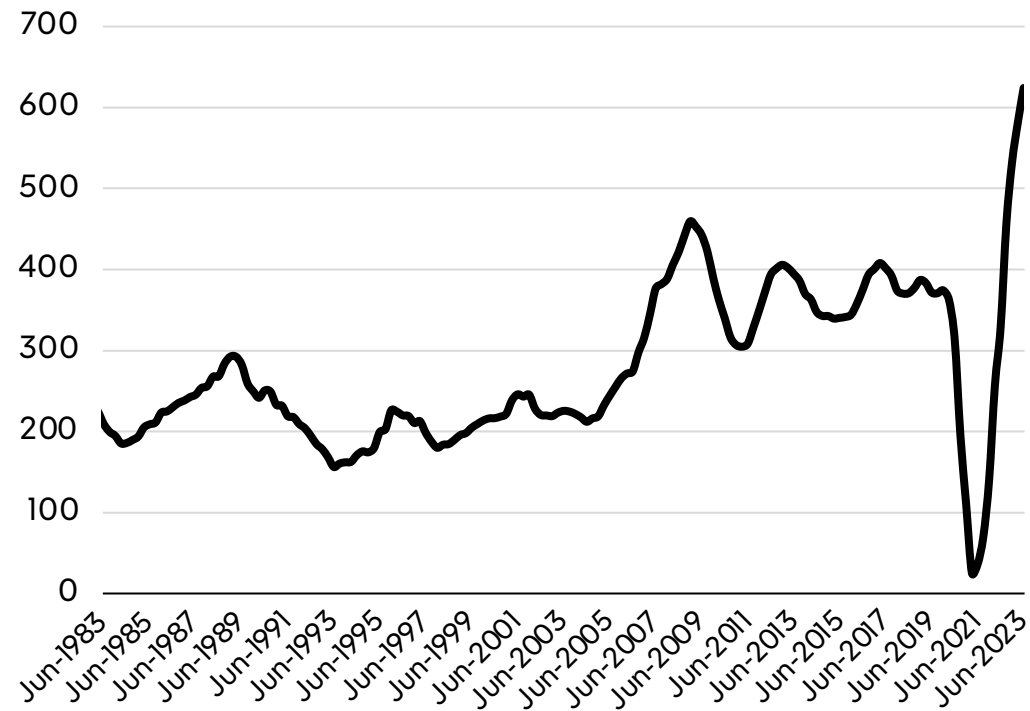


Source: Organisation for Economic Co-Operation and Development (OECD), Sep 2023

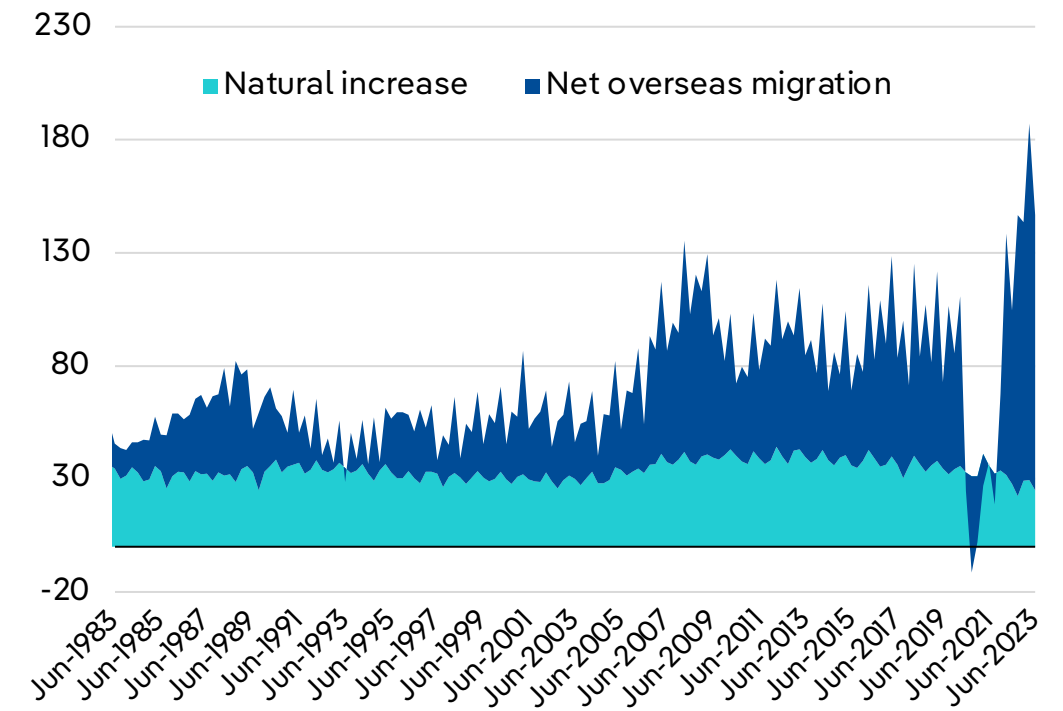
# Migration to Australia has risen to unprecedented levels.

## Net migration was +518,100 over the 12 months ending June 2023

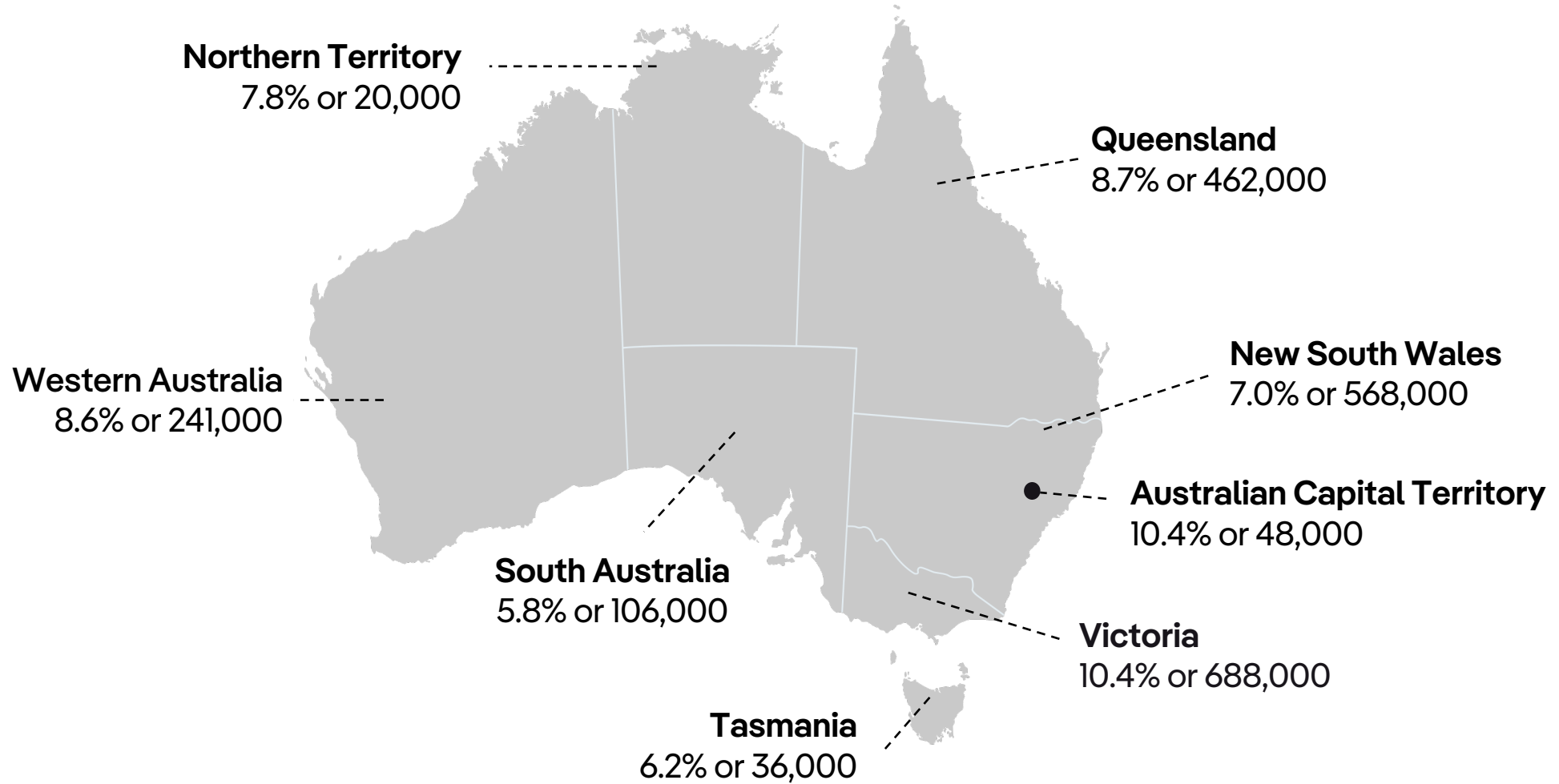
### Change in resident population ('000)



### Components of population change ('000)

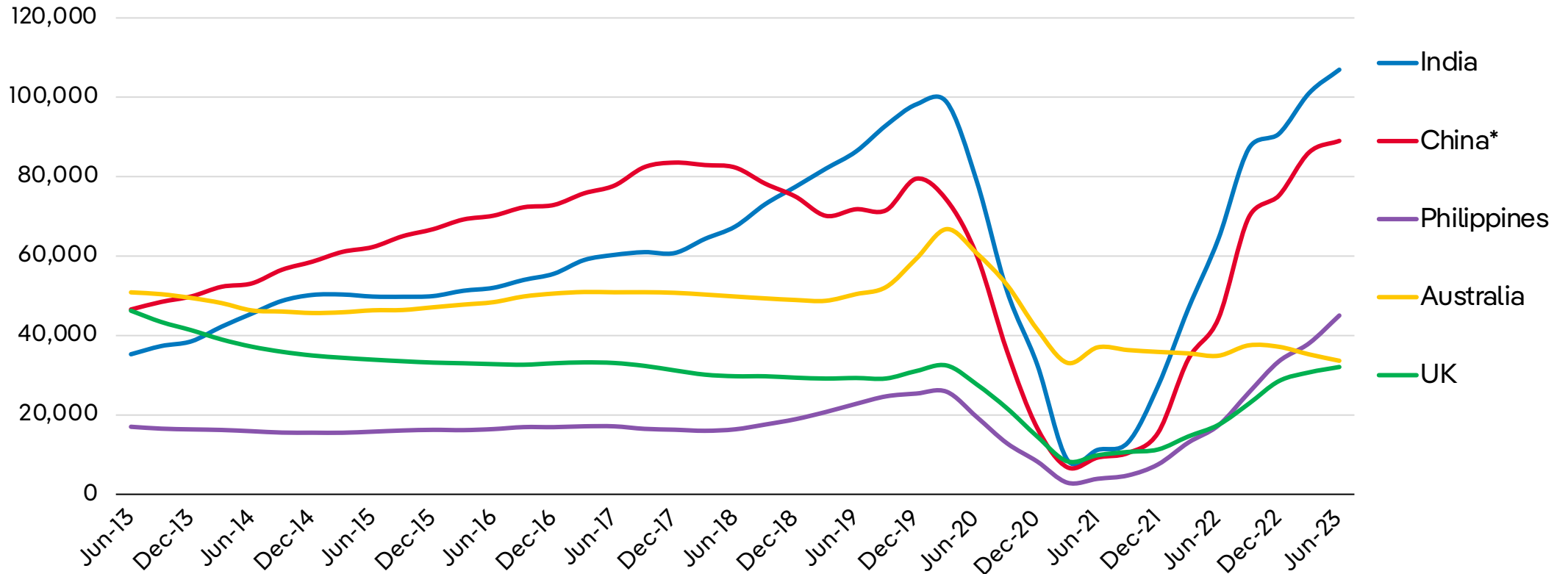


# Forecast population growth between 2022 and 2027



# India and China are Australia's top drivers of migration currently

## Overseas migrant arrivals – top 5 countries

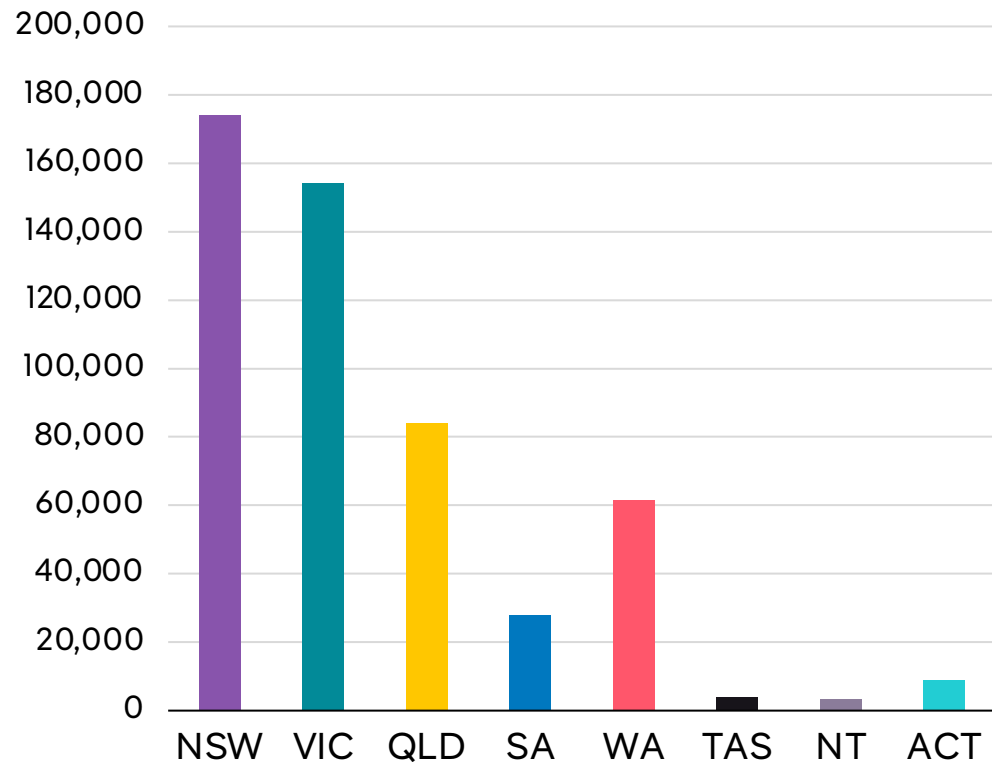


Source: Australian Bureau of Statistics Overseas Migration, Dec-23. Note: Overseas migrant arrivals (immigrants) are incoming international travellers who stay in Australia for 12 months or more over a 16-month period, who are not currently counted within the population, and are then added to Australia's population.

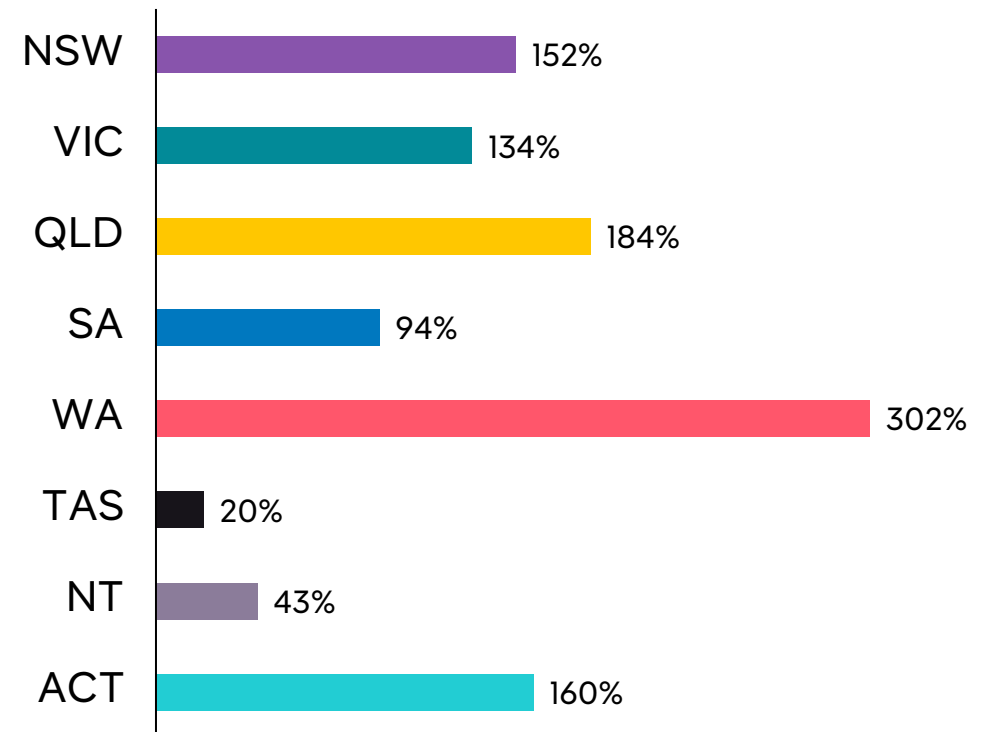
\*China excludes SARs and Taiwan

# Where are new migrants heading in Australia?

## Net overseas migration by state



## Change in net overseas migration FY23 vs FY22



# Top countries for arrivals vary by state

## Overseas migrant arrivals by country of birth (FY2022-23)

	AUS	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
#1	<b>India</b>	China	India	India	India	Bhutan	India	India	China
#2	<b>China</b>	India	China	China	China	India	Nepal	Philippines	India
#3	<b>Philippines</b>	Nepal	Philippines	New Zealand	Philippines	Philippines	China	USA	Bhutan
#4	<b>Australia</b>	Philippines	Vietnam	Philippines	Australia	UK	Australia	Nepal	Australia
#5	<b>UK</b>	Australia	Australia	Australia	Nepal	New Zealand	Philippines	UK	Nepal
#6	<b>Nepal</b>	UK	Colombia	UK	Vietnam	China	Vanuatu	Pakistan	Philippines
#7	<b>New Zealand</b>	Pakistan	Sri Lanka	Colombia	Colombia	Australia	Pakistan	Australia	Pakistan
#8	<b>Colombia</b>	Vietnam	New Zealand	Brazil	UK	Pakistan	Sri Lanka	Vietnam	USA
#9	<b>Vietnam</b>	Indonesia	UK	Taiwan	Sri Lanka	South Africa	UK	Indonesia	UK
#10	<b>Pakistan</b>	Colombia	Thailand	Japan	Pakistan	Ireland	Tonga	China	Vietnam

Source: Australian Bureau of Statistics Overseas Migration, Dec-23. Note: Overseas migrant arrivals (immigrants) are incoming international travellers who stay in Australia for 12 months or more over a 16-month period, who are not currently counted within the population, and are then added to Australia's population.

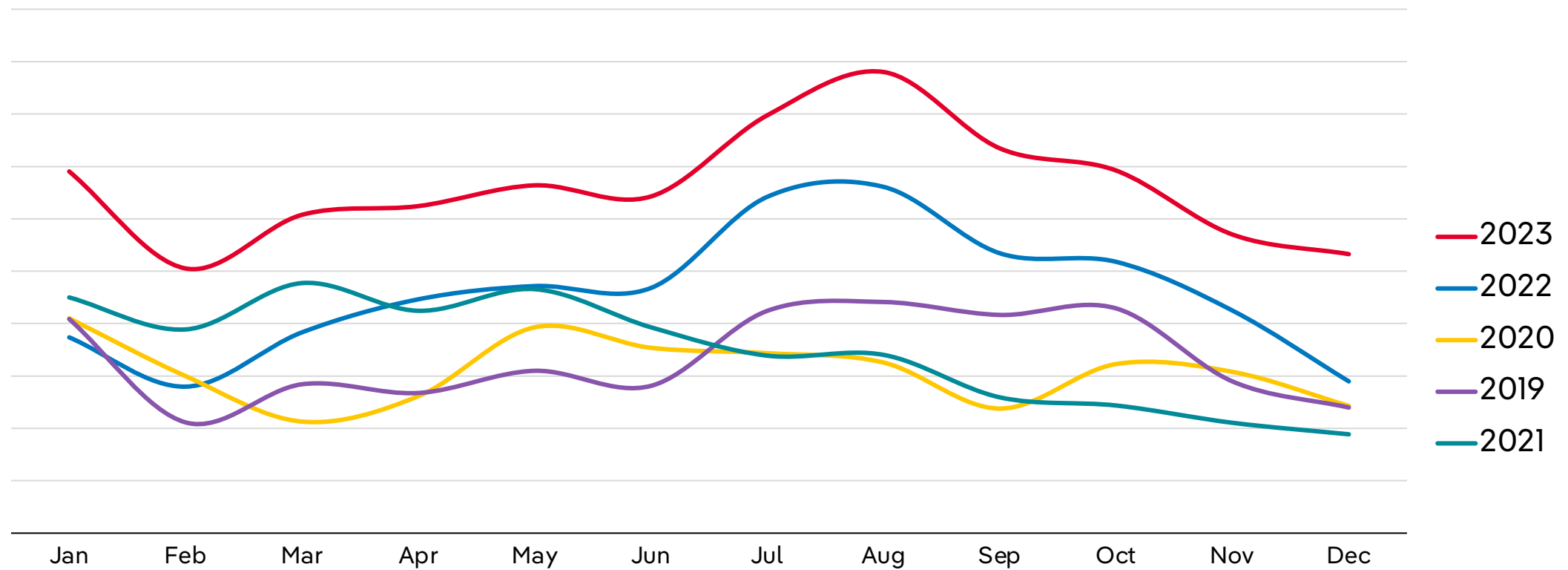


# Offshore demand for Australian real estate



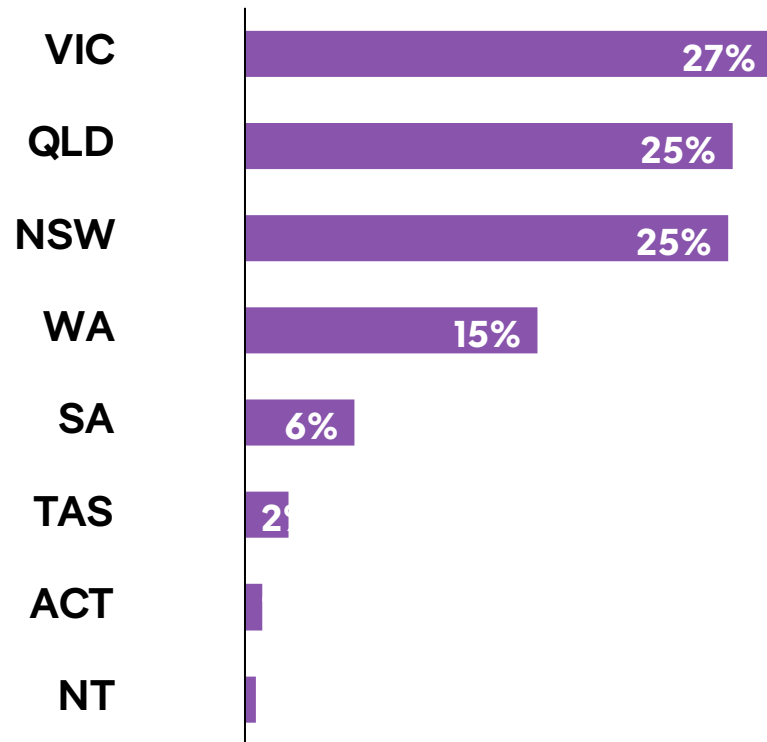
# More offshore investors are looking to buy residential real estate in Australia

Total overseas buy searches

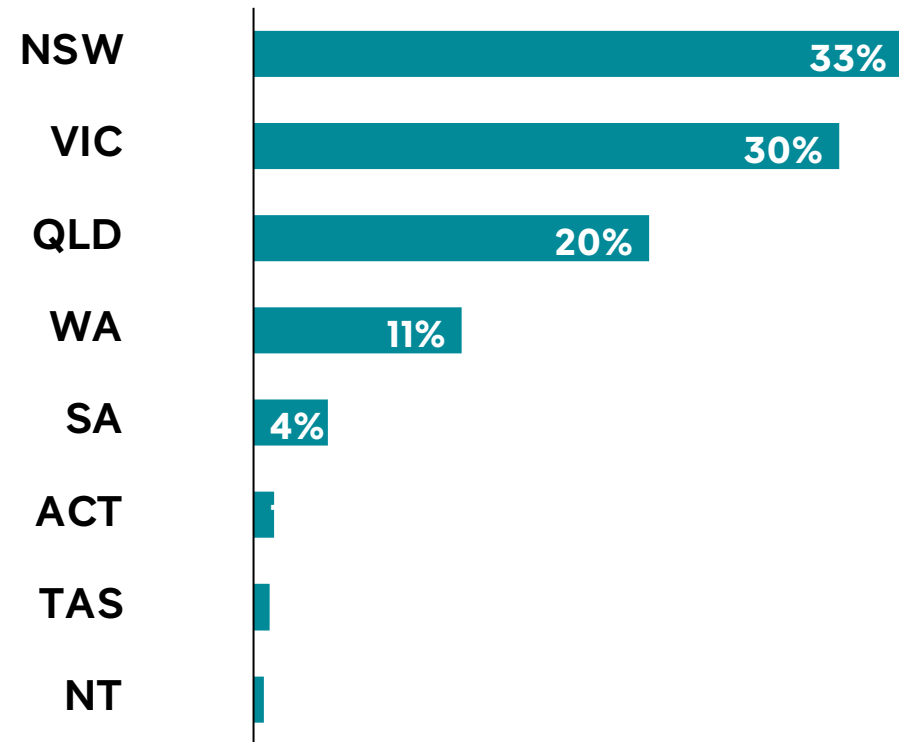


# Where people are looking to buy isn't necessarily where they are looking to rent

## Offshore searches to buy

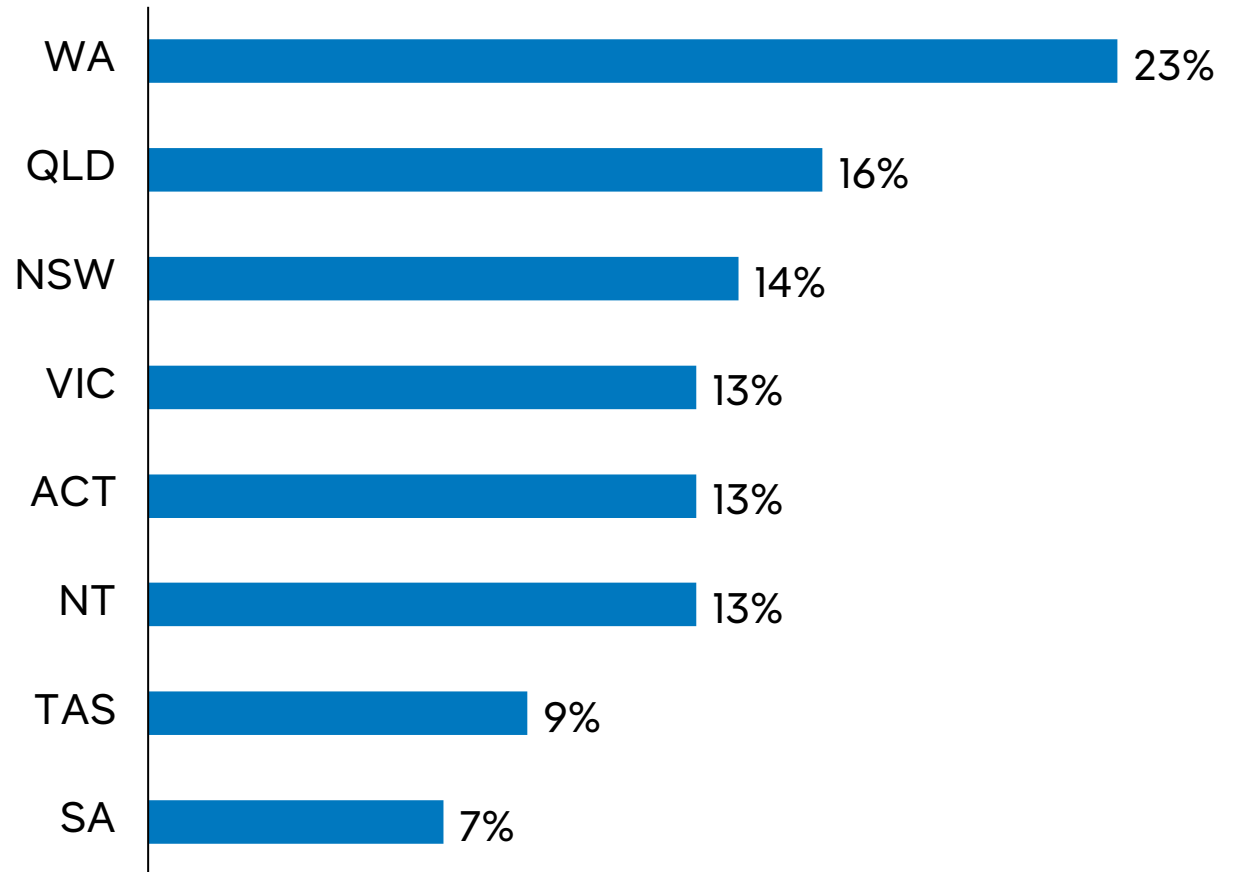


## Offshore searches to rent



**Western Australia  
and Queensland  
seeing the  
strongest growth  
in demand from  
offshore buyers**

## Increase in searches to buy from overseas property seekers: 12 month comparison



Source: realestate.com.au

# Top searched suburbs and regions nationally by overseas residential buyers in 2023



**Melbourne  
CBD, VIC**



**Gold Coast,  
QLD**



**Brisbane –  
Greater  
Region, QLD**



**Sydney,  
NSW**



**Perth, CBD  
and inner  
suburbs, WA**

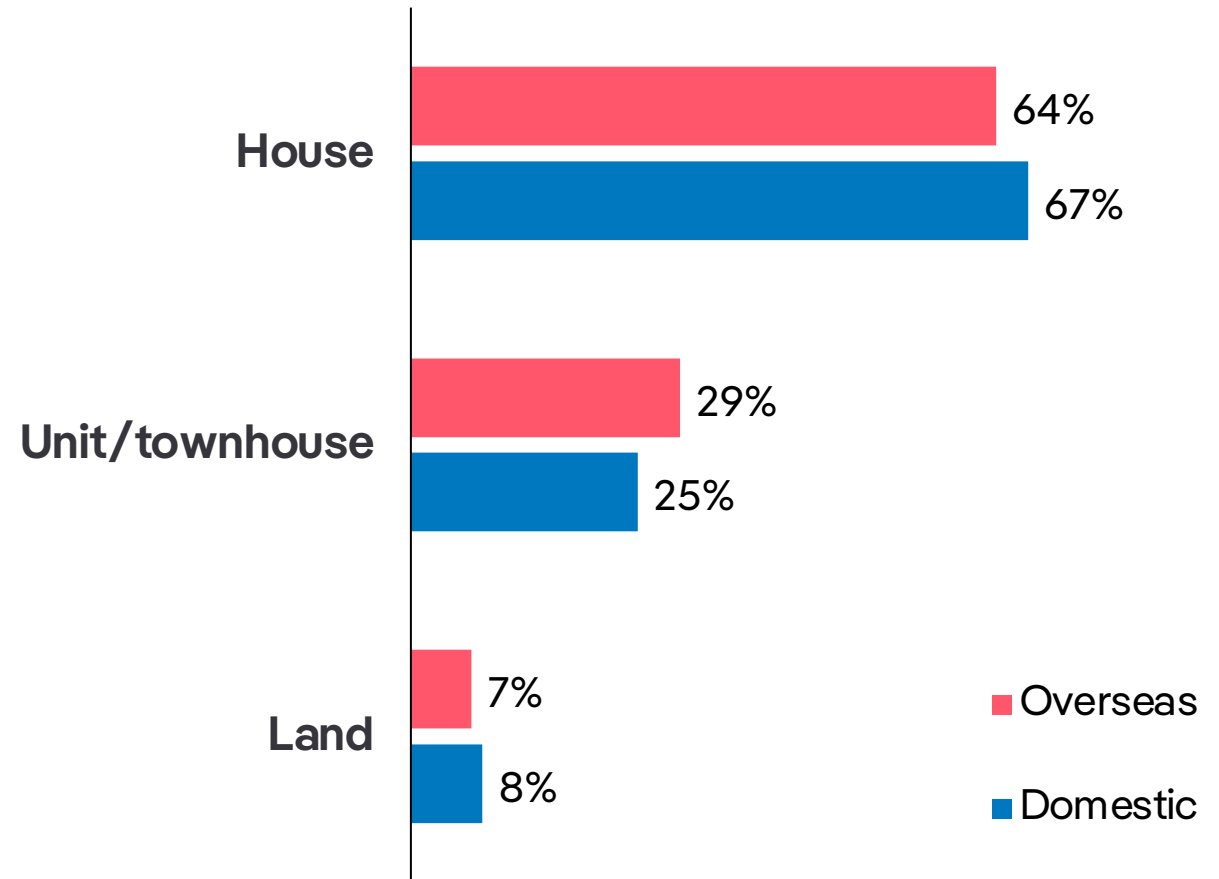
# Top searched suburbs and regions by overseas residential buyers in 2023: state breakdown

## Overseas migrant arrivals by country of birth (FY2022-23)

	NSW	VIC	QLD	SA	WA
#1	Sydney CBD	Melbourne CBD	Gold Coast	Adelaide CBD	Perth CBD
#2	Manly	Richmond	Greater Brisbane	Adelaide Hills	Scarborough
#3	Mosman	South Yarra	Sunshine Coast	Glenelg	Cottesloe
#4	Paddington	Hawthorn	Brisbane CBD	North Adelaide	Fremantle
#5	Chatswood	Toorak	Cairns	Norwood	Subiaco
#6	Northern Beaches	Kew	Burleigh Heads	Henley Beach	Floreat
#7	Castle Hill	Camberwell	Broadbeach	Unley	Claremont
#8	Surry Hills	Brighton	New Farm	Brighton	Wembley
#9	Coogee	Glen Waverley	Townsville	Prospect	City Beach
#10	Epping	Fitzroy	Surfers Paradise	Hallett Cove	Nedlands
#11	Newcastle region	St Kilda	Indooroopilly	Stirling	Applecross
#12	Randwick	Prahran	Noosa	Parkside	South Perth

Houses more popular with overseas investors

## Property type searched for by buyer type



Source: realestate.com.au

# Breakdown of 2021 –22 purchase transactions by state

● New dwellings  
 ● Established dwellings  
 ● Vacant land  
 ● Transactions over \$1m

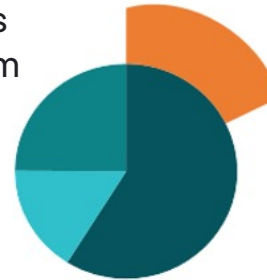
**NSW:** 664 transactions  
51% over \$1m



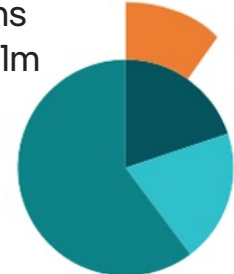
**VIC:** 1,703 transactions  
27% over \$1m



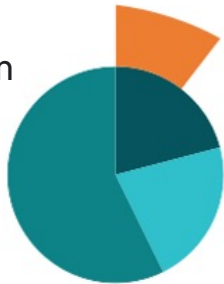
**QLD:** 956 transactions  
18% over \$1m



**SA:** 327 transactions  
10% over \$1m



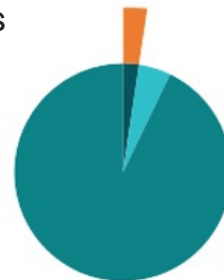
**WA:** 220 transactions  
10% over \$1m



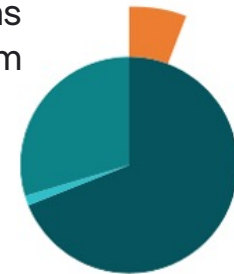
**TAS:** 110 transactions  
<5 over \$1m



**NT:** 42 transactions  
<5 over \$1m



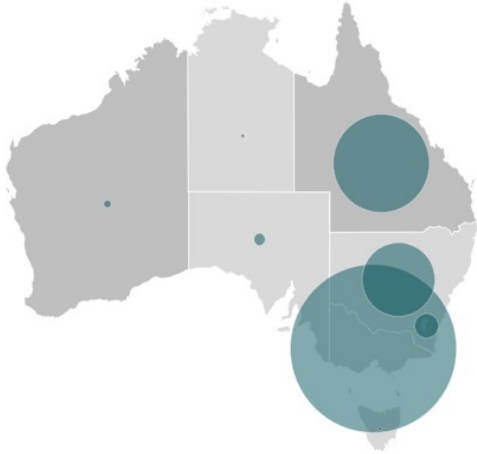
**ACT:** 206 transactions  
6% over \$1m



Source: Register of foreign ownership of residential real estate - Insights into foreign purchases and sale of residential real estate for the period 1 July 2021 to 30 June 2022



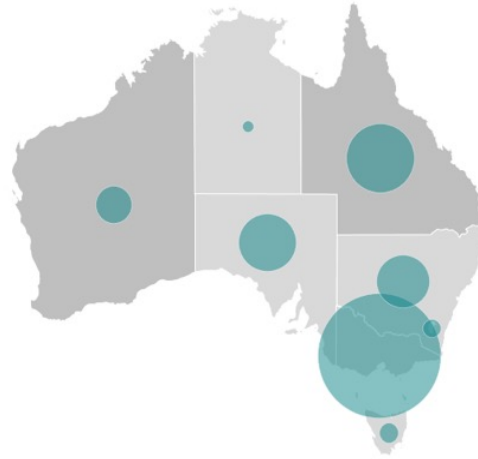
## New dwellings



Victoria	953	South Australia	65
Transactions valued at: \$744.2m		Transactions valued at: \$38.4m	
Queensland	563	Western Australia	46
Transactions valued at: \$407.0m		Transactions valued at: \$27.6m	
New South Wales	430	Tasmania	<5*
Transactions valued at: \$589.3m		Transactions valued at: *	
Australian Capital Territory	142	Northern Territory	<5*
Transactions valued at: \$77.6m		Transactions valued at: *	

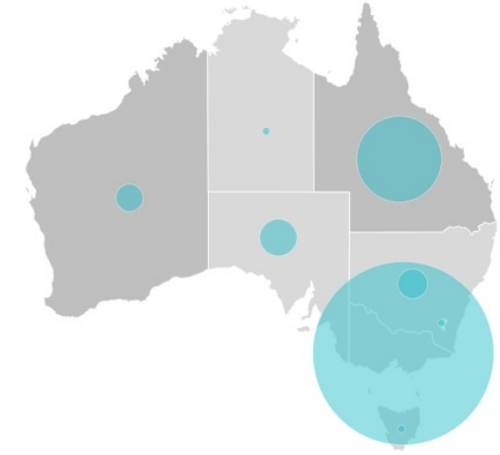
\* Due to the limited number of transactions, some details have been withheld to maintain investor privacy.

## Established dwellings



Victoria	428	Western Australia	126
Transactions valued at: \$711.3m		Transactions valued at: \$109.1m	
Queensland	238	Tasmania	68
Transactions valued at: \$313.8m		Transactions valued at: \$40.3m	
South Australia	197	Australian Capital Territory	61
Transactions valued at: \$134.4m		Transactions valued at: \$52.4m	
New South Wales	182	Northern Territory	39
Transactions valued at: \$391.9m		Transactions valued at: \$20.2m	

## Vacant Land

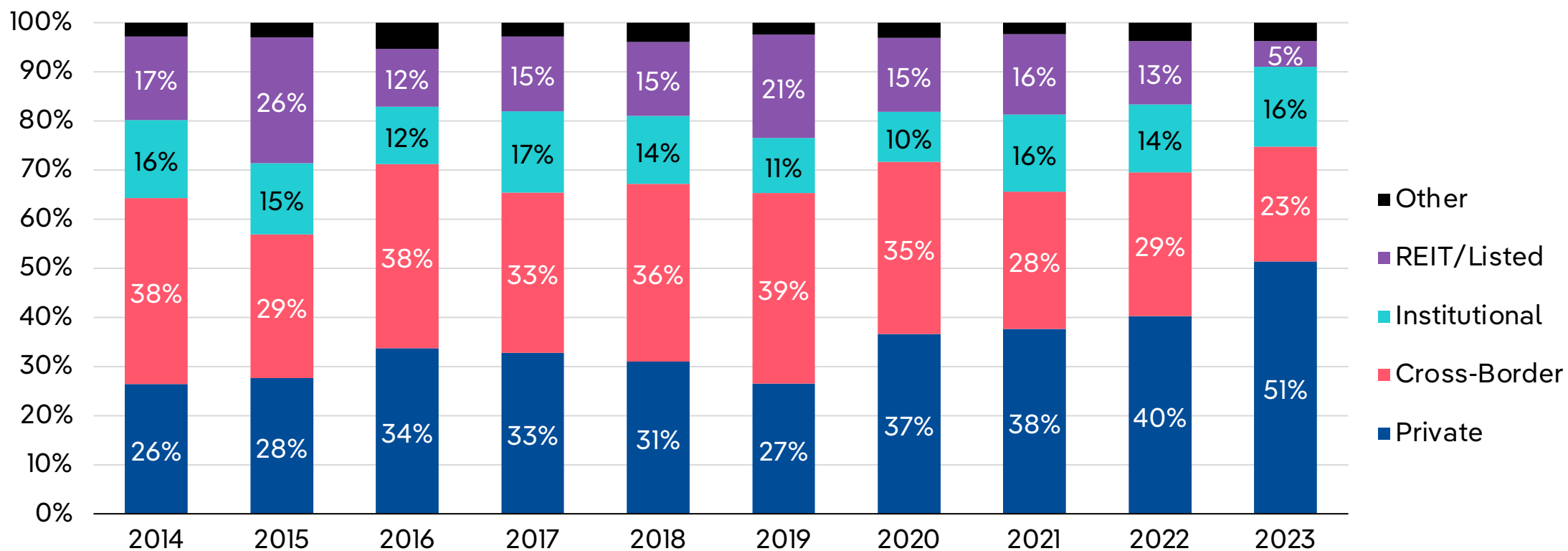


Victoria	322	Western Australia	48
Transactions valued at: \$121.8m		Transactions valued at: \$16.8m	
Queensland	155	Tasmania	39
Transactions valued at: \$65.6m		Transactions valued at: \$10.5m	
South Australia	65	Australian Capital Territory	<5*
Transactions valued at: \$20.5m		Transactions valued at: *	
New South Wales	52	Northern Territory	<5*
Transactions valued at: \$31.6m		Transactions valued at: *	

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

# Offshore demand for Australian commercial real estate dropped off significantly in 2023

## Share of commercial real estate purchases by buyer type



Source: MSCI Real Capital Analytics

# Outlook



# Challenges and considerations for offshore investors

- **The types of properties they can buy**
  - Can typically only buy new properties unless an exemption granted (e.g. if coming to work or study, redevelopment that increases housing supply)
- **Higher fees compared to domestic buyers**
  - Extra stamp duty
  - Absentee owner land tax surcharge (recently doubled from 2% to 4% in Vic and NSW)
- **Recent increases to foreign investment fees for housing**
  - Tripling of foreign investment fees for existing housing
  - Doubling of vacancy fees for all foreign-owned dwellings purchased after 9 May 2017
  - Combined, these mean a six-fold increase in vacancy fees for existing dwellings owned by foreign investors

# Opportunities Australia presents for offshore buyers

- Australia has a long history of economic resilience, property market resilience, and political stability, making us an attractive market to invest in
- The Australian dollar has fallen relative to the currencies of many of our most active sources of capital
- Rapid population growth is coinciding with a slowdown in the development of new residential and commercial property – this will support values over the coming years
- Yields are still high relative to many comparable countries

# Thank You



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