



# Off to Oz? Good on ya, mate

It's not all warm sun, cold beer and sizzling barbecues, but living in Australia does have its advantages. Pommie **Rupert Bates** witnesses two very different ways of selling homes Down Under

**T**he flies were making me nervous. Wave one away at the wrong time and I could be the owner of a tired, two-bedroom home near the beach on Australia's Mornington Peninsula and parting with more than A\$400,000 (£191,000).

This was a property auction – Oz style – an hour south of Melbourne. Being Australia, the sun was shining, the bidding alfresco, the living easy and the neighbours nose-y. It was TV soap's Ramsay Street beside Safety Beach. "Why is it called Safety Beach?" I asked a local. "The shire changed its name from Shark Bay to make it more tourist-friendly," he replied.

About 60 people had gathered in the backyard of the property with shorts and thongs (Aussie for flip-flops) the dress code, and only the estate agents sweating in suits. The bidding opened at A\$400,000. The auction was a battle between siblings, with the house in multiple ownership and clearly not all relatives happy to sell.

The bidding went up A\$1,000 at a time and lasted 20 minutes before auctioneer Cameron Fisher finally brought down the gavel – or it might have been a barbecue fork – at A\$441,000 (£210,000) to tumultuous cries of "Good on ya, mate".

Such scenes are not uncommon in Australia. About a third of property in Victoria is sold at auction, and the newspapers will print the results of auctions and private sales every week. Even if not all results are published, they are a reasonable barometer of the market, with Australians studying the lists as diligently as the racing form.

Entertaining though it is, an auction is hardly a practical buying option for

a Pommie living 11,000 miles away, unless there is a good contact on the ground. Also, before you buy in Australia, you need Foreign Investment Review Board (FIRB) approval for the property you are purchasing.

Fast forward, then, to London, to the suite of a Knightsbridge hotel, where an Australian developer is selling his wares. "No worries on the FIRB approval," he says. "We'll get it for you."

The developer in question is Central Equity, which has been very successful over the past few years, working out of London selling Australian property to the UK market. And the scene is the "one-stop shop", which the company had set up for 10 days in the Sheraton Park Tower hotel. About 20 of us are gathered in the room and are being bombarded with statistics about the economic, social and cultural glories of Australia, but thankfully only one Ashes cricket joke at the Pommies' expense.

No flies here, although popular Aussie snacks such as Twisties and Minties are provided in abundance, ensuring Australian expats in London get so homesick that they put down 10 per cent on a yet-to-be-built Melbourne apartment before you can say "guaranteed 6 per cent rental return".

Cue the lady from the Commonwealth Bank of Australia offering 10-year fixed mortgages at 8.4 per cent. The Australian interest rate is currently set at 7.25 per cent – a 12-year high – in an effort to curb inflation.

Attend one of Central Equity's seminars, and you have the chance to



“win a shopping-spree holiday to Melbourne for two”. More importantly, you are enticed to part with a 10 per cent deposit on a £139,000 Melbourne pad with nothing else to pay until completion. It is tempting and it is designed to be.

“Huge stamp duty savings up to £17,000” is another siren-call to buy, as the 5 per cent tax would apply to the value of the land, not the purchase price of the completed property. The deposit is held in a trust account by a solicitor and is guaranteed by the Australian government.

Divide any number by 2.1 – the current pound-to-Australian-dollar exchange rate – and most properties there look good value. The trouble is

that Melbourne has suffered from a glut of apartments in recent years. Many investors bought off-plan because of stamp-duty reductions, but some buyers, seeing the upfront savings, forgot to compare against other properties in the area and do their homework on likely capital growth in a crowded market.

“There has been a great deal of oversupply in this sector. What the prices often reflect is a developer’s premium price,” says Monique Wakelin, an independent Australian property expert, who reviews the housing market weekly on the Australian investment website [www.eurekareport.com.au](http://www.eurekareport.com.au).

The promise of guaranteed rental income for a period is another temptation, but with rising interest rates causing a housing affordability crisis and pricing out first-time buyers, rental properties are in great demand.

With talk of a debt crisis, unsustainable price growth and cheap credit drying up, Australia is closer to home than we might imagine. Nevertheless, it is the most popular destination for emigrating Britons.

“The best rental yields are from 3.5 per cent to 4.2 per cent of the property’s capital value. This will vary

on supply, but prime property will consistently return these levels over the long term,” says Ms Wakelin.

Australia has one of the highest

levels of home-ownership in the world. The buzz acronym in the major cities is CBD, or Central Business District, referring to areas within one-and-a-half miles of the city centre.

These inner suburbs are expensive in any currency. The average house price in Melbourne is close to A\$500,000 (£239,000), with prices in the city rising about 23 per cent last year. Average price rises across Australia’s major cities were 20 per cent, although Sydney, Australia’s most expensive market after a period of crazy price inflation which peaked five years ago, recorded only a 5 per cent increase and has slowed down significantly.

If you can afford the most expensive street in Australia’s most expensive suburb, head for Wolseley Road in Point Piper, a peninsula jutting out into Sydney Harbour, where A\$12 million (£5.75million) is the average sales price.

With the resources boom and the huge demand for iron ore from China and India, Perth saw big price rises, attracting workers because of a skills shortage in western Australia.

While big-hitting Australian bankers have colonised London, taking top jobs in the City, skills’ shortages across Australia are driving Britons to emigrate. According to currency exchange specialist HiFX, Australia represented 24 per cent of its emigration inquiries last year, followed by Spain at 18 per cent. However, changes to the skills assessment process is slowing down the emigration rate in Australia.

“The new process requires certain trades to have a technical interview and assessment,” says Paul Arthur of the Emigration Group. “This makes the whole process more costly and time-consuming.”

But still worth it if 23,000 Britons who emigrated to Australia last year have got it right. It is not all warm sun and cold beer. But for long-term investors, it is still more Safety Beach than Shark Bay.

❖ Central Equity: 020 7235 2710; [www.centralequity.co.uk](http://www.centralequity.co.uk); [www.centralequity.com.au](http://www.centralequity.com.au)

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## TOP TIPS

- ❖ Beware of Australian property advertised in the UK in pounds. Go on to the developer or agent's website in Australia and you may find the quoted dollar price to the Australian market for the same property is cheaper.
- ❖ Non-residents are taxed on Australian income and capital gains tax (CGT) at between 29 and 45 per cent. CGT can be reduced by 50 per cent after 12 months of ownership. You are not subject to CGT if the house is your main residence. (Source: Blevins Franks: [www.blevinsfranks.com](http://www.blevinsfranks.com).)
- ❖ If you use a property adviser in Australia, make sure the company is independent and not selling properties. An adviser helping you find and buy will charge between 1.5 and 3 per cent of the purchase price. (Source: Wakelin Property Advisory [www.wakelin.com.au](http://www.wakelin.com.au).)
- ❖ You will need approval from the Australian government's Foreign Investment Review Board ([www.firb.gov.au](http://www.firb.gov.au)).
- ❖ Make sure you are given a "Vendor's Statement", with details of title, search and planning approvals.
- ❖ As a foreigner, you can buy brand-new property. You can buy vacant land as long as you start building within 12 months of receiving planning permission and you can redevelop an existing residence as long as it increases the housing supply — e.g. knock down one property and build two. (Source: Nevile & Co lawyers: [www.nevile.com.au](http://www.nevile.com.au).)
- ❖ Developers selling newbuild apartments must sell most of the properties to Australian investors.
- ❖ Stamp duty is usually 5 per cent of the purchase price.
- ❖ Make a will for your Australian assets. There is no inheritance tax in Australia.
- ❖ Challenger, one of Australia's largest mortgage providers, offers 80 per cent loans up to A\$1 million (£479,000) to non-residents ([www.challenger.com.au](http://www.challenger.com.au)).



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A three-bedroom apartment at Cityside, Melbourne Apartments, adjacent to the city centre, and close to Victoria Market, Telstra Dome, Flagstaff Gardens and railway station and Melbourne and RMIT universities. Priced from A\$299,000 (£143,000). Central Equity (as above)

A four-bedroom house in Forest Drive, Mount Martha, Melbourne. Near beach and with great rural and bay views. Priced at A\$850,000 (£407,000). [www.bonaccorde.com.au/](http://www.bonaccorde.com.au/)





*Paradise found: one of the Juniper Group's luxury villas on Australia's eastern seaboard (www.juniper.com.au)*

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Juniper, it is presenting exciting opportunities Down Under at A Place in the Sun Live at Excel in London this weekend. Visit the stand to find out more, and for a chance to win a case of superb Australian wines. THA will also be running a free Australian property

seminar next Thursday at the Telegraph offices in Victoria, London. To find out more about buying in Australia — and to see the range of properties available — register at [www.telegraph.co.uk/propertyseminars](http://www.telegraph.co.uk/propertyseminars) or call 0844 448 6380.



