

# Two government policies expected to create ‘tug of war’ effect on foreign interest in Melbourne property market

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Experts say the Federal Government’s introduction of simpler visa rules for international students could boost Chinese investment in Australian — and notably Melbourne — property, with education already a large driver of foreign home purchases.

The new system will reduce the existing eight student visa types to two — one for students and another for their guardians — and simplify the paperwork for Chinese applicants.

International students from the age of six will only need to prove they have financial capacity and language skills to live and study in Australia. Most applications are expected to be processed within a month.

But the State Government’s plan to hike stamp duty for foreign buyers to 7 per cent and triple a tax on “absentee landholders”, [revealed in April](#), is expected to reduce Melbourne’s appeal to overseas investors and even push them to other states.

CBRE director Mark Wizel said the “uninformed changes” sent “a very negative message” developers in Asia, when Victorian should be welcoming overseas investment.

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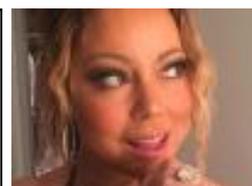
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'Head of Australia' for Chinese property website Juwai.com, Gavin Norris, said the changes would also be bad for domestic property investors and first-home buyers, as Chinese buying off the plan had enabled many Victorian projects to get off the ground.

Mr Norris said demand for Melbourne property from Chinese buyers was yet to let up, with May the "second strongest month yet" for inquiries on Juwai.com, which boasts two million unique visitors each month.

But foreign buyer behaviour may change after July 1, he said: "The stamp duty increase and education visa reform are like a game of tug of war — one might help push demand up, the other might push it down."

Mr Norris said the visa changes, which also included trialling applications in Mandarin and 10-year visas, would help Australia catch up to countries like the US and remain a "destination of choice for overseas students".

He said guardian visa holders accompanying their primary- and secondary-age children to Australia were likely to have the greatest impact on the property market.

Under Foreign Investment Review Board regulations, student and guardian visa-holders are allowed to purchase one existing dwelling.

Education drove six out of 10 buyer inquiries in Victoria made on Juwai.com last year, and Chinese accounted for almost a quarter of Australia's international students.

A report by buyers agency Secret Agent agreed the visa changes could reignite a foreign buyer boom, stating that Chinese parents would now save about \$360,000 by sending their kids to a top primary school in Melbourne instead of Beijing.

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