

Foreign Real Estate Investment and the Australian Residential Property Market: A Study on Chinese Investors

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Abstract—House prices in the Australian capital cities were at record levels subsequent to Global Financial Crisis (GFC) 2008 and many believed that foreign investors, especially the Chinese investors, were the main reason for the Australian capital cities' house prices escalation. This research conducted an Australian cross border semi-structured interviews in Shanghai, China to uncover historical evidence and emerging trend supporting the existence of a significant relationship between overseas investors and residential housing markets performance in Australia subsequent to the GFC 2008. Some unique investment strategies of private investors from China which emphasised on non-capitalist factors such as early education were identified, alongside with some insights on the significant China government policies that have incentivised the cross border investments from China. It is believed that this understanding will assist policy makers to effectively manage the overheated Australian residential property market without compromising the steady flow of FREI.

Keywords—Australian housing market, residential property, foreign real estate investment, education, China investor.

I. INTRODUCTION

A. The Australian Residential Property Market

IN the first half of 2014, house prices in both Sydney and Melbourne were at record levels and the media alleged that house prices in Australia went beyond the reach of the majority of local buyers especially in desirable locations [3], [5], [14]. According to [3], an estimated 18% of new dwellings in Sydney and 14% in Melbourne were purchased by foreigners in 2014. Fig. 1 shows the Australian Bureau of Statistics (ABS) Australian housing index for the period 2007 to 2015. Fig. 1 shows that residential property price grew 50%, 56% and 77%, respectively, for the weighted average of eight Australian capital cities, Melbourne and Sydney property markets from 2007 to 2015.

B. Foreign Real Estate Investment (FREI) In Australia

Active participation by foreign investors in the Australian residential property market has been most evident since the GFC 2008. Many believed that the foreign investors were the main reason for the Australian capital cities' house prices rose by 6.0% in 2014 and 5.0% in 2015 [4], [30], [35]. According to [30] 16% of the total sales in Australian new housing markets were transacted into the hands of foreign buyers in 2015 with foreign buyers' involvement reached over 20% both

in NSW and Victoria. Fig. 2 shows the trend of number of residential real estate approvals for foreign investors in Australia from 2006 to 2014. Fig. 2 shows the significant foreign interest lift in the Australian residential property market. The 36,800 approvals granted in 2014 represents seven times more than that of 2008's approvals. "For Development" refers to approval obtained by foreign persons (both temporary residents and non-residents) from the Foreign Investment Review Board Australia (FIRB) to purchase an established dwelling for redevelopment. "Redevelopment" signifies property development activities including demolishing the existing dwelling and constructing new residential dwellings in its place. The approval granted from FIRB normally entails conditions that at least two dwellings are built for one dwelling demolition. "Developed Residential" refers to FIRB approval granted for foreign buyers who are temporary residents and needing a place to live during their time in Australia. Temporary residents in Australia are allowed to purchase one established dwelling to use as a residence while living in the country. All temporary residents who purchased an established dwelling are required to dispose the property when then leave Australia [17]. According to the reports from [3], [5], [13], many considered the increased approvals were due mainly to offshore investors, especially the Chinese investors.

Although studies were conducted on the impact of offshore investors on the Australian real estate market (see [6], [33]), review to date show that there had not been tangible studies conducted on the factors that result in the emerging FREI trend in the Australian residential property market. Recent offshore investors' substantial investments focused on both the Melbourne and Sydney residential housing markets certainly signal an imminent need to investigate the causes of these cross-border investments influxes. Limited and dated information was identified by [7] as a real concern. Currently, information seems limited with regards to the relationship between overseas purchasers and the dynamics of the Australian housing market.

II. LITERATURE REVIEW

A. The Growth of Asia Pacific Private Wealth and the Global Cross Border Investment

In this global liberalisation era, the potential benefits derived from the cross-border investment as part of the asset allocation strategies had resulted in the inclusion of real estate

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as an essential asset class in many of the international portfolio investments [36]. The major determinants cited for stemming the significant interest from the international investors on real estate sector are the increased level of liquidity, superior returns and improved opportunities [10],

[39]. Other empirical studies seem to suggest that international real estate investment could be regarded as a hedge against excessive risks associated with equity investments [16], [24], [29], [36], [44]. Evidently, cross border FREI is on a rise in this global liberalization era [10], [39]-[41].

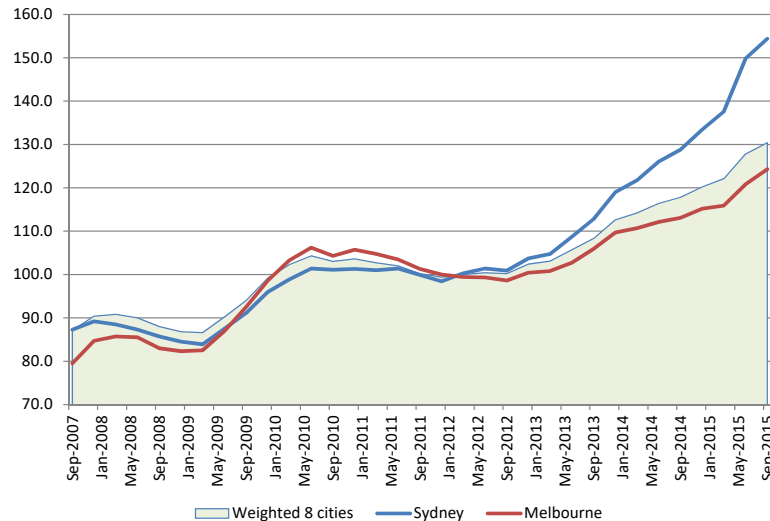


Fig. 1 Australia Housing Price Index 2007 to 2015 [1]

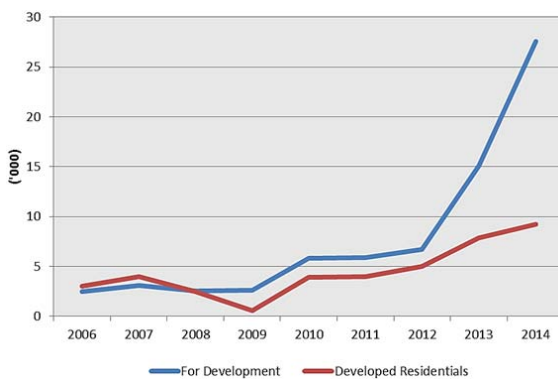


Fig. 2 Residential Real Estate Approvals for Foreign Investors [18]

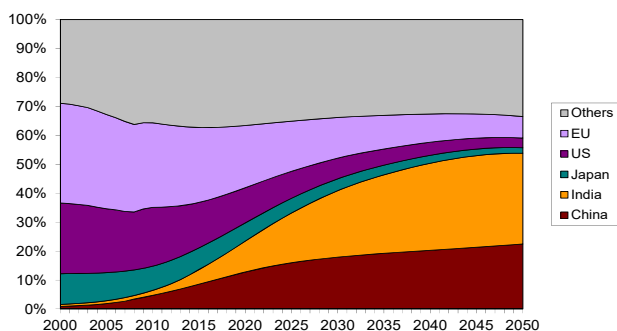


Fig. 3 The Emerging Global Middle Class [25]

A recent trend emerged after the GFC 2008 with the Sovereign Wealth Funds (SWF), wealth management companies, private bankers and wealthy families stepping into

the cross border property market activities that corporate bankers deserted. The rising private wealth in Asia Pacific was believed to be the driver that increased the cross border investment activities seeking higher return and diversification [27], [34]. The growth of High Net Worth Individuals (HNWI) in Asia and their investments in cross-border real estate transactions had impacted the world real estate investment landscape [27]. Similarly, perhaps on a different magnitude, the growth of the global emerging middle class (Expanding Middle) is set to shift the world economy dynamic and consumption pattern. Reference [45] projected that:

- The rise of Expanding Middle (EM) will shift the global consumption pattern moving away from the rich or developed countries to the middle-income economies.
- By 2050, the middle-income economies will be responsible for 60% of the world's GDP.
- A massive global middle-class growth is anticipated to shape new patterns in spending, resource use, environmental and political pressures.

China and India are at the centre of this significant event. The rise of the EM can drive a broad range of economic, social and political revolutions to a scale not seen since the formation of the developed countries' middle classes in the second half of the 19th century. Numerous empirical studies had made similar predictions on the growth of middle class; see [14], [25], [45], and in 2000, Asia (excluding Japan) only accounted for 10% of the global middle class spending. By 2040, this could reach 40% and may continue to rise to 60% in the long-term [25]. The observation from OECD appears consistent with these findings, as illustrated in Fig. 3. Fig. 3 shows that both India and China are expected to contribute a

significant proportion of the new middle class. According to [25], the new middle class is expected to emerge as the upper end income earners by 2050 and they are expected to command impressive spending power globally. The steep increase in Asian demand and the replacement of US demand is clearly seen as a trend that accelerates in the coming decade.

B. Traditional Determinants and the Emergence of the Non-Capitalist Driver

The determinants cited for Chinese investors buying into the Australian residential property market were: better investment fundamentals; the opportunity to acquire freehold property; higher yields compared to China property market; more stable economic environment; and the ability to borrow in Australia [34]. Established factors that drive the Australian housing market demand include:

- i. Recent migrants typically have disposable wealth when they arrive and participate in the housing market sooner than many unskilled migrants.
- ii. Competition with mining and infrastructure for skilled labour and materials limiting the supply of new dwellings.
- iii. Higher rate of granted education visas.
- iv. Real estate is proving attractive for self-managed super funds.

In the midst of FREI activities in the Australian residential property market, the Commonwealth Bank Australia [8] highlighted that the normal investment theory and law of demand and supply was perceived inadequate to explain the reasons of offshore investors' preference in Australia residential properties over other parts of the world. There is an apparent lack of studies assessing the recent real estate investment decision models from a different perspective based

on the emergence of new economic fundamentals subsequent to GFC 2008.

C. Education in Australia

A review of empirical studies uncovered substantial number of evidences that education or more specifically, tertiary education was one of the main drivers for the success of immigration program in Australia. Empirical evidences uncovered that a many international students enrolled in tertiary education contemplated migrating to Australia before or upon graduation. Purchasing residential properties was a natural path for these student migrants [22], [32], [42].

Factors contributing to the Australian migration activities were multifaceted. One complexity had been the addition of new sources of migration including troubled areas from countries such as the Horn of Africa, Afghanistan and Iraq. Another complexity had been the rapid expansion of Australia's international student population. This trend was in its infancy during the early 1990s, but by 2010, Australia had emerged as a leading exporter of education services. As at June 2014, Australia was host to over 500,000 international students, with a significant proportion of these students contemplating migration at the conclusion of their studies [2], [11]. Some of them had come to Australia as students with the primary intention of attaining permanent residency. Students enrolled in programs ranging from a few weeks to several years contributed to both short and longer term arrival statistics. It is envisaged that this emerging trend will develop into a vital element of Australia's relationship with emerging countries within the Asia-Pacific region and in particular with the populous nations of China and India, in the context of both education and tourism [12].

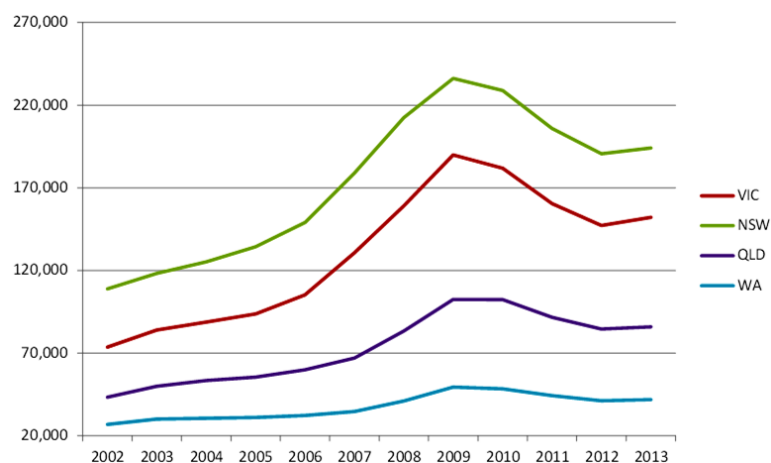


Fig. 4 International Student Enrolments in Australia [2]

Education, as a major component of the Australian service industry, had overtaken iron ore as Australia's biggest foreign exchange income source for the 12 months period between March 2014 and March 2015 [28]. Its role in the Australian economic environment has become even more important in the midst of Government efforts to dilute the heavy reliance on resources development. Fig. 4 illustrates foreign student

arrivals in different states in Australia. Fig. 4 shows that New South Wales (NSW) and Victoria attracted the largest number of international students. Reference [32] expected the rise in foreign students will give rise to demand in Australian residential property especially in education hotspots like Sydney and Melbourne, mainly due to the recent changes of Government regulations on migration policies which made it

easier for students to remain in Australia after graduating and eventually becoming permanent residents. Having established tertiary education could be one the key factors driving foreign investment in the Australian residential property market, more extensive research into the related emerging factors causing the surge of housing demand in Australian cities has become more desirable.

III. METHODOLOGY

This study intends to focus on investigating factors that drive Asia Pacific's private wealth into the Australian residential property market, specifically the private wealth from China. This study is therefore an extension of the prior literatures and makes allowance for emerging factors and determinants of FREI in the Australian real estate market. When combined with the existing set of variables, these emerging determinants subsequent to GFC 2008 provide potentially a better explanation on the recent phenomena of foreign investments in the Australian residential market.

A. The Model

This research intends to rely extensively on a research model providing the much needed systematic platform for emerging determinants investigation. While research is able to determine the relationship of individual economic variables to

the house prices, it tends to neglect the fact that most factors interact simultaneously with varying intensity and at different time periods to house prices [23]. The three-market model that emphasised on the critical relationship between property, space and capital markets constitutes the research platform for this study. Offshore elements and influences will be systematically built into the research modelling to facilitate an orderly analysis on both capitalist factors (for example: real estate transparency, financing cost, per capital income, rent growth) and non-capitalist factors (for example: education).

Following the review of various studies conducted on the factors driving the global FDI investments abroad, it is conclusive that equal importance should be placed on the study on the source of FDI (push factors) in determining the factors affecting FDI in the host country. Reference [29] explored determinants of US investments in real estate abroad based on an FDI model, by comparing FDI in real estate as a subset of FDI in general. Exchange rates, size of the share market, balance of payments, trade flows, cost of capital, and economic growth were identified as major "push factors" for investment in real estate abroad [8], [9], [19]-[21], [31]. Based on the essential fundamentals of [23] model, Fig. 5 illustrates the "Higgins & Peng" model providing an additional assessment platform accommodating the assessment on Space and Financial markets factors from the overseas country:

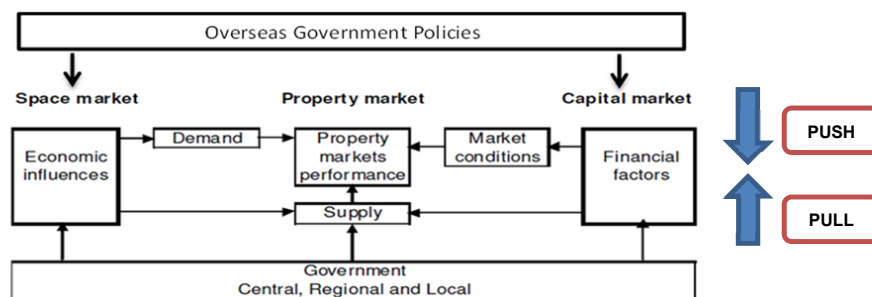


Fig. 5 The "Higgins & Peng" Model

Fig. 5 illustrates an added component of 'Overseas Government Policies' (from which the offshore investors originated) that impacts and influences the space and capital markets of the host country has been incorporated in the "Higgins & Peng" model. It is believed that the resultant economy conditions of the offshore government policies have meaningful influences over the foreign investment outflow from the source country and emerges as impactful effects over the Space and Capital market in the host country. The "Higgins & Peng" model provides the fundamental platform of assessment for various determinants of foreign investments into the Australian residential property market for this study.

B. Qualitative Research–Semi-Structured Interview

This research technique uses a qualitative assessment approach with a semi-structured interviews selected for the study. It is the aim of any qualitative research interview to incorporate a range of approaches into the interviewing process and to see the research topic from the perspective of

the interviewee, specifically to understand how and why he or she arrives at a particular perspective [26], [38]. The feedback and discussions with the relevant stakeholders underpin the fundamental data source and rationale of emerging determinants in the Australian residential property market. References [26] and [37] affirmed that a questionnaire can be qualitative (open-ended/unstructured), quantitative (closed-ended/structured) or mixed methods (semi-structured). This method allows for a focus on a particular unit of analysis rather than a collection of analysis of data [43], [46].

The qualitative semi-structured interview in this study has the following aims:

- To identify factors, referring to the Space and Capital markets, influencing the overseas investors' decision on Australian residential property market
- To identify government policies and to understand the rationales and extend of such government policies causing offshore investments in Australian residential property

market

- iii. To evaluate the impact of non-traditional factors had on overseas investors' decision making

Chinese property professionals will be targeted as interviewees for the study and the participants comprise of a wide range crossed sectional experts from the China property market. The selection of interviewees shall be based upon their involvement in the residential property industry and seniority in their respective organization's decision making

process. Fig. 6 illustrates the interview approaches adopted in this study to ensure adequate and strategic coverage of key players in the Chinese property industry. Fig. 6 illustrates the three key professional groups were identified as the key stakeholders in the research comprising financial professionals, property agents and property researchers. A minimum of one participant from each category was interviewed to ensure a wide range of opinions and experiences were included as part of the data sources.

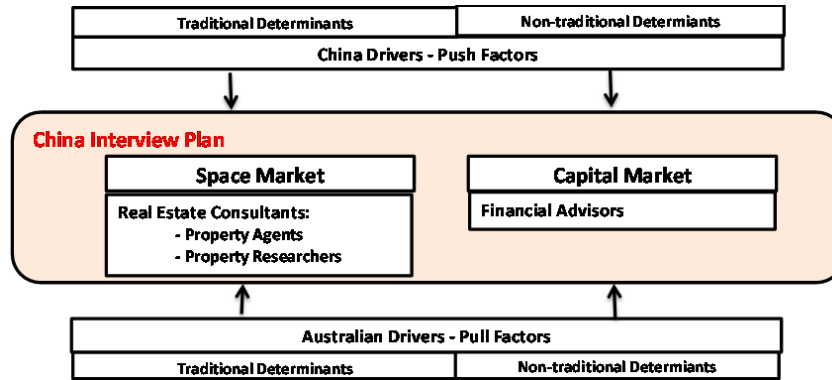


Fig. 6 Interview Plan

TABLE I
CODES FOR CHINA PROPERTY PROFESSIONALS

| Role in Organisation | Type of Organisation | Location/Coverage | Code used for analysis |
|---|--|--------------------------|-----------------------------------|
| Associate Director | Real estate consultant – Global multi-disciplinary property organization, property agent serving all types of property markets | Shanghai, China | China-Global-Real-Estate-Agent |
| Owner | China Property Agent serving overseas property investments and international property conference organiser | Shanghai, China | China-Local-Real-Estate-Agent |
| Director, Head of China Strategy Research | Real estate researcher – Global multi-disciplinary property organisation serving all types of property markets | Shanghai, China | China-Global-Property-Researcher1 |
| Head of Research | Real estate researcher – Global multi-disciplinary property organization serving all types of property markets | Shanghai, China | China-Global-Property-Researcher2 |
| President | Shanghai local property surveyor and agent | Shanghai, China | China-Local-Property-Researcher |
| General Manager | International Merchant Banker – providing cross border financing and transactional services | Shanghai, Beijing, China | China-Global-Financial-Consultant |
| Vice President | Fund Manager and Consultant – providing advisory services to companies and clients on investment | Shanghai, Beijing, China | China-Local-Property-Consultant |

Codes have been assigned to each interviewee as shown in Table I to ensure the responses were de-identified, providing anonymity for the participants. These codes are used to report interview responses.

The interviews were undertaken in June 2015 at the interviewee's place of work, lasting between 30 and 60 minutes covering among others, government policies, information on foreign investors, property market conditions, tourist arrival and international student enrolments information. Interview participants were identified through the author's university networks. In this research data collected from semi-structured interviews will be used to both discover the emerging trends in Australian residential property market. The qualitative data collected (descriptive and narrative) were audio recorded and transcribed. The transcripts were thematically coded using the qualitative analysis software, NVivo.

IV. OUTCOME

A. Emerging Local Determinants – Pull Factors

1) Education

Consistent with empirical evidences, all participants agreed that tertiary education has always been the major foreign income driver in Australia. Interview participants highlighted that education in Australia played a vital role in feeding the source of foreign money in the country. FREI activities in Australia were simultaneously boosted by the participations from the international students and families in the Australian residential property market.

The tertiary education, foreign income and migration activities in Australia significantly correlated based on previous studies. Reference [22] termed the relationship between foreign students and the Australian migration activities as a “two-step migration” phenomenon. The international graduates utilised the temporary graduate visa as

a transition to be eventually qualified for a permanent residency. It was through this “two-step migration” that many international students remain in Australia for an extended period as a natural transition pathway from a student visa to a temporary graduate visa. Purchasing a residential property was a natural path for the international students with the long term perspective of becoming a permanent resident in Australia.

Quotes from Participants:

“They (education) are big attractions to Chinese students and parents who would like to buy one or two (residential properties), one for stay, one for rent....when they have kids, they focus on their education.”(China-Local-Property-Consultant).

“... from my experience with my friends, most of them chose to migrate because they want their kids to have a different type of education...” (China-Global-Financial-Consultant)

“I think because...China is more and more open and they realise that they can learn a lot of things from the world...If they have enough financial support they want their kids go abroad for study”(China-Local-Property-Consultant)

2) Education - Insights

Whilst the empirical reviews centred on studies in the higher education migration trend, this study discovered an emerging trend that overseas parents are sending their children to Australia for earlier year education. The higher risk appetite from these overseas parents had resulted in an emerging trend that many international students are residing in Australia for a longer period. The research revealed that residential properties surrounding the university, higher ranked secondary and primary school zones in Melbourne were experiencing significant international student enrolments. This emerging trend of Chinese parents sending children to Australia in their earlier years were validated in the semi-structured interviews. Fig. 7 demonstrates the Nvivo coverage analysis on interviewees’ responses:

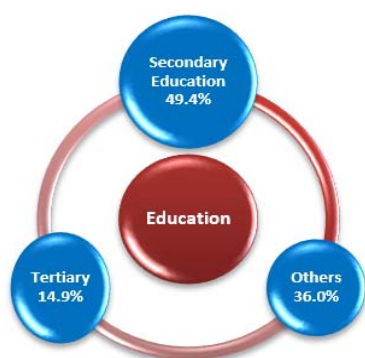


Fig. 7 Education – Nvivo Coverage Analysis

Based on Nvivo coverage analysis, there were approximately 49.4% of the interview discussion centred on education as a driver from the perspective of Secondary Education in Australia, 36% coverage talked about other

education formant (for example primary education and short term courses) and 14.9% of the interview coverage talked about tertiary education as the main driver. This study revealed the insights that instead of the normal duration of tertiary courses enrolment, historically; international students were residing in Australia for a much longer period due to earlier education enrolments. This trend had further incentivised overseas parents to purchase residential properties in Australia.

Quotes from Participants:

“...I’m talking about preliminary and high schools. Here we go out to about competition, compete with lot of guys, a lot of children.” (China-Global-Real-Estate-Agent)

“...their kids enrolled in primary schools, some even go to kindergarten or day-care centres (in Australia)....” (China-Global-Investment-Consultant).

The main attributes resulting in Chinese parents becoming more inclined to send their children to Australia in their earlier years are:

- China’s education system was perceived to be rigid and lacking in innovations.
- Students’ results were based heavily on their capability to memorise and answer standardised examination questions.
- Chinese parents were more inclined to provide a more conducive learning environment for their children with one that is not purely based on examinations results
- Education institutions in China were highly competitive and the reputation of the education institutions precedes the students’ academic performance.
- Chinese parents were increasingly reluctant to subject their children to the highly pressurised competitive environment and perceived western education as providing a better learning environment.
- Decades of “single-child” policies in China had created a high degree of protectionism among the parents to shelter their children against an extreme competitive study environment.

Quotes from Participants:

“Most of them chose to migrate because they want their kids to have a different type of education.....I believe Chinese education is more like – more on examination practice focusthey perceived the education style in maybe the US, or in Australia, Canada or Europe are geared to encourage kids to learn and to develop their own way of thinking...” (China-Global-Financial-Consultant).

“... it’s (China’s Education) not good for the children in terms of independent thinking. They are trying to get passed the test. So parents are quite worried about that.”(China-Local-Property-Researcher).

“And you also have to understand the number of kids which go through education system in China and the fierceness in terms of competitive environment is extreme here. It’s extreme.”(China-Global-Real-Estate-Agent)

“...education in China, as you know, it’s hugely

competitive...I mean there's just huge pressure, especially at the end of high school exams, getting in to university. Because there's pressure from parents, there's pressure from peers and some people who are caught in that system, you know, it's viewed as a make or break." (China-Global-Property-Researcher)

"There's a big emphasis in terms of trying to give your kids the best in life. Not necessarily through emotional connection, but by getting them the best school or getting the best this or the best that...I don't know if they're a feeling a little bit guilty about not spending the time, but they'll spend the money if they want to give their kids the best chance in life." (China-Global-Real-Estate-Agent)

B. China Macro Economy and Government Policies – Push Factors

1) Wealth Accumulations and China “One-Child” Policy

Significant wealth was created among the Chinese residents due to both the country's phenomenal economic growth and the implementation of its social economic “one-child” policy. As the “one-child” policy had been recently officially ended and was being replaced by a “two-child” policy in 2015, this study presents the unique “1 + 1 = 2” phenomenon in China that had impacted the fundamentals of both social and economy of China for the past decades. It is only towards the early part of this century that the wealth creation and accumulation in China experienced a “doubled-up” effect, especially among the second generation of China one-child policy. In the context of this one-child policy, the decades of wealth created by the first generation had flowed down to the second generation especially when the second generation started setup their own young households. This phenomenon had led to enormous wealth liquidity among the young Chinese families, available to be invested both locally and internationally. Fig. 8 illustrates the wealth accumulation “1 + 1 = 2” phenomenon in China:

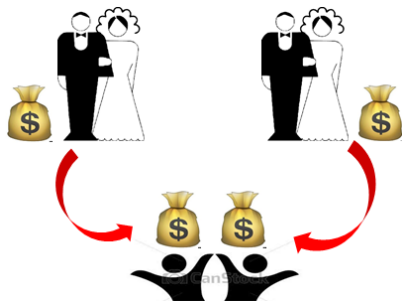


Fig. 8 China “1+1=2” Wealth Accumulation Phenomenon

The current social trend in China is filled with the second generation of “one-child”, as illustrated in Fig. 8. When these second generation of “one-child” were married; the accumulated wealth of the two first generations of “one-child” were naturally passed down and merged in the hands of these second generation “one-child” married couples. Considering the fact that China is currently the most populated nation in the world, the impact of this wealth creation is foreseen to be

economically impactful.

Quotes from Participants:

"Because why...China in the last 14 years has accumulate lots of money. People accumulate, because this has lasted very long, from 2000 to 2015, very long" (China-Local-Real-Estate-Agent)

"So you invest a lot into your kids (in China).....there's a big emphasis in terms of trying to give your kids the best in life. Not necessarily through emotional connection, but by getting them the best school or getting the best this or the best that." (China-Global-Real-Estate-Agent)

".....not only for their kids study, in China parents the best of everything for their kids...So if they realise, okay, the education or the environment or something else overseas is better than in China, they want that, and they send their children overseas." (China-Local-Property-Consultant)

".....the way that the whole family is actually, sort of, structured in China is the kids should be looked after by their grandparents.....they'll spend the money if they want to give their kids the best chance in life..." (China-Global-Real-Estate-Agent)

2) Primary Push Factor – China “Going-Out” Policy

China's “going-out” policy since 1999 had further fuelled the momentum for the Chinese to invest in overseas markets. Whilst State Owned Enterprises and private entities from China were actively engaged in international merger and acquisition exercises, wealthy Chinese private investors were pursuing the world property market. In the wave of China's substantial investment in offshore markets, Australia emerged as the second highest recipient of China Outward FDI in 2014 [15].

Quotes from Participants:

"The government policy...encourages people to invest in overseas. The Chinese Shanghai City Governor a few days (ago) announced a new policy to try to encourage people to invest overseas. Why? Because the Chinese currency should become global currency." (China-Local-Property-Researcher)

"If the money stays(in China), and is forced to stay, then it just keeps fuelling higher prices, because it can't get out...if you're going to restrict what people can invest in, you create imbalances, those imbalances are not healthy...they've got their own problems with demand exceeding supply in their first-tier cities. The issue is, 'okay, we've got to take some of that money that would be going into those first-tier cities and let it out into the world.'" (China-Global-Property-Researcher1)

"I think money is too much; they want to change it to US dollar or something like that. So that's why you can see a lot of Chinese company invest overseas. That's actually the government encouraging them to do some overseas investment, to transfer RMB overseas. That's why they say in recent years that the Chinese government will study the movement of RMB, and make RMB an

international currency.” (China-Local-Property-Consultant)

“if you look at the insurance companies since 2002, they’ve essentially been let off the leash to invest up to 15% of their assets in overseas real estate.”(China-Global-Property-Researcher2)

V.CONCLUSION

The aim for this study is to explore evidences of a relationship between overseas investments and the Australian residential housing markets performance, particularly in areas that has experienced significant growth subsequent to GFC 2008. A series of semi-structured interviews were conducted in China to seek the latest market information and verification to justify the findings that the Australian residential property market was increasingly influenced by overseas conditions and early Australian education had emerged as a new driver that should be taken into account for future evaluation of Australian residential property market.

Past empirical evidences found that education had been one of the key drivers for the Australian foreign income and property market. This was again validated in this study that education remained a key driver for Australian residential property market subsequent to GFC 2008. This research has uncovered a new trend that instead of merely focusing on tertiary education, the Chinese parents enrolled their children in their earlier years of education in Australia; namely the primary and secondary schools. As a result, residential properties surrounding higher ranked secondary and primary

school zones in Australia experienced substantial growth recently.

Guided by the “Push and Pull” model of this study, an open-ended approach was employed in the interviews to solicit in-depth issue. It was found that significant wealth was created and accumulated among the Chinese due to both phenomenal economic growth and the social economic impact of the “one-child” policy. This study presented the unique “1 + 1 = 2” phenomenon in China that has impacted all aspects of Chinese society for the past decades. Wealth experienced a “doubled-up” effect due to both the creation and accumulation in the first generation’s wealth that was subsequently passed down to the second generations of the “one-child” policy. They merged the wealth of two families into one newly married couple and created a new generation of wealthy young Chinese families, ready to be invested both locally and internationally.

China’s “going-out” policy since 1999 had further invigorated the momentum for the Chinese to invest in overseas markets. This policy played a major role in driving wealthy Chinese private investors to eagerly pursue the world property market. Australian residential property emerged as one of their favourite asset classes.

Fig. 9 shows the pictorial representation of Australian residential property market model simulated based on the major “push” factors from offshore government policies, coupled with the significant “pull” factors from Australian government policies and the resultant interactions of property, space and capital market determinants:



Fig. 9 New Australian Residential Property Market Model

Current Australian residential property market performance is uniquely shaped by both foreign government policies and Australian government policies, as depicted in Fig. 9. Current evaluation measures on the Australian residential property market performance are perceived inadequate due to its performance evaluation being heavily focused on domestic conditions and drivers. Undoubtedly, it is Australian

government policies in the area of foreign investment, education, immigration and social security benefits that have provided the much needed foundation for a favourable investment environment. As the world becomes more transparent, fuelled with globalization and advancement in information technologies, these favourable drivers were fast acted upon by global real estate investors engaging in cross

border real estate transactions in Australia. Chinese investors were the subject of study in this assessment which saw the impacts of the “one-child” social policy and the “going-out” policy that “pushed” China investors to actively pursue cross border real estate investments.

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