

Bang for buck: Australians looking overseas for affordable housing



Nearing completion: Sydneysiders Chris and Jamie Seymour are building themselves a three-bedroom house 15 minutes from the centre of Queenstown in New Zealand. **Chris Seymour**
Michael Bleby Australian Financial Review
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It started in Queenstown with a marathon. In 2014 Sydneysiders Chris and Jamie Seymour were running a race in the southern New Zealand town when they found themselves buying a plot of land to build a house.

It wasn't an accidental purchase – the couple chose the site 15 minutes outside of Queenstown after looking at areas such as the NSW central coast – but the fast-rising NZ housing market made them decide to build on it sooner than they had anticipated.

Next month the US-born IT manager Chris and health consultant Jamie expect to complete their holiday (and eventual retirement) house with unobstructed lake and mountain views.

The naturalised Australians have lived in Sydney for seven years and rent in Coogee, in the city's eastern suburbs. The decision to spend \$NZ1.3 million for a house and land across the ditch was a no-brainer, Chris says.



Chris and Jamie Seymour, who rent in Coogee, decided building in New Zealand would get them a lot more mileage for their money. **Chris Seymour**

"It just felt that we would be able to get a lot more mileage for our money," he says.

"We're going to build a four-bedroom ski chalet for less than what it would cost to buy a one- or two-bedroom unit here in the eastern suburbs of Sydney."

Australia's [housing affordability](#) crisis is prompting many people to reconsider the traditional idea of home ownership. With housing prices surging relative to incomes, a growing number of people is looking elsewhere. And it's not just the very wealthy.

More than one-third of respondents to a consumer survey by real estate portal REA Group last year said they were considering or would consider buying overseas. The US, NZ and UK topped the list of destinations. And more than half said they would consider spending \$500,000 or less.

"It's not just the uber-wealthy who are looking at buying overseas," REA Group economist Nerida Conisbee says. "People are curious as to what they can buy."

In Australia, where the [median home price](#) ranged from \$845,000 in Sydney to \$336,000 in Hobart in November, prices are high globally. Figures compiled by global agency Savills for *The Australian Financial Review* show that other countries offer a stronger bang for the real estate buck than Australia.

Spending about \$800,000 would secure a one-bedroom apartment in London's Southgate or a two-bedroom apartment in New York's Upper East Side. A two-bedroom apartment in Singapore's Jurong West would cost about \$481,000, while a two-bedroom apartment in Mumbai's Wadala would go for about \$349,000. For people such as Seymour, who owned property in the US prior to moving to Australia, Sydney prices were worryingly high.

"We just didn't have a good feeling about buying into Sydney at the prices it was," he says. "We lived in LA prior to the global financial crisis, so we had some deja vu feelings about how the Sydney market just seems to be very, very hot and maybe overinflated."

The red-hot property market on Australia's east coast isn't fuelled by a low-doc credit boom of the sort that led to the catastrophic collapse of the US market portrayed in movies such as *The Big Short*. Further, there are already signs that the construction industry, buoyed by record numbers of new apartments in recent years, [is already paring back production](#) in anticipation of a weaker market, which should help stave off a collapse in prices.

Price wasn't the only thing putting the Seymours off. Having sold the property they owned in the US, they realised that to get something in Australia they wanted to eventually live out their years in would require substantial investment.

"Once you've spent \$1 million to get something you've got to spend another 400 grand or more to fix it up," he says.

[The attraction of the New Zealand market has been noticed by a lot of people, says Mary O'Brien, a Sydney-based broker who arranges mortgages with NZ banks for Australian buyers of Kiwi property. One of the biggest sources of demand, she says, is Kiwis returning home in the wake of the resources slowdown.](#)

Cheaper air travel also helps. Luke Hayward, an Australian architect who renovates local homes for foreign buyers in Kyoto in Japan, says there is a growing market in the Airbnb age of travellers – particularly repeat ones – from countries such as Australia and Europe keen to stay in a home rather than a hotel.

In Sydney, Seymour is planning his next trip to Queenstown to coincide with another marathon. This time, however, he wants to use the chance to buy furniture for their completed house.

"There's a marathon in February that I've got my eyes on just outside Queenstown," he says. "I'm saying 'We should go and fit out the house, make sure all the furniture is right' and I'll just happen to run a race while we're there as well'."

Read more: <http://www.afr.com/real-estate/bang-for-buck-australians-looking-overseas-for-affordable-housing-20161208-gt6uhk#ixzz4ZSydFKcy>

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