

Chinese investors spooked by foreign buyer ban, says website

ANUJA NADKARNI AND CATHERINE HARRIS

Last updated , August 17 2018

[Who does the foreign buyer ban affect?](#)

Chinese investors' interest in New Zealand property has already been dented by the foreign buyer ban introduced by the Government, a Chinese real estate website says.

The [Overseas Investment Amendment Bill](#) passed on Wednesday will stop foreigners not intending to live in New Zealand from buying existing homes. While Australian and Singaporean investors are exempt, these rules will apply to Chinese investors.

Juwai, a global website for Chinese property buyers, said a falloff in Chinese buyers in New Zealand was already evident ahead of the ban.

Spokesman Dave Platter said: "It has been the bad luck of Chinese buyers to become visible in the market at the same time as interest rates hit rock bottom."

READ MORE:

* [Explainer: Who does the foreign buyer ban really affect?](#)

* [Labour's bill to curb foreigners buying New Zealand homes becomes law](#)

* [Foreign buyer ban comes as Reserve Bank pours a little petrol on the housing market](#)

Data from Juwai shows the quarterly measure of Chinese interest in New Zealand housing fell by 31 per cent in the June quarter compared to the previous quarter, as measured by buyer enquiries to its website.

"Taking the long view, Chinese interest started at very, very low levels in 2014, grew significantly in 2015, really peaked in 2016 and the first quarter of 2017, then declined over two quarters," Platter said.



SEAN GALLUP/GETTY

The Property Council says small developments will likely go unfinished due to the ban.

"The proposed ban gave demand a shot of adrenaline and buying hit its third highest level on record in the first quarter and is now nearly back at levels last seen in 2015."

Chinese buyers spent \$1.1 billion on New Zealand residential properties last year, and were the largest group of foreign buyers.

In the June quarter, overseas buyers accounted for less than 3 per cent of national house transfers, according to Stats NZ.

The new bill banning most non-resident investors from buying property could also mean that smaller developments underway wouldn't be completed, the Property Council said.

The [Overseas Investment Amendment Bill](#) does allow non-resident investors to purchase new apartments in large developments and multi-storey blocks bought off the plans.



GETTY IMAGES

Chinese buyers spent \$1.1 billion on New Zealand residential properties last year, and were the largest group of foreign buyers.

Property Council New Zealand head of advocacy Matt Paterson said due to restrictions on smaller housing developments and stand-alone housing many of these projects would go unfinished.

"Smaller developments are more common in New Zealand, so with more hoops for investors to jump through, they might become more cautious and if they find it too hard, they'll take their money elsewhere," Paterson.

Paterson said the ban made New Zealand look more unattractive to overseas investors.

"We will see less interest, and the flow on of this will be that we'll build less than if the ban hadn't come," Paterson said.

"Housing takes a lot of capital and we don't have a lot of that locally. Also because development is risky banks often require presales and a lot of these come from foreign buyers."



KEVIN STENT/STUFF

Trade and Economic Development Minister David Parker who is responsible for the bill, said the "significant milestone" would help make the dream of home ownership a reality for more Kiwis.

Earlier this year Trade and Economic Development Minister David Parker announced plans for the ban had been relaxed to allow investors to buy apartments after pleas for tweaks poured into Parliament before the submissions deadline earlier this year.

When the bill passed Parker said the "significant milestone" would help make the dream of home ownership a reality for more Kiwis.

On Thursday Prime Minister Jacinda Ardern said that many other countries had similar legislation the Overseas Investment Amendment Bill.

"New Zealand is an anomaly that in fact we didn't have any restrictions of this kind," Ardern said.

But Paterson said the Overseas Amendment Bill went further than other countries.

"In Australia foreign investors can't buy existing homes but they can build standalone housing. New Zealand's legislation goes further and has more restrictions."

Australian and Singaporean investors will be exempt from the ban due to free-trade rules, but must be screened by the Overseas Investment Office.

Anyone holding a resident visa that has been living here for at least a year including at least 183 days in the past year, will still be able to purchase a home.

Platter expected Chinese buyer demand will remain moderate into 2019.

"Is the ban wise or useful? We think it's neither. Foreign buyers are important, useful, and even vital in New Zealand but they are not a problem," Platter said.

"I think that's what the data clearly shows. Foreign buying is just 3 per cent of the market and tends to be focused on new development, making clear again that foreign investment leads to the creation of new dwellings. That's vital in a market with a housing shortage, like Auckland."

- Stuff