



Master Builders Building and Construction Industry Forecasts for the June quarter were again reported on by the *Australian Financial Review* this morning following earlier coverage in the paper's weekend edition.

Please find below the following media clip:

Foreign new apartment buyers to more than halve, Master Builders forecasts show, *Australian Financial Review*, 24/7/2017

Reports on the prediction in Master Builders *Building and Construction Industry Forecasts* that the number of foreign buyer funded apartment developments have reached their peak and will fall back over the next three years.

Foreign new apartment buyers to more than halve, Master Builders forecasts show

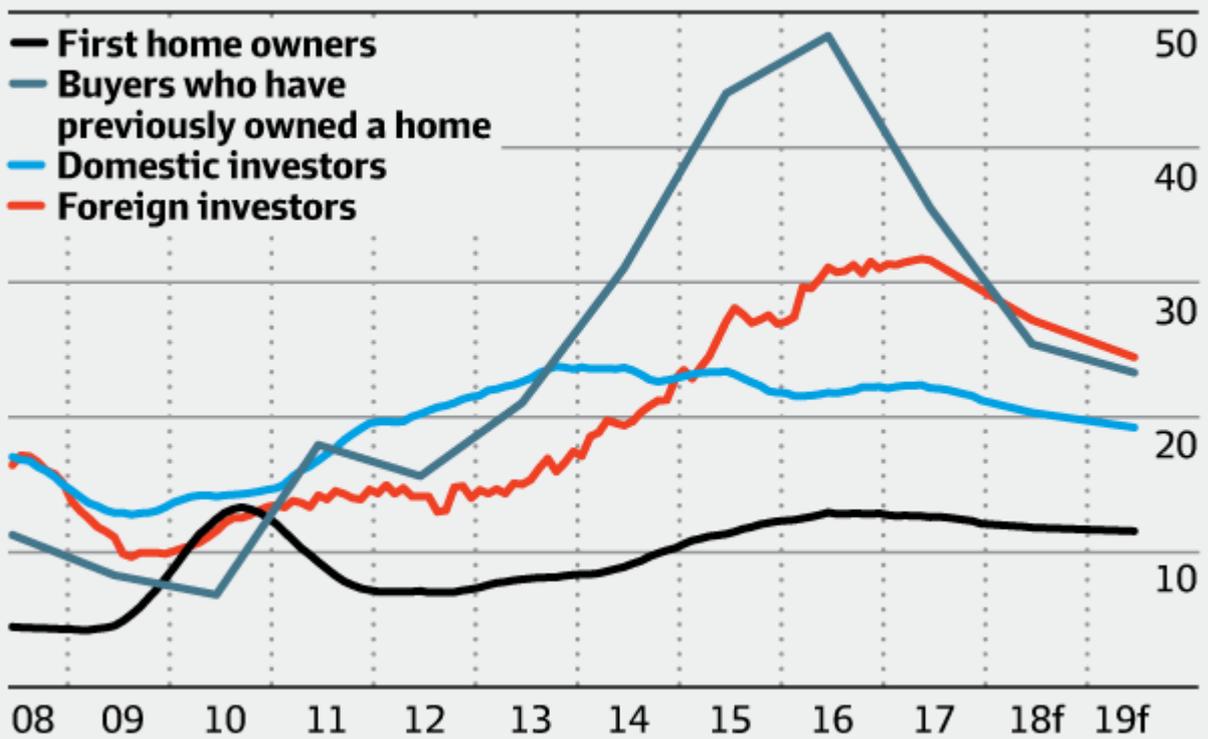
Foreign buyer-funded new apartments will more than halve in the three years from their peak last year to 2019, latest forecasts by MBA show.

While foreign investment in detached housing is also likely to take a hit as local banks cut back funding to overseas buyers, and the effect of higher surcharges and taxes levied by state governments take effect, the biggest effect will be on apartments, where commencements of new units supported by foreign purchases will fall from the rolling 12-monthly peak of 48,251 in June last year to 23,304 in June 2019, the building lobby group's latest *Industry Forecasts Australia June 2017* report shows.

"Foreign investor activity is expected to fall considerably in the next two years as recent moves by the commonwealth government and by the NSW state government tighten restrictions on foreign property buyers," the report says.

The forecasts spell out just how dependent the current housing construction boom – the country's biggest ever – is on foreign capital. While the long-term drivers of population growth and Australia's attractiveness as a safe place to invest capital are likely to ensure continued foreign investment in housing stock, the recent tax and lending changes are hastening the end of the boom.

Housing starts by buyer type, attached dwellings ('000s)



SOURCE: MBA, MACROMONITOR, ABS

The figures are contained in the report that also predicts apartment construction in NSW to fall by almost 40 per cent over the next four years, saying the NSW market, with its high reliance on investors – both domestic and offshore – and higher price levels than elsewhere in the country, will face the biggest correction as Australia's biggest-ever housing construction boom slows.

Foreign investment in detached house commencements is lower than in apartments. The peak of investment in standalone dwellings – also in June last year – resulted in 26,044 housing starts, nearly half the number of apartments.

However, the decline in standalone house investment will not be as deep nor as long, the MBA forecasts show. While foreign-funded commencements in detached houses are expected to fall as much as 33 per cent from last year's peak to 17,441 in June 2018, they will then pick up over the following year to 18,060, the report says.

The forecasts predict total new housing starts to fall almost 23 per cent from the rolling 12-monthly peak of 232,018 in March 2016 to 179,580 in June 2019, just under half the rate of decline of the total 44.3 per cent fall expected in foreign-funded housing starts. The slowdown by first home owners, other owner-occupiers changing dwelling type and domestic investors will be less pronounced.

NSW is likely to bear the brunt of the apartment construction slowdown, the MBA says, but not everyone agrees.

"I would have thought, considering Victoria, particularly inner-city Melbourne, seems to be attracting the largest proportion of foreign investment, that's where the pullback would have been most noticeable," said CoreLogic head of research Tim Lawless.

Approvals to build new apartments – a leading indicator that comes in advance of actual dwelling commencements – hit an eight-month low in May as Australia's high-rise boom continued to falter in the face of weakening investor demand, a crackdown on interest-only loans and more taxes and charges heaped on foreign buyers.