



Investing in Australia

A step-by-step guide by JLL Residential



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Why buy Australian property

1

Freehold

The vast majority of property in Australia (residential and commercial) is freehold property. Other ownership titles include leasehold, strata title, company titles and retirement villages. Source: domain.com.au.

2

Government

Australia continues to be a successful and multicultural democratic nation. In 2020, Australia was ranked as the 44th most politically stable country out of 194 countries worldwide. Australia maintains a stable liberal democratic political system and practices have been hailed for their robustness, adaptability, functionality, and resilience.

3

Proximity to Asia

Perth is the closest major Australian capital city to Asia and shares the same time zone as 60% of the world's population, including capital cities such as Singapore, Hong Kong, Kuala Lumpur, Jakarta, Beijing, and Shanghai. The East Coast of Australia has only a 2-hour time difference in winter and a +3-hour difference in New South Wales (NSW) and Victoria (VIC) in summer.

4

Affordability

Australian housing affordability is becoming more challenging in the local market, yet foreign buyers' interest remains strong. Record migration, China's housing crisis, Australia's stability and Asian private wealth's influence are driving the surge from international purchasers.

5

Economy

Australia is a major player in the mining and resource sector particularly in the production and export of coal, iron ore, gold, and natural gas. It is also one of the world's top exporters of agricultural commodities; including its world renowned wines, beef, wool and dairy products. This coupled with its advances in healthcare and biotechnology, tourist and hospitality and financial services industry, has resulted in Australia ranking as the 13th largest economy in the world according to nominal GDP.

6

Education

Australian schools are among the finest in the world, and Australia has the world's third-strongest higher education system, after the United States and United Kingdom.

7

Population growth

Australia's population is projected to reach 30 million by 2030, with the majority of this growth occurring in our major cities. This rapid urbanisation will mean its critical to invest near key infrastructure, i.e. quality educational facilities, proximity to CBD, excellent transport systems as this will enhance capital growth with the significant demand on housing.

8

Cosmopolitan country

Australia is considered a diverse, inclusive and cosmopolitan country. It is known as one of the highest proportions of foreign-born residents in the world and has embraced multiculturalism, especially since the 1970s, and this is reflected in its population, with a wide range of ethnicities and cultural backgrounds, particularly Sydney and Melbourne contributing to a vibrant and diverse society embracing multiculturalism.

9

Rentability

In recent years, Australia's rental market has experienced significant flux. This has been influenced by interest-rate rises, low vacancy rates, the return of international students, high migration, construction supply chain issues, labour shortage limiting construction growth. Real-estate investment offers long-term capital gains and the potential for steady rental yields. The current market continues to favour investors due to high demand and record low-vacancy rates.

10

Safe country

Australians enjoy a deep sense of safety and freedom thanks to our enduring political stability and open, diverse society. In 2024, Sydney and Melbourne ranked among the top 10 safest cities in the world after landing 4th the previous year, according to Economist Intelligence Unit's Safe Cities Index.





Perth

Perth is known for its beautiful beaches and over 60 golf courses in the region, known for being the sunniest city in Australia. Rottnest Island is a short ferry ride away, it's home to the adorable quokka and with fantastic snorkelling and cycling. Margaret River is the world famous wine region just a few hours drive to the south.

Australia lifestyle

Australia is renowned for its stunning landscapes, vibrant cities, and rich cultural heritage.

Whether you're interested in exploring the bustling streets of Sydney and Melbourne, diving into the Great Barrier Reef, or experiencing the unique wildlife and rugged beauty of the Outback, there's something for every traveller.

Most investment grade property is located in large Australian cities, particularly Sydney, Melbourne, Perth and Brisbane.

Here are some highlights of Australian tourism:

Sydney

Known for the iconic Sydney Opera House, Sydney Harbour and the iconic Sydney Harbour Bridge, beautiful beaches, The Rocks and Darling Harbour and of course the beach and yachting lifestyle. This is all further enhanced by a burgeoning dining and wellness scene.

Melbourne

A cosmopolitan city that balances culture, nature, fashion and lifestyle. The sporting capital of Australia, also famous for its art scene with museums, St. Kilda Beach, and many exquisite european and asian dining options and wine scene.



Brisbane

The future Olympic City, known for its world class sporting culture, relaxed and sunny lifestyle and fast becoming a world class city with some of the highest migration rates in the nation.

Great Barrier Reef

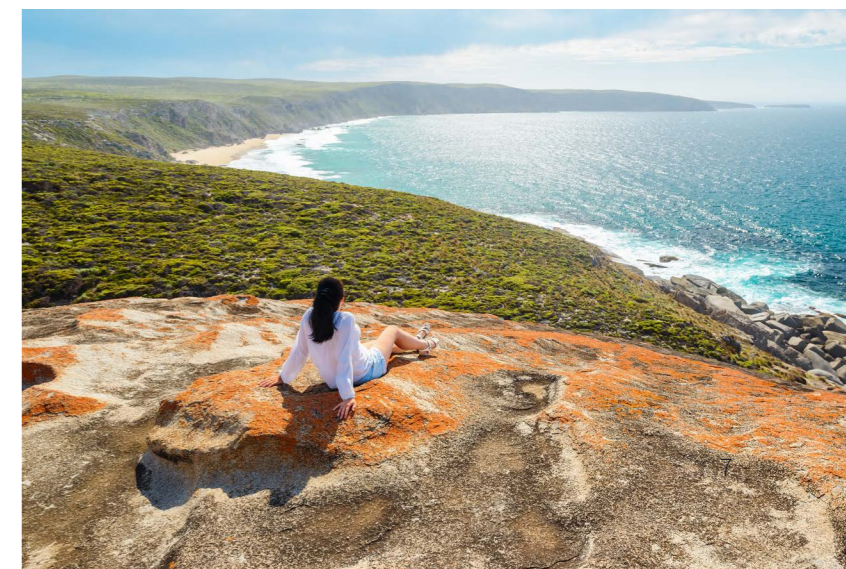
The world's largest coral reef system, offering unparalleled snorkelling and diving experiences in far north Queensland.

Uluru

The majestic monolith in the heart of the Red Centre, sacred to the indigenous Anangu people.

Kangaroo Island

A haven for wildlife enthusiasts, with kangaroos, koalas, and diverse bird species.





Location and growth

Most of the interest in apartment and townhouse projects tends to be close proximity or adjacent to major CBD's and/or the more affluent and/or most recognised suburbs.

When it comes to investing, the location of a property is often more important than the property itself. Be on the lookout for areas where population growth is trending upwards and there is significant investment into local infrastructure.

For apartment investors, the best locations are usually in suburbs 4 – 8 km from the CBD. **For stand alone houses or new townhouses**, the best locations tend to be a little further out, around 6 -12 km from the centre.



Amenity and transport

It's wise to target a location within walking distance of a village-style shopping strip and close to public transport, parks, schools and entertainment areas. When prospective tenants are assessing a property, easy access to amenity and transport are at the top of their wishlist. Look for a property that is well connected to the CBD and surrounding amenities via public transport, ideally with a train station or bus stop within walking distance.



Your guide to purchasing a new property in Australia

10 Steps to buying a new property in Australia

1 **Selection and reservation** of a new property, secure your new property with a small holding fee, refundable once 10% deposit is received.

2 **Conveyancer / Solicitor introduction:** Your JLL Broker will introduce you to a recommended legal expert to review your e-contract prior to signing.

4 **10% Deposit** typically due within 7 - 14 days of contract exchange, your deposit will be held in a trust account pending settlement and completion.

3 **E-contract** is issued by the Vendors solicitor, once you have completed the review, E-Sign Contract is typically signed within 7 days of reservation.

5 **FIRB** application is completed via online government portal, FIRB approval is due within 30 days of contract exchange. In some instances the developer may have blanket FIRB approval for their project, where you may not be required to submit a FIRB application.

6 **Holding Fee** refunded to your nominated account, refunded to your nominated bank account, from step 1.

7 **Construction phase:** Regular updates on project milestones should be sent to you on construction progress from the developer. It is important to keep in mind that completion and settlement dates can change during construction due to a range of varying factors.

8 **Finance:** Within 90 days from completion, you can commence your mortgage finance process - your JLL Broker will be able to assist with a recommended mortgage broker with an Australian bank or local bank.

10 **Settlement and handover:** Following the issue of titles you may proceed to settlement, with timing pursuant to your contract, typically 14 days from the issue of titles. Your Conveyancer/Solicitor and JLL Broker will guide you through the completion steps. Settlement date is the day the title transfer takes place, balance and stamp duty are paid and you can collect your keys, ready to lease or move in.

9 **Pre-settlement inspection:** Closer to completion/settlement you will be eligible to walk through your new property, you will be advised by the Vendor of the date/time. In the event of any imperfections the builder will make their best effort to rectify these prior to settlement, although some works may be required to be completed after settlement. If you are not able to attend you can appoint a 3rd Party to attend on your behalf, i.e. Property Manager or Friend.

Purchasing a new property in Australia

This guide will take you through the basics of property investment, from what to look for in potential investment to financial opportunities for foreigners.

An off-the-plan purchase means buying a property before it has been fully constructed, or in some cases, even commenced. This is a common strategy among property buyers in Australia.

Top tips for making sure you get the best out of your off-the-plan purchase:



10% deposit

Typically, a 10% deposit is required when buying off the plan in Australia. This upfront commitment secures your future property at today's prices, with often approximately 24 - 36 months of build time before you need to consider settlement.



Conveyancer or solicitor

We will recommend a trusted Conveyancer, enlisting a conveyancer is key. They will navigate the legal intricacies, ensuring your contract protects your interests, particularly with clauses specific to off-the-plan purchases, like sunset clauses. They'll also guide you through the settlement process to ensure the exchange is as smooth as possible.



Mortgage finance

It's crucial to consider that if your financial circumstances could alter between signing the contract and the settlement date, you may face challenges due to the binding nature of the unconditional contract. Remember, pre-approvals have an expiration date.



Owner's Corporation (OC) or Body Corporate (BC)

The OC manages common property and services within a strata-titled property (such as apartments, units, or townhouses). Common areas include lobbies, car parks, gardens, gyms, and amenities. As an owner, you're automatically a member of the OC. The OC is responsible for maintaining and repairing common property. This ensures well-kept spaces and contributes to property value. Owners contribute financially to cover maintenance costs on a quarterly basis. These collective contributions fund repairs, cleaning, and other upkeep. Well-maintained common areas can positively impact property values. By sharing maintenance expenses, owners benefit from cost-effective property management.



The developer

Opting for a reputable developer with a strong track record is paramount. Do they have a reputation for quality, reliability, and adherence to timelines? Is their word-of-mouth positive? And what about repeat purchasers? It's important to do your research, looking at past projects to gauge a developer's standard of work and the ongoing capital appreciation of their buildings in Australia.



Timeline

Reputable developers have clear policies in place to clearly communicate construction timelines and expectations if delays occur to ensure transparency and trust.



Long-term considerations

Consider the future resale value and rental potential.



Costs of apartments

While the purchase price is the most significant cost, there are several additional expenses to consider:

- **Stamp Duty:** This is paid by the purchaser to the State Government and is based on a sliding scale depending on the purchase price, duties will vary from state to state.
- **Settlement / Legal Fees:** Legal fees may be incurred during the purchase and transfer/settlement process. At settlement, adjustments for rates, land tax liability, and strata fees may be necessary. Your settlement agent will prepare a settlement statement detailing these adjustments.
- **Strata Expenses:** Under strata title, annual strata fees are required. For an off-the-plan purchase, you will receive a copy of the proposed strata budget.
- **Ongoing Expenses:** These include:
 - Quarterly strata levies,
 - Local government and water rates, a
 - Water usage and electricity (typically paid by tenants).

Why buy off the plan?

- **Best price with a 10% deposit:** Secure the best price in today's market with just a 10% deposit.
- **Today's price for tomorrow's equity:** An off-the-plan purchase allows you to lock in property ownership without immediate settlement. Capital growth can enhance the value of your initial small deposit as you leverage the full property value.
- **Time on your side:** The extended settlement period provides breathing room to plan and if need be sell your existing property or save more to reduce your mortgage.
- **Early selection:** Getting in early lets you choose the best apartment and aspect in the development and make individual selections for finishes.
- **No Repairs or renovations:** As the property is brand new, there's no need for repairs or renovations, meaning one less thing to worry about.
- **Government incentives:** Some state governments support urban development with off-the-plan duty concessions and rebate schemes.





Property management

Property management in Australia involves overseeing residential real estate properties.

This involves a variety of services offered by property managers or real estate agencies to assist property owners in managing their investments efficiently. These services include tenant interactions, tenant placement, rent collection, maintenance and repairs, and ensuring all necessary paperwork is completed.

Engaging a property manager can significantly reduce your time and stress.

Here's a brief overview of what property management typically entails in Australia:

- **Rent Comparison:** Determining the appropriate market rent to ensure competitiveness and profitability.
- **Tenant screening:** Advertising to potential tenants, conducting background checks, and ensuring timely rental payments, ensure bond is collected and submitted.
- **Maintenance:** Organising repairs gardening and regular property maintenance to keep the property in good condition.
- **Bond:** The tenants will typically pay 4 weeks rent as part of their bond, the Property Manager will ensure it is lodged with the residential state bond authority. This ensures that the money is protected and available to you or your landlord when you leave.

- **Rental inspections:** Carrying out routine property inspections to ensure the property is well-maintained and to check for any issues.
- **Legal compliance:** Ensuring the property complies with local and state property laws.
- **Financial management:** Collecting rent, managing arrears, paying rates and owners corp fees on behalf of the landlord and handling other financial aspects related to the property.
- **Fees:** Real estate agencies charge different amounts for property management services, but as a general rule expect to pay a monthly commission ranging from 6% of the weekly rent plus GST.

Professional property managers bring expertise and can save property owners time and potential headaches by handling day-to-day operations and any conflicts that may arise. They provide a buffer between the owner and the tenant, which can be beneficial for both parties.

Financial considerations

Negative gearing

Gearing simply means borrowing money to buy an asset. Negative gearing can be a tax strategy used by investors and describes when the income (ie, the rent) made from an investment is less than the expenses it incurs, meaning it's making a loss.

Property investors increase the supply of rental housing and as a result are able to deduct any losses on their properties such as interest on mortgage, owners corp, property management fees, against any other income such as wages or rental income on a tax return, making it more attractive to keep your investments.

Negative gearing can reduce your rental income to minimise any income tax liability, and rely on the property's long-term capital growth at the time that the asset is sold.

And so, the aim for many investors is to limit their losses until the time comes for them to sell – and negative gearing is a good way to do that.

So, is this a bad thing? Not if you expect to offset your losses with a capital gain as the property's value increases over time. And in the meantime, your investment loss reduces your taxable income and therefore the amount of tax you need to pay.

Equity

Equity represents the difference between the amount you owe on a property and its current market value. Typically, equity increases as you repay your loan, essentially reflecting the portion of the property you “own.” This equity can potentially be accessed to purchase another property, eliminating the need to save for a new deposit.

Gross rental yields

The rental yields from investment-grade property in Australia are very competitive internationally – often between 3.5% and 5%, but variable location to location. Short stay rental yields can be much more lucrative, if Airbnb is permitted on the property, the gross yields can far exceed long term rental yields, however you may need to allow for low season bookings.

Depreciation

If you're using a property as an income generating asset (i.e. rental income from tenants) you can claim a depreciation on that asset against the income you've earned. When it comes to what and how much improvement you've done to it. Brand new properties can be depreciated for a full forty years, which tends to make them attractive for investors as you can claim the depreciation on your asset as a non cash outlay to minimise your taxable income.

Once your new property is completed, at tax time your Tax Accountant will request a Depreciation Schedule from a recommended quantity surveyor to understand exactly what you can depreciate on your property, and help make your claim easier at tax time.

Apartments often have higher depreciation claims compared to houses. This is because they can include the entire building and a portion of the common areas in the depreciation schedule compared to a house which is a smaller building.

Strata

If you choose to buy an apartment or townhome, you'll need to be familiar with Strata. This mode of property ownership allows for individual ownership of part of a property (your apartment or townhome) combined with the shared ownership of common areas like foyers and gardens through an owners corporation or body corporation. All owners in the scheme are required to pay levies. Levies are usually charged quarterly and sometimes on an annual basis, and go towards the administration and upkeep of the scheme and any required works; scheduled or emergency.

Taxes

You will usually pay a tax, known as **Stamp Duty, up to 13% of the purchase amount**, depending on where the property is. You may also have to pay an **annual land tax** if you own property worth more than a certain amount.

These taxes vary between states and territories, so visit the relevant government website to see what taxes will apply to you.

Capital growth

Capital growth is where an asset increases in value over time. For example, if a property is purchased for \$500,000 and then sold five years later for \$650,000 this \$150,000 difference in value is referred to as capital growth.

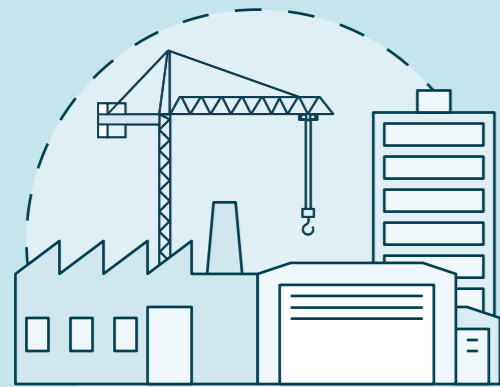
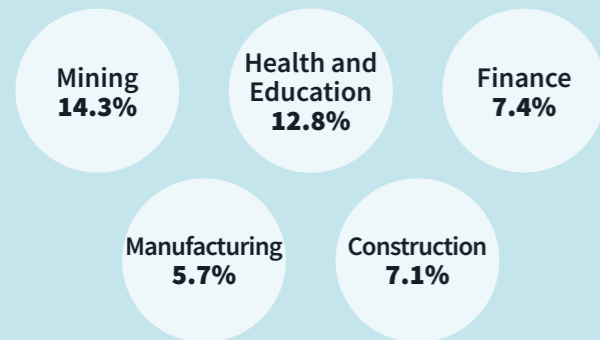
Historically, property in Australia generally increases in value over the long term. Even with drops in prices from time to time the general trend is that values have increased.

An investor who purchases a property in Australia is generally relying on this trend to continue. Capital growth potential is strong, as migration to Australia continues to flourish, home values climb and construction battles to keep up with consumer demand.

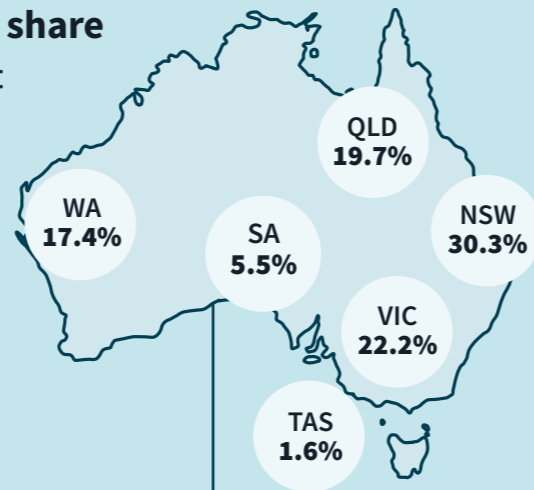


Key facts

Industry share of output key sectors:

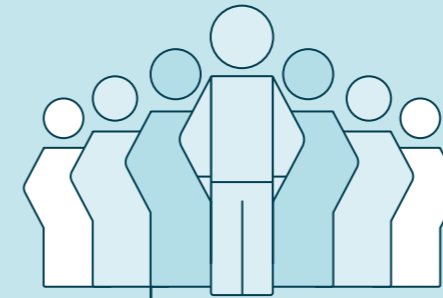


Output share by state:



Population: **26.8 million**

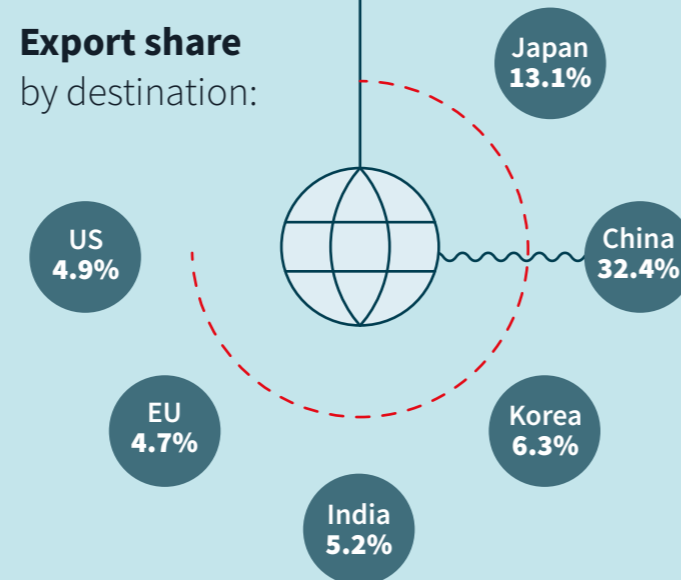
2.5% annual growth



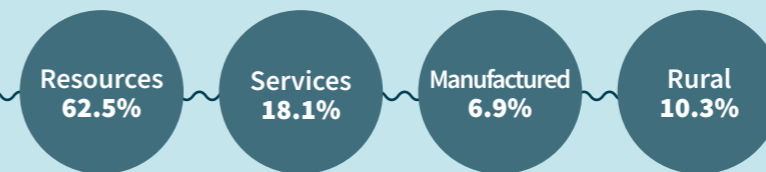
Employment to population ratio: **64%**



Export share by destination:



Export share by type:



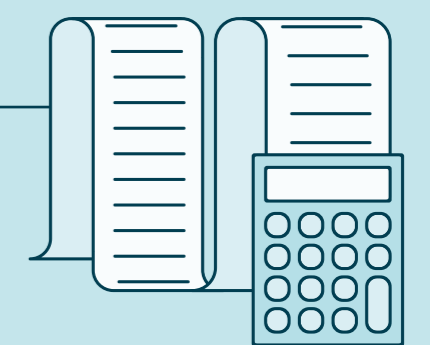
Average price of residential dwellings: **\$934,000**



Household wealth as a share of income: **895%**



Household debt as a share of income: **185%**





Stamp duty and FIRB

Foreign Investment Review Board or FIRB

FIRB is a non-statutory Australian Government advisory body. It reviews proposed investments in Australia. Essentially, it assesses foreign investment proposals to ensure they align with Australia’s national interest. If you’re dealing with Australian properties, understanding FIRB regulations is crucial, especially for international investors like yourself. All foreign nationals must seek FIRB approval for each property investment. Your JLL Broker will be able to assist you with your application.

Estimated buying costs when purchasing a property in Australia A\$

Legal/ Conveyancer \$2,000	FIRB from \$14,700	Local stamp duty 3-5%	Stamp duty surcharge 0-9%
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A working example of estimated stamp duty rates for Australian locals or foreign purchasers below, based on **A\$800,000 property**, which could buy you a suburban townhouse in Melbourne, a one bedroom in Sydney or a two bed city apartment with car park in Perth:

State	Local Stamp Duty	Total Foreign Stamp Duty
NSW	\$31,065.80	\$103,065.80
VIC	\$7,070	\$71,070
QLD	\$32,085.70	\$96,189
WA	\$16,157.75*	\$44,157.15*
WA	\$32,886	\$88,315
NT	\$39,930	\$39,930
TAS	\$31,570.37	\$95,570.37
ACT	\$25,150	\$25,150
SA	\$45,540.00	\$101,779

*Estimated WA Stamp duty concession for pre-construction apartments applied.

** Estimated Victoria Stamp Duty concession applied. Dutiable value calculated at \$200,000

Why JLL

JLL (Jones Lang LaSalle) was founded in 1783 and has been dedicated to providing real estate and investment management services for 240 years. Consistently ranked as one of the Fortune 500 companies for seven consecutive years, JLL is currently ranked 185th and has been a strategic partner of the World Economic Forum since 2013. As of March 31, 2022, the company's annual revenue is \$19.4 billion, with operations spanning over 80 countries and employing over 100,000 people worldwide. JLL is committed to creating opportunities, shaping ideal spaces, and delivering sustainable real estate solutions for our clients, employees, and communities. We are shaping the future of real estate to make the world a better place.

JLL is one of the Fortune Global 500 companies.

JLL has a strong and extensive range of capabilities.

We provide specific services in real estate across various asset classes, including investment, acquisition, construction, and leasing. Our expertise covers office buildings, retail properties, industrial facilities, logistics centers, residential properties, hotels, data centers, and senior living developments.

We collaborate with clients from various industries to create remarkable outcomes.

Our client base spans across banking, energy, healthcare, legal, life sciences, manufacturing, and technology sectors. Whether you are a global multinational corporation or a tech startup, choosing JLL is the starting point for breaking barriers and achieving success.



For 240 years, JLL has been dedicated to providing real estate consulting services.

JLL International Residential

JLL International Residential has been dedicated to assisting investors and overseas purchasers for over 20 years. We have international teams in 8 different cities, consisting of over 100 experienced professionals.

Investing in overseas residential properties is not just about transactions; it is a journey of finding your ideal home abroad. As your one-stop solution for overseas property investment, we are committed to providing comprehensive, secure, and exceptional services to investors. Our International Residential Services have offices in major cities across Asia Pacific, the Middle East and Europe allowing us to cater to clients worldwide and provide professional consultation and advisory services.

Choose JLL International Residential for a brighter way to invest in global residential properties.

Frequently asked questions

Q: Can I obtain mortgage finance in Australia?

A: Yes, JLL will be able to introduce you to a Mortgage Broker who works with a wide range of banks.

Q: Can I re assign the property before completion?

A: You must seek the Sellers approval to onsell your property prior to settlement. The State of Victoria does have a and/Or Nominee system where you can nominate another buyer.

Q: What happens if the builder goes bankrupt mid construction?

A: Your 10% Deposit is held in a trust account, in most cases the developer will appoint another builder to complete the development.

If the Developer decides they cannot deliver the project by the sunset date, the worst case scenario for buyers is getting their 10% deposit back.

Q: When do I pay the Stamp Duty?

A: Typically stamp duty is due on completion however it does vary state to state and may be due prior to the development completing.

Q: What is the Property Management Fee?

A: Each State will vary, however fees typical start from 6%.

Q: Who will manage my property?

A: You can elect to choose your own property manager or a recommendation.

Q: Who can I sell my property to?

A: Foreigners can only buy brand new property, and make up about 1% of the foreign buyers market in Australia. Hence you have approximately 99% of the local buyers market to sell to.

Q: Is there a hold time frame before I can sell the property?

A: No, you can sell, lease or move in to your property as soon as you have completed the handover.

Investing in Australia

Darien Bradshaw

Head of Residential Development Sales - Australia

Email : Darien.Bradshaw@jll.com

WhatsApp / Mobile : +65 9671 1381

Melissa Montgomery

Sales Director, Residential Development Sales - Australia

Email : Melissa.Montgomery@jll.com

WhatsApp / Mobile : +65 8922 1882

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