

Racism hides true culprit of housing discrimination

By Dallas Rogers

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A longstanding, although marginal, idea about an "Asian invasion" has been remobilised through the affordable housing debate, writes Dallas Rogers.

US citizens were the largest foreign investors in Australian real estate in 2012, investing \$8.1 billion. Foreign investment by Chinese investors increased to \$4.2 billion in 2012, just over half that of US.



PHOTO: Saying Chinese investors are driving up housing prices wrongfully recasts the blame.

There is very little discussion of US citizens' real estate investment practices in Australia. Chinese investment in Australian real estate has generated much more public debate. Statements like "to buy property is in the Chinese investor's bones" or "it's only Asians you see at real estate auctions" are feeding ideas about Chinese investors compounding Australia's housing affordability problem.

It is not a cultural disposition or "ethnic origin" that drives individual Chinese or US investors to buy property in Australia. It is the structures and policies of Australia's foreign investment and housing systems.

The policy frameworks that guide the Australian housing system are premised on increasing property prices and a free market housing system. Real estate investors – domestic and foreign – and housing disparity are outcomes of these policies. In other words, foreign investors and housing unaffordability are a part of Australia's housing system.

The creation of the Significant Investment Visa by the federal government to encourage foreign investment shows that attracting international investors is part of the government's economic thinking about Australian real estate.

The Department of Immigration and Border Protection states foreign investors can "invest in ASIC regulated managed funds which may invest in real estate in Australia".

The private financial sector has responded by creating property funds to suit the visa class. KMPG states that its "immigration professionals can work with you to help tailor a visa application ... you will be introduced to tax, financial and legal advisers ... you will be making a \$5 million investment, and we continue to work with you until the grant of your 188 provisional visa."

Australia's property owning democracy is conditional on the maintenance of three housing identities – renters, home owners and investors. Negative gearing encourages investment in investment properties and reinforces these identities. Notions of social equity in a property owning democracy are premised on the assumption that everyone, including foreign investors, is free to enter the housing market to occupy any one or several of these identities. The housing reality stands in stark contrast to this ideal.

In 1985 investors accounted for 13 per cent of real estate transactions. In late 2013 investors accounted for about 40 per cent of real estate transactions, with domestic investors representing the bulk. Today first-home buyers have to compete with investors and home owners with significant housing wealth just to get into the property market. In a government briefing report released in January, Andrew Haylen said "there is the possibility that first-home buyers and owner-occupiers will be squeezed out of the market in coming years if trends in residential real estate investment continue."

Although individual US or Chinese investment can lead to increasing property prices and housing discrimination, it is not the cause of housing discrimination. US and Chinese investment are granted legitimacy by Australia's housing, taxation, visa, and immigration policies. Combined, these policies create housing discrimination and the housing identities of renters, home owners and domestic and international investors.

Feigned housing identities that are based on "Asianness" have little explanatory power when it comes to increasing housing affordability in Australia. The rise of China means that individual Chinese investors are now joining the global rich and super rich. If this group of international real estate investors have any cultural similarities it is based around free market economics and private property ideals.

A subversive politics is at play in orientalising the inherent disparity of Australia's housing system. Saying that "Chinese investors are driving up housing prices" recasts the blame for housing discrimination away from Australia's housing system – the real culprit of Australia's housing affordability problem. A longstanding, although marginal, idea about an "Asian invasion" has been remobilised through the affordable housing debate.

Typically the power of a myth resides in a distortion or bending of the truth. In this case there is very little evidence to support the claim that Chinese investors are to blame for housing affordability problems in Australia.

Individual investment in housing is a central part of Australia's property owning democracy, irrespective of the domestic/foreign ratio. By pushing the racism button the power of the "Asian property invasion" myth hides the inherent discrimination of Australia's housing system. It also hides the emergence of a globally mobile and growing group of rich real estate investors from many nations.

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