Public perceptions of foreign and Chinese real estate investment: intercultural relations in Global Sydney

Dallas Rogers, Alexandra Wong & Jacqueline Nelson

To cite this article: Dallas Rogers, Alexandra Wong & Jacqueline Nelson (2017): Public perceptions of foreign and Chinese real estate investment: intercultural relations in Global Sydney, Australian Geographer, DOI: 10.1080/00049182.2017.1317050

To link to this article: http://dx.doi.org/10.1080/00049182.2017.1317050

Published online: 08 May 2017.

Submit your article to this journal

Article views: 85

View related articles

View Crossmark data
Public perceptions of foreign and Chinese real estate investment: intercultural relations in Global Sydney

Dallas Rogers a, Alexandra Wongb and Jacqueline Nelsonc

aFaculty of Architecture, Design and Planning, University of Sydney, Sydney, Australia; bInstitute for Culture and Society, Western Sydney University, Sydney, Australia; cFaculty of Arts and Social Sciences, University of Technology Sydney, Sydney, Australia

ABSTRACT

Moving foreign human and financial capital through landed property is not a new phenomenon in Sydney. It is a recurring geopolitical strategy that is replete with intercultural tension and deep colonial roots. In contemporary Australia, there is an assumption in public policy and media rhetoric that there is a high level of public concern about foreign investment. However, there is little empirical data that examines public perceptions. In this study, we are interested in whether the dominant voices in this debate represent broad public views about this issue. We sought to fill this gap by conducting a survey of almost 900 Sydney residents, looking at their perceptions of foreign and Chinese investment. We find high levels of public concern and discontent about foreign investment amongst Sydneysiders, with Chinese investors being a key target of this discontent. In the context of high housing prices in Sydney, there were widely held concerns about housing affordability. Survey respondents had a sophisticated understanding of what influences house prices, but with an overemphasis on the role of foreign investment. There is a general lack of support for policy that encourages foreign investment, and a lack of confidence in how the government is regulating foreign investment. Half of our participants reported that they would not welcome Chinese foreign investment in their suburb.

KEYWORDS

Transnational real estate; Sydney; Chinese investment; housing affordability; cultural diversity; foreign investment; multiculturalism

Introduction

Although the Royal Commission largely exonerated the Chinese, the xenophobia continued, with the urban clustering and the devotion to particular trades being viewed as both territorial and occupational threats … In order to sanitise itself against the imagined vices of the foreigner, Sydney’s population stressed its Britishness … (Daly 1982, 177)

In 1982, Daly (1982, 172) wrote in his classic book Sydney Boom, Sydney Bust that the ‘fluctuation in property prices recorded for Sydney have been caused by the forces linking the city to the Australian economy and to the remainder of the world’. Daly charts the impact of moving foreign human and financial capital into Sydney real estate
from 1850 until 1981. He observes that one ‘group to attract the abuse of the general population were the Chinese, and they did eventually cluster in particular locations in Sydney’ (175). In some respects, history seems to be repeating itself in Sydney. Foreign and Chinese real estate investment is re-emerging as a key policy and public issue, and resistance remains in some sections of the population. In another sense, the Sydney property market analysed by Daly was located within a vastly different geopolitical and global economic context to twenty-first-century Global Sydney.

It is widely acknowledged that the twenty-first century has introduced a cultural, geopolitical and economic swing towards Asia, and particularly China. While much of the foreign real estate scholarly attention has focused on three key cities—London, New York (Büdenbender and Golubchikov 2016; Knowles 2016; Webber and Burrows 2016), and Vancouver (Ley 2011, 2015)—more attention is being given to so-called second-tier global cities such as Sydney (Rogers, Lee, and Yan 2015; Wong 2016). There is little doubt that economic, political and social change in Asia is affecting local housing practices in several Anglosphere countries, including Australia. It is also becoming increasingly apparent that analyses of incoming and outgoing foreign direct investment and migration data will not be enough to understand the complex geographies that will shape twenty-first-century Australian cities (Rogers 2016a).

Geographic scholarship needs to move beyond static economic conceptions of transnationality that limit discussions about Australia’s relationship to Asia to dichotomous notions of opportunity and threat (Ang 2016). The rise of China brings to the surface a unique geographical dilemma for Australia, which is not shared by other settler states or former colonial powers. Ang (2016) shows that Australia has always been physically proximate to Asia, but successive governments have sought to position themselves closer to Europe and/or the USA in cultural and economic terms. The rise of China, and increasing Chinese foreign investment, will further expose the complex historical, cultural, physical, and economic geographies that Daly discussed. It will also expose a new set of Asia-Pacific relations, such as: the increasing temporary mobility for education and work (Robertson 2013); the changing nature of temporary and permanent migration (Robertson and Ho 2016); and the increasingly complex identities and motivations of foreign investors within multicultural Australia (Rogers 2016a).

In this article, we analyse the cultural politics that surrounds individual Chinese investment in residential real estate (hereinafter, Chinese investment) in the so-called global city of Sydney. Chinese investment grew significantly between 2009 and 2016, and has been a contentious public policy and media issue since at least 2012 (Rogers and Duffy-Jones 2015). This increase in Chinese capital has occurred alongside significant growth in residential real estate prices in several major Australian cities. Despite little data to support such claims, journalists frequently link Chinese investment and housing affordability problems in their reporting of Sydney’s real estate market (for detailed analyses see Rogers, Lee, and Yan 2015; Wong 2016). In some cases the reports focus on the negative impacts caused by Chinese investors, accusing them of pushing up house prices or squeezing out local buyers (Rogers, Lee, and Yan 2015).

Under mounting public pressure, in 2014 the Australian federal government conducted a Parliamentary Inquiry into Individual Foreign Investment in Residential Real Estate (hereinafter, the Inquiry). The justification for the Inquiry was that ‘many in the community have asked the question—what role does foreign investment play in residential real
estate?’ (HRSCE 2014, iii). The Inquiry examined ‘whether such foreign investment is directly increasing the supply of new housing and bringing benefits to the local building industry and its suppliers’ (iii). The government report acknowledged their ‘poor data collection’ and ‘lack of audit, compliance and enforcement action’ (vii). There is a public discourse about corrupt and rule-breaking foreign investors in Australia, often directed towards Asian and particularly Chinese investors. The Inquiry suggested that investors might be exploiting visa, taxation and investment loopholes. A small raft of changes and fees were recommended and then introduced (Rogers and Dufty-Jones 2015). A recent working paper by the Treasury (Wokker and Swieringa 2016) sought to address the Inquiry’s findings about access to reliable data. The Treasury analysed Sydney’s real estate market to show that ‘foreign demand typically increased prices by between $80 and $122 on average in each quarter’ (iii). The paper stated that ‘the majority of price growth experienced in recent times does not appear to be attributable to increased foreign demand’ (15). However, the recent debates about foreign real estate investment have more often been framed by ‘race’ and ‘citizenship’ (Rogers and Dufty-Jones 2015, 221) rather than hard empirical data about the movement of human and financial capital through real estate (Ley 2011, 2015).

There remains little data about public beliefs about foreign real estate investment in Australia (for think tank and industry reports see Juwai 2014; McCrindle 2015). This may seem surprising; especially considering that the Inquiry was implemented because of suggested public concerns about foreign investment. Subsequent sections, therefore, present some baseline data on housing affordability in Sydney and foreign investment more generally. However, this is not for comparative purposes. In other words, we have not set out to compare public attitudes against this empirical ‘reality’. Rather, we recorded Sydneysiders’ beliefs about foreign investment knowing that they did not have access to reliable data about foreign investment at the time of our survey. What is interesting and significant about the findings of this survey is that despite the absence of reliable, fine-grained empirical data about foreign investment Sydneysiders nonetheless reported strong views about foreign investment.

It is beyond the scope of the current article to present analyses of the drivers of concern about foreign investment, though we suggest that there are likely to be multiple, overlapping factors. These are not limited to housing affordability problems in Sydney, personal housing or financial stress, and broader views about multiculturalism and cultural diversity. Historically, xenophobia has been identified as central to resistance to foreign investment, and while we would expect it to remain one driver of concern, the role of xenophobia needs further nuanced consideration. Work on the geographies of racism indicates that racism varies by place, and expressions of racism manifest differently in different places (Dunn and McDonald 2001; Nelson and Dunn 2016), something that future scholarship in this area must attend to.

**Housing affordability in Global Sydney**

House prices in Sydney have increased markedly in recent years. In Greater Sydney, house prices increased on average by over 45 per cent between 2012 and 2015 (CoreLogic 2015). In Sydney, house price growth has been trending upward since 2008, with several slight downward fluctuations between 2011 and 2012. Australian Bureau of Statistics (ABS)
data shows a rise in Sydney’s median dwelling price from under A$500 000 in 2009 to well over A$900 000 in 2016 (ABS 2016b). Median weekly rent in Sydney was A$465 in 2011, growing to almost A$600 in 2015 (ABS 2011; CoreLogic 2015). In terms of public discourse about Sydney’s property market, real estate industry sources, such as US-based think tank Demographia (2016), repeatedly name Sydney as one of the world’s least affordable real estate markets. Increasing house prices lead to wider economic issues and have been a source of discontent within the city’s population. ABS data shows that the price-to-income ratio in 2015 was 3.97, compared to 3.55 in 2009. This indicates that house prices had a slightly faster growth trajectory than income growth. Housing debt grew more substantially, with the ratio of housing debt to household income at 142 per cent in 2015 compared to 114 per cent in 2005 (ABS 2016b). The increasing ‘leverage’ of Sydney households—a term that is used to describe the financial practice of buying more of a housing asset with borrowed funds—has resulted in longer mortgage repayment timelines. In addition, high ‘leveraging’ contributes to housing stress when some households are unable to make repayments. These pressures are periodically compounded with interest rate increases, economic recessions and other economic crises and interventions.

The shortage of affordable housing in Sydney also means that it has become difficult for younger Australians to secure suitable housing in the city (Colic-Peisker and Johnson 2012). Explanations for the rapid increase in real estate prices and the lack of affordable housing in Sydney are disputed. Housing analysts attribute the price growth to a combination of factors. These include: low mortgage rates leading to home loan growth; using real estate as an asset class as a means for accumulating wealth; increasing demand by local and foreign buyers resulting from domestic and international in-migration into cities; temporary urban migration associated with the internationalisation of higher education; and taxation incentives for investors (Yates and Milligan 2007; Gurran and Whitehead 2011; Ruming, Gurran, and Randolph 2011; Rogers 2014). While it is probable that foreign real estate investment is having an effect on housing prices in Sydney, there is little reliable data showing the scale and scope of this effect (HRSCE 2014; but see Wokker and Swieringa 2016). Rogers, Lee, and Yan (2015) argue that foreign real estate investment in Australia is having no greater impact on Australian housing prices than the many other contributing factors. They suggest that compared to these other factors, such as domestic investment, its impact on housing affordably is probably less significant. Nonetheless, there is an assumption within some media coverage that increased foreign real estate investment is a major contributor to increasing housing prices in Australia (see Rogers and Dufty-Jones 2015; Rogers, Lee, and Yan 2015; Wong 2016).

**Chinese foreign real estate investment**

The Australian government noted recently that the quantitative data on foreign real estate investment is unreliable and patchy in Australia (Rogers and Dufty-Jones 2015, 227–228). Notwithstanding these data problems, according to some of the more reliable data sources, taken here from the Australian federal government’s Foreign Investment Review Board (FIRB), Chinese investment in residential and commercial real estate increased from A$2.4 billion in 2009/10 to A$24.3 billion in 2014/15 (Australian Government 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016). This is an increase of over 900 per cent,
with China being one of the largest sources of foreign real estate capital in Australia during the period 2009–15. Reportedly, Sydney has received more Chinese investment in residential real estate than any other Australian city (KPMG 2016), with Asian foreign investors accounting for 9.4 per cent of purchases of new dwellings in New South Wales in the fourth quarter of 2015 (National Australia Bank 2016, 1). This means that our survey of Sydneysiders’ views about foreign and Chinese investment was undertaken at a time of dramatic increases in the volume of real estate investment.

There is a substantial body of scholarship on East Asian investors in Australia and Canada from the 1980s–90s and Western anglophone second or ‘holiday home’ investors in the ‘more affordable’ former colonies and other countries over the last three decades (Edgington 1996; Ray, Halseth, and Johnson 1997; Berry, McGreal, and Scales 1999; Javorcik et al. 2011; Paris 2013). The rise of the Four Asian Tiger countries (Hong Kong, Singapore, South Korea and Taiwan) in the 1980s–90s and the more recent rise in the BRICS (Brazil, Russia, India, China, and South Africa) has allowed the expanding New Middle Class in these countries to increase their global real estate investment activities (Ley 2011). This process is unsettling Western anglophone notions of landed property and national real estate. In settler-societies, such as Canada and Australia (Porter and Barry 2016), the politics of non-white citizens purchasing real estate is a highly charged socio-cultural issue that is linked to national citizenships and housing identities such as the Great Australian Dream of homeownership (Davison 2016; Rogers 2016a). In Australia, this cultural politics was rendered more visible when the federal government’s geopolitical commitment to Asia (Australian Gov. 2012) was entangled with the media discourse linking Chinese investors with increasing property prices and corruption through the Inquiry (HRSCE 2014). In Canada, similar concerns forced the government to review its Immigrant Investment Visa, which allowed some foreign investors to acquire citizenship status through a real estate purchase (Ley 2015). This cultural politics demonstrates that settler-societies have to continually negotiate the cultural, territorial, political and economic configurations of their borders in ways that are responsive to the current cultural and political climate (Rogers 2016a, 190).

Much of the contemporary data on Asian investment is focused on the Chinese capital that is flowing into or out of nation-states and is collated from national or real estate industry quantitative data sets (Buckley et al. 2010). This positions Chinese investment largely as an abstract issue of foreign capital flow through a local asset (i.e. real estate). It gives little consideration to the far more complex historical, cultural, and demographical implications that China and Australia have to address on the ground. For example, Ang, Tambiah, and Mar (2015), lending support for the pro-Asia stance of the federal government (Australian Gov. 2012), argue that Australia is in a unique position with respect to Asia, because more:

than 8% of Australia’s population was born in Asia. This is a much higher percentage than in other Anglophone countries such as the US (4%) and the UK (2%) … Asian Australians bring with them linguistic skills, social networks and cultural knowledge, which can enhance links between Australia and Asia. But their role and contribution is insufficiently recognised. (Ang, Tambiah, and Mar 2015, 16)

The need for frequent political reinforcement of the demographic, cultural, language and geopolitical links that Ang et al. highlight is important in Australia. Indeed, the cultural
history from the early nineteenth century of the Chinese diaspora in Australia is replete with moral panics and fears of an Asian Invasion or Chinese takeover (Jayasuriya and Pookong 1999; Kamp 2013). Large numbers of immigrants from China were attracted to goldfields in the States of New South Wales and Victoria from the 1850s. In this period the Chinese population in Australia grew from a very few in 1841 to 38 000 in 1861 (Choi 1975, 22). Questions about moving foreign labour and capital through landed property have been central to the resistance to Chinese migrants in Australia ever since (Rogers 2016a). The Australian government has been officially dealing with racism, immigration and land disputes in relation to Chinese immigrants since the gold rush era (see Rogers 2016a for a detailed discussion). This history demonstrates that a racial politics that sought to change the way in which Chinese migrants moved and used their labour/capital through Australia’s colonised land—land first stolen from Indigenous peoples (Porter and Barry 2016)—has long been central to white Australia’s claims to land (Rogers 2016a).

Despite, and at times in the face of, the periodic revival of a marginal but nonetheless familiar trope of anti-Asian invasion or takeover discourses, migration from China has increased rapidly since the early 2000s. Daly shows that from 1850 until 1980, less than 12 000 Chinese migrants arrived in Australia. Between 1981 and 2016, over 300 000 Chinese migrants arrived in Australia (DIBP 2016). Moreover, 182 836 or 57.3 per cent of all China-born immigrants came to Australia between 2001 and 2011 (ABS 2011). In 2014 there were 447 370 China-born people living in Australia, accounting for 1.9 per cent of the country’s total population (DIBP 2016). Taken alone, these statistics present an essentialised view of Chinese-born migrants and they hide the over 55 ethnic groups which are recognised by the People’s Republic of China (PRC) government (Jacques 2012). They also obscure one of the largest rural-to-urban migrations in history. When the PRC was established in 1949, about 90 per cent of the national population lived in the countryside; today, more than 50 per cent of the population lives in cites (Rogers and Dufty-Jones 2015). The population is stratifying socio-economically too. The Huren Report (2016), produced by a pro-investment and pro-migration think tank, coined the term the ‘Chinese Global Citizen 1.0’ to talk about the new High Net Worth and Ultra High Net Worth individuals from China. They are defined by their excessive wealth and the key attributes they share: visa freedom, financial freedom, an overseas education, and a circle of international friends and business contacts’ (Huren Report 2016, 2). Rogers and Koh (2017) define the New Middle Class (NMC) as individuals with asset holdings up to US$1 million, High Net Worth Individuals (HNWI) as individuals with asset holdings above US$1 million, Ultra High Net Worth Individuals (UHNWI) as individuals with asset holdings of more than US$30 million, and Ultra, Ultra High Net Worth Individuals (UUHNWI) as people who hold a minimum of US$50 million in disposable assets that can be solely contributed to a wealth management fund. The cultural, geographical and socio-economic diversity of investor-migrants is regularly conflated in the public and policy debates (Rogers and Koh 2017, 3).

Australia’s skilled migration and foreign student programs are important recent drivers of investor-migration too (Hugo 2008; Robertson 2013). Many Chinese international students gain permanent residency in Australia following their tertiary studies. Chinese international students continue to be an important consideration within contemporary analyses of the rise in Chinese investment in Australian real estate (Robertson and
Rogers, forthcoming). The Chinese diaspora is highly mobile, both culturally and physically, throughout the Asia-Pacific region. They are the largest migrant group in Australia and a ‘powerful force’ in the real estate market as property consumers (Tevfik and Boey 2014, 4). Many within this cohort act as global real estate intermediaries through their roles as international investment lawyers, accountants, and real estate agents; facilitating the flow of human and financial capital from Asia to Australia (Ley 2015; Wong 2016; Rogers 2016b, 2017).

The new Chinese settlers to Australia have complicated cultural identities and nation-state allegiances. They are engaged in international real estate practices that transcend static cultural stereotypes (Robertson and Rogers, forthcoming). In a hypothetical case involving a Chinese foreign student living in an Australian house that was purchased with foreign capital, the capital that was used to purchase the real estate will always be foreign, but the cultural identity of the investor is always in flux. In this case much changes about the cultural identity of the Chinese foreign student living in this house as they finish their studies and move towards becoming a nationalised Australian citizen. Thus, the temporal framing (e.g. the timeframe over which a dwelling is owned) as well as the categories that are deployed to analyse the movement of human and financial capital (e.g. the mobility of investors or their money) are important for understanding foreign real estate investment (Rogers and Koh 2017, 3).

Within the context outlined above, this article explores Sydneysiders’ perceptions of foreign investors in Sydney, with a particular emphasis on Chinese investors. While there is an assumption in public policy and media rhetoric that there is a high level of public concern about foreign investment, there is little empirical data that examines public perceptions. In this study, we were interested in whether the dominant voices in this debate represent broad public views about this issue.

Public perceptions of foreign real estate investment and investors

In November 2015 we conducted an online survey with 899 residents in the Greater Sydney Region to examine their beliefs about foreign and Chinese residential real estate investment. A public opinion survey was considered the most appropriate way to garner a big-picture understanding of public perceptions of foreign investment.

A commercial survey provider recruited participants aged between 18 and 65+ using a random sampling method from its database covering the Greater Sydney Region. The survey was available in English only. The three-part survey was developed following scoping work, which included qualitative interviews with foreign real estate investors and professionals conducted as a part of a larger study (The Global Real Estate Project, see Rogers (2016a)). Part one began by asking participants their views about housing affordability in Sydney and their beliefs about the factors that determine house prices. Participants were then asked to respond to a series of statements about foreign investment in residential real estate in general, and then a further series of statements about Chinese investment in residential real estate in particular. Participants indicated their agreement/disagreement on a five-point scale, with the additional option of ‘Don’t know’. The second part of the survey collected socio-demographic and housing data about the participants. This included information about the participants’ current housing status (i.e. homeowner, aspiring homeowner, or public/private
renter), if they reported being in housing stress (i.e. spending more than 30 per cent of household income on housing costs), and where they sourced their information about foreign investment (e.g. news sources). Part three of the survey covered participants’ views about cultural diversity in Sydney. Participants were presented with a series of statements and asked to indicate their agreement/disagreement with each. Our focus in this article is to provide an overview of participants’ views about housing affordability, foreign investment in general and Chinese investment more specifically; hence, the discussion that follows is centred largely on part one of the survey.

In order to ascertain the representativeness of our sample, we compared the survey sample to the demographic characteristics of the general population of the Greater Sydney Region (hereinafter, Sydney) based on the ABS Census of Population and Housing (ABS 2011). We found: (1) the distribution of age groups and gender was broadly representative of the general population, with the exception of slightly more participants aged between 55 and 65 years of age; (2) our sample had a higher household income than the general population; (3) 41 per cent of the participants in our survey obtained a degree or above qualifications compared to 24.1 per cent of the general population aged 15 or over in Sydney; (4) a higher proportion of our survey participants belong to the medium to higher income group (with annual household income of A$50,000–99,999) whilst the proportion of our sample belonging to the lower income group (with annual household income less than A$50,000) was smaller than the general population; (5) a higher percentage of our sample (98.8 per cent) identified themselves as neither Aboriginal nor Torres Strait Islanders compared to the general population (93.5 per cent); and (6) we had a higher percentage of participants who were born in Australia and speak only English at home when compared to the general population. This may have been a result of the survey being conducted in English only. We used a different categorisation of tenure types in the survey than the ABS. Therefore, direct comparison between our sample and the census results was not possible. However, the percentage of different tenure types of our sample roughly matches the Sydney population in all categories with two exceptions: (1) we had a higher percentage of participants who were renters or who lived rent-free in a family home than the general population; and (2) the percentage of our sample who were living in public or social housing was lower than the general population.

Taken together, our sample represents a slightly more educated and higher income segment of the population, one that was less culturally and linguistically diverse, and one that included a higher proportion of renters and those living in a rent-free home when compared to the general population of Greater Sydney. It is also important to note that our survey drew on participants who were registered to be part of an online panel, which means that our survey frame only included Sydneysiders with access to the Internet. The survey company used an online panel methodology that participants self-select into (i.e. register for) to make inferences about populations, and these have, therefore, recruitment and sampling limitations relating to the use of online methods (Social Research Centre 2016). The following two sub-sections discuss the findings under two broad themes: (1) concerns about affordable housing and beliefs about foreign investors and investment in Sydney; and (2) perceptions of Chinese investors and investment in Sydney.
Housing affordability and beliefs about foreign investors and investment

A majority of Sydneysiders described housing in Sydney as unaffordable. 81.2 per cent of survey participants believed that housing in Sydney is unaffordable or very unaffordable, with only 4.4 per cent reporting that it was affordable or very affordable. This is consistent with broader beliefs that Sydney is one of the world’s least affordable real estate markets (Demographia 2016). Public views about housing affordability in Sydney were therefore consistent with how Sydney’s housing affordability is evaluated by international measures. The widely held view that housing in Sydney is unaffordable provides an important context from which to interpret the participant responses reported below.

When asked to select three key factors that contribute to increasing real estate prices, the most commonly selected factor was foreign investors, with almost two-thirds of participants (64.4 per cent) citing this as an influence (see Table 1). The next most commonly selected factors were low interest rates (37.4 per cent) and urban planning (35.8 per cent). This question was asked prior to any of the more detailed questions about foreign investment, ensuring that participants had not been primed on this theme. Participants were aware of a variety of factors that contribute to house price increases, with foreign investors being seen by the majority of Sydney residents as playing a key role in driving up property prices.

Participants ranked local residents (31.8 per cent) and domestic investors (31.6 per cent) just below interest rates and urban planning. This means that survey participants were more than twice as likely to cite foreign investors compared to domestic investors when asked to explain rising house prices in Sydney. As noted above, there is little data on the inflationary impact of foreign investment of property prices in Sydney, but a recent Treasury report argues that foreign investors have a very small impact on property prices (Wokker and Swieringa 2016). Furthermore, National Australia Bank data shows that Australian owner-occupiers and housing investors are the largest cohorts of real estate purchasers in Australia. Of the total demand for new properties—a residential property category that foreign investors are more freely permitted to purchase (Rogers and Dufty-Jones 2015)—domestic residents and investors accounted for 30.4 per cent and 22.5 per cent respectively of property sales (National Australia Bank 2016, 3–4). Taken together, domestic residents and investors accounted for 52.9 per cent of all sales, with foreign investors accounting for only 14.4 per cent (National Australia Bank 2016, 3–4). The sale of established properties has a large role to play in shaping property prices, but this is a residential property category that foreign investors are allowed to purchase only under strict conditions—such as a real estate purchase to accommodate a foreign student (Rogers and Dufty-Jones 2015). For

Table 1. Based on your understanding of Sydney’s housing market, what do you think determines house prices (select up to 3)?

<table>
<thead>
<tr>
<th>Factor</th>
<th>N</th>
<th>% of cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban planning and land supply</td>
<td>322</td>
<td>35.8</td>
</tr>
<tr>
<td>Residents purchasing housing to live in Sydney</td>
<td>286</td>
<td>31.8</td>
</tr>
<tr>
<td>Foreign investors purchasing houses in Sydney</td>
<td>579</td>
<td>64.4</td>
</tr>
<tr>
<td>Domestic investors purchasing houses in Sydney</td>
<td>284</td>
<td>31.6</td>
</tr>
<tr>
<td>Low interest rate</td>
<td>336</td>
<td>37.4</td>
</tr>
<tr>
<td>Tax concession to property owners (e.g. negative gearing tax concession; capital gains tax concession)</td>
<td>247</td>
<td>27.5</td>
</tr>
<tr>
<td>Self-managed super fund</td>
<td>31</td>
<td>3.4</td>
</tr>
<tr>
<td>Insufficient social/public housing</td>
<td>162</td>
<td>18.0</td>
</tr>
<tr>
<td>Other</td>
<td>28</td>
<td>3.1</td>
</tr>
</tbody>
</table>

Note: The bold figure highlights a key finding in this table.
established properties, domestic residents and investors accounted for 40.7 per cent and 19.2 per cent respectively (almost 60 per cent in total), with foreign investors accounting for only 8.6 per cent (National Australia Bank 2016, 3–4). Given that it is highly likely that domestic residents and investors have a stronger impact than foreign investors on housing prices in Sydney, further research is needed to establish why Sydney residents are more likely to attribute increasing prices to foreign investors.

The majority of Sydneysiders responding to the survey expressed concern about foreign investors and foreign investment. As shown in Table 2, over half of all participants (55.9 per cent) disagreed that foreign investors should be allowed to purchase residential real estate in Sydney. Less than one in five (18 per cent) agreed that foreign real estate investment should be permitted. The resistance to foreign investors and investment was coupled with perceptions that foreign investment and investors are driving up real estate prices and making it more difficult for Australian citizens to compete in the local housing market. More than three in four participants (77.9 per cent) agreed with the statement ‘Foreign investment is driving up housing prices in greater Sydney’. When framed inversely, as ‘Foreign investment has no impact or very small impact on greater Sydney’s housing market’, more than two-thirds of participants disagreed with the statement. The research consultancy group McCrindle reported a similar figure of Sydneysiders (81 per cent) who cited foreign investment as a factor in rising housing prices ($N = 1007$; McCrindle 2015, 5).

Only a small proportion of our participants disagreed that foreign investment was implicated in increasing real estate prices (6.2 per cent), or agreed that foreign investment had no or minimal impact (11.3 per cent).

These concerns about foreign investors and investment were consistent with participants’ views about the government’s foreign investment policies. A little over half (63.4 per cent) of participants disagreed that the ‘Government should encourage more foreign investment in greater Sydney’s housing market’. Only 12.3 per cent of participants agreed with this statement. These figures stand in strong contrast to the federal government’s geopolitical position to encourage foreign investment (Australian Gov. 2012;
Indeed, the Inquiry suggested that foreign investment was an opportunity rather than a threat, and argued that ‘foreign investment is channelled into new housing so that more homes, units and apartments are built—meaning more opportunity for [local] people to purchase’ (HRSCE 2014, iv). However, over half of the participants (52.2 per cent) disagreed that the government has regulated foreign residential real estate investment effectively; with only 16.7 per cent agreeing that government regulation was effective. Some participants might be viewing the rapid rise in Chinese investment in Australia as a failure of policy and expect the government to take action.

**Perceptions of Chinese investors and investment**

After being asked about foreign investment in general, the survey then moved on to questions about Chinese investment and investors more specifically. Participants were asked to agree or disagree with a series of statements developed from narratives that are typical of mainstream media reporting of Chinese investment in Australia (see Table 3). These included statements about where foreign investors are from, how rich they are, their behaviours and their impact on Sydney’s real estate market. Participants were asked whether they would welcome Chinese investors buying in their own suburb. They were presented with a statement about Chinese investment in agricultural assets. While no causal relationship can be drawn from the data, the results show that participants’ understanding and perceptions of Chinese foreign investors map quite closely to the images and discourses about foreign investment in the mainstream media. In other words, they largely follow the often negative reporting of Chinese investment in the mainstream media.

Just under two-thirds of participants (63.1 per cent) agreed that the majority of foreign investors in Sydney were ‘Chinese’. Consultancy research companies, such as Credit Suisse (2014), argue that Chinese investment is concentrated in capital cities such as Sydney and Melbourne. It is likely that a large proportion—it is even plausible that a majority—of

**Table 3. Statements about Chinese investors/investment.**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree (%)</th>
<th>Disagree (%)</th>
<th>Neither agree/disagree (%)</th>
<th>Agree (%)</th>
<th>Strongly agree (%)</th>
<th>Don’t know (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The majority of the foreign investors in greater Sydney’s housing market are from China</td>
<td>2.0</td>
<td>3.8</td>
<td>21.0</td>
<td>37.4</td>
<td>25.7</td>
<td>10.1</td>
</tr>
<tr>
<td>The majority of Chinese foreign property investors are super-rich</td>
<td>2.1</td>
<td>6.2</td>
<td>23.9</td>
<td>35.8</td>
<td>22.1</td>
<td>9.8</td>
</tr>
<tr>
<td>Chinese foreign investment accounts for a very small percentage of the total residential property purchased in greater Sydney</td>
<td>11.7</td>
<td>23.9</td>
<td>29.3</td>
<td>18.0</td>
<td>5.5</td>
<td>11.7</td>
</tr>
<tr>
<td>Chinese investments in greater Sydney’s housing market are by and large conducted legally within the foreign investment rules</td>
<td>9.6</td>
<td>15.5</td>
<td>30.6</td>
<td>23.6</td>
<td>6.2</td>
<td>14.6</td>
</tr>
<tr>
<td>I welcome Chinese foreign investors buying properties in my suburb</td>
<td>25.1</td>
<td>23.5</td>
<td>30.9</td>
<td>11.8</td>
<td>4.3</td>
<td>4.3</td>
</tr>
<tr>
<td>Chinese foreign investment in greater Sydney’s housing market is fairly reported in the media</td>
<td>10.2</td>
<td>18.6</td>
<td>36.2</td>
<td>17.9</td>
<td>6.8</td>
<td>10.3</td>
</tr>
<tr>
<td>I am concerned about growing Chinese investments in Australia in areas other than housing (e.g. agricultural land, infrastructure or other type of investment)</td>
<td>2.9</td>
<td>5.9</td>
<td>18.8</td>
<td>29.8</td>
<td>37.8</td>
<td>4.8</td>
</tr>
</tbody>
</table>
foreign investors in Sydney were ‘Chinese’ in 2014 and 2015. Given the sharp rise in Asian and Chinese investment in Australia, Chinese investors were routinely singled out in mainstream media articles about foreign investment. It is not surprising, therefore, that Wong’s (2016) content analysis of Sydney’s mainstream newspaper, the *Sydney Morning Herald*, between 2013 and 2014 shows that 38 per cent of the 86-article sample about foreign property investment used the word ‘China’ or ‘Chinese’ in the headlines, compared to 24 per cent that used a more general term such as ‘foreign’ or ‘overseas’ investment.

The perception that a large proportion of foreign investors in Sydney’s housing market originate from China may be accurate. However, the singling out of buyers of Chinese heritage can lead to problematic cultural profiling. The cultural profiling of people of Asian appearance who are buying real estate in Australia (Rogers and Dufy-Jones 2015, 230–231) and the labelling of Australian-Chinese (i.e. Australian citizens) as Chinese investors (i.e. foreign nationals) are a conceptual problem which ‘feed[s] parochial discourses in the public debate’, argues Rogers and Dufy-Jones (2015, 7). This is a cultural issue that is evident in other countries too. Ley and Murphy’s (2001) scholarship demonstrated in the early 2000s that the cultural profiling and misrepresentation of local Chinese communities in Vancouver’s mainstream media reinforced negative stereotypes of these migrant groups in Canada. Further research is needed to determine how Sydney-siders discriminate between Chinese (foreign) and Chinese-Australian (domestic) investors, and the community relations impact of this debate, particularly on Chinese-Australians (Australian citizens).

Survey participants were presented with the statement ‘The majority of Chinese property investors are super-rich’. This statement was included in the survey in response to the emerging popular media about the so-called ‘lives of the super-rich’ and their global real estate activities. Conceptualisations of the ‘super-rich’ are contested, and Hay (2013, 2) argues that there is no ‘definitive threshold to meaningfully identify’ the super-rich (see Koh, Wissink, and Forrest (2017) for a detailed discussion). Just over half (57.9 per cent) of participants believed that most Chinese investors were super-rich. A 2015 housing report by the National Australia Bank reports that 53 per cent of all foreign buyers in New South Wales targeted properties below A$1 million. Chinese buyers are a prominent, if not the majority, group within this cohort (National Australia Bank 2016, 6). Sydney’s median dwelling price was well over A$0.9 million in 2016 (ABS 2016b). Only 7 per cent of this cohort bought properties—which are sometimes called trophy homes in the media—valued at over A$5 million (National Australia Bank 2016, 6). While the National Australia Bank data does not provide information about the asset holdings of the foreign investors, it does suggest that some of the Chinese investment was from the New Middle Class and High Net Worth Individuals.

There is little reliable empirical data about the asset class and social class diversity of individual foreign investors from China (Rogers and Koh 2017), and this contributes to a lack of understanding of who these Chinese investors are (Rogers, Lee, and Yan 2015). It is clear that the rapidly emerging New Middle Class in China is a major source of new wealth (Coase and Wang 2013). The New Middle Class is a key player in domestic real estate markets, and some suggest it has an increasing role to play in international real estate markets (Ley 2011, 2015; Rogers and Dufy-Jones 2015; Wong 2016; Robertson and Rogers, forthcoming). Our data shows that more empirical data is
needed that better articulates the foreign investor groups by different variables, including class interests, asset holdings, investors’ motivations and/or short- or long-term financial commitments to the host country (Rogers and Koh 2017). It is difficult to formulate appropriate policy responses with little data about the percentage of foreign investors who are from the New Middle Class, High Net Worth groups, Ultra High Net Worth groups and Ultra, Ultra High Net Worth groups. For example, to effectively regulate foreign investment these different investor groups might need graduated taxation regimes that apply different marginal tax rates to the different investor cohorts.

We were also interested in Sydneysiders’ perceptions of the legality of Chinese real estate investment. The Inquiry (HRSCE 2014) and broader media reporting of corruption in China and international money laundering (Besser and Hichens 2015) has called into question the origin of Chinese investor capital. For example, an Australian Broadcasting Company (ABC) Four Corners exposé reported:

‘China [is] by far the biggest exporter of illicit capital’ [says] international money laundering expert. [Reporter:] With billions of dollars flowing out of China, international money laundering experts are warning that some of it is making its way into Australia: ‘Real estate is recognised internationally as one of the means by which people will launder money’ [says] former money laundering investigator. (Besser and Hichens 2015, 1)

Other media reported that Chinese nationals were using ‘grey channels’ to work around the legal personal overseas transfer limit of US$50 000 per year. They suggested that Chinese investors were pooling their quotas with family and friends, or transferring their money through ‘underground banks’ (Bloomberg News 2014; Grigg and Murray 2016). Media reports included discussion of Chinese foreign investors buying real estate overseas in an attempt to hide their assets at the time of the Chinese government’s anti-corruption campaign. It was also reported that the major Australian banks, including the National Australia Bank, Westpac and the Commonwealth Bank, terminated or tightened their rules on non-resident loan programs, allegedly due to the use of fraudulent documents by Chinese investors while securing home loans (Joye 2016).

In the context of this media reporting, we presented survey participants with the statement ‘Chinese investments in greater Sydney’s housing market are by and large conducted legally within the foreign investment rules’. About 30 per cent of the participants agreed that they were being conducted legally, whilst nearly one-quarter of the participants disagreed. However, 30.6 per cent of participants ‘neither agreed nor disagreed’ that Chinese foreign real estate investments were being conducted legally, and a further 14 per cent reported that they ‘did not know’. Participants were either neutral or not able to make a judgement about Chinese investors’ behaviour, or they were uncertain about whether Chinese investments were being conducted legally (Krosnick 1991). In any case, these findings show that about half of Sydneysiders do not hold a strong opinion about the legality of Chinese investment practices. This segment of the population may be particularly vulnerable to negative media reporting about the ethics of Chinese investors. Care must be taken about how public discussion of legal issues and Chinese investment is conducted. There is a danger in rolling the diverse investor groups and investor motivations into a unified discussion about corruption and money laundering. There is also a cultural profiling danger in associating ‘dirty money’ specifically with Chinese investment practices, especially corruption practices that are evident in international Chinese and non-Chinese business relations.
In settler-societies like Australia and Canada there is a long history of spatially defined cultural tensions between the long- and short-term local residents of an area and Chinese migrants (Daly 1982). For this reason we were interested in Sydneysiders’ perceptions of Chinese investors buying properties in their locality. Survey participants were presented with the statement ‘I welcome Chinese foreign investors buying properties in my suburb’. Almost half (48.6 per cent) of our participants disagreed with this statement, compared to just 16.1 per cent who welcomed Chinese investors. These concerns about Chinese investment into local areas of Sydney are consistent with those observed in other global cities. For example, in the Vancouver suburb of Shaughnessy local residents accused new Hong Kong Chinese migrants of destroying their suburb’s original character by constructing ‘monster homes’ (Mitchell 2004; Madokoro 2011). Ray, Halseth, and Johnson (1997) also discuss concerns by local residents over changing ethnic profiles in the suburb of Richmond that resulted from the settlement of a large number of Chinese migrants in the area. As Ray, Halseth, and Johnson (1997, 96) note that a ‘Change of any kind within neighbourhoods often brings about concerns and fears of uncertainty among long-time residents, in part because individuals invest so much of their social lives and financial resources into where they live’. In Sydney, media sources have also been reporting the possibility of ‘ghost suburbs’ in Sydney within the next 5 years, caused by, they propose, absentee Chinese investors who buy real estate but leave the houses empty. Absentee Chinese investor strategies have occurred in places that attracted large numbers of Chinese investors, such as Canada and Singapore, it was reported (Staff Writers 2016). Again, little data has been collected to support such claims (see Rogers and Koh 2017: for methodological issues).

Finally, on the issue of Chinese investment in other asset classes, such as agricultural assets, 67.6 per cent of participants agreed with the statement that ‘I am concerned about growing Chinese investments in Australia in areas other than housing (e.g. agricultural land, infrastructure or other type of investment)’ compared to only 8.8 per cent who disagreed with the statement. These findings accord with the attitudes of Australians more broadly that are reported by consultancy companies such as the Lowy Institute (2016). Its 2016 annual survey reported that 87 per cent of Australians were against ‘the Australian government allowing foreign companies to buy Australian farmland’ (13). This shows more research is also needed to explore beliefs about foreign investment across the different investment types (e.g. including residential and commercial real estate) and geographical scales (e.g. large agriculture land sales and the relatively more contained urban concentrations of residential real estate investment in cities).

**Conclusion**

Broadly speaking, for almost half a century there has been bipartisan government support for foreign investment in Australia. Indeed, moving foreign human and financial capital through landed property is not a new phenomenon in Sydney. It is a recurring geopolitical strategy with roots that run deep into Sydney’s earliest colonial history (Rogers 2016a). This history is replete with intercultural tension—between Aboriginal peoples and foreign white colonial settlers (Porter and Barry 2016) and between white settlers and various waves of Asian migrants (Daly 1982). In one sense, there is some continuity to the historic Asian invasion and takeover discourses in the current foreign real estate
investment debates. However, in another sense, the twenty-first century has seen a cultural, geopolitical and economic shift from Europe and the USA towards Asia, and particularly China. This shift has fundamentally reshaped the type, volume and intensity of the human and financial capital flows from Asia.

We find there are high levels of public concern and discontent about foreign investment amongst Sydneysiders. This is alongside dramatic increases in the volume of foreign, particularly Chinese, investment in Australian real estate. Sydneysiders are living in a city that is vastly different from the past. ‘Global Sydney’ is defined in the public debate by its increasing urbanisation, changing migration and settlement patterns, and extremely high costs of living. We found this to be a significant context within which to understand Sydneysiders’ beliefs about foreign real estate investment.

Participants in our study viewed housing in Sydney as unaffordable, which was in line with commentary by international experts. They identified a range of factors that contribute to rising house prices in Sydney, with the most commonly identified factor as foreign investment, which twice as many survey participants selected compared to domestic factors such as negative gearing and the purchase of one’s own home. The majority of participants did not believe foreign investment should be permitted in Sydney, and more than three in four agreed that foreign investment was driving up house prices in Sydney. In line with this, just under two-thirds did not think foreign investment should be encouraged and more than half believed that the government is not effectively regulating foreign investment. These views run counter to the federal government’s policy in regards to foreign investment.

Therefore, we would direct further research in several key areas. More fine-grained data is needed to determine the effect of individual foreign investment on domestic housing affordability in Sydney and other Australian cities over an extended period and in specific locations. If we assume that the impact of Chinese investment is locationally specific, as anecdotal evidence suggests, we need to know more about the material and cultural geographies of this investment in the city. We need to develop a better understanding of the drivers of concern about foreign and Chinese investment, and how these drivers overlap and intersect. Future research must look at how beliefs about foreign investors differ according to the different characteristics of Sydneysiders. That is, a more nuanced understanding of views about foreign and Chinese investment would explore how beliefs might differ amongst those, for example, born in Australia, living in varied housing tenures, living in different parts of Sydney or according to broader beliefs about multiculturalism and cultural diversity. The historical overview presented in this article would suggest that xenophobia remains one driver of concern about foreign investment, for at least some Sydneysiders. The dramatic increase in volume of foreign and Chinese investment alongside the unaffordability of the Sydney real estate market are likely to be strong drivers of concerns also.

The 2014 Inquiry indicated that the federal government is likely to continue to court foreign investment. Our findings suggest that the pro-foreign investment stance must be accompanied by strategies to protect intercultural community relations in Sydney, and Australia. To understand the politics of foreign and Chinese investment a much more holistic approach to understanding the issue is needed. This should include the intersection of domestic investment, foreign investment and housing affordability concerns, policy and practice.
Notes

1. Under Australian foreign investment rules, foreign investors, excluding foreign students, are only allowed to purchase new dwellings.
2. This survey defined Greater Sydney’s boundary by the ABS (2016a) classification of greater capital city (Sydney) statistical area. The area extends from Wyong and Gosford in the north, the Royal National Park in the south, Blue Mountains, Wollondilly and Hawkesbury in the west, which includes over 700 suburbs between the postcodes of 2000 and 2786.

Disclosure statement

No potential conflict of interest was reported by the authors.

Funding

This work was supported by University of Technology Sydney [grant number RF2016]; University of Western Sydney [grant number IG 0000].

ORCID

Dallas Rogers http://orcid.org/0000-0002-9359-8958

References

Besser, L., and C. Hichens. 2015. Four Corners: The Great Wall of money. ABC Television: Broadcast on Tuesday 13th October at 10.00am.


