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Apartment settlements at risk. Australian off the plan apartment Pearl Harbour style attack by Australian banks destruction of foreign property investor lending.

ATTACK BY AUSTRALIAN BANKS - DESTRUCTION OF FOREIGN PROPERTY INVESTOR LENDING

Australia financial crisis credit crunch Australia recession Australian Banks have literally surprise bombed [Pearl Harbour] the off the plan apartment market, terminating foreign property investor lending.

The market is in a panic over settlement risk with overseas investors not able to obtain finance and complete off-the-plan apartment purchases. An estimated 44,784 off the plan apartments are scheduled for completion and settlement in 2016. In 2017 a further 52,920 – based on apartment approvals.

Everyone was wrong: Industry experts, economists and doomsayers have been finger pointing at the market conditions prophesying the trigger to an Australian real estate crash with speculation of; oversupply, APRA restraints, reduced LVR's, the mining bust and China's economic struggles as possible triggers.



In the past 48 hours: Settlement risk (like the surprise attack on Pearl Harbour) is now the most significant risk to the health of Australia's massive apartment economy and property market.

The Australian Reserve Bank raised concerns last month about the "significant and increasing" role of Chinese investors in the Australian property market, which is said presented "indirect risks" to the financial sector and, has singled out the inner-city apartment boom as a key risk to the nation's financial stability.

"Any concerns over settlement risk and/or a slowdown in demand for Australian-located property by Chinese and other Asian residents could lead to difficulties for particular projects," an RBA report says.

The surprising move by Australia's big four banks to stop lending to foreign investors was not expected by many industry experts. "Faced with claims of fraudulent loan applications by mortgage brokers, the move is fully justified", a senior private banking informant has stated.

The banks had no choice but to close the overseas investor door, verses launching time consuming investigations into individual loan applications and the industries lack of integrity and governance.

The practice of mortgage brokers artificially boosting foreign borrowers income and assets making up pay slips and photoshop bank statements in order to get loans approved is a common practice.

In an explosive submission to the Australian Senate inquiry on white collar crime, mortgage brokers are systematically fudging the numbers on foreign loan applications and use photoshop skills to make borrowers look more creditworthy than they really are.

But the overseas investment fraud doesn't stop there. There are also fresh claims that conveyancing firms are disregarding the Verification of Identity (VOI) compliance requirements by requesting Chinese clients to hold up their passports during a Skype call, verses attending an Australian Consulate or Embassy.

A majority of Melbourne's towers under construction have been heavily marketed overseas, in particular China. The foreign investment banking credit crunch will devastate many property developers that are over exposed to off-the-plan Chinese investment.

Whilst over supply has been a hot topic for many months, the Pearl Harbour is the foreign investment credit crunch that will likely translate into an apartment market collapse and the release of an excessive amount of apartments back into the Australian real estate market.

Read the full article here: <http://mortgageproperty.com/pearl-harbour-of-the-australian-property-market.html>

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