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Australian property funding crisis off-the-plan apartments purchasers. Australian bank lending has been frozen, Chinese clients face foreclosure

# Australian property funding crisis off-the-plan apartments



There is an Australian property funding crisis gathering momentum for Chinese off-the-plan apartment purchasers, both domestic and overseas.

Published in the Australian Financial Review today, in late 2016 and early 2017 Chinese clients may face foreclosure as a direct result of the foreign lending freeze by Australian banks.

Over 60 Billion dollars of apartments are reshaping Australian skylines. There are 116,650 new apartments under construction, off-the-plan apartments that have been heavily sold (obviously predominantly) to overseas Chinese investors.

Financiers claim Chinese clients funding from Australian banks has been frozen and they face a predictable foreclosure.

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Published in the Australian Financial Review

## FROZEN LOANS TRIGGER AUSTRALIAN PROPERTY FUNDING CRISIS

Jul 25 2016 at 12:11 PM

by Angus Grigg Duncan Hughes

Off-the-plan buyers of Australian apartments are in crisis as tough new borrowing rules mean thousands of investors who have paid a deposit are struggling to complete their purchases, according to local and overseas mortgage brokers and financiers.

Shanghai-based financiers claim their Chinese clients' funding from Australian banks has been frozen and they face foreclosure - or usurious interest rates - from private financiers.

Australian financiers claim their local clients, many of them Asian, have had their settlements deferred by three months to find alternative funding.

Billions of dollars has been invested in tens-of-thousands of high-rise apartments that are reshaping the skylines of the nation's major capitals, particularly Melbourne, Sydney and Brisbane.

Most have been sold off-the-plan, which means purchasers buy off the blueprint with a deposit and complete when it is built, which requires a second valuation and financing commitment by the lender.

But a huge increase in supply has slowed demand, particularly around Melbourne's CBD, pushing down prices. Lenders, which initially fell over themselves to finance overseas' buyers, slammed on the breaks when spot checks on the loan applications detected widespread fraud.

The main problem is mainland Chinese buyers, which account for about half of the deals. That means many local lenders that agreed to provide funding when buyers made deposits, will not recommit upon completion.

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