



Changes to foreign purchases of established dwellings

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Changes to foreign purchases of established dwellings

On 16 February 2025, the Government announced that from 1 April 2025, foreign persons (including temporary residents and foreign-owned companies) will be temporarily banned for at least a two-year period, from purchasing established dwellings in Australia unless an exception applies.

The Government also announced that the Australian Taxation Office (ATO) and Treasury will implement an audit program and enhance their compliance approach to target land banking by foreign investors.

The limited exceptions will include investments that significantly increase housing supply or support the availability of housing supply, and for the Pacific Australia Labour Mobility (PALM) scheme. Foreigners may still make application via the ATO and the Foreign Investment Review Board (FIRB) to purchase new properties in Australia. Clarification of this process will be released by the ATO shortly, and we will cover this in a future newsletter.

Other existing exceptions remain in place, such as for purchases by:

- permanent residents

- New Zealand citizens
- spouses of Australian citizens, permanent residents or New Zealand citizens (when purchased as joint tenants).

The ban will mean Australians will be able to buy homes that would have otherwise been bought by foreign investors. Until now, foreign investors have generally been barred from buying existing property except in limited circumstances, such as when they come to live here for work or study.

A review will be undertaken to determine if the ban should be extended beyond 31 March 2027.

The ATO will enforce the ban through enhanced screening of foreign investment proposals relating to residential properties. They will carry out a full audit of current foreign investment approvals for vacant residential land development.

The ATO will also take a tougher stance on compliance of foreign investment approvals for vacant residential land development. This will help ensure that foreign investors who have bought or want to buy vacant residential land meet development conditions.

The Albanese government has stated that this change to the purchase of property by foreigners, is all about easing pressure on the Australian housing market. They have stated that whilst this is a minor change, it is a meaningful one because every effort helps in addressing the current housing

challenge.

Land Banking

In addition to the temporary ban on foreign purchases of established dwellings, the government will also tackle land banking by foreign investors, in order to free up land to build more homes more quickly.

Foreign investors who acquire vacant land in Australia are required to develop the land within a reasonable timeframe. Authorities will increase scrutiny of investors holding vacant land without development to ensure compliance with development conditions. This policy aims to prevent speculative landholding that drives up property prices and delays much-needed housing projects. For example,

- A foreign investor who purchases a large parcel of land but leaves it undeveloped for a number of years in hopes of selling it at a higher price may face penalties.

- A developer who buys vacant land and begins construction within a set timeframe would be seen to be complying with the new regulations.

Foreign investors that have already acquired or are proposing to acquire vacant residential or non residential land will be subject to heightened scrutiny by the ATO to ensure they comply with development conditions.

As a real estate agent, post 1 April 2025, it would be prudent to ask the question of potential purchasers as to their residency status. You don't want to get down the path of negotiating a property sale only to discover that your potential purchaser is not eligible to purchase an established dwelling in Australia.

[Rosy Sullivan](#)

[Director | College Principal](#)

From the office

With only a few months until the end of the CPD year on 30 June, our trainers have hit the ground (and the roads) running with CPD classes in Parramatta, Baulkham Hills, St Ives, Miranda, Newcastle and Liverpool. Some of these have been corporate in-house training events which give each agency the opportunity to work together as a team in undertaking their CPD training. We have also conducted over 10 interactive webinars in the past fortnight, as well a couple of large classes in our CBD office, with 36 people attending yesterday's Property Management CPD class. Along with the CPD, naturally we are still running our usual classes with a group of new recruits undertaking their Certificate of Registration in Strata this week – they were all so excited about starting their new careers.

We welcomed Monique back from her month away in Japan and South Korea and have been enjoying some of the 'exotic' treats that she brought back for us all. We are all missing Chanelle, who works remotely in Brisbane, as she has undergone major shoulder surgery – she is in good spirits and we can't wait until she's back moving again and chatting with us constantly through teams.

We also celebrated two birthdays this past fortnight. Firstly our College Principal Rosy celebrated a "milestone" birthday with so many cakes we even outdid our own records here at ACOP. The number of flowers and parcels delivered on the day showed just how much she means to her clients, family and friends. Not to mention the party at the weekend where we all joined a huge number of Rosy's crew to celebrate with her. So much dancing, champagne, cocktails, great foodand of course, amazing cake. And then, Rosy's birthday was followed by Anthony's birthday and once again, there was cake in the office – it was a beautiful carrot cake so we told ourselves it was healthy. Here's to a coming fortnight of calmness and healthy eating.

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