

# Commercial Property in Australia

May 2011

The following information provides an overview and general guide to commercial property in Australia. Regulatory arrangements can change from time to time so potential investors should consult the websites of relevant Australian government agencies and, most importantly, should seek professional advice before entering any commitment based on this information.

**The competitive cost of Australian commercial property has led to a growing number of foreign companies using Australia as the headquarters for their Asian operations.**

## Low-cost commercial property

In the competitive global market place, a key location determinant is the quality and availability of office accommodation and supporting business infrastructure.

Australia consistently emerges as a low cost base among developed nations. From labour and office rental costs to R&D, international comparisons confirm the commercial advantages of Australia as a business location.

## The office market

Australia's office market has experienced renewed growth after seeing a solid recovery from the global financial crisis (GFC). Most CBD markets recorded a decrease in vacancy and positive net demand in the six months to January 2011. However the market remains relatively tight with all but one of the capital city CBD markets remaining below 10 per cent vacancy. Melbourne was the tightest major city market in the country with CBD vacancy rates of 6.3 per cent. The Perth CBD market listed at 9.5 per cent, the Brisbane CBD market at 9.4 per cent, and the Sydney CBD market at 8.2 per cent. Canberra had the highest availability with vacancy rates at 13.4 per cent<sup>1</sup>.

In the Asia-Pacific, the main financial markets outside of Tokyo are in Australia, Hong Kong and Singapore. These centres are similar in terms of prime office market size but are dissimilar in terms of property market characteristics. The most striking difference is that Sydney and Melbourne have lower occupancy costs compared to Hong Kong and Singapore<sup>2</sup>.

## The construction market

The building and construction industry is a major source of economic activity in the Australian economy, accounting for nearly 7% of gross domestic product (GDP)<sup>3</sup>.

Australia's building and construction industry has experienced strong growth over the last five years, averaging 4.5 per cent per annum. Revenue reached close to A\$170 billion in 2010 and the industry employs around one million people<sup>4</sup>.

Construction costs in Australia are also among the cheapest in Asia, without the long construction lead times common elsewhere in the region.

1. Property Council of Australia, *National Office Market Report*, January 2011.

2. CB Richard Ellis, *Global Office Market View*, March 2011.

3. Australian Bureau of Statistics, *Australian Economic Indicators*, October 2010.

4. Australian Bureau of Statistics, *Australian Economic Indicators*, October 2010.



Australian Government  
Australian Trade Commission



## Property law

### Foreign investment regulation

Overseas interests may need to apply for foreign investment approval if they wish to:

- Purchase residential real estate;
- Purchase rural land;
- Purchase vacant or developed commercial real estate; or
- Acquire shares, business assets or dealing with some other interest in an existing company.

## Taxation on investments in Australian property

Whilst other taxes may also be relevant, the following taxes are particularly important for foreign residents:

### Income tax

If you earn income from property in Australia, you may need to lodge an Australian income tax return.

### Capital gains tax (CGT)

If you dispose of a property in Australia, you may be liable for CGT.

### Goods and services tax (GST)

Goods and services tax (GST) is a broad-based tax of 10% on most goods, services and other items sold or consumed in Australia. If you are dealing with property (for example, you buy, sell, lease or develop), you may be considered to be conducting an enterprise. If your turnover from these activities is more than the GST registration threshold you may be required to register for GST.

For more information about GST and property, visit [www.ato.gov.au](http://www.ato.gov.au)

### Doing business in Australia

Understanding your tax obligations is important if you decide to start up a business in Australia. There are a number of different taxes your business may need to pay, depending on the type of business you operate and how it is structured.

For more information about income tax, capital gains tax and goods and service tax visit the Tax Office website at [www.ato.gov.au/business](http://www.ato.gov.au/business)

## Useful websites

For more information on alternative business structures in Australia, or Australia's foreign investment policy, go to:

Australian Taxation Office [www.ato.gov.au](http://www.ato.gov.au)

Establishing a business in Australia [www.business.gov.au](http://www.business.gov.au)

Australian Property Institute [www.propertyinstitute.com.au](http://www.propertyinstitute.com.au)

Property Council of Australia [www.propertyoz.com.au](http://www.propertyoz.com.au)

Housing Industry Association [www.buildingonline.com.au](http://www.buildingonline.com.au)

## About Austrade

The Australian Trade Commission – Austrade – is the Australian Government’s trade and investment development agency.

Through Austrade’s global network, we assist Australian companies to succeed in international business and attract productive foreign direct investment into Australia.

Austrade is the first national point-of-contact for all investment inquiries. Working in partnership with business and government, Austrade can provide your company with the information needed to establish or expand a business in Australia.

Austrade can also help by connecting you with the right industry and government contacts as well as providing information on investment regulations and government assistance programs.

For more information email [info@austrade.gov.au](mailto:info@austrade.gov.au) or visit [austrade.gov.au](http://austrade.gov.au)

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