

《加拿大新政逼中国买家到澳大利亚》

Canada ' s government recently made an abrupt decision that could have repercussions for Australia ' s already overvalued residential property market.

Canadian Finance Minister Jim Flaherty on February 11 announced that a 28-year-old visa scheme designed to attract wealthy foreigners to the country would be axed, effective immediately.

Under the now defunct Immigrant Investor Program, as long as you had a cool \$C1.6 million (\$1.6 million) in net assets, then all you needed to do was lend the Canadian government \$C800,000 for five years on an interest-free basis and you were assured permanent residency for you and your family and a fast-track to citizenship.

The decision raised some eyebrows, not least because preceding the decision there had been growing chatter that the country's already expensive housing market was being inflated even further by a wave of wealthy Chinese entrants into the country, and in Vancouver in particular.

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At the time the immigration scheme was axed, there was a backlog of 65,000 applicants, of which 45,500 were mainland Chinese – and 80 per cent of those were bound for the province of British Columbia, according to analysis by the South China Morning Post.

Indeed, The Economist rates Canada's residential property market as one of the world's most expensive. The magazine's analysts say housing is 76 per cent overvalued against long-term averages on a rental basis – the highest among the 23-country league table – and 31 per cent against disposable incomes.

The ratio of Canadian household debt to GDP has risen to almost 100 per cent, and has grown at the fastest rate in the world since 2006, according to the World Bank. In April 2012, the former governor of the Bank of Canada, Mark Carney – now the head of the Bank of England – warned of the risks of foreign capital inflating the housing market.

More buyers to look in Australia

Canada may seem like a long way away but any move by Canadian authorities to reduce the risk of a potential bubble and subsequent burst should be welcomed by Australian investors, says Tyndall Asset Management's head of fixed income, Roger Bridges.

The country's housing market is one on a list of "low probability, high impact" events the bond strategist is keeping an eye on.

