

But the public discourse is increasingly fraught: the rising cost of housing means that younger, or more vulnerable, Australians find themselves struggling not just to buy a home but even to rent one.

“Foreign ownership is not a big part of the mess,” said Alan Kohler, author of *The Great Divide: Australia’s Housing Mess and How to Fix It*. “There isn’t much foreign ownership of empty houses. The common thread may be [high] immigration versus low construction.”

Australia’s population hit 27.1 million on March 31, 2024, according to the Centre for Population’s latest figures. Although annual population growth has slowed from a peak of 2.6 percent in July–September 2023, net overseas migration—the net gain or loss of population through immigration and emigration—was 510,000 in the year ending March 31, 2024, and 134,000 in January–March alone, contributing to strong growth in demand for housing.

More than 80 percent of new arrivals to Australia are renters, ANZ estimates. A cap on international student numbers imposed by the government in August was seen, in part, as an attempt to alleviate the pressure on the rental housing market.

In its latest statement on Australia, the IMF said a comprehensive approach is needed to address the significant housing supply shortfall, including more construction workers, relaxed zoning and planning restrictions, and reevaluation of property taxes (including tax concessions to investors).

Meanwhile, Jamie Mi, head of international sales at Kay & Burton, expects currency effects and the long-term value of Australian property to keep demand in the luxury market strong, despite the shift in attitudes.

“I haven’t seen a significant drop in confidence among foreign buyers,” she said. “Top-end buyers are less concerned with additional fees or taxes and remain focused on securing high-value assets.”

Australia remains the top choice for wealthy Chinese buyers seeking an overseas property, according to Knight Frank.

Ultimately, though, Australia’s housing mess isn’t unique to Australia. “It’s a global housing affordability crisis,” said Kohler. “But each country is unhappy in its own way—and for its own reasons—to quote what Tolstoy said about unhappy families.” **F&D**

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Hidden Fortunes

How dirty money distorts real estate markets

Chady El Khoury

Why are home prices skyrocketing beyond reach? It’s not just inflation, low supply, or zoning laws—dirty money is part of the problem, too. Criminal networks, corrupt politicians, and tax evaders use global real estate as a safe place to park illicit wealth, driving property prices up in cities such as New York, Miami, London, and Dubai. By funneling billions through luxury properties, these secretive buyers contribute to housing bubbles that push local buyers out of the market.

The playbook is simple: instead of buying a \$10 million penthouse directly, they use shell companies, trusts, and offshore accounts established by professional enablers to hide ownership. Developers rarely question the source of the money. As a result, entire neighborhoods—particularly in major global cities—fill up with high-end empty properties owned by anonymous entities. In London alone, foreign companies held £73 billion worth of properties in 2018, with about 90 percent of these purchases made by entities registered in tax havens, according to a paper by economists Jeanne Bomare and Ségal Le Guern Herry.

But it isn’t a problem just for wealthy Western cities. In African cities, including Lagos, Nairobi, and Johannesburg, speculative investments create similar real estate bubbles. Weak regulations and informal housing markets make these regions attractive for questionable money, driving prices up and squeezing out local buyers.

Two decades ago, the international community prescribed that real estate agents, like banks, conduct due diligence and report suspicious transactions. Yet, unlike banks, those in the real estate sector are not held to strict anti-money-laundering standards consistently. Detection and enforcement remain weak globally. Efforts to close these loopholes are underway. Countries such as Canada and the US are exploring requirements for property buyers to disclose their true identity—the “beneficial owner.” Public agencies should verify this ownership information and make it accessible to authorities investigating suspicious transactions when red flags arise. If privacy laws allow, making this information public would also enhance transparency.

Without more transparency and enforcement, real estate will continue to serve as a safe haven for concealing illicit fortunes, further distorting housing markets and making homeownership for ordinary people an even more distant dream. **F&D**

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