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## Student accommodation at risk from foreign investor tax plans, Intergen says



Unilodge Buranda Brisbane, a student accommodation site Intergen is developing for investor Wee Hur. Nick Lenaghan

by [Michael Bleby](#)

Half of the 4500 student beds Intergen Property Group is developing for foreign investors would be taxed at twice the rate under plans to class them as residential investments, Intergen chief executive Trevor Hardie said.

Intergen, whose clients include Singaporean-listed investor Wee Hur, said two of the five projects it is overseeing in Adelaide, Brisbane, Sydney and Melbourne would see their tax rate stay at the current 15 per cent because they had already started construction, but the remaining three would no longer be classed as "commercial residential" assets under proposed tax changes and would be subject to the 30 per cent rate, Mr Hardie said.

"We've got 4500 beds either in development or in the pipeline, of which about half would be grandfathered and half wouldn't be," he said.

"It makes them less viable. It doesn't mean we are not going to proceed."



The proposed change to the definition of residential premises, part of the *Income Tax (Managed Investment Trust Withholding Tax) Amendment Bill 2018*, was not canvassed in previous drafts of the legislation released for consultation and was at odds with the treatment of other "commercial residential" assets, the Property Council of Australia said in a submission on the bill.

The change was an unintended consequence of the legislation that defines the tax treatment of MITs and posed a risk to the growth of Australia's \$8 billion commercial purpose-built student accommodation sector, which currently accounts for about 44,000 dedicated beds across all states and territories, the council said.

Mr Hardie said the change posed a risk to the sector projected to increase to 70,000 beds by 2022.

"It's more about new capital coming in to the market," he said. "A lot of foreign capital sources are sitting on their hands at the moment waiting for these changes. If they come through then capital will dry up. That will have an impact on supply."