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 HD Surge likely for China investment  
 BY Rowan Callick  
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Chinese investment in Australian real estate — which is likely to intensify following the free-trade agreement — is taking a new course, according to Ernst and Young's transaction services leader Ross Hamilton.

After investing \$24 billion over the past seven years, he said, Chinese commercial buyers would now increase their investment to \$8bn a year.

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He told the Australia China Economic and Trade Forum in Canberra this week that at first Chinese tended to invest directly into developments, taking all the risk — “with mixed results”.

Then they began working more in 50-50 joint ventures.

The third stage, now becoming more prevalent, was applying passive equity, although branded with the Chinese partner's name.

Investors were now “getting the due diligence right”.

Chinese investment was here to stay and would accelerate “dramatically” over the next five years, Mr Hamilton said. It brought with it a new distribution network too.

Luo Xiaohua, the managing director of Greenland Australia, said that “like other Asian investors, we find potential and business opportunities here”.

He said his company had already invested \$2bn.

“We want to expand our developments. We are attracted by the competitiveness of your cities. You offer political stability and low risk, as well as high returns.” From an investor's perspective, “rental returns are quite high, with low vacancy rates. There are also many Chinese and Asian people seeking to live here”. Liwei Sun, the deputy general manager of Chinese developer Wanda, said his company had chosen to develop its first five-star hotel in Australia, the \$1bn Jewel Hotel on Queensland's Gold Coast, through a joint venture.

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