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HD **FOREIGN FUNDS SET TO POUR IN**
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COMMERCIAL PROPERTY AUSTRALIAN **commercial property** markets should brace for greater foreign investment following the regulatory nod for Asian insurance companies to spend up on real **estate** outside their jurisdictions, a new report shows.

Already, several **Chinese** insurers have been bidding competitively on Australian assets, although a direct **purchase** has yet to be made, agents CBRE said.

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The CBRE report shows the value of Asian insurers' **property** assets will increase by \$US75 billion to around \$US205 billion in the next five years. But even this number is dwarfed by the value of their total assets in 2013 of \$US6.7 trillion, which is held largely in liquid investments.

The report singles out **China**, South Korea and Taiwan as the biggest spenders of offshore properties so far, thanks to investment constraints having recently been eased by regulators.

Up until now, overseas deals have focused on trophy investments in major capitals, such as London's Lloyd's building, which was snapped up for \$US142 million by **China**'s Ping An Insurance last year.

CBRE says that several Asian insurers have made numerous visits to acquaint themselves with Melbourne and Sydney **commercial property** markets.

The **firm**'s international investments chief, Rick Butler, says there are signs that a watering down of Asian regulations is translating to increased activity by insurance companies that want to balance portfolios with more real **estate**.

"The expectation is that these funds will show significant interest in the Australian market," Mr Butler said.

CBRE senior Victorian director Mark Coster added **Chinese** insurers who had expressed interest in local assets were as competitive as other bidders.

"CBRE is dealing with a couple of groups that have been bidding on assets and several others that are considering Australian investments," Mr Coster said.

He added that landmark **commercial** office buildings in CBDs were of particular interest to the potential buyers.

The report shows Melbourne in sixth on the list of Asian investors' top 10 cross-border destinations last year, with Sydney third behind London and New York. **Chinese** insurers are expected to be particularly active overseas given their sheer size, said the report. The data points to substantial room for growth given that the mainland's underwriters have just 1 per cent of funds parked in **property**.

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