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Winter may be coming down under, but Australian property is hot. Look no further than recent residential launches: top-end Sydney flats are selling within hours of release. Buyers have chased prices in the city up 16 per cent in the past year. And it is not just the locals.

Foreigners are snapping up individual units and development sites. According to Credit Suisse, Chinese buyers alone acquired $5bn of private residential property last year - 12 per cent of new supply.

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Australand, then, is smoking. Yesterday Singapore-listed Frasers Centrepoint began due diligence on the property developer, which is already under offer from Stockland Corp, an Aussie compatriot. The all-cash counter-bid prices Australand at A$4.61 per share. Frasers Centrepoint calls this a "transformational transaction": it aims to expand its Australian business . Even so, the company is tight-lipped on numbers until it has raked through Australand's books.

But the price for a short-cut to geographical diversification is hard to quantify. Frasers Centrepoint's higher offer values Australand at $2.7bn, which implies a premium of $400m to the company's market capitalisation before the Stockland bid. It also ascribes $600m extra in value to Australand's $2.1bn in net tangible assets at the end of 2013. Stockland's scrip bid is $2.5bn. Estimated annual cost savings of $25m do not fill the gap.

Frasers Centrepoint's owner Charoen Sirivadhanabhakdi earned a reputation last year for chutzpah in the battle over Tiger Beer . That resulted in a takeover of Fraser and Neave. In his first international foray since then, the risk is Frasers Centrepoint will overpay in a hot market. Shareholders have voted by sending the stock down 4 per cent while Stockland bounced 2 per cent.

Stick with Frasers Centrepoint, and you may get burnt.

CO stocor : Stockland Corporation Ltd

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