

SE PrimeSpace
HD **China** clears the way for foreign splurge
BY FLORENCE CHONG, INVESTMENT
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CHINA'S relaxation of rules on outbound investment by domestic companies this month is expected to lift **Chinese** investment in real **estate** in key markets, including Australia.

New rules regulating overseas investment, first mooted in April, have come into effect and mean **Chinese** investors no longer require prior government approval for foreign investments valued at more than \$US100 million (\$115m).

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Alistair Meadows, head of international capital **group**, Asia-Pacific, with global **firm** Jones Lang LaSalle, told The Australian the new rules would make it easier for **Chinese** companies to **buy** assets on-market in Australia and elsewhere.

Chinese capital had previously struggled to compete in the on-market sales process as companies could not get the appropriate approval from authorities during sales campaigns, Mr Meadows said. This had forced **Chinese** investors to instead chase off-market deals or seek extended settlements.

Under the new rules, prospective buyers are able to transact on a deal without approval from the **Chinese** Ministry of Commerce.

Mr Meadows said he expected the flow of outbound capital to preferred destinations such as Australia to increase following the switch.

JLL was working with **Chinese** buyers, including new entrants, on a number of deals, with values ranging from \$100m to \$500m for a portfolio of income-producing assets, in Australia, he said.

But Mr Meadows would not be drawn into providing details on the deals the **firm** was working on with **Chinese** buyers.

The Australian recently reported that the **Hong Kong**-listed Shimao **Property** Holdings, controlled by **Chinese** billionaire Hui Wing Mau, is in due diligence on Sydney's 175 Liverpool Street in a \$400m play.

If Mr Hui's Shimao succeeds, it will join other newcomers from **China**, including Dalian Wanda **Group**, founded by **China**'s richest man, Wang Jianlin, and Country Garden, led by **China**'s richest woman, Yang Huiyan.

Foreign investment in Australian **residential** real **estate** has become a hot political topic, with Liberal MP Kelly O'Dwyer, who is leading the parliamentary inquiry on the issue, saying yesterday it would recommend tougher screening for foreign investors.

Chinese investment in Australian **commercial** real **estate**, including development sites, rose from \$US1.4 billion in 2011 to almost \$US3.6bn in the 12 months to September, according to JLL statistics. Globally, total **Chinese** offshore **property** investments have quadrupled from \$US4bn to \$US32bn in the same period.

Megan Walters, JLL's head of research, Asia Pacific Capital markets, said a slight movement in capital from **China**, which last year deployed \$US14bn in **commercial** real **estate** overseas, would have a significant impact on Australia. Dr Walters expects a surge of capital from **China** on "a large and increasing scale". "The new rules may also benefit the domestic economy, where the government is looking to reduce investment in areas with excess capacity," she said.

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RE china : China | austr : Australia | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRICS Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia

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