

SE PrimeSpace  
HD **China** clears the way for foreign splurge  
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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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