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# Chinese investment in Australia up 60%

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Chinese investment in Australia has grown 60 per cent to \$15 billion as investors continue to buy real estate, and expand into new areas such as healthcare.

Chinese investment in 2015 reached its second highest level, behind the peak year of 2008, with investors taking advantage of the lower Australian dollar.

Investment in real estate continues to dominate, accounting for \$6.85 billion, or 45 per cent, of total Chinese investment in Australia, according to the KPMG and Sydney University's joint report, Demystifying Chinese Investment in Australia.

Australia is the second most favoured foreign country for Chinese investors, after the United States where Chinese invested \$US118 billion in 2015 - up 14.7 per cent.

The report says seven 'mega' deals each worth more than \$500 million accounted for much of the investment in Australia, with four well over \$1 billion.

Sixty-five per cent of all deals were worth less than \$100 million.

After real estate, the sectors most favoured by Chinese investors were renewable energy (20 per cent), healthcare (17 per cent), mining (nine per cent), infrastructure (three per cent), gas and oil (three per cent), and agribusiness (three per cent).

'From an industry sector perspective, Chinese investment in Australia now reflects the new normal: China's focus on middle-class consumption - premium quality health, lifestyle and services,' the report said.

Ninety-four per cent of the total real estate investment was in NSW.

Chinese investors focus on long-term development projects, including residential, office, retail and hotel projects.

The report said Chinese investment in mining was shifting towards non-ferrous metals, including gold, lithium and copper.

Investment in agriculture was still small, but emerging, with 2015 the first year to show substantial growth. There were 12 deals worth a total of \$375.2 million in sectors including dairy, beef and cotton.

Chinese agribusiness firms expect to benefit from the China-Australia Free Trade Agreement in the long term.

But they also believe that the free trade deal has raised the growth expectations for Australian agriculture, which will lead to a higher valuation for assets and higher prices.

NSW attracted the most Chinese investment, with 49 per cent, followed by Victoria with 34 per cent.

Western Australia attracted less than one per cent of Chinese investment, reflecting the dramatic fall in global prices for commodities in the resources sector.

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