

SE World
HD **China's moguls circle Australia**
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To set foot in a real estate expo in **China** is to run a frantic gauntlet of sales staff thrusting glossy pamphlets into every hand they can find.

Vying for the attention of cashed-up investors is always competitive at major property events, with hundreds of property developers spruiking dreams of home ownership - and not just in **China**.

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In exhibition halls in **China's** major capital cities, prospective buyers are just as likely to come across promoters for house and land packages in suburban Melbourne, or off-the-plan inner-city apartments in central Sydney, as they are for a luxury development in **China's** southern resort of Sanya.

But after years of heady growth spurred by the building - and buying - of high-rise apartments on a mind-bending scale, property prices in **China** have slid backwards for five straight months, prompting fears of a deeper price correction. Although many property analysts are confident the government will intervene if needed to prevent a full-blown property crisis, the sector is routinely rated a major risk factor amid the slowing trajectory of **China's** economic rise.

"**Chinese** property prices are at this critical juncture," Wang Peng, the managing director of property developer Hanyu Federal, told Fairfax Media. He says prices in second and third-tier cities - essentially those outside Beijing, Shanghai and Guangzhou - are especially fragile given that local developers continue to build.

"If you're a rational investor, you'll be selling all the houses you don't need. If you don't, in a few years you won't be able to," he says. "Many, many people are selling their house in **China** and buying elsewhere, maybe in Australia, maybe in the United States."

The evaporation of easy returns has seen top-end property developers branching out away from **Chinese** real estate, and seen some of the country's most prolific businessmen invest in Australia.

Property mogul Wang Jianlin, a former military officer, who owns the most movie screens across the world thanks to the **acquisition** of the US-headquartered AMC Entertainment, hopes his Qingdao Oriental Movie Metropolis will help **China** surpass Hollywood as the centre of the film universe.

Recently bumped from top spot of **China's** rich list by tech giant Alibaba founder Jack Ma, Wang established an Australian arm of his sprawling Wanda Group empire in August. Funded with an initial cash chest of \$1.7 **billion**, Wanda Australia's first foray will be a joint venture with fellow **Chinese** group Ridong to develop the \$1 **billion** Jewel hotel and apartment resort complex on the **Gold** Coast, amid a string of acquisitions in London, Madrid and other parts of Europe. Wanda has the ambition of becoming the largest owner of five-star hotels across the world.

"In the past five years, Wanda's income has grown at [an average of] 35 per cent a year," Wang said last year. "I think this is a normal speed, but some feel it's too fast. But if we took regular steps to grow, we wouldn't be able to become No 1 in the world."

Even more diverse is the extraordinary spending spree of Xu Jiayin, chairman of conglomerate Evergrande and co-owner (with Jack Ma) of arguably the richest football club in Asia, Guangzhou Evergrande Taobao.

Just last month, Xu, also known as Hui Ka Yan, caused a stir when he jetted into Australia with his entourage in a private Airbus A319, scouting for deals on the **Gold** Coast, and in Brisbane and Sydney, according to sources.

Back at the property expo in Beijing, Wang Peng remains busy convincing interested investors to sell in **China** and buy in Australia. Wang himself, who amassed a modest fortune by riding **China**'s property boom, has traded in his Beijing apartments for an apartment in Sydney's Ryde, and a house and land package in Point Cook, on the western fringes of Melbourne.

Backed by a multibillion-dollar head **company**, Hanya has launched a 110-apartment development in Melbourne's Box Hill aimed at convincing other **Chinese** investors to make the same switch.

Demonstrating the buying power of cashed-up **Chinese** investors, Wang says Australia is popular because property prices are perceived as "cheap" compared to the big cities in **China**.

Australia also has lower home-loan deposit requirements compared to **China**, where banks often require around one-quarter of the property's value upfront, amid tightening lending conditions.

"The amount of **Chinese** developers entering the Australian market is increasing exponentially," Wang says, "and the only reason these businesses dare to venture into this market is because there is the scale and the demand."

NS gcat : Political/General News

RE china : China | austr : Australia | melb : Melbourne | sydney : Sydney | victor : Victoria (Australia) | beijin : Beijing | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRICS Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia | nswals : New South Wales

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