

FINANCIAL REVIEW

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HD **Asian developers say 'what's the drama'**
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Chinese developers use the phrase "kua zhang", which roughly translates to "what's the drama", to describe fears that Asian investors are dominating the **property** market.

Johnson Zhang, the chief executive of Country Garden, one of the biggest **Chinese** developers, said recent claims that foreigners were inflating the prices of **residential** sites or pushing first-time buyers out of the market were flawed.

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"I feel this debate has errors," he said. "Remember, foreign investors including Asians can only **buy** new properties. There is a huge second-hand market with enough housing there for locals."

Mr Zhang said 20 years ago there were a lot of Japanese developers in Australia. "So foreign development is not a new thing for Australia," Mr Zhang said.

"We just don't think there should be a fear of foreigners coming to Australia to help it develop."

Another developer, **Chinese** government-backed Greenland **Group**'s chief executive Sherwood Luo, said his **company**'s developments would not only increase the dwelling stock but would contribute to the economy.

"Australia is a migrant country. This is why it is so multicultural and tolerant. So, it should not matter where **property** developers come from," Mr Luo said.

The Greenland **Group** is building Sydney's tallest **residential** tower in the CBD with 400 units, taking the mantle from Meriton's World Tower.

The Australian Financial Review on Tuesday revealed that billionaire Lang Walker questioned the prices being paid by Asian groups for **residential** developments sites.

In the past two years, dozens of Asia-based developers such as Greenland, R&F Properties, Fragrance, Aspial and UEM Sunrise, have spent at least \$2.7 billion buying sites.

But Mr Zhang said the prices his **company** paid for sites were appropriate and accurate.

"I have heard people say that we **Chinese** are recklessly buying with no consideration of price.

"**Chinese** developers are prepared to pay for land because they take a long-term capital growth view. Even if we pay more now, we get more in the long term."

Country Garden Australia is owned by **Hong-Kong** listed Country Garden, one of **China**'s leading **property** developers, controlled by **China**'s richest woman, Yang Huiyan.

Mr Zhang said it was not just **Chinese** developers who were bidding higher but local developers such as Harry Triguboff's Meriton had been equally competitive in vying for land.

"Everywhere there was an Asian developer, Meriton was there to fight for it," he said.

Mr Zhang said that in gaining development experience in Australia, his **company** could become an important provider of the housing stock Australia needs.

"We have a **Chinese** saying that the student can do more than its master."

Only 15 per cent of Country Garden's nearly-**sold** \$500 million, 830-unit **residential** complex in Sydney's north-west suburb of Ryde is owned by foreign investors.

Country Garden had specifically targeted its development at local owner-occupiers, not investors, designing apartments with established local architects to create liveable units for professional couples and singles.

The small **group** of investors is not taking away housing stock from locals, Mr Zhang said.

He and Mr Luo affirmed their companies' intentions to remain in Australia for the long haul.

"We are a Fortune 500 **company**. In fact, we are ranked 268, so we are globally successful," Mr Luo said.

"We take great care assessing the risks of every investment opportunity. No development which requires a huge outlay is sustainable without returns. We use the same returns model whether it is investments in Europe, America and Asia.

"So we won't go about squandering our money unnecessarily. We just don't do speculative, make-a-quick-buck schemes."

"The capital we inject into the economy provides a multiplier effect, creating jobs which results in more tax revenue for the government. Also, without this much-needed capital Australia's housing supply will suffer and not meet demand."

Mr Zhang said his **company**'s entry into the Australian market was part of a global plan that included expansions to many countries.

Greenland projected global sales of nearly \$4 billion for 2014 and has partnered with James Packer's Crown **Group** to bid for Brisbane's Queen's Wharf precinct development.

Country Garden and Greenland **Group** have funded their **purchases** with money from their **Hong Kong**-listed parent companies. Both said demand was far higher than supply and there was no housing bubble. "You can look at the vacancy rates. Only when there is an over supply will the market collapse," Mr Luo said.

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