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HD For a century, the mansion sat above Sydney Harbor. Then **China's** nouveau riche arrived.; The construction of a 5-story concrete structure above Sydney Harbour shows clout of **Chinese elite**.
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SYDNEY — In recent weeks, wrecking crews have embarked on a job that symbolizes the international economic clout of the **Chinese elite**: razing an Australian mansion with stunning views of one of the world's most picturesque harbors.

Craig-y-Mor, an elegant 106-year-old home owned over the years by several prominent Sydney businessmen, was bought in 2008 by the son and daughter-in-law of a former senior member of the **Chinese Politburo** for 32.4 **million** Australian dollars (about \$30 **million**).

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The new owners, Zeng Wei and Jiang Mei, sought permission to demolish the two-story brick house and replace it, at a cost of \$4.5 **million**, with a five-level modern concrete structure with huge windows. The plan horrified some neighbors and government officials, who thought the new building would be too big and unattractive. After the municipality refused to allow the demolition, Zeng's lawyers appealed to a state judge, who overruled that decision.

From London to midtown Manhattan to **Hong Kong's** Victoria Peak, wealthy **Chinese** — often connected to powerful political figures — are buying up some of the world's best real **estate**. Australia relies on **China** to **buy** much of its two main exports, **coal** and **iron ore**. But many say there's a downside to **Chinese** investment: surging **property** prices.

Even though Australia is sparsely populated, house prices in its biggest cities are comparable to those in Washington, San Francisco and Paris.

Sydney's average house price rose 15 percent to the equivalent of \$613,000 in the year ended March 31, according to RP Data-Rismark, a research **firm**. Apartments overlooking the city's famous Opera House sell for more than \$10 **million**. Many younger college-educated Australians find it impossible to afford homes close to their workplaces without parental assistance.

"A generation of Australians are being priced out of the **property** market. Many face a lifetime of renting," an analyst at investment bank Credit Suisse, Damien Boey, wrote in a recent note to clients.

Credit Suisse estimates that 18 percent of all new houses and apartments in Sydney are bought by **Chinese** citizens. In Melbourne, the figure is 14 percent.

These figures are likely to rise. To stimulate the economy, the Australian government recently expanded a program to grant permanent residency to foreigners prepared to invest at least 5 **million** Australian dollars (about \$4.6 **million**) in Australian businesses. Ninety percent of the applicants so far are **Chinese**.

Concerns that **Chinese** buyers could be driving a **property** bubble are so widespread that the Australian Parliament recently began an investigation into the possibility.

Research given to the inquiry by two academics found that people with **Chinese** surnames paid slightly less than other buyers for similar houses and apartments in Sydney, suggesting they are tough negotiators and aren't pushing up prices.

Many Australians aren't convinced, according to submissions to the inquiry from the public. "Widespread injustice will continue with Australians being outbid by foreigners on an uneven playing field," a woman named Pat Sutton wrote to the investigators.

The concerns reflect a belief among many people that **Chinese** citizens are using cities such as Sydney — an 11 1/2-hour flight from Beijing — to protect their wealth from theft or seizure by the **Chinese** government.

Zeng and his wife may have had another reason to choose their new home apart from Australia's strong defense of **property** rights and the 180-degree views of Sydney Harbor. Feng shui expert Gary Khor recently told the Sydney Morning Herald that Point Piper, the wealthy suburb where Craig-y-Mor is located, contains positive **energy** because it overlooks calm, moving water and has a hill to its rear.

Powerful ties

Little is known about Zeng's personal or professional life. His father is Zeng Qinghong, the vice president of **China** from 2003 to 2008 and a player in the leadership maneuvering over the past decade that led to the rise of President Xi Jinping.

Foreign Policy magazine reported in 2012 that Zeng Wei was involved in the clandestine privatization of the state-owned Luneng power generating **company**, which had over \$9 **billion** in net assets.

Zeng, who is reportedly in his mid-40s and has young children, didn't respond to a letter seeking comment on the Sydney home. John Landerer, managing director of the law **firm** that represented him in his dispute with the municipal council, declined to comment. The architect designing the new house, Stephen Gergely, referred questions to a representative of the Zeng family, Gavan Slaughter, who also did not comment.

Workers began demolishing the home last month, an event that was front-page news here.

"They are knocking down something that was modest and thoughtful and replacing it with something that doesn't even have a thought in its head," said Elizabeth Farrelly, Sydney's most prominent architecture critic, in an interview.

Bill Malouf, a veteran real **estate** agent whose **firm** brokered the **sale** of the house, said in an interview that Craig-y-Mor wasn't in need of renovation. **Chinese** buyers prefer modern, symmetrical houses lacking the ornate detail common to many of Sydney's grand older homes, he said. Views of the Sydney's iconic Opera House and Harbor Bridge are important, he said.

"He was always going to do a major renovation," Malouf said of the buyer. "There was nothing wrong with the house."

The construction **site** at Craig-y-Mor has now turned into a regular stop on the **Chinese** tourist circuit, along with Bondi Beach and the Harbor Bridge.

"We get minivans every day and private cars on weekends," neighbor Bob Gilman, a California businessman who has lived in **China**, said in an interview. "A Greyhound bus came one day."

Recently, a vehicle carrying tourists blocked Gilman's car. His Pennsylvania-born wife, Denise, asked the driver — in Mandarin — to move it, prompting embarrassed tittering from the **group**. "They all want to have their photos in front of the house that belongs to a famous **Chinese** official," she said.

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