

# REAL ESTATE

## China Twist

#VISUALIZINGTHECRISIS #IreneChiappini #GiuliaSerafin

### ASIA

China

39°55'N 116°23'E  
total area: 9,596,961 km²  
population: 1,376,049,000  
capital: Beijing

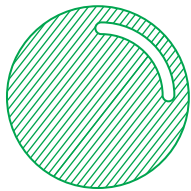


### BULLETIN 05

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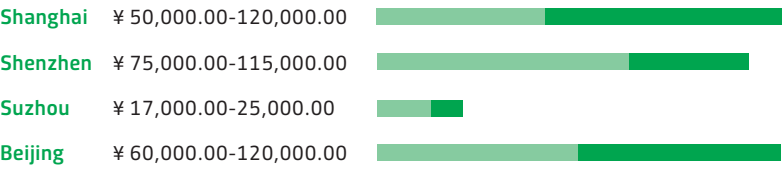
**sources:** Quarz "A growing corner of China's \$2 trillion mortgage market looks a lot like the US subprime bubble" - Forbes "Demand for housing in China's heated property market is real" - Wikipedia "List of countries by home ownership rate"

### A NEW BUBBLE RISK?



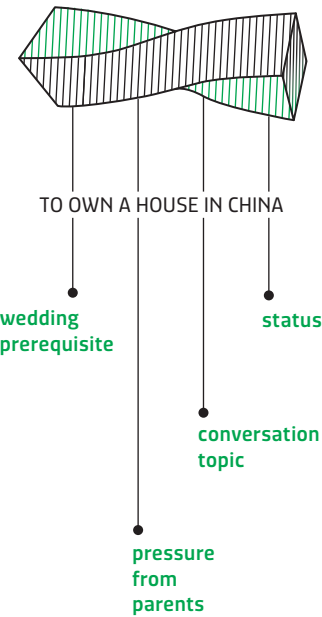
The real estate markets in some of China's major economic centers have again heated up, with extreme price increases in Shanghai, Shenzhen, Suzhou, and in some parts of Beijing. With government controlled purchasing restrictions looser than they have been in the past decade, many home buyers are jumping in fast, as though afraid "of missing the boat."

#### BUY APARTMENT IN CITY CENTRE (ranges of price per sq m)



### RISKY STRAIN: ECONOMY vs. LOANS

Why home loans and are growing fast while economic growth has slowed?



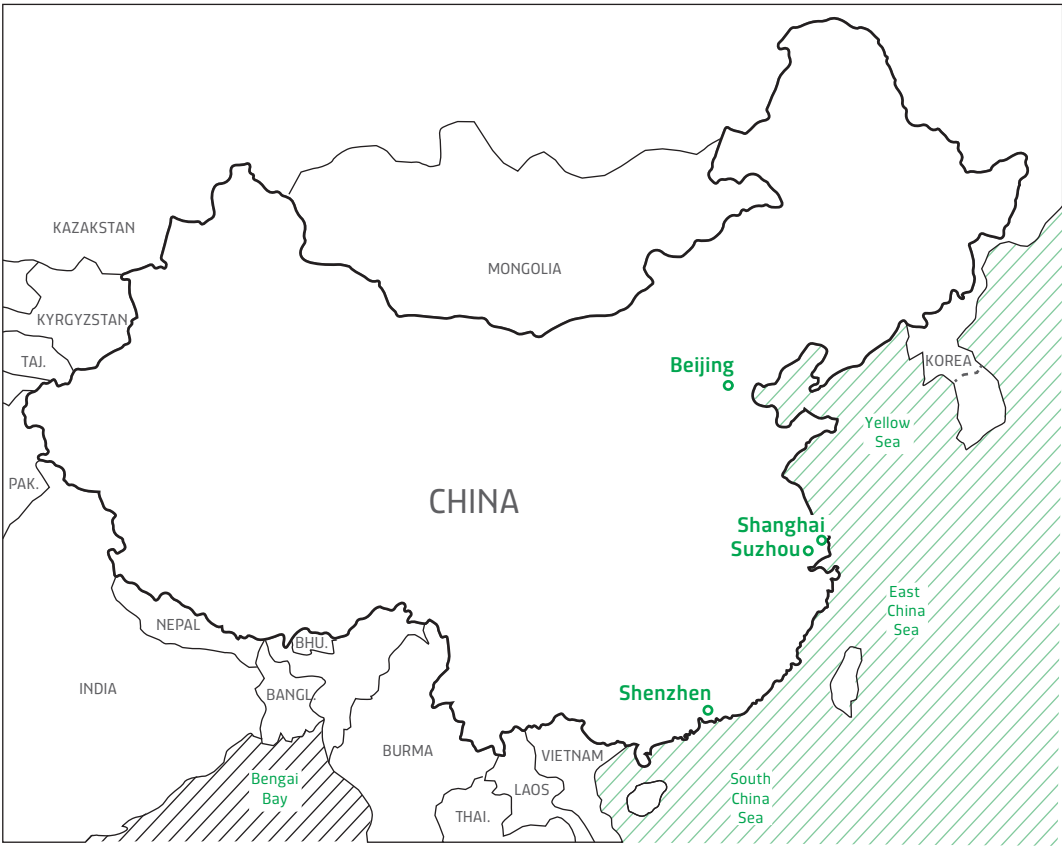
China needs the housing market as a backbone to prop up its slowing economy.

Chinese real estate market is it's different: on average, in China they are bought many more homes than in the western countries.

On an annual basis, 1/3 of residential property sales are for weddings\*.

"A house is not just a house. It gives you face."  
Ye Qiuqin, a resident of Ordos Kangbashi

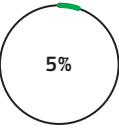
\* On average there are about 13 million wedding each year.



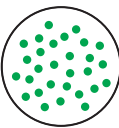
### DOWN PAYMENTS: THE TRUE STORY



How much normally homebuyers need to put down of a home's value.



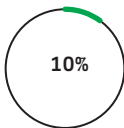
Chinese home buyers which have borrowed money to make home down payments.



30 local busines in Shenzhen sold outstanding loans for home down payments of ¥ 2.5-3 billion Yuan.



Some property developpers cover 100% of a down payment, for who promises to pay back in one year.



New properties in Shanghi which offer a zero down payments\*.

\*WHAT IS A DOWN PAYMENT?  
an amount of money that you pay at the time that you buy something but is only a part of the total cost of that thing.

### WHAT IS HAPPENING

**REAL ESTATE**  
Is a strong sector.



**RISING PRICES, MORE LOANS**  
Home prices rise in China's first tiers cities and China's bank are being encouraged to lend more.

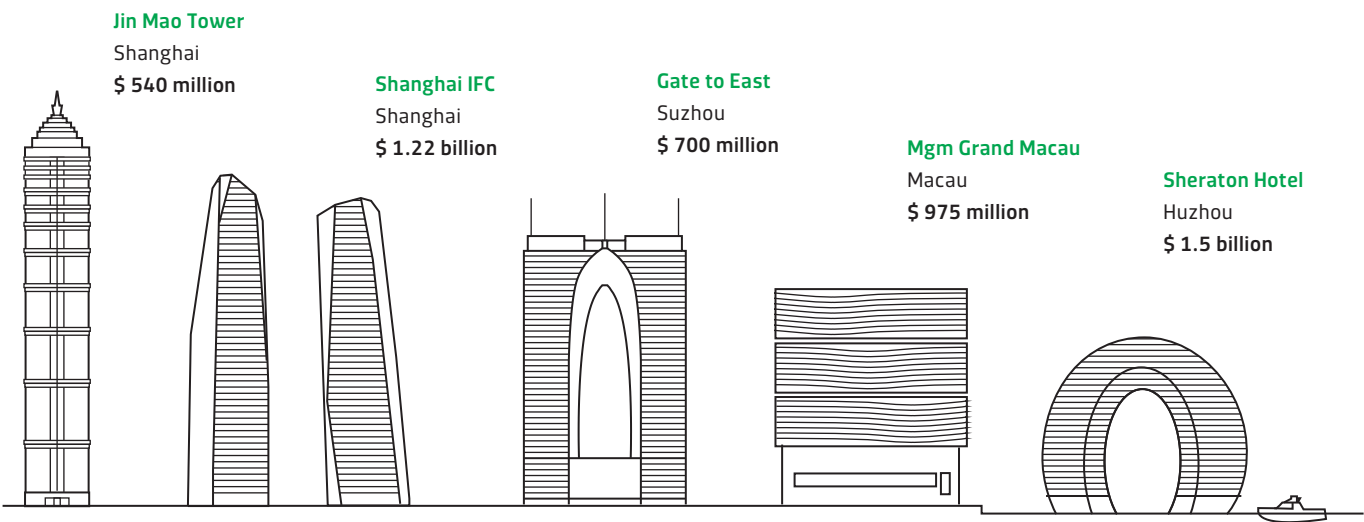


**THE RISK**  
Down turn in house prices could slash China's banks and million of Chinese.



**WHO IS WORRING**  
Mayor Huang Qui Fan is worrying about a possible financial disaster.

### MOST EXPENSIVE BUILDINGS IN CHINA



### FLASHBACK: 2008 US SUBPRIME BUBBLE

#### THE BEGIN OF A BUBBLE

Lenders pushed outsized home loans on people without the wherewithal to pay them back. When home prices fall, banks and investors holding the loans had to eat massive losses.



**LIKE US**  
Chinese home buyers borrow money to pay for down payments.



**UNLIKE US**  
International investors have not jumped into buy these loans.

# REAL ESTATE

## On The Top Of The World

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### WORLD

Worldwide topic

land: 148,940,000 km<sup>2</sup>  
water: 361,132,000 km<sup>2</sup>  
population: 7,4 billion



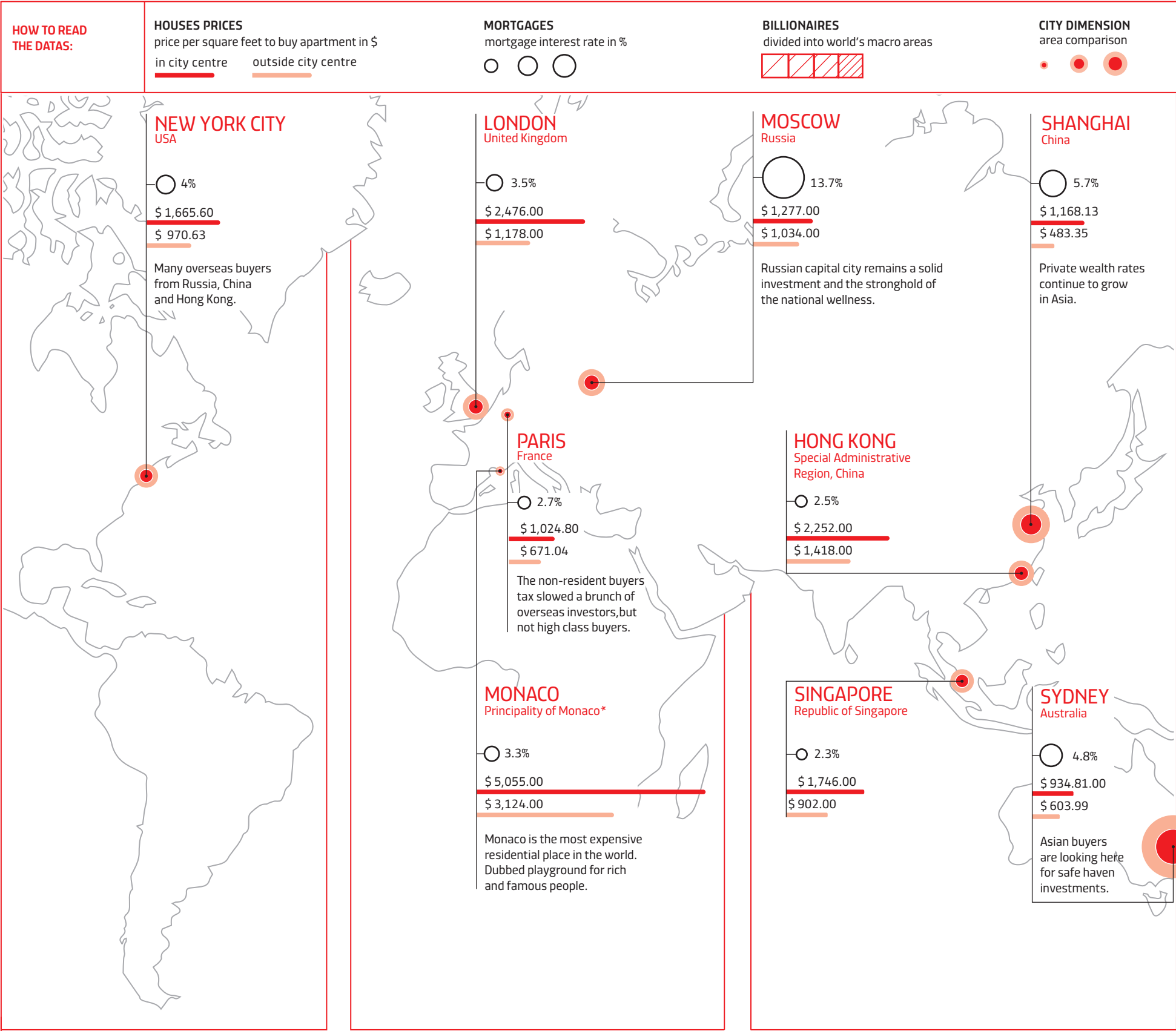
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sources: Forbes "Richest Real Estate Billionaires In 2016", "The 20 Richest Real Estate Barons In The World 2016" - Yahoo "World's most expensive residential property" - Numbeo "Cost of Living".

### WORLD'S TOP 10 RESIDENTIAL PLACES

WORLD'S MOST EXPENSIVE LOCATION S TO BUY A PROPERTY

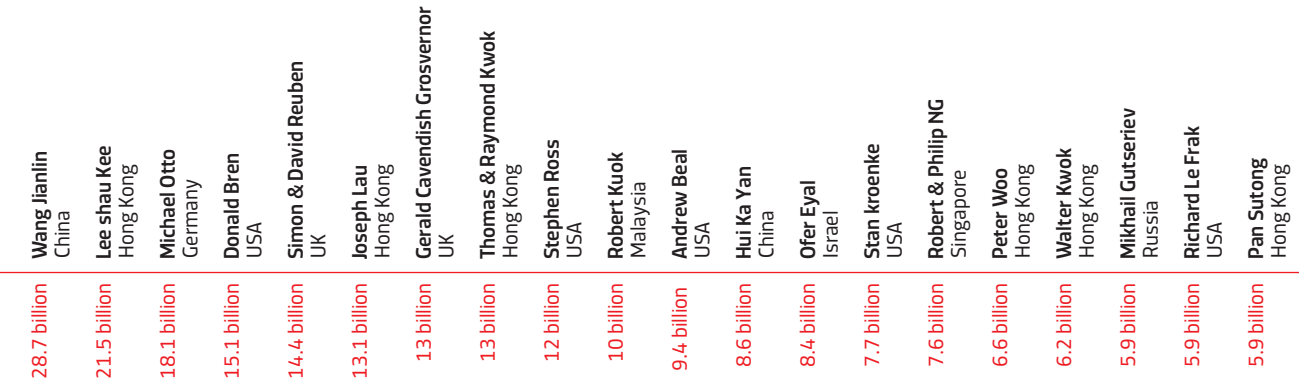


### 182 WORLD'S REAL ESTATE BARONS



### TOP 20 WORLD'S TYCOONS

This year about 20 people joined the Forbes' World's billionaires list thank to their real estate purchases.



### ASIAN TYCOONS

Escluding new entries, this is the trend of their fortunes:

- 50 dropped down
- 24 rose
- 9 remained flat

