



# Chinese whispers

Last summer the Chinese central government introduced new regulations to safeguard against foreign investors pricing local buyers out of the market. Chung Do of China Consulting explains what the new laws mean

China, the Far Eastern country with a mysteriously enchanting air of unknown to many people, is the most exciting place to be in right now. Its name is on the lips of everyone from politicians to holidaymakers. Riding on the wave of China's economic success is a never-seen-before transformation of its physical surroundings. The ever-changing skylines of China's major cities, the record-breaking construction and transport projects such as the world's first commercial magnetic-levitation train in Shanghai (with a top speed of 430 km per hour) and the flood of newly built plush luxury housing are all obvious signs that China is undergoing enormous changes. It is now an excellent time to live in and fully experience the oriental charms of this magnificent and fascinating country.

Buyers are spoilt for choice when it comes to the luxury housing market in China, the range of styles and the range of environments available are truly staggering. Beijing and Shanghai are currently the most sought after locations for foreign buyers, with Guangzhou and Shenzhen also popular due to their proximity to Hong Kong. The north-east suburb of China's capital city, Beijing, is where many of the country's rich and famous reside with the Chateau Regalia being one of the region's most recent luxury housing estate developments.

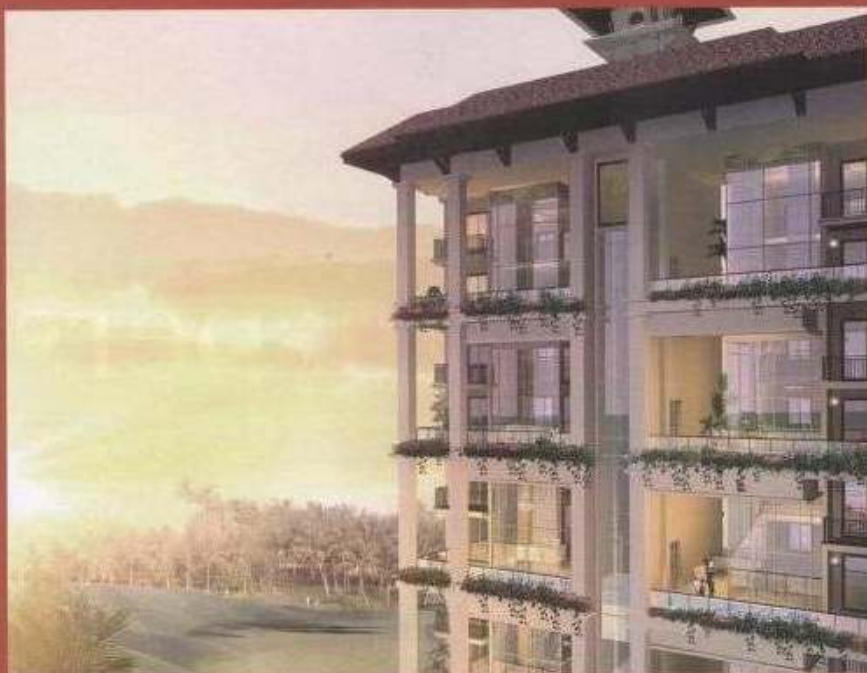
The developer, New World China Land Limited, has given the properties an extraordinary sense of lavishness and extravagance. At the top of its offering are

Mediterranean-style villas complete with their own private swimming pools but there are also cheaper duplex apartments with interiors which cater for Western tastes. The development is set in a location just by the Wenyu River, a 10-minute drive away from Beijing's Central Business District and Beijing Capital International Airport. Prices for large suburban villas like the ones in this development can reach anything up to £500,000 (€747,230).

## Shanghai surprise

If you don't like the sound of living in the relatively tranquil suburbs of Beijing and large contemporary style villas, then how about the hustle and bustle of Shanghai, home to one of the world's largest set of colonial and art deco style architecture. Shanghai was China's gateway to the rest of the world in the early 20th century and its architecture is a reflection of the great influence colonial powers once had on this city. At the heart of lively Shanghai, amongst high-rise buildings and record-breaking skyscrapers, are narrow winding streets and peaceful lanes, a place where you too can own a piece of Shanghai's colourful history. Old colonial town houses (better known as 'lane houses') are incredibly popular due to their colonial-influenced designs, high ceilings and historic surroundings.

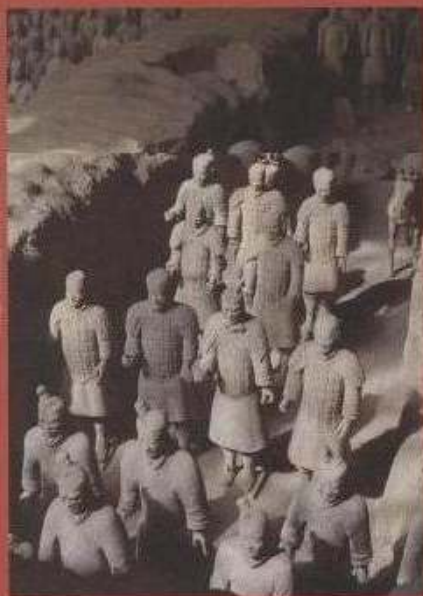
A 250m<sup>2</sup> house can be bought for around £460,000 (€687,410). Whereas lane houses tend to be located in the quieter side streets, French Concession-style apartments tend to be found on



## MISSION HILLS

Asia's largest and most luxurious country club and residential community includes 10 courses designed by top professionals and custom built, state-of-the-art homes with pools and fabulous views. Newly on offer are the villas of Presidential Commons (corporate retreat) and Mission Hills in Residence. Presidential Commons comprises 26 detached golf villas in a crossover of splendid renaissance and modern Hawaiian architectural styles. A total of 126 Mission Hills in Residence villas promise the splendour of southern California's hillside villas. Alternatively, choose from 111 recently completed villas at Emerald Valley – further Californian villa living in the midst of Mission Hill's golf. By 2008, the club will have expanded to 12 courses and 216 holes, making it a unique venue not only in China but worldwide – and only a 30-minute drive from the Hong Kong-Sherzhen border.

From £131,372 : €195,095 : HK\$2million - £328,431 : €487,691 : HK\$5million  
For more information call +44 (0)1245 358877 and quote ref. IH14/03MH06



### Top three must-sees

1. The Great Wall
2. Terra-Cotta Warriors and Horses
3. Yangtze River

busy main roads. A typical one-floor 220m<sup>2</sup> French Concession-style old apartment in central Shanghai for example costs anything up to £360,000 (€537,975) and buildings with more than four floors usually come with their own early 20th century style elevator. However, you should bear in mind that with the prices stated here you are very much only paying for the shell of the house as almost all of these historic properties require major renovation.

### Property potential

There are a number of other things one should be aware of when buying a home in China. If buying old properties, do so only on a freehold basis. If the land your old property is located on is needed for building work, you are legally obliged to accept the offer made by the developer/government, and the offer may not be as much as what you originally paid for the property. New properties and those under a freehold ownership are generally safer in this respect, however. When looking at potential properties, you should ask the local

housing and planning bureau for information on the next five years of planned developments in your areas of interest.

The general procedure for purchasing a property is relatively simple. Once you have found a property you want to buy, you then submit an official letter stating your offer and your payment schedule. If your offer is accepted, you will have to pay a one per cent deposit and start making arrangements with your bank for finance. Your legal representative will then begin to make the necessary checks and ask for the necessary government approvals for you. The next stage is for you and the seller to enter into a legally binding contract, after which you pay a further 29% of the purchase price. The Government Deed and Title Office is then informed of the transaction and once you receive the certificate of ownership, you pay the remaining 70% in order to complete the purchase.

Unfortunately in July, the Chinese central government introduced a number of new regulations in order to restrict foreign speculators flooding the domestic property market and driving the house prices up. House prices in some cities such as Beijing and Shanghai have risen up to 25% per annum for three consecutive years, causing much of the Chinese population to be priced out of the market. Under the new regulations, foreigners can only buy property in mainland China after having lived there for at least a year and the property must be for their own use and cannot be leased to others.

These regulations effectively amount to a ban on foreign individuals and foreign companies from purchasing property for investment purposes. The only way foreigners with the intention of buying property as an investment can get round this is to set up a company in China. Of course, for people who genuinely want to buy a home in China and live there, there is little getting around the need to rent for the first 12 months. Regulations and laws in China can drastically change at any time and one should seek professional advice when entering this potentially lucrative market. ■

China Consulting is a UK-based company offering help to Western companies looking to improve their understanding of China or move their operations there. Services offered include cultural training, partner sourcing, market research, Chinese website design, translation and interpreting services.

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