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## *Some Overlooked Market Trends in China Real Estate Investment (Bilingual)*

By [David Blumenfeld](#), [Wayne Ma](#) & [Paul Guan](#)

As 2015 closed, many of us engaged in the time-honored ritual of looking back and making sense of things by putting them into neat little boxes.

China real estate professionals were no different. While there certainly are discernible trends for both outbound and inbound investment in the sector, relying on those trends only gets us so far. Not very far, actually.

Most of us are aware that the Chinese government has relaxed restrictions for outbound real estate investment, and went through last year anticipating the nearly weekly announcement of yet another large outbound deal.

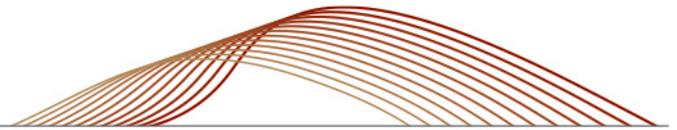
What has been largely ignored in the industry is the interplay between the ever-increasing maturity of the Chinese economy and its continued integration with the global economy, the inevitable slowdown of growth in the domestic real estate market, and the relationship between outbound and inbound investment in the Chinese real estate market.

When talking about China real estate, outbound investment seems to grab all of the headlines. Chinese institutional investors, much like other institutional investors, continue to be interested in first-class assets in gateway cities such as New York and London. No surprise there. As competition and pricing for those types of assets become fiercer, Chinese institutional investors have, by necessity, expanded their investment scope both by type and location.

In 2015, one of the most favored types was logistics, and Chinese institutional investors were market leaders, not followers. Both Ping An and China Life announced blockbuster US logistics portfolio deals.

On the development front, Chinese developers continued to look for gateway city development opportunities but, like other developers, they have had to expand their reach outside of those cities in the search for both deals and returns. It doesn't hurt that some of these Chinese developers are among the best capitalized in the world, and have spent the past few years increasing their understanding of foreign markets and bulking up their overseas development teams.

Chinese institutional investors and developers are building global brands. It is exciting, fun to watch, and good for us all. While Chinese institutional investors and developers are becoming significant global players, Chinese high net worth individuals are right there with them.



They continue to buy apartments in gateway cities and invest in US EB-5 (Green Card) real estate developments because, well, that is what rich people do. And now that the Chinese government increasingly allows them to invest overseas, why should they be different from anyone else?

As all of this is happening, Chinese trust companies, private equity and wealth management firms are also developing more products to meet the demand of high net worth individuals who want to invest a portion of their wealth in global markets. These include what appears to be an ever-expanding roster of renminbi-denominated private equity funds targeting overseas real estate.

2015's China real estate investment story became much more interesting when outbound investment was viewed through the lens of the domestic real estate market. If Chinese institutional investors and developers were operating in the same environment that existed in 2010 and 2011 (and making the same type of profits), they would be so busy pursuing their China strategies that there would be little reason for them to turn their attention elsewhere.

The slowdown in the domestic market may not have forced them to invest overseas, but it certainly provided a good push in that direction.

On the regulatory front, this slowdown has led the Chinese central government to loosen its restrictive policies toward inbound (foreign) real estate investment.

The government seems to have replaced its concern that inbound investment was "hot money", chasing quick returns with comparatively less equity risk in a real estate market that seemed to be moving ever upward, with an understanding that risk-adjusted real estate returns in China continue to move closer to those available in other markets.

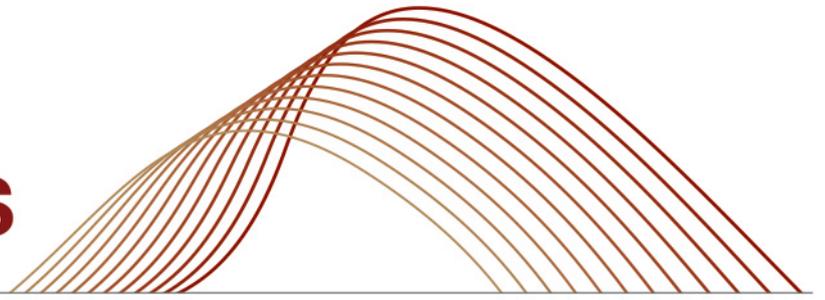
This has allowed the Chinese government to start to roll back its previous inbound real estate investment regulatory scheme which, at its height, subjected foreign real estate investment to both significant additional restrictions and scrutiny.

As the economy continues to mature and as success in the China real estate market becomes more dependent on investment savvy and less on having access to deals, China real estate investment will become both easier (for foreigners from a regulatory standpoint) and more difficult (for everyone) as the market continues to become more competitive.

So, where did we stand at the end of 2015? It is likely that, absent one of those black swan events, the trend of increasing China outbound real estate investment and the loosening of restrictions on inbound China real estate investment will continue.

But, as with most complex issues, the closer we look at the boxes in which we have placed the trends, the less neat they become.

*(This piece was first published in EJ Insight, the English service of the Hong Kong Economic Journal (Hong Kong's first Chinese financial newspaper), on December 24, 2015)*



## 中国房地产投资领域一些可能被忽视的市场趋势

作者：花大伟、马维新、管荣

辞旧迎新的时候又来到了。作为有幸从事跨境房地产法律服务多年的人士，与我们众多取得骄人业绩的国内外房地产客户一样，我们也希望通过回顾过去，为新年的业务发展找到一些借鉴。在过去的一年中，中国房地产领域的境外和境内投资均出现了一些明显的变化趋势，但是这些趋势能让我们在新的一年里中走多远？

众所周知，中国政府在过去的一年中进一步放松了对海外房地产投资的限制，去年几乎每周我们都能听到各类机构宣布他们各种大型海外投资项目的落地。在海外房地产投资的大潮中，经常被忽视的是这几点因素之间的相互作用：中国经济日趋成熟、与全球经济的整合程度日趋提高，但同时国内房地产市场不可避免的出现了增长放缓趋势；同时，在中国房地产市场中，外资对内投资以及中资对外投资其实也存在着非常微妙的关系。

当论及中国房地产，海外投资似乎占据了很多头条。中国的机构投资者们，与其他国家的机构投资者类似，在过去一年里对诸如纽约和伦敦等国际性门户城市的优质资产持续显示了浓厚兴趣。这并不奇怪。但随着这类资产的竞争和定价更加激烈，中国的机构投资者们也在随机应变，在他们投资物业的类型和地理位置上都扩大了投资范围。

在过去的一年中，物流地产显然是全球范围内最被看好的房地产投资类型之一。在这一投资领域中，中国的机构投资者们是国际市场的领导者，而不是追随者。我们欣喜地看到，平安集团和中国人寿都各自宣布了对美国物流资产包的重磅投资交易。

在房地产开发方面，中国的房地产开发商们一方面继续在国际性门户城市寻求好的开发项目；另一方面，他们与欧美的本土开发商一样，也不得不需要将投资触角扩大至门户城市以外，以寻求更多的交易机会以及更有吸引力的投资回报。我们无需讳言，中国的一些开发商在全球范围内属于资本最为雄厚的开发商。在过去的几年中，他们通过各种方式不断增加对国外市场的了解，也持续建立并扩张他们的海外开发团队。

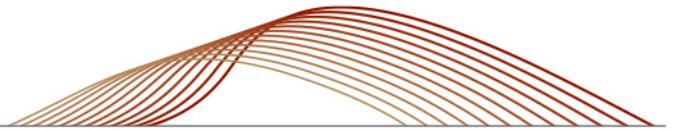
中国的机构投资者和开发商们正在树立全球性的品牌，这个趋势非常令人兴奋及期待，我们也相信这会为房地产行业本身带来更多的增长点，对所有的从业人员来说都是有利无弊。

而在中国机构投资者和开发商们逐渐成为全球房地产市场上举足轻重的力量的同时，中国的高净值群体也并没有落于人后。中国的富人们继续在国际性门户城市购买公寓，并且通过美国 EB-5(绿卡项目)投资房地产开发项目。这些，本来就是富人生活的应有之义。随着中国政府对个人境外投资逐渐放开，有什么理由期待中国的富人群体与世界其他地方的富人们在这方面有不一样的投资偏好呢？

伴随着这一切的发生，中国的信托公司、私募股权基金和财富管理公司也在不断开发更多的产品，以满足高净值客户投资全球市场的需求。我们注意到，中国市场上出现了越来越多以人民币计价的、瞄准海外房地产投资机会的私募股权基金产品和信托产品。

当我们通过国内房地产市场的视角来看待海外房地产投资时，中国房地产在过去一年的投资故事就变得更加有趣了。如果中国的机构投资者和开发商可以在 2010、2011 年那样的国内环境下进行投资（并获得相似的收益率），他们可能会因为中国好的投资机会太多，而几乎无暇顾及境外的投资机会。

在过去的一年里，国内房地产市场的增速放缓纵使没有“迫使”中国的机构投资者和开发商向海外进行投资，但肯定成为他们走向海外的重大推动力。



而在监管政策方面，国内房地产市场的减速，也促使中国政府选择放松了过去很多对外商投资中国房地产的限制性政策。在过去那个看起来会一直增长、而不会出现衰退或贬值的房地产市场中，中国政府曾长期将以中国房地产为投资目标的境外资金视为纯粹追求快速回报、但相对而言承担很小投资风险的“热钱”，并在此基础上施加了各种投资限制措施。在过去的一年中，我们相信中国政府也逐渐了解到，境外投资者从中国房地产市场中可获得的、经风险调整后的收益率，未必再比这些资本从其他国家房地产市场中可获得的收益率更有吸引力。因此，中国政府似乎在逐渐放松对这些传统意义上的“热钱”的担忧。这使得中国政府开始取消了以往针对外商投资中国房地产所设置的很多限制性措施。在这些限制性措施的顶峰时期，境外资本投资中国房地产曾经比投资很多其他行业受到更多的、非常繁琐的限制和审批要求。

随着中国经济的不断成熟，在房地产市场的成功越来越取决于投资和管理的专业技能，而非获得项目的渠道（即传统意义的“关系”）。在新的一年里，在中国从事房地产投资一方面会越来越容易，但另一方面也会越来越艰难：容易是指从监管的角度出发，境外投资者在中国的房地产项目将会更加容易地获得审批；而艰难则是对所有的投资者而言的，因为这个市场的竞争比以前更加激烈。

那么，在岁末之时，我们如何看待新的一年的趋势呢？我们预计，除非发生不可预料的黑天鹅事件，中国资本进行海外房地产投资将会保持强劲的增长势头，而外国投资者投资中国房地产所受到的各种限制也会被继续松绑。

然而，与大多数复杂的问题一样，我们越是靠近了去观察这些发展趋势，就越会发现问题变得更加复杂。我们的观察和预测，也很可能无法摆脱“只缘身在此山中”的局限。

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