

# Property





# China's 6th priciest real estate market

In 2014 newspapers reported Hangzhou's property market was cooling, forcing developers to discount their prices, and even offer deals with zero downpayments. The real estate agent representing the properties profiled in this edition of Sinopolis was conversely (though perhaps predictably) more bullish on the market, bragging that five years previously there had been no property in the sites surrounding those we visited but that now it was all residential – which of course, could be as suggestive of a supply glut as a demand spike.

At the end of 2014, Hangzhou had 144,430 available property units, including 93,216 residential properties, marking an overall increase of 37.5% on the year before. Residential supply rose 28%. The property stockpile set a new record.

Meanwhile, the average residential property price fell 6.3% to Rmb15,518 per square metre in 2014. The Zhejiang News Real Estate Research Institute found that consumers were less willing at that time to buy new flats as they doubted the future strength of the market.

In 2015, figures from the city government's website

## AT A GLANCE

Average property price (per sq m): Rmb17,545  
Annual new property supply (units): 93,216  
Annual total property sales (units): 131,645  
Key Districts: Xihu; Binjiang; Zhijiang

*Figures for 2015*

indicated investment from property developers rose 13.1% in the period from January to October over the year before – which, while an increase, was 14.3 percentage points less than the 2014 growth rate. Similarly, property sales grew 39.1%, but this too was lower than the previous year's rate, by 13.7 points. Evidently, while growth in investment and sales continues, it is doing so at a 'new normal' rate.

Figures released by the National Bureau of Statistics show the average property price in Hangzhou stood at Rmb17,545 per square metre in November 2015. In the areas surrounding Qianjiang New CBD, the Xixi National

**39.1%**

**Growth in Hangzhou property sales in 2015**



REUTERS



## What can you get for Rmb4m?

The first property – Zhongtian Zhijiang Chengpin (see point 1 on map on page 65) – sits close to the G320 highway, which weaves from Shanghai, through Hangzhou and 2,296 miles beyond, to the border with Myanmar in southwest Yunnan Province. Although that might sound unwelcome, the highway serves as a convenient connector to the larger expressway, which carries the bulk of intercity traffic. The area immediately surrounding the apartment complex – where lower floor duplexes go by the name Monroe's Garden – is also under development. Of the 800 apartments billed for construction on this complex, 100 had already been sold by November 2015, in advance of completion. Sales began in July.

The apartments are designed for those who already have a decent income and savings – in other words they are not starter homes. Modelled on the aesthetics of an English townhouse, built in brown brick, the ground floor level offers a set of duplexes: five bedrooms, four bathrooms, two living rooms, studies, walk-in closets, a kitchen, separate dining room, and a garden.

The upper floor is 169 square metres, the lower 180 square metres, and the garden 120 square metres: in total costing Rmb4.3 million (\$673,000) for the bare-bones; furnishing, painting, and flooring can cost an additional Rmb2 million, which the buyer can choose to take on themselves or have the developer complete for them.

Along the highway and closer to the river is a second development site – just across the bridge from Binjiang (the city's tech hub). Zhongtian Jiuxi Chengpin (see point 2 on map on page 65) offers 11 floors with



mountain views, according to its marketing literature, but seems to be aimed at a younger demographic of executives looking to start a family. Here an unfitted 90 square metre apartment with two bedrooms, two bathrooms, a kitchen, living room, and a dining room sells for around Rmb1.8 million. At Rmb20,000 per square metre that is just above the city's average price. Similar to the first property, as many rooms as possible are designed to be south-

facing. The sales agents were keen to point out the other features of the neighbourhood that will boost values. Line 6 of the metro is due to break ground nearby, running from across the river. A number of schools and a youth centre are planned for construction too.

Both of these properties are in Hangzhou's Zhijiang district: south of the mountains and west of the river. Once construction of the subway is completed, the area will be connected directly to the HTIDZ (see section on Industry) as well as neatly connected to Qianjiang New CBD with just one change. Without the subway, driving to the HTIDZ takes roughly 20 minutes, while driving to the designer shops along Yan'an Road will take about 30 minutes. Thanks to the area's highway connections, driving to Zhejiang University's main campus on the far side of the hills also only takes half an hour.



Wetland Park, and Wulin Square average price is considerably higher: between Rmb35,000 and Rmb50,000 per square metre.

The reasons why these three areas command higher prices vary: housing around Xixi Wetland offers good scenery as well as proximity to some of Hangzhou's more outstanding schools; Wulin Square is at the heart of Hangzhou's shopping district; and Qianjiang New CBD is primed to be the new central business district.

Demand for property in these areas is perhaps more sustainable than in some the imitation towns that have developed in Hangzhou's suburbs. China has a particular penchant for replicating European cities within its own borders. But the novelty of these towns is often short-lived.

In the far north of Hangzhou is Tianducheng: a town designed to mimic Paris, complete with its own Eiffel Tower (a third the size of the original). It was designed to house 10,000 people, but reportedly has only sold 2,000 lots. The faux French town's lack of appeal may be in part due to its inconvenient location – situated far from anything but farmland. But in the Xiaoshan district of Hangzhou, just beyond the end of metro Line 1, Hangzhou's imitation Venice (called Venice Waterside Town) doesn't appear to be faring much better.

Songcheng Real Estate Group, a subsidiary of Hangzhou-based Songcheng Group, which specialises in

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**In Binjiang, the cost per square metre of land is Rmb15,000. That's without having built an apartment, just the floor cost: Rmb15,000. Then after you've built an apartment, the cost is about Rmb30,000**

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world city-themed residences, developed this Venetian imitation. Its portfolio also includes Mediterranean Villas, Holland Waterside Town and Zurich Mountain Villas. The Swiss-themed location, approximately 300 metres from 'Venice', actually offers some charming villas dotted along the



“If you don't do it, nothing is possible. If you do it, at least you have hope there is a chance”

**Jack Ma,  
Alibaba boss  
and Hangzhou's  
most famous  
resident**



**In 2014 Binjiang was the most expensive rental district in Hangzhou**

hillside, in a quiet gated community. At roughly Rmb26,000 per square metre, a short walk from the main metro line, and close to Xianghu Lake (known as the West Lake's sister), Zurich Town is seeking to appeal to buyers looking to avoid the high and mid-rise apartments that dominate Hangzhou's residential scene.

Zurich Town's early access to the underground system is certainly one of its selling points. Suburbs of Hangzhou which are not yet fortunate enough to have their own metro connections might see their prospects change as the development of the underground system moves into its third stage. Plans for the metro have been accelerated so that new lines open in time for the Asian Games – due to be held in 2020. Properties in the areas near the new lines are more likely to see an increase in value.

Line 3 is anticipated to be an especially important development. It will help connect currently remote places such as Ningqiao (where an average property is priced at Rmb10,000 per square metre) to the city centre, as well as sites in the western districts, such as Xixi National Wetland Park and Zhejiang University. Other areas to watch are those that the Airport Express line (Line 7) will run through. The line will connect the airport to the city via Binjiang, terminating near Hefang Street – a favourite shopping destination for tourists.

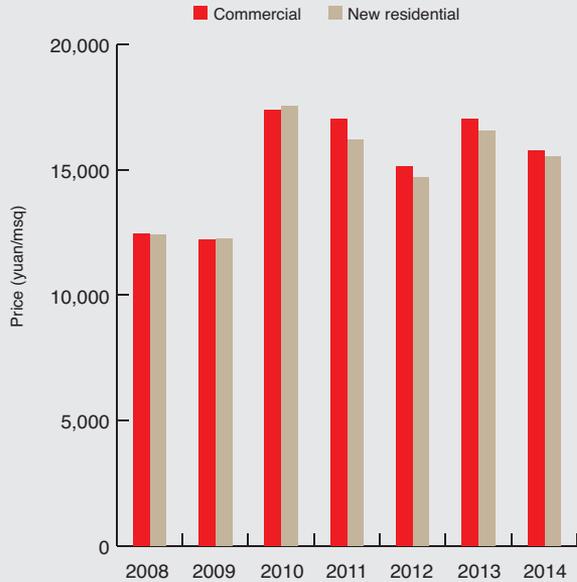
## Renting

A large percentage of the rental market is occupied by Hangzhou's 'floating population' – migrant workers and students from outside of town. Overseas residents account for a portion of that crowd, and there are a number of online letting agencies that specialise in assisting foreign clients. Through these agents it is possible to find fully furnished apartments in Binjiang ranging from Rmb3,500-25,000 (\$547 to \$3,900) per month in sizes between 40 square metres and 280 square metres.

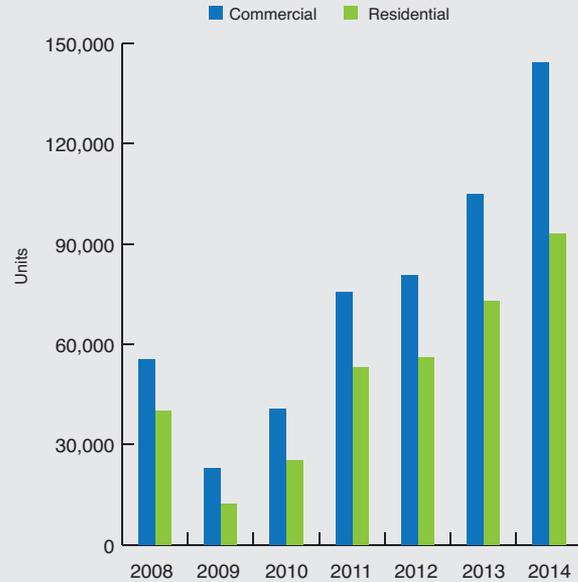
Binjiang, as it happens, was the most expensive district to rent a flat during 2014, with prices averaging Rmb3,416 per month, according to zzhz.com.cn. 📍



**Average prices  
Commercial vs New residential**



**Number of available new properties  
Commercial vs Residential**



REUTERS



## Qianjiang New CBD

Development of Qianjiang New CBD (also known as Qianjiang New Town or Qianjiang New City) is currently in its second stage, the first stage having been completed in 2008. It is intended to be the new financial epicentre of Hangzhou, featuring a gargantuan shopping mall, an iconic international exhibition centre, hotels, as well as residential and office properties. (Hangzhou has a general development plan that seeks to foster business in the east and nurture tourism in the west.)

Despite remaining higher than the city average, property prices in Qianjiang declined sharply at the beginning of 2015, with reports of many landlords “panic selling”. Prices of new properties in the area appeared to have stabilised somewhat by the end of 2015. According to the head of marketing at I Love My Home – a Hangzhou-based real estate agency – hopes for the area have become less bullish. A high number of office spaces remain empty and the area has failed to develop a “residential atmosphere”, lacking conveniences such as supermarkets. Business at the landmark Mix City Mall has failed to meet expectations as well.

**“The property bubble in Qianjiang CBD was blown too big to begin with, and the reality today is a high rate of office vacancy and an insufficiency of amenities. People’s expectations for the area have softened, and so landlords who were anxious to sell their properties have begun to lower expectations as well”**

- Zhou Baojun, specialist in secondary market sales and marketing director at I Love My Home, Hangzhou

## Greentown

Greentown China Holdings is the largest property developer in Zhejiang Province and consistently ranks amongst the 10 strongest property companies in China. It was founded in 1995 by Song Weiping, a graduate of Hangzhou University, and its offices are headquartered in the city still.

According to the company’s website, its land bank held 33.24 million square metres across 17 provinces in June 2015, with 13.3% of that land in Hangzhou alone. Its profits before tax in 2014 were Rmb5.9 billion – a sharp fall from Rmb9.1 billion the year before.





## Taohuayuan – a paradise in heaven

*Taohuayuan* is often translated as ‘The Land of Peach Blossoms’. Nowadays it is a real place found in Hunan province, but first and foremost it is the name of an idyllic idea: a utopia of complete peace and harmony.

The paradise of Taohuayuan was first described by the Jin Dynasty (265-240 BC) poet Tao Yuanming in his work *The Peach Blossom Spring*. The story follows a fisherman who sails upstream through a forest of blossoming peach trees to the river’s source. Upon reaching the riverhead, he finds that its origin flows from inside a small grotto. He wanders through the passages of the grotto and emerges on the other side in a land of bliss.

In Hangzhou, Greentown Property Group has built its own tranquil paradise hidden through the trees and named it Taohuayuan.

Greentown Hangzhou Taohuayuan (to give it its full name) is hidden in the Yuhang district, amongst the wooded slopes of the Fenghuang hills, roughly 18 kilometres from the centre of the city and almost directly west of West Lake. This garden of luxury mansions is recognised as one of China’s least crowded villa estates, dotting some 680 manors over 2,700 *mu* of land (around 445 acres).

The individual Western-style villas offer seclusion and respite, at prices between Rmb22-27 million for properties sized at around 800 square metres. It is rumoured that Jack Ma has a property in the estate, although speculation of this sort is common. In fact, although everyone knows where Jack Ma was living when he founded Alibaba (an apartment in Lakeside Gardens), since his company shot to international fame his place of residence has become a subject of conjecture among Hangzhouers.

Although Hangzhou Taohuayuan offers the sort of comfort and seclusion that big money can afford, its distance from the heart of Hangzhou would be a drawback for the man in charge of an e-commerce empire. It’s a 40-minute drive to Binjiang (the site of Alibaba’s headquarters); 40-minutes in the other direction to reach Zhejiang University’s main campus (close to Alibaba’s Alipay offices); and 50-minutes to Qianjiang New CBD.



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