

Tomorrow's Global Business 全球商业的划时代机遇

Will Real Estate Continue to be a Core Investment Asset Class for Chinese Investors?

Although current market sentiment toward Chinese institutional capital and outbound investment is creating challenges, many Chinese corporates and investors are taking advantage of opportunities for global expansion. We believe this trend will continue despite recent international market turmoil following the UK Brexit vote. Paul Hastings has been active in helping clients secure major real estate acquisitions internationally. We also recently co-hosted the third of our series of strategic forums on Tomorrow's Global Business with the *Financial Times*. Our event, **China's Champions in the New Global Economy**, was held in Beijing and focused on the major trends affecting Chinese deal makers. Based on our in-depth experience, here are what we see as critical factors for Chinese real estate investors over the next few months.

Key Takeaways

- Chinese investors will increasingly look to accelerate and diversify their overseas real estate investments in the second half of 2016
- Megadeals in prime markets will continue to make headlines. However, we also expect to see further growth in investment in second- and third-tier cities in the U.S. and Europe, as well as more investors moving beyond traditional real estate assets, into areas such as infrastructure and distribution, emerging economies and key regional hubs
- Chinese investors will seek out not only stable returns, but also knowledge and best practices that can eventually be used in China to capitalize on the PRC's own demographic shifts, such as medical and senior care facilities across the U.S. and elsewhere

What are the key market trends affecting real estate investors based in China?

As a result of the ongoing depreciation of the yuan, domestic asset devaluation, and market volatility, we expect that Chinese investors will accelerate and diversify their overseas real estate investments in the second half of 2016. They will also face short-term pressure from authorities seeking to prevent excessive cash flowing out of the PRC.

When talking to our clients at state-owned enterprises (SOEs) and other businesses, many say that the environment is increasingly challenging for them this year. As a result, they are interested in exploring diversification. In fact, total Chinese outbound capital reached record levels in 2015, supported by capital liberalization initiatives such as the Qualified Domestic Institutional Investor (QDII) scheme.

What differentiates Chinese investors' recent outbound real estate investment and diversification activity?

There will be a growing interest in second- and third-tier cities in the U.S. and Europe, particularly for small to mid-sized investors. And more Chinese companies will consider increasingly innovative and complex investments in and beyond traditional real estate assets. As Chinese companies mature and become more familiar with the overseas investment climate, they have increasingly looked to invest in projects that deliver more long-term, stable yields. Our partners expect this trend to continue, and in fact hasten, in the year ahead. As Chinese investors become more sophisticated and understand the need to broaden their horizons, the locations and types of assets they are looking to invest in may change dramatically. This could entail considering Seattle instead of New York City, for instance, or transitioning from prime-location office buildings to "last-mile" logistics centers.

However, this does not mark the end of megadeals, which are still an attractive and viable option for some investors. We expect that many will also actively explore new, less glamorous sub-sectors, including medical and senior care facilities across the U.S. and elsewhere. These investments are about securing stable returns, together with knowledge gathering that can eventually be used in China to capitalize on the PRC's own demographic shifts.

What are the critical issues and challenges that Chinese companies may face in outbound real estate deals?

Until late last year, Chinese companies were able to secure approvals for outbound transactions within a few weeks, thanks to the simplified approval processes employed by free-trade zones in Shanghai and several other Chinese cities. However, things have become more complex in the last few months.

It appears that some local authorities have unofficially slowed down the approval process, and banks have been exercising more scrutiny than before when examining their clients' applications for converting RMB into foreign currencies for outbound investments, mainly due to the depreciation of the RMB since December 2015. We expect that Chinese institutions will now face a number of regulatory roadblocks that may impact their outbound transactions.

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Recent Client Success



Co-investment in a Class A U.S. logistics portfolio and 1285 Avenue of the Americas in New York.



Formation of its first RMB fund to invest in residential development in the U.S.



Acquisition of a Grade A office and commercial building in Hong Kong from Chinese Estates Holdings Limited.



Acquisition of Dah Sing Financial Center, a Grade A commercial building in Hong Kong.



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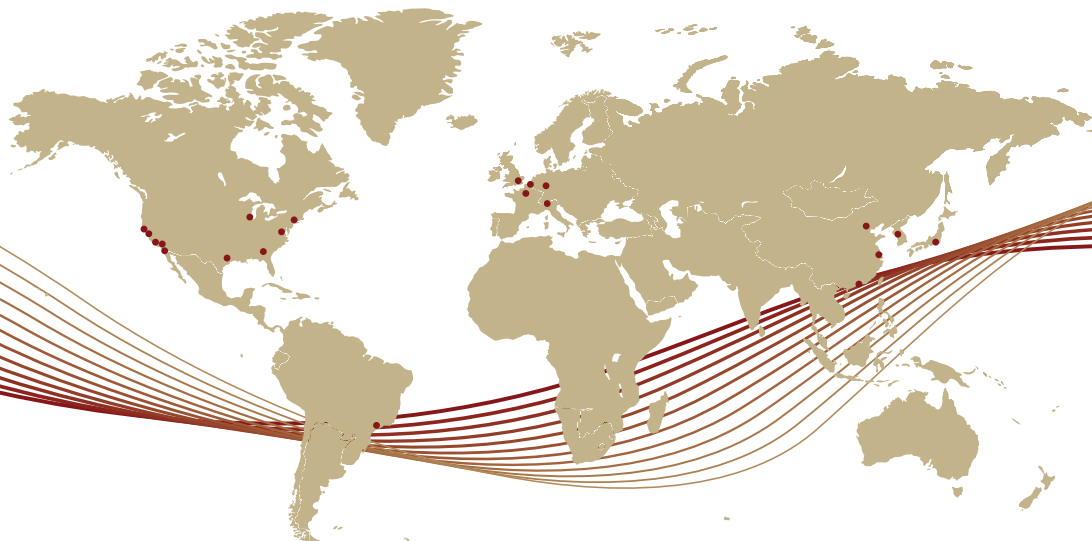


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房地产投资将继续成为中国投资者的核心资产类别？

虽然最近中国的市场气氛对于中国的机构资金和海外投资带来挑战，但许多中国的企业及投资者仍把握每个机会作全球扩张。尽管近日的英国投票脱离欧盟（Brexit）令国际市场十分动荡，但我们认为此趋势仍将会持续。普衡一直活跃于帮助客户完成其重要的国际房地产收购。我们亦在早前与《金融时报》于北京联合主办了第三届全球商业的划时代机遇论坛。这次论坛主要讨论「全新国际经济舞台中的中国佼佼者」，及中国交易者需跟随的一些主要市场趋势。由于有着在这方面的深厚经验，以下是一些我们认为中国房地产投资者于未来数月需留意的关键因素。

重點內容

- 中国投资者在2016年的下半年将以多种方式加快进行更加多元化的海外房地产投资。
- 「巨型交易」在主要市场仍将出现，但我们亦预计在美国和欧洲二、三线城市的投资将会增加。而且除了传统的投资外，更多投资者会考虑各种创新和复杂的方式以投资于房地产资产，例如投资于基础设施和分销中心，又或新兴经济体和重要的区域枢纽。
- 中国投资者将找寻回报稳定以及能累积知识的投资，这些知识最终将运用在中国，并从本土人口结构变化中获益，例如横跨美国及其他地区的医疗和养老设施。

中国的房地产投资者正受哪些市场趋势所影响？

鉴于人民币持续贬值、境内资产贬值以及市场波动，我们预计，中国投资者将于2016年的下半年加速及分散其海外房地产投资，并将面临来自希望避免过量资本外流的当局的压力。

与国有企业客户及其他业界交流时，大多数投资者都提到今年的环境对他们而言别具挑战性。因此，他们对探索多元化投资的可能性颇有兴趣。而事实上，得益于如合格境内机构投资者(QDII)计划等资本自由化举措的支持，2015年中国对外投资的资本总额达到创记录的水平。

是什么让最近的房地产投资和多元化趋势显得特别？

中国机构投资者，尤其是中小型机构投资者，对美国 and 欧洲二、三线城市的兴趣会增加；其次，除了传统的房地产，更多中国企业会考虑各种创新和复杂的投资方式。

随着中国企业日渐成熟并对海外投资氛围加深认识，他们更加期望投资于可提供更长期、更稳定收益的项目。我们预计这种趋势将持续下去，并于未来一年加快步伐。中国投资者的海外投资经验越来越丰富，他们体会到必须要开拓视野，以致他们对于投资地点及资产种类的选择将产生巨大变化。这意味着他们投资时可能会考虑西雅图而非纽约市，或从核心地段的高端写字楼转向「最后一英里」物流中心。

但是，这并不意味着「巨型交易」将终结。「巨型交易」对一些投资者而言仍是具有吸引力和可行的选择；但是，我们预期多数投资者亦会积极寻求新的、不甚引人注目的投资类别，包括横跨美国及其他地区的医疗和养老地产。这类投资志在取得稳定的回报以及知识的累积，这些知识最终将可运用在中国，并从本土人口结构变化中获益。

中国企业在境外房地产交易面临着什么潜在的问题和挑战？

直至去年年底，由于上海和其他几个国内城市的自由贸易区采用简易审批程序，很多中国企业可以在数周内完成境外收购所需要的全部备案手续。然而，过去几个月内情况变得十分复杂。

由于人民币不断贬值，因此一些地方当局似乎自2015年的十二月起已经非正式地放慢审批过程，而银行在审查客户将人民币兑换为外币用于境外投资的申请时，开始采取了比以往更严格的审核程序。我们预期中国的机构进行海外交易时将面对不少审核上的障碍。

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最近的成功案例

 <p>中国人寿 CHINA LIFE</p> <p>美国核心物流资产包及 纽约曼哈顿美国大道1285 的联合收购。</p>	 <p>中国平安 PING AN</p> <p>设立旗下第一支投资于美国住宅开 发项目的人民币基金。</p>	 <p>恒大集团 EVERGRANDE GROUP</p> <p>自华人置业处收购一幢香港的甲级 办公商业大厦。</p>	 <p>光大國際 Everbright International</p> <p>收购大新金融中心(位于香港一幢 甲级商业大厦)。</p>
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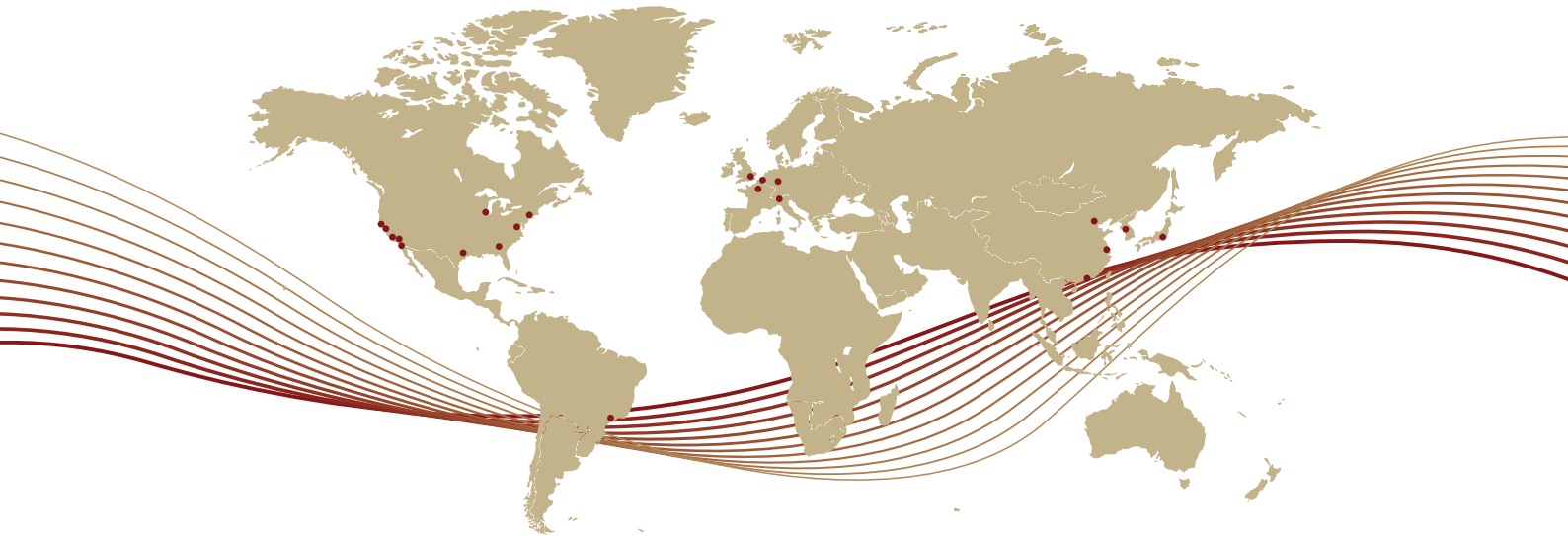
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"Overall Best Law Firm
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annual survey
three years in a row

