



Real Estate Summer Programme

Over the summer holidays, the Department of Real Estate organized a study trip to Chengdu, China for the final year undergraduate students as part of a module, led by A/P Yu Shi Ming and A/P Tu Yong. The 6-day study trip features a series of visits to real estate development projects covering almost all real estate sectors, local urban planning authority as well as some urban conservation projects, such as the 宽窄巷 (Kuan Zhai Xiang) & 洛带古镇 (Luo Dai Gu Zhen) - exploring the rich history,

extensive culture, and beautiful natural landscape in Chengdu. We also attended a lecture in the South-Western University of Finance and Economics and interacted with the local students. The trip has indeed exposed us to an ocean of opportunities in China.

China's Market & Chengdu's Real Estate

China's property market on the whole has seen enormous growth especially in the last decade, primarily in residential and commercial properties. The average housing prices has been increasing at alarming rates for the past decade, due to a combination of government policies, huge foreign investments and the local cultural attitudes. In fact, it has grown to become the largest real estate investment market in the entire world. In 2010, China's total real estate investment was \$197.1 billion.

Residential properties investment being the leading sector, comprising 84.8% of the total real estate investment, followed by commercial 12.2% and office 2.9%. While the major office and retail micro-markets are located in the central area, luxury residential developments are heading south, with the emergence of 'South New Town'.

There are speculations over whether a possible housing bubble could lead to a crisis. China's high price-to-income, price-to-rent ratios and high number of vacancy rates seem to support this notion. The government, in a bid to 'cool' the market, has imposed several policies such as increasing sales taxes, deposit rates and tightening interest rates; the effects and success of these implementations are to be seen in time.

Singapore real estate companies in Chengdu face great challenges because they are really tiny compared to the local giants in the industry. This truly reflects the Chinese saying “一山还有一山高”; there is truly a bigger and better player in every industry no matter how big one company is.

A reflection from this trip:

“This fruitful trip to Chengdu, China has broadened our horizon beyond the four walls of the classroom. We have certainly deepened our knowledge and understanding of the real estate market in Chengdu. Certainly, we are extremely privileged to witness firsthand different dynamics between a bigger real estate market in Chengdu against the backdrop of the smaller real estate market that we have in Singapore. It was truly inspirational seeing all of us get excited about this trip - enjoying, studying and travelling together as a team! This summer programme has offered us more than what we can ever truly learn and experience in our city. It has indeed been an enriching, enlightening, engaging and enthralling trip!”

**Contributed By: Participants of Summer Programme 2011,
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