

## **China Curbs Challenge \$100 Billion Forest City's Malaysia Home Sales**

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**By REUTERS**

SINGAPORE — Country Garden Holdings will struggle to match 2016 home sales at a \$100 billion (£76 billion) Malaysian project after China's capital curbs slammed the brakes on outbound investment, a top executive said, despite greater marketing outside the mainland.

The developer has boosted promotion of its Forest City project outside of China, set up additional showrooms and hired more Malay and English-speaking salespeople, Yu Runze, chief strategy officer of Country Garden Pacificview, told Reuters in an interview.

It is targeting new Forest City sales galleries in Thailand, Taiwan and the Philippines this year, and plans to increase showrooms in Malaysia to 20 by the end of this month from 15 now, he said.

However, increased sales outside the mainland would not be enough to immediately offset the fall in demand from Chinese buyers.

"I think this year will be very challenging to surpass (last year's sales)," Yu said. "It is very clear that with a slowing down China market, it will be quite challenging to achieve the same number like last year."

China's tighter grip on funds moving out of the country after the yuan plummeted to more than eight-year lows has hurt Chinese developers' overseas sales and created extra hurdles for firms or deals reliant on mainland investment.

Yu said there had been no reduction in the scope of the massive project, which will be built over 20 years on four man-made islands in Malaysia's ambitious Iskandar special economic zone.

The Forest City development, which will include office towers, malls and schools, is one of the most high-profile overseas projects by Chinese companies.

The project sold 15,000 homes last year, with most buyers being Chinese nationals.

Country Garden has largely halted promoting the project to homebuyers in the mainland since March and suspended the tours that brought potential buyers to the site after China tightened curbs.

It topped the Chinese league tables with the most contracted sales across its global operations for the first six months of 2017, at 289 billion yuan (\$43 billion). This beat China Vanke and China Evergrande who ranked higher last year. Sales during the period were 131 percent higher than a year ago, helped by a home price rally in China.

Sales from Forest City accounted for only 6 percent of the group's 309 billion yuan in contracted sales last year and Yu expects the contribution to drop this year. Even so, he said the project would continue to play a "very important role" in Country Garden's strategy.

Forest City, which will hand over the first homes to owners from next year, also hopes its duty-free zone status will attract tourists and shoppers, and is focused on finding more industries and corporate partners.

On Friday, the company announced memoranda of understanding with 21 companies, including Chinese co-working space operator Nashwork. Yu said he hoped to sign 40 such MoUs each year.

"Revenue-wise we still have to be realistic, it has to be mostly from residential," Yu said.

(Reporting by Aradhana Aravindan; Additional reporting by Clare Jim in HONG KONG; Editing by Sam Holmes and Stephen Coates)

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