

# GuocoLand keen to grow presence in China

It has identified Greater Shanghai and Chongqing as areas for growth; it expects China and Singapore to contribute equally to the bottom line in the medium to long term

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GUOCOLAND is keen to deepen its presence in its core market China, singling out Greater Shanghai and Chongqing as areas for potential growth.

In Greater China, provinces such as Jiangsu and Zhejiang could offer opportunities for the developer to grow its footprint, group managing director of GuocoLand China, Hoon Teck Ming, told *The Business Times*.

Meanwhile, he reckons there is scope for opportunities – particularly in the residential segment – in Chongqing, where it is already developing a mixed-use project, its largest development in terms of gross floor area (GFA).

"We want to focus on certain cities to deliver good projects, rather than stretch our resources," said Mr Hoon.

Currently, Singapore contributes on average about 50-60 per cent of

profits for GuocoLand, and China, about 30-40 per cent. In the medium to long-term, the developer expects China's contributions to grow to that of Singapore's, with the two countries collectively contributing some 80-90 per cent to the bottom line.

On Wednesday, GuocoLand broke ground on the first phase of its mixed-use development, Chongqing 18 Steps project, which is located in the Yuzhong District of Chongqing. GuocoLand owns a 75 per cent stake in the development – its first project in Chongqing as well as one of its largest investments in China in recent years – while Hong Leong Holdings (China) holds the remaining 25 per cent. The total development cost of the project is expected to amount to about 7.5 billion yuan (S\$1.45 billion), which includes the land cost.

GuocoLand has had a presence in China since 1994, having developed properties such as residences, office towers, SoHo units, and serviced apartments in key cities, namely



While the residential component of the Chongqing 18 Steps project features over 1,000 modern apartments, the development will also offer lifestyle and dining options for residents. ARTIST'S IMPRESSION: GUOCOLAND

Beijing, Shanghai, Nanjing and Tianjin. Presently, it is constructing Guoco Changfeng City, a mixed-use office and retail development with a GFA of over 195,000 square metres

(sq m), in Shanghai. This will come on-stream in 2021.

With stiff competition from rivals in the coastal cities, GuocoLand decided to turn its attention to other

parts of China, settling on the fast-growing municipality, Chongqing.

Spanning a total GFA of about 341,000 sq m, the Chongqing 18 Steps project comprises residential and commercial components. The residential component features over 1,000 luxurious apartments overlooking the Yangtze River in five high-rise residential towers, with the tallest tower stretching to a height of 193 metres.

Construction of the residences is slated for completion in 2023, though the developer is expected to release some 200 units for sale before mid-next year.

Meanwhile, the project will also include integrated retail podiums featuring lifestyle and dining options for residents. Co-working spaces are also another option that it is considering, Mr Hoon said.

Chongqing 18 Steps is situated in a prime location right next to the Jiefangbei (Liberation Square) central business district (CBD) and is in an

area linked by two metro lines, with accessibility to be enhanced when new subway metro lines come on-stream in the future.

With the development adjoining one of Chongqing's oldest heritage neighbourhoods, two conserved buildings on the site will be restored and converted for commercial and educational use.

Despite the slowing economy in China and the ongoing US-China trade tensions, Mr Hoon remains positive about the China market, pointing to urbanisation and domestic demand for projects in choice locations. "Demand is always there for good quality projects," he added.

Generally, competition for land acquisition can be keen as other developers aggressively seek to build up their land banks for growth.

Nonetheless, GuocoLand prefers to take a financially prudent approach, Mr Hoon highlighted, identifying sites in central locations so as to ultimately deliver good quality projects for buyers.