

Hang Lung's Chan Says NYC Property Not for 'Dumb Guys Like Me'
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By John Gittelsohn

Dec. 23 (Bloomberg) -- Hang Lung Properties Ltd. Chairman Ronnie Chan said buying New York City real estate is too competitive for "dumb guys like me," so he'll stick to investing in China.

Hang Lung, the fifth-largest Hong Kong property company by market capitalization, develops mixed-used projects in Hong Kong and China. Its developments include the Harbourside, a three tower center on the Kowloon waterfront completed in 2003; and Plaza 66, a shopping mall-office tower complex in Shanghai completed in 2006.

Chan's company reported assets worth HK \$88.5 billion (US \$11.4 billion) for the year ending June 30. Almost two-thirds of its assets were in Hong Kong and the rest in Chinese cities of Shanghai, Shenyang, Wuxi, Jinan and Dalian.

Chan spoke in an interview in New York.

On investing in the United States:

"You have to be darned smart to make money. There are so many smart guys running around. It's as much a tax game as a real-estate play. So I might as well go places where dumb guys like me can make a buck. Like China."

On Manhattan real estate:

"I would only buy between 42nd and 59th, only between Fifth and Madison. I don't like Park Avenue, because it's only good for office, not good for shoppers. I don't like Madison because it's good for shops, not good for office. I like Fifth Avenue. It's good for both."

On Goldman Sachs Group Inc. and Morgan Stanley investing in the Chinese property market:

"There's no way these guys can come through faster than

me. I think you're better off just buying my stock. The reason is this: They are just traders. They have very little expertise. They buy properties and two or three years later flip them. That's how they make money. The value that they add is very little. What they bring mainly is capital. China today doesn't need capital. China today has an abundance of capital."

On financing:

"We've been using our cash in Hong Kong to feed our growth in Shanghai the past 17 years. We're now using our cash from Shanghai to feed our growth outside of Shanghai in the rest of mainland China."

On future plans:

"For the next 13 years, every year I'll have 1.5 million to 2 million square feet (140,000 to 185,000 square meters) of space coming on stream. That assumes we don't buy any more land, which I think is an unreasonable assumption, because the market is growing so strong. I think in the coming years it will only be natural that we'll be buying a lot more."