

# es What A Chinese Real Estate Tycoon ing Thinks About Your China 'Bubble'

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*Ronnie Chan, chairman of Hang Lung Properties Ltd., met with FORBES on the sidelines of the Yalta European Strategy conference in Kyiv, Ukraine on Friday, Sept. 10. He had a few choice expletives for U.S. media portrayal of China's "hard*

landing.” (Photo by Brent Lewin/Bloomberg)

It's bull\$#!+

That's what Ronnie C. Chan, Chairman of the \$11 billion Hang Lung Properties in Hong Kong, thinks of what the average American financial pundit is saying about the Chinese hard landing.

I met Chan in Kyiv. The Chinese real estate tycoon spends about as much time on the international conference circuit as he does traveling around mainland China observing “ghost cities”. The company's stock is down 18.25% year-to-date, while the Hang Seng is down just 8%.

What's the China mood like now that the bubble has popped?

First, some advice; don't say the word “bubble” to Chan. It makes him fold his arms defensively and nod his head as if in blessing. Or better yet, out of a kind of disappointment to have to suffer another American journalist convinced China's crashing.

“The mood of the foreign investor and foreign business is not indicative of the real situation on the ground,” he tells me we spent lunch listening to two Russians banter about who put the economy in the gutter — the liberals, the Jews, or the KGB. The somber mood of the lunch might have gotten to him. Actually, after talking to him about the near-term outlook for China, the naysayers aren't that far off the mark.

“I don't think that the government knows where is the inflection point on supporting the economy. They have done a lot of things, but I don't think it's anything that will help in the near-term. A lot of things like One Belt One Road and promoting entrepreneurship are all great things for China and the world, but this is long term. China is struggling to find something, yes...but there is no hard landing in China.”

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*Ahhhh, whew...*

Chan said that the real estate bubble that the hard landing aficionados in the U.S. have hammered about for years now, never popped in the way anyone imagined. “For me, the real estate market tapped out in 2004 and was flat for me. Now I think it is very steady. I also think there is a chance that it gets better from here on out, especially on the mainland. We’re getting a more mature real estate market in China and are working through the excesses, and there have been huge excesses, I know. But prices are rising, volume is at an acceptable level. It’s not a bad scene at all,” he says.

And what about all those ghost cities? Aren’t the developers going to go bankrupt?

Of course, it’s more complex than that. But in short, China is in no short supply of ghost cities and second tier cities with rows of empty apartment buildings. Here’s the kicker, says Chan — “there’s no debt on those properties. Those have been paid for and in cash. Rich Chinese sometimes don’t know where to put their money. If they can’t put it overseas, they will be rows and rows of apartment buildings. But it’s not on debt. No one is going bankrupt because of this in China.”

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