

THE REAL DEAL

NEW YORK REAL ESTATE NEWS

Chinese investors continue to pump cash into US real estate

So far this year, they've spent \$12.9B
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Renderings of 217 West 57th Street and 550 Vanderbilt Avenue

As a dizzying array of economic troubles erodes confidence in the local market, Chinese investors are clamoring to finance some of the biggest commercial developments in the United States.

China-based investors pumped \$5 billion into commercial purchases in the U.S. in the first half of 2016, a 19 percent year-over-year jump, the Wall Street Journal reported. That number doesn't include unfinished deals. So far this year, investors have \$12.9 billion worth of deals under contract or completed, nearly reaching the \$14 billion spent in 2015.

The money has flowed into real estate in major cities, including San Francisco, New York, Miami, Boston, Chicago and Los Angeles. Investors are primarily focused on new projects, but have also been buying into existing buildings. For example, China Life Insurance earlier this year bought a partial stake in 1285 Sixth Avenue.

Earlier this month, Gary Barnett's Extell Development [brought on Shanghai Municipal Investment](#) as a new capital partner for its Central Park Tower at 217 West 57th Street. The residential tower is expected to rise 1,550 feet and cost \$2.98 billion.

Last week, Chinese financial services firm [China Orient Asset Management Corp.](#) paid \$143 million to buy a majority stake in four Flatiron office buildings controlled by the Kaufman Organization. The buildings span a collective 352,658 square feet.

The Greenland Group, the biggest Chinese developer in the U.S., owns a 70 percent stake in Pacific Park in Brooklyn. The company also bought a [41 percent stake](#) in the Park Lane Hotel on Central Park South in April. As part of a joint venture, Greenland bought a 42-acre site along San Francisco's waterfront where the team plans to build a \$1 billion commercial development aimed at biotechnology companies.

The fervent interest U.S. commercial real estate comes amid global fears that the debt-fueled bubble in the Chinese economy is going to burst. Real estate investment growth in China declined by 5 percent in July, according to a Bank of America Merrill Lynch analysis earlier this month.

Local governments in recent months have been tightening policy in cities with strong housing growth in an attempt to rein in the sector, Bank of America Merrill Lynch warned earlier this month. Real estate [investment growth in China declined](#) by 5 percent July, according to the South China Morning Post. [\[WSJ\]](#) — *Kathryn Brenzel*

Correction: An earlier version of this story misstated the size of the Madison Square portfolio. It's 352,658 square feet.