



Money

Fortune 500 bosses slam housing for pricing out residents

By Shen Jingting (China Daily)
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The soaring housing price in Beijing has drawn the attention of Fortune 500 CEOs, with some claiming it has damaged the capital's economic health and forced university graduates out of the city.

"There is no value in building one of the world's most desirable cities if working people cannot afford to live in it," Hubertus von Gruenberg, chairman of ABB Group, said on Wednesday at the Ninth Meeting of International Business Leaders Advisory Council for the Mayor of Beijing.

He said housing prices in Beijing have soared in recent years.

"To put it in perspective, the average price of housing in Beijing is about \$3,700 per sq m, similar to Tokyo, but the average income in Beijing is less than 10 percent of Tokyo's," he said.

While Beijing remains an attractive tourist destination, it is now one of the world's 10 most expensive cities to live in.

However, quality of life is far below its competitors - ranked 113 out of 143 cities on a scale of quality of living, Gruenberg pointed out.

In the recent PriceWaterhouseCoopers study, named Cities of Opportunity, the Chinese capital scored near the top in foreign direct investment and Fortune 500 headquarters, a sign of its increasing economic clout.

"However, housing and city livability are pulling down Beijing's score - both of which are significant indicators of any city's overall economic health and momentum into the future," said Dennis M. Nally, global chairman of PriceWaterhouseCoopers.

The study analyzed 58 separate data variables from 21 leading world cities, including Beijing.

Gruenberg suggested imposing a property tax could be a good choice to curb investment-led demand.

"In Germany, a speculation tax is applied to any property that is owned for fewer than 10 years and sold at a profit. Many countries use some form of this tool to curb property speculation with a stiff, progressive tax on the profits resulting from speculation," Gruenberg said.

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He said the amount of tax is usually calculated based on the length of time the property is owned and the percentage of profit realized.

The council is an advisory body of world famous business leaders, invited by the mayor of Beijing, which presents opinions and proposals on Beijing's economic and social development.

There were 15 business leaders attending the meeting this year. They included Jan Hommen, chairman of the executive board of ING and Uichiro Niwa, senior

corporate adviser of Itochu.

Beijing Mayor Guo Jinlong did not talk directly about the capital's problems, already pointed out by international company leaders, but expressed his gratitude.

"The government will consider these suggestions. They would be of great help when we make the city's development plan for the next five years," Guo said.