



## Switzerland's FundStreet Plans \$150 Million China Property Fund

By Patricia Cheng

Nov. 7 (Bloomberg) -- FundStreet AG, a Zurich-based fund manager, plans to start a \$150 million real estate fund in China, investing in cities such as Dalian and Hangzhou as more people in Asia's fastest growing economy look to buy property.

The FundStreet Asia Property Fund China will be open to pension funds and wealthy individuals in Switzerland, said partner Herbert Kahlich in an interview in Shanghai on Nov. 2. FundStreet manages 100 million euros (\$127 million) of real estate investments in Europe.

China's economic growth is raising household incomes and spurring more of its 1.3 billion people to buy property. Real-estate investments rose 24.3 percent to 1.29 trillion yuan (\$164 billion) in the first nine months of 2006, according to the National Development and Reform Commission.

The new fund will invest in residential projects in second-tier cities such as Dalian, Hangzhou and Nanjing, Kahlich said. ``In the second-tier cities, there's more potential," he said. ``Shanghai is overheated."

Singapore-based CapitaLand Ltd., Southeast Asia's biggest developer, bought a site in China's Guangdong province for S\$113 million (\$72 million) earlier this month, marking its expansion in the southern Chinese market.

CapitaLand plans to build 1,000 homes on the site, its second in Foshan City. The developer is expanding in the southern Chinese region after building homes, malls and office buildings in Shanghai and Beijing.

Property prices in 70 cities in China increased 5.3 percent in September on average compared with last year. In Shanghai, prices fell 2.3 percent in September.

China's economy expanded 10.4 percent in the third quarter, down from a decade-high 11.3 percent in the previous quarter.

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*Last Updated: November 6, 2006 20:45 EST*



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