

SOCIAL HOUSING IN CHINA a perspective from Shanghai

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The following provides information from Iluka's Shanghai office on the social housing programme in China. Some of the details contained below relate specifically to Shanghai, with observations also extracted from recent broker reports on the Chinese social housing programme.

Social Housing Programme

Premier Wen Jiabao has announced that the Chinese government plans to build 10 million social housing units in 2011 and 36 million units over the next 5 years. Of this total, the Shanghai city government plans to provide approximately 1 million units.

According to a Royal Bank of Scotland report of 28 June 2011, it expects a rollover of social housing starts from 2010, with 4 million completions in 2011 and about 7 million completions to follow in 2012. According to this same report:

"The public housing programme and targets are exceptionally important. Given highly visible promises, the failure on the part of local government officials to deliver their quota (particularly if their neighbouring counterpart succeeds) will likely result in severe impairment of their career prospects within the Party."

Goldman Sachs commentary (August 2011) on the social housing programme, includes the following:

"We think social housing start targets for this year will likely be met or exceeded. This is an important objective to address developing social issues and a high profile objective for the governments now."

Goldman Sachs estimates that social housing activity represents approximately 22 per cent of total property completion on a square metre basis.

Based on Iluka's assessment, there are a range of different categories of social or affordable housing, with the following statistics relevant to Shanghai.

Low rent housing

It is forecast that at the end of the 12th Five Year Plan, a total of around 150,000 Shanghai families will be housed in new low-rent housing units.

Public rental housing

Public rental housing is aimed at young migrant workers and graduates from outside Shanghai who move to Shanghai for work.

During the Five Year Plan, the Shanghai government plans to finance and construct 10 million square metres of accommodation, equating to 200,000 public rental houses. Of these, nine million square metres or 180,000 units are planned to be completed by the end of the five year period, with the remainder completed during the 13th Five Year Plan.

Transitional shelter for relocation of households

This form of accommodation is aimed at residents who have had their land resumed by the government. Such people are typically relocated for the construction of infrastructure projects or are inner city residents of traditional housing that is demolished for commercial or housing developments. This category also applies to the demolition of slums and relocation of their residents. Price ceilings are imposed on these units to increase affordability. During the 12th Five Year Plan, 32 million square metres (400,000 units) are planned to be started of which 28 million metres are planned to be completed.

Economically affordable housing

There are three different categories of economically affordable housing in Shanghai based on unit prices.

Unit price (RMB/m ²)	Ownership split		Locations
	Government	Resident	
5,000 - 6,000	30	70	Hangtou, Sijin, Pujiang
6,000 - 7,000	35	65	JiaDing, JiangQiao, NanXiang, Baoshan Gucun
7,000 - 8,000	40	60	Sanlin, Gongkang

The following are images of social housing construction in Shanghai.



20 building complex in Shanghai, which includes a mix of 5 and 14 storey buildings. Approximately 60 square metres per apartment, comprising living room, 2 bedrooms, kitchen and bathroom. Fittings are typically installed by owner on purchase, to their own personal choice. Those photographed included ceramic toilets and wash basins with tiling of entrance and communal areas.





Completed social housing complex in Shanghai

Sources:

Royal Bank of Scotland Australia Strategy; China construction gets stronger, 28 June 2011

Goldman Sachs China: Reported social housing starting cuts not likely to be impactful, 11 August 2011

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