China to allow its citizens to purchase overseas properties ??????????????????

Description

As a part of the China’s planned financial reforms on the so called capital account, China has not expressly allowed its citizens to purchase overseas properties, despite some attempts in the past by some local government, which were called off by the central government.

October 30, China Central Bank together with some other central ministries issued a new notice on further pushing forwards the financial reforms in Shanghai Free Trade Zone in which it is mentioned that:

> III. study and initiate the pilot program of allowing qualified domestic individuals to make outbound invests, step up the detailed implementation rules at appropriate time, allowing qualified domestic individuals to make investments in foreign industrial, property and financial markets.

As the first explicit notice from the top, it is expecting that the policy will come real soon. However, the cautious sentiments are clearly indicated in the wording.

First of all, this new policy is so far confined to be effective in the Shanghai Free Trade Zone, and may be quickly rolled over in other free trade zones in China such as Shenzhen, Tianjin etc.

Second, the government will set up a threshold to allow only a small portion of wealthy Chinese to make the investment. It is hard to predict what kind of the criteria will be set up therefor.

Thirdly, the notice does not give a clear time table for this policy to materialize. It may take time to put this policy in practice.

This is definitely a strong auspicious token to foreign real estate developers and realtors who have already embarked on the path to court Chinese buyers for some time.

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