

# China Business Review

## JOEL MOSER ON SHENZHEN: THE NEXT HONG KONG

November 23, 2015

By Ellen Huber

<http://www.chinabusinessreview.com/joel-moser-onshenzhen-the-next-hong-kong/>

When Joel Moser, founder and CEO of Aquamarine Investment Partners, a global institutional investor and manager of private equity, set out to meet possible partners and learn the real estate and energy infrastructure plans around Asia, he landed in the Longgang district of Shenzhen, China. He knew he was in the city of the future, ripe with development and set to dethrone Hong Kong as the portal to the West.

Q: You describe your visit to Shenzhen as eye-opening. How so?

A: I'm a New Yorker and very much a student of New York history. And I see (the development) in Shenzhen following—in broad brush outlines and at a much faster pace—the pattern of growth around New York City.

At the turn of the century, we see New York City planners anticipating tremendous growth, plotting out a city by creating a grid plan for its streets, and then planning a big central park out in what was still an outer region of the country.

It was that foresight, urban planning and installation of infrastructure which helped fuel the rapid and orderly planned growth of this town. I see that in Shenzhen. Downtown Shenzhen has already grown up with big parks and avenues.

But we see the next phase happening in Longgang. I see they have built a huge new urban park. They have planned a university center around the park, for as many as 10 international universities. They've built sports complexes large enough to accommodate that and they are already building the campuses for two universities. As I walked through the park and looked at these various potential construction sites, I feel like I'm looking at the future campuses of Columbia, NYU, University of Michigan, or Yale Shenzhen.

Q: How would you characterize the current real estate environment in China?

A: I read every single article, and everyone disagrees with everyone else. There are people saying China is about to collapse and people saying it's not going to happen. When one reads about the ghost cities and the potential real estate bubble of China—that is not about Shenzhen. And it's not about what is happening in Longgang, which is being driven by what is happening in downtown Shenzhen.

Q: Why do you think Shenzhen is such a success?

A: For a long time Hong Kong was a global center, and for the many years that China was closed, it was the only place that goods came in and out, so it was a central point and Shenzhen was the other side of the border. It benefited clearly from Hong Kong, it got the pent-up demand and it has outgrown Hong Kong, become bigger than Hong Kong, and a more dynamic economy than Hong Kong. Then once a city reaches a certain critical mass dynamic, then it is its own draw, people are drawn to the city because that is where the jobs are, that's where the people are. It is that urban dynamic and this has clearly happened to Shenzhen.

Q: It seems the global forces of urbanization have propelled this city past other cities that received similar government development plans. Why?

A: I work in public-private partnerships and we spent a lot of time studying the interrelationship of what government does versus what private sector does. And the answer is, when it's happening, it's always both. The government sets the table in the private sector and caters the feast. We see that happening in Shenzhen, and we know that China is a much more central government and obviously a government mechanism very different than in the United States.



Q: What would USCBC members need to know about Longgang and the opportunities there?

A: I think what they should know that there is an extremely welcoming local government there eager to bring in foreign businesses, and excited of the growth that is happening. So what I think international businesses would be interested in hearing is that this is how Longgang imagined its future as an international intellectual center. They see Longgang as a center of intellectual academic excellence and therefore it will certainly attract some of the best and brightest people there as students, who will be there as an employee pool, as well as people who want to live in and around universities, so this is probably a really smart place to look to locate.

Q: Do you see the government opening its arms to foreign companies?

A: I actually did have the opportunities to meet with some of the government leadership in the area, and I think they are extremely welcoming and hoping that the world discovers Longgang to be a place where international business will come.

Q: Can you note any foreign company that has flourished in Shenzhen?

A: Starbucks. I suspect that every major international company has a foothold in Shenzhen already.

Q: When do you think Shenzhen will become this new hub?

A: I think it has got miles of potential scope. It is no secret in China, it is no secret from China watchers, and it is no secret from the high-level global business enterprises. I think it's hard to get attention against Beijing and Shanghai, but I think Shenzhen is on the map.

Q: If ghost towns are built in places as you suggest they shouldn't have been built, do you see any remedy?

A: Some of them are going to work, some of them will just have to decay. But the reason people want to live in cities is because there are jobs there, and there are other reasons to be there, for example, there are academic centers, there are health care centers. You can't make a city just by building high rise housing. That does not make a city. There needs to be a reason for people to want to live there in the first place. In the end, geography or culture, there's got to be a driving impetus as to why a city happens where it does.