



SHAN



China's fastest growing metropolis is the city of the future

By Mark Graham



SHANGHAI SIZZLE

SHANGHAI'S WARP-SPEED progress can be witnessed, first hand, within minutes of leaving the international airport terminal.

Just a few hundred metres from the arrival hall is the world's fastest train, the Maglev, that bullets passengers to the urban-area fringes in eight minutes flat, hitting a top speed of 430 kilometres per hour.

The thrilling, juddering ride – whizzing past paddy-fields, factories and housing estates – is a metaphor for the way the city itself is hurtling into the 21st century; Shanghai is the richest, largest and quickest-moving city in the world's fastest-growing nation, a financial and commercial centre with a stated ambition to catch up with Hong Kong, Tokyo, London and New York in record time. For the past 15 years, the east coast metropolis has been a blur of construction – skyscrapers, highways, flyovers, tunnels and bridges – resulting in a remarkable transformation.

Anyone who visited Shanghai two decades ago will remember it as a moribund place, its glories all in the dim and distant past. Way back in the 1920s and 1930s it enjoyed a reputation as a decadent place and was often described as the Paris of the



TODAY'S YOUNG OFFICE LADIES ARE EXERCISING THEIR NEW-FOUND SPENDING POWER VIGOROUSLY

East, renowned for its dance halls, grand mansions, dapperly-dressed people, colourful characters and freewheeling capitalist spirit.

Its stunning return to those days of affluence and vivacity was initially orchestrated during the 1980s, when it was decided to yank near-comatose Shanghai

back on the fast track. A radical blueprint for regeneration was unveiled; the idea was to transform the Pudong area of go-downs, paddy-fields, slums and derelict buildings across the river from the famous Bund promenade into a showcase project for the New China, a place of wide boulevards, soaring modern towers, ample

parkland and state-of-the art factories.

Planners, architects, engineers and workers hurried and scurried to make the grand vision a reality. By the time Shanghai entered the 21st century, it was able to parade a list of assets that included a new stock exchange, five-star hotels a-plenty, super-luxury apartment blocks galore

and an ever-increasing pool of ambitious entrepreneurs, go-ahead individuals who long ago traded in black, one-speed Flying Pigeon bicycles for Mercedes Benz limos, Buick sedans (built at the new USD1.5 billion General Motors plant) and even Ferraris and Porsches.

Yet for all this pell-mell modernisation, conducted at a pace that must make it the fastest-changing city of all time, the nation's commercial capital has managed to preserve many of the prime real estate assets that so captivate people from overseas. Snuggled in among the cloud-touching buildings are streets lined by English, French and German-style villas, built during the early 20th century to recreate a slice of the Old Country for homesick expatriates.

The Bund is now home to a Giorgio Armani boutique, gourmet restaurants and art galleries. It is a kind of one-stop shop for the new breed of local yuppies who are not in the least bit intimidated by paying USD1,500 for an Italian suit or USD200 for a French gourmet meal.

Urban regeneration

Those self-same individuals, who have made their money through entrepreneurial ingenuity, or risen to senior executive level as employees, are demanding higher standards in all aspects of their lives, insisting on offices and homes that are designed, built and managed to international levels.

Hutchison Whampoa Properties has been able to capitalise on this expectation of excellence, building and managing a portfolio of up-market properties that includes offices, malls and residential developments. Well-heeled Shanghainese willingly splash their cash on quality real estate and the suburban villas beloved of the new rich sell for between USD1.5 million and USD4.5 million.

"The buyers are people who have accumulated wealth and want some improvement in their quality of life," explained Hubert Shea, General Manager of Hutchison Whampoa Properties (Shanghai). "They tend to be entrepreneurs who have set up their own business, or senior executives

with a local or multinational company.

"People realise that we can offer quality and a product that is of international standards, benchmarked by our projects in Hong Kong, London and other countries. We also have strong management and customer service back-up - property is a very competitive area and that makes us different from our rivals."

Already up and running are projects that include Walton Plaza, an office-apartment block, Westgate Mall shopping mall and Westgate Tower offices,

The Summit apartment towers, the Center office block, Seasons Villas and Regency Park, featuring luxurious villas with a prestigious clubhouse. A further six major developments, comprising a similar mix of commercial and residential properties, are on the way.

Forward-looking Shanghai authorities are now planning another wave of urban regeneration in time for the city's hosting of the 2010 World Expo, two years after the capital, Beijing, stages the first-ever Olympic Games in the Middle Kingdom.

HELPING SHANGHAI LOOK GOOD

THE WOMEN of Shanghai are renowned as keen followers of fashion, fussy to the point of fastidious when it comes to their personal appearance.

Boom times in the city have allowed the newly-affluent generation of twenty and thirty-something women to finesse that natural style to an even more sophisticated degree.

This is the first generation of Chinese females to have the financial independence to be able to splurge money on clothes and cosmetics. Their mothers and grandmothers grew up during the darker periods of China's recent history, when interest in fashion was considered to decadent and - worse still - deeply bourgeois.

Today's young office ladies have no such constraints and they are exercising their new-found spending power vigorously. Brand-name boutiques abound in the city, as do branches of Watsons Your Personal Store, where beauty products are flying off the shelves.

Rod Routley, General Manager for Eastern China, is in charge of 30 Watsons Your Personal Stores in the city, and will be supervising the opening of at least 15 more during the next year.

"You are looking at a real uplift in demand for skin care and cosmetics," he said. "There is a lot of interest in new and innovative products; many items that have been available in the international market for some time are now making their debut in China. Shanghai is becoming more international and is leading the way in China. People here, while still price conscious, are more interested in

newness and innovation. Our target customers are young women aged 18 to 35 and their uptake of new products tends to be stronger. They have the spending power and want to follow the latest trends."

Detailed information about many of the brands sold by Watsons Your Personal Store can be found on the editorial pages of magazines such as Vogue China. The fashion bible's China edition was launched last year, with the first issue a 300,000 sellout.

It aims to educate modern Chinese women about everything from fashion and skin-care creams to lipstick and mascara.

"Young Chinese women really want expert guidance on what to wear, and how to wear it, whether it is cosmetics or clothes," said chief editor Angelica Cheung. "Our health and beauty section is a very popular part of the magazine - there is a huge hunger for information.

"Our readers are affluent and discerning, they want to buy the very latest products and have the money to do so. Many of them work for foreign companies, still live at home, and have the income to buy designer clothes and brand-name cosmetics."

That demand is likely to grow rapidly as the nation becomes richer and richer, with more and more of its 1.3 billion people able to afford luxury and health-care products. Shanghai, as A.S. Watson and other retailers have discovered, is a perfect city to roll out new stores, products and concepts ... people there just can't get enough of the new.



A site has already been earmarked for the event, on the eastern side of the Huangpu River, the waterway that bisects the city, just down from the Manhattan-like skyscrapers of Pudong's financial zone, Lujiazui. Dominating that skyline is the USD540 million Jin Mao building, a contemporary interpretation of a Chinese pagoda.

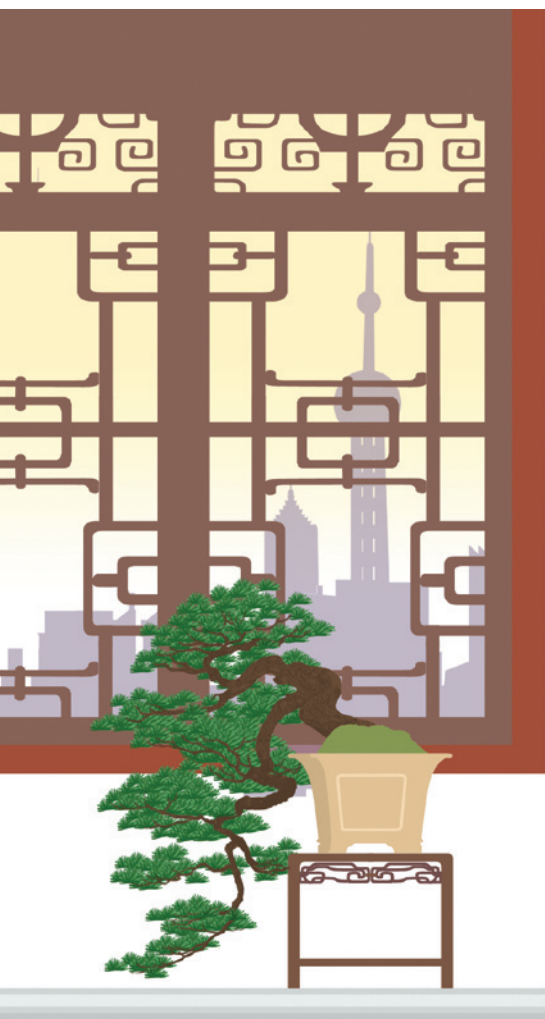
"If you were taken from the airport blindfolded, and then shown that skyline you would think you were in New York,"

INVESTORS LOOKING FOR OPPORTUNITIES ARE FLOCKING TO SHANGHAI, POTENTIALLY THE WORLD'S LARGEST MARKET PLACE

says Henry Wah, Director, Hutchison Ports China. "The city has been totally transformed . . . new roads, high rises, ring roads, tunnels, flyovers, bridges and green space. Shanghai is getting back the gran-

deur it was once famous for. I tell people that it is a first-class city once more, with world class restaurants and shops."

The runaway expansion shows no signs of easing off; annual growth has been



around the double-digit level for more than a decade. Planes to the city – there are up to 20 flights daily from Hong Kong alone – carry foreign investors looking for opportunities in the world’s largest potential market place and tourists keen to see what all the fuss is about.

Sophisticated entertainment

Restaurants and bars abound. Once-derelict mansions and houses have been revamped for contemporary usage as Italian trattorias, American-style cocktail bars, Brazilian steakhouses, German pubs, boutiques and exclusive member’s only clubs. The action starts from early evening onwards as the trendy crowd come out to strut their stuff.

More sophisticated entertainment fare can be found at places such as M on the Bund, the restaurant opened six years ago by Australian Michelle Garnaut. Its expansive terrace is a hugely popular venue for cocktails, an ideal spot to watch the sun sink over the always-bustling Huangpu River.

“I find it astounding how sophisticated

people in Shanghai have become,” says Ms Garnaut. “They all look like they have walked out of a Louis Vuitton shop; they have embraced all things western.”

Today, Shanghai’s profile is sky high, much to the satisfaction of the 17 million Shanghainese who enjoy basking in the contemporary international spotlight. Foreign residents such as American hotelier Mark DeCocinis are in awe of the pace and extent of the modernisation drive.

“There is constant change in the city,” says Mr DeCocinis, a senior executive with an international hotel group. “If I don’t go to one area of the city for a while on my morning runs, I can guarantee the next time I pass by it will have changed. It is happening before your very eyes.

“It is positive, too. There is much more parkland and greenery and the air quality is improving. The infrastructure is good and it has to be one of the safest cities in the world. I run through the streets at four in the morning and there are many places where I would not do that. I feel extremely safe.”



MEGA-PROJECT TAKES SHAPE

THE WATERS OF China’s mightiest river, the Yangtse, feed into the Pacific Ocean just outside the city of Shanghai, ending a journey that begins some 6,300 kilometres away on the Tibetan plateau.

The river, the world’s third longest, after the Nile and Amazon, has always been a vitally important trade route, linking disparate parts of the vast nation, and it is set to play an even greater commercial role in the 21st century.

As the hinterlands on either side of the Yangtse are developed, greater numbers of goods will be transported along the river by freighter, destined for Shanghai-berthed container ships that will carry them overseas to the hungry consumer markets of the United States and Europe.

Already the Yangtse estuary is a hive of waterborne activity; scurrying fishing vessels and weighed-down barges share the same space as the mega-ships that plod slowly up the Huangpu River, the waterway that bisects Shanghai, Pudong to the east, the main downtown Puxi to the west.

Hutchison Port Holdings (HPH) is involved in the second phase of that ambitious scheme. The company’s Director of Ports, Henry Wah, predicts that demand will surge for many years to come, as increasing numbers of Yangtse-region factories are set up. The new port, when completed, should seal Shanghai’s position as the world’s biggest and busiest.

“The potential of cargo source along the Yangtse is very rich,” said Mr Wah. “The river is still undeveloped – labour costs are low and resources are rich. You can compare it to the growth of the Pearl River Delta and Hong Kong. The Pearl River Delta and Hong Kong are middle-aged, while the Yangtse and Shanghai are still very young.

“The deep-water port is a massive project. If you look by satellite from space I am sure it will stand out, just like the Great Wall or the pyramids.”

HPH has played a significant role in Shanghai’s rip-roaring growth during the past decade, and is currently operating three joint venture companies. Since the first joint venture was signed back in 1993, growth of the Port of Shanghai has been simply sensational; during that first year a million Twenty Foot Equivalent Units (TEUs) passed through, while last year the figure for the port had risen to 18 million.

Like many Shanghainese, Mr Wah, who was born in the city and raised in Hong Kong before studying and working overseas, is proud of the return to prosperity. During the 1920s and 1930s Shanghai was ranked in the same league as London, New York and Paris.

During the subsequent years, Hong Kong and Singapore pulled way ahead, a trend that is now being reversed. “Shanghai is coming back at a very fast pace,” said Mr Wah.