

# California retiree fund investing in China real estate

By Kenneth Rapoza, Forbes

How awful is China real estate? Apparently not bad enough. CalPERS, the pension fund for California state employees, pledged to invest around \$530 million in two new China real estate funds.

The funds are run by ARA Asset Management, an Asian firm that specializes in management of publicly traded real estate investment trusts as well as private real estate funds. "We believe foreign investment in the Chinese real estate market will continue to grow over time, notwithstanding near-term challenges and some price volatility along the way," Moses Song, CEO of ARA's principal investments division, told *China Daily* last week.

The California Public Employees' Retirement System, or CalPERS, has high performance standards for its managers, so ARA is "certainly expected to deliver results", he said.

China's National Bureau of Statistics said that of the 5.08 trillion yuan (\$800 billion) invested in Chinese real estate between January and July, only 22.8 billion yuan came from foreign investment funds, down 54.3 percent from the same period in 2011 as foreigners shun the China real estate bubble.

The monthly average of foreign-fund investment in Chinese real estate through this year's first seven months was 3.26 billion yuan compared to 6.78 billion yuan from Jan 1 to July 31, 2011, and 6.63 billion yuan during the same period of 2010.