

Hong Kong and Shanghai Are NOT Mutually Exclusive of One Another

Stephen Chung

Executive Director

Zeppelin Real Estate Analysis Limited

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Recently there have been discussions on which city, Hong Kong or Shanghai, would prevail in terms of being / becoming the major financial metropolitan for China and the region. **The general view is that while Hong Kong overall still has the lead, Shanghai is catching up fast.** Nonetheless, most discussions seem to imply or are based on a win-lose parameter i.e. unless one becomes ' the' major city in China, one will be doomed. This does not have to / should not be the case. Reasons:

- a) **A country as big and populous as China, given time and development along a viable economic path, will need and can sustain several large metropolitans** = just look at the world' s biggest economy, the USA. There are major centers in the Eastern Seaboard (New York-Boston), the Mid-West (Chicago), the West Coast (Los Angeles, San Francisco) and so on. Notwithstanding some overlaps, each center has its own ' market niche' in terms of geographical reach / influence (regional, global etc), function (finance, high technology, distribution etc), and culture. The existence of one does not preclude the emergence of others IF there is sufficient demand to justify their development. In view of its prospective entry to the World Trade Organization, improved local demand and increases in investments and trade, having several centers such as Beijing, Shanghai, Chungking, and Guangzhou-Shenzhen-Hong Kong Delta region is not a luxury anymore.
- b) **Cities, metropolitans, and regional hubs (collectively called ' centers') do not necessarily and / or ONLY have a competitive relationship between them** = for there could also be aspects of co-operation. Furthermore, these centers may be different in size and scale e.g. the population covered, in level of economic activities e.g. an international center exporting goods for a regional center which in turn buys the various materials and equipment from a local center etc, and in economic-industry specialization. In short, there can be ' distribution of labor' and the key is the avoidance of over-supplying centers of a certain scale, type, level or industry.
- c) **Concerns for Hong Kong have more to do with its own internal challenges such as overall falling workforce standards** = which determines our overall earning power, which in turn affects asset prices, real estate ones included, than with the external factors, most of which are not in our control. These standards in turn are affected by the educational system, school structure and society at large.

To date, Hong Kong is still on the whole ahead of Shanghai, particularly in terms of ' software' such as financial, legal and banking infrastructures, upon which a significant metropolitan depends. The ' bricks and mortar' portion is usually easier to deal with. In any event, while a fast improving Shanghai may indeed take away some of the business activities originally bound for Hong Kong, **its emergence may signify (not necessarily though) a wider general economic achievement for China**, and this may bring even more opportunities to Hong Kong. Thus the key for Hong Kong is to keep on improving and developing its knowledge, skills and aptitude in order to stay sharp and competent,

and the rest will take care of itself. **Don' t blame Shanghai for our trouble** because any demise on our part IF ANY is likely due to our own doing!

Side-note: When the author was still in college, one of his classmates mentioned it would be nice if no other universities were offering the same course / program thus producing fewer graduates = fewer competitors = higher income potentials. Perhaps he had wished he WAS the only student! Anyway, while this might have a valid angle to it, he had apparently forgotten about the other end of things i.e. if he really was the only one studying the course thus becoming the only professional in the profession = the profession would not have existed in the first place or would have been exterminated there and then! This is food for thought for those who wished Hong Kong remained as the only city in China.

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