



Combined Rail and Property Investment (Shenzhen, China)

The Project:

Integrating public transport systems, especially rail, with land use development has been hugely beneficial throughout history. This can be traced as far back as the 1862 Transcontinental Railroad Land Grants in the USA and the Metro-land development on the Metropolitan Railway (UK) in the 1880s, to the successes of the MTR in Hong Kong. Such schemes allow for the economic and social benefits of the system to be maximised, helping to ensure the economic sustainability of the system.

Previously, the financing model used by the government was burdensome to the government itself whilst also limiting the development of Shenzhen Metro. As such, in June 2008, Shenzhen Metro Group Co., Ltd. obtained the land use rights for property development over QianHai Bay Depot, Metro Line 1. Shenzhen's high land and housing prices made it suitable for the implementation of the combined 'Rail and Property' model.

Shenzhen Metro financed the scheme through bank loans, corporate bonds, medium-term notes and financial leasing, with income from property development surrounding the metro systems used to repay the loans from the metro construction. The scheme required collaboration between the Development & Reform Commission, the Urban Planning, Land & Resources Commission, the State-owned Assets Supervision & Administration Commission, the other relevant departments of the Shenzhen Municipal Government.

In March 2013, the municipal government approved three items of regenerated land space for over-metro property development projects. The total value of the three projects is ¥22.5 billion.

Current successes/problems

This will help to reduce the financial pressure on the government, whilst aiding the development of rail transport in Shenzhen. It will facilitate in alleviating the shortage of land resources in Shenzhen City and expand the space for urban development, helping to stimulate economic growth.