



Accessing China

-The Asia Pacific Access Quarterly Newsletter

1st Quarter 2009

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Welcome to APA's 1st Quarter Edition of 'Accessing China'

Welcome to the 1st quarter edition of *Accessing China*, the quarterly newsletter of Asia Pacific Access.

The new-year has arrived (both Chinese and western) and with it a bleaker global economic outlook than has been seen for some years. For increasingly cost-conscious HR departments we have included articles looking at two of the biggest expatriate expenses in China: schooling and housing. Of particular interest is an article looking at trends in the property markets in Beijing and Shanghai over recent months

We also have a new feature to the newsletter which we intend to continue in following editions: a city watch. In this edition we will be taking an insider's look at living in Guangzhou, including housing,

schooling, shopping, medical, and life in general. The newsletter rounds out with an article on staying fit and healthy in Beijing.

We hope you find this issue informative and enjoyable to read and please feel welcome to send us your thoughts or feedback.

Warm regards,

Shelley Warner
General Manager



Property Market Update for Beijing and Shanghai

Prepared by Asia Pacific Access

The property market in China is in decline. After several years of high growth and high profits for developers and landlords, prices for residential property in Shanghai and in Beijing, both for purchase and lease, are falling. The impact is still not felt across-the-board, some high-end properties in high demand are taking longer to fall and some landlords seem still to have enough liquidity to resist the pressure to drop rents in the face of falling occupancy.

In Beijing, the medium-high residential leasing market began to slow directly

after the Olympics, with average rents declining across all categories during the fourth quarter of 2008. Average rents for serviced apartments fell by up to 15%, while average rents for high-end apartments and villas declined by between 5% and 10%. Occupancy rates in the fourth quarter also fell in all three categories by an average of 5.4%, most noticeably for serviced apartments and with a slight decline for high-end villas which are in relatively scarce supply.

In Shanghai, a weaker economy and declining housing budgets, also brought

downward pressure on rents and occupancy rates. Realtor figures vary from an average drop of 1.7% to about 4% in the fourth quarter, but our anecdotal evidence suggests that the drop is larger.

"what was once a seller's market is becoming a renter's market"

In early 2009, companies are continuing to downsize, reduce their expatriate headcounts and lower housing budgets for remaining expatriate staff. It is likely this will

continue in the 2nd, 3rd and 4th quarters of 2009. Landlords are likely to be confronted with a much higher vacancy rate once summer comes and families leave and are not replaced.

The other development which is occurring is a move from higher end accommodation to medium priced housing, as companies reduce their employees' housing budgets or overall terms and conditions.



Certain high-end villa complexes which are in higher demand may remain relatively stable due to the scarcity of new supply coming onto the market and to continuing local high-end demand. While all properties will experience declining rents and occupancy rates, compounds which are known to offer better quality, and those in limited supply, will be less affected.

Landlords are also becoming more willing to offer rent reductions for renewals to add more items into the rent package and to be more flexible in regards to the terms and conditions in the lease. We see some landlords willing to accept reductions as high as 8-10%, and these could fall further.

In brief, what was once a seller's market is becoming a renter's market and there is a great deal of opportunity for companies to negotiate better rentals. We anticipate this situation is likely to continue at least until the end of this year.

Guangzhou City Report

By Elaine Teng
APA Account Manager, Guangzhou



Location: Pearl River Delta, 180km from Hong Kong
Province: Guangdong (Capital City)
Population: Over 10 million
Languages: Mandarin (Official) and Cantonese

Living in Guangzhou

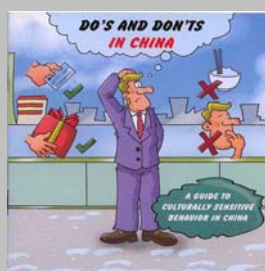
Living in Guangzhou is great: less frantic than Shanghai, better weather than Beijing and more foreigner-friendly than most other cities in China. It offers a relatively relaxed lifestyle, while still maintaining the beat of a thriving city, especially in the CBD districts of Tianhe and Pearl River New City, where there are several high rise office buildings, expat compounds, serviced apartments, shopping malls, hypermarkets and 5-star hotels.

Shopping in Guangzhou is no problem. There is an abundance of wholesale street-markets across the city, where you can pick up anything from shoes to clothing, electronics, stationery, food items, souvenirs, gifts, herbal medicines and toys. Those who prefer to buy foreign brands can rest assured, as there is an abundance of stores selling everything from peanut butter (sometimes hard to find in China) to Nike sneakers (although the sizes are a little smaller than one would find in the West). You will not be able to find everything from home in Guangzhou, but Hong Kong is only 180km away and weekend shopping trips are very feasible.

As well as having a good supply of western consumer items, Guangzhou also has a number of other facilities sought after by expats in an international city. These include good international schools, western-style housing, and high quality health facilities.

Guangzhou also has a thriving night life with a multitude of clubs, bars, discos and cafés. The locals generally enjoy staying up later for Xiao Ye (late-night dining, somewhat of a tradition in Guangzhou) as well as Karaoke, disco, and Mahjong.

Another well-known Guangzhou institution is the Canton Fair, held every year in two sessions (April and October). This is China's largest international trade fair and draws people from all over the world to Guangzhou in search of Chinese suppliers and business partners.



Your Complete Guide to Cross-Cultural Do's and Don'ts in China

APA is pleased to announce that we have published a small booklet on cross-cultural do's and don'ts in China. The booklet contains **20 cartoons that illustrate a number of cross-cultural issues** that are important for foreigners to observe when in China for business or pleasure. To order copies of the booklet or to request a sample, please contact the **APA Beijing office** on +8610 6512 9996 ext. 216 or at info@apachina.com

Cantonese is the primary language spoken by natives of Guangzhou, however Mandarin (the official language of China) is becoming more frequently spoken due to the influx of migrants from other parts of China who cannot speak Cantonese. One drawback is that while some English is spoken by people working in the tourist industry and in the commercial sector, outside of this it is difficult to find people who speak good English.

Housing

Popular expat compounds include:

- Oakwood Gold Arch Residence on Ersha Island (downtown)
- Castle Hill serviced apartments and villas in the Baiyun district (north) of Guangzhou.
- Golden Lake serviced villas in the Baiyun district (north) of Guangzhou.
- Those preferring to be closer to the city generally live in the CBD districts of Tianhe and Pearl River New City

Schools

There are a number of good international schools in Guangzhou offering the American, British, and IB systems. These schools generally have outstanding facilities and a large number of foreign teaching staff. Popular international schools in Guangzhou include: American International School of Guangzhou, Utahloy International School of Guangzhou, Clifford School, British School of Guangzhou and Guangzhou Nanhu International School.

Medical Services

Guangzhou has world-class and internationally-invested health facilities, including CanAm Medical Centre, Guangzhou United Family Clinic, EurAm International Clinic and Clifford Hospital. For more specialized treatment, most expats usually go to Hong Kong, which boasts medical facilities on par with, or better than, most developed countries.

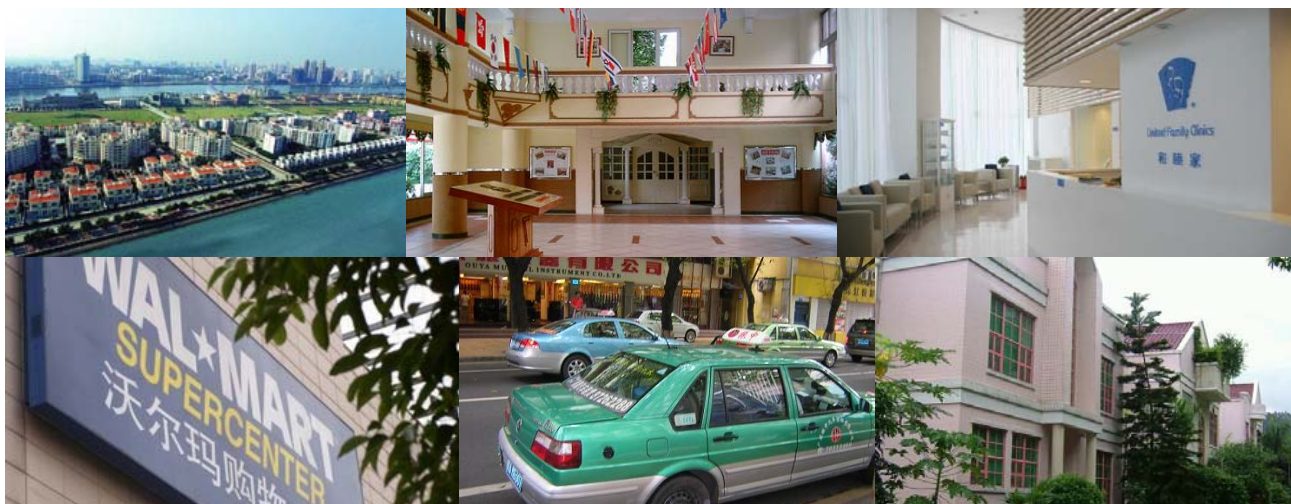
Transportation

Guangzhou has a fairly well-developed public transport system including an extensive subway and bus system, and abundant taxis, which by western standards are very cheap. Some companies will provide their expat employees with a car and driver (although due to the global economic downturn this practice is declining). Be aware that most taxi drivers do not speak English (some can only speak Cantonese). If you can't speak Cantonese, be sure to have the address written down in advance, as well as a contact number for the venue in case the driver gets lost! To avoid the hassle, why not purchase an APA Guangzhou taxi book for only 60RMB?

Shopping

Most popular western consumer items and groceries can be purchased in Guangzhou. Hypermarkets such as Carrefour and Makro have a wide range of western groceries at low prices. There are also specialized supermarkets, such as Jusco, Park 'n' Shop as well as imported grocery shops like Oliver, Corner's Deli and Aussinos, which stock a number of often hard to find western delicacies such as cheese, salami and good breads. For those looking for a greater range, weekend shopping trips to Hong Kong are easy with only a 45-minute flight or 1.5 hour train ride separating the cities.

APA provides the following services in Guangzhou: Home Finding; Look-See; Settling In; Cross Cultural Training; Immigration. For more information please contact Elaine Teng at our Guangzhou office on elaine@apachina.com.



Top Left to Bottom Right: Housing on Ersha Island, Guangzhou Nanhu International School, Guangzhou United Family Clinic, a Wal-Mart in Guangzhou, Guangzhou taxi, villas at Castle Hill

Choosing a School in China

By Kiel Ryan
APA Research Officer

Choosing the right school is one of the most important decisions for families relocating to China. Uprooting a family and moving to a country as unfamiliar as China can be very disorienting, so families will want to minimize any stress on children by selecting a school where they will feel comfortable and integrate easily.

The schooling options for expatriates in China, particularly in Beijing and Shanghai, have increased significantly over recent years. Expatriates can now choose from a number of world-class international schools with instruction in English, bilingual schools, local Chinese schools or Embassy schools set up to educate students from a particular national or linguistic background (i.e. French, Japanese, German, Scandinavian). What's more these different types of schools offer a wide variety of curricula in different languages.



Concordia International School Shanghai

When selecting a school in China, there are a number of issues to consider. Firstly, the school will need to be a good fit in terms of curriculum – meaning it will need to coordinate well with the previous curriculum as well as offer continuity after you repatriate so your child's education is not hindered through a move to China. You will also need to consider whether the overall school culture and approach to education will suit the personality of your children. Cost is another important consideration as costs of international schools are quite high, with many costing upwards of 15,000USD per year, and some as high as 30,000USD. In addition, you'll also need to consider the location of the school (i.e. in the city versus the suburbs), and whether your children have special language or other needs.

Types of Schools in China

There are advantages and disadvantages to each school in China. Internationals schools tend to be very

expensive, however they offer excellent facilities and academic and extra-curricular programs in a multi-cultural environment. Some of the well-known international schools do tend to have large student bodies, which may not be ideal for families who prefer a smaller more intimate environment.

In bilingual schools, the curriculum is taught in both Chinese (Mandarin) and English and these tend to be common at the Kindergarten and Primary/Elementary level. Bilingual schools are quite popular amongst returning and overseas Chinese keen to have their children become fluent in Chinese. The quality and rigor of bilingual programs varies significantly across schools however and it is important to not assume that by enrolling your child in a bilingual school they will automatically gain fluency in Chinese.

A growing number of assignees (although still relatively small) choose to enroll their children into local Chinese schools. While this is probably the best option for developing Chinese fluency, many find the transition quite difficult due to differences in the Chinese education system compared to that of their home country.

Types of Curricula Offered in China

The International Baccalaureate (IB), is offered in many of the international schools in Beijing. As the IB is recognized across the world - including by most leading universities - it is a good choice for families on an international career path.

China also has a number of schools offering the British National Curriculum, which culminates in the A-levels for those looking to enter university, as well as the American system which generally culminates in the setting of the SATs.

A number of expatriates in China choose to put their children into Montessori schools, of which there are a large number in Shanghai and Beijing. The Montessori system places a strong emphasis on developing creativity, problem solving and critical thinking skills and is generally less-structured than other, more traditional, schools.

The Chinese school system is predominantly government-run and work

pressure is very high. Class sizes tend to be larger than western schools with more of a focus on rote learning and memorization. Independent thinking is less encouraged than in more liberal systems common in the west. Teaching of sciences and math is, on the other hand, generally more advanced than in the West.



Western Academy of Beijing

Getting Your Child into a School

Admissions procedures can vary across schools, so it is best to enquire with the school first as to what the procedure is. As a general rule though, most international schools request face-to-face interviews, submission of previous academic records, and an English assessment for non-native speakers. Reputable schools often have waiting lists so it is best to apply as early as possible.

Fees for international schools are often quoted in both US dollars and Renminbi. When looking at school fees, be sure also to keep in mind miscellaneous fees such as capital levies, application fees, school uniforms, lunches, school bus, etc.

With so much to think about when relocating to China with children – from which curriculum is right, to which school will fit your child's personality, to practical considerations such as cost and location – making the 'right' school choice can be a little daunting. However, with expert help from knowledgeable people on the ground who really understand the local schooling situation, much of the stress can be alleviated so you and your family can settle-in quickly and embrace the many opportunities that living in China presents.

APA provides a specialized program designed to assist families in the school search process. For more information please contact Zanine Wolf at zanine@apachina.com.

Choosing a Kindergarten in China

By Cindy Cheung
APA Relocations Director

When Mum and Dad finally get home at night from a hard days work – the first question to our 3 year old son is “What did you do at you-er-yuan (kindergarten) today?” The answer almost inevitably comes back as “I slept”. I must admit it is a bit alarming to think that the highlight of his day at the kindergarten is sleeping and I guess that explains one reason why he is never asleep before 9pm each night! But having made the choice to put my son into a local Chinese kindergarten, I am happy with the fact that he really is experiencing the Chinese way of life even though there may be some quirky things like 3 year olds singing the Chinese national anthem every morning and the ritual of the washing of the hands (seemingly) every half an hour.



In Beijing, there are a growing number of kindergartens to choose from for kids aged between 2-5 years. You can choose from international bilingual and bicultural systems, to Montessori, to kindergartens run in line with the English, Australian, German, and Russian national systems. Student-teacher ratios can range from 1:5 for international kindergartens to 1:25 for public kindergartens. Fees also vary accordingly. Most kindergartens will charge a monthly standard school fee, plus a monthly fee for food. You can usually choose a half or full day program with or without food.

The first step to finding what kindergarten is best to send your kids to is to ask other parents at your regular playgroups. Usually there are lots of mums who are full of advice. The

weekly expat magazines are a good source to get a directory of kindergarten listings. Location is another important factor to consider, but some do offer a pick up/drop off service.

Kindergartens can also vary in size, outdoor/indoor play areas, learning resources, and some offer extracurricular activities such as extra English or Chinese classes, kung fu, swimming lessons, day excursions and weekend activities.

After shortening my list to 3-4 schools close to where we lived, we then spent a few days visiting the schools with my son, observing the students, and talking to the teachers to get a feel for each place.

Our final choice was based on a mixture of convenience, upkeep and cleanliness, price and cultural/language immersion.

I am delighted that my son is growing up to be completely bilingual as I hear him constantly blabbering away with Ayi using all the correct ‘ba’s’ and intonations so naturally. Something I still struggle with as an adult learning Chinese. I enjoy the fact that he is playing with and making local Chinese friends and I can hear the sounds of him when tucked in bed at the end of the day reciting nursery rhymes and singing songs in perfect Chinese!

Staying Healthy in Beijing

By Zanine Wolfe
APA Projects Consultant

Beijing has all those elements that can make big city living stressful, such as heavy traffic, large crowds and never-ending construction – combine this with extremes in temperature and poor air quality, and you might start to wonder how it’s possible to stay healthy in this urban metropolis. Do not despair though because with a bit of effort, staying healthy and feeling your best in Beijing is actually quite easy.

Air Quality

The Chinese government is committed to reducing pollution and a number of measures were introduced ahead of the Olympic Games to improve air quality. This definitely seems to have improved the situation, however smoggy days are still common and it’s suggested you take a few precautions to lessen the impact of pollution. First and foremost is to invest in a good indoor air purifier, which can be found easily in Beijing. A popular though expensive choice are the Swiss made IQAir filters which reportedly have excellent quality HEPA filters. A more affordable option is locally made products such as Yadu which can be found at Carrefour and other home ware and electronics stores. Doctors advise that on very smoggy days it’s best to spend as much time indoors as possible (there are a number of websites where you can check the daily pollution index), and try to minimize the time you spend commuting in heavy traffic.



Beijing skies on a bad day

Diet

Chinese cuisine is truly diverse and sampling the tasty and varied dishes is one of the pleasures of living here. You may find that after weeks of eating at local restaurants you tire of the rich and oily texture of Chinese food or have an adverse reaction to the local ingredients (MSG and other additives are widely used) – in which case you can simply eat at foreign restaurants or have a home cooked meal to give yourself a break. Each person is different though

and eating locally is simply a must when living in China. Some expats prefer not to drink the local milk and opt for imported brands instead (especially in the wake of the recent melamine-in-milk scandal). Water generally cannot be drunk from the tap; bottled water is widely available and cheap though. As you can find just about anything in Beijing from organic foodstuffs to imported items to a wide variety of local fruit and veggies, eating healthily is relatively easy if at times a little expensive.



People practicing taiqi in a Beijing park

Sports and exercise

The lifestyle in Beijing can be frustrating for outdoor enthusiasts. There are, however, many ways to stay active and keep in shape in the city. Beijing has no shortage of gyms, with many expatriate housing compounds having on-site gyms – well equipped, usually including swimming pools and offering numerous fitness classes. If you prefer something more social than sweating it out on a treadmill there are numerous sporting clubs to choose from – with football, rugby, hiking, dancing and mountain biking being just some of the options. For those with a more holistic approach to health and exercise, Beijing has a number of great yoga studios, with Yoga Yard being an especially popular choice. China is also the birthplace of martial arts such as *tai chi* and *kung fu*. So being here is a great opportunity to explore these. NIA, a body-mind-spirit dance and

movement class which is gaining popularity overseas, is also now being offered in Beijing. In the freezing Beijing winters, you can choose from either indoor or outdoor skating rinks, as well as skiing in some of the resorts just a few hours outside of Beijing.

Weather

Winters in Beijing are extremely dry and cold which can be uncomfortable, however most apartments have built-in heaters to combat the cold, and it's common to buy a few humidifiers to overcome the dryness. Plants and fish tanks are other creative and aesthetically pleasing ways of increasing the humidity levels in your home. Also drink plenty of water in the winter months and invest in a good down jacket and other winter woolies. Summer weather is also extreme, being hot and humid – but as it is also the rainy season the city becomes pleasantly green.



Beijing in the fall

Medical Care

The risks of getting sick in Beijing may be higher than in most western cities

because of crowded conditions, weather extremes and sometimes below average sanitation. If you get sick, there are several hospitals and clinics in Beijing with foreign or foreign-trained doctors who speak English, offering a full range of treatment from general family medicine, optometry, dental, gynecological, and psychological services. The Beijing United Family Hospital and its clinics are particularly reputable. Be aware, however, that medical treatment at the expat facilities is expensive, especially if you are not or only partially covered by health insurance. Other hospitals frequented by expats are International SOS, International Medical Center and Vista Clinic.

You may also consider an alternative approach to health and consult with a Chinese doctor. In Traditional Chinese Medicine (TCM) the emphasis is on preventing illness through treating the whole person and ensuring that body and mind are in balance. There are many clinics in Beijing where you can consult a Chinese doctor and have treatments such as acupuncture, herbs, cupping and scraping.

When I moved to Beijing from Cape Town, I began to be obsessed about the weather and fell into the trap of constantly comparing the blue skies back home with the grey haze of Beijing, and the afternoon walks on the beach with evenings spent watching DVD's. However, if I'm to look objectively at my lifestyle now, I'm probably as fit if not fitter than I was before, I've deepened my yoga practice, enjoyed the benefits of acupuncture and regular massages, and have gotten away with just one visit a year to the doctor for minor chest infections.

Asia Pacific Access' Services in China:

APA offers a wide-range of services to assist expatriate staff and their families moving to China:

Destination Services:

- >Orientation & Settling-In
- >Home Finding and Lease Renewal
- >Spouse Support
- >Tenancy Management Services

Cross-Cultural Training:

For expatriates and Chinese employees working in MNCs

Other:

- >Immigration
- >Livability Assessment (2nd and 3rd-Tier Cities)