

Welcome to the special issue on “Emerging issues in property and infrastructure in Asia-Pacific.” This issue is a select collection of research that was presented during the 21st Asian Real Estate Society Conference at the beautiful campus of the Indian Institute of Management, Bengaluru, India from July 13 to 15, 2016.

A useful starting point for discussion on property and infrastructure is a reminder that the sector faces challenges related to non-competitive markets, huge sunk cost, heterogeneity, asymmetric information and significant government interventions. Gandhi and Walton (2012) have argued that a huge proportion of private wealth that the recent reforms in developing countries has generated is from “rent-thick” sectors (property, construction, infrastructure or ports sectors, media, cement and mining) where potential for “economic rents” are huge. *The Economist* (2014) defines “an economic rent is the difference between what people are paid and what they would have to be paid for their labour, capital, land (or any other inputs into production) to remain in their current use.” No doubt perfect competition would eliminate economic rent but “rent-thick” sectors lack “perfect” competition. Further, *The Economist* (2014) emphasizes that the “common examples of rent-seeking (which may or may not be illegal) include forming cartels and lobbying for rules that benefit a firm at the expense of competitors and customers.” Transparency and availability of market information would eliminate rent-seeking behavior. Jones Lang LaSalle (JLL) prepares an annual Global Real Estate Transparency Index and ranks countries on the basis on this index. The index is computed with 139 variables relating to transaction processes, regulatory and legal frameworks, corporate governance, performance measurement and data availability. Higher transparency is associated with stronger investor and corporate activity in the property sector. JLL has been tracking the performance of property markets across developed and developing countries since 1999. While there have been substantial improvements in the availability of information and transaction processes associated with property, the sector is still dominated by opportunities to seek substantial economic rent particularly in the developing countries.

The seven papers in this issue examine the aspects that would enhance efficiency and competition in property and infrastructure in Asia-Pacific. For efficiency, transparency in system for registering property rights is crucial. Efficient price discovery in property markets requires transparent information for sellers and buyers. For public infrastructure development requiring land, the governments have resorted to compulsory acquisition of private property leading to dissatisfaction among landowners whose lands are taken. Besides compensation, the process of acquisition also generates dissatisfaction. Of the many mechanisms for developing infrastructure projects, one of them is public-private partnership (PPP) which leverages the strengths of public and private sectors in delivering infrastructure. However, the path for development of infrastructure through PPP has been challenging with the mixed results on its success. We have tried, therefore, to include interesting papers that not only examine efficiency in property and infrastructure sector but also try to propose what would deliver efficient outcomes in this sector.

In the first paper, Wang *et al.* examine the real estate registration systems in Mainland China and Hong Kong. A fully functioning property market requires an efficient and effective land registration system. With the handover of Hong Kong to China in 1997, while there has been assimilation of political systems, the unification of land and property market systems have remained elusive. China has moved in the direction of establishment of private markets for land



use rights like Hong Kong but the reforms in property registration system is yet to be completed. Wang conducts an extensive document analysis to compare Hong Kong and Mainland China registration systems to identify the improvements that could be made to unified registration system in Mainland China to make the system more efficient. The findings suggest that simplicity and self-service search mechanism are the key features of Hong Kong property registration system, which if incorporated can help improve the system in Mainland China.

Post liberalization, the property development activity has grown substantially in China. Private equity funds-led commercial property development projects have played major role in the development. The size of private equity in property is about 400 billion yuan of which nearly one-third is invested in commercial property. Another interesting institutional aspect of this development activity in China is that the private equity funds are closely integrated with developers, which means that the project management of such development activities essentially involves management of traditional property development activity alongside financial management to enhance financial performance of commercial property assets. Ma and Zhu propose a tool, design structure matrix (DSM) to effectively deal with the complexity that arises in private equity-led commercial property development. The DSM modeled 119 activities with 322 dependencies to reexamine project management. The results include a better sequencing of activities to avoid huge risk and to reflect advantages associated with asset-light management of private equity portfolios. The tool could easily be applied to other emerging markets as the nature of project management is not very different from what China is facing.

The third paper in this issue by Rao, Tiwari and Hutchison examines the causes of dissatisfaction among landowners whose lands are compulsorily acquired for infrastructure development. It has been argued that the compensation mechanism for acquired land focuses on the “commodity” aspect of land and ignores the loss of rights and opportunities of landowners. In addition, landowners are dissatisfied with the process of compensation as well. Using stakeholder analysis and by surveying experts in Victoria, Australia involved in land acquisition process either on acquiring authority side or on landowner side, Rao, Tiwari and Hutchison argue that affected landowners seek involvement at the project planning stage itself. The objectors to the project seek opportunities to convey their views to the public agencies even though the obligation of public agencies toward this stakeholder is nil.

The shortage of infrastructure is a major concern for urban areas in developing countries. To illustrate the severity of this situation, in India there is no single city that receives 24 × 7 domestic water supply. The sector faces the challenges associated with the inefficient delivery of water. The efficiency in development and delivery of infrastructure projects is a theme of investigation for Rama Swamy, Tiwari and Sawhney. The paper analyzes the factors that affect the performance of urban drinking water projects in India developed on PPP basis. Using analytical hierarchical process methodology, this paper solicits ranking of seven identified factors through a survey of government agencies, financial institutions, development agencies, private sector entities and consultants to understand the relative importance of these factors. The results indicate that for a successful PPP water project following factors (in descending order), stakeholder consent and support for water PPP projects, appropriate project structure, availability of realistic baseline information, reasonable water tariffs, public sector capacity, well-developed market and water sector regulator, are necessary.

The efficiency of property markets has been a topic of investigation for many research papers in developed and developing markets. Availability of information and range of opportunities available for investment in property markets are important for property market maturity. However, developing markets suffer from lack of information and available opportunities. The transactions cost in the property markets in these markets are high making them inefficient. There are also possibilities of extracting excess profits for

those who possess better information. The next two papers in this issue explore the possibility of using online information to enhance competition in property markets for developers and for predicting house prices. Yap and Chua, in their paper on Malaysia, though using a small sample of respondents in Klang Valley and using a mixed-methods approach examines the potential of e-booking system as the blue ocean strategy to enhance the competitiveness of developers. The blue ocean strategy is the one which is still evolving and competition is less. The results indicate positive sentiment toward the use of e-booking system among all generations of households and not only the Generation Y households who are typically believed to be tech-savvy.

In the absence of reliable information on house prices and regulatory asymmetry in India, Venkataraman, Panchapagesan and Jalan investigate whether internet search intensity could predict house prices. If the internet search intensity is merely to poll for prices and not for transaction activity, such searches may not result in increasing transaction volume and may not be the indicators of price changes. The results, however, suggest that the relation between search intensity and house prices persists in India despite the noisy data, low internet penetration and high incumbent broker's advantage. These results are important as they illustrate that alternatives such as internet search intensity could be used as a proxy for house prices in opaque markets like India, which suffer from property market data availability.

Property and infrastructure industry has long been accused of gender stereotyping. A "gender stereotype" is a generalized preconception about attributes, or characteristics that are or ought to be possessed by a gender or the roles that are suitable per gender. Recent debates and discussions in media and policy circles have demonstrated that the case for gender diversity at workplace is compelling. The seventh paper by Antoniadis and Warren investigates the question of gender stereotyping in the property sector by analyzing the visual portrayal of women in professional journal with in the built environment. The results are concerning as they find an imbalance of gender portrayal favoring male in the property profession. Antoniadis and Warren argue that besides the legislative mandate for gender balance, the shift in attitudes of corporate managers would be necessary to implement gender equality.

These seven papers not only try to shed new perspectives on efficiency in property and infrastructure in Asia-Pacific (or the lack of it), but also try to understand what constrains this sector in the first place in markets with considerable frictions. Our studies cover three of the most dynamic emerging markets in Asia – India, Malaysia and China – as well as the developed markets of Hong Kong and Australia. While developed markets like the USA and the UK have been studied for long, we hope our effort in compiling this volume will go some way in understanding the dynamics of property and infrastructure in regions like Asia-Pacific with fast-growing populations.

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