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Ambitions*

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Property Insight

Tianjin

Infrastructure and economic growth in the Beijing-Tianjin-Hebei Region

For residents of northern China, the last decade has been full of announcements about new government directives that are supposed to help integrate and transform the region. There have been so many announcements that in some cases have overlapping coverage that it can be hard to tease out what the plan is and what specific impact they are supposed to have. And while infrastructure projects create construction jobs in the short term, do these directives actually help transformation the industrial base and grow the economy long term?

Northern China Initiatives

In recent years plans announced in Tianjin have included the creation of the Binhai New Area, the Jing-Jin-Ji (Beijing-Tianjin-Hebei) integration (sometimes called the Capital Economic Circle), the Tianjin Free Trade Zone and now the latest, the developments in nearby Xiong'an, Hebei province. Some of these initiative promise new policies and incentives that will encourage specific types of investment, but almost of these plans also call for new infrastructure.

A summary of infrastructure plans

Below is a review of some of the planned infrastructure projects in this part of northern China linked to these various plans.

	Beijing	Tianjin	Hebei
Airport	Beijing-Capital International Airport new terminal/expanded in 2008	Tianjin-Binhai International Airport Terminal 2 opened in August 2014	Shijiazhuang Zhengding International Airport opened in 1995
	Beijing Daxing International Airport is expected to be completed in September 2019		Tangshan Sannuhe Airport opened in 2010

Rail Station	Beijing South Station upgraded and reopened in August 2008	TJ South Station opened in June 2011	Tangshan Station upgraded and reopened in 2013
		TJ West Station upgraded and reopened in 2011	Baoding Station upgraded and reopened in 2012
	New Beijing East Station planned to open in 2019	Baodi South Railway Station is expected to be completed in 2019	Shijiazhuang East Station expected to be completed in July 2017
Line	Beijing South Station - Tianjin Intercity Railway opened in August 2008	Beijing South Station-Tianjin Intercity Railway extended to Yujiapu Station in September 2015, via Wuqing Station, Tianjin Railway Station, Junliangchengbei Station	Beijing-Tangshan Intercity Railway will run to Tangshan Station via Yanjiao in Beijing, Baodi South Station in Tianjin, and Xianghe and other 2 Stations in Hebei province
	Beijing-Binhai Intercity Railway is expected to be completed in Dec. 2020, will runs from New Beijing East Railway Station, and have a stop at Yanjiao	Beijing-Binhai Intercity Railway will run to Binhai Railway Station via Baodi, Tianjin Binhai International Airport Station, and other 5 Stations in 2020	
	Beijing-Tangshan Intercity Railway is expected to be completed in Dec. 2020, will runs from New Beijing East Railway Station, and have a stop at Yanjiao	Starting from TJ West Station, Tianjin-Baoding railway opened in Dec. 2015	Beijing-Shijiazhuang Intercity Railway will run to Shijiazhuang via Zhuozhou and other 5 stops in Hebei Province.

	Beijing-Shijiazhuang Intercity Railway is expected to start construction in 2018, will runs from Beijing West Railway Station	Both Beijing-Tangshan line and Beijing-Shijiazhuang line will have a stop at Baodi South Railway Station in 2020	Tianjin-Baoding railway runs to Baoding Station via Shengfang and other 4 Stations in Hebei Province
Subway	Beijing subway New Airport Line is slated for completion by 2019	Metro line 3 South Railway Station opened in Dec. 2013 Both Metro line 1 (opened in 2006) and Metro line 6 (partially opened in August 2016) have a stop in TJ West Station	All Shijiazhuang Metro Line 1,2,3 are under construction. Line 1 will be completed in 2017
		Line 1 Expansion	Line 3 will be completed in 2019
		Line 5, 6 in 2017 Line 8, 10 after 2019	Line 2 will be completed after 2020 Metro Line 2 and Metro line 3 planned to have a stop in Shijiazhuang Railway Station

How do these projects impact the economy?

One of the more prominent projects listed above was the Beijing South Railway Station. While Beijing still has a central, west and north train station, how has the construction of this large and modern southern railway station driven development and what role does it play in the Jing-Jin-Ji integration plan?

The construction of railways and railway stations create at least three drivers of additional economic development and drive closer economic integration of the areas being linked. These include:

1. **Quicker connections make travel between the areas linked quicker and more efficient**
2. **Linking expensive cities to less developed areas allows for commuters to access cheaper housing alternatives, but still work in the main cities where job prospects are better and pay is higher. Simply put, worker mobility is increased.**
3. **The new stations in the less developed areas provides an economic driver for those areas.**

As an example, when the Beijing South Station was developed, that area of Beijing itself started to see economic growth. More visitors to the area drove additional retail and hotel spending adjacent to the station, more retail jobs were created at the station and real estate near the station increased in value. Additionally, with subway lines linking the Beijing South Station to other parts of Beijing, residents of that area immediately became more mobile within Beijing and better linked to Tianjin giving them more choices for employment. Third, business travels making the commute between Beijing and Tianjin were able to do so more efficiently, saving them an hour or more during their commute between the cities.

With a number of rail and subway stations built in the Jing-Jin-Ji area, these engines of economic growth spurred similar development around the region. The story is similar for the new stations in Wuqing, Yujiapu, Tangshan, etc.

Conclusion

Setting aside the impact of the various policy related plans, there has been a great deal of infrastructure built in northern China as a result of various government initiatives. We can see that many of these infrastructure investments are helping to increase the mobility and efficiency of the work force, they are helping to seed new economic hubs, especially around the new train and subways stations and they are helping to integrate the connected areas by allowing the work force to more rapidly travel from city to city.

So while it is too soon to declare that all of the announced policy goals have been achieved or that the industrial base has been completely transformed, a review of the infrastructure does clearly show investment that is bearing fruit in terms of helping the area become better integrated and in bringing economic prosperity to areas that were previous not well connected. This in turn should take some pressure off of the most expensive and densely populated areas within the Capital Economic Circle and allow for continued and broader economic prosperity.



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