

# Managing Outward Foreign Direct Investment Risks of Real Estate Projects by Chinese Developers in Malaysia

Cheng Qin <sup>a</sup>

<sup>a</sup>University of Malaya, Kuala Lumpur, Malaysia

[https://doi.org/10.35609/gcbssproceeding.2024.1\(89\)](https://doi.org/10.35609/gcbssproceeding.2024.1(89))

---

## ABSTRACT

---

China's outward foreign direct investment (OFDI) has rapidly expanded in the past decade, driven by policies like the "Go Global" and "One Belt, One Road" initiatives. By 2018, China had invested in over 43,000 foreign enterprises across 188 countries, spanning various sectors, including real estate (Chang et al., 2021). Although late to the global real estate market compared to Western countries, Chinese investment has grown significantly since 2008, reaching \$183 billion by 2016 and making China the second-largest global investor in real estate after the United States. (Zhang et al., 2019). Malaysia, particularly the Iskandar Malaysia Special Economic Zone, has attracted significant Chinese real estate investment. By 2013, China had surpassed Singapore as the largest foreign real estate investor in Malaysia, with Chinese investors solidifying their position by 2016 (Avery & Moser, 2023). However, this rapid expansion has brought significant challenges. Chinese developers face numerous risks, including geopolitical uncertainties, economic volatility, and socio-cultural conflicts, especially in regions linked to the Belt and Road Initiative (Li, 2022). Despite the importance of risk management in such a complex environment, many Chinese developers lack a systematic approach. Issues like inadequate risk assessment, overreliance on single risk management tools, and insufficiently trained personnel have led to ineffective mitigation strategies and reduced project profitability (Zhai et al., 2018). These shortcomings highlight a significant gap in both practice and academic literature regarding the effective management of risks in Chinese OFDI real estate projects.

**Keywords:** OFDI, Risk Management, Real Estate Investments, Chinese Developers, Malaysia.