

## **New cities, Inc.: Governance in a private Chinese city in Malaysia**

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Of the over one hundred new city projects being built from scratch across the Global South, nearly half are being built by a private company, or as a public-private partnership. One of the most extreme cases of a totally private city underway is ‘Forest City’, an urban mega-development conceived and developed by a Chinese property development company. In 2014, Forest City began to emerge from the sea on four artificial islands in Malaysian territorial waters. It is located at a major chokepoint in the Strait of Melaka, one of the world’s busiest shipping channels that lies between Sumatra and the Malay Peninsula, and just 2 kilometers off the coast of Singapore. Forest City aims to accommodate 700,000 residents and has been marketed primarily to Chinese nationals who wish to buy property overseas that is more affordable than other international investment destinations and is closer to home. As the pervasive ‘green’ branding conveys, Forest City is also marketed to Chinese nationals wanting to escape the pollution of Chinese cities to live in a more ‘natural’ environment. While the proximity to Singapore is also a key selling point of the project, the location in Malaysian territorial waters and next to Indonesia, both Muslim-majority countries, is a significant source of unease for potential investors. In response to Chinese anxiety about the proximity to Muslims, Forest City has a unique type of governance. Aside from the high-tech security system promised to residents, builders of the project have negotiated an agreement with the Malaysian state that Malaysian police, military, and coastguard are denied entry into Forest City and Muslims, through a variety of tactics, are dissuaded from purchasing properties. A gated, private city for foreign nationals—essentially a Chinese colony—to which Malaysia has essentially conceded sovereignty prompts many questions about the legal system in Forest City, how it is enforced, and what recourse residents have to justice.

### **New private cities: An introduction**

Over the past 15 years, the construction of new cities built from scratch has gained momentum in the wake of widespread deregulation, the spread of neoliberal policies, the normalization of city-centric development, and the emergence of real estate as a major investment vehicle, particularly after the global recession of 2008. Of the more than 120 new city projects being built from scratch in over 40 countries almost exclusively in emerging economies (Moser 2015), nearly half are being built by a private company, or as a public-private partnership.

One of the most extreme cases of a totally private city underway is ‘Forest City’, an urban mega-development conceived and developed by China’s largest property development

company. In 2014, Forest City began to emerge from the sea on four artificial islands in Malaysian territorial waters. It is located at a chokepoint in the Strait of Melaka, one of the world's busiest shipping channels that lies between Sumatra and the Malay Peninsula, and just 2 kilometers off the north coast of Singapore. Forest City aims to accommodate 700,000 residents and has been marketed primarily to middle- and upper middle-class Chinese nationals who wish to buy property overseas but seek more affordable prices than other international investment destinations. As the pervasive 'green' branding conveys, Forest City is also marketed to Chinese nationals wanting to escape the pollution of Chinese cities to live in a more 'natural' environment. While the proximity to Singapore is a key selling point of the project, the location off the coast of Malaysia and just a few kilometres from Indonesia, both Muslim-majority countries, is a significant source of unease for potential investors. In response to Chinese anxiety about the proximity to Muslims, Forest City has a unique type of governance. Aside from the '5-layer' high-tech Huawei security system promised to residents, builders of the project have negotiated an agreement with the state that Malaysian police, military, the coastguard, and religious police are denied entry into Forest City and Muslims, through a variety of tactics, are dissuaded from purchasing properties. A gated, private city for foreign nationals—essentially a Chinese colony—to which Malaysia has made important concessions of sovereignty conceded sovereignty prompts many questions about governance and the legal system in Forest City, how it is enforced, and what recourse residents have to justice.

Forest City embodies China's desire to expand its global influence, take control of foreign land, operate under special laws, and to win special economic concessions not offered elsewhere in the country. In many ways, Forest City seems to be a new type of foreign concession like those established by European powers in Shanghai following the Opium Wars. This paper explores China's growing global role as a real estate developer and money lender to the Global South, the concessions of sovereignty that China has been able to win in Forest City, the ambiguity of governance and legal regimes in Forest City, and the new 'Malaysianization' strategy intended to quell the surge of criticism that threatens the viability of the project.

### **China as global real estate developer and moneylender**

As is well known by now, the massive expansion of China's wealth in recent decades is transforming skylines around the world, as many Chinese nationals see real estate as the most

reliable and safe investment (Glaeser et al. 2017; Zhang and Fung 2006). The global surge of Chinese real estate investment is affecting prices and availability in cities around the world, from Vancouver to Singapore to Sydney. Meanwhile, China's own real estate values continue to climb (Glaeser et al. 2017), despite the construction of hundreds of new cities with tens of millions of units as part of the national urbanization strategy (Shepard 2015). While Chinese elites have invested in foreign real estate for two decades, China's expanding middle class, increasingly priced out of domestic markets, is scrambling to find more affordable investment opportunities overseas.

While some Chinese buyers seek to settle outside of China, the majority of Chinese buyers who have been voraciously buying up properties in recent years are investors with vast real estate portfolios and no intention to live in the properties they buy. As of November 2018, it is estimated that 20% of all housing in China stands empty (Panckhurst, Dong, and Lin 2018), a number that conveys clearly the extent to which real estate is a key investment vehicle for millions of Chinese nationals. Demand for real estate in China as an investment vehicle continues to grow, although the cost of Chinese labour has increased in recent years (Tan and Yimie 2017). Provincial governments in China face growing obstacles in converting state land into privately-owned land that can be developed and raising funds domestically to finance infrastructure development is becoming increasingly challenging (Lin and Yi 2011; Wu 2010). As a result, private and state development companies from China have sought out new markets and expanded their operations to foreign countries. Over the past five years, a vast number of urban mega-developments and new cities are being financed and constructed by Chinese firms in Africa (Cain 2014; Hammond 2016; Peters 2015), the Middle East (Shepard 2017), Central Asia (Shepard 2016), Latin America (*Telesur* 2015), and South and Southeast Asia (Thiel 2011).

Southeast Asia has become a particular target of real estate projects created to satisfy Chinese demand for investment properties (Mills 2018; Lam 2017). In Malaysia, Chinese investment in infrastructure and real estate has accelerated dramatically over the past five years (Mahrotri and Choong 2016), and three years ago, China surpassed Singapore as the largest investor in Malaysian property (Vasagar 2017). Many Chinese nationals are seeking to relocate to Malaysia in order to enjoy an affordable yet high standard of living, cleaner air, and close proximity to Singapore's economy and cultural amenities. Malaysia is also attractive to Chinese

investors as nearly one quarter of the national population is ethnic Chinese and the country is relatively stable, safe, and peaceful.

A number of massive Chinese projects are currently underway in Malaysia, including residential and commercial mega-developments, ports, and a high-speed railway connecting Kuala Lumpur and Singapore. The most significant Chinese project is Forest City, a private gated city started in 2014 that at an estimated cost of \$100 billion USD is the largest Chinese urban investment outside of China. Forest City is designed and constructed by Country Garden Holdings, the largest property developer in China and ranked 273<sup>rd</sup> on the Forbes list of 500 of the world's biggest public companies.

China has been involved in creating many urban and transportation infrastructure mega-projects at home and abroad, advising on and constructing new cities in Africa and Latin America; new ports in Pakistan, Oman, Kenya, Sri Lanka, Malaysia, and more; dams; pipelines; highways; and train systems. Forest City is a significant departure from other international Chinese urban developments in three important ways. First, it is built as an investment vehicle for Chinese nationals. Country Gardens understands the current Chinese demand for overseas properties and is wagering that demand will continue to grow and that Forest City can satisfy the investors' needs in terms of price point, location, security, and so on. Second, Forest City is also marketed to Chinese nationals as a permanent home. The ease of obtaining a 'Malaysia My Second Home' (MM2H) visa is prominently stated throughout the Sales Gallery. As no other Chinese mega-development aspires to create a permanent colony of Chinese nationals in a private, gated new city, Forest City is a new type of development with unique governance and a neo-colonial relationship with its host country. Third, the location of Forest City has an important geopolitical dimension that suggests the involvement of Beijing, despite Forest City management's insistence that the Chinese state is not involved.

The infamous Hambantota Port project in Sri Lanka illustrates underlying geopolitical ambitions of China (Abi-Habib 2018) and how it is expanding its power through construction and loans. When Sri Lanka was unable to service massive Chinese loans on a mega-port that multiple feasibility studies from an assortment of countries had deemed to be 'unbankable', the loan was renegotiated. Much of the loan was forgiven in exchange for Chinese autonomy over the port (Abi-Habib 2018). This subjugation through debt is only recently being challenged by a handful of leaders in emerging economies that are major recipients of Chinese loans. Since

Mahathir took power in May 2018, Malaysia has become the most vocal and active country in pushing back against Chinese-backed mega-projects in their territory. Tensions are brewing between China's desire to control its coastal territory and locals who are resisting the concessions of sovereignty their state has surrendered. Governance of these new private Chinese enclaves is ambiguous and highly contested.



**Figure 1:** Chinese mega-projects in the Malay Peninsula

### **Forest City, Inc.: ‘A dream living paradise for all mankind’**

Forest City is an unprecedented type of project designed as a vehicle for Chinese investment and illustrates the recent globalization of Chinese construction companies. It is also prompts questions about the new geopolitical dynamics and new configurations of power and governance as a semi-sovereign entity. The project is marketed as an exciting and futuristic ‘eco’ city for Chinese nationals to feel at home, while at the same time, making it clear that Muslims are less welcome.

### ***Clean and green ‘city of the future’***

Forest City is marketed as a clean and green ‘dream living paradise’. Initially marketed exclusively to Chinese nationals, new sales galleries have sprung up in major Southeast Asian cities with substantial ethnic Chinese populations since Beijing imposed capital controls in 2016 limiting the amount of money individuals can export to \$50,000 per year. Leveraging the pollution choking Chinese cities, the ‘green’ concept for Forest City was designed to attract pollution refugees who are anxious to own a piece of paradise either as a place to raise children or to retire in an affordable and safe Chinese enclave, or as an investment. The ‘eco’ theme is evident through the marketing, the towering lush green walls in the Sales Gallery (made of plastic plants), and the meticulous lawns, flower beds, and coconut trees. Fiberglass animals such as sea lions, flamingos, and crabs are scattered around the project, providing the sensation of the natural world without being messy or dangerous, while providing ample backdrops for selfies.

At about 20 square kilometers, Forest City will be four-five times the size of Central Park. Designed for 700,000 people, Forest City will be an unprecedented feat of engineering if completed. A massive concrete superstructure will cover the four islands, which are currently being created through both dredging the sea floor and dumping mined sand from other (unstated) locations, and construction is forging ahead at record speed. While reclaimed land conventionally takes five years to settle and compact before it is safe to build on, creators of Forest City have developed a technique that they claim fully prepares the new land for construction after just 10 months. The surface of Forest City is advertised as car-free and reserved for gardens, pedestrians, bike trails, and recreational and commercial space, while parking and roads are hidden several storeys below the surface.

The strategic location of Forest City is its main selling point (Figure 2). Salespeople remind visitors that Forest City will be part of the state’s ‘Belt and Road’ scheme that aims to connect Chinese businesses to Central Asia, Europe, Southeast Asia, and Africa by land and sea (Shepard, 2016). Forest City advertises that it will have a stop along the (now cancelled) high-speed railway connecting Singapore and Kuala Lumpur, and eventually onward through mainland Southeast Asia to China. On a giant map in the Forest City Sales Gallery, Iskandar Malaysia is depicted as being a stop on the maritime route to Africa. Chinese interest and

investment have breathed new life into Malaysia's ailing white elephant SEZ and enabled it to enter a new period of activity.



**Figure 2:** Forest City's strategic location at a chokepoint in the Strait of Melaka, 2 km from Singapore. The first half of the four islands (outlined) has been constructed and about 65 towers are underway.

***'It is more like our hometown than a foreign country': Strategies to attract Chinese nationals***

Forest City caters exclusively to Chinese tastes while sending strong signals to non-Chinese visitors that they are less welcome. Signage throughout the project is in Mandarin and most sales staff are Chinese nationals who speak no Malay or English. Front desk staff at the hotel in Forest City built largely for investor-tourists are also mainly Chinese nationals. A video on a loop plays on the TVs in the show flats, which depicts a happy, wealthy Chinese families. One woman proclaims that 'there are so many Chinese here that it is more like our hometown than a foreign country'.

Aside from the 'green' theme, the aesthetic of Forest City contains many Chinese auspicious symbols (lotus flowers, bamboo) but no symbols or infrastructure that cater to Hindus or Muslims. All but two of the 20 restaurants, cafes, and tea shops cater to Chinese tastes and have menus in Mandarin, and occasionally English, but no Malay (Figure 3a). The futuristic displays about security in Forest City cater to Chinese concerns about safety living as minorities in a Muslim-majority region, and the private security guards from Nepal underscores the Chinese distrust of Malaysian (Muslim) security. The Nepali guards carry out regular public marching exercises and commands, all to cater to a Chinese audience that is comforted and impressed by such displays of militarism (Figure 3b). Meanwhile, Malay Muslims are visible only in less

threatening roles: as ‘exotic’ costumed drummers greeting busloads of investor tourists and as restaurant staff. The smoke stacks of Tuas, the industrial area of Singapore, are visible from the main beach in Forest City. While the beach has been designed with leaning coconut trees to look like a tropical paradise, swimming is forbidden and Nepali security guards patrol the beach and blow whistles at anyone trying to wade. While this may not align with everyone’s idea of a tropical beach, the nearby industrialism and the rules and surveillance is acceptable to many Chinese investor tourists who agree with Forest City’s slogan that it is paradise.



**Figure 3a and 3b:** Restaurants cater to Chinese tastes; Nepali guards regularly perform in militaristic displays calculated to reassure Chinese visitors concerned about safety in Forest City.

Interviews I conducted in October 2018 with Chinese investors reveal that a large portion if not most investors are unlikely to live in their properties. One middle-aged investor from China told me that he owns over ten properties worldwide, including two at Forest City, one at Danga Bay (a massive real estate project near Forest City in Johor that is also a Country Gardens project), one at Princess Cove (another Chinese development by a different developer), and several in California, Hong Kong, and China. My official Forest City tour guide in June 2017 informed me that they expect Forest City to be around 30% occupied at any given time. In contrast, Hann, the new Head of Strategy at Forest City, now asserts that they are building a vibrant city for year-round residents, although there are no strategies to ensure occupancy and Country Gardens currently has no method of measuring or monitoring occupancy.

### **Clashing legal systems and security regimes, new modes of governance**

As a massive private, gated new city project created as a sort of Chinese colony, Forest City prompts many questions about law and governance, and after visiting Forest City three



times, many of these questions remain unanswered. In my research I have met and conducted interviews with Forest City's top officials, sales staff, investors, and other employees and I have received many different, and even conflicting answers to the same questions. I have also been denied information I have requested. The project is shrouded in a thick fog of ambiguity and misrepresentation, in some cases to mislead investors, journalists, and Malaysian citizens and to satisfy the concerns of each. In other cases, Forest City management and sales staff genuinely have not thought through many of the security, legal, and governance details about operating a private Chinese enclave and they struggle to translate broad concepts into policy. Here I provide a brief overview of some of the legal and governance challenges relating to Forest City's security and legal status.

### ***Security***

When I first visited Forest City in May and June 2017, the official guides and sales staff told Chinese investor tourists (and me) that Malaysian police, military, the coast guard, and the religious police were not allowed into the project and that only a private Nepali (ie non-Muslim) police force and coast guard would protect the project. This claim was meant to reassure Chinese investors that religious police or corrupt local police would not cause problems for residents. Controlled access to Forest City, to various districts, and to individual buildings was promised through a five-layer security system designed by Huawei. Two different guides informed me that potential Chinese investors were primarily concerned with personal safety as 'ethnic Chinese in a Muslim-majority region' so Country Gardens has therefore placed strong emphasis on showcasing cutting-edge high-tech security to visitors in the Sales Gallery.

When I returned to Forest City in October-November 2018, the Sales Gallery had renovated the futuristic room dedicated to showcasing security. The 5-layer Huawei system was replaced with a new high-tech security system that relies on facial recognition technology monitored 24-7 by a hidden surveillance team that scans visitors' faces and estimates their age, gender, and level of threat (frowny face, neutral, or happy face). Based on my visit with several people, the facial recognition technology was 15-20 years off on our ages and guessed gender wrong 30% of the time. In an interview with Hann, he claimed that the project 'could' have an electric fence around its perimeter.

The ambiguities about security and aspirational but non-functional technologies advertised, as well as the militaristic performative displays of uniformed Nepali guards can be characterized as ‘security theatre’ (Schneier 2009). At the moment the project has very little genuine security aside from ubiquitous CCTV cameras. At low tide, it is possible to walk to Forest City from surrounding coastal areas and there is no coast guard in place. However, Forest City management has staged an elaborate show to dazzle and seduce visitors into believing all threats have been considered and they can trust the safety of their families in the hands of Country Garden.

### ***Legal status of owners, visitors, and properties***

Country Gardens constructed a private highway to control access to Forest City, slicing through local communities, fragmenting the landscape, and making it difficult to navigate around. The Forest City highway is lined with banners on lamp posts that announce to visitors that all properties are ‘freehold’, rather than leased. Purchasing properties outright in a foreign country is a special incentive that is not possible in all countries and offers reassurance to buyers that their properties and rights will not be taken away in the event of major political, social, or other changes, and will be able to be passed down for generations, rather than expiring at the end of a lease. Some countries such as New Zealand have completely closed the door to foreign ownership (The Associated Press 2018), while others like Singapore limit foreigners to particular categories of real estate. Forest City’s claim to sell only ‘freehold’ properties prompted sharp criticism from Mahathir starting in Spring 2018, when he proclaimed that it was a project for foreigners not Malaysians (*The Straits Times* 2018) and a ‘new version of colonialism’ akin to Johor’s selling of Singapore to the British in the early 1800s (Martin and Raghu 2018). Forest City management has defended the project, claiming in their defence that properties are freehold yet the land is leased from the state of Johor. This ambiguity and misrepresentation of the project to investors intentionally obfuscates the legal status of investment properties. Even today, investors, Malaysian citizens, and even the Prime Minister of Malaysia are unclear on who owns the land, what legal rights the Malaysian state has over the project, and what concessions of sovereignty have been made to Country Gardens.

In some ways, Forest City’s unique governance is made clear to the visitor. It is promoted as being a Duty Free Zone, sort of an SEZ within an SEZ that is totally separate from the rest of

Johor. With few or no full-time residents, there are three Duty Free stores so far at which to buy alcohol. Alcohol must be consumed in Forest City and only a minimum can be ‘exported’ out of the project, yet it is Forest City security that is in charge of monitoring cars leaving and there is a vibrant black market trade in alcohol smuggled from Forest City. In other ways, governance in Forest City is less clear. Non-Chinese visitors have less leeway to ‘misbehave’ in Forest City and are more closely scrutinized by security than ethnic Chinese people. One Malay I spoke with told me she and her heavily pregnant cousin visited Forest City and sat on the beach at one point to take a rest. A security guard quickly approached and scolded them before demanding that they leave Forest City or face the consequences. When another acquaintance went to Forest City and launched a drone, he was immediately kicked out and banned from the project. ‘No swimming’ signs dot the beach and while walking barefoot near the edge of the water, a Nepali security guard blew his whistle at me and ordered me to walk only on the dry part of the beach.

It is clear that Forest City has an extraordinary amount of control over the behaviour of residents and visitors, yet it is often unclear what the rules are, how the security guards are trained, how much discretionary power they have, and the extent to which security guards are making rules up and applying them unevenly. It is particularly troubling that the consequences of breaking unstated and unwritten rules in Forest City, beyond being whistled at, scolded, and expelled from the property, are not clear. If so-called ‘trouble makers’ continue to break rules (e.g. refuse to stop sitting on the beach, or wading, or refused to leave the property), members of Forest City management told me that the Malaysian police would then be called to enforce Forest City’s rules. Sitting or walking on the beach, taking drone footage, or wading in the ocean do not constitute crimes anywhere in Malaysia. Yet as a private city governed by a Chinese corporation, Forest City can set its own rules that are unrelated to Malaysian law and then use the Malaysian state apparatus to enforce them. In October 2018, I witnessed Malaysian ‘auxiliary police’ arrive in Forest City. I could not obtain information about who called them and for what reason, but their presence indicates that contrary to what investors are told, Malaysian police can and do enter Forest City at the request of the project’s management. The scope of their role and powers are undefined, at least to the Malaysian public and to Chinese investors.

### **Forest City’s pivot to Malaysianization**

Prime Minister Mahathir's public criticism of Chinese projects in Malaysia during his political campaign and since the election in May 2018 has plunged Forest City and other Chinese mega-projects into a state of crisis (Firdaws 2017; FMT Reporters 2017). Mahathir has scrapped two pipelines, the high-speed rail project that would connect Singapore and Kuala Lumpur, as well as the proposed East Coast Rail Link, all to avoid taking on more Chinese debt, after the previous political party in power racked up loans of over \$270 billion USD (Teoh and Salleh 2018). A total of \$22 billion USD of Chinese projects have been cancelled in Fall 2018 in an attempt to recalibrate recent lopsided contracts with China that risk eroding Malaysia's sovereignty (Bowie 2018). Mahathir states that the Chinese state is sympathetic to Malaysia's suffocating debt and that it is not in their best interests to cripple Malaysia, although there may be some penalties for cancelling projects agreed to by Najib, the previous Prime Minister (Beech 2018).

Scrutiny of Forest City has intensified, particularly relating to the intentions of Country Gardens and the extent to which the Chinese state is backing the project and the decision to locate it at a strategic chokepoint in one of the world's busiest shipping routes. Critics have referred to the project as a Chinese colony (Larmer 2018) to which Malaysia has made troubling concessions of sovereignty, which I have argued contribute to the disassembling of national territory (Moser 2018).

In response to Mahathir's criticism of the project and to secure the continuation of the project, Hann has developed what he refers to as a 'Malaysianization' strategy. Mahathir has threatened illegal and unconstitutional measures against Forest City, including the threat that investors in Forest City will not be issued MM2H visas. Meanwhile, Forest City management is offering 'Malaysianization' solutions that violate promises made to investors including opening up the (private) city for public use, building affordable housing subsidized by Country Gardens and investors, catering more to Malay tastes and aesthetics, and allowing Malaysian police into the project. That Country Gardens can change its policies so quickly and break its promises to investors demonstrates the limitations and fluidity of policies and agreements between Malaysia and China and suggests some flexibility in China's power and contractual relations with Malaysia. China's public and private investments in Malaysia are currently being negotiated behind the scenes as both sides continue to look for solutions that are mutually tolerable. Significantly, the Malaysian state has recently been negotiating directly with Beijing, which is

speaking on behalf of the private companies involved, suggesting that Country Garden has far closer ties to the state than what Forest City's manager let on (or what he himself understands) in October 2018 when he insisted in an interview that 'Forest City is just a project of a private Chinese company' and that it is not tied to the state or its ambitions in any way. Chinese companies in Malaysia stand to lose much of their investments if Mahathir changes laws that undermine their projects and scare away investors. It remains unclear if Mahathir can win back some of the concessions of sovereignty agreed to by his predecessor, how transparent these negotiations will be, and the extent to which 'Malaysianization' strategies will appease critics.

### **Ambiguity in paradise**

Many questions about Forest City and its laws and governance need further investigation. While Malaysianization strategies may change the optics of Forest City, the project remains a unique experiment in the privatization and governance of space by a foreign power at an unprecedented scale. The pattern of similar Chinese projects underway or being planned indicates that Forest City is the largest but not the only such experiment. Other projects in the South China Sea and Indian Ocean also indicate a broader international strategy to expand Chinese influence, establish Chinese spheres of influence and infrastructure to support Chinese shipping along key trade routes, and the potential of eventually militarizing their outposts. It is clear that China is demanding extraordinary economic and social control over their enclaves and employ a variety of hard and soft boundaries (Blander, Moser, and Avni 2018) to symbolically and physically exclude non-Chinese residents.

China's strategy of acquiring tracts territorial waters in foreign countries on which to create land to urbanize, and the ongoing territorial control by a foreign entity feeds the disassembling of national territory (Sassen 2013) and is a key characteristic of recent Chinese projects across the South China Sea and the Indian Ocean. Forest City is not only part of China's expansionism but is one of many new private cities in extremis underway in emerging economies (Murray 2015). The new gated private projects have policies to attract particular socio-economic classes, races, and religions while excluding others, and represent how entrepreneurial urbanism, neoliberalism, and geopolitical strategy coalesce. While Forest City's rhetoric about safety and freehold property ownership is cheerfully advertised as being futuristic and ideal for those who seek a 'dream living paradise', the details of governance and the legal status of visitors, owners,

and properties remain ambiguous and murky on the ground. Despite Forest City's scale, cost, and the many special concessions they managed to win from the Malaysian state, the current struggle between Mahathir and Chinese investors illustrates a degree of flexibility to modify agreements that were seemingly enshrined in bilateral agreements and law. It remains to be seen if Forest City's broken promises to investors will dampen interest and slow sales, particularly as Chinese buyers realize how vulnerable their investments are to politics and the growing backlash against Chinese enclaves in foreign countries.

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