PROPERTY NEWS

New home sales drop on weak buying sentiment

By Cherry Cao *Time: 2017-8-1*

NEW home sales hovered around 150,000 square meters for the third straight week in Shanghai as subdued buying sentiment continued to linger, latest market data suggest.

The area of new homes sold, excluding government-subsidized affordable housing, dipped 0.3 percent to 156,000 square meters last week, Shanghai Centaline Property Consultants Co said in a report released yesterday.

Despite a drop of 15.4 percent from the previous week, the city's outlying Baoshan District again topped the largest seven-day volume when 33,000 square meters of new houses were sold. Remote Jiading District posted weekly transactions of 25,000 square meters.

"Transaction volume often picks up at the end of a month but that didn't happen this time," said Lu Wenxi, senior manager of research at Centaline. "August could be another tough month as supply almost stagnated." One project launched in Baoshan last week added 49,000 square meters to the local inventory, a weekly surge of 75.2 percent.

It was the third straight week that new home supply stayed below 100,000 square meters, according to Centaline data.As of Sunday, new home sales in Shanghai hit 646,600 square meters in July, compared to 686,100 square meters for the entire June.

House supply totaled 464,200 square meters, down from June's 620,300 square meters, a separate report released yesterday by Shanghai Homelink Real Estate Agency Co showed.

The average cost of new homes gained 7.8 percent to 48,148 yuan (US$7,133) per square meter, mainly boosted by a development in Baoshan where 214 apartments were sold for above 55,000 yuan per square meter during the seven-day period. No project managed to sell more than 100 units weekly.

China's property sales had surged over two years of pro-growth policies before authorities moved to contain speculation in the second half of last year.

Local governments have since raised down payments, increased mortgage rates and restricted purchases.

July home sales lowest in 7 years

By Cao Qian *Time:2017-8-2*

TIGHTENING measures coupled with scorching heat has dragged Shanghai's housing sales to a seven-year low in July, while average home prices also fell to this year's lowest due to a structural shift.

The area of new homes sold, excluding government-subsidized affordable housing, fell 2 percent from June to 672,000 square meters last month, Shanghai Centaline Property Consultants Co. said in a report released yesterday. That marked a year-on-year plunge of 45.1 percent and was the lowest July figure since 2011.

"Weakness extended in July which is a traditional low season for property sales, proved by sluggish sentiment among both home buyers and real estate developers," said Lu Wenxi, senior manager of research at Centaline. "Low-end houses located beyond the city's suburban ring became the major force in the market in terms of both transaction and supply, as rein-in policies to curb speculation remain strictly enforced."

The average cost of new homes fell 2.9 percent month over month to 45,925 yuan (US$6,821) per square meter, the lowest since January, Centaline data showed.

Seven of the 10 most sought-after projects in July cost no more than 30,000 yuan per square meter, despite robust sales registered at a project in Baoshan District, a separate report by Shanghai Homelink Real Estate Agency Co showed. Altogether 559 units, or the most recorded last month at a single project, were sold for an average price of 55,521 yuan per square meter.

More than 48 percent of the new houses sold last month were located beyond the suburban ring, up from 37.7 percent in the first six months.

That was also true with residential supply.

Nearly 53 percent of new homes launched in July — which fell 25 percent from June to 464,000 square meters — were located beyond the suburban ring, said Homelink.

Sales of pre-owned houses fall on 'wait-and-see' stance

By Shanghai Daily *Time:2017-8-8*

SHANGHAI'S housing market for non-new properties lost ground for the fourth consecutive month in July as a "wait-and-see" sentiment among home seekers continued to bite.

Around the city, some 11,700 units of pre-owned houses changed hands last month, down 4.2 percent from June and a year-on-year plunge of 65.3 percent, Shanghai Homelink Real Estate Agency Co said in a report released yesterday.

"It's not surprise that weakness extended in the city's pre-used housing market for another month as strictly enforced tightening measures remained effective while scorching heat also made the scenario worse," said Lu Wenxi, senior analyst at Shanghai Centaline Property Consultants Co.

“We don’t expect to see any rebound until September at the earliest though only moderate recovery should be anticipated.”

Neither home buyers nor individual owners appeared eager to clinch a deal, with the latter offering a discount of between 3 percent and 5 percent, or a price cut of up to 7 to 8 percent in very few cases, according to Lu.

Rental housing stock boost aims to cool market

By Xinhua *Time:2017-8-31*

CHINA’S move to boost rental housing supply aims to provide a long-term solution for an overheated real estate market, analysts said.

China will launch pilot programs in 13 major cities, including Beijing, Shanghai and Guangzhou, to build rental housing on rural land, authorities have said. Many projects will be finished by end of 2021, before expansion elsewhere.

Rural collective economic organizations can build and rent housing on rural land themselves or through joint ventures, according to the Ministry of Land and Resources and the Ministry of Housing and Urban-Rural Development.

The move is an attempt to increase rental options and establish a housing system that is fair to both owners and tenants, analysts said.

For a long time, soaring property prices have put city dwellers under pressure, making housing affordability a growing problem for policy makers, prompting them to further tap the rental market to stabilize prices and curb speculation.

An unnamed MLR official said the move was in line with the central authorities’ comments made at the Central Economic Work Conference in December that “houses are built to be inhabited, not for speculation.” “The mentality of China’s real estate regulation has changed from a short-term to a long-term one,” said Kang Junliang with China Real Estate Association.

Long-term measures include a national property and land registration system, market-oriented renting measures and a classified land supply regulation mechanism, Kang said.

China has recently taken a set of measures to stabilize the housing market and curb speculation.

On July 17, authorities in Guangzhou decided to give tenants and homeowners equal rights to local education resources. In many Chinese cities, the right to attend schools is limited to the children of homeowners rather than tenants. Guangzhou is the first top-tier city to grant such rights to tenants.

On July 20, a notice was issued by the Ministry of Housing and Urban-Rural Development and other government departments saying that measures would be taken in cities with net population inflows, including increasing rental housing supply and setting up a government-backed home rental service platform.

On August 4, Beijing municipal government published a document to solicit public opinions, which said individual buyers would be able to buy a share of a house but still have the full “right of use.”

Chen Zhi, secretary general of Beijing real estate association, said the new homes were part of the city's long-term housing controls, making the system fairer by allowing more people to buy their own homes.

The policy has several restrictions on buyers. Buyers and their families cannot already own homes in their name. Single people making purchases must be at least 30 years old. And a family can only apply for one home.

"The new housing policy clearly targets households that have difficulties in purchasing a home," said Liu Weimin, researcher with the State Council development research center.

Deng Liang, a Beijing-based lawyer, said the new homes could better satisfy housing demand while curbing speculation.

ECONOMIC NEWS

Output slows but economy keeps in good shape

By Feng Jianmin *Time:2017-8-15*

GROWTH in China's industrial output, retail sales and fixed-asset investment slowed slightly in July with the economy remaining in good shape while supply-side reform deepened, the National Bureau of Statistics said yesterday.

Value-added industrial output, an important contribution to GDP, expanded 6.4 percent year on year in July, 1.2 percentage points slower than June, official data showed.

That missed market expectations of 7.1 percent but was faster than the 6 percent increase in July last year.

Retail sales rose 10.4 percent, 0.6 percentage points slower than June and 0.4 percentage points slower than market expectations.

Fixed-asset investment rose 8.3 percent year on year in the first seven months of 2017, compared with the 8.6 percent increase in the first half.

Market expectations were for 8.6 percent.

Investment by the private sector, which accounted for more than 60 percent of total FAI, rose 6.9 percent year on year.

Bureau spokesman Mao Shengyong said China's economic growth had been stable with quality improving as supply-side reforms deepen.

"Significant effects have been made in reducing capacity, improving supply of agriculture products, improving growth of the real economy, and cooling down the over-heated real estate market," Mao said.

"China's economy has been stable with a lasting trend of improvement, and the momentum has not weakened."

He said major economic indicators are nearly flat from the first half and significantly improved from last year.

More new jobs have been created, overall inflation is stable and market confidence is improving, Mao said.

“Some international organizations have lifted forecasts of China’s growth for this year and next, indicating that China’s economic improvement is sustained both from production and consumption perspectives,” he added.

Australia and New Zealand Banking Group said the July slowdown in production and retail sales is likely to be temporary and it expected a rebound in the coming months.

“We believe that part of the slowdown stemmed from adverse weather conditions, whose effects will likely falter in the upcoming months,” the bank said in a note.

“Online sales remained quite vibrant, rising 28.9 percent year on year in the month, and are likely to continue to offset the moderation in growth among traditional retailers.”

Infrastructure investment continued to expand steadily in July, supporting overall fixed-asset investment, and the property market correction will be moderate as land sales remained strong, ANZ said.

Earlier data revealed stable expansion in manufacturing activity as the PMI in July stood at 51.4, remaining between 51 and 52 for the seventh consecutive month. China’s foreign trade growth remained in double-digit growth.

Organizations, including the IMF and Asian Development Bank, raised their forecasts of China’s economic growth for the year by 0.1-0.2 percentage points after China reported 6.9 percent GDP growth year on year for the second quarter.

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