



# Property Insight

August 2018

## PROPERTY NEWS

### Strong supply pushes housing to a 16-month high

By Cao Qian

Time:2018-8-2

ABUNDANT new supply coupled with strong sentiment in the medium to high-end segment significantly boosted Shanghai's new housing market in July, the latest industry data showed.

The area of residential properties sold, excluding government-subsidized affordable housing, surged to a 16-month high of around 719,000 square meters, or an increase of 64.5 percent from June, Shanghai Centaline Property Consultants Co said in a report yesterday. The average cost of a new home, meanwhile, climbed 5.3 percent from the previous month to 53,592 yuan (US\$7,886) per square meter, a monthly record.

"Fuelled by greatly improved new supply, the local new housing market registered outstanding performance in July, which used to be a traditional low season for property sales mainly due to the hot weather," said Lu Wenxi, senior manager of research at Centaline.

"We expect this strong momentum to extend through August amid sufficient supply as well as continued robust demand among home buyers."

Citywide, around 989,000 square meters of new houses spanning 27 projects were released onto the local market last month, compared with some 23,000 square meters of new homes spanning two projects launched in June, according to Centaline data.

A Longfor Property project in outlying Jiading District became the most sought-after residential development after selling 86,381 square meters of new homes, or 829 apartments, last month for an average price of 51,805 yuan per square meter.

A Gemdale project in Songjiang District, with a price tag of 41,007 yuan per square meter, followed most closely with a monthly transaction of 59,059 square meters, or 588 units.

Lakeville Luxe, a benchmark luxury project developed by Shui On Land in the downtown Xintiandi area, made it into July's top 10 list after unloading 11,095 square meters, or 31 units, for an average price of 140,901 yuan per square meter, Centaline said.

## New home sales decline for 1st time in 4 weeks

By Cao Qian

Time:2018-8-14

New home sales in Shanghai fell for the first time in four weeks, with medium to high-end houses remaining popular among buyers, the latest market data showed.

The area of new homes sold, excluding government-subsidized affordable housing, slid 44.6 percent to 132,000 square meters during the seven-day period ending Sunday, Shanghai Centaline Property Consultants Co said in a report released today.

“Last week’s retreat was within our expectation as the market deserved a break following the rally of three consecutive weeks,” Lu Wenxi, senior manager of research at Centaline, said. “Buying sentiment among home seekers, however, was not affected too much as the most popular development still managed to record weekly sales of over 100 units.”

The city’s Baoshan District was the best-performing area, with weekly sales climbing 6.8 percent to 31,000 square meters. Remote Jiading District trailed most closely with some 14,000 square meters of new home sales, down 36.4 percent weekly, Centaline data showed.

The average cost of a new home stood at 58,655 yuan (US\$8,579) per square meter, down 4.6 percent from that of the previous week which was a record in Shanghai.

Four of the top five most sought-after projects cost between 50,000 yuan per square meter and 70,000 yuan per square meter, while in the top 10 list, two were priced at more than 90,000 yuan per square meter, according to Centaline data.

A residential project in Baoshan emerged as the most popular development after unloading 13,754 square meters, or 116 apartments, last week for an average cost of 52,206 yuan per square meter. It was followed by a development in Minhang, which sold 8,629 square meters, or 84 units, for an average price of 68,847 yuan per square meter.

The supply of new homes rebounded again last week. About 525,000 square meters of new houses were released onto the local market, a week-over-week surge of 239.7 percent.

“As new home supply continued to be ample, the market will very likely maintain its strength over the coming weeks,” Shanghai Homelink Real Estate Agency Co said in a separate note.

As of Sunday, the number of new homes which either had been launched already or confirmed their release within August totaled 5,800 units, Homelink data showed. That compared with 9,200 units in April and 8,700 units in July.

## New home price rise slows in major cities

*By Agencies*

*Time:2018-8-16*

NEW home prices in China's first and second-tier cities rose at a slower pace in July amid strict enforcement of tightening policies, official data showed yesterday.

On a month-on-month basis, new residential housing prices in the four first-tier cities edged up 0.2 percent in July, compared with a 0.6 percent gain in June, according to the National Bureau of Statistics, which tracks housing price changes in 70 cities around the country.

Shanghai was the only city among the four that registered a monthly decrease. New home price fell 0.1 percent in the city last month, while it climbed 0.2 percent, 0.6 percent and 0.5 percent in Beijing, Guangzhou and Shenzhen, respectively, according to bureau data.

On a year-on-year basis, new home prices in first-tier cities gained 0.2 percent.

In the 31 second-tier cities monitored by the bureau, new home prices increased 1.1 percent from a month earlier, compared with the 1.2 percent growth recorded in June.

In contrast, new home prices in the 35 third-tier cities, most of which are still plagued by high inventories, rose 1.5 percent from a month earlier, accelerating from the 0.7 percent rise in June, data showed.

In the pre-owned home market, prices in first, second and third-tier cities rose by 0.2 percent, 1 percent and 1.1 percent, respectively, from June.

"Differentiated policies to curb speculation continued to be adopted around the country in July as local governments worked hard to balance supply and demand to ensure healthy development of the housing market," said Liu Jianwei, senior statistician of the bureau.

Among the 15 "hotspot" cities where speculative home purchases are monitored, two registered month-on-month decline in new home prices, unchanged from June. Four cities posted year-on-year drops, a decrease of three from June, according to the bureau.

The central government has pledged to tame housing price surges that fuel massive concerns about asset bubbles. It has implemented a slew of tightening measures, mainly including home purchase restrictions, higher down payment ratios and mortgage rates, as well as the introduction of a lockup period for home sales.

Major cities announced 260 control measures during the first seven months of this year, 80 percent more than the same period of last year, according to Centaline Group research.

Analysts expect more control measures to be announced as the central government vowed to regulate the property market and "firmly curb the rise in home prices" at a meeting of the Political Bureau of the Communist Party of China Central Committee last month.

The government will accelerate the establishment of a long-term mechanism to promote the stable and healthy development of the market, Cong Liang, spokesman for the National Development and Reform Commission, told a press conference yesterday.

The property market will continue to adjust amid the increasingly tightened regulation, said Liu Weimin, a researcher with the Development Research Center of the State Council.

## ECONOMIC NEWS

### China to focus on stable growth in second half

*By Xinhua*

*Time:2018-8-1*

CHINA will keep its economy on a stable and healthy development track with a proactive fiscal policy and prudent monetary policy in the second half of 2018, according to a meeting of the Political Bureau of the Communist Party of China Central Committee yesterday.

The meeting, presided over by Xi Jinping, general secretary of the CPC Central Committee, stressed that China will maintain the basic tone of “seeking progress while maintaining stability” for its economic work and allow the economy to continue to perform within a reasonable range.

Efforts should be made to push supply-side structural reform and win the “three tough battles,” according to a statement released after the meeting.

China’s economy has maintained steady growth with good momentum in the first half, according to the statement.

However, the economy still faces some new challenges and the external environment has changed notably. China should focus on the “principal contradiction” and take targeted measures to solve it, the statement said.

The country will continue to implement a proactive fiscal policy and prudent monetary policy while making policies more forward-looking, flexible and effective. Fiscal policy should play a bigger role in expanding domestic demand and structural adjustments. China will maintain control over the floodgates of monetary supply and keep liquidity at a reasonable and ample level.

Efforts should be made to keep employment, the financial sector, foreign trade, foreign and domestic investments, and expectations stable.

The legitimate rights of foreign-funded companies in China will be protected, according to the statement.

The country should take strengthening areas of weakness as an important task in deepening supply-side structural reform, with intensified efforts to be made in improving infrastructure.

Work should also be done to improve innovation capability, develop new engines of growth, eliminate institutional barriers for cutting excessive capacity, and lower the cost for companies.

The strategy of rural revitalization should be well implemented.

“China must better combine the task of forestalling and defusing financial risks with serving the real economy,” the statement said.

To that end, the country should stand firm on reducing the leverage ratio, ensure the proper policy intensity and tempo, and coordinate the timing of unveiling new policies.

“Through innovation of mechanisms, China must raise the capacity and willingness of financial institutions to serve the real economy,” the statement said.

The meeting called for pressing ahead with reform and opening-up and continuing to roll out major effective reform measures. Major policies of expanding opening-up and significantly relaxing market access should be implemented, and the joint construction of the Belt and Road should be advanced in depth. Efforts should be made to make China's first import expo, China International Import Expo, successful.

For more information, please visit [www.shanghaivisionassetmanagement.com](http://www.shanghaivisionassetmanagement.com)