



# Property Insight

December 2018

## PROPERTY NEWS

### New home sales drop despite final week surge

By Cao Qian

Time: 2018-12-4

New home sales fell for the third consecutive month in Shanghai for November, despite a final week increase, amid sluggish sentiment among both real estate developers and home buyers.

The area of new residential properties sold, excluding government-subsidized affordable housing, fell 9.9 percent from October to around 484,000 square meters last month, Shanghai Centaline Property Consultants Co said in a report released yesterday.

“Despite a major rebound in the last week of November, overall transactions were very low as the market has been plagued by very slack buying momentum during the first three weeks,” said Lu Wenxi, a senior research manager at Centaline.

In the seven days to Sunday, however, the area of new residential properties sold, excluding government-subsidized affordable housing, jumped 74.4 percent from a week earlier to about 177,000 square meters, according to Shanghai Centaline.

“This was partly helped by the month-end effect, as many real estate developers choose to gear up to have a better looking performance,” Lu said.

“However, it remains hard to say whether the current strength might be maintained for another week, as it was mainly fueled by a single project which recorded extremely good sales of nearly 500 units.”

The average cost of a new home, meanwhile, dropped 7.7 percent from a month earlier to 58,529 yuan (US\$8,503) per square meter, according to the Centaline data.

Some 609,000 square meters of new residential properties were launched into the market for sale last month, a decrease of 34.3 percent from October, according to Centaline.

## Lack of demand for new properties a home truth

By Cao Qian

Time: 2018-12-20

New home sales in Shanghai have stayed below the 100,000-square-meter threshold for the third straight week, latest market data shows.

The area of new residential properties sold, excluding government-subsidized affordable housing, dropped 11.8 percent to around 79,000 square meters during the seven days to Sunday, Shanghai Centaline Property Consultants Co said in a report released yesterday.

The average cost of a new home fell 18.6 percent from a week earlier to 53,098 yuan (US\$7,647) per square meter, according to Centaline data.

Citywide, only the Pudong New Area, where inventory remained rather ample, managed to register sales of more than 10,000 square meters. About 13,000 square meters of new houses were sold in Pudong last week, a week-over-week decline of 13.3 percent. That was followed by Qingpu and Jiading districts, which recorded seven-day transactions of some 9,000 square meters and 8,700 square meters, respectively.

“For the second consecutive week, we didn’t see a single unit of new housing released for sale, evidence of continuously sluggish momentum lingering the local market,” said Lu Wenxi, senior manager of research at Centaline.

“Consequently that will leave a negative impact on the performance of the market over the coming few weeks, which as we expect, would continue to hover around the low level of around 100,000 square meters with small chances for any major recovery.”

A residential project in outlying Jiading selling 4,425 square meters, or 37 apartments, in total for an average price of 45,450 yuan per square meter became the most popular development.

It was most closely trailed by one medium to high-end project in downtown Xuhui District, which recorded sales of 4,382 square meters, or 31 units, at an average cost of 86,181 yuan per square meter, Centaline data showed.

Half of last week’s top 10 best-selling projects sold for less than 50,000 yuan per square meter, with two of them asking for less than 30,000 yuan per square meter.

In a separate report released on Sunday, Fitch Ratings has switched the Chinese homebuilding sector outlook to negative from stable in 2018 citing slowing economic growth and deteriorating sentiment.

## Chinese housing market continues to cool

By Cao Qian

Time: 2018-12-17

China's residential property market continued cooling with the number of cities recording price increases from a month ago dropping further in November, authorities said over the weekend.

Nationwide, new home prices in 63 cities climbed from a month ago, a decrease of two from October. In the preoccupied housing market, 51 cities recorded month-on-month price growth, a retreat of three from October, said the National Bureau of Statistics, which monitors home prices in 70 major cities around the country.

New home prices in the gateway cities of Beijing, Shanghai, Guangzhou and Shenzhen rose an average 0.3 percent from October, with Beijing and Shanghai witnessing a growth of 0.6 percent and 0.5 percent, respectively. New housing price in Guangzhou stayed unchanged while those in Shenzhen slipped 0.2 percent. In the existing housing market, prices in the four cities fell an average 0.4 percent. They were down 0.6 percent, 0.1 percent, 0.3 percent and 0.2 percent, respectively, in the four cities, according to the bureau.

In the 31 second-tier cities, home prices in new and existing markets climbed 1 percent and 0.3 percent, respectively, both unchanged from a month ago.

Both new and existing home prices in the 35 third-tier cities climbed at a slower rate in November from a month ago. They rose 0.9 percent and 0.4 percent, respectively, in the new and pre-used home market, compared with a growth of 1.1 percent and 0.5 percent in October.

Nationwide, new home prices in Hohhot, capital of the Inner Mongolia Autonomous Region, witnessed the biggest month-on-month increase of 2.9 percent, the bureau's data showed.

Year on year, prices of new and existing homes in the four first-tier cities rose 1.5 percent and 0.8 percent, respectively, in November. In second-tier cities, they jumped 11.1 percent and 7.9 percent, respectively, and in third-tier ones, prices advanced 10.5 percent and 8.1 percent, respectively, in new and preoccupied markets.

In a separate report released on Friday by the bureau, new home sales by value, excluding government-subsidized affordable housing, rose 14.8 percent to 10.99 trillion yuan (US\$1.59 trillion) in the first 11 months of this year. That compared with a 15 percent increase of the first 10 months and the 15.6 percent increase of the first three quarters.

By area, they increased 2.1 percent from the same period a year earlier to 1.287 billion square meters, also down from the 2.8 percent growth in the first 10 months and the 3.3 percent increase in the first nine months.

Investment in residential property development, which took up 70.9 percent of total real estate investment in the first 11 months, rose 13.6 percent year on year to 7.8 trillion yuan, decelerating from the 13.7 percent growth recorded in the first 10 months and the 14 percent increase of the first three quarters, according to the bureau.

# ECONOMIC NEWS

## NBS: New home prices stable in October

*By Cao Qian*

*Time:2018-12-16*

HOUSING prices in China were generally stable in October as the domestic residential market continued to cool down following tightening measures.

On a month-over-month basis, new residential housing prices in China's four first-tier cities stayed unchanged from September, according to the National Bureau of Statistics, which tracks home prices in 70 major cities.

New home prices rose in Beijing, Guangzhou and Shanghai, by 0.2 percent, 0.2 percent, and 0.1 percent, respectively, and fell 0.5 percent in Shenzhen.

In the pre-occupied home market, housing prices in the four gateway cities slipped 0.2 percent in September. They dipped in Beijing, Shanghai and Guangzhou, by 0.2 percent each, and dropped 0.6 percent in Shenzhen, the bureau's data showed.

In the 31 second-tier cities, home prices in new and existing markets climbed 1 percent and 0.3 percent, respectively, down 0.1 and 0.5 percentage point from a month earlier.

It was a mixed performance in 35 third-tier cities where new home prices rose at a faster pace of 1.1 percent, and existing housing prices climbed at a slower rate of 0.5 percent.

Nationwide, new home prices in Guiyang in Guizhou Province recorded the biggest month-on-month increase of 4.2 percent, the bureau's data showed.

On a year-on-year basis, prices of new and existing homes in the first-tier cities rose 1.2 percent and 1 percent, respectively, in October. In second-tier cities, they jumped 10.4 percent and 7.6 percent, respectively, while third-tier cities saw a 10 percent and 7.7 percent advance, respectively.

The bureau's data again showed a continuously cooling residential market.

New home sales by value, excluding government-subsidized affordable housing, rose 15 percent to 9.83 trillion yuan (US\$1.42 trillion) between January and October, compared with the 15.6 percent increase in the first nine months. By area, they increased 2.8 percent from the same period a year earlier to 1.15 billion square meters, down from the 3.3 percent growth recorded in the first three quarters.

Investment in residential property development, which took up 70.8 percent of total real estate investment in the first 10 months, rose 13.7 percent year on year to 7.03 trillion yuan, decelerating from the 14 percent growth recorded in the first nine months.

## Steady growth on economy into 2018

*By Agencies*

*Time:2018-12-31*

CHINA'S manufacturing activity edged down in December, official data showed yesterday, but largely maintained momentum despite curbs on heavy industry aimed at taming the country's chronic air pollution.

The manufacturing purchasing managers' index (PMI), a gauge of factory conditions, stood at 51.6 last month, the National Bureau of Statistics said, compared to 51.8 in November.

Anything above 50 is considered growth, while under 50 points to contraction.

China has curbed activity in heavy industries in the northeast to reduce surplus capacity and the heavy smog that typically blankets the region in late autumn and winter.

The index in December is on par with the annual average, still pointing to a strong resilience in China's growth, according to NBS senior statistician Zhao Qinghe.

Sub-indexes for production and new orders came in at 54 and 53.4, respectively. However, the sub-index of raw material inventory stood at 48 in December, down 0.4 percentage points from November, indicating continuously decreasing raw material inventory in the manufacturing sector.

China's manufacturing PMI has been in positive territory for 17 months in a row.

The data also showed that the country's non-manufacturing sector expanded faster in December, with non-manufacturing PMI at 55 in December, up from 54.8 in November.

The service sector continued steady growth, with business activity index standing at 53.4 in December.

"Early indicators for December show China's economy pushing into 2018 with growth steady, if unspectacular," said Tom Orlik, Bloomberg chief Asia economist, as "the official purchasing managers' indexes show the manufacturing sector slowing slightly and non-manufacturing sector picking up."

"Growth remains remarkably robust, underpinned by resurgent global demand, stimulus-boosted infrastructure spending, and a deleveraging program that remains more honored in the breach than the observance."

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