PROPERTY NEWS

Existing home sales decline to 5-year low

By Shanghai Daily Cherry Cao Time: 2012-2-8

SALES of existing homes dropped to a five-year low in Shanghai last month and more than half of the transactions involved properties that were sold at not more than 900,000 yuan (US$142,630).

A total of 4,200 previously occupied units, mainly houses, were sold across the city in January, the lowest monthly transactions recorded since 2007, according to data released yesterday by Century 21 China Real Estate.

The sales marked a fall of 45 percent from December and a plunge of 80 percent from same month a year earlier.

"The significant retreat was mainly a result of the Spring Festival holiday but it was still a record low volume if we compared it to figures in the same period in previous years," said Eric Luo, an analyst with Century 21. "However, we expect the local market to pick up gradually in coming months."

Data from Century 21 showed that over the past few years there were sales of between 5,000 and 8,600 units of second-hand homes in the month in which the Spring Festival fell.

The second-hand homes costing not more than 900,000 yuan comprised 51 percent of the total sales while those from 900,000 yuan to 2 million yuan took up 34 percent of the total.

Shanghai Centaline Property Consultants Ltd said that overall purchase deals involving second-hand homes sealed at its branches fell 42 percent in January from a month earlier.

Bank lending to real estate developers falls

By Shanghai Daily Jin Jing Time: 2012-2-21

BANK loans to property developers in Shanghai fell 9.6 percent last year as the Chinese government's harsh measures on the real estate market to curb speculation and price rises made it difficult for them to get funding.

The developers saw loans drop to 74.1 billion yuan (US$11.8 billion) in the city last year, the Shanghai

Statistics Bureau said yesterday in a report on its website. Comparatively, the loans increased 28.6 percent in 2010.

Apart from banks loans, the property developers in Shanghai managed to get a combined 320.7 billion yuan last year from other sources but this amount dipped 0.7 percent from a year earlier, the bureau added.

The only category of funds to see an annual increase was internal capital, which rose 11 percent, while foreign investment in the developers slumped 54.7 percent and other investments dipped 1.1 percent, the bureau's data showed.

Shanghai was among the cities nationwide that posted slower price rises in real estate following the central government's tough regulations since early 2010, including buying curbs, higher lending rates and increased down payments on second homes.

Although the austerity measures were effective in fending off speculative investment in Shanghai and prevented the housing prices from rising quickly, they also hurt demand from home seekers and led them to adopt a wait-and-see stance.

The developers sold 17.7 million square meters of homes in Shanghai last year, a decline of 13.8 percent.

More affordable homes

Source: Xinhua　 Time：　2012-2-7

CHINA yesterday vowed to expand financial support for affordable housing projects this year as the government continues to bring housing prices back to reasonable levels.

Central and local governments' financial support for the initiative will be greater than last year, the Ministry of Finance said in a statement on its website. But the ministry did not provide detailed figures.

House prices in nation's major cities continue to decline

By Shanghai Daily Cao Qian　 Time:　2012-2-20

HOUSE prices continued to fall in the majority of China's major cities last month, according to the National Bureau of Statistics.

Excluding government-funded affordable housing, prices fell month-on-month in 48 of the 70 cities monitored by the bureau in January, while the others saw prices unchanged.

No city reported price rises, compared to two in December which recorded a monthly gain of 0.1 percent. In January 2011, 60 of the 70 cities saw rises in new home prices.

In Shanghai, Beijing, Guangzhou and Shenzhen, where home purchase restrictions have been rigorously enforced, new home prices fell between 0.1 and 0.3 percent in January from the previous month.

"For the first time, none of the cities posted gains in new home values since the country's top statistics body began to release prices for 70 cities instead of a national average a year ago," said Sky Xue, an analyst with

China Real Estate Information Services Co.

"Apparently, the market is moving in a direction that the central government has wished with all tightening measures remaining strictly implemented."

Previously owned

Year-on-year declines were recorded in more cities with 15 seeing a fall in new home prices in January from a year ago, compared to nine in December and four in November.

Data also showed that prices for previously owned homes fell in 54 cities in January, three more than in December.

The residential market will probably remain in the doldrums in coming months due to rising inventory and slack buying momentum, industry analysts predicted.

As of January 31, new home stock totalled around 59.1 million square meters in 10 major Chinese cities, an increase of more than 40 percent from the same time a year earlier, according to Shanghai-based E-house China Research and Development Institute.

Yin Zhongli, a researcher with the Chinese Academy of Social Sciences, told Xinhua news agency that around 69 percent of the surveyed cities registered dips in new home prices last month, which showed a general downward trend had formed.

He forecast that prices might see steeper falls in the second half of this year if the government maintains its monetary tightening and policies to control home purchases.

ECONOMIC NEWS

Industrial output to grow slower in Q1

By Shanghai Daily Feng Jianmin Time: 2012-2-8

CHINA'S industrial output may grow slower this quarter amid a cooling world economy and Europe's debt woes, the Ministry of Industry and Information Technology said yesterday.

"The global economy is slowing down, Europe's sovereign debt crisis is deepening and the downside risks to the world economy are rising with international demand still slack and global commodities and financial markets continuing to be volatile," Zhu Hongren, the ministry's chief engineer, said in Beijing.

The growth in China's industrial added-value output was 13.9 percent in 2011 from a year earlier, the ministry said, as it pointed out that the growth rate had slowed for four consecutive quarters last year from 14.8 percent in the first quarter to 12.8 percent in the last three months.

Zhu cautioned that the expansion in China's industrial output may further slow in the first three months this year as the country confronts a "domestic and international environment with increased unstable and uncertain factors."

China will focus on small enterprises, and a detailed plan to use a 15 billion yuan (US$2.4 billion) fund set up by the central government is being studied, he added.

Zhu's remarks about slower industrial output growth echoed that of Fitch Ratings while the International Monetary Fund had warned about the cooling economy in China.

Andrew Colquhoun, head of Asia-Pacific Sovereign at Fitch Ratings, said in Hong Kong a hard landing for the Chinese economy was potentially the biggest risk for the global economy in 2012.

China's export drops 0.5% y-o-y in Jan

Source: Xinhua Time： 2012-2-10

CHINA'S export dropped 0.5 percent year-on-year to US$149.94 billion in January, the General Administration of Customs (GAC) said today.

The country's import slumped 15.3 percent year-on-year to US$122.66 billion in January, while foreign trade fell 7.8 percent year-on-year to US$272.6 billion, the GAC said.

It said trade surplus reached US$27.28 billion in January, up from US$16.52 billion in December 2011.

Yuan climbs to an 18-year high

By Staff Reporter Time： 2012-2-11

THE yuan rose to its strongest level against the US dollar in 18 years yesterday amid an unexpected rise in the trade surplus and a fall in new bank loans in January.

Analysts said that a mild yuan appreciation against the greenback will be sustained because of the outlook for a relatively tight monetary policy in China and a loose one in the US, but larger flexibility should be applied to avoid harming China's exports.

China's central bank set the yuan's central parity rate 0.11 percent stronger at 6.2937 yuan to the dollar. The rate represented a peak since China started to allow trading of the yuan in 1994.

Also yesterday, the government reported that both exports and imports decreased in January from a year earlier, while the trade surplus hit US$27.2 billion, exceeding market expectations.

Meanwhile, the central bank noted in a statement that China's commercial banks had extended a combined 738.1 billion yuan's worth of new yuan loans in January, 288.2 billion yuan less than January last year.

Economists said the reduction was mainly due to the weeklong Chinese New Year break. But it was still below market expectations, signaling that the People's Bank of China is still cautious in its monetary policy after seeing inflation rebound to the quickest in three months in January.

"It seems that the central bank has ordered banks to control the increase of lending at a reasonable pace," said E Yongjian, an economist with the Bank of Communications. "There will be no large-scale loosening of credits this year."

Biggest yuan fund launched in Shanghai

By Shanghai Daily Feng Jianmin   Time: 2012-2-17

CHINA'S biggest yuan-denominated international fund was set up in Shanghai yesterday as the city goes all out to ride on the internationalization of the yuan and help companies go aboard.

The 50 billion yuan (US$7.9 billion) fund, run by Sailing Capital International, is expected to leverage more than 150 billion yuan of investment capital through coordination with banks, the company said.

It offers a professional investment platform for institutions ambitious to invest aboard. It also expands the landscape of the local currency as yuan will be prioritized to be used in the pricing, transaction and settling of projects.

Sailing Capital has been set up by Shanghai International Group, the investment affiliate of the Shanghai government, and state-owned enterprises and private companies.

"The yuan-backed fund will help domestic companies go aboard in seeking more investment opportunities," said Liu Shiyu, deputy governor of the People's Bank of China. "The rapid development of cross-border yuan business in recent years has laid the backbone for capital like Sailing's to sail along."

The central bank will keep supporting Shanghai to be at the forefront of rolling out more financial innovations, Liu said.

The new fund is established amid a growing number of outbound investments made by Chinese companies backed by the country's robust economy, and is a key step for Shanghai to consolidate its ambition to become a global financial center by 2020 and a dominant yuan center by 2015.

For more information, please visit www.shanghaivisionassetmanagement.com