



# Property Insight

February 2017

## PROPERTY NEWS

### Shanghai sees mixed picture in housing

*By Cherry Cao*

*Time: 2017-2-6*

SHANGHAI saw new home prices in central and outlying areas rise by double digits last year while sales by floor area remained little changed amid the government's tightening measures, the Shanghai Statistics Bureau said over the weekend.

The area of new homes sold in the city during the 12-month period edged up 0.5 percent from 2015 to 20.2 million square meters. These new homes were sold at an average 25,910 yuan (US\$3,759) per square meter, according to the bureau. The price marked a year-on-year jump of 20.5 percent, which was slower than the 31 percent annual growth in 2015.

The average cost of a new home inside the Inner Ring Road rose 21 percent annually to 87,426 yuan per square meter, while it rose 13 percent to 18,127 yuan per square meter for a new home outside the Outer Ring Road. Prices of new homes between the two ring roads surged 34 percent to 44,984 yuan per square meter on average.

But if government-subsidized affordable housing was excluded, the average cost of a new home for ordinary buyers was even higher. They have to pay an average 87,547 yuan per square meter for homes in the Inner Ring Road and 26,778 yuan per square meter for those outside the Outer Ring Road, the bureau said.

### Home-buying mood rebounds notably

*By Cherry Cao*

*Time: 2017-2-14*

A new residential project of Country Garden is seen in Shanghai. Sentiment among home buyers and real estate developers both rebounded notably in the city last week as the weeklong Chinese New Year holiday came to an end. — Reuters

SENTIMENT among home buyers and real estate developers both rebounded notably in Shanghai last week as the weeklong Chinese New Year holiday came to an end.

Sales of new homes, excluding government-subsidized affordable housing, soared to 78,000 square meters during the seven-day period ended on Sunday, a week-on-week surge of 503 percent, Shanghai Centaline Property Consultants Co said in a report yesterday.

With 21,000 square meters of new homes sold, the outlying Jiading District led the weekly transaction volume. It was closely followed by the Pudong New Area, where some 13,000 square meters of new homes were sold over the past week.

These new homes sold for an average 48,361 yuan (US\$7,035) per square meter, down 5.5 percent from the previous week, Centaline data showed.

“The most popular project was able to register weekly sales of more than 100 units, indicating a rather rapid recovery in the market momentum,” said Lu Wenxi, senior manager of research at Centaline. “However, it remains unknown yet whether the recovery could be kept for some time.”

A Gemdale Corp residential project in Jiading sold 125 units over the seven days for an average 42,857 yuan per square meter while a high-end development in Pudong sold 66 units for an average 87,070 yuan per square meter.

The supply of new homes surged to about 61,000 square meters last week, up from just 81 square meters in the previous week, Centaline data showed.

## China to further squeeze bubbles of assets

*By Xinhua*

*Time: 2017-2-15*

CHINA'S property sales have fallen since the government began tightening, and analysts expect more to be done in 2017 to deflate the bubble.

The China Index Academy, a real estate research institute, said property sales in China dropped 36.7 percent month on month in January, in terms of floor space.

On a yearly basis, sales fell by 27.3 percent in January, with Beijing and Shenzhen declining by nearly 50 percent, according to the China Index Academy.

From January 1, banks in Beijing raised mortgage rates for first-time home buyers. On January 19, Shenzhen tied new home prices to the average price of houses on sale in the neighborhood. On February 6, Chongqing also tightened its policy.

“Houses are built to be inhabited, not for speculation” — the tone set by the central leadership at the Central Economic Work Conference in December was written into a number of local governments' annual work reports, including Shanghai.

Besides measures taken since October last year, dozens of cities have announced purchase limits and tightened mortgage restrictions after two years of easing, starting with the relaxation of purchase restrictions in 2014.

Recovery, however, has been patchy, with economically strong areas reporting price rises and less developed areas still reporting huge inventories of unsold homes.

Policymakers are trying to reduce credit flowing into speculative buying to curb asset bubbles in 2017, calling for a long-term, market mechanism that prevents bubbles and reduces the need for big changes in investment, law, and fiscal tools.

In cities where prices are rising fast, more land should be made available for building residential housing, while de-stocking must continue in smaller cities.

Real interest rates are rising following the increase to the standing lending facility (SLF) rate a week ago, a move widely seen as a heavy blow to the property market, coming only weeks after the Central Economic Work Conference said that in 2017 China will “take control of” the money supply at the macro level. Credit policy at the micro level should support the reasonable purchase of homes as residences and tightly restrict credit in speculation.

If the overall monetary stance continues to tighten, it may provoke a genuine turning point in China’s monetary environment, causing the real estate market to cool even further.

Authorities are already walking a tightrope between curbing speculation and crazy prices, and clamping down too hard on a sector which has proved not only a significant growth driver, but also notoriously fickle.

The real estate market played a big part in 2016 growth of 6.7 percent, which might have been at a 26-year low, but was still well within the target range and significantly better than any other large economy.

Of 70 large and medium-sized cities surveyed, 46 saw prices for new residential housing climb month on month in December, down from 55 in November and 62 in October, according to the National Bureau of Statistics.

January’s figures for large and medium-sized cities will be released next week.

## Measures to curb rising prices stabilize China’s property sector

*By Agencies*

*Time: 2017-2-23*

A residential project is under construction in Nanjing, Jiangsu Province. China’s hot property market in major cities continued to stabilize in January after authorities took a series of measures to contain rising prices, official data showed yesterday. — Xinhua

CHINA’S hot property market in major cities continued to stabilize in January after authorities took a series of measures to contain rising prices, official data showed yesterday.

The average new home prices were flat last month in first-tier cities for the second consecutive month and edged up 0.1 percent in second-tier ones but the gain was down from a 0.2 percent growth in December, said the National Bureau of Statistics, which monitors prices in new and pre-owned housing markets in 70 major cities.

“Residential prices continued to stabilize in the 15 top cities as differentiated tightening measures to cool the overheated market were strictly implemented,” said Liu Jianwei, the bureau’s senior statistician. “Home prices in first and second-tier cities almost stopped growing while those in tertiary ones remained steady.”

Guangzhou was again the only one of the 15 top cities to post monthly price growth in January when new home prices rose 0.6 percent. Prices were flat in three cities while the remaining 11 saw month-on-month price drops.

In Beijing, new residential house prices remained flat month on month, while Shanghai prices fell 0.1 percent. Prices in Shenzhen slid 0.5 percent.

In third-tier cities, new home prices gained 0.4 percent in January from December — a positive signal for a recovery.

“That could be a good sign because stable property prices would help cut inventories — a top priority for governments in tertiary cities,” said Xia Yu, senior researcher at BOCOM Financial Research Center. “Year on year, new home prices in tertiary cities also climbed faster, compared with continuing slower growth in first and second-tier cities.”

China’s leaders have pledged to strictly limit credit flowing into speculative buying in the housing market and curb asset bubbles in 2017.

At the Central Economic Work Conference in December, policy-makers called for comprehensive measures to build a market-oriented and long-term mechanism that could curtail property bubble and prevent big market fluctuations.

In cities where prices are rising fast, governments should increase land supply and the share of residential housing, according to a statement released after the conference.

“The effect of the weeklong Spring Festival holiday caused anemic sales volume, and government measures to contain price rises in major cities amplified the effect,” said Xia Dan, a senior researcher at Bank of Communications, one of China’s five biggest lenders.

Zhang Dawei, chief analyst with property information provider Centaline, said measures such as purchase limits and tightened mortgage restrictions were effective as new residential house prices in major cities grew more slowly compared with pre-owned homes.

He forecast that growth of new home prices would continue to slow in the future.

## ECONOMIC NEWS

### [Shanghai ranks No. 4 of world’s top-30 cities](#)

*By Cherry Cao*

*Time: 2017-2-10*

SHANGHAI is the highest of five Chinese mainland cities at No. 4 in the list of the world’s 30 most dynamic cities, according to the Global City Momentum Index released yesterday by real estate services provider JLL.

Beijing, Shenzhen, Hangzhou and Nanjing are the other four Chinese cities that appeared in the fourth annual list, ranking 15th, 22nd, 26th and 29th, respectively, according to the index, which monitors 134 major business hubs across the world and tracks the rate of change of a city’s economy and commercial real estate market.

The most dynamic cities are able to embrace technological change, absorb rapid population growth and strengthen global connectivity, JLL said.

“Shanghai has strong ambitions to continue its growth and explicitly aims to become a global center for both financial services and technological innovation,” said Joe Zhou, head of research for JLL China.

“For now, Shanghai’s real estate market remains one of the world’s most dynamic markets, with strong demand being driven by the growth of domestic firms.”

Asian cities made up half of the top 10, with Bangalore in India replacing London to take the top spot for the first time.

“Our research showed that the Asia-Pacific region is home to more than half of the globe’s 30 most dynamic cities and real estate markets, highlighting the rise of commercial cities such as Bangalore and Ho Chi Minh City as major hubs of commerce,” said Megan Walters, head of research for Asia Pacific at JLL.

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