



Property Insight

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PROPERTY NEWS

New home sales in Shanghai fall to lowest in 7 years

By Shanghai Daily Cao Qian Time: 2012-1-31

NEW home sales in Shanghai during the week-long Lunar New Year holiday fell to the lowest in seven years on a sluggish buying sentiment.

More than 1,700 square meters of new homes, or 16 units, excluding government-funded affordable housing, were sold across the city during the holiday which ended on Saturday, the lowest since 2006 when the city's housing data were first tracked, said a report released yesterday by Shanghai Deovolente Realty Co.

The sales by area fell 33.3 percent from the Lunar New Year holiday in 2011, and the unit number shed 27.9 percent.

"The Spring Festival, a traditional slack period for home purchase in China, coupled with ever-growing expectations of home seekers for a further cut in prices, jointly contributed to the record low volume," said Lu Qilin, a researcher at Deovolente.

Huang Zhijian, chief analyst at Shanghai Uwin Real Estate Information Services Co, said: "The local government will soon raise the income threshold for budget home applications, and that will certainly damp market demand further.

"Real estate developers will have to offer some notable discounts within the next months if they wish to trigger sales and replenish capital as austerity measures remain in place."

Data from Uwin showed 205,000 square meters of new homes were sold during the first 29 days of January.

Deal for closer links

By Shanghai Dong Jun Time: 2012-1-11

Construction of Shanghai Tower (right), to be China's tallest skyscraper upon completion in 2015, is under way. The Shanghai Foreign Investment Development Board, a subsidiary under Shanghai Municipal Commission of Commerce, and Shanghai Tower Construction and Development Co, a subsidiary under Shanghai Chengtuo Corp, yesterday signed agreements for closer ties in various fields, including information sharing and personnel training. FIDB will also offer strategic consulting for Shanghai Tower and help bridge business ties between the project and more overseas organizations and companies.

Property measures to be kept

Source: Xinhua Time: 2012-1-9

BEIJING municipal authorities said yesterday that real estate control measures will continue in a bid to cut housing prices.

The municipal housing and urban-rural development committee made the remarks responding to local media reports on Saturday that Beijing authorities would soon allow home purchases by non-Beijing registered families who have been paying social security or income tax for at least three straight years, easing from current five straight years.

According to the requirements and instructions from the country's central economic work conference and the municipal government, the city will continue its measures on the sector, which aim to bring housing prices to reasonable levels, said the committee in a statement on its official microblog.

Last February, Beijing banned local registered families from buying a third apartment and non-local registered families with social security or income tax payments proof in the city for at least five straight years from buying a second apartment.

The purchasing limit, together with higher lending rates, higher down payment for second homes and a ban on mortgages on third homes, has cooled the hot property sector in the capital.

More cities see price of new homes fall as market cools

By Shanghai Daily Cao Qian Time: 2012-1-19

MORE Chinese cities reported falls in new home prices last month as tightening measures continued to have an impact on the market, the National Bureau of Statistics said yesterday.

Excluding government-funded affordable housing, prices fell month-on-month in 52 of the 70 cities tracked by the bureau in December, compared to 49 in November, 34 in October and 17 in September.

Prices remained unchanged in 16 cities, the same as in November, and rose in the remaining two, both by 0.1 percent, it said.

In Shanghai, Beijing, Guangzhou and Shenzhen, where home purchase restrictions have been rigorously enforced, new home prices fell by between 0.2 and 0.5 percent from a month earlier. They dipped by between 0.3 and 0.4 percent in November.

New home prices in Nanjing, Hangzhou and Jiujiang, all in east China, dropped the most in December, down 0.7 percent from a month earlier, while those in Guiyang in the southwest and Yinchuan in the northwest gained 0.2 percent.

China's average home prices will probably fall between 10 to 20 percent this year, according to a Reuters survey which canvassed opinions from 21 respondents, including economists and property market analysts.

ECONOMIC NEWS

Yuan At A Record High

By Shanghai Louise Ho Time: 2012-1-5



THE yuan rose to a record high against the US dollar yesterday.

Analysts said they expected a gradual appreciation of the Chinese currency this year though China is facing dwindling external demand.

The yuan closed yesterday at 6.2946 against the dollar, strengthening from a central parity rate of 6.3001 set by the People's Bank of China.

The exchange rate was the highest since China unified official and market exchange rates in 1993.

120b yuan boost for service industries

By Shanghai Daily Wang Yanlin Time: 2012-1-10

SHANGHAI plans to invest 120 billion yuan (US\$19 billion) between now and 2015 to expand and improve the city's modern service industry clusters, the Shanghai Commission of Commerce said yesterday.

Five new zones, including the World Expo site in the Pudong New Area which is to become an exhibition zone, have been named. They push the total number of such clusters to 25.

"The strategy of developing featured zones for service industries can maximize the city's ability in growth and relieve the pressure of too concentrated business," Ai Baojun, the city's vice mayor, said. "The strategy has proved effective in attracting investment, and will become a major driving power in the 12th Five-Year Plan (2011-2015) period."

The first batch of 20 clusters was selected in 2007. They included People's Square Modern Business Zone and Huaihai Road M. Fashion Zone in the downtown area, Jiangwan-Wujiaochang Education and Science Zone in the Middle Ring Road area, and Qibao Ecological Business Zone in the Outer Ring Road area.

By the end of 2010, the last year of the 11th Five-Year Plan, 16 clusters had been built up with an investment of 219.4 billion yuan. They occupied 15.56 million square meters, attracted 408 of the world's or China's 500 biggest companies to locate branches there, and created more than 790,000 jobs.

The city is to continue this strategy by adding five new zones covering 6 million square meters. It is expected that, by 2015, more than 500 large firms will choose to set up their headquarters in such clusters and employ a million people.

China 'has room to stabilize economy and maintain growth'

Source: Xinhua Time: 2012-1-19

CHINA'S economy can achieve a soft landing in 2012 despite a global economic slowdown, World Bank chief economist Justin Lin said yesterday.

Massive foreign exchange reserves will help it shrug off external pressures and maintain growth above 8 percent, Lin said.

China has "lots of room" for a stimulative fiscal policy to stabilize the economy and maintain rapid growth, Lin said.

To stimulate domestic demand, China can rely on investment or consumption, although the key will be to increase incomes, he said.

China to make Shanghai global yuan hub by 2015

By Shanghai Daily Feng Jianmin Time: 2012-1-31

SHANGHAI is set to become a global yuan trade center by 2015, with its financial market transactions almost tripling to 1,000 trillion yuan (US\$158 trillion), city authorities said yesterday as a detailed plan for the future international financial center was revealed.

The plan, published by the National Development and Reform Commission, China's top economic planning agency, and the Shanghai government, shows the scale of the country's ambition in creating its own version of New York or London.

It envisages Shanghai becoming a leading international financial hub and global center for yuan trading, clearing and pricing by 2015.

By then, the Shanghai Interbank Offered Rate and the yuan central parity rate will become major benchmarks for yuan asset pricing and transactions both domestically and internationally.

Yesterday's announcement was the first detailed follow-up since the State Council announced in 2009 its aim of making Shanghai an international financial hub by 2020.

To achieve these goals, Shanghai will speed up infrastructure construction to build a cross-border yuan payment and clearing network geared toward global demand, an unidentified Shanghai official said in a statement. A cross-border yuan investment and financing center will also be established, he said.

Shanghai and Hong Kong, as two major financial centers in China, will continue to step up communication and cooperation in areas such as financial markets, institutions, products, businesses and talents, he added.

Economists said the plan coincides with Shanghai's long-term mission to become a leading international financial center, adding that authorities may speed up liberalization of yuan exchange rates and interest rates to meet the goal.

But they also pointed out some shortcomings, such as immature financial institutions, non-transparent operations, and the tight controls on conversion of the yuan and use of foreign exchanges, will limit Shanghai's role in global markets.

"Compared with the long-term targets announced three years ago, the newly released detailed plan has a clearer focus on the yuan deals," said Zhou Hao, an economist at ANZ Bank. "The gradual internationalization of the yuan provides a good foundation for Shanghai to realize its goal. Shanghai, as a top domestic financial center, will be the best place as a yuan center."

He said the city's status would be lifted as China aims to expand yuan settlement in cross-border trading, and the need to develop the city's international appeal will also push authorities to speed up market-oriented reforms of exchange rates and interest rates.

Lu Zhengwei, a chief economist with the Industrial Bank, said the plan is effectively urging the goal to be realized five years earlier than originally planned.

But Zhou said the government's regulatory stance may have a significant impact on the city's attraction to global financial players. "There's no doubt that Shanghai will become a robust international financial center by 2015, but its local importance may still exceed its global one ..."

The authorities are also aiming to boost the transaction value of financial markets in Shanghai, barring foreign exchange markets, to around 1,000 trillion yuan by 2015.

By then, direct financing, such as fundraising from domestic stock and bond markets, will account for around 22 percent of the social financing in Shanghai, while assets under management will reach 30 trillion yuan, the statement said.

The scale of overseas investment in the city's financial markets will be markedly expanded by that time, with major stock indices and commodities futures prices of those markets having a greater global influence.

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