PROPERTY NEWS

Shanghai's property deals halved in H1

By Cherry Cao *Time:2017-7-3*

NEW home transactions more than halved in the first six months of this year in Shanghai as toughest ever rein-in measures to cool down overheated housing market proved effective.

Sales of new residential properties, excluding government-subsidized affordable housing, totaled 3.57 million square meters, or around 29,300 units, between January and June, a plunge of 52.8 percent, or 51.8 percent, from same period a year ago, Shanghai Homelink Real Estate Agency Co said in a report released today.

In June alone, some 686,100 square meters of new homes were sold across the city, a decrease of 3.4 percent from May and a drop of 45.1 percent from same period a year earlier, according to Homelink data. Some 620,300 square meters of new houses were released to the local market during the same period, a retreat of 15.2 percent from May.

"While approaching the end of the first half, June would usually see a notable jump in property sales as many real estate developers gear up for better six-month results," Homelink, the largest pre-occupied house brokerage chain in Shanghai, said in the report. "However, this year's figure was actually the worst June data registered in the city since 2011."

As a matter of fact, in four of the past seven years, new home sales exceeded 1 million square meters in Shanghai in June, with 2015 topping all with monthly transaction reaching more than 1.47 million square meters. Even in low years of 2011 and 2014, June data both exceeded 700,000 square meters, according to Homelink.

"The continuously slack performance we saw in the local housing market was mainly a result of tightening measures which have been greatly damping the sentiment of potential buyers," Lu Wenxi, senior manager of research at Shanghai Centaline Property Consultants Co. "Developers are expected to encounter increasing pressure in the second half to recoup cash following very poor performance in the first six months."

Widely enforced restrictions to quell demand from both speculators and upgraders, including stricter home purchase curbs, higher down-payment requirement and mortgage rate, have been blamed for slower home sales in Shanghai as well as other first and major second-tier cities where home prices have jumped rapidly to an unaffordably high level for ordinary wage earners.

First ‘rent-only’ housing project

By Cherry Cao *Time: 2017-7-6*

SHANGHAI’S land authority has released two parcels designated solely for residential leasing, the first project of its kind ever allocated in the city to developers.

It is part of local government moves to tap new options to address the accommodation needs of those who find home prices unaffordably high.

Starting prices for the larger lot, in Zhangjiang, Pudong New Area, and covering 65,007 square meters, is 723.9 million yuan (US$106.3 million).

That works out to a gross floor area price of 5,568 yuan a square meter, a statement posted on the city’s official land website said late on Tuesday.The other development, 28,513 square meters in outlying Jiading District, has a starting price of 424.2 million yuan, or 5,950 yuan a square meter.

Developers are required to hold these two lots for 70 years and properties cannot be sold, the land watchdog said.

“The Zhangjiang plot seems no surprise as a blueprint on Zhangjiang Science City released in May has made it very clear that all new residential units built in the area in the future should be rental properties,” said Lu Wenxi, senior manager of research at Shanghai Centaline Property Consultants Co.

“As for the Jiading parcel, I believe that it should reflect local government’s hope to attract more young talents to the district where industrial restructuring and upgrading are currently undergoing extensive development.”

Only a limited number of developers, probably leading players with plenty of capital, would likely express interest in the two parcels. And a rather low premium should be expected for the auction, industry analysts said.

Currently, developers of housing land plots are usually required to hold 15 percent of their total space for renting with the rest being allowed for sale on the open market.

Shanghai to release more land for housing

By Cherry Cao *Time: 2017-7-12*

SHANGHAI will continue to curb property speculation while increasing the supply of residential properties, according to the 13th Five-Year (2016-2020) Plan. This will ensure stable and healthy development of the market, the city government said yesterday.

By 2020, about 1.7 million new housing units will be added to the market, an increase of 60 percent from the previous five-year period, it said.

Around 450,000 units will be commodity houses — residential properties excluding those in the city’s affordable housing program — some 550,000 will be affordable homes, and the remaining 700,000 units are for leasing purposes.

A total of 5,500 hectares of residential land will be released to the market, an increase of 20 percent from the previous five-year period. About 2,000 hectares will be designated for commodity housing, 1,700 hectares for rental homes and the remainder for affordable housing.

“It is a good attempt by the government to largely increase the supply of residential leasing units, which will provide a new option particularly for young people,” said Joe Zhou, head of research at JLL China. “Compared with renting from individual owners, leasing homes from developers or leasing companies is certainly more attractive to tenants.”

By 2020, according to the 13th Five-Year Plan, a housing system under which sale and lease is of equal importance should be established in the city, with stable and moderate growth in the supply of commodity housing, a significant increase in the supply of leasing units, and a guaranteed supply of affordable housing.

Policies will be introduced to encourage home leasing enterprises to expand.

About 50 million square meters of old residential buildings will be repaired and renovated.

Meanwhile, the tightening policies aimed at curbing property speculation will remain in place.

In the first half of this year, sales of new and pre-occupied homes more than halved in the city from a year earlier, a result of cooling measures that included home purchase restrictions and higher down payments and interest rates.

Shanghai’s residential leasing market grows in Q2

By Cherry Cao *Time:2017-7-12*

SHANGHAI'S residential leasing market witnessed moderate rental growth in the second quarter of this year, fuelled mainly by demand from domestic clients, according to global real estate consultancy Savills.

Average rental climbed 1.8 percent quarter on quarter to 195.2 yuan (US$28.6) per square meter per month during the April-June period, with increases registered across all three submarkets, Savills China said in a latest report.

Notably, rental for strata-title apartments rose 3.3 percent, outperforming the 1.5 percent quarterly growth for serviced apartments and the 1 percent gain for villas.

"In fact, leasing demand from domestic entrepreneurs has been rising rapidly while increasing talent localization, shrinking accommodation budgets at multinational companies as well as health concerns caused by haze weather have jointly led to a decline in demand from expatriates," said Liza Wu, director of Savills Shanghai residential leasing.

Overall occupancy rate, meanwhile, stayed firm at over 80 percent in the second quarter of this year, when two new serviced apartment projects -- Stanford Residence Xuhui and St. Regis Residential Apartments -- were launched, adding 174 units in total to the local residential leasing market, Savills data showed.

Looking forward, the city's residential leasing market is expected to remain stable with Pudong New Area seeing particularly strong demand, primarily boosted by continuously growing number of financial companies in the area as well as those in the China (Shanghai) Pilot Free Trade Zone, Wu predicted.

ECONOMIC NEWS

Shanghai GDP expands faster

By Feng Jianmin *Time:2017-7-19*

SHANGHAI'S economy grew by a better-than-expected 6.9 percent annually to 1.39 trillion yuan (US$205.6 billion) in the first half as the industrial sector expanded to offset weaker real estate activities, Shanghai Statistics Bureau said yesterday.

The pace was 0.2 percentage point faster than the same period of last year and the same as the national average.

"Shanghai's economic conditions in the first half were generally stable and better than expected," said Tang Huihao, deputy director of the bureau, at a briefing. "The stable trend is lasting (and) the progress is deepening."

Value-added industrial output, a vital contribution to gross domestic product, rose 7.3 percent to 375.32 billion yuan in the first half, reversing a 4.4 percent fall in the same period last year.

The city's industrial production totaled 1.6 trillion yuan during the six-month period, up 8.2 percent annually which is the highest gain since 2012, the bureau's data showed.

Services output in the city rose 7 percent to 971.38 billion yuan in the first six months, contributing to 69.9 percent of the local GDP.

That's a slight drop from 70.7 percent in the first quarter.Tang attributed the lower contribution to a weaker real estate market.

The bureau's data also showed that value-added output of information technology, logistics, and financial services grew by double digits while output from the real estate industry shed 17.5 percent year on year.

The area of new homes sold, excluding government-funded affordable housing, dived 41 percent in the first half of this year while the sales of pre-owned homes plunged 56.8 percent year on year to the lowest during the same period in the past five years, the bureau said.

Shanghai's foreign trade in the first half of the year jumped 18.7 percent from a year earlier to 1.55 trillion yuan amid improving external and domestic demand, reversing a 0.4 percent drop in the same period last year, the data showed.

The city's consumer inflation was 1.9 percent, 0.4 percentage point warmer than the national level, mainly driven by higher costs of medical treatment.

Tang said prices of services rose faster than consumer goods in the first half, and predicted inflation for 2017 is set to be cooler than last year's 3.2 percent.