



Property Insight

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PROPERTY NEWS

Prices of new homes in China stay stable in April

By Cao Qian

Time:2018-5-17

PRICES of new homes remained stable across China in April, data released yesterday by the National Bureau of Statistics showed.

New home prices in Beijing and Shenzhen edged up 0.2 percent and 0.1 percent, respectively, from March, while those in Shanghai and Guangzhou both shed by 0.1 percent from a month ago.

On an annual basis, prices in the four first-tier cities continued to drop, ranging from 0.2 percent to 2.2 percent, according to the bureau, which monitors home prices in 70 major Chinese cities.

“In the 15 hottest cities, new home prices were little changed for another month with minor increases being recorded on both a monthly and yearly basis, as rein-in measures to curb speculation remained strictly enforced,” said Liu Jianwei, a senior statistician at the bureau.

Eight of the 15 cities, including first-tier and key second-tier cities, saw new home prices rise by 0.1 percent to 0.5 percent from March. Year on year, new home prices in five of the 15 cities gained between 0.4 percent and 1.1 percent.

Notably, the number of cities where new home prices grew month on month rose by three to 58 in April, the most since the second half of 2017. Seventeen of the 58 cities saw prices rise 1 percent and above month over month, compared to five cities in February and three in March, the bureau's data showed.

In the pre-occupied home market, prices in first-tier cities fell 0.1 percent from March. They were flat in second-tier cities and added 0.1 percentage point in third-tier cities.

New home prices in Dandong, a northeastern city on the border with the Democratic People's Republic of Korea gained 2 percent in April from a month ago, the largest increase among all Chinese cities. It was followed by Sanya and Haikou in Hainan Province, where new home prices both rose 1.9 percent from March.

During previous years, rocketing housing prices, especially in major cities, had fueled concerns about asset bubbles. To curb speculation, local governments have passed or expanded their curbs on house purchases and raised the minimum downpayment required for a mortgage.

Property development investment grew 10.3 percent year on year for January-April, a dip from 10.4 percent during the first quarter, said the bureau.

The pullback in property development investment and housing sales growth was normal, bureau spokesperson Liu Aihua said on Tuesday, adding that she expected the property market to keep stable development as China continues to impose measures to curb home buying to contain speculation.

This year's government work report reiterated that "houses are for living in, not for speculation."

New home sales fall as buyers sidelined

By Cao Qian

Time:2018-5-3

SLUGGISH sentiment among home buyers continued to linger in Shanghai last month despite a surge in supply, the latest market data showed.

The area of new homes sold, excluding government-subsidized affordable housing, fell 5.3 percent from March to 463,000 square meters, or the lowest April volume since 2010, Shanghai Centaline Property Consultants Co said in a report released yesterday. Year on year, that represented a fall of 31.6 percent.

"With no sign of policy loosening, new home sales in Shanghai remained generally subdued for another month when the Qingming Festival and the Labor Day holiday also put some potential buyers temporarily on the sideline," said Lu Wenxi, senior manager of research at Centaline. "As supply rebounded notably, we do expect to see a much better performing May."

Nearly 1.06 million square meters of new houses were launched into the market in April, a month-over-month surge of 168.3 percent, the highest in 22 months, Centaline said.

"About 9,200 units of new homes were released last month across the city, outnumbering the total supply in the first quarter which stood at some 8,800 units," Shanghai Homelink Real Estate Agency Co wrote in a separate report released yesterday. "In particular, some 7,500 units were rolled out in the second half of April, which might also help explain why sales didn't jump along with the surge in supply."

The average cost of new homes climbed 2.9 percent from a month earlier to 46,947 yuan (US\$7,373) per square meter in April, according to Centaline data.

Weak mood continues for home buyers

By Cao Qian

Time:2018-5-11

SHANGHAI'S existing housing index fell for the fifth consecutive month in April amid sluggish sentiment among home buyers.

The index, which tracks month-over-month price changes in 130 areas citywide, lost 16 points, or 0.43 percent, from March to 3,959 last month.

Some 13,550 pre-occupied homes changed hands around the city, down 22 percent from March and a drop of 9 percent from the same month a year earlier, Shanghai Existing House Index Office said in a report released yesterday.

“It was the lowest April volume registered in six years as the market failed to capitalize on a seasonal rebound in March,” the office said. “As mortgage policies remained tight in the city and price caps continued to be imposed on new residential projects, buying momentum for pre-used residential properties would most likely remain slack while prices might go southward as well.”

Citywide, prices of pre-owned homes rose in 14 areas, fell in 93 areas, and were flat in 23 areas, according to the office.

The three most sought-after projects were in Huinan in Pudong New Area which sold 356 pre-owned homes, Pujiang in Minhang District where 336 homes were sold and Jinshan New City with 330 homes sold last month.

Around 91,819 pre-occupied homes were available for sale as of the end of April, a monthly fall of 12.4 percent, and an annual plunge of 45 percent, according to data compiled by the office.

China reiterates stringent rules on property to stay

By Xinhua

Time:2018-5-22

China's top property market watchdog reiterated over the weekend that it will maintain tight regulation of the real estate sector.

Local governments should stick to real estate market management goals and not loosen regulatory measures, according to a statement on Saturday by the Ministry of Housing and Urban-Rural Development, citing notices of market speculation in some cities.

This is the second time that the ministry has voiced its concerns and stance over the real estate market in 10 days.

The ministry arranged talks on May 9 with senior government officials from Chengdu and Taiyuan on property market regulation after official data showed that both cities saw prices of new and second-hand houses rise year on year in March.

The ministry stressed on Saturday that “houses are for living in, not for speculation” and urged the officials to take specific measures to ensure stable and healthy development of the local property market by stabilizing housing prices and rent as well as reducing leverage.

First-and-second-tier cities are asked to finish a five-year housing development plan by the end of this year, while a crackdown will be imposed for spreading misleadingly speculative information via social media platforms.

Local governments that fail to rein in runaway housing prices will be held accountable, the ministry said.

It also recently met with senior government officials from another 10 cities, including Xi'an and Haikou, on real estate market management.

"The new measures mean housing market regulation is upgrading from tailored policy-making to the evaluation of the effects of regulation," said Zhang Dawei, chief analyst with Centaline Property.

Official data showed last week that on a yearly basis, new housing prices in China's first-tier cities declined further in April compared with March, while price growth slowed in second- and third-tier cities.

However, 58 of the surveyed 70 cities saw month-on-month rises in new housing prices, especially in second- and third-tier cities.

Zhang observed that many cities saw housing prices rise after they lowered household access qualifications to attract more professionals to work in the cities.

Over 50 cities have rolled out preferential policies, including housing subsidies, as local governments try to attract more talented professionals to invigorate local economies.

Local governments such as Chengdu have adjusted their policies to contain housing market speculation after being warned by the central government.

Moody's observed in a report that Hainan Province has introduced the strictest measures so far this year following an announcement by the central government that it would support the establishment of a free trade zone on the island.

Hainan launched a campaign on Sunday to lure big companies to set up regional and international headquarters on the island, while real estate developers are excluded from the list of qualified enterprises.

The government might not relax its controls over the next 6 to 12 months as it continues to halt a rise in property prices, according to Moody's.

ECONOMIC NEWS

Economy maintains steady growth

By Huang Yixuan

Time:2018-5-16

CHINA'S economy showed steady growth in April, with a much higher-than-expected industrial output buffering impacts from slower growth in retail sales and fixed-asset investment.

The industrial output rose 7 percent last month from April 2017, and 1 percentage point higher than the rise in March, according to data released yesterday by the National Bureau of Statistics. The growth beat market expectations of around 6.4 percent, and was 0.5 percentage points higher than April 2017.

For the January-April period, industrial output grew 6.9 percent, compared with 6.8 percent in the first quarter.

The improvement last month was led by the utilities sector, whose growth rose 3 percentage points to 8.8 percent year on year. Growth in the manufacturing and mining sectors also rose.

“China’s economy grew generally steadily last month with stronger vitality and greater efficiency,” said Liu Aihua, spokeswoman for the statistics bureau. Despite the positive overall growth, the economy still faces growing external uncertainties and acute problems of unbalanced and inadequate domestic development, Liu said.

Asked about the trade frictions between China and the United States, she said the possible influence on the Chinese economy has not been fully reflected in the short term.

Fixed-asset investment in the January-April period cooled to grow at the lowest pace since 2000, rising 7 percent year on year — 0.5 percentage points slower than the first quarter.

Liu said the softening in fixed-asset investment was partly due to the rapid growth at nearly 20 percent last year. Also, government measures on stricter regulations for financing also led to the slower growth.

Indicators in the real estate sector largely cooled last month. The growth of funds for property investment, a leading indicator for investment, slowed further by 1 percentage point to 2.1 percent year on year in the first four months, compared with the January-March period.

“The rebound in property investment growth in early 2018 ended, as financial deleveraging, the credit strain from recent credit defaults and widening credit spreads weigh on property developers,” said Nomura’s economist Wendy Chen.

Retail sales growth was also weaker than market expectations, moderating to 9.4 percent year on year in April from 10.1 percent in March. By category, growth in catering and commodity retail slowed to 9.6 percent and 9.4 percent respectively.

“Consumption and investment had provided solid support to the better-than-expected GDP growth in the first quarter. In contrast, April’s soft data may suggest growth momentum to moderate in the second quarter,” said Betty Wang, senior China economist at Australia and New Zealand Banking Group.

In April, the job market remained steady, with the surveyed unemployment rate in urban areas at 4.9 percent, down 0.2 percentage points from March and 0.1 percentage points lower than last April, according to the statistics bureau.

The urban surveyed unemployment rate in 31 major cities was 4.7 percent, down 0.2 percentage points from March and down 0.2 percentage points year on year.

Since last month, the bureau has regularly released the monthly surveyed unemployment rate in urban areas to help the government to improve macro-control and provide information for formulating employment policies.

The surveyed urban unemployment rate was first introduced in 2014 to better reflect the job market and serve as a supplement to the registered urban unemployment rate compiled by the Ministry of Human Resources and Social Security.

Earlier data showed China’s economy grew 6.8 percent year on year in the first three months of this year.

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