PROPERTY NEWS

China home prices show mild gains in January

By Xinhua *Time: 2021-2-24*

China continued to see a generally stable housing market in January, with home prices in 70 major cities showing mild month-on-month increases, official data showed yesterday.

New home prices in four first-tier cities — Beijing, Shanghai, Shenzhen and Guangzhou — rose 0.6 percent month on month in January, compared with a 0.3 percent increase registered in December, according to data from the National Bureau of Statistics.

A total of 31 second-tier cities saw a month-on-month gain of 0.4 percent in new home prices last month, while 35 third-tier cities witnessed a month-on-month rise of 0.2 percent.

The resale home market in first-tier cities saw prices increase 1.3 percent on month in January, edging up 0.7 percentage points from December.

Prices of resold homes in second-tier cities saw a 0.4 percent month-on-month increase, while those in third-tier cities climbed 0.3 percent.

On a year-on-year basis, new home prices in first-tier cities rose 4.2 percent in January, up from 3.9 percent growth in December, while those in second-tier cities went up 4.1 percent, up from a 4 percent expansion in December.

The prices of resold homes in first-tier cities grew 9.6 percent from a year earlier, expanding 1 percentage point from growth in December.

Under the principle that “housing is for living, not speculation,” sustained regulatory efforts at different levels have been devoted to the sector.

For example, a policy took effect on January 1 to tighten the regulation of loans in the real estate sector and home mortgage loans amid efforts to guard against systemic risks and improve the stability of the financial system.

The People's Bank of China and the China Banking and Insurance Regulatory Commission jointly issued a requirement that domestic banks limit the ratio between outstanding property loans and total renminbi loans. China vowed to tackle prominent housing problems in large cities at the tone-setting Central Economic Work Conference held in December last year, listing the development of rental housing as one of its key economic tasks for 2021.

Investment in property development rose 7 percent year on year in 2020, and investment in residential buildings increased 7.6 percent year on year, NBS data shows.

December new home sales soar

By Cao Qian *Time: 2021-1-5*

Sales of new homes in the city ended 2020 on a high note amid abundant supply, according to the latest market data.

By area, new residential properties sold — excluding government-subsidized affordable housing — jumped 59.1 percent from November to exceed 1.22 million square meters, making December the best month of 2020, according to a regular monthly report released by Shanghai Centaline Property Consultancy yesterday. "An influx of new supply, primarily located in outlying districts like Qingpu, Baoshan and Fengxian, helped the market quickly recover from a major setback in November when sales hit a six-month low," said Lu Wenxi, Centaline's senior research manager.

Around the city, more than 1.35 million square meters of new houses, spanning 44 projects, were rolled out in December, a 61-month high, according to Centaline data. That figure is in stark contrast to only 160,000 square meters released in November.

The average price of a new home fell 1.7 percent from November to a yearly low of 51,941 yuan (US$7,973) per square meter, as sales remained most robust in the medium- to low-end segment.

Of the top-10 residential projects by sales, six were priced at less than 50,000 yuan per square meter with the least expensive selling for less than 30,000 yuan per square meter.

Outperforming all others was a development in Baoshan District, which sold 62,805 square meters, or 598 apartments, at an average price of 64,201 yuan per square meter. It was also the most expensive project in the top-10 list.

For January and February, industry analysts expect to see a retreat in buyers' sentiment during what is normally the low season for property sales, but a major rebound is predicted to follow in March.

Meanwhile, new home buying sentiment remained strong in Shanghai last week despite a double-digit withdrawal from the previous seven-day period as real estate developers geared up during the last few days of 2020 to boost yearly sales.

The total area of new residential properties sold, excluding government-subsidized affordable housing, fell 13.7 percent week over week to around 371,000 square meters, Centaline said in its weekly report.

Leading the pack was Nanhui, a former district and now part of the Pudong New Area, which registered sales of some 67,000 square meters. Qingpu and Fengxian followed with weekly transactions of 60,000 and 50,000 square meters, respectively.

The average price of new homes fell 4.2 percent from the previous week to 49,802 yuan per square meter, with the most expensive project on the top-10 list by sales selling for a little over 61,000 yuan per square meter.

Three residential projects, all in remote areas, managed to sell more than 200 units each over the past week with one in Nanhui, priced at around 59,000 yuan per square meter, dwarfing the other two by selling 31,195 square meters, or 290 units, according to Centaline's weekly data.

Headwinds for serviced apartments

By Cao Qian *Time: 2021-1-22*

Shanghai's serviced apartment market will continue to face headwinds this year despite a recovery in both vacancy rates and rents in the last quarter of 2020, according to international real estate services provider Savills' latest research.

Citywide, the vacancy rate of serviced apartments declined 1.4 percentage points during the October-December period from the previous quarter to 14.8 percent, while rents edged up 0.4 percent quarter on quarter to an average monthly rate of 230.7 yuan (US$35.6) per square meter, Savills' data showed.

Year on year, vacancy rates declined 1.5 percentage points and rents fell 3.1 percent.

"As borders reopened at the end of the third quarter, the city experienced a notable fall in vacancy rate as tenants stranded overseas returned to their leases or signed new contracts," said Chester Zhang, director of Savills China research. "This didn't last, however, as border controls tightened significantly in mid-November."

On the supply side, two projects opened in the last quarter of 2020, increasing the city's total inventory to 9,969 units.

Greystar Real Estate Partners made its China debut by unveiling the 474-unit LIV'N 833 near Zhongshan Park in Changning District while Zhongrong International Trust saw its 293-unit Riverdale Residences open near Century Avenue in Pudong.

Savills officials said the local serviced apartment market will be under pressure over the next 12 months amid tight border controls and travel curbs.

City home market sinks in February

By Cao Qian *Time2021-3-11*

Shanghai's existing housing market posted a major retreat in February, as a series of administrative curbs coupled with the Spring Festival holiday dampened sentiment.

Citywide, about 19,000 pre-owned homes changed hands last month, a drop of 57 percent from January, Shanghai Homelink Real Estate Agency said in its monthly report.

In February, existing homes sold for an average of just over 40,000 yuan (US$6,147) per square meter, or 3.32 million yuan per unit, a decline of 8 percent from January.

By value, existing homes worth a total of 63.1 billion yuan were sold, a month-over-month plunge of 61 percent.

“Tightening measures introduced recently by both the central and local governments proved to be effective in cooling down the overheated residential market, which suffered notable withdrawals in almost all aspects,” said Yang Yulei, a senior analyst with Homelink. “Wait-and-see sentiment seemed to prevail, and the average price of existing homes located beyond the Suburban Ring even fell on a year-on-year basis.”

Physical viewings handled by Homelink, for instance, fell 44 percent in February from a month earlier, while the number of new clients also increased at a slower pace, Yang added.

Citywide, Nanqiao in Fengxian District, the core area of Jiading District and Zhoukang in the Pudong New Area were the most sought-after areas among pre-owned home seekers last month, with sales of 599, 475 and 456 homes respectively, according to Homelink.

Over the first two months of 2021, about 63,000 existing homes, with a total value of 224.1 billion yuan, were sold across the city. The average price of these homes was 3.53 million yuan, or 42,508 yuan per square meter.

ECONOMIC NEWS

Online transactions surge for UnionPay

By Tracy Li *Time: 2021-2-19*

Online spending and transactions received a strong boost during the Chinese New Year holiday, thanks partly to the “stay put” policy, according to data from China UnionPay.

Over the seven days, online deals via UnionPay hit a record 1.38 trillion yuan (US$213 billion), up 4.8 percent over the same period last year.

The number of transactions made through its mobile app soared 30.7 percent year on year, with online payment services such as money transfer and online ticketing most favored by consumers, China UnionPay said.

Dining, shopping, travel and entertainment were the main drivers of people’s daily consumption during the holiday.

From a regional perspective,
Chongqing City, Jiangxi Province and Qinghai Province recorded the fastest year-on-year growth in holiday consumption, each with a rise of more than 15 percent.

Transactions in daily necessities, large household appliances, hotel accommodation and catering enjoyed big growth, the banking card association noted.

In terms of daily necessities, for instance, the year-on-year growth rate of consumption in Shanghai, Zhejiang Province and Chongqing ranked among the top in the country.

Unlike earlier Spring Festival periods, consumption by “locals” jumped 13.6 percentage points compared with the same period a year ago due to the government’s call to stay put, UnionPay data showed.

Across the country, provinces such as Liaoning, Shandong, Gansu and Jiangsu had the highest increase of local consumption compared with the same period last year.

To boost consumption, China UnionPay said it teamed up with banks and nearly 600,000 merchants to offer consumers discounts and other benefits during the holiday.

Boost for cross-border yuan deals

By Xinhua *Time: 2021-1-5*

China will further optimize cross-border yuan policies and stabilize foreign trade and investment, according to a circular posted on the website of the People’s Bank of China, the country’s central bank.

China will promote the facilitation of yuan settlement, simplify the cross-border yuan settlement process, optimize the management of cross-border yuan investment and financing, and facilitate overseas institutions’ use of yuan settlement accounts, said the circular.

The circular will come into effect on February 4, 2021.

The bank said it will strengthen instructions to commercial banks in China and continue improving cross-border yuan policies to ensure that cross-border settlement in the currency could serve the country’s real economy and facilitate trade and investment.

Plans for future industries in place

By Xinhua *Time: 2021-2-22*

Four years ago, Peng Xiaobo, who had been engaged in the research, development and management of spacecraft technology for 25 years, established the Beijing Interstellar Glory Space Technology Co, to pursue his dream of commercial spaceflight.

The startup has successfully launched many sounding rockets. Peng, CEO of the company, believes the value of the aerospace industry has not been fully tapped. “Our goal is to become a global leader in commercial spaceflight,” he said.

Despite the limited scale of the company, its core competitiveness in the specific field has highlighted China’s emerging “industries of the future,” a new buzzword that points out the key direction of China’s most recent round of industrial revolution.

Although there is yet a clear definition, experts believe that industries of the future share the features of boasting leading-edge technologies and the prospect of explosive growth.

China has accelerated the layout of this major cause with provinces and cities such as Beijing, Hebei and Anhui gearing up for developing their “future industries” by making use of local advantages.

Origin Quantum, a 3-year-old startup focusing on quantum computers and related technologies, recently rolled out an operating system called Origin Pilot. The system will effectively improve the overall utilization of quantum chips and shorten the time it takes to put a new quantum computer into operation, experts said.

The company is based in Hefei, capital of east China’s Anhui Province, now a hub for China’s quantum technology. Yunfei Road where the company is located is dubbed “quantum street” by locals as it has been home to over 20 quantum technology startups.

Some 150 kilometers east of Hefei, 10 5G-driven unmanned mining trucks rumble with full loads of iron ore in a mining field of Masteel (Group) Holding Co, one of China’s largest iron and steel complex in Ma’anshan, Anhui.

“Equipped with technologies such as laser radar, a satellite navigation system and 5G network, the truck can avoid obstacles and be operated remotely, improve mining safety and production efficiency,” said Yang Zhenyu, an on-site engineer with the Qingdao Huituo Intelligent Machine Co that develops the trucks.

Since China kicked off the commercialization of 5G services in 2019, 5G technology has been embedded in intelligently connected factories, ports, driverless cars and various aspects of people’s lives, with some 700,000 5G base stations in operation.

China will further build more than 600,000 5G base stations in 2021 while accelerating the 5G coverage in major cities and advance co-construction and sharing, Xiao Yaqing, minister of industry and information technology, told a work conference last December.

“The development of future industries offers a great opportunity for China to keep pace with the rapid global innovation,” said Pan Jiaofeng, president of the Institutes of Science and Development under the Chinese Academy of Sciences, adding that the emerging middle class and ground-breaking technologies will bring new opportunities for China’s future industries.

In the next 15 years, China will implement a number of forward-looking and strategic major national science and technology projects in the frontline fields of artificial intelligence, quantum information, integrated circuits, life and health, brain science, breeding, aerospace science and technology, and deep Earth and ocean exploration.

Provincial-level regions are taking advantage of their specific resources to cultivate future industries.
Shanghai, for instance, will strengthen scientific research and strategic planning in 6G, next-generation photonic devices, brain-computer fusion, hydrogen energy, stem cells and regenerative medicine, synthetic biology and new marine economy to lay a solid foundation for future industrial development.

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