PROPERTY NEWS

More land to build rental homes

By Yang Jian *Time:2017-10-8*

SHANGHAI will continue to increase land supply to build rental houses, the city's top planning body said yesterday.

As a key part of the government's land management plan, "the lands for rental houses will be largely increased, while those for commercial houses will rise steadily," said Xu Yisong, director of the Shanghai Planning, Land and Resources Administration.

The supplies of affordable homes, including joint-ownership properties, will be guaranteed, he added. It is also part of the city's "2040 Master Plan" which includes long-term measures to stabilize the real estate market.

"Rental houses will mainly be built near places with dense employment, main industrial sites and Metro stations," Xu told a press conference. "The city will increase the land supply for housing and ensue the proportion of medium and small-size apartments," he added.

Fifteen plots of land covering 500,000 square meters have been allocated for construction of rental houses, said Cen Fukang, deputy director of the administration. Most of them are in downtown or near major industrial and scientific parks as well as Metro stations.

The city government wants to emphasize that "houses are for people to live in, rather than for speculation." These rental homes will boast energy-saving features and are comfortable to live in. Supportive facilities such as sports, entertainment and commercial sites will be built nearby to "create a harmonious neighborhood atmosphere," Cen said.

Shanghai has also been implementing the central government's trial operations on joint-ownership properties, Cen said. These properties refer to homes in which city governments and home buyers share ownership. When the homes are sold, buyers pay back a certain portion of the profit.

The city has planned public rental houses in 22 major residential communities, Cen said, adding that many of them include joint-ownership properties.

The scheme on trial in Shanghai and Beijing aims to provide affordable housing to people who have difficulties in purchasing a home and push supply-side reform in the housing sector, said a notice from the Ministry of Housing and Urban-Rural Development.

No price increases for new homes in nation's hotspots

By Cao Qian *Time:2017-10-24*

NEW home prices in China's 15 hottest markets stopped rising for the second consecutive month in September as policies designed to curb speculation continued to work.

Tianjin, Nanjing, Shenzhen and Chengdu were the cities where the price of new homes remained unchanged from August while the other 11 all registered decreases ranging from 0.1 percent to 0.6 percent, according to the National Bureau of Statistics, which tracks property prices in 70 major cities.

On a yearly basis, signs of cooling continued with all 15 cities recording slower growth or larger decreases.

New home prices in Beijing and Guangzhou rose 0.5 percent and 9.4 percent, respectively, from the same period a year ago, compared with the increases of 5.6 percent and 13.3 percent registered in August.

In Shanghai and Shenzhen, property prices fell 0.1 percent and 3.8 percent in September from a year earlier, compared with a gain of 3.2 percent and a decline of 2 percent in August.

"Across the country, first-tier cities continued to record month-on-month price decreases in both new and pre-occupied markets while either unchanged or slower growth was registered in second and third-tier cities, as rein-in measures remained effective," the bureau's statistician Liu Jianwei said yesterday.

Nationwide, 18 out of the 70 cities witnessed month-on-month price drops in their new home markets, unchanged from August.

In the pre-occupied housing market, 13 cities suffered price setbacks from a month ago, an increase of two from August, according to the bureau.

On a monthly basis, new home prices in the 70 monitored cities rose 0.19 percent on average in September, down 0.05 percentage points from August. On a yearly basis, new home prices rose 6.53 percent on average, a slowdown of 1.7 percentage points from August.

"On both a monthly or yearly basis, third-tier cities posted the fastest price growth while first-tier cities showed the most obvious signs of cooling, indicating differentiated tightening policies implemented in different areas of the country," Xia Dan, a senior researcher at the Bank of Communications, wrote in a report.

"Since late September, a number of second-tier cities, including Chongqing, Nanchang, Changsha, Xi'an and Guiyang, as well as some third-tier ones such as Guilin and Beihai have rolled out further control measures — mainly by introducing a lockup period for home sales — as amendment to earlier policies."

Chinese authorities have constantly reiterated that "houses are built to be inhabited, not for speculation."

At a press conference on the sidelines of the 19th National Congress of the Communist Party of China, Minister of Housing and Urban-Rural Development Wang Menghui said the property market would see stabilizing prices and slower growth in transaction volume in the fourth quarter.

The government will not waver in its efforts to achieve the goals of property market regulation and will maintain continuity and stability of policies, Wang said.

Authorities are studying a “long-term mechanism” for real estate regulation and advancing legislative work on the development of the home rental market, Wang said.

He pledged to move faster to implement a housing system that ensures supply through multiple sources, provides housing support through multiple channels, and encourages both purchases and renting.

New home sales in China expanded by a slower pace in the first nine months, according to data released last week by the bureau.

About 7.6 trillion yuan (US$1.2 trillion) of new homes, excluding government-subsidized affordable housing, were sold from January to September, a year-on-year increase of 11.4 percent. That compared with a 14.2 percent increase in the first eight months.

The area of new homes sold in the nine-month period rose 7.6 percent from a year earlier to 1 billion square meters, also down from a 10.3 percent increase in the first eight months, bureau data showed.

The property market was also cooled by relatively tight liquidity conditions as the government moved to contain leverage and risk in the financial system.

Data from the People’s Bank of China showed that loans to China’s real estate sector continued to grow at a slower pace, with outstanding loans up 22.8 percent year on year to 31.1 trillion yuan at the end of September, 1.4 percentage points lower than the rate at the end of June.

Despite the cooling measures, China’s economy expanded a robust 6.9 percent year on year in the first three quarters of the year, well above the government’s target of 6.5 percent for this year.

Sluggish new home sales due to insufficient supply

By Cao Qian *Time:2017-10-31*

NEW home sales remained below the 100,000-square-meter threshold for the fourth consecutive week in Shanghai despite a double-digit recovery, data released yesterday showed.

The area of new homes sold, excluding government-subsidized affordable housing, rose 12.7 percent to 97,000 square meters last week, Shanghai Centaline Property Consultants Co said in its latest report.

Outlying Qingpu District outperformed its rivals, with 16,000 square meters selling in the seven days, a week-on-week surge of 45.5 percent.

Jiading District and Nanhui in Pudong New Area also recorded strong sales — 10,000 square meters each.

“The local new home sales market will remain sluggish because of continuing insufficient supply — less than 10,000 square meters so far this month,” said Lu Wenxi, senior manager of research at Shanghai Centaline.

“Some projects that sold just 10 units a week were still able to make into the top 10 list, evidence for extremely slack market momentum,” Lu added.

Across the city, only one project released new units last week, adding a total of under 7,400 square meters to new housing stock and halting a zero supply that had plagued the local market for three straight weeks, Centaline data showed.

New homes sold for an average 50,290 yuan (US$7,553) per square meter last week, up 5.4 percent from the previous seven-day period.

Nanhui posted sales of 38 apartments totaling 3,646 square meters, the most across the city. Seven of the 10 most popular projects cost between 40,000 yuan per square meter and 60,000 yuan per square meter.

ECONOMIC NEWS

Household confidence remains stable

By Wang Yanlin *Time:2017-10-17*

CHINA'S household confidence remained stable but people's willingness to buy property dimmed again after several cities imposed tougher measures to calm the housing market, a survey showed yesterday.

The China Wealth Index, compiled every quarter by Bank of Communications and research firm Nielsen, fell to 139 in October from 140 in July.

A reading above 100 reflects optimism among 1,879 households interviewed.

"The results were largely stable," said Lian Ping, chief economist of BoCom. "People's confidence remained unchanged from the two-year high recorded in July...except in the real estate sector."

A sub-index on people's willingness to invest in property lost 2 points to 113 after it rose for the first time in July's survey.

The drop was due to several cities, including second-tier ones like Xi'an, Nanchang and Changsha, imposing new measures related to tax and deposits to curb speculation in the housing market over the past two months.

China's economy was relatively strong. In the first half, its economy grew 6.9 percent, with consumption and services contributing to its growth.

The International Monetary Fund upgraded its forecast for Chinese economic growth this year to 6.8 percent and next year to 6.5 percent.

Economy on course to faster growth

By Agencies *Time:2017-10-20*

CHINA'S economic growth looks set to accelerate for the first time in seven years this year, after GDP growth stayed stable in the third quarter, buoyed by strength in retail spending.

The country's gross domestic product expanded at a robust 6.8 percent annual pace in the three months ending in September, a marginal change from the previous quarter's 6.9 percent, according to data released by the National Bureau of Statistics yesterday.

This is the ninth straight quarter that China has seen growth of 6.7-6.9 percent, maintaining medium-high growth and adding to evidence of further economic resilience, bureau spokesman Xing Zhihong told reporters.

In the first three quarters combined, the economy expanded 6.9 percent year on year, holding steady from a 6.9 percent increase in the first half of the year.

The economy is expected to comfortably beat the government's 2017 target of around 6.5 percent and 2016's 6.7 percent, which was a 26-year low.

“The Chinese economy has maintained steady growth with a positive outlook in the first three quarters,” Xing said.

“The sound economic expansion in the first three quarters has “further laid a solid foundation for achieving the annual development target,” Xing said.

Economic structure and growth quality both improved, he said, and new growth engines are gaining steam as employment had expanded, consumer prices were stable, and the balance of international payments had improved.

Growth in the service sector outpaced the overall GDP to reach 7.8 percent year on year in the first three quarters.

Yesterday's data also showed that total sales of consumer goods rose 10.4 percent year on year to 26.32 trillion yuan (US$4 trillion) in the first three quarters. The pace was unchanged compared with the same period of last year.

“Consumption demand has become a main engine of China's economic growth,” Xing said, contributing 64.5 percent of GDP growth, up 2.8 percentage points from the same period of last year.

Last month, retail sales expanded by 10.3 percent year on year, up from August's 10.1 percent in August.

The bureau attributed the growth partly to booming online sales, which surged 34.2 percent year on year, 8.1 percentage points faster than a year earlier.

Online sales of physical goods rose 29.1 percent to 3.68 trillion yuan in the first three quarters, accounting for 14 percent of total retail sales.

From January to September, retail sales in rural areas rose 12.1 percent, outpacing the 10.1 percent expansion in urban areas.

China is trying to shift its economy toward a growth model driven more by consumer spending, innovation and services while weaning it off reliance on exports and investment.

Fixed-asset investment expanded 7.5 percent in the first nine months, marking the slowest rate of growth since a 6.3 percent reading in December 1999.

Investment growth has slowed in recent years amid efforts by authorities to move from investment-driven economic growth.

But private sector fixed-asset investment continued to lag state spending, slowing to 6 percent growth for the January-September period, compared with 11 percent growth in investment by state firms.

China’s industrial output growth accelerated to a three-month high of 6.6 percent in September, up from 6 percent in August.

In the first three quarters, industrial output expanded 6.7 percent year on year, faster than the 6 percent increase in the same period of last year and flat with that of the first eight months of this year.

Sales of residential property in terms of area rose 7.6 percent in the first three quarters, compared with 13.5 percent in the first half.

Focus placed on quality

Wang Tao, chief China economist with UBS, said GDP growth may moderate to 6.6 percent in the fourth quarter, weighed by a further slowdown of property sales and infrastructure investment.

Wang said President Xi Jinping’s opening speech at the 19th National Congress of the Communist Party of China “was notable for the focus placed on quality and equality of development over the coming years, rather than specific growth targets, though the goal of doubling 2020 GDP from 2010 levels remains.”

“We see the drive to deleverage and incrementally tighten property policy continuing in the coming months. Any policy change, if needed, will likely only come at or after next March’s National People’s Congress, when more information should be available on any potential notable slowdown.”

Julia Wang, China economist for HSBC, said continued manufacturing recovery and strong growth in services and consumption points to a positive outlook in 2018.

“There are signs that underlying demand is still holding up well,” Wang said in a note. “We have turned more positive on growth since last year, arguing that the manufacturing sector is on the cusp of a more structural revival in the next two to four years. So far, data are still broadly supportive of that view.”

Economic indicators for September showed strong expansion in the manufacturing sector as the official Purchasing Managers’ Index rose to 52.4, the highest this year. Growth of imports and exports both accelerated.

China’s average per capita disposable income grew 9.1 percent year on year to 19,342 yuan in the first three quarters, yesterday’s data showed. Deducting inflation, the real growth was 7.5 percent, up 1.2 percentage points from a year earlier. The figure exceeded GDP growth for the same period.

The bureau’s data also showed income gaps between urban and rural residents continuing to narrow, with the real growth of per capita disposable income in rural areas 0.9 percentage points higher than in urban regions.

Per capita consumption averaged 13,162 yuan, up 7.5 percent from a year ago. The inflation-adjusted growth was 5.9 percent.

In the job market, 10.97 million new jobs were created in the first three quarters, nearly completing the annual target of 11 million.

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