PROPERTY NEWS

Non-locals can now buy home in city

By Shen Mengdan *Time: 2024 -1-31*

Starting today, non-Shanghai residents will be allowed to buy one housing (including new and second-hand) unit outside the Outer Ring Road (except Chongming Island), according to a notice on optimizing housing purchase rules in Shanghai.

Applicants should have continuously paid their social insurance or personal income tax in Shanghai for at least five years.

The notice comes amid rising housing demand from non-Shanghai residents, and offers outsiders more opportunities to settle in the metropolis.

Suzhou in Jiangsu Province yesterday also lifted its curbs to allow people to buy as many houses as they want.

‘White list’ stabilizes real estate market

By Xinhua *Time: 2024-3-20*

China is pushing forward its financing “white list” mechanism for real estate projects in an effort to stabilize the market.

Under the “white list” mechanism launched in late January, local authorities are recommending real estate projects eligible for financial support to financial institutions. They are also coordinating with the institutions to fulfill the requirements of these projects.

The mechanism is part of China’s efforts to stabilize the sector weighed by debt problems and boost confidence in an industry that accounts for nearly 6 percent of the country’s GDP, according to the National Bureau of Statistics.

As of the end of February, more than 200 billion yuan (US$28.17 billion) of loans had been approved under the mechanism to support about 6,000 real estate projects in 276 cities, data from the Ministry of Housing and

Urban-Rural Development showed.

The “white list” mechanism helps ensure the completion of quality real estate projects developed by companies that are distressed by debt issues, said Zhang Dawei, chief analyst at real estate agency Centaline Property.

Liu Shui, a researcher with the China Index Academy property research institution, said the move will help ease the financing distress of property developers and stabilize market expectations.

The mechanism, along with efforts to advance the building of affordable housing, the construction of public infrastructure for both normal and emergency use and the renovation of villages in cities, is expected to stabilize the real estate market, Liu added.

Key move at critical moment for property market

By China Daily *Time: 2024-05-20*

On Friday, the People's Bank of China issued several important new real estate policies, including reducing the down payment ratio for home purchases to 15 percent, lowering the interest rates for provident fund loans and mortgages, and providing loans to local governments to buy unsold apartments for indemnificatory housing. The "heavyweight" policies have been hailed as "historic" steps to lift the property sector.

It should also be noted that besides timely policy adjustment, it is crucial to establish a more mature and perfect market mechanism in the long run, and the relationship between government and real estate enterprises needs to become more transparent, open, and market-oriented, thus making the price mechanism more fair in the housing market. Besides market-orientation, it is also necessary to provide policy-based and indemnificatory housing and subsidies for disadvantaged groups and low-income families.
China has experienced over 40 years of rapid development, during which the real estate industry has made contributions as well as provided lessons.

As China's economic volume continues to increase, the growth rate is bound to slow down, and the high growth rate of urbanization will also slow down accordingly, which makes the demand for houses shrink. Actually, besides the realty industry, the overall social and economic development model is undergoing profound adjustment, transformation and upgrading.

Therefore, the lenient policies can only help to solve part of the problem.

Finding new driving forces and growth points, achieving higher-quality development, and integrating with the new trend of macroeconomic transformation and upgrading may be the new challenges for China's real estate industry in the future.

City boost for property market

By Shen Mengdan *Time:2024-5-28*

Shanghai has issued a set of measures to optimize the real estate market, easing home-buying restrictions for non-local residents and families with multiple children.

To better meet people's practical demand for housing, the Shanghai Housing Administration and three other departments jointly issued a series of measures, aiming at bridging the housing gap and satisfying people's diversified housing needs and demand for improvement of living conditions.

Major measures include easing home-purchase restrictions further for non-Shanghai residents and divorced couples, allowing families with two or more children to purchase an additional home, and lifting the lending cap for mortgages involving the social welfare housing provident fund.

In detail, the measures loosen the restrictions for non-Shanghai residents to purchase a home by shortening the time of social security or personal income tax payments from "five years and above" to "three years and above" before they become eligible to purchase a home.

Meanwhile, families with two or more children can purchase one more home besides the existing housing purchase restriction policy.

Furthermore, the minimum down payment ratio for individual commercial housing mortgages has been lowered to 20 percent for first-home purchases and 35 percent for second-home purchases.

New policy spurs home-buying fervor

By Shen Mengdan *Time:2024-6-5*

Since the release of Shanghai's new real estate policy, there have been an increasing number of inquiries for both second-hand and new homes.

Shanghai issued a notice on optimizing the real estate market on May 27, proposing nine policy measures such as allowing families with multiple children to buy an additional home, lowering the downpayment requirements and floors for mortgage rates, and cutting the requirements on paying social security from five years to three for non-Shanghainese.

After the new policy was launched, a couple from Hangzhou visited a new real estate sales office in Juyuan, Jiading District, last weekend.

"Our son couldn't buy a house before because he hadn't paid social security for five years. Now with only three consecutive years required, we want to hurry up and secure a house here in Jiading," said the couple.
"The new policy has stimulated a willingness among the young to buy a home, meeting the large housing needs of the second-child family," said sales manager Jiang Fei.

"Compared with the previous moves, this new policy is a big adjustment."

Not just new properties but enquiries about second-hand housing have also surged.

"Our bookings for house showings in the past few days have risen significantly. We usually only have one or two groups of customers for the visit tour on weekday evenings, but now the number has doubled. The weekends are also filled with appointments in advance," said Wang Huan, an account manager at a real estate agency on Baiyin Road in Jiading.

"The number of signed home purchase contracts in Shanghai was 15,000-16,000 units in May. It is expected to reach 18,000 or even 20,000 units this month, I believe," Wang added.

Wang said the new policy has also made home sellers more optimistic about striking a deal.

"For example, before there was room for bargaining when selling a house, now most sellers are tougher. Some have even raised prices."

"As opposed to the previous "progressive" relaxation policy, the new policy adjustments this time are more targeted, stronger, and more extensive," Chen Julan, senior analyst from Shanghai's China Index Academy, noted.

"The introduction of this policy can stimulate demand for housing, level up market expectations, and promote a stable and healthy development of the real estate market."

ECONOMIC NEWS

IMF chief hails China GDP growth

By Xinhua *Time: 2024-1-19*

THE Chinese economic growth in 2023 is good news for China and beyond, the managing director of the International Monetary Fund said on Wednesday.

"The Chinese economy met the national target, which was set at around 5 percent, and actually exceeded it. That is good news for China and also good news for Asia and the world because China delivers one-third of global growth," Kristalina Georgieva said in Davos on the sidelines of the World Economic Forum.

On Wednesday, China's National Bureau of Statistics announced that gross domestic product grew 5.2 percent year on year to a new high of 126.06 trillion yuan (US$17.71 trillion) last year.

Georgieva noted that the Chinese government was focusing on moving to high-quality growth and changing the growth model from one primarily oriented by export to a model where consumption plays a bigger role.

LPR drops as China's efforts to strengthen economy intensify

By Xinhua *Time: 2024-2-21*

China's benchmark lending rate dropped yesterday as the country strengthened monetary measures to give the economy a promising start in the first quarter of 2024.

The loan prime rate, a market-based benchmark lending rate, saw its over-five-year rate, on which lenders base their mortgage rates, come in at 3.95 percent, down from the previous reading of 4.2 percent, according to the National Interbank Funding Center. Meanwhile, the one-year LPR remained unchanged at 3.45 percent.
The reduction in the over-five-year rate was within expectation, but the extent exceeded market expectation, analysts said, noting that the 25-basis-point drop marks the largest in recent years.

As the property sector has yet to completely stabilize, the bigger-than-expected LPR cut sent a positive signal, said Song Xuetao, an analyst at TF Securities.

The previous LPR decline occurred last August when the one-year rate slipped from 3.55 percent to 3.45 percent, while the over-five-year rate was flat at 4.2 percent.

A lower LPR is expected to shore up the credit and property markets, reduce the financial costs of businesses and individuals, and contribute to a steady economic recovery at the beginning of 2024.

Dong Ximiao, chief researcher at Merchants Union Consumer Finance Co Ltd, said the property sector will be consolidated as there will be less mortgage interest payments for home buyers, and the financing demand of enterprises will also be stimulated.

The Chinese economy has maintained its upward trend since the beginning of the year with forecast-beating credit and social financing data in January and robust holiday consumption during the Spring Festival period. However, the purchasing managers' index for the manufacturing sector was still below the boom-or-bust line of 50 and consumer prices were at a low level, which indicated relatively weak expectations and inadequate demand.

In response, the central bank has recently adopted multiple measures recently to support economic recovery and boost confidence.

The amount of cash reserves that lenders need to set aside was lowered, and the re-lending and re-discount interest rates for the rural sector and small businesses were reduced. Another 500 billion yuan (US$70.36 billion) of funds have been pumped into the market through the medium-term lending facility.

The strengthened monetary measures will offer more targeted and solid support for the real economy, according to Bruce Pang, the Greater China chief economist of JLL, a real estate and investment management services firm.

Looking forward, there is still room for policy maneuver as major banks have lowered deposit interest rates four times since 2022, and the financing costs could be further cut to support the economy.

The latest decline in the LPR has bolstered market confidence, and the implementation of more effective pro-growth policies in the pipeline will further solidify the economy's strong start this year, according to analysts.

Economy extends upward trend as May data reinforces rebound

By Xinhua *Time: 2024-6-18*

The Chinese economy extended an upward recovery trend in May, as shown by faster consumption growth and steady expansion in industrial production, latest government data showed.

Important economic indicators rebounded during the month amid measures to prop up growth and promote high-quality development, National Bureau of Statistics spokesperson Liu Aihua said at a press conference in Beijing yesterday.

According to Liu, a consumption rebound supported by the May Day holiday, along with improved data for exports and imports as well as the services industry, helped boost the economy during the month. “Driven by such factors as macroeconomic policies taking effects, improving external demand and the May Day holiday, the services industry, consumption as well as imports and exports all rebounded in May.”

Despite the complex and grave external environment and effective domestic demand remaining insufficient, he said that the Chinese economy has maintained a “generally stable trend.”

Faster growth in consumption became a highlight last month. In May, retail sales of consumer goods expanded 3.7 percent year on year to 3.92 trillion yuan (US$551 billion). On a month on month basis, consumer goods retail sales rose 0.51 percent from the previous month.

“Due to the May Day holiday, the effective trade-in policy of exchanging old consumer goods for new ones, and the early start of the June 18 online sales promotion, the year-on-year growth rate of consumer goods retail sales in May was 1.4 percentage points higher compared to the previous month,” Liu pointed out.

Services consumption boomed as a result of robust travel during the holidays, which pushed up demand for cultural and tourism-related services, he said.

Upgraded consumption also boosted retail sales of product categories including sports and recreational goods, cosmetics, communication equipment, as well as household appliances and audio-visual equipment to grow 20.2 percent, 18.7 percent, 16.6 percent and 12.9 percent, respectively.

New energy passenger vehicle transactions were also robust in May, rising 38.4 percent on year, Liu stated, citing China Automobile Dealers Association data.

The services industry in general reported growth last month, with the sub-indices for information transmission/software/information technology services, leasing and business services, transport/warehousing/postal services, as well as the wholesale and retail trade, all reporting faster annual growth in May.

Meanwhile, online retail sales surged 12.4 percent year on year in the January-May period, the data showed. In May, the value-added industrial output went up 5.6 percent year on year, or 0.3 percent up month on month.

Specifically, the industrial value-added output in the manufacturing sector grew 6 percent, and that for high-tech manufacturing surged 10 percent year on year. “3D printing equipment, new energy vehicles, and integrated circuits grew 36.3 percent, 33.6 percent, and 17.3 percent, respectively,” said Liu, who also revealed that profits of industrial enterprises hit more than 2.09 trillion yuan during the January-April period, up 4.3 percent year on year.

Industrial production has grown at a fast rate since the start of the year amid the nation’s efforts to push forward industrial transformation and upgrade. “Going forward, there are many favorable factors to promote the rapid growth of industrial production. These include better production expectations from enterprises and improving industrial profits.”

From the perspective of foreign trade, China’s goods imports and exports increased by 8.6 percent year-on-year in May, 0.6 percentage points faster than the previous month, data showed.

NBS data also showed that the property market was a drag on the economy.

The nation’s fixed asset investment in the first five months of the year grew 4 percent on year. If deducting investment in the property sector, the fixed asset investment during the period would have otherwise grown 8.6 percent, Liu said.

The floor area of new home sales fell 20.3 percent in the first five months on year, with sales value down 27.9 percent.

The property market is still in the process of readjustment, he noted.

In mid-May, authorities unveiled a raft of measures to boost the sector, including cutting down payment ratios, abolishing commercial mortgage rate floors for first and second homes, and establishing a re-lending facility that supports state-owned firms to use those funds to buy commercial homes for affordable housing.

Recovery set for further momentum

Experts glad after S&P Global affirms credit ratings with stable outlook
By LIU ZHIHUA and LIU ZIZHENG | China Daily *Time: 2024-06-29*

China's economic recovery is poised for further momentum, given strong policy stimulus and the gradual recovery in confidence and expectations, government officials and experts said.

Their comments came as S&P Global Ratings affirmed unsolicited "A+" long-term and "A-1" short-term foreign and local currency sovereign credit ratings on China. The outlook on the long-term rating is stable, the rating agency said.

On Friday, the benchmark Shanghai Composite Index gained 0.73 percent to close at 2967.40 points, while the Shenzhen Component Index ended 0.01 percent lower.

"The stable outlook on the long-term rating reflects our view that the Chinese economy will return to self-sustaining growth of above 4 percent over the next few years, paving the way for smaller annual increases in net general government debt," the rating agency said in a report on Thursday.

In an online statement on Thursday, an official from the Ministry of Finance said the S&P Global Ratings' decision to maintain "A+" long-term and "A-1" short-term foreign and local currency sovereign credit ratings on China reflects the rating agency's recognition of the resilience and development prospects of China's macroeconomy.
The move also shows the independence and professionalism of its rating team, the official said.

"As S&P Global Ratings said, China's economy, although facing some problems and challenges, will continue to maintain stable growth in the future as macro policies take effect," the official said.

"China has multiple advantages, such as a large market size, strong endogenous vitality, solid development foundation, rapid development of new momentum and efficient supplies of various resources, in addition to the continuous optimization of macro adjustment policies by the Chinese government to strengthen countercyclical and cross-cyclical adjustments.

"That will further enhance endogenous development strength, and consolidate and enhance the positive momentum of economic recovery."

The official also recalled that the World Bank and the International Monetary Fund have recently raised their forecasts on China's economic growth.

Li Peijia, a senior analyst at Bank of China, said she expects China to achieve around 5.2 percent economic growth in the third quarter, given stronger new development momentum and growing endogenous vitality.

"China has injected fresh impetus into economic growth in the first half of the year by implementing more proactive fiscal policies and accelerating the development of new quality productive forces," Li said.

"The country's competitiveness in exporting high-end product has further increased, while consumer expectations have been continuously growing, as reflected by the robust performance of goods consumption in areas like home appliances and communication equipment."

Although Chinese exports to the United States have declined, growth in exports to other emerging economies such as Mexico and Vietnam has made up for it. Besides, more positive signs have appeared in the real estate market, she said.

Dong Ximiao, chief researcher at Merchants Union Consumer Finance, said better implementation of policies already in place will further improve the real estate market and promote overall economic recovery. China is expected to achieve the growth target of around 5 percent for the year, or even register higher growth rate.

To pursue economic transformation and high-quality development in a better way, however, the country needs to further deepen reform and expand high-standard opening-up, and be alert to factors that can exert downward pressure on the economy, he said.

S&P Global Ratings said China's policy implementation can be very effective and rapid when incentives are aligned well. The country's continued growth will likely benefit from rapid improvements seen in public infrastructure across the country over the past couple of decades.