PROPERTY NEWS

Housing prices ease in China's major cities

By Xinhua *Time: 2023-01-17*

HOME prices in 70 large and medium-sized cities continued an easing trend in December 2022, although price movements diverged, China's National Bureau of Statistics said yesterday.

In December, 55 of the 70 cities saw a month-on-month drop in new home sales prices, compared with 51 in November. A total of 63 cities witnessed a decrease in resale home prices, up from 62 in the previous month. New home prices in four first-tier cities — Beijing, Shanghai, Shenzhen, and Guangzhou — were flat from the month before, reversing the 0.2 percent drop in November, NBS data showed.

New home prices in 31 second-tier cities decreased 0.3 percent month on month, widening 0.1 percentage points from November, while 35 third-tier cities saw a month-on-month decline of 0.3 percent, the same as November.

Prices of resale homes in the four first-tier cities fell 0.5 percent, month on month. Both the prices in second-tier and third-tier cities edged down 0.4 percent on month during the period.

In a year-on-year comparison, new home prices in the four first-tier cities rose 2.5 percent in December, the same growth recorded the previous month, while resale house prices in these cities climbed 0.6 percent. China's property market, a pillar industry of the economy, had a tough year in 2022, pounded by factors such as COVID-19 resurgences, dented market confidence, and shrinking demand.

Policymakers have rolled out a flurry of supportive measures to shore up the sector. Last November, China's financial authorities issued a guideline encouraging commercial banks to grant loans to acquire real estate projects in a prudent and orderly manner.

In addition, China announced earlier this month that it would put in place a dynamic mechanism, allowing cities to adjust the lower limit for the first-home mortgage rates based on the trend of their property prices.

"Market confidence will be bolstered by the government's stronger support at both supply and demand sides, especially financing for property developers," Wen Bin, China Minsheng Bank chief economist said in a note.

Feb sales surge to boost real estate recovery

By WANG YING in Shanghai		*Time: 2023-03-03*

Experts bullish on future performance as soaring growth will lift confidence

Many cities in the country reported double-digit monthly growth in housing transaction volume in February, which experts said is expected to further fuel market confidence and boost market recovery.

According to China Real Estate Information Corp (CRIC), a unit of E-House (China) Enterprise Holdings Ltd, transaction volume recorded in the 30 cities it tracked saw significant growth in February compared to January.

Residential property transactions in the cities have seen a strong rebound, rising more than 40 percent month-on-month in February and reaching the level of December. Housing supply in the cities reported a growth of 7 percent from a month earlier, suggesting the overall market recovery is underway, CRIC said.

Backed by the market warm-up, the nation's top 100 developers reported a combined sales surge of 29.1 percent in February from the previous month to 461.56 billion yuan ($66.9 billion), a year-on-year growth of 14.9 percent. In the first two months, developers reported 818.95 billion yuan in sales revenue and the year-on-year decline was also narrowed to 11.6 percent, it added.

Lin Bo, general manager of China Real Estate Information Corp's research center, attributed the market rally to the optimization of COVID measures, recovery of supply chains and a low base in January.

Further revival in the sector depends on various factors including supply, demand and overall purchase capability, Lin said.

Though the market is generally recovering, developers' performances in the first two months differ, with some smaller developers with insufficient competitiveness seeing their sales shrinking, Lin said.

Referring to the existing home market, in the 100 key cities tracked by Zhuge Real Estate Data Research Center, pre-owned homes were traded at an average price of 15,701 yuan per square meter in February, up 0.03 percent month-on-month and 0.04 percent from a year ago.

"This is the second straight month that existing home transactions saw a steady upward trend, indicating rising interest among homebuyers thanks to an eased credit environment and improved market confidence," said Chen Xiao, senior analyst with the center.

In the 10 cities tracked by the center, a total of 62,804 closings in pre-owned residential apartments were recorded in February, surging 108.42 percent year-on-year and 53.64 percent month-on-month, Chen said. "The pent-up housing demand may lead to a rise in both prices and trade volume in March."

Seen from various regions, home demand in the Yangtze River Delta region remained active, particularly in Shanghai and Hangzhou in Zhejiang province. Demand recovery in Jiangsu province's Nanjing, Suzhou and Changzhou and Zhejiang's Ningbo also revived steadily, CRIC said.

In the Guangdong-Hong Kong-Macao Greater Bay Area, Guangzhou, Shenzhen, Foshan and Dongguan —

all in Guangdong province — reported a month-on-month transaction growth of more than 50 percent.

In Beijing, housing purchases of new and pre-owned homes saw an evident pickup after the Chinese New Year and transactions in Tianjin, and Jinan and Qingdao in Shandong province saw steady growth.

Home trading volume in Central China and Western Chinese cities also grew significantly, thanks to steady market confidence recovery, the report added.

"The eased policies on the property market since January have activated home transactions in some second-tier cities and lifted market expectations as well," said Liu Shui, corporate research director with the China Index Academy.

Liu said he believes the demand recovery in major Chinese cities is expected to bring about an overall market confidence recovery and will possibly lead to a small transaction peak in the spring.

"The hotspot cities' better-than-expected performance will be passed on to cities across the nation, boosting the overall confidence recovery and market stabilization," Liu added.

Q1 data herald realty market turnaround

By WANG YING *Time: 2023-04-20*

Recovery of industry appears possible as demand solidifies, policies succeed

Overall property sales gained traction in the first quarter, with the residential segment ending a yearlong contraction, data from the National Bureau of Statistics showed.

This, experts said on Wednesday, shows China's real estate industry, for long troubled by heavy debt, may be on course to stabilization and a broad recovery appears possible in the following months.

As demand, including that from first-time home buyers and families seeking better homes, continues to solidify, property sales data are indicating positive changes in the first quarter. And data on investment in the industry, although still reflecting a downtrend, also suggest the overall situation will likely stabilize going forward, said Fu Linghui, spokesman of the NBS, on Tuesday.

"Sales in the second half of the year will grow at an accelerated rate from a year ago. Inventory pressure will ease off, the decline in new property construction floor space will narrow, and the land market will see a steady recovery," said Liu Lijie, a market analyst from the Beike Research Institute.

Commercial housing sales by floor area amounted to 299.46 million square meters in the first quarter, down 1.8 percent year-on-year, but better than the 3.6 percent year-on-year decline seen in the first two months. But residential property sales by floor area grew 1.4 percent in the first quarter, NBS data published on Tuesday showed.

"This is a significant improvement in comparison with that of the first two months. The rebound is more evident in the residential property segment, which ended a 13-month contraction since February 2022," said Li Yujia, chief researcher at the Guangdong Planning Institute's residential policy research center.

Chen Wenjing, director of research with the China Index Academy, attributed the first-quarter sales rise to the continuation of local government measures that factored in specific local conditions.

"More than 100 policy optimizations were introduced by local governments across the nation in the first quarter, facilitating the release of pent-up rational demand for housing. Given the low comparison base of last year, sales of even commercial properties, not just residential properties, will likely see year-on-year growth in April and May," Chen said.

The sales figures appear robust in terms of value. In the first quarter, 3.05 trillion yuan ($442 billion) worth of commercial properties were sold, up 4.1 year-on-year. But the figure was eclipsed by that of residential property sales, which rose 7.1 percent year-on-year.

Yet, a sense of uncertainty continues to shroud the recovery of property developers' confidence, industry insiders said.

Investment in overall property development declined 5.8 percent year-on-year to about 2.60 trillion yuan in the first quarter, with that in the residential segment slipping 4.1 percent to 1.98 trillion yuan, according to the NBS.

The decline in property development investment widened by 0.1 percentage point from the first two months, showing real estate developers' confidence in full industry recovery is still feeble, said Chen Xiao, a senior analyst with the Zhuge Real Estate Data Research Center.

"The bright side is that we have noticed the land acquisitions in key cities are quite promising, making us positive that recovery in the property development investment will accelerate in following months," Chen said. According to Liu, thanks to the effective efforts made to ensure timely delivery of properties to buyers, the key index of floor space of completed constructions is improving.

The amount of real estate space of completed construction reached 194.22 million sq m, up 14.7 percent year-on-year, and 143.96 million sq m of residential properties were accomplished during the first quarter, up 16.8 percent year-on-year.

The positive changes in key property indicators in the first quarter suggest the overall real estate market is stabilizing and poised for a market rebound, Chai Qiang, president of the China Institute of Real Estate Appraisers and Agents, was quoted as saying by China News Service.

"The property market has bottomed out, and gone is the toughest period for real estate developers," said Chai.

ECONOMIC NEWS

Growth role of digital economy emphasized

By China Daily *Time: 2023-01-20*

Related stocks surged on Thursday as the digital economy was highlighted in multiple local governments' plans for boosting growth in 2023.

Shares of nearly 10 companies, including China National Software and Service Co, surged by the daily limit of 10 percent on Thursday, showcasing investors' optimism toward the development of the digital economy in 2023.

China's digital economy is expected to surpass 60 trillion yuan by 2025, according to a forecast by the China Academy of Information and Communications Technology, a government think tank.

Shanghai and provinces such as Zhejiang, Fujian and Hebei have mapped out their tasks for economic development this year. They prioritized the development of the digital economy and called for efforts to make blueprints for future industries.

Zhang Yunming, vice-minister of industry and information technology, recently called on telecommunications companies such as China Mobile, China Unicom and China Telecom to beef up the construction and application of new infrastructure, deepen efforts to promote an innovation-driven development strategy, and advance the integration of the digital and real economies.

By the end of 2022, more than 2.3 million 5G base stations had been built in China, and the country boasts a capability to connect over 500 million households with a gigabit optical network, data from the Ministry of Industry and Information Technology shows.

Moreover, the digital connections for the mobile internet of things in China reached 1.84 billion in 2022, making China the first major economy in the world to have more mobile IoT connections than the number of its mobile users, according to the ministry.

China's mobile IoT connections account for 70 percent of the world's total and have covered the 45 major categories of the national economy, said Zhao Zhiguo, spokesman for the ministry.

Wang Zhiqin, vice-president of the China Academy of Information and Communications Technology, said China has built a good telecom infrastructure, which will lay a sound foundation for the high-quality development of China's digital economy.

Previously, China's digital economy was chiefly driven by consumer-oriented internet applications like e-commerce, but now business-oriented applications like industrial internet are playing a significantly bigger role. This shows that improvements have been made in the digital economic structure, Wang said.

The market size of China's digital economy reached 45.5 trillion yuan in 2021, the world's second-largest after only the United States, according to a report released by the Cyberspace Administration of China.

Xu Yan, vice-president of Tencent Holdings, said: "In recent years, we have deeply felt that the government has stepped up efforts to create a first-class business environment for private companies. Tencent will ratchet up efforts to drive the integration of the real and digital economies via innovation."

Xu said the company has invested 150 billion yuan in research and development over the past three years.

China continues to drive global economic growth

By China Daily *Time: 2022-03-13*

China has set a GDP target of around 5 percent for 2023, according to a government work report deliberated and discussed by national legislators and political advisors who have gathered in Beijing for their annual meetings, also known as the "two sessions."

The rapid recovery of China's economy has been under the spotlight since the end of last year. International institutions and investment banks not only raised their projections for China's growth in 2023, but they have also highlighted the country's role as the main engine for global economic growth.

The International Monetary Fund (IMF) has raised its projection for China's economic growth in 2023 to 5.2 percent. Morgan Stanley, Goldman Sachs and other investment banks have also revised their forecasts upwards.

China will continue to be one of the major countries to see the strongest growth this year, and its contribution to global economic growth will stand at 30 percent, said Steven Barnett, IMF senior resident representative in China.

The purchasing managers' index for China's manufacturing sector came in at 52.6 in February. This figure, which serves as a forward-looking indicator of sentiment, is now at its highest level since April

According to Julian Evans-Pritchard, head of China economics at Capital Economics, China's latest "exceptionally strong" data confirmed a "very rapid rebound" in economic activity. Given the quick turnaround, the expert believes his firm's 5.5 percent growth forecast for China this year may be too conservative.

The country's consumer price index (CPI) remained tame coming into 2023, with the February reading standing at 1 percent. China has targeted an inflation rate of around 3 percent this year, according to the government work report.

The CPI grew by 2 percent last year, which is in sharp contrast to the high level of inflation globally and confirms China's role as a stabilizer for the world economy in the face of downward pressures and uncertainties.

Tourism revenues in China surged 30 percent year on year and cinemas nationwide reported the second-highest box office figure on record during the week-long Spring Festival holiday in January, indicating improving consumer sentiment.

Meanwhile, China is fully aware of external challenges stemming from lingering high inflation and weakening economic and trade growth globally that could have an impact on its own growth.

To brave the challenges, China will consolidate the foundation for stable growth. A spate of pro-growth policies was announced in the government work report, including a priority to the recovery and expansion of consumption, 3.8 trillion yuan ($545 billion) of special-purpose local government bonds, and continued tax and fee cuts to relieve the burdens for businesses.

International investors have shown much enthusiasm in expanding their presence in China to seize the opportunities the world's second-largest economy has to offer, demonstrating their confidence in the country's growth.

Market data shows that net overseas capital inflow into shares traded at the Shenzhen and Shanghai bourses hit a single-month record of 141.29 billion yuan in January, more than the whole of 2022.

The MSCI China Index, which tracks Chinese companies listed in the United States, Hong Kong and the Chinese mainland, rose nearly 12 percent in January alone and is projected to reach 80 by the end of this year.

Sweden's Electrolux Group will continue to expand its investment in China, as the country's fast-growing middle-class consumers are looking for high-quality products to improve the living standard, according to Ramon Sariego-Villar, managing director of Electrolux China.

The leading global appliance company has established manufacturing plants across the country and a research and development center in Shanghai over the years.

According to a recent survey conducted by the American Chamber of Commerce in South China (AmCham South China), over 90 percent of the participating companies consider China to be one of their most important investment destinations, while 75 percent of the surveyed companies said they plan to reinvest in China in 2023.

The potential growth of the Chinese market, preferential policies and industrial cluster effect are the crucial factors to stimulate companies to increase their investment in China or shift investment from other markets to China," said AmCham South China President Harley Seyedin.

Foreign investment surges in Jan-Feb

By Xu Fang *Time: 2023-4-4*

WITH the optimization of China’s COVID-19 policies, foreign-funded enterprises are showing more enthusiasm in taking root in Shanghai and China.

According to the latest data released by the Shanghai Statistics Bureau, the city’s actual use of foreign capital in January-February this year was US$4.961 billion, a year-on-year increase of 18 percent.

Among them, the actual use of foreign capital in the tertiary industry was US$4.761 billion, an increase of 15.9 percent, accounting for 96 percent of the total actual use of foreign capital in the city.

In terms of industries, the top three of actual use of foreign capital are information transmission and information technology services, leasing and business services, and scientific research and technical services. The actual use of foreign capital in the three industries accounts for 77.5 percent of the total in the tertiary industry.

As the city with the largest number of regional headquarters of multinational companies on the Chinese mainland, foreign-funded enterprises that have invested and developed in Shanghai for years are also sparing no efforts to localize and innovate, striving to move from “Made in China” to “Created in China.”

Dr Pavol Dobrocky, president and CEO of Boehringer Ingelheim China, said that since 2019, Boehringer Ingelheim has launched the “China Key” strategy, fully integrating China into the group's global early clinical development, and achieving simultaneous registration and launch of innovative drugs worldwide.

In just three years, Boehringer Ingelheim has reached cooperative agreements with 19 top domestic hospitals in China and landed 14 global innovative early clinical research projects in China.

“In the next five years, Boehringer Ingelheim plans to increase its investment in China by more than 90 million euros (US$97.45 million) on production base expansion and technology upgrades. Driven by the ‘China speed,’ more innovative products will be approved in China and benefit Chinese patients sooner.”

China steps up efforts to bolster economy amid steady recovery

By Xinhua *Time: 2023-6-16*

CHINA has ramped up efforts on both monetary and fiscal fronts to sustain growth momentum as the latest data shows a continued economic recovery, albeit with some challenges remaining.

Yesterday, the People’s Bank of China cut the one-year interest rate of its medium-term lending facility, a tool adding liquidity to the banking system, by 10 basis points to 2.65 percent. About 237 billion yuan (US$33.15 billion) was pumped into the market through the operation.

It followed two similar policy rate cuts announced on Tuesday, in the seven-day reverse repo rate and the standing lending facility rate.

The moves sent a clear signal that authorities are making greater efforts to strengthen counter-cyclical adjustment and shore up market expectations, analysts said.

Wang Qing, an analyst with Golden Credit Rating, predicted that with lower lending costs for businesses and residents, credit demand will be unleashed, boosting consumption and investment.

The strengthened monetary support comes as a slew of economic data shows the Chinese economy has continued on its upward trajectory, with steady industrial and service expansion, stable employment and resilient foreign trade.

In May, the country’s value-added industrial output went up 3.5 percent year on year, retail sales of consumer goods gained 12.7 percent, and the service sector index rose 11.7 percent, according to the National Bureau of Statistics yesterday. Fixed-asset investment went up 4 percent in the first five months, and the surveyed urban unemployment rate stood at 5.2 percent last month.

At a press conference yesterday, NBS spokesperson Fu Linghui cited some bright spots from increased production, recovering consumption and demand, resilient trade, stable employment and prices, and steady high-quality development.

But he also acknowledged that in a complicated global environment, challenges remain. Some production and demand indicators have seen slower growth due to a high base a year ago, and the foundation for the economic recovery is not solid.

“Concerted efforts should be made to ensure effective policy implementation, invigorate business entities and stabilize market confidence,” Fu said.

In a circular issued on Tuesday by authorities, including the National Development and Reform Commission, 22 major tasks were listed to reduce costs for businesses this year.

The government will work to lower financing costs for business entities and increase loans to small and micro firms. Sectors dedicated to technological innovation or key industrial chains will enjoy tailor-made tax and fee cutting measures, and small taxpayers with monthly sales of less than 100,000 yuan will be exempted from value-added tax by the end of this year, the circular said.

Yang Chang, an analyst with Zhongtai Securities, said the policies will reduce the burden on the real economy, help businesses improve their performance and stabilize employment.

Looking ahead, analysts believe China's economic outlook is still sound and unchanged. The optimism was echoed by global institutions.

In its China Economic Update on Wednesday, the World Bank maintained its China growth forecast at 5.6 percent in 2023, led by a rebound in consumer demand. It noted that capital spending on infrastructure and manufacturing is expected to remain resilient.

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