PROPERTY NEWS

Shanghai's October new home sales slump to the lowest in 5 years

ByCao Qian *Time:2017-11-01*

NEW home sales plunged in Shanghai last month amid historically low supply, suggesting extremely sluggish sentiment among both home buyers and real estate developers as tightening measures continued to bite.

The area of new residential properties sold, excluding government-funded affordable housing, dropped 36.9 percent from September to 335,000 square meters, Shanghai Centaline Property Consultants Co said in a report released today. Year on year, that represented a dive of 61.4 percent

"It must be the worst performing October in history and probably the lowest monthly volume registered in the city since 2012," said Lu Wenxi, senior manager of research at Shanghai Centaline. "That was roughly equivalent to the weekly volume in 2016, hindered most by extremely slack new supply."

Around the city, only one project totaling 7,400 square meters of new houses were released in the local market in October, a fall of 96.7 percent from September. That was partly caused by the Mid Autumn and National Day holidays, which both fell last month.

The new homes were sold for an average 48,171 yuan (US$7,246) per square meter, a month-over-month increase of 5.3 percent.

Nine of the 10 most sought-after projects cost between 30,000 yuan and 60,000 yuan per square meter, with the remainder bearing a price tag of below 30,000 yuan per square meter, according to Centaline data.

In addition to sluggish new supply, lackluster existing property market also affected transactions in the new housing market.

"As rein-in policies to curb speculation remained unchanged, the local existing home market also suffered a major retreat," said Zhang Yue, chief market analyst at Shanghai Homelink Real Estate Agency Co. "Many buyers seeking new houses won't be able to enter the market until their old properties are sold."

At present, the city's new home inventory stands at around 5.11 million square meters, or more than 33,000 units, down from 6.03 million square meters, or about 40,000 units, by the end of June, according to Homelink data.

Cities rush to join rental campaign

By Xinhua *Time:2017-11-03*

Major Chinese cities, developers and the financial sector are moving quickly to join a government-led campaign to develop the rental housing market.

This comes as the country’s top authorities aim to provide a long-term solution to an overheated real estate market by encouraging more people to rent rather than buy.

For a long time, soaring property prices have put urban residents under pressure, making housing affordability a growing problem for policy-makers.

Now the government wants to further tap the rental market to stabilize home prices and curb speculation, and a key is providing tenants with the same access to public services and decent living conditions that owners enjoy.

A new house rental policy in Beijing came into effect earlier this week, guaranteeing the education rights of tenants’ children and allowing those renting government-subsidized housing to have their hukou (household registration) registered and transferred to their rented homes.

In the southern city of Guangzhou, a policy released on Monday made clear that the per capita residential area in a rented house should be no smaller than 5 square meters to ensure a healthy and safe environment for tenants.

At least 10 cities have allocated land for rental housing construction, according to data from Centaline Property.

In Beijing, authorities plan to supply 6,000 hectares of land for residential housing by 2021, 30 percent of which will be for rental houses.

China Vanke, the country’s top property developer, had offered 12,000-18,000 apartments for long-term leasing as of July, aiming to increase the number to 100,000 by the end of the year, according to company Chairman and CEO Yu Liang.

Alipay, the leading mobile payment platform, announced last month that it would enable users in eight cities to rent houses through the platform without having to pay deposits, based on their credit records.

Financial innovation is catching up to give rental property managers new access to funding.

A “quasi” real estate investment trust was approved last month to allow a Beijing-based condominium manager to offer retail investors securities backed against income from rental apartments, the first financial product of its kind in China.

All these new measures are part of a plan to improve affordability and stabilize home prices in the medium to long term, according to a report from global rating agency Moody’s.

Zhang Dawei, a Centaline Property analyst, said the development of rental housing could help “avert drastic ups and downs in the property market and reduce irrational demand.”

China’s once-sizzling property market has shown signs of cooling as prices have faltered in major cities amid tough government curbs. Central authorities have reiterated on many occasions that “housing is for living in, not speculation.”

For many new settlers in the cities, owning a house is too expensive while renting means less comfort, frequent moving, lack of public services and dealing with dishonest agents.

Moody’s said the push to boost rental housing was unlikely to affect sales for property developers over the next six to 12 months, citing “the general desire of the Chinese to own their homes.”

China’s rental housing market will reach 4.2 trillion yuan (US$635 billion) in revenue by 2030, up from 1.3 trillion yuan now, according to a research report from Orient Securities.

However, development of the market will require “continued government support to ensure the long-term effectiveness of aims such as cheaper land prices, facilitating funding channels and investment capital recycling, and promoting equal rights for owners and tenants,” it said.

Central bank advisor suggests moderate GDP growth target for 2018

By Xinhua Time:2017-11-28

A central bank advisor said Tuesday that China should set a moderate economic growth target next year to give more room to structural reform.

China's economy maintained steady growth and a positive outlook this year, with many bright spots emerging, including markedly improved corporate profits, said Bai Chongen, a Tsinghua University professor and member of the central bank monetary policy committee, at a forum.

While some advocate a higher GDP growth target for 2018, Bai said a slightly lower target is needed to curb inefficient investment and reduce the risk from growing debt.

"Personally I support a slightly lower, moderate growth target, so that we have more room to carry out structural reform," he said during a panel discussion at the Caijing Annual Conference.

The Chinese government targeted GDP growth of around 6.5 percent for 2017. The 2018 growth target is expected to be unveiled during the annual national legislative session in March next year.

"To achieve the official goal of doubling the GDP by 2020 from 2010, the country only needs an average growth rate of 6.3 percent in the coming three years," Bai said.

He spoke of fast expansion in low-efficiency investment and increasing debt ratios at local government financing vehicles.

Pursuing a higher growth target could encourage upstream industries to continue expansion and lead to new excess capacity, Bai warned.

Meanwhile, consumption demand remains subdued, which calls for more measures to increase residents' disposal income and stimulate spending, he said.

China's economy expanded 6.8 percent year on year in the third quarter, down from 6.9 percent in the second quarter. Growth in the first three quarters reached 6.9 percent.

The government is trying to shift to sustainable economic growth driven more by technology and consumption and less by debt-fueled, low-end investment.

Shanghai's economy expands steadily in October

By Xinhua Time:2017-11-22

Shanghai's economy grew steadily in October as industrial output, consumer prices and foreign trade all rose.

The city's foreign trade in October jumped 14.3 percent from a year earlier to 266.08 billion yuan (US$40.22 billion), reversing a 5.7 percent drop in the same month last year, according to Shanghai Statistics Bureau.

Imports surged 18 percent to 154.65 billion yuan while exports rose 9.6 percent to 111.43 billion yuan compared to October last year.

Exports of machinery and electronics rose 9.3 percent to 81.67 billion yuan from the same month last year, accounting for 73.3 percent of Shanghai’s total exports in October. Exports of high-tech products grew 7.6 percent to 53.55 billion yuan.

The European Union was one of Shanghai's major export markets with shipments there jumping 29.2 percent to 19.41 billion yuan. Exports to the United States, however, fell 7.4 percent.

Of the city's six key industrial sectors, the output of high-quality steel manufacturing industry grew fastest by 6.2 percent to 11.32 billion yuan, while the output of automobile manufacturing and petrochemical and fine chemicals sectors both rose by 3.2 percent from the same month last year.

Shanghai port’s cargo throughput grew 3.9 percent to 61.80 million tons from October 2016. The container throughput rose 5.5 percent to 3.39 million TEUs (twenty-foot equivalent units).

The city's Consumer Price Index, a main gauge of inflation, rose 1.5 percent in October year on year, and grew 1.7 percent annually from January to October.

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