PROPERTY NEWS

China to foster stable development of the real estate market

By Wang Keju Time *Time: 2024-07-19*

China will foster the stable and sound development of the real estate market while accelerating the growth of emerging industries and expanding domestic demand. This is with the aim of facilitating the transition from old to new development drivers, and provide diverse support for high-quality growth, a senior economic official said on Friday.

China will make combined efforts of digesting the existing stock and optimizing the increment in the real estate sector, said Han Wenxiu, executive deputy director of the office of the Central Committee for Financial and Economic Affairs, at a news conference.

China will take steps to construct a new development model in the real estate sector, in a bid to eliminate the drawbacks of the previous one characterized by high debt, high turnover, high leverage, and establish fundamental systems in financing, taxation, land management and sales that align with the new model, Han said.

China's ongoing efforts in new urbanization are making significant strides, with ample room for high-quality development in the real estate sector, Han said.

In addition, China will actively promote the development of new quality productive forces by adapting to local conditions, foster the growth of emerging industries, plan and construct future-oriented industries, and transform and upgrade traditional industries, Han said.

Meanwhile, efforts will be directed toward driving the high-end, intelligent, and green development of the manufacturing sector and building a cluster of emerging pillar industries, so as to enhance new drivers and competitive edges for economic growth, Han said.

China will also prioritize the exploration of domestic demand potential, leverage the advantages of its vast domestic market, and harness the fundamental role of consumption and the critical role of investment, Han added.

Market-oriented measures underlined for realty sector

Supportive financing tools, effective use of idle resources seen as way-out

By WANG KEJU *Time: 2024-07-23*

The Chinese real estate market is now grappling with a complex set of challenges as it navigates an environment characterized by an oversupply of properties relative to demand. While the issue of unsold homes has received significant attention, effective utilization of idle land resources is of equal importance, analysts said.

Market-oriented measures such as refinancing instruments, special-purpose funds, tax incentives and land function adjustments should be leveraged to unlock the potential of plots that remain idle or underutilized and facilitate the rebalancing of the current property market — still a pivotal sector in the world's second-largest economy, they added.

The tone-setting third plenary session of the 20th Central Committee of the Communist Party of China, which concluded on Thursday, placed great emphasis on the effective implementation of measures to prevent and mitigate risks in the real estate sector.

China's real estate market, with its vast scale and extensive reach, exerts a systemic influence on the country's macroeconomic performance, said Han Wenxiu, executive deputy director of the office of the Central Committee for Financial and Economic Affairs, stressing the need to revitalize its stock of unsold housing units and underutilized land resources.

Initiatives such as promoting the clearance of unsold properties through cutting down payment ratios, scrapping minimum mortgage interest rates and controlling land supplies in high-inventory cities have already been pursued in response to shifting supply-demand dynamics in the sector.

In addition to these steps, effective utilization of idle land resources is considered a crucial element in the ongoing efforts to foster a more balanced and sustainable real estate market, which has often been reiterated by policymakers lately.

In early July, a special fund worth 30 billion yuan ($4.13 billion) approved by the State-owned Assets Supervision and Administration Commission of the State Council was put into place, aiming to revitalize land assets of State-owned enterprises.

Prior to the establishment of the fund, the Ministry of Natural Resources announced in mid-May its explicit support for local governments to reclaim unused land from enterprises unable to continue development at a reasonable price, and acquire land that has failed to sell in judicial and bankruptcy auctions.
The reclaimed and acquired land will be set aside for the construction of affordable housing and public amenities, the ministry said.

However, there are challenges in effectively resolving the issue of idle land, particularly when it comes to dealing with land under distressed property developers, said Chen Wenjing, director of research at the China Index Academy.

These developers often face financial difficulties, and their land holdings may be encumbered by multiple mortgage and debt obligations. Disposing of such land becomes a complex task due to the intricate web of mortgage and creditor relationships, Chen said.

Meanwhile, the market's anticipation of declining land prices creates a challenging environment for activating idle land. Even if land prices remain stable, a continued decline in property prices can dampen the enthusiasm of potential investors, said Li Yujia, chief researcher at the Guangdong Planning Institute's residential policy research center.

The availability of reasonably priced new land parcels may divert attention and resources away from acquiring existing idle plots, as potential investors may prioritize fresh opportunities over revitalizing existing ones, Li said.

Local governments play a crucial role in facilitating the development and utilization of idle land, which often requires substantial investment and resources, experts said, cautioning that current fiscal constraints limit their ability to proactively support property developers in unlocking the potential of idle land.

To address this issue, special bonds specifically designated for land reserves could be set up. By issuing these bonds, local governments can access additional funds that can be directed toward supporting property developers in revitalizing undeveloped plots, said Wang Xiaoqiang, chief analyst with the Zhuge Real Estate Data Research Center.

Tax and fee systems that promote the activation of idle construction land should be improved, Wang said, adding that State-owned enterprises will be encouraged to participate via various means, such as issuing bonds.

Market-driven approaches such as mergers and acquisitions and asset securitization could be explored, Wang said, adding that troubled projects — by engaging third-party institutions — can be restructured and transitioned into market-oriented development. This approach enables the injection of fresh resources, expertise and capital, which can help revive and optimize idle land resources.

Adjusted policies motivate realty sales

By LIU YUKUN *Time: 2024-10-04*

Fueled by favorable policies, China's residential real estate market witnessed an uptick in inquiries and viewings over the first three days of the National Day holiday. Experts have predicted a country-wide market revival marked by increased transactions, with first-tier cities leading the trend.

They said recent policy adjustments that eased restrictions on leveraging, along with previous measures such as ensuring the delivery of pre-sale properties and the 300 billion yuan ($42.7 billion) loan to State-owned enterprises for affordable housing projects, are crucial for stabilizing the market. However, further support from the central bank may still be required to sustain the momentum.

"Our phones rang non-stop the day new policies were announced, as they captured the attention of numerous potential homebuyers," said Wu Libin, sales manager at house-letting agency 5i5j in Beijing, adding that inquiries are still coming in.

Another sales manager in Beijing E-Town told Beijing News on Tuesday that transactions worth 125 million yuan had been completed and more than 100 families had visited the development area since Beijing announced its policies on Monday.

There was a rush of inquiries elsewhere too. In Guangzhou, Guangdong province, a housing sales center in Liwan district extended its office hours and stayed open throughout the night following Guangzhou's policy announcement on Sunday.

By Monday noon, the number of visitors to the sales center had surged by 200 percent compared to usual levels, according to Jimu News. A staff member surnamed Liu said while some buyers jumped at the chance to buy following the policy announcement, others had opted for a wait-and-watch approach.

Shenzhen in Guangdong province and Shanghai also reported a rise in the number of visitors to various sales offices. Latest data from a research center of realty agency Leyoujia revealed a nearly 40 percent surge in pre-owned home transactions at Leyoujia sales centers on Monday compared to the previous day — the highest since February 2021. New home transactions also hit a two-year high. Xinmin Evening News revealed that multiple sales offices in Shanghai are fully booked for house viewings next week.

The Ministry of Housing and Urban-Rural Development said on Sunday that cities, especially first-tier cities, should utilize policies and adjust housing purchase restrictions based on local conditions.

The same day, Shanghai, Guangzhou and Shenzhen all made significant policy changes. Shanghai streamlined its purchase restrictions, notably reducing the threshold and initial payment costs. Among first-tier cities, Guangzhou was the first to completely remove home purchase restrictions. Shenzhen also lifted such restrictions in several areas.

On Monday, Beijing also announced measures such as further reducing interest rates on existing housing loans and lowering the minimum down payment for personal housing loans.

Yan Yuejin, vice-president of the Shanghai-based E-House China R&D Institute, said the new policies in the four major cities, in conjunction with financial policies from the People's Bank of China, are timely, precise and comprehensive, playing a positive role in stabilizing the real estate market.

"All of the four first-tier cities have modified their purchase restrictions in response to new market demands, continuously optimizing relevant policies to better support the release of reasonable housing consumption demands. Other cities nationwide are expected to follow suit, indicating a period of comprehensive policy relaxation," Yan said.

"China's real estate market is anticipated to witness a wave of transactions in the fourth quarter, potentially seeing a favorable trend of both increased sales volume and prices."

Charlie Zheng, chief economist at Samoyed Cloud Technology Group Holdings, took a more cautious stance. He said that while the property market had previously experienced an overall decline in sales, the introduction of positive policies could halt this trend in cities particularly with strong demand and population influxes. However, a combined effort of existing policies and potentially further increased loan support from the central bank could be necessary for a nationwide rebound in the realty market in the future.

Policies help bolster sale of homes in major cities

By WANG KEJU Time *Time: 2024-12-03*

Amid China's dedicated efforts to fine-tune housing policies, the market for secondhand homes in a number of major cities has seen a notable surge in November, with some recording the highest sales volumes during recent times, suggesting a gradual improvement in the country's property sector, analysts said.

As the effects of optimized housing policies continue to unfold, consumer sentiment and investor confidence will be further bolstered to better underpin the market's overall stabilization and recovery and facilitate the annual growth target of the world's second-largest economy, they added. Secondhand housing sales in Shenzhen, Guangdong province — China's technology hub — came in at 8,500 units in November, the highest figure in the past 46 months, according to data from the real estate agency Centaline Property.

Shanghai saw its pre-owned housing sales reach 27,050 units in November, marking the highest transaction volume in the past 44 months, according to housing information platform anjuke.com.

Similarly, according to data from the Beijing Municipal Commission of Housing and Urban-Rural Development, the city's secondhand housing sales reached 18,763 units in November — the highest level in nearly 20 months.

In addition to secondhand housing sales, the China Real Estate Information Corporation reported that new home sales in 30 key cities monitored last month also reached a new high so far this year, rising 3 percent from the previous month and 20 percent year-on-year.

The policy measures introduced recently to reduce the financial burden on and ease access for homebuyers have been instrumental in the revival of housing transactions and the broader recovery in the property market, said Yan Yuejin, deputy director at E-house China R&D Institute.

In recent weeks, policymakers in various cities such as Beijing, Shanghai and Shenzhen have announced preferential tax policies, with a particular focus on lowering transaction costs for homebuyers.

The new measures came after a raft of policy changes for the property sector at the end of September, including a cut in the minimum down payment ratio to 15 percent for all housing categories and a relaxation in home purchase restrictions.

Chen Wenjing, director of market research at the China Index Academy, noted that down payment requirements and mortgage interest rates have reached their lowest levels on record, while home purchase restrictions in many cities are at their most relaxed stage since being implemented.

The more accommodative policies have clearly anchored consumer sentiment and unlocked substantial pent-up housing demand, Chen said.

Although housing transactions are likely to grow in top-tier cities in the coming months, the picture is more mixed in smaller cities.

For the majority of smaller inland cities, real estate activity is still awaiting a boost, according to the report from the China Real Estate Information Corporation.

Mix of policy tools revitalizing property sector

ByXinhuaTime *Time: 2024-12-26*

BEIJING — In a year of heightened challenges, China's property market is showing clearer signs of recovery, bolstered by well-targeted policies that have restored confidence and rekindled demand.

In late September, a key meeting convened by the Political Bureau of the Communist Party of China Central Committee emphasized the need to stabilize the property market and reverse its downturn, calling for adjustments to housing purchase restrictions, reduction in interest rates on existing mortgage loans, and improvements to land, fiscal, tax and financial policies.

In keeping with these imperatives, the authorities have acted decisively to reduce home-buying costs, ease mortgage burdens, and provide critical support to first-time homebuyers and those looking to upgrade their housing.

On Sept 29, the country's central bank instructed commercial banks to reduce interest rates for existing housing loans, including first and second home mortgages, by no lower than 30 basis points below the loan prime rate, a market-based benchmark lending rate, by Oct 31, to ease financial burdens on property owners. Following this, major cities, including Beijing, Shanghai, Guangzhou and Shenzhen, have adjusted their real estate policies, unveiling a raft of measures to boost local property markets.

These new initiatives represent a further step in the ongoing policy push, building on landmark measures announced on May 17 that included cutting minimum down payment ratios, setting up a relending facility for affordable housing, and pledging to deliver unfinished homes.

Together, these efforts are swiftly reflected in the latest market data. According to the National Bureau of Statistics, the decline in the prices of commercial residential homes in the country's 70 large and medium-sized cities narrowed on a year-on-year basis in November.

Home transactions also showed a turnaround in October, with new home transactions reversing a 15-month decline and rising 0.9 percent year-on-year. The total transactions of both new and secondhand homes grew by 3.9 percent, marking the first increase following eight months of drops.

The market's renewed confidence can be traced to several high-level meetings where a flurry of policies to support the property market were unveiled, sending a wave of optimism, said Lu Wenxi, a market analyst with the real estate agency Centaline Property, highlighting notably active second home transactions in major cities like Shanghai.

The shift in market sentiment is palpable on the ground. In a bustling real estate office in Beijing's Chaoyang district, a manager described the past two months as the busiest period of this year. "I sometimes have to take clients on seven viewings in a single day, barely having time for lunch," he said.

This rebound signals the start of a recovery, but long-term stability also hinges on rebuilding market confidence, particularly ensuring the timely delivery of housing projects.

In this respect, the "white list" mechanism launched in January has played a pivotal role, offering targeted financial support to eligible real estate projects.

As of the end of October, loans approved for "white list" real estate projects had exceeded 3 trillion yuan ($411 billion). By the end of this year, the approved loan amount for these projects is expected to reach 4 trillion yuan.
The current rebound might be the strongest in two years, largely driven by restored market confidence, said Gao Yuan, director of the Beijing Lianjia Research Institute. He anticipates lasting momentum as buyers and sellers steadily return, pointing to a more sustainable recovery.

The focus on stabilizing the property market is part of the country's broader drive to anchor expectations and secure economic growth. In its recent tone-setting Central Economic Work Conference, the country stressed the importance of "stabilizing expectations" as a key objective for the coming year.

Analysts say these expectations — often the unseen force that drives market sentiment — are considered a linchpin for overall economic recovery.

The latest business activity and expectation indexes reflect growing optimism among market players. In October, the property sector's business activity in the purchasing managers' index rose by 2.5 percentage points month-on-month, while the business expectation index climbed by 1.8 percentage points.

"With improved expectations, the market is sustaining a sound recovery from the previous downturn," noted NBS spokesperson Fu Linghui at a news conference on Dec 16.

After three years of adjustment, "the real estate market is starting to bottom out as the policies take effect," the Ministry of Housing and Urban-Rural Development noted at a recent news conference.

Beyond the goal of stabilization, China's housing policies are also shifting focus toward quality and sustainability. The emphasis is no longer merely on "having a home" but on "having a better home", aiming to ensure a resilient rebound capable of weathering future challenges.

Urban renewal projects spearhead this transition, breathing new life into older neighborhoods and improving living conditions for millions. Over 66,000 such projects were implemented in 2023. In 2024, another 54,000 projects are revitalizing aging residential areas.

Looking ahead to 2025, a report by China Minsheng Bank noted that market confidence is the golden key to stabilizing the property sector, urging further efforts to foster confidence, guide expectations, and ensure the successful implementation of existing and upcoming policies.

ECONOMIC NEWS

China's economic development is important to world growth

By Yang Yang *Time: 2024-07-04*

China's economic development is essential to the world's growth overall, as well as China's innovative and sustainable development approach to benefit the world, said global industry leaders.

Jean Sentenac, chairman of Axens, Thijs Aaten, CEO of APG Asset Management Asia, Baruch Halpert, executive chairman and CEO of Electriq Global, made the comments together with Andre Hoffmann, chairman of Massellaz SA and vice-chairman of Roche and Benoit Boulet, associate vice-president of Engineering (Research and Innovation) at McGill University.

China to step up fiscal policy implementation to spur economic recovery: official

ByXinhua *Time: 2024-07-31*

BEIJING - China will intensify the implementation of its fiscal policies to support economic recovery, a finance ministry official said on Wednesday.

The country will issue the ultra-long special treasury bonds in a timely manner and make good use of the funds raised from the bond sales, Lin Zechang, of the Ministry of Finance, told a press conference.

Lin said that the country will also speed up the issuance of local government special-purpose bonds and expedite the use of funds raised from these bonds.

The issuance of local government bonds has reached 1.9 trillion yuan ($266.31 billion) as of July 26 this year. China will expand the range of areas to which the funds can be channeled to include sectors such as new types of infrastructure and new industries, Lin said.

According to the government work report, the country will implement a proactive fiscal policy this year, and issue 3.9 trillion yuan of special-purpose bonds for local governments.

China has also planned to issue one trillion yuan of ultra-long special treasury bonds this year, Lin said, noting that as of July 24, 418 billion yuan of such bonds have been issued.

Real estate stabilization key to bolstering China's overall economic growth, expert says

By chinadaily.com.cn *Time: 2024-10-21*

Zou Yunhan, deputy director of the Macroeconomic Research Office at the State Information Center's Department of Economic Forecasting said in an interview with #ChinaPerspectives that within the package of incremental policies announced by Chinese policymakers, real estate is regarded as a key area due to its crucial role in driving the overall economy as well as its influence on both upstream and downstream industries. "I believe it will take time to see the policies take effect gradually, and there may be further adjustments based on the situation," she added.

Push on to up consumption's GDP share

Expert: Protectionism, decoupling would end up damaging all parties

By ZHOU LANXUTime *Time: 2024-11-27*

China is seeking to increase the share of consumption in GDP to more than half within the next decade in order to achieve a smooth transition in growth engines amid property sector adjustments and rising risks of slowing global trade, said a top economist.

Zhu Min, former deputy managing director of the International Monetary Fund and former deputy governor of the People's Bank of China, the country's central bank, warned that the share of world trade in GDP could drop due to the United States' potential tariffs.

Speaking at the 2024 US-China People's Dialogue in Beijing, Zhu said that the Chinese economy now faces challenges on both external and domestic fronts, ranging from low global economic growth and sluggish world trade to real estate oversupply and local government debt issues.

"We were expecting (US president-elect) Donald Trump's trade policy in particular. Over the next few years, the share of global trade in (the world's) GDP will slow down. So, in three years we estimate it will fall by about 3 percent," Zhu said.

While it is too early to predict an accurate outcome, Zhu said that the potential tariffs would be bad for both sides and the world, as inflation has become a major political issue in the US while Chinese exporters would need to further diversify export destinations and strengthen cost management.

Equity markets in Asia and Europe dropped on Tuesday following Trump's threat to impose a 25 percent tariff on products from Mexico and Canada and an additional 10 percent tariff on goods from China.

"To me, economically, a 60 percent tariff is not a real tariff — it's simply a way to force China to decouple from the US or to push the US to decouple from China," Zhu said, referring to an earlier rate mentioned by the former US leader.

"Decoupling is the real risk. If trade is divided into two blocs, other things will follow — capital flows, for example, have already dropped to almost zero between the US and China. Technology transfers between the two countries are also almost zero today.

"This will lead to more political issues and greater uncertainties. We must work hard to avoid this kind of situation and prevent a return to a Cold War-style divide."

On Monday, Chinese Premier Li Qiang called for opposing all forms of decoupling and firmly upholding stable and unimpeded global industrial and supply chains, while pledging to increase countercyclical adjustments to promote a sustained economic upturn.

"It's a bumpy road ahead. That said, I think China is comfortable with the situation and well-prepared to handle it," Zhu said, stressing that China has identified three potential new growth engines to replace the three old ones — namely, infrastructure investment, real estate and exports.

Zhu said consumption will become the primary focus and the most important driver of growth, while the transition of manufacturing into high-value and digitalized sectors and the push toward carbon neutrality will also serve as key engines.

If China can increase the share of consumption in GDP from 48 percent to 58 percent in next 10 years, that would be a significant achievement. It's not easy, but the government is determined to make it happen, Zhu said.

He said the government is committed to ensuring that income growth is stronger than GDP growth rates, adding that more efforts are needed to open up the services sector to unleash consumption potential of services.

"The services sector will become a major area for foreign investment, joint ventures and Chinese companies alike. Twenty-some years ago, everything was focused on manufacturing. Now, I think the services sector will be the next big opportunity."

Zhu added that China's recent stimulus package is working and further reforms and policies are needed, as he expects 2 trillion yuan ($276 billion) to be allocated in the coming years for local authorities' infrastructure investment and 2.5 trillion yuan from the monetary side to support the construction of unfinished real estate projects.

For more information, please visit www.shanghaivisionassetmanagement.com