PROPERTY NEWS

Shanghai property investment down in Q3

By Cao Qian *Time: 2020-10-14*

Subdued sentiment continued to prevail in Shanghai's real estate investment market in the third quarter despite increased interest in alternative sectors, global property adviser JLL said in a report issued yesterday.

Between July and September, en bloc deals valued at 14.5 billion yuan (US$2.14 billion) were concluded in the city, a decrease of 18.6 percent from the previous quarter and a retreat of 16.6 percent from the same period a year ago, according to JLL's latest quarterly data.

Office assets remained the top option for buyers with transactions hitting 9.5 billion yuan, or 65.5 percent of the total. However, non-office assets continued to gain popularity with institutional investors, due in part to economic uncertainties and large supply in the office market.

Data centers, logistics and industrial assets valued in total at 2.7 billion yuan, for instance, were traded during the past quarter, accounting for 18.6 percent of total transactions.

"Investor sentiment and transaction volumes will probably stay patchy through the last quarter of this year," said Jim Yip, head of capital markets for JLL China and East China.

"Alternative asset classes such as data centers have become compelling investment options for many investors and we expect investors to mitigate risks by increasing diversification within their portfolios, especially through increasing their exposure to logistics and alternatives sectors," he added.

During the first nine months of 2020, major real estate investment deals totaled 55.2 billion yuan in Shanghai, a significant downswing from the 93.9 billion yuan registered in the same period last year, according to JLL data.

Monthly sales down but new home sector revived

By Cao Qian *Time: 2020-11-3*

Despite a monthly tumble in sales, Shanghai's new home market continued to show signs of strength in October.

By area, the volume of new residential properties sold, excluding government-subsidized affordable housing, fell 13.6 percent from a month earlier to 957,000 square meters, according to a regular monthly report released yesterday by Shanghai Centaline Property Consultancy Co.

"It was still a strong performance, and the third-highest volume recorded so far this year," said Lu Wenxi, Centaline's senior research manager. "On a year-on-year basis, that represented a surge of 78 percent."

The average price of a new home, meanwhile, slipped 1 percent to 53,755 yuan (US$8,028) per square meter, mainly due to strong sales in the medium to low-end segment.

Citywide, Nanhui, a former district and now part of the Pudong New Area, as well as outlying Qingpu and Songjiang districts, outperformed with monthly transactions of around 100,000 square meters and above.

In the top-10 list by sales, seven projects cost less than 50,000 yuan per square meter with two selling for no more than 25,000 yuan per square meter, Centaline data showed.

Surpassing all was a development in Nanhui, which unloaded 53,271 square meters, or 641 apartments, at an average price of around 23,400 yuan per square meter. Two projects in Qingpu, costing over 51,000 yuan and 61,000 yuan per square meter, respectively, followed with sales of 178 units and 211 units.

On the supply side, some 767,000 square meters of new housing, the majority being medium to low-end properties, were launched into the local market last month, a decrease of 33.4 percent from September.

Weekly new home sales plummet in Shanghai

By Cao Qian *Time:2020-11-10*

Weekly sales of new homes fell below the 200,000-square-meter mark in Shanghai for the first time in about a month with almost all areas of the city suffering retreats.

The total area of new residential properties sold, excluding government-funded affordable housing, dropped 37.3 percent week over week to around 190,000 square meters during the seven-day period ending on Sunday, Shanghai Centaline Property Consultants Co said in a regular report issued yesterday.

Minhang District, despite a week-over-week decline of 33.3 percent in transaction volume, outperformed all others with new home sales hitting some 32,000 square meters. Songjiang District came closest next, trailing by just 195 square meters.

Pudong New Area, which came third last week, finished at 18,000 square meters.

The average new home price, meanwhile, rose 9.5 percent from the previous week to 60,117 yuan (US$9,097) per square meter, mainly boosted by one luxury development, according to Centaline data.

A project in downtown Huangpu District, which sold 2,197 square meters, or seven units, for an average price of 224,539 yuan per square meter, ranked No. 8 in last week's top 10 list, therefore pushing up the citywide average price considerably.

Among the top 10 projects by sales, four cost less than 50,000 yuan per square meter. A project in Minhang, with a price tag of around 40,000 yuan per square meter, became the most sought-after development after unloading 17,603 square meters, or 176 units.

"It's within our expectations that sales should fall at the beginning of a month," said Lu Wenxi, Centaline's senior researcher. "But the fact that new supplies had been rather weak over the past few weeks might indicate that weekly sales could possibly slip further, down to below 150,000 square meters in the coming week or the next."

Home prices slow in November

By: Agencies *Time: 2020-12-15*

China's new home prices grew in November at their slowest monthly pace since March, official data showed yesterday, as policy-makers wary of financial risk in the highly leveraged sector continued to pursue market-cooling measures.

The data comes ahead of a slew of economic figures due for release today, from which market watchers hope to determine the strength of recovery of the world's second-largest economy as the coronavirus-blighted year nears an end.

The average new home price across 70 major cities rose 0.1 percent in November from the previous month, Reuters calculated from National Bureau of Statistics data. That compared with 0.2 percent on-month growth in October.

Prices rose 4.0 percent in November from the same month a year earlier, the weakest rate since February 2016. That compared with a 4.3 percent on-year increase in October.

New home prices in four first-tier cities — Beijing, Shanghai, Guangzhou and Shenzhen — rose 0.2 percent month on month in November, 0.1 percentage points slower from the previous month, according to data from the NBS.

On a month-on-month basis, new home prices in 31 second-tier cities and 35 third-tier ones both edged up 0.1 percent.

Prices of resold homes in first-tier cities edged up 0.5 percent month on month in November, with the rise unchanged from the previous month. Prices in the resold home market in second-tier cities went up 0.1 percent and third-tier cities saw a month-on-month growth of 0.2 percent.

On a year-on-year basis, home prices in first-tier cities went up 3.9 percent last month, retreating from a 4.1-percent expansion seen a month earlier, while those in second-tier cities rose 4.2 percent.

The data also showed the number of those cities reporting monthly new home price increases fell to 36, from 45 in October — the lowest since February during the height of the pandemic in China, said analyst Zhang Dawei at property agency Centaline.

Zhang attributed the softening momentum to stepped-up market tightening policies, as well as increased supply and discounting as developers ramped up sales activity towards year-end.

China’s property market has recovered quickly from the COVID-19 pandemic, with home sales and investment growing at a robust pace, prompting the government to step up efforts to deleverage the highly indebted sector to curb financial risk.

China’s investment in property development rose 6.3 percent year on year in the first 10 months, picking up from the 5.6 percent increase in the first nine months, official data showed.

Investment in residential buildings came in at 8.63 trillion yuan (US$1.32 trillion), up 7 percent from the same period last year, quickening from the 6.1-percent surge in January-September period.

Commercial housing sales in terms of floor area totaled 1.33 billion square meters in the first 10 months, basically unchanged compared with the same period last year.

However, price rises are uneven and concentrated in the southern Pearl River Delta and eastern Yangtze River Delta. In the north, some cities have seen demand slump after an initial spurt, prompting authorities to act to prevent a market crash.

City new home sales continue to rise

By Cao Qian *Time:2020-12-1*

New home sales in Shanghai maintained upward trajectory for another week, though zero new supply continued to plague the market, latest data showed.

The total area of new residential properties sold, excluding government-subsidized affordable housing, rose 11.4 percent week over week to around 186,000 square meters during the seven-day period ending on Sunday, Shanghai Centaline Property Consultants Co said in a regular report yesterday.

The average cost of new homes, however, fell 8.3 percent to 47,257 yuan (US$7,169) per square meter, as medium to low-end properties remained the most sought-after among home buyers.

“The weekly gain was rather moderate because the month-end effect, meaning strong sales are often seen in the last few days of a month as real estate developers gear up for better monthly performance, was kind of offset by absence of new supply for two straight weeks,” said Lu Wenxi, Centaline’s senior researcher. “However, we remain optimistic for the last month of 2020 with new supply expected to rebound notably over the next couple of weeks.”

Citywide, the Pudong New Area led all with weekly sales of some 25,000 square meters. It was followed by suburban Fengxian and Jiading districts, where about 24,000 square meters and 20,000 square meters of new houses were sold, respectively.

A project in Pudong emerged as the most popular development after unloading 19,883 square meters, or 171 units, at an average price of 48,736 yuan per square meter. A development in Qingpu District with an average price of just over 52,000 yuan per square meter, ranked third, and was the most expensive one in the top 10 list.

Among top projects by sales, nine cost less than 50,000 yuan per square meter, including a project in Jinshan District with an average price of less than 28,000 yuan per square meter, according to Centaline data.

Urban home price growth slows

By Cao Qian *Time:2020-11-17*

Residential property prices in all-tier Chinese cities continued to rise at a slower pace in October compared with a month ago, according to data released yesterday by the National Bureau of Statistics.

In the four gateway cities, new home prices climbed 0.3 percent, easing from September's average gain of 0.4 percent. Guangzhou continued to lead with a 0.5 percent increase, while Shanghai, Beijing and Shenzhen followed with month-over-month rises of 0.3 percent, 0.2 percent and 0.2 percent, respectively, said the bureau, which monitors prices in 70 major Chinese cities.

"More cities registered month-over-month price drops in October as overall sentiment around the country eased for another month," said Lu Wenxi, senior researcher at Shanghai Centaline Property Consultants Co. "In general, first-tier cities outperformed their smaller counterparts around the country."

The number of cities registering month-over-month price falls jumped to 19 in October, from eight in September, while the steepest loss was 0.7 percent last month, compared with 0.4 percent in September.

In the pre-occupied housing market, prices in the four top-tier cities rose 0.5 percent on average, down from 0.9 percent in the previous month. They jumped most in Shenzhen again, with growth of 0.9 percent; and climbed 0.6 percent, 0.5 percent and 0.4 percent in Guangzhou, Shanghai and Beijing, respectively.

In 31 second-tier and 35 third-tier cities, new home prices rose by an average of 0.1 percent and 0.2 percent, decelerating from the growth of 0.3 percent and 0.5 percent in September, respectively. Prices of existing homes in second- and third-tier cities both advanced 0.2 percent, remaining unchanged from a month earlier and easing 0.4 percentage points, respectively.

Nationwide, new home prices in Yangzhou, in Jiangsu Province, rose the fastest, up 0.9 percent from September, the bureau's data showed.

On a year-over-year basis, prices of new and existing homes rose 4.1 percent and 8 percent in the four first-tier cities, up by 0.2 percentage points and 0.6 percentage points from September, respectively.

Meanwhile, in the first 10 months of 2020, more than 11.79 trillion yuan (US$1.79 trillion) worth of new homes, excluding government-subsidized affordable housing, were sold around the country, a year-on-year rise of 8.2 percent, according to a separate bureau statement. That further accelerates from the 6.2 percent growth registered in the first nine months.

ECONOMIC NEWS

Golden Week holiday adds fuel to economic recovery

By: Xinhua *Time:2020-10-9*

CHINA'S eight-day Golden Week holiday has reflected the country's impressive recovery and its economic bounce back from the COVID-19 epidemic, with more than half a billion people on the move for a long-awaited vacation and factories stepping up production to complete new orders.

Amid regular epidemic control, the peak season of tourism-driven consumption boom for the National Day celebration that coincided with the traditional Mid-Autumn Festival this year was also a test field for China's new economic development pattern of "dual circulation."

As a pivotal part of the "dual circulation" floated by China's top leadership in May that encourages domestic and overseas markets to reinforce each other, the country's enormous market and expanding domestic demand during the holiday has gathered sound momentum for China's economy to further perk up.

The total number of domestic tourists nationwide was previously expected to reach 550 million during the holiday, while statistics from the Ministry of Culture and Tourism showed that a sizable 637 million domestic tourist visits were made in the eight days, 79 percent of last year's number.

It generated overall tourism revenue of 466.56 billion yuan (US$68.71 billion), 69.9 percent of the same period last year.

China's transport operators were seeing a surge in return trips yesterday as the holiday drew to a close. Yesterday, 13 million train trips were expected, with 1,234 additional trains put into operation to handle the spike in trips involving tourism and family visits, according to the China State Railway Group Co.

Daily train trips across the country had exceeded 10 million for eight straight days by Wednesday, the railway operator said.

In Wuhan, the city once hard hit by the coronavirus, visitors ambled by the Yellow Crane Tower as the historic building launched night tours for the first time since its opening to the public in 1985 after reconstruction. The landmark topped the "country's hottest scenic spots" rankings by China's largest online travel agency Trip.com Group.

"The Wuhan Yangtze River Bridge is the same as usual, so is the roaring Yangtze flowing eastward," Wang Yu, a tourist from Hubei's Enshi City, said while enjoying a distant view on top of the tower. "What's different is the heavy traffic on the bridge and the passing cargo ships on the river. Wuhan returns to life!"

In Beijing, more than 90,000 people, standing in the drizzling autumn rain, gathered at Tian’anmen Square on October 1 and burst into cheers as the five-starred red flag was hoisted to the top of the flagpole, accompanied by the national anthem.

Data from Alibaba’s travel agency Fliggy showed that stimulated by the company’s 10-billion-yuan subsidy campaign and coupons introduced by local governments to revive tourism, hotel bookings nationwide surged by more than 50 percent year on year during the holiday, while both air ticket and scenic spot bookings rose by 16 percent year on year.

“In any year, the outlay of the weeklong holiday is a closely watched barometer of the country’s economic health,” the New York Times reported, noting that this year’s holiday offered “the clearest measure yet of China’s recovery from the pandemic.”

The huge consumption potential during the Golden Week will not only accelerate the recovery of China’s domestic economy but also drive imports and investment from other countries, as the booming “holiday economy” fuels internal circulation and promotes external circulation at the same time, offering a strong boost to global trade and the world economy.

Economic recovery speeds up in Q3

By: Agencies *Time:2020-10-20*

CHINA’S economy powered ahead in the third quarter, data showed yesterday, building on a strong recovery from coronavirus lockdowns, while the country’s crucial army of consumers picked up their spending last month as they grow more confident.

Gross domestic product expanded 4.9 percent year on year in the quarter, faster than the 3.2 percent growth seen in the second quarter, data from the National Bureau of Statistics showed yesterday.

In the first three quarters, the country’s GDP grew 0.7 percent year on year, returning to growth after the 1.6 percent contraction in the first half of the year and the 6.8 percent slump in the first quarter, the data showed.

To soften the impact of the COVID-19 shock, the government has rolled out a raft of measures, including more fiscal spending, tax relief, and cuts in lending rates and banks’ reserve requirements, to stabilize growth and employment.

As the epidemic is largely brought under control domestically, factories and schools have reopened and tourist sites across the country have resumed their usual hustle and bustle.

In the third quarter, major indicators returned to positive territory, with industrial output rising 5.8 percent and retail sales reporting the first quarterly expansion this year, up 0.9 percent.

Retail sales of consumer goods climbed 3.3 percent year on year in September, with the growth further picking up after the major consumption gauge posted its first positive growth this year in August by rising 0.5 percent annually.

In the travel sector, domestic passenger flights in September beat their COVID-19 levels, a sign that the segment is approaching full recovery, even as international borders remain largely shut.

The value of auto sales increased 11.2 percent year on year in September, maintaining double-digit growth for three consecutive months. Wen Bin, a chief analyst at China Minsheng Bank, said auto sales have provided a major boost to consumer sales.

Online spending grew 9.7 percent for the January-September period, accelerating from the 7.3 percent rise registered in the first half. Online sales of physical goods, which account for 24.3 percent of the total retail sales, surged 15.3 percent from one year earlier.

Broader investment

The country's fixed-asset investment went up 0.8 percent year on year in the first three quarters, reversing a decline of 3.1 percent in the first half of this year. In the property sector, investment rose 12 percent in September from a year earlier, the fastest pace in nearly one and half years, providing a key support for broader investment.

Per capita disposable income rose 0.6 percent in the first nine months, compared with a 1.3 percent fall in the first half.

China's surveyed unemployment rate in urban areas stood at 5.4 percent in September, 0.2 percentage points lower than that of August. A total of 8.98 million new urban jobs were created in the three quarters, completing 99.8 percent of the annual target, the NBS said.

"Seen from the trends of the key indicators, China's epidemic prevention and economic recovery are at the world's forefront, which shows the strong resilience and vitality of the economy," said Liu Aihua, the NBS spokesperson.

Among the bright spots, new growth drivers, including the Internet-powered economy and new infrastructure, have assumed a bigger role in boosting growth, and the contribution of domestic demand is steadily picking up, she noted.

The breakdown of GDP showed final consumption accounted for 1.7 percentage points growth, while capital formation accounted for 2.6 percentage points and net exports contributed 0.6 percentage points, the NBS said.

"The unleashing of the potential of China's super-large market not only demonstrates its basic strategy of expanding domestic demand, but will also facilitate the recovery of the global economy," Liu stated.

Despite the across-the-board improvements, the basis for sustainable recovery requires further consolidation due to global uncertainties and uneven performance at home, she warned, highlighting the pressure in forestalling virus cases from abroad and preventing a resurgence at home.

In the latest World Economic Outlook report released earlier this month, the International Monetary Fund projected China's economy to grow by 1.9 percent in 2020, making it the only major economy that will see positive growth this year.

For future policy moves, China should maintain the stability and continuity of macro-control policies to consolidate the foundation for sustained recovery, while further increasing policy support for key areas and weak links to achieve development goals and tasks for the whole year, Minsheng Bank analyst Wen said.

In a research report on the data, Lu Ting, chief China economist with Nomura, said that China will neither add more easing measures nor start tightening in the near term.

China will carry out what it planned in late May for the scheduled budget and government bond issuance, while on monetary and credit policies, the period of quickly accelerating credit growth is over, the report said.

"We do not expect any reserve requirement ratio cuts or rate cuts before end-2020, but expect some more liquidity injections via low-profile channels such as medium-term lending facilities and relending," it noted.

November CPI slides into negative territory

By: Xinhua/Shanghai Daily *Time:2020-12-10*

CHINA'S consumer inflation fell below market expectations in November as pork prices dropped further, while the year-on-year decline in factory-gate inflation narrowed.

The Consumer Price Index, a main gauge of inflation, fell 0.5 percent last month from a year earlier, reversing the 0.5 percent rise in October, to enter negative territory for the first time since October 2009, the National Bureau of Statistics said yesterday.

Food prices fell 2 percent year on year last month, reversing the 2.2 percent increase in October and contributing about 0.44 percentage points to the CPI drop, said Dong Lijuan, a senior statistician with the NBS.

Dong said the weakening food prices were the main factor that dragged the country's CPI into negative territory.

Pork prices plunged 12.5 percent from a year earlier, exceeding the October decline by 9.7 percentage points, as supply recovered from the African swine fever in recent years. The prices of eggs, chicken and duck saw widening year-on-year drops in November, while those of vegetables and fruits climbed 8.6 percent and 3.6 percent year on year respectively in November.

"Although CPI inflation was negative in November, this does not mean that China's economy is experiencing deflation," said Lu Ting, chief China economist with Nomura, in a research note. The recent year-on-year changes in the CPI are "less meaningful," considering a huge base effect caused by the surge of pork prices in the fourth quarter of 2019, Lu noted.

In November, pork prices went down 6.5 percent month on month due to recovering hog production, narrowing from the 7 percent decline in October.

A report by Huatai Securities expected pork prices to continue to retreat along with rising supply, which is likely to be the main drag for food CPI until the second or third quarter of 2021.

Besides pork prices, experts said the slump of global crude oil prices was also an important driver of the decline in headline CPI inflation.

Excluding food and energy prices, China's core CPI edged up 0.5 percent in November, with the year-on-year growth rate remaining the same for five consecutive months, according to the NBS.

The data yesterday also showed China’s producer prices saw a narrowed decline in November amid a steady recovery in industrial activities. The producer price index, which measures costs for goods at the factory gate, fell 1.5 percent year on year in November, following a 2.1 percent drop in October.

In month-on-month terms, PPI inflation rebounded 0.5 percent in November from zero percent in the previous month, as industrial production and market demand extended recovery, Dong said.

Among the 40 surveyed industrial sectors, 24 saw prices rise month on month in November, up from 12 sectors seen in October. With increasing demand for winter heating, the PPI for coal mining as well as gas production and supply sectors rose 2.2 percent and 2.8 percent month on month, respectively.

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