PROPERTY NEWS

Real estate investors positive on mainland

By Cao Qian *Time: 2020-9-3*

Real estate investors remain positive about investing in the Chinese mainland although they continue to weigh up current market uncertainties due to COVID-19 and the geopolitical environment, according to an investors' survey released yesterday by international property adviser JLL.

About 51 percent of global investors want to increase their exposure to the Chinese mainland while 41 percent said they would keep their investments stable, said JLL, which surveyed 38 global investors collectively holding over US$1.8 trillion of assets under management on how COVID-19 affects their strategic investment decisions and planning.

"The Chinese mainland is one of the most popular and most resilient investment destinations in Asia Pacific," said Roddy Allan, chief research officer, Asia Pacific, JLL. "Three quarters of large investors with over US$20 billion assets under investment plan to increase or keep their exposure the same and intra-regional investors are also more positive about investing in the market."

By property type, appetite for office assets remains high on the Chinese mainland, accounting for 70 percent of the total investment. Japan and South Korea remain high on the preferences for clients, as do sectors such as multifamily, non-discretionary retail and logistics.

Shanghai new home sales ease, prices rise

By Cao Qian *Time: 2020-9-8*

Home-buying momentum eased in Shanghai during the first week of September but average price rebounded notably amid a structural shift toward medium to high-end properties.

The total area of new residential properties sold, excluding government-subsidized affordable housing, fell 11.6 percent week over week to 247,000 square meters during the seven-day period ending on Sunday, Shanghai Centaline Property Consultants Co said in a regular report issued yesterday.

Citywide, the Pudong New Area outperformed all with weekly sales of 34,000 square meters. It was immediately followed by Nanhui area, formerly a district and now part of Pudong, and Qingpu District, which both registered sales of around 30,000 square meters, according to Centaline data.

“Despite the retreat, overall momentum among buyers remained strong as weekly transaction continued to stay above the 200,000-square-meter mark for three weeks in a row,” said Lu Wenxi, Centaline’s senior researcher. “Besides, 11 districts/regions posted weekly deals of more than 10,000 square meters, indicating generally robust sentiment around the city.”

Luxury projects

The average new home price, meanwhile, rose 21 percent week over week to 64,388 yuan (US$9,408) per square meter, after a batch of luxury projects made their way onto the top 10 list.

A development in Nanhui area dwarfed all after unloading 13,805 square meters of new homes, or 156 apartments, for an average price of 30,923 yuan per square meter. It was closely trailed by a project in Pudong which sold 13,629 square meters, or 79 units, for 76,769 yuan per square meter.

Only four of the top 10 projects bore price tags of less than 50,000 yuan per square meter. The remaining six all cost above 66,000 yuan per square meter, with two of them exceeding the 100,000-yuan-per-square-meter level.

On the supply side, only some 55,000 square meters of new residential properties spanning two projects were released into the local market, a week-over-week plunge of 82.1 percent, according to Centaline data.

Shanghai new home sales surge

By Cao Qian *Time: 2020-9-29*

New home sales jumped to a year-to-date high in Shanghai last week amid robust performance in the medium- to low-end segment, according to the latest market data.

The total area of new residential properties sold, excluding government-subsidized affordable housing, rose 16.1 percent week over week to 303,000 square meters during the seven-day period ending on Sunday, Shanghai Centaline Property Consultants Co said in a regular report yesterday.

Citywide, suburban Nanhui, formerly a district and now part of the Pudong New Area, remained the most popular area after selling some 62,000 square meters of new homes, a week-over-week rise of 37.8 percent. Pudong followed again by unloading 54,000 square meters, a notable increase from 35,000 square meters registered a week earlier. Outlying districts such as Songjiang, Minhang, Baoshan and Jiading all managed to stay above the 20,000-square-meter mark, according to Centaline data.

“The month-end effect played out again as expected, mainly boosted by abundant new supply, particularly in the medium- to low-end sector,” said Lu Wenxi, Centaline’s senior researcher. “As we could see, half of the projects on the top 10 list managed to sell more than 100 units and that was quite rare in the local market.”

The average new home price, meanwhile, fell 10 percent week over week to 46,759 yuan (US$6,841) per square meter, with eight projects on the list costing less than 50,000 yuan per square meter.

A development in Nanhui remained the most popular among home buyers for the second week after selling 35,427 square meters, or 396 apartments, for an average price of 21,644 yuan per square. It was most closely followed by a project in Pudong which unloaded 25,638 square meters, or 270 units, at an average cost of 64,118 yuan per square meter, making it the most costly project on the top 10 list.

ECONOMIC NEWS

World Bank predicts China economy to grow by 2%

By Agencies *Time: 2020-9-30*

CHINA'S economy is expected to grow by 2 percent in 2020, up from the 1 percent growth projection released in June, the World Bank said yesterday.

The growth will be boosted by government spending, strong exports, and a low rate of new COVID-19 infections since March, but checked by slow domestic consumption, the World Bank said in the October 2020 Economic Update for East Asia and the Pacific (EAP). The rest of the region, however, is projected to contract by 3.5 percent, according to the report. The region as a whole is expected to grow by only 0.9 percent in 2020, the lowest rate since 1967.

In the semi-annual Global Economic Prospects released in early June, the World Bank projected that the EAP region will grow by 0.5 percent in 2020. It said in the regional update that prospects for the region are brighter in 2021, with growth expected to reach 7.9 percent in China and 5.1 percent in the rest of the region, "based on the assumption of continued recovery and normalization of activity in major economies, linked to the possible arrival of a vaccine."

The multilateral lender, however, pointed out that output is projected to remain well below pre-pandemic projections for the next two years, noting that the outlook is particularly dire for some highly exposed Pacific Island countries where output is projected to remain about 10 percent below pre-crisis levels through 2021.
The pandemic and efforts to contain its spread led to a "significant curtailment" of economic activity, the report said. "These domestic difficulties were compounded by the pandemic-induced global recession, which hit EAP economies that rely on trade and tourism hard," it said.

Countries in the region may need to pursue fiscal reform to mobilize revenue in response to the economic and financial impact from the pandemic, while social protection programs can help support workers' integration back into the economy, the bank said. "Countries with well-functioning social protection programs, and good implementation infrastructure, pre-COVID, have been able to scale up more quickly during the pandemic," it said.

The COVID-19 shock is not only keeping people in poverty, but also creating a class of "new poor," the bank noted. The number of people living in poverty — defined as income of US$5.50 a day — in the region is expected to increase by as many as 38 million in 2020 — including 33 million who would have otherwise escaped poverty, and another 5 million pushed back into poverty.

“Many EAP countries have been successful in containing the disease and providing relief, but they will struggle to recover and grow,” said Aaditya Mattoo, chief economist for East Asia and the Pacific at the World Bank. “The priorities now should be safe schooling to preserve human capital; widening narrow tax bases to avoid cuts in public investment; and reform of protected service sectors to take advantage of emerging digital opportunities.”

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