

China house prices post first fall in 23 months, says survey
Malaysian Insider
May 31, 2014

Home prices in major Chinese cities posted their first monthly decline in nearly two years in May, an independent survey showed today, providing new evidence the once red-hot market is losing steam.

The average price of a new home in 100 major cities declined this month by 0.32% from April to 10,978 yuan (RM5,648) per square metre, according to the China Index Academy (CIA), the first fall since June 2012.

Prices dropped in 62 cities and were unchanged in one, according to the academy, the research unit of real estate website operator Soufun.

The biggest monthly fall was in Shantou, in the southern province of Guangdong, where prices slumped 3.64% on April.

"Rising market supply and sharp falls in transactions have put relatively heavy pressure on property developers' sales, leading some to beef up promotions and adjust their pricing strategy," CIA said in a statement.

Year on year, new home costs rose by 7.84% in May, 1.22 percentage points lower than April and the fifth consecutive month the increase slowed, CIA said.

But, in 31 of the 100 cities, prices fell on an annual basis, with those in Wenzhou -- a centre of private enterprise and lending in the eastern province of Zhejiang -- dropping most of all, down 8.30%.

The survey added to signs that China's property market is cooling, with analysts pointing to factors including stringent bank loan criteria, expectations of falling prices, and financial trouble among developers.

China's government has sought for more than three years to contain rising property values, while also promising to add to the supply of affordable housing, as price increases stoke discontent among ordinary citizens unable to afford new homes.

Market control measures have included restrictions on purchases of second and third homes, higher minimum down-payments and taxes in some cities on multiple and non-locally owned homes.

But, at the same time, local authorities in the country make much of their income from land sales to developers, and have often rushed to loosen limits on purchases when property prices have fallen.

Among China's 10 biggest cities, Nanjing saw the biggest fall in May, with prices going down 1.36% month-on-month, the CIA statement showed.

Only two -- Beijing and the northern port of Tianjin -- saw new home prices increase, with the average cost in the Chinese capital rising 0.69% from April to 33,472 yuan per square metre.

That was up 22.39% from a year ago, narrowing from a 23.94% increase the previous month, CIA said.

China's commercial capital Shanghai saw the average cost of a new home fall to 32,388 yuan per square metre, down 0.43% from a month ago.

Year on year, the price went up by 14.59%, compared with a 15.34% gain in April, the statement showed. – AFP, May 31, 2014.

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