

《Shanghai property market cools quickly under impact of new p》

It's only been ten days since Shanghai's new housing policies were announced, and the impact is already being felt. Both area and the average purchase price in the city fell in the the past week. Chen Tong takes a closer look

U-Win says sold floor space in Shanghai during the week of March 28 was down 60 percent on the previous week. The average purchase price was roughly 33,000 yuan per square meter, down by 3.4 percent. Property agencies say they are seeing fewer prospective buyers, and that some buyers are looking at new kinds of property.

"The number of buyers has decreased by some 30 or 40 percent. After the new policies were released, some purchasers have shifted their attitude from being eager, to deciding to wait. Transaction volume has also declined. Property owners didn't lower their prices much after the new policies and buyers are now waiting for the value added tax reform to take effect in May," said Shen Qing, Deputy Regional Manager/Centline Property.

Industry insiders say the new policies have had most impact on two groups of people -- people who NEED an apartment NOW, and middle-and-high end buyers who would like to trade up for a larger one.

"The period for having had to pay social security fees to buy a residence has increased to five years from two years and that has impacted some 30 percent of the people who need to buy. The other group is mid and high-end buyers. The down payment for buying a second apartment has also increased to 70 percent, and that could impact high-end properties," said Lu Wenxi, Research Manager/Centline Property.

The buyers who are having trouble purchasing under the new policies are moving their money into serviced apartments instead. Shen Qing from CentaLine says he sold two serviced apartments last week -- a pretty good number for the service apartment market. But industry insiders say the number of buyers who favor serviced apartments are not many now, but could rise in the near future.

"The target consumer for serviced apartments is still investors because the apartments themselves are for commercial use. We have seen a small number of buyers coming to buy serviced apartments as transition residences, because of the new sales restrictions. For right now, they are not many of them, but the number could increase depending on market changes in the future," Lu said.

According to Centaline, the area of serviced apartments sold during the week after the new policies were announced came to some 78,000 square meters, an increase of 56 percent over the previous week.