

《Tightened rules cool home sales》

Homebuying regulations that took effect on March 25 in Shanghai and Shenzhen turned out to be quick fixes for the overheated residential markets, as trade volume shrank sharply in both cities, according to data from property agencies.

Daily trade volume of new homes in Shanghai fell from 103,000 square meters in the week ending on March 27 to 45,000 sq m in the week ending on April 3 — a 56 percent week-on-week drop, according to property research agency China Real Estate Information Corp.

In Shenzhen, deals were reached on 652 units of new homes in the week between March 28 and April 3, dropping 29.67 percent from a week earlier, data collected by SouFun Holdings Ltd showed. Additionally, its data showed that the average price softened by 4.17 percent week-on-week to 49,621 yuan (\$7,670) per square meter.

Housing prices surged in Beijing this year, but not by as much as in Shanghai and Shenzhen.

Wang Fei, director of Shenzhen's Centaline Property Research Center, said Shen-zhen's property market had been cooling down before the new policy was introduced. Average asking prices for previously owned properties have dropped by 16 to 20 percent over the past five weeks.

"The latest government move is expected to further chill the market, with short-term investors being hit the hardest," said Wang.

During the week after the new measures were announced on March 25, Shanghai's market for previously owned homes saw a drop of up to 40 percent in the number of deals and a huge decrease in the number of visits to available homes by interested parties, according to Shanghai Secondhand Housing Index Office, a consultancy that tracks the used-home market in Shanghai.

Additionally, it said in a report, more than 30 percent of deals that already had been reached ended up with refunds due to the new restrictions on homebuying qualifications and tightened credit lines.

Wang Huiyao and her husband are among the families who were disqualified in Shanghai after the new rules were enforced.

"We withdrew all of the money in our investment accounts for the down payment on our new home on March 26 in Minhang district, but our dream was shattered when we found out about the new rules," said the 30-year-old Liaoning native.

Under the new policy, would-be buyers without Shanghai permanent residency have to pay taxes in the city for at least five years in a row, compared with the previous requirement of two years in total.

Wang, who arrived in Shanghai in 2012, must wait another year before her family will be allowed to buy a home in the city, but she knows well what a year's wait in the ever-inflating property market means.

Hu Jun, a property agent in the Bagualing area of Shenzhen's Futian district, said he makes dozens of phone calls every day, but is still unable to find a buyer.

"People are taking a wait-and-see attitude. They are all watching how the market will react to the new policy. The market is tilting toward the buyers' side. As sellers become increasingly anxious, buyers are expected to gain more bargaining power," he said.

New home prices in Beijing increased by 12.9 percent in February from a year ago, and those of previously owned homes jumped by 27.7 percent, according to National Bureau of Statistics data.

The new policies will help rein in home price growth in gateway cities like Shanghai in the short term, but prices might not drop since demand is great, said Zhou Jing, head of the residential division of consultancy JLL Shanghai.

Policymakers should not interfere too much, since price growth in these cities' property markets is mostly propelled by demand rather than speculative forces, Zhou added.

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