

News on ifeng.com had it that property prices in Wenzhou have seen a 40% drop off its peak prices in the year of 2010.

Wenzhou is a special place in China's economic landscape boasting its big population of entrepreneurs in the city. The local affluence and fortunes have found easy expression in the local property prices that may easily dwarf or belittle property prices in some capital cities in eastern China.

In the aftermath of the international financial crisis, Wenzhou has experienced its own version of financial turmoil featuring breaks in financing chain comprising underground usury loaning, which eventually led to flights of many local bosses into disappearance.

Though I am a big bear on Chinese property market in the coming years, I am expecting a brief moderate price increase in the China property market due to the USA's third QE which will apparently compel hot money inflow into China esp the property sector. So the news on the sharp tumble of property prices in Wenzhou city is a bit of surprise to me.

What can we think of this?

As analyzed in the ifeng news, we may ascribe this drop to national property curbing measures esp the restriction on purchase of multiple properties by local residents. However, more profoundly, we will have to admit that Chinese economy as a whole is dipping into a much slower pace because deeply inherent problems are starting to cause pains. I simply don't have faith in the economy that has prospered under state control and on the basis of corruption and cronyism.