

property prices facing downward pressure in first-tiered cities

Description

China property market is really facing a turning point now after so many years of government curbs round after round. Seeing that central government shows no sign of relenting restrictive policies, both real estate developers and investors have been undergoing a painful psych change over the past of this year.

Not long before, there ran an article on web portals saying that real estate investors in Wenzhou, the origin place of a large portion of domestic hot money, have felt a panic because of worry that property prices are turning downward soon. Many people have started pulling their money back from property market and instead put the same into gold or other investment commodity.

Today, I saw an article on the HK hosted ifeng.com website (http://house.ifeng.com/special/loushiguaidian/zuixin/detail_2011_08/27/8725231_0.shtml) which said that the property price drop was about to begin in the first-tiered cities, and downward adjustment in property market was now in sight. The article told of stories of phenomena happening in Beijing. Property owners that had heavily invested in residential properties have started to disgorge their holdings at prices lower than the current market value, worried that the property market may plummet before they can escape. Some sellers found it difficult to sell houses now with fewer buyers showing interest even though price had inched down. New homes are being marketed with more discount or incentives, and some homes are labelled with lower price than homes of earlier phases, sparking protest from earlier buyers.

With that, it will be reasonable to believe that the property market has arrived at its pinnacle. As a real estate lawyer based in Shanghai, one of the top cities with dizzy property prices, I have been believing from the beginning of this year that it is time for real estate investors to consider whether it will be still worthy to hold those properties for longer term. As I know that a lot of foreigners living in or outside China are holding properties in China. I would suggest that it is time to sell your properties located in first-tiered cities, such as Beijing, Shanghai, Shenzhen, Guangzhou.

Yes, there are still bulls in China real estate market. However, I would like to say they are blind bulls with blind faith in Chinese economic miracle.

Time will tell.

For a related read, please move on to "[sell your properties in China](#)".

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