

Heavy maze over house prices

Description

News in the media has been divided in guesstimating where the house prices are going. Very often, good news and bad news appear on the same webpage, leaving readers in sway.

Confusion is thick especially in the residential property markets with transaction volume being reported to go down sharply in May which used to be a â€œred monthâ€• meaning golden time for property sale. News about developers struggling for obtaining funds on the verge of inability to complete construction is readily found in any media and meanwhile, there have been reports about acquisitions taking place in property market.

Given the hard time, some developers cannot hold on any more if consumers still hold back from buying homes expecting decrease in house prices, and consequently, prices in the first-tier market have seen considerable fall in some cities, like Wuhan. However, property prices in Shanghai, Beijing seem still strong with no apparent sign of fall despite stagnant transaction in the past a few months. The picture in Shanghai is particular mixed. While there are rumors and reports about developers refraining from buying more land and selling already bought land to raising funds, there is also news about foreign investors active in and positive about purchasing high-end property in the market, which may offer comfort and hope for developers that the spring is coming soon.

Given the landscape in the property market, it may be likely that meaning fall may finally come as a result of inert market transaction, but for a short time because once the prices come down to a point where people are allured into purchase, the pent-up demand may instantly turn into a driving force pushing the prices up again. At the same time, commercial real estate may continue to enjoy good time without a downturn to come provided that investors continue to place trust in Chinese economy.

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