property prices moving down in first-tiered cities in China

Description

The media have never been so negative about the property market in any previous round of government curbs.

Believe it or not, news about property developers offering discounts and other benefits inducing home buyers has flooded major web portals in China, citing that developers cannot hold the market any more as central government shows no sign of relaxing the current property curbing measures.

There has never been such negative mood in the market. Probably, this time, real estate market is effectively reined in.

But still people are guessing whether the property market will experience a hard-landing or soft-landing. No one can really tell.

At the outset of this year of 2011 after the central government stepping out the purchase restriction measures, I have thought that this market may undergo a sharp plunge causing turmoil in the market. However, over the past of this year, the market has been holding itself well without any clear sign of hard-landing. Instead, the price is going down gently and slowly, indicating a soft-landing in the near future. One of the economists expressed recently that the property price may come down to a reasonable level within three years.

Foreigners are caught in a catch-22 situation. On one hand, they are restricted to invest in real estate, and even they can find a way to circumvent the restriction, they are fearing that property market may betray them soon. On the other hand, their own money USD is depreciating all the way against RMB, which is, as termed by an expat in Shanghai, killing them.

For those foreigners who own properties in China, it may prove equally anguished as to whether it is right to hold or to sell their real estate in China.

However, it may sound right to sell properties in China and use the cash to buy real estate in those troubled economies such as US and Europe. For information on selling properties in China, please click here.

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