

China's real estate sector booming

China's real estate sector is booming despite tighter monetary policy, at least in terms of total fund inflows, the latest government statistics shows.

Just over \$435.4 billion (3,204 billion yuan) flowed into China's property sector during the first 11 months of the year, up 40.8 percent compared to that of corresponding period last year. This figure also includes the value of new contracts.

Overseas capital flows into real estate surged by 71.9 percent over the same period last year to over \$7.31 billion (53.9 billion yuan). Overseas capital includes investment from Hong Kong and Macao.

The data was released by the National Bureau of Statistics (NBS) Monday in its November national real estate climate index report, which tracks real estate trends in China.

The real estate climate index rose slightly in November to 106.59 points, up 0.85 point from October and up 2.67 points from last November.

Completed investment by property developers rose more than 30 percent to \$293.52 billion (2,163.2 billion yuan) in the first 11 months. Of that, investment in residential buildings was \$209.5 billion (1,544 billion yuan), up 33.7 percent.

Within the residential category, more than \$9.4 billion (69.3 billion yuan) went into affordable or subsidized housing in the first 11 months, up 31.7 percent to that of previous year. That figure was just three percent of total investment in housing.

The government is still trying to boost programmes to provide affordable housing for low-income households. Last month, the government urged local authorities to reserve at least 70 percent of the land designated for residential construction for low-rent units or smaller, cheaper homes.

Although investment and capital in real estate increased in value terms in November, government efforts to deflate the property bubble seemed to be taking effect. The floor space of marketable, unsold buildings dropped 4.5 percent to 117.97 million square meters, which could be the result of developers building more affordable homes and fewer luxury properties.

China has raised the benchmark one-year lending rate five times this year amid efforts to curb investment growth and slow the economy.

(© IANS / India eNews)