

## Chinese property sales soar on easy credit

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Published: January 19 2010 05:40 | Last updated: January 19 2010 05:40

Property sales rose by three-quarters in China last year as easy credit continued to fuel buyers' appetite in the bubbling market.

Full-year sales increased 75.5 per cent from a year ago to Rmb4,399.5bn (\$644bn), with residential sales jumping 80 per cent, according to the National Bureau of Statistics on Tuesday. In terms of floor areas, total sales rose 42.1 per cent to 937m square metres last year.

The data came after China said [home prices rose 7.8 per cent in December](#) from the same period a year before, the fastest growth in 18 months, in spite of Beijing's attempts to tame soaring prices.

[China has announced a series of measures](#), including a nationwide property sales tax, to slow the red-hot market. Demand has been driven mainly by a huge surge in new loans from state-owned banks ordered to support the country's economic growth.

Last year, [total new loans more than doubled to Rmb9,590bn](#). In Shanghai, banks approved Rmb99.6bn in new mortgages in 2009, 17 times higher than Rmb5.8bn reported a year earlier, according to state media.

[Developers have warned of a bubble](#) repeatedly, while analysts and officials have started to talk about the serious impact on the financial system when prices begin to fall.

"I think the Chinese government is already taking a lot of measures. I can't imagine it will take too hard a stance though because the property market is a big part of the Chinese economy," said Lina Wong, managing director at Colliers for east and south-west China.

"Of course the government wouldn't want prices to go too fast but they definitely don't want to kill the market because [the property sector] accounts for about 8 to 10 per cent of gross domestic product."

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