

Estate agency closes 1,000 branches

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The boss of a leading real estate agency said yesterday that the closure of more than half of its branches was part of a "weight-losing scheme" needed for it to survive in a declining market.

Chuanghui, which bills itself as the country's largest property agency, said it had closed 1,000 of its 1,800 branches since November.

"Our business expanded too fast last year in a market that has been badly affected by the central government's macro-control policies," Lin Fenghui, a director and founder of Chuanghui, said in an interview with property website Focus.cn.

"We had funding problems and made the decision to close the branches in November."

Lin said the sale of its property assets was necessary for the firm to survive.

"Our properties are valued at more than 50 million yuan (\$6.9 million) and we don't take bank loans. It is not a long-term problem," he said.

Although operations had been suspended at nearly 200 outlets in Shanghai, Liu said that 300 branches in Shenzhen and others in Guangzhou, Huizhou, Changsha and Wuhan were running as normal.

According to the Guangzhou-based South Metropolis Daily, more than 200 Chuanghui employees in Dongguan filed complaints at their local labor departments saying the company owed them commission on sales they had made.

Other disgruntled employees, as well as a number of customers, staged protests outside Chuanghui branches, the newspaper said.

In Guangzhou, a man surnamed Pan was stopped by police as he attempted to loot a computer from a Chuanghui branch, saying it was compensation for the 2,000 yuan he had paid the company in October to find him an apartment.

Chuanghui is the latest high-profile agency to feel the pressure of a slowing property market. In recent months, several firms in Beijing, Guangzhou and Shenzhen have been forced to close branches, while others have witnessed their owners flee or being arrested.

While the Spring Festival season is traditionally a slow time for property sales - agencies often lay off staff over the holiday period - property experts have said the overall decline in property prices is the main reason for the troubles faced by estate agencies.

Wang Feng, deputy director of the Shenzhen Real Estate Research Center, said in a report published recently that property prices in Shenzhen have been in steady decline for the past four months.