

## Real estate sector gets policy props

The government yesterday waived business tax on real estate sales and relaxed mortgage policies for second-home buyers in the latest attempt to buoy the sluggish property market.

The policies were among those unveiled at an executive meeting of the State Council, or the Cabinet, presided over by Premier Wen Jiabao.

The 5.5 percent sales tax will be waived if the property is sold two years after purchase. Previously, owners had to wait at least five years before selling their house tax-free.

And if owners now want to sell their houses in less than two years, they only have to pay taxes on the profit, not the sale price.

"This move is expected to boost the market, but may drag down prices in new residential buildings (because of a possible increase in transactions of pre-owned homes)," said Qin Xiaomei, research chief at CB Richard Ellis' Beijing branch.

The floor space of residential properties sold in the first 11 months fell 18.8 percent from a year earlier, while real estate investment growth slowed to 22.7 percent in the January-November period, down from 24.6 percent in the first 10 months, according to the National Bureau of Statistics.

Falling transactions are squeezing an economy already hurt by the global turmoil, as the property sector is one of the biggest drivers of China's domestic consumption, contributing a quarter of fixed-asset investment and employing 77 million people.

Experts have said reviving the property sector is vital to the government's efforts to counter the current downturn, which has worsened in the past month.

"The latest package will definitely help boost market confidence, but we should not expect an instant rebound in the market, since more detailed regulations are believed to be in the pipeline," said Gu Wei, spokesman for Longfor Property.

"However, it is really a big move, reflecting the government's resolve to rejuvenate the property market," he added.

The State Council also said it would allow people with "smaller-than-average" apartments to buy a second home on preferential terms till now reserved for first-time buyers, such as lower down payment requirements and interest rates.

"This policy relaxation has really made us excited and could help in speeding up the recovery of the market," said a sales manger of Beijing Capital Land.

However, Zheng Fei, a 30-year-old company executive, said he would adopt a wait-and-watch attitude, betting property prices will continue to fall and the government may announce more favorable policies.

The government also said it would support developers' "reasonable" financing needs, and increase credit help for developers of low-price units catering to low-income groups. It also pledged to provide housing for 9.9 million low-income families in the next three years.

Rural homes in dangerous condition will also be renovated.

The People's Bank of China, the central bank, said yesterday that developers building low-rent public housing could enjoy a 10 percent discount on lending rates, effective next month.


And the National Development and Reform Commission, the nation's top economic planner, yesterday announced 10 billion yuan in subsidies for affordable housing.

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GU WEI  
Spokesman for Longfor Property

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**HOUSE FOR SALE**

**Stimulating property market**

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