
No deposits from property buyers until sales approval

Created: 2010-4-21 1:32:33

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DEVELOPERS are not allowed to take any deposits from home buyers until they have received approval to start sales of uncompleted apartments, the Ministry of Housing and Urban-Rural Development said in a notice posted yesterday on its Website.

They must also disclose to the public information of all available apartments and prices and start selling within 10 days of getting the pre-sale nod, the ministry said.

Developers who fail to start selling within the required period or price homes at "abnormally high" levels or "artificially" create supply shortages by faking sale contracts will be "severely" punished, according to the notice.

Local industry regulators must grant pre-sale approval to at least a whole building rather than several units or floors, the notice said.

The notice, dated April 13, is the latest in a series of measures imposed by the central government to cool the real estate market after urban property prices in China rose by a record 11.7 percent in March.

China on Thursday raised the down payment requirement on second-home mortgages to at least 50 percent from 40 percent and announced two days later that banks can suspend loans to third to more home buyers and also should stop loans to people who haven't paid their personal income tax or into the social security fund in the past 12 months in places where they are buying homes.

"The recent batch of measures, definitely the most draconian ones ever introduced by the government, are expected to help cool the country's overheated housing market for about three to six months if they're implemented strictly," said Albert Lau, executive director of Savills China, one of the world's big five property firms. "However, in the longer term, more measures, such as the adoption of a property-related tax, are needed to leave a long-lasting impact on the market."

The latest measures will see fewer home sales but may have only limited impact on home prices in the city, due to an imbalance between supply and demand, Lau predicted.