

Hong Kong may cool red-hot real estate market

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Skyscrapers line Hong Kong's busy harbour.

Photograph by: John and Sandra Nowlan, Special to The Gazette

HONG KONG — Hong Kong's financial secretary has hinted at further measures to cool the red-hot property market, as real estate agents reported a drop-off in sales after tough new rules unveiled last week.

Hong Kong, a densely populated city of seven million, is famous for its sky-high residential rents and super-rich tycoons.

Financial Secretary John Tsang last Friday unveiled a range of measures aimed at restraining property prices in the densely populated former British colony, a favourite destination for mainland Chinese investors.

It followed public anger at spiralling property prices in Hong Kong -- traditionally associated with laissez-faire policies -- and a warning from the IMF of a potential bubble.

Tsang wrote in his blog on Sunday: "I can say without a doubt, we will not turn a blind eye to the risks that are affecting our economy and financial stability."

The city needs to be "decisive" and "proactive" in mitigating the risks posed by the asset bubble, he added. "It unsettles me to know that speculators are capitalising on market sentiments... to make profits."

Among measures announced last week was a sliding scale of new stamp duties aimed at discouraging people from selling property quickly after buying it.

As of the weekend, anyone reselling a property within six months of purchase is now subject to a 15 percent stamp duty. A ten percent duty applies to sales within six-to-12 months and five percent within 12-24 months.

The head of the Hong Kong Monetary Authority, the city's de facto central bank, also outlined measures tightening the issuance of mortgages.

The measures appeared to have an immediate impact, with secondary residential home sales dropping off over the weekend.

Ricacorp, one of Hong Kong's largest real estate agents, said sales had plunged by 70 percent on Saturday and Sunday, compared to the previous weekend.

"Clients are postponing signing contracts," managing director Willy Liu told AFP. "I suppose they're taking their time or looking for better deals before committing themselves."

Raymond Chan, regional sales director of Midland Realty, told AFP that sales of newly built properties had also dipped.

"We expected a blow-out sale for a property launch last Friday, but it only sold around two thirds, far short of our expectations," he said.

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