

China Luxury Residential Real Estate - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020 - 2029

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Report description:

The China Luxury Residential Real Estate Market size is estimated at USD 146.25 million in 2024, and is expected to reach USD 198.33 million by 2029, growing at a CAGR of 6.28% during the forecast period (2024-2029).

China's luxury residential real estate market is fairly concentrated, with more than 100 luxury residential real estate developers providing luxury homes who are holding the major market share and having a hold on huge inventories. These developers were under a lot of pressure during the COVID-19 pandemic.

Key Highlights

- In Tier 1 cities, prices moved upward strongly in Shenzhen and Hangzhou. They were slightly higher in Shanghai and stable in Beijing during the pandemic period.
- China's luxury residential real estate sector, which relates to a significant portion of the economy, is likely to see stabilization in 2022, after a turbulent 2021 during which many companies and market segments saw their slowest-ever growth or even declines. For instance, the luxury residential real estate market was the subject of 651 regulatory policies in 2021, the highest on record and 33% more than in 2020.
- According to China Real Estate Information Corp (CRIC), in the first half of 2022, the average selling price of luxury properties valued at more than USD 1.4 million (10 million RMB) increased 11% from a year earlier.
- Since the second half of 2021, China's luxury residential real estate market has shown indications of slowing down, with sales volume and home prices falling in a number of Chinese cities.
- The market's correction has led domestic financial institutions to upgrade their property-related financial services in order to keep up with shifting market dynamics. For example, the China Construction Bank has introduced Jianrongjiayuan, an app that focuses on the long-term leasing sector.

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-The census results from China's National Bureau of Statistics released in May 2021 which is a challenging reality for the country - its population growth is slowing. This trend has shown up a great impact on luxury residential real estate in China. The luxury residential property prices have grown dramatically.

-Despite policy curbs, home prices grew at the fastest pace in eight months in April 2021, with new home prices up about +0.5% month on month and sales up by about a third year over year. Furthermore, a considerable part of all bank loans in China is property related. Out of these reasons, the development of the real estate sector is crucial for economic stability and the government is taking considerable efforts to control and stabilize the market.

China Luxury Residential Real Estate Market Trends

Growth of urbanization driving luxury residential real estate market

One of the factors driving demand for the luxury residential real estate market is the rising pace of urbanization, China's urbanization ratio was around 64% and this ratio to rise over the next five years to 70% or 75%. Between 2000 and 2020, an estimated 415 million new residents settled in China's cities, and an estimated 208 million will settle by 2040, according to estimates by the United Nations. With improving job market conditions, better income growth, consumers or households are still looking for (an) upgrade or buying primary (residences).

Despite the high price tag, the demand for luxury housing in China is on the rise. Depending on the location, a luxury home can vary in price significantly. Hong Kong has the highest average price per square foot of prime luxury residential property worldwide.

Hong Kong's market stability was supported by mainland China finally reopening its borders since the pandemic, which welcomed several expats and professionals. In 2022, the special administrative region of China, Hong Kong ranked fourth worldwide in terms of number of sales in super-prime residential assets (USD 10 million or more).

Increase in demand for luxury residential properties in the country due to favorable mortgage rates

The decision of house purchase is also influenced by lending mortgage rates in the luxury residential real estate market. In February 2022, banks in nearly 90 Chinese cities slashed mortgage rates in an effort to boost sales and mood in a residential and luxury residential real estate market roiled by a liquidity crisis and struggling developers.

Commercial lenders decreased mortgage rates after the central bank cut the benchmark LPR twice in December 2021 and January 2022, aimed at boosting the world's second-largest economy's flagging growth.

China's four biggest banks lowered mortgage rates in the southern city of Guangzhou by 20 basis points in February 2022. Mortgage rates in smaller cities such as Hohhot, Zhongshan and Huizhou were cut by 30 basis points. The Shanghai branch of the central bank has told commercial lenders in the financial hub to accelerate real estate-related loans.

In 2022, China's central bank slashed a key mortgage rate for the first time in almost two years, the shares of Chinese property developers soaring in Hong Kong. The stock prices of Hong Kong-listed Chinese property developers increased dramatically, recovering some of the recent losses.

China Luxury Residential Real Estate Industry Overview

The China luxury residential real estate market is competitive with presence of international and local players in the market. The

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China luxury residential real estate market can be defined as a semi-consolidated market. Some of the top players in this market are Evergrande Real Estate Group Limited, Christie's International Real Estate, Luxury Estate, 4321 property, and China Vanke Co.

The growing presence of international funds and foreign capital is increasingly attracting domestic developers to have joint ventures as a way of gaining a foothold in the country and enhancing their financial strength and management expertise.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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