

PROPERTY



Downward trend
Sales of second-hand flats decline – and tipped to fall further

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Point of sale
Price: HK\$1.98 million
Size: 748 sq ft in terms of saleable area
Where: Taikoo Shing

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Secondary market

178

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MACAU



Sniper Capital's Joao Afonso, who manages The Fountainside project, is confident about sales over the next two years. Photo: Paggie Leung

Macau law on unfinished flats to hit pre-sale supply

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A new pre-sale law is expected to hit Macau's home supply when it becomes effective next month, with developers needing to meet a range of new requirements before they launch a project.

The law, which was approved by the Macau Legislative Assembly on May 21, aims to protect buyers by imposing conditions on the sale of unfinished flats and regulating sales procedures.

Among the changes is a requirement that developers complete the foundation of a building and obtain pre-sale approval before they can sell the units.

Until now it was common for developers to sell their projects even when a site was empty. The need to conform with the new law would result in a drop in the supply of flats for pre-sale because developers would need more time to prepare projects for sale, said Stanley Poon Chi-ming,

managing director of property agency Centaline Macau.

"Many developers rushed to sell their pre-sale projects in the last few months before the new law was due to become effective," Poon said. Sales of unfinished flats doubled in the last few months.

A total of 3,585 homes were sold in the first quarter of this year, of which 42 per cent were unfinished flats, a local newspaper cited Statistics and Census Service data as showing.

Poon expects sales by his agency to drop by 40 to 50 per cent in value and by up to 60 per cent by volume in the near future owing to the decline in supply of pre-sale projects. "It's not clear when supply will get back to normal, as it will depend on how long it takes for the government to approve the projects," he said.

The new law will also require developers to list in sale contracts the building's expected date of completion, mortgage terms and detailed descriptions of the un-

finished flats. The sales must be confirmed by a notary and buyers need to complete property registration within 30 days.

Wilson Chung Wai-suen, marketing director of Macau developer Concord Industrial & Commercial Development, said flat supply might be affected by the new law in the short term. But it would not have much impact on his company because it has been selling flats only after the government approves its plans.

"It's good that the law will increase market transparency and

offer better protection for buyers," Chung said.

Headland Developments last week put on sale the remaining 22 units of its luxury residential project The Fountainside, in the Penha Hill district. Asking prices of the units and villas, with gross floor areas from 718 to 3,800 square feet, range from HK\$4.45 million to HK\$49.4 million.

Joao Afonso, Macau director of property fund manager Sniper Capital, which manages the project, said he was confident about the sale given limited new-flat supply in the next two years.

"Home price growth in Macau has been healthy and steady in the last five years," he said. "Even when the government introduces more policies I don't think it will affect the market very much ... because many Macau citizens are capital rich and have strong purchasing power."

He forecasts that Macau flat prices will increase moderately by 5 to 10 per cent in the next two years.

I don't think it will affect the market ... Macau citizens are capital rich

JOAO AFONSO, PROPERTY FUND MANAGER