

Macro Roundup Article

Headline: [Painful As It Is, China Must Rid Its Economy of an Ever-Rising Property Market](#)

Article Link: <https://www.scmp.com/comment/opinion/article/3206254/painful-it-china-must-rid-it-s-economy-ever-rising-property-market>

Author(s)	Michael Pettis
Publication	South China Morning Post
Publication Date	January 12, 2023

Tweet: [. @michaelxpettis warns that there is likely no way to stabilize the Chinese property sector without prices falling and a significant increase in financial distress.](#)

Summary: For now, Beijing seems to want to stabilize the property sector and slow the pace of adjustment to reduce financial distress. It is not clear, however, that this is a realistic goal. In a speculative market, it is the expectations of rising prices that generate the demand for more rising prices, and once these expectations are reversed, it is very hard to prevent prices from falling. With real demand expected to fall sharply in the next few years, it will be impossible to wring speculation out of the property market without much lower prices and a significant increase in the spread of financial distress.

Primary Topic: Business Cycle

Topics: Business Cycle, China, Factoid, GDP, Housing, Op-Ed/Blog Post, Sell-by Date

Permalink: <https://www.edwardconard.com/macro-roundup/michaelxpettis-warns-that-there-is-likely-no-way-to-stabilize-the-chinese-property-sector-without-prices-falling-and-a-significant-increase-in-financial-distress?view=detail>