# China Faces Challenges with Declining Home Prices and Industrial Output in May



**China's Slumping Home Prices and Industrial Output in May**

China's property market saw significant declines in May 2024, with new home prices falling at the fastest rate in nearly a decade, despite government efforts. New data indicated a 3.9% drop in annual home prices compared to May 2023, worsening from a 3.1% decline in April. Monthly, the prices decreased by 0.7%, affecting 68 of the 70 cities surveyed by the National Bureau of Statistics (NBS).

Spokesperson Liu Aihua stated that the market is adjusting and policy effects will need time. Efforts to stabilize the market include mortgage rate cuts and converting unsold homes into affordable housing. However, large amounts of vacant property and weak consumer confidence remain issues.

Additionally, China's industrial production for May grew by 5.6% annually, lower than April's 6.7% and below the forecasted 6%. Yet, retail sales grew by 3.7% yearly, surpassing expectations.

Amid these developments, the government's focus has shifted to industrial and infrastructure investments to meet growth targets. The People’s Bank of China (PBoC) kept the one-year medium-term lending facility rate at 2.5%, aligning with market expectations. Lower rates were avoided to protect banks' margins and the renminbi's stability against the dollar.