

# Jianpu Technology(NYSE:JT) Data Institute: New Policy Hasn't Yet Significantly Impacted Mortgage Credit Availability

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/EINPresswire.com/ -- Ranking:

Shenyang Was Kicked Off China's List for Top 10 Cities with Highest Mortgage Rates as Its First-home Mortgage Rate Decreased by 2BPs MoM

In January 2021, the list for China's top 10 cities with the lowest first-home mortgage rates didn't change but Quanzhou slipped to the tenth lowest from the eighth as its average mortgage rate decreased significantly. Among the top 10 cities with the highest first-home mortgage rates, Shenyang was knocked off the list after an MoM decrease of 2BPs in its average first-home mortgage rate while Changsha was included in the list instead.

New Policy Came into Effect for Over Half A Month, But Mortgage Credit Availability Hasn't Yet Been Greatly Impacted

On the last day of 2020, the People's Bank of China and the China Banking and Insurance Regulatory Commission announced a property lending concentration management mechanism to impose ceilings on property loans by banks. The new system has set an upper limit on personal mortgage loans at

| Chart 1   Top 10 Cities with the Lowest First-home Mortgage Rates in January 2021 |                              |          |                   |
|---|------------------------------|----------|-------------------|
| City  | Average Rate in January 2021 | MoM (BP) | LPR Increase (BP) |
| Shanghai  | 4.69%                        | 0        | 4                 |
| Harbin  | 4.84%                        | 4        | 19                |
| Dalian  | 4.84%                        | -1       | 19                |
| Urumqi  | 4.87%                        | 1        | 22                |
| Guangzhou   | 4.90%                        | -1       | 25                |
| Tientsin  | 4.95%                        | 0        | 30                |
| Xiamen  | 4.95%                        | 0        | 30                |
| Quanzhou  | 4.96%                        | -5       | 31                |
| Shenzhen  | 4.98%                        | 0        | 33                |
| Shijiazhuang  | 4.99%                        | -1       | 34                |

Source: Rong360 Jianpu Technology (NYSE: JT) Big Data Institute

Chart 1 - Top 10 Cities with the Lowest First-home Mortgage Rates in January 2021

| Chart 2   Top 10 Cities with the Highest First-home Mortgage Rates in January 2021 |                              |          |                   |
|--|------------------------------|----------|-------------------|
| City   | Average Rate in January 2021 | MoM (BP) | LPR Increase (BP) |
| Chengdu  | 5.95%                        | -1       | 130               |
| Wuxi   | 5.90%                        | -1       | 125               |
| Hefei  | 5.88%                        | 0        | 123               |
| Nanning  | 5.84%                        | -1       | 119               |
| Zhengzhou  | 5.69%                        | -2       | 104               |
| Wuhan  | 5.68%                        | 0        | 103               |
| Guiyang  | 5.62%                        | 2        | 97                |
| Huizhou  | 5.59%                        | -3       | 94                |
| Nanchang   | 5.58%                        | 1        | 93                |
| Changsha   | 5.45%                        | -1       | 80                |

Source: Rong360 Jianpu Technology (NYSE: JT) Big Data Institute

Chart 2 - Top 10 Cities with the Highest First-home Mortgage Rates in January 2021

as much as 32.5% of total outstanding yuan loans for first-tier lenders. The ratio requirements are lower for smaller banks. According to current property loan ratios of banks, only a small number of banks, who have exceeded the new requirements, are facing pressure to lower their property loan ratios. A majority of banks, especially medium and large ones, can still extend additional personal mortgage loans.

The new policy has been executed for over half a month, while financial institutions usually extend more credit at the beginning of a year. Therefore, the number of personal mortgage loans to be extended hasn't yet been significantly affected, and there is still relatively sufficient availability for new loans. However, in the long-run perspective, banks are expected to reduce the total amount of new home loans available this year; or increase differentiated adjustments in mortgage credit availability across regions, reducing the availability in cities with relatively low mortgage rates and small profits from housing lending.

Mortgage rates dropped slightly at the beginning of 2021. The People's Bank of China injected RMB500 billion worth of one-year medium-term lending facility ("MLF") loans to financial institutions and kept the rate on the loans steady at 2.95% from previous operations. The LPR has a low possibility to change. Considering that mortgage credit availability hasn't yet been affected much by the new policy, mortgage rates are expected to keep steady or drop slightly in the short term.

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