

This Week in China

Driving forces of urban housing transaction growth

Topic of the week:

Housing demand in some tier-3 and tier-4 cities exceeds general expectations. We found that the demand in some low-tier markets is actually supportive: 1) Some low-tier cities are in good economic development: Loudi, Wuhu and Ji'an have been growing faster than the whole country in the past 10 years, supporting residents' housing purchasing power. 2) The relative advantages in the province enable low-tier cities to absorb the population of other cities: In 2019, Dongying's per capita GDP ranks 1st in Shandong, and the per capita disposable income of urban residents ranks 3rd in Shandong, supporting its population inflow and housing demand. 3) Strict regulation in core cities in the province caused some overflow: Strict regulation in Changsha may cause some buyers to overflow to Loudi. 4) Accelerated industrial development has enhanced the attractiveness of some low-tier cities: As of Jan 8th 2021, Wuhu has 15 A-share listed companies including ACC, OFFCN EDU, Sanqi Huyu, and the gap between its resident and registered population has narrowed significantly in recent years. 5) Increase in the scale of shed reform may bring about short-term housing demand: Loudi's 2020 shed reform plan increased the number of renovation units by 57% compared with 2019.

The demand of metropolitan cities and strong tier-2 cities are relatively sufficient, and land supply and local policies have a greater impact. The industrial integration of urban agglomerations and relatively mild housing purchase requirements have brought demand for housing purchases to key satellite cities. The transaction volume in cities such as Dongguan has increased with the increase in housing supply. Changes in local control policies have also had an important impact on transaction volume. Xiamen's strict regulation since 2016 has resulted in a sharp decline in the pre-sale residential GFA approved and transaction volume of from 2016 to 18; as the market and policy environment have stabilized, Xiamen's transaction volume has rebounded rapidly since 2019.

The operational capacity of developers is becoming more critical, and it is necessary to observe the pace of land supply and policy changes in key cities. In the cost composition of projects in tier-3 and tier-4 cities, land prices account for lower proportions than those in tier-1 and tier-2 cities, and the profit margin depends more on the operation and cost control capabilities. On the other hand, the current development logic of urban agglomerations has not changed, and important satellite cities will have growth opportunities; due to differences in development stages and control policies of cities, the supply and demand of the property market in some popular cities may be restrained, and future transaction volumes may increase with changes in policies and land supply.

Data points:

As of Jan 8th, new house transaction area in 42 major cities this week decreased 20% WoW, and cumulative transaction area in 2021 increased 15% YoY.

As of Jan 8th, saleable area (inventory) in 13 major cities this week decreased 1% WoW; average inventory period was 10.3 months, average change was -4%.

As of Jan 8th, second-hand housing transactions in 15 major cities this week increased 4% WoW, and cumulative transaction area in 2020 fell 9% YoY.

Suggestion:

The limit on mortgages put pressure on the stock price of the sector, and the ten ministries' policies on property management have boosted the performance of property management stocks. In terms of industry policy, the central bank's work meeting for the first time mentioned the "implementation" of the real estate financial prudential management system, overall industry direction may remain stable. Maintain "Overweight" rating.

Overweight

(Maintain)

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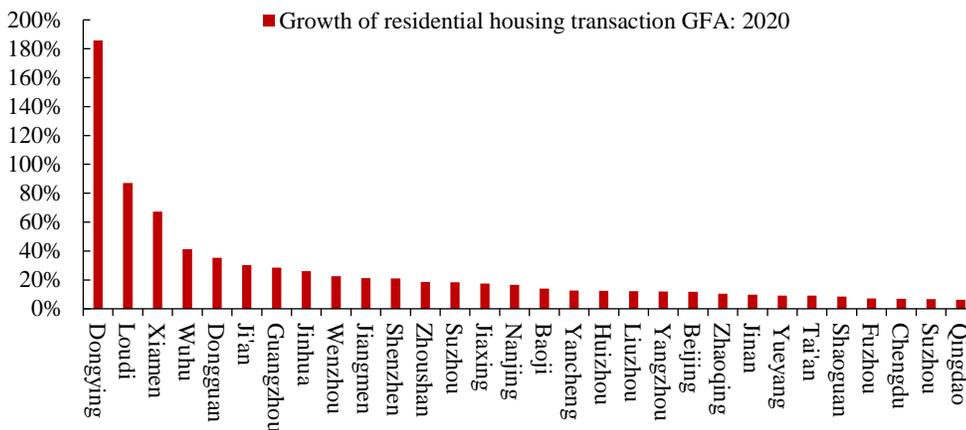
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1. Driving forces of urban housing transaction growth

Starting from 2Q20, the commercial housing market has recovered rapidly. According to the transaction data of local governments, among the 49 cities with relatively complete data in the past two years, the growth rate of commercial residential transaction GFA in 2020 is not only high in lower-tier cities such as Dongying, Loudi, and Wuhu, but also tier-1 and tier-2 cities such as Xiamen, Dongguan and Guangzhou. What are the factors driving the growth of transactions in the cities mentioned above?

Chart 1: Dongying, Loudi, Xiamen, Wuhu and Dongguan had the highest growth rate of residential housing transaction GFA in 2020

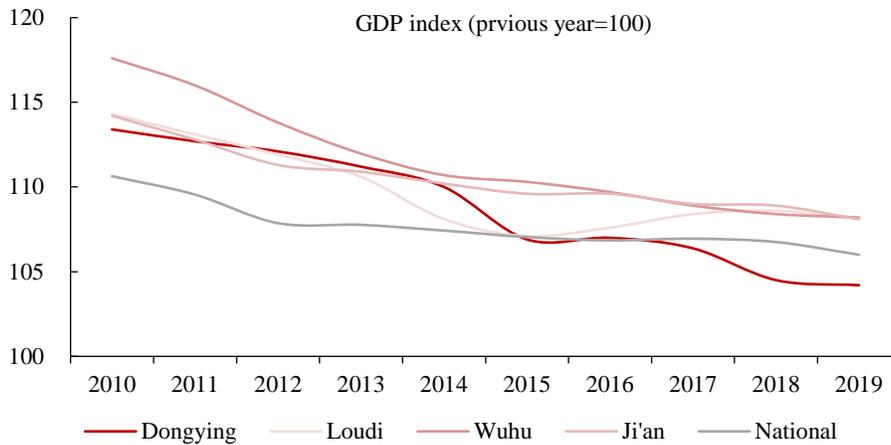


Source: Wind, local governments, CWSI Research

1.1 Some lower-tier market demand exceeds expectations, with relatively greater fluctuations

Some tier-3 and tier-4 cities represented by Dongying, Loudi, Wuhu, and Ji'an have performed well in economic development, and residents have housing purchasing power. The market has certain concerns about the demand for commercial housing in the low-tier market. In fact, there are differences in economic development levels. Loudi, Wuhu, and Ji'an's GDP growth rate in the past decade has all been faster than the national level, supporting the housing purchasing power of the local market. Although Dongying's GDP growth rate has slowed down significantly in the past five years, the past economic growth rate higher than that of the whole country has also enabled local residents to achieve a certain amount of wealth accumulation. The good performance of economic development makes the residents of the above cities have strong housing purchasing power.

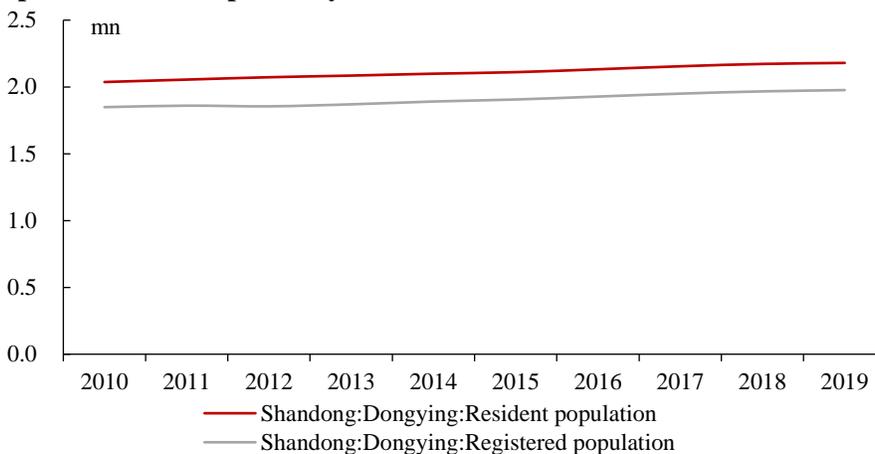
Chart 2: Some lower-tier cities have grown faster than the country's GDP in the past ten years



Source: Wind, NBS, CWSI Research

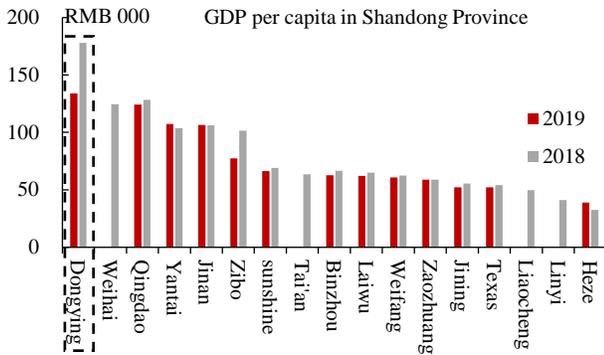
For tier-3 and tier-4 cities, the status of the economic development level within the province is more critical to the population inflow. Because the overall economic development momentum is weaker than that of tier-1 and tier-2 cities, the population inflows of many tier-3 and tier-4 cities mostly come from the province. Therefore, the status of the urban economic development level in the province is more critical to the population inflow. Dongying's per capita GDP level and per capita disposable income of urban residents rank in the forefront of Shandong Province, so its population shows a net inflow, that the number of resident population is greater than the registered population, both of which have steadily increased slightly in the past decade.

Chart 3: The resident population of Dongying is more than the registered population over the past ten years



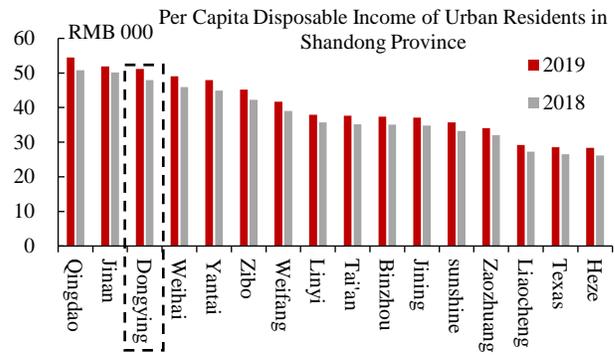
Source: Wind, NBS, local government, CWSI Research

Chart 4: Dongying's GDP per capita ranks first in Shandong Province in recent years



Source: Wind, NBS, CWSI Research; note: Some cities have missing data in 2019

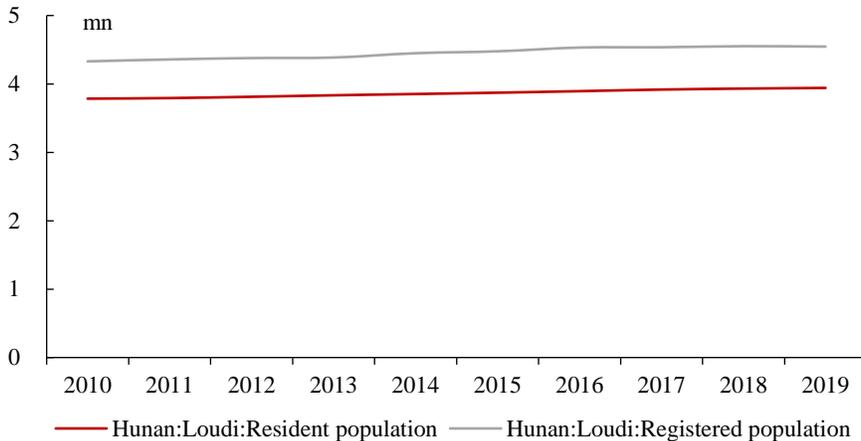
Chart 5: Dongying's per capita disposable income ranks third in Shandong Province in recent years



Source: Wind, NBS, CWSI Research

The strict degree of regulation in other cities in the province can also affect the home buyers in tier-3 and tier-4 cities. The development focus of Hunan Province is more towards the Changsha-Zhuzhou-Xiangtan urban agglomeration, resulting in a net outflow of the population of Loudi, and the number of resident population continued to be smaller than the registered population. However, Changsha implements strict management of restrictions on the purchase of commercial housing, so some buyers in the Loudi market may not be resident population of Loudi but of cities such as Changsha.

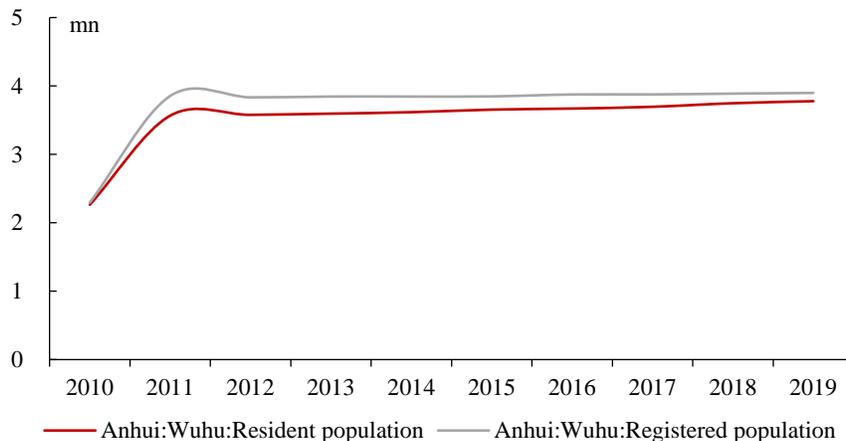
Chart 6: The number of resident population in Loudi is smaller than the registered population, and both of which are relatively stable



Source: Wind, NBS, local government, CWSI Research

Accelerated industrial development has enhanced the population attractiveness of some tier-3 and tier-4 cities. Taking Wuhu as an example, Hefei, the capital of Anhui Province, is developing well, and the degree of integration of the Yangtze River Delta is relatively high, which puts the pressure of population outflow in Wuhu; in the past ten years, the permanent population of Wuhu has been smaller than the registered population. On the other hand, Wuhu has paid more and more attention to industrial development in recent years. It has more than ten A-share listed companies including ACC, OFFCN EDU, Sanqi Huyu and Three Squirrels. The development of the industry has driven the growth of resident population. The gap between Wuhu's resident population and registered population gradually narrowed. In the current high-quality development environment, there are also some tier-3 and tier-4 cities that are very active and effective in introducing industries. The development of industries will provide support for the demand for housing purchase in such cities.

Chart 7: Accelerated industrial development drives the gap between resident population and registered population in Wuhu to gradually narrow



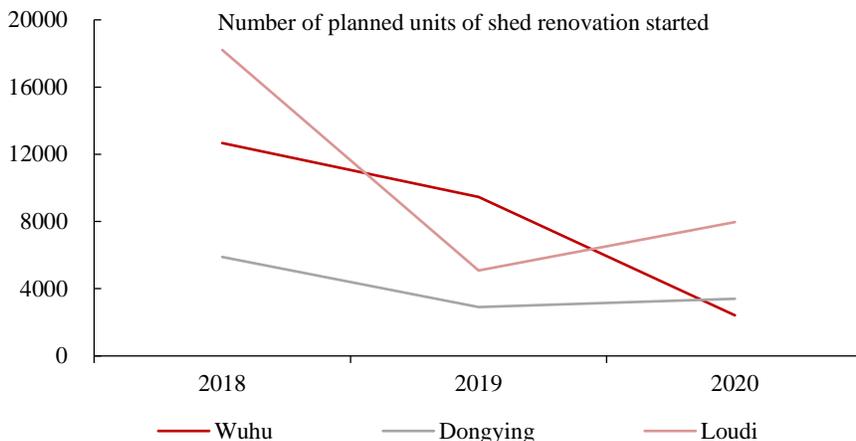
Source: Wind, NBS, local government, CWSI Research

Table 1: As of early 2021, Wuhu has 15 A-share listed companies

RIC	Company	Market Value (RMB bn)
600585.SH	ACC	299.1
002607.SZ	OFFCN EDU	214.0
002555.SZ	SANQI HUYU	71.5
300088.SZ	TOKEN SCI	21.7
300783.SZ	THREE SQUIRRELS	16.4
603596.SH	BTL	15.1
002171.SZ	TRUCHUM	11.5
600575.SH	WANJIANG LOGISTICS	8.5
688165.SH	EFORT	6.3
002298.SZ	S&X	6.1
002361.SZ	SHENJIAN GUFEN	4.2
600255.SH	AXNMC	3.1
002997.SZ	RAYHOO	2.8
000619.SZ	CONCH PROFILES	2.0
603527.SH	ANHUI ZHONGYUAN NEW MATERIALS	1.9

Source: Wind, CWSI Research; note: data as of 2021/1/8

The increase in the scale of shed reform may increase the demand for housing purchases in some cities. In the tier-3 and tier-4 cities where the transaction volume has increased significantly in 2020, the number of units in Wuhu's shed reform plan has fallen sharply in the past three years, and the number of units planned to be renovated in Dongying in 2020 has not increased significantly, which has limited impact on transaction volume; Loudi's shed reform plan of the number of units has increased, which may have a certain impact on the increase in its transaction volume.

Chart 8: Shed reform may increase the housing demand in some cities


Source: Local governments, CWSI Research

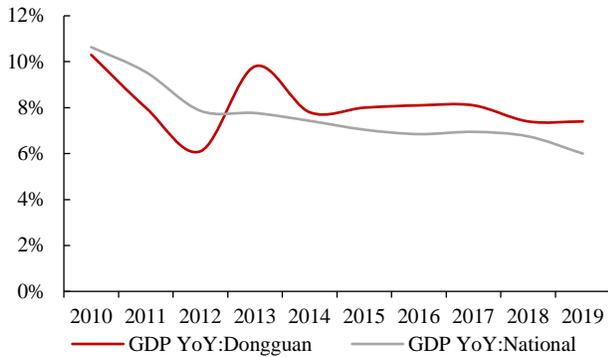
The small market size and high volatility of a single city are one of the major reasons for the greater increase in transaction volume in some tier-3 and tier-4 markets. Due to the small size of the market, and some markets with product supply vacancies are more susceptible to market launches, the fluctuations in trading volume are relatively greater. Taking Dongying and Loudi as examples, according to the data of the local governments, the transaction GFA of commercial residential housing in Dongying and Loudi in 2019 decreased by 25.2% YoY and increased by 1.6% YoY, respectively. The lower base number enabled them to achieve greater transaction volume in 2020.

1.2 The development logic of urban agglomerations continues, and growth is shifting to strong tier-2 and satellite cities

Greater Bay Area cities such as Dongguan and Guangzhou, Yangtze River Delta cities such as Jinhua and Wenzhou, and strong tier-2 cities such as Xiamen have also achieved greater volume growth. Both the Yangtze River Delta and the Greater Bay Area are relatively mature urban agglomerations. The core cities in the urban agglomerations and the key satellite cities participating in the integrated development of the urban agglomerations have good economic development trends, and the population that followed the industry into the city also effectively supported the demand for commercial housing.

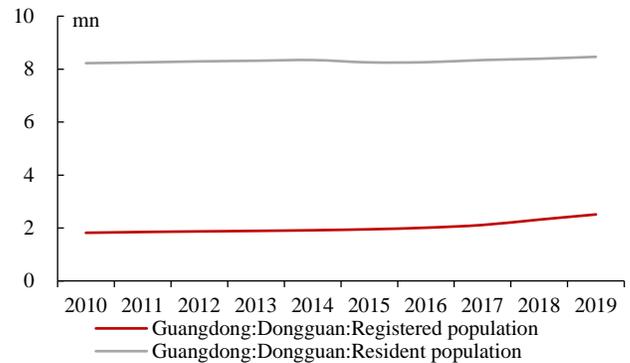
The industrial integration of urban agglomerations and relatively moderate house purchase policies have brought demands to key satellite cities. Taking Dongguan in the Greater Bay Area as an example, the acceptance of Shenzhen's spillover industries has further accelerated the development of Dongguan's economy. The high housing prices in Shenzhen and the gradual tightening of housing policies have also led some residents to choose to buy houses in Dongguan. Since 2017, the gap between the registered population and the resident population in Dongguan has narrowed significantly. In 2010, the resident population and registered population of Dongguan were approximately 8.22 mn and 1.82 mn, respectively; in 2019, they were 8.46 mn and 2.51 mn. Jinhua-Yiwu (Middle Zhejiang), Wenzhou (South Zhejiang), Hangzhou (North Zhejiang), and Ningbo (East Zhejiang) in the Yangtze River Delta are the four major regional central cities in Zhejiang, and their business environment is excellent. Take Jinhua, for example, relying on the rapid development of Yiwu and other places under its jurisdiction, it has achieved faster GDP growth than the whole country in 2019, 2Q20 and 3Q20, the economic recovery is resilient, and the permanent population and registered population have grown steadily.

Chart 9: Dongguan's GDP growth rate has been faster than that of the country since 2013



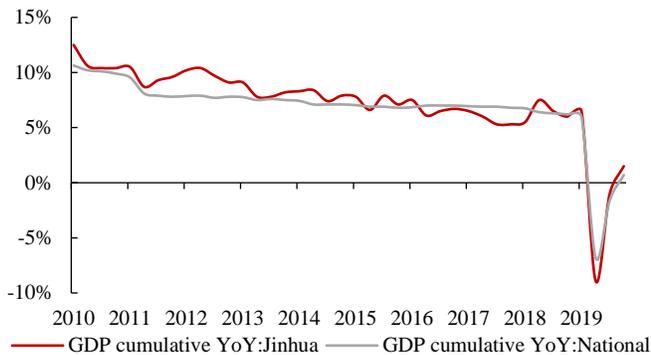
Source: Wind, NBS, local government, CWSI Research

Chart 10: The gap between Dongguan's registered and resident population has narrowed significantly in recent years



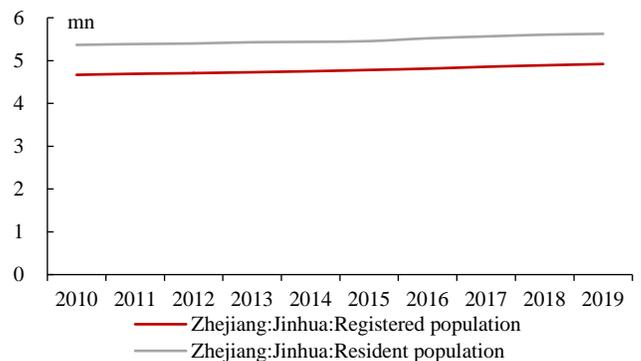
Source: Wind, local government, CWSI Research

Chart 11: Jinhua's GDP growth rate has increased since 2019, and economic recovery has become resilient



Source: Wind, NBS, local government, CWSI Research

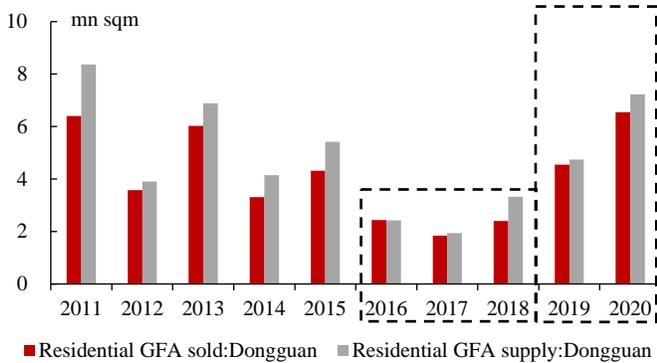
Chart 12: Jinhua's registered and resident population both increased slightly



Source: Wind, local government, CWSI Research

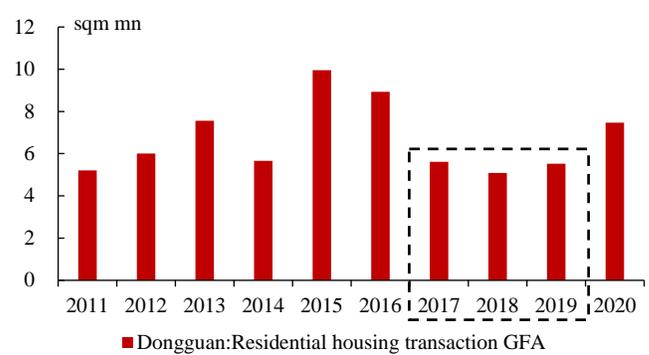
For tier-1, tier-2 and key satellite cities with sufficient housing demand and residents' purchasing power, the pace of commercial housing supply is a key factor in the change in transaction volume. Take Dongguan as an example. From 2016 to 2018, the planned GFA of residential land sold in Dongguan was the lowest in recent years, resulting in a small supply of commercial housing and a small transaction volume in 2017-2019. From 2019 to 2020, the GFA of residential land sold in Dongguan increased significantly, driving the supply of commercial housing and the increase in transaction volume in 2020. The supply of residential land in recent years is an important reference indicator for local transaction volume.

Chart 13: The residential land supply in Dongguan has increased significantly since 2019



Source: Wind, CWSI Research

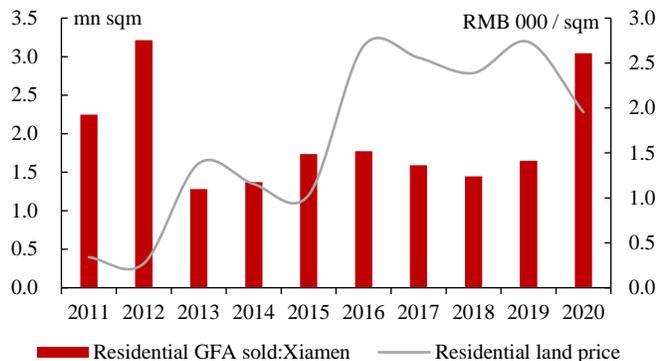
Chart 14: Dongguan's residential housing transaction volume is small during 2017-2019



Source: Wind, local government, CWSI Research

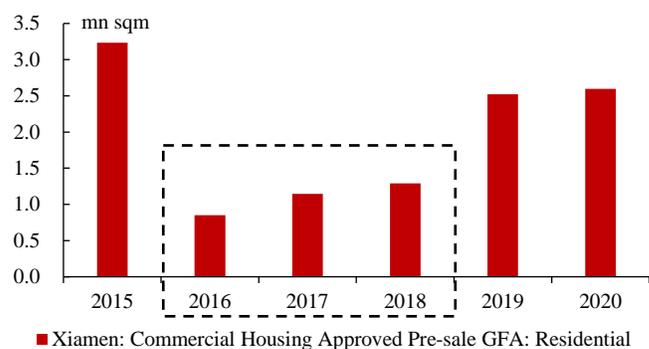
Local control policies have also had an important impact on the transaction volume of popular cities. Take Xiamen as an example. At the end of August 2016, Xiamen restarted the purchase restriction. In March 2017, the regulation was further tightened, reducing the number of eligible residents who are willing to buy houses. On the other hand, since 2016, the average price of residential land sold in Xiamen has been significantly increased from about RMB 10,316 / sqm in 2015 to about RMB 26,897 / sqm in 2016, the tightening of regulation also makes some projects with higher land costs tend to lengthen the development cycle. From 2016 to 2018, Xiamen's planned GFA of residential land sold fell only slightly, but the approved pre-sale GFA fell sharply, and the transaction volume also fell sharply. In 2019 and 2020, Xiamen's planned GFA of residential land sold and approved pre-sale GFA have both rebounded. The small base in the previous years has also enabled the transaction of commercial housing to achieve greater growth.

Chart 15: Xiamen's residential land prices have risen sharply since 2016



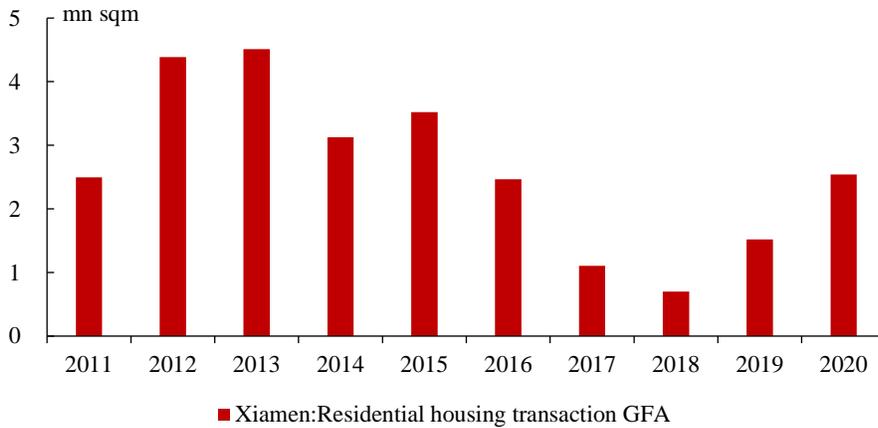
Source: Wind, CWSI Research

Chart 16: From 2016 to 2018, Xiamen's approved pre-sale commercial residential GFA dropped sharply



Source: Wind, local government, CWSI Research

Chart 17: The scale of Xiamen's commercial residential transactions in 2017-2018 was small, and it has rebounded from 2019

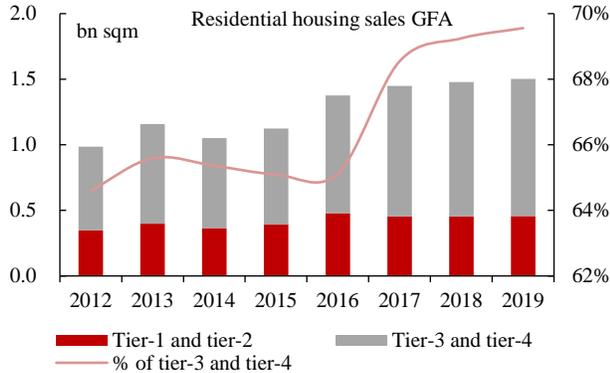


Source: Wind, CWSI Research

1.3 Grasp the lower-tier market demand, pay attention to land supply and policy changes in key cities

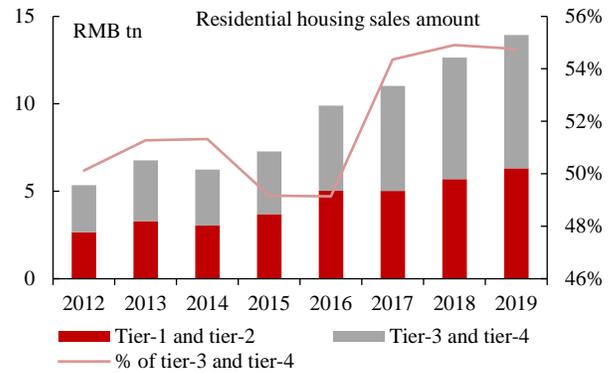
There are many supporting factors for the market demand of some tier-3 and tier-4 cities, and the operating capacity of developers is becoming more critical. The proportion of commercial residential sales GFA contributed by the low-tier market in recent years has steadily increased, tier-3 and tier-4 cities contributed nearly 70% sales GFA in 2019 and 55% of sales amount in 2019, being an important driving force for sales growth. The industrial and economic development trend of some low-tier cities is actually relatively good, which is sufficiently attractive to the population of other cities in the province, and housing demand is supported. However, the number of such cities may be relatively large, geographical locations may be relatively dispersed, and the total demand for a single city may be relatively limited, and it is difficult for developers to cover; at the same time, land prices account for a low proportion of the cost composition of projects in tier-3 and tier-4 cities than projects in tier-1 and tier-2 cities, the profitability of the project depends more on the control of construction and installation costs. Therefore, the ability of developers in operations and cost control will be more critical.

Chart 18: Tier-3 and tier-4 cities have become the main driving force for the growth of commercial residential sales GFA in recent years



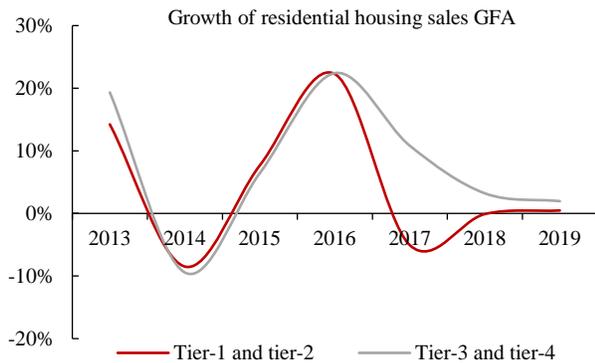
Source: Wind, NBS, CWSI Research

Chart 19: The proportion of tier-3 and tier-4 residential sales has stabilized at more than 50% in recent years



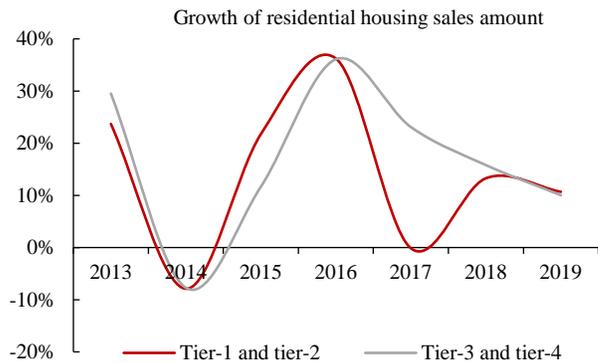
Source: Wind, NBS, CWSI Research

Chart 20: In recent years, the sales GFA of commercial housing in tier-3 and tier-4 cities has increased faster than in tier-1 and tier-2 cities



Source: Wind, NBS, CWSI Research

Chart 21: The sales growth rate of commercial residential sales in tier-3 and tier-4 cities was the same as tier-1 and tier-2



Source: Wind, NBS, CWSI Research

Note: The scope of tier-1 and tier-2 cities follows the classification standard of the National Bureau of Statistics, and the national sales data minus the data of the sales of tier-1 and tier-2 cities are tier-3 and tier-4 sales

The development logic of urban agglomerations has not changed, developers need to observe the land supply pace and policy changes of key tier-2 and satellite cities in recent years. The Fifth Plenary Session of the 19th Central Committee pointed out that during the "14th Five-Year Plan" period, China will "persist in the implementation of major regional strategies, regional coordinated development strategies, and major functional zone strategies", which is consistent with the development logic of urban agglomerations in recent years. In this context, important satellite cities and node cities in developed city agglomerations will have growth opportunities. On the other hand, due to differences in the development stages of cities and differences in regulatory



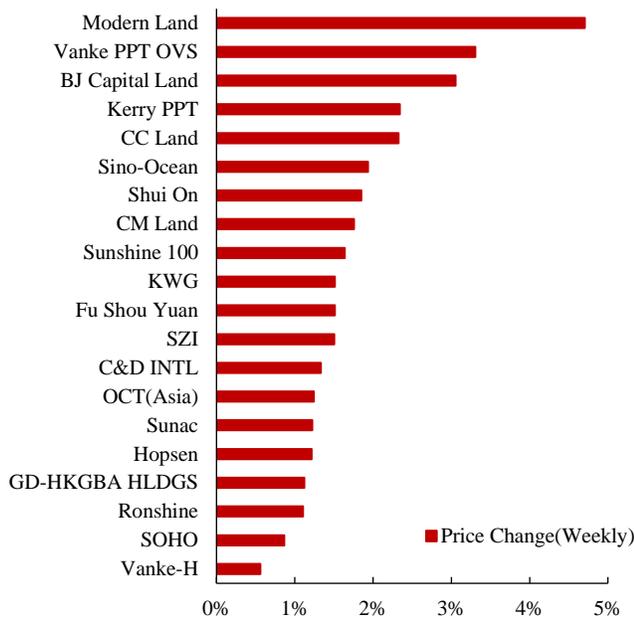
policies, housing demand and commercial housing supply in some popular cities may be restrained to some extent, and future transaction volumes may also increase with changes in policies and land supply.

2. Sector Performance

2.1 Performance of developer sector

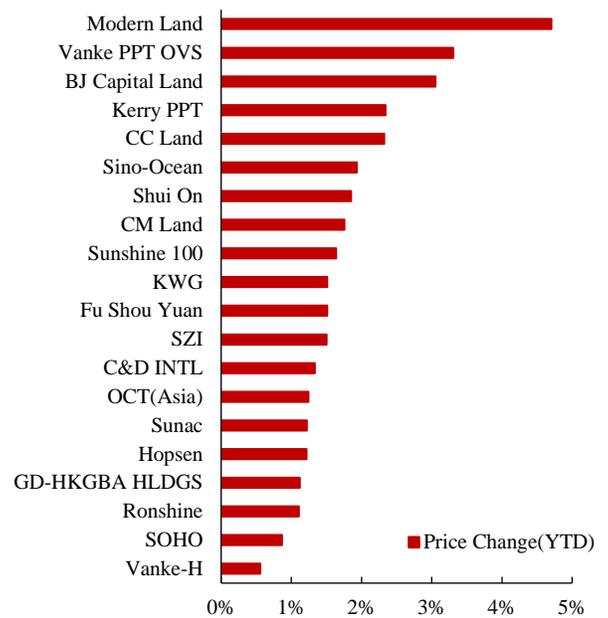
This week, Modern Land, Vanke PPT OVS and BJ Capital Land had larger price increase than peers. Modern Land, Vanke PPT OVS and BJ Capital Land had better share price performance, YTD.

Chart 22: This week, Modern Land, Vanke PPT OVS and BJ Capital Land had larger price increase than peers



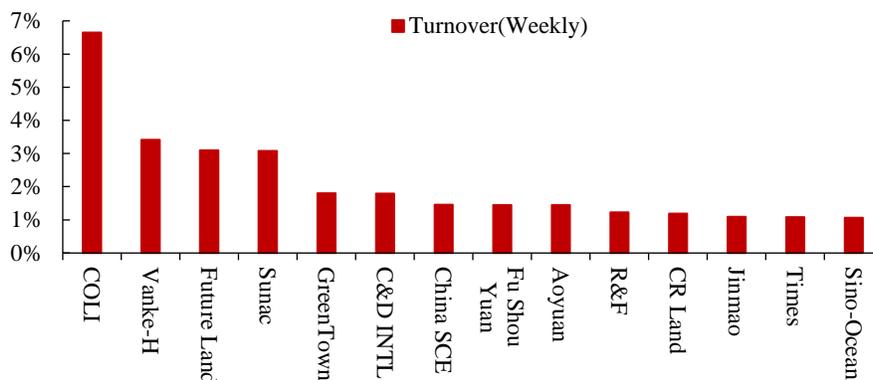
Source: Wind, CWSI Research

Chart 23: Modern Land, Vanke PPT OVS and BJ Capital Land had better share price performance, YTD



Source: Wind, CWSI Research

Chart 24: COLI, Future Land and Vanke-H were most actively traded this week

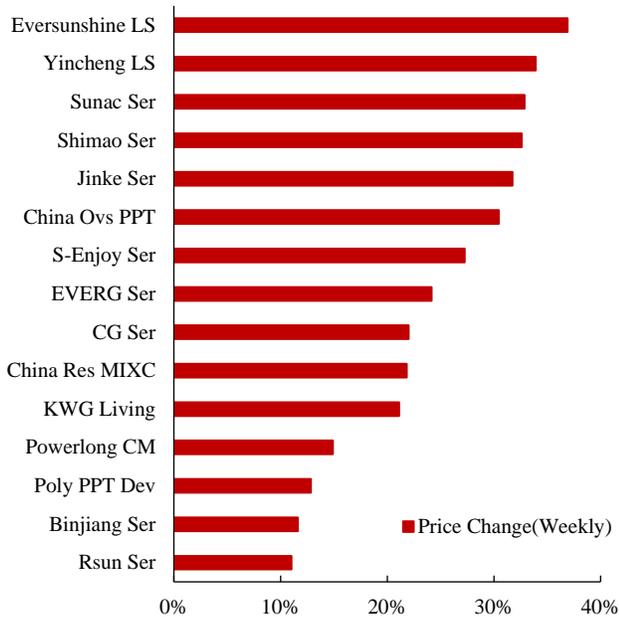


Source: Wind, CWSI Research

2.2 Performance of property management sector

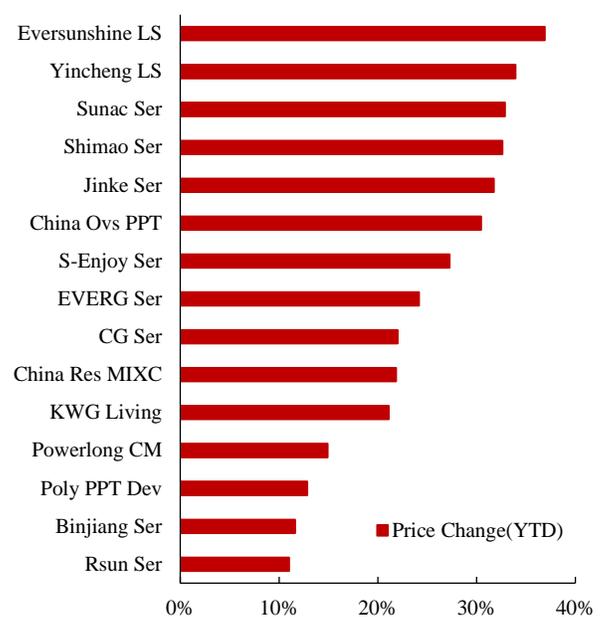
This week, Eversunshine LS, Yincheng LS and Sunac Ser had larger price increase than peers. Eversunshine LS, Yincheng LS and Sunac Ser had better share price performance YTD.

Chart 25: This week, Eversunshine LS, Yincheng LS and Sunac Ser had larger price increase than peers



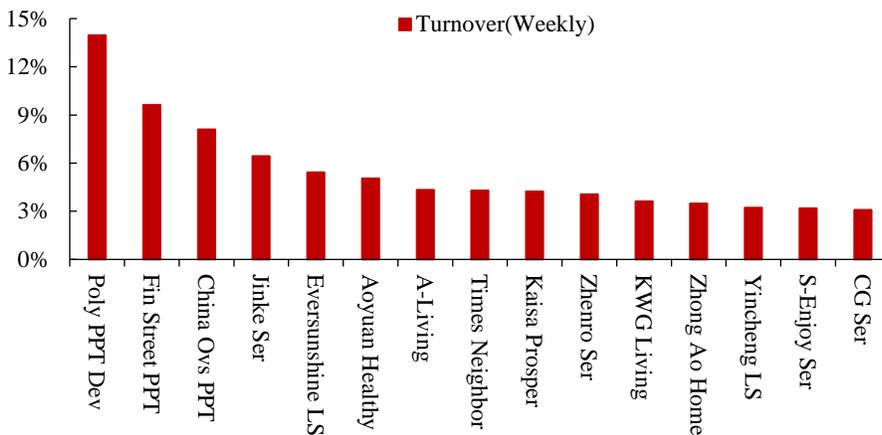
Source: Wind, CWSI Research

Chart 26: Eversunshine LS, Yincheng LS and Sunac Ser had better share price performance YTD



Source: Wind, CWSI Research

Chart 27: Poly PPT Dev, Fin Street PPT and China Ovs PPT were most actively traded this week



Source: Wind, CWSI Research

3. Major cities transaction performance

3.1 New house transaction data

Table 2: Major cities new house transactions volume decreased WoW this week

City & Region	Last 7 days			Last 30 days			Month to date			Year to date	
	sqm	wow	yoy	sqm 000	mom	yoy	sqm 000	mom	yoy	sqm 000	yoy
Beijing	107,954	-71%	-47%	1,006	5%	17%	111	-43%	-53%	111	-49%
Shanghai	291,296	-42%	12%	1,734	46%	54%	346	24%	14%	346	27%
Guangzhou	223,150	-55%	76%	1,680	5%	96%	259	-32%	87%	259	98%
Shenzhen	187,189	67%	72%	559	-8%	12%	236	41%	90%	236	91%
Tier 1	809,588	-45%	16%	4,979	14%	49%	952	-7%	19%	952	28%
Tier 2	3,074,882	14%	9%	12,348	7%	-6%	3,249	-6%	2%	3,249	11%
Tier 3	2,189,375	-36%	19%	11,364	0%	22%	2,401	-12%	14%	2,401	17%
Beijing	107,954	↓-71%	↓-47%	1,006	↑5%	↑17%	111	↓-43%	↓-53%	111	↓-49%
Qingdao	238,889	↓-45%	↓-9%	1,630	↑6%	↑17%	256	↓-33%	↓-13%	256	↓-7%
Jinan	259,827	↓-15%	↑55%	971	↑12%	↑20%	281	↑916%	↑47%	281	↑62%
Dongying	69,150	↓-23%	↑108%	385	↓-52%	↑230%	71	↓-27%	↑113%	71	↑169%
PBR	675,820	↓-44%	↑1%	3,992	↓-4%	↑26%	719	↑2%	↓-5%	719	↑4%
Shanghai	291,296	↓-42%	↑12%	1,734	↑46%	↑54%	346	↑24%	↑14%	346	↑27%
Nanjing	234,337	↑59%	↑4%	1,027	↓-2%	↓-15%	251	↓-35%	↓-1%	251	↑2%
Hangzhou	351,819	↑776%	↑46%	731	↑17%	↓-39%	352	↑8%	↑26%	352	↑45%
Suzhou	256,326	↑6%	↑10%	1,188	↑39%	↑13%	271	↑2%	↑3%	271	↑12%
Wuxi	110,600	↓-2%	↑21%	428	↓-8%	↑10%	111	↑16%	↑21%	111	↑21%
Yangzhou	74,921	↑543%	↑16%	307	↑23%	↑9%	87	↑2%	↑16%	87	↑21%
Jiangyin	66,050	↑2%	↓-6%	310	↑38%	↑2%	70	↑47%	↓-18%	70	↓-24%
Wenzhou	169,783	↓-81%	↓-36%	1,688	↑57%	↑67%	179	↓-32%	↓-40%	179	↓-39%
Jinhua	80,653	↑63%	↑182%	281	↑37%	↑82%	87	↑104%	↑166%	87	↑201%
Changzhou	40,601	↓-51%	↑90%	193	↑4%	↓-54%	41	↓-26%	↓-1%	41	↓-10%
Huaian	130,774	↑17%	↑10%	530	↑21%	↑10%	148	↑66%	↑8%	148	↑18%
Lianyungang	261,931	↑68%	↑144%	960	↑33%	↑97%	285	↓-6%	↑122%	285	↑144%
Shaoxing	12,321	↓-60%	↓-46%	98	↓-36%	↓-65%	13	↓-82%	↓-48%	13	↓-41%
Zhenjiang	73,539	↓-6%	↓-36%	603	↓-1%	↓-6%	80	↓-40%	↓-41%	80	↓-19%
Jiaxing	18,845	-	↓-37%	27	↓-90%	↓-83%	19	↓-68%	↓-44%	19	↓-38%
Wuhu	82,755	↓-31%	↑230%	388	↑8%	↑204%	88	↑15%	↑195%	88	↑216%
Yancheng	23,363	↓-75%	↓-12%	331	↓-29%	↑36%	23	↓-86%	↓-36%	23	↓-50%
Zhoushan	15,585	↓-61%	↓-49%	111	↑7%	↓-9%	18	↓-9%	↓-49%	18	↓-50%
Chizhou	17,101	↓-34%	↓-12%	79	↑18%	↓-3%	18	↓-2%	↓-26%	18	↓-14%
Ningbo	273,148	↑92%	↑18%	650	↓-3%	↓-28%	292	↑44%	↑15%	292	↑15%
YRD	2,585,748	↓-17%	↑16%	11,667	↑17%	↑9%	2,777	↓-7%	↑8%	2,777	↑16%
Guangzhou	223,150	-55%	↑76%	1,680	↑5%	↑96%	259	↓-32%	↑87%	259	↑98%
Shenzhen	187,189	↑67%	↑72%	559	↓-8%	↑12%	236	↑41%	↑90%	236	↑91%
Fuzhou	41,327	↓-43%	0%	252	↓-16%	↑20%	46	↓-38%	↓-4%	46	↑2%
Dongguan	162,733	↓-46%	↑57%	938	↑9%	↑59%	193	↓-20%	↑71%	193	↑96%
Quanzhou	115,461	↑255%	↑80%	270	↑4%	↑13%	125	↑93%	↑68%	125	↑67%
Putian	15,066	↓-78%	↓-25%	208	↑3%	↑846%	18	↓-70%	↓-19%	18	↓-3%
Huizhou	116,954	↑136%	↑63%	342	↓-20%	↑6%	126	↓-24%	↑67%	126	↑85%
Shaoguan	14,560	↓-68%	↓-20%	124	↑6%	↑6%	16	↓-36%	↓-21%	16	↓-23%
Foshan	233,932	↓-46%	↑41%	1,435	↑9%	↑37%	288	↑4%	↑61%	288	↑49%
Jiangmen	37,788	↑60%	↑100%	169	↑10%	↑13%	43	↑14%	↑102%	43	↑112%
PRD & Southern China	1,148,160	↓-30%	↑55%	5,978	↑2%	↑48%	1,351	↓-10%	↑65%	1,351	↑70%
Taian	50,562	↓-7%	↓-15%	232	↓-20%	↑24%	55	↓-19%	↓-17%	55	↓-6%
Northern China	50,562	↓-7%	↓-15%	232	↓-20%	↑24%	55	↓-19%	↓-17%	55	↓-6%
Wuhan	493,073	↓-31%	↑1%	2,718	↑7%	↑26%	562	↓-23%	↑7%	562	↑16%
Yueyang	26,741	↓-42%	↑3%	177	↑13%	↓-15%	29	↓-29%	↓-9%	29	↑2%
Baoji	98,232	↑6%	-	427	↑15%	-	103	↓-12%	-	103	-
Ganzhou	0	-	-	0	-	-	0	-	-	0	-
Central China	618,046	↓-28%	↓-5%	3,322	↓-11%	↑7%	694	↓-35%	↓-3%	694	↓-4%
Chengdu	614,859	↑79%	↑21%	1,784	↓-3%	↓-26%	618	↑14%	↑1%	618	↑13%
Liuzhou	82,879	↓-66%	↓-21%	715	↑13%	↑22%	91	↓-40%	↓-26%	91	↓-17%
Nanning	297,772	↑93%	↓-23%	1,001	↑28%	↓-39%	298	↑3%	↓-33%	298	↓-25%
Western China	995,510	↑34%	↓-1%	3,500	↑8%	↓-25%	1,007	↑14%	↓-14%	1,007	↓-4%
Total	6,073,846	-20%	14%	28,691	5%	11%	6,602	-8%	9%	6,602	15%
Num. of cities Up	16	25		28	28		17	21		24	
Num. of cities Down	24	15		13	12		24	19		16	

Source: Local governments, CWSI Research; Note: Till 2021/1/8

Table 3: Major cities inventory period was 10.3 months this week

City	Inventory (sqm 000)	wow	yoy	Inventory period	Last week	wow	yoy
Beijing	12,259	1%	13%	12.2	11.4	7%	-4%
Shanghai	7,054	3%	-9%	4.1	4.0	1%	-41%
Guangzhou	9,324	-2%	24%	5.6	5.3	5%	-37%
Shenzhen	2,967	-4%	1%	5.3	5.9	-11%	-10%
Tier 1 Average		0%	7%	6.8	6.7	1%	-23%
Hangzhou	5,019	-4%	49%	6.9	7.9	-13%	146%
Nanjing	7,251	-3%	32%	7.1	7.1	0%	54%
Suzhou	8,936	-2%	45%	7.5	8.0	-5%	28%
Fuzhou	6,971	1%	74%	27.7	24.8	12%	45%
Jiangyin	4,694	0%	15%	15.1	16.5	-8%	12%
Wenzhou	11,588	0%	9%	6.9	6.7	2%	-35%
Quanzhou	6,993	-1%	0%	25.9	33.5	-23%	-11%
Ningbo	3,564	-3%	16%	5.5	6.6	-17%	60%
Dongying	1,605	-1%	-2%	4.2	4.0	3%	-70%
Overall Average		-1%	21%	10.3	10.9	-4%	11%

Source: Local governments, CWSI Research; Note: Till 2021/1/8; Average WoW and average YoY are defined as average change of each city

3.2 Second-hand house transaction and price data

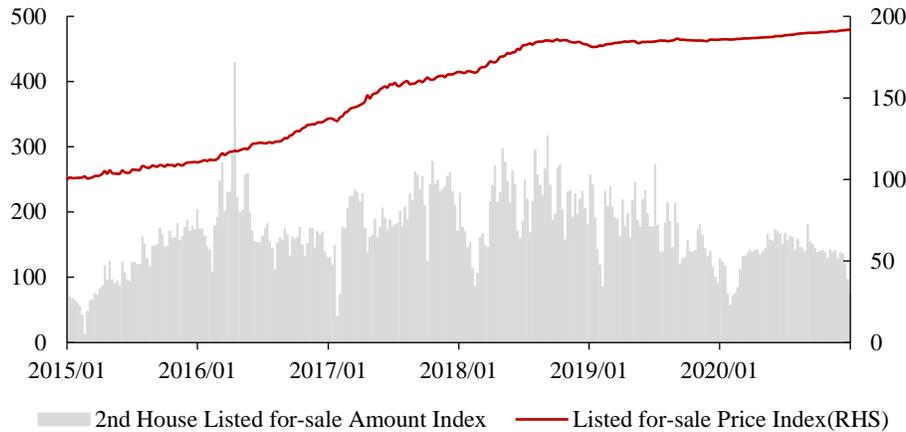
Table 4: Major cities Second-hand house transaction volume, Jiangmen and Jinhua rose significantly YTD

City	Last 7 days			Last 30 days			Month to date			Year to date	
	sqm	wow	yoy	sqm 000	mom	yoy	sqm 000	mom	yoy	sqm 000	yoy
Beijing	220,042	↓ -50%	↓ -9%	1,631	↓ -1%	↑ 38%	228	↓ -47%	↓ -16%	228	↑ 5%
Shenzhen	104,679	↓ -2%	↓ -50%	546	↑ 9%	↓ -35%	105	↓ -24%	↓ -57%	105	↓ -46%
Hangzhou	120,709	↓ -22%	↑ 25%	586	↓ -1%	↑ 26%	121	↓ -22%	↑ 3%	121	↑ 22%
Nanjing	234,484	↑ 75%	↑ 34%	909	↑ 8%	↑ 14%	234	↓ -3%	↑ 12%	234	↑ 32%
Chengdu	76,581	↑ 41%	↓ -65%	336	↑ 3%	↓ -62%	77	↓ -11%	↓ -70%	77	↓ -64%
Qingdao	113,977	↑ 34%	↓ -9%	497	↓ -6%	↑ 10%	115	↓ -17%	↓ -20%	115	↓ -9%
Wuxi	76,635	↑ 2%	↓ -25%	433	↓ -13%	↓ -20%	77	↓ -37%	↓ -33%	77	↓ -20%
Suzhou	149,085	↑ 131%	↓ -13%	509	↓ -6%	↓ -3%	149	↓ 0%	↓ -23%	149	↓ -4%
Xiamen	90,164	↑ 10%	↑ 19%	403	↑ 7%	↑ 24%	90	↓ -10%	↓ -1%	90	↑ 17%
Yangzhou	18,918	↑ 20%	↓ -3%	89	↓ -12%	↑ 14%	19	↓ -35%	↓ -20%	19	↓ -7%
Dongguan	47,741	↑ 9%	↓ -39%	221	↑ 11%	↓ -29%	48	↓ -7%	↓ -49%	48	↓ -42%
Nanning	47,543	↑ 76%	↓ -30%	198	↓ -5%	↓ -37%	48	↓ -6%	↓ -43%	48	↓ -33%
Foshan	150,102	↑ 26%	↑ 15%	686	↓ -10%	↑ 55%	163	↓ -30%	↑ 9%	163	↑ 24%
Jinhua	57,654	↑ 36%	↑ 69%	242	↓ -15%	↑ 59%	58	↓ -34%	↑ 26%	58	↑ 42%
Jiangmen	16,717	↓ -1%	↑ 209%	91	↑ 1%	↑ 204%	17	↓ -27%	↑ 166%	17	↑ 222%
Total	1,525,032	4%	-13%	7,376	-2%	0%	1,547	-24%	-24%	1,547	-9%
Num. of cities Up		11	6		6	9		0	5		7
Num. of cities Down		4	9		9	6		15	10		8

Source: Local governments, CWSI Research; Note: Till 2021/1/8

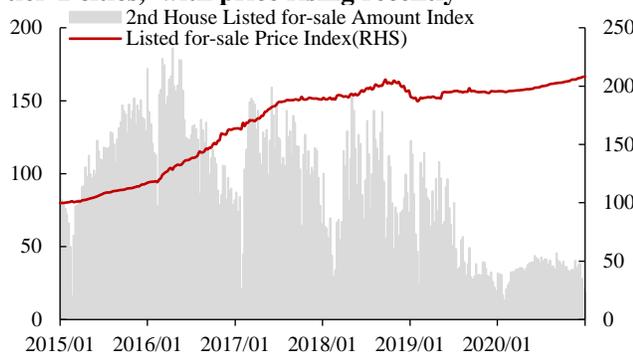


Chart 28: 2nd house listed for-sale price index rose slightly recently



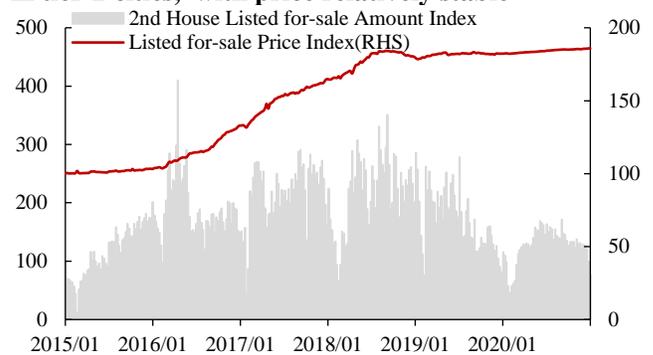
Source: Local Government, CWSI Research; Note: Till 2021/1/3

Chart 29: 2nd house listed for-sale amount index rose in tier-1 cities, with price rising recently



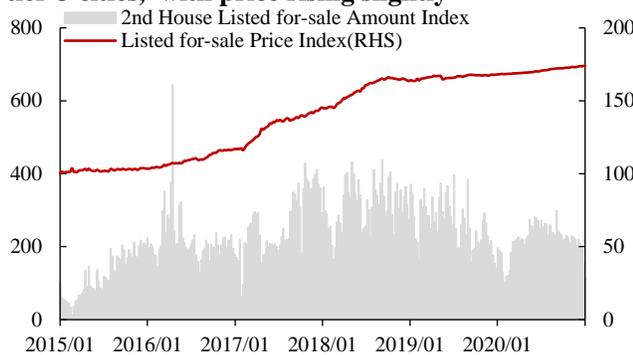
Source: Local Government, CWSI Research; Note: Till 2021/1/3

Chart 30: 2nd house listed for sale amount index rose in tier-2 cities, with price relatively stable



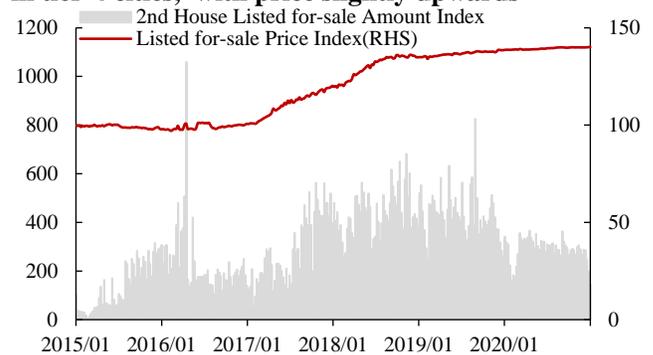
Source: Local Government, CWSI Research; Note: Till 2021/1/3

Chart 31: 2nd house listed for-sale amount index rose in tier-3 cities, with price rising slightly



Source: Local Government, CWSI Research; Note: Till 2021/1/3

Chart 32: 2nd house listed for-sale amount index rose in tier-4 cities, with price slightly upwards



Source: Local Government, CWSI Research; Note: Till 2021/1/3

4. Important Policies and News

4.1 Important Industry Policies News This Week

Table 5: Important Industry Policies News This Week: Ten ministries and commissions including MOHURD issued the "Notice on Strengthening and Improving Residential Property Management"; The central bank's work meeting was held to deploy ten key tasks this year

Date	Region / Institution	Summary
2021-01-04	Beijing	Three plots in Beijing will be listed on a trial basis of "limiting land prices, competing for government ownership of commercial housing property rights, and competing for high-standard commercial housing construction plans". This means that a "new type of shared property housing" will appear in Beijing, which can be traded in the market after 5 years, and the government part will only take the original value.
2021-01-05	MOHURD	Ten ministries and commissions including MOHURD issued the "Notice on Strengthening and Improving Residential Property Management".
2021-01-06	MOHURD	The Minister of Housing and Urban-rural Development Wang Menghui said that it is necessary to improve the policy coordination mechanism, establish a linkage mechanism between housing, land and finance, strengthen residential land management, and improve the macro-prudential management system of real estate finance.
2021-01-06	Nanping	In areas where housing prices are rising too fast, it is necessary to adopt measures to limit the increase and control housing prices to resolutely curb the trend of housing price increases.
2021-01-07	Central Bank	The central bank's work meeting was held to deploy ten key tasks this year, including the implementation of the long-term real estate mechanism, the implementation of the real estate financial prudential management system, and the improvement of the financial support housing leasing policy system.

Source: Wind, Government website, CWSI Research

4.2 Company news and announcements

Table 6: Company news and announcements: Developers intensively issued bonds at the beginning of the year; CIFI intended to form a 65:35 joint venture with Zhangtai Group

Date	Company	Summary
2021-01-04	CC New Life	As of 31 December 2020, the GFA under management and contracted GFA has reached approximately 100 million sq.m. and 186 million sq.m. respectively, representing a respective growth of 75.5% and 62.2% YoY. GFA under management for third-party property developers accounted for approximately 43.0% of our total GFA under management, representing an increase of 11.9 pct YoY.
2021-01-04	Risesun	In December 2020, the company obtained 2 real estate projects in 1 city in Tangshan.
2021-01-05	PowerLong	Issued additional USD 100 mn 5.95% senior notes due 2025 (to be consolidated and form a single series with the USD 200 mn 5.95% senior notes due 2025 issued on Oct 30, 2020 and the additional USD 100 mn 5.95% senior notes due 2025 issued on Dec 28, 2020).
2021-01-05	Shimao	Issued USD 872 mn 3.45% senior notes due 2031.
2021-01-05	ZhenRo	Issued USD 400 mn 6.63% senior notes due 2026.
2021-01-05	Zhongliang	Made an offer to purchase for cash its outstanding 8.75% senior notes due 2021 up to the Maximum Acceptance Amount at a purchase price of USD 1,005 per USD 1,000 principal amount of the 2021 Notes.
2021-01-05	Yuzhou	Issued USD 562 mn 6.35% green senior notes due 2027.
2021-01-05	EverGrande	Contracted sales target for 2021 has been set at RMB 750 bn and target of reducing interest-bearing indebtedness by a further RMB 150 bn.
2021-01-05	Gemdale	In December 2020, the company obtained 15 real estate projects in 14 cities including Zhanjiang, Huizhou and Kunming.
2021-01-05	BRC	In December 2020, the company obtained 6 real estate projects in 6 cities including Weinan, Kunming and Jiaying.
2021-01-05	Zoia	In December 2020, the company obtained 17 real estate projects in 13 cities including Huai'an, Nantong and Jinhua.
2021-01-06	CIFI	Issued USD 419 mn 4.375% senior notes due 2027.
2021-01-06	Zhongliang	Issued USD 200 mn 9.5% senior notes due 2022 (to be consolidated and form a single class with the USD 200 mn 9.5% senior notes due 2022 issued on 29 Oct 2020 and the USD 50 mn 9.5% senior notes due 2022 issued on 23 Nov 2020).
2021-01-06	Country Garden	Issued USD 500 mn 2.7% senior notes due 2026 and USD 700 mn 3.3% senior notes due 2031.
2021-01-06	Modern Land	Issued USD 250 mn 9.8% green senior notes due 2023.
2021-01-06	COLI	In December 2020, the company obtained 7 real estate projects in 7 cities including Hong Kong, Dalian and Shijiazhuang.
2021-01-07	Vanke	In December 2020, the company obtained 37 real estate projects in 29 cities including Shenzhen, Sanya and Nanning.
2021-01-07	Logan	Issued USD 300 mn 4.5% senior notes due 2028.
2021-01-07	Seazen	Issued USD 300 mn 4.45% senior notes due 2025.
2021-01-07	RedSun	Issued USD 350 mn 7.30% senior notes due 2025.
2021-01-07	Dexin	Issued additional USD 150 mn 9.95% senior notes due 2022 (to be consolidated and form a single series with the USD 200 mn 9.95% senior notes due 2022 issued on 3 Dec 2020).



2021-01-07	Hopsen	Issued USD 400 mn 5.8% guaranteed senior notes due 2022.
2021-01-07	CIFI	Intended to form a 65:35 joint venture with Zhangtai Group to jointly develop real estate projects in Guangxi.
2021-01-08	YueXiu	In December 2020, the company obtained 7 real estate projects in 5 cities including Guangzhou, Jiangmen and Nanjing.
2021-01-08	Eversunshine LS	Planned to purchase 65% of the equity of Zhangtai Service for approximately RMB 434 mn.
2021-01-08	Times	Issued USD 350 mn 5.75% senior notes due 2027.
2021-01-08	Longfor	Issued corporate bonds not exceeding RMB 3 bn, including 5-year RMB 2 bn 3.95% corporate bonds and 7-year RMB 1 bn 4.40% corporate bonds.
2021-01-08	Central China	Issued USD 260 mn 7.5% green senior notes due 2025.
2021-01-08	GreenLand	In December 2020, the company obtained 4 real estate projects in Huaibei, Zhuzhou, Weinan and Dongyang.
2021-01-08	PRE	In December 2020, the company obtained 32 real estate projects in 21 cities including Guangzhou, Jiangmen and Foshan.
2021-01-08	Future Land	In December 2020, the company obtained 16 real estate projects in 14 cities including Changzhou, Nantong and Huai'an.

Source: Company announcements, CWSI Research

4.3 Key sales data announced this week

Table 7: Key sales data announced this week

Company	RIC	2020		2020		Dec		Dec	
		contracted sales (RMB bn)	YoY	contracted GFA (000 sqm)	YoY	contracted sales (RMB bn)	YoY	contracted GFA (000 sqm)	YoY
EverGrande	3333.HK	723.3	20.3%	80856	38.3%	44.6	-	5102	-
Vanke	000002.SZ	704.2	11.6%	46675	13.5%	101.5	77.2%	6422	54.8%
Sunac	1918.HK	575.3	3.4%	41021	7.1%	54.8	-1.5%	3509	11.7%
Country Garden	2007.HK	570.7	3.3%	67330	8.0%	12.8	3.7%	1470	1.4%
PRE	600048.SH	502.9	8.9%	34092	9.2%	39.8	-5.5%	2899	4.7%
COLI	0688.HK	360.7	12.5%	19173	6.8%	39.8	37.8%	2027	28.6%
Shimao	0813.HK	300.3	15.5%	17126	16.9%	37.5	16.0%	2142	14.1%
Longfor	0960.HK	270.6	11.6%	16162	13.5%	27.8	40.5%	1782	63.9%
Future Land	601155.SH	251.0	-7.3%	23489	-3.4%	31.1	28.1%	3199	31.1%
Gemdale	600383.SH	242.7	15.2%	11948	10.7%	37.4	5.3%	1898	3.7%
Jinmao	0817.HK	231.1	43.7%	11291	50.9%	30.8	144.6%	1116	63.4%
CIFI	0884.HK	231.0	15.2%	15385	27.8%	31.0	35.9%	2204	64.4%
Zoia	000961.SZ	223.8	14.2%	16853	9.4%	28.8	14.5%	2216	1.2%
GreenTown	3900.HK	214.7	58.6%	8250	58.0%	44.1	92.6%	1640	90.7%
Zhongliang	2772.HK	168.8	10.7%	13506	-9.1%	20.1	-8.6%	1640	32.0%
Ronshine	3301.HK	155.2	9.8%	7251	10.7%	21.5	41.3%	1027	113.1%
ZhenRo	6158.HK	141.9	8.6%	8897	5.4%	17.1	20.5%	980	4.6%
R&F	2777.HK	138.8	0.4%	11531	-8.1%	21.5	20.4%	1601	19.4%
Agile	3383.HK	138.2	17.1%	10250	15.0%	22.4	155.4%	1612	132.9%
Aoyuan	3883.HK	133.0	12.7%	-	-	19.3	14.7%	-	-
Risesun	002146.SZ	127.1	10.2%	11745	7.0%	24.9	10.1%	-	3.7%
Mideadc	3990.HK	126.2	24.6%	11114	10.9%	-	-	2302	-
Kaisa	1638.HK	106.9	21.3%	6165	32.8%	16.7	28.1%	951	70.9%
Yuzhou	1628.HK	105.0	39.7%	6265	26.0%	6.4	-19.5%	248	54.5%
Central China	0832.HK	102.6	1.5%	14597	1.8%	19.6	0.8%	2927	3.3%
Times	1233.HK	100.4	28.1%	6731	25.9%	16.8	56.8%	928	23.1%
YueXiu	0123.HK	95.8	32.8%	3793	8.7%	11.4	-4.0%	442	36.2%
C&D INTL	1908.HK	90.8	78.8%	4653	58.7%	-	-	-	-
PowerLong	1238.HK	81.6	35.1%	5327	41.4%	9.6	90.7%	627	100.3%
Gemdale PPT	0535.HK	75.2	18.1%	3388	8.0%	10.9	-2.5%	636	18.0%
Dexin	2019.HK	63.5	40.9%	3114	26.5%	8.4	98.3%	530	181.9%
Poly PPT	0119.HK	52.1	20.6%	2830	19.9%	-	-	0	0.0%
Fantasia	1777.HK	49.2	35.9%	3347	4.3%	6.0	6.0%	359	22.6%
Modern Land	1107.HK	42.2	16.6%	4069	20.3%	5.3	18.2%	457	37.2%
Hopsen	0754.HK	35.8	53.7%	1627	1.5%	5.6	145.9%	-	-
Dafa Land	6111.HK	30.3	44.3%	2045	31.9%	-	-	-	-
Jingrui	1862.HK	25.5	1.4%	1158	-4.2%	3.5	-22.5%	134	38.2%
Yincheng	1902.HK	23.2	17.1%	1153	2.1%	7.0	117.1%	233	47.5%
KWG	1813.HK	-	-	-	-	12.9	40.2%	673	50.9%

Source: Wind, company announcements, CWSI Research; note: Country Garden, R&F and Kaisa by attributable scale



Note:

1. Certain uncertainties in the industry regulation and financing policies may affect the sales performance of listed companies;
2. Macroeconomic fluctuations may have certain impact on business operations within the industry;
3. Uncertainties in the control of COVID-19 spread.

Analyst Certification

The person primarily responsible for the content of this research report, in whole or in part, hereby certify that:

- (1) all of the views expressed in this report accurately reflect my personal view about the subject company(ies) and its (or their) securities;
- (2) no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report, or our Investment Banking Department;
- (3) I am not, directly or indirectly, supervised by or reporting to our Investment Banking Department;
- (4) the subject company (ies) do(es) not fall into the restriction of the quiet period as defined in paragraph 16.5(g) of SFC Code of Conduct;
- (5) I do not serve as officer(s) of the listed company (ies) covered in this report; and
- (6) I and/or my associates have no financial interests in relation to the listed company (ies) covered in this report.

Meanings of Central Wealth Securities Ratings

The ratings in the report are based on the market performance within 12 months after the report is released. The A-share market is based on the CSI 300 Index and the Hong Kong stock market is based on the Hang Seng Index.

1) Stock Ratings:

Buy – Describes stocks that we expect to provide a relative return of >20%.

Accumulate – Describes stocks that we expect to provide a relative return of between 5% and 20%.

Hold – Describes stocks that we expect to provide a relative return of between -10% and +5%.

Sell – Describes stocks that we expect to provide a relative return of <-10%.

2) Sector Ratings:

Overweight – Describes sectors that we expect to provide a relative return of >10%.

Neutral – Describes sectors that we expect to provide a relative return of between -10% and +10%.

Underweight – Describes sectors that we expect to provide a relative return of <-10%.

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