

This Week in China

2020 land market review and outlook

Topic of the week:

The difference in land supply pace and scale makes the trend of residential land premium rate in 2H20 different from the previous two years. 1) Land supply pace: The planned GFA for residential land supply in 2H20 was similar to that in 1H20 (c. 370 mn and 410 mn sqm in 1H20 and 2H20), and the gap in the pace of residential land supply during the year is smaller than that of 2018 (c. 290 mn and 440 mn in 1H18 and 2H18) and 2019 (c. 320 mn and 440 mn sqm in 1H19 and 2H19). **In 2H20, the land market was less affected by the supply pace during the year than in the previous two years. 2) Land supply scale:** In 2H20, the scale of the planned GFA of residential land supply decreased compared with 2018 and 2019, and its cumulative growth rate has dropped from 15.3% as of early July to 2.4% as of end-December. **The relatively small supply of residential land also puts pressure on the land premium rate in 2H2020.**

Property development is still the most important business for mainstream developers, and the recovery in housing demand has brought demand for replenishment of inventory to developers. The property development business currently contributes more than 90% of the revenue of many mainstream developers. **In the case of the income structure that is difficult to see obvious changes in the short term, property development will remain the most critical competitiveness of major developers.** The demand for home purchases has recovered rapidly since 2Q20. According to CRIC's data, the monthly sales growth rate in each month of 2H20 exceeds 20%. **With the rapid recovery in sales, the demand for developers to replenish inventory is relatively sufficient, which is an important reason why the residential land premium rate in 2H20 has not seen a significant decline.** In terms of regions and city tiers, the Yangtze River Delta has relatively high economic development levels, so the commercial housing market has recovered faster. The residential land premium rates in tier-2 and tier-3 cities such as Hangzhou, Wenzhou, and Jiaxing remained high in 2H20.

New financing regulations make developers more focused on high-quality projects, and competition for high-quality land may become more intense. In an environment where the business model of developers is difficult to see significant changes, liquidity environment tend to be normalized, and industry financing policies are tightened, developers' standards for project quality are increasing day by day. However, high-quality projects have a higher degree of overlap, which may make the industry funds more crowded, and developers' competition for high-quality land may become more intense.

Data points:

As of Dec 31st, new house transaction area in 42 major cities this week increased 11% WoW, and cumulative transaction area in 2020 increased 2% YoY.

As of Dec 31st, saleable area (inventory) in 13 major cities this week remained unchanged WoW; average inventory period was 11.1 months, average change was 1%.

As of Dec 31st, second-hand housing transactions in 15 major cities this week decreased 3% WoW, and cumulative transaction area in 2020 fell 1% YoY.

Suggestion:

Shenzhen lowers the expropriation standards for urban renewal projects, which may speed up the process of urban renewal and effectively increase land supply in the next few years. Shandong will cancel the Hukou restrictions, and Sichuan will set up a pilot zone for integrated development in the adjacent areas of Suitong, Sichuan and Chongqing, which are expected to provide a certain boost to local housing demand, and the fundamentals of the industry are expected to continue to develop steadily. Maintain "Overweight" rating.

Overweight
(Maintain)

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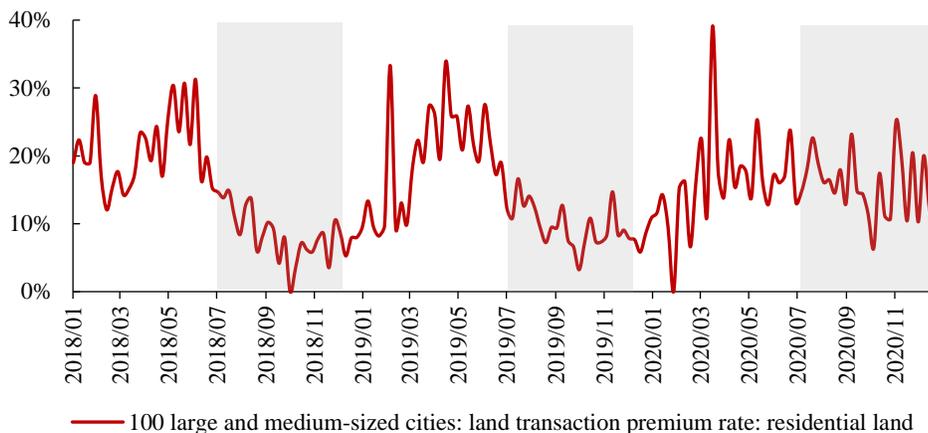
1. 2020 land market review and outlook

Looking back on 2020, similar to 2018 and 2019, the premium rate of the land market rose sharply in 2Q and declined after the second half of the year. However, different from 2018 and 2019, after the introduction of the financing regulations in mid-2020, the premium rate of residential land transactions in 100 cities has fallen slightly and remains above 10%. What caused the differences in change in premium rates?

1.1 2H20: land market has not seen a significant decline

The premium rate of residential land transactions has declined in the second half of the past three years, but the decline in 2020 is milder than in the previous two years. In 2018 and 2019, under the environment that mid-year Politburo meeting tightened real estate related expressions and industry financing policies tightened, the residential land transaction premium rate in the 100 large and medium-sized cities dropped significantly to single-digit levels in the second half of the year. In 2020, after entering the second half of the year, the industry policy and the liquidity environment have also tightened: since July, a number of popular cities issued regulation policies. On July 24, Han Zheng organized the real estate work conference and again mentioned "housing for living, not for speculation" and "persistence in not using real estate as a short-term economic stimulus tool"; at the end of August, MOHURD and the central bank held a meeting with key developers to propose financing supervision. However, in 2H20, the premium rate of residential land transactions in 100 large and medium-sized cities did not see a sharp decline as in 2018 and 2019, but remained at a double-digit level.

Chart 1: The decline in the premium rate of residential land transactions in the 2H20 is less than that of 2018 and 2019



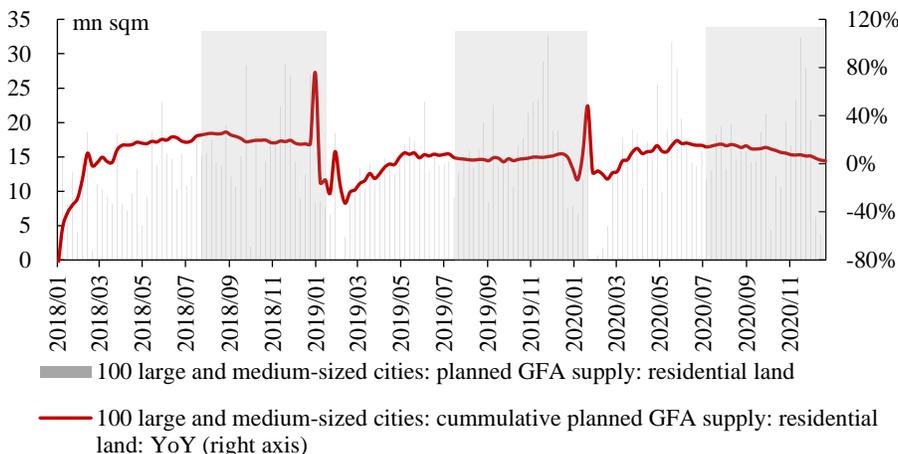
Source: Wind, CWSI Research

1.2 Supply: The supply in the two halves of the year is relatively balanced, and the residential land supply in 2H20 decreased YoY

The difference in the supply of residential land in the two halves of 2020 is smaller than that of 2018 and 2019. In 2018 and 2019, the planned GFA of residential land supplied in 2H of the year was significantly larger than that of the 1H of the year: approximately 290 mn and 440 mn sqm in 1H18 and 2H18, and 320 mn and 440 mn sqm in 1H19 and 2H19. The significant increase in land supply in the second half of the year affected the decline in the premium rate and the increase in transacted GFA to a certain extent. In 2H20, the supply of residential land is more balanced, with GFA of approximately 370 mn and 410 mn sqm of residential land supplied, making the land market less affected by the pace of supply during the year in 2H20 than in the previous two years.

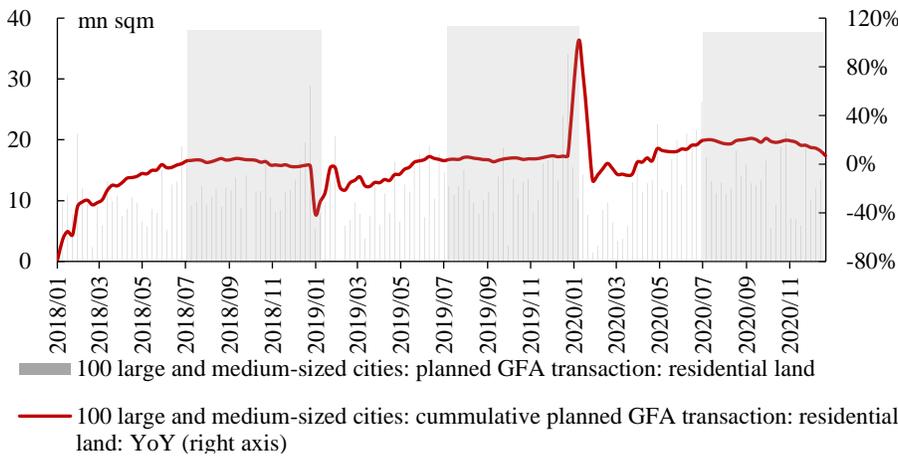
The YoY decline in the GFA of residential land supply puts pressure on the premium rate of the land market in 2H20. In 2H20, the total GFA of residential land supply decreased compared with the same period of the previous two years, which made the total land supply relatively tight. In 2020, COVID-19 in 1Q caused a sharp drop in land supply, and the land market began to pick up rapidly in 2Q. In 3Q, the GFA of residential land supply was about 205 mn sqm, and in 4Q it was about 203 mn sqm. The cumulative growth rate of residential land supply GFA decreased from 15.3% in early July to 2.4% at the end of December. The residential GFA sold has also decreased with the decline in supply. Starting from 4Q20, the cumulative growth rate of residential GFA sold has dropped significantly, from 21.2% in early October to 6.9% as of end-December. The relatively small supply of residential land also puts pressure on the land premium rate in 2H20.

Chart 2: The residential land supply pace in 2020 is more balanced, and the planned GFA of residential land supply in 2H20 declined YoY



Source: Wind, CWSI Research

Chart 3: In 2020, the difference in GFA of residential land transactions between 1H and 2H is small, and the cumulative growth rate in 4Q has declined



Source: Wind, CWSI Research

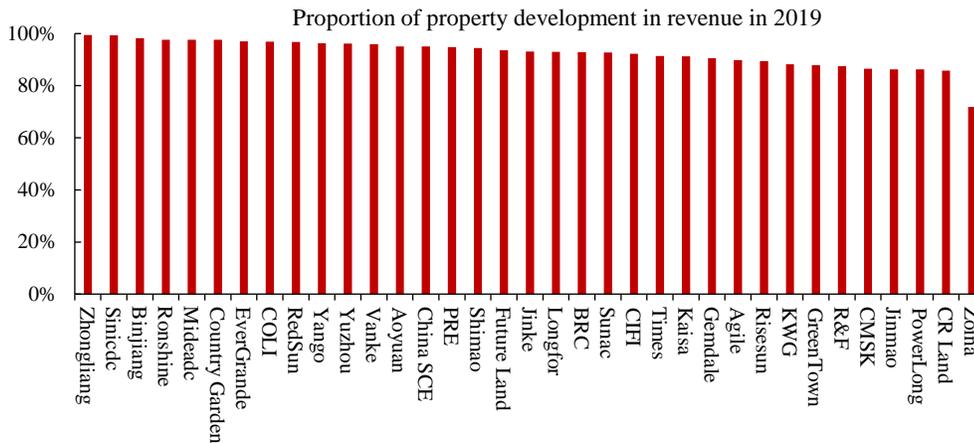
1.3 Demand: Property development is still the core business, and sales pick up drive demand for land acquisition

The demand for land acquisition by developers has not fallen sharply following the introduction of the financing regulations, which is an important reason why the land premium rate in 2H20 remained at a double-digit level. The new financing regulations will limit the total interest-bearing liabilities of developers, therefore, some investors believe that the new financing regulations will make investment properties the general direction of the development of developers. We believe that: 1) The income structure of mainstream mainland developers dominated by property development is difficult to change in the short term. The demand for replenishment of inventory brought about by the rebound in sales is an important reason for the stability of the land market. 2) Under the background that the liquidity environment tend to be normalized, interest-bearing debt leverage will be restricted, and the overall profit space of the industry is narrowing, the funds of various developers are more concentrated on higher-quality (considering profit margins, sales rates and other factors) projects and developers had more intense competition for the above projects, which is reflected in the increase in the premium rate.

Currently, property development contributes most of the income of mainstream mainland developers. Although businesses such as property management and property investment have developed rapidly, they are much smaller than property development businesses. Take CR Land and Longfor, which have outstanding reputations in commercial properties, as examples. Since 2011, property development has accounted for 86%-91% of CR Land's total revenue, while its share of Longfor's revenue has continued to exceed 93%. Currently, property development is still the main

source of income for mainstream mainland developers, contributing more than 90% of the operating income of many developers.

Chart 4: Property development is still the main source of income for mainstream developers



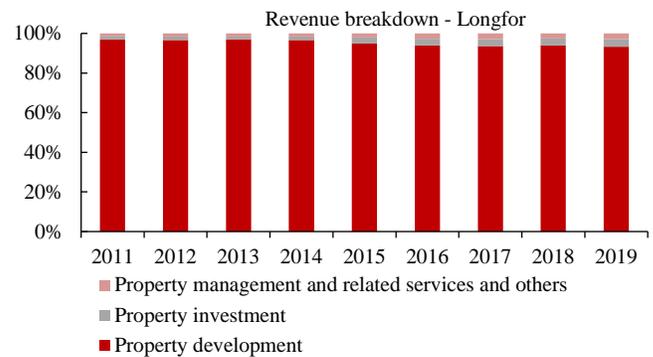
Source: Wind, CWSI Research

Chart 5: Property development is the most important source of income for CR Land



Source: Wind, CWSI Research

Chart 6: Property development contributes most of Longfor's revenue



Source: Wind, CWSI Research

In the short term, property development will remain the most important source of income for mainland developers. At present, it is difficult for developers to find new businesses whose market scale and profitability are comparable to those of property development business in the short term. Therefore, property development will continue to be the basic business for developers in the next few years. The demand still exists. On the other hand, urban renewal projects usually have a long time horizon and a relatively limited scale, which is difficult to meet the demand for residential land by developers in the short term. The above factors have led to the fact that in the short

term, property development will remain the most important source of income for mainland developers.

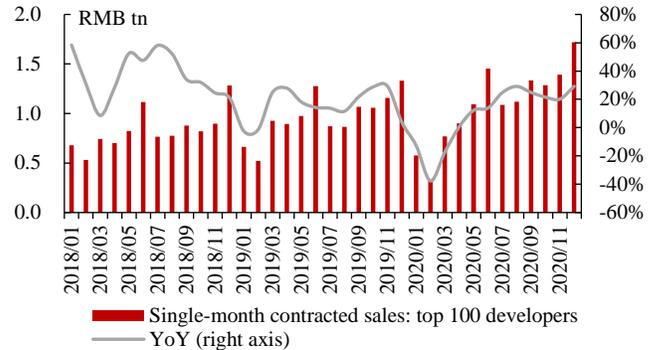
Residents' demand for home purchases is picking up quickly, and developers still have sufficient demand for restocking. In the case that it is difficult to see obvious changes in the income structure in the short term, developers still need to continue to consolidate the largest basic business of property development. In 2020, residents' demand for home purchases has recovered rapidly since 2Q20, and the industry's cumulative sales growth rate continued to increase during the year. According to the data of CRIC, the sales growth rate of the top 100 developers in 2020 reached 12.4%, and the monthly sales growth rate of each month in 2H20 exceeds 20%. With the rapid recovery in sales, the demand for developers to replenish inventory is relatively sufficient, which is an important reason why the premium rate of residential land transactions in 2H20 has not seen a significant decline.

Chart 7: The cumulative sales growth rate of the top 100 developers in 2020 rebounds rapidly



Source: CRIC, CWSI Research

Chart 8: The monthly sales growth rate of each month in 2H20 is higher than 20%



Source: CRIC, CWSI Research

The normalized liquidity environment and financing supervision make developers put higher standards for investment targets, and industry funds are concentrated on high-quality land. Since May 2020, the interest rate of 10-year Treasury bonds has steadily rebounded, reaching 3.14% at the end of 2020, the same level as the same period last year, and the overall liquidity environment has gradually returned to normal level. In terms of industry, in late August 2020, the new industry financing regulations imposed restrictions on the growth rate of the scale of interest-bearing liabilities of developers. Under the general environment of tight funds, stable new housing prices, and the industry's reduction of leverage, developers will have higher requirements for project quality, and will pay more attention to the sales rate (acting on short-term solvency ratios) and profits in the investment process (acting on medium and long-term solvency ratios), etc. However, **the scarcity of high-quality projects has made developers more crowded in the land market, leading to an increase in the premium rate.**

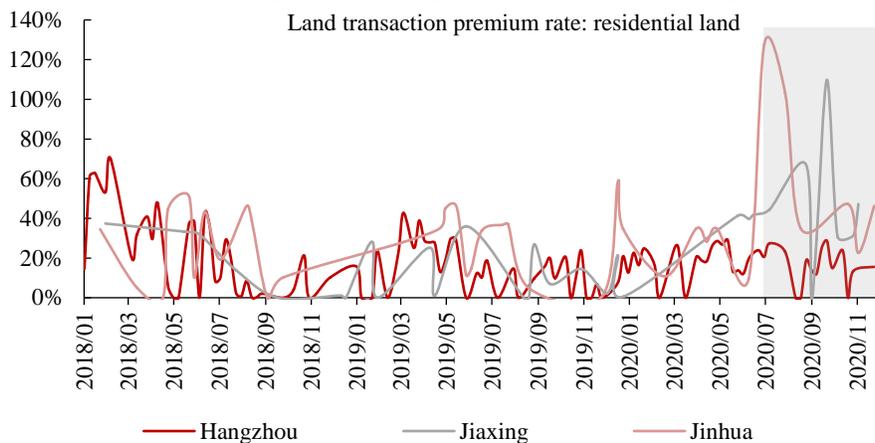
Chart 9: The 10-year Treasury bond interest rate has steadily rebounded since May 2020



Source: Wind, CWSI Research

In an environment where industry funding has been tightened, developers have concentrated their land funds in tier-2 and tier-3 cities in key metropolians where demand is stronger. The economic development level of the Yangtze River Delta is relatively high, so the commercial housing market recovered faster after the epidemic. As mentioned above, the rebound in sales has brought demand to replenish inventory for developers. At the same time, the crowdedness of industry funds in high-quality projects has led to the rise of the above-mentioned urban land market: In core tier-2 and tier-3 cities in Yangtze River Delta including Hangzhou, Wenzhou, and Jiaxing, the premium rate of residential land in remained high in 2H20.

Chart 10: In 2H20, the premium rates of tier-2 and tier-3 cities in the Yangtze River Delta, such as Hangzhou, Jiaxing, and Jinhua, are still high



Source: Wind, CWSI Research

1.4 Land market outlook: How's the following competition trend?

The relatively small supply of residential land in 2H20 puts pressure on the premium rate, and the regulation of the land market may become the focus of local policy next year. Compared with 2018 and 2019, the residential land supply space in 2020 is more balanced, and the supply of residential land in 2H20 decreased YoY, which has put pressure on the transaction volume and premium rate of residential land. According to the recent top-level statements on the real estate industry and our policy framework, land supply and land price supervision are expected to be the focus cities next year.

Property development is still the most important basic business for mainstream developers, residents' demand for housing purchases bring developers' demand for inventory replenishment. Property development currently contributes most of the income of mainstream mainland developers. In the short term, the income structure of mainstream mainland developers is unlikely to change significantly. Property development will remain the most critical competitiveness of major developers. The rapid recovery of the commercial housing market after COVID-19 has brought certain pressure to replenish inventory for developers, and key tier-2 and tier-3 cities in the Yangtze River Delta, which have recovered more quickly, still maintained a high residential land transactions premium rate in 2H20.

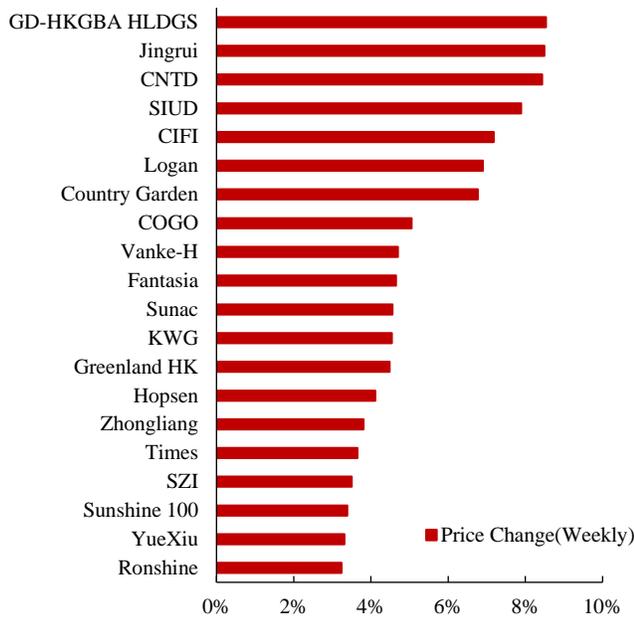
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2. Sector Performance

2.1 Performance of developer sector

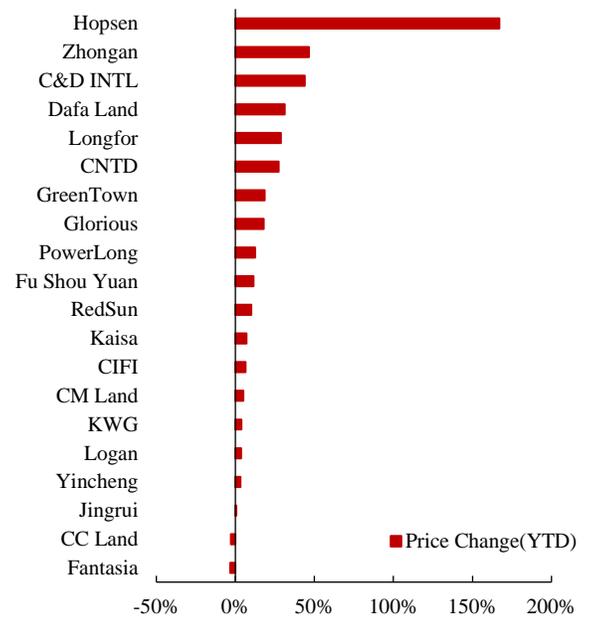
This week, GD-HKGBA HLDGS, Jingrui and CNTD had larger price increase than peers. Hopsen, Zhongan and C&D INTL had better share price performance, YTD.

Chart 11: This week, GD-HKGBA HLDGS, Jingrui and CNTD had larger price increase than peers



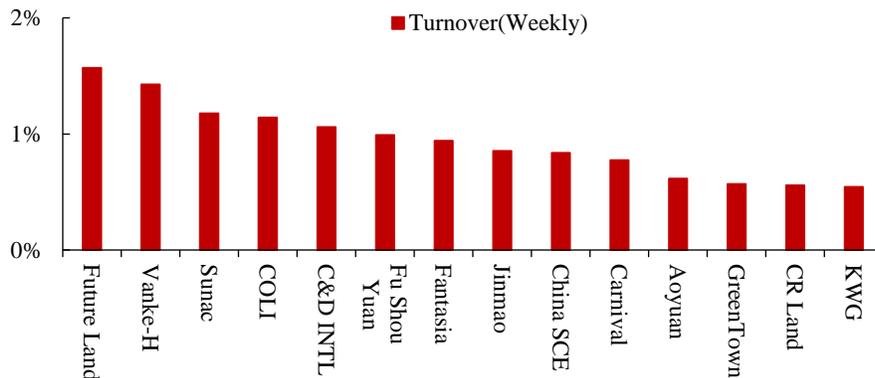
Source: Wind, CWSI Research

Chart 12: Hopsen, Zhongan and C&D INTL had better share price performance, YTD



Source: Wind, CWSI Research

Chart 13: Future Land, Vanke-H and Sunac were most actively traded this week

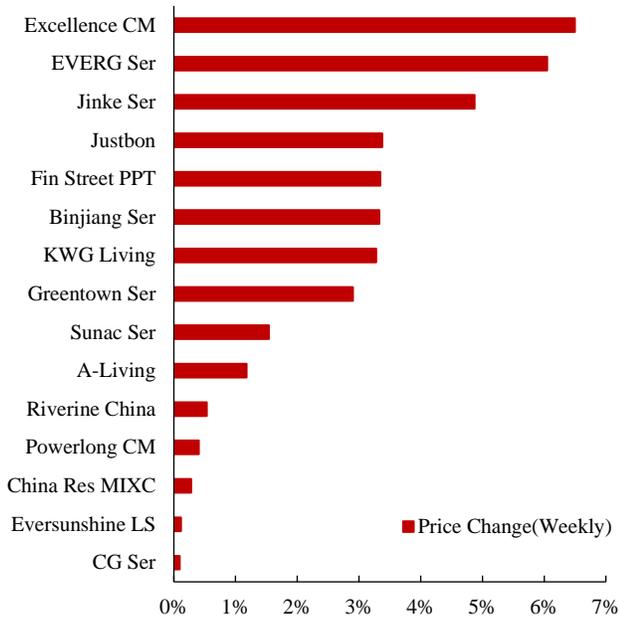


Source: Wind, CWSI Research

2.2 Performance of property management sector

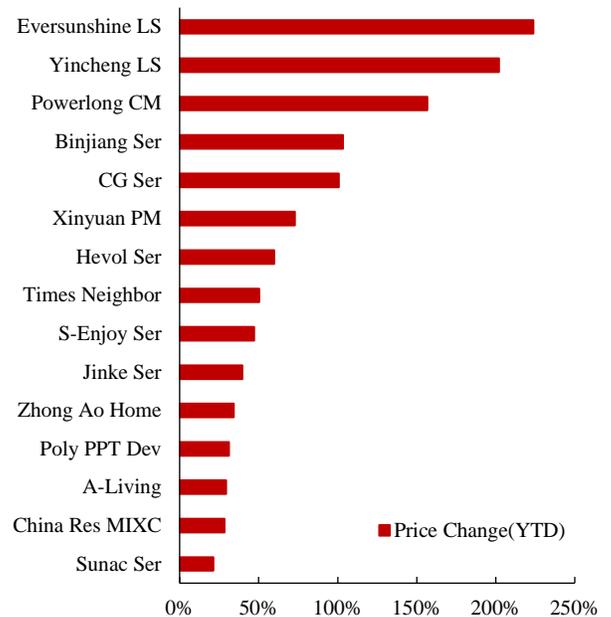
This week, Excellence CM, EVERG Ser and Jinke Ser had larger price increase than peers. Eversunshine LS, Yincheng LS and Powerlong CM had better share price performance YTD.

Chart 14: This week, Excellence CM, EVERG Ser and Jinke Ser had larger price increase than peers



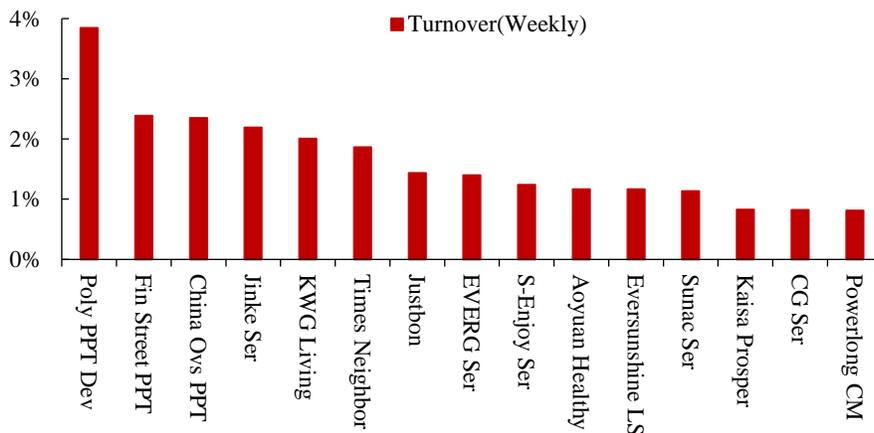
Source: Wind, CWSI Research

Chart 15: Eversunshine LS, Yincheng LS and Powerlong CM and had better share price performance YTD



Source: Wind, CWSI Research

Chart 16: 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 1: Major cities new house transactions volume increased 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	409,572	57%	265%	1,090	11%	46%	1,129	14%	47%	7,999	12%
Shanghai	543,300	22%	117%	1,668	30%	53%	1,703	29%	52%	14,151	3%
Guangzhou	555,480	28%	79%	1,801	26%	108%	1,839	29%	110%	11,961	28%
Shenzhen	75,079	-15%	-52%	490	-19%	1%	507	-19%	2%	4,461	21%
Tier 1	1,583,431	29%	91%	5,050	18%	58%	5,179	19%	59%	38,572	14%
Tier 2	3,109,267	10%	-3%	12,540	10%	-6%	12,924	11%	-5%	122,729	-2%
Tier 3	2,804,681	5%	18%	10,926	-6%	12%	11,308	-5%	13%	120,038	3%
Beijing	409,572	↑ 57%	↑ 265%	1,090	↑ 11%	↑ 46%	1,129	↑ 14%	↑ 47%	7,999	↑ 12%
Qingdao	503,127	↑ 18%	↑ 48%	1,761	↑ 19%	↑ 17%	1,800	↑ 21%	↑ 15%	15,750	↑ 6%
Jinan	331,721	↑ 63%	↑ 177%	718	↓ -35%	↓ -11%	718	↓ -36%	↓ -14%	10,935	↑ 10%
Dongying	77,004	↓ -18%	↑ 356%	389	↓ -55%	↑ 224%	404	↓ -54%	↑ 215%	5,042	↑ 183%
PBR	1,321,423	↑ 34%	↑ 124%	3,959	↓ -11%	↑ 24%	4,052	↓ -9%	↑ 23%	39,726	↑ 18%
Shanghai	543,300	↓ 22%	↑ 117%	1,668	↑ 30%	↑ 53%	1,703	↑ 29%	↑ 52%	14,151	↑ 3%
Nanjing	168,084	↓ -40%	↓ -34%	1,161	↑ 13%	↓ -4%	1,216	↑ 12%	↓ -3%	10,033	↑ 17%
Hangzhou	75,078	↓ -38%	↓ -78%	704	↑ 13%	↓ -40%	711	↑ 14%	↓ -42%	8,272	↓ -4%
Suzhou	252,660	↓ -20%	↓ -7%	1,184	↑ 88%	↑ 14%	1,221	↑ 93%	↑ 15%	11,012	↑ 7%
Wuxi	112,700	↑ 16%	↓ -13%	414	↓ -22%	↑ 7%	414	↓ -36%	↑ 7%	5,967	↓ -18%
Yangzhou	14,589	↓ -86%	↑ 97%	305	↑ 21%	↓ 0%	312	↑ 21%	↑ 1%	2,643	↑ 13%
Jiangyin	58,012	↓ -19%	↓ -24%	275	↑ 28%	↑ 1%	279	↑ 27%	↓ -1%	3,074	↓ -3%
Wenzhou	512,422	↑ 48%	↑ 84%	1,376	↑ 28%	↑ 43%	1,413	↑ 29%	↑ 42%	12,435	↑ 1%
Jinhua	45,965	↓ -35%	↑ 5%	227	↓ -6%	↑ 34%	234	↓ -4%	↑ 32%	2,414	↑ 26%
Changzhou	60,528	↑ 128%	↓ -49%	173	↓ -5%	↓ -67%	177	↓ -3%	↓ -67%	2,753	↓ -46%
Huaian	101,921	↓ -12%	↑ 0%	456	↓ -2%	↓ -3%	472	↓ 0%	↓ -1%	4,762	↓ -6%
Lianyungang	133,198	↓ -37%	↑ 38%	959	↑ 61%	↑ 89%	987	↑ 65%	↑ 84%	6,949	↑ 4%
Shaoxing	29,075	↑ 2%	↓ -70%	152	↑ 13%	↓ -49%	162	↑ 19%	↓ -47%	2,389	↓ -3%
Zhenjiang	135,571	↓ -1%	↓ -29%	564	↓ -8%	↓ -13%	579	↓ -7%	↓ -13%	6,408	↓ -17%
Jiaxing	0	-	-	67	↓ -80%	↓ -58%	104	↓ -69%	↓ -35%	3,130	↑ 18%
Wuhu	80,544	↓ -23%	↑ 157%	331	↓ -15%	↑ 131%	344	↓ -13%	↑ 132%	2,715	↑ 39%
Yancheng	93,353	↓ -10%	↑ 52%	473	↑ 13%	↑ 64%	473	↑ 13%	↑ 64%	4,087	↑ 13%
Zhoushan	37,275	↑ 33%	↓ -4%	108	↓ -3%	↑ 6%	113	↑ 2%	↑ 9%	1,381	↑ 18%
Chizhou	23,082	↑ 44%	↑ 77%	75	↑ 11%	↓ -11%	79	↑ 14%	↓ -11%	850	↓ -32%
Ningbo	144,346	↑ 44%	↓ -30%	561	↓ -8%	↓ -28%	574	↓ -6%	↓ -28%	7,939	↑ 2%
YRD	2,621,704	↓ -4%	↓ -1%	11,236	↑ 15%	↑ 6%	11,568	↑ 15%	↑ 6%	113,362	↓ 0%
Guangzhou	555,480	28%	↑ 79%	1,801	↑ 26%	↑ 108%	1,839	↑ 29%	↑ 110%	11,961	↑ 28%
Shenzhen	75,079	↓ -15%	↓ -52%	490	↓ -19%	↑ 1%	507	↓ -19%	↑ 2%	4,461	↑ 21%
Fuzhou	80,400	↑ 23%	↑ 19%	280	↓ -7%	↑ 50%	285	↓ -7%	↑ 46%	2,806	↑ 7%
Dongguan	318,399	↑ 45%	↑ 95%	986	↑ 26%	↑ 62%	1,006	↑ 26%	↑ 63%	7,471	↑ 35%
Quanzhou	22,914	↓ -37%	↓ -71%	208	↓ -28%	↑ 9%	214	↓ -26%	↑ 10%	2,943	↓ -11%
Putian	71,249	↑ 8%	-	241	↑ 37%	↑ 1932%	247	↑ 36%	↑ 575%	1,815	↓ -5%
Huizhou	44,886	↓ -26%	↓ -43%	383	↓ -13%	↑ 10%	423	↓ -6%	↑ 19%	3,325	↑ 12%
Shaoguan	41,570	↑ 72%	↑ 19%	126	↑ 9%	↑ 5%	129	↑ 10%	↑ 5%	1,722	↑ 8%
Foshan	450,110	↑ 28%	↑ 57%	1,425	↑ 10%	↑ 28%	1,476	↑ 9%	↑ 31%	13,063	↑ 0%
Jiangmen	27,641	↓ -52%	↓ -41%	164	↑ 12%	↓ -2%	168	↑ 13%	↓ -2%	1,480	↑ 21%
PRD & Southern China	1,687,728	↑ 20%	↑ 38%	6,103	↑ 9%	↑ 49%	6,295	↑ 11%	↑ 51%	51,047	↑ 13%
Taian	49,695	↓ -2%	↑ 29%	236	↓ -24%	↑ 30%	249	↓ -22%	↑ 33%	2,800	↑ 9%
Northern China	49,695	↓ -2%	↑ 29%	236	↓ -24%	↑ 30%	249	↓ -22%	↑ 33%	2,800	↑ 9%
Wuhan	859,379	↑ 39%	↑ 62%	2,889	↑ 14%	↑ 23%	2,968	↑ 15%	↑ 24%	19,611	↓ -16%
Yueyang	44,759	↑ 6%	↓ -39%	182	↑ 4%	↓ -16%	186	↑ 3%	↓ -15%	2,318	↑ 9%
Baoji	101,055	↓ -7%	-	424	↑ 21%	↑ 198%	437	↑ 24%	↑ 207%	3,619	↑ 13%
Ganzhou	0	-	-	175	↓ -75%	↓ -77%	193	↓ -74%	↓ -76%	7,912	↓ -14%
Central China	1,005,193	↑ 31%	↑ 21%	3,671	↓ -3%	↑ 6%	3,784	↓ -2%	↑ 6%	33,459	↓ -12%
Chengdu	403,252	↑ 25%	↓ -13%	1,707	↓ -9%	↓ -30%	1,802	↓ -4%	↓ -28%	21,595	↑ 7%
Liuzhou	216,541	↑ 5%	↑ 20%	711	↑ 18%	↑ 18%	733	↑ 20%	↑ 19%	7,075	↑ 11%
Nanning	191,842	↓ -30%	↓ -56%	894	↓ -6%	↓ -46%	927	↓ -3%	↓ -45%	12,274	↓ -22%
Western China	811,635	↑ 1%	↓ -25%	3,311	↓ -3%	↓ -29%	3,462	↑ 0%	↓ -28%	40,944	↓ -3%
Total	7,497,379	11%	17%	28,515	4%	9%	29,410	5%	9%	281,339	2%
Num. of cities Up		21	21		23	26		25	26		29
Num. of cities Down		19	17		19	16		17	16		13

Source: Local governments, CWSI Research; Note: Till 2020/12/31

Table 2: Major cities inventory period was 11.1 months this week

City	Inventory (sqm 000)	wow	yoy	Inventory period	Last week	wow	yoy
Beijing	12,494	-4%	14%	11.5	13.2	-13%	-22%
Shanghai	6,907	-4%	-13%	4.1	5.1	-18%	-43%
Guangzhou	9,523	1%	25%	5.3	5.5	-4%	-40%
Shenzhen	3,128	1%	4%	6.4	5.6	13%	3%
Tier 1 Average		-1%	7%	6.8	7.3	-6%	-25%
Hangzhou	5,243	-1%	31%	7.4	7.3	2%	120%
Nanjing	7,526	3%	36%	6.5	5.9	9%	43%
Suzhou	9,132	3%	43%	7.7	7.8	-2%	26%
Fuzhou	6,941	2%	74%	24.8	26.2	-5%	16%
Jiangyin	4,694	0%	15%	17.1	17.1	0%	14%
Wenzhou	12,455	-1%	17%	9.1	9.9	-9%	-18%
Quanzhou	7,039	0%	0%	33.9	29.1	17%	-8%
Ningbo	3,686	3%	11%	6.6	6.1	8%	54%
Dongying	1,658	0%	0%	4.3	3.7	16%	-69%
Overall Average		0%	20%	11.1	11.0	1%	6%

Source: Local governments, CWSI Research; Note: Till 2020/12/31; Average WoW and average YoY are defined as average change of each city

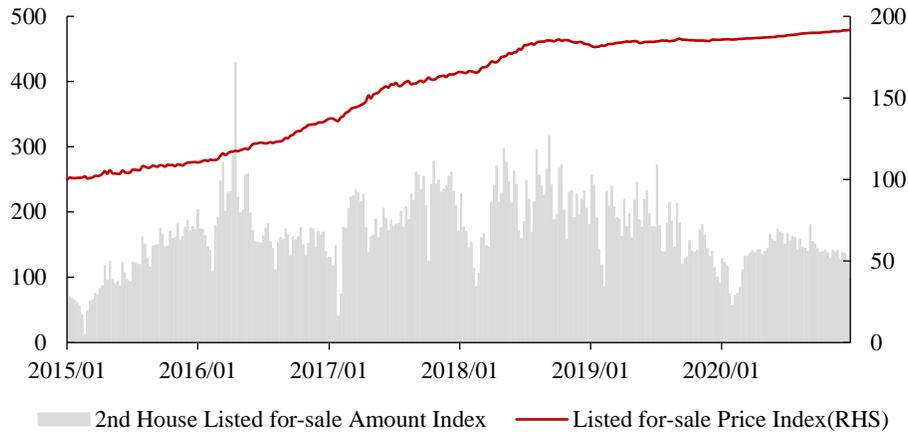
3.2 Second-hand house transaction and price data

Table 3: Major cities Second-hand house transaction volume, Jinhua and Nanjing 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	512,287	↑ 24%	↑ 78%	1,831	↑ 15%	↑ 51%	1,883	↑ 17%	↑ 51%	15,029	↑ 20%
Shenzhen	139,820	↓ -3%	↓ -17%	579	↑ 16%	↓ -27%	600	↑ 20%	↓ -28%	8,078	↑ 27%
Hangzhou	180,222	↑ 46%	↑ 74%	620	↑ 9%	↑ 41%	640	↑ 8%	↑ 42%	5,907	↑ 22%
Nanjing	197,928	↓ -19%	↑ 43%	958	↑ 7%	↑ 18%	998	↑ 11%	↑ 18%	10,156	↑ 33%
Chengdu	71,236	↓ -19%	↓ -58%	346	↑ 5%	↓ -61%	352	↑ 7%	↓ -63%	4,716	↓ -56%
Qingdao	109,804	↓ -12%	↑ 32%	520	↓ -2%	↑ 24%	542	↑ 2%	↑ 24%	5,472	↑ 19%
Wuxi	100,037	↓ -15%	↑ 16%	478	↓ -5%	↓ -12%	500	↓ -1%	↓ -12%	6,233	↓ -2%
Suzhou	89,543	↓ -21%	↑ 55%	510	↓ -6%	↑ 3%	526	↓ -3%	↑ 2%	5,855	↓ -40%
Xiamen	106,692	↑ 10%	↑ 61%	412	↑ 13%	↑ 34%	428	↑ 17%	↑ 34%	3,562	↓ -3%
Yangzhou	17,855	↓ -9%	↑ 55%	96	↓ -5%	↑ 23%	101	↓ -1%	↑ 24%	1,099	↑ 1%
Dongguan	56,908	↑ 5%	↑ 18%	225	↑ 9%	↓ -24%	234	↑ 13%	↓ -24%	2,800	↓ -13%
Nanning	37,241	↓ -28%	↓ -40%	200	↓ -10%	↓ -43%	213	↓ -5%	↓ -41%	2,616	↓ -23%
Foshan	130,550	↓ -27%	↑ 168%	756	↑ 4%	↑ 76%	794	↑ 8%	↑ 79%	6,671	↑ 16%
Jinhua	42,226	↓ -34%	↑ 28%	262	↓ -2%	↑ 45%	274	↑ 3%	↑ 47%	2,668	↑ 61%
Jiangmen	20,142	↓ -23%	↑ 184%	94	↑ 3%	↑ 165%	98	↑ 7%	↑ 155%	873	↑ 4%
Total	1,812,490	-3%	32%	7,888	6%	8%	8,179	9%	8%	81,735	-1%
Num. of cities Up		4	12		9	10		11	10		9
Num. of cities Down		11	3		6	5		4	5		6

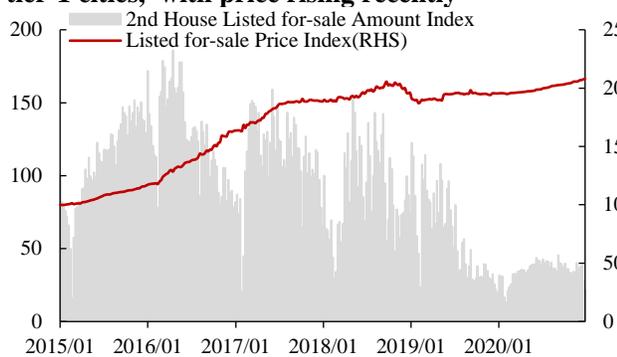
Source: Local governments, CWSI Research; Note: Till 2020/12/31

Chart 17: 2nd house listed for-sale price index rose slightly recently



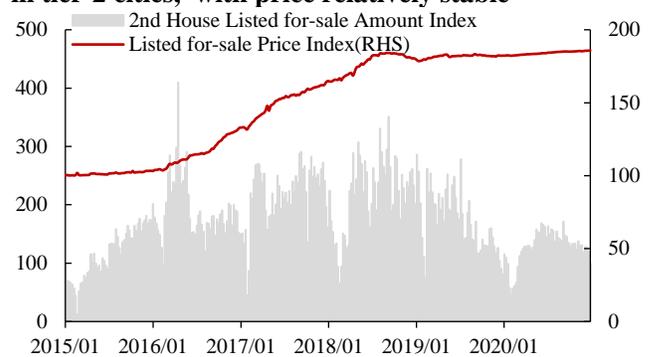
Source: Local Government, CWSI Research; Note: Till 2020/12/27

Chart 18: 2nd house listed for-sale amount index rose in tier-1 cities, with price rising recently



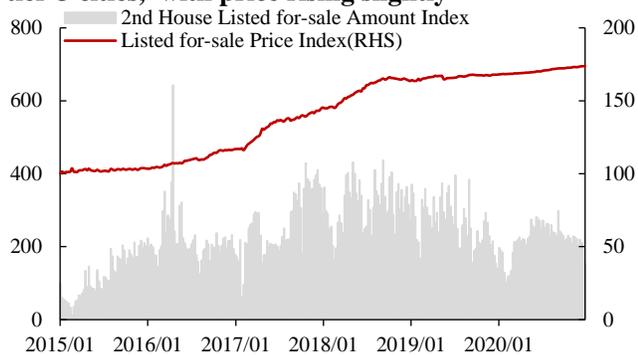
Source: Local Government, CWSI Research; Note: Till 2020/12/27

Chart 19: 2nd house listed for sale amount index rose in tier-2 cities, with price relatively stable



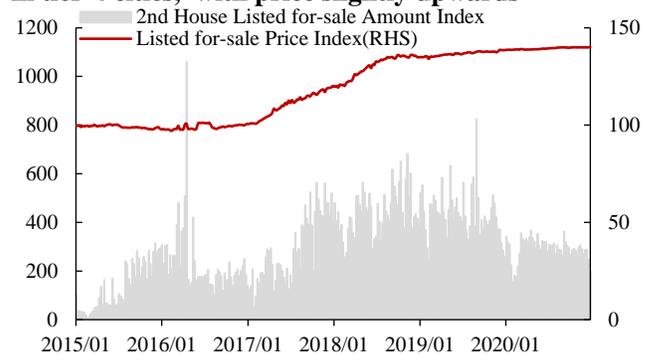
Source: Local Government, CWSI Research; Note: Till 2020/12/27

Chart 20: 2nd house listed for-sale amount index rose in tier-3 cities, with price rising slightly



Source: Local Government, CWSI Research; Note: Till 2020/12/27

Chart 21: 2nd house listed for-sale amount index rose in tier-4 cities, with price slightly upwards



Source: Local Government, CWSI Research; Note: Till 2020/12/27

4. Important Policies and News

4.1 Important Industry Policies News This Week

Table 4: Important Industry Policies News This Week: The banking industry will set two upper limits for the proportion of real estate loan balance and the proportion of personal housing loan balance by stages; Shandong cancelled the urban Hukou registration restrictions

Date	Region / Institution	Summary
2020-12-29	Shanghai	Extend the validity period of the pilot property tax collection on some individual houses.
2020-12-30	Shenzhen	The plot where the old residential area is located can be expropriated with the consent of the property owner whose exclusive part accounts for more than 95% of the area and more than 95% of the total population. For the first time, a minimum compensation standard has been formulated: For registered commercial residential properties that are replaced by property rights, compensation will be made at a ratio of not less than 1:1.
2020-12-30	Sichuan	A reply was issued on agreeing to establish an integrated development pilot zone in the adjacent areas of Suining, Tongnan, Sichuan and Chongqing. The planning scope of the pilot zone covers the entire area of Suining City and Tongnan District.
2020-12-30	Changchun	After the housing leasing company has reached or intermediary completed a housing lease transaction, it should immediately sign the housing lease contract through the Changchun lease supervision platform network, and automatically complete the filing if it meets the requirements for housing lease registration.
2020-12-31	Central Bank	The banking industry will set two upper limits for the proportion of real estate loan balance and the proportion of personal housing loan balance by stages, set a transition period for institutions that exceed the upper limit, and establish a regionally differentiated adjustment mechanism.
2020-12-31	Shandong	Cancelled the urban Hukou registration restrictions, and implement a household registration system.

Source: Wind, Government website, CWSI Research

4.2 Company news and announcements

Table 5: Company news and announcements: CIFI entered into a facility agreement in relation to certain term loan facility in the aggregate principal amounts of USD 145 mn and HKD 1.688 bn for a term of 42 months; the contracted GFA of S-Enjoy Ser and Justbon both reached approximately 200 mn sqm

Date	Company	Summary
2020-12-28	Kaisa Prosper	A wholly-owned subsidiary acquired a 60% equity interest in Zhejiang Ruiyuan Property Management Co., Ltd. for approximately RMB 110 mn.
2020-12-28	LVGEM	Entered into a cooperation agreement with Wanda Commercial Management Group Co., Ltd. in relation to the establishment of Wanda Plaza in Huazhou LVGEM International Garden with a cooperation period of 20 years.
2020-12-29	S-Enjoy Ser	As of December 28, 2020, the GFA of the Group has reached approximately 200 mn sqm, and the GFA under management has reached approximately 100 mn sqm, of which the GFA under management from third-party accounted for approximately 40%.
2020-12-29	CIFI	Entered into a facility agreement with certain financial institutions as lenders in relation to certain term loan facility in the aggregate principal amounts of USD 145 mn and HKD 1.688 bn for a term of 42 months.
2020-12-30	Yango	The company's controlling shareholder Fujian Sunshine Group Co., Ltd. or its wholly-owned subsidiary or persons acting in concert planned to increase its holdings of 1%-2% of the company's total shares.
2020-12-31	Justbon	As of 30 December 2020, the contracted GFA of the management services of the Group has reached approximately 210 mn sqm, and the GFA under management of the management services of the Group has reached approximately 130 mn sqm, of which the GFA under management of the management services for third parties accounted for approximately 75%.

Source: Company announcements, CWSI Research

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.

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

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