

This Week in China

Industry changes behind the real estate expressions in the Politburo meeting

Topic of the week:

This meeting is the first year-end Politburo meeting that mentions real estate in the past three years, reflecting stronger policy consistency. This is the first time in recent three years that real estate was mentioned in the Politburo meeting at the end of the year, with an expression of "promoting the steady and healthy development of the real estate market (促进房地产市场平稳健康发展)". At present, China's economic development pays more attention to quality rather than growth; in this context, the mention of the real estate industry in the Politburo meeting may indicate to a certain extent that the consistency of the current industry tone is stronger than in the past two years.

The differences in industry fundamentals in the second half of the year made the current real estate industry tone more stable than in the past two years. After the 2018 and mid-2019 regulation, the overall ASP growth rate and the residential land premium rate in 100 cities declined significantly; in 4Q, some popular cities sent positive policy signals, the industry fundamentals recovered slightly and the sector performance has also been boosted. In 2020, the rapid sales recovery has made the industry's fever not steadily weakening following the introduction of financing management rules and the regulation of multiple cities in 3Q: the ASP growth rate continued to fluctuate in recent months, and the demand for inventory by developers kept the premium rate of residential land transactions still relatively high, reaching 18.5% in November. The difference in fundamentals makes the current policy tone more stable, the recent MOHURD meeting and the mention of the real estate in the Politburo meeting actually continued the policy tone this year, and the current sector performance is relatively weak compared to the previous two years.

The transformation of economic development path requires more stable cost factors, and the procyclical nature may benefit the real estate sector from economic growth. High-quality development requires more cost factors such as ASP and rent to remain at a relatively stable level, and the real estate industry's tone will remain stable. In the current environment of "China's economic operation is gradually returning to normal, but the COVID-19 and the external environment still have many uncertainties", China may further expand domestic demand to build a domestic and international dual-cycle development pattern, and economic growth next year is also expected to improve. Under the stable industry policy tone, the procyclical nature of the real estate industry is expected to give the sector a certain boost in the process of economic recovery.

Data points:

As of Dec 11th, new house transaction area in 42 major cities this week decreased 13% WoW, and cumulative transaction area in 2020 increased 2% YoY.

As of Dec 11th, saleable area (inventory) in 13 major cities this week increased 1% WoW; average inventory period was 12.2 months, average change was 1%.

As of Dec 11th, second-hand housing transactions in 15 major cities this week increased 5% WoW, and cumulative transaction area in 2020 fell 1% YoY.

Suggestion:

The cumulative transaction growth rate continues to increase, and the industry fundamentals continued to recover. In terms of policies, Ningbo increased the down payment ratio of second-home commercial loans, and many places continued to introduce regulations on pre-sale funds; industry policies have maintained a high level of consistency, leading the industry to develop in a stable and healthy manner. Maintain "Overweight" rating.

Overweight
(Maintain)

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1. Industry changes behind the real estate expressions in the Politburo meeting

Every year before the Central Economic Work Conference in mid-December, the Political Bureau of the CPC Central Committee will hold a meeting to analyze and deploy the economic work for the next year. What changes have been made to the real estate industry at the Politburo meeting at the end of this year? How is the current industry environment different from the past two years? What policy information about the real estate industry has been conveyed in this conference?

1.1 How has the expression of the real estate industry changed in the Politburo meeting?

From 2012 to 2013, “housing guarantee and real estate market regulation (住房保障和房地产市场调控)” was emphasized, in 2015, “resolving real estate inventory (化解房地产库存)” was proposed, and from 2016 to 2017, more attention was paid to “housing system reform and long-term mechanism construction (住房制度改革和长效机制建设)”. In the year-end meetings of the 18th and 19th CPC Central Committee Politburo, the top level’s presentation of the real estate industry showed many changes in work priorities, from “housing guarantee and real estate market regulation (住房保障和房地产市场调控)” to “resolving real estate inventory (化解房地产库存)” to “housing system reform and long-term mechanism construction (住房制度改革和长效机制建设)”, reflecting the development and changes of China's commercial housing market and the overall economy. Since 2018, the regulatory framework of the real estate industry has undergone significant changes compared to before.

In 2018 and 2019, only the Central Economic Conference one week after the Politburo meeting at the end of the year mentioned “housing and housing not speculating”. The Politburo meeting at the end of the year to analyze and deploy the economic work for the next year provided a more macro policy framework, while the Central Economic Work Conference to be held a week later was more detailed on a specific level. In 2018 and 2019, real estate was not mentioned in the Politburo meeting at the end of the year, but only be mentioned in the Central Economic Conference a week later with expressions such as “Housing for living, not for speculation” and “One city, one policy”, consistent with the more moderate policy attitude at the local level in 4Q relative to the middle of the year.

This meeting is the first year-end Politburo meeting that mentions real estate in the past three years, may reflect that the top level's guidance on the driving force



of economic growth in 2021 is still to reduce dependence on real estate. In 2020, the Politburo meeting at the end of the year mentioned real estate for the first time in three years with an expression "promoting the steady and healthy development of the real estate market (促进房地产市场平稳健康发展)." Although the expression of the industry was relatively mild, it was the first mention in the Politburo meeting at the end of the year in the past three years. At present, China's economic development pays more attention to quality rather than growth rate. In this context, this mention may to some extent indicate that the consistency of the current industry tone is stronger than in the past two years.

Table 1: At the end of the year, the policy side became more moderate, and the real estate sector showed certain opportunities

Time	Real estate related expressions
2012-12	加强房地产市场调控和住房保障工作。
2013-12	做好住房保障和房地产市场调控工作。
2014-12	Not mentioned
2015-12	要化解房地产库存，通过加快农民工市民化，推进以满足新市民为出发点的住房制度改革，扩大有效需求，稳定房地产市场。
2016-12	加快研究建立符合国情、适应市场规律的房地产平稳健康发展长效机制。
2017-12	加快住房制度改革和长效机制建设。
2018-12	Not mentioned
2019-12	Not mentioned
2020-12	促进房地产市场平稳健康发展。

Source: Government websites, CWSI Research

In 2018 and 2019, the top-level statement on the real estate industry at the end of the year was more moderate than in the middle of the year. In 2018 and 2019, the Politburo meeting at the end of July tightened industry policies: In July 2018, it proposed to "resolutely curb housing price increases (坚决遏制房价上涨)", which has a wider scope and a more determined regulatory attitude than the "curb the rapid rise in housing prices in hot cities (遏制热点城市房价过快上涨)" since 2017. In July 2019, it was proposed that "do not use real estate as a short-term means of stimulating the economy (不将房地产作为短期刺激经济的手段)", which reflects the attitude and trend of China's economic growth driving force switching. After the regulation in the middle of 2018 and 2019, the commercial housing and land markets were affected, and the top-level statement at the end of the year was more moderate than in the middle of the year.

The top-level expression at the end of 2020 continues the previous industry tone. In 2020, although the Politburo meeting in July has not been significantly tightened as in the previous two years, the proposal of financing management rules in late August has had an important impact on the operation of developers and the development of the industry. Although the expression of the industry in the Politburo meeting in December



was relatively mild, Vice Premier Han Zheng of the State Council recently stated in the meeting held by MOHURD that it is necessary to “tighten the string of real estate market regulation at all times, continue to improve the policy toolbox based on reality, and promote the steady and healthy development of the real estate market (时刻绷紧房地产市场调控这根弦，从实际出发不断完善政策工具箱，推动房地产市场平稳健康发展)”, continuing the previous top-level attitude towards the real estate industry.

Table 2: In the second half of 2020, the policy consistency of the real estate industry is stronger than in 2018 and 2019

Time	Event	Real estate related expressions
2018-07	the Politburo meeting of the CPC Central Committee	下决心解决好房地产市场问题，坚持因城施策，促进供求平衡，合理引导预期，整治市场秩序， 坚决遏制房价上涨 。加快建立促进房地产市场平稳健康发展长效机制。
2018-12	Central Economic Work Conference	要构建房地产市场健康发展长效机制，坚持房子是用来住的、不是用来炒的定位，因城施策、分类指导，夯实城市政府主体责任，完善住房市场体系和住房保障体系。
2019-07	the Politburo meeting of the CPC Central Committee	坚持房子是用来住的、不是用来炒的定位，落实房地产长效管理机制， 不将房地产作为短期刺激经济的手段 。
2019-12	Central Economic Work Conference	要坚持房子是用来住的、不是用来炒的定位，全面落实因城施策，稳地价、稳房价、稳预期的长效管理调控机制，促进房地产市场平稳健康发展。
2020-07	Real Estate Working Conference	要牢牢坚持房子是用来住的、不是用来炒的定位， 坚持不将房地产作为短期刺激经济的手段 ，坚持稳地价、稳房价、稳预期，因城施策、一城一策，确保房地产市场平稳健康发展； 要实施好房地产金融审慎管理制度，稳住存量、严控增量，防止资金违规流入房地产市场 。
	the Politburo meeting of the CPC Central Committee	要坚持房子是用来住的、不是用来炒的定位，促进房地产市场平稳健康发展 。
2020-08	Meeting of key developers	形成了重点房地产企业资金监测和融资管理规则。
2020-12	Meeting of MOHURD	要牢牢坚持房子是用来住的、不是用来炒的定位，不把房地产作为短期刺激经济的手段，时刻绷紧房地产市场调控这根弦， 从实际出发不断完善政策工具箱 ，推动房地产市场平稳健康发展。
	the Politburo meeting of the CPC Central Committee	促进房地产市场平稳健康发展 。

Source: Government websites, CWSI Research

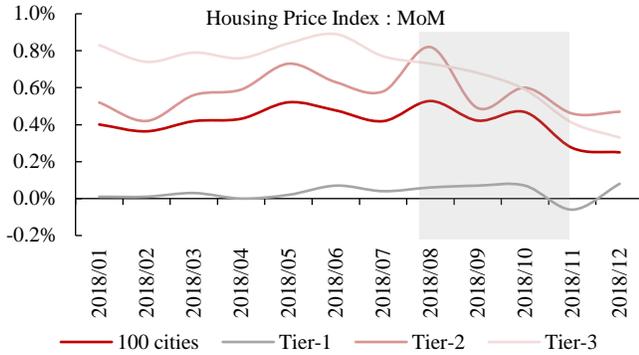
1.2 What is the difference in industry fundamentals between 2020 and 2018 & 2019?

1.2.1 2018 and 2019: After the mid-year regulation and control, the fundamentals of the industry declined, and steadily recovered in year-end

At the end of the year, the market was in a period of steady recovery. The December top-level meeting continued the local moderate policy in 4Q. The Politburo meetings in the middle of 2018 and 2019 have significantly tightened the regulation of the real estate industry, leading to a significant slowdown in residential ASP growth and a significant decline in the popularity of the land market. After entering 4Q, some popular cities sent out relatively active policy signals, which led to a rebound in ASP growth and a stable land premium rate. The top level's attitude towards real estate is not to suppress, but to guide the industry to maintain a stable and healthy development; therefore, in the process of a relatively stable recovery of the market at the end of the year, the central economic work conference in December also continued the relatively mild attitude in local level since 4Q.

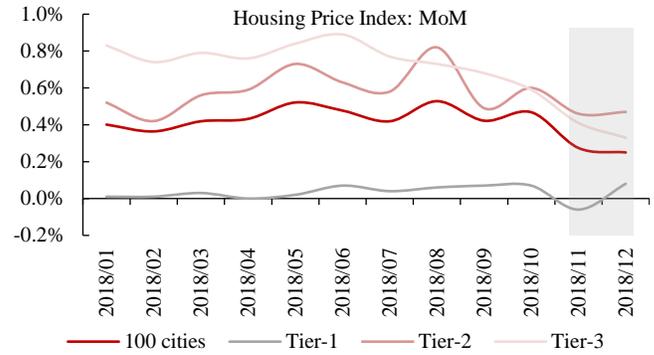
2018: The change in expressions in the middle of the year led to a rapid decline in the growth rate of ASP in tier-3 cities, and at the end of the year, the overall ASP growth rate in tier-1 and tier-2 cities rebounded. In 2018, after the top-level expression changed from “curb the rapid rise in housing prices in hot cities (遏制热点城市房价过快上涨)” to “resolutely curb housing price increases (坚决遏制房价上涨)”, the growth rate of the residential price index in tier-3 cities declined rapidly from 0.89% in June 2018 to 0.41% in November 2018, led to a decline in the overall growth rate. Since October, core cities such as Guangzhou and Hangzhou have taken the lead in cancelling price limits, and ASP in tier-1 and tier-2 cities have rebounded, which has only led to a rebound in the MoM growth of overall residential ASP. On the other hand, in 4Q2018, the 10-year Treasury bond yield declined, and the easing of liquidity also contributed to the recovery of the industry at the end of the year to a certain extent.

Chart 1: Residential ASP growth in tier-3 cities fell after mid-2018 regulation



Source: Wind, CWSI Research

Chart 2: The cancellation of price restrictions in key cities led to a slight rebound in residential ASP at the end of the year



Source: Wind, CWSI Research

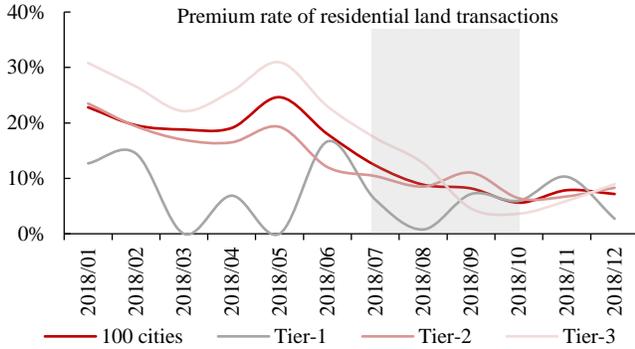
Chart 3: 10-year Treasury bonds yield fell in 4Q2018



Source: Wind, CWSI Research

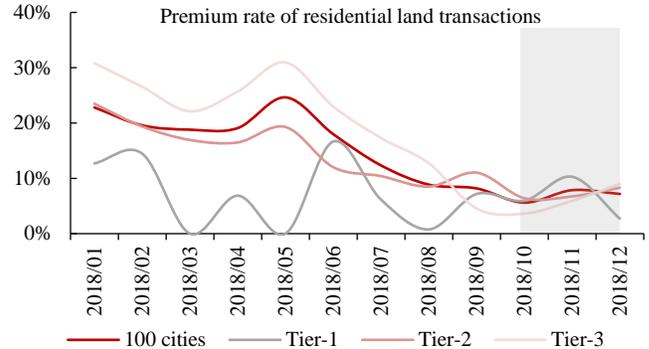
The land market has cooled significantly after the regulation, and the premium rate remained low and stable in 4Q. The enthusiasm of the land market in 2018 also dropped significantly after the mid-year regulation, the premium rate of residential land transactions in 100 large and medium-sized cities fell from 18.0% in June 2018 to 5.6% in October 2018. With the cancellation of price restrictions in popular cities, the land market has rebounded slightly at the end of the year without overheating. In December 2018, the premium rate of residential land transactions in 100 large and medium-sized cities was about 7.2%, and the land market was relatively stable at the end of the year.

Chart 4: The land market has cooled significantly after the mid-2018 regulation



Source: Wind, CWSI Research

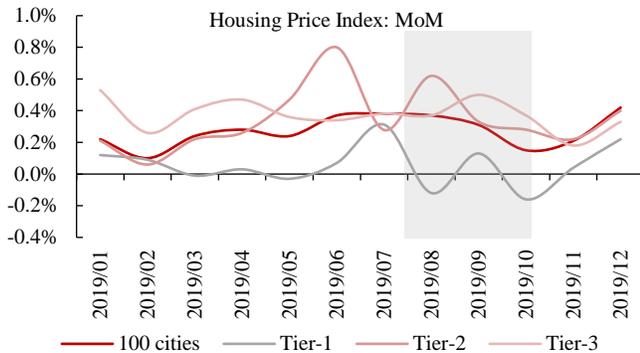
Chart 5: The land market was relatively stable at the end of 2018



Source: Wind, CWSI Research

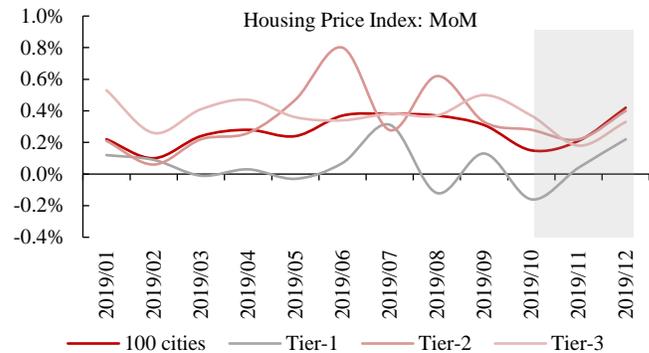
2019: The mid-year regulation led to a decline in the growth rate of ASP in all tiers of cities, and at the end of the year, the growth rate of ASP in all tiers of cities rebounded. After the regulation in mid-2019, the MoM growth rate of the overall residential price index dropped from 0.37% in June 2019 to 0.15% in October 2019; in November, Shenzhen raised the “luxury property tax” levy standard and cancelled commercial apartments restrictions on sales, driving the overall ASP growth. In 4Q2019, the 10-year Treasury bonds yield maintained slight fluctuations, and the overall liquidity environment was relatively stable at the end of the year.

Chart 6: The MoM growth rate of ASP in 100 cities has declined after mid-2019



Source: Wind, CWSI Research

Chart 7: The end of 2019 is also a period of rebound in ASP growth



Source: Wind, CWSI Research

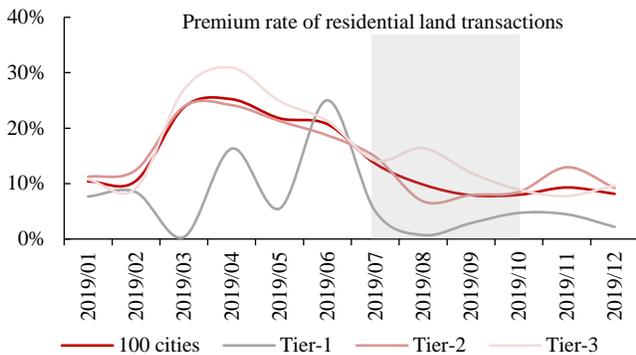
Chart 8: The 10-year Treasury bonds yield fluctuates slightly in 4Q2019



Source: Wind, CWSI Research

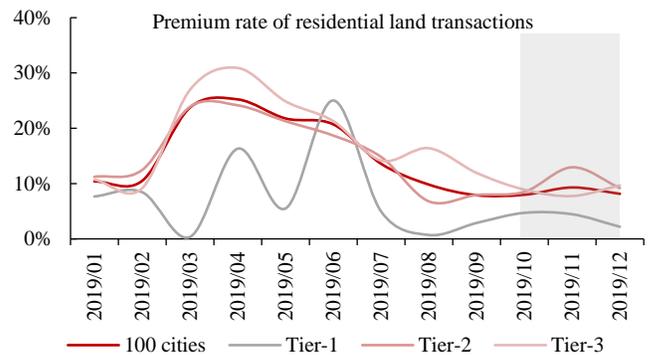
In the second half of the year, the premium rate of residential land transactions dropped significantly and stabilized at the end of the year. After the regulation in mid-2019, the premium rate of residential land transactions in all tiers of cities has dropped rapidly, the premium rate of residential land transactions in 100 large and medium-sized cities has dropped from 20.7% in June 2019 to 8.0% in October 2019. With the slight loosening of policies in some cities, the premium rate of residential land transactions in 100 large and medium-sized cities rebounded slightly in November and December 2019, to 9.3% and 8.2%, respectively, which was relatively stable as a whole.

Chart 9: After the 2019 regulation and control, the premium rate of residential land transactions in various tiers of cities has fallen



Source: Wind, CWSI Research

Chart 10: The premium rate of residential land transactions at the end of 2019 is relatively stable

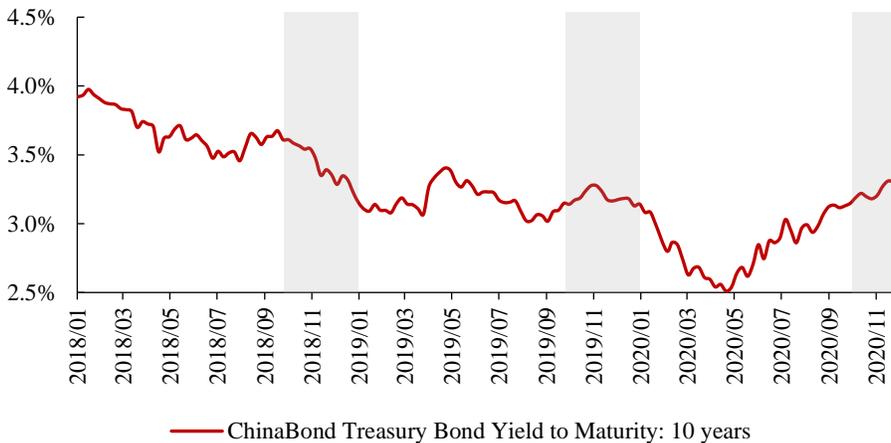


Source: Wind, CWSI Research

1.2.2 2020: ASP growth rate remained volatile, and the premium rate remained high

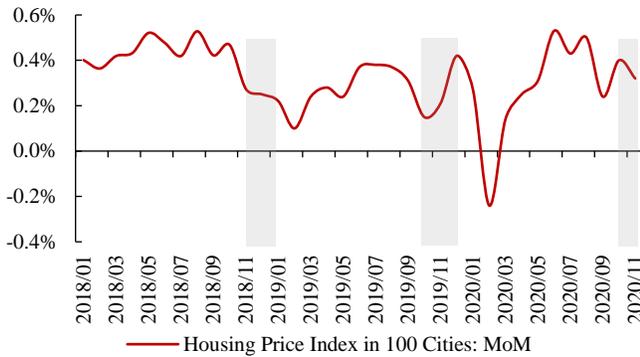
In 2020, the fever in commercial housing and land markets did not continue to weaken after the middle of the year. Different from 2018 and 2019, in 2020, although the regulatory authorities proposed financing management rules in August, the 10-year Treasury bonds yield continued to rise with the normalization of liquidity, the rapid recovery in sales after the epidemic has not continued to weaken the fever of the commercial housing and land markets, the MoM growth rate of the overall residential ASP index has continued to fluctuate in recent months. The demand for inventory by developers has made the premium rate of residential land transactions in recent months still high, reaching 18.5% in November. In this context, local policies have not seen a large-scale loosening; instead, many places have introduced relevant policies to strengthen the supervision of pre-sale funds. The recent MOHURD meeting the Politburo meeting mentioning the real estate industry in fact continued the policy tone this year.

Chart 11: The 10-year Treasury bonds yield continued to rise in recent months



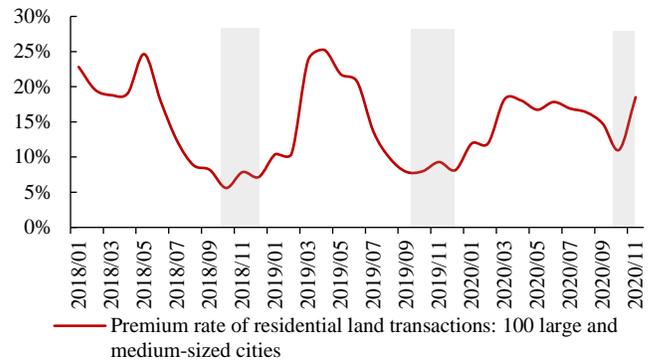
Source: Wind, CWSI Research

Chart 12: The MoM growth rate of ASP continued to fluctuate



Source: Wind, CWSI Research

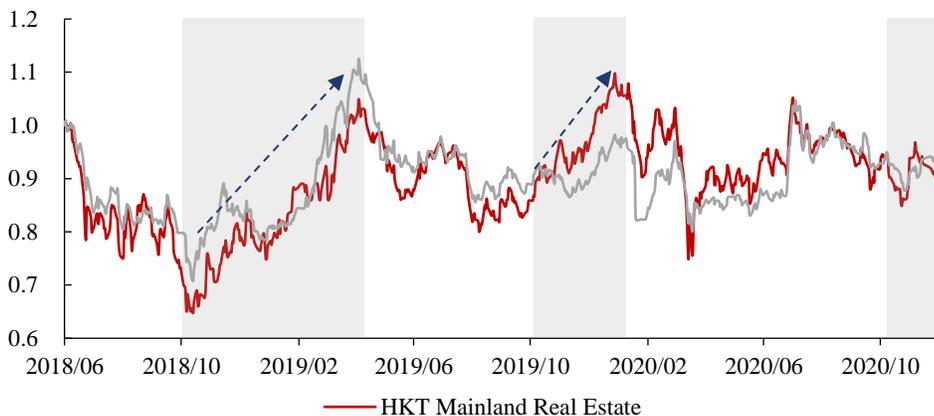
Chart 13: The premium rate of real estate transactions at the end of 2020 is still high



Source: Wind, CWSI Research

The difference in industry fundamentals in the second half of the year has made the real estate industry's policy consistency stronger than in the past two years, and the trend of the real estate sector has yet to change the policy tone. At the end of 2018 and 2019, the performance of the sector has been boosted as the policy becomes more moderate. At the end of 2020, in the context of differences in the fundamentals of the real estate industry, the industry policy basically continued the tone since the middle of the year, and the current sector performance is relatively weak compared to the previous two years.

Chart 14: At the end of the past two years, the real estate sector's performance has turned upward in the period of more moderate policy



Source: Wind, CWSI Research; note: take the closing price of 2018/6/6 as the standardized base point

1.3 Outlook: What policy information in the real estate industry has been conveyed by this conference?

During the "14th Five-Year Plan" period, the transformation of economic development path requires more stable cost factors. The mention of real estate in the Politburo meeting at the end of the year for the first time in three years not only implies the difference in the industry fundamentals, but also reflects the stronger consistency and determination of current top-level policies. On the other hand, according to the Communiqué of the Fifth Plenary Session of the 19th Central Committee, China's economic development during the "14th Five-Year Plan" period will pay more attention to quality and technological innovation. As we stated in the previous report "Property market code in the 14th Five-Year Plan", the iterative upgrade of the industry requires a relatively stable overall economic environment. As far as the real estate industry is concerned: 1) housing prices, rents, etc., as cost factors, need to be maintained at a relatively stable level; 2) because industry fluctuations will be transmitted to many upstream and downstream industries, real estate is still an important stabilizer in China's overall economy. In a press conference introducing the spirit of the Fifth Plenary Session of the 19th Central Committee, the CPC Central Committee also pointed out that during the "14th Five-Year Plan" period, China will "promote the healthy development of housing consumption." In the process of placing more emphasis on high-quality development, the demand for a relatively stable economic environment may keep the overall tone of the real estate industry stable.

The procyclical nature may benefit the real estate sector from economic growth.

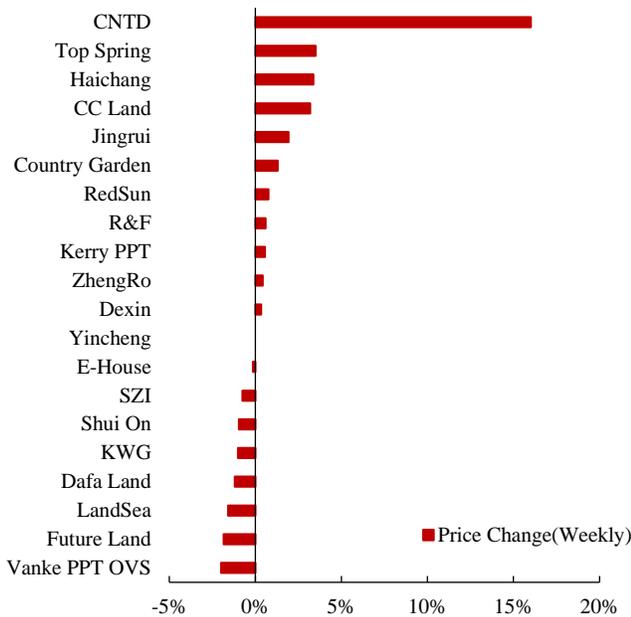
The meeting also pointed out that "next year will be a year of special importance in the process of China's modernization drive, and it is of great significance to do economic work well", "ensure a good start in the 14th Five-Year Plan", and put forward the "demand-side reform" for the first time. According to the statement, in the current environment of "China's economic operation is gradually returning to normal, but the COVID-19 and the external environment still have many uncertainties", China may further expand domestic demand to build a domestic and international dual-cycle development pattern, and economic growth next year is also expected to improve. Under the stable industry policy tone, the procyclical nature of the real estate industry is expected to give the sector a certain boost in the process of economic recovery.

2. Sector Performance

2.1 Performance of developer sector

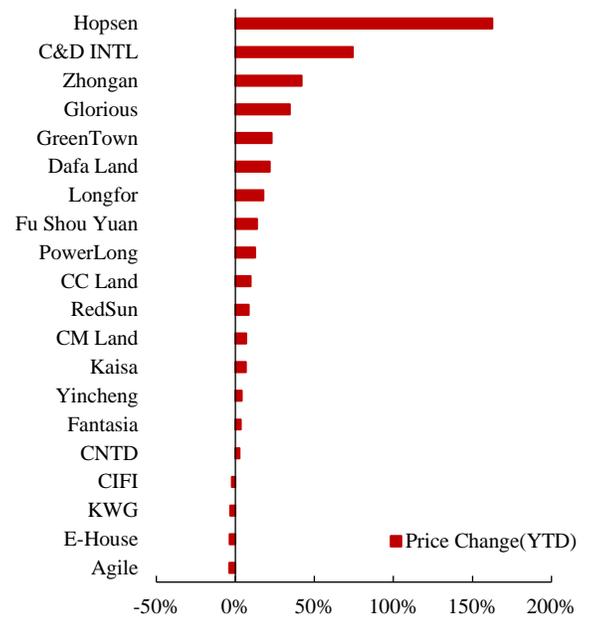
This week, CNTD, Top Spring and Haichang had larger price increase than peers. Hopsen, C&D INTL and Zhongan had better share price performance, YTD.

Chart 15: This week, CNTD, Top Spring and Haichang had larger price increase than peers



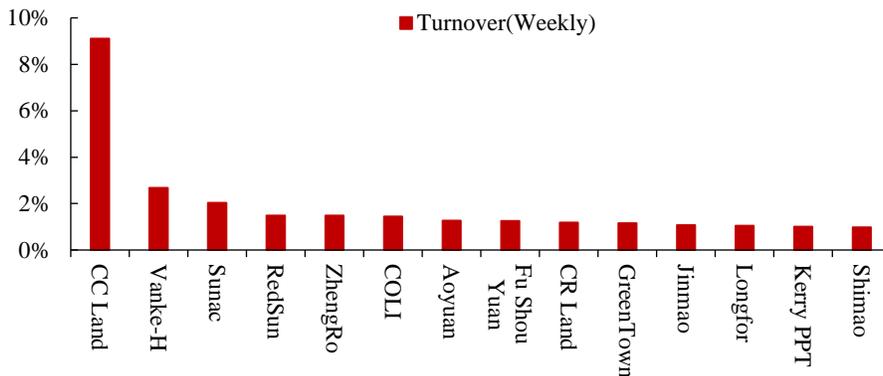
Source: Wind, CWSI Research

Chart 16: Hopsen, C&D INTL and Zhongan had better share price performance, YTD



Source: Wind, CWSI Research

Chart 17: CC Land, Vanke-H and Sunac were most actively traded this week

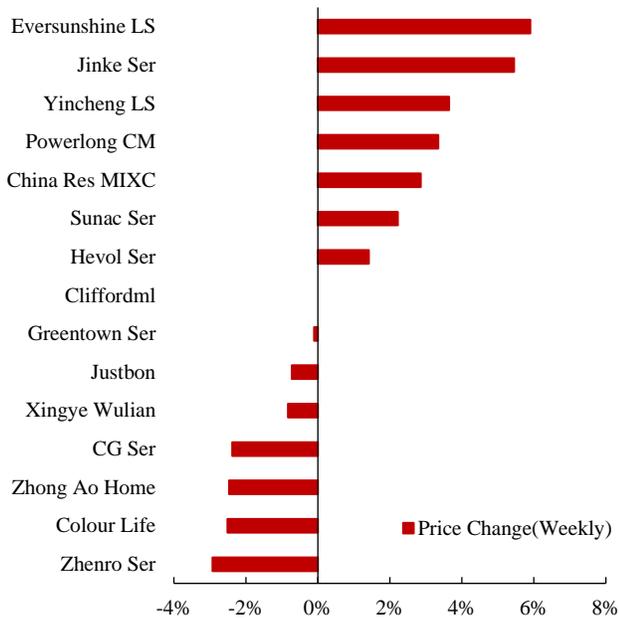


Source: Wind, CWSI Research

2.2 Performance of property management sector

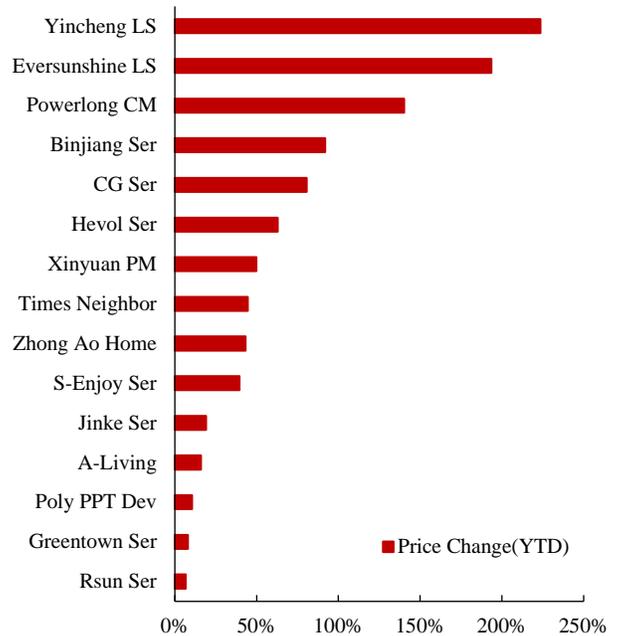
This week, Eversunshine LS, Jinke Ser and Eversunshine LS had larger price increase than peers. Yincheng LS, Eversunshine LS and Powerlong CM had better share price performance YTD.

Chart 18: This week, Eversunshine LS, Jinke Ser and Eversunshine LS had larger price increase than peers



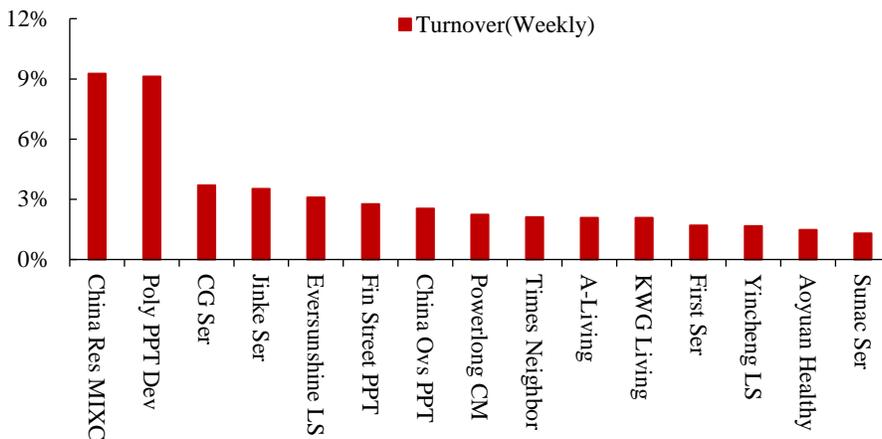
Source: Wind, CWSI Research

Chart 19: Yincheng LS, Eversunshine LS and Powerlong CM and had better share price performance YTD



Source: Wind, CWSI Research

Chart 20: China Res MIXC, Poly PPT Dev and CG Ser were most actively traded this week



Source: Wind, CWSI Research

3. Major cities transaction performance

3.1 New house transaction data

Table 3: 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	158,437	-29%	5%	959	18%	69%	291	3%	19%	7,161	8%
Shanghai	260,500	-8%	16%	1,179	-24%	4%	401	-22%	10%	12,849	-1%
Guangzhou	339,352	-18%	152%	1,639	24%	112%	522	92%	169%	10,593	23%
Shenzhen	142,383	4%	48%	626	10%	71%	230	9%	50%	4,184	25%
Tier 1	900,672	-15%	49%	4,404	4%	55%	1,444	13%	51%	34,786	10%
Tier 2	2,760,435	-8%	-6%	11,645	-4%	-8%	4,707	10%	1%	114,512	-1%
Tier 3	2,117,425	-19%	-2%	10,901	-16%	13%	3,482	-13%	0%	111,880	2%
Beijing	158,437	↓ -29%	↑ 5%	959	↑ 18%	↑ 69%	291	↑ 3%	↑ 19%	7,161	↑ 8%
Qingdao	295,764	↓ -17%	↓ -14%	1,518	↑ 2%	↓ -15%	490	↑ 17%	↓ -14%	14,440	↑ 5%
Jinan	59,997	↓ -60%	↓ -67%	832	↓ -30%	↑ 3%	63	↓ -82%	↓ -78%	10,280	↑ 9%
Dongying	76,719	↓ -8%	↑ 154%	785	↑ 31%	↑ 360%	131	↓ -36%	↑ 132%	4,768	↑ 180%
PBR	590,917	↓ -27%	↓ -16%	4,094	↓ 0%	↑ 23%	974	↓ -23%	↓ -15%	36,649	↑ 16%
Shanghai	260,500	↓ -8%	↑ 16%	1,179	↓ -24%	↑ 4%	401	↓ -22%	↑ 10%	12,849	↓ -1%
Nanjing	311,525	↓ -4%	↑ 22%	1,122	↓ -1%	↑ 27%	571	↑ 19%	↑ 33%	9,388	↑ 21%
Hangzhou	253,491	↑ 21%	↑ 2%	710	↓ -4%	↓ -36%	419	↑ 28%	↑ 8%	7,980	↑ 3%
Suzhou	215,778	↑ 1%	↓ -14%	872	↑ 37%	↓ -4%	375	↑ 276%	↓ -4%	10,166	↑ 6%
Wuxi	95,700	↓ -34%	↑ 10%	466	↓ -17%	↓ -16%	96	↓ -66%	↑ 10%	5,649	↓ -20%
Yangzhou	62,791	↑ 54%	↓ -42%	246	↓ -21%	↑ 2%	104	↓ -4%	↓ -30%	2,435	↑ 12%
Jiangyin	6,828	↓ -77%	↓ -92%	123	↑ 164%	↓ -61%	22	↓ -3%	↓ -80%	2,490	↓ -17%
Wenzhou	195,490	↓ -52%	↓ -10%	1,053	↑ 8%	↑ 2%	337	↓ -1%	↓ -3%	11,358	↓ -3%
Jinhua	29,640	↓ -33%	↓ -21%	193	↓ -25%	↑ 17%	55	↓ -45%	↓ -12%	2,235	↑ 24%
Changzhou	43,759	↑ 47%	↓ -59%	172	↓ -2%	↓ -67%	67	↓ -9%	↓ -64%	2,644	↓ -44%
Huainan	79,132	↑ 23%	↓ -30%	410	↓ -32%	↓ -7%	123	↓ -26%	↓ -31%	4,413	↓ -7%
Lianyungang	256,252	↑ 62%	↑ 79%	715	↑ 10%	↑ 29%	371	↑ 63%	↑ 48%	6,333	↓ -1%
Shaoxing	30,658	↓ -51%	↓ -16%	143	↓ -17%	↓ -28%	83	↑ 24%	↑ 45%	2,310	↑ 5%
Zhenjiang	96,916	↓ -26%	↓ -20%	562	↓ -14%	↓ -1%	164	↓ -21%	↓ -16%	5,993	↓ -18%
Jiaxing	21,414	↓ -73%	↓ -22%	238	↓ -42%	↑ 41%	95	↓ -39%	↑ 129%	3,121	↑ 23%
Wuhu	66,279	↓ -13%	↑ 120%	351	↓ -5%	↑ 139%	109	↓ -23%	↑ 90%	2,480	↑ 33%
Yancheng	165,723	49%	↑ 172%	463	↑ 9%	↑ 42%	166	↑ 35%	↑ 55%	3,779	↑ 10%
Zhoushan	15,364	↓ -46%	↓ -1%	100	↓ -43%	↑ 20%	28	↓ -17%	↑ 8%	1,296	↑ 18%
Chizhou	12,594	↓ -43%	↓ -40%	73	↓ -21%	↑ 26%	30	↓ -34%	↓ -16%	801	↓ -33%
Ningbo	144,713	↓ -23%	↑ 33%	649	↑ 1%	↑ 10%	250	↑ 25%	↑ 41%	7,615	↑ 6%
YRD	2,364,546	↓ -11%	↑ 3%	9,839	↓ -7%	↓ -2%	3,866	↑ 5%	↑ 6%	105,334	↓ -1%
Guangzhou	339,352	↓ -18%	↑ 152%	1,639	↑ 24%	↑ 112%	522	↑ 92%	↑ 169%	10,593	↑ 23%
Shenzhen	142,383	↑ 4%	↑ 48%	626	↑ 10%	↑ 71%	230	↑ 9%	↑ 50%	4,184	↑ 25%
Fuzhou	76,787	↑ 68%	↑ 713%	298	↑ 10%	↑ 171%	99	↓ -3%	↑ 195%	2,620	↑ 6%
Dongguan	189,505	↓ -31%	↑ 54%	885	↑ 7%	↑ 72%	325	↑ 50%	↑ 86%	6,789	↑ 34%
Quanzhou	52,292	↓ -2%	↑ 147%	250	↓ -42%	↑ 58%	80	↓ -28%	↑ 126%	2,810	↓ -11%
Putian	47,756	↑ 12%	↑ 713%	196	↓ -4%	↑ 98%	70	↑ 42%	↑ 376%	1,639	↓ -14%
Huizhou	125,644	↑ 2%	↑ 61%	428	↓ -23%	↑ 21%	248	↑ 8%	↑ 92%	3,149	↑ 16%
Shaoguan	19,544	↓ -35%	↓ -15%	113	↓ -28%	↑ 1%	32	↓ -2%	↓ -3%	1,625	↑ 8%
Foshan	264,879	↓ -12%	↑ 19%	1,323	↓ -9%	↑ 44%	414	↑ 7%	↑ 29%	12,001	↓ -2%
Jiangmen	18,659	↓ -35%	↓ -50%	135	↓ -18%	↑ 13%	29	↓ -10%	↓ -46%	1,334	↑ 21%
PRD & Southern China	1,276,801	↓ -12%	↑ 70%	5,894	↓ -1%	↑ 67%	2,052	↑ 24%	↑ 79%	46,746	↑ 11%
Taian	50,357	↓ -32%	↓ -8%	273	↓ -28%	↑ 34%	90	↓ -27%	↑ 4%	2,640	↑ 7%
Northern China	50,357	↓ -32%	↓ -8%	273	↓ -28%	↑ 34%	90	↓ -27%	↑ 4%	2,640	↑ 7%
Wuhan	674,189	↑ 7%	↑ 17%	2,599	↓ -13%	↑ 4%	1,032	↑ 9%	↑ 12%	17,675	↓ -20%
Yueyang	23,553	↓ -21%	↓ -38%	142	↓ -41%	↓ -8%	45	↓ -43%	↓ -17%	2,177	↑ 11%
Baoji	87,192	↓ -2%	↑ 31%	360	↓ -3%	↓ -22%	151	↑ 15%	↑ 6%	3,332	↑ 4%
Ganzhou	124,341	↓ -17%	↓ -19%	606	↓ -42%	↓ -19%	193	↓ -40%	↓ -33%	7,912	↓ -9%
Central China	909,275	↑ 1%	↑ 9%	3,707	↓ -20%	↓ -4%	1,420	↓ -4%	↑ 1%	31,095	↓ -13%
Chengdu	356,908	↓ -19%	↓ -33%	1,780	↓ -10%	↓ -6%	788	↓ -1%	↓ -10%	20,581	↑ 11%
Liuzhou	83,652	↓ -50%	↓ -29%	616	↓ -29%	↑ 12%	181	↑ 16%	↓ -3%	6,523	↑ 10%
Nanning	146,077	↓ -19%	↓ -65%	748	↓ -17%	↓ -60%	262	↓ -39%	↓ -58%	11,610	↓ -20%
Western China	586,638	↓ -26%	↓ -45%	3,144	↓ -16%	↓ -27%	1,232	↓ -11%	↓ -27%	38,714	↓ -1%
Total	5,778,533	-13%	1%	26,950	-8%	7%	9,633	1%	6%	261,178	2%
Num. of cities Up		12	20		13	28		19	24		27
Num. of cities Down		30	22		29	14		23	18		15

Source: Local governments, CWSI Research; Note: Till 2020/12/11

Table 4: Major cities inventory period was 12.2 months this week

City	Inventory (sqm 000)	wow	yoy	Inventory period	Last week	wow	yoy
Beijing	12,583	3%	16%	13.1	12.2	7%	-31%
Shanghai	7,432	3%	-7%	6.3	5.8	8%	-10%
Guangzhou	9,384	1%	27%	5.7	6.0	-5%	-40%
Shenzhen	3,143	4%	8%	5.0	4.9	3%	-37%
Tier 1 Average		3%	11%	7.5	7.2	3%	-30%
Hangzhou	4,641	3%	36%	6.5	6.1	8%	111%
Nanjing	6,991	-2%	28%	6.2	6.8	-8%	1%
Suzhou	8,658	1%	49%	9.9	12.1	-18%	54%
Fuzhou	6,586	1%	79%	22.1	22.8	-3%	-34%
Jiangyin	4,605	0%	15%	37.5	34.2	10%	197%
Wenzhou	12,278	0%	19%	11.7	11.8	-1%	16%
Quanzhou	6,910	-1%	0%	27.6	25.9	7%	-37%
Ningbo	2,787	8%	-14%	4.3	3.9	9%	-22%
Dongying	1,698	-4%	4%	2.2	2.1	2%	-77%
Overall Average		1%	20%	12.2	11.9	1%	7%

Source: Local governments, CWSI Research; Note: Till 2020/12/11; Average WoW and average YoY are defined as average change of each city

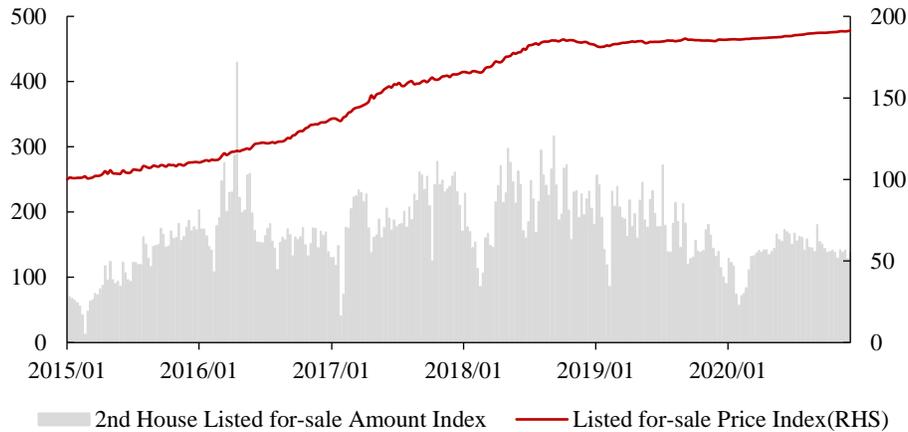
3.2 Second-hand house transaction and price data

Table 5: 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	391,762	↑ 7%	↑ 52%	1,663	↑ 7%	↑ 51%	630	↑ 22%	↑ 43%	13,777	↑ 18%
Shenzhen	123,784	↑ 10%	↓ -31%	534	↓ -3%	↓ -26%	212	↑ 34%	↓ -29%	7,691	↑ 33%
Hangzhou	138,821	↓ -12%	↑ 60%	637	↑ 10%	↑ 80%	218	↑ 42%	↑ 70%	5,485	↑ 22%
Nanjing	213,287	↓ -4%	↑ 10%	890	↓ -15%	↑ 3%	378	↑ 10%	↑ 14%	9,536	↑ 34%
Chengdu	82,643	↑ 85%	↓ -61%	327	↓ -10%	↓ -63%	125	↑ 4%	↓ -67%	4,489	↓ -56%
Qingdao	119,710	↑ 0%	↑ 23%	533	↑ 4%	↑ 29%	208	↑ 13%	↑ 23%	5,138	↑ 19%
Wuxi	105,453	↓ -1%	↓ -5%	504	↓ -2%	↓ -15%	187	↑ 13%	↓ -1%	5,920	↓ -1%
Suzhou	146,202	↑ 40%	↓ 0%	553	↓ -3%	↓ -3%	227	↑ 15%	↓ -2%	5,556	↓ -41%
Xiamen	89,164	↑ 7%	↑ 34%	381	↑ 8%	↑ 50%	149	↑ 26%	↑ 36%	3,284	↓ -5%
Yangzhou	18,664	↓ -22%	↓ -4%	96	↓ -16%	↑ 12%	38	↓ -5%	↑ 11%	1,036	↓ 0%
Dongguan	43,809	↓ -6%	↓ -33%	203	↓ -6%	↓ -31%	80	↑ 7%	↓ -31%	2,646	↓ -12%
Nanning	30,528	↓ -46%	↓ -64%	201	↑ 1%	↓ -48%	73	↓ -12%	↓ -56%	2,477	↓ -22%
Foshan	205,412	↑ 20%	↑ 69%	770	↑ 2%	↑ 62%	342	↑ 26%	↑ 73%	6,219	↑ 13%
Jinhua	63,105	↓ 0%	↑ 55%	267	↑ 1%	↑ 32%	113	↑ 12%	↑ 22%	2,507	↑ 62%
Jiangmen	12,643	↓ -16%	↑ 9%	81	↑ 0%	↑ 143%	25	↓ -8%	↑ 21%	796	↓ -3%
Total	1,784,987	5%	5%	7,639	0%	6%	3,004	17%	4%	76,556	-1%
Num. of cities Up		7	8		8	9		12	9		7
Num. of cities Down		8	7		7	6		3	6		8

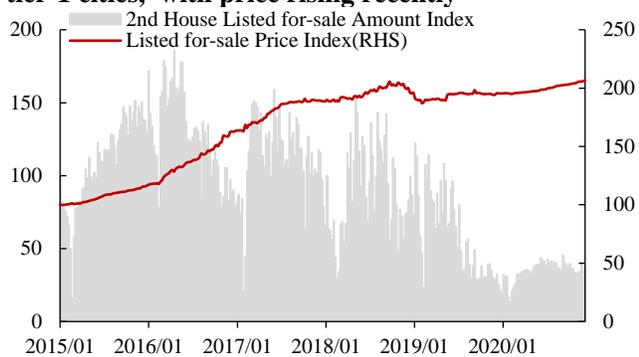
Source: Local governments, CWSI Research; Note: Till 2020/12/11

Chart 21: 2nd house listed for-sale price index rose slightly recently



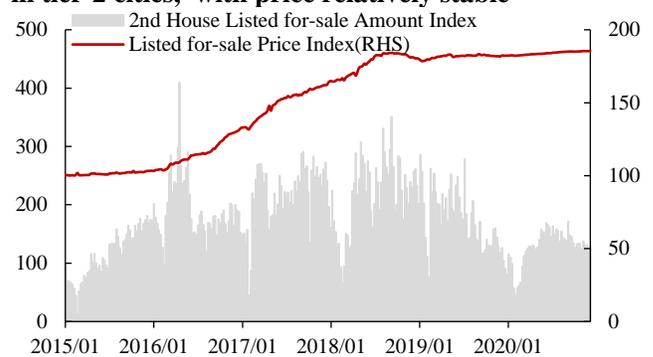
Source: Local Government, CWSI Research; Note: Till 2020/12/6

Chart 22: 2nd house listed for-sale amount index rose in tier-1 cities, with price rising recently



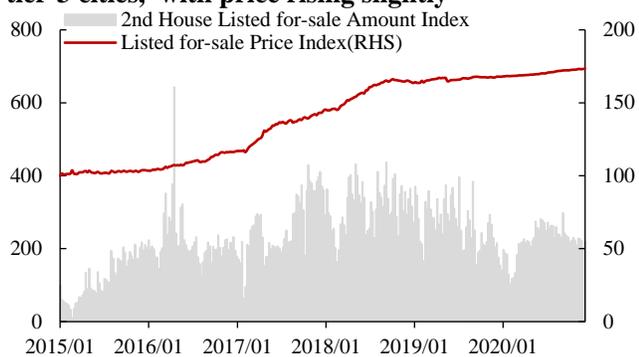
Source: Local Government, CWSI Research; Note: Till 2020/12/6

Chart 23: 2nd house listed for sale amount index rose in tier-2 cities, with price relatively stable



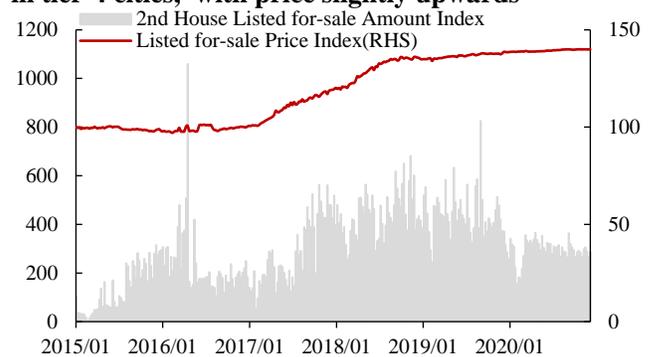
Source: Local Government, CWSI Research; Note: Till 2020/12/6

Chart 24: 2nd house listed for-sale amount index rose in tier-3 cities, with price rising slightly



Source: Local Government, CWSI Research; Note: Till 2020/12/6

Chart 25: 2nd house listed for-sale amount index rose in tier-4 cities, with price slightly upwards



Source: Local Government, CWSI Research; Note: Till 2020/12/6

4. Important Policies and News

4.1 Important Industry Policies News This Week

Table 6: Important Industry Policies News This Week: The 14th Five-Year Plan was released in multiple places; Ningbo raised the down payment ratio for second homes

Date	Region / Institution	Summary
2020-12-07	Beijing	"Beijing' s Fourteenth Five-Year Plan for National Economic and Social Development and Proposals for Long-Term Goals in 2035" proposes to implement urban renewal actions and improve the housing guarantee system with multi-subject supply, multi-channel guarantee, and simultaneous rental and purchase, persist in "housing for living, not for speculation" and promote the development of urban and rural integration.
2020-12-09	Hainan	Issued the "Proposals of the CPC Hainan Provincial Committee on Formulating the Fourteenth Five-Year Plan for National Economic and Social Development and Long-Term Goals for 2035", proposing to innovate and develop real estate investment trusts (REITs) and to promote people-centered New-type urbanization, improve the multi-level housing guarantee and supply system, and accelerate the construction of various types of housing such as affordable commercial housing, public rental housing, market-based rental housing, and talent housing.
2020-12-10	Guangdong	It is necessary to effectively solve the housing problem of fresh graduates and increase monetary subsidies and physical guarantees. Encourage localities to concentrate on the construction of public rental housing and talent housing, give priority to graduates, and support localities to reduce or exempt the requirement of social insurance for college graduates to apply for public rental housing.
2020-12-10	Qinghai	The housing provident fund management centers of Xining and Lanzhou will establish long-term working mechanisms to explore the establishment of information sharing mechanisms for housing provident fund deposits, withdrawals, and loans in the two cities.
2020-12-10	Shanghai	"Proposal of the CPC Shanghai Municipal Committee on Formulating the Fourteenth Five-Year Plan for Shanghai' s National Economic and Social Development and the Long-term Goals for 2035" was officially released, proposing to promote land, energy consumption and other indicators to focus on key areas and promote the urban renovation.
2020-12-11	Ningbo	Resident households in the six district of Ningbo that have a house and the corresponding loan has been settled, the loan down payment ratio shall not be less than 40%; for households in the six district of Ningbo that have a house and the corresponding loan is not settled, the loan down payment ratio shall not be less than 60%.
2020-12-11	Wuhu	The real estate control target tasks are divided into counties (cities), districts and related functional departments, and the target responsibility letter is signed, which is included in the assessment of the county government by the city government. The working group will select different transfer methods in a targeted manner according to the specific conditions of the land to be transferred, strictly record the price of commercial housing, and stabilize housing prices.

Source: Wind, Government website, CWSI Research

4.2 Company news and announcements

Table 7: Company news and announcements: CG Ser conducts placement financing; Yuzhou's sales amount exceeds annual target

Date	Company	Summary
2020-12-07	Dexin	Offered to purchase for cash of its outstanding USD 300 mn 12.875% senior notes due 2021 up to the maximum acceptance amount.
2020-12-07	Yuzhou	As of December 7, the contracted sales amount has exceeded the original annual target of RMB 100 bn.
2020-12-07	PRE	In November 2020, the company obtained 14 real estate projects in 10 cities including Foshan, Zhongshan and Nanjing.
2020-12-07	Shimao	It is initially expected that contract sales in 2021 will increase by more than 10% over 2020.
2020-12-08	GreenLand	In November 2020, the company obtained 2 real estate projects in Nanchang and Lanzhou.
2020-12-08	Logan	Issued USD 300 mn 4.85% senior notes due 2026.
2020-12-09	Yango	In November 2020, the company obtained 2 real estate projects in 1 city in Nantong.
2020-12-09	Sunac	Completed the offer to purchase part of the outstanding 8.375% senior notes due 2021.
2020-12-10	CMSK	In November 2020, the company obtained 11 real estate projects from 10 companies including Taicang, Dalian and Hangzhou.
2020-12-11	CG Ser	Approximately 170 mn shares of the company were placed at HKD 45.0 per share, accounting for approximately 6.3% of the total issued shares and approximately 5.9% of the total shares pending completion of the subscription. The net proceeds from the subscription will be used for future potential mergers and acquisitions, strategic investments, working capital and corporate general purpose.
2020-12-11	CR Land	In November 2020, the company obtained 5 real estate projects in 5 cities including Shenzhen, Wuhan and Guiyang.

Source: Company announcements, CWSI Research

4.3 Key sales data announced this week

Table 8: Key sales data announced this week

Company	RIC	Jan-Nov contracted sales		Jan-Nov contracted GFA		Nov contracted sales		Nov contracted GFA	
		(RMB bn)	YoY	(000 sqm)	YoY	(RMB bn)	YoY	(000 sqm)	YoY
PRE	600048.SH	463.0	10.3%	31193	10.7%	40.3	24.0%	2629	8.6%
CR Land	1109.HK	246.0	8.5%	13233	7.1%	28.9	10.7%	1604	10.4%
CMSK	001979.SZ	245.5	24.6%	10706	5.6%	29.3	63.1%	1270	34.9%
Longfor	0960.HK	242.8	9.0%	14380	9.3%	28.5	35.0%	1725	39.8%
CIFI	0884.HK	200.2	12.6%	13181	23.3%	25.7	16.5%	1609	9.7%
Jinke	000656.SZ	195.4	-	19020	-	22.5	-	2220	-
Yango	000671.SZ	188.0	3.3%	13232	10.0%	-	-	-	-
GreenTown	3900.HK	165.8	47.1%	6410	45.0%	29.4	107.0%	1070	75.4%
Mideadc	3990.HK	110.3	21.3%	9653	6.9%	-	-	-	-
Logan	3380.HK	108.7	34.5%	6744	-	11.7	82.6%	712	-
Sino-Ocean	3377.HK	108.2	4.4%	5641	1.2%	16.1	34.2%	892	55.6%
Yuzhou	1628.HK	98.6	46.7%	6016	35.9%	10.0	9.5%	592	9.7%
BJ Capital Development	600376.SH	87.6	0.6%	3133	2.6%	10.7	5.5%	402	28.0%
Times	1233.HK	83.6	23.6%	5803	26.3%	12.9	56.3%	828	37.8%
Central China	0832.HK	83.0	1.6%	11670	1.4%	5.6	-29.2%	823	28.2%
RedSun	1996.HK	74.3	27.8%	5182	18.7%	9.8	13.3%	661	4.0%
PowerLong	1238.HK	72.0	30.1%	4700	36.0%	9.5	98.6%	633	99.4%
Poly PPT	0119.HK	46.3	25.1%	2476	18.9%	-	-	-	-
Greenland HK	0337.HK	31.1	-24.2%	2359	13.2%	-	-	-	-
Hopsen	0754.HK	30.2	45.2%	-	-	4.7	275.6%	-	-
JIAYUAN INTL	2768.HK	27.3	7.7%	2445	11.5%	3.4	8.5%	-	16.8%
Sunshine 100	2608.HK	8.8	3.3%	766	15.8%	1.5	-9.7%	273	12.3%

Source: Wind, company announcements, CWSI Research; note: Logan by attributable scale

Note:

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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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