This Week in China

Urban housing demand: a rail transit perspective

Overweight
(Maintain)

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Topic of the week:

The rapid increase in the length of urban rail operated has boosted the demand for housing purchases in the suburbs. The cities in mainland China that have operated urban rail transit lines have increased from 26 as of end-2015 to 45 as of end-2020. Cities such as Qingdao, Chengdu, Wuhan, and Hangzhou have improved their rankings in terms of urban rail operating line length; Hefei, Nanning, etc. In the past five years, it has quickly started from zero, ranking 21st and 22nd respectively as of end-2020. The housing demand for in the suburbs of some cities has increased significantly with the development of rail transit. For example, after the opening of Nanning Metro in 2016, the price of residential land in the new district has increased even more, and the gap between the proportion of new homes sold and the proportion of GFA of residential land sold quickly narrowed.

The density of the urban rail network affects passenger traffic volume, traffic intensity, and housing demand. Given the leading length, density and population size of operating lines, Shanghai, Guangzhou and Beijing still rank among the top in the country in terms of passenger traffic, while Guangzhou, Shenzhen, and Shanghai are leading the country in terms of passenger traffic intensity. Factors such as insufficient urban rail network density and relatively high proportion of suburban lines affect the intensity of passenger transport and housing demand. Taking Qingdao, which ranks 10th in length of urban rail operating lines as of end-2020, as an example, compared with Nanning, the above factors make Qingdao's passenger transport intensity in 2020 only 18k visits/day km (Nanning: 0.57); current distribution of commercial housing transactions in Qingdao is more consistent with the distribution of residential land sold, and the distribution of sales among districts in the city is not significantly affected by the opening of urban rails.

Rail transit construction speeds up, developers with TOD development experience and rail transit resources are expected to be the first to benefit. From the perspective of the construction situation, 61 cities will have urban rail operating lines in the future. From the perspective of passenger traffic volume and traffic intensity, cities with higher current passenger traffic intensity may be relatively quicker in the construction of extension and suburban lines, and the boost to the demand for housing purchases in suburban areas may be stronger. Urban rail-related property development has certain thresholds, developers such as Longfor, CR Land, Vanke, and Yuexiu, which currently have rich experience in TOD project development and subway-related resources, will take the lead to benefit.

Data points:

As of Apr 23rd, new house transaction area in 42 major cities this week decreased 14% WoW, and cumulative transaction area in 2021 increased 89% YoY.

As of Apr 23rd, saleable area (inventory) in 13 major cities this week increased 1% WoW; average inventory period was 12.2 months, average WoW change was 3%.

As of Apr 23rd, second-hand housing transactions in 15 major cities this week decreased 1% WoW, and cumulative transaction area in 2020 increased 67% YoY.

Suggestion:

This week, regulation in hot cities continued. On the other hand, first centralized land auctions the after the new land policy in Changchun performed relatively flat, subsequent competition in the centralized land sales of hot cities may become more crowded. In this environment, developers with more financial resources and characteristic development models may own stronger competitive advantages. Maintain "Overweight" rating.

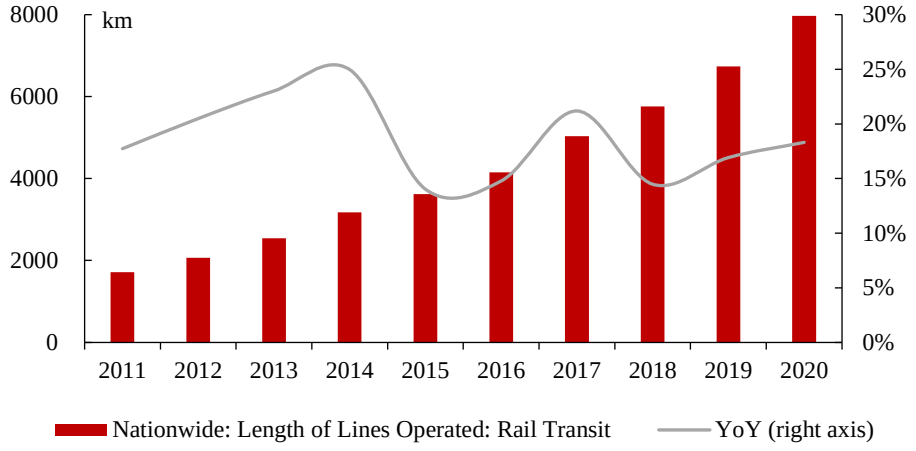
1. Urban housing demand: a rail transit perspective

The development of urban rail can affect the development of the city, and the passenger traffic and the intensity of passenger traffic can also reflect the population and economic vitality of the city to a certain extent, and affect the commercial housing market within the city. In recent years, which cities have developed faster in urban rail transit? What impact has it brought to the sales structure of commercial housing?

1.1 The rapid increase in the length of urban rail operated has boosted housing demand in the suburbs

The development of urban rail transit can affect the commercial housing market within the city. Urban rail transit is an important infrastructure that connects various areas within the city. According to the "Urban Rail Transit 2020 Statistics and Analysis Report" recently released by China Association of Metros with the approval of the National Bureau of Statistics, the number of cities with urban rail transit operated in mainland China has increased from 26 as of end-2015 to 45 as of end-2020. At the end of 2020, the total length of urban rail transit operating lines will reach 7,970 kilometers, with a 2015 to 2020 CAGR of 17.1%. Under the trend of expansion and development of many cities, commercial housing in some new districts is still difficult to sell due to slow industrial transfer and lack of urban rail transportation, while in some cities, the demand for housing purchases in remote areas in the past has increased significantly with the development of rail transit.

Chart 1: The length of urban rail lines operated in China continues to grow

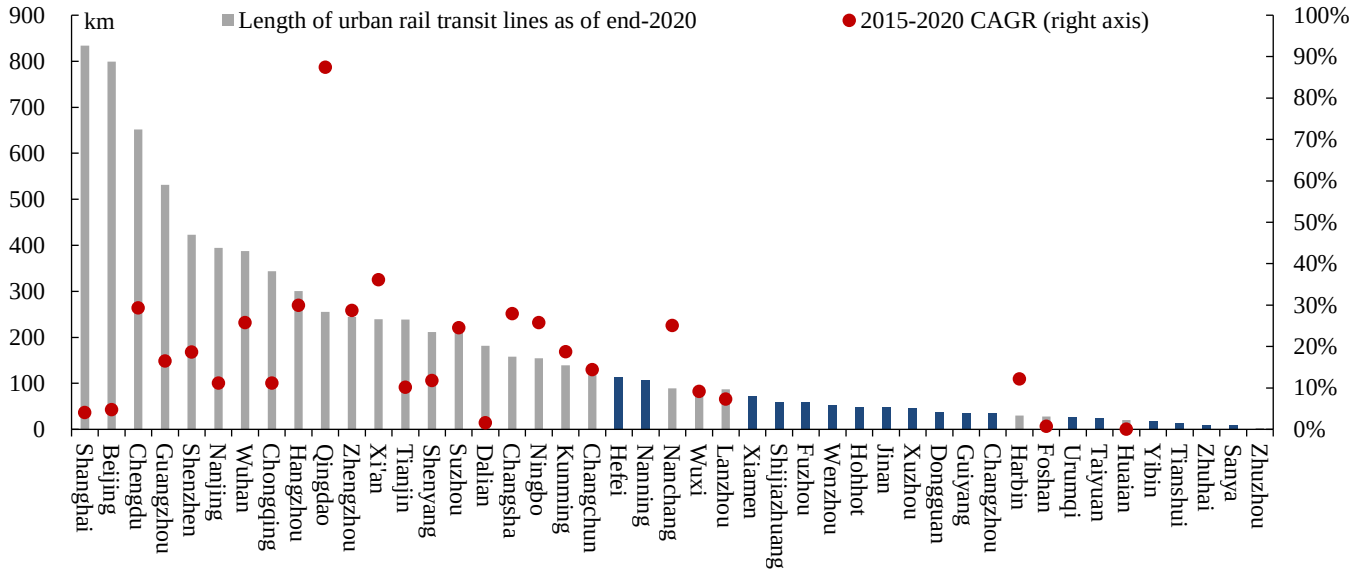


Source: China Association of Metros, CWSI Research

In the past five years, the length of urban rail transit operating lines in cities such as Hangzhou, Chengdu, Wuhan, and Qingdao has increased rapidly. Due to the early construction of urban rail transit in Beijing, Shanghai and Guangzhou, their current scale of operation is still among the top in the country. At the same time, the construction of rail transit in some cities has been rapidly advancing in the past five years. Among the top 10 cities in terms of urban rail operating line length in 2020, Qingdao, Chengdu, Wuhan and Hangzhou have improved their rankings rapidly. Among them, Chengdu has risen from the 6th place as of end-2015 to the 3rd place as of end-2020, becoming the only tier-2 city in the top 5, with the length of rail transit lines increasing from 180 km as of end-2015 to 652 km as of end-2020, a 5-year CAGR of 29.4%; Qingdao's ranking increased the most, from 26th as of end-2015 to 10th as of end-2020, and the length of the operating route increased from 11 km as of end-2015 to 255 km as of end-2020, a 5-year CAGR of 87.5%.

Urban rail transit in cities such as Hefei and Nanning has taken off rapidly in the past five years. From 2015 to 2020, there are 19 more cities with urban rail transit operating lines. Among them, Hefei and Nanning have the fastest urban rail lines that put into operation, reaching 113 km and 108 km as of end-2020, respectively, and the length of operating lines ranks 21st and 22nd in the country.

Chart 2: The length of urban rail transit operating lines in cities such as Hangzhou, Chengdu, Wuhan, and Qingdao has increased rapidly in the past five years



Source: China Association of Metros, CWSI Research; Note: Blue ones are the newly added cities with urban rail operating lines after 2015

From the perspective of urban agglomerations, the four major urban agglomerations of the Yangtze River Delta, Beijing-Tianjin-Hebei, Chengdu-Chongqing, and Pearl River Delta account for 67.4% of urban rail. Among the four more economically developed urban agglomerations, a total of 21 cities have

existing urban rail lines. Among them, the Yangtze River Delta urban agglomeration has the highest urban rail operating line share, with a total length of 2247 km, accounting for 28.2% of the whole country. There are a large number of cities with good economic development in the Yangtze River Delta, and developed infrastructure construction is one of the important reasons. In addition to the internal rail transportation in cities such as subways, the interconnection between cities has also accelerated the improvement of the integration of the region. The coordinated development of the economy has provided strong support to the income level of residents and the housing demand in the region.

Table 1: The rail transit of the four major urban agglomerations accounted for 67.4% of the total operating length of the country, and the Yangtze River Delta accounted for nearly 30%

Urban agglomeration	Number of cities with operating routes	Length of urban rail transit lines (km)	% of total
Yangtze River Delta	11	2247	28.2%
Beijing-Tianjin-Hebei	3	1097	13.8%
Pearl River Delta	5	1029	12.9%
Chengdu-Chongqing	2	995	12.5%
Others	24	2602	32.6%
Total	**45**	**7970**	**100.0%**

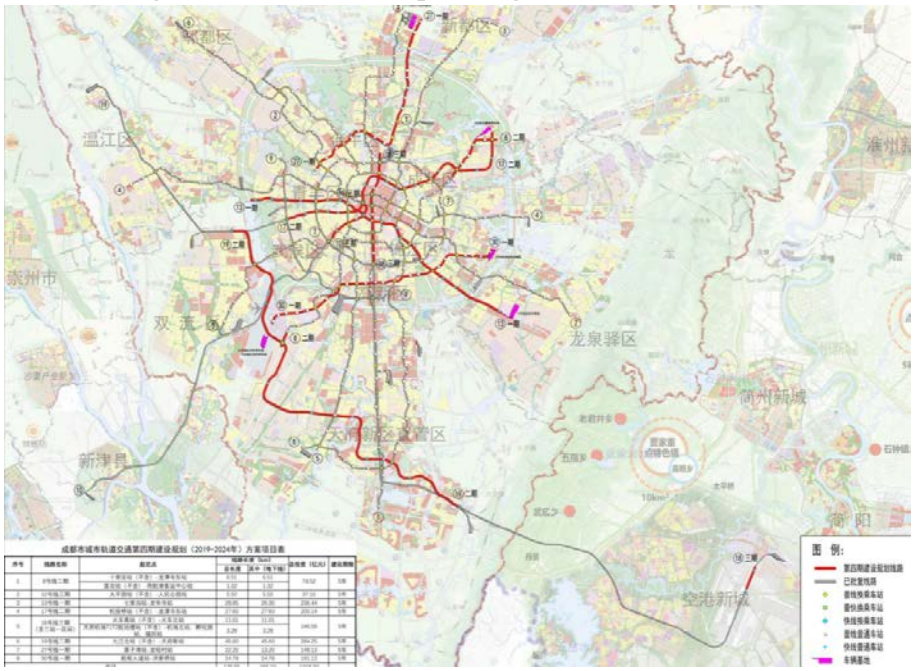
Source: China Association of Metros, CWSI Research

The development of commercial housing in some new districts is faster than the development of infrastructure and the transfer of industries and population, which makes commercial housing in new districts difficult to sell. Expansion is the development model chosen by many cities. In the process, some cities move government locations to new districts, providing endorsements for the construction of new districts, and sell residential land on a large scale in the new districts. However, not all industries and residents in all cities can quickly move with government locations, and the lack of convenient urban rails also makes central residents' willingness to choose to buy properties in new districts low. Insufficient demand makes commercial housing difficult to sell in such new urban districts.

In some cities, the urban rail construction extending from the center to the outside has driven the housing demand in the past suburbs. As represented by cities such as Chengdu and Nanning, some cities have expanded rapidly in recent years, and the construction of urban rail transit has also driven the shift of residents and housing demand. The Tianfu New District (including High-tech Zone, Shuangliu District, Longquanyi District, etc.) locating at the south of Chengdu's traditional central city has been the focus of development in recent years, and its rail transit construction has also been progressing steadily. According to the "Plan for Sichuan Tianfu New District (2010-2030) (2015 Edition))", in the future, 80% of the areas in the new district can reach the main urban area of Chengdu within 50 minutes, which also provides residents

with more choices of where to buy houses. With the outward expansion of the city, the scope of Chengdu's downtown area has been expanded many times, and the commercial housing transactions area has also grown rapidly. Similarly, in the past ten years, the Wuxiang New District, located in the suburbs of Nanning, has developed rapidly. At the end of 2020, three out of the four subway lines operated by Nanning City run through the Wuxiang New District. Since Nanning's first subway line was put into operation in 2016, the gap between the transaction price of residential land in the municipal districts where Wuxiang New District is located (Liangqing District and Yongning District) and the other 5 districts under Nanning City's jurisdiction has significantly widened. The proportion of commercial housing sales area in the 2 districts has also risen from 2.3% in 2010 to 37.4% in 2020; the gap between this proportion and the proportion of the area of residential land sold in the above 2 districts in the city has also narrowed significantly. With the development of the new area, the promotion and sale of the area has also improved.

Chart 3: Chengdu urban rail transit planning continues to extend



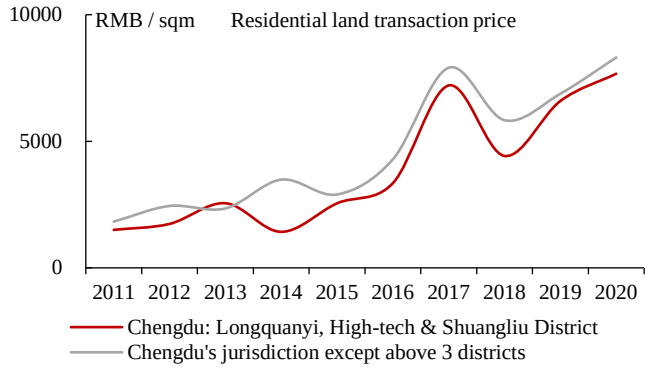
Source: "Chengdu Urban Rail Transit Phase IV Construction Plan (2019-2024)", CWSI Research

Table 2: Chengdu's infrastructure supports the outward expansion of the city, and the scope of the central city continued to expand

Time	Scope of central city
1990s	5 Districts: Jinjiang District, Qingyang District, Jinniu District, Wuhou District, Chenghua District
1996	6 districts: establish a high-tech district and merge it into the central city
2014	7 districts: Tianfu New District was approved as a national new district and merged into the central city
2017	11+2: Jinjiang District, Qingyang District, Jinniu District, Wuhou District, Chenghua District, Xindu District, Pidu District, Wenjiang District, Shuangliu District, Longquanyi District, Qingbaijiang District 11 administrative districts and Chengdu High-tech District, Tianfu New District Chengdu 2 functional areas in direct management area

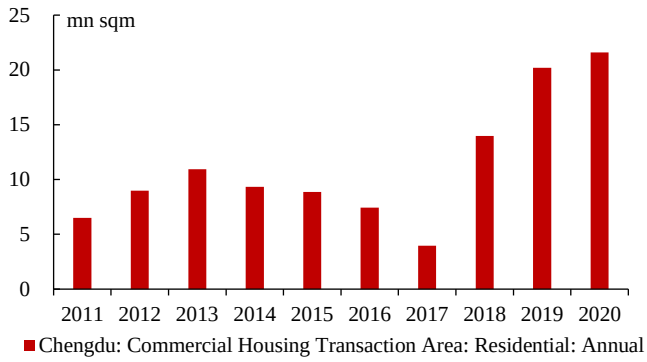
Source: Government website, CWSI Research

Chart 4: Residential land transaction price in Chengdu New District and traditional central districts is getting closer



Source: Wind, CWSI Research

Chart 5: Chengdu's commercial housing transaction area has grown rapidly in the past three years

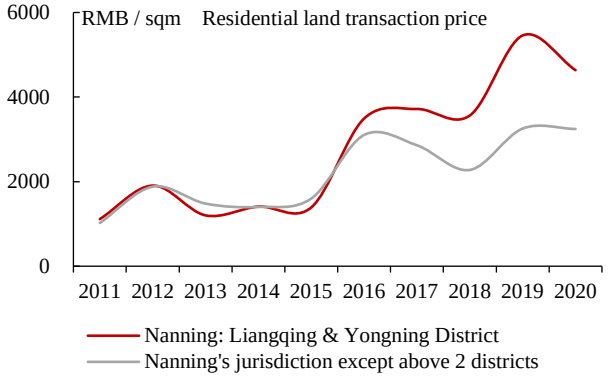


Source: Wind, CWSI Research

Chart 6: Nanning's urban rail transit is expanding outwards, and 3 of the 4 subways operating at the end of 2020 will run through the Wuxiang New District

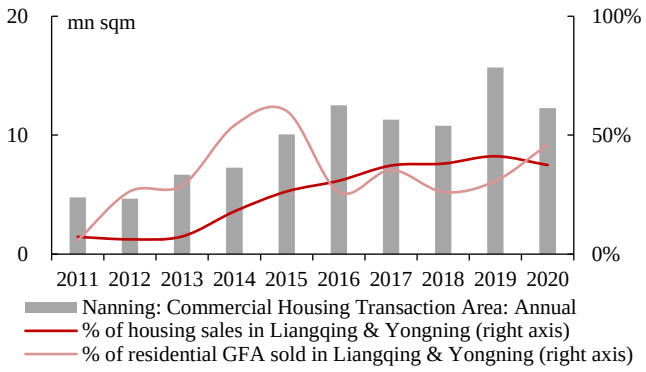
Source: Nanning rail transit, CWSI Research

Chart 7: After 2016, Nanning New District's residential land transaction price has increased faster



Source: Wind, CWSI Research

Chart 8: % of new home sales and % of residential land sold in Nanning New District has narrowed

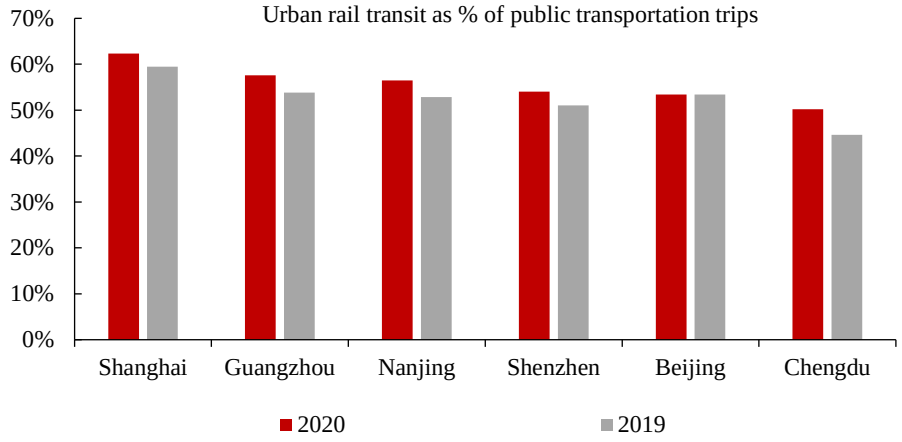


Source: Wind, Local governments, CWSI Research

1.2 Passenger traffic volume of tier-1 cities is leading, and the intensity of passenger traffic affects the demand for purchasing houses

The proportion of urban rail travel in public transportation has increased, and passenger traffic and passenger traffic intensity reflects the size of the urban population and internal economic vitality. Even under the influence of the 2020 epidemic, factors such as the growth of urban rail operation lines and the denser line network still drive the increase in the ratio of urban rail transit passenger traffic to the total public transportation passenger traffic. In 2020, the total increase by 4.1 pct YoY to 38.7 %. Among them, the passenger volume of urban rail transit in 4 tier-1 cities of Beijing, Shanghai, Guangzhou and Shenzhen and 2 tier-2 cities of Chengdu and Nanjing accounted for more than 50% of public transport trips. Urban rail transit is an important public travel tool, and its passenger volume and intensity can reflect the population size and economic vitality of the city to a certain extent.

Chart 9: The proportion of urban rail transit passenger traffic in key cities in total public transportation passenger traffic is increasing year by year



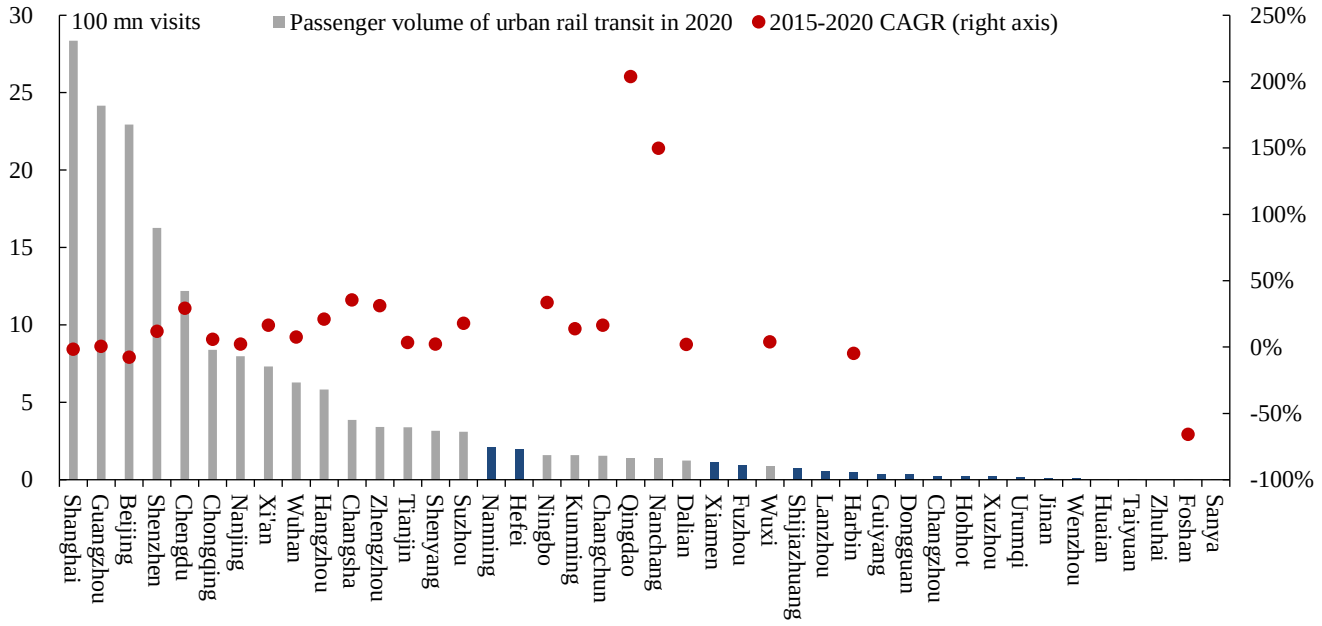
Source: China Association of Metros, CWSI Research

Urban rail traffic in tier-1 cities has the largest passenger flow, with Chengdu and Hangzhou growing rapidly. With the leading length of operating lines and population size, the passenger traffic volume of urban rail transit in tier-1 cities still ranks among the top in the country. At the same time, in cities such as Chengdu and Hangzhou, where the length of operating lines is growing rapidly, passenger traffic has also grown at a faster rate, with a compound growth rate of 29.2% and 21.1% respectively from 2015 to 2020.

The industrial layout of some cities affects passenger traffic. Taking Guangzhou as an example, the degree of integration of Guangzhou-Foshan is relatively high, and it is

possible to live in Foshan and work in Guangzhou. Since the passenger flow of the Guangzhou-Foshan line is all included in the scope of Guangzhou in the statistical process, Guangzhou still achieved the second largest passenger volume in the country with a relatively small population and rail transit length. Take Dongguan as an example, Dongguan's developed manufacturing industries are distributed in various towns in the city, and many migrant workers live near the industrial park, so the demand for urban rail transit is actually relatively limited. Therefore, the length of urban rail operation and passenger flow may not reflect the local economy, the degree of activity and residents' demand for home purchases.

Chart 10: The passenger traffic volume of urban rail transit in tier-1 cities ranks among the top in the country

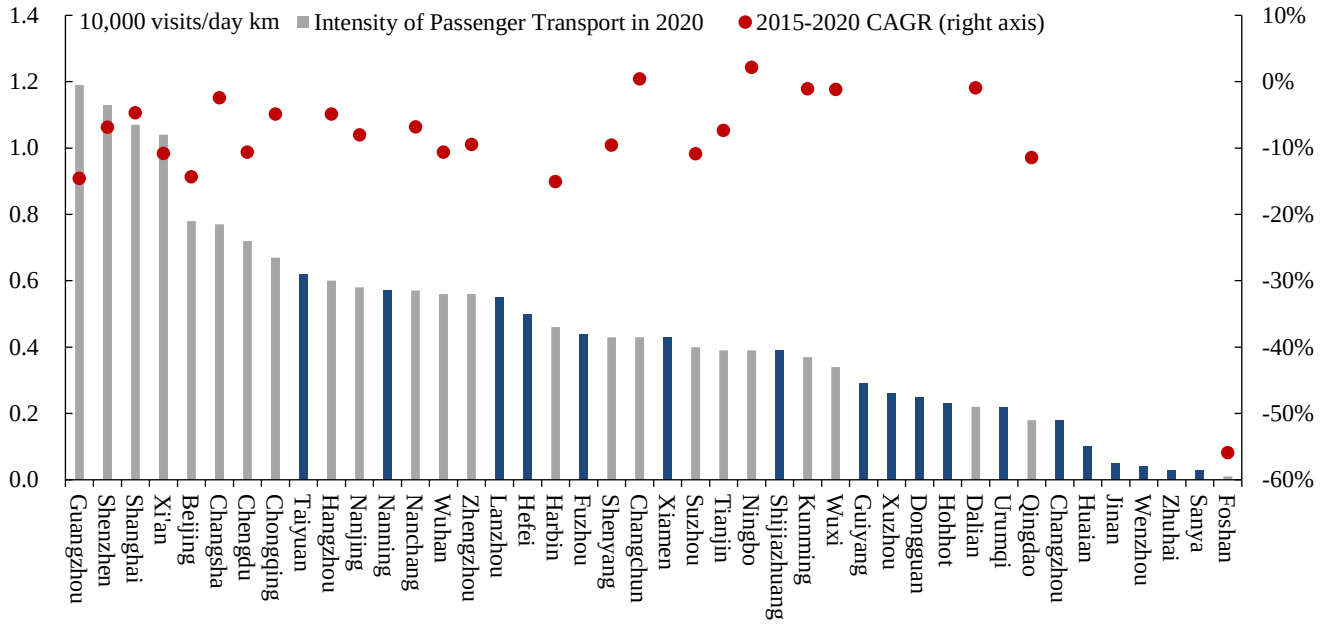


Source: China Association of Metros, CWSI Research; Note: Blue ones are the newly added cities with urban rail operating lines after 2015; Passenger flow data for the entire Guangzhou-Foshan line is included in Guangzhou

The density of the urban rail network and the location of the urban rail affect the intensity of passenger transportation, and the urban passenger transportation intensity is higher in cities with larger rail transit operations. From the perspective of passenger transport intensity, since the newly-added urban rail operating lines in many cities in recent years are extended lines, and COVID-19 brings certain impact, the passenger transport intensity of most cities in 2020 will decrease compared with 2015. In 2020, the passenger traffic intensity of Guangzhou, Shenzhen and Shanghai ranks among the top 3 in the country, Xi'an ranks 4th, the only tier-2 city in the top 5, and the passenger traffic intensity of key tier-2 cities such as Changsha and Chengdu also leads in the country. Factors such as urban rail network density and urban rail location can affect the intensity of passenger transport. Taking Qingdao, which ranks 10th in urban rail transit operating line length as of end-2020, as an example, the passenger transport intensity in 2020 was only 1800 visits/day km, and the network

density of existing lines, insufficient network density of operating lines and relatively high proportion of peripheral urban rail are important reasons. In terms of line network, there are currently few transfer stations on Qingdao Metro lines, and the north-south Line 1 and Line 8 are only open to the north section. They have not yet formed an efficient operating network with other lines. Line 13 in the West Coast New Area have not yet formed an efficient operation network. The subway is not yet connected. In terms of urban rail location, represented by Line 11 and Line 13, most of the existing lines of Qingdao Metro are located in new urban areas that are yet to be developed in the suburbs. In the future, as the line network is connected to each other, its passenger transport intensity may also increase.

Chart 11: The passenger transport intensity of urban rail transit in Guangzhou, Shenzhen, Shanghai and Xi'an leads the country



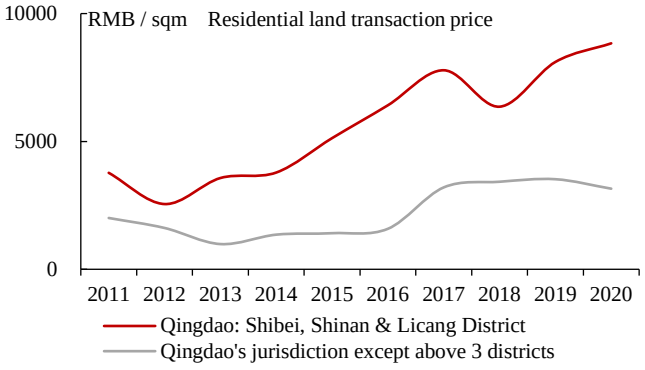
Source: China Association of Metros, CWSI Research; Note: Blue ones are the newly added cities with urban rail operating lines after 2015; Passenger flow data for the entire Guangzhou-Foshan line is included in Guangzhou

Chart 12: Insufficient operating line density and the relatively high proportion of suburban lines lead to lower passenger transport intensity

Source: Qingdao Metro, CWSI Research

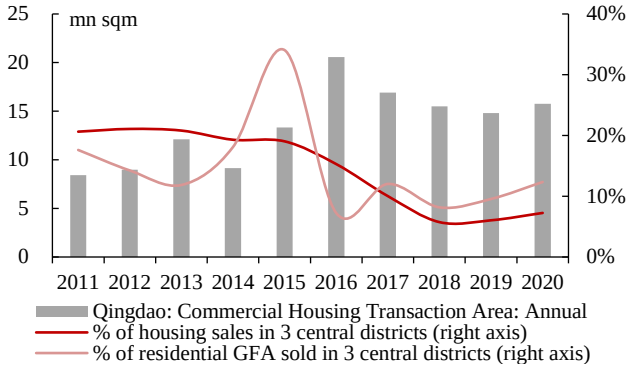
Passenger traffic volume and intensity of passenger traffic will also affect the performance of the commercial housing market. Reflecting in the commercial housing market, still taking Qingdao as an example, compared with Nanning, after the subway is opened, the proportion of commercial housing sales in the new district is still consistent with the distribution of residential land transactions. The difference in the proportion of residential land transaction price has not narrowed rapidly, and the residential land transaction price in the new district has not risen faster.

Chart 13: The difference in residential land prices between the 3 central districts of Qingdao and the new district has not narrowed



Source: Wind, CWSI Research

Chart 14: In recent years, the ratio of new home sales in Qingdao's central area to the supply of residential land is similar



Source: Local government, Wind, CWSI Research

1.3 Outlook: Which developers will benefit from the acceleration of urban rail development?

Judging from the situation under construction, 61 cities will have urban rail operating lines in the future, and urban rail construction in emerging cities will accelerate. By the end of 2020, 57 cities across the country have urban rail transit projects under construction. After the construction is completed, China will have 61 cities with urban rail operating lines. Among the top 10 cities in terms of length of current operating lines, the length of lines under construction in Qingdao and Hangzhou exceeds the length of lines in operation, and the length of lines under construction in Shenzhen and Chongqing exceeds 70% of the length of current operating lines; urban rail construction such as Hefei and Xiamen has started fast, the scale of lines under construction has reached twice the length of the current operating lines; emerging cities such as Nantong and Wuhu that currently do not have operating lines are gradually making efforts, with the scales under construction reaching 60 km and 47 km, respectively.

In the future, the construction of urban rail lines may boost the demand for housing purchases in the suburbs of cities with greater passenger transport scale and greater passenger transport intensity. From the perspective of passenger traffic volume and passenger traffic intensity, according to the "Opinions of the General Office of the State Council on Further Strengthening Urban Rail Transit Planning and Construction Management" issued in 2018, "the initial passenger traffic intensity of the proposed subway and light rail lines shall not be less than 0.7 and 0.4 visits per km per day, respectively. Cities with lower passenger traffic intensity may be more committed to increasing the density of intra-city line networks, and cities with higher passenger traffic intensity may be relatively faster in the construction of extension and suburb lines, and the boost to demand for home purchases in suburbs may be stronger.

Table 3: The length of urban rail transit operating lines in many emerging cities is expected to grow rapidly, boosting demand for home purchases

City	Length of urban rail transit lines (km)				Length of urban rail transit lines under construction (km)		Intensity of Passenger Transport in 2020 (10,000 visits/day km)
	End-2020	End-2015	5-year CAGR	Ranking change	End-2020	% of length of the operating line as of end-2020	
Shanghai	834	683	4.1%	0	150	18.0%	1.07
Beijing	799	631	4.8%	0	398	49.8%	0.78
Chengdu	652	180	29.4%	3	459	70.4%	0.72
Guangzhou	532	247	16.6%	-1	306	57.6%	1.19
Shenzhen	423	179	18.7%	2	316	74.8%	1.13
Nanjing	394	232	11.2%	-2	206	52.2%	0.58
Wuhan	388	123	25.8%	3	211	54.6%	0.56
Chongqing	343	202	11.2%	-3	100	29.1%	0.67
Hangzhou	301	81	30.0%	3	312	103.9%	0.60
Qingdao	255	11	87.5%	16	339	133.0%	0.18
Zhengzhou	244	69	28.7%	3	297	121.7%	0.56
Xi'an	239	51	36.2%	7	264	110.5%	1.04
Tianjin	239	147	10.2%	-4	322	134.7%	0.39
Shenyang	212	121	11.8%	-3	197	93.0%	0.43
Suzhou	210	70	24.6%	-2	187	88.8%	0.40
Dalian	181	167	1.7%	-8	79	43.7%	0.22
Changsha	158	46	28.0%	4	164	104.1%	0.77
Ningbo	154	49	25.8%	2	125	80.8%	0.39
Kunming	139	59	18.8%	-2	99	71.0%	0.37
Changchun	118	60	14.4%	-4	97	82.7%	0.43
Hefei	113	-	-	-	224	199.5%	0.50
Nanning	108	-	-	-	51	47.5%	0.57
Nanchang	89	29	25.1%	-1	100	112.4%	0.57
Wuxi	87	56	9.2%	-6	89	101.7%	0.34
Lanzhou	87	61	7.3%	-10	9	10.5%	0.55
Xiamen	72	-	-	-	150	208.6%	0.43
Shijiazhuang	59	-	-	-	80	134.7%	0.39
Fuzhou	59	-	-	-	150	256.2%	0.44
Wenzhou	54	-	-	-	117	218.9%	0.04
Hohhot	49	-	-	-	27	55.7%	0.23
Jinan	48	-	-	-	58	121.6%	0.05
Xuzhou	46	-	-	-	72	155.9%	0.26
Dongguan	38	-	-	-	58	153.4%	0.25
Guiyang	35	-	-	-	114	327.6%	0.29
Changzhou	34	-	-	-	28	81.9%	0.18
Harbin	30	17	12.3%	-11	61	201.0%	0.46
Foshan	28	27	0.8%	-14	125	444.5%	0.01
Urumqi	27	-	-	-	89	331.0%	0.22
Taiyuan	24	-	-	-	52	221.2%	0.62
Huaian	20	20	0.1%	-16	-	-	0.10
Yibin	18	-	-	-	-	-	-
Tianshui	13	-	-	-	22	167.4%	-
Zhuhai	9	-	-	-	-	-	0.03
Sanya	8	-	-	-	8	100.0%	0.03
Zhuzhou	3	-	-	-	-	-	-

City	Length of urban rail transit lines (km)				Length of urban rail transit lines under construction (km)		Intensity of Passenger Transport in 2020 (10,000 visits/day km)
	End-2020	End-2015	5-year CAGR	Ranking change	End-2020	% of length of the operating line as of end-2020	
Nantong	0	-	-	-	60	-	-
Wuhu	0	-	-	-	47	-	-
Shaoxing	0	-	-	-	45	-	-
Luzhou	0	-	-	-	44	-	-
Luoyang	0	-	-	-	41	-	-
Taizhou	0	-	-	-	32	-	-
ɔnghe Prefectu	0	-	-	-	32	-	-
Anshun	0	-	-	-	27	-	-
Nanping	0	-	-	-	26	-	-
annan Prefect	0	-	-	-	22	-	-
Wenshan	0	-	-	-	21	-	-
Baoshan	0	-	-	-	21	-	-
Dehong	0	-	-	-	21	-	-
Zhangye	0	-	-	-	16	-	-
Jiaxing	0	-	-	-	16	-	-
Delingha	0	-	-	-	15	-	-
Total	**7970**	**3618**	**17.1%**	**-**	**6798**	**85.3%**	**-**

Source: China Association of Metros, CWSI Research

Developers with subway superstructure and TOD development capabilities will be the first to benefit. Urban rail-related property development has certain thresholds, and developers that already have relevant experience and subway-related resources will be the first to benefit. Developers such as Longhu, CR Land, Vanke, Yuexiu, Greentown, and Greenland have rich experience in TOD project development. As a shareholder of Vanke and Yuexiu, the subway company can also provide them with relevant development resources. In addition, railway groups in some cities have also entered the field of real estate development. For example, Chengdu Railway Group has acquired TOD development land several times, and Kunming Railway Group has established a TOD-led resource development model. As the scale of urban rail operations increases, the development of subway-related properties will be the first to usher in rapid growth in demand.

Table 4: The rich experience of Longfor, CR Land, Vanke, etc. in the TOD field will make them benefit first

Developer	TOD development summary
CR Land	As of the end of March 2021, 76 TOD complexes in 31 cities have been deployed, with a GFA of more than 35 mn sqm.
Longfor	As of the end of 2020, it holds 71 TOD projects, with a GFA of nearly 10 mn sqm in various types of business with TOD as the core. As the only real estate company to participate in the preparation of the "General Technical Specifications for Urban Rail TOD Comprehensive Development Projects" (co-organized and compiled by China Urban Public Transport Association and Chinese Real Estate Indstry Association, published in Sep 2020).
Vanke	As of mid-2020, a total of 49 TOD projects have been obtained, involving a GFA of 18.03 mn sqm.
Yuexiu	As of the end of 2020, the TOD project is located in Guangzhou Huangpu, Zengcheng, and Panyu, with a total landbank of 3.88 mn sqm, accounting for 28.7% of the company's land reserve in the Greater Bay Area and 15.8% of the company's total landbank.
GreenTown	As of January 2021, 16 TOD projects in the Yangtze River Delta, Bohai Rim and Greater Bay Area have been launched.
GreenLand	Carried out rail project investment and construction business in many places across the country, and actively participate in the comprehensive urban development of the area along the subway.

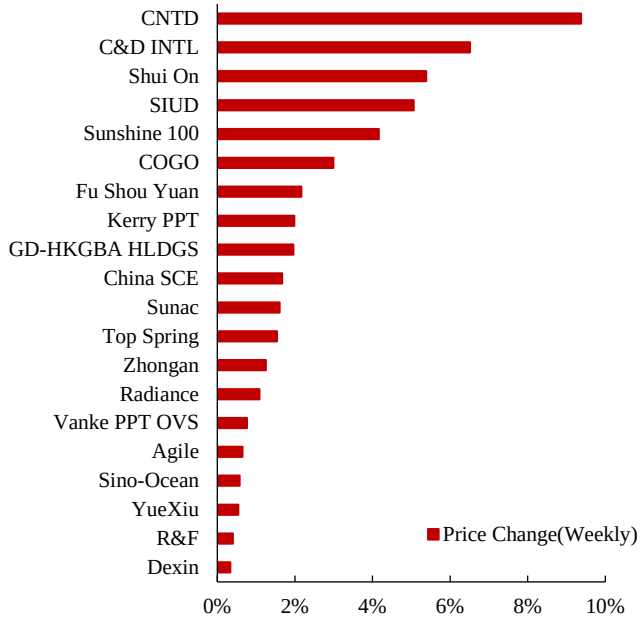
Source: Company websites, company announcements, CWSI Research

2. Sector Performance

2.1 Performance of developer sector

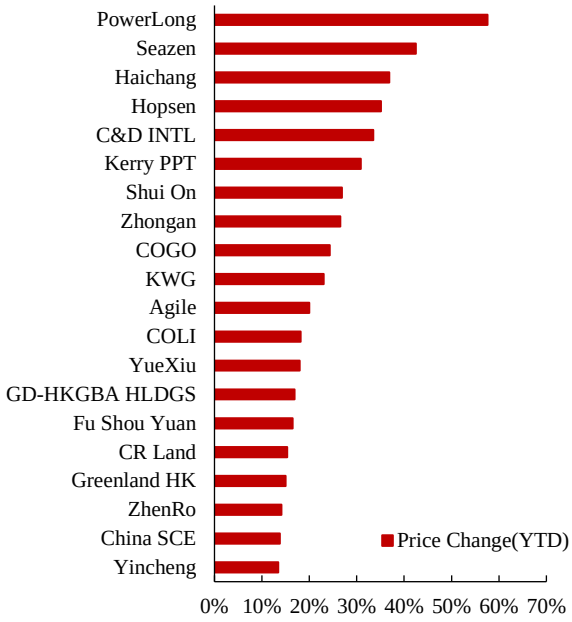
This week, CNTD, C&D INTL and Shui On had larger price increase than peers. PowerLong, Seazen, and Haichang had better share price performance, YTD.

Chart 15: This week, CNTD, C&D INTL and Shui On had larger price increase than peers



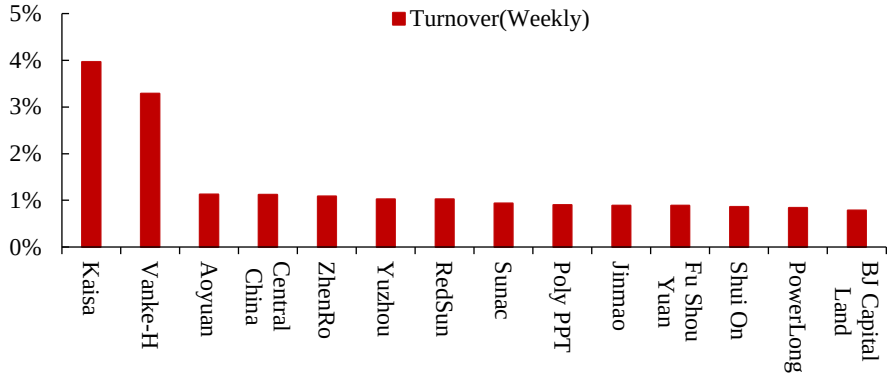
Source: Wind, CWSI Research

Chart 16: PowerLong, Seazen, and Haichang had better share price performance, YTD



Source: Wind, CWSI Research

Chart 17: Kaisa, Vanke-H and Aoyuan were most actively traded this week

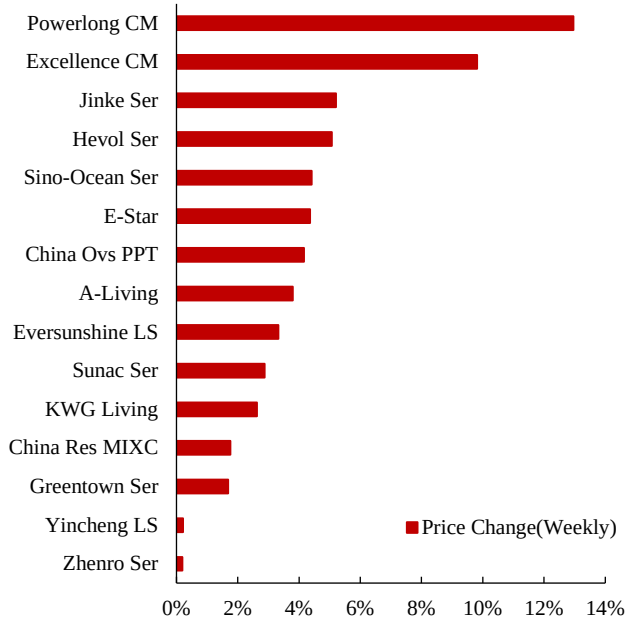


Source: Wind, CWSI Research

2.2 Performance of property management sector

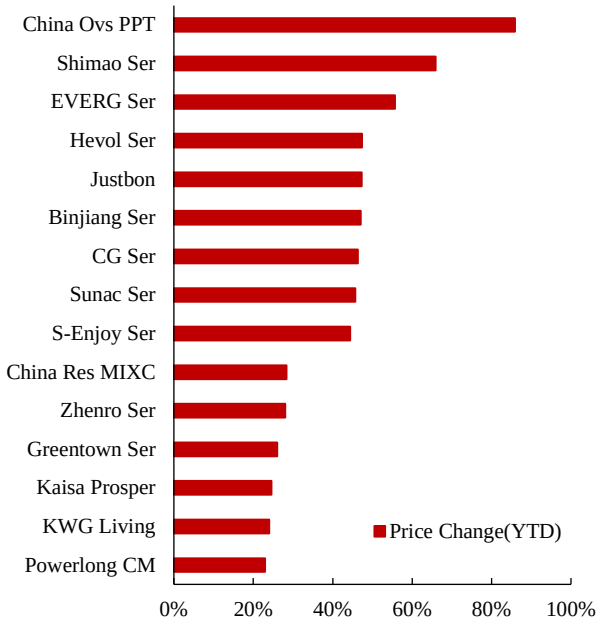
This week, PowerLong CM, Excellence CM and Jinke Ser had larger price increase than peers. China Ovs PPT,Shimao Ser and EVERG Ser had better share price performance YTD.

Chart 18: This week, PowerLong CM, Excellence CM and Jinke Ser had larger price increase than peers



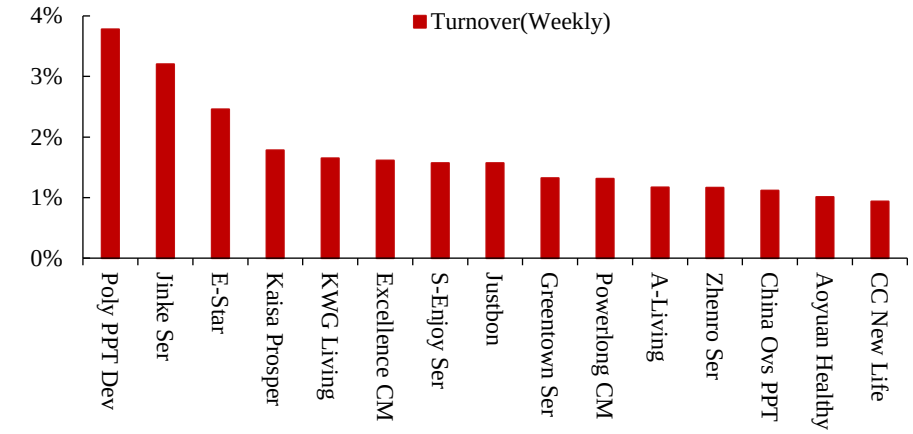
Source: Wind, CWSI Research

Chart 19: China Ovs PPT,Shimao Ser and EVERG Ser had better share price performance YTD



Source: Wind, CWSI Research

Chart 20: Poly PPT Dev, Jinke Ser and E-Star were most actively traded this week



Source: Wind, CWSI Research

3. Major cities transaction performance

3.1 New house transaction data

Table 5: Major cities new house transactions volume decreased WoW this week

City & Region	Last 7 days sqm	wow	yoy	Last 30 days sqm 000	mom	yoy	Month to date sqm 000	mom	yoy	Year to date sqm 000	yoy
Beijing	186,117	-8%	81%	804	2%	127%	561	-8%	97%	2,777	121%
Shanghai	320,500	7%	49%	1,139	-31%	29%	920	-26%	47%	5,025	117%
Guangzhou	274,381	10%	67%	1,130	-8%	66%	767	-18%	75%	4,297	170%
Shenzhen	71,230	-21%	9%	378	-22%	22%	289	-20%	15%	1,865	97%
Tier 1	**852,227**	**1%**	**55%**	**3,451**	**-17%**	**55%**	**2,537**	**-20%**	**58%**	**13,964**	**128%**
Tier 2	**2,725,557**	**-17%**	**19%**	**13,325**	**8%**	**55%**	**10,180**	**4%**	**55%**	**42,229**	**81%**
Tier 3	**1,845,485**	**-15%**	**-2%**	**9,146**	**-6%**	**23%**	**6,523**	**-8%**	**17%**	**33,169**	**86%**
Beijing	186,117	-8%	81%	804	2%	127%	561	-8%	97%	2,777	121%
Qingdao	362,857	-16%	-5%	1,583	9%	15%	1,182	3%	22%	4,659	55%
Jinan	344,152	-2%	35%	1,359	269%	33%	1,011	416%	29%	3,025	34%
Dongying	39,844	-24%	-61%	169	-25%	-73%	131	-32%	-62%	869	-5%
PBR	**932,970**	**-10%**	**11%**	**3,915**	**38%**	**16%**	**2,885**	**34%**	**21%**	**11,330**	**52%**
Shanghai	320,500	7%	49%	1,139	-31%	29%	920	-26%	47%	5,025	117%
Nanjing	348,931	-24%	150%	1,678	-1%	84%	1,303	-4%	84%	4,851	121%
Hangzhou	144,262	-46%	-32%	927	-27%	24%	765	-20%	31%	3,677	89%
Suzhou	202,380	-3%	35%	898	-8%	25%	671	-15%	15%	3,191	46%
Wuxi	146,700	23%	7%	547	7%	39%	401	3%	29%	1,843	56%
Yangzhou	74,912	-2%	50%	249	-46%	40%	239	-41%	46%	1,138	110%
Jiangyin	78,786	31%	98%	333	28%	78%	198	21%	47%	1,027	85%
Wenzhou	188,325	15%	69%	917	5%	122%	613	4%	105%	3,106	144%
Jinhua	32,748	-4%	-16%	184	-33%	5%	116	-50%	-12%	1,009	175%
Changzhou	26,627	-28%	-34%	178	-42%	-16%	126	-50%	-19%	792	8%
Huaian	73,081	-34%	-20%	395	-29%	7%	300	-24%	10%	2,142	105%
Lianyungang	102,511	-32%	-13%	619	-41%	27%	461	-38%	23%	3,293	147%
Shaoxing	35,811	-52%	-12%	240	0%	22%	194	17%	49%	731	48%
Zhenjiang	76,374	-68%	-37%	755	7%	47%	511	-4%	37%	2,209	82%
Jiaxing	37,763	-11%	-57%	168	15%	-20%	108	14%	-37%	548	20%
Wuhu	188,450	3%	322%	795	-11%	361%	562	-8%	319%	2,546	520%
Yancheng	26,648	-73%	-73%	264	-52%	-39%	210	-49%	-44%	1,501	60%
Zhoushan	37,970	62%	19%	147	11%	7%	99	-1%	4%	405	42%
Chizhou	13,155	-40%	-25%	84	-40%	-8%	69	-21%	-6%	355	52%
Ningbo	134,164	-37%	-4%	807	-2%	58%	640	4%	66%	2,837	118%
YRD	**2,290,101**	**-20%**	**19%**	**11,324**	**-16%**	**43%**	**8,507**	**-16%**	**40%**	**42,226**	**101%**
Guangzhou	274,381	10%	67%	1,130	-8%	66%	767	-18%	75%	4,297	170%
Shenzhen	71,230	-21%	9%	378	-22%	22%	289	-20%	15%	1,865	97%
Fuzhou	119,936	3%	314%	580	32%	282%	402	24%	300%	1,405	143%
Dongguan	78,066	-13%	-22%	336	36%	-19%	230	36%	-21%	1,655	75%
Quanzhou	14,130	9%	-68%	114	5%	9%	85	-8%	1%	473	31%
Putian	45,018	18%	67%	193	-27%	51%	145	-27%	94%	706	89%
Huizhou	44,627	-18%	-37%	240	7%	38%	161	-1%	14%	941	97%
Shaoguan	12,265	-50%	-67%	119	-8%	2%	64	-29%	-27%	436	14%
Foshan	21	-29%	-23%	0	1%	13%	0	-12%	6%	0	66%
Zhaoqing	48,452	-4%	22%	233	-13%	16%	155	-23%	17%	858	79%
Jiangmen	31,197	-22%	33%	165	8%	83%	134	21%	116%	566	154%
PRD & Southern China	**739,322**	**-4%**	**23%**	**3,488**	**-2%**	**47%**	**2,431**	**-8%**	**46%**	**13,202**	**108%**
Taian	42,399	-3%	-6%	204	-38%	21%	142	-45%	3%	861	117%
Northern China	**42,399**	**-3%**	**-6%**	**204**	**-38%**	**21%**	**142**	**-45%**	**3%**	**861**	**117%**
Wuhan	559,334	3%	151%	2,282	17%	403%	1,767	11%	296%	6,950	285%
Yueyang	40,482	13%	-12%	181	1%	0%	129	1%	-7%	604	38%
Baoji	65,673	-17%	-45%	364	8%	7%	260	-14%	-24%	1,321	288%
Central China	**665,489**	**1%**	**71%**	**2,827**	**15%**	**190%**	**2,156**	**7%**	**133%**	**8,874**	**244%**
Chengdu	364,572	-46%	-28%	2,673	24%	54%	2,022	12%	39%	7,753	46%
Liuzhou	124,063	84%	-14%	477	-9%	-3%	301	-22%	-14%	1,710	33%
Nanning	264,353	47%	-4%	1,015	22%	-11%	797	18%	9%	3,407	20%
Western China	**752,988**	**-18%**	**-19%**	**4,164**	**19%**	**23%**	**3,119**	**9%**	**23%**	**12,870**	**36%**
Total	**5,423,269**	**-14%**	**15%**	**25,922**	**-1%**	**42%**	**19,240**	**-4%**	**40%**	**89,362**	**89%**
Num. of cities Up		**14**	**18**		**20**	**33**		**15**	**31**		**41**
Num. of cities Down		**28**	**24**		**22**	**9**		**27**	**11**		**1**

Source: Local governments, CWSI Research; Note: Till 2021/4/23

Table 6: Major cities inventory period was 12.2 months this week

City	Inventory (sqm 000)	wow	yoy	Inventory period	Last week	wow	yoy
Beijing	12,544	2%	13%	15.6	15.3	2%	-50%
Shanghai	5,294	-1%	-32%	4.6	4.5	4%	-48%
Guangzhou	8,634	1%	14%	7.6	7.3	5%	-32%
Shenzhen	1,995	-4%	-15%	5.3	5.8	-9%	-30%
Tier 1 Average		**0%**	**-5%**	**8.3**	**8.2**	**0%**	**-40%**
Hangzhou	4,644	2%	49%	5.0	4.7	7%	19%
Nanjing	6,723	1%	16%	4.0	3.6	11%	-37%
Suzhou	8,394	-1%	51%	9.3	9.0	4%	21%
Fuzhou	6,985	1%	43%	12.0	12.4	-3%	-63%
Nanning	8,680	-1%	11%	8.6	9.2	-7%	26%
Wenzhou	10,804	-1%	2%	11.8	11.8	0%	-54%
Quanzhou	6,849	1%	-3%	60.0	56.8	6%	-11%
Ningbo	3,501	6%	28%	4.3	3.8	15%	-19%
Dongying	1,844	-1%	12%	10.9	10.4	5%	311%
Overall Average		**1%**	**14%**	**12.2**	**11.9**	**3%**	**3%**

Source: Local governments, CWSI Research; Note: Till 2021/4/23; Average WoW and average YoY are defined as average change of each city

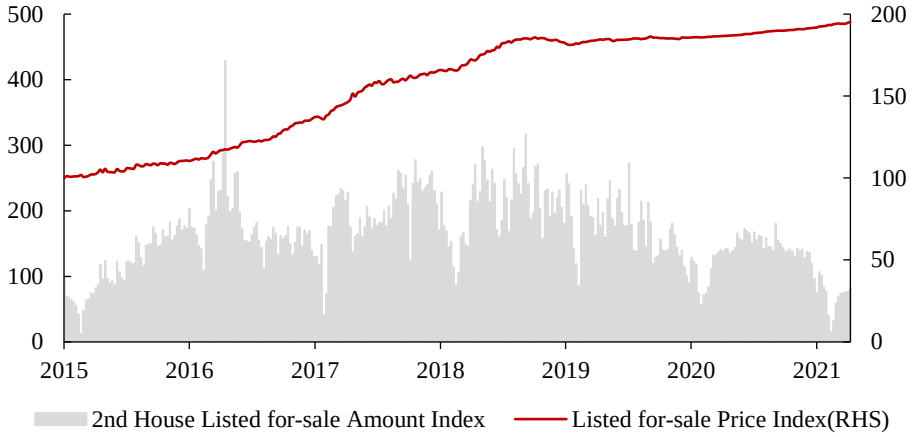
3.2 Second-hand house transaction and price data

Table 7: Major cities Second-hand house transaction volume, Jinhua and Foshan rose significantly YTD

	Last 7 days			Last 30 days			Month to date			Year to date	
City	sqm	wow	yoy	sqm 000	mom	yoy	sqm 000	mom	yoy	sqm 000	yoy
Beijing	427,072	-3%	56%	1,824	4%	85%	1,288	-7%	65%	5,909	129%
Shenzhen	106,347	-5%	-32%	458	-12%	-25%	346	-16%	-25%	1,800	-7%
Hangzhou	144,221	-4%	-7%	638	-5%	17%	441	-21%	5%	2,098	97%
Nanjing	295,207	0%	28%	1,058	7%	27%	910	19%	39%	3,506	71%
Chengdu	76,364	-15%	-44%	371	-9%	-20%	278	-14%	-27%	1,242	-6%
Qingdao	158,607	-12%	34%	696	21%	61%	556	17%	61%	2,002	89%
Wuxi	166,801	9%	-8%	587	20%	-4%	448	13%	-9%	1,615	29%
Suzhou	196,824	0%	69%	765	13%	70%	606	11%	75%	2,444	74%
Xiamen	96,942	-19%	53%	480	11%	96%	345	-4%	77%	1,526	112%
Yangzhou	31,455	7%	10%	128	1%	13%	96	-11%	10%	376	70%
Dongguan	37,422	23%	-31%	136	-7%	-39%	102	-13%	-42%	560	-8%
Nanning	55,809	128%	-26%	174	25%	-1%	128	23%	-4%	543	3%
Foshan	182,346	6%	94%	689	9%	113%	541	7%	112%	2,286	131%
Jinhua	66,655	-8%	-32%	295	24%	37%	226	15%	20%	1,100	148%
Jiangmen	16,230	-31%	-18%	81	37%	15%	64	47%	15%	266	75%
Total	**2,058,301**	**-1%**	**14%**	**8,381**	**7%**	**33%**	**6,375**	**1%**	**28%**	**27,274**	**67%**
Num. of cities Up		**7**	**7**		**11**	**10**		**8**	**10**		**12**
Num. of cities Down		**8**	**8**		**4**	**5**		**7**	**5**		**3**

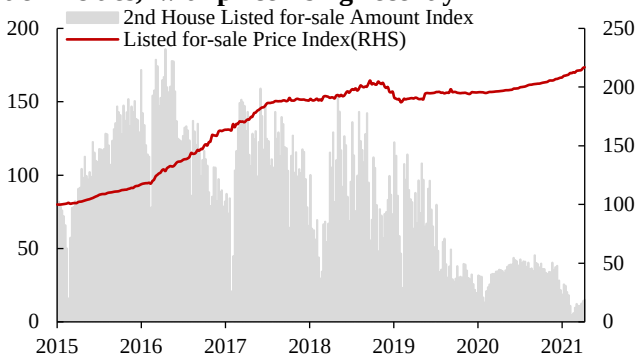
Source: Local governments, CWSI Research; Note: Till 2021/4/23

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



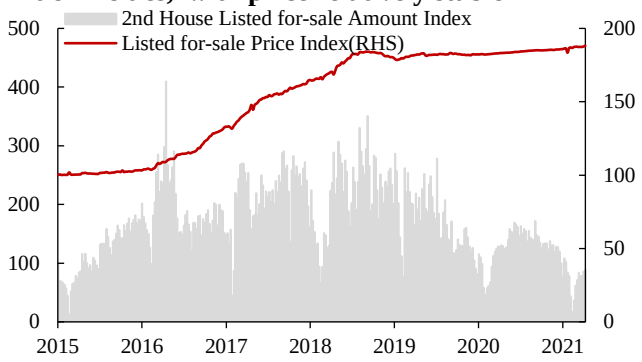
Source: Local Government, CWSI Research; Note: Till 2021/4/11

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



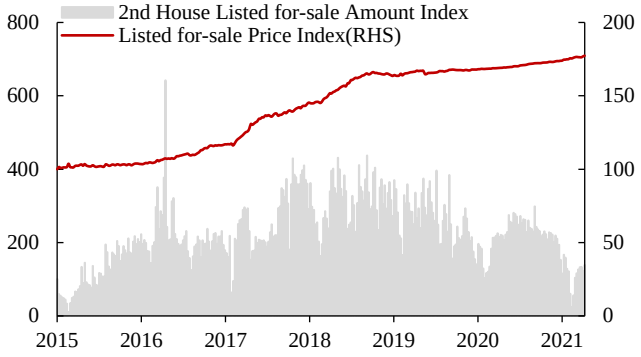
Source: Local Government, CWSI Research; Note: Till 2021/4/11

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



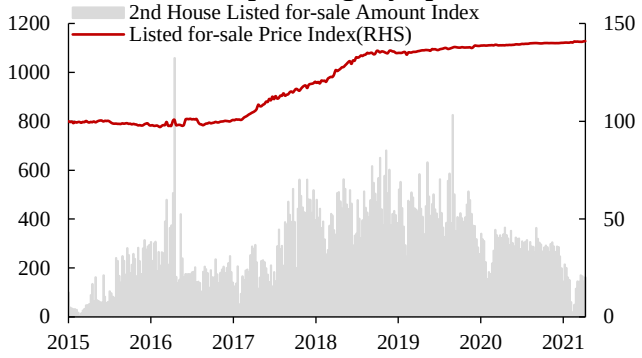
Source: Local Government, CWSI Research; Note: Till 2021/4/11

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 2021/4/11

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 2021/4/11

4. Important Policies and News

4.1 Important Industry Policies News This Week

Table 8: Important Industry Policies News This Week: HSI launched Property Service and Management Index; Nanjing and Guangzhou tightened housing purchase policies

Date	Region / Institution	Summary
2021-04-18	Nanjing	Those newly settled in Pukou, Liuhe, Lishui, and Gaochun districts can only purchase commercial housing and second-hand housing in Pukou, Liuhe, Lishui, and Gaochun districts (excluding the direct management area of Jiangbei New Area) within two years from the date of their most recent settlement.
2021-04-19	Hang Seng Indexes	launched the Hang Seng Property Service and Management Index, which will serve as a benchmark to reflect the overall stock price movement of the 30 largest Hong Kong-listed property management and related services companies.
2021-04-20	Jiangshan	Will increase land supply depending on the situation; will establish a linkage mechanism between housing prices and land prices, and improve the supply of land for commercial housing; the sale of hot real estate projects will be restricted for 5 years, etc.
2021-04-20	Guangdong	Tilt construction land resources to central cities and urban agglomerations to increase the economic and population carrying capacity.
2021-04-21	Guangzhou, Foshan	Guangzhou and Foshan will explore the establishment of unified planning committees, realize unified planning and implementation, and explore and promote unified management of land and population.
2021-04-21	Guangzhou	Strengthen the management of talent purchase policies and adjust the VAT exemption period, and the VAT exemption period for individual sales of housing in 9 districts of Yuexiu District, Haizhu District, Liwan District, Tianhe District, Baiyun District, Huangpu District, Panyu District, Nansha District and Zengcheng District will be increased from 2 years to 5 years.
2021-04-22	Nantong	Plan to implement a precise "dual control" system for land prices and housing prices covering the entire city: the city's ordinary commercial housing land is supplied in the manner of "controlling housing prices and land prices", strictly controlling the land premium rate, and for mixed use of residential, commercial, and office land, the method of "controlling house prices and bidding for land prices" can be adopted.

Source：Wind, Government website, CWSI Research

4.2 Company news and announcements

Table 9: Company news and announcements: Shimao Ser acquired 67% of a Shenzhen sanitation company; Kaisa and Sino-Ocean launched debt financing

Date	Company	Summary
2021-04-19	Shimao Ser	Acquiring 67% of the shares of a Shenzhen sanitation company, the total consideration will not exceed RMB 506 mn.
2021-04-21	Kaisa	Issued additional USD 200 mn 9.75% senior notes due 2023 (to be consolidated and form a single series with the USD 500 mn 9.75% senior notes due 2023).
2021-04-22	CMSK	Planned to use some industrial park projects owned by subsidiaries as basic assets to carry out the application and issuance of infrastructure public offering REITs.
2021-04-22	Sino-Ocean	Issued USD 400 mn 3.25% guaranteed green notes due 2026.

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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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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