

This Week in China Property market supply and demand: tier-1 and tier-2 cities

Topic of the week:

Demand: Hukou policies and industrial development changes lead to differences in demand changes. 1) Hukou policy: Shanghai relaxed the Hukou policy in Sep 2020, breaking the Shanghai's stable population expectation under the 25 mn population restrictions and strict Hukou policy has been broken, and driving up Shanghai's housing demand as well. 2) Industrial development: Internet companies represented by Alibaba have risen rapidly in the past ten years, driving the growth of Hangzhou's resident and registered population from 0.4% and 1.0% in 2011 to 5.6% and 2.7% in 2019. Under the influence of the above factors, from 2015 to 2019, the cumulative growth rate of resident population in Shenzhen, Xi'an, and Hangzhou ranked the top in the tier-1 and tier-2 cities, and the cumulative growth rate of the registered population in Shenzhen, Xiamen, and Chengdu ranked top, which effectively boosted local housing demand.

Supply: The overall supply of tier-1 and tier-2 residential land has increased, while land supply rules and regulatory policies affect effective commercial housing supply. Since 2017, the supply of residential land in tier-1 and tier-2 cities has increased: the number of cities with GFA of residential land sold/commercial residential sales GFA less than 1 decreased from 27 and 28 in 2015 and 2016 to 17 in 2019. In terms of cities, there is a certain degree of differentiation: Since 2015, Shijiazhuang, Taiyuan and Jinan have continued to sell more residential land than the sales GFA of the year; the supply in Shanghai, Guangzhou and Shenzhen has rebounded in recent years; the GFA of residential land sold in Xining and Yinchuan continued to be smaller than the residential sales GFA. It is worth noting that some of the increased supply of residential land in recent years cannot actually be effectively converted into commercial housing: some residential land will be built into affordable housing, some of the plots contain GFA that cannot be used for residential construction but for hotels and amusement facilities, and some regulatory policies may delay the conversion of residential land to commercial housing.

From the perspective of supply and demand, the differentiation within tier-1 and tier-2 cities is expected to intensify. The difference in population growth rate and land supply situation may jointly make the commercial housing market in various cities diverge, and the tier-1 and tier-2 markets are not all good. In this context, developer' funds may be further concentrated in cities with faster population growth and more scarce residential land supply. Developers with resource endowments and characteristic business models may be calmer in the fierce land competition.

Data points:

As of Jan 22nd, new house transaction area in 42 major cities this week decreased 17% WoW, and cumulative transaction area in 2021 increased 19% YoY.

As of Jan 22nd, saleable area (inventory) in 13 major cities this week increased 1% WoW; average inventory period was 10.9 months, average change was 3%.

As of Jan 22nd, second-hand housing transactions in 15 major cities this week decreased 1% WoW, and cumulative transaction area in 2020 increased 4% YoY.

Suggestion:

The outstanding performance of some PM companies in terms of scale growth has brought a significant boost to the sector, and the difference in management scale has further differentiated the PE of listed PM companies. In terms of policies, Shanghai, Shenzhen, and Nanjing introduced the first round of local control this year within a week, reflecting that the contradiction between supply and demand in popular cities is still prominent, and the direction of industry policy has not yet changed. Maintain "Overweight" rating.

Overweight
(Maintain)

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1. Property market supply and demand:

tier-1 and tier-2 cities

Recently, Shanghai, Shenzhen, and Nanjing have tightened the relevant policies on home purchase qualifications. Behind the regulation is that the housing market has maintained a high level of fever, which is caused by the contradiction between the supply and demand of commercial housing. What is the background of this round of regulation? Do other tier-1 and tier-2 cities have similar situation?

1.1 Demand: Hukou policies and industrial development

changes lead to differences in demand changes

Good economic development and increasingly loose Hukou policies continue to support housing demand of tier-1 and tier-2 cities. According to the classification of city tiers by NBS (tier-1 cities include 4 cities of Beijing, Shanghai, Guangzhou and Shenzhen, tier-2 cities include provincial capital cities, autonomous regional capital cities and other sub-provincial cities totaling 31 cities), housing demand continues to have strong support: On the one hand, the above cities have a good economic foundation and a good industrial development trend, and the above cities usually have a siphon effect on industries and populations within the province and neighboring cities outside the province, the population of the above cities has shown net inflow in the past ten years; on the other hand, in the context of the current economic development that emphasizes innovation and industrial transformation and upgrading, the value of talents has further increased, and most tier-1 and tier-2 cities have introduced relatively loose Hukou policies to attract talents, which has further promoted the influx of population.

Table 1: Many tier-1 and tier-2 cities have relatively loose Hukou policies for graduates

City	Academic requirements for graduates Hukou application	Strictness
Beijing	Allocated by designated employers	Strict
Shanghai	All Phd, double first-class masters or fresh graduates with undergraduates stage in six targeted universities	Relatively strict
Guangzhou	Full-time bachelor degree and above, some districts are relaxed to college degree and above (for example, after working continuously for one year, college degree and above can enjoy the same treatment as Guangzhou residents in the four towns of Baiyun District)	Loose
Shenzhen	Full-time college graduates and above who have not gone through the graduate acceptance procedures during the job selection period	Loose
Nanjing	Graduates with a postgraduate degree or above or those under the age of 40 with a bachelor degree	Loose
Hangzhou	Full-time college degree or above shall be employed in Hangzhou urban area before Dec 31 of the year of graduation (signs a contract with employer and pays local social insurance in Hangzhou), graduates with a master's degree or above may apply for Hukou first and get employed later	Loose
Changsha	University graduates with a bachelor's degree or above; graduates from universities and vocational colleges other than those specified above must have legal and stable employment and social security records	Loose
Chengdu	Full-time general university graduates with a bachelor's degree or above, fresh college graduates who are employed	Loose
Wuhan	College graduates and above	Loose
Xiamen	Graduates with a bachelor's degree or above, and graduates with a college degree whose major is in line with Xiamen's industrial development plan	Loose
Xian	Full-time general colleges graduates, secondary vocational schools (including technical schools) graduates or above	Loose

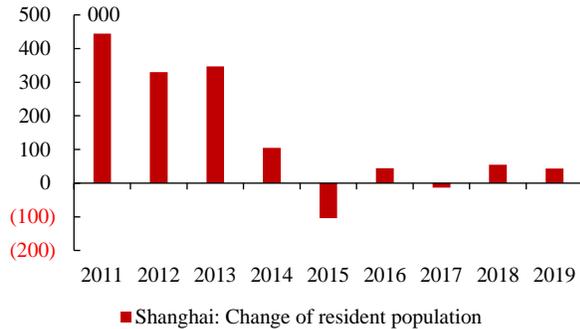
Source: Government website, CWSI Research

However, changes in Hukou policies and differences in industrial development have caused certain differences in the magnitude of population changes among different cities.

Relaxation of Hukou policy has brought expectations of population and housing demand growth. Taking Shanghai as an example, due to the 25 mn resident population control during the "13th Five-Year Plan" period and strict Hukou policies, Shanghai's resident population has grown slowly in recent years, and the changes each year during 2016-2019 was less than 60,000; the registered population growth is also relatively stable, in 2018, the registered population of Shanghai increased by about 70,000. However, in September 2020, Shanghai greatly relaxed the Hukou policy for talents, which changed the expectation that Shanghai's population would remain stable. According to our estimates, in 2019, the total number of graduates that meet the basic Hukou requirements in Shanghai will total about 177,000, which may drive Shanghai's population growth in the short term, thereby bringing corresponding housing demand.

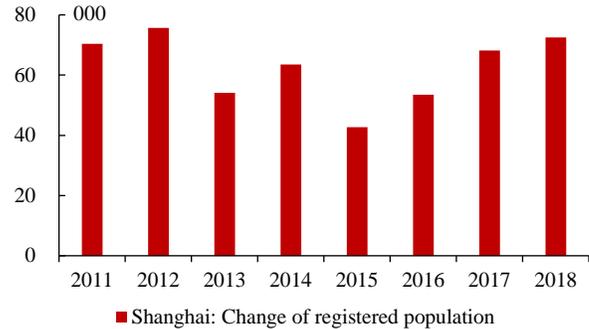
The expectation of population growth has further increased the popularity of the commercial housing market in Shanghai.

Chart 1: Shanghai's resident population growth has slowed down significantly in recent years



Source: Wind, NBS, CWSI Research

Chart 2: Shanghai's registered population has grown relatively stable in recent years



Source: Wind, MPS, CWSI Research

Table 2: In 2020, Shanghai has substantially relaxed Hukou policy for talents

Basic application requirements	Scope of non-Shanghai students who can acquire Shanghai Hukou after meeting the basic application requirements	
	2019	2020
<p>·Employer requirements: Party and government organs, public institutions, social organizations, foundations, and social service organizations in the Shanghai administrative area; companies that conform to the development direction of Shanghai's industry with a good reputation, have a registered capital of more than RMB 1 mn(inclusive), and registered before a specific time; those who do not meet the above conditions can still apply.</p> <p>·Non-Shanghai graduates requirements: comply with laws, regulations and rules; be included in the unified national enrollment plan of ordinary colleges and universities; have no labor relationship or employment relationship with any employer during the school period, and have not paid social security; signed an employment agreement or contract with an aforementioned employer for a period of more than one year.</p>	<p>Fresh graduates with undergraduates stage in Tsinghua University and Peking University</p>	<p>·All PhD graduates</p> <p>·Master graduates of "World-class university construction university" and "world-class discipline construction university" construction discipline (referred to as "double first-class"), Chinese Academy of Sciences research institutes in Shanghai, ShanghaiTech University and Shanghai New York University</p> <p>·Fresh graduates with undergraduate stage in Tsinghua University, Peking University, Fudan University, Tongji University, Shanghai Jiaotong University and East China Normal University</p>

Source: Government website, CWSI Research

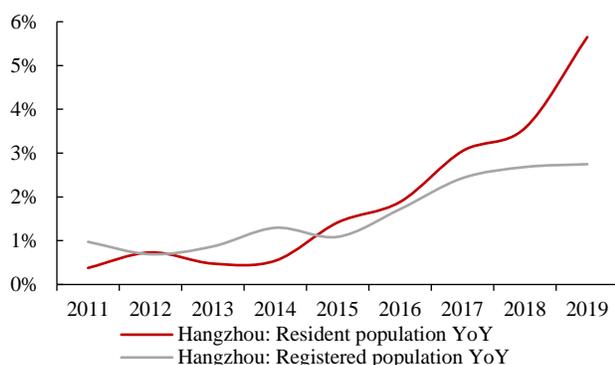
Table 3: The Hukou relaxation may significantly increase Shanghai's registered population

	Phd	Master	Bachelor	Total
Number of graduates in 2019 (10,000 people)	6.26	57.71	394.72	458.69
Number of institutions in 2019	-	828	-	
Number of double first-class universities	-	137	-	
Estimated number of double first-class graduates (10,000 people)	-	9.55	-	
Number of undergraduate graduates from six target universities in 2019 (10,000 people)	-	-	1.86	
Number of fresh graduates who meet the basic requirements for settlement in Shanghai (10,000 people)	6.26	9.55	1.86	17.67

Source: Ministry of Education, Tsinghua University, Peking University, Fudan University, Shanghai Jiaotong University, Tongji University, East China Normal University Graduate Employment Quality Report 2019, CWSI Research

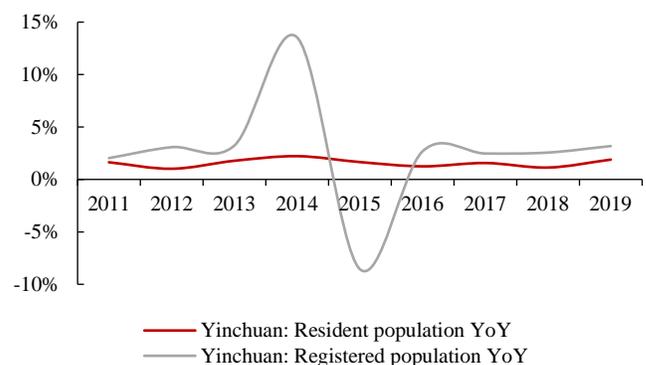
The industry development trend in some cities is better, and population growth has accelerated in recent years. There are also certain differences in the industrial development trends among cities. Hangzhou's Internet companies represented by Alibaba have risen rapidly in the past decade, and the business environment in Hangzhou has also been optimized. The rapid development of the industry has driven the rapid growth of Hangzhou's population in recent years: the growth rate of resident population and registered population increased from 0.4% and 1.0% in 2011 to 5.6% and 2.7% in 2019, respectively, which greatly boosted the demand for home purchase in Hangzhou. Although Yinchuan is the provincial capital that contributed the highest proportion of GDP of the province in 2019 (contributing 50.6% of the province's GDP and the provincial capital with the highest proportion of GDP in the province), its overall industrial development vitality is relatively weak, except for the large changes in the registered population in 2014 and 2015, the growth of its resident population and registered population has been relatively stable in the past decade.

Chart 3: Industrial development drives Hangzhou's population growth



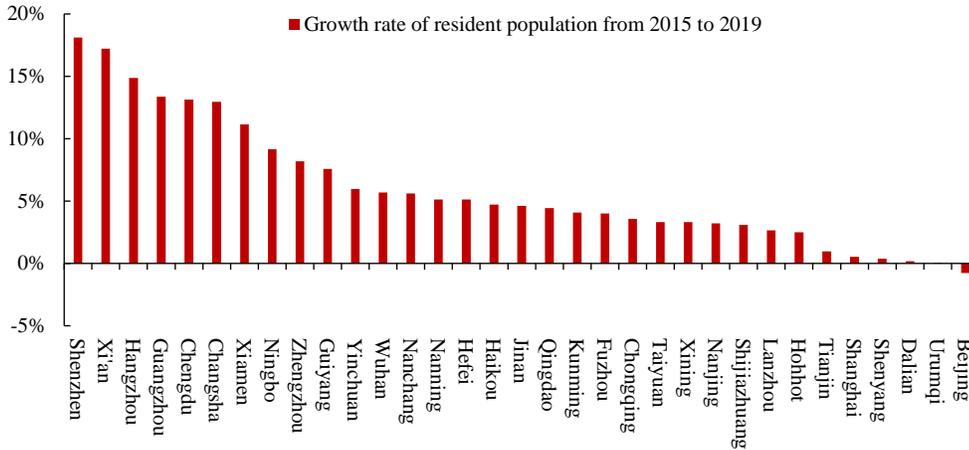
Source: Wind, CWSI Research

Chart 4: Yinchuan's population growth rate has not changed much in the past ten years



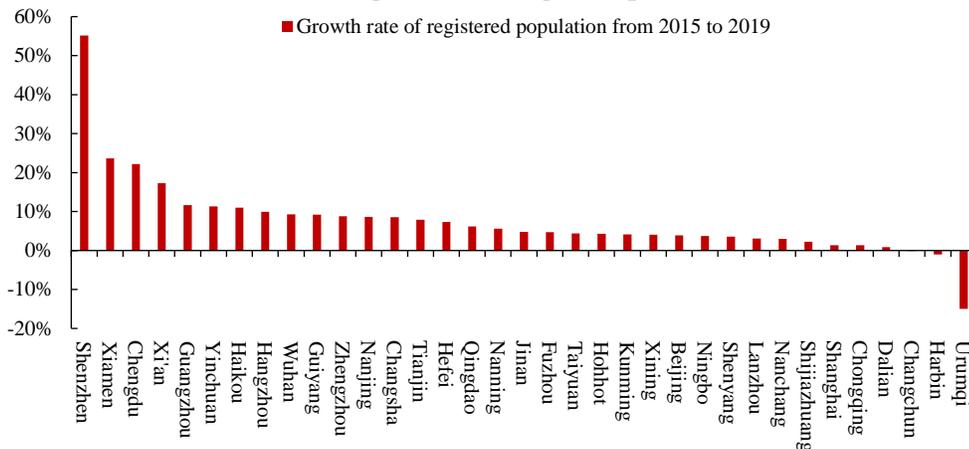
Source: Wind, CWSI Research

Chart 5: From 2015 to 2019, the cumulative growth rate of resident population in Shenzhen, Xi'an and Hangzhou was among the top



Source: Wind, CWSI Research; Note: Part of the data in Changchun and Harbin is missing; Dalian's 2019 resident population data is missing, and the 2018 data is used; Jinan merged Laiwu in 2019, and the 2018 Jinan population data is used here

Chart 6: From 2015 to 2019, the cumulative growth rate of registered population in Shenzhen, Xiamen, and Chengdu was among the top



Source: Wind, CWSI Research; Note: The number of registered population in Shanghai in 2019 is missing, and 2018 data is used here; Jinan merged Laiwu in 2019, and the 2018 Jinan population data is used here



1.2 Supply: Land transaction rules and regulatory policies affect effective supply

The supply of residential land in tier-1 and tier-2 cities has increased since 2017, and the situation in each city shows differentiation. According to the land transaction data collected by Wind and the commercial housing transaction volume data from NBS and the local housing administration bureaus, starting from 2017, the number of cities with the ratio of the GFA of residential land sold to the sales GFA of commercial residential buildings was less than 1 has declined, from 27 and 28 in 2015 and 2016 dropped to 17 in 2019. Overall, the supply of residential land has increased. In terms of cities, there is a certain degree of differentiation: Since 2015, Shijiazhuang, Taiyuan and Jinan have continued to sell more residential land than the sales GFA of the year, and the overall supply is relatively abundant; the supply in Shanghai, Guangzhou and Shenzhen has rebounded in recent years; the supply of Xining and Yinchuan continued to be smaller than the residential sales GFA that year.

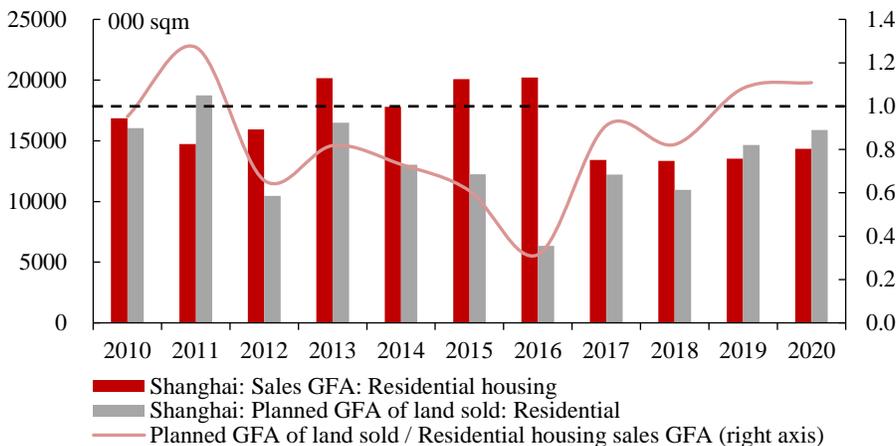
Table 4: Since 2017, the supply of residential land in tier-1 and tier-2 cities has increased

Planned GFA of land sold / Residential housing sales GFA						
City	2015	2016	2017	2018	2019	2020
Beijing	0.88	0.23	1.77	1.26	0.90	0.73
Shanghai	0.56	0.31	0.86	0.86	1.07	1.10
Guangzhou	0.76	0.39	0.85	1.16	1.32	1.16
Shenzhen	0.08	0.21	0.09	0.22	0.36	1.17
Tianjin	0.44	0.47	0.69	1.08	1.28	1.04
Shijiazhuang	1.59	1.88	1.04	1.53	1.39	-
Taiyuan	1.56	1.71	1.57	1.61	2.51	-
Hohhot	0.30	0.75	0.80	1.08	1.39	-
Shenyang	0.45	0.51	0.39	0.58	0.80	-
Dalian	0.18	0.55	0.32	0.24	0.87	-
Changchun	0.50	0.68	0.75	0.68	1.31	-
Harbin	0.59	0.55	0.38	0.59	0.70	-
Nanjing	0.86	0.77	1.52	1.24	1.55	1.78
Hangzhou	0.68	0.71	1.21	1.33	2.07	1.93
Ningbo	0.71	1.40	0.72	1.13	0.84	0.98
Hefei	0.84	0.50	0.74	0.51	0.48	-
Fuzhou	1.46	0.71	1.72	1.66	2.52	1.45
Xiamen	0.49	0.72	1.44	2.06	1.09	1.20
Nanchang	0.95	1.12	1.20	4.34	0.97	2.95
Jinan	1.65	1.12	1.17	2.02	1.17	0.80
Qingdao	0.42	0.30	0.42	0.68	1.14	0.95
Zhengzhou	1.21	1.00	0.72	0.87	1.84	0.62
Wuhan	0.71	0.65	1.61	1.50	1.08	1.40
Changsha	0.12	0.22	0.24	0.44	0.68	-
Nanning	1.18	0.58	0.77	1.00	0.66	0.90
Haikou	0.86	0.96	0.35	0.51	0.88	-
Chongqing	0.97	0.56	0.62	0.55	0.45	0.63
Chengdu	1.44	1.52	3.26	0.94	0.70	0.57
Guiyang	0.46	0.72	1.25	0.72	1.12	-
Kunming	0.37	0.73	1.07	0.98	1.51	-
Xi'an	0.75	0.72	0.70	0.61	0.49	0.68
Lanzhou	0.89	0.43	0.27	0.49	0.66	-
Xining	0.33	0.29	0.97	0.65	0.68	-
Yinchuan	0.18	0.73	0.41	0.30	0.49	-
Urumqi	1.53	0.68	1.22	2.16	1.95	-
Number of cities less than 1	27	28	21	20	17	-

Source: Wind, NBS, local governments, CWSI Research; Note: The full-year sales area data of 16 cities in 2020 is temporarily missing; use data from NBS here for cities with missing data from local governments

The growth rate of residential land supply in some cities may still need to be improved. Take Shanghai as an example. From 2010 to 2012, the supply of residential land in Shanghai was relatively balanced with the transaction; from 2013 to 2016, the transaction GFA of residential land in Shanghai continued to decline, and the strong demand for housing kept transaction volume at a high level. The ratio of the GFA supplied to the sales GFA of commercial housing that year was only 0.31. Since 2017, the GFA of residential land transactions in Shanghai has rebounded (the ratio of GFA of transaction residential land to sales GFA of commercial housing in 2019 and 2020 reached 1.07 and 1.10, respectively), but the increase in residential land supply is still relatively limited. From the perspective of sales, although the supply of residential land in Shanghai has rebounded, the inventory period is still in a low position: from 2014 to 2016, due to the combined effect of reduced land supply and booming transactions, Shanghai's inventory period continued to decline; after 2016, the increase in the supply of residential land led to a slow recovery in the inventory period, but the inventory period was still lower than the 2011-2016 level. At present, although the supply of planned GFA of residential land continues to pick up, the rebound in sales after the epidemic has caused Shanghai's inventory period to rapidly decline to less than 6 months.

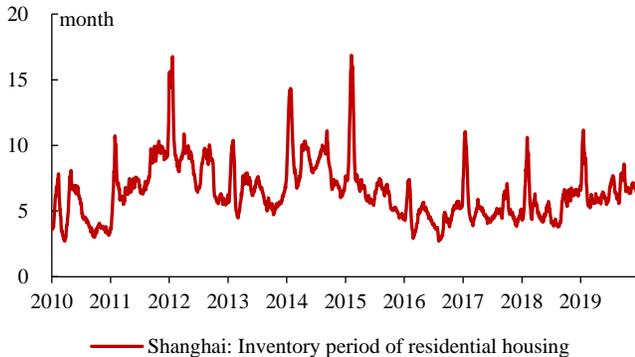
Chart 7: From 2010 to 2020, the planned GFA of residential land sold in Shanghai exceeded the sales GFA of commercial housing for only 3 years



Source: Wind, NBS, CWSI Research



Chart 8: Shanghai's inventory period has been low since 2016



Source: Wind, CWSI Research

Chart 9: After the epidemic, Shanghai's inventory period rapidly declined

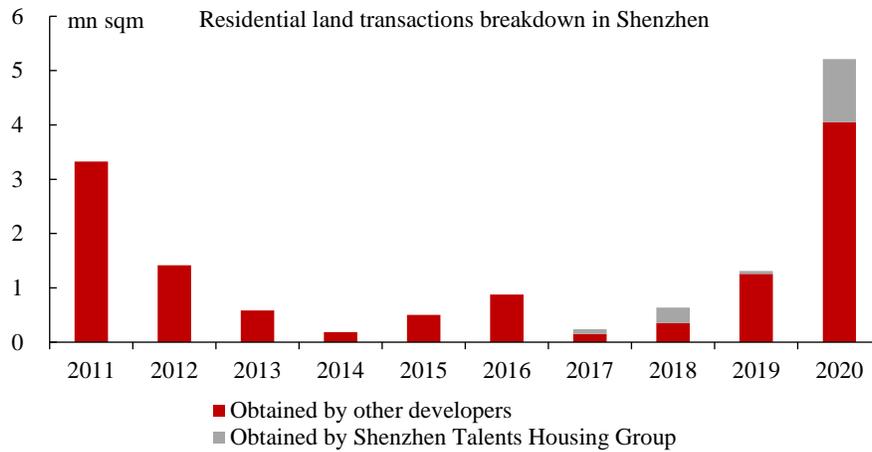


Source: Wind, CWSI Research

On the other hand, some factors make the GFA of residential land sold fail to be a timely and effective supply of GFA for commercial housing, which makes the supply of commercial housing actually deviate from the scale of land supply.

Part of the residential land supply will be included in the affordable housing system instead of the commercial housing system. Take Shenzhen as an example. In recent years, although the supply of residential land in Shenzhen has increased steadily, Shenzhen Talents Housing Group obtained part of the supplies. Therefore, the corresponding residential land will be built as affordable housing instead of commercial housing. In mid-2016, Shenzhen Talents Housing Group was established to coordinate the investment, construction and operation management of Shenzhen Talents Housing. According to Wind's statistics, in 2020, Shenzhen had a total of 28 residential land transactions, with a planned GFA of 5.214 mn sqm. Among them, 13 land plots were obtained by the Talents Housing Group, involving planned GFA of 1.161 mn sqm. In addition, when some land plots reached the upper limit price, the bidders will be determined by means of self-holding and affordable GFA, which will also make the actual GFA converted into commercial housing smaller than the planned GFA of the land.

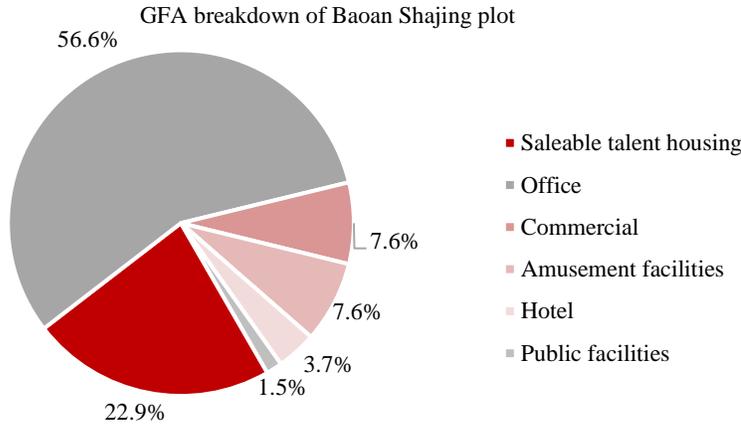
Chart 10: A considerable part of the residential land sold in Shenzhen in recent years will be included in the affordable housing system



Source: Wind, CWSI Research

The planned GFA of some residential land is not entirely for residential use. Take the plot of Shajing Street, Bao'an District, Shenzhen, which was sold in November 2020, as an example. According to Wind's data, the plot as a whole is classified as residential land. However, according to data from the Shenzhen Public Resources Trading Center, out of the 1.311 mn sqm of GFA of the land, only 300,000 sqm can be built as sellable talents housing; other GFA are 100,000 sqm of amusement facilities, 49,000 sqm of supporting hotels, 100,000 sqm of commercial buildings, 743,000 sqm of offices and 19,000 sqm of public supporting facilities. With the improvement of residents' living standards and the requirements of urban supporting construction levels, this phenomenon exists in the current supply of many residential land, resulting in the fact that the supply of residential land that can be effectively converted into residential construction is actually less. In addition, although the land is obtained by the developer, the residential part is also a sellable talents housing rather than commercial housing.

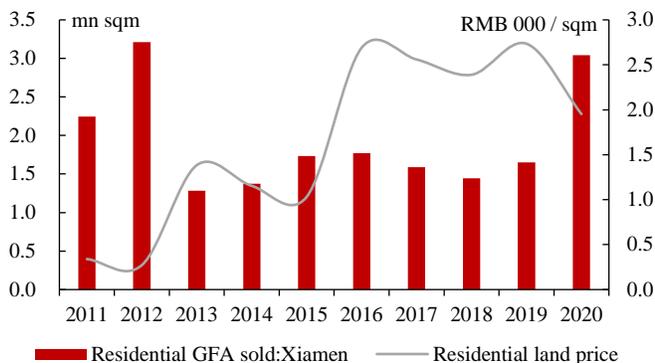
Chart 11: Only about 22.9% of the GFA will be used for residential construction in the Baoan Shajing plot



Source: Shenzhen Public Resources Trading Center , CWSI Research

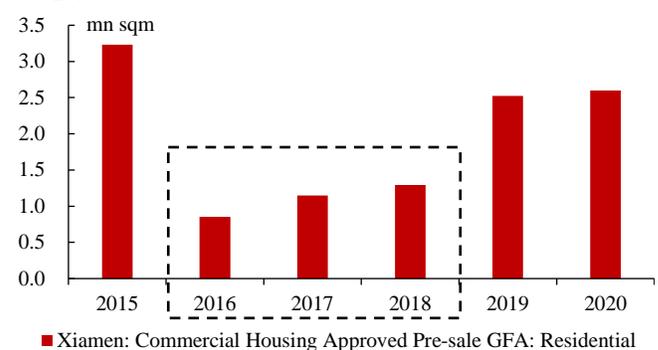
The regulatory policies in some cities may delay the conversion of residential land to commercial housing. Take Xiamen as an example. From the end of 2016 to the beginning of 2017, Xiamen tightened purchase restrictions, which to a certain extent suppressed housing demand; the sharp increase in land costs and stricter price-limiting policies since 2016 have also made some developers tend to extend development cycle. It can be seen that from 2015 to 2018, the planned GFA of residential land in Xiamen has steadily decreased slightly, while the GFA of commercial housing for sale has fallen sharply in 2016-2018; from 2019 to 2020, residential land for delayed development has gradually entered the pre-sale state, the supply of residential land has also increased, and the GFA of commercial housing for sale has rebounded.

Chart 12: Xiamen's residential land prices have risen sharply since 2016



Source: Wind, CWSI Research

Chart 13: From 2016 to 2018, Xiamen's approved pre-sale commercial residential GFA dropped sharply



Source: Wind, local government, CWSI Research

1.3 Summary: Differentiation in tier-1 and tier-2 cities is expected to intensify

The marginal changes on the demand side of popular cities also need to be observed. The current policy orientation is "housing for living, not for speculation" and "promoting the healthy development of housing consumption". The rigid housing demand brought about by population mobility is the object of policy support. Tier-1 and tier-2 cities have a higher level of economic development and a net population inflow, however, the magnitude of population changes in each city in recent years has also been different due to changes in Hukou policies and differences in industrial development. While paying attention to whether the population is net inflow, it is also necessary to observe the marginal changes in population growth rate and scale.

With the support of demand, the regulation of the land market may become a key factor affecting the market trend. Taking Shanghai as an example, in the document this time, compared to the more concerned demand-side restriction policy, the supply-side land market management is actually listed as a higher priority, second only to "further play the role of the joint meeting". The contradiction between the supply and demand of commercial housing is common in the "popular cities" represented by Shanghai, the "solve outstanding housing problems in big cities" first proposed at the Central Economic Conference in December 2020 also reflects this phenomenon.

The supply of residential land in tier-1 and tier-2 cities has increased in recent years, but the conversion of residential land to commercial housing is affected by land transaction rules and local control policies. Compared with 2015-2016, since 2017, the number of tier-1 and tier-2 cities where the planned GFA of residential land sold / salesa GFA of commercial housing is less than 1 has decreased, the overall housing land supply has increased. However, in recent years, the land transaction rules have become more complicated that some residential plots contain GFA that cannot be used for commercial housing construction. As a result, the increased supply of residential land cannot actually be fully converted into commercial housing. On the other hand, the regulatory policies and land price growth in some cities have lengthened the development cycle of some projects, and the increased residential land has not entered the commercial housing market in time.

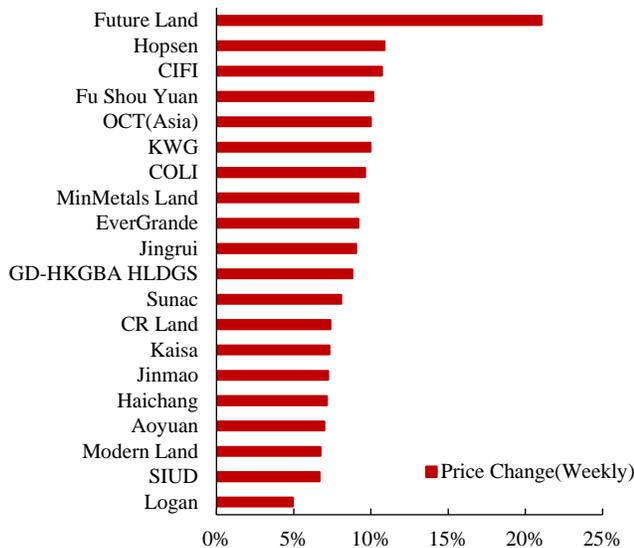
From the perspective of supply and demand, the differentiation within tier-1 and tier-2 cities is expected to intensify. The difference in population growth rate and land supply situation may jointly make the commercial housing market in various cities diverge, and the tier-1 and tier-2 markets are not all good. In this context, developer' funds may be further concentrated in cities with faster population growth and more scarce residential land supply. Developers with resource endowments and characteristic business models may be calmer in the fierce land competition.

2. Sector Performance

2.1 Performance of developer sector

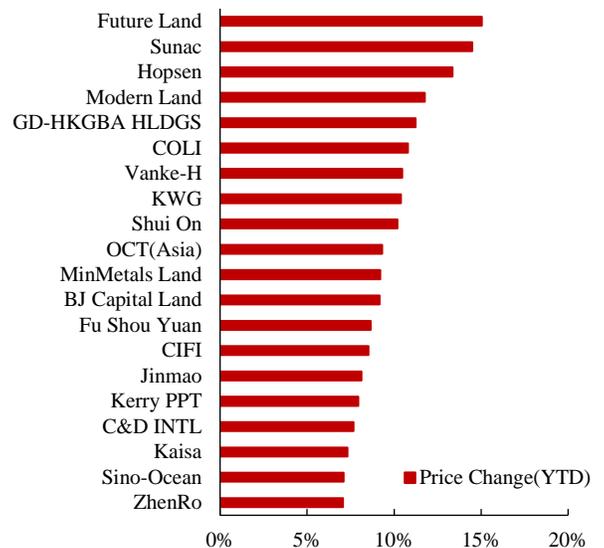
This week, Future Land, Hopsen and CIFI had larger price increase than peers. Future Land, Sunac and Hopsen had better share price performance, YTD.

Chart 14: This week, Future Land, Hopsen and CIFI had larger price increase than peers



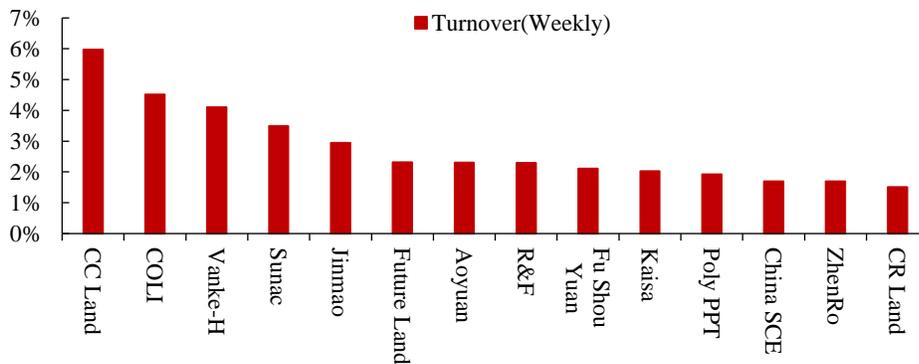
Source: Wind, CWSI Research

Chart 15: Future Land, Sunac and Hopsen had better share price performance, YTD



Source: Wind, CWSI Research

Chart 16: CC Land, COLI and Vanke-H were most actively traded this week

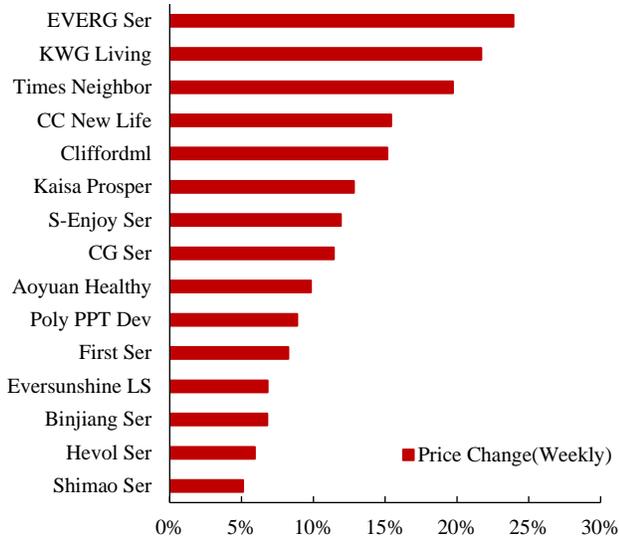


Source: Wind, CWSI Research

2.2 Performance of property management sector

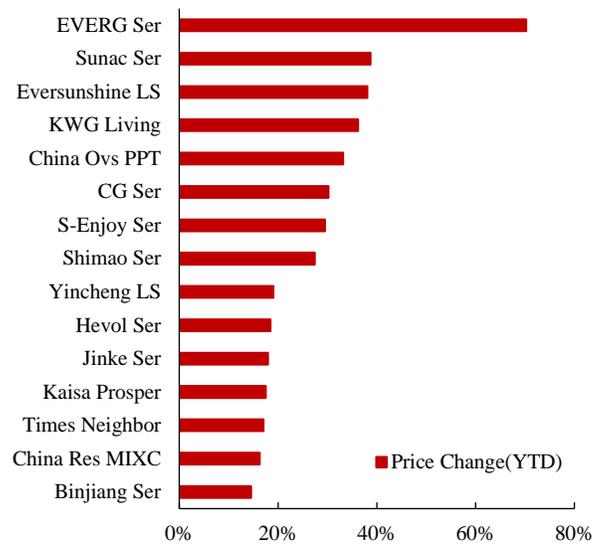
This week, EVERG Ser, KWG Living and Times Neighbor had larger price increase than peers. EVERG Ser, Sunac Ser and Eversunshine LS had better share price performance YTD.

Chart 17: This week, EVERG Ser, KWG Living and Times Neighbor had larger price increase than peers



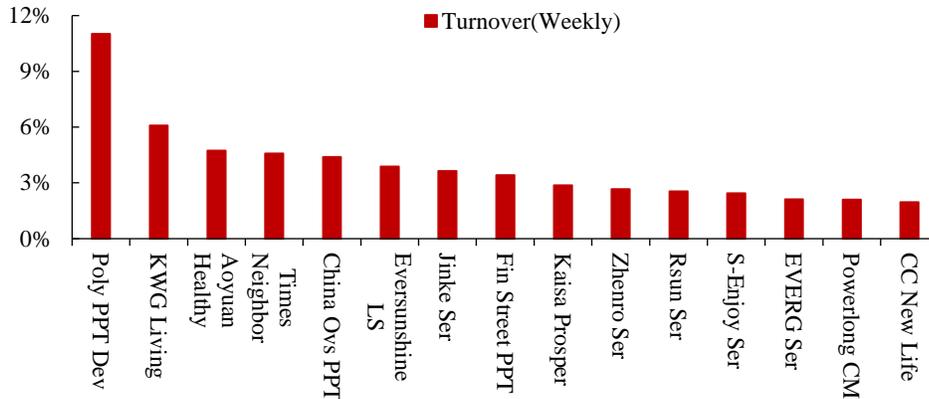
Source: Wind, CWSI Research

Chart 18: EVERG Ser, Sunac Ser and Eversunshine LS had better share price performance YTD



Source: Wind, CWSI Research

Chart 19: Poly PPT Dev, KWG Living and Aoyuan Healthy 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			Last 30 days			Month to date			Year to date	
	sqm	wow	yoy	sqm 000	mom	yoy	sqm 000	mom	yoy	sqm 000	yoy
Beijing	223,654	59%	194%	932	-6%	32%	475	-25%	-10%	475	-14%
Shanghai	283,000	11%	57%	1,511	10%	42%	883	-15%	16%	883	15%
Guangzhou	288,093	-9%	168%	1,480	-12%	108%	863	-27%	120%	863	116%
Shenzhen	185,744	8%	351%	685	25%	55%	594	49%	120%	594	107%
Tier 1	980,491	11%	142%	4,609	0%	57%	2,815	-14%	44%	2,815	40%
Tier 2	2,215,913	-24%	9%	12,097	1%	5%	8,399	-5%	8%	8,399	6%
Tier 3	2,168,180	-19%	27%	11,677	7%	40%	7,525	-3%	31%	7,525	30%
Beijing	223,654	↑ 59%	↑ 194%	932	↓ -6%	↑ 32%	475	↓ -25%	↓ -10%	475	↓ -14%
Qingdao	290,653	↓ -2%	↑ 73%	1,411	↓ -16%	↑ 29%	842	↓ -29%	↑ 21%	842	↑ 18%
Jinan	191,083	↓ -43%	↑ 37%	1,184	↑ 76%	↑ 70%	807	↑ 136%	↑ 50%	807	↑ 48%
Dongying	90,366	↑ 1%	↑ 138%	372	↓ -24%	↑ 201%	262	↓ -13%	↑ 153%	262	↑ 150%
PBR	795,757	↓ -7%	↑ 89%	3,899	↑ 2%	↑ 49%	2,386	↓ -3%	↑ 28%	2,386	↑ 25%
Shanghai	283,000	↑ 11%	↑ 57%	1,511	↑ 10%	↑ 42%	883	↓ -15%	↑ 16%	883	↑ 15%
Nanjing	276,751	↑ 81%	↑ 174%	964	↓ -18%	↑ 16%	680	↓ -23%	↑ 30%	680	↑ 25%
Hangzhou	135,583	↓ -55%	↑ 56%	905	↑ 29%	↓ -5%	792	↑ 34%	↑ 41%	792	↑ 41%
Suzhou	193,940	↓ -23%	↓ -10%	1,043	↓ -5%	↑ 14%	717	↓ -16%	↑ 18%	717	↑ 14%
Wuxi	110,500	↑ 12%	↑ 24%	433	↓ -3%	↑ 6%	320	↑ 6%	↑ 15%	320	↑ 15%
Yangzhou	99,374	↑ 18%	↑ 123%	304	↑ 1%	↑ 46%	270	↓ -1%	↑ 46%	270	↑ 42%
Jiangyin	68,974	↓ -19%	↑ 44%	307	↑ 13%	↑ 3%	224	↑ 9%	↑ 3%	224	↓ -1%
Wenzhou	236,337	↑ 53%	↓ 0%	1,540	↑ 23%	↑ 31%	570	↓ -29%	↓ -33%	570	↓ -34%
Jinhua	56,724	↓ -48%	↑ 87%	344	↑ 56%	↑ 144%	272	↑ 65%	↑ 206%	272	↑ 203%
Changzhou	46,047	↑ 7%	↓ -61%	233	↑ 47%	↓ -41%	130	↑ 24%	↓ -47%	130	↓ -47%
Huaian	133,439	↓ -29%	↑ 34%	640	↑ 44%	↑ 36%	503	↑ 50%	↑ 43%	503	↑ 38%
Lianyungang	172,704	↓ -11%	↑ 27%	841	↓ -12%	↑ 64%	652	↓ -18%	↑ 66%	652	↑ 68%
Shaoxing	37,523	↑ 11%	↓ -15%	124	↓ -19%	↓ -46%	87	↓ -29%	↓ -24%	87	↓ -23%
Zhenjiang	103,007	↓ -22%	↑ 7%	596	↑ 3%	↑ 3%	340	↓ -15%	↓ -2%	340	↓ -1%
Jiaxing	0	↓ -100%	↓ -100%	101	↓ -22%	↓ -33%	101	↑ 50%	↓ -6%	101	↓ -6%
Wuhu	74,485	↓ -15%	↑ 313%	404	↑ 19%	↑ 237%	262	↑ 11%	↑ 217%	262	↑ 213%
Yancheng	102,550	↓ -27%	↑ 178%	360	↓ -27%	↑ 64%	267	↓ -30%	↑ 86%	267	↑ 74%
Zhoushan	15,313	↓ -13%	↑ 41%	102	↓ -4%	↓ -5%	54	↓ -17%	↓ -15%	54	↓ -19%
Chizhou	17,545	↑ 4%	↑ 1%	82	↑ 27%	↑ 11%	52	↑ 6%	↓ -8%	52	↓ -8%
Ningbo	155,640	↓ -28%	↑ 23%	832	↑ 42%	↑ 15%	665	↑ 69%	↑ 37%	665	↑ 35%
YRD	2,319,435	↓ -11%	↑ 31%	11,666	↑ 8%	↑ 22%	7,842	↓ -3%	↑ 21%	7,842	↑ 20%
Guangzhou	288,093	-9%	168%	1,480	↓ -12%	108%	863	↓ -27%	120%	863	116%
Shenzhen	185,744	↑ 8%	↑ 351%	685	↑ 25%	↑ 55%	594	↑ 49%	↑ 120%	594	↑ 107%
Fuzhou	53,721	↓ -1%	↑ 45%	257	↑ 4%	↑ 23%	154	↓ -13%	↑ 20%	154	↑ 16%
Dongguan	120,430	↓ -54%	↑ 157%	938	↑ 3%	↑ 94%	575	↓ -8%	↑ 100%	575	↑ 96%
Quanzhou	17,546	↓ -63%	↓ -61%	220	↓ -12%	↓ -16%	191	↑ 6%	↑ 13%	191	↑ 9%
Putian	22,337	↓ -24%	↓ -47%	169	↓ -25%	↑ 99%	77	↓ -51%	↓ -9%	77	↓ -1%
Huizhou	73,704	↓ -28%	↑ 127%	355	↓ -14%	↑ 41%	303	↓ -8%	↑ 89%	303	↑ 87%
Shaoguan	22,840	↓ -19%	↓ -28%	124	↓ -3%	↑ 11%	73	↓ -11%	↑ 3%	73	↑ 4%
Foshan	234,712	↓ -20%	↑ 52%	1,320	↓ 0%	↑ 51%	816	↓ -11%	↑ 51%	816	↑ 41%
Zhaoqing	48,794	↓ -18%	↑ 53%	295	↓ -22%	↑ 20%	174	↓ -38%	↑ 14%	174	↑ 12%
Jiangmen	28,968	↓ -34%	↑ 89%	158	↓ -11%	↑ 47%	123	↓ -5%	↑ 127%	123	↑ 125%
PRD & Southern China	1,096,889	↓ -22%	↑ 87%	6,000	↓ -5%	↑ 58%	3,943	↓ -12%	↑ 71%	3,943	↑ 65%
Taian	48,986	↓ -16%	↑ 122%	235	↓ -16%	↑ 38%	170	↓ -5%	↑ 36%	170	↑ 34%
Northern China	48,986	↓ -16%	↑ 122%	235	↓ -16%	↑ 38%	170	↓ -5%	↑ 36%	170	↑ 34%
Wuhan	438,779	↓ -17%	↑ 41%	2,496	↓ -6%	↑ 31%	1,527	↓ -20%	↑ 19%	1,527	↑ 14%
Yueyang	24,602	↓ -16%	↓ -64%	147	↓ -12%	↓ -33%	87	↓ -32%	↓ -38%	87	↓ -37%
Baoji	116,317	↓ -13%	-	507	↑ 35%	-	374	↑ 22%	-	374	-
Central China	579,698	↓ -16%	↑ 53%	3,151	↓ -1%	↑ 48%	1,988	↓ -16%	↑ 39%	1,988	↑ 34%
Chengdu	202,292	↓ -56%	↓ -60%	1,730	↑ 6%	↓ -27%	1,275	↑ 2%	↓ -29%	1,275	↓ -29%
Liuzhou	83,903	↓ -10%	↓ -26%	615	↓ -2%	↑ 14%	285	↓ -36%	↓ -15%	285	↓ -13%
Nanning	237,624	↓ -25%	↓ -29%	1,088	↑ 20%	↓ -33%	851	↑ 30%	↓ -26%	851	↓ -27%
Western China	523,819	↓ -39%	↓ -45%	3,433	↑ 9%	↓ -24%	2,411	↑ 2%	↓ -27%	2,411	↓ -27%
Total	5,364,584	-17%	30%	28,383	3%	24%	18,740	-6%	21%	18,740	19%
Num. of cities Up		11	29		19	32		16	28		27
Num. of cities Down		30	11		23	9		26	13		14

Source: Local governments, CWSI Research; Note: Till 2021/1/22; Note: Due to the availability of data, delete Ganzhou and add Zhaoqing

Table 6: Major cities inventory period was 10.9 months this week

City	Inventory (sqm 000)	wow	yoy	Inventory period	Last week	wow	yoy
Beijing	12,677	4%	12%	13.6	12.7	7%	-15%
Shanghai	6,872	-2%	-9%	4.5	4.2	7%	-36%
Guangzhou	9,222	0%	22%	6.2	5.7	9%	-41%
Shenzhen	2,736	0%	0%	4.0	4.7	-14%	-36%
Tier 1 Average		0%	6%	7.1	6.8	2%	-32%
Hangzhou	5,194	4%	64%	5.7	5.7	0%	73%
Nanjing	7,580	3%	34%	7.9	8.3	-5%	16%
Suzhou	8,712	-1%	48%	8.4	7.4	13%	29%
Fuzhou	7,205	2%	74%	28.1	27.8	1%	41%
Jiangyin	4,694	0%	-	15.3	15.3	0%	-
Wenzhou	12,019	3%	14%	7.8	7.2	8%	-14%
Quanzhou	6,915	0%	-2%	31.4	27.6	14%	16%
Ningbo	3,483	0%	19%	4.2	4.5	-6%	4%
Dongying	1,586	-1%	-	4.3	4.3	0%	-
Overall Average		1%	25%	10.9	10.4	3%	3%

Source: Local governments, CWSI Research; Note: Till 2021/1/22; Average WoW and average YoY are defined as average change of each city

3.2 Second-hand house transaction and price data

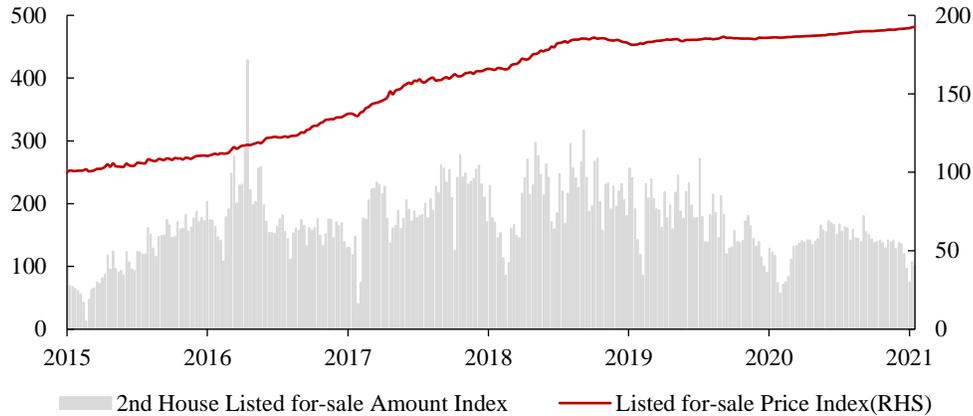
Table 7: Major cities Second-hand house transaction volume, Jiangmen and Jinhua rose significantly YTD

City	Last 7 days			Last 30 days			Month to date			Year to date	
	sqm	wow	yoy	sqm 000	mom	yoy	sqm 000	mom	yoy	sqm 000	yoy
Beijing	403,993	↑ 15%	↑ 110%	1,581	↓ -7%	↑ 43%	983	↓ -20%	↑ 30%	983	↑ 30%
Shenzhen	164,010	↑ 12%	↑ 24%	584	↑ 6%	↓ -31%	415	↑ 1%	↓ -35%	415	↓ -35%
Hangzhou	168,811	↑ 9%	↑ 384%	644	↑ 6%	↑ 67%	444	↑ 6%	↑ 67%	444	↑ 68%
Nanjing	243,714	↑ 9%	↑ 83%	934	↓ -1%	↑ 25%	703	↑ 3%	↑ 23%	703	↑ 23%
Chengdu	31,596	↓ -62%	↓ -75%	278	↓ -15%	↓ -65%	191	↓ -26%	↓ -68%	191	↓ -68%
Qingdao	128,768	↓ -4%	↑ 95%	509	↓ -4%	↑ 19%	377	↓ -3%	↑ 16%	377	↑ 17%
Wuxi	106,241	↑ 7%	↑ 125%	402	↓ -21%	↓ -8%	282	↓ -21%	↓ -13%	282	↓ -13%
Suzhou	165,521	↓ -10%	↑ 73%	607	↑ 14%	↑ 7%	498	↑ 24%	↑ 2%	498	↑ 2%
Xiamen	113,678	↓ -2%	↑ 85%	446	↑ 14%	↑ 35%	320	↑ 12%	↑ 28%	320	↑ 29%
Yangzhou	21,573	↑ 2%	↑ 40%	85	↓ -17%	↑ 10%	62	↓ -19%	0%	62	↑ 1%
Dongguan	46,291	↓ -8%	↑ 82%	211	↑ 0%	↓ -18%	144	↓ -9%	↓ -27%	144	↓ -28%
Nanning	32,744	↓ -24%	↓ -48%	169	↓ -24%	↓ -33%	124	↓ -20%	↓ -31%	124	↓ -30%
Foshan	176,498	↑ 0%	↑ 125%	679	↓ -13%	↑ 62%	516	↓ -13%	↑ 47%	516	↑ 45%
Jinhua	58,757	↓ -30%	↑ 141%	281	↓ -1%	↑ 66%	215	↑ 5%	↑ 64%	215	↑ 66%
Jiangmen	14,058	↓ -32%	↑ 263%	85	↓ -10%	↑ 318%	56	↓ -17%	↑ 340%	56	↑ 369%
Total	1,876,253	-1%	71%	7,498	-4%	9%	5,330	-6%	3%	5,330	4%
Num. of cities Up		7	13		5	10		6	9		10
Num. of cities Down		8	2		10	5		9	6		5

Source: Local governments, CWSI Research; Note: Till 2021/1/22

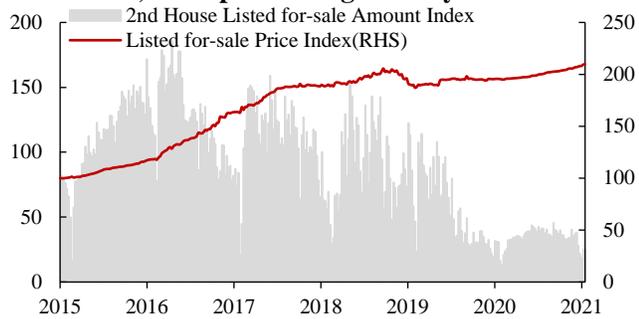


Chart 20: 2nd house listed for-sale price index rose slightly recently



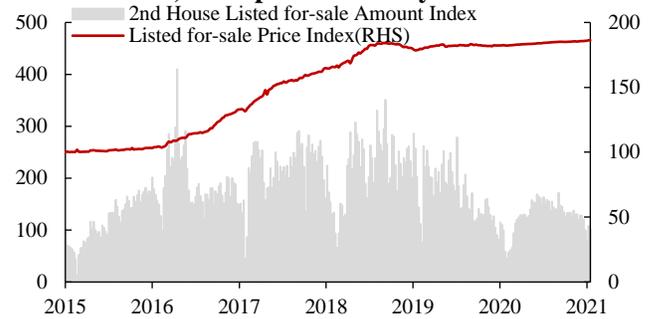
Source: Local Government, CWSI Research; Note: Till 2021/1/17

Chart 21: 2nd house listed for-sale amount index rose in tier-1 cities, with price rising recently



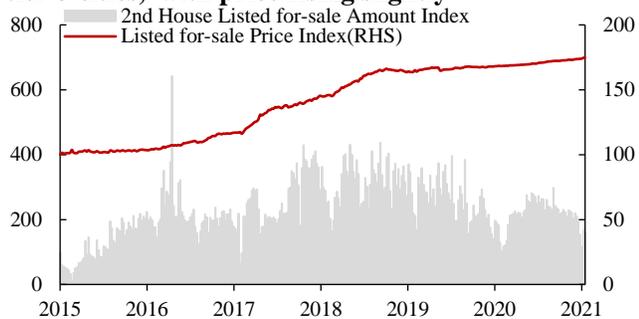
Source: Local Government, CWSI Research; Note: Till 2021/1/17

Chart 22: 2nd house listed for sale amount index rose in tier-2 cities, with price relatively stable



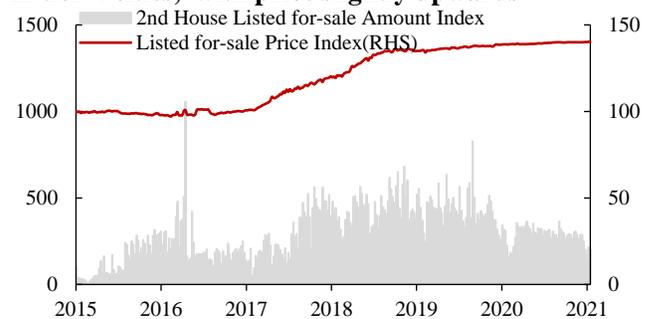
Source: Local Government, CWSI Research; Note: Till 2021/1/17

Chart 23: 2nd house listed for-sale amount index rose in tier-3 cities, with price rising slightly



Source: Local Government, CWSI Research; Note: Till 2021/1/17

Chart 24: 2nd house listed for-sale amount index rose in tier-4 cities, with price slightly upwards



Source: Local Government, CWSI Research; Note: Till 2021/1/17

4. Important Policies and News

4.1 Important Industry Policies News This Week

Table 8: Important Industry Policies News This Week: Changsha relaxed the provident fund loan policy; Nanjing, Shenzhen, and Shanghai tightened the housing purchase policy

Date	Region / Institution	Summary
2021-01-18	Changsha	Liberalized loans to cities in the middle reaches of the Yangtze River and Hunan Province, and stipulate that in cities in the middle reaches of the Yangtze River that have signed a cooperation agreement, their employees can go to the Changsha Center to apply for loans from other places for provident funds, while employees in other cities in the province can apply for loans from other places. Accepted by the provincial branch center.
2021-01-18	Nanjing	Tightened the policy for talent purchases. Talents who work in recognized enterprises and institutions and have obtained a master's degree or a bachelor's degree are required to have a labor contract of 1 year or more, and pay 6 months, 12 months or more of social security or personal income tax.
2021-01-21	Shenzhen	Families buying commercial houses can only be registered under the names of members who are qualified to buy houses, and name change during marriage will be suspended to avoid the phenomenon of obtaining Shenzhen house purchase qualifications through fake marriages.
2021-01-22	Shanghai	For couples who purchase commercial housing within 3 years of divorce, the number of housing units they own will be calculated based on the total number of households before the divorce; increase the VAT exemption period for individual sales of housing from 2 years to 5 years; improve the housing selection system of newly-built commercial housing by notarization and give priority to satisfying the demand for self-occupied houses of families without housing; increase the supply of land for commercial housing, especially around the suburban rail transit stations and the five major new cities.

Source: Wind, Government website, CWSI Research

4.2 Company news and announcements

Table 9: Company news and announcements: Poly, Greenland, etc. released the 2020 results; Evergrande has arranged internal funds in the amount of HKD 16.545 bn and will redeem in advance on 10 February 2021 the HKD 18 bn 4.25% convertible bonds due 2023 with the principal amount of approximately HKD 16.1 bn

Date	Company	Summary
2021-01-18	Aoyuan	Issued USD 188 mn 4.2% senior notes due 2022.
2021-01-18	JIAYUAN INTL	Issued USD 300 mn 12.5% senior notes due 2023.
2021-01-18	Yango	In 2020, the company achieved a total revenue of RMB 82.73 bn (+35.5%), net profit attributable to parent of RMB 5.28 bn(+31.4%), and net gearing of 93.4%, a decrease of 44.8 pct from end-2019.
2021-01-18	Yango	In 2020, the company achieved cumulative contracted sales amount of RMB 21.01 bn(+3.3%), and the cumulative contracted sales GFA of 15.285 mn sqm (-10.8%). In December 2020, the company obtained 6 real estate projects in 6 cities including Fuzhou, Quanzhou and Yuyao.
2021-01-18	EverGrande	The company has arranged internal funds in the amount of HKD 16.545 bn and will redeem in advance on 10 February 2021 the HKD 18 bn 4.25% convertible bonds due 2023 with the principal amount of approximately HKD 16.1 bn and pay the related accrued interest.
2021-01-18	PRE	In 2020, the company achieved a total revenue of RMB 245.26 bn(+3.9%), and net profit attributable to parent of RMB 28.91 bn(+3.4%).
2021-01-19	Sinicdc	Issued USD 250 mn 8.50% senior notes due 2022.
2021-01-19	Ronshine	Issued USD 300 mn 7.1% senior notes due 2025.
2021-01-20	Kaisa	Issued additional USD 300 mn 10.875% senior notes due 2023 (to be consolidated and form a single series with the USD 450 mn 10.875% senior notes due 2023).
2021-01-20	GreenLand	In 2020, the company achieved a total revenue of RMB 481.30 bn(+12.4%), and net profit attributable to parent of RMB 13.72 bn (-6.9%).
2021-01-21	China SCE	The company is considering a possible spin-off and separate listing of the commercial property management and operational services and residential property management services businesses on the main board of the Stock Exchange.
2021-01-22	Sunac	Issued USD 600 mn 5.95% senior notes due 2024 and USD 500 mn 6.50% senior notes due 2026.
2021-01-22	YueXiu	Proposed to issue USD 50 mn 2.80% guaranteed notes (to be consolidated and form a single series with the USD 600 mn 2.80% guaranteed notes due 2026 issued on 20 January 2021) under the USD 3bn guaranteed medium term note programme.

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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