

This Week in China

Commercial district development: enriching consumption scenes, boosting domestic demand

Topic of the week:

3 types of commercial districts were defined for the first time, enriching residents' short-distance consumption scenarios, and boosting domestic demand. The recovery of consumption after the pandemic has been weak, and the shrinkage of residents' travel radius is one of the reasons. The policy defines 3 types of commercial districts (core, regional, and community) for the first time, and emphasizes the proportion of experiential businesses, which is expected to further enrich residents' short-distance consumption scenarios and facilitate the full release of consumer demand.

Support the development of small and medium-sized city commercial districts, and insist on controlling the total amount and optimizing the stock. The direction of the policy matches the current domestic commercial development: **1) Support small cities to build core commercial districts and super-large cities to build world's top commercial districts:** Small city's commercial district construction matches the long-term trend that the total retail sales in rural areas has grown faster than urban ones after 2012; the supply of emerging shopping malls in super-large cities is abundant, but their external influence are relatively limited. **2) Focus on complementing shortcomings of community commercial development:** promote the release of residents' daily consumption needs, and ease the pressure of nurturing and elderly care. **3) Adhere to total amount control and stock optimization:** The construction of commercial districts in some cities has been aimed at larger volumes, and some of the existing commercial resources cannot match the current consumer demand, while land resources in core areas are relatively scarce.

Commercial developers with low-tier city coverage, and PM companies with outstanding commercial operation capabilities and community VAS performance are expected to benefit. 1) Scattered small cities bring greater difficulties in city coverage, so commercial developers with the ability to expand business in low-tier markets such as Wanda and Seazen may benefit. 2) The quality requirements of super-large cities' commercial districts will further improve, developers with strong high-end commercial brands and rich TOD development experience such as CR Land may outperform. 3) Community VAS may accelerate the brand building of PM companies, Greentown Ser and CG Ser have established corresponding business systems. 4) Under the direction of total amount control and stock optimization, large commercial management companies with light-asset output capabilities such as Wanda and CR MIXc may keep their advantage.

Data points:

As of Aug 13th, new house transaction area in 42 major cities this week decreased 6% WoW, and cumulative transaction area in 2021 increased 26% YoY.

As of Aug 13th, saleable area (inventory) in 13 major cities this week increased 5% WoW; average inventory period was 22.4 months, average WoW change was 8%.

As of Aug 13th, 2nd-hand housing transactions in 15 major cities this week decreased 2% WoW, and cumulative transaction area in 2021 increased 12% YoY.

Suggestion:

The second batch of centralized land supply shows many changes, such as Shenzhen, Tianjin, Shanghai, etc. postponed the supply, Tianjin lowered the maximum land price limit, etc.; the above changes are expected to promote the healthy development of the land market. In an environment where real estate financing and land acquisition capital sources are tightly regulated, unblocked financing channels and abundant financial resources will still bring significant competitive advantages to developers. Maintain "Overweight" rating.

Overweight
(Maintain)

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1. Commercial district development: enriching consumption scenes, boosting domestic demand

A few days ago, the Ministry of Commerce drafted the “Guidelines for the Construction of Urban Commercial Districts (Draft for Soliciting Opinions)(城市商圈建设指南(征求意见稿))” (hereinafter referred to as “draft”) to guide the construction of urban commercial districts. What is the main content and background of the policy? Which developers and property management companies are expected to benefit?

1.1 Enriching short-distance consumption scenarios, various commercial districts help expand domestic demand

Consumption recovery has been slow, with shrinking radius of residents’ travel as one of the reasons. In the context of complex international situations and pandemic, consumption upgrades and expansion of domestic demand are important starting points for the internal cycle. However, consumption has recovered slowly that the contribution rate of final consumption expenditure to GDP growth in 2020 is -22%, and only returned to more than 60% before the pandemic in the 2Q2021; the shrinking radius of residents’ travel is one of the reasons.

The policy defined 3 types of commercial districts for the first time, enriching residents’ short-distance consumption scenarios and boosting domestic demand. The draft defines 3 types of commercial districts (core, regional, and community) based on service scope, corresponding needs, functional layout, and business configuration for the first time: 1) Service scope and corresponding needs: upgrade from community commercial districts to core commercial districts. 2) Functional layout: The core commercial districts are divided into functional positions according to the city scale. The core commercial districts of mega cities aim at the world’s top commercial districts, while the core commercial districts of small and medium-sized cities emphasize the promotion of urban commercial vitality. Regional commercial districts are carried out according to their location within the city, the division refers to the consumption needs of residents in suburban new towns and working groups in key functional areas. The improvement of community commercial districts is more inclusive, covering new and existing communities. 3) Business format configuration: The core and regional commercial districts as a whole reflect the consumption upgrade trend, with more emphasis on new and experiential business formats. The policy’s definition of different levels of commercial districts and more detailed construction guidance are expected to

accelerate the development of commercial construction in various cities. The increase in the proportion of experiential formats is expected to further enrich the short-distance consumption scenarios of residents and help the full release of consumer demand.

Table 1: The draft defines three types of commercial districts for the first time

Commercial district Type	Core	Regional	Community
Location	City center or specific area	City regional center	In or around the community
Service area	Facing the whole city, radiating surrounding areas, national and international	Facing the located area and radiating the whole city	For the community
Meet demand	Diversified consumer demand for high-end shopping, cultural tourism, specialty catering, leisure and entertainment, financial business, etc.	Comprehensive consumer demand for shopping, catering, culture, leisure, health and wellness, sports, entertainment, etc.	Daily life needs and quality consumption needs within a 15-minute walk
Function layout	<ul style="list-style-type: none"> ·Super-large cities: the world's top commercial districts ·Megacities: adapt to modern megacities and reflect the vitality of the city ·Big cities: commercial resources gather in the core commercial district, a diversified and fashionable consumption center ·Small and medium-sized cities: differentiate and specialize from surrounding cities to enhance the commercial vitality of cities 	<ul style="list-style-type: none"> ·Central city: Combining with the renewal and transformation of the old city to enhance comprehensive service functions ·Suburban new districts: Meet the consumer demand of residents in the new districts ·Key functional areas: perfect Meet the consumer demand of high-end talents, industrial workers, tourists and other groups 	<ul style="list-style-type: none"> ·New community: build with high standards ·Existing communities: transformation and upgrading ·Community with relatively complete commercial facilities: optimizing business combination
Business configuration	<ul style="list-style-type: none"> ·Super-large cities: Integrate multiple service formats such as culture and art, tourism and shopping, introduce new formats such as the first international high-end brand stores, personal customized stores, and commercial formats such as direct sales of imported goods ·Megacities: global boutique department stores, experiential business formats, international luxury brands, local specialty brands, etc. gather and develop ·Big cities: improve the proportion of experiential consumption formats ·Small and medium-sized cities: moderate development of shopping centers, large warehouse-style supermarkets, brand stores, etc. 	<ul style="list-style-type: none"> ·Central area: large cities and above introduce emerging commercial formats; small and medium-sized cities promote the transformation and upgrading of professional markets ·Suburban new districts: Comprehensive business, tourism, cultural and commercial facilities, high-quality commercial facilities and high-standard service facilities ·Key functional areas: focus on the construction of high-end commercial complexes, introducing high-end leisure and entertainment, scientific adventure experience and other new business forms 	Strengthen the configuration of basic guarantee-oriented commercial outlets and improve the community's convenient service network

Source: Government website, CWSI Research

The draft supports the development of various commercial districts in cities of all sizes in accordance with local conditions. Compared with the previous business-related policies, the main highlights of this draft include: 1) **Support small and medium-sized cities with a resident population of less than 1 mn to build core commercial districts**, and continue to build the world’s top commercial districts in super-large cities and megacities and community commercial districts in various cities. For the core and regional commercial districts, the draft proposes to **integrate the construction of rail transit stations**. 2) **Focus on complementing the shortcomings of community commercial development**. 3) **Adhere to total volume control and stock optimization**, and proposes “to implement total volume control of commercial facilities in the commercial districts that are oversaturated in urban central areas, and strictly control the scale of new and expanded commercial buildings” “Combine the renewal and transformation of urban commercial districts with urban renewal”.

Table 2: Recent business and consumer-related policies mentioned emerging consumption, urban convenience living circles, etc.

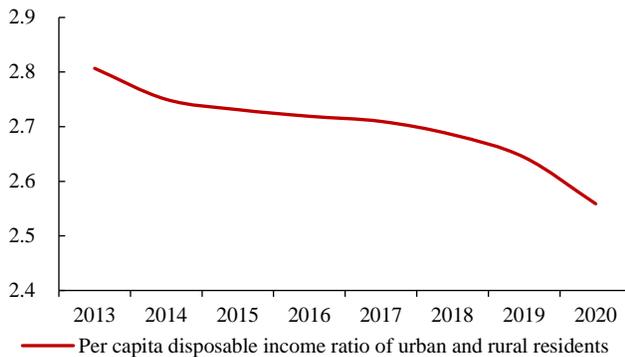
Date	Dept.	Summary
2020/9/21	State Council	Cultivate and build international consumption center cities, focus on building a regional consumption center with strong radiation and driving capabilities and advantages in resource integration, strengthen the construction of echelon of small and medium-sized consumption cities, and improve community facilities for convenient consumption.
2021/3/22	28 departments including NDRC	Strengthen the planning and layout of consumption centers at all levels, cultivate and build international consumption center cities, focus on building regional consumption centers with strong radiation and advantages in resource integration, and strengthen the construction of small and medium-sized consumer cities; further integrate and optimize the layout of urban and rural commercial districts, and improve community facilities for convenient consumption.
2021/7/19	Ministry of Commerce	Approved by the State Council, take the lead in the development of international consumption center cities in Shanghai, Beijing, Guangzhou, Tianjin and Chongqing.
2021/7/20	12 departments including the Ministry of Commerce	By 2025, through the creation of “Hundred Cities and Thousand Circles”, a group of urban convenient living circles with reasonable layout, complete business formats and complete functions will be built.

Source: Government website, CWSI Research

Promote the construction of small and medium-sized city commercial districts to match the long-term trend of consumption upgrading in lower-tier markets. On the one hand, the consumption power of low- and middle-income groups has continued to increase. In recent years, the ratio of per capita disposable income of urban and rural residents in China has declined year by year. In 2020, the per capita disposable income of urban and rural residents were RMB 43834 /17131, and the ratio of per capita disposable income of urban and rural residents has continued to drop from 2.81 in 2013 to 2.56 in 2020. On the other hand, the marginal propensity to consume among low-

and middle-income groups is higher due to lower asset prices such as houses. From the perspective of actual consumption, since 2012, the total retail sales of consumer goods in rural areas have continued to grow faster than that in urban areas, reflecting the higher consumption vitality in lower-tier markets. The support for the construction of commercial districts in small and medium cities matches the long-term trend of consumption in lower-tier markets.

Chart 1: Per capita disposable income ratio of urban and rural residents continued to decline



Source: Wind, NBS, CWSI Research

Chart 2: After 2012, the total retail sales in rural areas grew faster than that in urban areas



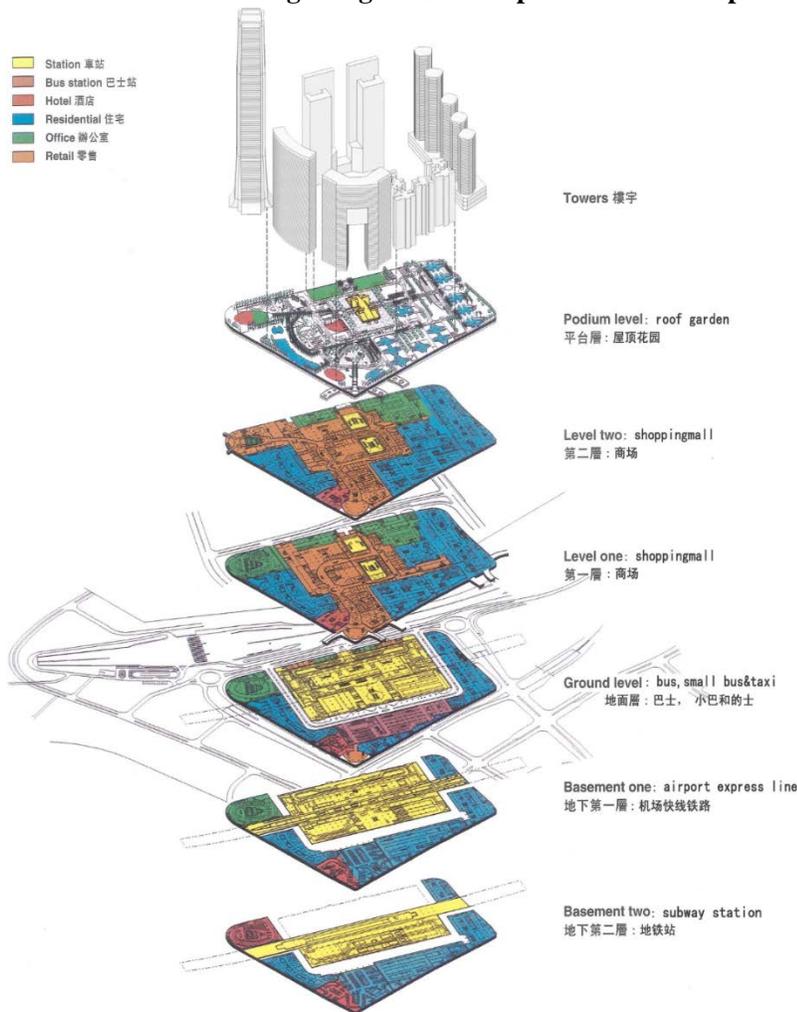
Source: Wind, NBS, CWSI Research

Promote super-large cities to build the world’s top commercial districts and enhance the international influence of the consumer market. The draft proposes to support super-large cities to build world’s top commercial districts, and continues the development direction of the Ministry of Commerce’s proposal in July that it will take the lead in the development of the cultivation and construction of international consumer centers in the five cities of Shanghai, Beijing, Guangzhou, Tianjin and Chongqing. At present, domestic super-large cities have abundant supply of commercial properties and high consumption vitality, but their external influence and consumption attractiveness are relatively limited: Take Shenzhen as an example, in recent years, Shenzhen Nanshan MIXc World, Shekou Sea World, Longhua Commercial District and other emerging commercial districts have successively risen, but the international reputation of Shenzhen’s commercial district is relatively limited. In recent years, there has not been a large influential commercial district such as Huaqiang North Electronics First Street in the early years.

The construction of TOD commercial district is expected to accelerate. At the specific construction level, the draft proposes “combined with rail transit hub construction”, “reasonable planning and developing underground commercial space” and so on for both core and regional commercial districts. The length of urban rail transit lines in China has grown rapidly that the number of cities in mainland China that have operated urban rail transit has increased from 26 at the end of 2015 to 45 at the end of 2020, and judging from the status of construction, it will reach 61 in the future

(see report *Urban housing demand : a rail transit perspective* for details), the construction of TOD commercial districts is expected to accelerate accordingly. From the experience of Hong Kong, which is known as the “shopping paradise”, the integrated construction of subways and shopping malls, office buildings, residential properties and other properties provides a strong infrastructure guarantee for its consumption growth.

Chart 3: The integrated property development project above Kowloon Station is one of the models of Hong Kong’s TOD comprehensive development model



Source: Urban Design International, CWSI Research

Further make up for the shortcomings of the community’s business, promote the release of residents’ daily consumption needs, and ease the pressure of nurturing and elderly care. Community commercial district is the most extensive consumption scenario covering residents, and the improvement of community commercial district is expected to promote the release of residents’ daily consumption needs, corresponding

to the vegetable market, fresh supermarket, catering (including breakfast), beauty, housekeeping services, recycling of renewable resources, logistics and distribution facilities, etc mentioned in the draft. In addition, under the trend of encouraging population fertility and population aging, the improvement direction of community business also includes child care, elderly service centers and other types of business, proposing that “Give priority to the development of businesses that are most urgently needed to improve the quality of life of residents, including elderly care, sports gym...child care”.

Table 3: Improve business configuration requirements, make up for the shortcomings of community business, and promote the release of residents’ daily consumption needs

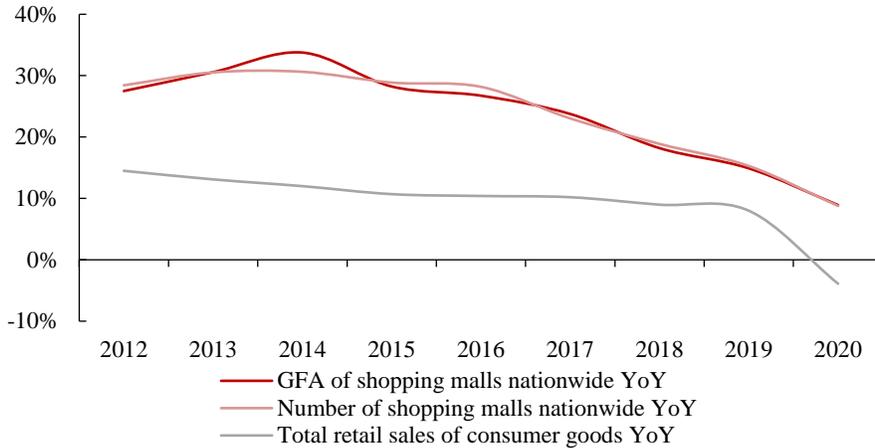
Specific requirements for the configuration of community commercial districts	Examples
Basic guarantee	Convenience stores, general supermarkets, vegetable markets, fresh food supermarkets, breakfast shops, photo printing shops, housekeeping service points, maintenance points, etc.
Quality improvement	<ul style="list-style-type: none"> ·Development priority: elderly care, specialty restaurants, sports gyms, child care, etc. ·Comprehensive development: cake baking shops, training and education centers, health care shops, pet service stations, etc.

Source: Government website, CWSI Research

The construction of urban commercial districts insists on controlling the total amount and optimizing the stock. The draft clearly proposes to strictly control the scale of new commercial buildings in over-saturated commercial districts, and to combine commercial district reconstruction with urban renewal. The background lies in: 1) The construction of commercial districts in some cities has been aimed at larger volumes: in the past ten years, the volume and number of shopping centers nationwide continued to grow faster than the social retail sales. 2) In some large cities with earlier commercial development, some of the existing commercial resources cannot match the current consumer demand, while land resources in core areas are relatively scarce.



Chart 4: The growth rate of shopping mall volume continues to be higher than the growth rate of total retail sales

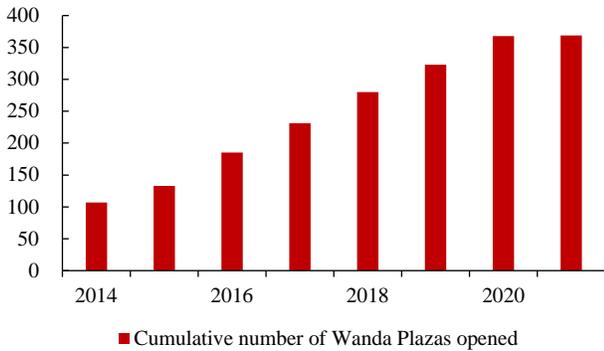


Source: Wind, CWSI Research

1.2 Which companies are expected to benefit from the construction of commercial districts?

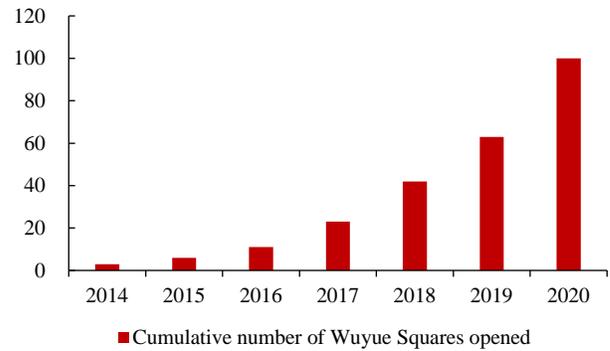
The construction of commercial districts in small and medium-sized cities is expected to accelerate, and Commercial developers with the ability to expand business in low-tier markets are expected to benefit. The draft provides support for the construction of core commercial districts in small and medium-sized cities with a resident population of less than 1 mn. Such small and medium-sized cities are usually scattered, and developers with the ability to expand in low-tier markets are better able to seize opportunities. For example, Wanda has opened a total of 369 Wanda Plazas at the end of March 2021, scattered in more than 200 cities across the country; by the end of 2020, Seazen has realized the coverage of 156 Wuyue Plazas in 118 cities, and has opened 100 Wuyue Squares.

Chart 5: 369 Wanda Plaza has opened, scattered in more than 200 cities



Source: Prospectus, rating report, CWSI Research

Chart 6: 100 Wuyue Squares has opened at the end of 2020



Source: Company announcement, CWSI Research

Comprehensive requirements such as high-end commercial operations and TOD construction in super-large cities have been improved. For super-large cities, enhancing the influence of commercial districts and strengthening the integration of commercial districts and transportation tracks are important directions for future development. Correspondingly, developers with strong high-end commercial operating brands and rich TOD development experience will also have more significant advantages. Typical developers include CR Land (MIXc World, MIXc City), New World Development (K11), etc.

Chart 7: Shenzhen MIXc World created a one-stop popular living platform



Source: Company website, CWSI Research

Chart 8: K11 has become a new landmark of cultural retail



Source: Company website, CWSI Research

Table 4: CR Land, Longfor, Vanke, etc. have rich experience in TOD construction

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.
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

Emphasis on complementing the shortcomings of community business, community VAS including community retail, housekeeping may accelerate the brand building of PM companies. Although the current income of PM companies is still based on basic property management business, community VAS are also an important way to support the improvement of the brand power of PM companies. From the perspective of business development, some PM companies have established business systems for some community VAS: For example, CG Ser has established a professional training center for home services, and 26 training bases will be established in 2020 to train 11,230 trainees. Greentown Ser's retail services have gradually expanded, in May 2021, the deployment of front-end warehouses in 1,025 Greentown communities across the country has been completed. From the perspective of revenue structure, in 2020, community VAS accounted for a relatively high proportion for PM companies such as Shimao Ser, CIFI ES Ser, Poly PPT Ser, and S-Enjoy, community VAS contributed 32%, 25%, 22%, 17% of the company's revenue, respectively.

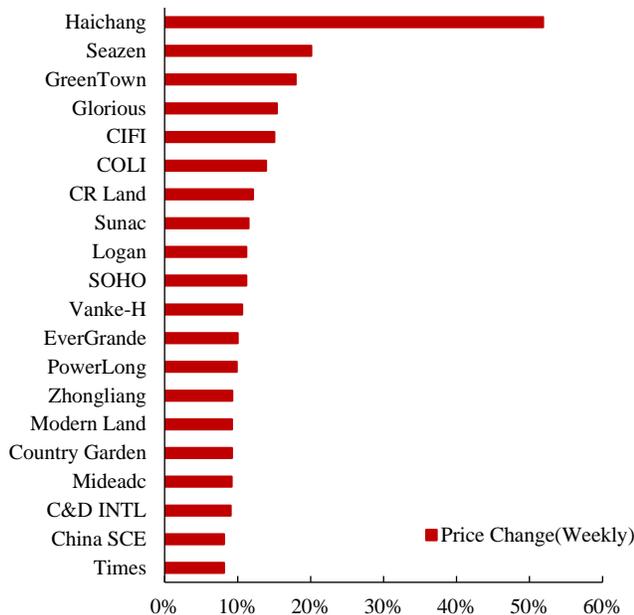
Under the guidance of strict total control and stock optimization, commercial management companies with outstanding asset-light output capabilities are more competitive. At present, most of the listed commercial management companies take asset-light output as their development direction, and the results of external expansion have gradually manifested: For example, in the GFA of shopping malls managed by CR MIXc, the proportion of the GFA from CR Land has dropped from 90.8% at the end of 2019 to 87.7% at the end of 2020. In addition, the proportion of Wanda Plaza's self-owned projects has continued to decline in recent years, and the occupancy rate has remained high, which is a strong proof to its light asset output capability. Under the direction of strictly controlling the total volume and optimizing the stock in the construction of the commercial district, the above-mentioned companies with commercial operation output capabilities are also expected to benefit.

2. Sector Performance

2.1 Performance of developer sector

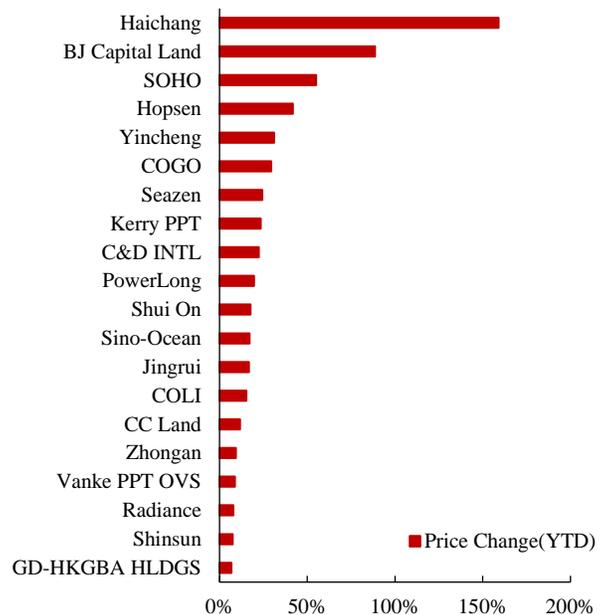
This week, Haichang, Seazen and GreenTown had larger price increase than peers. Haichang, BJ Capital Land and SOHO had better share price performance, YTD.

Chart 9: This week, Haichang, Seazen and GreenTown had larger price increase than peers



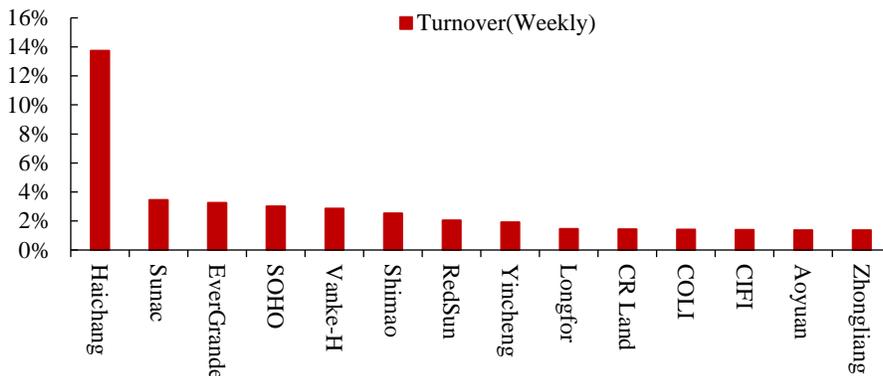
Source: Wind, CWSI Research

Chart 10: Haichang, BJ Capital Land and SOHO had better share price performance, YTD



Source: Wind, CWSI Research

Chart 11: Haichang, Sunac, and EverGrande were most actively traded this week

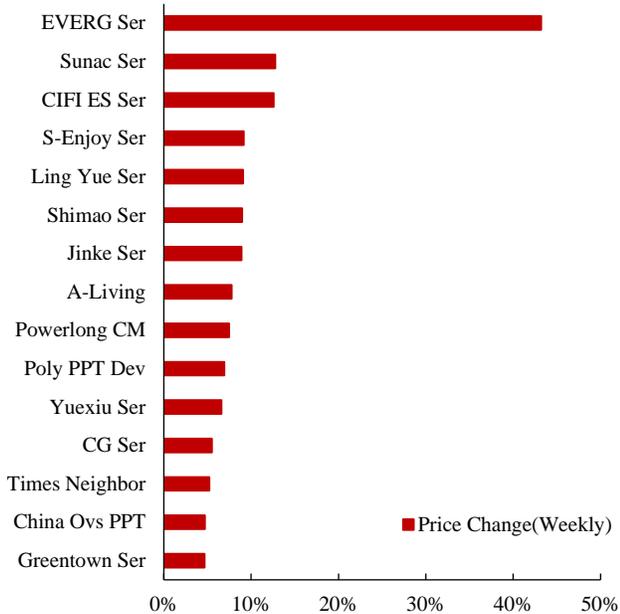


Source: Wind, CWSI Research

2.2 Performance of property management sector

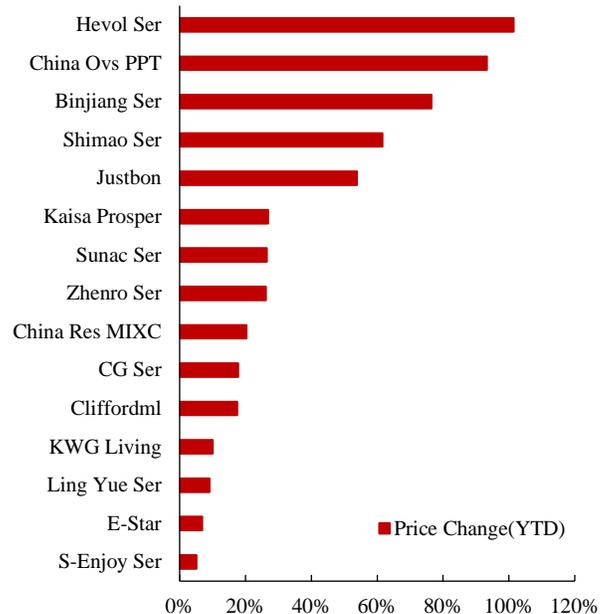
This week, EVERG Ser, Sunac Ser and CIFI ES Ser had larger price increase than peers. Hevol Ser, China Ovs PPT and Binjiang Ser had better share price performance YTD.

Chart 12: This week, EVERG Ser, Sunac Ser and CIFI ES Ser had larger price increase than peers



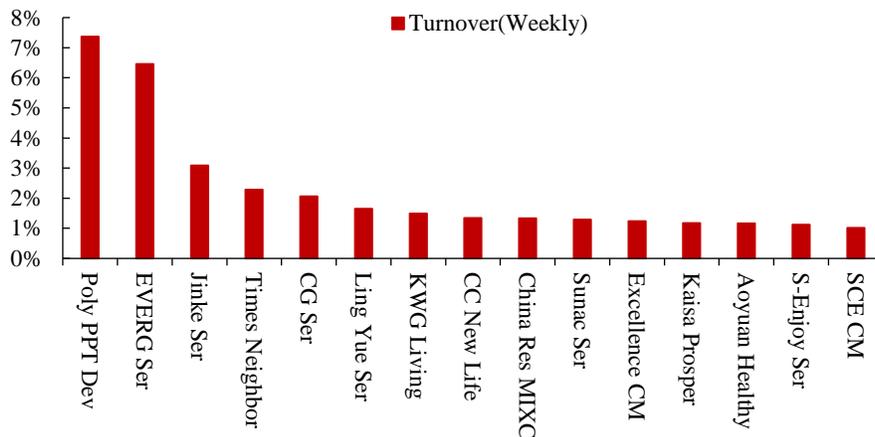
Source: Wind, CWSI Research

Chart 13: Hevol Ser, China Ovs PPT and Binjiang Ser had better share price performance YTD



Source: Wind, CWSI Research

Chart 14: Poly PPT Dev, EVERG Ser and Jinke Ser 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	208,513	11%	38%	832	-35%	21%	383	-31%	34%	6,372	78%
Shanghai	374,100	17%	39%	1,225	-23%	-4%	673	3%	41%	10,123	45%
Guangzhou	163,955	-2%	-22%	762	-22%	-23%	292	-10%	-24%	7,796	56%
Shenzhen	91,972	27%	-4%	296	6%	-16%	164	40%	-15%	2,889	32%
Tier 1	838,539	12%	15%	3,115	-25%	-6%	1,511	-8%	13%	27,180	53%
Tier 2	2,069,577	-4%	-28%	10,073	-25%	-13%	4,015	-31%	-22%	84,690	29%
Tier 3	1,290,095	-18%	-48%	7,027	-27%	-35%	2,594	-30%	-44%	72,613	14%
Beijing	208,513	↑ 11%	↑ 38%	832	↓ -35%	↑ 21%	383	↓ -31%	↑ 34%	6,372	↑ 78%
Qingdao	263,253	↑ 9%	↓ -12%	1,270	↓ -18%	↓ -17%	465	↓ -16%	↓ -15%	9,904	↑ 14%
Jinan	224,334	↓ -5%	↓ -9%	1,121	↓ -19%	↑ 8%	420	↓ -14%	↓ -2%	7,947	↑ 22%
Dongying	34,679	↓ -35%	↓ -85%	187	↓ -28%	↓ -73%	78	↓ -27%	↓ -78%	1,683	↓ -44%
PBR	370,779	↑ 2%	↓ -22%	3,409	↓ -24%	↓ -14%	1,345	↓ -21%	↓ -17%	25,906	↑ 19%
Shanghai	374,100	↑ 17%	↑ 39%	1,225	↓ -23%	↓ -4%	673	↑ 3%	↑ 41%	10,123	↑ 45%
Nanjing	131,242	↑ 60%	↓ -32%	542	↓ -58%	↓ -42%	211	↓ -54%	↓ -56%	8,978	↑ 58%
Hangzhou	168,153	↓ -48%	↓ -41%	982	↓ -12%	↑ 42%	469	↓ -15%	↑ 14%	8,123	↑ 48%
Suzhou	179,351	↓ -8%	↓ -5%	898	↓ -38%	↑ 13%	354	↓ -30%	↑ 4%	7,637	↑ 9%
Yangzhou	-	-	-	127	↓ -42%	↓ -54%	0	↓ -100%	↓ -100%	1,896	↑ 37%
Jiangyin	25,865	↑ 46%	↓ -49%	115	↓ -47%	↓ -52%	39	↓ -39%	↓ -50%	1,986	↑ 20%
Wenzhou	116,212	↓ -28%	↓ -40%	575	↓ -29%	↓ -27%	258	↓ -23%	↓ -20%	6,073	↑ 11%
Jinhua	35,221	↓ -2%	↓ -22%	181	↓ -9%	↓ -26%	70	↓ -19%	↓ -27%	1,745	↑ 22%
Changzhou	17,637	↓ -81%	↓ -72%	273	↓ -9%	↓ -14%	96	↓ -50%	↓ -18%	1,769	↓ -5%
Huaian	42,025	↓ -53%	↓ -65%	281	↓ -6%	↓ -37%	122	↓ -8%	↓ -43%	3,346	↑ 24%
Lianyungang	156,910	↑ 7%	↑ 24%	566	↓ -10%	↓ -14%	296	↓ -7%	↑ 11%	5,592	↑ 50%
Shaoxing	27,836	↑ 2487%	↓ -75%	75	↓ -59%	↓ -65%	29	↓ -47%	↓ -81%	1,413	↓ -9%
Zhenjiang	65,246	↓ -12%	↓ -52%	360	↓ -36%	↓ -16%	128	↓ -29%	↓ -44%	4,277	↑ 25%
Jiaxing	-	-	-	87	↓ -47%	↓ -80%	38	↓ -38%	↓ -85%	1,054	↓ -45%
Wuhu	72,727	↓ -27%	↑ 42%	381	↓ -35%	↑ 62%	155	↑ 7%	↑ 63%	4,686	↑ 301%
Yancheng	27,024	↓ -14%	↓ -70%	101	↓ -69%	↓ -72%	27	↓ -54%	↓ -87%	2,207	↑ 10%
Zhoushan	26,013	↑ 103%	↑ 59%	102	↑ 2%	↓ -11%	37	↑ 30%	↑ 28%	876	↑ 9%
Chizhou	16,232	↓ -20%	↓ -17%	74	↑ 5%	↑ -10%	36	↑ 45%	↑ 15%	667	↑ 25%
Ningbo	170,686	↑ 36%	↓ -5%	568	↓ -17%	↓ -25%	286	↓ -18%	↓ -29%	5,320	↑ 16%
YRD	1,652,479	↓ -11%	↓ -28%	7,511	↓ -30%	↓ -19%	3,322	↓ -23%	↓ -23%	77,767	↑ 31%
Guangzhou	163,955	↓ -2%	↓ -22%	762	↓ -22%	↓ -23%	292	↓ -10%	↓ -24%	7,796	↑ 56%
Shenzhen	91,972	↑ 27%	↓ -4%	296	↑ 6%	↓ -16%	164	↑ 40%	↓ -15%	2,889	↑ 32%
Fuzhou	100,056	↑ 19%	↑ 98%	387	↓ -25%	↑ 77%	171	↓ -20%	↑ 96%	3,287	↑ 168%
Dongguan	87,458	↑ 27%	↓ -51%	430	↓ -28%	↓ -48%	141	↓ -11%	↓ -54%	3,281	↓ -9%
Quanzhou	6,923	↓ -42%	↓ -88%	41	↑ 23%	↓ -88%	14	↑ 789%	↓ -89%	672	↓ -49%
Putian	28,743	↑ 16%	↑ 14%	141	↓ -23%	↑ 33%	47	↓ -21%	↑ 16%	1,361	↑ 47%
Huizhou	16,733	↓ -56%	↓ -79%	147	↓ -46%	↓ -53%	49	↓ -62%	↓ -67%	1,813	↑ 15%
Shaoguan	10,707	↓ -27%	↓ -68%	87	↓ -13%	↓ -41%	21	↓ -37%	↓ -62%	855	↓ -17%
Foshan	159,458	↑ 1%	↓ -27%	843	↓ -27%	↓ -22%	265	↓ -49%	↓ -36%	7,837	↑ 14%
Zhaoqing	6,489	↓ -38%	↓ -86%	78	↓ -40%	↓ -70%	16	↓ -65%	↓ -86%	1,393	↓ 0%
Qingyuan	-	-	-	132	↓ -23%	↓ -68%	-	-	-	1,836	↓ -23%
Jiangmen	12,093	↑ 70%	↓ -58%	65	↓ -53%	↓ -57%	19	↓ -59%	↓ -63%	1,021	↑ 33%
PRD & Southern China	684,587	↑ 4%	↓ -39%	3,410	↓ -25%	↓ -35%	1,199	↓ -30%	↓ -42%	34,041	↑ 20%
Taian	34,801	↓ -22%	↓ -22%	180	↓ -12%	↓ -19%	75	↓ -9%	↓ -16%	1,639	↑ 28%
Northern China	34,801	↓ -22%	↓ -22%	180	↓ -12%	↓ -19%	75	↓ -9%	↓ -16%	1,639	↑ 28%
Wuhan	246,666	↓ -33%	↓ -51%	2,113	↓ -35%	↓ -4%	550	↓ -66%	↓ -34%	16,545	↑ 99%
Yueyang	17,883	↓ -57%	↓ -61%	194	↓ -9%	↓ -42%	54	↓ -28%	↓ -43%	1,344	↓ -4%
Baoji	54,933	↑ 13%	↓ -24%	247	↓ -17%	↓ -44%	100	↓ -1%	↓ -36%	2,482	↑ 25%
Central China	319,482	↓ -30%	↓ -48%	2,554	↓ -32%	↓ -14%	704	↓ -61%	↓ -35%	20,372	↑ 74%
Chengdu	538,244	↑ 15%	↓ -25%	2,051	↓ -6%	↓ -8%	988	↓ -3%	↓ -18%	14,807	↑ 12%
Liuzhou	53,371	↓ -5%	↓ -26%	267	↓ -41%	↓ -41%	107	↓ -24%	↓ -24%	3,144	↓ -14%
Nanning	184,468	↓ -12%	↓ -29%	833	↓ -3%	↓ -39%	380	↓ -4%	↓ -29%	6,808	↓ -11%
Western China	776,082	↑ 6%	↓ -26%	3,150	↓ -10%	↓ -22%	1,476	↓ -5%	↓ -22%	24,759	↑ 1%
Total	4,198,211	-6%	-31%	20,215	-26%	-21%	8,121	-27%	-27%	184,484	26%
Num. of cities Up		17	7		4	7		6	10		30
Num. of cities Down		22	32		38	35		35	31		12

Source: Local governments, CWSI Research; Note: Till 2021/8/13

Table 6: Major cities inventory period was 22.4 months this week

City	Inventory (sqm 000)	wow	yoy	Inventory period	Last week	wow	yoy
Beijing	11,241	-2%	-8%	13.5	12.4	9%	-24%
Shanghai	5,141	-4%	-27%	4.2	4.9	-14%	-24%
Guangzhou	9,089	3%	11%	11.9	11.4	5%	44%
Shenzhen	1,895	-3%	7%	6.4	7.3	-13%	27%
Tier 1 Average		-1%	-4%	9.0	9.0	-3%	6%
Hangzhou	2,788	71%	-17%	2.8	1.6	81%	-41%
Nanjing	6,887	-1%	21%	12.7	11.0	15%	110%
Suzhou	8,240	0%	26%	9.2	8.0	15%	11%
Fuzhou	6,436	-2%	2%	16.6	15.6	6%	-43%
Nanning	9,841	1%	24%	11.8	11.6	1%	104%
Wenzhou	10,996	0%	-2%	19.1	17.1	12%	35%
Quanzhou	6,812	0%	-3%	167.6	198.9	-16%	716%
Ningbo	3,310	0%	10%	5.8	5.8	0%	46%
Dongying	1,772	0%	1%	9.5	9.0	5%	276%
Overall Average		5%	3%	22.4	24.2	8%	95%

Source: Local governments, CWSI Research; Note: Till 2021/8/13; Average WoW and average YoY are defined as average change of each city

3.2 2nd-hand house transaction and price data

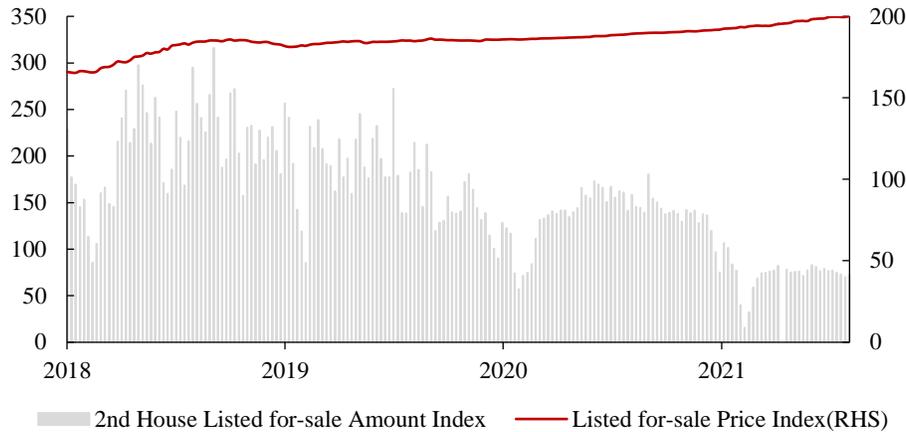
Table 7: Major cities 2nd-hand house transaction volume, Beijing and Xiamen rose significantly YTD

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	345,640	↓ -13%	↑ 7%	1,624	↓ -6%	↑ 9%	680	↑ 6%	↑ 21%	12,172	↑ 53%
Shenzhen	44,766	↓ -3%	↓ -83%	225	↓ -5%	↓ -78%	91	↓ -6%	↓ -79%	2,724	↓ -48%
Hangzhou	60,607	↓ -9%	↓ -59%	312	↓ -33%	↓ -50%	114	↓ -33%	↓ -56%	3,926	↑ 15%
Nanjing	87,107	↑ 64%	↓ -65%	530	↓ -44%	↓ -54%	140	↓ -61%	↓ -68%	6,283	↑ 8%
Chengdu	74,594	↓ -2%	↓ -25%	342	↓ -4%	↓ -23%	149	↑ 7%	↓ -20%	2,465	↓ -22%
Qingdao	62,468	↑ 8%	↓ -51%	282	↓ -50%	↓ -51%	119	↓ -38%	↓ -48%	3,910	↑ 24%
Wuxi	79,043	↓ -3%	↓ -49%	405	↓ -43%	↓ -37%	160	↓ -26%	↓ -38%	3,693	↓ -2%
Suzhou	137,185	↑ 17%	↓ -2%	503	↓ -3%	↓ -17%	253	↑ 10%	↑ 6%	4,621	↑ 32%
Xiamen	57,385	↑ 7%	↓ -35%	282	↓ -25%	↓ -26%	107	↓ -24%	↓ -28%	2,831	↑ 41%
Yangzhou	-	-	-	30	↓ -74%	↓ -74%	-	-	-	717	↑ 13%
Dongguan	52,030	↓ -4%	↑ 24%	246	↑ 4%	↓ -19%	106	↓ -8%	↑ 30%	1,233	↓ -30%
Nanning	20,965	↓ -38%	↓ -70%	144	↓ -9%	↓ -52%	55	↓ -30%	↓ -56%	1,077	↓ -31%
Foshan	134,877	↓ -2%	↓ -23%	609	↓ -10%	↓ -17%	257	↓ -15%	↓ -20%	4,693	↑ 40%
Jinhua	36,472	↓ -12%	↓ -26%	164	↓ -35%	↓ -37%	77	↓ -34%	↓ -21%	2,069	↑ 29%
Jiangmen	9,190	↓ -36%	↓ -56%	63	↓ -22%	↓ -36%	23	↓ -30%	↓ -38%	556	↑ 16%
Total	1,202,331	-2%	-39%	5,760	-22%	-34%	2,332	-19%	-33%	52,970	12%
Num. of cities Up		4	2		1	1		3	3		10
Num. of cities Down		10	12		14	14		11	11		5

Source: Local governments, CWSI Research; Note: Till 2021/8/13

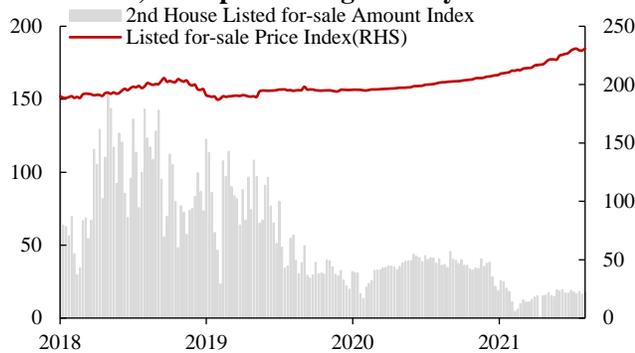


Chart 15: 2nd house listed for-sale price index rose slightly recently



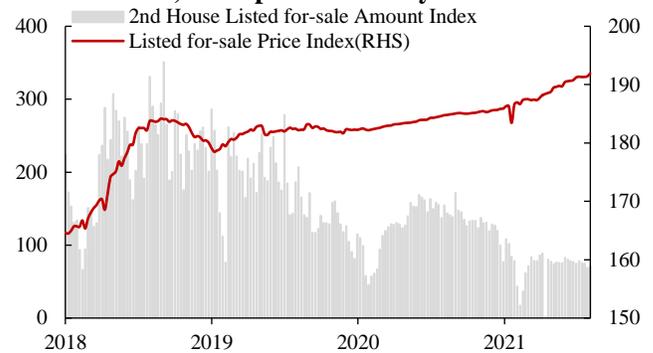
Source: Local Government, CWSI Research; Note: Till 2021/8/8

Chart 16: 2nd house listed for-sale amount index rose in tier-1 cities, with price rising recently



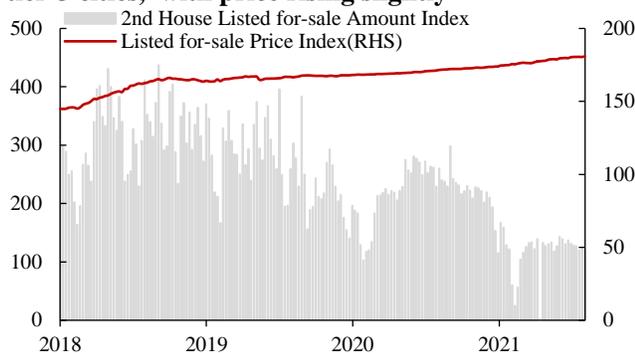
Source: Local Government, CWSI Research; Note: Till 2021/8/8

Chart 17: 2nd house listed for sale amount index rose in tier-2 cities, with price relatively stable



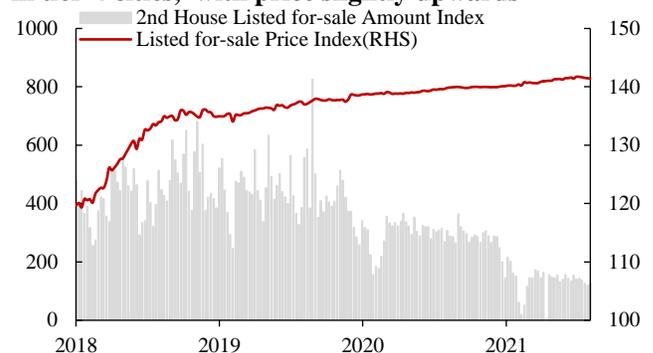
Source: Local Government, CWSI Research; Note: Till 2021/8/8

Chart 18: 2nd house listed for-sale amount index rose in tier-3 cities, with price rising slightly



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

Chart 19: 2nd house listed for-sale amount index rose in tier-4 cities, with price slightly upwards



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

4. Important Policies and News

4.1 Important Industry Policies News This Week

Table 8: Important Industry Policies News This Week: Qingdao, Shanghai, Fuzhou, etc. postponed centralized land supply

Date	Region / Institution	Summary
2021-08-07	Quzhou	Suspend the sale of newly-built commercial housing and second-hand housing to non-resident households with one or more houses in the urban area; establish a pilot price release mechanism for second-hand housing transactions in hot urban areas.
2021-08-09	Inner Mongolia	For employees who purchase the second house of the family, when applying for housing provident fund loans, the loan interest rate shall be 1.1x the interest rate of the individual housing loan of housing provident fund for the same period.
2021-08-09	Huizhou	Daya Bay Economic and Technological Development Zone and Huiyang District have suspended the sale of newly-built commercial housing to non-residents of the city who own one or more houses in the area.
2021-08-10	Beijing	A mechanism of "housing and land linkage, one land one policy" will be established, and different land bidding or housing sales conditions will be set according to the specific conditions of different land plots, to curb irrational land acquisition behavior, and resolutely stabilize land prices, house prices, and expectations.
2021-08-10	Yiwu	Support the demand for self-occupation; newly purchased commercial housing and second-hand housing in Yiwu area can only be listed and traded after obtaining the real estate certificate for 3 years.
2021-08-11	Guizhou	If an employee's family has already applied for a housing provident fund loan, the first housing provident fund loan must be settled for more than twelve months before they can apply for a housing provident fund loan to purchase an ordinary owner-occupied house again, and the minimum down payment ratio is not less than 40%. The loan interest rate is 1.1x the interest rate of the first housing provident fund personal housing loan in the same period.
2021-08-11	Beijing	Key monitoring procedures will be initiated for people who have married or divorced multiple times and newly purchased houses in a short period of time.
2021-08-11	Qingdao	On July 30th, Qingdao announced the second batch of centralized auctions of 100 land plots "terminated" for some reason.
2021-08-12	Shanghai	Improve the housing system of both rent and purchase in Lingang area, pay attention to the balance of occupation and housing, and increase the supply of housing; by 2025, Lingang area will accumulatively add about 16 mn sqm of planned housing construction, and accumulatively add about 200,000 new housing units of various types.

Source: Wind, Government website, CWSI Research

4.2 Company news and announcements

Table 9: Company news and announcements: EverGrande may sell part of the in part of the interests in tChina EVERG Vehicle (708.HK) and EVERG Ser(6666.HK)

Date	Company	Summary
2021-08-09	PowerLong	Entered into a facility agreement in relation to a 42-month term dual currency dual tranche loan facility in an amount of up to USD 210 mn equivalent (which includes incremental facilities).The interest rate of the Term Loan Facility for each interest period is the aggregate of (i) 3.25% per annum; and (ii) either (a) Hong Kong Interbank Offered Rate with respect to the tranche A facility or (b) London Interbank Offered Rate with respect to the tranche B facility.
2021-08-10	EverGrande	The Company is in discussions with several independent third party investors on the proposed sales of certain of the Company's assets, including, without limitation, the sale of part of the interests in the listed subsidiaries of the Company, China Evergrande New Energy Vehicle Group Limited (708.HK) and Evergrande Property Services Group Limited (6666.HK).
2021-08-11	Yango	Planned to initiate active repurchase of various domestic and overseas bonds that have been issued and are still in existence before March 31, 2022. The current outstanding principal of corporate bonds, medium-term notes, and US dollar bonds totalled RMB 16.05 bn + USD 2.282 bn. The upper limit of the number of repurchases is 10% of the remaining number of bonds (excl. the amount of repurchases that have been implemented).
2021-08-12	Shinsun	Issued USD 200 mn 12% senior notes due 2023.

Source: Company announcements, CWSI Research

4.3 Key 2021H results announced this week

Table 10: In 2021H, Yuexiu Ser's net profit attributable to parent increased 134.0% YoY

Company	RIC	Revenue		Core Profit attributable to parent	
		(RMB bn)	YoY	(RMB bn)	YoY
Property Development					
Yuzhou	1628.HK	12.0	494.9%	0.8	-
Radiance	9993.HK	16.1	44.1%	-	-
Property Management				Net profit attributable to parent	
Times Neighbor	9928.HK	1.2	65.6%	0.2	81.9%
Yuexiu Ser	6626.HK	1.0	108.2%	0.2	134.0%
CC New Life	9983.HK	1.6	47.4%	0.3	41.5%

Source: Wind, company announcements, CWSI Research

4.4 Key sales data of Jul 21

Table 11: In Jan-Jul, Jingrui, GreenTown achieved faster cumulative sales growth

Company	RIC	2021 Jan-Jul contracted sales		2021 Jan-Jul contracted GFA		Jul contracted sales		Jul contracted GFA	
		(RMB bn)	YoY	(000 sqm)	YoY	(RMB bn)	YoY	(000 sqm)	YoY
Vanke	000002.SZ	406.0	7.0%	24987	1.1%	51.5	-12.7%	3071	-22.1%
EverGrande	3333.HK	400.6	0.4%	48448	10.1%	43.8	-13.0%	5435	0.9%
Sunac	1918.HK	370.1	49.5%	25457	43.3%	49.4	-5.6%	3512	-5.8%
Country Garden	2007.HK	357.4	11.3%	41010	7.3%	54.3	0.0%	6500	2.0%
PRE	600048.SH	327.3	19.8%	19841	9.3%	42.2	-13.3%	3128	-2.9%
COLI	0688.HK	229.9	18.8%	11524	7.1%	22.7	5.6%	1029	-15.7%
CMSK	001979.SZ	197.3	47.7%	8573	42.5%	20.3	-11.2%	871	-16.4%
Gemdale	600383.SH	188.5	53.8%	8750	47.8%	25.6	22.4%	1219	13.9%
Shimao	0813.HK	174.9	25.4%	9846	24.1%	22.1	-23.8%	1237	-24.5%
Longfor	0960.HK	161.7	22.4%	9405	20.9%	19.0	-9.3%	1147	-7.1%
CIFI	0884.HK	157.0	52.9%	8980	39.7%	20.9	-5.0%	1006	-34.3%
GreenTown	3900.HK	150.4	89.2%	5340	79.2%	14.6	20.7%	610	29.8%
Jinmao	0817.HK	147.7	18.8%	8711	30.4%	17.5	-18.3%	1188	-1.1%
Seazen	601155.SH	134.6	13.6%	12423	15.5%	16.9	-19.4%	1554	-21.5%
Zoina	000961.SZ	126.7	27.7%	9189	25.6%	17.7	-0.8%	1289	5.1%
Ronshine	3301.HK	98.8	36.3%	4105	29.1%	15.9	30.5%	764	26.0%
ZhenRo	6158.HK	94.3	35.6%	5707	24.9%	12.0	-11.5%	730	-19.2%
Mideadc	3990.HK	93.1	58.5%	7680	44.2%	10.5	-0.2%	814	-14.1%
Logan	3380.HK	83.6	45.6%	4520	21.1%	10.0	-9.7%	616	-10.7%
Agile	3383.HK	83.5	27.1%	5367	11.5%	8.2	-22.7%	520	-31.8%
Kaisa	1638.HK	73.9	62.3%	4396	64.0%	10.1	5.9%	590	5.1%
R&F	2777.HK	73.3	10.0%	5464	-3.0%	8.3	0.0%	612	0.0%
Risesun	002146.SZ	67.8	21.2%	6247	23.9%	9.6	24.6%	903	29.2%
China SCE	1966.HK	67.1	40.3%	4286	27.8%	8.0	3.9%	579	-7.3%
Sino-Ocean	3377.HK	62.8	23.3%	3386	26.9%	10.4	14.8%	551	14.1%
PowerLong	1238.HK	62.5	60.1%	3956	55.3%	9.4	26.1%	570	13.9%
Yuzhou	1628.HK	62.4	15.7%	3302	0.5%	9.7	-12.5%	457	-32.4%
Times	1233.HK	53.3	31.7%	2723	-6.3%	7.9	0.2%	374	-33.8%
YueXiu	0123.HK	52.5	19.4%	1988	11.6%	5.1	-20.3%	197	-25.2%
BJ Capital Land	2868.HK	42.6	15.0%	1880	70.1%	2.3	-30.8%	138	27.8%
Central China	0832.HK	41.3	-15.4%	5738	-15.1%	2.3	-60.6%	308	-65.1%
COGO	0081.HK	39.6	35.6%	3588	30.4%	3.6	-6.6%	402	21.6%
Poly PPT	0119.HK	33.9	48.0%	1967	55.6%	2.6	-21.2%	175	-21.2%
Fantasia	1777.HK	33.2	49.0%	2056	23.7%	5.1	6.5%	320	3.9%
Modern Land	1107.HK	25.5	42.3%	2492	41.4%	4.2	4.8%	414	2.9%
Hopsen	0754.HK	24.4	65.9%	651	-28.3%	3.2	26.1%	77	-36.7%
Jingrui	1862.HK	21.2	119.9%	1125	166.2%	2.5	26.1%	156	50.7%

Source: Wind, company announcements, CWSI Research; note: Country Garden, Kaisa, Logan in attributable scale



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