



## This Week in China

### Real estate demand behind residents' balance sheet

#### Comments:

**Housing assets account for nearly 60% of the total assets of households, and housing loans are the main component of household liabilities.** Recently, Central Bank released the survey result of the assets and liabilities of more than 30,000 urban households in 30 provinces in Oct 2019. It is one of the most complete and detailed surveys on the assets and liabilities of urban residents in China. In the survey results, we see that: family assets are dominated by physical assets, housing accounts for 59.1%, which is 28.5 percentage points higher than that of U.S. resident households; mortgages are the main component of household liabilities, and account for 75.9% of total liabilities of households.

**The growth rate of the total demand for housing may slow down, and the performance of various regions has been differentiated.** In terms of assets, a high housing ownership rate of 96.0% indicates that the most families have secured their basic self-occupancy needs. At the same time, industrial transfer will promote population mobility, which in turn will bring new rigid demand to cities with population inflows; successful industry introduction will also drive regional economic growth, thereby increasing the scale of residents' assets and supporting improved demand. **In terms of liabilities,** households with rigid-housing loan face a relatively high risk, with their asset-liability ratio and monthly debt service income ratio are 24.2% and 33.0%, respectively, which are higher than the 16.5% and 29.0% of total households with mortgages; overall resident sector leverage in China has risen rapidly in the past ten years from 18% in 2018 to 56% in 2019, and the average household housing loan accounts for 75.9% of total household liabilities, therefore, in terms of the health of the overall economy, housing loans should not continue to rise rapidly, and housing demand may be suppressed to some extent. At the same time, resident sector leverage in some regions is relatively healthy, and may constitute a certain support for the demand for commercial housing in the area. Overall, the total demand for housing purchases in China may slow down, and the subsequent development of the real estate industry will be dominated by structural opportunities.

**Developers with advantages in regional coverage may achieve better results than peers.** A good city coverage can help developers achieve a balance between sell-through and profitability. The introduction of industries and the movement of population will have an impact on the value of city investment. From the perspective of population inflow, the economically developed areas, such as Yangtze River Delta, the Greater Bay Area and the central and western core cities and satellite cities undertaking industries perform better, and the demand for commercial housing will probably be supported.

#### Data points:

As of Apr 24<sup>th</sup>, new house transaction area in 42 major cities this week rose 4% WoW, and cumulative transaction area in 2020 fell by 28% YoY.

As of Apr 24<sup>th</sup>, saleable area (inventory) in 13 major cities this week rose 1%; average inventory period was 15.9months, decreasing 3% WoW.

As of Apr 24<sup>th</sup>, second-hand housing transactions in 15 major cities this week increased 8% WoW, and cumulative transaction area in 2020 fell 24% YoY.

#### Suggestion:

This week, LPR was cut as expected, at the same time, the 1-year TMLF interest rate was cut by 20bp, financial costs are expected to go down. In terms of policy, the central government has repeatedly mentioned that housing is not for speculation, and Shenzhen has strictly investigated real estate speculation and increased the supply of commercial housing, which can stabilize market expectations to a certain extent and continue to guide the healthy development of the industry. Maintain "Overweight" rating.

**Overweight**

(Maintain)

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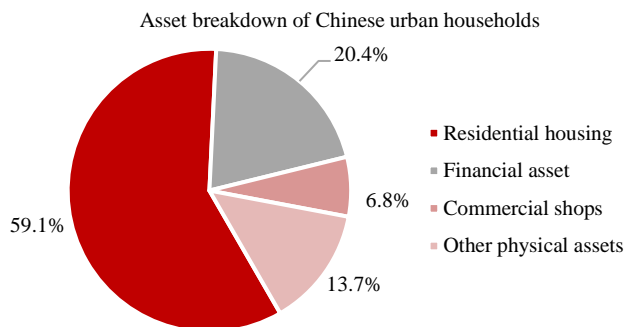
SFC CE Ref: BPK 789

# 1. Real estate demand behind residents' balance sheet

## 1.1 Real estate is an important part of the assets and liabilities of urban households in China

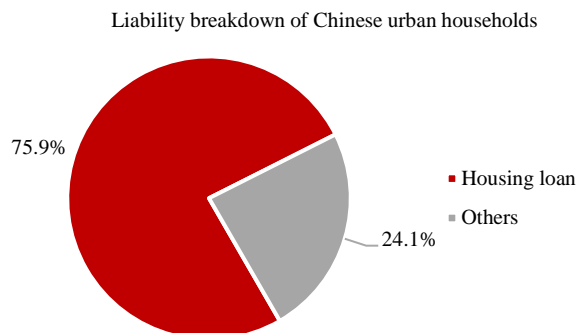
**Housing assets account for nearly 60% of the total assets of Chinese households, and housing loans are the main component of household liabilities.** Recently, the Research Group of Urban Resident Household Assets and Liabilities Survey of the Central Bank's Investigation and Statistics Department released the survey of the assets and liabilities of more than 30,000 urban households in 30 provinces (autonomous regions and municipalities) in the country in October 2019. It is one of the most complete and detailed surveys on the assets and liabilities of urban residents in China. In the survey results, we see that: family assets are dominated by physical assets, housing accounts for 59.1%, which is 28.5 percentage points higher than that of U.S. resident households; mortgages are the main component of household liabilities, and account for 75.9% of total liabilities of households with liabilities.

**Chart 1: China's residential housing assets accounted for 59.1% of total household assets**



Source: 2019 survey of assets and liabilities of Chinese urban households, CWSI Research

**Chart 2: Among households with liabilities, housing loan account for 75.9% of total household liabilities**



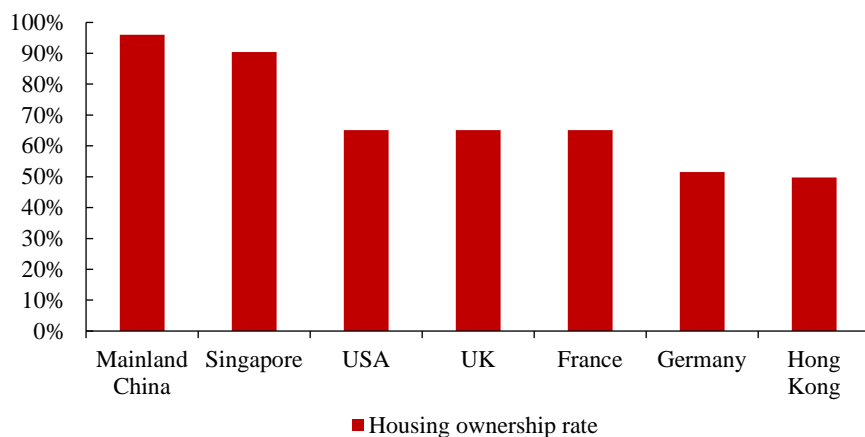
Source: 2019 survey of assets and liabilities of Chinese urban households, CWSI Research

## 1.2 Where are the growth opportunities for residential housing demand?

### 1.2.1 Asset: housing ownership rate is high, and population mobility brings demand

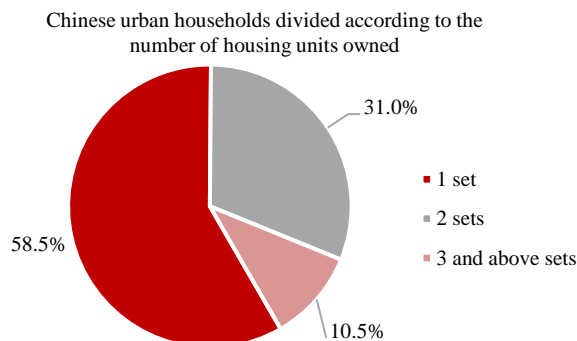
**The housing ownership rate is relatively high, and the growth of total demand may slow down.** The survey first announced the housing ownership rate of urban households in China. As of end-2019, the housing ownership rate of urban households in China reached 96.0%, of which 58.4% and 31.0% and 10.5% families have one, two, and three or more housing units, respectively, Chinese urban household owns 1.5 housing units in average. According to the statistics of national statistical departments of other countries, housing ownership rate of urban households in China ranks among the leading in the world. Housing ownership rate is related to culture and national conditions of various countries. For example, Singapore government continues to support residents through subsidies and other means to achieve housing ownership, so the housing ownership rate is high; Hong Kong has been affected by high housing prices in recent years, so housing ownership rate continued to decline. From the perspective of income scale, housing ownership rates of different income groups in China and the United States are both positively correlated with income. However, the difference in housing ownership rates of various income situations in China is smaller, even the lowest 20% income households have a home ownership rate of 89.1 %. The above data shows that most households in China can meet the housing demand for self-occupation, so the rigid demand for the purpose of owning a set of housing may be approaching the top.

**Chart 3: China's urban household housing ownership rate is at a relatively high level**



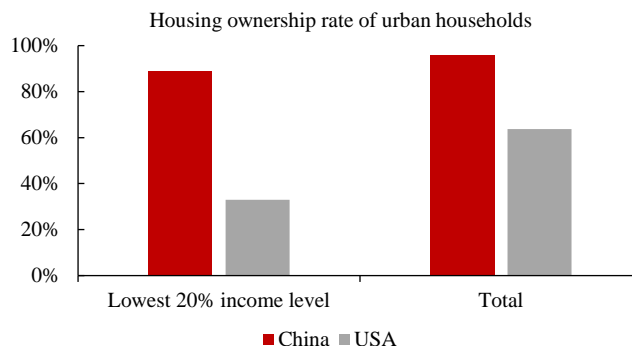
Source: 2019 survey of assets and liabilities of Chinese urban households, EUROSTAT, U.S. Department of Commerce, Singapore Department of Statistics, Wind, CWSI Research; Note: Mainland China, Hong Kong, USA and Singapore using data as of end-2019, Germany, UK, France and Germany using data as of end-2018

**Chart 4: Nearly 60% of urban households in China own a house**



Source: 2019 survey of assets and liabilities of Chinese urban households, CWSI Research

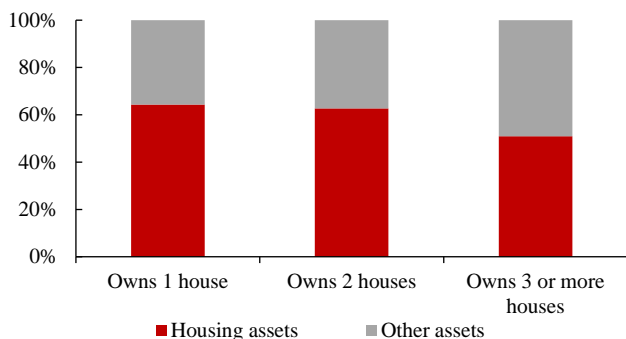
**Chart 5: The housing ownership rate of urban households at all income levels in China is more balanced**



Source: 2019 survey of assets and liabilities of Chinese urban households, CWSI Research

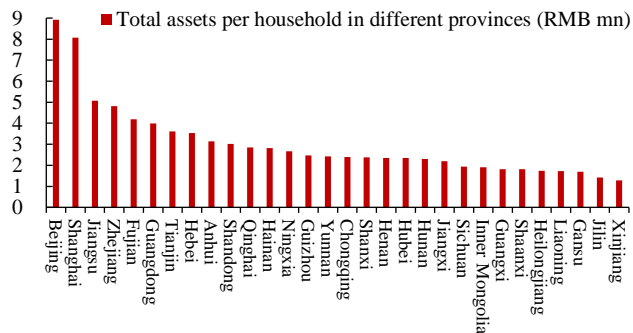
**The scale of assets has been differentiated among regions, highlighting structural opportunities.** The distribution of asset scale in various regions of China has been differentiated due to differences in economic development levels. Households in the economically developed eastern regions have the highest total assets per household. As industries are concentrated in more economically developed areas, labor will also flow following the transfer of industries. If the family is not transferred with the labor force, the original self-housing will continue to be used as a family asset, and the working population will bring new rigid demand to the cities it enters. On the other hand, according to the data disclosed this time, urban households with more housing units pay more attention to diversified investment after meeting basic self-housing needs, so housing accounts for a smaller proportion of their total assets, the liquidity of their asset is stronger, and they have the capability and intention to form improved housing demand. Therefore, the successful introduction of industries and population inflows will drive regional economic development, increase the scale of residents' assets, and provide support for the city's rigid and improved demand.

**Chart 6: The proportion of housing assets is inversely related to the number of houses owned**



Source: 2019 survey of assets and liabilities of Chinese urban households, CWSI Research

**Chart 7: Household assets scale in economically developed areas are larger**

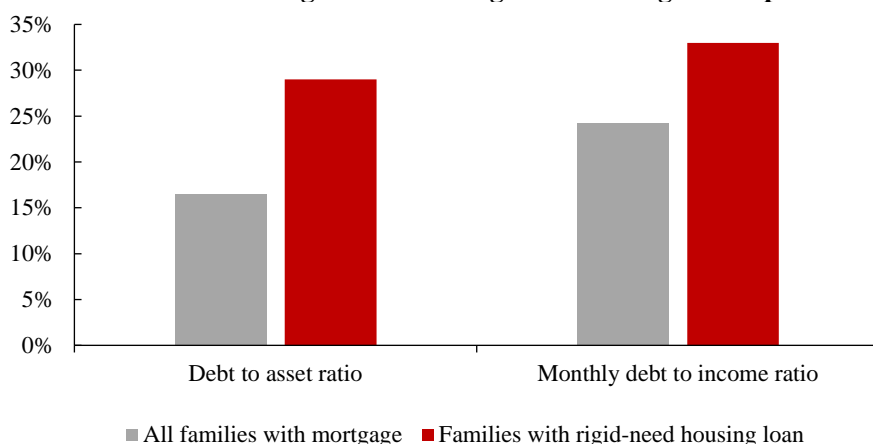


Source: 2019 survey of assets and liabilities of Chinese urban households, CWSI Research

## 1.2.2 Liability: debt risk may affect the willingness to buy a house, and regional opportunities are notable

**The household debt risk of rigid housing loans is outstanding, and the growth of demand for commercial housing may slow down.** The survey shows that the debt risk of households with rigid housing needs is more prominent. Their asset-liability ratio and monthly debt service income ratio are 24.2% and 33.0%, respectively, which are higher than the 16.5% and 29.0% of total households with mortgages. As housing prices are expected to be relatively stable at the moment, rigid housing demand is the main source of demand for commercial housing. Relatively high debt pressure may have a certain impact on the willingness of some potential rigid housing buyers to purchase a house. Considerations including high debt pressure and a significant reduction in consumption levels may lead them to choose to rent a house or return to the local, which will affect the overall growth rate of demand for commercial housing.

**Chart 8: Families with rigid-need housing loan face larger debt pressure**

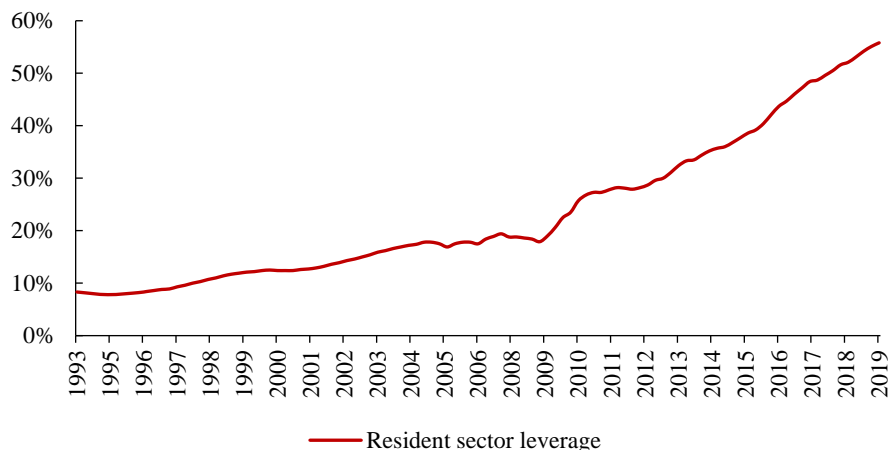


Source: 2019 survey of assets and liabilities of Chinese urban households, CWSI Research

**The overall resident sector leverage is rapidly rising, and regional opportunities are notable.** Under the environment of housing commodification and rising housing prices in the early days, resident sector leverage has risen rapidly, from only 18% as of end-2008 to 56% as of end-2019. The survey shows that 43.4% of households have housing loans, and the average household housing loan accounts for 75.9% of total household liabilities. Housing loans are the main component of household debt. The rapid growth of resident sector leverage will have a certain impact on the overall economic health, so housing loans, which are an important part of the liabilities of the residential sector, should not continue to grow rapidly. Judging from the policies after COVID-19, there has been no guidance for stimulating economic development through real estate as in the past when facing great downward pressure on the economy. The overall tone of “Houses are built to be inhabited, not for speculation” is still determined, many policies that stimulated the real estate industry were withdrawn, and the rapid increase in resident sector leverage in recent years may be one of the reasons. On the other hand, resident sector leverage and economic development level in different regions have been differentiated that, urban residents have a relatively high leverage ratio in regions with early real estate development and relatively high housing prices. However, due to the development of the metropolitan area, some satellite cities that undertake the spillover

industries of core cities have just started or speeded up their development, the level of residents' leverage is relatively healthy, and there is still room for certain improvement. Economic development will also have a positive effect on residents' willingness to buy houses, so demand for commercial housing may be supported.

**Chart 9: China's resident sector leverage has risen rapidly in the past ten years**



Source: National Balance Sheet Research Center, Wind, CWSI Research

**Table 1: After COVID-19 spread, many policies that stimulated the real estate industry were withdrawn**

Date	City	Policy Summary
2020-03-05	Guangzhou	Policy about commercial service projects that "no longer limited to sales targets, Relevant policies such as "minimum segmentation unit" were deleted.
2020-03-05	Zhumadian	Withdrew policies including lowering the down payment ratio, raising the housing provident fund loan limit, and lowering the personal housing mortgage loan interest rate.
2020-03-12	Baoji	Withdrew policies including tax deduction and exemption, adjustment of the proportion of land margin for bidding, installment payment of land transfer fee and credit support adjustment of the amount of purchase fund.
2020-03-17	Jinan	Delete the "Unrestricted Purchase Constraints for Purchasing Certain Standard Green Houses" policy issued on March 15.
2020-03-25	Haining	The previously announced policy of "non-Haining household registration personnel can buy multiple suites in Haining" has been withdrawn, and implemented in accordance with the original policy of "non-Haining household registration population is restricted to purchase a house in Haining".
2020-04-14	Qingdao	Withdrew the policy of freeing the restriction of sales published before. According to the rules before, Qingdao City encouraged demand for house as improvement. The real property ownership certificate could be traded after being held for 2 years. Local relevant talents do not need housing registration, social insurance or tax payment to purchase their first homes.
2020-04-23	Jingzhou	Stop execution of the new policy of real estate market released on April 20th, which includes reduction of down payment ratio to 20% on the first home purchase and to 30% on the second home purchase, exemption of deed tax in limited time, and increase from RMB 450,000 to RMB 50,000 of maximum loan quota of the housing provident fund, etc.

Source: Local government websites, CWSI Research

### **1.3 The growth rate of total demand may slow down, structural opportunities need to be grasped**

**The growth rate of the total demand for housing may slow down, and the performance of various regions has been differentiated.** According to the assets and liabilities of urban households in China, real estate occupies the main part of the assets of households and liabilities of households with liabilities. In terms of assets, a high housing ownership rate indicates that the most families have secured their basic self-occupancy needs. At the same time, industrial transfer will promote population mobility, which in turn will bring new rigid demand to cities with population inflows; successful industry introduction will also drive regional economic growth, thereby increasing the scale of residents' assets and supporting improved demand. In terms of liabilities, households with rigid-housing loan face a relatively high risk, and the overall resident sector leverage in China has risen rapidly in the past ten years, therefore, in terms of the health of the overall economy, housing loans, which are the main part of liabilities, should not continue to rise rapidly, and the demand for commodity housing purchases may be suppressed to some extent. At the same time, resident sector leverage in some regions is relatively healthy, and may constitute a certain support for the demand for commercial housing in the area. Overall, the total demand for housing purchases in China may slow down, and the subsequent development of the real estate industry will be dominated by structural opportunities.

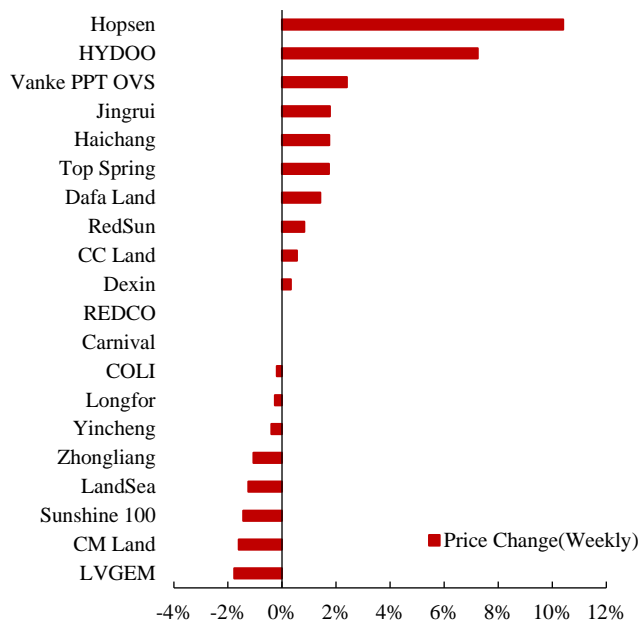
**Developers with advantages in regional coverage may achieve better results than peers.** A good city coverage can help developers achieve a balance between sell-through and profitability. The introduction of industries and the movement of population will have an impact on the value of city investment. From the perspective of population inflow, the economically developed areas, such as Yangtze River Delta, the Greater Bay Area and the central and western core cities and satellite cities undertaking industries perform better, and the demand for commercial housing will probably be supported. Developers that gain foothold in these areas may continue to benefit. As of the end of 2019, Dexin China, RiseSun, Jingrui, and Seazen own high proportion of landbank in the Yangtze River Delta, which reach 83.3%, 75.3%, 55.9%, and 44.9%, respectively; Times China, Kaisa, and KWG own high proportion of land bank in the Greater Bay Area, which reach 65.6%, 50.8%, and 38.7% respectively.

## 2. Sector Performance

### 2.1 Performance of developer sector

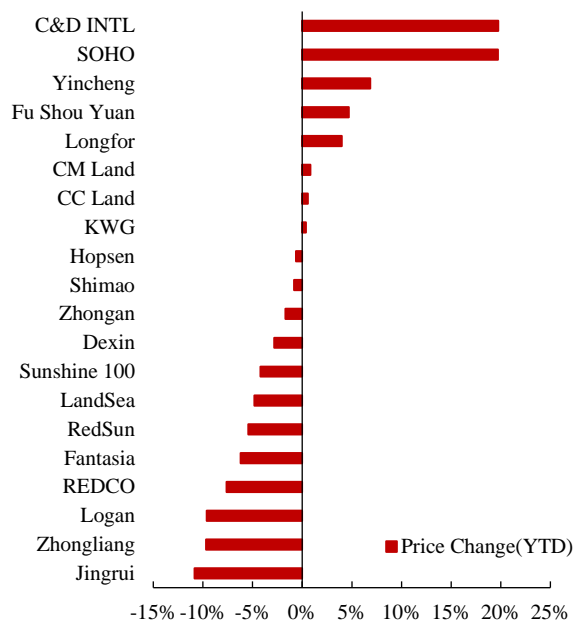
This week, Hopsen, HYDOO and Vanke PPT OVS had larger price increase than peers. C&D INTL, SOHO, and Yincheng had better share price performance, YTD.

**Chart 10: This week, Hopsen, HYDOO and Vanke PPT OVS had larger price increase than peers**



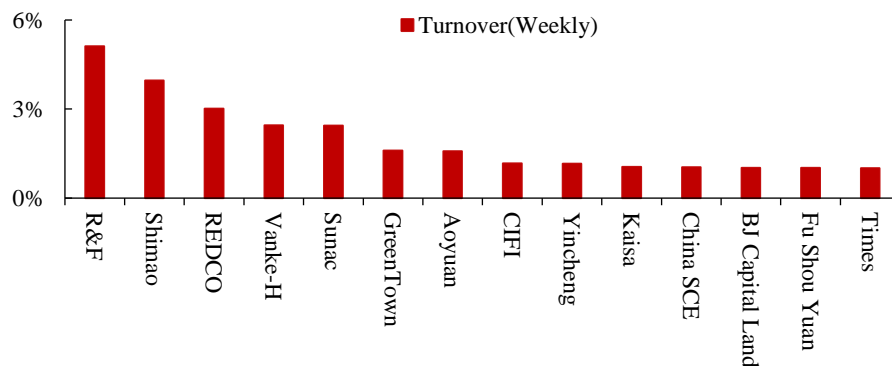
Source: Wind, CWSI Research

**Chart 11: C&D INTL, SOHO and Yincheng had better share price performance, YTD**



Source: Wind, CWSI Research

**Chart 12: R&F, Shimao and REDCO were most actively traded this week**

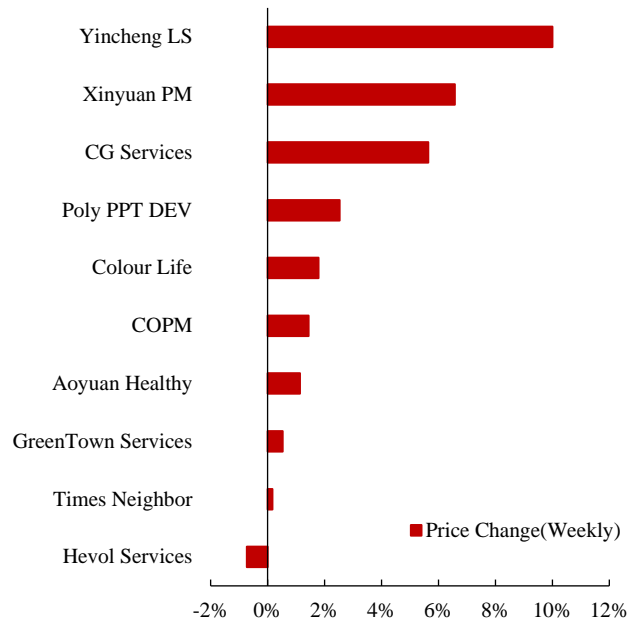


Source: Wind, CWSI Research

## 2.2 Performance of property service sector

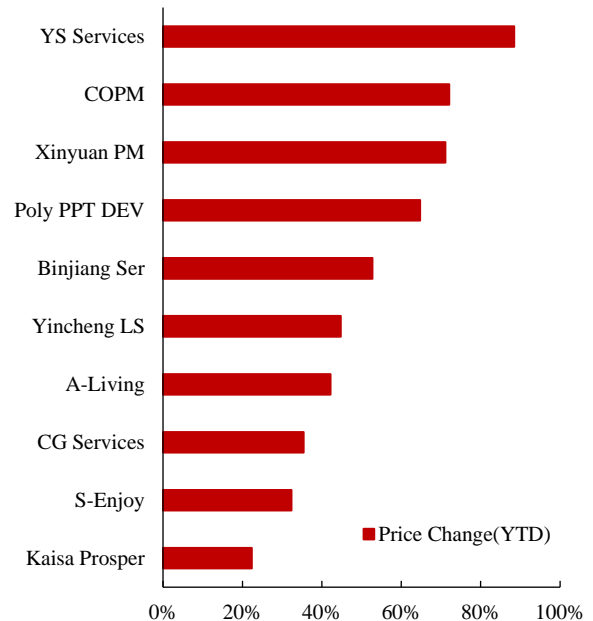
This week, Yincheng LS, Xinyuan PM and CG Services had larger price increase than peers. YS Services, COPM and Xinyuan PM had better share price performance YTD.

**Chart 13: This week, Yincheng LS, Xinyuan PM and CG Services had larger price increase than peers**



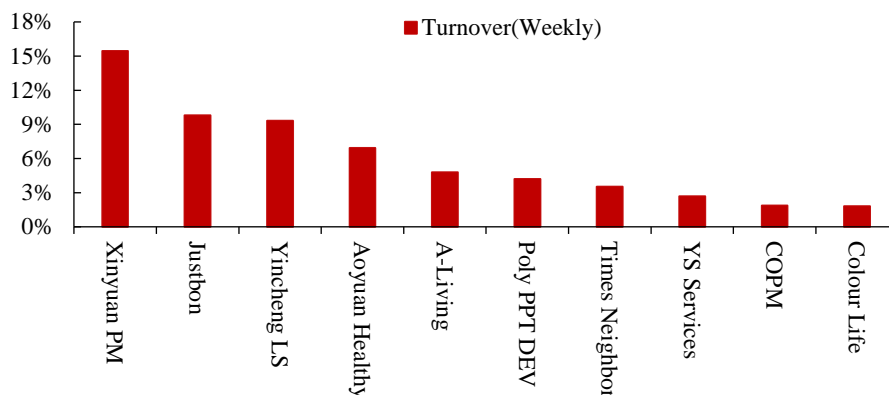
Source: Wind, CWSI Research

**Chart 14: YS Services, COPM and Xinyuan PM had better share price performance YTD**



Source: Wind, CWSI Research

**Chart 15: Xinyuan PM, Justbon and Yincheng LS were most actively traded this week**



Source: Wind, CWSI Research



## 3. Major cities transaction performance

### 3.1 New house transaction data

Table 2: Major cities new house transactions volume decreased YoY 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	101,074	21%	-62%	405	62%	-49%	341	78%	-42%	1,315	-38%
Shanghai	235,400	28%	-31%	896	56%	-32%	680	38%	-32%	2,368	-42%
Guangzhou	169,598	23%	-19%	685	52%	-25%	469	22%	-23%	1,572	-37%
Shenzhen	66,250	-17%	6%	307	-1%	37%	262	-4%	41%	957	10%
<b>Tier 1</b>	<b>572,323</b>	<b>18%</b>	<b>-35%</b>	<b>2,293</b>	<b>45%</b>	<b>-29%</b>	<b>1,751</b>	<b>31%</b>	<b>-27%</b>	<b>6,213</b>	<b>-35%</b>
<b>Tier 2</b>	<b>2,207,747</b>	<b>-1%</b>	<b>-6%</b>	<b>8,546</b>	<b>42%</b>	<b>-13%</b>	<b>6,901</b>	<b>35%</b>	<b>-11%</b>	<b>23,642</b>	<b>-23%</b>
<b>Tier 3</b>	<b>2,094,641</b>	<b>7%</b>	<b>-9%</b>	<b>8,211</b>	<b>30%</b>	<b>-13%</b>	<b>6,425</b>	<b>17%</b>	<b>-14%</b>	<b>21,254</b>	<b>-30%</b>
Beijing	101,074	21%	-62%	405	62%	-49%	341	78%	-42%	1,315	-38%
Qingdao	383,289	24%	48%	1,367	57%	18%	1,034	32%	9%	3,078	-11%
Dongying	106,833	10%	305%	602	171%	244%	365	76%	149%	931	121%
<b>PBR</b>	<b>591,196</b>	<b>21%</b>	<b>7%</b>	<b>2,373</b>	<b>77%</b>	<b>12%</b>	<b>1,739</b>	<b>47%</b>	<b>4%</b>	<b>5,324</b>	<b>-11%</b>
Shanghai	235,400	28%	-31%	896	56%	-32%	680	38%	-32%	2,368	-42%
Nanjing	128,114	-37%	8%	894	61%	32%	724	56%	34%	2,211	13%
Hangzhou	214,597	-2%	6%	776	25%	8%	637	19%	17%	2,005	2%
Suzhou	149,562	-12%	-41%	732	12%	-29%	611	17%	-29%	2,210	-18%
Wuxi	136,900	84%	46%	394	6%	-20%	311	-4%	-12%	1,182	-29%
Yangzhou	48,370	8%	15%	172	-4%	1%	172	-3%	5%	550	-21%
Jiangyin	41,903	-6%	-45%	192	37%	-21%	146	28%	-23%	565	-18%
Wenzhou	195,532	73%	3%	570	46%	-42%	456	38%	-35%	1,889	-44%
Jinhua	38,635	-8%	-34%	177	81%	-27%	140	66%	-27%	374	-29%
Changzhou	56,120	14%	-68%	217	-21%	-60%	171	-26%	-63%	748	-40%
Huainan	91,030	1%	17%	365	30%	21%	288	28%	14%	1,061	-28%
Lianyungang	120,011	-5%	17%	485	21%	2%	392	10%	2%	1,352	-23%
Shaoxing	45,711	-10%	-18%	199	19%	-9%	142	2%	-15%	505	-22%
Taizhou	32,407	45%	7%	100	21%	1%	84	1%	-3%	238	-9%
Zhenjiang	128,177	7%	-27%	522	50%	-23%	400	26%	-22%	1,240	-44%
Huainan	41,555	3%	2%	170	34%	21%	144	34%	21%	395	-29%
Wuhu	40,163	-23%	5%	172	9%	32%	140	4%	25%	416	2%
Yancheng	98,397	-22%	15%	416	21%	37%	373	41%	51%	938	-8%
Zhoushan	34,586	8%	23%	140	87%	14%	103	69%	20%	292	-5%
Chizhou	17,978	-26%	-21%	90	24%	-27%	75	30%	-24%	236	-36%
Ningbo	152,979	55%	-23%	531	78%	-33%	422	64%	-30%	1,337	-28%
<b>YRD</b>	<b>2,048,128</b>	<b>6%</b>	<b>-15%</b>	<b>8,208</b>	<b>32%</b>	<b>-16%</b>	<b>6,608</b>	<b>25%</b>	<b>-14%</b>	<b>22,110</b>	<b>-26%</b>
Guangzhou	169,598	23%	-19%	685	52%	-25%	469	22%	-23%	1,572	-37%
Shenzhen	66,250	-17%	6%	307	-1%	37%	262	-4%	41%	957	10%
Fuzhou	24,139	-36%	-28%	143	-39%	-19%	101	-34%	-23%	579	-28%
Dongguan	102,103	9%	-16%	417	77%	-5%	311	56%	-3%	965	-21%
Quanzhou	53,734	89%	4%	140	6%	-49%	115	1%	-49%	467	-59%
Putian	22,839	-19%	-39%	127	2%	18%	78	-22%	-3%	376	-23%
Huizhou	65,479	56%	18%	175	35%	-29%	147	34%	-24%	484	-34%
Shaoguan	38,837	86%	-10%	119	-30%	0%	93	-40%	-6%	389	-6%
Foshan	280,065	7%	-24%	1,095	56%	-28%	832	43%	-26%	2,455	-39%
Jiangmen	27,315	29%	35%	93	27%	9%	69	0%	1%	229	6%
Zhaoqing	40,514	-10%	-32%	200	61%	-16%	143	32%	-21%	490	28%



<b>PRD &amp; Southern China</b>	<b>890,872</b>	<b>12%</b>	<b>-16%</b>	<b>3,503</b>	<b>30%</b>	<b>-20%</b>	<b>2,620</b>	<b>17%</b>	<b>-19%</b>	<b>8,964</b>	<b>-30%</b>
Changchun	172,171	14%	-16%	684	25%	-19%	538	10%	-20%	1,769	-43%
Taian	44,255	-7%	-26%	164	69%	-24%	142	54%	-18%	401	-40%
<b>Northern China</b>	<b>216,426</b>	<b>9%</b>	<b>-18%</b>	<b>848</b>	<b>32%</b>	<b>-20%</b>	<b>680</b>	<b>17%</b>	<b>-20%</b>	<b>2,170</b>	<b>-42%</b>
Wuhan	235,445	34%	-42%	500	-	<b>-70%</b>	492	-	<b>-63%</b>	1,849	<b>-62%</b>
Yueyang	44,385	8%	36%	181	65%	-2%	145	55%	0%	442	-18%
Ganzhou	167,639	-14%	15%	643	-15%	-5%	536	-22%	-10%	2,024	-22%
<b>Central China</b>	<b>447,468</b>	<b>9%</b>	<b>-23%</b>	<b>1,324</b>	<b>54%</b>	<b>-48%</b>	<b>1,172</b>	<b>51%</b>	<b>-43%</b>	<b>4,315</b>	<b>-46%</b>
Chengdu	489,891	-14%	31%	1,745	11%	11%	1,529	15%	17%	5,376	-10%
Nanning	190,729	-33%	-35%	1,048	75%	-1%	729	39%	-14%	2,851	-35%
<b>Western China</b>	<b>680,620</b>	<b>-20%</b>	<b>2%</b>	<b>2,793</b>	<b>29%</b>	<b>6%</b>	<b>2,258</b>	<b>21%</b>	<b>5%</b>	<b>8,227</b>	<b>-21%</b>
<b>Total</b>	<b>4,874,711</b>	<b>4%</b>	<b>-12%</b>	<b>19,049</b>	<b>37%</b>	<b>-15%</b>	<b>15,077</b>	<b>27%</b>	<b>-14%</b>	<b>51,109</b>	<b>-28%</b>
<b>Num. of cities Up</b>		<b>24</b>	<b>21</b>		<b>35</b>	<b>16</b>		<b>33</b>	<b>14</b>		<b>7</b>
<b>Num. of cities Down</b>		<b>18</b>	<b>21</b>		<b>6</b>	<b>26</b>		<b>8</b>	<b>28</b>		<b>35</b>

Source: Local governments, CWSI Research; note: Till 2020/4/24



**Table 3: Major cities inventory period increased YoY dramatically**

City	Inventory (sqm 000)	wow	yoy	Inventory period	wow	yoy
Beijing	11,116	1%	12%	27.5	-5%	117%
Shanghai	7,802	6%	1%	8.7	0%	49%
Guangzhou	7,629	1%	-7%	11.1	1%	25%
Shenzhen	2,335	-3%	-29%	7.6	-2%	-48%
<b>Tier 1 Average</b>		<b>1%</b>	<b>-6%</b>	<b>13.7</b>	<b>-1%</b>	<b>36%</b>
Hangzhou	3,116	-2%	31%	4.0	-13%	21%
Nanjing	6,009	6%	72%	6.7	4%	30%
Suzhou	5,639	1%	-3%	7.7	-3%	38%
Fuzhou	4,996	2%	65%	35.0	29%	104%
Jiangyin	4,043	2%	-8%	21.0	-3%	17%
Wenzhou	10,585	2%	9%	18.6	-16%	87%
Quanzhou	7,089	0%	11%	50.5	-16%	118%
Ningbo	2,724	-2%	-13%	5.1	-12%	30%
Dongying	1,647	0%	19%	2.7	1%	-65%
<b>Overall Average</b>		<b>1%</b>	<b>12%</b>	<b>15.9</b>	<b>-3%</b>	<b>40%</b>

Source: Local governments, CWSI Research; Note: Till 2020/4/24



## 3.2 Second-hand house transaction and price data

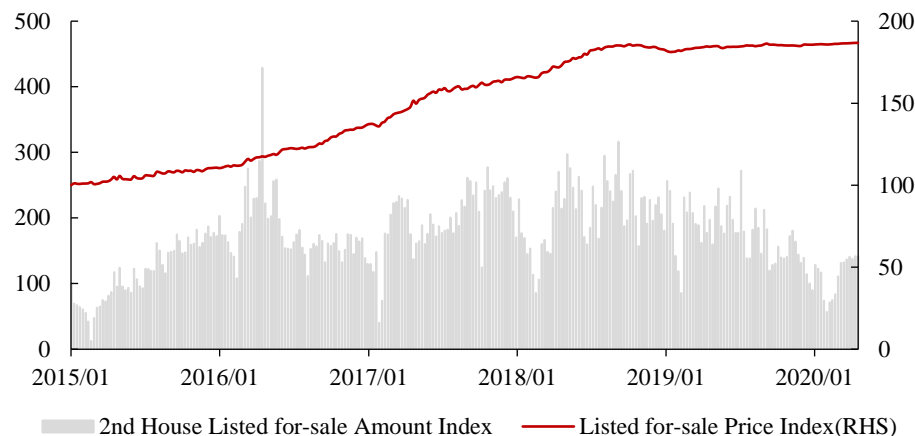
Table 4: Major cities Second-hand house transaction volume, Shenzhen rose significantly YTD

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	280,636	6%	18%	1,009	56%	-20%	838	57%	-12%	2,634	-28%
Shenzhen	154,660	2%	-5%	614	-3%	12%	496	-12%	8%	1,963	49%
Hangzhou	156,572	8%	8%	555	112%	10%	447	82%	9%	1,090	-17%
Nanjing	231,350	7%	34%	851	31%	36%	705	17%	22%	2,096	25%
Chengdu	127,709	-4%	-61%	469	81%	-60%	406	77%	-58%	1,345	-58%
Qingdao	123,615	7%	0%	442	61%	-3%	372	53%	-2%	1,088	-6%
Wuxi	187,251	20%	28%	626	91%	18%	527	70%	15%	1,292	-2%
Suzhou	117,962	7%	-59%	457	1%	-54%	375	-3%	-59%	1,436	-48%
Xiamen	64,522	0%	-47%	253	24%	-50%	211	26%	-48%	736	-43%
Yangzhou	27,217	-3%	14%	115	133%	20%	92	92%	17%	226	-23%
Yueyang	12,172	-9%	-22%	50	106%	-24%	43	98%	-23%	123	-38%
Nanning	40,051	-45%	-19%	169	-1%	-19%	132	-22%	-12%	524	-28%
Foshan	103,225	33%	-32%	331	20%	-44%	277	21%	-43%	1,013	-46%
Jinhua	94,668	115%	138%	219	116%	21%	197	139%	27%	454	24%
Jiangmen	19,590	12%	59%	71	24%	-17%	60	26%	-10%	156	-44%
<b>Total</b>	<b>1,741,201</b>	<b>8%</b>	<b>-14%</b>	<b>6,230</b>	<b>42%</b>	<b>-21%</b>	<b>5,178</b>	<b>33%</b>	<b>-21%</b>	<b>16,175</b>	<b>-24%</b>
<b>Num. of cities Up</b>		<b>11</b>	<b>8</b>		<b>13</b>	<b>6</b>		<b>12</b>	<b>6</b>		<b>3</b>
<b>Num. of cities Down</b>		<b>4</b>	<b>7</b>		<b>2</b>	<b>9</b>		<b>3</b>	<b>9</b>		<b>12</b>

Source: Local governments, CWSI Research; Note: Till 2020/4/24

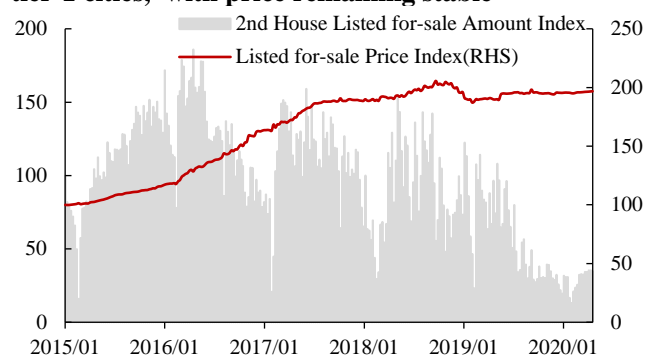


**Chart 16: 2nd house listed for-sale price index rose slightly recently**



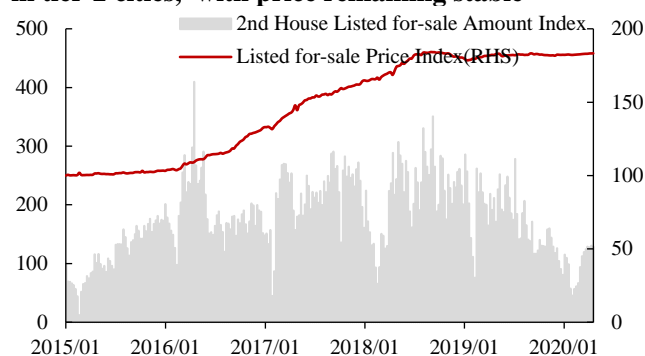
Source: Local Government, CWSI Research; Note: Till 2020/4/19

**Chart 17: 2nd house listed for-sale amount index rose in tier-1 cities, with price remaining stable**



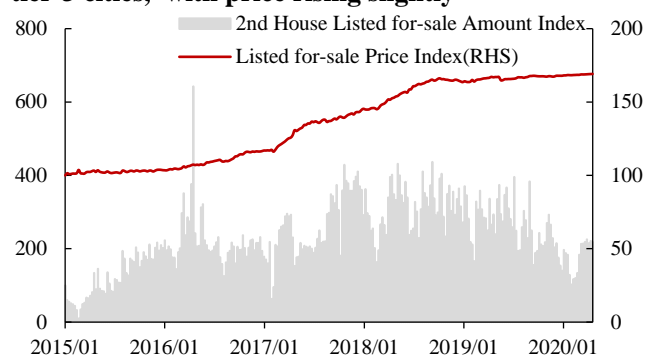
Source: Local Government, CWSI Research; Note: Till 2020/4/19

**Chart 18: 2nd house listed for sale amount index rose in tier-2 cities, with price remaining stable**



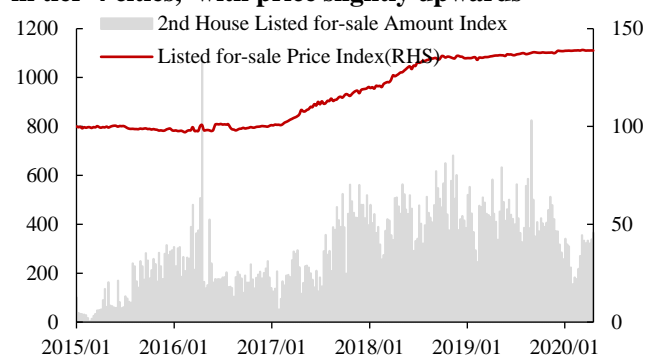
Source: Local Government, CWSI Research; Note: Till 2020/4/19

**Chart 19: 2nd house listed for-sale amount index rose in tier-3 cities, with price rising slightly**



Source: Local Government, CWSI Research; Note: Till 2020/4/19

**Chart 20: 2nd house listed for-sale amount index rose in tier-4 cities, with price slightly upwards**



Source: Local Government, CWSI Research; Note: Till 2020/4/19

## 4. Important Policies and News

### 4.1 Important Industry Policies News This Week

**Table 5: Important Industry Policies News This Week: On April 20th, 2020, one-year LPR is 3.85%, sharp cut of 20bp from 4.05% in March. Five-year and above LPR is 4.65%, decrease of 10bp from 4.75% in March; The Housing and Construction Bureau of Shenzhen insisted on the orientation of "houses are for living in, not for speculating with" and would continue to strictly implement the real estate regulation and control policies, strictly implement the limitation policies of purchase restriction, price restriction, loan restriction, sales restriction and house type restriction, and strictly control the phenomenon of housing speculation**

Date	Region / Institution	Summary
2020-04-20	Central Bank	On April 20th, 2020, one-year LPR is 3.85%, sharp cut of 20bp from 4.05% in March. Five-year and above LPR is 4.65%, decrease of 10bp from 4.75% in March.
2020-04-20	Zhongshan	Scarce and applicable talents, high-level talents, intermediate grade and above professional and technical talents, senior and above technical talents, and undergraduate and above talents within 5 years of graduation can register for residence in the town where they work, without the restriction of insurance and residence; talents with college degree and intermediate working skills could register for residence in the town where they work after they are insured in Zhongshan for 6 months.
2020-04-20	Chifeng	Promote five measures including resumption of work in sales office, real estate broking and agency as soon as possible. The measures include that housing provident fund could be used in the unit of family to purchase newly constructed commodity house and perform transactions of stocking house; those who have used housing provident fund less than twice could apply for loan accounting for 80% of the total house price. The maximum loan quota is RMB 800,000.
2020-04-20	Kunming	Adjust policies including the permit for advance sale of real estate property and housing provident fund loan. Propose that real estate development projects that could not be initiated or completed for the epidemic could apply to extend the time of initiation and completion for 6 months. No liability for breach of contract during the extension period.
2020-04-20	Zhejiang	Put emphasis on the renovation of the community constructed before 2000 (excluding communities that are incorporated into the renovation plans of shanty towns).
2020-04-21	Shanghai	According to the relevant requirements of "developing a comprehensive innovation and reform pilot program covering the whole Yangtze River Delta" put forward in the Outline of Regional Integration Development Plan For the Yangtze River Delta, Shanghai is working with Jiangsu, Zhejiang and Anhui to develop a comprehensive innovation and reform pilot program for the Yangtze River Delta.



2020-04-21	Jiangsu	The first Suzhou, Wuxi, and Changzhou integrated development and cooperation summit was held. The three cities reached a broad consensus in jointly promoting the coordinated sharing of regional scientific and technological innovation resources, the coordinated complementarity of regional industrial development opportunities, the coordinated interaction of regional major policy-making, and the coordinated docking of regional infrastructure construction, and signed the Memorandum on Integrated Development and Cooperation of Suzhou, Wuxi, and Changzhou.
2020-04-22	Shenzhen	The Shenzhen Center branch of Central Bank said that according to the statistics of self inspection submitted by the commercial banks as of 14:30 on April 20, no registered enterprises had been found to apply for business loans; no small-scale loan credit funds had been found to flow into the real estate market in the form of real estate mortgage business loans; under the jurisdiction, there are some commercial banks where some customers make full payment to purchase house and then use the newly purchased house as collateral to apply for business loan, but the scale accounts for a small proportion.
2020-04-22	Shenzhen	The Housing and Construction Bureau of Shenzhen insisted on the orientation of "houses are for living in, not for speculating with" and would continue to strictly implement the real estate regulation and control policies, strictly implement the limitation policies of purchase restriction, price restriction, loan restriction, sales restriction and house type restriction, and strictly control the phenomenon of housing speculation.
2020-04-22	Shenzhen	In 2020, 125 hectares of land with GFA of c.5.63mn sqm would be utilized in the commodity housing plan, where 63,000 sets would be built and 40,000 sets of housing projects would be supplied.
2020-04-22	Ha'erbin	Decide to improve the housing provident fund withdrawal quota for the rent payment of the public rental house, RMB 18,000 per year for each household in urban areas and RMB 12,000 per year for each household in counties and cities.
2020-04-23	Jingzhou	Stop execution of the new policy of real estate market released on April 20th, which includes reduction of down payment ratio to 20% on the first home purchase and to 30% on the second home purchase, exemption of deed tax in limited time, and increase from RMB 450,000 to RMB 50,000 of maximum loan quota of the housing provident fund, etc.
2020-04-23	Shanghai	Shanghai headquarters of the Central Bank insisted on the orientation of "houses are for living in, not for speculating with" and strictly prohibited the use of real estate as a risk mortgage, the violation of the credit policy through personal consumption loans and operational loans in disguised form, and funds provided to house buyers in violation of regulations, which affected the stable and healthy development of the real estate market.
2020-04-24	Central Bank	Carried out one-year TMLF of RMB 56.1bn with an operating interest rate of 2.95% and a previous rate of 3.15%.
2020-04-24	Suzhou	Suzhou Industrial Park issued a document proposing that qualified talents can enjoy the purchase subsidy and the priority of purchasing and renting such as talent group house, preemption house for talents and rental house for talents. Among them, top talents working full-time can get house purchase subsidy up to RMB 5mn according to "One Discussion for One Case".



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2020-04-24	Suzhou	Wujiang District of Suzhou City issued a document that the real estate development enterprises should randomly select no less than 30% of pre-sale licensed housing units in the current period before receiving the pre-sale license for the preemption house for talents.
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Source: Wind, Government website, CWSI Research

## 4.2 Company news and announcements

**Table 6: Company news and announcements: Shimao intended to spin off its property management services and related value-added services and launch it as a listed company in HKEX; CFLD achieved revenue of c.RMB 105.21 bn (+ 25.6%) and profit attributable to shareholders of c.RMB 14.61bn (+ 24.4%) in 2019**

Date	Company	Summary
2020-04-20	FINANCIAL STREET	The company successfully issued ultra-short-term financing bills of RMB 2.5bn with coupon rate of 1.74% on April 14 with a period of 267 days.
2020-04-20	Yango	The company planned to issue corporate bonds with a total amount not exceeding RMB 3bn.
2020-04-20	Binjiang	The company has won a plot of land of c.27,000 sqm with equity ratio of 100% in Xiaoshan District, Hangzhou City, Zhejiang Province.
2020-04-21	Gemdale	The company adjusted the coupon rate of "18 Gemdale 03" corporate bonds from 5.29% to 1.50%, and the value date is May 28, 2020.
2020-04-21	Shimao	The company intends to spin off its property management services and related value-added services and launch it as a listed company in HKEX.
2020-04-22	Aoyuan Healthy	The company planned to purchase c.80% of the equity of Le Life Smart Community Service Group Co., Ltd. under Kinghand Co., Ltd. for c.RMB 250mn.
2020-04-23	Yango	The company determined that in 2020, the coupon rate of the corporate bonds (first phase) publicly issued for qualified investors will be 6.95% (Variety 1) and 7.30% (Variety 2).
2020-04-23	SLHC	The company achieved revenue of c.3.95bn (-17.7%) and profit attributable to shareholders of c.1.35bn (+ 10.1%) in 2019.
2020-04-23	Shimao	Approximately 78.204 mn shares of the company were placed at c.HKD 29.7 per share, accounting for c.2.26% of the company's issued share capital and c.2.21% of the enlarged share capital. The placing shares are expected to be sold to certain funds or accounts recommended by Capital Research and Management Company or its affiliated companies.
2020-04-23	SID	The company planned to issue 5-year corporate bonds of less than RMB 800mn and with coupon rate of 2.50% ~ 3.50%.
2020-04-23	Zensun Enterprises Limited	The company purchased a land of c.54,000 sqm located on Chuxiang Avenue, Huaibin County, Xinyang City for c.RMB 97.631mn.
2020-04-23	COLI	In March 2020, the company achieved contracted sales of RMB 26.77 bn (+ 7.0%) and cumulative contracted sales of RMB 59.72bn (-11.7%) in 2020.
2020-04-23	BUCID	The company plans to issue corporate bonds with a total amount not exceeding RMB 5.8 bn and a term not exceeding 5 years.
2020-04-24	GREATTOWN	The company achieved revenue of c.RMB 13.04bn (-2.5%), and profit attributable to shareholders of c.RMB 740mn (+ 35.0%) in 2019.
2020-04-24	PRE	The company successfully issued medium-term notes of RMB 600 mn and with coupon rate of 3.49% and period of 5+N years.
2020-04-24	CFLD	In 2019, the company achieved revenue of c.RMB 105.21 bn (+ 25.6%) and profit attributable to shareholders of c.RMB 14.61bn (+ 24.4%).
2020-04-24	CFLD	In the first quarter of 2020, the company achieved operating income of c.RMB 19.52 bn (+ 89.6%) and profit attributable to shareholders of c.RMB 2.89bn (-2.6%).



2020-04-24	CFLD	Cumulative contracted sales in 2020 is c.15.77bn (-48.4%) and cumulative contracted sales area is 705,000 sqm (-76.9%).
2020-04-24	SZI	In March 2020, contracted sales was c.RMB 1.39 bn (+ 146.7%), and contracted sales area was 43,000 sqm (+ 65.1%). Cumulative contracted sales in 2020 is c.RMB 2.57 bn (+ 77.4%), and the cumulative contracted sales area is 79,000 sqm (-1.4%).

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%.

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

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Neutral – Describes sectors that we expect to provide a relative return of between -10% and +10%.

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