



YoY increase in accumulated sales

Comments on Jul 20 sales data of leading developers

Accumulated sales growth rate returned to positive for the first time this year, and monthly sales growth rate increased. In the first 7 months of 2020, TOP100 developers realized a total contracted sales of RMB 6.28 tn (+1.1% YoY, vs -3.3% in Jan-Jun 2020), and contracted GFA of 458 mn sqm (+1.8% YoY, vs -2.6% in Jan-Jun 2020). In Jul 20, accumulated sales of TOP100 developers returned to positive for the first time in 2020, and monthly sales growth continued to increase, reaching 28.1% (+13.9% in Jun 2020). In recent months, the gradual release of residents' housing demand and the active promotion of developers have jointly made the sales of commercial housing continue to pick up, which is expected to support the steady development of industry sales throughout the year.

Accumulated sales of large and medium-sized developers have increased YoY, and the monthly sales growth has been relatively fast. From Jan to Jul 2020, the growth rate of accumulated contracted sales of Top10 developers returned to positive, with a YoY increase of 1.2% (-3.4% from Jan to Jun 2020); the growth rate of accumulated contracted sales of TOP 11-50 continue to improve, achieving an increase of 4.4% YoY (+0.03% from Jan to Jun 2020). In terms of monthly sales performance in Jul, Top 10 and Top 11-50 grew the fastest, reaching 31.5% and 31.2% YoY, respectively (Top 51-100 increased 16.0% YoY). Companies that grew the fastest in accumulated contracted sales in Jan-Jul 2020 were C&D INTL (+62.2% YoY), Yuzhou (+56.0% YoY), NewHope (+39.5% YoY), Jinmao (+34.0% YoY) and EverGrande (+29.4% YoY).

“Housing for living, not for speculation” maintained, local regulation and talent policies are jointly promoted. In Jul 2020, real estate work conferences and the Politburo meeting of the CPC Central Committee reiterated the positioning of “housing for living, not for speculation” to ensure the stable and healthy development of the real estate market. At the local level, a number of popular cities have introduced regulatory policies: commercial houses bought through high-level talent preferentially purchase in Hangzhou not to be listed for trading within 5 years, Shenzhen, Ningbo, Nanjing, etc. have strengthened purchase restrictions; at the same time, Hangzhou, Ningbo, and Nanjing show preferences for families without houses to guarantee the housing needs of residents. Many cities have also promoted talent policies: Nanjing and Dongguan issued regulations on talent settlement, and Zhuhai planned to implement settlement in the city within 5 years of graduation and then get employment. The current central and local policies continue to implement the positioning of “housing for living, not for speculation”, and the overall policy environment remains stable.

Suggestion:

In Jul 20, accumulated sales growth rate of TOP100 developers returns to positive for the first time, industry fundamentals perform well. In terms of policies, the Politburo meeting has not significantly relaxed or tightened the industry's tone; popular cities have issued regulatory policies for speculative demand, and at the same time provided certain support for rigid needs groups including families with no houses and talents, and may guide the industry to embrace healthy development under rational house purchase emotions. Maintain “Overweight” rating for the industry.

Note: Uncertainties in the industry regulation and financing policies may affect the sales performance; macroeconomic fluctuations may have certain impact on business operations within the industry; uncertainties in the control of COVID-19 spread.

Overweight

(Maintain)

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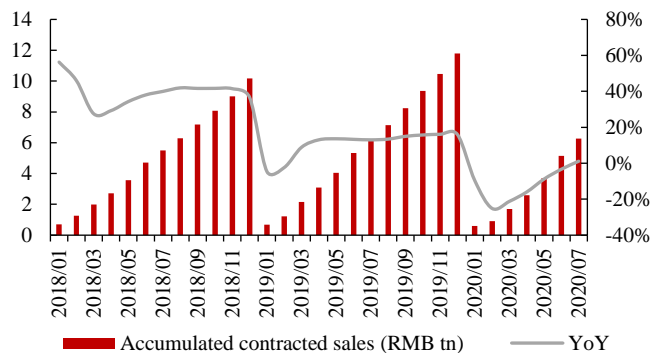
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EH Consulting released the sales data of developers for Jul 2020. Accumulated sales growth rate of TOP100 developers returns to positive for the first time with accumulated contracted sales increased by 1.1% YoY, single-month contracted sales increased by 28.1% YoY.

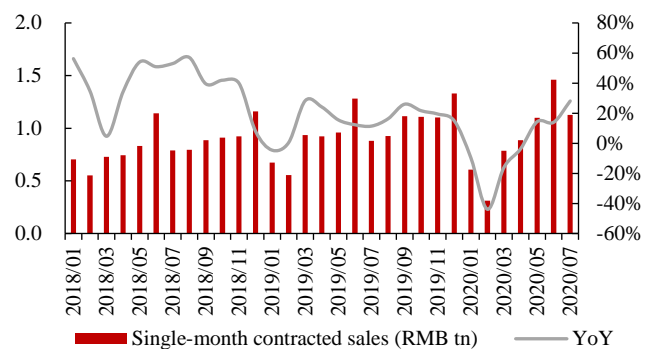
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Chart 1: Accumulated contracted sales from Jan to Jul 2020 of TOP100 developers increased 1.1% YoY



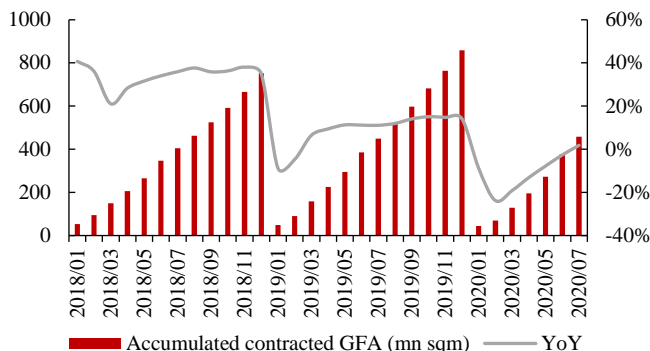
Source: EH Consulting, CWSI Research

Chart 2: Single-month contracted sales in Jul of TOP100 developers increased 28.1% YoY



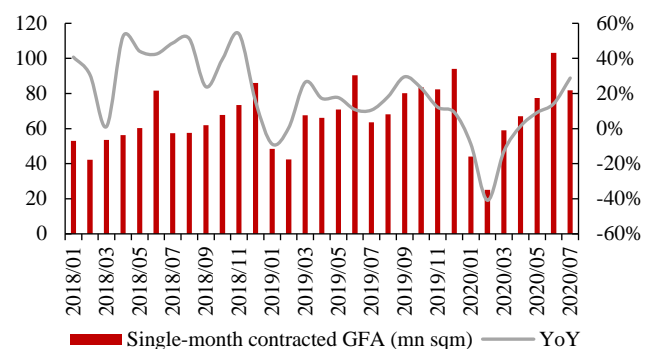
Source: EH Consulting, CWSI Research

Chart 3: Accumulated contracted GFA from Jan to Jul 2020 of TOP100 developers increased 1.8% YoY



Source: EH Consulting, CWSI Research

Chart 4: Single-month contracted GFA in Jul of TOP100 developers increased 28.8% YoY

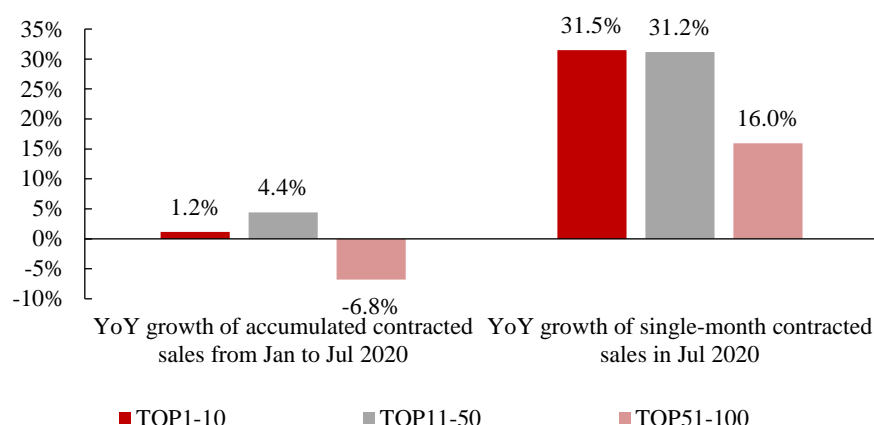


Source: EH Consulting, CWSI Research



Accumulated sales of large and medium-sized developers have increased YoY, and the monthly sales growth has been relatively fast. From Jan to Jul 2020, the growth rate of accumulated contracted sales of Top10 developers returned to positive, with a YoY increase of 1.2% (-3.4% from Jan to Jun 2020); the growth rate of accumulated contracted sales of TOP 11-50 continue to improve, achieving an increase of 4.4% YoY (+0.03% from Jan to Jun 2020). In terms of monthly sales performance in Jul, Top 10 and Top 11-50 grew the fastest, reaching 31.5% and 31.2% YoY, respectively (Top 51-100 increased 16.0% YoY). Companies that grew the fastest in accumulated contracted sales in Jan-Jul 2020 were C&D INTL (+62.2% YoY), Yuzhou (+56.0% YoY), NewHope (+39.5% YoY), Jinmao (+34.0% YoY) and EverGrande (+29.4% YoY).

Chart 5: Accumulated sales of large and medium-sized developers have increased YoY, and the monthly sales growth has been relatively fast



Source: EH Consulting, CWSI Research

“Housing for living, not for speculation” maintained, local regulation and talent policies are jointly promoted. In the environment of rapid recovery of market enthusiasm in some regions, at the end of Jul 2020, real estate work conferences and the Politburo meeting of the CPC Central Committee reiterated the positioning of “housing for living, not for speculation” to ensure the stable and healthy development of the real estate market. At the local level, a number of popular cities have introduced regulatory policies: commercial houses bought through high-level talent preferentially purchase in Hangzhou not to be listed for trading within 5 years, Shenzhen, Ningbo, Nanjing, and Dongguan have strengthened purchase restrictions; at the same time, Hangzhou, Ningbo, and Nanjing show preferences for families without houses to guarantee the housing needs of residents. On the other hand, many cities have also promoted talent policies: Nanjing and Dongguan issued regulations on talent settlement, and Zhuhai planned to implement settlement in the city within 5 years of graduation and then get employment. The current central and local policies continue to implement the positioning of “housing for living, not for speculation”, and the overall policy environment remains stable.



Table 1: A Glance of Real Estate Policies in July, “Housing for living, not for speculation” maintained, local regulation and talent policies are jointly promoted

Date	Region/ Institution	Policy Summary
2020-07-02	Hangzhou	Clarified that newly-built commercial housing purchased by high-level talent households in this city shall not be listed within 5 years from the date of housing online signing Transaction; it is clear that the proportion of newly-built commercial housing projects with an average price of less than 35,000 yuan/sqm for housing-free households is generally not less than 50%. Among them, in addition to meeting the original requirements, the housing-free households must also meet the self-purchase date Starting from one year, it has been required to continuously pay urban social insurance or personal income tax for 12 months within the scope of this city's purchase limit.
2020-07-02	Dongguan	To accelerate the sale of commercial housing under construction to the market, strengthen the sales price guidance for commercial housing, and strengthen the sales supervision of commercial housing projects.
2020-07-06	Zhuhai	Intended to be implemented within the city within 5 years after graduation and first employment; partial conditions that meet the conditions The college degree or above can be settled; Zhuhai enterprises can recruit new students from technical (vocational) colleges within two years of graduation.
2020-07-15	Shenzhen	Adjust the purchase limit of commercial housing, improve differentiated housing credit measures, refine ordinary housing standards, give full play to the role of tax regulation, strengthen the management of hot real estate sales, implement online management of housing mortgage contracts, and increase the disclosure of information on second-hand housing transactions.
2020-07-22	Changchun	Starting from August 1, 2020, for the second time to apply for a housing provident fund personal housing loan, the loan interest rate will be 1.1 times that of the first housing provident fund personal housing loan in the same period.
2020-07-22	Ningbo	Eligible "family without house" can first subscribe for a commercial house in the sixth district of the city. The house is required not to be transferred after obtaining the real estate ownership certificate for 5 years.
2020-07-23	Nanjing	Priority will be given to guaranteeing the rigid housing needs of households with no housing registration in this city, and the commercial housing project provides households with no housing registration in this city with a proportion of not less than 30% of each batch. If the couple is divorced, if either party purchases commercial housing within 2 years from the date of divorce, the number of housing units owned by the couple shall be calculated based on the total number of units in the family before the divorce. Strictly implement the "limit house price, compete land price" transfer model, improve land market access conditions, and establish a qualification screening mechanism for registration units of residential land in popular regions.
2020-07-24	The State Concil	Han Zheng: We must firmly adhere to the positioning that houses are used for living, not for speculation, insist on not using real estate as a short-term means of stimulating the economy, and insist on stabilizing land prices, housing prices, and expectations. Ensure the stable and healthy development of the real estate market; implement a prudent management system for real estate finance to prevent illegal capital flowing into the real estate market; do a good job in housing protection, and promote old urban community renovation and shed reform in accordance with local conditions.
2020-07-27	Dongguan	Increase the supply of residential land and housing, adjust the purchase restriction policy of commercial housing, and adjust the transfer period of commercial housing.



2020-07-28	Central Bank	Banks are required to collect statistics on consumer joint loan business and figure out the inflow of online consumer loans into the property market.
2020-07-28	Nanjing	In response to issues such as priority selection of houses for talents and support for priority purchases of houses for immediate needs, specific rules for lots drawing and house selection are issued.
2020-07-30	Political Bureau meeting of the CPC Central Committee	New types of urbanization should drive investment and consumer demand, and promote the innovation of the integrated development system of urban agglomerations and metropolitan areas; adhere to the positioning of housing for living, not for speculation, and promote the steady and healthy development of the real estate market.
2020-07-30	Dongguan	All companies and individuals shall suspend any new construction, reconstruction and expansion of any building (structure) within the Binhai Bay New Area, including projects that have obtained relevant approval documents and filings in Humen Town and Chang'an Town.
2020-07-30	Dongguan	Focus on the settlement measures for seven types of talents, and increase settlement measures for top talents, innovative talents, high-skilled talents, R&D talents, and new entrants on the basis of existing featured talents and new employment talent settlement policies, covering high-level and basic talents at all levels.

Source: Government websites, CWSI Research



Table 2: Sales of developers in Jul 2020, Yuzhou and NewHope increased the fastest

No.	Company	Sales Amount (RMB '00 mn)				Sales Area (10 thousand sqm)			
		Jan-Jul	Jan-Jul YoY	Jul	Jul YoY	Jan-Jul	Jan-Jul YoY	Jul	Jul YoY
1	Country Garden	4483	-1%	760	29%	5332	7%	911	41%
2	EverGrande	4168	29%	680	68%	4616	54%	753	96%
3	Vanke	3775	-1%	570	18%	2447	-1%	370	18%
4	PRE	2730	-2%	485	79%	1814	-1%	322	72%
5	Sunac	2473	-3%	520	26%	1777	2%	374	35%
6	COLI	1975	-1%	255	-12%	1096	3%	141	-3%
7	Greenland	1492	-23%	162	-38%	1181	-31%	150	-35%
8	Shimao	1395	16%	291	45%	793	19%	164	45%
9	CR Land	1348	3%	240	90%	775	11%	143	98%
10	CMSK	1336	11%	229	18%	614	-4%	117	-4%
11	Longfor	1321	5%	210	5%	778	2%	124	7%
12	Jinmao	1243	34%	214	50%	668	60%	120	102%
13	Gemdale	1225	22%	209	41%	584	17%	100	43%
14	Future Land	1196	-19%	220	-10%	1083	-15%	205	-7%
15	GreenTown	1101	27%	189	49%	528	10%	97	29%
16	Sunshine City	1080	2%	180	13%	872	4%	145	6%
17	Jinke	1028	11%	198	72%	1039	3%	215	29%
18	CIFI	1027	0%	220	51%	647	9%	157	84%
19	Zhongnanconstruction	1000	4%	186	26%	738	-2%	129	16%
20	Zhongliang	796	6%	119	6%	687	-4%	146	251%
21	ZhenRo	748	9%	188	86%	512	16%	146	137%
22	Ronshine	725	4%	121	-6%	318	-5%	61	18%
23	Logan	704	29%	133	42%	479	19%	108	66%
24	Binjiang	685	12%	134	40%	205	-1%	40	22%
25	R&F	666	-12%	117	6%	553	-19%	98	32%
26	Agile	657	0%	106	45%	473	3%	68	26%
27	Kaisa	642	16%	131	55%	535	27%	119	51%
28	Aoyuan	604	0%	96	44%	603	1%	92	38%
29	Shinsun	602	-7%	93	-3%	496	-17%	84	-9%
30	Mideade	587	9%	105	54%	530	3%	92	44%
31	Risesun	562	5%	80	18%	506	4%	72	10%
32	Sinicdc	557	-6%	122	62%	348	-13%	50	65%
33	BJ Capital Development	543	6%	100	-6%	187	4%	34	0%
34	Yuzhou	539	56%	110	82%	329	44%	68	58%
35	Huafa Industrial Share	524	8%	83	64%	216	7%	39	80%
36	CFLD	520	-29%	104	9%	302	-52%	87	16%
37	Newhope	510	40%	110	71%	273	51%	91	242%
38	Sino-Ocean	509	-25%	90	15%	254	-22%	36	-13%
39	Excellence	507	-9%	71	-12%	257	-20%	23	-48%
40	BRC	506	-13%	125	8%	548	-13%	130	10%
TOP1-10 Total		25176	1%	4312	31%	20446	5%	3467	34%
TOP1-50 Total		52584	3%	9148	31%	39138	5%	6980	41%
TOP1-100 Total		62754	1%	11278	28%	45768	2%	8184	29%

Source: EH Consulting, CWSI Research

**Suggestion:**

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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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Hold – Describes stocks that we expect to provide a relative return of between -10% and +5%.

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

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

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

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