

## This Week in China

### Property market code in the 14th Five-Year Plan

#### *Topic of the week:*

**Development opportunities and challenges present new changes, and economic development pays more attention to quality and technological innovation.** The current international situation and environment are more complex, industrial reforms are developing in depth, and the impact of COVID-19 is serious. The communique of this meeting did not mention the speed of economic development, but emphasized the quality of development; further emphasized the position of technological innovation in the economic development strategy, and for the first time put forward "take independence of science and technology as the strategic support of national development."

**Industry tone may remain stable, developers may need to grasp the dual opportunities of regional coverage and business models.** High-quality development requires stable cost factors, and the real estate industry's basic tone may remain stable. In this environment, developers may grasp following opportunities: **1) Regional coverage:** emerging industries may need to go through a long period of trial and error before entering the development stage, so and cities that are more prominent in supporting and attracting emerging industries may be more promising. **2) Business model:** Developers with excellent industry introduction and urban operation capabilities may obtain land resources at a reasonable price more smoothly to ensure scale growth and profits.

**Regional coordinated development focuses more on spatial coordination, and the logic of urban agglomeration development continues.** Regional coordinated development related expressions this time focused more on the spatial coordinated development rather than the coordinated development of urban and rural areas last time, which is consistent with the development logic of urban agglomerations in recent years. From the perspective of industrial development, population migration and land supply, the industry development space will further shift to tier-2 and metropolitan cities.

**The positioning of the aging response is improved, and the development pension-related businesses may welcome opportunities.** The "action" to respond to population aging was elevated to a "national strategy", and the focus shifted from "population development" to "social security system" and "healthy China construction", reflecting that society and governments may take more responsibility for the elderly during the "14th Five-Year Plan" period. The product categories of developers may need to be iterated, and the introduction of comprehensive projects for the elderly care industry may promote a win-win situation between government and developers.

#### *Data points:*

As of Oct 30<sup>th</sup>, new house transaction area in 42 major cities this week decreased 6% WoW, and cumulative transaction area in 2020 fell by 1% YoY.

As of Oct 30<sup>th</sup>, saleable area (inventory) in 13 major cities this week remained unchanged WoW; average inventory period was 11.4 months, average change was 7%.

As of Oct 30<sup>th</sup>, second-hand housing transactions in 15 major cities this week decreased 2% WoW, and cumulative transaction area in 2020 fell 2% YoY.

#### *Suggestion:*

Industry sales growth in Oct slowed down slightly from the previous month, but the cumulative sales growth rate continued to increase, industry fundamentals continued to pick up. The Fifth Plenary Session of the 19th CPC Central Committee emphasizes the quality of economic growth rather than speed, and strengthens the relevant expressions of coordinated regional development, which may bring certain opportunities for industry development. Maintain "Overweight" rating.

**Overweight**

(Maintain)

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# 1. Property market code in the 14th Five-Year Plan

A few days ago, the Fifth Plenary Session of the Nineteenth Central Committee of the Communist Party of China has successfully completed various agendas and approved proposals for formulating the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035. Compared with the "13th Five-Year Plan", how does the overall environment of the "14th Five-Year Plan" change? What changes have been made to the economy and the real estate industry in this meeting? What industry opportunities are contained in the "14th Five-Year" development plan?

## 1.1 What will happen to the development during the "14th Five-Year Plan" period?

**China is still in an important period of strategic opportunity for development at present and for the foreseeable future, but there are new developments in both opportunities and challenges.** The development logic should be clarified based on the development environment of the corresponding period and the relative weaknesses in the development. Compared with the Fifth Plenary Session of the 18th Central Committee, the communique of this meeting has greatly increased the length of the current development environment. While affirming China's sufficient development advantages and conditions, it clearly stated that "China's unbalanced and inadequate development is still prominent, the reform tasks in key areas and key links are still arduous, the innovation capabilities do not meet the requirements of high-quality development, the agricultural foundation is not stable, the gap between urban and rural regional development and income distribution is large, ecological environmental protection has a long way to go, and there exists shortcomings in people's livelihood guarantee and social governance." At present, the international situation and environment are more complicated, industrial reforms are developing in depth, and the impact of COVID-19 is serious. Under the "major changes unseen in a century," the breakthrough and strategic priorities of the "14th Five-Year Plan" have only undergone corresponding changes.



**Table 1: China's development environment is showing new changes**

Communique of	Development environment related expressions
Fifth Plenary Session of the 18th Central Committee	“十三五”时期，我国发展仍处于可以大有作为的重要战略机遇期，也面临诸多矛盾叠加、风险隐患增多的严峻挑战。
Fifth Plenary Session of the 19th Central Committee	当前和今后一个时期，我国发展仍然处于重要战略机遇期，但 <b>机遇和挑战都有新的发展变化</b> ...我国发展不平衡不充分问题仍然突出，重点领域关键环节改革任务仍然艰巨，创新能力不适应高质量发展要求，农业基础还不稳固，城乡区域发展和收入分配差距较大，生态环保任重道远，民生保障存在短板，社会治理还有弱项。

Source: Government website, CWSI Research

**Economic development has weakened the speed and paid more attention to quality and efficiency.** In the relevant expressions of economic development, the communique of the Fifth Plenary Session of the 18th Central Committee proposed that "the economy maintains medium and high-speed growth"; the communique of this meeting did not mention the speed of economic development, which is consistent with the behavior that did not mention GDP growth in the 2020 government work report.

**Table 2: The communique of the meeting emphasizes the improvement of quality and efficiency**

Communique of	Economic development related expressions
Fifth Plenary Session of the 18th Central Committee	<b>经济保持中高速增长</b> ，在提高发展平衡性、包容性、可持续性的基础上，到二〇二〇年国内生产总值和城乡居民人均收入比二〇一〇年翻一番，产业迈向中高端水平，消费对经济增长贡献明显加大，户籍人口城镇化率加快提高。
Fifth Plenary Session of the 19th Central Committee	经济发展取得新成效，在 <b>质量效益明显提升</b> 的基础上实现经济持续健康发展，增长潜力充分发挥...产业基础高级化、产业链现代化水平明显提高，农业基础更加稳固，城乡区域发展协调性明显增强，现代化经济体系建设取得重大进展。

Source: Government website, CWSI Research

**The positioning of scientific and technological innovation has been improved, and the domestic economic cycle has enhanced development resilience.** In terms of development momentum, the conference further emphasized the status of technological innovation in the economic development strategy, and for the first time proposed "taking technological self-reliance as a strategic support for national development", in line with the expressions of "implementation of innovation-driven development strategy" proposed by the 18th National Congress and "innovation is the first driving force for development" proposed by the 19th National Congress. On the other hand, in the current environment where economic globalization is changing, unilateralism and protectionism are on the rise, and COVID-19 are still spreading, this meeting

strengthened the expression of the domestic economic cycle, may enhance the resilience of economic development under the current environment, and realize the mutual promotion of domestic and international economic cycles.

**Table 3: The strategic positioning of science and technology is further improved, and the importance of the domestic market is more prominent**

Communique of	Developing channel related expressions
Fifth Plenary Session of the 18th Central Committee	坚持创新发展，必须 <b>把创新摆在国家发展全局的核心位置</b> ... 必须把发展基点放在创新上，形成促进创新的体制架构，塑造更多依靠创新驱动、更多发挥先发优势的引领型发展... 深入实施创新驱动发展战略，发挥科技创新在全面创新中的引领作用。
Fifth Plenary Session of the 19th Central Committee	<ul style="list-style-type: none"> <li>• <b>坚持创新在我国现代化建设全局中的核心地位，把科技自立自强作为国家发展的战略支撑</b>，面向世界科技前沿、面向经济主战场、面向国家重大需求、面向人民生命健康，深入实施科教兴国战略、人才强国战略、创新驱动发展战略，完善国家创新体系，加快建设科技强国。</li> <li>• <b>国内市场更加强大</b>，经济结构更加优化，创新能力显著提升。</li> </ul>

Source: Government website, CWSI Research

## 1.2 What industry opportunities are contained in the "14th Five-Year" development plan?

### 1.2.1 Industry tone may remain stable, and differentiation opportunities still exist

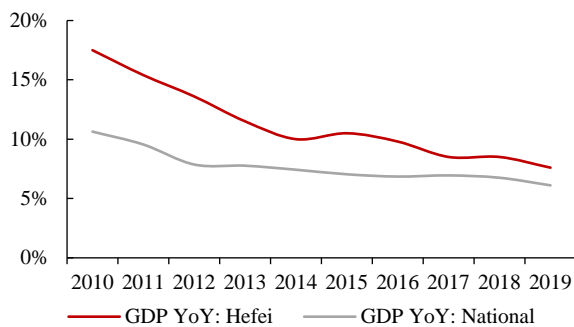
**High-quality development requires more stable cost factors, and the real estate industry's basic tone may remain stable.** Although the positioning of scientific and technological innovation has been further improved, the communique of this meeting also pointed out the weaknesses in innovation and development, that is, "the reform tasks in key areas and key links are still arduous, and innovation capabilities do not meet the requirements of high-quality development"; in this context, the iterative upgrade of these industries requires a relatively stable overall economic environment. As far as the real estate industry is concerned: 1) housing prices, rents, etc., as cost factors, need to be maintained at a relatively stable level; 2) because industry fluctuations will be transmitted to many upstream and downstream industries, real estate is still an important stabilizer in China's overall economy. In a press conference introducing the spirit of the Fifth Plenary Session of the 19th Central Committee, the CPC Central Committee also pointed out that during the "14th Five-Year Plan" period, China will "promote the healthy development of housing consumption." In the process of placing more emphasis on high-quality development, the demand for a relatively stable economic environment may keep the overall tone of the real estate industry stable.

In the environment where industries related to technological innovation are further supported, developers may need to grasp the dual opportunities of regional coverage and business models.

**Local governments' initial support for emerging industries is crucial, and cities that are more prominent in attracting investment may be more promising.**

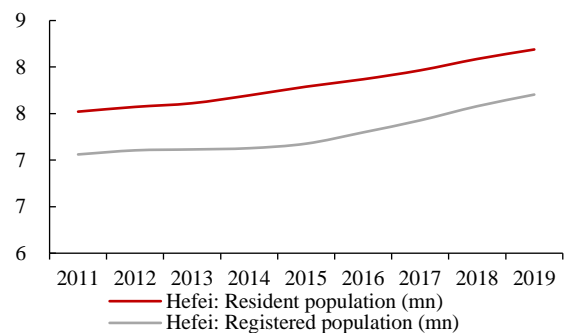
Emerging industries may need to go through a long period of R&D and trial and error before they can successfully enter the development stage. Therefore, in the early stage of the development of emerging industries, the support of capital, market confidence, and personalized infrastructure is extremely critical. Some local governments can provide convenient conditions for the introduction of industries that better match the development characteristics of emerging industries, and enable relevant enterprises to actively move into corresponding cities. Take Hefei, the capital city with a relatively weak development foundation, as an example. In order to introduce key innovative industries, in addition to traditional land, tax and other policy support, the local government of Hefei also provides capital support when introducing emerging industries. BOE, NIO, etc. has been successfully introduced in this way, making Hefei an important "innovation highlands" and bringing rapid economic growth in the past decade. The development of the industry has driven the continuous growth of the resident population and registered population in Hefei, which in turn boosted the demand for housing purchase; ASP of sample houses has also continued to rise.

**Chart 1: Hefei's GDP growth rate has been higher than the overall national level in the past ten years**



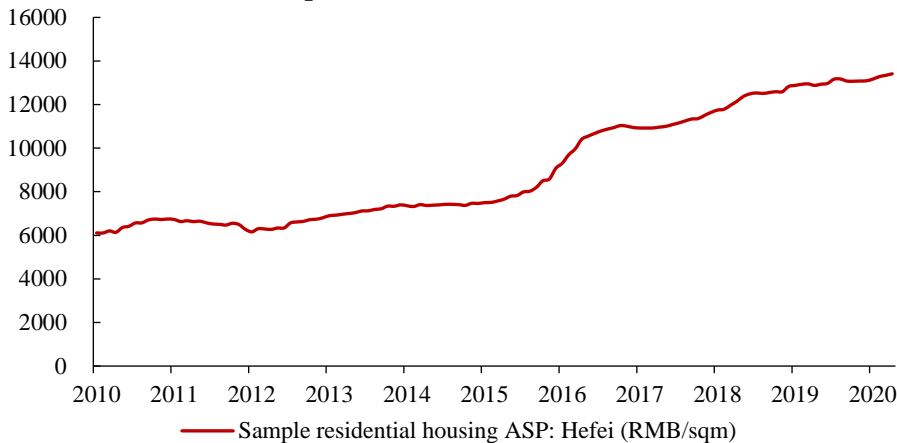
Source: Wind, CWSI Research

**Chart 2: Hefei's resident population and registered population continue to grow**



Source: Wind, CWSI Research

**Chart 3: ASP of Hefei sample residential houses has continued to rise in recent years**



Source: Wind, CWSI Research

**In terms of business models, industrial introduction and urban operation capabilities of developers may become more critical.** Under the requirements of high-quality development and more optimized economic structure, the development of high-quality industries has become an important demand of local governments. Developers may take advantage of their advantages in complex development and industrial chain resources to build more complete supporting facilities for urban development and facilitate the introduction of emerging industries, thereby helping urban economic development.

**Developers with excellent industry introduction and urban operation capabilities may obtain high-quality land resources at a reasonable price more smoothly to ensure scale growth and profits.** Jinmao has successfully built many new urban centers such as Changsha Meixi Lake International New City and Qingdao Sino-Europe International City, helping the city's industrial development and economic growth, while obtaining land reserves at reasonable prices to ensure its own profit margins. Taking Qingdao Sino-Europe International City as an example, the project covers a variety of business formats such as residences, apartments, shopping centers, hotels, industrial offices, and integrates industry, city, and ecological functions. At the same time, the British Eden Cultural Tourism Project is also introduced to help the accelerated development of the area. In Jan 2016, Jinmao obtained 4 plots of about 280,000 sqm in the project with RMB 448 mn, and the floor price was only about RMB 1,600 per sqm; in Dec 2017, Jinmao obtained 6 land parcels of land in China Europe International City (including 1 parcel of industrial land), of which 5 commercial and residential parcels with a total GFA of about 686,300 sqm for RMB 2.145 bn yuan, and the corresponding floor price is only about RMB 3,100 per sqm. According to Fangtianxia data, the current average residential price of the project has risen to RMB 13,500 per sqm.

**Chart 4: Jinmao builds Qingdao Sino-Europe International City**



Source: Company website, CWSI Research

### 1.2.2 Regional coordinated development focuses more on spatial coordination, and the logic of urban agglomeration development continues

**Regional coordinated development emphasizes the cooperation with industry and economy.** The Communique of the Fifth Plenary Session of the 18th Central Committee focused on the coordinated development of urban and rural areas during the “Thirteenth Five-Year Plan” period, while this meeting focused more on the spatial coordinated development during the “14th Five-Year Plan” period, and proposed “persist in the implementation of regional major strategies, regional coordinated development strategies, and main functional area strategies”, which is consistent with the development logic of urban agglomerations in recent years, and can better coordinate with the development of industry and economy.

**Table 4: Regional coordinated development emphasizes spatial coordination**

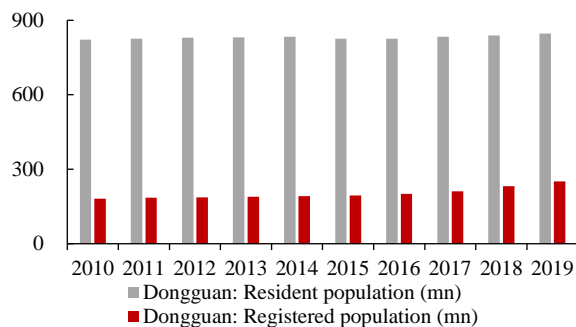
Communique of	Regional coordinated development related expressions
Fifth Plenary Session of the 18th Central Committee	<ul style="list-style-type: none"> <li>• 重点促进城乡区域协调发展。</li> <li>• 推动区域协调发展，塑造<b>要素有序自由流动、主体功能约束有效、基本公共服务均等、资源环境可承载</b>的区域协调发展新格局。</li> </ul>
Fifth Plenary Session of the 19th Central Committee	<ul style="list-style-type: none"> <li>• 城乡区域发展协调性明显增强。</li> <li>• 优化国土空间布局，推进区域协调发展和新型城镇化。坚持实施<b>区域重大战略、区域协调发展战略、主体功能区战略</b>，健全区域协调发展体制机制，完善新型城镇化战略，构建高质量发展的国土空间布局 and 支撑体系。要构建国土空间开发保护新格局，推动区域协调发展，推进以人为核心的新型城镇化。</li> </ul>

Source: Government website, CWSI Research

**The development trend of urban agglomerations actually reflects the logic of industrial upgrading and transfer.** Due to restrictions on urban space and supporting facilities, some existing industries need to be transferred to surrounding cities to provide conditions for the introduction of innovative industries in the city; due to the increase in factor costs, some companies have moved from core cities to lower-cost surrounding areas.

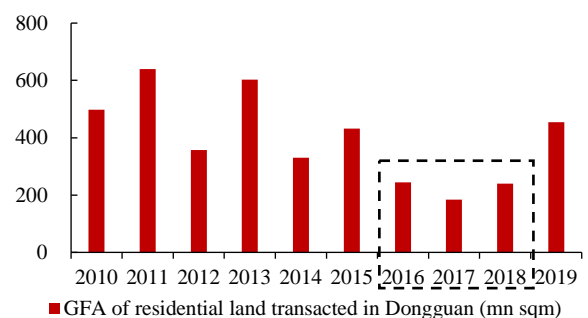
**The transfer of industries mostly corresponds to key satellite cities around core cities.** Take Shenzhen as an example, as one of the cities with the most outstanding development opportunities after the reform and opening up, Shenzhen has ushered in rapid development in decades; at the same time, Shenzhen's production factor costs continue to increase, and limited land has also restricted some companies in their demand for expansion of production, therefore, some industries moved to Dongguan and other cities around Shenzhen under this environment. With the development of Dongguan's industry and economy, the gap between the registered population and the resident population in Dongguan has narrowed significantly since 2017. The resident population and registered population of Dongguan in 2010 were approximately 8.22 mn and 1.82 mn, respectively, and in 2019 it was 8.46 mn and 2.51 mn. Economic development and the rapid increase in the registered population have strongly boosted local demand for housing purchases. The ASP of sample houses in Dongguan has also continued to rise due to the combined effect of increasing housing demand and decreasing residential land supply.

**Chart 5: The gap between Dongguan's registered and resident population has narrowed significantly since 2017**



Source: Wind, CWSI Research

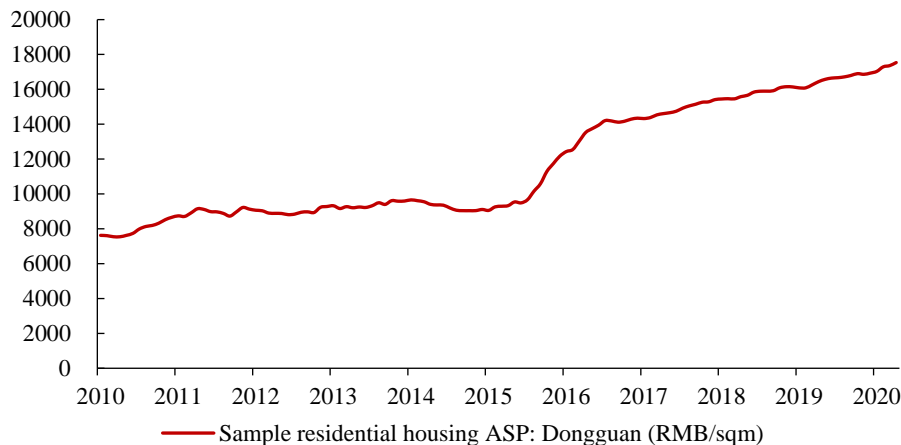
**Chart 6: Residential land transactions in Dongguan are fewer from 2016 to 2018**



Source: Wind, CWSI Research



**Chart 7: ASP of Dongguan sample residential houses has continued to rise in recent years**



Source: Wind, CWSI Research

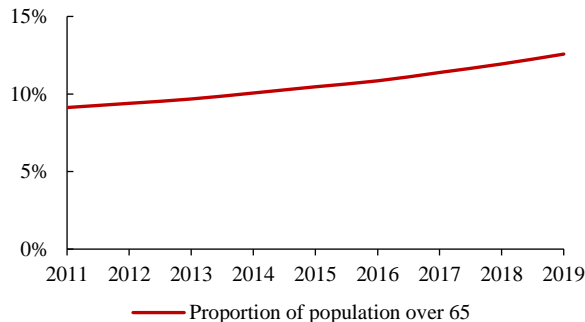
**There are differences in the development stages of urban agglomerations, and developers need to make corresponding judgments.** As mentioned earlier, some satellite cities have achieved economic growth by undertaking the industries of core cities, and they are in the divergent stage of urban agglomeration development. It is worth noting that there are actually certain differences in the development stages of different urban agglomerations. For example, the Yangtze River Delta region developed earlier and its level of integration is higher than other urban agglomerations; in Sep 2020, Shanghai, which has always stricter Hukou conditions, relaxed Hukou policies for high-end talents, which may reflect to a certain extent that the Yangtze River Delta urban agglomeration will start a re-gathering stage. Developers need to make judgments on the development stage of each urban agglomeration when choosing cities to cover, and focus on observing the direction of industry and population flow within the urban agglomeration.

### **1.2.3 The positioning of the aging response is improved, and the development pension-related businesses may welcome opportunities**

The “action to respond to population aging” was elevated to a “national strategy to respond to population aging”, and the focus shifted from “population development” to “social security system” and “healthy China construction”. The degree of aging in China continues to increase. According to the sample survey data of NBS, in 2019, the proportion of the population over 65 in China has reached 12.6%, and the ratio of the elderly population to the working-age population has reached 17.8%. In this environment, the meeting's response to aging has been significantly improved, from "action" to "national strategy." On the other hand, the paragraphs referred to about

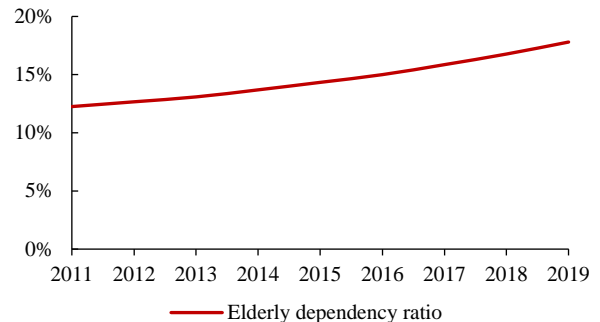
aging have also changed. The emphasis has shifted from the previous "population development strategy" and the liberalization of second children to the "social security system", "healthy China construction", etc., reflecting that society and governments may take more responsibility for the elderly during the "14th Five-Year Plan" period.

**Chart 8: In 2019, the proportion of the population over 65 in China rose to 12.6%**



Source: Wind, NBS, CWSI Research; note: sampling statistics

**Chart 9: China's elderly dependency ratio rises to 17.8% in 2019**



Source: Wind, NBS, CWSI Research; note: sampling statistics

**Table 5: The positioning of the aging response has improved, and the focus of the context is different**

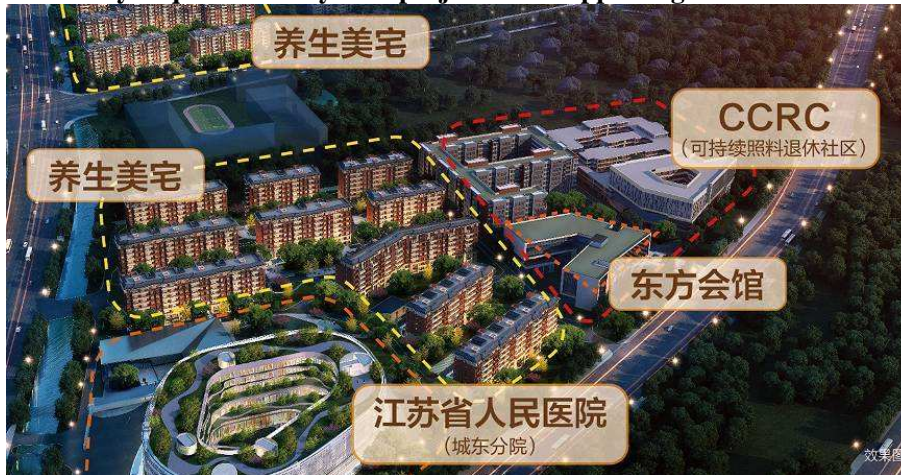
Communique of	Aging related expressions
Fifth Plenary Session of the 18th Central Committee	<ul style="list-style-type: none"> <li>重点促进城乡区域协调发展。</li> <li>推动区域协调发展，塑造要素有序自由流动、主体功能约束有效、基本公共服务均等、资源环境可承载的区域协调发展新格局。</li> </ul>
Fifth Plenary Session of the 19th Central Committee	<ul style="list-style-type: none"> <li>城乡区域发展协调性明显增强。</li> <li>优化国土空间布局，推进区域协调发展和新型城镇化。坚持实施区域重大战略、区域协调发展战略、主体功能区战略，健全区域协调发展体制机制，完善新型城镇化战略，构建高质量发展的国土空间布局和支撑体系。要构建国土空间开发保护新格局，推动区域协调发展，推进以人为核心的新型城镇化。</li> </ul>

Source: Government website, CWSI Research

**The product categories of developers are more in need of iteration, and the provision of pension-related solutions may promote the win-win situation of government and developers.** As far as the positioning of this aging response is concerned, developers can: 1) Improve product lines that are more suitable for the elderly to live in, including buildings, house types, community facilities, etc., to achieve a good sales performance in the aging trend. 2) By introducing comprehensive projects for the elderly care industry, it may be possible to obtain residential projects for sale while providing elderly care solutions for local governments. Take Yincheng as an example. In 2015, the company successfully acquired the Junyi Dongfang project land in Qixia District, Nanjing. The project integrates residences, retirement apartments, and

nursing homes, with a total GFA of about 120,200 sqm. The residential part of the project has been successfully sold, which is a successful case for the company to obtain comprehensive project land through the elderly care industry.

**Chart 10: Through the introduction of the elderly care industry, Yincheng successfully acquired elderly care projects and supporting residential land**



Source: Company website, CWSI Research

### **1.3 Summary: Embrace new changes and seize new opportunities**

**Under the "big changes unseen in a century", the real estate industry also has new challenges and opportunities.** In the communique of this conference, "development" and "new" are the most frequent words, appearing 72 and 66 times respectively. All aspects of development in China are advancing towards new opportunities amid major changes. In this context, the overall tone of the real estate industry may continue to remain stable, the logic of urban agglomeration development will also continue, and industry growth will shift more to tier-2 and metropolitan cities. Developers also need to look for differentiation opportunities in the reform, such as taking into account the development trend of emerging industries when carrying out regional coverage, improving industry introduction and urban operation capabilities and improving product lines that are more in line with the aging trend, achieving new development in the "great changes".



**Table 6: During the "14th Five-Year Plan" period, the industry may usher in development opportunities in many aspects**

Contents of Fifth Plenary Session of the 19th Central Committee Communique	Industry Opportunities
<p><b>Economic development:</b> pay more attention to the quality of development, and take scientific and technological self-reliance as a strategic support for national development</p>	<ul style="list-style-type: none"> <li>· Industry tone: The overall economic environment and production cost factors such as housing prices and rents need to remain stable, and the overall industry tone may be stable</li> <li>· City coverage: Developers may need to observe cities that more prominent in the introduction of emerging industries</li> <li>· Business model: The importance of industry introduction and urban operation capabilities will increase</li> </ul>
<p><b>Regional coordinated development:</b> more emphasis is placed on coordinated spatial development, implement major regional strategies, regional coordinated development strategies, and main functional zone strategies</p>	<ul style="list-style-type: none"> <li>· The logic of urban agglomeration development continues</li> <li>· Developers need to grasp the differences in the development stages of various urban agglomerations</li> </ul>
<p><b>Responding to aging:</b> As the positioning improves, society and governments may take more responsibilities</p>	<ul style="list-style-type: none"> <li>· Improve product lines that are more suitable for the elderly</li> <li>· Introduce elderly care-related industries, may help to obtain saleable residential projects while providing elderly care solutions for local governments</li> </ul>

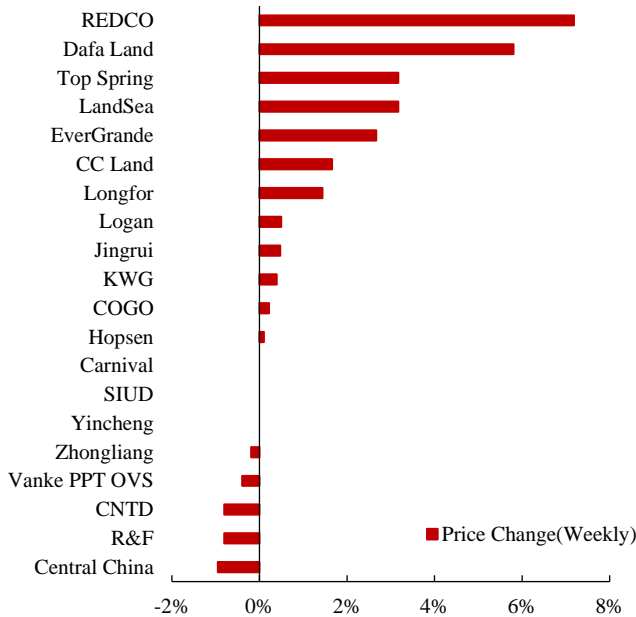
Source: Government website, CWSI Research

## 2. Sector Performance

### 2.1 Performance of developer sector

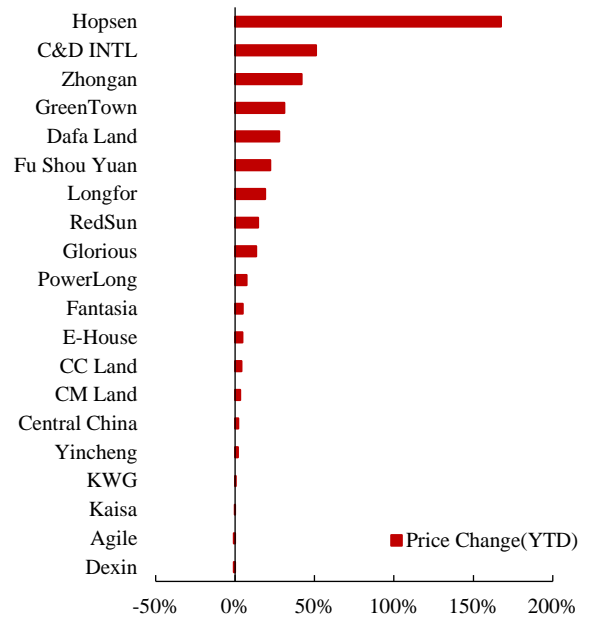
This week, REDCO, Dafa Land and Top Spring had larger price increase than peers. Hopsen, C&D INTL and Zhongan had better share price performance, YTD.

**Chart 11: This week, REDCO, Dafa Land and Top Spring had larger price increase than peers**



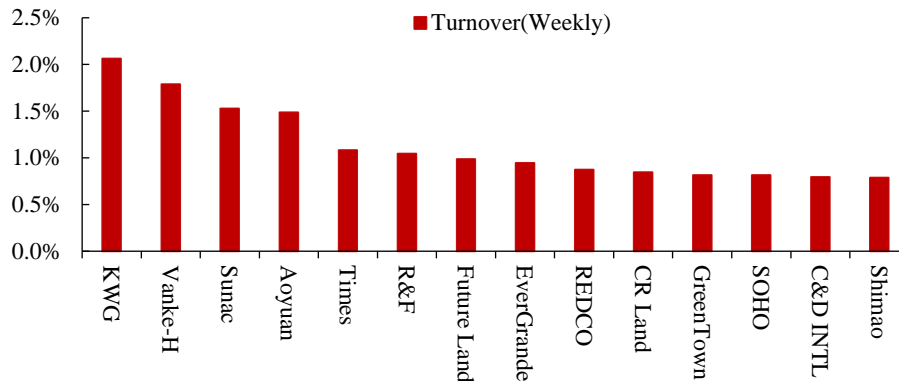
Source: Wind, CWSI Research

**Chart 12: Hopsen, C&D INTL and Zhongan had better share price performance, YTD**



Source: Wind, CWSI Research

**Chart 13: Kaisa, Vanke-H and Sunac were most actively traded this week**

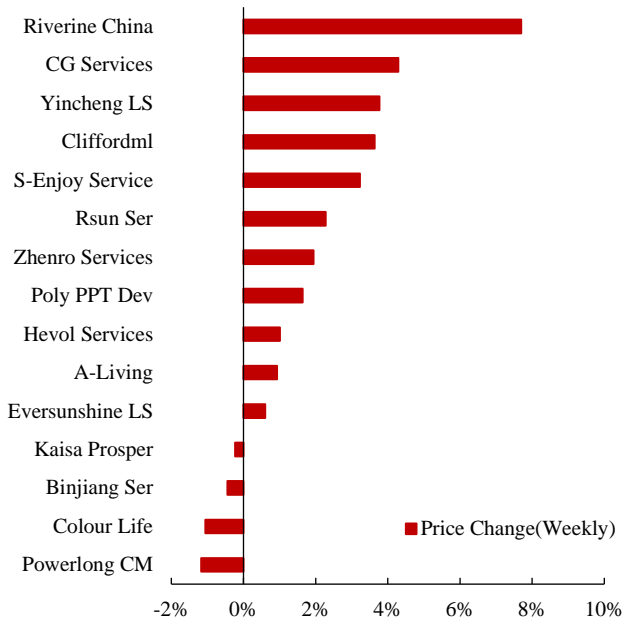


Source: Wind, CWSI Research

## 2.2 Performance of property service sector

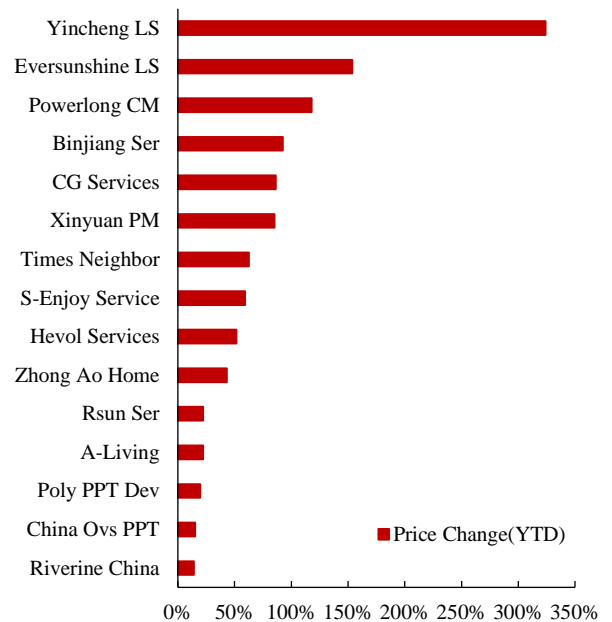
This week, Riverine China, CG Services and Yincheng LS had larger price increase than peers. Yincheng LS, Eversunshine LS and Powerlong CM had better share price performance YTD.

**Chart 14: This week, Riverine China, CG Services and Yincheng LS had larger price increase than peers**



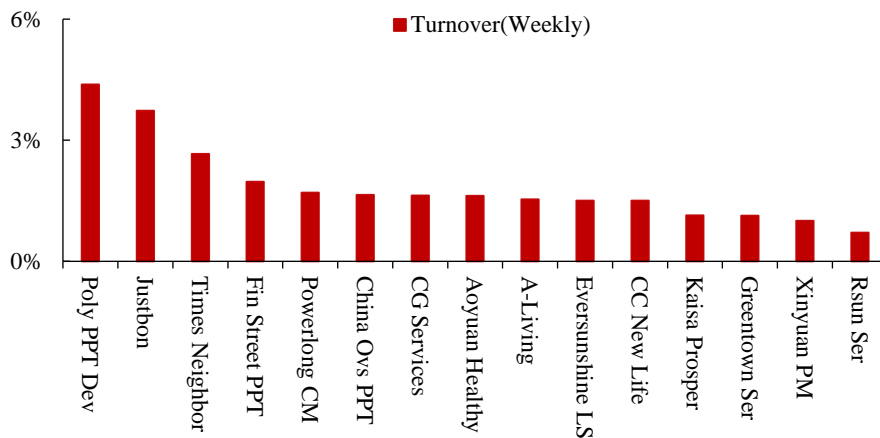
Source: Wind, CWSI Research

**Chart 15: Yincheng LS, Eversunshine LS and Powerlong CM had better share price performance YTD**



Source: Wind, CWSI Research

**Chart 16: Poly PPT Dev, Justbon and Times Neighbor were most actively traded this week**



Source: Wind, CWSI Research

### 3. Major cities transaction performance

#### 3.1 New house transaction data

Table 7: 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	260,736	70%	99%	560	-48%	0%	560	-48%	0%	5,878	0%
Shanghai	393,700	8%	22%	1,310	-26%	32%	1,310	-26%	32%	11,066	-3%
Guangzhou	-	-	-	102	-94%	-85%	102	-94%	-85%	7,492	-1%
Shenzhen	128,688	-5%	120%	428	-12%	84%	428	-12%	84%	3,324	17%
<b>Tier 1</b>	<b>783,124</b>	<b>20%</b>	<b>4%</b>	<b>2,401</b>	<b>-53%</b>	<b>-2%</b>	<b>2,401</b>	<b>-53%</b>	<b>-2%</b>	<b>27,760</b>	<b>0%</b>
<b>Tier 2</b>	<b>2,960,709</b>	<b>8%</b>	<b>8%</b>	<b>9,863</b>	<b>-21%</b>	<b>-7%</b>	<b>9,863</b>	<b>-21%</b>	<b>-7%</b>	<b>98,353</b>	<b>-1%</b>
<b>Tier 3</b>	<b>2,739,723</b>	<b>-22%</b>	<b>14%</b>	<b>11,549</b>	<b>3%</b>	<b>22%</b>	<b>11,549</b>	<b>3%</b>	<b>22%</b>	<b>94,680</b>	<b>-1%</b>
Beijing	260,736	↑70%	↑99%	560	↓-48%	↑0%	560	↓-48%	↑0%	5,878	↓0%
Qingdao	435,883	↑11%	↑26%	1,343	↓-13%	↑6%	1,343	↓-13%	↑6%	12,505	↑8%
Jinan	257,534	↓-29%	↑19%	990	↑4%	↑23%	990	↑4%	↑23%	9,052	↑9%
Dongying	120,132	↓-10%	↑327%	406	↑28%	↑211%	406	↑28%	↑211%	3,743	↑158%
<b>PBR</b>	<b>1,074,285</b>	<b>↑3%</b>	<b>↑49%</b>	<b>3,300</b>	<b>↓-15%</b>	<b>↑19%</b>	<b>3,300</b>	<b>↓-15%</b>	<b>↑19%</b>	<b>31,178</b>	<b>↑14%</b>
Shanghai	393,700	↑8%	↑22%	1,310	↓-26%	↑32%	1,310	↓-26%	↑32%	11,066	↓-3%
Nanjing	232,693	↑10%	↑197%	928	↓24%	↑10%	928	↑24%	↑10%	7,780	↑16%
Hangzhou	51,315	↓-71%	↓-61%	579	↓-15%	↑8%	579	↓-15%	↑8%	6,942	↑10%
Suzhou	173,007	↓-12%	↓-20%	685	↓-34%	↓-16%	685	↓-34%	↓-16%	9,178	↑9%
Wuxi	199,500	↑151%	↑4%	464	↑1%	↓-4%	464	↑1%	↓-4%	4,903	↓-22%
Yangzhou	29,297	↓-71%	↑322%	266	↓-11%	↑88%	266	↓-11%	↑88%	2,081	↑13%
Taizhou	36,390	↑111%	↑53%	104	↑3%	↑6%	104	↑3%	↑6%	672	↓-20%
Wenzhou	219,601	↑1%	↓-16%	1,027	↓-11%	↑7%	1,027	↓-11%	↑7%	9,931	↓-4%
Jinhua	46,858	↓-26%	↑0%	199	↑14%	↑10%	199	↑14%	↑10%	1,929	↑22%
Changzhou	42,253	↓-5%	↓-6%	103	↓-55%	↓-61%	103	↓-55%	↓-61%	2,393	↓-42%
Huaian	141,410	↓-3%	↑39%	510	↑28%	↑27%	510	↑28%	↑27%	3,798	↓-9%
Lianyungang	137,287	↓-5%	↓-1%	607	↓-9%	↑2%	607	↓-9%	↑2%	5,380	↓-4%
Shaoxing	26,810	↓-19%	↓-54%	179	↓-26%	↓-1%	179	↓-26%	↓-1%	2,083	↑8%
Zhenjiang	120,740	↓-22%	↓-39%	533	↓-29%	↓-19%	533	↓-29%	↓-19%	5,168	↓-21%
Jiaxing	29,687	↓-78%	↓-35%	319	↑15%	↑15%	319	↑15%	↑15%	2,718	↑18%
Wuhu	55,985	↓-38%	↓-2%	336	↑7%	↑102%	336	↑7%	↑102%	1,970	↑18%
Yancheng	102,961	↓-14%	↑4%	320	↓-24%	↑5%	320	↓-24%	↑5%	3,115	↑3%
Zhoushan	29,741	↓-32%	↓-23%	165	↑72%	↑99%	165	↑72%	↑99%	1,147	↑17%
Chizhou	21,799	↓-32%	↓-13%	77	↑74%	↓-40%	77	↑74%	↓-40%	702	↓-36%
Ningbo	144,334	↓-18%	↓-29%	688	↓-20%	↑21%	688	↓-20%	↑21%	6,743	↑6%
<b>YRD</b>	<b>2,235,367</b>	<b>↓-12%</b>	<b>↓-2%</b>	<b>9,398</b>	<b>↓-12%</b>	<b>↑8%</b>	<b>9,398</b>	<b>↓-12%</b>	<b>↑8%</b>	<b>89,697</b>	<b>↓-2%</b>
Guangzhou	-	-	-	102	↓-94%	↓-85%	102	↓-94%	↓-85%	7,492	↓-1%
Shenzhen	128,688	↓-5%	↑120%	428	↓-12%	↑84%	428	↓-12%	↑84%	3,324	↑17%
Fuzhou	68,474	↑34%	↑48%	209	↓-63%	↓-7%	209	↓-63%	↓-7%	2,209	↓-3%
Dongguan	243,474	↑19%	↑59%	700	↓-10%	↑66%	700	↓-10%	↑66%	5,638	↑29%
Quanzhou	63,001	↓-71%	↑2%	442	↑31%	↑65%	442	↑31%	↑65%	2,439	↓-16%
Putian	30,242	↓-38%	↓-22%	198	↑85%	↑1%	198	↑85%	↑1%	1,374	↓-22%
Huizhou	115,854	↓-2%	↑84%	401	↑15%	↑73%	401	↑15%	↑73%	2,492	↑10%
Shaoguan	31,636	↓-20%	↓-23%	180	↑12%	↑20%	180	↑12%	↑20%	1,468	↑10%
Foshan	378,756	↑0%	↑90%	1,331	↑3%	↑73%	1,331	↑3%	↑73%	10,209	↓-8%
Jiangmen	45,690	↓-2%	↑47%	155	↑5%	↑41%	155	↑5%	↑41%	1,150	↑22%
<b>PRD &amp; Southern China</b>	<b>1,105,816</b>	<b>↓-11%</b>	<b>↑18%</b>	<b>4,146</b>	<b>↓-30%</b>	<b>↑27%</b>	<b>4,146</b>	<b>↓-30%</b>	<b>↑27%</b>	<b>37,795</b>	<b>↑1%</b>
Taian	84,003	↓-4%	↑41%	361	↓-2%	↑54%	361	↓-2%	↑54%	2,225	↑3%
<b>Northern China</b>	<b>84,003</b>	<b>↓-4%</b>	<b>↑41%</b>	<b>361</b>	<b>↓-2%</b>	<b>↑54%</b>	<b>361</b>	<b>↓-2%</b>	<b>↑54%</b>	<b>2,225</b>	<b>↑3%</b>
Wuhan	709,190	↑6%	↑24%	2,387	↑13%	↓-1%	2,387	↑13%	↓-1%	14,028	↓-25%
Yueyang	43,705	↓-5%	↓-31%	221	↑17%	↓-15%	221	↑17%	↓-15%	1,937	↑11%
Baoji	67,041	↓-44%	↓-3%	343	↑24%	↑11%	343	↑24%	↑11%	2,824	↑11%
Ganzhou	248,519	↓-17%	↓-6%	874	↑10%	↓-11%	874	↑10%	↓-11%	6,985	↓-8%
<b>Central China</b>	<b>1,068,455</b>	<b>↓-6%</b>	<b>↑11%</b>	<b>3,825</b>	<b>↑14%</b>	<b>↓-3%</b>	<b>3,825</b>	<b>↑14%</b>	<b>↓-3%</b>	<b>25,774</b>	<b>↓-16%</b>
Chengdu	464,567	↑3%	↑27%	1,184	↓-52%	↓-22%	1,184	↓-52%	↓-22%	17,999	↑13%
Liuzhou	212,791	↓-26%	↑83%	903	↑30%	↑55%	903	↑30%	↑55%	5,697	↑10%
Nanning	238,273	↑88%	↓-46%	695	↓-44%	↓-53%	695	↓-44%	↓-53%	10,429	↓-12%
<b>Western China</b>	<b>915,631</b>	<b>↑6%</b>	<b>↓-1%</b>	<b>2,782</b>	<b>↓-37%</b>	<b>↓-22%</b>	<b>2,782</b>	<b>↓-37%</b>	<b>↓-22%</b>	<b>34,126</b>	<b>↑4%</b>
<b>Total</b>	<b>6,483,556</b>	<b>-6%</b>	<b>10%</b>	<b>23,813</b>	<b>-17%</b>	<b>6%</b>	<b>23,813</b>	<b>-17%</b>	<b>6%</b>	<b>220,794</b>	<b>-1%</b>
Num. of cities Up	13	23		22	29		22	29		24	
Num. of cities Down	28	18		20	13		20	13		18	

Source: Local governments, CWSI Research; Note: Till 2020/10/30

**Table 8: Major cities inventory period was 11.4 months this week**

City	Inventory (sqm 000)	wow	yoy	Inventory period	Last week	wow	yoy
Beijing	12,132	-2%	28%	21.6	20.2	7%	27%
Shanghai	7,189	-2%	-9%	5.5	5.3	5%	-31%
Shenzhen	2,453	-2%	9%	5.7	6.6	-14%	-41%
<b>Tier 1 Average</b>		<b>-2%</b>	<b>9%</b>	<b>11.0</b>	<b>10.7</b>	<b>-1%</b>	<b>-15%</b>
Hangzhou	4,209	1%	32%	7.3	7.3	0%	22%
Nanjing	6,917	-1%	30%	7.5	8.2	-9%	18%
Suzhou	7,915	0%	47%	11.5	9.3	24%	75%
Fuzhou	6,478	4%	94%	31.0	21.7	43%	109%
Wenzhou	11,734	2%	23%	11.4	9.4	21%	16%
Quanzhou	7,127	0%	10%	16.1	15.4	5%	-33%
Ningbo	2,531	4%	-16%	3.7	3.2	17%	-30%
Dongying	1,711	-1%	9%	4.2	5.1	-18%	-65%
<b>Overall Average</b>		<b>0%</b>	<b>23%</b>	<b>11.4</b>	<b>10.1</b>	<b>7%</b>	<b>6%</b>

Source: Local governments, CWSI Research; Note: Till 2020/10/30; Average WoW and average YoY are defined as average change of each city

### 3.2 Second-hand house transaction and price data

**Table 9: Major cities Second-hand house transaction volume, Jinhua and Shenzhen rose significantly YTD**

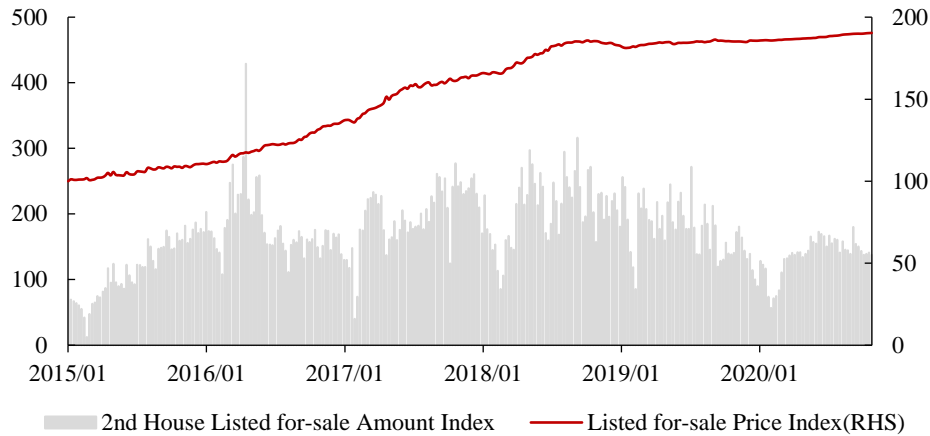
City	Last 7 days			Last 30 days			Month to date			Year to date	
	sqm	wow	yoy	sqm 000	mom	yoy	sqm 000	mom	yoy	sqm 000	yoy
Beijing	413,777	↑ 9%	↑ 82%	1,124	↓ -29%	↑ 49%	1,124	↓ -29%	↑ 49%	11,561	↑ 13%
Shenzhen	134,125	↓ -12%	↓ -12%	448	↓ -43%	↓ -23%	448	↓ -43%	↓ -23%	6,999	↑ 45%
Hangzhou	137,967	↓ -23%	↑ 57%	474	↓ -12%	↑ 62%	474	↓ -12%	↑ 62%	4,686	↑ 16%
Nanjing	244,631	↑ 6%	↑ 98%	748	↓ -29%	↑ 17%	748	↓ -29%	↑ 17%	8,245	↑ 38%
Chengdu	86,234	↓ -11%	↓ -57%	245	↓ -40%	↓ -66%	245	↓ -40%	↓ -66%	4,039	↓ -55%
Qingdao	124,349	↑ 2%	↑ 35%	397	↓ -27%	↑ 14%	397	↓ -27%	↑ 14%	4,422	↑ 18%
Wuxi	147,664	↑ 31%	↓ -30%	419	↓ -20%	↓ -30%	419	↓ -20%	↓ -30%	5,250	↑ 1%
Suzhou	133,247	↓ -6%	↑ 2%	423	↓ -25%	↓ -33%	423	↓ -25%	↓ -33%	4,803	↓ -44%
Xiamen	79,891	↓ -12%	↑ 34%	254	↓ -17%	↑ 29%	254	↓ -17%	↑ 29%	2,779	↓ -11%
Yangzhou	25,807	↓ -9%	↑ 2%	91	↓ -20%	↑ 5%	91	↓ -20%	↑ 5%	901	↓ -2%
Yueyang	14,399	↓ -20%	↓ -3%	53	↓ -29%	↓ -14%	53	↓ -29%	↓ -14%	566	↓ -10%
Nanning	46,394	↑ 15%	↓ -49%	145	↓ -52%	↓ -59%	145	↓ -52%	↓ -59%	2,193	↓ -17%
Foshan	166,098	↑ 0%	↑ 80%	577	↓ -27%	↑ 59%	577	↓ -27%	↑ 59%	5,154	↑ 5%
Jinhua	42,934	↓ -32%	↑ 39%	183	↓ -15%	↑ 31%	183	↓ -15%	↑ 31%	2,128	↑ 69%
Jiangmen	15,400	↓ -28%	↑ 142%	61	↓ -31%	↑ 175%	61	↓ -31%	↑ 175%	684	↓ -12%
<b>Total</b>	<b>1,812,915</b>	<b>-2%</b>	<b>17%</b>	<b>5,642</b>	<b>-29%</b>	<b>-2%</b>	<b>5,642</b>	<b>-29%</b>	<b>-2%</b>	<b>64,410</b>	<b>-2%</b>
<b>Num. of cities Up</b>		<b>6</b>	<b>10</b>		<b>0</b>	<b>9</b>		<b>0</b>	<b>9</b>		<b>8</b>
<b>Num. of cities Down</b>		<b>9</b>	<b>5</b>		<b>15</b>	<b>6</b>		<b>15</b>	<b>6</b>		<b>7</b>

Source: Local governments, CWSI Research; Note: Till 2020/10/30



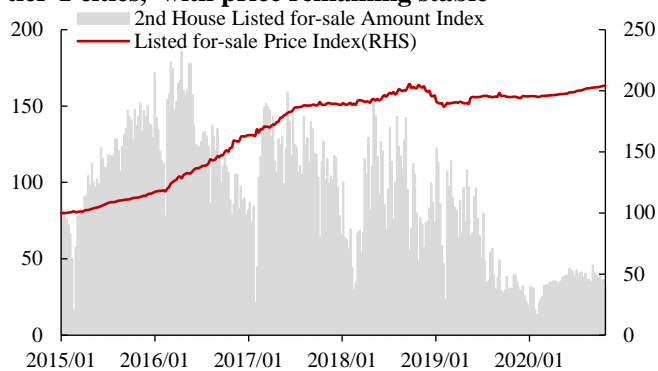


**Chart 17: 2nd house listed for-sale price index rose slightly recently**



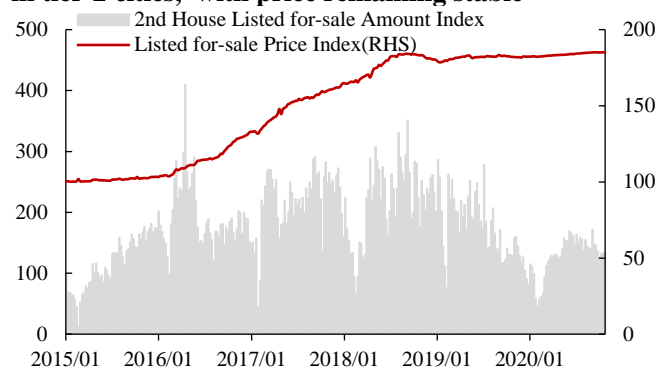
Source: Local Government, CWSI Research; Note: Till 2020/10/25

**Chart 18: 2nd house listed for-sale amount index rose in tier-1 cities, with price remaining stable**



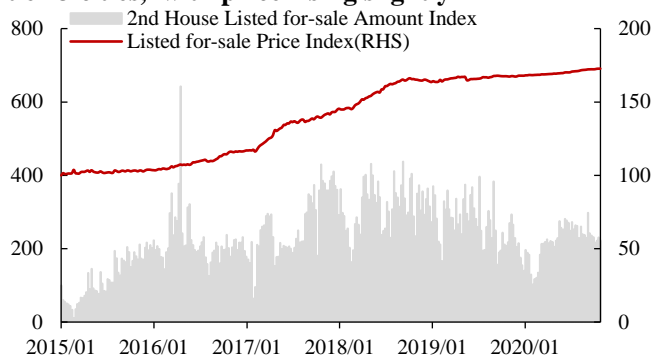
Source: Local Government, CWSI Research; Note: Till 2020/10/25

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



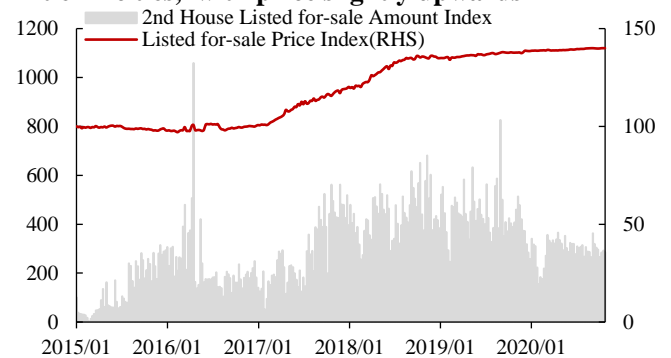
Source: Local Government, CWSI Research; Note: Till 2020/10/25

**Chart 20: 2nd house listed for-sale amount index rose in tier-3 cities, with price rising slightly**



Source: Local Government, CWSI Research; Note: Till 2020/10/25

**Chart 21: 2nd house listed for-sale amount index rose in tier-4 cities, with price slightly upwards**



Source: Local Government, CWSI Research; Note: Till 2020/10/25

## 4. Important Policies and News

### 4.1 Important Industry Policies News This Week

**Table 10: Important Industry Policies News This Week: The top-level meeting sets the tone for the "14th Five-Year" property market development**

Date	Region / Institution	Summary
2020-10-27	Shandong	Five cities including Qingdao, Yantai, Weihai, Weifang, and Rizhao formally established a joint meeting system for the integrated housing provident fund, and at the same time established seven cooperation contents including the establishment of an information sharing mechanism and the in-depth promotion of mutual recognition and mutual loans.
2020-10-29	5th plenary session of 19th CPC Central Committee	Optimize the spatial layout of the country and promote coordinated regional development and new urbanization. Persist in the implementation of major regional strategies, regional coordinated development strategies, and main functional area strategies, improve regional coordinated development systems and mechanisms, improve new urbanization strategies, and build a high-quality development of the land and space layout and support system. To build a new pattern of land space development and protection, promote coordinated regional development, and promote a new type of urbanization centered on people.
2020-10-29	NDRC	To promote the integrated development of online and offline property services, build a smart property platform, promote property service companies to connect with various commercial services, build an online and offline life service circle, and meet residents' diverse life service needs. On the basis of ensuring that "housing for living, not for speculation", it is necessary to increase support for the old community renovation.

Source: Wind, Government website, CWSI Research



## 4.2 Company news and announcements

**Table 11: Company news and announcements: Fantasia redeemed part of senior notes due in 2021; Yincheng issued USD 200 mn senior notes**

Date	Company	Summary
2020-10-27	Fantasia	Redempt USD 39.572 mn 8.375% senior notes due 2021, and the total outstanding 2021 notes was approximately USD 480 mn.
2020-10-29	Yincheng	Issued USD 200 mn 12% senior notes due 2021.
2020-10-29	PRE	Proposed to issue commercial property REITs projects of no more than RMB 6 bn no more than 19 years. The first phase is about RMB 2.24 bn. The assets in the pool are 4 commercial property assets located in Changsha, Shijiazhuang and Cixi.

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

#### 2) Sector Ratings:

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

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