This Week in China

Real estate brokerage trends in Beike's 3Q20 results

Topic of the week:

Real estate brokerages tend to be platform-based, and market share competition has accelerated. In the first three quarters of 2020, Beike realized revenue of RMB 47.81 bn (+51.1%) and adjusted net income of RMB 3.72 bn (+130.7%). **The increase in market share and operational efficiency driven by the platform-based development model is the main reason for the increased results of Beike. Platformization means that real estate brokerage companies integrate scattered listings and customer sources into a single platform, forming a unique channel advantage:** The proportion of Beike's GTV from non-Lianjia brands has further increased from 46.9% in 2019 to 57.8% in the first three quarters of 2020, platform integration further drove the increase in Beike's market share: Shell's 3Q20 existing home and new home transactions GTV growth rates were 71.8% (22.6% in the overall market) and 105.7% (21.3% in the overall market) respectively, which led to a substantial increase in revenue. **Platformization also enables real estate brokerages to achieve rapid expansion with lower marginal costs:** Beike's MAU in 3Q20 increased by 82.1% YoY, while the increase in operating efficiency brought about by economies of scale reduced its expense ratio and enhanced profits margins.

Traditional brokerages are trasffering to online, focusing on digitalization and the development of technology. Online and digital development can optimize the cost control of the real estate brokerage industry and increase the number of platform users by optimizing customer experience. In the first three quarters of 2020, Beike's R&D expenses ratio by 0.2pct to 3.7%, its continuous increase in investment in R&D has brought continuous optimization of infrastructure and increase in platform users. In 2Q20, Beike had on average c. 159,000 VR property showings guided by agents per day, which further increased to 193,000 in 3Q20; while in 2Q19 and 3Q19, it was only 11,000 and 14,000, respectively. **At present, the real estate brokerage industry is in the development stage of transferring from offline to online; how to transfer the offline resources and the purchase process to online is an important proposition for the brokerage industry.**

Strong alliances occured frequently, and changes in the competitive landscape of the industry have accelerated. In the process of continuous expansion of Beike's market share, some real estate brokerage companies have joined forces to try to create a more competitive consortium through complementary advantages; currently, some strategic cooperation business models are still in the process of exploring. In the environment of real estate brokerage platformization, onlineization, and strong alliances, the changes in the competitive landscape of the industry have quietly accelerated.

Data points:

As of Nov 20th, new house transaction area in 42 major cities this week decreased 13% WoW, and cumulative transaction area in 2020 remained unchanged YoY.

As of Nov 20th, saleable area (inventory) in 11 major cities this week increased 2% WoW; average inventory period was 9.9 months, average change was 5%.

As of Nov 20th, second-hand housing transactions in 15 major cities this week increased 1% WoW, and cumulative transaction area in 2020 fell 2% YoY.

Suggestion:

This week, various localities have introduced corresponding policies in response to market conditions: Yunnan relaxed the Hukou policy, Harbin encouraged developers to further benefit the buyers, and Xiamen will control the new home ASP and rents during the 14th Five-Year Plan period. Different local policies are expected to make the development of real estate markets in various regions more balanced. Maintain "Overweight" rating.

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# 1. Real estate brokerage trends in Beike's 3Q20 results

At present, the participants and the competitive landscape of the brokerage industry are quietly changing: the listing of Beike, the cooperation between Alibaba and E-House and Fangduoduo and Centaline may all bring changes to the development of the brokerage industry. Recently, Beike, the leader of the real estate brokerage industry, released its first financial report after listing. What real estate brokerage industry trends are reflected in the 3Q20 results of Shell? How will the competitive landscape of the industry be?

1.1 Real estate brokers tend to be platform-based, and market share competition is accelerating

1.1.1 Increased market share is the key to growth for real estate brokerage companies

Beike's results in the first three quarters of 2020 has exceeded that of the entire year of last year, management efficiency and the improvement of GTV are the main reasons for the results growth. In the first three quarters of 2020, Beike's revenue reached RMB 47.81 bn (+51.1%), and its adjusted net income was RMB 3.72 bn (+130.7%). Both the total revenue and adjusted net income have exceeded the entire year of last year. The adjusted net income growth rate is significantly higher than the revenue growth rate, the main reasons for which are: 1) The scale effect brought by the platform has improved the management and control efficiency. After excluding the impact of share-based compensation expenses, the total of Beike's marketing expense ratio, administrative expense ratio and R&D expense ratio decreased by about 4.3 pct YoY. 2) The proportion of tax paid in revenue decreased. **The increase in GTV was the main reason for Beike's revenue growth in the first three quarters.** In the first three quarters of 2020, the combined GTV growth rate of Beike's existing home and new home transactions business was higher than the revenue growth rate, with a YoY growth of 62.2% (in which the GTV of existing home transactions increased by 42.2% YoY, and the GTV of new home transactions increased by 104.9% YoY).

**Chart 1: Beike's income is dominated by brokerage business, achieving rapid growth in the first three quarters**
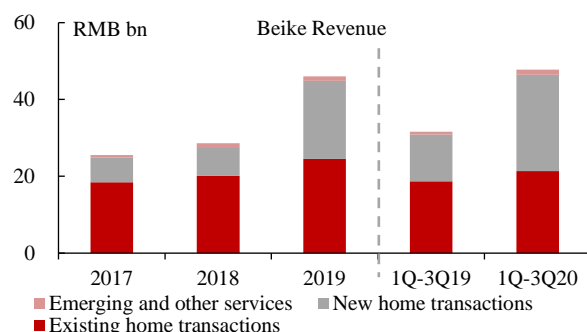
Source: Company announcements, CWSI Research

Chart 2: Shell's adjusted net income increased significantly
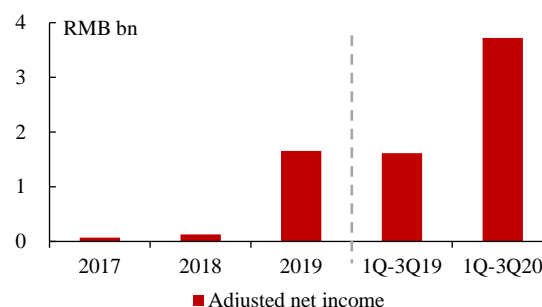
Source: Company announcements, CWSI Research

Chart 3: The GTV of Beike's existing home transactions and new home transactions achieved rapid improvement
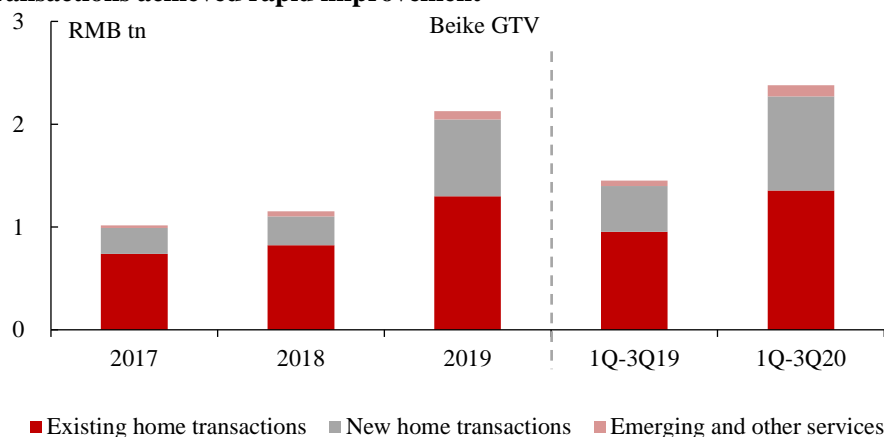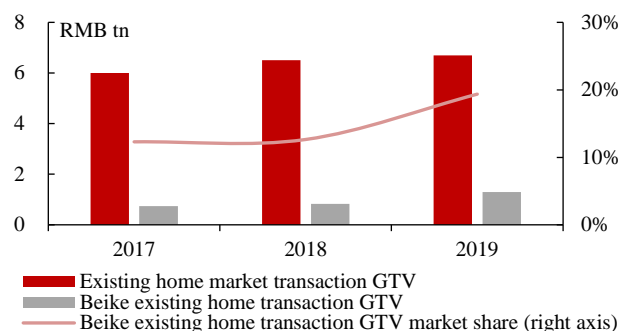

Source: Company announcements, CWSI Research

Beike's existing home transactions and new home transactions business have occupied a large share of the corresponding market, and platform-based development model has driven the market share to continue to increase. Beike's market share is still increasing rapidly: 1) Existing home transactions: According to Beike's prospectus, the GTV of China's existing home transactions in 2019 is about RMB 6.7 tn, while the GTV of Beike's existing home transactions in 2019 is RMB 1.3 tn. The market share has reached a high level of 19.4%. In 3Q20, the GTV growth rate of Beike's existing home transactions was 71.8%, while the GTV growth rate of the existing home market as a whole in 3Q20 was only 22.6%. 2) New home transactions: According to data from NBS, the sales amount of commercial residential housing in the first 9 months was c. RMB 10.3 tn, and Beike's GTV of new home transactions in the first three quarters of 2020 was RMB 0.9 tn, the market share has increased to 8.8%. In 3Q20, the GTV growth rate of Beike's new home transactions reached 105.7%,

which was much higher than the 21.3% YoY growth rate of the national commercial residential sales in the same period. **Beike's GTV in existing home transactions business and new home transactions business have both occupied a large share of the corresponding market, and on this basis, it has still achieved a growth that is higher than the overall market; the reason behind this lies in the advantages of Beike's platform-based business model.**

Chart 4: The market share of Beike's existing home transactions business reached 19.4% as of end-2019

- Existing home market transaction GTV
- Beike existing home transaction GTV
- Beike existing home transaction GTV market share (right axis)

Source: Company announcements, CWSI Research

Chart 5: Beike's new home transactions business continued to increase its market share, reaching 8.8% in the first three quarters


- New home market transaction GTV
- Beike new home transaction GTV
- Beike new home transaction GTV market share (right axis)
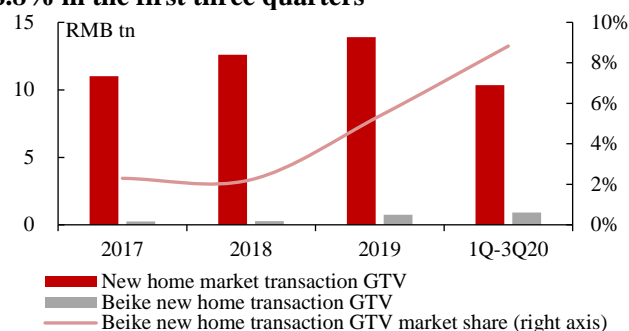
Source: Company announcements, CWSI Research

1.1.2 Platform-based development drives growth on both ends of supply and demand and increase in market share

The increase in the market share of Beike comes from the increase in the number of transactions promoted through the platform. GTV comes from the transaction unit price and transaction volume. The unit price of Beike's transaction services depends on the price structure of transacted properties, and on the whole it is not much different from other real estate agencies. Therefore, the increase in market share is more due to the increase in the number of transactions. **The transaction depends on both ends of supply and demand, and the increase in the number of transactions comes from the joint increase in the number of housing listings and the number of buyers.** Beike has solved many pain points of each party involved in real estate transactions and continued to improve the solutions in the third quarter. Its business model has certain reference significance for the development of the real estate brokerage industry.

Chart 6: Beike's platform-based development model solves the pain points of each participant in real estate transactions
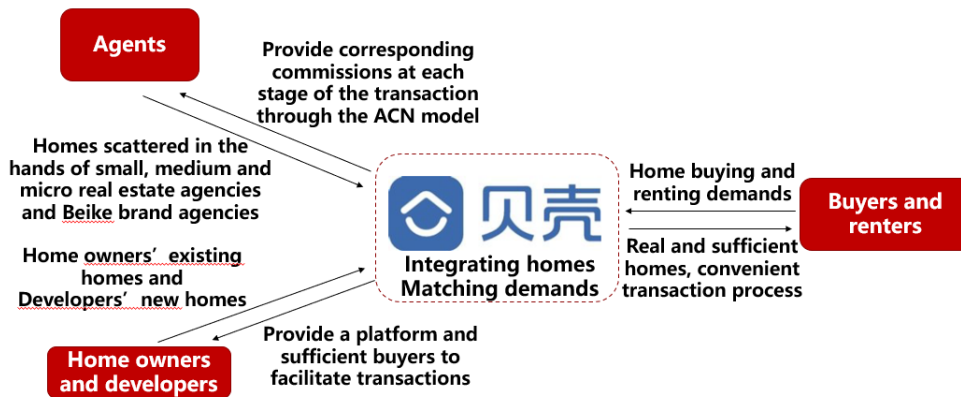
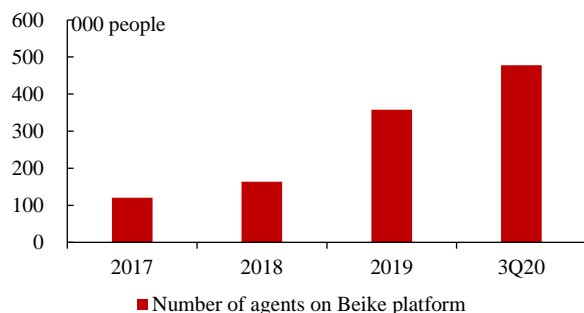Source: Company announcements, CWSI Research

The increase in the number of transactions on the supply side comes from the increase in the number of brokers and the friendly cooperation with developers.

In terms of existing home transactions, the platform-based ACN model can increase the willingness of agents to share home resources, and the clearer marketing process rules enable Beike to achieve good control during the expansion. Beike has attracted a large number of agents who hold existing home listings through the ACN model. The ACN model enables agents to obtain corresponding income at any stage of real estate transaction, which greatly increases the willingness of other brands and agents to join Beike platform and share home resources. **In the first three quarters of 2020, the continued advancement of the ACN model has led to a rapid increase in the number of Beike's agents and stores, and the proportion of GTV from non-Lianjia brands has also gradually increased**: at the end of the third quarter of 2020, the number of Beike's agents and stores reached 477,810 and 44,883 respectively, an increase of 33.6% and 19.6% respectively from the end of 2019; the proportion of Beike's GTV from non-Lianjia brands has further increased from 46.9% in the whole year of 2019 to 57.8% in the first three quarters of 2020. Platform integration further drives the increase in the market share of Beike. On the other hand, compared to the expansion model of only exporting brands, **the ACN model has relatively clearer rules, may enable Beike to achieve better control in the process of increasing the number of stores and agents.**

In terms of new home transactions, the demand of developers for sales channels is to achieve more effective sell-through. Beike can provide developers with: 1) a wide coverage of offline stores and a large number of real estate agents; 2) huge number of potential buyers and renters through online platform; 3) through its own risk management capabilities, Beike cooperates with developers to adopt the 3-day free return policy covering more than 3000 projects in 70 cities. **Based on the advantages**

of the original platform and huge number of customers, Beike's cooperation with developers continued to improve in the third quarter, and through its own technology, the sales of commercial housing were more in line with the current residents' consumption habits, thereby improving the efficiency of sell-through for developers.

Chart 7: The number of Beike's agents has continued to grow rapidly since 2019

Source: Company announcements, CWSI Research

Chart 8: The growing number of stores can bring offline customers to Beike
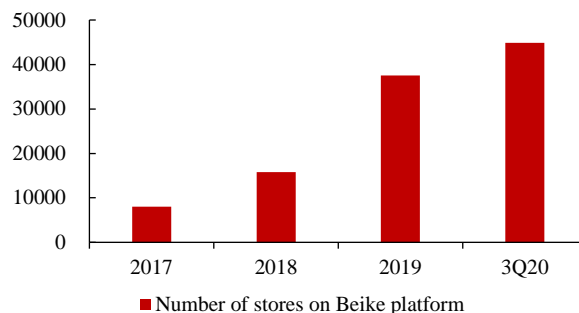
Source: Company announcements, CWSI Research

Chart 9: The ACN model enables agents to obtain corresponding income in any process of home transactions

Source: Company announcements, CWSI Research

Table 1: Beike solves the pain points of each supplier through platform-based business model

Home type	Supplier	Pain points	Beike's solution
Existing home	Agents	Earn commissions	The ACN model enables brokers to obtain corresponding income at any stage of real estate transaction
	Home owners	Rent or sold the home	Provide rental platform and huge user bases
New home	Developers	Achieve effective sell-through	Provide sales platform and huge user bases, and cooperate with developers to launch services that are more in line with residents' consumption habits such as the 3-day free return policy

Source: Company announcements, CWSI Research

The increase in the number of transactions on the demand side comes from the increase in the number of stores, the further enrichment of the housing dictionary and the optimization of the consumer purchase process.

The focus of home buyers' choice of platforms lies in the reality, experience, adequacy of homes and the convenience of buying houses. As mentioned above, sufficient offline stores can not only bring more listings, but also bring in more buyers from offline; and **after the introduction of buyers, Beike platform has made many attempts to retain customers by addressing the pain points of customers in buying houses.** Since 2008, Beike has gradually built its housing dictionary, which has advantages in the reality and quantity of listings. This advantage has been further strengthened in 3Q20: As of the end of the third quarter of 2020, Beike's housing dictionary covers approximately 233 mn sets, increasing by about 7 mn units compared to mid-2020. In terms of the convenience of buying houses, Beike has strengthened its cooperation with banks. As of the end of the third quarter of 2020, Beike has cooperated with 66 banks to make the loan process online and shortened the signing time by 19%. Beike is further consolidating its existing advantages and trying to solve the pain points of buyers from other aspects. As a result, the number of active users of Beike has also achieved rapid growth: In 3Q20, the number of monthly active users (MAU) of Beike reached approximately 47.9 mn, an increase of 82.1% YoY.

Table 2: Beike provides corresponding solutions according to the pain points of buyers

Pain points for buyers	Beike's solution
The reality, experience need and adequacy of the listing	Continue to enrich Housing Dictionary, continue to optimize VR viewing, etc.
Convenience of buying a house	Cooperate with 66 banks to make the loan process online

Source: Company announcements, CWSI Research

The advantages of the business model have driven the market share of Beike to continue to increase despite a high base, and the real estate brokerage industry has frequently seen strategic cooperation. The scale expansion of traditional offline real estate brokerages mostly comes from the increase in the number of offline stores,

which is limited by the speed of store opening and personnel reserves; the platform-based business model enables Beike to integrate small and medium-sized brokers in many regions across the country to achieve faster scale expansion and faster acquisition of a higher market share, and richer resources will continue to drive the expansion of shells. Compared with the traditional store expansion model, **the platform-based development model enables the real estate brokerage industry to better build channels for resource integration and supply and demand matching, and achieve rapid expansion with lower marginal costs through economies of scale.** At the current stage, Beike already has a certain first-mover advantage, and its accelerated market share has put pressure on other participants in the brokerage industry; it can be seen that after the listing of Beike, the real estate brokerage industry has already appeared several cooperation including E-House + Alibaba, Fangduoduo + Centaline, and there may be more groupings that constitute complementary operations in the future.

1.2 Traditional real estate brokerages transferring to online mode, focusing on technology and digital development

Online and digital development can optimize the cost control of the real estate brokerage industry and increase number of users by optimizing customer experience. R&D investment has brought important infrastructure to the platformization of real estate brokerage business. With the expansion of scale, online and intelligentization can more effectively reduce the cost of real estate brokerage platforms, while optimizing users' various experiences and obtaining higher customer retention rates and platform users.

The proportion of Beike's R&D expenses in the first three quarters further increased. Beike's investment in technology has increased year by year, and its proportion of revenue has also continued to increase. In the first three quarters of 2020, Beike's R&D expenses reached RMB 176 mn, an increase of 61.3% YoY; the proportion of revenue increased from 3.5% in the first three quarters of 2019 to 3.7% in the first three quarters of 2020. Beike's continuous increase in investment in technology has brought continuous optimization of infrastructure and the increase of the number of platform users. For example, Beike continued to optimize the scene transformation in the third quarter to optimize the efficiency of transactions (continue to optimize the "Xiaobei AI-assistant", further standardizing the brokerage service) and user experience (optimize the VR Lite to simplify housing shooting) etc.

Chart 10: Beike has continuously increased R&D investment in recent years

Legend: ■ R&D expenses of Beike — R&D expenses of Beike / revenue of Beike
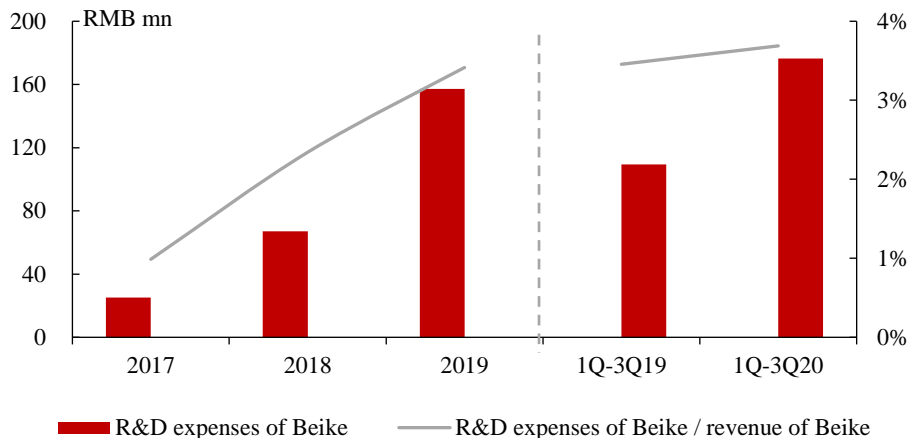
Source: Company announcements, CWSI Research

Chart 11: Xiaobei AI-assistant further standardizes the brokerage service
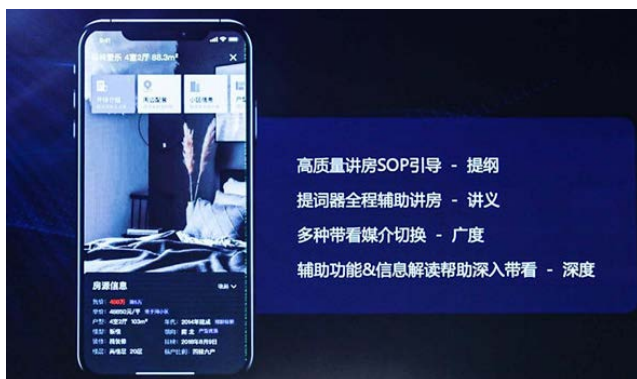
Source: Company announcements, CWSI Research

Chart 12: Beike continued to optimize the VR collection program

Source: Company announcements, CWSI Research

The development of technologies such as the Internet and VR has made consumers more and more inclined to learn about purchase targets through the Internet. The epidemic in early 2020 has accelerated the application of this preference in real estate. In 2Q20, Beike had on average approximately 159,000 VR property showings guided by agents per day, which further increased to 193,000 in 3Q20; while in 2Q19 and 3Q19, it was only 11,000 and 14,000, respectively.

Other participants in the real estate brokerage industry are also actively exploring technological innovation channels through cooperation. Other participants in the real estate brokerage industry have recently actively adopted digital actions in the form of strategic cooperation with Internet companies and other brokerages: E-House cooperated with Alibaba, launching Tmall Haofang using Alibaba's technology and users to promote E-House's online development; the traditional real estate brokerage

Centaline, which is deeply engaged in offline channels, cooperates with Fangduoduo, and Fangduoduo will provide technical and system support. **At present, the real estate brokerage industry is in the development stage of transferring from offline to online; how to transfer the offline housing and customer resources and the purchase process to online is an important proposition for the brokerage industry.**

Chart 13: Fangduoduo provides rich online brokerage services, which may help traditional brokerages to achieve online development

Source: Fangduoduo website, CWSI Research

1.3 Summary: Platform-based development, digital empowerment, and rapid industry changes

The current development of the real estate brokerage industry is becoming more platform-based and digital. Since Beike started its platform-based development in 2018, the platformization trend of the real estate brokerage industry has been accelerated. According to Beike's 3Q20 results, under the platform-based development model, the increase in Beike's market share has not slowed down with the growth of its scale base. On the other hand, Beike's investment in R&D continued to grow. The continuous iterative and optimized user experience has further expanded the Beike platform. The increase in platform activity also reflects the industry's technological and digital development trends.

Strong alliances occured frequently, and changes in the competitive landscape of the industry have accelerated. In the process of continuous expansion of Beike's market share, some real estate brokerage companies have joined forces to try to create a more competitive consortium through complementary advantages; currently, some strategic cooperation business models are still in the process of exploring: Ali +E-House has only realized the vision of "Get a house purchase coupon on Tmall " instead of "Buy a good house on Tmall"; the cooperation between Centaline and Fangduoduo has not yet shown a clear pattern of continuous expansion. In the environment of real

estate brokerage platformization, onlineization, and strong alliances, the changes in the competitive landscape of the industry have quietly accelerated.

2. Sector Performance

2.1 Performance of developer sector

This week, C&D INTL, Modern Land and Haichang had larger price increase than peers.
Hopsen, C&D INTL and Zhongan had better share price performance, YTD.

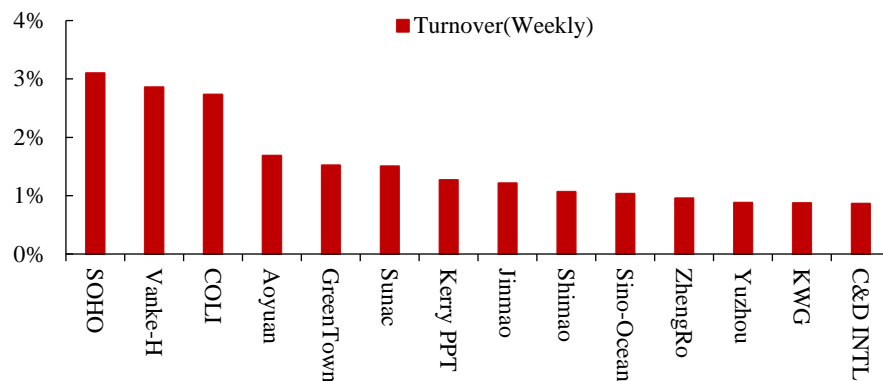**Chart 14: This week, C&D INTL, Modern Land and Haichang had larger price increase than peers**
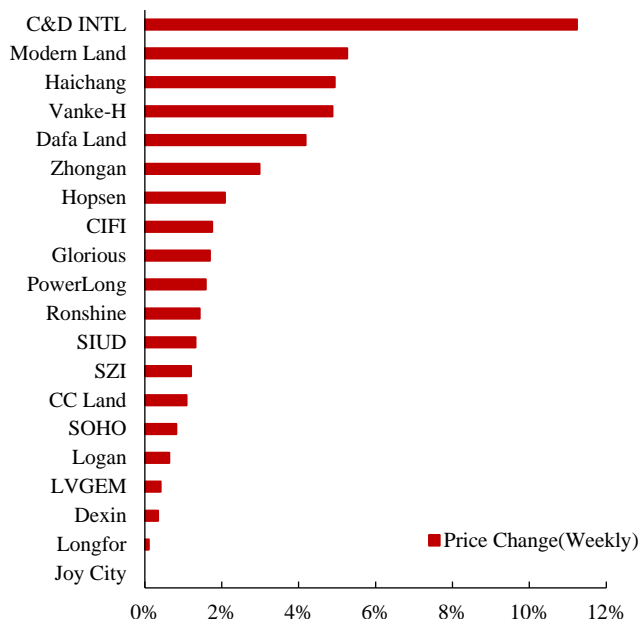
Source: Wind, CWSI Research

Chart 15: Hopsen, C&D INTL and Zhongan had better share price performance, YTD
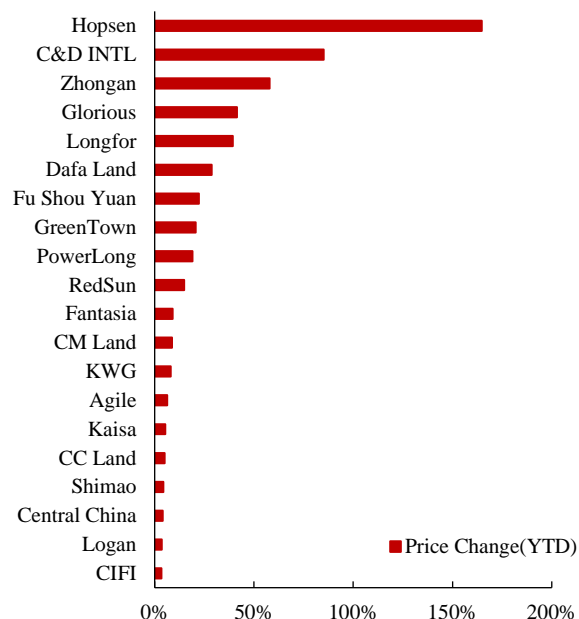
Source: Wind, CWSI Research

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

Source: Wind, CWSI Research

2.2 Performance of property management sector

This week, Binjiang Ser, Greentown Ser and Kaisa Prosper had larger price increase than peers. Yincheng LS, Eversunshine LS and Binjiang Ser had better share price performance YTD.

Chart 17: This week, Binjiang Ser, Greentown Ser and Kaisa Prosper had larger price increase than peers
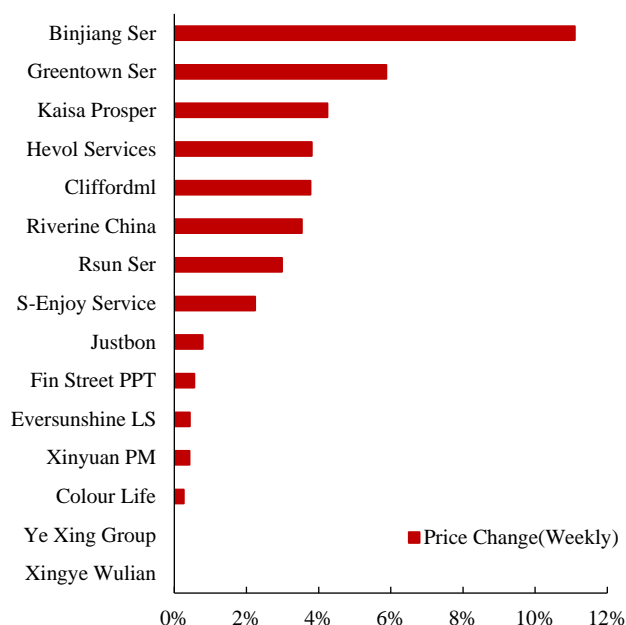
Source: Wind, CWSI Research

Chart 18: Yincheng LS, Eversunshine LS and Binjiang Ser and had better share price performance YTD
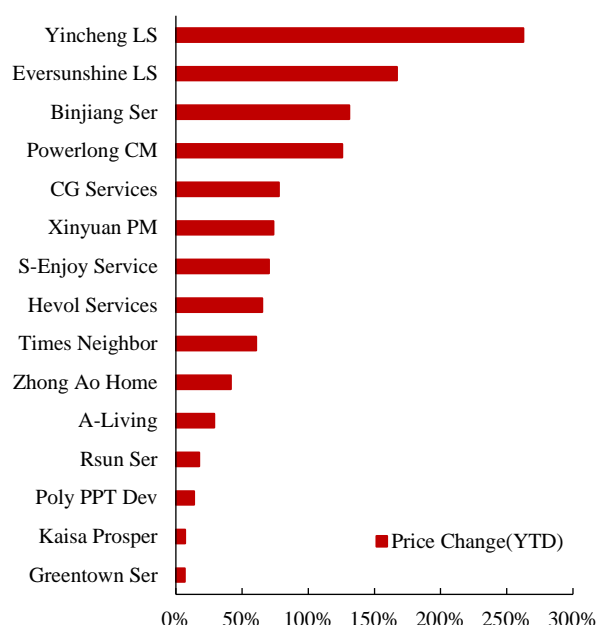
Source: Wind, CWSI Research

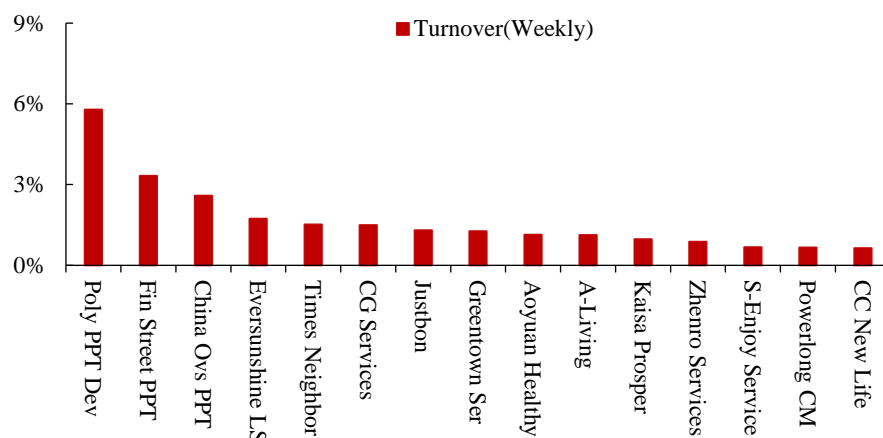**Chart 19: Poly PPT Dev, Fin Street PPT and China Ovs PPTs were most actively traded this week**

Source: Wind, CWSI Research

3. Major cities transaction performance

3.1 New house transaction data

Table 3: 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	206,877	8%	50%	915	45%	67%	552	143%	50%	6,471	4%
Shanghai	279,700	-8%	8%	1,472	4%	30%	880	12%	26%	12,039	-1%
Guangzhou	-	-	-	202	-79%	-76%	202	98%	-63%	7,694	-5%
Shenzhen	155,575	12%	116%	609	66%	101%	415	67%	95%	3,761	22%
Tier 1	**642,152**	**-15%**	**-5%**	**3,198**	**-5%**	**13%**	**2,049**	**50%**	**12%**	**29,965**	**1%**
Tier 2	**2,187,803**	**-18%**	**-18%**	**11,596**	**15%**	**2%**	**7,416**	**30%**	**1%**	**105,988**	**-1%**
Tier 3	**2,352,412**	**-7%**	**6%**	**11,520**	**-2%**	**23%**	**7,134**	**-6%**	**21%**	**104,106**	**1%**
Beijing	206,877	8%	50%	915	45%	67%	552	143%	50%	6,471	4%
Qingdao	270,769	-6%	-15%	1,383	3%	12%	803	8%	5%	13,308	7%
Jinan	251,090	-2%	42%	1,113	14%	33%	698	17%	37%	9,787	11%
Dongying	148,787	13%	227%	612	93%	227%	411	71%	187%	4,189	164%
PBR	**877,524**	**1%**	**30%**	**4,024**	**23%**	**43%**	**2,464**	**37%**	**38%**	**33,755**	**16%**
Shanghai	279,700	-8%	8%	1,472	4%	30%	880	12%	26%	12,039	-1%
Nanjing	182,569	26%	264%	1,056	31%	124%	711	31%	146%	8,498	21%
Hangzhou	91,272	-58%	-59%	614	12%	-22%	503	7%	-14%	7,447	8%
Suzhou	177,820	43%	-6%	611	-29%	-29%	346	-19%	-37%	9,540	6%
Wuxi	77,700	-52%	-40%	558	42%	8%	358	35%	11%	5,261	-20%
Yangzhou	54,843	-38%	5%	262	2%	33%	202	0%	23%	2,283	13%
Jiangyin	24,490	14%	-55%	85	-66%	-72%	61	26%	-70%	2,406	-13%
Wenzhou	147,432	-25%	-51%	884	-32%	-9%	572	-22%	-7%	10,538	-4%
Jinhua	49,348	-4%	34%	245	43%	49%	166	28%	70%	2,108	25%
Changzhou	29,712	-32%	-73%	183	55%	-33%	115	197%	-32%	2,513	-42%
Huaian	107,552	-1%	13%	536	20%	34%	312	3%	26%	4,147	-7%
Lianyungang	116,986	3%	-2%	556	-10%	1%	369	-14%	6%	5,760	-4%
Shaoxing	15,354	-44%	-69%	141	-19%	-31%	91	-33%	-27%	2,191	6%
Zhenjiang	112,613	-28%	-12%	590	0%	-2%	367	2%	8%	5,590	-19%
Jiaxing	69,272	-21%	38%	285	-17%	61%	245	-12%	115%	2,973	22%
Wuhu	75,339	0%	109%	337	-3%	106%	239	-6%	191%	2,227	27%
Yancheng	89,751	-27%	-19%	394	14%	7%	212	-2%	-4%	3,405	5%
Zhoushan	19,047	-4%	-2%	114	-30%	23%	59	-53%	24%	1,221	18%
Chizhou	16,795	32%	136%	81	42%	-28%	46	0%	-17%	752	-35%
Ningbo	104,396	-37%	-30%	588	-24%	4%	373	-22%	4%	7,139	6%
YRD	**1,841,991**	**-18%**	**-15%**	**9,593**	**-4%**	**7%**	**6,228**	**-1%**	**11%**	**98,036**	**-1%**
Guangzhou	-	-	-	202	-79%	-76%	202	98%	-63%	7,694	-5%
Shenzhen	155,575	12%	116%	609	66%	101%	415	67%	95%	3,761	22%
Fuzhou	79,392	8%	125%	310	-5%	76%	215	76%	102%	2,436	2%
Dongguan	162,796	9%	53%	804	8%	62%	432	20%	48%	6,120	30%
Quanzhou	40,069	-43%	43%	407	33%	113%	170	-15%	56%	2,616	-13%
Putian	30,423	-6%	-8%	160	-16%	27%	93	-36%	27%	1,486	-20%
Huizhou	89,873	-30%	-8%	494	19%	59%	345	39%	59%	2,837	14%
Shaoguan	17,952	-15%	-9%	112	-44%	-18%	58	-58%	-28%	1,537	8%
Foshan	356,179	40%	140%	1,379	5%	117%	823	2%	89%	11,113	-4%
Jiangmen	30,386	30%	8%	150	-4%	31%	72	-23%	2%	1,239	22%
PRD & Southern China	**962,645**	**-5%**	**25%**	**4,627**	**-7%**	**39%**	**2,824**	**15%**	**32%**	**40,838**	**3%**
Taian	52,510	-26%	17%	320	-12%	38%	194	-23%	35%	2,439	5%
Northern China	**52,510**	**-26%**	**17%**	**320**	**-12%**	**38%**	**194**	**-23%**	**35%**	**2,439**	**5%**
Wuhan	490,021	-14%	2%	2,654	25%	24%	1,626	17%	23%	15,758	-22%
Yueyang	27,425	-38%	-20%	192	-21%	4%	117	-29%	26%	2,073	12%
Baoji	100,845	15%	-9%	391	33%	-3%	260	15%	-10%	3,102	9%
Ganzhou	148,835	-11%	-9%	797	-10%	-12%	500	-13%	-11%	7,486	-8%
Central China	**767,126**	**-12%**	**-3%**	**4,034**	**13%**	**11%**	**2,503**	**6%**	**10%**	**28,419**	**-14%**
Chengdu	421,122	-22%	-4%	2,078	44%	12%	1,424	165%	14%	19,430	13%
Liuzhou	129,504	20%	16%	699	-24%	39%	338	-42%	6%	6,089	10%
Nanning	129,947	-42%	-76%	940	31%	-56%	623	70%	-59%	11,052	-18%
Western China	**680,573**	**-22%**	**-38%**	**3,717**	**21%**	**-18%**	**2,385**	**61%**	**-23%**	**36,572**	**1%**
Total	**5,182,367**	**-13%**	**-7%**	**26,314**	**4%**	**12%**	**16,599**	**13%**	**10%**	**240,059**	**0%**
Num. of cities Up		**15**	**20**		**24**	**28**		**24**	**29**		**26**
Num. of cities Down		**26**	**21**		**18**	**14**		**18**	**13**		**16**

Source: Local governments, CWSI Research; Note: Till 2020/11/20

Table 4: Major cities inventory period was 9.9 months this week

City	Inventory (sqm 000)	wow	yoy	Inventory period	Last week	wow	yoy
Beijing	12,207	2%	20%	13.3	14.4	-7%	-28%
Shanghai	6,734	-3%	-14%	4.6	4.5	3%	-33%
Shenzhen	2,421	5%	7%	4.0	3.9	1%	-47%
Tier 1 Average		**1%**	**4%**	**7.3**	**7.6**	**-1%**	**-36%**
Hangzhou	4,330	3%	25%	7.1	5.9	19%	60%
Nanjing	6,797	0%	30%	6.4	6.5	0%	-42%
Suzhou	8,340	3%	53%	13.6	13.0	5%	116%
Fuzhou	6,592	0%	91%	21.2	23.0	-7%	8%
Wenzhou	12,046	0%	25%	13.6	12.1	13%	37%
Quanzhou	6,967	0%	8%	17.1	16.2	6%	-49%
Ningbo	2,835	14%	-11%	4.8	3.8	28%	-9%
Dongying	1,732	-2%	9%	2.8	2.9	-1%	-67%
Overall Average		**2%**	**22%**	**9.9**	**9.6**	**5%**	**-5%**

Source: Local governments, CWSI Research; Note: Till 2020/11/20; Average WoW and average YoY are defined as average change of each city

3.2 Second-hand house transaction and price data

Table 5: 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	384,368	7%	48%	1,637	43%	63%	1,043	85%	52%	12,639	16%	
Shenzhen	122,096	22%	-28%	527	7%	-22%	332	32%	-23%	7,331	39%	
Hangzhou	127,474	21%	73%	532	22%	67%	333	17%	68%	5,028	19%	
Nanjing	181,604	3%	-13%	978	26%	35%	568	44%	8%	8,870	36%	
Chengdu	87,998	2%	-61%	364	37%	-60%	241	93%	-61%	4,282	-55%	
Qingdao	97,805	-14%	1%	500	24%	21%	329	46%	23%	4,750	18%	
Wuxi	115,278	7%	3%	516	27%	-24%	326	42%	-19%	5,576	-1%	
Suzhou	128,980	-7%	1%	576	34%	-7%	382	66%	-4%	5,186	-43%	
Xiamen	85,163	6%	47%	353	50%	46%	236	66%	52%	3,020	-8%	
Yangzhou	17,847	-22%	-16%	102	7%	11%	66	21%	17%	967	-1%	
Yueyang	12,890	-15%	-7%	67	19%	1%	43	34%	3%	613	-10%	
Nanning	36,640	-34%	-55%	215	28%	-45%	143	96%	-39%	2,335	-19%	
Foshan	167,536	-4%	72%	745	17%	108%	501	45%	88%	5,678	10%	
Jinhua	43,266	-25%	67%	241	25%	40%	163	43%	30%	2,301	66%	
Jiangmen	16,892	-11%	226%	81	15%	259%	52	42%	293%	740	-7%	
Total	**1,625,837**	**1%**	**3%**	**7,435**	**28%**	**11%**	**4,756**	**53%**	**8%**	**69,316**	**-2%**	
Num. of cities Up		**7**	**9**		**15**	**10**		**15**	**10**		**7**	
Num. of cities Down		**8**	**6**		**0**	**5**		**0**	**5**		**8**	

Source: Local governments, CWSI Research; Note: Till 2020/11/20

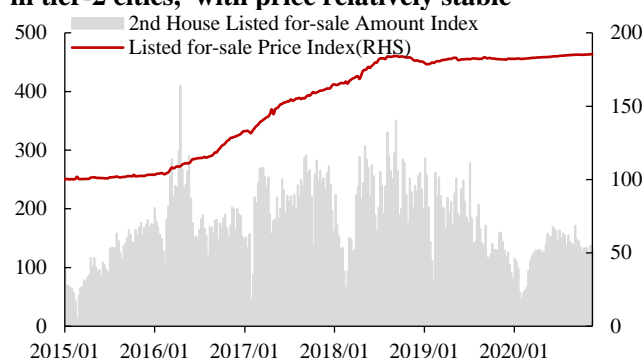**Chart 20: 2nd house listed for-sale price index rose slightly recently**
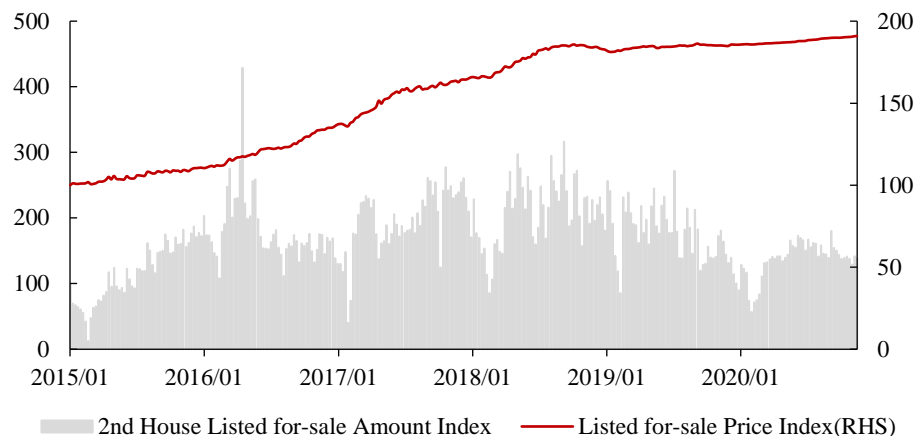
Source: Local Government, CWSI Research; Note: Till 2020/11/15

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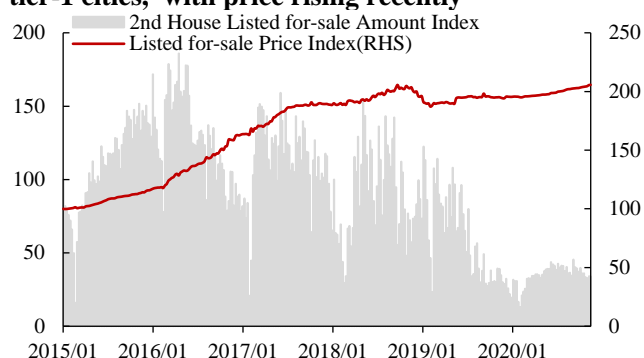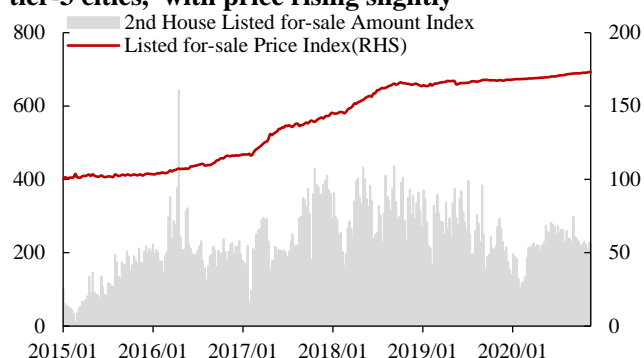

Source: Local Government, CWSI Research; Note: Till 2020/11/15

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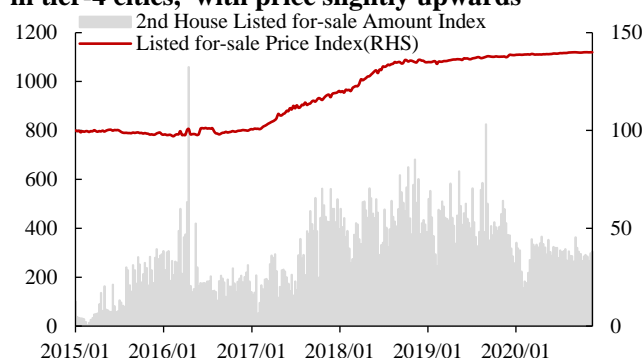

Source: Local Government, CWSI Research; Note: Till 2020/11/15

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

Source: Local Government, CWSI Research; Note: Till 2020/11/15

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

Source: Local Government, CWSI Research; Note: Till 2020/11/15

4. Important Policies and News

4.1 Important Industry Policies News This Week

Table 6: Important Industry Policies News This Week: RCEP agreement was formally signed; LPR for 1-year and 5-year or more periods were the same as last month

Date	Region / Institution	Summary
2020-11-16	RCEP	The Regional Comprehensive Economic Partnership (RCEP) agreement was formally signed during the East Asia Cooperation Leaders' Meeting. The free trade zone with the largest population, the most diverse membership structure and the greatest development potential in the world was born.
2020-11-17	Yunnan	Fully liberalize the province's urban Hukou policies, implement the province's unified urban and regional Hukou policies, refine the Hukou policies, formulate feasible policy measures, and accelerate the promotion of key groups of agricultural transfer populations to settle in cities and towns.
2020-11-19	Xiamen	Issued "Xiamen Housing Development Plan (2021-2025)" (public announcement draft): the annual increase in the price of newly-built commercial housing should not exceed 5%, and the annual increase in housing rental prices should not exceed the per capita disposable price of urban residents income growth rate.
2020-11-19	Suzhou	Eligible talents and families with special talents can enjoy priority house purchase service once and can only use it to purchase 1 set of house; plans will be made to build talent rental housing and "young talent post", and relax Hukou restrictions for young talents.
2020-11-19	Harbin	Encourage developers to further benefit the buyers when sell residential houses, residential apartments and other newly-built commercial houses.
2020-11-19	Lishui	Eligible graduates will be given a one-time housing purchase subsidy; after the introduced talents enjoy the housing subsidy, the property purchased by them will be restricted from listing and trading within 5 years; those who leave after the service period shall be refunded according to the number of months of the unexpired service period.
2020-11-20	LPR	LPR for 1-year and 5-year or more periods were 3.85% and 4.65%, respectively, which were the same as last month.

Source：Wind, Government website, CWSI Research

4.2 Company news and announcements

Table 7: Company news and announcements: Multiple developers carried out debt financing

Date	Company	Summary
2020-11-16	Vanke	Issued RMB 381 mn 5-year 3.5% corporate bond "200vanke 07" and RMB 1.6 bn 7-year 4.11% corporate bond "200vanke 08".
2020-11-17	Jingrui	Issued USD 240 mn 14.5% senior notes due 2023.
2020-11-18	Central China	Issued USD 300 mn 7.75% senior notes due 2024.
2020-11-19	PRE	Issued RMB 2 bn 3-year 3.98% medium-term notes "20 Poly Development MTN005".
2020-11-19	Risesun	Issued RMB 500 mn 2+1-year 7.5% directional debt financing tool "20 Risesun Real Estate PPN001".
2020-11-19	CFLD	Planned to carry out perpetual bond financing of RMB 2 bn from Western Trust with an initial investment period of 18 months and an initial interest rate of 8.5%.

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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(3) I am not, directly or indirectly, supervised by or reporting to our Investment Banking Department;

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Accumulate – Describes stocks that we expect to provide a relative return of between 5% and 20%.

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%.

2) Sector Ratings:

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

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