

Sales increased over 70%

Comments on Jan 21 sales data of leading developers

Low base and current enthusiasm in some cities' housing market caused the 70.9% YoY growth in sales amount. In the first month of 2021, TOP100 developers realized a total contracted sales of RMB 0.99 tn (+70.9% YoY, vs +12.4% in 2021A), and contracted GFA of 68 mn sqm (+59.2% YoY, vs +9.6% in 2021A). In Jan, under the combined effect of the COVID-19 and the Spring Festival holiday, the sales amount base in Jan 2020 was low; at the same time, the property market in some cities at the beginning of the year continued to be hot, driving the sales amount in Jan 2021 to increase significantly YoY.

Sales growth of small and medium-sized developers is outstanding. The small base in Jan 2020 and the current continuous hot commercial housing market have caused large fluctuations in the sales growth of all scales of developers. As of end-Jan 2021, developers ranked 51-100 in sales had the fastest sales growth, with a YoY increase of 463% (top 10 and top 11-50 developers increased by 55% and 108% respectively). Companies that grew the fastest in contracted sales in Jan 2021 were C&D (+244% YoY), RedSun (+215% YoY), Logan (+198% YoY), GreenTown (+192%) and Mideadc (+136%).

Industry funding has been tightened, and some T1/T2 cities frequently introduced regulatory policies. At the end of Dec2020, Central Bank and CBIRC imposed restrictions on the placement of mortgage loans by banking institutions, and in Jan 2021, the Shanghai Monetary and Credit Work Conference held by the Shanghai Headquarters of the Central Bank also emphasized "the steady implementation of real estate loan concentration management requirements and reasonable control of the scale of real estate loans"; accordingly, mortgage loan issuance was suspended and mortgage rates increased in some T1/T2 cities during the month, tightening the industry funding. At the local level, in Jan a number of popular cities tightened regulations: foreclosure homes will be included in the scope of purchase restrictions in Shanghai, Nanjing will tighten the talent purchase policy, etc.; on the other hand, some cities have introduced relatively mild policies in response to the current supply and demand situation: Changsha allowed off-site provident funds loans, Wuhan will reduce the newly added construction land year by year, etc. On the whole, the increase in mortgage loan interest rates and the tightening of local regulatory policies may affect the housing sales in some popular cities in the short term, but the medium and long-term housing demand in the aforementioned cities still has sufficient support.

Suggestion:

In Jan 2021, the property market in some T1/T2 cities continued the heat at the end of the previous year, driving a substantial increase in industry sales. The current industry policy direction remains stable, and the shortage of mortgage loans in some T1/T2 cities will have a certain impact on short-term sales. However, the cooling of the above-mentioned property market will help the overall stable and healthy development of the industry, maintain "Overweight" rating.

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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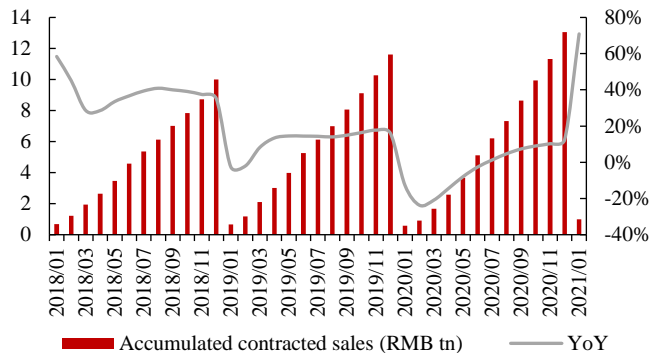
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CRIC released the sales data of developers for Jan 2021, contracted sales increased by 70.9% YoY.

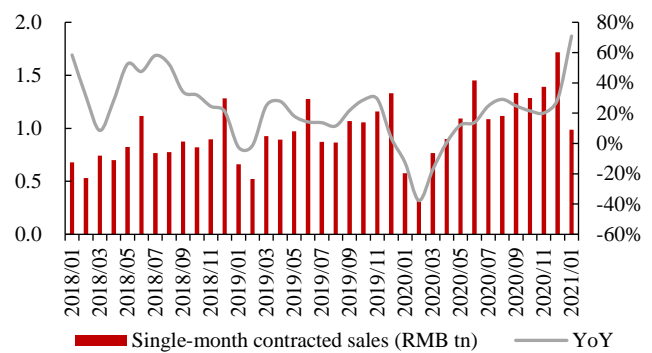
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Chart 1: TOP100 developers realized a total contracted sales of RMB 0.99 tn in Jan 2021



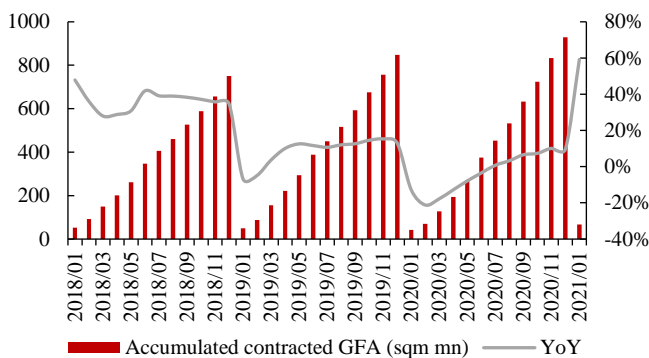
Source: CRIC, CWSI Research

Chart 2: Contracted sales in Jan 2021 of TOP100 developers increased 70.9% YoY



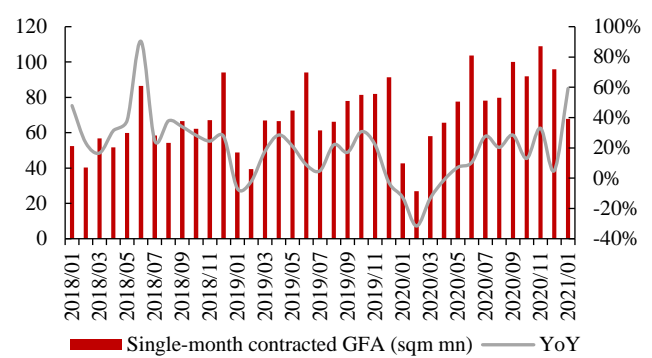
Source: CRIC, CWSI Research

Chart 3: TOP100 developers realized a total contracted GFA of 68 mn sqm in Jan 2021



Source: CRIC, CWSI Research

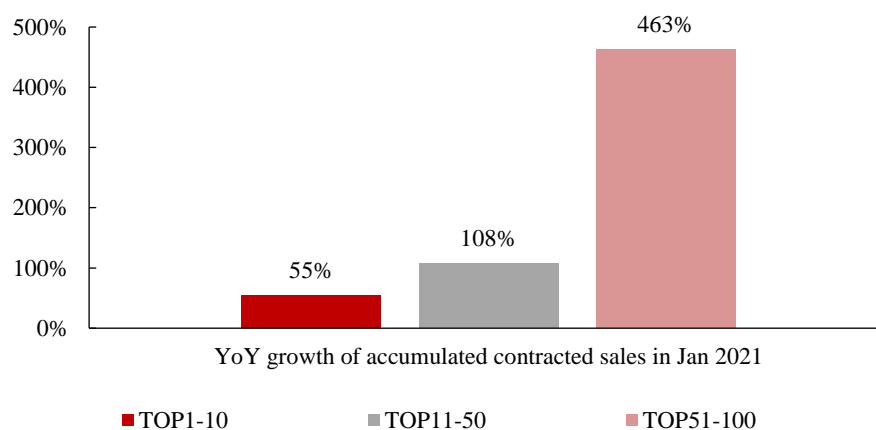
Chart 4: Contracted GFA in Jan 2021 of TOP100 developers increased 59.2% YoY



Source: CRIC, CWSI Research

Sales growth of small and medium-sized developers is outstanding. The small base in Jan 2020 and the current continuous hot commercial housing market have caused large fluctuations in the sales growth of all scales of developers. As of end-Jan 2021, developers ranked 51-100 in sales had the fastest sales growth, with a YoY increase of 463% (top 10 and top 11-50 developers increased by 55% and 108% respectively). Companies that grew the fastest in contracted sales in Jan 2021 were C&D (+244% YoY), RedSun (+215% YoY), Logan (+198% YoY), GreenTown (+192%) and Mideadc (+136%).

Chart 5: Sales growth of small and medium-sized developers is outstanding



Source: CRIC, CWSI Research

Industry funding has been tightened, and some T1/T2 cities frequently introduced regulatory policies. At the end of Dec2020, Central Bank and CBIRC imposed restrictions on the placement of mortgage loans by banking institutions, and in Jan 2021, the Shanghai Monetary and Credit Work Conference held by the Shanghai Headquarters of the Central Bank also emphasized “the steady implementation of real estate loan concentration management requirements and reasonable control of the scale of real estate loans”; accordingly, mortgage loan issuance was suspended and mortgage rates increased in some T1/T2 cities during the month, tightening the industry funding. At the local level, in Jan a number of popular cities tightened regulations: foreclosure homes will be included in the scope of purchase restrictions in Shanghai, Nanjing will tighten the talent purchase policy, etc.; on the other hand, some cities have introduced relatively mild policies in response to the current supply and demand situation: Changsha allowed off-site provident funds loans, Wuhan will reduce the newly added construction land year by year, etc. On the whole, the increase in mortgage loan interest rates and the tightening of local regulatory policies may affect the housing sales in some popular cities in the short term, but the medium and long-term housing demand in the aforementioned cities still has sufficient support.

Table 1: A Glance of Real Estate Policies in Jan 2021, housing-related loan funds are tightened, T1/T2 cities frequently introduced regulatory policies

Date	Region/ Institution	Policy Summary
2020-12-31	Central Bank	The banking industry will set two upper limits for the proportion of real estate loan balance and the proportion of personal housing loan balance by stages, set a transition period for institutions that exceed the upper limit, and establish a regionally differentiated adjustment mechanism.
2021-01-06	MOHURD	The Minister of Housing and Urban-rural Development Wang Menghui said that it is necessary to improve the policy coordination mechanism, establish a linkage mechanism between housing, land and finance, strengthen residential land management, and improve the macro-prudential management system of real estate finance.
2021-01-06	Nanping	In areas where housing prices are rising too fast, it is necessary to adopt measures to limit the increase and control housing prices to resolutely curb the trend of housing price increases.
2021-01-07	Central Bank	The central bank's work meeting was held to deploy ten key tasks this year, including the implementation of the long-term real estate mechanism, the implementation of the real estate financial prudential management system, and the improvement of the financial support housing leasing policy system.
2021-01-12	Central Bank	The Shanghai Headquarters of the Central Bank held the 2021 Shanghai Monetary and Credit Work Conference, emphasizing the steady implementation of the management requirements for the concentration of real estate loans and reasonable control of the scale of real estate loans.
2021-01-12	Shanghai	In response to the persistent market fever in housing market, the Shanghai Housing Authority stated that it is actively studying the further improvement of related policies and regulations, and stated that it will strictly implement the real-name system for purchasing houses.
2021-01-13	Foshan	It is necessary to improve the flow mechanism of talents in the GBA. For graduates of "double first-class" colleges and universities introduced by enterprises, RMB 90,000 for doctors, RMB 60,000 for masters, and RMB 30,000 for bachelor's degrees are provided. Also, young talents who start businesses will be given a rent subsidy of up to 300 sqm for up to 3 years.
2021-01-13	Zhejiang	In 2021, Zhejiang will issue basic public service standards for public rental housing; strengthen the precise protection of public rental housing, and strive to reach 250,000 households benefiting public rental housing throughout the year; this year will make new breakthroughs in promoting the stable and healthy development of the real estate market and accelerate the establishment of real estate credit system.
2021-01-18	Changsha	Allowed loans to cities in the middle reaches of the Yangtze River and Hunan Province, and stipulate that in cities in the middle reaches of the Yangtze River that have signed a cooperation agreement, their employees can go to the Changsha Center to apply for loans from other places for provident funds, while employees in other cities in the province can apply for loans from other places. Accepted by the provincial branch center.
2021-01-18	Nanjing	Tightened the policy for talent purchases. Talents who work in recognized enterprises and institutions and have obtained a master's degree or a bachelor's degree are required to have a labor contract of 1 year or more, and pay 6 months, 12 months or more of social security or personal income tax.

2021-01-21	Shenzhen	Families buying commercial houses can only be registered under the names of members who are qualified to buy houses, and name change during marriage will be suspended to avoid the phenomenon of obtaining Shenzhen house purchase qualifications through fake marriages.
2021-01-22	Shanghai	For couples who purchase commercial housing within 3 years of divorce, the number of housing units they own will be calculated based on the total number of households before the divorce; increase the VAT exemption period for individual sales of housing from 2 years to 5 years; improve the housing selection system of newly-built commercial housing by notarization and give priority to satisfying the demand for self-occupied houses of families without housing; increase the supply of land for commercial housing, especially around the suburban rail transit stations and the five major new cities.
2021-01-25	Shenzhen	Buyers who use fraudulent methods to purchase commercial housing will be prohibited from using the "home purchase intention registration system" and the contract online signing system for 3 years, including new homes and all second-hand housing transactions.
2021-01-25	Shanghai	Foreclosure homes will be included in the scope of housing purchase restrictions.
2021-01-27	Wuhan	The land supply will be strictly controlled and will be reduced year by year, decreasing by 20% compared with the "13th Five-Year Plan" period by 2025. and the development of existing land will be vigorously promoted.
2021-01-27	Hangzhou	Further strengthened the housing purchase restriction, stipulating that those settled in this city for less than 5 years can purchase one house within the purchase restriction scope of the city, and that if a house within the scope of the city's purchase restriction is given to others, the donor cannot purchase a house within the scope of purchase restriction in 3 years, and except for bequests, the recipient's family must comply with this city's housing purchase restriction policy.
2021-01-27	Chengdu	Violations such as price bidding will be severely cracked down.
2021-01-28	Ningbo	Five major measures will be taken to increase housing supply, including providing land for rental housing, allowing idle commercial, office, and industrial housing to be converted into rental housing, intensively building rental housing, revitalizing the stock of idle housing, and building high-end rental housing.

Source: Government websites, CWSI Research

Table 2: Sales of developers in Jan 2021, C&D and Yuzhou increased the fastest in cumulative sales

Company	Sales Amount (RMB '00 mn)			Sales Area (10 thousand sqm)		
	Jan	Jan YoY	2020A YoY	Jan	Jan YoY	2020A YoY
Vanke	702	28%	12%	465	40%	14%
EverGrande	603	49%	20%	674	50%	38%
Country Garden	556	20%	2%	639	22%	6%
PRE	420	78%	9%	285	81%	9%
Sunac	350	88%	3%	250	84%	7%
COLI	285	41%	13%	152	37%	7%
CMSK	246	107%	26%	91	106%	6%
CR Land	242	119%	18%	126	152%	7%
Gemdale	239	95%	15%	118	92%	11%
Jinmao	201	91%	44%	141	145%	51%
Shimao	200	96%	15%	113	94%	17%
Logan	194	198%	51%	122	154%	28%
Future Land	166	48%	-7%	181	71%	-3%
CIFI	162	66%	15%	100	60%	28%
GreenLand	161	89%	-8%	146	104%	-18%
Longfor	151	49%	12%	90	48%	14%
GreenTown	146	192%	59%	52	134%	58%
Yango	139	37%	3%	98	12%	-11%
Zhongliang	138	87%	11%	114	57%	-9%
Jinke	136	57%	20%	126	30%	18%
Zoina	135	127%	14%	98	115%	9%
Ronshine	123	67%	10%	64	86%	11%
Midead	123	136%	25%	99	101%	11%
C&D	113	244%	76%	60	197%	73%
Kaisa	112	103%	25%	88	121%	40%
R&F	111	71%	0%	82	38%	-13%
Agile	110	120%	17%	72	141%	15%
Aoyuan	101	100%	13%	88	103%	10%
Binjiang	97	57%	22%	27	42%	12%
Times	83	24%	28%	42	-5%	26%
BRC	82	50%	2%	96	70%	10%
Sinidc	81	60%	24%	53	59%	26%
China SCE	81	61%	26%	49	48%	16%
Radianc	78	92%	9%	49	68%	13%
Yuzhou	78	126%	40%	46	117%	26%
KWG	68	31%	20%	30	9%	24%
PowerLong	68	92%	35%	44	98%	41%
RedSun	63	215%	33%	41	174%	21%
Risesun	60	19%	10%	47	-7%	7%
Sino-Ocean	55	56%	1%	29	74%	11%
TOP1-10 Total	3844	55%	7%	3059	52%	10%
TOP1-50 Total	8167	67%	12%	5793	59%	10%
TOP1-100 Total	9863	71%	12%	6789	59%	10%

Source: CRIC, 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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- (5) I do not serve as officer(s) of the listed company (ies) covered in this report; and
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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:

Overweight – Describes sectors that we expect to provide a relative return of >10%.

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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