This Week in China

Housing demand trend in the 7th National Population Census

Topic of the week:

Overview of the total population: slowing down total population growth, deepened degree of aging society, and increasing proportion of children. According to the 7th National Population Cencus data, China's total population is 1.412 bn persons with a 2010-2020 CAGR of 0.53% (2000-2010 CAGR: 0.57%), population growth is slowing down. The proportion of the population aged over 65 in China has increased 4.63pct to 13.50% in 2010 (2000-2010: an increase of 1.91pct), and the degree of aging has further deepened. The comprehensive two-child policy implemented in 2016 has brought a certain boost to the growth of population. In 2020, the population aged 0-14 has increased by 1.35pct to 17.95% compared with 2010 (2000-2010: -6.29pct).

Total demand: The trend of slowing population growth and accelerating urbanization rate in the past decade may put a certain pressure on the growth of total housing demand, and factors such as household fission are expected to form a hedge. The housing demand brought by the new urban population is the main component of the housing demand. According to the 7th National Population Cencus, the current urbanization rate of 63.89% in China is already at a relatively high level, and the future increase may slow down, thus the increase in the total housing demand may face certain pressure. On the other hand, the current accelerated growth in the number of households (the total number of households increased by 23.1% from 2010 to 2020, which is higher than 15.3% from 2000 to 2010) may hedge against the slowdown in the increase in the urbanization rate to a certain extent, keeping the total housing demand at a relatively high level.

Demand structure: The size of households is becoming smaller and the regional differentiation continues. The average household population in China dropped from 3.10 in the 2010 6th National Population Cencus by 0.48 persons to 2.62 persons (2000-2010: a decrease of 0.34 persons). Factors such as urbanization and lifestyle changes may further intensify the downsizing of families, and the demand for living space will also change. In terms of region, the proportion of the floating population within the province to the total floating population increased by 5.6pct to 66.8% compared with 2010. In terms of inter-province, most of the floating population flows to urban agglomerations such as the Greater Bay Area, the Yangtze River Delta. In the past ten years, Guangdong, Zhejiang, and Jiangsu are the three provinces with the largest increase in population. Developers that covered more in corresponding areas are expected to continue to benefit.

Data points:

As of May 14th, new house transaction area in 42 major cities this week increased 69% WoW, and cumulative transaction area in 2021 increased 74% YoY.

As of May 14th, saleable area (inventory) in 13 major cities this week decreased 1% WoW; average inventory period was 12.2 months, average WoW change was -6%.

As of May 14th, second-hand housing transactions in 15 major cities this week increased 191% WoW, and cumulative transaction area in 2020 increased 52% YoY.

Suggestion:

Recently, many developers have intensively launched debt financing, and some companies have redeemed some existing debts at the same time; the financing and financial advantages of some developers may be further strengthened. At present, the centralized land supply in many hot cities is gradually developing, and the competition in many cities is still fierce. Developers with capital and resource advantages and characteristic land acquisition models are still expected to outperform. Maintain "Overweight" rating.

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1. Housing demand trend in the 7th National Population Census

The main data of the 7th National Population Cencus has been disclosed, providing a comprehensive and reliable data reference for the current population, structure, and distribution of China. What demographic trends has the 7th National Population Cencus data reflected? What impact will it have on housing demand?

1.1 Slowing down population growth, changing family structure

The slowdown of the total population growth has not changed, and the urbanization rate has accelerated. According to the 7th National Population Cencus data, as of November 1, 2020, China's total population (excluding Hong Kong, Macao and Taiwan) is 1.4117.8 bn persons, with a 2010-2020 CAGR of 0.53%, which is higher than the 2000-2010 CAGR 0.57%, and the trend of slowing down of China's total population remains unchanged. In terms of the urbanization rate, according to the census data, in 2020, the urbanization rate of China has increased by 14.21 pct from 2010 to 63.89% (2000-2010: 13.46 pct).

Chart 1: The CAGR of China's total population has declined in the past ten years
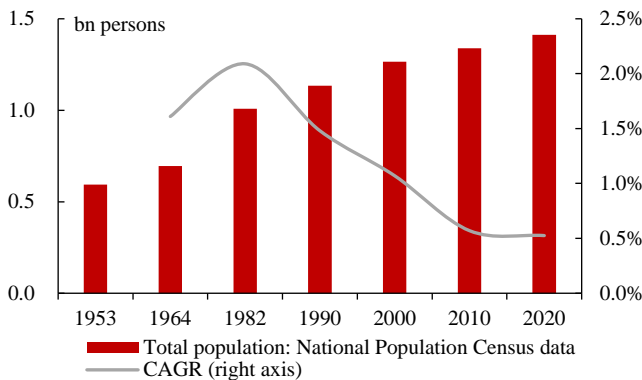
Source: NBS, CWSI Research

Chart 2: China's urbanization rate has increased more rapidly in the past ten years
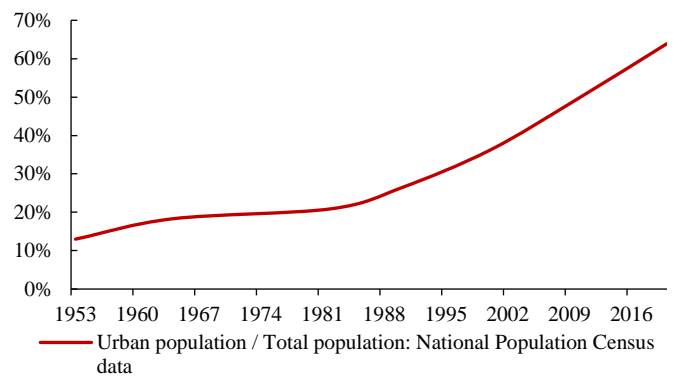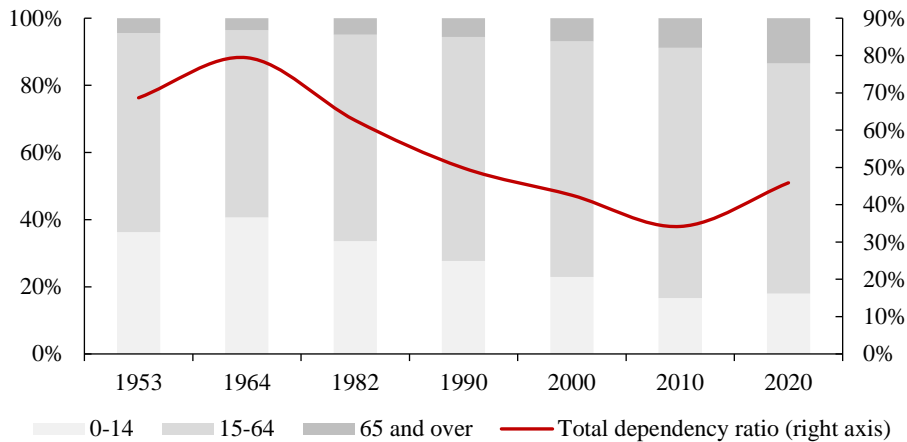

Source: NBS, CWSI Research

Aging is increasing and the proportion of children is increasing. Under the influence of factors such as family planning for a long time and the increase in residents' income, the birth rate in China has declined for decades, which is the main reason for the current deepening in aging. According to the census data, the proportion of the population aged 65 and above in China in 2020 has increased by 4.63 pct to 13.50%

compared to 2010 (2000-2010: 1.91 pct increase), and China's aging degree has rapidly deepened in the past decade. The comprehensive two-child policy implemented in 2016 has brought a certain boost to the growth of the births. In 2020, the proportion of the population aged 0-14 has increased by 1.35 pct to 17.95% (2000-2010: -6.29 pct) compared to 2010.

Chart 3: The proportion of the elderly and children has risen, and the total dependency ratio has risen
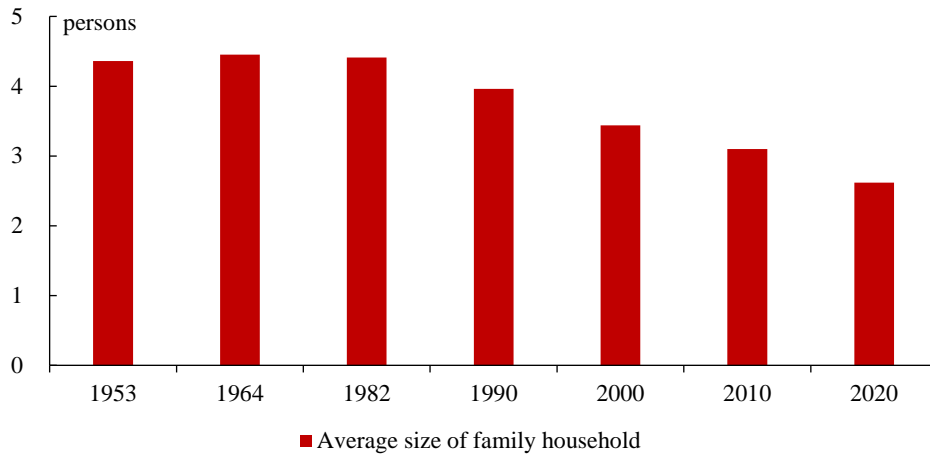

Source: NBS, CWSI Research

The increase in the number of family households is greater than the increase in the population of family households, and the average household size has declined. Compared with the data of the 6th National Population Cencus, the average household population in China fell from 3.10 in the 2010 7th National Population Cencus by 0.48 persons to 2.62 (2000-2010: a decrease of 0.34 persons), and the average household size continued to decline. The faster growth in the number of households is the main reason for the increase in the average size of each household. From 2010 to 2020, the total population of family households in China has increased by 3.9% (2000-2010: 3.9%), and the number of households has increased by 23.1%. (2000-2010: 15.3%). The decline in the size of family households has also appeared in other countries in the world. For example, according to the Statistics Bureau of Japan, the average size of private households in Japan fell from 2.67 persons in 2000 to 2.33 persons in 2015; according to the Bank of Korea's forecast of the total population of South Korea and the National Bureau of Statistics of Korea's forecast of the total number of households, the average size of households in South Korea will continue to drop from 3.24 persons in 2000 to 2.26 persons in 2047.

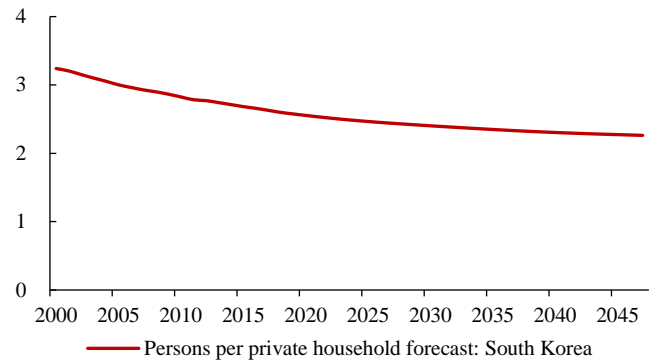**Chart 4: The number of households has increased even more, driving the decline in average household size**

Source: NBS, CWSI Research

Chart 5: Japan's private family household size continued to decline
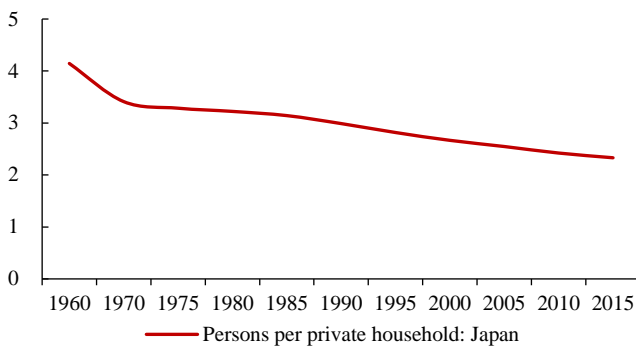
Source: Statistics Bureau of Japan, CWSI Research

Chart 6: South Korea predicts that its average household size will continue to decline

Source: National Bureau of Statistics of Korea, Bank of Korea, CWSI Research

From the perspective of age structure, the decline in the average working-age population per household is the main reason for the decline in the average household size. Since the 3rd National Population Cencus in 1982, the size of family households in China has declined. Assuming that the age structure of the family household population and the total population is the same (the proportion of the family household population in the total population in the previous census data is more than 91%, and in 7th National Population Cencus is 91.6%), the decline in the average household size from 2010 to 2020 is mainly comes from the decline in population aged 15-64 per household, not from the decline in the population aged 0-14 per household as in the previous four censuses. This is also in line with the accelerating increase in the number of households, because the working-age population is best equipped to

increase the number of households. The increase in the growth rate of urbanization and the decline in the past and current birth rates are all reasons for the greater decline in the working-age population per household. The 15-64-year-old population may create new homes or leave their original homes, etc., and generate new home demand.

Table 1: From 2010 to 2020, the decline in the average household population mainly due to the change in the population aged 15-64 per household

| Family household size (persons per household)	1982	1990	2000	2010	2020
Family household size	**4.41**	**3.96**	**3.44**	**3.10**	**2.62**
0-14	1.48	1.10	0.79	0.51	0.47
15-64	2.71	2.64	2.41	2.31	1.80
65 and over	0.22	0.22	0.24	0.27	0.35
Family household size changes	**-0.04**	**-0.45**	**-0.52**	**-0.34**	**-0.48**
0-14	**-0.33**	**-0.38**	**-0.31**	**-0.27**	-0.04
15-64	0.23	-0.07	-0.23	-0.10	**-0.51**
65 and over	0.06	0.00	0.02	0.04	0.08

Source: NBS, CWSI Research

Urbanization has been one of the important factors for population mobility and the decline in the population aged 15-64 per household in the past decade. The increase in China's urbanization rate may slow down. The flow of population from rural to urban areas (especially the working population) is one of the reasons for the sharp decline in the population aged 15-64 per household. The urbanization rate of 63.89% is still larger than that of developed countries. According to the data of the United Nations, as of 2018, the urbanization rates of the United States, the United Kingdom, Japan and other countries are all higher than 80%. According to international experience, the urbanization rate of some countries began to slow down after 70+%, and the growth rate of China's urbanization rate in the future may also slow down: According to United Nations data, the increase in Japan's urbanization rate slowed down significantly after 1975 (the urbanization rate was 75.72%), and except for the period of municipal mergers and dissolutions in Japan in 1999-2010 (the number of cities, towns and villages in Japan decreased from 3229 to 1727, resulting in part of non-urban areas being merged into cities and towns, and thus rapid urban population growth), the annual urbanization rate of Japan's urbanization rate increase was only about 0.1pct. Similarly, according to United Nations data, the increase in South Korea's urbanization rate slowed down significantly after 1990 (the urbanization rate was 73.84%), and there was a decrease after 2011.

Chart 7: After Japan's urbanization rate exceeded 75%, the improvement slowed down significantly
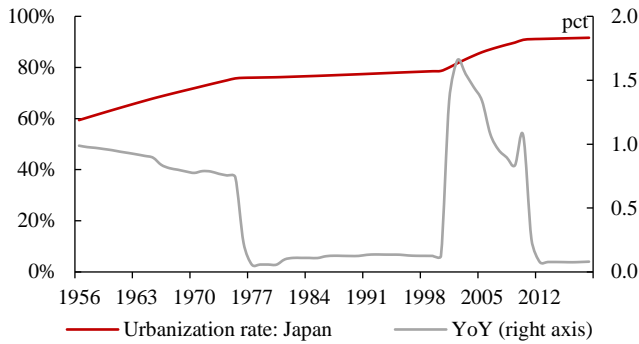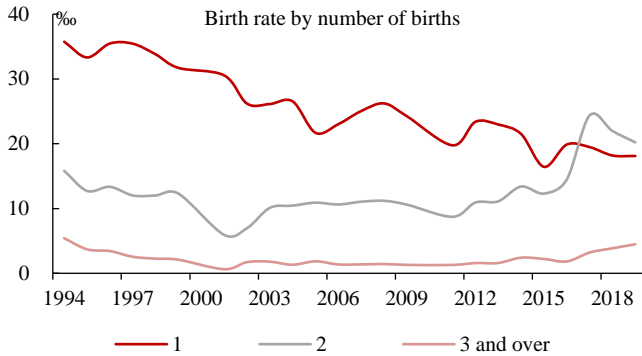

Source: NBS, CWSI Research

Chart 8: After South Korea's urbanization rate reached about 74%, the improvement slowed down significantly
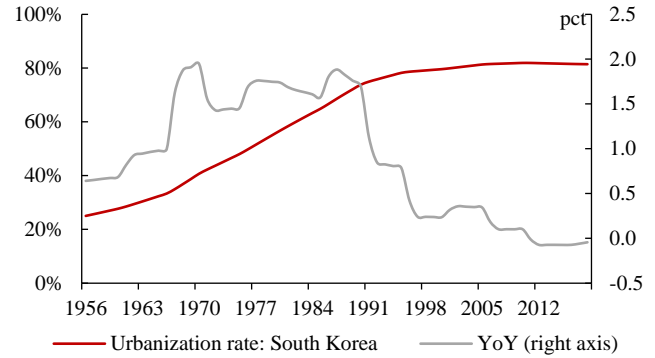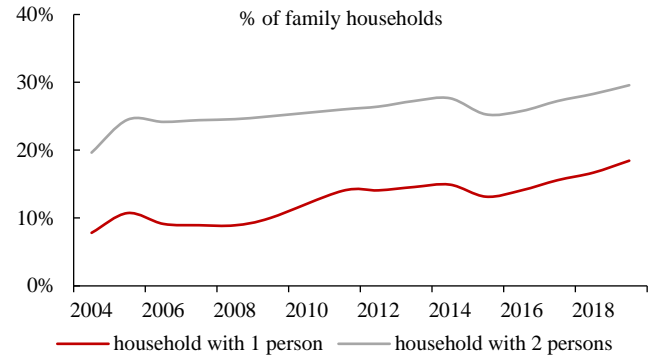

Source: NBS, CWSI Research

Part of the working-age population has low willingness to give birth and tends to live independently, and the proportion of households with one and two persons continues to increase. The population aged 0-14 only per household dropped slightly, and the population aged 15-64 per household fell below 2 for the first time, reflecting to a certain extent the changes in the increase in both the number of families with multiple children and families without children. Since the relaxation of the fertility policy in 2016, the birth rates of second and third children have increased. The proportion of "second children" in the birth population has risen from 30% in 2013 to about 50% in 2017. The number of families with multiple children improved. But at the same time, the one-child birth rate is still showing a downward trend, which also reflects the current changes in living habits of part of the working-age population that are less willing to have children and tend to live independently. According to the sample statistics of the NBS, the total proportion of households with one person and two persons in China has increased from 27.5% in 2004 to 48.0% in 2019. Some other countries have also seen an increase in the proportion of small households. The urbanization rates of Japan and South Korea are already at a relatively high level, but the number of households per household is still declining, and the willingness to have children has declined and the willingness to live alone has also increased are important reasons. In 2015, the proportion of households with 2 persons or less in Japan has reached 62.4%; according to the forecast of the National Bureau of Statistics of Korea, the proportion of households with 2 persons or less in the total number of households in South Korea will be approximately 34.6%/58.3%/72.3% in 2000/2020/2047 respectively, the average household size will continue to decline rapidly.

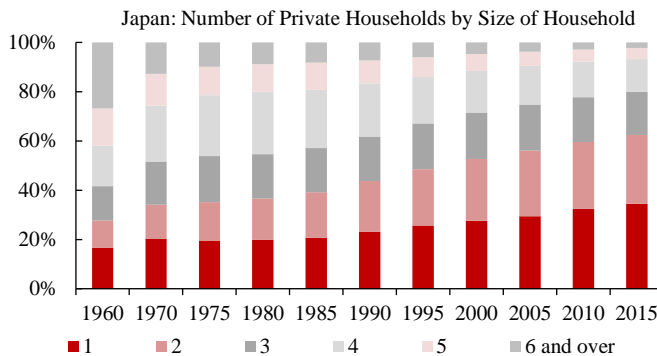**Chart 9: China's one-child birth rate is still on the decline**

Source: NBS, CWSI Research

Chart 10: The proportion of households with 2 persons or less in China has increased

Source: National Bureau of Statistics of Korea, CWSI Research

Chart 11: Households with 2 or less persons in Japan accounted for 62.4% in 2015

Source: Bloomberg, CWSI Research

Chart 12: The proportion of households with 2 or less persons in South Korea will continue to rise
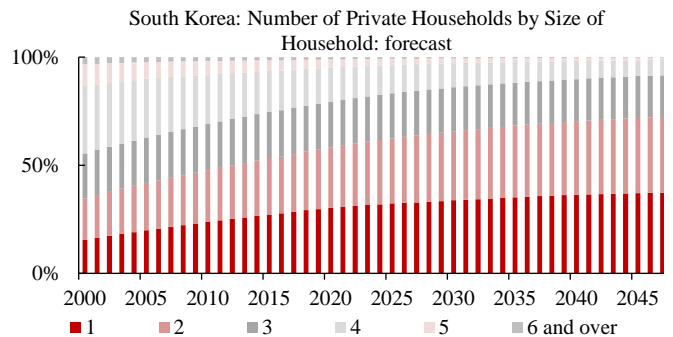
Source: National Bureau of Statistics of Korea, CWSI Research

The trend of slowing population growth and accelerating urbanization rate in the past ten years may put certain pressure on the growth of total housing demand, and factors such as family fission are expected to form a hedge. The housing demand brought by the new urban population is the main component of the housing demand. According to the 7th National Population Census data, the current urbanization rate of 63.89% in China is already at a relatively high level, and the future increase may slow down, and the increase in the total demand for house purchases may face certain pressure. On the other hand, the current accelerated growth in the number of households (the total number of households increased by 23.1% from 2010 to 2020, which is higher than 15.3% from 2000 to 2010) may hedge against the slowdown in the increase in the urbanization rate to a certain extent, keeping the total housing demand at a relatively high level.

1.2 More active population flow within the provinces, most of the inter-provincial flows towards more developed regions

The population flow remained active, and the proportion of the population who lived in places other than their household registration areas but still in the same city increased. Under the influence of factors such as the increasingly complete construction of infrastructure and the differentiation of industrial development in various regions, the population flow in China has remained active. In 2020, the population who lived in places other than their household registration areas accounted for 34.9% of the total population, an increase of 15.4 pct over 2010; among them, the floating population (the population who live in places other than their household registration excluding those with current residences different from their household registration but still in the same city) accounted for 26.6% of the total population, an increase of 10.1 pct from 2010. On the other hand, the proportion of the population who lived in places other than their household registration areas but still in the same city has also increased by 5.3 pct to 8.3%. This may be due to the transfer of the rural population to the city (reflected by the increase in the urbanization rate) and part of the working-age population who did not change their city of residence, but left their original family to live.

Table 2: China's population flow remains active, and the proportion of the population who lived in places other than their household registration areas has increased

	2020	2010	Changes
Number of population who lived in places other than their household registration areas (mn)	492.76	261.39	88.5%
—Still in the same city	116.95	39.96	192.7%
—Floating population	375.82	221.43	69.7%
Number of population who lived in places other than their household registration areas / Total Population	34.9%	19.5%	15.4pct
—Still in the same city	8.3%	3.0%	5.3pct
—Floating population	26.6%	16.5%	10.1pct

Source: NBS, CWSI Research

The floating population within the province is growing faster than the inter-provincial growth, and the housing demand of some core cities in the province and its developed satellite cities may continue to benefit. The proportion of the floating population in the total floating population within the province increased by 5.6 pct from 61.2% in 2010 to 66.8%. It is the main component of the floating population and a faster-growing component. It will continue to support the population growth and housing demand of some core cities in the province and their developed satellite cities. For example, according to the data released by the NBS in 2019, the population of

Liaoning Province has regressed, but the population of Shenyang has continued to rise; in the past ten years, the population of Wuhan has continued to grow faster than that of Hubei Province. On the other hand, under the development model of urbanization, the transfer of industries from core cities in the province to developed satellite cities has also contributed to the flow of population and housing demand in the province.

Chart 13: The population of Liaoning has receded in recent years, while the population of Shenyang has increased
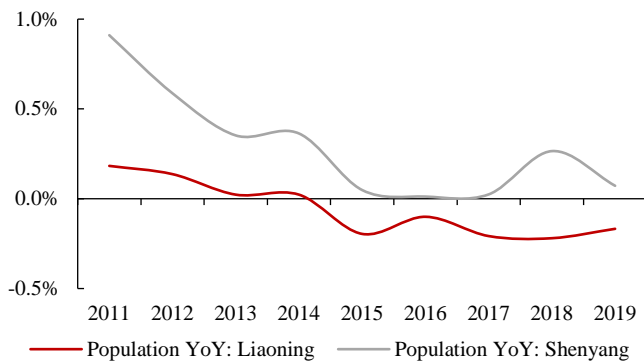
Source: NBS, local government, CWSI Research

Chart 14: Wuhan's population continued to grow faster than Hubei Province
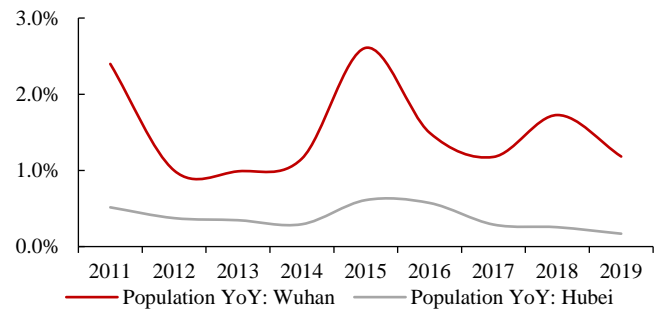
Source: NBS, local government, CWSI Research

Inter-provincially, most of the floating population flows to more developed urban agglomerations such as the Greater Bay Area and the Yangtze River Delta. From the perspective of the total population size, the total population of Guangdong, Shandong, Henan, Jiangsu, and Sichuan ranks among the top five in the country. Among them, Jiangsu Province ranks one place higher than in 2010. In terms of population growth, Guangdong, Zhejiang, and Jiangsu are the three provinces with the largest population, reaching 21.69 mn, 10.14 mn, and 6.09 mn, respectively, with 2010-2020 CAGR of 1.91%, 1.72%, and 0.75%, respectively . Among the top ten provinces in terms of total population in 2020, only Zhejiang and Jiangsu have improved their rankings compared to 2010. This comes from the fact that the natural growth rate of Guangdong and Zhejiang provinces is higher than that of the whole country (in 2019, the national natural population growth rate was 3.34‰, Guangdong and Zhejiang were 8.08‰ and 4.99‰ respectively). On the other hand, it stems from the inter-provincial population flow driven by the developed industries in the above-mentioned provinces.

Chart 15: Most inter-provincial floating population move to more developed regions such as the Greater Bay Area and the Yangtze River Delta
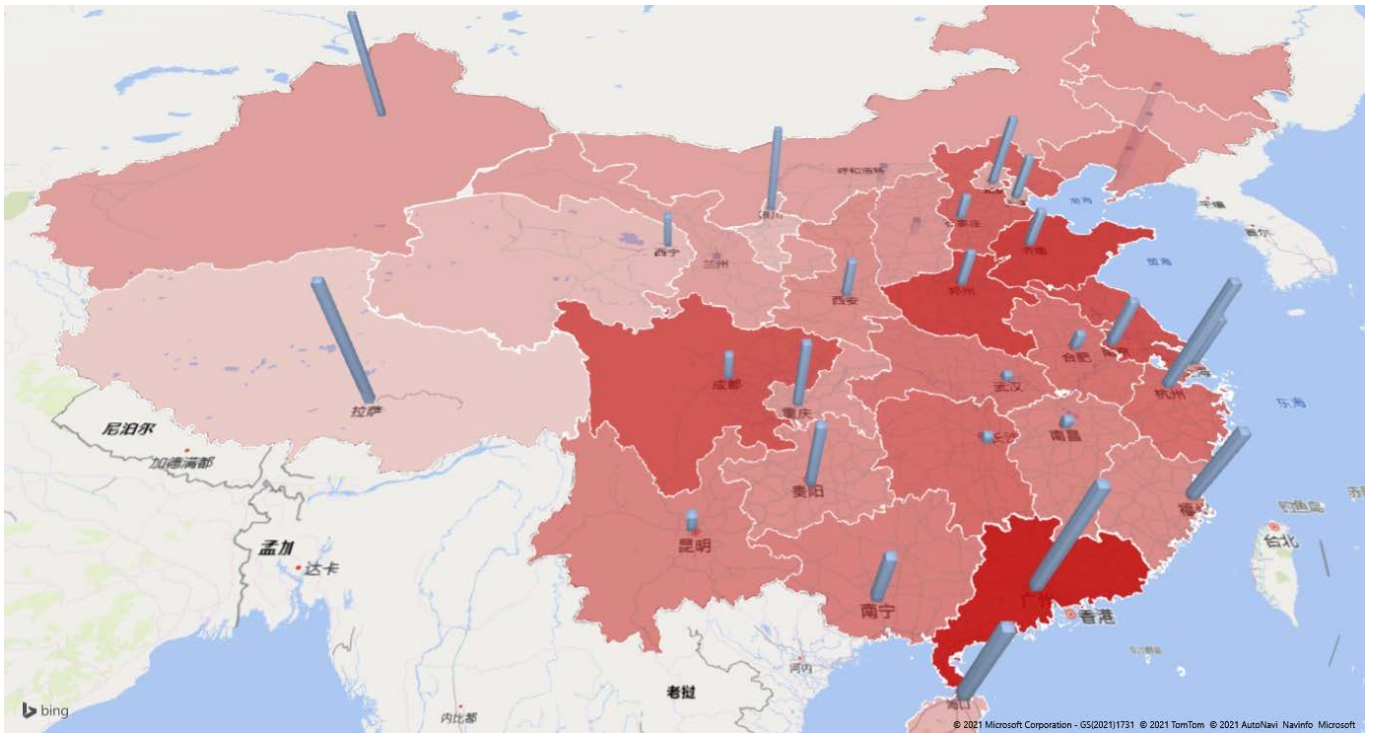
Source: NBS, CWSI Research; note: The red fill corresponds to the total population, the darker the color corresponds to the larger the total population; the blue column corresponds to the growth rate of the total population from 2010 to 2020, and the higher the column, the faster the population growth rate.

Table 3: The total population of Guangdong, Zhejiang, etc. grew rapidly from 2010 to 2020, and the population of six provinces decreased

Ranking	Region	Population (bn)	%	2010-2020 population growth (mn)	2010-2020 population CAGR	Ranking changes
1	Guangdong	1.26	8.93%	21.69	1.91%	-
2	Shandong	1.02	7.19%	5.73	0.58%	-
3	Henan	0.99	7.04%	5.34	0.55%	-
4	Jiangsu	0.85	6.00%	6.09	0.75%	1
5	Sichuan	0.84	5.93%	3.26	0.40%	(1)
6	Hebei	0.75	5.28%	2.76	0.38%	-
7	Hunan	0.66	4.71%	0.74	0.11%	-
8	Zhejiang	0.65	4.57%	10.14	1.72%	2
9	Anhui	0.61	4.32%	1.53	0.25%	(1)
10	Hubei	0.58	4.09%	0.51	0.09%	(1)
11	Guangxi	0.50	3.55%	4.10	0.86%	-
12	Yunnan	0.47	3.34%	1.24	0.27%	-
13	Jiangxi	0.45	3.20%	0.62	0.14%	-
14	Liaoning	0.43	3.02%	-1.15	-0.27%	-
15	Fujian	0.42	2.94%	4.65	1.19%	2
16	Shaanxi	0.40	2.80%	2.20	0.57%	-
17	Guizhou	0.39	2.73%	3.81	1.05%	2
18	Shanxi	0.35	2.47%	-0.80	-0.23%	-
19	Chongqing	0.32	2.27%	3.21	1.06%	1
20	Heilongjiang	0.32	2.26%	-6.46	-1.83%	(5)
21	Xinjiang	0.26	1.83%	4.04	1.71%	4
22	Gansu	0.25	1.77%	-0.56	-0.22%	-
23	Shanghai	0.25	1.76%	1.85	0.78%	1
24	Jilin	0.24	1.71%	-3.38	-1.31%	(3)
25	Inner Mongolia	0.24	1.70%	-0.66	-0.27%	(2)
26	Beijing	0.22	1.55%	2.28	1.11%	-
27	Tianjin	0.14	0.98%	0.93	0.69%	-
28	Hainan	0.10	0.71%	1.41	1.52%	-
29	Ningxia	0.07	0.51%	0.90	1.35%	-
30	Qinghai	0.06	0.42%	0.30	0.52%	-
31	Tibet	0.04	0.26%	0.65	1.97%	-
	Total	**14.12**	**100.0%**	**72.05**	**0.53%**	

Source: NBS, CWSI Research

The age structure of each province also reflects the inter-provincial population mobility and housing demand to a certain extent. The proportion of working-age population in Beijing is the highest in the country. At the same time, its proportion of

children is the fifth lowest in the country, and the proportion of people over 65 is similar to the national level, may reflects the inflow of inter-provincial labor population ,low birth rate, etc. to a certain extent; relatively, Henan Province, which has the lowest proportion of the labor force, has the fourth largest proportion of children in the country and a proportion of the elderly population similar to the country, which may also related to the inter-provincial outflow of the labor force. Corresponding to housing demand, the continuous inflow of laborers in Beijing and other areas with low birth rates may bring more demand for small households. On the other hand, regions represented by the three northeastern provinces have a relatively high level of aging and a low population of children, and the demand for elderly care products may be greater.

Table 4: Age structure shows differences across regions

Region	0-14(%)	15-64(%)	65 and over(%)
Beijing	11.8	74.9	13.3
Heilongjiang	10.3	74.1	15.6
Shanghai	9.8	73.9	16.3
Zhejiang	13.5	73.3	13.3
Inner Mongolia	14.0	72.9	13.1
Jilin	11.7	72.7	15.6
Guangdong	18.9	72.6	8.6
Tianjin	13.5	71.8	14.8
Liaoning	11.1	71.5	17.4
Shanxi	16.4	70.8	12.9
Qinghai	20.8	70.5	8.7
Ningxia	20.4	70.0	9.6
Tibet	24.5	69.8	5.7
Xinjiang	22.5	69.8	7.8
Yunnan	19.6	69.7	10.8
Hainan	20.0	69.6	10.4
Fujian	19.3	69.6	11.1
Shaanxi	17.3	69.4	13.3
Hubei	16.3	69.1	14.6
Jiangsu	15.2	68.6	16.2
Nationwide	**18.0**	68.6	**13.5**
Gansu	19.4	68.0	12.6
Chongqing	15.9	67.0	17.1
Sichuan	16.1	67.0	16.9
Jiangxi	22.0	66.2	11.9
Shandong	18.8	66.1	15.1
Hebei	20.2	65.9	13.9
Anhui	19.2	65.8	15.0
Hunan	19.5	65.7	14.8
Guizhou	24.0	64.5	11.6
Guangxi	23.6	64.2	12.2
Henan	23.1	63.4	13.5

Source: NBS, CWSI Research

1.3 Summary: The growth rate of the total population has slowed down, and structural opportunities still exist

The growth rate of the total population has slowed down and the aging trend has not changed. According to the 7th National Population Cencus data, China's total population is 1.412 bn persons with a 2010-2020 CAGR of 0.53% (2000-2010 CAGR: 0.57%), population growth is slowing down. The proportion of the population aged over 65 in China has increased 4.63pct to 13.50% in 2010 (2000-2010: an increase of 1.91pct), and the degree of aging has further deepened.

The trend of slower population growth and accelerating urbanization rate in the past ten years may put pressure on the growth of total housing demand. The housing demand brought by the new urban population is the main component of the housing demand. According to the 7th National Population Cencus, the current urbanization rate of 63.89% in China is already at a relatively high level, and the future increase may slow down, thus the increase in the total housing demand may face certain pressure.

Factors such as family fission are expected to form a hedge against the pressure of growth in housing demand. The current accelerated growth in the number of households (the total number of households increased by 23.1% from 2010 to 2020, which is higher than 15.3% from 2000 to 2010) may hedge against the slowdown in the increase in the urbanization rate to a certain extent, keeping the total housing demand at a relatively high level. In addition, the accelerated growth of the elderly population per household will also give a certain boost to products with features for the elderly.

The housing demand in the core cities of the province and the developed satellite cities in the metropolitan area will benefit from population flow. The proportion of the floating population within the province to the total floating population increased by 5.6pct to 66.8% compared with 2010. In terms of inter-province, most of the floating population flows to urban agglomerations such as the Greater Bay Area, the Yangtze River Delta. In the past ten years, Guangdong, Zhejiang, and Jiangsu are the three provinces with the largest increase in population. Developers that covered more in corresponding areas are expected to continue to benefit.

2. Sector Performance

2.1 Performance of developer sector

This week, Yincheng, Sunshine 100 and Yuzhou had larger price increase than peers.
Hopsen, Yincheng and PowerLong had better share price performance, YTD.

Chart 16: This week, Yincheng, Sunshine 100 and Yuzhou had larger price increase than peers
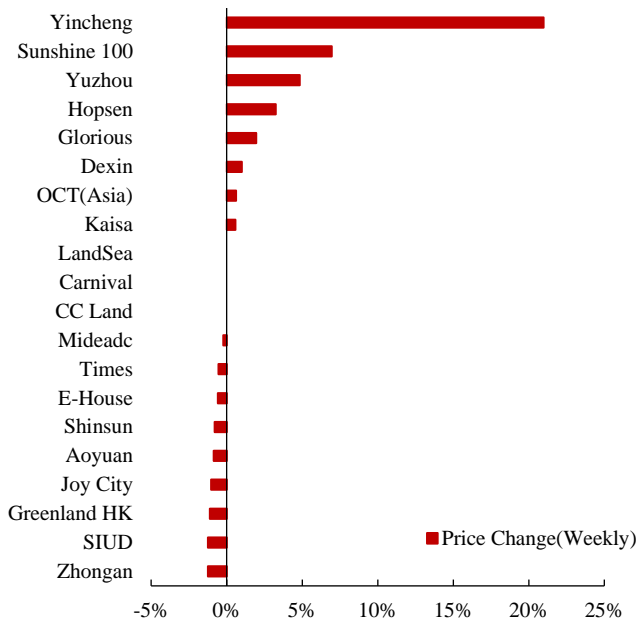
Source: Wind, CWSI Research

Chart 17: Hopsen, Yincheng and PowerLong had better share price performance, YTD
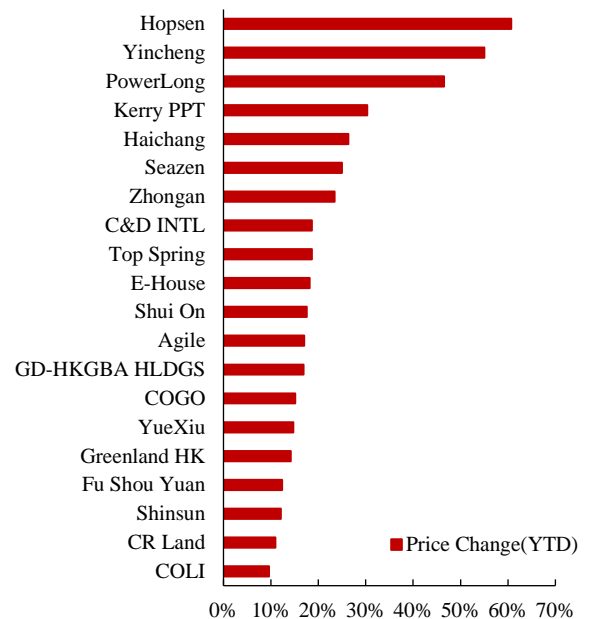
Source: Wind, CWSI Research

Chart 18: Central China, Vanke-H and Sunac were most actively traded this week
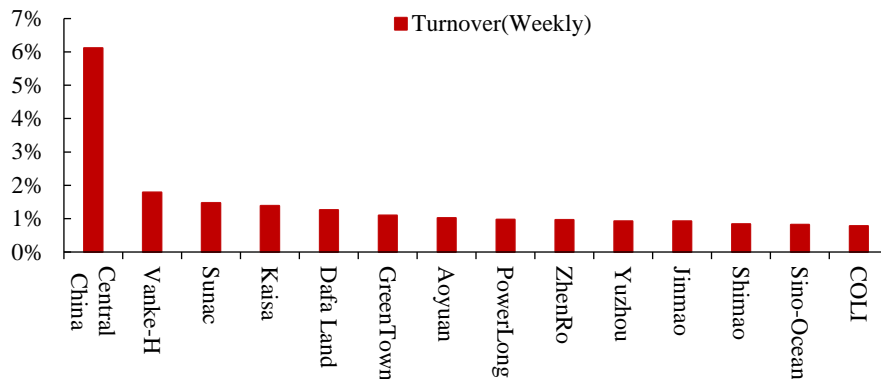
Source: Wind, CWSI Research

2.2 Performance of property management sector

This week, Rsun Ser, Eversunshine LS and E-Star had larger price increase than peers.
China Ovs PPT,Shimao Ser and Hevol Ser had better share price performance YTD.

Chart 19: This week, Rsun Ser, Eversunshine LS and E-Star had larger price increase than peers
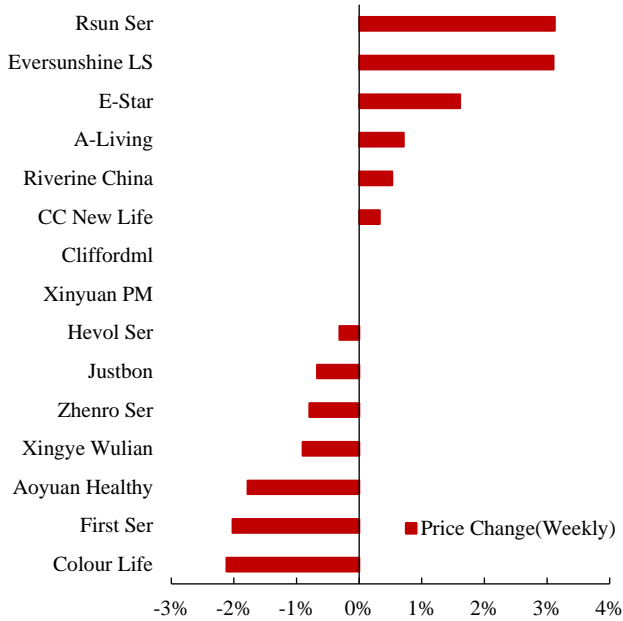
Source: Wind, CWSI Research

Chart 20: China Ovs PPT,Shimao Ser and Hevol Ser had better share price performance YTD
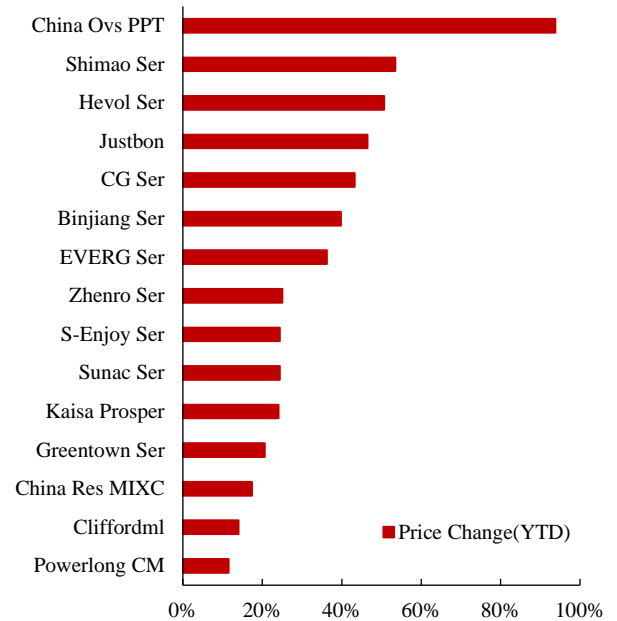
Source: Wind, CWSI Research

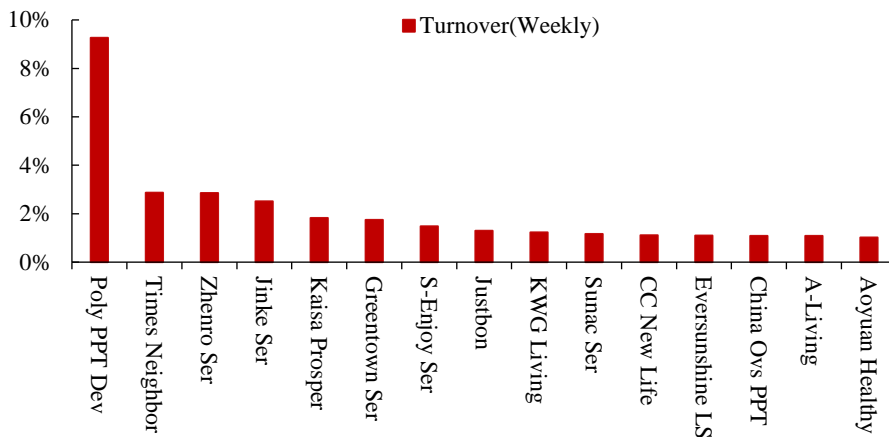**Chart 21: Poly PPT Dev, Times Neighbor and Zhenro Ser were most actively traded this week**

Source: Wind, CWSI Research

3. Major cities transaction performance

3.1 New house transaction data

Table 5: Major cities new house transactions volume increased 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	179,140	184%	-14%	874	14%	56%	242	-16%	-26%	3,378	97%
Shanghai	229,000	18%	-19%	1,189	-1%	4%	424	-16%	-14%	5,796	82%
Guangzhou	271,466	25%	58%	1,262	9%	84%	488	18%	85%	5,207	151%
Shenzhen	66,962	63%	-17%	258	-29%	-11%	108	-45%	-13%	2,030	77%
Tier 1	746,567	45%	0%	3,583	3%	34%	1,262	-10%	4%	16,412	102%
Tier 2	3,842,580	98%	45%	13,233	-3%	37%	5,784	-8%	43%	51,589	72%
Tier 3	2,604,936	45%	0%	10,118	-7%	9%	4,396	-4%	11%	44,494	67%
Beijing	179,140	184%	-14%	874	14%	56%	242	-16%	-26%	3,378	97%
Qingdao	366,402	150%	23%	1,481	-8%	3%	513	-23%	14%	5,625	42%
Jinan	346,154	95%	8%	1,471	51%	42%	524	-2%	11%	4,021	37%
Dongying	54,291	173%	-	182	-3%	-34%	74	0%	71600%	994	-6%
PBR	945,986	133%	14%	4,008	13%	21%	1,353	-14%	8%	14,018	45%
Shanghai	229,000	18%	-19%	1,189	-1%	4%	424	-16%	-14%	5,796	82%
Nanjing	441,709	48%	11%	1,581	-15%	80%	741	-10%	19%	5,951	106%
Hangzhou	443,751	341%	122%	1,215	33%	50%	544	12%	93%	4,615	87%
Suzhou	251,860	67%	40%	1,026	8%	53%	403	3%	58%	3,935	49%
Wuxi	123,100	-48%	35%	593	7%	23%	361	42%	93%	2,289	50%
Yangzhou	64,683	73%	46%	228	-20%	56%	102	-24%	42%	1,260	101%
Jiangyin	60,180	52%	65%	332	7%	101%	100	-4%	81%	1,264	89%
Wenzhou	152,593	-12%	10%	820	-11%	46%	327	-13%	48%	3,691	118%
Jinhua	55,713	182%	-1%	177	-27%	-14%	75	10%	-13%	1,138	119%
Changzhou	64,717	167%	-8%	212	-20%	0%	89	2%	6%	965	10%
Huaian	104,873	58%	-19%	395	-9%	2%	171	-13%	-6%	2,434	86%
Lianyungang	143,249	4%	-17%	570	-24%	-11%	281	-11%	-14%	3,716	106%
Shaoxing	111,822	35%	68%	312	33%	39%	195	42%	116%	985	50%
Zhenjiang	135,093	42%	-38%	634	-25%	-4%	231	-37%	-24%	2,699	58%
Jiaxing	22,712	-52%	-59%	166	4%	-36%	70	17%	-28%	666	9%
Wuhu	164,211	2%	267%	810	1%	369%	326	1%	345%	3,116	499%
Yancheng	29,460	-	-74%	167	-50%	-58%	29	-84%	-82%	1,641	36%
Zhoushan	49,626	187%	26%	163	9%	4%	67	26%	13%	522	31%
Chizhou	40,226	101%	84%	101	10%	26%	60	23%	60%	437	50%
Ningbo	330,470	192%	60%	827	-3%	14%	443	0%	24%	3,466	87%
YRD	3,019,049	49%	18%	11,517	-5%	28%	5,039	-6%	24%	50,586	84%
Guangzhou	271,466	25%	58%	1,262	9%	84%	488	18%	85%	5,207	151%
Shenzhen	66,962	63%	-17%	258	-29%	-11%	108	-45%	-13%	2,030	77%
Fuzhou	194,219	163%	301%	505	-6%	261%	268	13%	310%	1,745	158%
Dongguan	122,926	773%	0%	327	10%	-32%	137	15%	-31%	1,871	44%
Quanzhou	44,569	7%	36%	112	-9%	-30%	86	23%	17%	570	21%
Putian	66,594	132%	140%	197	-5%	41%	95	6%	101%	848	79%
Huizhou	62,620	364%	-9%	197	-21%	-9%	76	-25%	-13%	1,079	77%
Shaoguan	31,676	55%	-47%	131	0%	-23%	52	22%	-37%	545	7%
Foshan	382,940	25%	18%	1,180	-15%	3%	688	30%	47%	4,865	52%
Zhaoqing	63,302	90%	-18%	223	-12%	-4%	97	11%	-21%	1,013	54%
Jiangmen	38,784	30%	-13%	136	-16%	-5%	69	-25%	3%	659	96%
PRD & Southern China	1,346,056	64%	27%	4,528	-7%	19%	2,165	9%	35%	20,432	78%
Taian	64,223	95%	-1%	218	-20%	9%	97	16%	4%	1,021	91%
Northern China	64,223	95%	-1%	218	-20%	9%	97	16%	4%	1,021	91%
Wuhan	736,890	150%	125%	2,492	11%	134%	1,032	1%	119%	8,701	238%
Yueyang	44,585	50%	-23%	172	-10%	-18%	74	-3%	-23%	723	23%
Baoji	85,687	58%	-46%	347	-17%	-35%	140	-18%	-41%	1,579	116%
Central China	867,162	129%	60%	3,011	5%	66%	1,246	-2%	55%	11,002	183%
Chengdu	524,850	53%	4%	2,060	-27%	7%	868	-38%	19%	9,181	41%
Liuzhou	120,355	50%	-19%	465	-7%	-22%	201	19%	-20%	2,043	21%
Nanning	306,403	83%	8%	1,127	15%	8%	474	0%	13%	4,211	19%
Western China	951,608	61%	2%	3,651	-15%	2%	1,543	-24%	10%	15,435	32%
Total	7,194,083	69%	20%	26,934	-4%	24%	11,443	-7%	24%	112,495	74%
Num. of cities Up		38	23		15	26		23	26		41
Num. of cities Down		3	18		27	16		19	16		1

Source: Local governments, CWSI Research; Note: Till 2021/5/14

Table 6: Major cities inventory period was 12.2 months this week

City	Inventory (sqm 000)	wow	yoy	Inventory period	Last week	wow	yoy
Beijing	12,103	-1%	8%	13.8	14.3	-3%	-31%
Shanghai	5,937	10%	-22%	5.0	4.3	17%	-25%
Guangzhou	8,716	-2%	10%	6.9	7.2	-5%	-40%
Shenzhen	1,867	-4%	-14%	7.2	6.6	9%	-3%
Tier 1 Average		**1%**	**-4%**	**8.2**	**8.1**	**4%**	**-25%**
Hangzhou	4,135	-5%	25%	3.4	4.6	-26%	-17%
Nanjing	6,783	-1%	20%	4.3	4.3	0%	-33%
Suzhou	8,474	-1%	36%	8.3	8.7	-5%	-11%
Fuzhou	7,014	-1%	26%	13.9	16.7	-17%	-65%
Nanning	8,661	-1%	11%	7.7	8.5	-10%	3%
Wenzhou	10,873	1%	0%	13.3	12.8	3%	-32%
Quanzhou	6,792	-1%	-5%	60.8	78.4	-22%	36%
Ningbo	3,273	-6%	20%	4.0	4.7	-16%	5%
Dongying	1,835	-1%	5%	10.1	10.8	-6%	59%
Overall Average		**-1%**	**9%**	**12.2**	**14.0**	**-6%**	**-12%**

Source: Local governments, CWSI Research; Note: Till 2021/5/14; Average WoW and average YoY are defined as average change of each city

# 3.2 Second-hand house transaction and price data

Table 7: Major cities Second-hand house transaction volume, Beijing and Foshan 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	502,841	↑280%	↑22%	1,756	↓-3%	↑37%	635	↓-9%	↑23%	7,075	↑104%
Shenzhen	86,580	↑281%	↓-56%	337	-27%	-48%	109	↓-45%	↓-54%	1,989	↓-16%
Hangzhou	172,113	↑194%	↑5%	647	↓-3%	↑6%	231	↓-5%	↑3%	2,548	↑73%
Nanjing	-	-	-	773	↓-19%	↓-5%	-	-	-	3,866	↑51%
Chengdu	100,624	↑157%	↓-26%	378	↓-5%	↓-26%	140	↓-16%	↓-24%	1,508	↓-8%
Qingdao	175,963	↑165%	↑20%	655	↓-4%	↑34%	242	↓-26%	↑26%	2,430	↑75%
Wuxi	123,583	↑144%	↓-31%	572	↑7%	↓-26%	174	↓-20%	↓-47%	1,957	↑10%
Suzhou	215,003	↑361%	↑62%	759	↑6%	↑61%	262	↓-21%	↑54%	2,927	↑70%
Xiamen	103,349	↑219%	↑20%	437	↓-13%	↑56%	136	↓-32%	↑25%	1,819	↑99%
Yangzhou	31,577	↑167%	↓-13%	119	↓-11%	↑2%	43	↓-18%	↓-5%	452	↑52%
Dongguan	33,309	↑225%	↓-52%	127	↓-13%	↓-45%	44	↓-20%	-55%	640	-16%
Nanning	18,504	↑15%	↓-66%	152	↓-4%	↓-23%	35	-52%	↓-44%	639	↓0%
Foshan	160,656	↑92%	↑9%	713	↑8%	↑45%	244	↓-16%	↑9%	2,750	↑103%
Jinhua	90,438	↑72%	↓-7%	308	↑20%	↓-12%	143	↓0%	↑23%	1,326	↑96%
Jiangmen	16,134	↑162%	↓-41%	82	↑16%	↑0%	22	↓-41%	↓-33%	322	↑55%
Total	**1,830,674**	**191%**	**-14%**	**7,817**	**-4%**	**6%**	**2,460**	**-30%**	**-14%**	**32,250**	**52%**
Num. of cities Up		**14**	**6**		**5**	**8**		**0**	**7**		**11**
Num. of cities Down		**0**	**8**		**10**	**7**		**14**	**7**		**4**

Source: Local governments, CWSI Research; Note: Till 2021/5/14

Chart 22: 2nd house listed for-sale price index rose slightly recently

Legend: 2nd House Listed for-sale Amount Index — Listed for-sale Price Index(RHS)
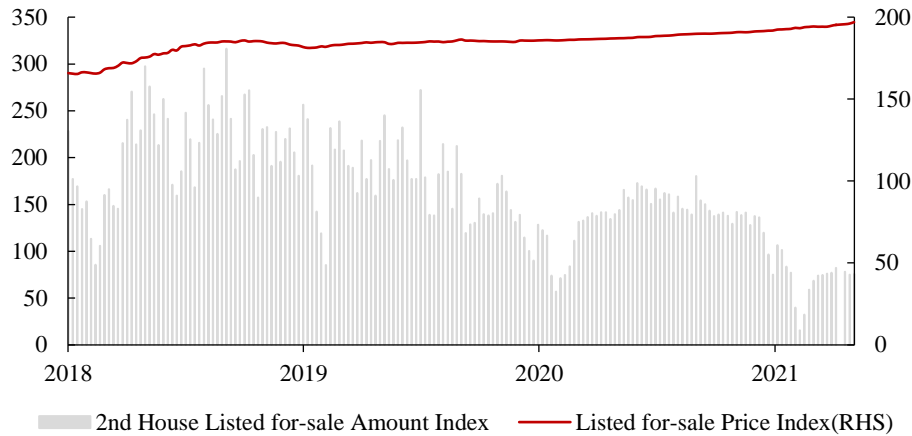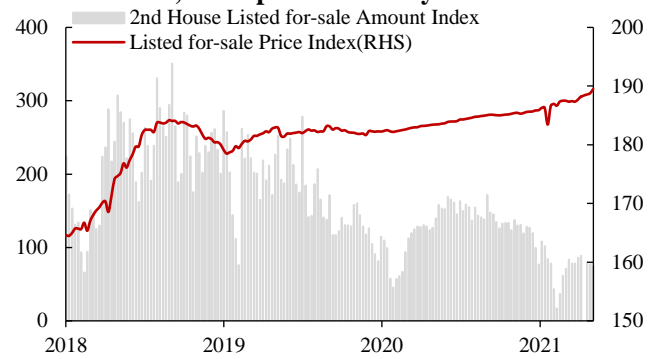
Source: Local Government, CWSI Research; Note: Till 2021/5/9

Chart 23: 2nd house listed for-sale amount index rose in tier-1 cities, with price rising recently
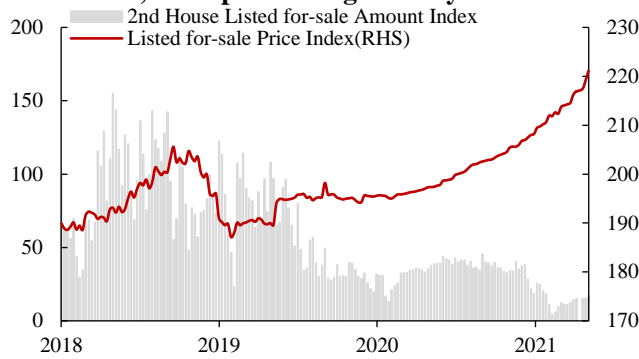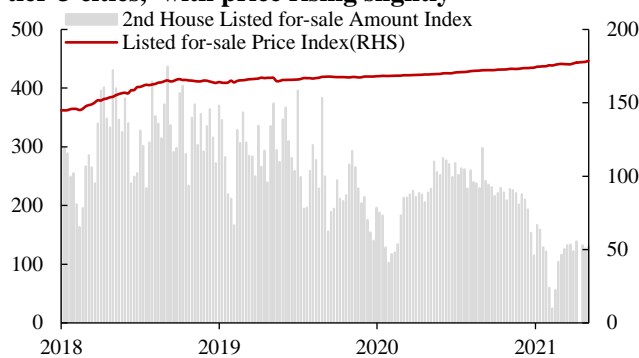

Source: Local Government, CWSI Research; Note: Till 2021/5/9

Chart 24: 2nd house listed for sale amount index rose in tier-2 cities, with price relatively stable
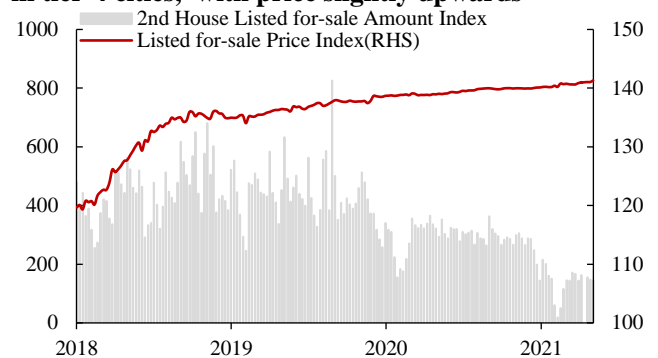

Source: Local Government, CWSI Research; Note: Till 2021/5/9

Chart 25: 2nd house listed for-sale amount index rose in tier-3 cities, with price rising slightly

Source: Local Government, CWSI Research; Note: Till 2021/5/9

Chart 26: 2nd house listed for-sale amount index rose in tier-4 cities, with price slightly upwards

Source: Local Government, CWSI Research; Note: Till 2021/5/9

4. Important Policies and News

4.1 Important Industry Policies News This Week

Table 8: Important Industry Policies News This Week: The Ministry of Finance and other three departments held a symposium on the pilot work of real estate tax reform

Date	Region / Institution	Summary
2021-05-11	Ministry of Finance	Ministry of Finance, the Budget Working Committee of the Standing Committee of the National People's Congress, the Ministry of Housing and Urban-Rural Development, and the State Administration of Taxation hosted a symposium on the pilot real estate tax reform to listen to the opinions of the responsible comrades of the local governments of some cities and some experts and scholars on the pilot real estate tax reform .

Source：Wind, Government website, CWSI Research

4.2 Company news and announcements

Table 9: Company news and announcements: Many developers intensively carried out debt financing activities

Date	Company	Summary
2021-05-11	Agile	Issued USD 300 mn 5.5% senior notes due 2026.
2021-05-11	KWG	Issued USD 378 mn 6% green senior notes due 2026.
2021-05-11	CIFI	Issued USD 350 mn 4.45% green senior notes due 2026 and USD 150 mn 4.80% green senior notes due 2028.
2021-05-11	CIFI	Redempted 7.625% senior notes maturing in 2023 with a principal amount of USD 300 mn.
2021-05-11	Zhongliang	Issued USD 300 mn 8.5% green senior notes due 2022.
2021-05-12	PowerLong	Will be included in the MSCI China Index constituent stocks, effective after the market closes on May 27, 2021.
2021-05-12	Country Garden	Redempted 4.75% senior notes due in September 2023 with a principal amount of USD 650 mn.
2021-05-12	Country Garden	Issued an additional USD 500 mn 3.125% senior notes due 2025.
2021-05-12	Hopsen	Issued USD 300 mn 7.0% senior notes due 2024.

Source：Company announcements, CWSI Research

4.3 Key sales data of Apr 21

Table 10: In Jan-Apr, Jingrui, Hopsen achieved faster cumulative sales growth

Company	RIC	2021 Jan-Apr contracted sales		2021 Jan-Apr contracted GFA		Apr contracted sales		Apr contracted GFA	
		(RMB bn)	YoY	(000 sqm)	YoY	(RMB bn)	YoY	(000 sqm)	YoY
Vanke	000002.SZ	229.2	23.4%	14129	18.9%	49.8	3.8%	3086	1.6%
EverGrande	3333.HK	221.3	4.1%	26015	9.7%	68.1	4.5%	8135	14.1%
PRE	600048.SH	175.5	61.6%	10492	42.9%	51.2	36.2%	3309	35.6%
Sunac	1918.HK	171.0	79.0%	11521	64.0%	54.7	62.1%	3825	53.7%
CMSK	001979.SZ	101.7	82.5%	4460	90.3%	29.4	49.9%	1317	53.4%
COLI	0688.HK	101.5	28.0%	5915	23.5%	26.4	3.8%	1485	0.0%
CR Land	1109.HK	101.0	74.7%	5802	77.5%	33.2	75.8%	2062	85.1%
Gemdale	600383.SH	100.3	123.0%	4447	111.1%	31.7	88.6%	1468	76.4%
Shimao	0813.HK	92.7	59.2%	5239	57.7%	25.2	18.8%	1417	16.9%
Jinmao	0817.HK	86.8	92.5%	5416	109.3%	24.0	26.1%	1686	65.2%
CIFI	0884.HK	83.2	134.9%	4903	122.4%	26.5	103.5%	1502	84.1%
Longfor	0960.HK	82.3	36.7%	4794	34.7%	22.1	0.3%	1215	-7.4%
GreenTown	3900.HK	80.6	156.7%	2660	135.4%	23.8	66.4%	850	63.5%
Seazen	601155.SH	70.4	43.6%	6851	52.2%	20.8	15.0%	1746	6.2%
Zoina	000961.SZ	68.5	84.4%	4952	79.1%	20.1	29.2%	1437	27.3%
ZhenRo	6158.HK	54.7	92.7%	3286	76.7%	14.7	40.1%	899	28.7%
Ronshine	3301.HK	54.2	93.9%	2008	65.0%	14.4	48.8%	707	56.5%
Mideadc	3990.HK	53.1	120.0%	4499	94.8%	13.9	58.3%	1078	28.9%
Logan	3380.HK	52.0	102.4%	2433	42.0%	11.0	11.9%	654	-0.2%
Agile	3383.HK	50.8	92.8%	3200	83.2%	11.3	5.5%	720	3.7%
Kaisa	1638.HK	42.2	134.2%	2537	143.6%	11.3	74.1%	700	61.9%
Aoyuan	3883.HK	41.1	78.3%	3623	62.0%	11.1	26.6%	948	10.1%
R&F	2777.HK	40.2	55.2%	3042	37.1%	9.7	5.2%	730	-10.7%
BJ Capital Development	600376.SH	39.7	84.4%	1195	55.8%	12.0	33.6%	325	-4.2%
China SCE	1966.HK	36.1	89.9%	2160	58.1%	10.1	65.6%	666	42.7%
KWG	1813.HK	34.6	76.8%	1743	44.8%	12.9	98.5%	668	59.0%
PowerLong	1238.HK	33.1	139.0%	2139	139.5%	8.5	45.7%	556	49.4%
Risesun	002146.SZ	33.0	52.4%	3078	50.2%	9.3	19.3%	764	9.7%
Yuzhou	1628.HK	31.3	56.7%	1729	36.5%	9.2	-4.2%	503	-16.4%
Sino-Ocean	3377.HK	30.5	29.7%	1671	38.3%	9.5	18.3%	506	15.1%
Times	1233.HK	28.3	65.5%	1457	16.3%	8.0	71.9%	426	21.0%
YueXiu	0123.HK	28.0	91.9%	1652	184.1%	3.1	-44.3%	779	232.5%
BJ Capital Land	2868.HK	25.1	131.1%	1129	218.9%	7.5	125.4%	349	283.5%
Central China	0832.HK	21.9	4.5%	3194	8.7%	5.4	-28.0%	802	-21.4%
COGO	0081.HK	18.2	65.3%	1639	54.6%	5.1	42.6%	478	37.5%
Fantasia	1777.HK	15.9	107.0%	881	23.9%	5.6	75.1%	298	-5.5%
Poly PPT	0119.HK	15.8	83.7%	836	102.9%	5.5	66.7%	271	79.5%
Hopsen	0754.HK	14.9	231.0%	418	2.2%	4.7	216.1%	122	-16.6%
Modern Land	1107.HK	12.8	81.0%	1278	86.7%	3.6	100.1%	362	86.5%
Jingrui	1862.HK	12.4	236.5%	642	339.0%	4.0	252.1%	191	283.0%
Sunshine 100	2608.HK	1.2	1.5%	111	4.6%	0.4	-12.4%	29	-29.2%

Source：Wind, company announcements, CWSI Research; note: Kaisa and Logan by attributable scale

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.

Analyst Certification

The person primarily responsible for the content of this research report, in whole or in part, hereby certify that:

(1) all of the views expressed in this report accurately reflect my personal view about the subject company(ies) and its (or their) securities;

(2) no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report, or our Investment Banking Department;

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

(4) the subject company (ies) do(es) not fall into the restriction of the quiet period as defined in paragraph 16.5(g) of SFC Code of Conduct;

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

(6) I and/or my associates have no financial interests in relation to the listed company (ies) covered in this report.

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The ratings in the report are based on the market performance within 12 months after the report is released. The A-share market is based on the CSI 300 Index and the Hong Kong stock market is based on the Hang Seng Index.

1) Stock Ratings:

Buy – Describes stocks that we expect to provide a relative return of >20%.

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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