

## This Week in China

### Housing demand under demographic trend

#### *Topic of the week:*

**Factors including the decline in the birth population have slowed down China's population growth rate and deepened its aging degree.** In the past four decades, the rate of decline in China's birth rate has been significantly greater than the rate of increase in mortality, which is an important reason for the current deepening of China's aging and rapid slowdown in population growth. The decline in the birth rate has also caused major countries such as the US, the UK, Japan, and South Korea to have entered an aged society. The United Nations predicted that China will enter an aged society in 2022.

**Judging from the experience of some provinces with its population declining and other countries, factors including population and economic changes have jointly affected the total housing demand, and structural demand is still prominent.** 1) **Total housing demand:** Japan entered an aged society in 1995, factors including the slowdown in population growth and the bursting of the economic bubble put pressure on Japan's housing demand, and the price of residential land continued to fall. South Korea entered an aging/aged society in 2000/2018, the larger liquidity relaxation offset part of the impact of the slowdown in its population growth on housing demand, and housing ASP have continued to rise in the past 20 years. The low birth rate have partly caused the resident population of Liaoning to decline in recent years, and the gap between the housing ASP of Liaoning and the country has widened after 2010. 2) **Structural demand:** The population of Tokyo grew faster than that of the whole country after 1995, and provided certain support for the growth rate of Tokyo's residential land prices faster than that of the whole country in the past ten years. Seoul's population continued to decline in the past decade, but the high population density and advanced economic level have jointly promoted Seoul's housing prices to grow faster than the country in recent years. The population of Shenyang has continued to increase, which has boosted housing demand to a certain extent.

**The demographic change is expected to bring about an increase in housing demand, and population mobility will aggravate regional differentiation.** As the proportion of the elderly population increases and the household structure of residents changes, housing demand will also change, which is expected to bring about an increase in demand for improvement. On the other hand, the core cities and key satellite cities of more developed urban agglomerations such as the Yangtze River Delta and the GBA and some single-core provincial capitals can still attract populations from other regions, and housing demand will still be supported. Regional differentiation is expected to intensify, and developers that covered more in the above-mentioned regions may continue to benefit.

#### *Data points:*

As of Apr 30<sup>th</sup>, new house transaction area in 42 major cities this week increased 10% WoW, and cumulative transaction area in 2021 increased 83% YoY.

As of Apr 30<sup>th</sup>, saleable area (inventory) in 13 major cities this week decreased 1% WoW; average inventory period was 13.2 months, average WoW change was 2%.

As of Apr 30<sup>th</sup>, second-hand housing transactions in 15 major cities this week increased 9% WoW, and cumulative transaction area in 2020 increased 62% YoY.

#### *Suggestion:*

Sales of the top 100 developers in Apr increased by more than 30% compared with Apr 2020 and Apr 2019, industry fundamentals continue to improve. The hot holiday travel will bring strong support to the sales of tourism projects, and the cash collection and results of related developers are also expected to improve. Maintain "Overweight" rating.

**Overweight**  
(Maintain)

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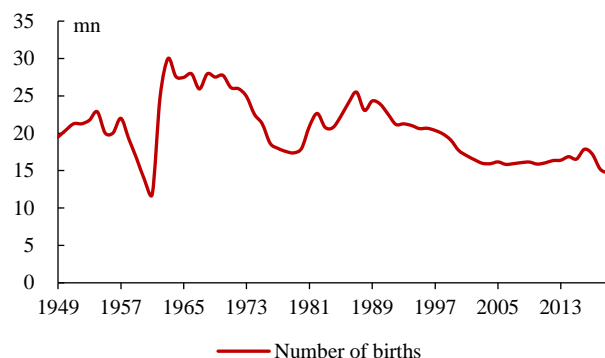
# 1. Housing demand under demographic trend

With the coming of the 7th census data release, the declining birth rate in some areas, and the release of population-related working papers by the central bank, the market has recently paid more attention to the population situation. What is the current population situation in China? How will housing demand change in demographic trends?

## 1.1 Population growth has slowed down, and the proportion of the elderly population has increased

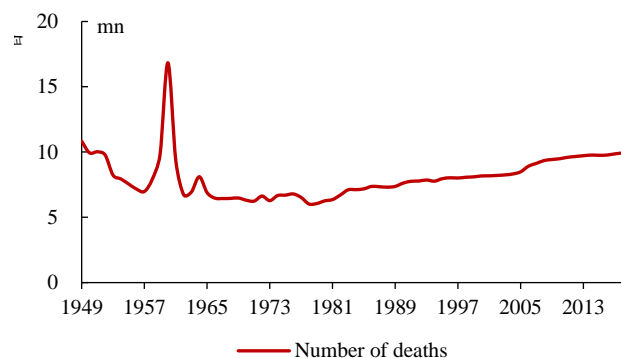
**The decrease in the number of births and the increase in the number of deaths have jointly led to a slowdown in China's population growth.** In recent years, the number of births in China has shown a downward trend. Although the two-child policy has allowed the number of new births to rise to a certain extent in 2016 and 2017, however, it has not changed the current downward trend in the birth population caused by factors such as longer-term family planning and rising residents' income. On the other hand, although economic, health, and medical conditions have improved significantly, a large number of people born during the baby boom period in the early days of the founding of the PRC are getting older, and the proportion of the elderly population increases and the number of deaths increases year by year. Due to the combined effect of the decline in the number of births and the increase in the number of deaths, China's population growth rate has continued to slow down. Since 1998, the YoY growth rate of China's total population has fallen below 1%; as of the end of 2019, China's total population is about 1.4 bn people, and the YoY growth rate is only about 0.3%. According to the announcement of the NBS, "China's population will continue to grow in 2020", but it is undeniable that the current population growth of China has been slowing down day by day.

**Chart 1: The number of births in China has continued to decline in recent years**



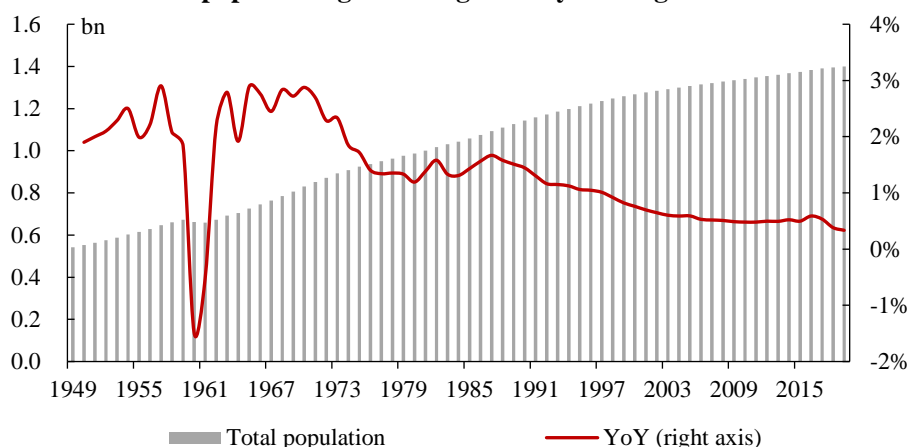
Source: NBS, CWSI Research

**Chart 2: Increase in the % of the elderly population drives the increase in the number of deaths**



Source: NBS, CWSI Research

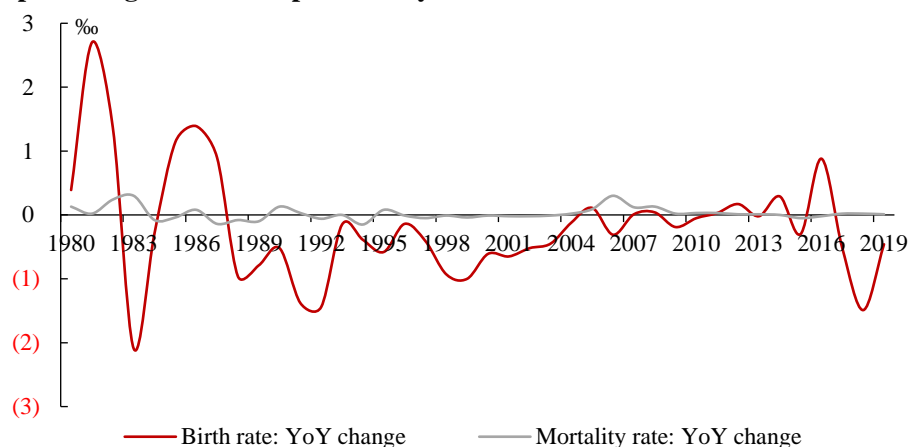
**Chart 3: China's population growth is gradually slowing down**



Source: NBS, CWSI Research

**The decline in the birth rate has a greater impact on population growth.** From the perspective of changes in the birth rate and death rate, the range of changes in the birth rate in the past four decades is significantly greater than the death rate. The rapid decline in the birth rate after 2016 is the main reason for the current slowdown in population growth. From 2017 to 2019, China's birth rate has fallen by 0.52/1.49/0.46 thousand points YoY, while the death rate has increased by only 0.02/0.02/ 0.01 thousand points.

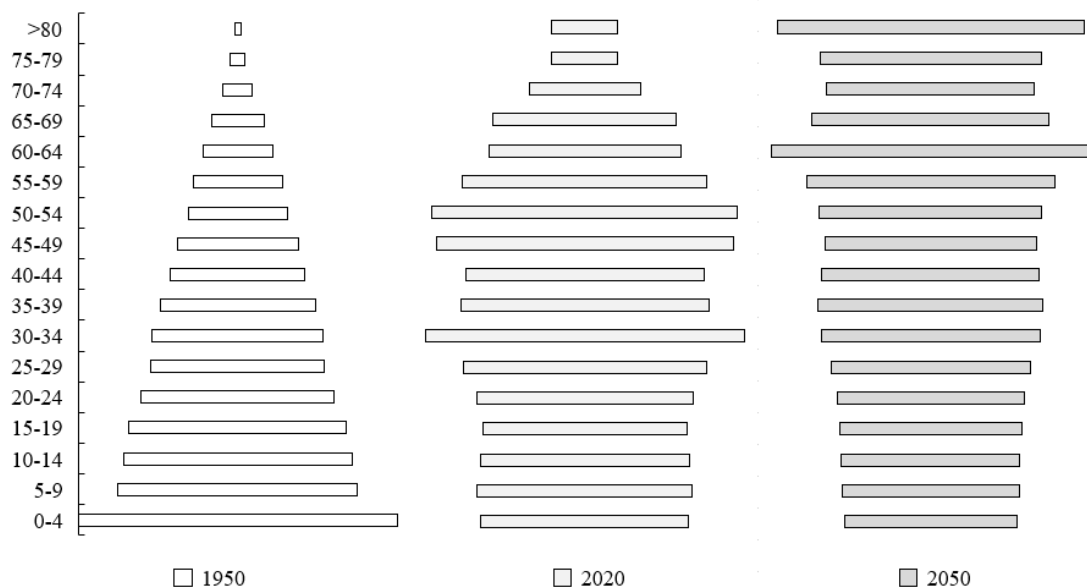
**Chart 4: The declining birth rate is an important reason for the slowdown in population growth in the past three years**



Source: NBS, CWSI Research

**The decline in the birth rate will further accelerate the aging trend of the population.** The decline in the birth rate has led to a decline in the proportion of young people, and China's population structure is changing from a pyramid to an inverted pyramid. According to the estimated data released by the United Nations in 2019, the proportion of the population over the age of 65 in China will be 4.4%, 12.0%, and 26.1% in 1950, 2020, and 2050, respectively. According to the United Nations classification standards, an aging society/aged society respectively corresponds to the proportion of people over 65 years old in the total population of more than 7%/14%. Based on this standard, according to the United Nations forecast, China will enter an aged society in 2022.

**Chart 5: China's population structure is gradually evolving towards an inverted pyramid**



Source: The United Nations, CWSI Research

**Some major countries in the world have entered or are about to enter the aged society.** The declining birth rate and the rising death rate have also appeared in many other countries. According to the United Nations classification standards, the United States, the United Kingdom, Germany, Australia, Japan, South Korea, etc. have entered an aged society. The United Nations predicts Singapore and China is about to enter an aged society.

**Table 1: Some major countries in the world have entered an aged society**

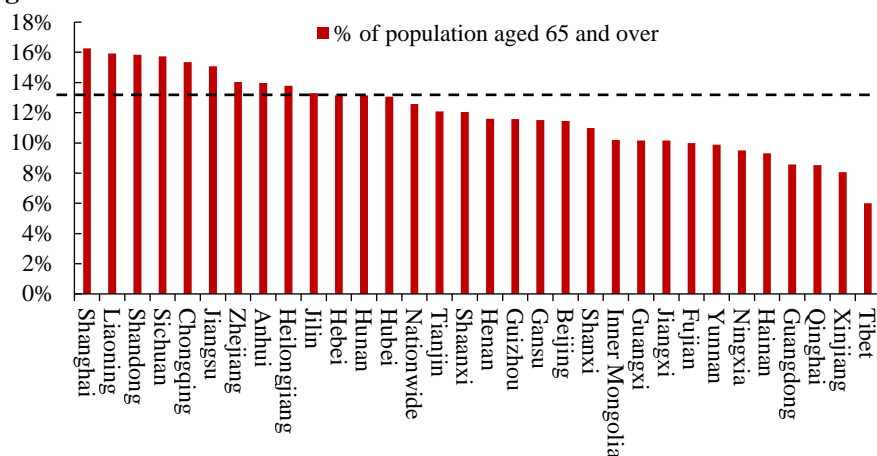
Country	Year of entering an aging society	Year of entering an aged society	Time interval (years)
United States	1942	2014	72
United Kingdom	1930	1975	45
Germany	1922	1972	50
France	1850	1990	140
Australia	1937	2013	76
Japan	1971	1995	24
Korea	2000	2018	18
Singapore	2003	2021(UN forecast)	18
Russia	1967	2017	50
China	2000	2022(UN forecast)	22

Source: Central Bank, CWSI Research

## 1.2 Comprehensive factors affect the total housing demand, and structural opportunities are prominent

The experience of Japan, South Korea and some of the provinces that have entered an aged process can provide a reference for China's current population and housing demand. Japan and South Korea are Asian countries with multiple cities, and the time interval for entering an aging and aged society is similar to that of China, and their population and commercial housing development have certain reference significance. In addition, at present, some provinces in China have taken the lead in entering an aged society. According to the sampling data of the NBS, as of end-2019, the population of 65 years and over in China accounted for 12.6%, Shanghai, Liaoning, Shandong, Sichuan, Chongqing, Jiangsu, Zhejiang have more than 14% of the population over the age of 65. The population and real estate market conditions in the above-mentioned provinces can also provide certain reference.

**Chart 6: As of end-2019, some provinces/municipalities in China have entered an aged state**



Source: NBS, CWSI Research

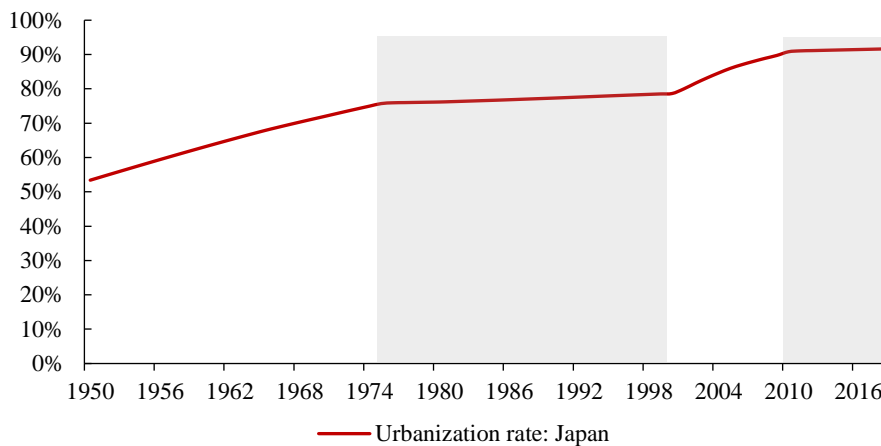
### 1.2.1 Factors such as population and economic changes affect the total demand for housing purchase

The slowdown in population growth and the bursting of the economic bubble have put pressure on Japan's housing demand. Take Japan, which entered an aged society in 1995, as an example. According to data from the World Bank, the growth rate of Japan's total population has further slowed after 1995. As of end-2019, the total population increased by only 0.7% compared with the end of 1995, while the total population of Japan increased by 18.7% from 1971 to 1995. In terms of population age structure, the proportion of the population over 65 in the total population has been increasing, from 14.3% in 1995 to 28.0% in 2019. In addition, although Japan's urbanization rate increased rapidly from 2000 to 2010, the main reason is that Japan's



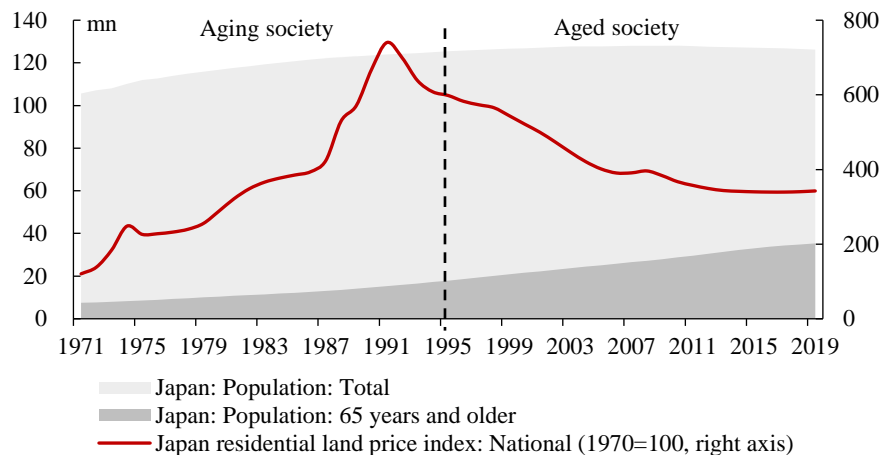
“Heisei municipal mergers and dissolutions in Japan” implemented between 1999 and 2010 reduced the number of Japanese cities, towns and villages from 3229 to 1727, some non-urban areas have been merged into cities and the urban population has therefore grown rapidly. This is not “urbanization” in the general sense, and the boost to housing demand is also limited. On the other hand, from the late 1980s to the early 1990s, Japan’s economic bubble began to burst, and the Japanese government also exercised total control over land finance through policies such as the “Regulations on controlling land-related financing”. Under the combined effect of many factors including the slowdown in population growth and the bursting of the economic bubble, Japan's housing demand continued to be under pressure.

**Chart 7: Except for the “ the great Heisei mergers” period, Japan’s urbanization rate grew slowly after the 1970s**



Source: The United Nations, CWSI Research

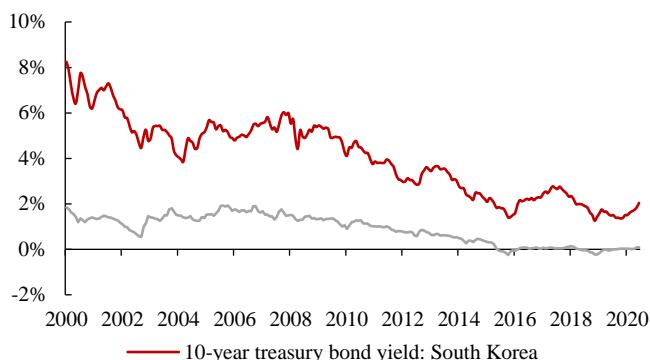
**Chart 8: Factors including the slowdown in population growth and the bursting of the economic bubble have put pressure on Japan’s housing demand**



Source: Bloomberg, CWSI Research

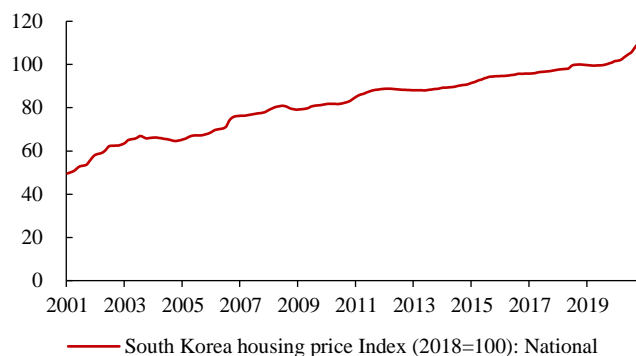
The greater liquidity relaxation has to some extent offset the impact of the slowdown in South Korea's population growth on housing prices. South Korea entered an aging society in 2000 and an aged society in 2018, and the population growth rate continued to slow down. Unlike Japan, South Korea has seen a greater degree of liquidity relaxation in the past decade, which has led to a continuous increase in housing prices and to a certain extent offset the impact of the slowdown in population growth on housing demand.

**Chart 9: South Korea's liquidity environment has relaxed more than Japan's in the past 20 years**



Source: Wind, CWSI Research

**Chart 10: Housing prices in South Korea have been rising for nearly 20 years**



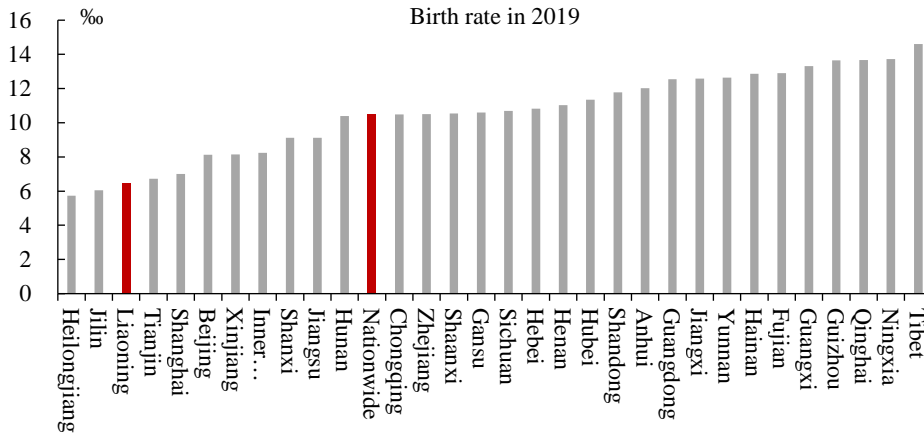
Source: Bloomberg, CWSI Research

**The resident population of Liaoning Province has receded in recent years, and the proportion of the population over 65 has continued to increase.** After 1977, the birth rate of Liaoning province has been lower than that of the whole country. In 2019, it was 6.45‰ (national: 10.48‰), which is one of the provinces with the lowest birth rate in China; the death rate is similar to the national level. To a certain extent, the low birth rate has driven the population growth rate of Liaoning Province to be lower than that of the whole country since 2011. Since 2015, the total resident population has decreased. In terms of population structure, the proportion of people over 65 in Liaoning Province has continued to be higher than the national level. Since 2012, the gap between this proportion and the national level has been increasing, reaching 15.9% as of end-2019 (national: 12.6%). In terms of urbanization rate, the urbanization rate of Liaoning Province continued to be higher than that of the whole country. In 2008, it exceeded 60%. In recent years, the increase in urbanization rate has slowed down significantly, only rising from 67.05% in 2014 to 68.11% in 2019 (national: From 54.77% in 2014 to 60.60% in 2019).



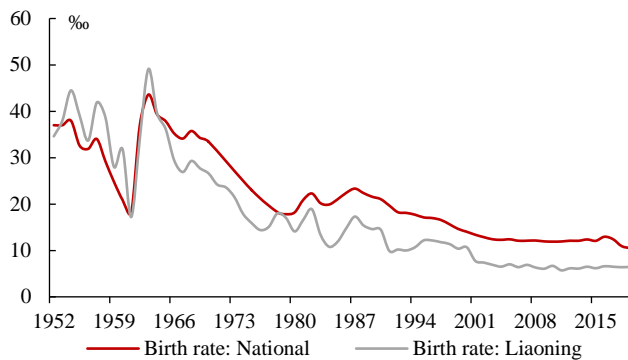


**Chart 11: Liaoning is one of the provinces with the lowest birth rate in China**



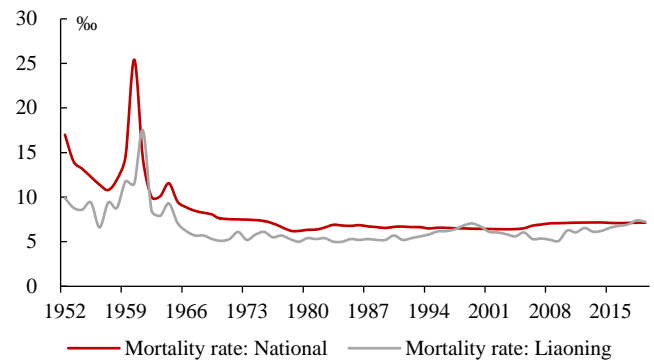
Source: NBS, CWSI Research

**Chart 12: The birth rate in Liaoning Province has been lower than that of the whole country after 1977**



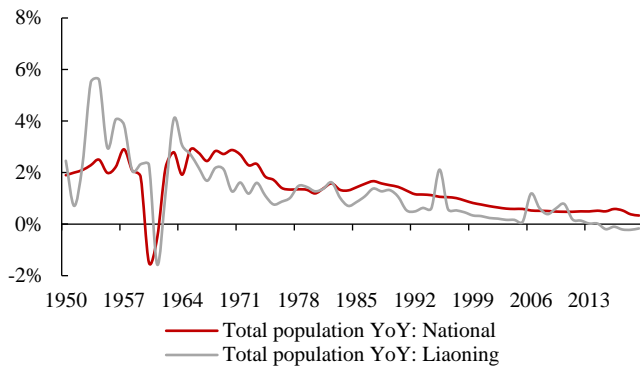
Source: NBS, CWSI Research

**Chart 13: There is little difference between the mortality rate in Liaoning and the whole country**



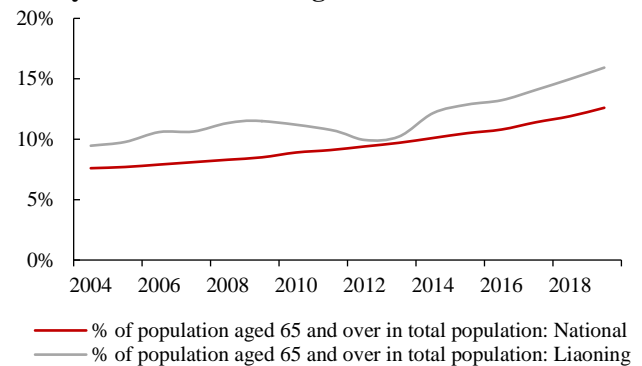
Source: NBS, CWSI Research

**Chart 14: The population of Liaoning Province has decreased since 2015**



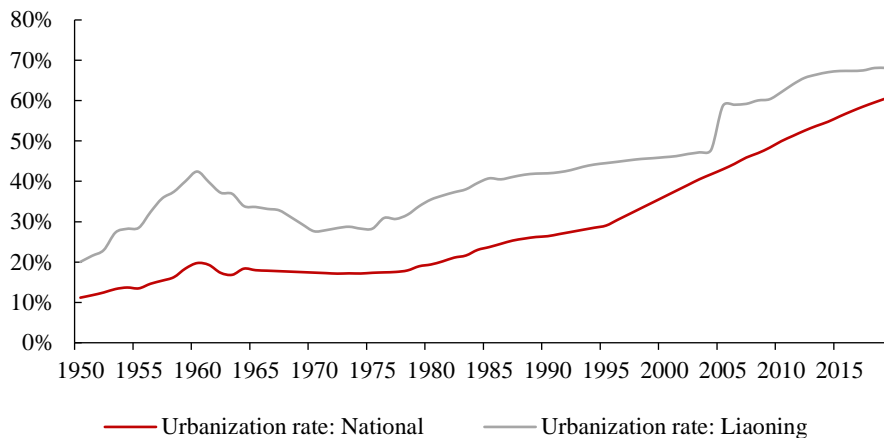
Source: NBS, CWSI Research

**Chart 15: In recent years, the gap between the % of the population over 65 in Liaoning and the whole country has been increasing**



Source: NBS, CWSI Research

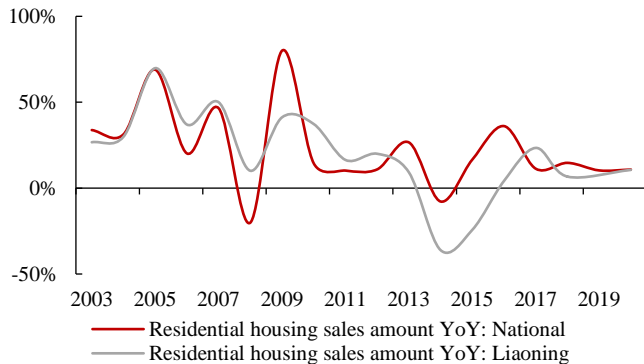
**Chart 16: The urbanization rate of Liaoning continued to be higher than that of the whole country, and the increase has slowed down significantly in recent years**



Source: NBS, CWSI Research

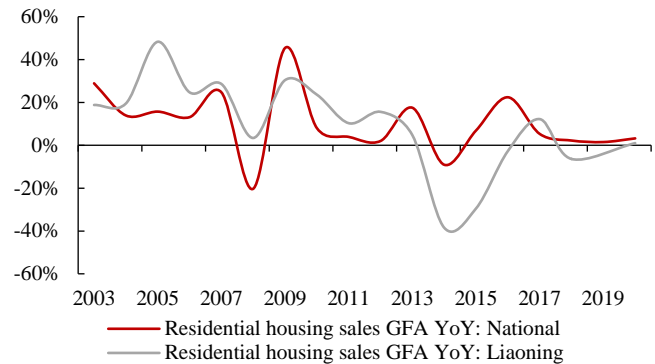
**The decline in population has a certain impact on the demand for commercial housing in Liaoning province.** The slowdown or even regression of the total population growth and the continuous increase in the proportion of the elderly population have had a certain impact on the demand for commercial housing in Liaoning. For most years from 2013 to the present, the growth rate of commercial housing transaction amount and transaction GFA in Liaoning Province has been lower than that of the whole country. At the same time, the gap between the ASP of commercial housing in Liaoning Province and the whole country has also expanded rapidly after 2010, and gradually narrowed after 2016.

**Chart 17: Liaoning's commercial residential sales amount growth rate is much lower than that of the whole country after 2013**



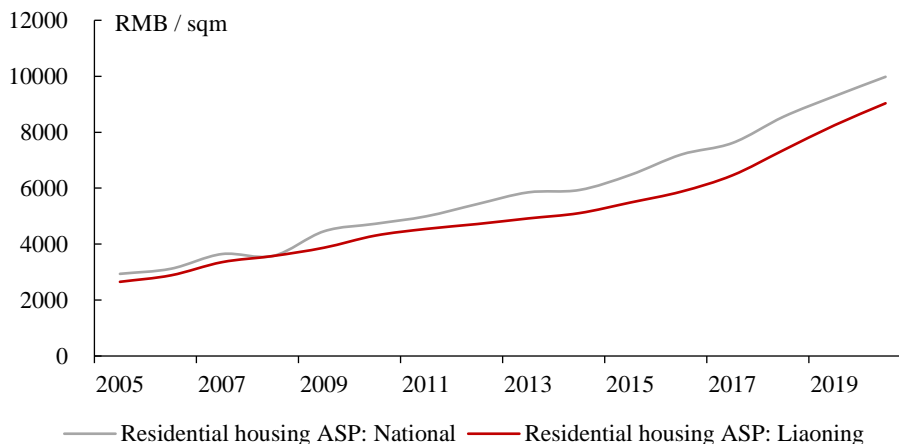
Source: NBS, CWSI Research

**Chart 18: Liaoning's commercial residential sales GFA growth rate is much lower than that of the whole country in recent years**



Source: NBS, CWSI Research

**Chart 19: The gap between the ASP of commercial housing in Liaoning Province and the country has expanded rapidly after 2010**



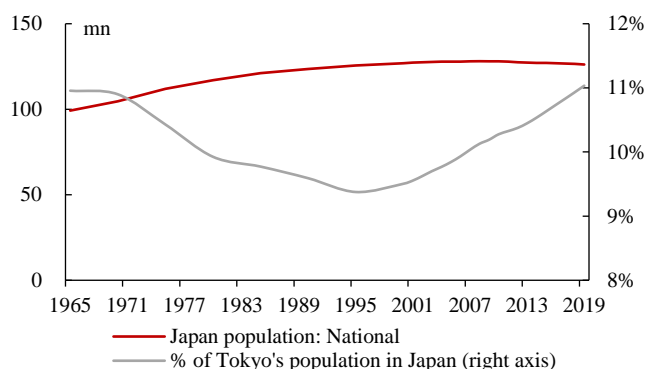
Source: NBS, CWSI Research

### 1.2.2 Industry drives internal population flow, and regional housing demand is still supported

From the perspective of international experience, factors such as the industrial development advantages of big cities and the high cost of living have caused differences in the flow of population between regions. In the context of the slowdown in the growth of the total population, the populations of some countries still continue to gather in industrially developed regions. According to the Statistics Bureau of Japan, the population growth rate of Tokyo after 1995 was greater than the population growth rate of Japan. The proportion of the population of Tokyo increased from 9.4% in 1995 to 11.0% at the end of 2020. In South Korea, due to the high cost

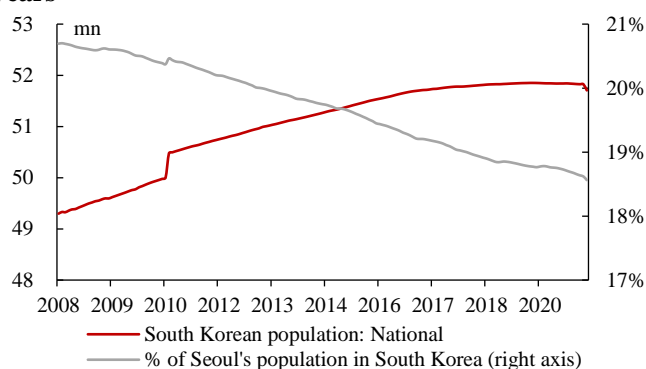
of living in core cities and other reasons, the population of Seoul has continued to decrease in the past decade. The population of South Korea has increased by 2.6% from 2010 to 2020, while the population of Seoul has fallen by 6.3%.

**Chart 20: After 1995, Tokyo's population grew faster than the whole country**



Source: Bloomberg, CWSI Research

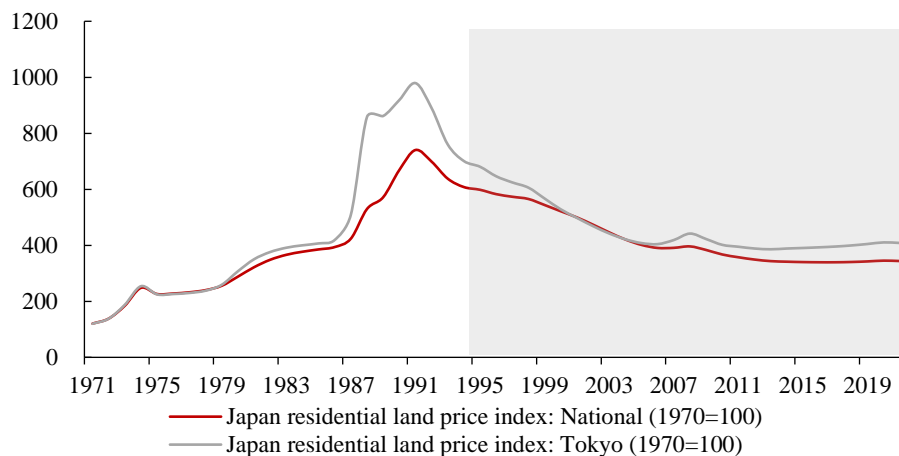
**Chart 21: The population growth rate of Seoul has been lower than that of the whole countries in recent years**



Source: Bloomberg, CWSI Research

**The continuous inflow of population in some regions has provided support for local housing demand.** Take Japan as an example. Since entering an aged society in 1995, the price of residential land in Japan has declined due to factors including the collapse of the Japanese economic bubble and the continued slowdown in population growth. In this environment, Tokyo, a core area with more developed industries and a higher level of economic development, still attracts more people, and the proportion of Tokyo's population has rebounded since 1995. The continuous influx of population has provided certain support to housing demand. Since 2004, the gap between Tokyo and the national residential land price index has continued to widen.

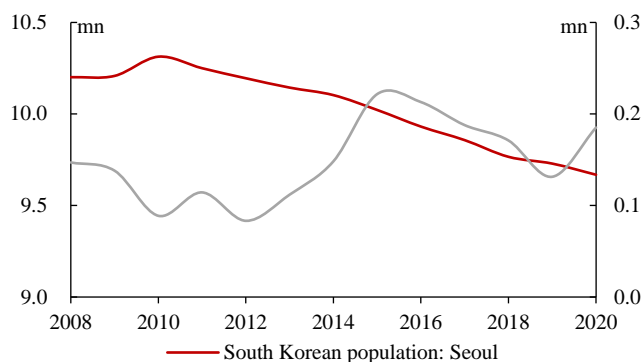
**Chart 22: Factors including population inflow have supported the widening of gap between Tokyo and the country's housing land prices in the past ten years**



Source: Bloomberg, CWSI Research

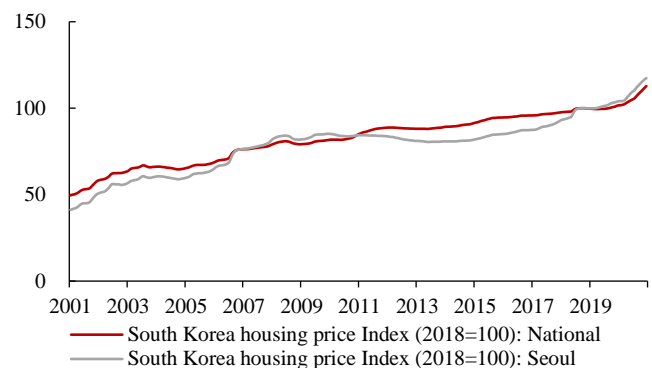
**The high population density and developed economy can still support the demand for housing purchase.** Seoul's population has continued to decline slightly in the past decade (from 10.31 mn at the end of 2010 to 9.67 mn at the end of 2020), but it accommodates about 20% of South Korea's population with 0.6% of South Korea's area (605 sq km), created about 20% of South Korea's GDP, and factors such as extremely high population density and developed economy have made Seoul's housing demand relatively sufficient: 2012-2015 and 2020, Seoul's housing transaction volume have risen sharply, and housing prices in Seoul have risen faster than the country after 2019.

**Chart 23: Demographic and economic factors together supported the demand for housing purchase in Seoul**



Source: Bloomberg, CWSI Research

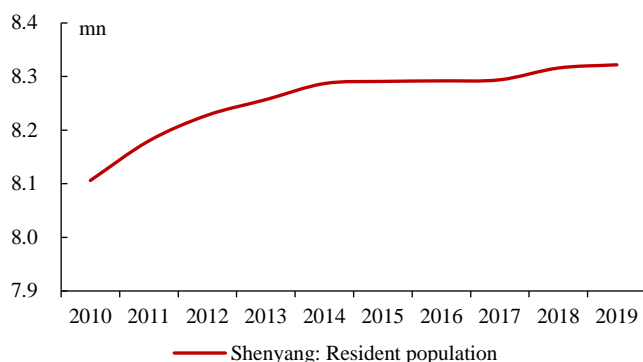
**Chart 24: Housing prices in Seoul are growing faster than the whole country after 2019**



Source: Bloomberg, CWSI Research

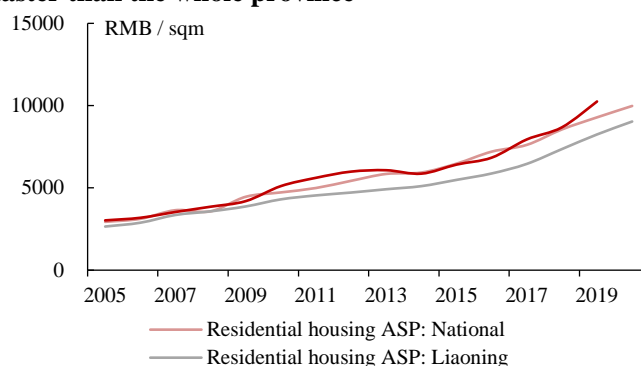
**In the context of the province's population decline, the population of Shenyang, the capital of Liaoning Province, continued to increase, and the commercial housing market is improving.** As the industrial and economic development trend is relatively good among the cities in the province, Shenyang is able to attract population inflows; in an environment where the total population of the province is declining, the total resident population of Shenyang has continued to increase in recent years, with a YoY growth of 0.1% in 2019 and resident population of 8.32 mn. The influx of population has provided certain support to the demand for commercial housing in Shenyang. In the past ten years, the ASP of commercial housing in Shenyang has increased faster than the province and similar to the national level. In 2019, the increase was higher than the national level, reaching RMB 10,251/sqm (national: RMB 9287/sqm).

**Chart 25: The resident population of Shenyang has continued to grow in the past ten years**



Source: NBS, CWSI Research

**Chart 26: Population and other factors support the ASP of commercial housing in Shenyang to grow faster than the whole province**



Source: NBS, local government, CWSI Research

### 1.3 Summary: The total housing demand is under pressure, and structural demand still exists

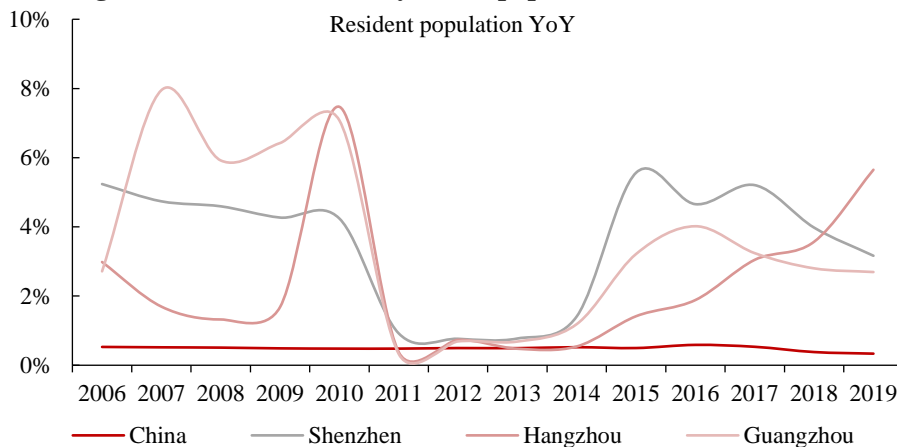
**The total housing demand in China in the future may also become under pressure as population growth slows down.** As mentioned above, China's population growth rate has gradually slowed down, and it is about to enter an aged society. The total population urbanization rate was 60.6% as of end-2019, compared with Japan and other countries, there is still room for improvement, but the speed may also slow down. In this context, China's total housing demand in the future may also be under pressure.

**The demographic change is expected to bring about new housing demand.** As the proportion of the elderly population increases and the family structure of residents changes, housing needs will also change. Homes more suitable for the elderly (including elderly care services in the community, etc.) and for families to live after the birth is liberalized (such as the demand for more rooms, community nursery and early

childhood education services, etc.) may increase, which will increase the demand for improvement.

**At the regional level, the development of China's local industries and economy has increased the population differentiation between regions.** Similar to the situation in Shenyang and Liaoning, the developed industries and economic development levels in some regions of China still attract a large number of labors, and the local population scale is rapidly increasing. From 2015 to 2019, the YoY growth rate of the national total population continued to be less than 0.6%, while some cities with rapid economic development achieved faster population growth: Shenzhen's annual resident population growth rate exceeded 3%, and Guangzhou's annual growth rate exceeded 2 %, the YoY growth rate of Hangzhou's resident population from 2015 to 2019 continued to increase, from 1.4% in 2015 to 5.6% in 2019.

**Chart 27: The growth rate of resident residents in more developed cities is faster than the growth rate of the country's total population**



Source: NBS, local governments, CWSI Research

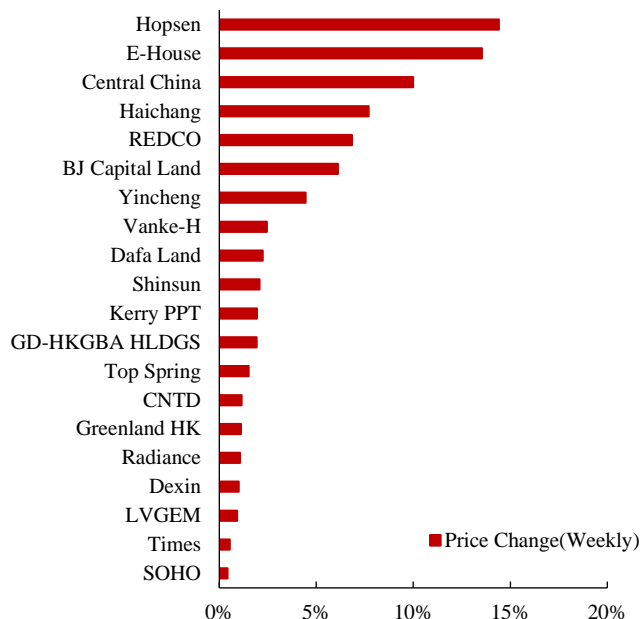
**Population mobility will bring structural demand to the real estate market, and regional differentiation is expected to intensify.** Regions with better industrial and economic development are still able to attract labor from other regions when the overall population growth slows down, thereby supporting local housing demand. In this context, the real estate demand in the core cities and key satellite cities of the Yangtze River Delta, the Greater Bay Area and other developed city clusters, and some single-core provincial capitals will still be supported. The regional differentiation of the real estate market is expected to intensify, and developers that covered more in the above-mentioned regions may continue to benefit.

## 2. Sector Performance

### 2.1 Performance of developer sector

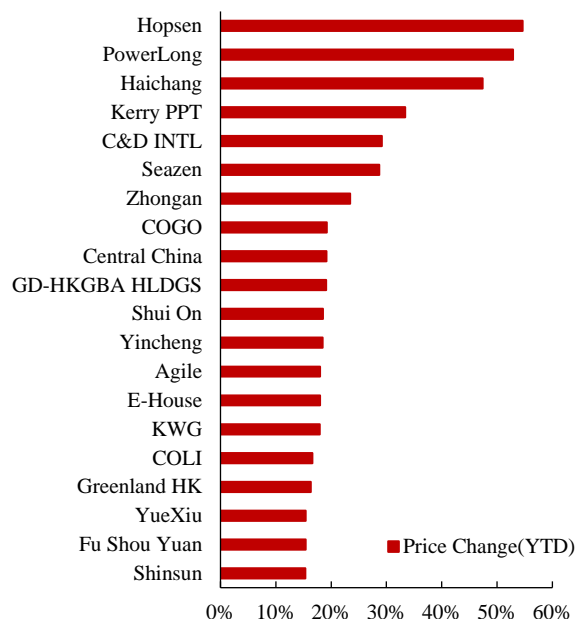
This week, Hopsen, E-House and Central China had larger price increase than peers. Hopsen, PowerLong, and Haichang had better share price performance, YTD.

**Chart 28: This week, Hopsen, E-House and Central China had larger price increase than peers**



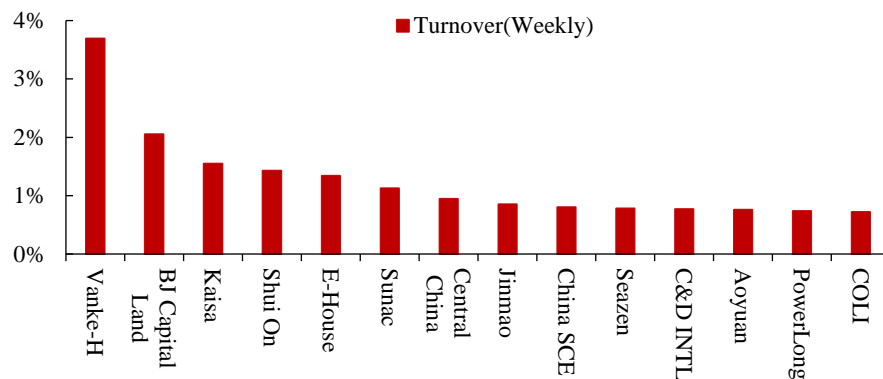
Source: Wind, CWSI Research

**Chart 29: Hopsen, PowerLong, and Haichang had better share price performance, YTD**



Source: Wind, CWSI Research

**Chart 30: Vanke-H, BJ Capital Land and Kaisa were most actively traded this week**



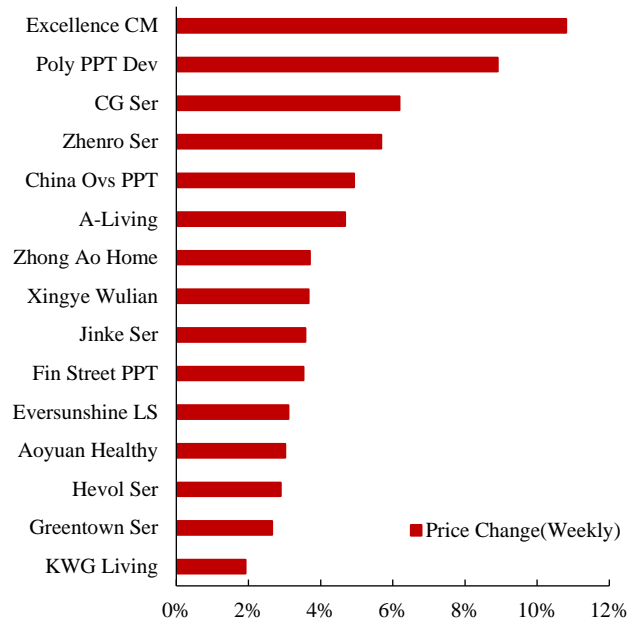
Source: Wind, CWSI Research



## 2.2 Performance of property management sector

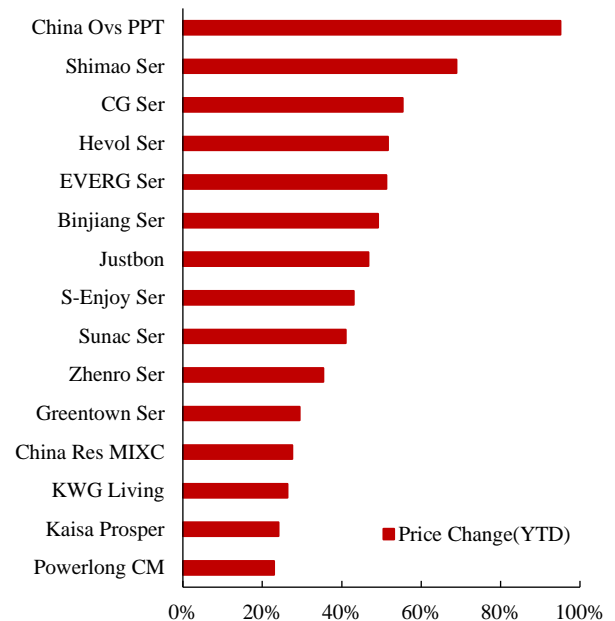
This week, Excellence CM, Poly PPT Dev and CG Ser had larger price increase than peers.  
 China Ovs PPT, Shimao Ser and CG Ser had better share price performance YTD.

**Chart 31: This week, Excellence CM, Poly PPT Dev and CG Ser had larger price increase than peers**



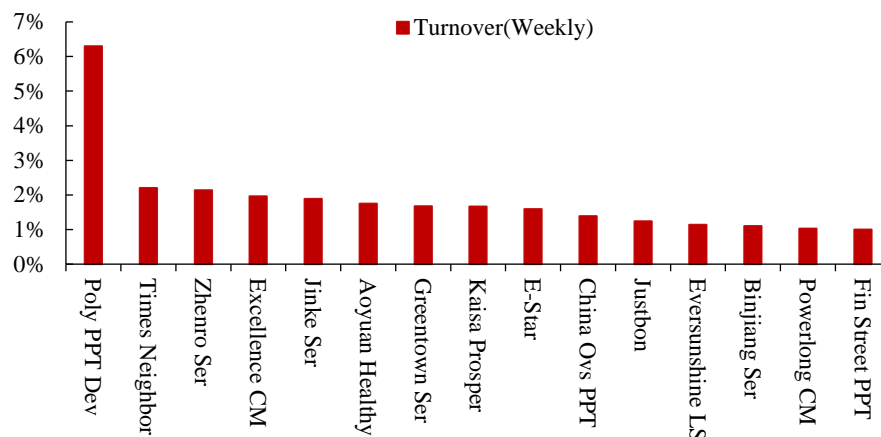
Source: Wind, CWSI Research

**Chart 32: China Ovs PPT, Shimao Ser and CG Ser had better share price performance YTD**



Source: Wind, CWSI Research

**Chart 33: 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 2: 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	359,498	93%	190%	920	8%	125%	920	8%	125%	3,136	127%
Shanghai	274,300	-30%	-28%	1,267	-14%	26%	1,267	-14%	26%	5,373	99%
Guangzhou	362,816	32%	65%	1,130	-13%	72%	1,130	-13%	72%	4,660	157%
Shenzhen	56,579	-21%	-25%	346	-23%	6%	346	-23%	6%	1,921	88%
<b>Tier 1</b>	<b>1,053,194</b>	<b>14%</b>	<b>32%</b>	<b>3,663</b>	<b>-10%</b>	<b>53%</b>	<b>3,663</b>	<b>-10%</b>	<b>53%</b>	<b>15,091</b>	<b>118%</b>
<b>Tier 2</b>	<b>3,226,280</b>	<b>6%</b>	<b>25%</b>	<b>13,727</b>	<b>6%</b>	<b>50%</b>	<b>13,727</b>	<b>6%</b>	<b>50%</b>	<b>45,775</b>	<b>77%</b>
<b>Tier 3</b>	<b>2,281,603</b>	<b>15%</b>	<b>3%</b>	<b>8,955</b>	<b>-8%</b>	<b>15%</b>	<b>8,955</b>	<b>-8%</b>	<b>15%</b>	<b>35,601</b>	<b>78%</b>
Beijing	359,498	93%	190%	920	8%	125%	920	8%	125%	3,136	127%
Qingdao	452,838	25%	-9%	1,635	5%	12%	1,635	5%	12%	5,112	46%
Jinan	472,394	37%	120%	1,483	173%	49%	1,483	173%	49%	3,498	42%
Dongying	37,010	-20%	-74%	175	-25%	-64%	175	-25%	-64%	912	-14%
<b>PBR</b>	<b>1,321,741</b>	<b>41%</b>	<b>35%</b>	<b>4,213</b>	<b>32%</b>	<b>25%</b>	<b>4,213</b>	<b>32%</b>	<b>25%</b>	<b>12,658</b>	<b>50%</b>
Shanghai	274,300	-30%	-28%	1,267	-14%	26%	1,267	-14%	26%	5,373	99%
Nanjing	291,637	-30%	321%	1,662	-4%	114%	1,662	-4%	114%	5,210	130%
Hangzhou	328,784	58%	38%	1,158	3%	41%	1,158	3%	41%	4,070	86%
Suzhou	298,410	22%	50%	1,012	0%	30%	1,012	0%	30%	3,532	48%
Wuxi	85,300	-42%	-46%	486	-9%	3%	486	-9%	3%	1,929	44%
Yangzhou	20,524	-73%	72%	260	-37%	48%	260	-37%	48%	1,158	109%
Jiangyin	115,180	46%	97%	313	5%	62%	313	5%	62%	1,143	87%
Wenzhou	210,463	12%	5%	824	-8%	65%	824	-8%	65%	3,316	125%
Jinhua	39,064	-10%	-42%	166	-45%	-17%	166	-45%	-17%	1,059	144%
Changzhou	64,598	89%	5%	198	-35%	-8%	198	-35%	-8%	864	9%
Huaian	82,061	-8%	1%	398	-19%	13%	398	-19%	13%	2,240	99%
Lianyungang	111,350	9%	-23%	572	-36%	10%	572	-36%	10%	3,404	130%
Shaoxing	44,872	3%	-40%	247	17%	20%	247	17%	20%	783	38%
Zhenjiang	196,193	86%	3%	736	-5%	31%	736	-5%	31%	2,434	73%
Jiaxing	32,048	-29%	-45%	147	-5%	-36%	147	-5%	-36%	587	14%
Wuhu	183,696	-16%	411%	775	-8%	355%	775	-8%	355%	2,759	518%
Yancheng	110,567	315%	11%	321	-31%	-32%	321	-31%	-32%	1,612	55%
Zhoushan	45,156	19%	-17%	144	-3%	-3%	144	-3%	-3%	450	33%
Chizhou	17,206	31%	-16%	86	-16%	-8%	86	-16%	-8%	373	47%
Ningbo	145,352	-16%	-26%	826	5%	42%	826	5%	42%	3,022	102%
<b>YRD</b>	<b>2,696,761</b>	<b>0%</b>	<b>12%</b>	<b>11,598</b>	<b>-10%</b>	<b>37%</b>	<b>11,598</b>	<b>-10%</b>	<b>37%</b>	<b>45,317</b>	<b>94%</b>
Guangzhou	362,816	32%	65%	1,130	-13%	72%	1,130	-13%	72%	4,660	157%
Shenzhen	56,579	-21%	-25%	346	-23%	6%	346	-23%	6%	1,921	88%
Fuzhou	71,975	-40%	123%	474	-6%	257%	474	-6%	257%	1,477	142%
Dongguan	78,855	1%	-49%	309	12%	-30%	309	12%	-30%	1,734	58%
Quanzhou	8,396	-41%	-77%	93	-23%	-22%	93	-23%	-22%	481	22%
Putian	38,525	-14%	-29%	183	-26%	42%	183	-26%	42%	744	74%
Huizhou	61,568	38%	39%	222	-8%	20%	222	-8%	20%	1,002	92%
Shaoguan	45,671	209%	7%	112	-23%	-14%	112	-23%	-14%	484	14%
Foshan	17	-21%	-49%	0	-26%	-10%	0	-26%	-10%	0	52%
Zhaoqing	47,233	-3%	-18%	202	-28%	6%	202	-28%	6%	905	68%
Jiangmen	16,254	-57%	-65%	157	11%	44%	157	11%	44%	589	118%
<b>PRD &amp; Southern China</b>	<b>787,889</b>	<b>5%</b>	<b>3%</b>	<b>3,228</b>	<b>-13%</b>	<b>33%</b>	<b>3,228</b>	<b>-13%</b>	<b>33%</b>	<b>13,999</b>	<b>97%</b>
Taian	46,645	-8%	9%	197	-38%	9%	197	-38%	9%	916	108%
<b>Northern China</b>	<b>46,645</b>	<b>-8%</b>	<b>9%</b>	<b>197</b>	<b>-38%</b>	<b>9%</b>	<b>197</b>	<b>-38%</b>	<b>9%</b>	<b>916</b>	<b>108%</b>
Wuhan	719,132	29%	142%	2,486	18%	235%	2,486	18%	235%	7,669	265%
Yueyang	36,463	-10%	-33%	165	-8%	-14%	165	-8%	-14%	640	31%
Baoji	91,334	15%	-41%	365	-10%	-26%	365	-10%	-26%	1,426	189%
<b>Central China</b>	<b>846,929</b>	<b>25%</b>	<b>68%</b>	<b>3,017</b>	<b>12%</b>	<b>111%</b>	<b>3,017</b>	<b>12%</b>	<b>111%</b>	<b>9,735</b>	<b>216%</b>
Chengdu	454,026	-4%	-3%	2,582	5%	34%	2,582	5%	34%	8,313	44%
Liuzhou	107,116	-14%	-34%	414	-26%	-19%	414	-26%	-19%	1,823	26%
Nanning	299,971	13%	13%	1,097	23%	10%	1,097	23%	10%	3,707	19%
<b>Western China</b>	<b>861,113</b>	<b>0%</b>	<b>-4%</b>	<b>4,093</b>	<b>5%</b>	<b>19%</b>	<b>4,093</b>	<b>5%</b>	<b>19%</b>	<b>13,843</b>	<b>34%</b>
<b>Total</b>	<b>6,561,077</b>	<b>10%</b>	<b>18%</b>	<b>26,345</b>	<b>-2%</b>	<b>36%</b>	<b>26,345</b>	<b>-2%</b>	<b>36%</b>	<b>96,468</b>	<b>83%</b>
Num. of cities Up		21	20		12	28		12	28		41
Num. of cities Down		21	22		30	14		30	14		1

Source: Local governments, CWSI Research; Note: Till 2021/4/30

**Table 3: Major cities inventory period was 13.2 months this week**

City	Inventory (sqm 000)	wow	yoy	Inventory period	Last week	wow	yoy
Beijing	12,312	-2%	7%	13.4	15.6	-14%	-52%
Shanghai	5,180	-2%	-33%	4.1	4.4	-6%	-47%
Guangzhou	9,031	5%	11%	8.0	7.6	5%	-35%
Shenzhen	1,932	-3%	-16%	5.6	5.3	6%	-21%
<b>Tier 1 Average</b>		<b>-1%</b>	<b>-8%</b>	<b>7.8</b>	<b>8.2</b>	<b>-3%</b>	<b>-39%</b>
Hangzhou	4,462	-3%	41%	3.9	4.6	-17%	0%
Nanjing	6,329	-8%	7%	3.8	3.9	-3%	-50%
Suzhou	8,639	1%	44%	8.5	9.1	-6%	11%
Fuzhou	7,144	2%	38%	15.1	12.0	25%	-61%
Nanning	8,732	1%	12%	8.0	8.6	-7%	2%
Wenzhou	10,898	1%	2%	13.2	11.8	12%	-38%
Quanzhou	6,860	0%	-3%	73.5	60.2	22%	24%
Ningbo	3,531	2%	24%	4.3	4.1	5%	-13%
Dongying	1,841	-2%	6%	10.5	10.6	-1%	195%
<b>Overall Average</b>		<b>-1%</b>	<b>11%</b>	<b>13.2</b>	<b>12.1</b>	<b>2%</b>	<b>-6%</b>

Source: Local governments, CWSI Research; Note: Till 2021/4/30; Average WoW and average YoY are defined as average change of each city

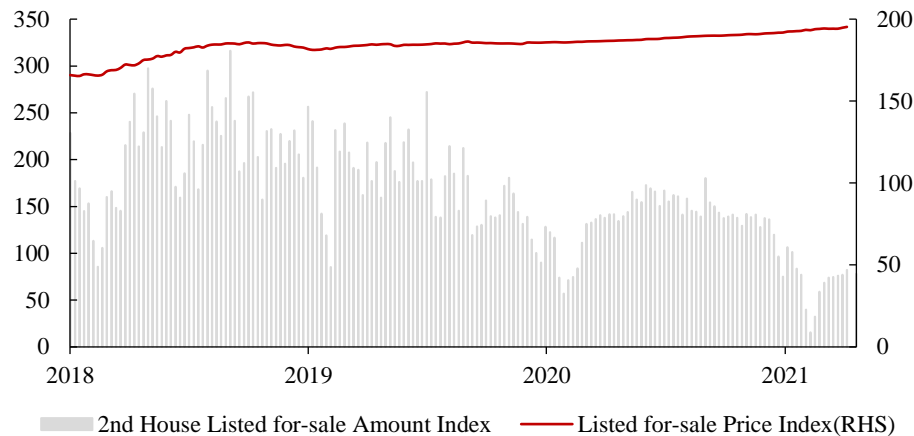
## 3.2 Second-hand house transaction and price data

**Table 4: 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	529,978	↑ 24%	↑ 41%	1,818	↓ -5%	↑ 57%	1,818	↓ -5%	↑ 57%	6,439	↑ 118%
Shenzhen	80,481	↓ -24%	↓ -59%	426	↓ -19%	↓ -35%	426	↓ -19%	↓ -35%	1,880	↓ -12%
Hangzhou	193,019	↑ 13%	↑ 3%	660	↓ -12%	↑ 9%	660	↓ -12%	↑ 9%	2,317	↑ 85%
Nanjing	360,391	↑ 22%	↑ 91%	1,270	↑ 39%	↑ 51%	1,270	↑ 39%	↑ 51%	3,866	↑ 73%
Chengdu	105,312	↑ 8%	↓ -26%	404	↓ -3%	↓ -23%	404	↓ -3%	↓ -23%	1,369	↓ -6%
Qingdao	185,873	↑ 17%	↑ 40%	742	↑ 21%	↑ 55%	742	↑ 21%	↑ 55%	2,188	↑ 83%
Wuxi	168,005	↑ 1%	↓ -14%	616	↑ 15%	↓ -10%	616	↑ 15%	↓ -10%	1,783	↑ 23%
Suzhou	220,873	↑ 12%	↑ 57%	827	↑ 17%	↑ 69%	827	↑ 17%	↑ 69%	2,665	↑ 72%
Xiamen	132,378	↑ 8%	↑ 57%	502	↑ 1%	↑ 80%	502	↑ 1%	↑ 80%	1,684	↑ 109%
Yangzhou	26,746	↓ -15%	↓ -12%	123	↓ -13%	↑ 4%	123	↓ -13%	↑ 4%	403	↑ 60%
Dongguan	36,040	↓ -4%	↓ -35%	138	↓ -9%	↓ -40%	138	↓ -9%	↓ -40%	596	↓ -11%
Nanning	37,440	↓ -33%	↓ -33%	165	↑ 10%	↓ -12%	165	↑ 10%	↓ -12%	580	↓ 0%
Foshan	180,837	↓ -1%	↑ 28%	722	↑ 11%	↑ 82%	722	↑ 11%	↑ 82%	2,466	↑ 118%
Jinhua	54,017	↓ -36%	↓ -54%	297	↑ 12%	↓ -3%	297	↑ 12%	↓ -3%	1,172	↑ 108%
Jiangmen	23,960	↑ 19%	↑ 8%	92	↑ 53%	↑ 18%	92	↑ 53%	↑ 18%	294	↑ 69%
<b>Total</b>	<b>2,335,348</b>	<b>9%</b>	<b>13%</b>	<b>8,804</b>	<b>6%</b>	<b>25%</b>	<b>8,804</b>	<b>6%</b>	<b>25%</b>	<b>29,703</b>	<b>62%</b>
<b>Num. of cities Up</b>		<b>9</b>	<b>8</b>		<b>9</b>	<b>9</b>		<b>9</b>	<b>9</b>		<b>11</b>
<b>Num. of cities Down</b>		<b>6</b>	<b>7</b>		<b>6</b>	<b>6</b>		<b>6</b>	<b>6</b>		<b>4</b>

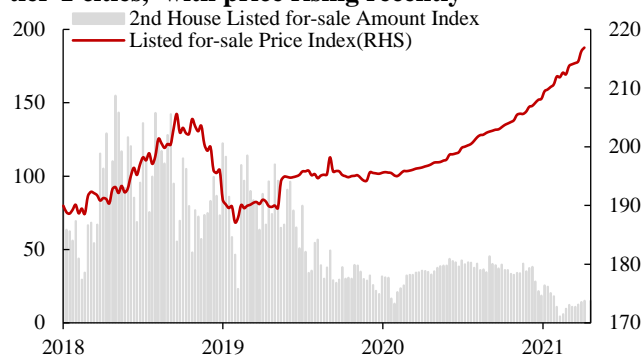
Source: Local governments, CWSI Research; Note: Till 2021/4/30

**Chart 34: 2nd house listed for-sale price index rose slightly recently**



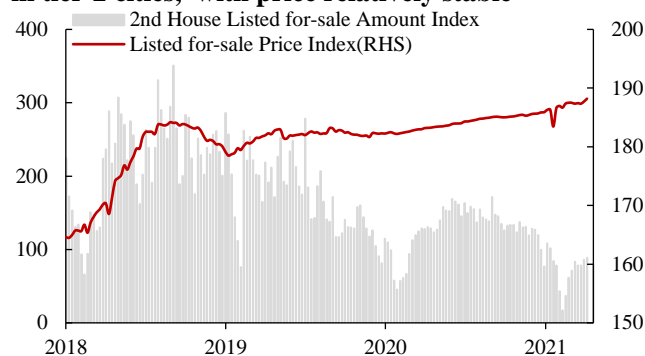
Source: Local Government, CWSI Research; Note: Till 2021/4/25

**Chart 35: 2nd house listed for-sale amount index rose in tier-1 cities, with price rising recently**



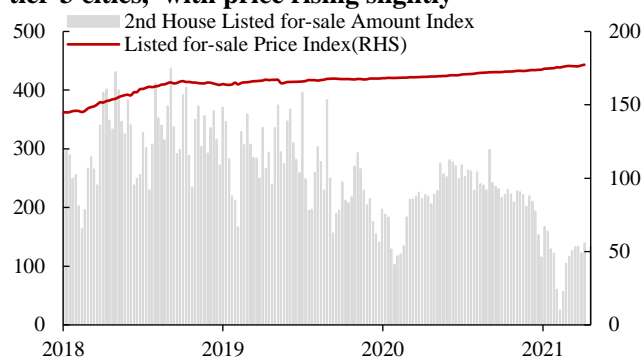
Source: Local Government, CWSI Research; Note: Till 2021/4/25

**Chart 36: 2nd house listed for sale amount index rose in tier-2 cities, with price relatively stable**



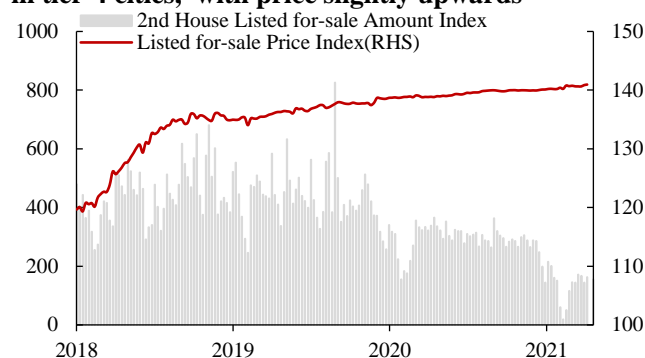
Source: Local Government, CWSI Research; Note: Till 2021/4/25

**Chart 37: 2nd house listed for-sale amount index rose in tier-3 cities, with price rising slightly**



Source: Local Government, CWSI Research; Note: Till 2021/4/25

**Chart 38: 2nd house listed for-sale amount index rose in tier-4 cities, with price slightly upwards**



Source: Local Government, CWSI Research; Note: Till 2021/4/25

## 4. Important Policies and News

### 4.1 Important Industry Policies News This Week

**Table 5: Important Industry Policies News This Week: Dongguan extends the interval for raising the sales price of unsold new commercial housing to one year, with an increase of no more than 3%; Ningbo will release the reference price of second-hand housing listings**

Date	Region / Institution	Summary
2021-04-25	Beijing	Increase taxation and financial support for social capital to participate in the transformation of old communities, and provide loan discounts of no more than 5 years and no more than 2% for eligible projects.
2021-04-27	Ningbo	Starting from April 27th, when the brokerage agencies and landlords in the sixth district of Ningbo release the listing information, they will try to match the recent online signing prices of similar houses in the community (based on the mortgage loan transaction case).
2021-04-29	Dongguan	The interval for raising the sales price of unsold newly-built commercial housing will be extended from 6 months to 1 year after obtaining the pre-sale permit (now-sale registration certificate), and the increase will not exceed 3% (including the number). The interval for lowering the sales price remains unchanged for half a year, and the rate of decrease is unlimited.
2021-04-29	Jiaying	The notice further strengthened regulation in six aspects, including the centralized transfer of residential land in batches, the implementation of "notary lottery", further tightening of the management of commercial housing purchase restrictions, strengthening the management of commercial housing sales prices, strengthening the real estate market rectification, and creating an open and healthy public opinion.

Source: Wind, Government website, CWSI Research

## 4.2 Company news and announcements

**Table 6: Company news and announcements: E-House will acquire 85% equity in a joint venture with Alibaba, and will wholly hold Tmall Haofang; Kaisa carried out debt financing**

Date	Company	Summary
2021-04-28	E-House	1) Proposed to issue 132 mn, 133 mn and 67 mn subscription shares to Taobao China, Zhou's subsidiary and Yunfeng respectively (respectively accounting for 5.67%, 5.72%, and 2.86% of the issued share capital of E-House after the subscription. ), the subscription price is HKD 7.50 per subscription share, and the total subscription price is HKD990 mn, HKD1 bn and HKD500 mn. 2) Agreed to purchase 85% equity of the joint venture from Alibaba Investment at a consideration of HKD 1.86 bn. E-House will allocate and issue 248 mn shares to Alibaba Investment (accounting for 10.65% of the issued share capital of E-House after the subscription).
2021-04-28	Kaisa	1) Issued USD 500 mn 11.7% senior notes due 2025 . 2) The company has decided to accept the purchase of the June 9, 2021 notes with a total amount of USD 59.19 mn that has been validly submitted (equivalent to 19.73% of the total outstanding balance of the notes on June 9, 2021) , and the validly submitted June 30, 2021 notes with an amount of USD 54.15 mn (equivalent to 13.54% of the total outstanding balance of the note on June 30, 2021).

Source: Company announcements, CWSI Research

## 4.3 Key 2020A results announced this week

**Table 7: In 2020, Huafa's revenue increased 53.9% YoY; Zoina's net profit attributable to parent after deducting non-recurring G/L increased 60.8% YoY**

Company	RIC	Revenue		Net profit attributable to parent after deducting non-recurring G/L	
		(RMB bn)	YoY	(RMB bn)	YoY
2020A					
GreenLand	600606.SH	455.8	6.5%	14.4	13.1%
CFLD	600340.SH	101.2	-3.8%	3.3	-77.3%
Zoina	000961.SZ	78.6	9.4%	5.6	60.8%
Risesun	002146.SZ	71.5	0.8%	7.5	-17.1%
Huafa Industrial Share	600325.SH	51.0	53.9%	-	0.4%
Binjiang	002244.SZ	28.6	14.6%	2.1	32.7%
Tahoe	000732.SZ	3.6	-84.7%	-4.5	-1009.1%

Source: Wind, company announcements, CWSI Research

#### 4.4 Key 2021Q1 results announced this week

**Table 8: In 2021Q1, Seazen's revenue increased 148.7% YoY, net profit attributable to parent after deducting non-recurring G/L increased 108.5% YoY**

Company	RIC	Revenue		Net profit attributable to parent after deducting non-recurring G/L	
		(RMB bn)	YoY	(RMB bn)	YoY
2021Q1				Net profit attributable to parent	
GreenLand	600606.SH	132.6	66.6%	4.0	9.1%
PRE	600048.SH	25.1	5.3%	2.4	1.9%
Seazen	601155.SH	17.6	148.7%	0.5	108.5%
Zoina	000961.SZ	14.3	23.9%	0.7	27.9%
Jinke	000656.SZ	12.4	62.6%	0.4	0.2%
Risesun	002146.SZ	11.9	45.0%	0.9	10.6%
CFLD	600340.SH	7.9	-59.3%	-3.7	-230.7%
Gemdale	600383.SH	7.2	-0.1%	0.5	61.7%
Yango	000671.SZ	7.5	12.0%	0.4	5.2%
OCT HOLDING	000069.SZ	8.5	25.3%	0.9	5.2%
Binjiang	002244.SZ	7.4	96.5%	0.4	44.3%
Huafa Industrial Share	600325.SH	6.4	-29.5%	0.5	-19.6%

Source: Wind, 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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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%.

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

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