

This Week in China

2nd-hand housing reference price: impact analysis

Topic of the week:

The transaction volume and price of 2nd-hand housing in Shenzhen declined. The reference price of 2nd-hand housing in Shenzhen was generally lower than the latest transaction price before the policy, and the reference price of some communities fell by more than 30% compared with the latest transaction price. After the introduction of the reference price in February 2021, the growth rate of 2nd-hand housing prices in Shenzhen declined rapidly, with the MoM growth rate in May 2021 returned to negative (-0.1%) after nearly two years. After March 2021, the transaction volume of 2nd-hand housing in Shenzhen continued to decline. In May and June 2021, the transaction GFA was about 276,000 sqm and 237,000 sqm, down 61.0% and 73.8% YoY, and down 54.5% and 50.2% from the same period in 2019.

Restricted buyer leverage and other factors have driven the decline in transaction volume, and the acceleration of residents' leverage ratio is an important background. Buyers and sellers of 2nd-hand housing can still negotiate the transaction price, but the 2nd-hand housing loan is based on the reference price. If the transaction price is higher than the reference price, the buyer's down payment ratio will actually increase, which drives down the transaction volume of Shenzhen 2nd-hand housing to a certain extent. The accelerated rise in the leverage ratio is an important background. From 2016 to 2019, the leverage ratio of China's residential sector increased by 3.8pct annually, and it increased by 6.1pct to 62.2% from 2019 to 2020. The rapid rise of 2nd-hand housing prices and the phenomenon of new houses cheaper than 2nd-hand houses make residents tend to release their housing demand sooner and increase their willingness to use leverage.

The reference price may be introduced in cities where 2nd-hand housing prices are rising faster and new houses are cheaper than 2nd-hand houses, local regulations may affect the effect of the policy. At present, Shenzhen, Ningbo, Chengdu, and Xi'an have implemented the reference price mechanism. From January 2019 to December 2020, the ASP increase of 2nd-hand residential listings in Shenzhen and Ningbo reached 44.7% and 34.2%, ranking 2nd and 4th among the 100 cities, and Xi'an ranks 1st from January to May 2021. The coverage and the formation of the reference price will also have an impact on the effect of the policy. For example, the first batch and the second batch of Chengdu's reference price only include 201 and 286 residential communities, respectively, which have less impact on the overall market than Shenzhen.

Data points:

As of Jul 9th, new house transaction area in 42 major cities this week decreased 14% WoW, and cumulative transaction area in 2021 increased 37% YoY.

As of Jul 9th, saleable area (inventory) in 13 major cities this week decreased 1% WoW; average inventory period was 22.4 months, average WoW change was 2%.

As of Jul 9th, 2nd-hand housing transactions in 15 major cities this week decreased 12% WoW, and cumulative transaction area in 2020 increased 24% YoY.

Suggestion:

The central bank lowered the RRR, aiming to "support the development of the real economy and promote a steady and steady decline in overall financing costs." Under the restrictions of the upper limit on the proportion of housing-related loans in the banking industry, the funds released by the RRR cut may be difficult to pass through mortgages or other housing-related loans. In this environment, developers with abundant financing channels and resources will still maintain their advantages. Maintain "Overweight" rating.

Overweight
(Maintain)

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1. 2nd-hand housing reference price: impact analysis

Since the beginning of this year, Shenzhen, Ningbo, Chengdu and Xi'an have successively begun to implement a 2nd-hand housing reference price mechanism. Judging from the situation in the cities that have been implemented, what is the actual effect of the mechanism on the market? What is the impact of the reference price on the overall market?

1.1 Shenzhen: 2nd-hand housing transaction volume and price have declined

The reference price of 2nd-hand housing in Shenzhen was generally lower than the latest transaction price before the policy. Since Shenzhen has the widest coverage and the earliest implementation time, we focus on the analysis of Shenzhen's market data. Comparing the historical transaction data of Fang.com and the government reference price, we found that the reference price is generally lower than the transaction price before the policy. For example, the transaction price of the Hongshu Xi'an in Nanshan District at the beginning of October 2020 was about RMB 162,000 / sqm, while the government reference price was only about RMB 111,000/ sqm, dropped by 32%.

Table 1: The Shenzhen government reference price is generally lower than the previous transaction price

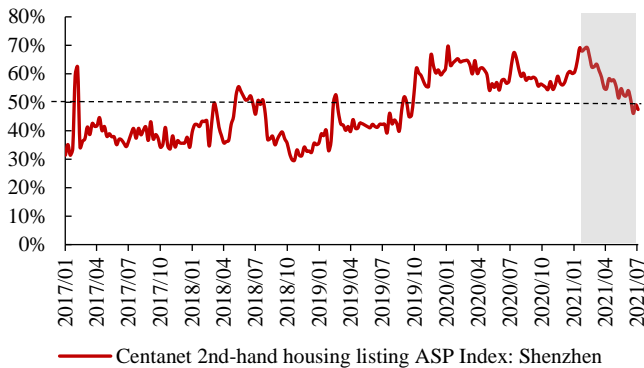
Community	Latest transaction			Government reference price (RMB/sqm)	Difference
	Location	Transaction date	ASP(RMB/sqm)		
红树西岸	Nanshan	2020-10-01	162393	110500	-32%
宝能城	Nanshan	2020-09-27	138827	98500	-29%
宝能城市公馆	Futian	2020-11-27	148414	124000	-16%
蓝湾半岛	Futian	2020-11-09	94422	79000	-16%
中海西岸华府	Baoan	2020-09-20	53316	43600	-18%
万科金色领域	Baoan	2020-12-22	80982	52000	-36%
深业东岭	Luohu	2021-01-20	79535	65500	-18%
新港鸿花园	Luohu	2020-12-14	61625	53700	-13%

Source: Government website, Fang.com, CWSI Research

After the introduction of the 2nd-hand housing reference price mechanism, the listing price of 2nd-hand housing in Shenzhen declined. According to Centanet's 2nd-hand housing listing ASP Index (when higher than 50%, it means that the

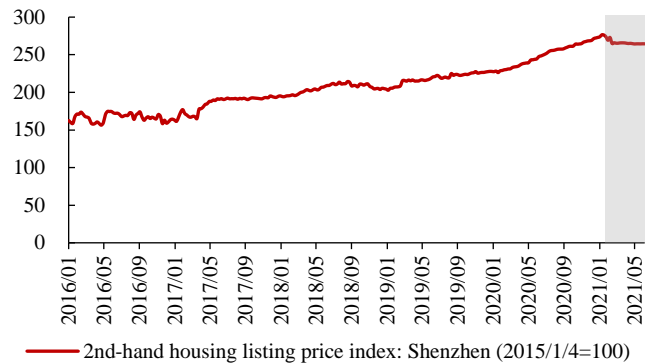
proportion of price-up housing is higher than the proportion of price-down housing), after the introduction of the 2nd-hand housing reference price mechanism in early February 2021, the 2nd-hand housing listing ASP Index is fast fell rapidly, from 69.3% in early February 2021 to 47.5% in early July. According to Wind's data, Shenzhen's 2nd-hand housing listing price index dropped rapidly from 276 in early February to 265 in mid-March, and maintained at a level of 264-266 thereafter.

Chart 1: The proportion of 2nd-hand homes with falling listing prices in Shenzhen has increased rapidly



Source: Centanet, CWSI Research; note: when higher than 50%, it means that the proportion of price-up housing is higher than the proportion of price-down housing

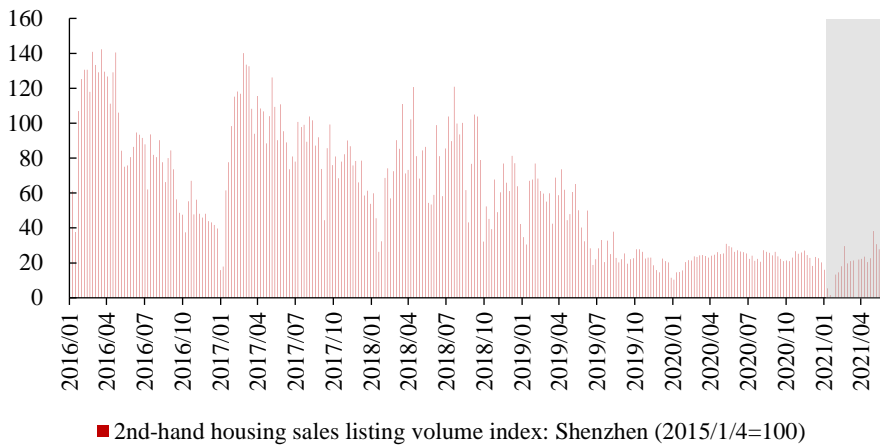
Chart 2: Shenzhen's 2nd-hand housing price index dropped significantly in early February



Source: Wind, CWSI Research

The Spring Festival and the reference price mechanism for 2nd-hand residential transactions jointly led to a short-term decline in listing volume. In terms of listing volume, according to Wind's data, due to the joint effect of the Spring Festival holiday and the introduction of the 2nd-hand housing reference price mechanism in early February, the listing volume index for the first three weeks of February was less than 10 (the average value from March 2020 to January 2021 is higher than 20). The Spring Festival holiday is an important factor in the short-term decline in the number of 2nd-hand housing listings in Shenzhen in early February. During the Spring Festival in the past few years, the number of 2nd-hand housing listings in Shenzhen has also experienced a short-term decline. For example, the three weeks before the Spring Festival in 2019 and the week of the Spring Festival, the indexes are about 63.8 and 30.5, respectively, and in 2018 they were 53.8 and 26.3 respectively. On the other hand, due to the introduction of the 2nd-hand housing reference price mechanism, many listings higher than the reference price were removed, which also led to a sharp drop in the listing index in early February. After March, as the influence of the above factors gradually withdrew, the 2nd-hand housing listing index in Shenzhen gradually rebounded to a level similar to that in 2020.

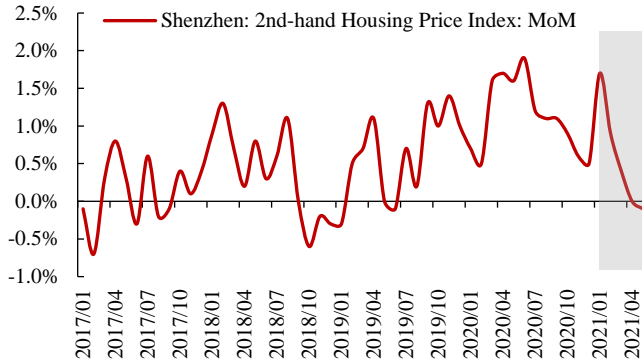
Chart 3: The 2nd-hand housing listing volume in Shenzhen dropped significantly in February, and rebounded to 2020 levels after March



Source: Wind, CWSI Research

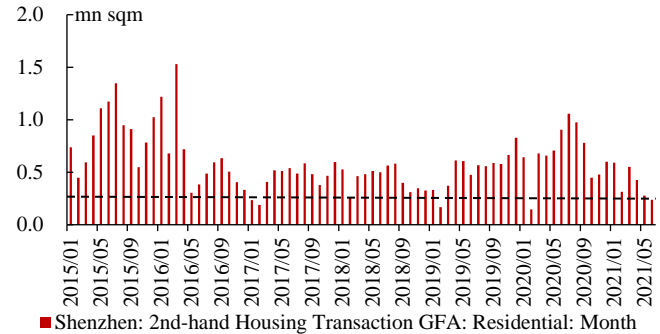
After the introduction of the 2nd-hand housing reference price mechanism, the price growth rate of the 2nd-hand housing market in Shenzhen declined MoM, and the transaction volume fell sharply. In terms of price, the price of 2nd-hand housing in Shenzhen has shown an overall upward trend since 2017. Since July 2019, the monthly growth rate has been positive, and the MoM growth rate in January 2021 reached 1.7%. After the introduction of the policy in February 2021, the growth rate of 2nd-hand housing prices in Shenzhen declined rapidly. In May 2021, the MoM growth rate returned to negative after nearly two years, reaching -0.1%. In terms of transaction volume, according to data from the Shenzhen government, after March 2021, the transaction volume of 2nd-hand housing in Shenzhen continued to decline. In May and June 2021, the transaction GFA was about 276,000 sqm and 237,000 sqm, down 61.0% and 73.8% YoY, and down 54.5% and 50.2% from the same period in 2019, and the transaction GFA is similar to the level of 2017 and the beginning of 2018 (the transaction volume at the beginning of the year also includes the impact of the Spring Festival).

Chart 4: Shenzhen's 2nd-hand housing price index fell MoM in May



Source: NBS, CWSI Research

Chart 5: Shenzhen's 2nd-hand residential transaction volume declines rapidly after March



Source: Local government, CWSI Research

The issuance of 2nd-hand housing loans is based on the reference price, and the increasing pressure on the buyer's funds has driven a sharp decline in transaction volume. In the role of the 2nd-hand housing reference price mechanism, "guide commercial banks to issue 2nd-hand housing loans rationally" is the most critical in the actual operation. Buyers and sellers of 2nd-hand housing can still negotiate the transaction price, but the 2nd-hand housing loan is based on the reference price. If the transaction price is higher than the reference price, the buyer's down payment ratio will actually increase. Assuming that the reference price of a 2nd-hand housing is RMB 10 mn, the transaction price negotiated by the buyer and the seller is RMB 11 mn, and the buyer's family has no house in Shenzhen and no housing loan record, then after the transaction reference price policy is issued, the buyer's actual down payment ratio will increase from 30% to 36%. The 2nd-hand housing reference price mechanism has increased the financial pressure on 2nd-hand housing buyers, and has also become an important factor driving the sharp decline in the transaction volume of 2nd-hand housing in Shenzhen.

Table 2: The reference price mechanism increases the buyer's actual down payment ratio

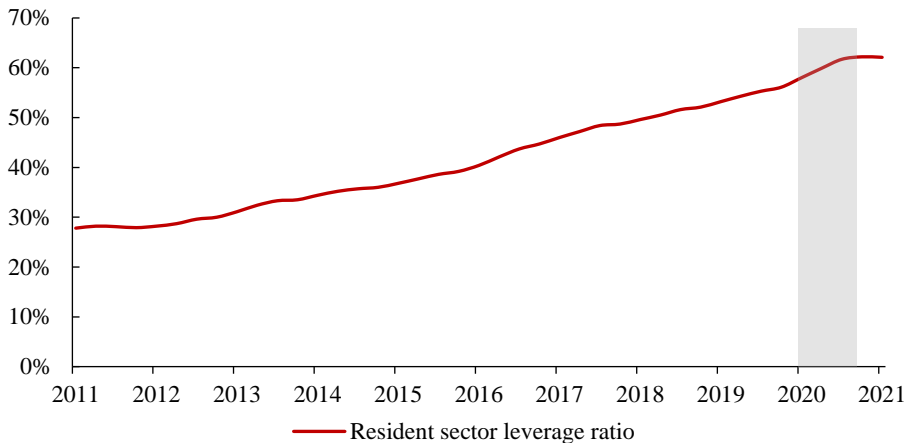
	Before the policy	After the policy
Actual transaction price of 2nd-hand housing (RMB mn)		11.0
Reference price of 2nd-hand housing (RMB mn)		10.0
Maximum bank loan (RMB mn)	7.7	7.0
Actual down payment ratio	30%	36%

Source: CWSI Research

1.2 What is the impact of the reference price on the overall market?

The reference price of 2nd-hand housing actually restricts the buyer's use of leverage, and the accelerated increase in the leverage ratio of residents in the past year is an important background. As mentioned above, because the 2nd-hand housing loan is issued based on the government reference price, the buyer's use of leverage is actually restricted; similarly, the banking industry's housing-related loan concentration policy has also led to residents' leverage limit in the process of buying a house. The accelerated increase in the leverage ratio of China's residents is an important background for restricting leverage. From 2016 to 2019, the leverage ratio of China's residential sector increased by 3.8pct annually, and it increased by 6.1pct to 62.2% from 2019 to 2020.

Chart 6: In 2020, China's residential sector leverage ratio increased faster



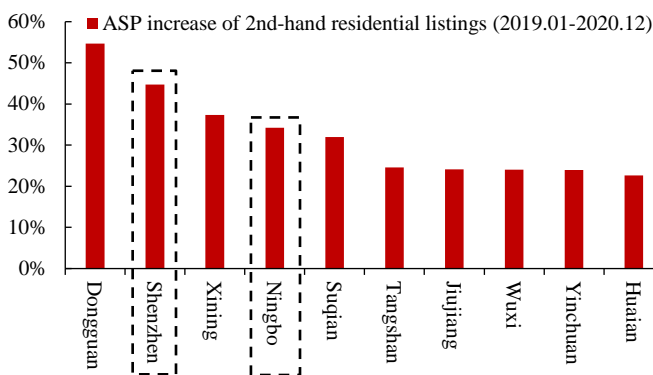
Source: Wind, CWSI Research

The phenomenon of new houses cheaper than 2nd-hand houses may increase residents' willingness to increase leverage. The rapid rise of 2nd-hand housing prices and the phenomenon of new houses cheaper than 2nd-hand houses make residents tend to release their housing demand sooner and increase their willingness to use leverage. Out of consideration of financial risks, the reference price of 2nd-hand housing may be pushed out in cities where 2nd-hand housing prices rise faster and the new houses are much cheaper than 2nd-hand houses. Cities with higher resident leverage may be more affected.

With the price of 2nd-hand housing increased rapidly, and new houses are much cheaper than 2nd-hand houses, cities such as Shenzhen, Ningbo, Chengdu, and Xi'an took the lead in implementing the 2nd-hand housing reference price mechanism. According to Wind's data, From January 2019 to December 2020, the ASP increase of 2nd-hand residential listings in Shenzhen and Ningbo reached 44.7%

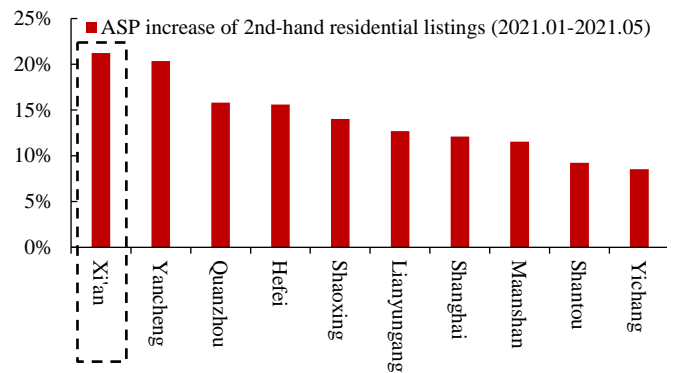
and 34.2%, ranking 2nd and 4th among the 100 cities, and Xi'an ranks 1st from January to May 2021. The faster price increase of 2nd-hand housing is an important reason for the introduction of the reference price mechanism in the cities mentioned above. On the other hand, in the new housing market in Shenzhen, Chengdu, Ningbo and other places, there has been a phenomenon of new houses cheaper than 2nd-hand houses. In the past three years, there have been some new housing "grabbing" incidents, and The control of the prices of 2nd-hand houses in the cities mentioned above is also more conducive to stabilizing market expectations..

Chart 7: 2019-20, Shenzhen and Ningbo's listing prices of 2nd-hand housings rose among the top



Source: Wind, CWSI Research

Chart 8: In the first 5 months of 2021, the listing price of 2nd-hand housings in Xi'an increased the most



Source: Wind, CWSI Research

The formation mechanism of the reference price in different cities is different. In the major cities that currently introduced the 2nd-hand housing price reference mechanism, the reference prices are all based on residential communities, and the reference prices are formed in different ways. For example, Shenzhen is based on 2nd-hand housing transaction prices and referring to surrounding new housing prices, while Xi'an's price formation method is based on 2nd-hand housing transaction prices, appraisal prices and other factors as reference.

The coverage of the 2nd-hand housing reference price mechanism varies from city to city, and Shenzhen has the widest coverage. Shenzhen's 2nd-hand housing price reference mechanism has the widest coverage of 3595 communities. The coverage of Ningbo temporarily only includes the six districts of Ningbo, excluding the two county-level cities (Yuyao City, Cixi City) and two counties (Xiangshan County, Ninghai County) under its jurisdiction. Chengdu has released the reference prices of 2nd-hand housing transactions in two batches of residential communities, involving 201 and 286 communities respectively; the second batch of residential communities are located in a larger area than the first batch.

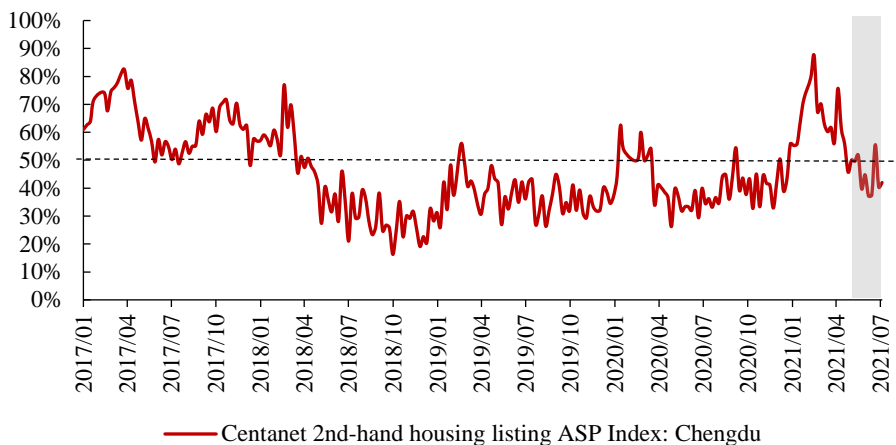
Table 3: Shenzhen, Ningbo, Chengdu and Xi'an have successively implemented reference price mechanism for 2nd-hand housing transactions

City	Date	Coverage	Reference price formation method
Shenzhen	2021-02-08	3595 residential communities in the city, with residential communities as a unit	Based on the transaction price of 2nd-hand homes, refer to the price of new homes in the surrounding area
Ningbo	2021-04-27	Six districts of Ningbo City	Based on recent online signing prices of similar houses in the community (based on mortgage loan transaction cases)
Chengdu	2021-05-28	1st batch: 201 communities (distributed in 7 districts)	Using big data methods, formed by investigation and analysis
	2021-07-08	2nd batch: 286 communities (distributed in 13 districts)	Using big data methods, formed by investigation and analysis
Xian	2021-07-08	Not yet clear	Take the community as a unit, fully refer to factors such as the transaction price of 2nd-hand housing, the appraisal price, etc

Source: Government website, CWSI Research

The detailed local reference price policy may affect the policy effect. The coverage and the formation of the reference price will also have an impact on the effect of the policy. For example, the first and second batches of reference prices for 2nd-hand housing transactions in Chengdu only included in 201 and 286 residential communities respectively, which have less impact on the city's market than Shenzhen. After the introduction of the reference price policy at the end of May, the proportion of 2nd-hand price-down housing listings in Chengdu did not continue to increase as in Shenzhen, and the proportion of 2nd-hand price-up housing listings increased in June.

Chart 9: After the introduction of the reference price mechanism, the proportion of price-down housing listings in Chengdu has not continued to rise



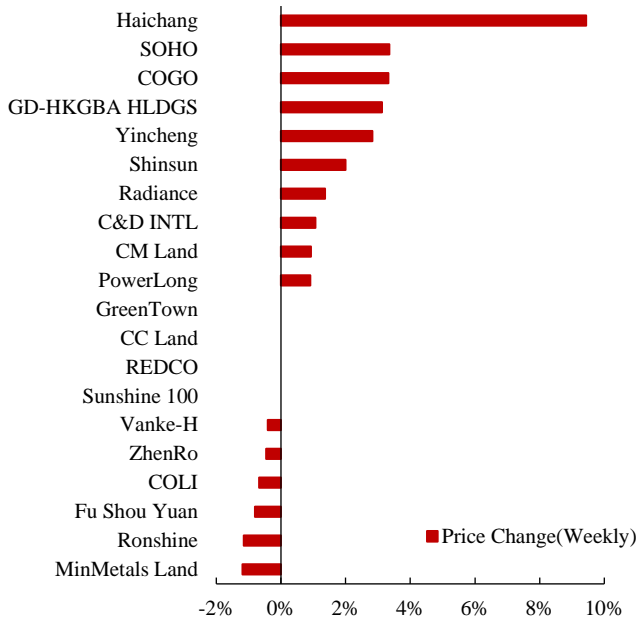
Source: Centanet, CWSI Research; note: when higher than 50%, it means that the proportion of price-up housing is higher than the proportion of price-down housing

2. Sector Performance

2.1 Performance of developer sector

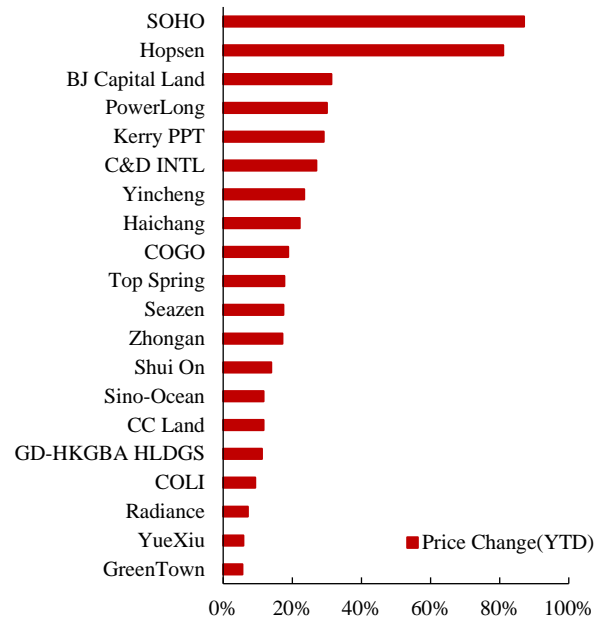
This week, Haichang, SOHO and COGO had larger price increase than peers. SOHO, Hopsen and BJ Capital Land had better share price performance, YTD.

Chart 10: This week, Haichang, SOHO and COGO had larger price increase than peers



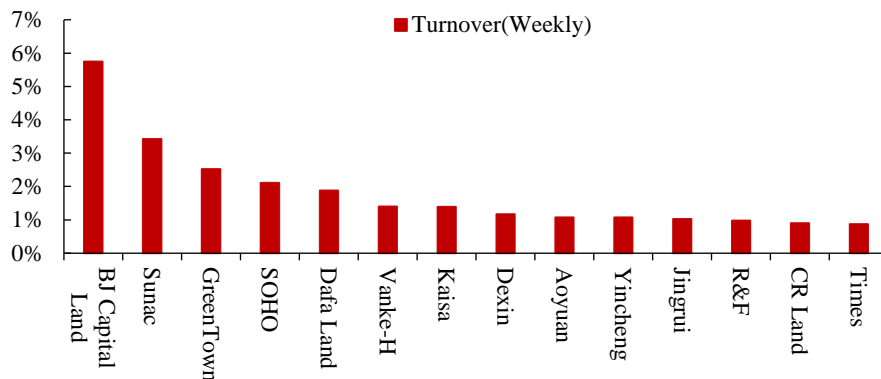
Source: Wind, CWSI Research

Chart 11: SOHO, Hopsen and BJ Capital Land had better share price performance, YTD



Source: Wind, CWSI Research

Chart 12: BJ Capital Land, Sunac and GreenTown were most actively traded this week

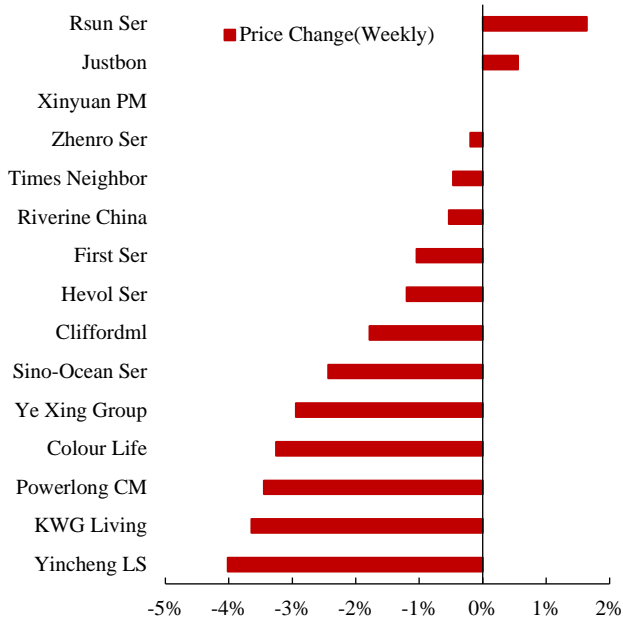


Source: Wind, CWSI Research

2.2 Performance of property management sector

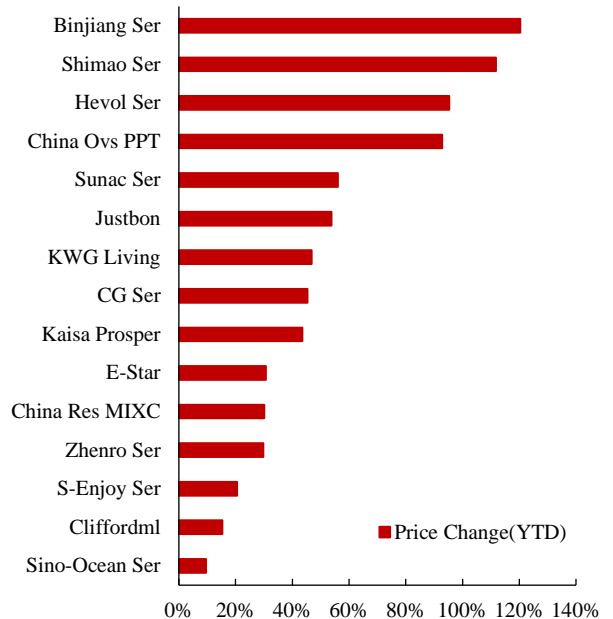
This week, Rsun Ser and Justbon had larger price increase than peers. Binjiang Ser, Shimao Ser and Hevol Ser had better share price performance YTD.

Chart 13: This week, Rsun Ser and Justbon had larger price increase than peers



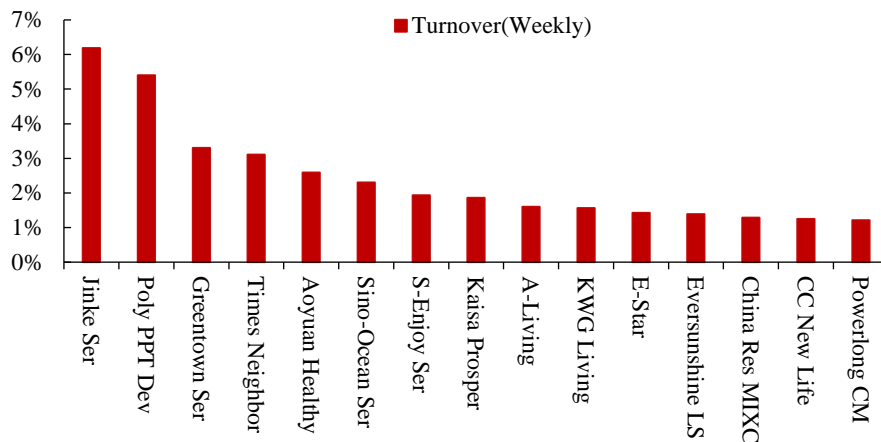
Source: Wind, CWSI Research

Chart 14: Binjiang Ser, Shimao Ser and Hevol Ser had better share price performance YTD



Source: Wind, CWSI Research

Chart 15: Jinke Ser, Poly PPT Dev and Greentown Ser were most actively traded this week



Source: Wind, CWSI Research

3. Major cities transaction performance

3.1 New house transaction data

Table 4: Major cities new house transactions volume decreased WoW this week

City & Region	Last 7 days			Last 30 days			Month to date			Year to date	
	sqm	wow	yoy	sqm 000	mom	yoy	sqm 000	mom	yoy	sqm 000	yoy
Beijing	327,581	14%	142%	1,210	37%	89%	397	-2%	123%	5,357	91%
Shanghai	409,400	-1%	89%	1,670	18%	38%	598	1%	112%	8,720	59%
Guangzhou	180,525	-35%	7%	955	10%	-9%	220	21%	-6%	6,913	79%
Shenzhen	66,075	0%	-30%	274	-4%	-15%	86	-7%	-27%	2,554	44%
Tier 1	983,581	-6%	60%	4,110	19%	27%	1,301	2%	60%	23,544	69%
Tier 2	3,225,691	-8%	-8%	12,927	-3%	-9%	4,359	3%	-3%	75,771	39%
Tier 3	1,837,573	-27%	-25%	9,179	-10%	-27%	2,524	-14%	-23%	62,442	27%
Beijing	327,581	↑14%	↑142%	1,210	↑37%	↑89%	397	↓-2%	↑123%	5,357	↑91%
Qingdao	254,444	↓-39%	↓-22%	1,468	↓-4%	↓-15%	344	↓-14%	↓-21%	8,381	↑21%
Jinan	295,790	↓-28%	↑2%	1,441	↓0%	↑19%	393	↑7%	↑4%	6,681	↑27%
Dongying	57,998	↑5%	↓-30%	251	↑3%	↓-52%	81	↓-1%	↓-27%	1,459	↓-35%
PBR	935,812	↓-20%	↑12%	4,370	↑7%	↑6%	1,215	↓-3%	↑10%	21,877	↑27%
Shanghai	409,400	↓-1%	↑89%	1,670	↑18%	↑38%	598	↑1%	↑112%	8,720	↑59%
Nanjing	219,063	↓-40%	↓-34%	1,234	↓-6%	↑37%	394	↓-6%	↓-13%	8,290	↑81%
Hangzhou	379,197	↑69%	↑5%	1,122	↓-24%	↓-12%	440	↓-6%	↑7%	7,017	↑52%
Suzhou	251,257	↓-26%	↑21%	1,368	↑0%	↓-35%	317	↓-25%	↑16%	6,520	↑7%
Wuxi	-	-	-	182	↓-73%	↓-68%	-	-	-	3,143	↑18%
Yangzhou	39,114	↑174%	↓-50%	214	↓-21%	↓-14%	53	↓-46%	↓-44%	1,715	↑64%
Jiangyin	25,955	↓-63%	↓-35%	238	↓-36%	↓-30%	36	↓-51%	↓-34%	1,839	↑33%
Wenzhou	138,477	↓-50%	↓-20%	725	↓-27%	↓-37%	210	↓-34%	↓-15%	5,334	↑17%
Jinhua	46,514	↑65%	↓-72%	190	↓-16%	↓-52%	58	↓-16%	↓-73%	1,527	↑34%
Changzhou	124,325	↑115%	↑83%	262	↑4%	↓-30%	142	↑107%	↑46%	1,436	↓-5%
Huaian	61,340	↓-11%	↓-40%	281	↓-19%	↓-46%	86	↓-36%	↓-37%	3,006	↑38%
Lianyungang	180,096	↑32%	↑5%	609	↓-10%	↓-7%	238	↑2%	↓-1%	4,920	↑66%
Shaoxing	21,671	↓-22%	↓-83%	174	↓-16%	↓-45%	26	↑83%	↓-83%	1,309	↑2%
Zhenjiang	91,769	↓-49%	↓-40%	576	↓-9%	↓-15%	128	↓-19%	↓-41%	3,848	↑33%
Jiaxing	-	-	-	117	↓-17%	↓-79%	14	↓-81%	↓-91%	913	↓-36%
Wuhu	54,760	↓-63%	↑26%	549	↓-16%	↑154%	90	↓-53%	↑29%	4,229	↑368%
Yancheng	25,020	↓-59%	-	286	↑99%	↑111%	25	↓-67%	-	2,072	↑26%
Zhoushan	15,655	↓-58%	↓-32%	102	↓-41%	↓-28%	24	↓-18%	↓-18%	764	↑14%
Chizhou	11,826	↓-44%	↓-32%	65	↓-42%	↓-17%	23	↓-36%	↓-13%	581	↑33%
Ningbo	252,816	↑156%	↓-38%	691	↓-1%	↓-39%	268	↑19%	↓-52%	4,669	↑25%
YRD	2,348,255	↓-10%	↓-21%	10,655	↓-12%	↓-21%	3,171	↓-19%	↓-18%	71,852	↑40%
Guangzhou	180,525	↓-35%	↑7%	955	↑10%	↓-9%	220	↑21%	↓-6%	6,913	↑79%
Shenzhen	66,075	↑0%	↓-30%	274	↓-4%	↓-15%	86	↓-7%	↓-27%	2,554	↑44%
Fuzhou	112,582	↓-3%	↑52%	509	↓-21%	↑210%	149	↓-22%	↑82%	2,817	↑189%
Dongguan	85,203	↓-31%	↓-40%	579	↑37%	↓-32%	111	↑33%	↓-36%	2,792	↑5%
Quanzhou	968	↓-50%	↓-98%	35	↓-35%	↓-86%	1	↓-59%	↓-98%	631	↓-32%
Putian	30,285	↓-27%	↑4%	195	↑16%	↑14%	36	↓-37%	↓-5%	1,193	↑49%
Huizhou	102,672	↑12%	↑61%	307	↓-5%	↓-24%	144	↓-5%	↑79%	1,665	↑37%
Shaoguan	9,273	↓-67%	↓-77%	93	↓-24%	↓-46%	13	↓-41%	↓-75%	745	↓-13%
Foshan	254,490	↓-26%	↑14%	1,075	↑4%	↓-22%	370	↑43%	↑14%	6,783	↑20%
Zhaoqing	20,134	↓-52%	↓-63%	126	↓-32%	↓-50%	31	↓-19%	↓-54%	1,296	↑18%
Jiangmen	25,621	↑8%	↑25%	140	↓-10%	↑9%	31	↓-27%	↑23%	938	↑56%
PRD & Southern China	887,828	↓-23%	↓-8%	4,290	↑1%	↓-16%	1,193	↑6%	↓-5%	28,328	↑39%
Taian	43,870	↓-2%	↓-36%	192	↓-24%	↓-26%	54	↓-26%	↓-42%	1,426	↑40%
Northern China	43,870	↓-2%	↓-36%	192	↓-24%	↓-26%	54	↓-26%	↓-42%	1,426	↑40%
Wuhan	920,485	↓-11%	↑65%	3,007	↑14%	↑50%	1,230	↑62%	↑72%	13,885	↑144%
Yueyang	31,893	↓-18%	↓-59%	205	0%	↓-17%	39	↓-45%	↓-57%	1,111	↑9%
Baoji	45,786	↓-25%	↓-49%	265	↓-32%	↓-30%	68	↓-34%	↓-45%	2,189	↑49%
Central China	998,164	↓-12%	↑37%	3,477	↑8%	↑32%	1,336	↑43%	↑44%	17,185	↑110%
Chengdu	554,431	↑5%	↑3%	2,014	↑27%	0%	813	↑12%	↑6%	12,434	↑16%
Liuzhou	82,270	↓-54%	↑5%	465	↑15%	↓-43%	110	↓-3%	↑4%	2,832	↓-10%
Nanning	196,214	↓-19%	↓-48%	753	↓-28%	↓-47%	291	↓-10%	↓-38%	5,823	↓-4%
Western China	832,915	↓-12%	↓-16%	3,232	↑7%	↓-24%	1,214	↑5%	↓-9%	21,089	↑6%
Total	6,046,845	-14%	-8%	26,216	-3%	-12%	8,184	-3%	-5%	161,757	37%
Num. of cities Up	12	17		13	10		11	14		35	
Num. of cities Down	28	22		29	32		30	26		7	

Source: Local governments, CWSI Research; Note: Till 2021/7/9

Table 5: Major cities inventory period was 22.4 months this week

City	Inventory (sqm 000)	wow	yoy	Inventory period	Last week	wow	yoy
Beijing	11,596	-2%	-5%	9.6	10.3	-7%	-50%
Shanghai	5,646	-4%	-21%	3.4	3.3	1%	-43%
Guangzhou	8,415	-1%	4%	8.8	9.2	-5%	15%
Shenzhen	1,824	3%	-12%	6.6	6.2	7%	4%
Tier 1 Average		-1%	-9%	7.1	7.3	-1%	-19%
Hangzhou	1,879	1%	-46%	1.7	1.6	3%	-39%
Nanjing	6,891	0%	20%	5.6	5.4	4%	-12%
Suzhou	8,249	-1%	25%	6.0	5.8	3%	93%
Fuzhou	6,742	0%	6%	13.2	12.6	5%	-66%
Nanning	9,353	1%	20%	12.4	11.9	4%	126%
Wenzhou	11,019	2%	3%	15.2	13.4	14%	140%
Quanzhou	6,894	1%	-4%	197.1	196.1	1%	563%
Ningbo	3,215	-4%	11%	4.7	5.3	-13%	82%
Dongying	1,805	-1%	35%	7.2	7.1	2%	183%
Overall Average		-1%	3%	22.4	22.2	2%	77%

Source: Local governments, CWSI Research; Note: Till 2021/7/9; Average WoW and average YoY are defined as average change of each city

3.2 2nd-hand house transaction and price data

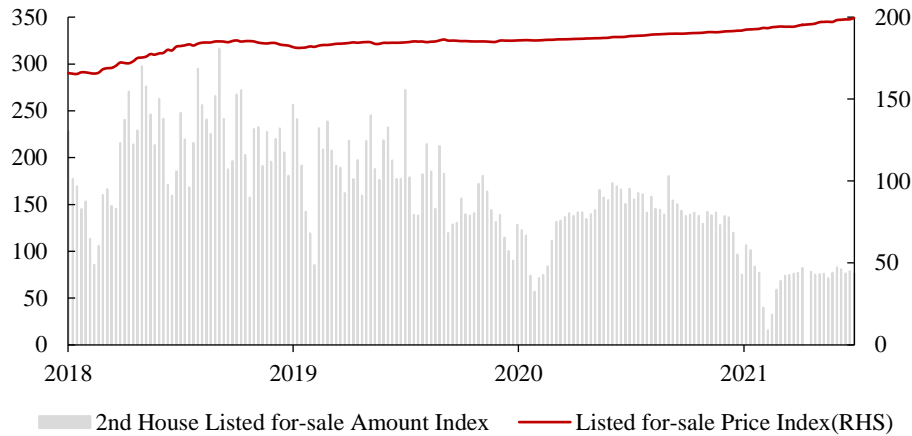
Table 6: Major cities 2nd-hand house transaction volume, Beijing and Xiamen rose significantly YTD

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	355,501	↓ -24%	↑ 28%	1,702	↓ -9%	↑ 19%	467	↓ -1%	↑ 25%	10,326	↑ 65%
Shenzhen	54,007	↑ 2%	↓ -77%	230	↓ -25%	↓ -75%	74	↓ -8%	↓ -76%	2,467	↓ -39%
Hangzhou	83,897	↓ -30%	↓ -40%	467	↓ -26%	↓ -27%	116	↓ -22%	↓ -39%	3,544	↑ 32%
Nanjing	196,088	↓ -10%	↓ -23%	928	↑ 11%	↓ -11%	272	↓ -13%	↓ -23%	5,634	↑ 26%
Chengdu	75,858	↓ 0%	↓ -38%	337	↑ 14%	↓ -34%	108	↓ -15%	↓ -36%	2,075	↓ -21%
Qingdao	116,508	↓ -15%	↓ -14%	573	↓ -17%	↓ -3%	164	↓ -24%	↓ -8%	3,577	↑ 44%
Wuxi	123,705	↓ -29%	↓ -13%	700	↑ 11%	↑ 11%	168	↓ -13%	↓ -18%	3,218	↑ 6%
Suzhou	137,882	↑ 48%	↓ -2%	514	↓ -32%	↓ -12%	173	↓ -11%	↓ -8%	4,044	↑ 45%
Xiamen	75,752	↓ -18%	↓ -19%	366	↓ -5%	↓ -4%	106	↑ 0%	↓ -12%	2,500	↑ 59%
Yangzhou	21,502	↓ -12%	↓ -11%	109	↓ -12%	↑ 2%	31	↓ -9%	↓ -2%	667	↑ 32%
Dongguan	67,615	↑ 3%	↓ -18%	211	↑ 70%	↓ -45%	91	↑ 153%	↓ -28%	953	↓ -32%
Nanning	34,477	↓ -13%	↓ -50%	131	↓ -7%	↓ -54%	48	↓ -12%	↓ -48%	898	↓ -27%
Foshan	184,189	↑ 9%	↑ 21%	667	↓ -2%	↑ 8%	240	↑ 20%	↑ 17%	3,994	↑ 59%
Jinhua	48,376	↓ -21%	↓ -17%	219	↓ -44%	↑ 4%	83	↑ 3%	↓ -3%	1,858	↑ 48%
Jiangmen	14,847	↓ -15%	↓ -26%	75	↓ -19%	↓ -11%	22	↓ -13%	↓ -18%	479	↑ 30%
Total	1,590,203	-12%	-18%	7,229	-9%	-14%	2,162	-5%	-19%	46,236	24%
Num. of cities Up		4	2		4	5		4	2		11
Num. of cities Down		11	13		11	10		11	13		4

Source: Local governments, CWSI Research; Note: Till 2021/7/9

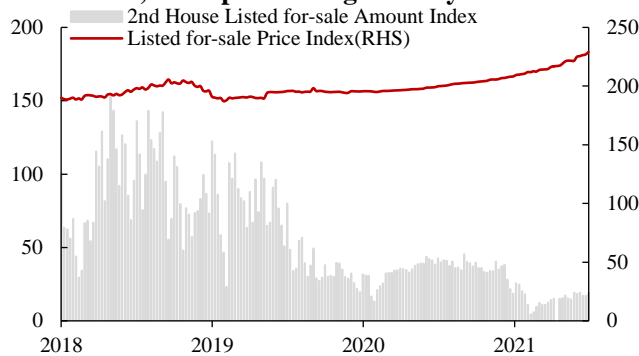


Chart 16: 2nd house listed for-sale price index rose slightly recently



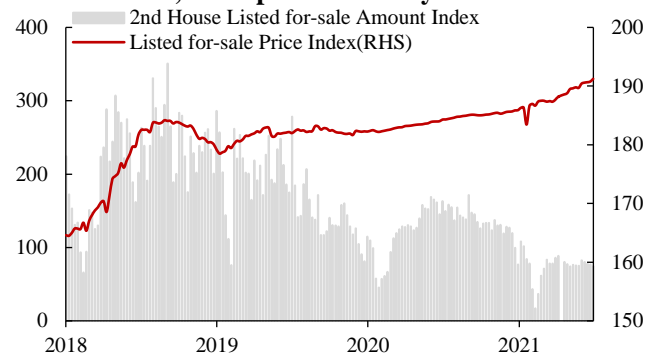
Source: Local Government, CWSI Research; Note: Till 2021/7/4

Chart 17: 2nd house listed for-sale amount index rose in tier-1 cities, with price rising recently



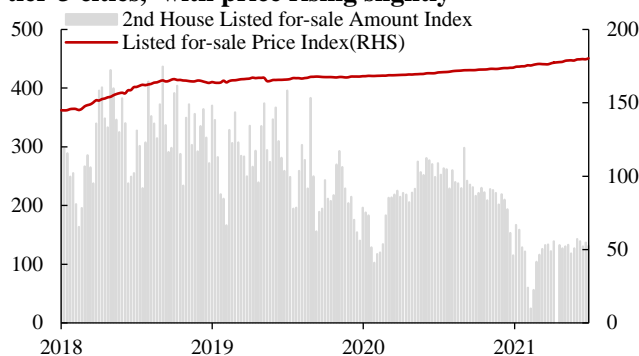
Source: Local Government, CWSI Research; Note: Till 2021/7/4

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



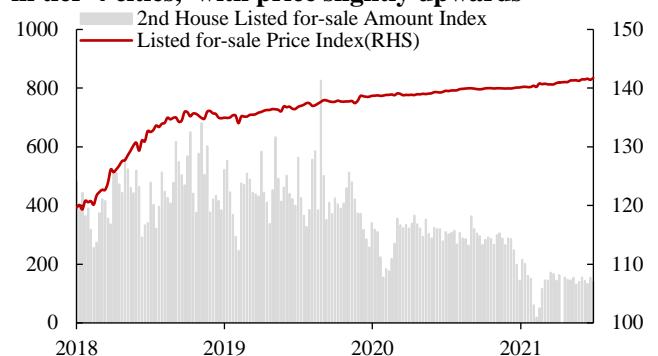
Source: Local Government, CWSI Research; Note: Till 2021/7/4

Chart 19: 2nd house listed for-sale amount index rose in tier-3 cities, with price rising slightly



Source: Local Government, CWSI Research; Note: Till 2021/7/4

Chart 20: 2nd house listed for-sale amount index rose in tier-4 cities, with price slightly upwards



Source: Local Government, CWSI Research; Note: Till 2021/7/4



4. Important Policies and News

4.1 Important Industry Policies News This Week

Table 7: Important Industry Policies News This Week: Xi'an Established a mechanism for issuing reference prices for 2nd-hand housing transactions

Date	Region / Institution	Summary
2021-07-05	Tongxiang, Jiaying	Will strictly implement the real-name system for housing purchases, and the purchaser shall not be changed without authorization after subscription.
2021-07-06	NDRC	Will strictly restrict the construction of buildings over 250 meters. If construction is really necessary, the construction plan shall be reviewed in combination with special argumentation such as fire protection and submitted to the MOHURD for the record; new super high-rise buildings over 500 meters are not allowed.
2021-07-08	Xi'an	Established a mechanism for issuing reference prices for 2nd-hand housing transactions.
2021-07-08	Shenzhen	In order to further regulate other housing consumption provident fund withdrawal behaviors, employees need to have housing (including commercial housing, policy housing or affordable housing) within the city, and the withdrawal amount and withdrawal method will not be adjusted.

Source: Wind, Government website, CWSI Research

4.2 Company news and announcements

Table 8: Company news and announcements: Fantasia acquired a commercial management company of Greenland for RMB 1.26 bn; Sino-Ocean issued USD guaranteed green notes

Date	Company	Summary
2021-07-05	Fantasia	Acquired a commercial management company of Greenland for RMB 1.26 bn. The Greenland Entities and their associates will deliver a GFA of Commercial Related Properties of not less than 5 mn sqm. each year to the Target Company for management, totaling not less than 25 mn sqm. during the period.
2021-07-07	Hopsen	Will redeem all the outstanding Notes on 6 August 2021 at the redemption price of 103.75% of the principal amount redeemed of the USD 500 mn 7.5% senior notes due 2022, plus accrued and unpaid interest to (but not including) the redemption date.
2021-07-07	Fantasia	Cancelled a total of USD 50 mn senior notes due 2023 and 2024.
2021-07-07	Sino-Ocean	Issued USD 320 mn 2.70% guaranteed green notes due 2025.

Source: Company announcements, CWSI Research

4.3 Key sales data of Jun 21

Table 9: In Jan-Jun, Jingrui, Greentown achieved faster cumulative sales growth

Company	RIC	2021 Jan-Jun contracted sales		2021 Jan-Jun contracted GFA		Jun contracted sales		Jun contracted GFA	
		(RMB bn)	YoY	(000 sqm)	YoY	(RMB bn)	YoY	(000 sqm)	YoY
EverGrande	3333.HK	356.8	2.3%	43013	11.3%	71.6	-5.8%	9181	7.3%
Vanke	000002.SZ	354.4	10.6%	21916	5.5%	67.6	-7.8%	3960	-21.0%
Sunac	1918.HK	320.8	64.3%	21945	56.4%	78.9	44.7%	5305	39.1%
Country Garden	2007.HK	303.1	13.5%	34510	8.4%	53.3	-12.5%	6300	-13.6%
PRE	600048.SH	285.2	27.0%	16713	12.0%	50.3	-27.0%	2329	-47.1%
COLI	0688.HK	207.2	20.5%	10496	10.0%	51.8	-10.0%	2820	-13.8%
Gemdale	600383.SH	162.8	60.2%	7531	55.3%	34.0	0.6%	1786	2.7%
Shimao	0813.HK	152.8	38.3%	8610	36.7%	31.0	2.6%	1740	1.4%
CIFI	0884.HK	136.2	68.6%	7973	62.9%	26.1	3.8%	1479	-4.9%
GreenTown	3900.HK	135.8	101.5%	4730	88.4%	31.3	31.5%	1140	22.6%
Jinmao	0817.HK	130.2	26.5%	7523	37.3%	20.0	-46.9%	914	-45.8%
Zoina	000961.SZ	109.0	33.9%	7900	29.7%	20.3	-21.0%	1460	-23.8%
Ronshine	3301.HK	83.0	37.5%	3341	29.9%	14.8	-24.4%	720	10.8%
Mideadc	3990.HK	82.6	71.3%	6866	56.8%	13.5	15.0%	1084	12.0%
ZhenRo	6158.HK	82.3	47.0%	4977	35.7%	13.1	-13.4%	789	-19.2%
Agile	3383.HK	75.3	36.7%	4847	19.7%	14.4	-3.2%	918	-29.7%
BJ Capital Development	600376.SH	66.3	49.5%	2065	35.4%	15.0	26.6%	493	18.5%
R&F	2777.HK	65.1	18.0%	4852	6.0%	12.6	-	901	-
Kaisa	1638.HK	63.9	77.2%	3806	79.6%	9.9	10.1%	532	12.2%
China SCE	1966.HK	59.1	47.3%	3707	35.8%	12.4	4.3%	839	2.8%
Risesun	002146.SZ	58.2	20.6%	5343	23.1%	13.7	-6.4%	1295	-5.0%
KWG	1813.HK	56.2	52.8%	2866	30.3%	10.3	27.8%	487	0.0%
PowerLong	1238.HK	53.0	68.2%	3386	65.4%	10.5	2.1%	671	0.1%
Yuzhou	1628.HK	52.7	23.0%	2845	9.0%	11.0	-9.0%	532	-24.4%
Times	1233.HK	45.4	39.3%	2349	0.3%	8.1	1.7%	424	-25.7%
BJ Capital Land	2868.HK	40.3	19.5%	1742	74.7%	9.7	-31.1%	320	-14.0%
Central China	0832.HK	39.0	-9.2%	5430	-7.6%	9.5	-29.9%	1253	-31.4%
COGO	0081.HK	36.0	41.9%	3185	31.6%	9.6	-1.0%	861	-6.6%
Poly PPT	0119.HK	31.3	59.7%	1792	72.0%	10.3	77.6%	690	80.6%
Fantasia	1777.HK	28.1	60.6%	1736	28.2%	6.2	3.5%	421	20.6%
Modern Land	1107.HK	21.3	53.0%	2078	52.7%	4.4	24.4%	426	18.0%
Hopsen	0754.HK	21.2	74.0%	574	-27.0%	3.1	-46.0%	73	-68.1%
Jingrui	1862.HK	18.7	144.3%	969	203.7%	3.4	56.0%	191	96.4%

Source: Wind, company announcements, CWSI Research; note: Country Garden, Kaisa in attributable scale



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