

Property

Weekly highlight: WoW sales recovery interrupted by public holiday; further observation is needed

Last week, Zhengzhou's exploration of "selling old homes to the government-designated institution to purchase new ones" provided insights for other cities. We believe the main challenges lie in pricing old homes and whether the local government has the capability to pay for new homes timely to prevent the developers from accumulating accounts receivable and avoid increasing their cash collection pressure. BJ and GZ continue to release positive signals by easing regulations on provident fund loans. On the financing side, we have learned from some defaulted developers that they indeed received support from the "whitelist program", such as obtaining loan extensions at the project level. This marks a significant advancement in the implementation of financing support policies in our view. Regarding weekly property sales, the inclusion of a three-day public holiday last week (compared to just one day last year) led to a significant WoW/YoY sales decline and interrupted the recovery trend seen for four consecutive weeks. We believe that further observation is needed for sales recovery. For stocks, we prefer PM companies like CR MixC, COPH, Poly Services, Yuexiu Service and Onowo, property agents BEKE, and PJM company Greentown Mgmt. For developers, we recommend CR Land with LT value.

■ **What is new? 1) Zhengzhou** plans to complete the transaction of 10k second-hand homes through "trade in old for new" and government-designated institution (Zhengzhou Urban Development Group) will participate in the acquisition of the old homes. **We think** it's a good exploration and provides insights for other cities, but the challenges lie in a) the determination of the prices of old homes, which calls for detailed guidelines for homeowners and the acquiring parties to reach a consensus on pricing, b) the government's ability to pay for new housing, with low payment ability of local government potentially leading to slower cash collection and an increase in accounts receivable for developers. **2) BJ, GZ and multiple other cities** relaxed policies regarding housing provident fund loans, **and we think** it represent a signal that other cities can continue their relaxation process. **3) Financing:** according to our channel check with some defaulted developers, the "whitelist program" was indeed helpful by allowing extension of some existing loans at the project level even no incremental loan was granted. **We see** this as a big progress in the implementation of financing support policies.

■ **Property sales: WoW recovery interrupted by public holiday.** As of 8 Apr, [new home sales in 30 major cities](#) went down 61% WoW and the Apr MTD decline was at -47% YoY as a three-day public holiday was included in the week compared to just one day last year. Sales volume dropped 61% WoW in [tier-1&2 cities](#) and sank 62% WoW in tier-3 cities. The YTD decline for new home sales and that in tier-1&2 cities remained deep at -43% and -41%. [Secondary home sales in 14 cities](#) decreased 29% WoW with the Apr MTD decline at -6% YoY; the YTD decline narrowed to -16% YoY from -17% last week.

■ **Transaction watch in tier-1 cities.** During the 14th week of 2024 (1-7 Apr), [units of new homes sold](#) in SZ, GZ, BJ and SH paused its recovery momentum by slumping 35%, 46%, 52% and 86% WoW respectively; the YoY decline was at -43%, -50%, -46% and -61% due to the holiday impact mentioned above. [Units of secondary homes sold](#) in SZ, GZ, BJ and SH plunged 16%, 31%, 57% and 44% WoW; the YoY change was at +5%, -12%, -30% and -26%. Whether the overall recovery trend will continue remains to be observed.

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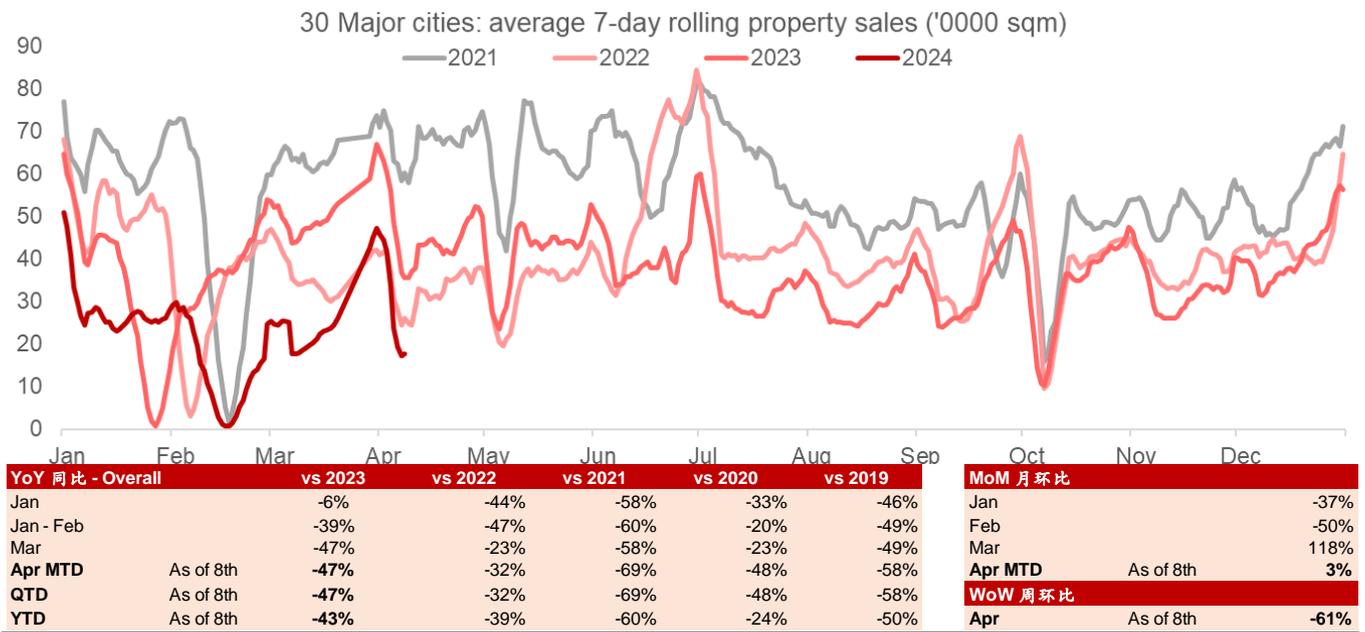
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Figure 1: YTD new home sales declined 43% YoY



Source: Wind, CMBIGM

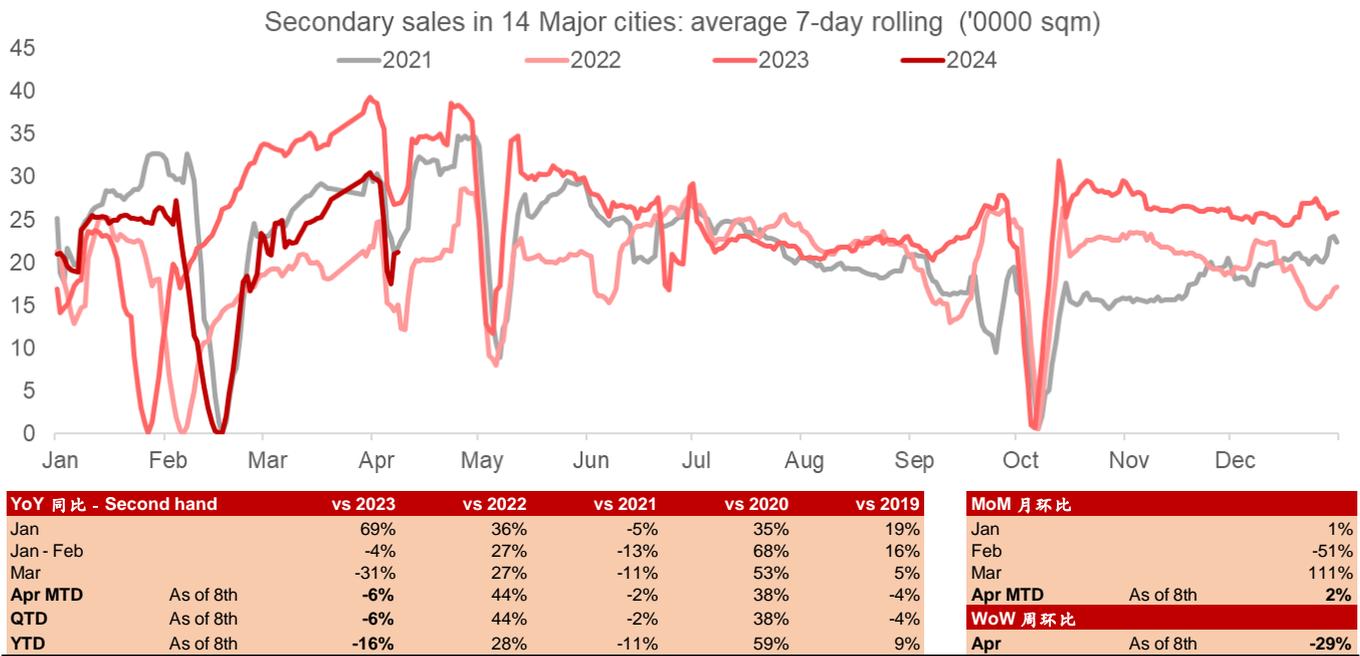
Figure 2: New home sales by city tier

YoY 同比 - Tier 1&2		vs 2023	vs 2022	vs 2021	vs 2020	vs 2019	MoM 月环比		
Jan		-4%	-44%	-52%	-25%	-37%	Jan	-36%	
Jan - Feb		-37%	-49%	-56%	-11%	-42%	Feb	-52%	
Mar		-45%	-22%	-57%	-6%	-43%	Mar	121%	
Apr MTD	As of 8th	-45%	-25%	-67%	-41%	-52%	Apr MTD	As of 8th	10%
QTD	As of 8th	-45%	-25%	-67%	-41%	-52%	WoW 周环比		
YTD	As of 8th	-41%	-39%	-57%	-12%	-43%	Apr	As of 8th	-61%

YoY 同比 - Tier 3		vs 2023	vs 2022	vs 2021	vs 2020	vs 2019	MoM 月环比		
Jan		-9%	-44%	-72%	-54%	-65%	Jan	-40%	
Jan - Feb		-43%	-42%	-70%	-38%	-65%	Feb	-43%	
Mar		-53%	-28%	-62%	-47%	-63%	Mar	110%	
Apr MTD	As of 8th	-54%	-50%	-76%	-72%	-72%	Apr MTD	As of 8th	-20%
QTD	As of 8th	-54%	-50%	-76%	-72%	-72%	WoW 周环比		
YTD	As of 8th	-48%	-38%	-68%	-46%	-65%	Apr	As of 8th	-62%

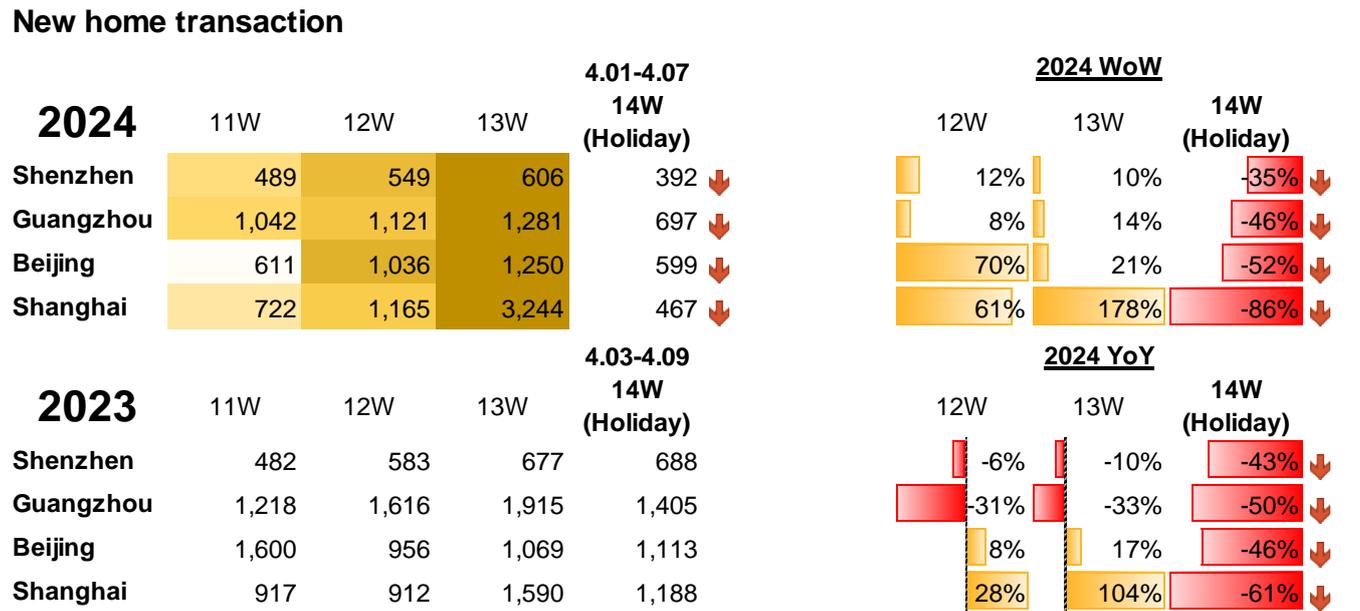
Source: Wind, CMBIGM

Figure 3: YTD secondary sales declined 17% YoY



Source: Wind, CMBIGM

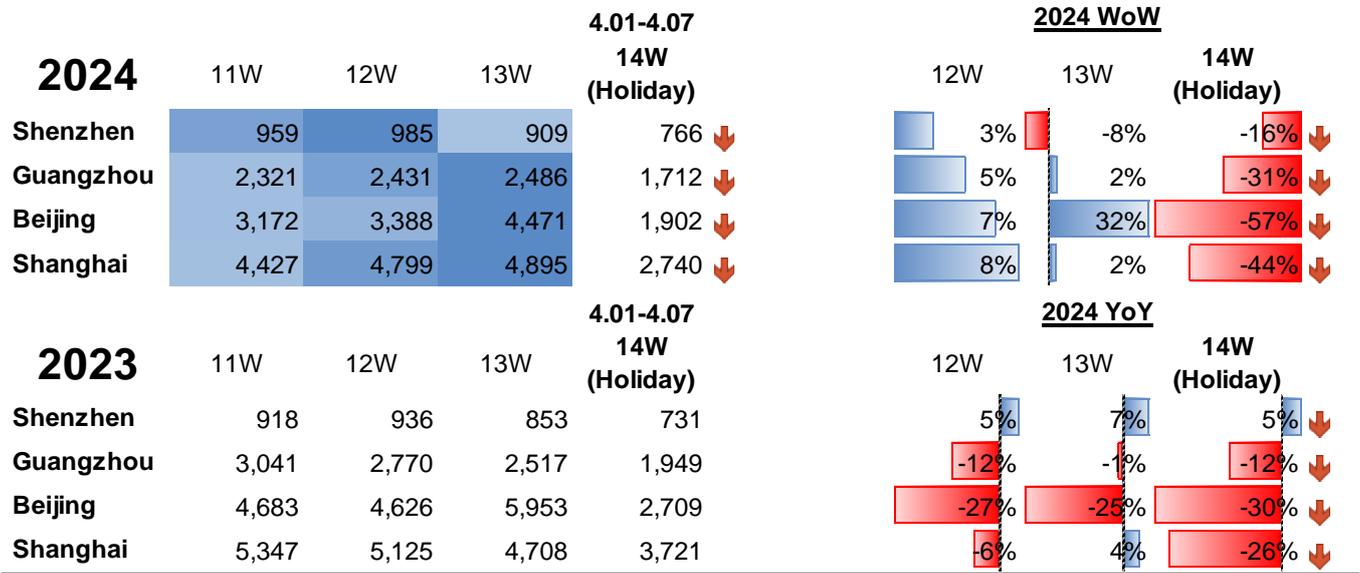
Figure 4: Units of new homes sold in tier-1 cities (14W2024)



Source: Local MOHURD, CMBIGM

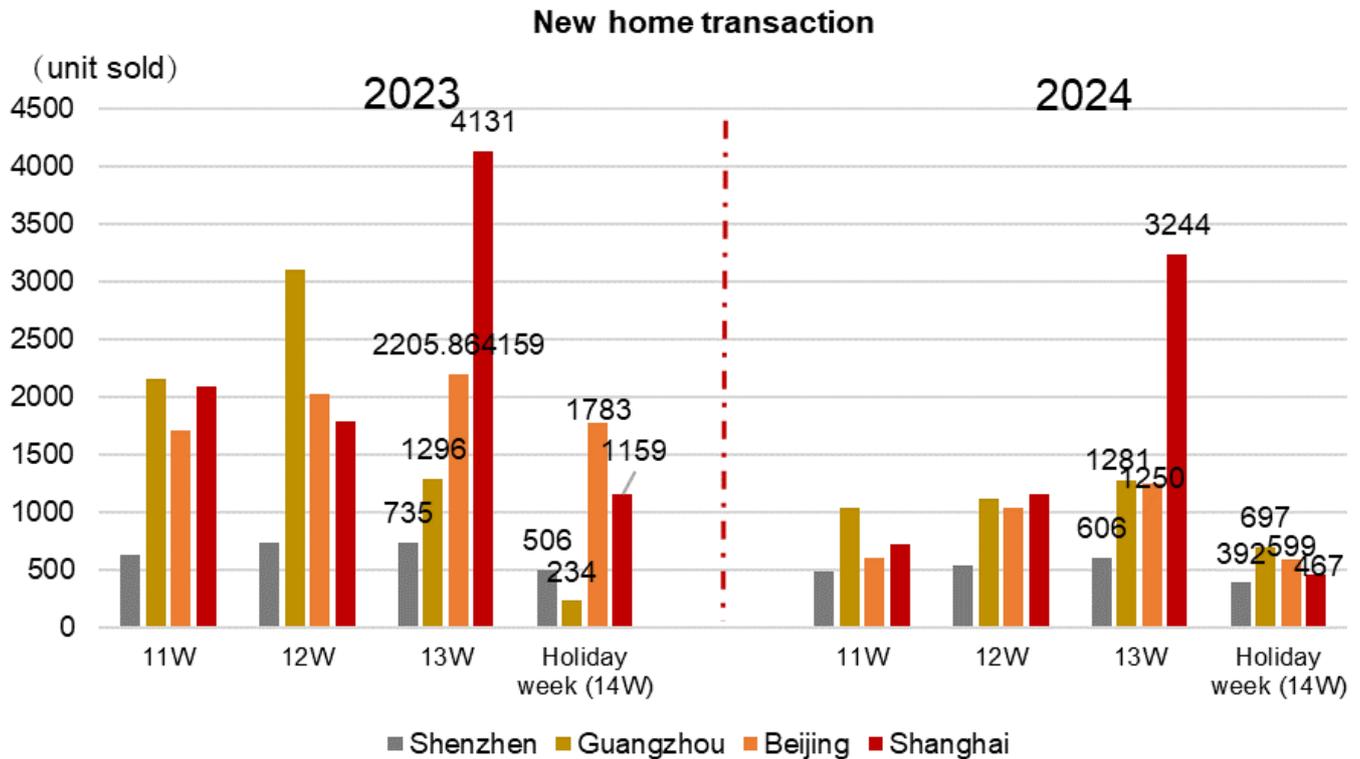
Figure 5: Units of secondary homes sold in tier-1 cities (14W2024)

Secondary home transaction



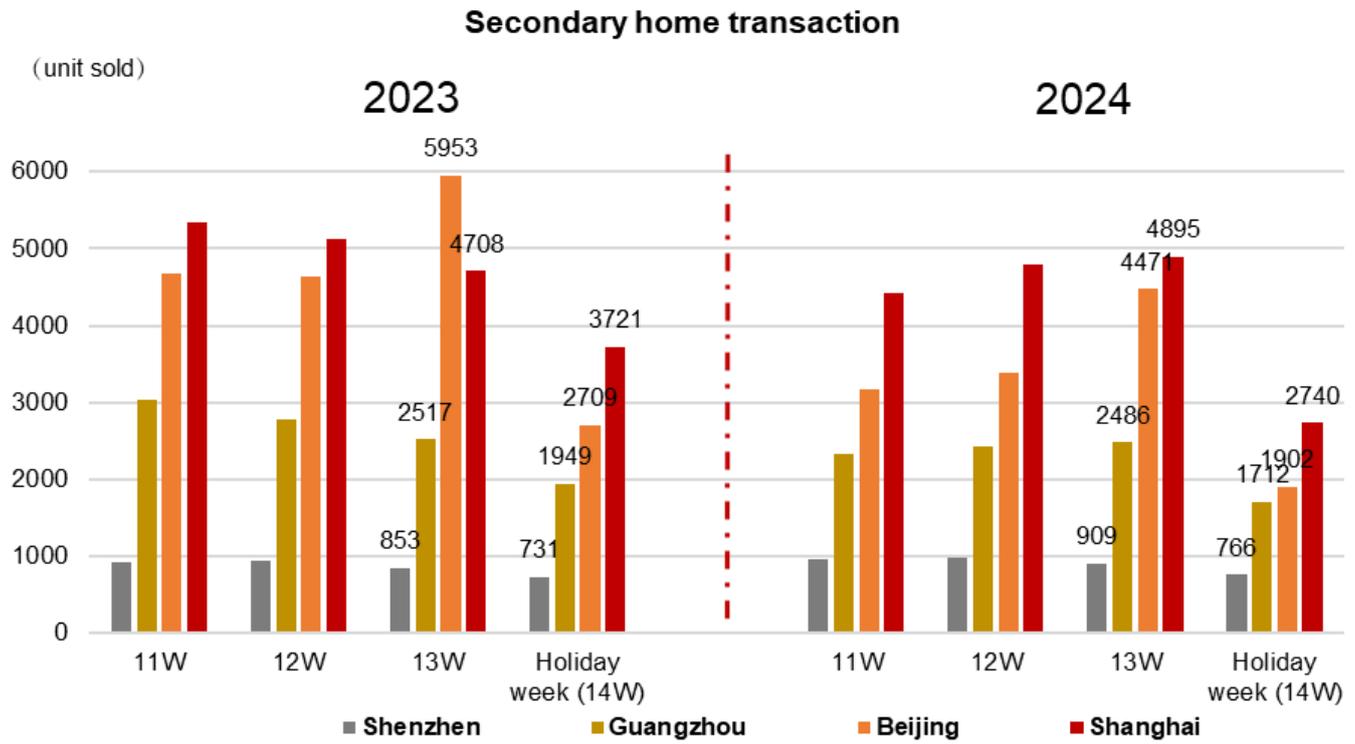
Source: Local MOHURD, CMBIGM

Figure 6: Units of new homes sold in tier-1 cities



Source: Local MOHURD, CMBIGM

Figure 7: Units of secondary homes sold in tier-1 cities



Source: Local MOHURD, CMBIGM

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