

Property

Weekly highlight: +ve progress on policy implementation, no remarkable recovery on sales

Relaxation of demand-related policies continued with Beijing further optimizing mortgage loan requirement for divorced people and multiple cities removing the lower limit on mortgage rate for first-home buyers. Around 35 cities joined the group of adopting “trade in old house for new” policies through 3 approaches (Figure 1). These moves may not bring a surge in property sales but could prevent a sharp decline by marginally boosting demand in our view. In terms of developer financing, CIFI has a project on the whitelist that obtained incremental loans instead of only replacing/extending the existing loans, which gives the market more confidence on implementation of financing support policies. [High-frequency data](#) showed that both primary and secondary markets have seen no remarkable recovery with GFA sold up 0.5%/2% WoW. Our “[tier-1 city watch](#)” finds that last week (16W24), GZ performed the best in new home market and SH was good in secondary market. Given recovery of property sales is still slow, we think the stocks in property/PM sector will continue to see a fluctuating trend in 2Q24 among negative news (developers’ default) and positive news (more supporting policies). For stocks, we prefer PM companies like CR MixC, COPH, Poly Services, Yuexiu Service and Onewo, property agents BEKE, and PJM company Greentown Mgmt. For developers, we recommend CR Land with LT value.

- **What is new? 1) Demand-related policy:** relaxation continues: a) [Beijing](#) further optimized policy for divorced people by allowing individuals who have been divorced for <1 year and do not own a house to enjoy credit policy for first-home buyers; b) multiple cities [removed the lower limit of interest rate](#) on mortgage loans for first-home buyers, according to incomplete statistics from *China Banking and Insurance News*, and more than 40 cities have phased in relevant policies since Apr 2024. Other cities like [Guizhou](#) and [Changsha](#) continue to optimize housing provident fund loan policies; c) [Liaoning Anshan](#) also announced to adopt “trade in old house for new” policy initiated by [Zhengzhou](#). According to CREIS, c.35 cities (Figure 1) and districts announced to follow this policy by mainly 3 approaches including developers collaborating with house brokers to prioritize the sale of old houses, SOE platforms to acquire old houses and government to provide subsidies for selling old to buy new. **Our view:** the demand marginally generated from policies mentioned above may not lead to a significant surge in property sales but can maintain stability in demand that would help prevent a steep drop seen last year. **2) Financing-related policy:** CIFI has shared detailed information about financing progress of “whitelist projects”. What caught the market’s attention is that, apart from replacing/extending the existing loan, one project received incremental loan, which **we view** as a positive move that may further drive the implementation of financing support policies.
- **Property sales – no obvious recovery sign this week.** As of 22 Apr, [new home sales in 30 major cities](#) were flat at 0.5%/0.2% WoW/MoM; YTD decline was still deep at -43% YoY. GFA sold in [tier-1&2 cities](#) inched up 1%/2% WoW/MoM, better than -2%/-5% in tier-3 cities. [Secondary home sales in 14 cities](#) increased 2%/6% WoW/MoM with the YTD decline stable at -16% YoY. Both primary and secondary markets showed stable performance with no strong recovery sign.
- **Transaction watch in tier-1 cities.** During the 16th week of 2024 (15-21 Apr), [units of new homes sold](#) in GZ picked up 38% WoW, ahead of the other three cities (SH +29%, BJ +10%, SZ -10%) and narrowed its YoY decline to single digit of -4%; that in SZ, BJ and SH was -41%, -73%, -48% respectively. [Units of secondary homes sold](#) in SH and BJ (up +6% and 5% WoW) performed better than that in SZ and GZ (down 5% and 2% WoW). SH is the only city booking positive growth on both WoW and YoY basis.

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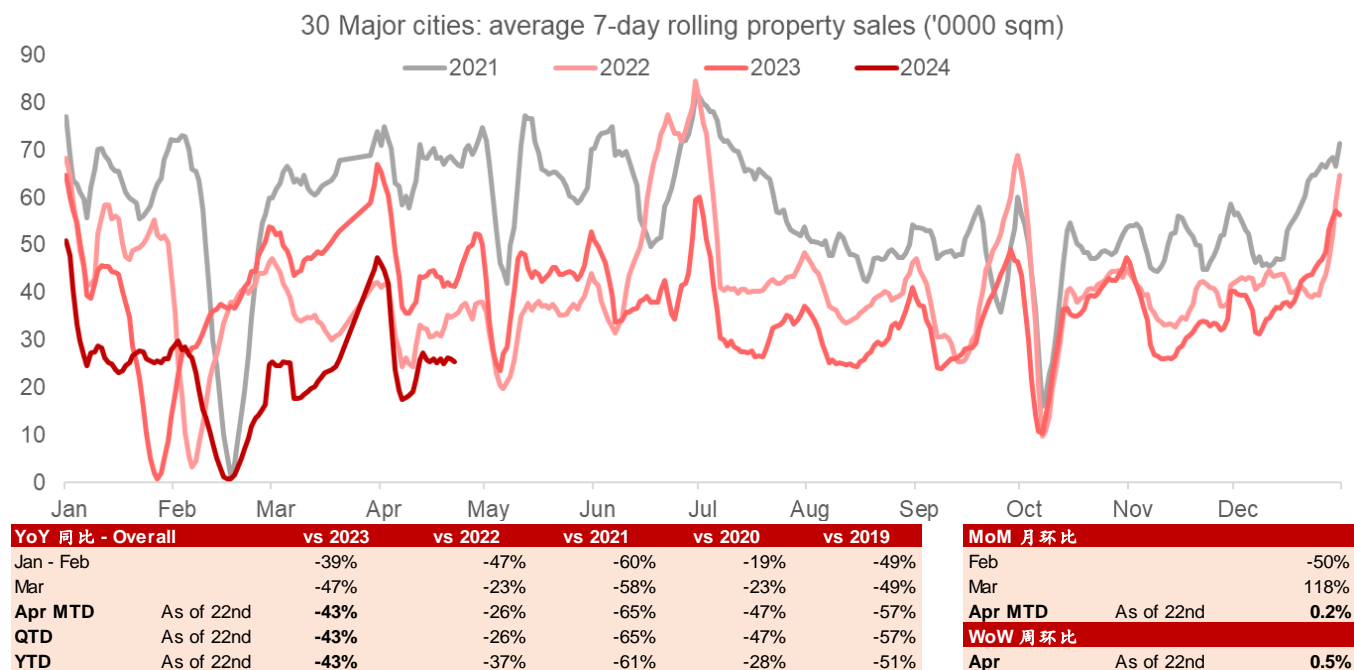
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Figure 1: Cities having adopted “trade in old house for new” policy (as of 20240423)

Cities and districts	Developers collaborate with house broker to prioritize the sale of old houses 开发商与中介合作优先售出旧房	SOE platform to acquire old houses 国有平台收购旧房	Government provide subsidies for selling old to buy new 政府提供换房补贴
Zhengzhou 郑州		✓	
Chongqing 重庆	✓		
Nanjing 南京	✓		✓
Wuhan 武汉	✓		
Shenyang 沈阳			✓
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Taicang 太仓		✓	
Taian 泰安	✓		
Xuancheng 宣城		✓	
Yancheng 盐城	✓	✓	✓
Yuling 玉林	✓		
Anshan 鞍山市			✓
Zhangzhou, Hua'an District 漳州华安县			✓
Wuhan, Jiangxia District 武汉江夏区			✓
Suzhou, Xiangcheng District 苏州相城区		✓	
Hangzhou, Linping District 杭州临平区	✓		
Nanchang, Nanchang County 南昌市南昌县	✓		
Shaoxing, Yuecheng District 绍兴越城区	✓		
Wuxi, Liangxi District 无锡梁溪区		✓	

Source: CREIS, CMBIGM

Figure 2: YTD new home sales declined 43% YoY as of 20240422


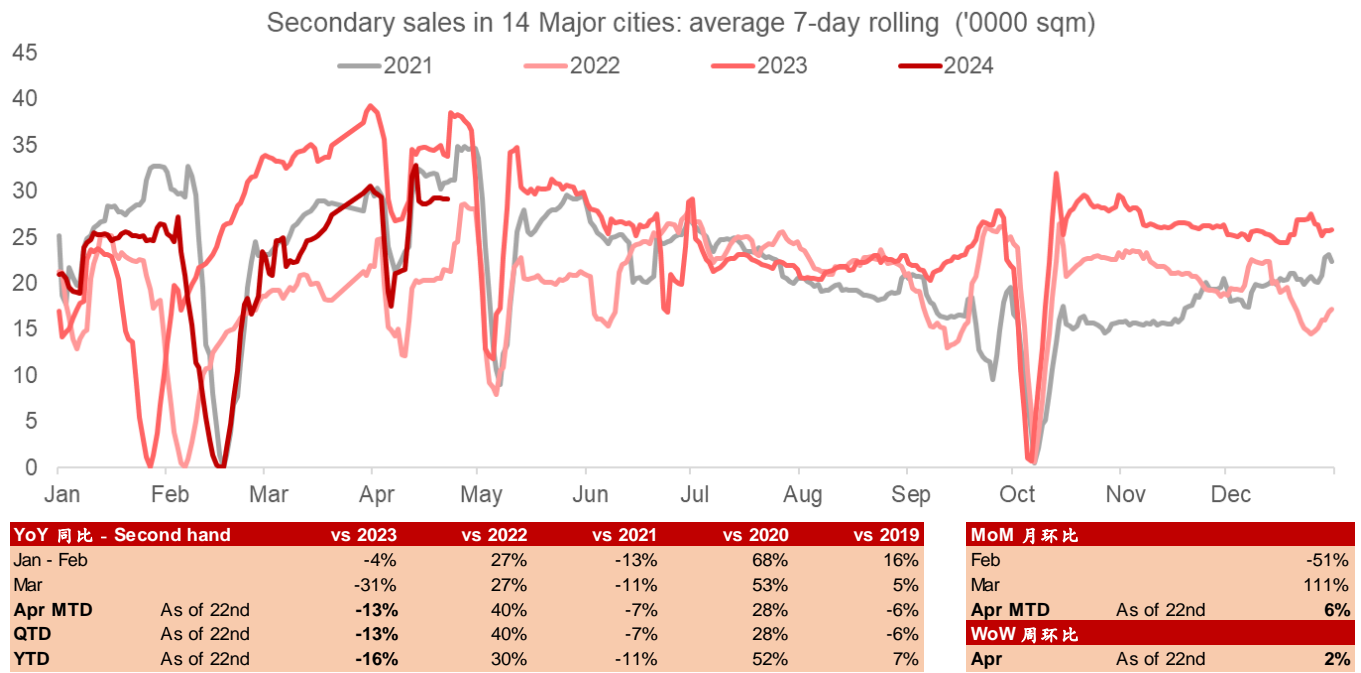
Source: Wind, CMBIGM

Figure 3: 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 - Feb		-37%	-49%	-56%	-11%	-42%	Feb	-52%
Mar		-45%	-22%	-57%	-6%	-43%	Mar	121%
Apr MTD	As of 22nd	-43%	-22%	-64%	-42%	-53%	Apr MTD	As of 22nd 2%
QTD	As of 22nd	-43%	-22%	-64%	-42%	-53%	WoW 周环比	
YTD	As of 22nd	-41%	-37%	-58%	-18%	-45%	Apr	As of 22nd 1%
YoY 同比 - Tier 3		vs 2023	vs 2022	vs 2021	vs 2020	vs 2019	MoM 月环比	
Jan - Feb		-43%	-42%	-70%	-38%	-65%	Feb	-43%
Mar		-53%	-28%	-62%	-47%	-63%	Mar	110%
Apr MTD	As of 22nd	-43%	-37%	-69%	-63%	-68%	Apr MTD	As of 22nd -5%
QTD	As of 22nd	-43%	-37%	-69%	-63%	-68%	WoW 周环比	
YTD	As of 22nd	-47%	-37%	-68%	-48%	-65%	Apr	As of 22nd -2%

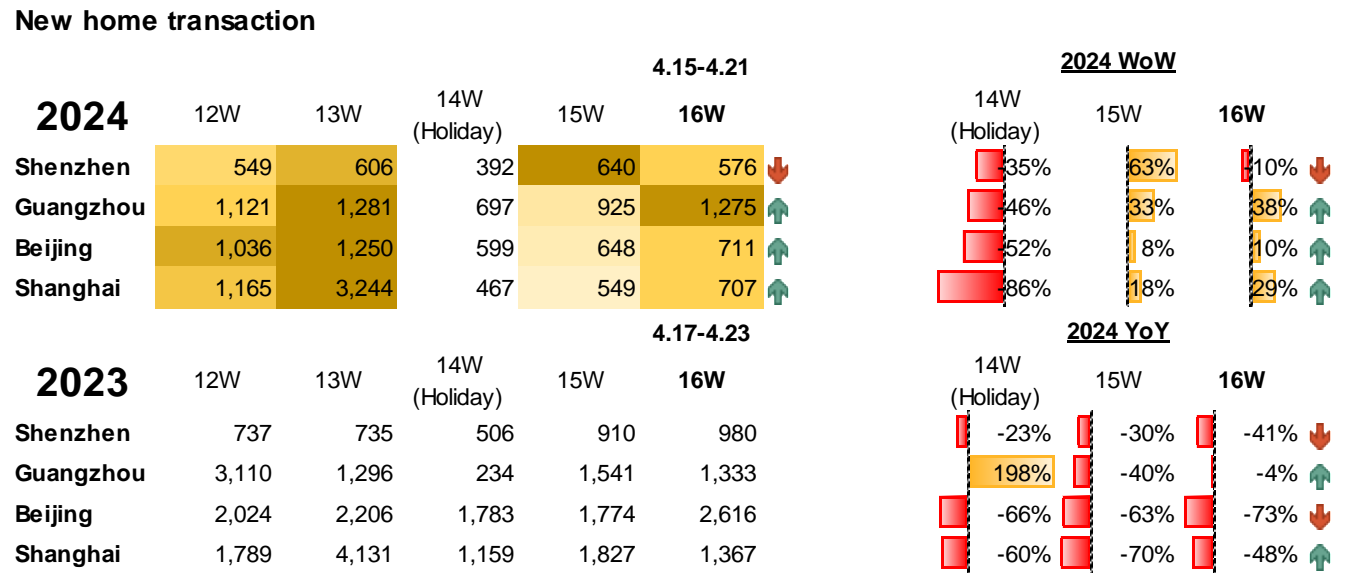
Source: Wind, CMBIGM

Figure 4: YTD secondary sales declined 16% YoY



Source: Wind, CMBIGM

Figure 5: Units of new homes sold in tier-1 cities (16W2024)



Source: Municipal bureaus of Ministry of Housing and Urban-Rural Development (MOHURD), CMBIGM

Figure 6: Units of secondary homes sold in tier-1 cities (16W2024)

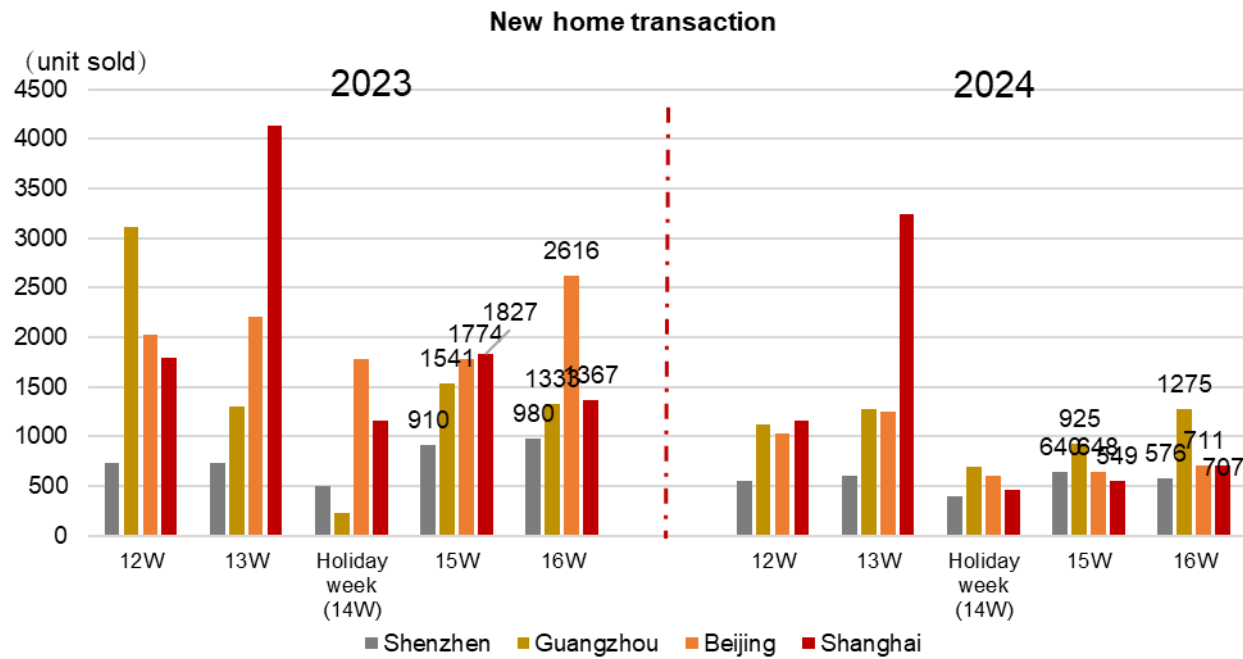
Secondary home transaction

2024	4.15-4.21					2024 WoW		
	12W	13W	14W (Holiday)	15W	16W	14W (Holiday)	15W	16W
Shenzhen	985	909	766	1,106	1,053	-16%	44%	-5%
Guangzhou	2,431	2,486	1,712	2,164	2,112	-31%	26%	-2%
Beijing	3,388	4,471	1,902	3,092	3,253	-57%	63%	5%
Shanghai	4,799	4,895	2,740	4,490	4,769	-44%	64%	6%

2023	4.17-4.23					2024 YoY		
	12W	13W	14W (Holiday)	15W	16W	14W (Holiday)	15W	16W
Shenzhen	936	853	731	850	1,020	5%	30%	3%
Guangzhou	2,770	2,517	1,949	2,527	2,486	-12%	-14%	-15%
Beijing	4,626	5,953	2,709	3,440	3,949	-30%	-10%	-18%
Shanghai	5,125	4,708	3,721	4,646	4,689	-26%	-3%	2%

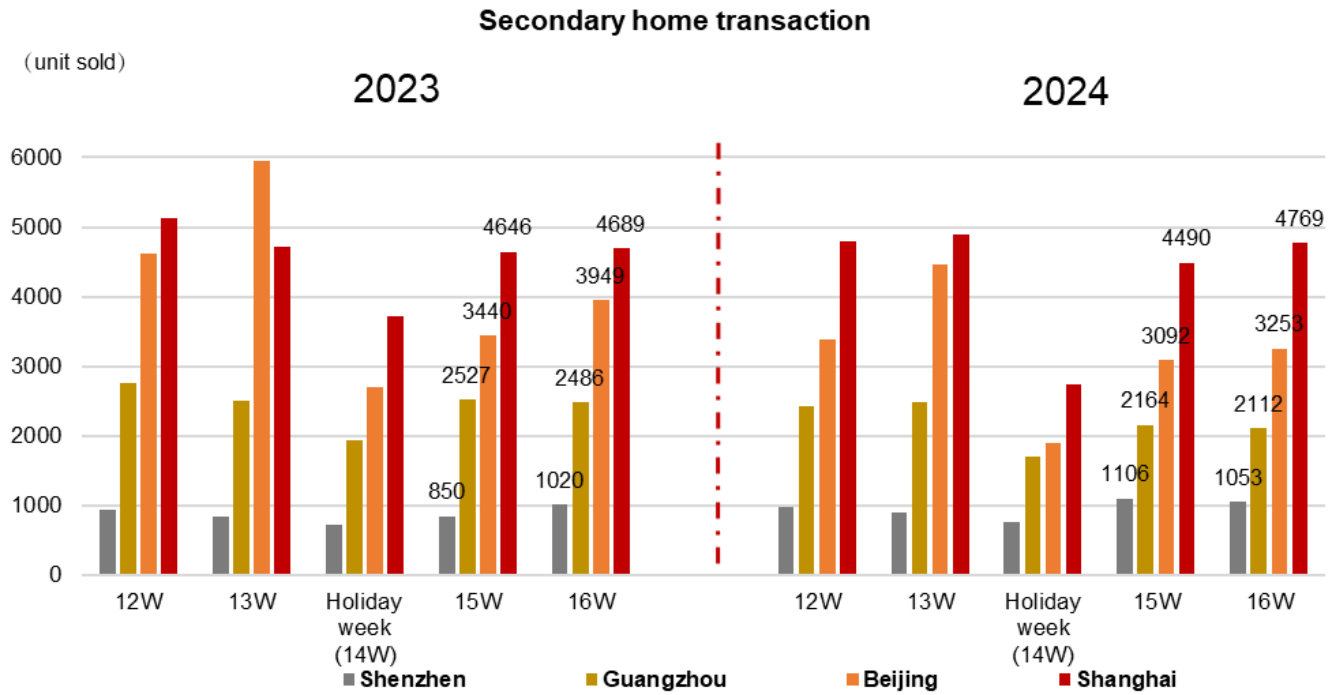
Source: Municipal bureaus of MOHURD, CMBIGM

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



Source: Municipal bureaus of MOHURD, CMBIGM

Figure 8: Units of secondary homes sold in tier-1 cities



Source: Municipal bureaus of MOHURD, CMBIGM

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