

# Property

## NBS 5M24: REI continued weakening, sales structure remained skewed to higher-tier cities

NBS data in 5M24 weakened as market expected. The REI decline widened to -10.1% from -9.8% in 4M24 given stagnant land purchases and new starts. The GFA completion decline narrowed on a low base but the scale was still the lowest since Jun-22 given less funding support for “home delivery”. Property sales volume/value were -20.3%/-27.9% YoY in 5M24, widening/narrowing 0.1/0.4ppt from 4M24 reflecting higher selling prices in May as transaction structure remained skewed to high-tier cities with high ASPs. High-frequency data revealed stronger recovery momentum in secondary market than in primary market, while the momentum for both were ebbing after transitioning into June (vs. the end of May). Our “tier-1 city watch” finds SH remarkable in secondary market during 24W, and GZ showed good results in both primary and secondary markets. With a benign policy outlook, we expect to see a stabilizing sales trend. In this perspective, we recommend asset-light companies benefiting from the existing market such as CR MixC, Poly Services, Binjiang Services, Onewo, BEKE and Greentown Mgmt. For developers, we recommend CR Land with LT value.

- **NBS property data of 5M24 – weakening REI dragged by widened decline of new starts and land purchases.** Real estate investment (REI) was -11.0% YoY in May-24 (vs -10.5% in Apr), dragging the number in 5M24 to -10.1% from -9.8% YoY in 4M24. This was mainly affected by weak land purchases and new starts. Land sales (Resi.) declined 44% YoY in May-24 (vs.-19% in Apr-24) as the developers’ confidence is still low. New starts decline widened to -22.7% in May-24 from -14.0% in Apr-24, resulting in a -24.2% YoY decline in 5M24 (vs. -24.6% in 4M24) given the poor property sales and capital shortage resulted in developers’ low willingness to start new projects. Decline of GFA completion slightly narrowed to -18.4% YoY in May-24 from -19.1% YoY in Apr-24 while the scale (33.9mn sq.m) recorded a lowest month since Jun-22 given the funding support for “home delivery” was less in 2024 compared to 2023.
- **Property sales in May were better** with volume down -20.7% YoY (vs. -22.8% in Apr-24), which dragged 5M24 to -20.3% YoY (vs. 20.3% in 4M24); the sales value booked -26.4% YoY in May-24 (vs. -30.4% in Apr-24) and narrowed the number in 5M24 to -27.9% YoY from -28.3% in 4M24, reflecting the continuous increase in price of properties sold. The avg. price of properties sold in May-24 was at RMB10,281/sq.m, up 0.9% from RMB 10,194/sq.m in Apr-24 as transaction was heavier in tier-1 cities with higher ASPs. The better sales in May was in-line with developers’ data released at the end of May.
- **High-frequency data:** secondary market showed stronger recovery momentum than primary market. As of 17 June, daily avg. transaction volume of second-hand/new homes in 17/30 major cities post-517 policy (5.17-6.17) increased 19%/16% from that of pre-517 policy (1.1-5.16). YTD decline of secondary/primary markets narrowed to -11%/-40% from -13%/-41% on 5 June. Daily avg. transaction June MTD declined -6%/-9% from that in May in secondary/primary markets, implying **ebbing recovery momentum after entering June compared to the end of May**. YTD decline narrowed to -11% from -13% on 5 June.
- **Transaction watch in tier-1 cities.** During the 24th week of 2024 (10-16 June), units of new homes sold in GZ and SZ picked up and exceeded weekly avg. for the year (excl. holiday weeks) by 62% and 20%. SH and BJ were 12% and 34% lower than their weekly avg. Units of secondary homes sold in SH and GZ in 24W surpassing weekly avg. by 50% and 14%. BJ and SZ underperformed by 1% and 6%. Overall, SH performed remarkably in secondary market and GZ was noticeable in both primary and secondary markets.

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**Figure 1: Quick review of national property data in 5M24**

	May-24	YoY	MoM	Apr-24	YoY	5M24	YoY	2023	YoY
Property GFA sold (mn sqm)	74	-20.7%	12.2%	66	-22.8%	366	-20.3%	1,117	-8.5%
Property sales (RMB bn)	760	-26.4%	13.2%	671	-30.4%	3,567	-27.9%	11,662	-6.5%
Implied property price (RMB/sqm)	10,281	-7.2%	0.9%	10,194	-9.9%	9,733	-9.5%	10,437	6.4%
Unsold Inventory (mn sqm)	743	15.8%	-0.4%	746	15.7%	743	15.8%	673	19.0%
New starts (mn sqm)	66	-22.7%	5.7%	62	-14.0%	301	-24.2%	954	-20.4%
GFA completion (mn sqm)	34	-18.4%	-6.0%	36	-19.1%	222	-20.1%	998	17.0%
Property investment (RMB bn)	970	-11.0%	9.7%	885	-10.5%	4,063	-10.1%	11,091	-9.6%
Domestic loans of developers (RMB bn)	123	16.9%	19.2%	103	-14.3%	681	-6.2%	1,560	-9.9%

\*Red/Green text denotes better/worse than the previous month

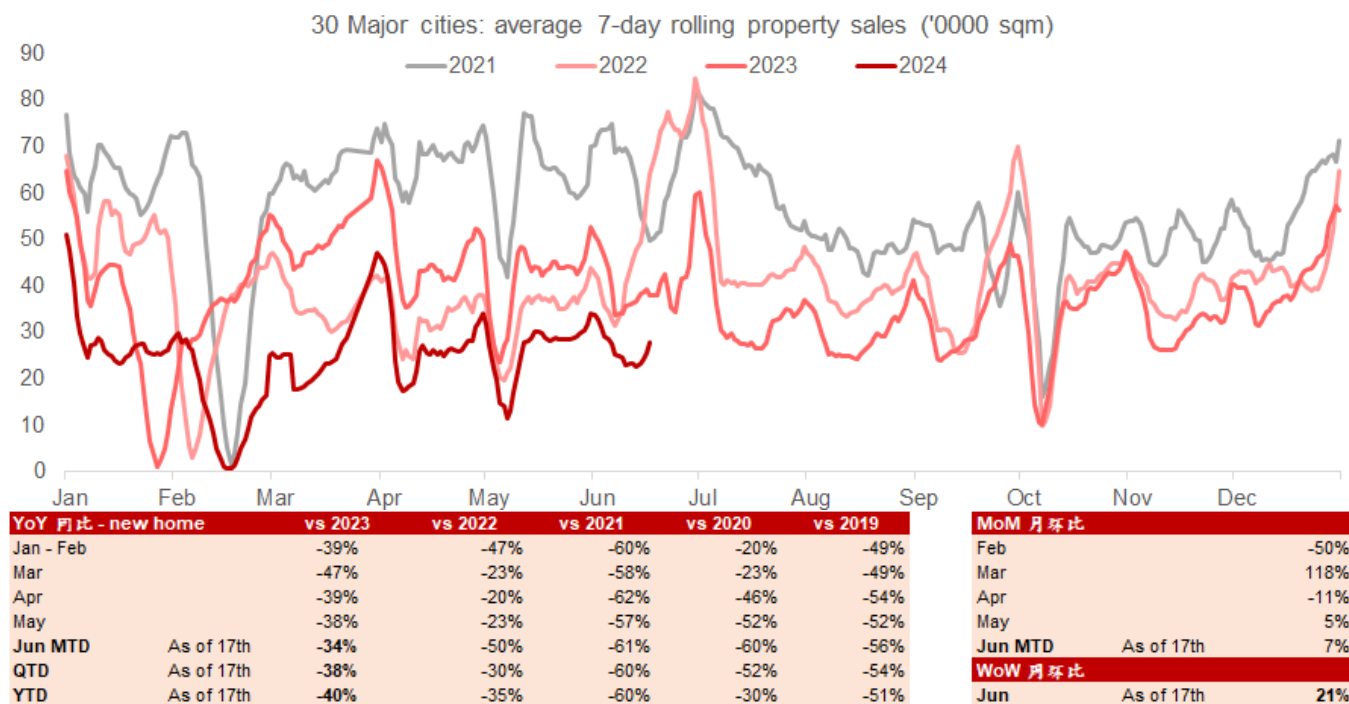
Source: NBS, Wind, CMBIGM

**Figure 2: Daily avg. transaction volume ('0000 sqm)**

Primary sales	Mar	Apr	May	MTD Jun (0601 - 0617)	Growth (vs. May)	Primary sales	Pre-517 policy (0101 - 0516)	Post-517 policy (0517 - 0617)	Growth
<b>30 major cities</b>	28.41	26.00	26.48	24.19	-9%	<b>30 major cities</b>	23.72	27.57	16%
Hangzhou	2.58	1.62	1.96	2.33	19%	Hangzhou	1.72	2.52	47%
Shenzhen	0.96	1.00	0.79	0.91	15%	Guangzhou	1.99	2.68	35%
Guangzhou	2.39	2.38	2.39	2.71	14%	Suzhou	1.30	1.61	24%
Beijing	2.60	2.40	2.00	1.82	-9%	Chengdu	5.35	6.51	22%
Shanghai	4.65	4.23	3.63	2.97	-18%	Shenzhen	0.79	0.88	11%
Chengdu	5.62	6.14	7.01	4.75	-32%	Shanghai	3.48	3.63	4%
Suzhou	2.13	1.07	1.55	1.00	-35%	Beijing	2.54	2.03	-20%
Secondary sales	Mar	Apr	May	MTD Jun (0601 - 0617)	Growth (vs. May)	Secondary sales	Pre-517 policy (0101 - 0516)	Post-517 policy (0517 - 0617)	Growth
<b>17 major cities</b>	23.51	26.38	24.66	23.13	-6%	<b>17 major cities</b>	21.44	25.48	19%
Shanghai	5.20	4.65	4.80	6.69	39%	Shanghai	4.10	6.31	54%
Hangzhou	1.51	1.47	1.45	1.79	24%	Hangzhou	1.16	1.78	53%
Dongguan	0.74	0.81	0.75	0.81	8%	Suzhou	2.03	2.68	32%
Shenzhen	1.34	1.54	1.53	1.47	-4%	Shenzhen	1.25	1.55	25%
Qingdao	1.87	2.37	1.99	1.90	-5%	Beijing	3.68	4.41	20%
Beijing	4.36	4.30	4.21	3.87	-8%	Foshan	2.01	2.39	19%
Chengdu	6.56	7.47	6.72	6.00	-11%	Qingdao	1.75	1.95	11%
Foshan	2.18	2.17	2.42	2.08	-14%	Chengdu	6.04	6.56	9%
Suzhou	1.91	2.60	2.59	1.86	-28%	Dongguan	0.74	0.77	3%

Source: Wind, CMBIGM

**Figure 3: YTD new home sales declined 40% YoY**



Source: Wind, CMBIGM

**Figure 4: New home sales by city tier**

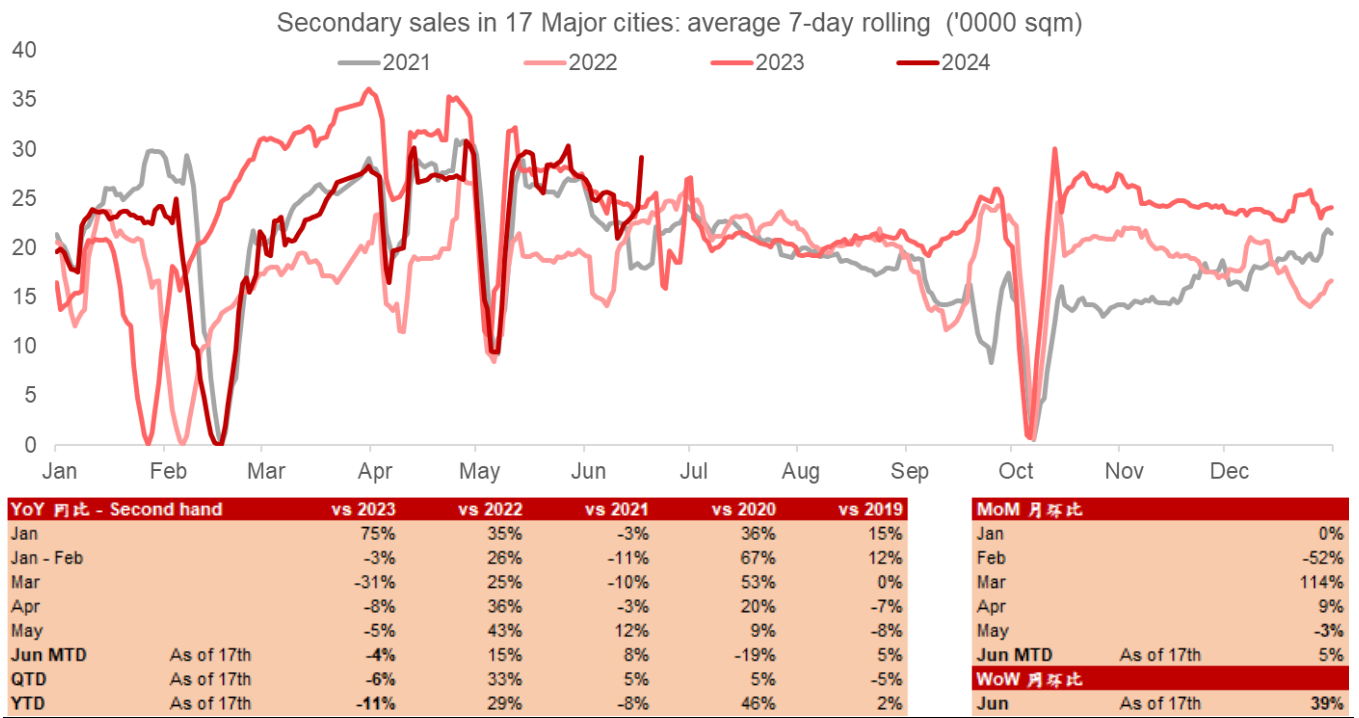
YoY 同比 - Tier 1&2		vs 2023	vs 2022	vs 2021	vs 2020	vs 2019	MoM 环比		
Jan - Feb		-38%	-49%	-56%	-12%	-42%	Feb	-52%	
Mar		-45%	-22%	-57%	-10%	-43%	Mar	121%	
Apr		-38%	-15%	-60%	-39%	-50%	Apr	-11%	
May		-40%	-21%	-54%	-47%	-45%	May	4%	
Jun MTD	As of 17th	-36%	-53%	-61%	-58%	-50%	Jun MTD	As of 17th	7%
QTD	As of 17th	-39%	-29%	-58%	-47%	-48%	<b>WoW 周环比</b>		
YTD	As of 17th	-40%	-35%	-58%	-21%	-45%	Jun	As of 17th	24%

YoY 同比 - Tier 3		vs 2023	vs 2022	vs 2021	vs 2020	vs 2019	MoM 环比		
Jan - Feb		-43%	-42%	-70%	-39%	-65%	Feb	-43%	
Mar		-53%	-28%	-62%	-49%	-63%	Mar	110%	
Apr		-42%	-34%	-67%	-62%	-67%	Apr	-15%	
May		-29%	-29%	-66%	-66%	-67%	May	11%	
Jun MTD	As of 17th	-23%	-40%	-60%	-66%	-67%	Jun MTD	As of 17th	9%
QTD	As of 17th	-34%	-34%	-65%	-65%	-67%	<b>WoW 周环比</b>		
YTD	As of 17th	-42%	-35%	-67%	-51%	-65%	Jun	As of 17th	12%

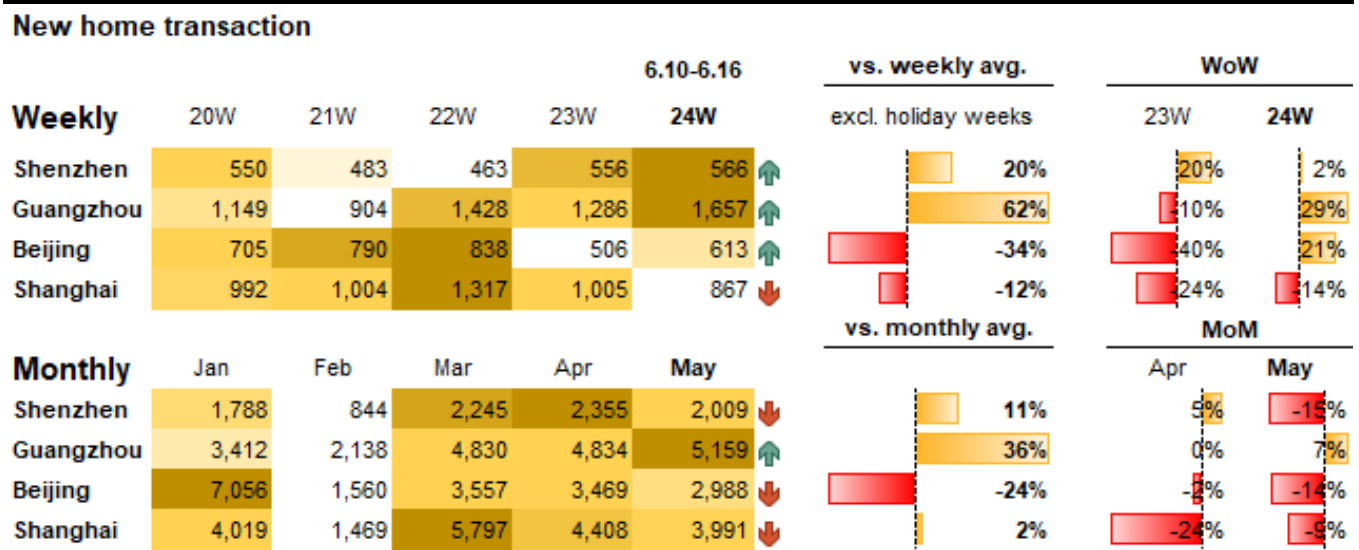
Source: Wind, CMBIGM

**Figure 5: YTD secondary sales declined 11% YoY**



Source: Wind, CMBIGM

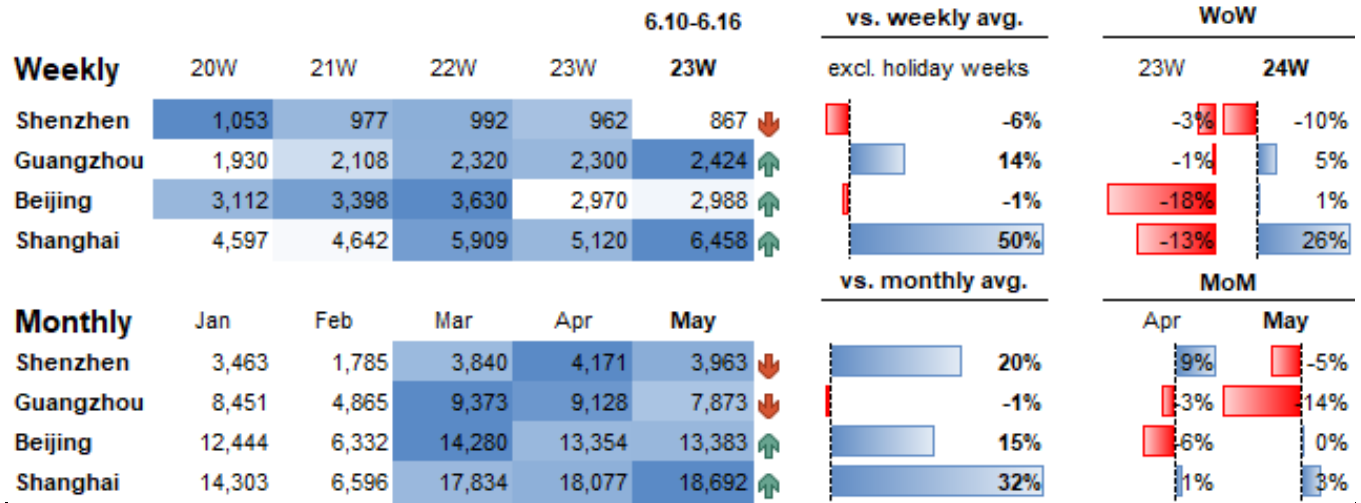
**Figure 6: Units of new homes sold in tier-1 cities (24W2024)**



Source: Local MOHURD, CMBIGM

**Figure 7: Units of secondary homes sold in tier-1 cities (24W2024)**

**Secondary home transaction**



Source: Local MOHURD, CMBIGM

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