

China Property Sector

NBS Nov data in line, expect new policy in BJ/SH to boost secondary market in Dec

Data from National Bureau of Statistics (NBS) in Nov was in line with market expectation, with property investment decline narrowed to -10.6% YoY in Nov from -11.3% in Oct given new start area surprisingly booked positive increase and NBS [adjusted -8% on calculation base](#) in Nov vs. -6% in Oct. Property sales was flat with volume/value inched up 2/1% MoM and barely no year-end seasonality like that in the past five years (avg. of 11% MoM in Nov) given low buying sentiment. Beijing (BJ) & Shanghai (SH) eased purchasing policies on 14 Dec and the stock market reacted positively with property names on HK market went up an average of 5% on the following day. The effect of policy is currently not obvious with no large increase in transaction in both BJ and SH in two days following the roll-out of new policy (the third Fri-Sat in Dec) ([Figure 5](#)). Our channel check shows the buyers' visits/inquires and 2nd hand house listing volume saw a significant increase, and thus we expect it to boost transaction in Dec to some extent given listing surge will naturally support turnovers. For stocks, we prefer property agent BEKE; PJM name Greentown Mgmt., PM names CR MixC, COPH, Poly Services, Onowo, and Yuexiu Services; and developers CR Land, and Binjiang Group.

- NBS property [data of 11M23](#) – The REI showed a widening decline YTD despite new starts decline narrowed.
 - **Monthly property investment showed a narrowed decline in Nov to -10.6% YoY from -11.3% in Oct**, but the number dragged the 11M23 decline further widened to -9.4% YoY from -9.3% in 10M23. The result was under the influence of multiple factors including the narrowed growth of completion (12% YoY in Nov from 13% in Oct) but new starts surprisingly booked positive growth (5% YoY in Nov vs. -21% in Oct) and the [% adjusted on calculation base](#) widened to -8.4% in Nov from 6.1% in Oct.
 - **Property sales lost seasonal spike given low buying sentiment.** Property sales volume/value reported -10%/-9% YoY change in Nov vs. -11%/-8% in Oct, reflecting only 2%/1% MoM increase compared to avg. of 11% MoM growth in Nov of past five years which indicates the year-end seasonal spike was largely offset by low buying sentiment. It is also evidenced by high-frequency data that by the end of 16 Dec, MTD [new home sales](#) went up 20% MoM, much lower than avg. of 45% in past five years.
- **Expecting new policy in BJ/SH to boost secondary market.** BJ and SH announced easing policies on 14 Dec mainly including lower down-payment ratio and higher standard to identify luxury house (means lower taxes for non-luxury houses). Some investors think the relaxation was less than expected but the market reacted positively with property names on HK market went up an avg. of 5% on the next day. About the policy effect, our channel check shows that the buyers' visits and inquires and 2nd hand house listing volume significantly increased but the transaction only increased in a few communities. Similarly, the data shows that BJ/SH's the secondary transaction in two days following new policy roll-out (the third Fri-Sat in Dec) did not show a large increase ([Figure 5](#)). We expect new policy to boost secondary market in Dec to some extent as the listing surge will naturally facilitating transactions. By the end of 16 Dec, MTD [secondary sales](#) in Dec booked -11%/+13% MoM/YoY (vs. 11%/26% in Nov).

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Figure 1: Quick review of national property data in 11M23

	Nov-23	YoY	MoM	Oct-23	YoY	11M23	YoY	10M23	YoY	2022	YoY
Property GFA sold (mn sqm)	79	-10%	2%	78	-11%	1,005	-8.0%	926	-7.8%	1,358	-24%
Property sales (RMB bn)	816	-9%	1%	809	-8%	10,532	-5.2%	9,716	-4.9%	13,331	-27%
New starts (mn sqm)	83	5%	17%	71	-21%	875	-21.2%	792	-23.2%	1,206	-39%
GFA under construction (mn sqm)	8,313	-7%	1%	8,229	-7%	8,313	-7.2%	8,229	-7.3%	9,050	-7%
GFA completion (mn sqm)	101	12%	56%	64	13%	652	17.9%	552	19.0%	862	-15%
Property investment (RMB bn)	812	-10.6%	-6%	865	-11.3%	10,405	-9.4%	9,592	-9.3%	13,290	-10%
Domestic loans of developers (RMB bn)	111	7%	9%	102	-10%	1,423	-9.8%	1,312	-11.0%	1,739	-25%

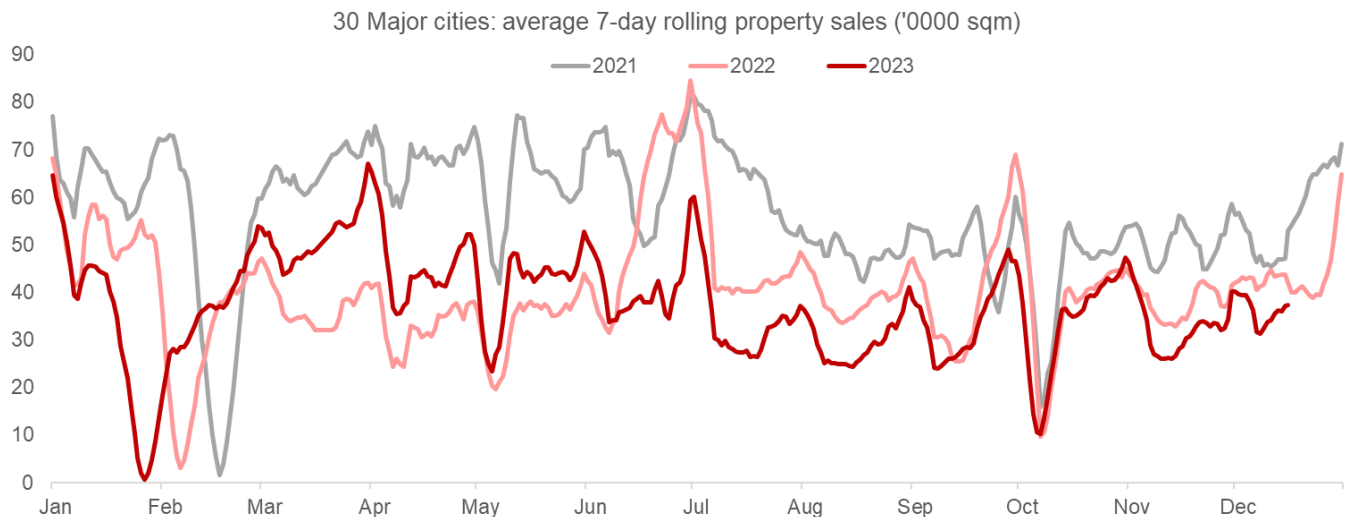
*Red/Green text denotes better/worse than the previous month

Source: NBS, CMBIGM

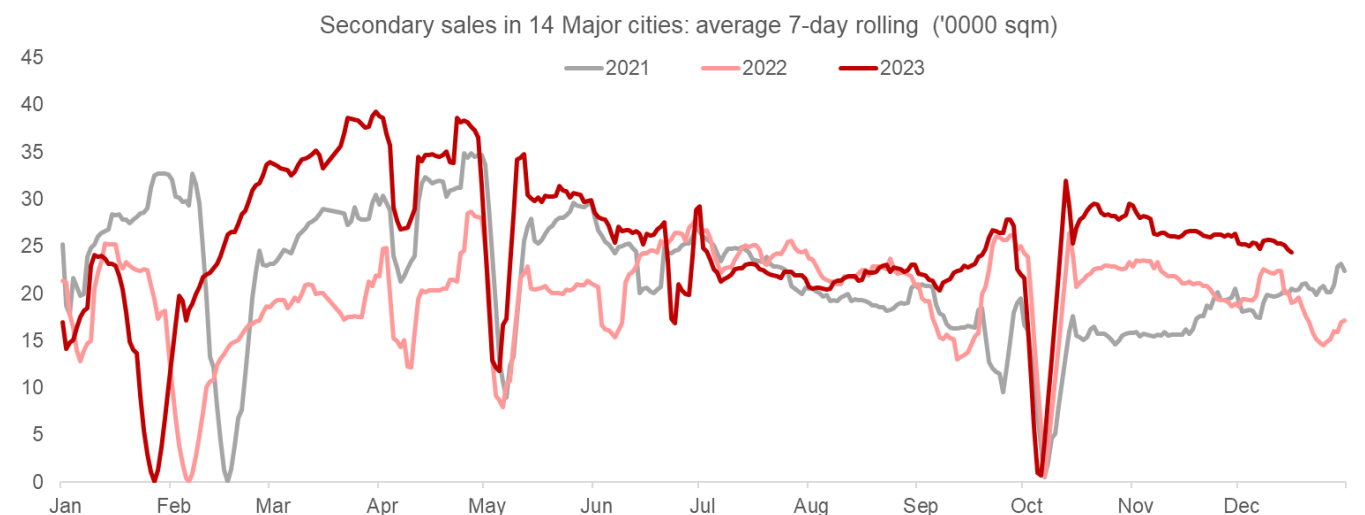
Figure 2: Calculation on NBS base adjustment % - 11M23

	After adjustment		Before adjustment		% adjusted		YoY change without base adjustment	
	Nov-22	11M22	Nov-22	11M22	Nov-22	11M22	Nov-23	11M23
Property GFA sold (mn sqm)	88	1,092	101	1,213	-12%	-10%	-21%	-17%
Property sales (RMB bn)	893	11,109	982	11,865	-9%	-6%	-17%	-11%
New starts (mn sqm)	79	1,110	79	1,116	0%	-1%	5%	-22%
GFA under construction (mn sqm)	8,958	8,958	8,969	8,969	0%	0%	-7%	-7%
GFA completion (mn sqm)	90	553	91	557	-2%	-1%	10%	17%
Property investment (RMB bn)	908	11,484	992	12,386	-8.4%	-7.3%	-18%	-16%
Domestic loans of developers (RMB bn)	103	1,577	104	1,582	0%	0%	7%	-10%

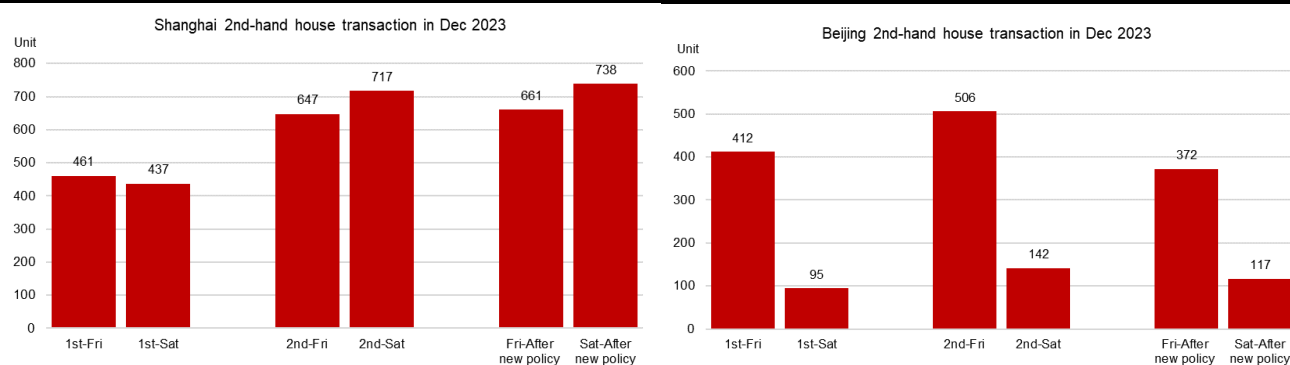
Source: NBS, CMBIGM

Figure 3: New home MTD sales in Dec was at +20%/-19% MoM/YoY, YTD at -7% YoY

Source: Wind, CMBIGM

Figure 4: Secondary home MTD sales in Dec at -11%/+13% MoM/YoY, YTD at +27% YoY

Source: Wind, CMBIGM

Figure 5: BJ/SH's the secondary transaction in two days following new policy (the third Fri-Sat in Dec)

Source: Fangdi, CMBIGM

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