

Property

NBS 1Q24: weakness was well expected, expecting more financing-side policies

[NBS property data in 1Q24](#) remained sluggish but was well expected by the market. REI decline widened to 9.5% from -9.0% in 2M24 even though continued base adjustment lowered the number in 1Q23 by 6%. REI was at -15% if excluding this impact. The decline of property sales value narrowed a bit more than decline in sales volume, reflecting a 1.4% hike in ASP as more supply was from higher tier cities with higher ASP in Mar. [High frequency data](#) showed that first half of Apr was better than that in Mar with both primary and secondary market booked 8% WoW sales growth. While our [“tier 1 city watch”](#) finds that in last week (15W24), only SZ kept up with its recovery momentum pre-Ching Ming holiday in both new home and second hand markets, other three cities delivered decent WoW growth but did not reach the level pre-holiday. Property names were under spotlight yesterday (16 Apr) as Shanghai Securities News reported that a Zhejiang SOE is under negotiation with Binjiang Group concerning a potential takeover. The news has not been confirmed yet, but we think this is a good sign and may provide some insights for other developers. Against the backdrop of slow recovery of property sales, we think there will be more financial support policies for developers, and the stocks in prop/PM sector will continue the fluctuating trend in 2Q24 among negative news related to developers' debt crisis and positive news related to rescue policies. 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.

■ **NBS property data in 1Q24 – continuous weakening of investments with both new starts and completion performed poorly on high base.**

Property investments delivered -10.1% YoY in Mar 24, dragging the number in 1Q24 to -9.5% YoY compared to -9.0% YoY in 2M24 even the base number in last year was adjusted by 6-7% lower based on our calculation. Excluding this impact, the decline of property investment in 1Q24 widened to 15.5% YoY in 1Q24 from -13.4% in 2M24. New starts growth was still sluggish at -27.8% YoY in 1Q24 vs. -29.7% in 2M24. GFA completion declined 20.7% YoY vs. -20.2% YoY in 2M24 given a high base supported by “housing delivery funds” last year.

■ **Property sales remained sluggish** with volume/value down 19.4/27.6% YoY in 1Q24 vs. -20.5/-29.3% YoY in 2M24 which were well-expected given grim data released by developers at the end of Mar. The avg. price of property sold in 1Q24 was at RMB 9,421/sq.m, up 1.4% from avg. price of RMB 9,294/sq.m in 2M24 as supply was stronger in tier-1 cities with higher ASP.

■ **High frequency data:** As of 15 Apr, [new home sales volume in 30 major cities](#) went up 8% MoM in Apr MTD even included a 3-day holiday. YTD decline was flat at -43% YoY compared to the previous week. [Secondary home sales volume in 14 cities](#) also went up 8% MoM in Apr MTD; the YTD decline was still at -16% YoY.

■ **Transaction watch in tier-1 cities.** During the 15th week of 2024 (8-14 Apr), [units of new homes sold](#) in SZ climbed to 640 (+63% WoW) and successfully held on its recovery momentum pre-holiday. The number in GZ, BJ and SH went up 33%, 8% and 18% WoW but still weaker than the high point pre-holiday. [Units of secondary homes sold](#) in SZ, GZ, BJ and SH grew 44%, 26%, 63% and 64% WoW, but only SZ outperformed the momentum pre-holiday. The YoY change was at +30%, -14%, -10% and -3%. Whether the overall recovery trend will continue remains to be observed.

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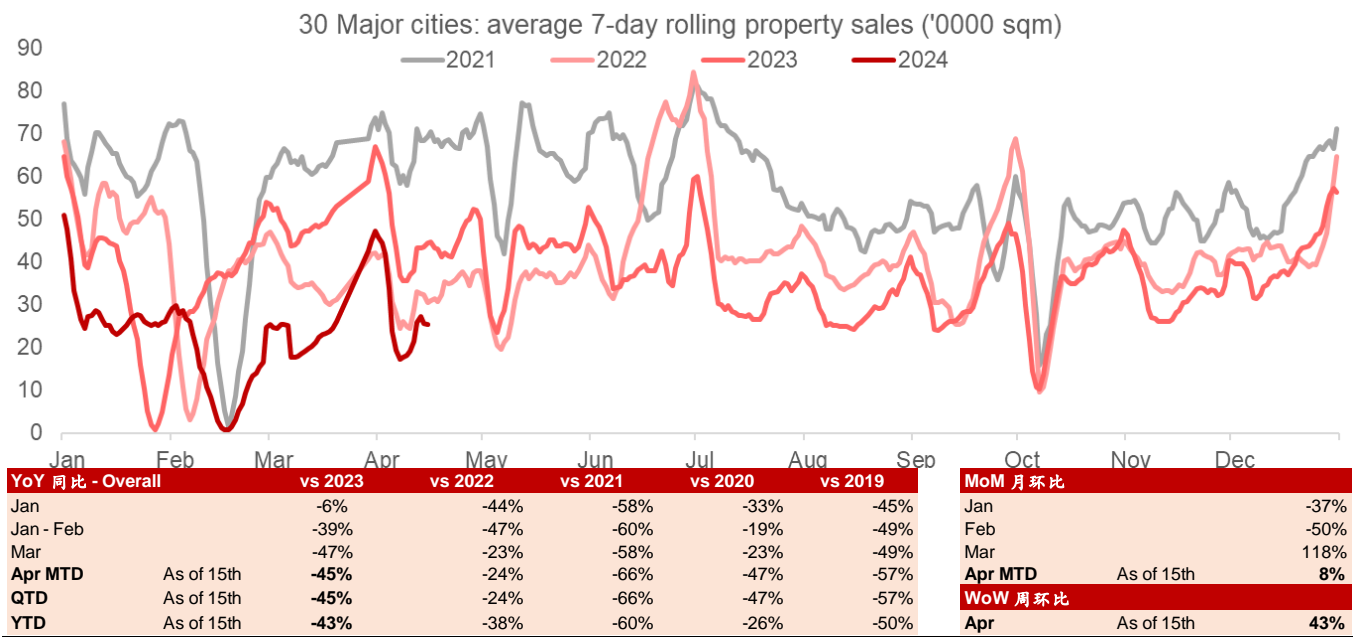
Figure 1: Quick review of national property data in 1Q24

	Mar-24		YoY		1Q24		YoY		2M24		YoY		2023		YoY		% of base adjusted		YoY change without base adjustment	
	Mar-24	YoY	1Q24	YoY	2M24	YoY	2023	YoY	Mar-23	1Q23	Mar-24	1Q24	Mar-23	1Q23	Mar-24	1Q24				
Property GFA sold (mn sqm)	112.99	-18.3%	227	-19.4%	114	-20.5%	79	-10.3%	-7%	-6%	-23.7%	-24.3%								
Property sales (RMB bn)	1,079	-25.9%	2,136	-27.6%	1,057	-29.3%	816	-8.6%	-4%	-3%	-28.5%	-30.1%								
New starts (mn sqm)	79	-25.4%	173	-27.8%	94	-29.7%	83	4.9%	0%	-1%	-25.6%	-28.3%								
GFA under construction (mn sqm)	6,785	-11.1%	6,785	-11.1%	6,669	-11.0%	8,313	-7.2%	0%	0%	-11.3%	-11.3%								
GFA completion (mn sqm)	49	-21.7%	153	-20.7%	104	-20.2%	101	12.2%	0%	-1%	-22.1%	-21.4%								
Unsold inventory (mn sqm)	748	15.6%	748	15.6%	760	15.9%	760	19.0%	0%	0%	15.5%	15.5%								
Property investment (RMB bn)	1,024	-10.1%	2,208	-9.5%	1,184	-9.0%	654	18.0%	-7%	-6%	-16.8%	-15.0%								
Domestic loans of developers (RMB bn)	141	-6.3%	455	-9.1%	314	-10.3%	812	-10.6%	0%	0%	-6.4%	-8.8%								

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

Source: NBS, Wind, CMBIGM

Figure 2: YTD new home sales declined 43% YoY



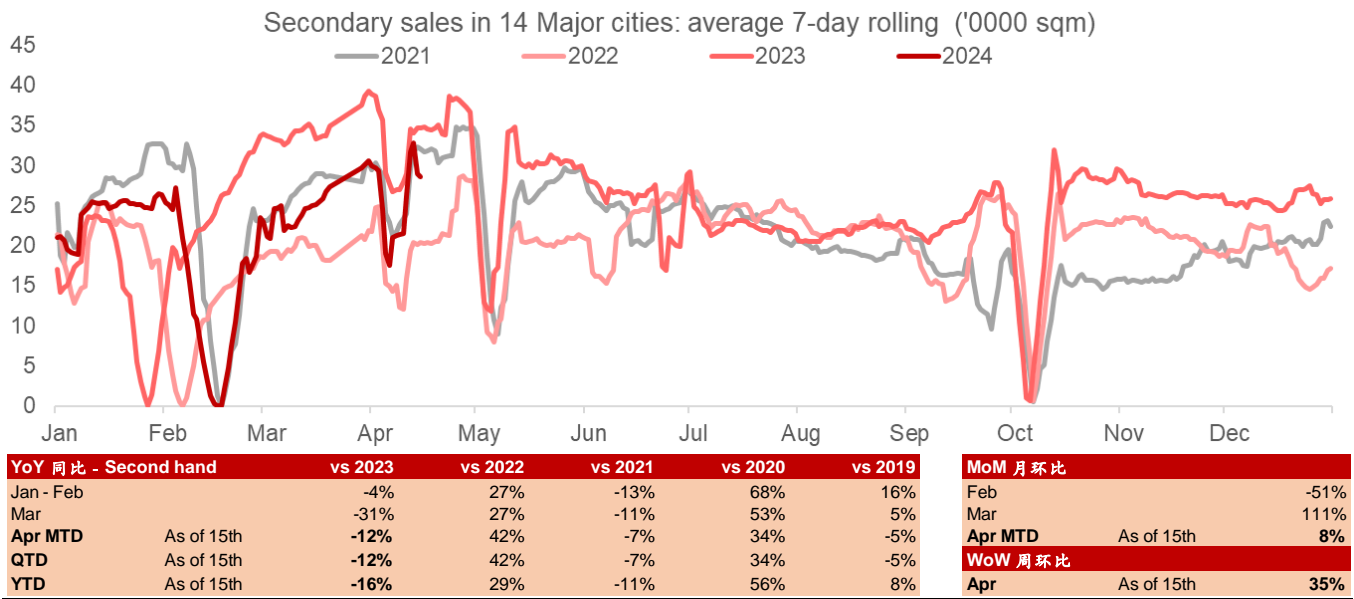
Source: Wind, CMBIGM

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	As of 15th	121%		
Apr MTD	As of 15th	-44%	-21%	-65%	-40%	-52%	Apr MTD	As of 15th	12%	
QTD	As of 15th	-44%	-21%	-65%	-40%	-52%	WoW 周环比	Apr	As of 15th	35%
YTD	As of 15th	-41%	-38%	-58%	-15%	-44%				
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	As of 15th	110%		
Apr MTD	As of 15th	-49%	-36%	-70%	-64%	-68%	Apr MTD	As of 15th	-3%	
QTD	As of 15th	-49%	-36%	-70%	-64%	-68%	WoW 周环比	Apr	As of 15th	74%
YTD	As of 15th	-48%	-37%	-68%	-47%	-65%				

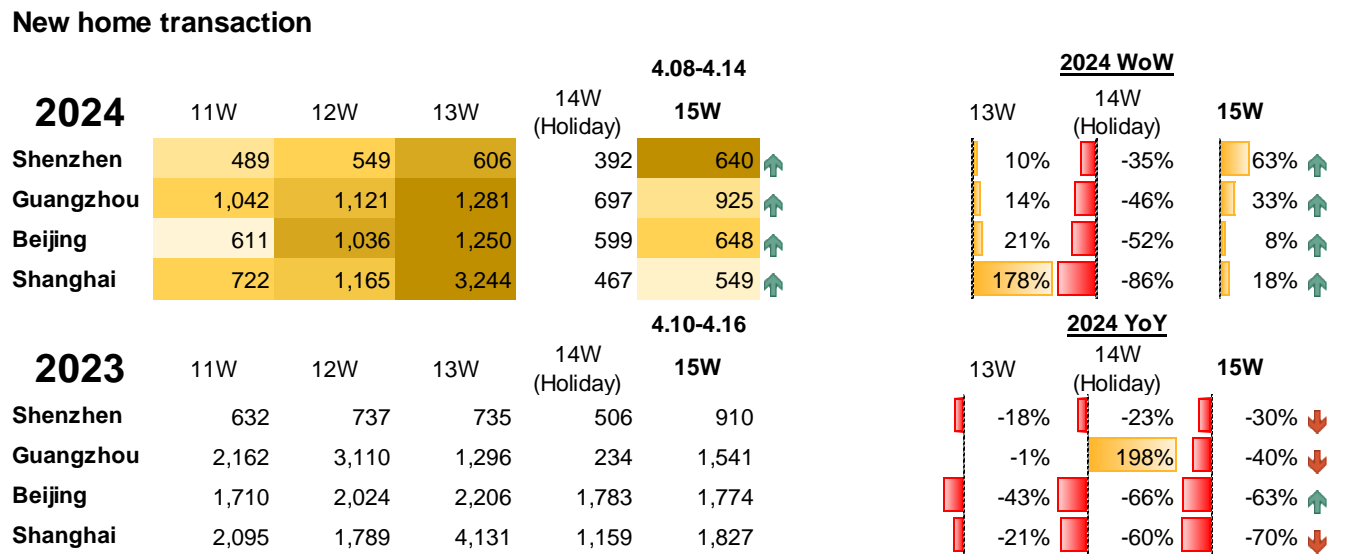
Source: Wind, CMBIGM

Figure 4: YTD secondary sales declined 16% YoY



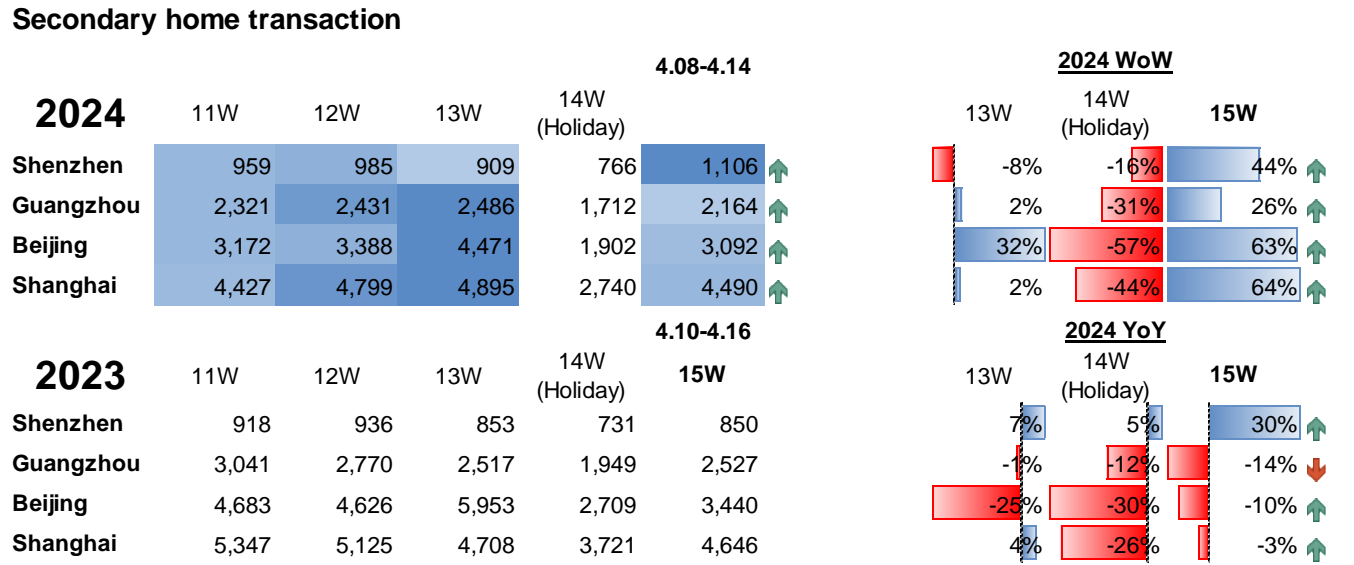
Source: Wind, CMBIGM

Figure 5: Units of new homes sold in tier-1 cities (15W2024)



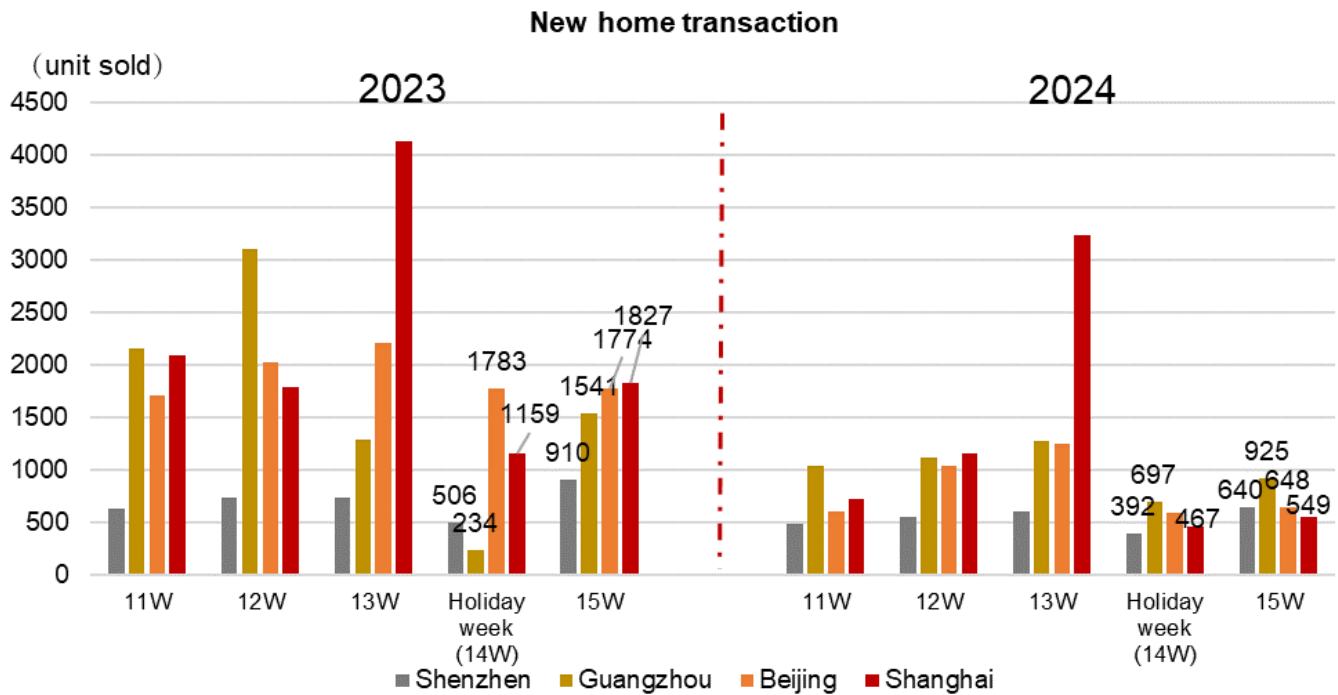
Source: Ministry of Housing and Urban-Rural Development (MOHURD), CMBIGM

Figure 6: Units of secondary homes sold in tier-1 cities (15W2024)



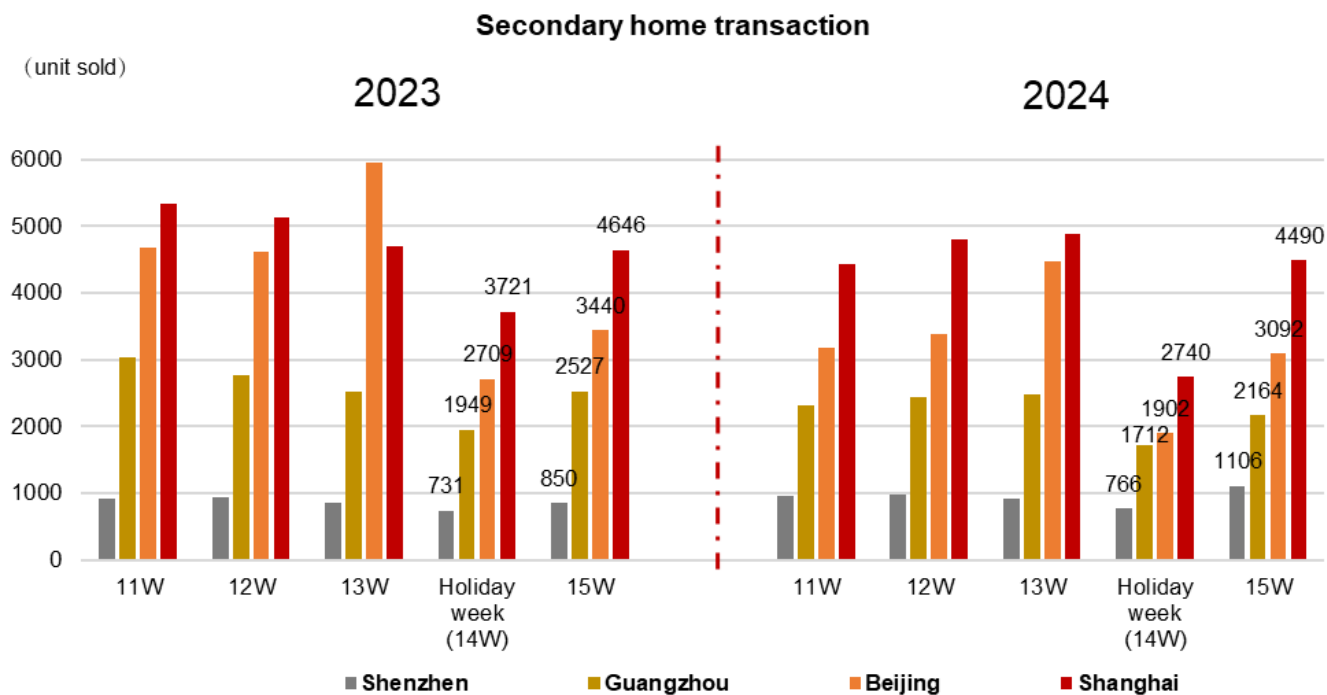
Source: MOHURD, CMBIGM

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



Source: MOHURD, CMBIGM

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



Source: MOHURD, CMBIGM

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