

Property

Weekly highlight: Strong WoW recovery at Mar end, policy relaxation continued

Vanke's H/A shares shed 13%/5% yesterday as another wave of negative news flooded the market. The company explained the financing challenge it currently faces during the analyst briefing and we believe the openness should help it gain more assistance. Demand-side relaxation continued with BJ and SZ taking small moves while the practical impact might be limited. [High-frequency data](#) showed a strong WoW recovery in new home market at the month end while the YoY decline remained deep at -47%. Our [transaction watch in 4 tier-1 cities](#) showed a similar trend with SH/BJ's units of new homes sold surging 178%/21% WoW and BJ's units of second-hand homes sold up 32% WoW in the 6th week post CNY. 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) Vanke's** H/A shares fell by 13%/5% yesterday as the market was buzzing with rumours about the company's tax and illegal operation issues coming from a letter of project-level collaborator. The authenticity of the information cannot be confirmed now but the company once responded that this collaborator has been attempting to pursue its interest through abnormal approaches (like spreading rumours) several times. Last Friday, Vanke introduced detailed information about the financing challenges it currently faces during the earnings call, and **we believe that** an open attitude should help the company to gain more assistance. Currently, the market believes "no good news is bad news," which is likely to keep putting pressure on share prices. **2) Policy relaxation** continues with tier-1 cities taking small steps to remove purchase restrictions. [Shenzhen](#) has officially withdrawn the policy known as "7090" which requires the proportion of housing units with GFA < 90 sq.m to account for over 70% of total GFA for newly started projects. [Beijing](#) cancelled the 3-year purchase ban on divorced individuals. Other cities like [Changshu](#), [Nanchang](#), [Huzhou](#), [Harbin](#), [Qingdao](#), and [Fuzhou](#) have also implemented policies to encourage home purchases. **Our view:** Moves in tier-1 cities bear significance as positive signals; the actual demand marginally generated may not have significant impact on current sales momentum. According to the latest [developers' sales released by CRIC](#), sales in Mar increased 125% MoM while the YoY decline was still at -42%; the 1Q24 YoY decline was at -47% (vs. -52% in 2M24). The still weak recovery momentum may lead to more policy relaxation, especially in tier-1 cities, in our view.

■ **Property sales – strong WoW recovery at the month end.** As of 31 Mar, [new home sales in 30 major cities](#) went up 57% WoW and narrowed the decline in Mar to -47% YoY from -54% a week before, mainly driven by better performance in [Tier-1&2 cities](#) with a surge of 60% WoW. 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](#) increased 6% WoW with the decline in Mar at -31% YoY; YTD decline was at -17% YoY.

■ **Transaction watch in tier-1 cities.** During the 6th week post CNY (25-31 Mar), [units of new homes sold](#) in SZ, GZ, BJ and SH continued its strong recovery momentum by surging 10%, 14%, 21% and 178% WoW respectively. SH & BJ's recovery level improved to 273% and 112%, leading the tier-1 cities. Recovery level for SZ and GZ slightly went up to 88% and 91%. [Units of secondary homes sold](#) in SZ, GZ, BJ and SH changed by -8%, 2%, 32% and 2% WoW, BJ's recovery level improved to 97% from 70% in the previous week. In summary, BJ & SH performed strongly in both new home and secondary market in the 6th week post-CNY.

OUTPERFORM
(Maintain)

China Property Sector

Miao ZHANG

(852) 3761 8910

zhangmiao@cmbi.com.hk

Nika MA

(852) 3900 0805

nikama@cmbi.com.hk

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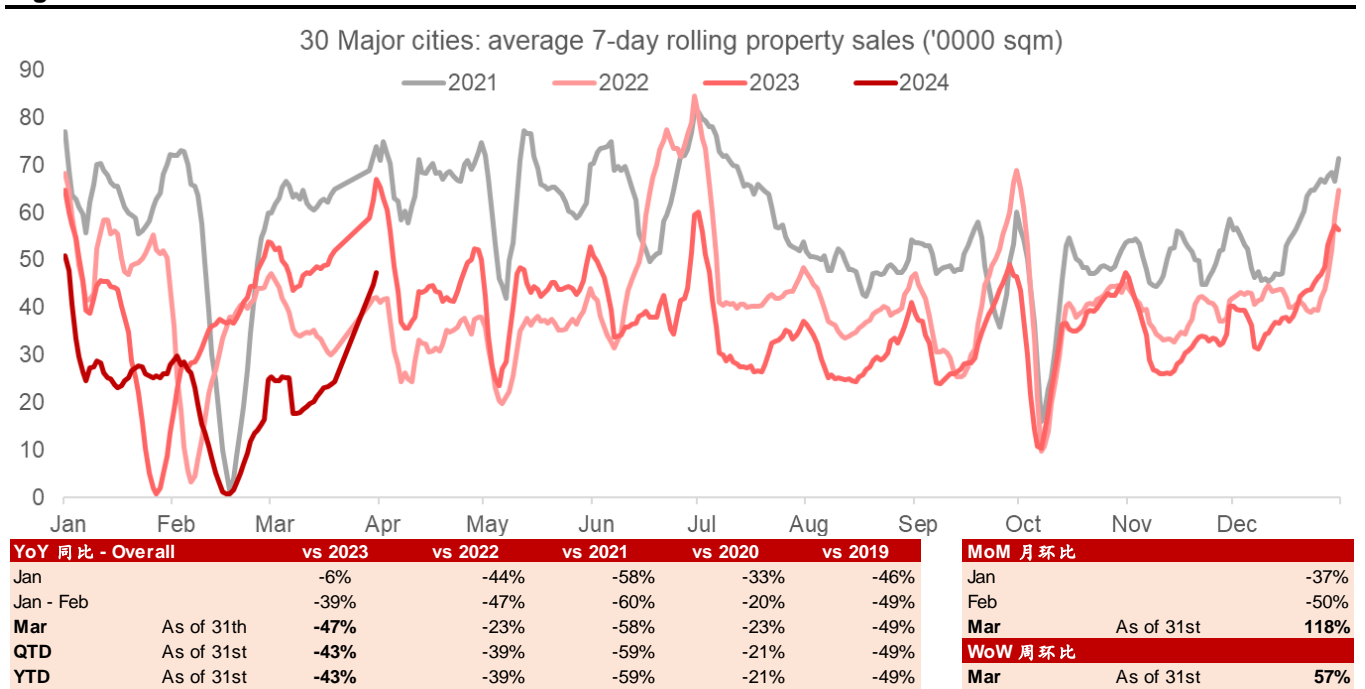
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Figure 1: Developers' contract sales – Mar 2024

Sales (RMB bn)	Mar-24	YoY	MoM	Feb-24	YoY	1Q24	YoY	2023 Sales	YoY
COLI*	41.2	-4%	385%	8.5	-69%	60.2	-28%	309.8	5%
Greentown China	22.5	-15%	221%	7.0	-56%	37.2	-32%	194.3	-9%
CR Land	30.1	-22%	228%	9.2	-62%	50.7	-36%	307.02	2%
Shimao	3.9	-37%	75%	2.2	-46%	8.3	-44%	42.8	-50%
Binjiang	10.2	-42%	77%	5.8	-48%	26.3	-35%	153.5	0%
Vanke	24.5	-43%	75%	14.0	-53%	58.0	-43%	376.1	-10%
CM Shekou	19.0	-44%	110%	9.0	-60%	40.2	-44%	293.6	0%
Poly	27.0	-46%	73%	15.6	-54%	62.9	-45%	422.2	-8%
Yuexiu	11.3	-47%	196%	3.8	-72%	21.7	-50%	142.0	14%
Seazen	4.2	-47%	4%	4.0	-49%	11.9	-45%	76.0	-35%
CIFI	4.2	-49%	88%	2.2	-71%	10.2	-52%	70.0	-44%
Longfor	11.0	-51%	90%	5.8	-67%	23.7	-53%	173.49	-14%
Sunac China	3.4	-69%	25%	2.7	-75%	9.9	-66%	84.77	-50%
Gemdale	6.1	-70%	20%	5.1	-66%	16.7	-62%	153.6	-31%
Sino-Ocean	2.1	-74%	156%	0.8	-84%	4.1	-75%	50.5	-50%
China SCE	1.0	-78%	23%	0.8	-78%	2.7	-77%	27.8	-53%
Country Garden (attri)	4.5	-82%	21%	3.7	-85%	13.7	-81%	174.3	-51%
Average	226.2	-42%	125%	100.4	-64%	458.4	-47%	3,051.8	-21%

Source: CRIC, company data, CMBIGM

Figure 2: 1Q24 new home sales declined 43% YoY



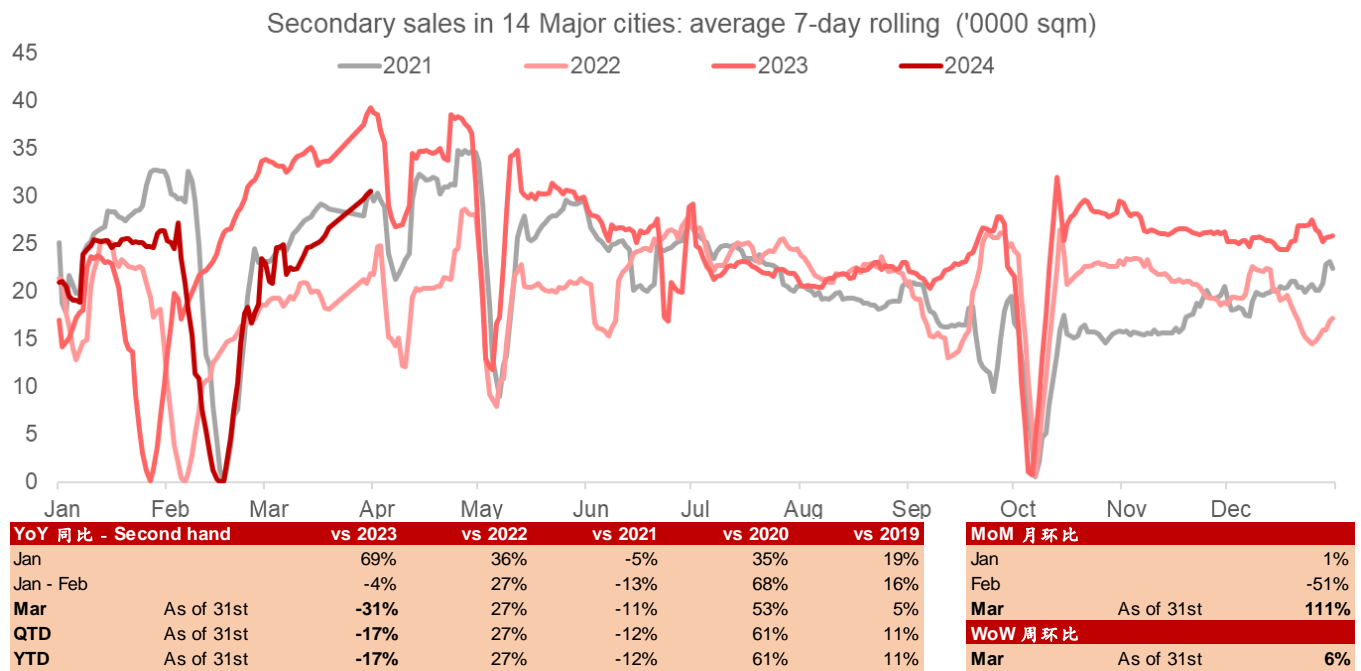
Source: Wind, CMBIGM

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	-4%	-44%	-52%	-25%	-37%	Jan	-36%		
Jan - Feb	-37%	-49%	-56%	-11%	-42%	Feb	-52%		
Mar	As of 31st	-45%	-22%	-57%	-6%	-43%	Mar	As of 31st	121%
QTD	As of 31st	-41%	-40%	-57%	-9%	-43%	WoW 周环比		
YTD	As of 31st	-41%	-40%	-57%	-9%	-43%	Mar	As of 31st	60%
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	As of 31st	-53%	-28%	-62%	-47%	-63%	Mar	As of 31st	110%
QTD	As of 31st	-48%	-37%	-67%	-43%	-64%	WoW 周环比		
YTD	As of 31st	-48%	-37%	-67%	-43%	-64%	Mar	As of 31st	46%

Source: Wind, CMBIGM

Figure 4: 1Q24 secondary sales declined 17% YoY



Source: Wind, CMBIGM

Figure 5: Units of new homes sold in tier-1 cities – recovery level

New home transaction (as of 2024.03.31)							as % of last year			
2024	1st week	2nd week	3rd week	4th week	5th week	3.25-3.31	3rd week	4th week	5th week	6th week
	post-CNY	post-CNY	post-CNY	post-CNY	post-CNY	post-CNY				
Shenzhen	231	343	432	489	549	606	90%	84%	81%	88%
Guangzhou	712	1,120	1,043	1,042	1,121	1,281	86%	64%	59%	91%
Beijing	476	535	435	611	1,036	1,250	27%	64%	97%	112%
Shanghai	390	740	385	722	1,165	3,244	42%	79%	73%	273%
2023	1st week	2nd week	3rd week	4th week	5th week	3.06-3.12	6th week			
	post-CNY	post-CNY	post-CNY	post-CNY	post-CNY	post-CNY				
Shenzhen	471	517	482	583	677	688				
Guangzhou	817	970	1,218	1,616	1,915	1,405				
Beijing	n.a.	1,326	1,600	956	1,069	1,113				
Shanghai	812	1,654	917	912	1,590	1,188				

Source: Local MOHURD, CMBIGM

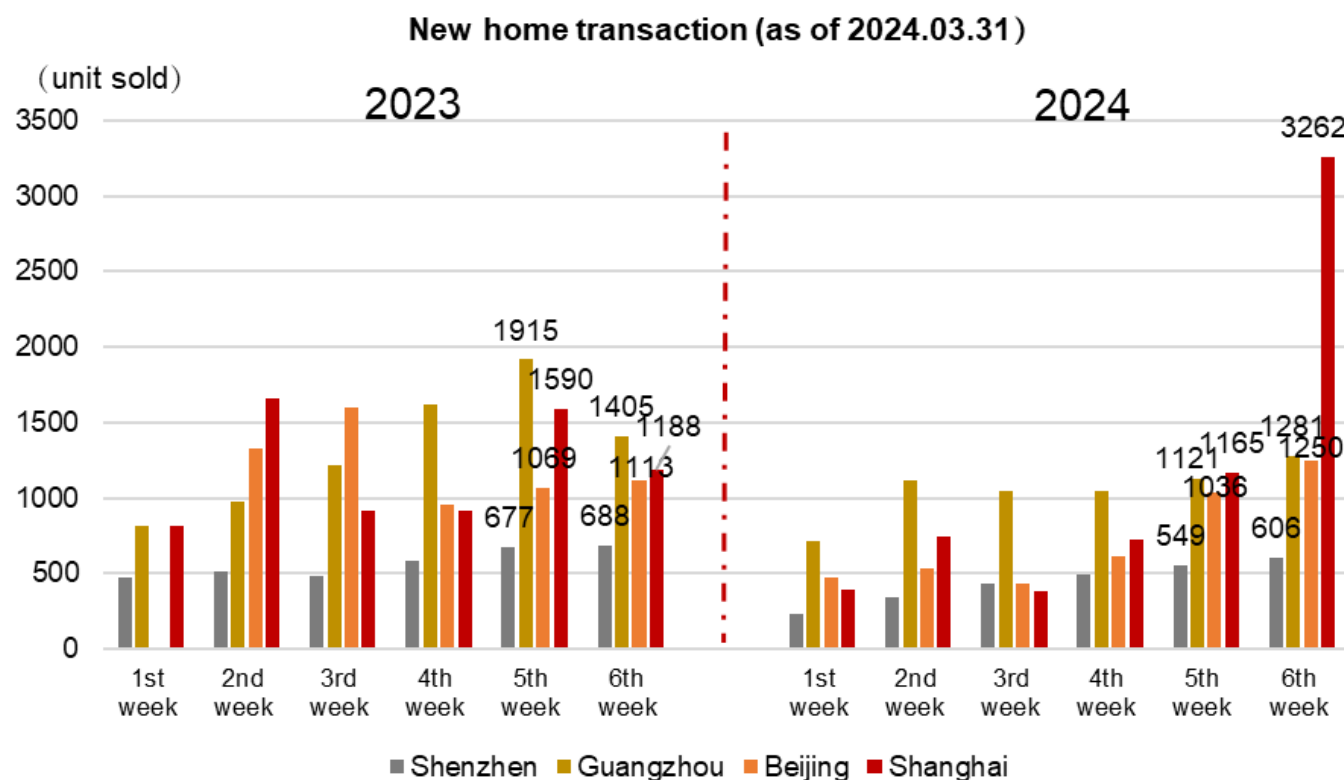
Figure 6: Units of secondary homes sold in tier-1 cities – recovery level

Secondary home transaction (as of 2024.03.31)							as % of last year			
2024	3.25-3.31						3rd week post-CNY	4th week post-CNY	5th week post-CNY	6th week post-CNY
	1st week post-CNY	2nd week post-CNY	3rd week post-CNY	4th week post-CNY	5th week post-CNY	6th week post-CNY				
Shenzhen	666	893	881	959	985	909 ↓	134%	127%	123%	108% ↓
Guangzhou	1,489	2,086	2,252	2,321	2,431	2,486 ↑	75%	70%	70%	78% ↑
Beijing	1,375	2,349	2,740	3,172	3,388	4,471 ↑	73%	72%	70%	97% ↑
Shanghai	3,008	3,834	4,309	4,377	4,799	4,895 ↑	90%	72%	85%	86% ↑

2023	3.06-3.12					
	1st week post-CNY	2nd week post-CNY	3rd week post-CNY	4th week post-CNY	5th week post-CNY	6th week post-CNY
Shenzhen	426	557	657	753	799	838
Guangzhou	1,578	2,565	3,013	3,301	3,465	3,196
Beijing	n.a.	3,190	3,761	4,381	4,818	4,606
Shanghai	3,133	4,030	4,793	6,116	5,633	5,686

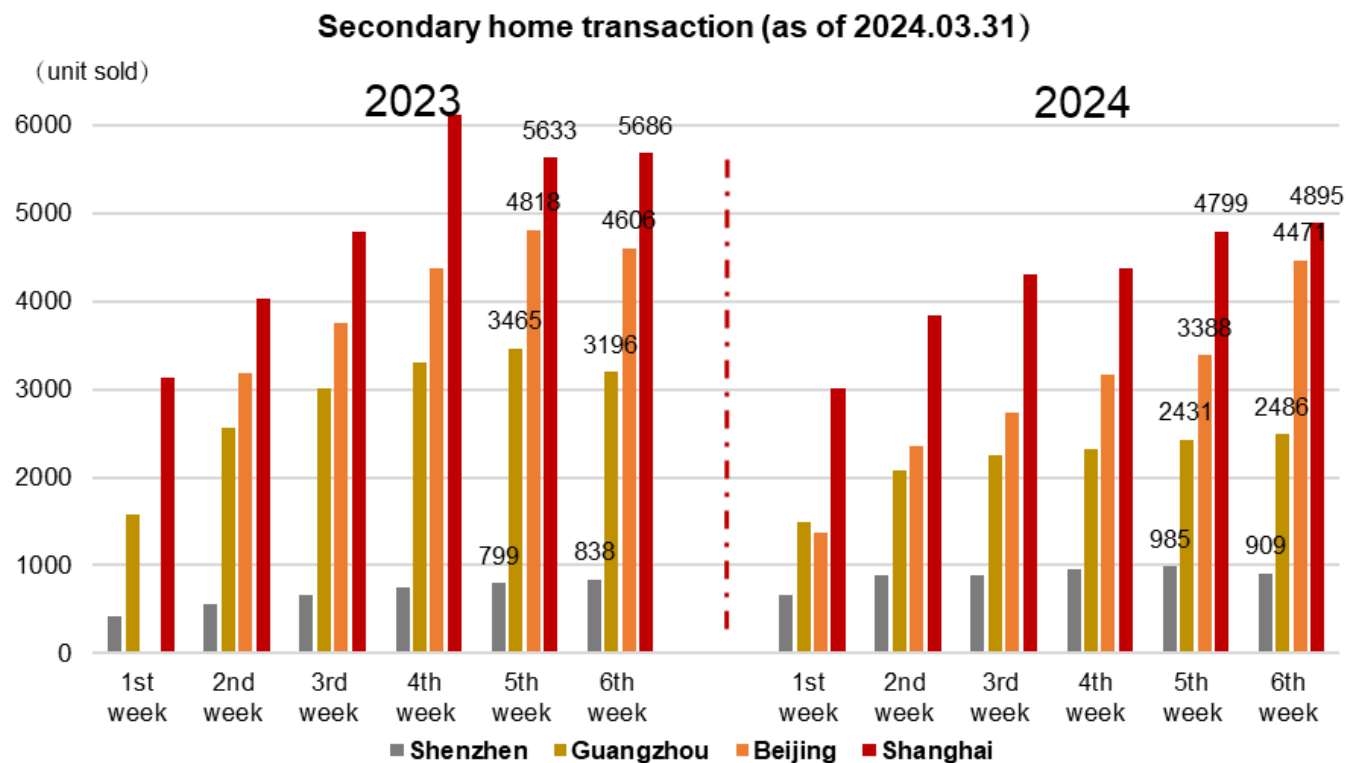
Source: Local MOHURD, CMBIGM

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



Source: Local MOHURD, CMBIGM

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



Source: Local MOHURD, CMBIGM

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CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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