

China Strategy

Halfway into the year: Observations of consumption trends from DBF holiday

- **Economy continued its moderate recovery.** Retail sales picked up during the Dragon Boat Festival holiday (DBF) thanks to appliance upgrading program and e-commerce promotion activity. Rising volume of domestic freight transport as well as surging port throughput figures indicated enhancing economic activities domestically and progressing export activities externally. Housing sales also rebounded during DBF after recent policy stimulus. We expect China economy to extend its moderate recovery trend due to narrowing declines of the property market, strengthening exports and gradually alleviating deflationary pressures.
- **Healthy domestic and outbound travel continues on recovery trend, local services demand boosted by holiday.** Domestic travel remained healthy albeit on a high base, and outbound travel remains on a recovery trend. With the online promotions for 618 e-commerce shopping festival, we expect online penetration continues to rise. We maintain BUY rating on TCOM on its on-track recovery of outbound travel business aided by strong supply chain capabilities, and international expansion potential. We also positive on Meituan's 2024E net profit growth prospects, given its likely better unit economics (UE) outlook for on-demand delivery business, as well as potentially greater loss reduction from Meituan Select.
- **Both traffic and spending were weak but home appliances and apparel outperformed.** Overall, we think the consumption trend during this DBF holiday is slightly weaker than expected, despite some outperformance from sectors like home appliances and apparel. Tourism volume and spending managed to increase by 6%/ 8% YoY during the holidays, but this was a slowdown from the 8%/ 13% YoY in Labor Day (LD) golden week holidays, and the recovery rate, by our estimates, should have weakened as well. On top of that, the purchasing power should still be under pressure, reflected by the drops in air ticket prices/ hotel/ RevPAR and movie box office, etc. In terms of sub-sectors, we are delighted to see a strong beat from home appliances, supported by the "old for new" subsidies and relaxation of property market's cooling measures. Apparel sector growth was also impressive, thanks to resilient offline sales and robust growth from the Douyin platform. Sportswear was inline as sales were stable (strong online offsetting weak offline) while the discounts are still improving YoY. Hotel and catering were a slight miss, with the SSS and hotel RevPAR falling, likely a result of price war and over-supply. We prefer Haier (6690 HK, BUY), Vesync (2148 HK, BUY), JNBY (3306 HK, BUY), Bosideng (3998 HK, BUY), Anta (2020 HK, BUY), Xtep (1368 HK, BUY), DPC (1405 HK, BUY) and CDC (341 HK, BUY).
- **Weak Baijiu + strong beer sales driven by online channels; outdoor activities boosted sunscreen sales.** 1) Baijiu: the extended and more aggressive 618 online promotion continued to divert sales from offline channels. Baijiu consumption recovery has been slower than we expected since CNY; 2) Beer: premiumization trends continue. We expect mid-to-high-end products' growth to persist into the summer season. In cosmetics, favorable outdoor travel trends boosted sunscreen sales, while the extended 618 promotion and DBF's "national pride" consumption trends have benefited leading Chinese cosmetics brands. Outbound tourism continues to divert visitors, slowing duty-free sales growth. Hence we prefer

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Proya (603605 CH), and Kweichow Moutai (600519 CH) as we expect sales growth rates to improve in 2H24.

- **Property sales showed pleasing recovery; expect the trend to continue.** In the first two days of the DBF holiday, the secondary property market showed decent recovery signs with daily transaction volume in 17-cities up 11% YoY mainly due to price declines. While the primary market declined 37% YoY in major 30 cities, it was better than YTD decline of 41% as favorable policy is showing its effects. In new home market, tier-3 cities performed better than tier-1&2 cities. New home sales in Shenzhen/Guangzhou stood out (+36%/22% YoY) due to stronger policy relaxation and SZ had a low base. Compared to Qing Ming Festival holiday, both primary and secondary markets have booked solid growth, with avg. daily transaction rising by 78% and 42% respectively. With a benign property market policy outlook, we expect to see stabilizing sales trend in new homes and gradual recovery in secondary markets. In this perspective, we recommend asset-light companies benefiting 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.

Figure 1: Holiday Consumption Statistics

		2023 CNY	2023 LD	2023 DBF	2023 ND	2024 CNY	2024 LD	2024 DBF
Domestic tourist flow	Million persons	308	274	106	826	474	295	110
Domestic tourism revenue	Rmb bn	376	148	37	753	633	167	40
Per capita expense	Rmb	1220	540	349	912	1335	566	367
Domestic tourist flow	YoY,%					53.9	7.7	3.8
Domestic tourism revenue	YoY,%					68.4	12.8	9.1
Per capita expense	YoY,%					9.5	4.8	5.1
Inbound & Outbound passenger flow per day	10K, persons	41	125	132	148	169	169	175
Inbound & Outbound passenger flow per day	YoY,%					311.1	35.1	32.5

Source: Xinhua News, CMBIGM estimates

Note: CNY-Chinese New Year holiday, LD-Labor Day holiday, DBF-Dragon Boat Festival holiday, ND-National Day holiday.

Macro Economy

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■ Consumption maintained moderate growth during the holiday

Retail sales picked up during the holiday in most reporting cities thanks to the home appliance upgrading program and e-commerce promotion activity. Beijing reported a YoY growth of 8.7% for total retail sales in monitored stores, supermarkets, restaurants and e-commerce companies, while Chongqing said its catering revenue and service consumption respectively rose 3.4% and 5.7% during the holiday.

Domestic tourism activity modestly grew as China's college entrance exam during the holiday was a drag. Inbound tourism rebounded strongly as China took great effort to attract foreign visitors this year. Compared to last year, the number of tourists grew 6.3% while the total tourism revenue increased 8.1% during the holiday. Meanwhile, however, average airfare price dropped 20% as most tourists travelled by train or car for a short journey.

Looking forward, we expect consumption may gradually improve in the next several quarters. Staple sales may rebound as the de-stocking cycle ends. Home appliance & telecom equipment is expected to pick up this year after continued declines in the past two years. Catering, tobacco & alcohol and recreational goods should recover better than other items as more people take a Carpe-diem attitude towards life after the pandemic.

■ Housing sales rebounded after the recent policy stimulus

Chinese policymakers have pivoted towards more aggressive stimulus to defy housing market slump recently. The PBOC has lowered down-payment ratio and removed interest rate floor for mortgage loans, while large cities have abolished home purchase restrictions. Local governments have been encouraged to use their sponsored entities to purchase completed yet unsold commercial projects from developers to relieve the excessive supply.

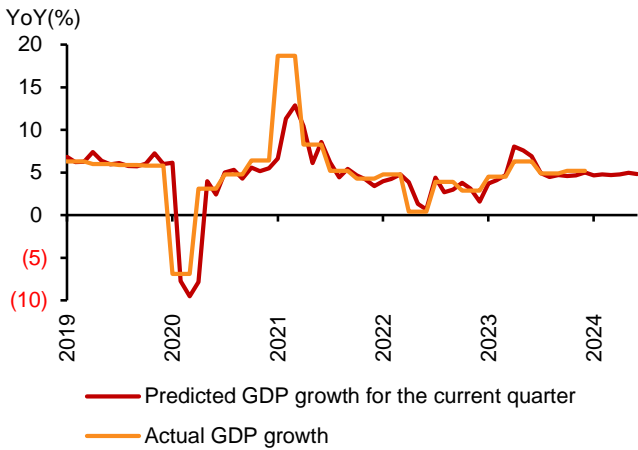
Housing sales have noticeably rebounded as the latest policy loosening has started to take effect. Many cities reported an increase of home sales during the DBF holiday. However, housing price may have additional downside room in next few quarters as housing supply remained excessive with high inventory.

■ Consumer deflation persisted while commodity price continued to rebound

Consumer deflation pressure persisted as prices in agricultural products, high-end Chinese liquor, air transport and hotel service declined. Deflation expectations brought downward pressure on long-term treasury yields, which remained low after the PBOC's warning in April. However, prices of some commodities like copper and coal continued to rebound.

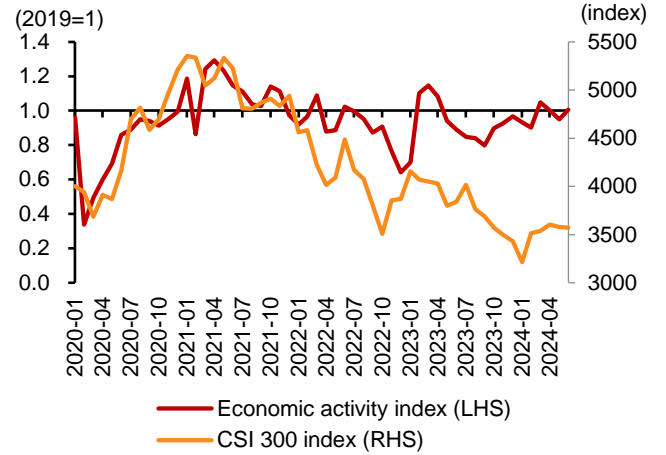
Deflation hurts corporate earnings as value stocks generally outperform growth stocks and high-dividend-yield stocks do much better than consumer stocks. Looking forward, the PPI is expected to gradually shrink its YoY declines from 2Q24 while the CPI may mildly pick up in 2H24.

Figure 2: GDP Growth Predicted by AI



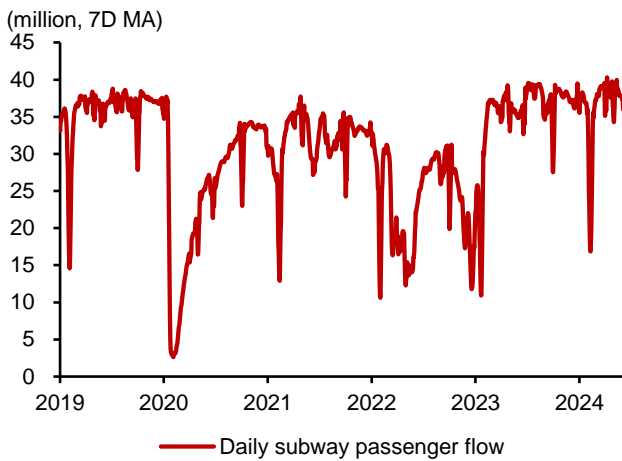
Source: Wind, CMBIGM estimates

Figure 3: Economic Activity & A-Share Index



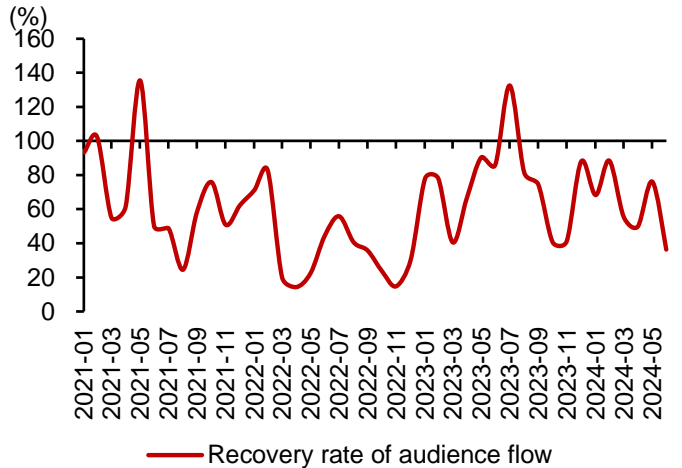
Source: Wind, CMBIGM estimates

Figure 4: Subway Passenger Flow in Tier-1 Cities



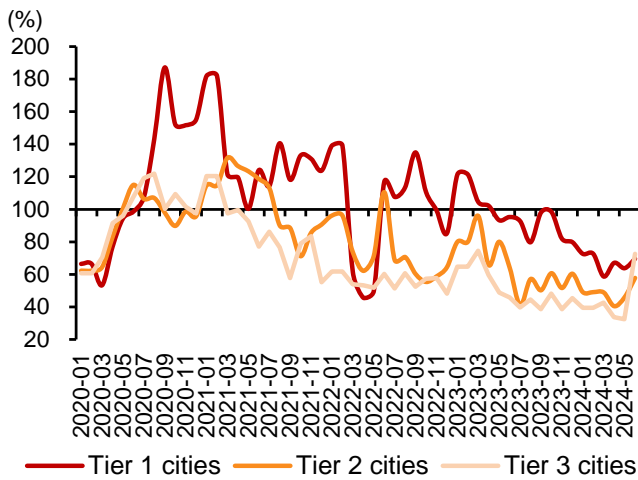
Source: Wind, CMBIGM estimates

Figure 5: Audience Flow as % of 2019 Level



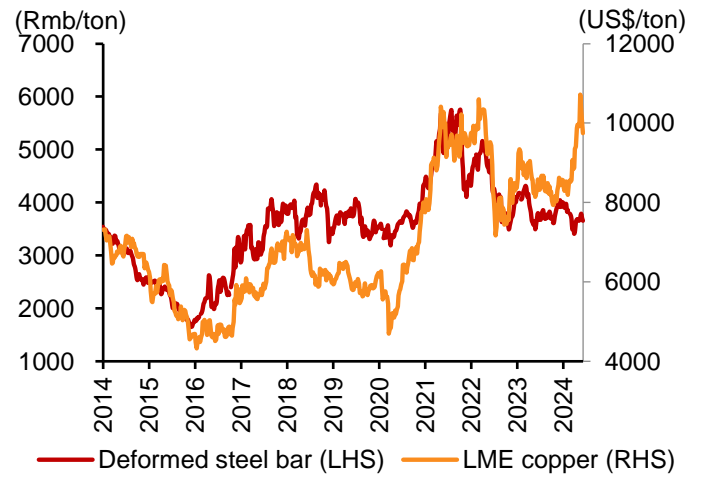
Source: Wind, CMBIGM estimates

Figure 6: New Home Sales as % of 2019 Level



Source: Wind, CMBIGM estimates

Figure 7: Metal Price



Source: Wind, CMBIGM estimates

Internet

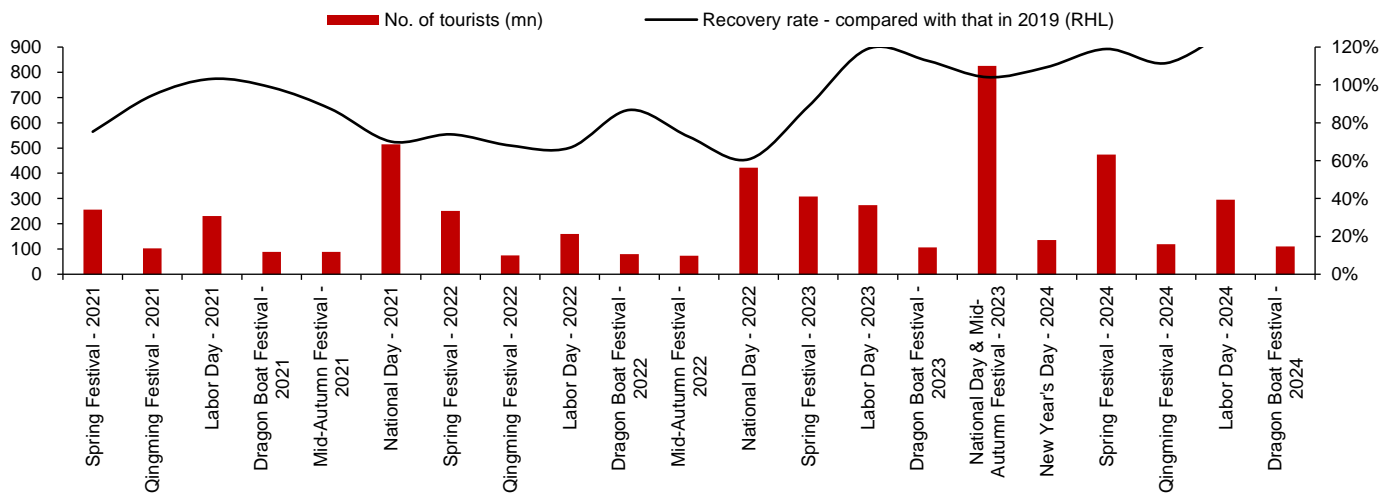
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Overall DBF holiday travel data suggested that domestic travel demand remained healthy although with a high base, and the recovery of outbound travel remained on track, in our view. We maintain our BUY rating on TCOM on its on-track recovery of outbound travel business aided by strong supply chain capabilities, as well as international expansion potential. We also have a BUY rating on Meituan, as we are more positive on Meituan’s 2024E net profit growth prospects, given its likely better unit economics (UE) outlook for on-demand delivery business with the optimization of subsidies and increase in monetization from advertising business, as well as potentially greater loss reduction from Meituan Select.

■ **Overall domestic travel demand remained healthy although with a high base**

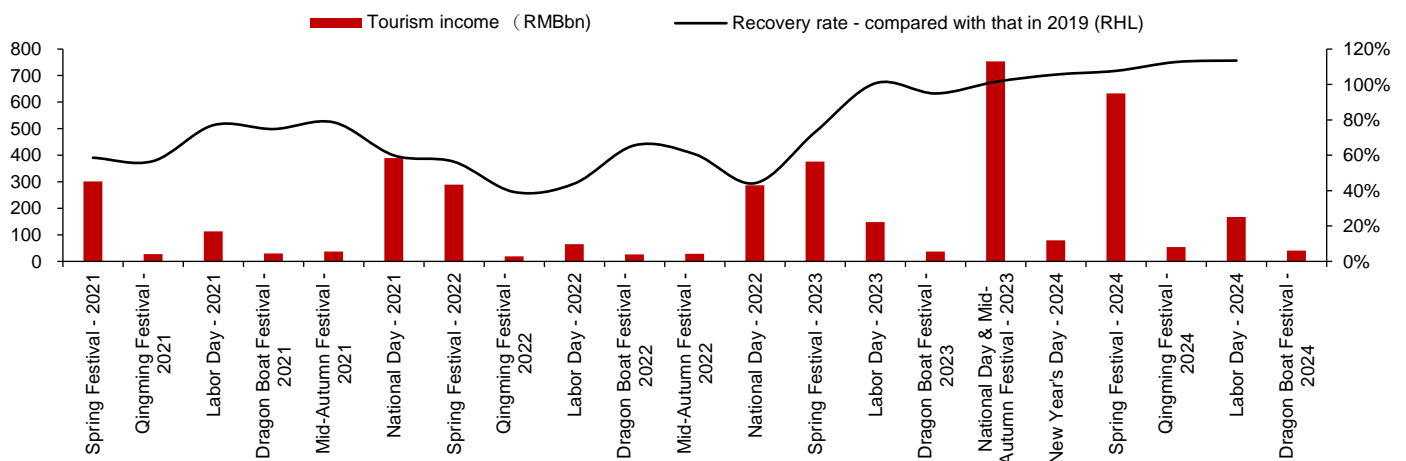
Per data published (10 Jun) by the Ministry of Culture and Tourism of China (MCT), the total number of tourists over the 2024 DBF holiday (8-10 Jun) reached 110mn, up 6.3% YoY (2019 DBF: 95.978mn with 7.7% YoY growth; 2019-2024 CAGR: 2.8%), and total tourism income during the DBF holiday period reached RMB40.35bn, up 8.1% YoY (2019 DBF: RMB39.33bn with 8.6% YoY growth; 2019-2024 CAGR: 0.5%). The implied average revenue per tourist (ARPU) during the holiday was RMB367, up 2% YoY. The calculated ARPU was c.10% lower than that of 2019, which in our view was due partly to the more cautious willingness to consume. With a high base, overall travel demand remained healthy for this year’s DBF holiday, in our view. Also, per Fliggy data published on 10 Jun, during the holiday, both the number of bookings and ARPU on its platform saw an increase YoY.

Figure 8: No. of tourists over holiday period



Source: MCT, CMBIGM

Figure 9: Travel income over holiday period



Source: MCT, CMBIGM

Recovery of outbound travel remains on track

Overall DBF holiday data suggested that recovery of international flights is on-track, and that consumers' outbound travel demand remains strong, in our view.

On the supply side, according to Umetrip's forecast data published on 23 May, the number of international flights could surpass 4,800 during this year's DBF holiday, up 72% YoY and could recover to c. 75% of the 2019 level, improved from c.70% in 1Q24, which is in line with our expectation on the pace of recovery, and we expect overall recovery rate to reach c. 80% in 2Q24. On the demand side, the number of booking volume for international flights reached 410,000 for this year's DBF holiday, up c. 80% YoY. Data from Qunar also showed a solid recovery trend for outbound travel: the number of bookings for international flights on its platform increased by 60% YoY, and the number of bookings for international hotels with an actual stay increased by 50% YoY during the holiday period as of 10 June.

However, regarding flight ticket price, Qunar noted an average decline of 20% YoY during the holiday period for international flight ticket prices driven by the normalization for international flight supply. Regarding the implications on our covered OTA platforms, GTV of international flight ticketing business should maintain a solid YoY growth trend in 2-3Q24, in our view, driven by strong volume growth, but will be partly offset by the normalization of

ticket price. For international hotel bookings, we expect the robust volume growth to drive GTV and revenue growth in 2-3Q24.

■ **Meituan saw healthy growth for online GTV of local life services**

Per Meituan, daily average online GTV of local life services during the holiday period increased by 69% compared to that in 2019, indicating a 2019-2024 CAGR of 11%, and Guangdong, Jiangsu, Zhejiang ranked the top three provinces in terms of total spending.

■ **Reiterate BUY on TCOM and Meituan**

Trip.com Group (TCOM US; BUY; TP: US\$65.8): Overall DBF holiday travel data suggested that domestic travel demand remained healthy although with a high base, and the recovery of outbound travel remained on track. Given its strong supply chain capabilities, we remain positive that Trip.com Group (TCOM) will consistently outpace the industry recovery by 20-30% for outbound travel business, and to achieve full recovery in 3-4Q24. We also suggest investors keep an eye on TCOM's globalization potential. Aided by its one-stop shop business model, strong mobile app experience, superior customer services capability and continuously enhanced supply chain, TCOM is well positioned to tap into the underpenetrated online travel market in other Asia markets, in our view. Our DCF-based TP of US\$65.8 translates into 24/20x 2024/25E PE (non-GAAP).

Meituan (3690 HK; BUY; TP: HK\$157.8): We are more positive on Meituan's 2024E net profit growth prospects, given its likely better unit economics (UE) outlook for on-demand delivery business with the optimization of subsidies and increase in monetization from advertising business, as well as potentially greater loss reduction from Meituan Select. Our DCF-based TP of HK\$157.8 translates into 22.8x 2024E P/E (non-IFRS). Better-than-expected earnings outlook brought by optimization in competitive landscape, as well as better-than-expected loss reduction from Meituan Select will likely serve as catalysts for its stock price.

Consumer Discretionary

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■ **Domestic tourism volume/ spending during this 2024 DBF was still growing, but the rate slowed down from the Labor Day (LD) Holidays.**

Based on data from Ministry of Culture and Tourism, the domestic tourism volume increased by 6% YoY to 110mn, while the tourism spending increased by 8% YoY to RMB40.35bn, slowed down from the 8% and 13% YoY growth during LD golden week holidays. We estimated that the recovery rate (vs the 2019 level) to be at 115% and 103%, both weakening from 128% and 114% in LD golden week holidays. In terms of spending per capita, it was still growing, by 4% to RMB367 and we estimated the recovery rate to be at 90%, lower than the 94% in LD holidays. We believe the purchasing per person is still under pressure, as the macro environment is still fairly subdued and this was reflected by the drop in air ticket prices (CMBI est. about 10% drop) and RevPAR (CMBI est. around 10% to 20% drop) as well as the rather weak movie box office (registered only RMB124mn in the first day of DBF holiday in 2024, which was a roughly 60% YoY fall vs the RMB315mn last year).

■ **Number of cross-regional passengers still climbing, even with the drag of outbound tourism.**

Based on data from Ministry of Transport about the first two days of the 2024 DBF, the average daily passenger increased by 3% YoY and was driven by 6%/ 7%/ 6%/ 8% growth in railway/ road/ boat/ airline. The dilution from outbound tourism remained (the number of international flights and tourists to overseas destinations was still booming, as the CNY continue to be weak vs USD and JPY, due to the interest rate differences).

■ **Home appliances and apparel beat, sportswear in line, while catering and hotel missed, in our view.**

In terms of sub-sectors, we believe the home appliances and apparel should have outperformed and beat our expectation during this holidays, as the former was boosted by various “Old for new/ Trade-in of goods” subsidies and the latter was helped by exceptional growth on the Douyin platform. Sportswear, in our view, was mixed but inline with our expectation, as the weak offline performance was offset by robust online sales. And the catering and tourism (hotel) should have underperformed and are slightly below our expectation, as the fundamentals are weak (SSS and RevPAR were all falling YoY as the price war has continued, also the demand is weakening but the supply is still surging).

■ **Home appliances (Outperform).**

Supported by the various favourable policies (e.g. roll-out of many old for new/ trade-in of goods, removal of property market cooling measures and reduction in downpayment requirement), we believe the home appliances sales have improved since May 2024 and this trend should have continued into Jun 2024 (offline sales decline has likely narrowed while online sales growth should have accelerated). For example, Suning Beijing provided a subsidy up to RMB5,000 per person and recorded a sales growth of more than 150% during this DBF.

Going forward, we do think the brands will leverage these government subsidies and their own marketing campaigns and promotions to further facilitate the home appliances consumption; therefore, we tend to be optimistic about sales growth in 3Q24E. As long as the retail sales data continue to improve, the recent pile-up of channel inventory should not be an issue, and this should ease the currently No.1 concern of investors.

**Currently, we prefer Haier (6690 HK, BUY) and Vesync (2148 HK, BUY).
Other key focuses: Hisense (921 HK, NR), Gree (000651 CH, NR).**

■ **Apparel (Outperform)**

As the high base effect eases in 2Q24E, we believe the sales growth of apparel could accelerate in Jun 2024 (SSSG should still be able to be achieved for the leading brands). Moreover, thanks to exceptional ramp-up of Douyin channel, e-commerce sales have managed to accelerate in 1H24E. This trend and momentum is still strong in Jun 2024, in our view, and therefore apparel has remained as our top-pick sector.

Currently we prefer JNBY (3306 HK, BUY), Bosideng (3998 HK, BUY) and China Lilang (1234 HK, BUY).

■ **Sportswear (Outperform, upgraded from market-perform back in May 2024).**

Offline sales growth was weak in May 2024 (some brands recorded drops in SSS), but online sales continued to be strong (esp. on the Douyin channel). Going forward in Jun 2024, we believe the pressure in the offline channel may persist; however such pressure could be offset by de-stocking online. For example, Nike and Adidas's online sales growth jumped in May 2024 and this may have eased the investors' worry of potential cuts in their FY24E sales growth targets. In terms of retail discounts, the base from 2Q23 was certainly high and the e-commerce environment was rather promotional. However, due to the tight retail discounts on offline stores and ramp-up of better margin sales from Douyin, we are not that worried about overall margins in 2Q24E. All in all, we are still expecting a potential turnaround in 2H24E with better sales growth and margin.

Currently we like Anta (2020 HK, BUY), Xtep (1368 HK, BUY) and Topsports (6110 HK, BUY), and less favor 361 Degrees (1361 HK, BUY) and Li Ning (2331 HK, BUY).

■ **Tourism – Hotel (Market-perform).**

During the 2024 DBF, based on our channel check, the sector RevPAR could have fallen by 10% to 20% YoY (mostly due to drops in room rates while the occupancy rate remained stable), which is more severe than the 5% to 10% drop back in LD golden week holidays. This echoed with the 10% drop in air ticket prices and we attribute this to: 1) weak macro

demand and 2) dilution of outbound tourism. Going forward in 3Q24E, we tend to be cautious and expect the potential jump in hotel supplies (many new hotels signed in 2023 which could be rolled out before this 2024 summer holidays) and this could trigger a potential price war.

Other key focuses: H-World (HTHT US, NR), Jinjiang Hotel (600754 CH, NR), BTG Hotel (600258 CH, NR).

■ Catering (Market-perform).

Based on our channel check, almost all brands have registered SSS declines (except Haidilao, which still has a strong increase in customer traffic) during this 2024 DBF. We have also observed that the ASP is still falling vs last year, likely due to the highly promotional and consumption trade-down environment. Therefore with such a weaker demand and high retail discounts, until we can still see a solid turnaround in overall consumer sentiment and purchasing power, we will stay highly cautious about the sector. Moreover, we are even more concerned about the price war in freshly made beverage sector, as both coffee and tea drinks are suffering big SSS declines and operating deleverage (only very few market leaders can experience SSS growth).

Currently we like DPC Dash (1405 HK, BUY), CDC (341 HK, BUY) and HDL (6862 HK, BUY), less favor Yum China (9987 HK, BUY), JMJ (9922 HK, BUY), Nayuki (2150 HK, BUY) and XBXB (520 HK, BUY).

Consumer Staples

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■ Food and beverage

1) Beer: During 618 shopping festival, beer has seen impressive growth with Tsingtao Beer's sales (from 8 PM on May 31st to 12 AM on June 1st) increase by 50% YoY, surpassing the sales growth of Moutai and Wuliangye at 23% and 20% respectively according to the sales report from JD.com. The significant growth can be attributed to e-commerce being an emerging channel for beer with a relatively lower base. This indicates that beer sales remain robust and continue to be welcomed by younger consumers. With the continued structural upgrade and cost improvement in beer sector, we expect the high base effect to gradually ease and support a recovery in sales volume. The accelerated sell-through at the retail end is expected to be the first to manifest the positive trend, in our view.

2) Baijiu: We noticed that this year's DBF coincided with Father's Day and the college entrance examination period, creating triple incitements that many liquor merchants hoped would boost their sales, while family reunion sentiment was weaker this year as more people seeing the short holiday as an opportunity for rest and travel. Together with the prolonged and more aggressive 618 online promotion continuing to siphon off market share, holiday peak season proved rather lackluster. The end price of Feitian Moutai was at RMB2,460 per bottle on June 10th, down 4.3% MoM and 1% WoW; while price on last year's DBF (June 22nd, 2023) was RMB2,790, which dropped only 0.1% MoM and kept flat WoW. The e-commerce platforms provided greater liquor subsidies than in previous years with Feitian Moutai 500ml on TMall and PDD at RMB2,439 and RMB2,450 per bottle respectively; the eighth-generation Wuliangye Ordinary Grade 5 was priced at RMB858 and RMB855 per bottle, both lower than the prices quoted by private distributors. Although the current fluctuation in Moutai's retail price does not affect the company's ex-factory price of RMB1,169 per bottle, we believe that the deep industry adjustment, the impact of leadership change, and continued pressure in the end market remain investors' key concerns. We maintain BUY on Kweichow Moutai (600519 CH).

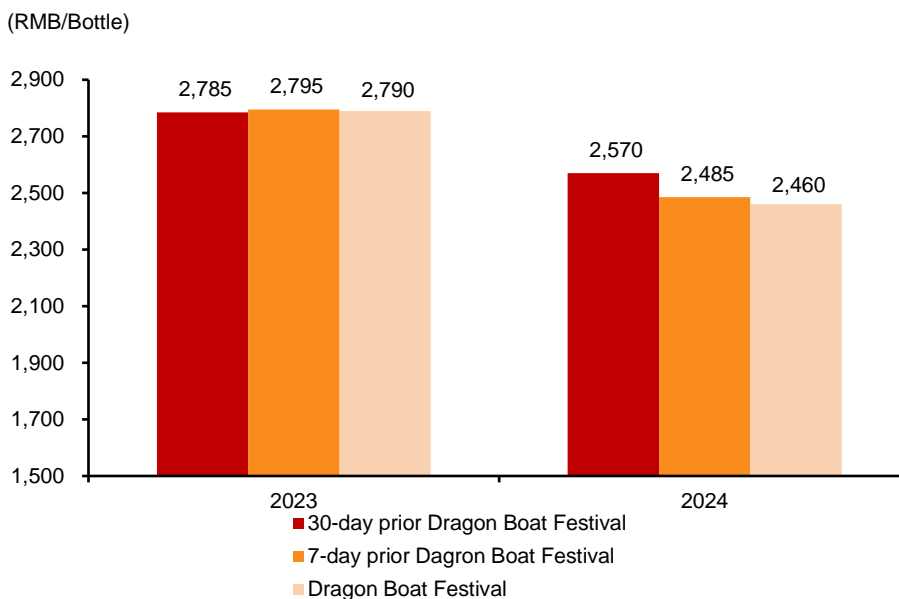
■ **Cosmetics**

The DBF combined with the 618 promotion maintained the consumers' enthusiasm for domestic beauty and skincare products. Two phenomena we would like to highlight are: 1) The promotion period this year on the Tmall platform is 6-day longer than that of last year, which is diluting the overall sentiment and encouraging consumers to make more rational decisions. 2) As the brands' online direct sales channels mature, the role of top-tier live-streamers has changed as the benefits they can provide to consumers have gradually decreased given the brands offer more favorable and customized product portfolios through their own channels. Based on the figures from third-party statistics, we have conducted a rough calculation and found that Autin Li's first livestreaming event (May 20th, 8:00 PM) on Tmall delivered a 34% YoY decline in GMV for domestic products. We believe that extensive top KOL's livestreaming are no longer the first choice for brands' promotional strategies as many brands have built self-operated channels across multiple platforms and these changes are beneficial for brands in our view. Additionally, the DBF's encouragement of outdoor activities drove demand for Proya and Winnona's upgraded sunscreen products. This increased demand for sun protection products could potentially benefit the sales performance of these brands during the 618 Shopping Festival, though the full results have not yet been released. We maintain BUY on Proya (603605 CH).

■ **Duty Free**

Given the relatively short duration of the holiday, the preference for short-distance independent travel continues to strengthen. According to the '2024 DBF Holiday Travel Trend Indicator' released by Fliggy, there has been a significant increase in tourism volume in popular areas of Hainan during the holiday, with Sanya, Haikou, Lingshui, Wanning, and Qionghai emerging as popular destinations. Ctrip's report shows that in the top ten destinations for self-driving tours, Sanya and Haikou are ranked 2nd and 4th, respectively. Major duty-free shops in Hainan have launched joint promotions and distributed coupons to attract visitors. Haikou Meilan Airport has introduced an initiative where passengers can use their boarding passes as cash coupons in the DF stores, allowing for a RMB150 discount per boarding pass. They have also distributed vouchers of varying denominations, with the highest being a RMB2,500 discount on purchases of up to RMB50,000. In terms of travel costs, airlines have announced a reduction in domestic passenger transport fuel surcharges of RMB10-20 per segment, effective June 5th. Despite positive factors mentioned above, the travel heat to Southeast Asia, Japan and South Korea has continued to rise; combined with the fact that Hainan's tourism is in its off-season due to weather conditions, the negative impact on Hainan's tourism consumption expansion is still ongoing.

Figure 10: Feitian Moutai 500ml distributor-end offline retail price



Source: Jinrijiujia, CMBIGM

Property

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In the first two days of the DBF holiday, the secondary market saw a significant recovery with daily transaction volume in 17 cities up 11% YoY, largely outperforming the primary market that delivered -37% YoY in daily transaction volume in major 30 cities. In new home market, tier-3 cities showed stronger performance with the figure growing 2% YoY, largely better than -37% for tier-1&2. Shenzhen and Guangzhou among tier-1 cities stood out with the figure up 36% and 22% YoY respectively. If compared to Qing Ming Festival holiday, both primary and secondary markets booked solid growth, with average daily transaction rising by 78% and 42% respectively. With the supportive policies continuing to be introduced at appropriate junctures, we foresee a continued recovery in the sector's performance on a medium- to long-term basis and advise investors to buy the dip. For stocks, we prefer PM companies like CR MixC, Poly Services, Binjiang Services and Onowo, property agents BEKE, and PJM company Greentown Mgmt. For developers, we recommend CR Land with LT value

■ Primary market

According to high-frequency data, in the first two days of the DBF holiday, the average daily transaction volume of new homes in 30 major cities decreased by 37% compared to the same holiday last year. Surprisingly, the recovery in tier-1&2 cities was weaker, with a decrease of 46%, while tier-3 cities showed strong performance, growing by 2% compared to the DBF last year. Compared to 2019, the overall average daily transaction volume in 30 major cities, in tier-1&2 first cities and in tier-3 cities, decreased by 66%, 57%, and 77% respectively. Compared with the Qingming Festival holiday in 2024, the average daily transaction volume of new homes in 30 major cities increased by 78%, with tier-1&2 cities and tier-3 cities seeing increases of 56% and 159% respectively. Looking at individual cities, Shenzhen and Guangzhou have shown the strongest recovery.

■ Secondary market

The secondary market has largely outperformed the primary market. In the first two days of the holiday, the average daily sales volume in 17 cities increased to 11% and 7% YoY from that during the same holiday in 2023 and 2019 respectively. Among them, Shenzhen and Suzhou saw significant growth of 69% and 201% from the same holiday in 2023. Compared with the Qingming Festival holiday in 2024, the average daily transaction in 17 cities increased by 42%, with Dongguan, Foshan, Beijing, and Shenzhen seeing increases of 390%, 100%, 47%, and 41% respectively.

Figure 11: Daily transaction volume during Dragon Boat Festival ('0000 sqm)

Primary sales	2019	2023	2024*	growth % from 2019	growth % from 2023
30 major cities	36.59	19.79	12.42	-66%	-37%
Tier 1&2 cities	19.81	16.04	8.58	-57%	-46%
Tier 3 cities	16.78	3.76	3.83	-77%	2%
Shenzhen	1.68	0.79	1.07	-36%	36%
Guangzhou	2.21	2.33	2.85	29%	22%
Chengdu	1.04	0.56	0.35	-67%	-37%
Beijing	1.41	1.20	0.69	-51%	-43%
Shanghai	2.23	2.74	1.26	-44%	-54%
Suzhou	1.32	0.84	0.24	-82%	-71%
Hangzhou	1.48	2.36	0.54	-64%	-77%
Secondary sales	2019	2023	2024*	growth % from 2019	growth % from 2023
17 major cities	2.75	2.65	2.95	7%	11%
Suzhou	2.40	1.05	1.78	-26%	69%
Dongguan	0.42	0.49	0.52	23%	6%
Foshan	0.68	1.04	1.37	102%	32%
Beijing	0.35	0.81	0.76	116%	-6%
Shenzhen	n.a.	0.10	0.29	n.a.	201%

Source: Wind, CMBIGM

Figure 12: Daily transaction volume vs. the last holiday ('0000 sqm)

Primary sales	Qing Ming Festival	Dragon boat Festival*	growth %
30 major cities	6.97	12.42	78%
Tier 1&2 cities	5.49	8.58	56%
Tier 3 cities	1.48	3.83	159%
Shenzhen	0.73	1.07	46%
Guangzhou	1.03	2.85	178%
Chengdu	1.11	0.35	-69%
Beijing	0.80	0.69	-14%
Shanghai	1.44	1.26	-13%
Suzhou	0.24	0.24	0%
Hangzhou	n.a.	0.54	n.a.
Secondary sales	Qing Ming Festival	Dragon boat Festival	growth %
17 major cities	2.08	2.95	42%
Suzhou	n.a.	1.78	n.a.
Dongguan	0.11	0.52	390%
Foshan	0.68	1.37	100%
Beijing	0.52	0.76	47%
Shenzhen	0.21	0.29	41%

Source: Wind, CMBIGM

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