

Property

Weekly highlight: Awaiting more positive signs on property sales

Shanghai, Guangzhou and Shenzhen have stepped up their policy relaxation efforts on two dimensions including purchase restrictions and the mortgage loan. By analysing the policy timeline and specifics in four cities, we think Beijing still has room for policy relaxation in both dimensions. We believe that **1)** policy easing may provide a marginal stimulus to property sales as it has indeed unlocked the eligibility of a certain range of potential buyers. **2)** On the sentiment front, a number of homebuyers may believe that the market is nearing its bottom following the continuous policy rollout, thereby accelerating their pace of entering the market. Chengdu and Hangzhou showed improvement on both new home and secondary market since mid-May, and Beijing also saw a positive trend on the secondary market in the past week. **We anticipate** that sales in the coming June may be moderately bolstered by policy stimulus, thereby resulting in better data for 2Q compared to 1Q. Additionally, considering that further supportive policies may continue 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.

- **What is new?** [Shanghai](#) has once again eased its property policy by further loosening the home purchase restrictions to allow non-SH residents with social insurance records of >3 years (originally 5 years) to buy homes. It has also become the first city among tier-1 cities to lower the down payment ratio and mortgage rate. [Guangzhou](#) and [Shenzhen](#) also announced similar measures after the market close yesterday (28 May). We find that the recent policy relaxations are mainly in two directions: 1) easing restrictions to unlock additional home purchasing power, and 2) easing mortgage-related policies. [Figure 1 & 2](#) illustrate the timeline and specifics of the relaxation. In comparison, we think Beijing still has room for policy relaxation in both purchase restriction and mortgage loan-related policies. **We believe that 1)** policy easing may provide a marginal stimulus to property sales as it has indeed unlocked the eligibility of a certain range of potential buyers. **2)** On the sentiment front, a number of homebuyers not only in tier-1 cities but also in low tier cities may believe that the market is nearing its bottom following continuous policy rollouts, thereby accelerating their pace of entering the market.
- **High-frequency data: secondary market showed initial improvement.** As of 27 May, [secondary home sales volume in 17 cities](#) went up 20% WoW and narrowed the QTD decline to -9% YoY vs. -17% YoY in 1Q24 the YTD decline was at -14% YoY. While the new home market is still lukewarm with [new home sales volume in 30 major cities](#) up only 1% WoW. YTD decline was at -41% YoY (-40% in [tier-1&2 cities](#), -45% in tier-3 cities).
- **Chengdu, Hangzhou and Beijing show positive signs on sales.** It is noteworthy that among the cities that have recently implemented easing policies, Chengdu and Hangzhou have shown clear signs of recovery ([Figure 6 & 7](#)) in the sales of both new and second-hand homes since mid-May. Additionally, [Beijing](#)'s secondary market has also exhibited a positive trend over the past week
- **Transaction watch in tier-1 cities (weekly).** During the 21th week of 2024 (20-26 May), [units of new homes sold](#) in SH and SZ exceeded weekly avg. by 5% and 3%. GZ and BJ were below weekly avg. by -9% and -19%. [Units of secondary homes sold](#) in SZ, SH and BJ in 21W surpassing weekly avg. by 15%, 11% and 5%. GZ was 8% lower than weekly avg. Overall, SZ performed strongly in both primary and secondary markets.

OUTPERFORM
(Maintain)

China Property Sector

Miao ZHANG

(852) 3761 8910

zhangmiao@cmbi.com.hk

Bella LI

(852) 3757 6202

Bellali@cmbi.com.hk

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Figure 1: Home purchase restriction easing in tier-1 cities

City	Conditions	Pre-relaxation	Date	1st round of relaxation	Date	2nd round of relaxation
Guangzhou						
GZ residents	Household	Core areas 2 units	Non-core areas** no restriction	≤120 sqm in core areas 2 units	>120 sqm in core areas no restriction	Non-core areas** no restriction
GZ residents	Single	1 unit	no restriction	1 unit	no restriction	no restriction
Non-GZ residents	Household ≥2 years social insurance/tax payment	1 unit	no restriction	1 unit	no restriction	no restriction
Non-GZ residents	Single ≥2 years social insurance/tax payment	1 unit	no restriction	1 unit	no restriction	no restriction
Non-GZ residents	Household ≥6 months social insurance/tax payment	Restricted	Jan 27, 2024 ①	Restricted	May 28, 2024 ⑦	no restriction
Non-GZ residents	Single ≥6 months social insurance/tax payment	Restricted		Restricted		no restriction
Shanghai						
SH residents	Household	2 units in SH		2 units in SH		2 units in SH
SH residents	Single	1 unit in SH		1 unit in SH		1 unit in SH
Non-SH residents	Household ≥5 years social insurance/tax payment	1 unit in SH	Jan 30, 2024 ②	1 unit in SH	May 27, 2024 ⑥	1 unit in SH
Non-SH residents	Single ≥5 years social insurance/tax payment	Restricted		1 unit outside the Outer Ring Road		1 unit outside the Outer Ring Road + 1 unit of 2nd-hand home in SH
Non-SH residents	Household ≥3 years social insurance/tax payment	Restricted		Restricted		1 unit in SH
Non-SH residents	Single ≥3 years social insurance/tax payment	Restricted		Restricted		1 unit outside the Outer Ring Road + 1 unit of 2nd-hand home in SH
Beijing						
BJ residents	Household	2 units in BJ		2 units in BJ + 1 unit outside 5th Ring Road		?
BJ residents	Single	1 unit in BJ	Apr 30, 2024 ③	1 units in BJ + 1 unit outside 5th Ring Road	?	?
Non-BJ residents	≥5 years social insurance/tax payment	1 unit in BJ		1 units in BJ + 1 unit outside 5th Ring Road		?
Shenzhen						
SZ residents	Household (with ≥2 children)	2 units in SZ		2 units in SZ + 1 unit in designated 7 districts*		?
SZ residents	Household (with < 2 children)	2 units in SZ		2 units in SZ		?
SZ residents	Single	1 unit in SZ	May 6, 2024 ④	1 unit in SZ	?	?
Non-SZ residents	≥3 years social insurance/tax payment	1 unit in SZ		1 unit in SZ		?
Non-SZ residents	≥1 years social insurance/tax payment	Restricted		1 unit in designated 7 districts		?

Note: Red text denote the latest policy relaxations, ①-⑦ denote the policy easing order

Note*: Designated 7 districts include Yantian District, Bao'an District (excl. Xixiang Street), Longgang District, Longhua District, Pingshan District, Guangming District, Dapeng New District

Note**: non core areas in GZ include Huadu, Zengcheng, Conghua, Huangpu, Fanyu, Part of Baiyun Districts

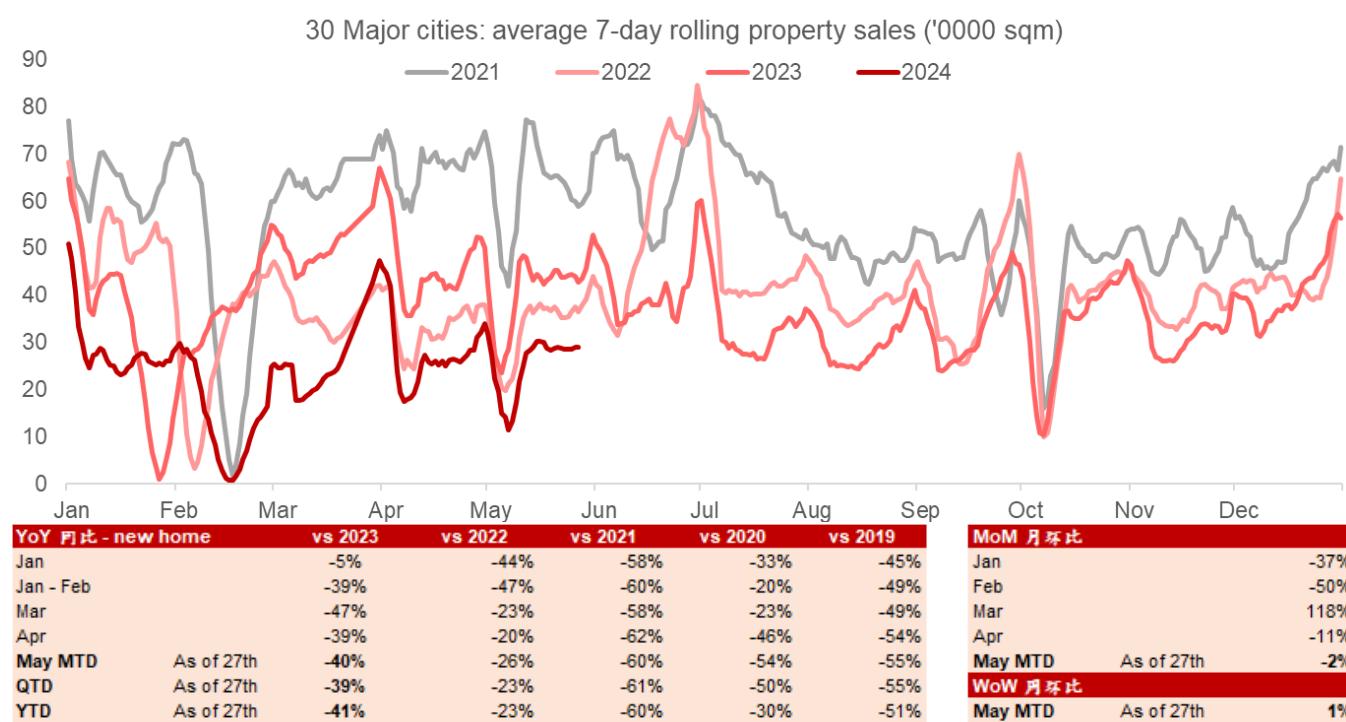
Source: Local MOHURD, CMBIGM

Figure 2: Mortgage loan related policies in tier-1 cities

	Pre-relaxation		Date	Post-relaxation	
	1st home	2nd home		1st home	2nd home
Guangzhou					
Down payment ratio	30%	40%	May 28, 2024 7	15%	25%
Mortgage rate	3.85% (LPR-10bp)	4.25% (LPR+30bps)		no lower limit 3.4% in actual	no lower limit 3.8% in actual
CPF interest rate (>5 yrs)	3.10%	3.575%	May 18, 2024 5	2.85%	3.325%
CPF housing loan quota	RMB 0.6mm for individual RMB 1.2mm for household	RMB 0.6mm for individual RMB 1.2mm for household	Apr 8, 2024	RMB 0.7mm for individual RMB 1.4mm for household	RMB 0.7mm for individual RMB 1.4mm for household
Shanghai					
Down payment ratio	30%	50% in core areas 40% in non-core areas	May 27, 2024 6	20%	35% in core areas 30% in non-core areas
Mortgage rate	3.85% (LPR-10bps)	4.25% (LPR+30bps) in core areas 4.15% (LPR+20bps) in non core		3.50% (LPR-45bps)	3.90% (LPR-5bps) in core areas 3.70% (LPR-25bps) in non core
CPF interest rate (>5 yrs)	3.10%	3.575%	May 18, 2024 5	2.85%	3.325%
CPF housing loan quota	RMB 0.5mm for individual RMB 1.0mm for household	RMB 0.4mm for individual RMB 0.8mm for household	May 27, 2024 6	RMB 0.65mm for individual RMB 1.3mm for household	RMB 0.5mm for individual RMB 1.0mm for household
Beijing					
Down payment ratio	30%	50% in core areas 40% in non-core areas	?	?	?
Mortgage rate	3.85% (LPR-10bps)	4.25% (LPR+30bps)		?	?
CPF interest rate (>5 yrs)	3.10%	3.575%	May 18, 2024 5	2.85%	3.325%
CPF housing loan quota	RMB 1.2mm for household	RMB 0.6mm for household	?	?	?
Shenzhen					
Down payment ratio	30%	40%	May 28, 2024 8	20%	30%
Mortgage rate	3.85% (LPR-10bps)	4.25% (LPR+30bps)		3.50% (LPR-45bps)	3.90% (LPR-5bps)
CPF interest rate (>5 yrs)	3.10%	3.575%	May 18, 2024 5	2.85%	3.325%
CPF housing loan quota	RMB 0.6mm for individual RMB 1.08mm for household	RMB 0.5mm for individual RMB 0.9mm for household	?	?	?

Note: **Red text** denote the latest policy relaxations, **①-⑧** denote the policy easing order

Source: Local MOHURD, CMBIGM

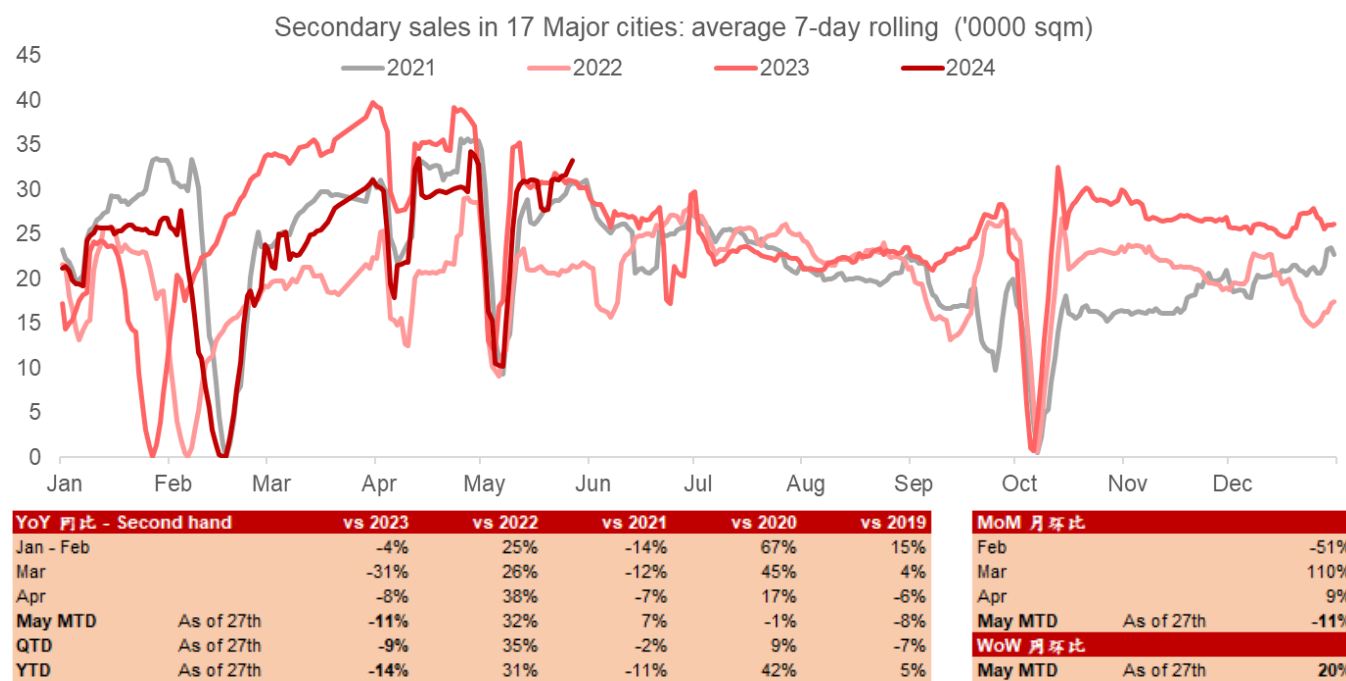
Figure 3: YTD new home sales declined 41% YoY

Source: Wind, CMBIGM

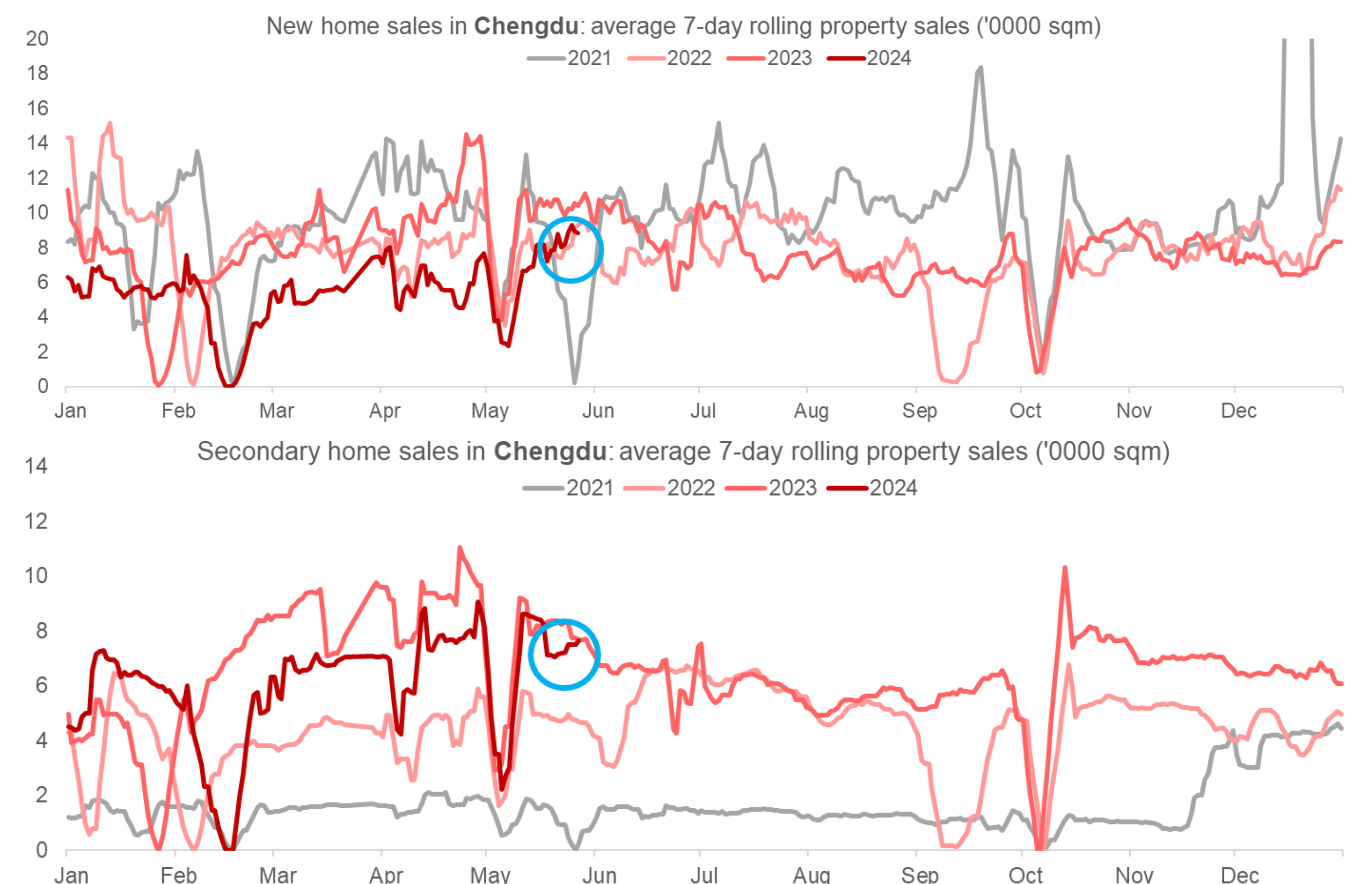
Figure 4: New home sales by city tier

YoY 同比 - Tier 1&2						vs 2023	vs 2022	vs 2021	vs 2020	vs 2019	MoM 月环比			
Jan - Feb						-37%	-49%	-56%	-12%	-42%	Feb		-52%	
Mar						-45%	-22%	-57%	-10%	-43%	Mar		121%	
Apr						-38%	-15%	-60%	-39%	-50%	Apr		-11%	
May MTD		As of 27th				-42%	-25%	-57%	-49%	-48%	May MTD		As of 27th	-4%
QTD		As of 27th				-40%	-20%	-59%	-44%	-49%	WoW 周环比			
YTD		As of 27th				-40%	-19%	-58%	-21%	-45%	May MTD		As of 27th	1%
YoY 同比 - Tier 3						vs 2023	vs 2022	vs 2021	vs 2020	vs 2019	MoM 月环比			
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 MTD		As of 27th				-31%	-29%	-67%	-65%	-68%	May MTD		As of 27th	6%
QTD		As of 27th				-37%	-32%	-67%	-64%	-67%	WoW 周环比			
YTD		As of 27th				-44%	-32%	-67%	-51%	-65%	May MTD		As of 27th	3%

Source: Wind, CMBIGM

Figure 5: YTD secondary sales declined 14% YoY

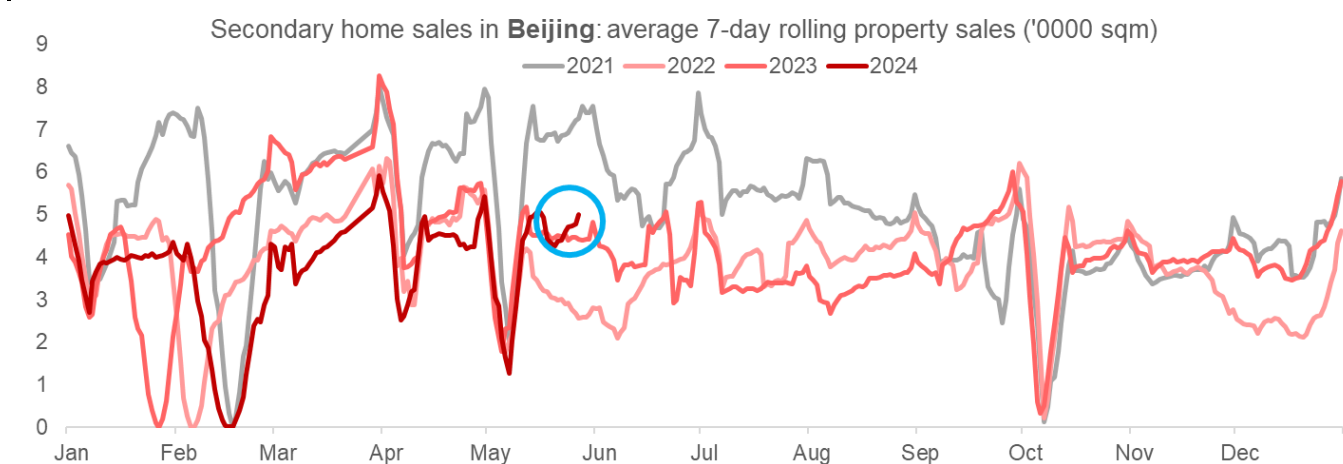
Source: Wind, CMBIGM

Figure 6: New home/Secondary sales in Chengdu went up 12%/8% WoW as of 27 May 2024

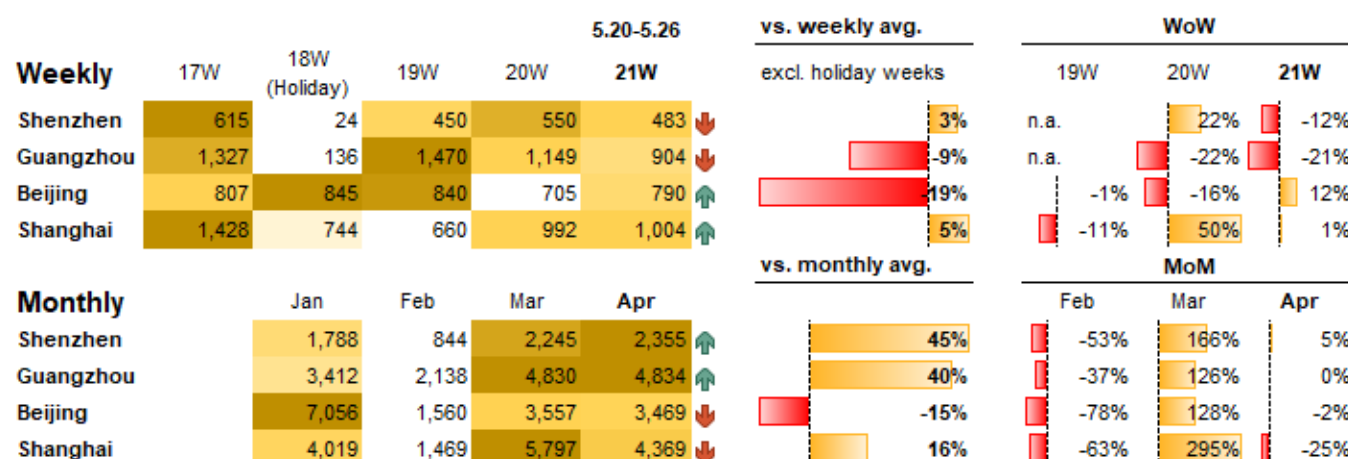
Source: Wind, CMBIGM

Figure 7: New home/Secondary sales in Hangzhou went up 89%/5% WoW as of 27 May 2024

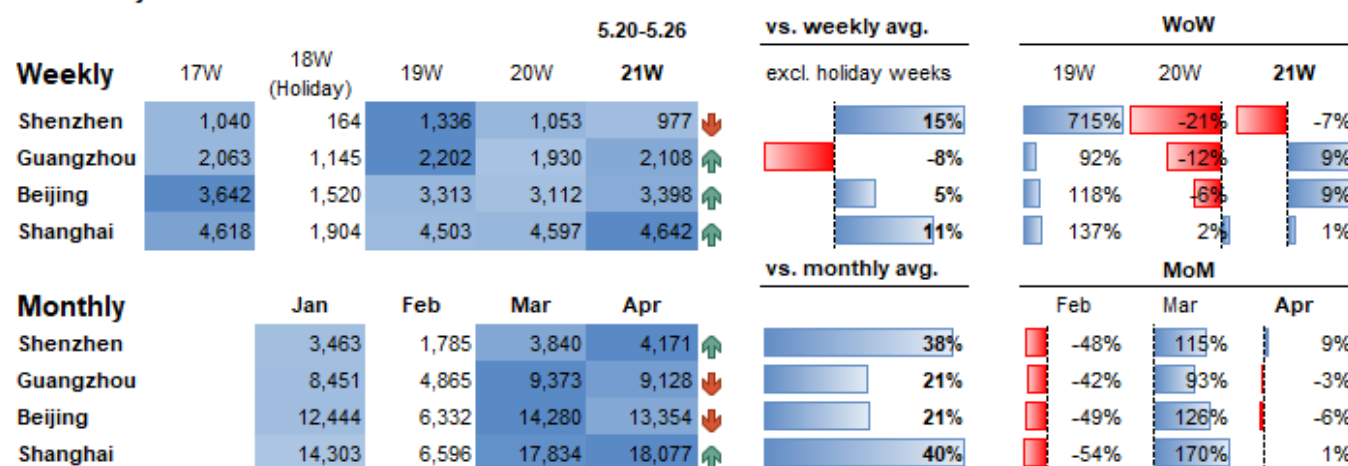

Source: Wind, CMBIGM

Figure 8: Secondary home sales in Beijing went up 18% WoW as of 27 May 2024


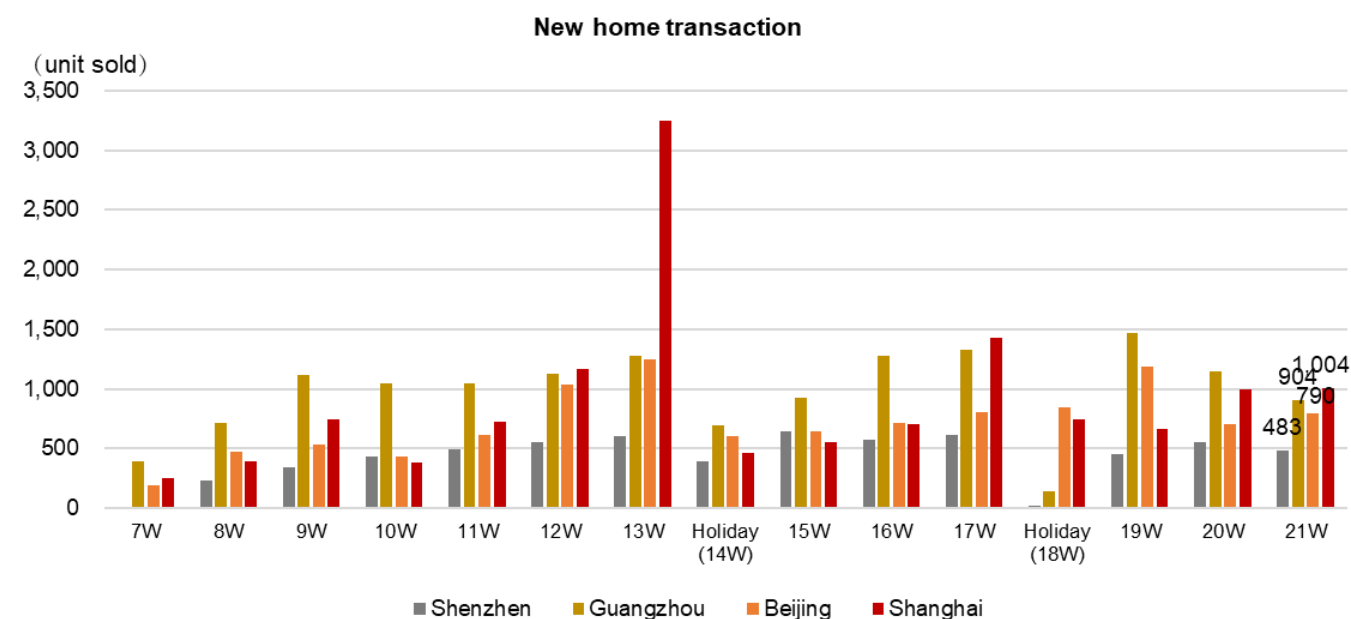
Source: Wind, CMBIGM

Figure 9: Units of new homes sold in tier-1 cities (21W2024)**New home transaction**

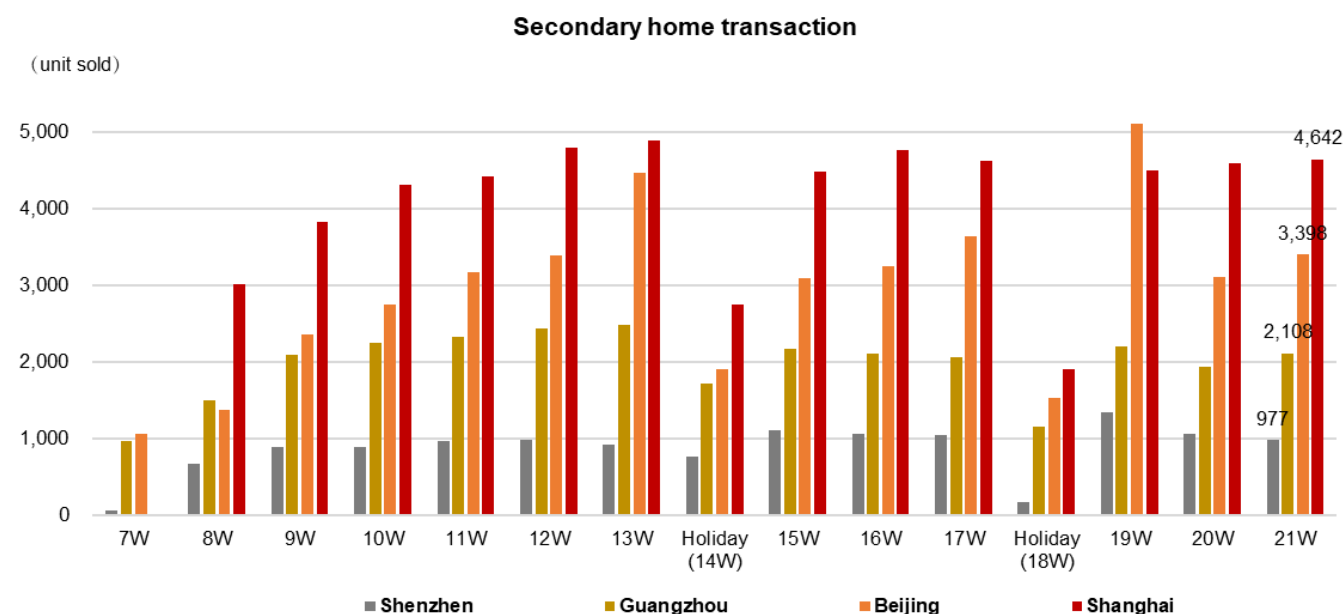
Source: Local MOHURD, CMBIGM

Figure 10: Units of secondary homes sold in tier-1 cities (21W2024)**Secondary home transaction**

Source: Local MOHURD, CMBIGM

Figure 11: Units of new homes sold in tier-1 cities

Source: Local MOHURD, CMBIGM

Figure 12: 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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