

# Property

## Sales show recovery sign, banks may help semi-SOE

The property sector surged 8% yesterday (12 March) as YY's Asia reported that 12 national banks were guided to provide RMB 80bn syndicate loan for Vanke. In our view, such move confirms that "regulators have reached a consensus on Vanke's position as a systematically important developer", indicating Vanke is not likely to default in the short term under the support of regulators. We think the key points to watch are: Will the guidance to be executed and whether Vanke can provide enough collateral to balance between loan holders and non-standard debt holders. Property sales showed preliminary improvement on a weekly basis with secondary market performed better than the new home market, while the buying sentiment is still low compared to the same period last year, since new/secondary home transaction volume in the 3<sup>rd</sup> week post-CNY only recovered to 40/65% of the same period last year.

- **What is new.** YY's Asia reported that 12 national banks are planning to provide RMB 80bn syndicate loan for Vanke to repay its future maturing debt, and several banks have confirmed this news. We think this confirms our previous statement that "regulators have reached a consensus on Vanke's position as a systematically important developer", showing a clear attitude to provide financial assistance to Vanke. This would bring more confidence to the market during the debt repayment peak. **The key points to watch** should be whether this loan can be executed. We think the potential challenges lie in **1)** whether Vanke can provide sufficient collateral for the loan. **2)** If collateral is offered for the syndicated loan holders, non-standard debt holders (like insurance companies) may also require additional collateral, if Vanke has the ability to balance between them. **3)** Against the backdrop of a significant decline in asset prices, whether Vanke can secure favourable loan-to-value ratios.
- **Property sales.** Four points we would like to share: **1)** On a weekly basis, property sales showed preliminary signs of improvement post-CNY especially in tier-1 cities, with secondary market recovering better than the new home market. **2)** We think new home recovery was mainly driven by project supply, while secondary home was boosted by home price declines. **3)** Compared to the post-CNY last year, overall new home/secondary home transaction volume have only recovered to c.38/65% of the same period last year ([Figure 1](#)). In Shanghai, weekly transaction for new home/secondary home recovered to 42/90% of the same period last year ([Figure 4](#)). The still-low buying sentiment could also be evidenced by avg. project subscription rate of 95% for Shanghai's project supply in 2024 vs. 193% for 1<sup>st</sup> batch launched similar period in 2023 ([Figure 6](#)). **4)** We think the recovery trend of secondary market may sustain as the downward trend in price may continue while that of new home market may depend on whether there is further relaxation on demand-side policy.
- **Sector performance and stock pick:** After a mild recovery in the week following the CNY-holiday, the property sector entered another period of volatility influenced by developers' debt crisis concerns. Yesterday, the developers surged 8% due to the Vanke's news mentioned above. We believe news related to developers debt repayment will continue to affect sector performance in Mar and Apr. Stock selection: for asset-light companies, we prefer beneficiaries in the secondary market like BEKE and PM companies with stable cash flow, high dividend yield and a trend of further increasing dividend payout ratios such as CR MixC, CPH, Poly Services, Yuexiu Service and Onowo etc. Others we like PJM company Greentown Mgmt. with good fulfilment on results guidance. For developers, we recommend CR Land with long-term value.

**OUTPERFORM**  
(Maintain)

### China Property Sector

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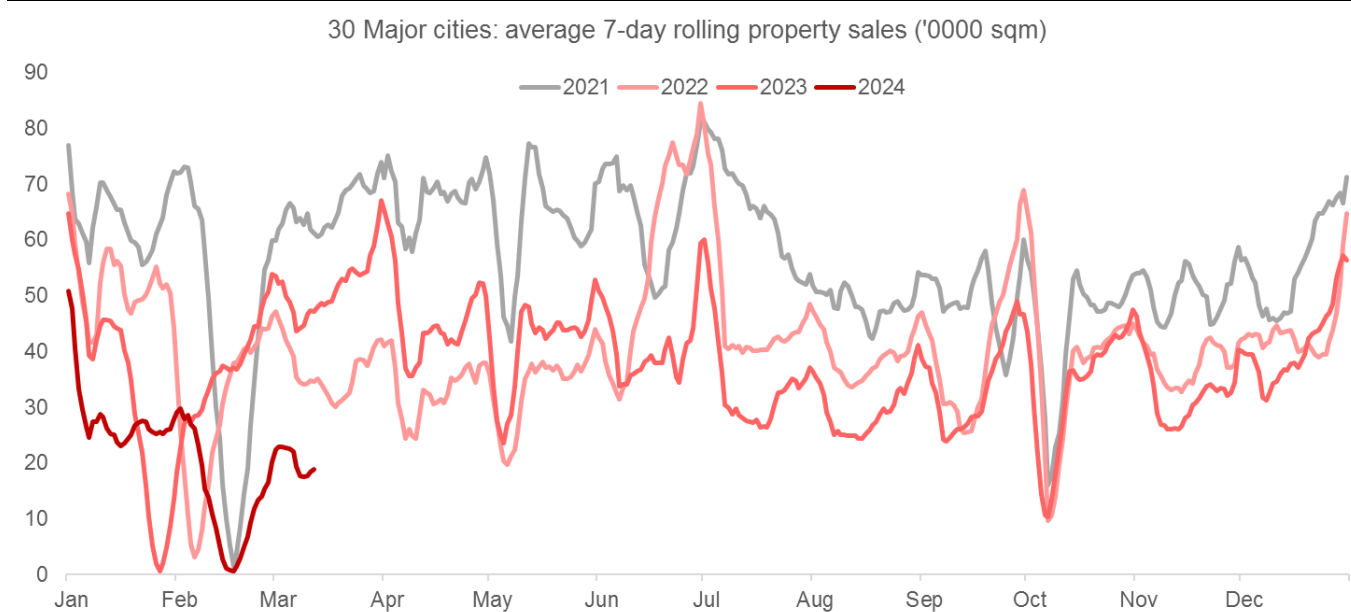
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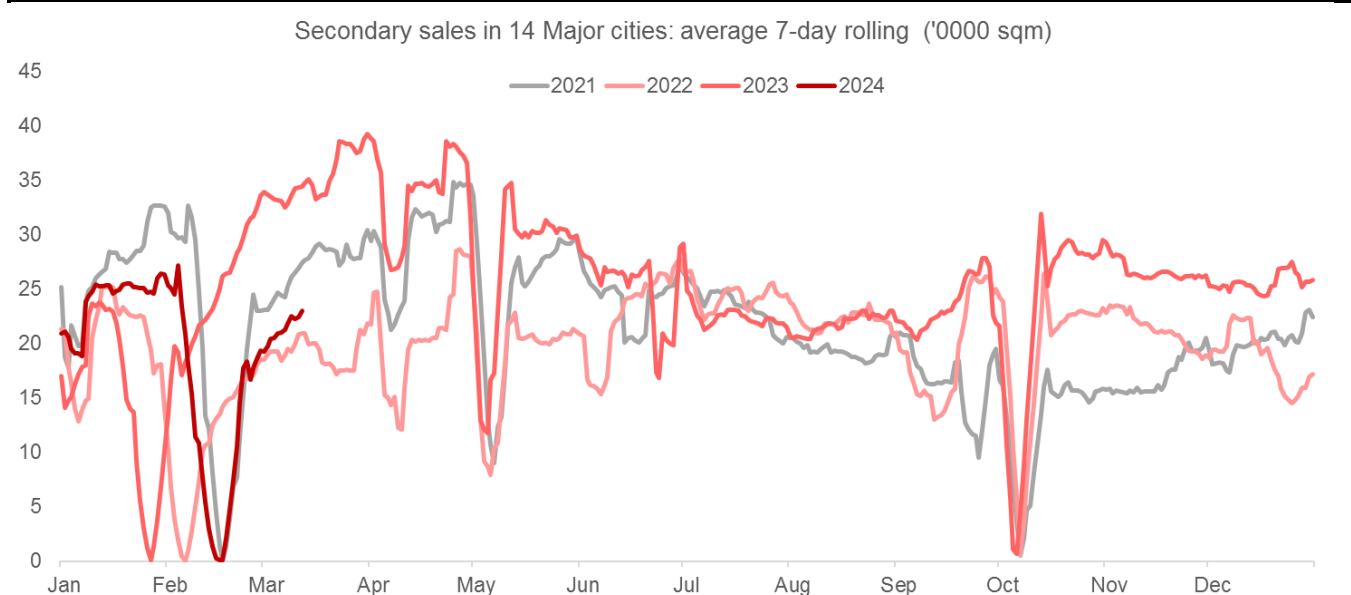
**Figure 1: Property sales recovery process from the same period in 2023**

| % recovered from same period in 2023 | 1st week post-CNY<br>0219-0225 | 2nd week post-CNY<br>0226-0303 | 3rd week post-CNY<br>0304-0310 |
|--------------------------------------|--------------------------------|--------------------------------|--------------------------------|
| New home sales in 30 major cities    | 29%                            | 46%                            | 38%                            |
| Secondary home sales in 14 cities    | 53%                            | 62%                            | 65%                            |

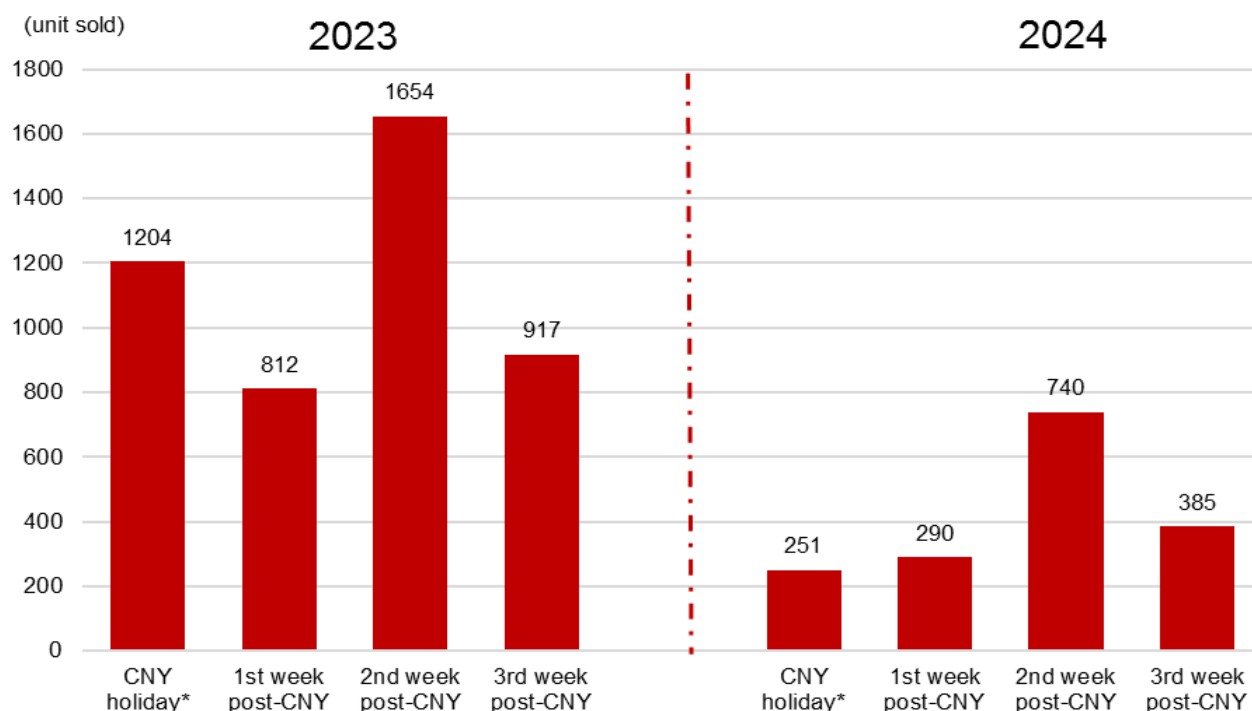
Source: Wind, CMBIGM

**Figure 2: YTD new home sales declined 44% YoY as of end of 12 Mar 2024**

Source: Wind, CMBIGM

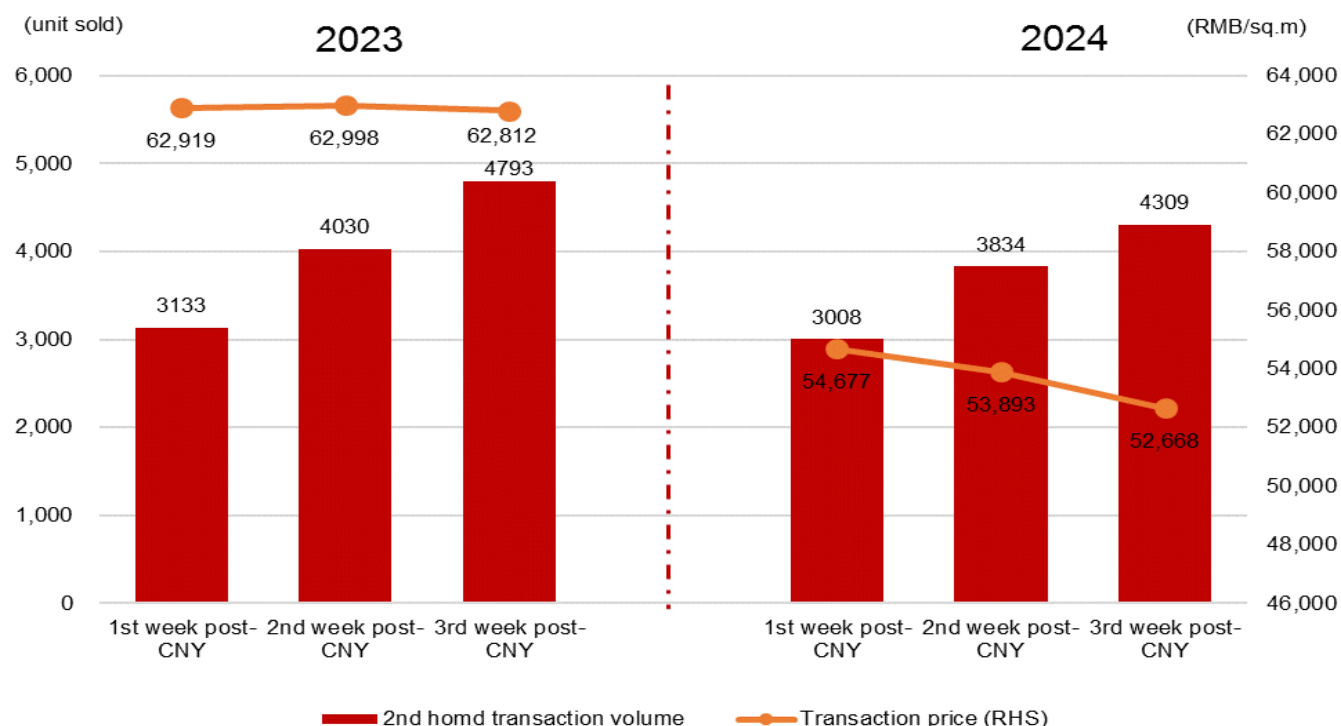
**Figure 3: YTD new home sales declined 13% YoY as of end of 12 Mar 2024**

Source: Wind, CMBIGM

**Figure 4: New home sales in Shanghai recovered to 42% of the same period last year**

Source: baishengpg, CMBIGM

Note: Data of CNY holiday refers to data in two weeks covering CNY holiday. Updated as of 10 March 2024.

**Figure 5: Second-hand home transaction in Shanghai recovered to 90% of the same period last year, the price dropped 4% in two weeks**

Source: Shibeizixun, CMBIGM

Note: Updated as of 10 March 2024

**Figure 6: Observing buying sentiment through project subscription rate in Shanghai**

| Project launched in 2024 | Unit supplied | Subscription number | Subscription rate | Project in 1st batch of 2023 | Unit supplied | Subscription number | Subscription rate |
|--------------------------|---------------|---------------------|-------------------|------------------------------|---------------|---------------------|-------------------|
| 香港置地招商汇元玺                | 48            | 320                 | 667%              | 象屿招商公园1872北区                 | 144           | 800                 | 555%              |
| 招商苏河玺                    | 30            | 147                 | 490%              | 华发半岛华庭                       | 335           | 1671                | 499%              |
| 天汇玺                      | 16            | 55                  | 344%              | 越秀保利嘉悦云上                     | 177           | 760                 | 430%              |
| 保利滨江天珰                   | 20            | 60                  | 300%              | 象屿招商公园1872南区                 | 364           | 1439                | 395%              |
| 绿城外滩兰庭臻兰                 | 166           | 450                 | 271%              | 古美华府                         | 295           | 1001                | 339%              |
| 中建万科理想之地                 | 212           | 510                 | 241%              | 钱江大家文澜府                      | 217           | 700                 | 323%              |
| 绿城沁蘭园                    | 412           | 786                 | 190%              | 保利建工海明天汇                     | 183           | 580                 | 319%              |
| 华润中环置地中心润府               | 260           | 360                 | 138%              | 泗水和鸣                         | 20            | 60                  | 300%              |
| 中环金茂府                    | 266           | 310                 | 117%              | 中铁湖光逸景                       | 103           | 244                 | 237%              |
| 露香园云宸二期                  | 262           | 280                 | 107%              | 华发四季河滨                       | 350           | 730                 | 209%              |
| 黄浦庆成府                    | 226           | 242                 | 107%              | 安联湖山悦                        | 124           | 232                 | 187%              |
| 嘉俊庭                      | 440           | 448                 | 102%              | 中企云萃森林                       | 245           | 420                 | 171%              |
| 上江南 璟荟名庭                 | 379           | 320                 | 84%               | 金鼎阅府                         | 466           | 701                 | 150%              |
| 万科海上映像                   | 39            | 23                  | 59%               | 保利中企和颂                       | 365           | 490                 | 135%              |
| 金地丰盛道                    | 51            | 30                  | 56%               | 奉发名邸                         | 100           | 119                 | 119%              |
| 中铁建花语前湾                  | 394           | 205                 | 55%               | 金鼎阅府                         | 525           | 598                 | 114%              |
| 华发海上都荟                   | 315           | 139                 | 44%               | 保利联发光合臻园                     | 176           | 180                 | 102%              |
| 华润观宸润府                   | 178           | 77                  | 43%               | 鹏瑞云璟湾                        | 193           | 184                 | 95%               |
| 日月光伯爵天地                  | 216           | 75                  | 35%               | 天安象屿萃湖臻境                     | 298           | 221                 | 74%               |
| 象屿交控 中环云悦府               | 329           | 102                 | 31%               | 象屿同进虹桥嘉悦                     | 262           | 175                 | 67%               |
| 众禾嘉苑                     | 312           | 74                  | 24%               | 蟠龙府二期                        | 468           | 280                 | 60%               |
| 中建玖海云天                   | 482           | 95                  | 20%               | 上实望海                         | 587           | 137                 | 23%               |
| 深业深安上居                   | 360           | 30                  | 8%                | 新城尚品                         | 88            | 18                  | 20%               |
| <b>Total</b>             | <b>5413</b>   | <b>5138</b>         | <b>95%</b>        | <b>Total</b>                 | <b>6085</b>   | <b>11740</b>        | <b>193%</b>       |

Source: Fangdi.com, CMBIGM

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