

Property

Weekly highlight: Beijing further relaxed, policy easing bore fruit in Shanghai

Beijing further relaxed its property policy by cutting down payment ratio by 10-15ppt and mortgage rate by 30-55 bps ([Figure 9](#)), aligning with that in SH and SZ. This was well expected by market and our previous [report](#). Based on our [policy relaxation timetable](#), we think BJ, SZ and SH still have room to relax on purchase restrictions. [High-frequency data](#) suggests a more pronounced recovery near the end of June, mainly driven by the combined effects of policy incentives, centralized online registration in mid-year and the low base. Our “[tier-1 city watch](#)” reveals that four cities all performed well in 25W and SH bears fruit in the latest relaxation policy (allow single non-SH residents to buy 2nd-hand housing in core areas) marking the second highest week in both primary/secondary markets. The city is approaching its highest monthly record in three years based on current figures (22k units in Jun MTD). With continued progress on inventory acquisition and benign policy outlook, we expect to see a stabilizing sales trend and a continued recovery in the sector's stock performance on a mid- to long-term basis. We suggest investors to buy the dip. We recommend asset-light companies benefiting from the existing market such as CR MixC, Poly Services, Binjiang Services, Onowo, BEKE and Greentown Mgmt. For developers, we recommend CR Land with LT value.

- **What is new?** 1) [Beijing](#) has once again eased its property policies and we observed that it performed the worst among tier-1 cities in terms of the growth of daily avg. transaction volume in both primary/secondary markets post-517 policy ([Figure 1](#)). The city cut the [down payment ratio](#) from 30% to 20% for 1st-home buyers, from 50/40% to 35/30% for 2nd-home buyers in core areas/non-core areas. For mortgage rates, it was reduced by 30-55 bps, aligning with the rates in SH and SZ at 3.5% for 1st-home buyers and 3.7-3.9% for 2nd-home buyers. Our policy relaxation timetable ([Figure 7&8](#)) indicates that BJ's relaxation was mostly expected in our previous [report](#). **What is next:** We think the reduction of down payment ratio may have reached a plateau, while there is still room for further mortgage rate cuts in various regions. Regarding purchase restrictions, BJ, SZ and SH still have the potential for further relaxation. Besides, we remain confident that local govt. will keep exploring and advancing the house inventory acquisition methods to achieve the top-level's de-stocking objectives.
- **High-frequency data:** The daily avg. transaction volume went up by 25% post-517 policy (vs. pre-517 policy) in both primary and secondary markets which hints for a more pronounced recovery in end June. This was mainly driven by the combined effects of policy incentives, centralized processing of contract registration in mid-year and the impact of low base. As of 26 Jun, [secondary home sales volume in 17 cities](#) went up by 16% YoY MTD in Jun and narrowed the YTD decline to -8% YoY from last month. The [new home sales volume in 30 major cities](#) in Jun MTD decreased 23% YoY, largely narrowed from -38% YoY in May. The YTD decline was narrowed to -38% YoY in June from -41% YoY in last month.
- **Transaction watch in tier-1 cities (weekly).** During the 25th week of 2024 (17-23 Jun), [units of new homes sold](#) saw improvement with SH, SZ, GZ and BJ surpassing their weekly avg. by 82%, 51%, 36% and 7%. SZ/SH booked the highest/2nd-highest week in the year. [Units of secondary homes sold](#) in SH, SZ, BJ and GZ in 25W surpassed weekly avg. by 42%, 31%, 21% and 16%. SH stood out and booked the 2nd-highest week in the year. Based on current figures (22k units sold in Jun MTD), SH is likely to record the highest month since Jun 2021 which suggests the new policy (allowing single non-SH residents to buy 2nd-hand housing in core areas) has played an effective role.

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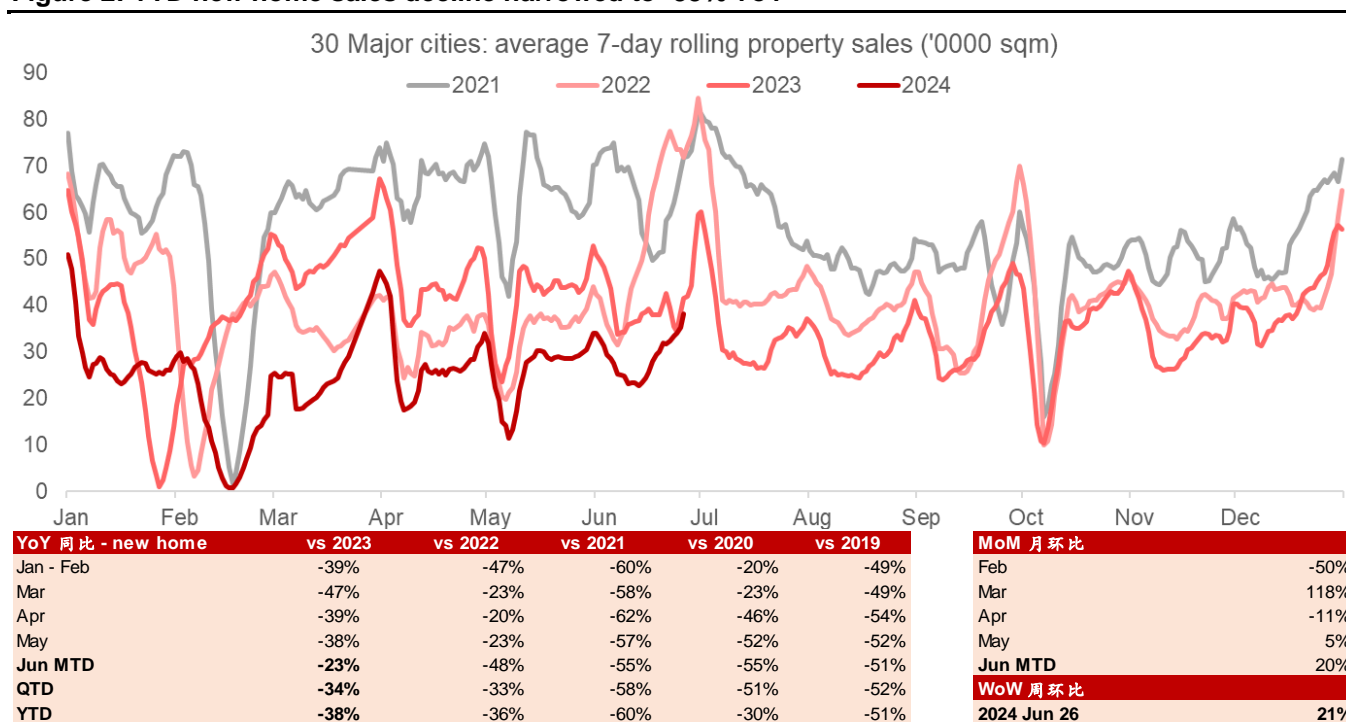
Figure 1: Daily avg. transaction volume ('0000 sqm)

Primary sales	Mar	Apr	May	MTD Jun	MoM Growth	2023 (1.1-6.26)	YTD (1.1-6.26)	YoY Growth	Pre-517 (1.1-516)	Post-517 (5.17-6.26)	Growth
30 major cities	28.41	26.00	26.47	28.82	9%	40.83	25.12	-38%	23.72	29.76	25%
Tier 1&2	22.29	20.61	20.70	22.31	8%	31.95	19.76	-38%	18.70	23.27	24%
Tier 3	6.12	5.39	5.77	6.51	13%	8.88	5.36	-40%	5.02	6.49	29%
Suzhou	2.13	1.07	1.55	1.94	26%	2.21	1.48	-33%	1.30	2.07	60%
Hangzhou	2.58	1.62	1.96	2.62	34%	2.86	1.94	-32%	1.72	2.66	55%
Guangzhou	2.39	2.38	2.39	3.07	29%	3.03	2.21	-27%	1.99	2.92	46%
Chengdu	5.62	6.14	7.01	5.81	-17%	8.33	5.68	-32%	5.35	6.80	27%
Shenzhen	0.96	1.00	0.79	1.03	31%	1.31	0.83	-36%	0.79	0.96	22%
Shanghai	4.65	4.23	3.63	3.82	5%	5.28	3.61	-32%	3.48	4.02	16%
Beijing	2.60	2.40	2.00	2.22	11%	3.35	2.47	-26%	2.54	2.24	-12%

Secondary sales	Mar	Apr	May	MTD Jun	MoM Growth	2023 (1.1-6.26)	YTD (1.1-6.26)	YoY Growth	Pre-517 (1.1-516)	Post-517 (5.17-6.26)	Growth
17 major cities	23.51	26.38	24.66	25.88	5%	24.75	22.66	-8%	21.44	26.71	25%
Shanghai	5.20	4.65	4.80	6.86	43%	0.00	4.66	n.a.	4.10	6.51	59%
Hangzhou	1.51	1.47	1.45	1.81	25%	1.20	1.31	9%	1.16	1.79	54%
Suzhou	1.91	2.60	2.59	2.42	-7%	2.33	2.22	-5%	2.03	2.85	40%
Shenzhen	1.34	1.54	1.53	1.64	7%	1.04	1.34	28%	1.25	1.64	32%
Beijing	4.36	4.30	4.21	4.41	5%	4.52	3.90	-14%	3.68	4.63	26%
Foshan	2.18	2.17	2.42	2.32	-4%	2.40	2.12	-12%	2.01	2.48	24%
Chengdu	6.56	7.47	6.72	6.87	2%	6.97	6.26	-10%	6.04	6.99	16%
Dongguan	0.74	0.81	0.75	0.94	25%	1.09	0.77	-30%	0.74	0.86	15%
Qingdao	1.87	2.37	1.99	1.91	-4%	1.75	1.80	3%	1.75	1.94	11%

Source: Wind, CMBIGM

Figure 2: YTD new home sales decline narrowed to -38% YoY

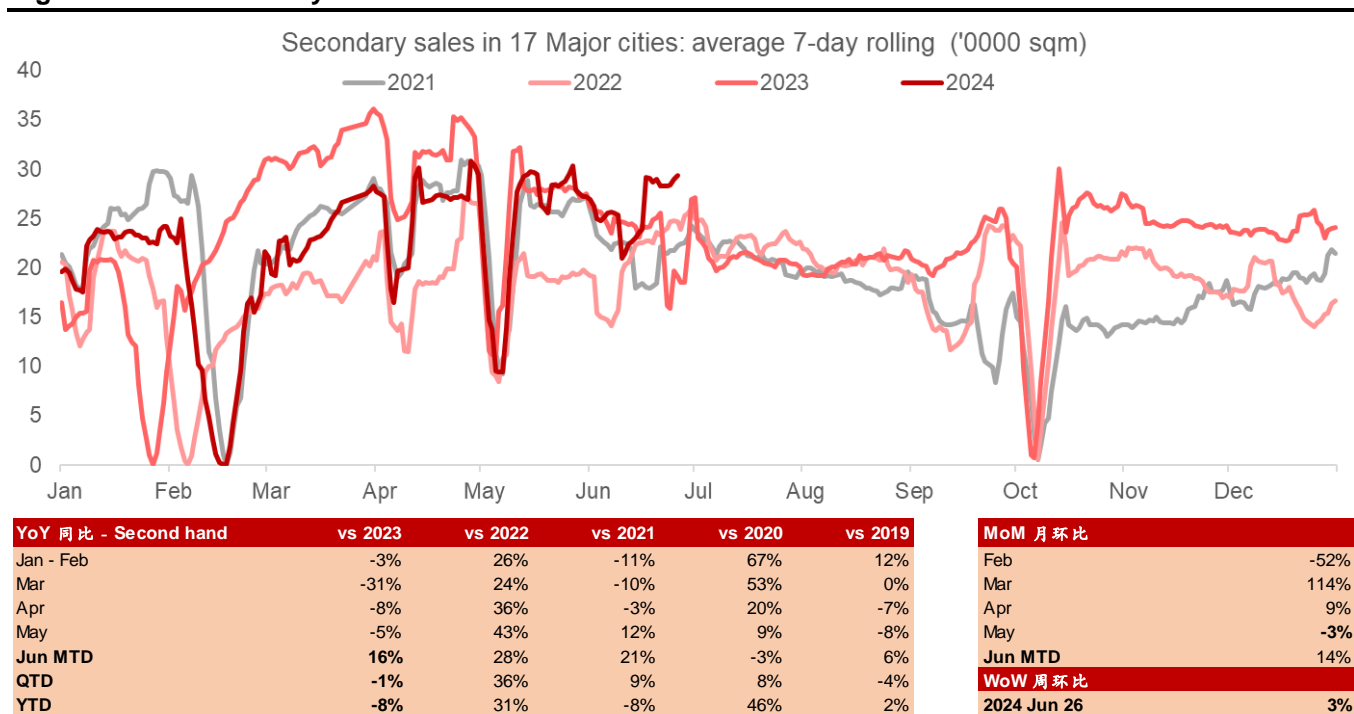


Source: Wind, CMBIGM

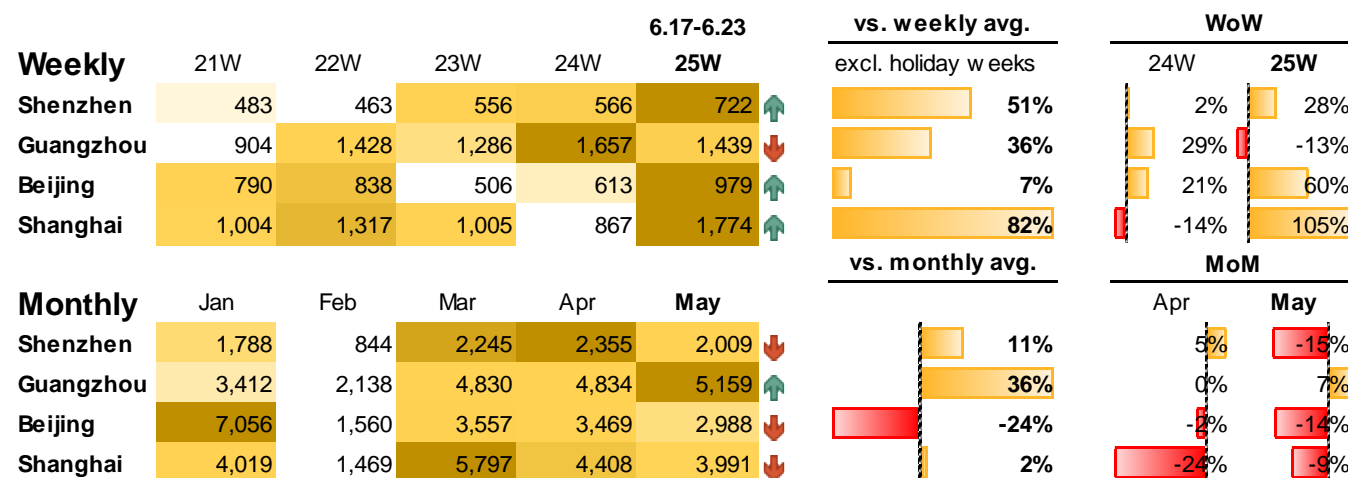
Figure 3: New home sales by city tier

YoY 同比 - Tier 1&2	vs 2023	vs 2022	vs 2021	vs 2020	vs 2019	MoM 月环比
Jan - Feb	-38%	-49%	-56%	-12%	-42%	Feb -52%
Mar	-45%	-22%	-57%	-10%	-43%	Mar 121%
Apr	-38%	-16%	-60%	-39%	-50%	Apr -11%
May	-40%	-21%	-54%	-47%	-45%	May 4%
Jun MTD	-26%	-51%	-55%	-51%	-45%	Jun MTD 21%
QTD	-35%	-33%	-57%	-46%	-47%	WoW 周环比
YTD	-38%	-36%	-58%	-21%	-45%	2024 Jun 26 27%
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	-29%	-29%	-66%	-66%	-67%	May 11%
Jun MTD	-13%	-36%	-55%	-65%	-64%	Jun MTD 18%
QTD	-30%	-33%	-63%	-64%	-66%	WoW 周环比
YTD	-40%	-35%	-67%	-51%	-65%	2024 Jun 26 24%

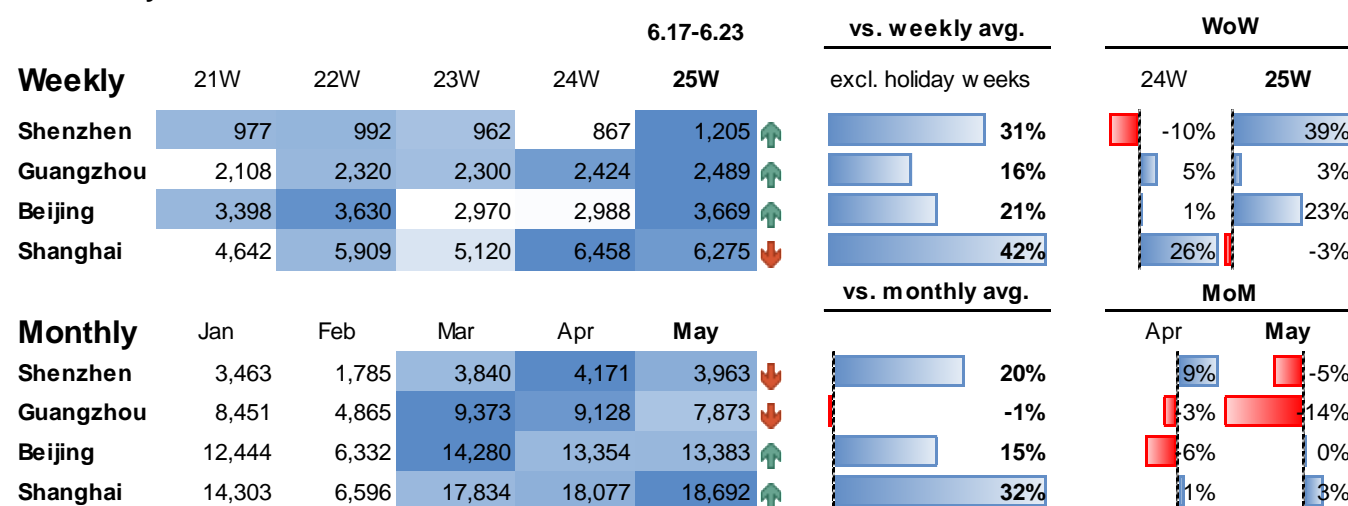
Source: Wind, CMBIGM

Figure 4: YTD secondary sales decline narrowed to -8% YoY

Source: Wind, CMBIGM

Figure 5: Units of new homes sold in tier-1 cities (25W2024)**New home transaction**

Source: Local MOHURD, CMBIGM

Figure 6: Units of secondary homes sold in tier-1 cities (25W2024)**Secondary home transaction**

Source: Local MOHURD, CMBIGM

Figure 7: Policy relaxation timeline in tier -1 cities – Part A

City	Conditions	Pre-relaxation	Date	1st round of relaxation	Date	2nd round of relaxation
Guangzhou						
		Core areas		≤120 sqm in core areas		≤120 sqm in core areas
		Non-core areas**		>120 sqm in core areas		>120 sqm in core areas
GZ residents	Household	2 units		2 units		2 units
GZ residents	Single	1 unit		1 unit		1 unit
Non-GZ residents	Household ≥ 2 years social insurance/tax payment	1 unit	Jan 27, 2024 ①	1 unit	May 28, 2024 ⑦	1 unit
Non-GZ residents	Single ≥ 2 years social insurance/tax payment	1 unit		1 unit		1 unit
Non-GZ residents	Household ≥ 6 months social insurance/tax payment	Restricted		Restricted		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 outside the Outer Ring Road + 1 unit of 2nd-hand home in SH
Non-SH residents	Single ≥ 5 years social insurance/tax payment	Restricted		1 unit outside the Outer Ring Road		1 unit 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 unit in BJ + 1 unit outside 5th Ring Road	?	?
Non-BJ residents	≥ 5 years social insurance/tax payment	1 unit in BJ		1 unit 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		?

Source: Local MOHURD, CMBIGM

Note: Texts shaded in red denote the changes, ①-⑨ denote the policy easing order

Note*: Designated 7 districts include Yantian District, Bao'an District (excl. Xin'an and 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

Figure 8: Policy relaxation timeline in tier -1 cities – Part B

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	Jun 26, 2024 9	20%	35% in core areas 30% in non-core areas
Mortgage rate	3.85% (LPR-10bps)	4.25% (LPR+30bps)		3.5% (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 1.2mm for household	RMB 0.6mm for household	Jun 26, 2024 9	RMB 1.2mm for household RMB 1.6mm for green buildings	RMB 0.6mm for household RMB 1mm for green buildings
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	?		?
Relaxation order					
Number	Date				
1	Jan 27, 2024	Purchase restriction easing in GZ			
2	Jan 30, 2024	Purchase restriction easing in SH			
3	Apr 30, 2024	Purchase restriction easing in BJ			
4	May 6, 2024	Purchase restriction easing in SZ			
5	May 18, 2024	Mortgage loan related policy in 4 cities			
6	May 27, 2024	Purchase restriction + Mortgage loan related policy easing in SH			
7	May 28, 2024	Purchase restriction + Mortgage loan related policy easing in GZ			
8	May 28, 2024	Mortgage loan related policy easing in SZ			
9	Jun 26, 2024	Mortgage loan related policy easing in BJ			

Source: Local MOHURD, CMBIGM

Note: Texts shaded in red denote the changes, ①-⑨ denote the policy easing order

Figure 9: Mortgage rate and down payment ratio in Jun 2024

Province/City		1st home Mortgage rate	2nd home Mortgage rate	1st home Down payment ratio	2nd home Down payment ratio
Beijing	Core area*		3.90		35%
	Non-core area	3.50	3.70	20%	30%
Shanghai	Core area		3.90		35%
	Non-core area**	3.50	3.70	20%	30%
Shenzhen		3.50	3.90	20%	30%
Guangzhou		3.40	3.80	15%	25%
Yunnan		3.60	3.95	15%	25%
Chongqing		3.55	3.90	15%	25%
Guizhou		3.55	4.15	15%	25%
Shaanxi		3.55	3.90	15%	25%
Sichuan		3.55	4.05	15%	25%
Jiangxi		3.50	4.05	15%	25%
Anhui		3.45	3.45	15%	25%
Shandong		3.45	3.95	15%	25%
Jilin		3.40	4.10	15%	25%
Tianjin		3.35	3.70	15%	25%
Hebei		3.35	4.10	15%	25%
Henan		3.35	3.45	15%	25%
Shanxi		3.35	3.75	15%	25%
Fujian		3.30	3.75	15%	25%
Guangxi		3.25	4.15	15%	25%
Hubei		3.25	3.35	15%	25%
Jiangsu		3.25	3.75	15%	25%
Zhejiang		3.15	3.25	15%	25%
Guangdong		3.15	3.15	15%	25%
Hunan		3.00	3.95	15%	25%

Source: Beike, Local MOHURD, CMBIGM

Figure 10: Valuation comps – Developers

Company	Ticker	Last Price	Mkt Cap	P/E (x)			P/B (x)			Net Profit Growth (%)			Payout ratio	Dividend Yield	
		(LC)	(USD mn)	24E	25E	26E	24E	25E	26E	24E	25E	26E	23A	23A	24E
CMSK	001979.SZ	9.06	11,522	10.1 x	8.6 x	7.8 x	0.6 x	0.6 x	0.6 x	28.4	17.9	10.7	49%	3.5%	4.0%
Midea RE	3990.HK	6.61	1,215	9.5 x	9.7 x	9.1 x	0.3 x	0.3 x	0.3 x	(0.2)	(2.6)	6.5	49%	5.4%	5.5%
Huafa	600325.SH	6.70	2,588	9.2 x	8.5 x	7.9 x	0.8 x	0.7 x	0.7 x	NA	NA	NA	NA	0.0%	4.9%
Poly Developments	600048.SH	9.24	15,524	8.7 x	8.0 x	7.3 x	0.5 x	0.5 x	0.5 x	5.3	9.2	9.2	41%	4.4%	4.2%
Binjiang Group	002244.SZ	7.73	3,376	8.1 x	6.9 x	6.3 x	0.9 x	0.8 x	0.7 x	17.3	16.9	10.8	11%	1.2%	2.0%
Vanke A	000002.SZ	7.19	11,212	8.1 x	8.0 x	8.2 x	0.3 x	0.3 x	0.3 x	(13.3)	1.2	(2.6)	NA	0.0%	3.4%
Vanke H	2202.HK	4.95	11,212	5.9 x	5.5 x	5.6 x	0.2 x	0.2 x	0.2 x	(24.5)	7.1	(2.4)	NA	0.0%	2.7%
Yuexiu	0123.HK	5.44	2,804	5.7 x	5.2 x	4.8 x	0.3 x	0.3 x	0.3 x	9.7	9.3	10.1	40%	7.0%	7.8%
CR Land	1109.HK	27.40	25,020	5.6 x	5.2 x	4.8 x	0.6 x	0.5 x	0.5 x	1.1	7.6	9.7	33%	5.8%	6.1%
Longfor	0960.HK	11.34	9,827	5.4 x	5.2 x	4.8 x	0.4 x	0.4 x	0.4 x	0.6	3.2	8.9	26%	5.3%	5.3%
COLI	0688.HK	14.08	19,733	5.2 x	4.9 x	4.6 x	0.4 x	0.3 x	0.3 x	5.5	6.7	5.8	31%	5.7%	5.4%
C&D International	1908.HK	14.46	3,510	5.0 x	4.3 x	3.7 x	0.9 x	0.8 x	0.7 x	(0.6)	17.1	15.9	45%	9.0%	0.0%
Greentown China	3900.HK	6.35	2,059	4.1 x	3.8 x	3.8 x	0.4 x	0.3 x	0.3 x	16.1	6.1	0.2	35%	7.4%	8.6%
COGO	0081.HK	2.03	925	3.0 x	2.8 x	2.6 x	0.2 x	0.2 x	0.2 x	(3.4)	4.9	10.4	22%	7.9%	6.5%
Average				6.7 x	6.2 x	5.8 x	0.5 x	0.4 x	0.4 x	1.8	7.9	6.2	28%	4.2%	4.7%

Source: Company data, Wind, CMBIGM (as of 26 Jun 2024)

Figure 11: Valuation comps – Property Management

Company	Ticker	Last Price	Mkt Cap	P/E (x)			Net Profit Growth (%)			Payout ratio	Dividend Yield	
		(LC)	(USD mn)	24E	25E	26E	24E	25E	26E	23A	23A	24E
CR MixC	1209.HK	27.15	7,935	15.8 x	13.4 x	11.3 x	22.0	18.6	18.0	55%	2.8%	3.5%
China Merchant PO	001914.SZ	10.30	1,533	12.4 x	10.4 x	8.9 x	19.7	18.7	17.9	24%	1.7%	2.1%
Jinke Services	9666.HK	8.17	653	11.5 x	9.9 x	8.3 x	NA	16.0	18.6	NA	0.0%	4.7%
Onewo	2602.HK	23.75	3,575	11.2 x	9.6 x	8.4 x	16.8	15.9	15.2	66%	5.1%	5.6%
Poly Services	6049.HK	29.75	2,108	9.4 x	8.2 x	7.2 x	16.0	14.5	13.9	40%	3.7%	4.1%
Country Garden Services	6098.HK	5.01	2,145	8.9 x	6.9 x	6.8 x	NA	29.0	2.3	337%	6.5%	4.5%
COFH	2669.HK	4.77	2,006	8.7 x	7.3 x	6.3 x	22.7	19.1	15.2	31%	2.9%	3.4%
Greentown Management	9979.HK	5.45	1,403	8.1 x	6.5 x	5.3 x	27.1	25.1	22.5	100%	10.1%	10.1%
Sunac Services	1516.HK	1.87	732	8.3 x	7.2 x	6.3 x	NA	14.7	14.0	NA	8.4%	8.2%
Yuexiu Services	6626.HK	3.18	620	7.6 x	6.4 x	5.5 x	18.9	18.9	16.0	50%	5.5%	6.6%
Binjiang Services	3316.HK	16.56	586	7.3 x	6.2 x	5.4 x	16.6	16.8	15.8	70%	8.3%	8.3%
C&D PM	2156.HK	2.98	537	7.0 x	5.8 x	4.6 x	16.8	21.8	25.4	67%	8.7%	0.0%
E-star CM	6668.HK	1.21	157	6.1 x	5.5 x	4.9 x	7.4	11.2	12.9	70%	10.7%	10.9%
Ever Sunshine	1995.HK	1.70	381	5.9 x	5.2 x	0.0 x	6.6	13.2	NA	50%	8.0%	9.0%
Jinmao Services	0816.HK	2.61	302	5.5 x	4.8 x	4.2 x	15.9	14.1	13.7	42%	6.5%	0.0%
Greentown Services	3658.HK	1.60	167	5.1 x	4.7 x	4.5 x	9.1	7.5	5.0	59%	10.8%	0.0%
New Hope Services	3658.HK	1.60	167	5.1 x	4.7 x	4.5 x	9.1	7.5	5.0	59%	10.8%	0.0%
S-Enjoy	1755.HK	3.08	344	4.9 x	4.5 x	4.2 x	12.5	9.4	7.4	39%	7.3%	0.0%
Excellence CM	6989.HK	1.40	219	4.7 x	4.2 x	3.9 x	10.7	11.3	7.8	69%	13.6%	0.0%
Central China New Life	9983.HK	1.46	243	4.7 x	4.3 x	3.4 x	NA	9.7	26.9	NA	22.5%	12.2%
Powertlong Commercial	9909.HK	2.75	226	3.4 x	3.1 x	0.0 x	5.1	8.2	NA	19%	5.5%	8.8%
A-Living	3319.HK	2.89	526	3.4 x	3.1 x	2.7 x	138.8	8.2	16.1	26%	3.2%	6.2%
Sino-Ocean Services	6677.HK	0.48	73	1.9 x	1.7 x	0.0 x	NA	12.2	NA	40%	3.3%	0.0%
Average				10.9 x	9.3 x	7.9 x	19.0	18.1	15.1	73%	4.8%	4.6%

Source: Company data, Wind, CMBIGM (as of 26 Jun 2024)

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