

# Property

## Weekly highlight: hope +ve policy tone and better trading sentiment to help fundamental recovery

China's Politburo meeting called for research on destocking measures, a topic that has not been mentioned on this level's meeting since 2016. The Ministry of Natural Resource (MNR) requested cities with high inventory to suspend residential land supply. Chengdu fully removed its home purchase limit despite it is the top performer on both property sales and home price among major cities. Beijing took another small step on loosening. These information were interpreted as a big reverse on policy tone. Stocks in the property sector rallied 44% (50 major names) after Chengdu's relaxation and trading sentiment was largely boosted. We expect the positive policy tone and better trading sentiment on property stocks to bring some improvement in industry fundamentals. [High-frequency data](#) showed that both primary and secondary markets narrowed its decline in Apr mainly due to lower basement, but it further proved that marginal demand generated from the small stop relaxation may not largely boost sales but could prevent a sharp drop from peak season as Apr in last year. 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) Politburo meeting** called for comprehensive study measures for digesting housing stocks. This is the first time that destocking-related descriptions have been mentioned in meetings at this level since 2016. It was interpreted as a policy tone shift. **We think** this signals the central government is granting local government with more authority to devise innovative policies. Recently, [c.37 cities](#) and districts have introduced "trade-in old for new" policies to liquidize the stock with approach of "SOE platforms acquiring old houses" being widely watched. While we think the challenges lie in the evaluation of the acquisition price and the local government's financial capacity for payment as we illustrated in previous [report](#). **2) MNR** is also contributing on destocking by requesting cities with commercial housing inventory month exceeded 36 months to suspend the residential land supply. According to data from E-house, 41 out of 100 sample cities crossed the line with many of them being Tier 3/4 cities. **3) Chengdu** has fully removed house purchase limit that sparked the sector rally of avg. 44% for 50 major names the next trading day (Apr 29) given the city is one of the top property sales performers ([YTD decline of 35%](#) vs. industry of -42%) and has the least housing price decline among major higher tier cities (-8% from peak point in Aug-2021 vs. -15% for other 9 major cities) ([Figure 3](#)). **More importantly** such move was decided autonomously by city level department without submitting for approval to the central MOHURD (Ministry of Housing and Urban-Rural Development), this has largely lifted the market's expectation on big relaxation in Tier-1 cities. **3) Beijing** also took a further step toward loosening purchase restrictions in non-core areas (details in [Figure 2](#)) while the incremental demand may be limited in our view.
- **Property sales – YoY decline narrowed in Apr.** As of 30 Apr, [new home sales in 30 major cities](#) went up 29%/-12% WoW/MoM, and closed the whole Apr at a decline of -39% YoY, slightly narrowed from -47% YoY in Mar. YTD decline narrowed 1ppt to -42% YoY. GFA sold in [Tier-1&2 cities](#) recorded 31%/-11% WoW/MoM growth, better than 24%/-15% in tier-3 cities. [Secondary home sales in 17 cities](#) increased 8%/9% WoW/MoM with the YTD decline narrowed 1ppt to -15% YoY. The decline of the full Apr largely narrowed to -9% YoY from -31% in Mar.
- **Transaction watch in tier-1 cities.** During the 17th week of 2024 (22-28 Apr), [units of new homes sold](#) in SH surged 102% WoW driven by supply increase (GZ +4%, BJ +14%, SZ +7%). YoY decline for all 4 cities were still deep at 31-53%. [Units of secondary homes sold](#) in BJ went up 12% WoW ahead of other 3 cities (SZ -1%, GZ -2%, SH -3%).

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Figure 1: Cities having adopted “trade in old house for new” policy (as of 20240501)

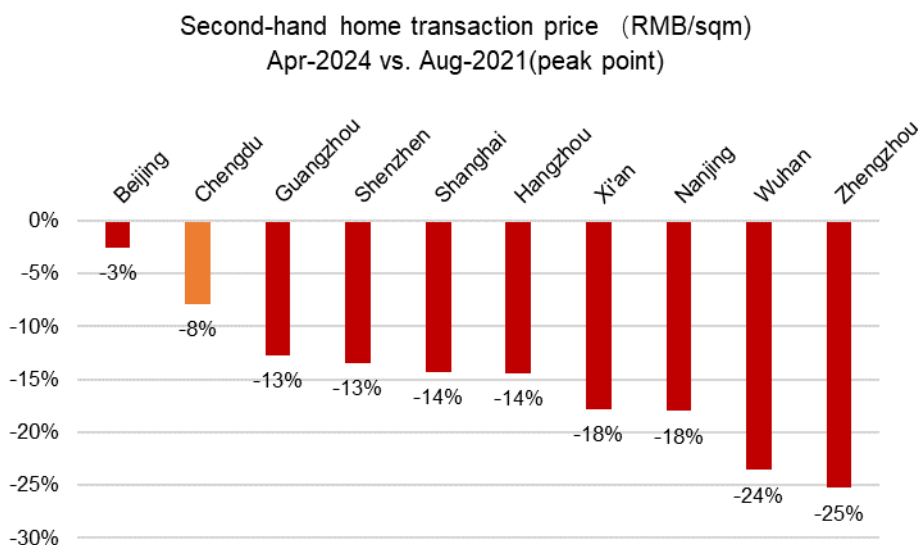
No. 序号	Province 省份	Cities and districts 城市与地区	Developers collaborate with house broker to prioritize the sale of old houses 开发商与中介合作优先售出旧房	SOE platform to acquire old houses 国有平台收购旧房	Government provide subsides for selling old to buy new 政府提供换房补贴
1	Jiangsu 江苏	Nanjing 南京	√	√	√
2	Jiangsu 江苏	Wuxi, 无锡			√
3	Jiangsu 江苏	Suzhou 苏州			√
4	Jiangsu 江苏	Yangzhou 扬州	√	√	√
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6	Jiangsu 江苏	Nantong 南通			√
7	Jiangsu 江苏	Changshu 常熟			√
8	Jiangsu 江苏	Dongtai 东台			√
9	Jiangsu 江苏	Haian 海安		√	
10	Jiangsu 江苏	Lianyungang 连云港		√	
11	Jiangsu 江苏	Qidong 启东		√	
12	Jiangsu 江苏	Taicang 太仓		√	
13	Jiangsu 江苏	Taian 泰安	√		
14	Jiangsu 江苏	Yancheng 盐城	√	√	√
15	Jiangsu 江苏	Suzhou, Xiangcheng District 苏州相城区		√	
16	Jiangsu 江苏	Wuxi, Liangxi District 无锡梁溪区		√	
17	Anhui 安徽	Xuancheng 宣城		√	
18	Chongqing 重庆	Chongqing 重庆	√	√	
19	Fujian 福建	Zhangzhou, Hua'an District 漳州华安县			√
20	Guangdong 广东	Shenzhen 深圳	√		
21	Guangxi 广西	Yuling 玉林	√		
22	Henan 河南	Zhengzhou 郑州		√	
23	Hubei 湖北	Wuhan 武汉	√		
24	Hubei 湖北	Wuhan, Jiangxia District 武汉江夏区			√
25	Jiangxi 江西	Nanchang, Nanchang County 南昌市南昌县	√		
26	Liaoning 辽宁	Shenyang 沈阳			√
27	Liaoning 辽宁	Anshan 鞍山			√
28	Shandong 山东	Jinan 济南		√	
29	Shandong 山东	Jining 济宁	√		
30	Shandong 山东	Rizhao 日照			√
31	Sichuan 四川	Suining 遂宁	√		
32	Zhejiang 浙江	Wenzhou 温州			√
33	Zhejiang 浙江	Ningbo 宁波	√		
34	Zhejiang 浙江	Haining 海宁		√	
35	Zhejiang 浙江	Lishui 丽水	√		√
36	Zhejiang 浙江	Hangzhou, Linping District 杭州临平区	√		
37	Zhejiang 浙江	Shaoxing, Yuecheng District 绍兴越城区	√		

Source: CREIS, CMBIGM

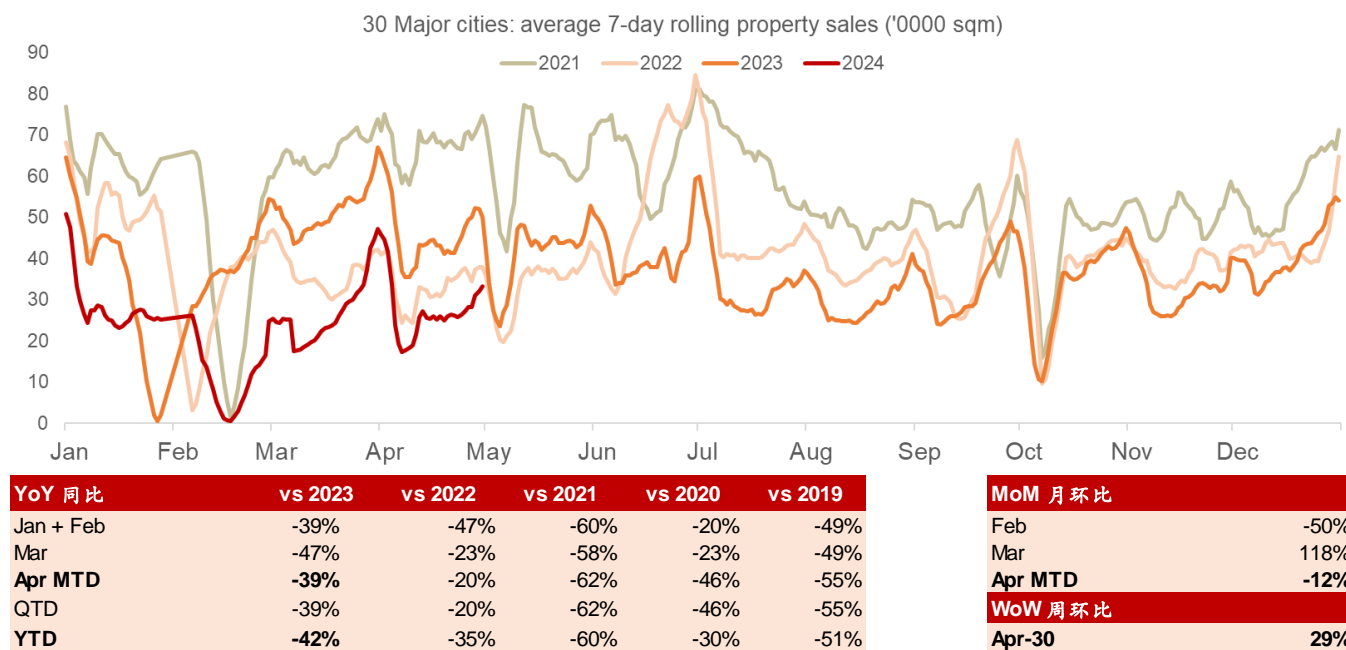
Figure 2: Beijing home purchase restriction change on 20240430

	pre-new policy	post-new policy
BJ residents - Household	2 units in BJ	2 units in BJ + 1 unit outside 5th Ring Road
BJ residents - Single	1 unit in BJ	1 units in BJ + 1 unit outside 5th Ring Road
Non-BJ residents with 5 years social security/tax payment records	1 unit in BJ	1 units in BJ + 1 unit outside 5th Ring Road

Source: MOHURD, CMBIGM

**Figure 3: Second-hand home transaction price decline in major cities**

Source: Fang.com, CMBIGM

**Figure 4: YTD new home sales declined 42% YoY as of 2024/04/30**

Source: Wind, CMBIGM

**Figure 5: 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%	-11%	-42%	Feb	-52%		
Mar	-45%	-22%	-57%	-6%	-43%	Mar	121%		
Apr MTD	As of 30th	-38%	-16%	-61%	-39%	-50%	Apr MTD	As of 30th	-11%
QTD	As of 30th	-38%	-16%	-61%	-39%	-50%	WoW 周环比		
YTD	As of 30th	-40%	-35%	-58%	-20%	-45%	Apr	As of 30th	31%
YoY 同比 - Tier 3	vs 2023	vs 2022	vs 2021	vs 2020	vs 2019	MoM 月环比			
Jan - Feb	-43%	-42%	-70%	-38%	-65%	Feb	-43%		
Mar	-53%	-28%	-62%	-47%	-63%	Mar	110%		
Apr MTD	As of 30th	-42%	-34%	-67%	-63%	-67%	Apr MTD	As of 30th	-15%
QTD	As of 30th	-42%	-34%	-67%	-63%	-67%	WoW 周环比		
YTD	As of 30th	-46%	-36%	-67%	-50%	-65%	Apr	As of 30th	24%

Source: Wind, CMBIGM

Figure 6: Chengdu property sales

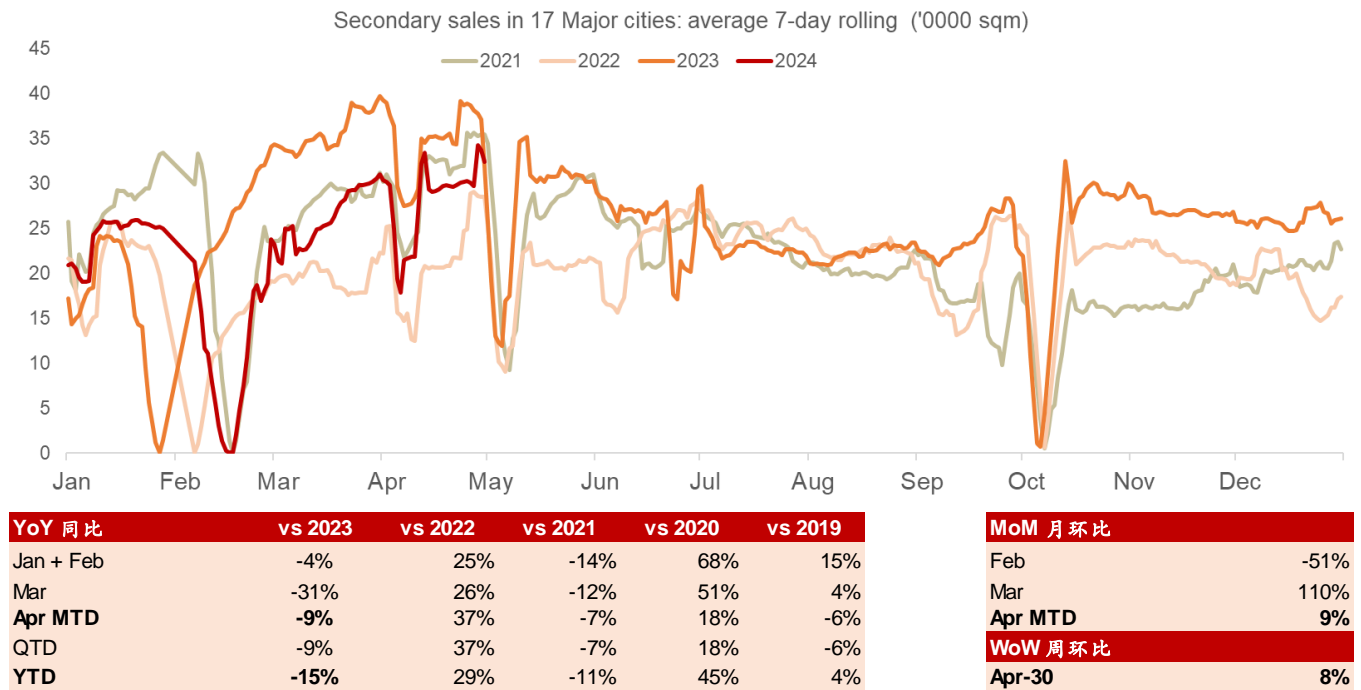
YoY 同比 - Chengdu Primary						MoM 月环比	
	vs 2023	vs 2022	vs 2021	vs 2020	vs 2019		
Jan - Feb	-24%	-41%	-37%	-9%	-33%	Feb	-46%
Mar	-39%	-33%	-48%	-16%	-25%	Mar	77%
Apr As of 30th	-41%	-26%	-47%	-29%	-24%	Apr As of 30th	6%
QTD As of 30th	-41%	-26%	-47%	-29%	-24%	WoW 周环比	
YTD As of 30th	-34%	-35%	-43%	-18%	-29%	Apr As of 30th	70%

YoY 同比 - Chengdu Secondary						MoM 月环比	
	vs 2023	vs 2022	vs 2021	vs 2020	vs 2019		
Jan - Feb	-3%	55%	324%	260%	96%	Feb	-49%
Mar	-30%	46%	292%	389%	59%	Mar	106%
Apr As of 30th	-11%	73%	325%	242%	51%	Apr As of 30th	10.2%
QTD As of 30th	-11%	73%	325%	242%	51%	WoW 周环比	
YTD As of 30th	-15%	57%	314%	282%	69%	Apr As of 30th	5.2%

Source: Wind, CMBIGM

Figure 7: YTD secondary sales declined 15% YoY



Source: Wind, CMBIGM

Figure 8: Units of new homes sold in tier-1 cities (17W2024)

New home transaction

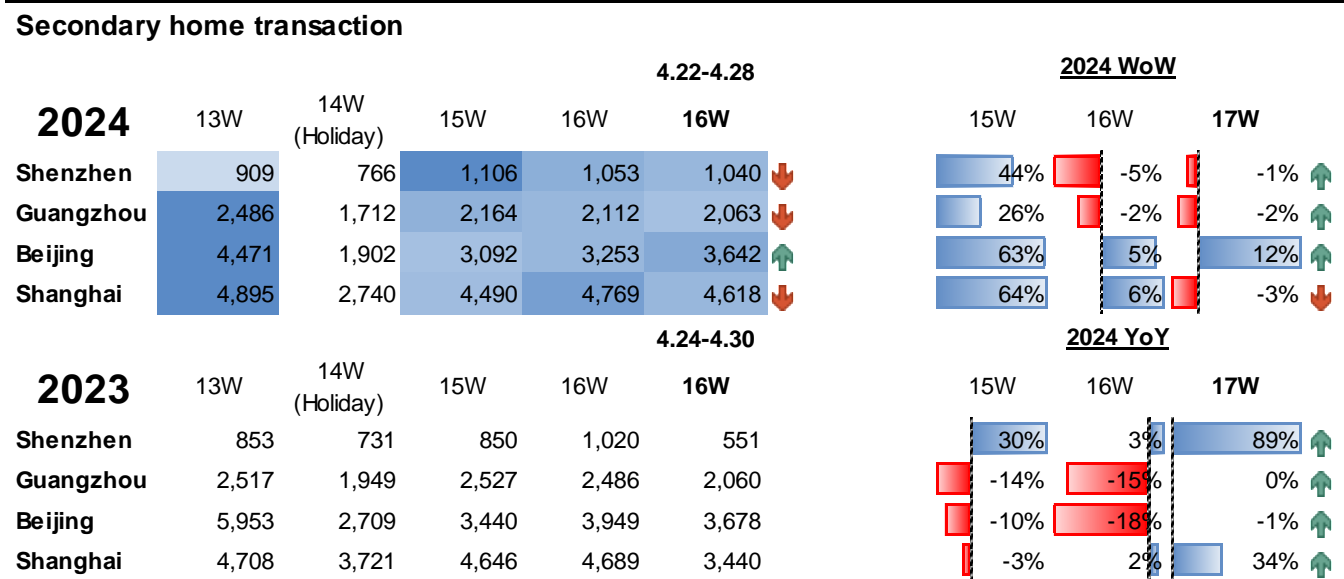
	4.22-4.28					2024 WoW		
	13W	14W (Holiday)	15W	16W	17W	15W	16W	17W
<b>2024</b>								
Shenzhen	606	392	640	576	615	63%	-10%	7% ↑
Guangzhou	1,281	697	925	1,275	1,327	33%	38%	4% ↓
Beijing	1,250	599	648	711	807	8%	10%	14% ↑
Shanghai	3,244	467	549	707	1,428	18%	29%	102% ↑

	4.24-4.30					2024 YoY		
	13W	14W (Holiday)	15W	16W	17W	15W	16W	17W
<b>2023</b>								
Shenzhen	735	506	910	980	932	-30%	-41%	-34% ↑
Guangzhou	1,296	234	1,541	1,333	2,188	-40%	-4%	-39% ↓
Beijing	2,206	1,783	1,774	2,616	1,169	-63%	-73%	-31% ↑
Shanghai	4,131	1,159	1,827	1,367	3,069	-70%	-48%	-53% ↓

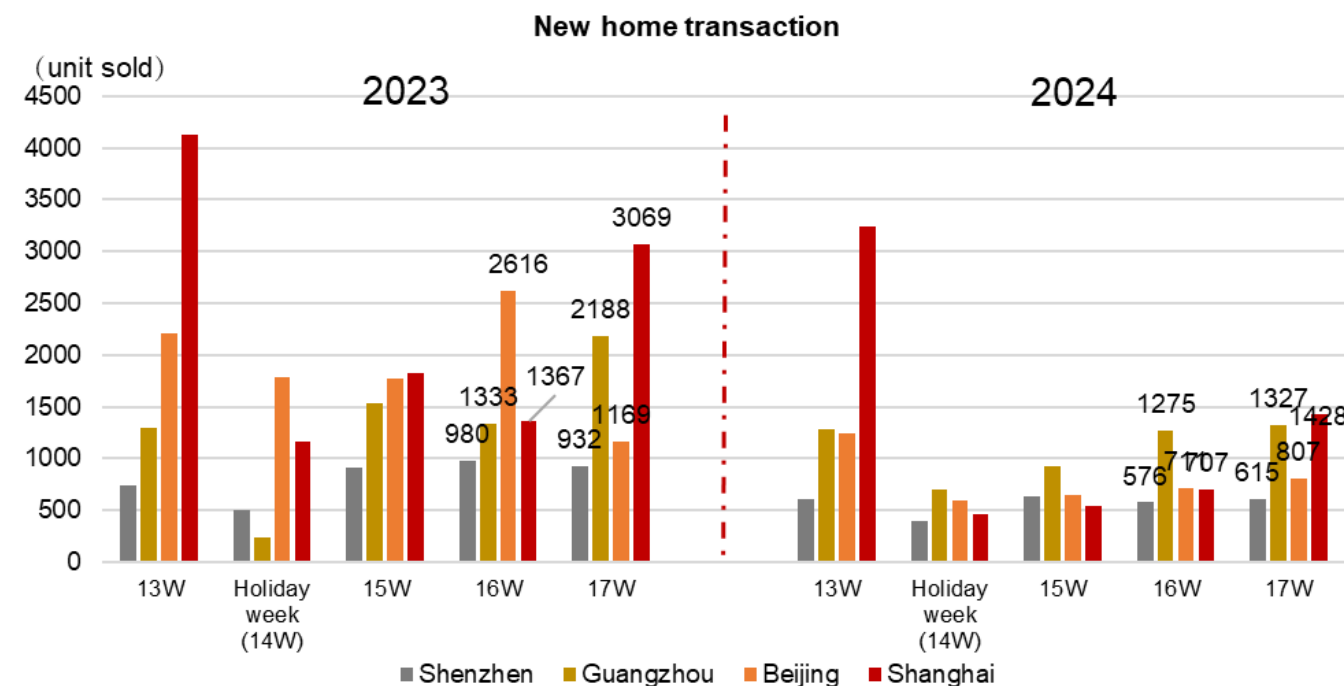
Source: Municipal bureaus of Ministry of Housing and Urban-Rural Development (MOHURD), CMBIGM

**Figure 9: Units of secondary homes sold in tier-1 cities (17W2024)**



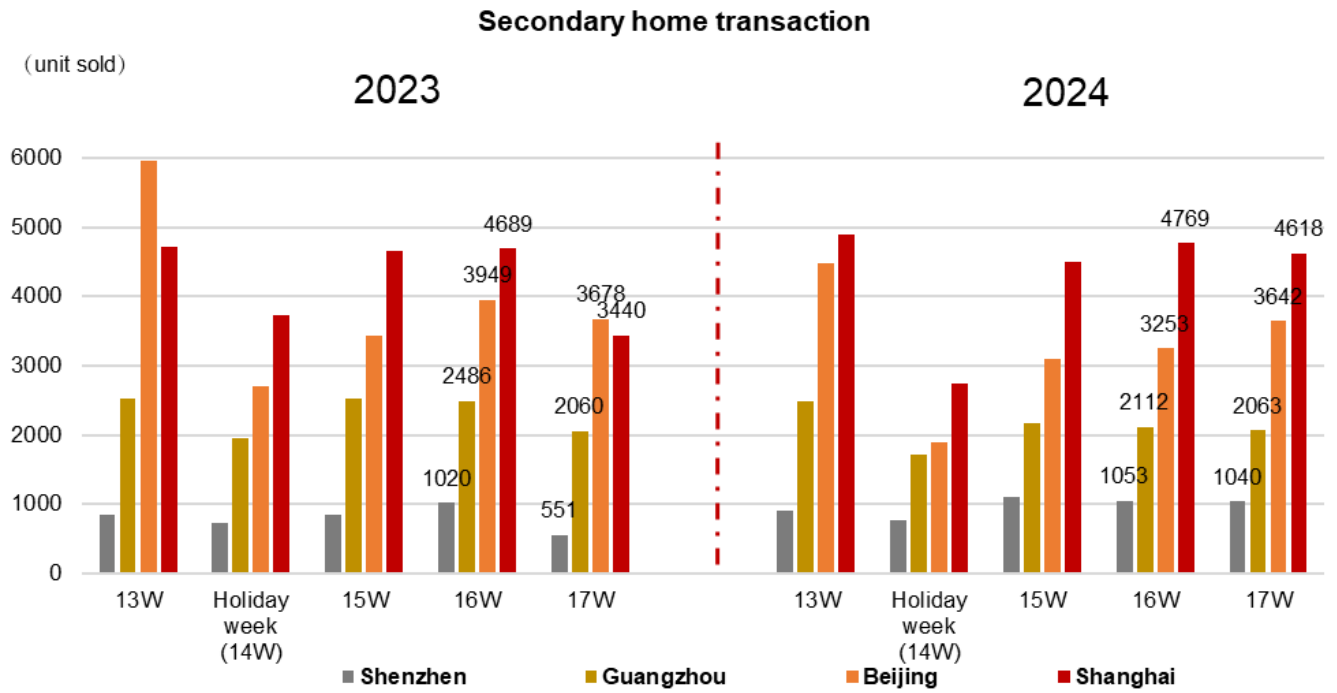
Source: Municipal bureaus of MOHURD, CMBIGM

**Figure 10: Units of new homes sold in tier-1 cities**



Source: Municipal bureaus of MOHURD, CMBIGM

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



Source: Municipal bureaus of MOHURD, CMBIGM



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