

China Property

Weekly new home sales: remained in a low run-rate; Guangzhou largely relaxed HPR

Industry Overview

Major cities' weekly new home sales volume +2% WoW

Primary home sales volume in 33 major cities increased by 526% YoY during the past week (Jan 21th to Jan 27th), mainly due to the easier comps in 2023 (Chinese New Year holiday during the same period). As such, it may be more meaningful to look at Jan and Feb combined sales as well as the WoW trend. Sequentially, performance of major cities improved +2% WoW, but remained in a low run-rate. Exhibit 1

MTD, new home sales volume in major cities declined by 18% YoY (but down by 40%-50% ex. earlier Chinese New Year Holiday in 2023). Across different cities, Tier-1/2/3 cities recorded sales decrease of 10%/18%/25% YoY, MTD. During the past week, secondary home sales in 11 major cities increased by 1547% YoY but declined by 5% WoW.

Tier-1 cities: Beijing's primary home sales outperformed

During the past week, new home unit sales increased by 32% WoW in Beijing, followed by slight growth in Shanghai and Guangzhou (+1% WoW). Shenzhen recorded WoW decline of 16% in new home unit sales during the past week. For secondary home market, Beijing slightly outperformed with unit sales +1% WoW (vs. -5%/-7% in Shanghai/Shenzhen).

Summary of recent relaxation policies

- On Jan 24th, PBoC (People's Bank of China) and NFRA (National Financial Regulatory Administration) allow operating loans proceeds to repay open-market bonds and other loans. BofA: only minor-to-moderate impact.
- On Jan 25th, NFRA: financial institutions must assume their responsibilities to support property sector's financing needs and to support local governments to further optimize downpayment ratio and mortgage ratio. BofA: dependent on bank support. No breakthrough in new financing channel for developers to repay maturing bonds.
- On Jan 25th, MHOUD (Minister of Housing of Urban-Rural Development) called for implementation of the "financing coordination mechanism" – (ie. banks to support white-list projects appointed by the local governments) at a faster pace. BofA: more likely to help completion of stalled projects.
- On Jan 26th, Guangzhou scraps the home purchase restrictions (HPR) for flat ≥ 120sqm and home units listed for sale or for lease won't count in the home purchase restrictions scheme. BofA: Guangzhou could draw purchasing power of affluent people in other cities and could accelerate the upgrade purchase. Other tier 1 & 2 cities may follow with more bold relaxations.

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Karl Choi, CFA >>
Research Analyst
Merrill Lynch (Hong Kong)
+852 3508 3108
karl.choi@bofa.com

Eric Du >>
Research Analyst
Merrill Lynch (Hong Kong)
+852 3508 3329
eric.du@bofa.com

Summer Wang, CFA >>
Research Analyst
Merrill Lynch (Hong Kong)
+852 3508 4351
summer.wang@bofa.com

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Exhibit 1: Major cities' new home sales volume +2% WoW

MTD, new home sales volume in major cities -18% YoY

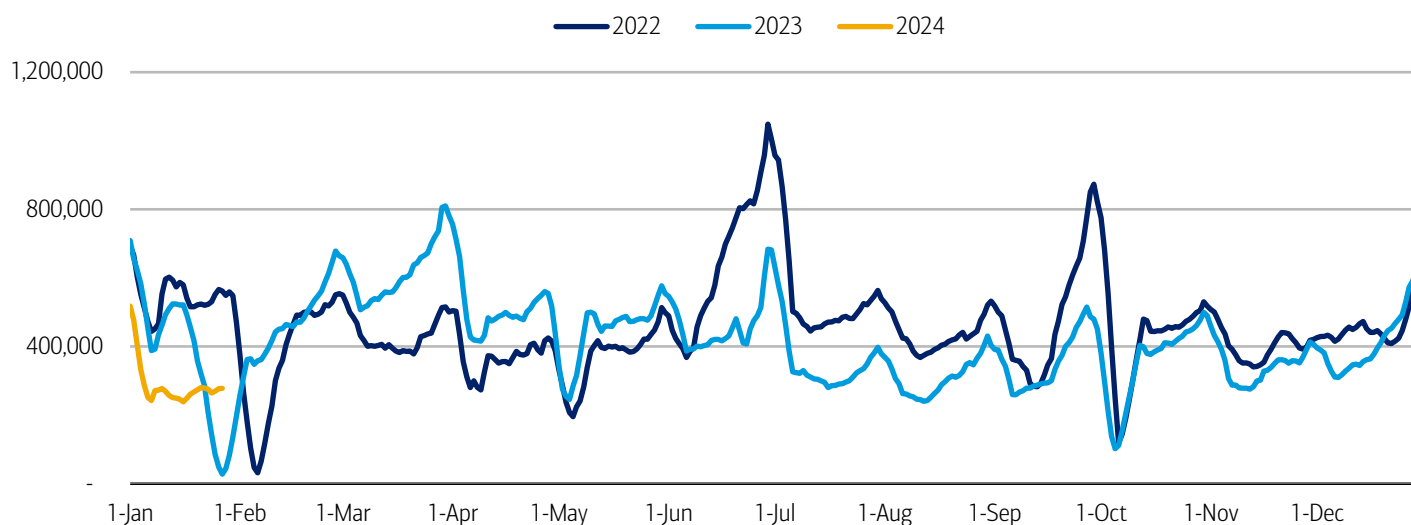
End	City	Weekly WoW	Weekly YoY	MTD YoY	YTD YoY
1/27/2024	Total (33 cities)	2%	526%	-18%	-18%
1/27/2024	New home				
	Tier-1 (4 cities)	-10%	1517%	-10%	-10%
1/27/2024	Tier-2 (10 cities)	4%	682%	-18%	-18%
1/27/2024	Tier-3 (19 cities)	12%	205%	-25%	-25%
1/27/2024	Secondary home (11 cities)	-5%	1547%	67%	67%

Source: Wind, BofA Global Research

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Exhibit 2: Primary home sales volume in 33 cities (7-day rolling average) in sqm

Sales volume in 33 cities increased by 2% WoW during the past week



Source: Wind; BofA Global Research

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Exhibit 3: Secondary home sales volume in 11 cities (7-day rolling average) in sqm

Secondary transaction volume decreased by 5% WoW

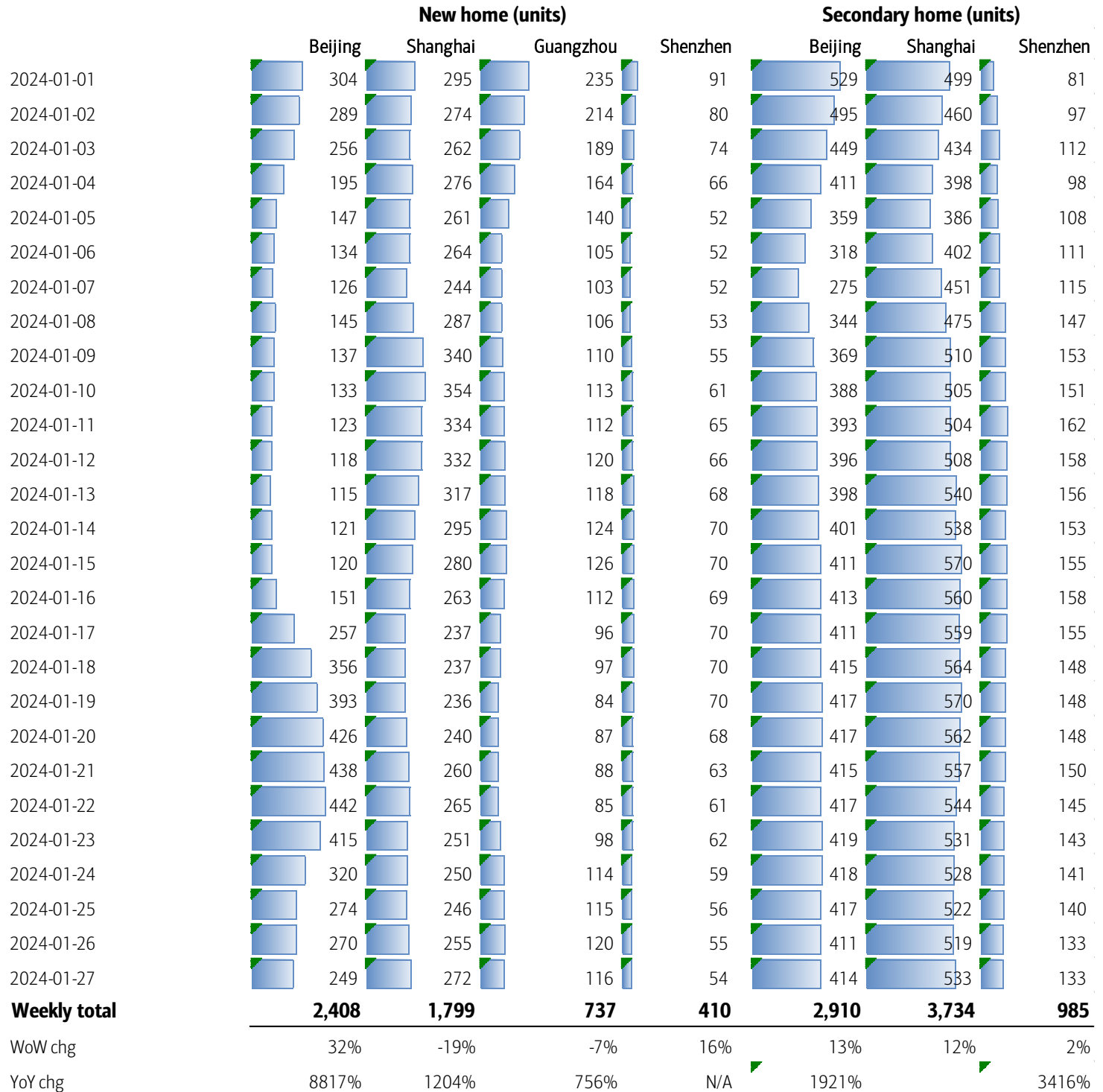


Source: Wind; BofA Global Research

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Exhibit 5: Daily property sales in tier-1 cities

Beijing slightly outperformed



Source: Wind; BofA Global Research

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