

## Monthly sales increased over 20%

### Comments on Oct 20 sales data of leading developers

**Monthly sales increased over 20%, and cumulative sales growth rate continued to increase.** In the first 10 months of 2020, TOP100 developers realized a total contracted sales of RMB 9.94 tn (+9.0% YoY, vs +7.4% in Jan-Sep 2020), and contracted GFA of 725 mn sqm (+7.3% YoY, vs +6.6% in Jan-Sep 2020). In October, the performance of major developers on the promotion and marketing was still relatively active. The monthly sales growth rate reached 21.5%, a slight slowdown from September. It is expected that the supply side of commercial housing will remain abundant during the year, and the industry's annual sales is expected to remain stable.

**Cumulative sales growth of medium-sized developers is the fastest, and monthly sales performance of small and medium-sized developers is outstanding.** As of end-Oct 2020, cumulative sales growth rate of developers of all sizes continued to increase, and developers ranked 11-50 in cumulative sales had the fastest cumulative sales growth, with a YoY increase of 12% (top 10 and top 51-100 developers increased by 6% and 9% respectively). In terms of monthly sales performance in Oct, developers ranked top 11-50 in cumulative sales grew faster, reaching 32% YoY (top 10 and 51-100 developers in cumulative sales increased 8% and 30% YoY, respectively). Companies that grew the fastest in accumulated contracted sales in Jan-Oct 2020 were C&D (+77% YoY), Yuzhou (+53% YoY) and Logan (+43% YoY).

**Industry tone remains stable, and regional coordination is steadily advancing.** This month, Wang Menghui, minister of MOHURD, published an article in the People's Daily stating that "the real estate market has basically achieved the goal of 'stabilizing land prices, housing prices, and expectations'", affirming the current industry development trend; at the same time, he again proposed that "in the future, we must adhere to the positioning of 'housing for living, not for speculation', the overall industry tone continues to remain stable. At the local level, the development of multi-regional integration is progressing steadily, the Politburo of the CPC Central Committee held a meeting to review the "Plan for the Construction of the Chengdu-Chongqing Double-city Economic Circle", and Guangzhou Line 22 will be extended to Dongguan and connected with Shenzhen, which may help the industrial development of relevant node cities and bring certain support to local housing demand; some popular cities continued to introduce regulatory policies, Xuzhou and Shaoxing impose restrictions on the adjustment of the record price of commercial housing, and Wuxi raises the second housing provident fund loan interest rate, which may curb speculation purchases and guide the healthy development of the local property market.

#### Suggestion:

In Oct 2020, the sales of TOP100 developers continued to improve. Under the maintenance of a stable industry policy environment, developers may continue to provide ample supply and rich marketing activities to drive the steady development of the industry sales throughout the year due to the efforts to hit the annual sales target and strengthen cash collection to deal with financing supervision. Maintain "Overweight" rating for the industry.

*Note: Uncertainties in the industry regulation and financing policies may affect the sales performance; macroeconomic fluctuations may have certain impact on business operations within the industry; uncertainties in the control of COVID-19 spread.*

**Overweight**

(Maintain)

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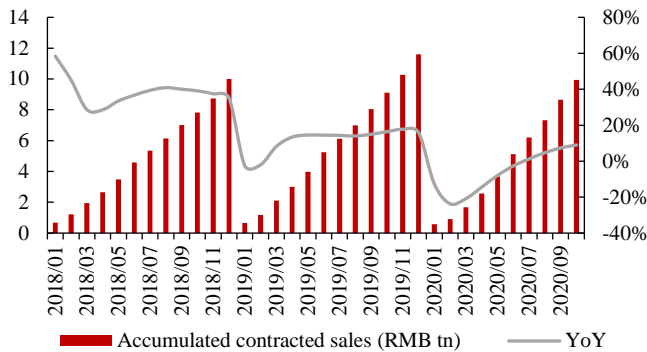
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CRIC released the sales data of developers for Oct 2020. Cumulative sales growth of TOP100 developers continued to increase with accumulated contracted sales increased by 9.0% YoY, single-month contracted sales increased by 21.5% YoY.

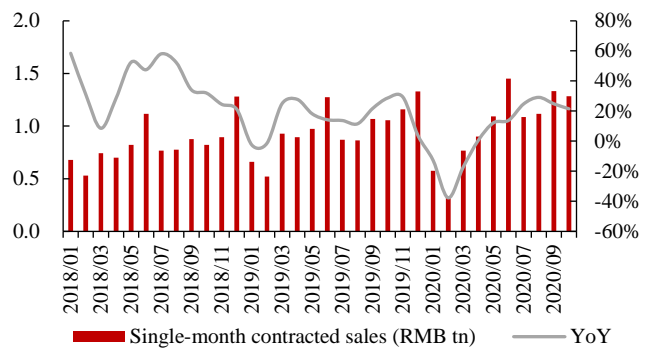
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**Chart 1: Accumulated contracted sales from Jan to Oct 2020 of TOP100 developers increased 9.0% YoY**



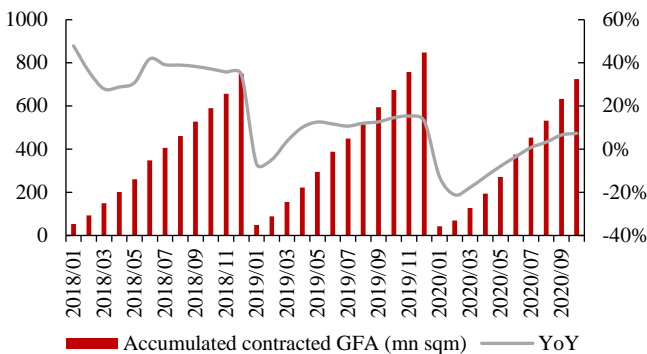
Source: CRIC, CWSI Research

**Chart 2: Single-month contracted sales in Oct of TOP100 developers increased 21.5% YoY**



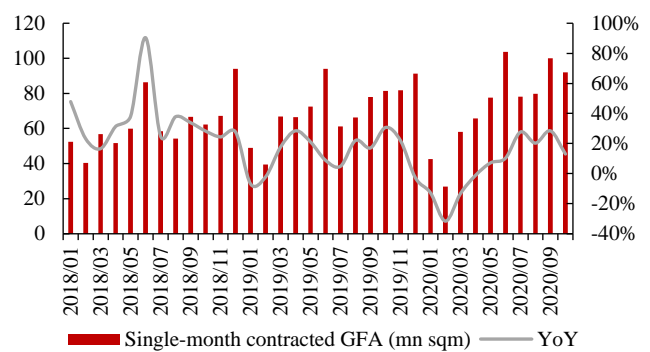
Source: CRIC, CWSI Research

**Chart 3: Accumulated contracted GFA from Jan to Oct 2020 of TOP100 developers increased 7.3% YoY**



Source: CRIC, CWSI Research

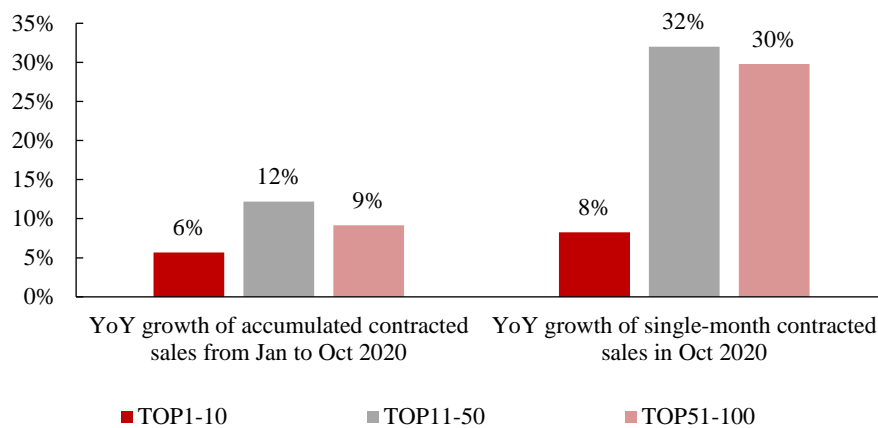
**Chart 4: Single-month contracted GFA in Oct of TOP100 developers increased 13.0% YoY**



Source: CRIC, CWSI Research

**Cumulative sales growth of medium-sized developers is the fastest, and monthly sales performance of small and medium-sized developers is outstanding.** As of end-Oct 2020, cumulative sales growth rate of developers of all sizes continued to increase, and developers ranked 11-50 in cumulative sales had the fastest cumulative sales growth, with a YoY increase of 12% (top 10 and top 51-100 developers increased by 6% and 9% respectively). In terms of monthly sales performance in Oct, developers ranked top 11-50 in cumulative sales grew faster, reaching 32% YoY (top 10 and 51-100 developers in cumulative sales increased 8% and 30% YoY, respectively). Companies that grew the fastest in accumulated contracted sales in Jan-Oct 2020 were C&D (+77% YoY), Yuzhou (+53% YoY) and Logan (+43% YoY).

**Chart 5: Cumulative sales growth of medium-sized developers is the fastest, and monthly sales performance of small and medium-sized developers is outstanding**



Source: CRIC, CWSI Research

**Industry tone remains stable, and regional coordination is steadily advancing.** This month, Wang Menghui, minister of MOHURD, published an article in the People's Daily stating that "the real estate market has basically achieved the goal of 'stabilizing land prices, housing prices, and expectations'", affirming the current industry development trend; at the same time, he again proposed that "in the future, we must adhere to the positioning of 'housing for living, not for speculation', the overall industry tone continues to remain stable. At the local level, the development of multi-regional integration is progressing steadily, the Politburo of the CPC Central Committee held a meeting to review the "Plan for the Construction of the Chengdu-Chongqing Double-city Economic Circle", and Guangzhou Line 22 will be extended to Dongguan and connected with Shenzhen, which may help the industrial development of relevant node cities and bring certain support to local housing demand; some popular cities continued to introduce regulatory policies, Xuzhou and Shaoxing impose restrictions on the adjustment of the record price of commercial housing, and Wuxi raises the second housing provident fund loan interest rate, which may curb speculation purchases and guide the healthy development of the local property market.

**Table 1: A Glance of Real Estate Policies in Oct, industry tone remains stable, and regional coordination is steadily advancing**

Date	Region/ Institution	Policy Summary
2020-10-06	Guangzhou	Planned to relax the Hukou requirements for young talents with a bachelor degree or above in the "double first-class" construction colleges and universities, so as to further optimize the employment environment for college graduates.
2020-10-09	Heilongjiang	Require all localities to combine local talent housing security regulations to explore the inclusion of college students who have graduated less than 5 years and are employed locally in the scope of public rental housing protection, appropriately relax entry thresholds.
2020-10-12	Shenzhen	The approval matters concerning the conversion of agricultural land other than permanent basic farmland to construction land that should be authorized by the State Council will be entrusted to the Shenzhen Municipal Government for approval. Support the promotion of mixed land use for the secondary and tertiary industries on the premise of meeting the requirements of national land and space planning. Support the revitalization of the existing industrial land, and explore solutions to planning adjustments, land supply, income distribution, and historical land use issues.
2020-10-12	Xuzhou	Proposed eight policies, including the adherence to the "one district, one policy" precise regulation, the prohibition of adjustments in the filing price of commercial housing within one year, the prohibition of compelling buyers to upgrade and decorate, and the continued adherence to the policy of restricting transactions in commercial housing.
2020-10-12	Shaoxing	The price filing of newly opened projects must comprehensively consider other similar housing prices in the same area or "land price + cost" and other factors, and the price filing of additional projects shall not be higher than the price of commercial housing filed for the first time.
2020-10-14	Guangzhou	Line 22 will become a cross-city express line, which will extend to Dongguan and connect with Shenzhen.
2020-10-15	Wuxi	The interest rate of the second set of self-occupied housing provident fund personal housing loans for employee families shall be implemented at 1.1 times the interest rate of the first set of personal housing loans in the same period.
2020-10-16	Chengdu- Chongqing	The Political Bureau of the CPC Central Committee convened a meeting to review the "Outline of the Construction Plan for the Chengdu-Chongqing Double-City Economic Circle." The meeting pointed out that it is necessary to promote the construction of a two-city economic circle in the Chengdu-Chongqing region, highlight the synergy of the two central cities of Chongqing and Chengdu, and focus on embodying regional advantages and characteristics, so that the Chengdu-Chongqing region will become an important economic center with national influence.
2020-10-22	MOHURD	The housing development has made great strides towards the goal of having a place to live. The real estate market has basically achieved the goal of "stabilizing land prices, stabilizing housing prices, and stabilizing expectations". In the future, we must adhere to the positioning that houses are used for living, not for speculation, accelerate the establishment of a housing system with multi-subject supply, multi-channel guarantee, and simultaneous rental and purchase, and continuously improve the housing market system and housing security system, and promote the significant improvement of residential housing conditions.



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2020-10-27	Shandong	Five cities including Qingdao, Yantai, Weihai, Weifang, and Rizhao formally established a joint meeting system for the integrated housing provident fund, and at the same time established seven cooperation contents including the establishment of an information sharing mechanism and the in-depth promotion of mutual recognition and mutual loans.
2020-10-29	5th plenary session of 19th CPC Central Committee	Optimize the spatial layout of the country and promote coordinated regional development and new urbanization. Persist in the implementation of major regional strategies, regional coordinated development strategies, and main functional area strategies, improve regional coordinated development systems and mechanisms, improve new urbanization strategies, and build a high-quality development of the land and space layout and support system. To build a new pattern of land space development and protection, promote coordinated regional development, and promote a new type of urbanization centered on people.

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Source: Government websites, CWSI Research

**Table 2: Sales of developers in Oct 2020, C&D and Yuzhou increased the fastest in cumulative sales**

Company	Sales Amount (RMB '00 mn)				Sales Area (10 thousand sqm)			
	Jan-Oct	Jan-Oct YoY	Oct	Oct YoY	Jan-Oct	Jan-Oct YoY	Oct	Oct YoY
Country Garden	6903	4%	750	-12%	7906	7%	833	-12%
EverGrande	6325	16%	1006	11%	7052	34%	1184	22%
Vanke	5468	5%	540	24%	3623	9%	358	32%
Sunac	4512	4%	705	9%	3229	9%	505	15%
PRE	4223	9%	549	36%	2769	7%	321	13%
COLI	2867	3%	295	16%	1526	0%	155	3%
GreenLand	2414	-10%	236	-6%	1970	-18%	237	7%
Shimao	2313	17%	301	29%	1319	20%	171	32%
CR Land	2170	9%	260	3%	1163	7%	176	31%
CMSK	2163	21%	261	53%	940	2%	119	38%
Longfor	2144	6%	280	4%	1261	6%	162	4%
Future Land	1906	-14%	276	12%	1770	-10%	261	11%
Gemdale	1901	21%	200	27%	920	15%	97	11%
Jinmao	1803	33%	185	52%	941	53%	87	58%
CIFI	1744	12%	200	5%	1178	28%	158	31%
Jinke	1723	27%	249	70%	1723	20%	297	105%
Yango	1701	4%	228	63%	1215	-8%	144	23%
Zoina	1682	14%	251	44%	1264	9%	194	43%
GreenTown	1410	41%	252	30%	557	47%	118	76%
Ronshine	1148	5%	147	-2%	528	1%	73	-2%
Logan	1123	43%	125	77%	928	60%	104	98%
ZhenRo	1109	8%	148	14%	715	7%	100	17%
R&F	1109	-4%	171	12%	891	-15%	130	-10%
Binjiang	1050	20%	130	61%	314	10%	40	88%
Agile	1048	5%	150	18%	763	3%	97	-16%
Kaisa	1047	26%	188	82%	855	23%	156	5%
Aoyuan	985	11%	152	51%	949	8%	118	18%
Mideadc	973	19%	135	25%	860	7%	120	10%
Sino-Ocean	920	-9%	160	30%	460	-8%	75	20%
Yuzhou	886	53%	115	25%	550	40%	79	25%
C&D	872	77%	112	143%	468	72%	57	59%
Risesun	834	8%	97	6%	777	7%	105	15%
Huafa Industrial Share	828	23%	96	52%	349	17%	45	35%
China SCE	802	32%	111	82%	531	7%	61	7%
KWG	785	15%	125	24%	471	19%	67	2%
BRC	768	-8%	106	57%	885	-2%	110	53%
<b>TOP1-10 Total</b>	<b>39357</b>	<b>6%</b>	<b>4886</b>	<b>8%</b>	<b>32887</b>	<b>10%</b>	<b>4227</b>	<b>13%</b>
<b>TOP1-50 Total</b>	<b>82376</b>	<b>9%</b>	<b>10627</b>	<b>20%</b>	<b>61295</b>	<b>8%</b>	<b>7745</b>	<b>12%</b>
<b>TOP1-100 Total</b>	<b>99359</b>	<b>9%</b>	<b>12847</b>	<b>22%</b>	<b>72464</b>	<b>7%</b>	<b>9194</b>	<b>13%</b>

Source: CRIC, CWSI Research



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**Note:**

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2. Macroeconomic fluctuations may have certain impact on business operations within the industry;
3. Uncertainties in the control of COVID-19 spread.



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Hold – Describes stocks that we expect to provide a relative return of between -10% and +5%.

Sell – Describes stocks that we expect to provide a relative return of <-10%.

#### 2) Sector Ratings:

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Neutral – Describes sectors that we expect to provide a relative return of between -10% and +10%.

Underweight – Describes sectors that we expect to provide a relative return of <-10%.

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