

Cumulative growth rate rose to double digits

Comments on Nov 20 sales data of leading developers

Leading developers actively carried out marketing activities, achieving double-digit growth in cumulative sales. In the first 11 months of 2020, TOP100 developers realized a total contracted sales of RMB 11.33 tn (+10.3% YoY, vs +9.0% in Jan-Oct 2020), and contracted GFA of 834 mn sqm (+10.1% YoY, vs +7.3% in Jan-Oct 2020). In Nov, with the marketing activities such as Double Eleven, the monthly sales growth rate of TOP100 developers only slightly decreased by 1.4 pct from to 20.1%, and the cumulative sales growth rate increased to double digits. By the end of the year, major developers will continue to hit their annual targets, and the sales of leading developers is expected to achieve steady growth.

Cumulative sales growth of small and medium-sized developers is the fastest, and monthly sales performance of medium-sized developers is outstanding. As of end-Nov 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 14% (top 10 and top 51-100 developers increased by 6% and 10% respectively). In terms of monthly sales performance in Nov, developers ranked top 11-50 in cumulative sales grew faster, reaching 32% YoY (top 10 and 51-100 developers in cumulative sales increased 10% and 13% YoY, respectively). Companies that grew the fastest in accumulated contracted sales in Jan-Nov 2020 were C&D (+69% YoY), Logan (+52% YoY), GreenTown (+48% YoY), Yuzhou (+47%) and Jinmao (+35%).

The top-level again mentioned "housing for living, not for speculation", local policies boosted rigid demand. This month, the positioning of "housing for living, not for speculation" was mentioned again in an article of Liu He, Vice Premier of the State Council, and the central bank's 3Q20 monetary policy implementation report, the overall industry tone continued to remain stable. At the local level, many cities have relaxed Hukou policies and introduced policies for talents: Yunnan fully liberalized the province's urban Hukou policies, Ganzhou will completely abolish the Hukou restrictions; Zhuhai relaxed the requirements for talent introduction twice, and Suzhou relaxed Hukou requirements for talents, etc. At the same time, some cities have strengthened housing price control to stabilize market expectations: Xiamen plans to limit the annual increase in the price of newly-built commercial housing to no more than 5% in 2021-2025, Harbin encourages developers to further give benefits to the buyers in new residential houses and residential apartments for sale. Policies at the central and local levels may continue to guide house price expectations to stabilize, which will give a certain boost to rigid housing demand.

Suggestion:

In Nov 2020, the sales of TOP100 developers continued to improve, the fundamentals of the industry remain sound. In the month, the top level once again confirmed the stability of the industry tone and the normalization of overall liquidity. In this context, the introduction of talent policies and the control of housing prices in various places may further boost residents' rigid housing demand, and the industry's annual sales is expected to achieve a steady growth. 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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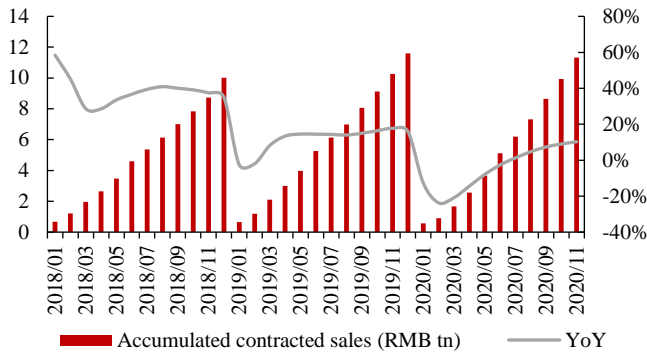
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CRIC released the sales data of developers for Nov 2020. Cumulative sales growth of TOP100 developers continued to increase with accumulated contracted sales increased by 10.3% YoY, single-month contracted sales increased by 21.5% YoY.

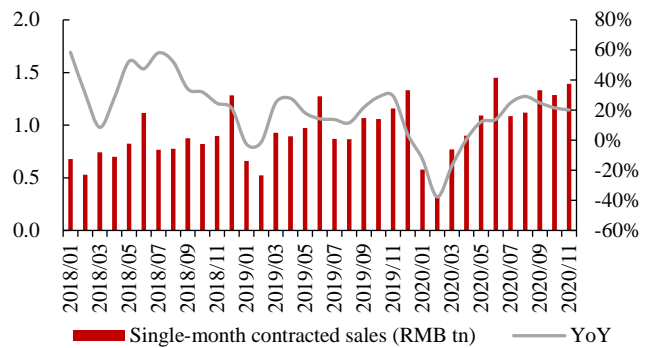
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Chart 1: Accumulated contracted sales from Jan to Nov 2020 of TOP100 developers increased 10.3% YoY



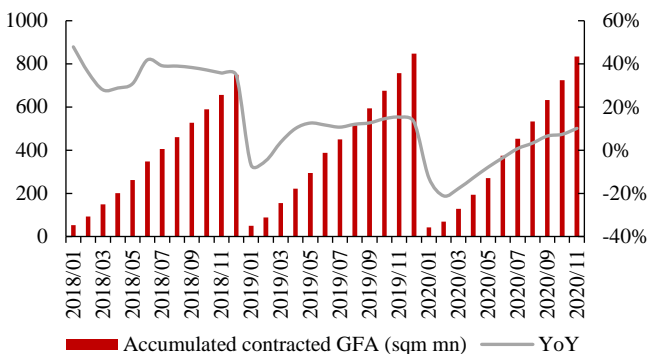
Source: CRIC, CWSI Research

Chart 2: Single-month contracted sales in Nov 2020 of TOP100 developers increased 20.1% YoY



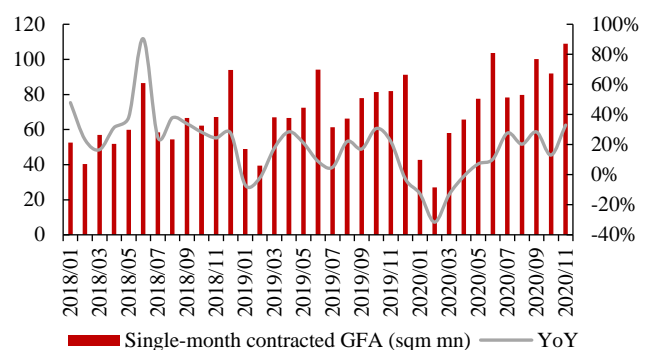
Source: CRIC, CWSI Research

Chart 3: Accumulated contracted GFA from Jan to Nov 2020 of TOP100 developers increased 10.1% YoY



Source: CRIC, CWSI Research

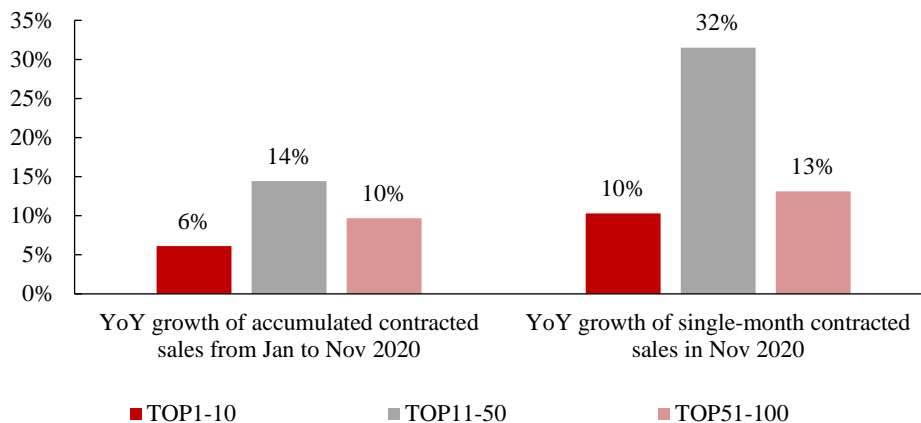
Chart 4: Single-month contracted GFA in Nov 2020 of TOP100 developers increased 33.0% YoY



Source: CRIC, CWSI Research

Cumulative sales growth of small and medium-sized developers is the fastest, and monthly sales performance of medium-sized developers is outstanding. As of end-Nov 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 14% (top 10 and top 51-100 developers increased by 6% and 10% respectively). In terms of monthly sales performance in Nov, developers ranked top 11-50 in cumulative sales grew faster, reaching 32% YoY (top 10 and 51-100 developers in cumulative sales increased 10% and 13% YoY, respectively). Companies that grew the fastest in accumulated contracted sales in Jan-Nov 2020 were C&D (+69% YoY), Logan (+52% YoY), GreenTown (+48% YoY), Yuzhou (+47%) and Jinmao (+35%).

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



Source: CRIC, CWSI Research

The top-level again mentioned "housing for living, not for speculation", local policies boosted rigid demand. This month, the positioning of "housing for living, not for speculation" was mentioned again in an article of Liu He, Vice Premier of the State Council, and the central bank's 3Q20 monetary policy implementation report, the overall industry tone continued to remain stable. At the local level, many cities have relaxed Hukou policies and introduced policies for talents: Yunnan fully liberalized the province's urban Hukou policies, Ganzhou will completely abolish the Hukou restrictions; Zhuhai relaxed the requirements for talent introduction twice, and Suzhou relaxed Hukou requirements for talents, etc. At the same time, some cities have strengthened housing price control to stabilize market expectations: Xiamen plans to limit the annual increase in the price of newly-built commercial housing to no more than 5% in 2021-2025, Harbin encourages developers to further give benefits to the buyers in new residential houses and residential apartments for sale. Policies at the central and local levels may continue to guide house price expectations to stabilize, which will give a certain boost to rigid housing demand.

Table 1: A Glance of Real Estate Policies in Nov 2020, the top-level again mentioned "housing for living, not for speculation", local policies boosted rigid demand

Date	Region/ Institution	Policy Summary
2020-11-02	CBIRC	Continue to strictly control the scale of real estate trusts, strengthen the penetrating supervision of real estate trusts in accordance with the principle of "substance is more important than form", and strictly prohibit breaking through regulatory requirements through various forms, and strictly forbid channels for illegal flow of funds into the real estate market.
2020-11-04	Taizhou	Taizhou will establish a linkage mechanism for housing and land prices, optimize the scale, layout and pace of residential land supply, and implement differentiated land supply. From November 4, newly purchased houses in the urban area can only be transferred after 3 years of obtaining the real property certificate.
2020-11-05	Lishui	For commercial houses that apply for pre-sale, the pre-sale GFA in each phase is not less than 50,000 sqm; if the total GFA or remaining GFA is more than 50,000 sqm and less than 100,000 sqm, the project can apply for pre-sale in two times, each pre-sale GFA can be less than 50,000 sqm, but not less than 20,000 sqm, etc.
2020-11-09	Zhuhai	Relaxed the requirements for talent introduction: relaxed age requirements, abolished restrictions on some skilled talents, and the requirement of "settlement first and then employment" are unified from "within three years of graduation" to "within five years of graduation", etc.
2020-11-13	CBIRC	In order to regulate the direct investment of insurance funds in the equity of unlisted companies, insurance funds are not allowed to invest in target enterprises directly engaged in real estate development and construction, including the development or sale of commercial residential buildings.
2020-11-13	Ganzhou	The urban Hukou restrictions will be completely cancelled.
2020-11-17	Yunnan	Fully liberalize the province's urban Hukou policies, implement the province's unified urban and regional Hukou policies, refine the Hukou policies, formulate feasible policy measures, and accelerate the promotion of key groups of agricultural transfer populations to settle in cities and towns.
2020-11-19	Xiamen	Issued "Xiamen Housing Development Plan (2021-2025)" (public announcement draft): the annual increase in the price of newly-built commercial housing should not exceed 5%, and the annual increase in housing rental prices should not exceed the per capita disposable price of urban residents income growth rate.
2020-11-19	Suzhou	Eligible talents and families with special talents can enjoy priority house purchase service once and can only use it to purchase 1 set of house; plans will be made to build talent rental housing and "young talent post", and relax Hukou restrictions for young talents.
2020-11-19	Harbin	Encourage developers to further benefit the buyers when sell residential houses, residential apartments and other newly-built commercial houses.
2020-11-19	Lishui	Eligible graduates will be given a one-time housing purchase subsidy; after the introduced talents enjoy the housing subsidy, the property purchased by them will be restricted from listing and trading within 5 years; those who leave after the service period shall be refunded according to the number of months of the unexpired service period.



2020-11-24	Chengdu	If the number of registered house buyers is 3 times or more of the number of houses available for sale in the current period, all houses are only sold to registered residents without households and shed reform monetization resettlement households, among which, the number of houses for households without houses is not less than 70%, and the remaining houses are for shed reform to monetization resettlement households to purchase.
2020-11-25	The State Concil	Vice Premier Liu He clearly pointed out in his article that: the real estate industry affects investment and consumption, and is related to people's livelihood and development. It is necessary to adhere to the positioning of "housing for living, not for speculation", insist on simultaneous rental and purchase, implement policies in accordance with the city, improve the long-term rental policy, and promote the steady and healthy development of the real estate market.
2020-11-26	Central Bank	According to the China Monetary Policy Implementation Report for 3Q20, it is necessary to firmly adhere to the positioning that "housing for living, not for speculation", and that real estate should not be used as a short-term means of stimulating the economy, and that land prices, housing prices, and expectations should be stabilized. It is expected to maintain the continuity, consistency, and stability of the real estate financial policy, and implement the real estate financial prudential management system.
2020-11-26	Zhuhai	The scope of the talent introduction will be relaxed to talents who are introduced by Zhuhai employers and pay social insurance premiums or wages and salaries in Zhuhai. At the same time, relax the qualifications, age and some restrictions on the introduction of talents, support the introduction of excellent frontline employees of key enterprises into the registered population, and relax the talent introduction conditions of "settlement before employment".

Source: Government websites, CWSI Research

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

Company	Sales Amount (RMB '00 mn)				Sales Area (10 thousand sqm)			
	Jan-Nov	Jan-Nov YoY	Nov	Nov YoY	Jan-Nov	Jan-Nov YoY	Nov	Nov YoY
Country Garden	7703	2%	800	-7%	9629	15%	1723	80%
Vanke	6025	5%	557	2%	4014	9%	391	7%
EverGrande	6856	18%	531	43%	7644	36%	592	53%
Sunac	5201	4%	689	3%	3729	9%	500	8%
PRE	4630	10%	407	25%	3129	11%	359	48%
GreenLand	2764	-8%	350	8%	2280	-16%	310	-5%
COLI	3201	4%	334	50%	1721	5%	195	76%
Future Land	2202	-11%	296	22%	2049	-6%	279	22%
Shimao	2628	15%	315	3%	1498	17%	180	1%
CR Land	2460	9%	290	11%	1329	8%	166	14%
Longfor	2428	9%	285	35%	1428	9%	167	36%
CMSK	2455	25%	292	63%	1080	7%	140	49%
Yango	1880	3%	180	1%	1345	-9%	131	-11%
Gemdale	2052	17%	151	-14%	1000	12%	80	-20%
CIFI	2000	12%	257	16%	1342	25%	164	12%
Zoina	1947	14%	265	13%	1457	9%	193	7%
Jinke	1958	29%	234	53%	1948	21%	226	29%
Jinmao	2003	35%	200	63%	1017	50%	77	21%
Zhongliang	1487	14%	180	12%	1201	-3%	148	-1%
R&F	1267	-3%	158	5%	1012	-15%	121	-13%
Ronshine	1337	6%	188	10%	622	3%	94	9%
GreenTown	1667	48%	257	81%	648	47%	91	50%
Sino-Ocean	1083	-4%	163	36%	542	-3%	81	42%
Agile	1158	6%	110	24%	864	5%	101	32%
Aoyuan	1138	12%	153	21%	1100	9%	151	14%
Kaisa	1194	22%	147	0%	974	37%	120	500%
Risesun	1009	9%	174	10%	951	9%	174	16%
Binjiang	1184	21%	134	28%	345	10%	32	12%
BRC	911	-3%	143	44%	1023	1%	138	18%
Mideadc	1098	21%	125	34%	958	6%	98	-1%
Logan	1298	52%	175	171%	1073	73%	145	248%
Sinicdc	989	19%	154	213%	632	18%	36	13%
Radiance	847	5%	144	38%	652	13%	111	58%
KWG	907	18%	123	42%	543	21%	72	38%
China SCE	904	28%	102	6%	596	8%	65	15%
Times	836	24%	129	56%	580	26%	83	38%
Yuzhou	986	47%	100	9%	610	38%	61	12%
C&D	983	69%	111	23%	522	66%	54	26%
RedSun	743	28%	98	13%	518	19%	66	4%
PowerLong	720	30%	95	99%	470	36%	63	100%
TOP1-10 Total	43923	6%	4566	10%	37640	13%	4753	41%
TOP1-50 Total	93573	10%	11197	22%	70560	11%	9265	34%
TOP1-100 Total	113275	10%	13916	20%	83351	10%	10887	33%

Source: CRIC, CWSI Research



Suggestion:

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Note:

1. Certain uncertainties in the industry regulation and financing policies may affect the sales performance of listed companies;
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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Accumulate – Describes stocks that we expect to provide a relative return of between 5% and 20%.

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%.

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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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