

This Week in China

Beike: Advantageous business model, fast-growing new driving forces

Topic of the week:

The growth path has gradually switched, new home transactions and emerging businesses have stimulated the growth of Beike's scale. Beike, which started with the existing home business, is actively expanding other services, the proportion of existing home transactions revenue has fallen from 72.4% in 2017 to 43.4% in 2020. In 2020, Beike's growth (revenue+53.2%/GTV+64.5%) is mainly due to: 1) New home transactions (revenue+87.1%/GTV+85.0%): The scale foundation, the ACN model, and the platform-based expansion mechanism have built a strong moat for Beike, which has expanded the scale of agents and city coverage, driving the growth of the new home transactions. 2) Emerging businesses (revenue+68.7%/GTV+113.0%): On the basis of home transactions, emerging businesses such as financial services are gradually gaining momentum.

Non-Lianjia brands drove the growth of the new home transactions, and the expansion model had outstanding advantages. The growth of agents and stores has expanded the new home market covered by Beike, and non-Lianjia brands has driven the growth of new house GTV: As of 2020Q3, Lianjia has only covered 29 cities with more active second-hand housing market, Beike as a whole covered 103 cities; in 2020, the GTV of new home transactions from non-Lianjia brands reached 80.0% (+7.0pct). The expansion of Beike's scale comes from the scale foundation of Lianjia, Beike's ACN and platform expansion model. As of end-2020, the number of Beike's agents reached 493,088 (+37.9%) and the number of stores reached 46,946 (+25.1%), ranking among the top in the industry. The current growth rate of the new home market may hardly see a substantial increase, and some leading developers are strengthening their new home sales business, the new home competition in the brokerage industry has become more intense. In this environment, Beike's unique expansion model increased its market share of new home to 8.9% (+3.6pct) in 2020, and it is expected to continue to support its market share increase.

Based on the horizontal expansion of existing advantages, emerging businesses are gradually expanding. Beike's emerging businesses include finance, decoration, etc. The financial business is based on home sales and taps into the financial needs of customers in transactions (such as providing second-hand house sellers with short-term loans before the purchase price is paid off). Beike's advantages in home sales are expected to support the growth of its financial business. Although the current volume is small, some of Beike's emerging businesses are positively related to home transactions, may become the company's new growth driving force with the continuous increase in the scale of Beike.

Data points:

As of Mar 19th, new house transaction area in 42 major cities this week remained stable WoW, and cumulative transaction area in 2021 increased 118% YoY.

As of Mar 19th, saleable area (inventory) in 13 major cities this week remained stable WoW; average inventory period was 11.5 months, average WoW change was -21%.

As of Mar 19th, second-hand housing transactions in 15 major cities this week increased 3% WoW, and cumulative transaction area in 2020 increased 92% YoY.

Suggestion:

Some companies' outstanding performance drove stock prices to rise. In terms of policies, various localities still propose different policies based on their own market conditions and development needs. For example, Qingdao has substantially relaxed restrictions on Hukou, and cities such as Jiaxing, Huzhou, and Xi'an have increased their regulations, housing market is expected to return to rationality gradually. Maintain "Overweight" rating.

Overweight

(Maintain)

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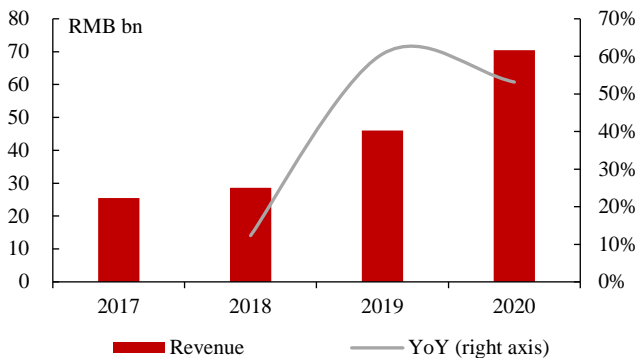
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1. Beike: Advantageous business model, fast-growing new driving forces

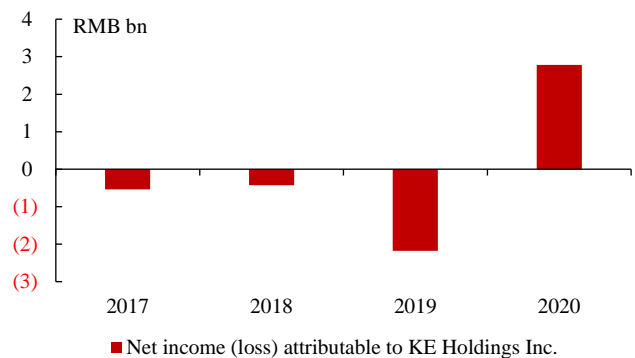
A few days ago, Beike announced its first annual results after listing: in 2020, Beike achieved revenue of RMB 70.48 bn (+53.2%), and net profit attributable to parent has recovered for the first time in recent years, reaching RMB 2.78 bn (2019: net loss of RMB 2.18 bn). What factors have driven the growth of Beike?

Chart 1: Beike's revenue in 2020 reached RMB 70.48 bn (+53.2%)



Source: Company announcement, CWSI Research

Chart 2: In 2020, the net profit attributable to parent turned positive for the first time

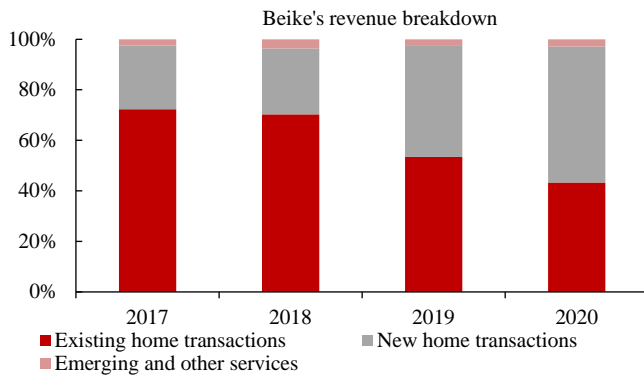


Source: Company announcement, CWSI Research

1.1 Brokerage business: new home transactions drove growth, and the advantages of characteristic models are highlighted

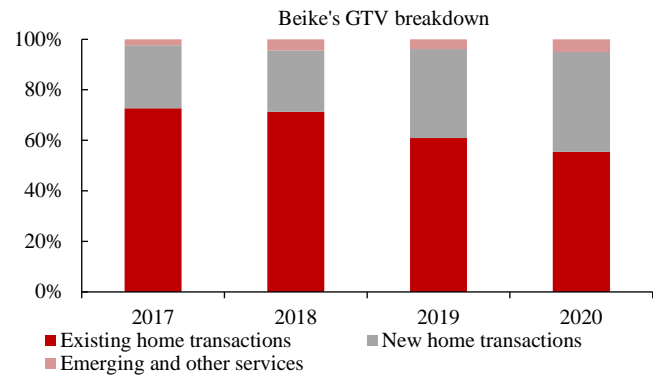
The proportion of Beike's new home transaction business continued to expand, becoming the largest source of revenue. From the perspective of revenue and GTV structure, Beike's new home transactions revenue and GTV share in 2020 continued to expand: the proportion of revenue derived from new home transactions increased by 9.8 pct to 53.8%, exceeding the proportion of existing home transaction revenue for the first time (43.4%); the proportion of GTV in new home transactions increased by 4.4 pct to 39.5%. In the past two years, Beike's new home transactions GTV growth rate has been faster than that of existing home transactions GTV. In 2019, the growth rate of new home/existing home transactions GTV was 166.2%/57.8%, and in 2020 it was 85.0%/49.5%. From the perspective of revenue and GTV structure, Beike, which started with the existing home business, has accelerated the development of new home business since 2019. Within two years, new home sales have become the largest contribution to Beike's revenue.

Chart 3: In 2020, Beike's new home business accounted for more revenue than existing home business



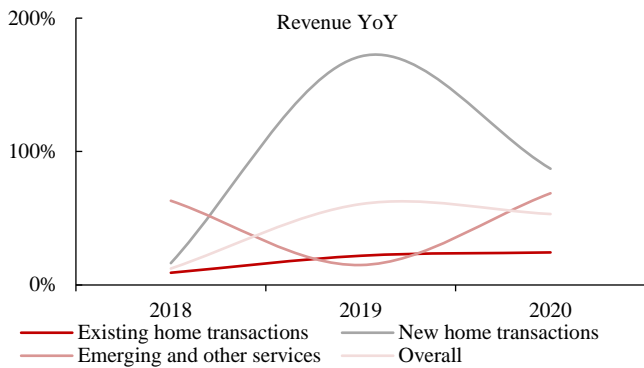
Source: Company announcement, CWSI Research

Chart 4: The proportion of Beike's new home GTV has increased significantly from 2019



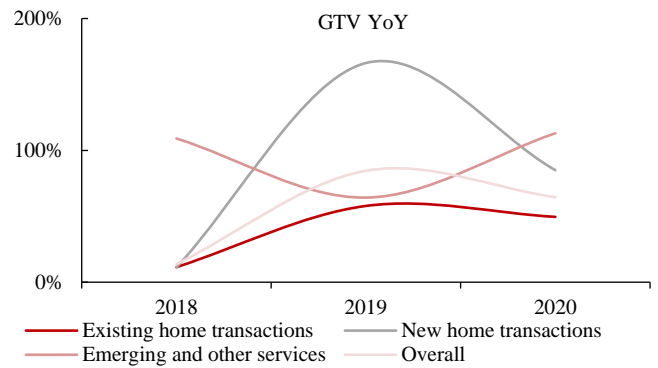
Source: Company announcement, CWSI Research

Chart 5: The growth rate of new home transactions revenue has been faster than that of existing home transactions in the past three years



Source: Company announcement, CWSI Research

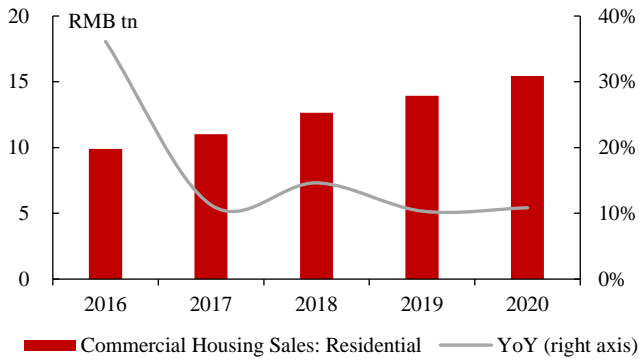
Chart 6: Beike's new home transactions GTV growth rate has been significantly higher than that of existing home transactions from 2019



Source: Company announcement, CWSI Research

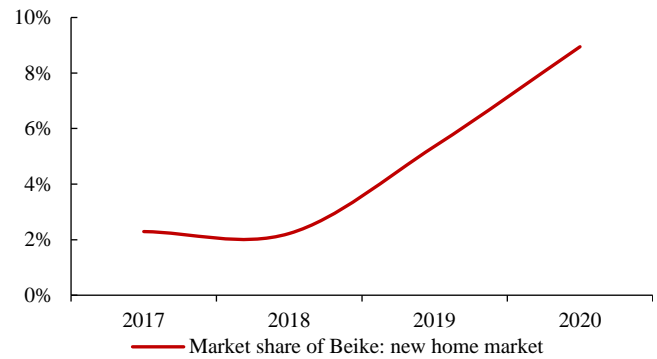
Beike's market share in the new home market continues to increase. On the one hand, the growth of the new home business comes from the growth of the new home market (2018-2020 national commercial residential sales increased by 14.6%/10.3%/10.8% YoY respectively), and on the other hand, it comes from the increase in the market share of Beike (2018-2020, the market share of Beike's new home transactions GTV were approximately 2.2%/5.4%/8.9%). The channels of the new house sales market are mainly direct sales channels of developers and agency sales channels such as E-House and Beike. The increase in the market share of Beike is the result of squeezing the market share of other participants.

Chart 7: National commercial residential sales increased by 10.8% YoY in 2020



Source: NBS, CWSI Research

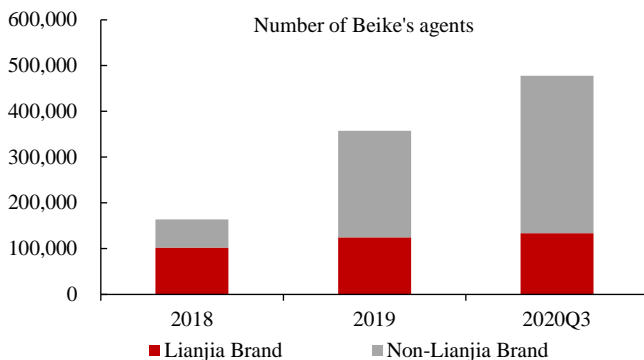
Chart 8: Beike's new home transaction market share in 2020 reached approximately 8.9% (+3.6pct)



Source: Company announcement, NBS, CWSI Research

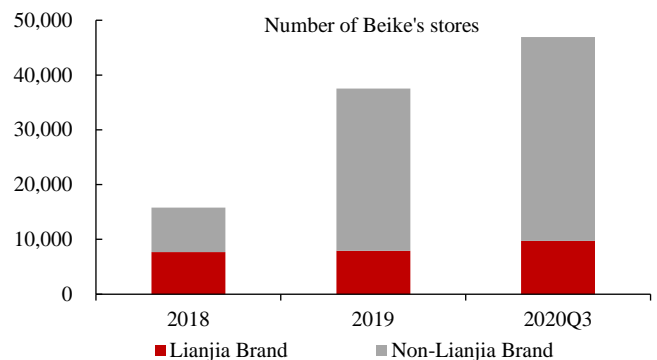
The growth of agents and stores has expanded Beike's city coverage of and new home market. Under the expansion of Beike, the number of non-Lianjia agents and stores has increased significantly since 2019. At the end of 2020Q3, Beike's non-Lianjia agents reached 344,000, accounting for 72.0% of the number of Beike's agents; The number of non-Lianjia stores reached 37,000, accounting for 79.2% of the number of Beike's stores. The growth of agents and stores has expanded the new home market that Beike covered: At the end of 2020Q3, Lianjia only covered 29 cities with better economic development and a more active second-hand housing market, while Beike's overall coverage reached 103 cities. Non-Lianjia agents and stores have driven the rapid growth of GTV in new home transactions: From 2018 to 2020, the proportion of GTV of new home transactions by non-Lianjia agents and stores has gradually increased, reaching 49.3%/73.0%/80.0% respectively.

Chart 9: The number of non-Lianjia agents accounted for 72.0% as of end-2020Q3



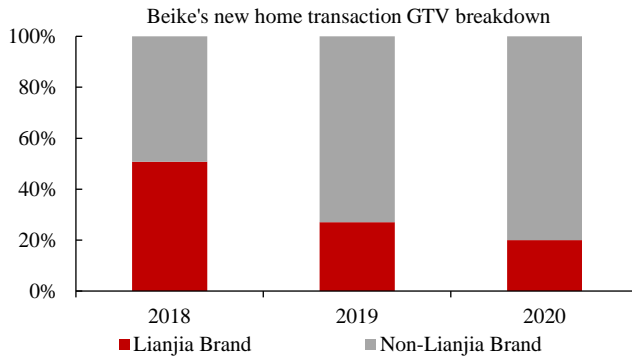
Source: Company announcement, CWSI Research

Chart 10: The number of non-Lianjia stores accounted for 79.2% as of end-2020Q3



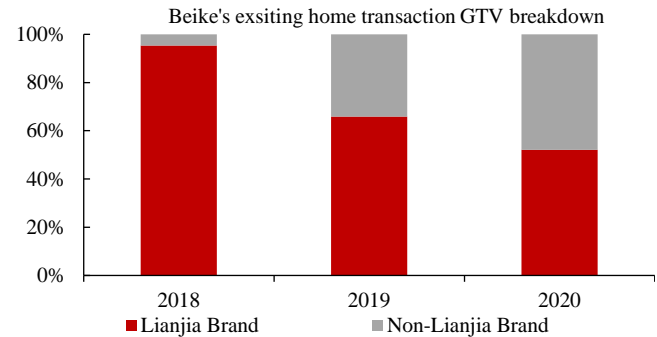
Source: Company announcement, CWSI Research

Chart 11: In 2020, 80% of Beike’s new home transactions GTV came from non-Lianjia brand



Source: Company announcement, CWSI Research

Chart 12: In 2020, Lianjia brand still contributed more than half of Beike’s existing home transactions GTV



Source: Company announcement, CWSI Research

Compared with other real estate brokerage companies, the rapid growth of the number of Beike’s agents mainly relies on the moat constructed by the ACN model, platform-based expansion and large-scale recruitment. Developers’ demand for new home listings is to increase sales. Sufficient agents and stores are important driving forces for increased sales. The rapid growth of the number of Beike’s agents and stores mainly relies on:

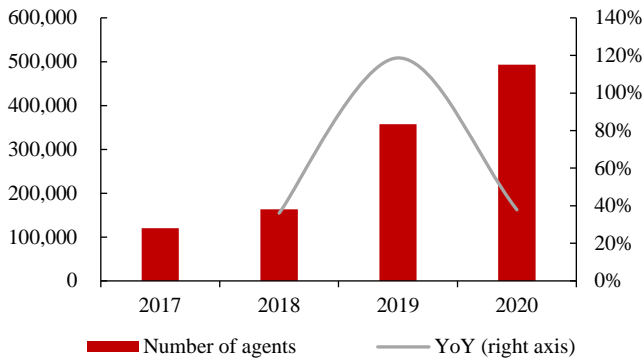
Beike’s ACN model: enables agents to obtain corresponding income in all processes of the transaction, and to a certain extent avoids vicious competition among agents on the Beike platform.

Platform-based expansion: Integrate the scattered listings and customer sources into a single platform to form a unique channel advantage. The realization of Beike's platform expansion is based on: 1) Lianjia’s accumulation of the existing home market during the years: Lianjia brand have advantages in both existing home sales capacity and the number of existing home listings, and resource sharing is attractive to small and medium real estate agents. In 2020, Lianjia brand, which accounted for less than 30% of the number of brokers and stores, still contributed more than 50% of Beike’s existing home transactions GTV; at the end of 2020Q3, Beike’s “Housing Dictionary” had included 233 mn homes. 2) Introduction and sharing of new home listings: Relying on sales capacity and scale, Beike cooperated with developers to introduce new home listings and share them with agents. 3) The construction of a technology platform for real estate brokerage business: Beike’s R&D expenditure as a proportion of revenue has continued to rise in recent years, from 1.0% in 2017 to 3.5% in 2020.

Large-scale recruitment of professional agents: With the rapid expansion of agents and listings, the growth of revenue and profit, and gradual expansion of brand influence, Beike is able to carry out large-scale recruitment of agents, and approximately 150,000 offers from school recruitment agents were issued by Beike in 2020.

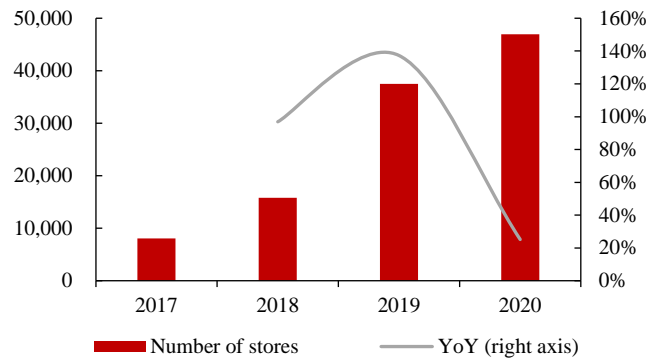
Lianjia’s accumulated first-mover advantage over the years and Beike’s unique business model have built a moat for Beike to increase the number of agents and the company’s scale. As of end-2020, the number of Beike’s agents reached 493,088 (+37.9%), and the number of stores reached 46,946 (+25.1%), ranking the top in the industry.

Chart 13: As of end-2020, the number of Beike’s agents reached 493,088 (+37.9%)



Source: Company announcement, CWSI Research

Chart 14: As of end-2020, the number of Beike’s stores reached 46,946 (+25.1%)

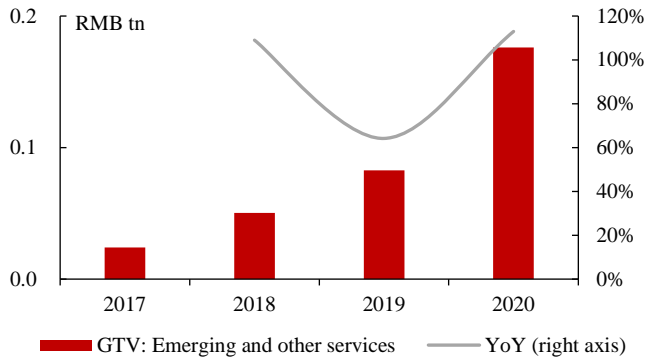


Source: Company announcement, CWSI Research

1.2 Emerging business: a new growth point extended by home sales

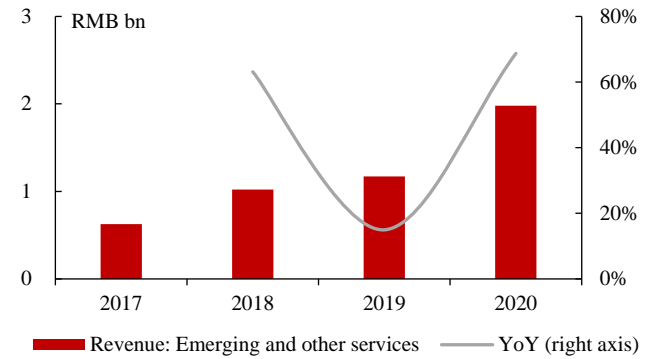
Emerging business is the fastest growing business segment of Beike in 2020, with a higher profit margin than home sales. Beike’s emerging businesses include finance, decoration and other businesses. The growth rate of GTV and revenue both increased rapidly in 2020, with a YoY increase of 113.0% and 68.7% respectively. Beike’s emerging business scale is much smaller than the home transactions business, accounting for only 2.8% of its revenue in 2020; however, its profitability is much higher than that of housing sales, so its contribution to profit is relatively high: the revenue created by the three major business sectors in 2020 (segment revenue-corresponding commissions and compensations, etc., excluding costs related to stores and technology platform construction), emerging businesses accounted for 7.4%. From the perspective of business content, Beike’s emerging business seems to overlap with the community value-added services of property management companies. However, the difference in the roles of the two makes the financial business actually different.

Chart 15: Beike's emerging business GTV reached RMB 176.1 bn in 2020



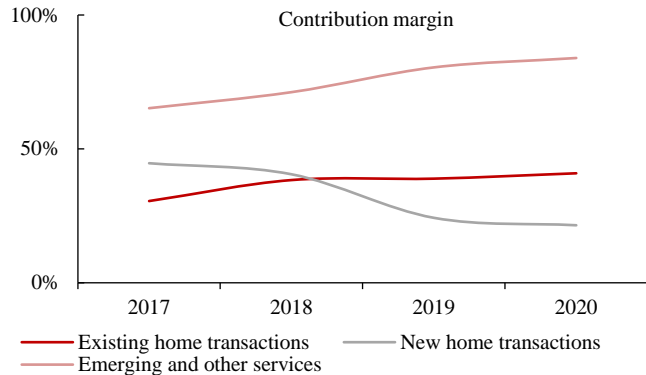
Source: Company announcement, CWSI Research

Chart 16: Beike's emerging business revenue reached RMB 1.98 bn in 2020



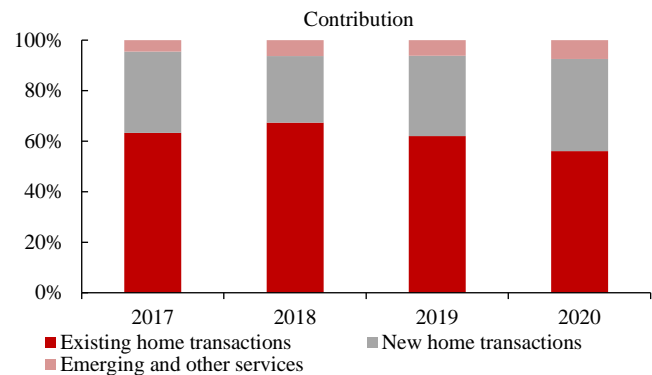
Source: Company announcement, CWSI Research

Chart 17: Beike's emerging business has strong profitability



Source: Company announcement, CWSI Research; note: Beike defines contribution for each service line as the revenue less the direct compensation to our internal agents and sales professionals, and split commission to connected agents and other sales channels for such services; and defines contribution margin as a percentage of contribution bearing to revenue

Chart 18: Contribution of Beike's emerging business gradually expanded



Source: Company announcement, CWSI Research; note: Beike defines contribution for each service line as the revenue less the direct compensation to our internal agents and sales professionals, and split commission to connected agents and other sales channels for such services; and defines contribution margin as a percentage of contribution bearing to revenue

In terms of financial business, Beike mainly explores the capital needs of both parties in the transaction process, while property management companies prefer family financial management. Beike's financial business (Beike Finance) currently mainly serves: 1) Clients' financial needs in the process of buying homes, such as for second-hand home sellers to obtain the repayment in advance for mortgage release or consumption and business turnover, and provide installment funds for decoration for buyers after buying the home; 2) The fund needs of store expansion, solving the fund needs of the Beike platform's shop owners for opening new stores, renovating old stores, daily operations or staff salaries. The financial services of property management

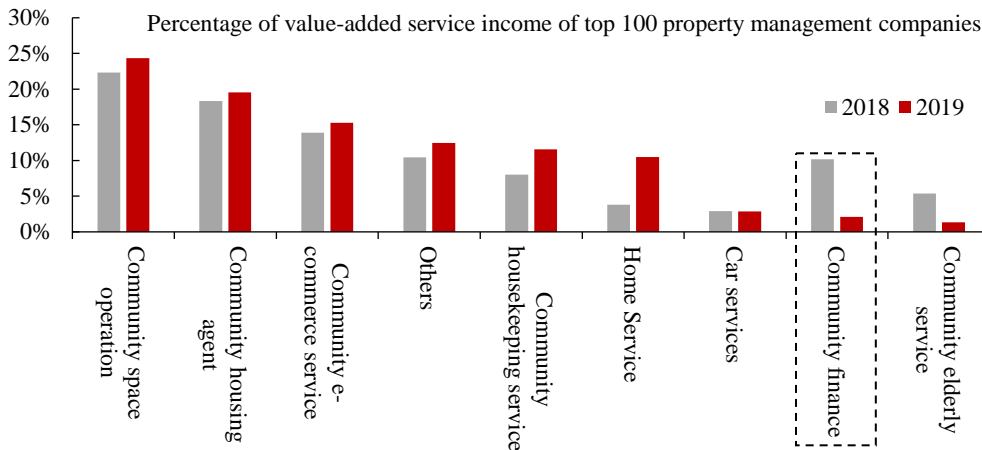
companies are mostly personal and family financial management, insurance, consumption installment, etc. in community scenarios, and are not limited to financial services in the housing transaction process. In fact, in the exploration of value-added services by property management companies, community finance is not the current focus of development. According to data from the CREIS, among the top 100 property management companies in the community value-added service income in 2019, the proportion of community finance decreased 8.1 pct to 2.1%.

Table 1: Beike's financial business mainly focuses on the capital needs in the process of home transactions and store expansion

Applicable customers	Product introduction
Second-hand home sellers with insufficient funds to release mortgage	The seller obtains the buyer's mortgage payment in advance / obtains part of the buyer's house payment through guaranteed payment / obtains funds from a compliant financial institution to release the mortgage
Second-hand housing sellers who are in urgent need of money for business/consumption	The seller obtains the buyer's mortgage payment in advance / obtains part of the buyer's house payment through guaranteed payment / obtains funds from a compliant financial institution for consumption or business turnover, etc.
Store owners of Beike platform	Used for opening new stores, renovating old stores, daily operations or staff salaries, etc.
Buyers who completed the purchase of a house in Lianjia within 6 months	Renovation installment loan

Source: Company website, CWSI Research

Chart 19: The proportion of community financial service income of the top 100 property management companies has declined



Source: CREIS, CWSI Research

The competitive environment of Beike's financial business is relatively friendly, and the expansion of home sales may drive the growth of financial business. In

terms of financial business, the degree of overlap between the financial services of Beike and the property management companies is not high, and the community financial business of property management companies has not become the current development focus, and the competition with Beike is relatively limited. Compared with other real estate brokers, since Beike's financial services are related to the scale of home transactions and the scale of stores, Beike's advantages in home transactions and the scale of agents and stores can also support the growth of financial business.

In terms of other emerging businesses, Beike's decoration services may have to compete with property management companies. The decoration business is a new emerging business mentioned in the Beike's annual results. According to Beike's website, the current decoration business includes services such as overall decoration, personalized customized products, and online VR viewing of construction sites, which overlaps with many mainstream property management companies that are currently vigorously developing the turnkey furnishing and move-in services. At present, the competition in the decoration service is relatively fierce compared with Beike's home sales and financial business: 1) Beike's information advantage in home sales and the convenience advantage in financial services are not suitable for decoration services. In the decoration market after the transaction, the property management company that manages the project will also participate in the competition, and the owner can compare and choose a number of decoration service providers; 2) Currently developers still has resource and cost advantages in decoration, which is conducive to property management companies to carry out such businesses. In the short term, competition in the decoration service is relatively fierce.

Table 2: The competitive environment of Beike's financial services is relatively more friendly

Emerging and other services	Service provider	Service content	Competitive environment
Financial services	Beike	Solve the short-term funding needs of sellers in the process of house buying and selling, store loans, etc.	Business overlap is limited, and the competitive environment is relatively friendly
	PM Companies	Family and personal financial management, insurance, consumer loans, etc.	
Home decoration and renovation services	Beike	Overall decoration, personalized customized products, VR construction site online viewing	High degree of business overlap, low information barriers, high convenience, obvious advantages for developers in upstream and downstream resources, and competition is relatively fierce
	PM Companies	Turnkey furnishing and move-in services, decoration, home furnishing, etc.	

Source: CWSI Research

1.3 Summary: The growth path of Beike is gradually switching

The growth of agents and stores has expanded the new home market touched by Beike, and non-Lianjia brands have driven the growth of new home GTV. As of 2020Q3, Lianjia brand has only covered 29 cities with better economic development and a more active second-hand housing market, while the overall coverage of Beike's cities has reached 103; in 2020, the GTV of new home transactions from non-Lianjia brands reached 80.0% (+7.0pct). Lianjia's scale foundation, Beike's ACN and platform expansion model have built a strong moat for Beike. As of end-2020, the number of Beike's agents reached 493,088 (+37.9%), and the number of stores reached 46,946 (+25.1%), ranking the top in the industry.

On the basis of the existing advantages, Beike have gradually expanded from home sales to new growth points. In terms of financial business, Beike mainly explores the funding needs of both parties in the transaction process (such as obtaining payment in advance for sellers of second-hand houses, providing decoration installments, etc.), while property management companies are more inclined to family financial management. The overlap of the two businesses is limited, and the competitive environment is relatively friendly, Beike's advantage in home sales is expected to support the growth of financial business. In terms of decoration services, the two businesses have a high degree of overlap, and as the decoration business has low information barriers, high convenience, and obvious advantages in upstream and downstream resources for developers, in the short term, competition is relatively fierce. Beike's emerging business is currently relatively small, and the financial business with a better competitive environment is positively related to the scale of home transactions, so it is expected to grow with the continuous increase in the scale of Beike. Emerging business is one of Beike's development priorities in 2021 and is expected to become a new driving force for the company's growth.

Market competition in the brokerage industry is becoming increasingly fierce, in the short term, Beike's scale foundation and characteristic model will still have significant advantages. In terms of new home transactions, the current national housing sales growth rate may hardly see a significant increase, some leading real estate companies have opened online marketing channels or initiated brokerage businesses, and other brokerage companies have strengthened their new home business layout, and the competition in the new home sales market has become more intense. In terms of existing home transactions, the role of agents is more critical. Therefore, Beike's scale foundation and characteristic model are still very advantageous. This also enables Beike to continue to increase its market share in the existing home transactions market to 26.2% (+6.9pct) in 2020. Emerging businesses are currently small in size and financial businesses with a better competitive environment are positively related to the scale of housing transactions. In the current competitive environment, Beike's business model enables it to continue to strengthen the depth of the home transaction business,



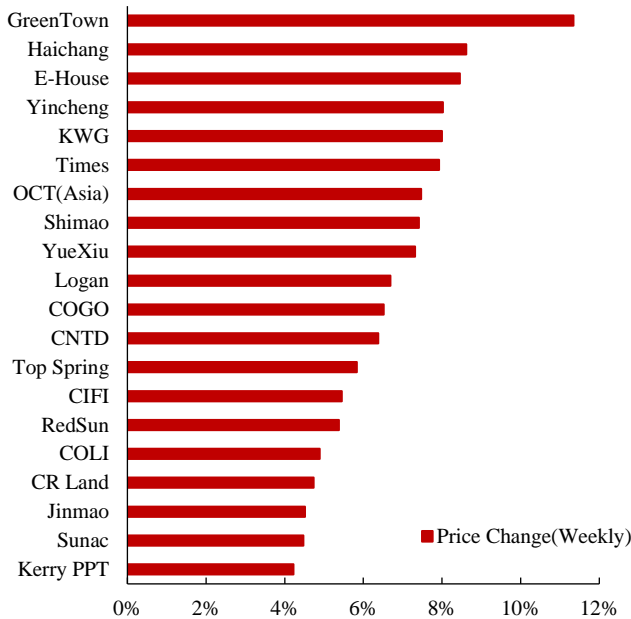
the emerging business based on its existing advantages and horizontal expansion can also become a new driving force for the company's growth, and it still has significant advantages in the short term. .

2. Sector Performance

2.1 Performance of developer sector

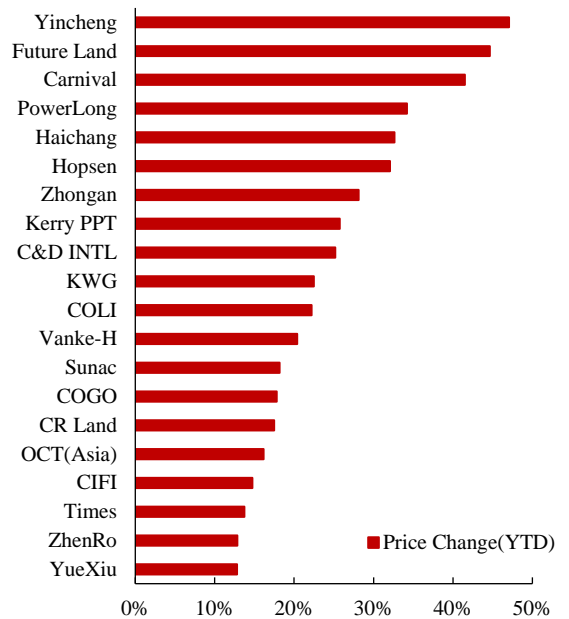
This week, GreenTown, Haichang and E-House had larger price increase than peers. Yincheng, Future Land and Carnival had better share price performance, YTD.

Chart 20: This week, GreenTown, Haichang and E-House had larger price increase than peers



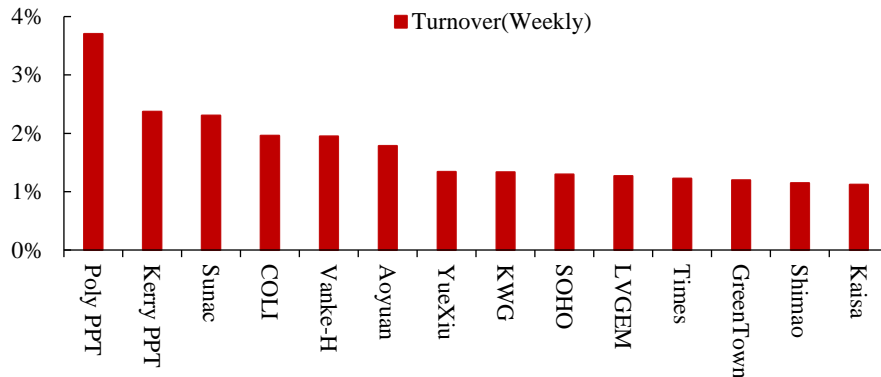
Source: Wind, CWSI Research

Chart 21: Yincheng, Future Land and Carnival had better share price performance, YTD



Source: Wind, CWSI Research

Chart 22: Poly PPT, Kerry PPT and Sunac were most actively traded this week

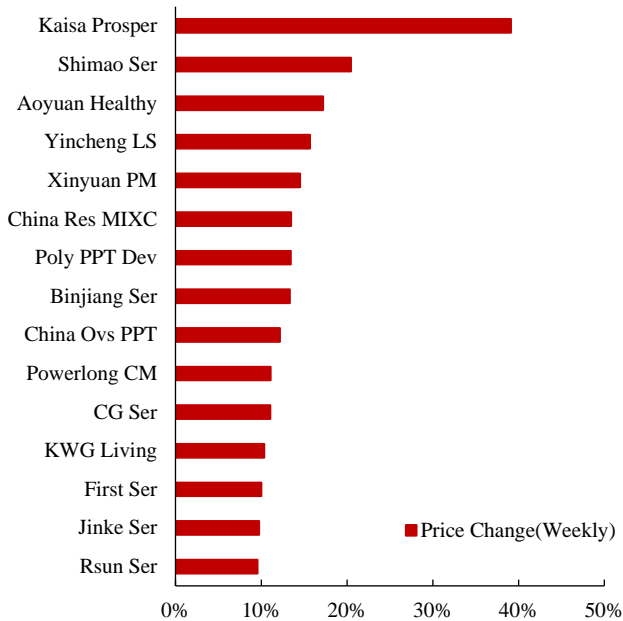


Source: Wind, CWSI Research

2.2 Performance of property management sector

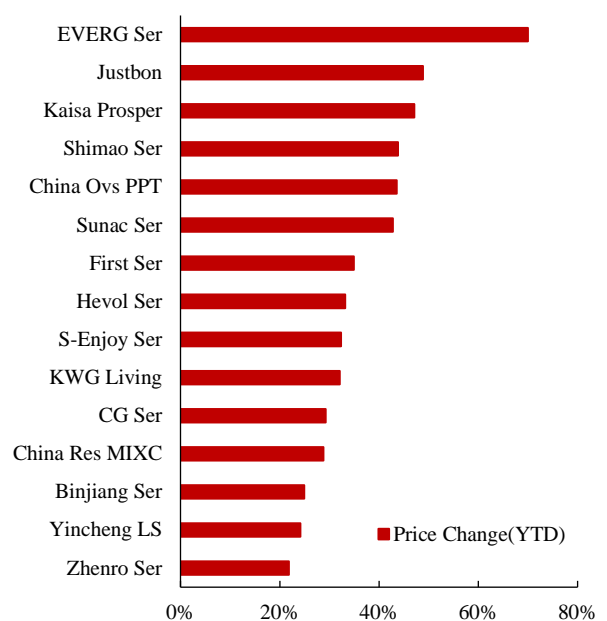
This week, Kaisa Prosper, Shimao Ser and Aoyuan Healthy had larger price increase than peers. EVERG Ser, Justbon and Kaisa Prosper had better share price performance YTD.

Chart 23: This week, Kaisa Prosper, Shimao Ser and Aoyuan Healthy had larger price increase than peers



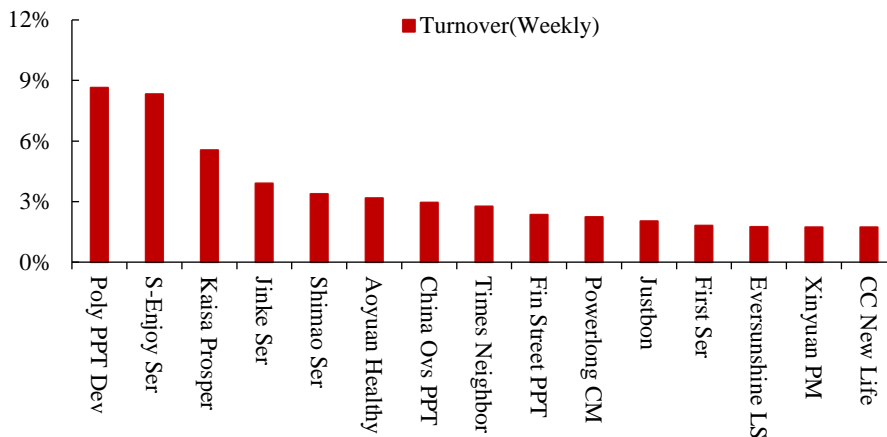
Source: Wind, CWSI Research

Chart 24: EVERG Ser, Justbon and Kaisa Prosper had better share price performance YTD



Source: Wind, CWSI Research

Chart 25: Poly PPT Dev, S-Enjoy Ser and Kaisa Prosper were most actively traded this week



Source: Wind, CWSI Research

3. Major cities transaction performance

3.1 New house transaction data

Table 3: Major cities new house transactions volume remained stable WoW this week

City & Region	Last 7 days			Last 30 days			Month to date			Year to date	
	sqm	wow	yoy	sqm 000	mom	yoy	sqm 000	mom	yoy	sqm 000	yoy
Beijing	179,320	-11%	242%	781	7%	238%	519	76%	294%	1,846	121%
Shanghai	339,400	-16%	135%	1,526	10%	223%	1,090	82%	216%	3,625	175%
Guangzhou	304,348	13%	198%	1,116	-1%	216%	744	40%	206%	2,947	272%
Shenzhen	84,531	-37%	-4%	500	9%	75%	324	97%	44%	1,436	141%
Tier 1	907,600	-10%	134%	3,924	6%	192%	2,676	69%	184%	9,854	178%
Tier 2	2,934,190	12%	88%	11,317	34%	111%	7,978	78%	104%	26,756	94%
Tier 3	2,267,168	-8%	51%	10,805	32%	127%	6,495	53%	75%	25,268	129%
Beijing	179,320	↓ -11%	↑ 242%	781	↑ 7%	↑ 238%	519	↑ 76%	↑ 294%	1,846	↑ 121%
Qingdao	375,955	↑ 28%	↑ 50%	1,269	↑ 49%	↑ 86%	896	↑ 140%	↑ 74%	2,788	↑ 94%
Jinan	48,566	↓ -34%	↓ -74%	428	↓ -5%	↓ -16%	163	↓ -41%	↓ -60%	1,597	↑ 44%
Dongying	45,709	↓ -29%	↓ -28%	214	↓ -14%	↑ 78%	155	↑ 204%	↑ 46%	656	↑ 189%
PBR	649,550	↑ 3%	↑ 17%	2,691	↑ 18%	↑ 74%	1,733	↑ 74%	↑ 50%	6,886	↑ 91%
Shanghai	339,400	↓ -16%	↑ 135%	1,526	↑ 10%	↑ 223%	1,090	↑ 82%	↑ 216%	3,625	↑ 175%
Nanjing	443,249	↑ 20%	↑ 184%	1,538	↑ 86%	↑ 154%	1,124	↑ 223%	↑ 189%	2,874	↑ 134%
Hangzhou	180,596	↓ -18%	↑ 24%	1,287	↑ 104%	↑ 127%	834	↑ 75%	↑ 89%	2,622	↑ 133%
Suzhou	231,601	↑ 10%	↑ 80%	914	↑ 47%	↑ 39%	651	↑ 101%	↑ 50%	2,123	↑ 54%
Wuxi	138,900	↑ 40%	↑ 7%	394	↓ -9%	↑ 27%	238	↓ -16%	↓ -10%	1,145	↑ 68%
Yangzhou	114,919	↓ -11%	↑ 120%	415	↑ 108%	↑ 215%	348	↑ 212%	↑ 173%	818	↑ 149%
Jiangyin	55,582	↑ 41%	↑ 62%	262	↑ 29%	↑ 130%	137	↑ 33%	↑ 58%	657	↑ 91%
Wenzhou	209,479	↑ 9%	↑ 152%	1,058	↑ 4%	↑ 222%	560	↑ 2%	↑ 123%	2,492	↑ 102%
Jinhua	74,429	↓ -2%	↑ 218%	256	↓ -8%	↑ 217%	176	↑ 38%	↑ 187%	766	↑ 344%
Changzhou	74,917	↑ 17%	↑ 3%	255	↑ 27%	↑ 12%	195	↑ 138%	↑ 4%	546	↑ 13%
Huaian	84,485	↓ -25%	↑ 58%	583	↓ -12%	↑ 155%	321	↓ -10%	↑ 95%	1,664	↑ 164%
Lianyungang	206,869	↓ -9%	↑ 88%	1,191	↑ 47%	↑ 261%	651	↑ 64%	↑ 140%	2,535	↑ 226%
Shaoxing	36,725	↓ -24%	↓ -6%	234	↑ 45%	↑ 76%	148	↑ 73%	↑ 64%	461	↑ 81%
Zhenjiang	125,153	↓ -14%	↑ 18%	604	↑ 50%	↑ 127%	390	↑ 93%	↑ 70%	1,288	↑ 105%
Jiaxing	23,685	↓ -30%	↓ -45%	149	↑ 43%	↑ 33%	85	↓ -19%	↓ -16%	355	↑ 60%
Wuhu	211,199	↑ 23%	↑ 453%	928	↑ 97%	↑ 596%	508	↑ 87%	↑ 360%	1,620	↑ 644%
Yancheng	129,458	↓ -30%	↑ 120%	554	↑ 71%	↑ 108%	315	↑ 39%	↑ 48%	1,144	↑ 157%
Zhoushan	21,163	↓ -4%	↑ 38%	108	↑ 57%	↑ 87%	67	↑ 103%	↑ 66%	221	↑ 70%
Chizhou	19,170	↓ -36%	↑ 603%	138	↑ 85%	↑ 108%	89	↑ 134%	↑ 98%	254	↑ 92%
Ningbo	179,125	↓ -4%	↑ 103%	774	↑ 34%	↑ 266%	520	↑ 50%	↑ 204%	1,920	↑ 168%
YRD	2,900,105	↓ -2%	↑ 90%	13,168	↑ 39%	↑ 148%	8,447	↑ 67%	↑ 110%	29,131	↑ 134%
Guangzhou	304,348	↑ 13%	↑ 198%	1,116	↓ -1%	↑ 216%	744	↑ 40%	↑ 206%	2,947	↑ 272%
Shenzhen	84,531	↓ -37%	↓ -4%	500	↑ 9%	↑ 75%	324	↑ 97%	↑ 44%	1,436	↑ 141%
Fuzhou	99,793	↑ 26%	↑ 153%	418	↑ 91%	↑ 118%	270	↑ 114%	↑ 172%	759	↑ 99%
Dongguan	50,281	↑ 47%	↓ -13%	246	↓ -54%	↑ 46%	140	↓ -26%	↑ 11%	1,283	↑ 173%
Quanzhou	24,700	↓ -49%	↓ -30%	137	↑ 102%	↑ 18%	88	↑ 83%	↓ -2%	388	↑ 29%
Putian	44,766	↓ -45%	↑ 69%	258	↑ 79%	↑ 115%	159	↑ 79%	↑ 107%	467	↑ 109%
Huizhou	46,247	↑ 4%	↑ 21%	210	↑ 12%	↑ 86%	130	↑ 76%	↑ 55%	660	↑ 134%
Shaoguan	23,390	↓ -12%	↓ -52%	131	↑ 28%	↑ 16%	70	↑ 33%	↓ -20%	294	↑ 46%
Foshan	313,274	↑ 29%	↑ 100%	1,035	↑ 34%	↑ 95%	706	↑ 80%	↑ 84%	2,490	↑ 117%
Zhaoqing	55,586	↓ -3%	↑ 52%	243	↑ 35%	↑ 142%	155	↑ 91%	↑ 96%	570	↑ 120%
Jiangmen	26,452	↓ -24%	↑ 24%	144	↑ 19%	↑ 147%	86	↑ 56%	↑ 78%	373	↑ 224%
PRD & Southern China	1,073,368	↑ 2%	↑ 65%	4,440	↑ 13%	↑ 106%	2,871	↑ 60%	↑ 86%	11,668	↑ 145%
Taian	43,683	↓ -25%	↑ 58%	267	↑ 73%	↑ 275%	175	↑ 141%	↑ 173%	562	↑ 170%
Northern China	43,683	↓ -25%	↑ 58%	267	↑ 73%	↑ 275%	175	↑ 141%	↑ 173%	562	↑ 170%
Wuhan	530,130	↑ 22%	-	1,774	↑ 33%	-	1,297	↑ 96%	-	4,346	↑ 222%
Yueyang	36,992	↑ 19%	↑ 25%	174	↑ 31%	↑ 111%	94	↑ 18%	↑ 52%	382	↑ 67%
Baoji	77,447	↓ -29%	-	300	↑ 17%	-	215	↑ 160%	-	870	-
Central China	644,569	↑ 12%	↑ 2074%	2,248	↑ 31%	↑ 2620%	1,606	↑ 95%	↑ 2499%	5,599	↑ 255%
Chengdu	505,652	↑ 9%	↑ 22%	1,883	↑ 13%	↑ 23%	1,436	↑ 46%	↑ 29%	4,632	↑ 36%
Liuzhou	93,122	↓ -26%	↓ -3%	529	↑ 44%	↑ 50%	308	↑ 54%	↑ 26%	1,137	↑ 59%
Nanning	198,908	↓ -16%	↑ 29%	820	↑ 8%	↑ 84%	574	↑ 53%	↑ 66%	2,265	↑ 40%
Western China	797,682	↓ -4%	↑ 20%	3,232	↑ 16%	↑ 39%	2,318	↑ 49%	↑ 36%	8,033	↑ 40%
Total	6,108,957	0%	77%	26,046	28%	127%	17,150	66%	101%	61,879	118%
Num. of cities Up	16	31		35	39		37	35		41	
Num. of cities Down	26	9		7	1		5	5		0	

Source: Local governments, CWSI Research; Note: Till 2021/3/19

Table 4: Major cities inventory period was 11.5 months this week

City	Inventory (sqm 000)	wow	yoy	Inventory period	Last week	wow	yoy
Beijing	12,014	0%	13%	15.4	19.9	-23%	-67%
Shanghai	5,247	-1%	-28%	3.4	4.5	-23%	-78%
Guangzhou	8,392	0%	14%	7.5	10.2	-26%	-64%
Shenzhen	2,380	-2%	-6%	4.8	5.8	-19%	-46%
Tier 1 Average		-1%	-2%	7.8	10.1	-23%	-64%
Hangzhou	5,104	2%	63%	4.0	4.5	-12%	-28%
Nanjing	6,773	-2%	21%	4.4	6.3	-30%	-52%
Suzhou	8,141	1%	48%	8.9	11.7	-24%	6%
Fuzhou	7,186	-1%	67%	17.2	22.6	-24%	-23%
Nanning	8,556	1%	8%	10.4	13.4	-22%	-41%
Wenzhou	11,122	-1%	6%	10.5	12.8	-18%	-67%
Quanzhou	6,873	0%	-1%	50.1	57.9	-13%	-16%
Ningbo	3,004	1%	10%	3.9	5.0	-22%	-70%
Dongying	1,885	-1%	15%	8.8	11.3	-22%	-35%
Overall Average		0%	18%	11.5	14.3	-21%	-45%

Source: Local governments, CWSI Research; Note: Till 2021/3/19; Average WoW and average YoY are defined as average change of each city

3.2 Second-hand house transaction and price data

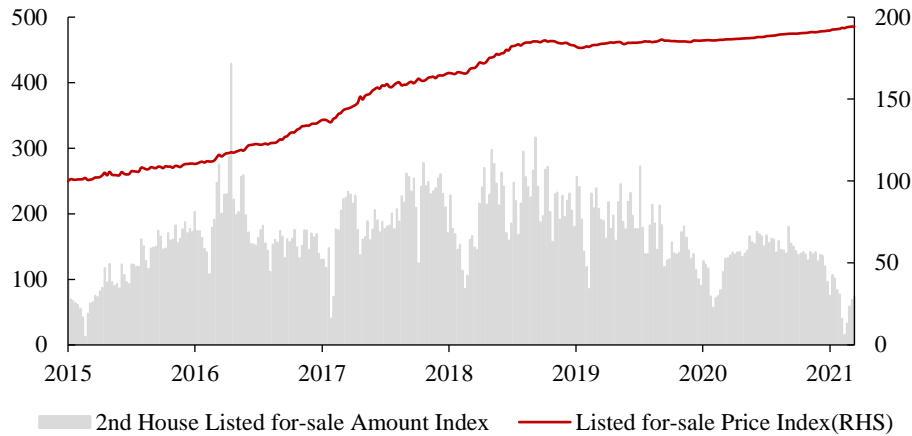
Table 5: Major cities Second-hand house transaction volume, Jinhua and Hangzhou rose significantly YTD

City	Last 7 days			Last 30 days			Month to date			Year to date	
	sqm	wow	yoy	sqm 000	mom	yoy	sqm 000	mom	yoy	sqm 000	yoy
Beijing	426,119	↑ 3%	↑ 162%	1,688	↑ 14%	↑ 191%	1,164	↑ 73%	↑ 198%	3,826	↑ 159%
Shenzhen	79,216	↓ -42%	↓ -55%	471	↓ -5%	↓ -11%	341	↑ 86%	↓ -20%	1,244	↑ 3%
Hangzhou	186,316	↑ 16%	↑ 141%	566	↑ 31%	↑ 218%	455	↑ 204%	↑ 197%	1,339	↑ 202%
Nanjing	257,563	↑ 15%	↑ 49%	986	↑ 19%	↑ 91%	682	↑ 73%	↑ 48%	2,330	↑ 112%
Chengdu	99,168	↑ 4%	↑ 38%	413	↑ 72%	↑ 91%	284	↑ 126%	↑ 64%	813	↓ -1%
Qingdao	149,609	↑ 12%	↑ 99%	533	↑ 36%	↑ 130%	393	↑ 150%	↑ 121%	1,203	↑ 108%
Wuxi	125,106	↑ 11%	↑ 21%	446	↑ 48%	↑ 84%	338	↑ 211%	↑ 55%	948	↑ 65%
Suzhou	162,421	↓ -2%	↑ 44%	645	↑ 14%	↑ 65%	476	↑ 59%	↑ 60%	1,579	↑ 78%
Xiamen	117,869	↑ 18%	↑ 170%	393	↑ 16%	↑ 119%	296	↑ 116%	↑ 132%	968	↑ 118%
Yangzhou	35,392	↑ 10%	↑ 162%	118	↑ 84%	↑ 274%	91	↑ 233%	↑ 201%	227	↑ 143%
Dongguan	43,027	↑ 40%	↓ -16%	139	↓ -8%	↓ -7%	101	↑ 60%	↓ -19%	400	↑ 12%
Nanning	23,222	↓ -35%	↓ -72%	132	↑ 23%	↑ 5%	88	↑ 54%	↓ -30%	344	↑ 11%
Foshan	164,147	↑ 12%	↑ 129%	593	↑ 15%	↑ 141%	420	↑ 93%	↑ 136%	1,497	↑ 139%
Jinhua	50,356	↓ -32%	↑ 61%	243	↓ -32%	↑ 203%	182	↑ 12%	↑ 206%	792	↑ 274%
Jiangmen	10,303	↓ -26%	↓ -36%	57	↓ -21%	↑ 1%	39	↑ 10%	↑ 5%	177	↑ 140%
Total	1,929,833	3%	53%	7,422	17%	98%	5,351	92%	80%	17,687	92%
Num. of cities Up		10	11		11	13		15	12		14
Num. of cities Down		5	4		4	2		0	3		1

Source: Local governments, CWSI Research; Note: Till 2021/3/19

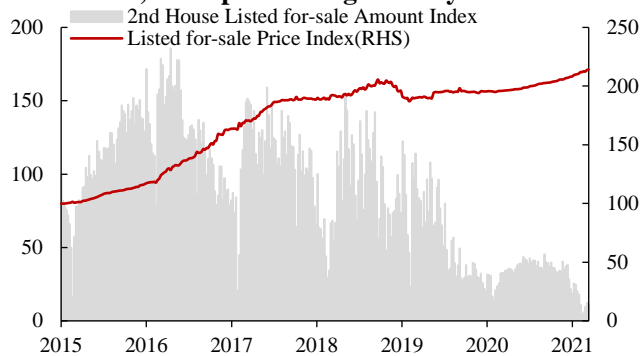


Chart 26: 2nd house listed for-sale price index rose slightly recently



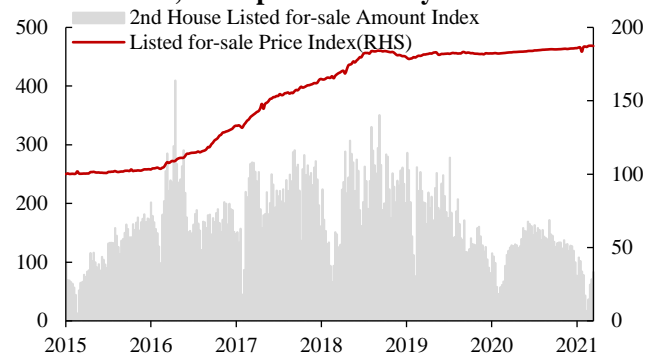
Source: Local Government, CWSI Research; Note: Till 2021/3/14

Chart 27: 2nd house listed for-sale amount index rose in tier-1 cities, with price rising recently



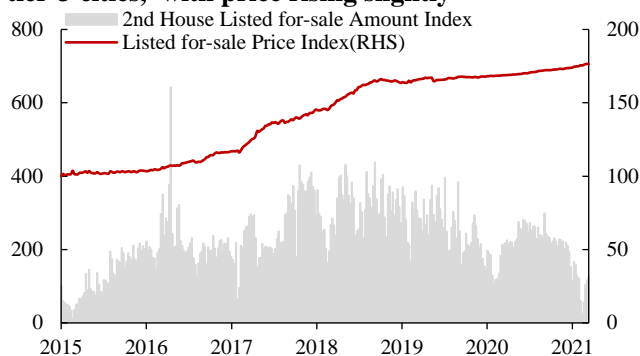
Source: Local Government, CWSI Research; Note: Till 2021/3/14

Chart 28: 2nd house listed for sale amount index rose in tier-2 cities, with price relatively stable



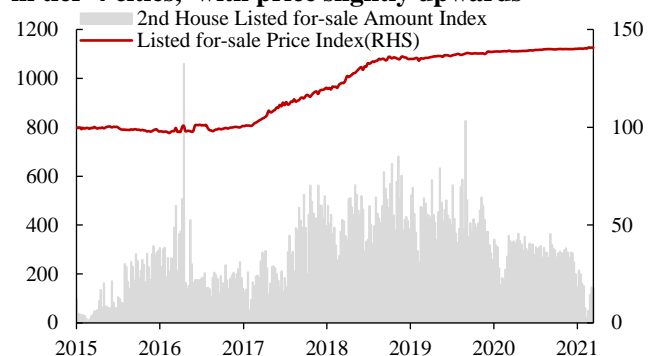
Source: Local Government, CWSI Research; Note: Till 2021/3/14

Chart 29: 2nd house listed for-sale amount index rose in tier-3 cities, with price rising slightly



Source: Local Government, CWSI Research; Note: Till 2021/3/14

Chart 30: 2nd house listed for-sale amount index rose in tier-4 cities, with price slightly upwards



Source: Local Government, CWSI Research; Note: Till 2021/3/14

4. Important Policies and News

4.1 Important Industry Policies News This Week

Table 6: Important Industry Policies News This Week: Qingdao relaxed Hukou restrictions; Jiaxing strengthens purchase and sales regulations

Date	Region / Institution	Summary
2021-03-15	Huzhou	Application for a pre-sale GFA should not be less than 30,000 sqm; no increase in the filing price of projects on sale; projects that have obtained pre-sale permits must launch all quasi-sale houses and parking spaces at one time within 10 days, and shall not be sold in batches in any form.
2021-03-15	Qingdao	Substantially relax the Hukou policy in urban area, and comprehensively liberalize the Hukou policy for county towns.
2021-03-16	Jiaxing	Suspend the sale of newly-built commercial housing and second-hand housing to non-resident households in the city who own one or more houses in the city, except for top and high-end talents; and expand the scope of implementation of restrictions on the transfer of commercial housing from Jiaxing urban area to the entire city, and the time limit for transfer is 2 years from the date of purchase.
2021-03-16	Xian	Buyers who defraud the qualifications will be prohibited from buying houses within 5 years.
2021-03-19	Nanchang	Proposed to adjust the regulation and control policy of the comprehensive price-limiting of newly-built ordinary commercial housing in Nanchang according to the situation. Under the premise of "stabilizing land prices and housing prices", develop some targeted price-limiting commercial housing, and adjust housing loan ratio, term and interest rate in a timely manner, and intensify differentiated support for low- and middle-income groups' demand for affordable and improved housing.

Source: Wind, Government website, CWSI Research

4.2 Company news and announcements

Table 7: Company news and announcements: Times, Zoina, etc. carried out debt financing; S-Enjoy planned to place shares

Date	Company	Summary
2021-03-15	Times	Issued additional USD 100 mn 6.2% senior notes due 2026 (to be consolidated and form a single series with the USD 350 mn 6.2% senior notes due 2026).
2021-03-16	S-Enjoy Ser	Proposed to place up to 50 mn shares on a best efforts basis at a price of HKD 20.80 per share, the maximum number of Placing Shares represent approximately 6.09% of the existing number of issued shares of the company and approximately 5.74% of the number of issued shares of the company as enlarged by the Placing.
2021-03-17	Jingrui	Issued USD 110 mn 14.5% senior notes due 2023 (to be consolidated and form a single class with the USD 240 mn 14.5% senior notes due 2023 issued on 19 November 2020).
2021-03-17	Zoina	Issued 7.3% 2+2 years of RMB 1 bn in 2021 public issuance of corporate bonds to professional investors.

Source: Company announcements, CWSI Research

4.3 Key 2020A results announced this week

Table 8: In 2020, Yuexiu's core profit increased 14.6% YoY; EVERG Ser's net profit attributable to parent increased 184.7% YoY

Company	RIC	Revenue		Core Profit attributable to parent	
		(RMB bn)	YoY	(RMB bn)	YoY
Property Development					
YueXiu	0123.HK	46.2	20.6%	4.0	14.6%
Modern Land	1107.HK	15.7	8.2%	-	-
Property Management				Net profit attributable to parent	
EVERG Ser	6666.HK	10.5	43.3%	2.6	184.7%
Kaisa Prosper	2168.HK	1.7	37.1%	0.2	35.4%

Source: Wind, company announcements, CWSI Research

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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- (3) I am not, directly or indirectly, supervised by or reporting to our Investment Banking Department;
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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%.

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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