

Briefing Residential sector

February 2016



Image: China Overseas Sea Silver Bay

SUMMARY

The Zhuhai residential market witnessed a peak in both transaction prices and volumes in 2015, due to a number of stimulus policies from the government. The Xiangzhou district enjoyed the largest increase in transaction prices.

- In 2015, the Zhuhai residential market witnessed steady growth, especially in the fourth quarter. More than 30,000 transactions were completed by the end of 2015.
- Xiangzhou district average transaction prices rose 5.49% month-on-month (MoM) to RMB16,605.17 per sq m.
- The Hengqin district saw a continuous decline in average transaction prices from the second

half of 2015, down 6.38% MoM to RMB34,792.58 per sq m.

- Doumen district average transaction prices increased in the second half of the year, up 2.85% MoM to RMB7,201.58 per sq m.
- Jinwan district average transaction prices floated in the range of RMB8,000 to RMB9,000 per sq m, up 2.21% MoM to RMB8,697.33 per sq m.

“Market confidence recovered due to a variety of government stimulus policies and the Zhuhai residential market saw record-breaking transaction volumes in 2015. Average transaction prices increased significantly in the second half of the year.”
Sophia Huang, Savills Project & Development Consultancy

➔ **Market overview**

As the national economy slowed down in 2015, Chinese real estate investment fell for five consecutive months. However, the Zhuhai residential market enjoyed active trading due to the influence of various government stimulus policies. These included five rounds of interest rate cuts and loan discounts for the Housing Provident Fund (HPF). The number of transactions broke 30,000 in 2015, while average transaction prices saw a significant growth during the second half of the year.

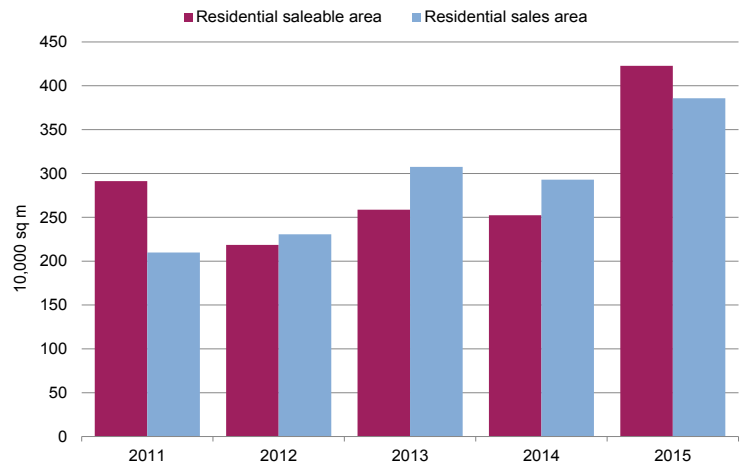
Benefitting from a variety of favourable policies rolled out by the government, the Zhuhai residential market welcomed an increase in growth in 2015. City-wide sales areas increased 18.34% year-on-year (YoY) to over 3,500,000 sq m in 2015. Due to the influx of saleable supply, the demand and supply of the residential market is almost even.

The residential market has seen projects under construction of over 11 million sq m since 2011. However, since 2014, the annual completed project supply has declined. Supply in the residential market may become intense due to the decreasing market stock and rising rigid demand of housing.

Due to the effect of various government stimulus policies, the residential market witnessed steady growth from February 2015, especially in the fourth quarter. By the end of 2015, transaction volumes peaked at 30,000.

During 2015, average transaction prices in the primary residential market saw a continuous increase from July to November, but fell slightly in December. Since March 2015, second-hand transaction prices have surpassed that of the primary market and are continuing to increase.

GRAPH 1 **Residential supply, sales area and saleable area, 2011 - 2015**



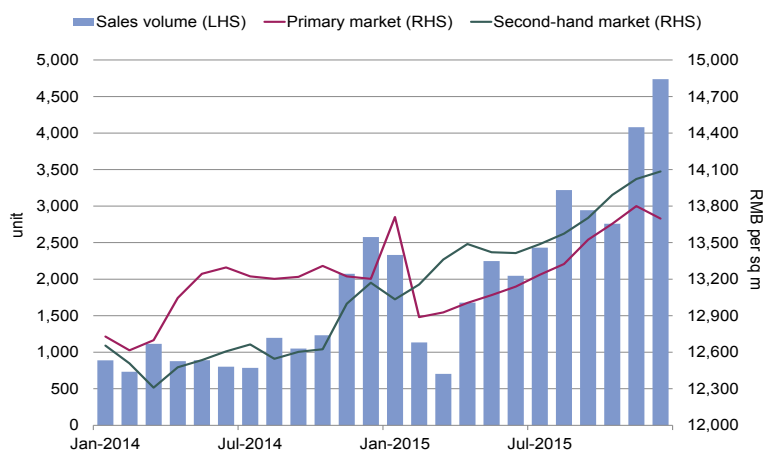
Source: Zhuhai statistics Bureau

GRAPH 2 **Residential future supply, construction area and completed area, 2011 - 2015**



Source: Zhuhai statistics Bureau

GRAPH 3 **Residential sales volume, average transaction prices of primary and second-hand market, Jan 2014-Dec 2015**



Source: Savills Project & Development Consultancy

Market outlook

The Zhuhai residential market is expected to maintain a stable growth in 2016 due to a variety of government stimulus policies.

The supply and demand is relatively balanced, with both transaction volumes and prices peaking in 2015. Rising prices did not weaken buyers' enthusiasm for purchasing houses.

As transportation and Infrastructure constantly improves, the link between the east and west of Zhuhai is strengthened. In addition, construction projects such as the Hong Kong-Zhuhai-Macao Bridge attract large numbers of domestic and foreign investors. Therefore the Zhuhai residential market is expected to see steady growth in 2016.

Xiangzhou district average transaction prices increased 5.49% MoM to RMB 16,605.17 per sq m. The Hengqin district saw a continuous decline in average transaction prices from the second half of 2015, down 6.38% MoM to RMB34,792.58 per sq m. In the Doumen district, average transaction prices increased from the second half of the year, up 2.85% MoM to RMB7,201.58 per sq m. Average transaction prices in the Jinwan district floated in the range of RMB8,000 to RMB9,000 per sq m, up 2.21% MoM to RMB8697.33 per sq m. ■

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