Urban housing transaction volume increases slightly

The average price of commodity housing decreased to RMB19,700 per sq m.

- The first-hand commodity housing in Chengdu urban areas\(^1\) was about 768,000 sq m, decreasing 25.0% QoQ and 32.5% year-on-year (YoY) in Q2/2020.
- The transaction volume of urban first-hand commodity housing totalled 1,148,000 sq m, increasing 5.7% QoQ and 47.1% YoY in Q2/2020.
- The average price of urban first-hand commodity housing was RMB19,700 per sq m, decreasing 7.5% QoQ, but increasing 12.7% YoY.
- The average price of suburban\(^2\) first-hand commodity housing was RMB12,800 per sq m, rising 2.5% QoQ and 11.0% YoY.
- The transaction volume of residential land in urban areas reached 300,000 sq m, increasing 56.8% QoQ, but decreasing 26.7% YoY.
- The transaction volume of residential land in suburban areas reached 1,547,000 sq m, increasing 72.6% QoQ and 58.7% YoY.
- The average price of residential land in urban areas reached RMB 15,100 per sq m, increasing 57.6% QoQ and 22.3% YoY.
- The average price of residential land in suburban areas was RMB 7,900 per sq m, decreasing 9.1% QoQ, but increasing 5.0% YoY.

“Optimised housing provident fund policies are benefiting the long-term development of Chengdu’s real estate market. Developers are still enthusiastic for land investment, and the residential land transaction volume is expected to keep increasing with prices following in-step.”

SOPHY PAN, SAVILLS RESEARCH

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\(^1\) Urban areas: Qingyang, Jinjiang, Jinniu, Wuhou, Chenghua and Hi-tech District.

\(^2\) Urban areas: Qingyang, Jinjiang, Jinniu, Wuhou, Chenghua and Hi-tech District.
MARKET OVERVIEW

In Q3/2020, the first-hand residence supply in Chengdu’s urban areas decreased 25.0% QoQ to 768,000 sq m. The transaction volume of first-hand commodity housing in urban areas increased to 1,148,000 sq m. The district with the highest transaction volume in urban areas was Chenghua district which reached 297,000 sq m. The transaction volume of first-hand commodity housing in suburban areas was 3,408,000 sq m. Among the suburban districts, Tianfu New Area saw the highest transaction volume, which reached 1,054,600 sq m. The average price of first-hand residences in urban areas decreased 7.5% QoQ to RMB19,700 per sq m.

LAND MARKET

In Q3/2020, the transaction volume of residential land in urban areas totalled 300,000 sq m, an increase of 56.8% QoQ, but a decrease 26.7% YoY. The average floor price reached RMB19,100 per sq m, increasing 57.6% QoQ and 22.3% YoY. The residential land with the highest floor price in urban areas was in Sanshengxiang in Jinjiang district. Jianfa Real Estate Group Chengdu Limited Company obtained this land, and its average floor price reached RMB19,800 per sq m.

In suburban areas, the transaction volume of residential land reached 1,547,000 sq m. The residential land with the highest floor price in suburban areas was near Zhengxing Street in Tianfu New Area. Chengdu Xinxuan Real Estate Consulting Limited Company obtained this land and the average floor price reached RMB17,299 per sq m.

MARKET OUTLOOK

From April in 2020, the Sichuan government has integrated the housing provident funds of the cities of Chengdu, Deyang, Meishan and Ziyang. Also, mortgage loan rules from the housing provident fund in Chengdu has been optimised from 1st July 2020, allowing for real estate developers to guarantee mortgages instead of a third-party, greatly simplifying the process. On 26th May, the Chengdu Municipal Housing and Urban-Rural Development Bureau issued a document that reduced the time for the commodity housing transaction contracts’ online registration from three working days to only one. These related policies helped promote and advanced the real estate market system in Chengdu and the wider Chengdu-Chongqing Economic Circle. Additionally, government measures introducing talent and encouraging entrepreneurship in Chengdu will help attract a larger population to settle down in the city. Thanks to these policies, the demand for commodity housing will continue to increase in 2H/2020. The transaction volume of residential land is also expected to increase, with prices following closely behind.

TABLE 1: Future Supply, 2H/2020

<table>
<thead>
<tr>
<th>PROJECT NAME</th>
<th>COMPLETION</th>
<th>DISTRICT</th>
<th>DEVELOPER</th>
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<tr>
<td>Opusône</td>
<td>18 July 2020</td>
<td>Chenghua</td>
<td>Chengdu Excellence Jincheng Properties Limited Company</td>
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<tr>
<td>Zhongzhou Central Park</td>
<td>July 2020</td>
<td>Xindu</td>
<td>Chengdu Culture and Tourism Panda Town Investment Limited Company</td>
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<td>BRC AP Yongjin Residence</td>
<td>Late-July 2020</td>
<td>Xindu</td>
<td>Chengdu Xiangdu Tongrui Properties Limited Company</td>
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<tr>
<td>Zhongjian - Wangjin City</td>
<td>September 2020</td>
<td>Xinjin</td>
<td>Chengdu Huafu Jincheng Zhongjian Real Estate Development Limited Company</td>
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