Urban housing demand rebounded

Urban housing trading volume totalled 1.49 million sqm, up 36% QoQ.

- The transaction volume of urban first-hand commodity housing totalled 1.49 million sqm, up 36% QoQ.
- Urban first-hand commodity housing supply was 1.48 million sqm, down 22% QoQ.
- Urban first-hand commodity housing price was at an average of RMB24,877 psm, up 2% QoQ.
- Suburban first-hand commodity housing supply was 2.7 million sqm, down 2% QoQ.
- The transaction volume of suburban first-hand commodity housing totalled 2.48 million sqm, the price reaching an average of RMB15,388 psm, up 2% QoQ.
- The transaction volume of residential land in urban areas reached 130,000 sqm; residential land price in urban areas reached an average of RMB17,367 psm.

“Chengdu released several policies in Q1/2023, including relaxing housing purchase and sales limits, recognition standards for second homes, as well as encouraging commercial banks to stabilize the supply of real estate development loans and construction enterprise credit. First-hand commodity housing has seen a steady rise in demand, and the average price has increased as well.”

SOPHY PAN, SAVILLS RESEARCH
MARKET OVERVIEW
Chengdu's primary residential market recovered in Q1/2023. On the one hand, first-hand residential sales rebounded significantly, with the transaction scale reaching 1.49 million sqm, up 36% QoQ. These transactions were primarily located in the High-Tech Zone and Chenghua District, up to about 460,000 sqm and 350,000 sqm, respectively. On the other hand, the supply side fell back slightly, with the cumulative supply of residential buildings at about 1.48 million sqm, down 22% QoQ. The residential land price reached an average of RMB24,877 psm, up 2% QoQ; The development trend of the primary residential market in the suburbs is similar to that in the urban area. The suburban first-hand commodity housing supply in the urban areas was about 2.7 million sqm, down 2% QoQ. The transaction volume of suburban first-hand commodity housing totalled 2.48 million sqm, the price reaching an average of RMB15,988 psm, up 2% QoQ.

The government implemented several policies to promote the real estate market development in Q1/2023. To effectively address to housing purchase needs, the government has optimized policies such as purchase and sales restrictions, and standards for recognizing second homes. Regions with greater economic strength should consider providing subsidies to migrant workers, families with two and three children, and individual talents. Furthermore, the policy supports the reasonable extension of existing financing, such as real estate development loans and trust financing. A number of improvements were made to the regulation of pre-sale funds for commercial housing, as well as supporting local governments to adjust regulatory quotas in order to ensure the safety of the use of pre-sale funds and the normal delivery of construction projects in commercial housing.

LAND MARKET
According to the 2023 State-owned Construction Land Supply Plan for All Districts in Chengdu, residential land supply in Chengdu is expected to decrease by 19% in 2023. The contracted land supply had only seven residential land transactions, totaling 230,000 sqm in Q1/2023. Chengdu urban residential land transaction area was 130,000 sqm, down 82.5% QoQ. The average accommodation value reached RMB17,367 psm, up 30% QoQ. Sansheng Street in Jinjiang District with the highest accommodation value of RMB18,600 psm in the urban area was obtained by Sichuan Yongjing Investment Group Co. Ltd. Meanwhile, residential land in suburban areas was sold with a total area of 100,000 sqm at an average price of RMB10,950 psm.

MARKET OUTLOOK
In Q1/2023, Chengdu promoted the stable development of the real estate market under the principle of “housing is for living, not for speculation”. The release of supportive policies helped improve market expectations and boost market vitality. The primary residential market demand rebounded significantly in Q1/2023, and residential prices are expected to remain relatively stable, allowing the real estate market to develop in a healthy, stable, and high-quality manner.

TABLE 1: Key Land Transactions, Q1/2023

<table>
<thead>
<tr>
<th>PROJECT NAME</th>
<th>COMPLETION</th>
<th>DISTRICT</th>
<th>DEVELOPER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zhonghe Street</td>
<td>18,000</td>
<td>High-tech District</td>
<td>Chongqing Hua Xian Real Estate Co.</td>
</tr>
<tr>
<td>Sansheng Street</td>
<td>18,600</td>
<td>Jinjiang District</td>
<td>Sichuan Yongjing Investment Group Co.</td>
</tr>
<tr>
<td>Jiulidi Middle street</td>
<td>15,500</td>
<td>Jinniu District</td>
<td>Hangzhou Chunshi Real Estate Co.</td>
</tr>
<tr>
<td>Huayang Street</td>
<td>14,300</td>
<td>Tianfu new area District</td>
<td>Chengdu Hang Yi Real Estate Co.</td>
</tr>
</tbody>
</table>

Source: Savills Research