Residential prices rise slightly

The average transaction price of first-hand commodity housing increased to RMB12,800 per sq m.

- The supply of first-hand commodity housing in the main urban area of Chongqing decreased to 3.7 million sq m, a fall of 49.3% quarter-on-quarter (QoQ) in Q1/2020.
- Affected by COVID-19, the transaction volume of first-hand commodity housing in the main urban area decreased to 3.2 million sq m, a drop of 36.2% QoQ in Q1/2020.
- Stable demand in the residential market helped the average transaction price increase 1.8% QoQ to RMB12,800 per sq m in Q1/2020.
- The land market accumulated a transaction area of approximately 2.3 million sq m in Q1/2020, an increase of 55.3% QoQ. The average accommodation value (AV) of residential land transactions increased to RMB4,819 sq m.
- From January to February 2020, Chongqing’s total real estate development investment was RMB28.6 billion, a decrease of 40% year-on-year (YoY).
- In terms of high-end residential properties, the entry of the Longfor residential project Lihuyihao increased the supply of high-end residential areas in the northern Yubei region and targeted high-end customers looking to upgrade their residences.

- On March 27, 2020, the Symposium on the Integrated Development of Housing Provident Funds in the Shuangcheng Economic Circle in Chengdu and Chongqing established a mutual recognition and loan mechanism between the two cities, allowing employees easier access to the housing provident fund loans across the region.

“The Sichuan and Chongqing governments are using provident funds to realise mutual city recognition and loan mechanisms that will further deepen the economic cooperation and wider regional development surrounding Chengdu and Chongqing.”

SOPHY PAN, SAVILLS RESEARCH
MARKET OVERVIEW
Affected by the COVID-19 outbreak, Chongqing’s total real estate development investment from January to February 2020 was RMB28.6 billion, a decrease of 40% YoY.

The supply of first-hand commodity housing in the main urban area of Chongqing decreased to 3.7 million sq m, falling 49.3% QoQ in Q1/2020. The transaction volume of first-hand commodity housing in the main urban area decreased to 3.2 million sq m, a drop of 36.2% QoQ in Q1/2020. Stable demand in the residential market helped the average transaction price increase 1.8% QoQ to RMB12,800 per sq m in Q1/2020. In terms of high-end residential properties, the entry of the Longfor residential project Lihuiyihao increased the supply of high-end residential areas in the northern Yubei region and targeted high-end customers looking to upgrade their residences.

LAND MARKET
The accumulated land market transaction area stood at approximately 2.3 million sq m in Q1/2020, an increase of 55.3% QoQ. The average accommodation value (AV) of residential land transactions increased to RMB4,819 per sq m.

MARKET OUTLOOK
On March 27, 2020, the Symposium on the Integrated Development of Housing Provident Funds in the Shuangcheng Economic Circle in Chengdu and Chongqing established a mutual recognition and loan mechanism between the two cities. Employees in both Chengdu and Chongqing can now more easily use the housing provident fund loans across the region to facilitate the flow between the two cities. This new policy has formed the basis for cooperation between Sichuan and Chongqing in promoting population flows between the cities and the integrated development of their housing provident funds. The specific implementation measures of the government’s aforementioned mutual recognition policy are a reduction in the application processing time from one month to two-to-three working days and a simplification of the entire processing procedure into one application sheet.

During the COVID-19 outbreak, Chongqing residents were forced to stay in their homes and were severely restricted in their movements. The situation has caused pent-up demand in the city’s residential market so, moving forward, consumers should come back to the market and help improve transaction volumes. With the gradual alleviation of the domestic epidemic, the real estate market in Chongqing and China will gradually return to normal, helping release residential consumer demand in the municipality and across the country.

Note: The main urban area of Chongqing includes Yuzhong, Jiangbei, Yubei, Beibei, Jiulongpo, Shapingba, Dadukou, Nan’an and Banan districts.

TABLE 1: Chongqing New Residential Development, Q1/2020

<table>
<thead>
<tr>
<th>PROJECT NAME</th>
<th>PRICE (RMB/SQ M)</th>
<th>AREA</th>
<th>DEVELOPER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wanda City</td>
<td>11,371</td>
<td>Shapingba</td>
<td>Wanda</td>
</tr>
<tr>
<td>Chunjiangtianjing</td>
<td>11,493</td>
<td>Banan</td>
<td>Longfor</td>
</tr>
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<td>Yuhushangjun</td>
<td>11,862</td>
<td>Yubei</td>
<td>Evergrande</td>
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<tr>
<td>Sijihuacheng</td>
<td>10,764</td>
<td>Beibei</td>
<td>Yanke</td>
</tr>
</tbody>
</table>

Source: Savills Research