

# Residential



## Guangzhou removes HPRs

The quarterly transaction area increased by 23.9% QoQ and 41.3% YoY.

- Guangzhou Housing Provident Fund Management Centre announced the provident fund loan downpayment cut to as low as 20.0% of the total cost on 14 November 2023.
- Guangzhou further eased the HPRs on 27 January 2024, enabling residential properties with a unit GFA of above 120 sqm to be transacted freely without any restrictions.
- A residential land lot in Pazhou area (land lot number AH40331) was sold with a record high accommodation value (RMB75,670 psm) during Q4/2023.
- New supply of the Guangzhou first hand residential property sales market decreased to 1.29 million sqm, down 31.5% QoQ and 25.6% YoY.
- The overall transaction area of the Guangzhou residential property market increased to 1.69 million sqm, up 23.9% QoQ and 41.3% YoY.
- The average sales price of the Guangzhou residential property market decreased to RMB43,095 sqm, down 4.4% QoQ and 3.7% YoY.
- New supply for 2024 is expected to be more concentrated in urban areas and these are expected to suck out some purchasing demand from both Guangzhou and its neighbouring cities.

“In essence, Guangzhou has removed the majority of HPRs to boost its property market economy. The acts as of end-Jan 2024 are expected to help suck out some purchasing demand from both Guangzhou and its neighbouring cities.”

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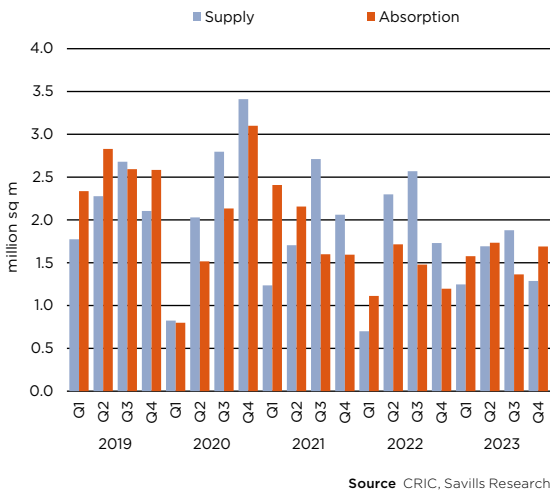
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**GRAPH 1: Nine Districts' Residential New Supply and Transaction Volumes, Q1/2019 To Q4/2023**



**POLICY AND LAND SALES MARKET**

After Guangzhou's relaxation of the Home Purchase Restrictions (HPRs) in certain district areas, Guangzhou Housing Provident Fund Management Centre followed up and announced to reduce the provident fund loan downpayment to as low as 20% of the total cost on 14 November 2023. The acts were effective in several particular areas and/or projects, improving market sentiment to some extent and helping to unleash housing upgrade demand on the market during Q4/2023. It must be noted that on 27 January 2024, the Guangzhou municipal government further optimised the HPRs policy, enabling residential properties with a unit GFA of above 120 sqm to be transacted freely without any restrictions. This suggested a complete removal of HPRs in Guangzhou that had been in effect for 13 years since 2010. It would take some time to see how the policy refinements would impact on the overall Guangzhou residential sales market in 2024. In the land sales market, Guangzhou Public Resources Transaction Centre removed the land sales price ceiling policy for land lots listed for auctions and sales during Q4/2023, enabling developer bidders to win with the highest bidding price. As a result of the policy change and locational factors, a residential land lot in Pazhou area (land lot number AH40331) was sold with a record high accommodation value of RMB75,670 psm during the quarter.

be noted that the annual transaction area was still 12.3% lower than that of the last five years' average, suggesting a relatively cautious purchasing sentiment as of the end of 2023.

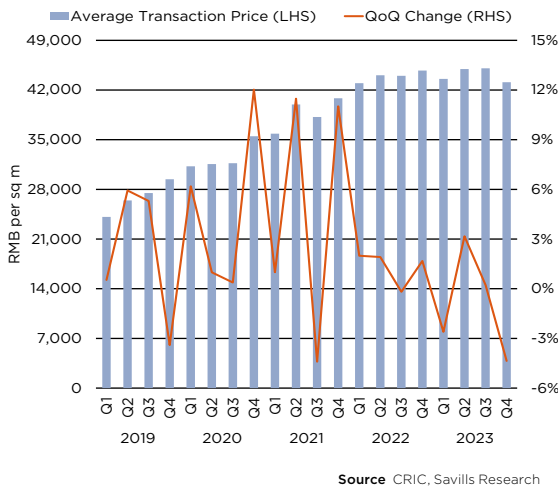
**SALES PRICE**

The average sales price of the Guangzhou first-hand residential market declined, owing to the year-end sales promotions citywide by most developers on the market. The city's average sales price decreased to RMB43,095 sqm, down 4.4% QoQ and 3.7% YoY.

**OUTLOOK**

As of February 2024, the market has received a bunch of significant policy incentives or stimulations from the local government since H2/2023. All of these would stabilise the market development and prevent further decline in both sales and prices. Although Guangzhou has already taken the initiative to become the very first among the four first-tier cities to remove the HPRs, market confidence will take time to resume against the current regional economic backdrop. New supply for 2024 is expected to be more concentrated in urban areas and these are expected to suck out some purchasing demand from both Guangzhou and its neighbouring cities.

**GRAPH 2: Nine Districts' Residential Average Transaction Price, Q1/2019 To Q4/2023**



**SUPPLY AND DEMAND**

During Q4/2023, most developers were still under pressure as project sales and supply growth slowed down. By the end of Q4/2023, new supply of the Guangzhou first hand residential sales market decreased 31.5% QoQ and 25.6% YoY to 1.29 million sqm. The stimulative policies released in Q3/2023 (the relaxation of HPRs in certain districts) encouraged some financially competent purchasers to return to the market during Q4/2023 and complete their purchasing activities. This was particularly obvious in a few residential projects in Panyu district. As a result, the overall transaction area of the Guangzhou first hand residential property market increased 23.9% QoQ and 41.3% YoY to 1.69 million sqm, and the total annual transaction area of 2023 increased by 10.8% to 6.37 million sqm. Despite these, it should

**GRAPH 3: Second-Hand High-End And Mid-High Residential Price Indices, Q1/2019 To Q4/2023**

