

Residential Sales



Overall Market Sentiment Improves

First-hand demand and supply recover, allowing for potential price increases.

- First-hand commodity residential supply increased 28.3% in Q2/2024 to 2.18 million sqm, down 21.4% YoY.
- First-hand commodity residential transaction volumes increased 34.0% QoQ to 1.84 million sqm, down 31.0% YoY.
- Average transaction prices edged down 0.5% QoQ to RMB79,408 per sqm, up 24.7% YoY.
- Ten projects including Opus One, Oceanwide International, Shanghai Arch and DOMUS added 2,329 apartments to the market in Q2/2024.
- First-hand high-end apartment transaction volumes surged more than fourfold compared to a year earlier to 383,129 sqm in Q2/2024, up 81.7% QoQ.
- First-hand high-end apartment transaction prices increased 2.7% in Q2/2024 to an average of RMB142,439 per sqm, up 7.3% YoY.
- Second-hand residential sales volumes grew 45.2% QoQ to 4.6 million sqm, up 28.4% YoY; while average transaction prices edged up 0.33% QoQ to RMB41,197 psm, up 0.34% YoY.
- A total of four residential plots were auctioned in May, with a buildable area of 242,716 sqm selling for RMB9.98 billion at an average accommodation value (AV) of RMB41,135 psm.

“Policy relaxations are starting to take effect, with both first- and second-hand markets seeing increased demand. However, short-term market activity remains focused on core areas and the high-end market.”

JAMES MACDONALD, SAVILLS RESEARCH

Savills team

Please contact us for further information

RESEARCH

James Macdonald
Senior Director
China
+8621 6391 6688
james.macdonald@savills.com.cn

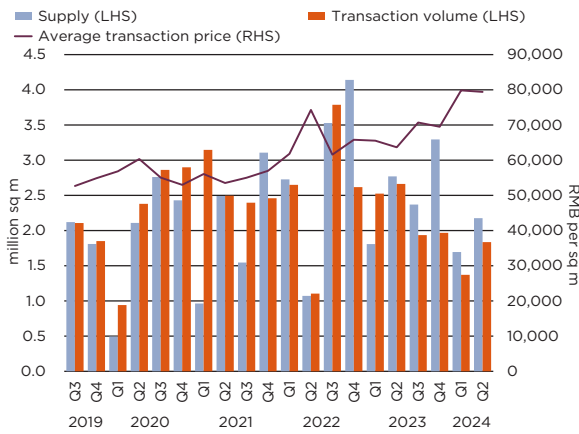
RESIDENTIAL SALES

Shirley Tang
Senior Director
Shanghai
+8621 6391 6688
shirley.tang@savills.com.cn

Jordan Pan
Director
Shanghai
+8621 6391 6688
jordan.pan@savills.com.cn

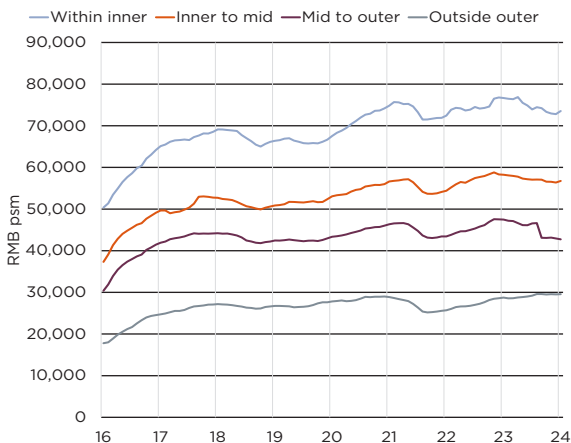
Savills plc
Savills is a leading global real estate service provider listed on the London Stock Exchange. The company established in 1855, has a rich heritage with unrivalled growth. It is a company that leads rather than follows, and now has over 700 offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East. This report is for general informative purposes only. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent. Whilst every effort has been made to ensure its accuracy, Savills accepts no liability whatsoever for any direct or consequential loss arising from its use. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without written permission from Savills Research.

GRAPH 1: First-Hand Commodity Residential Market Supply, Transaction Volume And Prices, Q3/2019 To Q2/2024



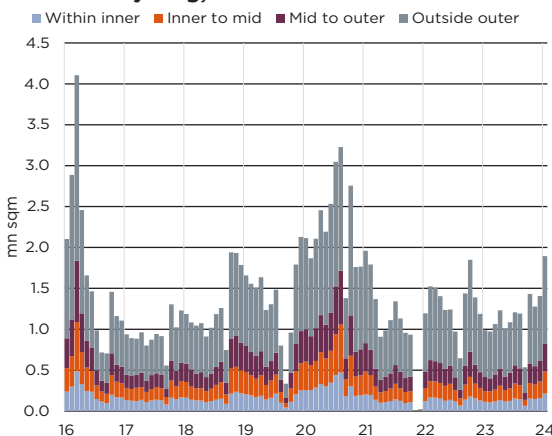
Source: Shanghai Real Estate Trading Center, Savills Research

GRAPH 2: Second-Hand Residential Sales Market Transactions And Prices, Jun 2016 To Jun 2024



Source: Shanghai Real Estate Trading Center, Savills Research

GRAPH 3: Second-Hand Residential Sales Market Transactions by Ring, Jun 2016 To Jun 2024



Source: Shanghai Real Estate Trading Center, Savills Research

MARKET FOCUS

Home purchase policies eased

The national policy has prioritised “destocking” in the housing market, setting a lower limit of 15% for down payments and removing the lower limit for home mortgage rates. The government has also launched a scheme to purchase unsold homes for affordable housing purposes, with an RMB30 billion re-lending fund granted to SOEs to support this campaign.

Shanghai has adjusted numerous policies. The city has continued to relax purchase restrictions, shortening the required period for non-locals to pay social security or income tax to buy a home. Non-locals can now buy homes in areas within the Outer Ring Road. Rules around housing purchases and transfers for divorced couples have been modified. Reasonable housing needs for families with multiple children have been supported.

The first-home mortgage rate can be as low as 45 bps below the 5-year Loan Prime Rate (LPR) with a down payment of 20%; for second homes, the mortgage rate is 5 bps below the LPR with a down payment of 35% (urban districts).

As the 5-year LPR was reduced by 10 bps to 3.85% in July, the current mortgage rates are 3.4% for first homes and 3.8% for second homes in Shanghai.

OVERALL COMMODITY RESIDENTIAL MARKET

First-hand Market - First-hand commodity residential supply increased 28.3% in Q2/2024 to 2.18 million sqm, down 21.4% YoY. First-hand commodity residential transaction volumes increased 34.0%

QoQ to 1.84 million sqm, down 31.0% YoY. Average transaction prices edged down 0.5% QoQ to RMB79,408 per sqm, up 24.7% YoY.

As policies turn more supportive, residential supply levels have increased, providing more options for buyers. The lower entry prices have also helped sustain market activity. The increase in second-hand home sales has driven demand in the first-hand market, evident in higher transaction volumes and subscription rates. Similarly, the successful launch of several high-end projects and improved sentiment have helped stabilise average transaction prices.

Second-hand Market - Second-hand residential sales volumes grew 45.2% QoQ to 4.6 million sqm, up 28.4% YoY; while average transaction prices edged up 0.33% QoQ to RMB41,197 psm, up 0.34% YoY.

Transaction volumes have increased significantly in the latest quarter, with prices stabilising. The growth in transaction volumes was particularly evident in June after the policy easing took effect towards the end of May.

The allowance for non-locals to purchase properties within the Outer Ring has helped release both rigid and upgrade demand, while increased competition continues to put pressure on more suburban locations. Additionally, the governmental campaign to support the “trade-in” of existing homes for households looking to upgrade into the first-hand market has boosted sales.

HIGH-END RESIDENTIAL SALES MARKET

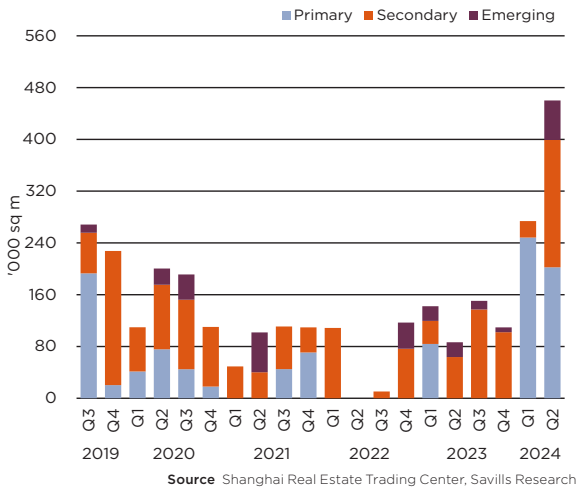
Ten projects, including Opus One, Oceanwide International, Shanghai Arch,

TABLE1: First-Hand Commodity Residential Market By Property Type, Q2/2024

		APARTMENT	VILLA	OVERALL
SUPPLY	SQ M	2,028,001	147,700	2,175,701
	YoY (%)	-21.8%	-16.9%	-21.4%
TRANSACTIONS	SQ M	1,705,217	130,940	1,836,157
	YoY (%)	-30.4%	-38.6%	-31.0%
AVERAGE PRICE	RMB PSM	80,283	68,016	79,408
	YoY (%)	26.1%	6.5%	24.7%

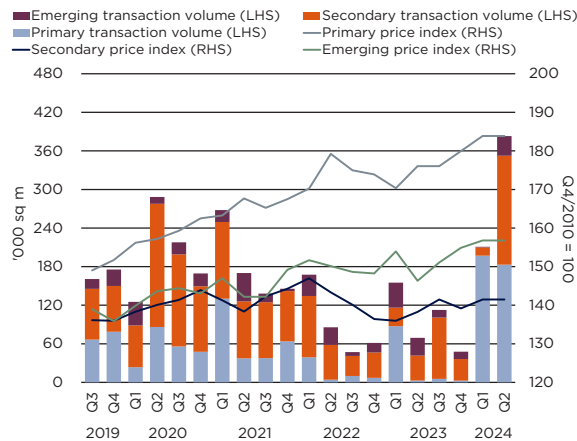
Source: Shanghai Real Estate Trading Center, Savills Research

GRAPH 4: First-hand, High-End Apartment Supply, Q3/2019 To Q2/2024



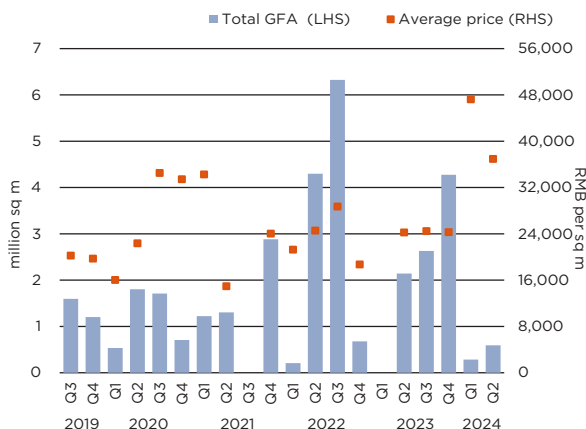
Source: Shanghai Real Estate Trading Center, Savills Research

GRAPH 5: First-hand, High-End Apartment Transaction Volumes And Prices, Q3/2019 To Q2/2024



Source: Shanghai Real Estate Trading Center, Savills Research

GRAPH 6: For-sale Residential Land Transaction Area (Buildable Area) And AV, Q3/2019 To Q2/2024



Source: Shanghai Real Estate Trading Center, Savills Research

and DOMUS, added 2,329 apartments to the market in Q2/2024. First-hand high-end apartment transaction volumes surged 453% YoY to 383,129 sqm in Q2/2024, up 81.7% QoQ. Transaction prices increased by 2.7% in Q2/2024 to an average of RMB142,439 psm, up 7.3% YoY.

High-end project launches have reached a five-year high. The ample supply should help meet the diverse pent-up demand but also intensify competition. Traditional high-end projects located in core regions or those occupying riverfront locations continue to sell well, with some selling out on the day of launch. However, in recent years, given the limited developable land in the city centre, the development of high-end projects has extended beyond these core regions.

RESIDENTIAL LAND MARKET

Ten residential land auctions were concluded in Q2/2024. Six plots from the first batch, totalling 349,530 sqm of buildable area, were sold for RMB11.9 billion, with an average accommodation value (AV) of RMB34,016 psm. Private developers Dahua and Longfor won one plot each in Minhang and Fengxian, respectively. Four plots from the second batch, located in Minhang, Yangpu, Pudong, and Songjiang, were sold for a total consideration of RMB9.98 billion. The overall buildable area was 242,716 sqm, with an AV of RMB41,135 psm.

Starting from the second batch of land auctions, the required proportion of small-to mid-size units has been reduced, while

the upper limit for unit sizes has been increased. This relative scarcity of larger units in the market has supported prices, making them more attractive to potential developers.

The third batch of land auctions concluded on July 9, 2024, after the removal of land price and housing price caps. Four residential land parcels were auctioned, located in Yangpu (2), Baoshan (1), and Fengxian (1). The total buildable area was 289,879 sqm, with a total consideration of RMB9.1 billion, representing a premium of 9.6% over the reserve price.

MARKET OUTLOOK

The fourth batch of land auctions is scheduled to kick off at the beginning of August, featuring five plots totalling 256,000 sqm of buildable area with a starting price of RMB9.8 billion. Hongkou, Pudong, Qingpu, Fengxian, and Xuhui districts will each have one plot. The plot in Xuhui, previously purchased by Xiaomi for its headquarters but later repossessed and rezoned, is expected to gain significant attention.

Supported by a series of property market support policies, the Shanghai residential market has shown signs of recovery, with transaction volumes and prices rebounding. However, short-term market activity remains focused on core areas and the high-end market.

TABLE2: Top Five Apartment Projects By First-hand Transaction Prices, Q2/2024

PROJECT	DISTRICT	AREA	TRANSACTION AREA (SQM)	AVERAGE TRANSACTION PRICE (RMB PSM)
Grand Summit	Jing'an	Nanjing Road W	661	178,868
Arbour	Huangpu	Huaihai Road M	7,593	178,632
Century Land	Xuhui	Longhua	25,019	177,995
Shanghai Arch	Pudong	Lujiazui	40,667	172,800
Opus One	Pudong	Pudong EXPO	30,608	170,454

Source: Shanghai Real Estate Trading Center, Savills Research