

# Residential Sales



## Market remains flat, but policies are making a difference

The overall market remains steady, with strong interest in high-end projects.

- First-hand commodity residential supply fell by 25.3% in Q3/2024 to 1.63 million sqm, down 31.4% YoY.
- First-hand commodity residential transaction volumes fell by 16.3% QoQ to 1.54 million sqm, down 20.6% YoY.
- Average transaction prices fell by 3.9% QoQ to RMB76,331 per sqm, up 8.0% YoY.
- Eleven projects including Lakeville VI, One Sino Park, Blossoms China and Casa Rivera added 1,844 apartments to the market in Q3/2024.
- First-hand high-end apartment transaction volumes more than doubled to 383,129 sqm in Q3/2024, down 36.9% QoQ.
- First-hand high-end apartment transaction prices fell by 8.5% in Q3/2024 to an average of RMB142,900 psm, up 6.6% YoY.
- Second-hand residential sales volumes fell by 14.3% QoQ to 3.9 million sqm, up 20.0% YoY; average transaction prices edged down 0.6% QoQ to RMB40,967 psm, about the same as last year.
- Eleven residential plots were auctioned in Q3/2024, with a buildable area of approximately 688,000 sqm selling for

RMB32.1 billion at an average accommodation value (AV) of RMB46,700 psm and an average premium rate of 11.2%.

“The Shanghai residential market experienced a slowdown during the quarter, but recent policy stimulus is unlocking pent-up demand. With the government’s proactive support, the property sector is poised for a stronger recovery in the coming quarters.”

JAMES MACDONALD, SAVILLS RESEARCH

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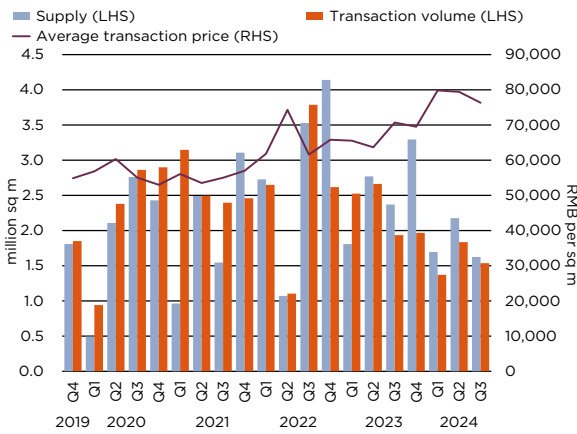
#### RESIDENTIAL SALES

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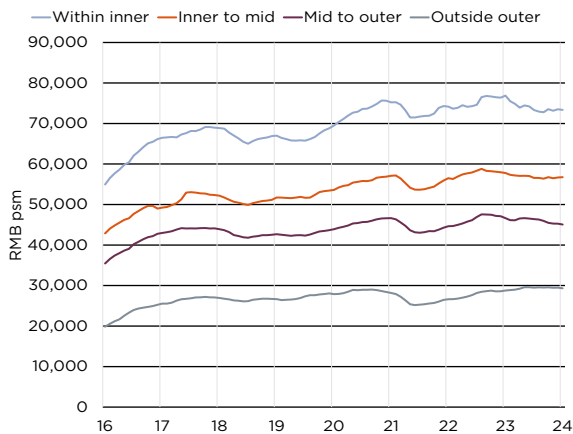
Savills plc  
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**GRAPH 1: First-Hand Commodity Residential Market Supply, Transaction Volume And Prices, Q4/2019 To Q3/2024**



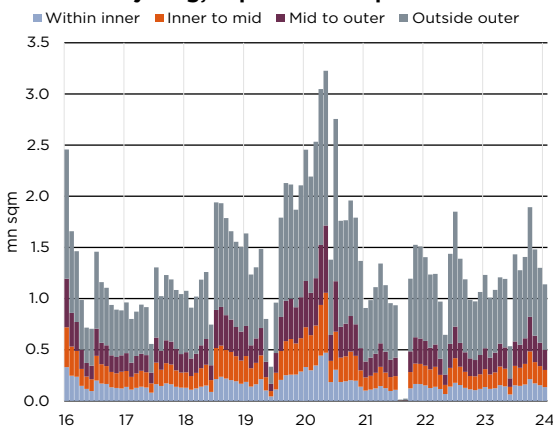
Source: Shanghai Real Estate Trading Center, Savills Research

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



Source: Shanghai Real Estate Trading Center, Savills Research

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



Source: Shanghai Real Estate Trading Center, Savills Research

**MARKET FOCUS**

**Eased home policy basket came out at quarter end**

A series of national policies were introduced in Q3/2024 aimed at “halting the decline and stabilising the property market.” Measures focus on controlling new supply, improving existing stock, ensuring property quality, lowering mortgage rates for existing homes, and easing purchase restrictions. Nationally, the lowest downpayment rate is now 15% for both first and second homes. Additionally, a 25-bps cut to the 5-year LPR was implemented in October.

Specific measures for Shanghai include the following (suburban areas refer to Lingang and the Five New Cities):

**Purchase restrictions**

- Non-local households can purchase a home outside the Outer Ring after paying social insurance or income tax for one year.
- Non-local households can buy a second home after maintaining three years of social insurance or income tax records.

**Downpayment rates**

- The lowest downpayment rate is now 15% for a first home and 25% for a second home (20% in suburban areas).
- The housing provident fund requires downpayment rates of 25% for second homes, down from 35%, while rates in suburban areas are down to 20% from 30%.

**Mortgage rates**

- Mortgage rates are now 3.15% for first homes and 3.55% for second homes (3.35% in suburban areas).

**Capital gains tax**

- The previous five-year capital gains tax

exemption period for individual home sales has been reduced to two years to facilitate transactions.

**OVERALL COMMODITY RESIDENTIAL MARKET**

**First-hand Market** - First-hand commodity residential supply fell by 25.3% in Q3/2024 to 1.63 million sqm, down 31.4% YoY. Transaction volumes fell by 16.3% QoQ to 1.54 million sqm, down 20.6% YoY. Average transaction prices fell by 3.9% QoQ to RMB76,331 per sqm, up 8.0% YoY.

The unusually hot summer, coupled with weak buying sentiment and fewer project visits, contributed to a market slowdown in Q3/2024. However, with the easing of restrictions and introduction of support measures at the end of September, some projects have reportedly withdrawn discounts, signalling some restoration of market confidence.

**Second-hand Market** - Second-hand residential sales volumes fell by 14.3% QoQ to 3.9 million sqm, up 20.0% YoY; average transaction prices edged down 0.6% QoQ to RMB40,967 psm, about the same as last year.

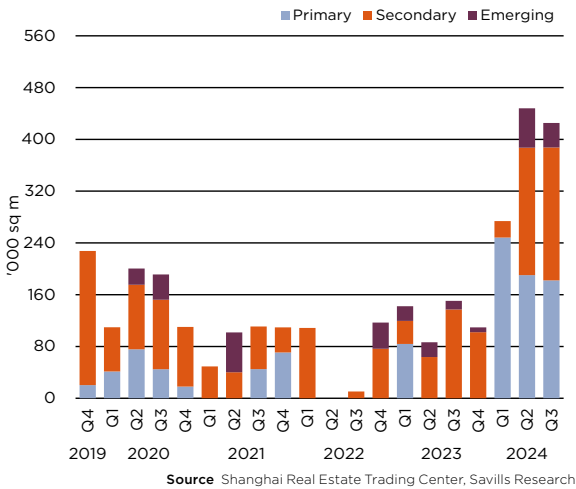
Properties within the Outer Ring saw increased demand due to the easing of purchase restrictions for qualified non-local households, leading to rising transaction prices in the Inner Ring and Inner-to-Mid Ring areas. In contrast, markets outside the Outer Ring faced greater pressure, driven by overbuilding, a more speculative market environment, and competition from neighbouring cities.

**TABLE1: First-Hand Commodity Residential Market By Property Type, Q3/2024**

		APARTMENT	VILLA	OVERALL
SUPPLY	SQ M	1,512,557	112,004	1,624,561
	YoY (%)	-28.6%	-55.5%	-31.4%
TRANSACTIONS	SQ M	1,437,256	98,932	1,536,188
	YoY (%)	-17.9%	-46.5%	-20.6%
AVERAGE PRICE	RMB PSM	76,738	70,422	76,331
	YoY (%)	9.3%	-6.7%	8.0%

Source: Shanghai Real Estate Trading Center, Savills Research

**GRAPH 4: First-hand, High-End Apartment Supply, Q4/2019 To Q3/2024**



**HIGH-END RESIDENTIAL SALES MARKET**

Eleven projects including Lakeville VI, One Sino Park, Blossoms China and Casa Rivera added 1,844 apartments to the market in Q3/2024. First-hand high-end apartment transaction volumes increased 123.4% in Q3/2024 to 383,129 sqm, down 37% QoQ. Transaction prices meanwhile decreased 8.5% in Q3/2024 to an average of RMB142,900 psm, up 6.6% YoY.

High-end supply remained abundant, primarily concentrated in core downtown areas such as Huangpu. While this influx provided potential buyers with more options, it also intensified competition. Some projects sold out on launch day, while others are expected to take longer to attract buyers. Additionally, a portion of the pent-up demand had already been released in Q2/2024, as the project launches during that quarter garnered significant attention.

**RESIDENTIAL LAND MARKET**

Eleven residential plots were auctioned in Q3/2024, with a buildable area of approximately 688,000 sqm selling for RMB32.1 billion at an average accommodation value (AV) of RMB46,700 psm and an average premium rate of 11.2%.

Auctions for highly desirable land plots have had their price caps removed, though if bid prices exceed certain predetermined levels more stringent conditions will be placed on the plot and developer for example the level of fit-out standards or the provision of public utilities and/or social / talent housing.

A plot in Xietu, Xuhui District was sold at RMB4.8 billion with an average accommodation value (AV) of RMB131,045 psm, striking a national record. Meanwhile, another plot in Caojiadu with 49,585 sqm of buildable area was sold for RMB5.7 billion, an AV of RMB114,145 psm, with a premium rate of 31.2%.

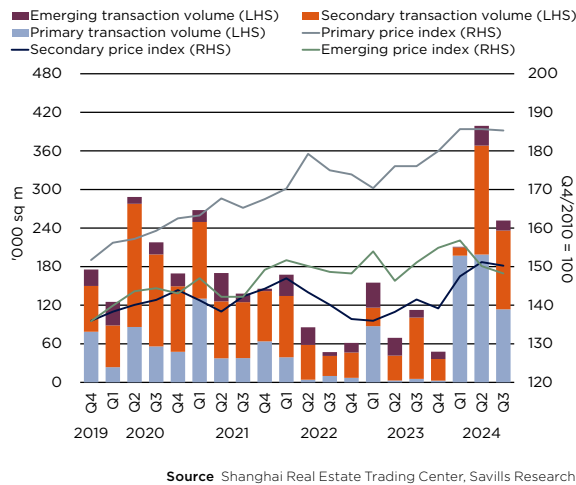
Shanghai has redefined small- to mid-sized apartments, expanding the size range from 70-90 sqm to 100-120 sqm. Along with this change, the city has mandated a lower proportion of such units in new developments, placing greater emphasis on catering to upgraded housing needs.

**MARKET OUTLOOK**

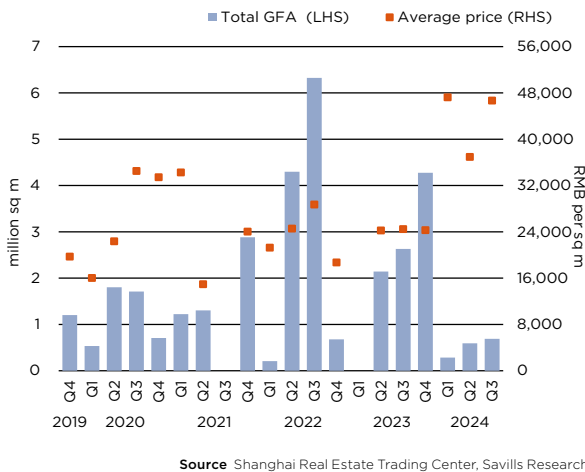
The sixth land auction of the year is scheduled for late October, featuring four residential plots: two in Minhang and one each in Yangpu and Baoshan.

Local measures, such as reducing downpayment ratios and mortgage rates, have proven effective, with a surge in project visits during the National Day holiday. As the nation remains committed to revitalising the property market and permits local governments to tailor policies to market conditions, Shanghai's unique appeal and resilience may drive further recovery by year-end.

**GRAPH 5: First-hand, High-End Apartment Transaction Volumes And Prices, Q4/2019 To Q3/2024**



**GRAPH 6: For-sale Residential Land Transaction Area (Buildable Area) And AV, Q4/2019 To Q3/2024**



**TABLE2: Top Five Apartment Projects By First-hand Transaction Prices, Q3/2024**

PROJECT	DISTRICT	AREA	TRANSACTION AREA (SQM)	AVERAGE TRANSACTION PRICE (RMB PSM)
Lakeville VI	Huangpu	Huaihai Road M	55,795	208,317
Arbour	Huangpu	Huaihai Road M	862	184,602
Chateau Pinnacle	Changning	Xinhua Road	3,366	175,720
One Sino Park	Huangpu	Huaihai Riverfront	33,185	172,789
Blossoms China	Huangpu	Laoximen	5,749	167,599

Source: Shanghai Real Estate Trading Center, Savills Research