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China Property | Asia Pacific

Golden Week: Home Sales Grow, Secondary Market Leads

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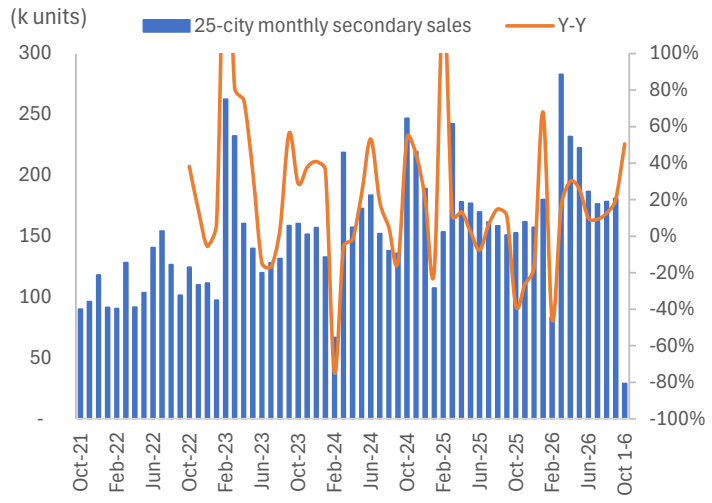
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Key Takeaways

- Bingshan's 25-city real-time secondary sales rose 50% y-y on October 1-6 (vs. 20% in September), partly reflecting policy support and a lower base.
- Qingdao, Nanchang, Xuzhou and Hefei led with >90% y-y growth, while Changsha, Shenyang and Nantong recorded more modest gains of 25-30%.
- New-home sales also rose 20% y-y in Wind's 17-city sample in the same period, with Tier 1 cities notably outshined Tier 2 and low-tier cities.
- Secondary outperformance remains consistent with our view that slower project launches under the completed-sales policy will favor existing homes.
- 4Q remains a key test of policy effectiveness. We expect elevated share-price volatility, with downside risk if the sales recovery disappoints.

Growth in both markets is encouraging, but sustainability is key: The early holiday data are consistent with our expectation of a secondary-led sales response. We continue to expect the mortgage subsidy mainly to bring forward planned purchases rather than generate substantial new demand. Post-holiday momentum in both markets, particularly the sustainability of new-home sales growth, will be key to assessing whether the initial gains translate into a more durable recovery in developers' sales.

Exhibit 1: Secondary home sales rose 50% y-y across 25 major cities on October 1-6



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