

# China Property Sector

Carol Wu  
July 2015

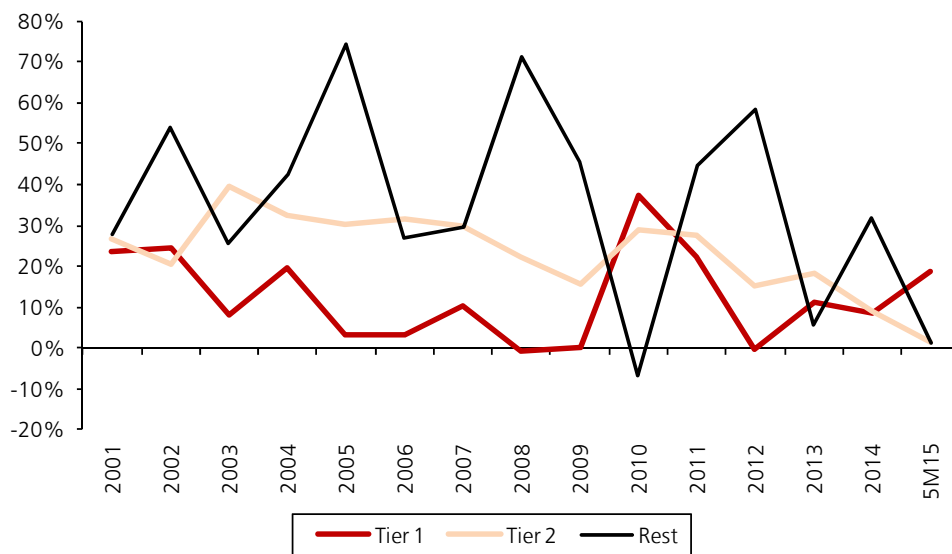
[carol\\_wu@hk.dbsvickers.com](mailto:carol_wu@hk.dbsvickers.com) / (852) 2863 8841

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# Money is flowing out of lower tier cities

Residential real estate investment yoy growth



Source: DBS Vickers, CEIC

# Land supply is falling more in tier 3 cities

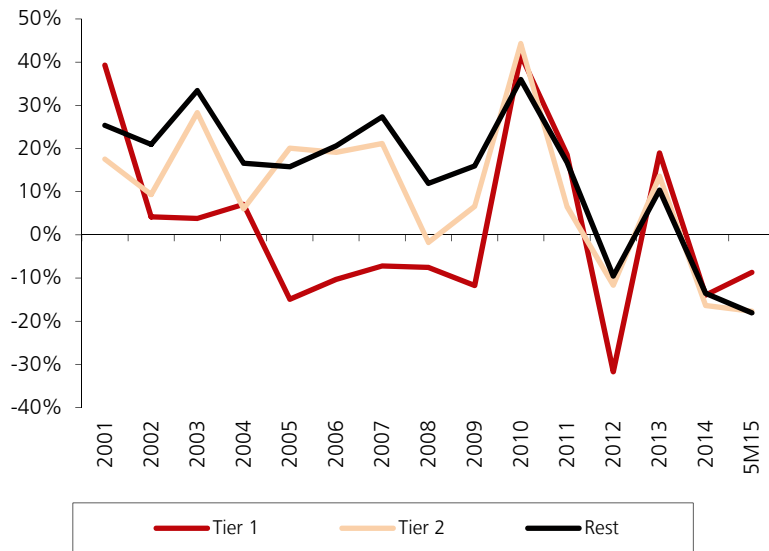
## Land supply yoy growth

	Tier 1	Tier 2	Tier 3
2008	-13%	1%	27%
2009	59%	82%	91%
2010	22%	30%	90%
2011	-1%	10%	8%
2012	-18%	2%	-6%
2013	14%	-4%	-6%
2014	-27%	-23%	-36%
1H15	-38%	-39%	-40%

Source: DBS Vickers, CEIC

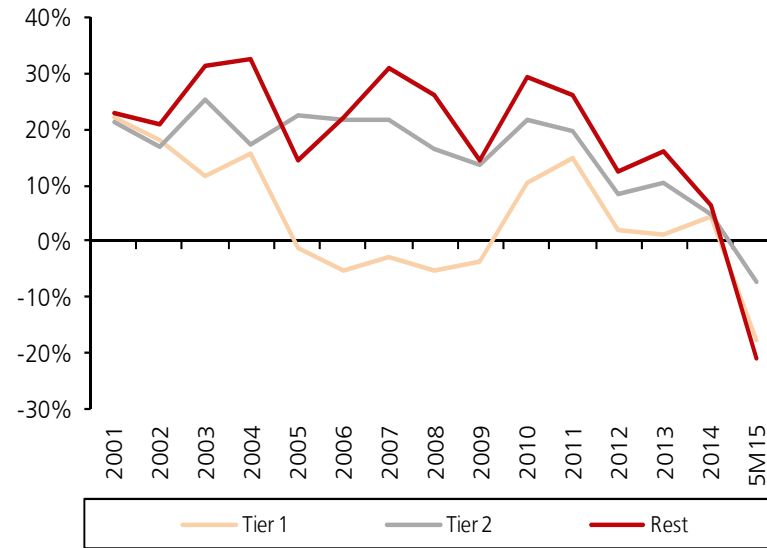
# Construction shows the same downtrend

GFA new start yoy growth



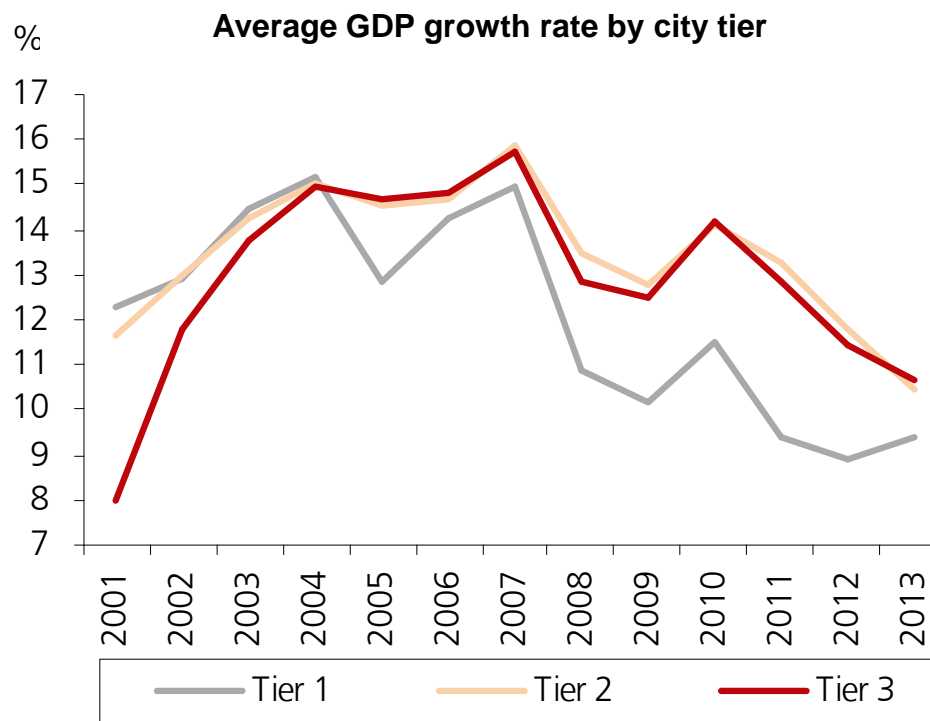
Source: DBS Vickers, CEIC

GFA under construction yoy growth



\*5M15 growth compared with end-14 level  
Source: DBS Vickers, CEIC

## Tier 3 cities saw stronger GDP growth

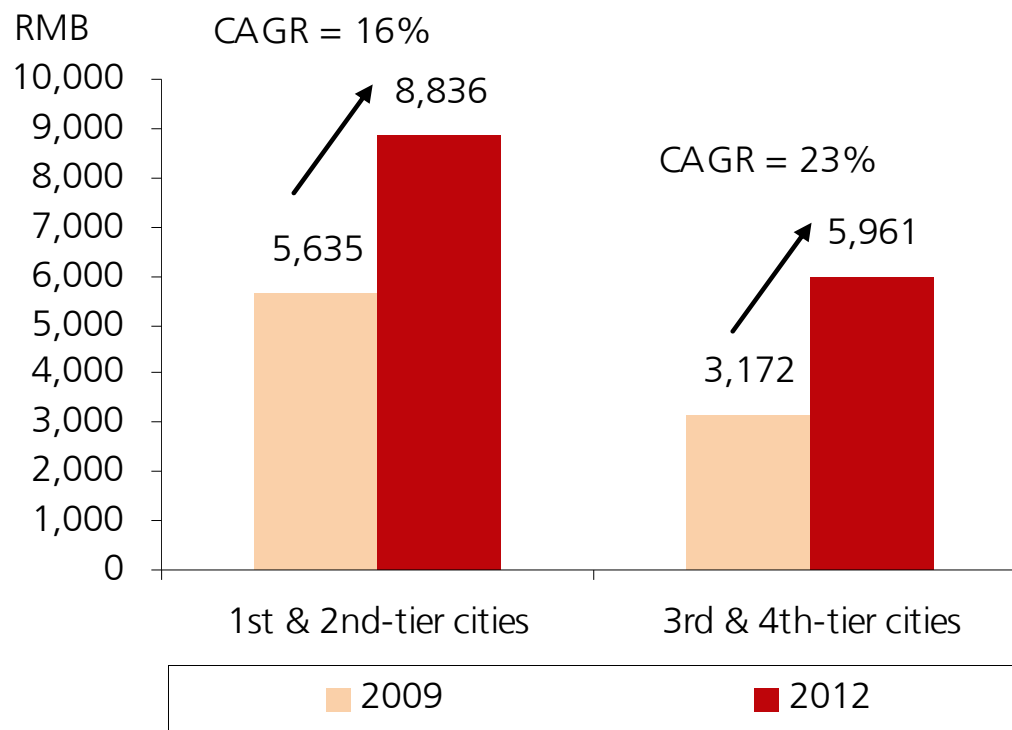


Source: DBS Vickers, NBS

- Average GDP growth of tier 3 cities has caught up with tier 1/2 cities from 2001 to 2004 and has kept pace with tier 2 cities during the past ten years.

# Stronger income growth as well

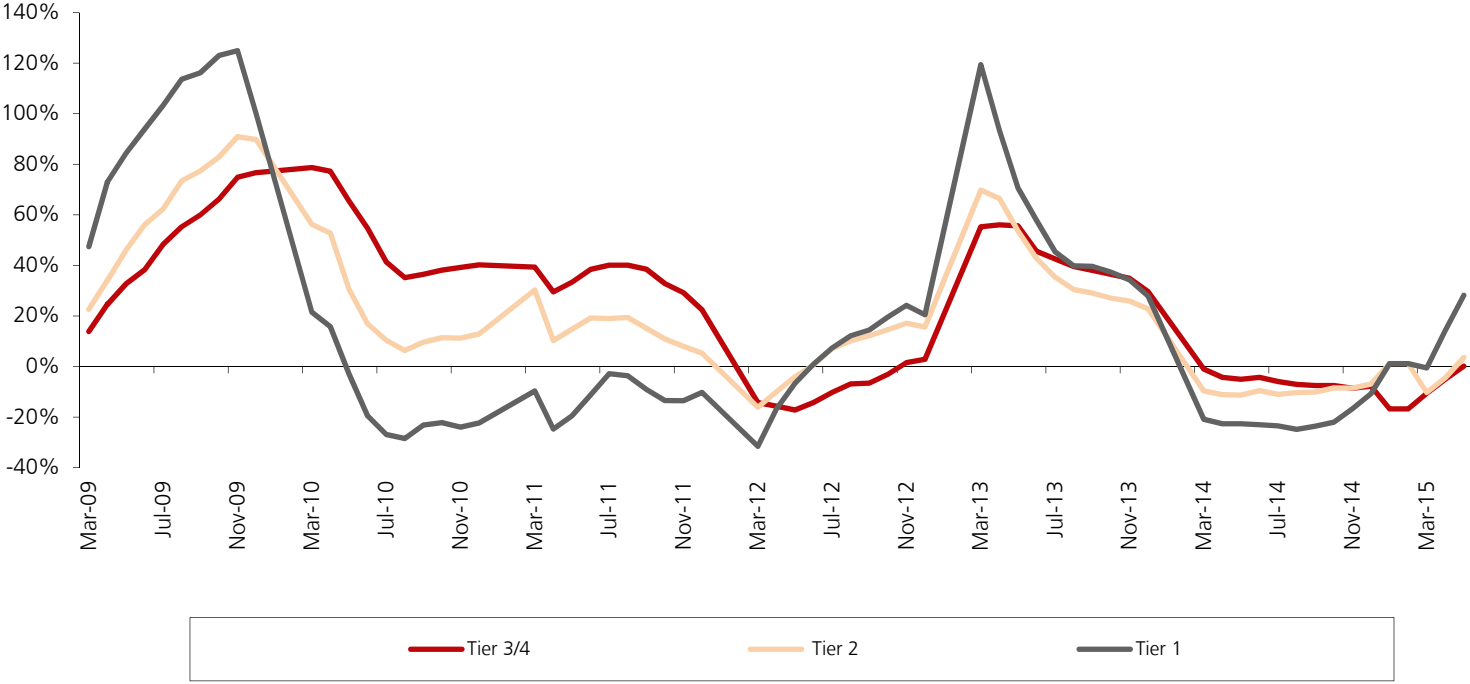
Household monthly income CAGR (2009-2012)



Source: DBS Vickers, DOC US

# Demand is less volatile in lower tier cities

GFA sold yoy growth



Source: DBS Vickers, CEIC

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
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