# China Property

NBS: Property Investment Fell 34.2% yoy In Oct 26; Monthly Mortgage Loans Turned Negative, Indicating A Weak Mortgage Subsidy Effect

## Highlights

- NBS data for Oct 26 showed that property investment dropped 34.2% yoy (Sep 26: -27.2%) and new-home GFA sold declined 20.7% yoy (Sep 26: -22.6%). In 10M26, second-hand transaction GFA rose 11.4% yoy to 1.3x residential new-home GFA sold. Household medium- to long-term loans fell Rmb156.3b in Oct 26, after a Rmb87.4b rise in Sep 26.
- High frequency data for 1-15 Nov 26 showed new-home sales falling 1% yoy in four Tier 1 cities and 18% in nine Tier 2 cities, while second-hand sales rose 6% yoy in three Tier 1 cities and 9% in eight Tier 2 cities. ICE listing prices fell 0.7% mom.
- Maintain UNDERWEIGHT. Our top picks are COLI and CR Mixc.

## Analysis

- **Oct 26 NBS data: Investment and completions fell further, while the decline in new-home sales narrowed slightly.** Property investment fell 34.2% yoy in Oct 26 (Sep 26: -27.2%) and completions declined 39.1% yoy (Sep 26: -36.7%). New-home GFA sold fell 20.7% yoy (Sep 26: -22.6%) and sales value dropped 20.5% yoy (Sep 26: -21.1%), while the decline in new starts narrowed to 18.0% yoy from 26.1%. In 10M26, second-hand home transaction GFA rose 11.4% yoy to 679.7m sqm, 1.3x the 512.1m sqm of residential new-home GFA sold.

### NBS Property Industry Data

| YoY growth (%) | Monthly reading | | | | YTD | | | |
|---|---|---|---|---|---|---|---|---|
| | Oct 26 | Sep 26 | Aug 26 | Jul 26 | 10M26 | 9M26 | 8M26 | 7M26 |
| Property investment | -34.2 | -27.2 | -26.1 | -28.7 | -21.6 | -20.6 | -19.9 | -19.2 |
| New start of property construction | -18.0 | -26.1 | -30.5 | -28.5 | -24.4 | -24.9 | -24.8 | -24.0 |
| Completion of property construction | -39.1 | -36.7 | -28.5 | -20.0 | -26.6 | -25.1 | -23.7 | -23.2 |
| GFA of new home sold | -20.7 | -22.6 | -15.4 | -14.5 | -13.7 | -13.2 | -12.1 | -11.8 |
| Value of new home sold | -20.5 | -21.1 | -12.8 | -10.3 | -14.3 | -13.9 | -13.0 | -13.1 |
| Fund source | -28.0 | -25.8 | -26.8 | -22.2 | -21.9 | -21.6 | -21.0 | -20.3 |

*Source: NBS, UOB Kay Hian*

**Analyst(s)**

Liu Jieqi
Jieqi.Liu@uobkh.com
+852 28261392

Damon Shen
Damonshen@uobkh.com
+86 21 54047225 ext.820

**UNDERWEIGHT (Maintained)**

### Segmental Rating

| Segment | Rating |
|---|---|
| China Property | UNDERWEIGHT (Maintained) |
| Property management | UNDERWEIGHT (Maintained) |

*Source: Bloomberg, UOB Kay Hian*

### Sector Picks

| Company | Ticker | Rec | Share Price (HK$) | Target Price (HK$) |
|---|---|---|---|---|
| COLI | 688HK | BUY | 11.95 | 19.88 |
| CR Mixc | 1209 HK | BUY | 39.82 | 55.00 |

*Source: Bloomberg, UOB Kay Hian*

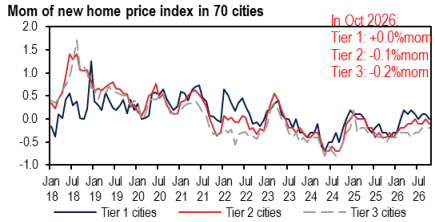
### Peer Comparison

| Company | Ticker | Rec | Price 16 Nov 26 (HK$) | Target Price (HK$) | Upside To TP (%) | Last Year End | PE 2025 (x) | PE 2026F (x) | PE 2027F (x) | Yield 2027F (%) | ROE 2026F (%) | Market Cap. (HK$m) | Price/ NAV ps (x) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| China Resources Land Ltd | 1109 HK | BUY | 29.74 | 39.60 | 33.2% | 12/2025 | 8.1 | 9.0 | 8.1 | 4.3 | 4.7% | 212,074.1 | 0.61 |
| China Overseas Land | 688 HK | BUY | 11.95 | 19.88 | 66.4% | 12/2025 | 8.6 | 9.7 | 9.0 | 4.1 | 2.7% | 130,791.4 | 0.29 |
| Longfor Properties | 960 HK | BUY | 3.85 | 8.76 | 127.8% | 12/2025 | 3.1 | N.A. | N.A. | 0.3 | -1.9% | 27,289.5 | 0.15 |
| Yuexiu Property | 123 HK | BUY | 2.79 | 4.50 | 61.6% | 12/2025 | 37.1 | 39.0 | 30.8 | 1.3 | 0.5% | 11,210.7 | 0.18 |
| CR Mixc Lifestyle | 1209 HK | BUY | 39.82 | 55.00 | 38.1% | 12/2025 | 19.7 | 17.7 | 16.0 | 6.2 | 26.6% | 90,889.2 | 4.80 |
| China Overseas Property Holdings | 2669 HK | BUY | 3.22 | 4.20 | 30.6% | 12/2025 | 6.6 | 7.4 | 7.5 | 5.7 | 18.5% | 10,557.9 | 1.38 |

*Source: Bloomberg, UOB Kay Hian*

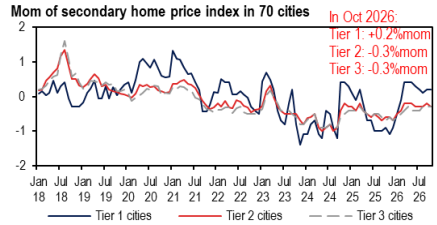
- **Oct 26 NBS data: Tier 1 new-home prices stalled, while Tier 1 second-hand prices kept rising.** In Oct 26, the new-home price index in Tier 1/2/3 cities changed 0.0%/-0.1%/-0.2% mom (vs +0.1%/0.0%/-0.2% mom in Sep 26), and the second-hand price index changed +0.2%/-0.3%/-0.3% mom (vs +0.2%/-0.2%/-0.3% mom in Sep 26) respectively. Shanghai led the Tier 1 second-hand market at +0.5% mom, against 0.0%/+0.2%/+0.1% mom in Beijing/Guangzhou/Shenzhen respectively. Shanghai's second-hand prices have risen mom for nine consecutive months since Feb 26, by a cumulative 4.0%.
- **Household medium- to long-term loans fell Rmb156.3b in Oct 26, indicating that the effect of the mortgage interest subsidy has been weak so far.** According to PBOC data, mortgage loans recorded a net decrease of Rmb156.3b in Oct 26, vs a net decrease of Rmb70.0b in Oct 25. Oct 26 was the first full month after the mortgage interest subsidy was introduced at end-Sep 26, suggesting that the mortgage interest subsidy policy has had a limited impact on mortgage demand. In 10M26, mortgage loans recorded a net decrease of Rmb50.1b, against a net increase of Rmb1,260.0b in 10M25.
- **High frequency data for 1-15 Nov 26 show second-hand sales holding up better than new-home sales.** During 1-15 Nov 26, new-home sales fell 1% yoy in four Tier 1 cities and 18% yoy in nine Tier 2 cities. Second-hand sales rose 6% yoy in three Tier 1 cities and 9% yoy in eight Tier 2 cities.
  a) **New-home sales in 19 major cities fell 15% yoy in 1-15 Nov 26.** Among Tier 1 cities, new-home sales in Beijing/Shanghai/Guangzhou/Shenzhen changed by +63%/-19%/+1%/-25% yoy. Tier 1 sales fell 1% yoy, and Tier 2 sales fell 18% yoy. On a ytd basis (as of 15 Nov 26), 19 major cities fell 5% yoy, with Tier 1/2 cities at +4%/-9% yoy.
  b) **During 1-15 Nov 26, second-hand sales rose 6% yoy in three Tier 1 cities and 9% yoy in eight Tier 2 cities.** Second-hand sales in Shanghai/Beijing/Shenzhen changed by +14%/-1%/-4% yoy respectively. On a ytd basis (as of 15 Nov 26), three Tier 1 cities rose 10% yoy and eight Tier 2 cities fell 4% yoy; Shanghai/Beijing/Shenzhen rose 16%/5%/2% yoy.
  c) **Overall price trends remained on a downward trajectory.** According to the ICE Index updated on 15 Nov 26, average listing prices of second-hand homes in 100 major cities fell 0.1% wow and 0.7% mom. Among the four Tier 1 cities, the listing price index of Beijing/Shanghai/Guangzhou/Shenzhen changed by -0.2%/+0.1%/-0.2%/-0.1% wow, changed by -0.8%/+0.1%/-0.7%/-0.5% mom, and changed by -5.3%/+1.6%/-5.4%/-2.8% ytd respectively. Shanghai's listing price index turned positive again in Nov 26, and Shanghai is now the only Tier 1 city with a ytd rise in second-hand listing prices.

## MOM Change In New-Home Prices In 70 Cities



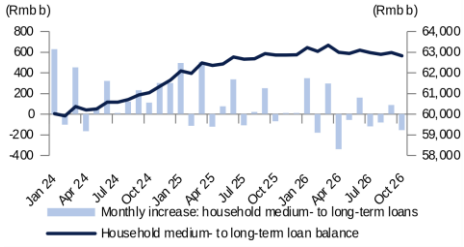

*Source: iFind, UOB Kay Hian*

## MOM Change In Second-Hand Home Prices In 70 Cities




*Source: iFind, UOB Kay Hian*

## Monthly Increase: Household Medium- To Long-Term Loans




*Source: PBOC, UOB Kay Hian*

## 1-15 Nov 26 Daily New-Home Sales (GFA) Of Key Cities

| GFA | T1 cities | | | | T2 cities | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| (000 sqm) | BJ | SH | GZ | SZ | Wuhan | Qingdao | Suzhou | Fuzhou | Chengdu | Nanning |
| Nov 25 | 10 | 27 | 15 | 8 | 33 | 28 | 2 | 7 | 25 | 9 |
| Nov 26 | 16 | 22 | 15 | 6 | 18 | 26 | 7 | 1 | 16 | 11 |
| YoY | 63% | -19% | 1% | -25% | -44% | -8% | 285% | -85% | -38% | 16% |

*Cities with relatively better yoy performance are highlighted in orange*
*Source: iFind, UOB Kay Hian. Same-day basis: each city uses only days with data in both years*

## 1-15 Nov 26 Daily Second-Hand Home Transactions (Units) Of 12 Cities

| Units | SH | BJ | SZ | HZ | NJ | QD | Suzhou | Wuxi | DG | XM | CD | FS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Nov 25 | 761 | 509 | 194 | 153 | 296 | 154 | 150 | n.a. | 119 | 81 | 613 | 248 |
| Nov 26 | 867 | 505 | 186 | 168 | 275 | 151 | 196 | n.a. | 176 | 74 | 695 | 247 |
| YoY | 14% | -1% | -4% | 10% | -7% | -2% | 31% | n.a. | 48% | -9% | 13% | 0% |

*Cities with relatively better yoy performance are highlighted in orange*
*Source: iFind, UOB Kay Hian. Same-day basis: each city uses only days with data in both years*

## Valuation/Recommendation

- **Maintain UNDERWEIGHT on the China property and property management segments; awaiting more policy support.** The downward trend in home prices and the further decline in household medium- to long-term loans indicate that the overall market remains weak, and the government may need to introduce further policy support, such as expanding mortgage subsidies. On the other hand, we expect the second-hand property market to continue outperforming the new-home market, with second-hand transactions accounting for a larger share of total property transactions. We prefer developers with low reliance on pre-sale proceeds, strong Tier 1 exposure and resilient recurring income. Our top picks are COLI and CR Mixc.

## Sector Catalyst/Risk

- Stronger-than-expected fiscal and monetary easing.

**IMPORTANT NOTICE - DISCLOSURES AND DISCLAIMERS**

This report is provided subject to various disclosures and disclaimers (the "Disclosures / Disclaimers") which form an integral part of this report and are available at this link or by scanning the QR code below:

The Disclosures / Disclaimers contain important information, including without limitation, (a) exclusions of liability, (b) confidentiality obligations, (c) restrictions on publication, circulation, reproduction, distribution and use of the report, (d) potential conflicts of interest, and (e) disclosures and requirements specific to recipients in the United States and other applicable jurisdictions.

Specifically, this report is intended for general circulation and informational purposes only and does not take into account the specific investment objectives, financial situation, or particular needs of any individual person. It is not intended to constitute personal investment advice or a recommendation to buy or sell any investment product or security. You should independently evaluate the information and, where necessary, seek advice from a qualified financial adviser regarding the suitability of any investment, taking into account your specific objectives, financial situation and needs, before making any investment decision. Analyst certifications required under applicable regulations, including SEC Regulation AC (where relevant), are included in this report.

Recipients of this report must carefully read, review and understand the full Disclosures / Disclaimers before using or relying on any information in this report. By accessing, receiving or using this report, you acknowledge and confirm that you have read, understood, accepted and agreed to be bound by the Disclosures / Disclaimers (as may be amended or updated from time to time) in full.