HONG KONG REAL ESTATE

Assessing China's tighter capital controls. Analyze demand drivers, exposure and earnings sensitivity

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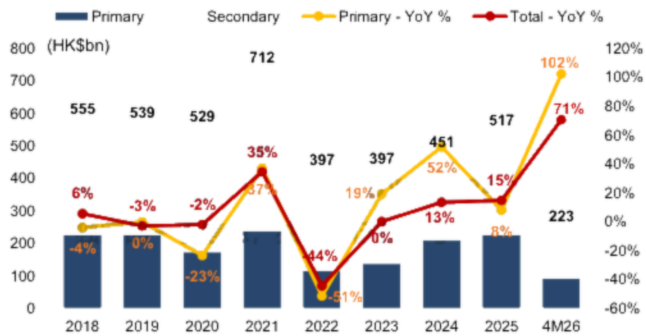
Following the release of new directives by the China Securities Regulatory Commission (CSRC) on May 22nd to clamp down on illegal offshore brokerage and investment activities (link), the State Council issued another document on June 1st setting out guidelines on corporate and individuals' overseas investments (link). Some commentators see the broadening of its guidelines to cover not only corporate but also "individual" investors as a signal that the Chinese government may more closely scrutinize individual investors abroad, potentially making it more difficult for mainland Chinese to purchase properties in Hong Kong. In this report, we address such concerns by analyzing the population/immigration trends and recent sales transaction data to better understand the buyer profiles and housing demand drivers.

Mainland Chinese have become a major source of buyers. They tend to prefer brand-new over second-hand units.

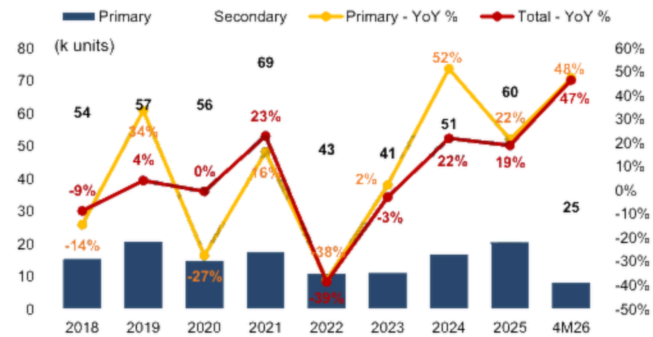
As a recap, Hong Kong had a total of 60k residential units transacted last year together adding up to HK$517bn property sales, which recovered sharply from ~HK$390bn in 2022-23 amid the pandemic but still lags behind its prior peak of HK$712bn in 2021 (Exhibit 1). The momentum has continued into this year with sales up by another +71% yoy to HK$223bn in 4M26. As discussed in our prior reports (link, link), we attribute the housing market recovery to strong government support, with the removal of all the austerity measures in early 2024 (e.g., buyer, seller stamp duties) and more proactive policies to attract talent and immigrants. The buoyant stock market has also drawn more liquidity and mainland Chinese investors to HK who might have otherwise invested elsewhere in Shanghai, Shenzhen and other mainland Chinese cities. Indeed, per Centaline sale data which capture sale transactions with buyers' last names in mandarin pinyin (n.b. the Centaline 'Mainland Chinese' classification is a proxy based on Mandarin Pinyin names and does not account for residency, meaning the figures include Hong Kong-based Mainland nationals and local residents with pinyin-style names), ML Chinese aggregate housing purchases have more than doubled from HK$96bn in 2023 to HK$182bn in 2025 (and tripled from 5.8k to 14.8k units in volume term), representing 35%/25% of Hong Kong's total property sales and volume last year (up from 25%/14% in 2023). The data also suggest that ML Chinese buyers tend to prefer brand-new units, accounting for 63% or HK$114bn of their purchases in value terms. Over half of HK's residential primary sales were associated with these mainland Chinese buyers with pinyin last names.

Exhibit 1: HK private residential housing transaction value



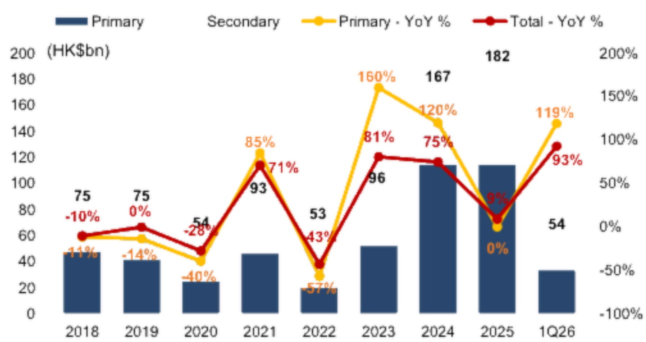
Source: Centaline

Exhibit 2: HK private residential housing transaction volume



Source: Centaline

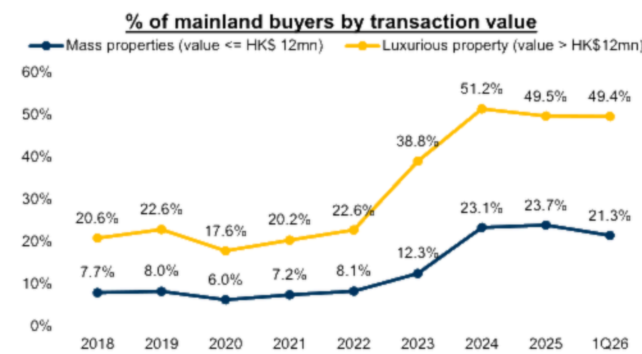
Exhibit 3: HK private residential housing transaction value by Mainland Chinese buyers



The 'Mainland Chinese' classification is a proxy based on Mandarin Pinyin names. It does not account for residency, meaning the figures include Hong Kong-based Mainland nationals and local residents with pinyin-style names.

Source: Centaline

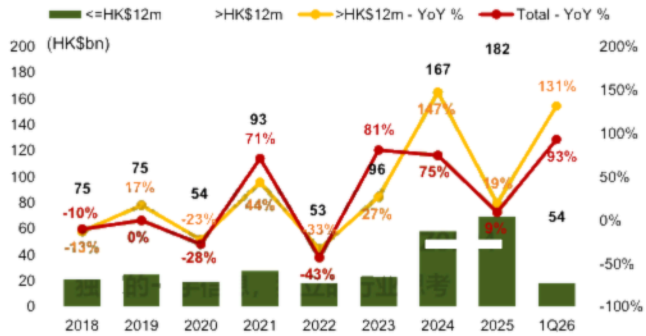
Exhibit 4: % of mainland buyers by transaction value



The 'Mainland Chinese' classification is a proxy based on Mandarin Pinyin names. It does not account for residency, meaning the figures include Hong Kong-based Mainland nationals and local residents with pinyin-style names.

Source: Centaline

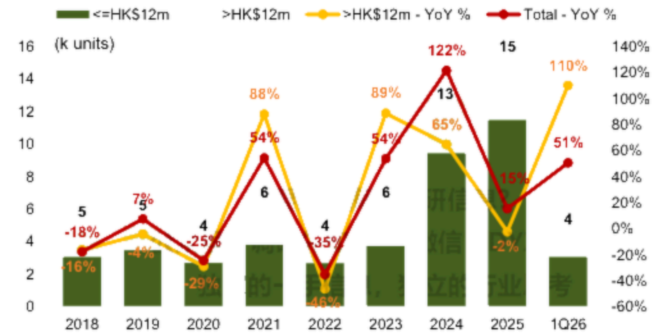
Exhibit 5: HK private residential housing transaction value by Mainland Chinese buyers (breakdown by unit price)



The 'Mainland Chinese' classification is a proxy based on Mandarin Pinyin names. It does not account for residency, meaning the figures include Hong Kong-based Mainland nationals and local residents with pinyin-style names.

Source: Centaline

Exhibit 6: HK private residential housing transaction volume by Mainland Chinese buyers (breakdown by unit price)



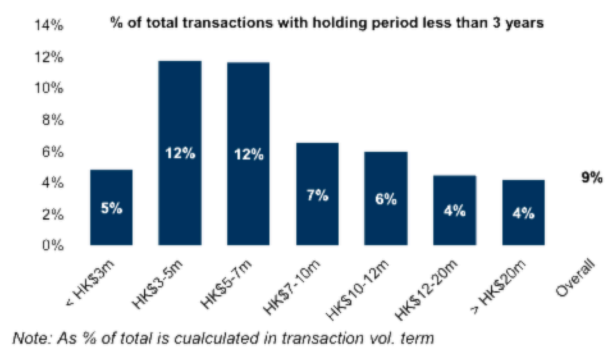
The 'Mainland Chinese' classification is a proxy based on Mandarin Pinyin names. It does not account for residency, meaning the figures include Hong Kong-based Mainland nationals and local residents with pinyin-style names.

Source: Centaline

Exhibit 7: % of HK private housing transactions with short holding periods

Source: Centaline

Exhibit 8: % of HK private housing transactions with holding period of less than 3 years (4M26)



Source: Centaline

Maintain our view of multi-year HK housing market upcycles

While we take no view on any outcome, the directive itself has not specified any new additional measures to tighten capital flow to HK. We believe the potential impact, if any, would be on bigger-ticket sizes transactions. In the past, we observed that when control tightened (e.g., in 2016), alternative/new channels to transmit cash to HK emerged which somewhat mitigated the impact. As shown in Exhibit 9, there are a few legitimate ways for mainland Chinese residents to bring or transfer cash outside of mainland China: (1) an annual limit of US$50k or Rmb340k individually set by the State Administration of Foreign Exchange (SAFE); (2) Rmb20k each trip they can bring abroad when traveling; (3) Rmb10k cash withdrawal via ATM per Unioncard pay each day, with a cap of Rmb100k per annum; (4) up to Rmb3mn to be remitted to HK for qualified residents in the Greater Bay area under the Cross-boundary Wealth Management Connect Scheme launched since Sept 2021 (link). Adding them all up would translate to no more than Rmb4mn capital one can transmit or bring offshore annually (or up to Rmb8mn for a two-person household). If we assume the mainland Chinese buyers take on typical 70% mortgages and have to make 30% initial downpayments, the value of the properties they purchase would likely be below Rmb13mn for individual buyer (or Rmb26mn for a household). Indeed, out of the 14.8k housing units purchased by mainland Chinese last year, 78% or 11.5k were priced below HK$12mn (Exhibit 6). Nevertheless, it is too early to assess, but given the legitimate channels to transferring in cash for property purchases, vulnerability may be in property worth well beyond these prices. Meanwhile, we also see other reasons to believe the current uptrend would unlikely be derailed.

- **Most home purchases by Chinese buyers are driven by pent-up demand. Investment demand still a minority -** As discussed in our sector reports (May 19, Feb 18), the key driver for our call of a "multi-year upcycle" for the HK housing market is demand and supply imbalance. On the supply side, after several years of weak market sentiment, land sales (i.e., government land sales, MTR site tenders, redevelopment etc) are still tracking behind government's FY26 target of 22k, suggesting ongoing difficulty for housing supply to catch up with its annual target of 26-34k units. On the demand side, the launch of various new visa schemes (i.e., Top Talent Pass Scheme introduced in 2022 for those earning more than HK$2.5mn per annum or graduated from the world's top 100 universities) has attracted many applications boosting the total number of visas approved to 120-140k annually in 2023-25 (vs. 60-70k before the pandemic) (Exhibit 11). Since the social unrest in 2018, 660k visa applications have cumulatively been approved by the government, of which media (link) had previously reported that roughly half or ~300-400k currently stay in HK (vs. 60-70k in 2018). If we assume half of these additional 240-330k individuals or households decided to purchase properties in Hong Kong, it would translate to 120-160k units of incremental housing demand. With merely 52k mainland Chinese buyer transactions during this period, per Centaline, **we could infer that (1) the majority of the 52k units sold in recent years have been driven by end-user demand rather than for investment purposes; (2) the backlog remains quite significant and supportive of volume trend ahead. To put the numbers into perspective, in sales/volume terms, 35%/25% of HK residential transactions could be attributed to mainland Chinese buyers as mentioned earlier. If we assume say ~20% were investment demand, based on developers' observations, those more vulnerable or subject to closer capital control or scrutiny would represent only ~7%/5%.**
- **Positive rental growth outlook with low vacancy. Rental yield of HK residential properties still compelling vs. top-tier PRC cities and other Asia gateway cities -** After the ~20% cumulative increase over the past 3 years, the slower rental growth of +1.4% ytd suggests that certain demand has shifted from renting to buying. Even though housing prices have appreciated by ~10% ytd, home owners in HK could still enjoy a mild positive carry with average rental yield of 3.3% (for Class B units) vs. 3.25% mortgage rate. This still looks more favorable vs. other top-tier PRC cities and Asia gateway cities, i.e., 2.9%/2%/1.8%/1.7% rental yield in Singapore/Beijing/Shenzhen/Shanghai respectively. We believe the decision or choice to buy vs. rent will continue to affect near-term property sales momentum in the quarters ahead. On a positive note, the fundamentals remain positive as vacancy is quite low at 4.3% at end-FY25 (vs. historical average ~5%), while housing supply is

tight (i.e., 16k unsold inventories plus 12k new units scheduled for launches). As far as interest rates are concerned, our macro team still expects 2 more 25bps Fed fund rate cuts in Dec-26 and Mar-27 respectively (May 11), but rising inflation raises concern of a potential delay or reversal. Even in a US rate hike scenario, just as HKMA did not follow the US Fed to cut its rates previously, it may not necessarily need to follow hiking its rate if the banking system still has abundant liquidity as they do now.

- **Government policies on immigration policies, property purchases remain supportive. Past cycles suggest CNY devaluation is the key risk to watch for -** Although closer scrutiny and tighter capital control could affect market liquidity and potentially housing purchases esp. the luxury ones as mentioned above, we believe government policies in other housing-related areas remain broadly supportive, e.g., visa/immigration policies, Northern Metroplis development. Last year, the Financial Secretary of Hong Kong, Paul Chan, had reportedly held discussions with the mainland Chinese government to explore appropriate relaxations on capital transfer restrictions for mainland Chinese workers and immigrants settling in HK who want to purchase HK properties (link). From past experience, tightened liquidity and capital control are usually associated with sharp CNY depreciation. This time around, CNY actually appreciated against USD by 6% over the past year.

Developer exposure to high-end, luxury units. Earnings and NAV sensitivity
As discussed above, we believe closer scrutiny and tighter capital control, especially on any alternative channels that may emerge, could affect (1) sell-through of the luxury units; (2) mainland Chinese investors who are not genuine end-users and do not necessarily plan to settle in HK - using our assumptions explained above would imply that mainland Chinese investment demand would account for no more than 10% of HK property sales. **Among the developers we cover, we note that Kerry Properties, CKA and Henderson have a larger proportion of their saleable resources (remaining stocks + projects scheduled for launch this year) that are considered luxury priced at HK$25k psf or above, i.e., 41%, 44%, 32% vs. SHKP 22% (Exhibit 15).**

As a recap, we forecast +15%/+7%/+4% HK housing prices increase in 2026/27/28E. In a bear case scenario where we assume -5%/-10% downside to our housing prices/volume assumptions adding up to -15% cut to contracted sales forecasts, we could see on average -2-9% earnings impact for our covered property developers in FY26-28E. Our FY26E NAV estimates could be cut by -3-9% with NWD and Kerry Properties the most sensitive due to higher financial leverage (Exhibit 17). Exhibit 20 lays out detailed NAV breakdown for all our covered HK property names. Though not directly comparable, we note that Macau casino stocks tended to pull back fairly sharply in the past whenever there has been newsflow related to tighter liquidity or capital controls (Exhibit 18). Compared to HK properties, the Macau casino sector has much greater exposure to China's grey-area liquidity (i.e., 20-50% over the cycles), vs. <10% mainland Chinese investors for HK properties as mentioned above. We see the recent correction as a continued good opportunity to accumulate our Buy-rated HK property developer names: Henderson Land (on CL), SHKP and Sino Land.

Exhibit 9: Chinese government restrictions on cross-border capital outflow

Category	Restriction
Individual SAFE quota	**US$50k** per calendar year
Individual outbound travel	The equivalent of **US$5k** for foreign currency, or **Rmb20k** per trip
Cash withdrawal using debit/credit cards issued in mainland China	**Rmb100k** per annum per card, or Rmb10k per day per card
Cross-boundary Wealth Management Connect Scheme (for eligible GBA residents only)	**Rmb3mn** per person Eligibility: at least 2 years of investment experience, and - outstanding household net financial asset of no less than Rmb1mn, or - outstanding household financial asset of no less than Rmb2mn, or - avg. personal annual income of no less than Rmb400k

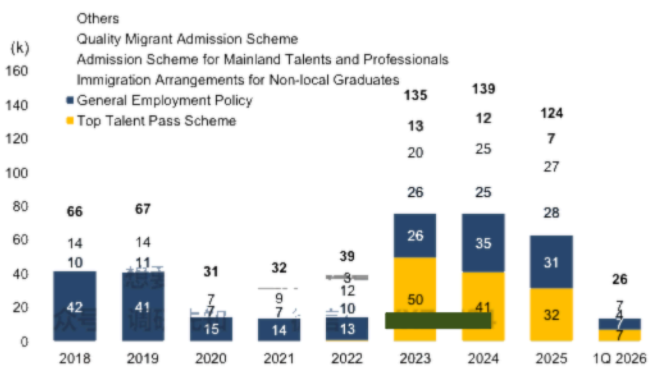
Source: GOV.CN, SAFE, HKMA

Exhibit 10: Summary of different visa schemes in HK

Visa Program	Target Applicant	Key Eligibility Criteria	Job Offer Required?	Remarks
Top Talent Pass Scheme	Category A - High-income earners	Annual income of HK$2.5mn+ in the year preceding application.	No	Newly introduced in 2022
	Category B - Experienced graduates	Degree from a top-100 university + 3 years of work experience in the last 5 years.	No	
	Category C - Recent graduates	Degree from a top-100 university within the last 5 years; <3 years of experience.	No	
New Capital Investment Entrant Scheme	High-net-worth investors	Net assets of HK$30mn+; investment of HK$30mn in permissible HK assets (incl. up to HK$10mn in HK housing)	No	Newly introduced in 2024
Quality Migrant Admission Scheme	Highly skilled talent	Points-based (General or Achievement); minimum 80/225 points for General Test.	No	
General Employment Policy	Non-Mainland professionals	Relevant degree/skills; job offer with market-rate salary; role not easily filled locally.	Yes	
Admission Scheme for Mainland Talents and Professionals	Mainland professionals	PRC nationals with specialized skills; job offer with market-rate salary.	Yes	
Immigration Arrangements for Non-local Graduates	Non-local graduates	Obtained a degree from a Hong Kong university (or GBA campus of HK university).	No	
Technology Talent Admission Scheme	Technology talent	Principally conduct R&D in a technology area; degree in STEM from a top-100 university for STEM-related subjects	Yes	

Source: Immigration Department

Exhibit 11: No. of applications approved under different HK visa programs



Source: HK Immigration Department

Exhibit 12: HK housing price trend

Source: Centaline

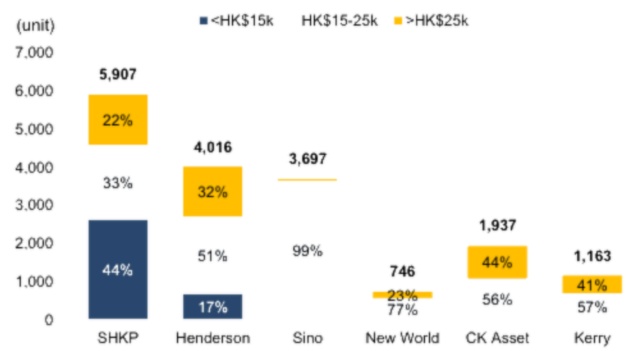
Exhibit 13: Net rental yield (after deducting mortgage rate) stayed positive territory since Mar-25

Exhibit 14: Major developers market share by contracted sales (%)

Figures are based on preliminary agreement signed date.

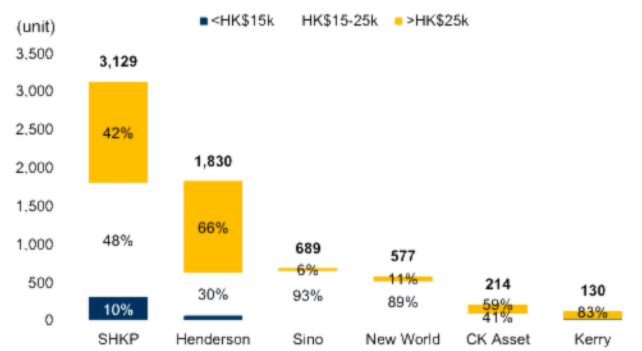
Source: Centaline, Goldman Sachs Global Investment Research

Exhibit 15: Saleable resources (as of end 1Q26) breakdown by developers and price bands



Source: Centaline, Goldman Sachs Global Investment Research

Exhibit 16: Remaining stocks (as of end 1Q26) breakdown by developers and price bands



Source: Centaline, Goldman Sachs Global Investment Research

Exhibit 17: HK developers earnings and NAV sensitivity to HK resi price and volume assumptions

	Base case				Bear case: HK resi price -5%, volume -10% vs. base case over FY26-28E				vs. Base case		
	FY26E	FY27E	FY28E	FY25-28E CAGR	FY26E	FY27E	FY28E	FY25-28E CAGR	FY26E	FY27E	FY28E
HK resi price yoy	**15%**	**7%**	**4%**		**14%**	**5%**	**2%**		**-1ppt**	**-2ppt**	**-2ppt**
Underlying earnings (HK$ mn)											
SHKP	23,921	27,035	27,668	8%	23,468	25,932	25,280	5%	-2%	-4%	-9%
NWD	607	1,569	2,069	n.m.	535	1,416	1,401	n.m.	-12%	-10%	-32%
Sino	5,148	5,328	5,724	4%	5,025	5,120	5,356	2%	-2%	-4%	-6%
Henderson	7,936	10,246	11,847	25%	7,652	9,504	10,347	20%	-4%	-7%	-13%
CKA	12,867	13,936	17,174	13%	12,675	13,585	15,974	10%	-1%	-3%	-7%
Kerry	2,026	4,498	5,542	40%	1,982	4,354	5,172	37%	-2%	-3%	-7%
Coverage total	**52,504**	**62,611**	**70,025**	**15%**	**51,337**	**59,911**	**63,530**	**11%**	**-2%**	**-4%**	**-9%**
P/E											
SHKP	15.0	13.3	13.0		15.3	13.9	14.2				
NWD	n.m.	12.6	9.6		n.m.	14.0	14.2				
Sino	21.5	22.0	21.7		22.0	22.9	23.2				
Henderson	18.2	14.1	12.2		18.9	15.2	14.0				
CKA	12.7	11.8	9.5		12.9	12.1	10.3				
Kerry	14.5	6.5	5.3		14.8	6.8	5.7				
Coverage avg.	**15.8**	**13.3**	**12.0**		**16.1**	**13.9**	**13.2**				
NAV (HK$/share)		**NAV discount %**				**NAV discount %**					
SHKP (FY27E)	242.5	-49%			225.5	-45%			-7%		
NWD (FY27E)	73.3	-89%			66.8	-88%			-9%		
Sino (FY27E)	22.2	-47%			21.5	-45%			-3%		
Henderson	66.8	-55%			62.4	-52%			-7%		
CKA	110.1	-57%			105.2	-56%			-4%		
Kerry	88.2	-77%			81.5	-75%			-8%		

** SHKP, NWD and Sino's financial years are Jun-end, while others' are Dec-end*

Source: Datastream, Company data, Goldman Sachs Global Investment Research

Exhibit 18: Macau gaming sector historical share price performance against news on tightening cross-border capital flow

Source: Datastream, GOV.CN

Exhibit 19: HK developers unsold inventory as of 1Q26 and key projects (to be) launched in 2026

Key Developer(s)	Key projects	Location	No. of Units	Latest average price (HK$ k/s.f.)
Unsold inventory (units, as of end 1Q26)				
SHKP	The Yoho Hub Phase B	Yuen Long	555	19.6
	Cullinan Sky II	Kai Tak	375	32.9
	Novo Land IIA	Tuen Mun	271	15.1
	Victoria Harbour IIB-3	North Point	176	40.6
	Cullinan Harbour I	Kai Tak	172	44.8
	The Yoho Hub Phase C	Yuen Long	95	17.2
	Victoria Harbour IIB-2	North Point	93	45.8
	Park Vista IIB - Park Yoho Napoli	Yuen Long	80	13.5
	Wetland Seasons Bay I	Tin Shui Wai	78	14.3
	Sierra Sea Ph. 2B	Sai Sha	17	13.1
	Sierra Sea Ph. 2A	Sai Sha	16	12.7
	Others		1,201	
		Sub total	**3,129**	
Henderson	The Knightsbridge	Kai Tak	307	32.4
	Henley Park	Wong Tai Sin	268	31.0
	Highwood I	Hung Hom	204	19.1
	The Henley III	Kai Tak	119	27.3
	Baker Circle One I - Baker Circle·Dover	Hung Hom	115	22.6
	The Henley I	Kai Tak	105	28.1
	The Legacy I	Mid-Levels	95	48.0
	Woodis	Wan Chai	62	24.3
	The Henley II	Kai Tak	61	32.2
	The Harmonie	Cheung Sha Wan	59	19.7
	Eden Manor	North	55	13.2
	Others		435	
		Sub total	**1,830**	
Sino	One Park Place	Kwun Tong	313	15.7
	Grand Mayfair Phase 2 - Grand Mayfair III	Yuen Long	281	15.8
	St. George's Mansions	Ho Man Tin	27	38.3
	Silversands	Ma On Shan	12	18.0
	The Balmoral	Tai Po	11	13.4
	Grand Mayfair Phase 1B - Grand Mayfair II	Yuen Long	11	17.0
	Grand Victoria I	Cheung Sha Wan	10	25.8
	Others		24	
		Sub total	**689**	
New World	The Pavilia Forest II	Wong Tai Sin	345	20.2
	The Pavilia Farm III	Sha Tin	46	25.8
	The Pavilia Forest III	Wong Tai Sin	36	23.9
	Others		150	
		Sub total	**577**	
CK Asset	21 Borrett Road I	Mid-Levels	61	67.1
	The Southside IIIB - Blue Coast	Aberdeen	42	21.4
	Others		111	
		Sub total	**214**	
Kerry	The Southside IVA - La Montagne	Aberdeen	80	31.0
	Hava	Yuen Long	16	14.6
	Others		34	
		Sub total	**130**	
Coverage sub total			**6,569**	
Others			10,103	
			16,672	

Key Developer(s)	Key projects	Location	No. of Units	Latest average price (HK$ k/s.f.)	Total saleable units in 2026
Key projects (to be) launched in 2Q-4Q 2026					
SHKP	Tung Shing Lei Ph. 1A	Tuen Mun	665	n.a.	
	Fanling Sheung Shui Town Lot No.279 Ph.1	Kwu Tung	645	n.a.	
	1A Ying Ho Road	Yuen Long	566	n.a.	
	13-23 Wang Wo Tsai Street	Tsuen Wan	462	n.a.	
	Siu Lek Yuen Residential Project	Sha Tin	300	n.a.	
	Cullinan Habour Ph. 2B	Kai Tak	140	13.5	
		Sub total	**2,778**		5,907
Henderson	Chester	Hung Hom	241	20.2	
attr.	One Victoria Cove	Hung Hom	648	20.2	
	Fanling Sheung Shui Town Lot No. 263	Kwu Tung	614	n.a.	
	Highwood (Phase 2)	Ma Tau Kok	415	22.9	
	18 Man On Street	Mong Kok	126	n.a.	
	33 Elgin Street	Central	93	n.a.	
	16-20 Temple Street	Yau Ma Tei	48	n.a.	
	29A Lugard Road	The Peak	1	n.a.	
		Sub total	**2,186**		4,016
Sino	Lohas Park XIIIB - La Mirabelle I	Tseung Kwan O	2,550	16.8	
	KIL 11285, Wing Kwong St. / Sung On St.	To Kwa Wan	458	n.a.	
		Sub total	**3,008**		3,697
New World	Canton Road & Kwun Chung Street	Jordan	60	n.a.	
	Pavilia Rosa	Kowloon Tong	109	n.a.	
		Sub total	**169**		746
CK Asset	Hung Fook St./ Kai Ming St./ Wing Kwong St.	To Kwa Wan	1,000	n.a.	
	Victoria Blossom Ph.1&2	Kai Tak	723	n.a.	
		Sub total	**1,723**		1,937
Kerry	The Southside IVB - La Montagne	Aberdeen	368	n.a.	
	Hung Fook Street / Ngan Hon Street	To Kwa Wan	665	n.a.	
		Sub total	**1,033**		1,163
Coverage sub total			**10,897**		

Source: Centaline, Company data, Data compiled by Goldman Sachs Global Investment Research

Exhibit 20: HK property names NAV breakdown by segment

	HK developers						HK landlords						
HK$mn Ticker	Henderson 0012.HK	SHKP 0016.HK	NWD 0017.HK	Sino 0083.HK	Kerry 0683.HK	CKA 1113.HK	Link REIT 0823.HK	Swire Prop 1972.HK	HKLand HKLD.SI	HLP 0101.HK	Wharf REIC 1997.HK	Hysan 0004.HK	Wharf Hldg 0014.HK
NAV as of end	12/31/2026	6/30/2027	6/30/2027	6/30/2027	12/31/2026	12/31/2026	3/31/2026	12/31/2026	12/31/2026	12/31/2026	12/31/2026	12/31/2026	12/31/2026
Hong Kong	**288,445**	**618,198**	**181,506**	**106,229**	**59,511**	**175,221**	**161,629**	**189,919**	**123,367**	**59,878**	**178,867**	**74,953**	**39,752**
Residential	106,073	246,132	81,229	33,957	48,730	87,759	0	27,206	27	8,689	0	4,325	39,752
Office	97,265	166,472	43,250	16,102	2,822	45,251	3,757	113,770	83,926	20,709	50,776	34,890	0
Retail	77,546	170,515	54,451	49,552	5,814	26,514	122,938	44,780	39,413	29,389	114,052	28,186	0
Others (SA, carpark)	7,561	35,079	2,575	6,618	2,144	15,697	34,934	4,163	0	1,091	14,039	7,553	0
ML China	**50,850**	**116,609**	**115,903**	**8,743**	**115,334**	**55,074**	**27,277**	**138,480**	**119,424**	**93,247**	**5,630**	**3,041**	**65,268**
Residential	14,562	21,229	49,131	2,116	38,898	39,737	0	7,070	26,230	10,391	1,526	196	5,516
Office	23,339	43,141		3,426	33,812	5,355	3,724	10,045	41,741	18,917	4,066	505	25,427
Retail	12,073	44,167	63,405	3,200	32,024	5,830	20,950	78,024	43,164	59,573	37	2,340	27,230
Others (SA, carpark)	875	8,072		0	10,601	4,152	2,603	43,340	8,289	4,367	0	0	7,095
Non-property/Overseas	**111,372**	**51,089**	**52,270**	**44,297**	**8,461**	**183,727**	**44,297**	**13,585**	**48,050**	**0**	**21,585**	**1,657**	**42,241**
Total asset	**450,667**	**785,897**	**349,678**	**159,268**	**183,307**	**414,023**	**233,203**	**341,983**	**290,841**	**153,125**	**206,081**	**79,651**	**147,261**
Net cash/(debt)	(127,265)	(83,235)	(165,264)	56,211	(55,325)	(17,037)	(54,193)	(43,271)	(23,332)	(42,825)	(29,786)	(33,084)	8,318
Total NAV	**323,402**	**702,661**	**184,414**	**215,480**	**127,981**	**396,985**	**179,010**	**298,712**	**267,509**	**110,300**	**176,295**	**46,567**	**155,580**
% of GAV													
Hong Kong	**64%**	**79%**	**52%**	**67%**	**32%**	**42%**	**69%**	**56%**	**42%**	**39%**	**87%**	**94%**	**27%**
Residential	24%	31%	23%	21%	27%	21%	0%	8%	0%	6%	0%	5%	27%
Office	22%	21%	12%	10%	2%	11%	2%	33%	29%	14%	25%	44%	0%
Retail	17%	22%	16%	31%	3%	6%	53%	13%	14%	19%	55%	35%	0%
Others	2%	4%	1%	4%	1%	4%	15%	1%	0%	1%	7%	9%	0%
ML China	**11%**	**15%**	**33%**	**5%**	**63%**	**13%**	**12%**	**40%**	**41%**	**61%**	**3%**	**4%**	**44%**
Residential	3%	3%	14%	1%	21%	10%	0%	2%	9%	7%	1%	0%	4%
Office	5%	5%	18%	2%	18%	1%	2%	3%	14%	12%	2%	1%	17%
Retail	3%	6%	0%	2%	17%	1%	9%	23%	15%	39%	0%	3%	18%
Others	0%	1%	0%	0%	6%	1%	1%	13%	3%	3%	0%	0%	5%
Non-property/Overseas	**25%**	**7%**	**15%**	**28%**	**5%**	**44%**	**19%**	**4%**	**17%**	**0%**	**10%**	**2%**	**29%**
Total asset	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Company data, Goldman Sachs Global Investment Research

Price Target Risks and Methodology - Sun Hung Kai Properties
We are Buy rated on SHKP. Our 12m target price of HK$170.0 is FY27E NAV-based (target NAV discount of -30%).

Key downside risks include: 1) Lower-than-expected dividend payout ratio. 2) Higher for longer $ rates versus expectations; 3) Protracted downturn in HK & mainland China property buyer confidence; 4) Bank or bond market financing conditions tightening.

Price Target Risks and Methodology - Sino Land
We are Buy rated on Sino Land. Our 12m target price of HK$16.0 is FY27E NAV-based (target NAV discount of -30%).

Key downside risks include: 1) More conservative government land sale policies leading to a lack of suitable land acquisition targets and insufficient future upside potential. 2) Worse-than-expected recovery in HK retail and office segments, with rental reversion falling short of expectations, putting pressure on the company's IP portfolio performance. 3) Lower-than-expected residential property demand, such as slower-than-expected population inflow and reduced enthusiasm from mainland China buyers, leading to lower-than-expected Hong Kong DP sales. 4) Stricter-than-expected government policies to cool down Hong Kong housing market.

Price Target Risks and Methodology - Henderson Land
We are Buy rated on Henderson Land. Our 12m target price of HK$41.0 is FY26E NAV-based (target NAV discount of -40%).

Key downside risks include: 1) Less active policy support than we expect, which could significantly erode property buyer confidence and lead to lower-than-expected market recovery. 2) Federal Reserve rate cuts falling short of expectations, meaning the Fed maintains a tighter monetary policy for longer than anticipated, could directly impact buyer affordability by increasing borrowing costs and reducing the purchasing power of prospective homeowners. 3) Slower-than-expected farmland resumptions, which are often crucial for urban expansion and new development projects, could delay the supply of new land and infrastructure. Concurrently, insufficient Northern Metropolis policy support (e.g., for specific regional development initiatives) could hinder investment in those areas, leading to weaker demand for property and slower project execution. 4) Worse-than-expected Hong Kong IP portfolio performance driven by factors such as a worse-than-expected retail recovery and office oversupply, reduced business activity, or shifts in investor sentiment towards the region.

Price Target Risks and Methodology - New World Development
We are Neutral-Rated on NWD. Our 12m target price of HK$11.0 is FY26E NAV-based (target NAV discount of -85%).

Key upside risks include: 1) Better-than-expected assets sales.2) Lower-than-expected interest rates. 3) Better-than-expected recovery in housing price. Key downside risks include: 1) Weaker-than-expected CRE market. 2) CAPEX reduction below guidance. 3) Tighter-than-expected bank loan and bond market.

Price Target Risks and Methodology - Kerry Properties

We are Neutral-rated on Kerry Properties. Our 12m target price of HK$26 is FY26E NAV-based (target NAV discount of -70%).

Upside risks include: 1) Corporate restructuring initiatives which could lead to IP units being spun off to unlock value; 2) Policy support which improves property buyer confidence; 3) Fed rate cuts which improve buyer affordability. Downside risks include: 1) Higher for longer $ rates versus expectations; 2) Protracted downturn in HK-mainland China property buyer confidence; 3) Bank or bond market financing conditions tightening.

Price Target Risks and Methodology - CK Asset Holdings Ltd

We are Neutral-rated on CKA. Our 12m target price of HK$56.0 is FY26E NAV-based (target NAV discount of -50%).

Key risks: (1) better/worse-than-expected HK residential property sales leading to higher/lower levels of revenues, earnings, and shareholder returns; (2)better/worse-than-expected China primary property market conditions leading to higher/lower levels of sales and/or potential landbank revaluations; (3)better/worse-than-expected HK office dynamics leading to higher/lower levels of rental reversions; (4) better/worse-than-expected performance of infra/utility and pub businesses.