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China Property

Shanghai's well-anticipated policy support arrives; Shenzhen likely next

Mainland China/Hong Kong Property & Conglomerates

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Following Beijing's policy on 7 August (report), Shanghai introduced a new round of policy support (after ~6 months), which is likely well expected by the market. The policy magnitude is mild, but we believe it is the gesture that matters. Shanghai's housing market has been stabilizing for 5-6 months (secondary prices have rebounded 3% from the trough), but the government still rolled out new easing policies, showing their eagerness to sustain the stabilization trends in Shanghai, which has long been a bellwether for the nationwide housing market. Shenzhen is likely to be the next to ease. We reiterate our view that tier-1 cities (particularly Shanghai) will see a soft form of stabilization in FY26. We remain selectively positive on SOE developers with outperforming sales growth & solid exposure to tier-1 cities: **COLI**, **CR Land** & **Jinmao**. These three names have already outperformed year-to-date (+18%/+34%/+26% vs HSI +0.3%), and thus we'd wait for dips to accumulate.

- **What's new?** At around noon on 20 August, Shanghai rolled out eight measures to further support the local housing market (see full details in Table 2). While home purchase restrictions have not been further relaxed, the five key measures are: **(1) HPF withdrawal relaxation:** For homebuyers withdrawing money from HPF to fund down payments, the scope expands to completed primary units; **(2) Mortgage easing:** Outside the Outer Ring (外环外), the minimum second-home down payment ratio is lowered from 20% to 15%; **(3) Subsidies for "trade-in" (以旧换新):** 1% mortgage subsidy (max. Rmb50K per home; total Rmb200 million in the pool) for home purchases *outside* the Outer Ring; cash subsidy (Rmb30K per home) for homebuyers who sell a home *inside* the Outer Ring to buy a property *outside* the Outer Ring; **(4) Home vouchers (房票安置):** Advocate the use of home vouchers in urban village renovation (not a new policy, and there have been some pilot programs already; but the scale has been small); and **(5) Inventory repurchase:** Advocate repurchasing secondary homes for affordable rental housing (not a new policy; so far >500 units have been repurchased, but the scale is small as it only accounts for 0.2% of annual secondary home sales in Shanghai).
- **Does this matter?** While we don't believe the measures, on their own, can strongly boost homebuyers' confidence, we believe the measures aim to redirect some home demand from core districts (which have been resilient) to non-core districts. This is a sensible move to achieve a more balanced housing market within Shanghai, although we wonder if the max. Rmb80K subsidy is going to move the needle. **We are more intrigued by the potential scale of home purchase vouchers & inventory purchase.** Both are not new policies per se, but if the scale expands meaningfully, there could be a broader impact on the housing market. Unfortunately, there is no explicit mention of target scale & funding source.
- **Which companies are most exposed to Shanghai?** Among the top 10 developers (by 7M26 contracted sales) in Shanghai, key listed names include (ranked): **CR Land**, **CMSK**, **Poly**, **COLI**, **C&D**, **Jinmao** & **Greentown** (Figure 1).
- **Who's next?** Since August 2025, the typical easing sequence has been "Beijing > Shanghai > Shenzhen" (Table 1). Therefore, we believe Shenzhen is likely to roll out new policies next. Potential measures include: (1) further

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easing of home purchase restrictions (e.g. relaxing tax proof requirements); (2) HPF easing (both cash withdrawal & mortgages); (3) mortgage subsidies; and (4) acceleration of inventory purchase & use of home vouchers in urban village renovation.

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Table 1: China Property - Share price performance post policy easing in tier-1 cities

			China Developers			Relative to HSCEI		
City	**Date**	**Easing details**	**1-day**	**3-day**	**5-day**	**1-day**	**3-day**	**5-day**
Shanghai	20-Aug-26	Eased HPF; lowered down payment ratio						
Beijing	7-Aug-26	Eased HPR and HPF	1%	5%	2%	0%	6%	4%
Shenzhen	29-Apr-26	Eased HPR and HPF	-1%	2%	9%	1%	3%	7%
Shanghai	25-Feb-26	Eased HPR, HPF and property taxes	-3%	-5%	-8%	0%	-1%	-2%
Beijing	24-Dec-25	Eased HPR; lowered mortgage rates	0%	0%	-1%	0%	0%	-3%
Shenzhen	5-Sep-25	Eased HPR area; lifted HPR in non-core area	2%	7%	8%	1%	4%	4%
Shanghai	25-Aug-25	Lifted HPR outside of Outer-Ring	-1%	-6%	-4%	0%	-3%	-2%
Beijing	8-Aug-25	Lifted HPR outside of 5th Ring	1%	4%	6%	1%	1%	5%
Beijing	30-Sep-24	Eased HPR, lowered down payment ratio	5%	15%	13%	-2%	6%	14%
Shenzhen	29-Sep-24	Eased HPR, lowered down payment ratio	4%	22%	19%	1%	13%	5%
Guangzhou	29-Sep-24	Fully lifted HPR	4%	22%	19%	1%	13%	5%
Shanghai	29-Sep-24	Eased HPR, lowered down payment ratio	4%	22%	19%	1%	13%	5%
Beijing	26-Jun-24	Lowered down payment ratio	-3%	-3%	2%	-1%	-1%	2%
Shanghai	27-May-24	Eased HPR for non-locals	-1%	-4%	-4%	-1%	0%	-2%
Shenzhen	6-May-24	Eased HPR in non-core districts	1%	-1%	4%	2%	0%	1%
Beijing	30-Apr-24	Eased HPR in non-core districts	6%	6%	3%	2%	2%	-1%
Guangzhou	27-Jan-24	Eased HPR in core districts	1%	-4%	-5%	0%	-1%	-2%
Beijing & Shanghai	14-Dec-23	Lowered down payment ratio	3%	0%	0%	1%	-1%	0%
Shenzhen	22-Nov-23	Lowered down payment ratio	4%	1%	-3%	3%	2%	1%
Guangzhou	20-Sep-23	Eased HPR in non-core districts	-1%	-3%	-5%	0%	-2%	-3%
Guangzhou	9-Sep-23	Lowered down payment ratio	-2%	-3%	-6%	-1%	-3%	-4%
Beijing & Shanghai	1-Sep-23	Eased 1st home definition	6%	4%	1%	5%	5%	2%
Guangzhou & Shenzhen	31-Aug-23	Eased 1st home definition	2%	4%	3%	-2%	3%	3%
		Average (excluding Apr 2024 and Sep 2024)	**1%**	**0%**	**0%**	**1%**	**1%**	**1%**

Source: Bloomberg Finance L.P
Note: For average performance, the Beijing easing in Apr 2024 is excluded because the strong share price performance is more due to a change in the politburo's narrative on real estate on the same day and the easing in all tier-1 cities in Sep 2024 is excluded because the strong share price performance is more due to a change in narrative on real estate. Past performance is not an indicator of future results

Table 2: Shanghai - Summary of eight measures to support the housing market (announcement on 20 Aug 2026)

Policy Area	Existing Policy	New Policy (Effective 21 Aug 2026)
1. Expand scope of housing provident fund (HPF) withdrawal	HPF could be withdrawn to pay down payment for primary **presale** residential units	Expanded to **completed new homes**
2. Relax HPF withdrawal frequency	Eligible homeowners without HPF mortgage or repayment arrangement could withdraw **once within 5 years** after obtaining property ownership certificate.	Withdrawal frequency increased to **once per calendar year**.
3. Increase HPF withdrawal amount & scope	Withdrawal mainly limited to housing purchase expenses.	Scope expanded to paying **deed tax** and purchase of **parking spaces / storage rooms** associated with the home.
4. Lower min. 2nd-home down payment ratio outside Outer Ring	**20%**	Reduced to **15%**
5. New "trade-in" (以旧换新) mortgage subsidy	-	Households buying a new home ***outside*** Outer Ring and selling a second-hand home within ±1 year can receive a subsidy equal to **1% of mortgage amount** (capped at Rmb50K/unit). Available until 31 Mar 2027. Total program quota: Rmb200mn.
6. Enhanced "trade-in" (以旧换新) cash subsidy	Households selling an old home **completed before 2000 & <70sqm** ***inside*** Outer Ring and buying a new home ***outside*** Outer Ring may receive a subsidy.	Households selling an old home ***inside*** Outer Ring and buying a new home ***outside*** Outer Ring may receive a subsidy of Rmb30K. **Households qualifying for both programs can receive total subsidy up to Rmb80K.**
7. Expand home voucher (房票) resettlement	Existing initiative	Further expand home voucher resettlement, particularly for urban village redevelopment and urban renewal projects
8. Accelerate repurchase of secondary homes	Existing initiative (>500 units repurchased so far)	Accelerate repurchase of secondary units for conversion to affordable rental housing

Source: Shanghai Municipal Bureau of Housing Management, J.P. Morgan

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Table 3: Comparison of housing policies in Shanghai, Shenzhen and Beijing (1 out of 2)

Policy area	Item	Shanghai	Shenzhen	Beijing
Home purchase restriction (HPR) / 限购				
HPR Area ("core area")		within Outer Ring	Futian, Nanshan, Bao'an Xin'an street.	within 5th Ring
Local household	Family/Single	**Core:** 2 units (+1 if multiple children) **Non-core:** no limit	**Core:** 3 units **Non-core:** no limit	**Core:** 2 units (+1 if multiple children) **Non-core**: no limit
Non-local household	Family/Single	**Core:** 1 unit w/ 1-yr tax proof (+1 if multiple children); 2 units w/ 3-yr tax proof (+1 if multiple children) **Non-core:** No limit (w/ 1-yr tax proof)	**Core**: 2 units w/ 1-yr tax proof; 1 unit w/ resi permit **Non-core**: No limit w/ 1-yr tax proof; 2 units if no tax proof; Yantian & Dapeng: no limit & tax proof not required	**Core:** 1 unit w/ 1-yr tax proof (+1 if multiple children) **Non-core:** No limit (w/ 1-yr tax proof)

Source: CREIS, Sina, Bureau of Housing Management
Note: The above is a simplified illustration of the key policy easing measures; please refer to the original policy documents for more detail.

Table 4: Comparison of housing policies in Shanghai, Shenzhen and Beijing (2 out of 2)

Policy area	Item	Shanghai	Shenzhen	Beijing
Commercial mortgage / 商业房贷				
Down payment ratio	1st home	15%	15%	15%
Down payment ratio	2nd home	Core: 25%; Non-core: 15%	20%	20%
Mortgage rate	1st home	LPR-45 bps	LPR-45 bps	LPR-45 bps
Mortgage rate	2nd home	LPR-45 bps	LPR-45 bps	LPR-45 bps
Resale				
Resale restriction	Holding period	2 years	Nil	Nil (5 yrs for price-capped housing)
Personal VAT exemption	Holding period	2 years	2 years	2 years
Home provident fund mortgage (HPF) / 公积金房贷				
Max. HPF loan amount	1st home	**Rmb2.4mn**; **Rmb2.88mn** (>=2 children); **Rmb3.24mn** (>=2 children & green building)	**Rmb2.08mn**; **Rmb2.73mn** (first child); **Rmb2.99mn** (>=2 chidlren); **Rmb3.51mn** (>=2 children & affordable housing)	**Rmb1.2mn**; **Rmb2.4mn** (married); **Rmb3.4mn** (married, >=2 children, green building & countryside)
Max. HPF loan amount	2nd home	**Rmb2.0mn**; **Rmb2.4mn** (>= 2 children); **Rmb2.7mn** (>=2 children & green building)	**Rmb1.3mn**; **Rmb1.95mn** (first child); **Rmb2.21mn** (>=2 children); **Rmb2.73mn** (>=2 children & affordable housing)	**Rmb1.0mn**; **Rmb2.0mn** for married couples; **Rmb3.0mn** (married, >=2 children, green building & countryside)
HPF down payment		**1st home**: 20% **2nd home**: 25% (20% in non-core)	**1st home**: 20% **2nd home**: 20%	**1st home**: 20% **2nd home**: 25%

Source: CREIS, Sina, Bureau of Housing Management
Note: The above is a simplified illustration of the key policy easing measures; please refer to the original policy documents for more detail.

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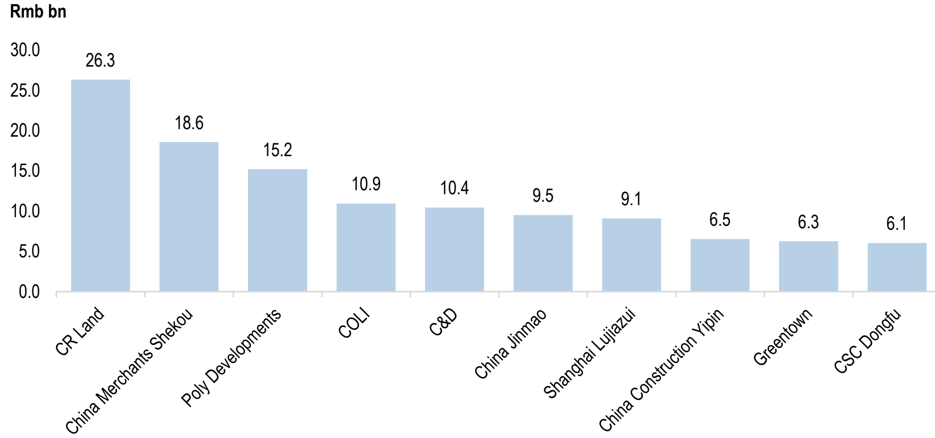
Figure 1: Top 10 developers in Shanghai by attributable contracted sales (7M26)



Source: CREIS

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Table 5: China Property – valuation summary

						P/E		Dvd Yield		P/B		Share price return			
Company	Stock Code	JPM Rating	Last Close (HK$)	Market Cap US$M	ADV US$M	1FY (x)	2FY (x)	1FY (%)	2FY (%)	1FY (x)	2FY (x)	5D	YTD	1Y	vs. AT high
Mainland China Developers															
	1109.HK	OW	35.24	32,039	99.1	10.4	9.7	3.7%	3.7%	0.7	0.7	3%	34%	16%	-9%
China Overseas Land	0688.HK	OW	14.15	19,745	47.3	10.7	10.1	3.3%	3.6%	0.3	0.3	5%	18%	2%	-37%
China Jinmao	0817.HK	OW	1.53	2,627	9.5	13.9	9.8	2.3%	2.4%	0.5	0.5	6%	26%	-1%	-68%
C&D International	1908.HK	NC	16.10	4,754	11.2	8.8	8.2	5.4%	6.2%	0.8	0.8	4%	9%	-4%	-23%
Greentown China	3900.HK	NC	7.83	2,535	9.6	42.5	21.6	1.9%	3.4%	0.5	0.5	3%	-8%	-26%	-50%
Yuexiu Property	123.HK	NC	3.74	1,917	4.1	47.1	18.4	2.3%	4.1%	0.2	0.2	0%	-6%	-22%	-65%
Poly Property	119.HK	NC	1.51	736	3.2	20.7	9.6	1.9%	6.3%	0.2	0.2	1%	-23%	-6%	-78%
SOEs					**65.6**	**13.0**	**10.4**	**3.5%**	**3.8%**	**0.6**	**0.5**	**4%**	**23%**	**6%**	**-25%**
Longfor	0960.HK	OW	6.77	6,122	16.3	-	-	0.0%	1.1%	0.3	0.2	3%	-20%	-36%	-84%
Seazen Group	1030.HK	N	1.39	1,287	4.8	-	-	-	-	0.2	0.2	-1%	-32%	-47%	-86%
POEs					**14.3**	**-**	**-**	**0.0%**	**0.9%**	**0.2**	**0.2**	**3%**	**-22%**	**-38%**	**-84%**
China Vanke - H	2202.HK	UW	2.44	5,228	7.4	-	-	-	-	0.3	0.3	-1%	-26%	-52%	-92%
Country Garden	2007.HK	UW	0.18	1,068	10.4	-	-	-	-	-	-	-2%	-57%	-61%	-99%
Sunac China	1918.HK	UW	0.55	1,387	17.5	-	-	-	-	0.3	0.6	-4%	-58%	-64%	-99%
Shimao	0813.HK	UW	0.07	86	0.4	-	-	-	-	-	-	2%	-66%	-84%	-100%
Agile	3383.HK	NC	0.18	116	0.1	-	-	-	-	-	-	-2%	-33%	-61%	-99%
Logan	3380.HK	NC	1.37	989	1.2	-	-	-	-	-	-	-2%	-24%	55%	-90%
CIFI	884.HK	NC	0.04	85	0.4	-	-	-	-	-	-	-10%	-78%	-85%	-99%
R&F	2777.HK	NC	0.20	96	0.1	-	-	-	-	-	-	-3%	-61%	-76%	-99%
Distressed					**8.3**	**-**	**-**	**-**	**-**	**0.2**	**0.3**	**-2%**	**-35%**	**-45%**	**-94%**
Mainland China Developers (Overall HK-Listed)						**10.3**	**8.3**	**2.8%**	**3.1%**	**0.5**	**0.5**	**3%**	**12%**	**-3%**	**-38%**
Mainland China Property Management															
	1209.HK	OW	40.66	11,832	25.3	18.5	17.3	5.5%	6.1%	5.1	5.1	2%	-3%	8%	-19%
China Overseas PH	2669.HK	UW	3.37	1,409	3.7	7.1	7.2	6.4%	6.4%	1.4	1.3	-2%	-23%	-38%	-66%
Poly Property Services	6049.HK	OW	27.50	1,940	3.0	8.0	7.6	6.2%	6.5%	1.1	1.1	-1%	-9%	-20%	-65%
Greentown Service	2869.HK	OW	4.16	1,654	1.8	10.6	9.5	6.8%	7.3%	1.3	1.3	1%	-6%	-12%	-63%
Backed by SOE developers					**18.6**	**15.6**	**14.6**	**5.8%**	**6.3%**	**4.0**	**3.9**	**1%**	**-6%**	**-1%**	**-32%**
Country Garden Services	6098.HK	N	5.51	2,287	4.8	6.0	5.7	9.7%	9.8%	0.5	0.5	4%	0%	-19%	-92%
A-Living	3319.HK	UW	1.89	342	0.3	2.7	2.8	3.5%	3.2%	0.2	0.2	4%	-15%	-41%	-95%
Sunac Services	1516.HK	UW	0.84	324	0.7	4.4	4.6	6.4%	3.9%	0.4	0.4	6%	-39%	-56%	-96%
Backed by POE developers					**3.9**	**5.5**	**5.3**	**8.6%**	**8.4%**	**0.4**	**0.4**	**4%**	**-6%**	**-26%**	**-93%**
Property Management (Overall)					**16.4**	**14.1**	**13.2**	**6.2%**	**6.6%**	**3.4**	**3.4**	**2%**	**-6%**	**-5%**	**-41%**

Note: Companies marked with "NC" are not under JPM coverage; all estimates for such companies are based on consensus estimates from Bloomberg Finance L.P. Priced as of close of 20 August 2026
Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates