

First Read

China Property

Shanghai policy easing; Positive policy stance

Equities

China Emerging

Real Estate

What's new: Shanghai policy easing

On 20 August 2026, Shanghai's Housing and Urban-Rural Development Commission, Housing Administration Bureau and four other government agencies jointly announced a new package of property support measures. The policies include 1) further easing housing provident fund (HPF) withdrawal rules; 2) lowering the minimum down payment ratio for second-home purchases outside Outer Ring to 15% (from 20%); 3) introducing "sell-old, buy-new" subsidies through March 2027, including a mortgage subsidy of 1% of the new home loan amount (capped at Rmb50k per unit) and an additional Rmb30k subsidy for households replacing an Inner Ring home with a new Outer Ring home; 4) expanding the use of housing vouchers in urban renewal and redevelopment projects; and 5) accelerating local government purchases of secondary housing for conversion into affordable rental housing. We view this as positive to developers/ brokers with high exposure in Shanghai, ie. **KE Holdings, COLI, CR Land, C&D, Greentown, Jinmao**.

Our view: A signal of stance

While we expect the near-term demand impact to be modest, the policy signal is positive. Our analysis suggests that only c.5.4% of Shanghai secondary home listings satisfy the government's housing purchase criteria ([see report](#)). However, Shanghai has become the second major city to roll out additional property easing measures, after [Beijing's relaxation](#) announced on 7 August. In addition, the policy package was introduced despite relatively resilient market conditions, with secondary home transaction volumes up 7% YoY in July and 4% YoY in August month-to-date, and secondary property price remained broadly stable in 2026 YTD. In our view, this suggests policymakers remain committed to stabilizing the property market and preventing a renewed deterioration in sentiment.

Valuation:

MSCI China real estate index is trading at 0.66x 12month forward P/BV, 22% below 15-year historical average.

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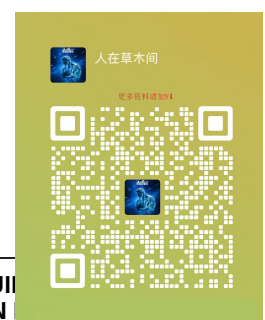
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Valuation Method and Risk Statement

We base our valuations of China's property developers and managers on PE or P/BV multiples. We believe key downside risks related to the Chinese property market include: 1) government administrative policies that restrict demand and mortgage lending; 2) tight financing for China's developers; 3) lower-than-expected residential growth in China's economy. We believe key upside risks include: 1) material policy loosening that effectively boosts residential property sales, investments and prices to positive YoY growth; 2) large-scale asset disposals at fair prices by some developers to ease liquidity pressures.