Morgan Stanley | RESEARCH

UPDATE

September 15, 2026 09:58 AM GMT

China Property Management & Services | Asia Pacific

Mall Growth Remained Soft in August; Upcoming Holiday Spending Key to Watch

Leading mall operators delivered low- to mid-single-digit% SSSG (ex auto sales) in August, broadly stable following the slowdown since June. The upcoming Mid-Autumn Festival and Golden Week holidays should provide an important gauge of underlying consumer demand in 2H26.

Stock ideas: August retail sales growth remained modest, reflecting continued weakness in consumer demand. As disruptions related to consumer subsidies fade in 2H26 and the long holidays (Mid-Autumn Festival and National Day Holiday) approaching in late Sept and early Oct, we expect SSSG trend to recover in coming months. We continue to favor CR Mixc (1209.HK, OW) as our preferred alpha idea, supported by its strong market share consolidation capabilities and an attractive, defensive dividend yield of c.5%. However, near term, softer retail sales could drive share price volatility. We recommend that investors closely monitor 3Q26 operating trends. Any near-term weakness would, in our view, present an attractive opportunity to accumulate positions.

Adjusted offline retail sales (ex-autos) recover slightly to 2.6% in August on easier comps (vs. +2.2% in July, re-based across categories): Total retail sales +0.4% in August (vs. +0.6% in July). The implied recovery pace of offline retail sales was 109% vs. 2019 or a 1.3% CAGR in 2019-25 (Exhibit 1). By store category, Supermarkets was stable at +3.8% y-y in 8M26, while Department Stores, Specialty Stores, Brand Stores and Convenience Stores all saw deceleration. (Exhibit 2)

Mall-related categories: *Apparel*, *Sports & Entertainment*, *Electronic Appliances* and *Mobile devices* saw y-y improvement/narrower decline. *Gold & Jewelry* continued experienced notable declines, partly dragged by the weaker weight-base product demand. **Restaurant** growth softened to 1.1% y-y, vs. 1.4% in July.

Mall operators recorded flat to low- to mid-single-digit% SSSG and 1-8% rental growth in August.

CR Land (1109.HK) posted 6% rental growth in August (vs. 7% in July), leading to 11% growth in 8M26, while SSSG trends remained broadly stable as July. **Longfor (0960.HK)** posted 1% rental growth in August (vs. 3% in July, partially due to high base of pre-opening fees collected in August last year), leading to 4% growth in 8M26. August SSSG (ex-auto sales) was mid-single digit% vs. 6% in July. **Seazen's (1030.HK)** rentals rose 8% y-y in August, and rental growth in 8M26 was 4% y-y, thanks to new openings. We believe leading mall operators will accelerate market share consolidation in the mid-term amid China's polarizing shopping mall market.

Cara Zhu
Equity Analyst
Cara.Zhu@morganstanley.com +852 2848-7117

Stephen Cheung, CFA
Equity Analyst
Stephen.Cheung@morganstanley.com +852 3963-0385

CHINA PROPERTY MANAGEMENT & SERVICES
Asia Pacific
Industry View **Attractive**

Related reports:

China Property Management & Services: 1H26 Wrap-up: Earnings Stabilizing; but Key Watch Points Remain (4 Sep 2026)
China Property: Leading Mall Operators – Hidden Gems in the Consumption Space (5 Aug 2026)
China Property Management & Services: Shopping Mall Operators – Identifying Beneficiaries amid Market Polarization (7 Nov 2024)

investors should be aware that the firm may have a conflict of

Research as only a single factor in making their investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

+= Analysts employed by non-U.S. affiliates are not registered with FINRA, may not be associated persons of the member and may not be subject to FINRA restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Key Charts

Exhibit 1: China – Retail sales

	Y-Y			Level as % of 2019			CAGR vs. 2019		
	8M26	Aug-26	Jul-26	8M26	Aug-26	Jul-26	8M26	Aug-26	Jul-26
Total Retail Sales	**1.1%**	**0.4%**	**0.6%**	**125%**	**117%**	**118%**	**3.2%**	**2.3%**	**2.4%**
Online Sales of Goods	4.3%	2.2%	3.3%	144%	157%	159%	5.3%	6.7%	6.9%
Adjusted Offline Retail Sales (excl. auto)	**2.1%**	**2.6%**	**2.2%**	**139%**	**109%**	**110%**	**4.8%**	**1.3%**	**1.4%**
By category									
Restaurants & Dining	**2.4%**	1.1%	**1.4%**	**174%**	**118%**	**125%**	**8.2%**	**2.4%**	**3.2%**
Retail Sales of Goods	**1.0%**	**0.3%**	**0.5%**	**134%**	**117%**	**117%**	**4.3%**	**2.3%**	**2.3%**
Apparel, Shoes and Textile	5.1%	-0.5%	-1.0%	114%	107%	99%	1.9%	1.0%	-0.2%
Gold & Jewelry	-1.5%	-17.5%	-10.1%	136%	116%	108%	4.5%	2.2%	1.1%
Cosmetics	6.1%	4.9%	6.8%	163%	159%	141%	7.3%	6.8%	5.0%
Home Furnishing	-4.9%	-7.9%	-8.8%	94%	91%	89%	-0.9%	-1.3%	-1.6%
Sports & Entertainment	-3.7%	-4.8%	-10.6%	269%	245%	237%	15.2%	13.7%	13.1%
F&B (incl. Alcohol & Tobacco)	7.8%	5.6%	5.2%	0%	153%	159%	-100.0%	6.3%	6.8%
Pharma	3.9%	4.8%	6.7%	125%	123%	119%	3.2%	3.0%	2.5%
HPC	3.8%	1.8%	1.8%	150%	141%	141%	5.9%	5.0%	5.0%
Electronics & Appliances	-5.6%	2.3%	-1.9%	125%	125%	133%	3.2%	3.2%	4.1%
Office Supply	6.0%	5.8%	7.4%	163%	154%	152%	7.2%	6.4%	6.2%
Mobile & Communication	16.3%	27.3%	20.4%	241%	218%	232%	13.4%	11.8%	12.8%
Auto	-13.9%	-18.5%	-17.0%	103%	107%	102%	0.4%	1.0%	0.3%

Exhibit 2: China- Retail sales by store types

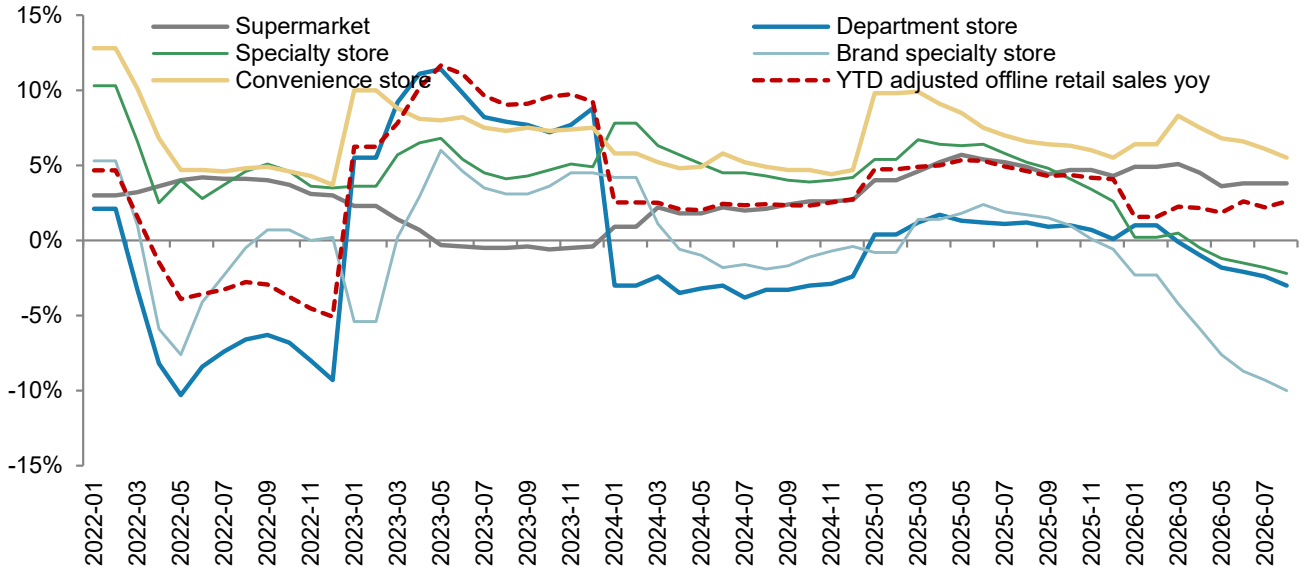


Exhibit 3: Leading mall operators' monthly SSSG vs. NBS adjusted offline retail sales y-y

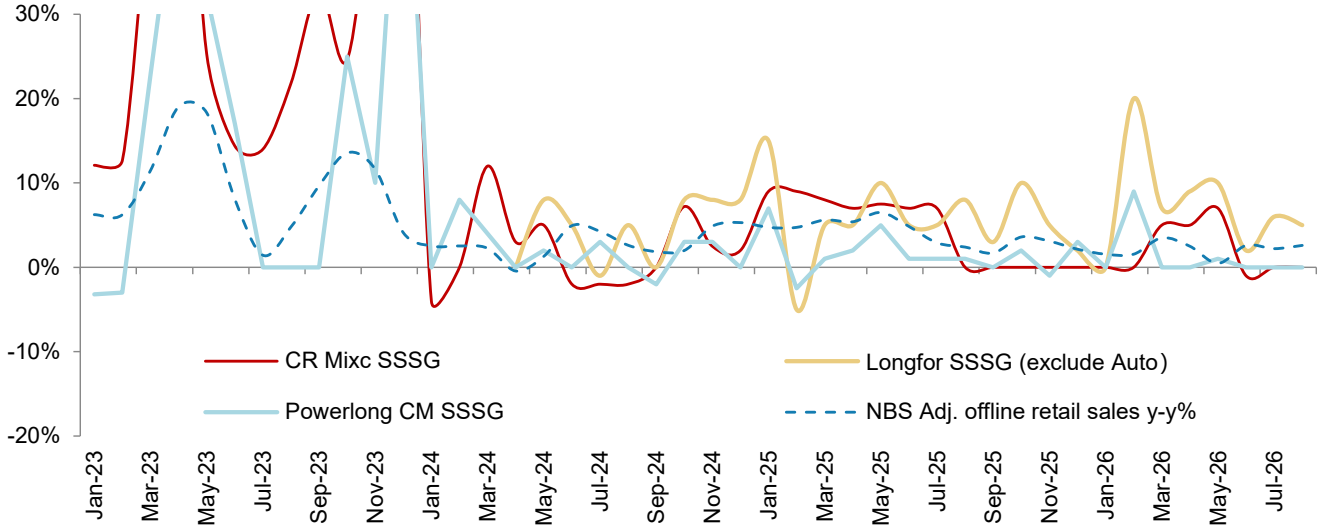


Exhibit 4: Leading mall operators' rental and y-y change

Total Rental	Y-Y			vs. 2019 CAGR		
	Aug-26	Jul-26	8M26	Aug-26	Jul-26	8M26
CR Land	6%	7%	11%	11%	11%	11%
Seazen	8%	4%	3%	/	/	/
Longfor	1%	3%	4%	/	/	/

Exhibit 5: Leading mall operators' retail sales growth, 2025

Company	Retail sales (Rmb bn)			1H26	Rental (Rmb bn)			1H26
	1H25	1H26	Y-Y%	SSSG	1H25	1H26	Y-Y%	Rental SSG
CR Mixc	122	149	22%	10.2%	14.7	17.1	16%	6.6%
CR Land	110	128	16%	10.1%	13.2	15.0	14%	/
Longfor	40.2	44.1	10%	8.0%	5.5	6.0	9%	2.7%
Powerlong CM	/	/	/	1.0%	/	/	/	/
Seazen	52	52	1%	NEG	6.5	6.6	2%	0.3%

Exhibit 6: Leading mall operators' monthly rental y-y vs. NBS adj. offline retail sales y-y

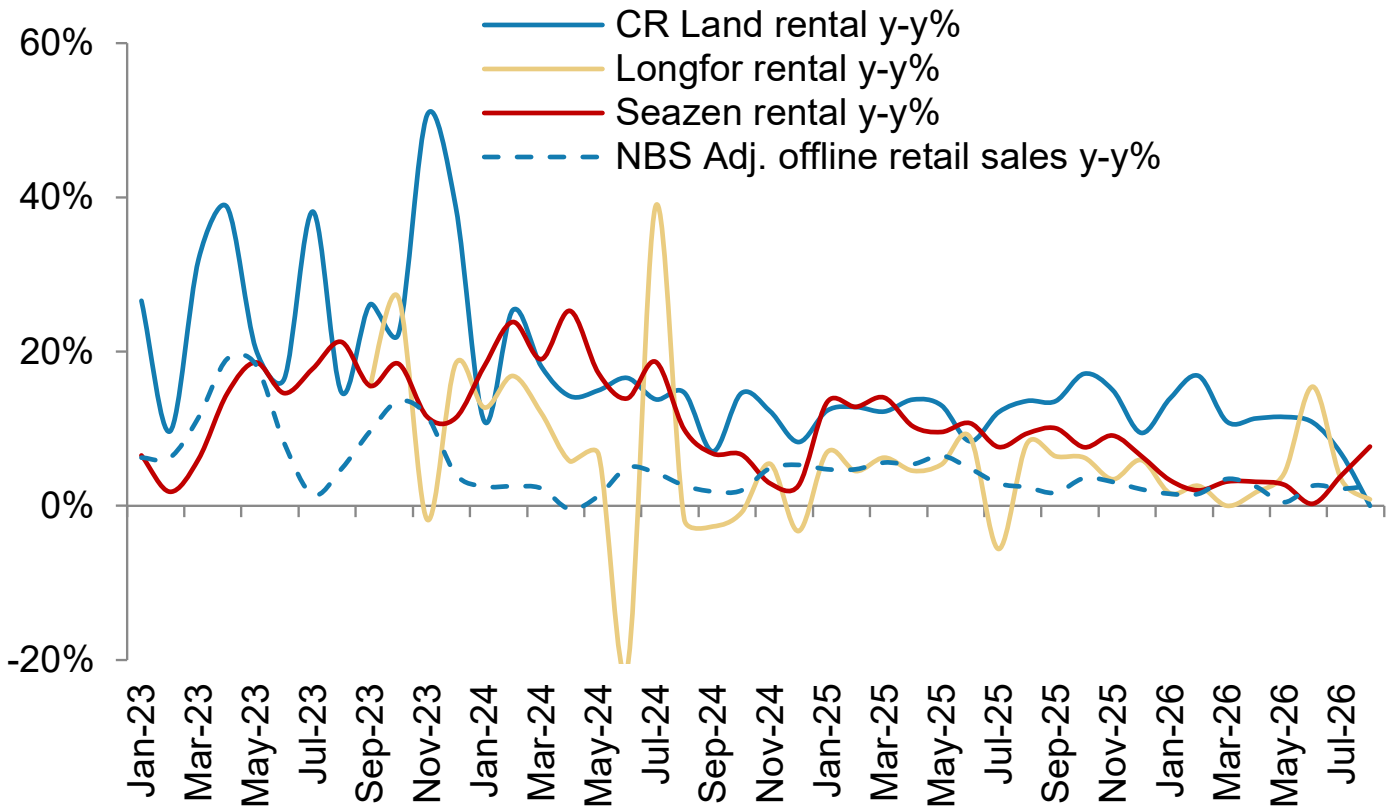


Exhibit 7: Monthly total retail sales and y-y%

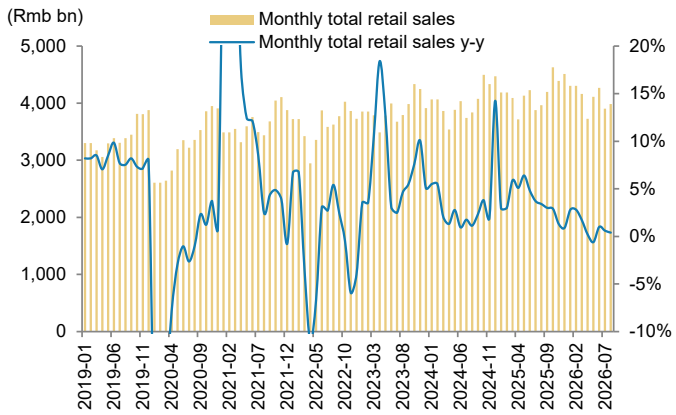


Exhibit 8: Monthly adjusted offline retail sales (excluding autos) and y-y%

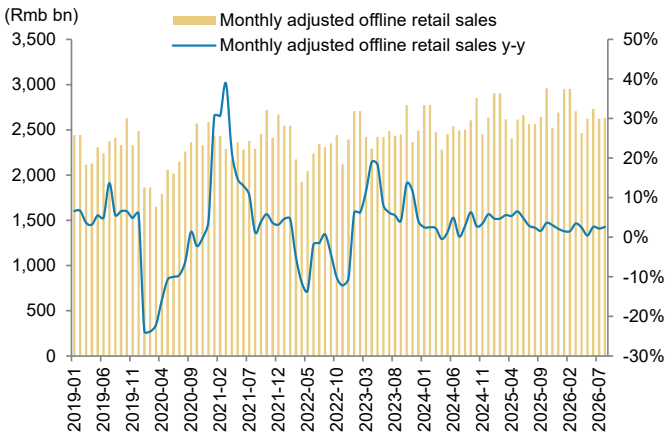


Exhibit 9: Annual total retail sales and y-y%

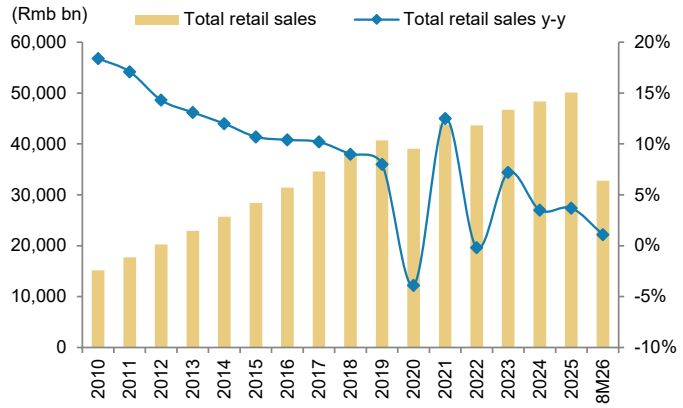


Exhibit 10: Annual adjusted offline retail sales (excluding autos) and y-y%

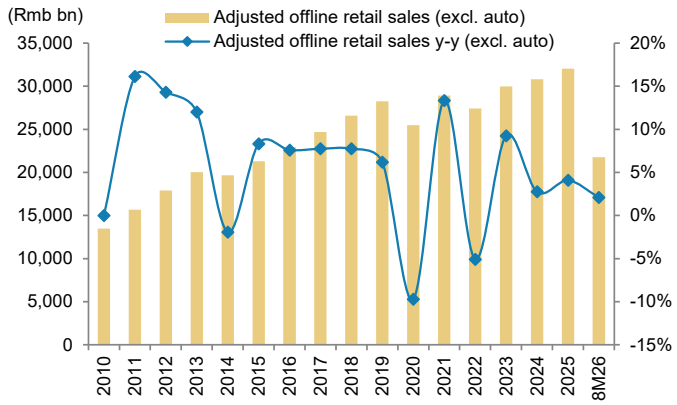


Exhibit 11: Retail sales YTD y-y% by city tier

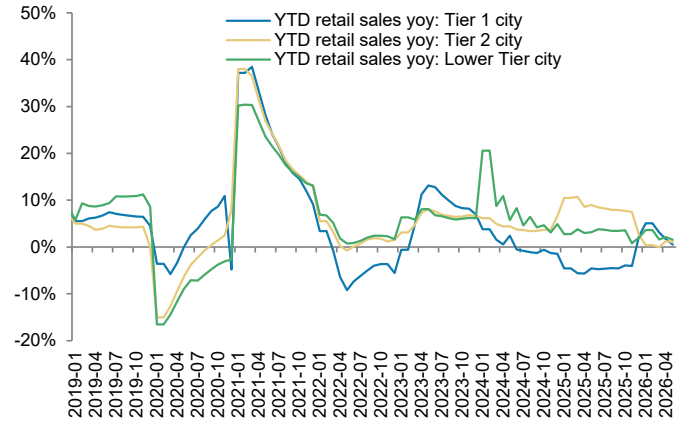
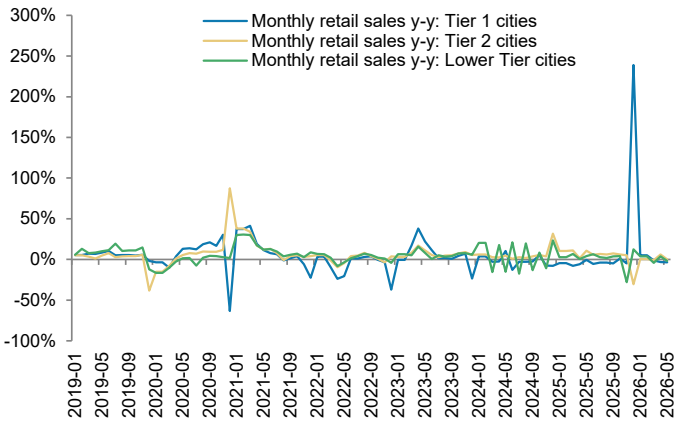


Exhibit 12: Monthly retail sales y-y% by city tier



Valuation Methodology and Risks

Our PT is based on a **4.7% dividend yield on 2026E DPS** on a **100% payout ratio**, implying **20x 2027E P/E**. We believe a dividend yield approach better captures the rising importance of cash returns. Our target yield is derived from our industry scorecard, based on 7 metrics: GFA growth profile (18/20), parent developer (4/5), earnings quality (26/30), service quality (5/5), profitability (16/20), incentive scheme (3/5) and shareholder return (14/15).

Risks to Upside

- Stronger consumption recovery
- Faster third-party GFA expansion
- Higher community VAS growth
- Stronger property market recovery

Risks to Downside

- Slower GFA growth amid intensifying market competition
- Lower margins for property services management owing to lower margins from 3P projects
- Weaker-than-expected national retail sales
- Weaker-than-expected luxury consumption

