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China property metrics decline rate accelerates in August; incremental declines less material to metal demand

Ephrem Ravi[AC]
Wenyu Yao
Jack Shang, CFA
Krishan M Agarwal
Tom Mulqueen
Shashi Shekhar, CFA
Omnath Sinh
Kenny Xunyuan Hu, CFA
Shreyas Madabushi
Ijeoma Ihuegbu
Anna Wang

CITI'S TAKE

Floor space sales were –14.8% YoY and starts –30.9% YoY in August (8M26: –12.1% and –24.8%; FY25: –8.7% YoY and –20.4% YoY; FY24: –13% YoY and –23% YoY, respectively). The 32mn sqm starts for August was the lowest in at least two decades. Completions were also –28.4% YoY in August (8M26: –23.7%; 2025: –18% YoY). Sales outpaced starts, suggesting that the destocking that began over five years ago is continuing. Citi house forecasts for FY26 are for sales –7% YoY and starts –28% YoY. Property has now declined to less than a fifth of steel demand in China, so the incremental impact from lower property starts is less material

Floor space sales –14.8% YoY and starts –30.9% YoY in August (8M26 sales –12.1% YoY and starts –24.8% YoY) on weak comps — The property weakness that began in 2021 is now on its fifth year, though the rate of decline has started to narrow for floor space sales and starts. The 32mn sqm of floor space starts in August was the lowest for the month in at least two decades.

FY21 sales +2% YoY, starts –11% YoY; FY22 sales –24% YoY, starts –39% YoY; FY23 sales –9% YoY, starts: –21% YoY; FY24 and FY25 starts declining double-digit percentage on a low base — The full effect of property starts weakness in 2H22–4Q25 has been felt in steel demand in 1Q23–1H26. Property now accounts for less than a fifth of steel demand in China, so the incremental impact of lower property starts is less material.

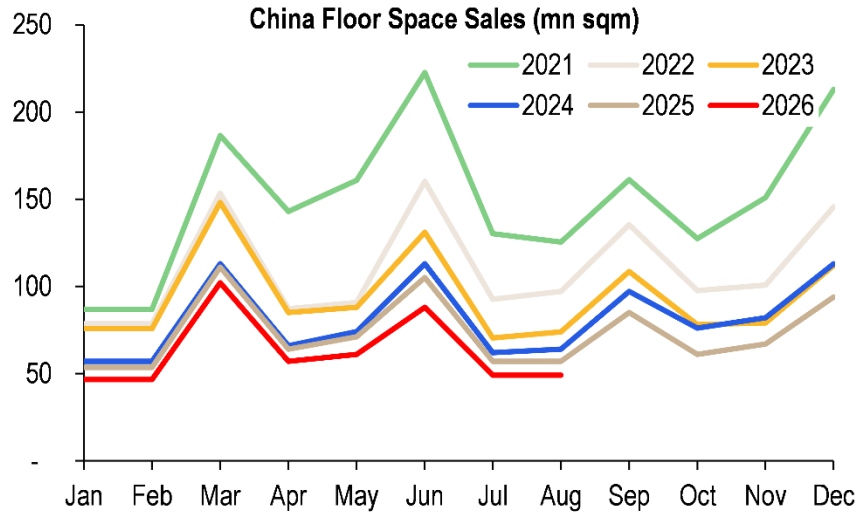
Sales growth outpacing starts growth (suggesting significant destocking) for over 5 years, but gap has started to narrow — Sales growth outpaced starts growth in Aug–Dec 2020, widening to ~2,000ps in 2021. This continued in 2022, with sales outpacing starts by 1,600bps. In 2023, sales outpaced starts by 1,200bps, expanding to ~2,400bps in 2024. This narrowed a bit in 2025 to ~1,300bps, and for 8M26 the gap was 1,270bps

Citi house forecasts sales –7% YoY and starts –28% YoY for FY26 — This broadly takes us back to sales levels seen in 2008 and starts in 2004. 1Q is usually a weak period for floor space sales and starts in China. Meeting those house forecasts implies floor space starts at –35% YoY and sales at +4% YoY for the rest of the year

See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations.

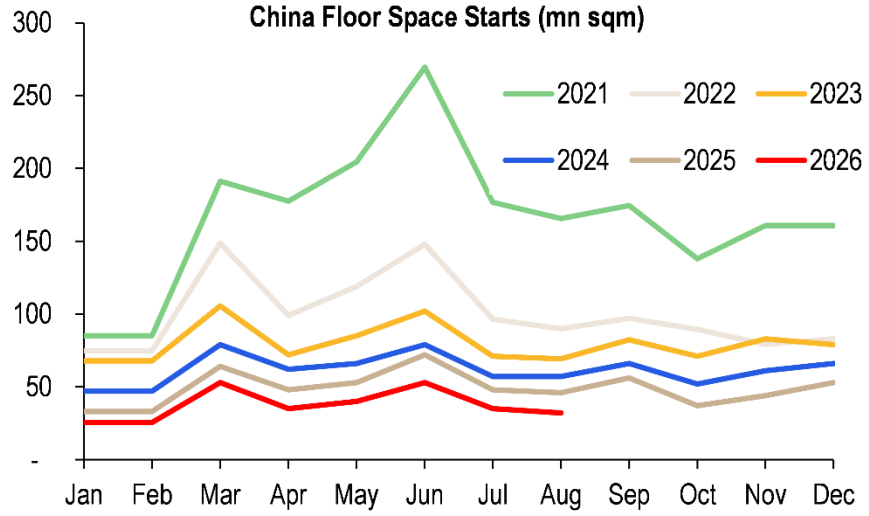
China Property – Key Indicators

Figure 1. China Property: Floor Space Sales



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Source: Citi Research, NBS

Figure 2. China Property: Floor Space Starts



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