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15 Sep 2026 01:49:58 ET | 17 pages

China Property

Aug NBS: Widening Starts Decline; Supply-Driven Market Downsizing

Griffin Chan[AC]

Cindy Li

CITI'S TAKE

Aug NBS: accelerating construction drop — *Aug-alone*: [1] Starts -30%yoy (Jul: -28%), the largest drop since Dec'2022, to 32msm (~Aug'2002 level). [2] Completion -28% (Jul: -19%), the sharpest decline in 13 months, to 19msm GFA (~Aug'2003 level). [3] REI -25% (Jul: -27%). [4] Home prices stable at T1 cities (primary/secondary +0.1%/+0.1%mom) & narrower yoy decrease across all city tiers; [5] Residential sales -12%yoy (Jul -9%), GFA sold -16% (Jul -15%). [6] Completed unsold housing stock -1.1%mom & those within 3 years -4.2%. [7] CREIS 300-cities Aug land sales GFA/ value -2%/+64%yoy given T1 cities' land supply; MoF 7M26 land sales -31%yoy. *Aug Macro:* export strong (+25% in US$), inflation up (CPI +0.8%, PPI +3.8%), new Rmb loan subdued (Rmb60bn), retail slows (+0.4%, Jul +0.6%), FAI weak(-11%).

Policy impact to the physical market — We view the completed home sales policy framework marks the third industry revolution and a second redound of supply-side reform (link). Expected impacts: (a) New home supply squeeze in core cities due to lengthened launch cycle to 1.5-2.5 years (from 6-10 months). (b) A faster supply-demand rebalancing at core cities that backs home price recovery in '27E, on our forecast. (c) Buying power channeled into secondary market, & new homes compete only on product quality now. (d) Gov't land sales revenue at est. Rmb1.8bn in '26E ('25: Rmb4.2bn; 7M26: -31%yoy to Rmb1.2bn). We cut '26 REI/ new starts estimate to -22.6%/-28.1%yoy, with implied Sep-Dec'26 data at -30%/-35%yoy, and likely further supply-driven downsizes into '27E before any local mitigating measures.

Highlights from MOHURD's meeting & Wuhan implementation of completed home sales — (1) Home purchase deposits capped at 1-5% in principle; (2) allow using guarantee letters from banks to substitute pre-sale funds; (3) Housing Provident Fund Centres is the preferred authority for fund supervision, leveraging their regulatory mandate and established operating infrastructure; (4) projects that obtained construction planning permits on or before 28-Aug-2026 are classified as old projects & remain eligible for pre-sale framework, while those obtaining permits from 29-Aug-2026 onwards are subject to the new completed-home-sales regime; (5) allowing local govt to permit installment payments for land premiums & to decide the proportion and payment schedule locally, helping reduce upfront land purchase costs & funding pressure; (6) adjusting tax collection mechanism alongside the sales regime reform, with VAT, corporate income tax & related taxes shifting to actual-basis assessment and collection timing deferred to align with project cash flows; (7) requiring all local governments to roll out implementation rules and drive execution by year-end 2026.

ST pain, LT gain; favour oligopoly leaders as supply-demand improves in '27E — The market has partially priced in risks from the completed-home sales policy, including a smaller new home market & earnings/ ROE pressure from a lengthened cash cycle. Expect near-term volatility as policy implications are digested. However, we believe the reform accelerates oligopoly formation and rebalances supply-demand in core cities, supporting home price recovery in '27E. 4Q pullbacks offer tactical entry points into year-end, given a short-term sales pickup across the last two weekends and as local govts are expected to announce further details and mitigating measures. We favour developers with strong B/S, low funding costs, and ample recent land banks in '25/8M26. ***Top picks:*** COLI, CRL, Beike, Jinmao.

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

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Aug NBS: Widening Starts Decline; Supply-Driven Market Downsizing

Figure 1. NBS Data for China's Real Estate Market, 2020–2026E (updated till Aug-26)

		Absolute Amount								YoY Change (%)							
		2021	2022 (restated)	2023	2024 (restated)	2025	7M26	8M26	Citi FY26E forecast	2021	2022	2023	2024	2025	7M26	8M26	Citi FY26E Forecast
Overall Commodity Housing																	
Real Estate Investment	RMB'bn	14,760	12,269	11,091	10,028	8,279	4,301	4,798	6,410	4.4%	-16.9%	-9.6%	-10.6%	-17.2%	-19.2%	-19.9%	-22.6%
GFA Starts	mn sqm	1,989	1,198	954	739	588	267	299	423	-11.4%	-39.8%	-20.4%	-23.0%	-20.4%	-24.0%	-24.8%	-28.1%
GFA Completed	mn sqm	1,014	853	998	737	603	192	211	456	11.2%	-15.9%	17.0%	-27.7%	-18.1%	-23.2%	-23.7%	-24.5%
GFA under construction	mn sqm	9,754	9,034	8,384	7,332	6,599	5,576	5,608	5,873	5.2%	-7.4%	-7.2%	-12.7%	-10.0%	-12.7%	-12.8%	-11.0%
Completed but unsold - Overall	mn sqm	510	573	682	753	766	759	753		2.4%	12.2%	19.0%	10.6%	1.6%	-0.9%	-1.1%	
Transaction amount - Overall	RMB'bn	18,193	12,473	11,662	9,675	8,394	4,272	4,747	7,487	4.8%	-31.4%	-6.5%	-17.1%	-12.6%	-13.1%	-13.0%	-10.8%
GFA Sold - Overall	mn sqm	1,794	1,221	1,117	974	881	450	499	819	1.9%	-31.9%	-8.5%	-12.9%	-8.7%	-11.8%	-12.1%	-7.0%
Property Price YoY	%									2.8%	0.7%	2.2%	-4.8%	-4.3%	-1.5%	-1.0%	-4.1%
Land Area acquired	mn sqm	216	101	N/A	N/A	N/A	N/A	N/A		-15.5%	-53.4%	N/A	N/A	N/A	N/A	N/A	
Land Sales Value	RMB'bn	1,776	917	N/A	N/A	N/A	N/A	N/A		2.8%	-48.4%	N/A	N/A	N/A	N/A	N/A	
Residential																	
GFA Starts - Residential	mn sqm	1,464	876	693	537	430	195	218	308	-10.9%	-40.2%	-20.9%	-23.0%	-19.8%	-24.6%	-25.4%	-28.5%
GFA Completed - Residential	mn sqm	730	618	724	537	428	134	148	321	10.8%	-15.4%	17.2%	-27.4%	-20.2%	-25.5%	-25.4%	-25.0%
GFA under construction - resi	mn sqm	6,903	6,395	5,903	5,133	4,601	3,871	3,893	4,081	5.3%	-7.3%	-7.7%	-13.1%	-10.3%	-13.0%	-13.2%	-11.3%
Completed but unsold - resi	mn sqm	228	276	337	391	402	406	401		1.7%	20.9%	22.2%	16.2%	2.8%	0.0%	0.0%	
Transaction amount - Resi	RMB'bn	16,273	10,956	10,299	8,486	7,334	3,754	4,178	6,623	5.3%	-32.7%	-6.0%	-17.6%	-13.0%	-13.2%	-13.1%	-9.7%
GFA Sold - Residential	mn sqm	1,565	1,033	948	815	733	374	415	680	1.1%	-34.0%	-8.2%	-14.1%	-9.2%	-12.7%	-13.0%	-7.3%
Residential Price YoY	%									4.2%	2.1%	2.4%	-4.1%	-4.2%	-0.6%	-0.1%	-2.6%

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Source: NBS, Citi Research, Citi Research Estimates

Figure 2. Aug-26 Single Month NBS Data for China Property Market

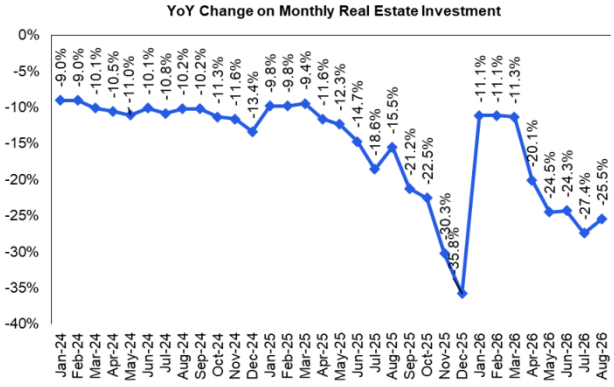
		Aug22	Aug23	Aug24	Aug25	Jul26	Aug26	Aug26 YoY	Jul26 YoY
Real Estate Investment	RMB'bn	1,031	879	789	667	494	497	-25.5%	-27.4%
GFA Starts	mn sqm	91	71	59	46	35	32	-30.9%	-27.8%
GFA Completed	mn sqm	48	54	34	27	20	19	-28.4%	-18.6%
Transaction amount - Overal	RMB'bn	922	871	628	541	477	475	-12.1%	-8.9%
GFA Sold - Overall	mn sqm	84	86	64	57	49	49	-14.8%	-13.4%

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Source: NBS, Citi Research

Aug 26 Single Month REI -25.5% (Jul: -27.4%)

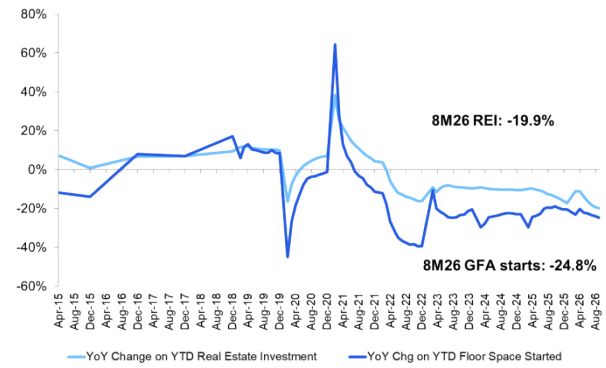
Figure 3. Real Estate Investment: Monthly YoY Change (Aug-26)



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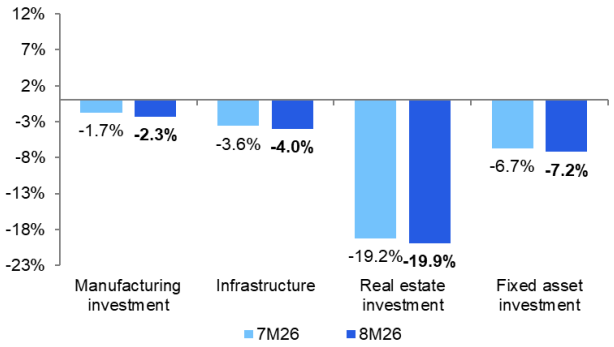
Source: NBS, Citi Research

Figure 4. YoY YTD Change in REI vs. GFA Starts (by 8M26)



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Source: NBS, Citi Research

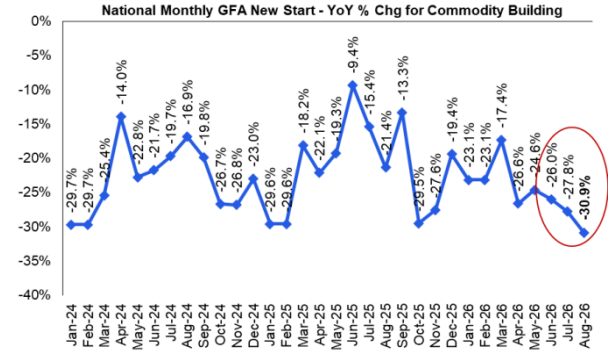
Figure 5. FAI Breakdown on REI, Manufacturing & Infrastructure Investments (by 8M26)



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Source: NBS, Citi Research

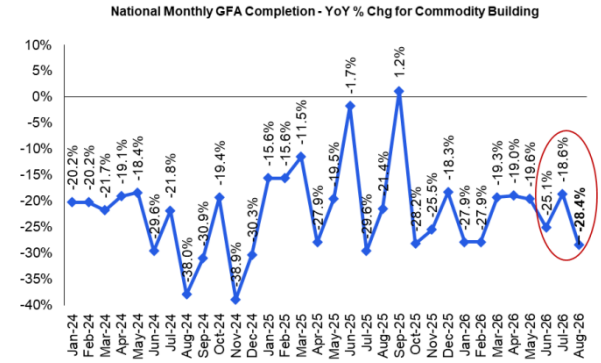
Starts, Completion and Land Investment (NBS) Declines

Figure 6. GFA Starts: Monthly YoY Change (by Aug-26)



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Figure 7. GFA Completion: Monthly YoY Change (by Aug-26)



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Land Sales (CREIS & MOF)

■ CREIS 300 key cities

Figure 8. 300 Cities Land Sales by GFA Sold

Land Sales by GFA - YTD				
mn sqm	300 Cities	Tier-1	Tier-2	Tier-3/4
Aug-26	16.1	1.4	4.3	10.4
Aug-26 YoY	*-1.6%*	*387.9%*	*-5.3%*	*-10.0%*
Jul-26	15.3	0.7	5.1	9.4
Jul-26 YoY	*-23.7%*	*-11.3%*	*-28.4%*	*-21.8%*
8M26	103	7	35	61
8M25	135	6	52	76
8M26 YoY	**-23.4%**	**2.8%**	**-32.3%**	**-19.4%**
2025	357	11	117	229
2024	394	14	110	270
2025 YoY	**-9.3%**	**-22.7%**	**6.1%**	**-15.0%**

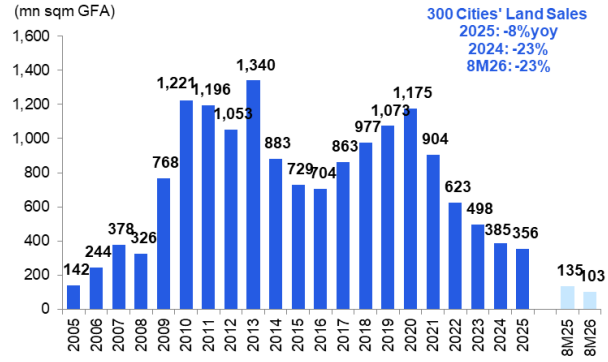
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Source: CREIS; Citi Research

Figure 9. 300 Cities Land Sales by Transaction Value

Land Sales by Transaction Value - YTD				
Rmb bn	300 Cities	Tier-1	Tier-2	Tier-3/4
Aug-26	123	59	34	30
Aug-26 YoY	*63.8%*	*366.1%*	*10.2%*	*-4.9%*
Jul-26	114	40	46	28
Jul-26 YoY	*-12.1%*	*5.8%*	*-19.9%*	*-18.9%*
8M26	710	247	297	166
8M25	931	241	487	204
8M26 YoY	**-23.7%**	**2.3%**	**-39.0%**	**-18.8%**
2025	1,837	363	855	622
2024	1,975	405	821	748
2025 YoY	**-7.0%**	**-10.6%**	**4.1%**	**-16.9%**

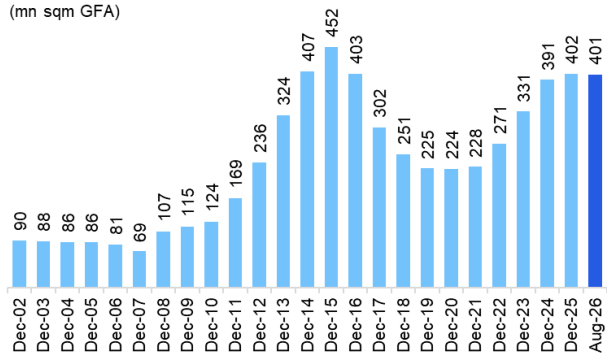
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Source: CREIS; Citi Research

Figure 10. CREIS 300-Cities Residential Land GFA Sold



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Source: CREIS, Citi Research Estimates

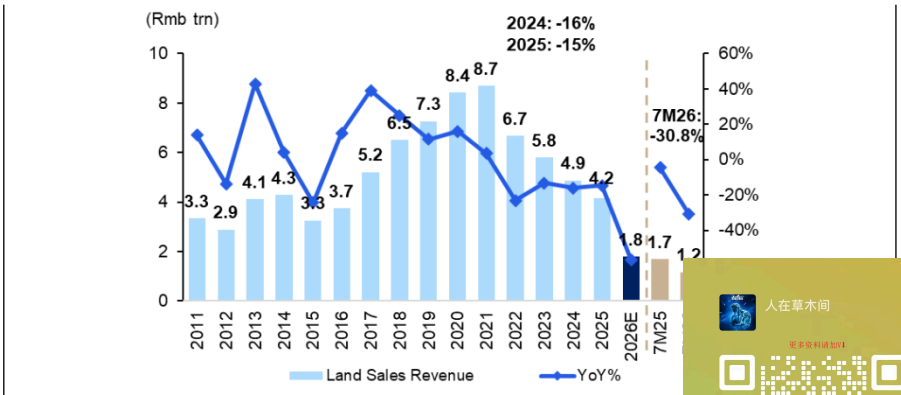
Figure 11. National Residential Inventory hits 401m sqm by Aug 2026



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Source: MoF, Citi Research Estimates

■ Ministry of Finance government land sales revenue

Figure 12. Govt Land Sales Revenue



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Source: Ministry of Finance, Citi Research

Key Cities' Primary & Secondary Volume (WIND & CREIS)

Figure 13. Weekly Primary Transaction in 34 Cities (by # units registered)

Average Weekly Primary Transaction Volumn (by registration of units sold 网签新房销售套数)												
	Weekly Transaction (units)				YoY Change (%)				Sequential Change (%)			
	34 cities	Tier-1	Tier-2	Tier-3/4	34 cities	Tier-1	Tier-2	Tier-3/4	34 cities	Tier-1	Tier-2	Tier-3/4
Single Week					YoY Change				WoW Change			
9/6/2026	**22,891**	**5,419**	**14,776**	**2,695**	**48.0%**	**59.3%**	**67.6%**	**-17.1%**	**0.9%**	**12.0%**	**-0.7%**	**-9.3%**
8/30/2026	22,688	4,838	14,880	2,970	16.5%	5.0%	26.8%	-5.3%	19.6%	0.2%	32.3%	2.2%
8/23/2026	18,978	4,826	11,246	2,906	7.6%	28.8%	-6.3%	54.4%	2.7%	17.1%	-3.2%	5.8%
8/16/2026	18,482	4,123	11,612	2,746	27.0%	15.5%	33.7%	19.5%	18.8%	-18.8%	41.9%	19.6%
8/9/2026	15,557	5,078	8,183	2,296	2.8%	31.2%	-5.6%	-11.5%	-22.1%	13.8%	-33.6%	-27.9%
8/2/2026	19,972	4,463	12,323	3,186	10.4%	2.0%	15.7%	3.9%	12.5%	1.7%	18.2%	8.1%
Single Month					YoY Change				MoM Change			
Sep-26	**22,891**	**5,419**	**14,776**	**2,695**	**48.0%**	**59.3%**	**67.6%**	**-17.1%**	**19.6%**	**16.2%**	**26.8%**	**-4.5%**
Aug-26	19,135	4,666	11,649	2,821	12.7%	15.6%	12.6%	8.7%	-4.9%	-0.9%	-4.8%	-11.4%
Jul-26	20,128	4,709	12,233	3,185	7.8%	4.2%	10.2%	4.8%	-4.9%	-8.1%	-4.6%	-0.7%
Jun-26	21,161	5,125	12,828	3,208	-10.0%	-11.3%	-6.3%	-20.5%	-5.3%	-13.5%	1.4%	-14.7%
May-26	22,334	5,922	12,651	3,761	2.3%	12.4%	-1.4%	1.0%	3.0%	2.8%	3.1%	2.9%
Apr-26	21,684	5,759	12,270	3,655	7.7%	17.9%	5.4%	1.6%	-4.2%	8.2%	-6.0%	-14.2%
Mar-26	22,635	5,325	13,052	4,259	-11.2%	-7.1%	-13.9%	-7.5%	99.6%	137.3%	104.4%	57.1%
Feb-26	11,339	2,244	6,384	2,711	-37.1%	-39.5%	-38.6%	-30.6%	-28.4%	-43.5%	-29.4%	-3.9%
Jan-26	15,831	3,969	9,043	2,819	-16.1%	-14.8%	-19.5%	-5.4%	-15.2%	-20.0%	-16.1%	-3.4%
Dec-25	18,661	4,962	10,781	2,919	-44.0%	-39.9%	-46.9%	-38.3%	0.1%	0.9%	-2.2%	8.5%
Nov-25	18,634	4,918	11,024	2,692	-44.6%	-41.3%	-47.0%	-39.8%	-10.9%	1.2%	-11.4%	-25.3%
Oct-25	20,902	4,859	12,439	3,604	-33.7%	-41.7%	-29.2%	-35.7%	20.6%	20.2%	18.0%	31.4%
Sep-25	17,327	4,043	10,540	2,744	-7.2%	4.6%	-7.3%	-19.8%	2.1%	0.2%	1.8%	5.7%
Aug-25	16,979	4,034	10,349	2,596	-20.0%	-23.1%	-17.4%	-24.4%	-9.0%	-10.7%	-6.8%	-14.6%
YTD2026 Avg	**19,366**	**4,746**	**11,349**	**3,271**	**-4.8%**	**-1.3%**	**-5.4%**	**-7.1%**				
FY2025	**20,301**	**4,867**	**12,082**	**3,352**	**-18.9%**	**-10.9%**	**-21.9%**	**-18.4%**				

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Source: CREIS, Citi Research Note: *34 cities include:4 Tier-1 cities: Beijing, Shanghai, Shenzhen, Guangzhou; 15 Tier-2 cities: Chongqing, Hangzhou, Nanjing, Wuhan, Chengdu, Suzhou, Dalian, Xi'an, Changsha, Fuzhou, Shenyang, Qingdao, Jinan, Changchun, Nanning; 15 Tier-3/4 cities: Wenzhou, Dongguan, Zhenjiang, Yangzhou, Shantou, Shaoguan, Zhoushan, Taian, Jiangyin, Huaian, Wuhu, Shaoxing, Zhaoqing, Suzhou (Anhui), Haimen

Figure 14. Weekly Secondary Transactions in 18 Cities (by # units registered)

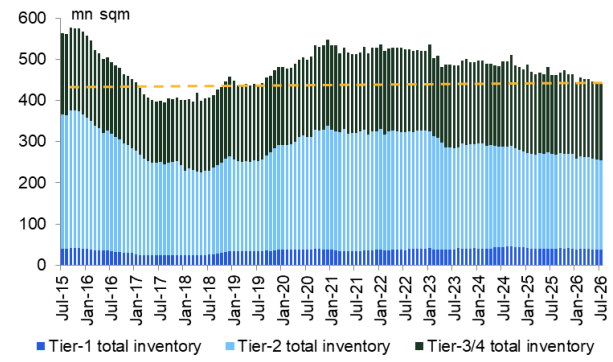
Average Weekly Secondary Transaction Volume (by registration of units sold 网签二手房交易套数)												
	Weekly Transaction (units)				YoY Change (%)				Sequential Change (%)			
	18 cities	Tier-1	Tier-2	Tier-3/4	18 cities	Tier-1	Tier-2	Tier-3/4	18 cities	Tier-1	Tier-2	Tier-3/4
Single Week					YoY Change				WoW Change			
9/6/2026	**22,896**	**10,100**	**10,466**	**2,330**	**14.8%**	**20.6%**	**8.4%**	**21.7%**	**-4.8%**	**-4.1%**	**-5.0%**	**-6.9%**
8/30/2026	24,052	10,527	11,022	2,503	3.1%	5.7%	-1.9%	17.5%	-1.1%	4.2%	-5.3%	-2.9%
8/23/2026	24,311	10,098	11,636	2,577	18.0%	31.7%	5.9%	32.8%	3.3%	7.1%	0.3%	2.8%
8/16/2026	23,538	9,432	11,599	2,507	9.3%	7.2%	10.2%	13.3%	8.7%	3.3%	13.5%	8.9%
8/9/2026	21,649	9,128	10,219	2,302	1.9%	10.7%	-5.7%	6.4%	-9.7%	-9.0%	-8.8%	-16.0%
8/2/2026	23,984	10,035	11,208	2,741	9.1%	16.6%	1.5%	17.0%	-4.6%	1.3%	-11.3%	4.9%
Single Month					YoY Change				MoM Change			
Sep-26	**22,896**	**10,100**	**10,466**	**2,330**	**14.8%**	**20.6%**	**8.4%**	**21.7%**	**-2.6%**	**2.6%**	**-6.0%**	**-7.8%**
Aug-26	23,507	9,844	11,137	2,526	8.1%	13.7%	1.9%	17.1%	-5.9%	-2.5%	-8.3%	-7.0%
Jul-26	24,968	10,101	12,151	2,716	8.6%	14.1%	3.4%	13.8%	-7.3%	-9.3%	-7.1%	-0.2%
Jun-26	26,941	11,133	13,086	2,722	7.3%	12.4%	2.6%	11.5%	-7.5%	-7.1%	-8.3%	-5.0%
May-26	29,117	11,988	14,265	2,865	23.1%	30.3%	16.7%	27.8%	-8.3%	-6.3%	-11.0%	-1.9%
Apr-26	31,741	12,791	16,031	2,919	9.5%	15.6%	6.4%	1.9%	9.0%	-1.4%	18.1%	12.8%
Mar-26	29,132	12,972	13,572	2,588	-8.7%	1.3%	-15.8%	-13.5%	95.9%	126.8%	78.1%	69.2%
Feb-26	14,869	5,721	7,619	1,529	-30.4%	-36.1%	-27.3%	-20.5%	-38.9%	-45.1%	-32.1%	-43.0%
Jan-26	24,327	10,424	11,218	2,685	16.4%	25.6%	5.7%	34.5%	-0.7%	1.0%	-2.2%	-0.7%
Dec-25	24,500	10,324	11,471	2,705	-29.8%	-26.1%	-35.4%	-14.3%	-0.6%	-1.4%	-1.0%	3.8%
Nov-25	24,660	10,474	11,581	2,606	-21.1%	-20.3%	-24.7%	-4.7%	13.2%	15.8%	9.4%	20.6%
Oct-25	21,790	9,043	10,587	2,160	-27.1%	-30.2%	-25.8%	-19.3%	-3.9%	-4.1%	-6.0%	9.4%
Sep-25	22,669	9,427	11,268	1,975	7.5%	19.7%	1.7%	-7.2%	4.3%	7.9%	3.1%	-8.5%
Jan-23	12,532	4,126	7,029	1,378	-0.9%	12.3%	-6.2%	-7.0%				
2026 YTD Avg	**25,507**	**10,618**	**12,317**	**2,572**	**5.2%**	**10.7%**	**0.1%**	**9.8%**				
FY2025 Avg	**23,818**	**9,688**	**11,971**	**2,346**	**-1.0%**	**3.5%**	**-3.5%**	**2.1%**				

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Source: WIND, Citi Research Note 1: We only included 18 cities for high-frequency weekly analysis due to data availability.
18 cities include 3 Tier-1 cities: Beijing, Shanghai, Shenzhen; 9 Tier-2 cities: Chengdu, Dalian, Hangzhou, Nanjing, Nanning, Qingdao, Suzhou, Wuxi, Xiamen; 6 Tier-3/4 cities: Dongguan, Foshan, Jiangmen, Jinhua, Quzhou, Yangzhou; Note 2: *excl. May Holiday week when calculating May monthly avg.

New Home Inventory (CRIC 80-cities)

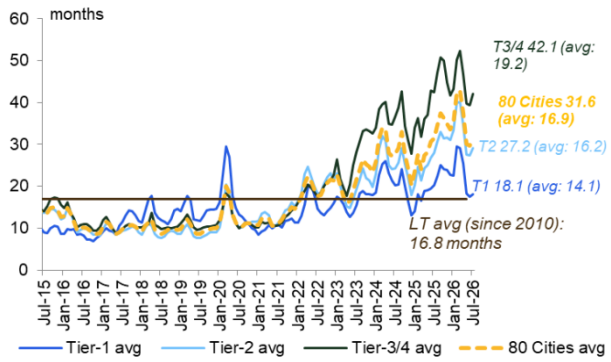
Figure 15. 80-Cities Unsold Resi New Home Inventory with Pre-Sales Approval (incl. completed & under construction)



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Source: CRIC, Citi Research Note: unsold new homes with pre-sales approval (completed and under construction) for 80 cities

Figure 16. 80-Cities Inventory Months by City Tier

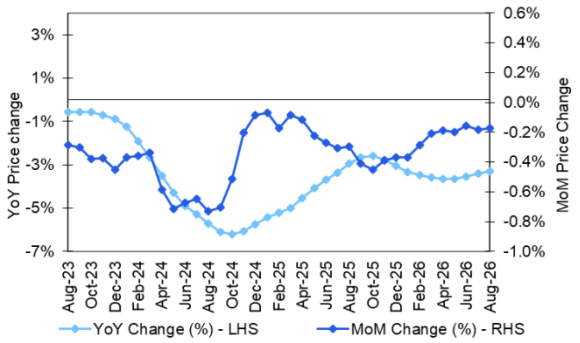


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Source: CRIC, Citi Research

Home Price Index (NBS 70-Cities)

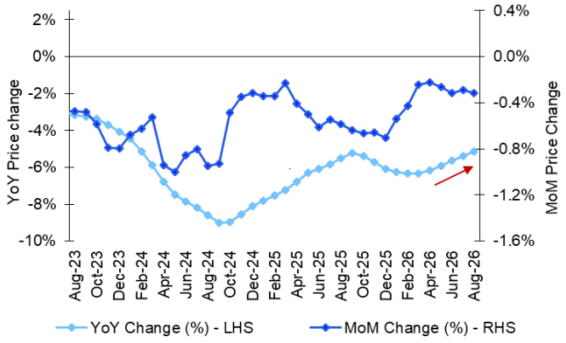
Figure 17. NBS Monthly *Primary* Price Index of 70 Key Cities
(Aug -3.3%yoy/ -0.2%mom; Jul -3.4%yoy/ -0.2%mom)



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Source: NBS, Citi Research

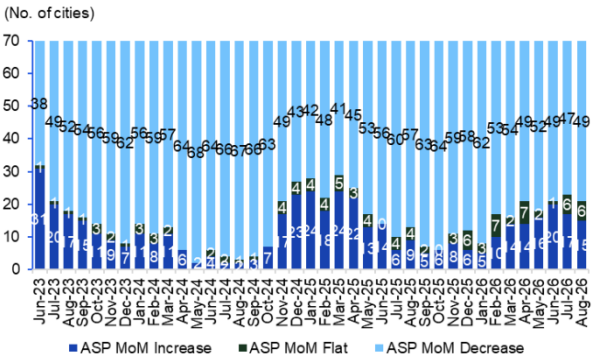
Figure 18. NBS Monthly *Secondary* Price Index of 70 Cities
(Aug-5.1%yoy/ -0.3%mom; Jul-5.4%yoy/ -0.3%mom)



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Source: NBS, Citi Research

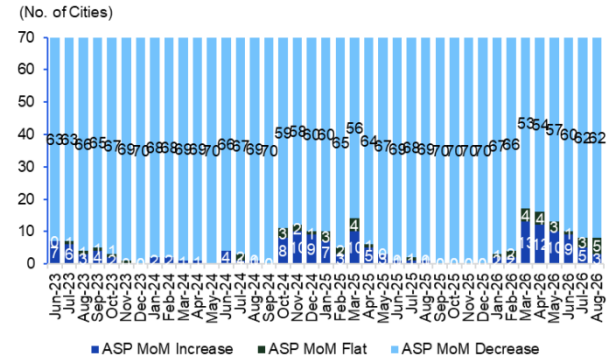
Figure 19. NBS 70 Cities Primary ASP MoM Change: # cities with MoM Primary Price Higher/ Flattish/ Lower



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Source: NBS, Citi Research

Figure 20. NBS 70 Cities Secondary ASP MoM Change: # cities with MoM Secondary Price Higher/ Flattish/ Lower



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Source: NBS, Citi Research

Policy Highlights from MOHURD's Meeting

Figure 21. Key Highlights from MOHURD's National Meeting on Completed Home Sales (English version)

1 Reservation Agreements & Deposit Ratio Requirements

DEPOSIT RATIO RULES

Upon obtaining completed home sales approval, developers may enter into reservation agreements with buyers and lawfully collect a modest deposit.

Deposit ratio must comply with the Civil Code: not exceeding 20% of contract value. Recommended practice: 1%–5%.

⚠ Excessively high deposits must be avoided — they effectively constitute a down payment and are tantamount to pre-sales, undermining the intent of the completed home sales regime.

DEPOSIT FUNCTIONS & OVERSIGHT REQUIREMENTS

- Enables buyers to lock in a unit and price in advance; enables developers to secure buyers early and assess project market prospects.
- Deposit oversight under completed home sales must be stricter than pre-sale fund supervision.
- Oversight authority remains with the Housing Fund Regulatory Authority.
- Deposits are primarily designated for: construction works.

2 Letter of Guarantee Mechanism: Balancing Fund Safety & Flexibility

PILOT OVERVIEW

- 20 cities are piloting an integrated framework combining project company structures, lead-bank arrangements, and the completed home sales regime — jointly advancing guarantee business with China Construction Bank.
- Of approximately 40+ projects, several have signed guarantee agreements, substituting pre-sale funds via the letter of guarantee mechanism.

POLICY RATIONALE

- Historical tension: over-restriction reduces efficiency; under-supervision creates misappropriation risk.
- The guarantee mechanism shares risk between developers and lead banks, achieving equilibrium between flexible fund use and security.

3 Housing Provident Fund Centres as Preferred Regulatory Authority

INDEPENDENCE	EXPERTISE	DIGITISATION
Government-affiliated body; impartiality and authority readily recognised	Long-standing fund management experience; established professional staff & systems	Well-developed systems; many localities already networked with commercial banks

4 Definition of New vs. Legacy Projects & Applicable Policy Framework

LEGACY PROJECTS (PLANNING PERMIT OBTAINED ON OR BEFORE 28 AUG 2026)

- As a general principle, pre-sales continue to apply under existing policy frameworks.
- Voluntary transition to completed home sales is encouraged and promoted.
- Pre-sale fund oversight must disburse funds in line with construction progress milestones, with strict adherence to supervision rules.

⚠ Even for traditional pre-sale projects, rigorous fund oversight is mandatory — no further capital risk incidents will be tolerated. This is a non-negotiable baseline requirement.

NEW PROJECTS (PLANNING PERMIT OBTAINED ON OR AFTER 29 AUG 2026)

- Subject to the new pre-sale regulatory framework.
- Completed home sales is the primary model to be promoted.

Key Date: Notice effective 28 August 2026 (inclusive). Classification is determined by the date on which the construction planning permit was obtained.

5 Land Premium Instalment Payments

INSTALMENT PAYMENT ARRANGEMENTS

- Local authorities may permit instalment payment of land premium to reasonably reduce land acquisition costs for projects.
- Instalment ratios and schedules are to be determined by local authorities, reflecting the principle of local adaptability.

COLLECTIVE MORTGAGE

Must be implemented on the basis of land parcelled to each individual project and each individual plot, facilitating sell one unit, deliver one unit — with title deed upon delivery, safeguarding buyers' property rights.

6 Reform of Real Estate Tax Advance Collection: Actual-Basis Assessment & Deferred Collection Timing

POLICY CONTEXT & ADJUSTMENTS

- In alignment with the sales regime reform, the advance tax withholding mechanism for real estate development will be adjusted concurrently.
- VAT, corporate income tax, and related levies will shift to actual-basis assessment.
- The collection timing will be appropriately deferred to align with the completed home sales cycle.

VAT | Corporate Income Tax | Actual-Basis Assessment | Deferred Collection

CRITICAL DISTINCTION

Important Clarification: This reform adjusts the **collection administration method**, not the **underlying tax policy**. Statutory tax rules remain unchanged.

LOCAL EXECUTION REQUIREMENTS

- Local authorities must proactively engage with tax bureaus.
- Specific operational procedures should be developed promptly to ensure effective implementation.

7 All Jurisdictions to Finalise Local Implementation Rules & Conduct Policy Communication by Year-End 2026

IMPLEMENTATION PHASES

DRAFTING PHASE	COORDINATION PHASE	PUBLICATION PHASE
Develop local operational guidelines tailored to jurisdictional conditions	Proactively liaise with tax, housing, and financial authorities	Officially issue rules and conduct policy communication & public outreach

DEADLINE & COMPLIANCE REQUIREMENTS

Hard Deadline: Year-End 2026
All jurisdictions must complete their local implementation rules and undertake comprehensive **policy communication** to ensure developers, market participants, and home buyers are fully informed of the new regulatory requirements.

Year-End 2026 Deadline | Implementation Rules | Policy Communication | Local Execution

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Source: MOHURD, Citi Research Estimates

Figure 22. Key Highlights from MOHURD's National Meeting on Completed Home Sales (Chinese version)

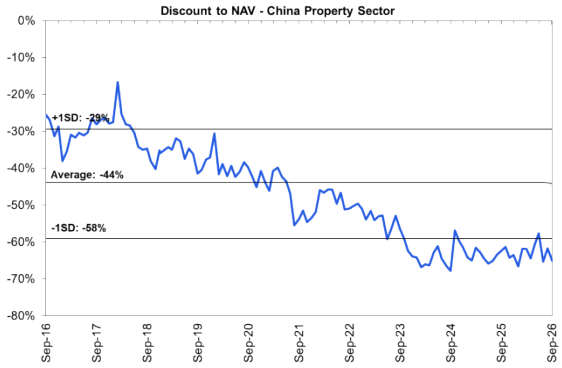


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Source: MOHURD, Citi Research Estimates

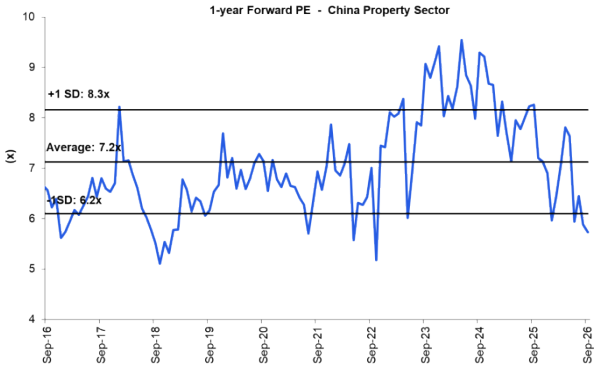
Sector Valuations

Figure 23. China Property — NAV Discount (14 Sep 2026)



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Source: Datastream, Citi Research Estimates

Figure 24. China Property— PE (14 Sep 2026)



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Source: Datastream, Citi Research Estimates

Figure 25. China Property Sector — Valuations (14 Sep 2026 close) Citi Rating: 1 – Buy; 2 – Neutral; 3 – Sell; H – High Risk

Stock	RIC	14-Sep-26 Price	Mkt Cap (USDm)	Citi Rating	Est. NAV	NAV Disc	Target Price	P/E FY26E	P/E FY27E	P/E FY28E	P/B FY26E	P/B FY27E	P/B FY28E	Yield FY26E	Yield FY27E	Yield FY28E
China Property Names (H-share)																
C&D int'l	1908.HK	11.88	3,508	1	23.13	-49%	19.00	6.2	6.0	5.7	0.5	0.5	0.5	8.4%	8.7%	9.1%
CIFI	0884.HK	0.03	77	3H	0.31	-90%	0.03	N/A	N/A	N/A	0.0	0.0	0.0	-	-	-
COGO	0081.HK	2.74	1,241	1	8.10	-66%	3.10	9.6	9.1	8.4	0.3	0.2	0.2	3.6%	3.8%	4.1%
COLI	0688.HK	12.31	17,179	1	35.67	-65%	18.30	9.0	9.1	8.8	0.3	0.3	0.3	3.9%	3.8%	3.9%
Country Garden	2007.HK	0.17	1,019	3H	0.82	-79%	0.16	N/A	N/A	N/A	-0.3	-0.2	-0.1	-	-	-
CR Land	1109.HK	29.30	26,641	1	71.80	-59%	43.10	7.9	7.7	7.4	0.6	0.6	0.5	4.6%	4.7%	4.9%
Greentow n	3900.HK	5.60	1,813	1	18.35	-69%	10.80	9.3	4.6	4.2	0.3	0.3	0.3	5.1%	7.4%	8.1%
Jinmao Group	0817.HK	1.20	2,068	1	4.61	-74%	2.30	10.0	9.6	9.0	0.2	0.2	0.2	2.6%	2.7%	2.7%
Longfor	0960.HK	5.38	4,864	1	22.00	-76%	8.80	NM	9.7	8.1	0.2	0.2	0.2	-	-	-
Midea Real Estate	3990.HK	2.35	430	1	3.51	-33%	4.30	4.5	4.3	4.2	0.6	0.5	0.5	14.9%	15.0%	15.4%
Poly Prop	0119.HK	1.21	590	1	10.14	-88%	2.80	9.8	2.8	2.4	0.1	0.1	0.1	4.1%	14.2%	17.0%
Seazen	1030.HK	1.39	1,287	1	8.66	-84%	2.60	9.8	7.1	5.4	0.2	0.2	0.2	-	-	-
Shenzhen Inv	0604.HK	0.63	709	1	3.00	-79%	0.90	9.4	8.3	12.0	0.2	0.2	0.2	4.3%	4.8%	5.4%
Sunac	1918.HK	0.54	1,375	2H	4.00	-87%	0.60	N/A	N/A	N/A	0.1	0.2	0.2	-	-	-
Vanke	2202.HK	2.22	5,046	3	18.02	-88%	1.55	N/A	N/A	N/A	0.2	0.3	0.3	-	-	-
Yuexiu	0123.HK	3.06	1,568	1	15.34	-80%	4.60	129.9	77.7	15.2	0.2	0.2	0.2	0.3%	0.6%	3.0%
Average for H-share						**-64%**		**10.7**	**9.1**	**7.2**	**0.4**	**0.4**	**0.4**	**4.0%**	**4.3%**	**4.5%**
China Property Names (A-share)																
CMSK	001979.SZ	6.75	9,072	1	18.29	-63%	11.00	25.9	26.5	26.9	0.6	0.6	0.6	1.5%	1.5%	1.5%
Gemdale	600383.SS	2.20	1,481	3H	8.68	-75%	1.74	N/A	N/A	35.0	0.2	0.2	0.2	-	-	-
Hangzhou Binjiang	002244.SZ	8.02	3,720	1	NA	NA	11.00	13.1	13.4	13.2	0.8	0.8	0.7	0.8%	0.7%	0.8%
Poly Dev & Hldgs	600048.SS	5.08	9,065	1	13.06	-61%	7.00	84.9	15.9	8.7	0.3	0.3	0.3	0.5%	2.5%	4.6%
Vanke	000002.SZ	3.05	5,046	3	6.67	-54%	2.00	N/A	N/A	N/A	0.4	0.5	0.5	-	-	-
Average for A-share						**-53%**		**48.2**	**19.9**	**10.4**	**0.5**	**0.5**	**0.5**	**0.7%**	**1.4%**	**2.1%**
Overall Avg. for China Property Names						**-61%**		**19.0**	**11.0**	**7.6**	**0.5**	**0.4**	**0.4**	**3.0%**	**3.4%**	**3.7%**
Brokerage platform																
Beike	BEKE.N	16.93	19,402	1	NA	NA	26.60	15.3	13.8	13.3	1.8	1.7	1.7	2.9%	3.3%	3.4%
Beike	2423.HK	44.48	19,486	1	NA	NA	75.40	15.3	13.9	13.3	1.8	1.8	1.7	2.9%	3.2%	3.4%
Property Management																
CR Mixc	1209.HK	38.32	11,152	1	NA	NA	52.71	17.1	15.4	14.0	13.7	12.8	11.9	5.9%	6.5%	7.2%

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Source: DataCentral, Citi Research estimates