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October 4, 2026 08:30 PM GMT

China Property | Asia Pacific

Faster Price Declines, Weaker Leading Indicators in September

Secondary price declines accelerated in September as new listings rose and visitation remained flat. We expect continued pricing pressure in 4Q, even as slower new-home launches and mortgage-subsidy support sustain secondary sales and further market-share gains.

Secondary price declines accelerated despite resilient transaction volumes: CREIS 100-city secondary home prices fell 0.60% m-m in September (vs. -0.45% in August), marking the fifth consecutive month of accelerating declines, as we expected. Prices were down 6.9% y-y and 4.3% YTD. The top-10 cities also recorded a larger decline of 0.54% m-m (vs. -0.46% in August) despite robust secondary sales. We attribute the continued price weakness to greater pricing flexibility among sellers amid rising new listings and subdued visitation.

Listing-price weakness points to continued transaction-price pressure in 4Q: Secondary listing prices across our 85-city sample fell 0.6% m-m (vs. -0.7% in August), taking the y-y and YTD declines to 8.3% and 4.4%, respectively. Declines remained broad-based, affecting ~95% of cities, although the share recording faster declines narrowed to 52% from 73% in August. While the pace moderated, continued asking-price reductions suggest further downside pressure on transaction prices in 4Q. Mortgage subsidy support and slower new home launches under the completed-sales policy may provide a partial offset.

New listings rebounded sharply: New secondary listings unexpectedly rose 11% m-m, the first increase since April 2025 excluding Chinese New Year calendar effects, with >95% of cities recording increases (vs. ~30% in August). Total listings across ~50 cities were flat m-m, following a 1.0% decline in August, while the share of cities recording declines fell to 53% from 76%. Compared with end-2025, listings were higher in 43% of cities (vs. 47% in August), with 10% at record highs.

Visitation lacked the seasonal pickup: Agent-shop visits across 34 cities were flat m-m (+5% y-y) in September, in contrast to the increases seen in previous years. Nevertheless, we expect secondary sales in major cities to remain robust on both m-m and y-y comparisons in 4Q. Slower new-home launches (already evident in September) and the secondary market's greater exposure to mortgage-subsidy beneficiaries should provide support. Together with easier bases, these factors should sustain further secondary-market share gains, even as prices remain under pressure.

Stock ideas: We expect near-term share-price volatility to remain elevated, with 4Q a key test of the sales response to recent policies. A weaker-than-expected recovery could weigh on developer stocks. We stay selective, favoring alpha plays backed by credible self-help initiatives: *CR Land (1109.HK), Seazen A/H (601155.SS/1030.HK).*

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Key Charts – Secondary Market

Exhibit 1: Secondary home-price declines accelerated to 0.60% m-m in September

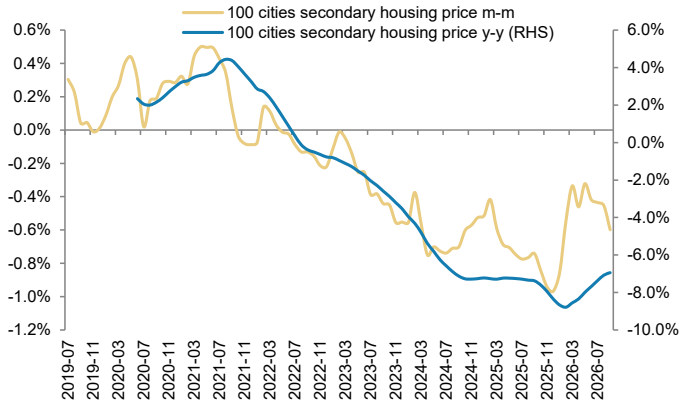


Exhibit 2: Top -10 cities also recorded faster secondary home-price declines

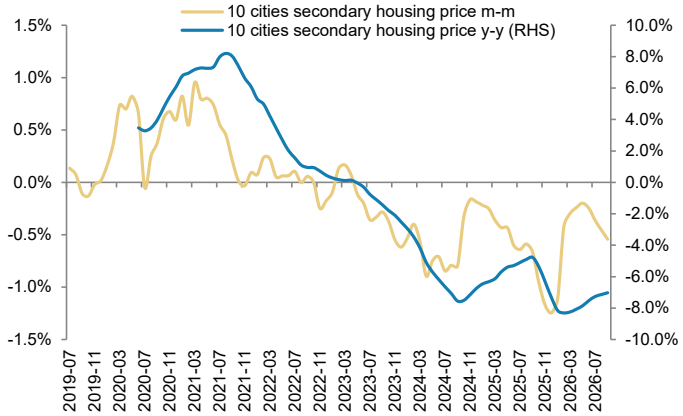


Exhibit 3: Listing prices fell a further 0.6% m-m, despite a modest easing in the pace of decline

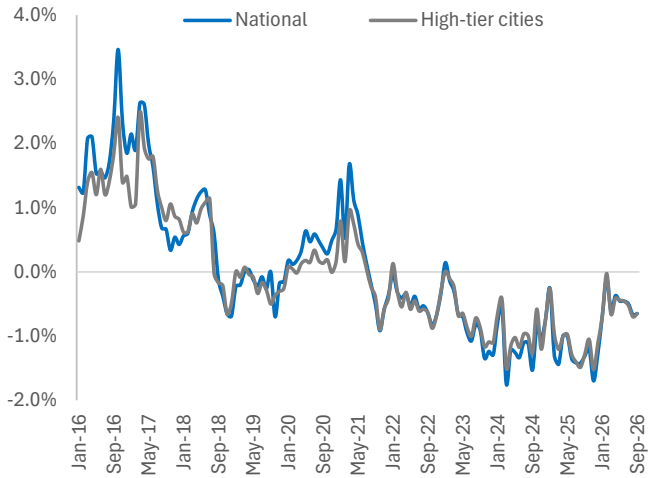


Exhibit 4: Listing-price declines remained broad-based, affecting 95% of sample cities

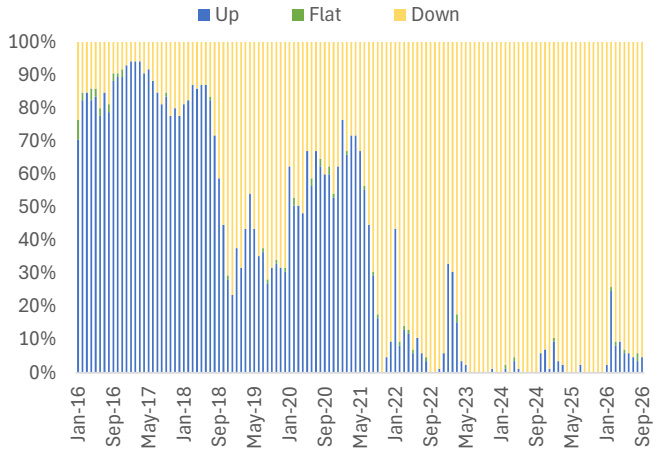
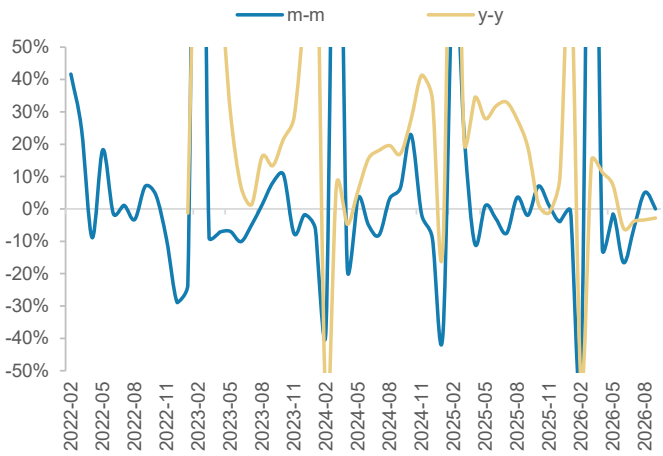


Exhibit 5:
New secondary listings rebounded 11% m-m in September



Exhibit 6: Agent-shop visits remained flat m-m, missing the seasonal pickup



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Valuation Methodology and Risks

Seazen Group Ltd (1030.HK)

Our HK$3.83/share 2026e NAV comprises HK$3.38 of development properties (DCF, 8.9% WACC), HK$8.31 of investment properties (cap rate 6-9%) and HK$7.86 of net debt. To this we apply a 40% discount based on our developers' scorecard, comprising landbank (with a 5/10 score), execution (7), scale (6), growth (5), profitability (6), financing (7) and leverage (7). We use 30-45% discounts in our coverage.

Risks to Upside

- Stronger-than-expected contracted sales
- Stronger-than-expected new IP launches and IP operation
- Faster-than-expected land acquisition

Risks to Downside

- Weaker-than-expected contracted sales growth
- Faster-than-expected margin compression
- Weaker rental growth

Our HK$60.54/share 2026e NAV comprises HK$18.44 of development properties (DCF, 8.0% WACC), HK$55.72 of investment properties (cap rate 5-8%) and HK$13.62 of net debt. To this we apply a 30% discount based on our developers' scorecard, comprising landbank (with a 8/10 score), execution (8), scale (9), growth (8), profitability (8), financing (10) and leverage (10). We use 30-45% discounts in our coverage.

Risks to Upside

- Stronger-than-expected contracted sales.
- Accelerated openings of new malls.

Risks to Downside

- Weaker-than-expected contracted sales.
- Slower-than-expected openings of new shopping malls.

Seazen Holdings Company Ltd. (601155.SS)

Our Rmb29.34/share 2026e NAV comprises Rmb13.81 of development properties (DCF, 8.9% WACC), Rmb36.15 of investment properties (cap rate 6-8%) and Rmb20.62 of net debt. To this we apply a 40% discount based on our developers' scorecard, comprising landbank (with a 5/10 score), execution (7), scale (6), growth (5), profitability (6), financing (7), and leverage (7). We use 30-45% discounts in our coverage.

Risks to Upside

- Stronger-than-expected contract sales
- Stronger-than-expected new IP launching and IP operation
- Faster-than-expected land acquisition

Risks to Downside

- Faster-than-expected compression of development margin
- Weaker-than-expected growth of recurring income
- Slower-than-expected divestment of shopping malls into private REITs