China Property

Authorities to study policies to stabilize housing market; Shanghai publishes "828" policy guidelines

Mainland China/Hong Kong Property & Conglomerates

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On September 28, there were two new policy developments. First, the State Council said it would study policies to stabilize the housing market (but provided no concrete details), and we think the possible directions are mortgage subsidies and land supply control. Whether these measures prove meaningful will depend on their scope and execution. Second, Shanghai—following Beijing—published its local-level implementation guidelines for the "828" policy. The directions are similar with some nuanced differences (e.g. max. deposit is 1% in Beijing but 3% in Shanghai), but overall the new policy on mortgage disbursement (only upon completion) appears to remain tight. **In the near term, the market could be excited about policy expectations for a while (at least until National Day, as per the market speculation - more), but if the eventual policy magnitude ends up to be milder than expected, the sector may underperform again.** We prefer **CR Mixc**, **CR Land** & **KE Holdings** (covered by Daniel Chen), and we'd sell distressed names (e.g. Vanke) on rebounds.

#1) State Council to study policies to stabilize the housing market:

- **What's new?** On September 28, the State Council, in a meeting chaired by Premier Li Qiang, pledged to step up counter-cyclical adjustments in economic policy to meet the government's goals this year (link). At the meeting, authorities also mentioned the plan to "study policies to stabilize the housing market, promote employment & boost domestic demand" (研究出台稳定房地产市场、促进就业增收等政策措施). However, no specific measures were mentioned in the meeting.
- **The objective is more to boost consumption, rather than to purely stimulate property sales:** With tier-1 cities seeing signs of home price stabilization, we do not see a big urgency for the government to roll out a "huge stimulus" to the housing market. If there is any policy support, we believe the ultimate objective is more to boost domestic consumption as home price declines could be one of the key hurdles. Therefore, **we believe any policy action in the housing market is likely aimed at promoting home price stabilization**, rather than stimulating sales volume per se.
- **Two potential policy directions:** (1) **mortgage subsidies** - there could be a 100bps subsidy in mortgage rates (potentially driving them down from 3.05% to 2.05%), but there would likely be a cap. In the case of Shanghai which has already rolled out mortgage subsidies, the cap is Rmb50K (per unit, NOT per year). By our estimates, if authorities were to subsidize all primary home sales, the total funding required would be Rmb44bn on an annual basis (more discussion in our previous report *China Property: Mortgage subsidies to be rolled out before National Day?*; (2) **land supply control**: to stabilize home prices, while demand may be hard to boost, the other side of the equation is supply. Therefore, we believe a possible direction is to refine and/or more diligently execute the land supply control for local governments (currently, for cities with >36 months of inventory, land sales need to be suspended, while for those with 18-36 months of inventory, land sales need to be controlled). That said, the recent "828" policy (report) which aims to phase out the pre-sales

See page 5 for analyst certification and important disclosures, including non-US analyst disc



system would likely already achieve some degree of supply reduction in top-tier cities.

- **Any other potential policies?** Apart from the two above-mentioned directions, other possibilities include: (1) **reduction in transaction taxes**; (2) **further easing in home provident fund (HPF) mortgages**; (3) **further relaxation of home purchase restrictions** in tier-1 cities (Shenzhen is likely, after the easing in Beijing & Shanghai); (4) **cash compensation in urban village renovation**.

#2) Shanghai publishes local-level guidelines for "828" policy:

- **Shanghai follows Beijing in publishing local-level guidelines:** After Beijing published the first official local-level guidelines on the "828" policy on September 24 (more in our report), Shanghai published similar guidelines on September 28. We believe more cities will follow suit, and we expect the overall direction will not meaningfully deviate from Beijing's.
- **Shanghai's is broadly similar to Beijing's, but with some nuanced differences:** (1) the most notable difference is the **maximum deposit (定金)**. While Beijing allows developers to collect max. 1% of sales proceeds as deposits, Shanghai allows max. 3% (though still below our original forecast of max. 5%); (2) **transition arrangement:** Shanghai is more explicit in stating that for land plots acquired by developers after August 28 (but if the land sales notice was published before that date), they would still be allowed to stick to the old pre-sales rules (but new rules on escrow account will still apply); (3) **developers' funding**: Shanghai adds a section that encourages developers to raise funds through equity, bonds, ABS & REITs, but this clause is not in the Beijing version, we believe this is simply because the stock exchange is in Shanghai. This description is already stated in the original "828" policy (and thus nothing special); (4) **land premium payment:** For both cities, 50% of land premium is to be settled within 30 days, but for the remaining balance, Beijing says it has to be settled within two years, while Shanghai says 1+1 years (1 normally, but 1 more year can be extended); to us, the two descriptions don't differ too much. For more comparison, please see Table 1.

Related research:

- China Property: Beijing publishes the first "828" policy implementation guidelines
- China Property: Mortgage subsidies to be rolled out before National Day?
- China Property: Uncertainties in the "post pre-sales" era may drive underperformance
- China Property: Expert call takeaways on pre-sales phaseout
- China Property & Banks: Phasing out the pre-sales system - good or bad?

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"828" policy: local-level implementation guidelines

Table 1: "828" policy's local-level implementation guidelines - Beijing vs. Shanghai

	Beijing	Shanghai
Requirement of pre-sales permit 预售条件	Building topping-out (单体建筑完成主体结构封顶)	
Transition arrangement	**(1) Construction permit obtained before 28 Aug:** old rules **(2) Land acquired but construction permit not obtained before 28 Aug:** old rules before end-2027 (with conditions) **(3) Land (with legacy issues) acquired before 28 Aug:** old rules (after risk assessment)	**(1) Construction permit obtained before 28 Aug:** old rules **(2) Land acquired but construction permit not obtained before 28 Aug:** old rules before end-2027 (with conditions) **(3) Land acquired after 28 Aug (but land sale notice before 28 Aug):** old rules before end-2027, but new rules on escrow account
Sales of completed homes 现房销售	Should be prioritized (优先选择)	
Deposit 定金	Up to **1%**	Up to **3%**
Lead bank system 主办银行制度	One principal bank to provide loans, or to be the lead in syndicated loans	
Escrow account	All pre-sales funds need to be placed	
Mortgage disbursement	After building completion (竣工备案后)	
Developers' financing	-	**Support developers to raise funds through equity, bonds, ABS & REITs**
Land premium payment	>50% within ≤ 30 days; balance to be settled within **2 years**	>50% within ≤ 30 days; balance to be settled within **1 year normally (but can be expanded to 2 years)**

Source: The Securities Times, The Beijing News, Sina Finance, CREIS
Note: Differences are highlighted in blue.

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Valuation Summary

Table 2: China Property – Valuation summary

Company	Stock Code	JPM Rating	JPM Price Target	Last Close (HK$)	Mkt Cap US$B	ADV US$M	P/E 1FY (x)	P/E 2FY (x)	Yield 1FY (%)	P/B 1FY (x)	Share price return 5D	1M	YTD	vs. peak
Mainland China Developers														
	1109.HK	OW	**40.00**	29.46	26.8	92.5	9.4	8.4	3.9%	0.6	1%	-11%	8%	-23%
China Overseas Land	0688.HK	OW	**16.00**	12.89	18.0	42.3	9.4	8.6	3.9%	0.3	4%	-7%	5%	-41%
China Jinmao	0817.HK	N	**1.18**	1.28	2.2	11.2	17.6	9.7	2.7%	0.4	2%	-19%	5%	-73%
C&D International	1908.HK	NC	**-**	12.77	3.8	12.0	7.4	6.9	7.2%	0.7	2%	-17%	-18%	-39%
Greentown China	3900.HK	NC	**-**	6.11	2.0	9.7	59.4	26.5	1.1%	0.4	1%	-20%	-28%	-61%
Yuexiu Property	123.HK	NC	**-**	3.31	1.7	4.2	43.6	20.5	1.6%	0.2	2%	-12%	-16%	-69%
SOEs							**12.5**	**9.5**	**3.9%**	**0.5**	**2%**	**-11%**	**3%**	**-35%**
Longfor	0960.HK	N	**5.60**	5.45	4.9	15.4	-	-	-	0.2	-6%	-20%	-36%	-87%
Seazen Group	1030.HK	N	**1.40**	1.48	1.4	3.9	-	-	-	0.2	-2%	2%	-28%	-85%
Private							**-**	**-**	**-**	**0.2**	**-5%**	**-15%**	**-34%**	**-87%**
China Vanke - H	2202.HK	UW	**1.60**	2.53	6.1	8.2	-	-	-	0.3	2%	1%	-23%	-92%
Country Garden	2007.HK	UW	**0.10**	0.18	1.1	8.2	-	-	-	-	-2%	-10%	-57%	-99%
Sunac China	1918.HK	UW	**0.30**	0.64	1.6	21.1	-	-	-	0.2	-7%	-6%	-52%	-99%
Shimao	0813.HK	UW	**0.03**	0.04	0.1	0.3	-	-	-	-	3%	-36%	-80%	-100%
Distressed							**-**	**-**	**-**	**0.2**	**0%**	**-1%**	**-33%**	**-94%**
Mainland China Developers (Overall)							**9.8**	**7.4**	**3.1%**	**0.4**	**1%**	**-10%**	**-5%**	**-47%**
Mainland China Property Management & Services														
	1209.HK	OW	**49.00**	38.08	11.1	23.9	17.0	15.8	5.9%	4.8	1%	-5%	-9%	-22%
China Overseas PH	2669.HK	UW	**2.90**	3.29	1.4	3.2	7.2	7.2	6.4%	1.4	0%	-7%	-27%	-66%
Poly Property Services	6049.HK	OW	**41.50**	27.74	2.0	2.3	8.1	7.7	6.2%	1.2	3%	-2%	-13%	-65%
Greentown Service	2869.HK	OW	**5.50**	4.18	1.7	1.6	10.6	9.7	6.8%	1.3	2%	-3%	-9%	-62%
Backed by SOE developers							**14.4**	**13.4**	**6.1%**	**3.7**	**1%**	**-4%**	**-11%**	**-35%**
Country Garden Services	6098.HK	N	**5.40**	5.22	2.2	4.4	5.9	5.9	10.2%	0.4	0%	-8%	-6%	-92%
A-Living	3319.HK	UW	**1.50**	1.67	0.3	0.4	2.7	3.0	8.2%	0.2	1%	-10%	-27%	-96%
Sunac Services	1516.HK	UW	**0.70**	0.76	0.3	0.3	4.2	5.0	7.1%	0.4	-1%	-10%	-46%	-96%
Backed by POE developers							**5.3**	**5.5**	**9.7%**	**0.4**	**0%**	**-9%**	**-12%**	**-93%**
Mainland China Property Management & Services							**13.1**	**12.3**	**6.6%**	**3.2**	**1%**	**-5%**	**-11%**	**-43%**

Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates. Note: Companies marked "NC" are not under J.P. Morgan coverage; all estimates for such companies are based on consensus estimates from Bloomberg Finance L.P. Pricing as of close of September 28, 2026.