China Property

Expert call takeaways on Golden Week & market/policy outlook

Mainland China/Hong Kong Property & Conglomerates

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Following the Golden Week & the recent policies on mortgage subsidies (report) & pre-sales phase-out (report), we hosted a call with an industry expert from China Index Academy. Overall, the tone was a tad more cautious than expected. Below are the 7 key takeaways:

1. **Skeptical about the sustainability of the exceptionally strong secondary sales growth in Golden Week:** Sales rose >40% Y/Y and first-week visitations +12% Y/Y, but the second-week visitations already slowed to +2% Y/Y. That said, he still expects secondary-home sales to remain resilient in 4Q, with full-year growth potentially reaching c.12–13% Y/Y.
2. **More listings may not necessarily be a bad thing:** Secondary listings (二手挂牌量) rose modestly after the holidays. However, the expert takes a different view from the common perception that "a rise in secondary listings is bad for the market". He explained that many existing secondary listings have been around for several years (and the homeowners have low willingness to sell), and thus the market relies on more new listings to stimulate sales volume.
3. **Mortgage subsidies not a game changer; upsize to be reviewed post-CNY in 2027:** The policy is more supportive than expected, but may not move the needle; it is relatively beneficial to low-tier cities & and lower-priced housing; impact on tier-1 cities is minimal; the central government introduced the policy now because fiscal spending has progressed slowly, creating a need to deploy funds, and unused funds from consumer trade-in programs have provided c.Rmb50bn of fiscal headroom for mortgage subsidies. That said, for now the expert does not expect any material enhancements to the existing mortgage subsidy program.
4. **Local-level implementation of the "828" policy is strict,** particularly on the timing of mortgage disbursements. That said, local governments remain very eager to attract developers to buy land, thus actively exploring measures to shorten the construction period. By accelerating the front-end approvals and back-end inspections, the total construction time may be reduced by ~6 months.
5. **Most developers will scale back land-banking:** Most developers in a survey expect to cut land reinvestment by c.30% (some even 50%). Against this backdrop, new home sales may drop <30% Y/Y in 2027.
6. **Policy outlook:** HPF mortgage rate cut is possible, but for the time being, the expert believes the government prefers to relax the usage of HPF first. Direct cash subsidy is unlikely. Shenzhen may further relax home purchase restrictions, but the impact is likely to be muted. **Property tax may not be rolled out until 2029**.
7. **Prerequisites for home price stabilization: (1) reasonable rental yields (say 2.4%); (2) rent stabilization; (3) improving household income expectations.** The expert suggested that **office space net absorption (写字楼净吸纳量) could be a leading indicator to rent (and thus price) stabilization**. For now, the expert only sees these conditions materializing in Shanghai (rising corporate demand for office space = rising employment). Shenzhen might be next, but the outlook for Beijing/Guangzhou (where office

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net absorption is still negative) remains uncertain.

Our views are broadly similar to the expert's, and after the nationwide policy materialized, we expect high-frequency sales data may soften over the next few weeks. Against this backdrop, we expect the sector to see near-term underperformance. A rally might be revived when there is more proof of (1) margin expansion; (2) home price stabilization broadening from Shanghai, and thus we still see opportunities in 1H27. Our top picks are those with low impact from the "828" policy, including **CR Land**, **CR Mixc** & **KE Holdings** (covered by Daniel Chen), and we remain cautious on most non-SOEs. We'd sell distressed names (e.g. Vanke-H) on rebounds.

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15 Q&As from the expert call

Q1) How did the property market perform during and after the National Day Golden Week? Is the impact of mortgage interest subsidies sustainable?

The secondary market performed **better than expected** during the Golden Week, with **stronger momentum in tier-2 cities** vs. tier-1 cities. **However, the post-holiday slowdown in home viewings suggests that the policy impact may not be sustainable.**

- Secondary: 12-city home viewings/sales volume rose by 12%/41% Y/Y during the Golden Week; both indicators are notably better than a year ago. By tier, sales volume increased 33%/44% Y/Y in tier -1 (excl Shanghai)/tier-2 cities.
- However, **12-city viewing appointment growth slowed to only +2% Y/Y for the first four days post-holidays**, though transactions increased 27% Y/Y. As viewings typically lead transactions, the slowdown suggests that the policy mainly accelerated purchases by those already planning to buy, rather than generating new demand.
- The robust Y/Y transaction growth could also be partially due to a low base last year.
- **More listings may not necessarily be a bad thing:** Secondary listings (二手挂牌量) rose modestly after the holidays. However, **the expert takes a different view from the common perception that "a rise in secondary listings is bad for the market"**. He explained that many existing secondary listings have been around for several years (and the homeowners have low willingness to sell), and thus the market relies on more new listings to stimulate sales volume.

Mortgage interest subsidies appear to be more effective in **lower-tier cities** and for **lower-priced secondary homes**.

- Per the expert's calculations, for a Rmb1 million 30-year mortgage with equal principal-and-interest repayments, a **1ppt** subsidy is equivalent to a **c.35bp** reduction in the commercial mortgage rate, close to the **c.45bp** rate advantage of housing provident fund (HPF) mortgages.
- The policy impact could thus be **stronger in cities that allow commercial mortgages to be converted into HPF loans**. In these cities, buyers can first benefit from the five-year interest subsidy on commercial mortgages and then switch to lower-cost HPF loans after the subsidy period ends, extending the effective financing benefit.
- By contrast, tier-1 cities such as Beijing and Shanghai do not allow such conversions. Their higher home prices and smaller pool of eligible properties also limit the policy's reach, suggesting a more muted impact in these markets.

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Q2) Did the new policy exceed market expectations? Why was the mortgage interest subsidy introduced *now*, and who are the main beneficiaries?

- The mortgage interest subsidy is **more supportive than expected**.
- The policy was likely introduced now for two reasons: (1) fiscal spending for this year has progressed **relatively slowly**, creating a **need to deploy available funds**, and (2) unused funds from consumer trade-in programs, including home appliances,

have provided **c.Rmb50bn of fiscal headroom for the mortgage subsidy**.

- The subsidy primarily targets **first-time home buyers without existing homes**. Its impact should be greater in lower-tier cities, while the direct stimulus to tier-1 cities is likely to be limited. The overall share of eligible homes remains difficult to estimate.

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Q3) How much fiscal funding will the subsidy require? Is there room for further subsidy increments?

Further policy enhancements in the near term are unlikely given the huge budget required and some signs of market stabilization.

- An additional **1ppt** subsidy would require **c.Rmb50bn** in annual fiscal funding, based on c.Rmb5trn in nationwide secondary home transactions (assuming secondary home transactions totaling **c.700mn sqm** annually, with an average price of **c.Rmb7,000/sqm**). This number broadly matches the estimated unused consumer stimulus funds, suggesting **limited fiscal budget for additional policy support** this year.
- **The next policy re-assessment window for policymakers would be after next year's post-CNY seasonal rally (小阳春)**, subject to whether home-price declines broaden or accelerate next year outside a few relatively resilient cities such as Shanghai.

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Q4) How are cities implementing the new completed-home sales and presale fund supervision policies? Has local implementation been strict or flexible?

Local Implementation has been strict, **particularly regarding the timing of mortgage disbursement**, although most cities are flexible with transitional projects.

- Beijing, Shanghai, Guangzhou, Wuhan and Tianjin have issued detailed implementation rules. Different cities generally distinguish between old and new projects based on the timing of land-sale announcements or land acquisitions.
- **Shanghai has adopted the strictest approach.** For projects announced after 28 August but not yet acquired, Shanghai requires **all funds to remain supervised until building completion filing**, while other cities allow developers to **withdraw funds above the supervised amount**.
- The main financial impact on developers is not from the shift from pre-sales to completed-home sales, but the delay in mortgage disbursement. As a result, the "828 policy" could **reduce project IRRs by c.50%** compared to the previous policy framework.

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Q5) Will developers materially reduce land acquisitions? What are the "828 policy" implications for 2027 project launches and sales?

Developers are likely to reduce land acquisitions materially, potentially lowering new project launches next year by **c.30%**, though new home sales decline could be **<30%**.

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- **At a consultation meeting in Beijing, several leading SOEs expected their land investment to decline by at least 30% next year, while some anticipated a decline of up to 50%.**
- A survey of 56 developers conducted by CREIS in early-September showed that **>80% planned to reduce land investment further following the new policy**. ~30% planned to reduce 2026 land acquisitions by more than **30% vs. 2025** already, and intended to cut investment by **a further c.25%** from that reduced base. Therefore, **the combined decline could approach or even be higher than 50% Y/Y.**
- This could reduce new project launches next year by ~30%. However, lower new supply should also support the destocking of existing projects.Therefore, the decline in new home sales numbers from the official statistics bureau's basis may be **smaller than the decline in new project launches**.

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Q6) What policy adjustments can local governments make to mitigate the impact of "828" policy on developers?

Local governments have begun adjusting land-sale terms to improve project economics. Measures include **lowering effective land costs**, reducing **mandatory facility-construction requirements** and **shortening development timelines**.

- For example, Beijing's Jiangtai Plot 629 in Chaoyang district was originally scheduled for sale in August but was subsequently withdrawn due to the "828" policy. The local government later reopened discussions with multiple developers under a renewed proposal that converts certain original public facilities into sellable residential use, which effectively increases the project's total sellable GFA and thus improves project economics.
- Local governments can also shorten front-end development timelines. For plots with limited competition, developers may be allowed to complete most design approvals and construction-planning procedures before land acquisition. This could enable construction to shorten the developer's front-end timeline by **~3 months**.
- Similarly, back-end project inspection procedures can also be accelerated. Tianjin has proposed greater gov't cross-department coordination for simultaneous rather than sequential project inspections that could **reduce another ~3 months.**
- **Together, front-end approvals and back-end inspections could shorten the development cycle by ~6 months or more**.
- **However, most cities are unlikely to relax fund supervision rules and existing policy optimization is more around shortening development cycles**.

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Q7) Can SOE developers use bank guarantees (保函) to release supervised funds for land payment?

Bank guarantees may provide liquidity support to stronger SOE developers, but they are **unlikely to become a major channel** in the near term.

- Among cities that have issued detailed implementation guidelines, only Wuhan has explicitly allowed developers to apply for bank guarantees to replace supervised

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funds, **while other cities haven't announced similar arrangements.**

- Even if local governments permit such arrangements, the **execution and scale of liquidity support will depend heavily on commercial banks' willingness** to issue the guarantees.
- SOE developers with stronger credit profiles may have better access to bank guarantees. However, this is unlikely to ease industry-wide liquidity pressure.

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Q8) What are the central government's ultimate policy objectives behind the "828" measures and the mortgage subsidy?

- The two policies share a broader objective: **transitioning the China property sector towards a healthier development model while facilitating property destocking.**
- The "828" policy aims to **reduce the developers' reliance on high leverage, high turnover and presales model** to safeguard homebuyers' interests. By controlling and postponing property supply, the government can also facilitate local inventory reduction.

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Q9) What is the outlook for new and secondary home sales in 4Q?

The market is expected to remain polarized in 4Q, with secondary homes outperforming new homes sales.

- So far this year, secondary home sales have grown by >**10% Y/Y**. Supported by mortgage interest subsidies, full-year growth could reach **around 12-13%**, backed by even stronger Y/Y growth in 4Q.
- Lower-priced secondary homes will be the main beneficiaries of the subsidy and should continue to **gain market share**.
- By contrast, **new home transactions may continue to decline** as lower land acquisitions will constrain future supply, while the higher average price of new homes means that fewer units will qualify for the subsidy.

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Q10) Can mortgage subsidies help home prices stabilize in more cities?

Mortgage subsidies alone are unlikely to stabilize home prices across a wider range of cities. Fundamentally, property price stabilization depends more on **rental yield** with **office net absorption (写字楼净吸纳量)** serving as a leading indicator.

- Shanghai is currently the only tier-1 city showing relatively clear signs of stabilization, supported by **higher rental yields, rising rents an education-related premium** for home price compared with Bei **could be the next to stabilize**, as rents have remained broadly s and Guangzhou require further observation.
- **Office net absorption provides a leading indicator of residen** corporate expansion supports employment and, in turn, rental de in office net absorption in Shanghai and Shenzhen reflects their



and home-price stabilization.

- For cities such as Beijing, rental yields may need to reach **c.2.4%** to support a sustainable price floor. Unless rents and rental yields improve sufficiently, mortgage interest subsidies alone are unlikely to deliver durable price stabilization.

More core cities' property prices may gradually stabilize in 2027, **but a broad-based recovery remains unlikely, particularly in lower-tier cities.**

- Price stabilization generally requires three conditions: (1) **reasonable rental yields**, (2) **residential rent stabilization**, and (3) **improvements in household income and income expectations**.
- Shanghai is closer to meeting these conditions, while other selected core cities may gradually follow.
- However, **most cities do not yet have sufficient rental demand**, **rental yields** or **household confidence** to support price stabilization. The market is therefore likely to become **increasingly differentiated**, with a small number of core cities stabilizing ahead of the broader market.

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Q11) Could lower new home supply drive a price rebound in core areas of tier-1 cities?

The expert **remained cautious** that lower new supply would trigger a price rebound.

- First, local governments are seeking to shorten development timelines through earlier approvals, parallel inspections and more efficient construction methods. These measures could partly offset delays caused by "completed-home sales" model.
- Second, some buyers may postpone purchases of current presale projects and wait for future completed homes as a completed-home project may take **~2 years from land acquisition to sale** vs. newly acquired presale projects may also only take **~2.5 years before buyers can move in**.
- Waiting for completed homes also allows buyers to **defer mortgage payments until delivery**, making current presale projects even less attractive.
- Third, by far, there **hasn't been much meaningful home price increase** after the new policy, indicating that developers still have limited pricing power. Although some new projects announced the withdrawal of discounts recently, say in Beijing, only a few projects have actually raised the effective prices; most others are just marketing gimmicks.

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Q12) What has driven rent stabilization in core cities, and is it sustainable?

- **Office net absorption 写字楼净吸纳量improvement** is the core driver for rent stabilization, reflecting stronger corporates hiring and business expansion.
- Office net absorption for Shanghai and Shenzhen has improved materially, supported by the higher concentration of high-tech companies. Looking forward, if office net absorption remains steady, residential rents in Shanghai and Shenzhen **are likely to remain resilient or even rise modestly**.
- **The outlook for other cities is more uncertain**. In Beijing, overall office net

absorption remains negative. The development of the municipal sub-center and the relocation of selected central SOEs and institutions to Xiong'an and Tongzhou may continue to weigh on rental demand.

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Q13) What could be the next policy easing measures, and is Shenzhen likely to further relax home-purchase restrictions?

- **A further reduction in HPF mortgage rates is a possible measure**, as the rate gap between commercial and HPF mortgages has narrowed which reduced the relative attractiveness of HPF loans. Also the sizeable pool of underutilized HPF funds also provides room for further policy support. However, policymakers may first want to assess the impact of the revised HPF regulations and expanded permitted HPF uses on the funding pool before lowering rates further.
- Shenzhen may further ease purchase restrictions, as tier-1 cities have historically adjusted property policies in rotation. However, **the impact is likely to be limited**, as previous easing measures suggest that weaker homebuyer confidence, rather than purchase eligibility, is the key constraint on demand.
- **A full removal of home purchase restrictions in Beijing and Shanghai is unlikely** given their population-cap constraints. Even if restrictions were fully removed, the scale of incremental non-local demand would still be uncertain. Shanghai may attract more non-local capital given its stronger investment appeal and concentration of high-end residential properties.

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Q14) How likely is the introduction of a broad-based property tax over the next three years?

A broad-based property tax is unlikely to be introduced over the next 1-3 years, with the **next potential policy window likely to be in 2029 or later**.

- The timing of property tax policy depends heavily on the policy language used at the Third Plenary Session. The 18th Third Plenum explicitly referred to "property tax trials," while the 20th Third Plenum called for the improving the property tax system (完善房地产税收制度). The wording in the 20th Third Plenum may not necessarily or only point to the introduction of a broader based property tax.
- Instead, "improving the property tax system" could cover a broader range of policies, and therefore **the introduction of property tax may need to wait until the 21st Third Plenum. As the meeting is expected to be held in 3Q28, any formal announcement on property tax policy may not come until 2029.**

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Q15) On a scale of 1 to 10, how optimistic are you about the property market currently and in 2027 (10 = most optimistic)?

Current optimism level is 4 out of 10, slightly below neutral, and the rating is unlikely to materially improve in 2027.

- The market is likely to continue stabilizing gradually, but neither transaction volumes nor home prices are expected to see a **V-shaped recovery**. The recovery

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path is likely to remain **L-shaped**.

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Valuation Summary

Table 1: 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**	30.54	27.7	97.0	9.8	8.7	3.8%	0.6	3%	5%	12%	-20%
China Overseas Land	0688.HK	OW	**16.00**	13.13	18.3	44.9	9.6	8.8	3.9%	0.3	1%	5%	7%	-40%
China Jinmao	0817.HK	N	**1.18**	1.28	2.2	11.2	17.6	9.7	2.7%	0.4	-1%	4%	6%	-73%
C&D International	1908.HK	NC	**-**	13.12	3.9	12.1	7.6	7.2	7.0%	0.7	-2%	8%	-16%	-37%
Greentown China	3900.HK	NC	**-**	6.00	1.9	10.1	49.2	23.4	1.1%	0.4	-5%	6%	-29%	-62%
Yuexiu Property	123.HK	NC	**-**	3.27	1.7	4.1	42.9	20.3	1.6%	0.2	-1%	4%	-18%	-70%
COGO	81.HK	NC	**-**	3.18	1.4	2.3	17.9	13.7	1.8%	0.3	2%	14%	60%	-58%
SOEs							**12.4**	**9.6**	**3.8%**	**0.5**	**2%**	**5%**	**7%**	**-34%**
Longfor	0960.HK	N	**5.60**	5.06	4.6	16.4	-	-	-	0.2	-4%	-11%	-41%	-88%
Seazen Group	1030.HK	N	**1.40**	1.39	1.3	3.8	-	-	-	0.2	-4%	2%	-32%	-86%
Private							**-**	**-**	**-**	**0.2**	**-4%**	**-8%**	**-39%**	**-88%**
China Vanke - H	2202.HK	UW	**1.60**	2.49	6.1	10.3	-	-	-	0.3	-11%	11%	-24%	-92%
Country Garden	2007.HK	UW	**0.10**	0.17	1.0	7.9	-	-	-	-	-7%	0%	-58%	-99%
Sunac China	1918.HK	UW	**0.30**	0.58	1.5	21.7	-	-	-	0.2	-8%	6%	-56%	-99%
Shimao	0813.HK	UW	**0.03**	0.08	0.1	0.5	-	-	-	-	42%	88%	-61%	-100%
Distressed							**-**	**-**	**-**	**0.2**	**-9%**	**10%**	**-34%**	**-94%**
Mainland China Developers (Overall)							**9.9**	**7.7**	**3.0%**	**0.4**	**0%**	**5%**	**-1%**	**-45%**
Mainland China Property Management & Services														
	1209.HK	OW	**49.00**	38.38	11.2	24.1	17.1	15.9	5.9%	4.8	4%	1%	-9%	-21%
China Overseas PH	2669.HK	UW	**2.90**	3.36	1.4	2.7	7.3	7.3	6.3%	1.4	4%	3%	-26%	-65%
Poly Property Services	6049.HK	OW	**41.50**	27.62	1.9	2.2	8.0	7.6	6.2%	1.1	1%	1%	-13%	-65%
Greentown Service	2869.HK	OW	**5.50**	4.18	1.7	1.4	10.5	9.7	6.8%	1.3	2%	1%	-9%	-62%
Backed by SOE developers							**14.5**	**13.5**	**6.0%**	**3.7**	**4%**	**1%**	**-11%**	**-34%**
Country Garden Services	6098.HK	N	**5.40**	5.16	2.2	4.2	5.8	5.8	10.4%	0.4	-1%	-4%	-7%	-92%
A-Living	3319.HK	UW	**1.50**	1.95	0.4	0.4	3.2	3.5	7.0%	0.2	14%	16%	-15%	-95%
Sunac Services	1516.HK	UW	**0.70**	0.72	0.3	0.3	4.0	4.7	7.5%	0.3	-3%	-12%	-49%	-96%
Backed by POE developers							**5.3**	**5.4**	**9.7%**	**0.4**	**1%**	**-2%**	**-12%**	**-93%**
Mainland China Property Management & Services							**13.1**	**12.3**	**6.6%**	**3.2**	**3%**	**0%**	**-11%**	**-43%**
KE Holdings	2423.HK	OW	**59.00**	46.58	20.5	59.3	14.5	13.2	1.8%	1.9	7%	5%	12%	-34%
Mainland China Property Agent							**14.5**	**13.2**	**1.8%**	**1.9**	**7%**	**5%**	**12%**	**-34%**

Note: Companies marked with "NC" are not under JPM coverage; all estimates for such companies are based on consensus estimates from Bloomberg Finance L.P. Priced at close of business 12 October 2026.
Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates.