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HK & China Property | Asia Pacific

China Trip Takeaways: Softer Luxury Momentum

Luxury retail sales growth could soften further in 4Q26 and 2027, weighed down by a subdued macro climate and negative wealth effects. China's home prices have yet to bottom (although Tier 1 is showing some recovery). Office remains oversupplied.

Key Takeaways

- HLP's retail sales growth slowed to 3% YoY in 3Q26 (2Q: +9%) amid softer luxury spending. Local brands, jewelry, and athleisure are doing better.
- Westlake 66, HLP's latest mall in Hangzhou, had 98% occupancy by LFA as of September. Luxury brands could enter in Phase Two; a new MO opens in 1Q27.
- "The Louis" ship at HKRI Taikoo Hui continues to draw strong footfall. The largest "Starbucks Reserve" is still popular.
- HKL's Westbund Central adds retail (1.5msf) and office (4msf) supply in an already oversupplied market. SHKP's Three ITC is seeing slow pick up.
- COLI's Anlan luxury project (close to Westbund Central) is selling well at an ASP above Rmb150k/sqm.

Experts remain cautious on housing and consumption:

Housing: Centaline's Head of Research, Mr. Yuan Liu, remains cautious on home prices. He views modest YTD price gains in select Tier 1 cities as temporary stabilisation, with scope for renewed weakness given unattractive rental yields. He expects mortgage subsidies in higher-tier cities to provide only modest support, given their narrow scope, and sees limited upgrade demand from sellers of existing homes. He also expects developers to reduce headcount over the next two years as development activity is scaled back, potentially weighing on underlying housing demand.

Consumption: A Boston Consulting Group expert, Mr. Roger Hu, expects consumption to remain subdued into 2027, reflecting (1) a diminishing but persistent drag from housing; (2) limited wealth effects from the stock market; and (3) weaker employment and incomes among younger consumers.

Stock ideas: Within Hong Kong property, we prefer landlords with active capital recycling over developers. We reiterate OW on *Swire Properties (Top Pick)* and *Hongkong Land*.

Among Chinese developers, we favour stocks with alpha opportunities supported by credible self-help initiatives. These include *CR Land (Top Pick)*, *CR Mixc (OW)*, and *Seazen A/H (OW)*.

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China Property: Leading Mall Operators - Hidden Gems in the Consumption Space (3 Aug 2026)
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investors should be aware that the firm may have a conflict of

Research as only a single factor in making their investment decision.

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Gallery

Plaza 66 (HLP; Shanghai)

Exhibit 1: Pavilion Extension at Plaza 66, with new LFA of 4,300sqm



Exhibit 2: Atrium at Plaza 66



Grand Gateway 66 (HLP; Shanghai)

Exhibit 3: Atrium at Grand Gateway 66



Exhibit 4: Gold Products Offerings at Grand Gateway 66



Westlake 66 (HLP; Hangzhou)

Exhibit 5: Westlake 66 – HLP's Latest mall in Hangzhou



Exhibit 6: New Mandarin Oriental Hotel to Open in 1Q27



Westbund Central (Hongkong Land; Shanghai)

Exhibit 7: Westbund Central in the Making



Exhibit 8: Targeting 2028 for Completion



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HKRI Taikoo Hui (Swire Properties; Shanghai)

Exhibit 9: 'The Louis' by LV in front of the Main Entrance

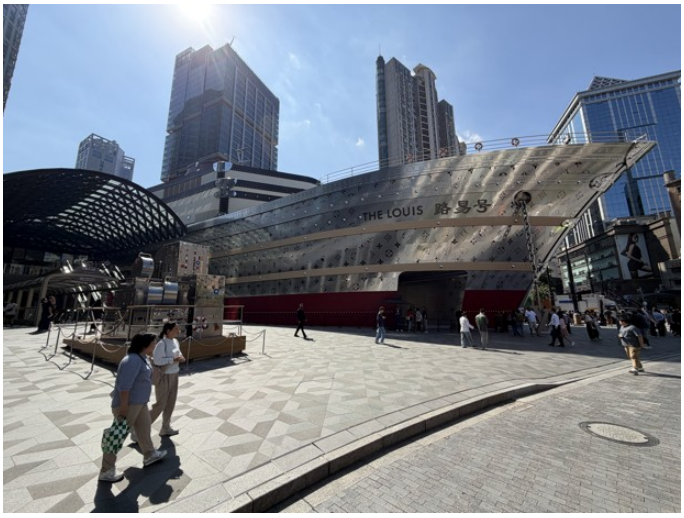


Exhibit 10: A New Building by SOE is Recently Completed



Anlan Project (COLI; Shanghai)

Exhibit 11: Luxury Product by COLI



Exhibit 12: A Three-bedroom Show Flat



Shanghai MixC (CR Land; Shanghai)

Exhibit 13: Shanghai MixC Mall is Located in Minhang District



Exhibit 14: Light Luxury-focused Mixc Mall

