October 19, 2026 11:01 PM GMT

China Property Management & Services | Asia Pacific

Slightly Better Mall Growth in September; We Expect 4Q to Remain Soft

Leading mall operators continued to deliver flat-to-mid-single-digit % SSSG (ex auto sales) in September, broadly stable following the slowdown since June. We expect SSSG trend to remain subdued in 4Q on high base (especially luxury sales) and muted wealth effect.

Stock ideas: September retail sales growth rebounded modestly, helped by a favorable Mid-Autumn Festival calendar shift and less weather disruption. Considering the high base, reversed calendar effect, and limited wealth effect from the stock market this year, we expect SSSG trend to remain soft in 4Q despite reduced disruptions of consumer subsidies. We continue to favor **CR Mixc (1209.HK, OW)** as our preferred alpha idea, supported by its strong market share consolidation capabilities and an attractive, defensive dividend yield of c.6%.

Adjusted offline retail sales (ex-autos) rebounded to 5.6% in September (vs. +2.6% in August, re-based across categories): Total retail sales +1.1% in September (vs. +0.4% in August). The implied recovery pace of offline retail sales was 120% vs. 2019 or a 2.6% CAGR in 2019-25 (Exhibit 1). By store category, Supermarkets accelerated to +4.1% y-y in 9M26, while Department Stores, Specialty Stores, Brand Stores and Convenience Stores all remained weak. (Exhibit 2)

Mall-related categories: All categories saw improvement: 1) *Cosmetics* continued to outperform with stronger y-y sales; 2) *Apparel* turned positive y-y; and 3) *Gold & Jewelry, Home Furnishing, and Sports & Entertainment* recorded milder y-y declines. **Restaurant** growth rose to 2.1% y-y, vs. 1.1% in August.

Mall operators recorded flat to mid-single-digit% SSSG and 3-8% rental growth in September.

CR Land (1109.HK) posted 8% rental growth in September (vs. 6% in August), leading to 11% growth in 9M26, while SSSG trends remained broadly stable as August. **Longfor (0960.HK)** posted 3% rental growth in September (vs. 1% in August), leading to 4% growth in 9M26. August SSSG (ex-auto sales) was 7% vs. 5% in August. **Seazen's (1030.HK)** rentals rose 5% y-y in September, slightly edging up rental growth in 9M26 to 3.5% y-y. We believe leading mall operators will accelerate market share consolidation in the mid-term amid China's polarizing shopping mall market.

Stephen Cheung, CFA
Equity Analyst
Stephen.Cheung@morganstanley.com +852 3963-0385

CHINA PROPERTY MANAGEMENT & SERVICES
Asia Pacific
Industry View **Attractive**

Related reports:

1. China Trip Takeaways: Softer Luxury Momentum (19 October 2026)
2. China Property Management & Services: 1H26 Wrap-up: Earnings Stabilizing; but Key Watch Points Remain (4 September 2026)
3. China Property: Leading Mall Operators – Hidden Gems in the Consumption Space (5 August 2026)
4. China Property Management & Services: Shopping Mall Operators – Identifying Beneficiaries amid Market Polarization (7 November 2024)

investors should be aware that the firm may have a conflict of

Research as only a single factor i
decision.
**For analyst certification and oth
refer to the Disclosure Section, l
report.**
+= Analysts employed by non-U.S
with FINRA, may not be associate
and may not be subject to FINRA
communications with a subject c
and trading securities held by a re



Key Charts

Exhibit 1: China – Retail sales

	Y-Y			Level as % of 2019			CAGR vs. 2019		
	9M26	Sep-26	Aug-26	9M26	Sep-26	Aug-26	9M26	Sep-26	Aug-26
Total Retail Sales	**1.1%**	**1.1%**	**0.4%**	**125%**	**123%**	**117%**	**3.2%**	**3.0%**	**2.3%**
Online Sales of Goods	3.8%	0.6%	2.2%	143%	155%	157%	5.2%	6.4%	6.7%
Adjusted Offline Retail Sales (excl. auto)	**3.0%**	**5.6%**	**2.6%**	**136%**	**120%**	**109%**	**4.5%**	**2.6%**	**1.3%**
By category									
Restaurants & Dining	**2.4%**	**2.1%**	**1.1%**	**166%**	**122%**	**118%**	**7.5%**	**2.9%**	**2.4%**
Retail Sales of Goods	**1.0%**	**1.0%**	**0.3%**	**132%**	**123%**	**117%**	**4.1%**	**3.0%**	**2.3%**
Apparel, Shoes and Textile	4.6%	1.2%	-0.5%	114%	115%	107%	1.9%	2.0%	1.0%
Gold & Jewelry	-2.4%	-9.6%	-17.5%	135%	126%	116%	4.4%	3.4%	2.2%
Cosmetics	6.1%	5.4%	4.9%	162%	153%	159%	7.2%	6.3%	6.8%
Home Furnishing	-4.7%	-3.0%	-7.9%	94%	90%	91%	-1.0%	-1.4%	-1.3%
Sports & Entertainment	-3.4%	-1.1%	-4.8%	266%	240%	246%	15.0%	13.3%	13.7%
F&B (incl. Alcohol & Tobacco)	7.8%	7.9%	5.6%	169%	167%	153%	7.8%	7.6%	6.3%
Pharma	4.0%	5.0%	4.8%	125%	124%	123%	3.3%	3.1%	3.0%
HPC	3.8%	4.1%	1.8%	149%	140%	141%	5.8%	4.9%	5.0%
Electronics & Appliances	-4.9%	1.9%	2.3%	124%	121%	125%	3.2%	2.7%	3.2%
Office Supply	6.2%	7.9%	5.8%	166%	167%	154%	7.5%	7.6%	6.4%
Mobile & Communication	18.1%	31.1%	27.3%	240%	252%	218%	13.3%	14.1%	11.8%
Auto	-14.9%	-21.2%	-18.5%	103%	107%	107%	0.4%	1.0%	1.0%

Exhibit 2: China- Retail sales by store types

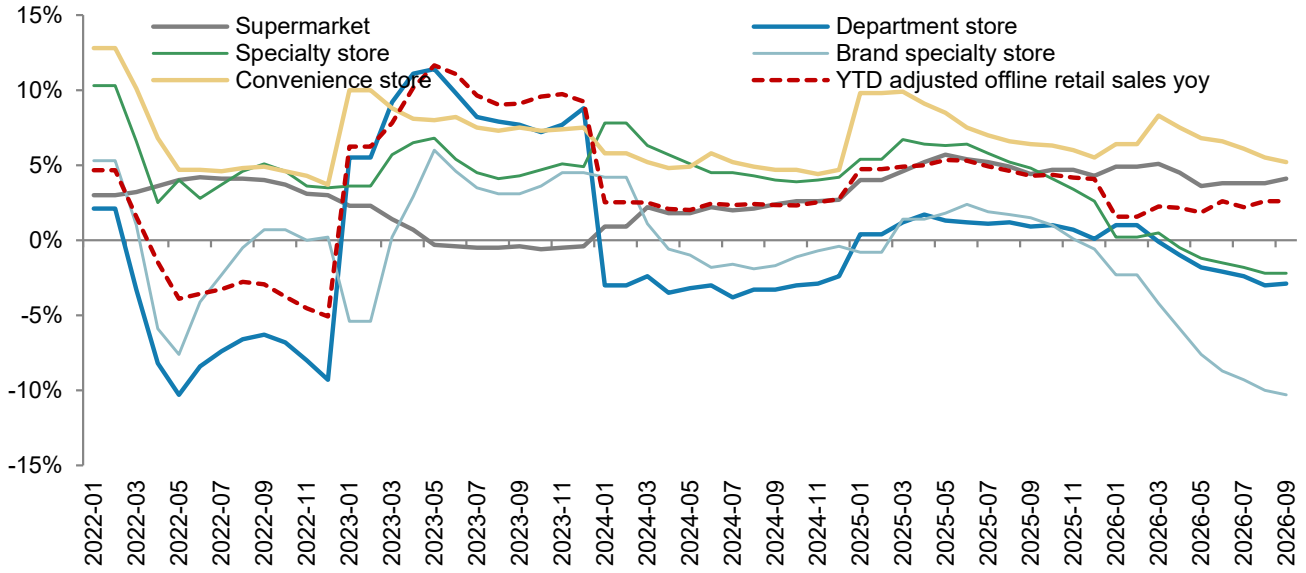


Exhibit 3: Leading mall operators' monthly SSSG vs. NBS adjusted offline retail sales y-y

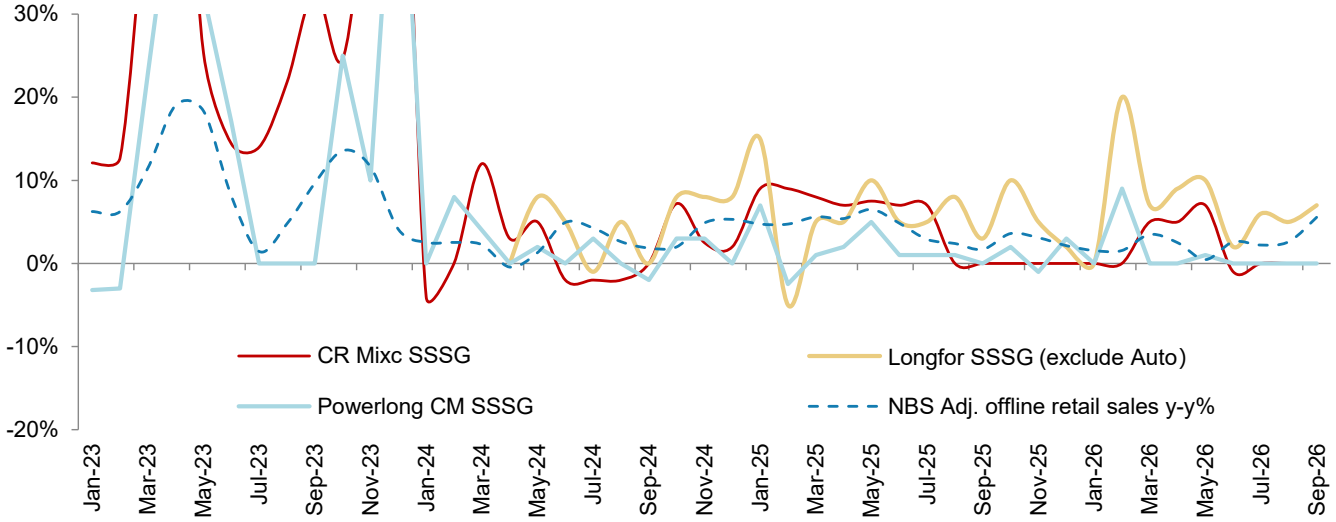


Exhibit 4: Leading mall operators' rental and y-y change

Total Rental	Y-Y			vs. 2019 CAGR		
	Sep-26	Aug-26	9M26	Sep-26	Aug-26	9M26
CR Land	8%	6%	11%	9%	11%	11%
Seazen	5%	8%	3%	/	/	/
Longfor	3%	1%	4%	/	/	/

Exhibit 5: Leading mall operators' retail sales growth, 2025

Company	Retail sales (Rmb bn)			1H26	Rental (Rmb bn)			1H26
	1H25	1H26	Y-Y%	SSSG	1H25	1H26	Y-Y%	Rental SSG
CR Mixc	122	149	22%	10.2%	14.7	17.1	16%	6.6%
CR Land	110	128	16%	10.1%	13.2	15.0	14%	/
Longfor	40.2	44.1	10%	8.0%	5.5	6.0	9%	2.7%
Powerlong CM	/	/	/	1.0%	/	/	/	/
Seazen	52	52	1%	NEG	6.5	6.6	2%	0.3%

Exhibit 6: Leading mall operators' monthly rental y-y vs. NBS adj. offline retail sales y-y

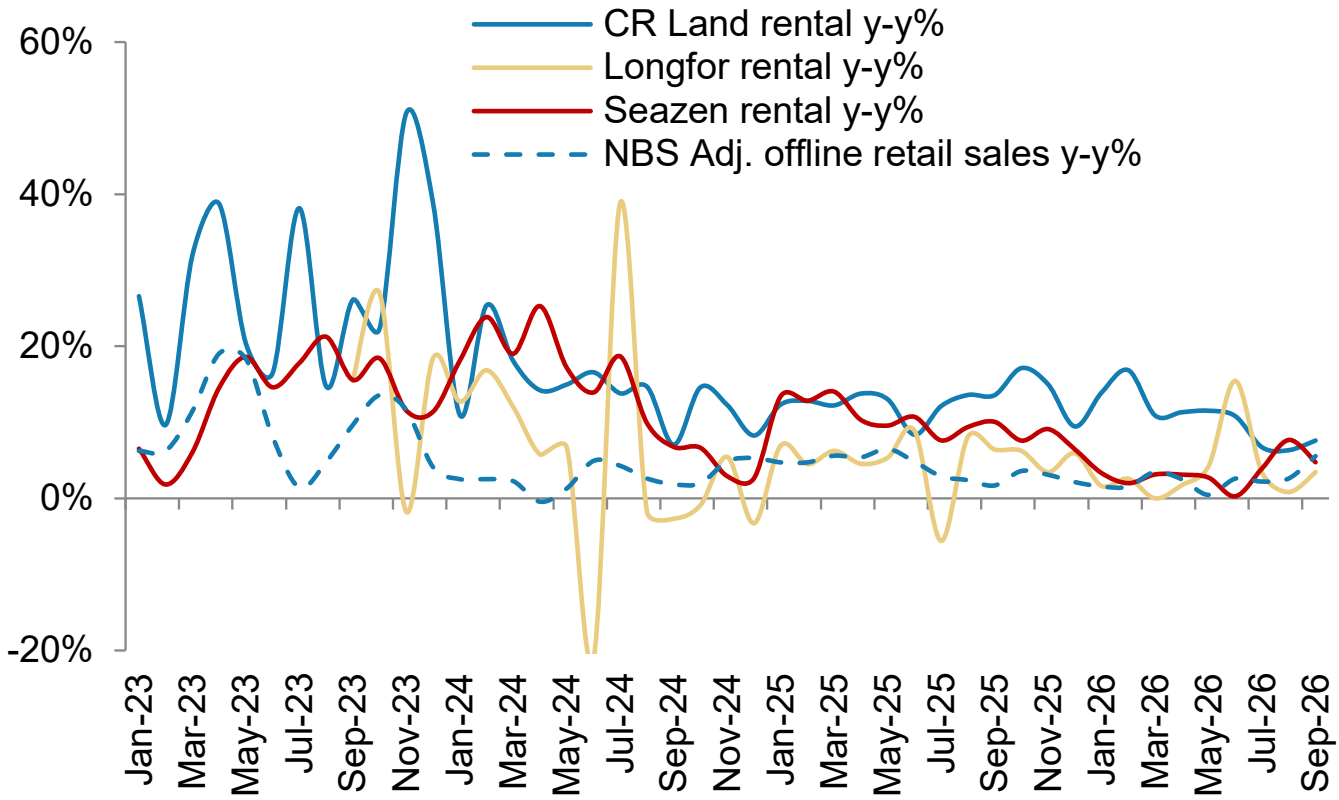


Exhibit 7: Monthly total retail sales and y-y%

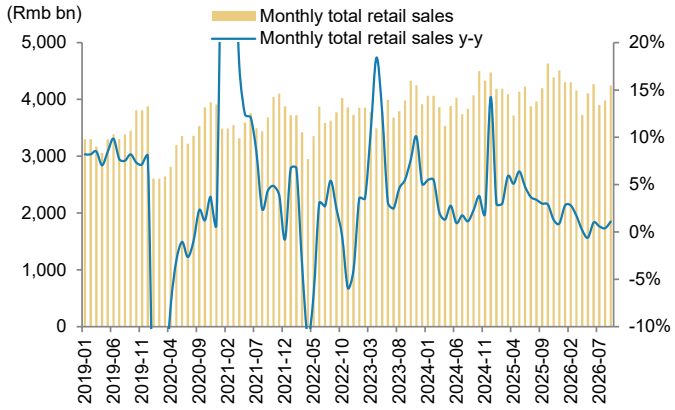


Exhibit 8: Monthly adjusted offline retail sales (excluding autos) and y-y%

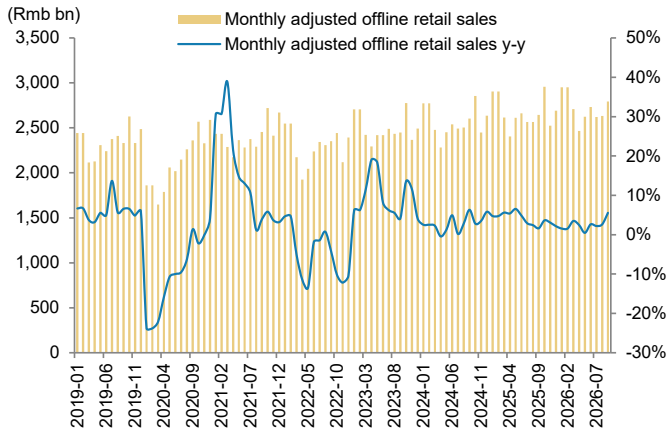


Exhibit 9: Annual total retail sales and y-y%

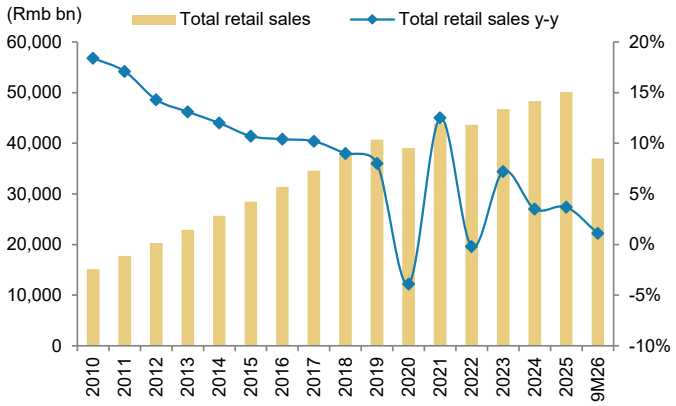
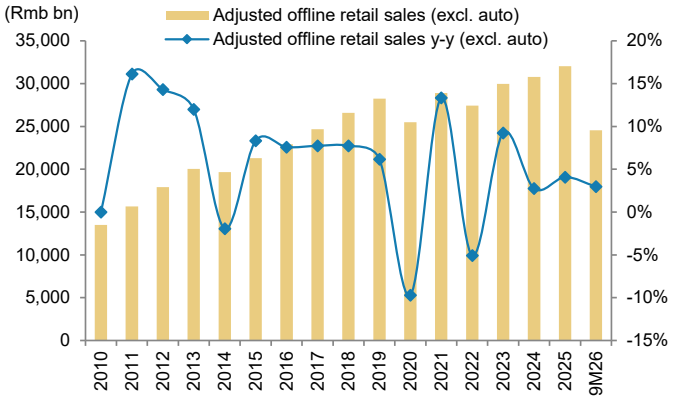


Exhibit 10: Annual adjusted offline retail sales (excluding autos) and y-y%



Valuation Methodology and Risks

Our PT is based on a **4.7% dividend yield on 2026E DPS** on a **100% payout ratio**, implying **20x 2027E P/E**. We believe a dividend yield approach better captures the rising importance of cash returns. Our target yield is derived from our industry scorecard, based on 7 metrics: GFA growth profile (18/20), parent developer (4/5), earnings quality (26/30), service quality (5/5), profitability (16/20), incentive scheme (3/5) and shareholder return (14/15).

Risks to Upside

- Stronger consumption recovery
- Faster third-party GFA expansion
- Higher community VAS growth
- Stronger property market recovery

Risks to Downside

- Slower GFA growth amid intensifying market competition
- Lower margins for property services management owing to lower margins from 3P projects
- Weaker-than-expected national retail sales
- Weaker-than-expected luxury consumption