China Property

Expert meeting takeaways on Shenzhen market

Following the recent policies on mortgage subsidies (report) & presales phase-out (report), we visited Shenzhen & spoke to a market expert from Centaline last week. Overall feedback from the expert was a tad more constructive than expected. Below are our 5 key takeaways:

1. **Shenzhen's secondary home prices could broadly bottom by end-2026:** Secondary home prices only fell 0.4% in 9M26, significantly narrowing from ~10% in 2024/2025. The expert expects that home prices could bottom by end-2026 due to less supply in the primary market.
2. **Shenzhen's primary inventory remains healthy, while secondary listings stabilized in 2026.** Primary inventory months (note: excluding completed stocks) stood at 11.4 months and have been on a continual downtrend due to limited supply (especially in core areas like Nanshan where inventory turnover is <2 months). Secondary listings have also remained broadly stable at 104-107K units in 2026 (equivalent to 23 months of sales) following the sharp increase in 2025.
3. **The "828 policy" should have limited near-term impact in Shenzhen**, given the limited residential plots sold in recent years. Transitional arrangements within the Shenzhen guidelines would further mitigate the impact, as projects on land acquired before 28 August can continue to presell under the previous rules until end-2027. However, developers will still face greater cash-flow pressure, as mortgage disbursements are delayed until completion filing.
4. **Further talent-housing eligibility relaxation is possible, but unlikely to be a threat to the private market**. The low sell-through rates in talent-housing may prompt Shenzhen gov't to further relax eligibility requirements. However, given the weakness in product quality, location and access restrictions, additional talent-housing supply is unlikely to materially divert demand from the private housing market. On this topic, the tone from the expert is much more constructive than last year, as back then the expert showed more concern about how talent housing may cannibalize the demand for starter homes in the private residential market.
5. **Primary sales volume to continue to drop, but secondary sales to be broadly stable:** The expert forecasts primary sales volume in Shenzhen to drop 10% in 2026, and another 10-15% in 2027, mostly due to supply contraction. For secondary sales volume, the expert expects it to be stable in both 2026 and 2027.

Our views are broadly aligned with the expert's. Benefiting from the contraction in land supply, we continue to expect a soft stabilization in tier-1 home prices (particularly Shanghai & Shenzhen), although for the rest of China we still expect a mild decline in home prices. For stocks, we remain selective, but continue to favor **CR Land**, **CR Mixc**, and **KE Holdings** (covered by Daniel Chen). We would use any rebounds to sell distressed names.

Mainland China/Hong Kong Property & Conglomerates

Karl Chan AC
(852) 2800-8513
karl.chan@jpmorgan.com
J.P. Morgan Securities (Asia Pacific) Limited/ J.P. Morgan Broking (Hong Kong) Limited

Venus Choi
(852) 2800-8599
venus.choi@jpmorgan.com
J.P. Morgan Securities (Asia Pacific) Limited/ J.P. Morgan Broking (Hong Kong) Limited

Steve Wang
(852) 2800-8520
steve.ts.wang@jpmorgan.com
J.P. Morgan Securities (Asia Pacific) Limited

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Karl Chan AC
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

Q&As from expert meeting with Centaline (on Shenzhen housing market)

Home prices / inventory

Q) Are Shenzhen secondary home prices approaching a bottom?

The expert expects **Shenzhen secondary-home prices to broadly bottom by end-2026**, supported by declining supply in the primary market and stabilizing new-home prices. Secondary home prices fell just 0.4% in 9M26, much narrower compared to the full-year decline of 10.4%/9.8% in 2024/2025.

- **Supply contraction is the main support.** Residential land sales have fallen from c.109 plots in 2020-2022 to c.39 since 2023. Primary home supply declined from c.39,700 units in 2024 to c.34,700 in 2025 (-18% Y/Y) and c.16,000 in 2026 YTD (-29% Y/Y). Together with the completed-home sales policy, this should constrain supply in 2027-2028 and redirect some demand to secondary homes.
- **Primary inventory levels are relatively reasonable.** Current Shenzhen primary inventory stands at 22K units, implying an **inventory turnover of 11.4 months** (note: this inventory metric quoted by the expert excludes completed stock, including which the inventory month would be >20 months)
- **Primary home prices are also stabilizing.** The expert has not seen any widespread price cuts or sell-offs in the primary market. Developers have also introduced more units above 90 sqm, reducing direct competition with talent housing (GFA capped at 90 sqm per unit).

Q) What's the current secondary listing level? What drove the listing surge in 2025?

- Secondary listings surged 80-90% from 56K units in January 2025 to 107K units by end-2025, and have remained broadly stable in 2026 at 104-107K units, equivalent to 23 months of sales.
- The surge in listings in 2025 was mainly driven by Shenzhen's transaction volume recovery following the "930 policy" easing, which prompted owners to list their homes.

Q) Which price segments have seen price increases in primary/secondary markets?

- **Primary**: Home prices rose **1.5%/5.3%/0.3% Y/Y** in 9M26 for units priced at **<Rmb3mn/Rmb3-5mn/Rmb10-15mn**.
- **Secondary**: Home prices rose **4.2%/1.2%/1.8%Y/Y** in 9M26 for units priced at **<Rmb3mn/Rmb10-15mn/>Rmb15mn**. Lower-priced homes benefit from reduced primary home supply and demand redirected from talent housing; higher-priced homes over Rmb10mn may benefit from upgrade demand. **Mid-priced units have generally underperformed.**

Q) What is the outlook for home sales and land supply?

The expert expects primary sales in Shenzhen to **fall 10% Y/Y in 2026** and another **10-15% in 2027**, primarily due to shrinking supply. For the secondary market, the expert expects **stable volume** in both 2026 & 2027.

- So far, no new land-sale listings have been announced after the "828 policy" and thus land supply in 4Q26 remains uncertain. The local government has broadly met its 2026 land-sale revenue target, which also reduces the immediate need to put up sites for sale.
- The expert anticipates further positive price movements for selected projects in core areas with very limited land supply (e.g. Nanshan).

Policy

Q) How stringent is Shenzhen's implementation of the "828 policy"? What are the implications for existing projects?

The real impact of the "828 policy" is relatively limited given transitional arrangements and low recent land sales. Before the "828 policy", Shenzhen already required one-third of construction to be completed before presales.

- Under the transitional arrangements, land acquired before 28 August can be pre-sold under the old rules before 31 December 2027. However, mortgage disbursement is still only allowed until completion, which adds additional cash-flow pressure for developers.
- **Existing unsold primary homes may face greater pressure.** Projects launched from 2021 to 2024 typically have an efficiency ratio of 70-75%, which is significantly less competitive than the 85% for projects before 2020 and 85-90% for those after 2024.
- For projects with an 80-metre height limit, the period from land acquisition to presale period could extend from at least 6 months to 18 months.
- The expert sees **less urgency for Shenzhen to announce further easing policy** given Shenzhen's better property market performance and the limited impact of recent Beijing/Shanghai measures.

Talent housing

Q) Why was Shenzhen talent-housing eligibility further relaxed on 21 October?

Shenzhen has just reduced the social-security requirement from 3 years to 1 year, and the property-ownership lookback search from 5 to 3 years, which means applicants without property ownership in the past 3 years can also apply for talent housing.

- The policy driver is the **weak sell-through rate of talent housing, especially in 2025.** Sellable talent housing supply reached 15,000/17,000/42,000 units in 2023/2024/2025, while the estimated sell-through rate has **dropped significantly from 90% in 2023 to 30%/17% in 2024/2025**. Only 7,000 units were sold in 2025, with another 14,000 units expected to be supplied in 2026.

Karl Chan AC
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

- **Shenzhen has cumulatively supplied 540,000 subsidized homes and plans for another 200,000 units in 2026-2030.** The sellable portion of talent housing is estimated to be 10%, or 70,000 units in total. Given the weak sell-through and upcoming supply, **the expert anticipates further relaxation in talent housing eligibility**.

Q) Will broader talent-housing eligibility divert commercial housing demand?

The expert expects **limited diversion**, as talent housing may not offer sufficient discounts to offset **concerns over housing quality, location and access restrictions**. Some buyers may therefore prefer secondary homes or better-quality commercial projects.

- Projects developed on standalone sites by Shenzhen Anju Group since 2024 are typically located in less attractive areas. Singles generally qualify for units below 60 sqm, while families with children can select 60-90 sqm units, subject to queues or lotteries.
- The expert does not see a meaningful demand diversion by talent housing and instead views **many prospective talent-housing buyers entering the secondary home market** as a key support for Shenzhen market stabilization.

Q) What's the pricing of talent housing?

- Talent housing typically **offers a 30% discount** to commodity housing in comparable locations. Discounts narrow to 20-25% in Futian/Nanshan and can be larger in peripheral districts such as Pingshan.
- The pricing flexibility is low as project price cuts would require several rounds of municipal level approval, which would take longer.

Rental market

Q) How did residential rents perform in September?

- **September rents rose 2.95% M/M to Rmb71.4 psm/month, alongside a 1.2% M/M increase in secondary home prices.**
- The expert views the **confidence improvement from the secondary home price recovery** and September-October seasonality as the major drivers of the rent increase.

Q) Where are residential rental yields most attractive?

- **Shenzhen average rental yield is 1.88%, only modestly above 2021.**
- That said, some smaller units with GFA of <40sqm in core areas one-bedroom units in Futian/Luohu districts) can generate a rent



Karl Chan [AC]
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

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**	29.40	26.7	92.3	9.4	8.3	4.0%	0.6	-3%	0%	8%	-23%
China Overseas Land	0688.HK	OW	**16.00**	12.31	17.2	45.5	8.9	8.2	4.1%	0.3	-3%	-4%	0%	-44%
China Jinmao	0817.HK	N	**1.18**	1.14	2.0	11.1	15.5	8.6	3.1%	0.3	-5%	-11%	-6%	-76%
C&D International	1908.HK	NC	**-**	12.91	3.8	11.8	7.5	7.0	7.2%	0.7	-2%	1%	-18%	-38%
Greentown China	3900.HK	NC	**-**	5.55	1.8	10.0	44.5	20.8	1.2%	0.3	0%	-9%	-34%	-65%
Yuexiu Property	123.HK	NC	**-**	2.93	1.5	4.1	37.7	18.0	1.8%	0.2	-4%	-12%	-26%	-73%
COGO	81.HK	NC	**-**	2.78	1.3	2.5	15.6	12.0	2.1%	0.3	-6%	-4%	40%	-63%
SOEs							**11.4**	**9.0**	**4.0%**	**0.5**	**-3%**	**-3%**	**2%**	**-37%**
Longfor	0960.HK	N	**5.60**	4.56	4.1	18.5	-	-	-	0.2	-9%	-16%	-47%	-89%
Seazen Group	1030.HK	N	**1.40**	1.41	1.3	3.8	-	-	-	0.2	4%	-5%	-31%	-86%
Private							**-**	**-**	**-**	**0.2**	**-6%**	**-14%**	**-43%**	**-88%**
China Vanke - H	2202.HK	UW	**1.60**	2.23	5.4	10.8	-	-	-	0.2	-4%	-12%	-32%	-93%
Country Garden	2007.HK	UW	**0.10**	0.15	0.9	7.9	-	-	-	-	-9%	-16%	-64%	-99%
Sunac China	1918.HK	UW	**0.30**	0.46	1.2	21.4	-	-	-	0.2	-15%	-28%	-65%	-99%
Shimao	0813.HK	UW	**0.03**	0.04	0.1	0.6	-	-	-	-	-32%	8%	-79%	-100%
Distressed							**-**	**-**	**-**	**0.2**	**-7%**	**-14%**	**-41%**	**-95%**
Mainland China Developers (Overall)							**9.2**	**7.2**	**3.2%**	**0.4**	**-4%**	**-5%**	**-7%**	**-47%**
Mainland China Property Management & Services														
	1209.HK	OW	**49.00**	39.12	11.4	22.8	17.4	16.1	5.8%	4.9	0%	3%	-7%	-20%
China Overseas PH	2669.HK	UW	**2.90**	3.21	1.3	2.5	7.0	7.0	6.6%	1.4	-2%	-2%	-29%	-66%
Poly Property Services	6049.HK	OW	**41.50**	26.44	1.9	2.2	7.7	7.3	6.5%	1.1	-2%	-5%	-17%	-66%
Greentown Service	2869.HK	OW	**5.50**	4.02	1.6	1.4	10.1	9.3	7.1%	1.2	-1%	-4%	-13%	-64%
Backed by SOE developers							**14.7**	**13.7**	**6.1%**	**3.8**	**0%**	**1%**	**-11%**	**-33%**
Country Garden Services	6098.HK	N	**5.40**	4.91	2.1	3.9	5.5	5.5	11.0%	0.4	-3%	-6%	-11%	-93%
A-Living	3319.HK	UW	**1.50**	1.75	0.3	0.5	2.8	3.2	7.8%	0.2	-13%	5%	-23%	-96%
Sunac Services	1516.HK	UW	**0.70**	0.67	0.3	0.3	3.7	4.4	8.1%	0.3	-5%	-12%	-52%	-97%
Backed by POE developers							**5.0**	**5.1**	**10.3%**	**0.4**	**-5%**	**-5%**	**-17%**	**-93%**
Mainland China Property Management & Services							**13.3**	**12.5**	**6.7%**	**3.3**	**-1%**	**0%**	**-11%**	**-42%**
KE Holdings	2423.HK	OW	**59.00**	46.14	20.2	53.8	14.3	13.0	1.8%	1.9	-1%	5%	11%	-35%
Mainland China Property Agent							**14.3**	**13.0**	**1.8%**	**1.9**	**-1%**	**5%**	**11%**	**-35%**

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 28 October 2026.
Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates.