China Real Estate

Shanghai tour: Supply – not reform – sets the sales pace

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- Clear progressive improvement versus our last visit in 1Q
- Presales reform has limited near-term sales impact; luxury supply sells slowly while select mass projects sell strongly
- We prefer CR Land, COLI and KE Holdings, all rated Buy

We visited residential projects in Shanghai and Hangzhou on 19-21 October and met with Mr. Lei YU, Head of Research at PTI Shanghai, and Greentown's IR team and Sales & Marketing Director Mr. Zhongsheng YANG to discuss housing market trends. Key takeaways are:

Good progress: Supply quality and volume drive sales trends. Primary sales momentum has slowed since the March-April seasonal peak, prompting some luxury projects to engage agents in 2H. Developers are releasing units in smaller batches to sustain relatively high sell-through rates. Outperforming projects are largely supply-driven, supported by better product quality, higher efficiency ratios, limited nearby new supply and differentiated positioning. Meanwhile, concentrated supply is slowing sell-through for luxury homes priced at RMB30-40m per unit, as buyers have more options to compare. Pricing remains broadly stable, while following launches affected by completed-home sales reforms are set to command modest price hikes.

PTI: Secondary price stabilizing while primary shows pockets of strength. It is clear that the primary and secondary markets have decoupled. PTI sees stable demand for luxury new homes, while improved supply dynamics near the outer ring have driven strong for select mass-market projects. In secondary market, it believes that price reset caused by competition from more space-efficient new homes is largely complete. Monthly volume remains elevated, with units priced below RMB3m taking a significant share supported by 2%+ rental yield, potential upside from urban redevelopment and perceived downside protection from government acquisition of aged, small-sized secondary homes. It also cited that a cooling land market could enable smaller unlisted SOEs to replenish quality landbanks, challenging common expectations that the reform would ly benefit only leading developers.

Greentown: Tactical measures to mitigate the impact of presales reform. Homebuyers' initial wait-and-see response to the 828 policy reform has eased, with the impact on September-October sales proving insignificant and below Greentown's expectations. The company is offering a range of targeted incentives, from discounts on parking spaces and management fees to encouraging 40-50% downpayments, while policy implementation on escrow account remains unclear. Greentown has also become more selective in land acquisitions, prioritising smaller, low-density projects and using more joint ventures to ease cash flow pressure.

Stock picks: We prefer Buy-rated COLI and CRL for their stronger funding access, solid financial positions and exposure to leading cities. We also like KE Holdings (Buy), which should benefit from higher secondary market activities.

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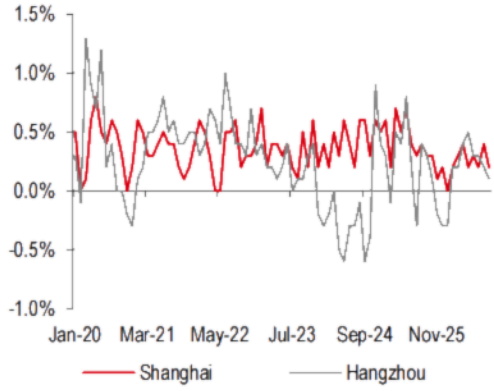
Figure 1: Project details

Project	Chinese name	Developer	City	District	Total GFA (sqm)	ASP (RMB/sqm)	A.V. (RMB/sqm)	Unit size (sqm)	Unit price (RMBm)	No. of units	Sell-through rate
Symphony Shanghai	潮鸣外滩	Greentown	Shanghai	Hongkou	76,600	175,000	126,577	200-310	40-69	194	68%
The Puyuan	金茂璞元	Jinmao	Shanghai	Hongkou	76,300	165,000	117,474	130-172	18-32	493	56%
Anlan Shanghai	安澜上海	COLI	Shanghai	Xuhui	79,100	178,800	124,200	169-365	24-645	286	89%
Central Mansion	建发海宸	C&D	Shanghai	Yangpu	159,500	130,517	31,972	87-210	10-30	1,156	66%
Begonia	绿城悦海棠	Greentown	Shanghai	Qingpu	83,665	62,800	31,972	106-181	6-12	703	99%
Avenir	万潮玖序	COLI	Hangzhou	Binjiang	100,515	103,729	44,673	233-413	24-43	200	85%

Note: Sell-through rate refers to the online-registered sell-through of total launched units as of 20 October 2026

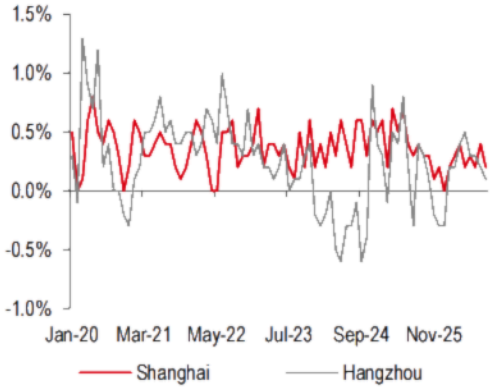
Source: Company releases, CREIS, HSBC

Figure 2: Primary ASP m-o-m trend



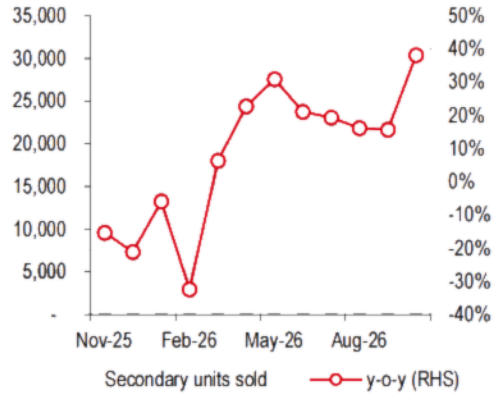
Source: NBS, HSBC

Figure 3: Secondary ASP m-o-m trend



Source: NBS, HSBC

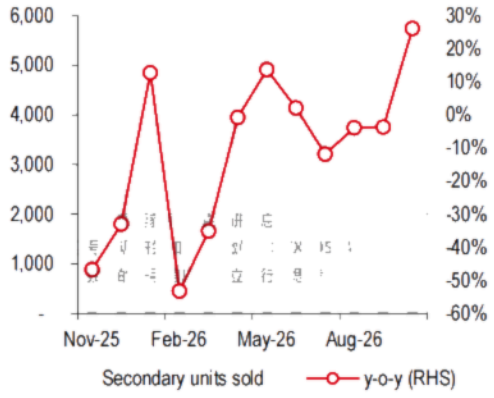
Figure 4: Shanghai secondary unit sold y-o-y



Note: Oct-26 data is as of 1-19 October 2026

Source: Wind, HSBC

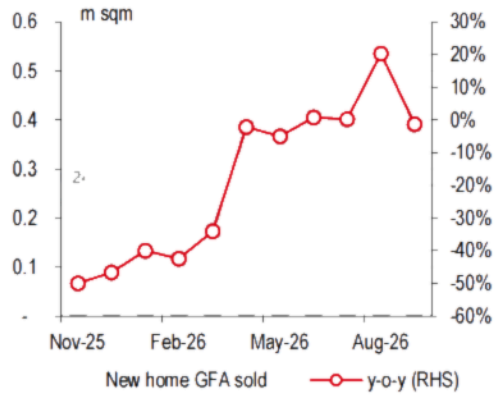
Figure 5: Hangzhou secondary unit sold y-o-y



Note: Oct-26 data is as of 1-19 October 2026

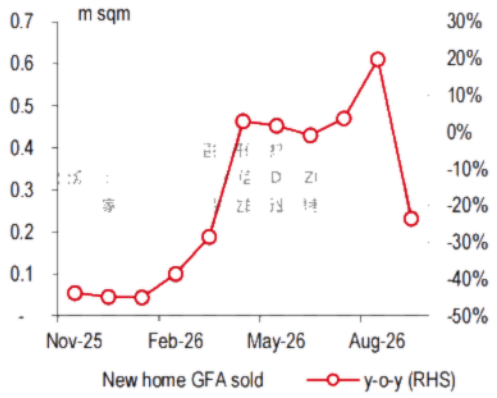
Source: Wind, HSBC

Figure 6: Shanghai new home GFA sold y-o-y



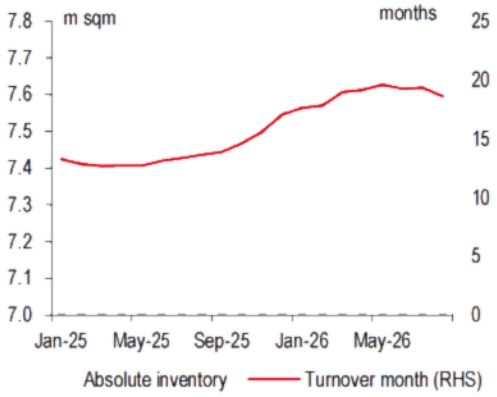
Source: CREIS, HSBC

Figure 7: Hangzhou new home GFA sold y-o-y



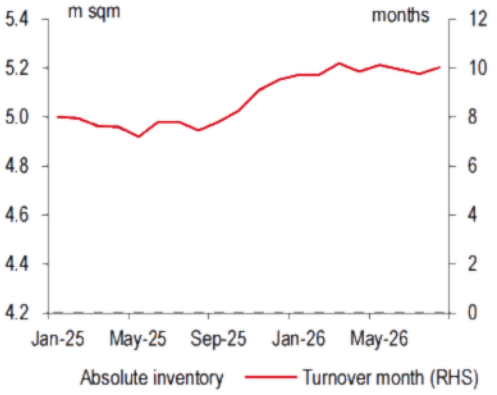
Source: CREIS, HSBC

Figure 8: Shanghai inventory turnover month starts to trend down



Source: PTI, HSBC

Figure 9: Shanghai inventory turnover month remains a healthy level



Source: PTI, HSBC

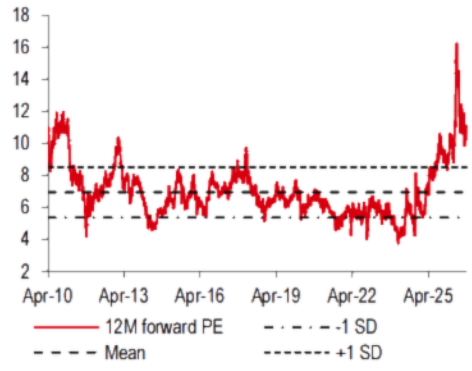
Figure 10: Valuation summary

Company	Ticker	Rating	Share Price (HKD)	Target Price (HKD)	Mkt Cap (USDbn)	3M ADTV (USDm)	NAV (HKD/sh)	(Disc)/ Prem (%)	PE (x) 2025a	PE (x) 2026e	PE (x) 2027e	Yield (%) 2026e	PB (x) 2025a	Net Gearing (%)
Property developers														
C&D Int'l	1908 HK	Buy	12.48	16.00	3.7	11.8	38.2	(67)	6.1	5.7	5.0	8.7	0.5	25
COLI	688 HK	Buy	12.46	16.20	17.4	45.2	24.9	(50)	8.9	9.8	9.1	3.8	0.3	33
CR Land	1109 HK	Buy	29.50	38.30	26.8	92.5	51.0	(42)	8.0	8.0	7.6	4.6	0.6	40
China Vanke	2202 HK	Reduce	2.26	2.50	5.5	10.7	5.9	(62)	n.m.	n.m.	n.m.	-	0.2	108
CIFI	884 HK	Hold	0.03	0.08	0.1	0.4	0.5	(94)	n.m.	n.m.	n.m.	-	0.0	81
Country Garden	2007 HK	Hold	0.16	0.30	0.9	7.9	1.9	(92)	1.1	n.m.	n.m.	-	n.m.	n.m.
China Jinmao	817 HK	Buy	1.14	1.60	2.0	11.2	4.3	(73)	18.7	19.2	17.9	2.3	0.3	70
Greentown China	3900 HK	Hold	5.41	6.10	1.8	10.1	14.1	(62)	n.m.	23.6	7.2	1.9	0.3	65
Longfor	960 HK	Hold	4.94	6.00	4.5	17.8	22.2	(78)	n.m.	n.m.	17.9	-	0.2	51
Seazen	1030 HK	Buy	1.36	1.90	1.3	3.9	6.5	(79)	21.4	15.3	7.3	-	0.2	62
Shenzhen Inv	604 HK	Hold	0.49	0.70	0.6	0.4	2.2	(78)	8.7	14.6	9.5	-	0.1	91
Yanlord (SGD)	YLLG SP	Hold	0.48	0.53	0.7	1.0	1.6	(71)	n.m.	12.7	11.9	-	0.2	34
Yuexiu	123 HK	Buy	2.98	3.90	1.5	4.1	11.2	(73)	39.3	21.4	12.1	1.8	0.2	66
Average								**(71)**	**14.0**	**14.5**	**10.6**	**1.8**	**0.3**	**60**
Property brokerage service providers														
KE Holdings (Beike) (USD)	BEKE US	Buy	17.08	23.50	19.7	75.4	n.a.	n.a.	25.3	14.2	12.1	2.8	2.0	net cash
Property managers														
COPL	2669 HK	Hold	3.19	4.30	1.3	2.6	n.a.	n.a.	5.6	5.3	5.0	6.0	1.3	net cash
CR Mixc	1209 HK	Hold	38.86	44.00	11.3	23.2	n.a.	n.a.	19.1	17.3	16.0	5.7	4.2	net cash
CG Services	6098 HK	Hold	4.98	6.40	2.1	4.0	n.a.	n.a.	5.6	5.3	4.9	11.2	0.4	net cash
Greentown Serv	2869 HK	Buy	3.97	5.10	1.6	1.3	n.a.	n.a.	12.1	10.9	10.0	6.5	1.3	net cash
Sunac Services	1516 HK	Hold	0.69	0.90	0.3	0.3	n.a.	n.a.	2.9	5.3	5.0	1.9	0.3	net cash
Average									**9.1**	**8.8**	**8.2**	**6.3**	**1.5**	

Note: Priced at close of 23 October 2026. NA – Not applicable/available. NM – Not meaningful.
Source: Bloomberg, HSBC estimates

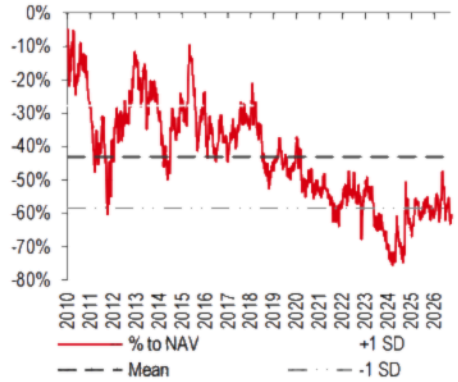
Valuation charts

Figure 11: SOE developers' forward PE (x)



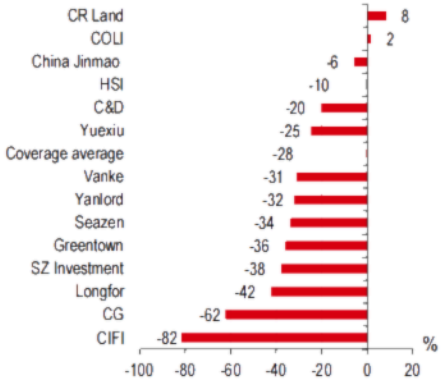
Source: The average forward PE multiples of COLI, CRL, Vanke, Greentown, Yuexiu, C&D Int'l, and Longfor are based on Bloomberg consensus.
Source: Bloomberg, HSBC estimates

Figure 12: SOE developers' NAV discount (%)



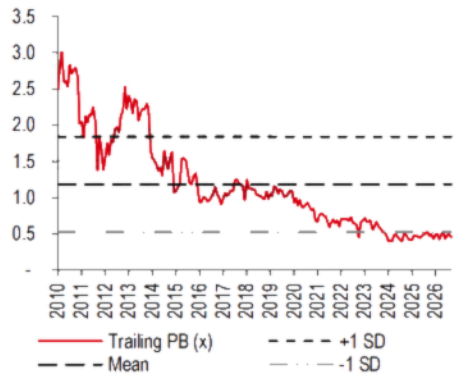
Source: Bloomberg, HSBC estimates

Figure 13: 2026 y-t-d share price performance



Note: Priced as of 23 October 2026.
Source: Bloomberg, HSBC

Figure 14: SOE developers' trailing PB (x)



Note. The average trailing PB multiples of COLI, CRL, Vanke, Greentown, Yuexiu, and C&D International are based on monthly data.
Source: Bloomberg, HSBC

Valuation and risks

		Valuation	Risks
CR Land 1109 HK **Buy**	Current price: HKD29.50 Target price: HKD38.30 Up/downside: +29.8%	**Methodology:** The NAV is calculated by adding up the gross asset values (GAVs) of development projects (DPs) and investment projects (IPs), then subtracting net debt, based on company reports. Our assignment of a target discount is on a relative basis; companies that share similar operational/financial strengths and execution track records should be assigned the same target discount. **Assumptions:** A NAV discount of 25%, set at 0.75 SD above the historical mean, is applied to our NAV per share estimate of HKD51.00 (all unchanged). We use a discount that is 0.75 SD above the historical mean in the valuation to reflect CR Land's increase in sales momentum, strong recurrent income, and solid execution track record. Our unchanged target price of HKD38.30 implies c30% upside; we therefore maintain our Buy rating on the stock. **Michelle Kwok*** | michellekwok@hsbc.com.hk | +852 2996 6918	**Downside risks** ◆ Inability to maintain sales momentum. ◆ Lower-than-expected margins. ◆ Any material slowdown in the shopping mall segment. ◆ Inability to maintain dividend stability. ◆ Uncertainties related to macroeconomic and property-specific policies.
COLI 688 HK **Buy**	Current price: HKD12.46 Target price: HKD16.20 Up/downside: +30.0%	**Methodology:** The NAV is calculated by adding up the gross asset values (GAVs) of development projects (DPs) and investment projects (IPs), then subtracting net debt, based on company reports. Our assignment of a target discount is on a relative basis; companies that share similar operational/financial strengths and execution track records should be assigned the same target discount. **Assumptions:** A NAV discount of 35%, set at 0.25 SD below the historical mean, is applied to our NAV per share estimate of HKD24.90 (all unchanged). We used a discount that is 0.25 SD below the historical mean to reflect delays in cash flows due to completed home sales reform and a risk-off sentiment within the sector. Our unchanged target price of HKD16.20 implies c30% upside; accordingly, we maintain our Buy rating on the stock based on its strong financial positions, robust high-end pipelines and exposure to leading cities. **Michelle Kwok*** | michellekwok@hsbc.com.hk | +852 2996 6918	**Downside risks** ◆ Slower sales momentum or land purchase. ◆ Lower-than-expected margins. ◆ Slower booking pace. ◆ Significant impairment loss. ◆ Macro uncertainties.
KE Holdings BEKE US **Buy**	Current price: USD17.08 Target price: USD23.50 Up/downside: +37.6%	**Methodology:** Price-to-earnings (P/E) multiple-based valuation. **Assumptions:** Target P/E multiple of 18x (unchanged), which is the 2026-27e average of mainland China Internet peers of KE Holdings, applied to our unchanged average 2026-27 non-GAAP EPS estimate of RMB8.76. We use a USD-RMB FX rate of 6.72 (unchanged) to derive our unchanged target price of USD23.50. Our target price implies c38% upside; accordingly, we maintain our Buy rating on the stock. **Secondary listing:** For the local shares (2423 HK, CMP HKD44.92), our TP of HKD61.10 (unchanged) is based on our USD-HKD rate of 7.80 (unchanged) and an ADS-to-Hong Kong–listed-share conversion ratio of 1:3 (unchanged). \ **Oliver Yu*** | oliver.y.o.x.yu@hsbc.com.hk | +852 2288 2050	**Downside risks:** ◆ Slower-than-expected property sales. ◆ Larger-than-expected home price decline. ◆ Slowing growth of new businesses. ◆ Correction in the US stock market. ◆ Macro and policy uncertainties.

Note: Priced at close of 23 October 2026.
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Source: Bloomberg, HSBC estimates