Asia Chart Alert

Economics - Asia ex-Japan

China: Developers' contract sales continued to decline in October

The targeted mortgage subsidy program might have driven a shift in demand to existing homes from new homes.

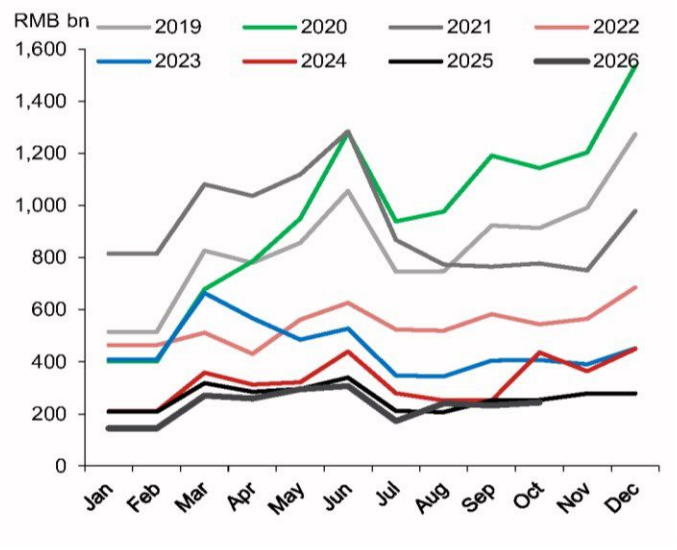
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Fig. 1: New home contract sales by value: top 100 developers



- Contract sales value for the top 100 developers fell by 3.9% y-o-y in Oct, from -3.8% in Q3, with its ytd growth at -10.4% y-o-y in Oct (2025: -19.3%). On city-level data, growth of new home sales by floor space in 20 major cities fell to -17.0% y-o-y in Oct from -10.7% in Sept. Of the 20 major cities, sales growth was at 2.0% y-o-y in tier-1, -30.3% in tier-2 and -12.0% in lower-tier cities, relative to their Sept readings of 6.9%, -19.4% and -16.3%. By contrast, growth in existing home sales volumes in a sample of 18 cities improved to 17.4% y-o-y in Oct from 6.7% in Sept.
- The contrast between new and existing home sales likely reflects the impact of the targeted mortgage *subsidy* program. This program mainly subsidizes purchases of low-priced homes, thus the more affordable existing homes are favored. Falling new home sales could continue to weigh on developers and local governments, as suggested by the recent credit risk event related to a local SOE that is heavily exposed to the property sector. We see no signs of a systemic credit crisis, but lingering colossal *inter-firm arrears* could continue to erode business confidence.

Note: January and February data are presented as the same value as an average of these two months to smooth out LNY distortions.
Source: CRIC, Wind, Nomura Global Economics.

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Appendix A-1

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