China Property

Deeper Declines In Property Investment And New Construction In Jul 26; Weak Consumption Weighs On Consumer C-REITs

Highlights

- The NBS published industry data for Jul 26, revealing weaker industry fundamentals, especially property investment. Tier 1 existing home prices kept rising, though at a slower pace.
- High frequency data for the first 16 days of Aug 26 showed demand still concentrated in Tier 1 cities. New-home sales in the four Tier 1 cities rose 16% yoy while Tier 2 cities fell 11%, leaving 19 major cities down 5% yoy. On a ytd basis (as of 16 August), Tier 1/2 cities changed by +3%/-8% yoy respectively. Second-hand transactions in three Tier 1 cities rose 9% yoy, with the gain still driven by Shanghai, while nine Tier 2 cities fell 4% yoy. Meanwhile, second-hand home listing prices continued to trend downward.
- Maintain UNDERWEIGHT. Our top picks are COLI and CR Mixc.

Analysis

- **Jul 26 NBS data: Property investment and starts worsen; sales decline moderates.** Property investment dropped 28.7% yoy in Jul 26, further worsening from Jun 26's decline of 26.0% yoy. New property construction declined 28.5% yoy in Jul 26, worsening from the drop of 26.0% yoy in Jun 26, while the decline in property completions narrowed to 20.0% yoy from 25.0% yoy. While the yoy decline in new home sales narrowed in Jul 26, with gross floor area (GFA) sold dipping 14.5% yoy in Jul 26 (vs a drop of 16.3% yoy in Jun 26) and the value of new-home sales falling 10.4% yoy in Jul 26 (vs a decrease of 15.5% yoy in Jun 26).

NBS Property Industry Data

YoY growth (%)	------------- Monthly reading -------------				--------------------- YTD ---------------------			
	Jul 26	Jun 26	May 26	Apr 26	7M26	6M26	5M26	4M26
Property investment	-28.7	-26.0	-24.9	-20.1	-19.2	-18.0	-16.2	-13.7
New start of property construction	-28.5	-26.0	-24.7	-27.1	-24.0	-23.4	-22.6	-22.0
Completion of property construction	-20.0	-25.0	-19.6	-19.0	-23.2	-23.7	-23.4	-24.0
GFA of new home sold	-14.5	-16.3	-14.1	-10.3	-11.8	-11.6	-10.8	-10.2
Value of new home sold	-10.4	-15.5	-9.8	-8.0	-13.1	-13.6	-13.5	-14.6
Fund source	-22.2	-25.0	-20.7	-21.5	-20.3	-20.2	-19.0	-18.4

Source: NBS, UOB Kay Hian

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UNDERWEIGHT (Maintained)

Segmental Rating

Segment	Rating
China Property	UNDERWEIGHT (Maintained)
Property management	UNDERWEIGHT (Maintained)

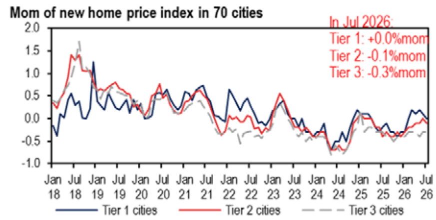
Source: Bloomberg, UOB Kay Hian

Sector Picks

Company	Ticker	Rec	Share Price (HK$)	Target Price (HK$)
COLI	688HK	BUY	13.42	19.88
CR Mixc	1209 HK	BUY	40.00	55.00

Source: Bloomberg, UOB Kay Hian

Mom Change Of New Home Prices In 70 Cities



Source: iFind, UOB Kay Hian

Peer Comparison

Company	Ticker	Rec*	Price 17 Aug 26 (HK$)	Target Price (HK$)	Upside To TP (%)	Last Year End	PE 2024 (x)	PE 2025F (x)	PE 2026F (x)	Yield 2025F (%)	ROE 2025F (%)	Market Cap. (HK$m)	Price/ NAV ps (x)
China Resources Land Ltd	1109 HK	BUY	33.96	39.60	16.6%	12/25	9.3	10.3	9.2	3.8	4.7%	242,166.7	0.70
China Overseas Land	688 HK	BUY	13.42	19.88	48.1%	12/25	9.7	10.9	10.1	3.7	2.7%	146,880.3	0.32
Longfor Properties	960 HK	BUY	6.48	10.12	56.3%	12/25	5.3	N.A.	N.A.	0.2	-1.9%	45,955.7	0.24
Yuexiu Property	123 HK	BUY	3.71	4.50	21.5%	12/25	49.3	51.9	40.9	1.0	0.5%	14,914.1	0.23
CR Mixc Lifestyle	1209 HK	BUY	40.00	55.00	37.5%	12/25	19.8	17.8	16.0	6.2	26.6%	91,300.0	4.8
China Overseas Property Holdings	2669 HK	BUY	3.37	4.20	24.6%	12/25	7.0	7.8	7.9	5.5	18.5%	11,066.9	1.4

Source: Bloomberg, UOB Kay Hian

- **Jul 26 NBS data: New home price momentum softened; Tier 1 secondary market recovery continued，led by Guangzhou.** In Jul 26, the new home price index in Tier 1/2/3 cities changed 0.0%/-0.1%/-0.3% mom, (vs +0.1%/0.0%/-0.3% mom in June), while the second-hand price index changed +0.2%/-0.3%/-0.4% mom, (vs +0.3%/-0.3%/-0.4% mom in June), respectively. Notably, Guangzhou led the Tier 1 cities in secondary-home price recovery in Jul 26. Second-hand home prices changed 0.0%/+0.3%/+0.4%/+0.2% mom in Beijing/Shanghai/ Guangzhou/Shenzhen, respectively.
- **Aug 26 high frequency data show that new-home sales grew yoy in Shanghai，Guangzhou and Shenzhen，while Shanghai was the only Tier 1 city in our sample to record positive yoy growth in secondary-home sales.**
  a) **New-home sales in 19 major cities fell 5% yoy in 1-16 Aug 26.** Average daily new-home sales in Tier 1/2 cities changed by +16%/-11% yoy respectively. Among Tier 1 cities, Beijing/Shanghai/ Guangzhou/Shenzhen recorded yoy sales changes of -17%/+34%/+15%/+16% respectively. On a ytd basis (as of 16 August), average daily new-home sales in 19 major cities fell 4% yoy, with Tier 1/2 cities changing by +3%/-8% yoy respectively. Among Tier 1 cities, Beijing/Shanghai/Guangzhou/Shenzhen recorded yoy sales changes of -2%/+7%/+2%/+2% respectively. Beijing showed the worst new-home sales performance among Tier 1 cities. Overall, Tier 1 momentum into Aug 26 rests on Shanghai and Guangzhou, which suggests the recovery remains narrow.
  b) **During 1-16 Aug 26，average daily sales of second-hand homes in three Tier 1 cities rose 9% yoy while nine Tier 2 cities fell 4% yoy.** Beijing/Shanghai/Shenzhen changed by -3%/+21%/0% yoy respectively, against +12%/+19%/+4% yoy in Jul 26 – Shanghai remains the only one of the three still growing. On a ytd basis (as of 16 August), three Tier 1 cities rose 10% yoy while nine Tier 2 cities fell 5% yoy; Beijing/Shanghai/Shenzhen rose 6%/14%/3% yoy respectively. Overall, Tier 1 second-hand demand is still led by Shanghai, and we see no sign of the recovery spreading to Tier 2 cities.
  c) **Overall price trends remained on a downward trajectory.** According to the ICE Index updated on 16 August, average listing prices of second-hand homes in 100 major cities fell 0.1% wow and 0.5% mom. Among the four Tier 1 cities, the listing price index of Beijing/Shanghai/Guangzhou/Shenzhen fell 0.1%/0.1%/0.1%/0.1% wow, changed by -0.7%/-0.1%/-0.7%/-0.3% mom, and changed by -3.0%/+1.4%/-2.8%/-1.6% ytd respectively. Notably, Shanghai's listing price momentum also turned negative, with all four Tier 1 cities now recording declines in listing prices.

1-16 Aug 26 Daily New-Home Sales (GFA) Of Key Cities
(Cities with relatively better yoy performance are highlighted in yellow)

GFA	T1 cities				T2 cities					
(000 sqm)	BJ	SH	GZ	SZ	Wuhan	Qingdao	Suzhou	Fuzhou	Chengdu	Nanning
1-16 Aug 25	11	21	15	5	19	28	6	3	20	12
1-31 Jul 26	12	30	17	9	30	31	7	6	21	13
1-16 Aug 26	9	28	17	5	23	28	4	4	13	8
YoY	-17%	34%	15%	16%	20%	-1%	-24%	72%	-37%	-36%
MoM	-26%	-7%	-1%	-41%	-22%	-11%	-44%	-31%	-39%	-42%

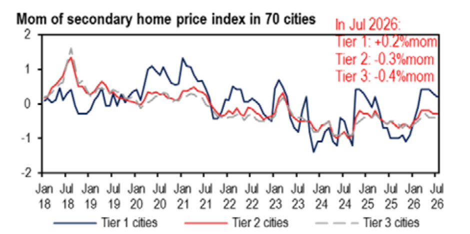
Source: iFind, UOB Kay Hian

1-16 Aug 26 Daily Secondary-Home Transactions (In Units) Of 12 cities
(Cities with relatively better yoy performance are highlighted in yellow)

Units	SH	BJ	SZ	HZ	NJ	QD	Suzhou	Wuxi	DG	XM	CD	FS
1-16 Aug 25	600	449	163	147	247	149	144	98	96	75	611	234
1-31 Jul 26	744	525	194	158	284	179	201	114	143	94	658	290
1-16 Aug 26	726	434	163	142	246	132	150	86	124	83	533	241
YoY	21%	-3%	0%	-3%	0%	-12%	4%	-12%	29%	10%	-13%	3%
MoM	-3%	-17%	-16%	-10%	-13%	-26%	-25%	-24%	-14%	-12%	-19%	-17%

Source: iFind, UOB Kay Hian

Mom Change Of Secondary Home Prices In 70 Cities



Source: iFind, UOB Kay Hian

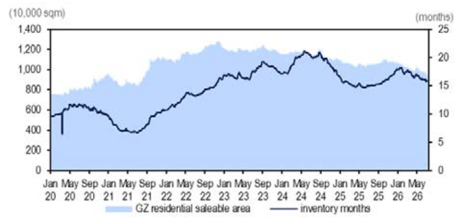
Beijing's Inventory Months

Source: UOB Kay Hian

Shanghai's Inventory Months

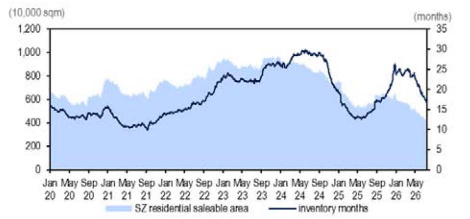
Source: UOB Kay Hian

Guangzhou's Inventory Months



Source: UOB Kay Hian

Shenzhen's Inventory Months



Source: UOB Kay Hian

- **Weak consumption weighs on consumer C-REITs.** The 14 listed consumer-infrastructure C-REITs carry a combined asset valuation of Rmb40.1b and an average TTM distribution yield of 4.3%. Price performance has been weighed by weak consumption - all 14 fell over the past month (average -4.9%), and the 12 listed before 2026 are down 10.6% on average over the past year. ChinaAMC Capital Outlets (-0.9%) and ChinaAMC Jinmao (-4.9%) held up best, while ChinaAMC CapitaLand (-16.9%) and Harvest Wumart (-16.4%) lagged; Guotai Haitong Sasseur is the only one up on the year (+13.3%) but was listed only in Jun 26.

Consumer Infrastructure C-Reits

REIT	Code	Listed	Closing price	NAV/ unit (Rmb)	Yield TTM* (%)	Yield estimated (%)	Valuation (Rmb m)	Turnover (Rmb m)	1M (%)	1Y (%)
ChinaAMC CR Commercial REIT	180601.SZ	2024-02	9.22	6.38	4.0	5.27	8,150	14.5	-3.1	-6.1
Guotai Haitong Sasseur Commercial REIT	508602.SH	2026-06	6.27	5.53	n.a.	5.65	5,028	3.1	-3.0	13.3
CICC SCPG Consumption REIT	180602.SZ	2024-04	3.62	3.04	4.8	5.05	3,959	4.0	-7.5	-12.9
China Universal Shanghai Land Commercial REIT	508600.SH	2026-06	3.57	4.09	n.a.	4.47	3,689	2.1	-0.0	-12.7
ChinaAMC Joy City Consumption REIT	180603.SZ	2024-09	4.20	3.17	4.4	5.36	3,247	4.8	-5.7	-8.6
CICC Vipshop Outlets REIT	508082.SH	2025-08	3.74	3.48	n.a	5.65	2,901	8.4	-8.7	-11.5
ChinaAMC CapitaLand Consumption REIT	508091.SH	2025-09	5.42	5.75	n.a	4.84	2,557	2.0	-4.6	-16.9
Hua An Bailian Consumption REIT	508002.SH	2024-07	2.54	2.20	5.6	5.57	2,125	9.1	-4.2	-15.7
ChinaAMC Capital Outlets REIT	508005.SH	2024-08	3.94	2.46	4.3	4.14	2,032	6.4	-5.1	-0.9
CICC China Green Development Consumption REIT	180606.SZ	2025-06	3.65	3.19	4.5	5	1,530	0.5	-0.1	-12.2
E Fund Huawei Food Market REIT	180605.SZ	2025-01	4.06	2.93	4.1	5.55	1,482	5.8	-8.5	-14.7
ChinaAMC COLI Consumption REIT	180607.SZ	2025-10	5.21	5.29	n.a	5.02	1,290	0.6	-6.5	-6.8
ChinaAMC Jinmao Consumption REIT	508017.SH	2024-01	3.61	2.51	4.1	6.68	1,065	2.8	-5.7	-4.9
Harvest Wumart Consumption REIT	508011.SH	2024-01	3.33	2.31	5.3	4.92	1,030	3.5	-5.2	-16.4
Average / total (14)					4.3	5.23	2,863	4.8	-4.9	-9.1

Source: iFinD, UOB Kay Hian
Note: Yield TTM n.a.= Has not paid dividends for a full year yet.*

Valuation/Recommendation

- **Maintain UNDERWEIGHT on China's property sector.** We expect more local governments – and potentially central government ministries – to introduce additional supportive policies, following Beijing's lead. Besides, Beijing is enforcing stricter Hukou policies than other Tier 1 cities. We see potential room for further easing in this area. Our top picks are COLI and CR Mixc.

Sector Catalyst/Risk

- Stronger-than-expected fiscal and monetary easing.