

China Property

Second-hand Sales Outperform New-Home Sales In Sep 26; Tier 1 Cities Property Transactions Rebound In Oct 26

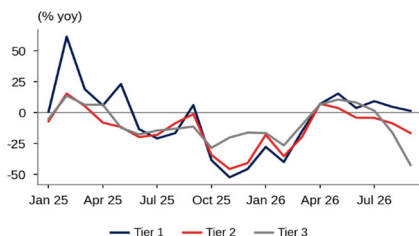
Highlights

- New-home sales growth slowed in Sep 26, while second-hand sales remained more resilient. The 14-city average rental yield rose further by 0.12ppt yoy to 2.59% as prices fell faster than rents. Land market sentiment continues to be concentrated in Tier 1 cities, with land sales in 300 cities/Tier 1 cities dropping 21% yoy and rising 14% yoy respectively in 9M26.
- Property transactions in Oct 26 thus far are encouraging, with Tier 1 new-home and second-hand sales rising 44%/54% yoy respectively. This could possibly be due to the mortgage rate subsidy. The overall price trends remain on a downward trajectory.
- Maintain UNDERWEIGHT on the sector. Top picks are COLI and CR Mixc.

Analysis

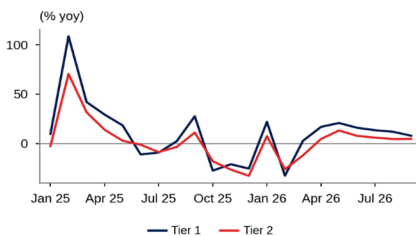
- In Tier 1 cities, new-home sales growth moderated in Sep 26 despite Beijing's post-easing rebound.** According to Puri, residential GFA sold in Tier 1 cities rose 1.5% yoy in Sep 26, down from +4.7% in Aug 26, while residential GFA sold in Tier 2/3 cities fell 16.4%/42.3% yoy respectively. We attribute part of the slowdown to the high base, as Tier 1 sales rose 6.2% yoy in Sep 25 after falling 16.5% in Aug 25. In Sep 26, residential GFA sold in Beijing /Shanghai/ Guangzhou/Shenzhen sales changed by +29.6%/-11.3%/-8.3%/+1.2% yoy respectively, with Beijing's up 46.5% mom in its first full month after the 7 August easing. In 9M26, GFA sold fell 3.4%/10.1%/8.4% yoy in Tier 1/2/3 cities respectively.
- Second-hand sales growth is relatively stronger than new-home sales.** According to iFind, second-hand sales in three Tier 1 cities and seven Tier 2 cities rose 7.9%/4.7% yoy respectively in Sep 26, against +11.9%/+4.5% yoy in Aug 26. We attribute the slowdown in Tier 1 cities mainly to the high base, as Sep 25 sales rose 27.6% yoy. Second-hand sales in Shanghai (+15.7% yoy) grew for the seventh consecutive month, while that in Beijing (+0.8%) and Shenzhen (-2.5%) lagged. In 9M26, second-hand sales rose 9.3%/1.3% yoy in Tier 1/2 cities respectively.

Monthly New-Home Sales (GFA) By City Tier, yoy



Source: Puri, UOB Kay Hian

Monthly Second-Hand Home Sales, Three Tier 1 vs Seven Tier 2 Cities, yoy



Source: iFind, UOB Kay Hian

Peer Comparison

Company	Ticker	Rec	Price	Target	Upside	Last Year End	PE			Yield 2027F (%)	ROE 2026F (%)	Market Cap. (HK\$m)	Price/NAV ps (x)
			12-Oct-26 (HK\$)	Price (HK\$)	To TP (%)		2025 (x)	2026F (x)	2027F (x)				
China Resources Land Ltd	1109 HK	BUY	29.40	39.60	34.7	12/2025	8.0	8.9	8.0	4.4	4.7	209,649.6	0.60
China Overseas Land	688 HK	BUY	12.86	19.88	54.6	12/2025	9.3	10.4	9.7	3.8	2.7	140,751.2	0.31
Longfor Properties	960 HK	BUY	5.30	8.76	65.4	12/2025	4.3	N.A.	N.A.	0.2	-1.9	37,580.7	0.20
Yuexiu Property	123 HK	BUY	3.29	4.50	36.8	12/2025	43.8	46.1	36.4	1.1	0.5	13,243.5	0.21
CR Mixc Lifestyle	1209 HK	BUY	36.98	55.00	48.7	12/2025	18.3	16.5	14.8	6.7	26.6	84,406.9	4.46
China Overseas Property Holdings	2669 HK	BUY	3.23	4.20	30.0	12/2025	6.7	7.4	7.5	5.7	18.5	10,607.2	1.39

Source: Bloomberg, 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	688 HK	BUY	12.86	19.88
CR Mixc	1209 HK	BUY	36.98	55.00

Source: Bloomberg, UOB Kay Hian

- **Rental yields kept edging up as prices fell faster than rents.** According to CREIS and CityRE, the 14-city average rental yield was 2.59% in Sep 26, up 0.12ppt yoy, with Tier 1/2 cities at 2.12%/2.78% respectively. Average rents fell 3.8% yoy but rose 2.9% ytd. Shenzhen (1.71%) is the only Tier 1 city whose yield fell yoy. The 1ppt central interest subsidy reduces the rate on eligible first-home mortgages to about 2.05% (during the first five years of the loan term), below the Tier 2 average yield, and we expect this to draw more investment-oriented buying into Tier 2 cities.
- **Land sales cooled after the 28 August sales reform, except in Tier 1 cities.** According to CREIS, residential land sales in 300 cities fell 19.7% yoy to Rmb167.8b in Sep 26 and fell 21% yoy to Rmb1,055.4b in 9M26; the average premium fell 3.7ppt qoq to 8.3% in 3Q26. Tier 1 land sales fell 11% mom to Rmb52.8b in Sep 26 but rose about 14% yoy to Rmb299.3b in 9M26, led by Guangzhou (+171%) and Shanghai (+22%). Developers have favoured smaller sites with faster turnover, such as the Shenzhen Futian site that was sold at a 125% premium, while SOEs acquired most large sites at reserve prices. In addition, national inventory fell 0.9 months yoy to 24.8 months of sales in Aug 26.
- **Tier 1 cities saw strong growth in both new-home and second-hand sales during 1-11 Oct 26, but prices remained under pressure.** Against the same days of 2025, new-home sales rose 44% yoy in four Tier 1 cities and fell 3% yoy in nine Tier 2 cities, and second-hand sales rose 54% yoy in three Tier 1 cities. The 2026 Golden Week was during 1-7 October, and was one day shorter than in 2025 (1-8 Oct 25); 8 Oct 26 was a working day this year but a holiday last year.
 - a) New-home sales in 19 major cities rose 11% yoy during 1-11 Oct 26, with Beijing/Shanghai/Guangzhou/Shenzhen sales respectively up 116%/27%/21%/4% yoy. On a ytd basis, 19 major cities saw sales fall 3% yoy.
 - b) Second-hand sales rose 54% yoy in three Tier 1 cities and 26% yoy in seven Tier 2 cities during 1-11 Oct 26. Shanghai/Beijing/Shenzhen sales rose 78%/29%/20% yoy respectively. On a ytd basis, three Tier 1 cities' sales rose 10% yoy.
 - c) **Overall price trends remained on a downward trajectory.** According to the ICE Index updated on 11 Oct 26, average listing prices of second-hand homes in Tier 1 cities fell 0.1% wow and 0.3% mom. Among the four Tier 1 cities, second-hand home prices in Beijing/Shanghai/Guangzhou/Shenzhen have decreased by 0.1%/0.1%/0.1%/0.3% wow and changed by -4.3%/+1.6%/-4.5%/-2.1% ytd respectively; Shanghai leads Tier 1 cities in both monthly and ytd readings.

1-11 Oct 26 Daily New-Home Sales (GFA) Of Key Cities (yoy vs 1-11 Oct 25) (Cities with relatively better yoy performance are highlighted in orange)

GFA	T1 cities				T2 cities					
(000 sqm)	BJ	SH	GZ	SZ	Wuhan	Qingdao	Suzhou	Fuzhou	Chengdu	Nanning
Oct 25	8	12	12	3	21	17	3	1	8	6
Oct 26	17	15	14	3	18	16	4	1	6	6
YoY	116%	27%	21%	4%	-13%	0%	5%	11%	-25%	-14%

Source: iFind, UOB Kay Hian

1-11 Oct 26 Daily Second-Hand Home Transactions (Units) Of 12 Cities (vs 1-11 Oct 25) (Cities with relatively better yoy performance are highlighted in orange)

Units	SH	BJ	SZ	HZ	NJ	QD	Suzhou	Wuxi	DG	XM	CD	FS
Oct 25	288	169	77	68	226	84	43	48	45	28	873	79
Oct 26	514	218	92	98	293	82	55	n.a.	57	23	232	113
YoY	78%	29%	20%	45%	30%	-3%	26%	n.a.	25%	-19%	n.m.	43%

Source: iFind, UOB Kay Hian

Residential Rents And Rental Yields

Sep 26	Rent (Rmb/sqm /mth)	Rent yoy	Yield (%)	Yield yoy (ppt)	Yield ytd (ppt)
Beijing	88.12	-4.6%	2.28	+0.11	+0.19
Shanghai	90.55	-0.3%	2.11	+0.06	+0.14
Guangzhou	49.84	-5.1%	2.37	+0.06	+0.13
Shenzhen	79.82	-5.4%	1.71	-0.02	+0.00
Tier 1 avg	77.08	-3.7%	2.12	+0.05	+0.12
Tier 2 avg	30.99	-3.8%	2.78	+0.15	+0.24

Source: CREIS, CityRE, iFind, UOB Kay Hian. Two-source average; Tier 2 = 10 cities.

Residential Land Sales – Tier 1 Cities And 300 Cities

City	Sep 26 sales (Rmb b)	Aug 26 sales (Rmb b)	Sep 26 premium	9M26 sales (Rmb b)	9M26 sales yoy	9M26 GFA yoy
Shanghai	28.8	22.6	10%	126.2	+22%	+7%
Beijing	11.0	24.7	13%	82.4	-27%	-10%
Guangzhou	10.4	11.8	12%	57.5	+171%	+74%
Shenzhen	2.6	0.0	125%	33.2	+36%	+33%
Tier 1 total	52.8	59.1	—	299.3	+14%	+14%
300 cities	167.8	142.3	8.3%*	1,055.4	-21%	-23%

Source: CREIS, UOB Kay Hian. *3Q26 average premium.

Valuation/Recommendation

- **Second-hand market outperformance to benefit property management (PM) companies; maintain UNDERWEIGHT on China property and PM segments.** We expect the second-hand property market to continue outperforming the new-home market, supported by mortgage rate subsidies that primarily benefit smaller units, which account for a larger share of second-hand transactions. Meanwhile, presale reforms are likely to slow the pace of new-project launches. These trends should benefit PM companies with exposure to real estate agency and renovation businesses. Our top picks are COLI and CR Mixc.
- **CR Mixc (1209 HK)** is expected to see a resilient performance during the National Day Holiday. We expect CR Mixc's malls to record total tenant sales growth in the teens and mid-single-digit same-store sales growth during the 2026 National Day holiday. Overall, its malls continue to demonstrate strong competitiveness within the industry.
- **COLI's (688 HK) Sep 26 contracted sales fell 22.8% yoy, but 9M26 sales were still up 6.2% yoy.** In Sep26/9M26, contracted sales changed by -22.8% yoy/+6.2% yoy to Rmb15.58b/Rmb181.04b, respectively. In 9M26, COLI's attributable land premium fell 26.7% yoy to Rmb56.15b. With contracted sales still growing yoy in 9M26, COLI remains our top pick.

Sector Catalyst/Risk

- Stronger-than-expected fiscal and monetary easing.

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