China Property

UNDERWEIGHT
(Maintained)

Housing Sales Maintain Positive YOY Growth In Early-July, While Home Prices Continue To Decline

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Highlights

- During the first two weeks of July, both new-home sales and second-hand home transactions across core cities saw a seasonal mom slowdown while maintaining a positive yoy growth. Meanwhile, overall housing prices continued to trend downward.
- All four Tier 1 cities have seen continuous declines in inventory months since Mar 26, mainly due to the ongoing reduction in saleable GFA.
- Maintain UNDERWEIGHT. Our top picks are COLI and CR Mixc.

Analysis

- **High-frequency data for the first two weeks of Jul 26** showed that new-home sales and second-hand home transactions across core cities saw a seasonal mom slowdown while maintaining a positive yoy growth. Meanwhile, overall housing prices continued to trend downward.
  a) New-home sales in 19 major cities grew 23% yoy and decreased 10% mom in the first two weeks of Jul 26. In Tier 1/2 cities, average daily sales increased 24%/15% yoy respectively, accelerating from the previous week. Beijing/Shanghai/Guangzhou/Shenzhen saw their new-home sales change by +22%/+37%/-5%/+86% yoy respectively in the first two weeks of Jul 26.
  b) Average daily sales of second-hand homes (by number of units) in three Tier 1 cities and nine Tier 2 cities rose 17% and 12% yoy respectively. Beijing/Shanghai/Shenzhen saw their average daily second-hand home sales jump 16%/23%/2% yoy respectively in the first two weeks of Jul 26.
  c) According to the ICE Index updated on 12 July, 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%/0.0%/0.2%/0.1% wow, changed by -0.5%/+0.1%/-0.5%/-0.2% mom, and has changed by -2.3%/+1.7%/-2.6%/-0.9% ytd respectively. Shanghai continues to lead in second-hand home listing prices.

Segmental Rating

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

Source: UOB Kay Hian

Sector Picks

Company	Ticker	Rec	Share Price (HK$)	Target Price (HK$)
COLI	688HK	BUY	13.10	19.57
CR Mixc	1209 HK	BUY	37.86	55.00

Source: Bloomberg, UOB Kay Hian

July 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
Jul 25	13	24	24	6	27	31	6	10	22	15
Jun 26	18	35	24	13	48	36	12	7	23	12
Jul 26	16	32	23	11	30	33	12	5	24	16
yoy	22%	37%	-5%	86%	10%	5%	92%	-45%	10%	10%
mom	-9%	-7%	-5%	-21%	-36%	-10%	-4%	-24%	6%	36%

Source: iFind, UOB Kay Hian

Peer Comparison

Company	Ticker	Rec	Price 13 Jul 26 (HK$)	Target Price (HK$)	Upside To TP (%)	Last Year End	PE 2025A (x)	PE 2026E (x)	PE 2027E (x)	Yield 2027E (%)	ROE 2026E (%)	Market Cap. (HK$m)	Price/ NAV ps (x)
China Resources Land Ltd	1109 HK	BUY	32.70	42.40	29.7%	12/25	9.4	9.2	8.7	4.2	5.2%	233,181.7	0.70
China Overseas Land	688 HK	BUY	13.10	19.57	49.4%	12/25	10.0	10.2	9.8	4.0	3.2%	143,378.0	0.33
Longfor Properties	960 HK	BUY	6.30	10.95	73.8%	12/25	5.5	N.A.	N.A.	3.7	-0.9%	44,713.6	0.25
Yuexiu Property	123 HK	BUY	3.49	4.80	37.5%	12/25	48.9	30.2	30.5	1.3	0.3%	14,048.6	0.23
CR Mixc Lifestyle	1209 HK	BUY	37.86	55.00	45.3%	12/25	19.8	17.9	16.0	6.2	26.6%	86,415.5	4.8
China Overseas Property Holdings	2669 HK	BUY	3.34	4.60	37.7%	12/25	7.3	7.2	7.1	6.1	20.5%	10,968.4	1.5

Source: UOB Kay Hian

Jul 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
Jul 25	625	463	197	168	260	160	157	114	120	85	692	213
Jun 26	839	625	212	178	314	189	220	137	141	109	730	252
Jul 26	768	537	201	161	292	189	198	117	136	100	656	297
yoy	23%	16%	2%	-4%	12%	18%	26%	2%	14%	17%	-5%	39%
mom	-8%	-14%	-5%	-10%	-7%	0%	-10%	-15%	-4%	-8%	-10%	18%

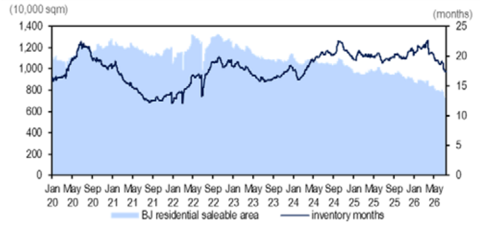
Source: iFind, UOB Kay Hian

- **All four Tier 1 cities have seen continuous declines in inventory months since Mar 26,** mainly due to the ongoing reduction in saleable GFA. As of 12 Jul 26, saleable GFA in Beijing/Shanghai/Guangzhou/Shenzhen changed by +1.9%/-24.6%/-10.4%/-25.2% yoy, respectively. In Shanghai, stronger new-home sales also contributed to the decline in inventory months.
- **Maintain UNDERWEIGHT on China's property sector.** We think that the recent stabilisation in the property markets of Tier 1 cities is still policy-driven, and that it is too early to conclude that the market has already reached a definitive bottom. The unchanged five-year loan prime rates and continued tight fiscal policy for the property sector reinforce expectations that additional broad-based policy easing is unlikely in the near term. We will continue to monitor market developments closely.
- **Our top pick for the property segment is COLI,** an SOE developer with a strong pipeline and a 12% yoy growth in its 1H26 sales. It is trading at a low valuation of 0.31x 2026F P/B (1SD below mean), 3.9% 2026 dividend yield (near mean) and 9.5x 2026F PE (0.2SD above mean).
- **Our top pick for the property management segment is CR Mixc,** for its strong recurring cash flow and margin resilience, supported by high-end commercial properties. It is trading at 16.0x 2026F PE (near mean) with a 6.2% dividend yield (1SD above mean).

Sector Catalyst/Risk

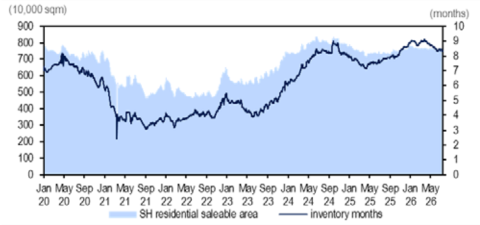
- Stronger-than-expected fiscal and monetary easing.

Beijing's Inventory Months



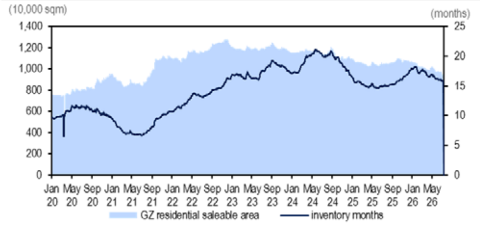
Source: iFind, UOB Kay Hian

Shanghai's Inventory Months



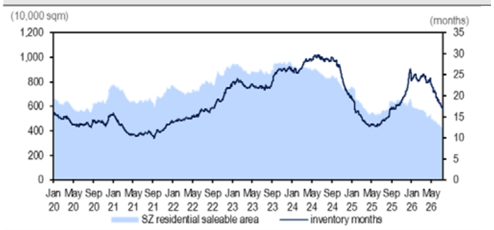
Source: iFind, UOB Kay Hian

Guangzhou's Inventory Months



Source: iFind, UOB Kay Hian

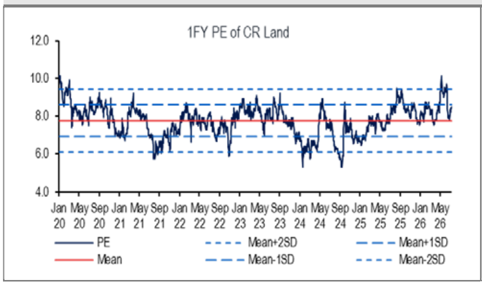
Shenzhen's Inventory Months

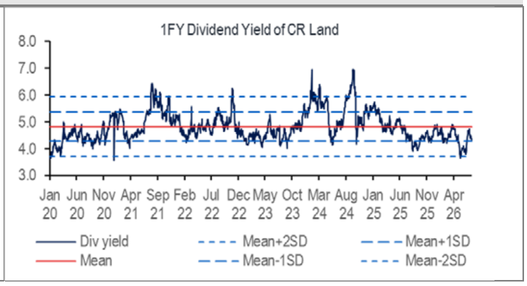


Source: iFind, UOB Kay Hian

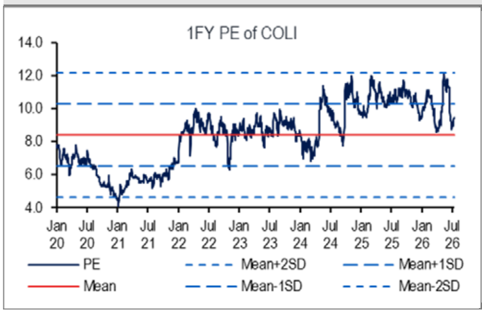
One-Year Forward Valuation

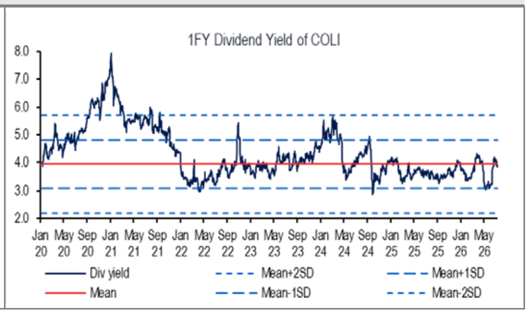
CR Land-PE	CR Land-P/B	CR Land-Dividend Yield



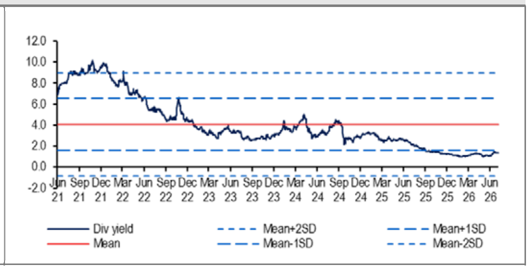


COLI-PE	COLI-P/B	COLI-Dividend Yield

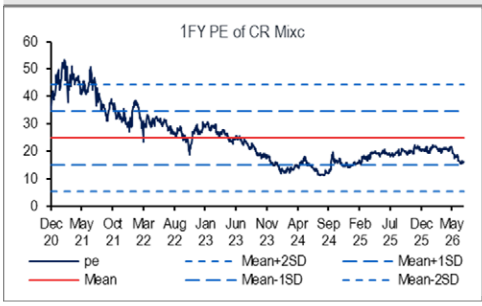


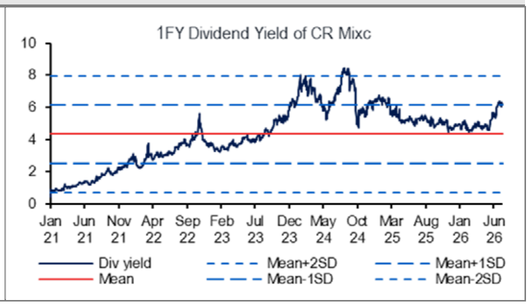


Longfor-P/B	Yuexiu Property-P/B	Yuexiu Property-Dividend Yield

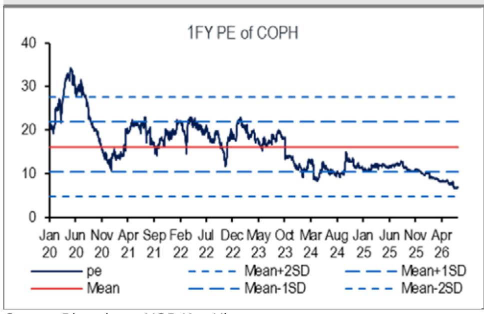


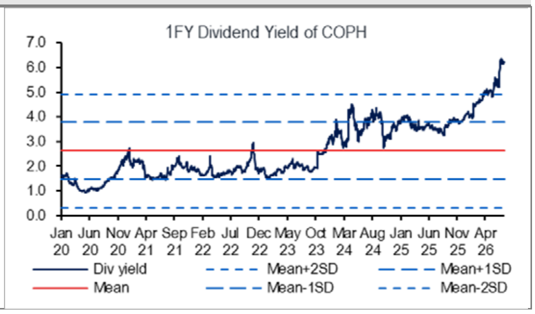
CR Mixc-PE	CR Mixc-P/B	CR Mixc-Dividend Yield





COPH-PE	COPH-P/B	COPH-Dividend Yield





Source: Bloomberg, UOB Kay Hian