



China Real Estate: 2026 Q1

Even with softer new home sales, housing prices appear to be stabilizing.



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Morningstar Equity Research

Jeff Zhang, CFA
Equity Analyst, China Real Estate

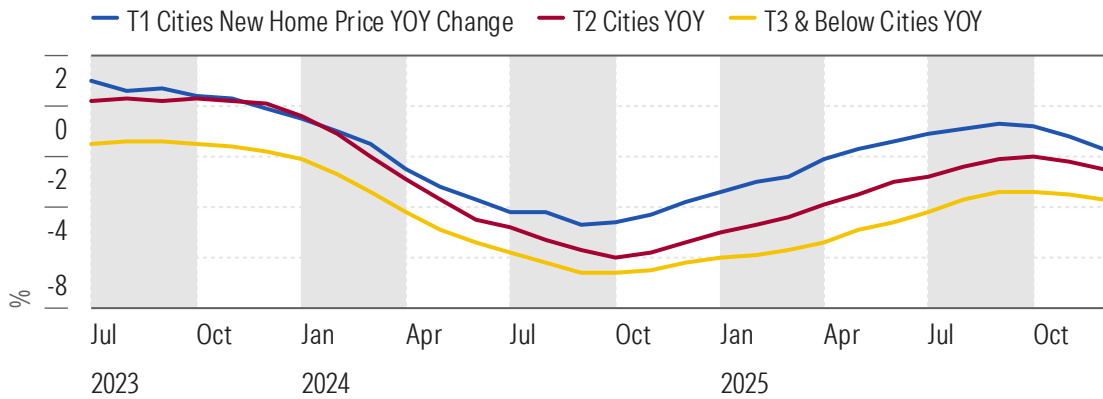
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Executive Summary

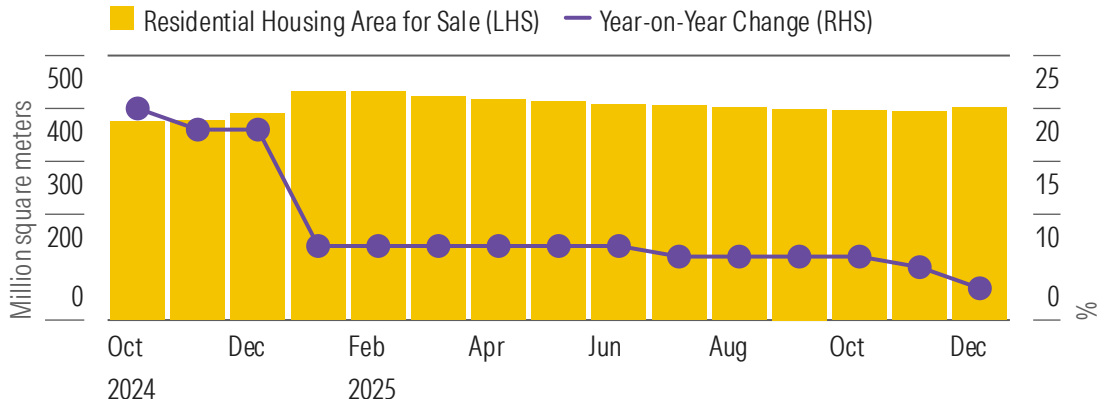
Despite the decline in property sales and prices, we anticipate a turnaround in 2027.

Revitalized Demand Expected in 2027 Despite Subdued Property Sales and Prices

Anemic Demand Suppresses New Home Prices in Q4 2025



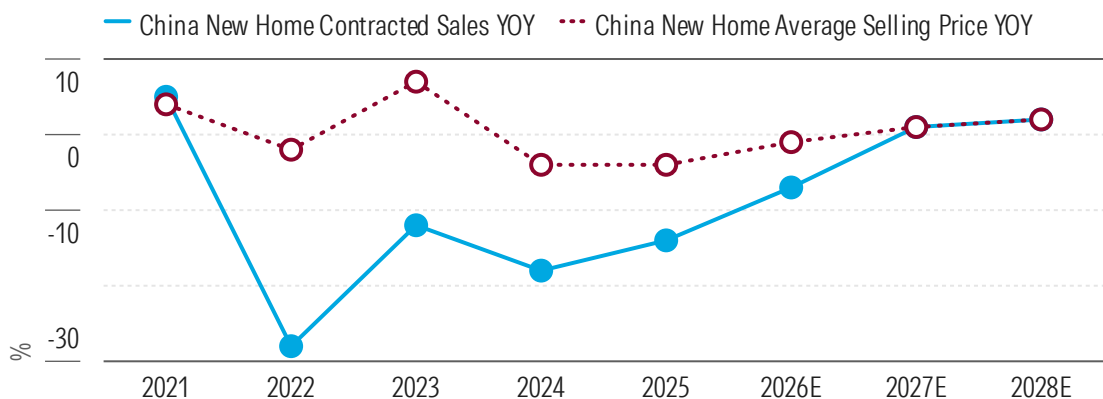
Property Inventory Hike Continues to Ease as Absorption Accelerates



Supportive Policies Reaffirmed by Large Cities and the Fourth Plenum

Time	Authorities	Policy Summaries
Dec 2025	Central Economic Work Conference by Politburo	1) Stabilize the real estate market and control the volume of new properties; 2) Encourage local authorities to absorb home inventory and convert to affordable housing; 3) Improve the housing quality and transition to the new model of development
Dec 2025	Beijing Government	1) Reduce social security payment duration requirement to two years from three years for nonlocal residents to buy properties within the Fifth Ring; 2) Remove the gap between first and second home for mortgage rates
Dec 2025	Ministry of Finance, State Taxation Administration	Exempt value-added taxes for properties sold after two years of purchase, and lower value-added tax rate to 3% from 5% for properties sold within two years of purchase
Jan 2026	Ministry of Housing and Urban Rural Development and others	Residents that sell self-owned properties between January 2026 and December 2027 and purchase new homes within one year following the sale will be eligible for full refund of the income tax paid for the properties sold

We Expect a Mild Rebound in Home Sales and Average Prices in 2027



Sources: National Bureau of Statistics, Morningstar (top left); NBS, China Real Estate Information Corporation, Morningstar (top right); China government websites, People's Bank of China, Morningstar (bottom left); NBS, Morningstar (bottom right). Data as of Feb. 3, 2026.
Note: Tier 1 and Tier 2 cities represent higher-tier and wealthier cities in China.

See Important Disclosures at the end of this report.

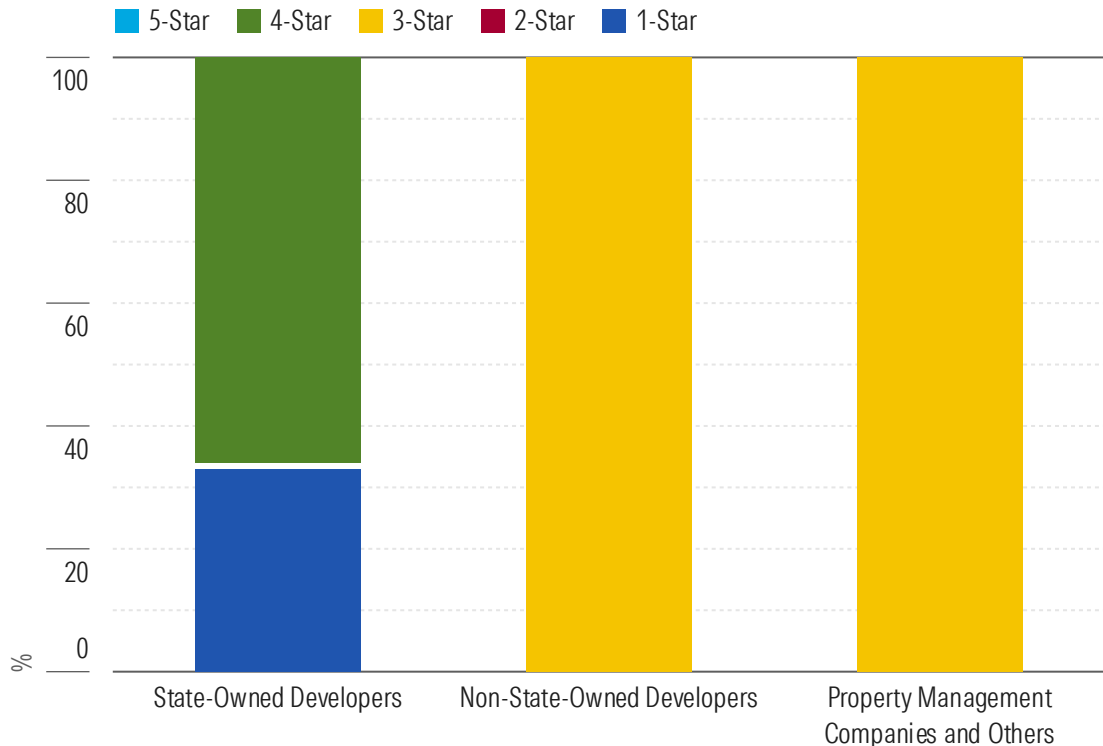
Valuations of Top State-Owned Builders Remain Attractive

Major Chinese developers' price/book ratios remained largely stable in the fourth quarter of 2025 compared with average levels over 2024-25, as market concerns over the sector's fundamentals eased. That said, we think a meaningful rerating will require a longer cycle to materialize. We view the shares of state-controlled China Overseas Land and Investment and CR Land as underpriced, supported by an optimistic outlook for their long-term property sales. Meanwhile, debt-ridden China Vanke's valuation remains vulnerable to headwinds that could affect its financial health.

Price/Book Ratios Stabilize as Investor Concerns Over the Sector Ease



Top State-Owned Developers' Shares Stay Undervalued



Sources: Companies, Morningstar (left); Morningstar (right). Data as of Feb. 3, 2026.

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Despite Sector Downturn, Top State-Owned Builders Maintain Financial Soundness

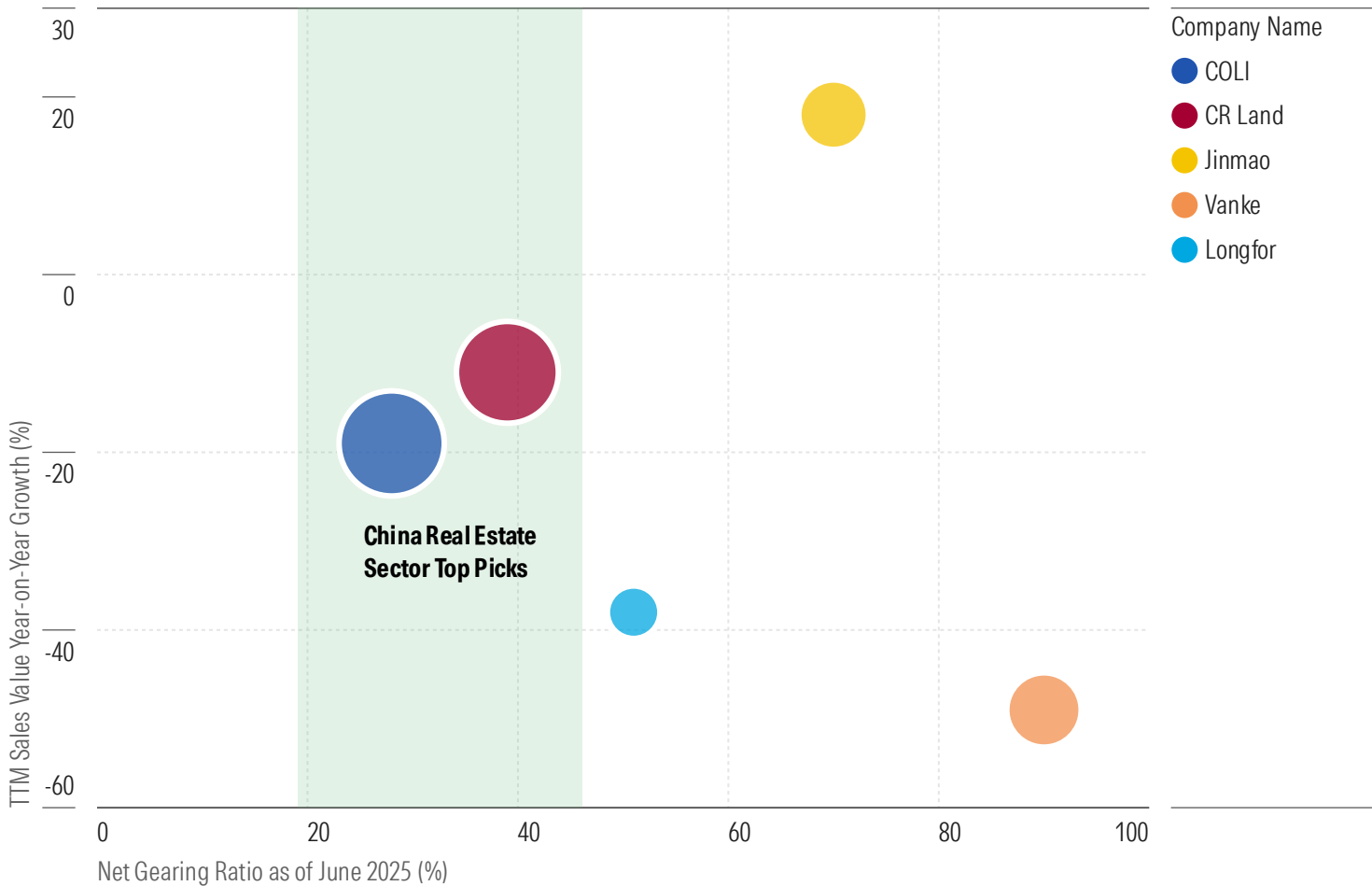
State-Owned Developers Lead in Sales Growth

While contracted sales of most developers declined in 2025, state-owned developers—China Overseas Land & Investment, China Resources Land, and China Jinmao—proved more resilient than non-state-owned peers, thanks to stronger liquidity and higher-quality projects. We expect state-owned builders to continue absorbing most prime-location land parcels in wealthy cities.

COLI and CR Land Are Still Our Top Picks

Despite a 10%-20% decline in contracted sales at COLI and CR Land, we prefer both stocks given their healthy balance sheets and improving asset quality. Although Jinmao delivered impressive sales growth in 2025, we believe its elevated net gearing ratio could constrain shareholder value. Meanwhile, non-state-owned developers—China Vanke and Longfor—continue to face a sharp decline in home sales.

State-Controlled Developers COLI and CR Land Have Healthy Balance Sheets



Sources: Companies, Morningstar. Data as of Feb. 3, 2026.
Note: Bubble size stands for weighted average percentage of the trailing 12-month sales value.

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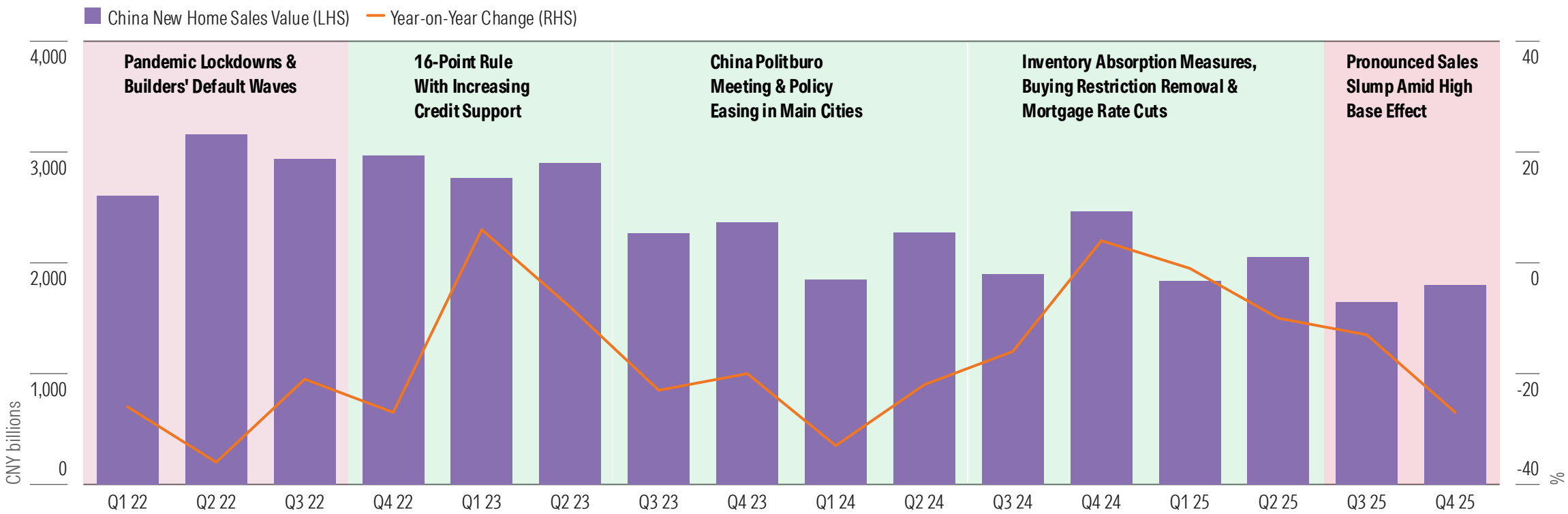
Real Estate Policies and Home Demand

2027 could mark an inflection point with demand rebounding in wealthy cities.

Despite Benign Policies, Tough Comparisons and Weak Prices Curb Home Purchases

The value of new home sales slumped in the fourth quarter of 2025 on the high base effect, with a 27% year-on-year decline marking the sharpest slide of the year. As challenges persist in China's property market, driven by a widespread downbeat outlook on home prices, we do not expect favorable measures to revive demand until 2027. In addition to lower value-added taxes on home sales introduced in January 2026, we project local governments to roll out more homebuying subsidies and further absorb excess inventory.

While Policy Support Persists, New Home Sales Decline Widens on High Base Effects and Conservative Buyer Outlook

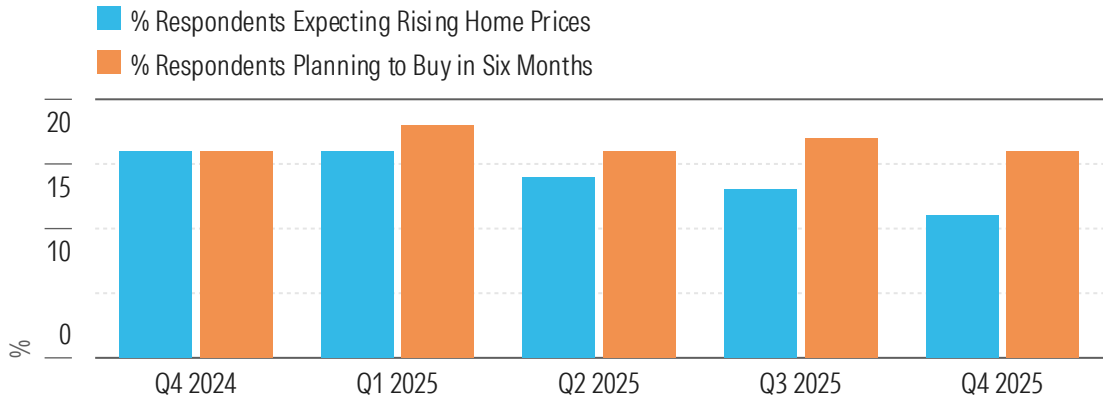


Sources: NBS, Morningstar. Data as of Feb. 3, 2026.

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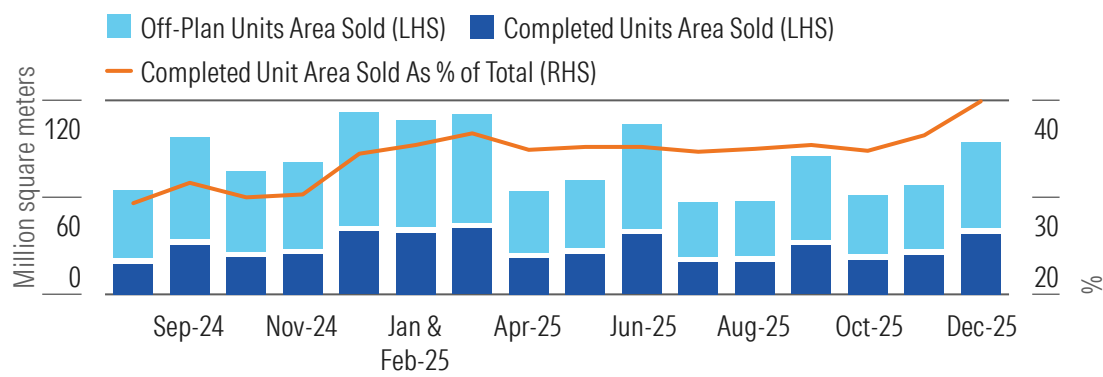
Negative Sentiment and Delivery Concerns Drive Demand for Completed Properties

Respondents Remain Conservative on Home Prices and Buying Decisions



CREIS' survey indicates weak confidence in China in the fourth quarter of 2025, with only 11% of respondents expecting home prices to rise and 17% intending to purchase properties within six months. We believe anemic home prices, income uncertainties, and mortgage payment pressures remain the overhang for homebuying. However, new savings deposits by domestic residents surpassed CNY 14 trillion as of December 2025, suggesting potential funding for property purchases in the long run.

Homebuyers Still Favor Completed New Properties Over Presale Units



We think homebuyers' unease about residential project delivery has driven strong demand for readily available new properties. In the fourth quarter of 2025, the floor area sold for completed units dipped by 4% year on year, a much narrower decline than the 24% plunge in presold units. Consequently, the share of completed units sold rose to 36% in 2025 from 31% in 2024. With a potential acceleration in inventory clearance due to local government efforts, we expect completed properties to continue outpacing presold ones in sales volume growth.

Sources: China Real Estate Information System Corporation (top); NBS, Morningstar (bottom). Data as of Feb. 3, 2026.

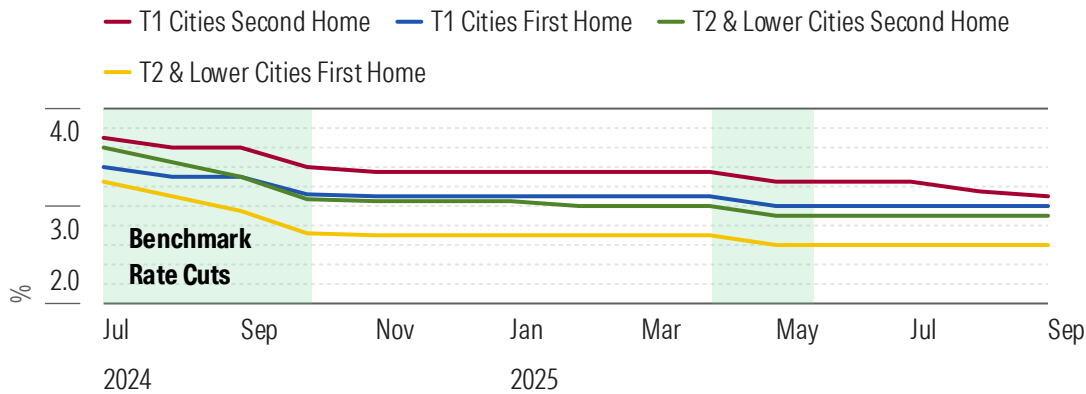
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Stabilized Mortgage Costs and Improved Housing Affordability Should Support Property Sales

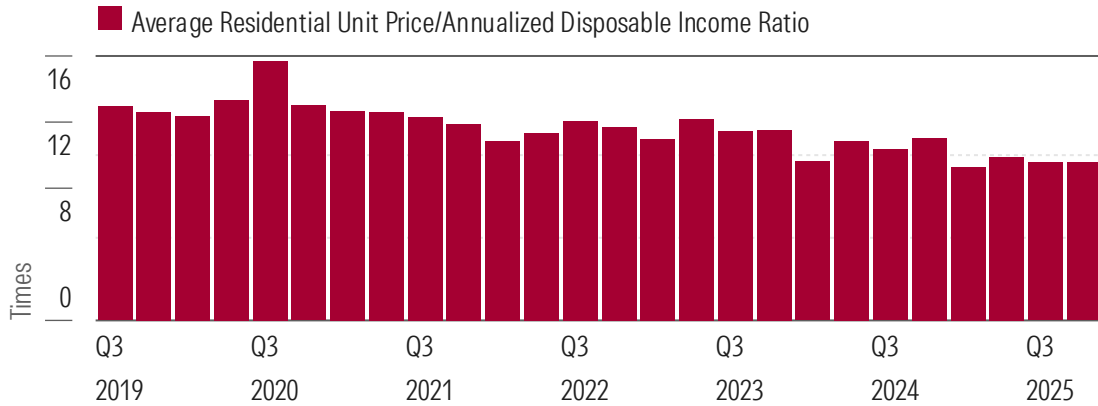
According to our estimates, average mortgage rates across most Chinese cities remained flat sequentially in the fourth quarter of 2025, consistent with the stable benchmark five-year loan prime rate. Despite only one rate cut by the People’s Bank of China in 2025, we foresee further easing in 2026 as the central bank aims to extend monetary stimulus. As such, we expect homebuyers’ borrowing costs to continue moderating, particularly benefiting property upgraders in large cities.

The national average residential unit price/annualized disposable income ratio, a proxy for the overall affordability of new homes, stabilized at around 9.6 in the fourth quarter of 2025. This compares with 11 in the same period last year, driven by falling home prices and rising disposable income. As we project a further decline in average property selling prices in 2026, we believe affordability is on track to improve. That said, potential buyers may stay on the sidelines until property prices begin to rebound.

Mortgage Rates Remain Stable, With Further Reductions Underway



Price Declines Weigh on Demand Despite Healthy Affordability

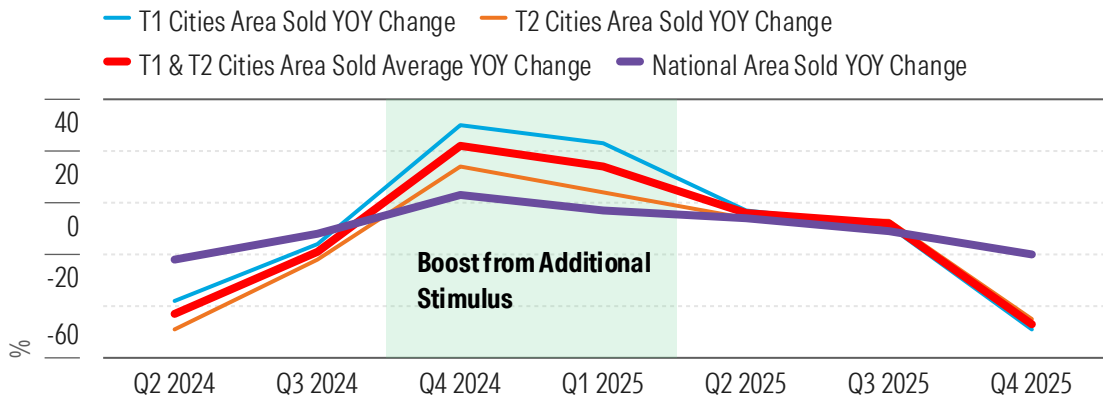


Sources: Beike Research Institute, Morningstar (top); NBS, Morningstar (bottom). Data as of Feb. 3, 2026.
Note: Data for mortgage rates since July 2024 are Morningstar estimates.

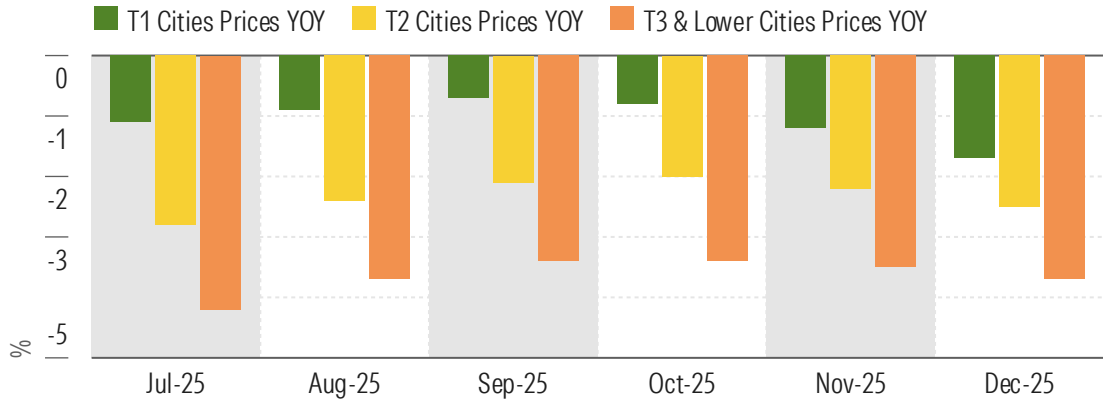
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Main Cities' Home Prices Show Resilience; State-Owned Builders Dominate New Home Market

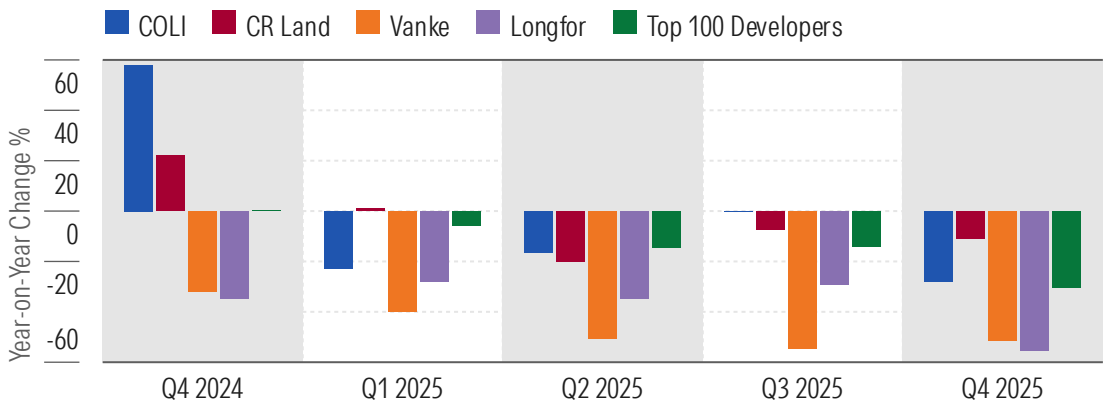
Tier 1 and Tier 2 Cities Lag in Q4 New Home Area Sold ...



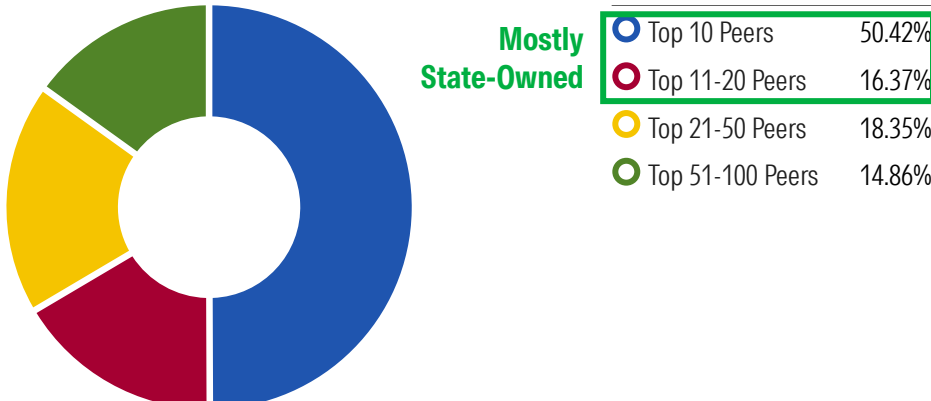
... But Wealthier Cities Stay More Resilient in New Home Prices



State-Owned COLI and CR Land Outpace Non-State-Owned Peers in Sales Growth



Top 20 Builders Retain Dominance in Property Sales Value Mix in 2025



Sources: CRIC, NBS, Morningstar (top left); NBS (Top Right); CRIC, companies, Morningstar (bottom left and bottom right). Data as of Feb. 3, 2026.
Note: COLI and CR Land are state-owned; Vanke and Longfor are not state-owned.

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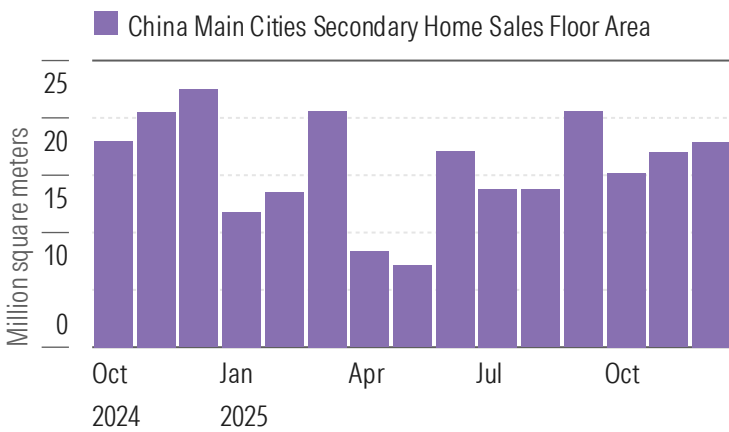
High Base Effect Combined With Falling Prices Weighs on Secondary Home Sales

The area of secondary homes sold in China's 30 largest cities fell 18% year on year in the fourth quarter of 2025, largely due to an exceptionally high base and subdued prices. While existing homes still enjoy locational advantages over new homes, we expect this gap to narrow as new land parcels are increasingly in prime districts. Looking ahead, we believe transaction volumes for new and existing homes will converge.

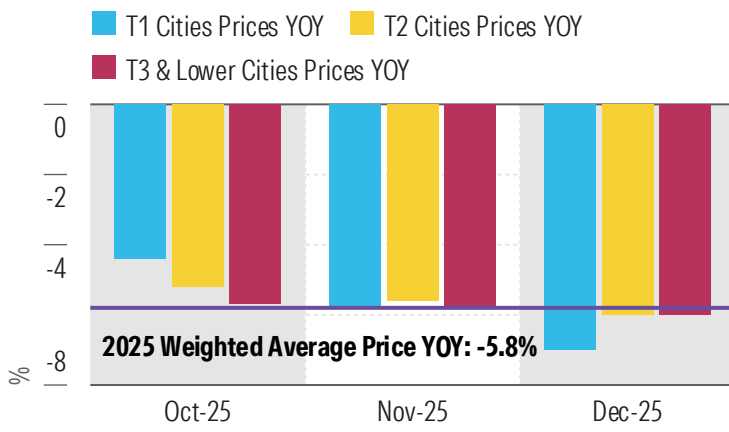
Existing home prices remained compressed in the fourth quarter, with major cities such as Beijing and Guangzhou posting a more pronounced pullback amid tough comparisons. We believe that the easing of value-added taxes on home resales could compound oversupply, further weighing on the prices of lived-in properties. As such, we do not expect a rebound in existing home prices until 2028.

KE Holdings, or Beike, China's leading online home brokerage platform, saw a marked decrease in gross transaction value for both new and existing homes in the fourth quarter. While this trend is consistent with the broader market, we anticipate Beike will outperform the sector average in the future, supported by its wider homebuyer reach and richer supply of high-quality projects.

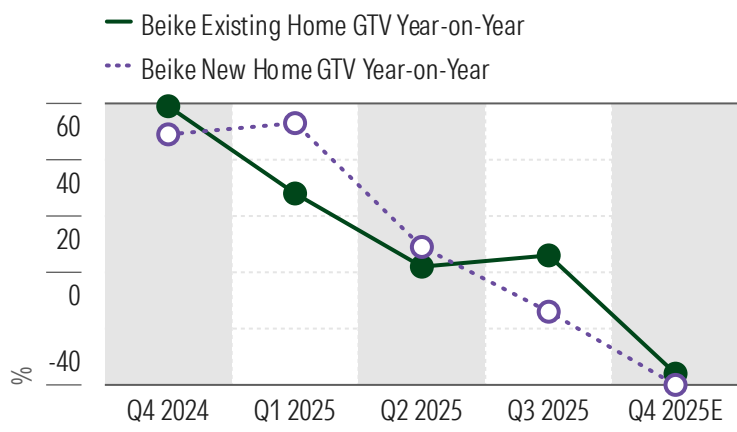
Secondary Home Sales Recede From a High Base



Secondary Prices Weaken More in Larger Cities



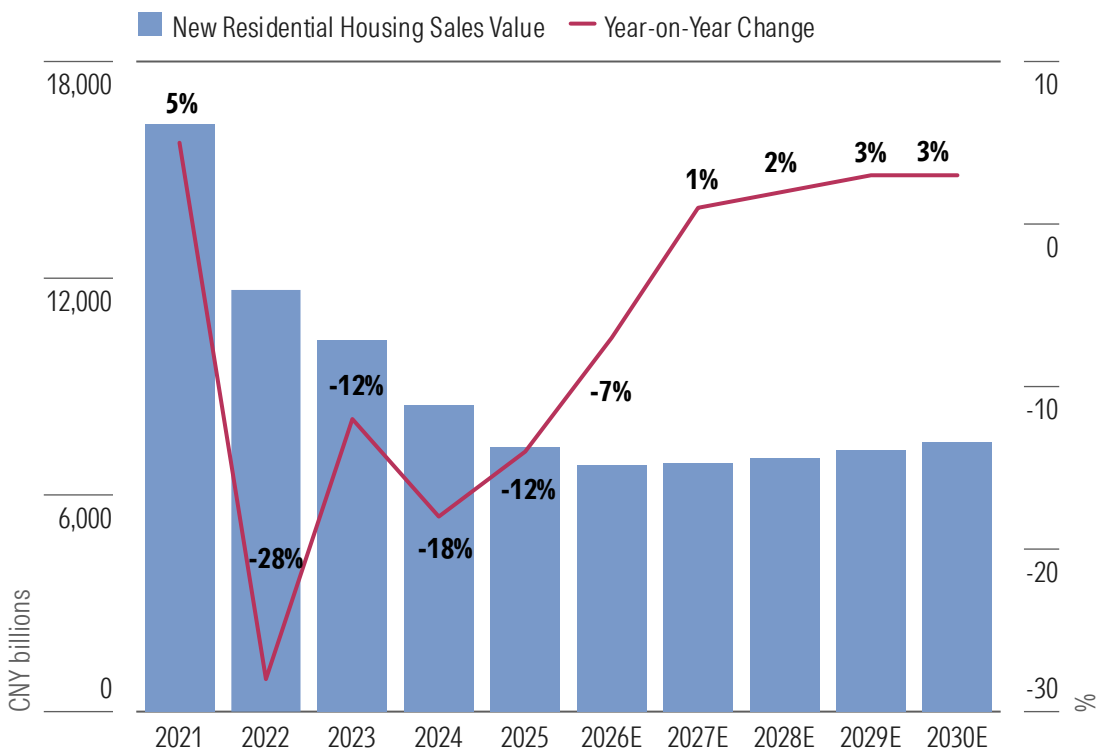
Existing Home Sales via Online Platform Slump



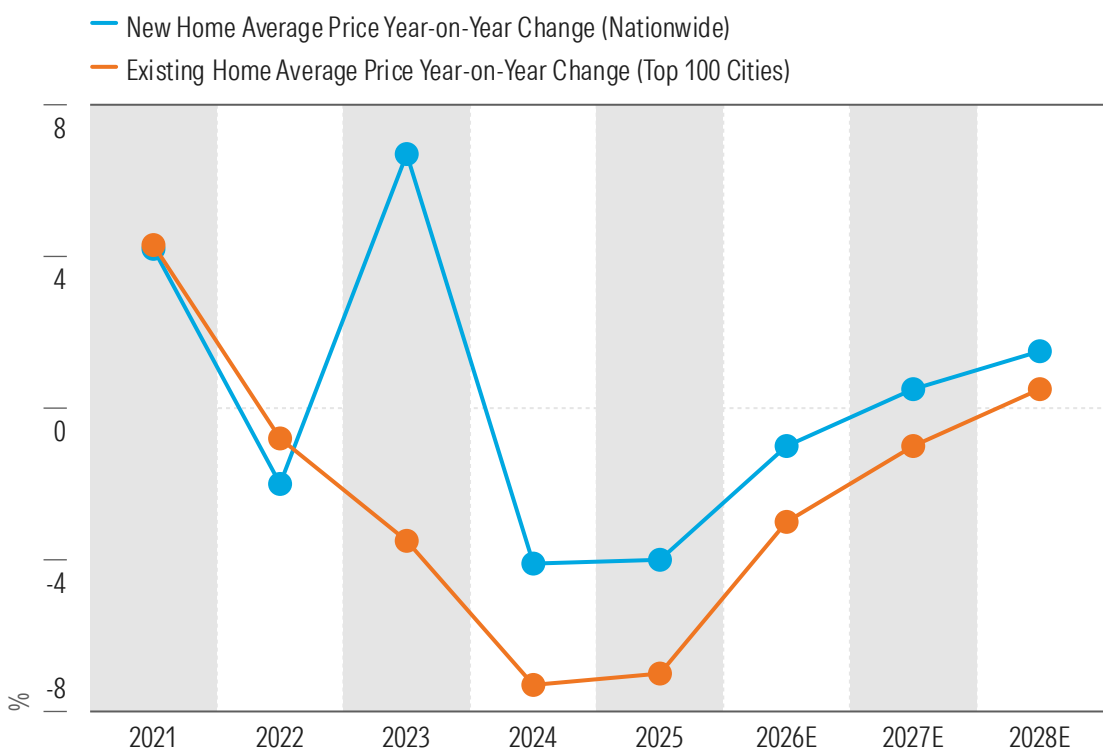
While New Home Demand and Prices Remain Soft, We Foresee a Recovery Beginning in 2027

Following a 14% slump in domestic new home sales value in 2025, we expect 2026 to remain challenging, as momentum will take longer to turn around. That said, we think recovering home sales in wealthy cities, aided by more favorable homebuying measures, should help rebuild buyer confidence. Consequently, we foresee stabilization in new home demand and average selling prices by 2027, driven by improved quality of newly launched projects and greater absorption of unsold inventory.

Despite Sluggish Demand, We Expect New Home Sales to Recover in 2027 ...



... With Mix Shift to Large Cities Bolstering New Home Prices



Sources: NBS, Morningstar (left); NBS, CREIS, Morningstar (right). Data as of Feb. 3, 2026.

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Home Supply and Landbank

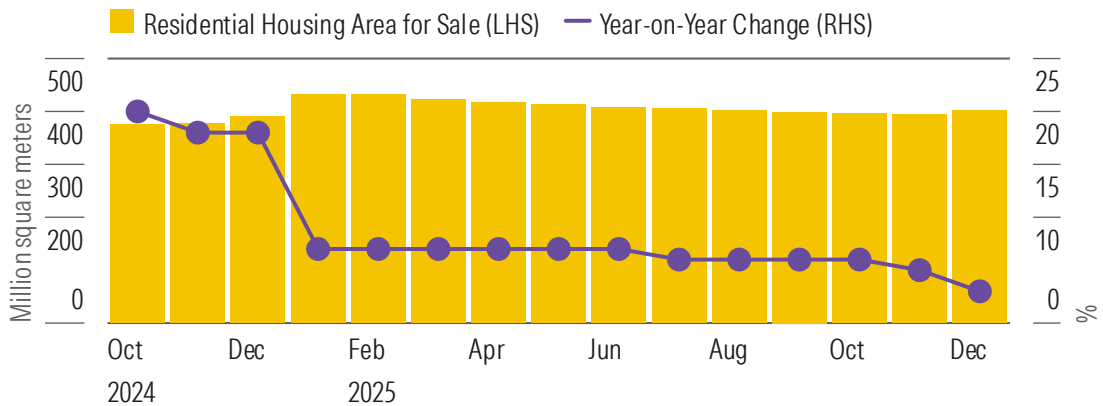
Developers remain focused on trimming inventory while enhancing asset quality.

Tightening Home Supply and Ongoing Destocking Temper Property Inventory Growth

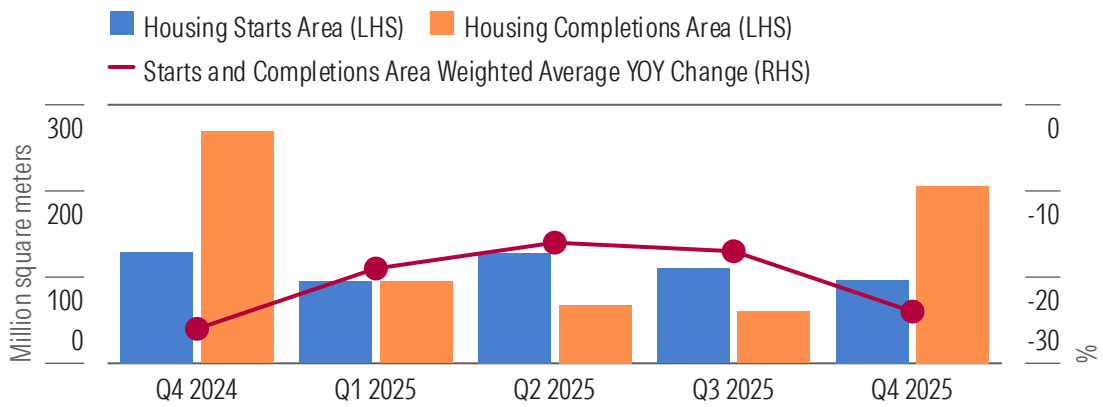
Residential housing inventory (measured by area for sale) rose 5% year on year in the fourth quarter of 2025, materially lower than the 19% growth recorded in the same period of 2024. As China's Central Economic Work Conference emphasized inventory clearance, we expect local authorities to accelerate purchases of unsold properties and convert them into rental apartments in 2026. Overall, we foresee the inventory balance modestly easing in 2026, following its peak in 2025.

Construction starts and completions contracted by 25% and 23% year on year, respectively, in the fourth quarter, as home demand has remained sluggish since 2022. We think the pullback in construction activity should help contain home supply and inventory levels, consistent with the central government's rhetoric. That said, we expect home completions to recover faster than home starts over the next few years, as project delivery remains a top priority for local governments and developers.

Inventory's Year-on-Year Growth Moderates Amid Rising Absorption



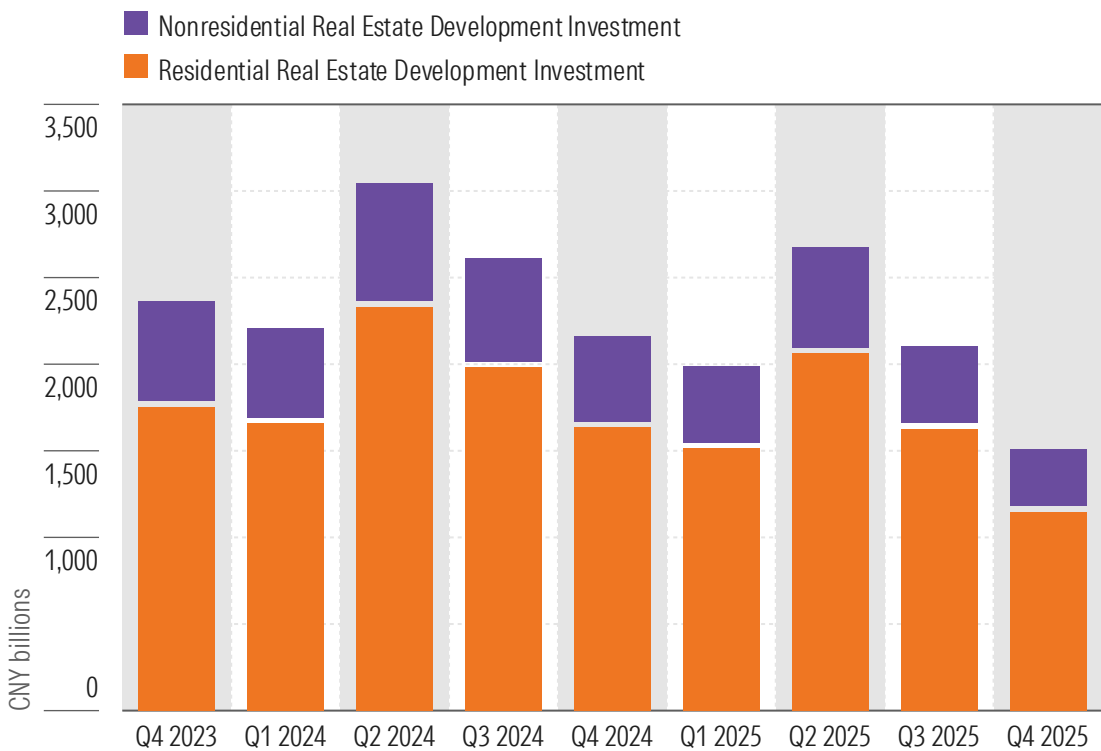
Lower Home Supply Constricts Construction Starts and Completions



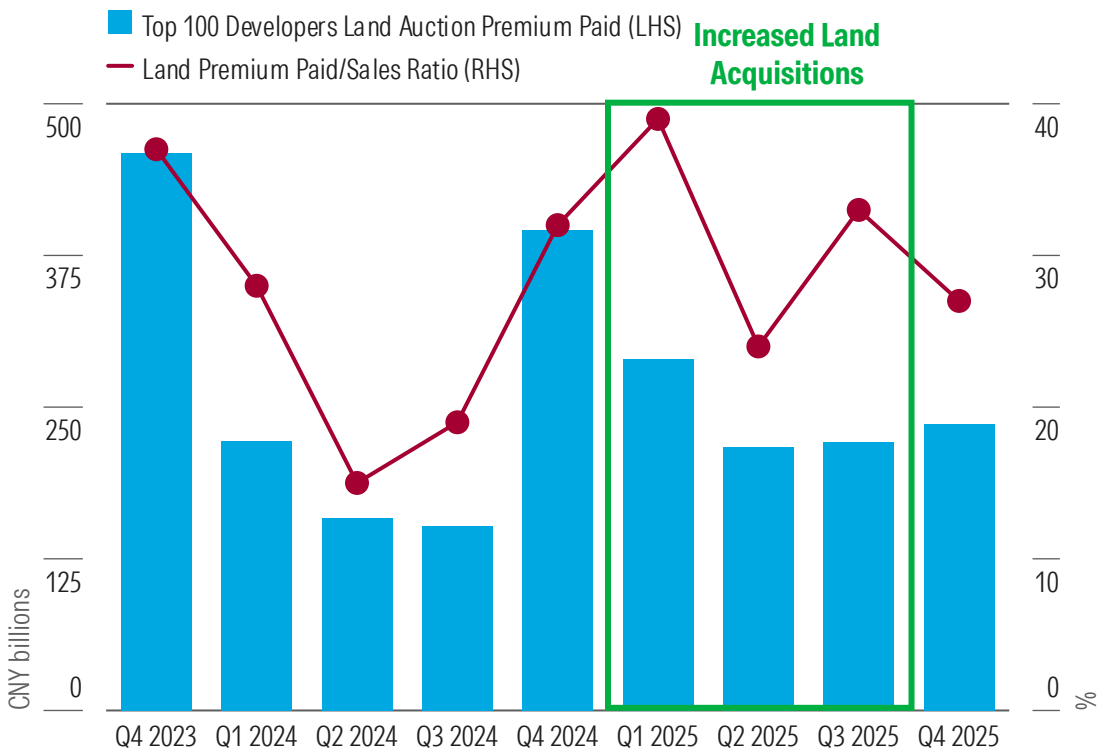
Real Estate Investment and Landbank Acquisitions Slide as Inventory Offloading Takes Hold

Nationwide property sector investment declined by 30% in the fourth quarter of 2025, in line with anemic home sales in recent years. This partly reflects main developers' subdued appetite for new landbank acquisitions during the quarter, and divesting unsold properties is becoming the priority. Positively, the land premium/contracted sales ratio was maintained at a healthy 27%, and we expect financially sound developers such as COLI and CR Land to acquire prime land parcels in affluent regions.

Investments in Property Development Shrink as Home Sales Falter



Main Developers Become More Cautious in Adding New Landbank in Q4

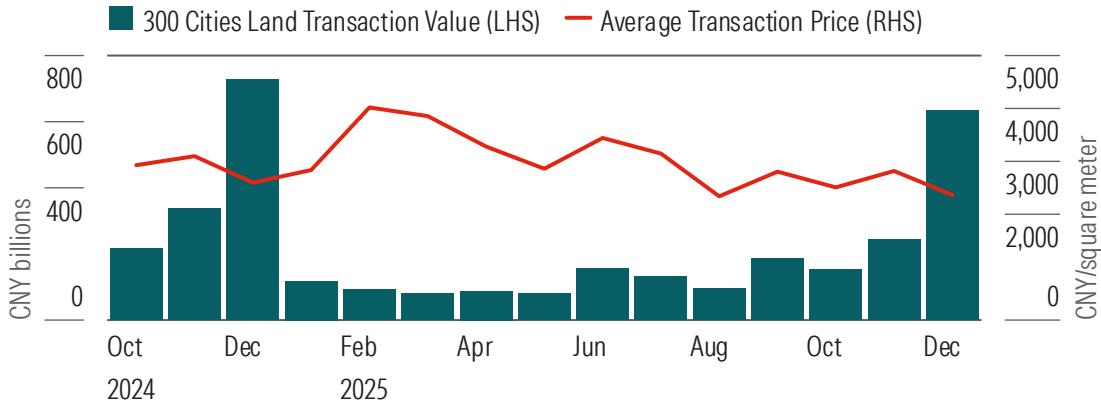


Sources: NBS (left); CRIC, CREIS, Morningstar (right). Data as of Feb. 3, 2026.

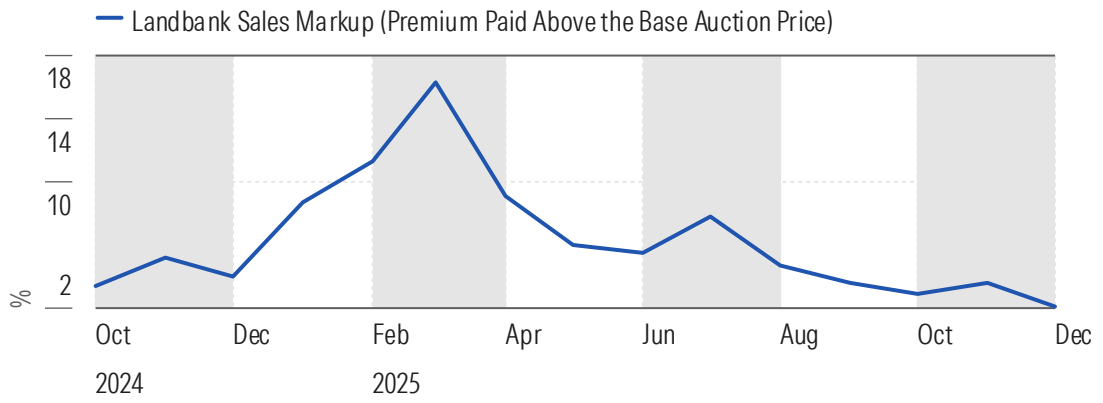
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Land Transactions Decline, but State-Owned Developers Double Down on Purchases

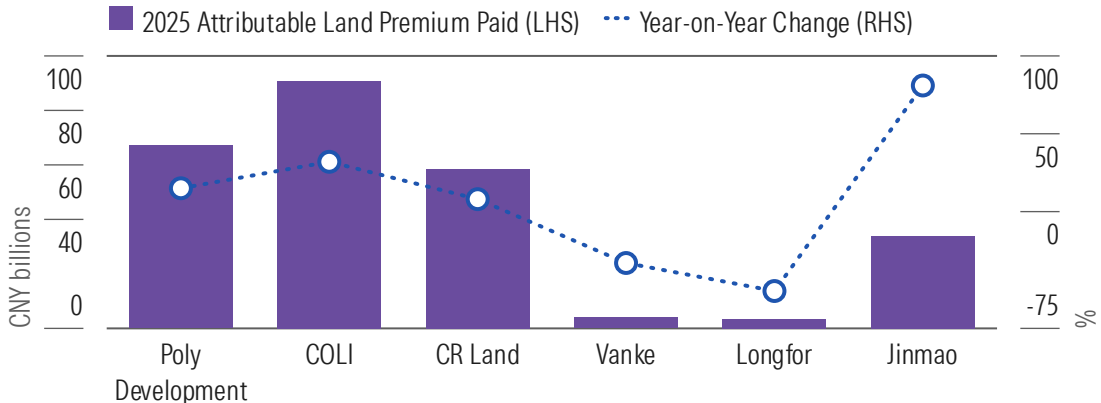
Land Sales: Value and Prices Trend Down in 300 Major Cities During 2025



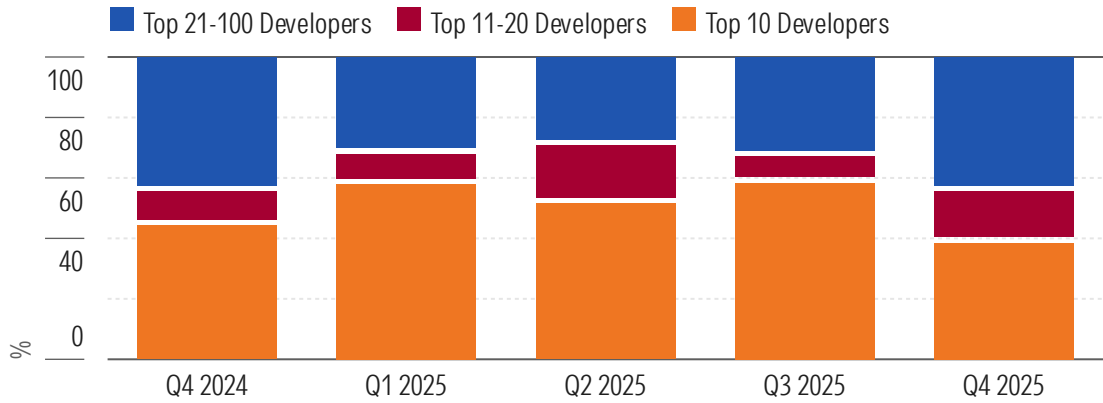
Land Sales Markup Edge Below 2024 Level Amid Sliding Transactions



Leading State-Owned Builders Replenish Landbank Countercyclically



Top 20 Developers Still Represent Majority of Land Investments



Sources: CRIC, Morningstar (Top Left and Top Right); CREIS, Morningstar (bottom left and bottom right). Data as of Feb. 3, 2026.
Note: Poly Development, COLI, CR Land, and China Jinmao are state-owned developers.

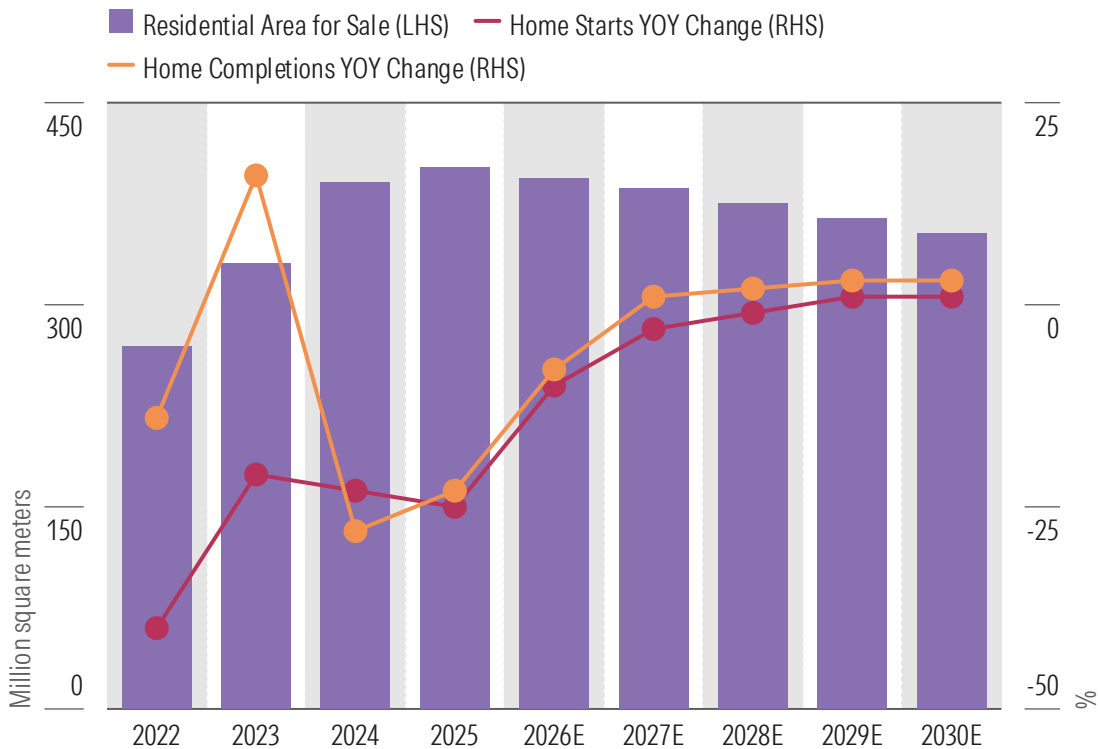
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We Foresee Normalization in Unsold Home Area and Secular Land Supply

Despite a 3% uptick in completed home area for sale in 2025, we anticipate net absorption of 403 million square meters by local governments and homebuyers, trimming inventory by 2% in 2026. This is supported by declining construction starts.

Under our base-case scenario, we estimate annual landbank area supply of 600 million square meters in 2030—well below the more than 800 million square meters recorded in 2025—as local governments prioritize inventory sales over launching new projects.

We Expect Slight Drop in Residential Property Inventory in 2026 ...



... And More Contained Landbank Supply in the Midcycle

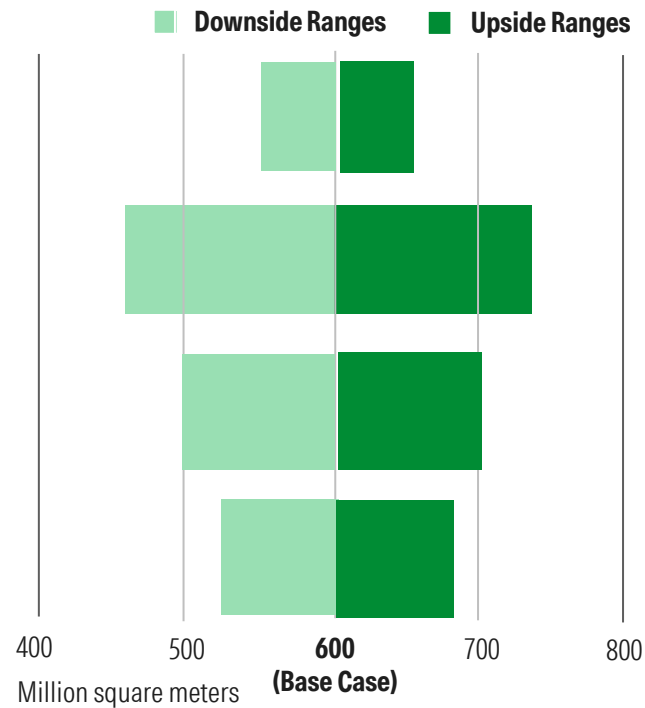
2030 Annual New Land Supply

China Total Population in 2030
(1.34 billion -1.38 billion)

Average Residential Area per
Capita in 2030 **(48-52 square meters)**

Total Area of Existing Residential Projects
in 2025 **(54-58 billion square meters)**

Average Plot Ratio for New
Projects in 2030 **(3.5-4.5)**



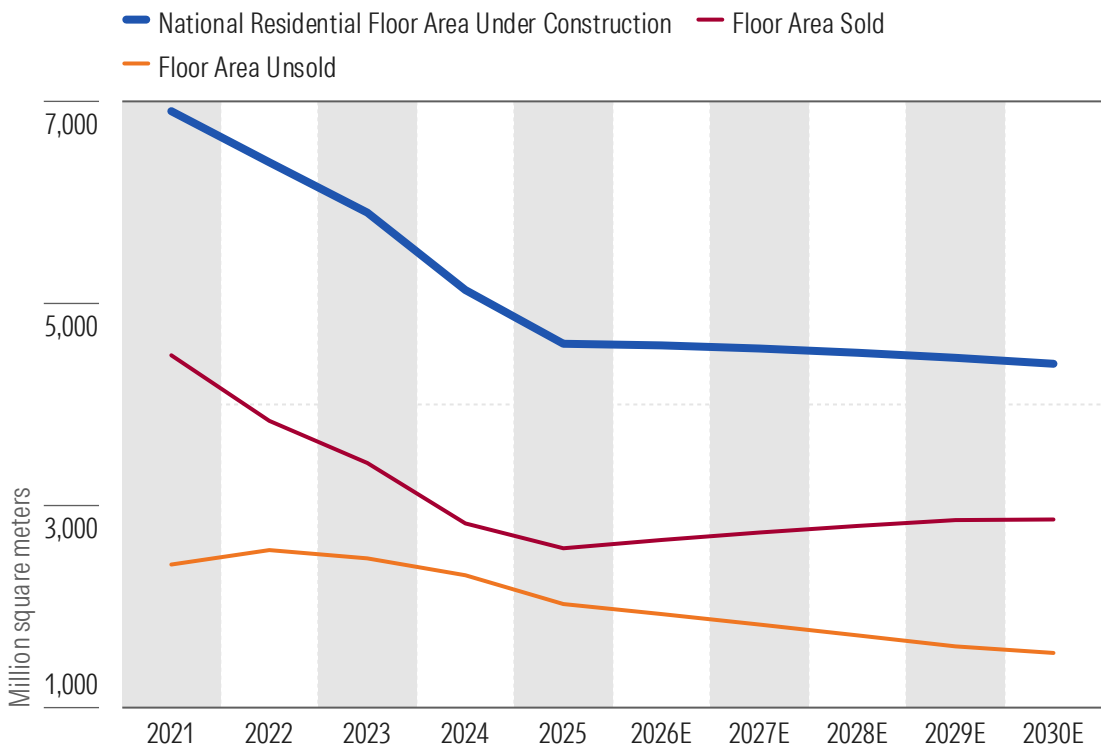
Sources: NBS, Morningstar (Left); CREIS, Morningstar (Right). Data as of Feb. 3, 2026.

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Home Inventory Set to Ease in the Long Run as Turnover Speeds Up

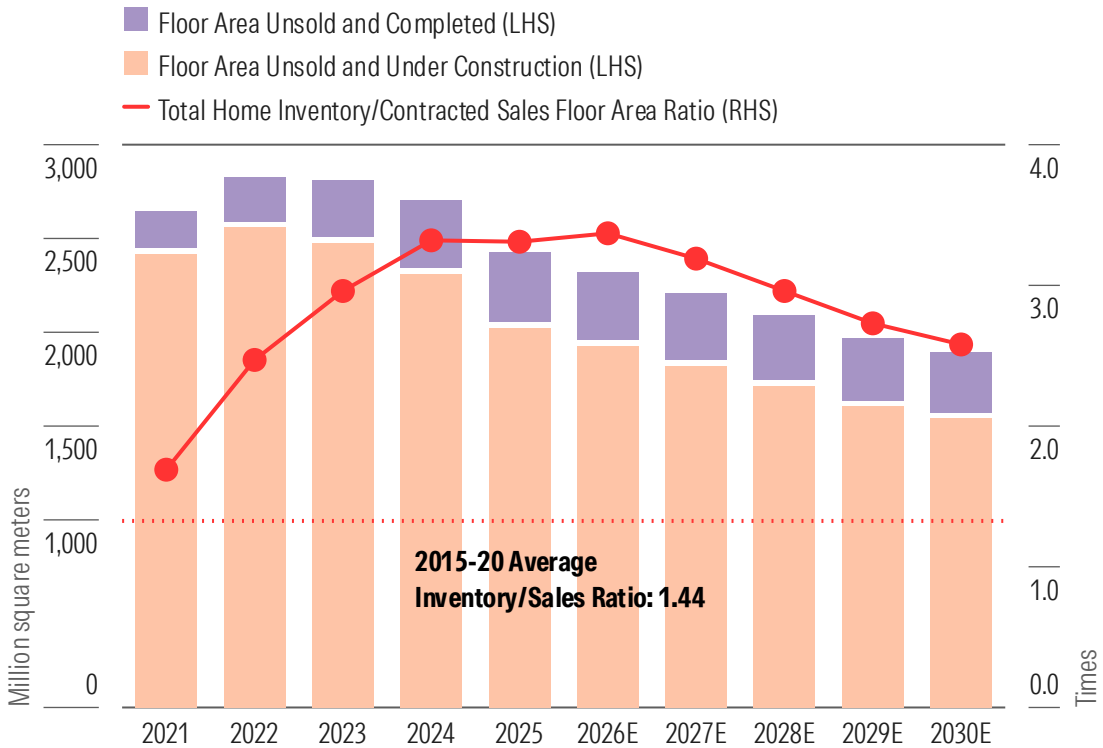
Following the sharp contraction during 2021-25, we expect residential area under construction to drop to 4.4 billion square meters in 2030 from 4.6 billion in 2025, as property completions outpace starts. This should lead to a higher mix of home area sold.

Area Under Construction Projected to Decline Over Time ...



We estimate the inventory/sales ratio will decline to 2.6 in 2030, down from 3.3 in 2025, supported by falling unsold floor area and recovering home demand. A lower ratio signals greater efficiency in inventory turnover, which should benefit property prices.

... Leading to Easing Home Inventory as Demand Resumes



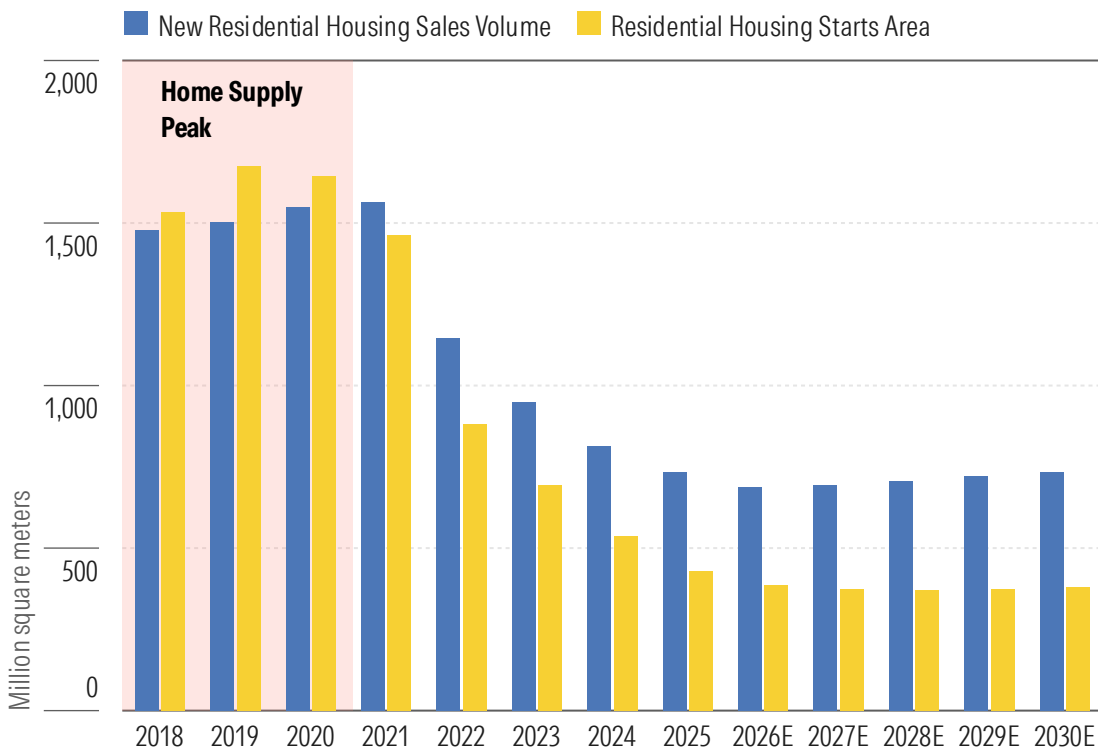
Sources: NBS, CRIC, Morningstar (left); International Monetary Fund, CRIC, Morningstar (right). Data as of Feb. 3, 2026.
Note: Total home inventory includes residential floor area unsold and completed, and floor area unsold and under construction.

See Important Disclosures at the end of this report.

Home Demand Expected to Outweigh Supply and Limit Inventory, Especially in Large Cities

We expect new property sales volume to exceed home starts by 40%-70% during 2026-30, driven by resumed home demand and more prudent project supply. As a result, nationwide property inventory should be further contained.

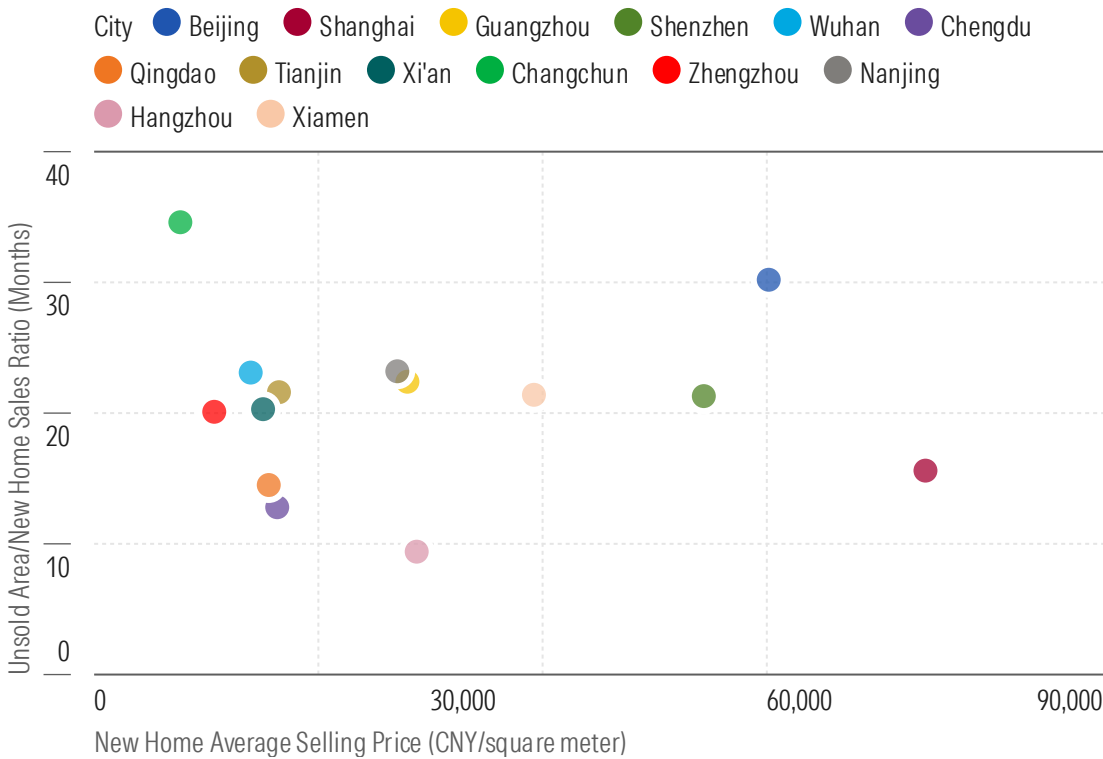
Property Sales Volume Expected to Exceed New Supply in the Long Run



Wealthier cities in eastern and southern China—such as Shanghai, Hangzhou, and Chengdu—exhibit more efficient destocking of unsold properties. In contrast, most cities in northern China, including Beijing, face heavier inventory pressure.

Larger Cities in Developed Regions of China Show Faster Inventory Turnover

Data for X-axis and Y-axis are both as of December 2025.



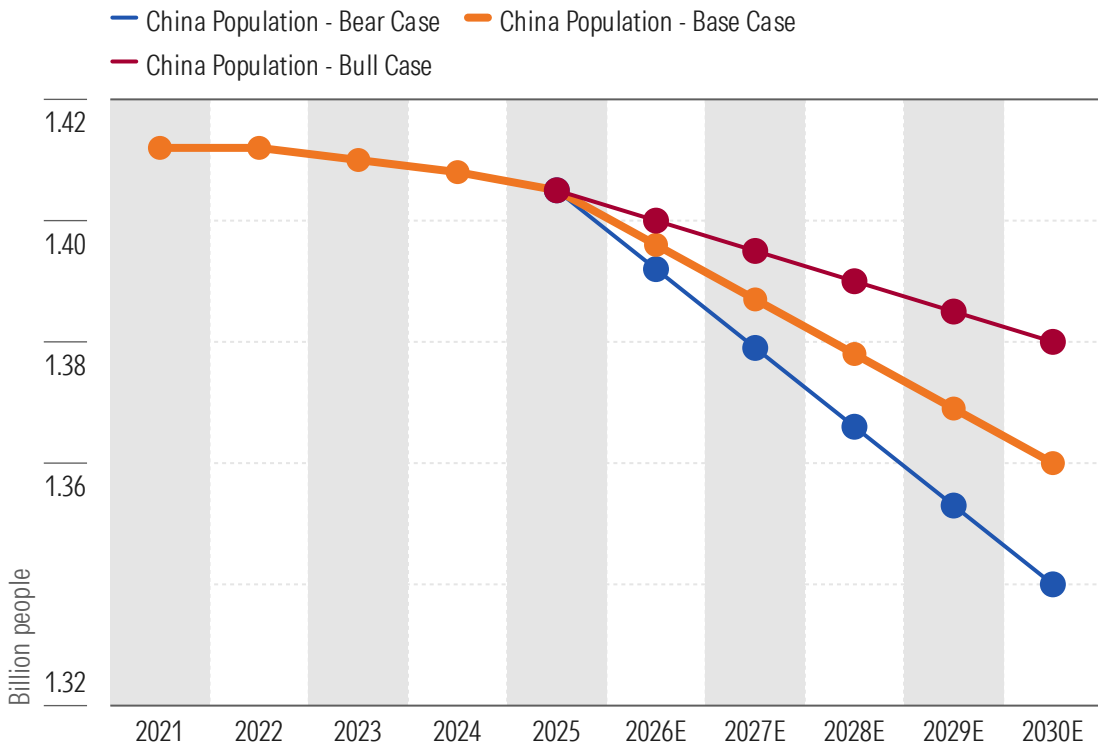
Sources: NBS, Morningstar (left); iFinD (right). Data as of Feb. 3, 2026.
Note: New home sales in the right chart pertain to monthly average sales of trailing 12 months.

See Important Disclosures at the end of this report.

We Assume Lower Population and Larger Dwelling Space per Household Over Time

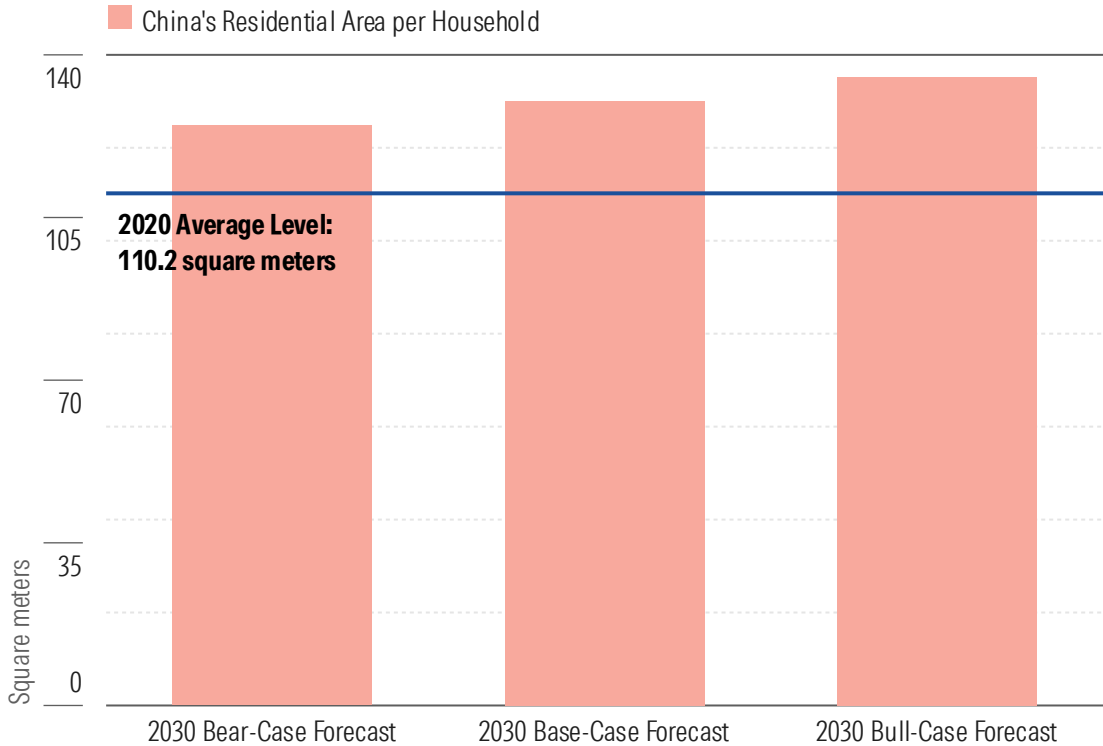
Under our base-case scenario, China’s population is projected to fall to 1.36 billion in 2030 from 1.4 billion in 2025, as there are fewer births than deaths. Despite the central government’s pronatal support, the long-run downtrend is expected to persist.

China’s Population Shrinking Amid Rapid Aging ...



Despite a declining population, we believe residents will capitalize on higher-quality home supply to upgrade their living spaces. We expect the average residential area per household to rise to 125-135 square meters in 2030 from 110 square meters in 2020.

... While Households Continue to Upgrade Living Conditions



Sources: NBS, Morningstar (left and right). Data as of Feb. 3, 2026.

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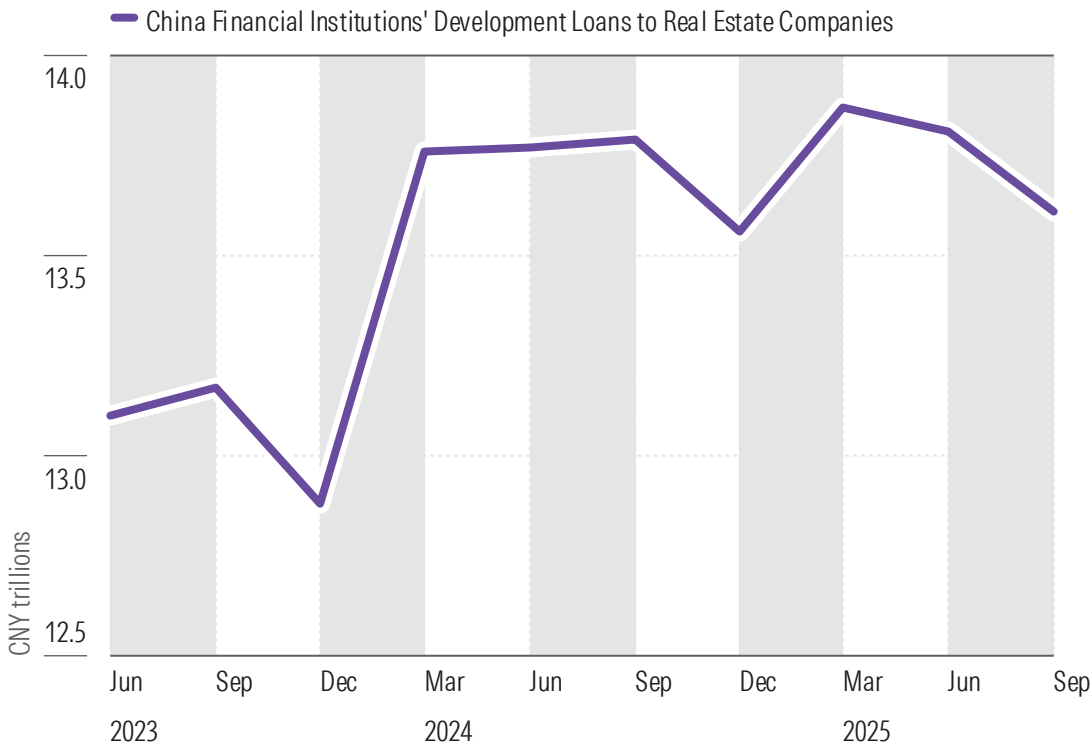
Real Estate Developer Debt

Refinancing supports liquidity, but distressed builders benefit less.

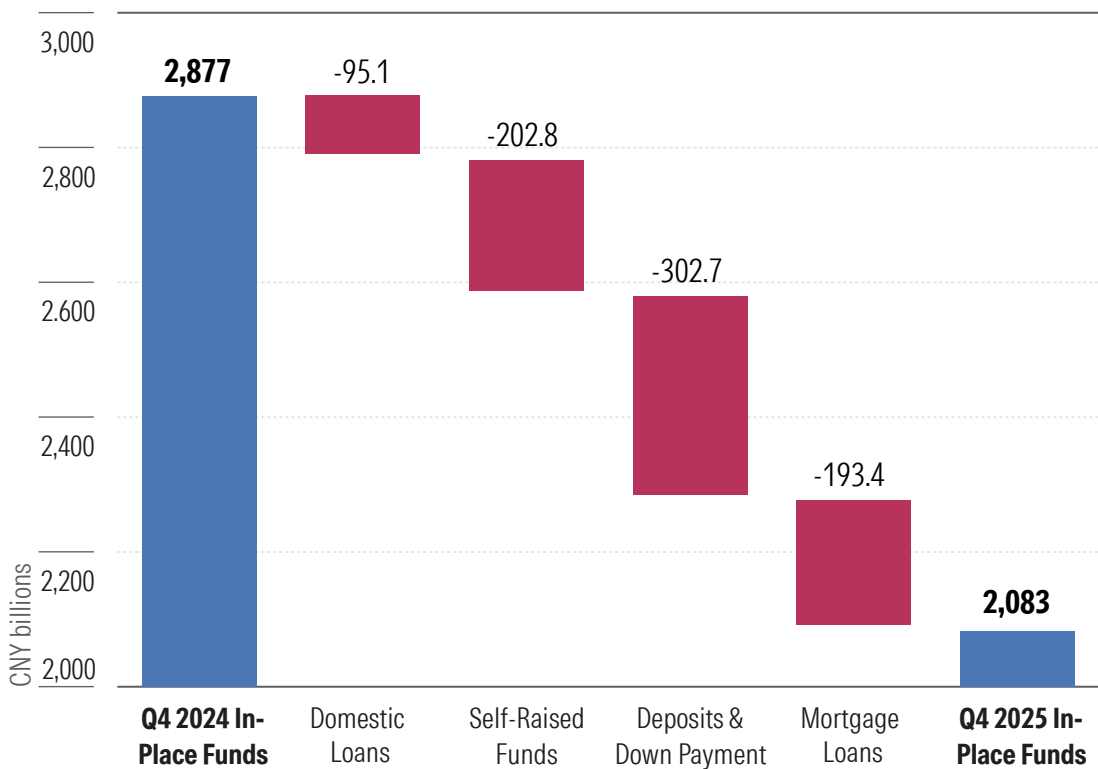
With Limited Fund Inflows, Refinancing Provides a Critical Lifeline for Developers

National real estate development loans remained high at CNY 13.6 trillion in September 2025, while newer in-place funds for developers shrank by 28% in the fourth quarter. Both metrics highlight mounting debt pressures on developers, though the five-year extension of loan terms for whitelist projects should provide ongoing relief. More broadly, we think funding renewals by financial institutions is pivotal to mitigating credit risks, particularly for deeply distressed builders such as Vanke.

Property Development Loan Balances Remain Elevated



All Sources of Incoming Funds for Developers Continue to Deteriorate

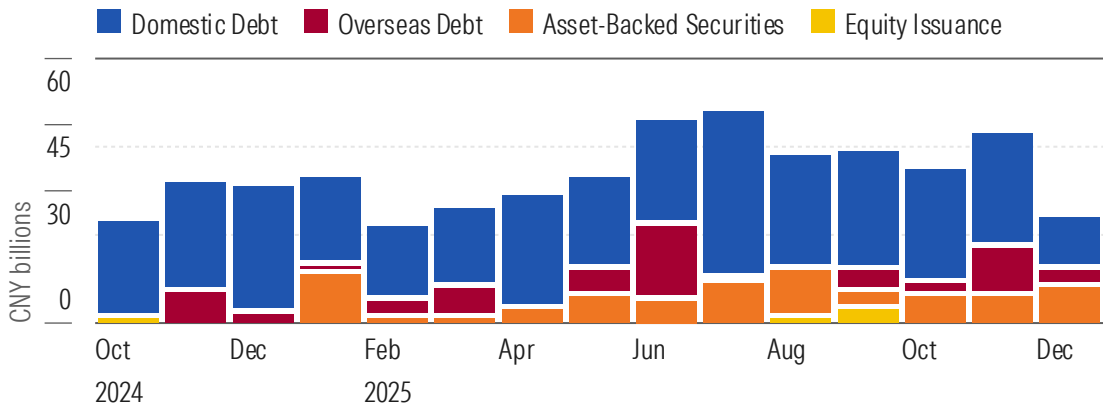


Sources: PBOC, Morningstar (left); NBS, Morningstar (right). Data as of Feb. 3, 2026.

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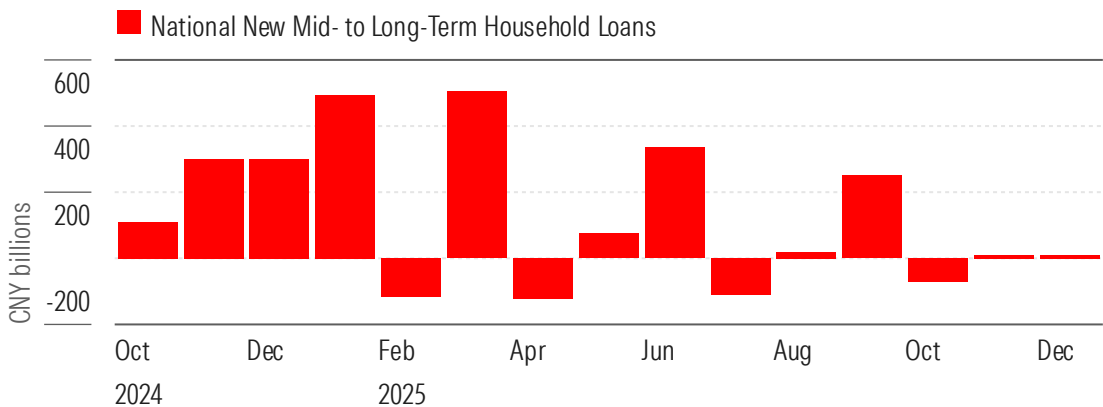
Borrowing by Main Developers Recovers as Domestic Creditors Renew Support

Top 65 Builders Maintain Borrowing as Lenders Adopt Positive Stances



Major developers' overall debt financing rose 18% year on year in the fourth quarter of 2025, as most domestic creditors extended the terms of prior borrowing. We believe this reflects central and local government directives aimed at containing systemic risks in the real estate sector. In addition, we expect asset-backed securities financing, such as commercial property REITs, to play an increasingly important role in supporting the liquidity of leading developers.

New Mortgage Lending Wanes, in Line With Soft Home Demand



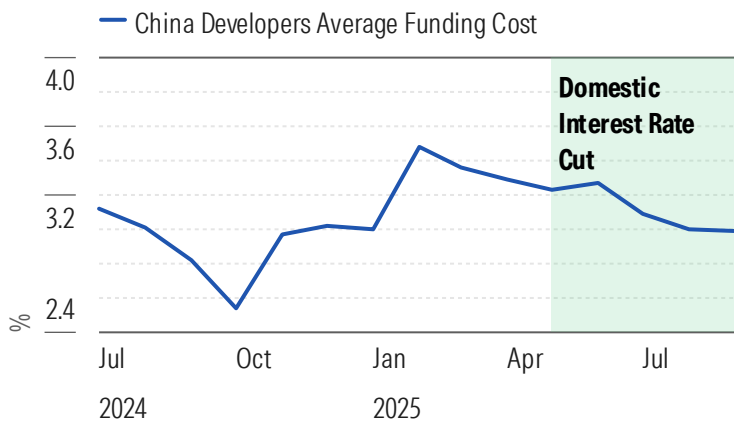
New mid- to long-term household loans (primarily mortgages) decreased in the fourth quarter, reducing the overall loan balance to CNY 1.3 trillion in 2025 from CNY 2.3 trillion in 2024. This trend reflects sluggish property transactions and early repayments by select homebuyers. While housing demand should remain lackluster in 2026, we anticipate a gradual recovery in buyer sentiment in wealthier cities, supporting renewed issuance of mortgage loans in 2027.

Sources: CRIC (top); PBOC (bottom). Data as of Feb. 3, 2026.

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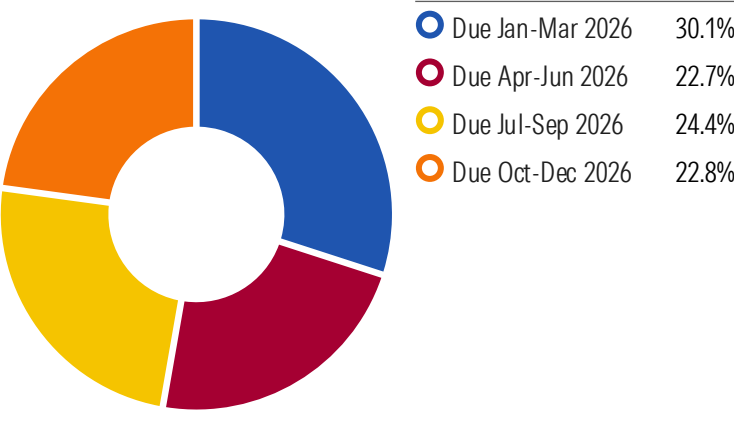
Financing Costs Ease, but Default Risks Mount for Indebted Developers

Monetary Easing Benefits Borrowers



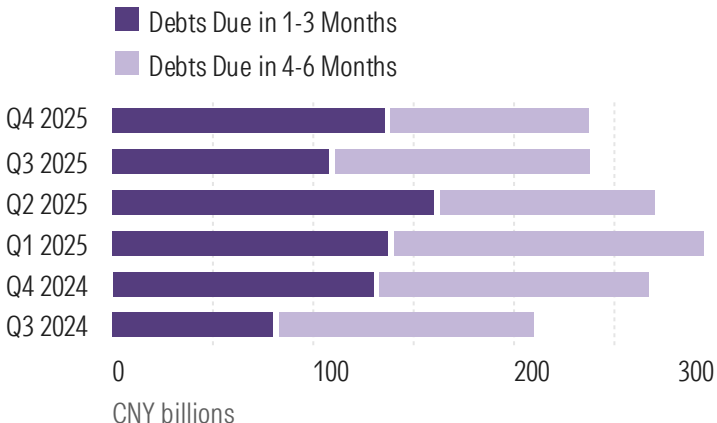
Despite temporary hikes in borrowing costs in mid-2025, the borrowing cost for Chinese developers eased to 2.9% in December 2025 from 3.3% in June. The decline was driven by domestic and overseas interest rate cuts, with onshore borrowings accounting for most of the reduction. We expect state-owned developers to benefit from lower refinancing rates, thanks to their relatively healthier balance sheets.

Repayment Pressure to Stay High in First Half of 2026



According to CRIC and our estimates, CNY 450 billion of real estate bonds will mature in 2026, with 53% falling in the first half. This is down from CNY 530 billion due in 2025, though some repayments have been deferred to 2026, including Vanke's CNY 5.7 billion principal on two onshore bonds. Given creditors' pessimism toward Vanke, we caution that the company may face challenges in securing additional credit support.

Liquidity Strains Heightened Developers' Default Risk



The balance of short-term debt maturing within six months as of December 2025 remained largely flat versus September 2025. That said, we think the repayment pressures could abate if more bond maturities are extended. While Vanke has deferred a portion of its bond principal payments, we believe weak property sales and the lack of government support remain overhangs, heightening the distressed developer's likelihood of default.

Property Management

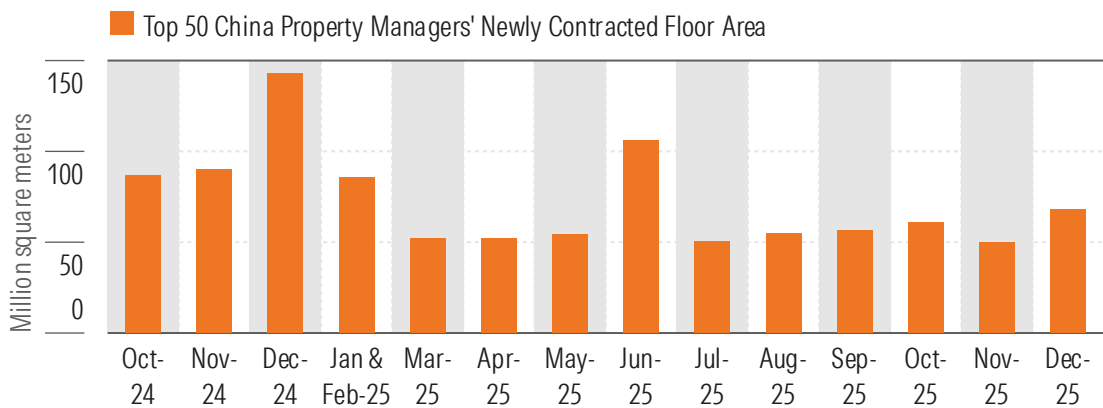
Growth in managed floor area softens as home sales falter.

Growth in Managed Floor Area Softens; Third-Party Projects Remain the Mainstay

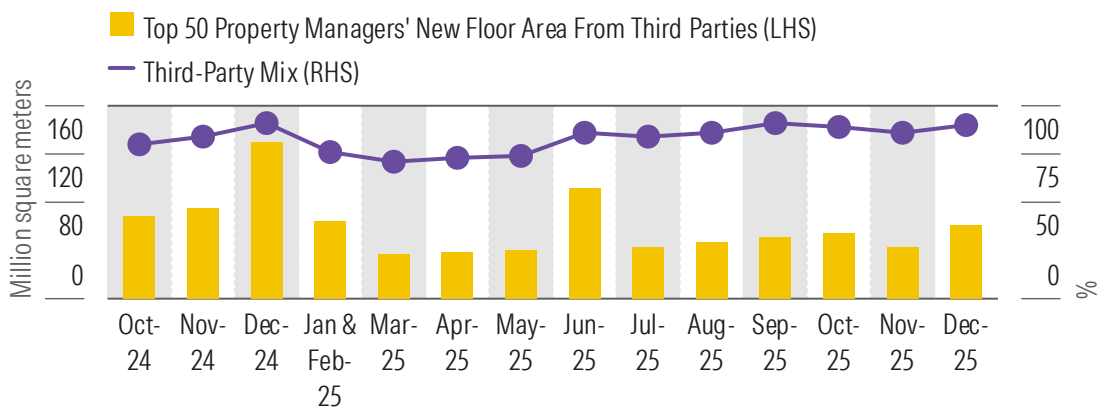
China's top 50 property management companies recorded a 44% decline in contracted floor area additions in the fourth quarter of 2025 versus the year-ago period. While this trend aligns with lackluster home sales, we expect service providers' revenue to remain largely stable given the recurring nature of property management fees. Greentown Service Group and CR Mixc Lifestyle have maintained leading positions in expanding managed floor area, supported by their strong presence in affluent cities.

Third-party projects continued to account for 86%-90% of new floor area additions in the fourth quarter, as most service providers reduced exposure to affiliated developers and secured contracts from homeowners of existing residential communities. Although competition for prime location projects is expected to intensify, leading property managers should achieve healthy top-line growth through ongoing regional expansion.

Floor Area Year-on-Year Growth by Property Managers Decelerates in Q4 2025



Floor Area Growth Still Dominated by Third-Party Projects



Source: CREIS (top and bottom). Data as of Feb. 3, 2026.

See Important Disclosures at the end of this report.

Top Picks and Coverage

Our sector outlook continues to favor leading state-owned developers.

State-Owned COLI and CR Land Are Our Preferred Sector Picks Given Healthy Balance Sheets

China Overseas Land & Investment (HKG: 00688)

	<u>Market Cap</u>	<u>Moat Rating</u>	<u>Last Close</u>	<u>Fair Value Est.</u>	<u>Rating</u>
P/FV	153B HKD	None	13.73	21.00	★★★★★
1.75	China Overseas Land & Investment (COLI) is one of the largest state-owned real estate developers in China. We believe a strong balance sheet allows the company to possess more financial headroom in the consolidation-heavy market by expanding its landbank in higher-tier cities. As per China Real Estate Information Corporation, COLI is among the top three developers in China with the largest amount of contracted sales for 2025. We expect this to persist over the next few years. Funded by its core property development business, COLI is also posting solid growth in its commercial property portfolio, with a dual focus on offices and shopping malls for recurring income, which underpins dividend growth. As such, we expect COLI's cash flow and liquidity to remain solid. COLI's shares are trading at 0.4 times price/book, presenting a material discount compared with its 2020-25 average price/book of 0.6 times.				
1.50					
1.25					
1.00					
0.75					
0.50					
0.25					

China Resources Land (HKG: 01109)

	<u>Market Cap</u>	<u>Moat Rating</u>	<u>Last Close</u>	<u>Fair Value Est.</u>	<u>Rating</u>
P/FV	216B HKD	None	29.70	43.00	★★★★★
1.75	China Resources Land (CR Land) enjoys a long state-backed history and delivers resilient sales growth amid home demand downturns. Thanks to steady landbank replenishment in wealthy regions, CR Land will likely outperform most other developers in property development top-line growth, in our view. We think CR Land has maintained strong traction for its high-end commercial properties across China, which should fuel double-digit recurring revenue compound annual growth rate through 2030. We believe CR Land's balance sheet should remain sound under a mix shift toward margin-accretive property investment and management businesses. CR Land is trading at 0.7 times price/book, which edges higher than most state-owned peers but still below its five-year historical average of over 1 time. Despite the company being priced at a premium versus peers, we think CR Land's robust earnings growth should drive a share price rerating in the long run.				
1.50					
1.25					
1.00					
0.75					
0.50					
0.25					

Leading Developers' Shares Remain Cheap; Other Coverage Sees More Demanding Valuations

China Real Estate Developers, Property Management, and Brokerage Companies Coverage List

Company	Ticker	Market Cap (Billions)	Moat Rating	Uncertainty Rating	Last Close	Fair Value Estimate	Star Rating	P/FVE	Forward P/E (2026)	P/B (2026)	YTD Return
China Overseas Land & Investment	HKG:00688	153 HKD	None	High	13.73	21.00	★★★★★	0.65	9.4x	0.4x	12.1%
China Resources Land	HKG:01109	216 HKD	None	High	29.70	43.00	★★★★★	0.69	7.4x	0.7x	9.2%
China Jinmao Holdings Group	HKG:00817	23 HKD	None	High	1.64	0.90	★	1.82	14.6x	0.5x	36.7%
State-Owned Developers Weighted Average								0.74	8.6x	0.6x	11.9%
China Vanke	HKG:02202	59 HKD	None	Very High	3.58	5.00	★★★★★	0.72	-2.7x	0.2x	9.1%
China Vanke	SHE:000002	53 CNY	None	Very High	4.68	4.50	★★★	1.04	-3.8x	0.3x	0.6%
Longfor Group Holdings	HKG:00960	70 HKD	None	Very High	10.20	10.00	★★★	1.02	16.7x	0.4x	19.4%
Non-State-Owned Developers Weighted Average								1.03	7.3x	0.4x	10.8%
Country Garden Services	HKG:06098	21 HKD	None	Very High	6.30	6.60	★★★	0.95	10.0x	0.5x	4.5%
Greentown Service Group	HKG:02869	14 HKD	None	Very High	4.39	4.80	★★★	0.91	11.0x	1.7x	-6.2%
Property Management Companies Weighted Average								0.94	10.4x	1.0x	0.2%
KE Holdings	HKG:02423	162 HKD	Narrow	Very High	48.30	42.90	★★★	1.13	20.9x	2.2x	15.9%
KE Holdings	NYS:BEKE	21 USD	Narrow	Very High	18.40	16.50	★★★	1.12	20.5x	2.2x	16.8%
Real Estate Brokerage Company Weighted Average								1.12	20.5x	2.2x	16.8%

Source: Morningstar. Data as of Feb. 3, 2026.
Note: We use China Vanke's A-shares listed in mainland China (SHE: 000002) and KE Holdings' ADS listed in the US (NYS: BEKE) to calculate weighted averages.

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Appendix

Regions and City-Tier Classifications of 70 Main Cities in China

City Name	Region	City Tier
Beijing	North China	Tier 1
Shanghai	East China	Tier 1
Guangzhou	South China	Tier 1
Shenzhen	South China	Tier 1
Tianjin	North China	Tier 2
Shijiazhuang	North China	Tier 2
Taiyuan	North China	Tier 2
Hohhot	North China	Tier 2
Shenyang	Northeast China	Tier 2
Dalian	Northeast China	Tier 2
Changchun	Northeast China	Tier 2
Ha'erbin	Northeast China	Tier 2
Nanjing	East China	Tier 2
Hangzhou	East China	Tier 2
Ningbo	East China	Tier 2
Hefei	Central China	Tier 2
Fuzhou	South China	Tier 2
Xiamen	South China	Tier 2
Nanchang	Central China	Tier 2
Jinan	North China	Tier 2
Qingdao	North China	Tier 2
Zhengzhou	North China	Tier 2
Wuhan	Central China	Tier 2
Changsha	Central China	Tier 2
Nanning	South China	Tier 2

City Name	Region	City Tier
Haikou	South China	Tier 2
Chongqing	South China	Tier 2
Chengdu	South China	Tier 2
Guiyang	South China	Tier 2
Kunming	South China	Tier 2
Xi'an	Northwest China	Tier 2
Lanzhou	Northwest China	Tier 2
Xining	Northwest China	Tier 2
Yinchuan	Northwest China	Tier 2
Urumqi	Northwest China	Tier 2
Tangshan	North China	Tier 3
Qinhuangdao	North China	Tier 3
Baotou	North China	Tier 3
Dandong	Northeast China	Tier 3
Jinzhou	Northeast China	Tier 3
Jilin	Northeast China	Tier 3
Mudanjiang	Northeast China	Tier 3
Wuxi	East China	Tier 3
Xuzhou	East China	Tier 3
Yangzhou	East China	Tier 3
Wenzhou	East China	Tier 3
Jinhua	East China	Tier 3
Bengbu	Central China	Tier 3
Anqing	Central China	Tier 3
Quanzhou	South China	Tier 3

City Name	Region	City Tier
Jiujiang	Central China	Tier 3
Ganzhou	Central China	Tier 3
Yantai	North China	Tier 3
Jining	North China	Tier 3
Luoyang	North China	Tier 3
Pingdingshan	North China	Tier 3
Yichang	Central China	Tier 3
Xiangyang	Central China	Tier 3
Yueyang	Central China	Tier 3
Changde	Central China	Tier 3
Shaoguan	South China	Tier 3
Zhanjiang	South China	Tier 3
Huizhou	South China	Tier 3
Guilin	South China	Tier 3
Beihai	South China	Tier 3
Sanya	South China	Tier 3
Luzhou	South China	Tier 3
Nanchong	South China	Tier 3
Zunyi	South China	Tier 3
Dali	South China	Tier 3

Sources: NBS, Morningstar.

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