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Guangzhou Industrial Zone

HONG KONG PROPERTY
香港物業市場透視

CHINESE MAINLAND PROPERTY
中國內地物業市場透視

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GROUP INTRODUCTION

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- Real Estate Solutions and Surveying Practice



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HONG KONG PROPERTY-MARKET WATCH

Repositioning Hong Kong's Commercial Buildings: Challenges and Transformation Opportunities in Non-Core Business Districts

HONG KONG PROPERTY-MARKET WATCH

Repositioning Hong Kong's Commercial Buildings: Challenges and Transformation Opportunities in Non-Core Business Districts

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Introduction

Since the early 2000s, Hong Kong has transformed significant areas of industrial land into commercial districts, including the development of Kowloon East as a second Central Business District (CBD^2). This strategy has led to the delivery of substantial Grade A office supply in locations such as Kwun Tong, Kowloon Bay, and Shek Mun.

However, slower business expansion, changing workplace patterns following the COVID-19 pandemic, and the completion of substantial new office supply have created growing vacancy pressures in emerging business districts. As a result, landlords are increasingly focused on repositioning commercial assets and diversifying tenant demand. [1]

1. Vacancy Pressure Remains Elevated in Non-Core Business Districts

The Grade A office[2] market has become increasingly polarized. While demand in traditional CBD locations has improved, emerging business districts continue to face significant vacancy challenges.

Table 1. Grade A Office Vacancy Rates by Major Business District (July 2026)[3]

District	Jul 2026	Jul 2025	YoY Change
Admiralty	4.44%	8.14%	-3.72%
Central	9.74%	12.89%	-4.28%
Kwun Tong	16.97%	14.59%	+2.36%
Kowloon Bay	25.18%	21.98%	+2.43%

[1]For the purpose of this article, "emerging/non-core business districts" primarily refer to commercial nodes that have gradually evolved from traditional industrial areas and are located outside Hong Kong's established core CBD areas of Central and Admiralty, including locations such as Kwun Tong, Kowloon Bay, and Shek Mun.

[2]Grade A - modern with high quality finishes; flexible layout; large floor plates; spacious, well decorated lobbies and circulation areas; effective central air-conditioning; good lift services zoned for passengers and goods deliveries; professional management; parking facilities normally available.

[3]Centaline Office Sketch Monthly Report, August 2026.

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The data highlights a clear divergence. Vacancy rates in Central and Admiralty have improved noticeably, whereas vacancy in Kwun Tong and Kowloon Bay continues to rise. Kowloon Bay's vacancy rate has exceeded 25%, reflecting the significant challenge of absorbing newly completed office space in Kowloon East. [4]

For landlords, rental concessions alone may no longer be sufficient. A reassessment of property positioning, usage, and tenant mix is increasingly necessary to protect long-term asset value.

2. Planning Adjustments Create Opportunities for Transformation

Recent planning applications reflect changing market demand and a growing willingness to adjust the role of commercial districts. Rather than eliminating commercial functions, these initiatives aim to improve land-use flexibility and optimise development outcomes.

Table 2. Recent Commercial Land Use Transformation Cases[5]

Project	Original Position	Latest Development Direction	Key Implication
Harbourside HQ, Kowloon Bay	Kowloon East commercial district / CBD[2] fringe	Proposal to redevelop into residential use (rejected)	Demonstrates reassessment of commercial land use
Kiu Tau Wai, Tin Shui Wai	Standalone commercial development	Approval to incorporate residential use to a mixed development	Increased land-use flexibility through planning approval
Two Sites on On Sum Street, Shek Mun	Commercial-zoned government land	Planning application for residential development proposed by Government	Adjustment of future land supply to better reflect market demand

These examples demonstrate that the feasibility of commercial-to-residential conversion depends largely on planning intention and district positioning. The cases in Tin Shui Wai and Shek Mun illustrate how commercial and residential uses may be reconfigured to meet local development needs and changing market demand.
In comparison, the Harbourside HQ proposal involved a substantial shift from commercial to predominantly residential use, raising concerns over the loss of commercial floor space and the precedent it might set for Kowloon Bay. The approved redevelopment of the former KITEC was different in both location and development concept. Situated at the fringe of the core Kowloon East business area, the scheme introduced residential use while retaining offices, a hotel, exhibition space, retail and community facilities as part of a broader mixed-use development. These contrasting outcomes show that residential use is not entirely precluded in Kowloon East. Its acceptability depends on the proposed residential proportion, retention of non-residential

[4]Source：RVD Private Offices - Forecast Completions by Grade and District
[5]Reference (Chinese Only): 星島頭條《九龍灣商廈啟匯申重建1140伙住宅-遭城規會拒絕》；香港01《新地天水圍橋頭圍變陣住宅申建1140伙　削零售65%　城規會批准》；星島頭條《土拓署沙田安心街2幅商地申改劃住宅-共提供1456伙》

functions, planning improvement, and alignment with the strategic positioning of the area.[6]

3. Alternative Demand Drivers Beyond Traditional Offices

Beyond office-to-residential conversion, emerging business districts may introduce medical, educational and data-related uses to diversify occupier demand. Areas such as Kwun Tong, Kowloon Bay and Shek Mun benefit from strong transport connections, large floor spaces, competitive rents and modern building facilities. These advantages create opportunities to reposition suitable office properties while supporting policy priorities in community healthcare, post-secondary education and digital policy.

Healthcare Facilities

Demand for healthcare space continues to grow due to population aging, increasing chronic disease prevalence, and the Government's promotion of community-based healthcare services. [7]

Examples such as Hong Kong Baptist Hospital's expansion in Kowloon East demonstrate how medical operators can absorb substantial floor space through clinics, treatment centres, rehabilitation facilities, and supporting functions.[8]

However, healthcare users require buildings with sufficient power supply, barrier-free access, water and drainage infrastructure, structural capacity, and regulatory compliance. The significant fit-out investment involved generally favours long-term occupation.

Educational Institutions

Hong Kong's ambition to become an international post-secondary education hub has generated increasing demand for teaching, administrative, training, and student-support facilities.

Institutions including HKU SPACE, HKUST, and the Hang Seng University of Hong Kong have expanded into modern office buildings in Kowloon Bay, Kwun Tong and Shek Mun. [9]

Educational occupiers can utilize large floorplates efficiently while providing relatively stable occupancy. Considerations include accessibility, crowd management, lift provision, ventilation, fire safety, and compliance with education-related requirements.

Data Centres and Innovation uses

Growth in cloud computing, fintech, and artificial intelligence is driving demand for digital infrastructure. Government initiatives and the proposed Sha Ling Data Park further support the expansion of Hong Kong's data-centre ecosystem. [10]

[6]Source：HKET Article (Chinese Only) 《九龍灣規劃｜九展重建申請獲城規會「開綠燈」 將變身1470伙住宅及酒店等》
[7]Health Bureau Website PRIMARY HEALTHCARE BLUEPRINT
[8]Source (Chinese Only)： 星島頭條《浸會醫院購觀塘活化工廈-全幢作價137億-作辦公室及後勤服務》
[9]Source (Chinese Only)：雅虎財經《【商廈市況】大專院校連環掃貨：逆市擴充撐起工商物業？｜透視辦學轉型與「開枝散葉」新佈局！》；香港商報《科大都大城大等紛紛大手購物業 大學成舖市「錢進新動力」？》；28Hse成交行情《豪擲3億掃石門商廈！恒大趁低吸納物業擴充校舍，商場變大學設施新趨勢？》
[10]Source：Digital Policy Office website, *Data Centre Facilitation*

While some office buildings may be suitable for technology-related occupiers, the viability of conversion depends primarily on technical requirements rather than market rents. [11]

Key considerations include power supply, backup systems, cooling capacity, structural loading, fibre connectivity, and 24-hour operational capability. In many cases, existing office buildings may be better suited to enterprise technology facilities, research centres, or smaller-scale digital infrastructure uses rather than full-scale data centres.[12]



Sandy Ridge Data Centre Conceptual Image.
(Source of Photo: Range Intelligent Computing Technology Group Company Limited)

4. Conclusion

Hong Kong's non-core business districts are undergoing a structural transition driven by changing occupier demand and substantial new office supply. The key challenge is not necessarily a lack of demand, but a mismatch between traditional office demand and the volume of available space.

Recent planning cases demonstrate that commercial-to-residential conversion can be one of the solutions, provided proposals align with district planning objectives. More importantly, healthcare, education, and digital infrastructure sectors present viable opportunities to diversify demand and reinforce the long-term relevance of emerging business districts.

Ultimately, successful repositioning will depend on each property's location, planning constraints, lease conditions, structural characteristics, and technical capabilities. Landlords should therefore undertake detailed planning, legal, technical, and financial feasibility assessments before pursuing any alternative-use strategy.

[11]Source: TVB News (Chinese Only) 王兆麟《香港商廈的未來》
[12]Source: CBRE Press Release, *Asia Pacific Data Centre Investment Hits Record High as Power Constraints Reshape Growth; Hong Kong Demand Remains Resilient Despite Technical Limitations*

HONG KONG SNAPSHOTS

Discovery Park, Tsuen Wan: 2-Bedroom Unit Appreciated 1.5 Times in 28 years

A unit at Discovery Park in Tsuen Wan, has recently been sold for HK$6.95 million. According to property market reports, the original owner held the flat for approximately twenty-eight years, resulting in an appreciation of about 1.5 times.

Market sources indicate that the transacted unit was Flat F on a middle floor of Tower 6, with a saleable area about 485 square feet and a two-bedroom layout. The original asking price was HK$6.6 million, but after the lease expired, the asking price was raised to HK$6.95 million and the property was subsequently sold, representing a saleable price of about HK$14,330/sq. ft.. The buyer, a first-time homebuyer, was attracted by the estate's comprehensive facilities and pleasant environment, and decided to purchase the unit.



It is understood that the original owner purchased the unit in 1998 for around HK2.8 million on the transaction. Upon resale, the owner made a book profit of HK$4.15 million after holding the property for 28 years.

Discovery Park is located near to the MTR Tsuen Wan Station with shopping mall and clubhouse.
(Source of Photo: RHL Photo Base)

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HONG KONG SNAPSHOTS

Ma On Shan's Sausalito: 3-Bedroom Unit Sold at HK$9.6M, Appreciates more than doubled in Twenty Years

The overall sentiment in Hong Kong's residential market has recently improved, accelerating homebuyers' entry into the market. A mid-floor 3-bedroom unit at Sausalito in Ma On Shan has recently been sold for HK$9.6 million.

According to property market reports, the transaction involved Flat B on the mid-floor of Tower 3, with a saleable area of approximately 734 sq.ft. and a three-bedroom with a suite layout. The original owner initially listed it at HK$10 million and was sold for HK$9.6 million after negotiation, representing a saleable price of about HK$13,079/sq. ft..
The buyer who favored the unit's suitable layout and reasonable price, thus, decided to purchase it for self-use.



Located on Yuk Tai Street in Ma On Shan,
Sausalito is about 10-minute walking distance away from the MTR Station.
(Source of Photo: RHL Photo Base)

Market sources indicate that the original owner bought the unit in 2006 for HK$4.55 million. Holding the property for about twenty years, the owner resold it with a book profit of over HK$5.05 million representing an appreciation of 111%.

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Latest Office Property Market Update

Office Property Purchase and Rental Transactions in the Market

Cheung Sha Wan



Address:	Office B on 29th Floor Billion Plaza 2 No. 10 Cheung Yue Street Kowloon
ASP Price: (August 2026)	HK$14.8863 million
Saleable Area:	About 1,406 sq.ft.
Unit Rate in Saleable Area:	HK$10,588/sq.ft.
Last Transaction as at April 2018	
Price Change from Last Transaction:	-46.2%
Overall Market Change from Last Transaction:	-44.1% (Grade B Private Offices – Price Index by RVD)

Wan Chai



Address:	Suites 04 & 05 on 19th Floor Harbour Centre No.25 Harbour Road Hong Kong
ASP Price: (at July 2026)	HK$76.8 million
Saleable Area:	About 2,220 sq.ft.
Unit Rate in Saleable Area:	HK$34,595/sq.ft.
Last Transaction as at August 2021	
Price Change from Last Transaction:	-25.8%
Overall Market Change from Last Transaction:	-34% (Grade A Private Offices – Price Index by RVD)

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Latest Office Property Market Update

Office Property Purchase and Rental Transactions in the Market

Tsuen Wan



Address:	Office Unit No. 16 on 7/F ,Nan Fung Centre Nos. 264-298 Castle Peak Road, New Territories
Monthly Rental (agreed on September 2026)	HK$11,800
Saleable Area:	About 328 sq.ft.
Unit Rental in Saleable Area:	HK$36/sq.ft.
Overall Rental Market Change	
Compare 2025 Q2 & 2026 Q2:	Grade A Private Offices: -1.57% Grade B Private Offices: -1.02% Grade C Private Offices: -0.10% (Private Offices – Rental Index by RVD)

Admiralty



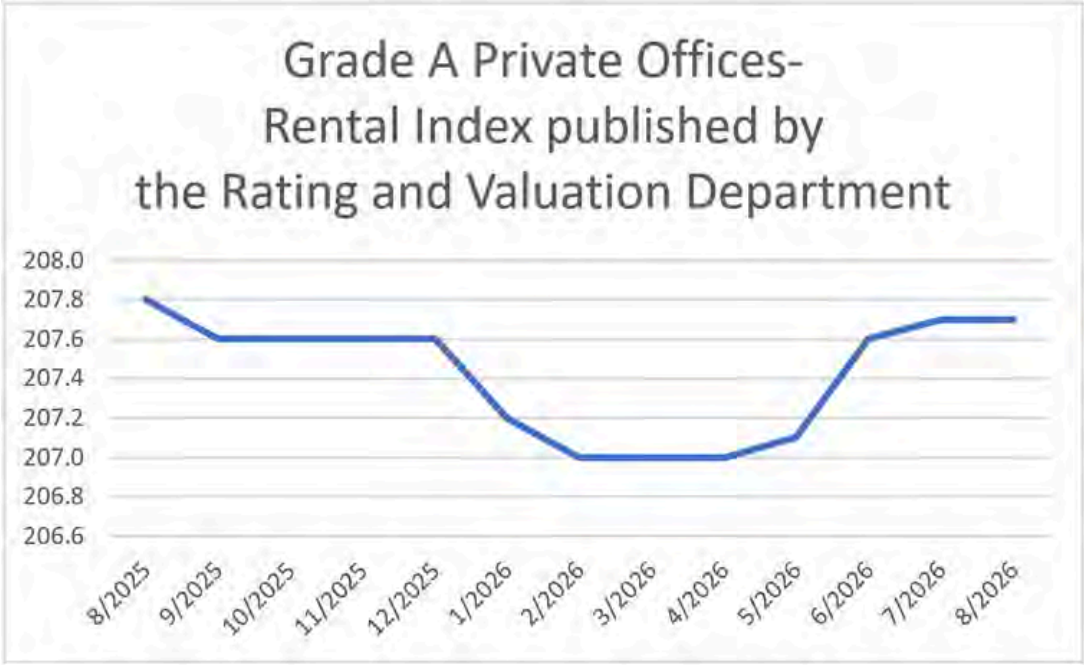
Address:	Room 2003 on 20th Floor Tower Two Lippo Centre No.89 Queensway Hong Kong
Monthly Rental (agreed on September 2026):	HK$100,000
Saleable Area:	About 1,779 sq.ft
Unit Rental in Saleable Area:	HK$56.2/sq.ft.
Overall Rental Market Change	
Compare 2025 Q2 & 2026 Q2:	Grade A Private Offices: -1.57% Grade B Private Offices: -1.02% Grade C Private Offices: -0.10% (Private Offices – Rental Index by RVD)

Latest Office Property Market Update

Office Property Purchase and Rental Transactions in the Market

Statistics on Office Property Transaction Registered by the Land Registry	
Total Preliminary Registered Transaction Volume in 2026 Q2	296
Volume of Registered Transaction in 2026 Q1	242
Preliminary Transaction Value of Retail Property in 2026 Q2	About HK$8.711 billion
Transaction Value of Retail Property in 2026 Q1	About HK$5.505 billion
Quarterly Change in Transaction Value	+58.2%
Source of Information: Land Registry and Centaline Property	

Facing the lingering shadow of US interest rate hikes, along with a slowdown in Hong Kong's residential price growth in the third quarter, the overall market sentiment has been affected. According to data from the Land Registry and Centaline Property, the preliminary number of commercial building transactions in Hong Kong in the second quarter of this year increased compared to the first quarter, and the preliminary transaction amount this quarter also saw a significant rise over last quarter. According to the Rating and Valuation Department's provisional private Grade A office rental index, the figure for August was 207.7, showing little month-on-month change; as for the sale price index, it was 295.6, registering a slight monthly increase. It is hoped that with continued inflows of overseas capital and the expansion of educational institutions, the office market situation may improve.



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CHINESE MAINLAND SNAPSHOT

- **An Overview of Measures for the Renewal of Industrial and Commercial Land Use Rights in Chinese Mainland and Their Impact on Property Valuations**
- **Interpretation of the "Notice on Improving the Commodity Housing Sales System": Key Differences Between the Old and New Rules, and the Impact on the Property Market**
- **Residential Price Index of Major Cities (September 2026)**
- **Major Land Transaction (August-October 2026)**

CHINESE MAINLAND SNAPSHOT

The Value Logic of Yacht Marinas: Maritime Commercial in the Greater Bay Area from a Valuer's Perspective

Author: KC Chan (RHL Mainland and Overseas Asset Valuation – Senior Manager)

When valuing Chinese Mainland properties, the remaining term of the land use right has long been a key factor in valuers' calculations and a matter of keen concern for all stakeholders in the property investment market. Whether an expiring land lease can be renewed, what the maximum extension period is, and how much additional land premium would be required—all these directly affect the property's current value. "How many years are left on the land" is no longer merely a figure on the title deed; it has become a core variable that decisively shapes asset valuation, financing capacity, and disposal options. Understanding the application deadlines, eligibility criteria, renewal terms, and premium-calculation methods for land-use-right extensions has thus become essential for unlocking the potential of existing assets, mitigating risks, and maximizing value.

Refer to Article 22 of the Law of the Peoples Republic of China on Administration of the Urban Real Estate, promulgated by the Standing Committee of the National People's Congress in 1994: "Allocation of the land-use right refers to acts that the people's government at or above the county level approves in accordance with the law to allocate the land to a land user after the latter has paid compensation and expenses for resettlement, etc. for the allocated land, or gratuitously allocates the land-use right to the land user. Where the land-use right is obtained by mode of allocation in accordance with the provisions of this Law, except as otherwise provided by the laws, administrative rules and regulations, there shall be no restriction with respect to the term of use."



Guangzhou Industrial Zone.
(Source of Photo: Canva Photo Base)

With the release of the China's 15th Five-Year Plan in 2026, which calls for "promoting mixed-use land development, integrated spatial utilization, and lawful, rational conversion of land uses, while improving the legal framework for renewing industrial and commercial land use rights and steadily advancing renewal procedures in accordance with the law," cities and regions across the country have begun to roll out pilot programs for land-use right renewal. This paper primarily examines the impact of such renewals on property values, focusing on Guangzhou's recently introduced rules governing the renewal of industrial and commercial land use rights.

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- *Premium Assessment*
- *Temporary Waiver Application*

I. Guangzhou Pilot Program Analysis

On 20th April 2026, the Guangzhou Municipal Bureau of Planning and Natural Resources issued the "Pilot Plan for the Management of Renewal of Industrial and Commercial Land Use Rights in Guangzhou" which, for the first time at the level of a first-tier city, quantifies and implements four core elements: the duration of renewal, land prices, discount rates, and performance assessment criteria.

i. Scope of Application and Application Window

The scheme covers state-owned construction land use rights for industrial and commercial purposes in Guangzhou that are due to expire. Application periods are as follows: First, expiration-date applications must be submitted no later than one year before the land lease term expires; Second, early-expiration applications may be filed once more than half of the land lease term has elapsed; Third, late-expiration applications—intended for land whose lease has already expired will be granted a two-year grace period for supplementary applications.

ii. Renewal Term: Tiered Management

The length of the renewal term shall be determined on a comprehensive basis, taking into account the current industrial output, industry type, industrial layout, and the applicant's intentions, and shall be assessed in accordance with Guangzhou Municipality's "Guidelines on Industrial Land Use." Projects are classified into three categories. The maximum renewal term is 20 years, with a minimum of 5 years, and the sum of the remaining term and the renewal term shall not exceed the statutory maximum land-use right transfer period.

Category 1: Projects in Encouraged/ Permitted Industries That Meet the Criteria

- Primary Targets of Policy Support
- Maximum Renewal Term: **20 years**

Category 2: Restricted Industrial Projects

- With the shorter term which reflects industry-driven constraints
- Maximum Renewal Term: **10 years**

Category 3: Non-compliant Projects

- Not grant; annual rent must be paid; lower level of property rights
- Maximum renewal term: **5 years (processed as a lease)**

iii. Land price calculation formula

Industrial land is assessed based on the benchmark land price[1], while commercial and service land is assessed based on the designated land price[2]; underground space is referenced to the benchmark land price. The calculation formula is as follows: Renewal land price = (Renewal term ÷ Statutory maximum transfer term) × Benchmark or designated land price for the corresponding use and location at the statutory maximum transfer term × Land area × Discount.

For Category I projects, the land premium is eligible for a 70% discount; Categories II and III must pay the full amount, and Category III projects may only be granted leases for a maximum term of five years

iv. Land price calculation formula

In August 2026, the Guangzhou Municipal Bureau of Planning and Natural Resources officially announced that the renewal of the commercial land use rights for the Guangzhou International Light Textile City, located in Guangzhou's Haizhu District, had been approved. This marks the first large-scale commercial land project in Guangzhou to successfully secure a lease extension. The original expiration date of the land-use right was 2043; although approximately 17 years remain, assets with less than 20 years remaining typically struggle to meet the eligibility criteria for public-offering REITs. Consequently, this successful renewal has removed a major hurdle, paving the way for the project to apply for a commercial real estate REIT.

II. The Impact of Land Lease Renewal on Real Estate Valuation

i. Left Over Remaining Land Term Directly Impact Valuation

Regardless of the valuation method employed, the remaining lease term must be taken into account. Most intuitively, under the income approach and the term adjustment model, the property's value depreciates more rapidly when the remaining term falls below 10 years which resulting in a significant decline even if the property is well-managed. Consequently, the introduction of renewal policies provides appraisers with a clear legal basis for their professional judgment, enabling them to reasonably assume that the relevant land will be granted a lease extension and to quantify the corresponding land premium accordingly. Moreover, should a successful renewal be obtained, an extension of either 10 or 20 years would substantially enhance the property's valuation.

ii. The Payment of Land Premium Affects Net Worth and Cash Flow

According to the regulations, the renewal land premium is calculated from the date of signing the contract or agreement and, in principle, must be paid in a lump sum within 30 days. If installment

1. Within the urban construction land area defined in the overall land-use plan, under average development and utilization conditions, the regional average price of land rights with the statutory maximum usage term, determined by the government for a specific valuation date, is assessed separately for different grades or homogeneous areas according to uses such as commercial services, residential, and industrial.
2. For administrative purposes, the government determines the price of land rights for a standard parcel under its current development and utilization conditions, based on the statutory maximum usage term applicable on a specified valuation date.

payments are necessary, the initial installment shall be no less than 50% and paid within 30 days, with the remaining balance due within 12 months, accruing interest at the one-year Loan Prime Rate (LPR). For industrial projects undergoing redevelopment of inefficiently used land, the initial installment may be reduced to 30%, with the balance payable over a maximum of 24 months, interest-free. Since the three payment tiers have different timing, their discounted present values also vary; therefore, the cash-flow model must set the timing of each disbursement tier on a case-by-case basis and include interest as part of the cash outflows. If a short-term renewal is arranged through leasing, there is no land premium as described above; however, annual land rent becomes a recurring expense, progressively reducing net operating income and the capitalized valuation.

iii.Needs to be Combined with Above Ground Structure Condition

Even if the land is reasonably assumed to be eligible for renewal, the appraiser must take into account the actual condition of the buildings on the site. If the buildings are severely aged or have lost their commercial value, then, even with a renewed land lease, repair or renovation costs must be factored in and incorporated into the valuation to arrive at a fair market value.

iv.Involve Major Assumption

Although there is policy support, renewal is subject to the outcome of the application, and uncertainty remains prior to submission. Therefore, calculating the post-renewal valuation in advance constitutes a significant assumption that requires confirmation from the client in advance and must be properly and clearly disclosed in the appraisal report.

Land renewal involves multiple stages, including policy interpretation, contract review, land-price estimation, and professional valuation. If you are considering a renewal application, it is advisable to consult a specialized firm to gain insights into the parcel's location, intended use, remaining lease term, renewal policies, market prospects, and any associated premium obligations, thereby enabling you to devise a renewal strategy that best serves your interests.

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CHINESE MAINLAND SNAPSHOT

Interpretation of the "Notice on Improving the Commodity Housing Sales System": Key Differences Between the Old and New Rules, and the Impact on the Property Market

Author: KC Chan (RHL Mainland and Overseas Asset Valuation – Senior Manager)

I. Introduction

On 28 August 2026, the Ministry of Housing and Urban-Rural Development, the Ministry of Natural Resources and the National Financial Regulatory Administration jointly issued the "Notice on Improving the Commodity Housing Sales System", the essence of which can be summarised in three objectives: controlling funds, raising the threshold, and promoting completed-property sales. The reform does not abolish the pre-sale system for commodity housing; instead, it moves the pre-sale milestone as a whole to a later stage, locks the purchase price within a supervised account until delivery, and steers newly granted land parcels towards selling completed properties as a priority. At the same time, a set of supporting measures was introduced in parallel, including extending the maximum term of individual housing loans to 40 years, deferring the drawdown of mortgage loans for pre-sale projects until completion is filed for record, and introducing a project-company system and a lead-bank system while strengthening capital-market financing support.



Residencial building under construction.
(Source of Photo: Canva Photo Base)

II. Differences Between the Old and New Rules

Item	Old rule (on or before 28 Aug)	New rule (new projects after 28 Aug)
Sales Timing	Once about 25% of the investment was committed and a pre-sale permit obtained, units could be sold which buildings were often sold before they were even built.	Pre-sale is allowed **only once the main structure is topped out**; for newly granted land and projects without a planning permit, developers are steered to build first and sell as completed property.
Where the Payment Goes	Payments were placed in a supervised account, but the strictness of supervision varied by locality, leaving a risk of misappropriation.	The entire payment is deposited in a designated bank supervised account and **can only be released once construction is finished and water, electricity, gas and heating are ready for delivery.**

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Item	Old rule (on or before 28 Aug)	New rule (new projects after 28 Aug)
Mortgage Drawdown	Banks released the mortgage once the main structure was topped out, letting developers receive most of the price early.	For pre-sale, the mortgage is released only after the project is completed and filed for record; for completed flats, it is released after the sale is registered.
Buyer's Remedies	Buyers relied mainly on contract clauses and court action; if a project stalled, they often could not recover their money.	The contract expressly states that if the developer cannot deliver on time, the buyer may rescind the contract, recover the payment and claim compensation.
Deposit	There was no uniform rule, with irregularities in subscription and deposit money.	A small deposit (capped locally at **about 1% to 5%**) may be collected **only after a construction permit is obtained**; the full amount is placed in a supervised account and may not be used before delivery.
Title Deed	Handover and issuance of the property title certificate were often separated in time.	A **"handle over and obtain the title at the same time"** approach is promoted; for completed-property sales, the initial registration of the property is usually completed beforehand.
Developer Financing	The pre-received payment was once the developer's single largest source of interest-free funds.	To ease developers' pressure, interest-free instalment payment of land premiums, selling land with a planning scheme, per unit land use right mortgages, and fundraising via bonds and funds (REITs) are permitted.
Scope of Application		Old/new demarcation: projects that had obtained a planning permit before 28 August continue under the old rules; the transition period generally runs to the end of 2027.

III. Impact on the Property Market

(1) Cooling of the land market

The new rules make developers more cautious about buying land — whereas they once scrambled for parcels at high prices for fear of missing out, they now place more weight on cash turnover. According to the China Index Academy, in the first nine months of 2026 the top 100 developers spent about RMB 578.5 billion on land, down roughly 20% year on year, with the decline widening compared with the first eight months; in September, the transaction volume and value of residential land across the 300 cities fell

by about 34.6% and 19.7% respectively year on year, and in the same month Beijing cancelled or postponed three residential parcels. Overall this points to a cooling land market, with funds concentrating on prime locations in core cities.

(2) New-home launches: fast first, slower later

Because the old/new demarcation leaves a transition period, a short-term rush to obtain pre-sale permits emerged: in Shenzhen, 27 new projects obtained pre-sale permits between 28 August and 10 October, versus only 7 between 1 July and 27 August. With older projects clustered for launch before the end of 2027, short-term supply will rise and pressure prices; over the medium term, however, most new parcels will adopt completed-property sales, so future new supply will shrink — which in fact supports prices in cities where supply is tight.

(3) Mortgages and buyers

The maximum mortgage term has been extended to 40 years, and the government now subsidises the interest on first-home loans (1% per year, maximum five years, capped at RMB 1 million per household), which in effect eases the repayment burden of owner-occupiers and improves their ability to get on the property ladder. However, since mortgages on pre-sale flats are released only after completion, buyers care more about a guaranteed handover, so “completed” homes are generally preferred over “off-plan” homes, and the price gap between the two will widen.

IV. A Closing Note for the Public

In summary, the short-term effect of the Notice is a cooling land market alongside a rush to launch homes with pre-sale permits, while the medium term sees new supply contract and industry deleveraging proceed together. For the public: buying a home is safer, the risk of a stalled project is lower, and handover and title issuance are more synchronised. When buying off-plan, pay particular attention to the handover date and the developer’s financial position, and, if you can, consider completed homes. We expect the real impact of the new policy on incremental supply to emerge around the second quarter of 2027, which will be a key window for reading market trends.



Residencial building in Chinese Mainland.
(Source of Photo: Canva Photo Base)

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CHINESE MAINLAND SNAPSHOT

Residential Price Index of Major Cities (September 2026)

City	Sample Average Price (RMB/sq.m.)	M-o-M Change (%)	City	Sample Average Price (RMB/sq.m.)	M-o-M Change(%)
Shanghai	65,386	0.50	Beijing	47,451	0.29
Chongqing	11,350	-0.09	Tianjin	15,715	0.48
Guangzhou	25,470	0.03	Shenzhen	53,699	0.05
Nanjing	26,104	-0.07	Hangzhou	34,306	0.37
Chengdu	15,574	0.37	Wuhan	13,469	0.11
Dalian	13,221	-0.03	Suzhou	19,448	-0.13
Xi'an	13,484	0.05	Xiamen	28,172	-0.25
Ningbo	21,144	0.07	Changsha	9,672	0.20
Wuxi	14,433	-0.20	Dongguan	17,759	-0.31
Shenyang	9,772	0.18	Fuzhou	16,953	0.40

Source: Fangtianxia Hundred City Price Index

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Major Land Transaction (Aug-Oct 2026)

Guangzhou - Industrial Land	
Transaction Date:	10-10-2026
Address:	North Side of Mengxiang Road, Longxue Subdistrict, Nansha District
Consideration:	RMB 902,140,000
Usage:	Class III Industrial Land Use
Site Area:	899,200.00 sq.m.
GFA:	2,697,600.00 sq.m.
Plot Ratio:	3.0
Accommodation Value/ GFA sq.m.	RMB 334.42

Shenzhen - Residential Land	
Transaction Date:	18-09-2026
Address:	Northwest of the intersection of Antuo Mountain 4th Road and Qiaoxiang 3rd Road, Xiangmihu Subdistrict, Futian District
Consideration:	RMB 2,550,000,000
Usage:	Ordinary Commodity Residential Land (Category II)
Site Area:	5,844.41 sq.m.
GFA:	26,007.62 sq.m.
Plot Ratio:	4.45
Accommodation Value/ GFA sq.m.	RMB 98,048.19

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CHINESE MAINLAND SNAPSHOT

Major Land Transaction (Aug-Oct 2026)

Shanghai- Commercial Land	
Transaction Date:	31-08-2026
Address:	Bounded by Cao Yang Road to the east, Tongchuan Road and Plot B06-02 to the south, Nan Shi 1st Road to the west, and Li Quan Road to the north
Consideration:	RMB 2,110,630,000
Usage:	Retail commercial land
Site Area:	43,976.18 sq.m.
GFA:	207,127.81 sq.m.
Plot Ratio:	4.71
Accommodation Value/ GFA sq.m.	RMB 10,189.99

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