16 September 2026

China in Focus

Economics
China

China property: shifting to "built-first" home sales

- China's latest property measures pivot towards greater delivery certainty and improved near-term affordability
- Tighter pre-sale rules and project-level financing should reduce delivery risk…
- …while longer mortgage tenors may lower monthly repayments and improve near-term affordability

China data review (August 2026)[1]

- **Retail Sales** only rose 0.4% y-o-y in August, despite modest improvements in some big-ticket items, such as household appliances and sports and entertainment goods. Auto sales were, again, a major drag, with weaknesses evident across both internal combustion engine and EV segments. Year-to-date, services retail sales were up 4.9% y-o-y, continuing to outperform goods retail sales.
- **Industrial Production** picked up to 5.2% y-o-y in August, boosted by continued strength in equipment and high-tech manufacturing. Despite muted domestic sales, the auto sector grew 8.7%, helped by resilient exports. Computers and communications also outperformed, driven by strong global and domestic AI-related demand.
- **Fixed Asset Investment** was a notable drag, falling 7.2% y-o-y in January-August, driven by weak infrastructure and property investment. The main swing factor remains the pace of local fiscal spending, with subdued special local government bond issuances in recent months likely weighing on infrastructure investment.
- **Goods exports** grew 25.0 % y-o-y in August, driven by high-tech goods amid the global AI push, with integrated circuits and computer accessories up 130% and 77%, respectively. Imports increased by 28.2% y-o-y, reflecting ongoing regional integration in the semiconductor supply chain, which lifted integrated circuits and broader high-tech goods by 84% and 69% y-o-y, respectively.
- **Headline CPI** rose 0.8% y-o-y in August, largely due to higher energy prices, while **core CPI** still signals soft consumer demand. Meanwhile, **PPI** growth rose 3.8%, driven by higher prices in oil and electronics supply chains. The Middle East conflict and global AI-related demand are key swing factors, but a rebound in core CPI will depend on domestic consumption policy.

[1] Source: Wind, HSBC

China property: shifting to "built-first" home sales

Policy shift towards finished homes to reduce risk

On 28 August, Chinese authorities unveiled a broad package of measures aimed at **long-term real estate reform**, shifting towards a "completed home" delivery model.

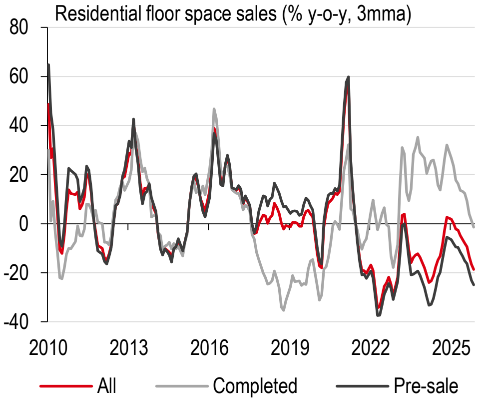
Stricter pre-sale rules are aimed at protecting buyers

Supply side: reducing delivery risk

The package focuses on reducing delivery risk through two key changes: (i) **stricter rules for pre-sales:** developers can only start pre-selling once a project has reached structural top-out (the main structure is fully built), and money held in escrow from pre-sales will only be released upon project completion; (ii) **project-level financing:** banks will increasingly lend against individual projects, rather than based mainly on the developer's overall credit. This helps ring-fence risks, so problems in one project are less likely to spill over.

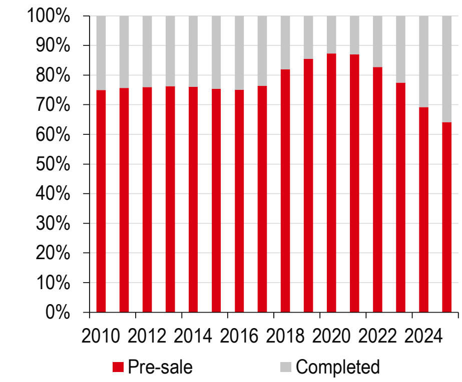
These changes should better protect homebuyers and help restore confidence. As Chart 1 and Chart 2 show, buyers increasingly prefer completed homes: over the past five years, completed home sales have outpaced pre-sales on a y-o-y basis, while the pre-sale share of total new home sales fell from 87.3% (2020) to 64.1% (2025). The trade-off is that **developers will face higher upfront funding and liquidity needs**, which could create near-term headwinds, especially for weaker companies.

1. Pre-sales of housing have weakened more than completed home sales…



Source: Wind, HSBC

2. …with the share in total new home sales falling to c64% in 2025



Source: Wind, HSBC

Longer mortgages should cut monthly payments

Demand side: improving affordability

On the demand side, the People's Bank of China and the National Financial Regulatory Authority announced a rule **extending the maximum mortgage maturity** from 30 years to 40 years (Xinhua, 28 August). A longer tenor should reduce monthly instalments and improve near-term affordability, although it also raises total interest costs over the life of the loan, all else equal. The primary beneficiaries are likely younger borrowers, given banks' common requirement that mortgages be repaid before a borrower reaches a maximum age threshold.

These steps may provide incremental housing support

Overall takeaway

These measures should offer some **marginal support to housing demand**, but they are not designed to trigger a broad cyclical rebound in the near term. The main objective is to establish a new development model, consistent with the long-term reform direction under the 15th Five-Year Plan.

Key upcoming China economic data

Date	Indicator	Prior
21 Sep	Loan Prime Rate 1Y	3.00%
21 Sep	Loan Prime Rate 5Y	3.50%
30 Sep	NBS Manufacturing PMI	49.8
30 Sep	RatingDog Manufacturing PMI Final	51.5
30 Sep	RatingDog Services PMI	51.4
14 Oct	Exports y-o-y	25.0%
14 Oct	Imports y-o-y	28.2%
14 Oct	Producer Price Index (PPI) y-o-y	3.8%
14 Oct	Consumer Price Index (CPI) y-o-y	0.8%
19 Oct	Retail Sales y-o-y	0.4%
19 Oct	GDP Q3, y-o-y	4.3%

Source: LSEG Eikon

Performance of key A-share indexes*

	Current	Year-to-Date	Last 1yr
Shanghai Composite	3,864	-2.63%	0.10%
Shenzhen Composite	2,444	-3.43%	-1.11%
CSI 300	4,450	-3.89%	-1.83%

* Past performance is not an indication of future returns
Source: LSEG Eikon. As of 15 September 2026, market close.

Disclosure appendix

Important disclosures

This document is for information purposes only and it should not be regarded as an offer to sell or as a solicitation of an offer to buy the securities or other investment products mentioned in it and/or to participate in any trading strategy. Information in this document is general and should not be construed as personal advice, given it has been prepared without taking account of the objectives, financial situation or needs of any particular investor. Accordingly, investors should, before acting on it, consider the appropriateness of the information, having regard to their objectives, financial situation and needs. If necessary, seek professional investment and tax advice.

Certain investment products mentioned in this document may not be eligible for sale in some states or countries, and they may not be suitable for all types of investors. Investors should consult with their HSBC representative regarding the suitability of the investment products mentioned in this document and take into account their specific investment objectives, financial situation or particular needs before making a commitment to purchase investment products.

The value of and the income produced by the investment products mentioned in this document may fluctuate, so that an investor may get back less than originally invested. Certain high-volatility investments can be subject to sudden and large falls in value that could equal or exceed the amount invested. Value and income from investment products may be adversely affected by exchange rates, interest rates, or other factors. Past performance of a particular investment product is not indicative of future results.

HSBC and its affiliates will from time to time sell to and buy from customers the securities/instruments (including derivatives) of companies covered in HSBC Research on a principal or agency basis.

Whether, or in what time frame, an update of this analysis will be published is not determined in advance.

HSBC may use Artificial Intelligence (AI) tools approved for adoption within HSBC in the development of its research reports, utilizing these technologies to analyse large volumes of data, enhance efficiency and improve the overall user experience. This includes but is not limited to paraphrasing, developing suitable captions and supporting data visualisation. It is important to note that while AI tools assist in various aspects of report creation, all investment recommendations and opinions presented herein are formulated and approved exclusively by our research analysts. The final content of the report reflects the professional judgement and expertise of our research analysts, ensuring compliance with regulatory standards and maintaining the integrity of our research process.

Additional disclosures

1. This report is dated as at 16 September 2026.
2. All market data included in this report are dated as at close 15 September 2026, unless a different date and/or a specific time of day is indicated in the report.
3. HSBC has procedures in place to identify and manage any potential conflicts of interest that arise in connection with its Research business. HSBC's analysts and its other staff who are involved in the preparation and dissemination of Research operate and have a management reporting line independent of HSBC's Investment Banking business. Information Barrier procedures are in place between the Investment Banking, Principal Trading, and Research businesses to ensure that any confidential and/or price sensitive information is handled in an appropriate manner.
4. You are not permitted to use, for reference, any data in this document for the purpose of (i) determining the interest payable, or other sums due, under loan agreements or under other financial contracts or instruments, (ii) determining the price at which a financial instrument may be bought or sold or traded or redeemed, or the value of a financial instrument, and/or (iii) measuring the performance of a financial instrument or of an investment fund.

Disclaimer