

Market Views: Will China's battered property market recover in 2026?

Heather Ng

19 hours ago

The suspension of key sales data and a sharp drop in developer transactions raise fresh doubts over the sector's path to recovery.



China Real Estate Information Corp. and China Index Academy, two of the country's largest private property data providers, withheld their usual monthly release of combined sales figures for the nation's top 100 developers in November.

The suspension, ordered by China's housing bureau, halts a long-standing practice of publishing the data at the end of each month and adds to the opacity surrounding the sector.

The move comes as stress in the housing market deepens. In October, new home sales amongst the top 100 developers plunged 41.9% year-on-year, marking the steepest monthly decline in 18 months, according to Bloomberg calculations. The absence of fresh data only heightens uncertainty about the sector's condition.

Against this backdrop, *AsianInvestor* asked industry experts if they expect China's property market to recover by 2026.

Steve Alain Lawrence, CIO

Balfour Capital Group



Steve Alain Lawrence

I expect China's property market to begin stabilising well before 2026, with a more durable and investable recovery taking shape from 2027 onward.

Every major real-estate correction follows a familiar path – from the US RTC clean-up in the 1990s to Japan's post-1998 restructuring and China's own early-2000s NPL workout.

Once non-performing loans are formally recognised, ring-fenced, and transferred into asset-management vehicles, credit channels reopen and confidence gradually returns.

China is now entering this controlled restructuring phase. Beijing is absorbing excess inventory, expanding affordable-housing conversions, encouraging banks to resolve developer NPLs, and recapitalising systemically important institutions.

State-owned developers such as Poly Developments, China Overseas, China Resources Land, Greentown and Jinmao are assuming the stabilising role, benefiting from stronger balance sheets, policy alignment and preferential funding.

Historically, SOEs emerge from such cycles with greater market share and tighter project discipline.

I do not expect a full reopening to foreign capital in residential housing, but targeted access in commercial property, rental housing and urban redevelopment over the next three to five years is likely. This is not a collapse – it is a structural reset.

Alicia García Herrero, chief economist, Asia Pacific

Natixis CIB

China's real estate sector, once a pillar of economic growth, faces a protracted slump with no meaningful recovery in sight for 2026.

Despite government stimulus, persistent structural woes—high inventory, ballooning debt, and eroded buyer confidence—will keep the market mired in decline.



Alicia García Herrero

New home sales for the top 100 developers plunged 36% year-on-year in November 2025, while nationwide sales are projected to drop 8%, halving from 2021 peaks.

We forecast around 6-7% sales contraction in 2026, with prices still falling especially for the secondary market.

Household debt stands at 145% of disposable income, squeezing affordability. Local governments have seen land sales crater in 2025, which is limiting the fiscal support they can offer to the economy. Bank asset quality continues to be eroded although in a limited way since loans to developers are not a large part of the portfolio.

The risk for the banks, however, is that local governments are increasingly squeezed, given the lack of recovery of the real estate sector, as local governments are about 15% of total loans for banks.

Benjamin Fanger, CIO

ShoreVest Partners



Benjamin Fanger

We've long known that many of the new homes that were built pre-pandemic in China's churn and burn years will never be sold (or even lived in).

But equating "new home sales" with China's entire real estate market – especially the cash-flowing commercial real estate space – is akin to conflating zero revenue start-ups with the largest listed tech companies. These are two very different things.

What's more interesting than new home sales is commercial real estate. This is foundational, as China's economy continues to shift away from old low-quality manufacturing and empty home development, to new economic drivers.

Commercial real estate is (and should) be priced based on its fundamental use value today, not speculation. And real cashflow is the best indicator of this fundamental value. Pre-pandemic, buyers of commercial real estate in China's first-tier cities might be fine with a 2 to 3% cap rate. Now, that's more like 5 to 6.5%.

This means there is liquidity for buildings at the right price and cash yield. While this price correction was disastrous for equity investors in real estate pre-pandemic (value cut in half), it's a correction that was very much needed to bring Chinese commercial real estate in line with rational pricing.

Jeff Zhang, equity analyst

Morningstar

We expect average new home selling price to stabilise in 2026 as more policy support flow through and property sales in wealthy cities continue to outperform the less affluent ones.



Jeff Zhang

That said, new home transaction volume should keep declining amid overall subdued homebuyers' sentiment, and a more rebound may not emerge until 2027.

We also project property inventory to mildly ease in 2026 as local governments accelerate absorptions.

– Haymarket Media Limited. All rights reserved.

ALTERNATIVES **FUND MANAGERS**

#china #property market

RELATED ARTICLES

India's alternatives boom draws institutional investors

Heather Ng
1 day ago



Market Views: Why is Bitcoin crashing while stocks soar?

Heather Ng
Nov 20, 2025



China leads Asia's secondary surge as GP-led deals reshape liquidity landscape

Heather Ng
Nov 17, 2025



Market Views: Is AI mania fuelling a revolution or bubble?

Heather Ng
Nov 6, 2025

