

## NEWSLETTER

### BUILDING & INFRASTRUCTURE

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#### China Implements "Lead Bank" System

As of May 2026, China has formalized the "lead bank" system to overhaul real estate financing. Moving away from the high-leverage model of the past two decades, the 15th Five-Year Plan mandates that each development project operates as an independent legal entity. This ensures that project-specific funds are used exclusively for construction and delivery. **(China Daily)**

#### The "Dual-Track" Housing Revolution

With urbanization exceeding 66%, the 2026 strategy prioritizes affordable housing for young urbanites and new residents, decoupling property from its previous role as a speculative financial vehicle. By expanding shared-ownership and rental cooperatives, the government aims to resolve structural housing shortages while ensuring that real estate returns to its core social function: providing a place to live for all. **(China Daily)**

#### Protecting Household Wealth and Demand

Policymakers have elevated housing stabilization to a strategic macroeconomic goal in 2026. Stabilizing property values is critical to preventing a "negative wealth effect" that could stifle domestic consumption. The government is guiding rental yields and price-to-income ratios toward sustainable levels, ensuring that a gradual market adjustment supports, rather than weakens, broader economic growth and demand. **(China Daily)**

#### The Rise of "Good Homes" and Urban Renewal

The transition in 2026 marks a shift from housing quantity to housing quality. The "Good Homes" initiative is driving investments into green, safe, and technologically advanced residences. Large-scale urban renewal projects and the renovation of aging residential communities are now primary drivers of sector investment. This shift contributes to human capital and national sustainability goals. **(China Daily)**

#### House developers Pivot to "Asset-Light" Models

Many house firms are transitioning into professionalized service providers, offering development management and consulting rather than direct project funding. This professionalization, supported by a reformed institutional framework and the "white-list" financing program, is creating a more sustainable industry focused on operational excellence and long-term service delivery rather than financial expansion. **(China Daily)**