

Research and Forecast of the Third-Level Real Estate Market in Shenzhen (2026–2030)

Yiqi Feng*

Shanghai Guanghua Qidi College, Shanghai, China

*Corresponding author: Yiqi Feng, qiyiyi241@gmail.com

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Abstract: This paper analyzes the various problems faced by the third-level real estate market in Shenzhen, studies their origins, formation processes, and related factors. The main contents include: investigating and analyzing the current situation and marketization degree, analyzing the causes of the formation of the real estate bubble in Shenzhen, researching the impacts of real estate on the economy, society, politics, and other aspects, and proposing effective policies and suggestions for the real estate market.

Keywords: The third-level real estate market; Trend chart; Second-hand housing prices; Economic crisis

Online publication: February 10, 2026

1. Introduction

Shenzhen is a pioneer zone for China's reform and opening-up and special economic zone system. With its advantageous geographical location and huge market, it has attracted a large amount of domestic and foreign investment. The scale and growth rate of the real estate market are also much higher than other cities^[1]. In recent years, Shenzhen has also faced problems of overinvestment and real estate foam, which have had a profound impact on the urban economy, residents' lives and financial risks. With the construction of various municipal projects and the promotion of the "homeowners do not speculate" policy, the real estate market in Shenzhen has attracted high attention from all aspects. This paper deeply analyzes the problems faced by the third-level real estate market in Shenzhen, and its impact on the economic, political and other aspects, and to put forward reference decisions to provide reference for the governance of the real estate market in other cities.

2. Shenzhen have created many firsts in real estate market

Why do we need to study the real estate in Shenzhen? Shenzhen has played a pioneering role in China's real estate industry, and major changes in the country's real estate history in recent decades have always come first from

Shenzhen. The representative events are as follows:

- (1) The first real estate company in China: Shenzhen Special Economic Zone Real Estate Company was established on January 8, 1980;
- (2) The first commercial housing community in China: Donghu Liyuan, which is also the first joint venture real estate project, has set a precedent for selling buildings in Chinese Mainland, 18 years earlier than the concept of commercial housing after China's monetization of housing distribution;
- (3) The first property management company in China: In 1981, Shenzhen Property Management Company was established;
- (4) The first public auction of land use rights in Shenzhen: the first public auction of state-owned land use rights since the founding of the People's Republic of China was held as scheduled on the afternoon of December 1, 1987. This event is enough to be recorded in the history of China's real estate development;
- (5) The first real estate brokerage, consulting, and appraisal company in China: In 1988, Shenzhen International Real Estate Consulting Co., Ltd. was established, which was the first real estate brokerage, consulting, and appraisal company in China.

The above "firsts" not only mark the important position of Shenzhen in the history of China's real estate development, but also provide guidance for real estate research in other regions of China.

3. The three-level real estate market structure

Since its establishment, Shenzhen Special Economic Zone has boldly carried out a series of fruitful reforms and created a remarkable "Shenzhen Speed". Especially in the real estate industry, Shenzhen has been at the forefront of the country. An outstanding performance of the real estate market in developed countries is that the transaction volume of the third-level market is much higher than that of the second-level market. In the past 35 years, Shenzhen's tertiary real estate market is gradually maturing. Under such circumstances, it is undoubtedly of great help to study the real estate market in Shenzhen with caution, and sum up useful experience from it.

3.1. About the three-level real estate market structure

The three-level real estate market is structured as follows:

- (1) The primary market for real estate, also known as the land primary market, is the market for the transfer of land use rights, where the state, its designated government departments, transfers urban state-owned land and rural collective land to users after expropriating them as state-owned land. Therefore, the primary market for real is a state-monopolized market;
- (2) The secondary market for real estate is the market where the land user, after development and construction, sells or leases the newly built estate;
- (3) The third-level market of real estate is a market where units and individuals who buy real estate transfer or lease real estate again. That is to say, the market formed by real estate re-entering the circulation field for transactions, including the exchange of houses^[1].

3.2. The importance of studying the third-level market structure

The total area of Shenzhen is only more than 1,900 square kilometers, which is pitifully small compared to Beijing, Shanghai, and Guangzhou. For a region like Shenzhen, which is relatively small in size, has a large population, and

is well-developed, revitalizing the third-level estate market is essential. At present, the transaction of the third-level real estate market in Shenzhen is in a low state. In such a situation, a careful study of third-level real estate market in Shenzhen will undoubtedly be of great help to the recovery and development of the third-level real market throughout the country.

4. The house prices drastic change in the past decade (2015–2025)

In the course of 35 years development in Shenzhen, Shenzhen has developed from a small fishing village to a first-level city with nine administrative districts, among which the second-hand housing prices (CNY) in Nanshan District are relatively the highest, while those in Pingshan District are relatively the lowest^[2].

Figure 1 shows the trend chart of second-hand housing prices (CNY) in Nanshan District from 1999 to 2020. We can see that the second-hand housing prices are on the rise.



Figure 1. The second-hand house price in Nanshan District from 1999 to 2020.

Figure 2 shows the trend chart of second-hand housing prices in Pingshan District from 2015 to 2020.



Figure 2. The second-hand house price in Pingshan District from 2015 to 2020.

Since the end of 2015, the housing prices (CNY) in Shenzhen have skyrocketed from 30000 CNY per square meter to 45000 CNY by the end of 2016. Subsequently, the housing prices in Shenzhen rapidly surpassed 50000, 60000, 70000, and 80000 CNY, one by one.

Just almost when everyone thought that the housing prices in Shenzhen were going to soar, on February 8, 2021, Shenzhen took the lead in introducing a second-hand housing guidance price policy nationwide, announcing detailed guidance prices for 3595 residential communities in Shenzhen. The guidance price played a strong emergency braking effect on the rising housing prices in Shenzhen, so the guidance price policy was called “the most

regulatory policy in history". Since then, housing prices in Shenzhen have been falling, which has also directly opened the curtain of falling housing prices across the country, and Shenzhen has once again become the leader of major adjustments in housing prices.

At the beginning, the suggested housing price was lower than the actual market transaction price, at 80% or even 70% of the actual transaction price. Faced with the uncontrollable continuous decline in housing prices, the Shenzhen Municipal Government hopes to control housing prices at a reasonable level, in order to achieve the effect of stopping the decline and stabilizing housing prices. The Chinese government also released important real estate policies (referred to as the "517" policy and the "924" policy) on May 17, 2024 and September 24, 2024, respectively, but neither the "517" policy nor the "924" policy has fundamentally changed the overall downward trend of the real estate industry.

By June 2025, the average home price in Shenzhen had dropped to 40,000 CNY per square meter, to the level of the second half of 2016.

5. Multiple factors for the decline in house prices in Shenzhen in the past four years (2021.9–2025.8)

There are many factors that have caused the continuous decline of housing prices in Shenzhen in the past four years ^[3]. The main factors are as follows.

5.1. The coming economic crisis

The economic crisis has been brewing quietly since the first half of 2021, but it didn't receive widespread attention at the time due to the pandemic. Starting in 2023, China's economy has officially entered the stage of economic crisis. As a city heavily dependent on foreign trade and imports and exports, Shenzhen has experienced a rapid weakening in its tertiary real estate market. In comparison, Beijing and Shanghai, which are also first-level cities but less dependent exports, have experienced a slower decline in housing prices. Due to the economic crisis, the income of ordinary people, which accounts for the vast majority of the population, began to decline, which directly led to the decline in house prices.

Most ordinary people borrow money from banks when they buy a house, and many of them make false statements about their monthly income, with the aim of increasing the loan amount. They simply don't realize that 1/3 of their real monthly income is the best debt. Therefore, in cases of economic crisis, many people can't afford to pay their mortgage. In fact, even high-income groups, which account for a small population, are now reducing consumption, buying cheaper goods and shopping in low-price supermarkets ^[3].

5.2. Declining employment rate among college graduates

In 1998, the enrolment of Chinese universities was 1.08 million, and in 1999, the proportion of expanded enrolment reached 47%. The number of college students enrolled can increase dozens or even hundreds of times in a short period of time, but there are not as many university professors and research resources. Helpless, universities began to add many unpopular majors and humanities majors with extremely low training costs.

By 2024, there will be more than 10 million college graduates in China every year, but the employment rate is less than 20%. In 2025, the number of college graduates nationwide reached 12 million, a record high, and the employment competition was particularly fierce. At present, financial constraints prevent some young people from meeting basic living needs, rendering homeownership unattainable.

5.3. The decline in the marriage rate among young people has triggered a series of problems

The decline in the number of young people getting married has a significant impact on the real estate market. Based on past experience, buying a house and getting married is the main demand of most people. The decline in the marriage rate means that there will be fewer young people buying houses and getting married in the future. This is also the key reason for the decline in the transaction of the real estate market in recent years.

The decline in the marriage rate has also directly led to a decline in the birth rate. A decrease in the birth population means a decrease in the demand for housing in the future. Additionally, real estate developers are still building houses at this moment, which will inevitably lead to oversupply in the long run. With the decline in fertility rates, it will also lead to increasingly severe problems such as aging and a decrease in the labor force among young and middle-aged people. With the continuous death of elderly people, there will be a large number of idle houses^[4].

5.4. The public's willingness to purchase houses has dropped to a low level

Due to the rapid implementation of financing coordination mechanisms, the risk of housing delivery has begun to significantly decrease. As of July 2025, the risk of unfinished housing projects has significantly decreased, accounting for about 26%, a decrease of 4.4 percentage points from September 2024.

Recently, Shenzhen's real estate policies have emerged one after another, including interest rate cuts, down payments, relaxation of purchase restrictions, and reductions in deed tax and value-added tax for home buyers. That said, we know that the top three main factors that constrain real estate are: unstable income, falling housing prices, and high repayment pressure. Given the continued decline in housing prices and the sluggish market conditions, the most prudent approach is to continue waiting and observing. The housing prices in Nanshan District and Pingshan District are typical, representing the highest and lowest prices in Shenzhen respectively. As for Dapeng District, its housing price is not representative because of the small transaction volume^[5].

Figure 3 is the trend chart of second-hand housing prices (ten thousand CNY) in Nanshan District from August 2025 to October 2025 displayed on the Anjuke website.



Figure 3. The second-hand housing prices in Nanshan District.

Figure 4 is the trend chart of second-hand housing prices (ten thousand CNY) in Pingshan District from August 2025 to October 2025 displayed on the Anjuke website.



Figure 4. The second-hand housing prices in Pingshan District.

It can be clearly seen that the second-hand housing prices (ten thousand CNY) in Shenzhen are in a downward trend recently, and the rate of decline is obviously accelerated. Notably, there is a certain difference between the price displayed on the website of Anjuke and the actual transaction price. Normally, the actual transaction price is about 70% of the price displayed on the website.

5.5. The “Three-No” lifestyle of young people

The “three-no” lifestyle, namely “no savings accumulation, no property ownership, and no family burden”, not only reflects the profound changes in the consumption concepts, housing concepts and fertility concepts of contemporary youth, but also reveals the diversified development of social structure and values.

6. Shenzhen real estate future forecast

Since the establishment of Shenzhen, real estate has been the pillar industry of its economic development, and even played a dominant role in economic development to a great extent.

6.1. Housing prices in Shenzhen will continue to decline for 3–5 years

Housing price adjustment is the inevitable result of economic development to a certain stage. Japan, South Korea and other countries have experienced a long-term adjustment period of the real estate market after rapid economic development. After Japan’s housing prices peaked in 1991, it took nearly 20 years to bottom out and stabilize. Since the financial crisis in 2008, South Korea’s housing prices have also experienced a seven-year adjustment period.

Although similar laws are worthy of vigilance, it does not mean that China’s real estate market will repeat the mistakes of Japanese and Korean. The differentiation of China’s real estate market will be the main trend in the next five years. Due to industrial agglomeration and population siphon effect, housing prices in first-and second-level core cities may remain relatively stable in the short term. However, the downward trend of housing prices in most third-and fourth-tier cities is a high probability event, and some cities with exhausted resources and serious population outflows may even experience 30% of the peak period of housing prices.

The “China Housing Development Report” released by the Chinese Academy of Social Sciences predicts that by 2030, housing prices in China may decrease by 15–30% compared to 2025. In the next five years (from 2026 to 2030), the housing price in Shenzhen may decline even more, and it is predicted that it will also decline by 25–35%, because the bubble in Shenzhen’s real estate market remains severe.

6.2. Building ‘Good Houses’ is the real estate development trend

Recently, the Chinese Ministry of Housing and Urban Rural Development proposed the concept of “good houses” and included “raising floor height” in mandatory regulations. This not only significantly improves indoor lighting and ventilation conditions, but also provides more ample space for central air conditioning, ducted fresh air systems, and underfloor heating equipment in northern regions. The criteria are as follows:

- (1) The height of ordinary residential buildings should not be less than 3 meters;
- (2) The height of improved residential buildings should not be less than 3.1 meters;
- (3) Improved residential buildings equipped with underfloor heating, ducted fresh air, or centralized central air conditioning systems should have a floor height of no less than 3.15 meters.

6.3. Reduce dependence on real estate and flow back to the real economy

China local government gradually realized that “land finance” was unsustainable. In the first half of 2025, the national land transfer income decreased by 23.6% year-on-year, and local governments are accelerating industrial transformation and looking for new economic growth points. Shenzhen has focused on high-end manufacturing and digital economy, reducing its dependence on real estate. This shows that Shenzhen’s financial resources are returning from the real estate sector to the real economy, which is an inevitable choice for healthy development.

6.4. The focus of real estate development shifted to Pingshan district

The low-price sale of housing prices in Pingshan District is its biggest feature. In 2024, the transaction volume of second-hand houses in Pingshan District increased by 82% year-on-year, ranking first in Shenzhen. In addition, with a large number of high-tech enterprises such as new energy automobile industry and biomedical high-tech, Pingshan District has the potential to become the next scientific and technological innovation center in Shenzhen, which will attract a large number of technical talents to work and live in Pingshan District.

7. Conclusion

In summary, the general trend of Shenzhen’s real estate development in the next 5 years is reflected in several aspects, including the cost of purchasing a house for residents will be further reduced, and the value-added tax and income tax on the sale of second-hand houses will be further reduced. At the same time, the investment of housing finance funds will further match the trend of market supply and demand changes. In addition, in order to prevent housing financial risks, banks will increase the capital of commercial banks to effectively prevent and control financial risks in the housing market. The macro-economic market is unlikely to experience ups and downs that are not conducive to residents’ lives.

Disclosure statement

The author declares no conflict of interest.

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