

This live webinar will begin shortly...

GREATER CHINA CAPITAL MARKETS WEBINAR

WHAT'S NEXT FOR CHINA'S CRE INVESTMENT MARKET

SPOTLIGHT ON **BEIJING**

2 November 2021

AGENDA

Introductions & Greater China Overview



James Shepherd

Head of Business Development
Services
Greater China



Sabrina Wei

Chief Policy Analyst
Head of Research
North China

Q&A Panel



Edward Cheung

Founder & Chairman
ACR Asset Management



Gordon Liu

Deputy Managing Director
Capital Markets China
Head of Capital Markets
North China



Francis Li

International Director
Head of Capital Markets
Greater China



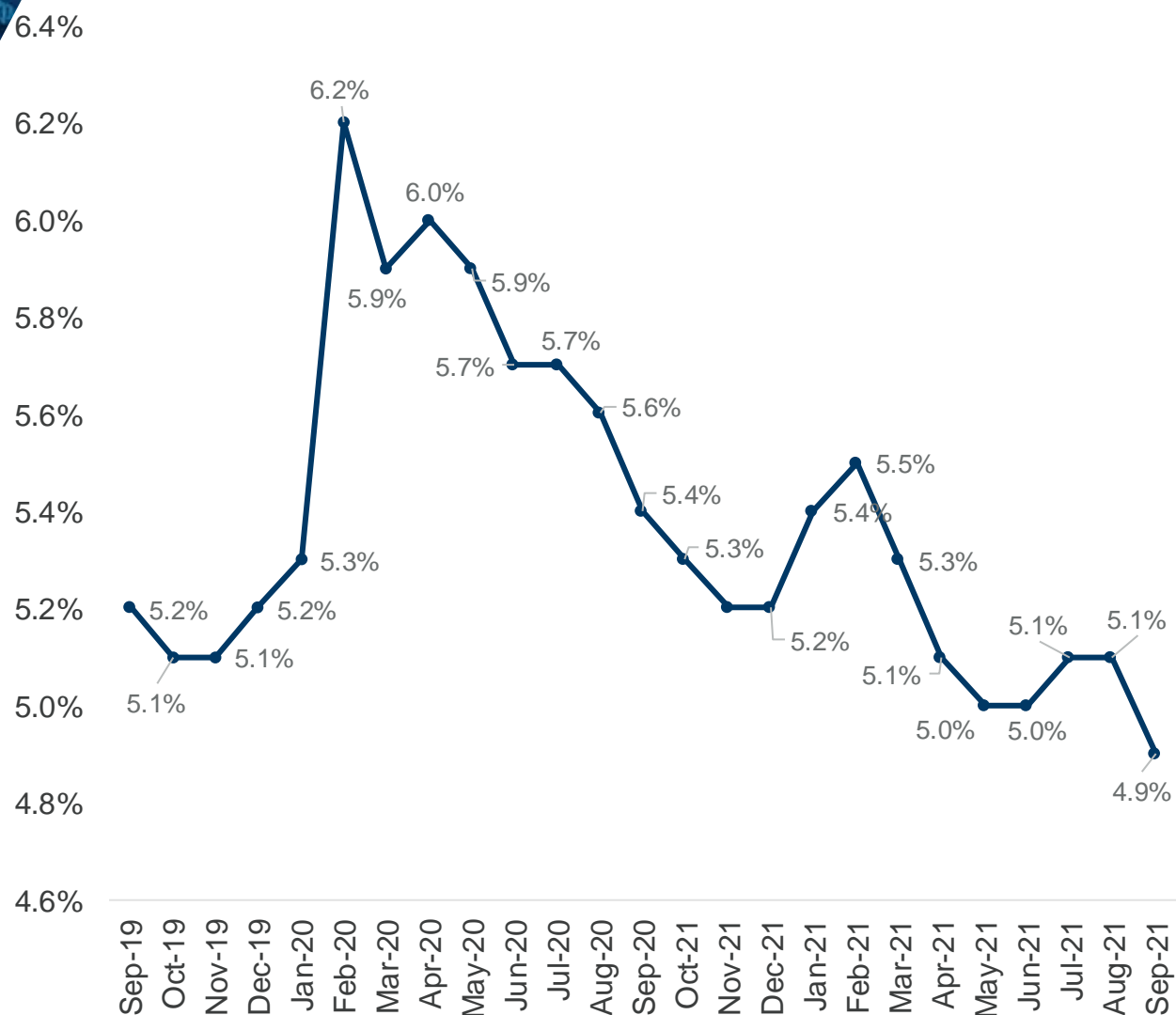
Catherine Chen

Director
Head of Capital Markets Research
Greater China

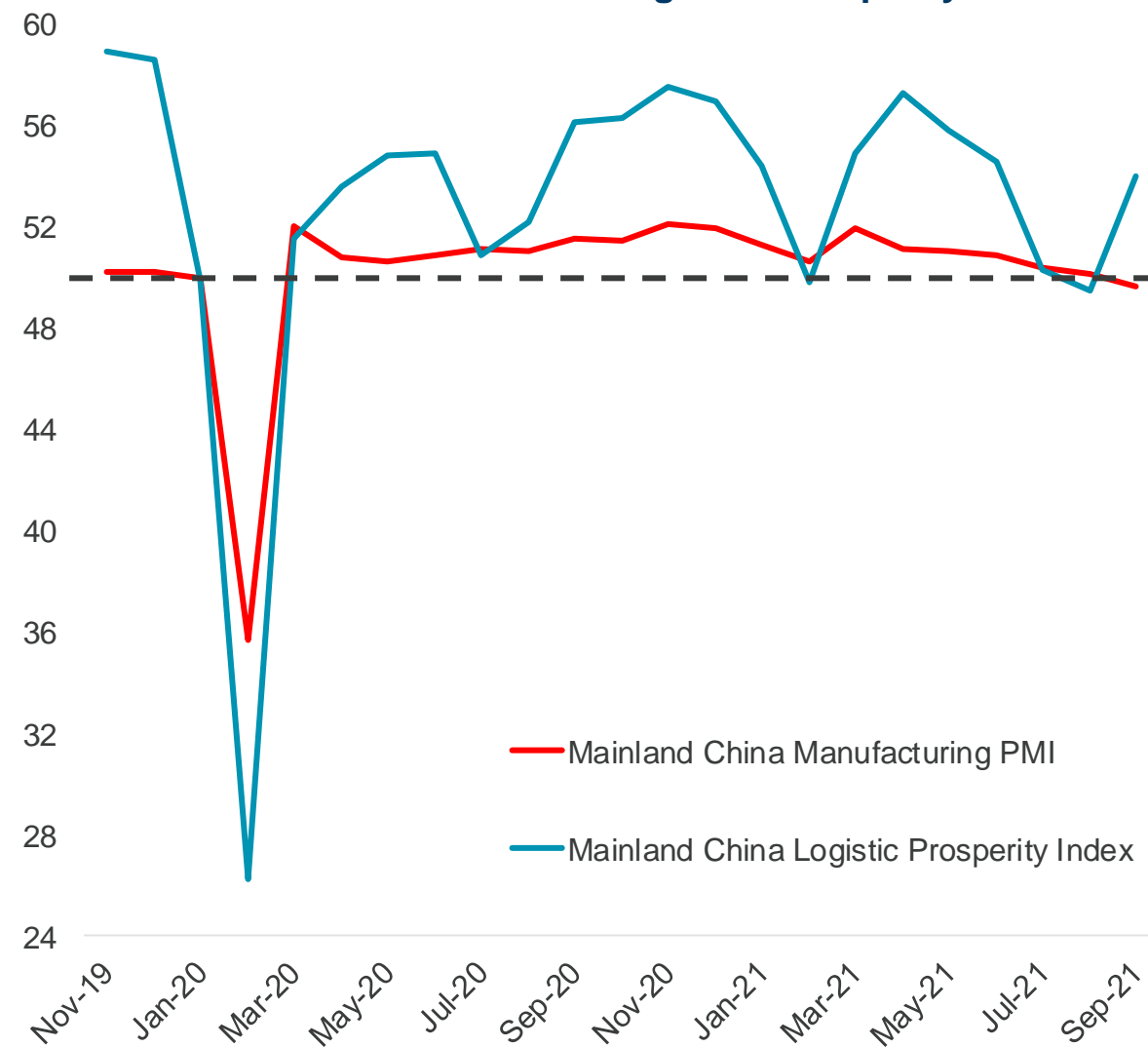
URBAN EMPLOYMENT AND PMI

Performing Well With A Positive Future Growth Outlook

Mainland China Urban Unemployment



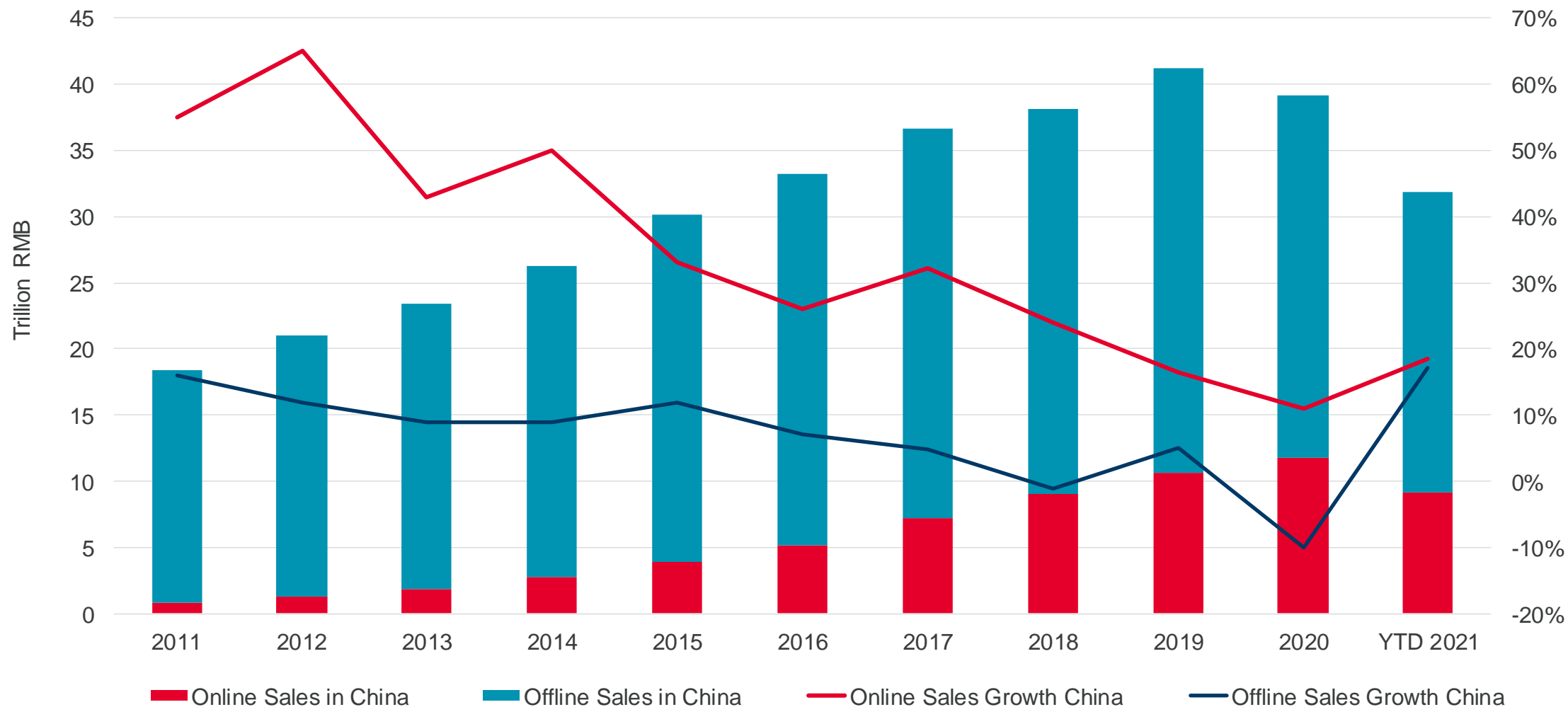
Mainland China PMI and Logistics Prosperity Index



RETAIL SALES GROWTH

Retail Sales Continued to Recover

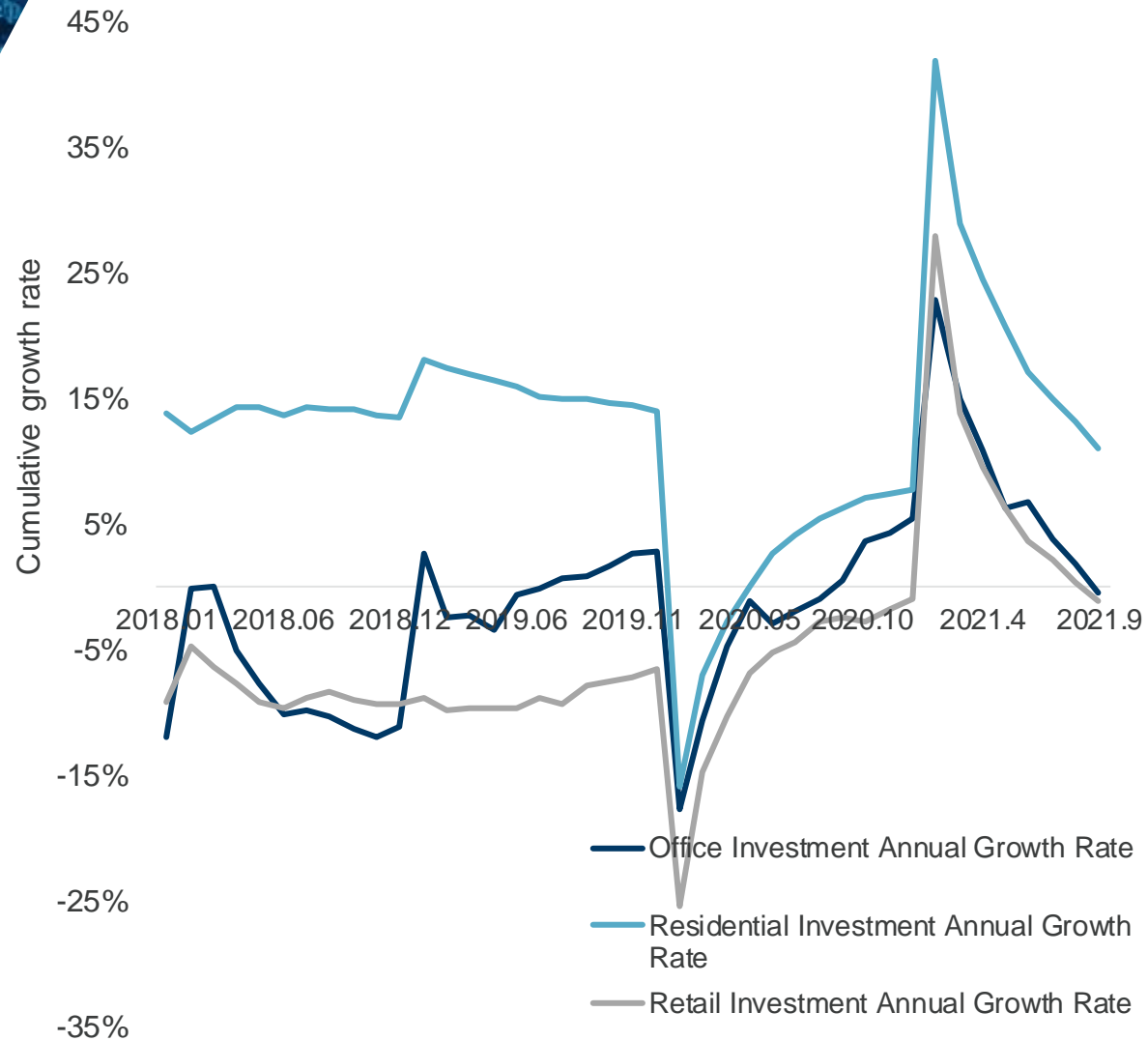
Online & Offline Retail Sales Growth



REAL ESTATE INVESTMENT & DEVELOPER DEBT

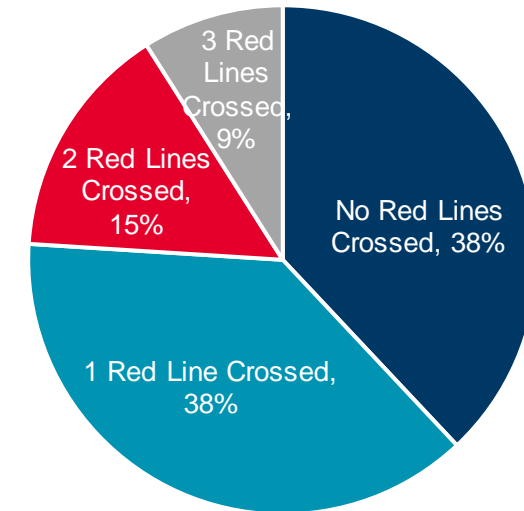
Construction Activity

Mainland China Real Estate Investment



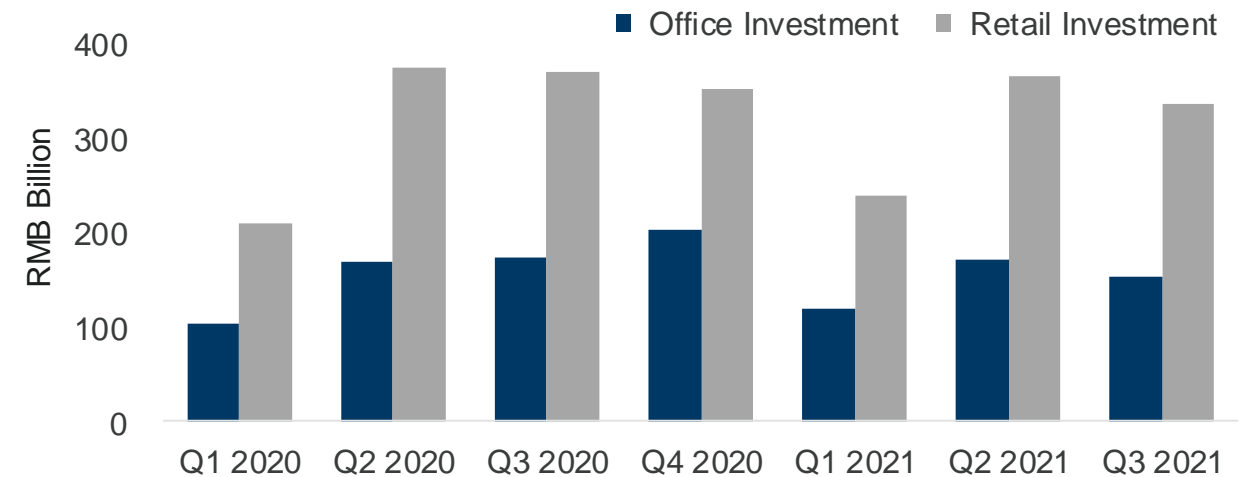
Source: National Bureau of Statistics of the PRC, updated on October 20th, 2021

Top 85 Mainland China Real Estate Developer Debt – Number of Red Lines Crossed



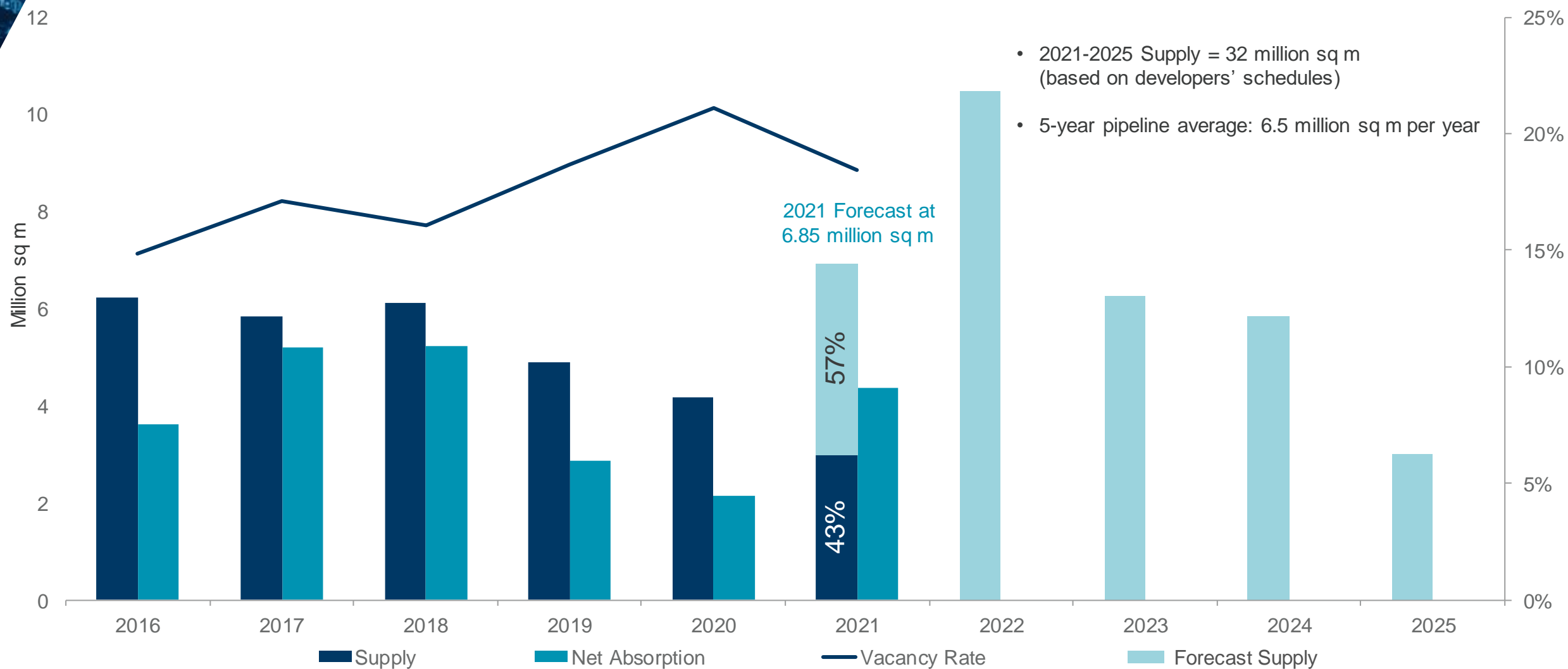
Source: Beike Research, Cushman & Wakefield

Mainland China Office and Retail Investment



CHINA'S OFFICE SUPPLY & DEMAND

Construction Forecast to Moderate as Project Completions are Pushed Back

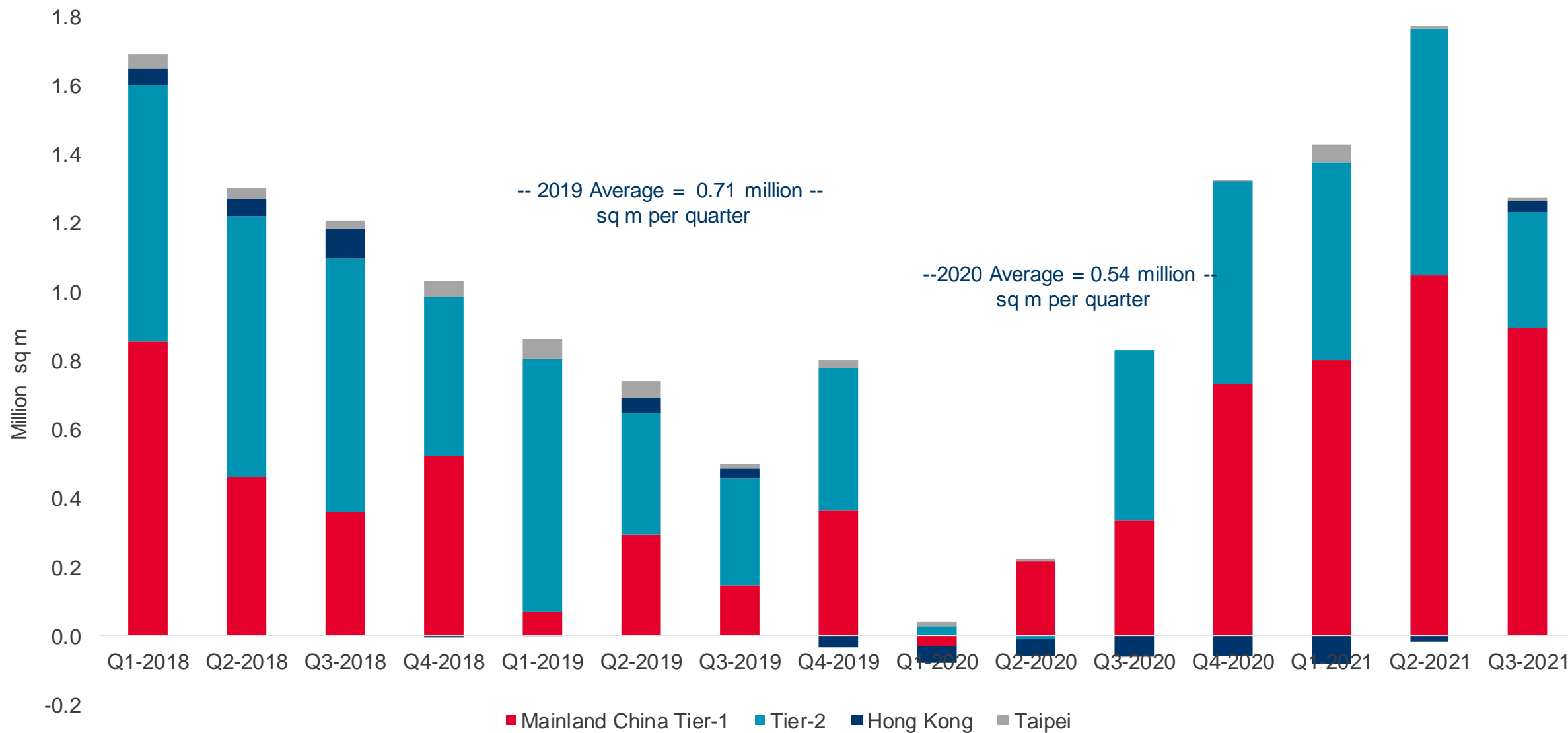


This data including: Beijing, Shanghai, Guangzhou, Shenzhen; Changsha, Chengdu, Chongqing, Dalian, Hangzhou, Nanjing, Qingdao, Shenyang, Tianjin, Wuhan, Xiamen, Xi'an, Wuxi, Suzhou, Hong Kong, Taipei

Source: Cushman & Wakefield Research, updated on October 15th, 2021

STRONG DEMAND

Net Absorption

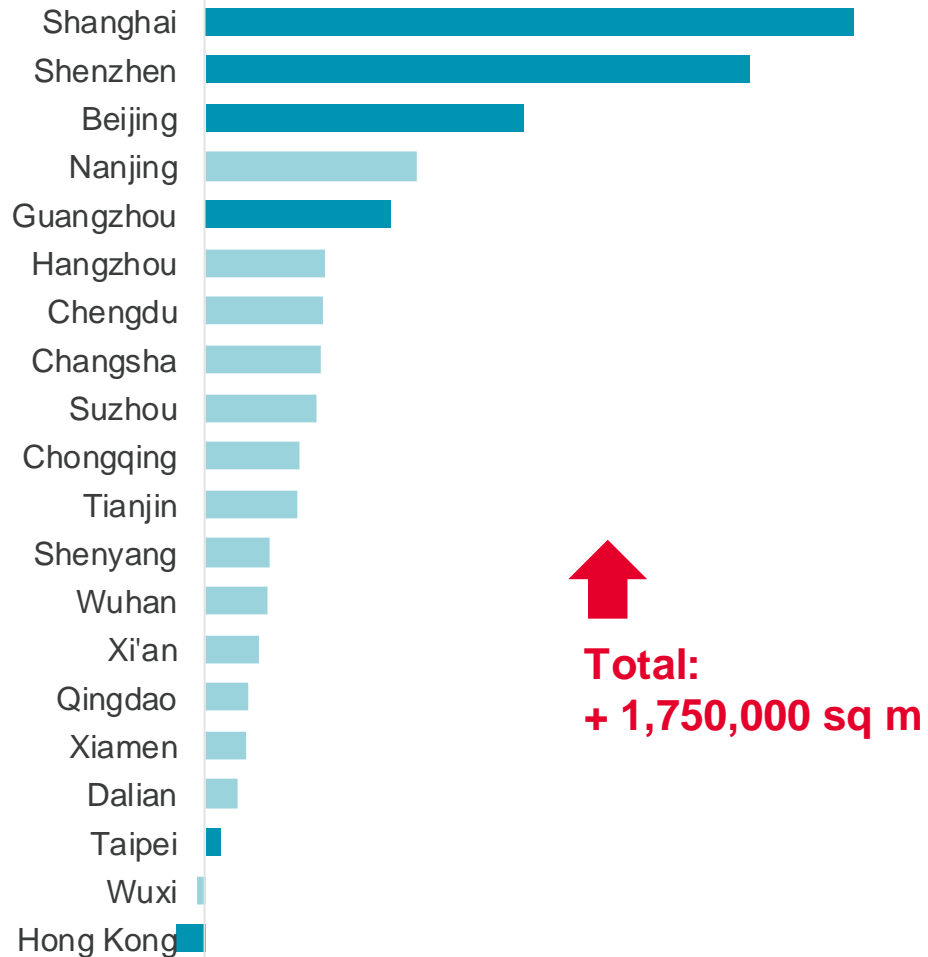


CHINA'S OFFICE SECTOR FUNDAMENTALS

Net Absorption

2021 Q2

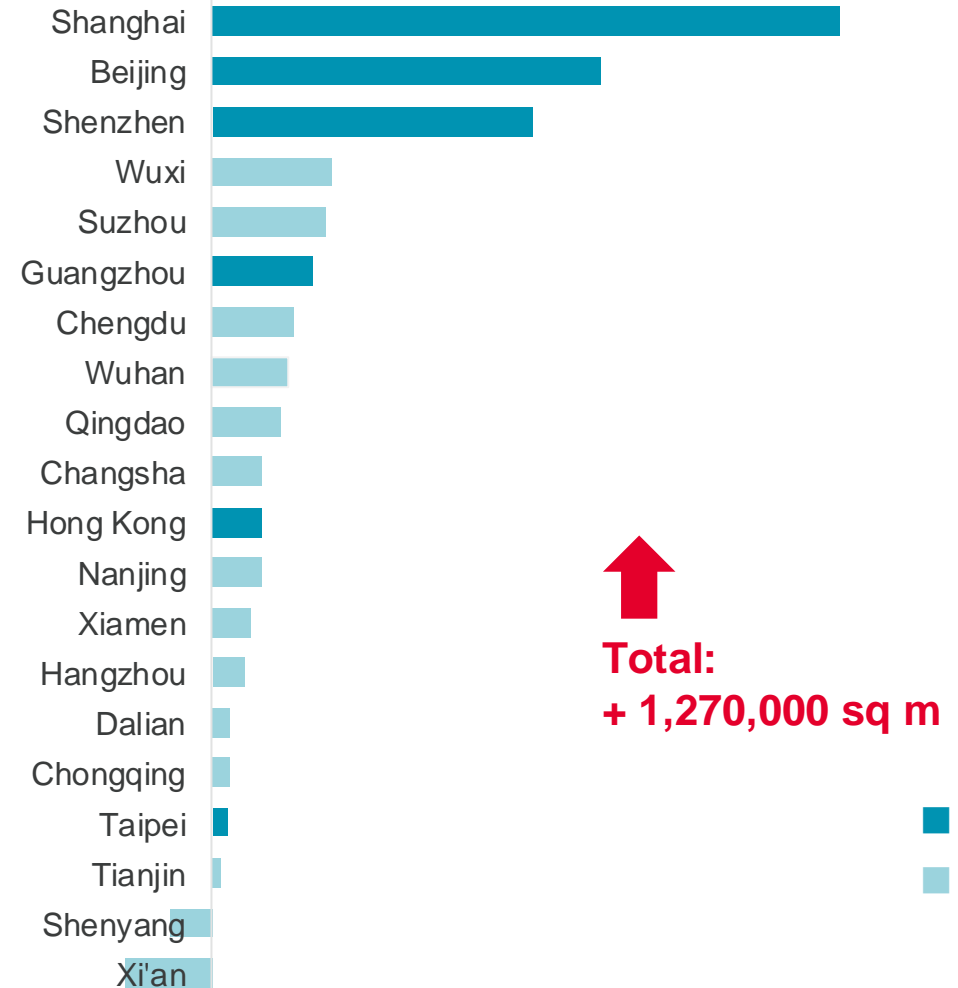
-100,000 0 100,000 200,000 300,000 400,000 500,000



Total:
+ 1,750,000 sq m

2021 Q3

-100,000 0 100,000 200,000 300,000 400,000 500,000



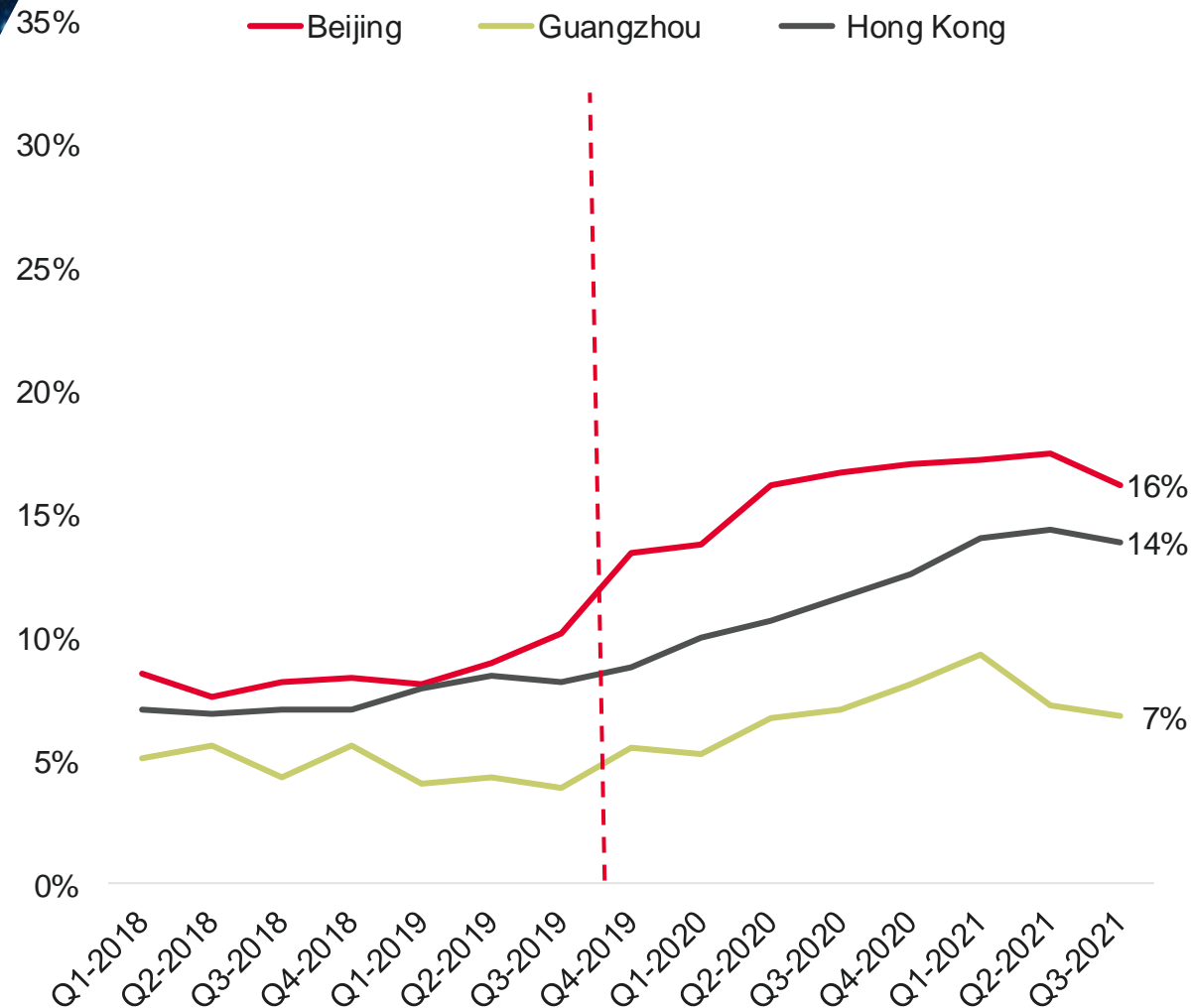
Total:
+ 1,270,000 sq m

■ Tier 1 Cities
■ Tier 2 Cities

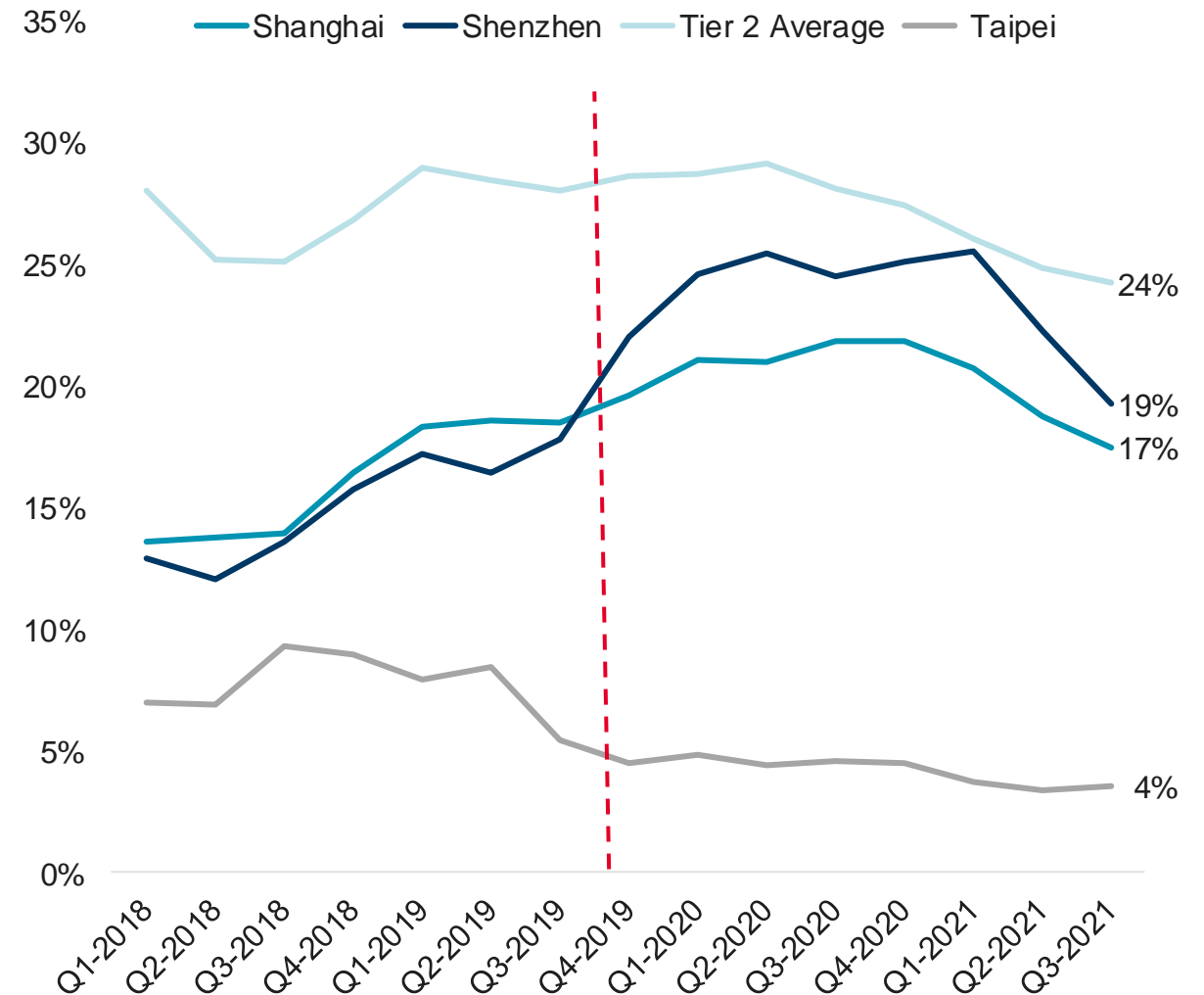
CHINA'S OFFICE SECTOR FUNDAMENTALS

Declining Office Vacancy Rates

Still Weaker Than Q4 2019



Recovered Since Q4 2019



2nd Tier cities: Chengdu, Chongqing, Dalian, Hangzhou, Nanjing, Qingdao, Shenyang, Tianjin, Xiamen, Xi'an, Wuxi, Suzhou

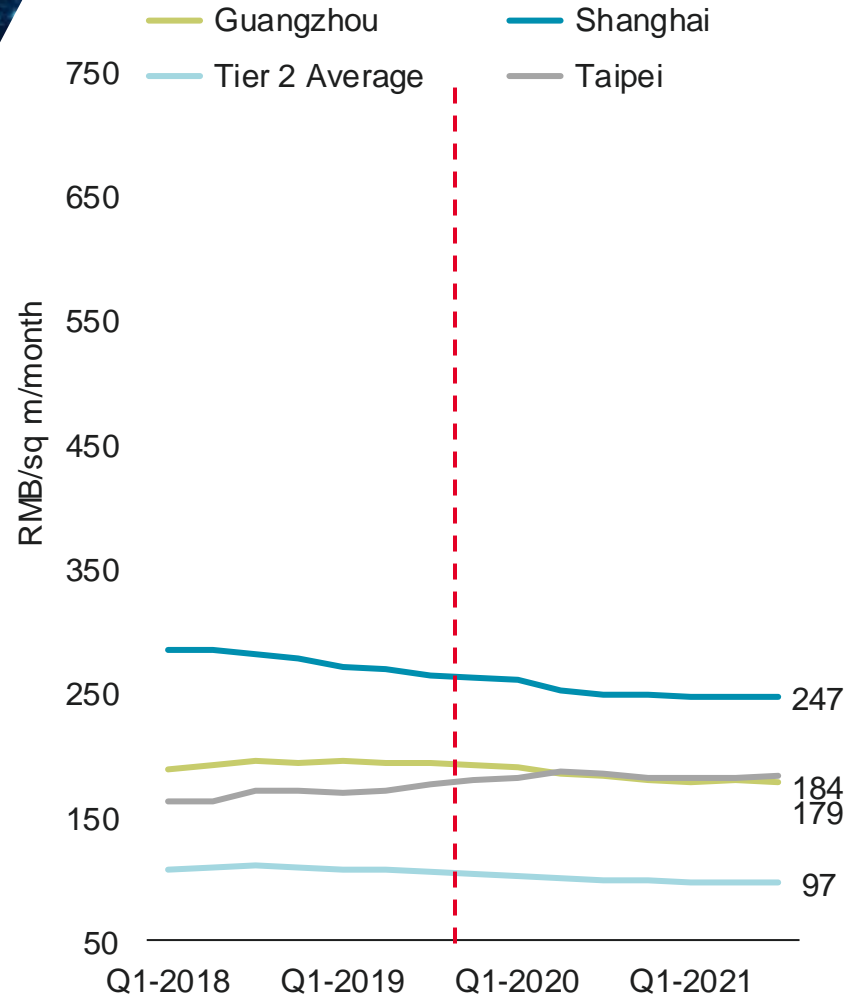
Source: Cushman & Wakefield Research, updated on October 15th, 2021

Greater China Capital Markets Webinar 8

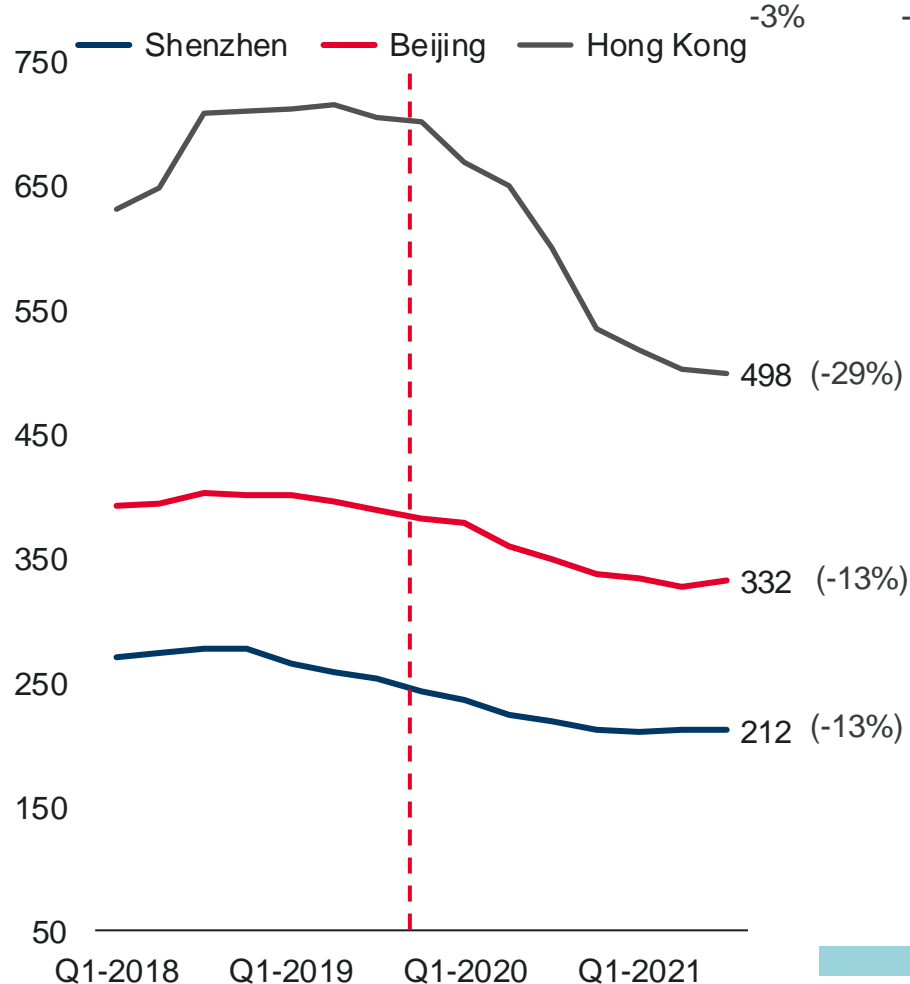
CHINA'S OFFICE SECTOR FUNDAMENTALS

Rentals Remained Stable in Q3

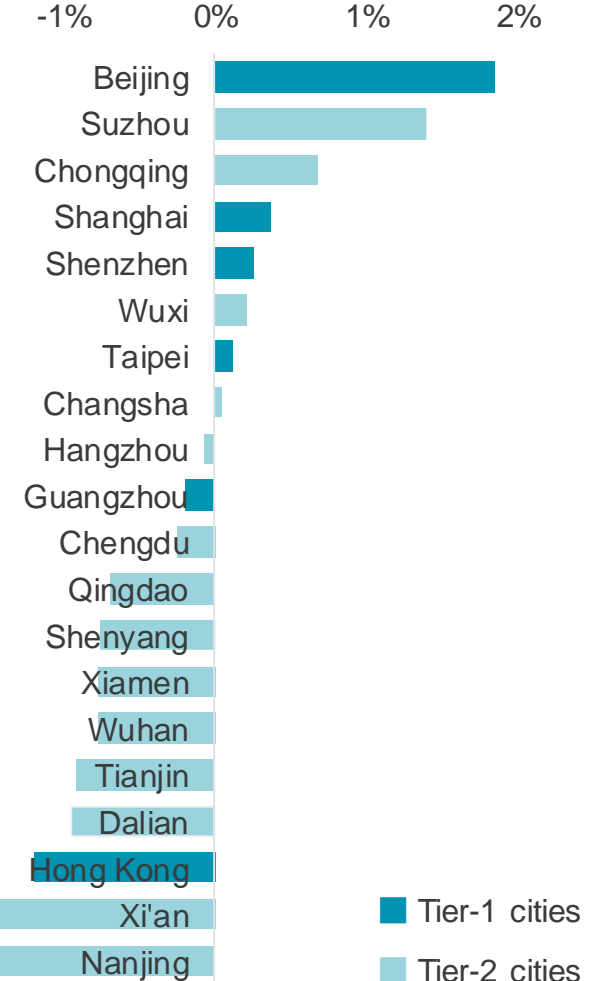
Rental Resilience Since Q4 2019



Less Rental Resilience Since Q4 2019



Rental Trend Q-o-Q



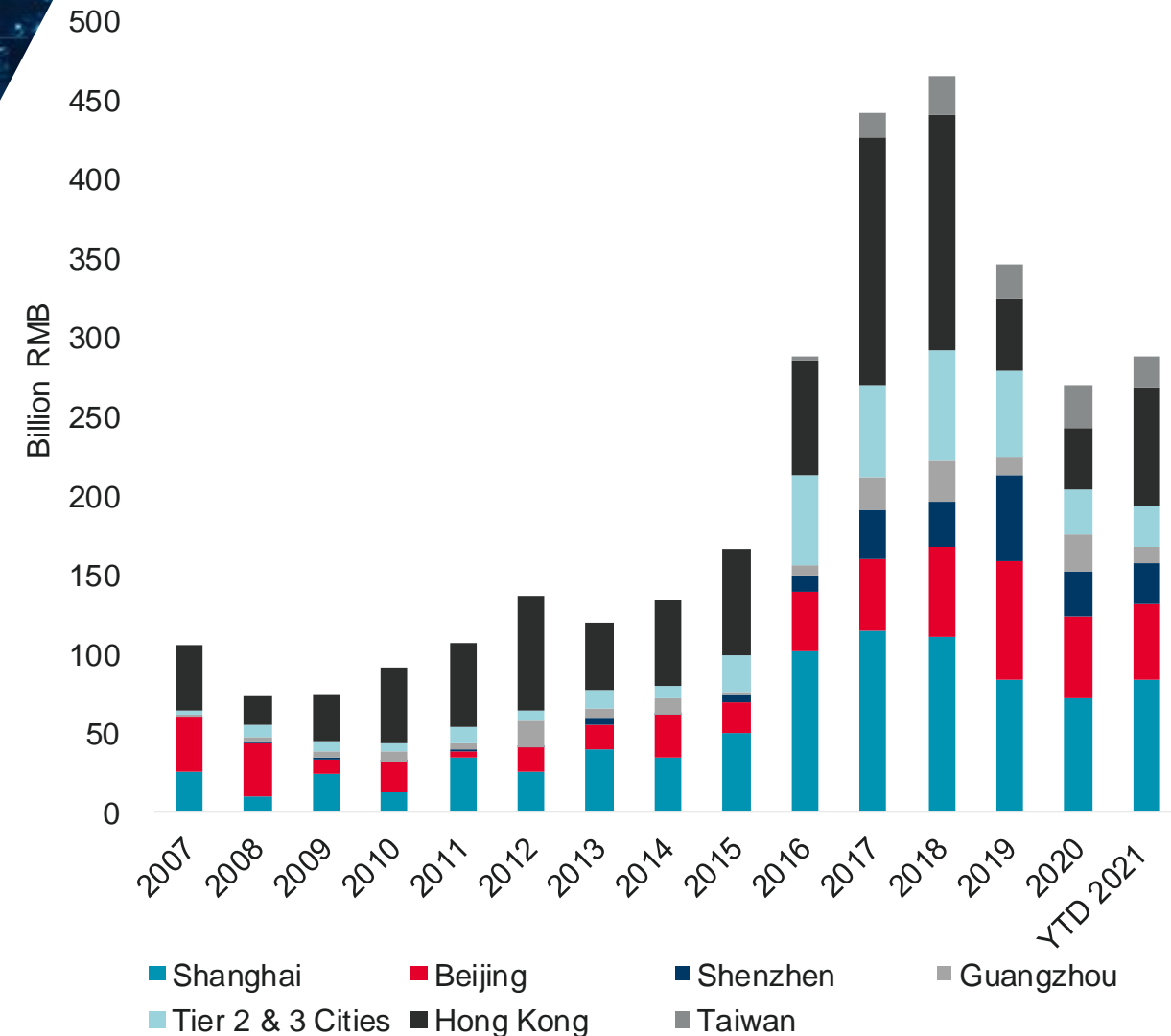
*The growth rate is calculated in local currency. Growth is based on historical rental movement.

Source: Cushman & Wakefield Research, updated on October 15th, 2021

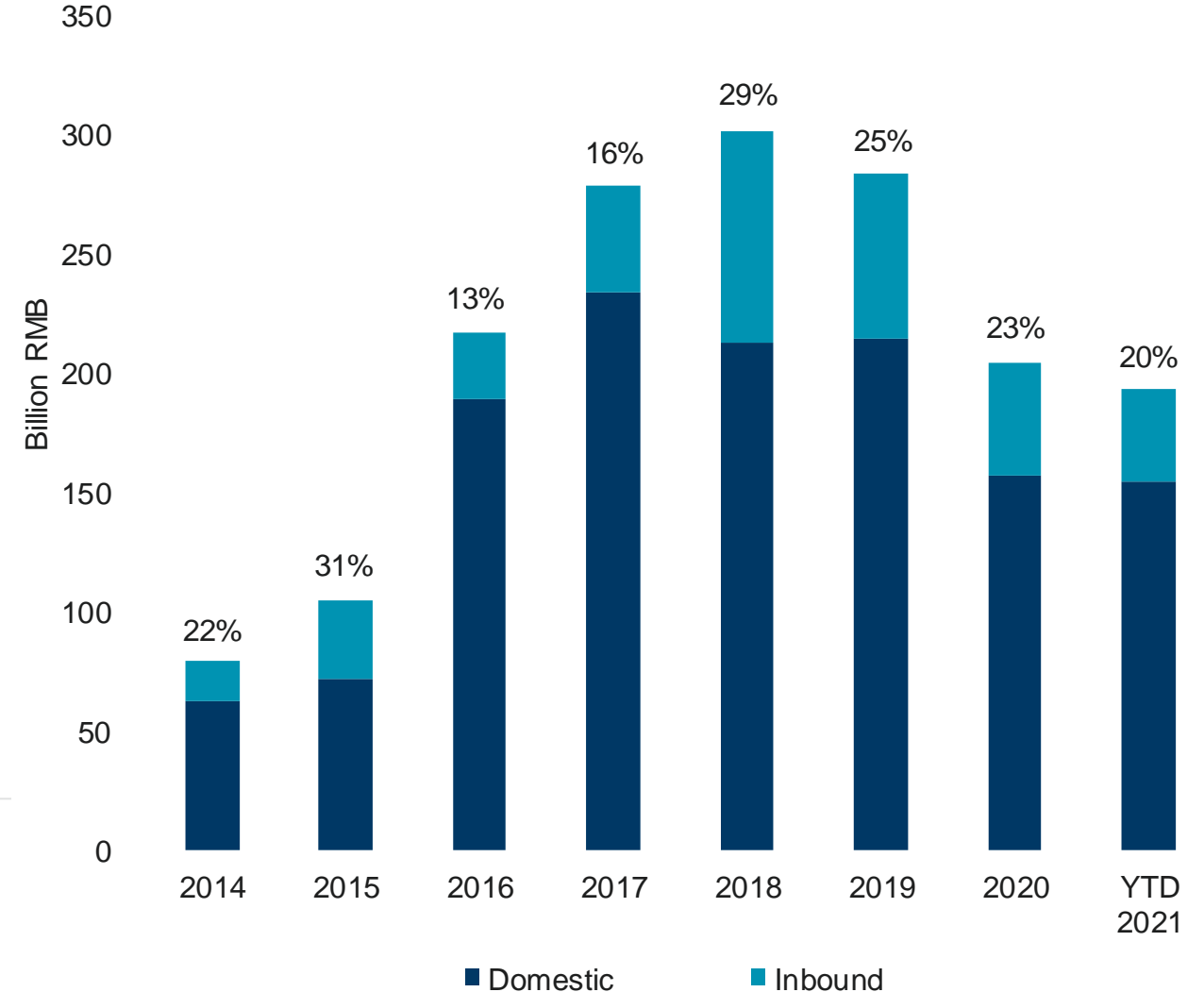
CRE INVESTMENT IN GREATER CHINA

Reducing Share of Inbound Investment in Mainland China

Greater China Investment By Destination



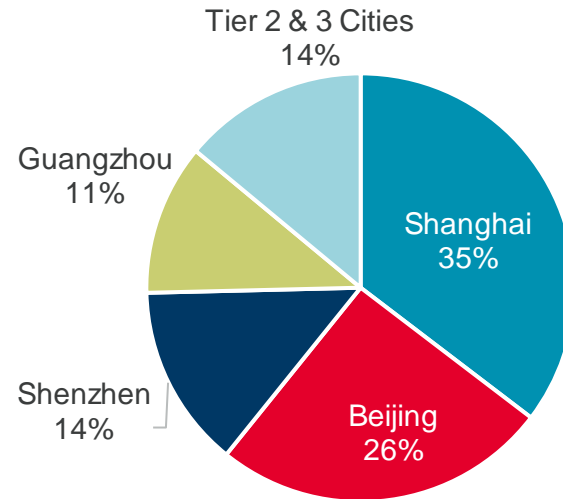
Mainland China Investment By Investor Origin



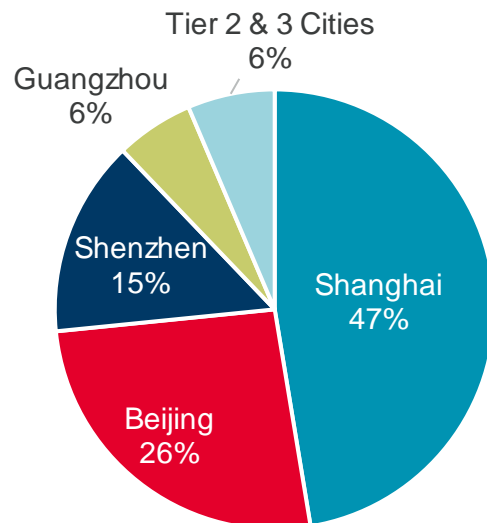
CRE INVESTMENT IN MAINLAND CHINA

Concentration of Investment in Shanghai and Beijing

Share of Transaction Volume – By Market

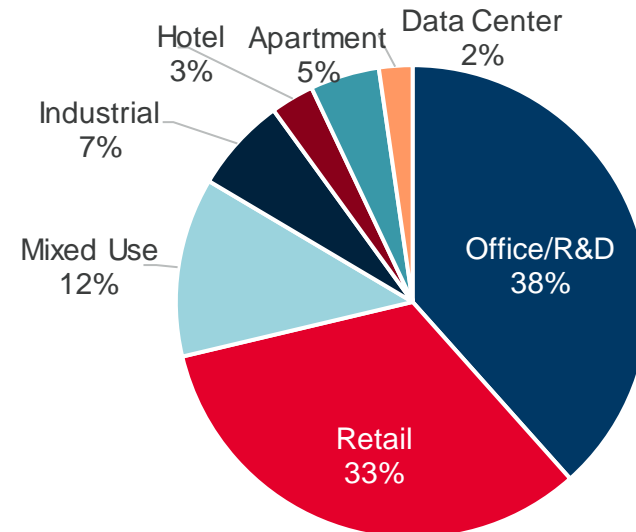
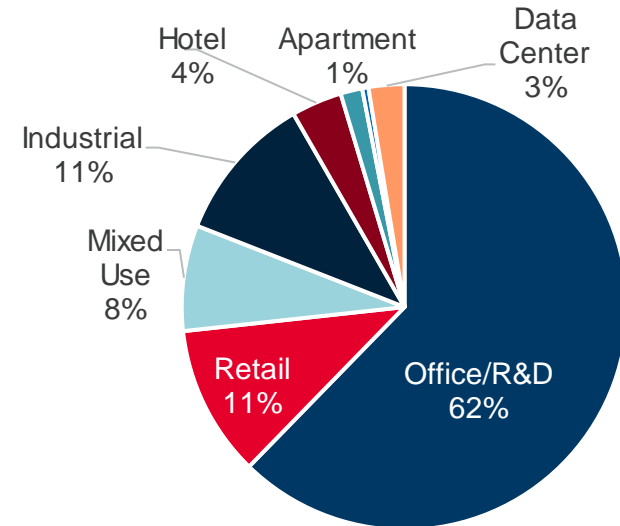


2020



YTD 2021

Share of Transaction Volume – By Sector



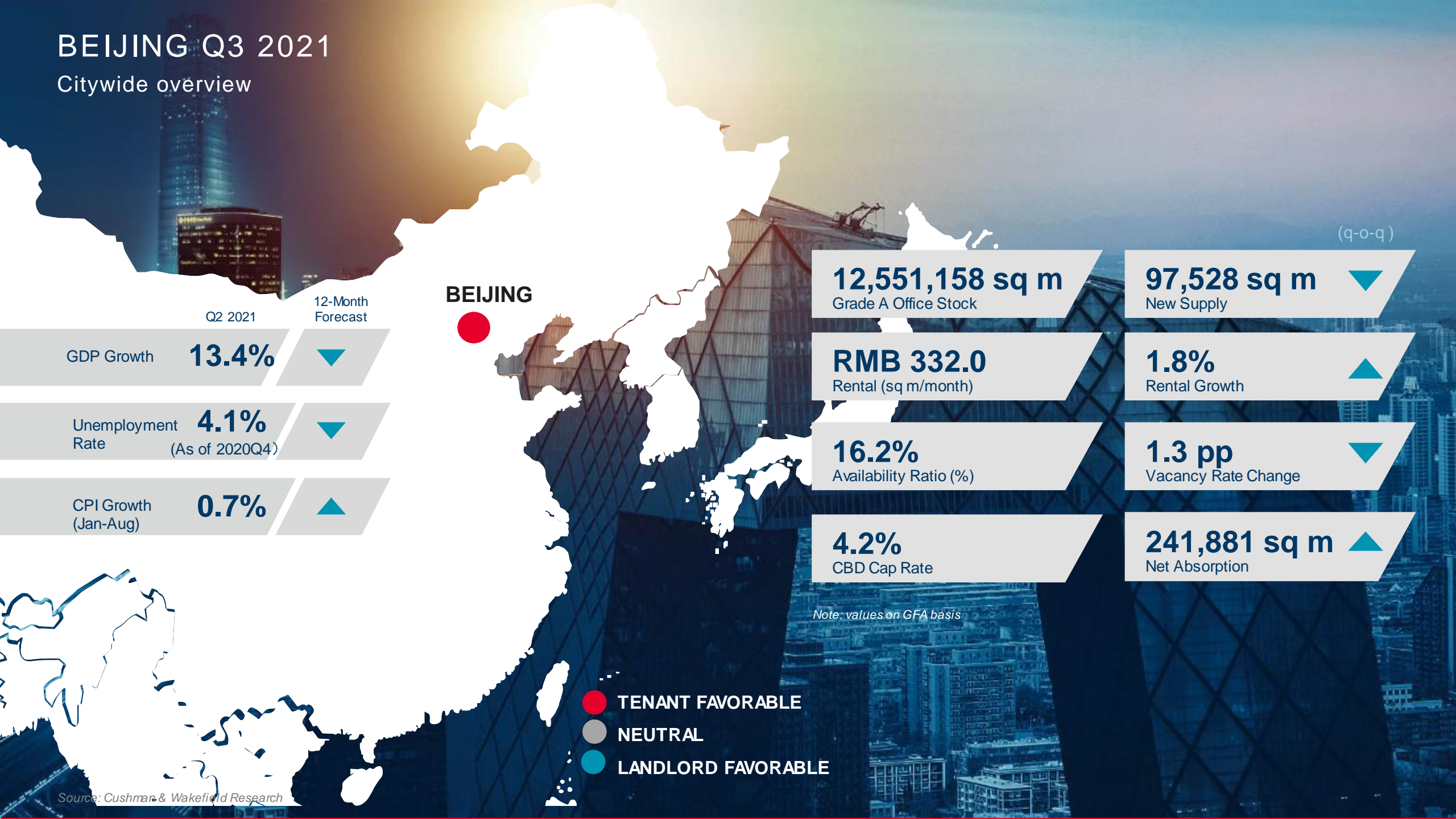
MARKET OVERVIEW

BEIJING

Q3 2021

BEIJING Q3 2021

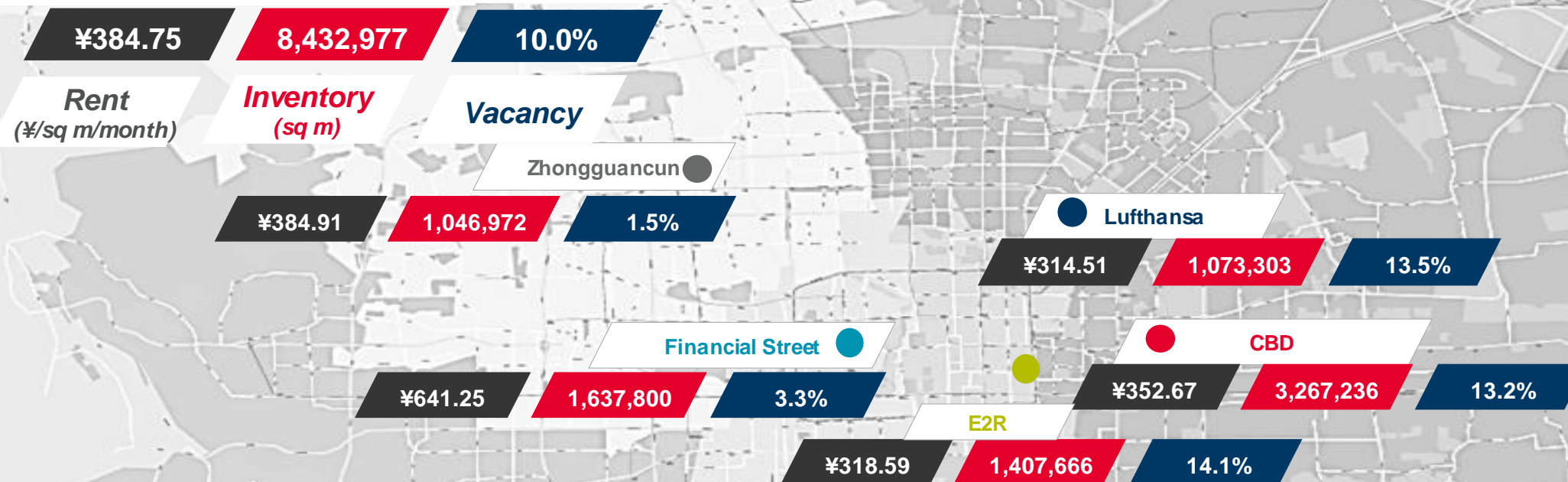
Citywide overview



OFFICE INVENTORY, VACANCY & RENTS Q3 2021

Core Area

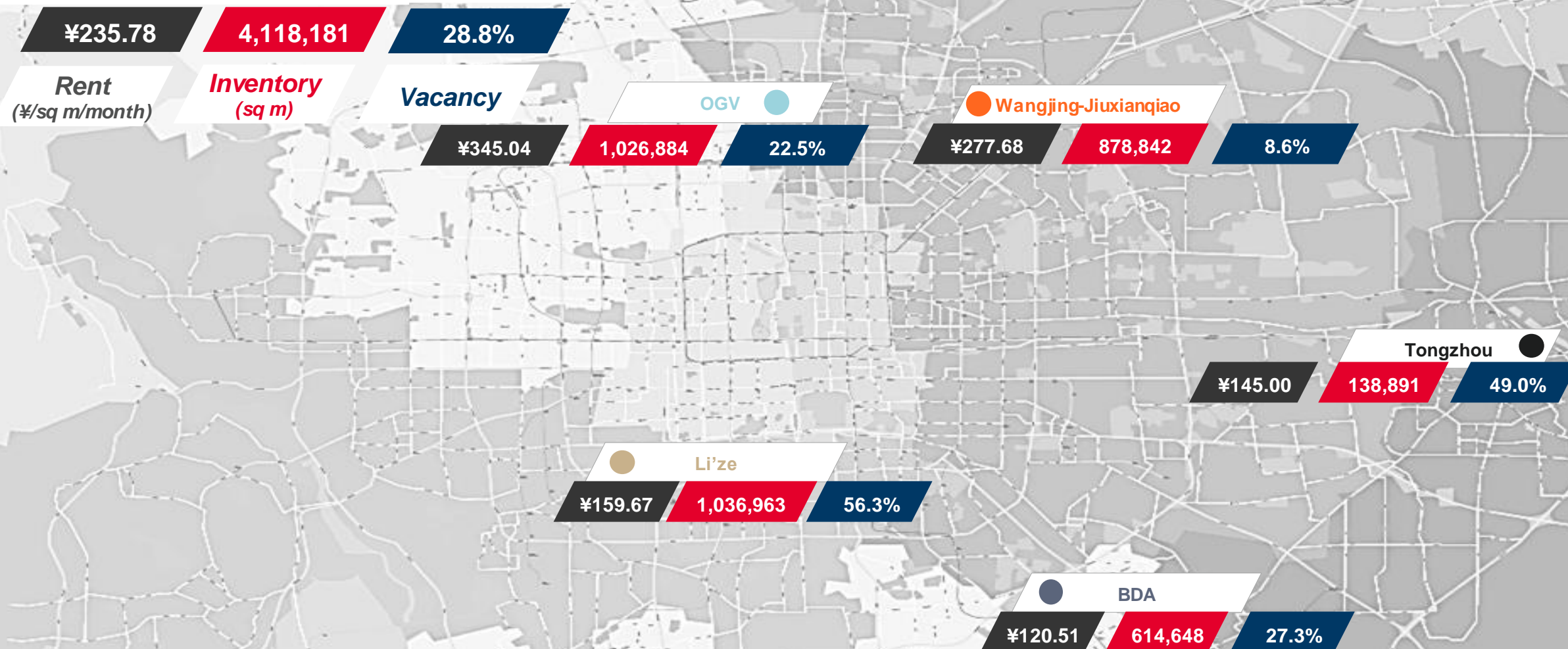
Core Area Grade A Office



OFFICE INVENTORY, VACANCY & RENTS Q3 2021

Suburban Area

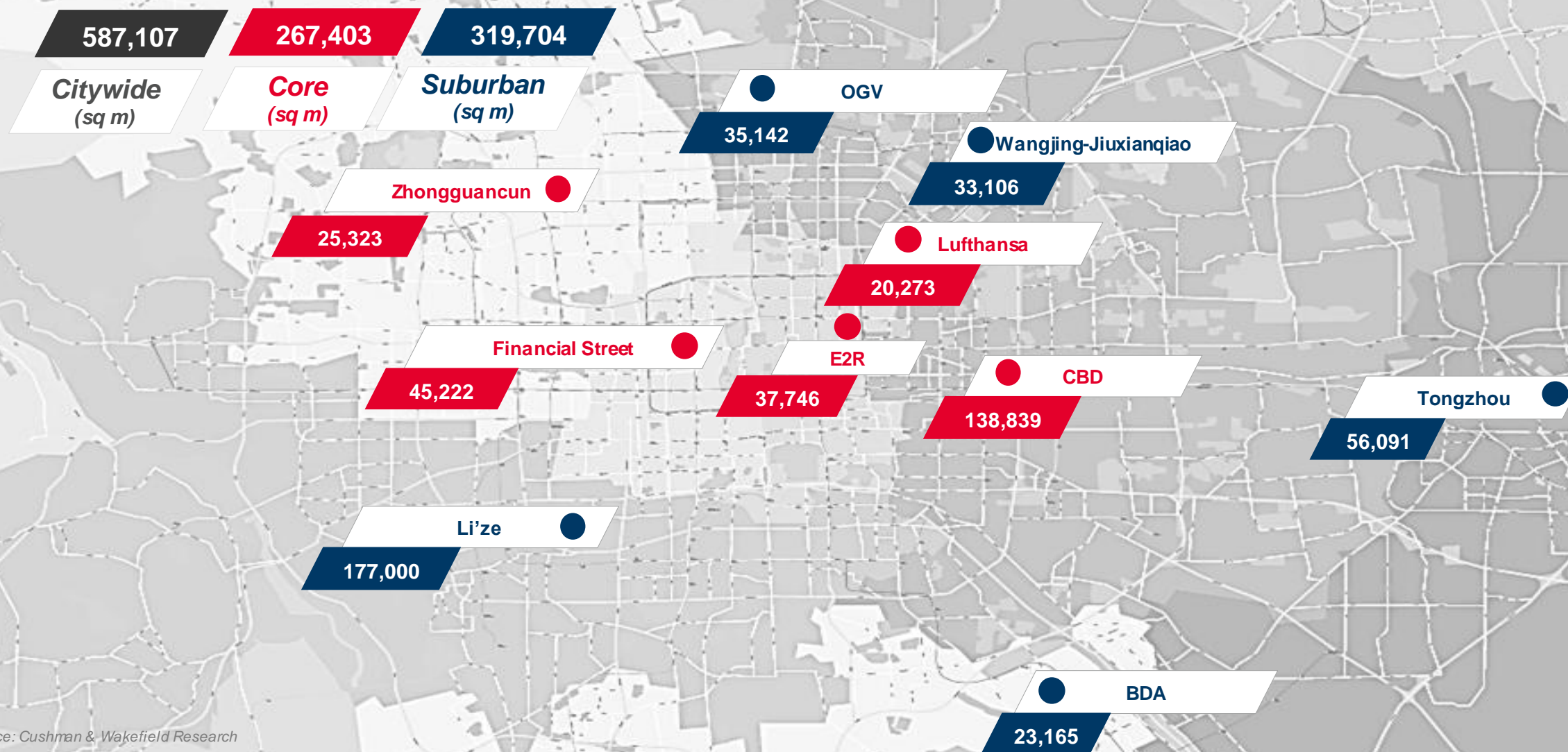
Suburban Area Grade A Office



OFFICE NET ABSORPTION Q1-Q3 2021

Citywide

Net absorption Q1-Q3 2021

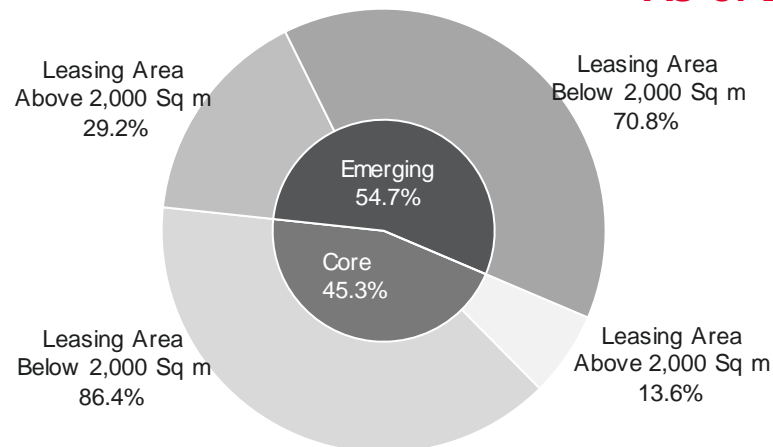


OFFICE MARKET LEASING ACTIVITY

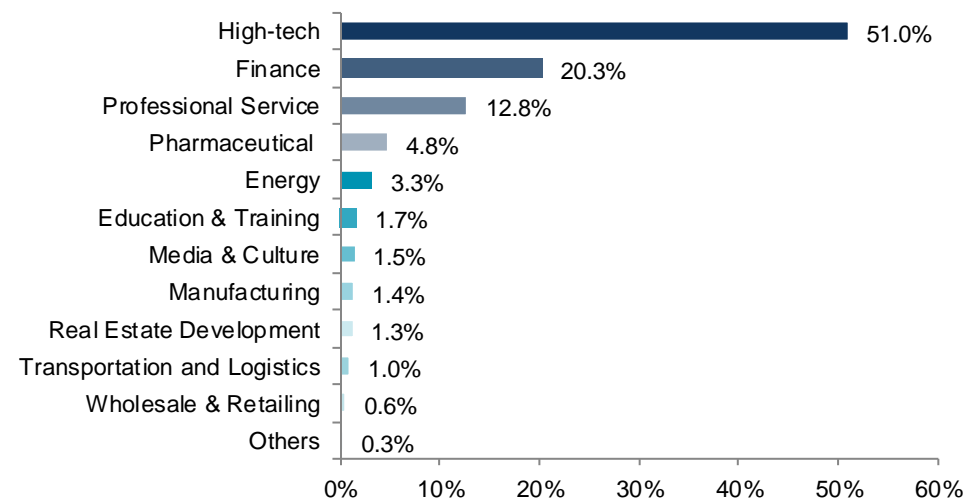
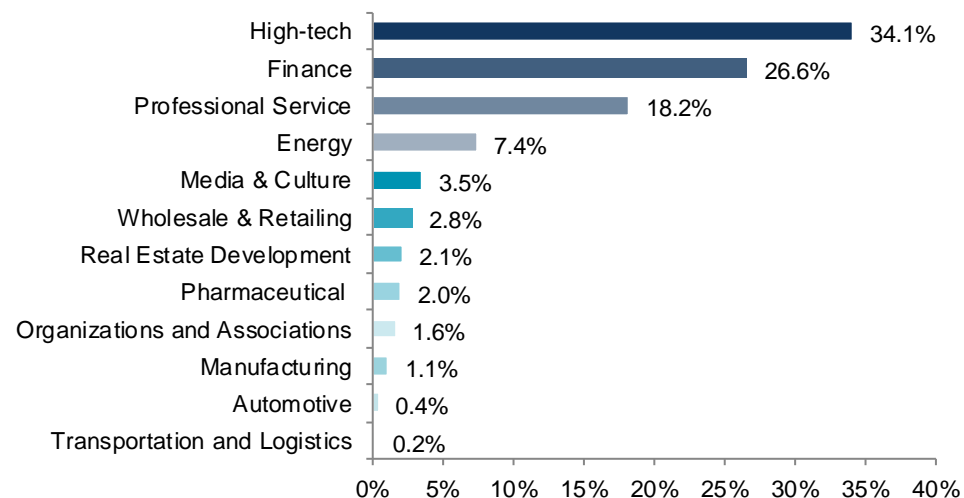
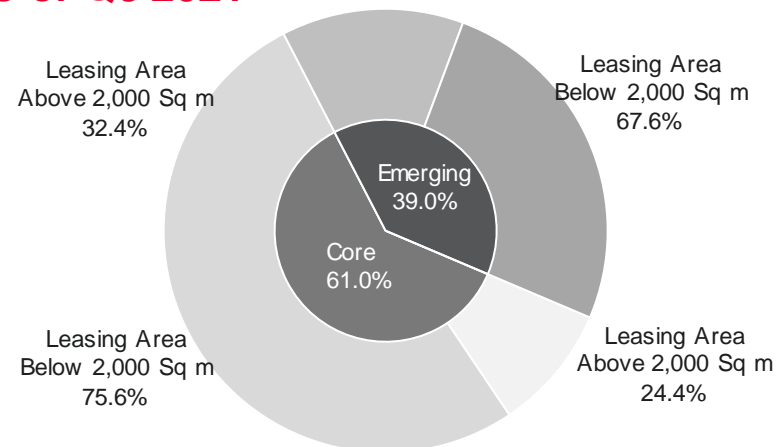
As of Q3 2020 & As of Q3 2021

By deal – Leasing Area Split

As of 2020

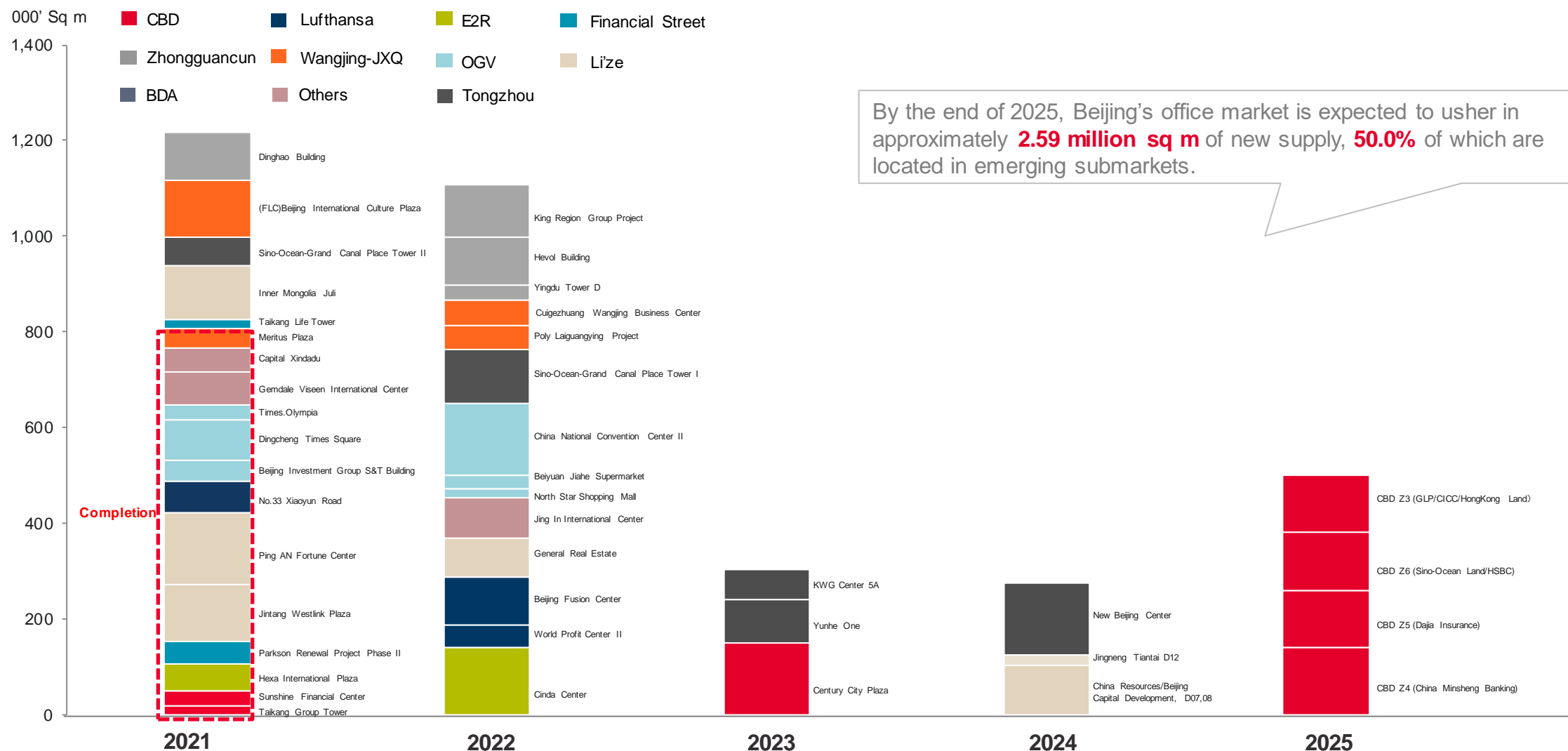


As of Q3 2021

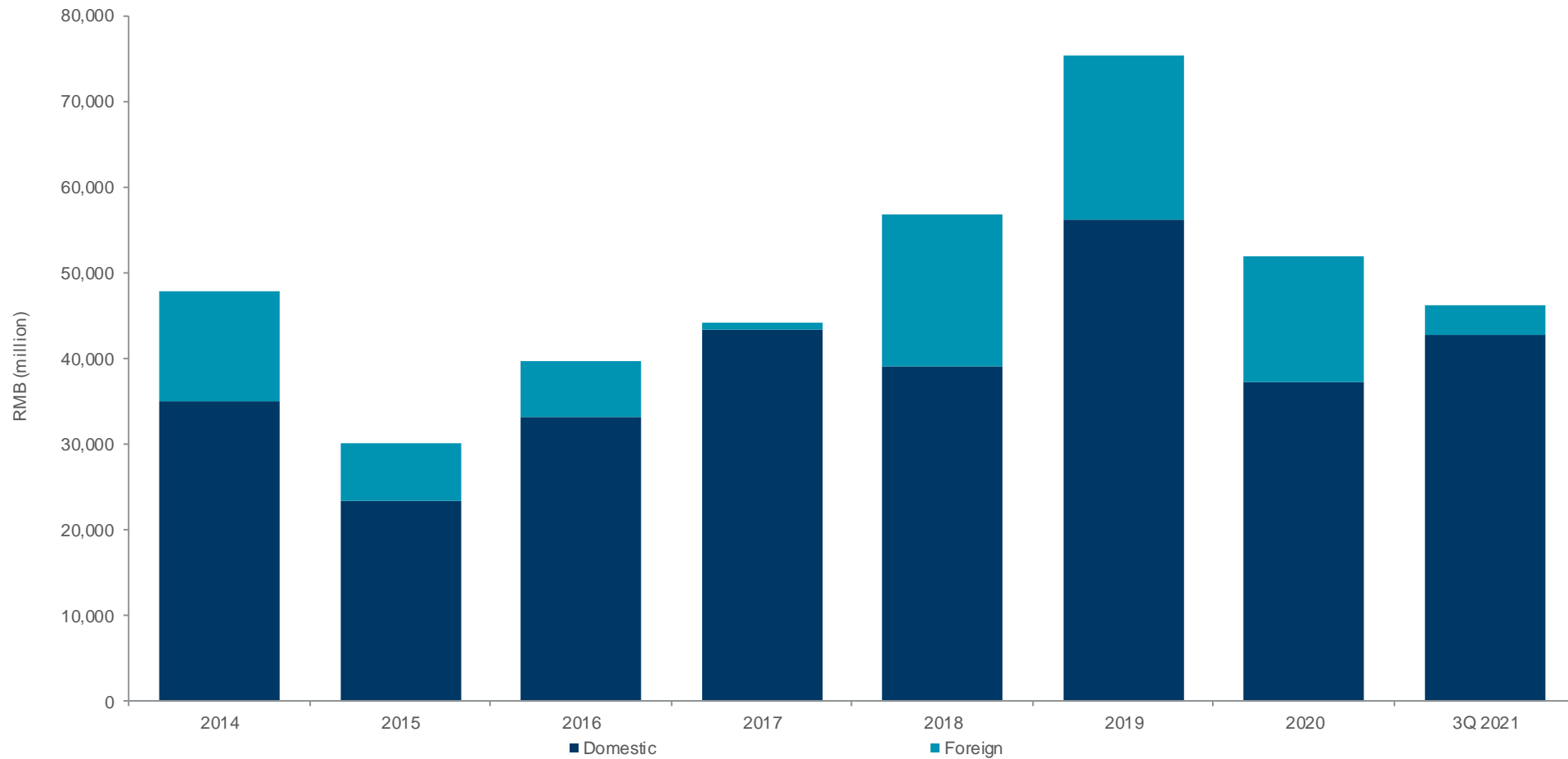


FUTURE SUPPLY IN MAJOR SUBMARKETS

Future Supply (2021Q4-2025)



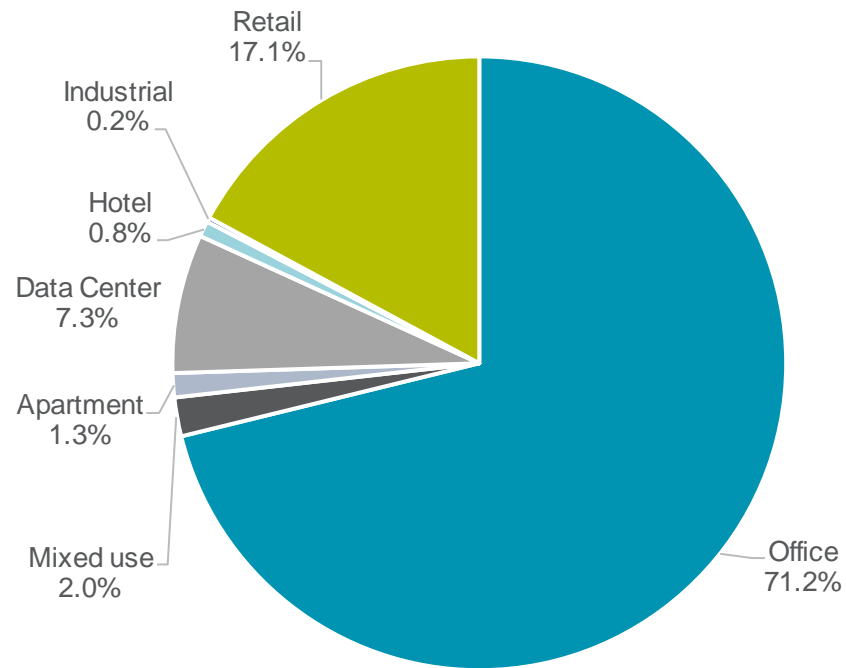
TRANSACTION VOLUME BY INVESTOR TYPE



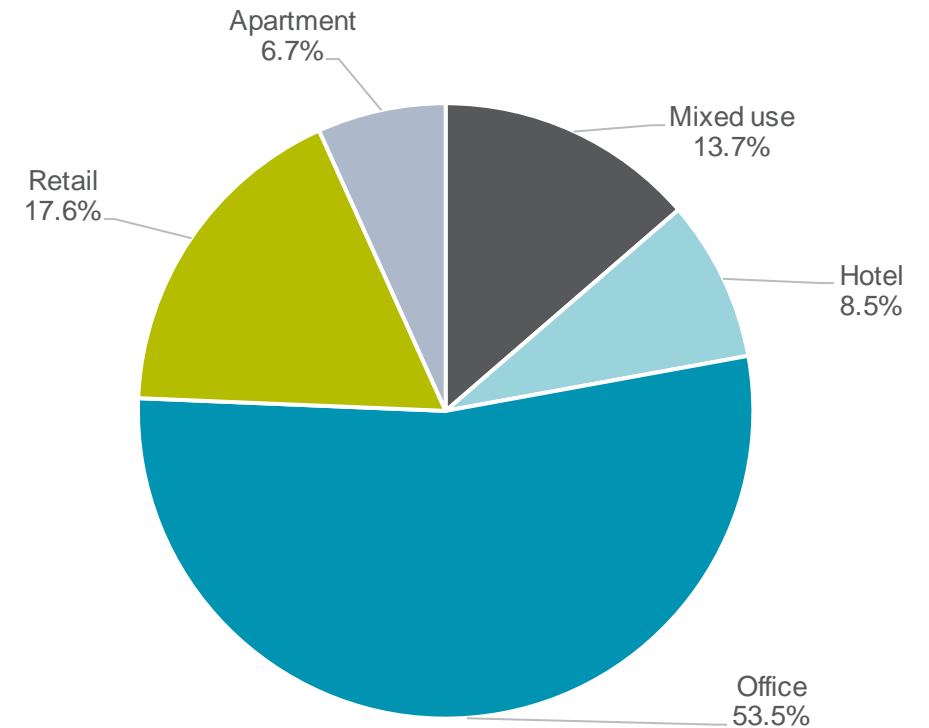
TRANSACTION VOLUME OF BEIJING CAPITAL MARKET(BY PROPERTY TYPE)

2020 VS 2021*

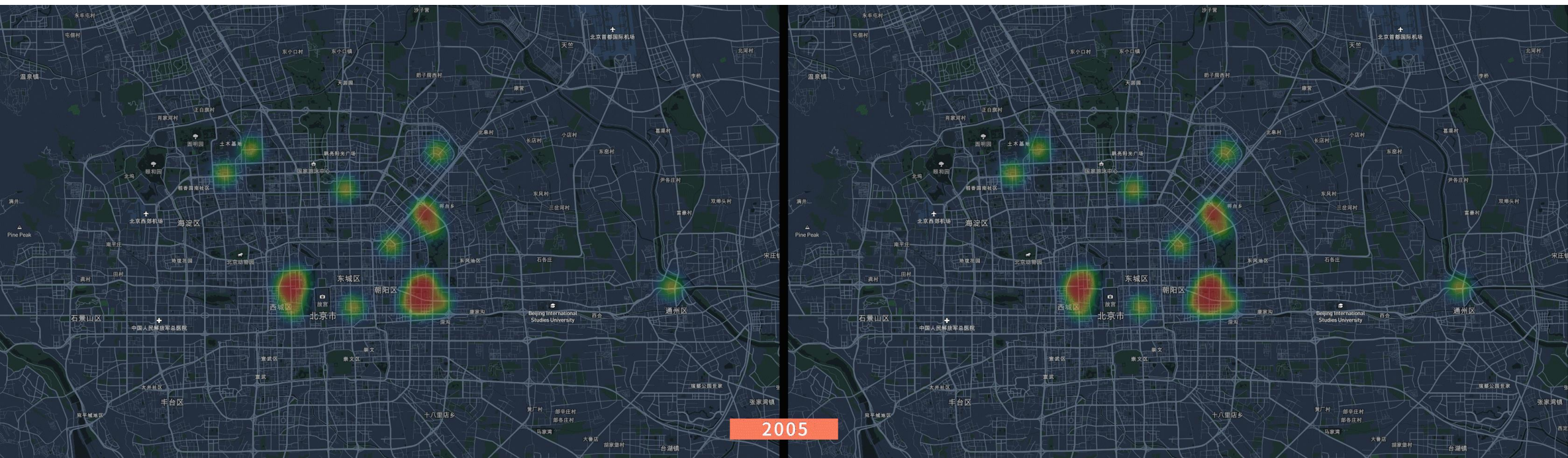
Transaction Volume of Beijing Capital Market (2020)



Transaction Volume of Beijing Capital Market (Q1 2021- Q3 2021)



DECENTRALIZATION OF INVESTMENT LOCATIONS



MODERATOR:



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Director
Head of Capital Markets Research
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PANELISTS:



Edward Cheung

Founder & Chairman
ACR Asset Management



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International Director
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Deputy Managing Director
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Q&A

Please click on the Q&A icon on the top right-hand corner of your window to submit your questions.

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