

This live webinar will begin shortly...

GREATER CHINA CAPITAL MARKETS WEBINAR

WHAT'S NEXT FOR CHINA'S CRE INVESTMENT MARKET

SPOTLIGHT ON LIFE SCIENCES

27 October 2022

AGENDA

Introduction & Greater China Overview



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Life Sciences Market Overview



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Francis Li
International Director
Head of Capital Markets
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Gordon Marsden
Regional Director
Capital Markets
Asia Pacific

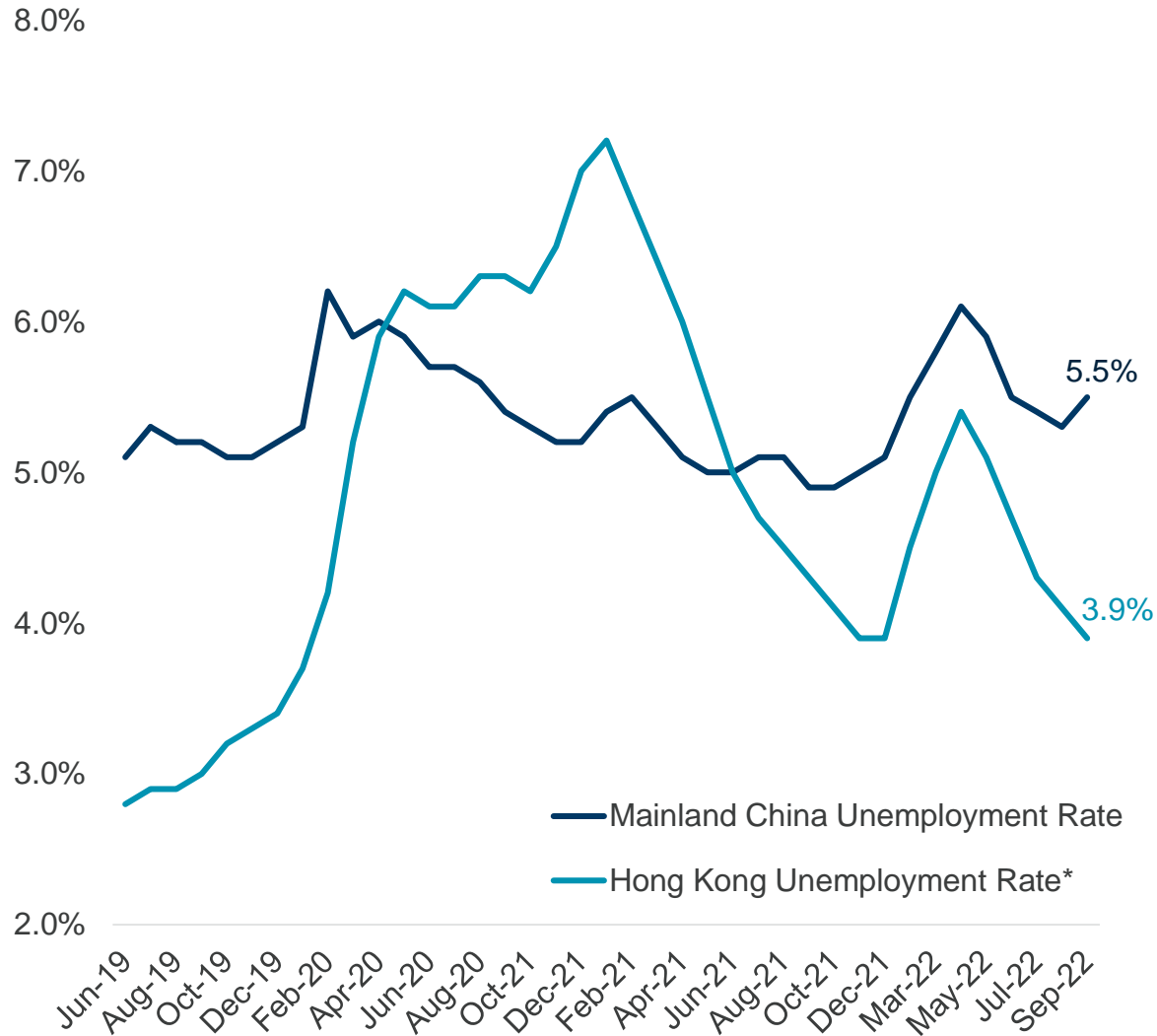


John Lam
Executive Director
Capital Markets
China

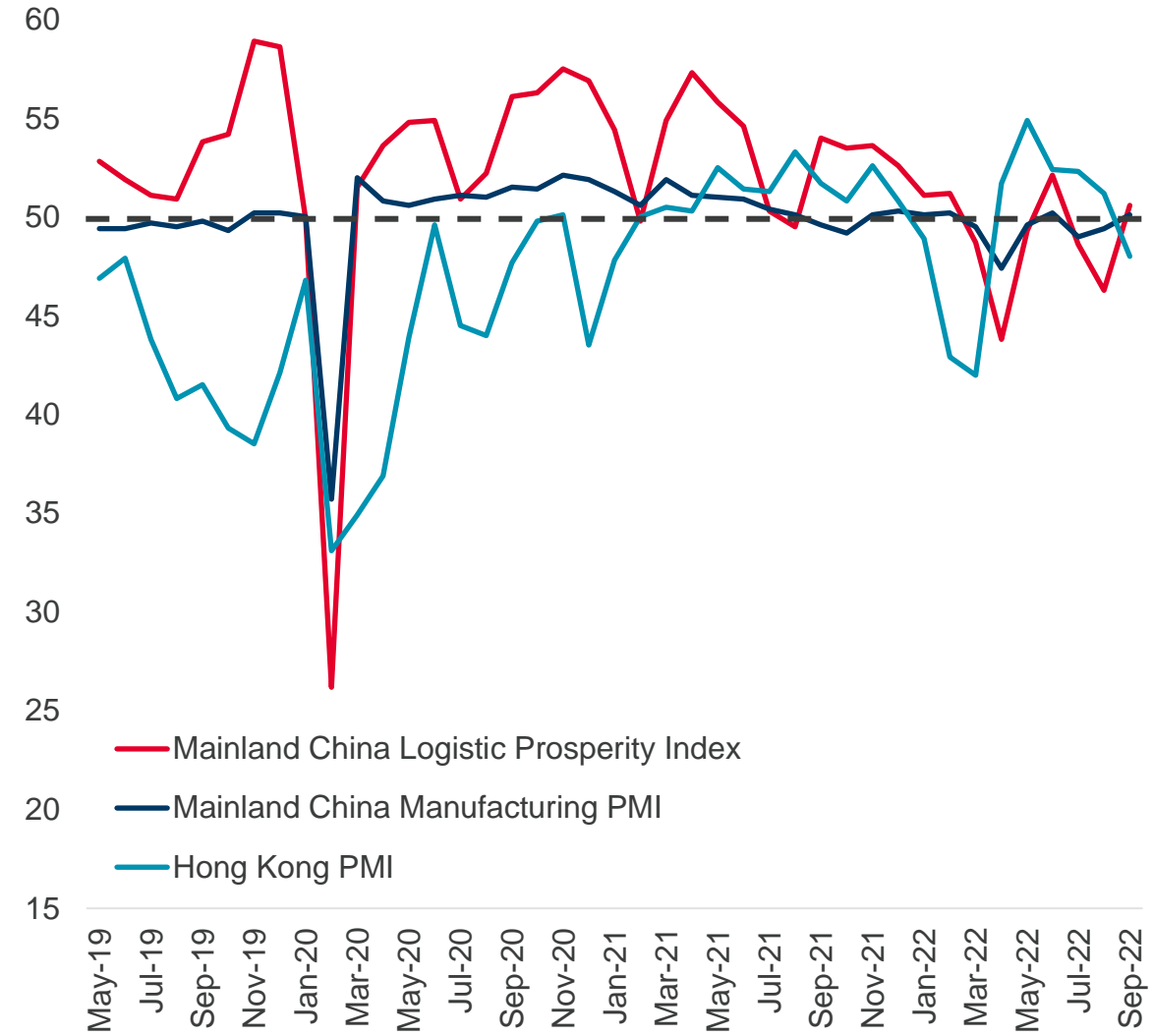
URBAN EMPLOYMENT AND PMI

Unemployment Rate Dropped in Q3

Urban Unemployment

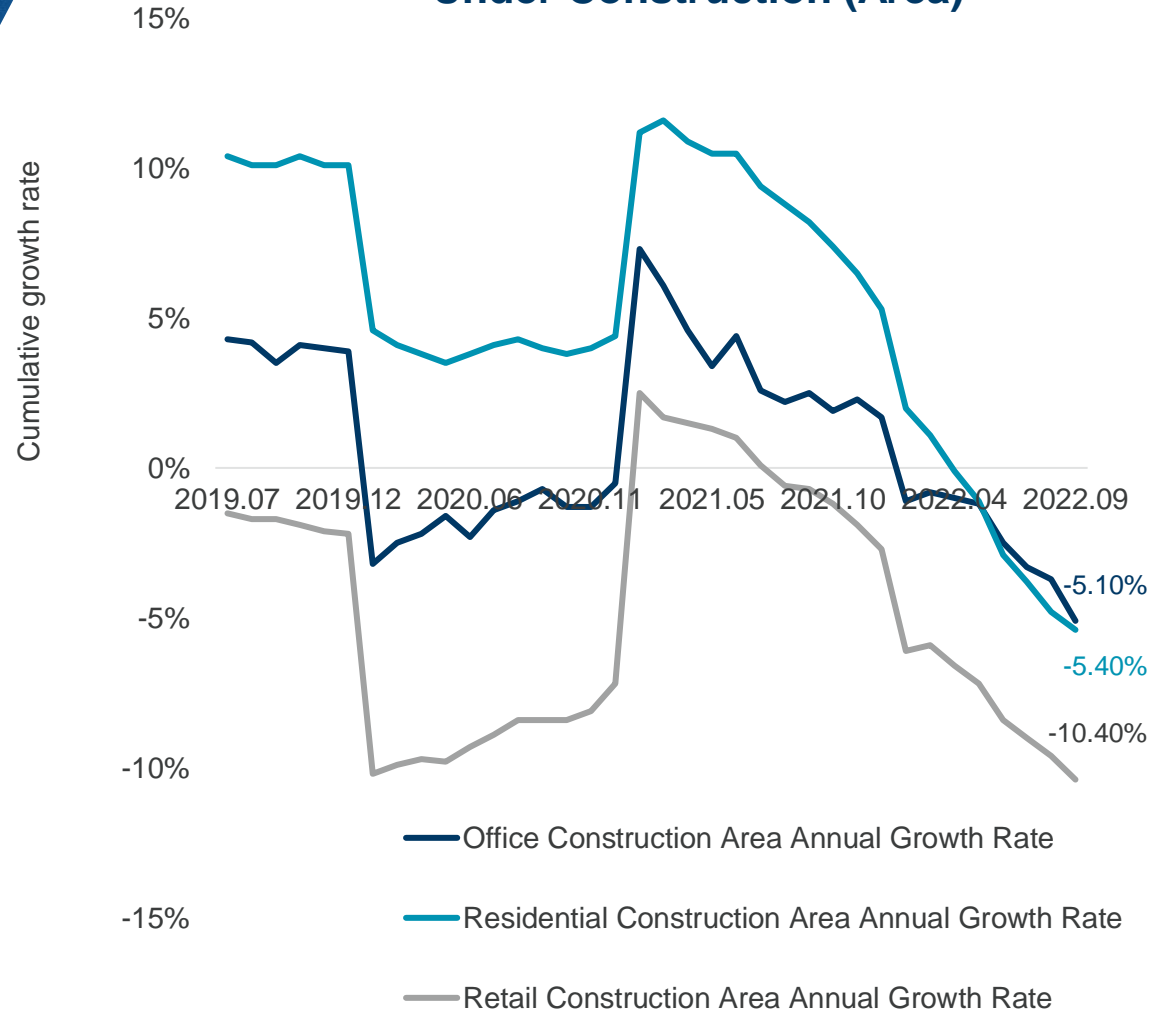


Mainland China PMI and Logistics Prosperity Index



Source: National Bureau of Statistics of the PRC, Census and Statistics Department of Hong Kong
*3-month rolling average

Short Term Under Construction (Area)

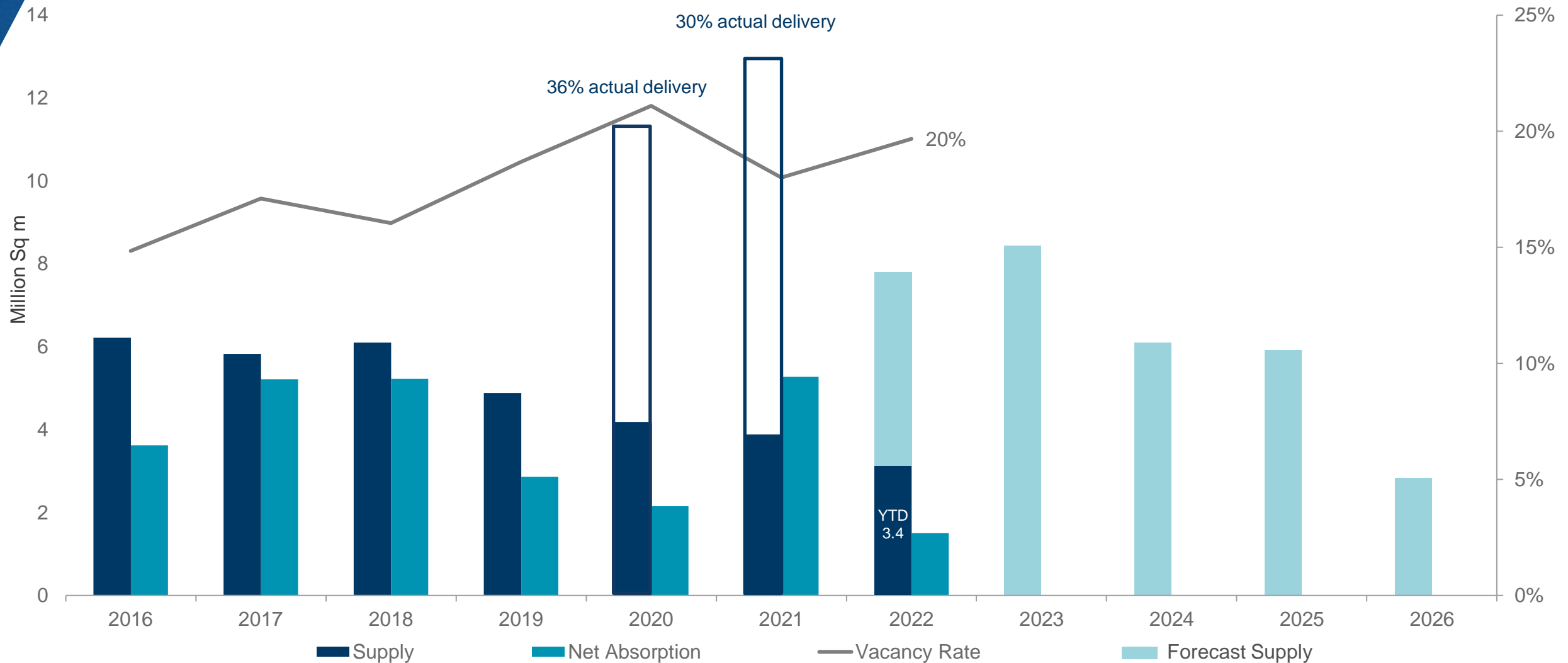


Mid to Longer Term New Starts (Area)



CHINA'S OFFICE SUPPLY & DEMAND

Construction Forecast to Moderate as Projects Completions are Pushed Back

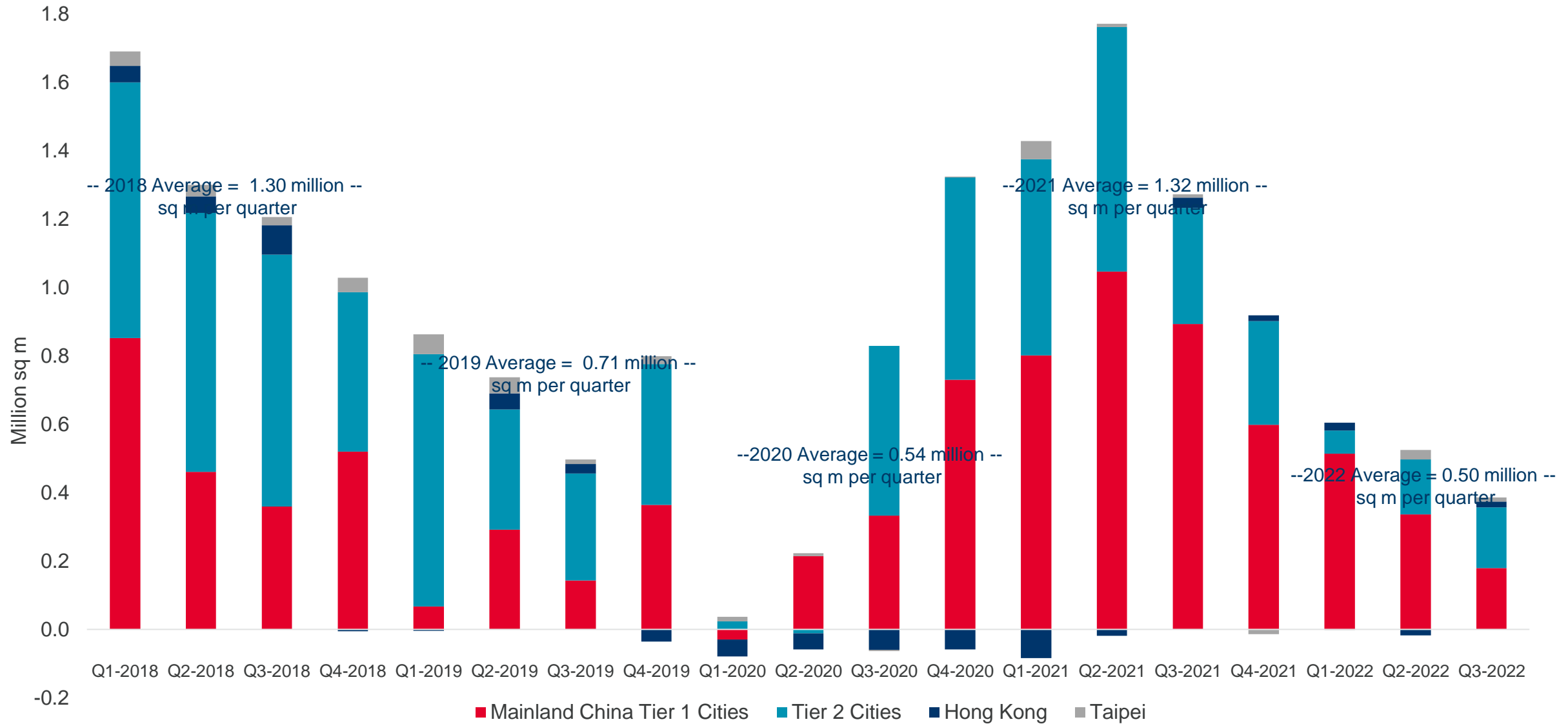


This data including: Beijing, Shanghai, Guangzhou, Shenzhen; Changsha, Chengdu, Chongqing, Dalian, Hangzhou, Nanjing, Qingdao, Shenyang, Tianjin, Wuhan, Xiamen, Xi'an, Wuxi, Suzhou, Hong Kong, Taipei

Source: Cushman & Wakefield Research, updated on October 14th, 2022

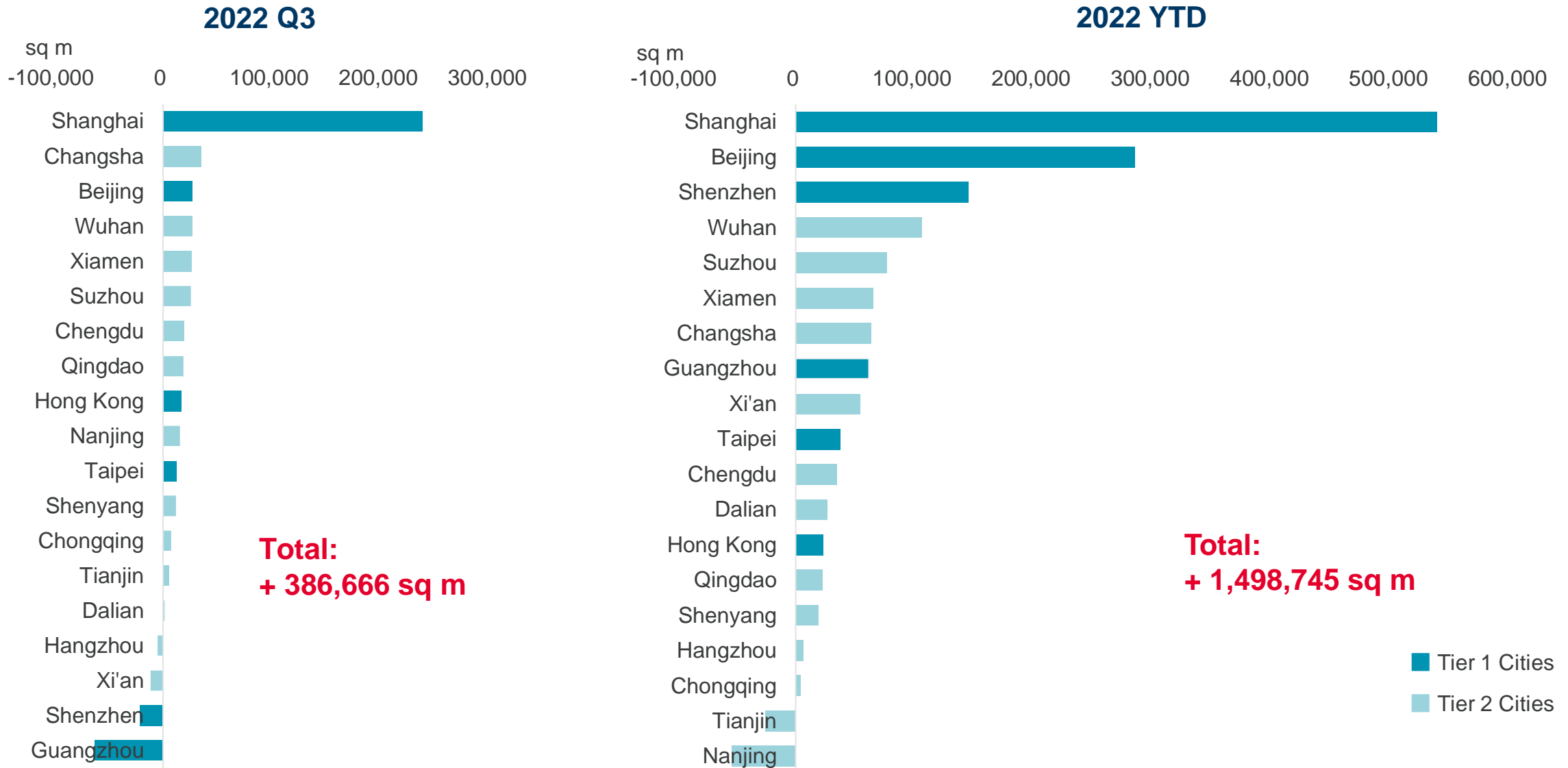
OFFICE NET ABSORPTION IN GREATER CHINA

Demand Cooled Down in Tier 1 and Tier 2 Cities



OFFICE NET ABSORPTION IN GREATER CHINA

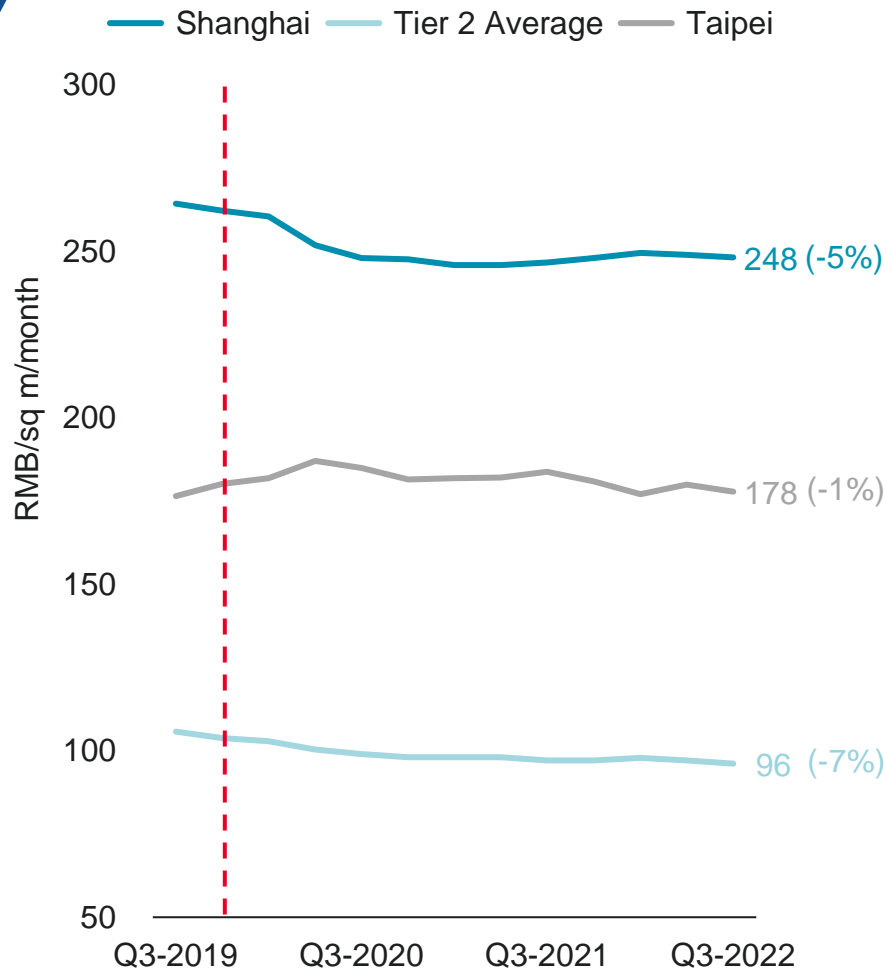
Declining Demand in Q3



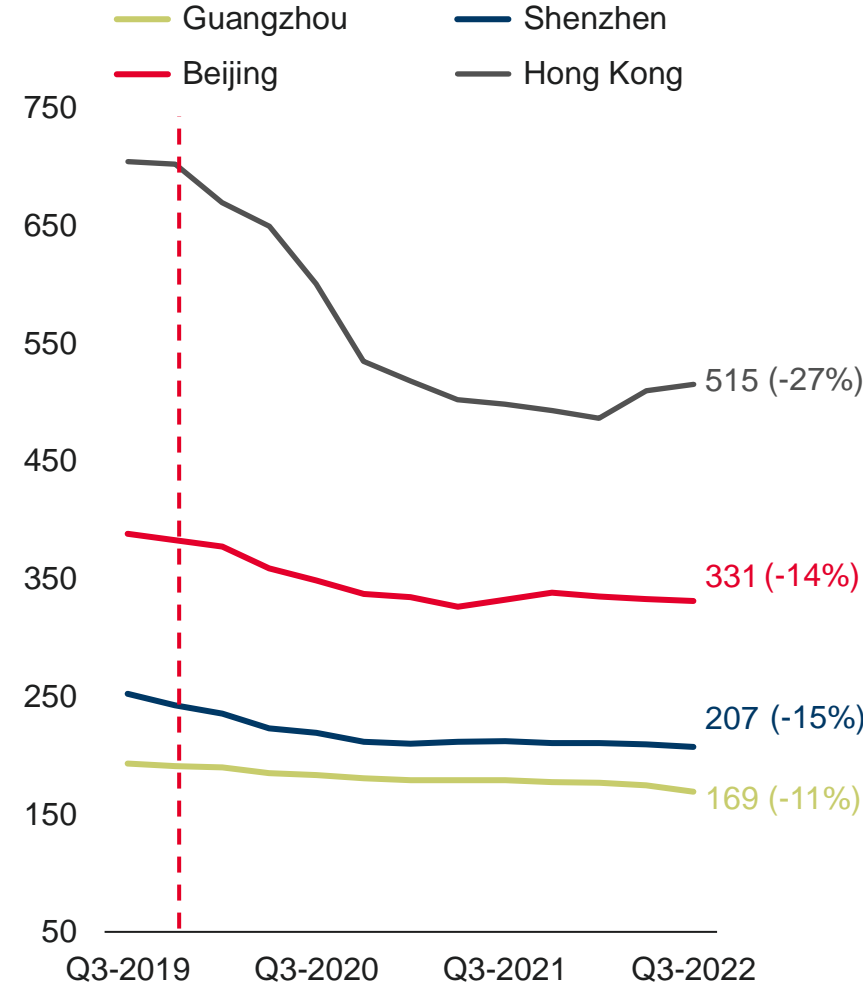
OFFICE RENTAL RESILIENCE IN GREATER CHINA

Rentals Remained Stable in Q1

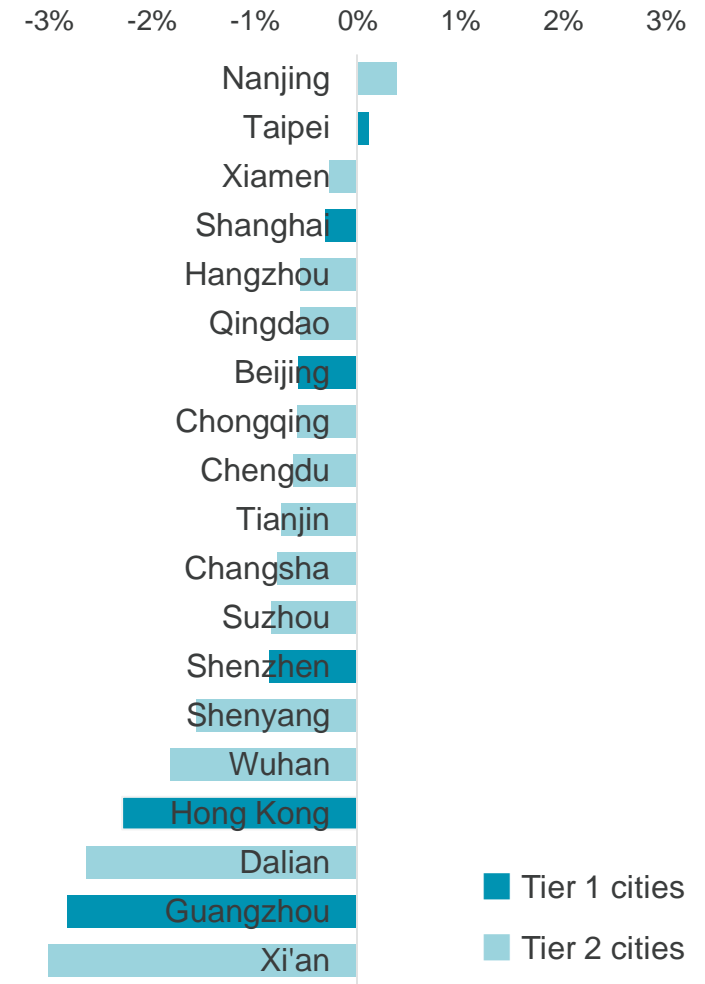
Rental Resilience Since Q4 2019



Less Rental Resilience Since Q4 2019



Rental Trend Q-o-Q

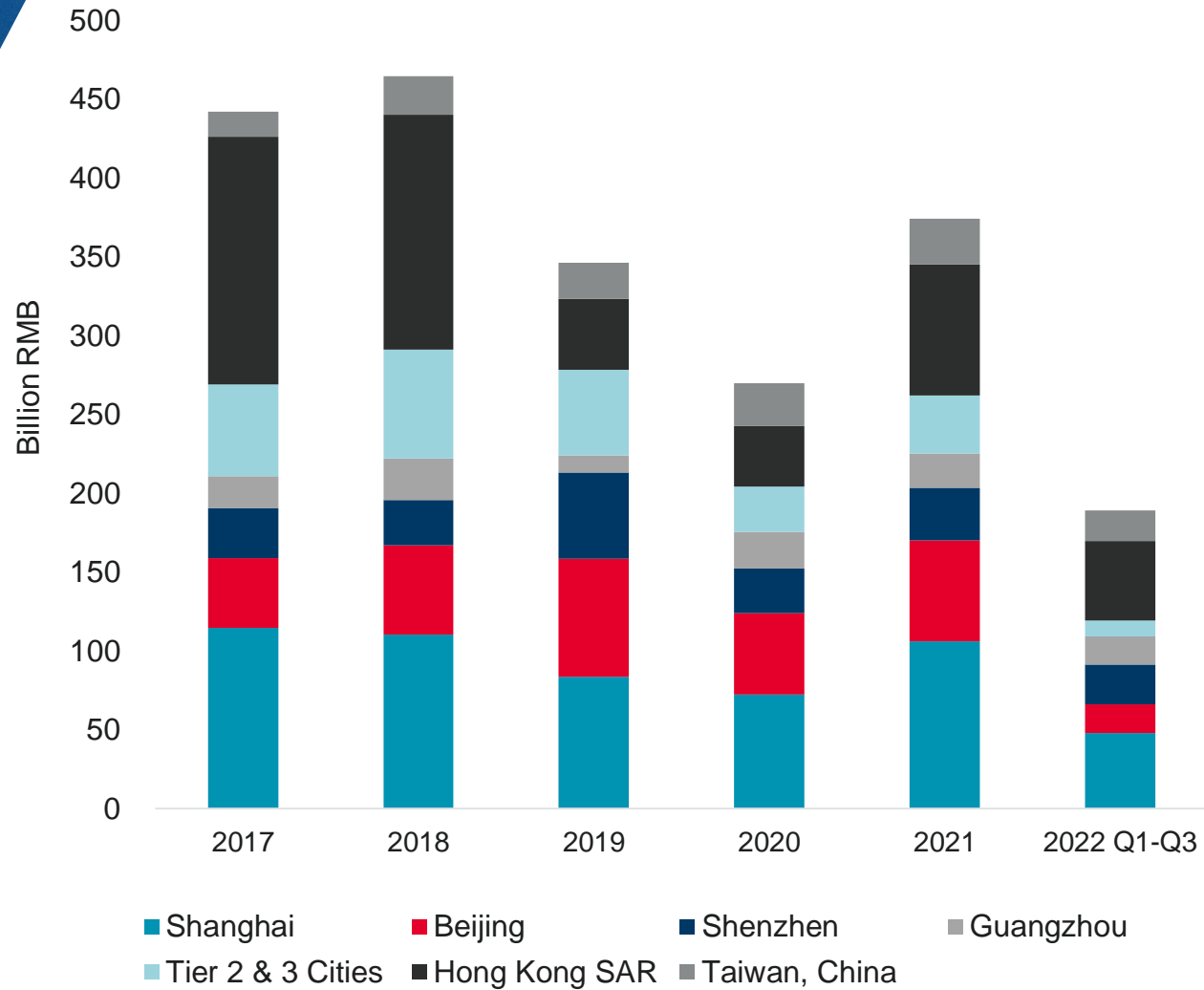


*The growth rate is calculated in local currency. Growth is based on historical rental movement.

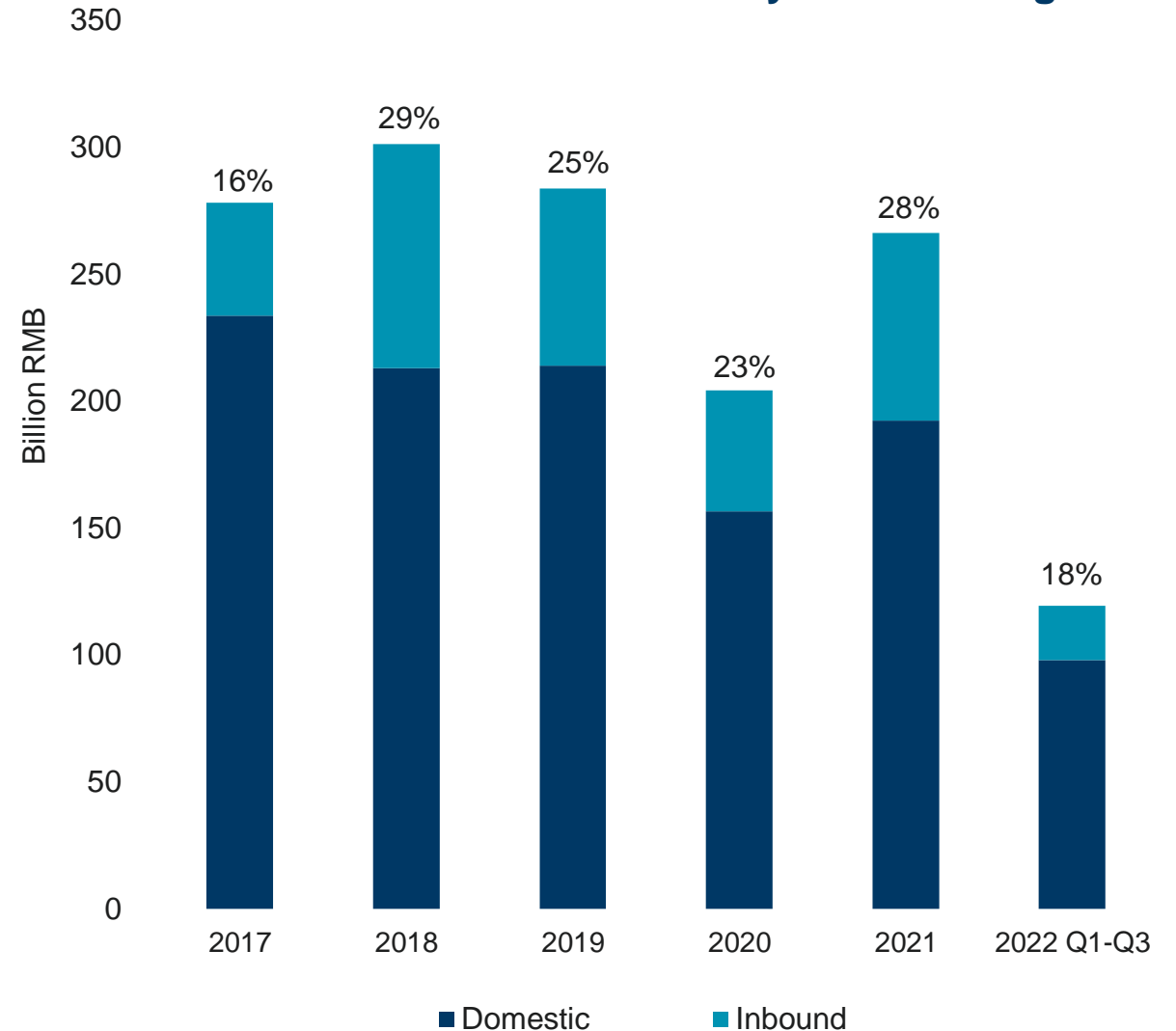
CRE INVESTMENT IN GREATER CHINA

Increased Share of Domestic Investment in Mainland China

Greater China Investment By Destination



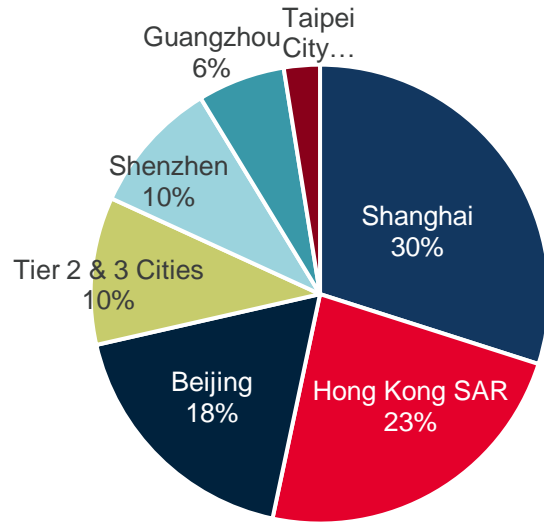
Mainland China Investment By Investor Origin



CRE INVESTMENT IN GREATER CHINA

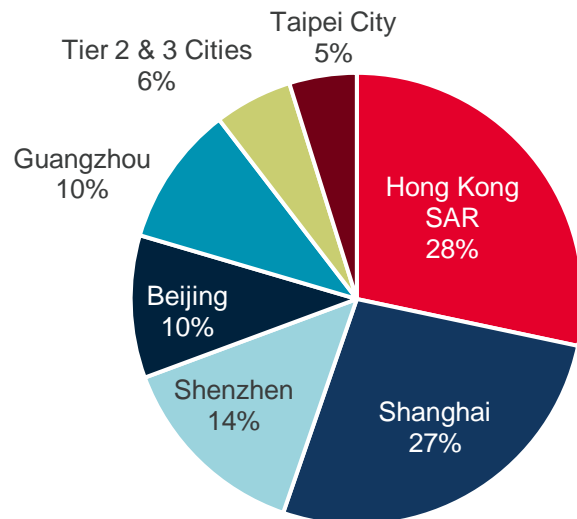
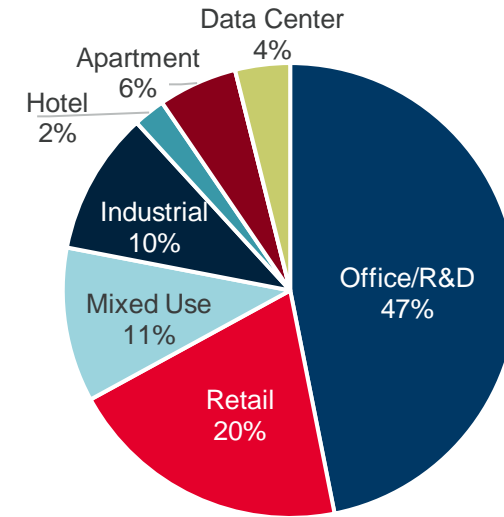
The Concentration of Office/R&D Investment Remained High

Share of Transaction Volume – by Market

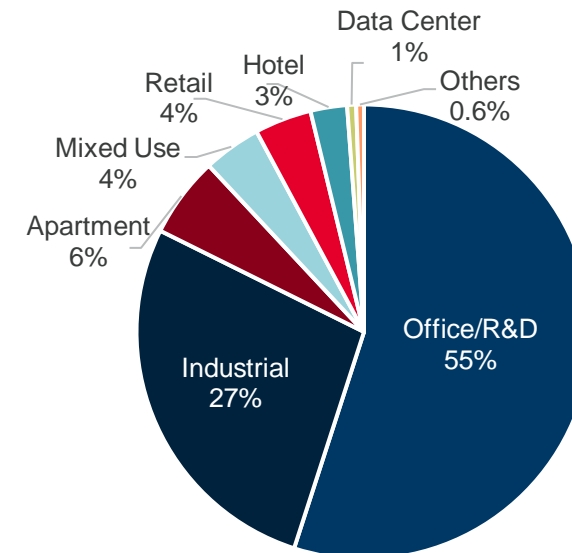


2021 FY

Share of Transaction Volume – Mainland China by Sector



2022 Q1-Q3



The background of the slide features a blue-tinted image of a laboratory setting. On the right, a microscope is visible with its objective lenses and eyepiece. On the left and in the center, there are several glass petri dishes and test tubes, some containing liquid. A red diagonal bar cuts across the middle of the image, serving as a background for the text.

LIFE SCIENCES

Changing the genetics of commercial real estate in China



Industry Demand Drivers

Main Points

In recent times, greater awareness of the importance of healthcare by an expanding pool of educated people around the world, greater spending by governments around the world, ageing populations in many regions, and advancement in medical science and associated technology, have motivated the global life sciences sector to increasingly realise new business opportunities. Being one of the most important life sciences markets, China is no exemption. Driven by a host of factors, including:

- Organic industry growth;
- Population demographics;
- Spending power – public and private;
- National health coverage;
- Policy and reform, and;
- Research and innovation...

...China's life sciences sector has not gone unnoticed by investors in the sector, whether it's government investment, corporate investment or private individual investment.

Source: Statista.com, Cushman & Wakefield Research

Life Sciences Real Estate & Major City Markets

Main Points

Real estate plays an integral role in the business success of any life sciences enterprise and making the right choice in terms of which location is best suited to establish business operations can often make or break the business.

Through support policies, these cities are changing the genetics of their real estate as they prepare to make the life sciences industry a key driver for their individual economies in the future.



Beijing



Shanghai



Shenzhen

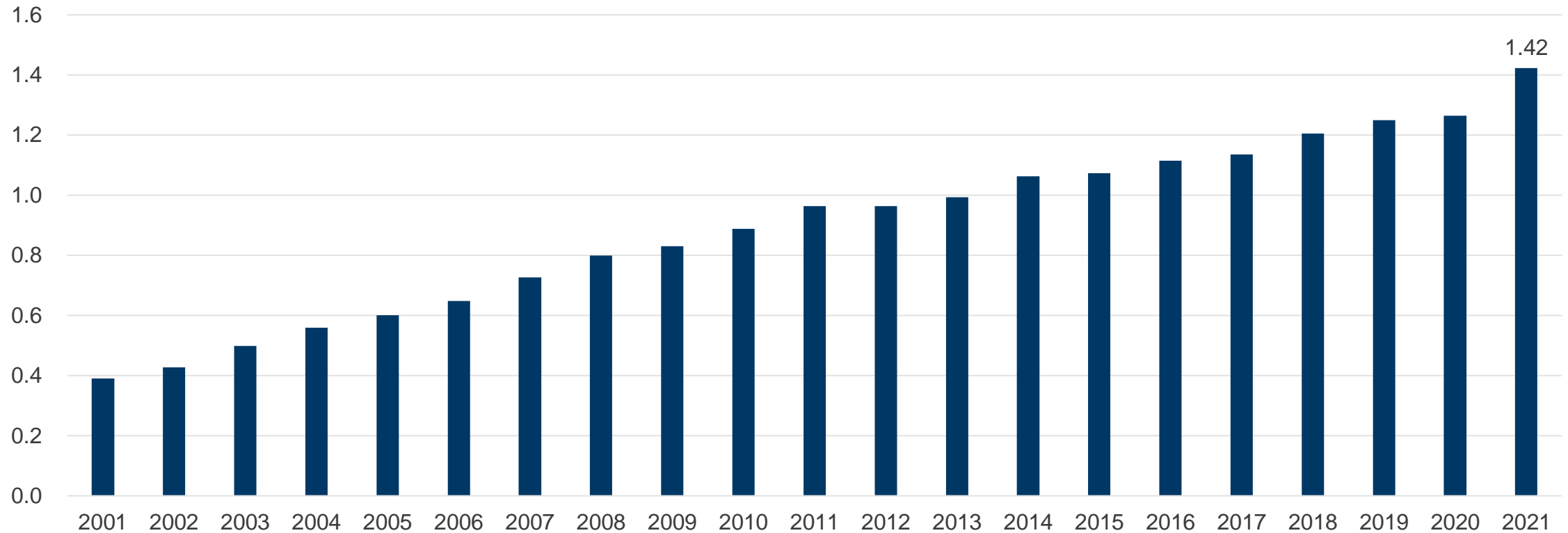


Guangzhou



Global Pharmaceutical Market Revenue (2001-2021)

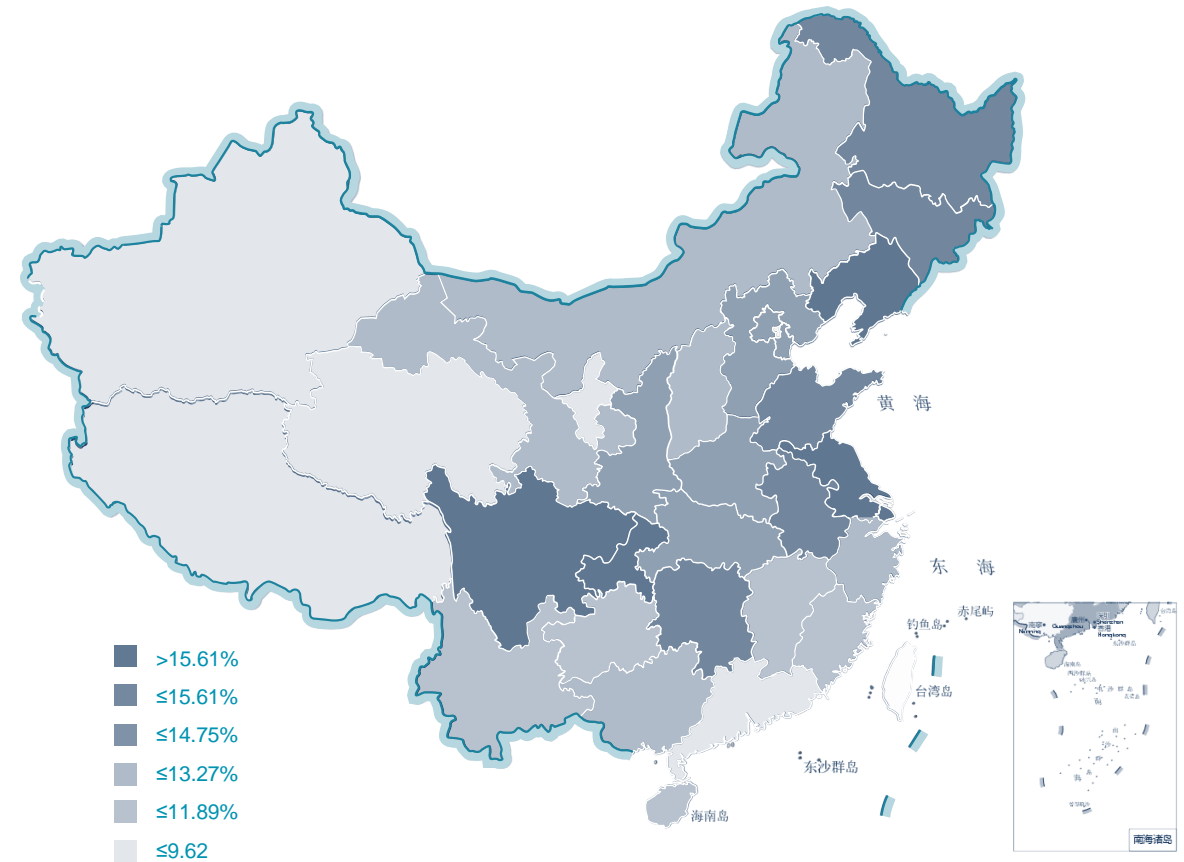
Revenue US\$ (Trillion)



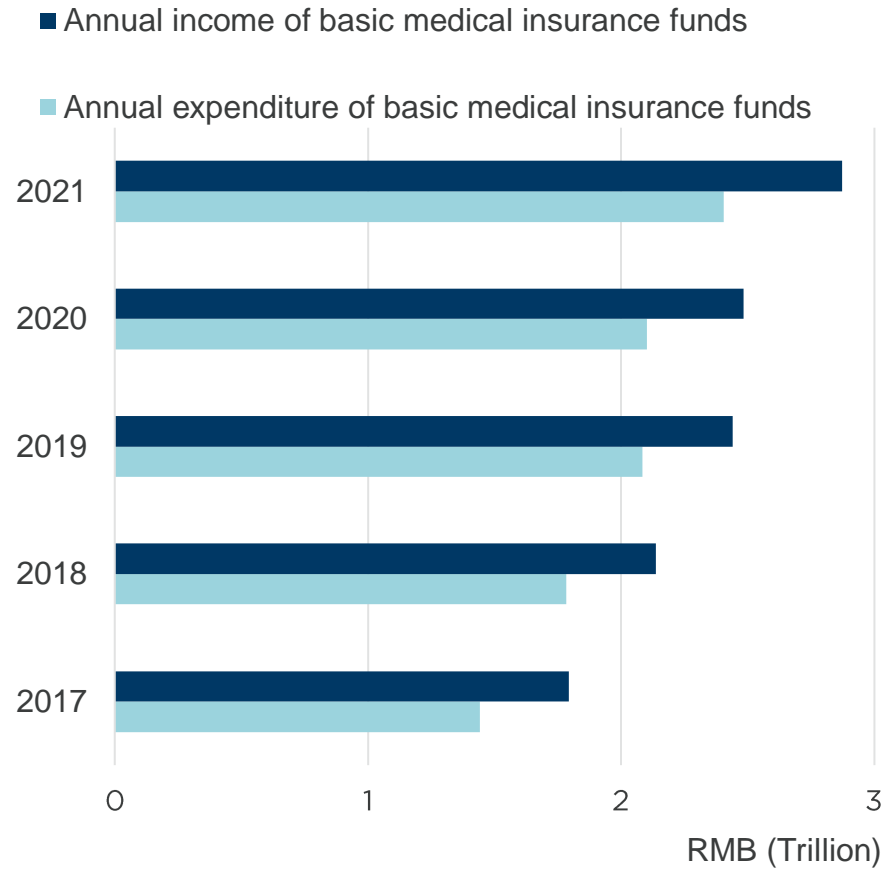
Age Pyramid (2010 Vs 2050)



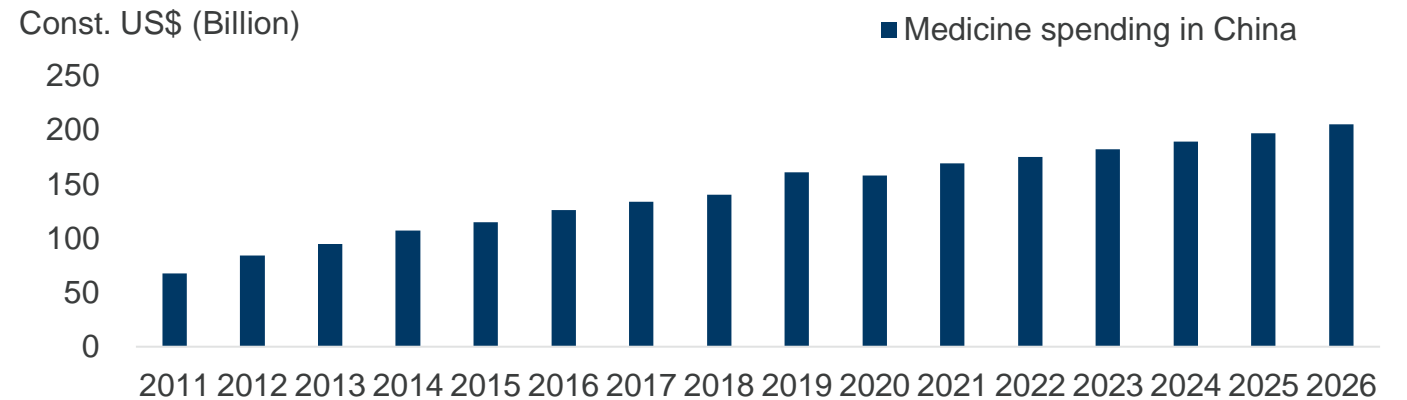
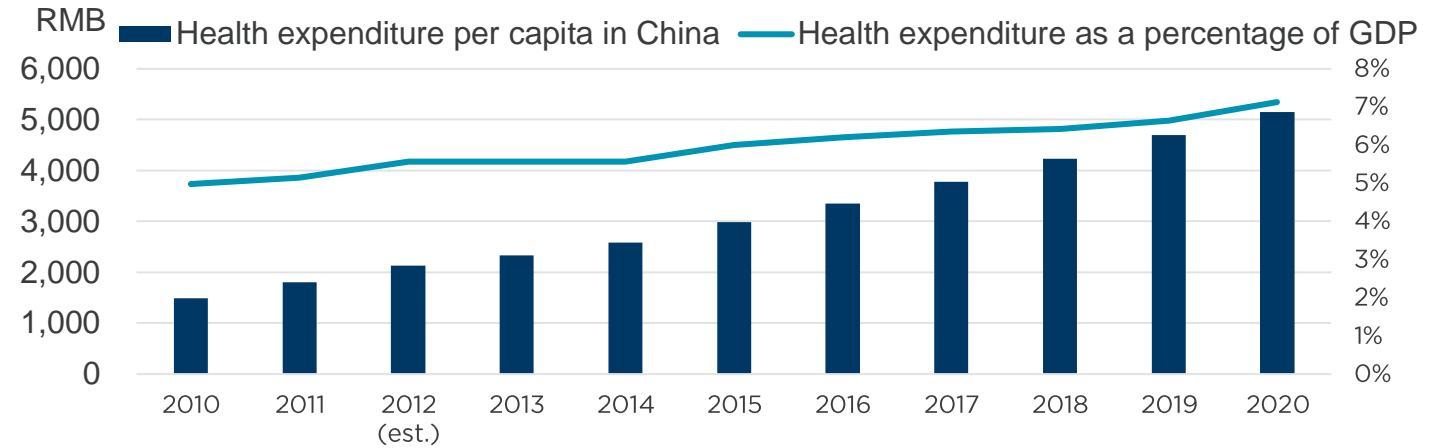
% Of Elderly Population (2020)



National Health Insurance Coverage



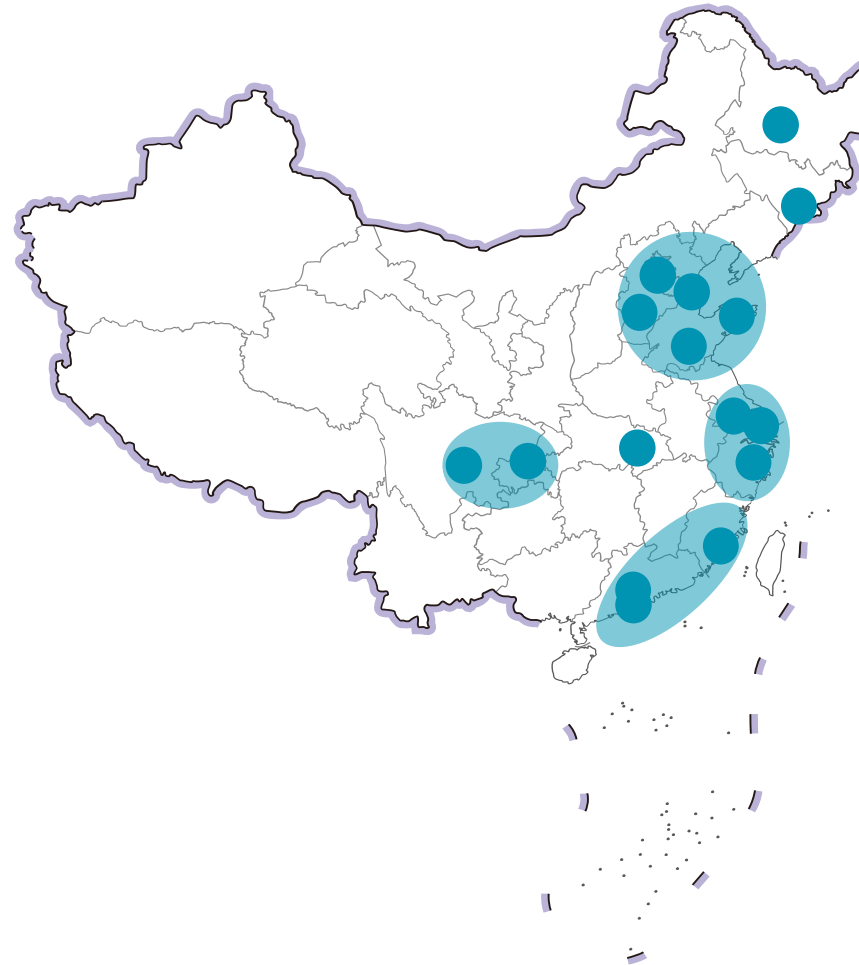
Spending Power



Healthy China 2030 – Fifteen Initiatives

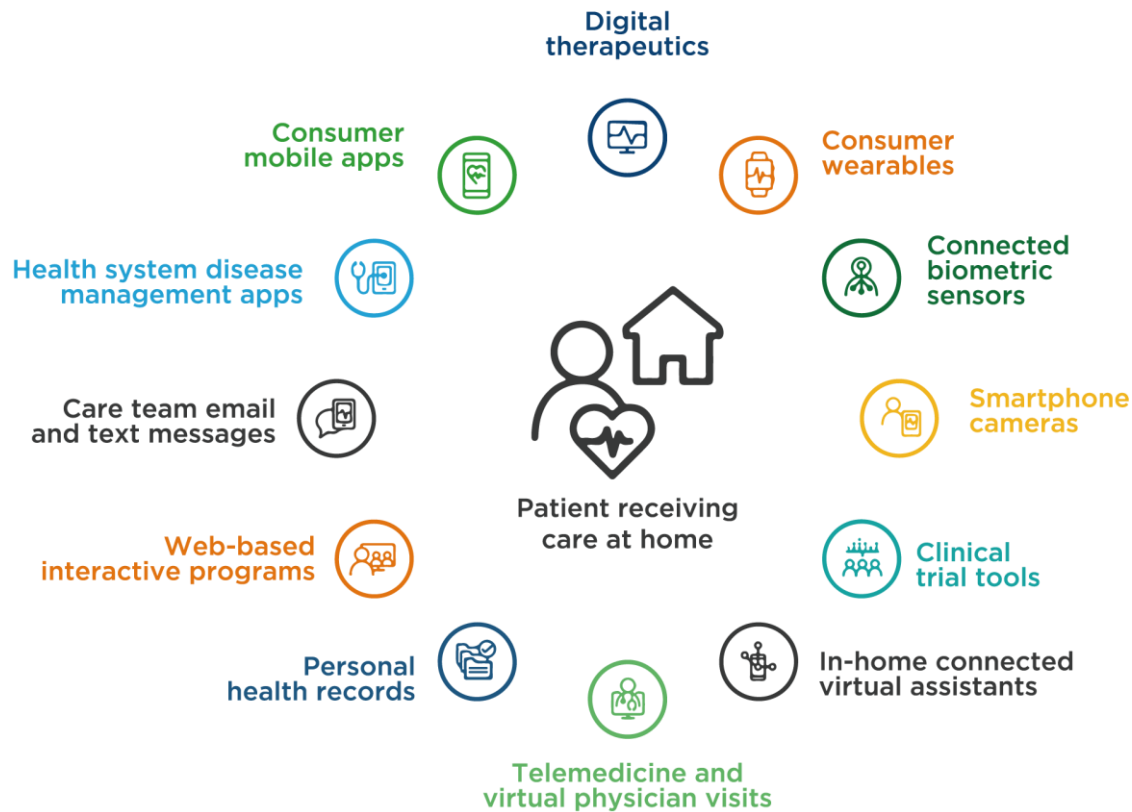
Healthy Literacy	Diet	Fitness	Tobacco Control
Mental Health	Environment Health	Maternal and Children Health	Primary and Secondary School Health Promotion
Occupational Health Protection	Elderly Health Promotion	Cardiovascular and Cerebrovascular Diseases	Cancer Therapy
Chronic Respiratory Disease	Diabetes Prevention	Infectious and Endemic Diseases Prevention	

17 Biopharmaceutical Clusters Planned By The NDRC

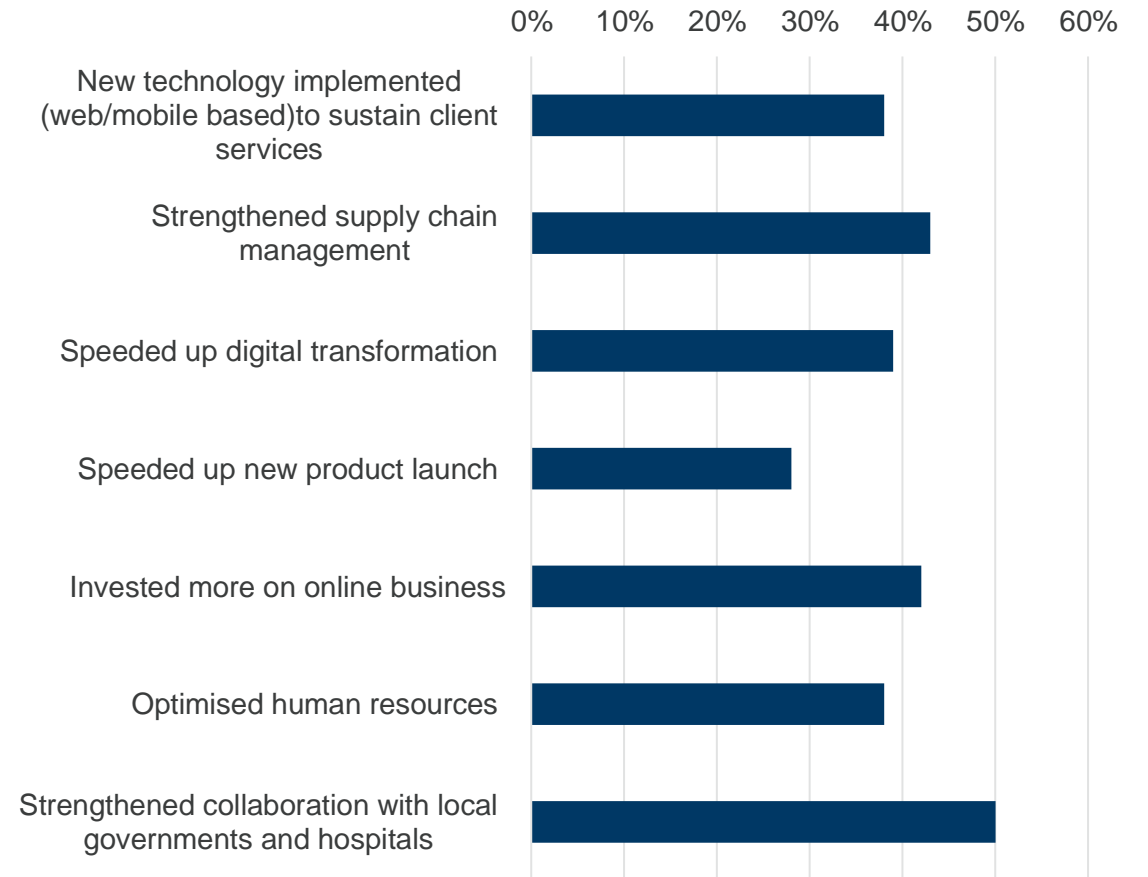


Region	Biopharmaceutical industry cluster urban areas
Yangtze River Delta	Pudong New Area, Shanghai
	Hangzhou
	Suzhou
Southeast China	Guangzhou
	Xiamen
	Zhuhai
Beijing-Tiajin-Hebei-Region	Changping District, Beijing
	Daxing District, Beijing
	Tianjin Economic and Technological Development Zone
	Shijiazhuang
Chengdu-Chongqing Circle	Chengdu
	Banan District, Chongqing
Northeastern China	Harbin
	Tonghua
Shandong	Yantai
	Linyi
Hubei	Wuhan

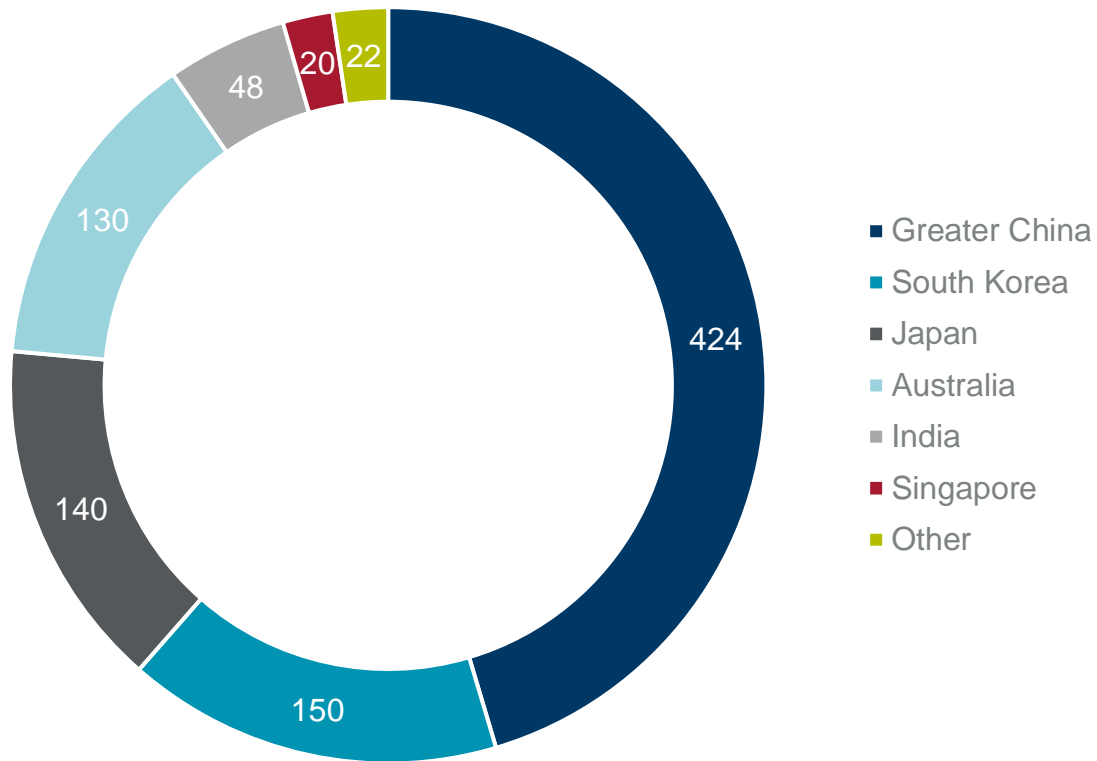
Digital Healthcare In China



Digitalisation Mitigated The Impact Of The Epidemic

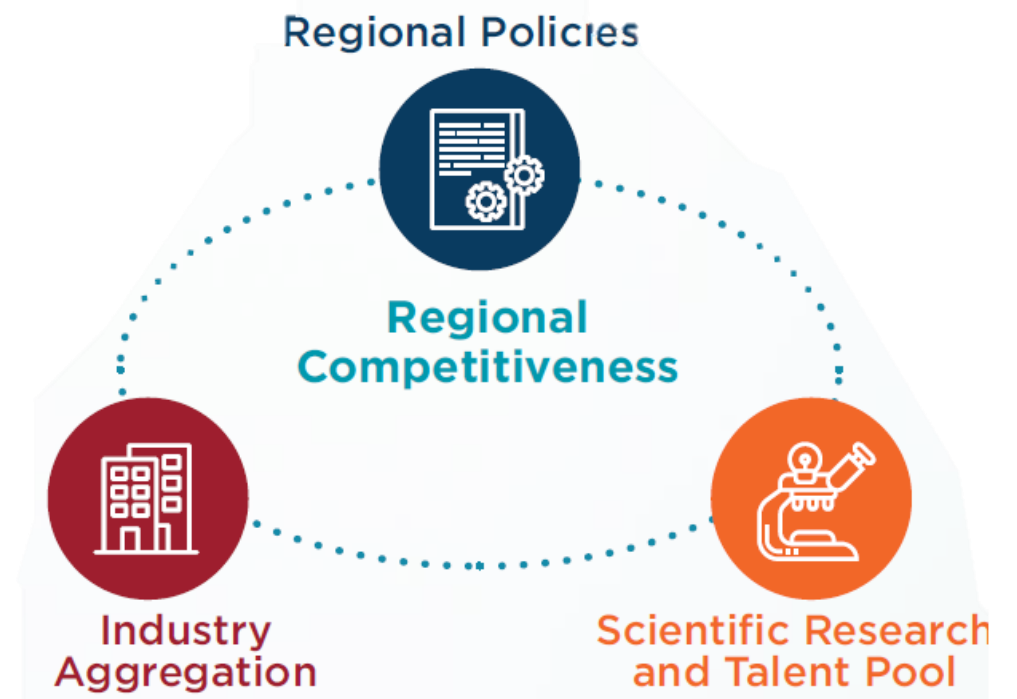


APAC Concentration

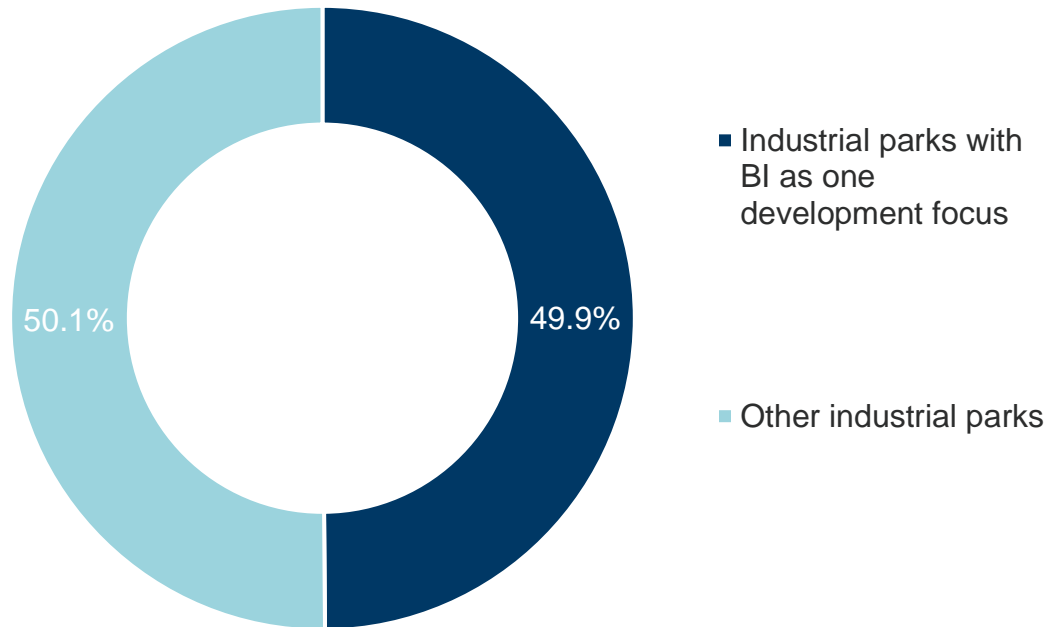


Specialised Real Estate And Location Expectations

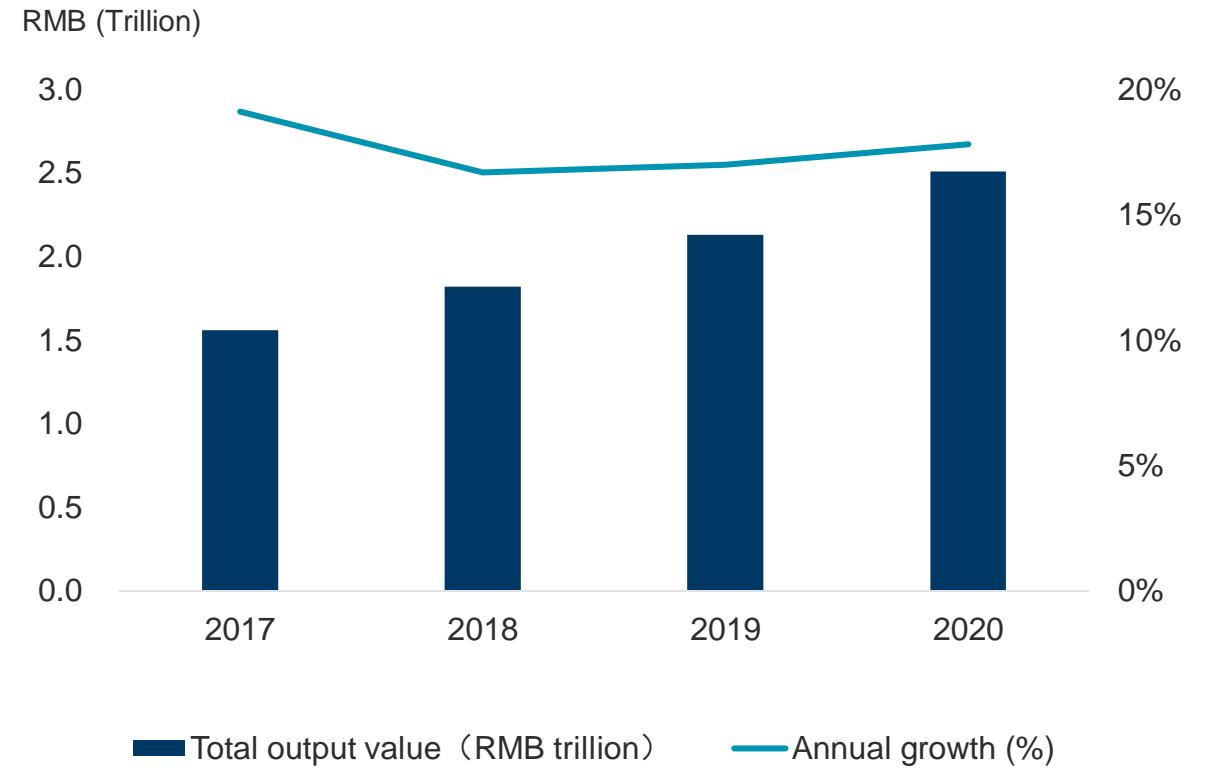
R&D Labs Manufacturing Plants Warehouses
Pharmacies Offices Data Centres



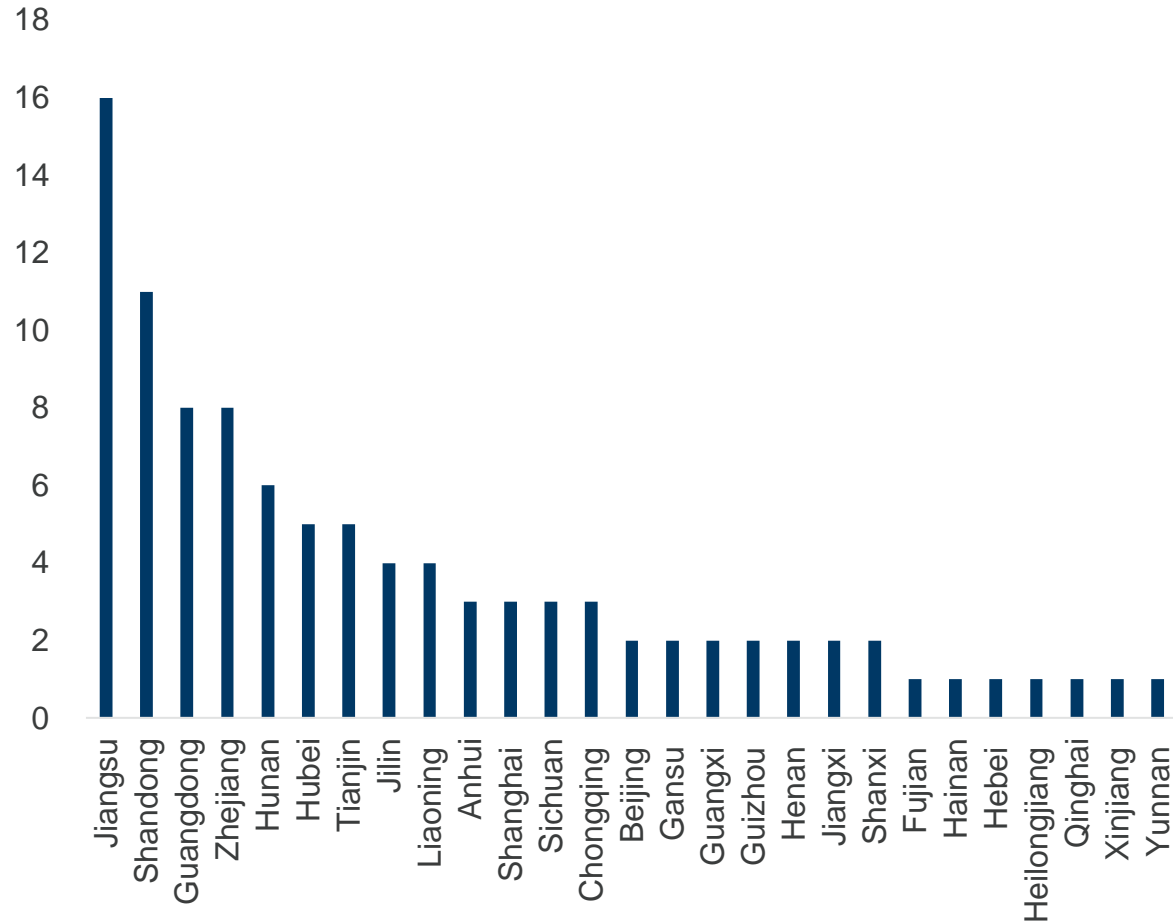
Biopharmaceutical Industry (BI) - Development Focus



Output Value - Biopharmaceutical Industrial Parks (BIPs)



Top 100 BIPs Distribution



Representative BIPs In China

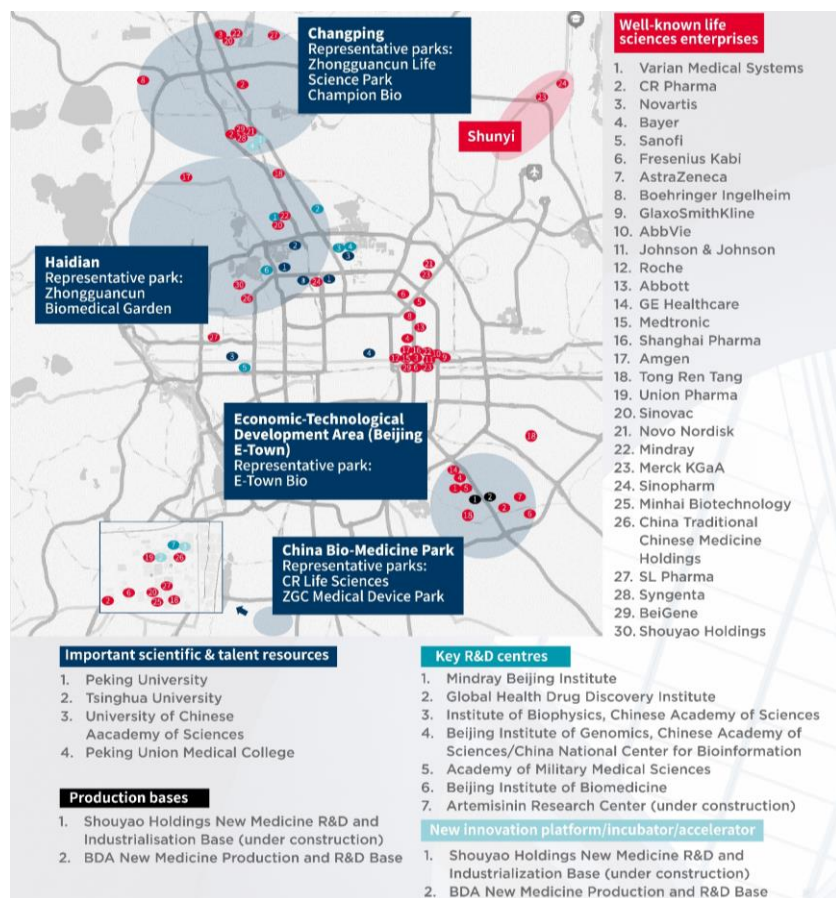
Name

- Zhongguancun Life Science Park
- Beijing E-Town Bio
- China Bio-Medicine Park (Daxing, Beijing)
- Shanghai Zhangjiang Pharma Valley
- Shanghai International Medical Zone
- Guangzhou Science City
- Guangzhou International Bio Island
- Shenzhen State Biological Industry Base
- Shenzhen International Bio Valley
- Chengdu Medical City
- Zhejiang Yuhang Biomedical Hi-Tech Industrial Area
- Hangzhou Biopharma Town
- Nanjing Biotech and Pharmaceutical Valley
- Nanjing Life Science Town
- Suzhou BioBAY
- Wuhan BioLake
- Xiamen Bio Bay
- National Health Technology Park (Zhongshan)
- Shijiazhuang National Biological Industry Base
- Lianyungang Life Health Industrial Park

Source: sina.com, China Biomedical Industry Barometer (CBIB) 2.0, Cushman & Wakefield Research

Beijing

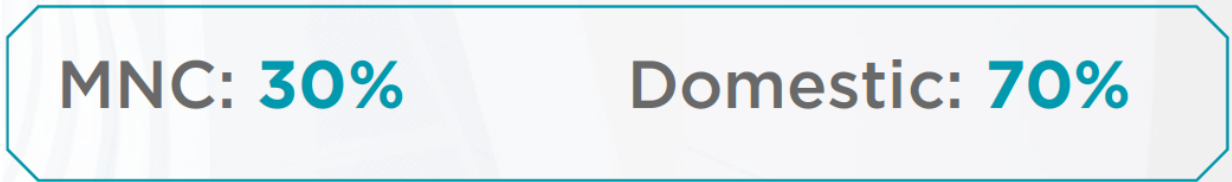
As the **nation's capital** and an important centre for technology innovation, Beijing is home to numerous **higher education institutions and research institutes** and has one of the largest professional talent pools in the country. These advantages have provided the life sciences industry in Beijing with highly favourable conditions for its ongoing development.



Source: Cushman & Wakefield Research

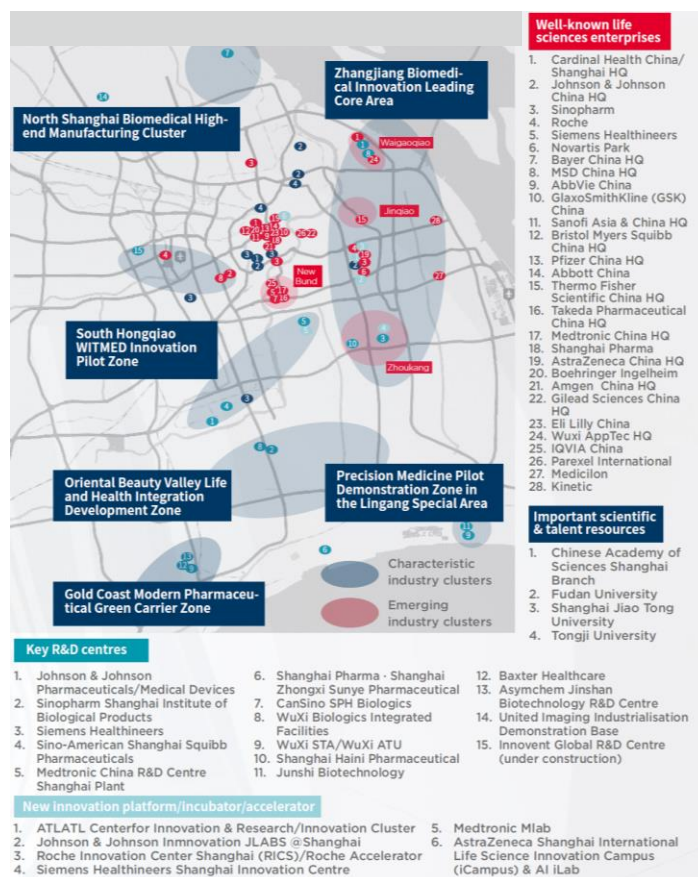
Major Office Leasing & Major Investment Deals (2021)

Project	Region	Enterprise	Leased area (sq m)	Lease type
Parkview Green	CBD	Bayer	12,000	Relocation
China Overseas Property Plaza	Others	Sinopharm Traditional Chinese Medicine	10,000	Relocation
SK Tower	CBD	BeiGene	10,000	Relocation
CP Center	CBD	Roche Pharma	5,000	Relocation
Ocean Guanghua International	CBD	Merck Sharp & Dohme	2,500	New



Property	Location	Price (RMB Million)	Buyer	Seller	Area (sq m)
Greenland Huigu Centre No.6 Building	Changping	110	Eyebright Medical	Greenland Group	4,139

As **one of the first cities in China for overseas life sciences enterprises to settle in**, under the guidance and planning of the government over the past 20 years, Shanghai has grown into an important biotechnology industry agglomeration centre focusing on biomedicine and high-end medical equipment.



Major Office Leasing & Major Investment Deals (2021)

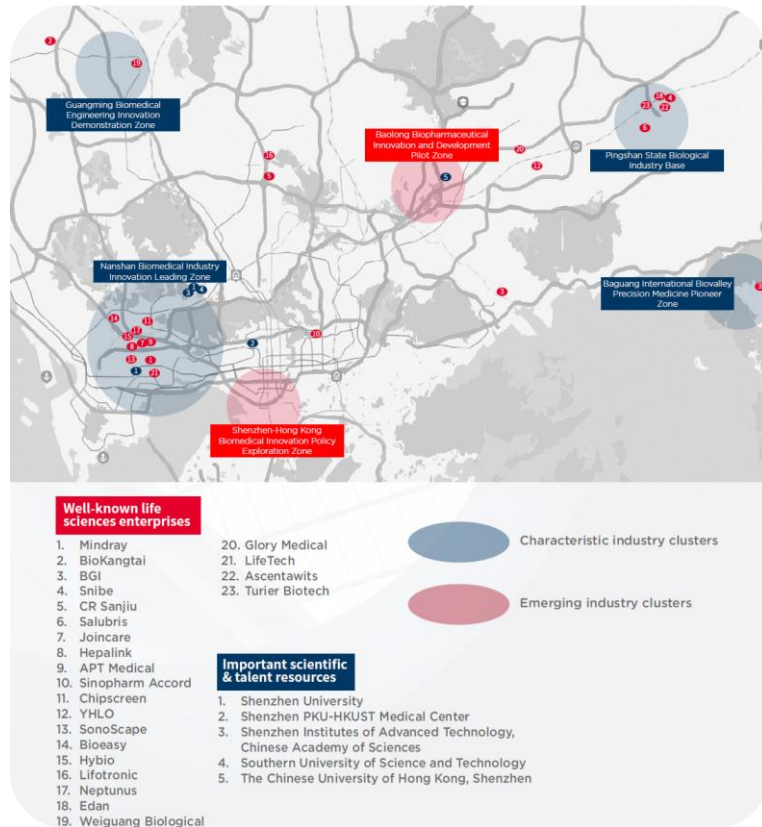
Project	Region	Enterprise	Leased area (sq m)	Lease type
New Bund International Square	New Bund	Baxter	8,000	Relocation
Crystal Plaza	New Bund	Junshi Biosciences	6,000	Relocation
New Bund Times Square	New Bund	CStone Pharmaceuticals	4,700	Relocation
Innovation Mix	Changning	Sinopharm Runda Medical Supply Chain Services	3,000	Relocation
Corporate Avenue	Huangpu	Profex Medical Technology	3,000	Renewal

MNC: **37%** Domestic: **63%**

Project	Region	Price (Million RMB)	Buyer	Seller	Area (sq m)
No.1-12 Gudan Road	Zhangjiang	650	MicroPort	Huabo Info+Fengjun Enterprise	69,200
Starcrest Medical Valley	Zhangjiang	1,250	Gaw	Starcrest Capital	26,156
Ruili Tower	Xuhui	1,364.74	MicroPort	Ruili	20,996

Source: Cushman & Wakefield Research

Since Shenzhen was recognised by the National Development and Reform Commission as the **first batch of national bio-industry bases in 2005**, the scale of Shenzhen's life sciences industry has maintained rapid growth. The Shenzhen Municipal Government began to focus on building a life sciences industry cluster in 2009 and **identified biomedicine as one of the seven strategic emerging industries in 2018**.



Source: Cushman & Wakefield Research

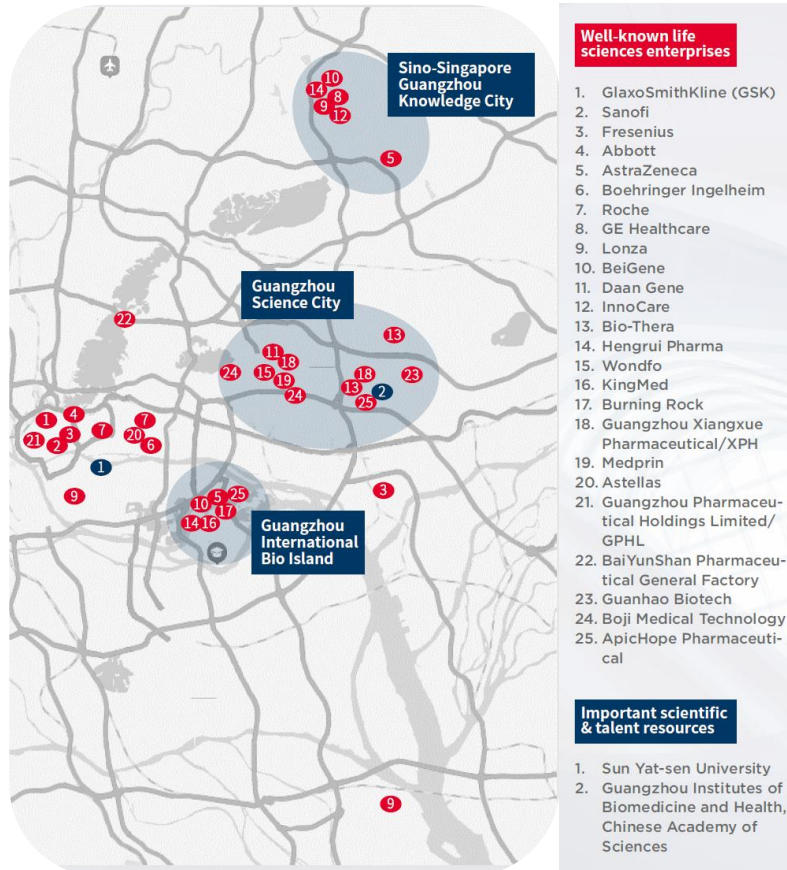
Major Office Leasing & Major Investment Deals (2021)

Building	Submarket	Tenant	Leased area (sq m)	Lease type
Gemdale Centre	CBD	Beijing Boxin Natural Biotechnology Co., Ltd	1,800	relocation
China Resources Tower	Houhai	Weihang Medical	600	relocation
China Resources Land Tower	Science Park	Füssen Pharmaceuticals	500	New lease

MNC: 6% Domestic: 94%

Property	Location	Price (RMB Million)	Purchaser	Vendor	Area (sq m)
Leli Precision Factory	Bao'an	600	A pharmaceutical company under the Zhengzhong Group	Leli Precision Industry Shenzhen Co., Ltd	52,624

The life sciences industry is **one of the strategic emerging industries that Guangzhou is now focusing on** developing. Since 2017, the Guangzhou Municipal Government and various district governments have **successively issued special policies to support the development of the industry.**



Source: Cushman & Wakefield Research

Major Office Leasing Deals (2021)

Building	Submarket	Tenant	Leased area (sq m)	Lease type
China International Centre	Yuexiu	Roche Pharmaceutical	2,000	Renewal
Xinghuan International Business Centre	Yuexiu	Johnson & Johnson	2,800	Relocation
China International Centre	Yuexiu	Jingding Pharmaceutical Research	1,000	Renewal
Xinghuan International Business Centre	Yuexiu	Sanofi	800	Relocation





Driving Factors

Main Points

China's life sciences industry is driven by a host of factors, including:

- Organic industry growth;
- Population demographics;
- Spending power – public and private;
- National health coverage;
- Policy and reform, and;
- Research and innovation.

All these factors and more are filtering down and influencing what is happening at the city level and China's four first-tier cities are no exception.



Accelerated Development In Major Cities

Main Points

Each city, whether it is Beijing, Shanghai, Shenzhen or Guangzhou, is strongly **emphasising the importance of the future development of the life sciences industry.**

Through support policies, these cities are changing the genetics of their real estate as they prepare to **make the life sciences industry a key driver for their individual economies** in the future.

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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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