GREATER CHINA

# OUTLOOK

2025

December 2024

Greater China Research

CUSHMAN & WAKEFIELD

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# CONTENTS



# EXECUTIVE SUMMARY

- **The macro economy –** A number of policies rolled out in 2024, will help boost domestic demand and will help stabilise the real estate market on the Chinese mainland in 2025;

- **Hot themes and alternatives –** Sustainability will continue to be a key trend in the real estate market on the Chinese mainland in 2025. Affordable long term rental housing and data centres are alternative real estate assets which will draw further investor interest on the Chinese mainland in 2025;

- **Office –** Office supply will continue to surge in 2025, but this supply will be offset by leasing demand from new and emerging industries as well as landlords willing to further optimise their office assets to remain competitive;

- **Retail –** Domestic market demand enhancing stimulus measures, a rise in the number of overseas travelers, a new era in consumption and the growth in "white brand" goods sales, will be a big positive for the retail property market on the Chinese mainland in 2025;

- **Industrial  logistics –** Industrial factory space upgrading, and transformation will augment overall activity in the industrial investment market on the Chinese mainland in 2025;

- **Real estate investment –** Overall, real estate investment activity is expected to recover in 2025 in Greater China, however, in the short-term, pricing pressure will remain.

# INTRODUCTION

***The commercial real estate market in Greater China has been influenced by a number of factors over the last couple of years, not least by the macro economy, relevant policies, domestic demand, technological progress and environmental sustainability. Our report generally examines the real estate industry in Greater China and looks to provide an understanding of the aspects that will influence new business opportunity generation in the region in 2025. In particular, the report focuses on the following aspects:***

- The macro economy;
- Hot themes and alternatives;
- The office sector;
- The retail sector;
- The industrial logistics sector;
- Real estate investment, and;
- The city markets, including:
  Beijing / Shanghai / Shenzhen / Guangzhou / Chengdu / Wuhan / Hong Kong / Taipei

# THE MACRO ECONOMY

### Boosting Consumption

External macro-economic pressure will make the importance of boosting consumption to grow the economy on the Chinese mainland in 2025 more prominent. As a top priority for 2025, the government will continue to introduce measures in all aspects to boost consumer spending and further tap domestic demand in order to boost consumption.

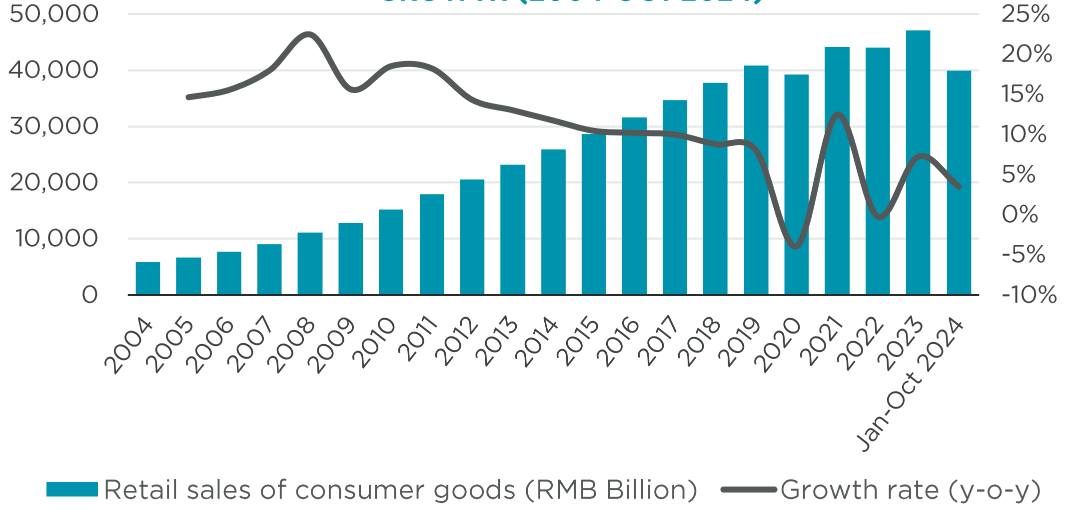
### Stabilising the Real Estate Market

The government has introduced various measures to stimulate the real estate market, including lowering the interest rate on existing mortgages, using local special bonds to recover idle land and unfinished new housing, ushering in a new round of urban village renovations, and adopting a monetised housing resettlement approach. These measures are expected to stabilise and revive the real estate market in 2025.

### Swaps for Local Government Debt

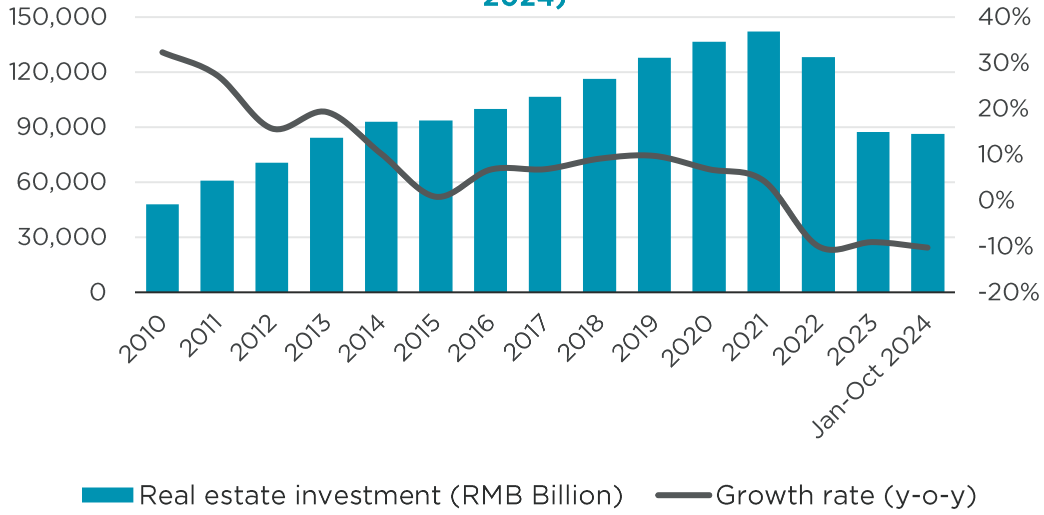
The central authorities rolled out a series of policies to help local governments prevent an impending debt crisis in 2024. Effective debt swaps allow the local government to have more funds to promote economic growth. This will help, improve government credit, boost market confidence and stimulate economic vitality.

**FIGURE 1: CHINESE MAINLAND RETAIL SALES OF CONSUMER GOODS AND GROWTH (2004-OCT 2024)**




*Source: National Statistics Bureau, Cushman & Wakefield Research*

**FIGURE 2: CHINESE MAINLAND REAL ESTATE INVESTMENT (2010-OCT 2024)**




*Source: National Statistics Bureau, Cushman & Wakefield Research*

# HOT THEMES AND ALTERNATIVES

### Nature-based Solutions (NBS) to Drive Sustainability

Top real estate organisations are now integrating Nature-based Solutions (NBS) into their sustainability plans, recognising that preserving and restoring natural ecosystems is crucial for maintaining asset value, building stakeholder trust, and fostering sustainable, resilient cities. This proactive approach can give real estate investors on the Chinese mainland a competitive advantage and ensures long-term value in a market increasingly focused on sustainability.

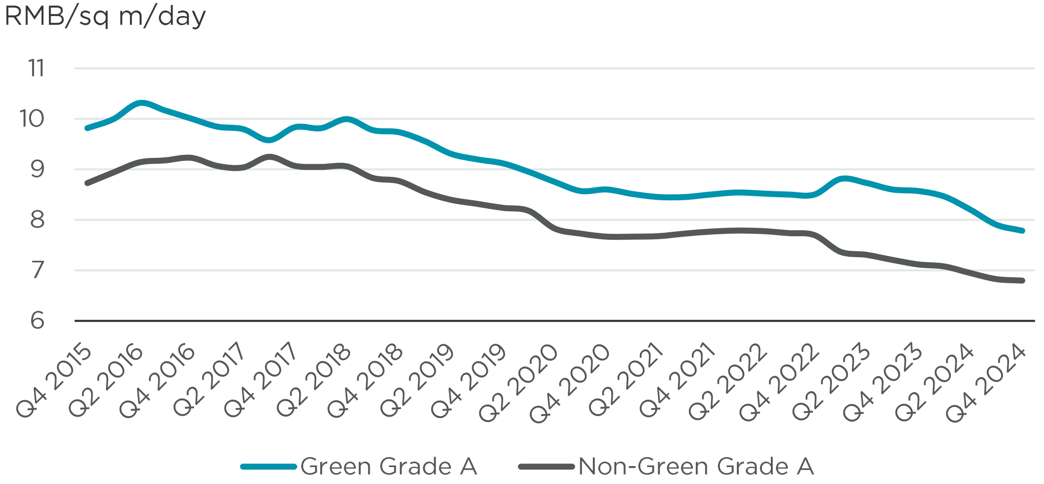
### Affordable Housing Generating Investor Interest

The Chinese mainland's middle-class need and continued urbanisation are creating enormous demand for affordable long term rental housing, and this trend is presenting a compelling investment opportunity. Government initiatives supporting affordable long term rental housing projects further reduce risk and promise steady returns. The sheer scale of the need, coupled with potential for significant positive social impact, is making this sector attractive to investors.

### Data Centre Demand Set to Continue

As the use of technology and technology-derived data increases on the Chinese mainland, so demand for leased data centre storage and processing capacity will expand. Alongside this expansion, the change in policy allowing overseas investors the ability to own outright data centre assets in certain locations on the Chinese mainland, will spur overseas investor interest.

**FIGURE 3: SHANGHAI GRADE A OFFICE RENTAL – GREEN GRADE A VS. NON-GREEN GRADE A (Q4 2015-Q4 2024)**




*Source: Cushman & Wakefield Research*

**FIGURE 4: THE VOLUME OF AFFORDABLE HOUSING UNITS COMMENCED AND PROCURED ON THE CHINESE MAINLAND DURING THE 14TH FIVE-YEAR PLAN PERIOD**

**Target (2021-2025)**

**8.7 MILLION**

**Completion rate by 2023**

**66%**

*Source: Ministry of Housing and Urban-Rural Development of the People's Republic of China, Cushman & Wakefield Research*

# THE OFFICE SECTOR

### Supply Surge to Intensify Market Competition

From 2025 to 2027, over 20 million sq m of new office supply is slated to enter the 21 major cities in Greater China we track. Among this total, annual new supply in the four first-tier cities on the Chinese mainland is expected to reach 3.9 million sq m. Some of the major second-tier cities including Suzhou, Nanjing and Wuhan is expected to exceed 1 million sq m.

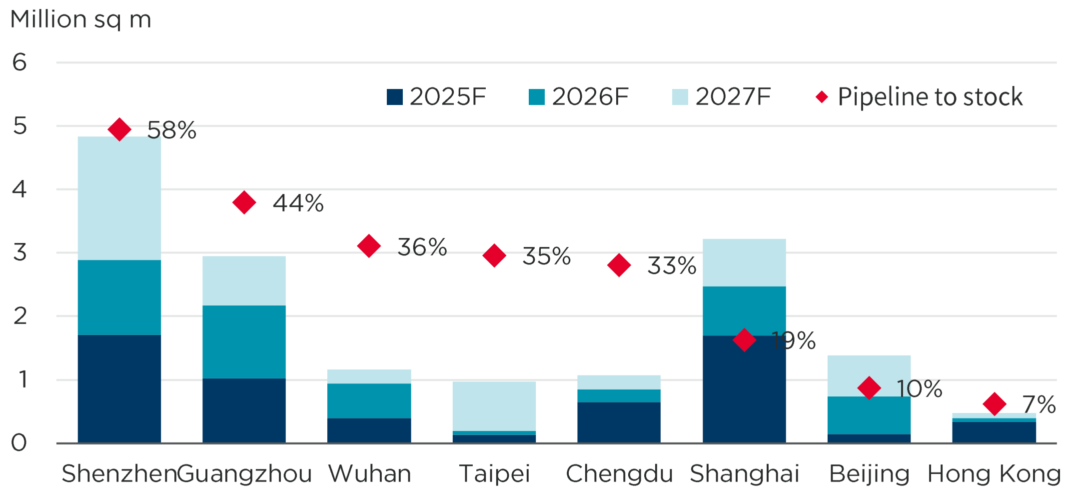
### New Quality Productive Forces to Foster New Leasing Demand

TMT, professional services, finance, trade and logistics companies led leasing demand in 2024. Having said this, with the introduction of favourable policies at the national and local levels, such as focusing on improving the quality and efficiency of the logistics industry, promoting the healthy development of the digital economy, and accelerating the green transformation, the growth demand of related industries and upstream and downstream enterprises will deserve office market leasing attention in 2025.

### Office Optimisation Highlights Differences

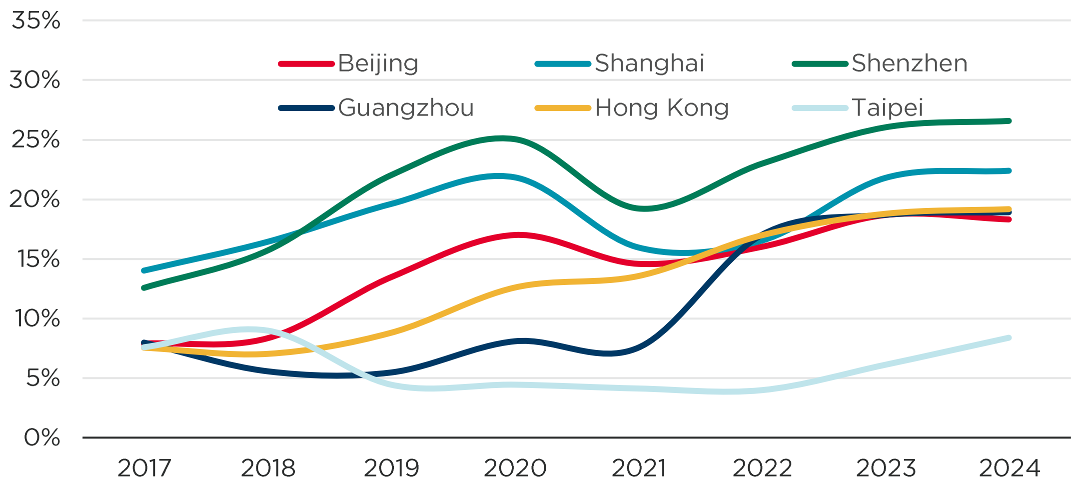
Ensuring project competitiveness will be a key trend for landlords to follow in 2025. The further usage of smart office tech, the offering of diversified tenant services, the utilisation of media channels to establish a professional image, the deepening of ESG best practice, etc., will help office landlords to further optimise their leased space offering, thereby making their project (S) that much more attractive to both their existing and potential tenants in the near future.

**FIGURE 5: SELECTED CITIES IN GREATER CHINA – OFFICE SUPPLY PIPELINE AND SUPPLY PERCENTAGE OF CURRENT STOCK (2025F-2027F)**




*Source: Cushman & Wakefield Research*

**FIGURE 6: SELECTED CITIES IN GREATER CHINA – OFFICE VACANCY RATE (2017-2024)**




*Source: Cushman & Wakefield Research*

# THE RETAIL SECTOR

**"China Travel"**

Since 2024, the authorities on the Chinese mainland have issued more favourable visa policies, and enabled more user-friendly payment systems, language services and travel facilities for overseas tourists who would like to visit the region. Some tourist attractions have introduced service robots, ubiquitous Wi-Fi coverage and mobile payment which supports international bank cards. Subsequently, the number of foreign arrivals on the Chinese mainland reached 8.2 million in Q3 2024, up 48.8% y- o-y. If arrival volume continues, this will be a positive for retail demand in the region in 2025.

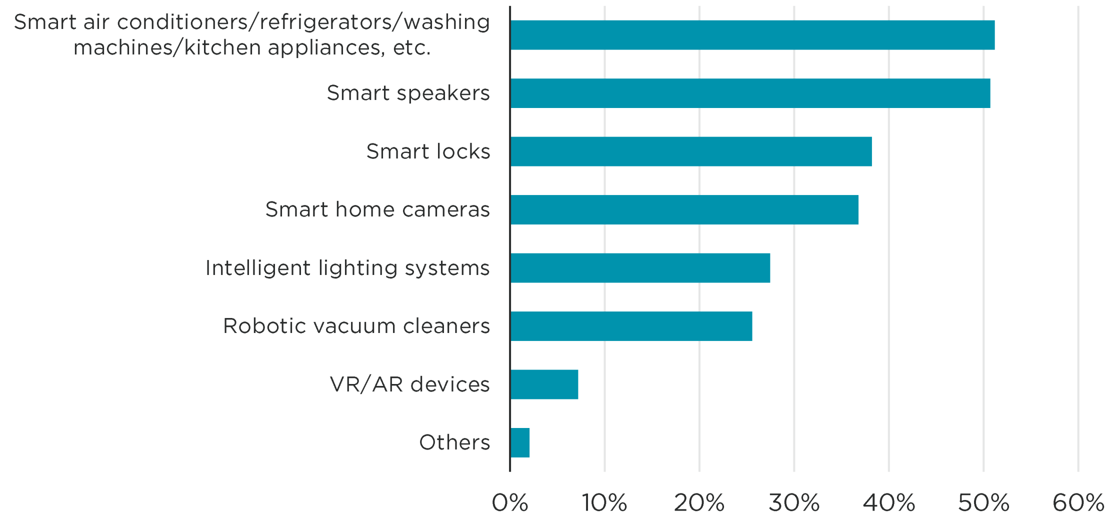
**New Consumption**

Continuous innovation in smart homes, tourism, sports, and "Guochao" items have emerged, indicating significant potential for future retail growth. Taking smart home products as an example, products are evolving from single appliances to a whole ecosystem. The sales of washer-dryer combos, fresh air conditioning systems, etc. have increased by nearly 100% y-o-y – thereby ushering in a new retail consumption era in 2025.

**"White Brands"**

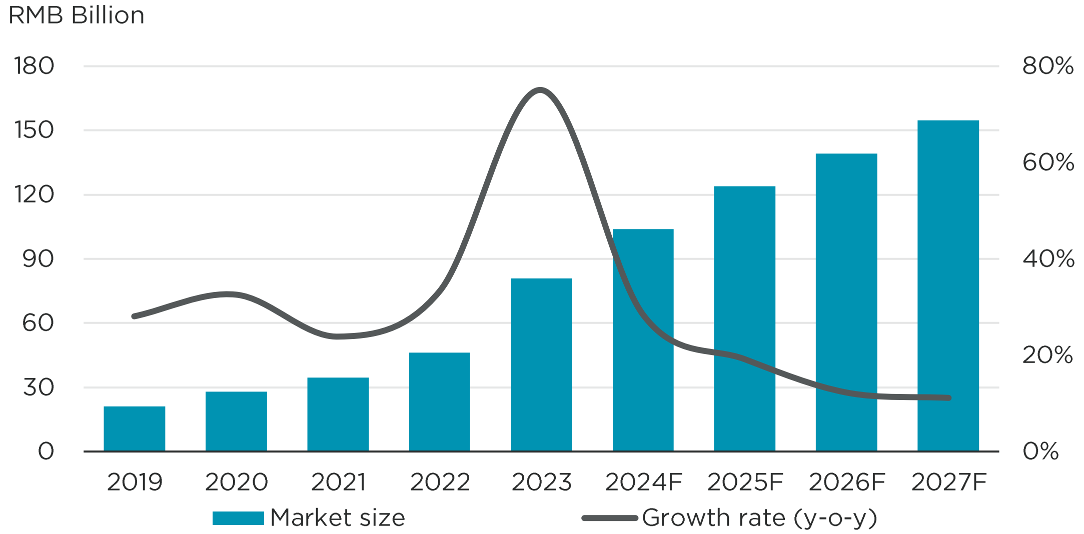
"White brands" refer to products directly supplied by manufacturers or distributors. Today's white brand factories, empowered by their supply chain and cost performance advantages, are swiftly expanding their market presence through diverse sales channels such as live E-commerce, snack food collection stores, food court and lifestyle goods stores. Expect to see further expansion in this retail sector in 2025.

**FIGURE 7: STATUS OF SMART HOME PRODUCT APPLICATIONS ON THE CHINESE MAINLAND (2024)**




*Source: National Internet Information Office, ASKCI, Cushman & Wakefield Research*

**FIGURE 8: CHINESE SNACK FOOD COLLECTION STORES (2019-2027F)**




*Source: National Statistics Bureau, Cushman & Wakefield Research*

# THE INDUSTRIAL LOGISTICS SECTOR

### Smart Factories

The Chinese mainland is undergoing a rapid transformation towards smart Industry 4.0 manufacturing, with smart factories, as the core component of Industry 4.0, primarily leading this change. The rise of lighthouse factories, unmanned factories, and smart factories is now evident across the Chinese mainland, driven by the government's initiatives and private sector investment.

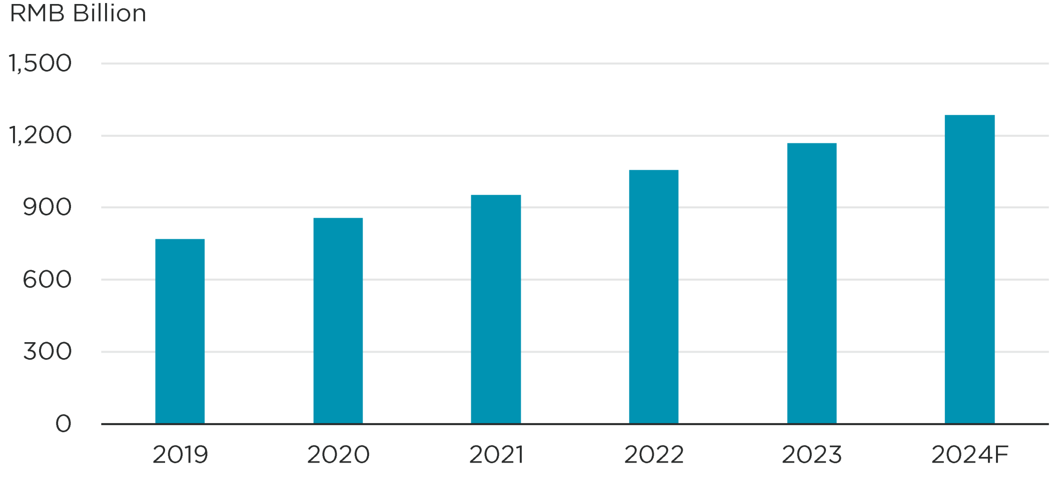
### Investment in Factory Space

From January to October 2024, total fixed asset investment in the manufacturing sector on Chinese mainland increased by 9.3% y-o-y. Industrial upgrading and transformation within the manufacturing sector have prompted expansion and relocation activity among affected enterprises. This dynamic has boosted overall activity within the factory space investment market in 2024 and this trend is expected to continue into 2025.

### REITs and the Logistics Warehouse Market

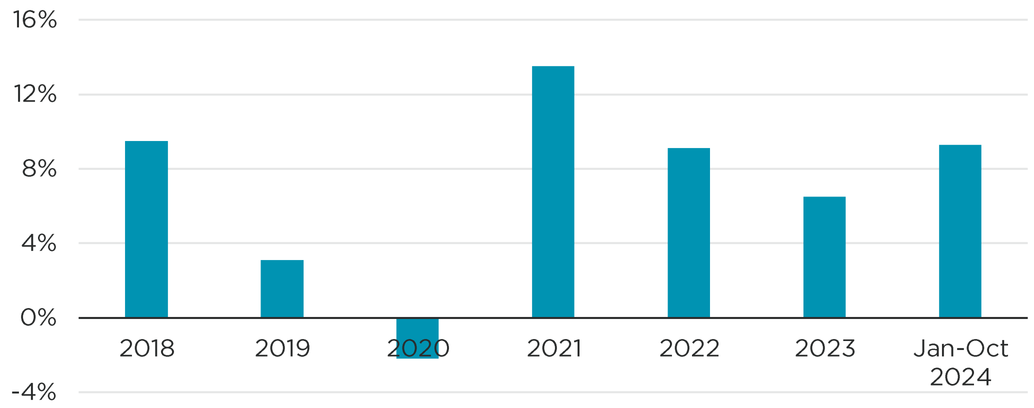
Over the past three years, the public REITs market on the Chinese mainland has undergone a period of pilot testing and adjustment, leading to stable growth. The normalised issuance of REITs on the Chinese mainland will usher in new opportunities, providing strong support for activating existing assets and expanding investments. It is expected to inject sustained momentum into the logistics warehouse market in the region in 2025 and beyond.

**FIGURE 9: THE SIZE OF THE SMART FACTORY MARKET ON THE CHINESE MAINLAND (2019-2024)**




*Source: Statista, Cushman & Wakefield Research*

**FIGURE 10: FIXED ASSET INVESTMENT IN THE MANUFACTURING INDUSTRY ON THE CHINESE MAINLAND - Y-O-Y GROWTH (JAN 2018-OCT 2024)**




*Source: National Statistics Bureau, Cushman & Wakefield Research*

# CAPITAL MARKETS

### Expected Recovery in Investment Activity

Total commercial real estate (CRE) transaction volume in Greater China fell by 13% year-over-year in the first three quarters of 2024, affected by ongoing challenges such as rising developer debt and elevated vacancy rates in multiple property sectors. However, looking ahead to 2025, we anticipate a rebound in investment activity driven by expected easing in the monetary policies.

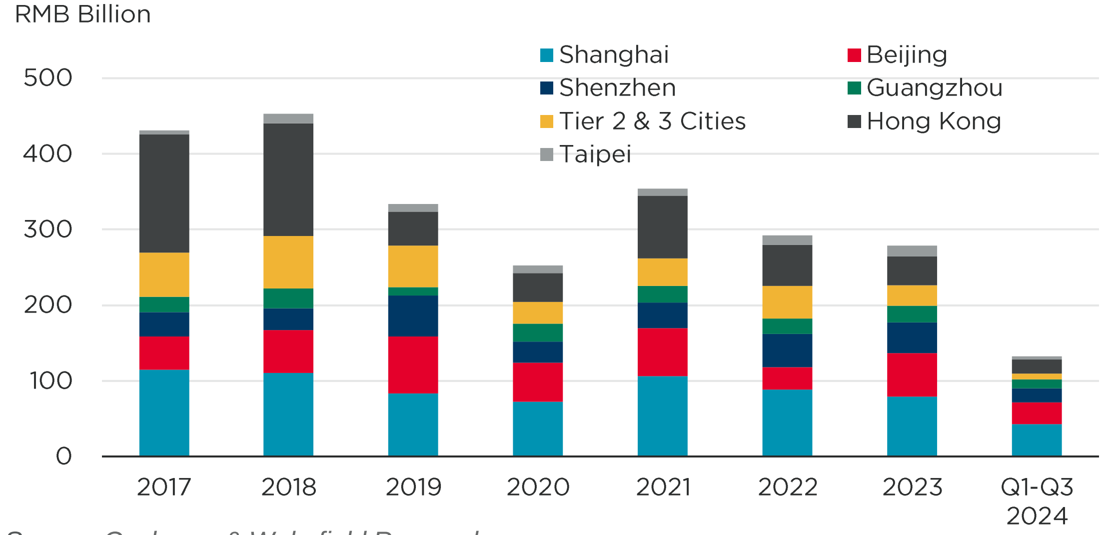
### Near-term Pricing Pressure

The Greater China CRE market is poised to face short-term pricing pressures, with the office sector particularly affected as new supply levels are anticipated to peak in 2025. The retail and logistics sectors will also encounter challenges stemming from potential escalating trade tensions, as well as the impact of incoming new supply, placing downward pressure on rental rates and asset prices in the near term.

### Improved Inbound Investment

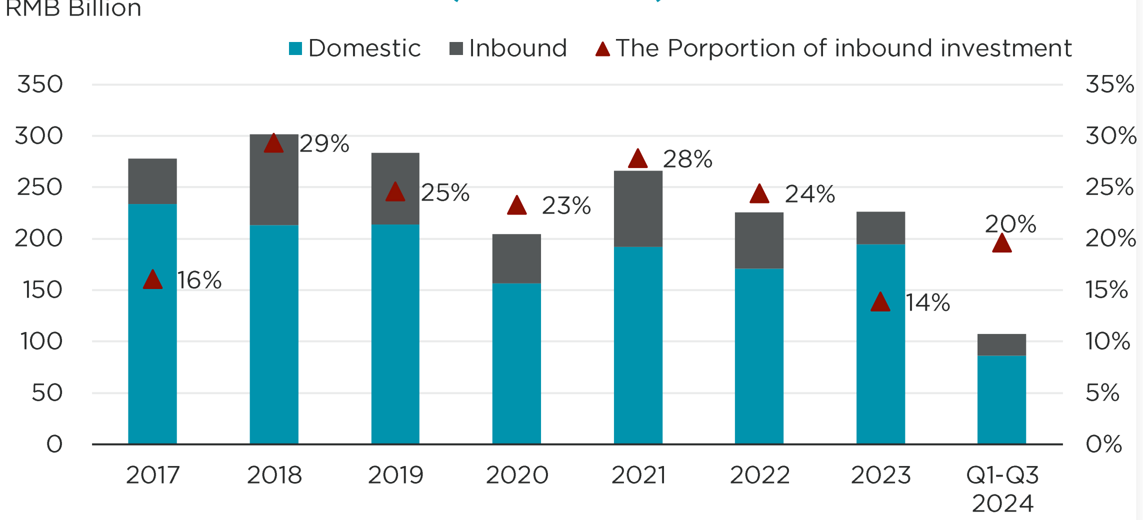
The proportion of inbound investment on the Chinese Mainland improved in the first three quarters of 2024 compared to 2023, largely led by institutional investors from Hong Kong and Singapore, signaling improved confidence from long-term investors. Favourable factors such as low borrowing costs and widening spreads will remain attractive to those seeking assets at competitive price levels for long-term hold.

**FIGURE 11: GREATER CHINA INVESTMENT BY DESTINATION (2017-Q3 2024)**




*Source: Cushman & Wakefield Research*

**FIGURE 12: CHINESE MAINLAND INVESTMENT BY INVESTOR ORIGIN (2017-Q3 2024)**




*Source: Cushman & Wakefield Research*

# THE CITY MARKETS

## BEIJING

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*Table 1: Office, retail, industrial markets in Beijing (Q4 2024)*

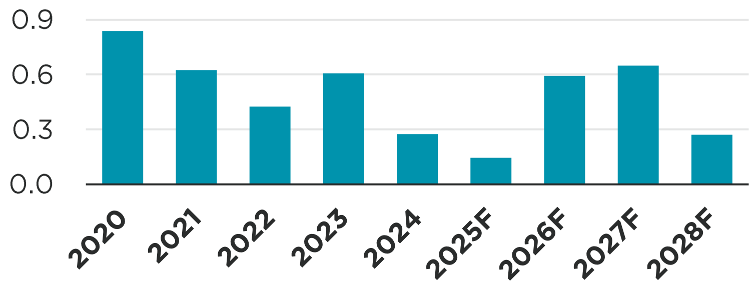
| | Office | Retail | Industrial Logistics* |
|---|---|---|---|
| Stock (sq m) | 13,679,917 | 16,300,205 | 4,172,437 |
| Vacancy rate | 18.3% | 11% | 17.9% |
| Rental (RMB/sq m/month) | 244.8 | 2,150 | 55.55 |
| Cap rate | Core5.1% Sub5.5% | 5.6% | 5.1% |

** Industrial logistics updated to Q3 2024*
*Source: Cushman & Wakefield Research*

### Office

- **Supply** – Ahead, 1.66 million sq m of new supply is now scheduled to enter the market by the end of 2028, of which 143,700 sq m will complete in 2025. Many projects that were delayed due to the impact of the slow economy will complete in 2026 and 2027.
- **Demand** – Beijing's office market will continue to face headwinds, with net absorption expected to be around 300,000 sq m in 2025. The TMT, finance, and professional services sectors will continue to be the major drivers of leasing demand in the future. Meanwhile, in terms of transaction type, renewals will dominate leasing activity in 2025, and domestic tenants will continue to lead the leasing market.

**Figure 13: Office new supply (2020-2028F)**

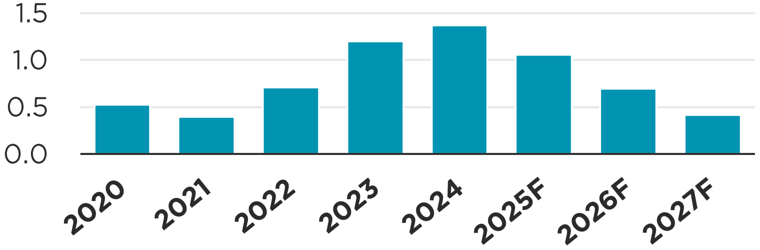



*Source: Cushman & Wakefield Research*

### Retail

- **Supply** – Nearly 1,050,000 sq m of new supply is scheduled to enter the Beijing retail market in 2025. New entrants will chiefly comprise of large new commercial projects in suburban districts and renewal projects in traditional submarkets. These new completions will introduce more diversified retail formats and consumption scenarios, which will enhance the consumption environment and vitality across the city's districts.
- **Demand** – Economic pressure and consumption downgrading are exerting pressure in some sectors. In 2025, shopping centres will continue to optimise and adjust their tenant mix. Additionally, Beijing has proposed to promote that each district have at least one high-quality commercial pedestrian street by 2025. Thus, we can expect the construction and upgrading of selected commercial blocks to become a new highlight in Beijing's retail market.

**Figure 14: Retail new supply (2020-2027F)**




*Source: Cushman & Wakefield Research*

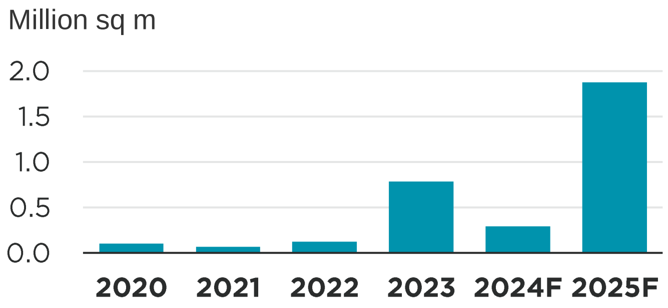
# THE CITY MARKETS

## BEIJING

### Industrial Logistics

- **Supply** – In 2025, the Beijing logistics market will witness a supply peak. Approximately 1.87 million sq m of new supply will be scheduled to enter the market in 2025, accounting for about 45% of the existing stock. The newly added projects will mainly be distributed in regions such as Pinggu, Tongzhou and Shunyi.
- **Demand** – Supported by policies for E-commerce and manufacturing, demand from enterprises and consumers for logistics services has become more diversified. Today, leasing demand mainly stems from E-commerce enterprises, third party logistics (3PL) and manufacturing industries. As the process of relieving Beijing of non-capital functions progresses, regional coordinated development will be the main trend in the Beijing-Tianjin-Hebei logistics market.

**Figure 15: Logistics new supply (2020-2025F)**

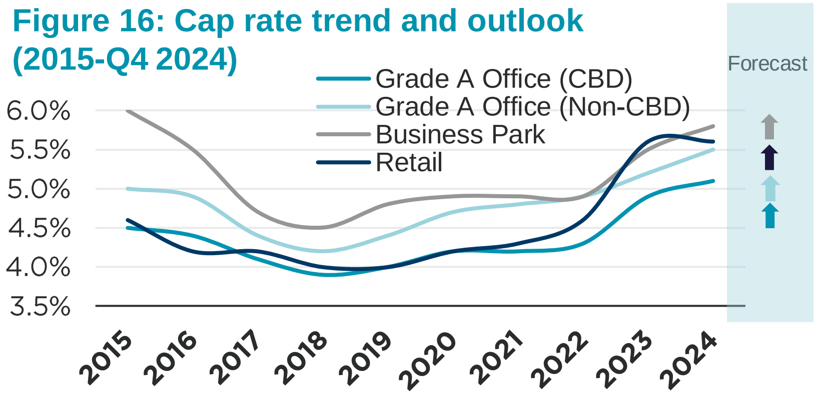



*Source: Cushman & Wakefield Research*

### Investment

- **Beijing Overall Transaction Activity Slowed** – In the first three quarters of 2024, a total of 30 transactions were completed with total transaction volume standing at RMB2.97 billion. Judicial auction projects also continued to be an important channel for buyers to acquire assets. Nine transactions were completed via judicial auctions from Q1 to Q3, accounting for 30% of the total deal count.
- **Multiple Factors Fuel Investment Opportunities** – We expect office assets to remain the primary focus for investors in 2025, although hotel assets are now receiving more attention from resource buyers. Affordable long-term rental apartments, retail and other sectors that are able to issue public REITs also continue to be favoured by the market. Domestic institutions continue to dominate the market, and insurance companies are likely to continue to expand their real estate investment allocations via multiple channels.

**Figure 16: Cap rate trend and outlook (2015-Q4 2024)**




*Source: Cushman & Wakefield Research*

Table 2: Beijing outlook

| | | Office | Retail | Industrial Logistics |
|---|---|---|---|---|
| Outlook (2024-2025 Change) | Supply | ↓ | ↓ | ↑ |
| | Absorption | → | ↑ | → |
| | Vacancy | ↓ | ↓ | ↑ |
| | Rental | ↓ | → | ↓ |
| The Market (2025) | Tenant / Landlord | | | |

*Source: Cushman & Wakefield Research*

# THE CITY MARKETS

## SHANGHAI


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***Table 3: Office, retail, industrial markets in Shanghai (Q4 2023)***

| | Office | Retail | Industrial Logistics* |
|---|---|---|---|
| Stock (sq m) | 16,423,198 | 24,689,701 | 11,731,000 |
| Vacancy rate | 21.8% | 9.5% | 21.9% |
| Rental (RMB/sq m/month) | 239.5 | 1,863.4 | 48.1 |
| Cap rate | Core5.0%<br>Sub.5.5% | 5.0% | 5.2% |

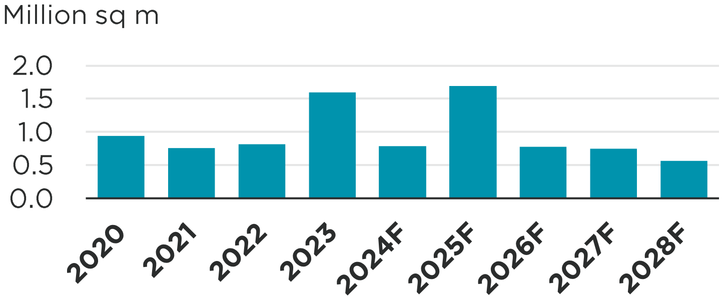
** Industrial logistics updated to Q3 2024*

*Source: Cushman & Wakefield Research*

### Office

- **Supply** – We expect supply pressure to continue in 2025. Twenty prime projects with 1.7 million sq m of new space will launch, mainly concentrated in emerging markets such as Fringe Xuhui and Expo & New Bund. Some landlords may adjust their project launches according to market conditions, especially phased projects. If projects launch on schedule, citywide stock is expected to exceed the 20 million sq m mark in 2027.
- **Demand** – The local government introduced several favourable macro policies in 2024, including promoting the upgrading of commercial buildings, and focusing on the development major industries. However, enterprises still need time to recover, grow and expand and noticeable demand volume will also need time to materialise.

**Figure 17: Office new supply (2020-2028F)**

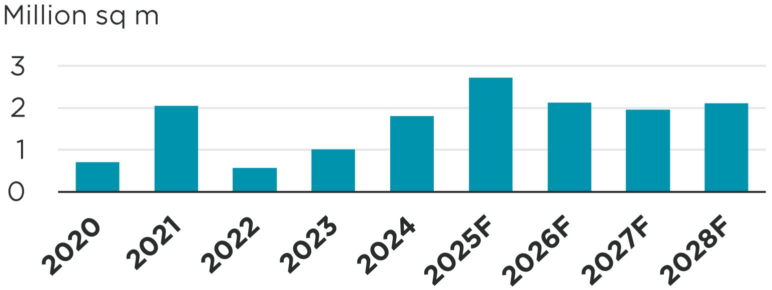



*Source: Cushman & Wakefield Research*

### Retail

- **Supply** – A significant amount of new supply is scheduled to enter the market in 2025.The divergence among retail properties should continue to increase as certain well-known new shopping centres enter the Shanghai market. Existing retail properties will counterbalance this new project-derived market competition by opening flagship or first stores, optimising their tenant mix, renovating facilities, and establishing experiential retail spaces.
- **Demand** – In 2025, the proactive fiscal policy and the loose monetary policy on the Chinese mainland, as well as more stimulus measures to boost domestic demand, should be combined positive for the Shanghai retail property market as footfall traffic and spending are likely to increase.

**Figure 18: Retail new supply (2020-2028F)**




*Source: Cushman & Wakefield Research*

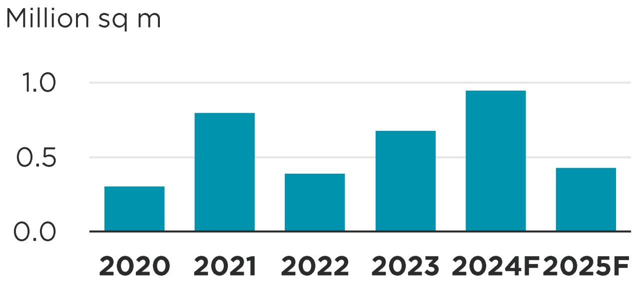
# THE CITY MARKETS

## SHANGHAI

### Industrial Logistics

- **Supply** – Shanghai is expected to see approximately 0.4 million sq m of prime logistics property complete in the market in 2025, which might place some leasing pressure on the market. However, the momentum of new supply has slowed compared to the previous two years, indicating a potential gradual recovery in the overall market.
- **Demand** – Some tenants are relocating to areas with lower rents upon the expiration of their leases to reduce costs. Subsequently, projects in non-core areas face intense competition, and in 2025, landlords will continue to adopt the strategy trading leasing space volume for lower rentals in the short term to maintain the occupancy rate of their projects.

**Figure 19: Logistics new supply (2020-2025F)**

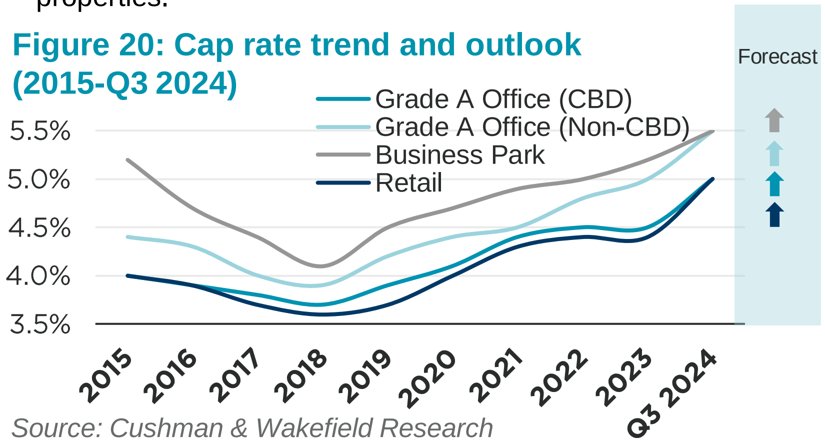



*Source: Cushman & Wakefield Research*

### Investment

- **Investment Buyers Plunged into Core Assets** – During the first three quarters of 2024, the proportion of investment buyers in Shanghai's capital market continued to increase, with high-quality and core-located office buildings dominating real estate project purchasing in the city. Individual investors remained active, with volume for office and retail properties valued around RMB100 million.
- **Outlook** – The Central Political Bureau Conference's first proposal of "promoting the market" in September, will have a strong stimulating effect on the general real estate market on the Chinese mainland, including Shanghai; Following the policy guidance of infrastructure REITs and the market demand, investors will continue to look at new economy assets such as affordable long term rental housing, and traditional commercial properties.

**Figure 20: Cap rate trend and outlook (2015-Q3 2024)**




*Source: Cushman & Wakefield Research*

Table 4: Shanghai outlook

| | | Office | Retail | Industrial Logistics |
|---|---|---|---|---|
| Outlook (2024-2025 Change) | Supply | ↑ | ↑ | ↓ |
| | Absorption | → | ↑ | ↑ |
| | Vacancy | ↑ | ↑ | ↑ |
| | Rental | ↓ | ↓ | ↓ |
| The Market (2025) | Tenant / Landlord | Tenant | Tenant | Tenant |

*Source: Cushman & Wakefield Research*

# THE CITY MARKETS

## SHENZHEN

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***Table 5: Office, retail, industrial markets in Shenzhen (Q4 2024)***

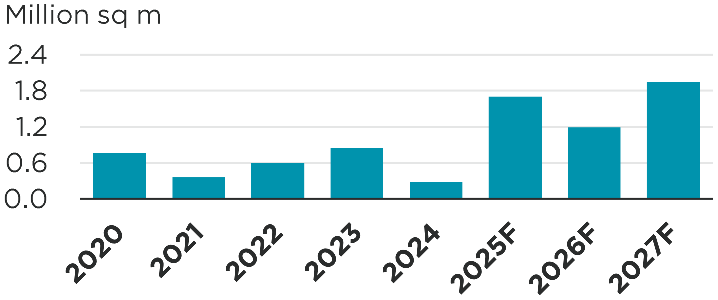
| | Office | Retail | Industrial Logistics* |
|---|---|---|---|
| Stock (sq m) | 8,369,770 | 7,174,412 | 1,949,000 |
| Vacancy rate | 26.6% | 8.0% | 5.3% |
| Rental (RMB/sq m/month) | 169.1 | 780.2 | 49.3 |
| Cap rate | 5.5% | 5.5% | 5.0% |

** Industrial logistics updated to Q3 2024*
*Source: Cushman & Wakefield Research*

### Office

- **Supply** – About 2.89 million sq m of new completions will be delivered through 2026, with Nanshan taking 44.4% and most slated for Shenzhen Bay HQ Base, and Qianhai at 34.1%. Overall, Shenzhen's multi-core commercial business markets are now developing towards a more balanced inter-area market. However, supply influx will inevitably bring competition, maintaining tenant market conditions in the short- to mid-term.
- **Demand** – Shenzhen's favourable business environment will sustainably attract new companies to settle and stimulate office space demand. New projects offer opportunities for workplaces to upgrade. Headquarter properties can drive absorption but pose challenges to older properties. The overall average rental rate is set to slide further under weak new entry demand.

**Figure 21: Office new supply (2020-2027F)**

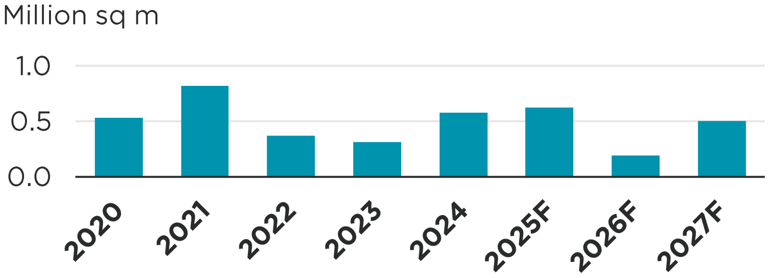



*Source: Cushman & Wakefield Research*

### Retail

- **Supply** – Shenzhen's prime shopping centre stock passed the 7 million sq m mark in 2024. The supply influx enabled innovative consumption scenarios, provided more choices for local brands to relocate or renew, and spurred overall consumption potential and upgrading. K11 Ecoast and Huafa Snow World are set to open in 2025, boosting the Golden Inner Bay's cultural tourism market.
- **Demand** – Cross-border consumption behaviour normalised in 2024. Casual dining restaurants remain popular. The city's trade-in goods programme has boosted home appliance sales and helped to promote Shenzhen's tech manufacturing sector. We expect retail consumption volume in the city to be supported by the expected national policy to boost consumer spending and further tap domestic demand in order to boost consumption.

**Figure 22: Retail new supply (2020-2027F)**




*Source: Cushman & Wakefield Research*

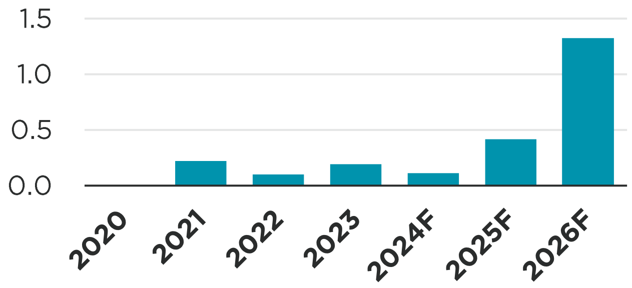
# THE CITY MARKETS

## SHENZHEN

### Industrial Logistics

- **Supply** – Shenzhen will add 523,000 sq m of prime logistic properties through 2025, mainly located in Pingshan, Longhua and Bao'an. New supply is anticipated to spur local demand. The supply influx is expected to occur in 2026, including the Shenzhen International's Pinghu South project and Songgang Logistic Park.
- **Demand** – Influenced by the external macro environment, traditional manufacturers' factory relocation to overseas markets and business contraction has resulted in a vacancy rate rise in the city's logistic market. Retail, E-commerce, and cross-border E-commerce, however, may lift demand in 2025.

**Figure 23: Logistics new supply (2020-2026F)**

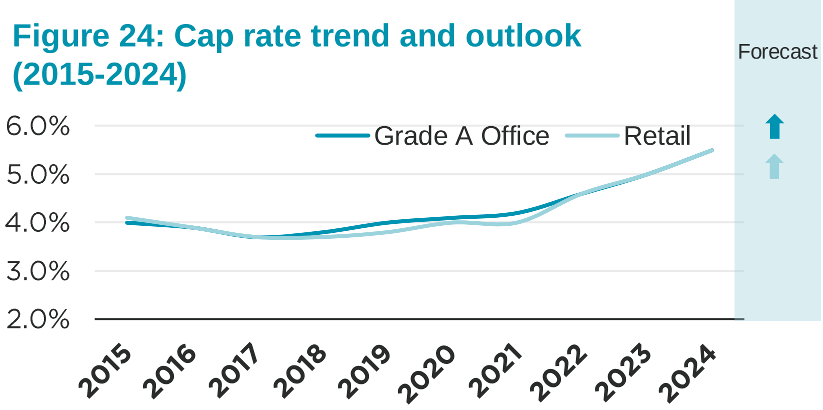



*Source: Cushman & Wakefield Research*

### Investment

- **Increasing Cap Rate** – Asset prices of commercial real estate in Shenzhen are facing downward adjustment pressure. Investors are cautious on decision-making and asking for higher cap rates. Prime assets in the mature submarkets remain important targets but are scarce.
- **Domestic Buyers Dominate Market** – Domestic buyers, including owner-occupation buyers and SOEs, dominate market. Village collective economic organisations are becoming highlight buyers in the market as well. Strata-titled office and small en-block buildings are believed to be the mainstream in terms of transaction number – and these trends are set to continue into 2025.

**Figure 24: Cap rate trend and outlook (2015-2024)**




*Source: Cushman & Wakefield Research*

Table 6: Shenzhen outlook

| | | Office | Retail | Industrial Logistics |
|---|---|---|---|---|
| Outlook (2024-2025 Change) | Supply | ↑ | ↑ | ↑ |
| | Absorption | ↑ | → | ↑ |
| | Vacancy | ↑ | ↑ | → |
| | Rental | ↓ | ↓ | → |
| The Market (2025) | Tenant / Landlord | Tenant | Tenant | Landlord |

*Source: Cushman & Wakefield Research*

# THE CITY MARKETS

## GUANGZHOU


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*Table 7: Office, retail, industrial markets in Guangzhou (Q4 2024)*

| | Office | Retail | Industrial Logistics* |
|---|---|---|---|
| Stock (sq m) | 6,667,603 | 5,831,086 | 3,772,000 |
| Vacancy rate | 18.9% | 8.5% | 8.6% |
| Rental (RMB/sq m/month) | 131.5 | 691.1 | 42.7 |
| Cap rate | 5.5% | 5.0% | 5.1% |

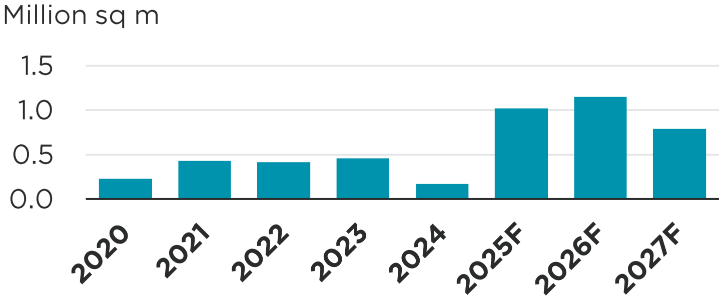
** Industrial logistics updated to Q3 2024*

*Source: Cushman & Wakefield Research*

### Office

- **Supply** – Guangzhou is expected to add further supply in 2025 with approximately 1 million sq m of new office completions – with most slated for the Pazhou and International Financial City areas. New supply in emerging submarkets is set to reshape Guangzhou's Grade A office market but will also intensify market competition.
- **Demand** – New completions will afford tenants greater choices. Some companies will take the opportunity to relocate to higher-quality buildings. Cost control will also be a primary consideration for the demand side. Relocations and renewals will remain prevalent. The professional services, TMT and financial sectors are expected to retain the top three spots in terms of occupier demand volume.

**Figure 25: Office new supply (2020-2027F)**

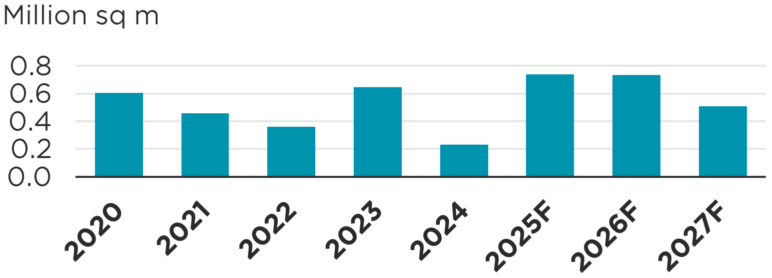



*Source: Cushman & Wakefield Research*

### Retail

- **Supply** – Some prime centres have postponed their delivery dates, pushing the supply pipeline in 2025 to approximately 740,000 sq m – with most located in the emerging submarkets. The expansion of Guangzhou's retail market is set to help build multi-layer consumption, and boost consumer goods demand.
- **Demand** – Brands are cautious on opening new stores due to softer sales. The F&B sector and general retailing are key tenant sources. Coffee and tea beverage brands, hotpot, cosmetics and indoor sports are expected to sustain demand activity in 2025. Experiential retail sectors which provide emotional satisfaction are becoming increasingly popular and will also push demand next year.

**Figure 26: Retail new supply (2020-2027F)**




*Source: Cushman & Wakefield Research*

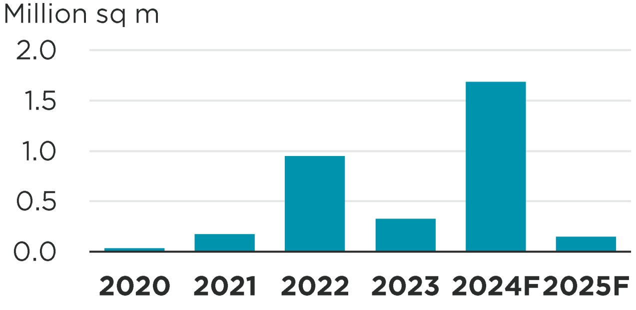
# THE CITY MARKETS

## GUANGZHOU

### Industrial Logistics

- **Supply** – Completion delays have pushed the supply pipeline in 2025 to more than 1.5 million sq m. Most of the new supply will be located in Nansha, Baiyun and Huadu districts. The city government has higher requirements on project's intensive development and earnings. Subsequently, it is believed multi-storey logistics supply will increase.
- **Demand** – E-commerce and 3PL will remain key occupier sources for Guangzhou's logistics market. Demand from the manufacturing industry is likely to remain stable. The market will also see tenants relocating to lower rental level projects due to cost saving strategies.

**Figure 27: Logistics new supply (2020-2025F)**

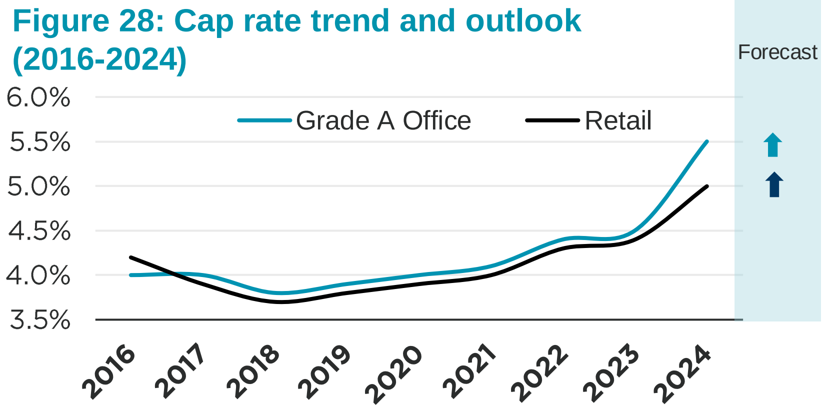



*Source: Cushman & Wakefield Research*

### Investment

- **SOEs and Local Investors to Seek Opportunities** – Some asset holders are eager to sell property due to financial pressure, especially when projects are approaching the end of investment cycle. The number of assets available for sale has risen. Asset prices continue to soften. Economic stimulation introduced by the Central Government is believed to have spurred SOEs and local investors to seek opportunities for asset allocation and this interest will continue into 2025.
- **Retail, Hotel and Affordable Housing Receiving Attention** – China launched an implementation scheme to drive retail industry development, bringing policy support to help improve retail industry performance. Additionally, the normalised insurance of REITs has provided certain assets with an alternative exit strategy. Subsequently, in 2025, investors will hold a continued interest in retail, hotel, and affordable long term rental housing property.

**Figure 28: Cap rate trend and outlook (2016-2024)**




*Source: Cushman & Wakefield Research*

Table 8: Guangzhou outlook

| | | Office | Retail | Industrial Logistics |
|---|---|---|---|---|
| Outlook (2024-2025 Change) | Supply | ↑ | ↑ | ↑ |
| | Absorption | ↑ | ↑ | ↑ |
| | Vacancy | ↑ | ↑ | ↑ |
| | Rental | ↓ | → | → |
| The Market (2025) | Tenant / Landlord | | | |

*Source: Cushman & Wakefield Research*

# THE CITY MARKETS

## CHENGDU


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*Table 9: Office, retail, industrial markets in Chengdu (Q4 2024)*

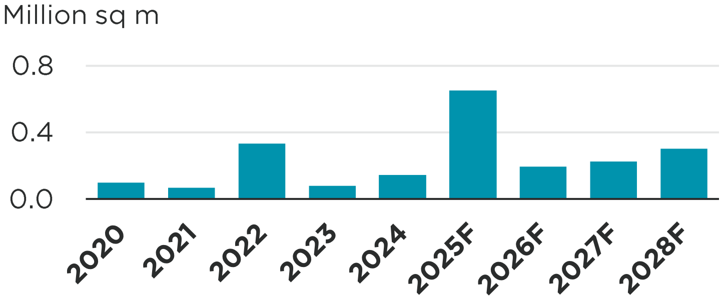
| | Office | Retail | Industrial Logistics* |
|---|---|---|---|
| Stock (sq m) | 3,260,630 | 8,275,923 | 5,853,037 |
| Vacancy rate | 24.27% | 6.71% | 12.89% |
| Rental (RMB/sq m/month) | 95.84 | 607.77 | 26.84 |
| Cap rate | 5%-6% | 5%-6% | 5%-6% |

** Industrial logistics updated to Q3 2024*
*Source: Cushman & Wakefield Research*

## Office

- **Supply** – If delivered on schedule, Chengdu is expected to see over 1.3 million sq m of new supply over the next four years, with the Financial City area likely to see significant additions in 2025. However, weak market demand may delay some projects, with the focus likely on clearing existing inventory in the short term.
- **Demand** – Demand in 2024 has improved, but tenants continue to exhibit high sensitivity on costs. In Q4 2024, Chengdu's Grade A office rents dropped 2.50% q-o-q to RMB95.84 per sq m. With lower rents in Chengdu's Grade A offices, move-in-ready spaces with minimal fit-out costs are increasingly favoured. Besides, turnkey projects with full services are expected to also remain demand-side popular.

**Figure 29: Office new supply (2020-2028F)**

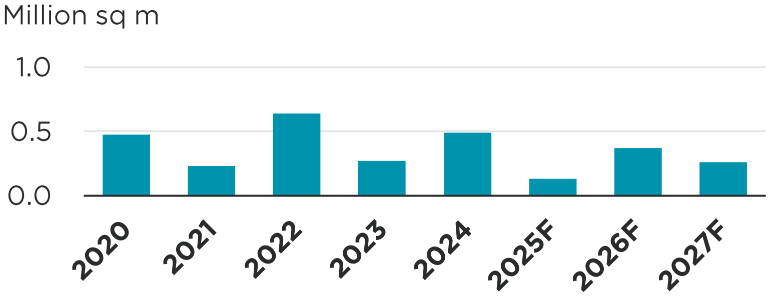



*Source: Cushman & Wakefield Research*

## Retail

- **Supply** – In 2024, new supply entered the market during every quarter. Consequently, Chengdu's prime retail stock increased to approximately 8.26 million sq m. The new retail projects are forecast to comprise of renovated projects or non-standard retail projects in the city's core area. In addition, most future retail supply is slated for development in Chengdu's 2nd or 3rd -tier areas.
- **Demand** – Slowing growth and weak confidence have pressured rents and vacancies, with Q4 rents falling to RMB607.77 per sq m and vacancies rising to 6.71%. Meanwhile, non-traditional formats like parks, themed spaces, and marketplaces are thriving, and this will drive urban retail diversification in 2025.

**Figure 30: Retail new supply (2020-2027F)**




*Source: Cushman & Wakefield Research*

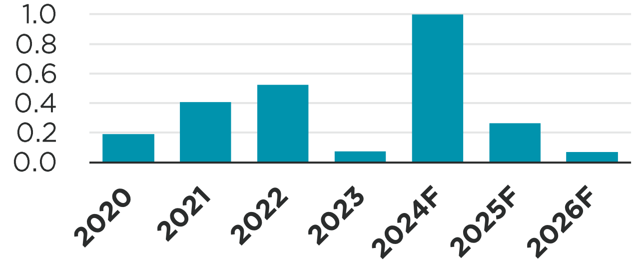
# THE CITY MARKETS

## CHENGDU

### Industrial Logistics

- **Supply** – In recent years, Qingbaijiang has experienced rapid development, driven by the Chengdu International Railway Port and favourable policies. By 2026, the area is expected to deliver over 700,000 sq m of new supply, accounting for 58% of the city's total. Having said this, the Yuhu Cold Chain Centre, launched in Q4 2024, may create short-term pressure on rents and vacancy rates in Qingbaijiang.
- **Demand** – With rising urban consumption, cold chain delivery and E-commerce have flourished. Besides, Chengdu's two airports have boosted cargo throughput, and has attracted SF Express. The city has also deepened ties with E-commerce platforms like Pinduoduo and this will further drive leased space demand in 2025.

**Figure 31: Logistics new supply (2020-2026F)**




*Source: Cushman & Wakefield Research*

### Investment

- **Active Transactions by Government Platforms** – Government platform companies have actively acquired quality assets in Chengdu, supporting industrial growth, housing, and asset revitalisation. This has helped ease market stagnation and reduced the financial pressure on some enterprises.
- **Bargain Hunting Expected** – With slowing economic growth and weakened market confidence, Chengdu's capital market has seen growing caution in recent years. To attract buyers and improve cash flow, some enterprises have begun selling quality assets at discounted prices, creating an opportune moment for acquisitions – which will continue into 2025.

**Figure 32: Cap rate trend and outlook (2024-2026F)**

| | 2024 | 2025F | 2026F |
|---|---|---|---|
| Cap rate | 5%-6% | → | ↑ |

*Source: Cushman & Wakefield Research*

Table 10: Chengdu outlook

| | | Office | Retail | Industrial Logistics |
|---|---|---|---|---|
| Outlook (2024-2025 Change) | Supply | ↑ | ↓ | ↑ |
| | Absorption | ↑ | ↑ | → |
| | Vacancy | ↑ | ↑ | ↓ |
| | Rental | ↓ | ↑ | → |
| The Market (2025) | Tenant / Landlord | Tenant | Tenant | Tenant |

*Source: Cushman & Wakefield Research*

# THE CITY MARKETS

## WUHAN

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*Table 11: Office, retail, industrial markets in Wuhan (Q4 2024)*

| | Office | Retail | Industrial Logistics* |
|---|---|---|---|
| Stock (sq m) | 3,203,017 | 4,511,399 | 4,836,455 |
| Vacancy rate | 36.5% | 15.9% | 20.3% |
| Rental (RMB/sq m/month) | 82.5 | 439.6 | 25.2 |
| Cap rate | 5.5% | 4.1% | 5.8% |

** Industrial logistics updated to Q3 2024*
*Source: Cushman & Wakefield Research*

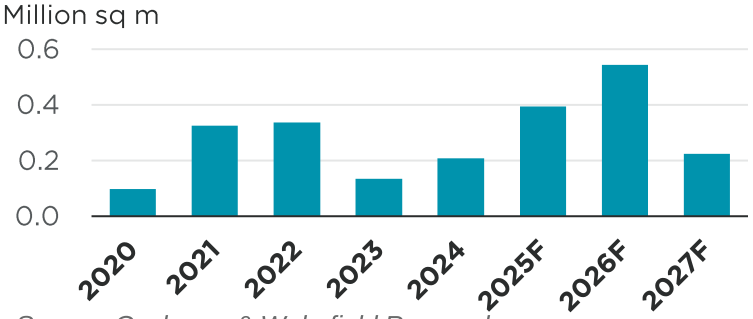
### Office

- **Supply** – Wuhan is expected to see around 0.4 million sq m grade A office property complete by the end of 2025, with over 75% of them being launched in Wuchang RCD. Additionally, the supply hotspot area will shift from Hankou to Wuchang.
- **Demand –** Due to the uncertainty of the external economic environment, cost control became a major concern for companies in 2024. Reflecting this, the overall demand of office space has contracted. The demand for Wuhan Grade A office space in 2024 mainly stemmed from the relocation demand stimulated by the rental decline. It is expected that with the delivery of new supply in 2025, the overall market rental will face further pressure.

### Retail

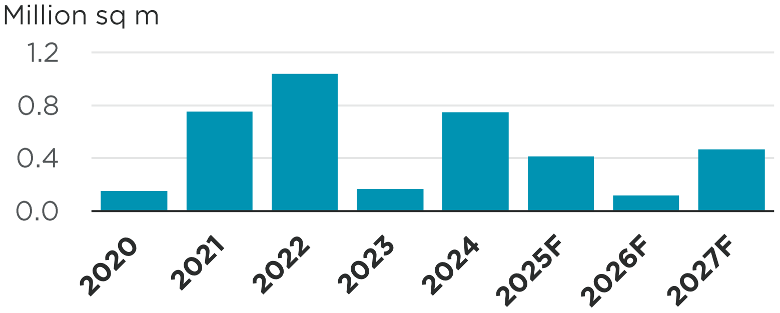
- **Supply** – The supply will slow down in 2025. The city is expected to welcome two prime projects from Longfor, including Binjiang Tianjie in Wuchang and Xinrong Tianjie in Houhu, which will bring a combine 0.3 million sq m of prime retail space to the market. Meanwhile, the opening of Xinrong Tianjie will improve the commercial facilities in the Houhu area.
- **Demand –** The total retail sales of consumer goods in Wuhan increased 5.2% y-o-y for Q1-Q3. The consumption growth slowed from the same period last year. The occupancy rate of newly opened projects performed well. However, the vacancy rate of aged projects increased. The overall vacancy of core business circles has increased by 2.6 percentage points on 2023 to 15.9%. Looking to 2025, older projects in the city will have to further optimise their assets to remain market competitive.

**Figure 33: Office new supply (2020-2027F)**




*Source: Cushman & Wakefield Research*

**Figure 34: Retail new supply (2020-2027F)**




*Source: Cushman & Wakefield Research*

# THE CITY MARKETS

## WUHAN

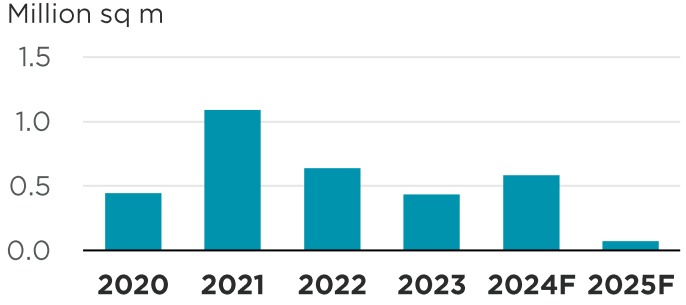
### Industrial Logistics

- **Supply** – More than 0.4 million sq m of new supply is expected to enter Wuhan by the end 2025. Most of it will be launched in Huangpi, Yangluo and Dongxihu, accounting 42.8%, 35.6% and 21.6%, respectively.
- **Demand** – The demand for premium warehouses in Wuhan mainly originates from third-party logistics. However, due to the large amount of supply but limited demand increase, the vacancy rate has seen an upward trend. In Q3, Dongxihu District has highest stock share at 28.1%, but also has the highest vacancy rate at 26.9%. In 2025, Dongxihu will remain a key area for new supply sources. It is expected that the vacancy rate in this area will further increase in the short term.

### Investment

- **Office Assets Dominated –** In 2024, Wuhan's capital market was relatively quiet. The annual transaction volume was only about 5% of last year's total. Office assets took the largest share at 79.7%, followed by the industrial assets at 20.3%.
- **The Market to Remain Conservative** – Self-use buyers dominated the capital market in Wuhan in 2024. Buyers for investment purposes decreased due to the uncertainty about the future economy. It's expected that Wuhan's capital market will maintain its conservative trend in 2025.

**Figure 35: Logistics new supply (2020-2025F)**




*Source: Cushman & Wakefield Research*

**Figure 36: Cap rate trend and outlook**

| | 2024 | 2025F | 2026F |
|---|---|---|---|
| Cap rate | 5%-6% | → | → |

*Source: Cushman & Wakefield Research*

Table 12: Wuhan outlook

| | | Office | Retail | Industrial Logistics |
|---|---|---|---|---|
| Outlook (2024-2025 Change) | Supply | ↑ | ↓ | ↑ |
| | Absorption | → | ↓ | → |
| | Vacancy | ↑ | → | ↑ |
| | Rental | ↓ | ↓ | ↓ |
| The Market (2025) | Tenant / Landlord | Tenant | Tenant | Tenant |

*Source: Cushman & Wakefield Research*

# THE CITY MARKETS

## HONG KONG


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***Table 13: Office, retail, warehouse markets in Hong Kong (Q4 2024)***

| | Office | Retail | Logistics |
|---|---|---|---|
| Stock (sq ft) | 70,591,900 | N/A | 35,710,900 |
| Vacancy rate | 19.2%* | 7.6% | 7.8%** |
| Rental (HKD/sq ft/month) | 44.6 | 650 | 15.2** |
| Cap rate | 2.8% | 3.4%*** | 3.8%*** |

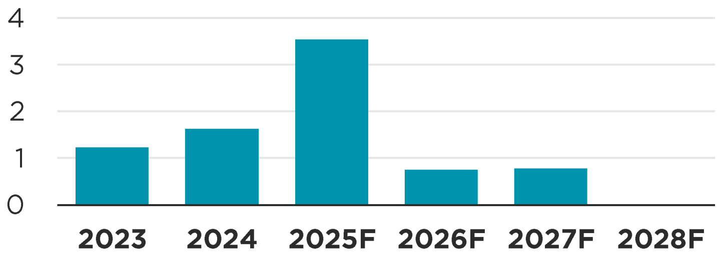
** Availability Rate **Q3 2024 Figure ***Oct 2024 Figure*
*Source: Cushman & Wakefield Research*

## Office

- **Supply** – Around 3.5 million sq ft of new space will enter the market in 2025, the highest level since 2008. The majority of the new stock next year will land in the core areas such as Greater Tsimshatsui and Greater Central. However, the supply boom situation will gradually taper off and improve after 2025.
- **Demand** – Leasing market sentiment will still depend on the overall economic recovery and the performance of local IPOs and the stock market. We believe the main demand driver will be banking & finance, as well as the professional services sector, while demand from the education sector and universities will also steadily grow. Cost-saving will remain a major driver for new lettings, whilst there are also occupiers looking for flight-to-quality opportunities.

**Figure 37: Office new supply (2023-2028F)**

Million sq ft



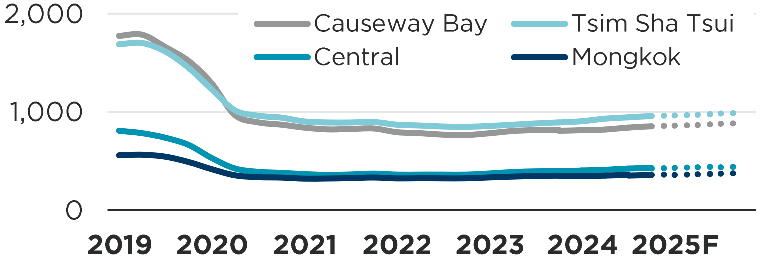

*Source: Cushman & Wakefield Research*

## Retail

- **Recovery** – As a result of the changing consumption patterns from inbound tourists' and local residents', the city's total retail sales has been slowing again recently. However, the rate cut is expected to gradually weaken the Hong Kong dollar, which in a way will increase the tourists' purchasing power and hence support retail market sentiment in the city.
- **Demand** – New leasing activity by local and international brands has been picking up, backed by attractive rents in core districts. This has led the vacancy rate across districts to drop steadily. Looking ahead, we expect the near-term leasing demand to be mainly driven by PRC brands, treating Hong Kong as a stepping-stone to promote their brands on the international stage. Vacant spaces are likely to be absorbed gradually, and we believe core high street rents will grow in the 3%-5% range in 2025.

**Figure 38: Retail rents in major submarkets**

HK$ per sq ft per month




*Source: Cushman & Wakefield Research*

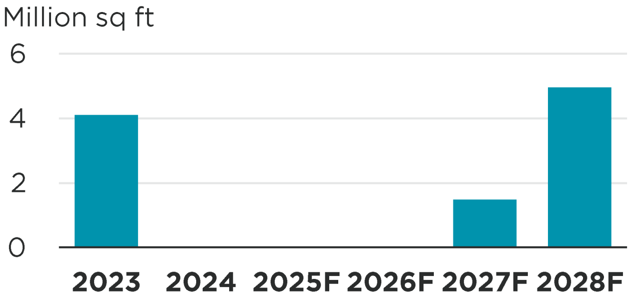
# THE CITY MARKETS

## HONG KONG

### Industrial Logistics

- **Supply** – No new logistics facilities are expected to enter the market until 2027 and 2028, wherein Kwai Chung area will be the major source of this new supply. The shortfall in new completions will help to keep the citywide vacancy rate at a stable level in the short to mid term.
- **Demand** – While 3PL operators remain cautious, leasing momentum is expected to slow down in 2025 on the back of an uncertain economic environment. As such, we expect to see more renewal cases within the leasing market. Additionally, overall warehouse rents will likely face some downward pressure, due to the generally more cautious business environment environment.

**Figure 39: Logistics new supply (2023-2028F)**

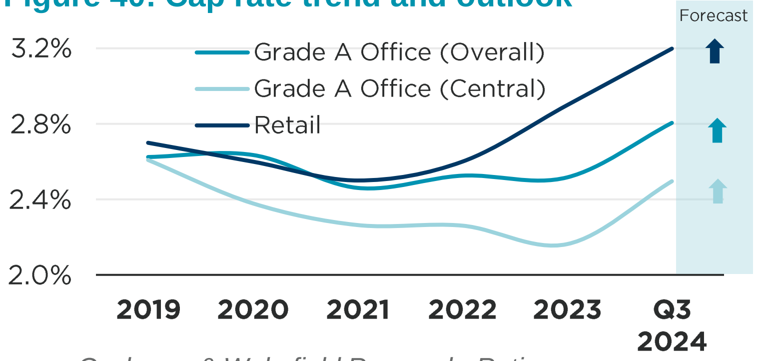



*Source: Cushman & Wakefield Research*

### Investment

- **Landlords Willing to Offload** – Although the U.S. Fed announced a rate cut in September, the commercial loan rate is still at a relatively high level. In face of the liquidity challenges and heavy interest expenses amid a high-rate environment, more landlords will be willing to offload assets at discounted prices, or even with capital losses.
- **Co-living and Student Housing Attracting Investor interest** – The price correction across sectors has been providing a window for cash-rich investors and end-users to bargain-hunt. Whilst office transactions remained most notable, hotel properties with conversion potential are also highly sought-after. Apart from the co-living sector, the student housing segment, which is facing a huge supply shortage in student beds, is also attracting investors' interest, with investors eyeing the stable rental income stream generated from these assets after conversion.

**Figure 40: Cap rate trend and outlook**




*Source: Cushman & Wakefield Research, Rating and Valuation Department*

Table 14: Hong Kong outlook

| | | Office | Retail | Logistics |
|---|---|---|---|---|
| Outlook (2024-2025 Change) | Supply | ↑ | → | ↓ |
| | Absorption | ↓ | ↑ | ↓ |
| | Vacancy | ↑ | ↓ | ↑ |
| | Rental | ↓ | ↑ | ↓ |
| The Market (2025) | Tenant / Landlord | Tenant | Tenant | Tenant |

*Source: Cushman & Wakefield Research*

# THE CITY MARKETS

## TAIPEI

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*Table 15: Office, retail, industrial markets in Taipei (Q4 2024)*

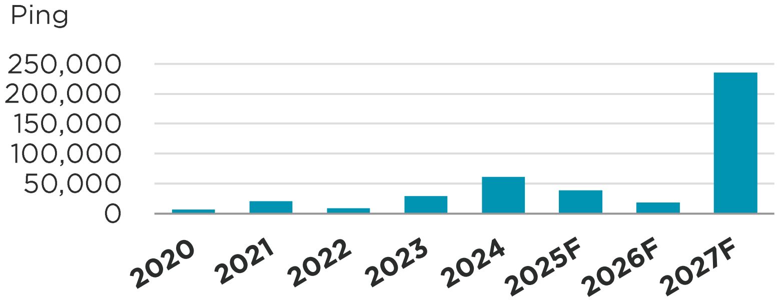
| | Office | Retail | Industrial Logistics* |
|---|---|---|---|
| Stock (ping) | 848,300 | N/A | 1,095,000 |
| Vacancy rate | 8.4% | 4.9% | - |
| Rental (NTD/ping/month) | 2,800 | 12,300 | 700-800 |
| Cap rate | 2.6% | 2.6% | 3.5%-4.5% |

** Industrial logistics updated to Q3 2024*
*Source: Cushman & Wakefield Research*

## Office

- **Supply** – By 2025, four new buildings offering a combined office space of nearly 39,000 pings will enter the market, contributing to an increase in vacant space. These new buildings, featuring prime locations and modern specifications, are likely to support elevated rental rates. In contrast, existing buildings might face competitive pressure, potentially slowing rent growth. Overall, rents are expected to remain stable or experience modest increases.
- **Demand** – Older buildings in the traditional city centre are falling short in meeting ESG standards. However, due to the concerns about potential employee attrition, tenants are hesitant to relocate to the Xinyi submarket, despite its concentration of new office buildings. With new office buildings entering the old city centre, tenant demand is expected to increase in 2025, driven by companies upgrading their spaces within the original submarket.

**Figure 41: Office new supply (2020-2027F)**

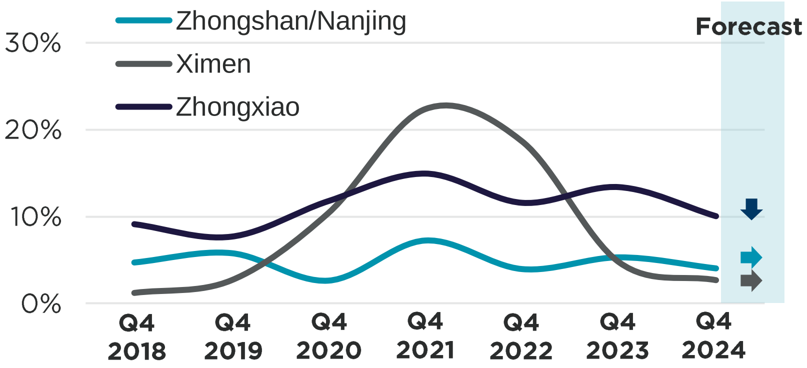



*Source: Cushman & Wakefield Research*

## Retail

- **Supply** – Far Eastern Garden City and Nangang Mitsui Shopping Park LaLaport are scheduled to open in 2025, introducing approximately 80,000 pings of new retail space. This addition is anticipated to invigorate the retail sector.
- **Demand** – Driven by stable economic growth, domestic consumption is expected to remain robust. Coupled with the continued recovery in tourist arrivals, this is anticipated to support steady growth in the retail market throughout 2025. Meanwhile, the Zhongxiao commercial district will benefit from the events held in Taipei Dome, thereby fostering active brand expansion and gradually restoring commercial confidence.

**Figure 42: Vacancy rate in primary retail hubs**




*Source: Cushman & Wakefield Research*

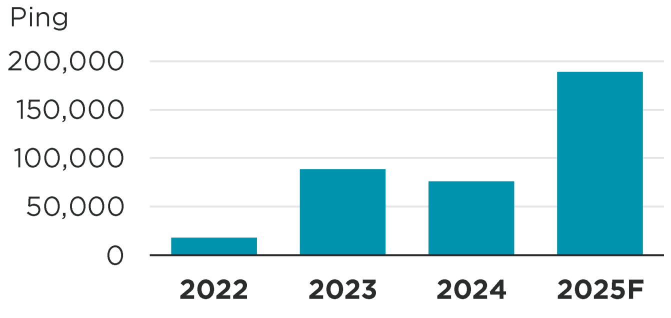
# THE CITY MARKETS

## TAIPEI

### Industrial Logistics

- **Supply** – By the end of 2025, it is projected that Taiwan will see an increase of approximately 189,000 pings in new supply of high-quality logistics and warehouse facilities.
- **Demand** – Due to the changing consumer behaviour and the emerging online shopping market, the demand for E-commerce, 3PL and cold chain logistics remains strong, prompting some traditional industries to convert their aging factories into logistics warehouses. On the other hand, due to varying building specification requirements, operators often prefer to acquire land and develop custom-built facilities.

**Figure 43: Logistics new supply (2022-2025F)**

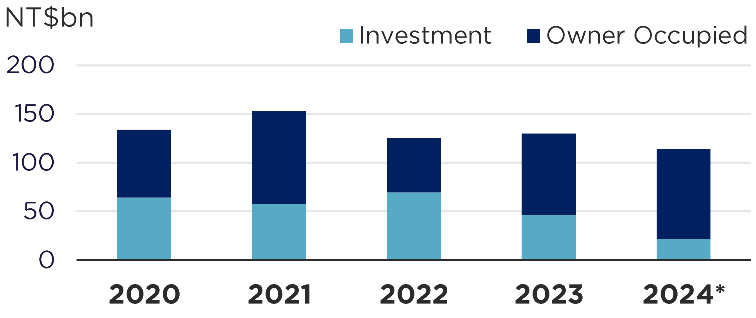



*Source: Cushman & Wakefield Research*

### Investment

- **New Preferential Mortgage Programme for the Youth Boosts Land Transactions** – This programme has boosted residential market demand, leading developers to launch numerous projects and increase land inventory. However, due to the overextended lending mortgage caused by the programme, the central bank tightened lending restrictions at the end of Q3, which has led developers to be more conservative with land investments in the short term.
- **Industrial End-User Buyers Dominate** – Technology companies remain the driving force in the capital market. Due to the rapid growth of AI, leading firms like TSMC, ASE, and Micron to ramp up investments in expanding their facilities, there is a growing focus on high-spec, ready-to-use factories and offices. It is expected that the market will continue to be dominated by industrial end-user buyers in 2025.

**Figure 44: Investment volume by capital source**




**Data as of the third quarter of 2024*
*Source: Cushman & Wakefield Research*

Table 16: Taipei outlook

| | | Office | Retail | Industrial Logistics |
|---|---|---|---|---|
| Outlook (2024-2025 Change) | Supply | ↑ | ↑ | ↑ |
| | Absorption | ↑ | ↑ | ↑ |
| | Vacancy | ↑ | ↓ | → |
| | Rental | → | → | ↑ |
| The Market (2025) | Tenant / Landlord | Landlord | Tenant | Landlord |

*Source: Cushman & Wakefield Research*


# KEY TAKEAWAYS

- **Poised for Transition –** The Greater China real estate market is poised for a period of transition in 2025. While supply will continue to increase across many cities, the demand side is expected to be driven by domestic companies, particularly those benefiting from government policies and those positioned to do well from a boosting of domestic consumption. This suggests a shift towards a more localised market, with a greater focus on meeting the needs of Chinese businesses and consumers;
- **Market Shaping Trends –** There will also be a number of key trends that will shape the market in 2025, including the growing importance of sustainability, the rise of alternative real estate assets such as affordable long-term rental housing and data centres, and the increasing adoption of smart technologies in the office, retail and industrial logistics sectors;
- **Policies to Impact –** Additionally, 2025 will be an important year in terms of government policies shaping the market. Policies aimed at boosting consumption, stabilising the real estate market, and promoting economic growth are expected to have a significant impact on demand and investment activity. The government's commitment to supporting the real estate sector, coupled with the growing demand for high-quality assets, suggests that the market will continue to attract investment and generate new business opportunities in 2025 and beyond;
- **Long Term – Positive –** The market will face some challenges, including economic uncertainty and the increasing competition from new supply. However, the long-term outlook for Greater China real estate remains positive. The growing demand for high-quality assets, coupled with the government's commitment to supporting the real estate sector, suggests that the market will continue to attract investment and generate new business opportunities in the years to come;
- **Positioning for Opportunity –** Those investors and business that continue to have a deep understanding of the commercial real estate market in Greater China, will be able to better identify the key trends and opportunities and will be able to better position themselves to take advantage of the business opportunities that the market presents in 2025;
- **Professional Real Estate Asset Management – Key to Success –** Finally, as the market continues to transition in 2025, best-practice, market-beating, full-lifecycle professional real estate asset management will be essential for maximising value, efficiency, and sustainability across office, retail, and industrial properties in Greater China, especially for stakeholders with a sizeable, bundled property portfolio in the region.

GREATER CHINA

# OUTLOOK

2025

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To better serve our clients our China Research Team has established Centres of Excellence in various focus areas, such as Capital Markets, Industrial, Logistics and Retail. Shaun leads the Research Centre of Excellence for Greater China Occupier Research. If you have any queries related to Occupier Research in Greater China, please contact:


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