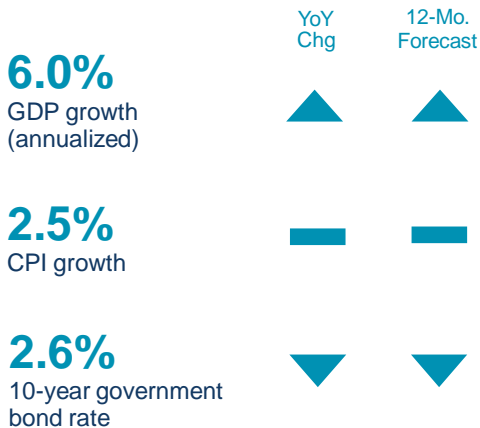


### ECONOMIC INDICATORS 2019



Source: Shanghai Statistics Bureau, China Foreign Exchange Trade System, Oxford Economics

### Due Diligence Activity Softened in Q1

The COVID-19 outbreak impacted the start of 2020 and dramatically affected the Shanghai capital market. Fourteen deals were closed in Q1, concentrated in January. Total transaction volume was RMB22.0 billion, down 59% compared with Q1 2019. Real estate investor due diligence activity has softened in the face of the outbreak. However, looking ahead, and according to a recent Cushman & Wakefield survey, 61% of participating investors believe a gradual recovery in the China real estate investment market can be achieved within the next six months.

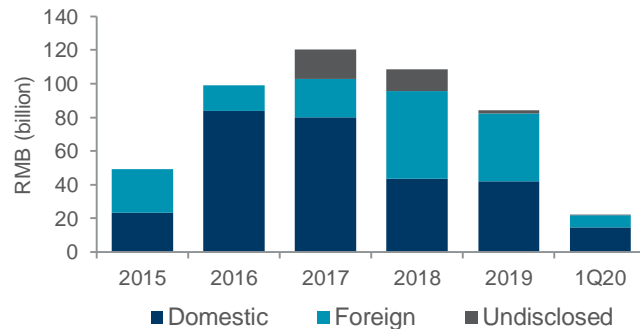
### Stable, Core Income-Producing Assets Are Now Sought After

SOE landlords moved to aid struggling small and medium-sized enterprises in the quarter by exempting rental payments for two months. Landlords also compressed rental expectations to achieve a stable occupancy rate. Some properties in the city are now very likely available at steep discounts, while overall yields are likely to be pressurized further. Given the uncertain market, the proportion of owner-occupation deals rebounded, and some investors sought partners to help lower the risks. Investors are now more focused on stable core properties with steady income flow. Notable deals in Q1 include the purchase by ARA Asset Management, ICBC International, and Straits Real Estate of Sanlin InCity for RMB2.65 billion, and Haitong Unitrust's acquisition of the Greenland Bund Center B1 for RMB1.42 billion.

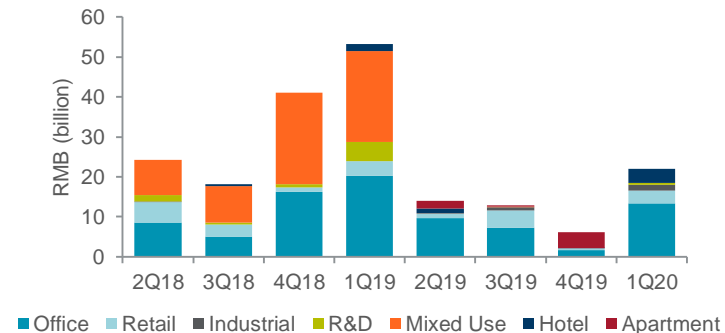
### Reduced Borrowing Costs Will Help Investors

Looking forward, China's monetary policy in the near-term will be aligned with the economic situation, given the impact of the COVID-19 outbreak. The recent lowering of the Loan Prime Rate will reduce borrowing costs, and this will be a boon for Shanghai-focused investors as they look for bargains and at the same time look to manage risks.

### INVESTMENT VOLUME BY CAPITAL SOURCE



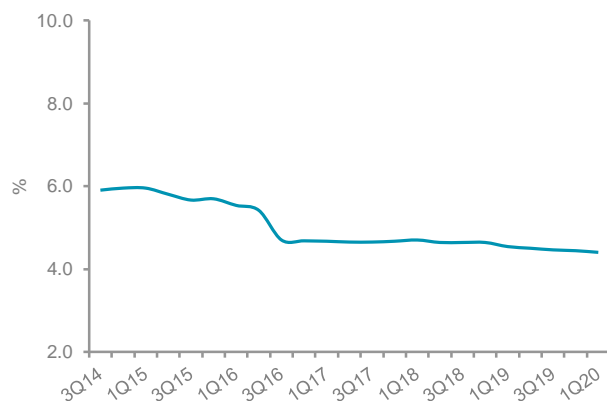
### INVESTMENT VOLUME BY SECTOR



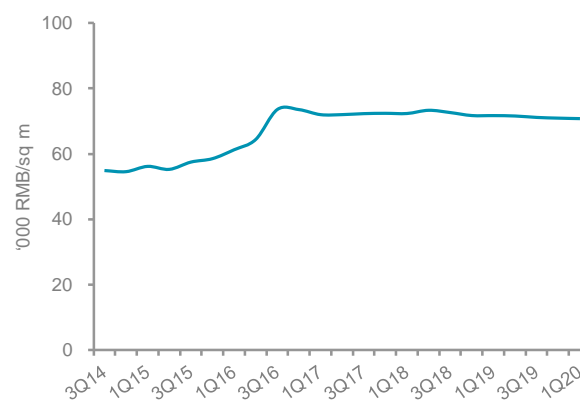
## KEY SALE TRANSACTIONS

PROPERTY	LOCATION	PURCHASER	VENDOR	SECTOR	PRICE (RMB BN)
Pullman Shanghai Skyway Hotel	Huangpu	Hong Kong Shanghai Alliance Holdings Limited, Apollo	China Great Wall Guo Fu	Hotel	3.49
Sanlin InCity	Sanlin	ARA Asset Management ICBC International Straits Real Estate	Shenzhen Cinve Real Estate SCPG (Vanke Group)	Retail	2.61
Bund 588	North Bund	Private Owner	Metersbonwe	Office	1.50
Greenland Bund Center B1	Huangpu	Haitong Unitrust	Greenland Group	Office	1.42
Inventec China Complex	Minhang	GDS	Inventec Corporation	Industrial	1.37

## GROSS YIELD OF GRADE A OFFICE



## CAPITAL VALUE OF GRADE A OFFICE

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