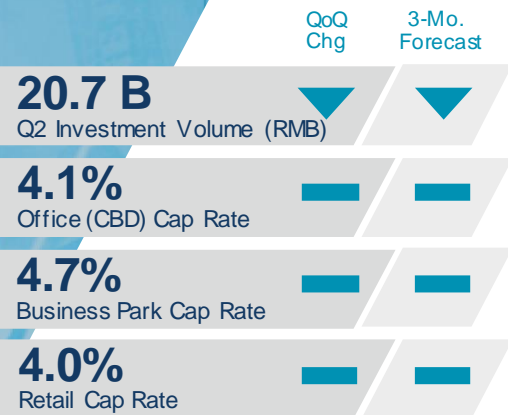


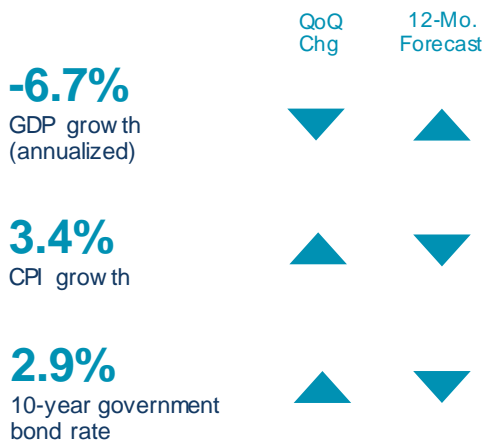
# SHANGHAI

## Capital Markets Q2 2020



Source: Cushman & Wakefield

### ECONOMIC INDICATORS Q1 2020



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

### Q2 Deals Dropped 24% Q-O-Q, But Office Assets Remain Popular

Total transaction volume in Shanghai continued to fall in Q2 due to the impact of COVID-19. 17 deals totaling RMB20.7 billion were completed in the quarter, down 24% q-o-q. Most foreign investors have delayed their investment plans, but local investors have been comparatively much more active, contributing 94% of total volume during the quarter. Office assets remained the most preferred in Q2, with 76% of total transaction volume flowing into this sector, including two sizable selfuse deals: the Bank of Shanghai's acquisition of Greenland Bund Centre T2 for RMB 4.85 billion, and TST's acquisition of Crystal Plaza T2 for RMB 1.76 billion. In contrast, investment in retail assets has been less active, accounting for only 3% of Q2 transaction volume.

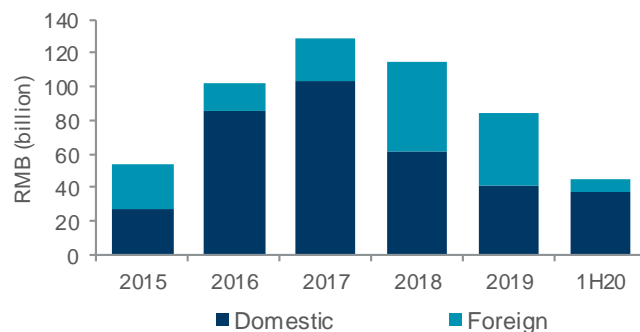
### Market Confidence Commences Recovery

Although transaction volume continued to drop, market confidence has begun to recover given control and management of the pandemic domestically. Foreign-funded institutions with offices in Shanghai have also begun to inspect projects and communicate with sellers. With sellers' expectations of prices becoming more realistic, the price expectation gap between buyers and sellers has gradually narrowed. In addition, business park projects are supported by the government, and those sited in favorable locations enjoy relatively low leasing risk and stable cash flow, such as prime projects in Caohejing and Zhangjiang. For example, in April, Sino-Ocean Capital acquired H88 for RMB 1.97 billion from EBA Investments. The share of transaction volume for the sector has risen from 6% in 2019 to 10% in this quarter.

### Demand Expected to Improve Post-Pandemic

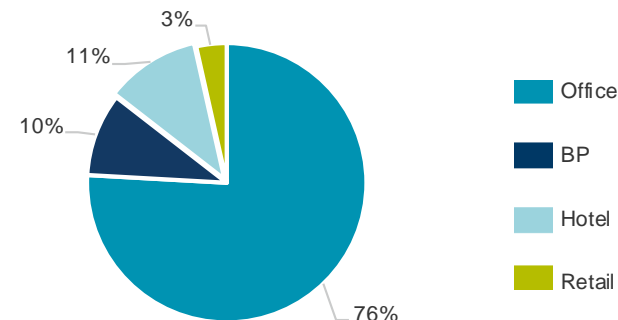
In the short-term, investment demand in the Shanghai capital market will continue to be suppressed due to the impact of the pandemic. Local investors are relatively active, but overall transaction volume for the year is still expected to dip. The cap rate for non-core assets has risen, with the price of some projects becoming more rational. In the longer-term, overseas investment volume is expected to improve post-COVID-19, while domestic investors are expected to increase investment as the interest rate falls. Consequently, we expect conditions in Shanghai's investment market to further improve towards the end of 2020.

### TRANSACTION VOLUME BY INVESTOR TYPE



Source: Cushman & Wakefield

### TRANSACTION VOLUME BY SECTOR (Q2 2020)



Source: Cushman & Wakefield

# SHANGHAI

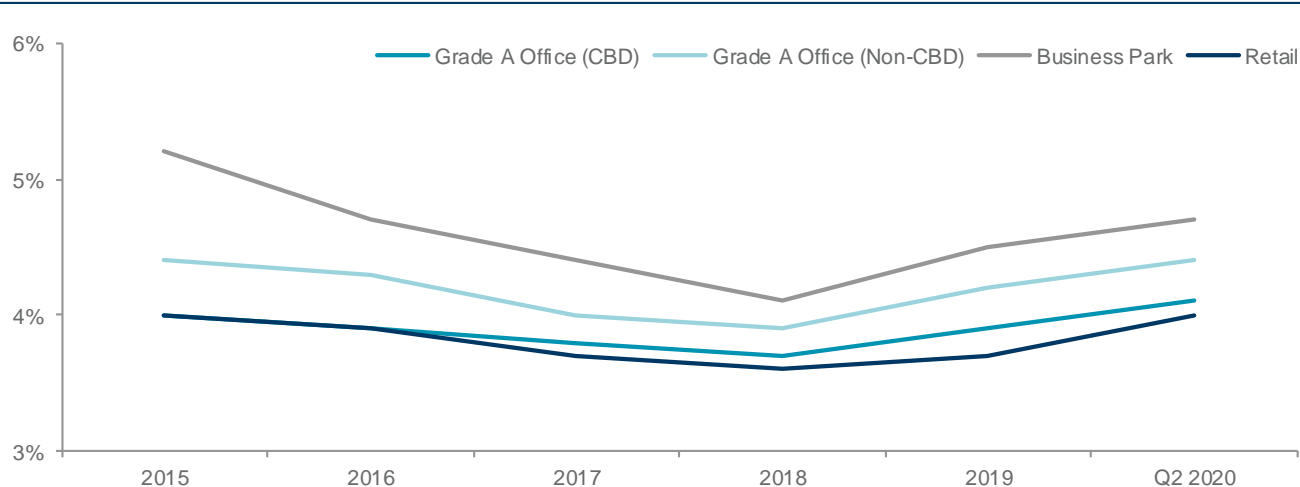
## Capital Markets Q2 2020



### KEY SALE TRANSACTIONS (2020)

PROPERTY	LOCATION	SECTOR	PRICE (RMB BN)	VENDOR	PURCHASER	DEAL TYPE
Greenland Bund Centre T2	Huangpu Riverside	Office	4.85	Greenland	Bank of Shanghai	Owner Occupation
H88	Caohejing	BP	1.97	EBA Investments	Sino-Ocean Capital	Investment
Crystal Plaza T2	Qiantan	Office	1.76	Tishman	TST	Owner Occupation
Shanghai International Fortune Center	Jinqiao	Office	1.47	Jinqiao Group	Qiao He Real Estate	Investment
Guoman Hotels	Changfeng	Hotel	1.44	Guoco Land	Dahua	Repositioning
Jindu Mansion	Xuhui	Office	0.77	Wensheng Asset Management	InfraRed NF, Collab	Investment

### CAP RATE TREND



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