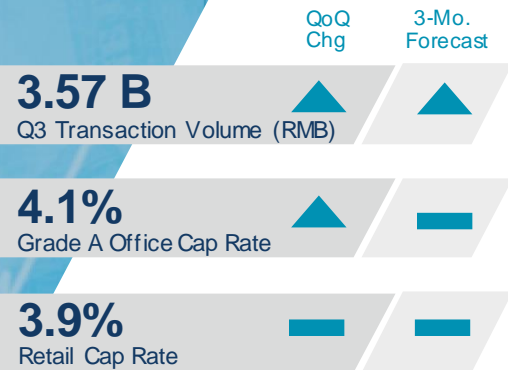


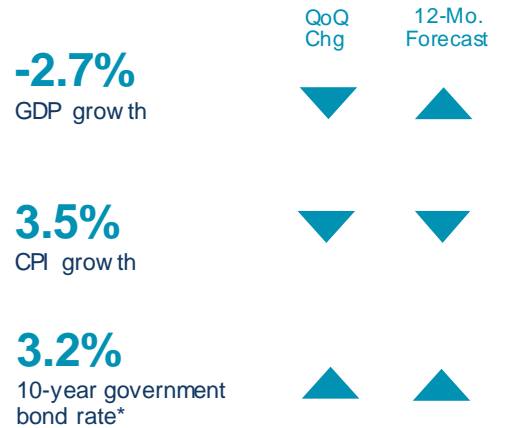
GUANGZHOU

Capital Markets Q3 2020



Source: Cushman & Wakefield

ECONOMIC INDICATORS JAN - JUN 2020



Source: Guangzhou Stats Bureau, China Foreign Exchange Trade System, Oxford Economics

*10-year government bond rate is as of 30th Sep 2020.

Market Confidence Returns

Economic activities have gradually returned to normal with the effective domestic containment of the COVID-19 outbreak. Capital market activities picked up significantly in Q3. Ten transactions totaling RMB3.57 billion were recorded in the quarter, up 56.8% q-o-q and 47.3% y-o-y. Foreign investor activity remains curtailed by the global impacts of the pandemic, and domestic buyers dominated in Q3, taking 83.7% of the total consideration. A notable deal was the acquisition by a local firm of the Ascott serviced apartment building in Tianhe for RMB780 million.

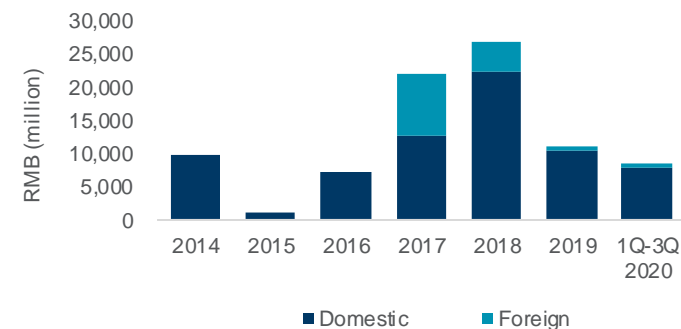
The retail and office sectors saw the most activity in Q3, accounting for 62% of the total consideration, although a logistics park deal was also significant. Investment buyers were the main drivers, with 68.0% of the total consideration, while self-use buyers have turned more cautious.

The Guangzhou market has remained attractive to investors seeking stable returns, now at relatively low prices. The retail sector recorded transactions totaling RMB1.26 billion, including five retail podiums in Tianhe, Huangpu, Panyu and Haizhu submarkets. Office property transactions came to RMB950 million. In July, Standard Chartered Bank announced plans for a GBA center in Tianhe district, demonstrating foreign financial companies' confidence in Guangzhou's future. This high-profile project will greatly enhance the submarket's tenant mix and overall value, in turn attracting further finance and business service companies to set up offices, and giving a further boost to the office investment market's value.

More Investment Opportunities to Come, Stimulating Transaction Volumes

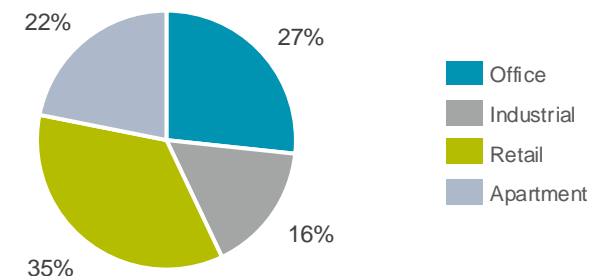
Under the strict "Three Red Lines" finance control regulations, real estate developers are likely to move to reduce their debt ratios. Consequently, landlords may adopt more flexible pricing strategies to improve year-end performance. This will galvanize investment opportunities, in turn sparking greater transaction volumes. Looking ahead, we expect to see gradual price appreciation in Guangzhou property, supporting sustained performance in the investment market.

TRANSACTION VOLUME BY INVESTOR TYPE



Source: Cushman & Wakefield

TRANSACTION VOLUME BY SECTOR (Q3 2020)

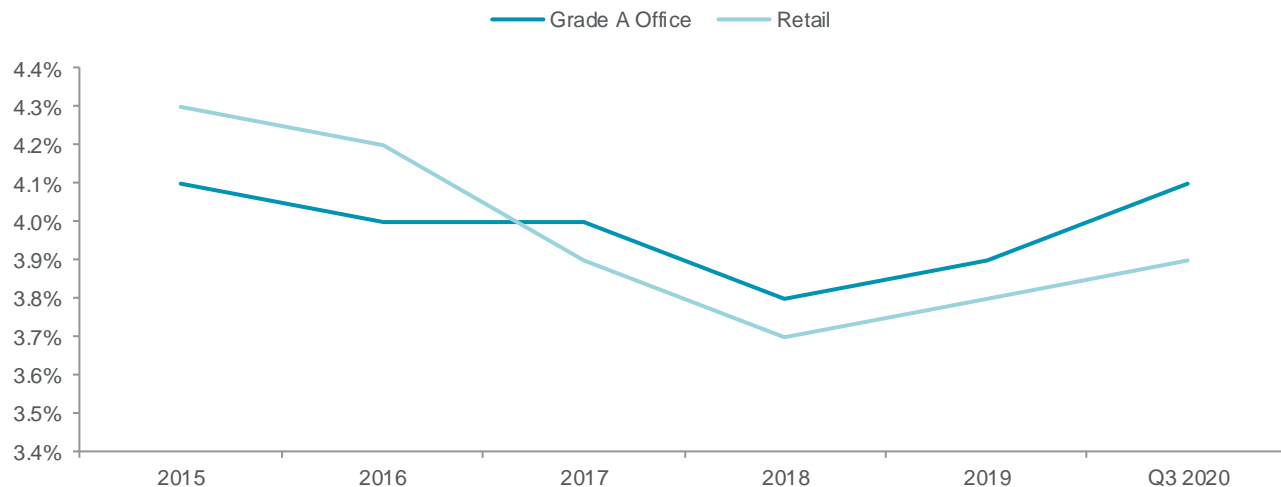


Source: Cushman & Wakefield

KEY SALE TRANSACTIONS (Q3 2020)

PROPERTY	LOCATION	SECTOR	PRICE (RMB MN)	VENDOR	PURCHASER	DEAL TYPE
Gangtie Bohui Building A4-A7 Retail Podium	Huangpu	Retail	644.6	Guangzhou Municipal Construction	Unspecified Local Company	Investment
Huifeng Retail Podium 3/F	Tianhe	Retail	197.8	KWG Group	Unspecified Local Company	Investment
Poly Yuzhugang G1	Huangpu	Office	299.0	Poly	Unspecified Local Company	Owner Occupation
Cisco Smart City	Panyu	Office	125.5	Country Garden	Panyu Xinzao Town Real Estate	Owner Occupation
ESR Guangzhou Logistics Park	Conghua	Industrial	580.0	PGGM	Manulife Financial	Investment
Ascott Serviced Apartment	Tianhe	Apartment	780.0	Ascott China	Unspecified Local Company	Investment

CAP RATE TREND

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