

SHANGHAI

Capital Markets Q1 2021



	QoQ Chg	3-Mo. Forecast
18.3 B Q1 Transaction Volume (RMB)	▼	▲
4.2% Office (CBD) Cap Rate	▲	▬
4.8% Business Park Cap Rate	▲	▲
4.3% Retail Cap Rate	▲	▲

Source: Cushman & Wakefield

ECONOMIC INDICATORS Q4 2020

	QoQ Chg	12-Mo. Forecast
1.7% GDP growth (YTD)	▲	▲
1.7% CPI growth	▼	▲
3.2% 10-year government bond rate	▼	▲

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

Market Activity Picks Up

The Shanghai capital market recorded 23 deals registering RMB18.3 billion in Q1 2021, down 12.3% from the previous quarter. Despite the decline in total volume, the market was still of interest to both domestic and foreign investors.

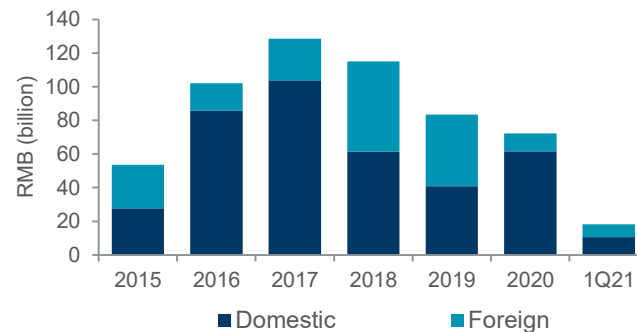
In terms of real estate sectors, office assets remained in the top spot for the quarter, accounting for 35% of total investment. Retail assets ranked second, with investment of RMB4.6 billion, followed by business park assets at RMB4.3 billion. A significant retail deal was Link REIT's 50% equity stake in Qibao Vanke Plaza for RMB3.2 billion. In the business park sector, investment volume jumped by 175% q-o-q, with solid leasing activity in the Caohejing and Zhangjiang submarkets favored by investors. Of note, apartment assets comprised 7% of total transactions in the quarter. Shanghai Langqiao Trade, for example, bought Lanson Place Jinlin Tiandi Serviced Residences located in Huangpu Xintiandi Block for RMB1.35 billion.

Strong Recovery In Foreign Capital Flow

Shanghai has attracted significantly more attention from foreign investors in recent times, with the city viewed as a stable long-term investment destination. Such foreign capital inflows recovered in Q1, with investment surging 658% q-o-q from the lows of Q4 2020 to reach a total of RMB7.8 billion.

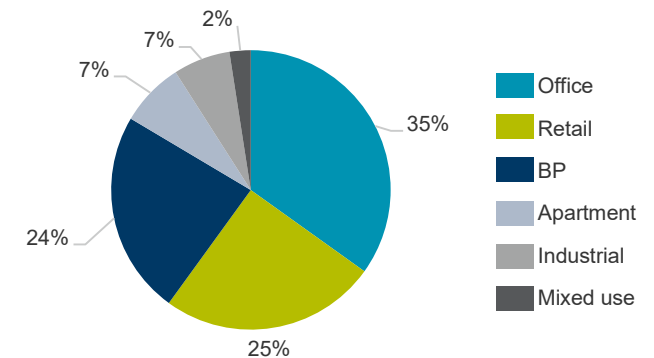
It is worth noting that the trend for diversification of investment property types in the Shanghai market has been further strengthened. A number of investment institutions are now also turning their attention to logistics projects and alternative assets, such as data centers, due to the relatively high cap rate, combined with ongoing growth in e-commerce and online technology related businesses and activity.

TRANSACTION VOLUME BY INVESTOR TYPE



Source: Cushman & Wakefield

TRANSACTION VOLUME BY SECTOR (Q1 2021)



Source: Cushman & Wakefield

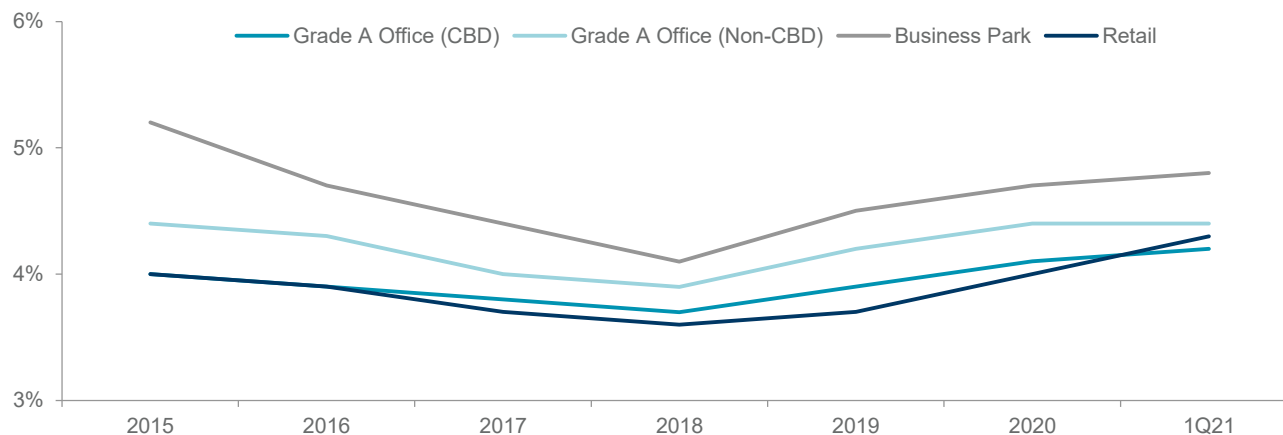
Outlook – Foreign Capital Expected To Show Continued Interest

Compared with last year, foreign buyers are expected to boost their investment in the Shanghai capital market in 2021, as they actively seek investment opportunities in the market. Given the post-COVID-19 outbreak economic recovery and plans in place for continued economic transition and growth, interest in more diversified asset types is also expected to be shown from investors across the board – whether those assets are Grade A offices, business park offices, retail malls, industrial logistics facilities or alternative assets.

KEY SALE TRANSACTIONS (Q1 2021)

PROPERTY	LOCATION	SECTOR	PRICE (RMB BN)	VENDOR	PURCHASER	DEAL TYPE
Qibao Vanke Plaza 50% equity	Qiaobao, Minhang	Retail	3.20	GIC	Link REIT	Investment
Greenland Bund Centre A2 & C2	Huangpu	Office	2.74	Greenland	Zhongtai Securities	Owner Occupation
Innove Star	Zhangjiang, Pudong	Business Park	2.36	D&J China	Allianz	Investment
Lanson Place Jinlin Tiandi Serviced Residences	Xintiandi, Huangpu	Apartment	1.35	Zhongrong Group	Langqiao Trade	Investment
Kangqiao Industrial Project	Kangqiao, Pudong	Industrial	1.00	Metersbonwe	GAW Capital	Investment
Hongqiao Jiahui	Hongqiao, Minhang	Office	0.51	New Changning	Linhai Chengtou	Owner Occupation

CAP RATE TREND



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