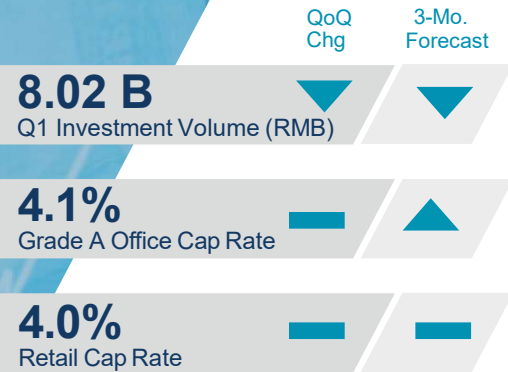


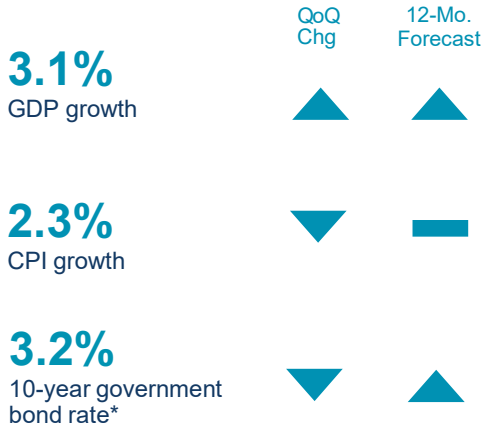
# SHENZHEN

## Capital Markets Q1 2021



Source: Cushman & Wakefield

### ECONOMIC INDICATORS JAN - DEC 2020



Shenzhen Statistics Bureau, China Foreign Exchange Trade System, Oxford Economics

\*10-year government bond rate is as of 31<sup>st</sup> March 2021.

### Total Consideration Surges Substantially Y-O-Y

The investment market continued to rebound in Q1, with recorded transactions of RMB8.02 billion surging 115% y-o-y. Domestic buyers remained the driving force, contributing to over 70% of total consideration. Industrial enterprises accounted for 52% of deals, while investment institutions took 45%. Overseas investors also returned, accounting for transaction value of RMB1.82 billion in the quarter, as the impact of the COVID-19 pandemic on investment activities subsided.

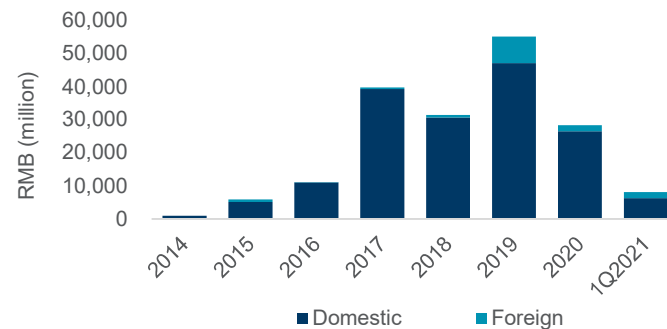
### Office Assets Represent Approximately 90% of Total Market Share

Office assets contributed approximately RMB7.10 billion in Q1, or 88% of total consideration. The lion's share were in Nanshan's core areas including Qianhai, Hi-Tech Park and Shekou, favored for their development potential coupled with relatively low asset prices. Industrial properties took up the remaining 12% share of the market. Buyer activity resumed with the recovery of the domestic economy. Domestic industrial enterprises and medical care companies are seeking prime premises in Shenzhen for asset allocation under the GBA plan initiatives. Banks, insurance companies and SOEs are also interested in acquiring assets offered at competitive prices. Investment institutions are generally holding a wait-and-see attitude.

### Market Activity Set to Sustain Through the Year

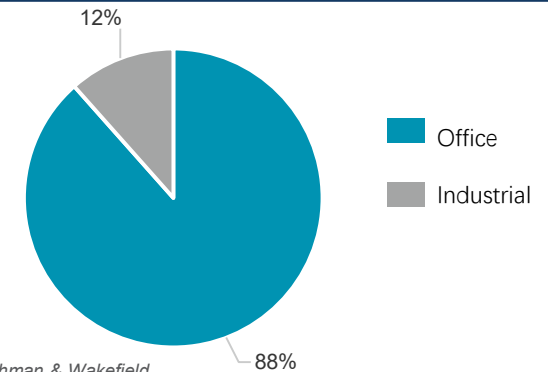
The GBA initiatives and Shenzhen's role have boosted confidence in the region, and domestic and overseas investors are expressing interest in quality assets in Shenzhen's core areas. We expect to see market activity sustain through 2021, with more frequent transactions under RMB2 billion. Self-use buyers have more options as new completions come to market, but this environment may also instill caution in decision-making of institutional investors. Finally, adaptive reuse of industrial premises could regain investor interest given recent adjustments in local government policies supporting the sector.

### TRANSACTION VOLUME BY INVESTOR TYPE



Source: Cushman & Wakefield

### TRANSACTION VOLUME BY SECTOR (Q1 2021)

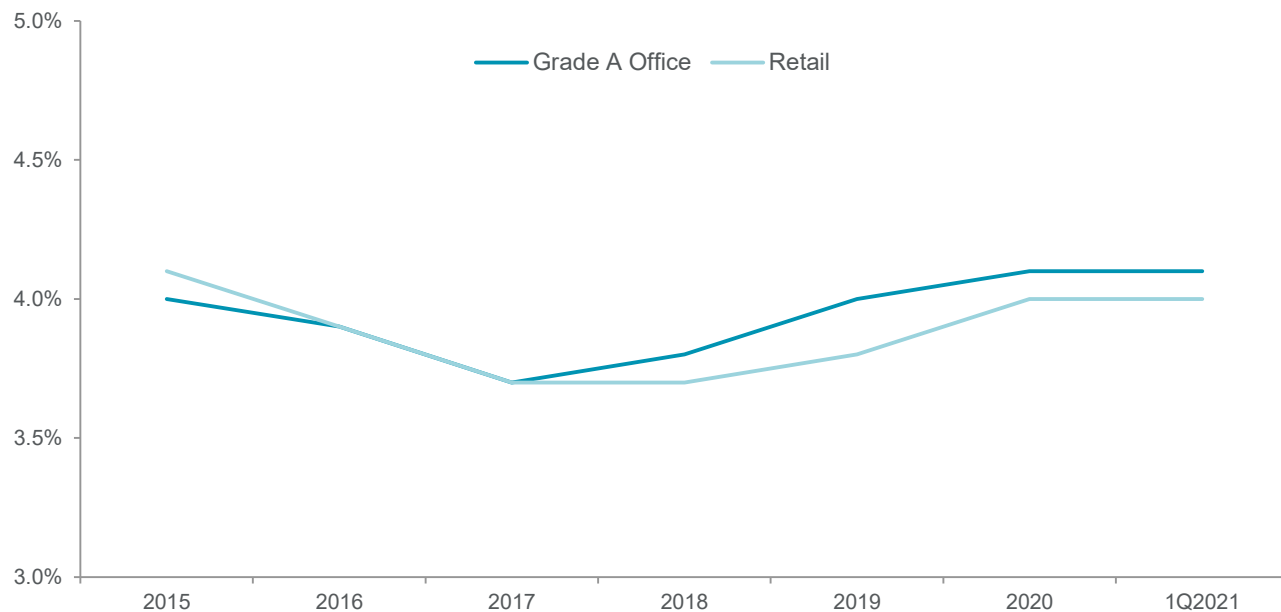


Source: Cushman & Wakefield

### KEY SALE TRANSACTIONS (2021 Q1)

PROPERTY	LOCATION	SECTOR	PRICE (RMB MN)	VENDOR	PURCHASER	TYPE
Princess Bay T5	Nanshan Shekou	Office	2,230	China Merchants	Joyee Investment	Investment
Hanking Center	Nanshan Hi-tech Park	Office	1,560	Hanking Group	Shenzhen Expressway	Owner Occupation
Matsunichi Dingsheng Building	Nanshan Hi-tech Park	Office	1,300	Bank of China Group Investment Limited	Li Ning	Owner Occupation
CIMC International Qianhai Center	Qianhai	Office	750	CIMC	Qiaodan Sports	Owner Occupation

### CAP RATE TREND



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