

## SHANGHAI

Capital Markets Q2 2022

QoQ  
Chg3-Mo.  
Forecast

14.0 B

Q2 Transaction Volume (RMB)



4.5%

Office (CBD) Cap Rate



5.0%

Business Park Cap Rate



4.4%

Retail Cap Rate



Source: Cushman &amp; Wakefield

ECONOMIC INDICATORS  
Q1 2022YoY  
Chg12-Mo.  
Forecast

3.1%

GDP growth



1.8%

CPI growth



2.8%

10-year government  
bond rateSource: Shanghai Statistics Bureau, China Foreign  
Exchange Trade System, Moody's Analytics

## Self-Use Buyers Dominate the Shanghai Capital Market in Q2

The Shanghai capital market recorded six en-bloc investment transactions in Q2, 2022. Total investment value registered RMB14.0 billion, up 24% on the same period last year. Market activities were hindered by the recurrence of COVID-19 in Shanghai and nearby regions, but at the end of the quarter the market saw several transactions complete.

Office asset investments accounted for 95% of total transactions in the Shanghai market in Q2. Self-use buyers took a 90% share of the office transactions, with investors considering it a favorable time to acquire assets at reasonable prices. Examples of office acquisitions by self-use buyers in the quarter include Huineng Group's purchase of Joy Center on Qufu Road, and Erdos' purchase of Resources Suhewan TC 3/4 in Jing'an. Alibaba also bought the West Bund Art Tower in Xuhui Binjiang. These corporate own-use office acquisitions follow on from similar deals seen in Q1.

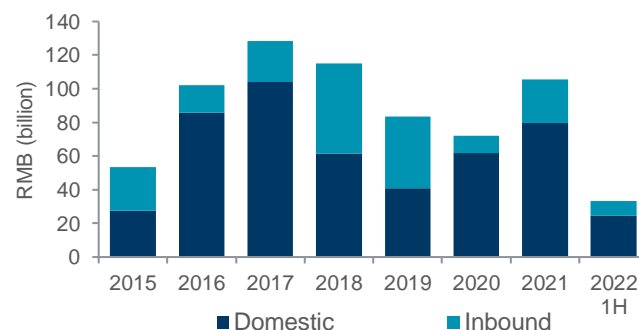
By property type in Q2, cap rates for offices in CBD areas, for retail space, and for business park offices, remained at 4.5%, 4.4% and 5.0%, respectively. The cap rate for non-core office space was revised upwards by 0.2 percentage points to 4.7%.

## Investment Transaction Volume in 1H 2022 Increased 13% Y-O-Y

Total investment in Shanghai in 1H 2022 amounted to approximately RMB33.5 billion, growing 13% over the same period last year. The market continued to perform well in 1H, as office and mixed-use projects, among others, saw large transactions. By submarket, investment in Jing'an District was relatively active, especially for office projects.

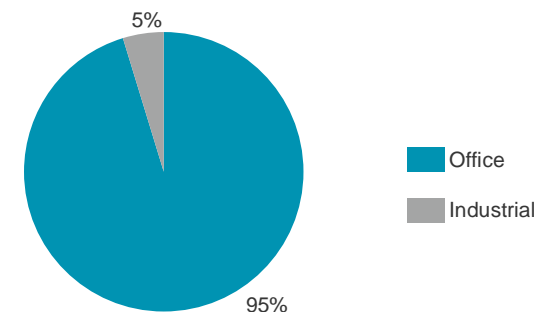
In terms of buyer type, domestic buyers were more active in 1H, accounting for 75% of total investment volume. Ahead, and into the rest of the year, domestic buyers will continue to play a significant role in the market as they continue to seek bargains in a market with which they are familiar.

## TRANSACTION VOLUME BY INVESTOR TYPE



Source: Cushman &amp; Wakefield

## TRANSACTION VOLUME BY SECTOR (Q2 2022)



Source: Cushman &amp; Wakefield

### Outlook

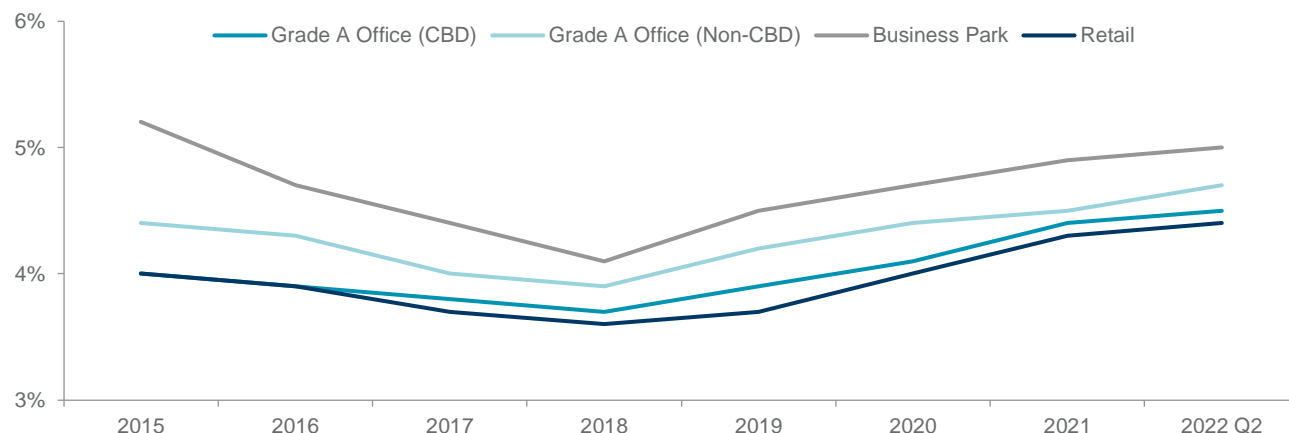
Once the COVID-19 situation has further subsided, self-use buyers are expected to maintain a high level of activity in the market. Due to the current overall environment, investment is expected to be relatively cautious in the second half of the year when compared to last year.

The increasing demand for new economy-related property assets, such as cold chain logistics warehouses, biomedical industrial park properties, data centers, and long-term rental apartments, is expected to continue to attract more related investment into the market. Looking ahead, asset package projects, such as logistics parks, are expected to continue to be popular with investors.

### KEY SALE TRANSACTIONS (Q2 2022)

PROPERTY	LOCATION	SECTOR	PRICE (RMB BN)	VENDOR	PURCHASER	DEAL TYPE
Joy Center	Jing'an	Office	5.8	Joy City Property Limited	Huineng Group	Owner Occupation
West Bund Art Tower	Xuhui	Office	3.0	West Bund	Alibaba	Owner Occupation
Resources Suhewan TC 3/4	Jing'an	Office	2.6	Resources & Shun Tak	Erdo Resources Corporation & Erdo Power & Metallurgy Group	Owner Occupation
Yingtong Greenland Building	Huangpu	Office	1.4	Yingtong	Pacific Rehouse	Investment
Fengxian Bangquan Industrial Park	Fengxian	Industrial	0.7	Pinggao	DNE	Investment

### CAP RATE TREND



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