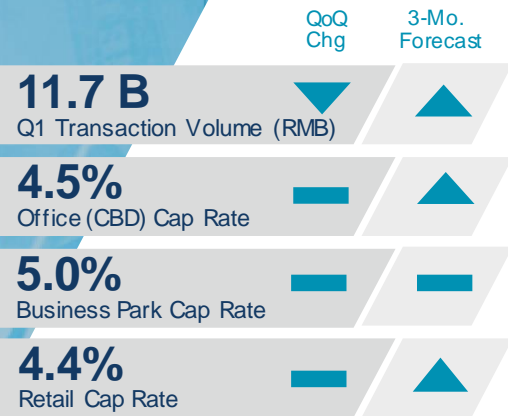


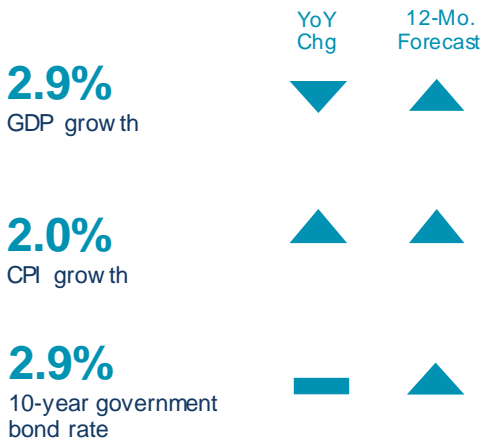
# SHANGHAI

## Capital Markets Q1 2023



Source: Cushman & Wakefield

### ECONOMIC INDICATORS Q4 2022



Source: Shanghai Statistics Bureau, China Foreign Exchange Trade System, Moody's Analytics

### Shanghai Q1 Investment Volume Down 50% Y-O-Y

With 2023 expected to be the first in three years when living and working life is returning to a semblance of normality, increasing numbers of investors are showing renewed interest in Shanghai's capital market. However, the time lag between expressions of interest and transactions meant that a relatively modest 19 deals were completed in Q1, with total investment volume standing at just RMB11.7 billion. This was the lowest total during the same period in nearly six years, and 40% and 50% lower than that realised in Q1 2021 and Q1 2022, respectively.

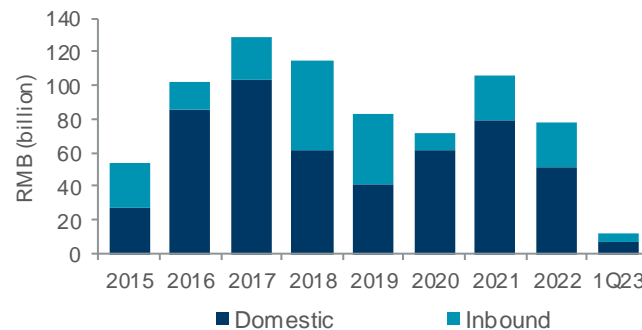
### Business Park Office and Office Building Assets Still Dominate the Market

Business park offices and office building assets accounted for 63% of total transaction volume in Q1. A noted deal was AIA and Manulife-Sinochem's joint acquisition of Jinchuang Plaza in Zhangjiang, a project with an Environmental Impact Assessment (EIA) qualification, for RMB3.55 billion. FSG Group and Lansheng Corp — subsidiaries of Donghao Lansheng Group — acquired multiple floors and dozens of parking spaces in the Greenland Bund Center T3 project. Just two retail property deals were recorded in Q1, of which, China Resources Capital's purchase of Xintin 360 Plaza for RMB1.70 billion pushed up the retail property sector's share of total transaction consideration to 19%. Apartment assets also continued to be popular among institutional investors, with three investment purpose transactions recorded in the quarter.

In terms of deal purpose, self-use transactions accounted for around two-thirds of all deals in the quarter, with state-owned enterprises being more active in acquiring properties. However, investment transactions accounted for 64% of the total investment volume, with investors focused mostly on business park offices, retail and apartment projects. Among investors, foreign institutions' confidence in the China market continued to recover as they actively sought suitable opportunities.

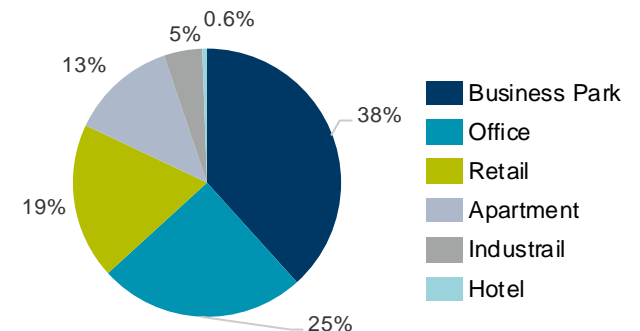
Based on the investment transactions completed so far, the cap rate for office buildings and business park offices was maintained in a range of 4.5% to 5.0%. The cap rate for retail properties reached 4.4%, still below the 5% investment expectation of wait-and-see buyers.

### TRANSACTION VOLUME BY INVESTOR TYPE



Source: Cushman & Wakefield

### TRANSACTION VOLUME BY SECTOR (Q1 2023)



Source: Cushman & Wakefield

### Outlook

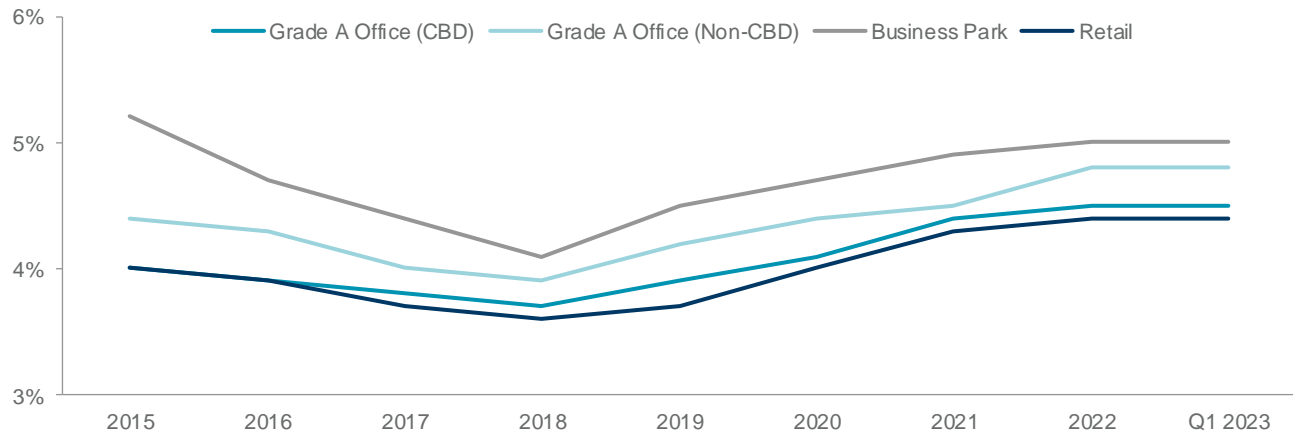
In March, the Development and Reform Commission issued a notice on accelerating the advancement of real estate investment trust funds (REITs) in the infrastructure sector. We expect the first commercial REITs to be issued this year, with retail properties then to attract more capital.

Overall, this is still a year of market correction. The Shanghai capital market is poised for a strong recovery in the second half of the year, due to policy support, the rising consumer index and eased monetary conditions in China.

### KEY SALE TRANSACTIONS (Q1 2023)

PROPERTY	LOCATION	SECTOR	PRICE (RMB BN)	VENDOR	PURCHASER	DEAL TYPE
Xintian 360 Plaza	Pujiang, Minhang	Retail	1.70	Realway Capital	China Resources Capital	Investment
Tianlin Q-Box Community	Longhua, Xuhui	Apartment	0.79	Greenland	CCB Trust	Investment
Greenland Bund Center T3 Floors 6, 7, 9, 10, 12 + parking spaces	Dongjiadu, Huangpu	Office	1.34	Greenland	FSG Group	Owner Occupation
Jinchuang Plaza	Zhangjiang, Pudong	Business Park	3.55	China Pacific Insurance	AIA+Manulife-Sinochem	Investment
North Bund Building 6	North Bund, Hongkou	Retail	0.50	Jinmao	-	Owner Occupation

### CAP RATE TREND



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