This live webinar will begin shortly…

GREATER CHINA CAPITAL MARKETS WEBINAR

WHAT'S NEXT FOR CHINA'S CRE INVESTMENT MARKET

2021 Q1 UPDATE

SPOTLIGHT ON THE GREATER BAY AREA

CUSHMAN & WAKEFIELD
戴德梁行

AGENDA

1. INTRODUCTIONS

James Shepherd
Head of Research
Greater China
james.shepherd@cushwake.com

2. GREATER CHINA MARKET OVERVIEW

Catherine Chen
Head of Capital Markets Research
Greater China
catherine.chen@cushwake.com

3. GBA MARKET OVERVIEW

Keith Chan
Head of Research
Hong Kong
keith.chan@cushwake.com

4. Q & A

Alva To
Vice President, Head of Consulting, Greater China
alva.yh.to@cushwake.com

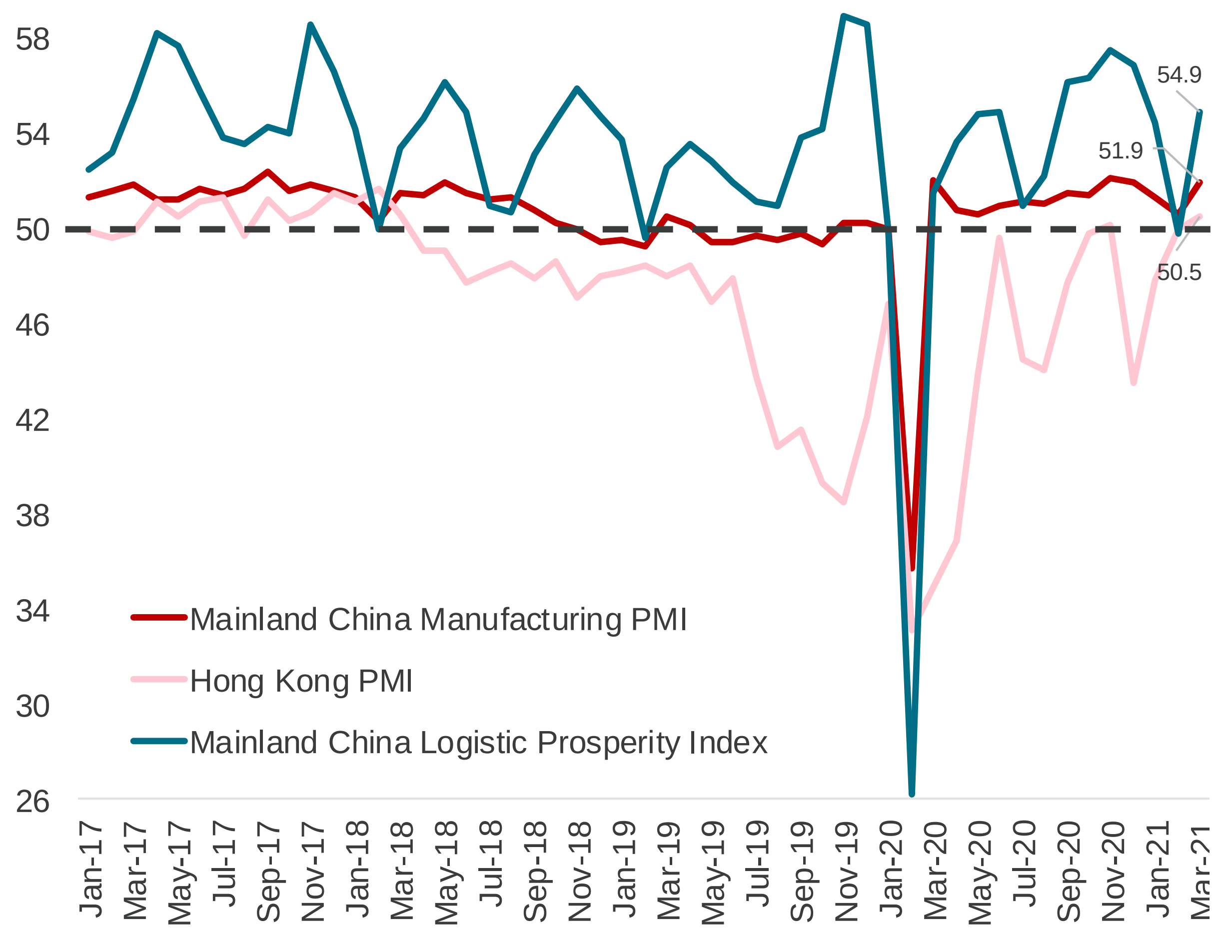
Francis Li
International Director
Head of Capital Markets
Greater China
francis.cw.li@cushwake.com

Queeny So
Executive Director
Capital Markets, China
queeny.wt.so@cushwake.com

PMI AND RETAIL SALES GROWTH

Robust rebound in retail sales

Monthly PMI and Logistics Prosperity Index



Monthly Retail Sales Growth

Source: Trading Economics, China Logistic Information Center, CFLP, Moody's Analytics, National Bureau of Statistics of the PRoC, updated on April 13th, 2021

CHINA’S TWO SESSIONS

Real estate market keywords

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2020

- Continue to grow GDP
- Promote the recovery of consumption
- Expand effective investment
- Support growth of emerging industries
- Strengthen the development of new urbanization
- Advocate higher-quality opening-up

2021

- Strengthen science and technology sectors
- Expand domestic consumption demand and deepen supply-side reform
- Advance new urbanization, expand city clusters and metropolitan areas
- Develop new and digital economy business areas such as cross-border e-commerce
- Develop the long-term rental housing market

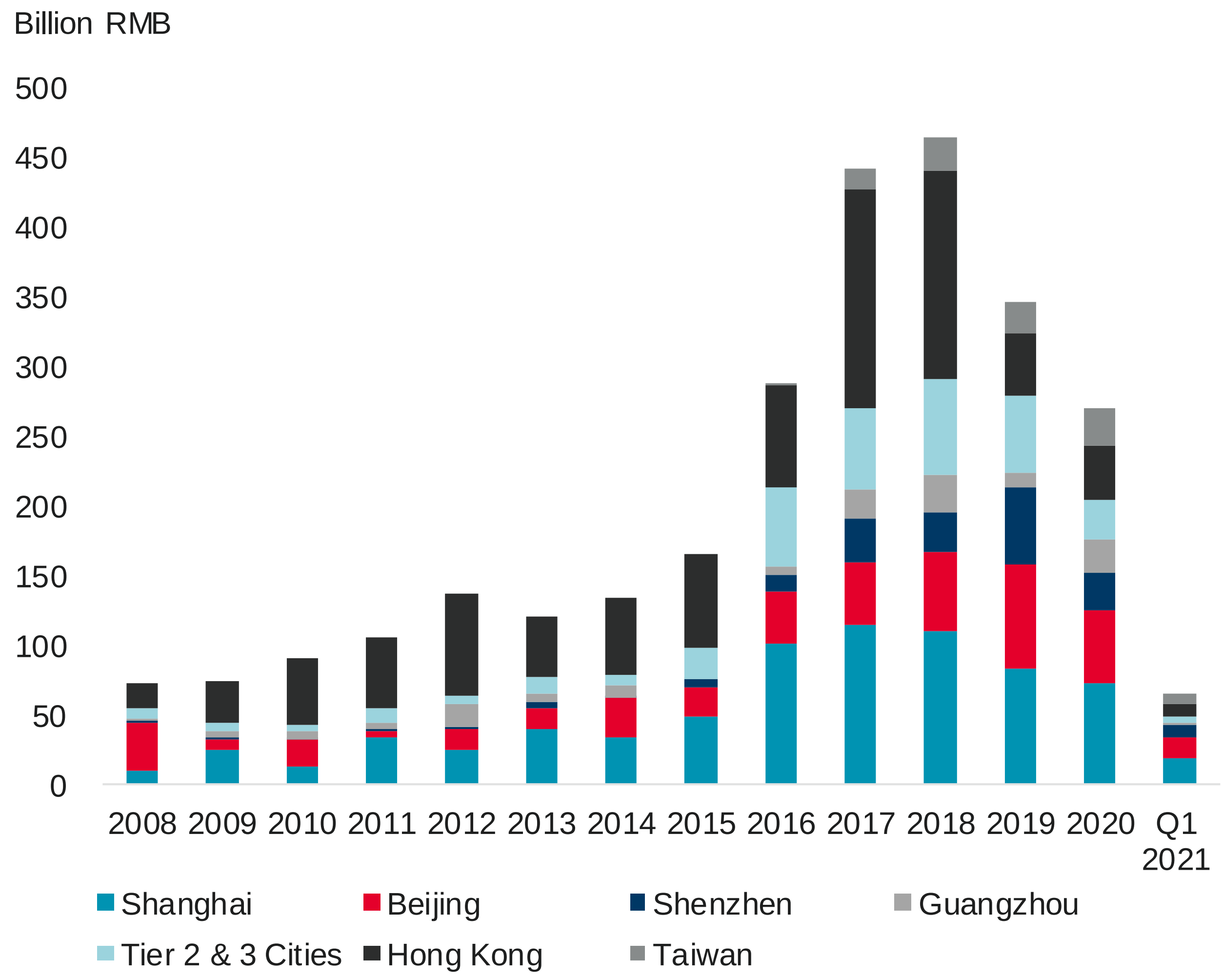
Investment Opportunities in:

Business Parks	Life Sciences
Data Centers	Office
Retail	Industrial
GBA/PRD	YRD BJ-TJ-HB
Logistics & Industrial	Office
Long-term leasing apartment	Commercial real estate

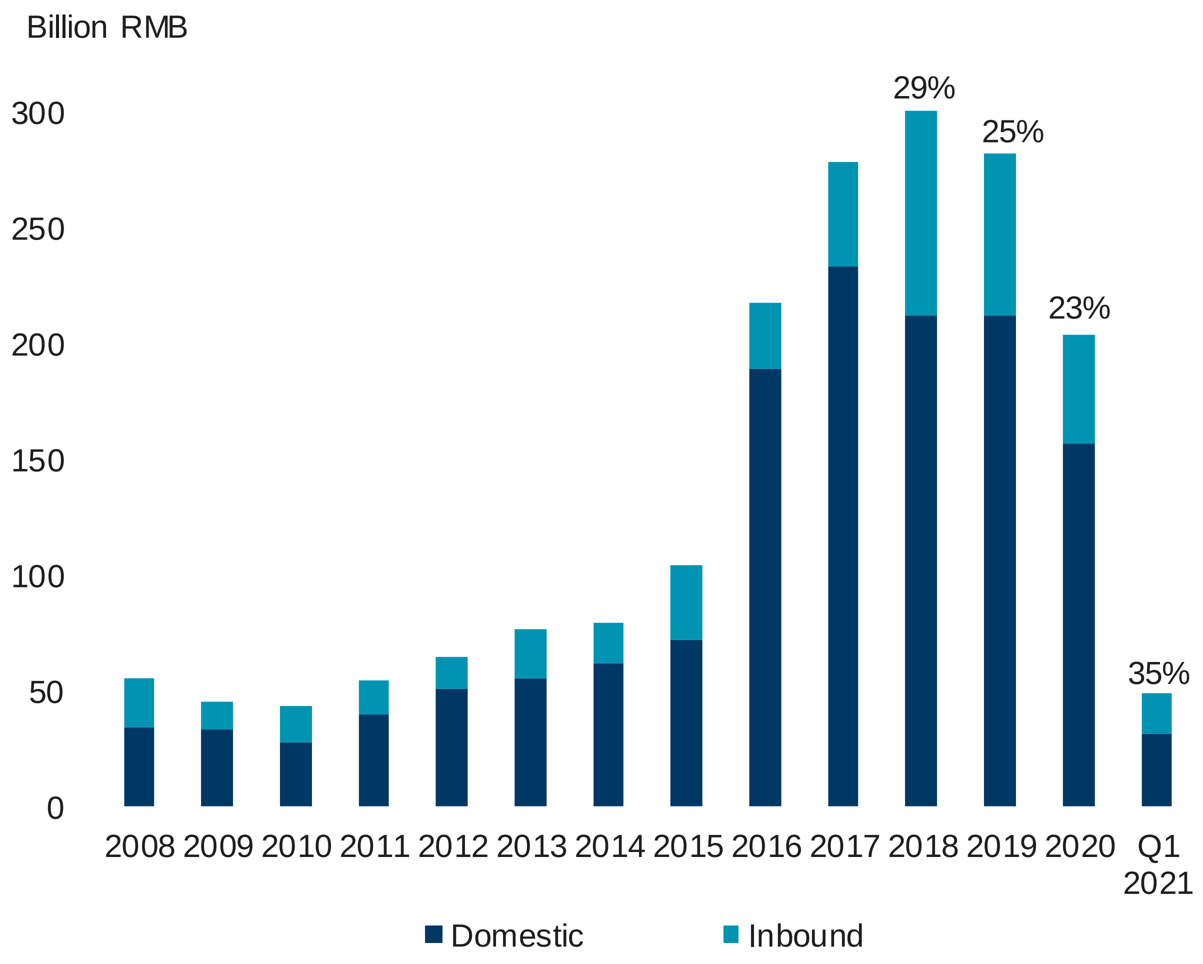
CRE INVESTMENT IN GREATER CHINA

Increasing inbound investment in mainland China

Greater China (2008–2021Q1)



Mainland China (2008–2021Q1)



Source: Cushman & Wakefield Research, updated on April 13th, 2021

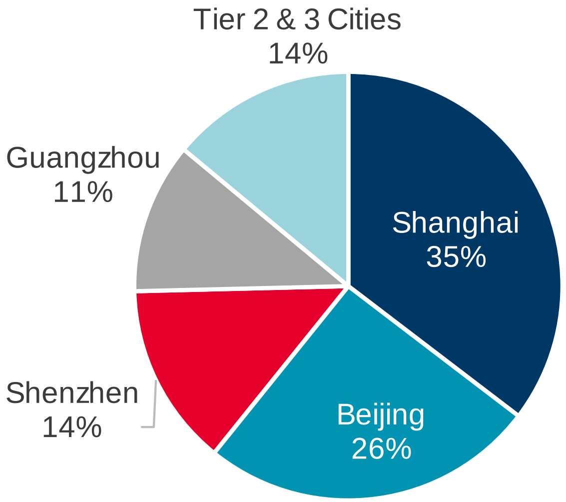
CRE INVESTMENT IN MAINLAND CHINA

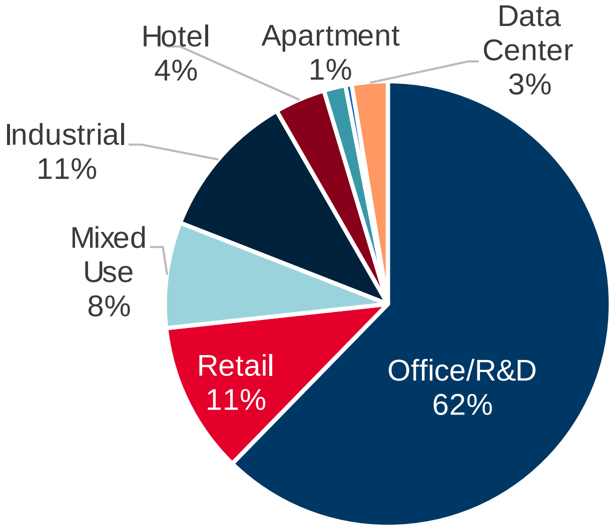
Concentration of interest in Shanghai and Beijing, and a rebound in retail investment

Share of Transaction Volume – By Market

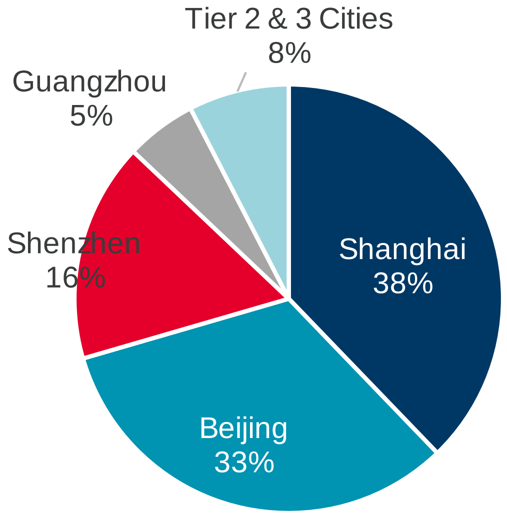
Share of Transaction Volume – By Sector

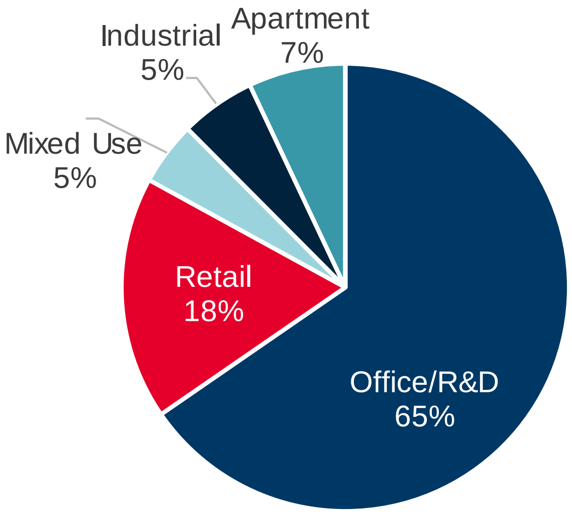
2020





2021 Q1





Source: Cushman & Wakefield Research, excluding land, updated on April 13th, 2021

CHINA'S OFFICE SECTOR FUNDAMENTALS

Absorption greatly improved

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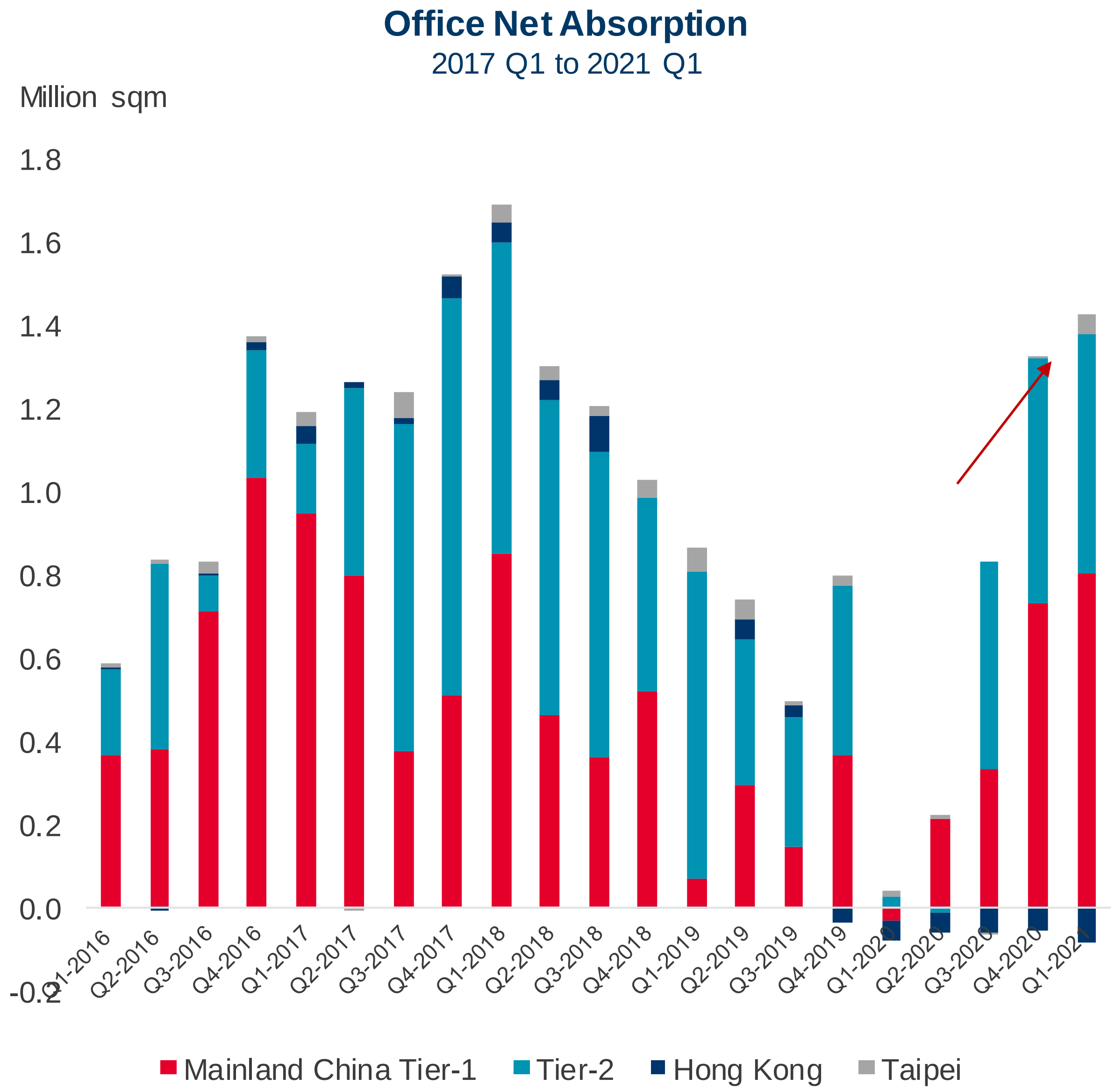
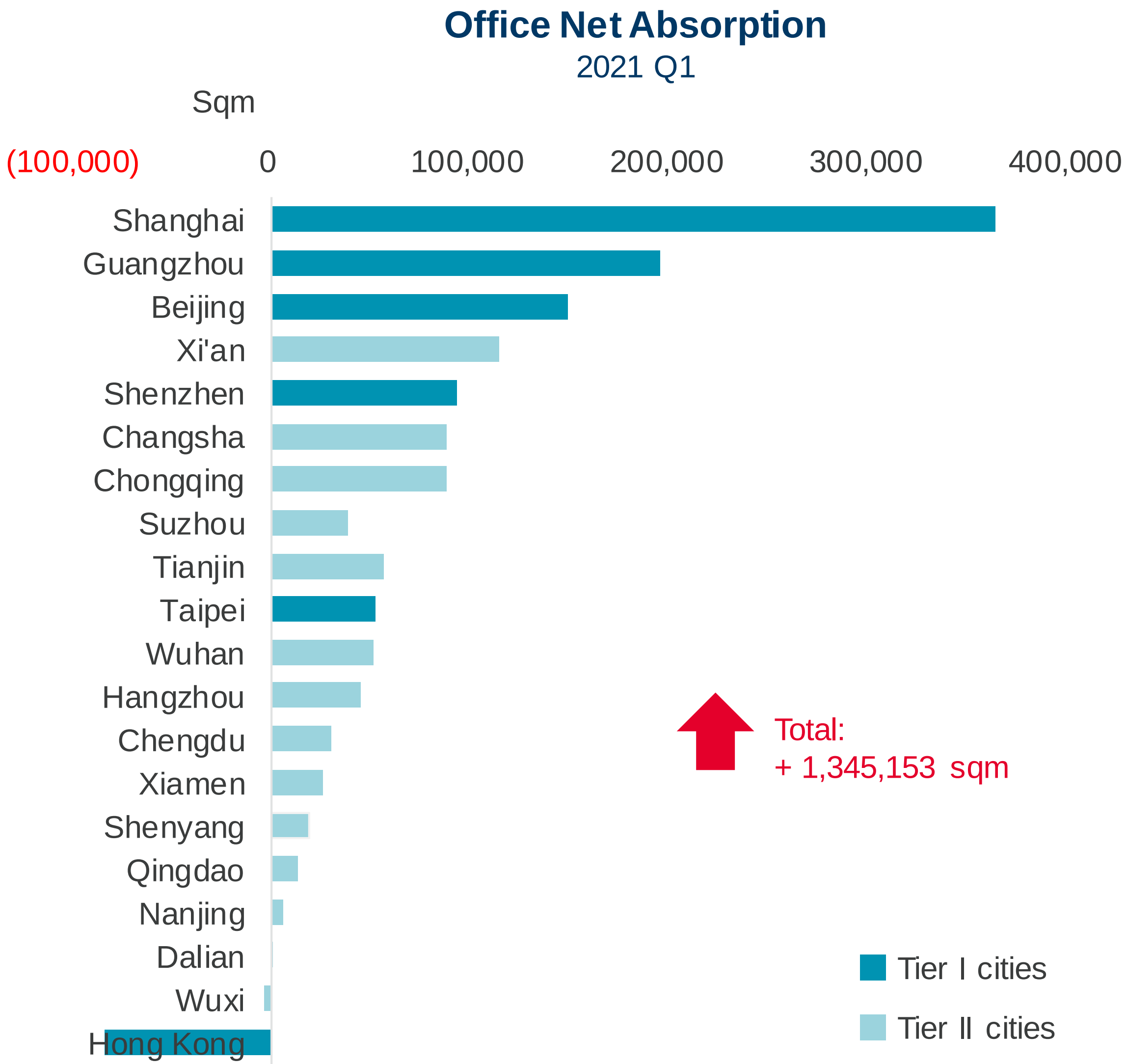
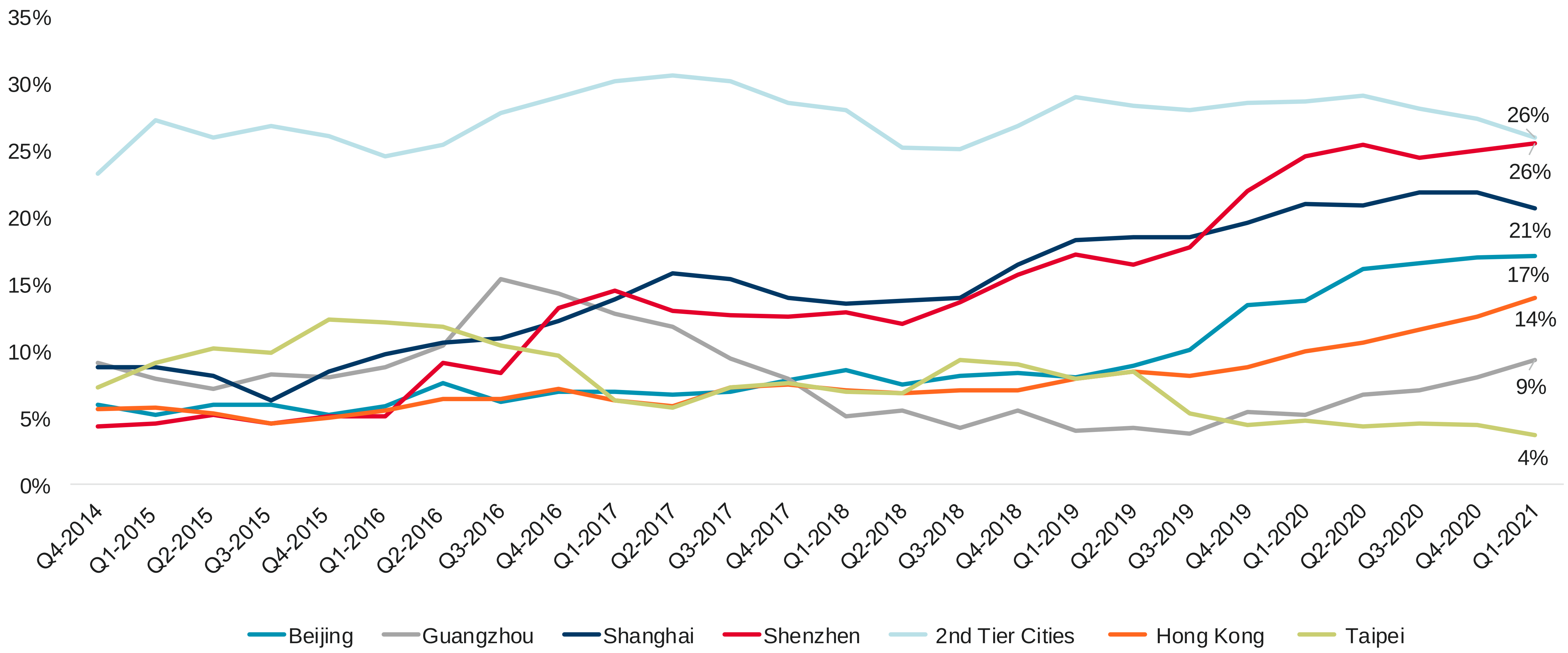




Source: Cushman & Wakefield Research, updated on April 13th, 2021

CHINA’S OFFICE SECTOR FUNDAMENTALS

Rising office vacancy rates



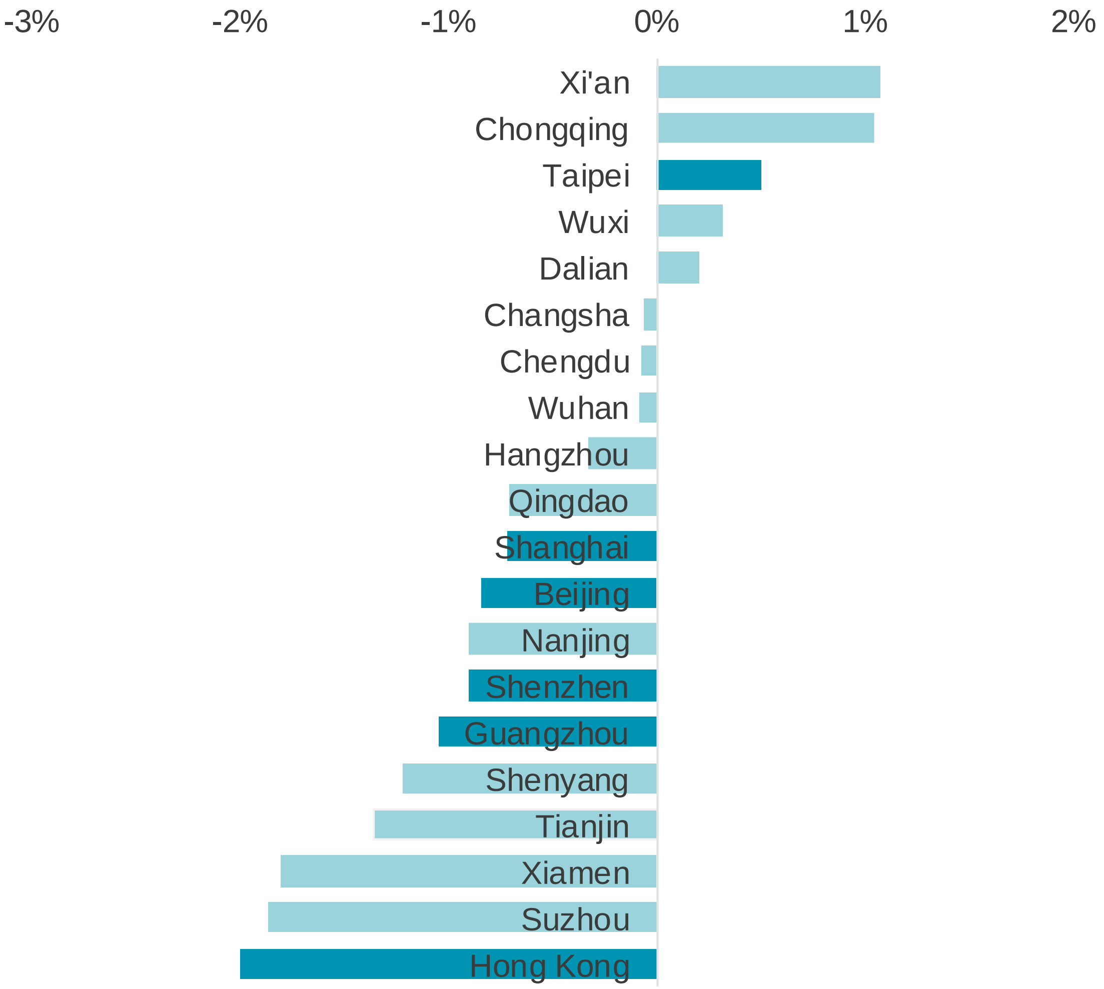
1st Tier cities: Beijing, Shanghai, Guangzhou, Shenzhen, Hong Kong, Taipei
2nd Tier cities: Chengdu, Chongqing, Dalian, Hangzhou, Nanjing, Qingdao, Shenyang, Tianjin, Xiamen, Xi'an, Wuxi, Suzhou

Source: Cushman & Wakefield Research, updated on April 13th, 2021

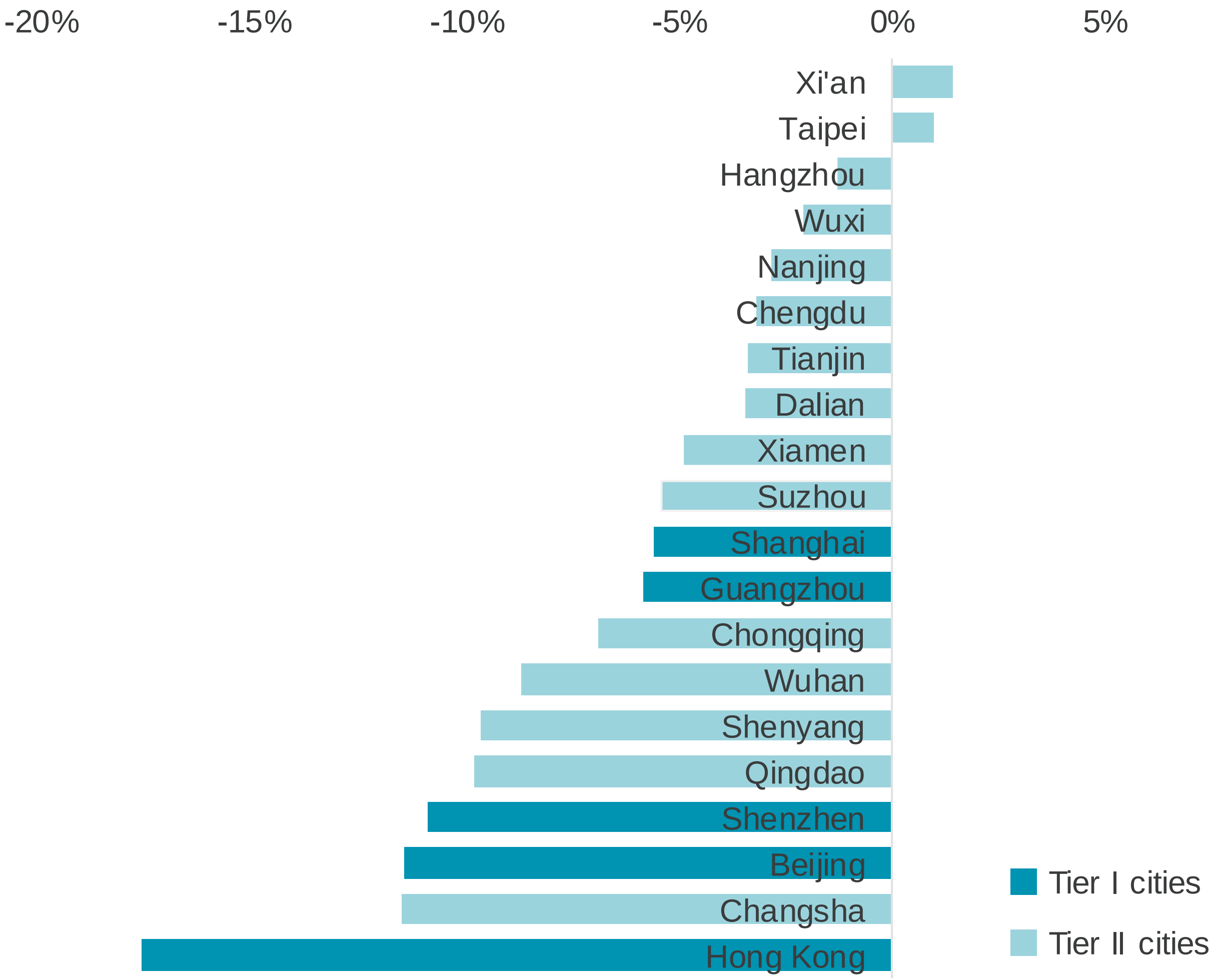
CHINA'S OFFICE SECTOR FUNDAMENTALS

Rentals remained largely stable in Q1

Rental Growth 2021 Q1 Q-o-Q



Rental Growth 2021 Q1 Y-o-Y



*The growth rate is calculated in local currency. Growth is based on historical rental movement.

Source: Cushman & Wakefield Research, updated on April 13th, 2021

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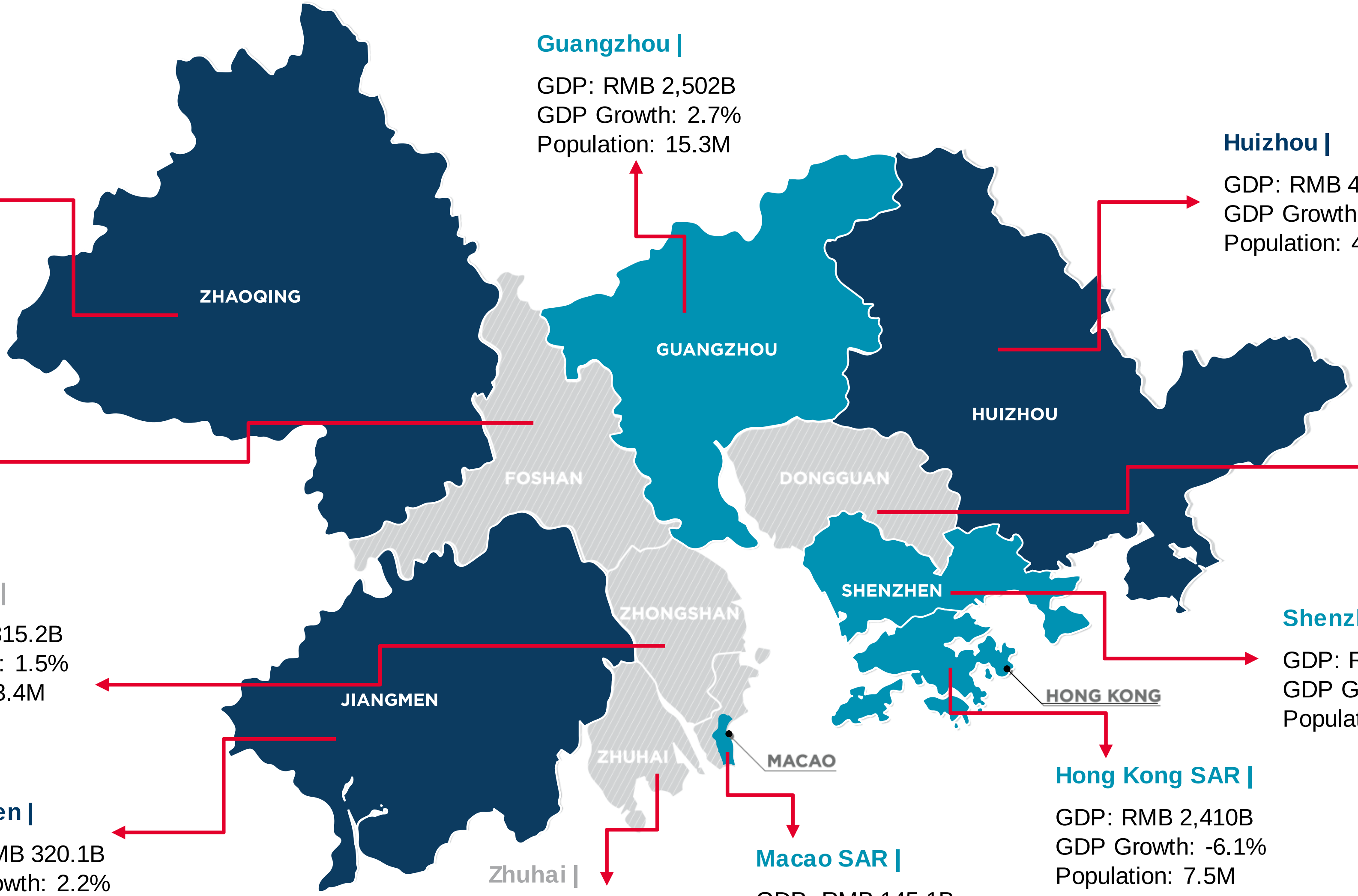
OVERVIEW OF THE GREATER BAY AREA:

IMPLICATIONS AND OPPORTUNITIES FOR INVESTORS

Apr 2021

THE GBA CONSISTS OF 2 SARS AND 9 CITIES

Shenzhen, Guangzhou and Hong Kong are the core cities in terms of market size



Guangzhou |

GDP: RMB 2,502B
GDP Growth: 2.7%
Population: 15.3M

Zhaoqing |

GDP: RMB 231.1B
GDP Growth: 3.1%
Population: 4.2M

Huizhou |

GDP: RMB 422.2B
GDP Growth: 1.5%
Population: 4.9M

Foshan |

GDP: RMB 1,082B
GDP Growth: 1.6%
Population: 8.2M

Dongguan |

GDP: RMB 965.0B
GDP Growth: 1.1%
Population: 8.5M

Zhongshan |

GDP: RMB 315.2B
GDP Growth: 1.5%
Population: 3.4M

Shenzhen |

GDP: RMB 2,767B
GDP Growth: 3.1%
Population: 13.4M

Jiangmen |

GDP: RMB 320.1B
GDP Growth: 2.2%
Population: 4.6M

Zhuhai |

GDP: RMB 348.2B
GDP Growth: 3.0%
Population: 2.0M

Macao SAR |

GDP: RMB 145.1B
GDP Growth: -58.7%
Population: 0.68M

Hong Kong SAR |

GDP: RMB 2,410B
GDP Growth: -6.1%
Population: 7.5M

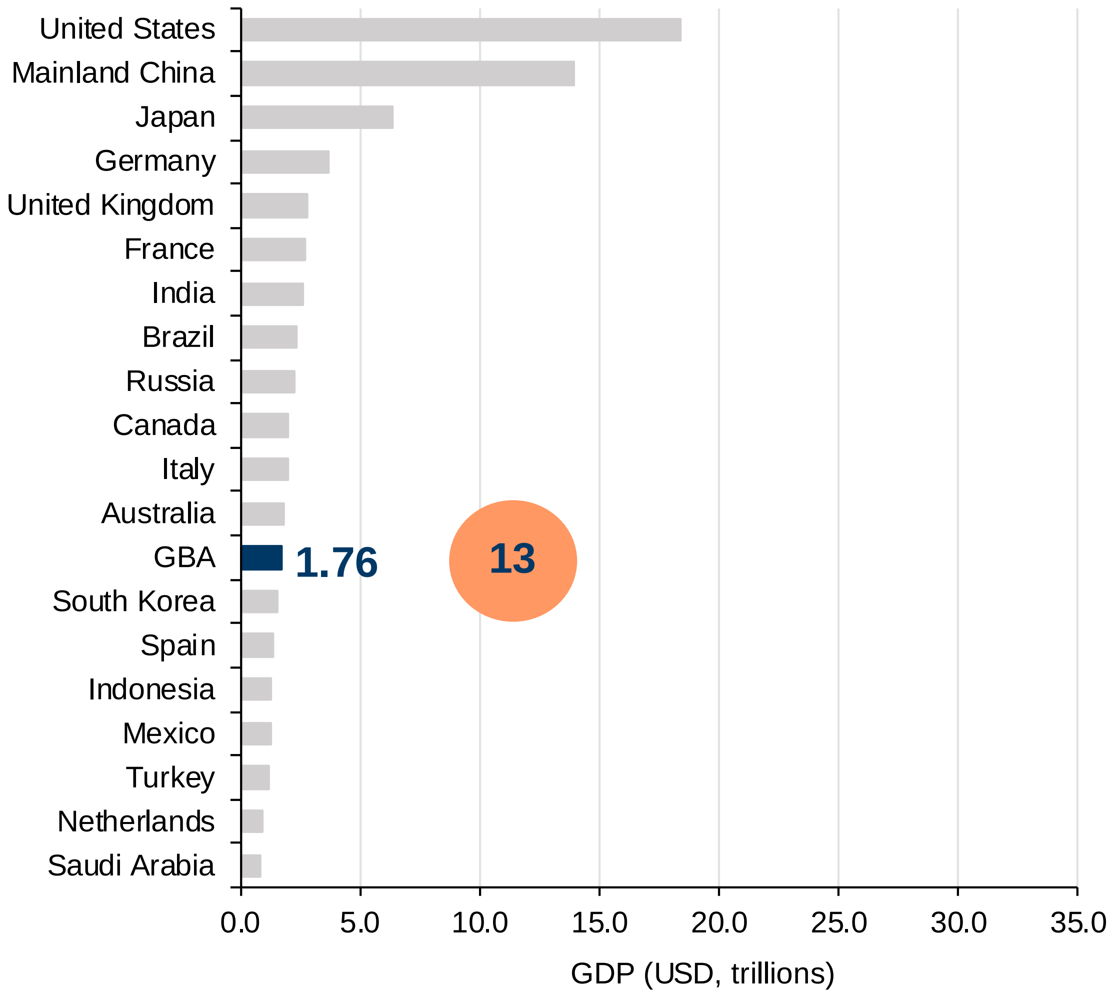
Note: GDP figures are 2020 figures; Populations are 2019 figures

Source: Statistics Bureau; Cushman & Wakefield Research

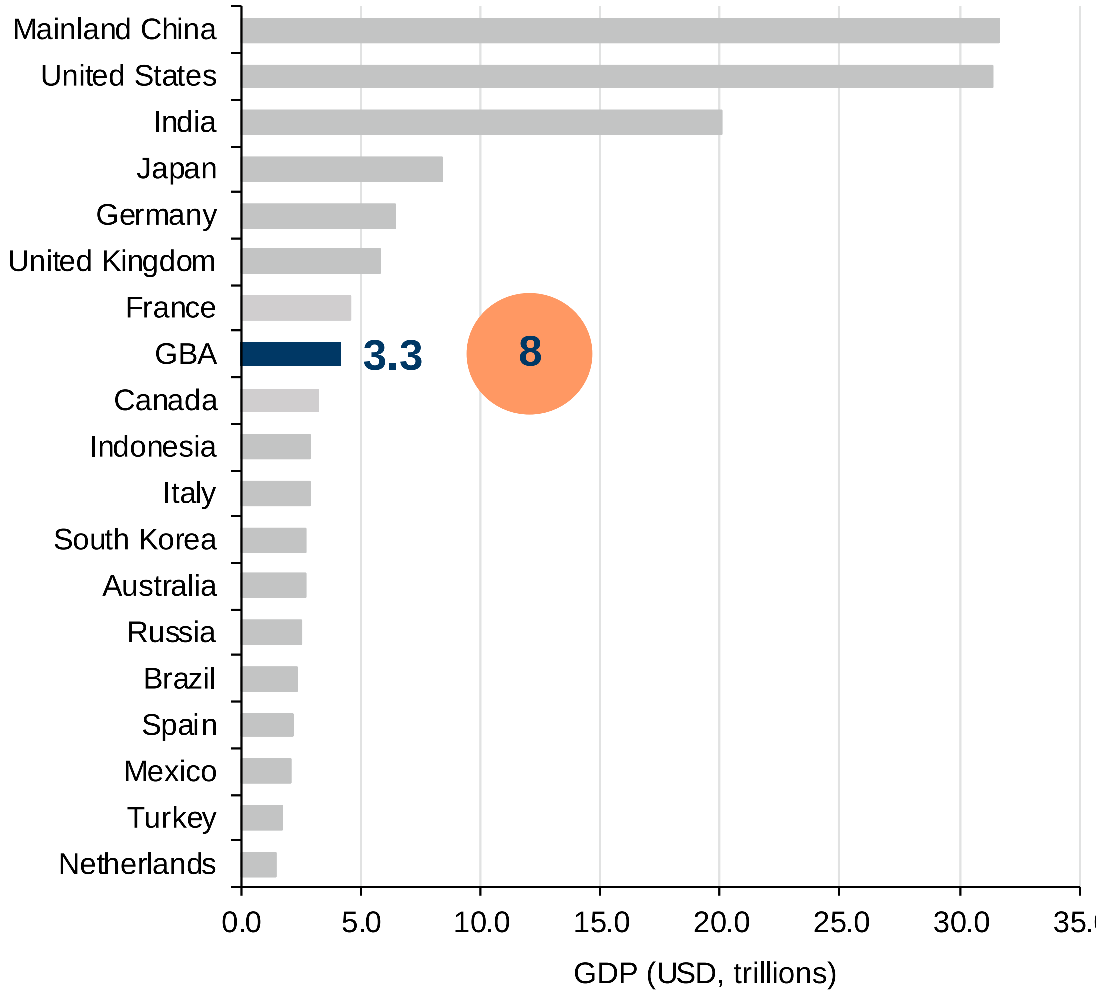
ALREADY THE WORLD'S 13TH LARGEST ECONOMY

Expected to rise to the Top 10 in ten years

GDP (as of End 2020)



GDP (as of End 2030)



Source: World Bank; Moody's Analytics; Cushman & Wakefield Research

AVIATION CAPACITY WILL BE ENHANCED BY 2025

Railway and motorway infrastructures were largely completed

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2017	2018	2019	2021	2022	2024	2025	2035

March
The GBA initiative is first mentioned in the central government work report

September
Express Rail Link (HK Section) opened

October
HK Zhuhai-Macao-Bridge opened

February
GBA Blueprint released

April
Nansha Bridge opened

August
Shenzhen Pilot Area Reform Policy document released

Year-End
HK 3rd Runway

Year-End
Framework formed for international first-class Bay Area

1st Half of the Year
Shenzhen-Zhongshan Corridor

Year-End
Third runway of Shenzhen Bao'an Airport

Year-End
Phase III Expansion of Guangzhou Baiyun Airport

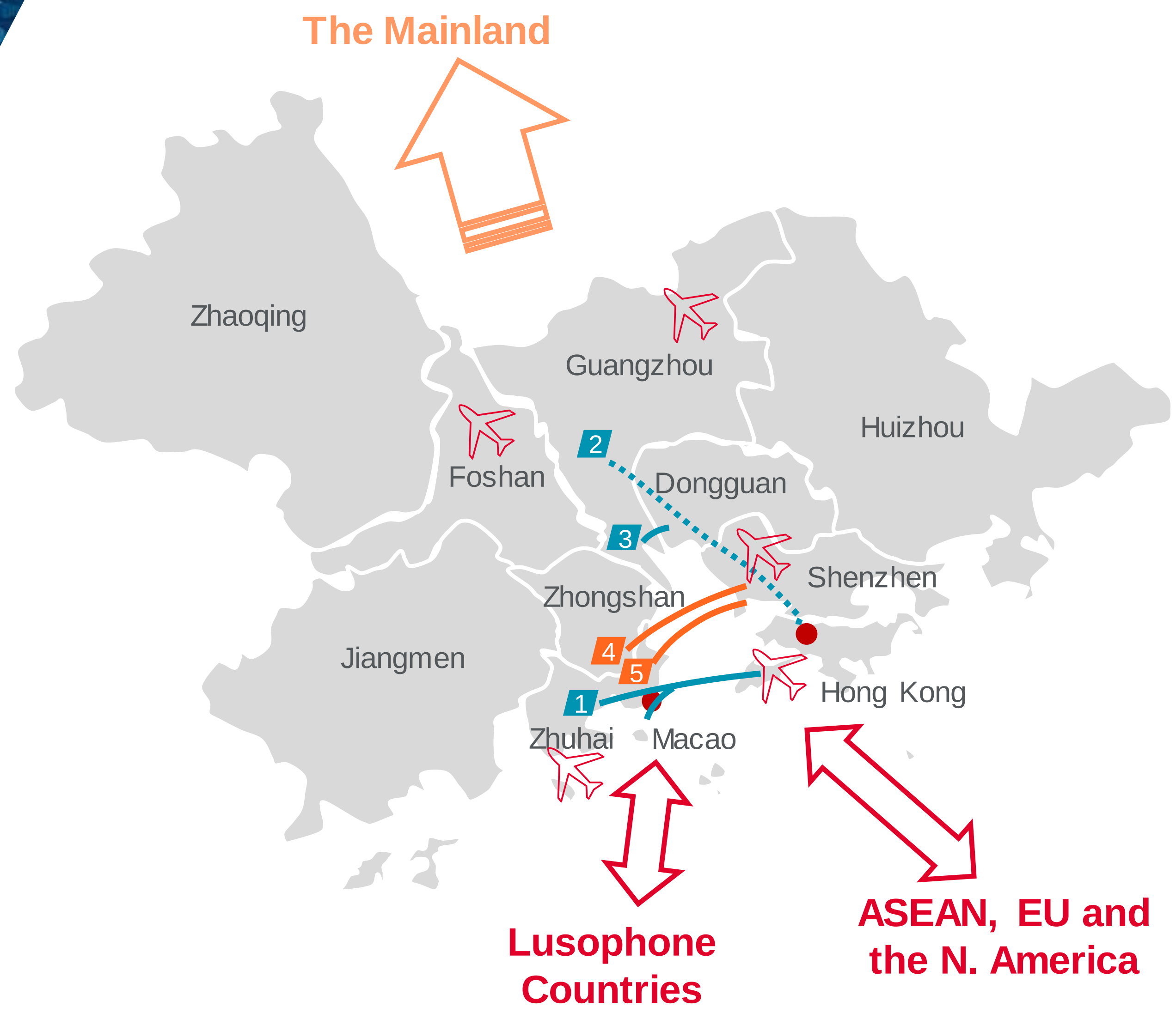
粤港澳大灣區 Greater Bay Area

Year-End
The GBA to become an innovation-led economic system with global influence

Source: HK Government; Media Info; Cushman & Wakefield Research

NEW AND BIGGER AIRPORTS CONNECT GBA WITH THE WORLD

Upgraded inter-city links connect cities within the GBA and beyond it



Under construction/planning
Express Rail Link

City	Airport	Completion Date	Increased Passenger Traffic (millions per year)
Hong Kong	Hong Kong Airport 3rd Runway	4Q22	30
Zhuhai	Zhuhai Airport Expansion	4Q23	15.5
Shenzhen	Shenzhen Airport 3rd Runway	4Q24	35
Guangzhou	Guangzhou Airport Expansion	4Q25	40
Foshan	Foshan New Airport	4Q35	30

No.	Name	Completion Date	Time Saving (Road Traffic)
1	Hong Kong-Zhuhai-Macao Bridge	4Q18	HK-Zhuhai: 195 mins
2	Guangzhou-Shenzhen-Hong Kong Express Rail Link	3Q18	HK-Futian: 31 mins HK-GZ South: 72 mins
3	Nansha Bridge (Humen 2nd Bridge)	2Q19	GZ-Dongguan: 30 mins
4	Shenzhen-Zhongshan Corridor	2024	SZ-Zhongshan: 100 mins
5	Lingdingyang Corridor (Shenzhen – Zhuhai)	TBC	SZ-Zhuhai: 30 mins

Source: Cushman & Wakefield Research

CONNECTIVITY IS THE KEY TO SUCCESS

It facilitates the movement of people, capital, goods and services in the region

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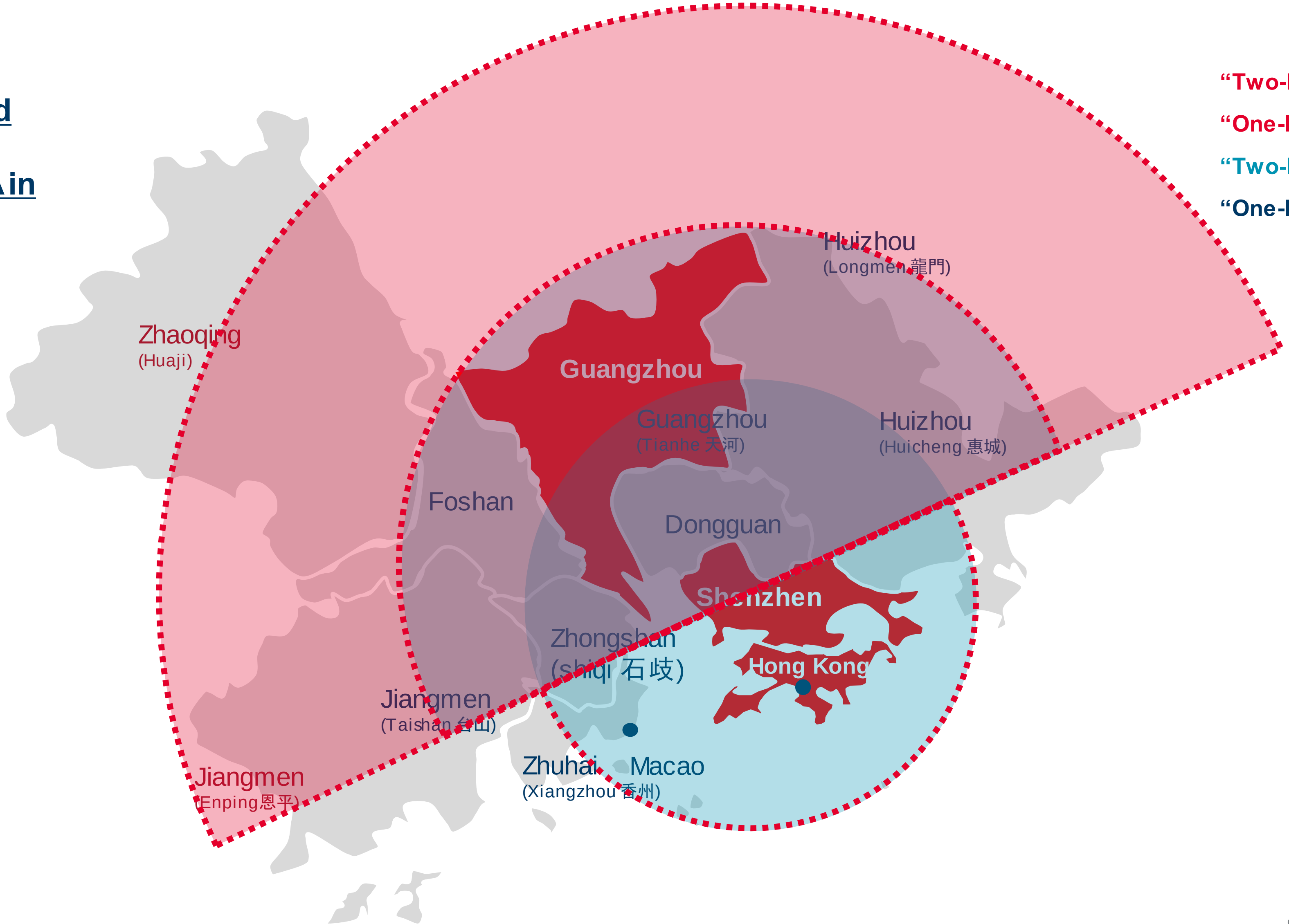
Shenzhen's "One- and Two-Hour Commute Circles" within the GBA in 2017 and Now



"Two-Hour Commute Circle" Now

"One-Hour Commute Circle" Now

"Two-Hour Commute Circle" in 2017

"One-Hour Commute Circle" in 2017

Source: Cushman & Wakefield

THE GBA OFFERS A DIVERSITY OF INDUSTRIES

The functionality of Hong Kong, Guangzhou and Shenzhen under the initiative



	Hong Kong	Guangzhou	Shenzhen
Positioning	• Global Financial/ Asset Management Hub • Offshore RMB Centre • Trading/ Professional Services Center • Aviation Hub • Legal/ Dispute Resolution Centre • Develop High Tech Industries	• National Core City & Transport Hub • Administrative Centre • Commerce & Trading Centre • High-end Manufacturing Hub • Cultural Centre	• Global Innovation & Creativity Hub • Cooperation Zone (Green Finance) (Fintech) • Pilot Area (Insurance Innovation)

Source: HK Government; Cushman & Wakefield Research

POLICIES AND MEASURES TO FACILITATE THE DEVELOPMENT OF GBA

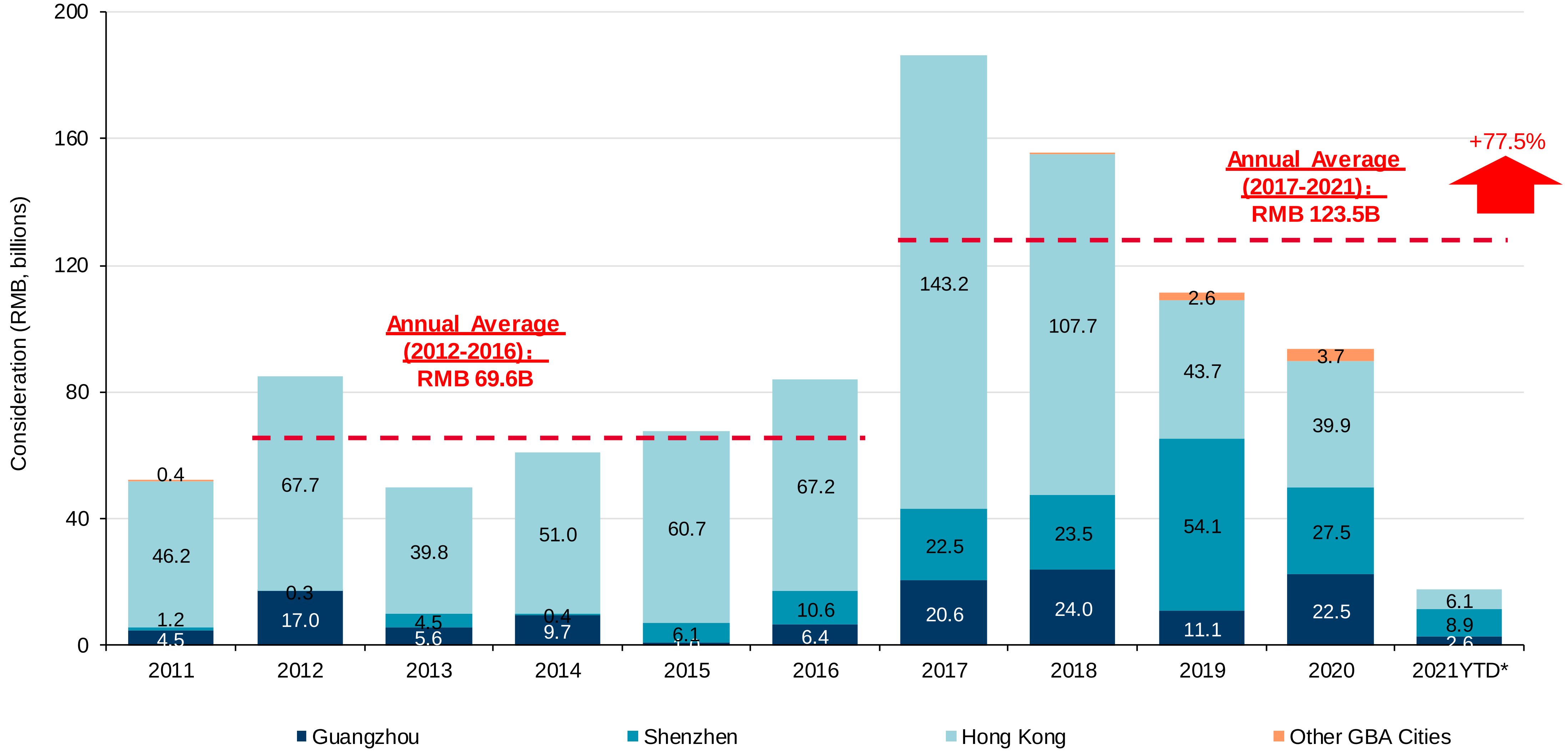
For Hong Kong and Macao citizens

- Buying Properties
- Employment Permits are not Required
- Income Tax Reform and Relief
- Housing Provident Fund
- Medical Services and Insurance
- No Minimum Capital Requirements for Law Firm Setup
- Opening Bank Account Remotely
- Equal Education

Source: HK Government; Cushman & Wakefield Research

INVESTMENT ACTIVITY HAS BEEN RISING SINCE 2017

Guangzhou and Shenzhen receive increasing attention

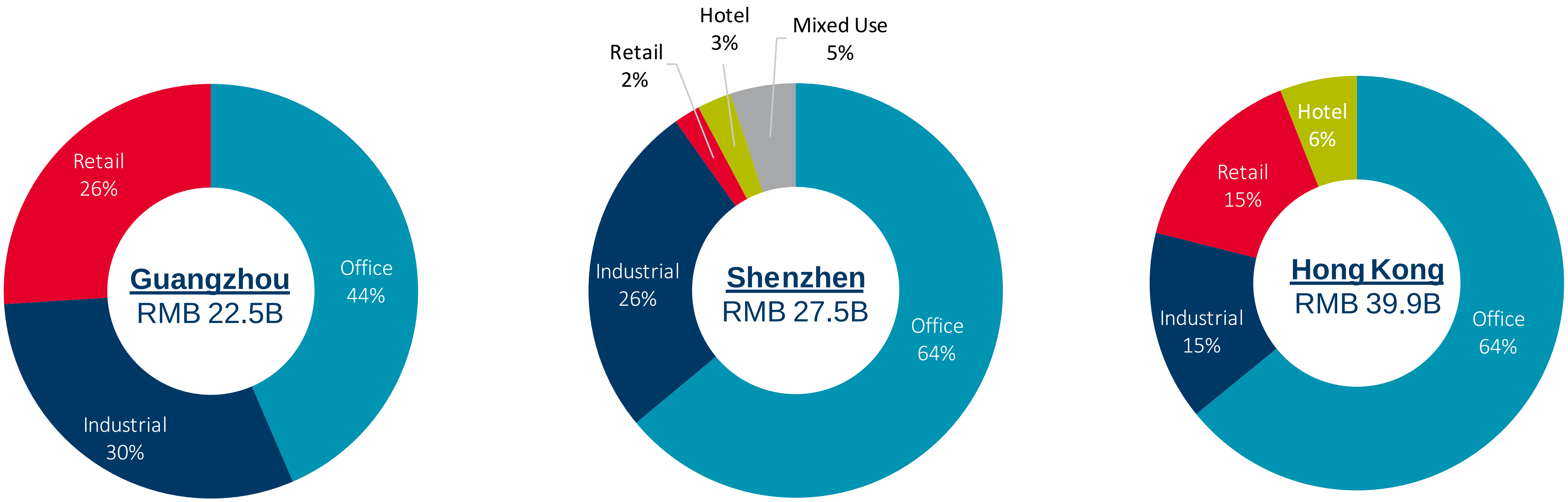


*Note: * YTD figure refers to total consideration as of end of Mar 2021*

OFFICE TRANSACTIONS DOMINATED THE MARKET IN 2020

Purchased assets in Guangzhou and Shenzhen were mainly for self-use

Type of Transacted Properties (By Consideration) in 2020



Source: Cushman & Wakefield Research

FOREIGN INVESTORS HAVE GROWN INCREASINGLY ACTIVE SINCE 2017

Though the overall market is still dominated by local investors in Shenzhen and Guangzhou

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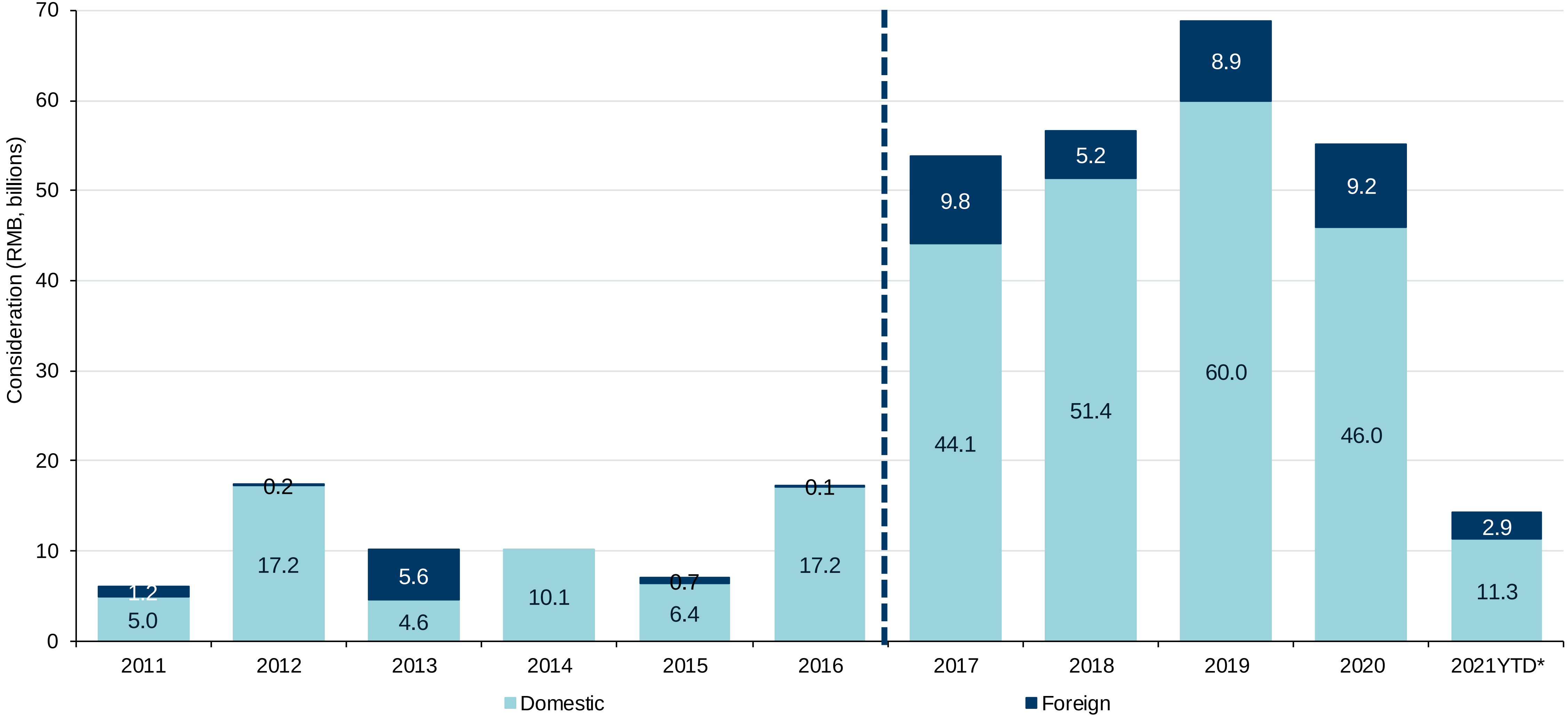
Property Investment volume in the GBA, excluding Hong Kong and Macao

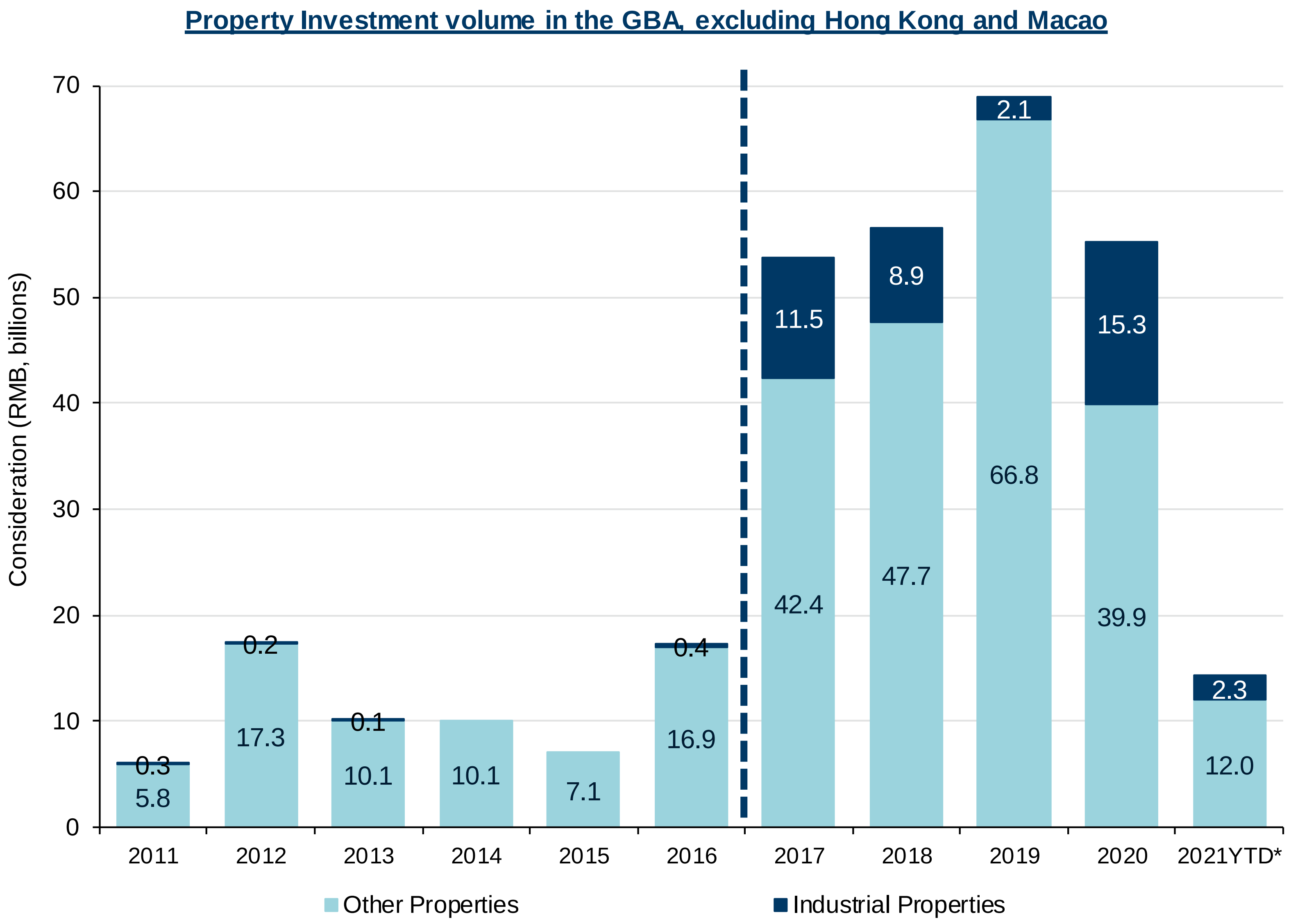


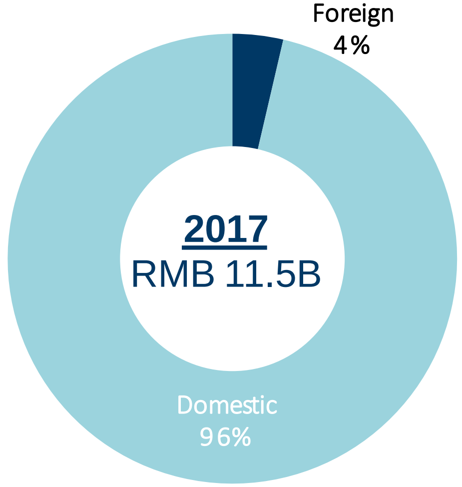
*Note: * YTD figure refers to total consideration as of end of Mar 2021*

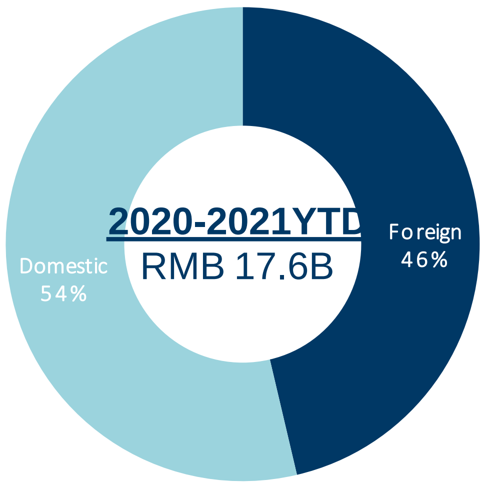
Source: RCA; Cushman & Wakefield Research

RISING INTEREST IN INDUSTRIAL PROPERTIES IN GBA SINCE 2017

46% of transacted industrial properties in 2020 and 2021 combined were acquired by foreign buyers







Note: * YTD figure refers to total consideration as of end of Mar 2021

Source: RCA; Cushman & Wakefield Research

SUMMARY

Property sectors set to continue to benefit from the GBA initiative

Industrial

- Core cities: urban renewal opportunities
- Regional cities: prime logistic parks/cold-chain storage

Office/ R&D

- Hong Kong: Grade A office space
- Shenzhen and Guangzhou: Grade A office and R&D centers

Retail

- Core cities: community malls and shopping centers with upgrade potential

MODERATOR:

James Shepherd
Head of Research
Greater China
james.shepherd@cushwake.com

PANELISTS:

Alva To
Vice President, Head of Consulting, Greater China
alva.yh.to@cushwake.com

Francis Li
International Director
Head of Capital Markets, Greater China
francis.cw.li@cushwake.com

Queeny So
Executive Director
Capital Markets, China
queeny.wt.so@cushwake.com

Q&A

Please click on the Q&A icon on the top right hand corner of your window to submit your questions.

CUSHMAN & WAKEFIELD
戴德梁行

James Shepherd
Head of Research
Greater China
james.shepherd@cushwake.com

Catherine Chen
Director, Research
Greater China
catherine.chen@cushwake.com

Sabrina Wei
Head of Research
North China
sabrina.d.wei@cushwake.com

Shaun Brodie
Head of Research
East China
shaun.fv.brodie@cushwake.com

XiaoDuan Zhang
Head of Research
South & West China
xiaoduan.zhang@cushwake.com

Keith Chan
Head of Research
Hong Kong
Keith.chan@cushwake.com

Wendy Hsueh
Head of Research
Taiwan
wendy.hj.hsueh@cushwake.com

Carol Zheng
Senior Analyst
Greater China
carol.zheng@cushwake.com

www.cushmanwakefield.com.cn

CUSHMAN & WAKEFIELD
戴 德 梁 行