MARKETBEAT
SHANGHAI
CAPITAL MARKETS H2 2024

CUSHMAN & WAKEFIELD 戴德梁行

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
70.73B YTD Transaction Volume (RMB)	-13.8%	▲
5.25% Office (CBD) Cap Rate	+75bps	—
5.70% Business Park Cap Rate	+50bps	—
5.30% Retail Cap Rate	+90bps	—

Source: Cushman & Wakefield

ECONOMIC INDICATORS Q3 2024

	YOY Chg	12-Month Forecast
4.7% GDP growth	▼	▲
0% CPI growth	▼	—
1.7% 10-year government bond rate	▼	▼

**10-year government bond rate is as of 31st Dec. 2024*
Source: Shanghai Statistics Bureau, China Foreign Exchange Trade System, Moody's Analytics

OFFICE AND BUSINESS PARK PROPERTIES TOP THE MARKET IN 2024

The Shanghai capital market recorded 42 transactions in Q4 2024, with total transaction volume reaching RMB18.2 billion. For the full-year 2024, 117 deals were completed with total transaction volume at RMB70.7 billion, the latter down 13.8% y-o-y. The market was characterised by “price for volume” in 2024, with the average single deal value declining by 13.5% y-o-y to RMB600 million. Deals at less than RMB500 million accounted for 67% of total transactions in the full-year 2024, reaching 81% in the Q4 period.

Office and business park properties continued to dominate the market in 2024, with transaction volume of RMB35.7 billion accounting for 50.5% of the year's total. Retail properties ranked second with a 14.6% share, chiefly supported by the Qibao Vanke Plaza, Songjiang In-City and Nanxiang In-City transactions. Apartment/residential assets were also in demand, with 11 transactions in Q4 accounting for 52.4% of the sector's full-year 2024 deal count.

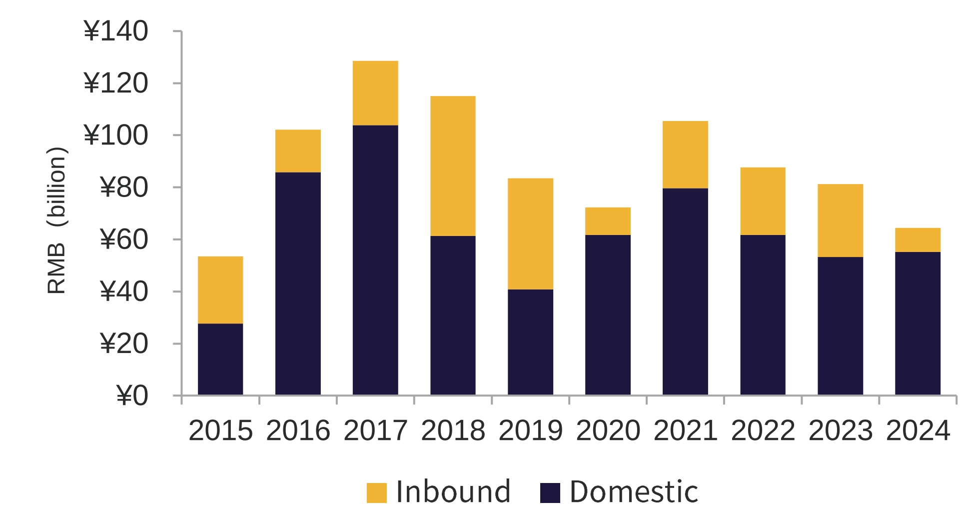
Domestic buyers accounted for 94% of the full-year transaction number and 87% of the transaction volume, marking a new nearly 8-year historic high. Among them, the number of individual and non-institutional investors rose significantly. Many such buyers favored office properties but were also keen on apartment/residential and industrial properties. Overseas buyers were mainly institutional investors, such as GIC's 48% equity acquisition of both Songjiang In-City and Nanxiang In-City.

Financial enterprises' share of transactions jumped significantly in 2024, mainly acquiring owner-occupied high-quality offices. Typical cases included Jiayin Technology's acquisition of the Lujiazui Investment Building. Meanwhile, SOE buyers were at the forefront of transaction volume, recording six owner-occupied transactions in 2024, with their share of owner-occupied buyer sector transaction volume in the past two years remaining at 17% to 19%.

OUTLOOK

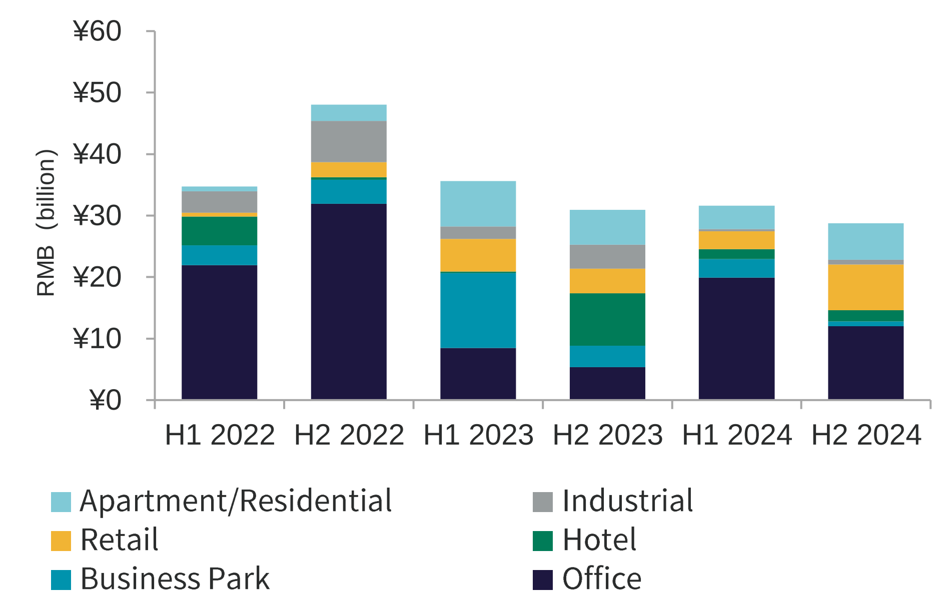
We expect that the "price for volume" trend will continue in the 1H 2025 period. Self-use investors will continue to favor Shanghai property assets. Self-use enterprises, individual investors, and SOEs from across the country will continue to become the main buyers of office and hotel properties. With the development of AI, domestic chip technology is expected to break through further, combined with surging computing power demand, in turn driving expanded demand for data center data storage and processing space.

INVESTMENT SALES VOLUME



Source: Cushman & Wakefield

INVESTMENT SALES VOLUME BY SECTOR



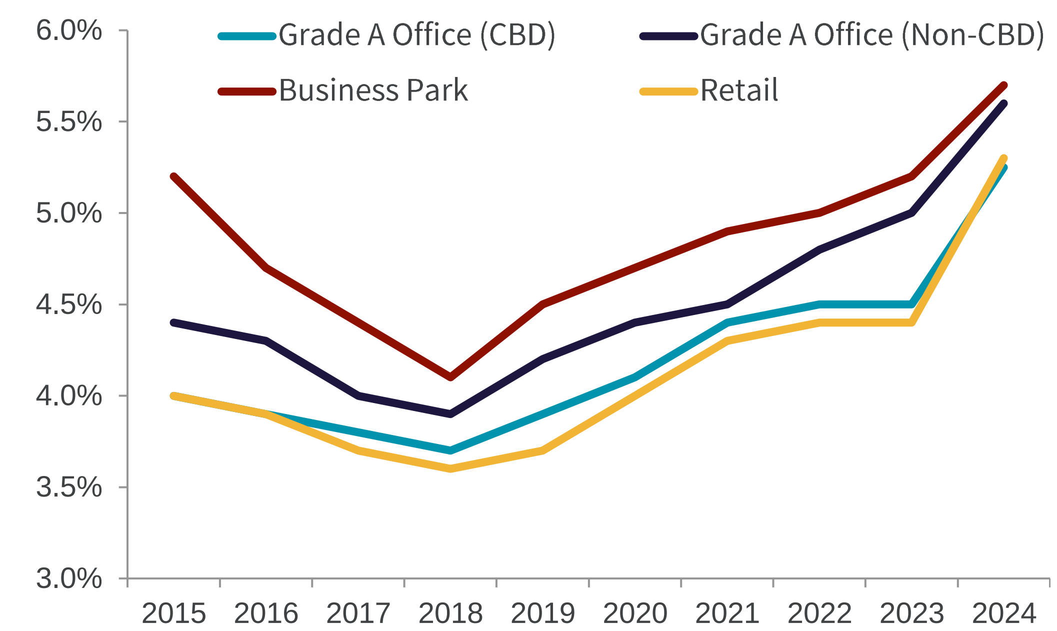
Source: Cushman & Wakefield

SIGNIFICANT SALES

PROPERTY	LOCATION	SECTOR	PRICE (RMB BN)	VENDOR	PURCHASER	DEAL TYPE
Jing'an NEO	Jing'an	Hotel	0.25	Hitone Capital	Energy Enterprise	Investment
Light Industrial International Tower	Hongkou	Office	0.33	Wuxi SOE	CCB Housing Rental Fund & Greystar	Investment
Yaohua Business Center T3	Pudong	Office	0.89	Shanghai Land	Shandong Hi-speed Group	Investment
China Overseas Center	Putuo	Office	0.30	China Overseas Group	Satchi	Owner Occupation

Sources: Real Capital Analytics, Cushman & Wakefield Research Closed transactions over $10 million
**SF includes office, industrial and retail. Unit calculation for apartment only*

CAP RATE TREND



Source: Cushman & Wakefield

SHAUN BRODIE
Senior Director
Head of Research Content, Greater China
Tel: +86 21 2208 0529
shaun.fv.brodie@cushwake.com

ERIC LU
Co-head & Executive Director
Capital Markets, East China
Tel: +86 21 2208 0571
eric.q.lu@cushwake.com

FRANK CAI
Co-head & Executive Director
Capital Markets, East China
Tel: +86 21 2208 0685
frank.f.cai@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2023, the firm reported revenue of $9.5 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), sustainability and more. For additional information, visit www.cushmanwakefield.com.