INSTANT INSIGHT

THE 15TH FIVE-YEAR PLAN

Reshaping China's Real Estate Market Landscape for the Next Five Years

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RESHAPING CHINA'S REAL ESTATE MARKET LANDSCAPE FOR THE NEXT FIVE YEARS

CUSHMAN & WAKEFIELD
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China's Five-Year Plan (FYP) remains the cornerstone of the country's medium and long-term strategy for national economic and social development, guiding policy across critical areas such as infrastructure, industrial structure, and the distribution of economic growth and social wellbeing.

The outlines of the 15th FYP, covering the period 2026–2030 (with a continued long-term vision to 2035), were agreed at the Fourth Plenary Session of the 20th Central Committee of the Communist Party of China in October 2025, with the release of the *Recommendations of the Central Committee of the Communist Party of China for Formulating the 15th Five-Year Plan for National Economic and Social Development.*

Since the launch of the inaugural FYP in 1953, China has implemented fourteen successive plans, each addressing immediate developmental priorities while remaining aligned with broader strategic objectives. This structured approach has created a tiered framework that integrates short-term, medium-term, and long-term goals into a cohesive national development strategy.

The 15th FYP for the period 2026 to 2030 marks a notable juncture in China's pursuit of its "Two Centenary Goals." As the first plan to advance the second centenary objective — building a modern socialist country in all respects — it follows the successful realization of the first goal of establishing a moderately prosperous society. Positioned between the prior 14th FYP covering the 2021 to 2025 period, and the long-term vision for 2035, the 15th FYP serves as a strategic bridge towards achieving comprehensive socialist modernization.

The global landscape during the 14th FYP period was significantly disrupted by the COVID-19 pandemic, rising anti-globalization sentiment, and increasing geopolitical volatility. These factors have dampened global economic momentum and introduced complex challenges to China's growth trajectory. Consequently, the nation faces mounting pressures on both domestic and international fronts, necessitating timely and coordinated policy solutions.

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Domestic Landscape

China's economic model has moved from its phase of "high-speed growth" to one of "high-quality development." Despite this evolution, structural challenges persist, including bottlenecks in core technologies, slow progress in the modernization of traditional industries, and demographic headwinds. At the same time, subdued consumer demand, vulnerabilities in the real estate sector, and local government debt continue to exert downward pressure on overall economic performance.

Global Context

The 14th FYP period was marked by a rapidly evolving international environment characterized by geopolitical complexity, decelerating global economic growth, and escalating regional tensions.
These dynamics have prompted a reconfiguration of global industrial and supply chains. In response, China's government is now moving to prioritize the allocation of strategic resources to safeguard national development interests, reinforce industrial and supply chain resilience, and preserve autonomy and control in key sectors.

In response to these challenges, the government has adopted a strategic framework focused on "establishing a new development paradigm centered on domestic circulation while promoting mutual reinforcement between domestic and international circulation."

The 15th FYP serves as the operational blueprint for executing this strategy. It outlines a comprehensive set of priorities aimed at driving sustainable and inclusive growth over the next five years:

- Building a modern industrial system
- Accelerating high-level scientific and technological self-reliance
- Strengthening the domestic market
- Enhancing drivers for high-quality development
- Expanding high-level opening-up and win-win cooperation
- Optimizing the regional economic landscape
- Promoting coordinated regional development
- Increasing efforts to safeguard and improve people's livelihoods

These objectives, formulated with a high degree of prudence and feasibility, both chart the course for China's economic, social, and industrial evolution and signal transformative changes in the country's real estate landscape into the future.

The major impacts of the 15th Five-Year Plan outline on the future real estate market can be summarized across five key themes:

- New quality productive forces and a modern industrial system are expected to boost demand growth for office buildings and industrial parks
- Expanding domestic demand and boosting consumption will support the development of physical retail properties
- High-quality opening-up will enhance the appeal of China market assets
- The real estate market will enter a stage of high-quality transformation
- Comprehensive green initiatives will make real estate developments more sustainable

Develop New Quality Productive Forces and Build a Modern Industrial System

The development of a modern industrial system has been elevated from the second priority in the 14th FYP to the top priority in the 15th FYP, underscoring its critical role in shaping China's future economic trajectory.

The establishment of a modern industrial system comprises three key components:

Optimizing and upgrading traditional industries

Including oil and gas, shipbuilding, machinery, coal, steel, chemicals, building materials, and related sectors

Cultivating and expanding emerging industries

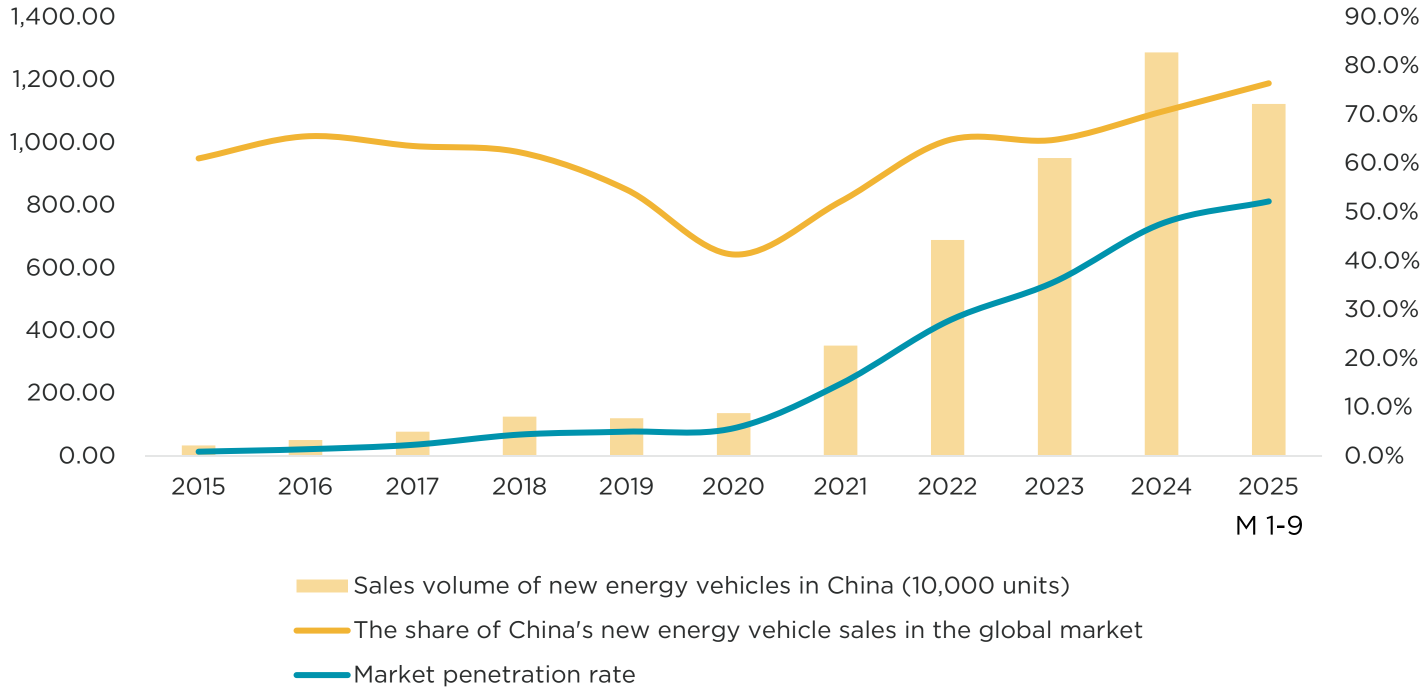
Such as aerospace, new energy, new materials, and biopharmaceuticals

Proactively positioning for future industries

Including nuclear fusion, humanoid robots, the metaverse, quantum technology, 6G, and others

During the 14th FYP period, China's government identified emerging industries — such as next-generation information technology, biotechnology, and new energy vehicles — as foundational pillars for industrial system transformation. With strong policy support, these sectors have achieved notable progress over the past five years. For example, new energy vehicles were designated as a strategic emerging industry in the 13th FYP. By 2015, annual production had surged to 340,000 units, from 78,500 units in 2014, marking a 333% year-on-year increase. Building on this momentum, the 14th FYP maintained the sector's strategic importance. Total new energy vehicle production reached 12.8 million units at the end of 2024, from 1.36 million units in 2020 (the first year of the plan), representing an average annual growth rate of 72%. This expansion is expected to solidify China's position as the global leader in new energy vehicle sales, with a projected market share of 76.4% (Figure 1).

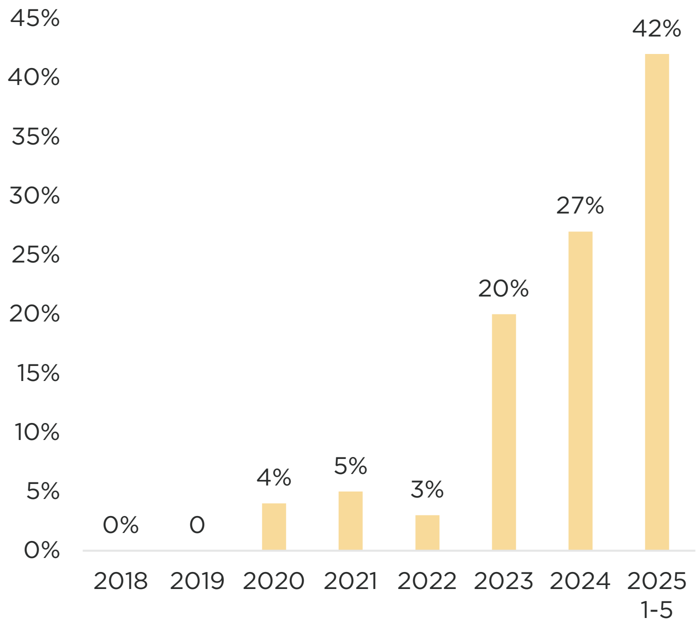
Figure 1: Growth trend of China's new energy vehicle industry



Source: Passenger Car Association / China Association of Automobile Manufacturers / EVTank

The biopharmaceutical sector offers another clear example of how strategic planning drives capital investment, technological innovation, and large-scale expansion. The global pandemic during the 14th FYP period underscored the sector's importance as a national strategic emerging industry. Following years of consolidation and capability building, China's pharmaceutical industry has now reached its own "DeepSeek" moment. Domestic firms are transitioning from generic drug production to innovative pharmaceuticals, attracting a wave of international licensing agreements. In the first five months of 2025, China's share of global large-scale pharmaceutical industry transactions, with upfront payments exceeding US$50 million, surged to 42% from just 4% in 2020 (Figure 2).

Figure 2: Global share of major licensing deals* by Chinese innovative pharmaceutical companies



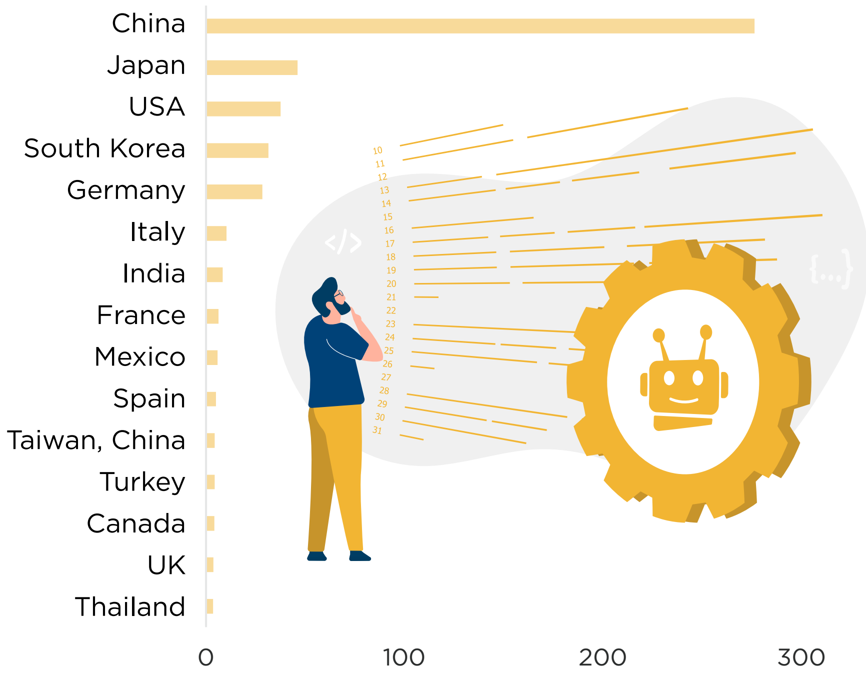
* Deals with upfront payments of US$50 million or more
Source: China National Radio Media

Table 1: Out-licensing transactions of selected innovative pharmaceutical companies in China in 2025

Transaction	Transferor	Transferee	Transaction volume (US$)
January 2025	Innovent Biologics	Roche	$1.08 billion
March 2025	Harbour BioMed	AstraZeneca	Over $4.5 billion
March 2025	United Laboratories	Novo Nordisk	$2 billion
May 2025	3SBio Inc.	Pfizer	$6.05 billion
May 2025	Evopoint	Astellas	Over $1.5 billion
June 2025	Hansoh Pharmaceutical	Regeneron	Over $2 billion
June 2025	CSPC	AstraZeneca	$5.33 billion
October 2025	Innovent Biologics	Takeda Pharmaceutical Company	$11.4 billion

The proposal for the 15th FYP identifies the direction of new quality productive forces as "intelligentization, greening, and integration." Enterprises capable of transforming traditional industries through artificial intelligence (AI) are expected to benefit from expanded development opportunities over the next five years. Since 2021, China's manufacturing sector has made significant strides in AI adoption. The number of industrial robots installed in China now exceeds the combined total of all other regions globally. In 2023, China led the world with 276,300 industrial robots installed — six times the number in Japan and 7.3 times that in the United States (Figure 3).

Figure 3: Number of industrial robots installed in selected countries as at 2023



Source: Stanford University *2025 Artificial Intelligence Index Report*

The advancement of strategic emerging and future industries depends heavily on robust R&D investment, which in turn is expected to boost demand in the office and industrial park real estate markets. In recent years, these markets have experienced subdued activity, primarily driven by relocations and limited net new demand. Over the next five years, increased policy and capital support for industrial and technology enterprises is expected to spur the creation of new firms and the expansion of existing ones. This will likely stimulate demand for office and industrial park space, enabling the sector to recover and enter a new growth phase.

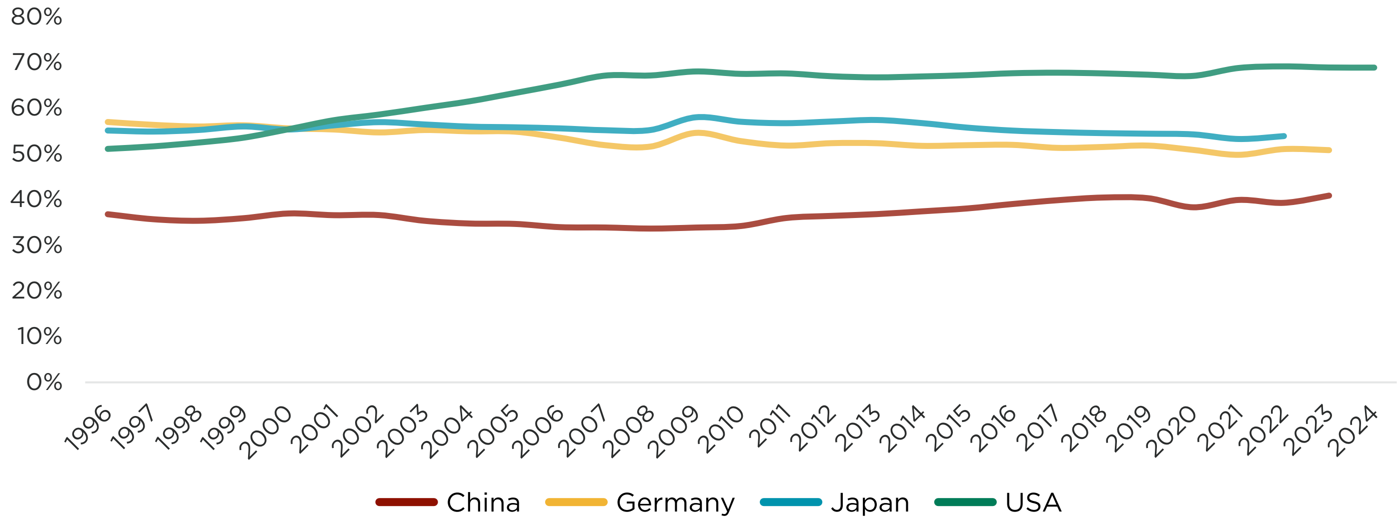
Expand Domestic Demand and Vigorously Boost Consumption

"We will steadfastly maintain the strategic focus on expanding domestic demand, closely integrate efforts to benefit people's livelihoods with boosting consumption and investment in both physical assets and human capital, let new demand drive new supply, and let new supply create new demand, thereby vigorously stimulating consumption."

The focus during the 14th FYP period was to "organically integrate the implementation of the strategy to expand domestic demand with deepening supply-side structural reform," continuing the core logic of supply-side reform established in the 13th FYP. In the 15th FYP outline, the relationship between supply and demand is further refined as "new demand driving new supply, and new supply creating new demand," signaling a strategic shift toward the demand side. This marks a new phase in China's top-level economic design, transitioning from a reliance on physical investment and supply-side reforms to a dual-pronged approach that stimulates both supply and demand.

Currently, as the marginal effects of investment diminish and exports face growing external uncertainties, domestic demand has become increasingly vital to sustaining economic growth. However, challenges arising from pandemic-related disruptions, combined with structural issues in the real estate sector and local government debt, have eroded consumer purchasing power and dampened spending sentiment. As a result, household consumption expenditure has consistently remained at less than 40% of GDP — significantly lower than in developed economies (Figure 4). Insufficient effective demand has thus emerged as a key constraint on China's economic development.

Figure 4: Share of household consumption expenditures of GDP by country (1996–2024)



Source: World Bank

Over the past decades, China has achieved notable success in "investing in physical assets" — such as infrastructure, real estate, and manufacturing equipment — where returns are high and impacts are immediate. In contrast, investment in human capital and public welfare has lagged behind. The 15th FYP introduces the concept of "investing in people," signaling a policy shift toward addressing public concerns in areas such as education, social security and employment, healthcare, and affordable housing. These efforts aim to enhance residents' sense of security and, in turn, stimulate consumption. In 2025, the government allocated RMB100 billion in childcare subsidies and RMB20 billion to gradually implement free preschool education. Over the next five years, policies focused on investing in people are expected to intensify, unlocking greater consumer potential.

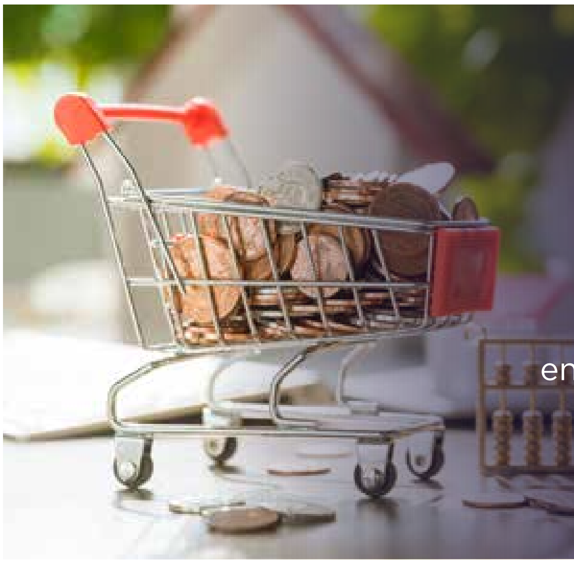
The proposal for the 15th FYP highlights the principle of "using new demand to drive new supply, and using new supply to create new demand," which places new demands on physical retail properties while also creating development opportunities. The Central Economic Work Conference held at the end of 2024 identified "vigorously boosting consumption and comprehensively expanding domestic demand" as the top economic priority for 2025, setting the strategic tone for the development of consumer infrastructure REITs. The 2025 *Special Action Plan for Boosting Consumption* further explicitly states that "support will be provided for qualified projects in consumption, cultural tourism, and other sectors to issue infrastructure REITs," offering clear national-level policy guidance for such consumer infrastructure REIT development.

The combined effect of strong policy momentum and high-quality underlying assets has enabled the 11 publicly offered consumer infrastructure REITs currently listed to deliver outstanding performance since issuance. Their distinct advantages — including prime locations, strong operational capabilities, and stable cash flow — alongside continued policy support, have driven significant gains for consumer infrastructure REITs in the secondary market.

Table 2: Cumulative share price changes of 11 consumer infrastructure public REITs since listing (as at October 15, 2025)

REIT	Listing date	Current stock price vs IPO price
Cathay Shih Mei	March 12, 2024	74.7%
E Fund Huawei Farmers' Market	January 24, 2025	71.4%
Huaxia First Outlets	August 28, 2024	60.5%
Huaxia Joy City Business	September 20, 2024	46.5%
Huaxia China Resources Business	March 14, 2024	45.6%
Huaxia JINMAO Commercial	March 12, 2024	36.7%
CICC In-city	April 30th, 2024	33.8%
Hua'an Bailian	August 16, 2024	27.2%
CICC China Green Development	June 27, 2025	25.5%
CICC VIPShop Outlets	September 12, 2025	22.8%
Huaxia Kaide Business	September 29, 2025	11.9%

Source: Cushman & Wakefield Valuation and Advisory Services Department

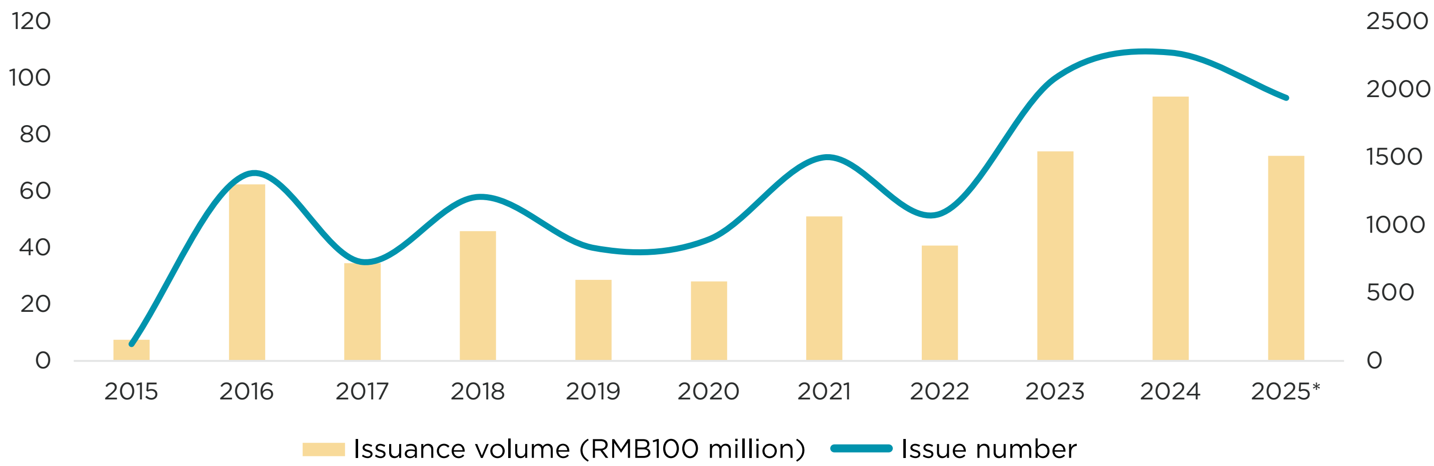


Over the next five years, as government efforts to stimulate consumption intensify and consumer-focused REITs continue to expand, physical retail properties are expected to attract growing investor interest. This trend will encourage retail assets to continuously adapt through brand repositioning, exploration of new consumer demands, and engagement with younger demographics. By aligning supply with evolving demand, the sector is poised to achieve sustainable, upward development in a dynamic, cyclical progression.

Expand High-Quality Opening up and Create a New Landscape of Win-Win Cooperation

Against the backdrop of rising global protectionism, China has remained committed to opening its economy to the world. Panda bonds serve as a prime example: as a core asset for global investors seeking renminbi exposure and a financial vehicle promoting deeper integration between China and the global economy, Panda bonds have attracted significant market attention due to their capital cost advantages. With cumulative issuance now exceeding RMB1 trillion, they exemplify the progress of China's two-way opening-up strategy.

Figure 5: Number and scale of Panda bond issuances



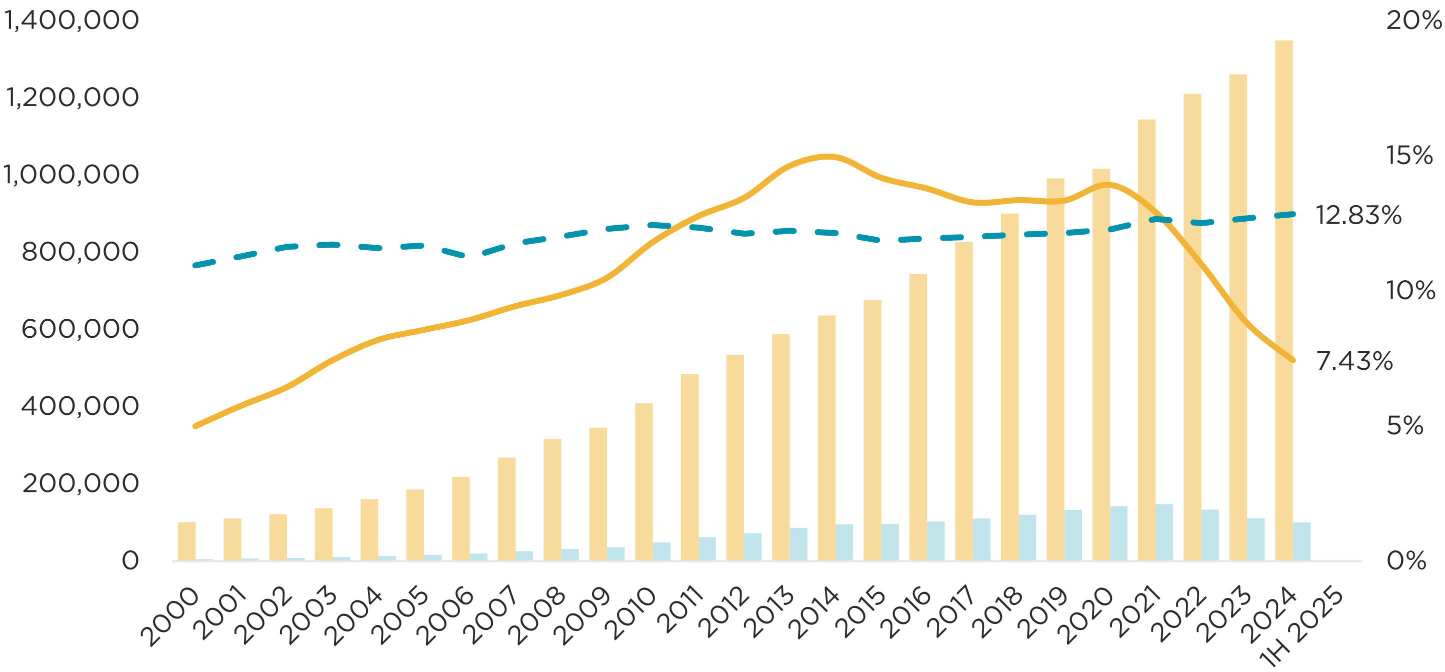
*Data as at October 22, 2025
Source: Wind

This year has seen a notable shift in foreign capital's attitude toward Chinese assets, with increasing allocations to the domestic China market. While current inflows are primarily directed toward equities, the high degree of policy certainty and clearly defined targets outlined in China's 15th FYP — combined with the continued depreciation of the U.S. dollar and rising expectations for RMB appreciation — are expected to draw foreign capital back into China's large-scale property transaction market in search of value opportunities. Over the medium to long term, asset classes such as retail properties, industrial logistics facilities, data centers, and office buildings are likely to garner growing interest from international investors.

Strengthen Efforts to Safeguard and Improve People's Livelihoods, and Promote High-Quality Development in the Real Estate Sector

The 15th FYP places the promotion of high-quality development in the real estate sector within the broader context of improving people's livelihoods. This reflects a fundamental shift in the role of real estate in national economic development. Following five years of painful adjustments, the sector's negative impact on the broader economy has significantly diminished. China's economic reliance on real estate has gradually declined, with total real estate investment as a share of GDP falling to 7.4% in 2024 from nearly 15% in 2014. By comparison, the mature U.S. market has maintained a stable real estate sector share of GDP at around 12% over the years (Figure 6). This suggests that, following this period of correction, China's real estate industry still holds potential for upward growth, as the market transitions from "having a place to live" to "living well."

Figure 6: Trend of real estate development investment as a percentage of GDP



Source: National Statistics Bureau / Federal Reserve Bank of St. Louis

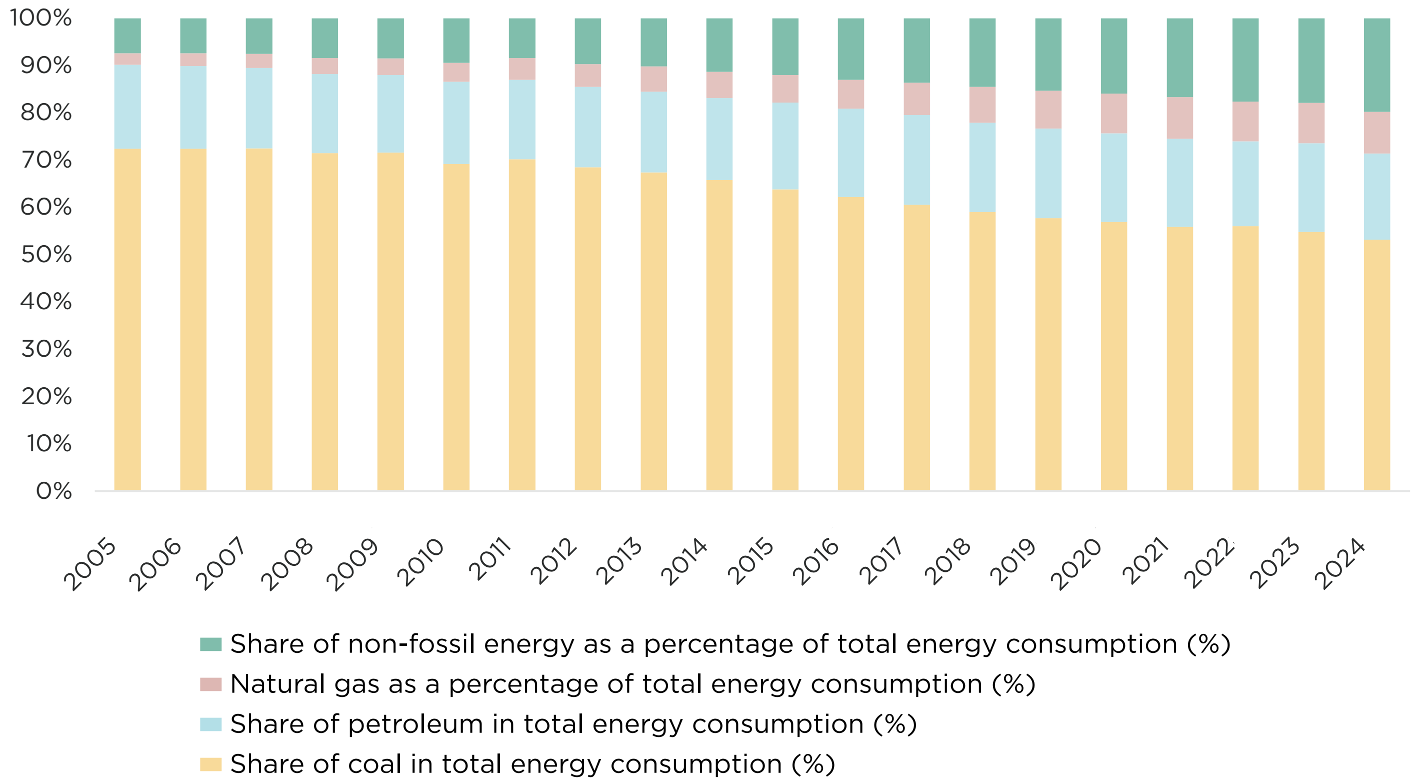
The introduction of the "quality housing" concept this year has triggered strong new home sales across multiple cities, highlighting the market's substantial untapped potential for improvement-driven demand. Continued policy support is expected to provide a stable foundation for home prices through 2026–2027, serving as a key precursor to moderate reflation. Future policy initiatives will likely focus on affordable housing construction, rental market development, and urban renewal projects. Overall, the sector's development will continue to follow a dual-track approach that integrates commercial and affordable housing, supported by a multi-subject supply system and multi-channel financing. This will help the real estate sector return to its essential role in serving the needs of the people.

Accelerate the Comprehensive Green Transformation of Economic and Social Development

"Driven by carbon peaking and carbon neutrality, we will enhance the momentum for green development. We will accelerate the construction of a new energy system, actively and steadily advance and achieve carbon peaking, and expedite the formation of green production and lifestyles."

Data from the National Bureau of Statistics shows that coal's share in China's energy consumption dropped to 53.2% in 2025 from 72.4% in 2005, while the share of non-fossil energy sources rose to 19.8% from 7.4% (Figure 7). This shift reflects China's ongoing efforts to transition toward a cleaner, more sustainable energy structure.

Figure 7: Trend of consumption share of different energy types from 2005 to 2024 (%)



Source: National Bureau of Statistics

At the press conference following the Fourth Plenary Session, Zheng Zhaojie, Director of the National Development and Reform Commission, stated that by the end of the 15th FYP period, the vast majority of new energy demand will be met through increased clean energy generation. The current scale of China's green energy industry stands at approximately RMB11 trillion, with the potential to double — or even exceed that — over the next five years. Additionally, the 15th FYP period includes the establishment of around 100 national-level zero-carbon industrial parks. All new projects within these parks will be required to obtain green certification to ensure reduced energy consumption and improved energy efficiency.

With zero-carbon industrial parks setting the standard, the real estate sector faces both significant opportunities and challenges under the dual-carbon framework. According to the UN Environment Programme's 2024–2025 report, the global construction sector accounts for 34% of carbon emissions, most of which stem from energy use during building operations. This underscores the considerable potential for emission reductions within the real estate industry.

At the same time, ESG (Environmental, Social, and Governance) considerations are increasingly shaping the sector. ESG ratings are being widely adopted and integrated into investment decisions by financial institutions, while sustainability principles are gaining traction at the project level as key indicators of quality. The integration of ESG criteria throughout the full lifecycle of commercial real estate projects is redefining property value within the sustainability framework.

SUMMARY

If the 14th Five-Year Plan (FYP) marked the "initial phase following the achievement of a moderately prosperous society," then the 15th FYP ushers in the "acceleration phase of modernization." This new planning cycle is tasked with addressing immediate developmental challenges as well as laying a strategic foundation for China's trajectory over the next 10 to 15 years. Over the coming five years, shifts in strategic priorities are expected to drive significant transformations — elevating anti-involution to a national policy orientation while building a modern industrial system; establishing new real estate models alongside a systematic overhaul of the domestic demand framework; and expanding high-level opening-up while pursuing a consistent, society-wide green transition.

These shifts collectively outline a renewed blueprint for structural development, steering China's economy away from its traditional reliance on investment and exports and towards a more resilient model anchored in domestic demand. The plan emphasizes sustainable and balanced coordination between supply and demand, in turn unlocking new avenues for growth and development within China's real estate sector.

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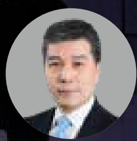

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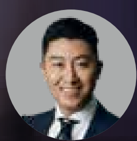

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