OUTTHINK

GREATER CHINA OUTLOOK 2026

GREATER CHINA RESEARCH

DECEMBER 2025

Better never settles

CUSHMAN & WAKEFIELD
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EXECUTIVE SUMMARY

The macro economy
2026 will remain a year of adjustment for economic restructuring, with expanding domestic demand and boosting consumption serving as the primary drivers of economic growth in the coming year.

Office
The development of new-quality productive forces will drive significant growth in TMT industry demand in 2026, with supporting facilities having become and continuing to serve as the core differentiating advantage for property owners.

Industrial logistics
By 2026, the integration of logistics and manufacturing facilities will continue to strengthen supply chain resilience and competitiveness across Greater China. The reshaping of global industrial chains will create investment opportunities for factory space relocation.

Hot themes and alternatives
Data centers powered by artificial intelligence will continue to attract investor attention; amid intense market competition, asset management will increasingly demonstrate its critical role in enhancing real estate value.

Retail
Fierce market competition has propelled the rapid rise of Chinese retail brands, shifting their focus from “scale expansion” to “value creation.” The consumer market is evolving from satisfying material needs to delivering experiential value and emotional resonance.

Capital Markets
The expansion of C-REITs to include office buildings and hotels will significantly boost investor interest in these sectors.

INTRODUCTION

As the opening year of the 15th Five-Year Plan, the development of commercial real estate in Greater China in 2026 will be influenced by multiple factors including macroeconomic conditions, industrial layout, market supply, and consumer evolution. This report examines recent trends in the real estate market and explores key areas that may shape future market opportunities in 2026. Specifically, the report focuses on the following aspects:

- The macro economy;
- Hot themes and alternatives;
- The office sector;
- The retail sector;
- The industrial logistics sector;
- Capital Markets, and;
- The city markets, including:

  Beijing / Shanghai / Shenzhen / Guangzhou / Chengdu / Hong Kong / Taipei

THE MACRO ECONOMY

Boosting Consumption

Expanding domestic demand and boosting consumption will become the top priorities for driving economic growth in 2026, with the focus shifting from the supply side to the demand side. The government will enhance residents' sense of security in areas such as education, social security, employment, healthcare, and affordable housing, thereby increasing their willingness to consume.

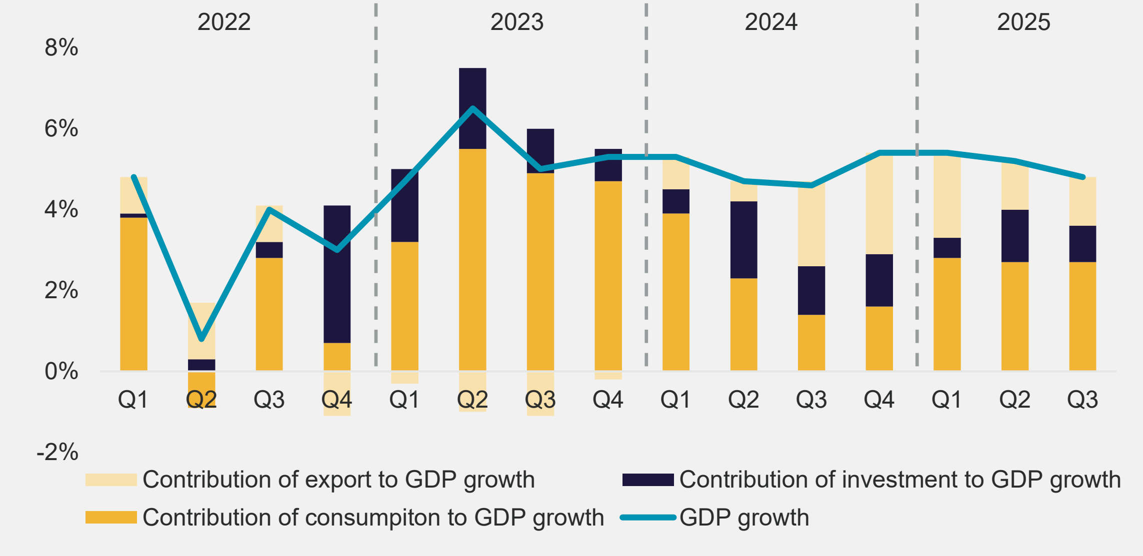
New Quality Productivity and a Modern Industrial System

Planning-led, capital-backed, and technology-driven breakthroughs culminating in scaled expansion have proven an effective pathway for China's industrial development and breakthroughs. By 2026, China will focus on technology conversion to create incremental markets, which is expected to spawn a new wave of enterprises while enabling existing companies to achieve scaled expansion.

High-Quality Development in Real Estate

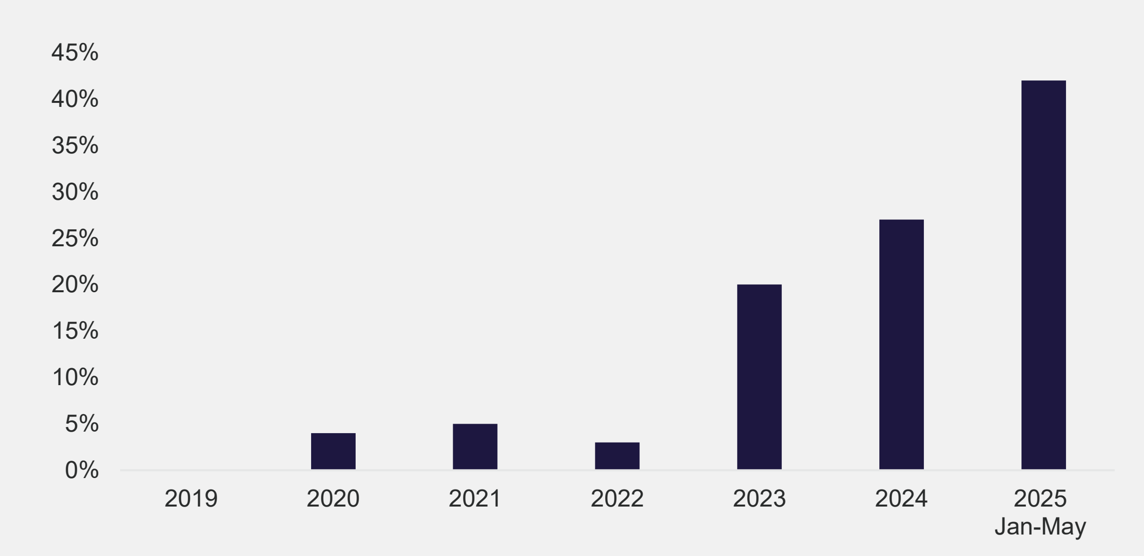
The shift from “having a place to live” to “living well” has fundamentally transformed the role of real estate in national economic development. Overall market prices are expected to stabilize by 2026, paving the way for moderate reflation. Market growth will continue to focus on affordable housing construction, rental market development, and urban renewal projects.

FIGURE 1: MAJOR DRIVERS OF CHINA'S ECONOMIC GROWTH (2022–Q3 2025)



Source: National Statistics Bureau, Cushman & Wakefield Research

FIGURE 2: TREND IN CHINA'S SHARE OF GLOBAL LARGE-SCALE LICENSING TRANSACTIONS FOR INNOVATIVE DRUGS



Source: CMG, Cushman & Wakefield Research

HOT THEMES AND ALTERNATIVES

Asset Management — The Value Engine

Real estate asset management is vital in Greater China due to intense supply competition, particularly in the commercial real estate sectors. Rapid development has caused vacancies to tick up and rents to soften. Effective asset management is now and will be crucial for project differentiation, moving beyond mere maintenance. It involves optimizing operational efficiency, implementing strategic ESG retrofits, and meticulously curating the tenant mix. This proactive approach is and will be necessary to maximize Net Operating Income (NOI), attract stable institutional capital, and preserve asset value amidst market saturation.

Go Green or Go Home

Sustainability is and will be crucial for Greater China's real estate sector because it directly addresses the urgent need to meet ambitious net-zero carbon goals and manage acute climate-related risks, such as rising sea levels and extreme weather. Beyond regulatory compliance, it is a financial necessity, as investors and tenants increasingly demand ESG performance, driving up the valuation and desirability of green-certified buildings. Integrating sustainability practices, from energy-efficient design to retrofitting existing stock, is and will be paramount for risk mitigation, ensuring long-term asset value, and maintaining a competitive edge in this rapidly evolving market.

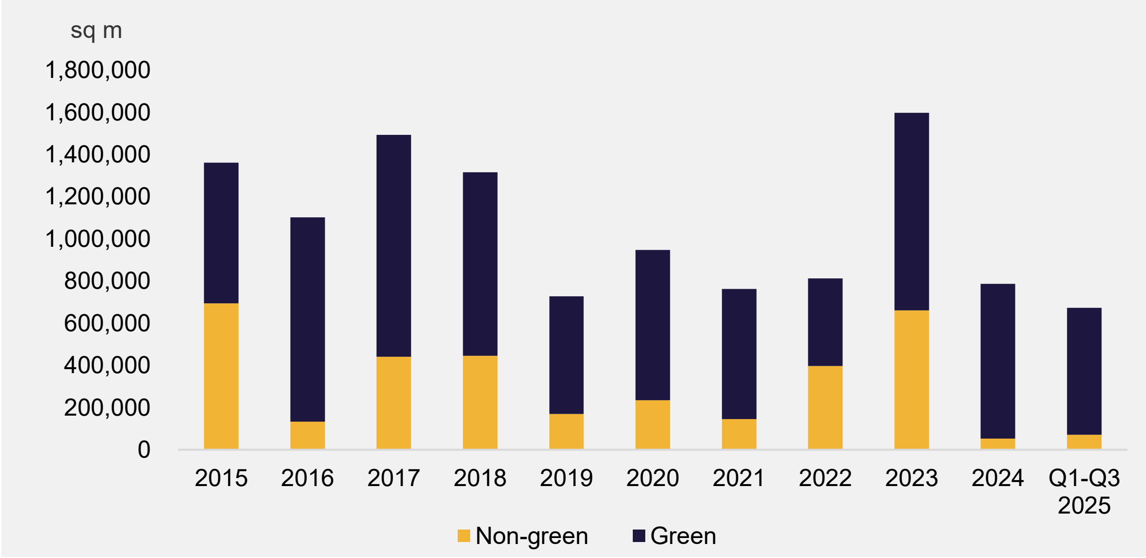
The AI-Driven Infrastructure Boom

Greater China's data center market is booming, driven by massive demand for AI, cloud computing, and digital infrastructure. Government initiatives like "East Data, West Computing" strategically have shifted processing to the energy-rich west. This has required huge investment in specialized, AI-ready, high-density facilities. Ahead, the rise of 5G, IoT, big data and AI will compel both local and international firms to expand, making data centers a high-growth asset class.

FIGURE 3: SERVICES RELATED TO ASSET UPGRADING AND RENOVATION

Source: Cushman & Wakefield Project & Development Services, Cushman & Wakefield Research

FIGURE 4: SHANGHAI GRADE A OFFICE SUPPLY – GREEN AND NON-GREEN GFA (2015-Q3 2025)



Source: Cushman & Wakefield Research

THE OFFICE SECTOR

High-Tech Economy to Shape Office Demand

Office leasing demand in Greater China post-2025 will be driven by strategic sectors aligned with technological self-reliance and high-quality growth. The TMT sector (AI, Big Data, biotech) will expand significantly, requiring high-spec workplaces in key innovation centers. The Finance industry (Fintech, green finance) will drive "flight to quality," seeking premium, well-located space. Additionally, New Energy (EVs, renewables) and High-end Manufacturing will fuel resilient demand for headquarters and R&D facilities, prioritizing ESG-compliant buildings and talent proximity.

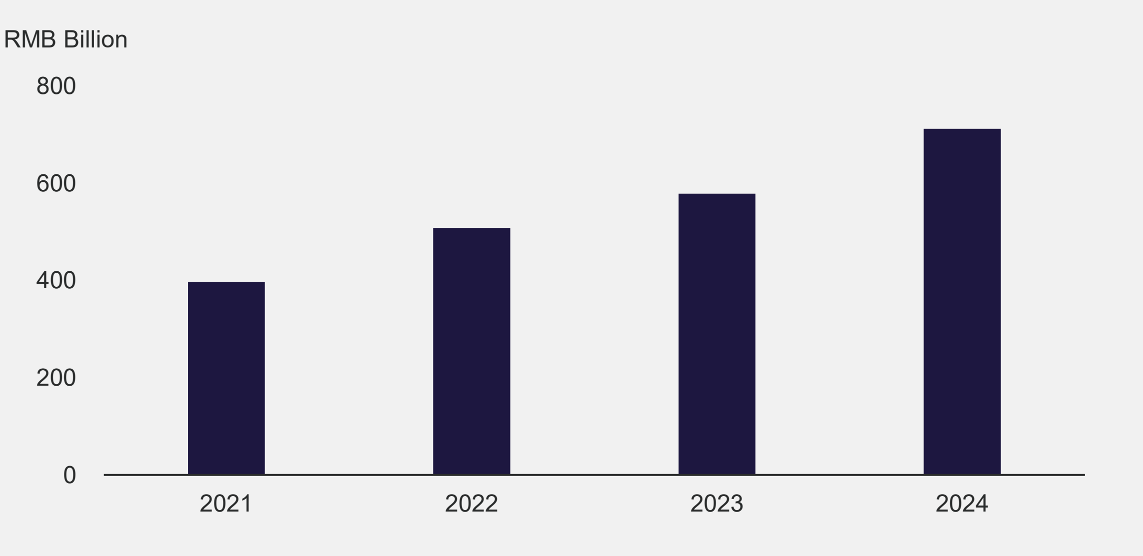
Owner Occupiers to Support Market Resilience

Owner-occupiers will remain a crucial stabilizing force in Greater China's office market, providing significant absorption. High-growth domestic firms, especially in high-tech and finance, will actively acquire space for self-use. To date, this strategy grants them control over capital expenditure and establishes a stable headquarters statement. In key markets, owner-occupiers now drive a major share of investment transactions, highlighting their essential role in both the leasing and investment sectors.

Amenities Key to Providing the Office With an Edge

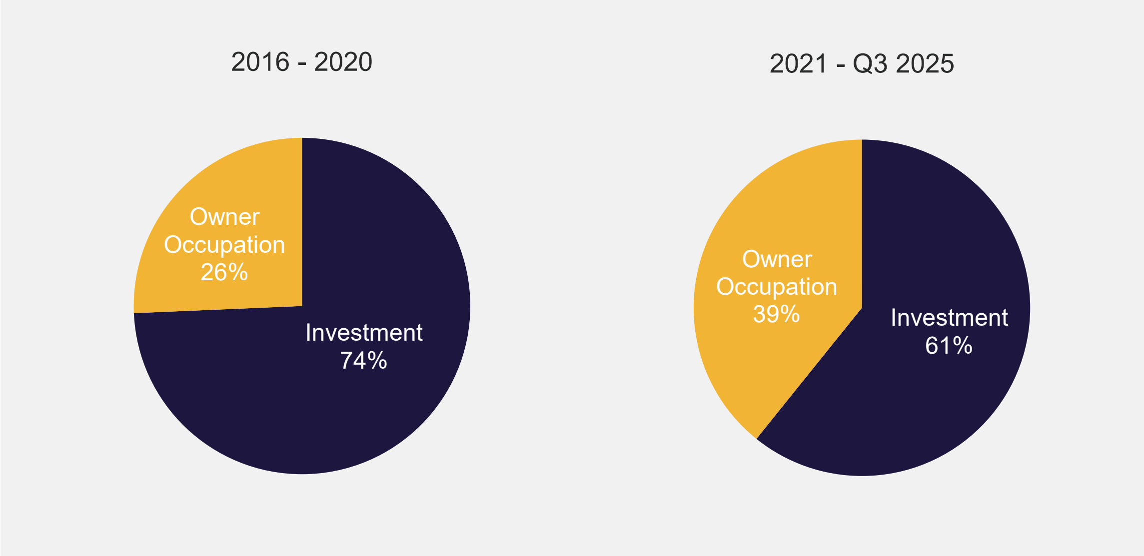
Amenity provision is now and will continue to be a paramount differentiator for office landlords in Greater China's competitive office market. Tenants, driven by the need for talent attraction and retention, demand buildings that prioritize the employee experience. Ahead, landlords must strategically invest in sophisticated features like wellness facilities, collaborative spaces, high-quality dining, and superior smart building technology. Elevating the building to an amenity-rich ecosystem will be essential to justify higher rents, boost occupancy, and significantly improve long-term tenant stickiness.

FIGURE 5: CORE AI INDUSTRY MARKET SCALE ON THE CHINESE MAINLAND (2021-2024)



Source: Shenzhen AIIA, CAICT, Cushman & Wakefield Research

FIGURE 6: TIER I CITIES OFFICE INVESTMENT BUYER PROFILE BY TOTAL CONSIDERATION (2016-2020 VS. 2021-Q3 2025)



Source: Cushman & Wakefield Research

The Rise of Domestic Brands

China's vast and dynamic consumer market has gradually positioned the country as a global innovation hub for retail. Domestic retail brands are transitioning from rapid expansion to refined development, shifting their focus from "scale growth" to "value creation," and exerting greater influence within the global consumer brand value chain.

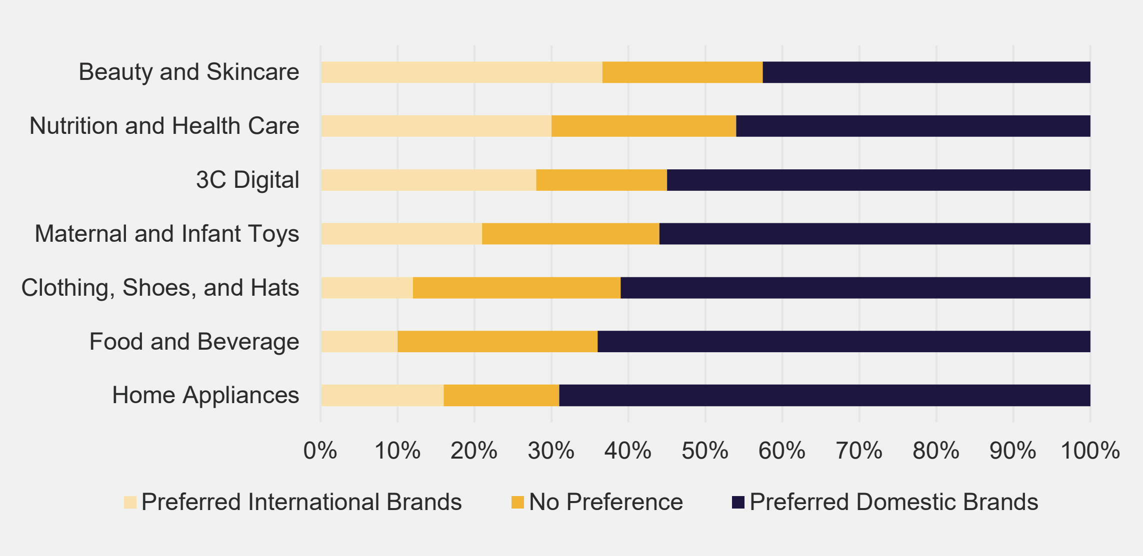
Experience and Emotional Resonance

The focus of new-generation consumption is shifting from material fulfillment to emotional value acquisition. The pursuit of identity recognition will drive the rapid rise of niche brands, domestic trend designs, and customized services. Consumption scenarios no longer limit themselves to single shopping purposes, instead embedding consumption within diverse contexts of entertainment, socializing, and self-improvement.

Intelligent Technology Empowering Retail

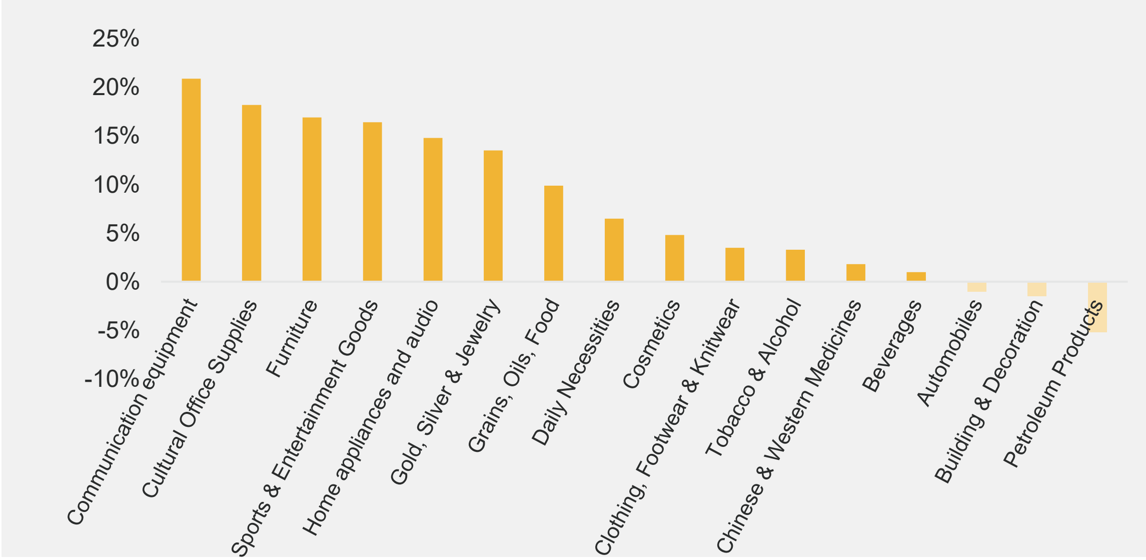
The boundaries of consumer scenarios are being continuously reshaped by the widespread application of intelligent technologies. Retail enterprises are transitioning from single-channel operations to omnichannel integration strategies. Intelligent technologies will deeply integrate with the retail industry, reconstructing operational logic and driving sector advancement.

FIGURE 7: CONSUMER BRAND PREFERENCES IN CHINA BY 2025



Source: Accenture 2025 China Consumer Survey, Cushman & Wakefield Research

FIGURE 8: CUMULATIVE YEAR-ON-YEAR GROWTH IN RETAIL SALES BY PRODUCT CATEGORY (THROUGH NOVEMBER 2025)



Source: National Statistics Bureau, Cushman & Wakefield Research

THE INDUSTRIAL LOGISTICS SECTOR

Supply Chain Synergy to Further Integrate

Integrating logistics with manufacturing facilities will continue to be vital for boosting Greater China's supply chain resilience and competitiveness. This strategic co-location aligns with national efforts to enhance industrial efficiency. By placing warehousing and value-added processing adjacent to manufacturing hubs, firms will be able to achieve deep cost savings via reduced transport and lower inventory holding (just-in-time). This synergy will enable smart, automated clusters offering superior responsiveness and end-to-end visibility, which will be essential for maintaining China's global manufacturing leadership.

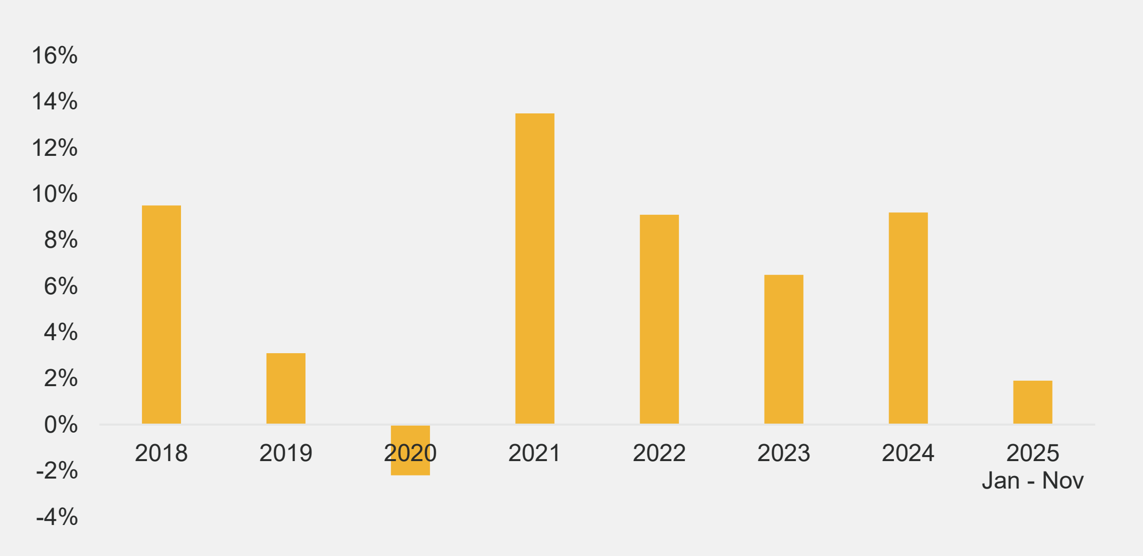
From Boxes to Bots

The adoption of the latest technology in Greater China's logistics properties will be imperative for cost control and maintaining global competitiveness. Facing escalating labor costs and soaring e-commerce demand for faster delivery, landlords will continue to invest in sophisticated automation systems — including Robotics and Autonomous Mobile Robots (AMRs) — to maximize facility throughput and efficiency.

Factory Space Freed up For New Owners

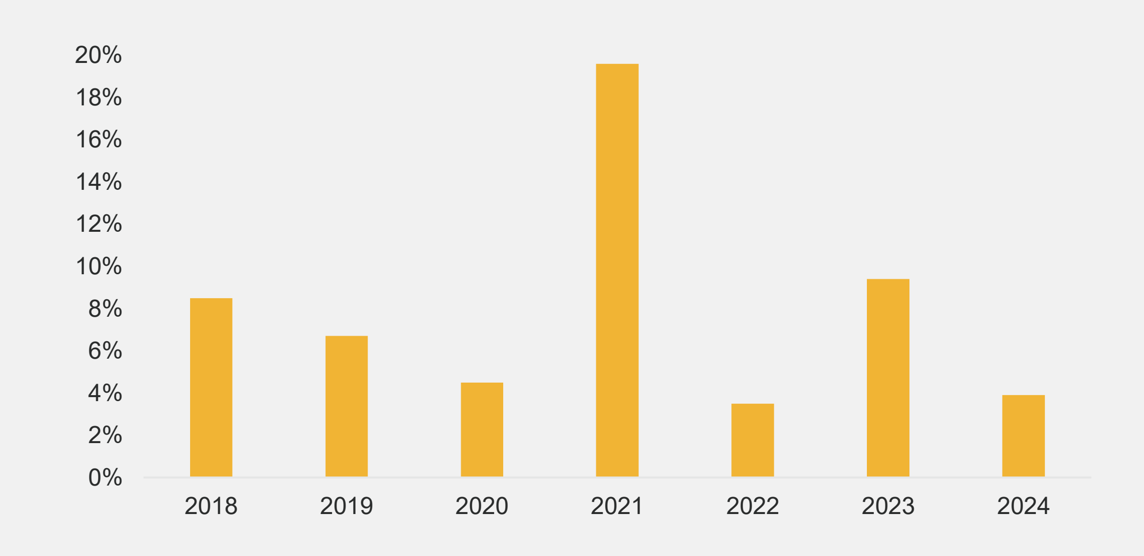
The "China Plus One" strategy, while causing some low-value production to shift, will continue to present a buy-side opportunity for quality factory space. Relocation frees up prime, well-located industrial assets with superior infrastructure and established supply chains — unmatched elsewhere. This quality stock is and will be quickly absorbed by domestic manufacturing giants and international firms upgrading their operations to focus on high-end, high-value manufacturing (e.g., EVs). This turnover allows and will continue to allow investors to acquire future-proof facilities, solidifying Greater China’s role as the essential high-tech manufacturing hub.

FIGURE 9: FIXED ASSET INVESTMENT IN THE MANUFACTURING INDUSTRY ON THE CHINESE MAINLAND — Y-O-Y GROWTH (2018 - JAN-NOV 2025)



Source: National Statistics Bureau, China, Cushman & Wakefield Research

FIGURE 10: E-COMMERCE TRANSACTION VOLUME ON THE CHINESE MAINLAND — Y-O-Y GROWTH (2018 - 2024)



Source: National Statistics Bureau, China, CIECC, Cushman & Wakefield Research

CAPITAL MARKETS

CRE Investment Activity Stabilizes

Total commercial real estate (CRE) transaction volume in Greater China remained stable on a year-over-year basis in the first three quarters of 2025, totaling RMB269 billion. Investment activity significantly improved in China's Tier 2 and Tier 3 cities partly led by large portfolio deals. Looking ahead to 2026, we anticipate deal activity to improve in the Chinese mainland and in Hong Kong, driven by lower interest rates, increasing demand from owner occupiers, and the opening of C-REITs to include more commercial real estate sectors.

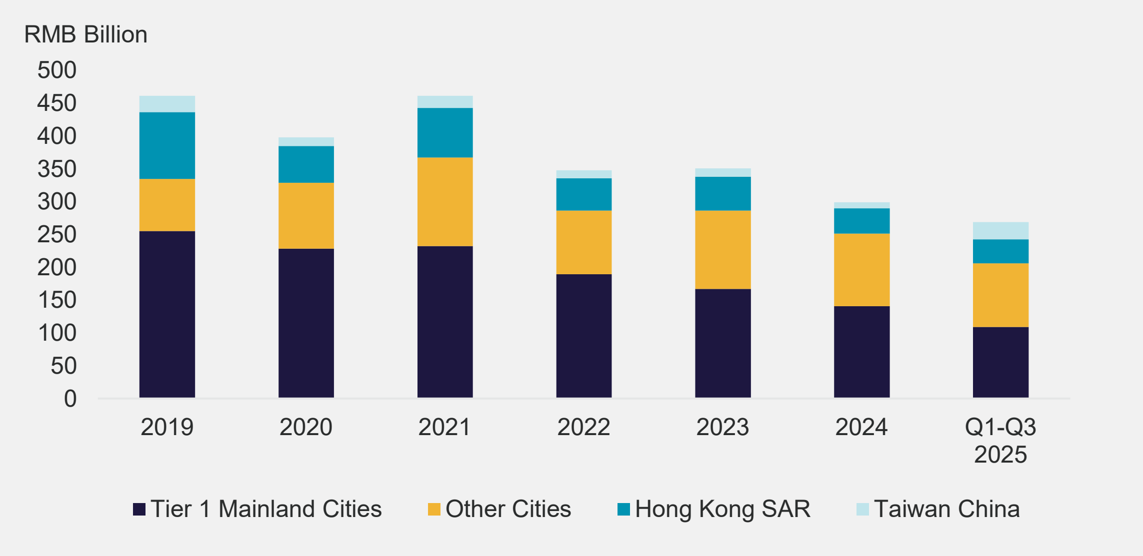
Domestic Investors Dominate the Market

The share of inbound investment in the Chinese mainland hit a historic low during the first three quarters of 2025. The market has been predominantly driven by domestic investors, particularly insurance companies, banks, and owner-occupiers. Meanwhile, foreign capital activity has remained subdued, influenced by the easing of interest rates in other overseas markets over the past year. This trend is expected to persist in the near term.

REITs Market Continues to Expand

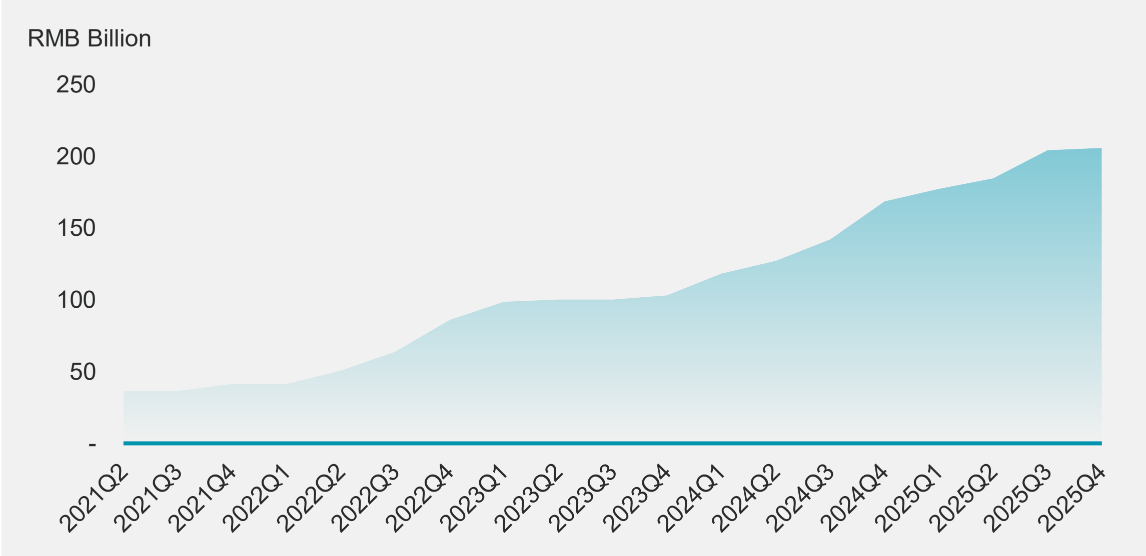
The China REITs market is set to play a crucial role in revitalizing the commercial real estate investment landscape by offering broader liquidity channels and more diverse capital sources. With the recent announcement of asset class expansion to include Grade A office buildings and 4+ star hotels, the continued development of the C-REITs market is expected to enhance capital allocation efficiency and strengthen the long-term stability of China's commercial real estate sector.

FIGURE 11: GREATER CHINA INVESTMENT BY DESTINATION (2019-Q3 2025)



Source: Source: MSCI RCA, Cushman & Wakefield. Data include deals over RMB 100m in Chinese mainland and Hong Kong SAR; exclude development sites and entity deals

FIGURE 12: CHINESE REITs ISSUANCE SIZE (2021-2025)



Source: Bloomberg, Cushman & Wakefield. Data as November 2025

THE CITY MARKETS
BEIJING

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Table 1: Office, retail, industrial markets in Beijing (Q4 2025)

	Office	Retail	Industrial Logistics*
Stock (sq m)	13,679,917	17,439,169	4,535,000
Vacancy rate	15.89%	10.5%	30.6%
Rental (RMB/sq m/month)	205.62	2,100	47.6
Cap rate*	Core 5.5% Sub 5.7%	5.6%	5.1%

** Industrial logistics and cap rate updated to Q3 2025*
Source: Cushman & Wakefield Research

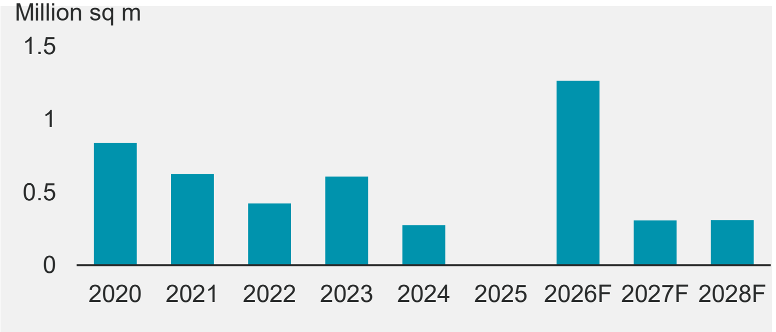
Office

- **Supply** – Ahead, 1.88 million sq m of new supply is scheduled to enter the market by the end of 2028, of which 1.26 million sq m will complete in 2026, mainly concentrated in CBD, Tongzhou and Wangjing-Jiuxianqiao submarkets. The influx of new supply will keep the market under pressure over the next year, with vacancy rates rising and rents will continue to face downward pressure.
- **Demand** – The entry of new supply will enhance market liquidity. Meanwhile, the implementation and upgrading of industrial policies will accelerate the growth of leasing demand in 2026. 2025 marks the concluding year of the “14th Five-Year Plan” period, through which high-tech industries have emerged as Beijing’s primary economic pillar. The TMT sector has taken a 45% share of total transactions by area in the past five years. It is expected that the TMT sector will gain further performance in the Beijing office market. In addition, the tenant’s market continues and domestic tenants will continue to dominate the market.

Retail

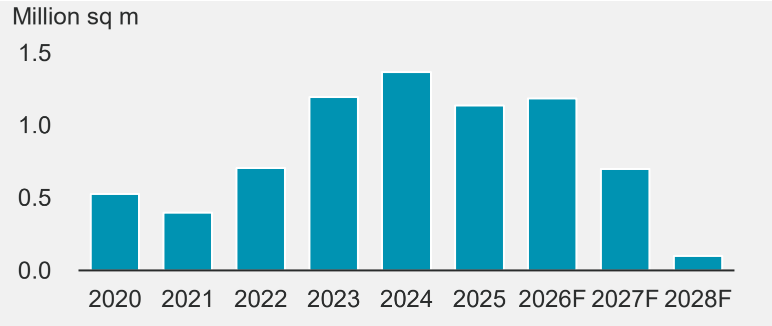
- **Supply** – Nearly 1.1 million sq m of new supply is scheduled to enter the Beijing retail market in 2026. Most are from mature developers and located in suburban areas, filling a gap of high-quality consumption spaces in these districts. Meanwhile, the city will persist in revitalizing and upgrading idle and outdated commercial spaces, and we expect further small-scale urban renewal commercial projects to emerge in the market ahead.
- **Demand** – Under the policy support, several older commercial projects have been renovated and revitalized, which not only actively introduce brand first stores but also increasingly integrate cultural elements, emphasize time-honored brands, and create immersive consumption environments with district cultural characteristics. As consumers' demand for emotional value-driven consumption grows, all projects will continue to make efforts in these areas in the future.

FIGURE 13: OFFICE NEW SUPPLY (2020-2028F)



Source: Cushman & Wakefield Research

FIGURE 14: RETAIL NEW SUPPLY (2020-2028F)



Source: Cushman & Wakefield Research

THE CITY MARKETS

BEIJING

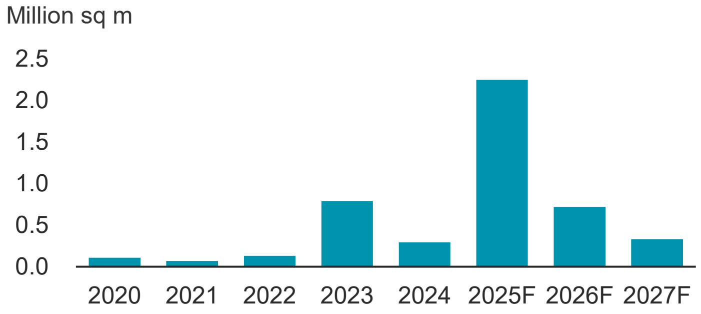
Industrial Logistics

- **Supply** – Beijing's logistics market saw a supply peak in 2025. Going forward, supply will keep tilting toward the peripheries, with prominent coordinated supply in the Beijing-Tianjin-Hebei (BTH) surrounding areas. Pinggu, Shunyi and other suburban districts, along with Langfang and other BTH regions, will remain key supply sources. Driven by policies on high-standard warehouses, the modernization of Beijing's warehousing market will be further enhanced.
- **Demand** – Driven by e-commerce's growing penetration, deeper BTH coordinated development, and advancing industrial integration, Beijing's logistics market demand structure will further optimize in 2026. E-commerce, 3PL, and manufacturing will remain key leasing drivers. Additionally, enterprises' demand for cost reduction and efficiency improvement will expand the application scenarios of smart logistics technologies.

Investment

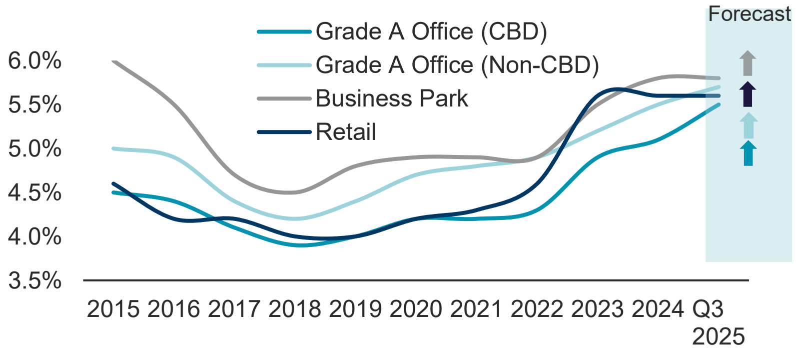
- **Market is facing downward pressure** – For Q1 to Q3 2025, total transaction volume for the period was RMB10.1 billion, slumping 66.0% y-o-y to mark the lowest level in five years. A total of 18 transactions were completed in the Q1-Q3 period, with those at less than RMB1.0 billion taking a 80% share of the total deal count. Institutional investors also demonstrated strong interest in data center, shopping center, and rental apartment assets, each taking a more than 20.0% share of total transaction volume.
- **REITs program expend invigorating market activity** –The decline in asset prices has spurred diversification in buyer profiles, and new investment buyers have boosted market confidence. The development of AI technologies and surging demand for computing power will help data centers receive more attention. Insurance sector buyers also remain keen on the long-term rental apartment sector. Finally, as the REITs program is to cover office and hotel assets, office and hotel projects are expected to reshape value, by then, investment interest in the underlying asset of REITs will continue to rise.

FIGURE 15: LOGISTICS NEW SUPPLY (2020-2027F)



Source: Cushman & Wakefield Research

FIGURE 16: CAP RATE TREND AND OUTLOOK (2015-Q3 2025)



Source: Cushman & Wakefield Research

Table 2: Beijing outlook

		Office	Retail	Industrial Logistics
Outlook (2025-2026 Change)	Supply	↑	↑	↓
	Absorption	→	→	→
	Vacancy	↑	↑	↑
	Rental	↓	↓	↓
The Market (2026)	Tenant / Landlord			

Source: Cushman & Wakefield Research

THE CITY MARKETS
SHANGHAI

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Table 3: Office, retail, industrial markets in Shanghai (Q4 2025)

	Office	Retail	Industrial Logistics*
Stock (sq m)	17,873,097	25,957,701	12,219,000
Vacancy rate	23.4%	9.2%	24.2%
Rental (RMB/sq m/month)	201.4	713.0	40.9
Cap rate*	Core 5.7% Sub 6.1%	5.9%	5.5%

**Industrial logistics and cap rete updated to Q3 2025*

Source: Cushman & Wakefield Research

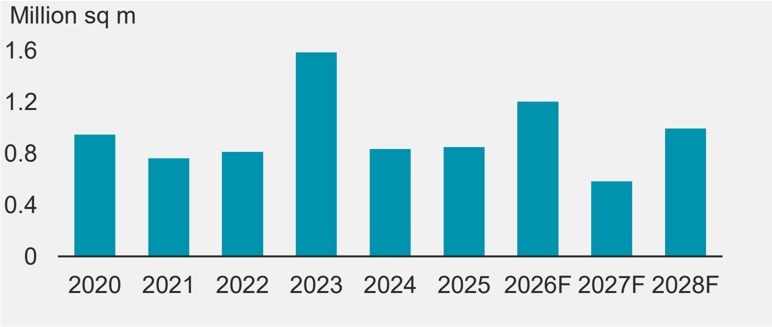
Office

- **Supply** – 2026 to 2028 will see 2.79 million sq m of prime office space delivered, accounting for 16% of current stock. The primary contributors – Xuhui Riverside, Yu Garden and Middle Huaihai Rd submarkets in Huangpu, and the Century Park area – will jointly account for 47% of the pipeline.
- **Demand** – Shanghai's GDP rose 5.5% y-o-y in the first three quarters, indicating resilient economic performance. Nevertheless, the supply-demand mismatch will continue to undergo deep adjustment, with TMT, finance and professional services remaining the core leasing demand sectors, while AI, integrated circuits and biomedicine are expected to provide new growth momentum.

Retail

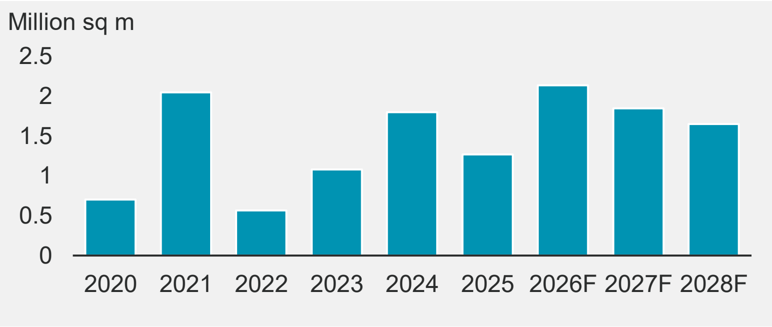
- **Supply** – Over the next three years, almost 82% of new properties in the supply pipeline will complete in the city's emerging areas and are expected to target community residents in the surrounding areas. It is expected that these new completions will place some pressure on rental levels.
- **Demand** – The proposals for the "15th Five-Year Plan" emphasize "boosting consumption" as one of the top priorities. Consequently, consumer demand is expected to be stimulated. The outlook for Shanghai's prime retail property market should remain positive in 2026.

FIGURE 17: OFFICE NEW SUPPLY (2020-2028F)



Source: Cushman & Wakefield Research

FIGURE 18: RETAIL NEW SUPPLY (2020-2028F)



Source: Cushman & Wakefield Research

THE CITY MARKETS

SHANGHAI

Industrial Logistics

- **Supply** – Despite a slowdown in the momentum of new supply, the overall prime logistics warehouse market in Shanghai still faces leasing pressure. Landlords continue to adopt the strategy of trading leasing space volume for lower rentals to maintain the occupancy rate at a healthy level.
- **Demand** – Shanghai's prime logistics warehouses will continue to transition from a "cost-driven" to a "value-driven" model, requiring data-driven refined operations to achieve differentiation in a competitive market.

Investment

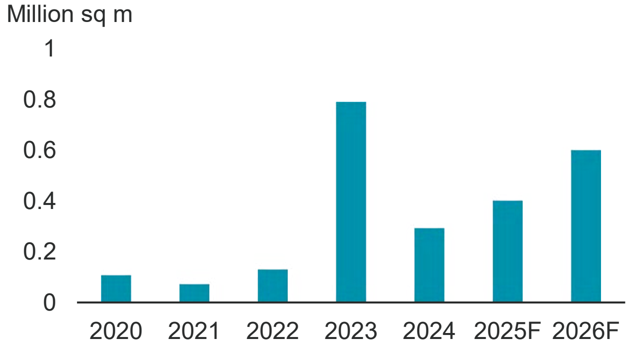
- **Conservative sentiment** – In the first three quarters of 2025, Shanghai’s capital market recorded a total volume of RMB31.6 billion, a 40 % drop y-o-y, reflecting heightened investor prudence. Core-area assets – particularly high-quality, scarce office properties – remain most attractive. Auction opportunities are drawing private investors, with small-scale, high-appreciation projects emerging as the primary focus.
- **Domestic buyers dominated the market** – In Q3, the domestic investor-related transaction share surged, reaching 100%. Anticipated fund and loan maturities will likely reduce foreign-fund holdings of premium assets. Ahead, however, Federal Reserve rate cuts have increased liquidity, prompting some foreign investors to turn their attention to Shanghai.

Table 4: Shanghai outlook

		Office	Retail	Industrial Logistics
Outlook (2025-2026 Change)	Supply	↑	↑	↑
	Absorption	→	→	→
	Vacancy	↑	↑	↑
	Rental	↓	↓	↓
The Market (2026)	Tenant Landlord			

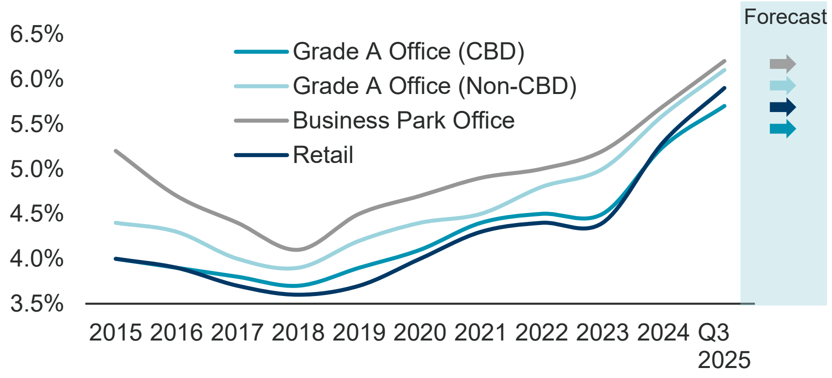
Source: Cushman & Wakefield Research

FIGURE 19: LOGISTICS NEW SUPPLY (2020-2026F)



Source: Cushman & Wakefield Research

FIGURE 20: CAP RATE TREND AND OUTLOOK (2015-Q3 2025)



Source: Cushman & Wakefield Research

THE CITY MARKETS
SHENZHEN

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Table 5: Office, retail, industrial markets in Shenzhen (Q4 2025)

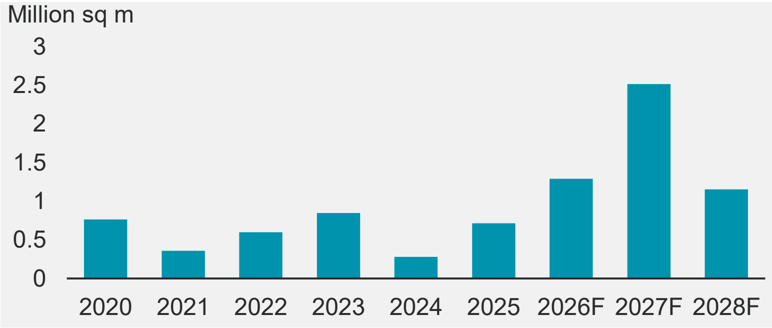
	Office	Retail	Industrial Logistics*
Stock (sq m)	9,081,547	7,937,219	2,048,000
Vacancy rate	29.4%	9.1%	10.0%
Rental (RMB/sq m/month)	149.4	697.1	47.7
Cap rate*	5.5%	5.5%	5.1%

**Industrial logistics and cap rete updated to Q3 2025*
Source: Cushman & Wakefield Research

Office

- **Supply** – Shenzhen Bay HQ base and Qianhai will take a 36.2% and 25.5% share of future supply, respectively, by the end of 2028. Substantial new pipeline supply will further intensify market pressures. More innovative exploration and practices in the field of office property operations are expected to emerge ahead.
- **Demand** – The TMT sector accounted for 30.0% of total leased space for 2025. Amid attractive rents, growing niche tech companies are entering Grade A offices, enriching the tenant structure.

FIGURE 21: OFFICE NEW SUPPLY (2020-2028F)

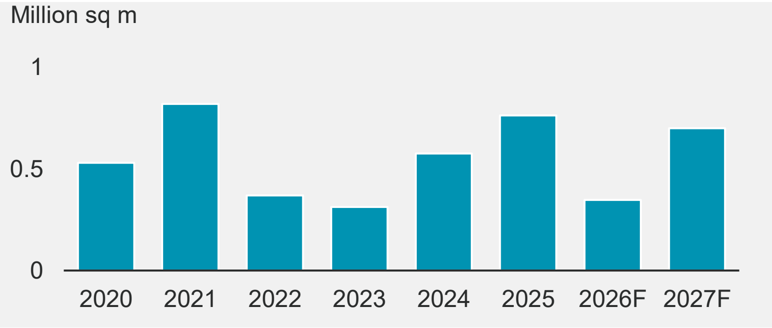


Source: Cushman & Wakefield Research

Retail

- **Supply** – New openings amounted to 762,807 sq m for the year, surpassed 2024's total. Nearly 1.1 million sq m of new supply is scheduled to enter the market over the next two years, with western districts maintain supply inflow. The asset-light management solutions offered by mature operators are expected to deliver differentiated projects to the market.
- **Demand** – Innovative retail formats, culture and tourism sectors are to fuel demand. The progressively refined social welfare measures may exert a positive influence on stimulating household consumption and restoring confidence in future development.

FIGURE 22: RETAIL NEW SUPPLY (2020-2027F)



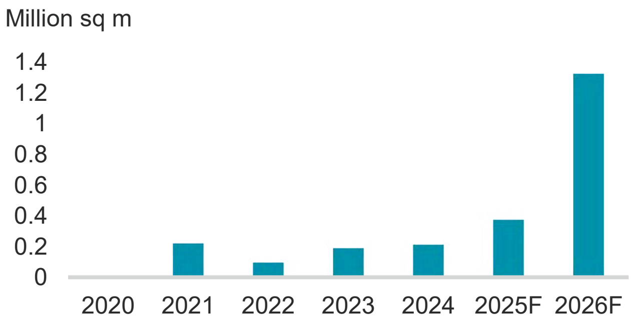
Source: Cushman & Wakefield Research

SHENZHEN

Industrial Logistics

- **Supply** – 374,000 sq m of future supply will enter the market through the remaining year of 2025. Some pre-leased tenants have been unveiled. The market will witness a supply peak in 2026. Competition will weigh on rental levels. Tenants will have more room for negotiation. In parallel, quality warehouses will enhance supply chain efficiency.
- **Demand** – The uncertainty of tariff policies continues to negatively impact company decision-making and the transport of goods. However, the pros of port and experiential operators are attracting growing cross-border e-commerce companies to settle in Shenzhen.

FIGURE 23: LOGISTICS NEW SUPPLY (2020-2026F)

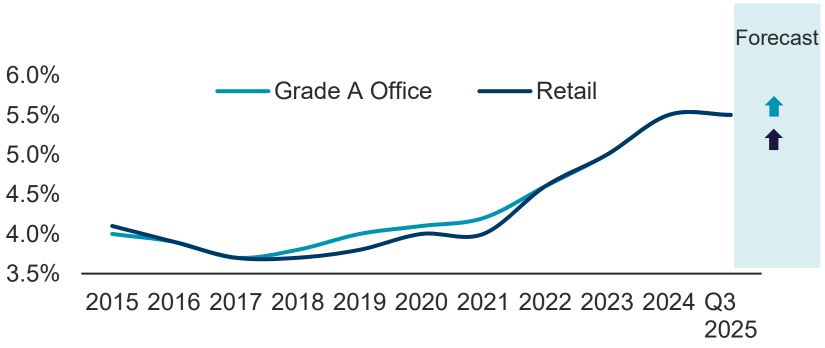


Source: Cushman & Wakefield Research

Investment

- **Value reset** – Self-use buyers are entering the market via a window of falling asset prices. Meanwhile, price corrections and a low interest rate environment provide opportunity for value buying. Investors will continue to pursue acquisitions for long-term investment purpose. Deals for judicial auction properties sold at a premium gain attention.
- **REITs to cover office** – Assets with clear disposal pathways and predictable returns are more attractive. Prime malls and multi-family asset will maintain market momentum. Investment activities of core office asset and urban renewal are expected to revitalize in key cities as they are allowed to be securitized.

FIGURE 24: CAP RATE TREND AND OUTLOOK (2015-Q3 2025)



Source: Cushman & Wakefield Research

Table 6: Shenzhen outlook

		Office	Retail	Industrial Logistics
Outlook (2025-2026 Change)	Supply	↑	↓	↑
	Absorption	↑	→	→
	Vacancy	↑	↑	↑
	Rental	↓	↓	↓
The Market (2026)	Tenant / Landlord	Tenant	Tenant	Tenant

Source: Cushman & Wakefield Research

THE CITY MARKETS
GUANGZHOU

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Table 7: Office, retail, industrial markets in Guangzhou (Q4 2025)

	Office	Retail	Industrial Logistics*
Stock (sq m)	7,045,314	6,245,086	4,621,000
Vacancy rate	20.7%	9.5%	6.1%
Rental (RMB/sq m/month)	116.3	641.3	41.9
Cap rate*	5.5%	5.5%	5.2%

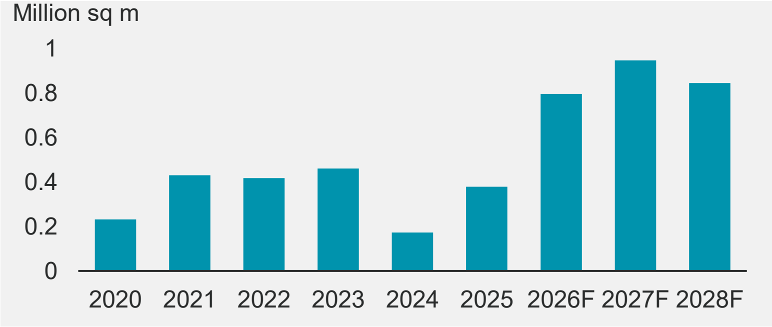
**Industrial logistics and cap rete updated to Q3 2025*

Source: Cushman & Wakefield Research

Office

- **Supply** – Grade A office stock passed the 7 million sq m mark in 2025. A further 2.59 million sq m of new supply is expected by 2028. This continued increase in supply is placing downward pressure on rents. Landlords are likely to delay project launches and intensify leasing efforts in response.
- **Demand** – Occupiers will stay cautious on expansion in the short term, while actively seeking cost optimization and industry consolidation during the supply surge cycle. The professional services, TMT, and financial sectors will continue to be the major drivers of leasing demand in the future.

FIGURE 25: OFFICE NEW SUPPLY (2020-2028F)

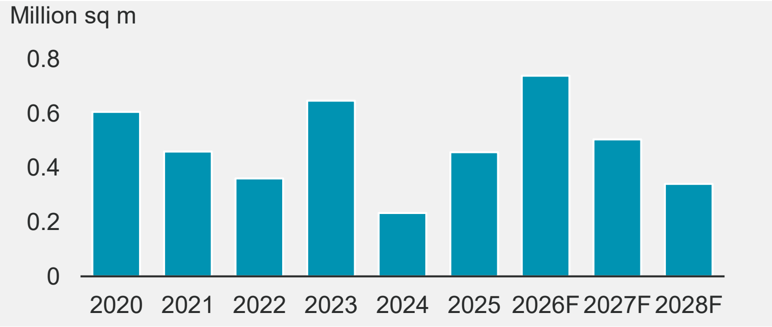


Source: Cushman & Wakefield Research

Retail

- **Supply** – Guangzhou is set to add 656,672 sq m of prime shopping centers by 2026, reinforcing its multi-core commercial structure with new supply in Liwan and Panyu. Meanwhile, asset upgrades remain a pivotal strategy to boost project competitiveness and provide brands with more diverse positioning options in core areas.
- **Demand** – In 2025, Guangzhou introduced a special action plan to stimulate the consumer market. In 2026, emotional consumption is expected to stay strong, while policy-driven categories supported by national subsidies and trade-in programs will continue to grow. However, brands are cautious on opening new stores due to softer sales.

FIGURE 26: RETAIL NEW SUPPLY (2020-2028F)



Source: Cushman & Wakefield Research

THE CITY MARKETS

GUANGZHOU

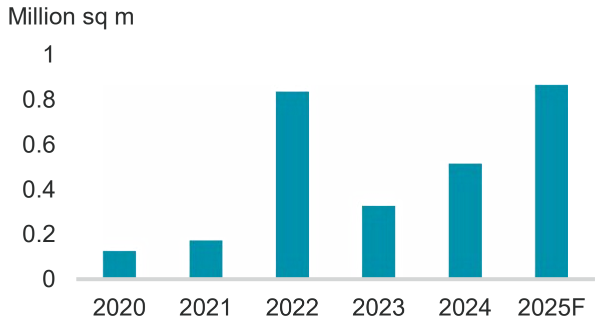
Industrial Logistics

- **Supply** – Significant premium warehouse new supply will enter the Baiyun and Huadu districts. The supply influx will challenge demand and market absorption, likely raising vacancy rates. To attract tenants, landlords will adopt flexible pricing strategies, exerting downward pressure on rents.
- **Demand** – Guangzhou's 2025 specialized policies for supporting e-commerce and logistics infrastructure are expected to sustain warehouse demand growth. Cross-border e-commerce and third-party logistics may lift demand in 2026.

Investment

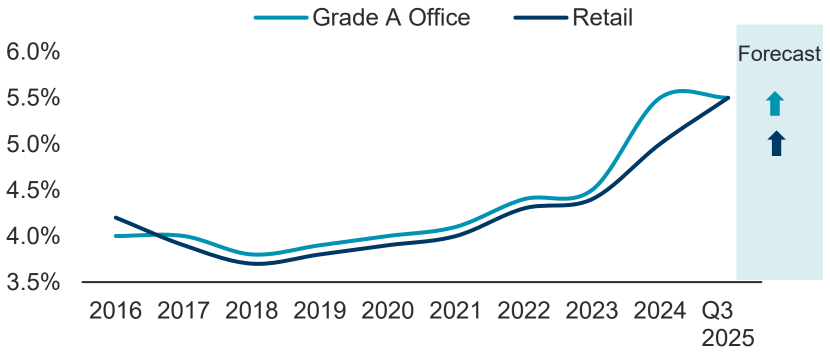
- **Low-priced investments remain favored** – The city has recorded nine transactions totaling RMB3.68 billion in the first three quarters, amounting to 59% and 30% of the respective totals of the averages for the same period over the previous five years. Assets with lower price tags and stable cash flow continue to attract investor interest.
- **Growing attention on prime core assets** – Despite the sluggishness of the leasing market, prime assets in core areas are attracting attention due to their scarcity and resilience. The market price correction also creates opportunities for investors to acquire quality assets.

FIGURE 27: LOGISTICS NEW SUPPLY (2020-2025F)



Source: Cushman & Wakefield Research

FIGURE 28: CAP RATE TREND AND OUTLOOK (2016-Q3 2025)



Source: Cushman & Wakefield Research

Table 8: Guangzhou outlook

		Office	Retail	Industrial Logistics
Outlook (2025-2026 Change)	Supply	↑	↑	↑
	Absorption	→	→	→
	Vacancy	↑	↑	↑
	Rental	↓	↓	↓
The Market (2026)	Tenant / Landlord	Tenant	Tenant	Tenant

Source: Cushman & Wakefield Research

THE CITY MARKETS
CHENGDU

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Table 9: Office, retail, industrial markets in Chengdu (Q4 2025)

	Office	Retail	Industrial Logistics*
Stock (sq m)	3,473,265	8,498,923	6,438,000
Vacancy rate	31.8%	8.7%	10.3%
Rental (RMB/sq m/month)	84.0	585.0	23.7
Cap rate*	5.0%-6.0%	4.5%-5.5%	5.0%-6.0%

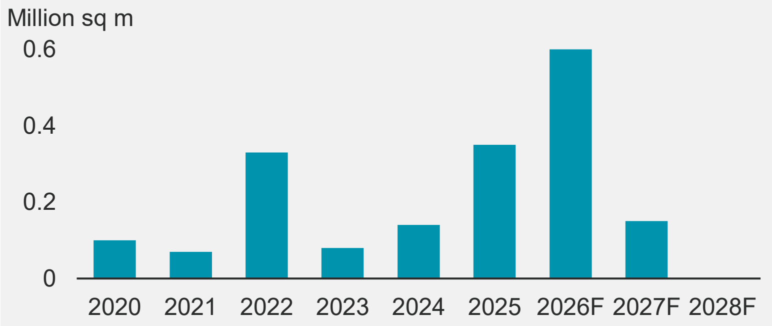
**Industrial logistics and cap rete updated to Q3 2025*

Source: Cushman & Wakefield Research

Office

- **Supply** – By Q4, 237,300 sq m of high-quality office space had launched in the Chengdu Grade A office market, bringing citywide total stock to 3.47 million sq m. In 2026, approximately 600,000 sq m of new supply is expected to enter the market, with more than 42% of the area located in Financial City (Phase III). Financial City (Phase III) is set to win further attention from the market as its office infrastructure and environment develops.
- **Demand** – The recent new supply influx, combined with limited new demand, pushed the overall average vacancy rate up 6.0 percentage points y-o-y to record 31.8%. The overall average rental level fell 13.5% y-o-y to RMB84.0 per sq m.

FIGURE 29: OFFICE NEW SUPPLY (2020-2028F)

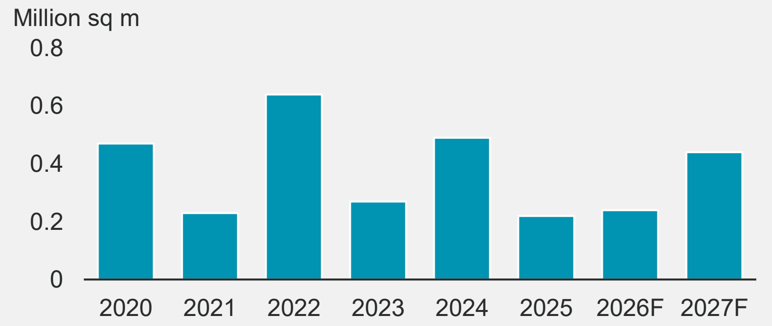


Source: Cushman & Wakefield Research

Retail

- **Supply** – Chengdu added 223,000 sq m of new retail space, bringing total stock to 8.5 million sq m. Approximately 240,000 sq m of new supply is scheduled for completion in 2026, but some projects are expected to face delays, leading to a slower pace of new additions.
- **Demand** – Due to adjustments in existing retail properties in 2025, the vacancy rate rose 2.0 percentage points y-o-y to 8.7%. International brands remain active by upgrading or renovating key locations in Chengdu's retail market, underscoring both the scale and long-term potential of local consumption.

FIGURE 30: RETAIL NEW SUPPLY (2020-2027F)



Source: Cushman & Wakefield Research

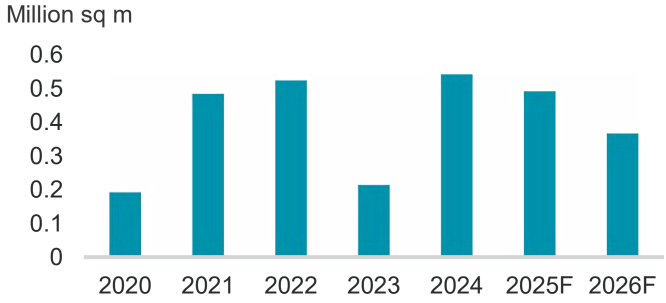
THE CITY MARKETS

CHENGDU

Industrial Logistics

- **Supply** – In 2025, new projects were distributed across the Eastern New Area, Qingbaijiang, Xinjin and Wenjiang districts. Due to a slower pace of logistics land supply, new projects in the core area are deeply integrated with aviation and rail logistics functions, further highlighting their scarcity.
- **Demand** – Impacted by cost reductions, landlords continued to adopt aggressive leasing strategies to drive occupancy. Leasing activity remained dominated by renewals and consolidations in 2025.

FIGURE 31: LOGISTICS NEW SUPPLY (2020-2026F)



Source: Cushman & Wakefield Research

Investment

- **Active transactions by SOEs and government platforms companies** – In recent years, SOEs and platform companies have been active in Chengdu's capital market, in order to optimize asset allocation and participate in urban development.
- **An increasing liquidity of commercial properties** – The regular issuance of publicly offered REITs has made commercial real estate transactions more flexible, leading to a preference among investors for stable, high-yielding premium commercial properties.

FIGURE 32: CAP RATE TREND AND OUTLOOK (2025-2027F)

	2025	2026F	2027F
Cap rate	4.5%-6.0%	4.5%-6.0%	4.5%-6.0%

Source: Cushman & Wakefield Research

Table 10: Chengdu outlook

		Office	Retail	Industrial Logistics
Outlook (2025-2026 Change)	Supply	↑	↑	↓
	Absorption	→	↓	→
	Vacancy	↑	→	↑
	Rental	↓	→	↓
The Market (2026)	Tenant Landlord			

Source: Cushman & Wakefield Research

THE CITY MARKETS
HONG KONG

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Table 11: Office, retail, warehouse markets in Hong Kong (Q4 2025)

	Office	Retail	Industrial Logistics*
Stock (sq ft)	74,176,000	N/A	35,251,000
Vacancy rate	20.3%**	8.3%	10.6%
Rental (HKD/sq ft/month)	43.3	622	13.6
Cap rate*	3.4%	3.6%	4.1%

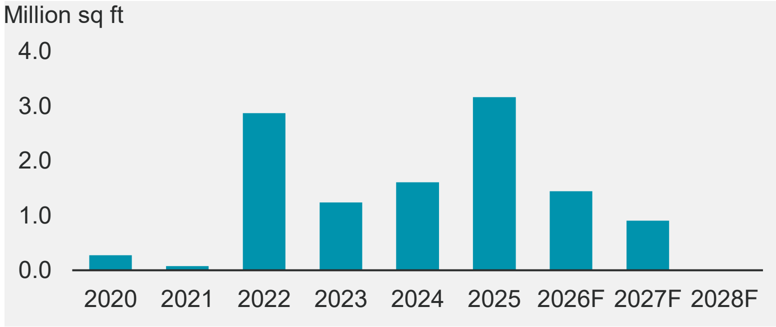
** Industrial logistics and cap rate updated to Q3 2025*
** * Availability Rate*

Source: Cushman & Wakefield Research

Office

- **Supply** – Around 1.4 million sq ft of new space will enter the market in 2026, halved compared with 3.2 million in 2025. The majority of the new stock next year will be in core areas including Greater Central and Wanchai / Causeway Bay. As such, the availability rate is expected to grow further, to 21% by the end of 2026.
- **Demand** – The recovery of the IPO market should help support market sentiment and downstream office demand, from banking & finance and professional services firms. We forecast overall office rents to stay within a ±1% range in 2026, amid abundant new supply while occupiers are still cost-cautious.

FIGURE 33: OFFICE NEW SUPPLY (2020-2028F)

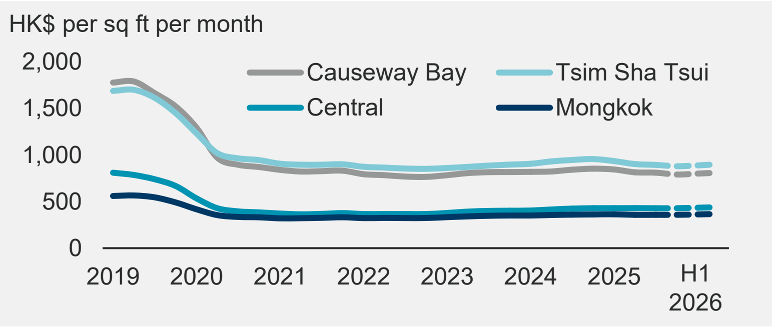


Source: Cushman & Wakefield Research

Retail

- **Signs of Recovery** – The consecutive months of retail sales growth in the city have suggested the beginnings of a turnaround from the previously sluggish performance. The buoyant stock market and government's continuous proactive efforts in promoting tourism will likely continue to give support to growing tourist arrivals and more stable local consumption, bolstering overall retail sentiment.
- **Demand** – Since the border reopening, the market has seen non-local brands setting up their first stores in Hong Kong. With continuous growth in tourist arrivals and more stable local consumption sentiment, we expect leasing momentum to sustain in core districts, bringing rental growth of 2%-3% in H1 2026.

FIGURE 34: RETAIL RENTS IN MAJOR SUBMARKETS



Source: Cushman & Wakefield Research

THE CITY MARKETS

HONG KONG

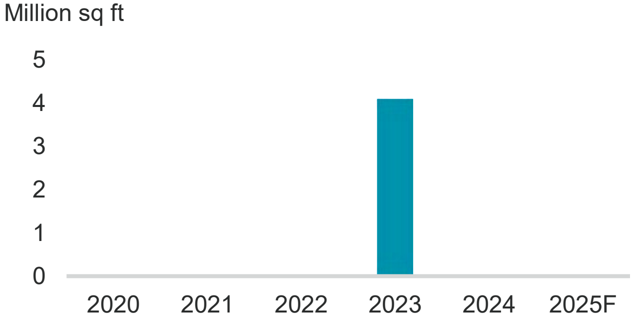
Industrial Logistics

- **Supply** – There are no new logistics facilities entering the market until 2027 and 2028, when Kwai Chung and Tsing Yi will be the major source of new supply. The shortage of new supply will help keep the vacancy rate at a stable level in 2026.
- **Demand** – Uncertainties surrounding U.S. trading policy are expected to continue to weigh on the near-term outlook for the logistics market. As such, new transactions will likely be driven by consolidation or cost-saving relocations, while more lease renewal cases are expected to take place in the market. We project prime warehouse rents to decline by another 7% in 2026.

Investment

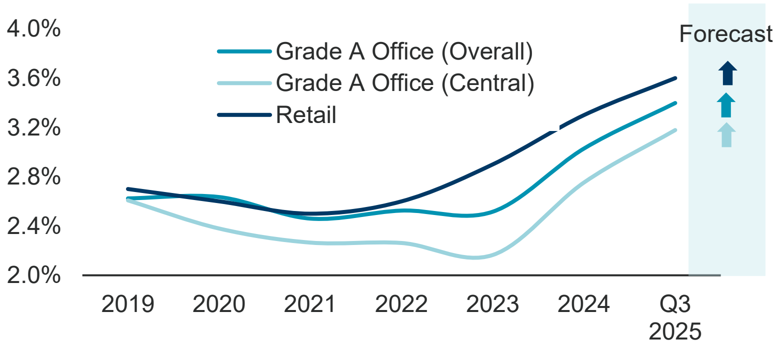
- **End-user demand** – Given the gradual interest rate cuts and attractive pricing levels, end-users continued to bottom fish, especially for those aiming to acquire office assets for setting up headquarters and flagship presences in the CBD area. Meanwhile, following the government's initiatives to promote the "Study in Hong Kong" Brand, educational institutions have emerged as one of the key demand drivers in the CRE market.
- **Investor interest** – Cash-rich investors remain interested in prime office assets amid the corrected pricing levels. Meanwhile, assets with conversion potential into student accommodation and other rental housing properties will likely stay highly sought-after due to their strong fundamentals and resilient demand.

FIGURE 35: LOGISTICS NEW SUPPLY (2020-2025F)



Source: Cushman & Wakefield Research

FIGURE 36: CAP RATE TREND AND OUTLOOK (2019-Q3 2025)



Source: Cushman & Wakefield Research

Table 12: Hong Kong outlook

		Office	Retail	Logistics
Outlook (2025-2026 Change)	Supply	↓	→	→
	Absorption	→	↑	↓
	Vacancy	↑	↓	↑
	Rental	↓	↑	↓
The Market (2026)	Tenant / Landlord			

Source: Cushman & Wakefield Research

THE CITY MARKETS
TAIPEI

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Table 13: Office, retail, industrial markets in Taipei (Q4 2025)

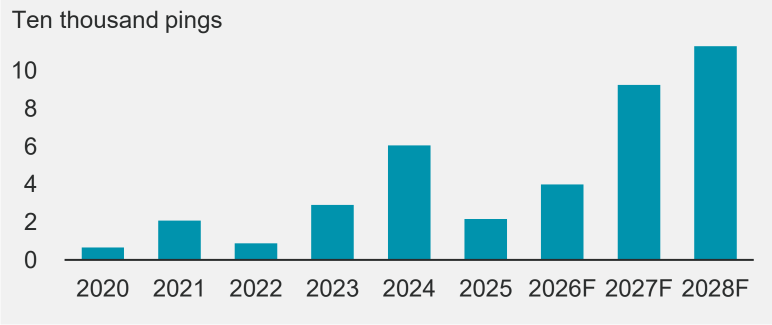
	Office	Retail	Industrial Logistics*
Stock (ping)	869,100	N/A	1,244,225
Vacancy rate	7.9%	5.8%	-
Rental (NTD/ping /month)	2,850	12,400	700-850
Cap rate*	2.6%	2.7%	3.5%-4.0%

** Industrial logistics and cap rate updated to Q3 2025*
Source: Cushman & Wakefield Research

Office

- **Supply** – By 2026, three new buildings totaling around 40,000 pings are slated for completion, which may place mild upward pressure on vacancy. With higher specifications, these projects are expected to support upper-tier rents. Older stock may face increased competition, prompting landlords to enhance services and retention strategies. Overall vacancy may edge up slightly, while rents should remain broadly stable with modest growth potential.
- **Demand** – Leasing activity remains stable, supported by steady requirements from the technology and AI sectors. New project completions will offer tenants greater choice and flexibility in optimizing space. Expansion-driven occupiers may increase their footprints in current locations or relocate to new buildings to improve efficiency.

FIGURE 37: OFFICE NEW SUPPLY (2020-2028F)

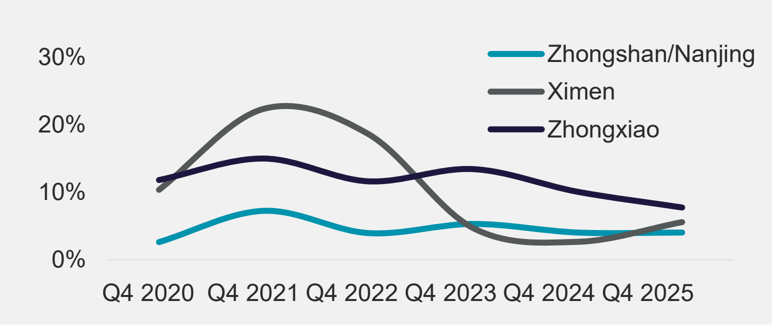


Source: Cushman & Wakefield Research

Retail

- **Supply** – The main mall of Far Eastern Garden City is scheduled to open in 2026, adding around 40,000 pings of new retail space. Its impact on existing retail areas remains to be observed.
- **Demand** – Despite ongoing global economic uncertainty, brands remain active in store expansion and target prime locations across main retail hubs. With in-person shopping still valued, flexible formats such as small stores and short-term leases are gaining traction as brands seek to test market responses. Overall, the Taipei retail market is expected to remain stable in 2026.

FIGURE 38: VACANCY RATE IN PRIMARY RETAIL HUBS



Source: Cushman & Wakefield Research

TAIPEI

Industrial Logistics

- **Supply** – By the end of 2026, it is projected that Taiwan will see an increase of approximately 185,000 pings in new supply of high-quality logistics and warehouse facilities.
- **Demand** – The e-commerce market continues to expand, driving an increase in logistics demand. Influenced by the wave of AI and intelligent technologies, the market's requirements for technical standards are gradually rising to achieve better service efficiency, further boosting the growth of smart warehousing demand.

Investment

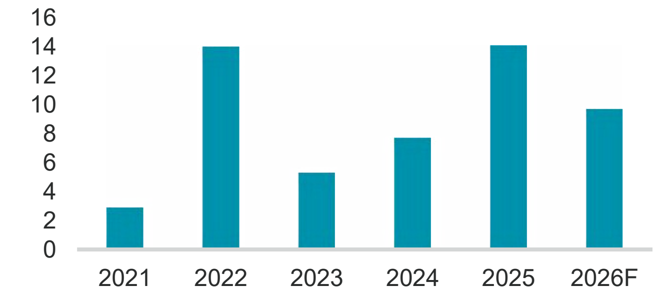
- **Ongoing credit tightening weighs on land transactions** – Credit controls have tightened liquidity. Developers face financing hurdles, end-users remain cautious, and land deals remain sluggish. Some developers are shifting to joint ventures, urban renewal, MRT joint development, and leaseholds to reduce reliance on land financing.
- **AI capital investment drives industrial & commercial property transactions** – Surging AI applications are driving supply chain expansion and capital spending, boosting demand for owner-occupied industrial assets. Investors remain cautious amid persistent global uncertainties.

Table 14: Taipei outlook

		Office	Retail	Industrial Logistics
Outlook (2025-2026 Change)	Supply	↑	↑	↓
	Absorption	→	↑	↑
	Vacancy	↑	↓	→
	Rental	→	→	→
The Market (2026)	Tenant / Landlord			

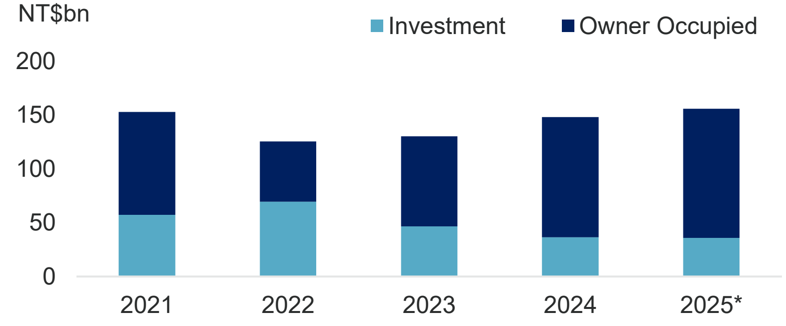
Source: Cushman & Wakefield Research

FIGURE 39: LOGISTICS NEW SUPPLY (2021-2026F)



Source: Cushman & Wakefield Research

FIGURE 40: INVESTMENT VOLUME BY CAPITAL SOURCE



**Data as of the third quarter of 2025*
Source: Cushman & Wakefield Research

KEY TAKEAWAYS

Economic Environment

- As the opening year of the 15th Five-Year Plan, 2026 will maintain steady growth as the primary theme for overall economic development.
- The “cross-cycle regulation” proposed at the December meeting of the Political Bureau of the CPC Central Committee signals that, beyond addressing immediate challenges, the government will simultaneously focus on the economy's longer-term development in 2026.
- Given this context, 2026 will remain a year of adjustment for China's economy. Expanding domestic demand to boost consumption will serve as the primary driver for economic growth amid complex international conditions. Against the backdrop of long-term strategic considerations, the establishment of a unified national market and a modern industrial system will gradually unfold throughout 2026.

Industry Sectors

- Office Market: Supply-demand imbalances will continue to challenge the market in 2026, while government-driven growth in technology industries is expected to boost office demand.
- Retail Market: The rise of domestic brands and new-generation consumers prioritizing experiential and emotional connections will reshape the retail landscape in 2026.
- Industrial & Logistics Market: Efficiency gains and widespread technology adoption will remain key drivers for urban market development in 2026; global supply chain shifts will create more project opportunities for the rapidly growing manufacturing sector.
- Capital Market: Domestic capital will continue to dominate the market in 2026; insurance funds, banks, and self-use buyers will remain the major players.

Development Opportunities

- The expansion of C-REITs to office buildings and hotel properties is expected to invigorate capital market transactions while driving industry refinement.
- State-owned asset securitization will further open financing channels for local governments by 2026.
- Emerging pillar industries such as new energy, new materials, aerospace, and the low-altitude economy will benefit from policy and capital dividends, warranting close attention from the leasing sector.
- Asset management will emerge as the winning strategy for enhancing property value during the commercial real estate adjustment cycle.

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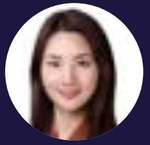

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