

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
3.2B YTD Transaction Volume (RMB)	-41.8%	▲
5.5% Office (CBD) Cap Rate	+50bps	▲
5.5% Retail Cap Rate	+50bps	▲

Source: Cushman & Wakefield

ECONOMIC INDICATORS
JAN - MAR 2025

	YOY Chg	12-Month Forecast
3.0% GDP growth	▼	▲
-0.5% CPI growth	▼	▲
1.7% 10-year government bond rate	▼	▼

SMALLER DEALS DOMINATE AS INVESTORS REMAIN CAUTIOUS

Seven transactions were recorded in the Guangzhou market in the first half of 2025, consistent with last year's numbers in the same period. However, total investment volume reached just RMB3.2 billion, marking a 41.8% y-o-y decline, with transaction values demonstrating a clear trend of contraction. Smaller-scale transactions have become the mainstream as asset prices come under pressure. Four transactions were at less than RMB500 million, while the remaining three were at less than RMB1 billion.

COST-EFFECTIVE ASSETS WIN MARKET ATTENTION

Transactions in the 1H period focused on office, industrial, and retail assets, accounting for 45.8%, 39.7% and 14.5% of total transaction volume, respectively. Domestic buyers claimed all transactions in the 1H period. Three deals were investment-orientated, accounting for 20.3% of total transaction volume, and ranging in value from RMB100 million to RMB300 million.

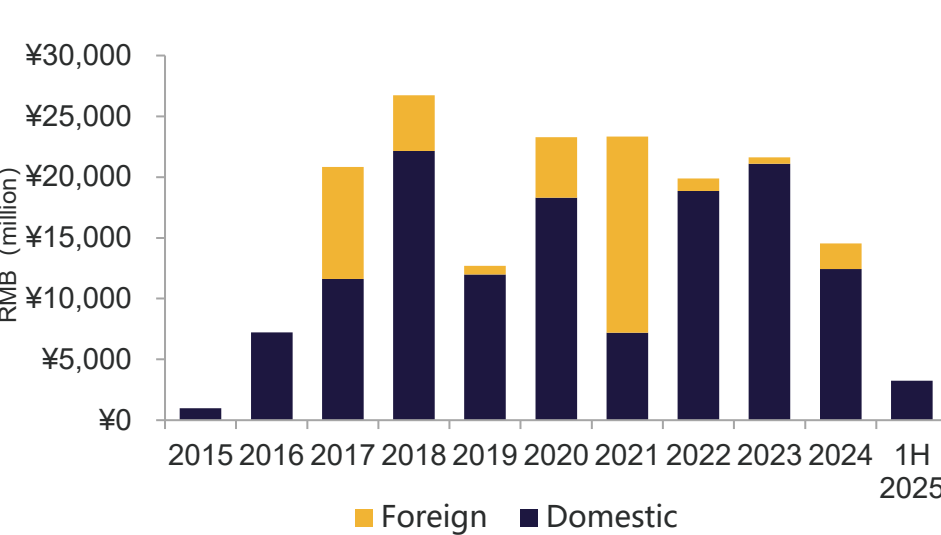
The market's focus on cost-effective assets continued in 1H, with the ongoing price correction seeing assets with value-added potential becoming sought after. Domestic enterprises with self-use needs were an important market driver, taking a 49.7% share of total transaction volume. Such investors focused on office and R&D properties, with some enterprises achieving asset ownership by acquiring leased properties with the aim of mitigating rental fluctuation risks. SOE investors also remained active, accounting for three industrial property acquisitions, two of which were concluded via judicial auction.

Transacted properties in the 1H 2025 period covered a range of districts including Tianhe, Haizhu, Huangpu and Panyu. Core areas such as Pazhou are now also seeing a greater number of assets entering the market, providing investors with further options.

OUTLOOK

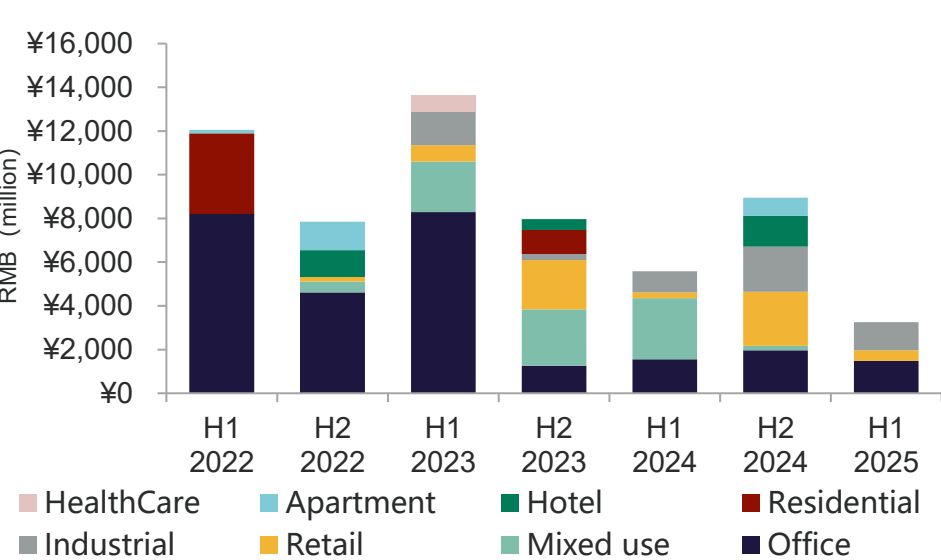
Ahead, investors will continue to favor high-quality assets in core areas, against a backdrop of declining average rental levels in the Grade A office and prime retail mall markets. Cost-effective assets with value-add potential will continue to win market attention. We expect most investors to remain cautious, with those able to exploit market dynamics and adjust strategies accordingly taking opportunities to acquire quality assets.

INVESTMENT SALES VOLUME



Source: Cushman & Wakefield

INVESTMENT SALES VOLUME BY SECTOR



Source: Cushman & Wakefield

SIGNIFICANT SALES

PROPERTY	LOCATION	SECTOR	PRICE (RMB MN)	VENDOR	PURCHASER	DEAL TYPE
Baoneng Project, New Energy, New Materials and Intelligent Chip Park, Huangpu Knowledge City	Huangpu	Industrial	247.8	Guangzhou Wanding Investment Development Co.,Ltd.	Knowledge City (Guangzhou) Industrial Park Development Group Co.	Investment
Guangfu Packaging	Panyu	Industrial	125.5	Guangzhou JuTron NEW Energy Technology Co., Ltd	Guangzhou Panyu Information Technology Investment and Development Co.,Ltd	Investment

CAP RATE TREND



Source: Cushman & Wakefield

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