

MARKET FUNDAMENTALS

15.8B	YOY Chg	12-Month Forecast
YTD Transaction Volume (RMB)	-57%	▲
5.70%	+45bps	▬
Office (CBD) Cap Rate		
6.20%	+50bps	▬
Business Park Cap Rate		
5.90%	+60bps	▬
Retail Cap Rate		

Source: Cushman & Wakefield

ECONOMIC INDICATORS
Q1 2025

5.1%	YOY Chg	12-Month Forecast
GDP growth	▲	▬
0.1%	▲	▬
CPI growth		
1.7%	▼	▼
10-year government bond rate		

*10-year government bond rate is as of 30th June, 2025
Source: Shanghai Statistics Bureau, China Foreign Exchange Trade System, Moody's Analytics

MARKET ACTIVITY MORE SELECTIVE, CORE SECTORS REMAIN ACTIVE

Shanghai's commercial real estate market recorded investment volume of RMB15.8 billion across 37 deals in the first half of 2025, down 57% y-o-y, reflecting more disciplined, opportunity-focused investing. Office and R&D assets led with RMB4.89 billion, sustaining a market anchor role despite the diminished volume.

By asset type, Office/R&D Office at 31% of total volume, Apartment/Residential at 26.5%, and Retail at 17.6% were the top sectors. Strong demand for rental apartments lifted Apartment/Residential into second place. The retail sector saw 11 deals, including the judicial auction of the City God Temple of Shanghai for RMB 1.209 billion, a notable urban asset transaction.

DOMESTIC BUYERS LEAD AS INVESTORS FOCUS ON VALUE

Domestic investors accounted for 100% of en-bloc deals in 1H 2025, widening the gap with foreign capital. Non-institutional buyers made up 62% of transaction value, with key deals including the Xizi consortium's Midtown acquisition and Espressif's Zhangjiang R&D office purchase.

Institutional buyers took a 38% share of total investment volume, focusing on distressed and long-hold assets such as malls and rental apartments. Major deals included Dajia Insurance's 49% stake in Longfor Paradise Walk, DCL Investment's purchase of Office Towers E and G at North Bund Changfeng, and Suzhou Asset Management's judicial auction win of Zhongfu Antique Mall.

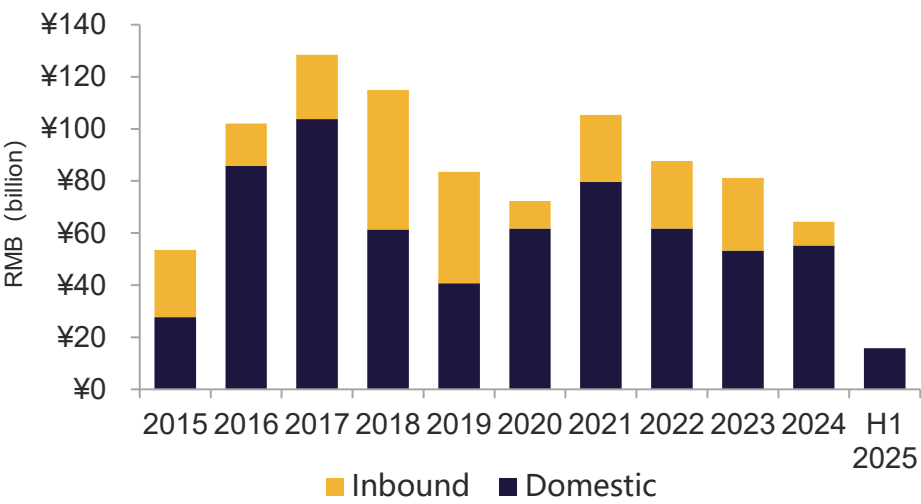
Self-use buyers accounted for 16% of total volume, chiefly in the office and retail sectors, including Anta's Sunshine Commercial Mall purchase and Espressif's office acquisition. Judicial auctions made up 30% of deals and 23% of volume, serving as a key channel for core and value-add assets.

OUTLOOK

Ahead, select distressed office assets held by foreign funds may be offered at adjusted prices in 2H 2025, potentially boosting office sector activity. The low-interest rate environment will continue to support domestic buyers, especially financially robust firms expanding in Shanghai.

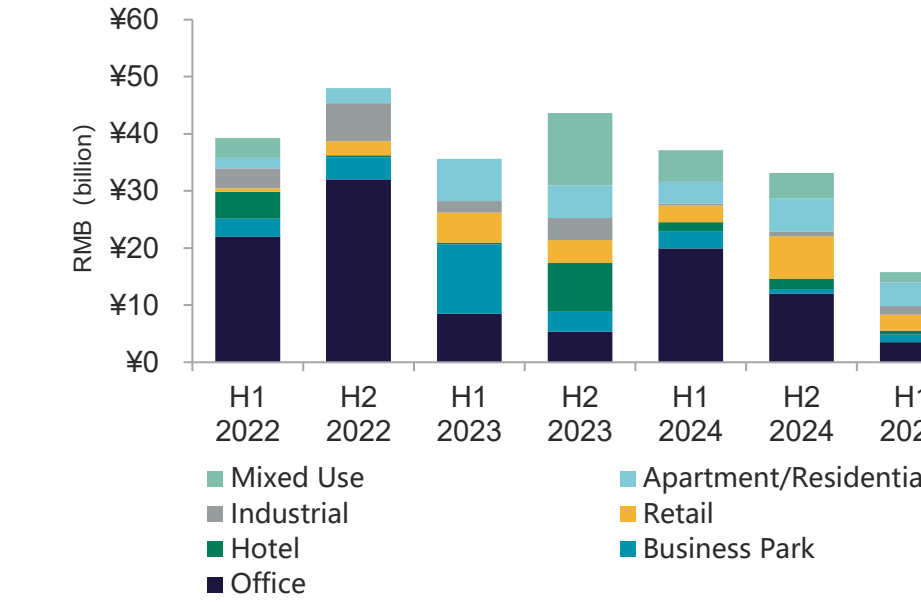
Institutional investors will likely focus on REIT-grade core assets amid stable yields and policy support. Judicial auctions are expected to attract growing private investor interest, particularly for small-scale, value-add opportunities aligned with current risk-return preferences.

INVESTMENT SALES VOLUME



Source: Cushman & Wakefield

INVESTMENT SALES VOLUME BY SECTOR



Source: Cushman & Wakefield

SIGNIFICANT SALES

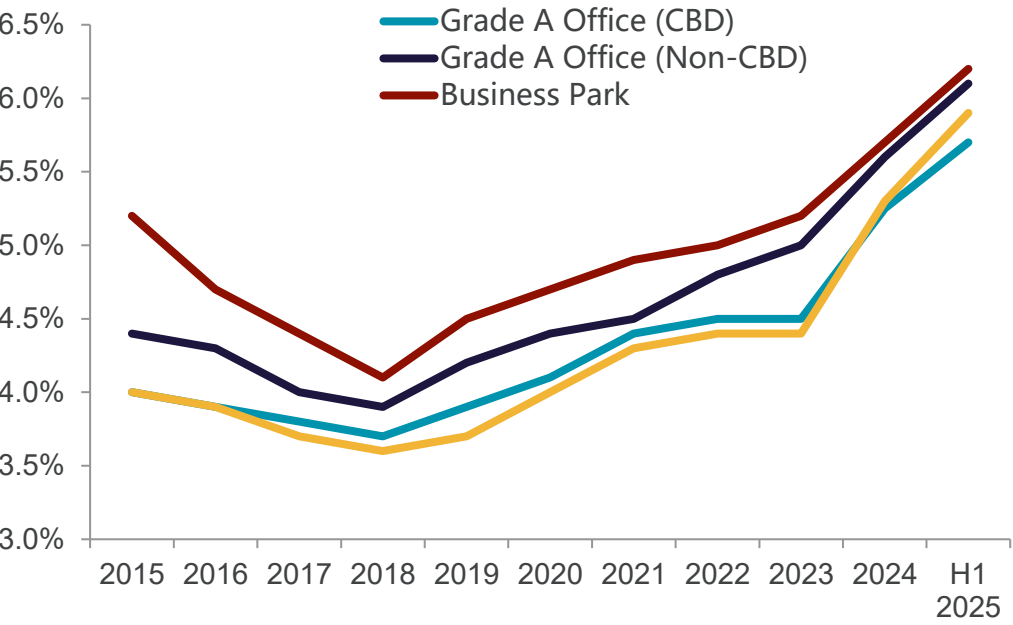
PROPERTY	LOCATION	SECTOR	PRICE (RMB BN)	VENDOR	PURCHASER	DEAL TYPE
City God Temple of Shanghai	Huangpu	Retail	1.21	Shanghai Chenghuangmiao	Private company	Investment
49% Equity of Longfor Paradise Walk	Minhang	Complex	1.79	CPPIB	DAJIA Insurance	Investment
Midtown	Jing'an	Office	0.86	Schroders	Xizi consortium	Investment
Waterfront Office Block E&G	Putuo	Office	0.72	Blackrock	DCL investment	Investment

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

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CAP RATE TREND



Source: Cushman & Wakefield

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