

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
11.9B YTD Transaction Volume (RMB)	109.8%	▲
5.5% Office (CBD) Cap Rate	0bps	▲
5.5% Retail Cap Rate	0bps	▲

Source: Cushman & Wakefield

ECONOMIC INDICATORS
JAN - MAR 2025

	YOY Chg	12-Month Forecast
5.2% GDP growth	▼	—
0.1% CPI growth	▼	▲
1.7% 10-year government bond rate	▼	▼

Source: *10-year government bond rate is as of 30st JUN 2025.

DOMESTIC INVESTORS DRIVE MARKET ACTIVITY

Shenzhen capital market activity picked up markedly in 1H 2025, with transaction volume of RMB11.85 billion surging 109.8% y-o-y. A total of 23 transactions were recorded in 1H, with the average transaction value at RMB520 million. However, if excluding a single RMB6.6 billion mega-deal, the remaining 22 transactions averaged just RMB238 million, demonstrating that smaller-sized and lower value deals continue to predominate.

Domestic buyers claimed a 100% market share in 1H, with investment-focused transactions averaging RMB188 million, and self-use transactions at RMB310 million. Investment-focused transactions have higher return requirements and more conservative asset valuation and risk preferences; while self-use buyers are entering the market via a window of falling asset prices. Judicial auction transactions also expanded, with transaction volume up 81.5% y-o-y, as luxury villas, residences, and industrial plant assets continue to attract market attention.

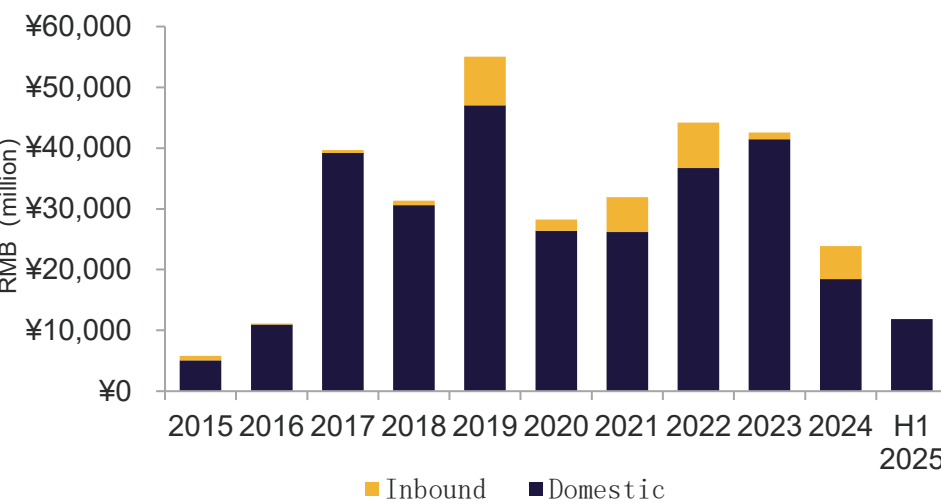
MATURE NEIGHBORHOOD G/F RETAIL ASSETS GAIN INTEREST

By asset category, a RMB6.6 billion transaction in Tower B at the Shenzhen Bay Super HQ Base saw the mixed-use sector account for 55.7% of total transaction volume in 1H. Office asset transactions recorded RMB1.23 billion for a 10.4 % share of total volume. Institutional investors have turned cautious as office rental levels and asset prices continue to fall, but owner-occupier buyers are taking opportunities to acquire office assets in mature districts. Retail sector transactions reached RMB1.35 billion in 1H, taking a 11.4% share of total volume. Ground floor retail assets with stable leases in mature neighborhoods are positioned to achieve higher investment returns and hence are sought after. Institutional investors are also interested in retail malls, aiming to achieve exits via consumer infrastructure REITs products. The industrial sector accounted for 18.6% of total volume, with mainly non-traditional investment institutions and individuals bottoming out the market.

OUTLOOK

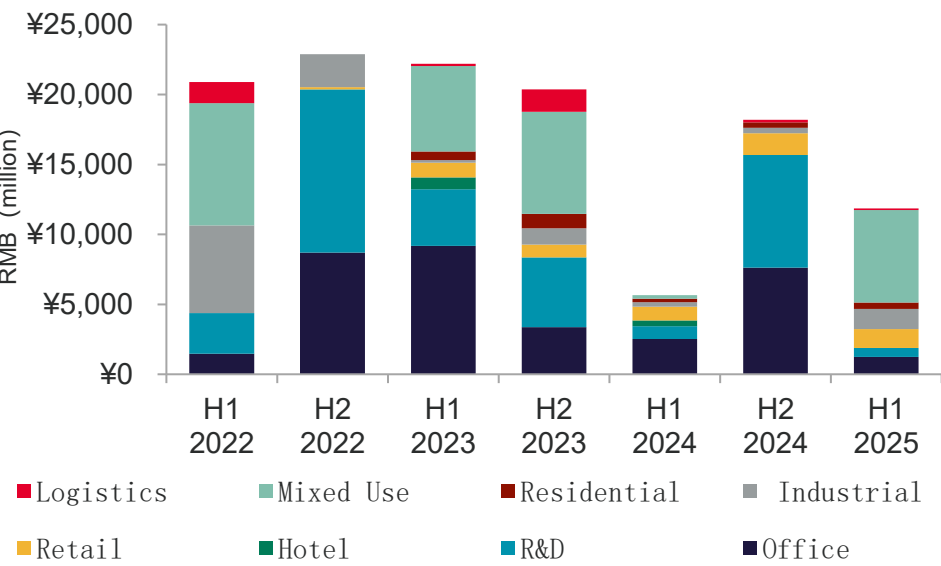
We expect to see greater numbers and more diverse assets to be transacted in the 2H period. In the logistics and industrial sector, under leasing pressure due to ample new supply in recent years, owners may discount assets, while domestic insurers will continue to pursue acquisitions. Biomedical sector warehouses and data centers will also gain market attention.

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
Shenzhen Bay Office Tower B	Nanshan	Mix-Used	6,600	Shenzhen Anhe No.1 Property Development Co.	Industrial Bank	Development
Royole Corporation Industrial Park	Longgang	Industrial Park+R&D	504	Royole Corporation	HKC Co., Ltd	Owner Occupation
KingKey Yujing Huacheng Commercial Plaza	Futian	Retail	330	Kingkey Real Estate	A Chip Distributor	Owner Occupation

Sources: Real Capital Analytics, Cushman & Wakefield Research Closed transactions over \$10 million

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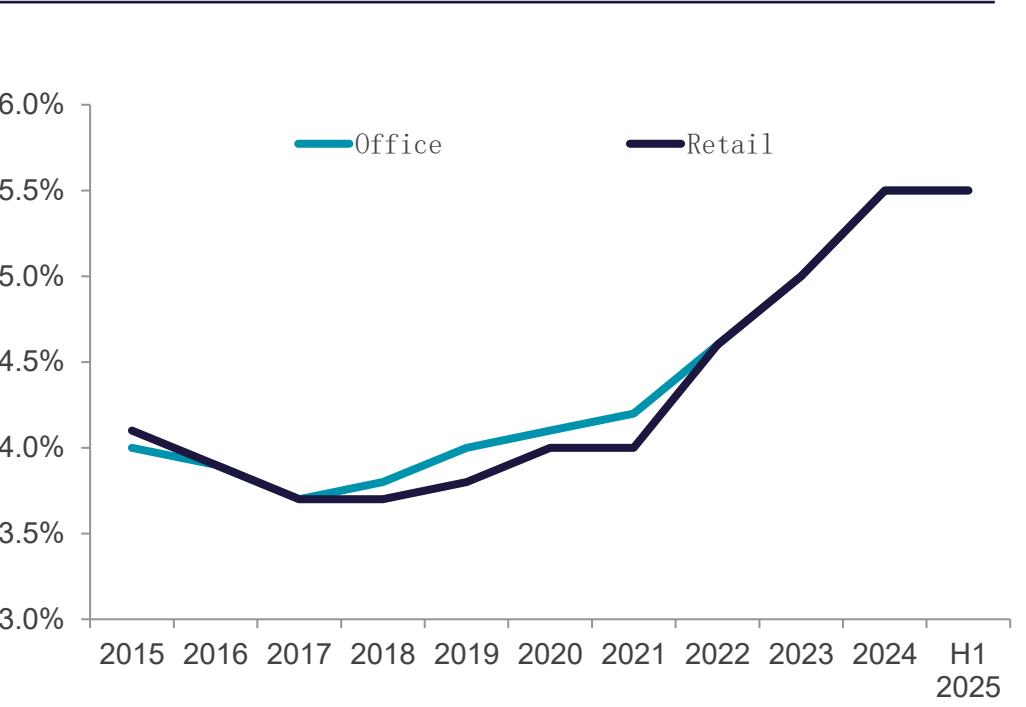
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CAP RATE TREND



Source: Cushman & Wakefield