

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
5.6B YTD Transaction Volume (RMB)	-61.8%	▲
5.9% Office (CBD) Cap Rate	+40bps	▲
5.75% Retail Cap Rate	+75bps	▲

Source: Cushman & Wakefield

ECONOMIC INDICATORS JAN - SEP 2025

	YOY Chg	12-Month Forecast
4.1% GDP growth	▼	▲
-0.5% CPI growth	▼	▲
1.9% 10-year government bond rate	▼	▼

MARKET VOLUME SHRINKS, DOMESTIC BUYERS DOMINATE

The Guangzhou capital market shrank significantly in 2025, with full-year transaction volume dropping 61.8% y-o-y to record RMB5.6 billion across 16 deals. While the second-half 2025 period transaction number exceeded the first half's, the transaction volume declined by 27.9%. The average transaction size continued to shrink through 2025, and domestic buyers concluded all transactions for the year. The judicial auction market remains vibrant, with debt-for-asset transactions occurring frequently.

RETAIL AND OFFICE ASSETS LEAD INVESTOR ACTIVITY

In the second half of the year, investment buyers completed seven transactions, accounting for 72.9% of total volume. Most deals were at less than RMB300 million, involving institutional investors, private investors, and SOEs. Owner-occupiers were more cautious, recording only two transactions, including Delton Technology's apartment building acquisition intended for staff housing.

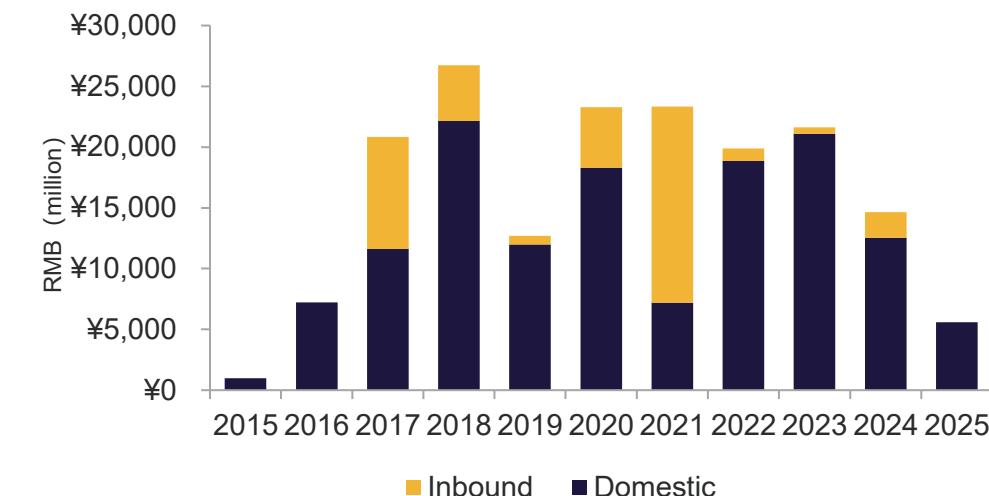
Retail assets gained market prominence, rising to take a 62.2% share of total investment volume in the 2H period. The largest deal in the retail sector was an institutional investor's acquisition of Guangzhou Zengcheng Wanda Plaza, highlighting continued demand for mature and stable income premium assets. Several retail projects in core areas also concluded deals, reflecting sustained recognition of the long-term value of prime retail properties.

However, for the full-year 2025 period, office assets remained the sector with the highest total transaction volume. Despite current pressures on key indicators in the Grade A office leasing market, office properties with favorable locations and high-quality infrastructure continue to attract investor interest. Looking ahead, we can expect the advancement of China's 15th Five-Year Plan to cultivate new growth drivers for the office market.

OUTLOOK

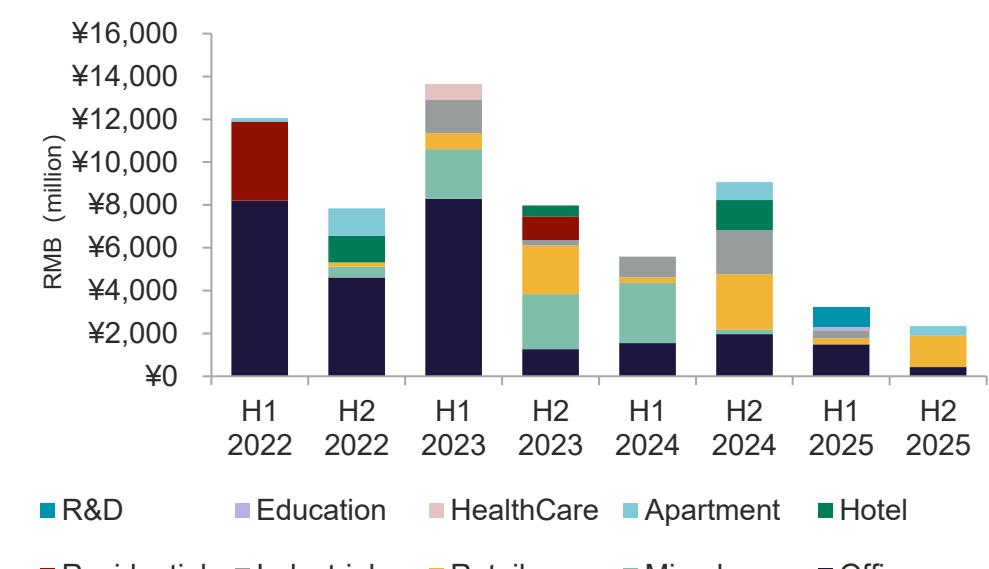
In the short term, domestic buyers will continue to dominate the market. Negotiations over price expectations may prolong transaction cycles. Retail, apartment and hotel assets with stable cash flows are expected to win further market attention. Meanwhile, with office and hotel properties formally included in the scope of publicly offered REITs, transaction activity in these sectors is anticipated to rise.

INVESTMENT SALES VOLUME



Source: Cushman & Wakefield

INVESTMENT SALES VOLUME BY SECTOR

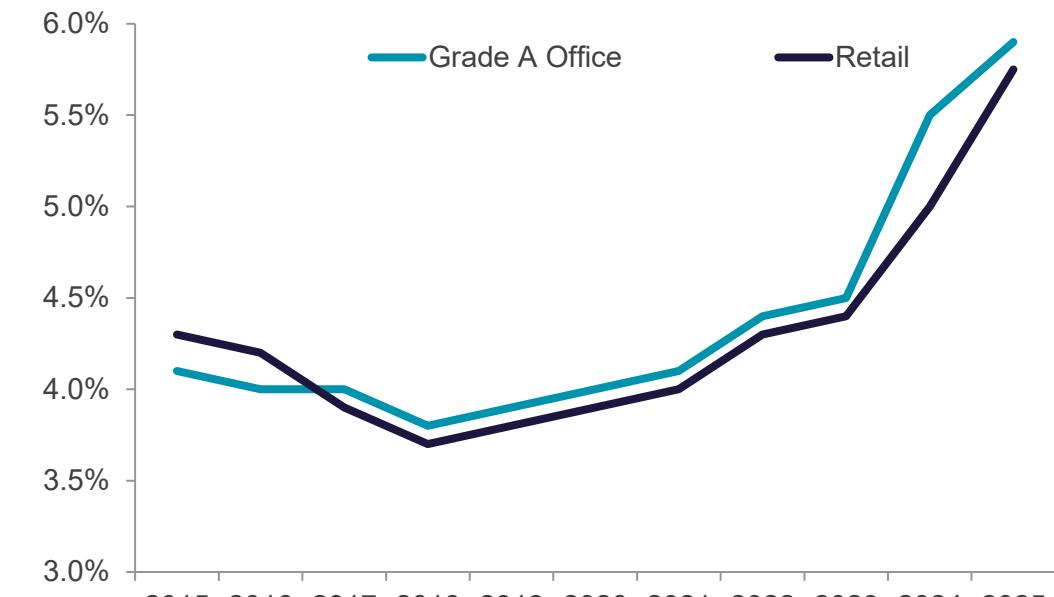


Source: Cushman & Wakefield

SIGNIFICANT SALES

PROPERTY	LOCATION	SECTOR	PRICE (RMB MN)	VENDOR	PURCHASER	DEAL TYPE
Motian Gongfang A1 Apartment	Huangpu	Apartment	323.8	GHIC	Delton Technology (Guangzhou)	Owner Occupation
Zengcheng Wanda Plaza	Zengcheng	Retail	-	Dalian Wanda Group	Hony Capital	Investment

CAP RATE TREND



Source: Cushman & Wakefield

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