

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
42.4B YTD Transaction Volume (RMB)	-40%	▲
5.70% Office (CBD) Cap Rate	+45bps	▬
6.20% Business Park Cap Rate	+50bps	▬
5.90% Retail Cap Rate	+60bps	▬

Source: Cushman & Wakefield

ECONOMIC INDICATORS 2025

	YOY Chg	12-Month Forecast
5.4% GDP growth	▲	▬
0.1% CPI growth	▲	▬
1.8% 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, SMALL-SCALE TRANSACTION FOCUS

For the full-year 2025, 75 investment deals were recorded with a total transaction value of RMB42.4 billion, representing a 40% year-on-year decline. Average deal size fell sharply as institutional investors remained cautious. By value share, the top three asset classes were office and R&D offices (43.6%), retail (16.6%), and apartments (16.5%). Office and R&D offices ranked first, recording total transactions of RMB18.5 billion. In the retail sector, private buyers favored small-scale and street-front assets, with 77% of transactions at less than RMB500 million. Meanwhile, in the rental residential sector, the expansion of public REITs supported renewed institutional interest, with four transactions exceeding RMB900 million, including notable deals such as Weilingdi and CIFI Songjiang R4.

CAPITAL SHIFT: FOREIGN RETREAT, SELF-USE DOMINANCE, SMALLER DEALS

Foreign capital disposals in 2025 reached approximately RMB12.9 billion, accounting for around 30% of total transaction value across 15 deals, mainly involving office and apartment assets. Notable transactions included the 50% equity transfers of Broadway Malyan Plaza and Weilingdi Pujiang R4.

Following further market adjustment, pricing reached a clear trough, while accommodative fiscal and monetary policies supported continued activity from both investors and owner-occupiers. Non-institutional investors dominated the market, contributing 55% of transaction value and 76% of deal volume.

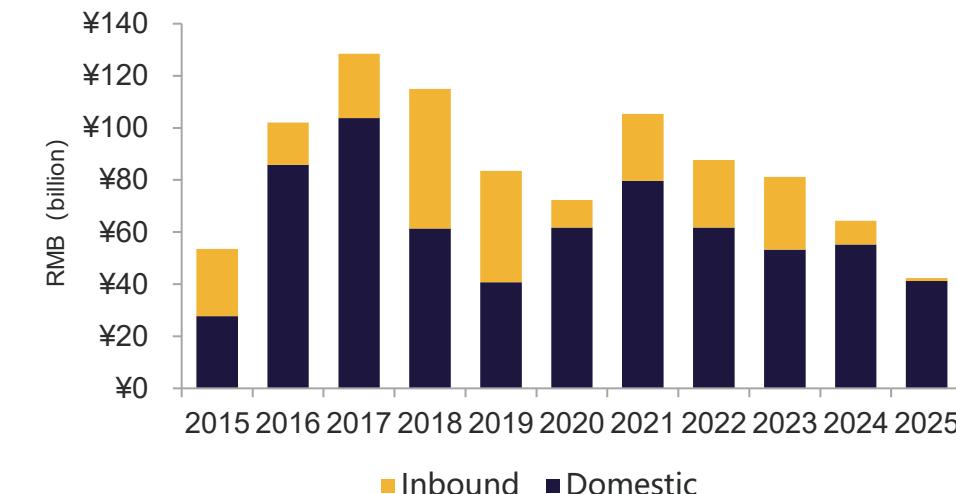
Owner-occupier transactions totaled around RMB6 billion, representing 26% of annual turnover. These deals focused primarily on office assets, while also covering residential and industrial/logistics properties, and were predominantly small-ticket, with 79% valued at less than RMB 500 million.

OUTLOOK: DOMESTIC CAPITAL-LED RECOVERY AND VALUE CREATION

Low interest rates continue to give leading domestic investors — SOEs and strong private firms — a financing advantage, supporting demand for high-quality, income-producing assets. The expansion of hotel and office public REITs, together with clearer regulatory pathways, is broadening revitalization channels for existing assets.

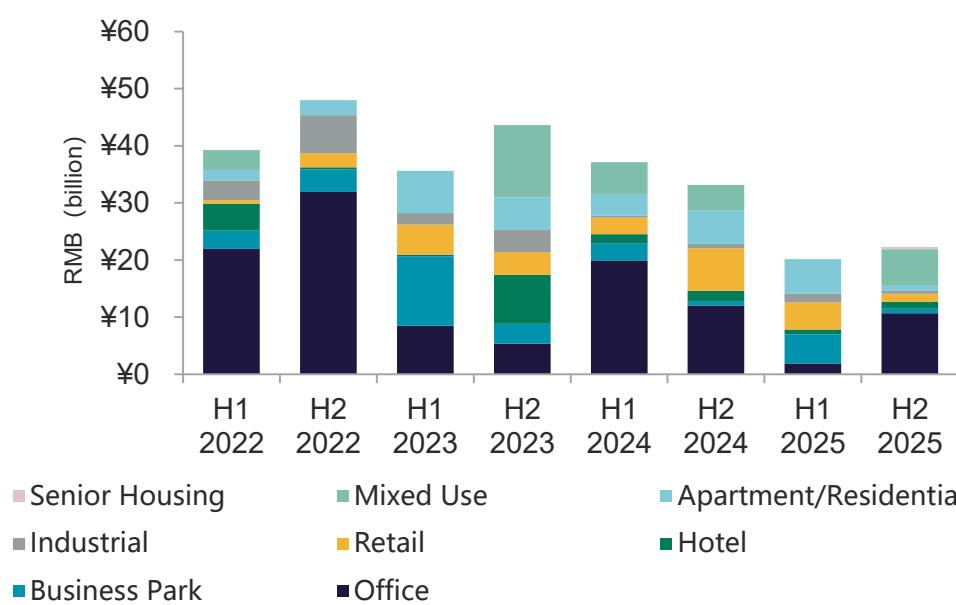
In 2026, stable-return assets at less than RMB300 million, offering clear title and flexible decision-making, are expected to remain the bulk-market mainstream. Core assets in Tier-1 cities such as Shanghai will continue to attract capital, as SOEs and private firms increasingly shift from pure financial investment toward value creation through capitalization, active asset management, and resource optimization.

INVESTMENT SALES VOLUME(BY YEAR)



Source: Cushman & Wakefield

INVESTMENT SALES VOLUME BY SECTOR



Source: Cushman & Wakefield

SIGNIFICANT SALES

PROPERTY	LOCATION	SECTOR	PRICE (RMB BN)	VENDOR	PURCHASER	DEAL TYPE
Taihe Tower	Jingan	Office	0.66	CITIC Financial Assets	Shunsheng Construction	Self-use
Atour Hotel Hongqiao	Minhang	Hotel	0.2	Xinhong Village	Shandong Haipeng Group	Investment
Changqiao Senior Housing	Xuhui	Senior Housing	0.34	Shanghai Real Estate	Fosun & Dajia Insurance	Investment
45% Equity Interest in Andaz	Huangpu	Hotel	1.06	Forte Land	Jingtou Development	Investment

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

*SF includes office, industrial and retail. Unit calculation for apartment only

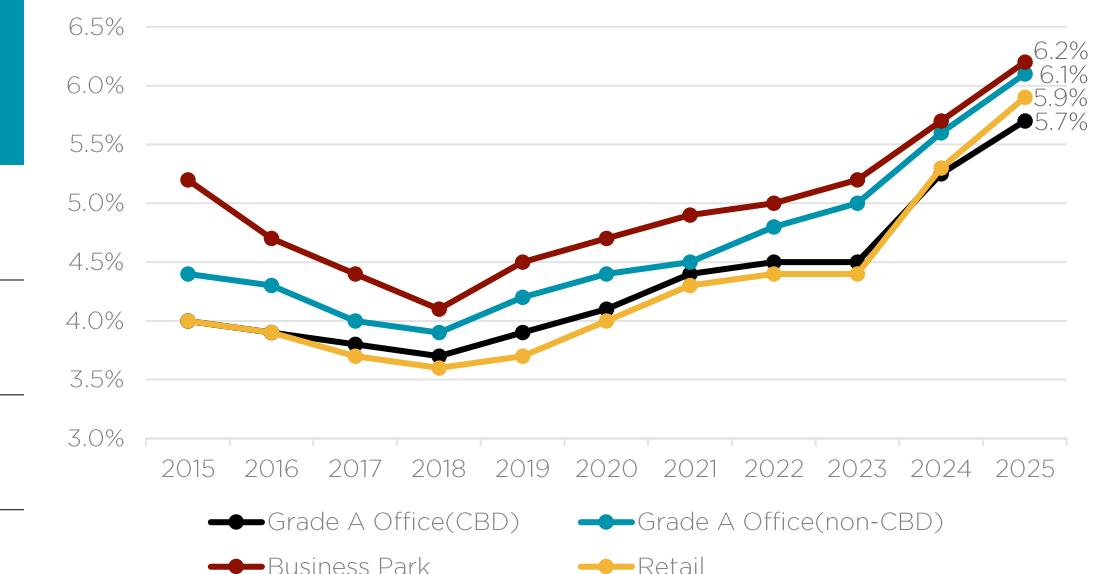
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CAP RATE TREND



Source: Cushman & Wakefield

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