

Investment



Beijing investment market steadily recovers

Quarterly transactions posted better-than-expected results while quality office assets remained favoured.

- The total transaction area of the first-hand strata-title office market reached 312,389 sqm, up 30.6% quarter-on-quarter (QoQ), with combined consideration of RMB 7.26 billion, up 19.8% QoQ.
- The total transaction area of the first-hand strata-title retail market reached 159,861 sqm, up 11.5% QoQ. The total consideration registered RMB2.98 billion, down 6.9% QoQ.
- In Q1/2024, Beijing en-bloc investment market performed steadily, with the quarterly consideration registering RMB7.06 billion, down 15.1% QoQ but up 8.1% year-on-year (YoY).
- Grade A office capital values registered an average of RMB75,371 psm in Q1/2024, and the gross yield stood at 5%.
- A total of 23 land plots were transacted for RMB50.7 billion, of which 15 plots were residential, five commercial and three industrial.

“Beijing’s en-bloc investment market performed steadily at the beginning of 2024. Small- and medium-volume deals dominated the market while office projects remained the most favourable asset class. Financially powerful buyers, including insurance companies, SOEs and urban investment companies, are accelerating their investment and acquisition plans.”

VINCENT LI, SAVILLS RESEARCH

Savills team

Please contact us for further information

RESEARCH

James Macdonald
 Senior Director
 China
 +8621 6391 6688
 james.macdonald@savills.com.cn

Vincent Li
 Director
 Beijing
 +8610 5925 2044
 vincentx.li@savills.com.cn

CENTRAL MANAGEMENT

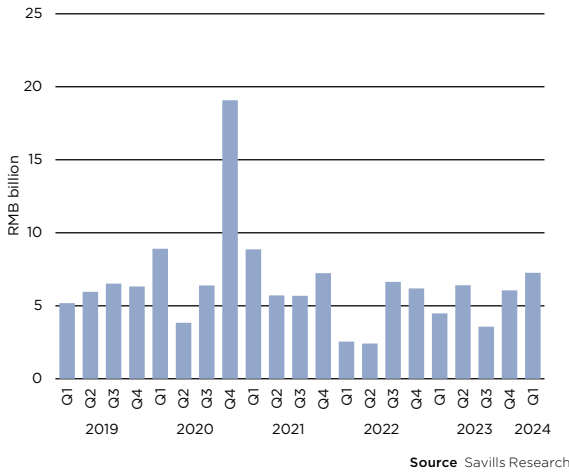
Eric Wo
 Managing Director
 Northern China
 +8610 5925 2002
 eric.wo@savills.com.cn

INVESTMENT

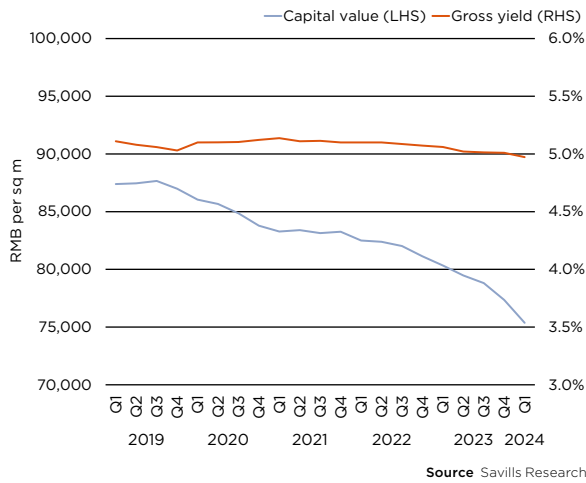
Ted Li
 Senior Director
 Northern China
 +8610 5925 2068
 ted.li@savills.com.cn

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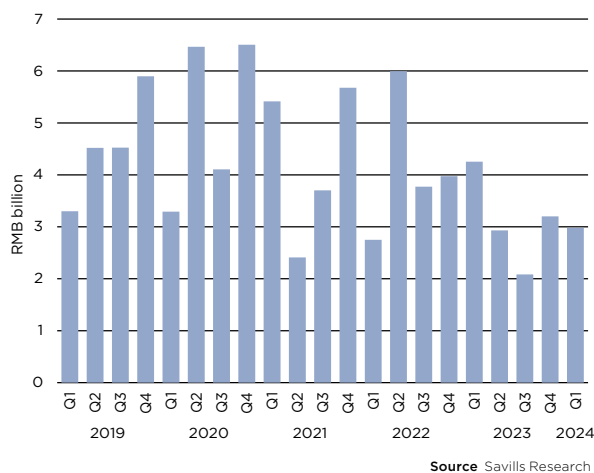
GRAPH 1: First-Hand Strata-Title Office Sales, Q1/2019 To Q1/2024



GRAPH 2: Grade A Office Capital Values And Yields, Q1/2019 To Q1/2024



GRAPH 3: First-Hand Strata-Title Retail Sales, Q1/2019 To Q1/2024



OFFICE SECTOR

The first-hand strata-title office market saw a new supply of 63,319 sqm in Q1/2024, down 50% QoQ. The total transaction area reached 312,389 sqm, up 30.6% QoQ.

The total consideration was RMB7.26 billion, up 19.8% QoQ. Average transaction prices stood at RMB23,232 psm, down 8.3% QoQ.

Grade A office capital values registered an average of RMB75,371 psm in Q1/2024. The gross reversionary yield stood at 5%.

RETAIL SECTOR

New supply in the first-hand strata-title retail market reached 34,192 sqm in Q1/2024, down 54.3% QoQ. The total transaction area reached 159,861 sqm, up 11.5% QoQ.

Meanwhile, the total consideration registered RMB2.98 billion, down 6.9% QoQ. Transaction prices averaged RMB18,646 psm, down 16.5% QoQ.

EN-BLOC INVESTMENT MARKET

Beijing’s en-bloc investment market remained stable at the beginning of 2024. The overall consideration was approximately RMB7.06 billion, marking a 15.1% QoQ decrease but an 8.1% YoY increase. The key transactions in the quarter continued to focus on prime office assets. Major transactions in this quarter included:

- CapitaLand Investment sold 95% equity share of the Grade A office tower, Capital Square Beijing located in the CBD Vicinity area, to AIA Life Insurance.

- An undisclosed state-owned enterprise purchased an office building for self-use in PowerChina Technology Innovation Park for RMB2.53 billion.

LAND MARKET

A total of 23 land plots were sold in Q1/2024, and the total consideration reached RMB50.7 billion. Of these transacted plots, 15 plots were designated for residential use, five for commercial and three for industrial.

MARKET OUTLOOK

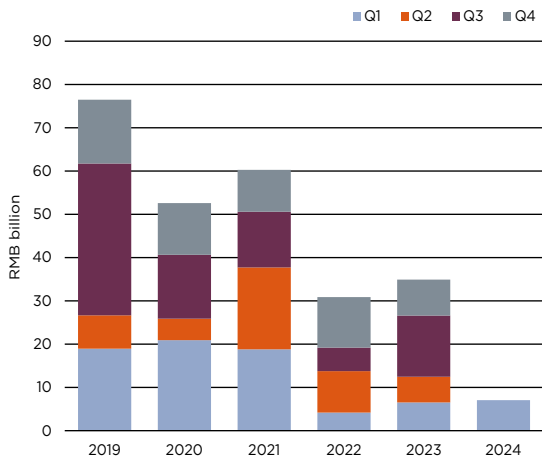
Beijing’s en-bloc investment market is forecast to face uncertainties and challenges in 2024. As a result of the impressive amount of saleable inventory assets in recent years, the supply side of the market has slowed down. On the other hand, potential buyers’ new focus is to explore and identify the core value among the various assets. Beijing’s en-bloc investment market is expected to pick up this year, and quality assets such as office buildings, retail projects and long-term rental apartments will continue to draw attention from investors.

TABLE 1: Major First-Hand Strata-Title Office Projects, Q1/2024

PROJECT	Sino Palace	Chang An Peking	La Cité Genius
LOCATION	Fengtai District	Shijingshan District	Shijingshan District
DEVELOPER	CR Land	CR Land/PowerChina Real Estate	China Overseas
TRANSACTION AREA (SQ M)	63,319	51,262	11,742
AVERAGE PRICE (RMB PER SQ M)	30,029	29,800	26,254

Source: Savills Research

GRAPH 4: En-bloc Investment Volumes, 2019 To Q1/2024



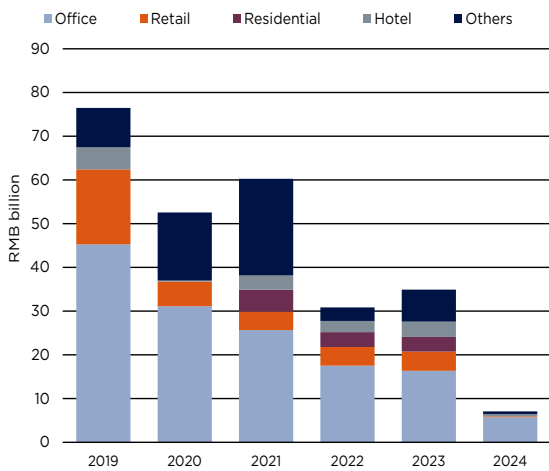
Source Savills Research

TABLE 2: Major First-Hand Strata-Title Retail Projects, Q1/2024

PROJECT	Fangheng Fashion Center	La Cité Genius	Royal Mansion
LOCATION	Haidian District	Shijingshan District	Haidian District
DEVELOPER	Fangheng Group	China Overseas	Glorious Property
TRANSACTION AREA (SQ M)	5,055	3,508	6,872
AVERAGE PRICE (RMB PER SQ M)	68,112	38,254	34,197

Source Savills Research

GRAPH 5: En-bloc Investment Volumes By Property Type, 2019 To Q1/2024



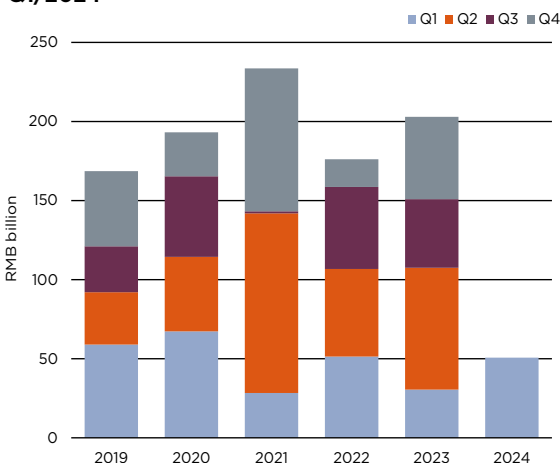
Source Savills Research

TABLE 3: Major En-Bloc Transactions, Q1/2024

PROJECT	Capital Square Beijing	PowerChina Technology Innovative Park Bldg E
BUYER	AIA Life Insurance	Undisclosed SOE
SELLER	CapitaLand Investment	PowerChina Real Estate
LOCATION	CBD Vicinity, Chaoyang District	Haidian District
PURCHASED AREA(SQ M)	44,759 (Aboveground area)	28,449 (Office component)
TRANSACTION PRICE (RMB MILLION)	2,280 (95% equity share)	2,534
UNIT PRICE (RMB PER SQ M)	53,620	87,270 (Office component)
DEAL STRUCTURE	Onshore Equity Transaction	Asset Transaction

Source Savills Research

GRAPH 6: Land Transaction Volumes, 2019 To Q1/2024



Source Savills Research

TABLE 4: Major Land Transactions , Q1/2024

PLOT CODE	DISTRICT	TOTAL GFA (SQ M)	USAGE	CONSIDERATION (RMB MILLION)	BUYER
Daxing 2023-075	Daxing	332,097	Residential	7,538	CR Land
Haidian 2023-073	Haidian	285,523	Commercial	6,420	Tencent
Daxing 2024-004	Daxing	117,589	Residential	4,876	CSCEC Yipin Investment
Fengtai 2023-069	Fengtai	69,600	Residential	3,853	CSCEC Xinh Real Estate
Fengtai 2023-068	Fengtai	90,221	Residential	3,841	BEIH Property

Source Savills Research