

Investment



Beijing investment market remains stable

Transaction volume in H1 recorded year-on-year growth.

- The total transaction area of the first-hand strata-title office market reached 203,294 sqm, down 34.9% quarter-on-quarter (QoQ), with combined consideration of RMB 7.07 billion, down 2.6% QoQ.
- The total transaction area of the first-hand strata-title retail market reached 129,797 sqm, down 18.8% QoQ. The total consideration registered RMB3.41 billion, up 14.5% QoQ.
- In Q2/2024, Beijing en-bloc investment market performed steadily, with the quarterly consideration registering RMB7.72 billion, down 4.4% QoQ but up 30.1% year-on-year (YoY).
- In H1/2024, the total transaction volume of en-bloc investment market reached 15.8 billion, up 26.7% YoY.
- Grade A office capital values registered an average of RMB72,237 psm in Q2/2024, and the gross yield stood at 5%.
- A total of 16 land plots were transacted for RMB39.29 billion, of which six plots were residential, two commercial, seven industrial and one for other purpose.

“En-bloc investments are considered the barometer of the commercial real estate market, directly reflecting investment trends and expectations. In H1/2024, Beijing’s en-bloc investment market continued to post steady performance and the half-year transaction volume outnumbered last year. Looking ahead, commercial real estate’s continued recovery will further boost market confidence and en-bloc investments in the future.”

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

INVESTMENT

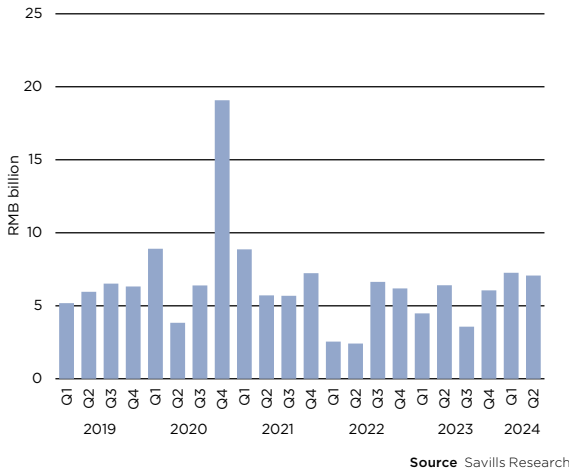
Ted Li
Senior Director
Northern China
+8610 5925 2068
ted.li@savills.com.cn

SAVILLS VALUATION PROFESSIONAL SERVICES

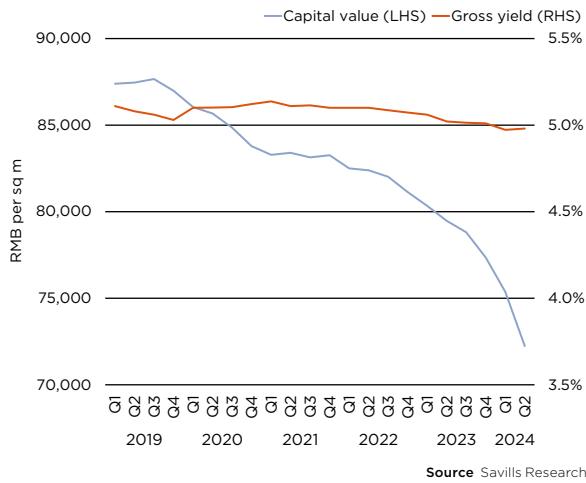
Sarah Zhang
Director
Northern China
+8610 5925 2211
sarah.y.zhang@savills.com.cn

Savills plc
Savills is a leading global real estate service provider listed on the London Stock Exchange. The company established in 1855, has a rich heritage with unrivalled growth. It is a company that leads rather than follows, and now has over 700 offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East. This report is for general informative purposes only. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent. Whilst every effort has been made to ensure its accuracy, Savills accepts no liability whatsoever for any direct or consequential loss arising from its use. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without written permission from Savills Research.

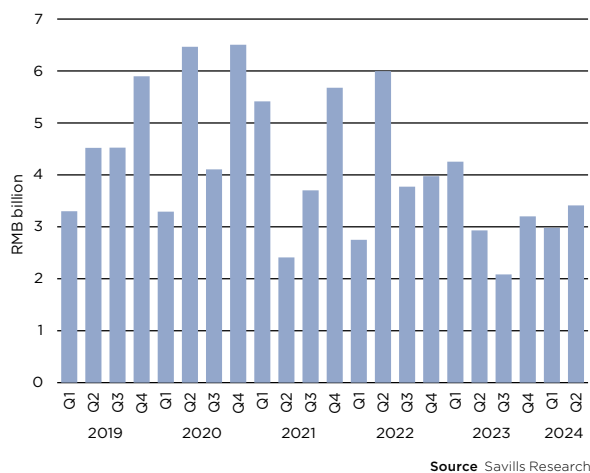
GRAPH 1: First-Hand Strata-Title Office Sales, Q1/2019 To Q2/2024



GRAPH 2: Grade A Office Capital Values And Yields, Q1/2019 To Q2/2024



GRAPH 3: First-Hand Strata-Title Retail Sales, Q1/2019 To Q2/2024



OFFICE SECTOR

The first-hand strata-title office market saw a new supply of 59,681 sqm in Q2/2024, down 5.8% QoQ. The total transaction area reached 203,294 sqm, down 34.9% QoQ.

The total consideration was RMB7.07 billion, down 2.6% QoQ. Average transaction prices stood at RMB34,770 psm, up 49.7% QoQ.

Grade A office capital value registered an average of RMB72,237 psm in Q2/2024. The gross reversionary yield stood at 5%.

RETAIL SECTOR

In Q2/2024, no new supply of strata-title retail units entered the first-hand retail market. The total transaction area reached 129,797 sqm, down 18.8% QoQ.

Meanwhile, the total consideration registered RMB3.41 billion, up 14.5% QoQ. Transaction prices averaged RMB26,290 psm, up 41% QoQ.

EN-BLOC INVESTMENT MARKET

Beijing’s en-bloc investment market continued to perform steadily, with a total transacted consideration of RMB 7.72 billion, down 4.4% QoQ but up 30.1% YoY. Major transactions in this quarter included:

- Sino-Ocean Group sold its 64.79% equity share and assigned debts from a constructed complex, Beijing INDIGO Phase II, for a total consideration of RMB4

billion, which was jointly acquired by China Life Insurance and Swire Properties.

LAND MARKET

A total of 16 land plots were sold in Q2/2024 with a total consideration of RMB39.3 billion. Of these transacted plots, six plots were designated for residential use, two for commercial, seven for industrial and one for other uses.

MARKET OUTLOOK

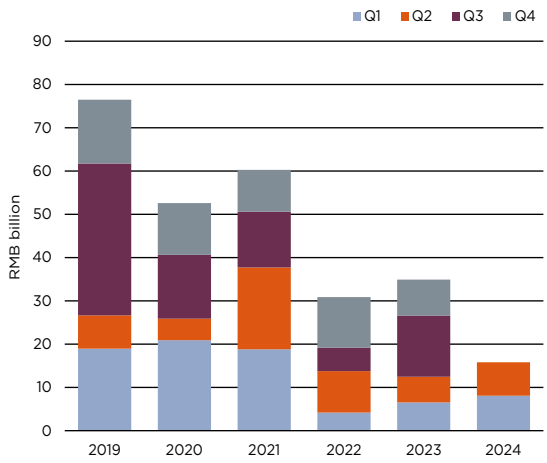
In the first half of 2024, the domestic real estate market is bottoming out with a slight rebound in the en-bloc transaction volume, but the latter half will remain challenging: sellers are accelerating the asset disposal process to raise funds, while potential buyers are looking to acquire quality assets at lower prices. In sum, the investment market remains cautious in the short term, but the ongoing recovery of the commercial real estate sector will stimulate market activity in the long run.

TABLE 1: Major First-Hand Strata-Title Office Projects, Q2/2024

PROJECT	Wangfu 77	Sino Palace	Galaxy Center
LOCATION	Dongcheng District	Fengtai District	Tongzhou District
DEVELOPER	Tianrun Tongtai Real Estate	CR Land	Beijing Hongchang Real Estate
TRANSACTION AREA (SQ M)	1,392	823	1,100
AVERAGE PRICE (RMB PER SQ M)	86,590	45,000	32,000

Source: Savills Research

GRAPH 4: En-bloc Investment Volumes, 2019 To Q2/2024



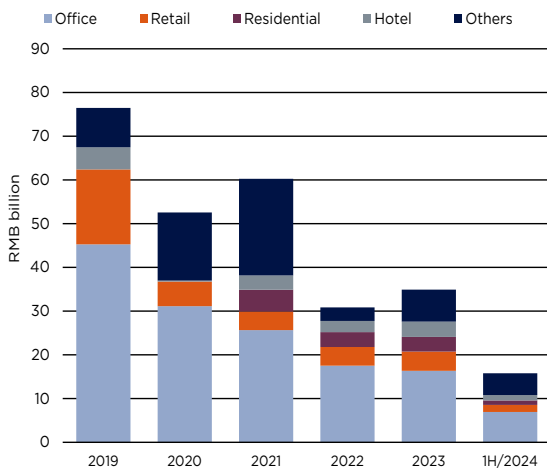
Source Savills Research

TABLE 2: Major First-Hand Strata-Title Retail Projects, Q2/2024

PROJECT	Metropolis Riverside	Tongyun Mansion	Park Lounge
LOCATION	Tongzhou District	Tongzhou District	Changping District
DEVELOPER	China Vanke	Greenland Group/ Forte Group	China Merchants Property Development/Jiaming Real Estate
TRANSACTION AREA (SQ M)	4,504	1,995	14,710
AVERAGE PRICE (RMB PER SQ M)	44,184	35,298	33,883

Source Savills Research

GRAPH 5: En-bloc Investment Volumes By Property Type, 2019 To 1H/2024



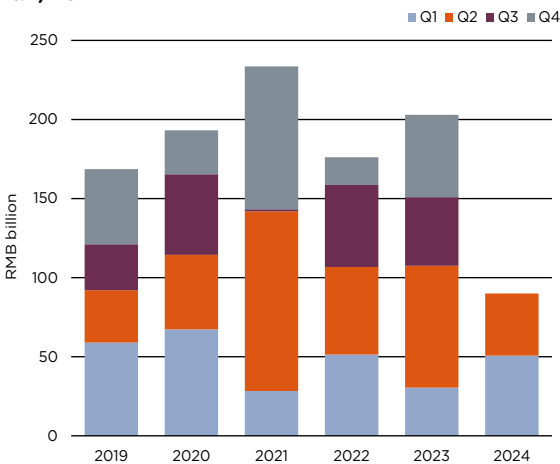
Source Savills Research

TABLE 3: Major En-Bloc Transactions, Q2/2024

PROJECT	INDIGO Phase II
BUYER	China Life Insurance/Swire Properties
SELLER	Sino-Ocean Group
LOCATION	Jiuxianqiao, Chaoyang District
PURCHASED AREA(SQ M)	N/A
TRANSACTION PRICE (RMB MILLION)	4,000 (64.79% equity share and assigned debts)
UNIT PRICE (RMB PER SQ M)	N/A
DEAL STRUCTURE	Onshore Equity Transaction

Source Savills Research

GRAPH 6: Land Transaction Volumes, 2019 To Q2/2024



Source Savills Research

TABLE 4: Major Land Transactions , Q2/2024

PLOT CODE	DISTRICT	TOTAL GFA (SQ M)	USAGE	CONSIDERATION (RMB MILLION)	BUYER
Chaoyang 2024-017	Chaoyang	282,977	Residential	11,200	C-Land/LJZG GROUP/Chaoyang Urban Construction and Development
Haidian 2024-016	Haidian	222,463	Residential	7,917	Haikai Group
Chaoyang 2024-019	Chaoyang	125,853	Residential	6,380	BBMG
Shijingshan 2024-013	Shijingshan	205,364	Residential	5,750	China Overseas
Haidian 2024-015	Haidian	249,925	Commercial	4,230	Haikai Group

Source Savills Research