

GDP GROWTH
7.5% Q2 2013

CPI
2.7% June

EXPORT
-3.1% June

PMI
50.1 June

RETAIL SALES
13.3% June

OFFICE SUPPLY HIT RECORD HIGH AMID SUBDUED DEMAND

MARKET HIGHLIGHTS

Chengdu Office: Vacancy hit new high

During Q2, Chengdu office market experienced a significant 580,000 sm of new delivery with most coming from the Tianfu New District. Despite a pick-up in leasing demand, overall vacancy rate went up by 5.6 percentage points to 40.8%, a record high for Chengdu.

Guangzhou Office: Uneven development

The low pre-leasing rate for two new deliveries in the Pearl River New City further drove up the vacancy rate in the submarket to 21.9% by end of Q2. In contrast, the vacancy rate in a number of mature submarkets further declined due to lack of new supply in recent quarters. Furthermore, rents in these mature submarkets continued to grow thanks to resilient leasing demand.

Shenyang Retail: Continued to struggle

The downward trend in Shenyang's retail market continued in Q2. Average retail rent was down 1.3% q-o-q, while the overall vacancy rate was up by 1.3 percentage points to 20.2%. During Q2, the Isetan Department Store exited the market while Hualian Shopping Center closed for repositioning.

Hangzhou Retail: Another strong quarter

The buoyant retail consumption along with limited supply in Hangzhou further pushed up average retail rent by 3.4% q-o-q. While the expansion of luxury brands slowed down in Hangzhou, demand from fast fashion and some designer brands remained active.

Offices: Subdued demand

China Q2 GDP growth slipped further from 7.7% in Q1 to 7.5%. Most office occupiers were cautious in expanding amid a sluggish economy, resulting in a low level of office demand. On the other hand, new supply during the quarter reached a record high of 1.63 m sm. As a result, the national office vacancy rate increased by 1.5 percentage points to 14.1%. Taking a closer look, Chengdu and Wuhan stood out with record new supply and record high vacancy rates during the quarter under review.

Retail: Diverging performance

In Q2 2013, most of the new projects achieved satisfactory occupancy rates upon commencement. During the quarter, a number of luxury brands have slowed down expansion and shifted their focus on further improvement of existing stores, while fast fashion and F&B retailers remained active expanding into new markets. We also observed diverging performance between shopping malls in core areas and emerging areas in a number of second-tier cities. We anticipate retail facilities in emerging areas will remain under pressure in view of substantial supply in the pipeline.

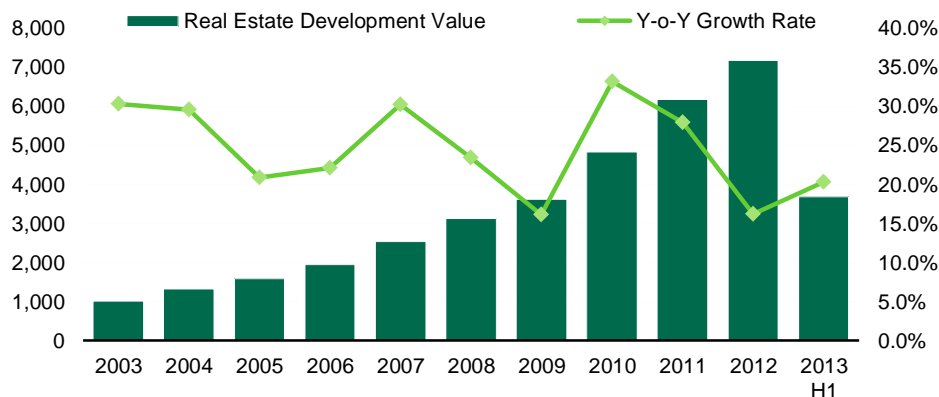
Logistics: Emerging new trend

With the exception of Tianjin, where logistics rent declined marginally for the first time in three years, logistics rents across the nation saw a steady upward trend. During the quarter, we observed that an increasing number of large e-commerce tenants had opted to develop and own their logistics facilities for better cost control and operation efficiency. As a result, end-users such as manufacturers and traditional retailers were becoming new major demand drivers for logistics facilities.

Residential: Steady market

The detailed implementation on the "Five New Measures" by local governments had limited impact on the residential market except in delaying the launching of certain high-end projects. As such, both transaction volume and price of high-end residential properties remained stable during Q2 2013. Despite the recent tightening, developers remained active in the land market with a number of cities reporting record high prices for land transactions. The rising land price has, to some extent, fuelled expectation of rising home prices in the future.

Real Estate Development Value (Billion RMB)



Source: National Bureau of Statistics of China

© 2013, CBRE, Group Inc.

MARKET PERFORMANCE

Economy

China GDP growth further slowed down to 7.5% in Q2 2013 from 7.7% in the previous quarter. In H1 2013, GDP growth stood at 7.6% y-o-y, marginally higher than the official annual target of 7.5%. The slow-down was more or less expected by the market as PMI has been declining sharply over the past few months. Industrial sectors continued to struggle in Q2 2013. IP growth slowed further from 9.4% in Q1 to 9.1% in Q2. Slow recovery in the global economy, coupled with RMB appreciation has taken a toll on the export sector, which was down 3.1% y-o-y in June 2013. On the bright side, retail sales have shown some resilience by posting y-o-y growth of 12.7% in H1 2013, up from 12.4% in Q1 2013. The real estate sector continued to recover despite the latest round of tightening measures. New commencements of residential property increased by 3% y-o-y in the first six months of 2013, compared to a drop of 11% in 2012. The recovery in the residential market was also evident in a buoyant land market where a number of record deals were struck in major cities during the period.

Under the new leadership of Xi and Li, the central government seems to be more determined to push forward the economic restructuring. The recent "credit crunch" in June indicated the central government leaders are now more prepared to accept a slower GDP growth in the near term for a more sustainable economic growth in the long term. Hence, we believe the chance for the central government to introduce any large-scale stimulus is remote in H2 2013.

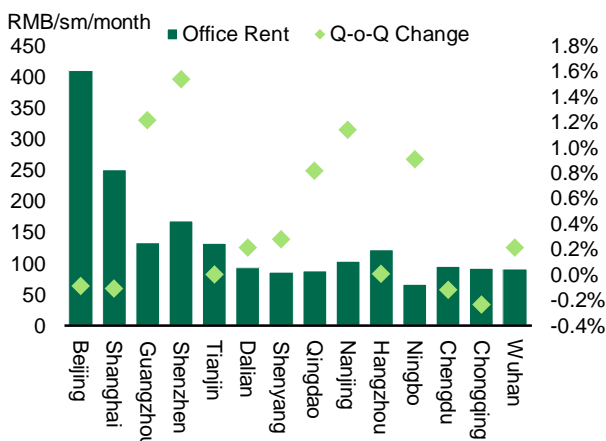
Market Performance

Office market

In Q2 2013, China office supply hit a new high, amounting to 1.63 million sm, of which nearly 80% came from tier-2 cities. Western and Central China registered around 820,000 sm of new office space, a historical high for the region. The spike in new supply pushed up nation-wide vacancy rate by 1.5 percentage points to 14.1%. While we are yet to see an immediate correction in office rents, the subdued demand and the substantial supply did put pressure on overall rental growth, which remained stagnant for the third consecutive quarter. In Shanghai, market activities have been dominated by renewal of existing leases and relocations as most MNCs decide to hold their expansion plan in an uncertain economic outlook. As a result, Shanghai office rental edged down for a consecutive fourth quarter. Beijing's office rents which witnessed continued growth for the past three years ended up flat this quarter. From a regional perspective, office rental declined in the Western China market, but remained flat in North and Eastern China. The office market in Southern China saw slight growth thanks to the relatively resilient market demand.

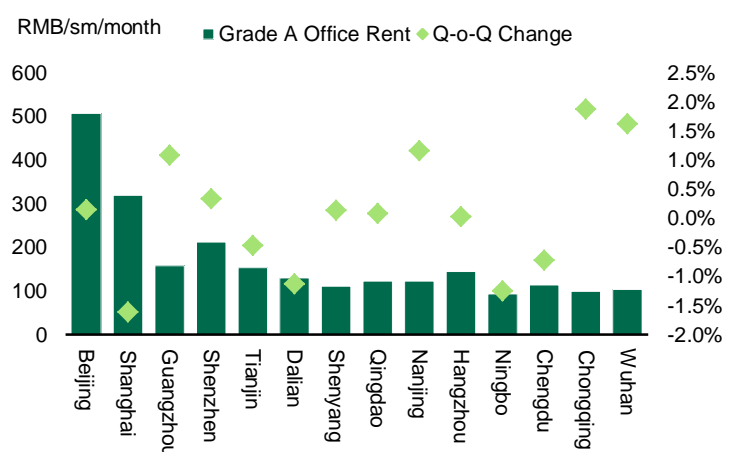
Looking ahead, new supply will remain abundant in the coming quarters. In view of this, we expect overall vacancy rate to climb further up, especially for projects in new CBDs in tier-2 cities, while rental growth is likely to stay stagnant. Despite the weak market sentiment, most blue chip buildings continued to outperform the overall market in terms of both vacancy and rental growth. For instance, a Japanese company and a Chinese local financial institution took 2,250 sm and 1,500 sm of office space respectively in a high quality office building in Tianhe District, Guangzhou. Even in Chengdu, a high quality office building recently launched in the CBD demonstrated outstanding performance by attracting a local financial company to lease a whole floor of 1,900 sm. Another high quality strata-sale office located in the Tianfu New Town with significant future pipeline has sold multiple floors to a number of owner-occupiers.

Office Rent (Grade A & B) Q2 2013



Source: CBRE Research

Grade A Office Rent Q2 2013



Source: CBRE Research

Retail Market

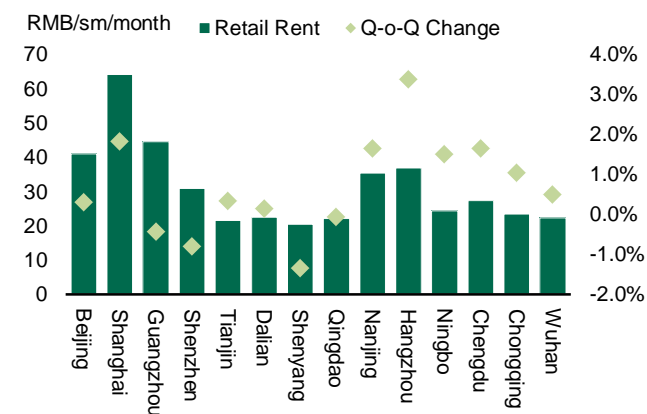
The retail market remained stable in Q2 2013. Among all the cities CBRE tracked, only Beijing, Dalian, Hangzhou, Ningbo and Chengdu reported new supply in this quarter, adding about 500,000 sm of retail space into the market, a decline of nearly 60% q-o-q. All of the new retail projects achieved satisfactory occupancy rates upon commencement. For example, Dalian Wanda Plaza, situated in the emerging area of the city was almost at full occupancy upon opening. Nationwide, the retail vacancy rate edged up by 0.1 percentage point to 9.3%, while rentals increased by 0.7% q-o-q.

As the retail market matures, the expansion strategies of different brands started to diverge. While there were a number of new luxury stores opened in cities like Shenyang, Shanghai and Chengdu during Q2 2013, the expansion momentum of luxury brands have slowed down markedly. On the other hand, fast fashion brands, designer brands, supermarkets, and catering services remained active in expanding their footprints into new markets and they have increasingly become major demand drivers for retail space.

While most retailers remain with their positive outlook towards the domestic consumption, CBRE has observed some isolated cases of shopping malls that chose to withdraw from the market due to mismanagement, or to close temporarily for redecoration and repositioning, or to outsource their asset management to external experienced retail operators. For instance, in Shenyang, the Isetan Department Store had completely withdrawn from the market and the Hualian Shopping Center in Golden Corridor was closed for renovation and repositioning. Furthermore, in the emerging areas of some tier-2 cities with abundant new supply, more and more landlords have started lowering rent rates or offering decoration subsidies.

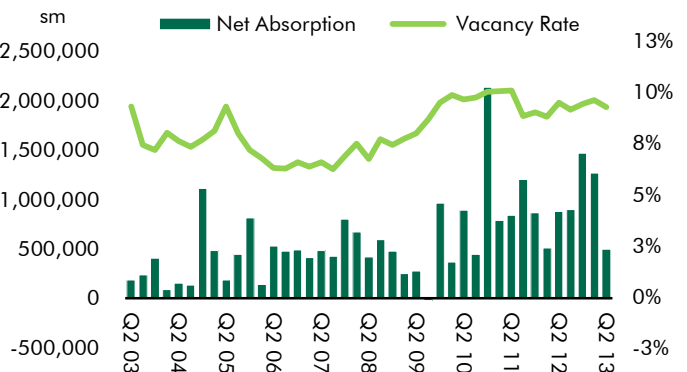
In view of the fact that most new retail projects can still manage to achieve satisfactory pre-lease rates, CBRE anticipates the retail market to maintain a mild upward trend in the near term. However, with more new deliveries in the coming quarters, the overall vacancy rate is expected to increase and rental growth to decelerate.

Retail Market Performance in Q2 2013



Source: CBRE Research

Retail Market Demand and Vacancy



Source: CBRE Research

Industrial Market

The industrial market has maintained a steady upward trend in Q2 2013. Except for Tianjin, where logistics rent declined marginally for the first time in three years due mainly to the slowdown in export demand, rents of quality logistics properties in other major cities saw a steady upward trend. The trend of more and more e-commerce companies starting or planning to build warehouses for self-use has become the new focus of the logistics market. Leading e-commerce enterprises such as JD.com, Alibaba and Amazon had begun building self-use warehouses or acquiring build-to-suit facilities aiming to control costs and optimize their operation.

In CBRE's view, the rising trend of owner-occupation for major e-commerce enterprises will have a certain impact on the growth of leasing demand for logistics facilities. However, most small to medium-size e-commerce enterprises will continue to rent warehouses since it is less likely for such companies to build their own facilities given the complexity, specialization, capital requirement and a long investment return period for such projects. In summary, CBRE believes the under supply situation for quality warehouse space will continue in the future and the market will continue its steady upward trend, considering the rising demand from other tenants including manufacturing, traditional retailers, and third-party logistics, as well as the scarcity of logistics related land.

OUTLOOK IN 6 MONTHS

Residential Market

Since the “State Five Measures” was implemented, investment demand in the residential market was further restricted. As a result, both transaction volume and price of high-end residential properties remained stable this quarter. In spite of the continued tightening measures, developers seemed to remain optimistic in their outlook of the housing market. This was evident in the recent rebound in the land market in major cities. Developers have been aggressive in bidding for land plots in Beijing, Shanghai and Guangzhou and other key gateway cities, resulting in new records in land prices. The rising land price has, to some extent, fuelled expectation of rising home prices in the future. As such, we believe the housing price is unlikely to correct in the near term. On the other hand, the “State Five Measures” has sent out a clear signal that the central government will not tolerate with rapid price growth. Hence, the scenario of stable price growth with healthy transaction volume is more likely in the near term.

CBRE MARKET OUTLOOK (6 MONTHS)

City	Forecast	Office	Luxury Residence	Retail	Industrial
Beijing	Rent Growth	0-1%	0-2%	0-2%	0-2%
	Vacancy Rate Trend	↑		--	
Tianjin	Rent Growth	-1-0%	0-2%	0-1%	0-1%
	Vacancy Rate Trend	↑		↑	
Dalian	Rent Growth	-1-0%	0-1%	0-1%	0-1%
	Vacancy Rate Trend	↑		↓	
Shenyang	Rent Growth	0%	0-1%	-2-0%	0-1%
	Vacancy Rate Trend	↑		--	
Qingdao	Rent Growth	0-2%	1-2%	-1-0%	0-1%
	Vacancy Rate Trend	↑		↑	
Shanghai	Rent Growth	-3-0%	0-3%	0-3%	0-3%
	Vacancy Rate Trend	↑		↓	
Nanjing	Rent Growth	0-3%	0-3%	0-3%	0-3%
	Vacancy Rate Trend	--		--	
Hangzhou	Rent Growth	-3-0%	0-3%	3-5%	0-3%
	Vacancy Rate Trend	↑		↑	
Ningbo	Rent Growth	0-3%	0-3%	0-3%	0-3%
	Vacancy Rate Trend	↓		↓	
Guangzhou	Rent Growth	0-1%	0-2%	-2-0%	0-2%
	Vacancy Rate Trend	↑		↑	
Shenzhen	Rent Growth	0-2%	0-1%	0-2%	0-3%
	Vacancy Rate Trend	↑		↑	
Chengdu	Rent Growth	-2-0%	0-2%	0-1%	-1-0%
	Vacancy Rate Trend	↑		↑	
Chongqing	Rent Growth	0-3%	0-3%	0%	0-3%
	Vacancy Rate Trend	↑		↑	
Wuhan	Rent Growth	0%	0-3%	0-3%	0-3%
	Vacancy Rate Trend	↑		↑	

North China experienced another sluggish quarter during April-June 2013 on the back of slowing GDP growth that took a toll on the office market. Cities in the region, except Shenyang, reported reduced transaction since many companies suspended expansion plans, further squeezing the overall rent growth in north China to less than 1%. Grade B office buildings enjoyed better performance as SMEs focused on cost control and hence adjusted down their requirements by moving to lower-grade offices. Beijing office market showed first signs of peak out after more than three years of rent spike while vacancy rate continued to trend down due to lack of new supply. Vacancy rates remained at a relatively high level for all second-tier cities in the region. Abundant new supply is expected for the next six months in most markets with increasing competition among landlords further exerting pressure on the rent level amid stagnant demand.

Retail market was stable except Shenyang which saw another 1.3% dip in its average retail rent on lingering downward pressure. Little change was noted in the other four cities where rents moved within a $\pm 0.3\%$ q-o-q range. During the quarter under review, vacancy rate in Shenyang increased by 1.3 percentage points to 20.2%, the highest among all cities that CBRE tracked in China. Beijing saw the strongest performance even with vacancy rate going up 0.5 percentage points to 11.3%. New international brands continued to land on the Beijing market and many made their first presence by opening large stores or flagship stores in the city. There was limited new supply during the quarter but the picture is posed to change in the next six months as all cities have fresh supply in the pipeline except Dalian. Most of the new supply will come from emerging districts where intense competition among landlords and market fluctuation can be expected.

The rent growth of warehouses and logistic facilities in all five northern cities slowed down significantly in Q2. Tianjin went south with a -0.3% q-o-q while Dalian recorded the largest positive growth among all cities at +0.3% q-o-q. Some e-commerce tenants moved out of logistics facilities



in core urban locations as they either built owner-occupied facilities or leased warehouse space in less expensive locations – mostly in surrounding emerging industrial cities or areas. Prices of industrial lands remained stable with most cities saw price movements of $\pm 0.5\%$ q-o-q.

Local implementation policies responding to the “State Five Measures” had some impact on the transaction volume in most cities. However, prices were still on the rise with a slower pace except Beijing which reported a faster +4.6% q-o-q. Beijing witnessed another high-growth quarter driven by the undersupplied condition of luxury residential market. With limited land supply and increased land price in core locations, an upward trend of housing price is expected in the desirable first and second-tier cities. As for the leasing market, Beijing and Qingdao had the best performance with rent growth of 1.9% and 0.6% q-o-q respectively. Rental gains of other second-tier cities were limited in the range of 0.1% to 0.3% q-o-q.

Rental Performance in Q2 2013

	Beijing	Dalian	Qingdao	Tianjin	Shenyang
Office	--	--	↑	--	--
Luxury Residential	↑	--	↑	--	--
Retail	--	--	--	↑	↓
Industrial	--	--	--	--	--

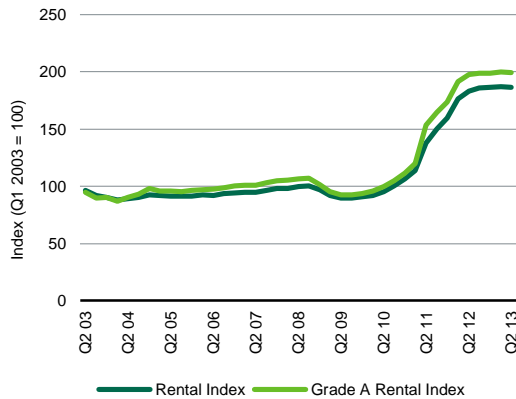
Vacancy Rate Change in Q2 2013

	Beijing	Dalian	Qingdao	Tianjin	Shenyang
Office	↓	↓	--	↓	↑
Retail	↑	↓	--	↑	↑

NORTH CHINA BEIJING

CBRE's View in 6 Months				
	Office	Luxury Residential	Retail	Industrial
Rental Growth	-1-0%	0-2%	0-2%	0-2%
Vacancy Rate Trend	↑		--	

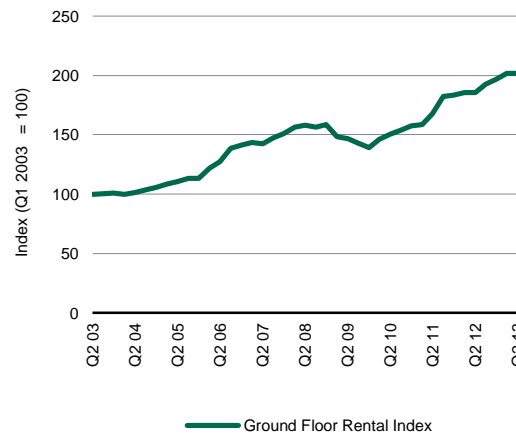
Beijing Office Market



Beijing Office Market

The three-year bull run of Beijing office market took a breather in Q2 with average asking rent edging down by 0.1% to RMB 409.6 psm per month at the end of the quarter. As China's GDP growth continued to slow down, office tenants were cautious about business expansion, hence suppressing the demand for office space. Despite that, most landlords maintained their asking price in view of extremely tight availability while a selective number of landlords softened their stance during rent negotiations. With no new supply and limited leasable area, net take-up further declined to record low at less than 30,000 sm. The largest transaction for the quarter was a 10,000 sm lease at the Fortune Capital International Centre in Financial Street, taken by a domestic insurance company. By the end of Q2, overall vacancy rate stood at 2.3%, down 0.4 percentage point q-o-q. The extremely tight supply is likely to ease as up to three projects are expected to be delivered in the second half of the year, providing the market with 248,000 sm of new office space. While we do not foresee a downturn in Beijing office market, the new supply will exert some pressure on the prevailing record high rental and we might see a marginal correction in office rent in 2H 2013, unless the domestic economic growth accelerates in the coming quarters.

Beijing Retail Market



Beijing Retail Market

Dreamport Phase 2 in Haidian District added to the market with some 135,000 sm of fresh supply during the quarter, kicking off with a high occupancy rate. Most recently opened projects continued to improve their occupancy rates that contributed to Q2 net take up. Meanwhile, there were outdated projects closing for repositioning or getting out of business, such as Intime Lotte and IFC Mall that were undergoing large scale tenant mix adjustments; and Guiyou Mansion Fangzhuang Store that was closed for business. As a result, the vacancy rate for Beijing retail market added 0.5 percentage point q-o-q to 11.3%. As one of the most active retail markets in China, Beijing continued to attract international retailers to set footprint in its prime locations. For example, both Laundry by Shelli Segal and SCABAL opened their first China stores in Beijing. Other new entries included Jil Sander and Lafayette 148 New York at China World Mall and Carlo Pazolini at Parkview Green. Meanwhile, there was a strategic propensity for more retailers to open large size stores or even flagship stores as their first entries into Beijing market, such as Paul Smith and Stella McCartney. The overall rental growth slowed down after rallying for a few quarters. By the end of the quarter, Beijing average rental for ground floor space was barely up by 0.3% q-o-q to RMB 40.9 psm per day. The market expects to usher in a number of projects in the coming six months, such as Galeries Lafayette at Xidan and AEGEAN Shopping Mall at Lufthansa. After hitting a historical high level, the retail market looks unlikely to witness another wave of rental spikes in the near future and will probably remain stable for a while.

Beijing Logistics Market

Industrial land transaction stabilized during the quarter with price up 1.1% q-o-q to RMB 1,870 psm. Meanwhile, rents for business parks and warehouses/logistics facilities edged up by 1.0% and 0.2% to RMB 149.5 and RMB 38.3 psm per month respectively. The slowing economic growth has curtailed demand for business parks and logistics facilities.

During the quarter, some e-commerce tenants moved out from their warehouse facilities in Beijing and relocated to surrounding emerging industrial cities or sites on cost consideration. The movement has, to a certain extent, eased the extremely tight supply in Beijing. Comparing with last quarter, rent growth narrowed to a mere 0.2% q-o-q. This trend is expected to continue in the near future, although new supply in the pipeline remains limited.

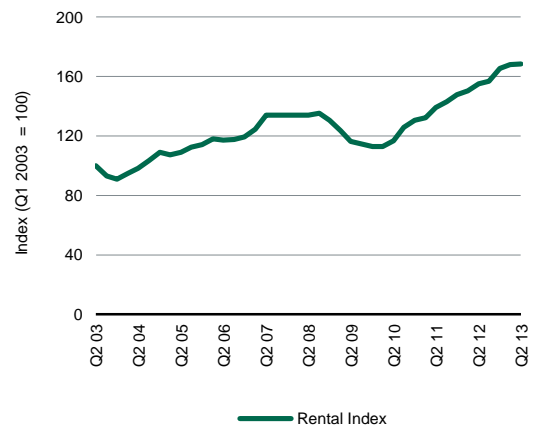
Rent growth for business parks has shown an intensifying trend for 14 consecutive quarters. Among all submarkets, Wangjing and Jiuxianqiao, which enjoy relatively mature business environment and convenient location, registered the fastest pace. Despite slowing domestic economic growth, the rent for business parks is expected to increase throughout 2013 albeit at a lower speed.

Beijing Luxury Residential Market

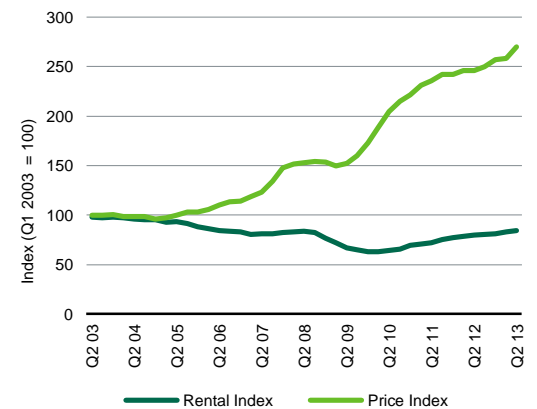
The transaction volume of Beijing luxury residential continued to fall in Q2 mainly because of lack of new supply while the stringent pre-sales approval process had also resulted in postponement of launching for a number of high-end projects. Limited stock and resilient demand combined to push up the asking prices. During the quarter, the average asking price for Beijing luxury apartments increased 5.4% q-o-q (or 4.6% on a like-for-like basis) to RMB 62,207 psm, the fastest pace of growth in three years. Looking ahead, supply of luxury residential properties in prime location will not be able to get over the shortage considering limited land supply. Prices are likely to remain in an upward trend in short-to-medium term since developers, mostly optimistic at the outlook, are under no pressure to slash prices.

Likewise, luxury residential rents were steadily trending north during the quarter with the average rent for serviced apartments climbing 1.2% q-o-q to RMB 209.6 psm per month and that for luxury apartments increasing 1.9% q-o-q to RMB 129.5 psm per month.

Beijing Logistics Market



Beijing Luxury Residential Market

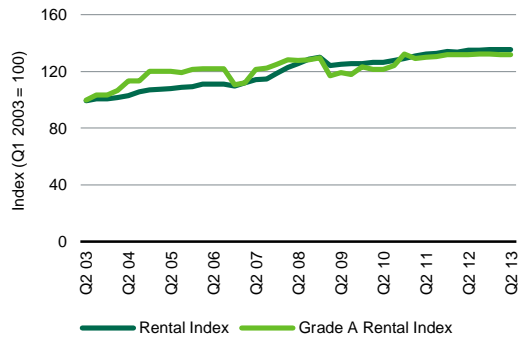


NORTH CHINA TIANJIN

CBRE's View in 6 Months

	Office	Luxury Residential	Retail	Industrial
Rental Growth	-1-0%	0-2%	0-1%	0-1%
Vacancy Rate Trend	↑		↑	

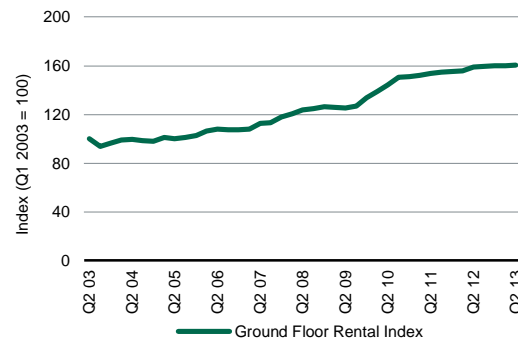
Tianjin Office Market



Tianjin Office Market

No new project was completed in Tianjin office market in the quarter during which the overall vacancy rate decreased to 15.7% as of end-Q2, down 0.5 percentage points from Q1. Market demand was weak at only 7,385 sm of net take-up, almost 20% less than that of last quarter. Lacking demand, landlords had no leverage to raise rent. The average market rent stayed the same as last quarter at RMB 132.2 psm per month. A mini-boom of office supply is anticipated in the second half of the year with the completion of two projects bringing in 155,000 sm of new supply, mostly from Nanjing Road submarket. The supply outburst will weigh down market rent and push up vacancy rate in the short term.

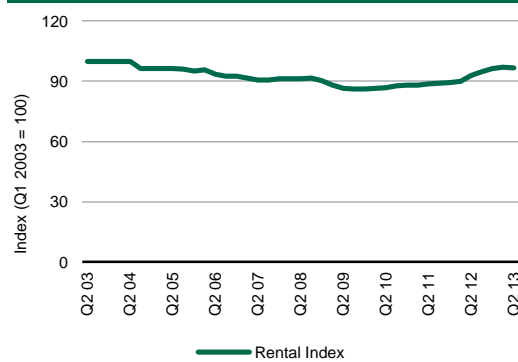
Tianjin Retail Market



Tianjin Retail Market

The average rent for ground floor space edged up 0.3% q-o-q to RMB 21.6 psm per day as supply/demand balance restored to the retail market. With no new supply in the market, the overall vacancy rate was down by 0.3 percentage points to 9.2% in Q2 as some newly opened projects improved their occupancy rates. A number of new projects are expected to debut in the next six months, including iShine City in Dongli District and AEON Mall on Youyi South Road, totaling 229,000 sm. The large amount of fresh availability will exert pressure on rental growth and the mostly medium-to-large shopping malls will set the vacancy rate rising.

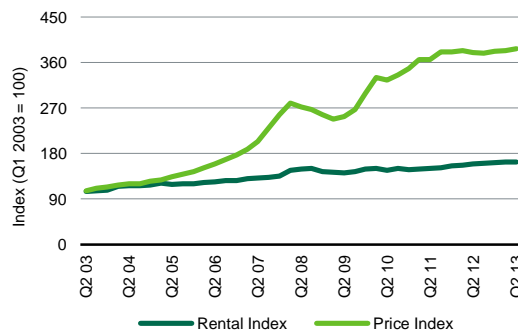
Tianjin Logistics Market



Tianjin Logistics Market

The average rent for warehouses and logistics facilities in Tianjin industrial market edged down 0.3% q-o-q to RMB 29.2 psm per month, owing to the slowdown of international trade. This was the first and only negative rent growth in three years. During the period under review, Bestseller Fashion Group leased the entire 42,600 sm warehouse space of Goodman Wuqing Logistics Centre Phase I for its online fashion business. In land market, the average land price edged up 0.6% q-o-q to RMB 461.5 psm. Both Zhongtong Express and Yunbida Express purchased logistics land at Tianjin Airport Logistics Park.

Tianjin Luxury Residential Market



Tianjin Luxury Residential Market

Tianjin luxury residential market remained relatively stable in the quarter as the new curbing policies did little to impact on transaction volume in the high-end market. Thanks to the continuous recovery of upgrading demand, average asking price for luxury apartments increased 2.6% q-o-q (or 1.0% on a like-for-like basis) to RMB 22,106 psm. For leasing market, Ariva Tianjin Binhai Serviced Apartment in Hexi District was completed during the quarter, adding a total of 130 units of new supply. Meanwhile, the average rent of luxury apartments edged up 0.3% to RMB 51.8 psm per month. The rent growth had slowed down compared to previous quarters.

CBRE's View in 6 Months

	Office	Luxury Residential	Retail	Industrial
Rental Growth	-1-0%	0-1%	0-1%	0-1%
Vacancy Rate Trend	↑		↓	

Dalian Office Market

There was no new project completion in Dalian office market which experienced another quiet quarter in terms of leasing activities. Total net take-up was at 8,074 sm dominated by small-size transactions. One of the few large-size transactions recorded was a domestic securities firm which moved into Wanda Center leasing a space of 1,600 sm. The economic slowdown had driven some tenants to Grade B office buildings from Grade A in a bid to save cost. The increased demand for Grade B office space lifted up the rent level of some lower rent office buildings. By the end of the quarter, the overall rents increased 0.2% q-o-q to RMB 92.8 psm per month and vacancy rate decreased slightly by 0.5 percentage points q-o-q to 16.0%. In the next six months, the market will welcome new supply of 71,343 sm. The overall vacancy rate is expected to increase if the demand remains listless and the average rent level will be affected by intensified landlord market competition.

Dalian Retail Market

One new project came onto market — Wanda Plaza opened in May and added 200,000 sm of new supply. The project in High-Tech district started with almost 100% occupancy rate, reducing the overall vacancy rate by 1.0 percentage point to 5.9%. Fast fashion brands have been actively entering or expanding in Dalian market. During the quarter, GAP set up its first Dalian store at the newly opened Wanda Plaza. The average ground floor rents increased a merely 0.1% q-o-q to RMB 23.2 psm per day, disregarding low rent of the new project. There will be no new addition to the market in the next six months and the overall vacancy rate is expected to trend downwards. Some projects with better performance may raise rents and lift the average market rent.

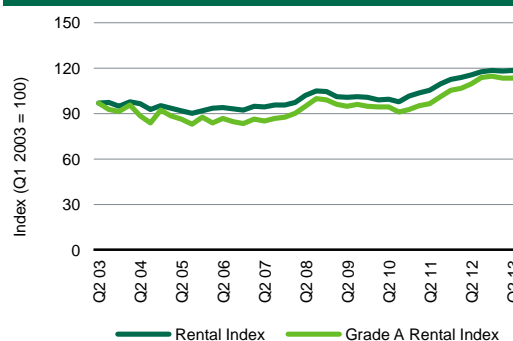
Dalian Logistics Market

The industrial market was stable on balanced demand and supply. The logistics rents maintained the same quarterly growth rate of 0.3% as last quarter as rents reached RMB 25.3 psm per month. Comparing to the previous quarter, the industrial land transaction had quieted down both in volume and price with the average land price down 0.3% q-o-q to RMB 518.3 psm. The quarter's land plots were transacted mainly in Puwan New Zone and Jinzhou New Zone where the future development of Dalian Industrial market is expected to concentrate.

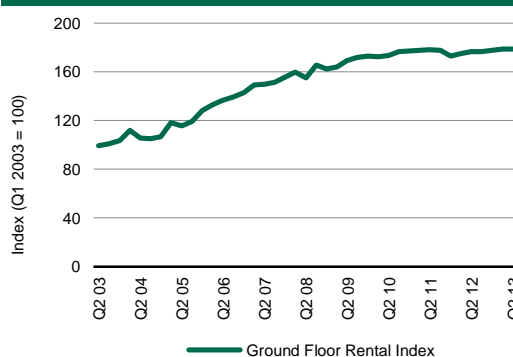
Dalian Luxury Residential Market

Buyers retreated to the sideline in anticipation of price cut as new housing policy cooled down the residential market a bit during Q2 and reflected on slightly reduced transaction volume and slowdown of price growth. There was no new project coming onto market this quarter. The average price growth rate slowed down to 0.6% q-o-q at RMB 22,686 psm. Residential leasing market was stagnant with both luxury apartment and serviced apartment registered a marginal rent increase of 0.2% q-o-q. By the end of the quarter, the asking rent for luxury apartment was RMB 86.6 psm per month.

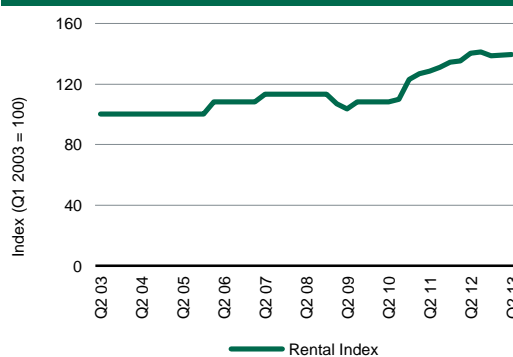
Dalian Office Market



Dalian Retail Market



Dalian Logistics Market



Dalian Luxury Residential Market

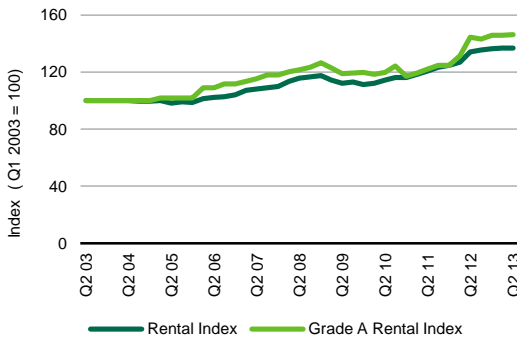


NORTH CHINA SHENYANG

CBRE's View in 6 Months

	Office	Luxury Residential	Retail	Industrial
Rental Growth	0%	0-1%	-2-0%	0-1%
Vacancy Rate Trend	↑		--	

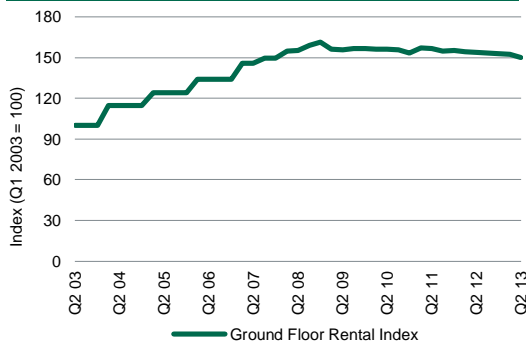
Shenyang Office Market



Shenyang Office Market

Longemont office building on East Mid Street came onto the market during the quarter with a GFA of 98,000 sm added to total stock. Some withdrawal of current tenants after lease expiration, combining with large volume of new supply pushed up the vacancy rate by 5.1 percentage points to 12.8%. Nevertheless, leasing transactions were active in this quarter, during which two domestic companies each took up office space of over 1,400 sm. We also witnessed a number of company's expansion during the quarter. Backed by the market activities, average office rent increased 0.4% q-o-q (0.3% on a like-for-like basis) to RMB 85.6 psm per month. A number of projects, mostly strata-title sold properties, are expected to come on stream at Golden Corridor in the next six months. The new additions will further push up the overall vacancy rate and cap the rental growth in the coming quarters.

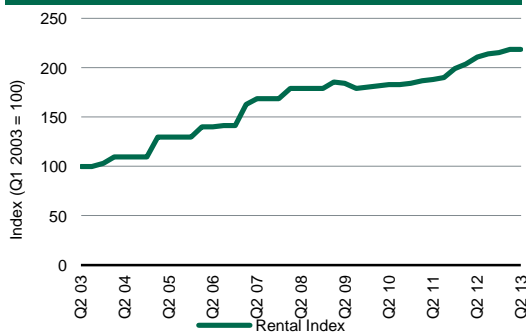
Shenyang Retail Market



Shenyang Retail Market

Shenyang retail market experienced another disappointing quarter with the overall vacancy rate up 1.3 percentage points to 20.2%. Isetan Department Store was closed out of business, symbolizing the total withdrawal of Isetan Group from Shenyang market. Hualian Shopping Center at Golden Corridor was closed for renovation and repositioning during the quarter. As for market rent, the downward trend in the past five consecutive quarters persisted with the overall asking rent of ground floor further decreasing 2.1% q-o-q to RMB 20.5 psm per day (down 1.3% q-o-q on a like-for-like basis). Nevertheless, luxury brands were still expanding in Shenyang. Gruff Jewelry, Bottega Veneta and Franck Muller all opened their new stores during the quarter. In the next six months, a number of projects at Golden Corridor and Mid Street are expected to open. The new projects will have limited impact on the overall vacancy rate considering their satisfactory pre-leasing activities.

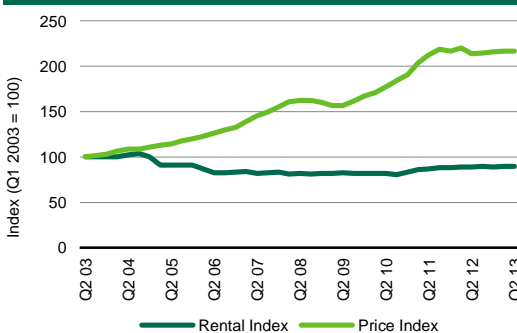
Shenyang Logistics Market



Shenyang Logistics Market

The industrial market stayed quiet in the quarter. The two-year consistent rent growth of logistics came to a halt and reported average rent unchanged at RMB23.1 psm per month. Continuous upward trend of rent was noted in factory facilities, albeit at a minor increase of 0.1% q-o-q that brought the rental level to RMB 19.1 psm per month. Meanwhile, the industrial land price increased 0.4% q-o-q to RMB 380.3 psm. Shenyang Puling Warehouse Service Limited purchased a land plot in Hunnan District to build a logistics park. Once it comes on stream, it is expected to supply over 100,000 sm of warehouse space.

Shenyang Luxury Residential Market



Shenyang Luxury Residential Market

The overall transaction volume of luxury residential market plunged 15% q-o-q after the implementation of purchase restriction in a wider geographical scope in Shenyang during the quarter. Most of the drop stemmed from areas outside second ring road which were newly included in the purchase restriction. There was no new project launched during the quarter and the average selling price increased with a slower pace of 0.3% q-o-q at RMB 11,745 psm. In residential leasing, the rent remained stable with a slight 0.1% q-o-q increase at RMB 44.4 psm per month.

CBRE's View in 6 Months

	Office	Luxury Residential	Retail	Industrial
Rental Growth	0-2%	1-2%	-1-0%	0-1%
Vacancy Rate Trend	↑		↑	

Qingdao Office Market

One small-size office building of 22,791 sm came onto the market in Q2. The new supply barely had any impact on the overall market with the city-wide vacancy rate unchanged at 15.0%. We saw improving demand from manufacturing and trade sectors in the quarter during which the largest transaction was a 1,056 sm office at the Excellence Centre leased by a domestic manufacturing company. Some office buildings with lower asking rent recorded better performance in rent growth. As a result, overall office rent moved up 0.5% to RMB 87.5 psm per month, or 0.8% on a like-for-like basis. Abundant new supply is scheduled to hit the market in the next two quarters. Although most of which will be strata-title sold projects, they are likely to add pressure to the already high level vacancy rate.

Qingdao Retail Market

With no new supply during Q2, Qingdao retail market experienced a rather quiet season. Average ground floor rent edged down by 0.1% q-o-q to RMB 22.1 psm per day and the overall vacancy rate decreased 0.3 percentage points to 2.7%. The commercial core was still the focus of international and local brands, leaving the emerging submarket struggling to attract foot traffic. During this quarter, we saw presence of new retailers, such as Paul & Shark, an Italian fashion brand, which opened its first Qingdao outlet at Sunshine Department Store. Maxvalu, a boutique supermarket brand of Aeon, made lease commitments in two locations – one at HNA IMC Centre and the other at Tsingtao Centre. In the next six months, there will be 38,000 sm of new supply coming to Hong Kong Middle Road, a commercial core and the overall rent level is expected to remain stable.

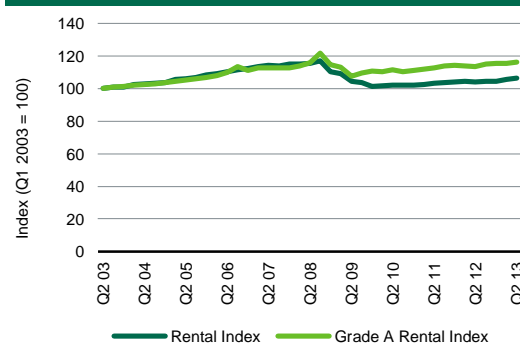
Qingdao Logistics Market

The overall Qingdao industrial market remained stable. After a two-year upward trend, the average rent for warehouses and logistics registered zero growth this quarter and stayed flat at RMB 13.8 per sm per month. One new project, Qingdao Innovation Park I, will be put to use in the second half of 2013, providing an expected area of 170,000 sm of R&D office space. The industrial land price recorded an increase of 0.5% q-o-q to RMB 331.0 psm. The bulk of land transactions were concentrated in the Jiaozhou county and Huangdao district, which have mature infrastructure and sufficient land supply.

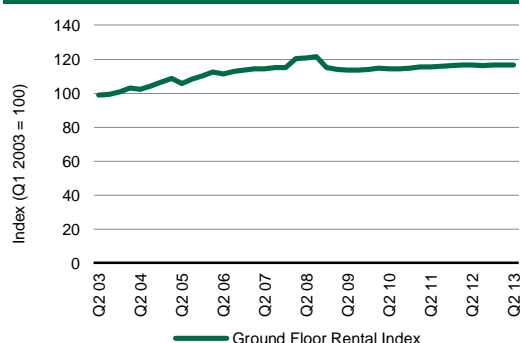
Qingdao Luxury Residential Market

The local implementation details of the "State Five Measures" further clamping down the speculative demand in housing market. The luxury residential market has been sluggish with decreasing transaction volume but the average price edged up by 0.7% on a like-for-like basis to RMB 27,339 psm. Meanwhile, after three quarters of slow to negative growth, the rent for serviced apartments gained 2.4% q-o-q, driven by seasonality factor as Qingdao is a hot tourism destination during summer period. Luxury apartments have maintained their steady upward trend during the quarter with average rent increasing 0.6% q-o-q to RMB 58.7 psm per month.

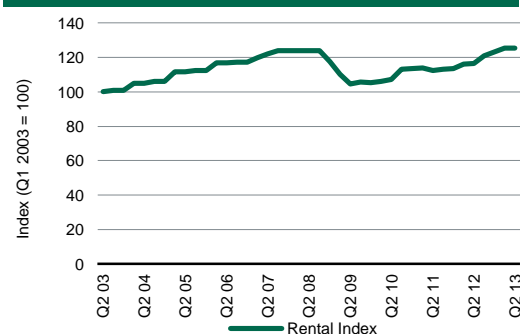
Qingdao Office Market



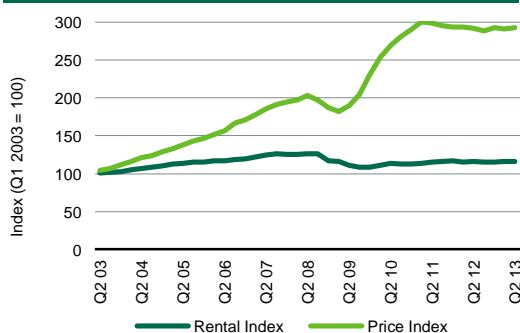
Qingdao Retail Market



Qingdao Logistics Market



Qingdao Luxury Residential Market



EAST CHINA

New office completion in east China in Q2 amounted to about 480,000 sm, a significant increase q-o-q and the highest volume since 2012. Quarterly net absorption also increased, but with a much smaller scale, demonstrating that office demand had been subdued in the past several quarters. Decentralization remained active in Shanghai while slower expansion by MNCs in core districts, particularly in Puxi, led to another marginal drop of the office rent. In the three second-tier cities, office rents stayed flat or increased moderately driven by strong demand for Grade A space in traditional CBDs. However, in some submarkets such as Qianjiang New City of Hangzhou, rents dropped due to high vacancy. The next six months will see new supply rising in the region with the majority distributed in Shanghai and Hangzhou. Rents in both cities will experience downward pressure as a significant improvement of demand in the short term is unlikely.

Demand for retail space, particularly in core submarkets, remained solid in east China. We saw fast fashion retailers expanding continuously in the region, with global brands such as GAP and H&M, as well as local brands such as Peace Bird, opening new stores during the second quarter. Hangzhou recorded the largest rental growth by 3.4% given its affluent population and tight vacancy, and rents in the other three cities also registered positive movement but less than 2% q-o-q. A number of large shopping malls will open in east China during the second half of this year. Most of them already achieved high preleasing rates and are managed by experienced operators. We expect retail rents to rise further in east China along with sustainable consumption growth.

Rents of high-quality warehouses grew continuously in east China. With the average rent being unchanged in Nanjing, rents in Shanghai, Hangzhou and Ningbo respectively increased by 0.3%, 2.1% and 1.4% q-o-q. End-users such as manufacturers and traditional retailers were the major



demand driver, and more and more online retailers adopted self-development as their warehousing solution in the region.

Residential sales were buoyant across the region, though transaction volume gradually stabilized during the quarter after the March's spike due to policy uncertainties upon the release of the new "State Five Measures". Home upgraders remained active in the high-end market, and worries about additional curbing measures in the second half of this year, to a certain degree, had accelerated purchase decisions in some markets. The average price of luxury apartments increased in all of east China cities, with growth rates ranging between 0.9% and 2.2%.

Rental Performance in Q2 2013				
	Shanghai	Hangzhou	Nanjing	Ningbo
Office	--	--	↑	↑
Luxury Residential	--	↑	--	↑
Retail	↑	↑	↑	↑
Industrial	--	↑	--	↑

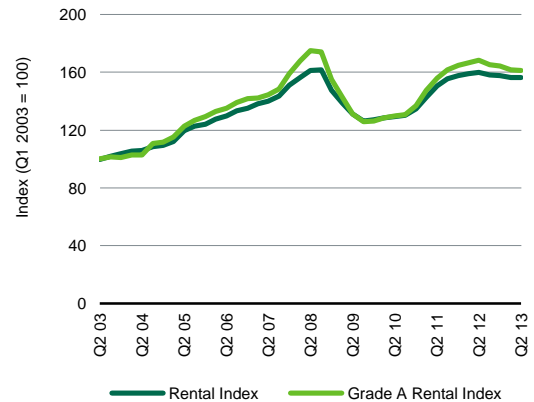
Vacancy Rate Change in Q2 2013				
	Shanghai	Hangzhou	Nanjing	Ningbo
Office	↑	↑	↑	↓
Retail	↓	↑	↑	↓

CBRE's View in 6 Months				
	Office	Luxury Residential	Retail	Industrial
Rental Growth	-3-0%	0-3%	0-3%	0-3%
Vacancy Rate Trend	↑		↓	

Shanghai Office Market

Three office buildings, namely Jing An Kerry Center (Tower 3), Baoland Plaza and Baohua Centre, were completed in the second quarter, adding a total of 180,275 sm of new supply to the market. Expansion demand remained weak among multinational companies, with renewal and relocation being the majority of market activities. The quarterly net absorption totaled 129,220 sm while overall vacancy rate rose by 0.4 percentage points to 7.7%. Office rents averaged at RMB 250 psm per month, down 0.1% q-o-q in both nominal and like-for-like terms. Landlords in major submarkets, Puxi in particular, became more negotiable under combined pressures from weak sentiment for expansion among multinational occupiers and increasing competition from the decentralized locations. Rental movements in Puxi and Pudong diverged because of different supply-demand situations. The average office rent in Puxi dropped by 0.5% q-o-q on the abundance of new supply and decentralization trend while that in Pudong grew by 0.5% q-o-q on tight availability. Given slower economic growth, multinational companies are expected to remain cautious about new hiring and office expansion for the rest of 2013, and thus a significant pickup of the office leasing market is not likely. Around 400,000 sm of new supply are scheduled for completion in the second half of 2013, with majority of them coming from the west bank of the Huangpu River. We thus expect the pressure on rents to intensify in Puxi, given the upcoming supply and also greater impact from decentralization.

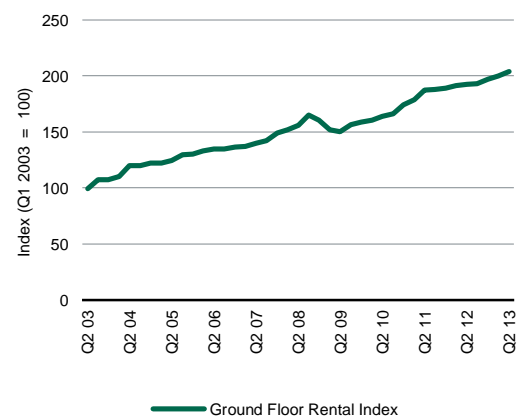
Shanghai Office Market



Shanghai Retail Market

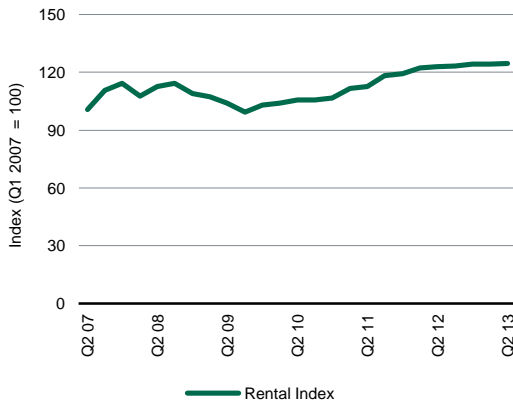
There was no new supply in Q2 2013. K11 Art Shopping Mall staged its grand opening on June 28th after its soft opening in January. Demand for retail space in core location remained buoyant, driving the vacancy rate down by 0.6 percentage points to 7.4%. Breguet opened its largest global flagship store of 598 sm at Langham Hotel in Xintiandi while Breitling launched its first Shanghai store of 120 sm on Nanjing West Road. In Pudong, Berluti set up its first global flagship store with a retail area of 345 sm at IFC Mall. International mid-end fashion brands were one of the biggest demand drives. GAP announced a further expansion with its 54th store in Greater China opening at Super Brand Mall. Fast Retailing, the owner of Uniqlo, announced recently that the group will bring in four brands, namely GU, Comptoir des Cotonniers, Princesse tam.tam and PLST, to open their first China store at the renovating Uniqlo's global flagship store. Looking forward, two pipeline projects are scheduled for opening in the next six months, including Jing'an Kerry Centre and APM Shopping Mall, providing a total retail GFA around 206,000 sm. These two long-awaited prime shopping malls have achieved fairly high occupancy rates and we believe they shall not place pressure on the market absorption capacity upon commencement. In addition to the new completions, we expect to see increasing cases of renovation and repositioning adopted by outdated retail facilities in response to the evolving needs of shoppers and to survive in the increasingly competitive market.

Shanghai Retail Market



EAST CHINA SHANGHAI

Shanghai Logistics Market



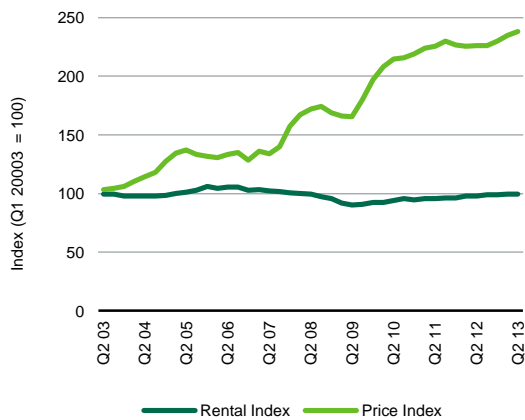
Shanghai Logistics Market

The average land price in major industrial parks stayed flat at RMB 1,848.2 psm in the quarter while the average factory rent grew by 0.6% to RMB 31.9 psm per month.

During the quarter, we observed some online retailers exiting from the leasing market and moving to their self-built distribution centers. However, the stable demand from end-users such as traditional manufacturers and traditional retailers filled the gap and rebalanced the market. Approximately 40,000 sm of high-quality warehouses were launched for operation in Shanghai Seaport Comprehensive Economic Development Zone in this quarter, and thus raised the overall vacancy by 2.3 percentage points to 11.7%.

Self-developed warehouses have gained increasing popularity in the e-commerce sector, which tends to narrow down the industry spectrum of warehouse leasing demand. Despite this, we remain confident at the outlook of Shanghai warehouse market. We believe that domestic consumption will drive the demand for logistics facilities to grow sustainably in manufacturing, traditional retail and transportation industries. New supply of warehouses is expected to increase in the second half of 2013, with the majority to be delivered in Lingang, Waigaoqiao and Fengxian. With that said, western Shanghai districts such as Jiading, Minhang and Qingpu will continue to face very tight availability which will likely drive logistics rents further upwards in those locations.

Shanghai Luxury Residential Market



Shanghai Luxury Residential Market

In this quarter, two existing projects in Shanghai luxury apartment market unveiled 96 new units for sale. The number was much less than that of the second quarter of last year, when developers ushered in 744 new flats to take advantage of the recovering housing market. The decrease in new supply reflected not only developers' cautiousness towards the short-term luxury residential market, but also the increasing scarcity of luxury apartments in Shanghai.

The release of the new "State Five Measures" in March tranquilized the market expectation since Q4 2012 of an accelerating price growth and hence a moderate drop in sales volume in Shanghai luxury apartment market during April and May. However, the transaction volume rebounded in June as some buyers exited from the temporary wait-and-see stance and re-entered the market as they didn't see further tightening measures landing on the local market. As a result, the transaction volume of luxury apartments in the second quarter rebounded to 479 units, down 8% y-o-y but up 1.7% q-o-q.

The average rent of Shanghai luxury departments was relatively stable in this quarter, posting a q-o-q increase of 0.1% to RMB 149.8 psm per month. Meanwhile, the average vacancy rate of luxury apartments dropped by 1.2 percentage points thanks to the strong demand for mature luxury properties located in core business area, such as Jing'an, Huangpu and Pudong, indicating once again that the second quarter was a peak season for business needs.

CBRE's View in 6 Months

	Office	Luxury Residential	Retail	Industrial
Rental Growth	0-3%	0-3%	0-3%	0-3%
Vacancy Rate Trend	--		--	

Nanjing Office Market

Asia Pacific Tower came up in Xinjiekou area with a total office space around 61,000 sm in the quarter. With nearly half of Asia Pacific Tower still vacant, the overall vacancy rate of office market rose by 0.5 percentage points to 13.3%. This quarter saw some large deals done by education and training institutes, namely New Oriental Education that opened its IELTS training centre on the 11th floor at Zhidi Plaza, and Tiandao Education that leased two office units at Shangmao Century Plaza. Average office rent rose by 1.1% q-o-q to RMB 103.5 psm per month. About 90,000 sm of new space will be delivered in the next six months. In view of the sustaining demand for quality buildings and low availability in core locations at the moment, we expect the office rent to remain stable or trend upward slightly amid a flat vacancy trend.

Nanjing Retail Market

No new project came onto the retail market during the second quarter. While the overall momentum remained intact, we observed diverging performance among major shopping malls. H&M will come soon on the basement floor at Deji Plaza I, and both Vivienne Westwood and Voice of Voices will set up their first Nanjing shops at Deji Plaza II. It was a different picture at Zifeng Shopping Plaza which saw many units being vacated owing to its disconnected location with other mature retail venues as well as its design and layout. Consequently, the overall vacancy rate of Nanjing retail market added 3 percentage points to 8.6%. Average asking rent for ground floor retail space in Nanjing rose by 1.6% to RMB 35.4 psm per day. In the next six months, three projects with 157,500 sm of retail space are expected to come onto the market.

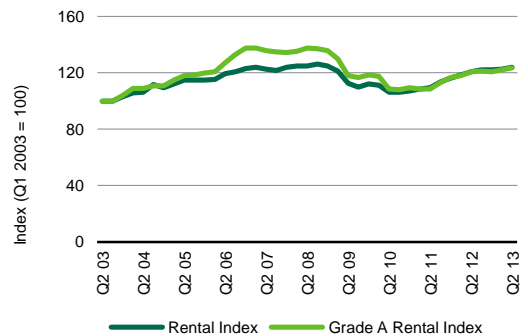
Nanjing Logistics Market

Logistics property market was quiet in Nanjing with the average warehouse rent in major industrial parks remaining flat at RMB 19.8 psm per month. E-commerce companies stepped up to build the logistics network in regional hubs, and 51Buy announced recently that the company planned to add 10 more logistics centres in core cities including Nanjing in 2013. During the second half of 2013 and 2014, about 360,000 sm of new warehouse space will be completed to alleviate the lack of high-quality logistics facilities in the market.

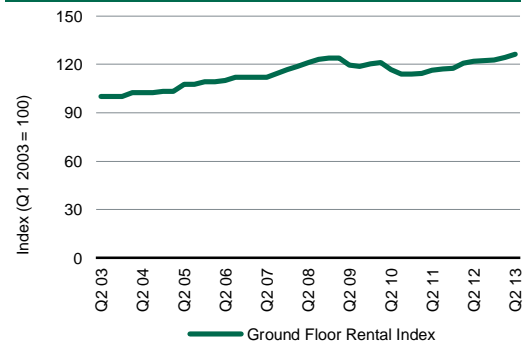
Nanjing Luxury Residential Market

High-end upgrading demand remained buoyant in the housing market with units priced between RMB 4 million and RMB 6 million being actively transacted, to some extent, out of worries about additional curbing measures in the second half of 2013. The average price of luxury apartments rose by 2.2% q-o-q to RMB 28,098 psm on brisk sales. Investors, drawn by the HPRs, shifted their focus upon some well-equipped salable serviced apartment projects. Nanjing World Trade Centre, for example, launched 180 serviced apartment units for presale at an average price around RMB 30,000 sm and 81 units were sold within 20 days.

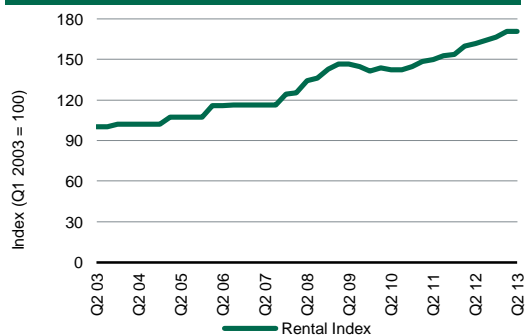
Nanjing Office Market



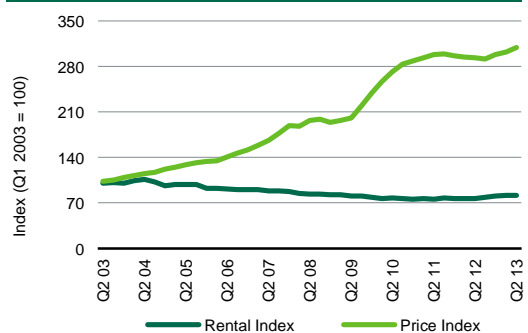
Nanjing Retail Market



Nanjing Logistics Market



Nanjing Luxury Residential Market

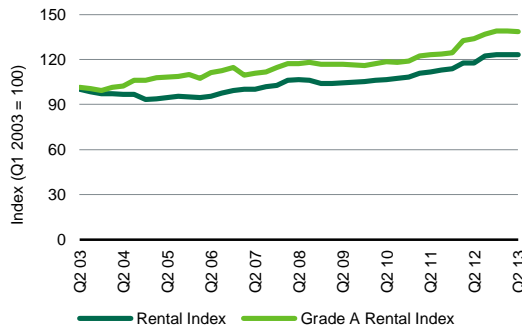


EAST CHINA HANGZHOU

CBRE's View in 6 Months

	Office	Luxury Residential	Retail	Industrial
Rental Growth	-3-0%	0-3%	3-5%	0-3%
Vacancy Rate Trend	↑		↑	

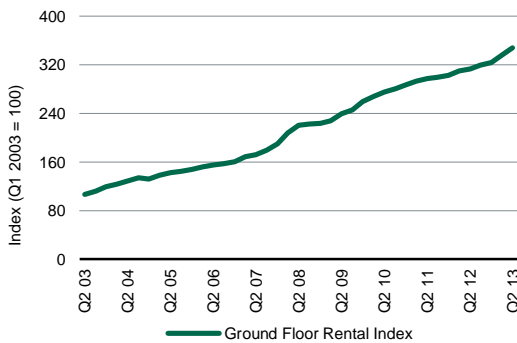
Hangzhou Office Market



Hangzhou Office Market

Three office buildings were delivered in Qianjiang New City in Q2, adding a total supply of 212,000 sm and driving the vacancy rate up by 4.2 percentage points to 27.1%. The average rent was basically flat but with differentiation among major submarkets. Low-quality projects in Qianjiang New City were seen to lower their rents due to high vacancy in the submarket, while rents in traditional CBDs such as Huanglong and Wulin edged up further in the quarter on continued demand for Grade A space in core locations by MNCs. Another 270,000 sm of new supply will come on stream H2 2013, which will likely lift the overall vacancy further. In the short term, Qianjiang New City will remain the most oversupplied submarket and further downward correction of rents is likely.

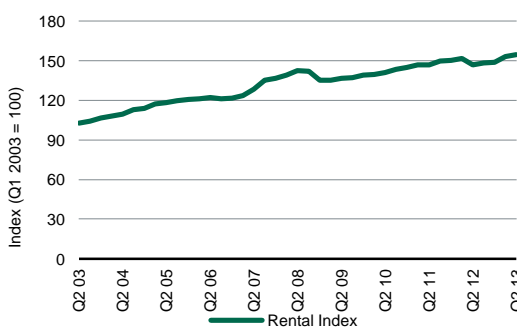
Hangzhou Retail Market



Hangzhou Retail Market

The 75,000-sm Hubin Yintai Phase 2 opened in Q2, pushing up overall vacancy by 1.5 percentage points to 2.8%. While the expansion of luxury brands slowed down in Hangzhou, demand by fast fashion and some designer brands remained active. Within this quarter, GAP and MCM opened new stores at Hubin Yintai, and Central Department Store at MixC replaced some high-end brands with more popular ones such as Red Earth and The Face Shop. Retail rents continued to grow this quarter with the average G/F rent up by 3.4% to RMB 36.8 psm per day. The redevelopment of Jiebai will be finished in the next six months, while Yintai will open the 120,000 sm mall in Chengxi. The retail map of Hangzhou is expanding rapidly from city centre to emerging locations, which is expected to distract some space requirement from the traditional core submarkets and urge them to upgrade continuously.

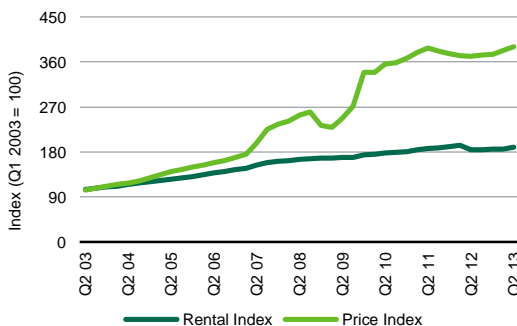
Hangzhou Logistics Market



Hangzhou Logistics Market

The average rent of logistics facilities rose steadily by 2.1% q-o-q to RMB 22.1 psm per month, mainly driven by the shortage of quality warehouses to accommodate the growing demand of e-commerce, traditional retail and manufacturing sectors. In addition, higher requirements on storage temperature and humidity by special goods such as wine and medicines promoted the further segmentation of warehousing facilities. In May UPS announced the opening of its healthcare facility in Hangzhou, its second in China.

Hangzhou Luxury Residential Market



Hangzhou Luxury Residential Market

After an explosive growth of housing sales due to policy uncertainties upon the issuance of the new 'State Five Measures', the monthly transactions of Hangzhou residential market dropped and returned to a reasonable level between 2,500 and 3,500 units. The central government indicated that it would include more pilot cities for residential property tax, and Hangzhou was considered to be high on the list. Amid policy uncertainties and speculation that property tax might be imposed on new purchases like what happened in Shanghai, some upgrading buyers brought forward their purchase decisions to avoid this potential policy risk. Within the period under review, the average price of luxury apartments rose further by 1.9% to a historical high.

CBRE's View in 6 Months				
	Office	Luxury Residential	Retail	Industrial
Rental Growth	0-3%	0-3%	0-3%	0-3%
Vacancy Rate Trend	↓		↓	

Ningbo Office Market

Lishi Financial Tower in Yinzhou came onto the market, providing a total office GFA of 24,000 sm. Financial companies were active during the quarter, boosting demand for Grade A space. For instance, Sinokorea Life leased 750 sm at JW centre, while Taikang Life took 320 sm at China Life Building. Within the period under review, the average rent grew by 0.9% q-o-q, the first rebound after a downward trend for four consecutive quarters, while the overall vacancy rate dropped by 0.6 percentage points to 21.4%. The second half of 2013 will see the delivery of 62,000 sm of new space which are all distributed in new CBDs. We expect to see vacancy in the city centre drop further with slight growth of rents.

Ningbo Retail Market

Yinyi Rosy Mall opened during the second quarter, adding a total retail GFA of 20,000 sm to the market. Demand for retail space in core locations remained active. Yinyi Rosy Mall achieved an occupancy rate of about 90% upon opening, while Peace Bird and Gaudi opened new stores at Tianyi Square. In the meantime, the tenant mix adjustment continued at Heyi Avenue Shopping Centre with Bally opening a 150-sm store. Driven by the decent demand, the average G/F rent rose by 1.5% q-o-q to RMB 24.4 psm per day, while the vacancy rate dropped by 1.1 percentage point to 3.2%. Only 85,000 sm of new supply will come on stream in Ningbo in H2 2013. Retail rents in Ningbo are expected to trend further north in the near future on lack of available space in core submarkets.

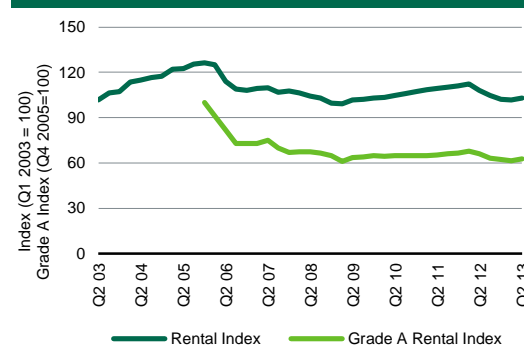
Ningbo Logistics Market

GLP Park Beilun Phase 3 was delivered during the second quarter, providing 74,000 sm of high-quality warehouse to the market. The logistics facility rent continued to increase steadily with the average rent up 1.4% q-o-q to RMB 21.3 psm per day. The rapid growth of imported food consumption in recent years has stimulated the investment of constant temperature and refrigerated warehouses and a number of such projects are being built in Meishan Free Trade Area. In early July, Hangzhou-Ningbo high-speed train commenced operation. By connecting Ningbo more closely with other major cities in the YRD region, it should further the development of logistics industry in Ningbo.

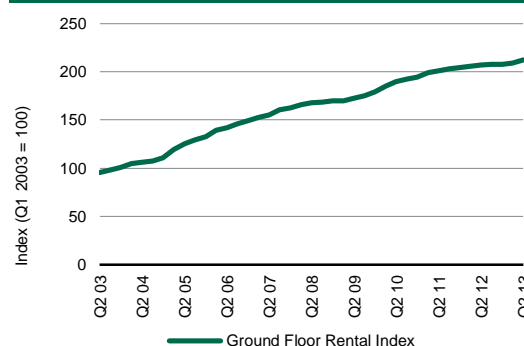
Ningbo Luxury Residential Market

The release of new "State Five Measures" in March demonstrated the determination of taming the housing price by the new leadership. Hence we saw Ningbo housing market stabilizing in the second quarter, with the transaction volume dropping gradually after the surge in the previous quarter. Properties with unit size ranging from 90 sm to 140 sm accounted for the majority of the transactions, evidencing a sustained high level of activities by the home upgraders. Within the period under review, the average luxury apartment price registered a further marginal growth of 0.9% to RMB 20,949 psm.

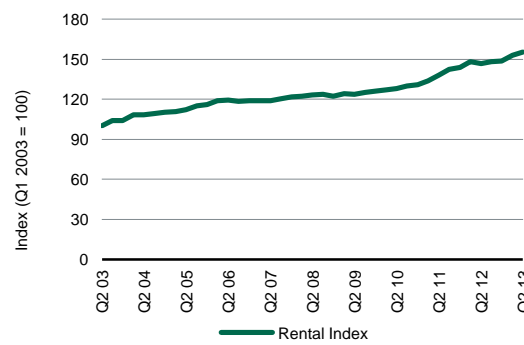
Ningbo Office Market



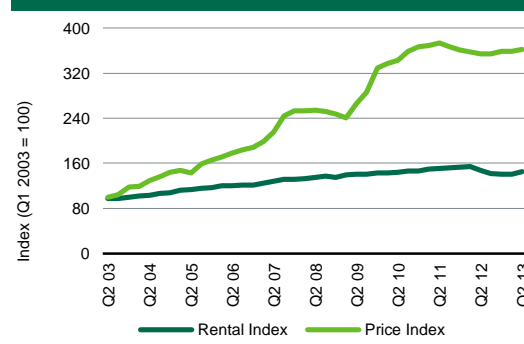
Ningbo Retail Market



Ningbo Logistics Market



Ningbo Luxury Residential Market



SOUTH CHINA

Office markets in South China were relatively active as Guangzhou and Shenzhen both recorded decent transaction volume and rental growth. Strata-titled office properties led the 2Q 2013 market sentiment in SZ given the dual causes of demand recovery from SMEs and lack of supply over the last four quarters. The brisk lease-up in strata-titled buildings from SME tenants fuelled the landlords' outlook, pushing Shenzhen office rental up 1.5% q-o-q. In Guangzhou, two Grade A offices in Pearl River New City (PRNC) with a total of 210,000 sm was delivered, driving the overall vacancy rate up 1.3 percentage points. Despite the supply surge in PRNC, leasing momentum were active in other districts where new supply was scarce, and hence lifted the overall rental up 1.2% on a like-for-like basis.

There were no new retail supply in either Guangzhou or Shenzhen in 2Q 2013. Leasing activities slowed down but performance diverged across different tenants. Fast fashion brands were still actively expanding in south China while a number of domestic apparel retailers became more conservative and tended to expand only in core areas in Guangzhou. In Shenzhen, we saw very few tenant adjustment or expansion due to the sluggish retail performance this quarter. Facing relatively high vacancy, a number of landlords in the city started to lower their asking rent and hence pushed the average retail rent down by 0.8% q-o-q. Amid slowing retail sales growth, Guangzhou retail rent drifted further down by 0.4% q-o-q.

In logistics sector, rental growths were observed in both Guangzhou and Shenzhen. In Guangzhou, the entry of large e-commerce tenants was near saturation and the shift from leases to build-to-suit projects or self-build warehouses were the two major causes of demand decline. However, Guangzhou logistics rental still grew steadily up 0.6% q-o-q, due to the limited new supply over the past 12 months.



As Shenzhen saw the same supply constraint, leasing demand extended to adjacent cities such as Dongguan and Huizhou. The strong demand from local distribution sectors drove a more significant rental increase in Shenzhen, up 1.3% q-o-q.

Residential markets in Guangzhou and Shenzhen were affected by government housing regulations to different extents. Guangzhou government reiterated local price regulation details in Q2, adding difficulty for developers to set high prices for high-end residential units and technically hindered the high-end launches. In Shenzhen, a few new projects that were launched at lower-than-expected prices due to the price cap introduced by local authorities. Nonetheless, the average prices of both markets continued their upward trend, up 0.8% in Guangzhou and 0.4% in Shenzhen, respectively.

Rental Performance in Q2 2013

	Guangzhou	Shenzhen
Office	↑	↑
Luxury Residential	↓	↑
Retail	↓	↓
Industrial	↑	↑

Vacancy Rate Change in Q2 2013

	Guangzhou	Shenzhen
Office	↑	--
Retail	--	--

CBRE's View in 6 Months

	Office	Luxury Residential	Retail	Industrial
Rental Growth	0-1%	0-2%	-2-0%	0-2%
Vacancy Rate Trend	↑		↑	

Guangzhou Office Market

Two Grade A office projects in PRNC were delivered, adding about 210,000 sm space to the stock. Despite the prime locations of both projects, their occupancies were extremely low upon the delivery, due mainly to the delay in lease/sell strategy decision making and the consequent short pre-lease period. Overall vacancy rate was hence pushed up to 13.8% as of end-Q2. On the contrary, mature submarkets such as Yuexiu district and Tianhe Sports Centre area reported vacancy decline owing to limited supply and resilient demand. Rental increase in these two sub-markets drove the overall rent to RMB 132.7 psm per month, up 1.2% q-o-q on a like-to-like basis. Around 230,000 sm of new supply is expected to deliver in H2 2013, the majority of which will come from PRNC. This will put further pressure on vacancy rate in the submarket. Despite this, we anticipate overall rental should remain relatively stable thanks to resilient performance in mature submarkets.

Guangzhou Retail Market

The retail market was quiet in Q2 with no new supply during the quarter. Vacancy rate edged up marginally to 10% as a number of shopping centres chose to proactively adjust their tenant mix. For example, Taikoo Hui changed a number of tenants on its underground floor to reinforce its high-end positioning. On the demand side, fast fashion and domestic F&B tenants remained active in expansion whilst a number of domestic apparel retailers became more cautious. As retail sales growth slowed down, retail rent declined for a third consecutive quarter, down 0.4% q-o-q to RMB 44.6 psm per day. Around 500,000 sm retail space will be completed in H2 2013. We anticipate a diverging trend in which the emerging areas where most of the new space is predominantly located will face more pressure on pre-leasing whilst space in prime assets in traditional core areas will remain popular.

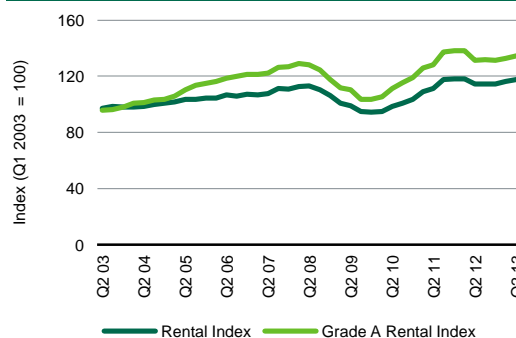
Guangzhou Logistics Market

During Q2 2013, Amazon's new 170,000 sm logistics centre, a build-to-suit warehouse commenced operation. On the demand side, as most of the major e-commerce companies have already had presence in Guangzhou, the overall leasing demand decreased accordingly. However, logistics rental grew steady to RMB 29.0 psm, up 0.6% q-o-q due to limited new supply over the past 12 months. Lettable logistics space in Guangzhou will remain tight in the coming 12 months until the completion of Blogis Guangzhou Logistics Park in H2 2014.

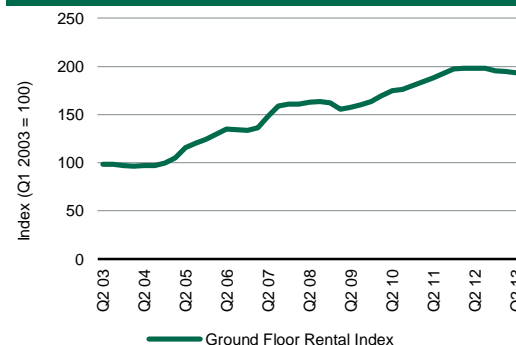
Guangzhou Luxury Residential Market

In April 2013, Guangzhou introduced some form of price control for new projects, which technically hindered the launch of high-end projects in Q2 during which only two new projects were launched. The sales pace of luxury apartments also slowed down. Despite this, developers were remained aggressive in bidding for residential lands, especially for those in prime locations in view of the increasing scarcity. The rising land prices have fuelled expectation on future residential prices despite a relatively sluggish market. By the end of Q2, average price of luxury apartment reached RMB 36,400 psm, up 0.8% q-o-q on a like-to-like basis.

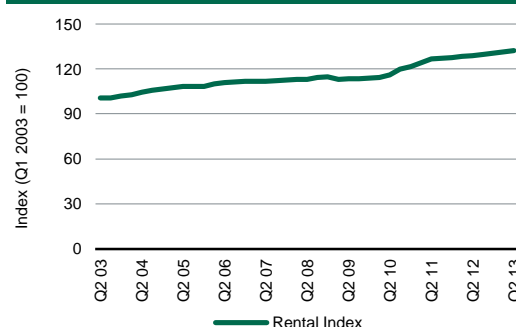
Guangzhou Office Market



Guangzhou Retail Market



Guangzhou Logistics Market



Guangzhou Luxury Residential Market

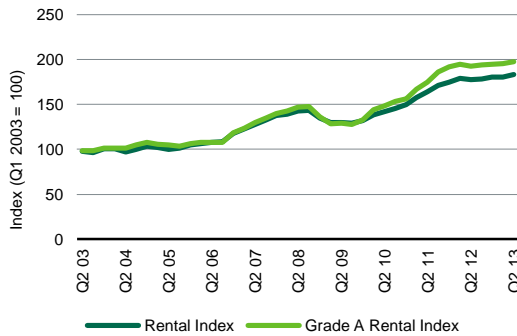


SOUTH CHINA SHENZHEN

CBRE's View in 6 Months

	Office	Luxury Residential	Retail	Industrial
Rental Growth	0-2%	0-1%	0-2%	0-3%
Vacancy Rate Trend	↑		↑	

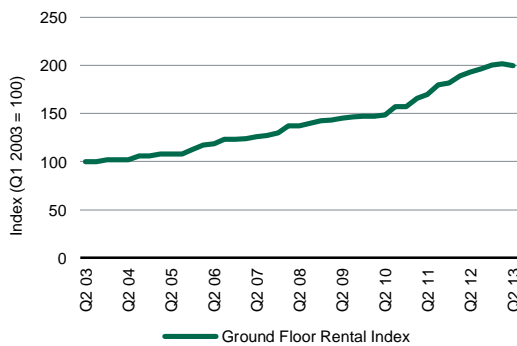
Shenzhen Office Market



Shenzhen Office Market

Shenzhen office market saw no new supply for the fourth consecutive quarter. Strata-titled office properties led the Q2 market sentiment thanks to recovering demand from SMEs. We observed a divergence in performance between wholly-owned and strata-sales properties. The wholly-owned properties continued to attract large tenants that require bigger office space. Meanwhile, the momentum of strata-titled properties saw significant improvement and consequently drove the market-wide vacancy rate down 0.3 percentage points q-o-q to 7.5%. Due to lack of new supply and weak negotiation power of most SMEs, strata-titled landlords were able to raise their asking price. Market average rent hence rose by 1.5% q-o-q to RMB 167.8 psm per month. There will be approximately 300,000 sm new supply in H2 2013. We anticipate a rise in vacancy rate in the near term and a slowdown in rental growth in Futian CBD where the future supply will be predominantly located.

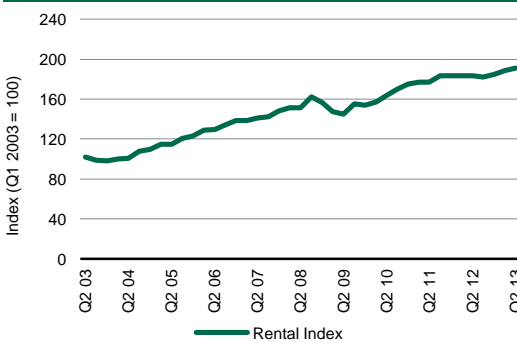
Shenzhen Retail Market



Shenzhen Retail Market

The opening of Zara, Uniqlo and other tenants at Haiya Mega Mall drove the overall vacancy rate of Shenzhen retail market down by 0.2 ppt q-o-q to 6.4%, with no new supply this quarter. However, we saw very few tenant adjustment or expansion due to the sluggish retail performance. Some landlords of Futian and Bao'an started to lower their asking rent facing the relatively high vacancy rate and therefore pushed the average retail rent down by 0.8% to RMB 30.9 psm per day. Over 300,000 sm of new supply are scheduled to deliver in the next six months, indicating a new supply peak. We anticipate the overall vacancy rate to increase given the coming large pipeline but retail rental should remain stable considering current satisfying pre-leasing activities.

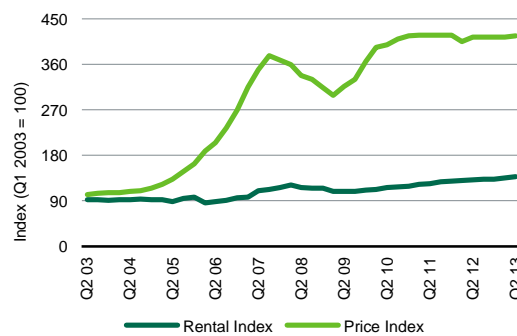
Shenzhen Logistics Market



Shenzhen Logistics Market

Driven by the booming e-commerce industry, demand for central warehouses from clothing and electronics industry increased significantly, especially for those located outside the traditional SEZ. For example, a 3PL company took up 5,000 sm of warehouse space for Li-Ning at Pinghu Logistics Park. With no new supply during the quarter, the average rent of warehouse rose 1.3% q-o-q to RMB 29.9 psm per month. Supply will remain tight as there is no new supply in H2 2013. Overall rent is to further rise given unabated demand and possible supply constraint implied by the local policy that aim to improve efficiency of land use.

Shenzhen Luxury Residential Market



Shenzhen Luxury Residential Market

The local implementation details to the "State Five Measures" had little impact on the luxury residential market. Three new projects were launched during the quarter and all achieved satisfactory sales. Owing to the price cap recently introduced by local government, a number of projects were launched at lower-than-expected prices. Nonetheless, the average price of high-end apartments rose by 4% q-o-q to RMB 48,540 psm or 0.4% q-o-q on a like-for-like basis. In the meantime, average rental of luxury residential increased by 1.6% q-o-q to RMB 81.1 psm per month.

CENTRAL & WEST CHINA

The office market in west and central China saw an influx of new supply in Q2. The delivery of 820,000 sm new office space, including 500,000 sm at Chengdu New Century Global Center, weighed on the already crowded market. As a result, vacancy rate in all three cities rose, with both Chengdu and Wuhan hitting a new recent-year high. Office rents also showed a slight decrease. In the next six months, all three cities are going to experience another peak of new office supply, but we have yet to see any sign of a significant pick-up in demand as China economic growth remained sluggish. Consequently, vacancy will continue to rise while office rents are expected to be under pressure unless there is an explosive growth of new demand in the near term.

The retail market was relatively quiet during the quarter in which the region had only two new projects delivered in Chengdu. Compared to their aggressive expansion over the past few years, retailers had become more selective and cautious. The regional net take-up shrank to 127,000 sm in this quarter. Both Chengdu and Chongqing showed a diverging trend between core and non-core areas. On one hand retailers remained keen in CBDs as reflected in high occupancy rates and rental rises across most of the projects. On the other hand, market sentiment was deteriorating in emerging areas. We came across cases of tenants' withdrawal in some projects and a number of new projects postponed their opening due to poor pre-leasing performance. Considering the abundant supply in the pipeline in non-core area in H2 2013, and increasing number of cautious retailers, we reckon that the performance gap between core and emerging areas is likely to widen in the coming quarters.

Logistics facilities market in west and central China remained steady. We saw a mildly upward trend across



the three cities under review. More warehouse and logistics developers have been lured to the region to capitalize the aggressive expansion of high-end manufacturing. Among which GLP is building several logistics centers in Chongqing and Wuhan. With the entry of more experienced logistics developers, we expect to see a more competitive market in the logistics sector in the foreseeable future.

Thanks to various housing fairs held during the quarter in the region, west and central China luxury residential markets saw moderate growth in both transaction volume and prices. Among them, Chongqing's luxury residential prices increased by 2.1%, driven mainly by upgrading demand. Given the continuous tightening policies adopted by the central government to control residential property prices growth, we do not expect a significant increase in luxury residential price in the next six month.

Rental Performance in Q2 2013			
	Chengdu	Chongqing	Wuhan
Office	--	--	--
Luxury Residential	--	↑	↑
Retail	↑	↑	↑
Industrial	↑	↑	↑

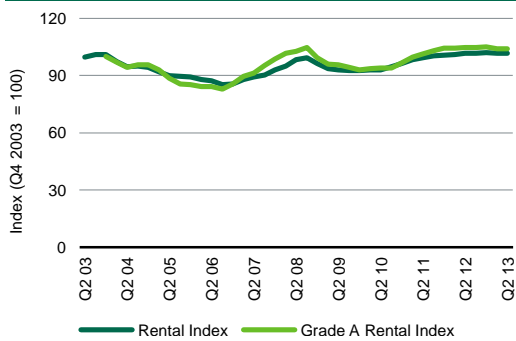
Vacancy Rate Change in Q2 2013			
	Chengdu	Chongqing	Wuhan
Office	↑	↑	↑
Retail	↓	↓	↓

CENTRAL & WEST CHINA CHENGDU

CBRE's View in 6 Months

	Office	Luxury Residential	Retail	Industrial
Rental Growth	-2-0%	0-2%	0-1%	-1-0%
Vacancy Rate Trend	↑		↑	

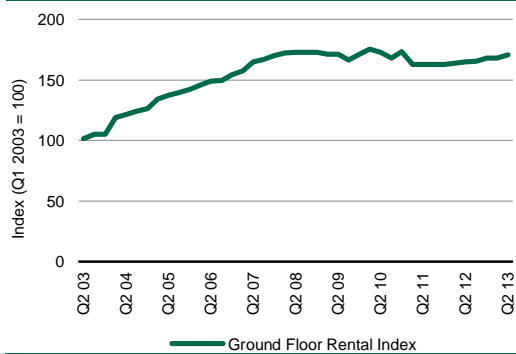
Chengdu Office Market



Chengdu Office Market

New supply reached a record-high with over 580,000 sm coming on stream during Q2. All new projects are located in Tianfu New District, including 500,000 sm from New Century Global Centre. As a result, vacancy rate surged by 5.6 percentage points to 40.8%, a new high for the past decade. Office leasing activities recovered with financial sector as the key demand driver. With more new supply in the emerging market, office rent dropped sharply by 6.1% q-o-q to RMB94.5 psm per month in nominal term, but was only down 0.1% q-o-q on a like-for-like basis. It is expected that a number of new projects will be delivered in the next six months, which will put further pressure on both rental and vacancy rate, especially in Tianfu New District. Meanwhile, the Fortune Global Forum took place in Chengdu in June 2013. The event has certainly raised Chengdu's international profile and is expected to attract more MNCs set up operations in the future.

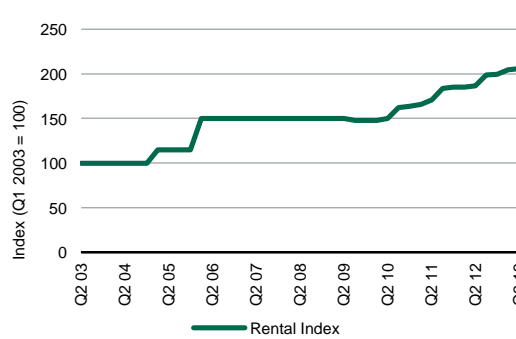
Chengdu Retail Market



Chengdu Retail Market

Two new projects opened in Q2, adding 89,000 sm of retail space. Despite the increase in new supply, vacancy dropped 1 percentage point q-o-q to 10.6% thanks to resilient demand. Average rent grew by 1.6% q-o-q on a like-for-like basis, but market divergence started to emerge. In CBD areas, a number of landlords raised their asking prices driven by strong retail sales, while some malls in emerging area experienced rent declines and tenancy termination owing to poor infrastructure and accessibility in the surrounding areas. Looking forward, rents in CBD areas are expected to rise further. Several high-end properties are preleasing well in CBD areas since demand from domestic and international retailers remains strong. Chanel is set to open its first flagship shop of southwest China at IFS. In emerging areas, future supply will exert huge pressure and rents will continue to decline with rising vacancy.

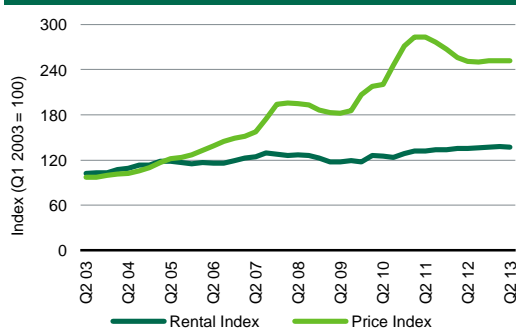
Chengdu Logistics Market



Chengdu Logistics Market

There were 60,000 sm of logistics facilities that came on stream in Q2. E-commerce industry remained the dominant demand driver. However, rental growth decelerated, up 0.5% q-o-q to RMB 26.5 psm per month as more and more e-commerce companies became cost-conscious with some of them turning their attention to mid-end warehouse facilities. In the next two quarters, there will be another 150,000 sm of new supply to hit the market. With moderating demand amid a slowing economy, we expect to see further slow-down in rental growth in the coming quarters.

Chengdu Luxury Residential Market



Chengdu Luxury Residential Market

Thanks to Chengdu Spring Housing Fair in April, there was a significant pick-up in terms of transaction volume for luxury residential properties during that month. However, the market started to return to normal in subsequent months due to lack of new launches. During the quarter under review, average price for luxury residential increased by 1.7% q-o-q in nominal term. In the absence of any significant changes in national housing policy, we expect the luxury residential market will remain steady in the next six months.

CBRE's View in 6 Months				
	Office	Luxury Residential	Retail	Industrial
Rental Growth	0-3%	0-3%	0%	0-3%
Vacancy Rate Trend	↑		↑	

Chongqing Office Market

Due to lackluster pre-leasing, a few projects postponed their delivery into 2H 2013. As a result, only one new project came on stream, adding 54,000 sm of office space. Demand for office space slowed down as tenants became cautious about expansion. Trading and consulting service industries were the key contributors to the quarterly absorption, totalling 34,000 sm. As a result, market vacancy rose by 0.4 percentage points to 27.4%. Many strata-titled office owners lowered rental expectation, leading to a drop of 1.2% to RMB 91.7 psm per month in office rents, or 0.2% decrease on a like-for-like basis. Most pipeline projects scheduled to deliver in H2 2013 are located in Jiefangbei CBD and Hualongqiao District. These projects are currently under a slow pre-leasing pace owing to high rental expectation and insufficient demand. Therefore, vacancy rate is set to further rise in H2 2013. At the same time, office rent is likely to be under pressure.

Chongqing Retail Market

Chongqing retail market was quiet in Q2. With a lack of new supply, net absorption dropped to a mere 5,000 sm. Market vacancy rate fell 0.3 percentage points to 4.8%. During the quarter, Longfor actively repositioned its two existing shopping malls, North Paradise Walk and West Paradise Walk. The shopping malls attracted new tenants including Hui Lau Shan, Miss Sixty and Honeymoon Dessert. As a result, overall retail rent grew by 1% to RMB 23.4 psm per day. Having said that, we observe a diverging trend of rental performance between core areas, where retailers remain keen to penetrate, and emerging areas, where shopping malls are struggling in attracting quality tenants. In H2 2013, four shopping malls are scheduled to deliver. The new shopping malls will attract more new international luxury brands to Chongqing. However, these projects are experiencing a slow pre-leasing pace. We expect to see a higher vacancy rate with weakening rents in the future.

Chongqing Logistics Market

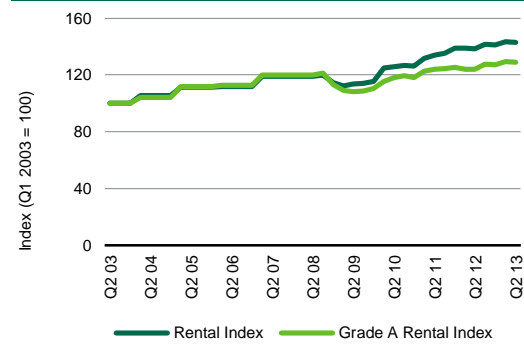
Growth in Chongqing logistics market moderated in Q2. Logistics rents rose by 0.9% q-o-q to RMB 17.5 psm per month. The recent announcement to develop logistics center along the Yangtze River in Chongqing area is expected to further spur growth of the logistics market in the city. According to the announcement, Banan Nanpeng Logistics Base and Xiyong Logistics Park in Shapingba will become a new hub of high-quality logistics facilities. In H2 2013, Prologis Phase II will deliver 70,000 sm logistics facilities space to the market and its pre-lease is performing well with higher asking rent comparing to Phase I. Hence, the upward trend for logistics rent is expected to extend in 2013.

Chongqing Luxury Residential Market

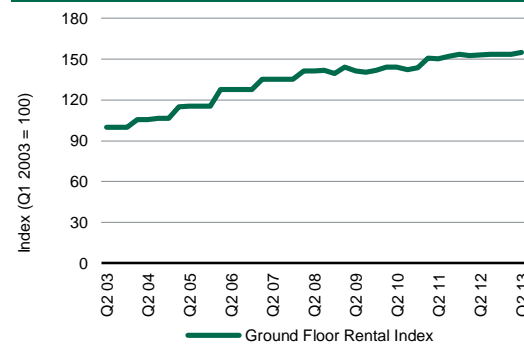
Thanks to active upgrading demand, Chongqing luxury residential market in Q2 remained brisk. Although speculative demand further shrank owing to the implementation of "State Five Measures" and property tax, average price rose by 2.1% to RMB 12,601 psm. The Spring Housing Fair also boosted luxury apartment supply and transaction volume. In Q2, average rents for the luxury apartment lease market increased slightly by 1.0% to RMB 32.9 psm per month.

© 2013, CBRE, Group Inc.

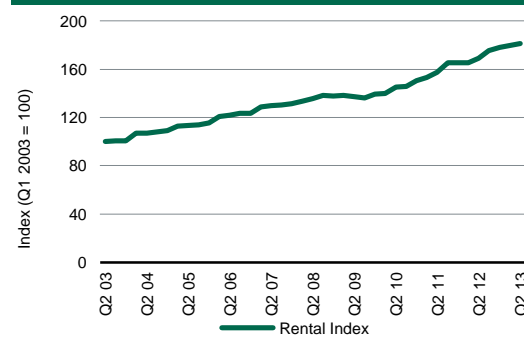
Chongqing Office Market



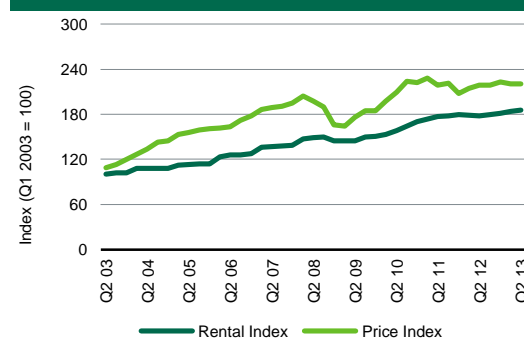
Chongqing Retail Market



Chongqing Logistics Market



Chongqing Luxury Residential Market

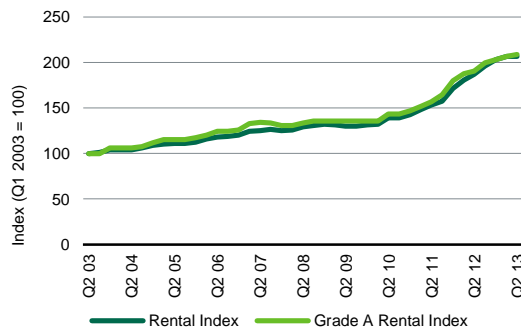


CENTRAL & WEST CHINA WUHAN

CBRE's View in 6 Months

	Office	Luxury Residential	Retail	Industrial
Rental Growth	0%	0-3%	0-3%	0-3%
Vacancy Rate Trend	↑		↑	

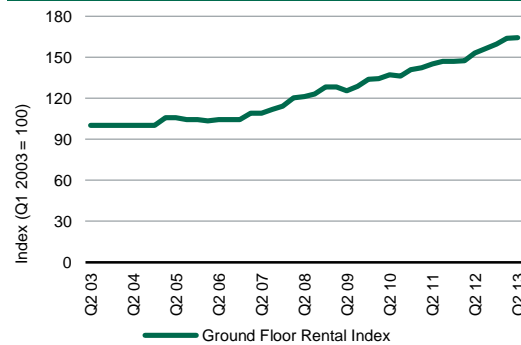
Wuhan Office Market



Wuhan Office Market

Wuhan office market has seen a supply peak in Q2 with over 180,000 sm Grade A office space coming onto the market. The influx of new office space put further pressure on the market, driving the vacancy rate up to 24.5%, up 7.5 percentage points q-o-q. Despite the significant increase in supply, demand remained subdued as most tenants were under current lease and there is a lack of new demand. The average office rents increased by 1.1% to RMB 91.2 psm per month in nominal term, but was flat on a like-for-like basis. Looking forward, it is estimated abundant office new supply of over 300,000 sm to be delivered in H2 2013. Wuhan office market is set to experience a slowdown of rental growth and climbing vacancy rate in the near future.

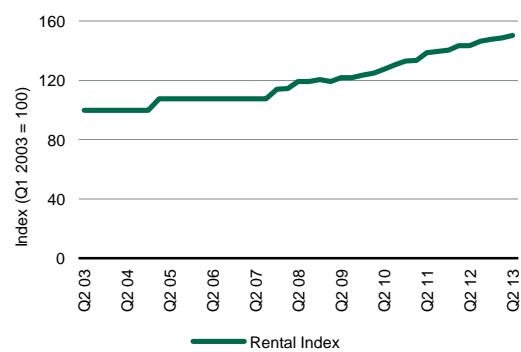
Wuhan Retail Market



Wuhan Retail Market

Wuhan retail market was quiet in Q2 2013. There was no new supply during the quarter as many pipeline projects postponed their delivery on account of either construction delay or tardy preleasing progress for inexperienced developers. During this quarter, the recently launched CapitaMall Wusheng saw the most significant improvement in occupancy as several new restaurants opened at upper levels. Meanwhile, Louis Vuitton opened its second store in Wuhan International Plaza Shopping Center. Average retail rent increased by 0.5% to RMB 22.3 psm per day. Vacancy rate further dropped to 0.6% from 1.0%, hitting a record low level. Looking ahead, we expect there will be at least 2-3 shopping malls to enter Wuhan market, amounting to 200,000 sm of retail space. With the influx of new projects, we expect the average vacancy rate to rise in short term. Average rental should remain stable in H2 2013.

Wuhan Logistics Market



Wuhan Logistics Market

Wuhan logistics market remained active in this quarter with rental at RMB 21.2 psm per month, an increase of 1.0% q-o-q. Spatially speaking, some logistics properties located close to the major industrial hubs such as Wuhan ETDC and Optics Valley enjoyed a higher rental growth than the market average. Looking ahead, more quality logistics facilities will deliver to the market. GLP, for example, is building two logistics parks in Wuhan, of which the first one with 89,570 sm was delivered in Q2 2013 and another one with 66,828 sm is expected in Q3 2013. Meanwhile, Vailog, Blogis, and Yupei also have projects under construction. Since more international logistics developers are aiming at Wuhan logistics market, the landscape of local logistics market is anticipated to have further changes with rapid rental growth.

Wuhan Luxury Residential Market

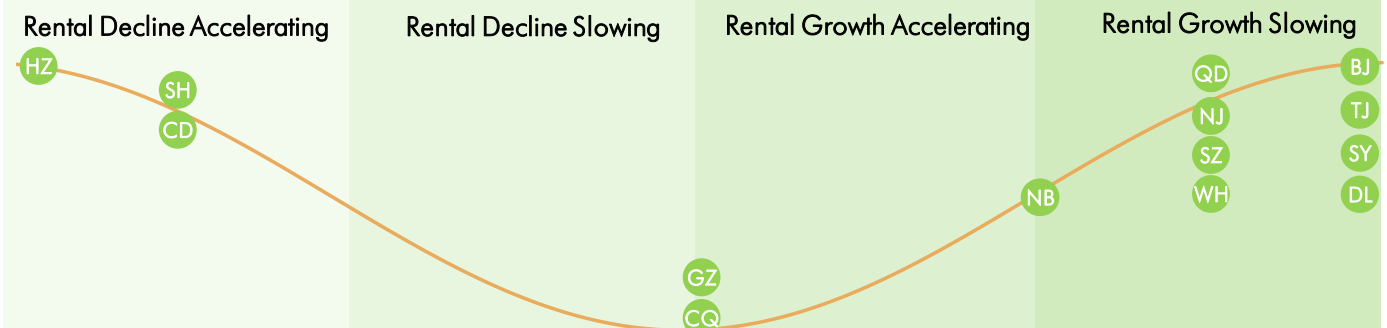


Wuhan Luxury Residential Market

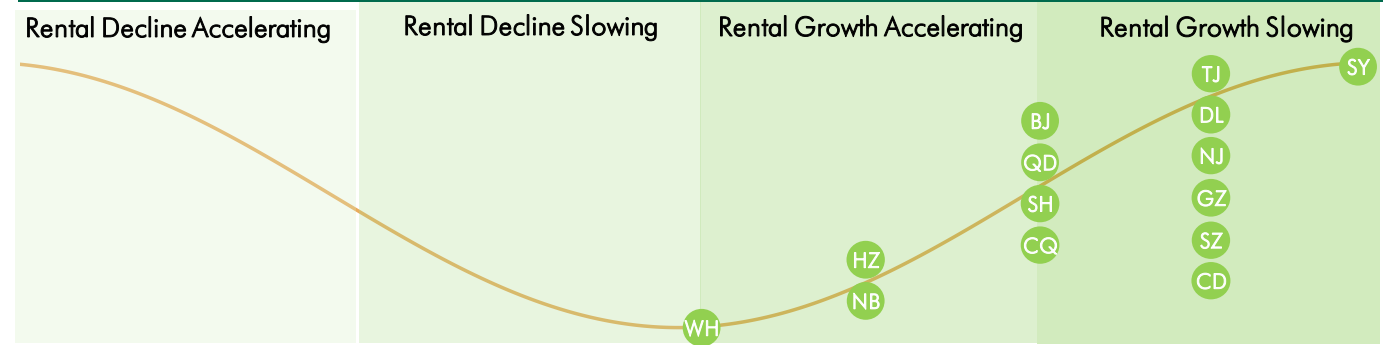
Both the demand and supply were strong in Wuhan mass residential market, resulting in a high transaction volume. For luxury residential market, the high absorption of existing inventory along with limited new supply contributed to a state of supply shortage. Thus, the average sales price for luxury housing in Wuhan had increased by 1.7% q-o-q, to RMB 14,645 psm.

RENTAL CYCLE

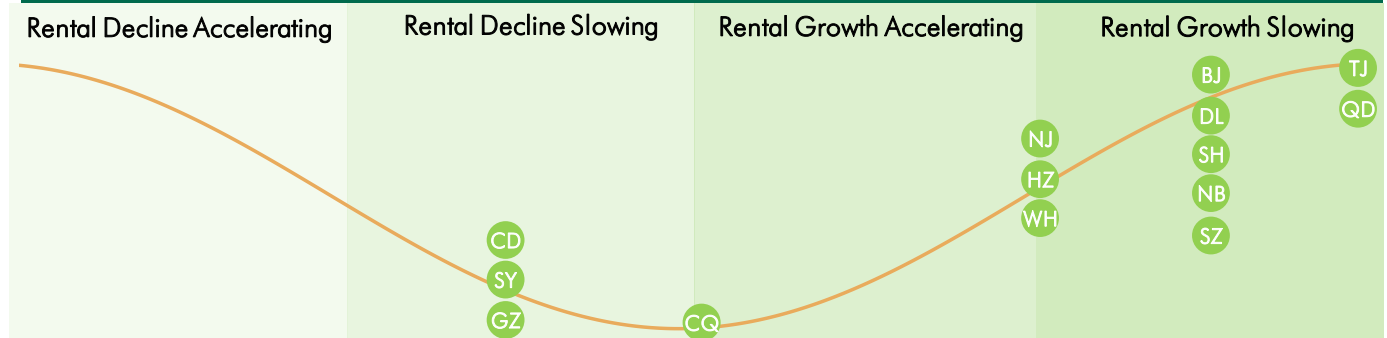
Office Rental Cycle



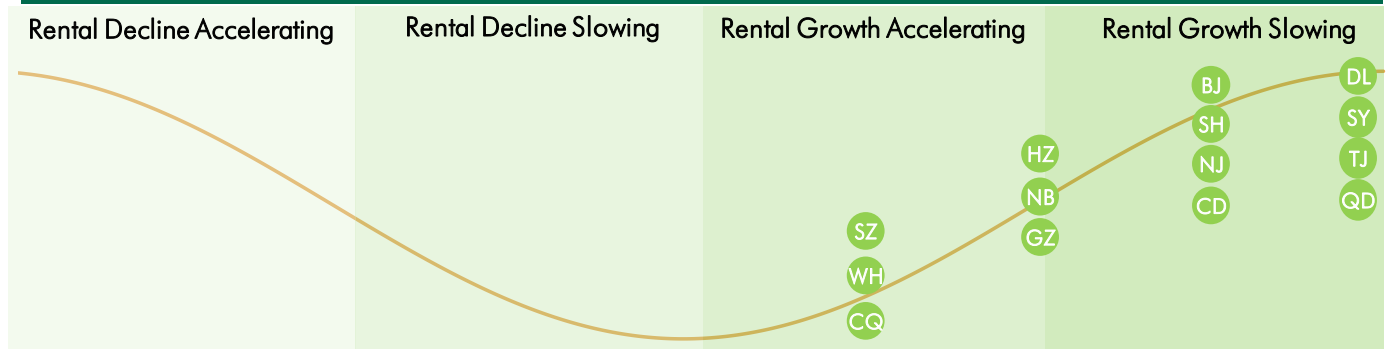
Luxury Residential Rental Cycle



Retail Rental Cycle



Logistics Rental Cycle



BJ Beijing TJ Tianjin DL Dalian SY Shenyang QD Qingdao SH Shanghai NJ Nanjing HZ Hangzhou NB Ningbo GZ Guangzhou SZ Shenzhen CD Chengdu CQ Chongqing WH Wuhan XA Xi'an

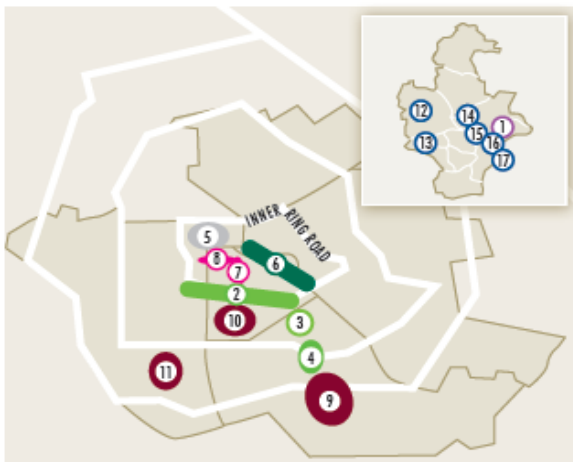
NORTH CHINA SUBMARKETS

Beijing Major Submarkets



- Major Office, Luxury Residential and Retail Areas**
 - 1. Jianguomen Area
 - 2. East Third Ring Road Area
 - 3. CBD
- Major Office and Retail Areas**
 - 4. Wangfujing Area
 - 5. Chaoyangmenwai
 - 6. Finance Street
 - 7. Zhongguancun Area
- Major Office Areas**
 - 8. East Second Ring Road Area
- Major Retail Areas**
 - 9. Xidan
- Major Luxury Residential Areas**
 - 10. Jiuxianqiao Area
 - 11. Wenyu River, Shunyi District
 - 12. Chaoyang Park Area
- Major Industrial Areas**
 - 13. Yongfeng High-tech Industrial Base / ZGC Environmental Protection Park
 - 14. ZGC Life Science Park
 - 15. ZGC Software Park / Shangdi Information Industrial Base
 - 16. Beijing Airport Logistics Park / Tianzhu EPZ
 - 17. Beijing Electronics Zone
 - 18. Beijing Tongzhou Logistics Park
 - 19. Beijing ETDA

Tianjin Major Submarkets



- Major Office, Luxury Residential, Retail Areas and Industrial Areas**
 - 1. TEDA
- Major Office and Retail Areas**
 - 2. Nanjing Road
 - 3. Xiaobailou
 - 4. Youyi Road
- Major Retail and Luxury Residential Areas**
 - 5. Old Downtown Area
- Major Office Areas**
 - 6. Haihe Riverfront
- Major Retail Areas**
 - 7. Binjiang Road
 - 8. Heping Road
- Major Luxury Residential Areas**
 - 9. Meijiang Area
 - 10. City Centre
 - 11. Olympic Arena Area
- Major Industrial Areas**
 - 12. Tianjin Wu Qing EDZ
 - 13. Tianjin Binhai HIDZ
 - 14. Tianjin Airport Industrial Zone
 - 15. Tianjin Binhai HIDZ
 - 16. Tanggu National Marine HIDZ
 - 17. Tianjin Port FTZ

Dalian Major Submarkets



- Major Office, Luxury Residential and Retail Areas**
 - 1. Renmin Road
 - 2. Qingniwa
- Major Office and Retail Areas**
 - 3. Xian Road
- Major Office Areas**
 - 4. Zhongshan Road
 - 5. Sanba Square
 - 6. Xinkai Road
- Major Luxury Residential and Office Areas**
 - 7. Xinghai Bay
- Major Industrial Areas**
 - 8. Dalian HIDZ
 - 9. Dalian Development Area
 - 10. Dalian FTZ

Abbreviations:
EPZ = Export Processing Zone
ETDZ/ETDA/ETDD = Economic & Technological Development Zone (Area/District)

FTZ = Free Trade Zone
EDZ/EDA = Economic Development Zone (Area)
HIDZ = High-tech Industrial Development Zone / High-tech Development Zone

Shenyang Major Submarkets



Major Office, Luxury Residential and Retail Areas

- 1. Golden Corridor
- 2. Taiyuan Street

Major Luxury Residential and Retail Areas

- 3. Zhongjie Street

Major Office Areas

- 4. Sanhao Street

Major Retail Areas

- 5. Beihang
- 6. Tiexi Square

Major Luxury Residential Areas

- 7. Beiling & Beihang areas
- 8. Nanhu
- 9. Changbai Island
- 10. Hunnan's core district

Major Industrial Areas

- 11. Shenyang EDA
- 12. Hunnan HIDZ

Qingdao Major Submarkets



Major Office, Luxury Residential and Retail Areas

- 1. Hongkong Middle Road
- 2. Haier Road
- 3. West Coast Business District

Major Office and Retail Areas

- 4. Zhongshan Road Belt
- 5. Shandong Road Belt

Major Retail Areas

- 6. Taidong Area

Major Luxury Residential Areas

- 7. Badaguan
- 8. Maidao & Shilaoren
- 9. Sijiang Yiwan

Major Industrial Areas

- 10. Laixi EDZ
- 11. Qingdao Huanhai New Materials Industrial Zone
- 12. Jiaozhou Bay International Logistics Park
- 13. Jiaozhou EDZ
- 14. Lixing Airport Industrial Zone
- 15. Jimo EDZ
- 16. Adjoining Port Industrial Processing Zone
- 17. Jiaonan EDZ

Abbreviations:

EPZ = Export Processing Zone
 ETDZ/ETDA/ETDD = Economic & Technological Development Zone (Area/District)

FTZ = Free Trade Zone

EDZ/EDA = Economic Development Zone (Area)
 HIDZ = High-tech Industrial Development Zone/High-tech Development Zone

EAST CHINA

Shanghai Major Submarkets



Major Office, Luxury Residential and Retail Areas

- 1. Nanjing Road West
- 2. Central Huaihai Road
- 3. Xujiahui

Major Office and Retail Areas

- 4. Hongqiao

Major Office Areas

- 5. People's Square
- 6. Lujiazui

Major Retail Areas

- 7. The Bund
- 8. Nanjing Road East
- 9. Sichuan Road North

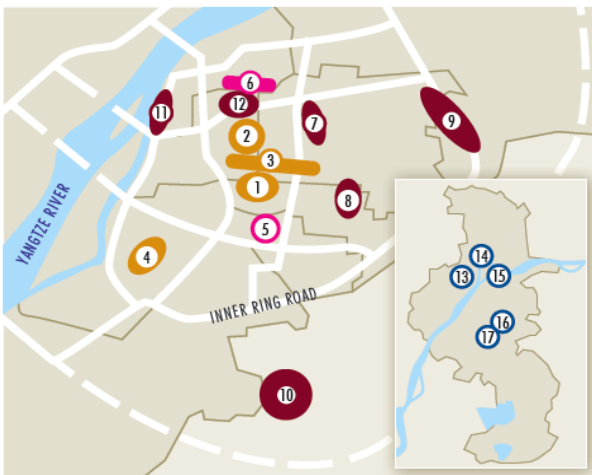
Major Luxury Residential Areas

- 10. Gubei
- 11. Huashan Road
- 12. Fuxing Road/Jianguo Road
- 13. Pudong Riverside

Major Industrial Areas

- 14. Caohejing High-tech Park
- 15. Waigaoqiao FTZ
- 16. Jinqiao EPZ
- 17. Zhangjiang High-tech Park

Nanjing Major Submarkets



Major Office, Luxury Residential and Retail Areas

- 1. Xinjiekou
- 2. Shanxi Road - Gulou
- 3. Guangzhou Road - Zhujiang Road
- 4. Hexi New Town

Major Retail Areas

- 5. Confucius Temple
- 6. Zhongyongmen

Major Luxury Residential Areas

- 7. Taipingmen - Xuanwu Lakeside
- 8. Crescent Lake
- 9. East of Purple Mountain
- 10. Jiangning
- 11. Riverside
- 12. North of Gulou

Major Industrial Areas

- 13. Nanjing HIDZ
- 14. Nanjing Chemical Industrial Park
- 15. Nanjing ETDD
- 16. Jiangning Science Park
- 17. Jiangning EDZ

Abbreviations:
 EPZ = Export Processing Zone
 ETDD/ETDA/ETDD = Economic & Technological Development Zone (Area/District)

FTZ = Free Trade Zone
 EDZ/EDA = Economic Development Zone (Area)
 HIDZ = High-tech Industrial Development Zone/
 High-tech Development Zone

Hangzhou Major Submarkets



- Major Office, Luxury Residential and Retail Areas**
 - 1. Wulin
 - 2. Qianjiang New City
- Major Office and Luxury Residential Areas**
 - 3. Huanglong
 - 4. Qingchun Fengqi
- Major Retail and Luxury Residential Areas**
 - 5. Hubin
 - 6. Wushan
- Major Luxury Residential Areas**
 - 7. Zhijiang
 - 8. Qiantang Riverside
 - 9. Jianguo Road
 - 10. Wenjiao District
 - 11. Hushu Road South
- Major Industrial Areas**
 - 12. Hangzhou ETDZ
 - 13. Hangzhou EPZ
 - 14. Hangzhou HIDZ
 - 15. Xiaoshan EDZ

Ningbo Major Submarkets



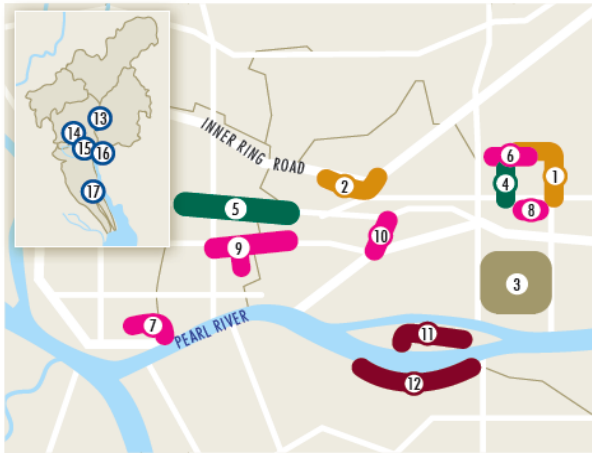
- Major Office, Luxury Residential and Retail Areas**
 - 1. Tianyi Square
- Major Retail and Luxury Residential Areas**
 - 2. Wanda Plaza
- Major Office Areas**
 - 3. Baizhang Road East
- Major Luxury Residential Areas**
 - 4. Riverside
 - 5. Zhongshan Road West
 - 6. Dongqian Lake
- Major Industrial Areas**
 - 7. Ningbo ETDZ
 - 8. Ningbo National HIDZ
 - 9. Ningbo Daxie Development Zone

Abbreviations:
 EPZ = Export Processing Zone
 ETDZ/ETDA/ETDD = Economic & Technological
 Development Zone (Area/District)

FTZ = Free Trade Zone
 EDZ/EDA = Economic Development Zone (Area)
 HIDZ = High-tech Industrial Development Zone/
 High-tech Development Zone

SOUTH CHINA

Guangzhou Major Submarkets



Major Office, Luxury Residential and Retail Areas

- 1. Tianhe Road North and Tiyu Road East
- 2. Huanshi Road

Major Office and Luxury Residential Areas

- 3. Pearl River New City

Major Office Areas

- 4. Tiyu Road West
- 5. Dongfeng Road

Major Retail Areas

- 6. Tianhe Road North
- 7. Shangxiajiu
- 8. Tianhe Road
- 9. Beijing Road/Zhongshan Road
- 10. Nonglinxia Road

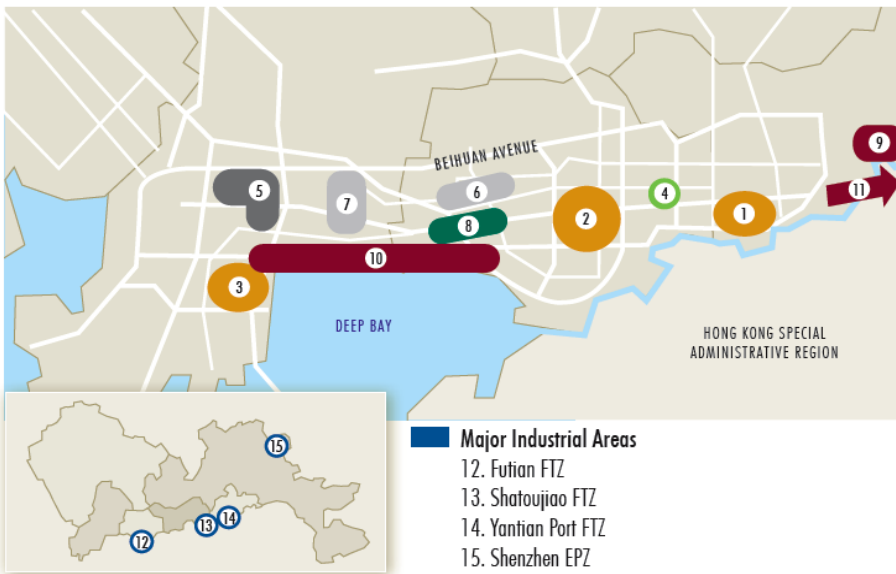
Major Luxury Residential Areas

- 11. Ersha Island
- 12. Binjiang Road East

Major Industrial Areas

- 13. Guangzhou Science City
- 14. Tianhe Software Park
- 15. Guangzhou ETDD West Zone
- 16. Guangzhou ETDD East Zone
- 17. Nansha Development Zone

Shenzhen Major Submarkets



Major Office, Luxury Residential and Retail Areas

- 1. Luohu CBD
- 2. Futian CBD
- 3. Houhai (Nanshan CBD)

Major Office and Retail Areas

- 4. Huaqiangbei

Major Office and Industrial Areas

- 5. Nanshan High-tech Industrial Park

Major Retail and Luxury Residential Areas

- 6. Honey Lake
- 7. Overseas Chinese Town (OCT)

Major Office Areas

- 8. Chegongmiao

Major Luxury Residential Areas

- 9. Liantang
- 10. Mangrove Area
- 11. Dameisha

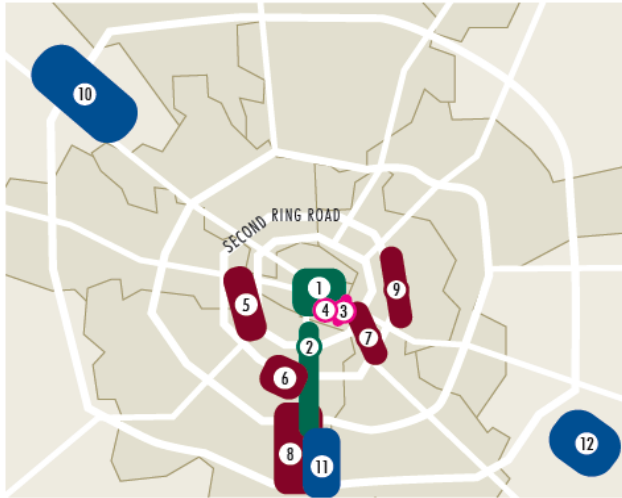
Major Industrial Areas

- 12. Futian FTZ
- 13. Shatoujiao FTZ
- 14. Yantian Port FTZ
- 15. Shenzhen EPZ

Abbreviations:
 EPZ = Export Processing Zone
 ETDDZ/ETDA/ETDD = Economic & Technological Development Zone (Area/District)

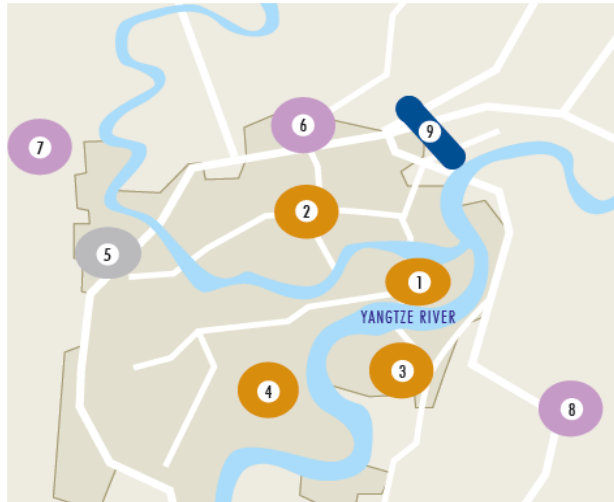
FTZ = Free Trade Zone
 EDZ/EDA = Economic Development Zone (Area)
 HIDZ = High-tech Industrial Development Zone/
 High-tech Development Zone

Chengdu Major Submarkets



- Major Office Areas**
 - 1. CBD
 - 2. South Renmin Road
- Major Retail Areas**
 - 3. Chunxi Road
 - 4. Yanshikou
- Major Luxury Residential Areas**
 - 5. Qingshuihe-Shuangnan
 - 6. Zijing
 - 7. Dongdajie-Wangjiang
 - 8. South New City
 - 9. Jianshe Road
- Major Industrial Areas**
 - 10. Chengdu HIDZ (West Park)
 - 11. Chengdu HIDZ (South Park)
 - 12. Chengdu ETDZ

Chongqing Major Submarkets



- Major Office, Luxury Residential and Retail Areas**
 - 1. Jiefangbei
 - 2. Guanyinqiao
 - 3. Nanping
 - 4. Yanjiaping
- Major Luxury Residential and Industrial Areas**
 - 6. Beibu New Area
 - 7. Xiyong
 - 8. Chayuan
- Major Industrial Areas**
 - 9. Chongqing Bonded Zone
- Major Luxury Residential and Retail Areas**
 - 5. Sanxia Square

Wuhan Major Submarkets



- Major Office, Luxury Residential and Retail Areas**
 - 1. Hangkong Road
- Major Office and Luxury Apartment Areas**
 - 2. Jianshe Avenue
- Major Office and Retail Areas**
 - 3. Zhongnan Road
 - 4. China Optical Valley
- Major Retail and Luxury Apartment Areas**
 - 5. Xudong Avenue
 - 6. Zhongjiacun
- Major Retail Areas**
 - 7. Jiangnan Road
 - 8. Jiedaokou
- Major Luxury Apartment Areas**
 - 9. Yanjiang Avenue
 - 10. Jiyuqiao
 - 11. East Lake & Sha Lake
- Major Industrial Areas**
 - 12. Wuhan Wujiashan Taishang Investment Zone
 - 13. Wuhan ETDZ
 - 14. Wuhan East Lake HIDZ

Abbreviations:
 EPZ = Export Processing Zone
 ETDZ/ETDA/ETDD = Economic & Technological Development Zone (Area/District)

FTZ = Free Trade Zone
 EDZ/EDA = Economic Development Zone (Area)
 HIDZ = High-tech Industrial Development Zone/
 High-tech Development Zone

CONTACTS

For more information about this China MarketView, please contact:

China Research

Frank Chen

Head of China
China Research
CBRE
11F, Shanghai Wheelock Square
No.1717 West Nanjing Road
Shanghai 200040
t: +86 21 2401 1369
e: frank.chen@cbre.com.cn

Jacqueline Yang

Assistant Manager
China Research
CBRE
11F, Shanghai Wheelock Square
No.1717 West Nanjing Road
Shanghai 200040
t: +86 21 2401 1374
e: jacqueline.yang@cbre.com.cn

Bob Wei

Analyst
China Research
CBRE
11F, Shanghai Wheelock Square
No.1717 West Nanjing Road
Shanghai 200040
t: +86 21 2401 1475
e: bob.wei@cbre.com.cn

+ FOLLOW US



GOOGLE+



FACEBOOK



TWITTER

Global Research and Consulting

This report was prepared by the CBRE China Research Team which forms part of CBRE Global Research and Consulting – a network of preeminent researchers and consultants who collaborate to provide real estate market research, econometric forecasting and consulting solutions to real estate investors and occupiers around the globe.

Disclaimer

CBRE Limited confirms that information contained herein, including projections, has been obtained from sources believed to be reliable. While we do not doubt their accuracy, we have not verified them and make no guarantee, warranty or representation about them. It is your responsibility to confirm independently their accuracy and completeness. This information is presented exclusively for use by CBRE clients and professionals and all rights to the material are reserved and cannot be reproduced without prior written permission of CBRE.