Intelligent Investment

Mainland China's Expanded Capital Market: A Guide for International Investors

VIEWPOINT

Cross-border investment in mainland China commercial real estate has fallen sharply since 2022. Over the past four years, assets have repriced, a new generation of domestic investors has emerged, and a maturing capital market now provides international players genuine routes in and credible routes out. This CBRE Viewpoint presents the re-engagement case for foreign investors eyeing a return to this challenging but attractive market.

CBRE RESEARCH
SEPTEMBER 2026

Foreign institutional capital has largely stepped back from mainland China real estate since 2022, leaving domestic buyers, principally insurance companies, whose total investable commercial real estate universe is an estimated RMB 44 trillion, to account for the majority of transactions. The market that has subsequently emerged is more sophisticated and boasts a broader capital market than foreign investors were previously familiar with. With 2027 fast approaching, pricing has reset, the institutional buyer base has changed materially, and new capital market options have taken shape spanning private funds, private REIT structures, and an expanding public C-REIT market.

The progress in mainland China's capital market witnessed over the past four years presents international institutional investors with attractive opportunities to re-engage. Cap rates for assets in tier I cities are approaching 400bps above the 10-year local government bond yield, marking the widest spread in Asia Pacific (Figure 1). Commercial real estate investment volume reached RMB 227 billion (approx. US$32 billion) in 2025, with CBRE forecasting growth of 5–10% for full year 2026 as improved financing conditions and regulatory support take effect.

A declining cost of capital and an expanding domestic buyer base are creating the conditions under which foreign capital can re-engage. For investors holding assets since the previous cycle, exits are becoming increasingly executable.

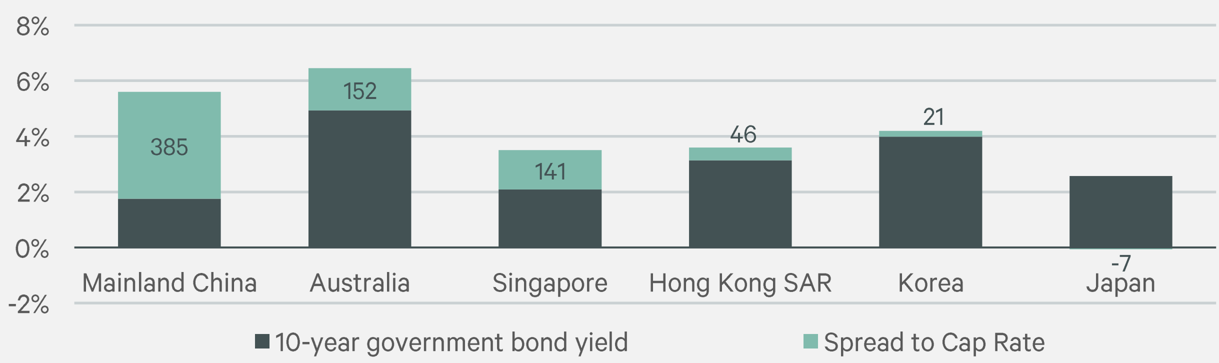
The capital architecture underpinning mainland China's commercial real estate investment market has changed significantly since 2022. New structures, from institutional co-investment vehicles and private REITs to listed C-REITs, provide access routes, holding structures, and exit mechanisms that were either absent or potentially inaccessible to foreign capital during the last investment cycle.

The expansion of mainland China's public REIT framework in late 2025 to cover Grade A offices, hotels, and consumption-oriented assets extends these mechanisms to asset classes where international capital is more heavily concentrated.

RMB
227 bn
2025 commercial real estate investment volume

5-10%
Forecasted growth for 2026

Figure 1: Grade A Office Yield Spread Over Local 10-Year Bond Yield



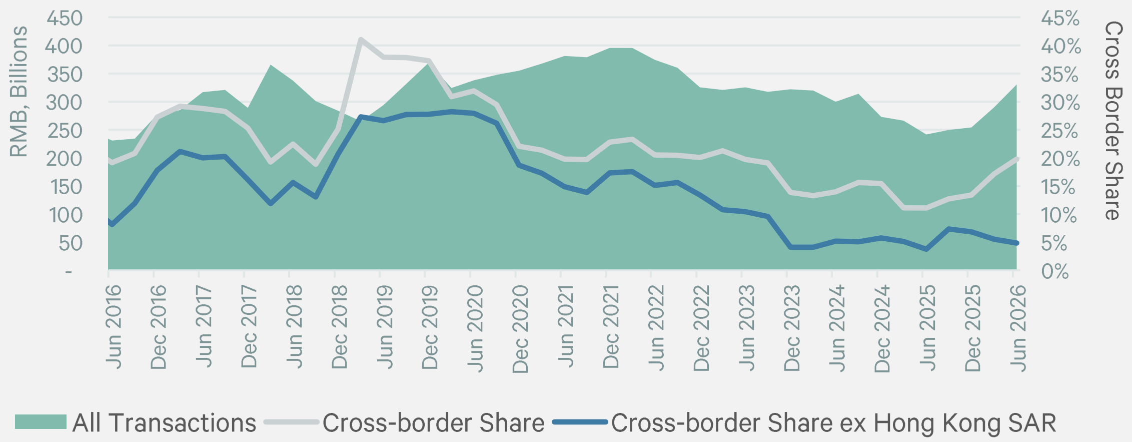
Source: CBRE Research, September 2026.

The Capital Shift: Domestic Dominance

The Foreign Pullback

Cross-border investment in mainland China commercial real estate peaked in 2019 and has fallen sharply since. After trade tension and pandemic-related border restrictions initially slowed activity, diverging monetary policy and broader geopolitical factors subsequently reduced new foreign participation. Investment volume from 2023 through Q2 2026 totalled around US$145 billion. Non-local investors, including Hong Kong SAR sources of capital, accounted for roughly 21% of that total. Excluding Hong Kong SAR, the foreign share falls to under 3% (Figure 2).

Figure 2: Mainland China Commercial Investment Volume, 12-month Rolling



Source: MSCI, CBRE Research, September 2026.

Insurance Capital Fills the Gap

The gap left by foreign capital has been filled by domestic institutions, primarily insurance companies. Mainland China's insurance sector ranks among the world's largest: as of end-2025, total assets held by insurance companies and insurance asset management companies reached RMB 41.3 trillion (US$5.7 trillion), up 15.1% over the year, underpinned by RMB 6.1 trillion (US$847 billion) in primary premium income, a 7.4% y-o-y increase.

Policy encouragement to allocate a greater share of these growing balance sheets to income-producing assets has directed a substantial portion toward commercial real estate. Annual transaction volumes approached RMB 42 billion (US$5.8 billion) in 2025, with insurers having transacted more than RMB 270 billion (US$ 37.5 billion) of commercial real estate cumulatively since 2021. No other domestic institutional investor class comes close in scale or consistency.

RMB
41.3 tn
Assets held by insurance companies and insurance asset management companies

RMB
6.1 tn
Primary premium income

RMB
270 bn
Commercial real estate transacted by insurers cumulatively since 2021

Source: National Financial Regulatory Administration China, MSCI, CBRE Research, September 2026.

Diversifying Into Consumption Assets

While office and logistics dominated early positions, domestic insurance companies' allocations have since diversified. Consumption-oriented or “To-C” assets (those that generate revenue directly from consumers rather than business tenants) including retail, rental housing and data centres, have grown sharply in share. Insurance transactions in this category rose from 2% in 2021 to 28% by 2025, reflecting both regulatory encouragement and a recognition that stabilised income assets across a range of types produce more resilient portfolios over time.

Domestic Buyers Set the Price

Leading domestic insurers are taking an active and disciplined approach to acquisitions, influencing pricing, concentrating on prime assets in tier I cities, and often holding for the long term rather than trading. For international asset owners with positions accumulated in earlier cycles, this shift is significant: domestic buyers are now setting pricing and sustaining transaction volumes, improving the conditions under which capital can be recycled.

A Market Rebuilt: The Expanded Capital Market

Mainland China's real estate capital market now spans the risk-return spectrum, with vehicles serving roles across an investable commercial real estate universe that CBRE estimates reached RMB 44 trillion (approximately US$6.1 trillion) in 2024. Of particular significance is the depth that has developed in the local currency offering. Domestic investors can now allocate RMB capital across the full lifecycle of an asset, from development-stage joint ventures and value-add private funds, through stabilised private real estate investment trusts, to publicly listed commercial REITs, using instruments suited to each stage of the risk-return profile.

This breadth of product availability supports transaction volumes across market cycles. As assets migrate from private to public structures, pricing becomes more transparent, with the public C-REIT market providing a real-time reference point that transmits back into private market valuations. As the pool of potential buyers deepens and product optionality increases, the conditions under which exits can be executed at defensible valuations improve materially, particularly for international investors carrying positions from the previous cycle.

Private Funds and Joint Ventures

Private funds and joint ventures remain the most familiar entry point for international capital to mainland China commercial real estate. Historically, offshore-onshore structures allowed foreign investors to co-invest alongside domestic partners in development, repositioning, and stabilisation strategies. Increasingly, GP/LP arrangements are structured as onshore RMB funds. This transition enables direct partnerships with domestic insurance firms and opens access to local deal flow. Foreign sponsors are now piloting direct onshore capital raising.

RMB
1.5 bn
Portfolio of five stabilised assets

A prime example is the Mapletree China Logistics RMB Fund launched with China Life Capital. Managing a RMB 1.5 billion (US$ 208 billion) portfolio of five stabilised assets, this core fund serves as a strategic "China-for-China" onshore vehicle.

Private REITs

Private REITs, with 60 products filed by H1 2026, offer a stabilised, multi-investor holding structure for income-producing assets. Some 机构间REITs have distribution yields targeting 4-6% across tier I markets. While insurance companies represent the primary LP base, structures are open to qualified foreign institutional participation. In practice, private REITs have emerged as the principal bridge between active management and institutional hold, creating a structured transition, through recapitalisation, from closed-end private funds seeking exits to long-duration investors seeking stable income.

RMB
800 mn
Initial issue size | Listed on the Shanghai Stock Exchange in June 2026

Brookfield Asset Management listed CICC Blinq Multifamily Private REIT on the Shanghai Stock Exchange in June 2026 at an initial issue size of RMB 800 million (US$ 111 million). The vehicle holds two multifamily projects in Shanghai which Brookfield continues to manage.

The Public C-REIT Market

Mainland China's public C-REIT market was launched in 2021 and has since experienced rapid growth. By June 2026 there were 58 property-right-based REITs with a total market capitalisation of about RMB 143 billion (US$19.8 billion). Following a regulatory change effective in December 2025, assets eligible for investment by C-REITs were extended to include Grade A offices in major cities, hotels rated four-star and above, urban renewal facilities, and mixed-use complexes. With C-REITs now able to invest in almost all real estate asset classes, CBRE expects more assets will be securitised as C-REITs. Foreign sponsors are becoming involved in C-REITs, with CapitaLand especially active. The Singaporean firm is reportedly in the process of planning further C-REITs.

58

property-right-based REITs by June 2026 with a total market capitalisation of about

RMB

143 bn

CapitaLand Investment listed China Commercial C-REIT on the Shanghai Stock Exchange in September 2025 at an issue size of RMB 2.29 billion (US$ 318 million). The initial portfolio comprises two well-located retail assets, CapitaMall SKY+ in Guangzhou and CapitaMall Yuhuating in Changsha.

Real Estate ABS and Debt Securitisation

On the real estate debt side, mainland China is expanding the use of Asset-Backed Securities (ABSs) as a financing and balance-sheet tool for banks. ABSs allow banks to securitise pools of real estate loans, including mortgages and corporate property loans, converting them into tradable instruments and freeing up capital for new lending, without transferring ownership of the underlying assets. The same route is increasingly used to repackage non-performing real estate loans, giving banks and asset managers a further disposal channel alongside write-offs and bulk transfers. ABSs are typically fixed-income instruments placed with institutional investors, spanning the full range of commercial and residential real estate loan types.

Mainland China's Revitalised Capital Market

Figure 3: Mainland China RMB Capital Ecosystem

LOWER RISK / RETURN ⟷ HIGHER RISK / RETURN

Core	Core Plus	Value-add	Opportunistic

RMB Funds & JVs
Acquire, reposition, lease up
RMB 32bn+ raised (US$4.4 bn)
Jun 2025 to Aug 2026

WHO BUYS
Insurance capital
Institutional capital

Private REITs
Season a stabilising asset
58 filed, 21 issued
(end-2025)

WHO BUYS
Insurers, bank wealth management, trusts, securities firms

Public C-REITs
Listed, income-producing
58 listed
RMB 143bn (US$19.8 bn) market cap

WHO BUYS
Institutions and retail

The Investment Case: A Repriced and Revamped Market

Investment Sentiment Improving But Uneven

Asia Pacific commercial real estate investment sentiment is improving, with 57% of respondents to CBRE's 2026 Asia Pacific Investor Intentions Survey indicating a preference to buy more real estate. The picture in mainland China is more nuanced; overall buying intentions among mainland China-focused investors in the regional survey remained net negative but CBRE's separate 2026 China Investor Intentions Survey found domestic investors held net positive purchasing intentions for the first time in several years.

An increasingly diverse domestic buyer base, which now includes state-backed insurance companies, is playing a key role in driving this shift and has sustained transaction activity through 2025 and into 2026. CBRE's latest cap rate survey points in the same direction, showing early signs of improving investment sentiment domestically, albeit from a low base. Many foreign investors remain on the sidelines, however, with a sizable number still carrying unresolved legacy positions from earlier cycles, and newly raised pan-Asia funds increasingly excluding mainland China from their investment mandate altogether.

Net
Positive
Purchasing intentions held by domestic investors for the first time in several years

Increasingly
Diverse
Domestic buyer base is playing a key role in driving this shift

Rates, Spreads and Cap Rate Dynamics

The People's Bank of China (PBoC) is expected to maintain a supportive and accommodative monetary policy stance for the remainder of 2026, keeping benchmark borrowing costs stable at historically low levels while commercial property cap rates flatten. CBRE notes that while lower borrowing costs widen the positive cap rate spread, conditions specific to mainland China, such as supply surplus and shorter remaining land tenures, remain the principal factors moderating investor conviction.

PBoC
Supportive
Monetary policy stance for the remainder of 2026

Land Tenure Renewal Addresses Long-Standing Concern

The previously mentioned land tenure constraint is now being addressed directly. The central government included commercial and industrial land tenure renewal in its 15th Five-Year Plan, while both Guangzhou and Shanghai have announced local pilot policies to tackle the issue. Although the measures differ in detail, both set the renewal price at 70% of the benchmark price or above, and both make the economic contribution of the project a determining factor in whether tenure is renewed and on what terms, assessed on criteria such as the introduction of government-preferred industries, fixed asset investment and industrial output.

It remains to be seen how renewal will be priced into private and public real estate markets. Even so, the policy clears one of the largest uncertainties weighing on commercial real estate investment in mainland China and adds a critical piece to the regulatory framework, strengthening the medium- and long-term outlook.

Commercial & industrial

Land tenure renewal have been included in the central government’s 15th Five-Year Plan

Repricing Opens a Structured Exit

Several consumption-related C-REITs are trading at a price-to-NAV above par, at times pushing 1.5. This is a signal investors are attributing a premium to these types of stabilised commercial real estate assets in mainland China, with implications for private market pricing. Core-plus and value-add mandates have been attracting the bulk of investor interest across Asia Pacific in recent years, with over 63% of respondents selecting one of these approaches as their preferred mandate.

For mainland China, where pricing has corrected materially since 2022 and where the capital architecture now provides both entry and exit mechanisms, this orientation maps directly onto current market conditions. The revised pathway, through which stabilised assets held in closed-end private funds can be recapitalised into private RMB funds, private REITs and potentially subsequently listed as public C-REITs, now provides a structured exit route for positions accumulated during the previous investment cycle, that have until recently lacked a clear path to realisation.

Core-plus & value-add

Mandates have been attracting the bulk of investor interest across Asia Pacific

Investment Recommendations

CBRE's investment recommendations cover four areas of particular focus.

01 - Office

CBD offices in tier I cities offer a defensive income base at corrected pricing. Grade A vacancy in core CBD submarkets averaged 15% in H1 2026 against a citywide average of 23% and future supply is expected to remain limited.

02 - Logistics

High-standard logistics presents a cyclical acquisition window. National market rents fell below replacement cost in 2025, which should suppress development for two to three years and support a yield recovery. CBRE advises prioritising east and central-west China.

03 - Residential

Multifamily assets in supply-constrained core locations combine counter-cyclical income with an established private-to-public REIT exit. Investment volume reached a record RMB 13.6 billion in 2025.

04 - Retail

Premium retail rewards operational expertise rather than market-wide recovery. Revenue at outlet, community retail and shopping centre C-REITs has been growing at significantly faster rates then national in-store retail sales.

Conclusion: Conditions and Constraints for Re-engagement

Mainland China's commercial real estate market has repriced materially since 2022. The new capital market has expanded, the domestic buyer base has deepened, and financing conditions are easing. However, geopolitical uncertainty has not been resolved, and leasing fundamentals vary by city and sector. Within those constraints, the combination of repriced assets, an operational exit infrastructure, and a broadening institutional buyer pool offers more favourable conditions for international investors than at any point since the cycle turned. For investors looking to re-engage, CBRE advises a disciplined approach, selective by sector, anchored in core locations, and structured around the capital mechanisms that now exist.

Contacts

Ada Choi
Head of Research
APAC
Ada.Choi@cbre.com

Glyn Nelson
Head of Capital Markets Research
APAC
Glyn.Nelson@cbre.com

Sam Xie
Head of Research
China
Sam.Xie@cbre.com