

Intelligent Investment

2025 China Investor Intentions Survey

REPORT

CBRE CHINA RESEARCH
FEBRUARY 2025

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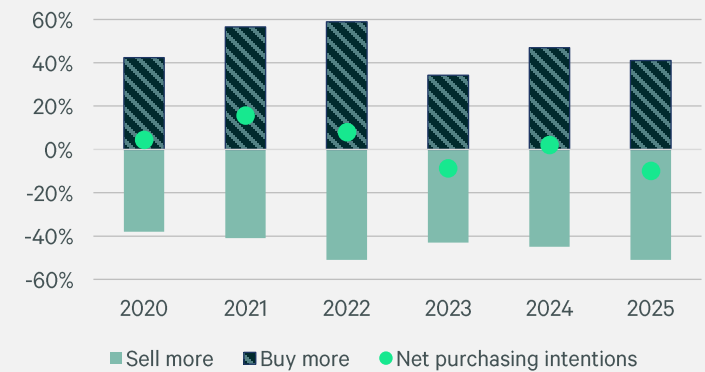
2025 China Investor Intentions Survey

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Buying and Selling Intentions

Investors turn more cautious

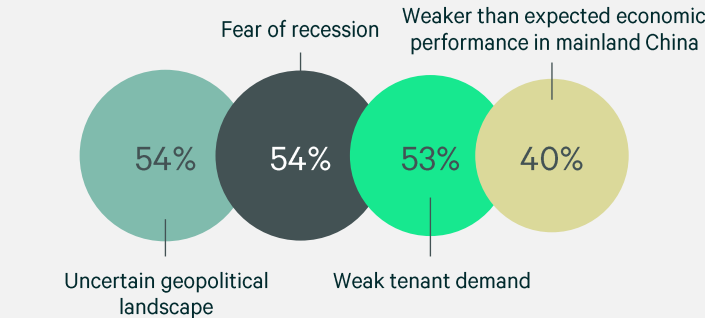
China Investment Sentiment



Real Estate Allocation

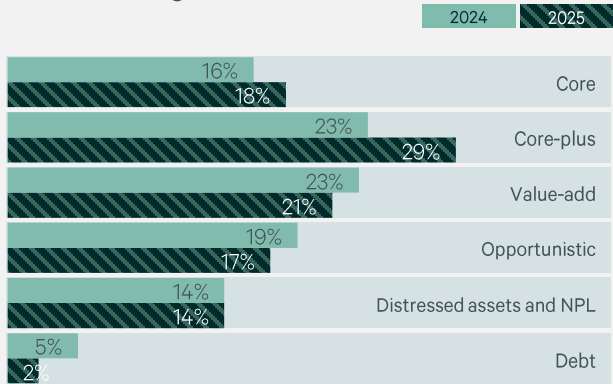


Top Concerns



Preferred Strategies and Sectors

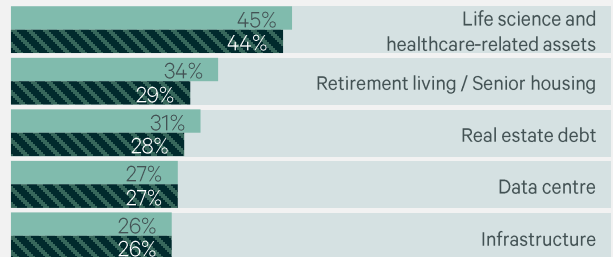
Preference for core and core-plus strategies continues to grow



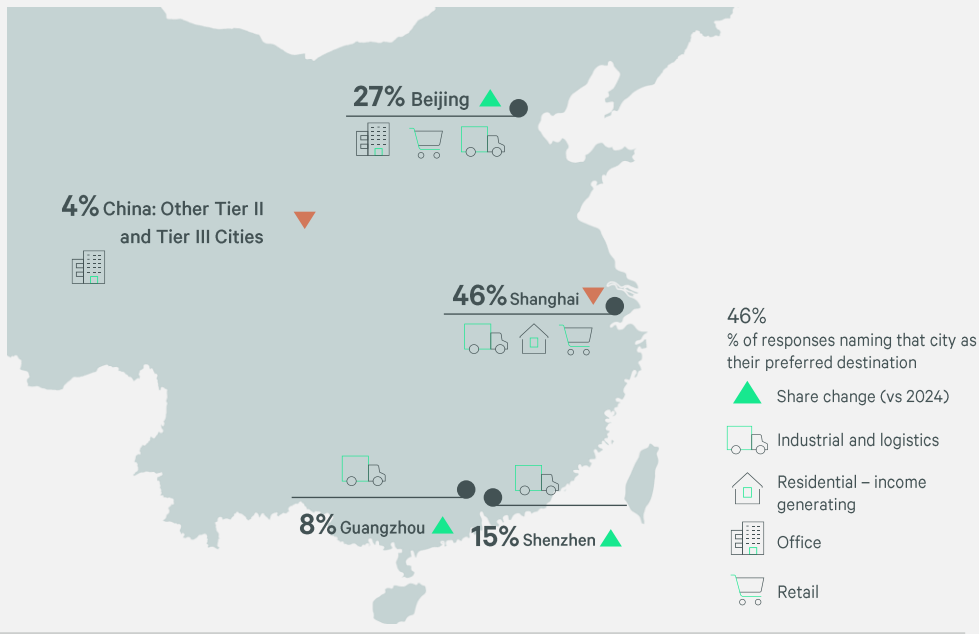
Top Three Sectors for Investment



Top Alternative Sectors for Investment



Most Popular Cities for Investment and Most Preferred Asset Classes



ESG



CBRE RESEARCH

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

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Executive Summary

CBRE's 2025 China Investor Intentions Survey was conducted between November 12 and November 29, 2024. A total of 125 investors participated in the survey, which asked respondents a range of questions regarding their buying appetite and preferred real estate strategies, sectors, and markets for 2025.

Overall investor sentiment turned more cautious in 2025, with 41% of respondents saying they would “buy more” in 2025, a slight decline from the previous year. Willingness to sell rose to an all-time high of 51%. Some 60% of investors expect market activity to recover by the end of 2025 as asset prices continue to adjust and interest rates decline. CBRE expects full-year commercial real estate investment volume to grow by 5-10% y-o-y in 2025, with industrial & logistics and rental housing set to be investors' preferred sectors. Investment in retail assets will remain active, while core office buildings in tier I cities will continue to attract attention from long-term capital and owner-occupiers.

Key Findings



Investor intentions

Market sentiment turned more cautious in this year's survey, with 41% of respondents stating they intend to "buy more" real estate, a slight decline from the previous year. 51% of respondents said they would "sell more", a historical high.

Price adjustments and interest rate cuts are driving improvements to real estate allocations, although the weak rental market remains a concern for investors.

60% of investors believe that market activity will recover by the end of 2025.



Investment strategies

Logistics topped the list of the most popular sectors for a fifth consecutive year, while rental housing took second place for the third year in a row. Life sciences and healthcare-related assets remain the top alternative assets.

Most investors expect rental housing prices to remain firm in 2025. Office prices are forecasted to experience a further decline, albeit at slower momentum versus last year.

Investors' focus on core and core-plus strategies will continue to grow. Beijing and Shanghai will remain top priorities.



Financing environment

Nearly 90% of investors expect the People's Bank of China (PBoC) to cut interest rates further next year, with most anticipating a cut of less than 50bps.

The reduction in refinancing loans due to decline in capital values is a major concern for investors.



ESG

91% of investors now incorporate ESG into investment decisions, with green renovation and development the most popular ESG initiatives.

While the proportion of investors willing to pay a premium for ESG-certified assets has increased, investors remain relatively cautious in offering to pay such a premium.

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01

Investor Intentions

Investor Sentiment Turns More Cautious; Institutional Buyers Most Optimistic

Investors in China commercial real estate plan to be cautious in 2025, with 41% of respondents stating they intend to "buy more" real estate this year, down from the previous year. The proportion of respondents choosing "sell more" increased for a third consecutive year to a historical high of 51%.

Institutional investors such as insurance companies and sovereign wealth funds continued to display relatively optimistic net investment intentions. Real estate funds that mainly engage in cyclical investments and developers under the pressure of debt resolution exhibited the strongest net selling intentions.

Over the past two years, the composition of investors of commercial real estate in China has become increasingly diversified. Government platforms, enterprises, and private buyers have become more prominent, accounting for more than 50% of investment volume in 2024, the highest proportion in a decade.

Respondents identified the geopolitical landscape, economic recession and weak leasing demand as the top three challenges facing commercial real estate investment in 2025. With Donald Trump returning as U.S. President in January 2025, geopolitics rose from fourth place in last year's survey to first this year. Investors' concerns about the mismatch in buyer and seller expectations, which was named among the top three challenges in the previous two surveys, have eased as the asset price correction continues to deepen.

Figure 1: Buying and Selling Intentions 2016-2025

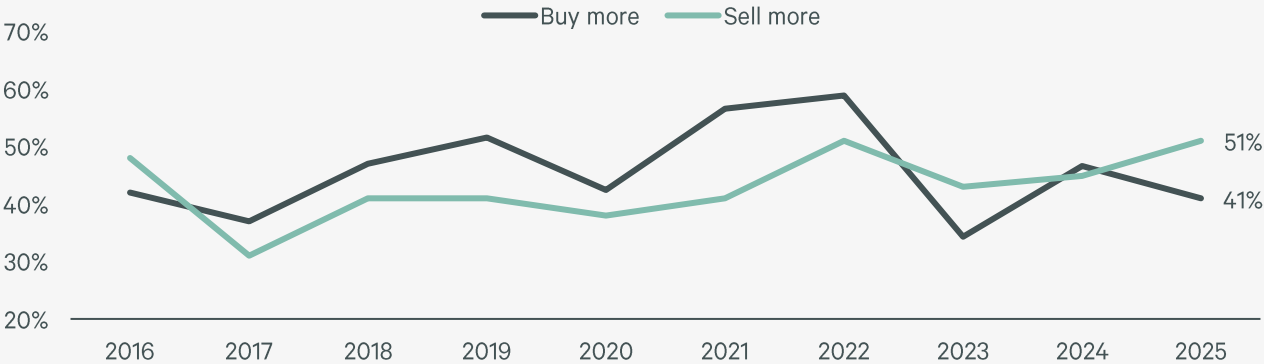
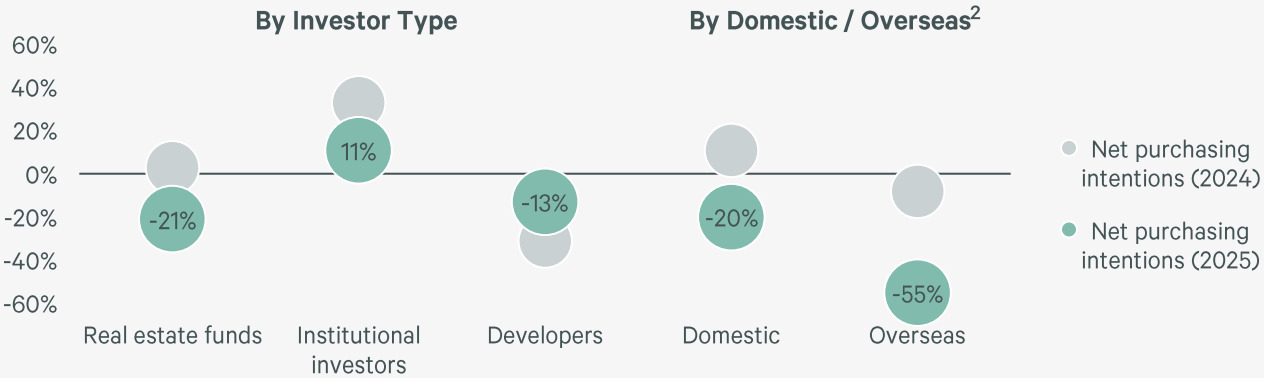


Figure 2: Net Purchasing Intentions¹



Note 1 Net purchasing intentions = Percentage intending to “Buy more” – Percentage intending to “Sell more”

Note 2 Excluding respondents that could not distinguish between domestic and overseas investors, the sample of net investment intentions of domestic / overseas investors was n=82.

Source: 2025 and previous CBRE China Investor Intentions Surveys, CBRE Research, February 2025.

Percentage of Investors Expecting to Increase or Maintain Allocations to Real Estate Expands

Real estate remains an important asset class for investors. 80% of respondents plan to increase or maintain their allocations to real estate in 2025, an increase of 5-pps. from the previous year.

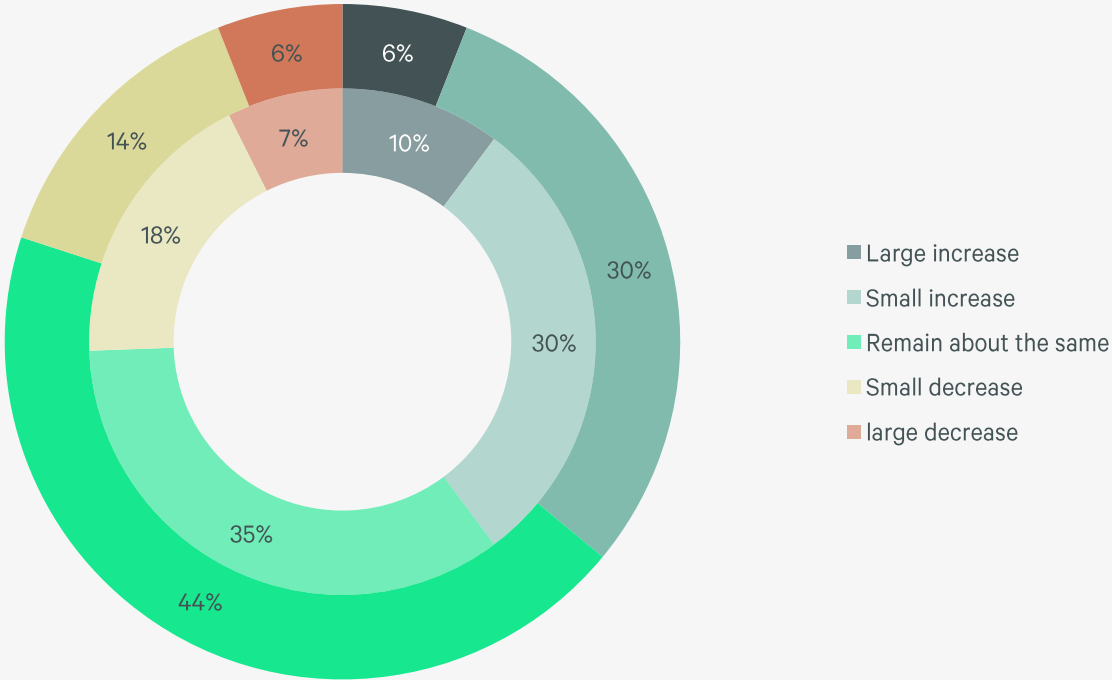
More attractive asset prices and a low-interest rate environment are the main factors driving investors to consider increasing their allocations to real estate. CBRE estimates that by the end of 2024, the spread between the net rental yield and borrowing rate of Grade A office buildings, retail properties and logistics facilities in China tier I cities had expanded to 225-250bps, providing China commercial real estate investment with the largest positive leverage effect in major Asia Pacific markets.

Figure 4: Top Reason for Increasing Real Estate Allocations in 2025



Figure 3: Expected Allocations to Real Estate in 2025

Outer ring: 2025
Inner ring: 2024

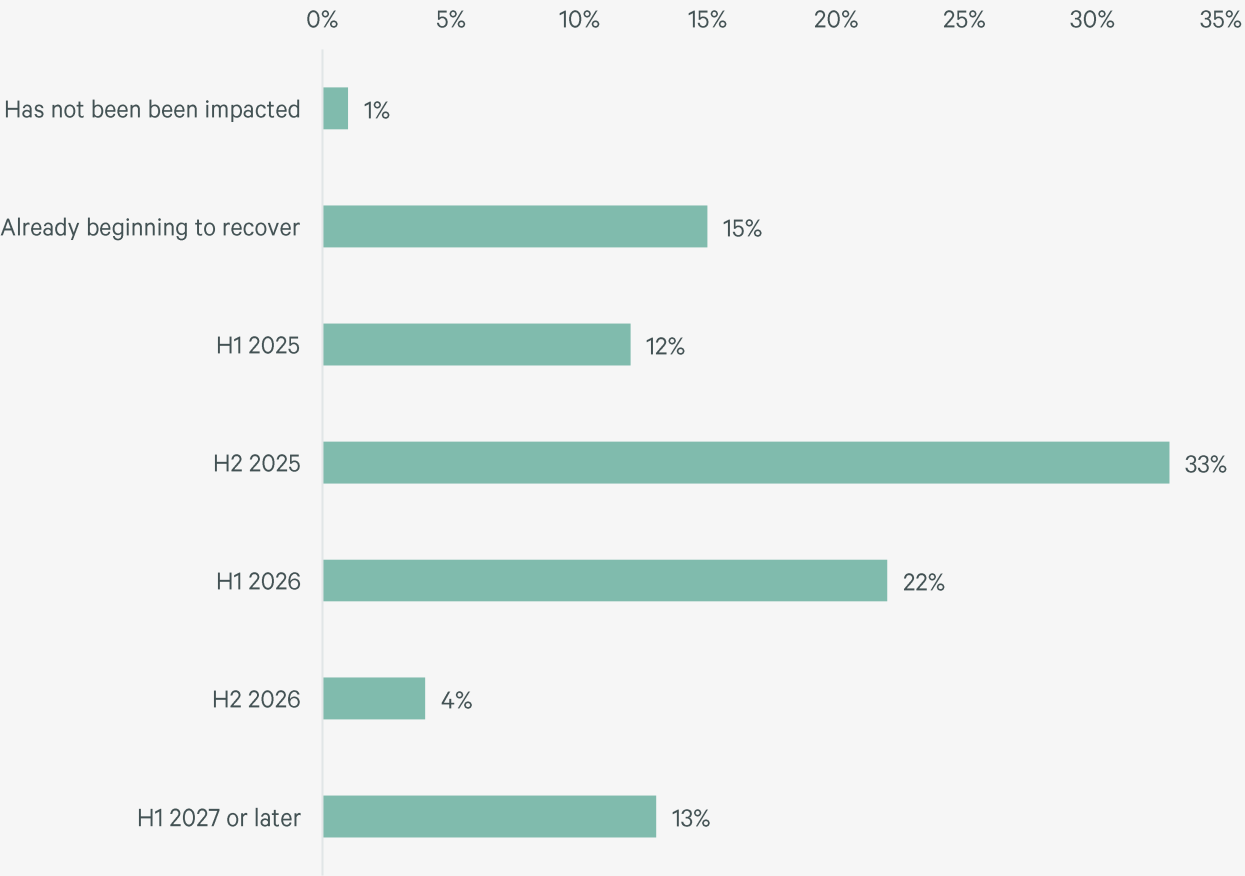


Source: 2025 and previous CBRE China Investor Intentions Surveys, CBRE Research, February 2025.

Most Investors Believe Market Activity Will Recover Before End of 2025

When asked when they expect commercial real estate investment activity to recover, 61% of respondents said they expect this to occur before the end of 2025. This view is predicated on investors' expectations of further asset price adjustment and interest rate cuts. CBRE expects China commercial real estate investment volume to increase by 5-10% y-o-y in 2025.

Figure 5: Expectations for Recovery of Investment Activity in 2025



Source: 2025 China Investor Intentions Survey, CBRE Research, February 2025.

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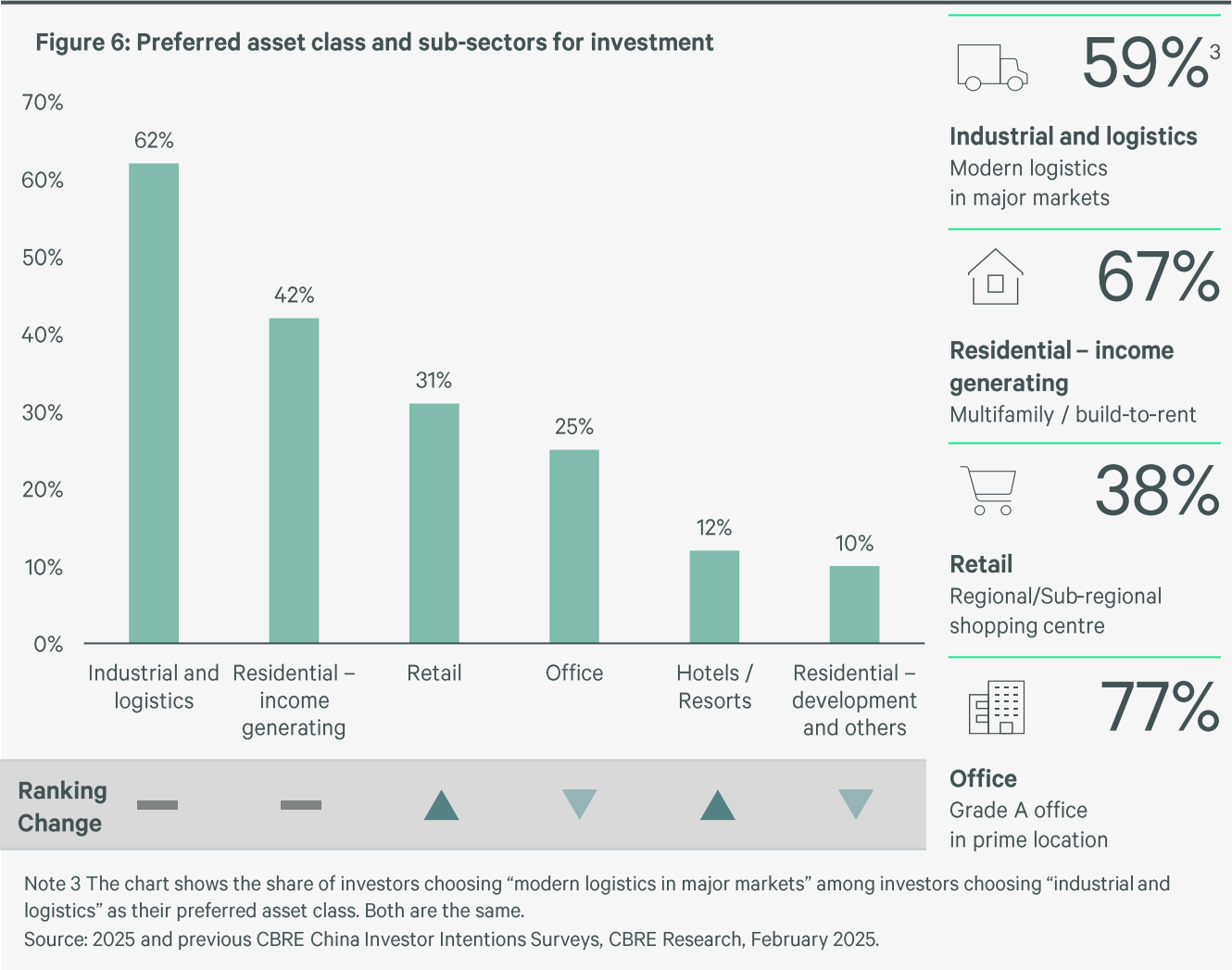
Investment Strategies

Logistics Remains Most Popular Asset Class; Retail Enters Top Three

Logistics topped the list of preferred sectors for investment for a fifth consecutive year, with nearly 60% of buyers targeting modern logistics facilities in major markets. Despite the leasing market coming under pressure in 2024, numerous major acquisitions were completed by domestic insurance institutions such as Ping An, Taikang and PICC, as well as international investors including Blackstone. With new supply expected to decline from 2025 to 2027, CBRE expects to see the emergence of investment opportunities arising from price revaluation. Stronger tenant stickiness and growing demand for advanced manufacturing will drive investment demand for intelligent manufacturing factories in manufacturing clusters such as the Yangtze River Delta and the Pearl River Delta.

Rental housing was named the second most popular sector for investment for a third consecutive year. A total of 18 rental housing investment deals with a total transaction value of RMB 7.5 billion were completed in 2024. Along with continued demand from insurance and real estate funds, a broad spectrum of investors including government rental housing platforms, brand apartment operators, and individual investors made rental housing acquisitions last year. **In July 2024, the National Development And Reform Commission published Notice 1014 promoting wider REIT adoption by including market-oriented rental housing; supporting rental housing for enterprises settled in industrial parks; and public rental housing into the underlying asset pool of China public REITs. CBRE expects this initiative to improve the asset liquidity of rental housing.**

Retail investment volume reached nearly RMB 52 billion in 2024, an increase of 50% y-o-y. Institutional investors, real estate funds and REITs acquired a total of RMB 20 billion worth of retail properties in 2024, the most of any asset type. Interest in this sector is set to continue this year, with retail named as the third most popular sector for investment, backed by robust demand from institutional investors (59%). The Central Economic Work Conference held in December 2024 included “vigorously boosting consumption” at the top of its nine key tasks for 2025. This drive should boost consumption and retail leasing demand, solidifying the sector’s appeal to investors. Regional shopping centres in tier I and tier II cities with continuous population inflows will be especially sought after.



Rental Housing Prices Expected to Remain Firm; Core Office Prices Set to Improve Slightly

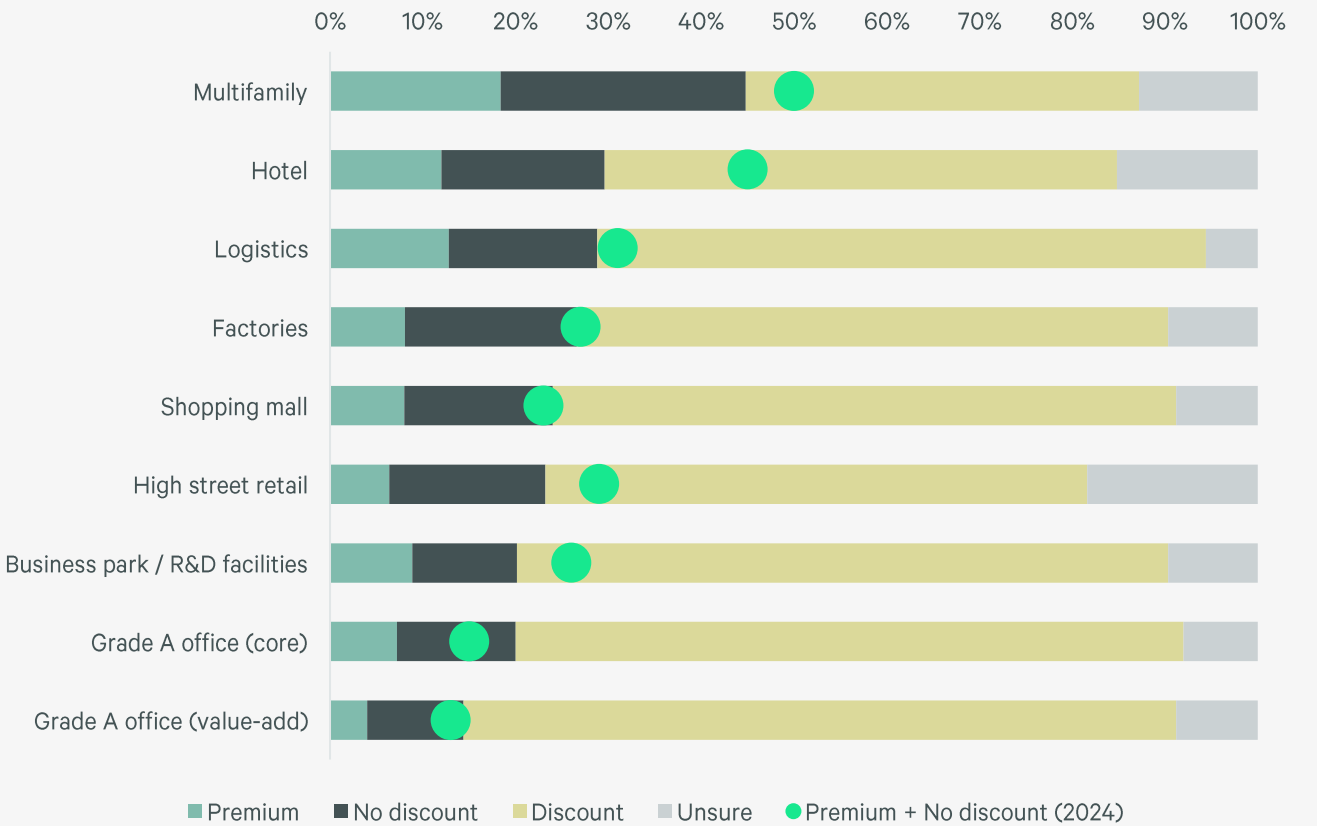
The survey found that investors believe that asset prices in 2025 will be further discounted from last year.

While investors remain most cautious about the outlook for prices of office buildings, their expectations for price adjustments to mature projects generating stable cash flow improved compared with the previous year's survey. The steady flow of transactions such as Beijing Capital Square, Shanghai The Crest Plaza, and Shanghai Lippo Plaza witnessed in 2024 indicate that after several years of asset price correction, office buildings in core areas of Beijing and Shanghai now command a significantly increased margin of safety and are gradually entering into the view of long-term funds.

Price expectations for rental housing remain most upbeat of any sector, with 45% of investors expecting asset prices to remain stable or increase. However, some 62% of investors are concerned whether future rental growth in rental housing will be sufficient to support investment returns. These apprehensions most likely stem from the recent addition of large new supply of affordable rental housing in selected cities.

More than 160,000 units of affordable rental housing came on stream in Shanghai in 2024, doubling market stock and dragging down rents and occupancy. However, the penetration rate of institutional rental housing in Shanghai remains at just 10%, providing considerable room for structural growth driven by the upgrading of rental consumption. In the next three years, new supply of rental housing in Shanghai is expected to reach a level just 60% of that witnessed during the 2022-2024 period, ensuring the gradual improvement of the balance between supply and demand.

Figure 7: Investors' Price Expectations in 2025 Compared to 2024



Source: 2025 and previous CBRE China Investor Intentions Surveys, CBRE Research, February 2025.

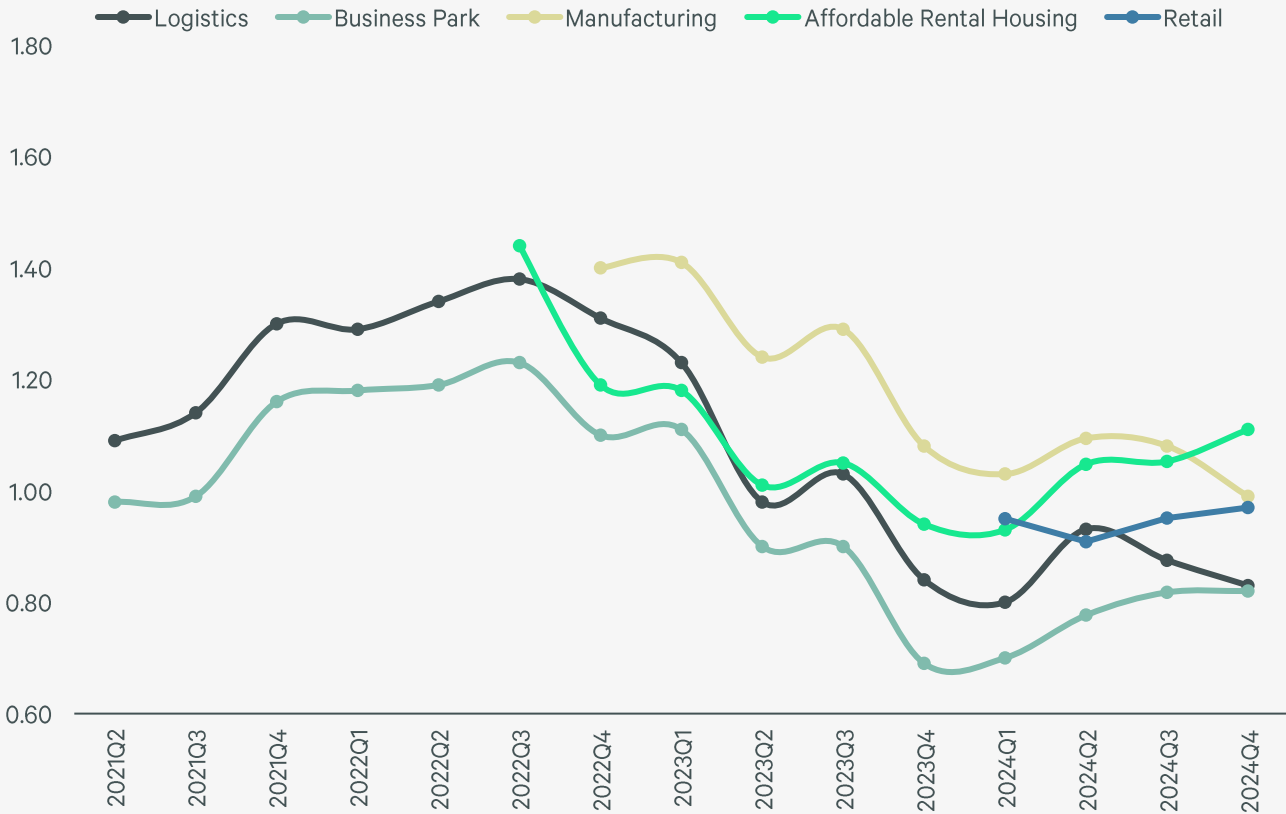
China’s Public REIT Market Plays Price Anchor Role

CBRE has identified a correlation between investors' price expectations for assets across different sectors with the valuations of China’s public REITs.

The average Price-to-Value ratio multiplier, which reflects the ratio of the market value of a REIT to the value of its underlying assets, of affordable rental housing REITs has remained in the premium range (greater than 1.0) since Q2 2024, followed by manufacturing and consumption infrastructure (retail property) REITs.

The further expansion of China’s public REIT market and the gradual improvement of operational mechanisms will ensure its role in price anchoring and value discovery of real estate investment will continue to strengthen.

Figure 8: Price-to-Value Ratio of China’s Public REITs by Property Type



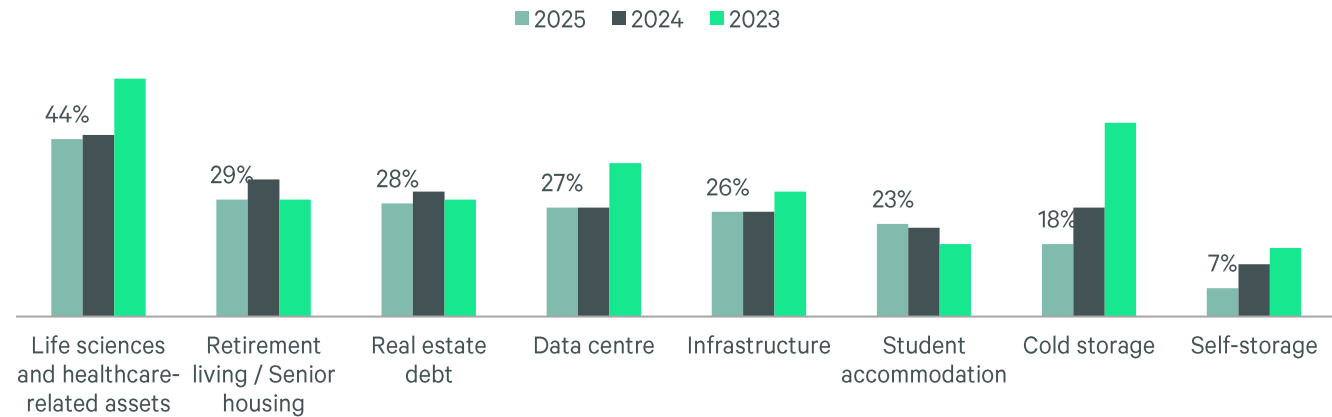
Source: WIND, CBRE Research, February 2025.

Life Sciences and Healthcare-Related Assets Remain Preferred Alternatives

Life sciences and healthcare-related assets remained the most popular alternative assets in this year’s survey. The domestic biopharmaceutical industry continued to face severe challenges in 2024, with both financing and valuation falling to record lows. However, the period witnessed further improvements in innovation and openness within China’s biopharmaceutical industry. The annual overseas licensing volume of innovative drugs exceeded US\$50 billion, while the National Medical Products Administration (NMPA) approved a total of 93 new drugs, both record highs. In September 2024, the Ministry of Commerce, the National Health Commission, and the NMPA jointly issued the “Notice on Carrying out Pilot Work to Expand Opening up in the Medical Field”, allowing foreign-invested enterprises to engage in the development and utilisation of human stem cells and gene therapy in certain cities, as well as the establishment of wholly foreign-owned hospitals.

With the biopharmaceutical industry poised to gradually exit from the adjustment cycle in the next two years, leading domestic biomedical industry clusters such as Shanghai, Beijing, Guangzhou and Suzhou will spearhead the recovery of related property demand.

Figure 9: Investor Interest in Alternative Asset Classes



Source: 2025 and previous CBRE China Investor Intentions Surveys, CBRE Research, February 2025.



Focus on Core and Core-Plus Investment Strategies Continues to Grow

Investors' preference for core and core plus strategies increased significantly in this year's survey, with the proportion of respondents selecting these two options reaching a combined 47%, up 8-pps. from 2024.

This finding reflects a degree of short-term uncertainty in the leasing market, which is prompting investors to place a stronger emphasis on stable cash flow. At the same time, consecutive interest rate cuts and asset price adjustments have boosted the positive leverage effect of core strategies. Office buildings in prime locations of tier I cities, well-tenanted regional shopping centres, and modern logistics facilities in major urban agglomerations are most in demand among investors.

38% of real estate funds prefer value-added investment strategies. The conversion of aging office properties into rental housing and the upgrading renovation of hotels will be most popular among investors, as evidenced by CCB's and Greystar's joint acquisition of Shanghai Light Industrial International Tower in 2024 and subsequent remodelling of the asset into rental housing.

Given that developers continue to struggle with debt clearance and the financing gap due to lower asset valuations, investors will continue to monitor distressed asset opportunities in 2025.

Figure 10: Preferred Strategies for Investors

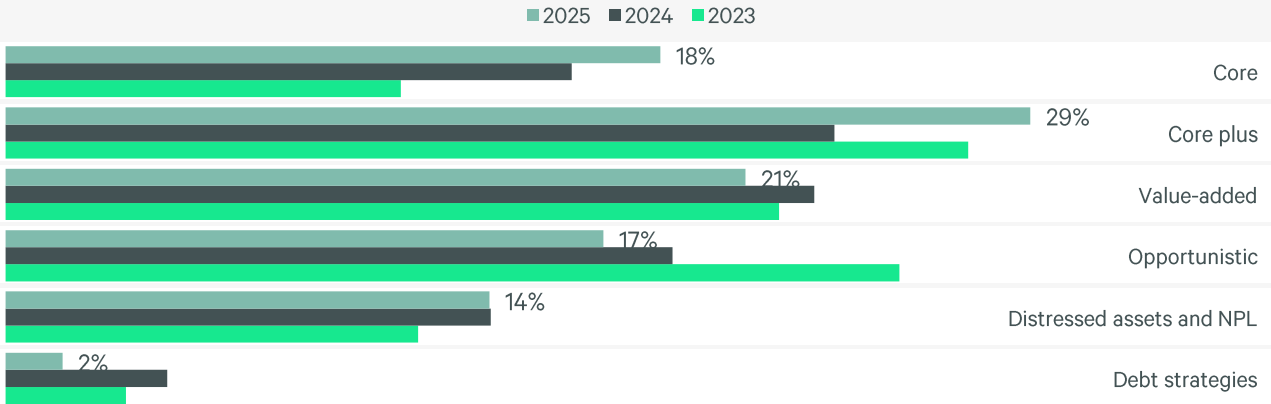
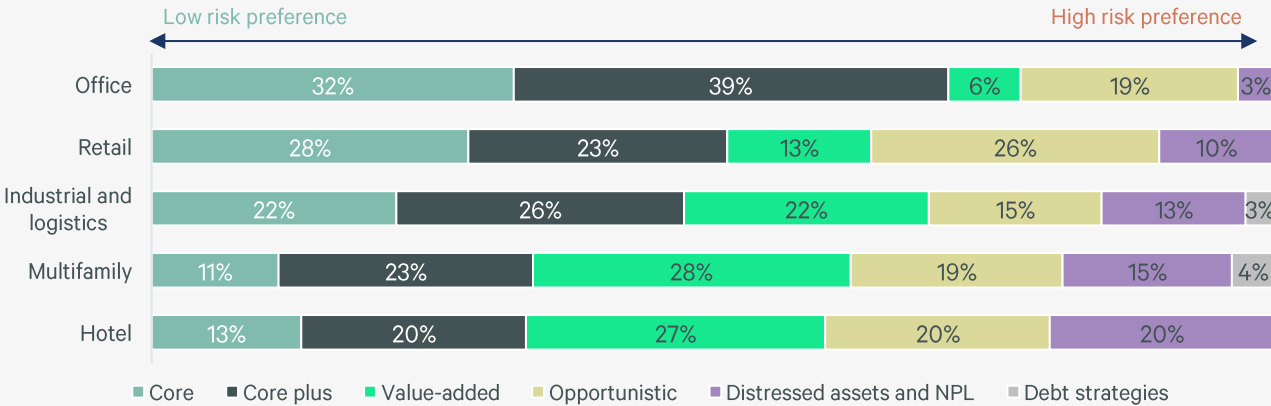


Figure 11: Preferred Strategies by Sector



Source: 2025 and previous CBRE China Investor Intentions Surveys, CBRE Research, February 2025.

Investors Continue to Target Beijing and Shanghai; Interest Grows in Guangzhou and Shenzhen

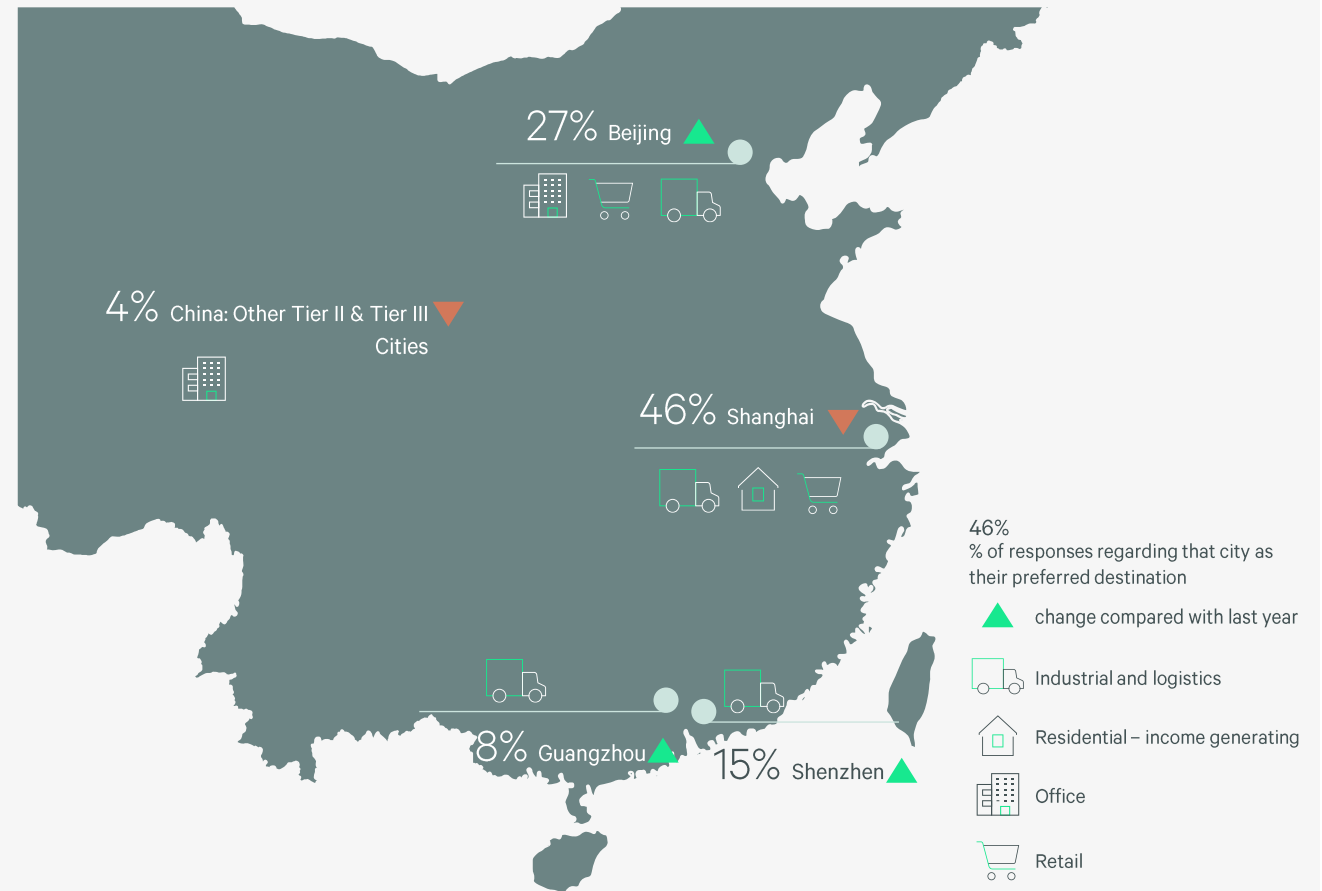
46% of respondents selected Shanghai as their preferred domestic investment destination in 2025, ensuring the city topped the list of the most popular markets.

However, the percentage of respondents who selected Shanghai declined versus last year. Logistics, rental housing and retail properties that are consumption-related and have exit channels for China public REITs were named the most popular asset classes.

Beijing ranked as the second most popular market with 27%, a slight increase from the previous year's 26%. Office buildings were the most closely watched asset class in Beijing in this year's survey, reflecting investors' perception of a supply-demand imbalance. Owing to Beijing authorities' restrictions on new construction within the Fifth Ring Road, office vacancy rate dropped by 0.7-pps. y-o-y to 21% in 2024, making it the only tier I city to record lower vacancy, and the vacancy rate is expected to fall under 20% by the end of 2025.

Amid robust logistics leasing market performance, investor interest in Guangzhou and Shenzhen increased in this year's survey, rising by 6-pps. and 13-pps., respectively. While these two markets are set to welcome the addition of substantial new supply in the next two years, the sustainable growth of cross-border e-commerce platforms will generate considerable leasing demand. Investors are advised to target opportunities along the east bank of the Pearl River Estuary, where new supply is relatively scarce.

Figure 12: Most Popular Cities and Asset Classes for Investment



Source: 2025 and previous CBRE China Investor Intentions Surveys, CBRE Research, February 2025.

03

Financing Environment

Nearly 90% of Investors Expect Further Interest Rates

The Central Economic Work Conference held in December 2024 stated that monetary policy orientation in 2025 will shift from "prudent" to "moderately loose", meaning that the PBoC will adopt a more aggressive stance in cutting interest rates and reserve requirements compared with 2024.

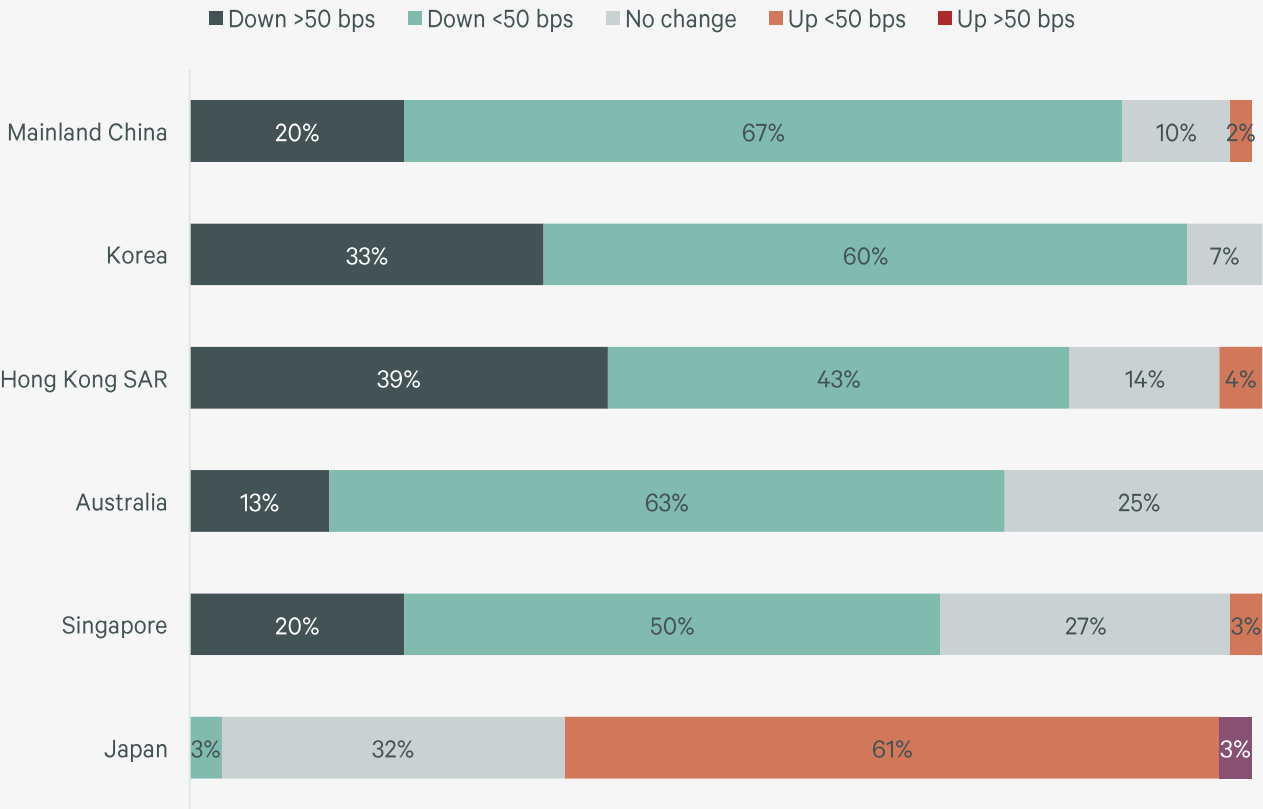
Nearly 90% of respondents expect the PBoC to continue to lower policy interest rates this year, with most expecting a rate cut of less than 50bps. A further reduction in financing costs is expected to have a positive impact on transaction activity and investment returns of commercial real estate in China.

When asked to name the biggest challenges of sourcing debt for investment or refinancing, **the biggest concern for investors is that the decline in asset valuations may lead to lower refinancing loans. The financing gap will also provide opportunities for investors in real estate bonds.**

Figure 14: Major Challenges When Sourcing Debt for Investment and Real Estate Debt Strategies



Figure 13: Expectations for Interest Rates in 2025



Source: 2025 China Investor Intentions Survey, CBRE Research, February 2025.

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ESG

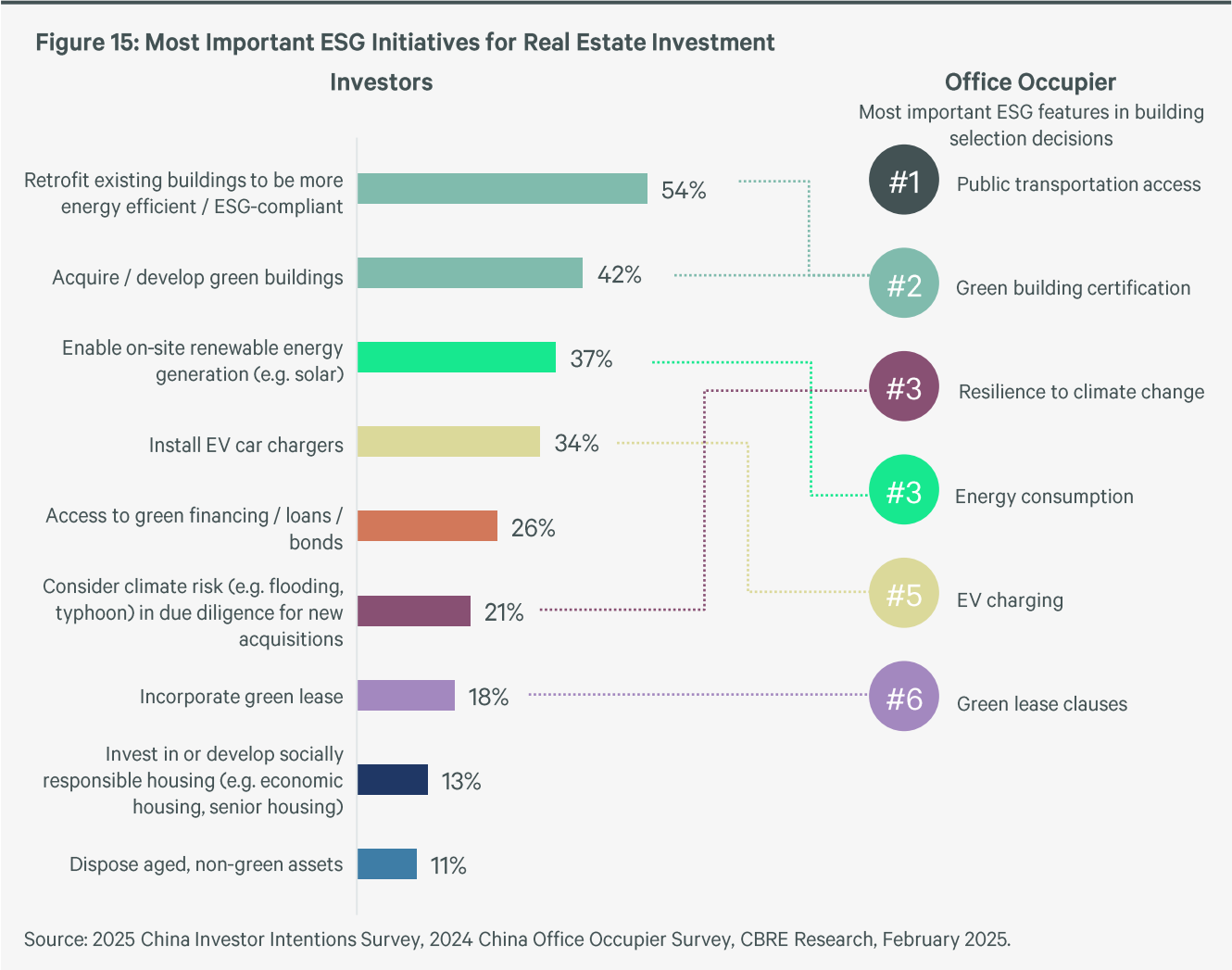
Green Buildings, Renewable Energy and Green Financing Remain Key ESG Initiatives

The proportion of respondents who have or plan to incorporate ESG into their investment decisions was unchanged from the previous year’s survey, remaining at 91%.

The most valued ESG initiatives also remained the same, being green buildings, renewable energy facilities, and green financing.

CBRE’s comparison of this year’s survey results with the 2024 China Office Occupier Survey, found that occupiers are more proactive than investors in addressing climate risks, green lease terms, and energy consumption data sharing.

31% of respondents to the occupier survey had set net-zero emission targets, with two-thirds aiming to reach this goal before 2030. This indicates that relevant ESG elements will be further enhanced in the current or next phase of tenants' leases.



Recognition of ESG Asset Premium Increases but Extent of Premium and Willingness to Pay Remains Conservative

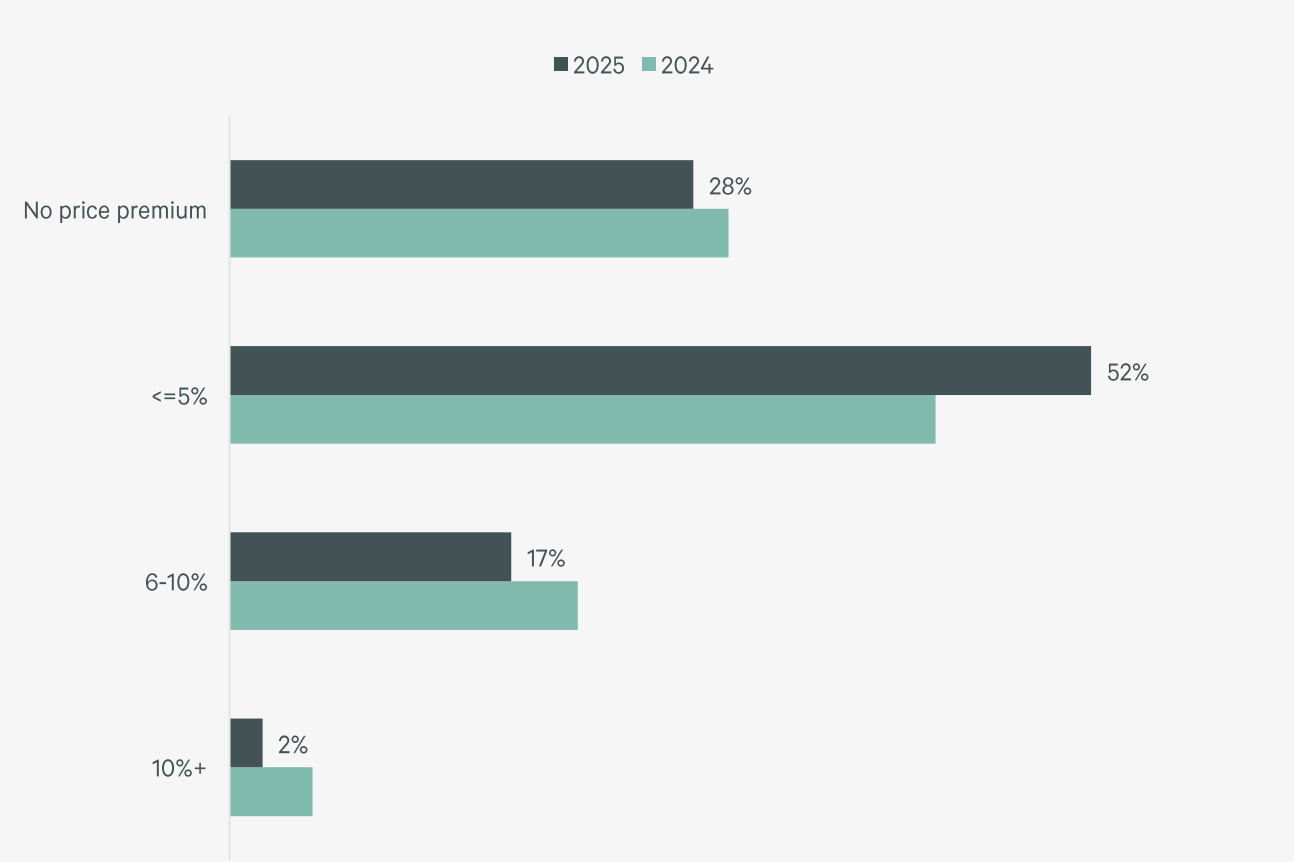
Around 71% of respondents stated they were willing to pay a premium for ESG-certified assets, a 2-pps. increase from the previous year. However, the premium they are willing to offer remains moderate. Over half of investors said they would pay a premium within 5%, with only real estate funds and institutional investors prepared to offer a higher premium (10%+).

Investors' cautious attitude towards paying a green premium is closely related to occupiers' willingness to do the same. CBRE's 2024 China Office Occupier Survey found that a strong focus on cost-saving goals is prompting tenants to adopt a more stringent attitude towards the rental premium they are prepared to offer for ESG-certified assets. The proportion of tenants willing to pay a rent premium for buildings with green building certification dropped by 10-pps. compared to the previous year, falling to 6%.

Around 20% of occupiers said they would consider applying for a rental discount for buildings without green certification. This "brown discount" is becoming more prominent in the leasing market, where **CBRE's analysis of the cumulative change in effective rents for Grade A office buildings⁴ in the Beijing and Shanghai CBDs over the past 18 months shows that effective rents for non-LEED-certified projects fell by 12-14-pps. more than that for certified projects.**

Note 4: Includes buildings completed more than two years ago with occupancy of over 80% in a steady state

Figure 16: Price Premium Investors Would be Willing to Pay For an ESG-Certified Asset (Relative to a Non-ESG Certified Asset)



Source: 2025 and 2024 China Investor Intentions Survey, CBRE Research, February 2025.

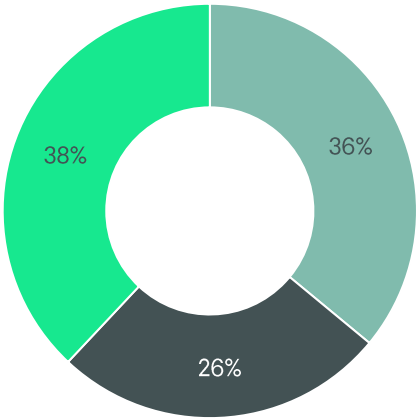
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Respondent Profile

Respondent Profile

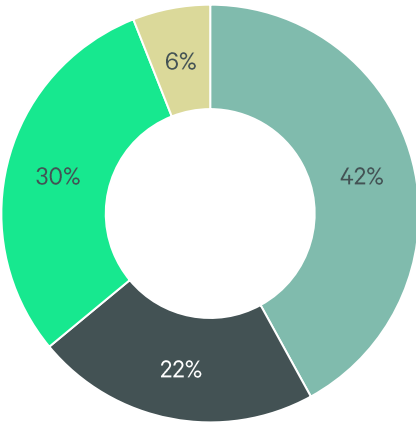
Respondents by AUM

> USD 50 billion USD 10-50 billion < USD 10 billion



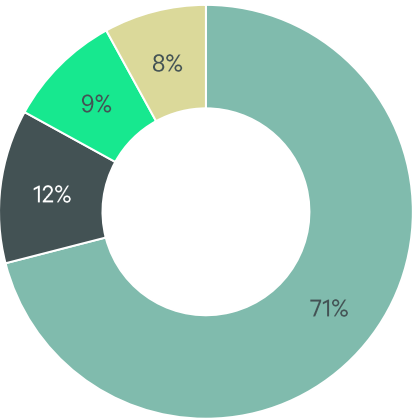
Respondents by Investor Type⁵

Real estate funds Developers
Institutional investors Others



Respondents by Market of Origin⁶

Mainland China Singapore
Hong Kong SAR Others



Note 5 Institutional investors include insurance companies, pension funds, sovereign wealth funds and REITs; others include high net worth individuals and others.
Note 6 Others include Japan, Taiwan and Australia.
Source: 2025 China Investor Intentions Survey, CBRE Research, February 2025.

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