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Tricor and APREA have jointly released “New Economy Real Estate in China - Market Review & Operational Guide 2023”, which introduces new economy real estate in China, including the market landscape, industry characteristics, investment and financing models, and operational best practices

Built upon **Tricor Group** (Tricor’s) extensive experience in the private equity real estate funds (PERE) industry and **APREA’s** (Asia Pacific Real Assets Association) real asset intelligence, **“New Economy Real Estate in China - Market Review & Operational Guide 2023”** provides an interpretation of the development of new economy real estate and relevant regulatory provisions in China, investment and financing schemes, as well as practical suggestions for optimizing middle- and back-office operations.

On February 20, 2023, the China Securities Regulatory Commission (CSRC) launched a pilot program for the real estate private investment fund in alignment with the directives of the Chinese government. The objective of this program is to nurture resilience and growth within the real estate sector while also improving the functionality of the capital market. By unlocking the untapped potential of existing real estate market resources, the initiative will elevate the role of the private fund industry in supporting the real economy.

Since 2010, the new economy real estate sector has remained on a strong growth trajectory. Its progress has been characterized by high business standards, systematic operations, and accelerated iterative development. Concurrently, real estate investment trusts (REITS) within China’s financial services sector have witnessed the maturation of its products, and the private real estate fund has gained increasing operational experience.

The rapid expansion of China’s consumer market and rise of the affluent middle-class over the last decade has led to a surge in the demand for top-tier logistics warehousing. However, systemic economic risks have exerted an increasing amount of pressure on the real estate industry, logistics real estate, and their associated sectors in recent years.

This report offers a thorough analysis of China’s new economy real estate industry, with specific emphasis on the logistics real estate market. It provides insights into the current market landscape, growth trajectory, and anticipates future trends. Based on this analysis, the report draws the following conclusions:

1. Benefiting from the resilience and vitality of China’s domestic market, the new economy real estate industry is set to experience a robust recovery. This growth will be fueled by the continuous expansion of third-party logistics and e-commerce sectors, along with the solid foundation of traditional industries. As the industry moves forward, it is expected to embrace a systematic, large-scale, and intelligent development approach. However, it should be noted that this progress will also present a more complex market landscape with diverse challenges.

2. The new economy real estate sector is expected to attract a greater influx of institutional investors seeking stable returns. This trend will spur investments in smart parks, digital economy, and AI-related fields. Long-term capital sources such as national sovereign funds, pension funds, and insurance funds will increasingly allocate resources towards new economy real estate, thereby fostering its growth.
3. The real estate fund policy is anticipated to create new opportunities for private real estate investment, resulting in heightened activity in establishing funds and raising capital with a focus on the “new economy real estate” theme. However, changes in the industry landscape are likely to introduce increased complexity and diversity in investment transactions.
4. With the rapid expansion of the new economy real estate industry, flourishing business activities, and a surge in sustainable investments, there will be a growing focus on optimizing operational efficiency. This implies that companies must handle daily tasks effectively, control operating costs, and improve project management capabilities to successfully meet these demands.
5. In the new economy real estate sector, equity financing, particularly through fund establishment, holds a significant position. The rapid expansion of the private equity fund industry in recent years has brought about increased regulatory scrutiny and more stringent information disclosure obligations. This has led to a growing need for professional services encompassing industry regulations, compliance reporting, and management reporting. As economies recover both domestically and internationally, logistics demand is expected to undergo further upgrades, thereby reshaping the landscape of the new economy real estate sector.

Looking ahead, the new economy real estate industry in China, particularly in the logistics real estate segment, is ready to embark on a new phase of development. This progression will involve the adoption of novel operating models and value logic, presenting challenges to the current investment, development, operational, and exit strategies, thus requiring upgrades. Embracing innovative development concepts, strengthening capital operation capabilities, and acquiring core assets will become the primary focal points for the industry.

Group CEO of Tricolor Group, Kim Jenkins said “As the global industrial chain integrates at an accelerated pace, China’s new economy real estate industry, with its significant market demand, relatively high return on investment, and the transformation of traditional real estate, is poised to attract global investors. With the deepening of domestic real estate private equity funds and the expansion of REITs in China, the dominance of foreign capital may gradually change, and increasingly diverse domestic investors will emerge as very prominent players. 2023 has brought about the implementation of favorable political and economic policies along with the revitalization of domestic demand and investment. As such, Greater China, the largest emerging market, is set to experience a significant rebound. The new economy real estate industry presents burgeoning growth potential.”

CEO of Tricolor Greater China, Hailiang Zhang, said “There is a growing demand for new economy real estate in China driven by urbanization, the proliferation of e-commerce, digital transformation, and the thriving technology sector. This demand encompasses various sectors, including logistics real estate, data centers, industrial parks, and urban redevelopment. China’s new economy real estate has experienced significant growth in recent years and attracted new



players in the market. According to a 2022 ranking of private real estate developers in the Asia Pacific region by PERE, a private real estate research agency, more than half of the top 20 private equity developers have invested in logistics real estate in China. Foreign professional logistics real estate companies that entered the Chinese market early and established a strong presence in key regions still maintain an advantage in terms of competition, industry hierarchy, and distribution reach. The new economy real estate sector is characterized by its complex structure and diverse entities, which highlight the importance of efficient middle- and back-office operations to facilitate business expansion. Optimizing operational efficiency has become crucial for the development of enterprises operating in this sector.”

CFO of DNE, Norah Lu, said “China’s economic structural transformation and the rapid growth of new economy enterprises have given rise to flourishing new consumption, new industries, and new technologies. As a result, the corresponding new economy infrastructure projects have undergone remarkable growth and development. Notably, the new economy real estate industry stands out with its extensive project portfolio, substantial investments, and wide geographical reach. With the continuous expansion of the industry, ESG practices have gained increasing prominence. This shift has underscored the significance of low-carbon operations and cost reduction. Consequently, there has been a growing demand for corporate compliance and operational efficiency. As a service-oriented infrastructure platform of the new economy in China, DNE Group has made compliance management the cornerstone of our development strategy. Tricor has been an invaluable business partner in this endeavor, offering us comprehensive operational support. With their professional team boasting extensive on-the-ground experience, standardized processes, and automated tools, our compliance management capabilities and operational efficiency have been significantly enhanced.”

CEO of APREA, Sigrid Zialcita, said “In recent years, the new economy real estate sector has experienced remarkable growth. Our recent survey of industry practitioner reveals that both domestic and foreign institutional investors, real estate funds, and asset management companies have expressed long-term confidence in China’s new economy real estate. This confidence is evident through their sustained investments and expansions within the sector. Among these, logistics real estate has garnered significant market recognition. As public REITs continue to deepen their presence, and with the official launch of the private equity real estate funds pilot program, we anticipate a greater influx of long-term capital into the market. Furthermore, REITs have the potential to go public, enabling them to access capital market premiums and drive the transformation and advancement of the new economy real estate industry. This report presents comprehensive data and case studies, drawing on the first-hand insights of the Asia Pacific Real Assets Association and Tricor’s extensive operational experience in serving private real estate. It aims to illustrate the market trends, investment, and financing models, as well as the operational dynamics of the middle- and back-office functions. We hope that this report will prove valuable to our readers.”

Please view our report here: <https://www.tricorglobal.com/new-economy-real-estate-in-china-market-review-operational-guide-2023>.

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About Tricor Group

Tricor Group (Tricor) is Asia's leading business expansion specialist, with global perspective and cross-regional expertise in corporate service and compliance management. Strategically headquartered in Hong Kong SAR, we operate out of 22 countries / territories and across a network of 49 offices. With a staff strength of 3,000, Tricor serves 50,000 clients, including more than 40% of the Fortune Global 500 companies and 2,000 listed companies in Asia.

Founded in 2000, Tricor not only facilitates global multinationals and companies seeking entry into Asia Pacific, but also supports Mainland Chinese companies looking to grow internationally, across Asia and beyond. Tricor Greater China employs 1,200 professionals and has a service network across 17 key cities, including Beijing, Shanghai, Shenzhen, Hong Kong SAR, Macau SAR and Taipei. With global knowledge and local expertise, Tricor provides overseas and domestic clients with one-stop specialized solutions in corporate governance, finance & accounting, tax advisory, HR & payroll, fund services, investor services, outbound investment, and corporate trust & debt services.

Tricor offers fund services to private equity, venture capital, real estate and alternative assets funds for asset management companies worldwide. Tricor has fund service operations in Mainland China, Hong Kong SAR, Singapore, Cayman Islands and British Virgin Islands.

As one of the first professional service providers to serve foreign and domestic asset management firms, Tricor assists around 200+ private fund managers in Asia Pacific. Tricor's fund services cover the entire life cycle of alternative investment business. From fund establishment to operation and exit, Tricor has rich and comprehensive experience in the operation of private funds, including fund formation, business structure maintenance, fund accounting, reporting and tax. Tricor assists private fund managers and funds to optimize and efficiently manage their middle- and back-office functions. With the support of Tricor's digital transformation and outsourcing solutions, private fund managers are empowered to focus on their core business and strategic initiatives to achieve rapid and sustainable growth.

For more information, please visit:

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About APREA

The story of Asia Pacific Real Assets Association (APREA) began in 2005 with a group of enthusiastic industry leaders aiming to set the tone and identify real estate trends impactful to the Asia Pacific region. With key focuses on advocacy, knowledge sharing and connecting like-minded decision-makers, APREA is well-established as a leading voice and go-to resource in the industry.

APREA has evolved to be at the forefront of securitized real assets sector and a one-of-its-kind community of change-makers where all voices are heard, deliberated, and envisioned. It offers a sophisticated platform that can effectively address key policy issues affecting real assets and capital markets, as well as decipher global intelligence for regional and local benefits. The members of APREA are tightly connected with one another, as well as with regulatory bodies and industry experts.

With the ability to swiftly adapt to the ever-changing industry landscape, APREA has built a diverse community of professional leaders and trendsetters from top publicly held and privately-owned real assets ownership, development, and management firms.

Having established a leading presence and think-tank status within the industry, our community continues to drive breakthroughs and transform the real assets sector within Asia Pacific.

APREA offers a distinctive global outreach and vision for the Asia Pacific real assets sector, with an aim to create value for our members through the following key focuses:

- Anchoring Success
- Professional Development
- Reach out to industry leaders
- Education & Research
- Advocacy

For more information, please visit:

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