

CASE STUDY

CITIGROUP GLOBAL MARKETS ASIA



SERVICES

Market Analysis



THE CHALLENGE

Citigroup Global Markets Asia Ltd., having identified an office property in Zhabei District, Shanghai for potential acquisition, was undertaking a due diligence review, prior to an investment determination.

As part of this assessment, CBRE Consulting was commissioned by Citigroup Global Markets Asia Ltd. to provide an independent study of the Grade A office market in Shanghai and an assessment of the potential for an office investment in Zhabei District. Due to the competitive investment climate in Shanghai, the window of opportunity for Citigroup was brief, in which a decision whether or not to pursue the investment needed to be made.

THE SOLUTION

A study of Shanghai's macro-economy, infrastructure, regulatory environment and future development was undertaken to establish the underlying fundamentals supporting commercial investment in the city.

This was followed by an in-depth analysis of Shanghai's Grade A and B office markets, highlighting existing and future trends in terms of supply, demand, vacancy, rental, price, and yield levels. Particular focus was given to Zhabei District, providing comparative analysis to the overall Shanghai market and other competing office areas. Price estimations for the subject property were strongly supported by the inclusion of over 100 recent strata-title sales transactions in comparable properties, as well as evidence from en-bloc transactions.

THE RESULTS

In order to meet Citigroup's tight internal deadlines in this case, CBRE Consulting leveraged all of its internal resources, and was able to submit its report within two weeks of undertaking the assignment.

Further to CBRE's report submission, Citigroup, together with regional investment consortium successfully acquired the commercial component of the property – Daning – The Life Hub – in USD 65 million value in June 2006.