

MARKETBEATS

¥116.59

RENT
(PSM/MO)

0.79%

RENTAL GROWTH
(QOQ)

18.3%

VACANCY RATE

WHAT'S
NEXT

HIGHLIGHTS

Rent holds firm despite weak demand

The market added 80,000 sq m of new office supply in Q2, pushing up Chengdu's Grade A stock to 2.37 million sq m at quarter's end. The city's newest completions achieved a high occupancy rate on active pre-leasing activity, driving down the city's overall vacancy rate 1.0 percentage points q-o-q to 18.3%.

Economic uncertainty weighted on leasing demand. In Q2, absorption amounted to 88,281 sq m net, declining 19.9% y-o-y by comparison. Companies in the real estate, professional services and financial sectors were the key sources of occupier demand this quarter. Notable transactions included TEC's expansion in IFS and Virtuos Games' new lease in Ping An Finance Center. Rental levels continued to rebound, albeit slower than in Q1, increasing for the 9th consecutive quarter to average RMB116.59 per sq m per month, up 0.8% q-o-q.

Downward pressure on rent likely

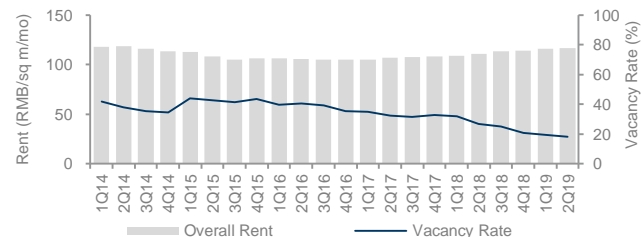
Ahead, ongoing trade frictions are expected to continue to weigh on leasing demand and may impact rental growth. Future office supply is tending to shift to Financial City, Dayuan and Tianfu New District Business Center as core submarkets face a shortage of land on which to build and Chengdu's "Expand South" guideline informs development strategy. Meanwhile, policies to introduce and promote the city's hi-tech industry should encourage more TMT companies to settle in Chengdu and open offices.

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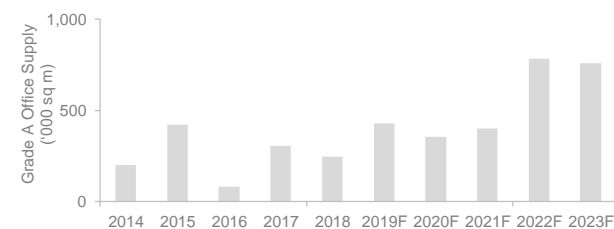
	Q4 2018	Q1 2019	Annual Forecast
GDP Growth	8.0%	8.0%	▲
Tertiary Sector Growth	9.0%	8.5%	▲
CPI Growth	1.4%	2.0%	▲
Real Estate Development & Investment Growth	-8.8%	6.2%	▲

Note: Growth figure is y-o-y growth;

Source: Chengdu Statistics Bureau; Cushman & Wakefield Research

Grade A Office Market Indicators

Source: Cushman & Wakefield Research

Grade A SUPPLY PIPELINE

Note: F is for forecast.

Source: Cushman & Wakefield Research

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CHENGDU OFFICE MARKETBEATS

JULY 2019



SUBMARKET	INVENTORY (SQ M)	VACANCY RATE	FUTURE SUPPLY (SQ M)	GRADE A FACE RENT		
				RMB/SQM/MO	US\$/SF/MO	EUR/SF/MO
CBD	433,102	19.5%	219,200	¥120.18	US\$1.93	€1.73
SBD	266,168	10.5%	183,714	¥110.21	US\$1.77	€1.58
Dongda Street	587,610	20.3%	49,708	¥126.83	US\$2.04	€1.82
Financial City	693,586	12.7%	675,459	¥114.64	US\$1.85	€1.65
Dayuan	355,665	31.8%	222,900	¥105.63	US\$1.70	€1.52
Tianfu New District Business Center	30,000	0.0%	644,786	¥90.00	US\$1.45	€1.29
CHENGDU GRADE A TOTAL	2,366,131	18.31%	1,995,767	¥116.59	US\$1.88	€1.68

Rental equals "Gross Transacted Face Rental"

Exchange Rate: 1USD = 0.893136 EUR = 6.89396 RMB as of 2019.5.27

KEY LEASING TRANSACTIONS Q2 2019

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Ping An Finance Center	CBD	Virtuos	6,000	New Setup
China Overseas International Center C	Financial City	China Merchants Property Development Co. Ltd	3,500	New Setup
IFS	CBD	TEC	3,000	New Setup
Tongwei International Center	Dayuan	SCG	2,000	New Setup

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Tianfu International Financial Center (South Tower)	Financial City	-	61,459	2019
Taihe International Fortune Center	Panchenggang	-	60,106	2019
China Overseas Fortune Center	Tianfu New District Business Center	-	52,000	2019
Leading Center (West Tower)	CBD	-	30,000	2019
MIXC (II)	Dongda Street	-	49,708	2020
Tianfuhui Center	SBD	-	111,000	2020

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