

## MARKETBEATS

**¥118.4**  
 RENT  
 (PSM/MO)

**-2.0%**  
 RENTAL GROWTH  
 (QOQ)

**28.8%**  
 VACANCY RATE
WHAT'S  
NEXT

## HIGHLIGHTS

## Market Overview

With 273,100 sq m of new supply entering the market in the first half of 2019, Jinan's Grade A office stock increased to 984,325 sq m.

In the first half of 2019, the average rent of Grade A office buildings was RMB116.8 per sq m per month, rising 8.3% y-o-y. Affected by the new supply, the city's overall vacancy rate increased to 37.8%.

Companies in the financial and cultural industries were the main contributors to Jinan's office leasing activity, which accounted for more than 65% of take-up during the quarter.

## Outlook

Over the next 3 years, around 670,000 sq m of new office supply is expected to complete. The overwhelming 95% of the new buildings will be located in the Olympic High-tech submarket.

Although the vacancy rate is likely to increase given the sheer volume of new supply, the completion of new high quality office projects should push up the overall rent in the city.

Ahead, as Jinan increasingly matures and witnesses services industry growth, these should boost the further development of the city's office market.

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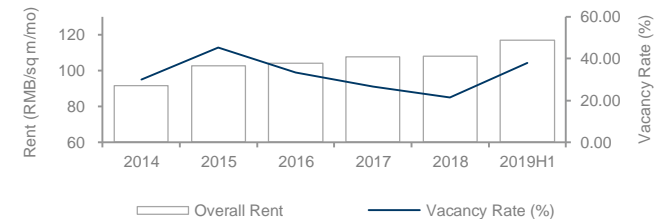
 DATA  
 INTO  
 ACTION

## Economic Indicators

	Q4 2018	Q1 2019	One Year Forecast
GDP Growth	7.4%	7.5%	▼
Tertiary Sector Growth	7.5%	7.3%	▼
CPI Growth	2.6%	2.3%	▲
Real Estate Development & Investment Growth	11.1%	12.6%	▼

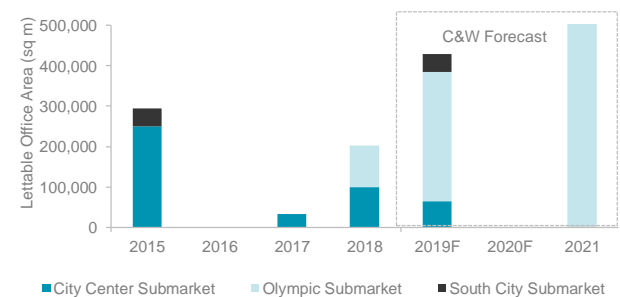
Source: Jinan Statistics Bureau / Oxford Economics / Cushman &amp; Wakefield Research

## Grade A CBD Rent &amp; Vacancy Rate



Source: Cushman &amp; Wakefield Research

## Grade A Office Annual New Supply



Source: Cushman &amp; Wakefield Research

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SUBMARKET	INVENTORY (sq m)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (sq m)	GRADE A EFFECTIVE RENT		
				RMB/SQ M/MO	US\$/SF/MO	EUR/SF/MO
City Center Submarket	498,230	19.8%	0	121.4	1.64	1.47
Olympic High-tech Submarket	371,850	44.0%	45,000	117.4	1.58	1.42
South City Submarket	114,245	22.1%	620,000	94.6	1.27	1.14
<b>BEIJING GRADE A OVERALL TOTAL</b>	<b>1,445,742</b>	<b>28.8%</b>	<b>685,000</b>	<b>116.8</b>	<b>1.57</b>	<b>1.41</b>

\*Projects of others not belonging to any of the above submarkets.

Effective Rent is calculated based on gross floor area and assuming a letting of mid floors for a typical three-year lease term with VAT and rent-free periods factored in.

Exchange Rate: 1CNY = 0.145USD = 0.130EUR, as May 27, 2019

## Key Leasing Transactions Q2 2019

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Dongtai Kaiyue Leader Center	City Center Submarket	Taikang Life Insurance	2,000	Relocation
Vanke Jinyu Center	Olympic High-tech Submarket	Haiyin Wealth	300	Relocation
China Overseas Square	South City Submarket	Baoshan Iron & Steel Co., Ltd.	460	Relocation

## Significant Projects Under Construction

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Green Land Metropolis	South City Submarket	N/A	45,000	2019
Pingan CBD	Olympic High-tech Submarket	N/A	200,000	2021
Green Land IFC	Olympic High-tech Submarket	N/A	300,000	2021
Hua Mixc World	Olympic High-tech Submarket	N/A	120,000	2021