

MARKETBEATS

¥83.56

RENT
(PSM/MO)

-9.9%

RENTAL GROWTH
(HOH)

48.8%

VACANCY RATE

WHAT'S
NEXT

HIGHLIGHTS

Metro link improves Wuxiang's performance

In 1H, three projects in the Wuxiang New District completed, adding a combined 258,019 sq m of new supply to Nanning's office market. Wuxiang's Grade A office stock has increased to 741,084 million sq m since the first project completed in 2017, accounting for 40% of Nanning's total stock. Despite supporting the submarket's ongoing development, the completions have intensified competition across the overall market.

The opening of Metro Line 3 has improved transportation links to Wuxiang New District, benefiting occupiers looking for cost-effective spaces to relocate their offices. Relocations have caused, in part, the vacancy rate in the Jinhu submarket to surge by 12 percentage points since end-2018. The city's overall vacancy rate climbed 3 percentage points to 48.8% at the end of 1H.

Amid the market's high vacancy rate and new supply in the pipeline, some landlords made adjustments. In 1H, the city's rent fell 9.9% since end-2018 to average RMB83.56 per sq m per month. Overall net absorption amounted to 83,395 for 1H, about half of annual absorption recorded last year.

Stable vacancy ahead

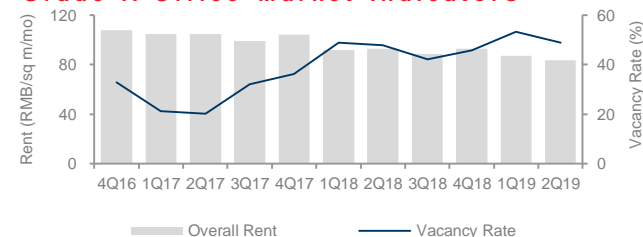
Demand for lightly-furnished serviced office space continued to be robust. Ahead, local flexible office providers are expected to expand in Nanning. Elsewhere, Wuxiang is aiming to develop into a 'China-ASEAN Financial City,' as designated by the Nanning municipal government in June. Policy support includes an incentive for financial companies to receive office rental credits, which are expected to stimulate leasing activity ahead. But the overall vacancy rate will likely remain high due amid a large volume of new supply in the pipeline.

Economic Indicators

	Q4 2018	Q1 2019	One Year Forecast
GDP Growth	5.4%	6.0%	▲
Tertiary Sector Growth	7.8%	6.7%	▲
CPI Growth	2.5%	2.1%	▼
Real Estate Development & Investment Growth	15.5%	36%	▲

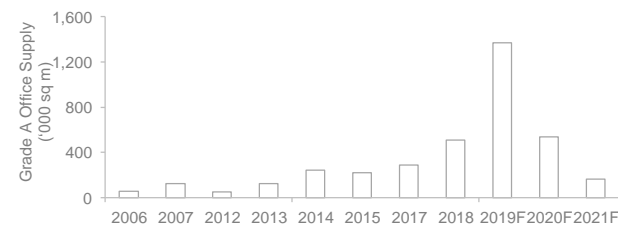
Note: Growth figure is y-o-y growth;
Source: Nanning Statistics Bureau; Cushman & Wakefield Research

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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NANNING 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
Jinhu	145,110	33.8%	-	¥66.20	US\$0.89	€0.80
Nanhu	73,359	23.3%	-	¥96.84	US\$1.31	€1.17
Fengling	909,907	27.7%	180,000	¥113.00	US\$1.52	€1.36
Wuxiang New District	741,084	80.2%	1,632,714	¥49.51	US\$0.67	€0.60
NANNING GRADE A TOTAL	1,869,461	48.8%	1,812,714	¥83.56	US\$1.13	€1.01

Rental equals "Gross Transacted Face Rental"
Exchange Rate: 1USD = 6.894CNY = 0.893EUR as of 2019.5.27

KEY LEASING TRANSACTIONS 1H 2019

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Ping An Tower	Wuxiang New District	Yili	2,000	New Setup
Sanqi Plaza	Fengling	Zhongnan Construction	1,500	New Setup
KWG IFP	Wuxiang New District	Ruihua Certified	1,500	New Setup

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
China Resources Tower A	Fengling	-	180,000	2019
Wuxiang Headquarter Center	Wuxiang New District	-	180,000	2019
Nanning Chengjian Finance Tower	Wuxiang New District	-	165,000	2019
Fuya International Finance Center	Wuxiang New District	-	140,000	2019
Evergrande International Center	Wuxiang New District	-	250,000	2020
Tianyu Tower	Wuxiang New District	-	216,000	2020
Nanning Center	Wuxiang New District	-	164,000	2021

DATA
INTO
ACTION

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