

MARKETBEATS

¥84.5

RENT
(PSM/MO)

-0.6%

RENTAL GROWTH
(QOQ)

33.4%

VACANCY RATE

WHAT'S
NEXT

HIGHLIGHTS

New supply drives up vacancy

In Q2, the opening of No.1 Sunnyworld (high zone) added 21,484 sq m of new office supply and increased Grade A stock to approximately 1.05 million sq m. Subsequently, the city's overall vacancy rate edged up 0.3 percentage points q-o-q to 33.4% and rent fell an average of 0.6% q-o-q to RMB84.5 per sq m per month amid adjustments by some landlords.

North Station-City Square shines

The North Station-City Square submarket saw robust leasing activity, especially from finance, TMT and professional services firms that tend to prefer to take out whole floors of office space. In particular, financial companies favor offices in the North Station-City Square due to the submarket's maturing commercial environment and policy support available. In Q2, North Station-City recorded absorption of 11,700 sq m net, the most among the city's office submarkets.

Focus on quality projects

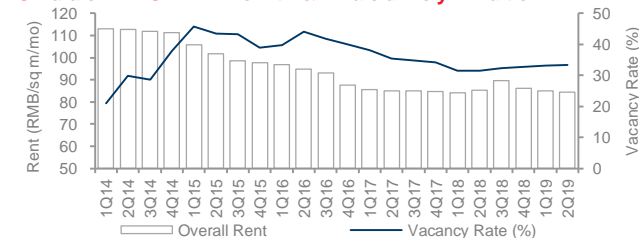
New World Commercial Center is scheduled to complete in Q3, adding 50,452 sq m of Grade A office supply to the Taiyuan Street submarket. Further ahead, eight high quality projects at a combined 816,525 sq m of new office supply are scheduled to complete, increasing stock to an estimated nearly 2 million sq m by the end of 2021. Despite the flood of new supply, the projects underscore the market's shift from quantity to quality in terms of both buildings and tenants.

Economic Indicators

	Q4 2018	Q1 2019	One Year Forecast
GDP Growth	5.4%	5.4%	▼
Tertiary Sector Growth	5.4%	5.6%	▲
CPI Growth	3.0%	0.6%	▲
Real Estate Development & Investment Growth	22.4%	29.8%	▲

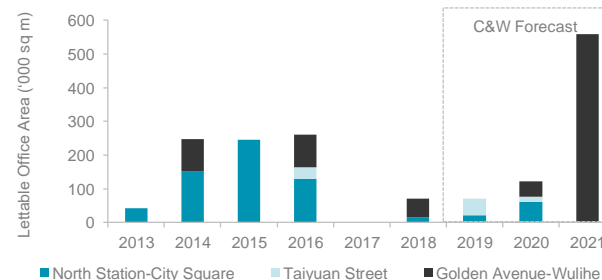
Source: Shenyang Bureau of Natural Resource/ Cushman & Wakefield Research

Grade A CBD Rent & Vacancy Rate



Source: Cushman & Wakefield Research

Grade A Office Annual New Supply



Source: Cushman & Wakefield Research

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DATA
INTO
ACTION

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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
North Station-City Square	544,439	28.1%	61,500	82.94	1.12	1.00
Taiyuan Street	194,000	43.7%	200,452	64.64	0.87	0.78
Golden Avenue-Wulihe	309,184	36.4%	605,025	99.69	1.34	1.20
SHENYANG GRADE A OVERALL TOTAL	1,047,623	33.4%	866,977	84.49	1.14	1.02

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 (May 27th 2019): 1USD = 0.893136 EUR = 6.89396 RMB = 7.84947 HKD = 31.4690 TWD

Key Leasing Transactions Q2 2019

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Fortune Center A	North Station-City Square	Heng An Standard Life Liaoning Office	2,500	New Lease
Sunnyworld No.1	North Station-City Square	Jincheng Tongda & Neal	2,200	New Lease
Sunnyworld No.1	North Station-City Square	New Life	2,200	New Lease
Kerry Center Tower B	Golden Avenue-Wulihe	Shenyang Huayuan Real Estate Property	2,000	New Lease

Significant Projects Under Construction

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
New World Commercial Center	Taiyuan Street	N/A	50,452	2019
HongYun Center	Taiyuan Street	N/A	80,000	2020
One World	Taiyuan Street	N/A	70,000	2020
Lotte World	North Station-City Square	N/A	61,500	2020
Vanke Mid Town	Golden Avenue-Wulihe	N/A	46,325	2020
The King Business Center	Golden Avenue-Wulihe	N/A	80,000	2021
Eton Center	Golden Avenue-Wulihe	N/A	145,000	2021
New World Exhibition Center	Golden Avenue-Wulihe	N/A	200,000	2021
Baoneng GFC	Golden Avenue-Wulihe	N/A	132,100	2021