

# MARKETBEATS

**¥90.7**  
RENT  
(PSM/MO)

**1.4%**  
RENTAL GROWTH  
(Compared to H2 2018)

**19.0%**  
VACANCY RATE

## WHAT'S NEXT

## HIGHLIGHTS

### Vacancy Falls below 20% to 5-year low

In H1, no new Grade A office supply was completed, holding stock at around 3.0 million sq m. As the market filled up existing buildings on robust take-up, Zhengzhou's office vacancy rate plunged 4.0 percentage points in H1 compared 2H 2018 to hit a five-year low of 19.0%.

Absorption amounted to 121,000 sq m net in 1H, benefiting from active leasing activity in the finance, Internet and educational segments.

Average rent increased 1.4% compared to H2 2018 to RMB90.7 per sq m per month, as some landlords raised prices in view of the strong demand.

### Inaugural building to complete in North Longhu

North Longhu is expected to add more than 426,000 sq m of new Grade A office supply by the end of 2019. Most of the inaugural new supply to enter the rapidly emerging submarket will be located in North Longhu Financial Center Inner Ring.

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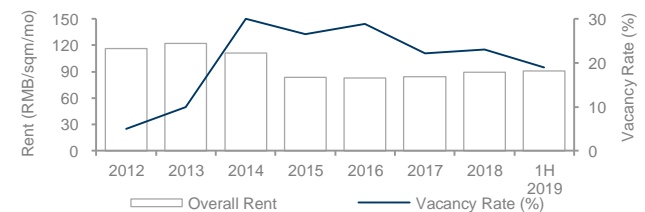
DATA  
INTO  
ACTION

### Economic Indicators

	2018	Q1 2019	One Year Forecast
GDP Growth	7.8%	5.8%	▼
Tertiary Sector Growth	9.0%	7.9%	▼
CPI Growth	2.4%	1.7%	▼
Real Estate Development & Investment Growth	-3.0%	2.0%	▲

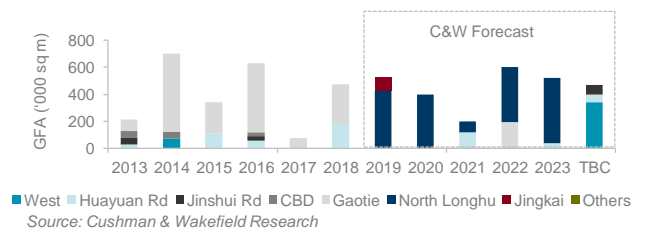
Source: Zhengzhou Statistics Bureau / Oxford Economics / Cushman & Wakefield Research

### Grade A Rent & Vacancy Rate



Source: Cushman & Wakefield Research

### Grade A Office Annual New Supply



Source: Cushman & Wakefield Research

# ZHENGZHOU OFFICE MARKETBEATS

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SUBMARKET	INVENTORY (sq m)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (sq m)	GRADE A FACE RENT		
				RMB/SQ M/MO	US\$/SF/MO	EUR/SF/MO
West	110,713	36.3%	340,000	99.9	1.3	1.2
Huayuan Rd	431,435	14.2%	220,000	89.8	1.2	1.1
Jinshui Rd	285,400	13.9%	70,000	82.1	1.1	1.0
CBD	387,442	19.1%	60,000	92.7	1.2	1.1
Gaotie	1,783,472	19.9%	195,000	90.3	1.2	1.1
<b>ZHENGZHOU CORE GRADE A TOTAL</b>	<b>2,998,462</b>	<b>19.0%</b>	<b>885,000</b>	<b>90.7</b>	<b>1.2</b>	<b>1.1</b>
North Longhu			1,788,000			
Jingkai			97,000			

\*Grade A Face Rent is calculated based on gross floor area and assuming a letting of mid floors for a typical three-year lease term with VAT.  
Exchange Rate: 1 USD=6.89396 CNY=0.893136 EUR as of May 27, 2019

## Key Leasing Transactions H1 2019

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Lande Center	Jingsan Rd	Meituan	3,500	Relocation
Kineer Center	Gaotie	Gilead	680	Relocation
Kineer Center	Gaotie	KPMG	370	New Setup

## Significant Projects Under Construction

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
CZBank Building	North Longhu	N/A	30,000	Q3 2019
Pingan Financial Center	North Longhu	N/A	30,000	Q4 2019
Henan Civil Aviation Center	North Longhu	N/A	40,000	Q4 2019
International Financial Center	North Longhu	N/A	40,000	Q2 2020
Tianchuang Business Center	North Longhu	N/A	40,000	Q4 2020