

MARKETBEAT

¥101.9

RENT
(PSM/MO)

-0.2%

RENTAL GROWTH
(QOQ)

37.6%

VACANCY RATE

WHAT'S
NEXT

HIGHLIGHTS

Vacancy rate declines slightly

With no new supply added within the quarter, the total stock of Grade A office for Changsha remained at 2.0 million sq m.

Existing stock continued to be absorbed this quarter, with net absorption recorded 66,626 sq m. The vacancy rate declined by 3.4 percentage points q-o-q to 37.6%. Overall rent levels remained stable, recording average rent of RMB 101.9 per sq m per month in Q3.

Demand predominantly came from companies in the real estate, construction and logistics industries, accounting for 29.5%, 28.4% and 21.9% of total transaction respectively.

Overall rent expected to come under pressure

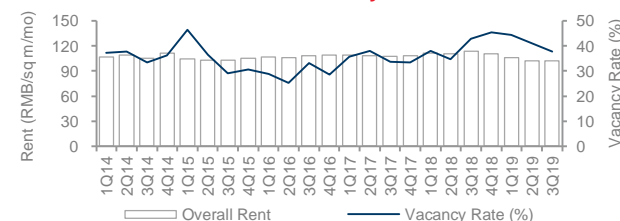
Fortune CFC T2 is expected to be completed in Q4, bringing approximately 76,000 sq m of new supply to the market.

Looking ahead, with more new supply added into the market, competition is likely to intensify and we are expecting to see somewhat of a drop in overall rent levels and a rise in the vacancy rate. We continue to see relocations as the key driver of leasing transaction activity.

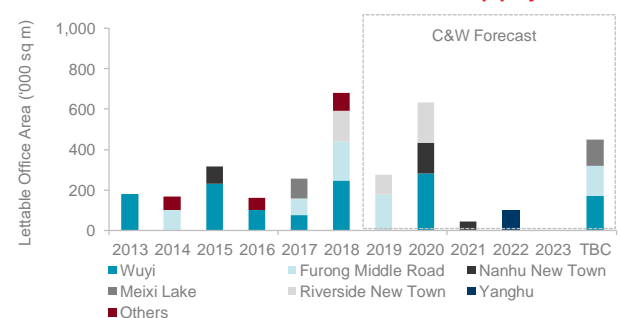
Economic Indicators

	2018	H1 2019	One-Year Forecast
GDP Growth	8.5%	8.2%	▼
Tertiary Sector Growth	10.7%	7.8%	▼
CPI Growth	2.0%	3.1%	▲
Real Estate Development & Investment Growth	0.7%	12.9%	▼

Source: Changsha 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

TINNY YANG

Assistant Analyst
Research, Central China
Room 4980-4912, Tower 1 New
World International Trade
Tower, 568 Jianshe Avenue |
Wuhan 430022 | China
Tel: +86 27 6885 0879
tinny.yang@cushwake.com

SUBMARKET	INVENTORY (sq m)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (sq m)	GRADE A ASKING RENT		
				RMB/SQ M/MO	US\$/SF/MO	EUR/SF/MO
Wuyi	833,711	31.7%	450,827	102.6	1.3	1.2
Furong Middle Road	500,000	39.3%	226,000	100.5	1.3	1.2
Nanhu New Town	87,000	20.0%	196,200	105.0	1.4	1.2
Meixi Lake	100,000	35.0%	130,000	90.0	1.2	1.1
Riverside New Town	253,000	65.6%	200,000	105.3	1.4	1.2
Others*	217,000	32.5%	-	102.6	1.3	1.2
CHANGSHA CORE GRADE A TOTAL	1,990,711	37.6%	1,203,027	101.9	1.3	1.2
Yanghu	-	-	102,000	-	-	-

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

Asking 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: 1 USD = 7.09718RMB = 0.90361EUR as at Aug 23, 2019

Key Leasing Transactions Q3 2019

PROPERTY	SUBMARKET	TENANT	SQ M	Sector
NCI Tower	Furong Middle Road	Zhongliang Real Estate	2,700	Real Estate
Jinmao Plaza	Meixi Lake	Royal Dutch Shell Oil	1,000	Energy
Wharf IFS T1	Wuyi	Far East International Leasing Co., Ltd.	750	Professional Service

Significant Projects Under Construction

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Fortune CFC (T2)	Furong Middle Road	N/A	76,000	Q4 2019
Shimao World Financial Center	Wuyi	N/A	152,000	Q1 2020
Huijing Development Global Center	Nanhu New Town	N/A	153,000	Q1 2020
Xiangjiang FFC (A)	Riverside New Town	N/A	90,000	Q4 2020
Xiangjiang FFC (B)	Riverside New Town	N/A	110,000	Q4 2020
Kaisa Square	Wuyi	N/A	128,827	Q4 2020

A Cushman & Wakefield
Research Publication

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

www.cushmanwakefield.com