

MARKETBEAT



¥91.4
RENT
(PSM/MO)

-2.0%
RENTAL GROWTH
(QOQ)

23.2%
VACANCY RATE

WHAT'S NEXT

HIGHLIGHTS

Market Overview

With no new projects completed in 2019, Harbin's Grade A stock remained at 835,028 sq m. Under the pressure of economic uncertainty leasing demand was relatively weak. Consequently the overall vacancy rate increased to 23.2% and the average rent edged down 2.0% y-o-y to RMB91.4 per sq m per month.

By sector, TMT companies were most active in the leasing market, accounting for 46.1% of transactions by leasing area for the year to date. Meituan leased 1,000 sq m in the Oriental Plaza, and Digital China leased 750 sq m at Longke Business Incubator.

Outlook

Nearly 255,000 sq m of new Grade A office supply will enter the market by the end of 2020, bringing Harbin's total office stock to 1.09 million sq m.

Jiangbei New Area submarket expected to continue to attract high-quality enterprises into the future, boosted by the implementation of the Shenzhen-Harbin cooperation and investment policy, and by growing numbers of local technology companies taking advantage of the submarket's preferential rent policy.

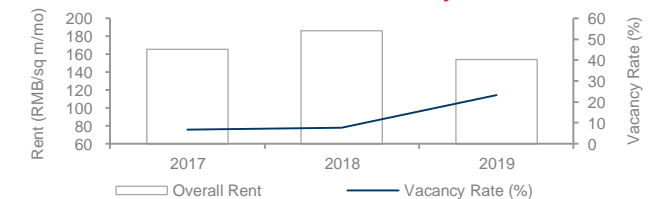
Landlords are increasingly paying more attention to the qualities of properties, and becoming more selective on the type of tenants. For their part, tenants have started to pay more attention to building quality and the surrounding business environment. Looking ahead, we expect the overall health of the Harbin office market to improve further.

Economic Indicators

	2017	2018	One Year Forecast
GDP Growth	6.7%	5.1%	▼
Tertiary Sector Growth	9.0%	7.5%	▼
CPI Growth	1.6%	2.5%	▲
Real Estate Development & Investment Growth	7.1%	17.6%	▲

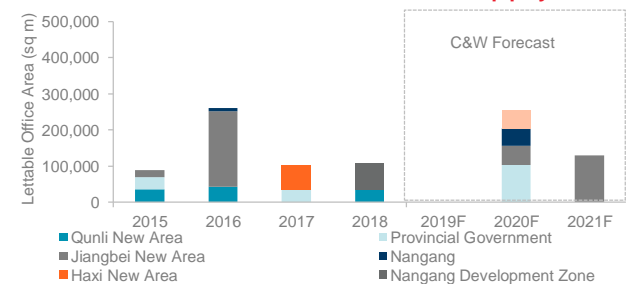
Source: Harbin Municipal People's Government / Cushman & Wakefield Research

Grade A CBD Rent & Vacancy Rate



Source: Cushman & Wakefield Research

Grade A Office Annual New Supply



Source: Cushman & Wakefield Research

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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
Daoli	67,000	44.3%	52,000	80.60	1.06	0.95
Qunli New Area	109,822	23.0%	-	85.07	1.12	1.01
Provincial Government	134,300	12.0%	103,000	111.44	1.46	1.32
Nangang	106,265	21.9%	47,000	96.57	1.27	1.14
Nangang Development Zone	120,211	40.4%	-	115.11	1.51	1.36
Haxi New Area	68,500	26.0%	-	68.28	0.90	0.81
Jiangbei New Area	228,930	14.6%	181,930	78.01	1.02	0.92
HARBIN GRADE A OVERALL TOTAL	835,028	23.2%	383,930	91.43	1.20	1.08

*Projects of others not belonging to any of the above submarkets.
Everage Rent is calculated based on gross floor area and assuming a letting of mid floors for a typical three-year lease term with VAT, PM fee and rent-free periods factored in.
Exchange rate (Aug 23rd 2019): 1USD = 0.90361 EUR = 7.08718 RMB = 7.84107 HKD = 31.3742 TWD

Key Leasing Transactions 2019

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Eastern Building	Nangang	Meituan	1,000	Relocation
CR Center	Haxi New Area	ABB	200	Relocation
Longke Incubator	Jiangbei New Area	Shenzhen Digit	747	Relocation
Xinma International Building	Provincial Government	Pingan HP	800	Relocation

Significant Projects Under Construction

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Sunshine International Building	Jiangbei New Area	N/A	53,000	2020
Songshan Chuangzhi Building	Provincial Government	N/A	35,000	2020
Hongli World Tower	Provincial Government	N/A	68,000	2020
Zhongshi Finance Building	Nangang	N/A	47,000	2020
Fuli Jiangwan C	Daoli	N/A	52,000	2020

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