

MARKETBEAT

¥84.6

RENT
(PSM/MO)

0.1%

RENTAL GROWTH
(QOQ)

35.4%

VACANCY RATE

WHAT'S NEXT

HIGHLIGHTS

New supply drives up vacancy

The opening of the New World Commercial Center in Q3 added 50,452 sq m of new office supply and increased total Grade A stock to approximately 1.10 million sq m.

The city's overall rents in the quarter remained stable at RMB84.6 per sq m per month. However, the launch of the New World project pushed the city's overall vacancy rate slightly up, at 1.9 percentage points q-o-q to 35.4%.

Net absorption in the quarter was 12,319 sq m, up 10.2%. Major transactions came from the finance, professional services and pharmaceutical sectors.

Taiyuan Street ushers in new opportunity

A combined 196,000 sq m of new office stock is scheduled to complete in 2020, increasing overall stock to 1.3 million sq m by the end of 2020.

The office leasing market in the Taiyuan Street submarket is now active, driven by high-quality projects, prime tenants and stable market demand. The submarket is anticipated to usher in more new business opportunities in the future.

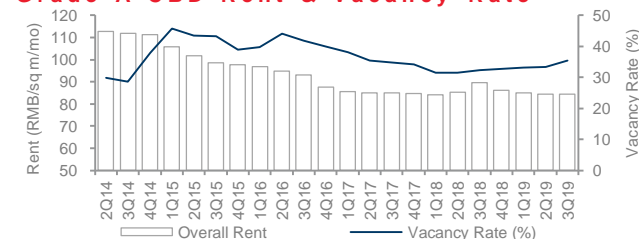
The business environment in Shenyang is currently positive and market and investment enthusiasm continue to strengthen. In the future, with the launch of new prime projects, we expect overall rental levels for the Shenyang office market to continue to rise.

Economic Indicators

	Q1 2019	Q2 2019	One Year Forecast
GDP Growth	5.4%	4.0%	▲
Tertiary Sector Growth	5.6%	4.7%	▼
CPI Growth	0.6%	1.3%	▲
Real Estate Development & Investment Growth	29.8%	13.4%	▼

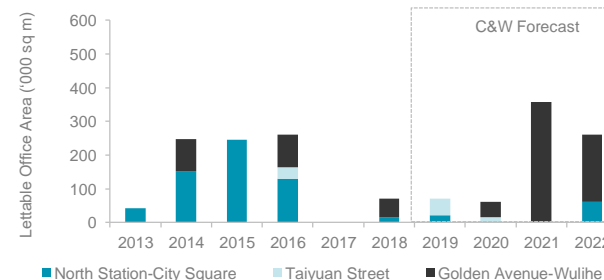
Source: Shenyang Bureau of Natural Resource/ Cushman & Wakefield Research

Grade A CBD Rent & Vacancy Rate



Source: Cushman & Wakefield Research

Grade A Office Annual New Supply



Source: Cushman & Wakefield Research

SHENYANG OFFICE MARKETBEAT

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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	27.0%	61,500	82.94	1.09	0.98
Taiyuan Street	244,452	54.5%	200,452	66.78	0.88	0.79
Golden Avenue-Wulihe	309,184	35.0%	150,000	101.48	1.33	1.20
SHENYANG GRADE A OVERALL TOTAL	1,098,075	35.4%	866,977	84.56	1.11	1.00

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 (Aug 23rd 2019): 1USD = 0.90361 EUR = 7.08718 RMB = 7.84107 HKD = 31.3742 TWD

Key Leasing Transactions Q3 2019

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Sunnyworld No.3	North Station-City Square	Meituan-Dianping	2,300	New Lease
Kerry Center Tower B	Golden Avenue-Wulihe	Yango Group	2,000	New Lease

Significant Projects Under Construction

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
HongYun Center	Taiyuan Street	N/A	80,000	2020
One World	Taiyuan Street	N/A	70,000	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
Baoneng GFC	Golden Avenue-Wulihe	N/A	132,100	2021
New World Exhibition Center	Golden Avenue-Wulihe	N/A	200,000	2022
Lotte World	North Station-City Square	N/A	61,500	2022

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