

# MARKETBEAT



**¥71.3**  
RENT  
(PSM/MO)

**5.6%**  
RENTAL GROWTH  
(YOY)

**38.5%**  
VACANCY RATE

## WHAT'S NEXT

## HIGHLIGHTS

### Landmark projects surged in 2019

New projects launching in 2019 included Greenland Central Plaza, China Overseas International Center phase I, and Cinda International Financial Center. The combined 652,500 sq m of new supply took overall Grade A office stock to 3.81 million sq m. The new supply pushed the citywide vacancy rate up 1.9 percentage points y-o-y to 38.5%. The prime grade of the new projects helped push the average effective rent up 5.6% y-o-y to RMB71.3 per sq m per month.

The market is currently dominated by strata-titled projects. The most significant transactions have come from large-scale leases or purchases from Shanxi province state-owned enterprises, and finance and insurance companies. Examples have included China Petroleum's lease of three office floors in the China Overseas International Center.

### Changfeng Business Zone attracts growing interest

China Resources Changfeng Center phase II and China Overseas International Center phase II are expected to enter the market by 2020. The overall market vacancy rate is expected to remain high in the short term, although rental levels will rise due to the prime grade of the new launches.

The relocation of major Taiyuan municipal government departments to Changfeng Business Zone has propelled the submarket into the city's new business and executive center. With a cluster of landmark projects, the area is expected to attract growing interest from domestic and foreign investors.

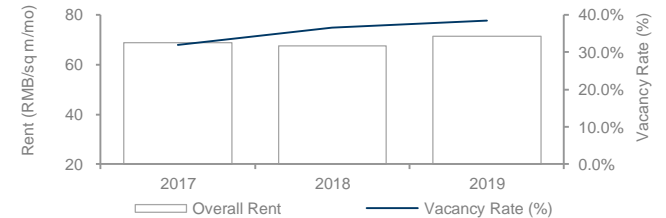
As a part of the "Beijing-Tianjin-Hebei" integration strategy Taiyuan is gradually reshaping its economic structure, from one dependent on natural resources to focusing on new energy and materials, high-end manufacturing and technology development. Looking ahead, we expect the Taiyuan economy to further strengthen and to attract more high-level talent to the city.

### Economic Indicators

	Q1 2019	Q2 2019	One Year Forecast
GDP Growth	9.2%	8.0%	▲
Tertiary Sector Growth	9.0%	7.9%	▼
CPI Growth	1.9%	2.3%	▲
Real Estate Development & Investment Growth	17.2%	13.2%	▼

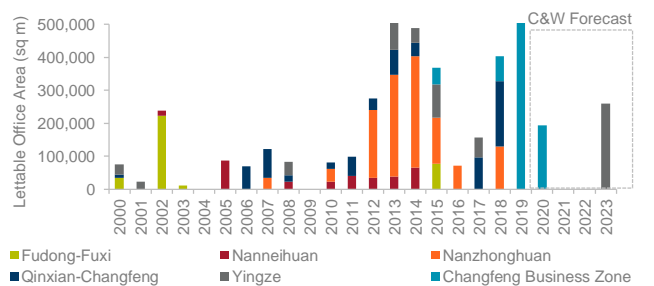
Source: Taiyuan Statistics Bureau / Oxford Economics / Cushman & Wakefield Research

### Grade A CBD Rent & Vacancy Rate



Source: Cushman & Wakefield Research

### Grade A Office Annual New Supply



Source: Cushman & Wakefield Research

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# TAIYUAN OFFICE MARKETBEAT

SEPTEMBER 2019

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
Fudong-Fuxi	343,700	17.0%		74.99	0.98	0.89
Yingze	396,956	18.0%	260,000	76.35	1.00	0.90
Nanneihuan	324,197	15.0%		54.13	0.71	0.64
Qinxian-Changfeng	705,838	48.0%		69.69	0.91	0.83
Nanzhonghuan	1,266,398	37.0%		69.87	0.92	0.83
Changfeng Business Zone	777,500	62.0%	194,000	78.09	1.02	0.92
<b>TAIYUAN GRADE A OVERALL TOTAL</b>	<b>3,814,589</b>	<b>38.5%</b>	<b>454,000</b>	<b>71.31</b>	<b>0.93</b>	<b>0.84</b>

\*Projects of others not belonging to any of the above submarkets.  
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: 1 USD=7.08718 CNY=0.90361 EUR as of August 23, 2019

## Key Leasing Transactions Q3 2019

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
China Overseas International Center	Changfeng Business Zone	China Petroleum	N/A	New Lease
China Overseas International Center	Changfeng Business Zone	CRCC	N/A	New Lease
Taiyuan International Business Center	Nanzhonghuan	Long Capital	N/A	New Lease

## Significant Projects Under Construction

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
China Resources Changfeng Center Tower D	Changfeng Business Zone	N/A	80,000	2020
China Overseas International Center Tower A	Changfeng Business Zone	N/A	114,000	2020
Power Land	Yingze Submarket	N/A	260,000	2023