

MARKETBEAT

¥120.7
RENT
(PSM/MO)

-0.8%
RENTAL GROWTH
(QOQ)

27.0%
VACANCY RATE

WHAT'S NEXT

HIGHLIGHTS

Market demand picks up

Several projects have delayed delivery since a drop in demand in the market in H1 2019. And with no new supply added in Q3, Wuhan's Grade A office stock remained at 2.1 million sq m.

In response to factors such as a resumption of China-US trade talks and a cut in RRR, the overall economic downturn is expected to recede and market sentiment is recovering. Market demand picked up in Q3: overall net absorption amounted to 20,085 sq m and the overall vacancy rate dropped one percentage point q-o-q to 27.0%.

In Q3, Grade A Office owners cut rent levels in order to accelerate their destocking. The market finished Q3 at an average monthly rent of RMB120.7 per sq m, down 0.8% q-o-q.

Overall vacancy rate to remain stable

The main sources of occupier demand in Q3 were from the finance, TMT and real estate sectors. These accounted for 64.5%, 19.7% and 10.7% of space leased, respectively. Relocations were still the primary reason that companies sought office space in the quarter.

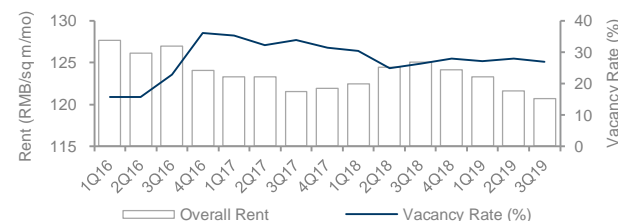
The New World Center is expected to be completed in Q4, bringing a total of 55,970 sq m new supply to the market. Looking forward, the delayed delivery of new projects will provide more time for the market to destock inventory. The overall vacancy rate is expected to remain stable, and we expect the current market performance to continue into Q4.

ECONOMIC INDICATORS

	2019Q1	2019H1	One Year Forecast
GDP Growth	8.4%	8.1%	▼
Tertiary Sector Growth	8.2%	8.5%	▼
CPI Growth	2.2%	2.7%	▲
Real Estate Development & Investment Growth	8.5%	8.8%	—

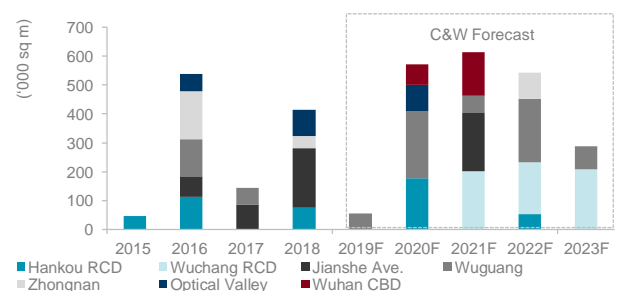
Source: Wuhan Statistics Bureau/Oxford Economics/Cushman & Wakefield Research

GRADE A OFFICE RENT & VACANCY RATE



Source: Cushman & Wakefield Research

GRADE A OFFICE NEW SUPPLY



Source: Cushman & Wakefield Research

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SUBMARKET	INVENTORY (SQ M)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION TILL 2023 (SQ M)	GRADE A FACE RENT*		
				RMB/SQM/MO	US\$/SF/MO	EUR/SF/MO
Jianshe Ave.	836,347	35.1%	200,030	115.2	1.5	1.4
Wuguang	385,177	26.8%	649,425	102.0	1.3	1.2
Hankou & Wuchang RCD	377,142	14.8%	820,506	135.7	1.8	1.6
Zhongnan	400,857	25.3%	91,039	132.4	1.7	1.6
Optical Valley	149,358	17.4%	89,600	118.0	1.5	1.4
WUHAN CORE GRADE A TOTAL	2,148,881	27.0%	1,850,600	120.7	1.6	1.4
Wuhan CBD	-	-	223,071	-	-	-

* Rental equals "Gross Transacted Face Rental"
1 USD = 7.09718 RMB = 0.90361 EUR as at Aug 23, 2019

KEY LEASING TRANSACTIONS Q3 2019

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Oceanwide Minsheng Financial Center	Jianshe Ave.	Seazen Real Estate	2,000	Relocation
DSM International Center	Zhongnan	China Life Insurance	4,500	Expansion
Tianyue Bond Financial Center	Hankou RCD	Huawei	3,700	Expansion
Oceanwide Entrepreneurship Center	Jianshe Ave.	China Pinan Life Insurance	4,000	Relocation

SIGLIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
The New World Center	Wuguang	N/A	55,970	Q4 2019
Wuhan Center	Wuhan CBD	N/A	72,459	Q1 2020
Wuhan Tiandi A1	Hankou RCD	N/A	177,117	Q2 2020
Hang Lung Center	Jianshe Ave.	N/A	151,471	Q2 2020
Hanzheng Street International Financial Center	Wuguang	N/A	81,879	Q3 2020

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Research Publication

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