

# MARKETBEAT



**¥92.9**  
RENT  
(PSM/MO)

**-0.4%**  
RENTAL GROWTH  
(QOQ)

**28.6%**  
VACANCY RATE

## WHAT'S NEXT

## HIGHLIGHTS

### Overall market maintains stability

The launch of Zhewenchuang Digital Innovation Center in the High-tech Zone in Q3 brought 24,000 sq m of new office supply to the market, increasing Xi'an's overall stock to 2.63 million sq m. The market was stable in the quarter. Overall average rent edged down 0.4% q-o-q to RMB 92.9 per sq m per month. The vacancy rate also dropped, down 1.3 percentage points q-o-q to 28.8% thanks to strong demand from the High-tech Zone.

### Education and technology enterprises are most active

Enterprises from the education and technology sectors were most active in the leasing market in Q3, together accounting for more than 50% of total leasing area in the quarter. Yuanfudao, a home work assistant app, leased 18,000 sq m of office space in Zhongjin Technology Plaza.

### Policy advantages will attract more enterprises

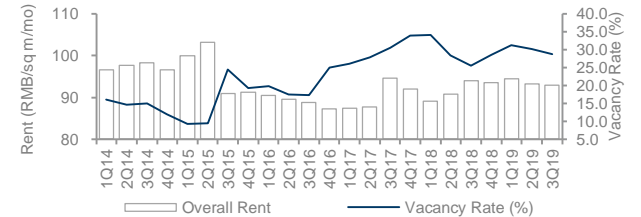
Over the next two years 1.6 million sq m of new office supply had been scheduled to be completed in Xi'an. However, due to economic uncertainties some of these projects have been postponed and in the short term the pace of new office supply will slow. However, having been designated as a National Central City, and with expansion in the tertiary industry sectors, we expect growing numbers of enterprises to be attracted to Xi'an, with consequent strengthening in office market demand and asset value.

### Economic Indicators

	Q1 2019	Q2 2019	One Year Forecast
GDP Growth	8.6%	7.0%	▼
Tertiary Sector Growth	7.8%	6.1%	▼
CPI Growth	2.4%	2.4%	▲
Real Estate Development & Investment Growth	1.9%	-1.6%	▼

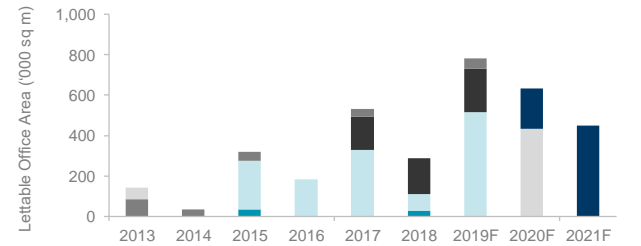
Source: Xi'an Statistics Bureau / Cushman & Wakefield Research

### Grade A CBD Rent & Vacancy Rate



Source: Cushman & Wakefield Research

### Grade A Office Annual New Supply



Legend: Central City (Blue), High-tech Zone (Light Blue), North City (Dark Blue), Qujiang District (Grey), South City (Light Grey), Others (Dark Blue). Source: Cushman & Wakefield Research

Sabrina Wei  
Head of North China Research  
Tel: +86 10 8519 8087  
sabrina.d.wei@cushwake.com

14/F, North Tower, Beijing Kerry Centre, 1 Guanghua Road, Beijing 100020, China

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
Central City	195,383	17.5%	0	109.10	1.43	1.29
Hi-tech Zone	1,610,078	30.1%	356,983	94.78	1.24	1.12
North City	471,394	39.2%	214,275	84.09	1.10	0.99
Qujiang New District	296,826	16.5%	0	82.43	1.08	0.97
South City	55,900	5.0%	0	110.00	1.44	1.30
<b>XI'AN GRADE A OVERALL TOTAL</b>	<b>2,629,581</b>	<b>28.8%</b>	<b>571,258</b>	<b>92.86</b>	<b>1.22</b>	<b>1.10</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: 1CNY = 0.141USD = 0.127EUR, as Aug 23, 2019

### Key Leasing Transactions Q3 2019

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Zhongjin Technology Plaza	Hi-tech Zone	Yuanfudao	18,000	Relocation
Zhongjin Technology Plaza	Hi-tech Zone	Taikang Pension	2,000	Relocation
Lafonce Building	North City	Didi Taxi	300	Relocation

### Significant Projects Under Construction

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Chinalink International Centre	North City	N/A	55,490	Q4 2019
Soubao Center	North City	N/A	58,785	Q4 2019
Wing of the Times Center	Hi-tech Zone	N/A	78,983	Q4 2019
China Railway International Plaza	Hi-tech Zone	N/A	50,000	Q4 2019
LIC Xi'an International Financial Centre	Hi-tech Zone	N/A	228,000	Q4 2019

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