

¥114.95
Rent (PSM/MO)

12-Mo.
Forecast



-1.3%
Rental Growth (QOQ)



17.2%
Vacancy Rate



Source: Cushman & Wakefield Research

CHENGDU ECONOMIC INDICATORS Q1-Q3 2019

8.1%
GDP Growth

Q1-Q2
2019
8.2%
12-Mo.
Forecast



9.0%
Tertiary Sector
Growth

9.0%



2.3%
CPI Growth

2.0%



12.9%
Real Estate Development
& Investment Growth

13.4%



Note: Growth figure is y-o-y growth;
Source: Chengdu Statistics Bureau; Oxford Economics;
Cushman & Wakefield Research

New Supply Prompts Vacancy Rate to Rise and Rents to Decline

Chengdu added a combined 167,659 sq m of new office supply in Q4, pushing up the Grade A stock to 2.53 million sq m. The vacancy rate edged up 2.34 percentage points q-o-q to 17.2% at the end of the year.

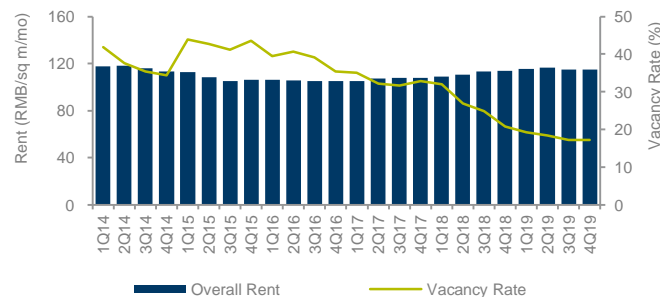
The city's GDP growth rate accelerated 8.1% y-o-y for the first three quarters, outpacing the national growth rate by about 1.2 percentage points. The robust economic growth supported the office leasing market. Net absorption amounted to 83,418 sq m for the quarter. On the other hand, overall average rent dropped 1.3% q-o-q to RMB114.95 per sq m per month. The decline was driven by competitive rentals from the new supply, while other landlords lowered rent to attract tenants amid the rising vacancy environment.

Competition on the Rise Amid Future Completions

The completion of China Overseas Fortune Center this quarter enhanced the Tianfu New District Business Center in the south of the city. Meanwhile, the Financial City submarket has increasingly attracted TMT sector companies to settle in recent years, supported by cluster effects and an improving business environment. With Chengdu government's 'Expand South' development strategy Financial City is anticipated to continue to attract TMT companies and average rent in the submarket is expected to grow with vacant space taken up.

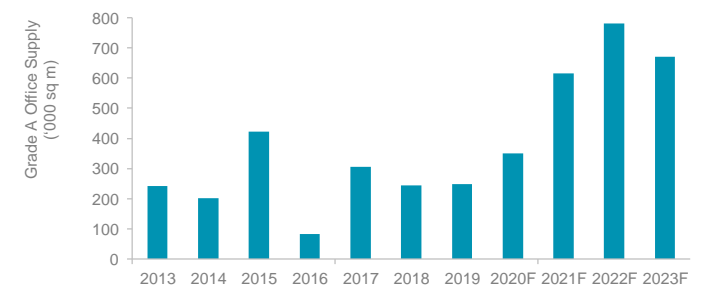
Softened demand compared with last year and the overall prevailing economic climate influenced some landlords to postpone delivery of office projects in 2019. However, the GDP growth rate is indicative of a positive outlook for the city's development, and the anticipated growing economy ahead should support stability in the office leasing market amid competition from projected new completions.

GRADE A RENT & VACANCY RATE



Source: Cushman & Wakefield Research

GRADE A SUPPLY PIPELINE



Source: Cushman & Wakefield Research

SUBMARKET	INVENTORY (sq m)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (sq m)	GRADE A FACE RENT		
				RMB/SQ M/MO	US\$/SF/MO	EUR/SF/MO
CBD	455,102	19.4%	189,200	¥117.95	US\$1.56	€1.41
SBD	266,168	9.9%	151,210	¥106.95	US\$1.41	€1.28
Dongda Street	619,810	18.8%	49,708	¥125.76	US\$1.66	€1.50
Financial City	755,045	12.8%	691,076	¥115.18	US\$1.52	€1.38
DaYuan	355,665	20.1%	172,900	¥106.57	US\$1.41	€1.27
Tianfu New District Business Center	82,000	44.4%	515,710	¥74.15	US\$0.98	€0.89
CHENGDU GRADE A TOTAL	2,533,790	17.2%	1,769,806	¥114.95	US\$1.52	€1.37

Face 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: 1USD= 0.903898 EUR=7.03146 RMB (2019.11.22)

KEY LEASING TRANSACTIONS 4Q19

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Tianfu International Financial Center	Financial City	FINANCIAL HOLDING GROUP CO.LTD	5,000	New Setup
Tianfu International Financial Center	Financial City	Macao Bank	3,000	New Setup
Tianfu International Financial Center	Financial City	CHINA EXPORT & CREDIT INSURANCE CORPORATION	2,500	New Setup
Sichuan Airlines Center	CBD	PENG BO RUI XIANG TOURIST AGENCY	2,000	New Setup

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Western Cultural Industry Center	CBD	-	44,200	2020
MIXC (II)	Dongda Street	-	49,708	2021
Tianfuhui Center	SBD	-	111,000	2021
Poly International Plaza	Dayuan	-	172,900	2022
AB international Plaza	Financial City	-	228,000	2022
Fosun international financial centre	Financial City	-	200,000	2023
B&R Building	Tianfu New District Business Center	-	350,000	2023

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