

¥72.0
Rent (PSM/MO)

12-Mo.
Forecast



-9.4%
Rental Growth (YOY)



39.0%
Vacancy Rate



Source: Cushman & Wakefield Research

HEFEI ECONOMIC INDICATORS Q3 2019

8.0%
GDP Growth

Q3
2018

8.4%

12-Mo.
Forecast



7.9%
Tertiary Sector
Growth

8.6%



2.5%
CPI Growth

2.4%



-0.4%
Real Estate Sector
Investment Growth

4.5%



Source: Hefei Statistics Bureau
The forecast is based on Oxford Economics

Ping'An International Financial Center Completed

Ping'An International Financial Center entered the market in the second half of 2019, bringing about 82,000 sq m of quality office space to the leasing market. Located on Huizhou Avenue, the project is a new regional landmark near Hefei Metro Line 1. Since the project's completion, its submarket vacancy rate has been relatively high compared to the rest of the market. Greenland Center Building D is scheduled to be fully launched in 2020, having already welcomed occupiers to the completed lower floors. Other projects due in 2020 include Huijing City Center in High-Tech Zone, and Baoneng Intelligence Plaza in Binhu New Area. High-Tech Zone and Binhu New Area will see much more commercial property development ahead, as they further mature. Metro Line 3 commenced operations in 2019, affording greater convenience for commuters, and should be joined by Metro Line 4 and 5 in 2020. With the extension the Zhengwu submarket and regions near Hefei South Station have become commercial hubs, located on an intersection of two of the three lines.

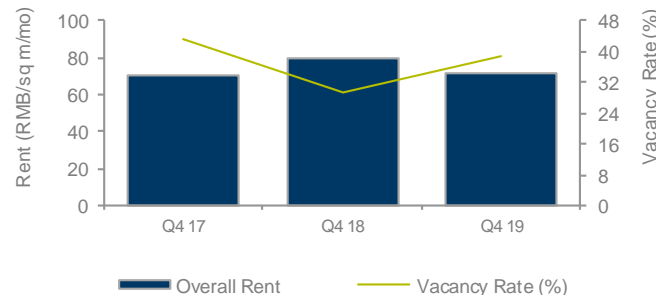
TMT, Health and Professional Services Active in the Leasing Market

On the demand side, the market was not as active as in 2018. Net absorption in Hefei recorded 29,115 sq m in total for 2019. The TMT and Healthcare sectors took a majority of the leased office space in 2019, at a combined 43.1% share of completed leasing deals by area. A notable deal was Huawei leasing about 5,000 sq m in the China Resources Building A. Professional Services and Finance sectors were also active, but firms in these sectors in general tended to take smaller office spaces in Hefei in 2019.

Average Rental Drops Slightly, Zhengwu Still the High Rental Mark

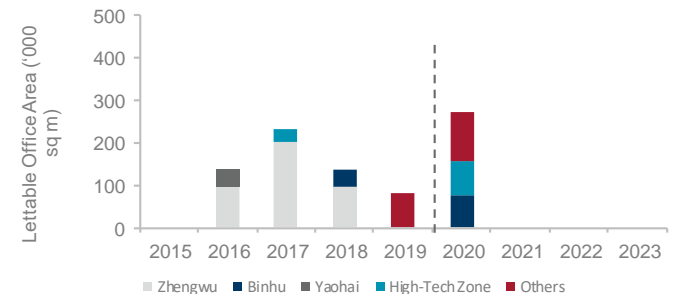
Several projects dropped their asking rental in 2019 to attract occupiers. Demand was bolstered by the discounts and hence the average vacancy rate did not rise greatly, at 39%. Average citywide monthly rental dipped, but the Zhengwu submarket still enjoyed the highest rent level in the market. Ahead, we expect the Binhu and High-Tech submarkets to see rent level rises due to their improved transportation infrastructure.

GRADE A CBD OVERALL RENT & VACANCY RATE



Source: Cushman & Wakefield Research

GRADE A CBD NEW SUPPLY



Source: Cushman & Wakefield Research

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
Zhengwu	440,107	35.5%	-	¥84.6	US\$1.12	€1.01
Binhu	40,841	20.0%	76,436	¥55.0	US\$0.73	€0.66
Yaohai	38,280	16.0%	-	¥55.0	US\$0.73	€0.66
High-Tech Zone	29,900	12.0%	81,395	¥45.0	US\$0.59	€0.54
Others	82,000	88.0%	114,000	¥57.0	US\$0.75	€0.68
HEFEI GRADE A CBD TOTAL	631,128	39.0%	271,831	¥72.0	US\$0.95	€0.86

Rental equals "Gross Transacted Face Rental"
1 USD = 7.03146 RMB = 0.903898 EUR (Nov. 22nd 2019)

KEY LEASING TRANSACTIONS 2019

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
China Resources Building A	Zhengwu	Huawei	5,000	New Setup
China Resources Building A	Zhengwu	Anhui Steel Blockchain Management	2,300	New Setup
Liantou Center B	Binhu	Founder Securities	1,500	New Setup

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION YEAR
Greenland Center D	Others	-	114,000	2020
Baoneng	Binhu	-	76,436	2020
Huijing City Center	High-Tech Zone	-	81,395	2020

Shaun Brodie

Head of Occupier Research, Greater China
42-43/F, Tower 2, Plaza 66, 1366 Nanjing West Road
Shanghai

Tel: +86 21 2208 0529/ shaun.fv.brodie@cushwake.com

cushmanwakefield.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2020 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.