

¥135.2
Rent (PSM/MO)

12-Mo.
Forecast



-2.1%
Rental Growth (QOQ)



29.9%
Vacancy Rate



Source: Cushman & Wakefield Research

NANJING ECONOMIC INDICATORS Q1-Q3 2019

8.0%
GDP Growth

Q1-Q2
2019
8.1%



9.2%
Tertiary Sector
Growth

9.4%



2.7%
CPI Growth

2.7%



2.6%
Real Estate Sector
Investment

8.5%



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

2019 Grade A Office New Supply at a New Three-Year High

In Q4 the landmark office project in Jianye District, Golden Eagle World Plaza, was finally available for lease. This immense building is the largest asymmetric three-tower connected structure in the world. Two of the three towers brought 176,000 sq m prime of office space to the Nanjing market. Ping'An International Finance Center in Qinhuai District was also launched. This project offers 41,000 sq m of lettable prime office space. The new supply pushed the Nanjing market to more than 1.7 million sq m of prime office space. Since 2016, the volume of new supply Grade A office projects has rebounded, reaching a new record high in 2019 of 264,005 sq m for the year. If no construction delays are realized, 2020 and 2021 will see further new supply, with most being located in Jianye and Gulou districts. However, with well-known projects under construction for some years, build delays may still be on the cards in the near future.

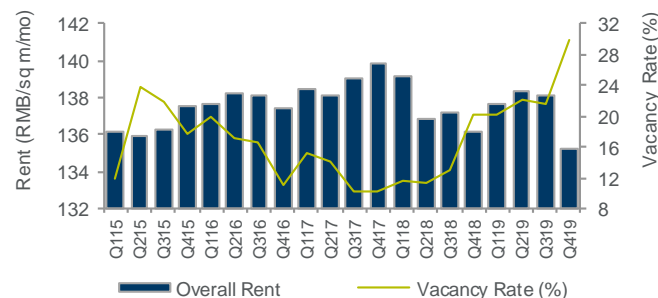
A Tough Market for New Projects

The average vacancy rate climbed to 29.2% at the end of Q4 as demand was insufficient to take up current supply. Although net absorption amounted to 22,034 sq m in Q4 most space was absorbed in established projects in favorable locations. New projects do have superior design and the latest in-building intelligence and security tech, but given the current inactive market, leasing volumes in these projects were lower than usual. Currently, with pressure from the slowing economy, few firms are seeking new locations. Thus, along with the tougher leasing market conditions, many property owners and operators are offering more attractive lease terms and individualized services to attract occupiers. By sector leasing demand, the finance and insurance, and consulting and education (including online education service providers) sectors were the most active.

Average Rental Fell in a Sluggish Market

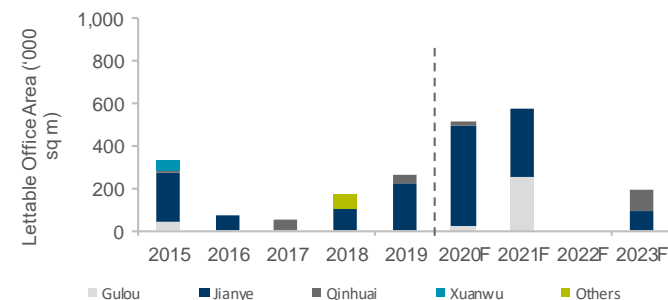
Given the relatedly inactive leasing market, the average rental level in Nanjing dropped 2.1% q-o-q to RMB 135.2 per sq m per month. Ahead, we expect supply to continue to exceed demand in the near future, and this will continue to exert downward pressure on rentals.

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
Gulou	287,665	19.4%	275,511	¥135.0	US\$1.78	€1.61
Jianye	767,996	41.3%	882,900	¥128.2	US\$1.71	€1.54
Qinhuai	386,969	23.6%	120,000	¥141.6	US\$1.87	€1.69
Xuanwu	196,368	13.9%	-	¥156.6	US\$2.07	€1.87
Others	70,000	10.0%	-	¥97.3	US\$1.29	€1.16
NANJING GRADE A CBD TOTAL	1,689,428	30.4%	1,278,411	¥134.4	US\$1.78	€1.60

Rental equals "Gross Transacted Face Rental"

1 USD = 7.03146 RMB = 0.903898 EUR (Nov. 22nd 2019)

KEY LEASING TRANSACTIONS 4Q19

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Kingfine Center	Jiangning	Qianxin Technology	4,000	New Setup
Nanjing International Financial Center	Qinhuai	AIA Insurance	3,000	New Setup
Future City	Hexi New City	Jiangsu Environmental Monitoring	2,600	Relocation

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION YEAR
Deji World Trade Center	Jianye	-	150,000	2020
Nanjing IFC Two	Jianye	-	138,900	2020
Suning Olympic Plaza	Jianye	-	100,000	2021
Financial City II	Jianye	-	320,000	2021
Hongkong Land International Financial City	Qinhuai	-	150,000	2022

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

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