

Office Q4 2019

¥96.6
Rent (PSM/MO)

12-Mo.
Forecast



-1.1%
Rental Growth (QOQ)



37.2%
Vacancy Rate



Source: Cushman & Wakefield Research

TIANJIN ECONOMIC INDICATORS Q3 2019

4.6%
GDP Growth

Q2
2019
4.6%
12-Mo.
Forecast



6.5%
Tertiary Sector
Growth

5.6%



2.8%
CPI Growth

2.2%



19.5%
Real Estate
Development &
Investment Growth

19.1%



Source: Tianjin Statistics Bureau/ Cushman & Wakefield Research

TMT Companies Become the Main Driver of Leasing Transactions

In Q4, with no new supply entering the market by the end of the quarter, Tianjin's office stock remained at 2.31 million sq m. Leasing demands slightly picked up during the quarter with net absorption amounting to 32,000 sq m, up 30.2% q-o-q and 6.5% y-o-y. TMT companies became the main driver of leasing transactions, accounting for 32.0% of the city's total transactions. With no new projects entering the market and the recovery of leasing demand, the city's vacancy rate dropped by 1.4 percentage points q-o-q to 37.2%.

Market Rent Continues to Decline

This quarter, a high vacancy rate forced some landlords to adjust rents to attract more tenants to fulfill their year-end leasing target, and hence the overall market rent dropped 1.1% q-o-q to RMB96.6 per sq m per month on average.

Market Will Usher in A New Peak of Supply in 2020

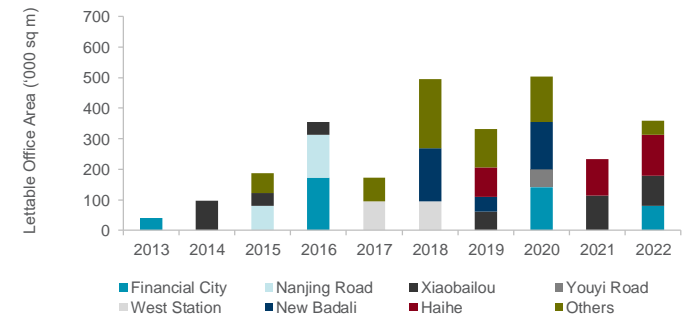
In 2020 Tianjin's Grade A office market will usher in a second peak of new supply since 2018, with annual new supply expected to exceed 500,000 sq m. The large volume of new supply will increase market competitiveness, and we expect to see vacancy rates continue to rise while market rents will continue to face downward pressure. However, the pipeline of new supply will be reduced from 2021, and the market may then enter an era of digesting the existing office stock.

GRADE A CBD RENT & VACANCY RATE



Source: Cushman & Wakefield Research

GRADE A OFFICE ANNUAL 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
Nanjing Road	590,737	27.6%	0	107.60	1.42	1.29
Financial City	332,370	31.7%	220,960	99.51	1.31	1.19
Xiaobailou	295,971	31.4%	213,100	105.38	1.39	1.26
Youyi Road	162,675	27.5%	57,500	98.99	1.31	1.18
West Station	189,450	30.8%	0	86.58	1.14	1.03
New Badali	220,964	75.3%	155,000	71.09	0.94	0.85
Haihe	96,968	62.0%	254,000	73.59	0.97	0.88
Others*	420,850	13.8%	230,853	92.58	1.22	1.11
TIANJIN GRADE A OVERALL TOTAL	2,309,985	37.2%	1,131,413	96.62	1.28	1.15

*Other projects not classified in 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: 1 USD=7.03146 CNY=0.903898 EUR as of November 22, 2019

KEY LEASING TRANSACTIONS 4Q19

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Shuangying Plaza	New Badali	CCCCIT	3,430	Relocation
Digital Industry Center	New Badali	Tradetouch	1,800	Relocation
Tianjin Hopson Fortune Plaza	Haihe	GZGD Real Estate Development Group Co., Ltd.	1,500	Relocation

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Metropolitan Center	Others	N/A	75,000	2020
Sunac Center	Others	N/A	70,853	2020
Zhongjian Yuedongfang	Others	N/A	40,000	2020
FIFC	New Badali	N/A	65,000	2020
PAFC	Xiaobailou	N/A	113,100	2021

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