

12-Mo.
Forecast

¥90.4
Rent (PSM/MO)



-2.6%
Rental Growth (QOQ)



26.2%
Vacancy Rate



Source: Cushman & Wakefield Research

Rents Continue to Decline Due to Economic Pressures

Approximately 110,000 sq m of new Grade A office supply entered the Xi'an market in Q4, bringing total Grade A stock to 2.7 million sq. m. Impacted by downward economic pressure, most enterprises became more sensitive to office rents and sought to reduce their leasing costs. The average effective rent in the Grade A office market declined to RMB90.4 per sq m per month. The overall vacancy rate fell 2.6 percentage points q-o-q to 26.2%.

Education and Co-Working Drive Leasing in Q4

Education and co-working firms were the key drivers of office lease transactions in Q4. For example, TAL Education Group leased 3,619 sq m of space in Nevada R & D Center, while co-working operator Mifange leased 6,000 sq m in the Xi'an CIC International Plaza.

Rents Will Continue to Face Downward Pressure in 2020

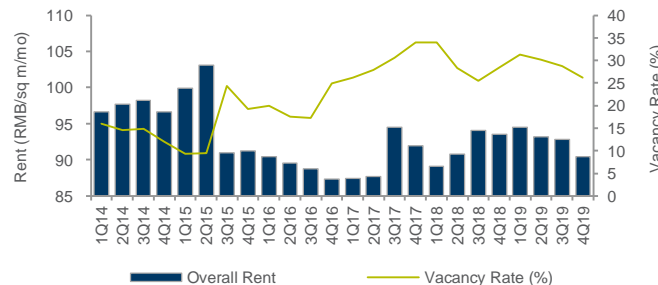
Tenants' office leasing demands in Xi'an have gradually changed in recent years, with properties offering high-tech applications, good commercial support and better property management services increasingly favored.

By the end of 2021, more than 1.4 million sq m of new office supply is scheduled to enter the market. However, we can expect some projects to postpone their completion dates due to the economic uncertainty. With more and more new projects entering the market ahead the overall vacancy rate will rise further, and the rental level will experience continued downward pressure.

XI'AN ECONOMIC INDICATORS Q3 2019

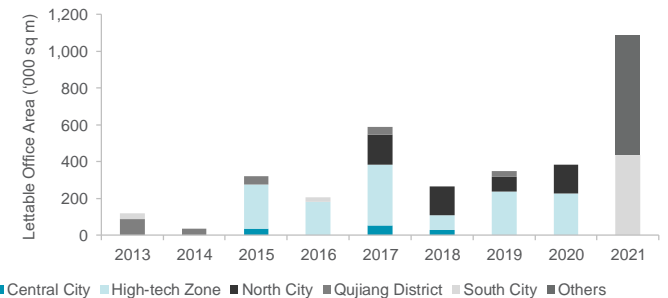


GRADE A CBD RENT & VACANCY RATE



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
Central City	195,383	16.97%	0	111.14	1.47	1.33
Hi-tech zone	1,663,718	26.82%	312,000	90.92	1.20	1.09
North City	530,179	35.60%	258,675	83.31	1.10	0.99
Qujiang New District	296,826	15.34%	0	82.75	1.09	0.99
South City	55,900	10.00%	0	110.00	1.45	1.31
XI'AN GRADE A OVERALL TOTAL	2,742,006	26.2%	570,675	90.40	1.19	1.08

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: 1USD = 0.903898 EUR = 7.03146 RMB = 7.82388 HKD = 30.5200 TWD as of Nov 22nd 2019

KEY LEASING TRANSACTIONS 4Q19

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
CIC International	High-tech Zone	Mifangge	6,000	Relocation
Nevada R & D Center	High-tech Zone	Xueersi	3,619	Relocation

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
Chinalink International Centre	North City	N/A	597,289	Q1 2020
Hai Yue Plaza	North City	N/A	1,076,391	Q1 2020
Guorui Xi'an Financial Center	Hi-tech Zone	N/A	2,454,172	Q3 2020
Xi'an International Cultural Center	South City	N/A	4,671,537	Q2 2021
Jiangsu Enterprise Building	Other	N/A	2,152,782	Q2 2021
China International Silk Road Center	Other	N/A	4,843,759	Q2 2021

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