

Office Q1 2020

¥114.41
Rent (PSM/MO)

12-Mo.
Forecast



-0.5%
Rental Growth (QOQ)



17.3%
Vacancy Rate



Source: Cushman & Wakefield Research

CHENGDU ECONOMIC INDICATORS Q1-Q4 2019

7.8%
GDP Growth

Q1-Q3
2019
8.1% 12-Mo.
Forecast



8.6%
Tertiary Sector
Growth

9.0%



2.8%
CPI Growth

2.3%



14.9%
Real Estate Development
& Investment Growth

12.9%



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

Rental Remains Stable

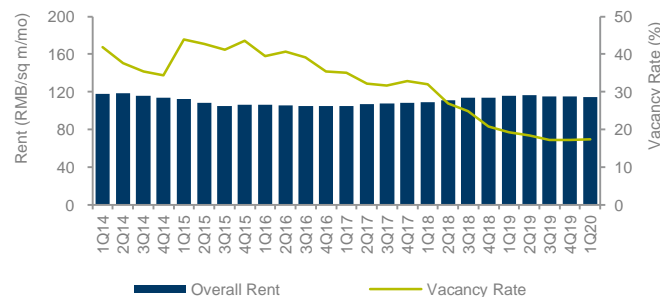
No new supply was completed in the quarter, with some projects postponed due to the COVID-19 outbreak. Total office stock remained at 2.53 million sq m. Impacted by the outbreak, many tenants delayed or cancelled leasing plans while others surrendered leases and vacated spaces. The vacancy rate edged up 0.15 percentage points q-o-q to 17.3% at the end of Q1. On the other hand, despite softening demand, landlords generally believed the impact of the epidemic on the market will be short-term. Landlords generally maintained confidence in the Grade A office market and held firm on rents. Overall average monthly rental dropped just 0.47% q-o-q to RMB114.41 at the end of the quarter.

Healthcare and Internet-Plus Sectors to See Growing Demand

Although most landlords remained positive they have received rent reduction inquiries from tenants. Considering the negative impact of the epidemic on the economy ahead, landlords are now expected to relax average rental levels to stimulate potential demand in the short term.

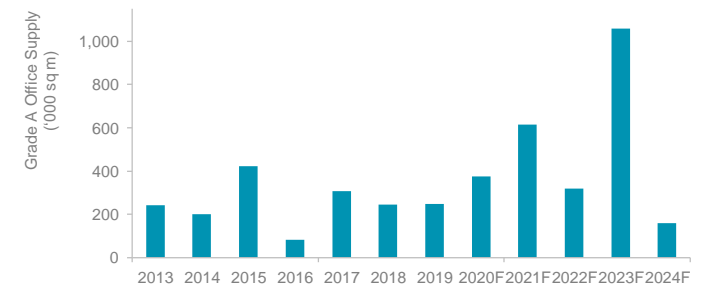
As the coronavirus continues to spread across the world there will be negative impacts on international enterprises, especially international trade companies. However, as the epidemic is coming under control in China economic and business activity in the country is gradually recovering, and demand for office space is expected to return to normal. Although the impact of the outbreak on the retail, trade, F&B and entertainment industries has been severe, healthcare and Internet-Plus sectors such as online training are seeing development opportunities. These sectors are set to drive leasing activity in the year.

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	18.8%	189,200	¥117.44	US\$ 1.57	€1.41
SBD	266,168	10.6%	151,210	¥106.95	US\$ 1.43	€1.28
Dongda Street	619,810	19.0%	49,708	¥125.13	US\$ 1.67	€1.50
Financial City	755,045	14.0%	691,076	¥114.57	US\$ 1.53	€1.37
DaYuan	355,665	18.3%	277,900	¥105.75	US\$ 1.41	€1.27
Tianfu New District Business Center	82,000	44.4%	600,710	¥74.15	US\$ 0.99	€0.89
CHENGDU GRADE A TOTAL	2,533,790	17.3%	2,607,310	¥114.41	US\$ 1.53	€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.
Exchange Rate: 1CNY = 0.1439USD = 0.1291EUR (2020.3.3)

KEY LEASING TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Baiyang Tower	CBD	Ping An	1,800	New Setup
CapitaMall Tianfu	Financial City	A Technology Company	2,000	New Setup
China Overseas International Center G	Financial City	CHINA CONSTRUCTION FIRST GROUP CORPORATION LIMITED	8,70	New Setup
Yanlord Landmark	CBD	ABB	100	New Setup

SIGNIFICANT PROJECTS PLANNED AND 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
AB International Plaza	Financial City	-	228,000	2022
Poly International Plaza	Dayuan	-	172,900	2023
Fosun International financial centre	Financial City	-	200,000	2023
B&R Building	Tianfu New District Business Center	-	350,000	2023

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