

12-Mo. Forecast

¥96.4
Rent (PSM/MO)



-0.2%
Rental Growth (QOQ)



36.9%
Vacancy Rate



Source: Cushman & Wakefield Research

Leasing Demand Drops Sharply Under Impact of COVID-19 Outbreak

With no new supply entering the market by the end of Q1, Tianjin's total office stock remained at 2.31 million sq m. Leasing demand dropped significantly in the face of the COVID-19 outbreak, with net absorption just 7,900 sq m, down 82.8% y-o-y. The overall market vacancy rate declined slightly q-o-q to register 36.9%. Overall average monthly rental dipped by 0.2% q-o-q to RMB 96.4 per sq m.

Landlords Turn to Digital Promotion

In response to the impact on the market from the COVID-19 outbreak some landlords adopted digital measures such as VR office tours and online marketing to help promote sales. Landlords also offered greater leasing flexibility for low density office spaces to help meet tenants' particular short-term requirements in this challenging period.

Oversupply Set to Continue

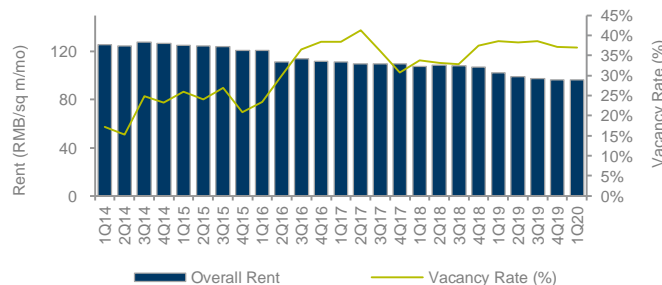
The coronavirus outbreak has affected supply and demand forces in the office market. Some projects scheduled to enter the market in 1H 2020 will be postponed to the end of 2020 or 2021 due to labor shortages during the crisis. However, the overall impact of the outbreak is expected to be constrained to the short-term, and the market should regain its momentum within six months of the virus being fully controlled. The overall market vacancy rate is expected to exhibit a stable or downward trend in the short-term. In the longer-term, the volume of supply in the market will continue, competition between high-quality office projects will intensify, and rental levels will continue to face downward pressure. Looking ahead, following the crisis, building health and well-being factors and the quality of property management will become the focus of tenants' attention.

TIANJIN ECONOMIC INDICATORS Q4 2019

Indicator	Q3 2019	12-Mo. Forecast
GDP Growth	4.8%	4.6%
Tertiary Sector Growth	5.9%	6.5%
CPI Growth	2.7%	2.8%
Real Estate Development & Investment Growth	12.5%	19.5%

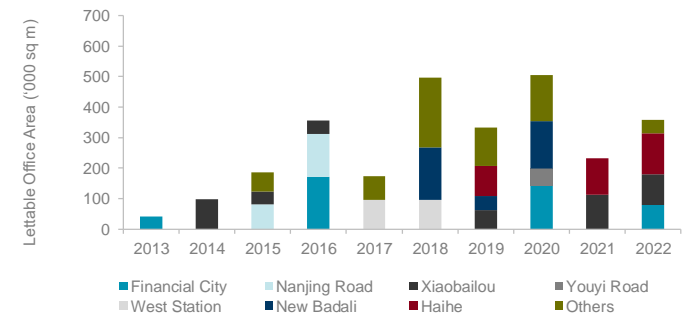
Source: Tianjin Statistics Bureau/ Cushman & Wakefield Research

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	27.18%	0	105.90	1.42	1.27
Financial City	332,370	31.20%	220,960	100.63	1.35	1.21
Xiaobailou	295,971	31.18%	213,100	105.28	1.41	1.26
Youyi Road	162,675	26.86%	57,500	98.24	1.31	1.18
West Station	189,450	30.49%	0	86.56	1.16	1.04
New Badali	220,964	75.64%	155,000	71.74	0.96	0.86
Haihe	96,968	61.52%	254,000	73.59	0.98	0.88
Others*	420,850	39.80%	230,853	92.81	1.24	1.11
TIANJIN GRADE A OVERALL TOTAL	2,309,985	36.90%	1,131,413	96.38	1.29	1.16

*Projects of others not belonging to any of 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 CNY=0.1439 USD=0.1219 EUR as of March 3rd, 2020

KEY LEASING TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Financial Street Center	Nanjing Road	Yimingtian Human Resources Co., Ltd	159	Relocation
Yanlord Land International Center	Others	CreditEase	300	Expansion
Vanke Times Center	Others	Dayu Environmental Protection Technology Co., Ltd	361	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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