

**¥89.4**  
Rent (PSM/MO)

12-Mo.  
Forecast



**-1.1%**  
Rental Growth (QOQ)



**27.7%**  
Vacancy Rate



Source: Cushman & Wakefield Research

## XI'AN ECONOMIC INDICATORS Q4 2019

**7.0%**  
GDP Growth

Q3 2019: **6.7%**

12-Mo. Forecast:

**6.8%**  
Tertiary Sector Growth

Q3 2019: **6.3%**

12-Mo. Forecast:

**2.7%**  
CPI Growth

Q3 2019: **2.4%**

12-Mo. Forecast:

**-2.1%**  
Real Estate Development & Investment Growth

Q3 2019: **-2.4%**

12-Mo. Forecast:

Source: Xi'an Statistics Bureau / Oxford Economics / Cushman & Wakefield Research

## Office Leasing Transactions Weakened Due to COVID-19 Outbreak

Approximately 15,000 sq m of new Grade A office supply entered the Xi'an market in Q1, bringing total Grade A stock to 2.76 million sq.m.

Impacted by the COVID-19 outbreak, some enterprise tenants postponed their new leasing and relocation decisions. Combined with downward economic pressures, lease surrenders by tenants dragged absorption into negative territory at -29,388 sq m citywide, down 137% y-o-y.

The vacancy rate in the Grade A office market rose slightly at 1.5 percentage points q-o-q to 27.7%. Rental levels continued to decline, finishing at RMB89.4 sq m per month in the overall market, down 1.1% q-o-q.

## Rents Will Continue to Face Downward Pressure

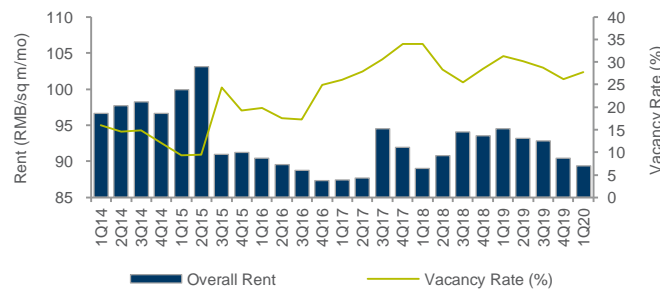
The COVID-19 outbreak has left SMEs and startups struggling, and leasing demand has fallen. It is expected that the citywide office market rental level will continue to decline over the next several months. In order to help enterprises survive, the government has introduced measures such as offering financial assistance and waiving company social security contributions. Many landlords have also offered more flexible rents and rent-free periods to attract tenants.

## Future Development Trends

By the end of 2021, more than 1.47 million sq m of new office supply is scheduled to enter the market. However, a large number of projects are now expected to delay their launch dates, in the wake of the COVID-19 outbreak.

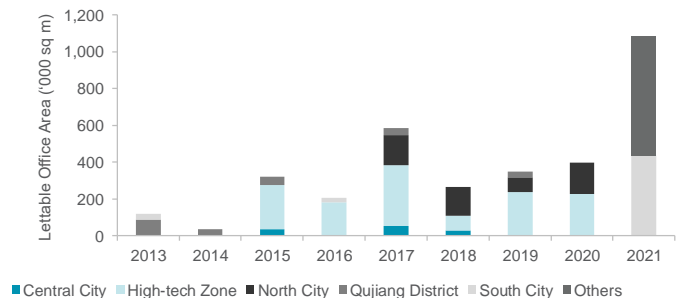
Full business activity is yet to resume and the complete impact of the epidemic on the Xi'an leasing market will only gradually appear in Q2. We can expect to see office leasing activity continue to struggle. However, with the coronavirus gradually coming under control and with business returning to normal, it is hoped that the market will regain momentum in the coming two-to-three quarters.

## 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	18.87%	0	110.39	1.48	1.32
Hi-tech zone	1,663,718	29.13%	228,000	90.15	1.21	1.08
North City	545,179	32.61%	155,490	80.29	1.07	0.96
Qujiang New District	296,826	19.83%	0	84.39	1.13	1.01
South City	55,900	10.00%	434,000	110.00	1.47	1.32
<b>XI'AN GRADE A OVERALL TOTAL</b>	<b>2,757,006</b>	<b>27.70%</b>	<b>570,675</b>	<b>89.42</b>	<b>1.20</b>	<b>1.07</b>

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: 1CNY = 0.1439USD = 0.1291EUR = 1.1194HKD = 4.2986TWD as of March 3<sup>rd</sup> 2020

### KEY LEASING TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Tianan Life Centre	High-tech Zone	Huawei Technology Co., Ltd	10,000	Relocation

### SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Chinalink International Centre	North City	N/A	597,289	Q2 2020
Hai Yue Plaza	North City	N/A	1,076,391	Q2 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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