



¥94.4

Rent (PSM/MO)

QoQ  
Change

-1.4%

Rental Growth (QoQ)



42.7%

Vacancy Rate



Source: Cushman &amp; Wakefield Research

CHANGSHA ECONOMIC INDICATORS  
1Q 20202019  
12-Mo.  
Forecast

GDP Growth

8.1%

Service Sector GDP  
Growth

8.4%



3.8%

CPI Growth

2.9%



-5.2%

Real Estate  
Development Investment  
Growth

11.2%



Note: Changsha Statistics Bureau didn't issue GDP in 1Q 2020.

Source: Changsha Statistics Bureau/ Oxford Economics/Cushman &amp; Wakefield Research

## Vacancy Rate Edged up on New Supply

Shimao World Financial Center completed in Q2, bringing approximately 147,000 sq m of new Grade A office space to the market and pushing the overall Grade A market stock to 2.1 million sq m. The entry of the new supply edged up the overall vacancy rate 2.9 percentage points q-o-q to reach 42.7%. Leasing demand in the Grade A weakened in the quarter, with the economic challenges from the COVID-19 outbreak still apparent. Tenants have gained greater bargaining power over rental levels and the market ended Q2 at an average monthly rent of RMB94.4 per sq m, down 1.4% q-o-q.

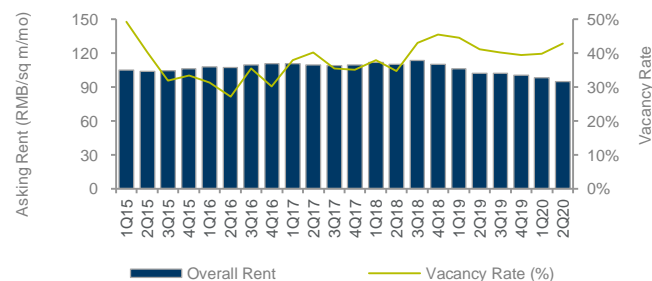
## TMT and Education Sectors Lead Demand

When looking at leasing activity, TMT and education firms, especially online education enterprises, have accelerated business expansion in the Changsha market in the wake of the pandemic. Firms in these sectors were the main drivers of leading demand in Q2, accounting for around 59.0% of total leasing transactions in the Grade A office market.

## Outlook

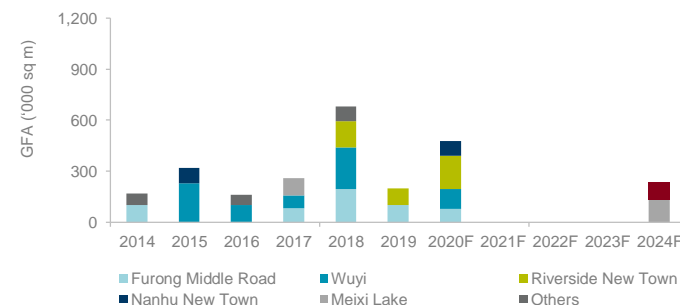
Looking ahead, Changsha's Grade A office is set to see over 474,000 sq m of new supply in the second half of 2020. With the economy yet to fully shake off the effects of COVID-19 we can expect the overall vacancy rate to rise in the short-term, and for rents to come under further pressure. The advantages of office buildings with single ownership and professional property management services became evident during the coronavirus period, and such properties became the preferred choice for corporations post-outbreak. In the longer-term, with the strengthening of Changsha's urban infrastructure and the further entry of the high-end service industry, the competitive advantages of office buildings with single ownership will continue to rise.

## GRADE A OFFICE RENT &amp; VACANCY RATE



Source: Cushman &amp; Wakefield Research

## GRADE A OFFICE ANNUAL NEW SUPPLY



Source: Cushman &amp; Wakefield Research



SUBMARKET	INVENTORY (sq m)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION TILL 2024 (sq m)	GRADE A ASKING RENT		
				RMB/SQ M/MO	US\$/SF/MO	EUR/SF/MO
Wuyi	980,711	47.6%	118,000	90.9	1.2	1.1
Furong Middle Road	500,000	37.1%	73,000	95.2	1.2	1.1
Meixi Lake	100,000	15.0%	134,315	105.0	1.4	1.2
Nanhu New Town	87,000	30.0%	88,191	92.0	1.2	1.1
Riverside New Town	253,000	62.4%	195,264	100.6	1.3	1.2
Others	217,000	28.9%	-	97.5	1.3	1.1
<b>CHANGSHA CORE GRADE A TOTAL</b>	<b>2,137,711</b>	<b>42.7%</b>	<b>710,770</b>	<b>¥94.4</b>	<b>US\$1.2</b>	<b>€1.1</b>
Yanghu	-	-	102,000	-	-	-

\* Asking rent is calculated based on gross floor area and assuming a letting of mid floors for a typical three-year lease term with VAT.

1USD = 7.13267 RMB = 0.89943 EUR as at Jun 1, 2020

## KEY LEASING TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	AERA (SQ M)	SECTOR
POMP IFC	Furong Middle Road	Hunan Science and Technology Press	4,500	TMT
Jinmao Plaza	Meixi Lake	Apes Tutoring	4,000	Education
NCI Tower	Furong Middle Road	Tian Insurance	2,700	Finance

## SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	AREA (SQ M)	COMPLETION YEAR
Fortune CFC (T2)	Furong Middle Road	-	73,000	2020
Kaisa Square	Wuyi	-	118,000	2020
Xiangjiang Fortune Financial Center(A)	Riverside New Town	-	93,731	2020
Xiangjiang Fortune Financial Center(B)	Riverside New Town	-	101,533	2020
Huijing Development Global Center A	Nanhu New Town	-	88,191	2020

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