

12-Mo. Forecast

¥115.5
Rent (PSM/MO)

-1.2%
Rental Growth (Compared with 2H 2019)

17.9%
Vacancy Rate

Source: Cushman & Wakefield Research

JINAN ECONOMIC INDICATORS Q1 2020

-4.4%
GDP Growth

Q4 2019: **7.0%** 12-Mo. Forecast: ▲

-5.5%
Tertiary Sector Growth

Q4 2019: **6.5%** 12-Mo. Forecast: ▲

4.9%
CPI Growth

Q4 2019: **2.6%** 12-Mo. Forecast: ▼

-6.2%
Real Estate Development & Investment Growth

Q4 2019: **10.9%** 12-Mo. Forecast: ▲

Source: Jinan Statistics Bureau / Oxford Economics / Cushman & Wakefield Research

Market Impacted by COVID-19 Outbreak

No new Grade A office supply entered the Jinan market in 1H 2020 and total office stock remained at 102.9 million sq m.

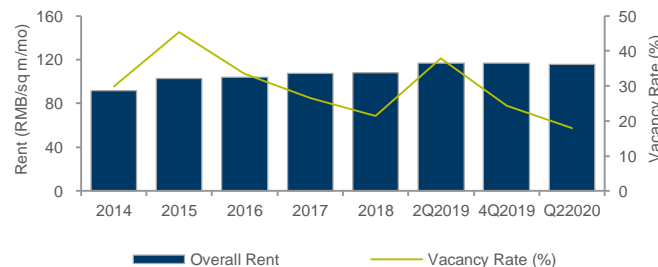
The market was impacted by the COVID-19 outbreak throughout 1H, with firms downsizing their office spaces or surrendering leases with rising frequency. However, industries such as education and financial services were bright spots in leasing activity. Key transactions included New Oriental Education & Technology Group's lease of 8,000 sq m of office space in Dongtai Kaiyue Leader Center, while NetEast Education leased 3,000 sq m of space in the Shandong Chamber of Commerce Tower. Despite this, overall net absorption reached just 4,941 sq m in 1H, down 98% compared with 2H 2019. The overall vacancy rate dropped 6.4 percentage points in 1H 2020 compared with 2H 2019 to 17.9%, while overall average rent dropped by 1.2% from 2H 2019 to record RMB115.5 per sq m per month.

Olympic High-Tech Submarket to Develop Rapidly

No new supply is scheduled to enter the Jinan Grade A office market in 2H 2020. With a gradual economic recovery from the pandemic underway, leasing demand in the overall market is expected to further pick up, and the vacancy rate should continue to fall. However, market competition is likely to again prompt landlords to lower rental expectations, and overall rents will continue to face downward pressure.

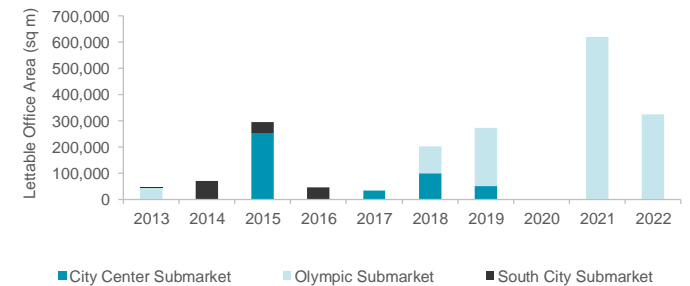
In the coming two years a total of 944,000 sq m of new Grade A space will be released to the market, all of which will be located in the Olympic High-Tech submarket. The submarket is a key development area for the government, and in the next five years is expected to welcome more than 50 financial institutions and 100 regional headquarters from top 500 global and domestic firms, becoming the focus of investment in the Jinan office market. As the new 'business card' of Jinan, Olympic High-Tech's development will give an uplift to the city's overall office market.

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
City Center Submarket	498,230	11.16%	0	119.3	1.55	1.40
Olympic High-Tech Submarket	371,850	26.05%	944,000	120.4	1.57	1.41
South City Submarket	159,245	19.65%	0	92.0	1.20	1.08
JINAN GRADE A OVERALL TOTAL	1,029,325	17.86%	944,000	115.5	1.50	1.35

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=0.1402 USD=0.1261 EUR as of June 1st, 2020

KEY LEASING TRANSACTIONS 1H 2020

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Shandong Chamber of Commerce Tower	City Center Submarket	NetEast Education	3,100	New Lease
Jinan Greenland Puli Center	City Center Submarket	CITIC-PRUDENTIAL	1,600	New Lease
Dongtai Kaiyue Leader Center	City Center Submarket	New Oriental Education & Technology Group	8,000	New Lease

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Pingan CBD	Olympic High-tech Submarket	N/A	200,000	2021
Green Land IFC	Olympic High-tech Submarket	N/A	300,000	2021
Hua Mixc World	Olympic High-tech Submarket	N/A	120,000	2021
Forte Center	Olympic High-tech Submarket	N/A	124,000	2022
Citic Group center	Olympic High-tech Submarket	N/A	200,000	2022

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