



¥131.1

Rent (PSMMO)

12-Mo.
Forecast

-2.2%

Rental Growth (QOQ)

26.4%

Vacancy Rate

Source: Cushman & Wakefield Research

NANJING ECONOMIC INDICATORS
2020 Q1

	2019	12-Mo. Forecast
1.6%	8.0%	▲
GDP Growth		

2.6%	8.6%	▲
Tertiary Sector Growth		

4.6%	3.1%	▼
CPI Growth		

-8.0%	6.3%	▲
Real Estate Sector Investment		

Source: Nanjing Statistics Bureau
The forecast is based on Oxford Economics

Recovering From COVID-19

Local government policies in response to the COVID-19 outbreak went a long way to alleviate the negative effects of the pandemic. Benefiting from proactive measures, Nanjing achieved growth of 1.6% in Q1, the only China city with GDP of more than RMB1 trillion per year to record positive growth in the quarter. To maintain growth and expand domestic demand, in April the Nanjing government also issued the 'Four New' plan, which features four new development strategies: 'New Infrastructure', 'New Consumption', 'New Industry' and 'New City'. No new office projects were completed in Nanjing in Q2, but new prime projects are expected to be completed in 2021 and in 2023, notably in Hexi New Town.

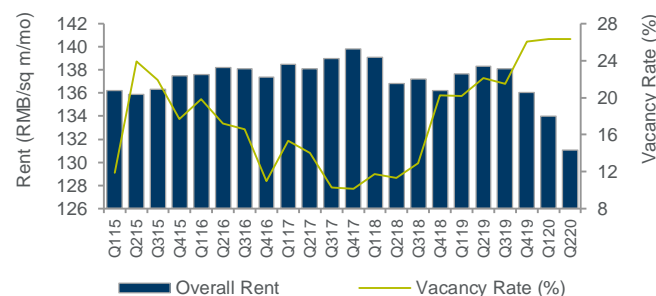
New Leasing Deals and Space Surrenders Both Rise Compared to Q1

The presence of COVID-19 has accustomed the city's office occupiers to life with precautionary measures in place, such as body temperature and health code checks at office building entrances. Unfortunately, several small- and medium-sized enterprises could not survive the pandemic crisis. Without a robust financial platform or steady cashflow, these enterprises surrendered their office space. Some office buildings have seen a rise in their vacancy rate as a result. However, other enterprises, such as Internet-based companies, have seen their business grow over the outbreak period, and these firms have driven demand for office space. Firms in the online education, health-related insurance and online entertainment sectors have been seeking to expand their office space presence. Moreover, as the 'New Infrastructure' Plan is further rolled out into the economy, so we expect companies benefitting from this plan to also seek more office space as their businesses grow. Meanwhile, net absorption was at -484 sq m in Q2, which led the citywide average vacancy rate to rise slightly to 26.4%.

Landlords Have Reduced Rentals to Attract and Retain Occupiers

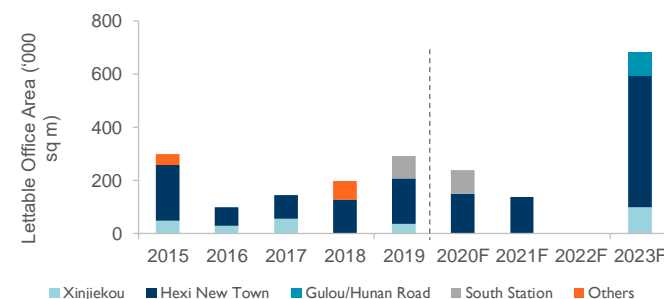
To remain competitive amid the tough market conditions, many projects reduced their rentals at different rates. Generally, projects in preferred locations saw a smaller rate of reduction when compared to projects in less-good locations. Overall, the average monthly rental level has edged down to RMB 131.1 per sq m, and we expect this trend to continue for the next few months.

GRADE A CBD OVERALL RENT & VACANCY RATE



Source: Cushman & Wakefield Research

GRADE A CBD 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
Xinjiekou	538,069	18.5%	100,000	¥155.6	US\$2.03	€1.82
Hexi New Town	918,942	32.6%	719,135	¥125.8	US\$1.63	€1.47
Gulou/Hunan Road	155,618	27.6%	86,861	¥130.7	US\$1.70	€1.53
South Station	103,583	27.9%	70,000	¥97.8	US\$1.27	€1.15
Others	130,000	10.9%	0	¥109.4	US\$1.43	€1.28
NANJING GRADE A CBD TOTAL	1,826,212	26.4%	965,996	¥131.9	US\$1.72	€1.55

Rental equals "Gross Transacted Face Rental"

1 RMB = 0.1402 USD = 0.1261 EUR (June 1st 2020)

KEY LEASING TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Shimao Citin	South Station	Xiaobang Insurance	3,400	New Setup
Bewin International Center	Hexi New Town	Evergrande Bao	2,900	New Setup
Suning Global International	Hexi New Town	New Oriental	2,500	New Setup

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION YEAR
Nanjing IFC Phase II	Hexi New Town	-	138,900	2021
Greenland Zijin Center	Gulou/Hunan Road	-	22,416	2023
Financial City II	Hexi New Town	-	160,000	2023
Hongkong Land Jinling Central	Xinjiekou	-	100,000	2023

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