

12-Mo. Forecast

¥84.0
Rent (PSM/MO)

-0.9%
Rental Growth (QOQ)

15.6%
Vacancy Rate

Landlords Offer Preferential Leasing Terms

No new projects were added in 1H 2020, with Ningbo's Grade A office stock remaining at 1.3 million sq m at the end of the period. Regarding rental levels, citywide monthly rent for Grade A office space dipped to RMB84 per sq m at the end of the first half of the year. Some office landlords have also offered preferential leasing terms, seeking to strengthen occupancy in the wake of the COVID-19 outbreak. Among submarkets, Jiangbei, with mature supporting municipal facilities, continued to lead the city's office rental rates, recording RMB109.5 per sq m per month at the end of 1H.

Eastern New Town Accounted for 79.9% of Net Absorption

As for space availability, given subdued demand, the citywide prime office vacancy rate rose by 6.7% y-o-y to record 15.6% at the end of 1H. Among the submarkets, Jiangbei recorded the lowest vacancy rate at 4.3%. Eastern New Town, impacted by the accumulated delivery of new projects in the second half of last year, recorded the highest vacancy rate at 19.1%. However, Eastern New Town also recorded net absorption of 27,500 sq m, accounting for 79.9% of the city's total net absorption in 1H.

Alibaba's Arrival Expected to Boost Confidence in Office Market

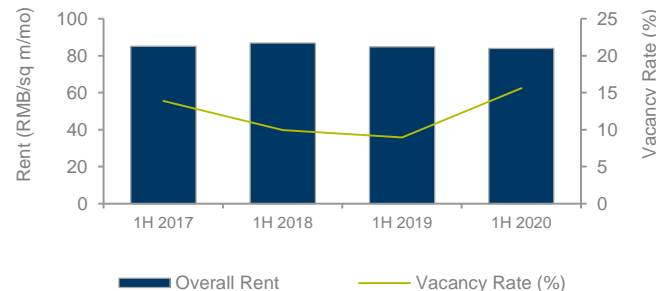
In the short-term, influenced by sluggish leasing demand, both the city's rental level and occupancy rate are expected to maintain a downward trend. In the mid-term future, however, the Ningbo Grade A office market should continue to benefit from rising demand for office space from the Financial, Manufacturing, Professional Services, Transportation and TMT sectors. In the post-pandemic period, greater emphasis is also expected to be placed on sustainability and health and safety measures within office buildings and office workplaces. This will require office building owners to provide enhanced facilities and services in their properties to better accommodate and serve their tenants' needs.

Finally, in May this year, Alibaba and the Ningbo Government signed a comprehensive cooperation framework agreement. In June, the Ningbo Ali Center officially opened at the Ningbo International Building in Haishu District. Given this impetus, we expect development from China's new infrastructure initiative to be a key driver for Ningbo's future growth, with the city's office market set to be a key beneficiary.

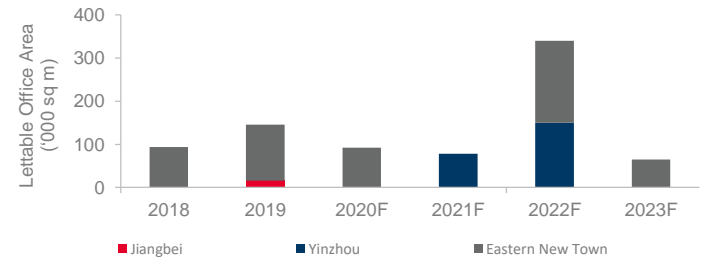
NINGBO ECONOMIC INDICATORS Q1 2020

	Q4 2019	12-Mo. Forecast
-7.0% GDP Growth	6.8%	▲
-3.3% Tertiary Sector Growth	7.6%	▲
3.5% CPI Growth	3.0%	▲
-1.2% Real Estate Development and Investment	7.3%	▲

GRADE A CBD OVERALL RENT & VACANCY RATE



GRADE A CBD NEW SUPPLY



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

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
Tianyi	32,200	5.0%	0	97.3	1.27	1.14
Jiangbei	56,000	4.3%	0	109.5	1.43	1.28
Yinzhou	397,000	11.4%	228,000	73.0	0.95	0.86
Eastern New Town	773,000	19.1%	347,000	81.4	1.06	0.95
NINGBO GRADE A CORE CBD TOTAL	1,258,200	15.6%	575,000	84.0	1.09	0.98

Rental equals "Gross Transacted Face Rental"
1CNY = 0.1402USD = 0.1261EUR (2020.6.1)

KEY LEASING TRANSACTIONS 1H 2020

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Ningbo International Building	Tianyi	Alibaba Group	20,000	New Setup
Zi Jing Hui	Eastern New Town	Ping An Insurance	3,000	Relocation
Science and Technology & Cultural Innovation Harbor	Jiangbei	Byte Dance	3,000	Relocation

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	SF	COMPLETION DATE
Guohua Financial Tower	Eastern New Town	92,000	2020
New World Plaza	Yinzhou	78,000	2021
Ningbo Center III	Eastern New Town	190,000	2022
Yongjiang Talent Innovation Center II	Eastern New Town	65,000	2023

Shaun Brodie

Head of Occupier Research, Greater China
42-43/F, Tower 2, Plaza 66, 1366 Nanjing West Road
Shanghai
Tel: +86 21 2208 0529 / shaun.fv.brodie@cushwake.com

cushmanwakefield.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2020 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.