

¥93.7
Rent (PSMMO)

12-Mo.
Forecast



-2.8%
Rental Growth (QOQ)



36.3%
Vacancy Rate



Source: Cushman & Wakefield Research

TIANJIN ECONOMIC INDICATORS Q1 2020

Indicator	Q4 2019	12-Mo. Forecast
GDP Growth	4.8%	▲
Tertiary Sector Growth	5.9%	▲
CPI Growth	2.7%	▼
Real Estate Development & Investment Growth	12.5%	▲

Source: Tianjin Statistics Bureau/ Cushman & Wakefield Research

Leasing Sentiment Remains Weak

No new supply entered the Tianjin office market in Q2, and the city's total office stock remained at 2.31 million sq m. Recovery from the impact of the pandemic is still in progress, and tenants are exhibiting caution around new office leasing, relocations and expansions. Net absorption in the quarter was down 80.5% y-o-y, finishing at 12,831 sq m.

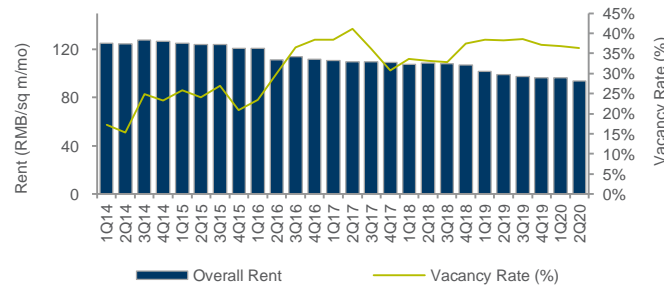
Education, TMT and Financial Sectors Lead Activity

Market rents resumed their decline in Q2, dropping 2.8% q-o-q to finish at RMB93.7 per sq m per month. The education, TMT and financial sectors were the bright spots for leasing activity in the quarter, together accounting for the bulk of leasing demand. Despite the difficult environment the citywide vacancy rate remained stable, dipping 0.6 percentage points q-o-q to record 36.3%.

Market Rents Set to Continue Downwards Trend in 2020

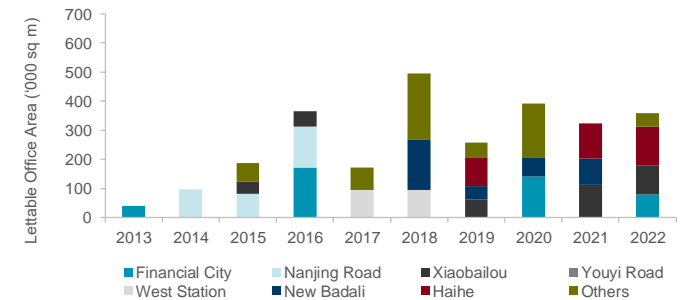
Five new high-quality office projects are scheduled for completion in 2H, provisionally bringing a combined 392,613 sq m of additional space into the market. In response, in efforts to improve occupancy, landlords are expected to offer more flexible terms and rent-free periods, which will lead to a continuing declining rental trend in the second half of the year. Ahead, with firms and employees putting more focus on post-pandemic health and wellbeing factors including flexible office working schedules, we expect to see intelligent building management, health and safety building facilities, and flexible office space capabilities to become key drivers in the development of the 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
Nanjing Road	590,737	24.41%	0	103.00	1.34	1.21
Financial City	332,370	36.01%	220,960	98.77	1.29	1.16
Xiaobailou	295,971	34.99%	213,100	101.23	1.32	1.19
Youyi Road	162,675	28.39%	0	93.05	1.21	1.09
West Station	189,450	31.47%	0	83.54	1.09	0.98
New Badali	220,964	69.57%	155,000	69.34	0.90	0.81
Haihe	96,968	58.85%	254,000	72.17	0.94	0.85
Others*	420,850	36.94%	230,853	92.30	1.20	1.08
TIANJIN GRADE A OVERALL TOTAL	2,309,985	36.34%	1,073,913	93.66	1.22	1.10

*Projects of others not belonging to any of the above submarkets.

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 Q2 2020

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
China Overseas Fortune Center	New Badali	CHINA 22MCC GROUP CORPORATION LTD.	750	Relocation
Tianjin Hopson Fortune Plaza	Haihe	RONG HE INTERNATIONAL TRADING LIMITED	500	Relocation
RONG QIAO GROUP	Others	BY-HEALTH	190	Relocation

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Metropolitan Center	Others	N/A	75,000	2020
Sunac Center	Others	N/A	70,853	2020
Zhongjian Yuedongfang	Others	N/A	40,000	2020
FIFC	New Badali	N/A	65,000	2020
PAFC	Xiaobailou	N/A	113,100	2021

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