

12-Mo.
Forecast

¥87.6
Rent (PSM/MO)



-2.0%
Rental Growth (QOQ)



27.9%
Vacancy Rate



Source: Cushman & Wakefield Research

XI'AN ECONOMIC INDICATORS Q1 2020

	Q4 2019	12-Mo. Forecast
-4.1% GDP Growth	7.0%	

-2.7% Tertiary Sector Growth	6.8%	
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4.1% CPI Growth	2.7%	
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-1.6% Real Estate Development & Investment Growth	-2.1	
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Source: Xi'an Statistics Bureau / Oxford Economics / Cushman & Wakefield Research

Leasing Sentiment Remains Weak, Rents Continue Slide in Wake of COVID-19

No new Grade A office supply entered the Xi'an market in Q2 and total office stock remained at 2.76 million sq m.

Wait-and-see sentiment has dominated the market following the pandemic and office leasing transactions continued to weaken in Q2. Grade A office market net absorption remained in negative territory at -5,536 sq m, with the overall vacancy rate rising 0.2 percentage points to 27.9%. Overall Grade A rental levels continued their slide, down 2.0% q-o-q to finish at RMB87.6 per sq m per month.

Real estate, automotive and financial firms were the key drivers of office lease transactions in Q2, although mostly for smaller-sized areas. Deals included Helenbergh Real Estate's lease of 700 sq m office space in Laian Center. SAIC Volkswagen also leased 552 sq m of space in the China Life Finance Centre, while CNFinance Holdings took 365 sq m of space in Zhengshang International Financial Plaza.

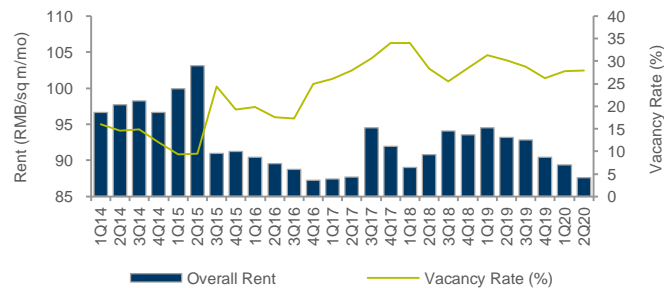
Market to Remain Under Pressure in 2H 2020

The Xi'an office market is scheduled to usher in 1.47 million sq m of new supply within the next two years. In the short-term, with continued sluggish leasing demand and downward economic pressures, the overall market vacancy rate can be expected to continue to rise through 2H 2020, with rental levels on a further downward trend.

The pandemic has caused tenants to raise their requirements for office building management services, such as centralized fresh air systems, visitor inflow management, and public emergency response processes, and these are now important factors for tenants when evaluating locations.

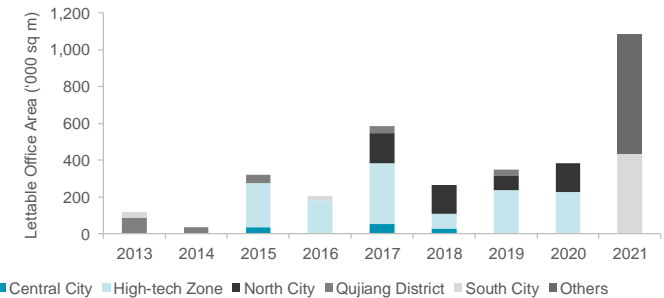
The government is also expected to introduce further stimulus measures to maintain stable economic growth. The new infrastructure investment initiative is a key example, with firms in new infrastructure related industries such as 5G, artificial intelligence, data centers, and industrial Internet networks expected to bring new leasing demand to the Xi'an office market in the future.

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
Central City	195,383	17.21%	0	111.02	1.45	1.30
Hi-tech zone	1,663,718	28.57%	228,000	88.02	1.15	1.03
North City	545,179	34.46%	155,490	78.80	1.03	0.92
Qujiang New District	296,826	21.59%	0	82.79	1.08	0.97
South City	55,900	15.00%	434,000	105.00	1.37	1.23
Others*			650,000			
XI'AN GRADE A OVERALL TOTAL	2,757,006	27.90%	1,467,490	87.61	1.14	1.03

*Other projects not classified in 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: 1CNY = 0.1402 USD = 0.1261 as of June 1st, 2020

KEY LEASING TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Zhengshang International Financial Plaza	North City	CNFINANCE HOLDINGS LIMITED	365	Relocation
China Life Finance Centre	Hi-tech Zone	SAIC VOLKSWAGEN	552	Relocation
Laian Center	Qujiang New District	HELENBERGH	700	Relocation

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Chinalink International Centre	North City	N/A	55,490	Q3 2020
Hai Yue Plaza	North City	N/A	100,000	Q3 2020
Guorui Xi'an Financial Center	Hi-tech Zone	N/A	228,000	Q4 2020
Xi'an International Cultural Center	South City	N/A	434,000	Q2 2021
Jiangsu Enterprise Building	Other	N/A	200,000	Q2 2021
China International Silk Road Center	Other	N/A	450,000	Q2 2021

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