

12-Mo.
Forecast

¥97.5
Rent (PSM/MO)

0.2%
Rental Growth (QOQ)

30.7%
Vacancy Rate

Source: Cushman & Wakefield Research

DALIAN ECONOMIC INDICATORS Q2 2020

-3.5%
GDP Growth

Q1 2020: **-5.0%** ▲

-6.0%
Tertiary Sector Growth

Q1 2020: **-6.6%** ▲

2.8%
CPI Growth (Jan-Aug)

Q1 2020: **3.9%** ▼

2.1%
Real Estate Development & Investment Growth (Jan-May)

Q1 2020: **-33%*** ▲

Source: Dalian Statistics Bureau / Cushman & Wakefield Research

* Data as of February 2020

Net Absorption Remains Negative in Q3

No new Grade A office supply entered the Dalian market in Q3, and total office stock remained at 922,000 sq m. With the effective containment of the COVID-19 outbreak, overall market activity gradually picked up in the quarter, and citywide Grade A office rental levels have stabilized at RMB97.5 per sq m.

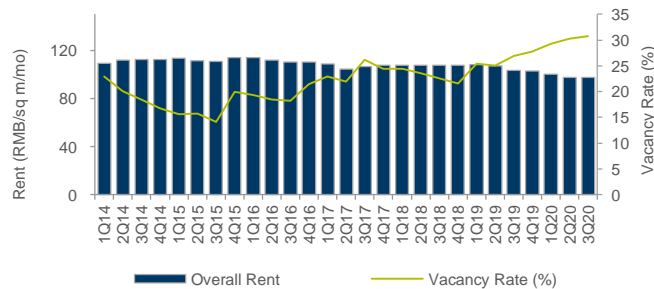
The occupancy rate of some office properties has risen steadily as businesses resumed normal operations. However, due to large-area lease surrenders at some buildings, citywide net absorption remained in negative territory in Q3, at -3,905 sq m. The overall vacancy rate rose again, up 0.5 percentage points to reach 30.7%. In terms of transactions, financial firms were the most active in the quarter, accounting for 35.7% of the total leased area, followed by trade and professional services, which took 24.7% and 22.7% of the total leased area, respectively.

New Measures to Promote Office Market Development

The CITIC Full Joy building is scheduled to enter the market in Q4 2020, bringing about 60,000 sq m of high-quality office space to the market. However, other projects, such as the Huajun Financial Center, have been postponed until 2021 due to the impact of the pandemic. Looking ahead, market net absorption is expected to return to positive territory in Q4, although office rentals will need more time to climb back to pre-pandemic levels.

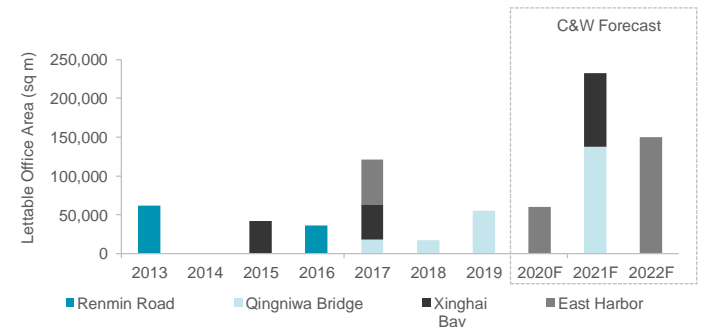
The Dalian Municipal Government has recently launched measures to attract new business talent to the city to help stimulate the economy. These policies are hoped to play a positive role in driving the future development of Dalian's urban economy and service industries. The office market is also expected to be boosted by a number of supertall towers and high-quality Grade A properties in the pipeline.

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
Renmin Road	256,652	35.7%	0	78.2	1.05	0.89
Qingniwa Bridge	261,167	23.9%	138,000	97.0	1.30	1.10
Xinghai Bay	283,687	31.9%	95,000	111.0	1.49	1.26
East Harbor	120,038	31.8%	209,529	108.1	1.45	1.23
DALIAN GRADE A SUBURBAN TOTAL	921,544	30.7%	442,529	97.5	1.31	1.11

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 = 0.1445 USD = 0.1224 as of August 24th, 2020

KEY LEASING TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Xiwang Tower	Qingniwa Bridge	Grandall Law Firm	1,918	New lease
Dalian Xinghai Center	Xinghai Bay	CHINA INSURANCE	1,550	Relocation
R&F Center	East Harbor	Huali Capital	600	New lease

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
CITIC Full Joy	East Harbor	N/A	59,851	2020
Huajun Financial Centre	Xinghai Bay	N/A	95,000	2021
Dalian World Trade Centre	Qingniwa Bridge	N/A	95,000	2021
Eton Center ST-1	Qingniwa Bridge	N/A	43,000	2021
Dalian ORIX Building AB	East Harbor	N/A	149,678	2022

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