

12-Mo. Forecast

¥131.7
Rent (PSMMO) ▲

0.5%
Rental Growth (QOQ) ▲

25.9%
Vacancy Rate ▼

Source: Cushman & Wakefield Research

Recovering From COVID-19

Business activities have returned to normal with effective control of the COVID-19 pandemic within Nanjing. The Ogilvy Tower project entered the Hexi New Town submarket in Q3, bringing over 80,000 sq m of prime office space to the market. The more positive economic environment has helped restore confidence for enterprises in Nanjing. The 2020 China (Nanjing) Golden Autumn Economic and Trade Fair was successfully held in September, and witnessed a number of major new business investment deals signed. As well as promoting the Four New Plan (New Industry, New Infrastructure, New Consumption, and New City), the government motivated enterprises to further develop the economy. Alibaba and Xiaomi, NetEase Youdao and Bilibili are now set to establish regional headquarters in Jianye District. The government has also worked to bring more technology and finance enterprises to Nanjing to develop the AI, bioscience, big data and new retail sectors.

Net Absorption Reached a New High in 2020, Driven by TMT Firms

With some enterprises vacating space in prime office buildings, quality projects in prime locations had office space in their low zones available for lease at lower rental levels for new firms to take up. This helped drop the vacancy rate down slightly to 25.9% in the quarter. Most active new leasing deals were completed in Hexi New Town submarket, with net absorption in the submarket amounting to 47,351 sq m, more than any other submarket. TMT firms, which were the most resilient businesses during the crisis, still led new leasing activity. Overall net absorption rose to 50,261 sq m in the quarter.

Rental to Remain Steady in The Near-Term

Maintaining a steady mid-range rental level has helped landlords of prime projects to pick up quality new tenants or maintain longer term collaboration with existing tenants. However, the volume of vacant space still leaves plenty of options for tenants. Citywide overall average rental rose slightly to RMB131.7 per sq m per month in the quarter. This was largely due to the deletion of one project in the database, which suspended leasing in the period. If excluding the effect of the project, the average rental edged down a bit. Looking ahead, post-pandemic, average office rental in Nanjing is expected to remain stable for the foreseeable future.

NANJING ECONOMIC INDICATORS Q2 2020

Indicator	Q1 2020	12-Mo. Forecast
2.2% GDP Growth	1.6% ▲	
2.9% Tertiary Sector Growth	2.6% ▲	
3.5% CPI Growth	4.6% ▼	
-6.7% Real Estate Sector Investment	-8.0% ▲	

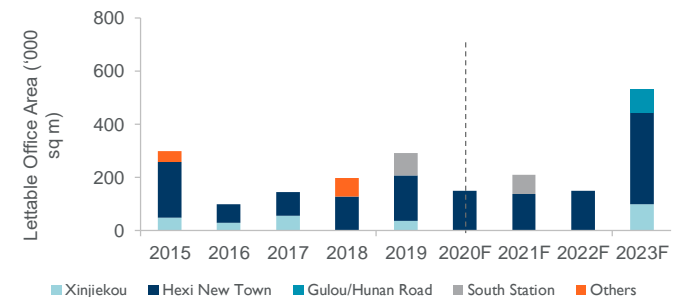
Source: Nanjing Statistics Bureau
The forecast is based on Oxford Economics

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	18.8%	100,000	¥152.3	US\$2.04	€1.73
Hexi New Town	1,003,177	32.8%	719,135	¥125.7	US\$1.69	€1.43
Gulou/Hunan Road	155,618	29.6%	86,861	¥130.0	US\$1.74	€1.48
South Station	83,583	8.0%	70,000	¥98.8	US\$1.32	€1.12
Others	110,000	6.9%	0	¥111.0	US\$1.49	€1.26
NANJING GRADE A CBD TOTAL	1,890,447	25.9%	965,996	¥131.7	US\$1.77	€1.50

Rental equals "Gross Transacted Face Rental"

1 RMB = 0.1445 USD = 0.1224 EUR (August 24th 2020)

KEY LEASING TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
IFC	Hexi New Town	V&T Law Firm	1,600	New Setup
Suning Global International Center	Hexi New Town	Manniu Business Management	300	New Setup
Suning Global International Center	Hexi New Town	Kangsite Medical Technology	260	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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