

12-Mo. Forecast

¥93.4
Rent (PSM/MO)



-0.3%
Rental Growth (QOQ)



37.0%
Vacancy Rate



Source: Cushman & Wakefield Research

Leasing Demand Picks Up

Tianjin Metropolitan Center launched in Q3, bringing around 75,000 sq m of new supply into the Grade A office market and pushing overall office stock up to 2.39 million sq m. With the COVID-19 pandemic effectively contained and a gradually recovering economy, leasing demand picked up during the quarter, with net absorption recorded at 33,086 sq m, jumping 158% q-o-q. Relocation activities accounted for most leasing transactions, driven by firms in the education, TMT and financial industries.

Vacancy Rate Ticks Upwards, Rental Fall Flattens

With leasing demand improving, the vacancy rate rose just 0.7 pp q-o-q to reach 37.0%, despite new supply entering the market. However, landlords have still been pressured to offer flexible terms and average rental continued trending downwards, albeit much less steeply than in Q2, falling 0.3% q-o-q to RMB93.4 per sq m per month.

Trend of Oversupply Set to Continue

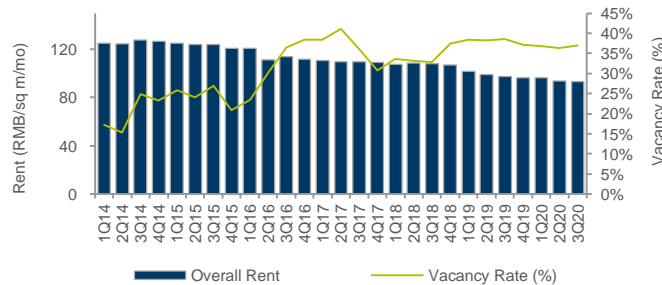
The Tianjin office market is expected to usher in three new high-quality office projects in Q4, totaling around a further 278,000 sq m of space. And in the next two years, average annual new supply will hit 320,000 sq m, leading to a glut of new space in the market. Landlords can be expected to continue to cut rents to improve occupancy, driving down overall average rental levels. Nearly half of the new projects through 2020 will be concentrated in the Haihe and New Badali submarkets, further intensifying market competition among the emerging submarkets.

TIANJIN ECONOMIC INDICATORS Q2 2020



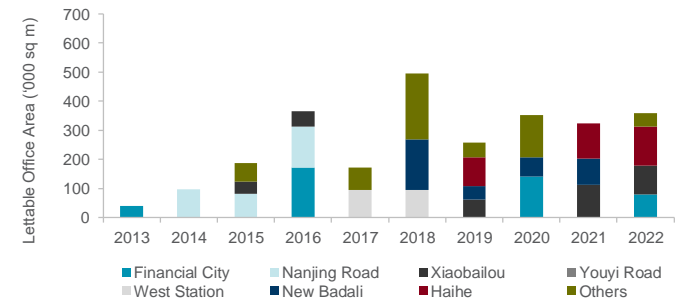
Source: Tianjin Statistics Bureau/ Cushman & Wakefield Research

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	23.90%	0	104.02	1.40	1.18
Financial City	332,370	34.22%	220,960	97.94	1.31	1.11
Xiaobailou	295,971	32.95%	213,100	100.70	1.35	1.15
Youyi Road	162,675	31.05%	0	89.94	1.21	1.02
West Station	189,450	33.18%	0	86.58	1.16	0.98
New Badali	220,964	68.12%	155,000	71.74	0.96	0.82
Haihe	96,968	59.16%	254,000	72.17	0.97	0.82
Others*	495,850	41.88%	115,853	89.40	1.20	1.02
TIANJIN GRADE A OVERALL TOTAL	2,384,985	37.00%	958,913	93.41	1.25	1.06

*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=0.1445 USD=0.1224 EUR as of Aug 24th, 2020

KEY LEASING TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
China Overseas Plaza	Others	CR POWER	4,000	Relocation
MAOYE Building	Financial City	YINGDA TAIHE LIFE INSURANCE CO., LTD.	2,008	Relocation
Tianjin Hopson Fortune Plaza	Haihe	VARILUX OPTOMETRY	402	Relocation

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Sunac Center	Others	N/A	70,853	2020
JING JIN INTERNATIONAL CENTER	Financial City	N/A	141,760	2020
FIFC	New Badali	N/A	65,000	2020
PAFC	Xiaobailou	N/A	113,100	2021

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