



¥110.4

Rent (PSM/MO)

QoQ
Change

-1.1%

Rental Growth (QoQ)



30.5%

Vacancy Rate



Source: Cushman & Wakefield Research

WUHAN ECONOMIC INDICATORS
1H 2020

-19.5%

GDP Growth

1Q 2020

12-Mo.
Forecast

-40.5%



-18.2%

Service Sector GDP
Growth

-37.7%



4.4%

CPI Growth

6.0%



-38.8%

Real Estate
Development Investment
Growth

-75.7%

Source: Wuhan Statistics Bureau / Oxford Economics/
Cushman & Wakefield Research

Moderate Rebound in Demand

No new supply was added in Q3 and Wuhan's Grade A office stock remained at 2.1 million sq m. The city's economy recovered to pre-pandemic levels of activity during the quarter, and the volume of leasing inquiries rose compared to Q2. Consequently the Grade A office market saw a moderate rebound in demand, with overall net absorption reaching 6,254 sq m and overall vacancy dropping 0.3 pp q-o-q to 30.5%. Average monthly rent dropped 1.1% q-o-q to RMB110.4 per sq m.

Falling Rents Spur Relocations

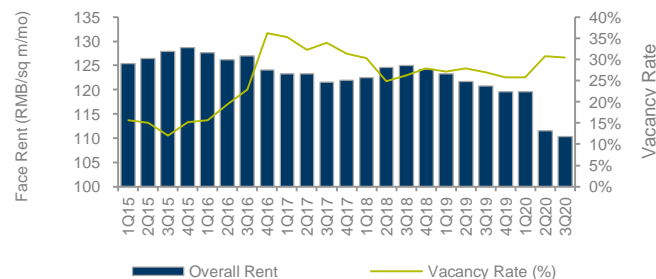
Lower rental levels improved the cost-efficiency of Grade A office spaces and helped to spur relocation demand. Jianshe Avenue business district was the most attractive location, benefitting from its large inventory and recent new projects, recording 46.7% of total relocation activity in the quarter. Hankou & Wuchang RCD followed, accounting for 26.7% of the city's relocation needs. By sector, the main sources of occupier demand in Q3 were from the TMT, professional service, finance and education sectors. These accounted for 25.0%, 19.6%, 14.3% and 12.5% of space leased, respectively.

Outlook

The K11 ATELIER, Hang Lung Center and Shangri-La Center projects are expected to be completed in Q4, bringing a total of 248,756 sq m of new space to the market. In the short term, the influx of high-quality projects will undoubtedly raise citywide overall vacancy and bring downward pressure onto rental levels. There are also still many uncertainties in the macro environment, with the global economic downturn from the pandemic coupled with a deepening trade dispute between China and the United States. As well, the domestic economy will need time to adapt to the new model of economic "internal circulation."

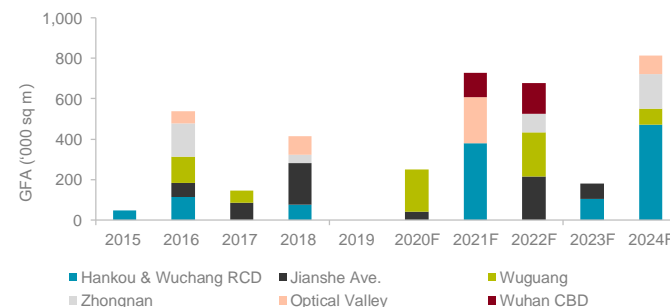
Overall, the Wuhan office market remains in a recovery mode, and we expect that demand in the Grade A market in the fourth quarter will perform relatively moderately.

GRADE A OFFICE RENT & VACANCY RATE



Source: Cushman & Wakefield Research

GRADE A OFFICE ANNUAL NEW SUPPLY



Source: Cushman & Wakefield Research



MARKET STATISTICS

SUBMARKET	INVENTORY (sq m)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION TILL 2024 (sq m)	GRADE A FACE RENT		
				RMB/SQ M/MO	US\$/SF/MO	EUR/SF/MO
Jianshe Ave.	836,347	37.5%	332,688	100.6	1.4	1.1
Wuguang	385,177	41.4%	506,796	95.3	1.3	1.1
Hankou & Wuchang RCD	377,142	15.6%	954,462	128.9	1.7	1.5
Zhongnan	400,857	26.1%	261,039	120.4	1.6	1.4
Optical Valley	149,358	13.0%	322,955	117.0	1.6	1.3
WUHAN CORE GRADE A TOTAL	2,148,881	30.5%	2,377,939	¥110.4	US\$1.5	€1.3
Wuhan CBD	-	-	268,754	-	-	-

* Rent is calculated based on gross floor area and assuming a letting of mid floors for a typical three-year lease term with VAT.
 1 USD = 6.92042 RMB = 0.84706 EUR as at 24th Aug 2020

KEY LEASING TRANSACTIONS 3Q20

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Yuexiu Financial Center	Wuguang	TAL Group	4,000	Expansion
Oceanwide Entrepreneurship Center	Jianshe Ave.	Xinjiang Qianhai United Property Insurance Co., Ltd	600	New Setup
Wuhan Tiandi A2	Hankou & Wuchang RCD	Wuhan Youmei Dental Clinic Co., Ltd	1,000	New Setup
New World Center	Wuguang	Taiping Life Insurance	800	Relocation

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	AREA (SQ M)	COMPLETION YEAR
K11 ATELIER	Wuguang	-	55,970	2020
Shangri-La Center	Jianshe Ave.	-	41,315	2020
Hang Lung Center	Wuguang	-	151,471	2020
Wuhan Tiandi A1	Hankou & Wuchang RCD	-	177,117	2021
The MIXC	Jianshe Ave.	-	154,457	2021
The Greenland Center	Hankou & Wuchang RCD	-	202,430	2021

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