

¥102.07
Rent (PSM/MO)

12-Mo.
Forecast



0.6%
Rental Growth (QOQ)



35.3%
Vacancy Rate



Source: Cushman & Wakefield Research

XIAMEN ECONOMIC INDICATORS Q1-Q2 2020

0.6%
GDP Growth

Q1 2020: **-3.2%** 12-Mo. Forecast: ▲

1.6%
Tertiary Sector Growth

Q1 2020: **-0.5%** 12-Mo. Forecast: ▲

4.0%
CPI Growth

Q1 2020: **5.1%** 12-Mo. Forecast: ▼

-3.6%
Real Estate Development & Investment Growth

Q1 2020: **-21.7%** 12-Mo. Forecast: ▲

Note: Growth figure is y-o-y growth;
Source: Xiamen Statistics Bureau; Oxford Economics;
Cushman & Wakefield Research

Rents Rebound on Renewed Market Activity

The Powerlong International Center completed in Q3, marking the first new supply of 2020 and brining Xiamen's total Grade A Office stock to 1,286,500 sq m. The office market saw renewed activity in the quarter, supported by more rapid implementation of the government investment promotion campaign, with net absorption leaping to 79,285 sq m, a figure not seen since Q3 2018.

The citywide vacancy rate dropped by 5 pp to 35.3% in Q3, a fall of 1 pp y-o-y. Nearly all submarkets recorded large scale (over 1,000 sq m) leasing transactions, driven by the TMT and professional services sectors. By submarket, the Cross Strait Financial Center (CSFC) and Outside Xiamen's Main Island (OMI -- especially Jimei New Town) districts accounted for 51% and 27% respectively of the new take-up.

Overall average rents rebounded in the quarter after two years of decline, reaching RMB102.10 per sq m per month, a 0.6% q-o-q rise.

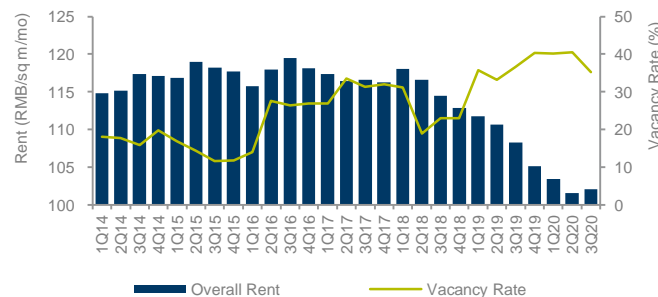
New Economy and Professional Services to Lead Absorption Ahead

During this year's China International Fair for Investment & Trade (CIFIT), the Xiamen Government signed several strategic agreements with SOEs and MNCs to locate in Xiamen, covering investment expansions, regional/functional offices and national headquarters. This incoming business momentum is expected to boost office market activity and help to absorb current office stock in the near future.

New economy and professional service companies' increasing needs for Grade A offices, as well as rapid developments in the CSFC and OMI submarkets, are good indicators of Xiamen's economic growth. Infrastructure improvements and upgrades, coupled with intra-district linkages, are also helping to positively shape the city's ongoing development.

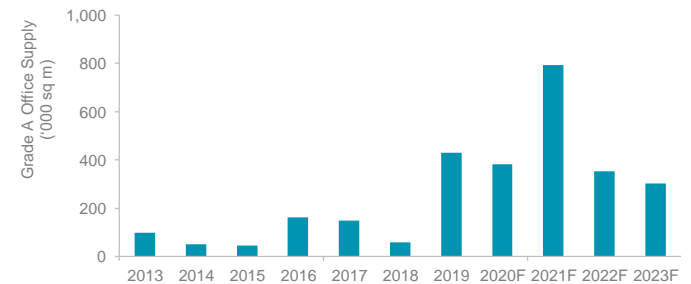
The impact of the COVID-19 pandemic and stalled market activity in the first half of the year repeatedly postponed projects. Some 360,000 sq m of new space, in the CSFC, N/S Hubin Rd. and OMI submarkets, is now expected to be delivered by the end of 2020, but such an influx will exert downward pressure on rentals due to additional supply still in the pipeline and lower rent performance in non-core locations.

GRADE A RENT & VACANCY RATE



Source: Cushman & Wakefield Research

GRADE A SUPPLY PIPELINE



Source: Cushman & Wakefield Research

| SUBMARKET | INVENTORY (sq m) | VACANCY RATE | PLANNED & UNDER CONSTRUCTION (sq m) | GRADE A FACE RENT | | |
|--------------------------------------|---------------------|-----------------|---|-------------------|------------|------------|
| | | | | RMB/SQ M/MO | US\$/SF/MO | EUR/SF/MO |
| Lujiang Rd. | 251,000 | 22.4% | 188,000 | 110.9 | 1.5 | 1.3 |
| N/S Hubin Rd. | 169,000 | 42.3% | 309,000 | 118.1 | 1.6 | 1.3 |
| Cross Strait Financial Center (CSFC) | 660,500 | 31.9% | 592,700 | 102.0 | 1.4 | 1.2 |
| Cross Strait Trade Center (CSTC) | 58,000 | 5.0% | 322,900 | 84.0 | 1.1 | 1.0 |
| Outside Xiamen's Main Island (OMI) | 148,000 | 76.6% | 396,800 | 76.4 | 1.0 | 0.9 |
| XIAMEN GRADE A TOTAL | 1,286,500 | 35.3% | 1,809,400 | 102.1 | 1.4 | 1.2 |

Face 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: 1USD= 0.847059 EUR=6.920415 RMB (2020.8.24)

KEY LEASING TRANSACTIONS 3Q20

| PROPERTY | SUBMARKET | TENANT | SQ M | LEASE TYPE |
|---------------------------------------|---------------|---|-------|------------|
| CR Building - Tower B | N/S Hubin Rd. | Allbright Law Offices | 2,100 | Relocation |
| Chengyi International Business Center | OMI | Xiamen Haikuoyuyue Cultural Communication | 1,800 | New Lease |
| International Plaza | Lujiang Rd. | Xiamen International Bank | 1,600 | Expansion |
| TFC - Tower B | CSFC | Ubtech Robotics Corp. | 1,100 | Relocation |

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

| PROPERTY | SUBMARKET | MAJOR TENANT | SQ M | COMPLETION DATE |
|-----------------------------|-----------|--------------|---------|-----------------|
| Sea World - CMLS | CSTC | - | 190,000 | 2020 |
| Haixi Jingu Plaza (T1 & T2) | CSFC | - | 103,000 | 2020 |
| Xiamen Air Headquarter | CSFC | - | 66,000 | 2020 |
| Winland Complex | CSFC | - | 220,000 | 2021 |

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