



Office Q3 2020

¥87.7
Rent (PSM/MO)

12-Mo.
Forecast



0.08%
Rental Growth (QOQ)



26.5%
Vacancy Rate



Source: Cushman & Wakefield Research

XI'AN ECONOMIC INDICATORS Q2 2020

2.8%
GDP Growth

Q1 2020: -4.1% 12-Mo. Forecast: ▲

1.4%
Tertiary Sector Growth

-2.7% ▲

3.0%
CPI Growth

4.1% ▼

4.6%
Real Estate Development & Investment Growth

-1.6% ▲

Source: Xi'an Statistics Bureau / Oxford Economics / Cushman & Wakefield Research

Gradual Market Recovery as Net Absorption Regains Positive Territory

No new projects entered the Xi'an Grade A office market in Q3 and the city's total stock remained at 2.76 million sq m.

With the effective containment of the pandemic and supportive government measures to encourage the resumption of work and production, business confidence recovered in the quarter and activity in the office market gradually picked up. Grade A office net absorption returned to positive territory in the quarter, recording 38,598 sq m. The overall vacancy rate dropped 1.4 percentage points to 26.5%. Citywide average rent for Grade A office buildings rose to RMB87.7 per sq m per month.

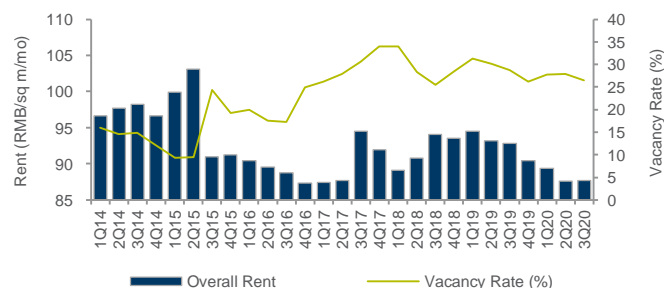
Leasing Demand from Online Services Continue to Rise

Despite the pandemic's negative impact on the market, some industries have seen new opportunities. Since the beginning of the year, online working software and online education providers have seen significant rises in memberships and traffic. Leasing demand from educational institutions has continued to rise in Q3, with a notable deal being the lease by Yuanfufao of 20,000 sq m of office space in Qujiang Creative Circle.

Many new projects had been postponed during the pandemic period. In Q4, only Chinalink International Centre with 55,490 sq m quality office space is expected to launch in the market.

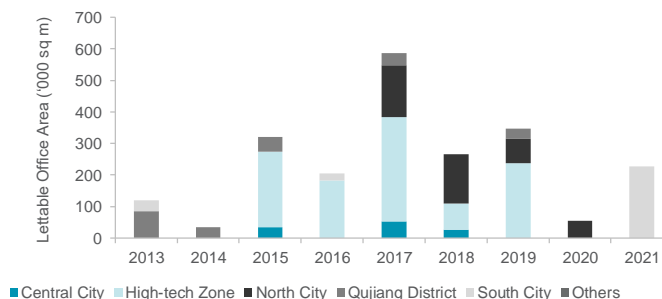
The end of the year will mark the expiry dates of many tenants' leasing contracts. In order to attract new tenants and retain existing tenants, landlords may adopt more flexible leasing strategies and offer rent concessions. This should further stimulate market leasing demand, thereby alleviating some of the leasing pressure exerted by the new projects entering the market.

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
Central City	195,383	14.88%	0	112.94	1.52	1.28
Hi-tech zone	1,663,718	25.61%	228,000	89.67	1.20	1.02
North City	545,179	37.90%	55,490	75.65	1.02	0.86
Qujiang New District	296,826	17.57%	0	78.78	1.06	0.90
South City	55,900	30.00%	0	105.00	1.41	1.19
XI'AN GRADE A OVERALL TOTAL	2,757,006	26.50%	283,490	87.68	1.18	1.00

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: Q3 Exchange rate (Aug 24th 2020): 1 CNY = 0.1445 USD= 0.1224 EUR = 1.1201 HKD = 4.2528 TWD

KEY LEASING TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Qujiang Creative Circle	Qujiang	Yuanfudao	20,000	New Lease
Wynn International Finance Centre	Hi-tech Zone	EAS EAST ASIA QIANHAI SECURITIES	350	Relocation
Zhengshang International Financial Plaza	North City	VSAT Technology	552	Relocation
Zhengshang International Financial Plaza	North City	Douwei Union Group	415	Relocation

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
Chinalink International Centre	North City	N/A	55,490	Q3 2020
Guorui Xi'an Financial Center	Hi-tech Zone	N/A	228,000	Q4 2020

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