

**¥110.86**  
Rent (PSM/MO)

12-Mo.  
Forecast

**-0.71%**  
Rental Growth (QOQ)

**18.01%**  
Vacancy Rate

Source: Cushman & Wakefield Research

## CHENGDU ECONOMIC INDICATORS Q1-Q3 2020

**2.6%**  
GDP Growth

2020  
Q1-Q2  
**0.6%** 12-Mo.  
Forecast

**2.6%**  
Tertiary Sector  
Growth

**-0.2%**

**3.6%**  
CPI Growth

**4.3%**

**12.0%**  
Real Estate Development  
& Investment Growth

**10.9%**

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

## New Supply Raises Vacancy Further

New Grade A projects comprising just 100,000 sq m of new space entered the Chengdu office market in 2020, taking citywide stock to 2,633,790 sq m at the end of the year. However, the new completions were still sufficient to raise the overall vacancy rate further, climbing 1.47 pp q-o-q to reach 18.01%. In response, landlords were again obliged to trim rents in the competition to attract tenants, with overall average rents retreating 0.71% q-o-q to RMB 110.86 per sq m per month.

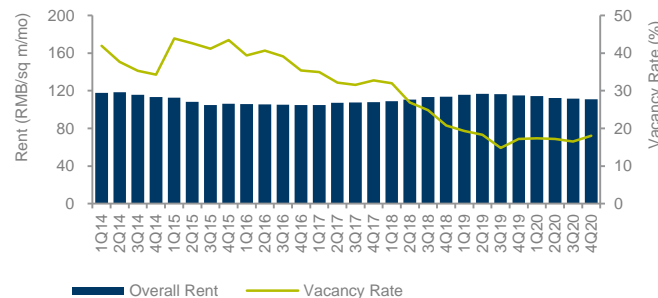
## Government Support for Startups Key to Sustaining Office Demand

The TMT sector and insurance firms have emerged as key drivers of office occupancy in the post-pandemic era. TMT firms are drawn by industry clustering to the city's southern district, and development of the new economy bodes well for Grade A office development in the district. In contrast, insurance enterprises still prefer the more traditional transport and maturity benefits of the CBD. Government policy support for new office startups has also been a positive force. From January to September 2020, Chengdu city registered 462,592 new startup businesses, a y-o-y increase of 19.84%, and the startup segment is viewed as key to the sustained future development of the office leasing market. Also ahead, the 2021 FISU World University Games, to be held in August, and development of a new city airport, will bring economic benefits to Panchenggang submarket and the eastern districts, with positive knock-on effects for the office leasing market.

## New National Building Standards

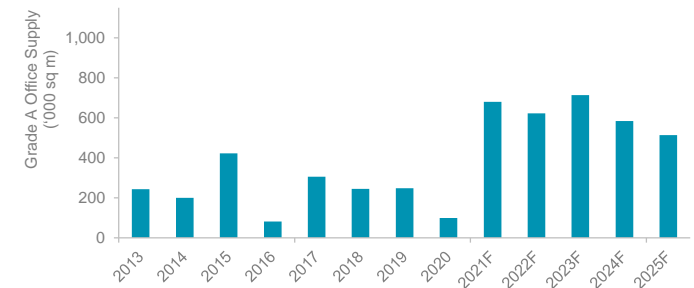
The Chengdu city government issued three new national building standards in November 2020, covering construction quality requirements and specifications for public facilities. The new regulations indicate a desire for enhanced quality standardization within the city's Grade A office market and can be viewed as a positive signal of the government's full support for the continued growth of the office market.

## 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
CBD	555,102	33.2%	94,200	¥112.83	US\$ 1.59	€1.37
SBD	266,168	12.5%	251,320	¥105.11	US\$ 1.49	€1.25
Dongda Street	619,810	15.7%	49,708	¥121.57	US\$ 1.72	€1.45
Financial City	755,045	10.3%	591,076	¥110.55	US\$ 1.56	€1.32
DaYuan	355,665	15.8%	277,900	¥103.86	US\$ 1.47	€1.23
Tianfu New District Business Center	82,000	31.7%	1,263,574	¥66.54	US\$ 0.94	€0.81
<b>CHENGDU GRADE A TOTAL</b>	<b>2,633,790</b>	<b>18.0%</b>	<b>2,527,778</b>	<b>¥110.86</b>	<b>US\$ 1.57</b>	<b>€1.33</b>

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.  
Exchange Rate: 1 CNY = 0.1521 USD = 0.1279 EUR = 1.1790 HKD = 4.3315 TWD (2020.11.25)

### KEY LEASING TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
One Aerospace Center	CBD	Zuoyebang	6,000	New Setup
Chengdu Yintai Center	Financial City	China Wanda Real Estate	6,000	Relocation
Pinnacle One	Dongda Street	Everpro Insurance Brokers co., LTD.	2,000	Relocation
China Overseas International Center	Financial City	An internet company	2,000	New Setup

### SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Western Cultural Industry Center	CBD	-	44,200	2021
MIXC (II)	Dongda Street	-	49,708	2021
Tianfuhui Center	SBD	-	111,000	2022
AB International Plaza	Financial City	-	228,000	2022
Poly International Plaza	Dayuan	-	172,900	2022
Fosun International Financial Centre	Financial City	-	200,000	2023
B&R Building	Tianfu New District Business Center	-	350,000	2025

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