

¥96.5
Rent (PSM/MO)

12-Mo.
Forecast

-1.03%
Rental Growth (QOQ)

29.8%
Vacancy Rate

Source: Cushman & Wakefield Research

DALIAN ECONOMIC INDICATORS Q3 2020

-0.7%
GDP Growth

Q2 2020: **-3.5%** ▲

-3.8%
Tertiary Sector Growth

Q2 2020: **-6.0%** ▲

2.7%
CPI Growth

Q2 2020: **3.1%** ▼

2.9%
Real Estate Development & Investment Growth (Jan-Nov.)

Q2 2020: **-2.1%*** ▲

Source: Dalian Statistics Bureau / Cushman & Wakefield Research

* Data as of May 2020

Leasing Transactions Spike in Q4

No new Grade A office supply entered the Dalian market in Q4, and citywide total office stock remained at 922,000 sq m. Landlords moved to offer more flexible rental strategies and incentive measures during the quarter, in efforts to stabilize occupancy and attract new tenants. In turn, the citywide average Grade A office rental level dropped 1.03% q-o-q to RMB97.5 per sq m per month.

As the impact of the pandemic on the office market eased, pent-up leasing demand was gradually released in the second half of the year. The market saw a spike in leasing transactions in Q4, with net absorption reaching 7,676 sq m. The overall vacancy rate subsequently dropped by 0.9 pp q-o-q to 29.8%.

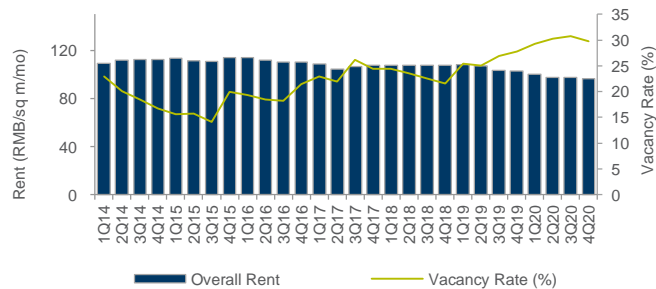
Professional Services and Financial Industries Drive Leasing Activity

The professional services, finance and shipping logistics sectors were the key drivers of leasing transactions in Q4. Notable deals included the leases by Datong Insurance and DiRun Media of 1,707 sq m and 990 sq m respectively of office space in the Eton International Center. Online education institutions were also visible in maintaining the sector's trend of locating into the city's High-Tech Zone district.

New Supply Will Intensify Market Competition Ahead

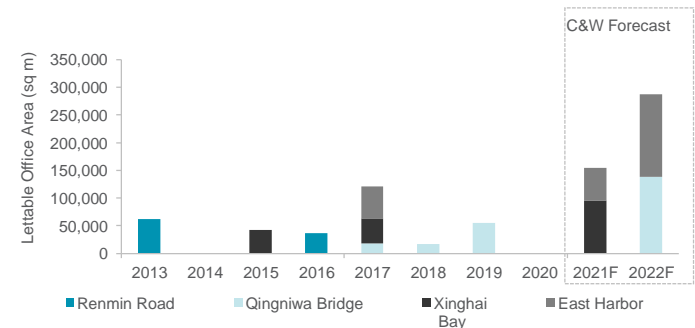
The impact of three waves of the COVID-19 pandemic halted the office supply pipeline in 2020, and no new projects entered the market for the full-year. Currently five Grade A projects totaling around 150,000 sq m of high-quality space are scheduled to enter the market in 2021. Against the backdrop of a market only gradually recovering from the pandemic, the new entrants are set to intensify market competition ahead.

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
Renmin Road	256,652	32.8%	0	85.3	1.21	1.01
Qingniwa Bridge	261,167	23.8%	138,000	93.7	1.32	1.11
Xinghai Bay	283,687	31.8%	95,000	108.4	1.53	1.29
East Harbor	120,038	31.9%	209,529	98.7	1.39	1.17
DALIAN GRADE A SUBURBAN TOTAL	921,544	29.8%	442,529	96.5	1.4	1.15

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: 1CNY = 0.1521 USD = 0.1279 as of November 25th, 2020

KEY LEASING TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Eton International Center	Qingniwa Bridge	DATONG Insurance	1,707	Relocation
Eton International Center	Qingniwa Bridge	DiRun Media	990	Relocation
International Financial Plaza	Renmin Road	DHC	915	Relocation

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
CITIC Full Joy	East Harbor	N/A	59,851	2021
Huajun Financial Centre	Xinghai Bay	N/A	95,000	2021
Dalian World Trade Centre	Qingniwa Bridge	N/A	95,000	2022
Eton Center ST-1	Qingniwa Bridge	N/A	43,000	2022
Dalian ORIX Building AB	East Harbor	N/A	149,678	2022

Sabrina Wei

Director

Head of North China Research

14/F, North Tower, Beijing Kerry Centre, 1 Guanghua Road, Beijing 100020, China

Tel: +86 10 8519 8087 / sabrina.d.wei@cushwake.com

cushmanwakefield.com

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 53,000 employees in 400 offices and 60 countries. Across Greater China, 22 offices are servicing the local market. The company won four of the top awards in the Euromoney Survey 2017, 2018 and 2020 in the categories of Overall, Agency Letting/Sales, Valuation and Research in China. In 2019, the firm had revenue of \$ 8.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.