

12-Mo. Forecast

¥69.1
Rent (PSMMO)



-4.0%
Rental Growth (YOY)



37.4%
Vacancy Rate



Source: Cushman & Wakefield Research

China Life Insurance Financial Center Entered the Market

The China Life Insurance Financial Center project completed in 2020, bringing about 46,000 sq m of quality office space to the Hefei market. Citywide total stock increased slightly to 677,128 sq m. The impact of the COVID-19 pandemic delayed construction on many other projects during the year. More positively, the announcement of the Hefei Free Trade Zone marked the planned development of new economy sectors such as international e-commerce, high-end manufacturing, artificial intelligence and quantum computing. The future Hefei High-Tech Zone submarket is expected to attract growing demand from firms focusing more on international trade and investment.

Finance and Education Most Active

The office leasing market was impacted by the pandemic in the first half of the year, and largely inactive. However, it started to heat up again in 2H. Overall, finance and education firms were the key drivers of transactions. Especially, the online education and insurance sectors saw accelerated business opportunities arising in the wake of the pandemic. Both industries drove large office leasing deals in the year. Consequently, citywide overall net absorption recorded 38,881 sq m for 2020. In turn, the overall average vacancy rate dropped slightly to 37.4%.

Overall Average Rental Level Softens

Faced with a cashflow crisis caused by the impact of the pandemic, many occupiers became more rational about their office choices. Compared to highly-priced projects, reasonably-priced projects faced less take-up pressure throughout the year. Overall, most quality office projects lowered their rentals, which pushed down the overall average rental level to approximately RMB69.1 per sq m per month.

Hefei has accelerated the construction of road and rail infrastructure in recent years. Metro Line 5 started pre-operation at the year-end. With further new metro lines to be constructed, coupled with an expected resurgence in overall business activity in 2021, the overall rental level is expected to regain upwards growth longer-term.

HEFEI ECONOMIC INDICATORS Q1-Q3 2020



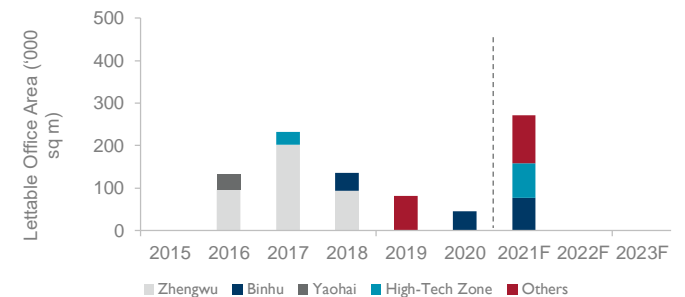
Source: Hefei Statistics Bureau
The forecast is based on Oxford Economics

GRADE A CBD OVERALL RENT & VACANCY RATE



Source: Cushman & Wakefield Research

GRADE A CBD 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
Zhengwu	440,107	33.3%	-	¥80.4	US\$1.14	€0.96
Binhu	86,841	47.1%	76,436	¥63.8	US\$0.90	€0.76
Yaohai	38,280	16.0%	-	¥52.0	US\$0.74	€0.62
High-Tech Zone	29,900	8.0%	81,395	¥45.0	US\$0.64	€0.53
Others	82,000	70.0%	114,000	¥52.5	US\$0.74	€0.62
HEFEI GRADE A CBD TOTAL	677,128	37.4%	271,831	¥69.1	US\$0.98	€0.82

Rental equals "Gross Transacted Face Rental"

1 RMB = 0.1521 USD = 0.1279 EUR (November 25th 2020)

KEY LEASING TRANSACTIONS 2020

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
China Life Insurance Anhui Financial Center	Binhu	Wanda Real Estate	2,000	New Setup
Binhu Boldman Center	Binhu	Egee Tech	1,000	New Setup
China Life Insurance Anhui Financial Center	Binhu	Wanda Real Estate	1,000	New Setup
China Life Insurance Anhui Financial Center	Binhu	KPMG	480	New Setup

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION YEAR
Greenland Center D	Others	-	114,000	2021
Baoneng	Binhu	-	76,436	2021
Huijing City Center	High-Tech Zone	-	81,395	2021

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