

12-Mo.
Forecast

¥131.4
Rent (PSMMO)



-0.3%
Rental Growth (QOQ)



25.1%
Vacancy Rate



Source: Cushman & Wakefield Research

NANJING ECONOMIC INDICATORS Q3 2020

	Q3 2020	12-Mo. Forecast
3.3% GDP Growth	2.2%	

3.5% Tertiary Sector Growth	2.9%	
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3.1% CPI Growth	3.5%	
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0.2% Real Estate Sector Investment	-6.7%	
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Source: Nanjing Statistics Bureau
The forecast is based on Oxford Economics

No New Supply but Significant Investment and Construction in Q4

The delayed completion of Highrise Center meant that no new quality projects entered the Nanjing office market in Q4. Consequently, total prime office stock remained at 1.9 million sq m. However, supported by the city's "Four New Plan," Hexi New Town, among other districts, saw the commencement of large real estate and urban infrastructure projects. These included the Hexi Financial Center project, which will form part of Phase III of Nanjing Financial City. Additionally, 58.com plans to locate its regional headquarters in southwest Hexi New Town, while Huawei and Alibaba will locate to the Zidong Area. In the Q1-Q3 period of 2020, Nanjing attracted equal or greater investment, domestic or international, compared to the same period in 2019. Real estate investment also saw positive growth this year. With further commercial real estate projects and urban infrastructure projects due to complete soon, greater business opportunities are expected to appear in the key areas featured in the future development plan for Nanjing.

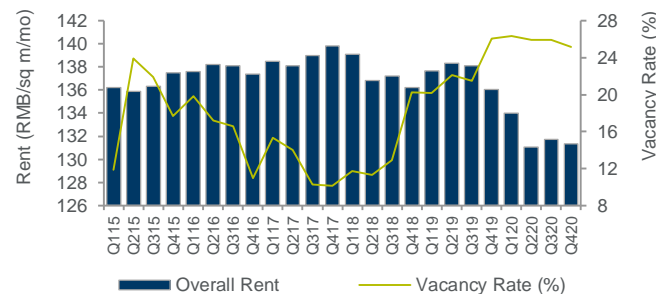
Net Absorption Down on Prior Quarter, Finance and TMT Firms Lead Leasing Demand

Further sizeable leasing deals were completed in the new submarkets including Hexi New Town -- helping average vacancy in Hexi to fall to 31.3%. In Xinjiekou, with a lack of large-area available space, most lease deals were small sized. However, the city center did attract some finance and insurance occupiers. Other submarkets were relatively inactive in the quarter, and the overall city vacancy rate remained stable at 25.1%. Overall, the finance and insurance, TMT and education sectors led leasing demand in Q4, and these sectors remained relatively active throughout the year, despite the impact of the COVID-19 pandemic. Overall net absorption recorded 14,706 sq m at the end of the quarter.

Rental to Fluctuate Around Current Level in Near-Term

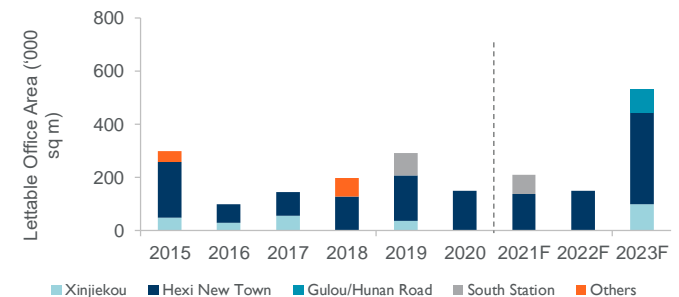
The pandemic this year forced occupiers in Nanjing to rationalize their office space requirements. Where pricing was right, high-quality projects did not lack potential clients. However, Grade A office projects outside of prime locations will need to invest in building improvements to match any high rentals asked. Large developers and landlords have remained positive on business expansion in Nanjing, encouraged by the effective pandemic containment measures and the new "Four New Plan" for the city, and consequently citywide average rental levels remained at RMB131.4 per sq m per month at end of the year, down just 0.3% q-o-q. In 2021, with the expected completion of the Highrise Center and Nanjing SHK IFC II projects, we expect average rents to continue to fluctuate around the current level.

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	USD/SF/MO	EUR/SF/MO
Xinjiekou	538,069	18.8%	100,000	¥152.0	US\$2.14	€1.81
Hexi New Town	1,003,177	31.3%	719,135	¥126.3	US\$1.78	€1.50
Gulou/Hunan Road	155,618	29.5%	86,861	¥127.7	US\$1.80	€1.52
South Station	83,583	6.8%	70,000	¥98.8	US\$1.40	€1.17
Others	110,000	7.4%	0	¥106.4	US\$1.50	€1.26
NANJING GRADE A CBD TOTAL	1,890,447	25.2%	965,996	¥131.4	US\$1.86	€1.56

Rental equals "Gross Transacted Face Rental"

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

KEY LEASING TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
China Merchants' Bank Headquarter Mansion	Hexi New Town	China Pacific Insurance	4,400	New Setup
Ping'An Financial Center	Xinjiekou	Meituan Dianping	4,200	New Setup
Nanjing SHK IFC	Hexi New Town	EY	2,000	New Setup
Jiangsu Hotel	Xinjiekou	Tianding Securities	1,400	New Setup

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION YEAR
Nanjing IFC Phase II	Hexi New Town	-	138,900	2021
Greenland Zijin Center	Gulou/Hunan Road	-	22,416	2023
Financial City II	Hexi New Town	-	160,000	2023
Hongkong Land Jinling Central	Xinjiekou	-	100,000	2023
Walsin Centro AB Plot	Hexi New Town	-	186,000	2023

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