

Office Q4 2020

¥94.4
Rent (PSM/MO)

12-Mo.
Forecast



1.1%
Rental Growth (QOQ)



34.6%
Vacancy Rate



Source: Cushman & Wakefield Research

TIANJIN ECONOMIC INDICATORS Q3 2020

0%
GDP Growth

Q2 2020: **-3.9%** ▲
12-Mo. Forecast: ▲

0.1%
Tertiary Sector Growth

Q2 2020: **-2.2%** ▲
12-Mo. Forecast: ▲

2.8%
CPI Growth

Q2 2020: **3.2%** ▼
12-Mo. Forecast: ▼

-6.1%
Real Estate Development & Investment Growth

Q2 2020: **-6.3%** ▲
12-Mo. Forecast: ▲

Source: Tianjin Statistics Bureau/ Cushman & Wakefield Research

Leasing Demand Continues to Pick Up

No new supply entered the Tianjin office market in Q4, and citywide total stock remained at 2.38 million sq m. With the pandemic effectively under control domestically leasing demand continued to pick up in the quarter, with net absorption reaching 56,188 sq m, up 70% q-o-q. In turn, the vacancy rate fell by 2.4 percentage points q-o-q to 34.6%.

Market Rents Rebound

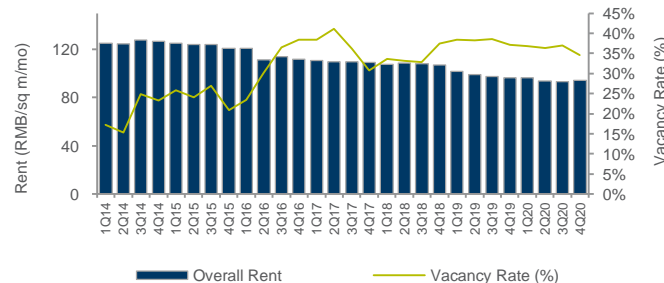
The improved leasing demand environment helped push up average monthly rents by 1.1% q-o-q to reach RMB94.4 per sq m by the end of Q4, rebounding from the falls of Q2–Q3. The TMT and real estate sectors were the two primary drivers of transaction activity in the quarter, accounting for 41% and 28% of the total leased area, respectively.

Peak of New Supply in the Coming Year

The new office supply pipeline was heavily disrupted by the pandemic in 2020, resulting in just a single new project completing and entering the market in the year. The throttling of new supply helped to ease market pressures during the challenging pandemic period, but also laid the foundation for a surge of completions in 2021. The office market is expected to see around 410,000 sq m of new space in the coming year. The influx is expected to push the vacancy rate back up again in the short-term, and to exert downwards pressure on rental levels.

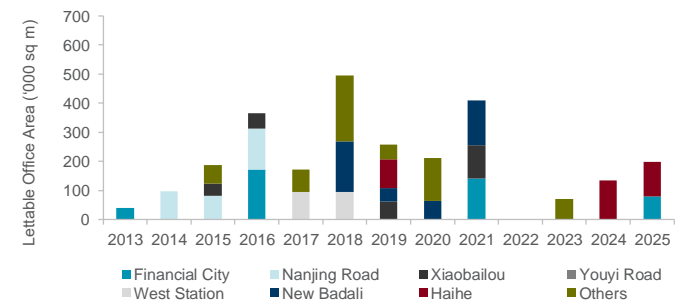
Looking at the longer-term, a raft of new measures from the Tianjin Municipal Government are designed to guide the longer-term development of the city's economy, and to promote sustained demand in the office property market. The *Measures for Further Optimizing the Business Environment and Better Serving Market Entities* guidelines, issued in November, focus on 36 business policy measures, including optimizing the operating environment for foreign enterprises.

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
Nanjing Road	590,737	21.36%	0	107.93	1.53	1.28
Financial City	332,370	34.23%	220,960	93.24	1.32	1.11
Xiaobailou	295,971	36.92%	113,100	99.82	1.41	1.19
Youyi Road	162,675	30.89%	0	91.10	1.29	1.08
West Station	189,450	31.06%	0	85.06	1.20	1.01
New Badali	220,964	56.08%	155,000	72.72	1.03	0.86
Haihe	96,968	51.48%	254,000	80.48	1.14	0.96
Others*	495,850	38.93%	71,840	92.20	1.30	1.10
TIANJIN GRADE A OVERALL TOTAL	2,384,985	34.60%	814,900	94.39	1.33	1.12

*Projects of others not belonging to any of the above submarkets.

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

KEY LEASING TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
China Overseas Rortune Center	New Badali	CCCG REAL ESTATE GROUP CO.,LTD.	2,215	Relocation
China Overseas Rortune Center	New Badali	GOOD INTERNATIONAL	2,100	Relocation
Wealth Center	Haihe	Tianjin Hebei District Digital Smart Financial Court	1,400	Relocation
COFCO Plaza	Others	DIDI Optimization	1,300	Relocation

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
JING JIN INTERNATIONAL CENTER	Financial City	N/A	141,760	2021
FIFC	New Badali	N/A	65,000	2021
PAFC	Xiaobailou	N/A	113,100	2021
JINMAO	Others	N/A	25,986	2023

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