



¥78.0

Rent (PSMMO)

12-Mo.  
Forecast

-11.1%

Rental Growth (YOY)

16.9%

Vacancy Rate

Source: Cushman &amp; Wakefield Research

ZHENGZHOU ECONOMIC INDICATORS  
Q1-Q3 2020

1.2%

GDP Growth

1H  
2019

7.2%

12-Mo.  
Forecast

0.3%

Tertiary Sector  
Growth

7.0%

3.1%

CPI Growth

2.6%

2.5%

Real Estate Sector  
Investment

4.0%

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

## New Office Projects Continued to Complete in 2020

New Grade A office projects continued to enter the market in 2020 even though COVID-19 delayed the handover process for some time. Haihui Center, Meiqiao Square, Evergrande Square and Yonghe Central Plaza brought 133,000 sq m of quality office supply to the market. Most of the new projects entered the market in the second half of the year. Since the database was adjusted for this year, total Grade A office stock for the city rose to 3.4 million sq m.

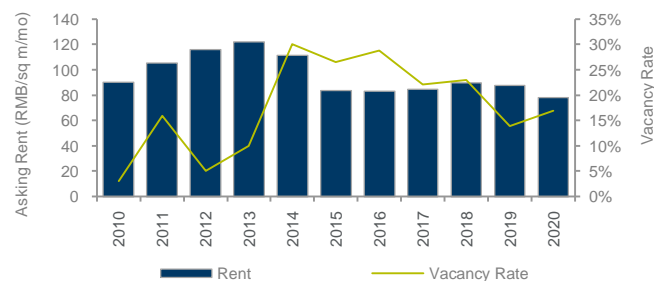
## Leasing Activity Led by Online Education and Insurance Firms

Transaction activity fell sharply in the first half of 2020 in the face of the pandemic, but started to recover in the second half of the year. Throughout the year, space in projects that were completed in 2019 was gradually taken up in 2020, which pushed net absorption to around 149,492 sq m. The COVID-19 outbreak has driven growth in the digital economy, and online education firms were prominent in leasing activity during the year. The pandemic also prompted a spike in demand for health insurance, which in turn resulted in insurance firms becoming another driver of office demand during the year. Even though demand has been positive this year, current vacancy in newly completed projects pushed the average citywide vacancy rate up to 16.9%. Looking to the future, with the government's promotion of its "Smart City", 5G and Internet-related firms are expected to seek quality office space in 2021 and beyond.

## Rental Growth Likely to Rebound in 2021

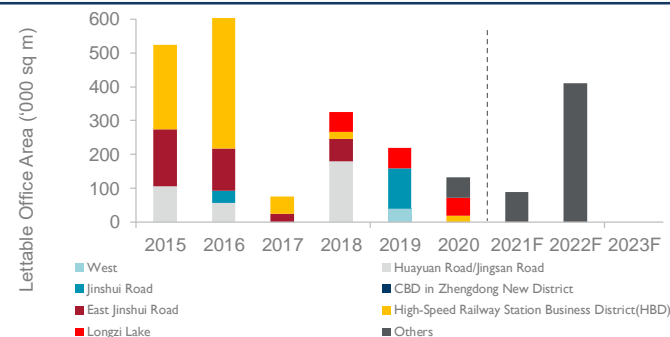
Zhengzhou finally achieved positive growth in GDP in Q3 2020. Real estate investment also saw positive growth numbers in 2020. Overall, towards the end of the year, the economy has almost returned to the pre-pandemic level of performance. However, partly due to changes in statistics standards and in the properties database, combined with the loss of many small enterprises in the first half and consequent downwards pressure on rental levels in non-core locations, the average monthly rental level edged down to RMB78.0 per sq m. Ahead, given the performance of the economy, the completion of Metro lines 3 and 4, and government plans for city infrastructure and economic development, we expect office demand and office rental growth to enjoy a positive outlook in 2021.

## GRADE A CBD OVERALL RENT &amp; VACANCY RATE



Source: Cushman &amp; Wakefield Research

## GRADE A CBD NEW SUPPLY



Source: Cushman &amp; 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
West	150,713	22.4%	-	¥77.6	US\$1.10	€0.92
Huayuan Rd./Jingsan Road	431,435	8.7%	-	¥74.9	US\$1.06	€0.89
Jinshui Road	312,400	31.5%	-	¥72.2	US\$1.02	€0.86
CBD in Zhengdong New District	344,600	20.9%	-	¥74.8	US\$1.06	€0.89
East Jinshui Road	797,248	9.3%	-	¥93.7	US\$1.32	€1.11
High-Speed Railway Station Business District (HBD)	1,096,224	15.8%	-	¥82.5	US\$1.17	€0.98
Longzihu	253,000	22.4%	-	¥64.5	US\$0.91	€0.77
Others	60,000	60.5%	500,000	¥48.7	US\$0.69	€0.58
<b>ZHENGZHOU GRADE A TOTAL</b>	<b>3,445,620</b>	<b>16.9%</b>	<b>500,000</b>	<b>¥78.0</b>	<b>US\$1.10</b>	<b>€0.93</b>

Rental equals "Gross Transacted Face Rental"

1 RMB = 0.1521 USD = 0.1279 EUR (November 25<sup>th</sup> 2020)

#### KEY LEASING TRANSACTIONS 2020

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Evergrande Plaza	Others	Xueersi Education	18,000	New Setup
Longyu International	HBD	Yuanfudao Education	13,000	New Setup
Haihui Center	HBD	Ping'An Life Insurance	7,700	New Setup
Peoples Mansion	HBD	Xueersi Education	4,500	New Setup
Haihui Center	HBD	Dajia Insurance	3,100	New Setup
Yonghe Longzihu Plaza	Longzihu	Lvdu Real Estate	3,000	New Setup
Orient House	West	ByteDance	2,900	New Setup

#### SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Xinyuan International Center	Others(E&T Development Zone)	-	60,000	2021
Henan Luxembourg Center	Others (North Longhu)	-	30,000	2022

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