

12-Mo.
Forecast

¥110.79
Rent (PSM/MO)



-0.07%
Rental Growth (QOQ)



16.84%
Vacancy Rate



Source: Cushman & Wakefield Research

Market Confidence Recovers

No new supply was added in Q1 and Chengdu's Grade A office stock remained at 2.63 million sq m, of which around 28% is located in the Financial City submarket. A pick-up in market activity, coupled with supportive government policies, saw net absorption record 30,697 sq m for the quarter. In turn, the overall vacancy rate dropped 1.17 percentage points q-o-q to 16.84%.

With the pandemic effectively under control domestically office market confidence has gradually recovered, and overall average rents stabilized in the period to drop just 0.07% q-o-q to RMB110.79 per sq m per month at the end of the quarter.

New Supply Spike Due in 2021

The post-pandemic market recovery, combined with development around the 2021 FISU World University Games to be held in August, will prompt a spike of approximately 0.32 million sq m of new supply in 2021. Forty percent of the new stock is scheduled for Financial City and Dayuan and may exert downward pressure on these submarkets' rental levels in the short-term. Meanwhile, Panchenggang submarket will continue to mature as a business environment with the scheduled completion of ICC T1.

Demand From MNCs Expected to Persist

With the rise in the number of domestic and local enterprises in the market, the share of leasing demand from overseas firms has dropped. However, many first-class multinationals are still expanding, including Apple and Microsoft. Looking ahead, and in the context of the dual circulation economic development principle, we expect leasing demand from foreign companies to rise.

CHENGDU ECONOMIC INDICATORS Q1-Q4 2020

4.0%
GDP Growth

2020 Q1-Q3: **2.6%** 12-Mo. Forecast

3.6%
Tertiary Sector Growth

2020 Q1-Q3: **2.6%** 12-Mo. Forecast

2.5%
CPI Growth

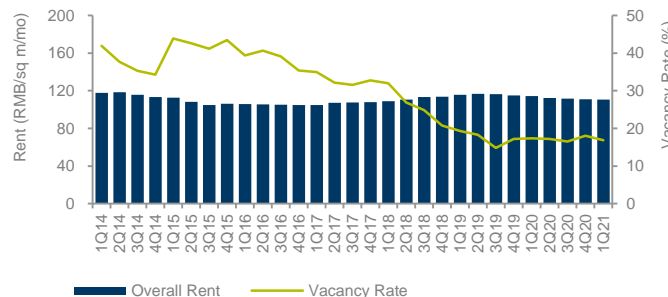
2020 Q1-Q3: **3.6%** 12-Mo. Forecast

9.2%
Real Estate Development & Investment Growth

2020 Q1-Q3: **12.0%** 12-Mo. Forecast

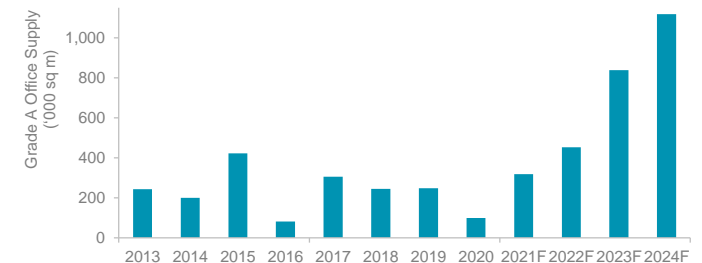
Note: Growth figure is y-o-y growth;
Source: Chengdu Statistics Bureau; Oxford Economics;
Cushman & Wakefield Research

GRADE A RENT & VACANCY RATE



Source: Cushman & Wakefield Research

GRADE A SUPPLY PIPELINE



Source: Cushman & Wakefield Research

SUBMARKET	INVENTORY (sq m)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (sq m)	GRADE A FACE RENT		
				RMB/SQ M/MO	US\$/SF/MO	EUR/SF/MO
CBD	555,102	31.9%	94,200	¥112.45	US\$ 1.60	€1.35
SBD	266,168	14.9%	251,320	¥104.22	US\$ 1.49	€1.25
Dongda Street	619,810	14.1%	-	¥120.91	US\$ 1.73	€1.45
Financial City	755,045	9.8%	648,000	¥110.84	US\$ 1.58	€1.33
DaYuan	355,665	12.6%	269,900	¥103.70	US\$ 1.48	€1.24
Tianfu New District Business Center	82,000	25.4%	883,113	¥72.24	US\$ 1.03	€0.87
CHENGDU GRADE A TOTAL	2,633,790	16.8%	2,146,533	¥110.79	US\$ 1.58	€1.33

Face Rent is calculated based on gross floor area and assuming a letting of mid floors for a typical three year lease term with VAT.
Exchange Rate: 1CNY = 0.1536USD = 0.1291EUR = 1.1923HKD = 4.3425TWD (2021.3.10)

KEY LEASING TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
MIXC I	Dongda Street	ByteDance	1,700	Expand
Chengdu Yintai Center	Financial City	YOOZOO GAMES	5,600	New Setup
Mingyoun Financial Plaza	Dongda Street	Kunge Education	2,000	New Setup
Wongtee International Center	Dayuan	Joy Media	4,200	New Setup

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
ICC T1	Panchenggang	-	93,000	2021
Western Cultural Industry Center	CBD	-	44,200	2021
Cube Building	Financial City	-	185,000	2022
AB International Plaza	Financial City	-	228,000	2022
Greenland Center 468	East Of City	-	110,000	2023
Poly International Plaza	Dayuan	-	172,900	2023
Fosun International Financial Centre	Financial City	-	200,000	2024

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