

12-Mo. Forecast

¥96.7
Rent (PSM/MO)

0.2%
Rental Growth (QOQ)

29.0%
Vacancy Rate

Source: Cushman & Wakefield Research

DALIAN ECONOMIC INDICATORS Q4 2020

0.9%
GDP Growth

Q3 2020: **-0.7%** ▲ 12-Mo. Forecast

-2.5%
Tertiary Sector Growth

Q3 2020: **-3.8%** ▲ 12-Mo. Forecast

2.1%
CPI Growth

Q3 2020: **2.7%** ▼ 12-Mo. Forecast

5.9%
Real Estate Development & Investment Growth

Q3 2020: **-2.9%** ▲ 12-Mo. Forecast

Source: Dalian Statistics Bureau / Cushman & Wakefield Research
* Data as of May 2020

Office Rents and Vacancy Rate Remained Stable in Q1

No new Grade A office supply entered the Dalian market in Q1, and citywide total office stock remained at 922,000 sq m. Strong leasing performance at landmark projects meant overall office net absorption continued to be positive in the quarter, achieving 7,543 sq m. The vacancy rate subsequently dropped by 0.8 pp q-o-q to 29.0%. In turn, the citywide average Grade A office rental level rose 0.2% q-o-q to reach RMB96.7 per sq m per month.

The trade, professional services and manufacturing sectors were the key drivers of lease transactions in the quarter. Deals included the lease by Dalian Peide Trade of 1,100 sq m of office space in the ER&F Center. Sandvik Coromant leased 730 sq m of office space in Eton International Tower, and Dalian Naohai Real Estate Agency took 675 sq m in Xiwang Tower.

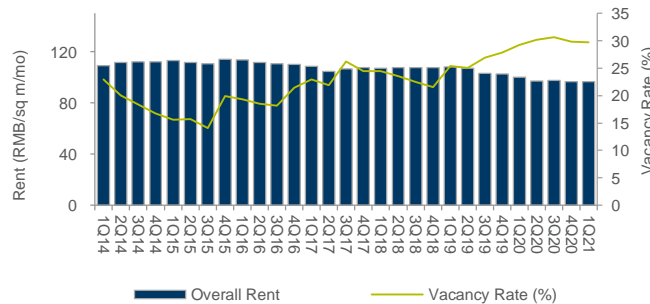
Traditional Trade Industry to Sustain Further Market Development

The CITIC Full Joy project in the East Harbor submarket is expected to enter the market in Q2. The new entry will see the overall quality of the East Harbor office market further improved, and its higher standards will also inject new vitality into the citywide office market.

As Northeast Asia's international shipping center, Dalian witnessed a quick recovery in the traditional trade sector, backed by the momentum of China's foreign trade growth. As a result, leasing demand from the sector has now remained strong for five consecutive quarters. Ahead, we expect ongoing growth in the shipping and logistics industry to support amplified office leasing demand from related industries.

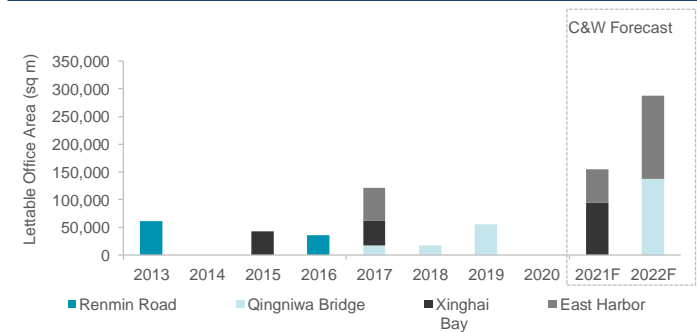
The Dalian office market has now entered an era of focusing on asset management, with tenants also raising their expectations for the total building experience. Many landlords are seeking ways to restructure the office ecosystem and to improve supporting facilities and service operations to attract more tenants. These initiatives should help secure the quality of Dalian's office market in the long run.

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
Renmin Road	256,652	33.1%	0	76.5	1.09	0.92
Qingniwa Bridge	261,167	21.7%	138,000	98.4	1.40	1.18
Xinghai Bay	283,687	33.2%	95,000	112.3	1.60	1.35
East Harbor	120,038	31.9%	209,529	99.5	1.42	1.19
DALIAN GRADE A SUBURBAN TOTAL	921,544	29.0%	442,529	96.7	1.38	1.16

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=0.1536USD=0.1291 EUR as of Mar 10th, 2021

KEY LEASING TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
ER&F Center	East Harbor	Dalian Peide Trade	1,100	Relocation
Eton International Tower	Qingniwa Bridge	Sandvik Coromant	730	Relocation
Xiwang Tower	Qingniwa Bridge	Dalian Naohai Real Estate Agency Co., Ltd	675	New Lease

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
CITIC Full Joy	East Harbor	N/A	59,851	2021
Huajun Financial Centre	Xinghai Bay	N/A	95,000	2021
Dalian World Trade Centre	Qingniwa Bridge	N/A	95,000	2022
Eton Center ST-1	Qingniwa Bridge	N/A	43,000	2022
Dalian ORIX Building AB	East Harbor	N/A	149,678	2022

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