

¥283.8
Rent (PSM/MO)

12-Mo.
Forecast

0.43%
Rental Growth (QOQ)

15.5%
Vacancy Rate

(Core, Grade A)
Source: Cushman & Wakefield Research

SHANGHAI ECONOMIC INDICATORS Q4 2020

1.7%
GDP Growth

Q3
2020

-0.3%

12-Mo.
Forecast

1.8%
Tertiary Sector
Growth

0.7%

1.7%
CPI Growth

2.3%

11.0%
Real Estate Sector
Investment

10.0%

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

Five new Grade A office projects completed in Q1

Five projects completed in Q1, contributing a total of 236,633 sq m of new supply to the Grade A office market in Shanghai. The only project located in the core areas was the long-awaited urban renewal project – JC Plaza in Core Jing'an. The other four projects were in Century Park, Fringe Xuhui and Minhang. As a result of this supply, the Shanghai Grade A office stock total rose to 13.77 million sq m. With approximately 5 million sq m of further supply through to 2025, the stock is expected to reach 18.7 million sq m by then.

Robust leasing demand persisted despite the Chinese New Year holiday

Despite the week-long Chinese New Year holiday in mid-February, the Shanghai Grade A office market still witnessed robust leasing activity with a 363,293 sq m net absorption in Q1, up 29.6% q-o-q, and a much more remarkable recovery signal when compared to Q1 2020, when Shanghai's office market was shattered by COVID-19 with a -90, 545 sq m net absorption.

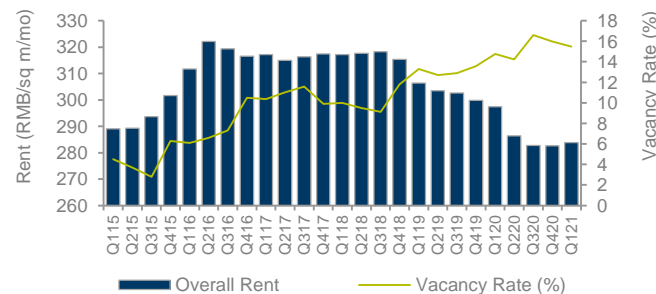
The Core areas recorded 73,843 sqm of net absorption and 289,450 sq m for the non-core areas. The strong leasing demand has driven the overall vacancy rate down by 1.11% q-o-q, to 20.74% (15.47% for core, 28.76% for non-core).

Industry sector-wise, Finance led with 36.0% of total transactions by area in Q1. This was followed by Professional Services and TMT. Within the Finance sector, many securities companies, asset management companies, banking units and investment institutions showed active leasing needs regarding relocation, renewal and expansion.

Core area rental picked up in Q1

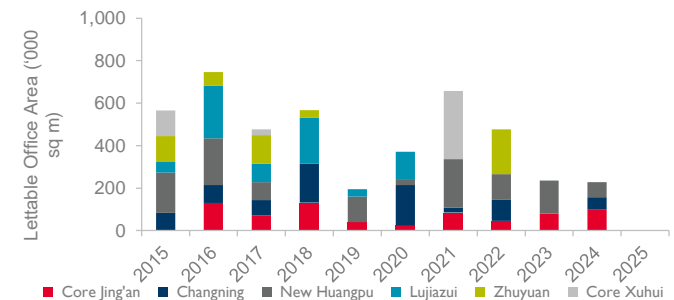
After nine consecutive quarters of rental decline in the core areas in Shanghai, in Q1 rent picked up by 0.43% q-o-q, to reach RMB 283.8/sq m/month. The non-core areas rental saw a reduction of 2.12% q-o-q, mostly due to the large volume of future supply, which has intensified landlord competition within this area.

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	US\$/SF/MO	EUR/SF/MO
Core Jing'an	1,243,257	12.8%	274,132	¥348.4	US\$4.97	€4.18
New Huangpu	1,802,862	15.7%	573,101	¥281.5	US\$4.02	€3.38
Lujiazui	2,229,646	19.3%	0	¥309.6	US\$4.42	€3.71
Zhuyuan	1,279,149	11.5%	212,008	¥241.5	US\$3.45	€2.90
Core Xuhui	519,255	4.8%	320,975	¥289.0	US\$4.13	€3.47
Changning	1,236,154	19.5%	179,518	¥224.8	US\$3.21	€2.70
SHANGHAI GRADE A CBD TOTAL	8,310,323	15.5%	1,559,734	¥283.8	US\$4.05	€3.41
Shanghai Grade A Suburban	5,459,494	28.8%	3,406,533	¥190.1	US\$2.71	€2.28

Rental equals "Gross Transacted Face Rental"
1 USD = 6.5104 RMB = 0.8405 EUR (2021.03.10)

KEY LEASING TRANSACTIONS 1Q21

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Raffles City The Bund	Hongkou	SPD BANK	25,000	Relocation
Qiantan Centre	Expo & Qiantan	Amazon	9,900	Relocation
International Capital Plaza	Hongkou	ATLAS	8,511	New Setup
Qiantan Centre	Expo & Qiantan	Mengniu	6,600	Relocation
Bund SOHO	Huangpu	Clubhouse	5,000	Relocation

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Lumina	Fringe Xuhui	-	169,943	2021
Shanghai SK Tower	Expo & Qiantan*	-	123,075	2021
Binjiang Urban Development Center	Fringe Xuhui	-	209,000	2022
CR Land Zhangyuan Project	Core Jing'an	-	80,069	2023
Shangxianfang Project	Huangpu	-	70,604	2024
Park Avenue Central	Core Jing'an	-	98,952	2024

*Expo & Qiantan suburban area includes Houtan area

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