

12-Mo. Forecast

¥98.40
Rent (PSM/MO)



-1.8%
Rental Growth (QOQ)



31.1%
Vacancy Rate



Source: Cushman & Wakefield Research

XIAMEN ECONOMIC INDICATORS Q1-Q4 2020

Q1-Q3 2020 12-Mo. Forecast

5.7%
GDP Growth

3.1% ▲

5.5%
Tertiary Sector Growth

3.1% ▲

2.5%
CPI Growth

3.4% ▲

17.4%
Real Estate Development & Investment Growth

17.0% ▼

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

Market Activity Sustains But Average Rental Levels Slips Below RMB100 Mark

The renewed market activity seen in Q4 sustained into the early 2021 period. With no new supply added, net absorption reached 26,005 sq m in Q1, a six-fold jump y-o-y. The rebound in activity helped drop down the citywide vacancy rate by 2 percentage points q-o-q to 31.1%. The Outside Xiamen's Main Island (OMI) submarket recorded the steepest vacancy drop of 6.6 percentage points to finish at 67.5%. At the other end of the scale, vacancy at Lujiang Road submarket edged up following the relocation of some large occupiers to other submarkets.

The majority of landlords lowered rents in the quarter to achieve greater occupancy. In turn, the overall average rental level dropped below the RMB100 benchmark level to RMB98.4 per sq m per month. Average rents at the N/S Hubin Road submarket and Lujiang Road submarket dropped 2.6% and 2.2% q-o-q respectively, exceeding the city average decline of 1.8%, while the Cross Strait Financial Center (CSFC) submarket also dropped 1.8%.

Future Supply Influx to Exert Greater Downward Pressure on Rent

Ahead, demand from new economy sectors for Grade A office space is expected to remain active and to continue to absorb space. Some occupiers are seeking sizable spaces due to business integrations.

By submarket, CSFC is designated to play an important role in Xiamen's dual core development strategies. OMI submarket is also benefiting from industry clustering effects, and this should again help to support office market demand.

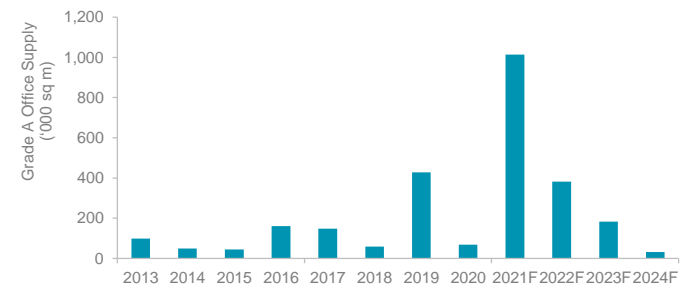
The city is expected to see 1.01 million sq m of future office supply enter the market through the remaining of the year -- double the volume of 2019's previous supply peak of 429,000 sq m. Most of the new supply is slated for the CSFC, CSTC and OMI submarkets, and such an influx in the non-core area will inevitably exert further downward pressure on the citywide average rent level in the short-run.

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	USD/SF/MO	EUR/SF/MO
Lujiang Rd.	251,000	22.1%	139,000	107.9	1.5	1.3
N/S Hubin Rd.	169,000	33.6%	207,000	110.7	1.6	1.3
Cross Strait Financial Center (CSFC)	708,500	28.2%	543,700	98.3	1.4	1.2
Cross Strait Trade Center (CSTC)	58,000	5.0%	322,900	84.0	1.2	1.0
Outside Xiamen's Main Island (OMI)	148,000	67.5%	396,800	74.5	1.1	0.9
XIAMEN GRADE A TOTAL	1,334,500	31.1%	1,609,400	98.4	1.4	1.2

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 and rent free periods factored in.
Exchange Rate: 1USD= 0.840495 EUR=6.510417 RMB (2021.03.10)

KEY LEASING TRANSACTIONS 1Q21

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
CR Building - Tower A	N/S Hubin Rd.	Alibaba	5,100	Relocation
International Plaza	Lujiang Rd.	Xiamen International Bank	2,700	Expansion
CR Building - Tower A	N/S Hubin Rd.	Shinyway Education	2,200	Relocation

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Sea World – Free Trade Center 1/2/4/6	CSTC	-	260,000	2021
Haixi Jingu Plaza T4	CSFC	-	54,000	2021
Xiamen Air Headquarter	CSFC	-	66,000	2021
Winland Complex	CSFC	-	220,000	2021

Zhang Xiao-Duan

Senior Director, Head of Research
South China

Add: 5F, Tower2, Kerry Plaza, No.1 Zhongxinsi Road,
Futian District, Shenzhen 518048, China

Tel: +86 755 2 151 8116 / xiaoduan.zhang@cushwake.com

cushmanwakefield.com

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