

12-Mo. Forecast

¥111.19
Rent (PSM/MO)

0.37%
Rental Growth (QOQ)

14.09%
Vacancy Rate

Source: Cushman & Wakefield Research

Market Recovery Continues

No new supply was added in Q2, and Chengdu's Grade A office stock remained at 2,633,790 sq m. Transaction volume for large-scale leases rose significantly in the period, and this is hoped to indicate strong support for the Grade A office market in the near-term. Net absorption for the quarter amounted to 72,564 sq m, with the citywide average vacancy rate falling 2.8 percentage points q-o-q to hit a record low of 14.09%. The improvement in demand supported rental growth of 0.37% q-o-q to RMB111.19 per sq m per month, reversing a seven-quarter rental slump.

Subleasing Market Resumes Activity

The recent US-China trade frictions, coupled with the damaging global impacts of the pandemic, have led to challenging economic conditions. Against this backdrop, many firms have tightened their budgets and opted for sublease premises with lower rental levels, and the subleasing landlord market has now resumed development activity.

New Supply to Focus On Tianfu New District Business Center

Chengdu's Grade A office market will usher in a substantial volume of supply from 2023, predominately in the Tianfu New District Business Center. The influx is likely to exert pressure on the submarket's rental level and vacancy rate in the short-term. However, as the new supply completes and comes onstream, the number of firms locating in the district and the benefits of business clusters will also rise.

CHENGDU ECONOMIC INDICATORS Q1 2021

17.3% GDP Growth
2020 Q1-Q4: **4.0%** 12-Mo. Forecast

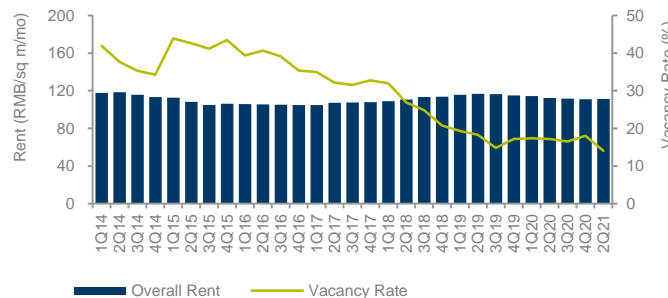
17.7% Tertiary Sector Growth
2020 Q1-Q4: **3.6%** 12-Mo. Forecast

-0.9% CPI Growth
2020 Q1-Q4: **2.5%** 12-Mo. Forecast

17.0% Real Estate Development & Investment Growth
2020 Q1-Q4: **9.2%** 12-Mo. Forecast

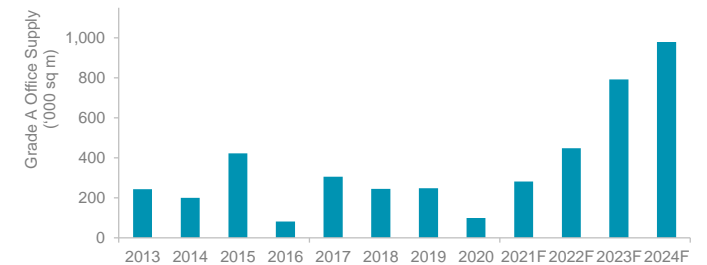
Note: Growth figure is y-o-y growth;
Source: Chengdu Statistics Bureau; Oxford Economics; Cushman & Wakefield Research

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	25.7%	94,200	¥112.58	US\$ 1.64	€1.34
SBD	266,168	14.8%	251,320	¥104.53	US\$ 1.52	€1.25
Dongda Street	619,810	12.6%	-	¥121.50	US\$ 1.77	€1.45
Financial City	755,045	6.8%	553,000	¥111.62	US\$ 1.62	€1.33
DaYuan	355,665	11.8%	333,330	¥103.60	US\$ 1.51	€1.24
Tianfu New District Business Center	82,000	20.9%	935,113	¥72.24	US\$ 1.05	€0.86
CHENGDU GRADE A TOTAL	2,633,790	14.1%	2,166,963	¥111.19	US\$ 1.62	€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 = 0.1565USD = 0.1284EUR = 1.2141HKD = 4.3313TWD (2021.6.8)

KEY LEASING TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Leading Center	CBD	NetEase	4,000	Relocation
Sichuan Airlines Center	CBD	Sichuan Zhongling Tiansheng Insurance Agency Co., Ltd.	2,000	New Setup
China Overseas International Center J	Financial City	Sichuan Xincheng Technology Co., Ltd.	2,100	New Setup
Junson International Center	Financial City	Jiangsu Shengdi Industrial Co., Ltd.	1,973	New Setup

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Western Cultural Industry Center	CBD	-	44,200	2021
Cube Building 10	Financial City	-	90,000	2021
ICC T1	Panchenggang	-	93,000	2022
AB International Plaza	Financial City	-	228,000	2022
Tianfuhui Center	SBD	-	111,000	2023
Poly International Plaza	Dayuan	-	172,900	2023
Fosun International Financial Centre	Financial City	-	200,000	2024

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