

12-Mo. Forecast

¥130.9
Rent (PSM/MO)



0.6%
Rental Growth (QOQ)



20.7%
Vacancy Rate



Source: Cushman & Wakefield Research

SHK Nanjing IFC II Completed in Q2

According to the Nanjing Municipal Bureau of Statistics, Nanjing's major economic indicators, GDP and tertiary sector total value, grew at 16.0% and 15.5% y-o-y, respectively in Q1 2021. Consequently, the macro fundamentals of the Nanjing office market continue to remain solid. A new Grade A office property, SHK Nanjing IFC II located in Hexi New Town submarket, entered the market in Q2, bringing approximately 138,900 sq m of quality office space. Accordingly, the total stock of Nanjing's Grade A office market expanded to 1.98 million sq m.

Expansion by Domestic Firms a Significant Market Highlight in the Quarter

Robust demand was generated by widespread expansion in industry sectors including TMT, finance, trade, education, and professional services during Q2. Expansion by domestic firms was a significant market highlight, as evidenced by a series of large-sized leasing deals. For example, Nanjing Wofei occupied 4,000 sq m at Bewinner International Center, China Construction Fourth Engineering Bureau leased 1,917 sq m at Huacai T6, and Trueland secured 1,071 sq m at Sunny World. Correspondingly, the overall vacancy rate in the Grade A market dropped by 4 pp q-o-q to 20.7% at the end of the quarter.

Due to the limited new supply in the Grade A market, and with many domestic companies actively seeking space for relocation or expansion, the overall average Grade A rental rose 0.6% q-o-q to RMB130.9 per sq m per month.

Average Rents to Grow Within a Reasonable Range

Nanjing's Grade A office market is expected to receive new supply GFA of approximately 70,000 sq m in the second half of 2021. Based on the observation of leasing performance within upcoming and existing projects, the finance, TMT, and professional services industries will continue to be the major participants in the Grade A office leasing market. In the short term, landlords of existing Grade A office properties are expected to raise rents during the renewal period, leading the city's average rental level to grow within a reasonable range.

NANJING ECONOMIC INDICATORS Q1 2021

2020 12-Mo. Forecast

16.0%
GDP Growth

4.6%

15.5%
Tertiary Sector Growth

4.1%

0.4%
CPI Growth

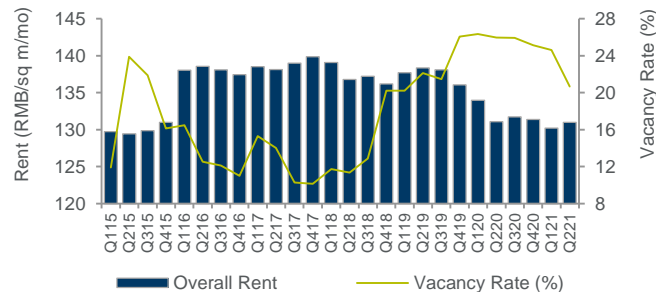
2.4%

22.9%
Real Estate Sector Investment

5.2%

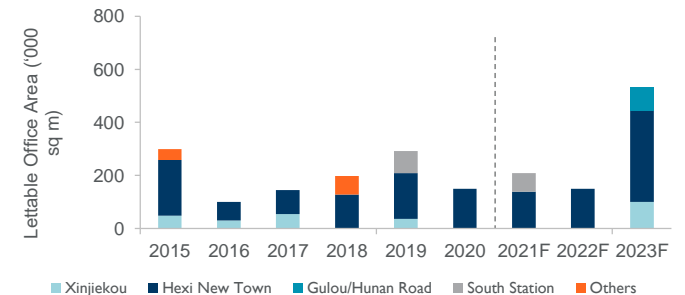
Source: Nanjing Statistics Bureau
The forecast is based on Oxford Economics

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	USD/SF/MO	EUR/SF/MO
Xinjiekou	538,069	21.2%	100,000	¥144.1	US\$2.10	€1.72
Hexi New Town	1,072,627	22.5%	649,685	¥131.9	US\$1.92	€1.57
Gulou/Hunan Road	155,618	26.3%	86,861	¥125.4	US\$1.82	€1.50
South Station	83,583	2.6%	70,000	¥98.8	US\$1.44	€1.18
Baijiahu	100,000	6.5%	0	¥106.4	US\$1.55	€1.27
Others	40,000	15.0%	0	¥121.6	US\$1.77	€1.45
NANJING GRADE A CBD TOTAL	1,890,447	20.7%	896,546	¥130.9	US\$1.90	€1.56

Rental equals "Gross Transacted Face Rental"

1RMB = 0.1565USD = 0.1284EUR (June 8th 2021)

KEY LEASING TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Bewinner International Center	Hexi New Town	Nanjing Wofei Electronic Commerce Co., Ltd	4,000	New Setup
Bewinner International Center	Hexi New Town	INFORE	1,700	New Setup
Sunny World	Hexi New Town	Trueland	1,071	New Setup
Ping'An Financial Center	Xinjiekou	Fenbi.com	400	New Setup

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION YEAR
Greenland Zijin Center	Gulou/Hunan Road	-	22,416	2023
Financial City II	Hexi New Town	-	160,000	2023
Hongkong Land Jinling Central	Xinjiekou	-	100,000	2023
Walsin Centro AB Plot	Hexi New Town	-	186,000	2023

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