



Office Q2 2021

¥71.4

Rent (PSM/MO)

12-Mo.
Forecast

-2.1%

Rental Growth (QOQ)

26.4%

Vacancy Rate

Source: Cushman & Wakefield Research

SHENYANG ECONOMIC INDICATORS
Q1 2021

15.5%

GDP Growth

Q4
2020

0.8%

12-Mo.
Forecast

10.8%

Tertiary Sector
Growth

-0.6%

0.7%

CPI Growth

2.3%

42.1%

Real Estate
Development &
Investment Growth

5.2%

Source: Shenyang Statistics Bureau / Oxford Economics /
Cushman & Wakefield Research

Office Rental Level Continues to Slide

Shenyang Vanke Center entered the market in Q2, bringing a total of 44,000 sq m of new Grade A supply, and taking the overall Grade A office stock to 1.14 million sq m. Strong performance at new projects helped quarterly net absorption jump 200% q-o-q to reach 43,847 sq m. In turn, the citywide average vacancy rate dropped 1 percentage point q-o-q to 26.4%. However, the new supply entering the market and business challenges from the reappearance of COVID-19 saw the overall average rental continue to slide, dropping by 2.5% q-o-q to RMB71.4 per sq m per month.

Professional Service Sectors Led Leasing Demand

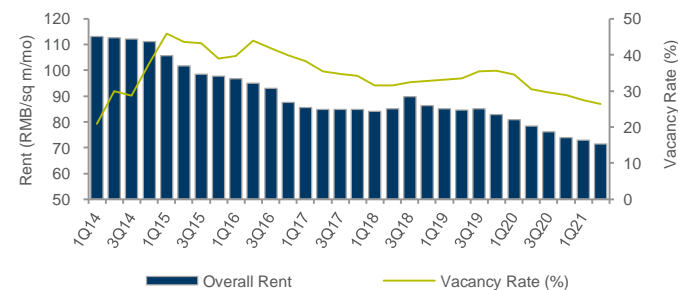
Leasing demand from online education operators continued to be strong in Q2, emerging as the key driver of Grade A office take-up in the Golden Avenue-Wulihe submarket. Consequently, the overall professional services sector accounted for 52.9% of total leased area in Q2.

Professional Services and Technology Industries Set to Lead Market

Approximately 70,000 sq m of new supply is planned to enter the Golden Avenue-Wulihe submarket in 2H 2021. High-quality new projects will intensify market pressures, especially for landlords in core submarkets. Enterprises are now taking advantage of the window to relocate to prime locations, although, further ahead, we expect market leasing demand to stabilize.

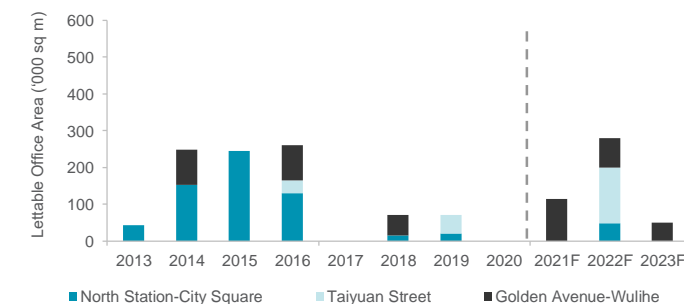
Liaoning province is actively building a new pattern for regional development. Shenyang will take the lead in digitalization, networking and intelligent transformation of the manufacturing industry around the goal of building a central city, which in turn will bring new opportunities for the city's office market. According to the policy and development plan, it is expected that professional services and technology industries will continue to lead leasing demand in the market into the future.

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
North Station-City Square	544,439	19.5%	49,000	71.5	1.04	0.85
Taiyuan Street	244,452	45.1%	150,000	61.0	0.89	0.73
Golden Avenue-Wulihe	353,184	24.1%	201,182	77.5	1.13	0.92
SHENYANG GRADE A OVERALL TOTAL	1,142,075	26.4%	400,182	71.4	1.04	0.85

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=0.1565USD=0.1284 EUR as of Jun 8th, 2021

KEY LEASING TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Shenyang Vanke Center	Golden Avenue-Wulihe	Yuanfudao	20,000	New Lease
Kerry Center B	Golden Avenue-Wulihe	Shenyang Geili Trade	2,000	Expansion
Fortune Plaza A	North Station-City Square	Chengxinyouxuan	372	Expansion

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Shenyang GFC T2	Golden Avenue-Wulihe	N/A	70,000	2021
HongYun Center	Taiyuan Street	N/A	80,000	2022
One World	Taiyuan Street	N/A	70,000	2022
CIFI Center	North Station-City Square	N/A	49,000	2022
The King Business Center	Golden Avenue-Wulihe	N/A	81,600	2022
Lingxi Center	Golden Avenue-Wulihe	N/A	49,582	2023

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