



¥76.2

Rent (PSM/MO)

12-Mo.
Forecast

5.4%

Rental Growth (YOY)



38.4%

Vacancy Rate



Source: Cushman & Wakefield Research

HEFEI ECONOMIC INDICATORS
Q1-Q3 2021Q1-Q3
202012-Mo.
Forecast

10.4%

GDP Growth

2.7%



9.4%

Tertiary Sector
Growth

2.6%



1.3%

CPI Growth

3.2%



-5.5%

Real Estate Sector
Investment Growth

0.6%

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

Two Grade A Office Properties Completed in 2021

Hefei's macro-economic indicators showed improvement in the first three quarters of 2021. Compared with the same period last year, Hefei's GDP growth improved by 7.7 percentage points to 10.4% y-o-y. Two Grade A office properties completed in 2021: Greenland Center in the South Station and Xinda Yinxin Square in the High-Tech Zone. These projects added a combined office GFA of approximately 195,000 sq m to the market, leading the total stock to expand to 1.7 million sq m.

Further Pick-up in Demand In Hefei's Office Market in 2021

As at the end of the Q4 2021, net absorption amounted to 150,432 sq m, confirming a further pick-up in demand in Hefei's Grade A office market. Demand in the Grade A sector came primarily from the TMT, life sciences, and professional services industries, with several large-scale leasing transactions and purchase transactions concluded during this year. Major leasing transactions in 2021 included: Huawei's lease of 5,000 sq m in the China Resources Building, MJ Health Care's lease of 4,000 sq m in Anhui Land Square in the Zhengwu submarket, and KFC's lease of 3,010 sq m in Liantou Center Tower A in the Binhu submarket.

Despite the active demand, the vacancy rate edged up by 0.9 percentage points y-o-y to 38.4% in Q4. Meanwhile, the average rent for Grade A office properties climbed by 5.4% y-o-y to reach RMB76.2 per sq m per month at the end of this year. The increase was supported by Hefei's solid economic fundamentals and stable demand from domestic and foreign companies.

Five Grade A Office Properties Scheduled to Launch in 2022

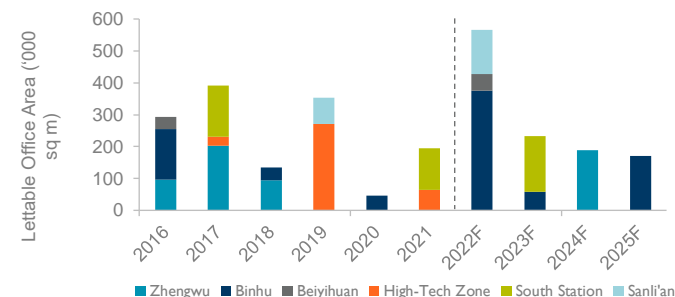
Five new Grade A office properties: New Traffic Tower in Beiyihuan submarket; Baoneng building, Fintech Tower and Wanxin Cultural Innovation Square in Binhu; and Heli Tower located in Sanli'an; are scheduled to launch in 2022, adding approximately 566,358 sq m of prime office space. The overall vacancy rate in Hefei's Grade A office market is expected to edge up in the short-term. In a bid to compete with incoming supply, we expect certain existing landlords to offer rental incentives in the short-term to help secure existing tenants.

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
Zhengwu	440,107	24.5%	188,480	¥88.5	US\$1.27	€1.08
Binhu	394,422	41.5%	544,686	¥63.8	US\$0.92	€0.78
Beiyihuan	38,280	21.0%	-	¥57.7	US\$0.83	€0.71
High-Tech Zone	360,295	29.7%	-	¥79.0	US\$1.14	€0.97
South Station	292,000	50.0%	139,402	¥64.5	US\$0.93	€0.79
Sanli'an	139,000	22.7%	114,000	¥64.3	US\$0.92	€0.78
HEFEI GRADE A CBD TOTAL	1,664,104	38.4%	1,160,389	¥76.2	US\$1.10	€0.93

Rental equals "Gross Transacted Face Rental"

1RMB = 0.1570USD = 0.1386EUR (December 16th 2021)

KEY LEASING TRANSACTIONS 2021

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
China Life Insurance Anhui Financial Center	Binhu	KFC	3,010	Relocation
China Life Insurance Anhui Financial Center	Binhu	Royal Dutch Shell Group	750	Relocation
Anhui Land Square	Zhengwu	Tianhe Law Firm	3,700	New Setup
China Resources Tower A	Zhengwu	58.Com Inc.	2,000	New Setup

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION YEAR
New Traffic Tower	Beiyihuan	-	52,270	2022
Baoneng	Binhu	-	76,436	2022
Fintech Tower	Binhu	-	94,000	2022
Wanxin Cultural Innovation Square	Binhu	-	204,250	2022
Heli Tower	Sanli'an	-	139,402	2022
Xindatanyu Tower	South Station	-	82,500	2023
Zhongjian Tianji Tower	South Station	-	91,321	2023
China Resources Kunlunyu	Binhu	-	58,000	2023

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