

12-Mo. Forecast

¥103.47
Rent (PSM/MO)



34.7%
Vacancy Rate



Source: Cushman & Wakefield Research

New Supply Drives Overall Rental Level

Golden Times Square and Jianbang Wealth Center in the Olympic CBD, and Shandong Railway Investment Building in the Hi-Tech submarket, launched in 2H 2021, bringing a total of 360,000 sq m of new supply to the Grade A office market, and taking total Grade A stock up to 1.74 million sq m. The new high-quality projects boosted the overall market rent by 3.0% from 1H 2021 to reach RMB103.47 per sq m per month. The supply influx, coupled with space downsizing or withdrawal of firms in the after-school educational training sector, constrained citywide net absorption to just 45,650 sq m. In turn, overall vacancy jumped 13.75 percentage points from 1H 2021 to reach 34.65%.

Technology and Internet firms were the main drivers of office leasing in the 2H period, accounting for 61% of total transaction area. Notable transactions included Huawei's lease of 10,000 sq m of space in the China Life Building, while Alibaba took 2,000 sq m at Technology Building.

Future Supply Surge to be Concentrated in Olympic CBD

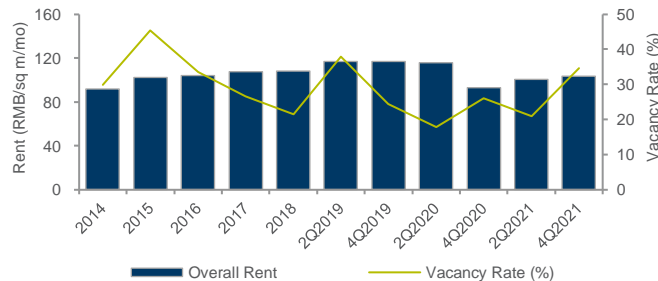
The Jinan office market is set for approximately 1.61 million sq m of new supply from 2022 to 2024, of which 780,000 sq m will be added in 2022, and all will be in the Olympic CBD submarket. The influx is expected to push up overall office vacancy, with rental levels again likely to come under pressure.

Looking ahead, the Jinan office submarkets will display differentiated development trends. The Olympic CBD and Hi-Tech submarket will see many new high-quality projects entering the market, enhancing their competitiveness. The City Center submarket will pay more attention to upgrading existing office building quality and operational services, while the West City and South City submarkets will continue to adopt active policy measures to attract tenants and enhance vitality. Policy-wise, the recent *Several Policies on Jinan's Government Supporting the Development of Special Industry Buildings* includes measures to encourage office landlords to raise single ownership ratios, encourage landlords to introduce special industries, and provide subsidies and incentives for tenants. We can expect these support measures to help promote the optimization and upgrading of Jinan's office property market, in turn attracting further well-known organizations to locate in the city.

JINAN ECONOMIC INDICATORS Q3 2021

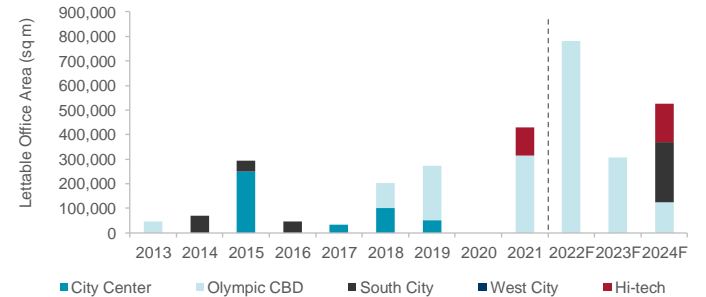


GRADE A CBD RENT & VACANCY RATE



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) (2022-2024) | GRADE A EFFECTIVE RENT | | |
|------------------------------------|---------------------|-----------------|--|------------------------|-------------|-------------|
| | | | | RMB/SQ M/MO | US\$/SF/MO | EUR/SF/MO |
| City Center Submarket | 498,230 | 16.53% | 0 | 113.2 | 1.65 | 1.47 |
| Olympic CBD Submarket | 634,350 | 45.80% | 1,209,900 | 114.8 | 1.68 | 1.49 |
| South City Submarket | 159,245 | 12.36% | 246,000 | 91.6 | 1.34 | 1.19 |
| Hi-Tech Submarket | 235,000 | 68.32% | 156,600 | 109.4 | 1.60 | 1.42 |
| West City Submarket | 212,156 | 23.29% | 0 | 49.0 | 0.72 | 0.63 |
| JINAN GRADE A OVERALL TOTAL | 1,738,981 | 34.65% | 1,612,500 | 103.47 | 1.51 | 1.34 |

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: 1USD = 6.3657CNY = 0.8876EUR as of December 15th, 2021

KEY LEASING TRANSACTIONS 2H 2021

| PROPERTY | SUBMARKET | TENANT | SQ M | LEASE TYPE |
|---------------------|-----------------------|-------------------------|--------|------------|
| China Life Building | Olympic CBD Submarket | Huawei | 10,000 | Relocation |
| Technology Building | South City Submarket | Alibaba | 2,000 | New Lease |
| Golden Square | Olympic CBD Submarket | Taikang Insurance Group | 7,400 | New Lease |

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

| PROPERTY | SUBMARKET | MAJOR TENANT | SQ M | COMPLETION DATE |
|----------------------------|-----------------------|--------------|---------|-----------------|
| Pingan IFC | Olympic CBD Submarket | N/A | 226,000 | 2022 |
| Green Land IFC | Olympic CBD Submarket | N/A | 248,000 | 2022 |
| Jinan Honor | Olympic CBD Submarket | N/A | 210,000 | 2023 |
| Fosun International Center | Olympic CBD Submarket | N/A | 124,000 | 2024 |

Sabrina Wei

Director

Head of North China Research

14/F, North Tower, Beijing Kerry Centre, 1 Guanghua Road, Beijing 100020, China

Tel: +86 10 8519 8087 / sabrina.d.wei@cushwake.com

cushmanwakefield.com

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms in the world, with approximately 50,000 employees in over 400 offices and 60 countries. In Greater China, a network of 22 offices serves local markets across the region, earning recognition and winning multiple awards for industry-leading performance. The firm had global revenues of \$7.8 billion in 2020 across core services including valuation, consulting, project & development services, capital markets, project & occupier services, industrial & logistics, retail and others. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2022 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.