



**¥63.7**  
Rent (PSM/MO)

12-Mo.  
Forecast

**-9.9%**  
Rental Growth (Compared with 2019)

**25.8%**  
Vacancy Rate

Source: Cushman & Wakefield Research

#### URUMQI ECONOMIC INDICATORS Q3 2021

**9.3%**  
GDP Growth

Q4 2020: **0.3%**

12-Mo. Forecast: **0.3%**

**9.9%**  
Tertiary Sector Growth

**-2.2%**

**1.2%**  
CPI Growth

**0.9%**

**37.5%**  
Real Estate Development & Investment Growth

**-0.9%**

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

### Pandemic Has Brought Challenges to Office Market in Past Two Years

No new supply entered the Urumqi office market in 2020 or 2021, with citywide Grade A total stock remaining at 3.02 million sq m at the end of 2021. The impact of the COVID-19 pandemic has kept leasing demand soft in the Grade A office market, but in the absence of new supply the overall vacancy rate dropped 2.8 percentage points from 2019 to 25.8%. Citywide net absorption reached 84,649 sq m in the past two years. Meanwhile, the overall average Grade A office rental level trended down, dropping 9.9% compared with 2019 to RMB63.7 per sq m per month.

Except for single-ownership properties such as Times Square and Zhongtian Square, the Urumqi office market is currently dominated by strata-titled projects. In terms of leasing transactions, professional services firms led leasing activity in 2021, taking 40% of total office lease transactions by area.

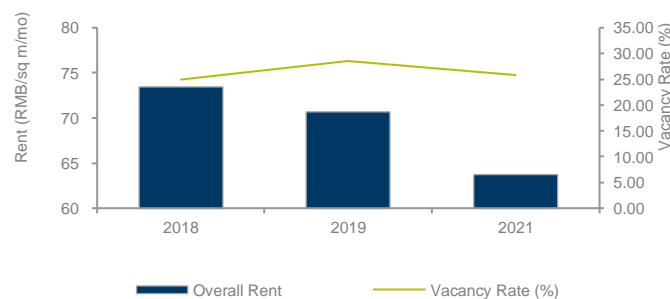
### New Supply Influx in 2022 Set to Exert Pressure

The Urumqi office market is projected to see 581,582 sq m of new supply over the next three years. Of this volume, a significant majority is set to be located in the Economic Development Zone and Shuimogou District submarkets, which are together forecast to account for more than 90% of total future supply.

Given the high vacancy rate in the existing office stock, the influx of new space will exert further pressures in the market. If demand remains relatively weak, we can expect overall office vacancy to rise, with rental levels again coming under pressure in 2022.

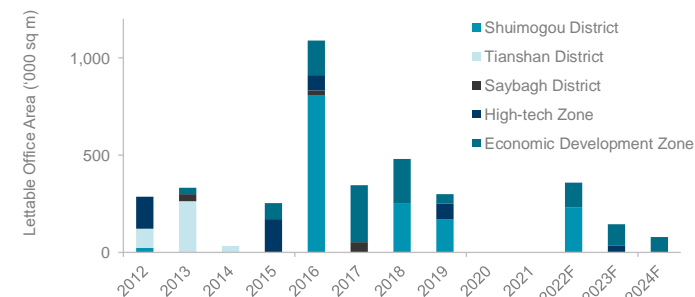
Looking ahead, Urumqi will implement the "Urumqi Metropolitan Area" regional coordination strategy and promote collaboration between the Northern Xinjiang City Belt and the Southern Xinjiang City Cluster to achieve the one-hour economic circle objective. These planning initiatives should inject new vitality into the Urumqi city office 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) (2022-2024)	GRADE A EFFECTIVE RENT		
				RMB/SQ M/MO	US\$/SF/MO	EUR/SF/MO
Shuimogou District	1,249,247	29.5%	229,566	62.8	0.92	0.81
Tianshan District	296,339	21.7%	0	64.0	0.93	0.83
Saybagh District	118,520	15.4%	0	58.0	0.85	0.75
High-tech Zone	491,949	19.6%	35,200	69.5	1.01	0.90
Economic Development Zone	867,117	26.9%	316,816	62.4	0.91	0.81
<b>URUMQI GRADE A OVERALL TOTAL</b>	<b>3,023,172</b>	<b>25.8%</b>	<b>581,582</b>	<b>63.7</b>	<b>0.93</b>	<b>0.83</b>

\*Projects of others not belonging to any of the above submarkets.

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 15<sup>th</sup>, 2021

### KEY LEASING TRANSACTIONS 2021

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Aidi building	Economic Development Zone	New Middle Ring Design	1,400	Relocation
Times Square	Tianshan District	Zhuoyue Information Technology	1,200	Relocation
Greentown square	Shuimogou District	Zhongyi Engineering Management	600	Relocation

### SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Baoneng Center	Economic Development Zone	N/A	127,500	2022
Hualing International Logistics Port	Shuimogou District	N/A	229,566	2022
Xinjiang Silk Road Center	High-tech Zone	N/A	35,200	2023
Aidi cutting edge Center	Economic Development Zone	N/A	109,062	2023
Zhongrui international Center	Economic Development Zone	N/A	80,254	2024

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