

¥90.4
Rent (PSM/MO)

12-Mo.
Forecast

-0.8%
Rental Growth (QOQ)

31.6%
Vacancy Rate

Source: Cushman & Wakefield Research

DALIAN ECONOMIC INDICATORS Q4 2021



Source: Dalian Statistics Bureau / Cushman & Wakefield Research

* Data as of Jan-May 2021

Pandemic Depresses Office Market, Finance Sector Leads Transactions

No new supply entered the Dalian office market in Q1, and citywide total stock remained at 981,395 sq m. Impacted by the pandemic, Grade A market supply and demand slowed through the quarter, with net absorption reaching just 1,142 sq m. The overall vacancy rate dropped marginally, down 0.1 percentage points q-o-q to 31.6%, with citywide average rents falling 0.8% q-o-q to RMB90.4 per sq m per month.

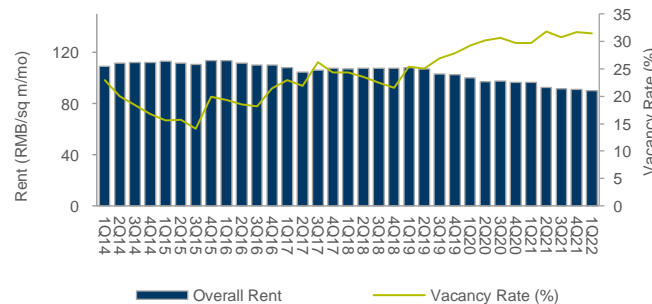
Financial companies continued to lead market demand in Q1, accounting for 40% of total office leasing transactions by area. Professional services and TMT firms ranked second and third, each with a 20% share of total transaction area. The shipping logistics industry was also active, accounting for 8.6% of total office leasing transactions by area.

New Supply to Intensify Market Competition, Advanced Industries Set to Flourish

Dalian's office market is set for a surge of new supply through the next three quarters. If all projects enter as scheduled, the vacancy rate will again rise, and average rents will come under pressure. In a tenant's market, landlords will offer more flexible rents and rent-free periods to boost occupancy. Looking ahead, the 2022 Dalian government work report highlighted the strengthening of science and technology innovation industries, and we see development of precision and advanced industries generating new future demand in the city's office market. As well, the RCEP agreement now in force will accelerate the construction of the Asia-Pacific trade hub, with shipping and logistics companies set to gain.

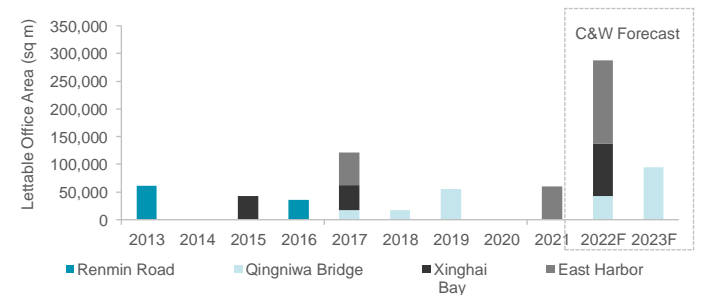
With the Dalian Municipal Government's stated goal of "Advancing to RMB1 trillion in GDP in three years," enhancing the city's comprehensive economic strength and promoting steady improvement in the quality and growth of the economy will be the major tasks for 2022. We expect to see new leasing demand from the development of related industries to become an important support for the Dalian 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) (2022-2023)	GRADE A EFFECTIVE RENT		
				RMB/SQ M/MO	US\$/SF/MO	EUR/SF/MO
Renmin Road	256,652	31.3%	0	67.9	0.99	0.91
Qingniwa Bridge	261,167	19.0%	138,000	95.9	1.40	1.28
Xinghai Bay	283,687	30.3%	95,000	99.8	1.46	1.33
East Harbor	179,889	52.1%	149,678	99.7	1.46	1.33
DALIAN GRADE A SUBURBAN TOTAL	981,395	31.6%	382,678	90.4	1.32	1.20

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 = 6.3656CNY = 0.9133EUR as of Mar 15th, 2022

KEY LEASING TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
R&F Center	East Harbor	China Export & Credit Insurance Corporation	3,000	Relocation
Real Blue	Xinghai Bay	Dalian Langchao Mengxing Culture Media Co.,Ltd	429	New Lease
Xiwang Tower	Qingniwa Bridge	Shanghai Municipal Engineering Design Institute (Group) Co.,Ltd	404	New Lease

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Eton Center ST-1	Qingniwa Bridge	N/A	43,000	2022
Huajun Financial Centre	Xinghai Bay	N/A	95,000	2022
Dalian ORIX Building AB	East Harbor	N/A	149,678	2022
Dalian World Trade Centre	Qingniwa Bridge	N/A	95,000	2023

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.