

**¥133.5**  
Rent (PSM/MO)

12-Mo.  
Forecast



**3.5**  
Stock (MILLION SQ.M)



**12.7%**  
Vacancy Rate



## HANGZHOU ECONOMIC INDICATORS Q4 2021

**8.5%**  
GDP Growth

Q3 2021: **10%** 12-Mo. Forecast:

**8.7%**  
Tertiary Sector Growth

Q3 2021: **10.1%** 12-Mo. Forecast:

**1.3%**  
CPI Growth

Q3 2021: **0.7%** 12-Mo. Forecast:

**1.5%**  
Real Estate Development Investment Growth

Q3 2021: **9.4%** 12-Mo. Forecast:

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

## Non-Core CBD Rental Rose Slightly

No new projects were added in Q1. Hangzhou's Grade A office stock subsequently remained at 3.5 million sq m at the end of the quarter. Rental levels for Grade A office space in the CBDs saw both upward and downward trends. Overall, citywide rent for Grade A offices fell by 0.2% q-o-q to RMB133.5 per sq m per month at the end of the quarter. Among the submarkets, the average rent in the core CBDs fell by 0.6% q-o-q to RMB148.3 per sq m per month in Q1. While in the non-core CBDs, average rent rose by 0.9% q-o-q to RMB101 per sq m per month.

## Core CBD Vacancy Rate Declined to 15%

Vacancy rates for the city overall and for the core CBDs both fell by 0.7 percentage points q-o-q to reach 12.7% and 15%, respectively, by the end of the quarter. In the non-core CBDs, Yunhe and East Railway Station CBDs saw remarkable destocking performance, with vacancy rate drops of 6.1 and 2.5 percentage points q-o-q, respectively, witnessed in Q1.

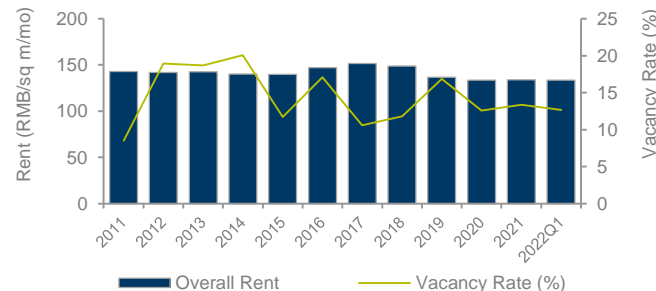
## Hangzhou Ranked First in the Urban Resources Digital Allocation Index

By the end of 2024, Hangzhou is set to add 1.15 million sq m of new office supply, with total Grade A stock then expected to reach 4.6 million sq m. Prime quality projects include Hang Lung Plaza, Knowledge City IV and Hangzhou Center.

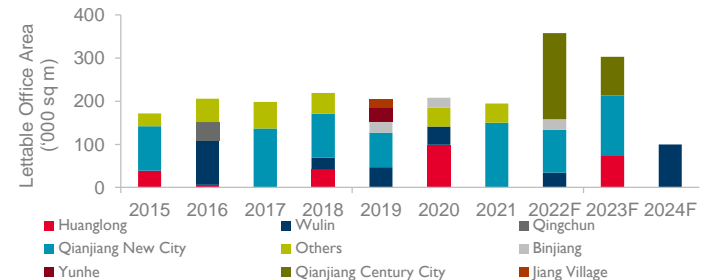
In the short term, influenced by the international situation, fluctuations in the level of the COVID-19 epidemic, policy changes and future oversupply, the city's vacancy rate is expected to rise slightly, with some rental decrease expected. From the perspective of tenant structure, the traditional finance, professional services and TMT industry sectors are expected to drive leasing demand.

According to China's first *Urban Resources Digital Allocation Index Research Report*, released at the end of February, Hangzhou was the only city which registered a score of more than 70, ranking first in China. It can be expected that in the mid-term future, with the efficient allocation and precise match of urban resources, the continuous optimization and upgrading of the business environment, as well as effective supervision and policy support from government departments, Hangzhou's Grade A office market will gain more substantial development momentum.

## GRADE A CBD OVERALL RENT & VACANCY RATE



## GRADE A CBD NEW SUPPLY



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
Huanglong	515,372	16.8%	72,978	157.6	2.33	2.07
Wulin	292,682	11.5%	200,130	170	2.52	2.23
Qingchun	260,149	9.1%	0	123.4	1.78	1.58
Qianjiang New City	1,238,882	16.2%	240,000	141.7	2.07	1.84
<b>HANGZHOU GRADE A CORE CBD TOTAL</b>	<b>2,307,085</b>	<b>15%</b>	<b>513,108</b>	<b>148.3</b>	<b>2.18</b>	<b>1.93</b>
Hangzhou Grade A Non-core CBD Total	1,166,712	8.1%	640,332	101	1.46	1.30

Rental equals "Gross Transacted Face Rental"  
1USD = 0.8876EUR = 6.3657CNY (2022.3.15)

## KEY LEASING TRANSACTIONS

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Jianghe Times	Qianjiang New City	Zhejiang Firsd Group	10,000	New Set Up
Greenland Central Plaza	Yunhe	Law Firm	1,500	New Set Up
Knowledge City	Huanglong	Technology Company	800	New Set Up

## SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	SF	COMPLETION DATE
Huaye Building	Binjiang	121,332	2022
Jinjiang International	Qianjiang New City	100,000	2022
Wealth Wulin	Wulin	36,000	2022
Knowledge City IV	Huanglong	72,978	2023
Cinda Center	Qianjiang Century City	90,000	2023

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