

Office Q1 2022

¥69.6

Rent (PSM/MO)

12-Mo.
Forecast

-0.7%

Rental Growth (QOQ)

32.0%

Vacancy Rate

Source: Cushman & Wakefield Research

SHENYANG ECONOMIC INDICATORS
Q4 2021

7.0%

GDP Growth

Q3
2021

8.0%

12-Mo.
Forecast

6.7%

Tertiary Sector
Growth

7.8%

1.3%

CPI Growth

1.2%

-1.1%

Real Estate
Development &
Investment Growth

1.9%

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

Grade A Office Rentals Continue Slide, TMT Firms Lead Market Demand

No new supply entered the Shenyang office market in Q1, and citywide total stock remained at 1.21 million sq m. Overall office market leasing demand gradually warmed up through the quarter, with net absorption reaching 6,689 sq m. The overall vacancy rate then dropped 0.6 percentage points q-o-q to 32.0%. The persistence of COVID-19 in the period again pressured rental levels, with citywide average prime rents continuing to trend down, sliding 0.7% q-o-q to RMB69.6 per sq m per month.

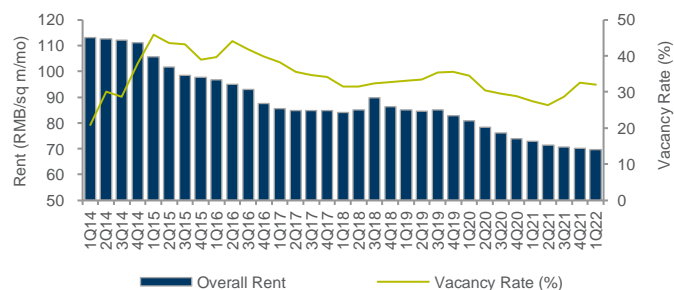
Leasing transactions in the Grade A office market were primarily concentrated in the Golden Avenue-Wulihe submarket in Q1. By industry, TMT firms led leasing demand in the quarter, accounting for 32.4% of total office leasing transactions by area. The construction & real estate sector took second place, with 26.5% of the total transaction area, driven by CCCC Investment Company Limited's activities.

New Supply to Invigorate Office Market

Shenyang's office market is set for a surge of new supply from 2022 to 2023. The successive entry of high-quality office buildings will bring more choices for tenants, and leasing market activity will be further enhanced. The influx of new supply into the market will intensify the competition among projects, and we expect to see continued pressure on rents in the short-term. Moreover, the growing maturity of landmark projects in the core submarkets and the entry of potential high-quality projects may lead to differentiation in each submarket's development.

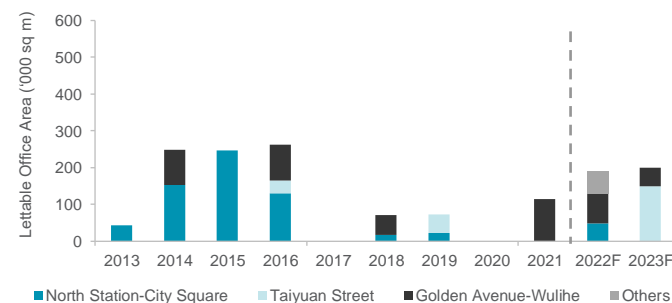
Shenyang's urban construction planning in 2022 will focus on the development of a national central city. The six major tasks in the city planning policy comprise urban renewal, construction of the city's modern metropolitan area, improving functional quality, ecological quality, service quality, and cultural quality. As these goals are reached the urban business environment will be further optimized, and the Shenyang office market will be well placed for further development opportunities 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
North Station-City Square	544,439	21.89%	49,000	69.40	1.01	0.93
Taiyuan Street	244,452	44.33%	150,000	60.07	0.88	0.80
Golden Avenue-Wulihe	423,184	38.00%	131,182	75.20	1.10	1.00
Others	/	/	60,000	/	/	/
SHENYANG GRADE A OVERALL TOTAL	1,212,075	32.04%	390,182	69.56	1.02	0.93

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
Foresea Life Financial Center	Golden Avenue-Wulihe	CCCC Investment Company Limited	2,000	Relocation
Kerry Enterprise Square A	Golden Avenue-Wulihe	PowerChina Huadong Engineering Corporation	1,000	Expansion
Shenyang Vanke Centre	Golden Avenue-Wulihe	Liaoning Sheng Law Firm	285	Relocation

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
CIFI Center	North Station-City Square	N/A	49,000	2022
COOC Center	Others	N/A	60,000	2022
The King Business Center	Golden Avenue-Wulihe	N/A	81,600	2022
Lingxi Center	Golden Avenue-Wulihe	N/A	49,582	2023
One World	Taiyuan Street	N/A	70,000	2023
HongYun Center	Taiyuan Street	N/A	80,000	2023

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