

Office Q4 2023

12-Mo. Forecast

**¥280.2**  
Rent (PSM/MO)



**- 0.73%**  
Rental Growth (QOQ)



**15.24%**  
Vacancy Rate



(Core, Grade A)  
Source: Cushman & Wakefield Research

### Four New Grade A Office Projects Entered the Market in Q4

Four new quality office projects were completed in Q4, adding 321,143 sq m of space to the Shanghai Grade A market. Poly Pukai Cultural Centre and Oriental Pearl New Media Innovative Production Center entered the core market, together with Expo Place and Axiom in the suburban area. With these new entrants, the Zhuyuan, Core Xuhui, Expo & New Bund and Yangpu submarkets all expanded their quality leased office inventory.

### Core Market Absorption Rebounded.

Core market absorption rebounded in Q4 to reach 32,056 sq m, the highest quarterly amount for the year. However, the suburban area recorded a decline with 63,090 sq m absorbed in the quarter. The influx of new projects through the year prompted the overall city vacancy rate to rise to 21.81%. However, more active leasing activity at new projects should see overall vacancy trend down ahead.

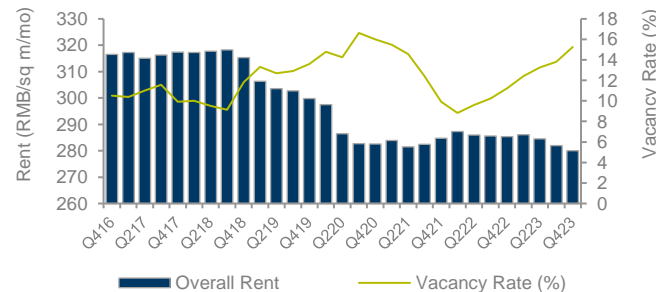
The citywide average monthly rental level fell slightly to RMB239.5 per sq m in Q4. In the core submarkets, the average rental level dropped to RMB280.2 per sq m, and in the suburban submarkets, declined to RMB189.9 per sq m.

By sector, professional services firms led leasing deals by area with a 20.51% share of total transactions in Q4, followed by finance at 18.96% and the manufacturing sector at 18.88%. The TMT sector took fourth place in Q4, with an 18.81% share. The retail & trade sector was also significant, with a 15.53% share of transactions by area. Space was also leased by companies in the logistics, real estate, energy, and healthcare sectors in the quarter. Domestic enterprises made up 58.4% of all prime office leasing transactions by area, with MNCs accounting for the balance.

### There Will Be Supply Peaks in the Next Two Years

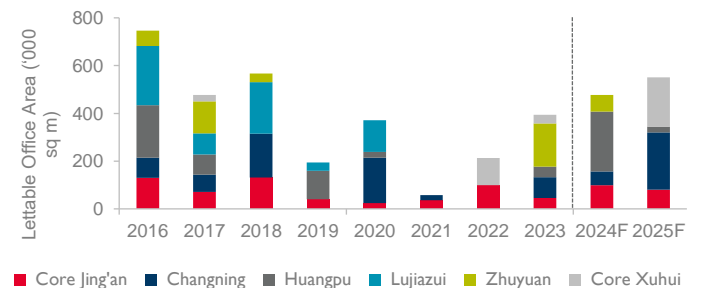
More than 1M sq m of new space is scheduled to enter the market in each of the coming two years, with suburban area new supply dominating at more than 1.5 times the new space presently slated for the core area.

### GRADE A CBD OVERALL RENT & VACANCY RATE



Source: Cushman & Wakefield Research

### GRADE A CBD NEW SUPPLY



Source: Cushman & Wakefield Research

### SHANGHAI ECONOMIC INDICATORS Q3 2023

2023H1

12-Mo. Forecast

**6.0%**  
GDP Growth

9.7%



**6.6%**  
Tertiary Sector Growth

8.2%



**0.5%**  
CPI Growth

0.4%



**25.3%**  
Real Estate Sector Investment

37.5%



Source: Shanghai Municipal Bureau of Statistics  
The forecast is based on Moody's Analytics

SUBMARKET	INVENTORY (sq m)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (sq m)	GRADE A RENT		
				RMB/SQ M/MO	USD/SF/MO	EUR/SF/MO
Core Jing'an	1,348,368	13.7%	179,021	¥323.4	US\$4.24	€3.86
Huangpu	1,900,204	11.8%	365,069	¥285.2	US\$3.74	€3.40
Lujiazui	2,274,646	11.3%	0	¥313.3	US\$4.10	€3.73
Zhuyuan	1,087,583	25.3%	70,000	¥245.4	US\$3.21	€2.93
Core Xuhui	635,714	21.4%	206,283	¥276.1	US\$3.62	€3.29
Changning	1,285,640	17.4%	297,518	¥210.0	US\$2.75	€2.50
<b>SHANGHAI GRADE A CBD TOTAL</b>	<b>8,532,155</b>	<b>15.2%</b>	<b>1,117,891</b>	<b>¥280.2</b>	<b>US\$3.67</b>	<b>€3.34</b>
Shanghai Grade A Suburban	7,891,043	28.9%	2,418,987	¥189.9	US\$2.49	€2.26

Rental equals "Gross Transacted Face Rental"

1.00 USD = 0.91026438 EUR = 7.0938814 CNY (15<sup>th</sup> Dec. 2023)

Changning, Expo & New Bund, Fringe Jing'an and Hongkou database was adjusted in Q4 2023.

### KEY LEASING TRANSACTIONS 4Q23

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
The Gate	Minhang	VOLKSWAGEN	12,000	New Leasing
Suhe Centre	Fringe Jing'an	GRANDALL LAW FIRM	10,000	Relocation
One East	Huangpu	OCEAN NETWORK EXPRESS (CHINA)	4,570	Relocation
Innovation Mix	Changning	LEQEE	3,300	Relocation
Suhe Centre	Fringe Jing'an	ZHI-TECH GROUP	2,000	Relocation

### SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION YEAR
Park Avenue Central	Core Jing'an	-	98,952	2024
CPIC Xintiandi Commercial Center T1	New Huangpu	-	122,400	2024
Xuhui Vanke Centre III	Fringe Xuhui	-	190,000	2024
China Resources Centre	Core Jing'an	-	80,069	2025
Todtown	Minhang	-	50,000	2025
ITC Phase III T2	Core Xuhui	-	206,283	2025

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