

Office Q1 2024

¥277.8
Rent (PSMMO)

12-Mo.
Forecast



- 0.87%
Rental Growth (QOQ)



15.77%
Vacancy Rate



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

SHANGHAI ECONOMIC INDICATORS 2023

5.0%
GDP Growth

2023Q3 12-Mo.
Forecast

6.0%



6.0%
Tertiary Sector
Growth

6.6%



0.3%
CPI Growth

0.5%



18.2%
Real Estate Sector
Investment

25.3%



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

Two New Grade A Office Projects Entered the Market in Q1

Xuhui Vanke Centre III T3 was completed in Q1, adding 58,700 sq m of space to the Shanghai Grade A market. The Xuhui Vanke Centre III project, in Fringe Xuhui, has a total leasable office area of more than 200,000 sq m. The T3 building was the first phase delivered. The second new entrant, the Yifeng Center in Changning, added a further 50,000 sq m of quality office space.

Suburban Market Absorption Rebounds

Suburban market absorption rebounded in Q1 to reach 90,973 sq m, an increase of 30.65% q-o-q. In contrast, the core area saw weaker performance, recording a decline into negative absorption at -5,209 sq m in the quarter. In turn, citywide total absorption slipped to 85,764 sq m. However, with less new space entering during the quarter than in the past, the upward trend of the citywide Grade A office vacancy rate was slowed somewhat, to record 22.03% at the end of the quarter. The citywide average monthly rental level fell slightly to RMB237.3 per sq m in Q1. In the core submarkets, the average rental level dropped to RMB277.8 per sq m, and in the suburban submarkets, declined to RMB188.2 per sq m.

By sector, TMT firms led leasing deals by area with a 23.84% share of total transactions in Q1, followed by retail & trade at 23.11% and the professional services sector at 20.82%. The manufacturing sector took fourth place in Q1, with an 10.09% share. The finance sector was also significant, with an 8.42% share of transactions by area. Space was also leased by companies in the healthcare, logistics, food & beverage and energy sectors in the quarter. MNC enterprises took a 52.4% share of all prime office leasing transactions by area, with domestic companies accounting for the balance.

Supply Peaks Scheduled for 2024 and 2025

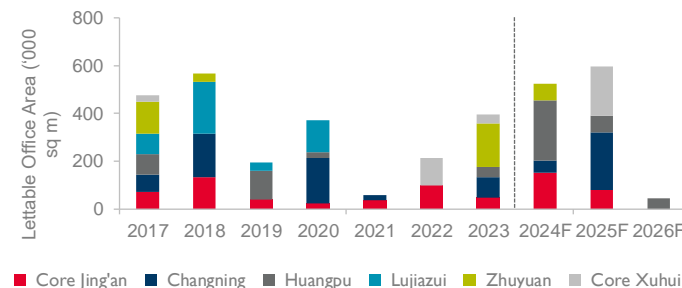
More than 1 million sq m of new space is scheduled to enter the market this year and in the next, with suburban area new supply dominating at more than 1.5 times the new space presently slated for the core area.

GRADE A CBD OVERALL RENT & VACANCY RATE



Source: Cushman & Wakefield Research

GRADE A CBD NEW SUPPLY



Source: Cushman & Wakefield Research

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	14.7%	232,292	¥319.0	US\$4.12	€3.78
Huangpu	1,900,204	12.5%	367,469	¥280.2	US\$3.62	€3.32
Lujiazui	2,274,646	10.7%	0	¥313.2	US\$4.04	€3.71
Zhuyuan	1,087,583	25.3%	70,000	¥245.4	US\$3.17	€2.91
Core Xuhui	635,714	20.5%	206,283	¥275.1	US\$3.55	€3.26
Changning	1,350,640	20.0%	239,820	¥211.7	US\$2.73	€2.51
SHANGHAI GRADE A CBD TOTAL	8,597,155	15.7%	1,115,864	¥277.8	US\$3.59	€3.29
Shanghai Grade A Suburban	8,002,043	28.8%	2,310,287	¥188.2	US\$2.43	€2.23

Rental equals "Gross Transacted Face Rental"

1.00 USD = 0.91866727 EUR = 7.1968892 CNY (15th Mar. 2024)

The database was adjusted.

KEY LEASING TRANSACTIONS

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE	TRANSACTION DATE
Shui On Plaza	Huangpu	Kimberly-Clark (China)	6,000	Relocation	4Q2023
T Center	Putuo	Jiing Hang	4,000	New Leasing	4Q2023
Lumina	Fringe Xuhui	Samsung Property & Casualty Insurance Company (China)	3,300	Relocation	4Q2023
Ruihong Corporate Avenue	Hongkou	ZTO Pay	2,800	Relocation	4Q2023

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
China Resources Centre	Core Jing'an	-	80,069	2025
Todtown	Minhang	-	50,000	2025
ITC Phase III T2	Core Xuhui	-	206,283	2025

Shaun Brodie

Head of Business Development Services, East China & Greater China Content

42-43/F, Tower 2, Plaza 66, 1366 Nanjing West Road Shanghai

Tel: +86 21 2208 0529 / shaun.fv.brodie@cushwake.com

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In Greater China, a network of 23 offices serves local markets across the region. In 2023, the firm reported revenue of \$9.5 billion across its core services of valuation, consulting, project & development services, capital markets, project & occupier services, industrial & logistics, retail and others. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), sustainability and more. For additional information, visit www.cushmanwakefield.com.

©2024 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield ("CWK"). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy. Nothing in this report should be construed as an indicator of the future performance of CWK's securities. You should not purchase or sell securities—of CWK or any other company—based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.