

## Office Q2 2024

**¥142.5**  
Rent (PSM/MO)

12-Mo.  
Forecast



**-2.5%**  
Rental Growth (QoQ)



**18.1%**  
Vacancy Rate



Source: Cushman & Wakefield Research

### GUANGZHOU ECONOMIC INDICATORS Q1 2024

**3.6%**  
GDP Growth

Q1-Q4 2023: **4.6%** ▲  
12-Mo. Forecast: ▲

**4.0%**  
Service Sector GDP Growth

Q1-Q4 2023: **5.3%** ▲  
12-Mo. Forecast: ▲

**0.5%**  
CPI Growth

Q1-Q4 2023: **1.0%** ▲  
12-Mo. Forecast: ▲

**-3.4%**  
Real Estate Development Investment Growth

Q1-Q4 2023: **-8.7%** ▲  
12-Mo. Forecast: ▲

Source: Guangzhou Statistics Bureau, Moody's Analytics, Cushman & Wakefield Research

### Landlords Sustain Price-For-Volume Strategies, Pazhou Business District Drives Absorption

Three new office projects were completed in Pazhou district in Q2 2024, adding 102,884 sq m of prime space to the market. Landlords offered flexible leasing strategies to attract tenants in the quarter, prompting occupiers to pursue new leases or cost-effective relocations. Citywide net absorption for the quarter reached 102,688 sq m, with Pazhou district accounting for more than 70% of the total. The overall vacancy rate remained stable at 18.1%, down 0.3 percentage points. Landlords' continued pragmatic "price-for-volume" leasing strategies saw the overall average rental level soften a further 2.5% q-o-q to record RMB142.5 per sq m per month.

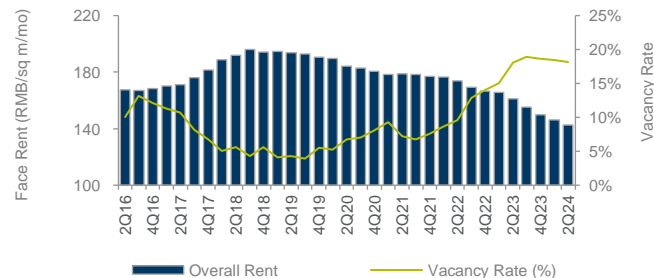
### TMT Sector Internet Firms Expand Cautiously, Consumer Sector Boost Evident

The TMT (30.0%), professional services (21.9%), and trade & retail (12.1%) sectors were the leaders in leased area in Q2. TMT firms continued in the role of stabilizing demand from the prior quarter. Internet-related enterprises, including software and information technology services, generated larger-scale transactions. These firms' leasing strategies favored relocations to newer buildings at competitive rates or renewing existing spaces on more favorable terms, while remaining cautious on outright expansion. Law firms remain the mainstay of demand in professional services. The scientific research & technology sub-sector was positive in the quarter, with firms in the biomedical, life and health-related fields taking a 5.0% share of the citywide total leasing area, with Zhujiang New Town the preferred location. Office space demand from the trade & retail sector also continued to heat up, with the share of leased area reaching 12.1%, up 8.6 percentage points q-o-q. The recovery in consumer demand and improvement in the business environment have led to a resurgence in demand for office space in traditional consumer industries.

### Outlook

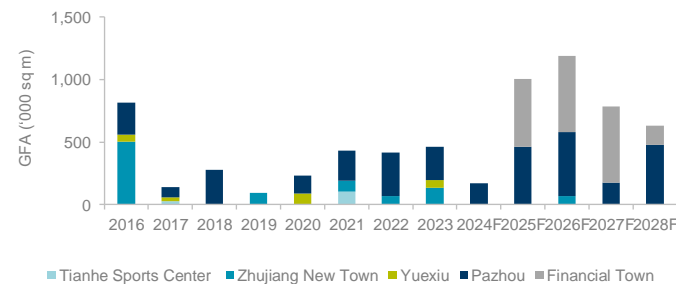
Tenants remain highly sensitive to rental costs and consequently the supply side is likely to continue to pursue a low-price strategy in response to a relatively weak new-demand market environment. The ability to maintain quality tenants and improve the stability of existing tenants will be important issues for landlords ahead. In the long run, the high-quality development of the private economy, especially the high-end service sector, will be the key force driving demand growth in the local office property market.

### GRADE A OFFICE 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 TILL 2028 (SQ M) | GRADE A FACE RENT |                 |               |
|--------------------------------|------------------|---------------|---|-------------------|-----------------|---------------|
|                                |                  |               |   | RMB/SQ M/MO       | US\$/SF/MO      | EUR/SF/MO     |
| Tianhe Sports Center           | 963,132          | 10.62%        | 0   | ¥145.00           | US\$1.90        | € 1.77        |
| Zhujiang New Town              | 3,289,426        | 14.50%        | 69,200  | ¥158.35           | US\$2.07        | € 1.93        |
| Yuexiu                         | 450,426          | 16.03%        | 0   | ¥122.52           | US\$1.61        | € 1.50        |
| Pazhou                         | 1,964,618        | 28.43%        | 1,772,789                                     | ¥119.30           | US\$1.57        | € 1.47        |
| <b>GUANGZHOU GRADE A TOTAL</b> | <b>6,667,603</b> | <b>18.15%</b> | <b>3,756,245</b>                              | <b>¥142.50</b>    | <b>US\$1.87</b> | <b>€ 1.74</b> |
| Financial Town                 | -                | -             | 1,914,256                                     | -                 | -               | -             |

\* Rent is calculated based on gross floor area and assuming a letting of mid floors for a typical three-year lease term with VAT.

1 USD = 7.2558 RMB = 0.9321 EUR as on Jun. 18, 2024

#### KEY LEASING TRANSACTIONS Q2 2024

| PROPERTY                    | SUBMARKET         | TENANT    | AREA (SQ M) | LEASE TYPE |
|-----------------------------|-------------------|-----------|-------------|------------|
| Trendy International Centre | Pazhou            | ByteDance | 8,000       | Relocation |
| Zhitong Plaza               | Pazhou            | BLUEPOCH  | 7,000       | Relocation |
| K11                         | Zhujiang New Town | MSD       | 5,000       | Relocation |
| Kingold Century             | Zhujiang New Town | ALPHA     | 4,600       | Expansion  |

#### SIGNIFICANT PROJECTS UNDER CONSTRUCTION

| PROPERTY           | SUBMARKET      | MAJOR TENANT | AREA (SQ M) | COMPLETION YEAR |
|--------------------|----------------|--------------|-------------|-----------------|
| GZ Business Center | Pazhou         | /            | 157,590     | 2025            |
| Liangye Building   | Pazhou         | /            | 103,993     | 2025            |
| JCG                | Financial Town | /            | 130,000     | 2026            |

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