

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
18.16% Vacancy Rate	▲	▲
13.53M Stock, sqm	▲	▲
¥266.11 Rent (PSM/MO)	▼	▼

(Property of GRADE A)
Source: Cushman & Wakefield Research

ECONOMIC INDICATORS

	1H 2024	Q1 2024	12-Month Forecast
5.4% GDP Growth	5.4%	6.0%	—
5.4% Tertiary Sector Growth	5.4%	5.8%	—
0.1% CPI Growth	0.1%	0.2%	▲
-1.7% Real Estate Development & Investment Growth	-1.7%	2.0%	—

Source: Beijing Statistics Bureau / Moody's Analytics / Cushman & Wakefield Research

MARKET RENTAL LEVEL CONTINUES DOWNWARD TREND

Landlords continued to adopt aggressive leasing strategies in Q3 2024, including attractive rents, longer rent-free periods, and fit-out subsidies. The overall average rental level continued to retreat, falling 4.7% q-o-q and 13.5% y-o-y to RMB266.1 per sq m per month. On the back of the generally softening rental market, tenants took the opportunity to seek cost-effective properties to upgrade their office space environment and quality. Such relocation strategies pushed citywide net absorption to 23,722 sq m. The citywide vacancy rate climbed 0.2 percentage points q-o-q and 1.2 percentage points y-o-y to record 18.2%.

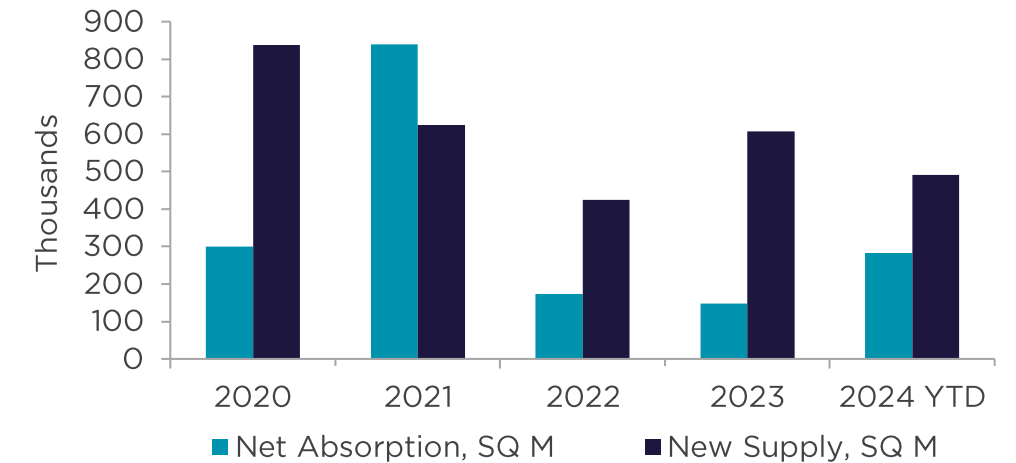
LAW, BANKING, AND MOBILE GAMING SECTOR FIRMS ACTIVE

Renewals and relocations dominated leasing activity in Q3, accounting for 35.9% and 32.8% of total transactions by area, respectively. The finance, TMT, and professional services sectors took 35.7%, 24.2%, and 20.0% shares of total transactions by area, respectively. To boost competitiveness, some landlords introduced commercial packages including cosmetic medical, dental, and physical examination facilities into their properties, with the medical and healthcare sector then taking a 6.7% share of total transacted area in the quarter. Demand from law firms, with higher requirements for area and building quality, increased significantly, with banking and mobile gaming sector firms also generating large area leasing transactions.

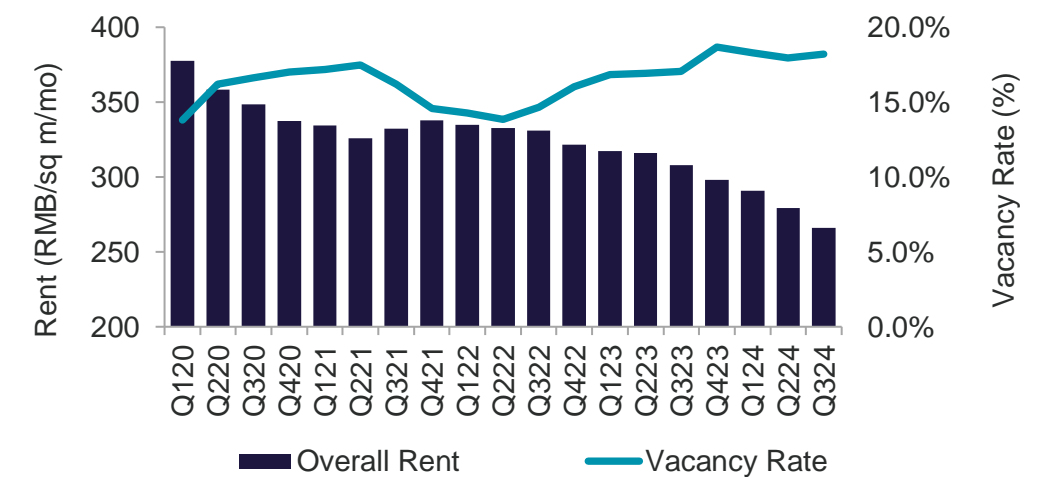
RENTAL LEVELS CONTINUE TO FACE A DOWNWARD TREND IN Q4

New project entries into the market scheduled for Q4 will continue to drive up the overall vacancy rate, while cost control will remain the chief tenant leasing strategy. In the short term, overall rental levels may continue to face a downward trend. However, in the longer term, demand for office space in Beijing is expected to pick up gradually as the economy and corporate efficiencies improve, combined with limited new supply and the government's continued push on financial liberalization and technological innovation policies.

OVERALL GRADE A DEMAND / NEW SUPPLY



OVERALL GRADE A RENT & VACANCY RATE



MARKET STATISTICS

SUBMARKET	INVENTORY (SQ M)	OVERALL VACANCY (SQ M)	OVERALL VACANCY RATE	PLANNED & UNDER CONSTRUCTION (2024 2H - 2027) (SQ M)	GRADE A EFFECTIVE RENT		
					RMB/SQ M/MO	US\$/SF/MO	EUR/SF/MO
CBD	3,217,236	411,778	12.80%	650,000	¥301.04	US\$3.93	€3.56
Financial Street	1,637,800	88,537	5.41%		¥476.47	US\$6.23	€5.63
Lufthansa	1,014,410	168,716	16.63%		¥244.08	US\$3.19	€2.88
East 2nd Ring Road	1,516,110	233,172	15.38%		¥257.66	US\$3.37	€3.04
Zhongguancun	1,250,972	142,596	11.40%	51,000	¥312.87	US\$4.09	€3.70
WangJing-Jiuxianqiao	922,342	210,722	22.85%	280,000	¥210.25	US\$2.75	€2.48
Olympic Games Village (OGV)	1,135,884	199,971	17.60%	65,700	¥286.19	US\$3.74	€3.38
Beijing Development Area (BDA)	614,648	120,225	19.56%	0	¥101.84	US\$1.33	€1.20
Li'ze Financial Business District	1,190,676	385,297	32.36%	285,000	¥163.39	US\$2.14	€1.93
Others*	573,953	183,066	31.90%	0	¥248.46	US\$3.25	€2.94
BEIJING GRADE A CBD TOTAL	8,636,528	1,044,799	12.10%	701,000	¥312.77	US\$4.09	€3.69
BEIJING GRADE A SUBURBAN TOTAL	4,893,389	1,412,078	28.86%	976,700	¥198.01	US\$2.59	€2.34
BEIJING GRADE A OVERALL TOTAL	13,529,917	2,456,877	18.16%	1,677,700	¥266.11	US\$3.65	€3.30

*Other projects not classified in the above submarkets.

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 = 7.1089524 CNY = 0.90396608 EUR as of September 9th, 2024

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SQ M	TYPE
Raycom Infotech Park	Zhongguancun	Advanced Micro Devices (China) Co.,Ltd	4,100	Renewal
Weitong Tower	Zhongguancun	Shenzhen Xiaoying Information Technology Co., Ltd	1,780	Relocation
Lei Shing Hong Center	WangJing-Jiuxianqiao	Beijing Aoma Star Pleasure Medical Beauty Clinic Co., LTD	1,087	Renewal

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	DEVELOPER	SQ M	COMPLETION DATE
China National Convention Center II	OGV	Beijing North Star	34,000	2024Q4
Dinghao DH3 II	Zhongguancun	Dinggu Dinghao Industrial Co.,Ltd	51,000	2024Q4
INDIGO II T1-T4	WangJing-Jiuxianqiao	China Life & Swire Properties	160,000	2025Q3

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