

## MARKET FUNDAMENTALS

|  | YOY Chg | 12-Month Forecast |
|--|---------|-------------------|
| <b>18.5%</b><br>Vacancy Rate                                   | ▼       | ▲                 |
| <b>6.7M</b><br>Stock, sqm                                      | ▲       | ▲                 |
| <b>¥137.1</b><br>Rent (PSM/MO)<br><i>(Property of GRADE A)</i> | ▼       | ▼                 |

## ECONOMIC INDICATORS

| 1H 2024  | YOY Chg | 12-Month Forecast |
|--|---------|-------------------|
| <b>2.5%</b><br>GDP Growth                                    | ▼       | ▲                 |
| <b>2.8%</b><br>Tertiary Sector Growth                        | ▼       | ▲                 |
| <b>0.5%</b><br>CPI Growth                                    | ▼       | ▲                 |
| <b>-10.1%</b><br>Real Estate Development & Investment Growth | ▼       | —                 |

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

## PAZHOU BUSINESS DISTRICT SUPPORTS MARKET ACTIVITY

No new supply entered the Guangzhou office market in Q3 2024. Citywide quarterly net absorption dropped into the negative range at -24,342 sq m, with Pazhou the only submarket to sustain the positive leasing trend from the first half of the year. The overall Grade A office vacancy rate ticked up 0.4 percentage points q-o-q to record 18.5%. Many enterprises continue to be cautious in office location choices. Consolidation and downsizing of leased space or relocation to lower-priced properties have become common strategies. Occupiers are also comparing renewal terms with outside options at lease expiry time. In response, office landlords have continued to offer more favorable rents to retain tenants and mitigate losses, and the citywide average rent retreated 3.8% q-o-q to RMB137.1 per sq m per month.

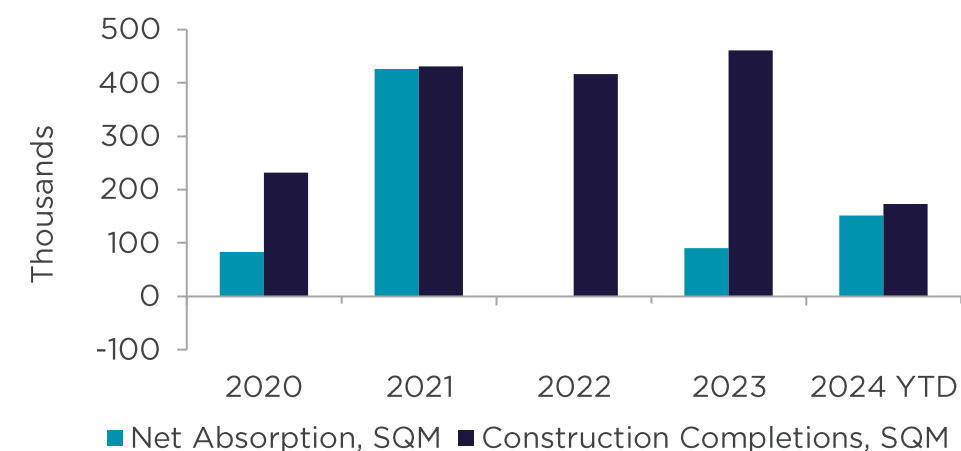
## TRADE & RETAIL SECTOR REMAINS POSITIVE

Professional services firms led leasing demand in Q3 with a 34.8% share of total leased area transactions. Demand from the TMT sector slowed somewhat. The trade & retail sector remained positive, growing its share of total leased space by 5.1 percentage points q-o-q. While relocations and renewals remain prevalent, some well-established brands have expanded their original area by successfully negotiating more favorable terms, such as L'Oréal. Enterprises with greater levels of office space demand in Q3 were in advertising, marketing, trade & retail, e-commerce and new media. Sublease office space operators have also been visible in the market.

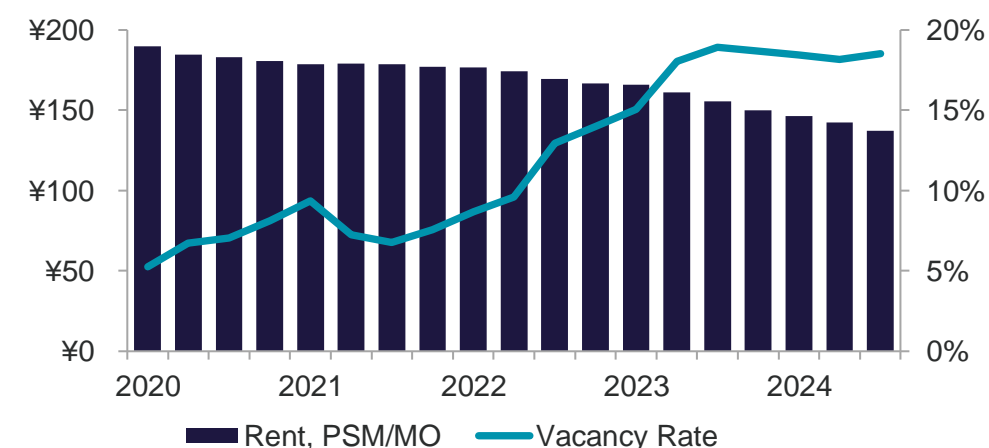
## OVERALL VACANCY RATE EXPECTED TO REMAIN STABLE

Construction of the Guangzhou International Financial City, a key commercial development for the city, is accelerating. Despite the overall pressures on new demand, some of the near-completed buildings in the project are actively seeking potential buyers while conducting pre-leasing. Combined with the slowdown in scheduled new supply, the city's overall office market vacancy rate may remain stable during the remainder of the year.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY RATE & GRADE A RENT



MARKET STATISTICS

| SUBMARKET                      | INVENTORY (SQ M) | VACANT (SQ M)    | VACANCY RATE | FUTURE SUPPLY TILL 2026 (SQ M) | GRADE A FACE RENT |                 |              |
|--------------------------------|------------------|------------------|--------------|--------------------------------|-------------------|-----------------|--------------|
|                                |                  |                  |              |                                | RMB/SQ M/MO       | US\$/SF/MO      | EUR/SF/MO    |
| Tianhe Sports Center           | 963,132          | 115,601          | 12.0%        | 0                              | ¥140.11           | US\$1.83        | €1.66        |
| Zhujiang New Town              | 3,289,426        | 504,349          | 15.3%        | 69,200                         | ¥152.43           | US\$1.99        | €1.80        |
| Yuexiu                         | 450,426          | 84,812           | 18.8%        | 0                              | ¥114.59           | US\$1.50        | €1.35        |
| Pazhou                         | 1,964,618        | 529,519          | 27.0%        | 946,724                        | ¥115.02           | US\$1.50        | €1.36        |
| <b>GUANGZHOU GRADE A TOTAL</b> | <b>6,667,603</b> | <b>1,234,281</b> | <b>18.5%</b> | <b>2,166,544</b>               | <b>¥137.07</b>    | <b>US\$1.79</b> | <b>€1.62</b> |
| Financial Town                 | -                | -                | -            | 1,150,620                      | -                 | -               | -            |

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

Exchange Rate: 1 USD = 7.1089524 RMB= 0.90396608 Euros (2024.9.9)

KEY LEASE TRANSACTIONS Q3 2024

| PROPERTY    | SUBMARKET            | TENANT  | SQ M  | TYPE       |
|-------------|----------------------|---|-------|------------|
| Joyy Center | Pazhou               | L'Oréal   | 2,300 | Expansion  |
| Teem Tower  | Tianhe Sports Center | Zhongke Renwei Medical Technology (Guangdong) Co., Ltd. | 2,300 | New Setup  |
| Poly V      | Zhujiang New Town    | Baidu   | 2,000 | Relocation |

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

| PROPERTY         | SUBMARKET      | DEVELOPER                                   | SQ M    | COMPLETION DATE |
|------------------|----------------|---|---------|-----------------|
| JCG              | Financial Town | Grantral Group                              | 130,000 | 2025            |
| Liangye Building | Pazhou         | Guangzhou Liangye Industrial Investment Co. | 103,993 | 2025            |
| Marubi Plus      | Pazhou         | Marubi                                      | 45,583  | 2025            |

XIAODUAN ZHANG

Head of Research, South & Central China  
Suite 2704, Taikoo Hui Tower 1, 385 Tianhe Road,  
Tianhe District, Guangzhou 510613, China  
Tel: +86 755 2151 8116  
[xiaoudan.zhang@cushwake.com](mailto:xiaoudan.zhang@cushwake.com)

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

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 2023, the firm reported revenue of \$9.5 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. 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](http://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.