

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
22.37% Vacancy Rate	▲	▲

	YOY Chg	12-Month Forecast
16.98M Stock, SQM	▲	▲

	YOY Chg	12-Month Forecast
¥223.33 Rent (PSM/MO)	▼	▼

Source: Cushman & Wakefield Research

ECONOMIC INDICATORS

Q3 2024	Q2 2024	12-Month Forecast
4.7% GDP Growth	4.8%	▲

Q3 2024	Q2 2024	12-Month Forecast
5.8% Tertiary Sector Growth	5.8%	▲

Q3 2024	Q2 2024	12-Month Forecast
0.0% CPI Growth	-0.1%	▲

Q3 2024	Q2 2024	12-Month Forecast
7.8% Real Estate Development & Investment Growth	8.4%	—

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

NEW SUPPLY CONTINUES INTO Q4

Three new Grade A office projects entered the Shanghai market in Q4, comprising the CPIC Xintiandi Commercial Center T1 in the South Xizang Road/Xintiandi area in Huangpu, New Bund Central Plaza in Qiantan submarket, and Life Hub @ Bund Central in the North Sichuan Road area in Hongkou. Total quarterly supply was 228,593 sq m, up 33% q-o-q but down 43% y-o-y. Full-year 2024 new supply will be 786,258 sq m, reaching 49% of the 2023 supply peak and 97% of the 2022 supply. The 2024 supply will be focused in Huangpu, Hongkou and Fringe Xuhui submarkets.

LOWER RENTAL PRICE FOR VOLUME TREND UNCHANGED

Lower leasing rental levels to secure greater leasing volume remains the key market trend. The overall average monthly rental dropped to RMB223.3 per sq m in Q4, down 1.1% q-o-q. Monthly rents in the core area and in emerging districts continued to soften slightly to RMB261.8 per sq m and RMB176.8 per sq m, respectively, down 0.7% and 1.9% from Q3.

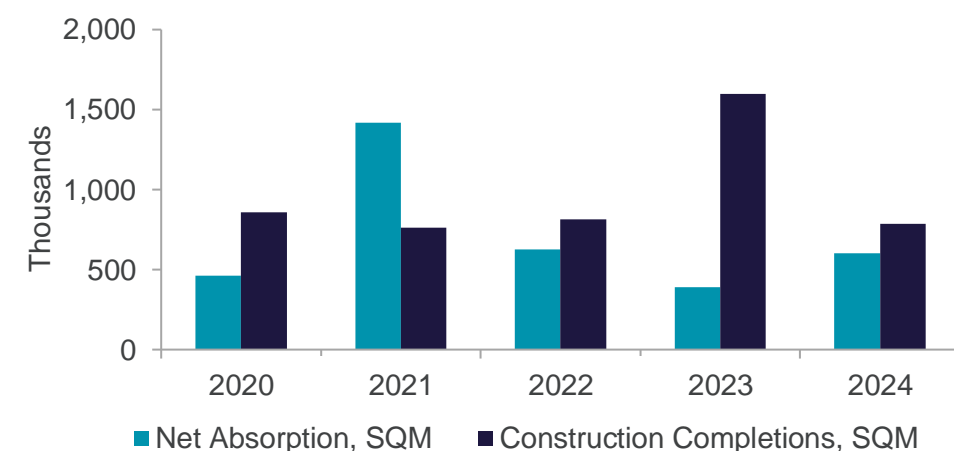
The professional services sector was the key driver of leasing demand in Q4, taking 26.0% of total leased area. The retail & trade enterprises sector accounted for 15.7%, mainly concentrated in Minhang and Fringe Xuhui. Financial and TMT companies accounted for 15.6% and 14.6% of leased area, respectively. Overseas institutions' share of leased space, including renewals and expansion, further strengthened to 39.3%.

Full-year 2024 Grade A office market net absorption was 603,642 sq m, up 52.8% y-o-y. Of this, 150,421 sq m was recorded in Q4. The citywide vacancy rate edged up to 22.4%, with steeper rises only recorded in areas with new supply entering the market.

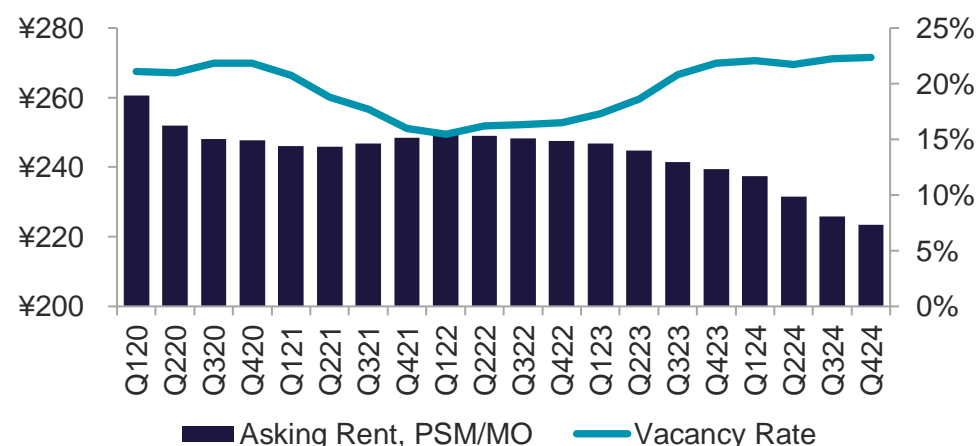
FAVOURABLE POLICIES SUPPORT MARKET RECOVERY

We expect Shanghai Grade A office supply pressure to continue in 2025. Twenty prime projects with 1.7 million sq m of new space will enter the market, exerting further pressure from a landlord's perspective. However, the local government introduced several favorable macro policies in 2024, which we expect to benefit the Grade A office market by supporting leasing demand in 2025.

SPACE DEMAND AND DELIVERIES



OVERALL VACANCY AND FACE RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	VACANT (SQM)	OVERALL VACANCY RATE	UNDER CNSTR (Q4 2024 – 2027, SQM)	OVERALL AVG FACE RENT		
					RMB/SQM/MO	USD/SF/MO	EUR/SF/MO
Core Jing'an	1,414,320	241,638	17.1%	221,340	¥297.65	US\$3.80	€3.61
Huangpu	2,122,976	394,126	18.6%	211,260	¥253.34	US\$3.23	€3.06
Lujiazui	2,224,646	283,691	12.8%	0	¥307.21	US\$3.92	€3.76
Zhuyuan	1,087,583	234,437	21.6%	101,545	¥239.62	US\$3.06	€2.89
Core Xuhui	635,714	97,035	15.3%	206,283	¥263.80	US\$3.37	€3.23
Changning	1,350,640	250,249	18.5%	239,820	¥196.55	US\$2.51	€2.43
CBD TOTALS	8,835,879	1,501,176	17.0%	980,248	¥261.80	US\$3.34	€3.21
EMERGING TOTALS	8,146,937	2,297,375	28.2%	2,244,588	¥176.76	US\$2.26	€2.21
SHANGHAI TOTALS	16,982,816	3,798,551	22.4%	3,224,836	¥223.33	US\$2.85	€2.43

* Rental equals "Gross Transacted Face Rental
1.00 USD = 0.95060247 EUR = 7.277963 RMB (16.12.2024)
The database was adjusted.

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Jinghua Building	Core Jing'an	L'ORÉAL	23,000	Renewal
Lee Gardens	Core Jing'an	Manulife-Sinochem	14,000	Relocation
The Summit	Zhuyuan	Babemax	4,000	Relocation
Raffles City The Bund	Huangpu	99Bill.com	2,000	Relocation

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	DEVELOPER	SQ M	COMPLETION DATE
Three ITC Tower B	Core Xuhui	Sun Hung Kai	206,283	2025
Crystal Bridge	Changning	TSP, New Changning, Mitsubishi Estate	140,000	2025
Origin New Bund	Expo & New Bund	Lujiazui Properties	86,000	2025
China Resources Centre	Core Jing'an	China Resources	80,069	2025

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