



¥111.66

Rent (PSM/MO)

12-Mo.
Forecast

-0.49%

Rental Growth (QOQ)

16.53%

Vacancy Rate

Source: Cushman & Wakefield Research

CHENGDU ECONOMIC INDICATORS
Q1-Q2 2020

0.6%

GDP Growth

Q1
2020
-3.0% ▲

-0.2%

Tertiary Sector
Growth

-2.8% ▲

4.3%

CPI Growth

5.3% ▼

10.9%

Real Estate Development
& Investment Growth

6.3% ▲

Note: Growth figure is y-o-y growth;
Source: Chengdu Statistics Bureau; Oxford Economics;
Cushman & Wakefield Research

New Supply Still Paused

Chengdu's Grade A office stock remained at 2.53 million sq m in Q3, with no new supply entering the market. Office building owners are still adopting a wait and see attitude in the aftermath of the COVID-19 pandemic. Overall average monthly rent fell 0.49% q-o-q to RMB111.66 per sq m, but this was a much less severe drop than seen in Q2. With no new completions and lower rents, leasing demand gradually emerged in the quarter, helping to push net absorption to 16,172 sq m and dropping the city's overall vacancy rate down 0.64 percentage points to 16.53%.

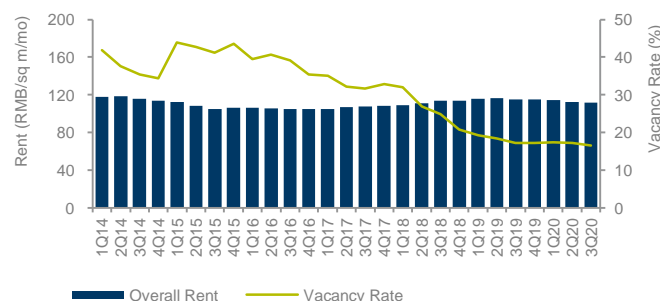
A Recovery in Demand but Rents Remain Under Pressure

Pent-up leasing interest from the first half of the year among domestic and local firms has gradually emerged in Q3 with the recovery from the pandemic period. A number of potential tenants are expected to progress to leasing deals in the near future, providing some stability to the market. Developers and landlords are adopting flexible strategies and offering incentives to tenants such as discounts and extended rent-free periods, inevitably exerting downwards pressure on average rent.

Limited Choices for Large-Scale Leasing

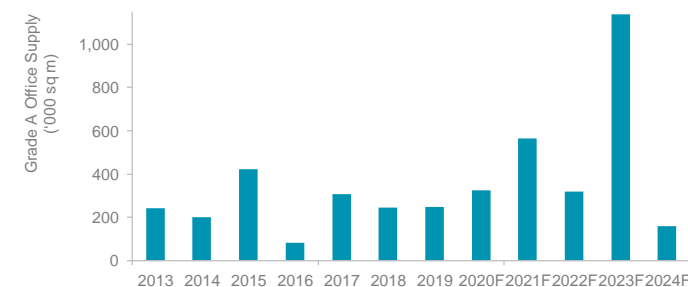
The negative economic impacts of the pandemic have obliged many enterprise tenants to halt large-scale leasing plans or expansions in the immediate period. This activity should be released gradually once the economic recovery takes hold and business confidence returns. But the cautious environment, combined with the lack of new supply, mean that choices are limited for large-scale leasing deals in the short-term.

GRADE A RENT & VACANCY RATE



Source: Cushman & Wakefield Research

GRADE A SUPPLY PIPELINE



Source: Cushman & Wakefield Research



SUBMARKET	INVENTORY (sq m)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (sq m)	GRADE A FACE RENT		
				RMB/SQ M/MO	US\$/SF/MO	EUR/SF/MO
CBD	455,102	17.8%	189,200	¥115.64	US\$ 1.55	€1.32
SBD	266,168	12.2%	151,210	¥105.22	US\$ 1.41	€1.20
Dongda Street	619,810	18.2%	49,708	¥121.79	US\$ 1.63	€1.38
Financial City	755,045	12.4%	591,076	¥111.46	US\$ 1.50	€1.27
DaYuan	355,665	18.6%	277,900	¥103.73	US\$ 1.39	€1.18
Tianfu New District Business Center	82,000	41.2%	600,710	¥67.80	US\$ 0.91	€0.77
CHENGDU GRADE A TOTAL	2,533,790	16.5%	1,859,804	¥111.66	US\$ 1.50	€1.27

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 CNY = 0.1445 USD = 0.1224 EUR = 1.1201 HKD = 4.2528 TWD (2020.8.24)

KEY LEASING TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Chengdu Yintai Center	Financial City	Wanda	4,000	Relocation
Global Financial Center	Dayuan	Jindi	3,200	Relocation
Raffles City	SBD	Tang Wealth Investment Management Co.,Ltd	1,900	Expansion
China Overseas International Center	Financial City	Nanshan Real Estate Co., Ltd	1,500	Relocation

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Western Cultural Industry Center	CBD	-	44,200	2020
MIXC (II)	Dongda Street	-	49,708	2020
Tianfuhui Center	SBD	-	111,000	2021
AB International Plaza	Financial City	-	228,000	2022
Poly International Plaza	Dayuan	-	172,900	2023
Fosun International financial centre	Financial City	-	200,000	2023
B&R Building	Tianfu New District Business Center	-	350,000	2023

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