MARKETBEAT
SHANGHAI
OFFICE Q3 2024

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
22.24% Vacancy Rate	▲	▲
16.81M Stock, SQM	▲	▲
¥225.73 Rent (PSM/MO)	▼	▼

Source: Cushman & Wakefield Research

ECONOMIC INDICATORS

Q2 2024	Q1 2024	12-Month Forecast
4.8% GDP Growth	5.0%	▲
5.8% Tertiary Sector Growth	5.8%	▲
-0.1% CPI Growth	-0.2%	▲
8.4% Real Estate Development & Investment Growth	8.1%	▬

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

NEW SUPPLY STILL STREAMING INTO THE OFFICE MARKET

Two new Grade A projects entered the Shanghai office market in Q3 2024, comprising Park Avenue Central in Core Jing'an submarket, and Zhongyin Plaza in Hongkou. In the first three quarters of the year, nine quality office projects have now completed, totaling 557,665 sq m of new space.

OVERSEAS RETAILERS ACTIVE IN THE QUARTER

The overall office market rental level continued to soften in Q3, with the average monthly rent falling to RMB225.7 per sq m, down 2.5% q-o-q. Monthly rents in the core areas and the emerging districts dropped to RMB263.7 per sq m and RMB180.1 per sq m, respectively.

The retail & trade, TMT, and finance sectors led leasing market demand in Q3, accounting for 23.5%, 17.6% and 15.0%, of the total leased area in the quarter, respectively. Notably, the share of leased Grade A office space taken by overseas enterprises rose to 34.3%, with overseas retail & trade, manufacturing, professional services, and TMT enterprises being the main drivers of market demand.

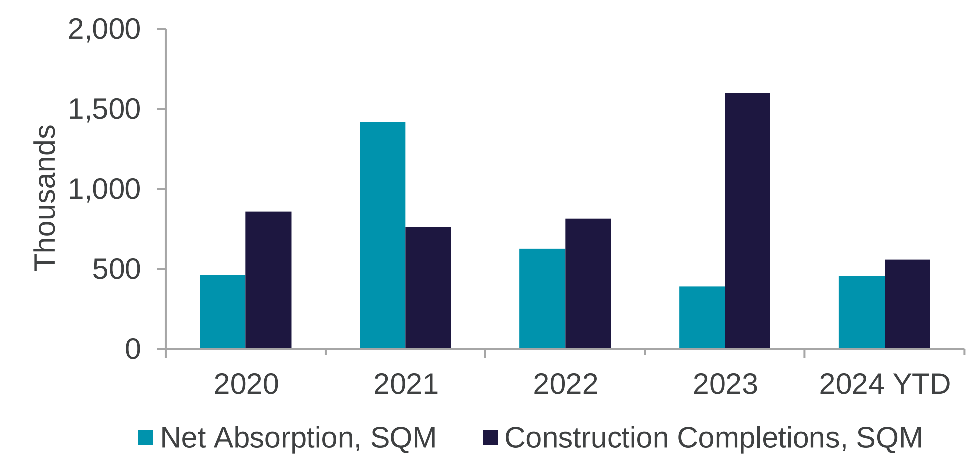
Relocations remained the dominant leasing activity in the quarter, with tenants seeking projects offering high quality facilities and rental advantages. Reflecting current market conditions, lease renewals were the second most prevalent activity.

When considering overall demand during the Q3 period, the quarterly net absorption figure reached 104,231 sq m, with the citywide vacancy rate subsequently rising to 22.2%.

OPTIMAL PRIME

Ahead, eight new projects are currently expected to enter the Shanghai office market in Q4, totaling more than 600,000 sq m. We expect that landlords will need to continue to adjust their leasing strategies to remain competitive, with most prime office building landlords continuing to focus on optimizing their tenant mix, as well as continuing to focus on improving their tenant services.

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	245,761	17.4%	221,340	¥303.44	US$3.97	€3.58
Huangpu	2,000,576	294,197	14.7%	333,660	¥252.79	US$3.30	€3.06
Lujiazui	2,224,646	276,128	12.4%	0	¥310.35	US$4.06	€3.76
Zhuyuan	1,087,583	262,437	24.1%	101,545	¥240.46	US$3.14	€2.89
Core Xuhui	635,714	99,498	15.7%	206,283	¥266.84	US$3.49	€3.23
Changning	1,350,640	264,169	19.6%	239,820	¥196.98	US$2.57	€2.43
CBD TOTALS	8,713,479	1,442,189	16.6%	1,102,648	¥263.69	US$3.45	€3.21
EMERGING TOTALS	8,098,744	2,296,751	28.4%	2,329,822	¥180.10	US$2.35	€2.21
SHANGHAI TOTALS	**16,812,223**	**3,738,940**	**22.2%**	**3,432,470**	**¥225.73**	**US$2.95**	**€2.43**

** Rental equals "Gross Transacted Face Rental*
1.00 USD = 0.90396608 EUR = 7.1089524 RMB (09.09.2024)
The database was adjusted.

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Yi Fung Place	Changning	Temu	20,000	Expansion
Lumina	Fringe Xuhui	Only Education	13,000	Relocation
Lujiazui Gold Control Plaza II	Zhuyuan	Hansheng Law Offices	6,000	Relocation
ICBC Tower	Lujiazui	CITIC Prufunds	5,000	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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