



OFFICE MARKET OVERVIEW

SHANGHAI

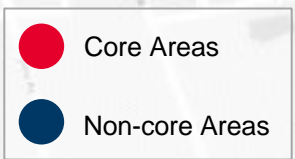
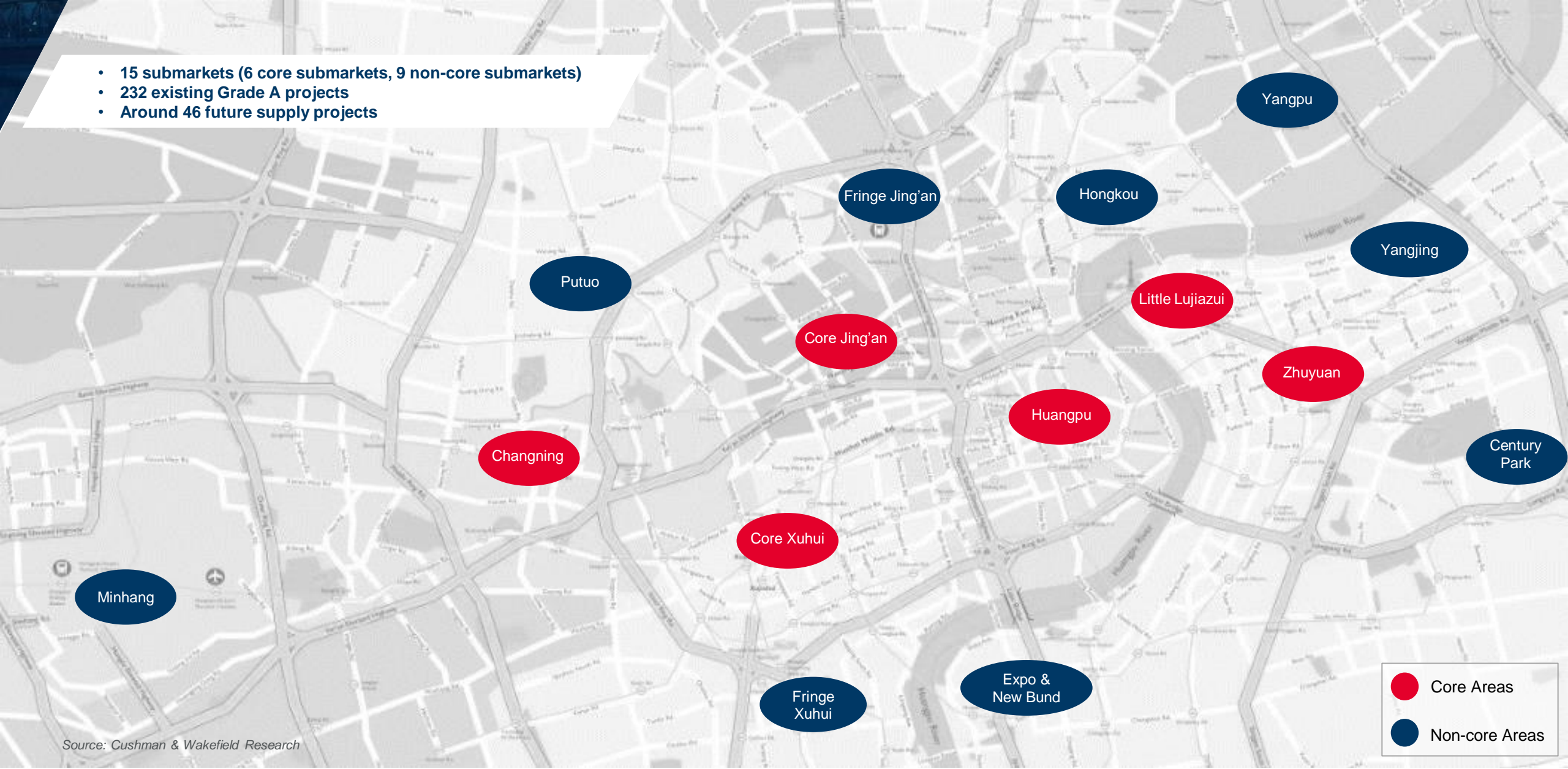
Q4 2022

THE SHANGHAI GRADE A OFFICE MARKET

SHANGHAI GRADE A OFFICE

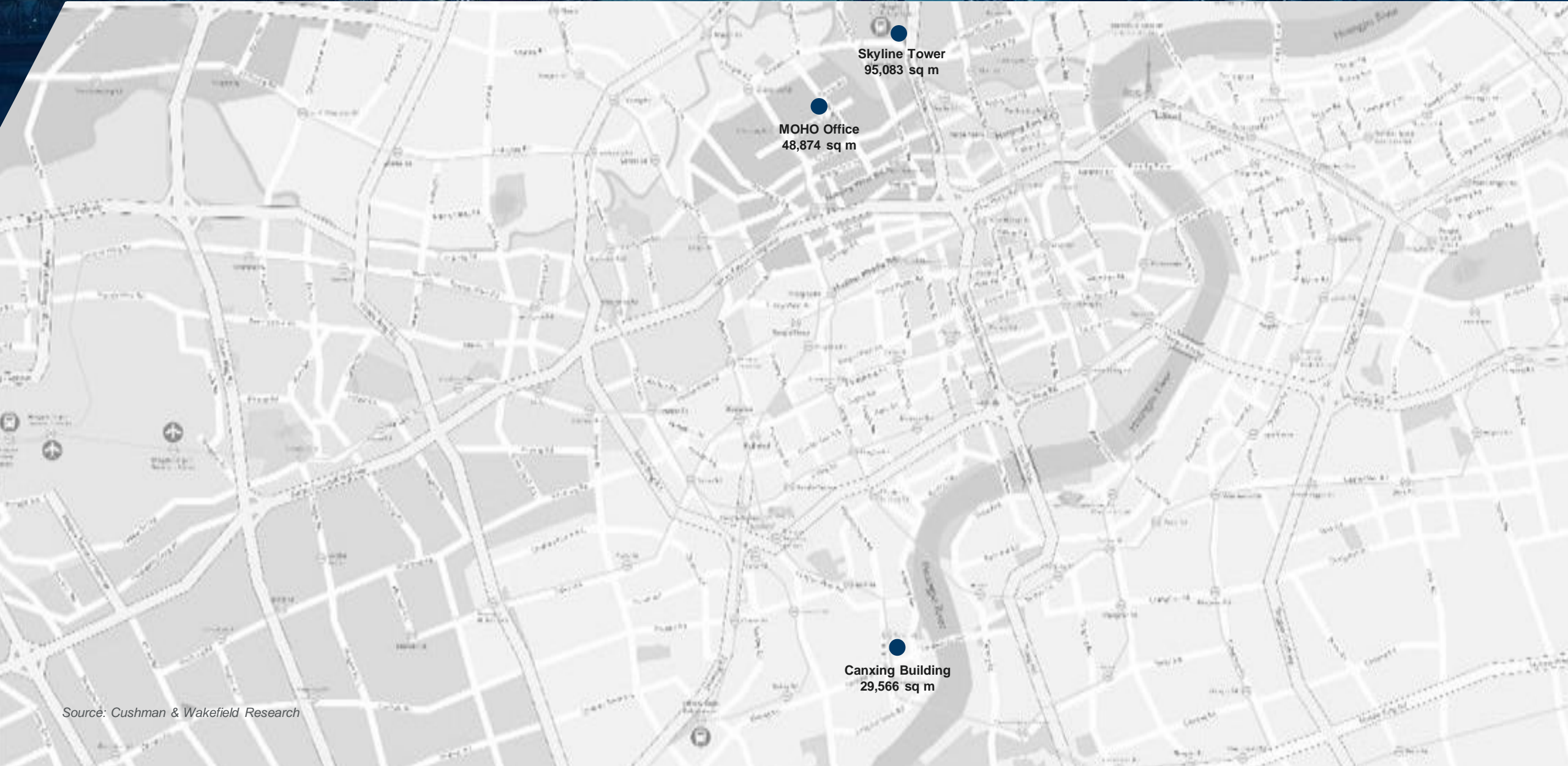
Overview of major business areas

- 15 submarkets (6 core submarkets, 9 non-core submarkets)
- 232 existing Grade A projects
- Around 46 future supply projects



OFFICE NEW SUPPLY Q4 2022

Three projects entered the market in the quarter, which contributed to 142,440 sq m of quality office space

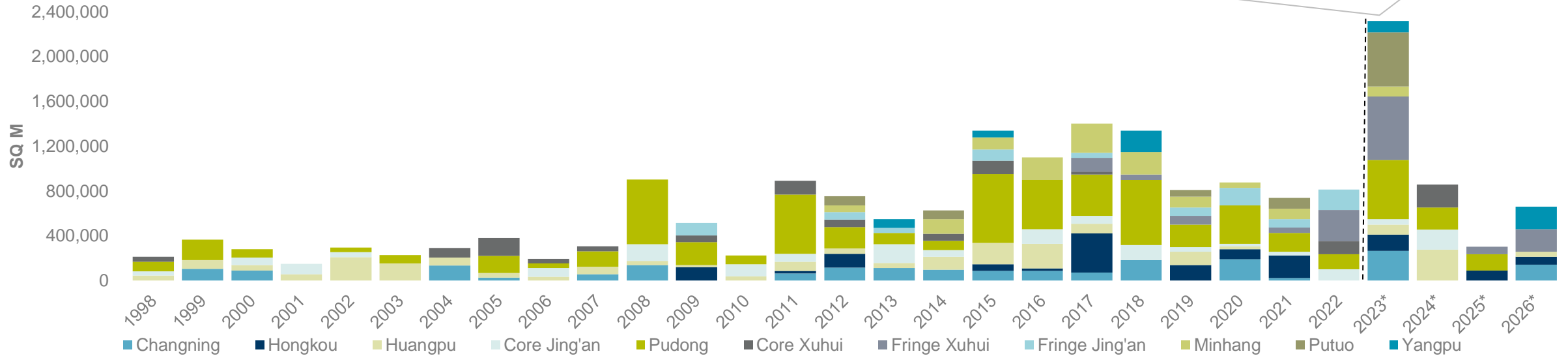


SHANGHAI GRADE A OFFICE SUPPLY 1998-2025

Citywide/Core area/Non-core area

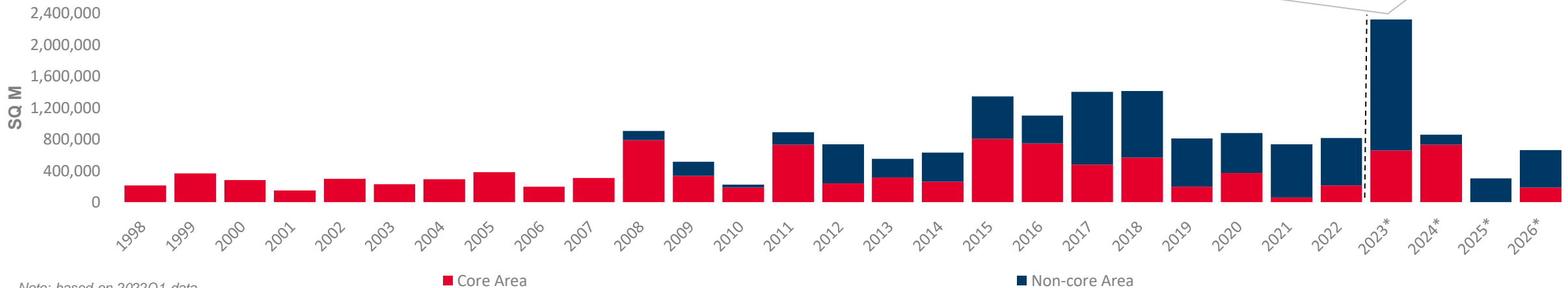
Grade A Citywide

2023* – 2026*F Total New Supply: **4.13 million** sq m, equals **27.4%** of the Grade A inventory at Q4 2022



Grade A Core/Non-core

2023* – 2026*F Total New Supply: Core: **1.57 million** sq m, Non-core: **2.56 million** sq m

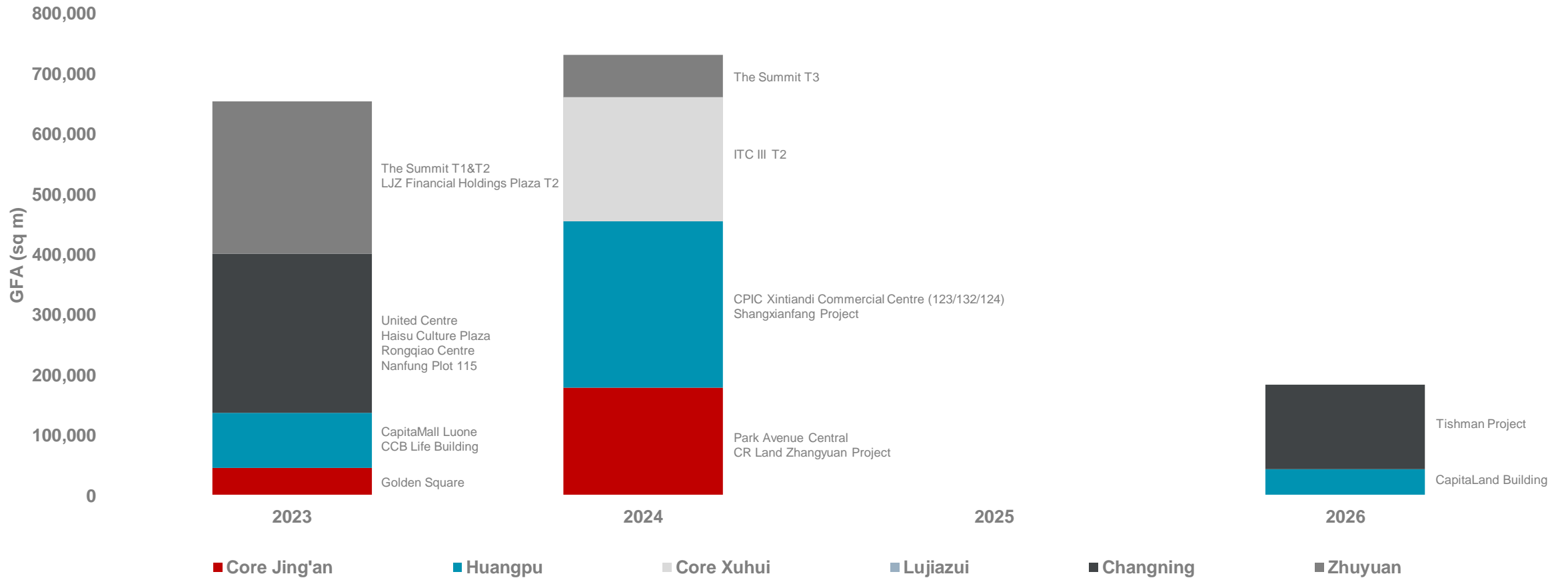


Note: based on 2022Q1 data
Source: Cushman & Wakefield Research

FUTURE SUPPLY 2023-2026

Grade A core

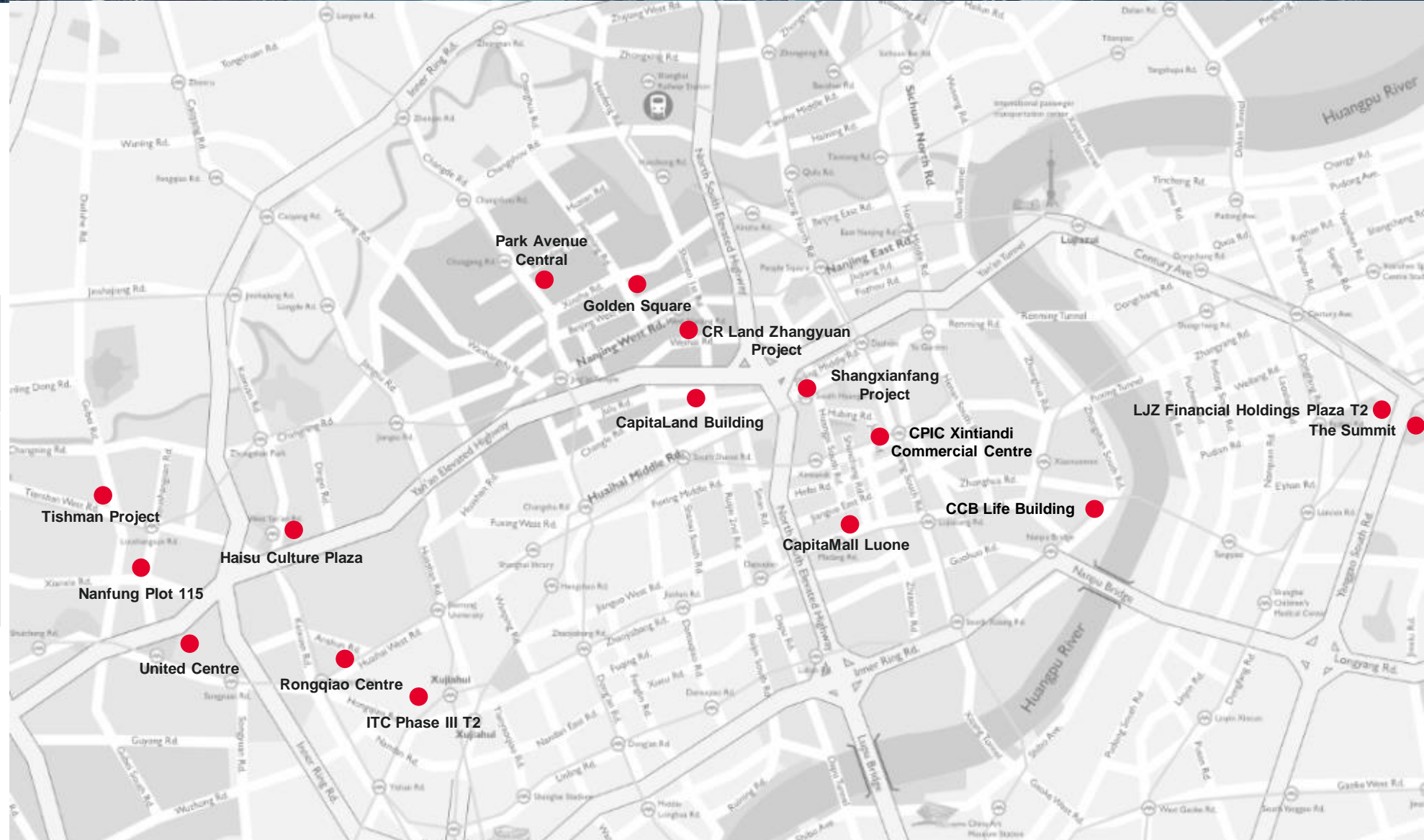
Total Future Grade A Supply 2023 - 2026: **1.57 million** sq m



Note: Red text represents completed projects.
Source: Cushman & Wakefield Research

FUTURE SUPPLY LOCATION (2023-2026)

Grade A core



**Future Supply
(2023 – 2026)**

1,510,578

Current Inventory

8,572,166

Supply / Inventory

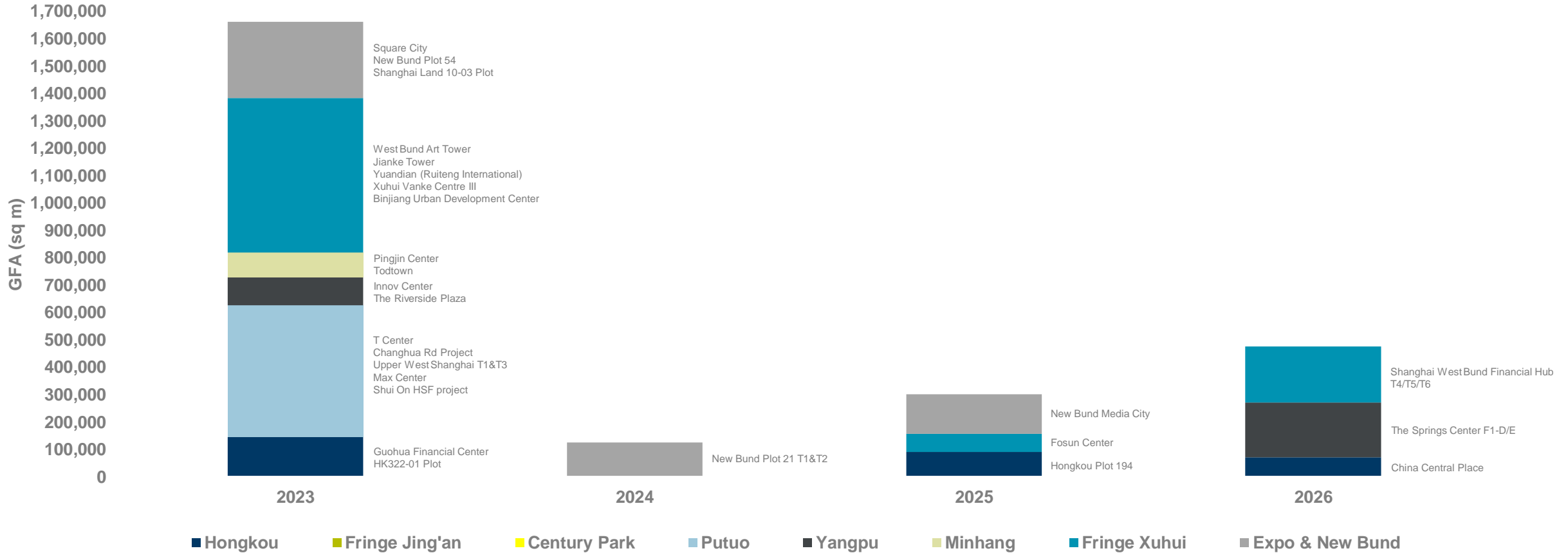
18.3%

(SQ M)

FUTURE SUPPLY 2023-2026

Grade A non-core

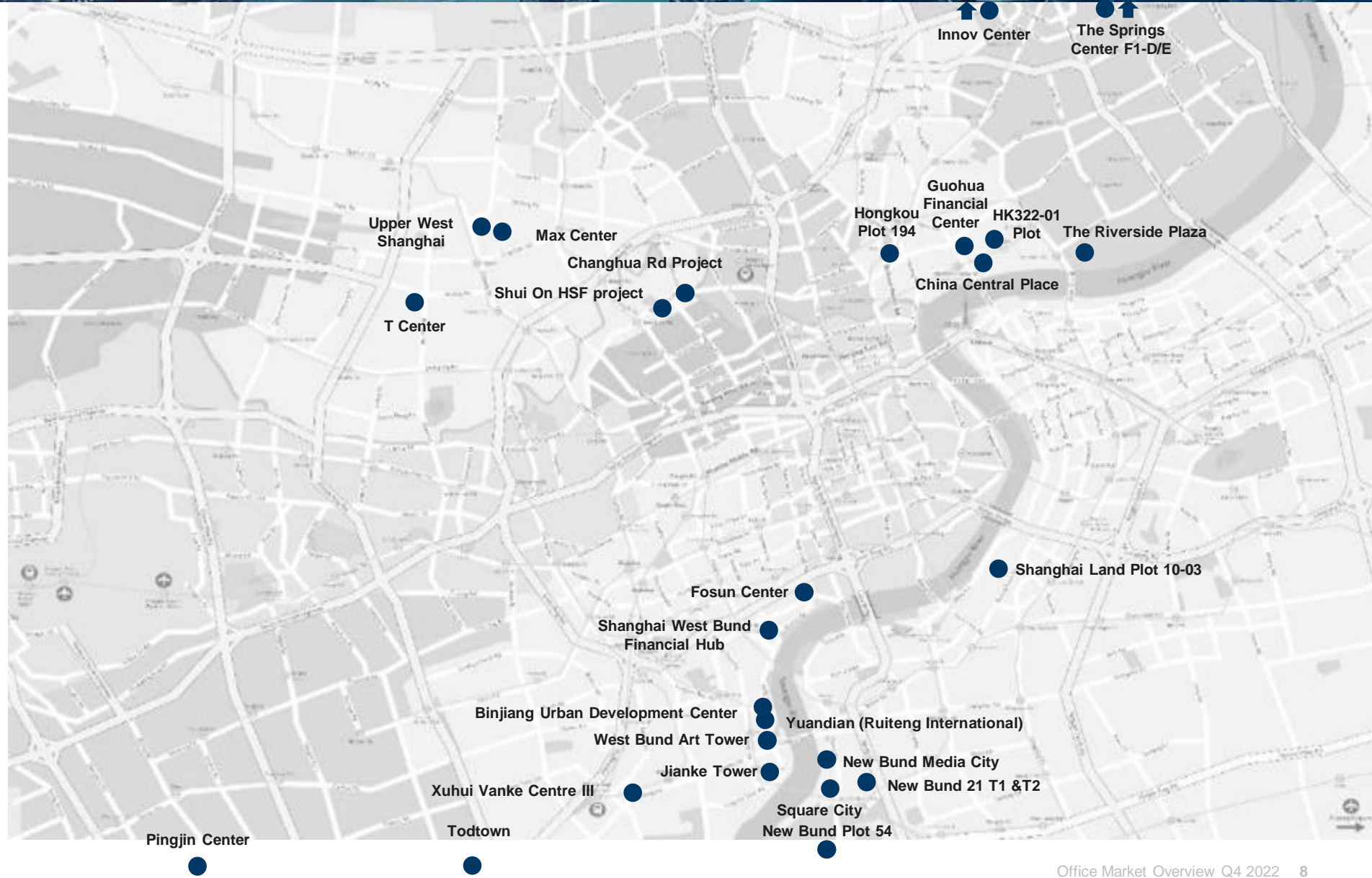
Total Future Grade A Supply 2023 - 2026: **2.56 million** sq m



Note: Red text represents completed projects.
Source: Cushman & Wakefield Research

FUTURE SUPPLY LOCATION (2023-2026)

Grade A non-core



Future Supply (2023 – 2026)	2,563,946
Current Inventory	6,534,242
Supply / Inventory	39.2%

(SQ M)

Net absorption Q4 2022

86,804

Citywide
(sq m)

-30,638

Core
(sq m)

117,441

Non-core
(sq m)

Fringe Jing'an

30,301

Yangpu

-6,634

Hongkou

18,389

Putuo

18,124

Core Jing'an

-1,579

Lujiazui

12,559

Yangjing

0

Changning

-9,071

Huangpu

-17,947

Zhuyuan

-9,154

Century Park

3,120

Minhang

33,928

Core Xuhui

-5,446

Fringe Xuhui

7,793

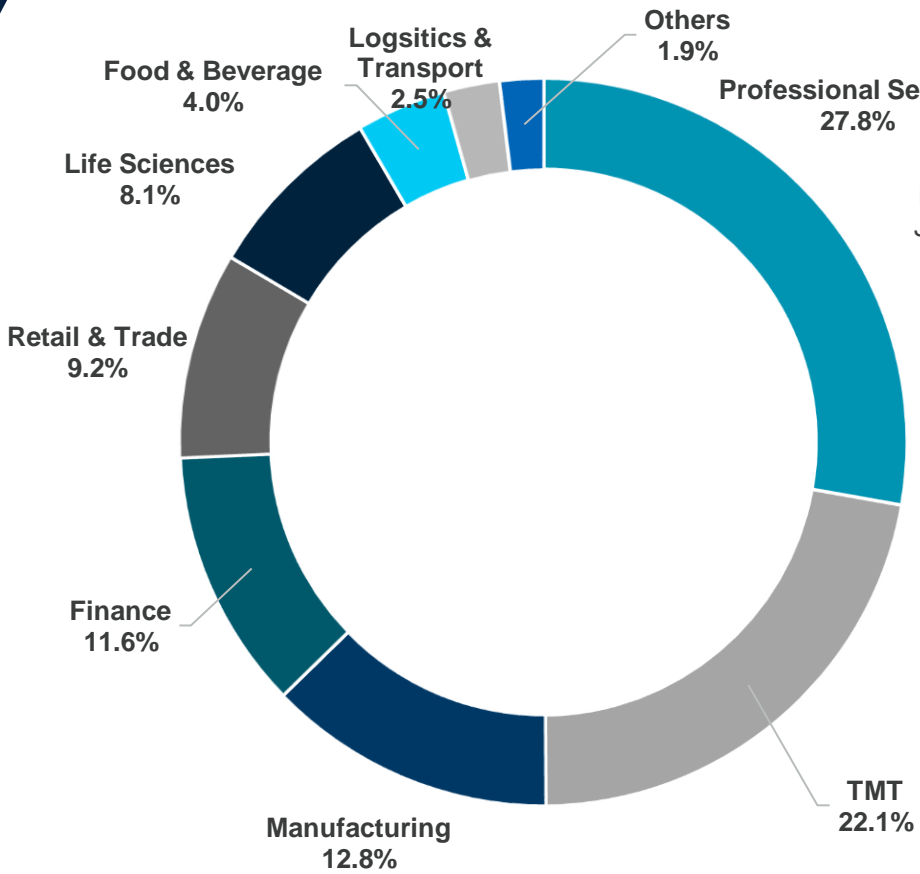
Expo & New Bund

12,421

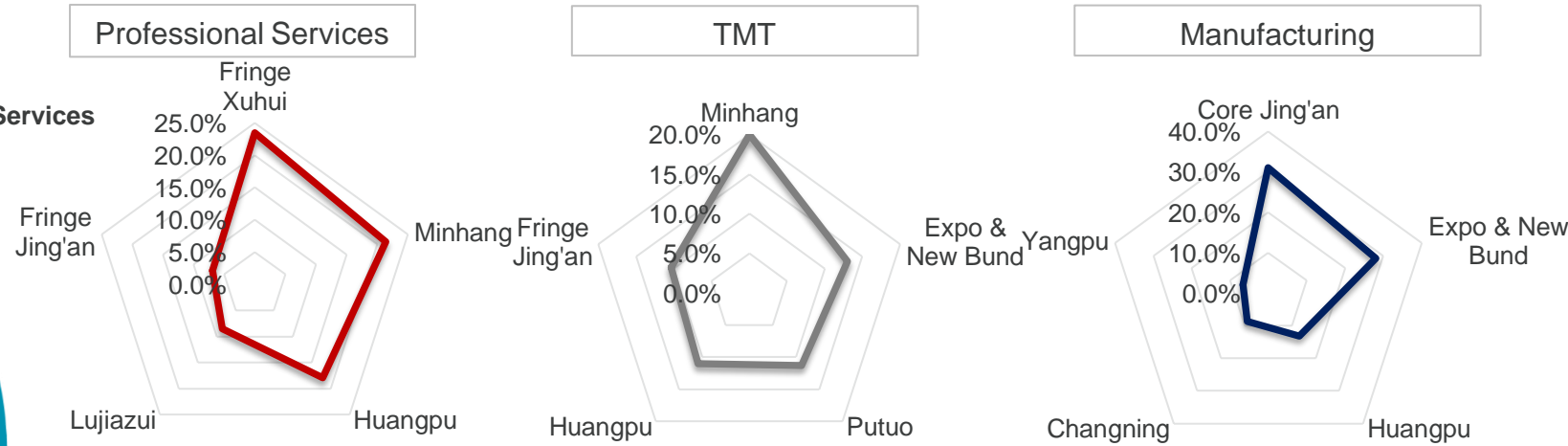
LEASING TRANSACTION ANALYSIS Q4 2022

Citywide

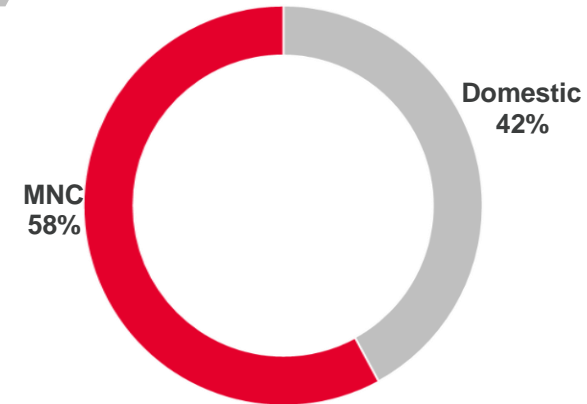
By sector



By location



MNC/Domestic



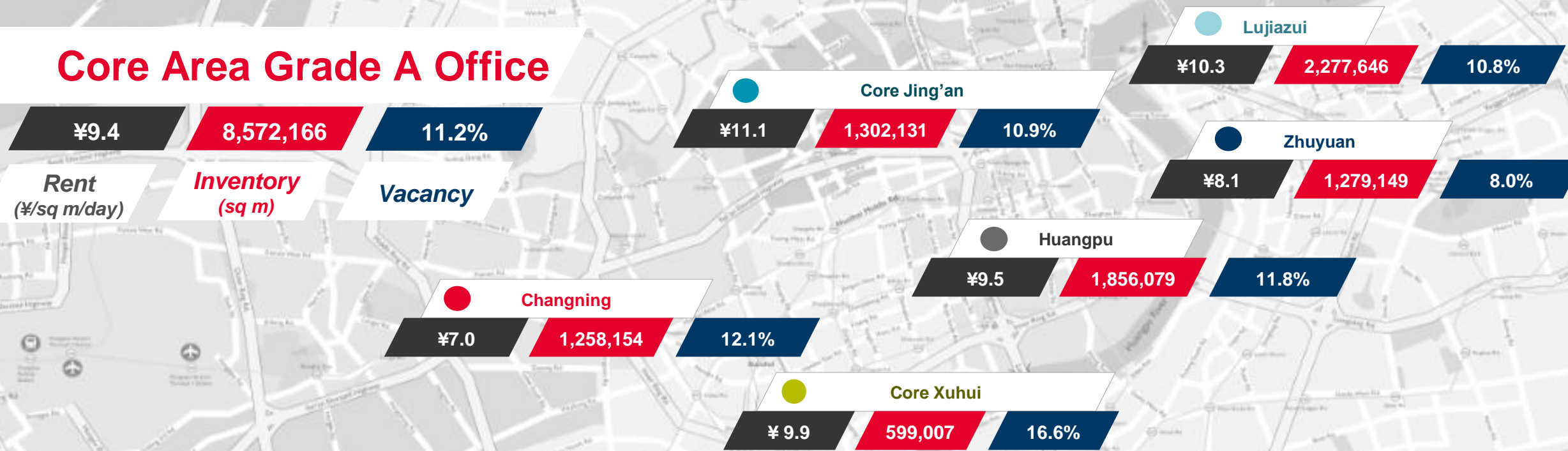
Note: all analysis is based on market news collected within the quarter and is not reflected in the net absorption of this quarter.

Source: Cushman & Wakefield Research

OFFICE INVENTORY, VACANCY & RENTS Q4 2022

Core area

Core Area Grade A Office

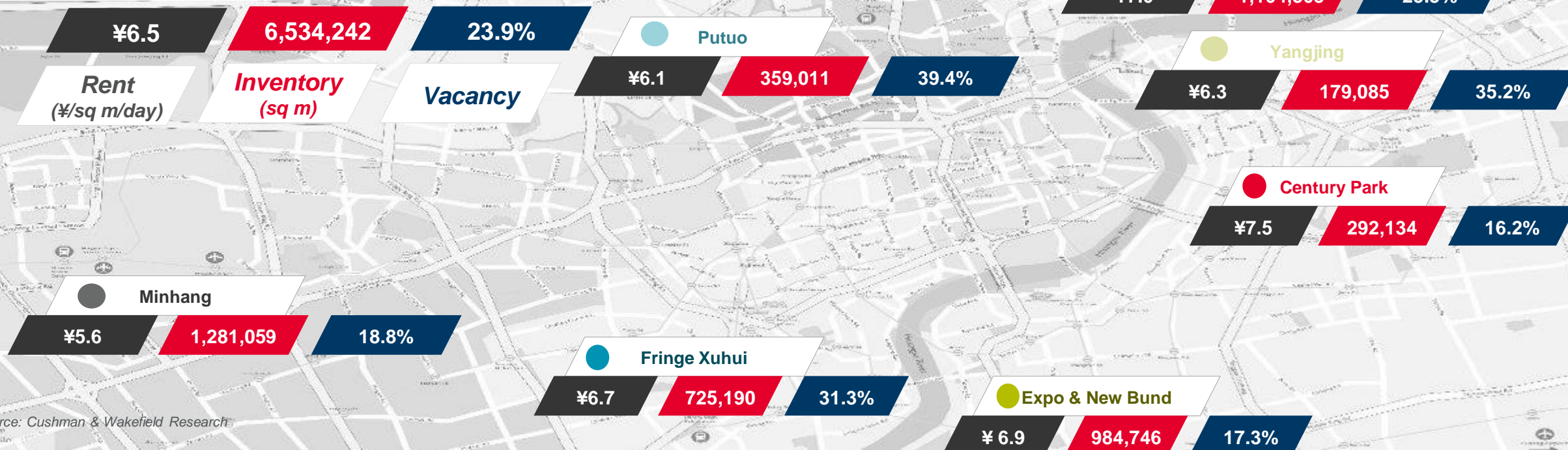


Note: Huangpu and Lujiazui database were adjusted in Q4.
Source: Cushman & Wakefield Research

OFFICE INVENTORY, VACANCY & RENTS Q4 2022

Non-core area

Non-core Area Grade A Office

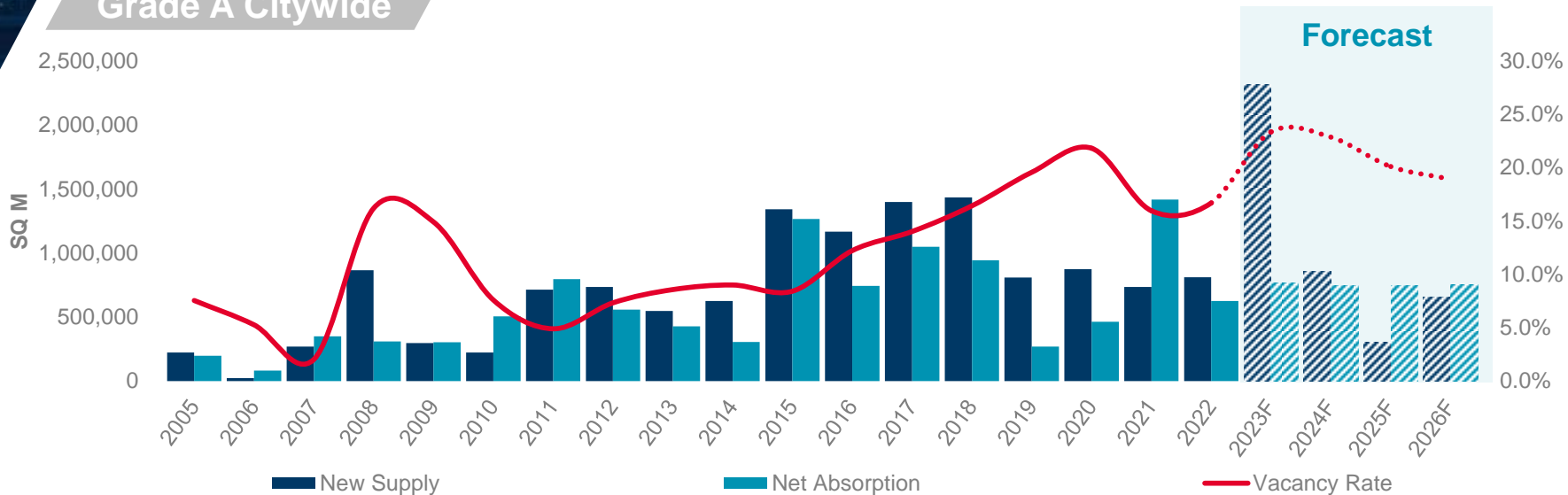


Source: Cushman & Wakefield Research
Item = 0.5km
Item = 0.5miles

SHANGHAI OFFICE SUPPLY, ABSORPTION & VACANCY RATE Q4 2022

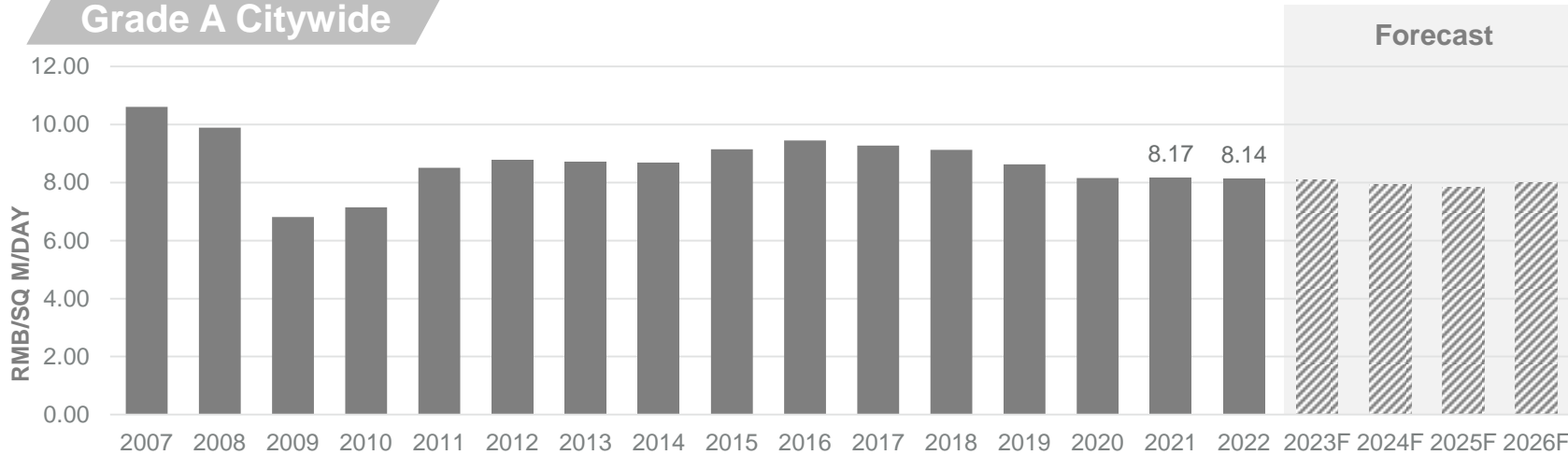
Citywide/Core area/Non-core area

Grade A Citywide



Note: the forecast in this figure is based on Q3 2022 data

Grade A Citywide

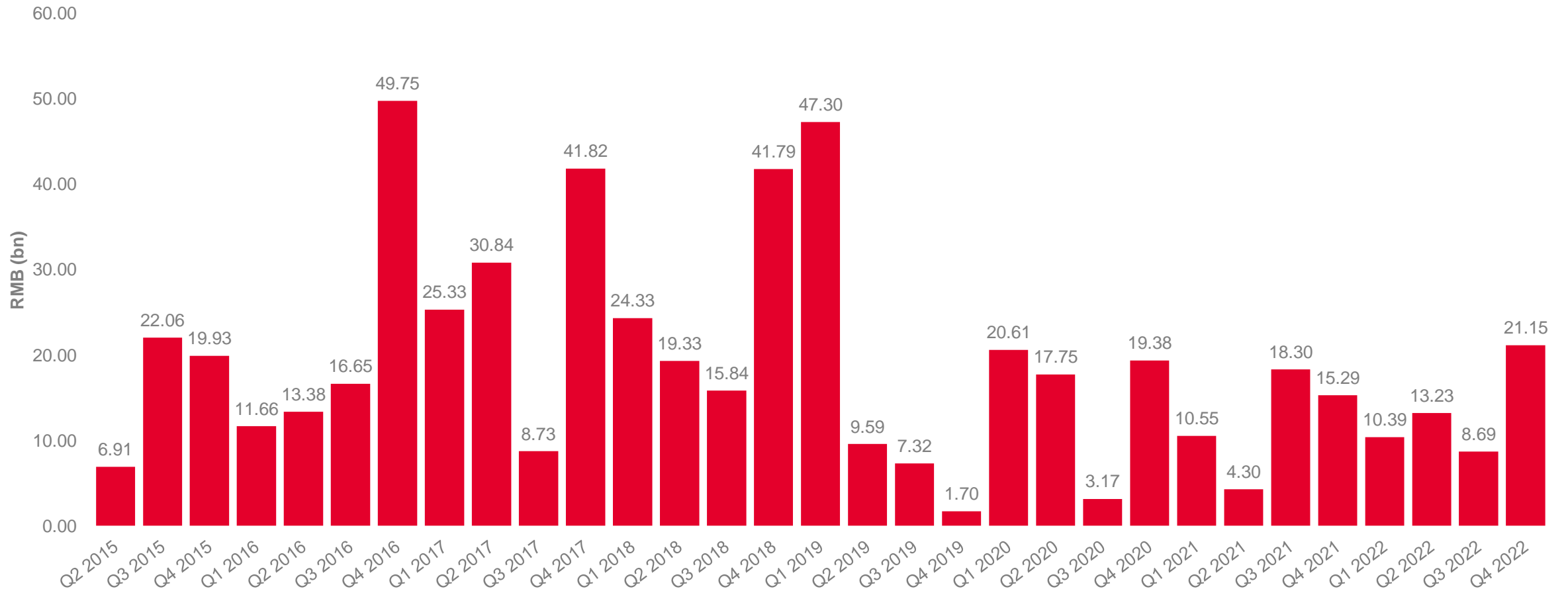


Note: the forecast in this figure is based on Q3 2022 data.
Source: Cushman & Wakefield Research

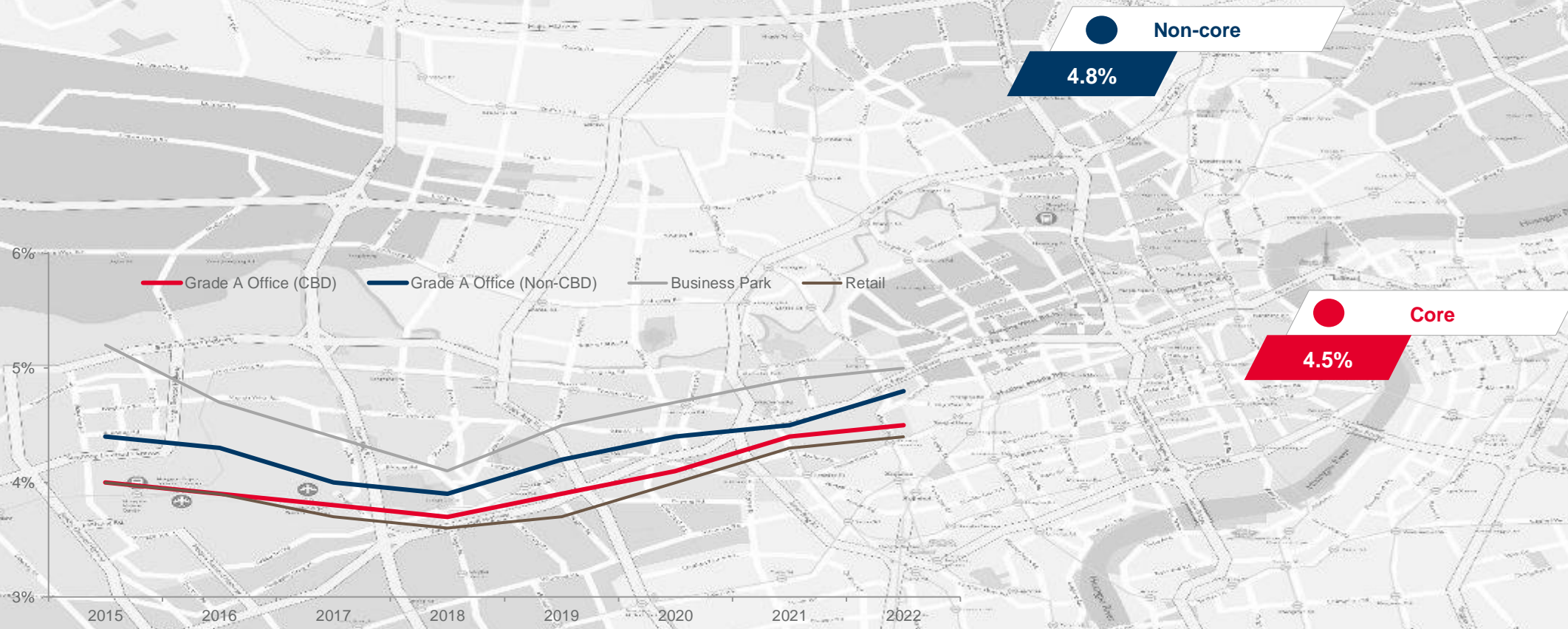


SHANGHAI OFFICE TRANSACTION VOLUME Q2 2015-Q4 2022

Citywide



Office Cap Rate Q4 2022



Note: Grade A Cap Rate is adjusted according to transaction deals (for investment use) closed within the quarter
Form = Source: Cushman & Wakefield Research
Form = © 2022

CORE MARKET DATA GREATER CHINA

2022



Markets



Stock
(sq m)



Under Construction
(sq m)



Absorption
(sq m)



Vacancy



Rent (Local currency)
(y-o-y change)

Market	Stock (sq m)	Under Construction (sq m)	Absorption (sq m)	Vacancy	Rent (Local currency)	(y-o-y change)	Unit
Beijing	8,617,977	992,401	3,815	11.1%	375.1	-3.7%	RMB/sq m/mo
Shanghai	8,572,166	1,570,158	92,313	11.2%	285.3	0.1%	RMB/sq m/mo
Guangzhou	6,034,199	3,718,544	-1,130	14.0%	166.5	-6.0%	RMB/sq m/mo
Shenzhen	6,975,885	6,455,728	215,081	22.6%	204.5	-3.5%	RMB/sq m/mo
Hong Kong	3,239,999	489,813	-530	12.8%	68.5	-6.0%	HKD/sq ft /mo
Taipei	1,136,498	140,308	-7,455	2.8%	3270.0	1.8%	TWD/ping/mo
Tianjin	2,589,009	597,151	-14,641	35.3%	85.7	-3.8%	RMB/sq m/mo
Shenyang	1,261,075	189,582	23,833	33.3%	68.2	-2.8%	RMB/sq m/mo
Dalian	981,395	492,343	33,195	28.3%	83.5	-8.4%	RMB/sq m/mo
Qingdao	1,659,742	654,970	37,487	24.6%	106.7	0.7%	RMB/sq m/mo
Nanjing	2,487,540	1,327,456	680	25.5%	121.1	-4.7%	RMB/sq m/mo
Hangzhou	2,307,085	513,108	-21,938	16.6%	148.5	-0.4%	RMB/sq m/mo
Suzhou	2,316,883	662,102	146,048	17.1%	89.4	-2.3%	RMB/sq m/mo
Wuxi*	849,299	245,000	16,981	26.9%	69.6	-3.9%	RMB/sq m/mo
Chongqing	1,944,082	583,337	-8,318	33.2%	79.9	-3.0%	RMB/sq m/mo
Chengdu	3,036,076	1,116,233	51,673	20.7%	109.2	-2.5%	RMB/sq m/mo
Xi'an**	1,753,453	660,830	108,584	23.2%	104.0	N/A	RMB/sq m/mo
Wuhan	2,908,491	1,342,698	131,430	37.6%	98.9	-4.2%	RMB/sq m/mo
Changsha	2,564,656	134,315	69,685	34.4%	83.8	-4.6%	RMB/sq m/mo
Xiamen	1,168,500	789,700	19,671	22.7%	98.9	-0.8%	RMB/sq m/mo
Nanning	2,857,774	454,646	103,700	41.9%	61.2	-9.9%	RMB/sq m/mo



**THE SHANGHAI
PRIME BUSINESS
PARK OFFICE
MARKET**

SHANGHAI BUSINESS PARK OFFICE

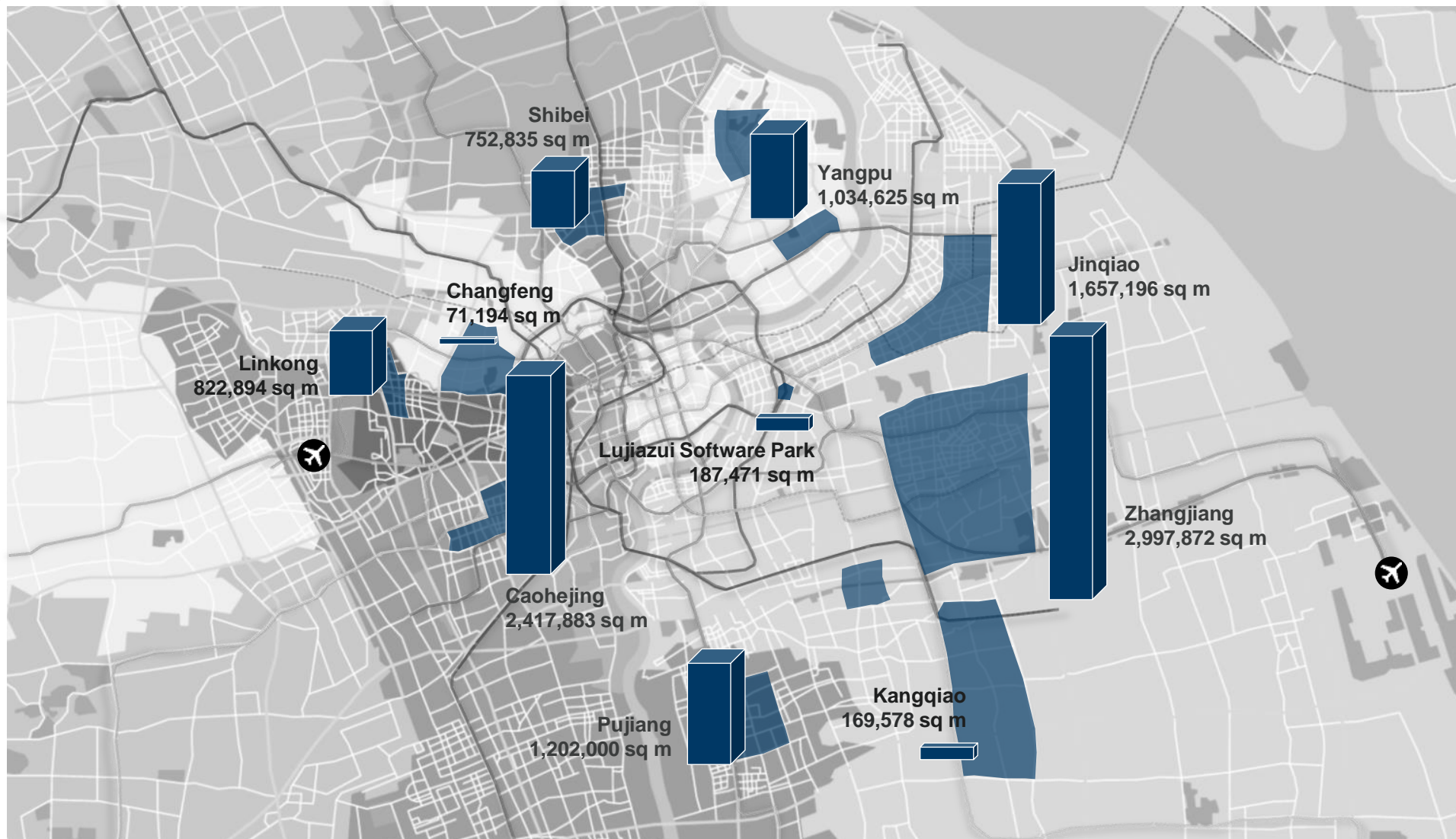
City overview (2022)

Stock	11,313,547 sq m
New Supply (YTD)	579,876 sq m
Average Rental	RMB 4.58/sq m/day (q-o-q ↑)
Availability Ratio	14.76% (q-o-q ↓)
Net Absorption (YTD)	331,296 sq m
Cap Rate	5.0%



SHANGHAI BUSINESS PARK OFFICE

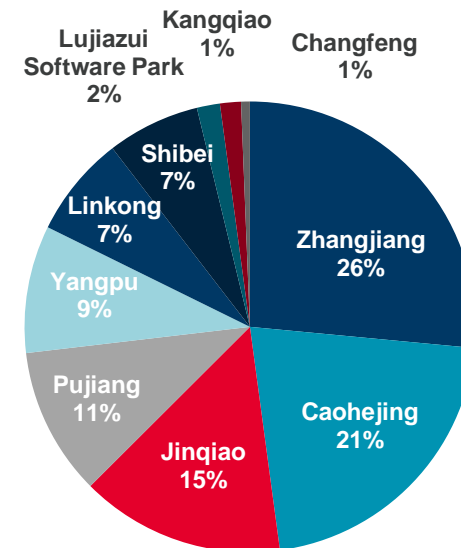
Stock by submarkets (2022)



6 new projects launched into the market in 2022.

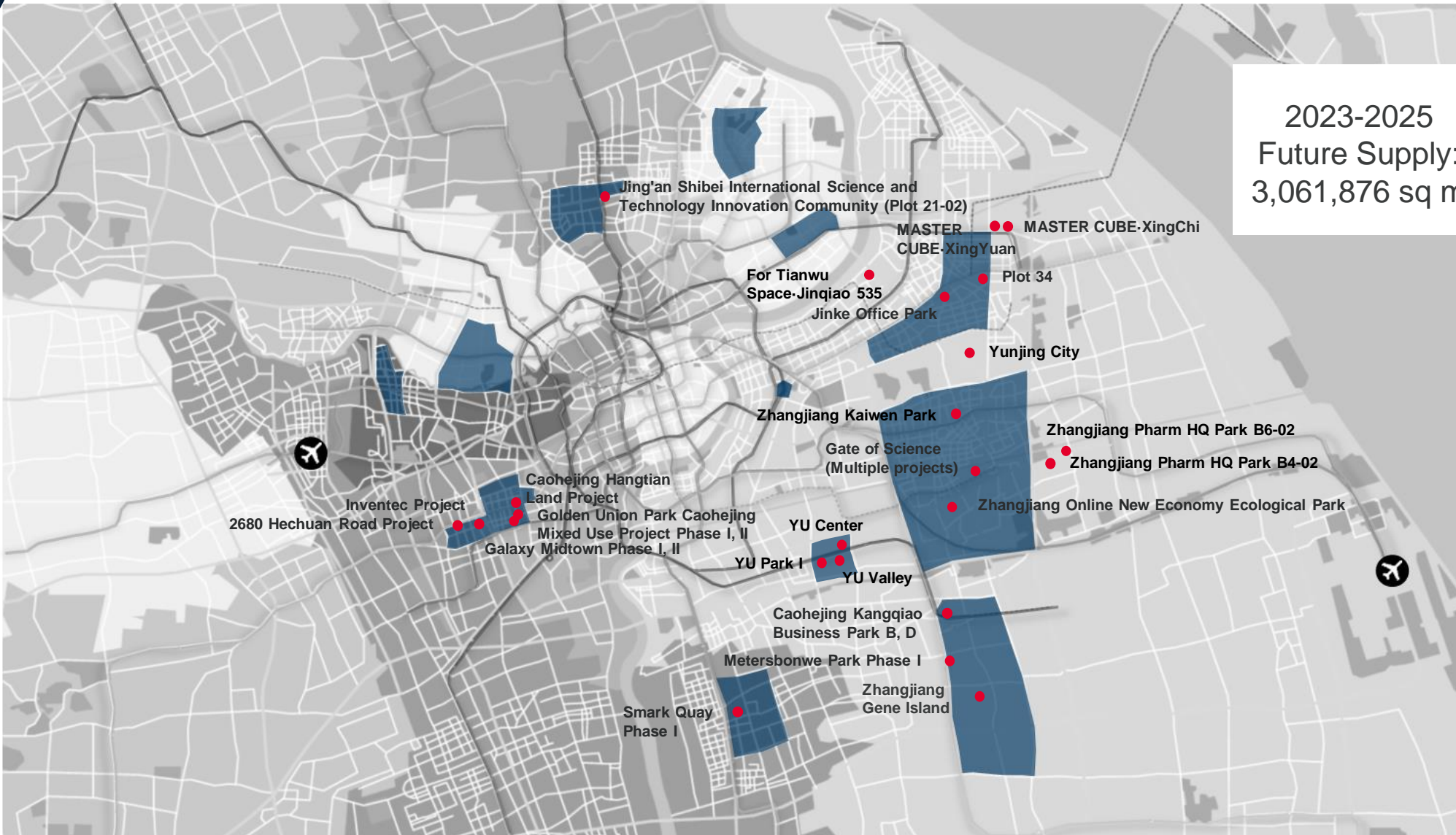
Among them, COSCO Shipping Park in the Caohejing submarket and Zhangjiang AI Industry Innovation and Service Platform in the Zhangjiang submarket were completed in Q4, totalling 88,934 sq m in new supply.

Total: 11,313,547 sq m



SHANGHAI BUSINESS PARK OFFICE

Future supply (2023-2025)



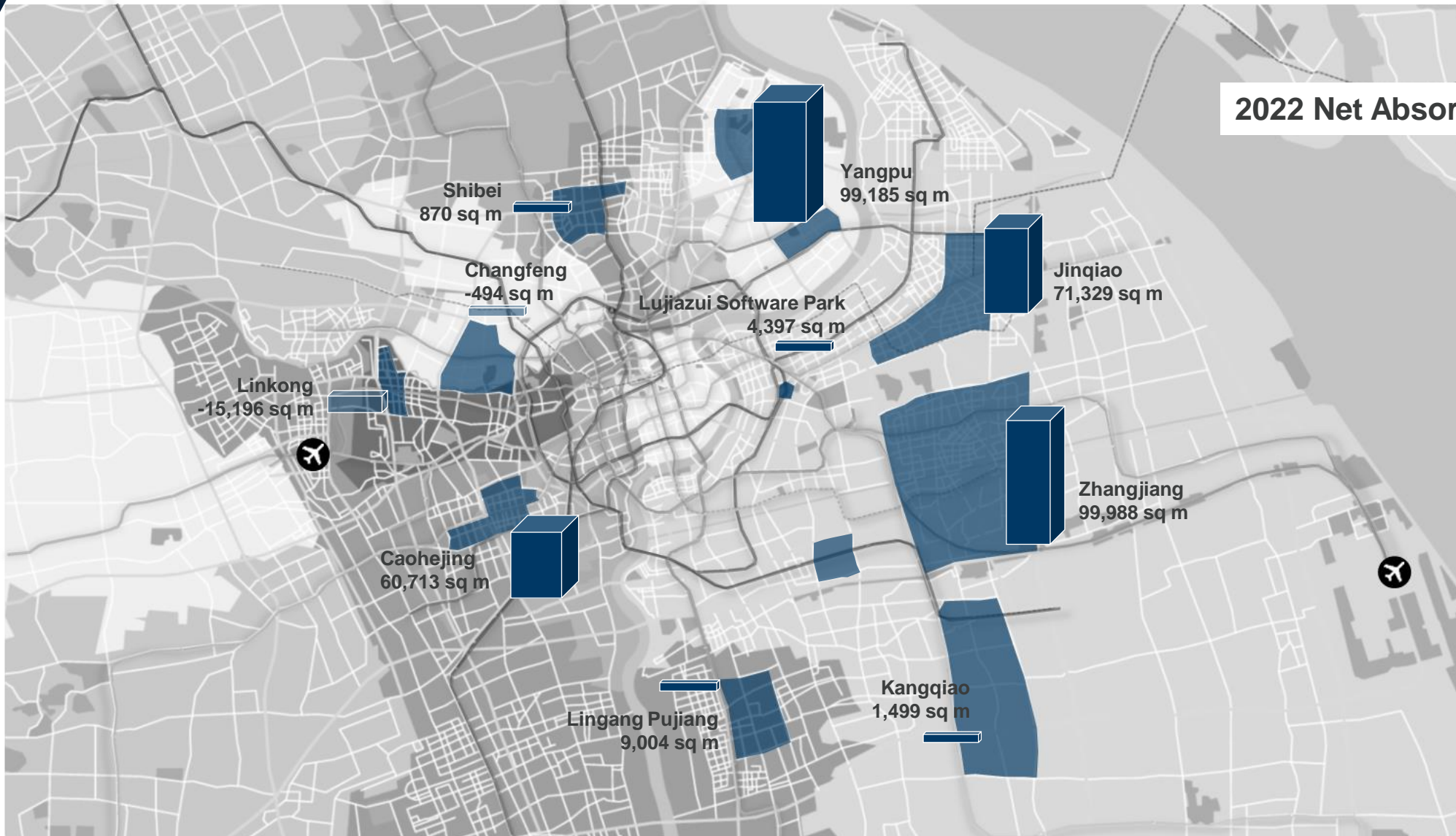
2023-2025
Future Supply:
3,061,876 sq m

2022
2023
2024
2025

According to developers, 20+ projects will enter the market in 2023, adding over 2 million sq m of BP office supply.

SHANGHAI BUSINESS PARK OFFICE

Net absorption submarkets (2022)



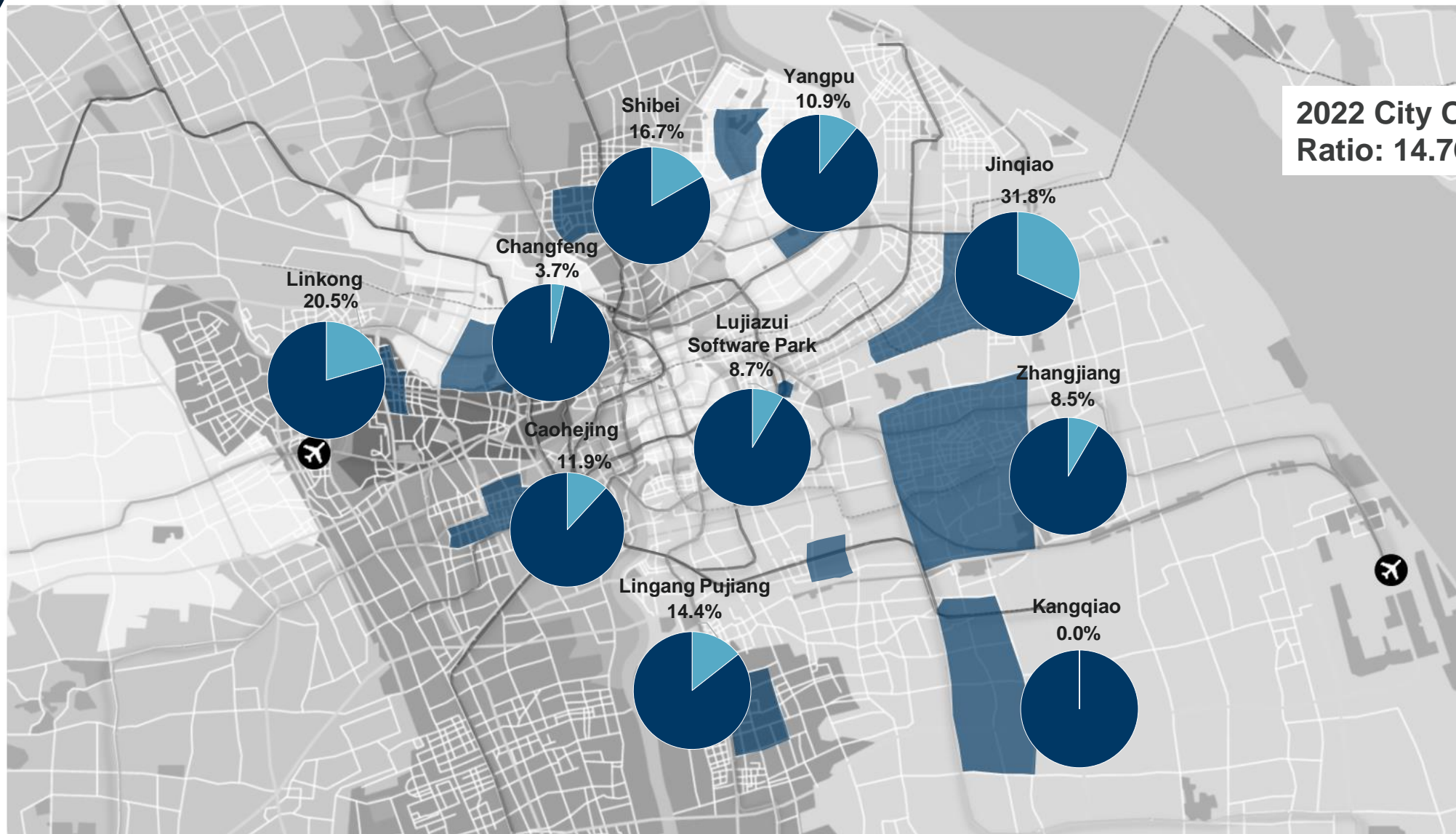
2022 Net Absorption: 311,296 sq m

In 2022, influenced by the COVID-19 pandemic and the relevant lockdowns, **leasing demand** in Shanghai's business parks was weak, **dropping of 68% y-o-y**.

Having said this, leasing demand from high-tech, manufacturing and life sciences enterprises has been **relatively stable** in some submarkets, such as **Zhangjiang and Jinqiao**.

SHANGHAI BUSINESS PARK OFFICE

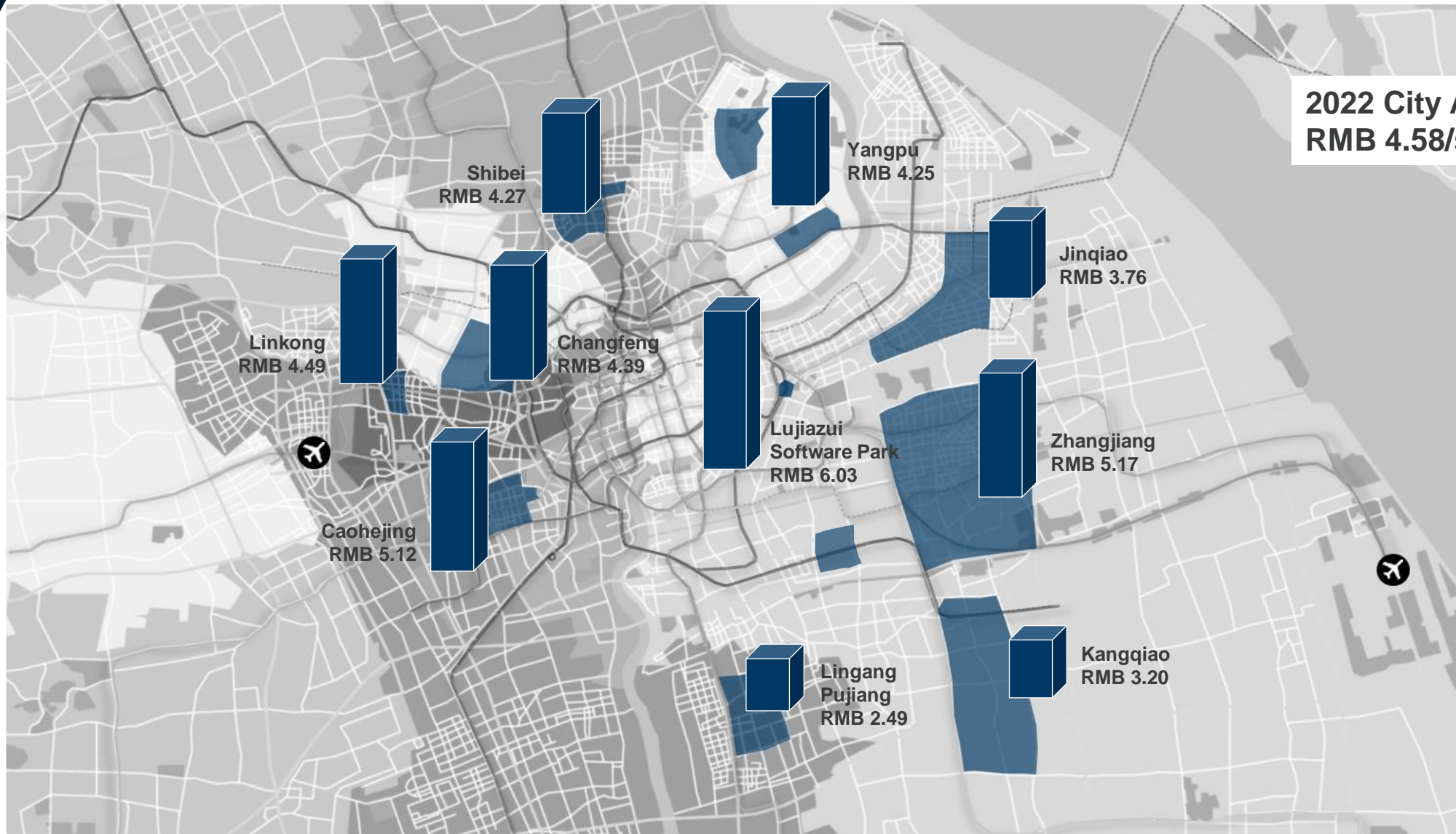
Availability ratio by submarkets (2022)



2022 City Overall Availability Ratio: 14.76%

SHANGHAI BUSINESS PARK OFFICE

Rental by submarkets (2022 RMB/sq m/day)



2022 City Average Rental:
RMB 4.58/sq m/day

KEY TAKEAWAYS

Overview



11 new quality office projects entered the market in 2022. In total, these new projects **added 812,829 sq m of quality supply** to the Shanghai office market.



Given the ongoing COVID-19 pandemic situation, compared to the previous year, the **leasing market was less active in 2022.** **Citywide net absorption for the year recorded 625,725 sq m.**



During the period, **the overall vacancy rate rose** to 16.7%, with the average vacancy rate in the core submarkets rising to 11.2%. In Q4, **the average monthly rental in the city fell slightly** to register RMB247.5 per sq m.

Outlook



Ahead, given the relaxation of COVID-19 control measures, the general economy is expected to recover during 2023, and **Shanghai is expected to see further new office supply and a more active market in the coming year.**



Business park office assets, including life sciences projects, will remain one of the most popular asset classes for investors going forward.



Shanghai will continue to be an attractive location for enterprises involved in intelligent manufacturing, the TMT sector, professional services, life sciences and the logistics industry. **This will lead to stable demand for business park office space in the city in the future.**



THANK YOU!

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