

SHANGHAI



OVERVIEW

In Shanghai market, business sentiment remained cautious during the 1st half of 2019. Net absorption is slightly lower than what is in 2018 as the tensions of China-US trade talk continues.

The rents in the CBD start to further soften due to the competitions from buildings in the emerging business districts. However, the tenants in the sectors of professional services and luxury brands are staying in the CBD. Some are upgrading their offices to newly-built quality office buildings.

The quality office buildings in the emerging business districts become important options for tenants particularly those large-sized tenants as the landlords are more aggressive and flexible by offering very competitive rent and overall package. Qiantan and Hongqiao Hub are considered as 2 of the most significant emerging business districts, which will eventually developed to CBD upon the completion and operation of the major developments and infrastructure in the areas.

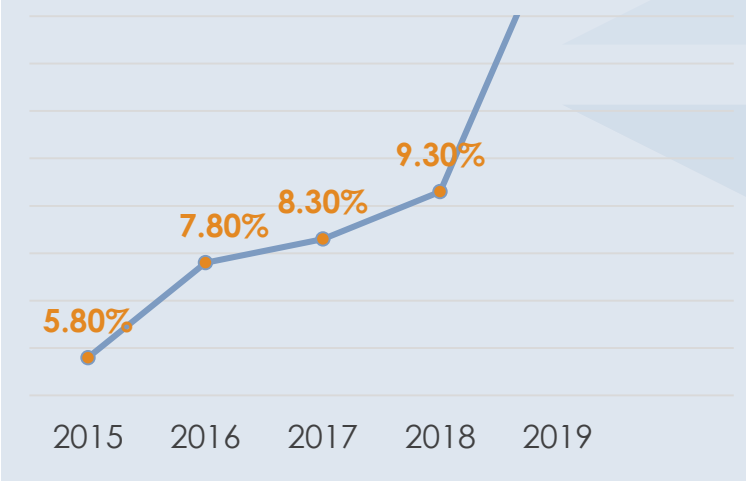
FUNDAMENTALS

Forecast

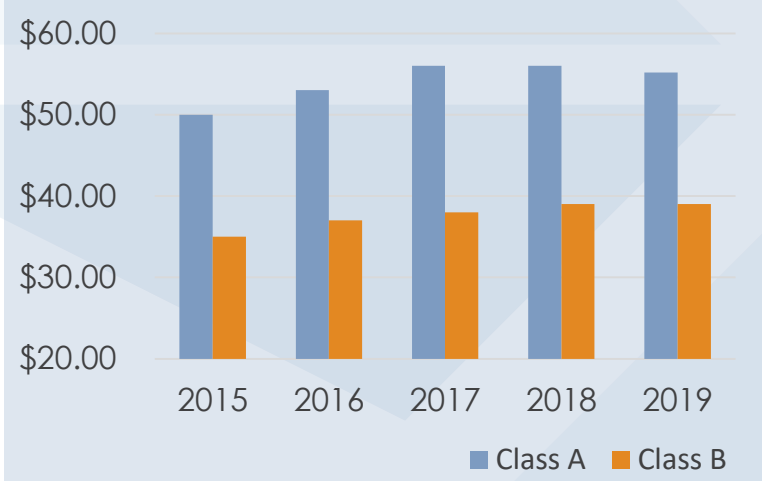
YTD net absorption	3,216,000	▼
Under construction	17,152,000	▼
Average asking rent (gross)	\$49.52	▼
Concessions	Flat to rising	▲

Market Size	Largest Office Deal	Total Vacancy
72,346,979 SF	418,080 SF (WeWork)	10,852,046 SF

TOTAL VACANCY



AVERAGE ASKING RENTS



OUTLOOK

- Rents are declining slightly due to slowing demand
- The demand in manufacturing are further slowing down, while the demand in the sectors of high-tech, e-commerce, professional service, remain active
- co-working and flexible offices represents approx. 6% of the Shanghai market now, researchers expect it will further rise to 30% in the next 5 years
- Foreign fund become more active in 1st half of 2019, Brookfield acquire a office and retail mix-used project by the Huangpu river in Q1 2019.

- WeWork signed a lease of 418,080 square feet in Qiantan (The New Bund), one of the emerging business districts in Shanghai. This is the largest WeWork deal in China market to the date.
- Mydreampus, a major Chinese co-working operator, took 67,536 square feet in Daning, Jing An district
- Sinar Mas Plaza, the tallest building in West Shanghai, reach 75% commitment rate

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