

# MARKETBEAT

## CHENGDU OFFICE REPORT

### AT A GLANCE

#### Financial Crisis Shows Effects

Due to the effects of the global financial crisis, multinational and local companies slow their expansion and relocation. In fourth quarter of 2008, the vacancy rate of Chengdu Grade A office market keeps declining steadily to 23.8%, with a net effective rate drop of 3.7%, to Rmb148.1/sq.m/mth. Apart from Dongdajie Area, other submarkets also see a downward rental adjustment compared to Q3 2008. At the same time, the net effective rate of Grade B office declines 4.9%, to Rmb83.8/sq.m/mth. There are still large-scale transactions, such as Canon taking one floor in Plaza Central Tower I and Gomon Science & Technology Development Co. Ltd, a domestic solar energy company, taking one floor in Air China Century Centre. The net take-up of Grade A office space in 2008 adds up to 112,000 sq.m. Due to the effects of the Wenchuan earthquake and the financial crisis, many office projects have postponed their schedules. There will be two Grade A office completed in 2009, providing over 100,000 square metres of office space. We expect the rent to fall, slightly and vacant space to be absorbed slowly in the short term.

#### Large Supply in the Next Three Years

Three complexes comprising Grade A offices start construction this quarter. They are Chengdu International Financial Centre by Wharf, Tishman Speyer's Dongdajie project and Baiyang Building. Tishman Speyer's project includes a retail podium, an office tower of 64,000 sq.m, and two towers of furnished apartment and serviced apartment. Baiyang Building, developed by Taiwan Far Eastern Group, is located near the transfer hinge of Metro Line 1 and Line 2. It is directly connected through a channel to the transfer hinge. Baiyang Building and Tishman Speyer's project are to be completed in 2011. With other new supply, 2011 will see a large supply of 426,000 sq.m. Total Grade A office supply in the next three years will surpass 790,000 sq.m, which is almost 1.7 times as much as current stock.

### MARKET HIGHLIGHTS IN 4Q 2008

#### SIGNIFICANT NEW LEASE TRANSACTIONS

BUILDING	TENANT	SQ M	BUILDING AREA
Plaza Central Tower I	Canon	847	CBD
Plaza Central Tower II	Nikon	400	CBD
Air China Century Centre	Gomon Science & Technology Development	1800	South District

#### SIGNIFICANT CONSTRUCTION COMPLETIONS

BUILDING	OFFICE GFA SQ M	LOCATION	COMPLETION DATE
Shangri-La Centre	41,520	Dongdajie	6/07
Lippo Tower	50,000	South District	3/08
Air China Century Centre	84,000	South District	6/08

#### SIGNIFICANT PROJECTS UNDER CONSTRUCTION

BUILDING	OFFICE GFA SQ M	LOCATION	COMPLETION DATE
Jinjiang International	33,562	South District	06/09
Yanlord Land Plaza	70,360	CBD	03/10

#### \*RENTS AS OF 4Q 2008

Location	Achievable Rent (*Net Effective) RMB/sqm/month	% Change From (Local Measurement)			Short Term Trend
		3 months ago	6 months ago	From Q1 2003	
Chengdu Overall	148.1	-3.7%	-2.4%	14.8%	↓
CBD	135.2	-3.0%	-1.1%	5.4%	↓
South District	152.4	-8.7%	-7.8%	13.9%	↓
Dongdajie	204.4	6.7%	6.7%	N/A	↓

\* Net Effective Rent is the average market achievable rent for an average sized tenant in the middle zone of an office building, taking into account building efficiency and rent-free periods.  
Note: Some historical data has been revised.

#### ECONOMIC INDICATORS

	LATEST RELEASE		2005	2006	2007
GDP Growth	Sep 2008	12.2%	13.5%	13.8%	15.3%
FDI Growth	Nov 2008	110%	65.8%	38.2%	50.0%
Prices (CPI)	Nov 2008	4.6	2.3	1.8	5.2
Real Estate Investment	Nov 2008	4.6%	46.2%	37.4%	47.0%

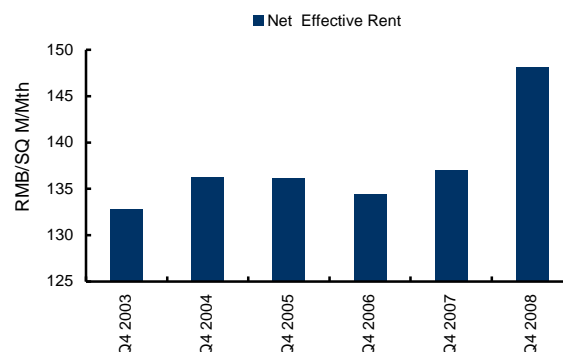
Source: Chengdu Municipal Statistics Bureau



For industry-leading intelligence to support your real estate and business decisions, go to Cushman & Wakefield's Knowledge Center at [www.cushmanwakefield.com/knowledge](http://www.cushmanwakefield.com/knowledge)

Wang Yi, Associate Director – Commercial, Chengdu  
Tel: (86 28) 8665 8877  
E-mail: [wang.yi@ap.cushwake.com](mailto:wang.yi@ap.cushwake.com)  
[www.cushmanwakefield.com](http://www.cushmanwakefield.com)

#### OVERALL GRADE A OFFICE RENT



This report contains information available to the public and has been relied upon by Cushman & Wakefield on the basis that it is accurate and complete. Cushman & Wakefield accepts no responsibility if this should prove not to be the case. No warranty or representation, express or implied, is made to the accuracy or completeness of the information contained herein, and same is submitted subject to errors, omissions, change of price, rental or other conditions, withdrawal without notice, and to any special listing conditions imposed by our principals.