

Firm demand starts to counteract rising supply

Firm economic growth boosted demand for quality office space in Shanghai in Q2, reflected in the highest net absorption in ten years. Despite strong demand, average vacancy in the CBDs rose due to new completions. Nevertheless, rent was more or less flat with 0.7% growth YOY or a 0.3% drop QOQ to RMB10.3 (USD1.52). In H2, Colliers expects new additions to boost average vacancy further and lead to a modest rent decline by end-2017, as the leasing market shifts to favour tenants in both the CBDs and decentralised areas. Beyond 2018, high availability should still affect rent growth, though the pace of new supply should slow from 2019.

Forecast at a glance



Demand

Leasing demand is robust due to the firm economic situation, and is starting to counteract the impact of rising supply.



Supply

We expect a 17% increase in the CBD total stock by end-2017, and the supply should remain heavy in 2018.



Vacancy rate

Vacancy in the CBDs was 12.9% in Q2. We expect vacancy to rise to about 15% and hover there over the next two years.



Rent

We predict a moderate adjustment of the average rent (1-2%) in 2017 due to the foreseeable fierce competition amidst heavy new supply. However, we expect rent to pick up gradually from 2019 when the pressure from new supply eases.

强劲的需求开始抵消供应的增长

经济的稳固增长提升了上海第二季度优质写字楼空间的需求，由历史最高净吸纳量可见一斑。尽管需求强劲，但核心区内新项目的竣工致使其平均空置率上升。然而，租金大致保持稳定，同比增长 0.7% 抑或环比下跌 0.3%，至人民币 10.3 元（1.52 美元）每天每平方米。2017 年下半年，高力国际预计更多的新增供应将进一步推高平均空置率，并在核心区及次中心租赁市场皆转向租户市场之际，导致租金于年末适度下调。展望 2018 年之后，虽然新增供应入市步伐将自 2019 年起始有所放缓，但充足的供应仍将影响租金增幅。

预测一览表



需求

租赁需求在经济强劲的背景下维持稳定，并开始抵消供应增长造成的影响



供应

高力国际预计 2017 年末核心区总存量增幅将达 17%，2018 年新增供应量应保持充足



空置率

核心区第二季度空置率为 12.9%，高力国际预计空置率将在未来两年徘徊于 15% 左右



租金

鉴于大量新增供应下可预见的激烈竞争，高力国际预计 2017 年平均租金将适度调整（1-2%）。然而，租金或将于 2019 年新增供应对市场造成的压力放缓之际开始逐步回升。

Highest absorption level in ten years though vacancy rate rises

Shanghai's real GDP and tertiary industry (services) grew by 6.8% and 7.5% YOY respectively in Q1 2017, according to the Shanghai Statistics Bureau. While Q2 GDP has not yet been published for Shanghai, the fact that China as a whole reported 6.9% real GDP growth for Q2 (unchanged from Q1) suggests the economic situation remained robust, supporting demand.

As a result of firm demand, a total of 261,000 sq m (2.81 million sq ft) net absorption was recorded in Shanghai's CBDs in Q2, the strongest quarterly absorption level in the past decade. This was concentrated in new projects completed in the past three quarters. Between Q3 2016 and Q1 2017, a number of new projects totalling nearly 600,000 sq m (6.4 million sq ft) were completed in Shanghai's CBDs. This new office space pushed up the average vacancy rate, but also supported the leasing activity associated with new set-ups, expansion, and upgrading or relocations. Nevertheless, the heavy new supply launched in Q2 led the average vacancy rate in Shanghai's CBDs to rise to 12.9% as of end-Q2 2017, up from 12.4% at end-Q1 and 7.2% at end-Q2 2016.

By area, the average vacancy rate in Puxi dropped by 0.4 percentage points QOQ but increased by 5.9 percentage points YOY to 12.4%, while the same figure in Pudong increased by 1.7 percentage points QOQ and 5.3 percentage points YOY to 13.6%.

Demand came from various sources, including finance, property, IT, manufacturing, consulting, law, and other sectors. Headline leasing transactions included: finance company Da Jin Suo's lease of 8,000 sq m at China Life Finance Centre in Lujiazui; WeWork's pre-lease of 4,500 sq m at ITC phase I in Xujiahui; All Bright LLP's lease of 2,300 sq m at HKRI Centre Tower 1 in Nanjing West Road; Facebook's lease of 2,400 sq m at Century Link Tower 1 in Zhuyuan; Zhong Hui Jin Investment's renewal and expansion of 2,100 sq m at Cloud 9 Plaza in Zhongshan Park; Illuminera's lease of 1,000 sq m at Hongyi Plaza in the People's Square; and training institution HKU Space China's renewal and expansion of 1,296 sq m at Hang Seng Bank Tower in Lujiazui.

去化水平达近十年之最，空置率仍上升

据上海市统计局，2017年第一季度全市GDP和第三产业同比分别增长6.8%和7.5%。尽管第二季度上海GDP尚未发布，但全国GDP增长6.9%（与第一季度持平），由此可见经济形势的持续稳健，并支撑着市场需求。

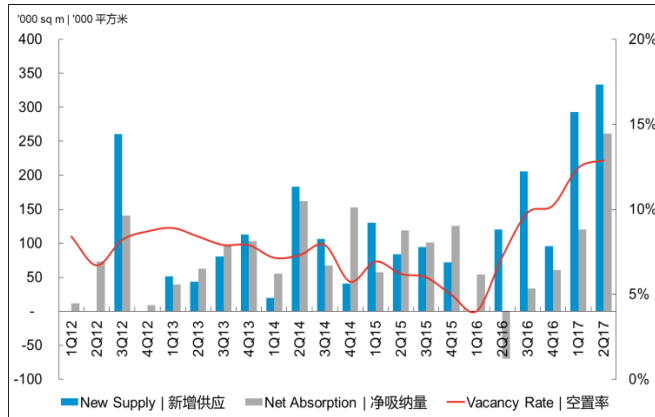
由于需求的强劲，第二季度上海核心区净吸纳量达26.1万平方米（281万平方英尺），系过往十年间最高单季度去化量。去化主要集中于过去三个季度内交付的新项目。自2016年第三季度至2017年第一季度，合计面积达60万平方米（640万平方英尺）的多个新项目于核心区落成。这些新项目在推高平均空置率的同时，亦支撑了包括新设办公、扩租、以及改善/搬迁的各类租赁活动。即便如此，第二季度的大量新增供应仍导致上海核心区平均空置率于季末升至12.9%，相比第一季度末的12.4%以及2016年第二季度末的7.2%均有所上升。

按区域划分，浦西的平均空置率环比下降0.4个百分点但同比仍上涨5.9个百分点至12.4%，浦东的平均空置率则环比与同比分别上升1.7及5.3个百分点至13.6%。

需求来源保持多样化，包括金融、房地产、IT、制造、咨询、及法律等行业。瞩目的租赁交易包括：金融公司大金所在陆家嘴的中国人寿金融中心租赁约8,000平方米；WeWork在徐家汇世贸中心一期预租约4,500平方米；All Bright LLP在南京西路的香港兴业中心T1租赁约2,300平方米；Facebook在竹园的世纪汇广场T1租赁约2,400平方米；中汇金投资在中山公园的龙之梦大厦续租及扩租共约2,100平方米；意略明在人民广场的宏伊广场租赁约1,000平方米；以及培训机构香港大学Space中国商业学院在陆家嘴的恒生银行大厦续约并扩租合计1,296平方米。

Figure 1: Shanghai CBD Grade A Office Quarterly New Supply, Net Absorption and Vacancy Rate

图 1: 上海核心区甲级写字楼季度新增供应、净吸纳量及空置率



Source: Colliers International Shanghai Research
数据来源: 上海高力国际研究部

Highest quarterly supply since 2009

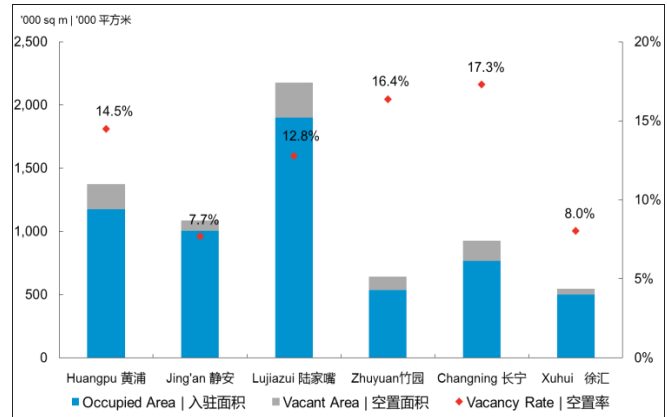
The Shanghai CBD Grade A office market received six new office buildings totalling 333,000 sq m (3.59 million sq ft) of office GFA in Q2 2017 alone, the largest quarterly addition since 2009. These new buildings were situated in various sites in downtown Shanghai, including China Life Finance Centre in Lujiazui, Century Link Tower 2 in Zhuyuan, HKRI Centre Tower 2 in Jing'an's Nanjing West Road, two office towers of China Oversea International Centre at south of Xintiandi in Huangpu, and T20 in Xujiahui. These new projects caused the total stock of Shanghai's CBD Grade A office market to grow by 5.2% QOQ to 6.75 million sq m (72.7 million sq ft).

Rental was flat although availability increased

The increasing vacancy rate and the new supply scheduled in the near-term continued to place pressure on landlords. Some landlords responded by lowering their rental expectations in order to compete for and/or retain tenants. However, in Q2 2017, the average rent in Shanghai's CBDs witnessed was flat with a 0.7% increase on a yearly basis although a modest decline by 0.3% QOQ to RMB10.3 (USD1.52) psm per day. By area, the average rent in Puxi declined by 0.7% QOQ or 0.9% YOY to RMB9.3 (USD1.37) psm per day while

Figure 2: Shanghai CBD Grade A Office Occupied and Vacant Area by Location

图 2: 上海核心区甲级写字楼分区域入驻及空置面积



Source: Colliers International Shanghai Research
数据来源: 上海高力国际研究部

单季新增供应 2009 年以来最大

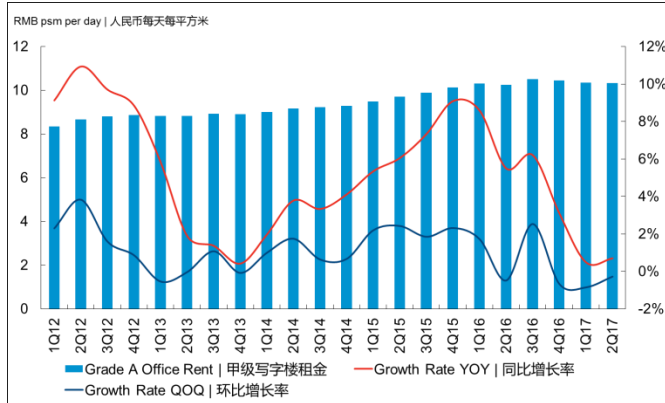
上海核心区甲级写字楼市场仅在第二季度便有合计写字楼建筑面积为 33.3 万平方米 (359 万平方英尺) 的六栋楼宇竣工交付, 该新增供应系 2009 年以来最大单季水平。这些新增供应坐落于上海市中心各处, 包括陆家嘴的中国人寿金融中心, 竹园的世纪汇广场 T2, 静安南京西路的香港兴业中心 T2, 黄浦新天地南端上海中海国际中心的两栋写字楼, 以及徐家汇的 T20。这些新项目的落成令上海核心区甲级写字楼总存量于第二季度末环比增长 5.2% 至约 675 万平方米 (7,270 平方英尺)。

虽然供应增多但租金走平

攀升的空置率以及短期内计划入市的新增供应持续为业主带来压力。部分业主为争夺及/或挽留租户而降低租金期望值。然而, 2017 年第二季度上海核心区平均租金尽管环比下调 0.3%, 但同比增长 0.7% 至人民币 10.3 元 (1.52 美元) 每天每平方米。按区域划分, 浦西平均租金环比和同比分别下调 0.7% 及 0.9% 至人民币 9.3 元 (1.37 美元) 每天每平方米; 浦东平均租金录得 1.9% 的

the average rent in Pudong increased by 1.9% YOY although it edged down by 0.1% QOQ to RMB11.8 (USD1.74) psm per day.

Figure 3: Shanghai CBD Grade A Office Average Rent and Growth Rate
图 3: 上海核心区甲级写字楼平均租金及增长率



Source: Colliers International Shanghai Research
数据来源: 上海高力国际研究部

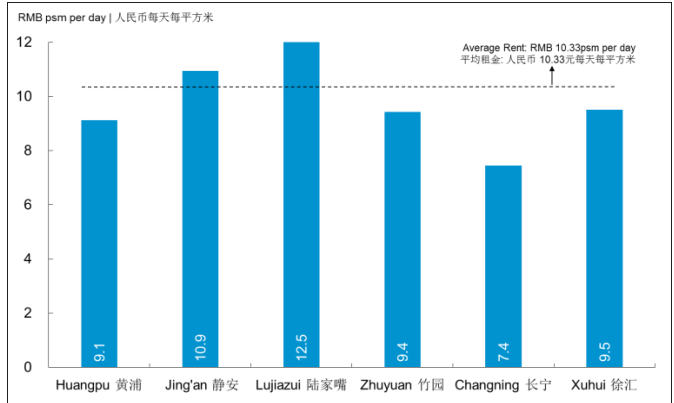
It should be noted that the quarterly rental drop in Pudong was constrained by individual projects, where landlords raised their rental expectations despite increasing availability. In line with the weakened overall sentiment, landlords of many other projects in the area were flexible in leasing term negotiations, in order to secure favoured tenants.

Investment demand remains strong

In spite of a quarterly slowdown in total transaction volume in Q2, investment sentiment for Shanghai's office properties remained strong. Foreign funds, domestic institutions, and RMB funds were all actively sourcing income-producing targets. While this strong investment demand depressed yield, office assets with value-add and/or upside potential continued to attract investors. In Q2, five large-scale sales transactions totalling RMB13.3 billion (USD1.96 billion) were disclosed, including Keppel Land China Limited, Alpha Investment Partners Limited and a co-investor's joint purchase of SOHO Hongkou (including office and retail components) in Hongkou's Sichuan North Road area from SOHO China for RMB3.56 billion (or RMB51,012 psm); Zhongrong Trust's purchase of Silver Court (a mixed-use project including office component) in Huangpu from Mapletree for RMB3.26 billion (or RMB56,000 psm); Capitaland's acquisition of Guozheng Centre in Yangpu from Baohua for RMB2.64

同比增幅, 虽然环比微降 0.1%至人民币 11.8 元 (1.74 美元) 每天每平方米。

Figure 4: Shanghai CBD Grade A Office Average Rent by Location
图 4: 上海核心区甲级写字楼分区域平均租金



Source: Colliers International Shanghai Research
数据来源: 上海高力国际研究部

应当注意的是, 尽管整体供应增多, 浦东个别项目的业主仍提升其租金期望值, 这在一定程度上抑制了该区域租金的环比跌幅。与削弱的整体情绪相符, 该区域内众多其他项目的业主为锁定所青睐的租户而对租赁条款谈判具备灵活性。

投资需求持续强劲

尽管第二季度投资总量环比有所放缓, 上海写字楼物业的投资情绪仍保持强劲。外资基金、国内机构、以及人民币基金均积极寻找收益型资产。在此类强劲的投资需求抑制了收益率之际, 拥有增值及/或升值潜力的写字楼资产持续受投资者追捧。第二季度, 总价值达人民币 133 亿元 (19.6 亿美元) 的五项大宗交易披露, 包括吉宝置业中国、首峰资金管理、以及一联合投资者以人民币 35.6 亿元 (或人民币 51,012 元每平方米) 共同从 SOHO 中国收购位于虹口四川北路附近的 SOHO 虹口 (含写字楼和商铺业态); 中融信托以人民币 32.6 亿元 (或人民币 56,000 元每平方米) 向丰树收购位于黄浦的永银大厦 (含写字楼业态的一座综合体); 凯德以人民币 26.4 亿元 (或人民币 32,713 元每平方米) 从宝华购得位于杨浦的国正中心; 上海五牛股权投资基金管理以人民币 15.2 亿元 (或人民币 54,218 元每平方米) 向中融集团收购一资产包 (包括皆位于浦东的中融碧玉蓝天大厦和中融恒

billion (or RMB32,713 psm); Shanghai Five Bulls Fund Management's purchase of an asset portfolio (including Zhongrong Biyulantian Tower and Zhongrong Hengrui International Tower, both situated in Pudong) from Zhongrong Holdings Group for RMB1.52 billion (or RMB54,218 psm); and Binjiang Group and Zhongchong Group's joint acquisition of 49% share in Qinhai Garden (a land plot planned primarily for office property) in downtown Huangpu from SRE Group for RMB2.3 billion (or an accommodation value of RMB17,692 psm).

Decentralised Grade A office market: rental performance varies, vacancy rate still rising

New submarkets emerge

Three new projects were launched during the second quarter, including Capital Square in Zhabei's Tianmu Hengfeng area, Air Centre in Xuhui's Binjiang, and The New Bund World Trade Centre Phase I Bloc A and B in Pudong's Qiantan. These new projects brought a combined GFA of 174,000 sq m (1.87 million sq ft) to the Shanghai decentralised Grade A office market, and pushed the total stock to increase by 5.2% QOQ to

Vacancy rate rises though demand picks up

Demand picked up in the second quarter following a seasonal slowdown in Q1, reflected in 85,000 sq m (0.92 million sq ft) of net absorption, up 114% QOQ. Demand came from but was not limited to the finance and service companies. Nevertheless, the continued influx of new supply led the overall vacancy rate in the decentralised market to rise by 1.3 percentage points QOQ to 26.2% as of the end of H1. By category, the average vacancy rate of the established decentralised submarkets which have proximity to the CBDs (Huamu, Hongkou, Zhabei, and Putuo) declined by 0.7 percentage points QOQ to 20.4%.

At Shanghai Sinar Mars Centre in Hongkou, several major new leases came from YKK (4,800 sq m), the finance company ZRGY (2,400 sq m), and Shanghai Wine Exchange (1,282 sq m). Other notable leasing transactions included FMCG company KAO's lease of about 4,600 sq m at Capital Square in Zhabei and Hong'an Freight's lease of about 3,000 sq m at Financial Street Hailun Centre in Hongkou.

瑞国际大厦); 以及滨江集团和中崇集团联合以人民币 23 亿元 (或楼板价人民币 17,692 元每平方米) 从上置集团购得位于市中心黄浦的琴海苑 (系一宗主要规划为写字楼的地块) 49% 股份。

次中心甲级写字楼市场 - 租金表现差异化显著, 空置率仍有所攀升

新兴区域显现

第二季度共有三个新项目入市, 包括位于闸北天目恒丰区域的凯德星贸、徐汇滨江的航汇大厦、以及前滩世贸中心一期的 A、B 两栋楼。这些新项目为上海次中心甲级写字楼市场带来合计 17.4 万平方米 (187 万平方英尺) 的写字楼建筑面积, 并推升总存量环比增长 5.2% 至第二季度末的 354 万平方米 (3,810 万平方英尺)。上海次中心甲级写字楼物业的版图持续扩张, 包括杨浦东外滩、徐汇滨

尽管需求回暖, 空置率仍有攀升

继第一季度的季节性放缓之后, 需求于第二季度回暖, 季内净吸纳量录得 85,000 平方米 (92 万平方英尺), 环比增长 114%。需求源自但不限于金融及服务类公司。尽管如此, 新增供应的持续涌入致使次中心市场整体空置率环比上升 1.3 个百分点至上半年末的 26.2%。分类而言, 与传统核心区邻近之成熟次中心子市场 (花木、虹口, 闸北及普陀) 的平均空置率环比下降 0.7 个百分点至 20.4%。

在位于虹口的上海白玉兰广场, 若干主要新租包括 YKK、金融公司中润国赢、以及上海红酒交易中心分别租赁 4,800 平方米、2,400 平方米、以及 1,282 平方米。其他瞩目租赁交易包括快消公司花王在闸北的凯德星贸租赁约 4,600 平方米以及鸿安货运在虹口的金融街海伦中心租赁约 3,000 平方米

Landlords under pressure, rental performance varies by location

The average rent in the decentralised Grade A office market increased by 0.6% YOY, although it declined by 1.1% QOQ to RMB6.2 (USD0.91) psm per day as of end-Q2 2017. Most landlords were flexible in leasing term negotiations on the back of the new supply, which constrained rental growth. In the decentralised submarkets with proximity to the CBDs, rents in most new projects were significantly above the average level, but still represented a marked discount compared the CBDs, attracting tenants from the CBDs for cost savings. As of the end of the second quarter, the average rent in Huamu, Hongkou, Zhabei and Putuo increased by 1.3% QOQ or 3.7% YOY to RMB6.8 (USD1.0) psm per day.

High vacancy rate and rental correction for the next three years

The strong tertiary industry in Shanghai should continue to underpin strong demand for leased office space. Meanwhile, the city's high new supply and the improving amenities (including metro line network) should also stimulate demand, including upgrade needs, for quality office properties. In H2 2017, an additional 440,000 sq m (4.73 million sq ft) of office GFA in the CBDs and more than 1.0 million sq m (10.76 million sq ft) of office GFA in the decentralised market are scheduled to be completed. This additional space is sure to push up the city's vacancy rate despite the ongoing absorption. Colliers expects that the average vacancy rate in the CBDs will hover around 15% by the end of 2017, and the high vacancy rate should persist through 2018 given the new supply pipeline. Meanwhile, we predict a moderate adjustment of average rent (1-2%), for the CBD in the next two years, since certain landlords will lower rental expectation amidst the foreseeable fierce competition if all projects completed in the pipeline. However, in the long term, we forecast that rent will pick up from 2019 when the market pressure eased from an expected slowdown for new supply completion in CBDs and most of new supply will be absorbed.

业主面临压力，租金表现因地段而异

截至 2017 年第二季度末，次中心甲级写字楼市场平均租金尽管环比下调 1.1%，但同比仍上涨 0.6% 至人民币 6.2 元（0.91 美元）每天每平方米。在新增供应量大的背景下，众多业主对租赁条款谈判具备一定灵活性，从而抑制了租金增长。在与核心区相邻的次中心市场内，多数新项目租金大幅高于平均水平，但相较核心区仍有明显折扣，因而吸引了因成本因素从核心区迁出的租户。截至第二季度末，花木、虹口、闸北及普陀的平均租金环比上涨 1.3% 或同比上涨 3.7% 至人民币 6.8 元（1.0 美元）每天每平方米。

未来三年空置率高企且租金下调

上海强劲的第三产业将持续支撑优质写字楼空间需求的增长。与此同时，该市大量的新增供应以及持续改善的配套设施（包括地铁网络）亦有望将带动包括改善升级在内，对优质写字楼物业的需求。2017 年下半年，核心区和次中心分别另有 44 万平方米（473 万平方英尺）和超过一百万平方米（1,076 万平方英尺）的写字楼建筑面积计划入市。尽管去化持续，这些供应增量无疑将推高空置率。高力国际预测核心区平均空置率将在 2017 年末徘徊在 15% 左右，且鉴于未来的新增供应入市计划，相对较高的空置率或将维持至 2018 年。与此同时，若所有项目如期入市，可预见的激烈竞争将迫使若干业主降低租金期望值，因而预计未来两年核心区租金或将有适度调整（1-2%）。然而，从长期来看，高力国际预期租金将于 2019 年市场压力随核心区域新增供应入市步伐放缓而缓解，且多数新项目被吸纳之际将有所回升。

Major Leasing Transactions

MAJOR LEASING TRANSACTIONS Q2 2017		
PROPERTY	TENANT	INDUSTRY
China Life Finance Centre	Da Jin Suo	Finance
ITC Phase I	WeWork	Service
HKRI Centre T1	All Bright LLP	Legal
Hongyi Plaza	Illuminera	Consultancy

Source: Colliers International

主要租赁交易

2017 年第二季度主要租赁交易		
项目	租户	行业
中国人寿金融中心	大金所	金融
世贸中心一期	WeWork	服务
香港兴业中心 T1	All Bright LLP	法务
宏伊广场	意略明	咨询

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