

Key new project completed in new submarket

Terry Jin Analyst | East China

Hangzhou's economy continued its strong growth, with GDP growing by 9.5% YOY in 2016, and tertiary industry growing by 13.0% YOY, according to Hangzhou Statistics Bureau. This growth supported leasing demand from the finance, IT and real estate industry, which were active in this quarter. One new project was completed, by an international developer, which achieved a record high rent in the Qianjiang New City. In 2017, we expect the planned completion of three further projects (400,000 sq m) in Qianjiang New City will push the vacancy rate up in this submarket even further, and leading to competition with landlords from other submarkets.

Forecast at a glance



Demand

Demand in Qianjiang New City will be stimulated by new projects, while competition for other submarkets will be more intense.



Supply

Three new projects with an office GFA of 400,000 sq m are scheduled for the rest of 2017, which will expand the market by 15%.



Vacancy rate

We expect the city's vacancy rate will rise above 25% in 2017 from the current rate of 19.4%. We forecast net-take up of 180,000 sq m in 2017, above average net take-up for last five years of 135,000 sq m but less than half of new supply.



Rent

We expect rent will decrease by 0.7% in 2017 as the market is entering a period of oversupply, though it will be limited by above-average rent for the new supply.

重点项目于新兴市场竣工

金向远 分析师 | 华东区

据杭州市统计局，2016年全市生产总值和第三产业同比分别增长9.5%和13%。该增长有效支撑写字楼租赁需求，并录得季内较为活跃的金融、IT以及房地产行业的新租。季内，某外资开发的新项目于钱江新城竣工，并录得该子市场最高租金。2017年，我们预测钱江新城内规划竣工的三个新项目（400,000平方米）将进一步推高该市场空置率，并加剧与其他子市场内业主之间竞争。

预测一览表



需求

钱江新城新增项目将刺激该市场需求，其它子市场或将面临更强劲的竞争。



供应

总建筑面积400,000平方米的三个新项目计划于2017年内完工，市场总存量将扩大15%。



空置率

我们预测2017年全市空置率预计将从19.4%上升至25%以上。净吸纳量也将于2017年突破18万平方米，高于过往五年平均净吸纳量13.5万平方米，但不及新增供应的一半。



租金

我们预测市场将进入供应过剩期，租金将出现下滑，但这将被新项目之高于市场平均水平的租金所抑制。

One major new project launched

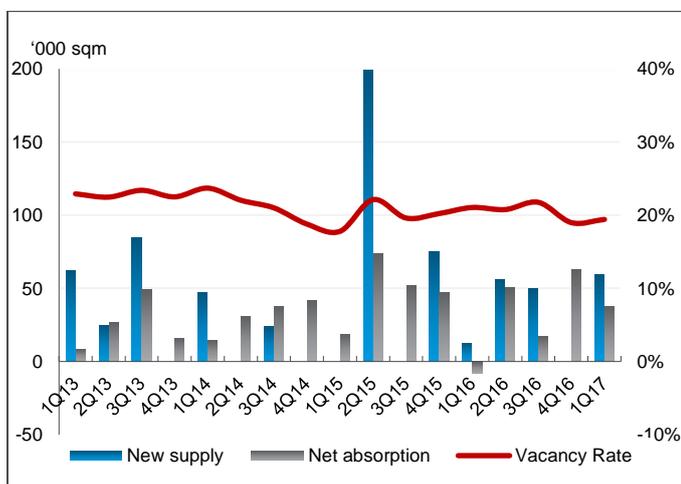
CapitaLand of Singapore completed its development of Raffles City Hangzhou during Q1, adding 59,200 sq m (637,000 sq ft) of office space to total stock in Qianjiang New City. Within the new development, 23,300 sq m was offered for sale and 35,900 sq m for leasing. Hence, the total stock of Hangzhou's prime office market expanded by 2.6% to 2.32 million sq m (25.0 million sq ft). Raffles City Hangzhou is located above Jiangjin Road Station of Metro Line 4, and consists of office, retail, apartments and a hotel. Notably, this is the first project by a major international developer in Qianjiang New City

Majority of new leases in Qianjiang New City

Demand slowed in Q1 2017, with net absorption of 37,674 sq m (405,520 sq ft). The average vacancy rate increased by 0.4 percentage points QOQ to 19.4% as a result of the new project. The finance, IT and real estate sectors were the primary drivers of leasing demand.

By submarket, demand in Wulin and Qingchun remained stable, with net absorption of nearly 18,000 sq m (193,750 sq ft) in Q1 2017. That led the vacancy rate to decline by 3.4 percentage points to 26.6% in Wulin and by 3.7 percentage points to 26.0% in Qingchun. Banks, insurance companies and investment funds continued to be the main tenants in these two submarkets. In Qianjiang New City, net absorption decreased to 29,249 sq m, but still accounted for 78% of total demand. With the completion of the new project, the vacancy rate increased by 1.4 percentage points QOQ to 24.9%. In Huanglong, certain IT and hi-tech companies relocated to industrial parks, while finance companies relocated to Qianjiang New City, leading net absorption to turn negative at approximately -10,000 sq m (-107,640 sq ft) and the vacancy rate to increase by 1.4 percentage points to 5.3%.

Figure 1: Hangzhou Prime Office New Supply, Net Absorption and Vacancy



Source: Colliers International

一座重点项目入市

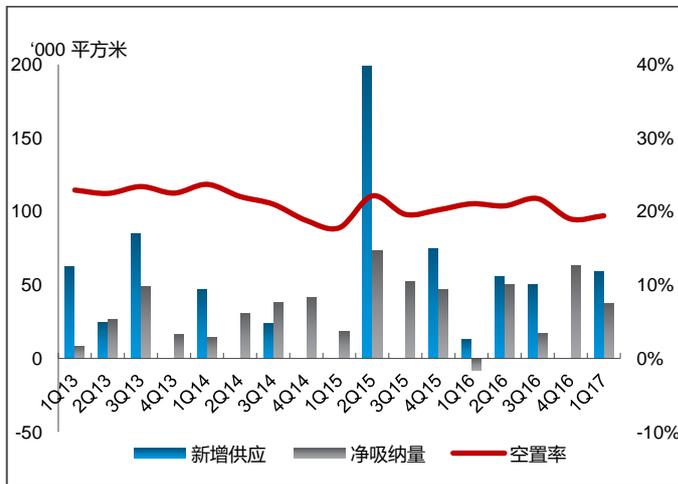
季内，新加坡凯德集团旗下项目杭州来福士竣工，为钱江新城新增 59,200 平方米(63.7 万平方英尺)写字楼面积。其中，销售面积为 23,300 平方米，租赁面积 35,900 平方米。因此，杭州优质写字楼市场总存量上升 2.6%至 232 万平方米(2,500 万平方英尺)。该综合体项目位于地铁四号线江锦路站，由写字楼、商业、公寓和酒店构成。值得关注的是，该项目是钱江新城第一个由外资开发商项目。

需求集中于钱江新城

第一季度需求放缓，净吸纳量约为 37,674 平方米(40.5 万平方英尺)。受新增项目影响，平均空置率环比增加 0.4 个百分点至 19.4%。金融，IT，房地产行业为租赁需求驱动力。

就子市场而言，武林和庆春需求稳定，2017 年第一季度录得净吸纳量 18,000 平方米(19.4 万平方英尺)。武林和庆春子市场空置率分别下降 3.4 和 3.7 个百分点至 26.6% 和 26.0%。银行，保险公司，投资基金仍为这两个子市场的主要租户。钱江新城内，尽管净吸纳量下降至 29,249 平方米，但仍占全市总需求的 78%。因新增供应入市，空置率环比上升 1.4 个百分点至 24.9%。黄龙子市场内，若干 IT 和高科技公司搬迁到产业园区，而金融公司搬迁至钱江新城，导致该子市场录得负净吸纳量，约为 -10,000 平方米(-10.7 万平方英尺)，空置率上升 1.4 个百分点至 5.3%。

图 1 杭州优质写字楼新增供应、净吸纳量及空置率



数据来源：上海高力国际研究部



Notable new leases included: Longfor Real Estate, Rongxing Group and Tahoe Group's new leases of 750 sqm, 1,500 sq m and 1,500 sq m respectively at Uncommon District Centre; an investment company's new lease of 1,900 sq m at Huafeng International; a finance company's new lease of 1,400 sq m at Oceanwide International Centre; an IT company's expansion of 1,500 sq m at Huanglong International Centre; Faw-Volkswagen's new lease of 1,200 sq m at China Resources Building; China UnionPay and Caitong Securities' new leases of 800 sq m respectively at Galaxy International; and a finance company's expansion of 750 sq m at Wulin Times.

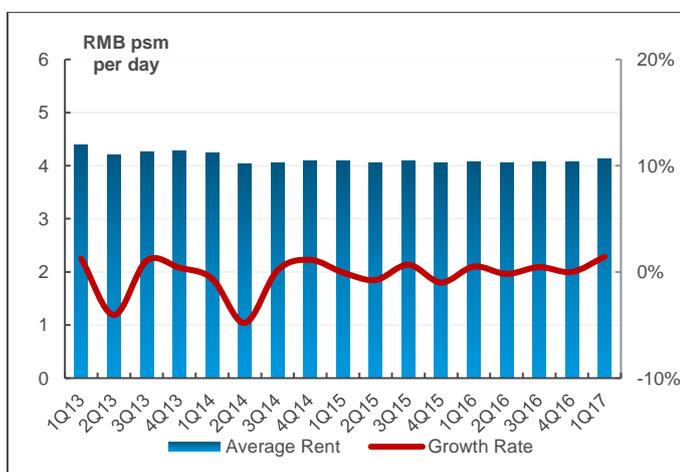
New project sets a record high for submarket

The average rent for Hangzhou's prime office property increased by 1.4% QOQ to RMB4.1 (USD0.60) psm per day due to rental growth in Qianjiang New City. Certain buildings in the submarket with high quality construction and stable demand began to achieve rental growth. At the same time, the high standard of building quality and management at the new project allowed it to achieve a record high rental level for this submarket, which also drove up the average rent. Rents in other submarkets remained stable in Q1 2017.

No en-bloc sales

No en bloc sales transactions were disclosed in Q1 2017. End-users continued to make strata-titled purchases of 100-300 sq m (1,075-3,230 sq ft). Office projects in Qianjiang Century City drew attention from investors for their relatively low price and potential for high returns. The confidence stems from government plans to accelerate infrastructure projects and supporting amenities in the area ahead of the 2022 Asian Games, which will be held in Hangzhou.

Figure 2 Hangzhou Prime Office Rent and Growth Rate



Source: Colliers International

季内瞩目的新租交易包括: 龙湖地产, 融信集团和泰禾集团于华联 UDC 分别新租 750 平方米, 1,500 平方米, 1,500 平方米; 某投资公司于华峰国际新租 1,900 平方米; 某金融企业于泛海国际中心新租 1,400 平方米; 某 IT 公司于黄龙万科中心扩租 1,500 平方米; 一汽大众于华润大厦新租 1,200 平方米; 中国银联和财通证券于汇金国际各新租 800 平方米; 以及某金融企业于武林时代扩租 750 平方米。

新项目租金录得子市场最高

钱江新城租金增长带动全市的优质写字楼平均租金增长 1.4% 至 4.1 元每天每平方米 (0.6 美元)。子市场内, 部分高品质项目因需求稳定, 录得租金涨幅。同时, 新项目之高标准建筑品质和管理使其录得子市场最高租金水平, 并拉升平均租金。其它子市场租金于 2017 年第一季度保持稳定。

无整售交易

2017 年第一季度, 杭州优质写字楼市场无整售交易公布。终端用户继续购置 100-300 平方米 (1,075-3,230 平方英尺) 散售物业。钱江世纪城写字楼项目因其相对较低的价格和潜在的高回报的潜力吸引了投资者的注意。这种信心源于政府规划在杭州举行 2022 届亚运会前加速基础设施和配套设施建设。

图 2 杭州优质写字楼租金及增长率



数据来源: 上海高力国际研究部



Another wave of supply in Qianjiang New City

Three projects with a total GFA of 400,000 sq m (4.31 million sq ft) are scheduled for rest of 2017, all in Qianjiang New City. Ping'an Finance Centre with total GFA of approximately 200,000 sq m (2.15 million sq ft) will be completed in Q2. Although part of this project will be for self-use, it will still represent a huge influx of office supply and will push the submarket's vacancy rate to the 35% range in Q2. Although we expect this project in particular to achieve a rental premium, the imbalance of supply and demand in the Qianjiang New City submarket is likely to limit rental growth for most existing projects.

The new supply in Qianjiang New City will have an effect on other submarkets as well, as landlords in Huanglong, Wulin and Qingchun offer rental discounts or other incentives in order to retain tenants.

Colliers expects the city's average rent will decrease in 2017-2018, since near-term rental growth will be constrained by high new supply, before stabilising over 2019-2021. However, certain projects with good asset performance in Qianjiang New City are likely to achieve rental growth.

钱江新城将迎来新一轮供给潮

2017年，合计建筑面积约40万平方米(431万平方英尺)的三个项目将计划竣工，均位于钱江新城。总建筑面积约200,000平方米(215万平方英尺)的平安金融中心将于第二季度竣工。虽然部分面积为业主自用，但仍是大体量的新增供应，将推动该子市场空置率于第二季度上升至30%。虽然该项目租金预计高于市场平均，但钱江新城之供求不平衡或将抑制大多数现有项目实现租金增长。

钱江新城新增供应也将对其他子市场产生影响，黄龙、武林以及庆春业主将提供租金折扣或其他激励措施以吸引租户。

高力国际预测因全市平均租金受大量未来供应影响，租金上涨受限，或将于2017-2018年出现下调，然后维稳于2019-2021年。尽管如此，钱江新城区域内资产表现良好的部分项目或将录得租金涨幅。

For more information:

Lina Wong *MRICS, CCIM*
Managing Director
East and Southwest China
Capital Markets and
Investment Services |
China
+86 21 6141 3600
lina.wong@colliers.com

Andrew Haskins
Executive Director
Research | Asia
+852 2822 0511
andrew.haskins@colliers.com

Carlby Xie *MSc, MRICS*
Senior Director
Research | China
+86 21 6141 3688
carlby.xie@colliers.com

Copyright © 2016 Colliers International.
The information contained herein has been obtained from sources deemed reliable. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report.



Accelerating success.