

One new project completed

Terry Jin Analyst | East China

Nanjing's economy grew by 8.0% YOY to RMB1.05 trillion (USD152 billion) in 2016, according to the Nanjing Statistics Bureau. In addition, the finance sector grew by 14.0% YOY in 2016. This growth supported demand for the city's prime office space. One new project was completed in Q1 2017, leading net absorption to increase. We expect vacancy rates will increase after two more projects completes in 2017, though projects with professional management should continue to secure major tenant renewals and achieve rental gains.

Forecast at a glance



Demand

Demand will be stimulated by new buildings, and net absorption should increase to more than 100,000 sq m (1.08 million sq ft) in 2017



Supply

Two new projects with a total of 80,000 sq m (854,000 sq ft) office space will be completed in 2017, expanding the market by 5.6%.



Vacancy rate

We expect a moderate increase in the vacancy rate from 10% in 2016 to 12% by 2017, as 60,000 sq m (640,000 sq ft) of new supply will be completed in H2 2017



Rent

All new projects are of high quality and we expect them to achieve above-average rent, which will pull up the city's average rent by 1.0%-2.0% over 2017

一座新项目入市

金向远 分析师 | 华东区

据南京市统计局，2016年全市经济同比增长8.0%至人民币1.05万亿元(1,520亿美元)。此外，2016年金融业产值同比增长14.0%。该增速支撑全市优质写字楼需求。2017年第一季度有一座新项目竣工，引领净吸纳量增长。高力国际预测2017年空置率将另两座项目的竣工而继续上升，但拥有专业管理的项目将继续录得租户的续约，并实现租金收益。

预测一览表



需求

2017年，需求将受新项目刺激，净吸纳量或将超越10万平方米(108万平方英尺)



供应

两座新项目将于2017年入市，写字楼建筑面积合计80,000平方米(85.4万平方英尺)，市场随之扩增5.6%



空置率

鉴于60,000平方米(64万平方英尺)的新增供应将于下半年入市，高力国际预期空置率将由2016年的10%上升至2017年的12%



租金

2017年入市的所有新项目均拥有较高品质，预期将实现高于平均水平的租金，推动全市平均租金上涨1.0%至2.0%之间。

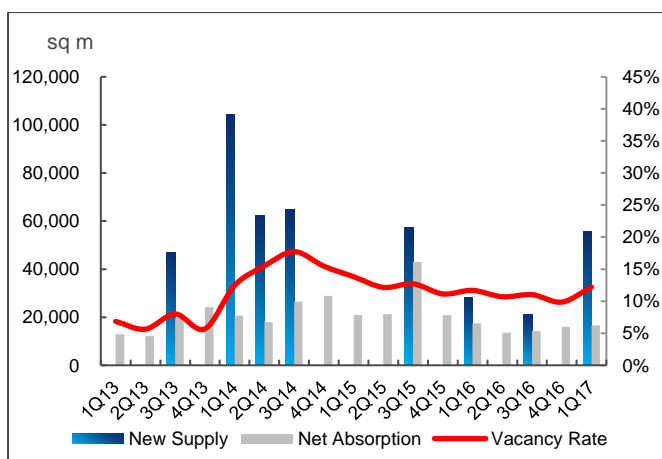
One new project completed

AVIC Technology Plaza was completed in Q1 2017, adding 55,800 sq m (595,000 sq ft) of office space to Xinjiekou CBD. Thus, the total stock of Nanjing's prime office market expanded by 4.0% QOQ to approximately 1.44 million sq m (15.4 million sq ft). This mixed-use project is located near Xi'an Men Station of Metro Line 2, and consists of office, retail and hotel components.

Demand set to be stimulated by new supply

Demand was stable during the first two months, and inquiries started to increase in March. Because of the new competition, net absorption increased by 4.3% QOQ to 16,624 sq m (177,000 sq ft). However, the average vacancy rate increased by 2.3 percentage points QOQ to 12.2%, primarily due to the new completion. In Xinjiekou, demand was stimulated by the new project, which accounted for more than half of the net absorption in this submarket. In the Gulou submarket, cooperation with a bicycle-sharing company increased transportation options for certain projects which did not have prior access to metro stations. In Hexi, real estate companies that purchased land in the area leased half or full floors in the district while their own properties are in the planning or construction phase.

Figure 1 Nanjing Prime Office New Supply, Net Absorption and Vacancy



Source: Colliers International

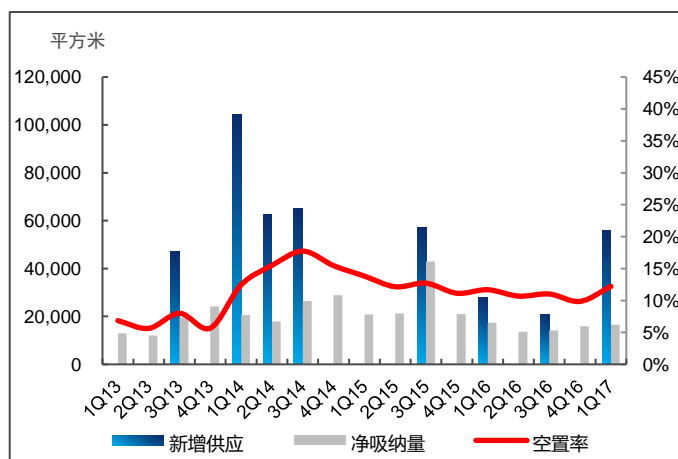
一座新增项目竣工

2017 年第一季度，中航科技楼竣工，为新街口商务区新增 55,800 平方米 (59.5 万平方英尺) 写字楼面积。因此，南京优质写字楼市场环比扩增 4.0% 至约 144 万平方米 (1,540 万平方英尺)。该综合体项目邻近地铁 2 号线西安门站，包含写字楼、商业及酒店。

需求受新项目刺激

前两个月内需求表现稳定， 问询量于三月开始上升。由于新项目的入市，净吸纳量环比增长 4.3% 至 16,624 平方米 (17.7 万平方英尺)。然而，全市平均空置率随之环比上升 2.3 个百分点至 12.2%。在新街口区域，需求主要受新项目刺激，区域内逾半数净吸纳量源自于此。鼓楼子市场内，与共享单车公司的合作为部分非地铁上盖项目增添了出行交通选项。在河西，多家已拿地抑或项目尚处规划建设阶段的房地产公司于该区域内承租半层或整层办公面积。

图 1 南京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: Sinopec Group's relocation and Inter-Credit's new lease of 4,600 sq m and 2,300 sq m at AVIC Technology Plaza; three finance companies' new leases of 4,200 sq m at Zhujiang Summit Building; an investment company's new lease of 1,200 sq m at Nanjing IFC; Evergrande Life Insurance and Xiamen C&D Real Estate's new leases of 1,500 sq m and 1,000 sq m at Sunny World Phase I; IBM's relocation and Standard Chartered Bank's new lease of 550 sq m and 500 sq m at Asia Pacific Tower; and a technology company's new lease of 1,500 sq m at China Overseas Building.

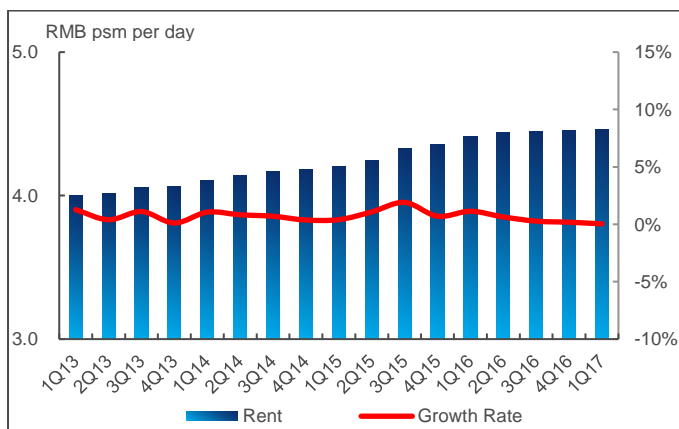
Rent remained stable

The average rent remained stable at RMB4.6 (USD0.67) psm per day in Q1 2017. At the new project, the higher quality was offset by rental discounts associated with the opening period. Other landlords maintained their current rental levels.

No en bloc sales

No en bloc sales transactions were completed during the quarter. In the strata-titled market, domestic buyers continued to acquire office space in emerging areas such as Himalaya Centre and E-park near the South Railway Station for either investment or self-use. Investors also started to show interest in office property in Jiangning district and Jiangbei New Area.

Figure 2 Nanjing Prime Office Rent and Growth Rate



Source: Colliers International

瞩目的新租交易包括：中石化和联信集团于中航科技楼分别租赁 4,600 和 2,300 平方米；三家金融公司于珠江一号合计新租 4,200 平方米；一家投资公司于南京国际金融中心新租 1,200 平方米；恒大人寿与厦门建工于新地中心一期各自新租 1,500 和 1,000 平方米；IBM 与渣打银行于亚太商务楼分别新租 550 平方米和 500 平方米；以及某科技公司于中海大厦新租 1,500 平方米。

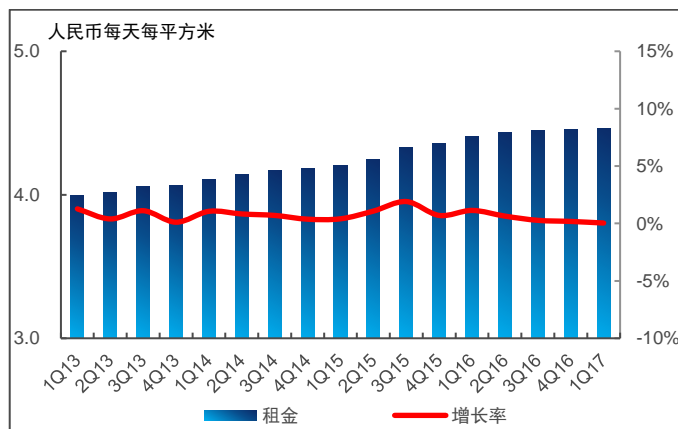
租金保持稳定

2017 年第一季度，全市平均租金维持于人民币 4.6 元每天每平方米 (0.67 美元)。新项目自身品质优势被其入市初期提供的租金折扣所抵消。其它业主维持项目当前租金水平。

无整售交易

季内无整售交易完成。散售市场内，国内买家仍选择购置新兴区域内诸如喜马拉雅以及南站附近的雨花客厅等写字楼项目，用以投资或自用。投资者亦开始对江宁区和江北新区内的写字楼表现出投资兴趣。

图 2 南京优质写字楼租金及增长率



数据来源：上海高力国际研究部

Competition from projects in decentralised zones

In Xinjiekou, Golden Eagle Phase III is expected to be completed in Q2 2017, adding 20,000 sq m (213,000 sq ft) to Nanjing's office market. The project was renovated from Golden Eagle International Hotel, and will attract upgrade demand, particularly from finance companies. In the Gulou submarket, demand will continue to focus on the China Oversea Building.

In Hexi CBD, existing projects will compete with projects like Bewinner International Centre, which are one Metro station away from the CBD and offer rents about 40% lower than projects in the CBD.

In 2017 and 2018, all new projects are of high quality and we expect them to achieve above-average rent. As a result, we expect the average rent will increase by 1.0%-2.0%. However, more than 1.0 million sq m (10.8 million sq ft) of new supply will be completed during 2019-2020 which will increase current total stock by 70%. We expect a notable downward adjustment in rent in office market.

源于非核心区域项目竞争

位于新街口区域的金鹰三期将于 2017 年第二季度竣工，为南京写字楼市场新增 20,000 平方米(21.3 万平方英尺)供应。该项目由金鹰国际酒店改造而成，或将吸引金融公司的升级需求。鼓楼市场内，需求仍将集中于中海大厦。

在河西 CBD，现有项目将与诸如北纬国际中心等项目抗衡，这些项目距离核心区域仅一站地铁，且租金较核心区域低 40%左右。

2017 至 2018 年间，所有新项目均拥有较高品质，预期其租金将高于平均水平。因此，高力国际预测全市平均租金或将上涨 1.0%至 2.0%间。然而，逾百万新增供应(1,080 万平方英尺) 将于 2019 至 2020 年间落成，目前市场总存量将随之扩增 70%。预期全市写字楼市场平均租金将显著下调。

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.