

Moderate drop in vacancy amidst stable demand

Nanjing's economy grew by 8.0% YOY to RMB548.9 billion (USD82 billion) in H1 2017, according to the Nanjing Statistics Bureau. During the period, tertiary industry grew by 10.2% YOY to RMB322.9 billion (USD48.0 billion), accounting for 58.8% of GDP. This growth supported demand for Nanjing's prime office market, which translated into stable absorption and a moderate decline in the city's overall vacancy rate in Q2 2017. For H2 2017, the high quality and limited volume of new supply should mean that supply has only a modest impact on vacancy and rent. However, we predict a peak in new supply in 2019, which will have a more significant adverse impact.

Forecast at a glance



Demand

Stable absorption should outpace the amount of new supply by end-2017.



Supply

One new project with a 20,000 sq m (215,278 sq ft) office GFA is planned in H2 2017, leading city's stock to expand by 5.5% YOY to nearly 1.5 million sq m. Given the delay of certain projects, we expect a supply peak in 2019, with a combined office GFA of 820,000 sq m, making the total stock exceed 2 million sq m.



Vacancy rate

The gap between Xinjiekou and Hexi will continue to narrow. On the whole, prime location and stable demand will support the absorption of the new supply in Xinjiekou, leading the vacancy rate to decrease from 11.0% in Q2 2017 to 8.8%

需求稳定，空置率适度下降

据南京市统计局，2017年上半年全市经济同比增长8.0%至人民币5,489亿元（820亿美元）。期间，第三产业实现增加值人民币3,229亿元（480亿美元），同步增长10.2%至，占GDP比重达58.8%。该涨势支撑了南京优质写字楼市场第二季度的需求，继而转化为稳定的去化以及全市整体空置率的适度下降。展望2017年下半年，新增供应的较高品质以及有限的体量预示着其将对平均空置率及租金造成微弱的影响。然而，高力国际预期2019年新增供应的高峰将对空置率产生更显著的负面影响。

预测一览表



需求

2017年稳定的净吸纳量将超越新增供应总量



供应

2017年下半年将有一个写字楼建筑面积2万平方米（215,278平方英尺）新项目计划入市，令全市存量同比扩增5.5%至近150万平方米。鉴于若干项目的延期入市，高力国际预期2019年将迎来新增供应高峰，合计写字楼建筑面积82万平方米，令总存量超越200万平方米



空置率

新街口及河西间的差距将继续缩小。整体而言，新街口的核心区位及稳定需求将支撑新增供应的去化，引领空置率由第二季度的11.0%下降至年末的8.8%。随着

by end-2017. With the supply peak in 2019, we forecast a large increase in the vacancy rate if all projects are completed.



Rent

Rental growth in Hexi and our assumption of above-average rent in the new project should lead the city's average rent to rise 1-4% over the next two years. However, beyond 2018, heavy new supply of buildings generating below-average rent ought to pull down the city's average rent.

2019 年新增供应高峰的来临，高力国际预计若所有项目如期入市，空置率将出现大幅攀升



租金

未来两年内，河西租金增长以及新项目预期高于平均水平的租金将引领全市平均租金上涨 1%至 4%。然而，2018 年后，大量新增供应的入市及其低于平均水平的租金将拉低全市平均租金

No new supply completed

No new project was completed in Q2 2017, and the total stock of Nanjing's prime office market remained at approximately 1.44 million sq m (15.5 million sq ft). Xinjiekou was the largest submarket by office area, accounting for nearly 62% of the city's total stock.

Most net absorption came from Xinjiekou

Stable demand led the net absorption to increase by 4.9% QOQ to 17,447 sq m (187,800 sq ft). The overall vacancy rate decreased by 1.2 percentage points to 11.0% amidst a lack of new supply. Most net absorption came from Xinjiekou, where demand was stimulated by AVIC Technology Plaza's completion in the last quarter, accounting for more than 60% of the net absorption in the submarket. New leases in this new project included General Mills and a design company's leases of 500 and 1,000 sq m separately, in addition to new occupiers including AVIC Trust, Fenbu Wenhua and a trading company during Q2. Moreover, Baxter and Daikin agreed to take 400 sq m and 1,000 sq m at Asia Pacific Tower in Xinjiekou, respectively.

Most notable leasing transactions were recorded in other emerging areas, such as Suning Ruicheng, where Ping'an Insurance, Minsheng Insurance and KPMG made commitments for 7,000, 2,000 and 10,000 sq m.

无新项目竣工

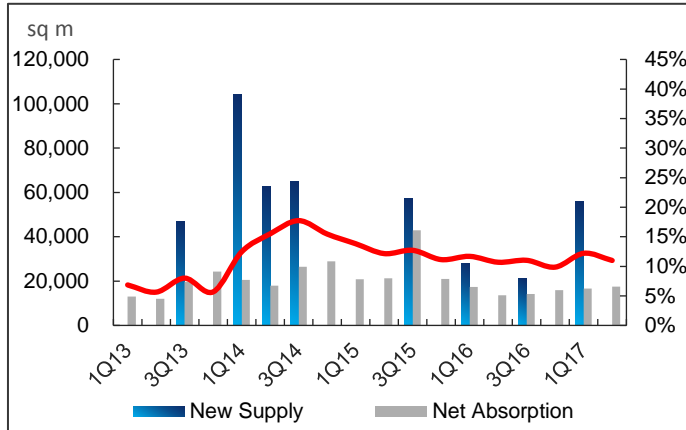
2017 年第二季度无新项目竣工，南京优质写字楼市场总存量维持于约 144 万平方米（1,550 万平方英尺）。按写字楼面积，新街口仍系最大子市场，占全市总存量近 62%。

多数净吸纳量源于新街口

稳定的需求引领净吸纳量环比增长 4.9% 至 17,447 平方米（187,798 平方英尺）。在缺乏新增供应的情况下，全市整体空置率下降 1.2 个百分点至 11.0%。多数净吸纳量来源于新街口，主要由上季度竣工的中航科技大厦的租赁需求所带动，单项目的去化量占该子市场净吸纳量六成有余。季内该项目之新租户包括中航信托、分布文化及一家贸易公司，此外还录得包括通用磨坊（500 平方米）及一家设计公司（1,000 平方米）在内的若干新租交易。此外，百特中国及大金空调各自于亚太商务楼承租 400 及 1,000 平方米。

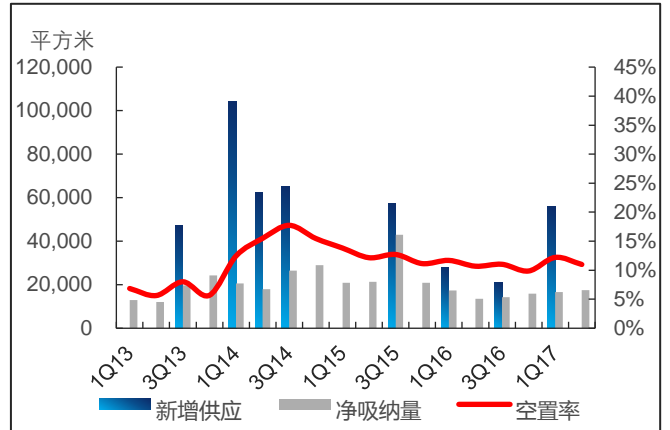
多数瞩目租赁交易录得于其它新兴区域，如平安财险、民生人寿及 KPMG 分别于苏宁睿城承租 7,000、2,000 及 10,000 平方米。

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



Source: Colliers International

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：高力国际

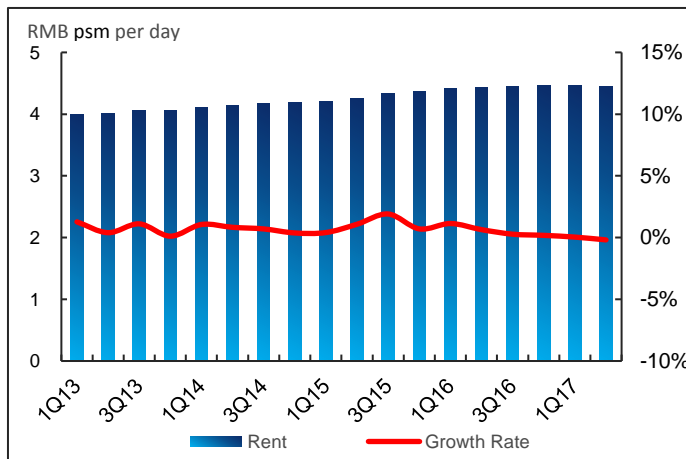
Rent slightly down at one project, others stable

The average rent declined by 0.2% QOQ to RMB4.5 (USD0.66) psm per day, mainly due to a downward rental adjustment at one project in Xinjiekou. Rents of other developments remained unchanged during the quarter.

若干项目租金微幅下跌，其余保持稳定

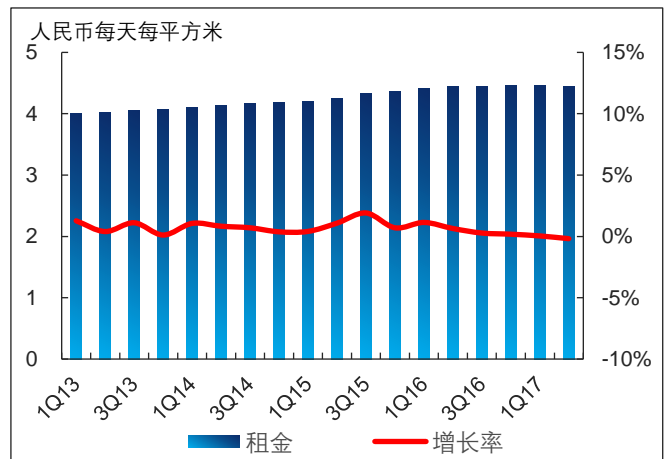
全市平均租金环比下跌 0.2% 至人民币 4.5 元 (0.66 美元) 每天每平方米，主要由新街口区域内某项目的租金下调所致。季内，其它项目租金仍保持不变。

Figure 2: Nanjing Prime Office Rent and Growth Rate



Source: Colliers International

图 2: 南京优质写字楼平均租金及环比变化



数据来源：高力国际

Gap in vacancy rate between Xinjiekou and Hexi should continue to narrow

One new project, Golden Eagle Phase III, with 20,000 sq m (215,278 sq ft) of office GFA, is due to be completed in H2 2017. After that, we expect a new supply peak in 2019 and 2020, as several projects postponed construction. As a result, the city's total stock will exceed 2 million sq m (21.5 million sq ft) in 2019. This represents an increase of 70% from the level now.

In the short term, the high quality and limited office space in the new development will reduce its impact on vacancy rate and average rent for Nanjing. Given the expected strong demand in the Hexi submarket and new supply in Xinjiekou this year, the gap in the vacancy rate between Xinjiekou and Hexi should continue to narrow. We assume a corresponding rental increase in Hexi, and project that above-average rents in new projects will lead average rent for Nanjing as a whole to increase in the 1-4% range in 2017 versus 2016. This trend should continue to 2018, with estimated moderate new supply amidst stable demand. However, rent will probably show a temporary decrease thereafter due to the heavy new supply planned for 2019.

新街口及河西间空置率差距将继续缩小

一个新项目，金鹰三期计划于 2017 年下半年竣工，其写字楼建筑面积 20,000 平方米（215,278 平方英尺）。此后，由于若干项目工期拖延，我们预期 2019 及 2020 年将迎来新增供应高峰。因此，全市总存量或将于 2019 年突破 200 万平方米（2,150 万平方英尺）。

在短期内，新项目的优良品质及有限的办公空间将降低其对南京市场平均空置率以及平均租金造成的影响。鉴于河西子市场内预期强劲的需求，且今年新增供应聚集新街口，新街口与河西子间空置率的差距将继续缩小。高力国际预期河西相应的租金上涨以及新项目预期高于平均水平的租金将引领 2017 年全市平均租金较 2016 年增长 1%至 4%之间。2018 年，在需求稳定的情况下，适量新增供应的入市仍将使该增长趋势得以延续。然而，2019 年大量新增供应的入市或将令租金出现暂时下跌。

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