

New supply pushes vacancy up and rent down

Shanghai's GDP grew by 6.8% YOY in 2016, with tertiary industry growing by 9.5% YOY. Driven by solid fundamentals, the office property market was active over Q1 2017, with several new completions, an active leasing market, and various en bloc sales transactions. Nonetheless, the average rent in the CBD declined, reflecting weaker sentiment among landlords and rising availability of quality office space. Looking forward, we expect a new supply peak over the rest of 2017, which should put further pressure on landlords. This will widen tenants' real estate options and put them in a better position to negotiate lease terms. Colliers therefore expects a further correction in the average CBD rents.

Forecast at a glance



Demand

Leasing demand is robust due to the firm economic background, but is outweighed by new supply



Supply

We expect a record high level of new supply, and correspondingly an 18% increase in the CBD total stock



Vacancy rate

We expect the vacancy rate in CBD to hover at around 15% over the next two years



Rent

We predict a 4% annual decline in the average rent over the next two years despite the strong demand background

新增供应涌入导致空置率攀升以及租金下调

据上海市统计局，2016年上海GDP同比增长6.8%。具体而言，第三产业同比增长9.5%。在这些稳固基本面的背景下，上海写字楼物业整体市场保持活跃，季内数个新项目交付、租赁市场保持活跃、以及若干整栋交易达成。尽管如此，核心区平均租金在业主的情绪有所削弱以及高质量写字楼空间增加之际而下调。展望未来，2017年剩余时间将迎来新增供应高峰，业主将面临更大压力。这将为租户带来更多房地产方案，并使其在租赁条款谈判过程中处于更为有利的位置。因此，高力国际预测核心区市场平均租金将进一步下调。

预测一览表



需求

租赁需求在经济强劲的背景下维持稳定，但仍被新增供应超越



供应

高力国际预计新增供应将达历史高峰，核心区总存量将在年末增长18%



空置率

核心区空置率将在未来两年徘徊在15%左右



租金

尽管需求保持强劲，高力国际预测未来两年平均租金年均降幅或可达4%

Skyscraper Shanghai Tower is completed

Two new projects were completed in the Shanghai CBD Grade A office market: skyscraper Shanghai Tower in Pudong's Lujiazui, and SOHO Tianshan Plaza in Puxi's Changning. This was the largest quarterly addition by sq m since 2009. Together, these projects increased the CBD Grade A total stock by 4.8% QOQ or 293,000 sq m (3.15 million sq ft) to 6.42 million sq m (69.10 million sq ft) by end-Q1 2017.

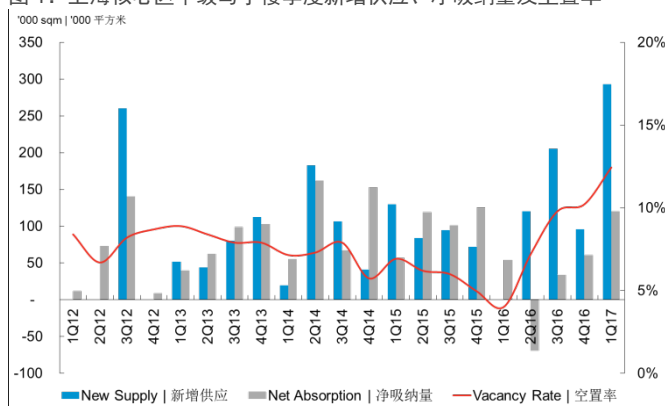
Vacancy rate increases though demand remained solid

The average vacancy rate in Shanghai's CBD Grade A office market increased by 2.2 percentage points QOQ to 12.4% as a result of the new supply. By area, the average vacancy rate in Puxi increased by 1.3 percentage points QOQ to 12.8%, while that in Pudong increased by 3.7 percentage points QOQ to 11.9%. Nonetheless, demand for the CBD office market continued to grow, reflected by a net absorption of 120,000 sq m (1.29 million sq ft) in the first quarter, an increase of 99% QOQ or 122% YOY.

By submarket, Lujiazui registered the highest net absorption (77,000 sq m or 829,000 sq ft) given the addition of Shanghai Tower, which achieved strong pre-leasing. Huangpu was the only submarket to see negative net absorption (-5,600 sq m or -60,000 sq ft) due to several major tenants relocating to a new project recently completed in Jing'an. The increasing availability of office space supported new demand, but also accommodated tenants who relocated to higher-standard buildings. Demand came from various industries, including finance, manufacturing, trading, service, and law firms, among others.

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

摩天大楼上海中心大厦交付

上海核心区甲级写字楼市场共有两个新项目落成: 浦东陆家嘴的上海中心大厦, 以及浦西长宁的 SOHO 天山广场。按面积计算, 此为 2009 年以来单季最大供应。这些新项目令核心区甲级写字楼总存量环比增长 4.8% 或 29.3 万平方米 (315 万平方英尺), 至 2017 年第一季度末的约 642 万平方米 (6,910 万平方英尺)。

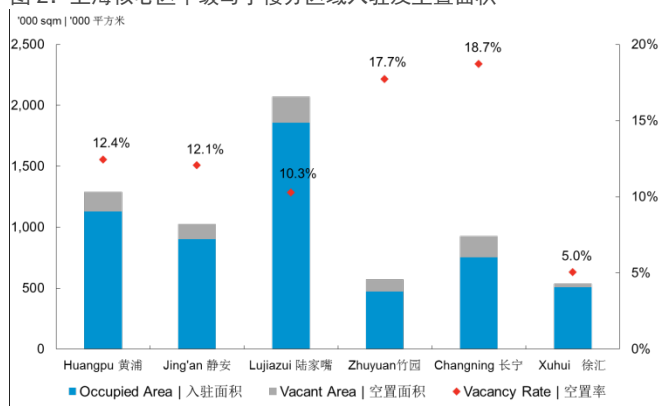
需求稳固, 空置率仍上升

新增供应致使上海核心区甲级写字楼市场平均空置率环比增加 2.2 个百分点至 12.4%。按区域分析, 浦西平均空置率环比上升 1.3 个百分点至 12.8%, 浦东平均空置率环比上升 3.7 个百分点至 11.9%。尽管如此, 核心区写字楼市场需求仍持续增长, 第一季度净吸纳量达 12 万平方米 (129 万平方英尺) 即系佐证, 环比和同比分别增加 99% 和 122%。

按子市场分析, 鉴于预租率较高的上海中心大厦交付, 陆家嘴录得最大净吸纳量 (7.7 万平方米或 82.9 万平方英尺)。因若干主要租户搬迁至近期于静安交付的新项目, 黄浦成为唯一一个净吸纳量录得负值的子市场 (-5,600 平方米或 -60,000 平方英尺)。可供租赁写字楼空间的增加不仅支撑了新增需求, 亦为改善型需求提供了选择。需求源自于多种行业, 其中包括金融、制造、贸易、服务、及律所等等。

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

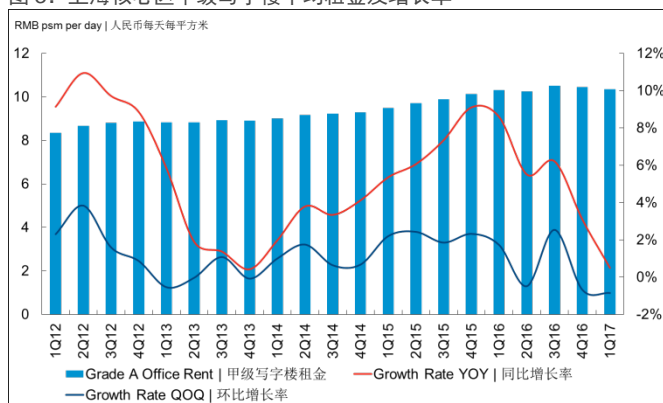
Headline leasing transactions included: 3M's renewal and expansion of approximately 20,000 sq m at Maxdo Centre in Changning; Hangzhou Bank's lease of approximately 13,000 sq m at BFC in Huangpu; Vanguard's lease of approximately 1,200 sq m at SWFC in Pudong's Lujiazui; Trendy International Group's relocation and lease of 1,200 sq m at HKRI Centre T1 from Plaza 66 in Jing'an; law firm Jingtian & Gongcheng's expansion and lease of approximately 1,900 sq m at K. Wah Centre in Xuhui; and several relocations and leases at Gopher Centre in Huangpu, included PepsiCo (8,000 sq m), Deckers Brands (2,270 sq m), and Sonova (1,200 sq m).

Pressure on landlords leads to correction

In spite of increasing demand, the large volume of available office space (including office space available for pre-lease) put pressure on many landlords. In order to secure and attract tenants, landlords either became more flexible in rental negotiations or increasingly cautious towards raising rents. This weakened sentiment resulted in a rental correction. As of end-Q1, the Shanghai CBD Grade A office average rent decreased by 0.8% QOQ though increased by 0.5% YOY to RMB 10.4 psm (USD1.51 psm) per day. The rental correction on a quarterly basis was seen in most CBD submarkets except for Changning, where some landlords raised rents as major leasing contracts were secured. By area, the average rent in Puxi dropped by 1.4% QOQ or 1.5% YOY to RMB9.3 psm (USD1.34 psm) per day; the same figure in Pudong dropped by 1.0% QOQ but increased by 2.3% YOY to RMB11.8 psm (USD1.71 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

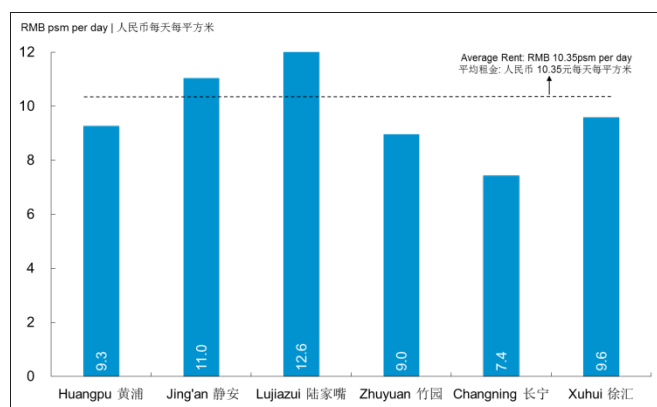
瞩目的租赁交易包括: 3M 在长宁的万都中心续租并扩租约 2 万平方米; 杭州银行在黄浦的外滩金融中心租赁约 13,000 平方米; Vanguard 在浦东陆家嘴的环球金融中心租赁约 1,200 平方米; 赫基国际集团从静安的恒隆广场搬迁至香港新业中心 T1 并租赁 1,200 平方米; 律所竞天公诚在徐汇的嘉华中心扩租并租赁约 1,900 平方米; 以及若干公司迁至黄浦的歌斐中心, 包括百事公司 (8,000 平方米)、Deckers Brands (2,270 平方米)、以及索诺瓦 (1,200 平方米)。

业主的压力导致租金下调

尽管需求增长, 大量可供租赁的写字楼空间 (包括正在预租的写字楼空间) 为众多业主带来压力。为锁定并吸引租户, 业主租金谈判空间渐长, 抑或对涨租愈加审慎。此类削弱的情绪导致租金下调。截至第一季度末, 上海核心区甲级写字楼平均租金环比下降 0.8% 至人民币 10.4 元 (1.51 美元) 每天每平方米, 虽该数值同比仍增长 0.5%。租金的按季下调可见于核心区的大多数子市场, 仅长宁除外, 该区域内一些业主在锁定主要租赁合同之上调了租金。按区域分析, 浦西平均租金环比和同比分别下降 1.4% 和 1.5% 至人民币 9.3 元 (1.34 美元) 每天每平方米; 浦东平均租金环比下降 1.0% 至人民币 11.8 元 (1.71 美元) 每天每平方米, 同比仍上涨 2.3%。

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

A continuously active investment market

The Shanghai office investment market remained active, with nine transactions totalling approximately RMB16.1 billion (USD2.33 billion) closed in Q1 2017, according to Colliers' data. This activity was supported by domestic and foreign investors, and domestic end-users. Notable transactions included: domestic investor Jiaying Shengshi Shenzhou Wenli Investment Partnership's acquisition of a 50% stake in Bund Finance Centre (a mixed-use project containing multiple components) in Huangpu from Fosun for RMB5.33 billion (or RMB39,486 psm); Kland's purchase of Garden Square in Jing'an from Blackstone for RMB3.92 billion (or approximately RMB70,000 psm); Blackrock's purchase of Central Park in Putuo from Hong Kong Shanghai Alliance for RMB1.36 billion (or RMB42,906 psm); Ascendas-Singbridge's purchase of Baolong Tower in Huangpu from AEW for an estimated total consideration of RMB1.32 billion (or est. RMB53,000 psm); Jiangsu Yancheng Investment Group's purchase of Poly Greenland Plaza B1 in Yangpu from Poly-cum-Greenland for RMB1.13 billion (or RMB55,000 psm); and Foresea Life Insurance's purchase of Hongqiao Green Valley Plaza Bloc E in Minhang from Shanghai United Properties Investment for RMB920 million (or RMB37,909 psm)

Decentralised Grade A office market under pressure

Record new supply

The Shanghai decentralised Grade A office property market received record high level of new supply (by sq m) in the first quarter. These new projects are: Financial Street Hailun Centre, Landmark Centre, and Sinar Mars Plaza in Hongkou; Hongqiao Sunnyworld Centre T1 and T2, Hongqiao Vantone Centre, U-Centre T1, and Mapletree Business City Bloc B in Minhang. These projects totalled 548,000 sq m (5.89 million sq ft), increasing stock in the DBD market by 19.4% QOQ to approximately 3.37 million sq m (36.2 million sq ft) as of end-Q1.

一个持续活跃的投资市场

上海写字楼投资市场保持活跃，据高力国际统计数据，2017年首个季度共有九项交易达成，其总值约合人民币161亿元（23.3亿美元）。国内外投资者以及国内自用买家皆支撑了市场的活跃度。瞩目的交易包括：嘉兴盛世神州稳利投资合伙企业以人民币53.3亿元（或人民币39,486元每平方米）从复星购得黄浦的外滩金融中心（含多业态的综合体）50%的股权；Kland以人民币39.2亿元（或约人民币70,000元每平方米）从黑石购得静安的嘉地中心；黑岩以人民币13.6亿元（或人民币42,906元每平方米）从沪港联合购得普陀的中港汇大厦；星桥腾飞集团以估计总价人民币13.2亿元（或约人民币53,000元每平方米）从AEW购得黄浦的宝龙大厦；江苏盐城投资集团以人民币11.3亿元（或人民币55,000元每平方米）从保利绿地购得杨浦的保利绿地广场B1座；以及前海人寿以人民币9.2亿元（或人民币37,909元每平方米）从上海众合地产购入闵行的虹桥绿谷E座。

次中心甲级写字楼市场压力巨大

新增供应史上最高

上海次中心甲级写字楼物业市场第一季度新增供应为历史最高水平（按面积）。这些新项目为：虹口的金融街海伦中心、星荟中心、和上海白玉兰广场；闵行的虹桥新地中心T1和T2、虹桥万通中心、城开中心T1、以及丰树商业城B座。这些新项目写字楼面积共计54.8万平方米（589万平方英尺），带动次中心市场总存量环比增长19.4%至季末的337万平方米（3,620万平方英尺）。

Inevitable climb in the vacancy rate

The influx of new supply led the average vacancy rate in the Decentralised Business District (DBD) market to increase by 13.2 percentage points QOQ to 24.9% during the quarter. By submarket, Hongkou and Minhang saw the largest fluctuation in vacancy rate, which spiked by 38.4 and 18.3 percentage points QOQ to 43.9% and 48.5%, respectively. The spike in the vacancy rate reflected the short-term impact of the new completions. In the first quarter, the total net absorption in the DBD market was just 35,000 sq m (377,000 sq ft) and was primarily concentrated in the emerging markets.

Nevertheless, decentralised locations continue to attract tenants, particularly if they are in close proximity to CBDs and/or metro stations. Notable transactions in Q1 included: Metlife's lease of 3,500 at Landmark Centre in Hongkou; and new leases from Sini Investment, Tuhu.cn, and EADG (landscape architecture) for approximately 4,500, 4,000, and 1,600 sq m at Hongqiao Vanke Centre, U-Centre, and Mapletree Business City Bloc D in Minhang, respectively.

Landlords respond with flexible terms

The average rent in the Shanghai DBD Grade A office market held steady at RMB6.3 psm (USD0.91 psm) per day by the end of Q1 2017. This included the completion of a large-scale high quality new project in Hongkou's North Bund area. Excluding the quarter's new projects, a 0.5% quarterly rental correction was seen in existing buildings, in part as landlords reacted to the influx of new supply. This dynamic was also seen in the four established submarkets (Huamu, Hongkou, Zhabei and Putuo), where existing projects saw rental corrections but the new project supported a 0.4% QOQ rental increase to RMB6.7 psm (USD0.97 psm) per day.

空置率难免攀升

季内，新增供应的涌入导致次中心市场平均空置率环比上升 13.2 个百分点至 24.9%。按子市场分析，虹口与闵行的空置率波动最大，环比分别上升 38.4 及 18.3 个百分点至 43.9% 和 48.5%。空置率的攀升反映了新增供应的短期影响。第一季度，次中心净吸纳总量仅为 35,000 平方米（37.7 万平方英尺）且主要集中在新兴市场。

尽管如此，次中心区域持续吸引租户，尤以邻近核心区及地铁站的区域为甚。瞩目的交易包括：大都会人寿在虹口的星荟中心租赁约 3,500；以及新力科技、途虎养车、和泛亚景观设计分别在闵行的万科中心、城开中心、及丰树商业城 D 座租赁约 4,500、4,000、及 1,600 平方米。

业主以灵活的租约条款应对

截至 2017 年第一季度末，上海次中心甲级写字楼市场平均租金仍然稳定在约人民币 6.3 元（0.91 美元）每天每平方米。该租金水平很大程度上受位于虹口北外滩区域的一处大型新完工项目所支撑。除却季内所有新项目，现有楼宇平均租金则环比下调 0.5%，主要原因系众多业主针对新增供应涌入作出的应对。该变化亦可见于四个成熟子市场（花木、虹口、闸北及普陀），其现有项目租金均值亦显现下调，但新增供应仍推动成熟次中心平均租金环比增长 0.4% 至人民币 6.7 元（0.97 美元）每天每平方米。

Ongoing wave of supply will lead to further rental correction

While the fast-expanding tertiary industry in Shanghai should continue to support the growth in demand for the city's quality office space, we expect a new supply peak in 2017. This wave of new supply (approximately 1.1 million sq m or 11.8 million sq ft), begun in the first quarter, will almost certainly outpace the city's ability to digest office space. Colliers expects that the average vacancy rate in the CBDs will rise to above 15% over the remainder of 2017 as new supply is completed. Moreover, we expect the high level of vacancy rate will persist till 2019 given the new supply pipeline. Correspondingly, we predict a 4% annual decline in the average rent over the next two years despite the stable demand background.

持续的供应将导致租金进一步下调

上海快速扩张的第三产业应持续支撑该市优质写字楼空间需求的增长，我们预计 2017 年新增供应将达高峰。此番新增供应（约 110 万平方米或 1,180 万平方英尺）已于第一季度开始入市，并将近乎肯定地超越本市核心区吸纳写字楼空间的能力。高力国际预测核心区平均空置率将在年内新增供应如期完工之际升至 15% 以上。此外，有鉴于未来的新增供应计划，我们预计空置率高企的状况将延续至 2019 年。相应地，尽管需求保持稳固，未来两年平均租金的年均降幅或可达 4%。

MAJOR LEASING TRANSACTIONS IN Q1 2017

PROPERTY	TENANT	INDUSTRY
Maxdo Centre	3M	Manufacturing
BFC	Hangzhou Bank	Finance
HKRI Centre T1	Trendy Int'l Group	Fashion
Landmark Centre	Metlife	Finance

2017 年第一季度主要租赁交易

项目	租户	行业
万都中心	3M	制造
外滩金融中心	杭州银行	金融
香港兴业中心 T1	赫基国际集团	时尚
星荟中心	大都会人寿	金融

* In order to reflect market movement, the basket for the decentralised market was adjusted in Q1 2016.

* 为反映市场变动，本季度次中心市场样本有所调整。

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