

WUHAN | OFFICE

武汉 | 写字楼

High new supply to offset demand

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Wuhan's GDP grew 7.8% YOY to RMB1.19 trillion in 2016, outpacing the national level, according to the Wuhan Statistics Bureau. At the same time, the value of the tertiary sector grew 9.9% YOY, accounting for 53% of the city's total output. The firm economy underpinned demand for prime office properties. One new project was completed during Q1 and vacancy rose slightly. The city's average rent growth was constrained by rising competition from new projects. Looking ahead, supply is set to surge by 35% over the rest of 2017. Given this new supply, Colliers expects that tenants will have more negotiating power in choosing high-quality office space and that landlords will offer more flexible incentives. Hence we expect average rent to fall 8% this year.

Forecast at a glance



Demand

We expect new supply will outpace firm demand in the short to medium term.



Supply

We expect a record high level of new supply, and correspondingly a 35% increase in the total stock by the end of 2017.



Vacancy rate

We expect the already high vacancy rate (around 31%) to increase by 7 percentage points by the end of 2017.



Rent

We predict an 8% decline in the average rent by the end of 2017 amidst increasing competition, but a slight recovery over 2018 to 2020.



大量新增供应超越需求

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据武汉市统计局, 2016 年全市生产总值同比增长 7.8% 至人民币 1.19 万亿元, 增速超越全国平均水平。同时, 第三产业同比增长 9.9%, 占全市总产值 53%。上述强劲经济基本面支撑了武汉优质写字楼的需求。一个新项目于第一季度竣工入市, 整体空置率小幅上升。新项目带来的市场加剧竞争, 抑制全市平均租金涨幅。展望未来, 至年末, 总供应量将增加约 35%。高力国际预测租户方在选择高质量办公空间时议价能力更强, 而业主将提供更灵活的租金优惠方式。因此, 高力国际预测至年末平均租金或将下降 8%。

预测一览表



需求

高力国际预测中短期内新增供应将逾越需求



供应

高力国际预计新增供应将达历史顶峰, 总存量将在年末增长 35%。



空置率

高力国际预计处于高位的空置率 (约 31%) 会在年末增长 7 个百分点。



租金

高力国际预测在激烈的市场竞争中, 至年末租金或下降 8%; 2018 至 2020 年租金或将回温。

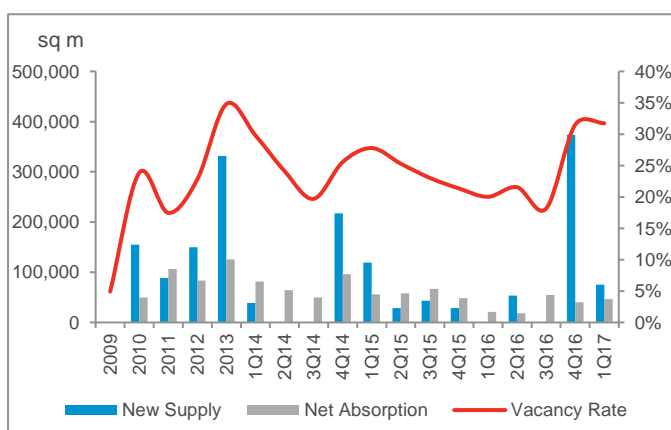
Great Wall Complex T1 completed

Great Wall Complex T1 was completed in Q1 2017, adding 75,248 sq m (810,000 sq ft) of effective GFA to Wuhan's prime office market. As a result, the city's total stock increased by 3.8% QOQ or 32.2% YOY to approximately 2.06 million sq m (22.2 million sq ft).

Demand strong for new buildings

Wuhan's office leasing market was active during Q1 2017, with net absorption rising 15% QOQ to 46,317 sq m (498,555 sq ft). By submarket, Zhongbei Road posted the highest net absorption (31,167 sq m; 335,480 sq ft) given the addition of Great Wall Complex T1. The city's overall vacancy rate edged up 0.2 percentage points in Q1 to 31.7% due to the new supply. By submarket, Hankou CBD saw the largest drop in vacancy, though it stayed high at 34.1%. Wuguang saw the largest rise (5.9 percentage points QOQ) in vacancy as some landlords declined to renew leases for small tenants, instead pursuing higher-profile tenants with large space needs. The rising availability of high-specification buildings attracted new tenants from the domestic real estate, technology, trade and professional service sectors. New leases were primarily at projects launched in 2016.

Wuhan Prime Office New Supply, Net Absorption and Vacancy Rate



Source: Colliers International Shanghai Research

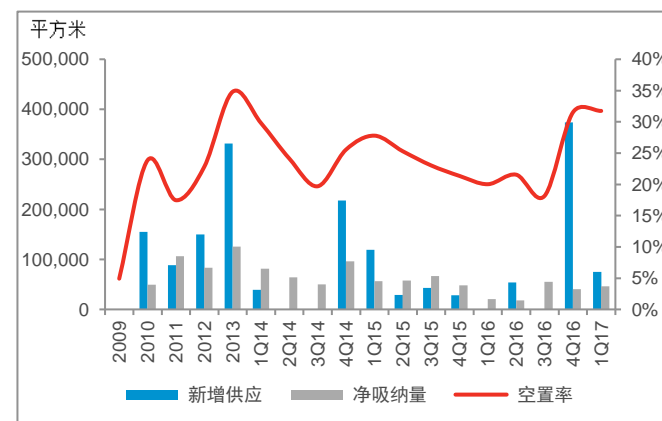
长城汇 T1 入市

长城汇 T1 于 2017 年第一季度竣工，为武汉优质写字楼市场新增 75,248 平方米（81 万平方英尺）有效建筑面积。因此，市场总存量环比增长 3.8% 抑或扩增 32.2% 至约 206 万平方米（2,220 万平方英尺）。

新项目需求强劲

2017 年第一季度，武汉写字楼市场需求强劲，净吸纳量环比增大 15% 至约 46,317 平方米（498,555 平方英尺）。按子市场，长城汇 T1 的入市带动中北路录得最高净吸纳量（31,167 平方米；335,480 平方英尺）。全市平均空置率因新增供应小幅上升 0.2 个百分点至 31.7%。汉口 CBD 录得空置率最大跌幅，但仍高居 34.1%。武广区域空置率录得最大环比上升 5.9 个百分点降幅，系若干业主拒绝小租户续租，并期望以大面积写字楼空间有需求的优质租户取而代之。高品质楼宇供应的增加吸引源于国内房地产、科技、贸易及专业服务类行业的新租户。新租交易主要集中于 2016 年入市的项目。

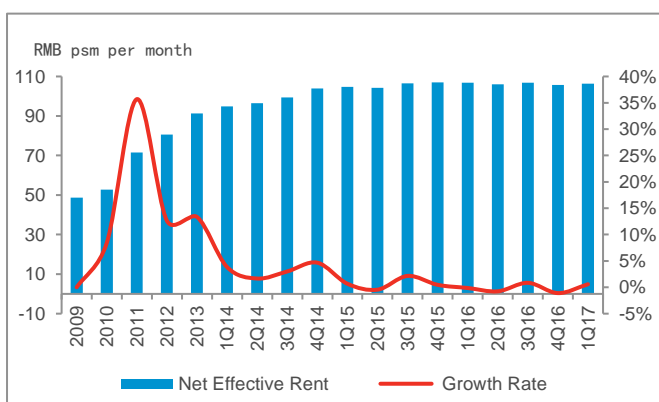
武汉优质写字楼新增供应，净吸纳量和空置率



数据来源：上海高力国际研究部

Several notable leasing transactions were recorded during the quarter, including: Hongkong Land's lease of 500 sq m at Corporate Centre 2; a domestic technology company and Hong Kong-based real estate company Kamfei Group's respective leases of approximately 1,500 sq m and 1,000 sq m at Corporate Centre T3, all in Hankou CBD. In Zhongbei Road: a domestic consultancy company and an IT company's lease of 1,800 sq m and 500 sq m at Great Wall Complex T1; and domestic car manufacturer Zoyte Auto's lease of 700 sq m at Poly Culture Plaza. At Yuexiu Fortune Centre in Qiaokou, Midea and Defa Electronics leased approximately 1,600 sq m and 1,000 sqm, respectively.

Wuhan Prime Office Rent and Growth Rate



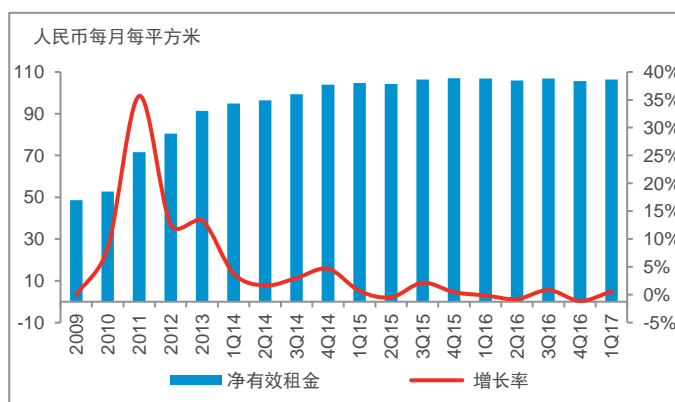
Source: Colliers International Shanghai Research

Rental growth in certain projects

The average net effective rent of Wuhan's prime office properties edged up by 0.6% QOQ or 0.5% YOY to approximately RMB106.3 (USD15.4) psm per month in Q1 2017. By submarket, Hankou CBD had the highest rent as landlords of some new projects expected a higher rent as their occupancy rate and commercial ambiance improved. The rental correction was witnessed in Jianshe Avenue and Guanggu submarkets. This was primarily attributed to several older buildings where landlords offered rental concessions in order to attract and/or retain tenants amidst the increasing competition from high-quality new projects. By area, the average rent in Hankou increased by 0.4% QOQ to RMB107.7 psm (USD15.6) per month. In Wuchang, the average rent increased by 1.0% QOQ or 3.5% YOY to RMB104.7 psm (USD15.2) per month.

季内录得若干瞩目交易, 包括:在汉口 CBD, 香港置地于企业中心 2 号承租 500 平方米; 某国内科技公司及香港金辉地产于企业中心 3 号分别承租 1,500 及 1,000 平方米。在中北路区域, 某国内咨询公司及 IT 公司于长城汇 T1 项目分别新租 1,800 及 500 平方米; 众泰汽车于保利广场承租 700 平方米。在硚口的越秀财富中心, 美的及德发电子分别承租约 1,600 及 1,000 平方米。

武汉优质写字楼租金及增长率



数据来源: 上海高力国际研究部

若干项目租金上涨

2017 年第一季度, 武汉优质写字楼物业市场平均净有效租金环比上涨 0.6% 抑或同比上涨 0.5% 至约人民币 106.3 元 (15.4 美元) 每月每平方。按子市场分析, 汉口 CBD 录得全市最高租金, 缘于若干新项目业主对租金期望值随区域内商务氛围而提高。建设大道和光谷子市场租金均有小调。若干老旧楼宇业主提供租金优惠以期吸引新租户或留住老租户, 这主要归因于高品质新项目加剧市场竞争。按区域, 汉口平均租金环比上涨 0.4 个百分点至人民币 107.7 元 (15.6 美元) 每月每平方。武昌平均租金环比增长 1.0% 或同比增长 3.5% 至人民币 104.7 元 (15.2 美元) 每月每平方。



No en bloc transactions were announced

The investment market in Wuhan was quiet in Q1 2017. Institutional investors became more cautious amidst the national economic slowdown and the large amount of future supply in pipeline. Developers of wholly owned properties preferred a hold and lease strategy for long-term rental return.

Influx of new supply in maturing markets

We expect ten projects with an approximate office GFA of 700,000 sq m (7.53 million sq ft), or 34% of the existing stock, to enter the market in the remaining quarters of 2017. More than 70% of the new supply by GFA will be in Wuhan CBD and Guanggu, and will be operated by experienced developers. Colliers expects that the influx of new supply will lead to a spike in the vacancy rate in the areas where new projects are concentrated. We expect that that this spike in vacancy will outweigh firm demand, pushing rents down. Meanwhile, landlords of new projects are likely to offer competitive rents to attract tenants and to achieve target pre-lease rates. On a project basis, buildings with professional sophisticated management, convenient amenities and close proximity to metro stations should achieve rental growth and attract tenants.

无整售交易公布

2017 年第一季度，武汉投资市场表现平静。在全国经济增速放缓及未来预计大量新增供应计划的背景下，机构投资者愈发谨慎。拥有单一产权项目的业主倾向于自持资产以获取长期租金收益

新增供应集中于正在成熟的子市场内

2017 年的剩余三个季度内，合计建筑面积合计 70 万平方米（753 万平方英尺）的 10 个项目计划入市，占总存量 34%，逾 70% 的新增供应（按 GFA）将位于武汉 CBD 和光谷区域，且由经验丰富的发展商运营。高力国际预测新增供应集中入市区域的空置率或将攀升。我们预测空置率的攀升或将逾越需求，致使租金下降。同时，若干新项目业主或将提供具有竞争性的租金以吸引租户及完成目标预租率。按项目分析，拥有成熟物管，便利设施以及邻近地铁站的楼宇将实现租金增长并继续吸引租户。

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