

SHENZHEN | OFFICE

深圳 | 写字楼

New supply means record rent won't last

Sophie Kao Manager | South China

Shenzhen's economics remained positive, with the city's GDP up by 8.6% YOY in Q1 2017, the highest growth among China's Tier 1 cities. Underpinned by the solid fundamentals, the Grade A office property market was active during Q1 recording several new projects, a number of leasing transactions, and one en bloc sales transaction. Nevertheless, the high level of new supply pushed up the average vacancy rate. Looking forward, the huge new supply that we predict over the next three years should drive the city's vacancy rate to rise further. This will almost certainly put more downward pressure on average rents in the short to medium term.

Forecast at a glance



Demand

Leasing demand is solid supported by the stable economic growth, but lags behind supply



Supply

Twelve office buildings with combined leasable GFA of nearly 890,000 sq m are planned to be released over the rest of 2017. This will raise total stock to 5.4 million sq m by end-2017, up by 20% from 4.46 million sq m at end Q1



Vacancy rate

The vacancy rate currently stands at 21.6%. We expect it to rise further in the near term, and to range between 20% and 23% over the next three years



Rent

Average rent in Shenzhen increased by 3.2% QOQ in Q1 due to a strong new project. We now predict average rent growth of 2.0% in 2017. However, due to the high new supply, we expect average rent to decline by 1.4% in 2018 and by 1.1% in 2019

大量新增供应，租金高位或将难以延续

高子晴 经理 | 华南

深圳经济保持积极态势，2017年第一季度全市生产总值同比增长8.6%，增幅在一线城市中位居首位。受稳固的经济基本面所支撑，季内甲级写字楼物业市场表现活跃，录得数个新项目入市、诸多租赁成交以及一宗整售交易。尽管如此，大量新增供应推升平均空置率。展望未来，庞大的新增供应量将于未来三年内入市，或将驱动全市空置率进一步上升。此外，这将近乎肯定地令平均租金在中短期内承受下行之压力。

预测一览表



需求

受稳健的经济增长支撑，租赁需求表现稳定，但仍低于供应



供应

合计可租赁建筑面积近89万平方米的12个写字楼项目计划于2017年余下时间交付。这将令年末的总存量较第一季度末的446万平方米增长20%至540万平方米



空置率

当前，空置率为21.6%。短期内，我们预期空置率将进一步上升，且在未来三年内介于20%至23%之间



租金

季内，受一个新项目所致，全市平均租金环比上升3.2%。我们预期2017年的平均租金涨幅为2.0%，然而，由于新增供应处于高位，我们预测2018年和2019年租金将分别下跌1.4%和1.1%。

The largest quarterly addition by sq m since 2012

Four new projects with a combined leasable GFA of approximately 301,000 sq m (3.23 million sq ft) were completed in the city's Grade A office property market in Q1 2017: skyscraper Ping An Finance Centre North Tower in Futian District, Aerospace Science And Technology Square Tower B, CSCEC Steel HQ Tower and Hisense Southern Building, all in Nanshan District. This led the total stock to expand by 7.2% QOQ to approximately 4.46 million sq m (47.96 million sq ft).

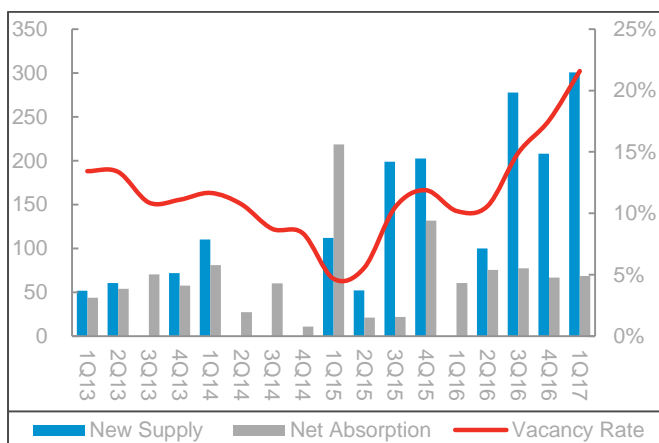
Tenants continued to seek office space to expand

The influx of new supply pushed up the average vacancy rate in the city's Grade A office market by 4.0 percentage points QOQ to 21.6% in Q1 2017. Excluding the new supply, the average vacancy rate decreased by 1.6 percentage points QOQ to 15.9%. Although the new supply led the average vacancy rate to surge in the short term, an increasing amount of available office space supported new demand and accommodated tenants who relocated to high-quality projects.

Demand continued to be stable during this quarter, and mainly came from the finance, professional services, IT and real estate sectors. As a result, the net absorption increased by 2.3% QOQ to 68,000 sq m (736,000 sq ft). Several large-size leasing transactions were recorded, and were mainly concentrated in new projects.

Notable leasing transactions included: domestic developer Evergrande's new set-up of 6,000 sq m at Kingkey 100 in Luohu District; a subsidiary of Ping An Insurance Group, domestic developer Longfor Properties

New Supply, Net Absorption and Vacancy Rate of the Shenzhen Grade A Office Market ('000 sq m)



Source: Colliers International

按面积计算系 2012 年以来单季最大供应

2017 年第一季度，全市甲级写字楼物业市场共有四个新项目落成，可供租赁建筑面积合计约为 30.1 万平方米（323 万平方英尺）：福田区的摩天大楼平安国际金融中心北塔，以及位于南山区的航天科技广场 B 座、中建钢构总部大厦和海信南方大厦。这令总存量环比增加 7.2% 至约 446 万平方米（4,796 万平方英尺）。

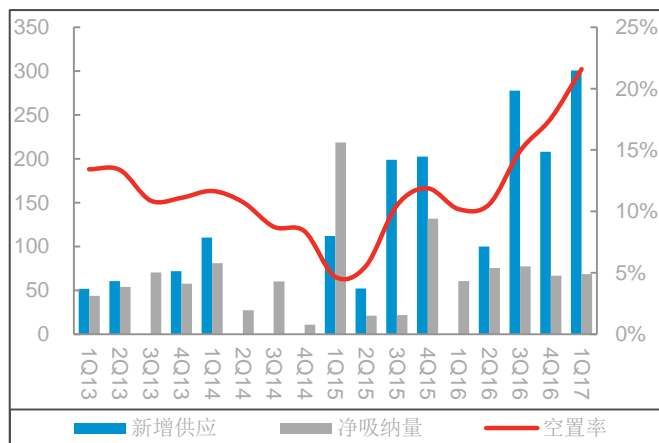
租户持续寻找写字楼空间以作扩张

2017 年第一季度，大量新增供应推升全市甲级写字楼市场的平均空置率至 21.6%，环比增加 4.0 个百分点。若排除新增供应，平均空置率环比下降 1.6 个百分点至 15.9%。尽管新增供应致使平均空置率于短期内快速增长，但可供租赁写字楼空间的增加既支撑了新的需求，也为改善型需求提供了选择。

季内，需求保持稳定，且主要来自于金融、专业服务、IT 以及房地产类别。因此，净吸纳量环比增加 2.3% 至 6.8 万平方米（73.6 万平方英尺）。季内录得若干大面积租赁成交，且主要集中于新项目之中。

瞩目的租赁成交包括：国内开发商恒大于罗湖区京基 100 新租 6,000 平方米；平安保险集团旗下子公司、国内开发商龙湖地产以及珍爱网于南山区的航天科技广场 A 座分别新租 4,200、2,100 以及 5,000 平方米；中国渤海银行、杭州银行以及旗瀚科技有限公司于南山区的中海油大厦 B 座分别承租 4,000、8,000 和 4,000 平方米；亚太财产保险有限公司和美商易博瑞全球采购(香港)有限公司于福田区的免税商务大厦分别承租 1,700 和 1,800 平方米；以及亚马逊于南山区的深圳来福士广场预租约 4,000 平方米。

深圳甲级写字楼市场新增供应、净吸纳量和空置率（千平方米）



数据来源：高力国际

and Zhenai.com's new leases of 4,200, 2,100 and 5,000 sq m at Aerospace Science And Technology Square Tower A in Nanshan District, respectively; China Bohai Bank, Bank of Hangzhou and Qihan Technology Company's leases of 4,000, 8,000 and 4,000 sq m at CNOOC Building Tower B in Nanshan District, respectively; Asia-Pacific Property & Casualty Insurance Company and Expona Global Sourcing's lease of 1,700 and 1,800 sq m at Duty Free Business Building in Futian District; and Amazon.com's pre-lease of approximately 4,000 sq m at Raffles City Shenzhen in Nanshan District.

Record average rent

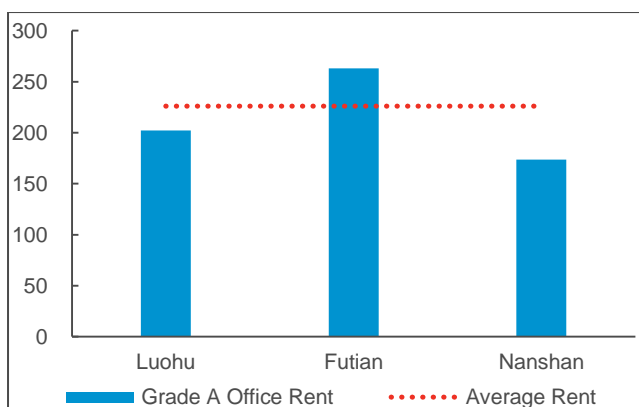
The average rent in Shenzhen increased by 3.2% QOQ to RMB225.6 (USD32.7) per square metre (psm) per month in the first quarter, reaching a record level for quarterly average rent. This was mainly attributable to the above average rent at a new project in Futian District. Excluding the impact of new projects, the average rent edged up by 0.9% on a quarterly basis.

By submarket, the average rent in Futian District saw the largest quarterly increase, up by 5.1% QOQ to RMB263.0 (USD38.2) psm per month in light of the new supply and annual rental growth at several mature projects. Rents in Luohu and Nanshan were largely unchanged from previous levels, at RMB202.1 (USD29.3) and RMB173.7 (USD25.1) psm per month.

One en bloc sales transaction

One investment transaction was disclosed in Q1 2017. China Aoyuan Property Group acquired a real estate project in Guangming New District, including an office property known as Feng Hui Times Technology Centre (planned GFA of approximately 29,000 sq m or 312,000 sq ft), for RMB984.9 million (USD143 million) through equity transfer for investment use.

Shenzhen Grade A Office Rent by Submarket (RMB psm per month)



Source: Colliers International

平均租金史上最高

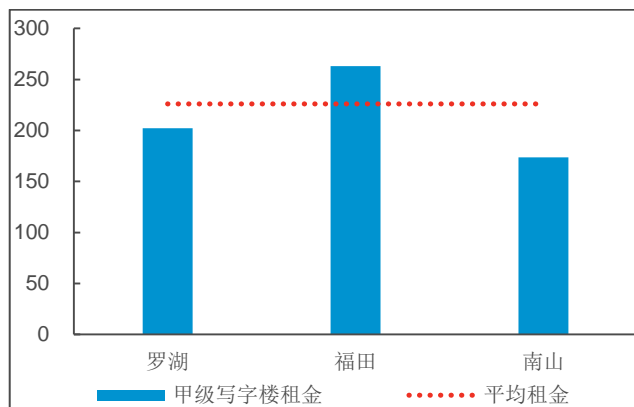
第一季度深圳市平均租金环比增长 3.2% 至人民币 225.6 元 (32.7 美元) 每月每平方米, 为历来按季度平均租金的最高水平。这主要可归因于福田区某个高于平均租金的新项目所致。若剔除新项目的影响, 平均租金环比小幅上升 0.9%。

按子市场分析, 由于新增供应以及若干成熟项目之年度租金增长, 福田区平均租金录得最高的环比增长, 环比上升 5.1% 至人民币 263.0 元 (38.2 美元) 每月每平方米。罗湖与南山的租金大体维持上季度水平, 为人民币 202.1 元 (29.3 美元) 和人民币 173.7 元 (25.1 美元) 每月每平方米。

一宗整售交易

一宗投资交易于 2017 年第一季度内披露。中国奥园地产集团透过股权交易, 以人民币 9.849 亿元 (1.43 亿美元) 取得光明新区的一个房地产项目, 其中包含名为峰荟时代科技中心的写字楼物业 (规划建筑面积约为 2.9 万平方米或 31.2 万平方英尺), 以作投资使用。

深圳甲级写字楼子市场租金 (人民币每月每平方米)



数据来源: 高力国际

Future supply to peak in 2017

We expect that new supply will peak in 2017, with a total office GFA of approximately 1.2 million sq m (12.9 million sq ft). Given the city's historical absorption level, the new supply will almost certainly outstrip the growth in demand, leading the average vacancy rate to further increase. If all these properties are completed as scheduled, we predict the city's average vacancy rate will remain above 20% over the remainder of 2017.

To respond to the high new supply, we expect landlords will adopt more measures to fill vacant space. In addition to rental discounts and other incentives, several landlords will extend the contract period and lower the proportion of annual rental growth in order to attract quality tenants. Correspondingly, as the negotiation power with landlords should be stronger, this will be an opportunity for tenants. As a result, although certain new projects command above-average rental level given their higher building quality and prime location, we predict that heavy new supply will restrain average rental growth. We now expect average rent to rise by 2.0% in 2017, but to fall by 1.4% in 2018 and by 1.1% in 2019.

Major Leasing Transactions

MAJOR LEASING TRANSACTIONS Q1 2017		
PROPERTY	TENANT	INDUSTRY
Kingkey 100	Evergrande	Real Estate
Aerospace Science And Technology Square Tower A	Zhenai.com	Services
CNOOC Building Tower B	China Bohai Bank	Finance
CNOOC Building Tower B	Bank of Hangzhou	Finance
Raffles City Shenzhen	Amazon.com	E-Commerce

Source: Colliers International

* In order to reflect market movement, the basket was adjusted in Q1 2017

For more information:

Joey Yuan *MRICS*
Deputy General Manager |
Shenzhen
+86 755 8825 8637
Joey.Yuan@colliers.com

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

Daniel Shih
Director Research &
Advisory | Hong Kong
+852 2822 0654
Daniel.Shih@colliers.com

新增供应将于 2017 年达到峰值

我们预期新增供应将于 2017 年达到高峰，写字楼建筑面积总计约为 120 万平方米（1,290 万平方英尺）。鉴于全市历史吸纳水平，新增供应近乎肯定地将超越需求的增长，致使平均空置率进一步上升。倘若所有项目皆如期完工，我们预计全市平均空置率将于年内维持在 20% 以上的水平。

为了应对大量的新增供应，我们预期业主或将采取更多的手段以填满空置面积。除了租金折扣和其它优惠，若干业主或将延长合同期限和调降租金的年度涨幅以吸引更多的优质租户。与之相应，随着与业主间的谈判上将更为有利，对于租户而言亦是个机会。因此，尽管部分新项目的租金鉴于其较高的楼宇品质和优越的地段或将高于平均水平，我们预计大量新增供应将抑制平均租金增长的空间。我们预期 2017 年的平均租金涨幅为 2.0%，而在 2018 年和 2019 年分别下跌 1.4% 和 1.1%。

主要租赁交易

2017 年第一季度主要租赁交易		
项目	租户	行业
京基 100	恒大	房地产
航天科技广场 A 座	珍爱网	服务
中海油大厦 B 座	渤海银行	金融
中海油大厦 B 座	杭州银行	金融
深圳来福士广场	亚马逊	电子商务

数据来源：高力国际

*为反映市场变动，本季度市场样本有所调整。

Copyright © 2017 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.