

Q4 New supply slowed, demand stayed robust

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Shenzhen achieved real GDP growth of 8.8% in 2017 and surpassed Hong Kong. Correspondingly, the market demand for Grade A office in Shenzhen stayed robust. Besides pillar industries like finance and technology, retail, flexible workspace operators, advanced manufacturing, real estate and professional services all played an important role in the leasing market. In Q4-2017, the rent remained stable with an increment 0.2% QOQ. Considering the heavy new supply in the future, notably in Nanshan and Qianhai, we predict the vacancy rate will rise to nearly 29% by 2019. We expect the high-quality new supply will push rent up slightly in 2018, followed by a downward adjustment in 2019. We think rent will start to pick up again in 2020. For tenants who have plans of office upgrade, there will be more options; while we believe the rental trend of Shenzhen (excluding Qianhai) is going up steadily in the future, the tenants who have needs of large office space shall try to enter the market soon.

Forecast at a glance



Demand

Supported by firm economic growth, leasing demand stayed robust. Tenants appeared to have more diverse backgrounds, e.g. flexible workspace operators, and manufacturing, real estate, retail and professional services groups.

季内新增供应减缓；需求持续强劲

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深圳市经济增长迅猛，截至 2017 年年末 GDP 总量达到 2.24 万亿元人民币 (3340 亿美元)，同比增长约 8.8%。相应的，深圳甲级写字楼物业市场第四季度租赁需求持续活跃。除了传统强势行业如金融和科技，来自联合办公、先进制造业、房地产、零售和专业服务等行业的租赁需求也表现突出。季内平均租金表现平稳，环比攀升了 0.2 个百分点；而由于未来将有持续大量新增供应入市，尤其是南山和前海，我们预测空置率将于 2019 年攀升至 29%。考虑到新增供应的高品质，我们预计 2018 年租金会稳中有升，而到 2019 年或有调整性下浮，随后于 2020 年会有所回升。对于部分企业的改善性需求，未来将有更多选择。租金方面，除前海外，我们认为深圳的中长期的租金趋势依然是稳中有升。有大面积办公需求的租户应看准时机，尽早入市。

预测一览表



需求

受稳健的经济增长支撑，租赁需求表现持续活跃；除了传统强势行业如金融和科技，来自联合办公、先进制造业、房地产、零售和专业服务等行业的租赁需求也表现突出。



Supply

Five new projects with total area of 0.39 million sq metres (4.2 million sq ft) were postponed. Eventually, we saw three new projects with area of 130,000 sq metres (1.4 million sq ft) enter the market in Q4, pushing the total stock up to 5.34 million sq metres (57.5 million sq ft). Over the next three years, we expect the total new supply in prime areas to exceed 6 million sq m (65.0 million sq ft), one third of which should come from Qianhai.



供应

合计可租赁建筑面积约 39 万平方米 (420 万平方英尺) 的 5 个甲级写字楼项目延迟交付, 此外, 季内共有 3 个甲级写字楼项目入市, 带来约 13 万平方米 (140 万平方英尺) 的可租赁面积。这将令年末的总存量增至 534 万平方米 (5750 万平方英尺)。2018 年到 2021 年, 深圳核心地区讲新增甲级写字楼供应超过 600 万平方米 (6500 万平方英尺); 其中超过三分之一的供应量将来自前海。



Vacancy rate

The vacancy rate stood at 13.5% at end-Q4, decreasing by 3.5% YOY. We expect vacancy to rise to a peak of nearly 29.0% in 2019 due to heavy new supply in Nanshan and Qianhai, but to fall back to 17.9% by end-2022.



空置率

本季度空置率为 13.5%, 同比下调 3.5 个百分点。我们预估南山和前海的大量新增供应将带动全市空置率在 2019 年攀升至近 29% 的历史高位, 随后或于 2022 年回调至 17.9%。



Rent

Average rent in Shenzhen remained stable during Q4, growing by 0.2% QOQ. We expect rent to rise by 2-3% in 2018, followed by a downward adjustment of 4% in 2019 due to heavy new supply in Qianhai. Rent should pick up in 2020.



租金

季内, 虽然全市平均租金表现平稳, 环比略上浮 0.2%。我们预测 2018 年租金会稳中有升, 同比或有 2% 到 3% 的增幅, 而到 2019 年受前海大量新增供应的压力或有调整性下浮, 浮动区域约为 4 个百分点。随后于 2020 年会有所回升。

Demand stayed robust, vacancy rate dropped further

Shenzhen's economy remains positive. By end-2017, Shenzhen's GDP reached RMB2.24 trillion (USD344 billion), up by 8.8% in real terms. On this basis, in terms of GDP, Shenzhen has surpassed not only Guangzhou, but also Hong Kong and Singapore. Fixed asset investment reached RMB 510 billion (USD 78.3 billion), up by 23.7% YOY and showing the fastest growth in last 24 years. We also witnessed scaled enterprises¹ revenue increased by 22.7%, and 41 more local companies went public.

The leasing market was active in Q4 2017, and the city's vacancy rate decreased further. Luohu saw its vacancy rate drop QOQ by 0.9 percentage points to 7.3%. With strong demand in Futian, the vacancy rate decreased by 2.0 percentage points to 13.7% despite the heavy supply in the year. Nanshan saw its vacancy rate drop by 7.1 percentage points QOQ to 7.8% due to

租赁市场活跃, 空置率进一步下降

深圳经济保持积极态势, 2017 年全年全市 GDP 超过 2.24 万亿元 (3340 亿美元), 同比增长 8.8%, 超过广州和香港的 GDP 总量。全市固定资产投资达 5100 亿元 (783 亿美元), 同比增长 23.7%, 增速创 24 年来新高; 规模以上企业利润平均增长 22.7%, 新增境内外上市公司 41 家。

2017 年第四季度, 租赁市场活跃, 全市空置率进一步下降。罗湖区的空置率表现较稳定, 环比下调 0.9 个百分点至 7.3%; 福田 CBD 尽管前三季度新增供应体量较大, 然而由于需求旺盛, 空置率的环比下跌 2.0 个百分点至 13.7%。南山由于季内无新增供应, 加上录得若干大面积租赁成交, 空置率持续下调 7.1 个百分点至 7.8%; 前海目前

¹ scaled enterprises refer to industrial enterprises with revenue of no less than RMB 20 million. The details please refer to: http://www.szjt.gov.cn/xxgk/tjsj/tjfx/201802/t20180201_10762739.htm

several large leasing transactions and lack of new supply within the quarter. Qianhai has 3 new projects so far with a total vacancy rate of 83.2%. We expect the vacancy rate to remain high due to incomplete infrastructure. By end-2017, Futian with new supply of 670,000 sq m (7.21 million sq ft) reached its historical peak of new supply despite a few postponed projects.

Demand remained robust in Q4, and came from diverse industries such as professional services, advanced manufacturing, flexible workspace operators and real estate. Large leasing transactions during Q4 showed the pattern of diversity. Notable leasing transactions included the following:

- Evergrande rented 50,000 sq m at Aerospace Science and Technology Square;
- Wework rented approximately 20,000 sq m at Huarun Mansion Block D in Nanshan;
- Tech Media company Taotiao rented about 12,000 sq m at Raffles City in Nanshan;
- Robot Inno Space rented 10,000+ sq m at TCL International Tower;
- Shenzhen Stock Exchange rented 10,000+ sq m at Q_plex.

Future rental trends vary by district

By the end of 2017, the average rent of Shenzhen Grade A office was RMB231 (USD34.9, based on the average exchange rate for Q4 2017) per month per sq m, basically flat compared to Q3 2017 but up by 9.6% YOY. Luohu saw its rent rise by 3.9% QOQ, reaching RMB218 (USD33.0) per month per sq m in Q4 2017. Average rent in Futian remained flat QOQ but rose significantly compared to last year, up 13.7% YOY to RMB268 (USD40.5) per month per sq m. Nanshan saw its average rent rise 3% both QOQ and YOY to RMB175 (USD26.5) per month per sq m. Qianhai is currently less attractive to tenants due to the incomplete infrastructure. Its average rent reached RMB150 (USD22.7) per month per sq m, dropping by 5.7% QOQ. However, we expect significant rental growth in Qianhai when a major metro line is completed and put into operation in 2020.

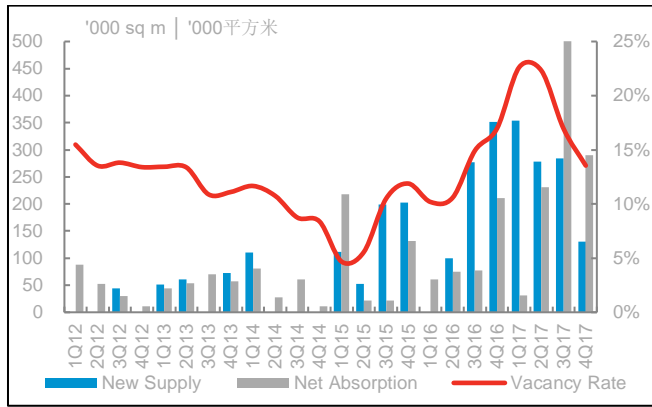
只有三个项目入市，空置率为 83.2%，短期内或因未成熟的基建环境而维持高位。截至 2017 年年末，福田的新增供应虽未按照原计划达到近百万的供应面积，但共计 67 万平方米 (721 万平方英尺) 的可租赁面积依然达到其供应的历年历史高位。中长期来看，福田租赁需求将趋于稳定，南山和前海将日渐活跃。

季内，租赁需求强劲，且来自多个行业，如专业服务、先进制造、联合办公、房地产等。季内录得的若干大面积租赁成交呈现出多元化的特点。瞩目的租赁成交包括：房地产业的恒大于航天科技广场租赁 50,000 平方米；联合办公企业 WEWORK 在南山的华润置地 D 座租赁约 20,000 平方米；科技媒体今日头条于南山的来福士广场承租约 12,000 平方米；机器人创客空间在 TCL 国际城承租 10,000+ 平方米；深圳证券在南山的侨城坊承租 10,000+ 平方米。

未来租金走势各区各异

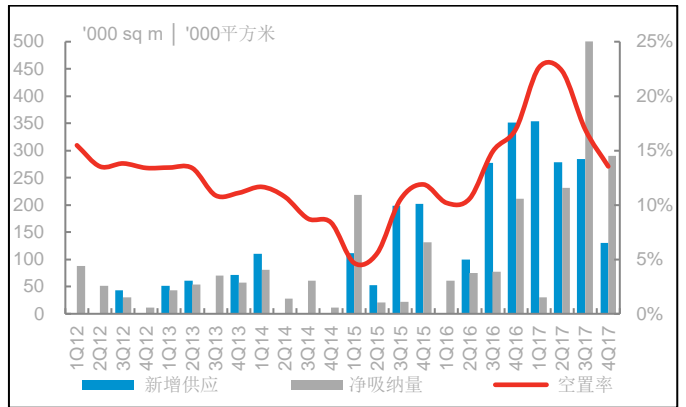
截至 2017 年年底，深圳市甲级写字楼市场的平均租金为 231 元每月每平方米，环比就基本持平，同比增长 9.6%。分区看，罗湖区 2017 年第四季度录得租金 218 元，环比增长 3.9%；福田区的平均租金同上季度比基本持平，但较去年有明显的涨幅，同比攀升 13.7% 至 268 人民币每月每平方米。南山区的甲级写字楼的平均租金，环比和同比均增长 3% 至 175 元每月每平方米。另一方面，前海因基础设施的未完善，目前对租户吸引力较为有限，其租金为 150 元每月每平方米，较上季度比有 5.7% 的下浮。然而，前海租金走低的情势或在 2020 年主要地铁线路投入使用后有所改观。

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



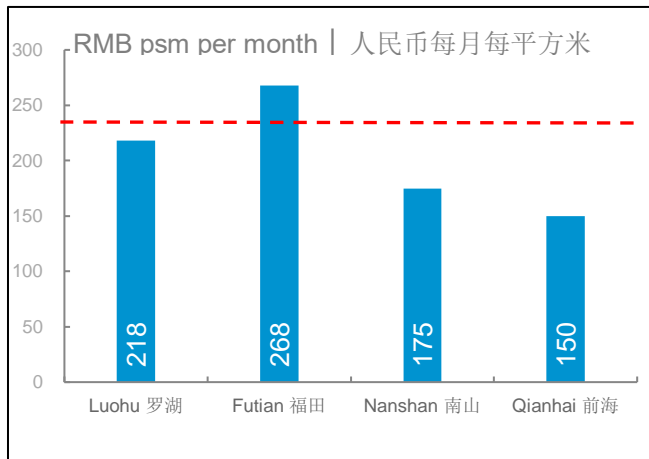
Source: Colliers International

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)



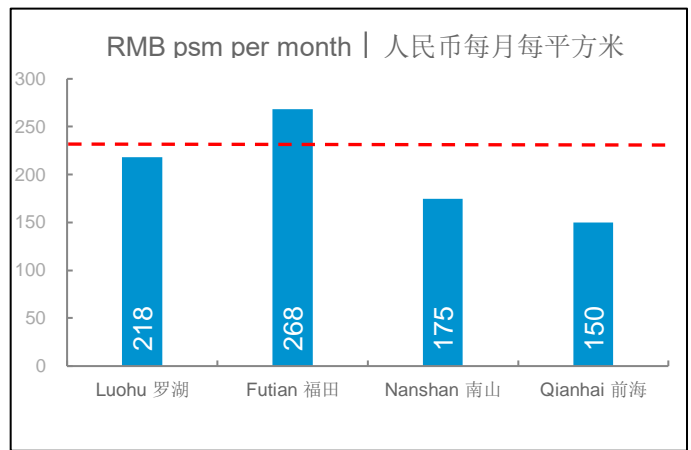
数据来源: 高力国际

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



Source: Colliers International

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

Major Leasing Transactions

MAJOR LEASING TRANSACTIONS Q4 2017		
PROPERTY	TENANT	INDUSTRY
Aerospace Science and Technology Square	Evergrande	Real Estate
Life Tech Building	Wework	Co-working
Raffles City	Toutiao	Tech Media
TCL International Tower	Robot Inno Space	AI
Q-Plex	Shenzhen Securities	Finance

Source: Colliers International

主要租赁交易

2017年第四季度主要租赁交易		
项目	租户	行业
航天科技广场	恒大	房地产
华润置地 D 座	WEWORK	联合办公
来福士广场	今日头条	科技媒体
TCL 国际城	机器人创客空间	人工智能
侨城坊	深圳证券	金融

数据来源: 高力国际

Heavy new supply should enter the market over next three years

Five new projects with total rental space of 0.39 million sq metres (4.2 million sq ft) were postponed in Q4 2017. Eventually, we saw three new projects with 130,000 sq metres (1.4 million sq ft) entering the market in Q4, pushing Shenzhen's total stock up to 5.34 million sq metres (57.5 million sq ft). Over the next three years, we expect the total new supply in prime areas to exceed 6.0 million sq m (65.0 million sq ft), one-third of which should come from Qianhai.

From demand side, we are optimistic about Shenzhen's economic development. Ranking number one in terms of demographic attractiveness in 2017 national wide², Shenzhen is continuously attracting more people to work and live in the city. Overall, we believe the population growth and the strong economic development will permit the heavy new supply to be absorbed. Moreover, we expect Qianhai will attract more Hong Kong and international enterprises in the future, which will also help to absorb the office new supply within that area.

The vacancy rate for Shenzhen stood at 13.5% at end-Q4, decreasing by 3.5% YOY. We expect the vacancy to rise to a peak of nearly 29% in 2019 due to heavy new supply in Nanshan and Qianhai, and then to fall back to 17.9% by end-2022. Average rent in Shenzhen remained stable during Q4, grew by 0.2% QOQ. We expect the rent to rise by 2%-3% in 2018, followed by a downward adjustment in 2019 due to heavy new supply in Qianhai. We expect rent to pick up again from 2020.

未来三年前海将有大量新增供应入市

受稳健的经济增长支撑，租赁需求表现持续活跃；除了传统强势行业如金融和科技，来自联合办公、先进制造业、房地产、零售和专业服务等行业的租赁需求也表现突出。合计可租赁建筑面积约 39 万平方米的 5 个甲级写字楼项目延迟交付，此外，季内共有 3 个甲级写字楼项目入市，带来约 13 万平方米的可租赁面积。这将令年末的总存量增至 534 万平方米。2018 年到 2021 年，深圳核心地区讲新增甲级写字楼供应超过 600 万平方米；其中超过三分之一的供应量将来自前海。

需求方面，我们对深圳的经济发展趋势保持乐观态度。作为 2017 年年度中国最具人口吸引力的城市，深圳正吸纳越来越多的人在深圳工作和生活。总体而言，我们相信人口的增长以及经济的发展可支撑未来的大量新增供应。同事，我们认为前海在未来也将吸引更多的港资和外资企业，帮助实现该片区的大量办公楼的新增供应的去化。

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2. Source: http://huiyan.baidu.com/cms/report/Q4_niandu/index.html

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