

Service sector underpins stable leasing demand

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Chengdu's tertiary industry grew by 9.0% YOY in 2016, according to the Chengdu Statistics Bureau. In particular, the output of the finance sector increased by 8.7% YOY during the same period, underpinning the leasing demand for Chengdu's high quality office space. As a result, office leasing demand was stable in Q1 2017, and the average vacancy rate declined. Many landlords continued to offer incentives in exchange for higher occupancy rates, leading to a rental correction. Looking forward, oversupply will continue to be a major challenge for landlords and vacancy should rise again, with rents declining.

Forecast at a glance



Demand

New set-up and relocation demand from the finance and technology sectors should underpin the leasing demand for quality office space



Supply

560,000 sq m (6.03 million sq ft) of new supply is scheduled to be completed over the rest of 2017, representing an increase of 28% over existing stock



Vacancy rate

The citywide vacancy rate should rise again from 35% now to above 40% due to oversupply



Rent

Current oversupply will lead to further rental declines. We predict a 5% annual decline in the average rent.

服务产业为租赁需求提供稳定支撑

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据成都市统计局，2016 年全市第三产业同比增长 9.0%。其中，金融业产值于同期内同比增长 8.7%，支撑了成都优质办公空间的租赁需求。因此，2017 年第一季度，写字楼租赁需求稳定，平均空置率有所下降。若干业主继续提供优惠措施以实现更高入驻率，致使租金进一步调整。展望未来，供过于求将继续为业主的主要挑战，空置率将再次上升并使租金持续调整。

预测一览表



需求

金融和科技行业的新设和搬迁将支撑对优质办公空间的租赁需求



供应

56 万平方米新增供应计划于 2017 年剩余时间内竣工，总存量将在年末增长 28%。



空置率

由于供过于求，全市空置率将再度由 35% 上升至 40% 以上。



租金

供过于求之现状将会进一步导致租金的下调。高力国际预测平均租金年均降幅或可达 5%。

No new completions in Q1 2017

No new projects were handed over in Q1 2017, and the total stock of Chengdu's prime office market was 2.0 million sq m (21.5 million sq ft). East Avenue stayed the largest submarket, accounting for 29% of the city's stock.

Finance and technology active

Demand for Chengdu's prime office space was stable in Q1 2017, and leasing inquiries picked up after Chinese New Year. As a result, the average vacancy rate fell by 2.4 percentage points QOQ to 34.6% as of end-Q1, and net absorption totalled about 47,000 sq m (505,900 sq ft), in line with Q4 2016. The stable leasing demand was primarily underpinned by relocations and new leases of companies from the finance and technology sectors, and domestic corporations were the main demand drivers.

By area, the CBD and the South Renmin Road submarkets were the focus of most net absorption, recording approximately 15,000 sq m (161,460 sq ft) each during the quarter. By contrast, the East Avenue submarket recorded negative net absorption of about 5,000 sq m (53,820 sq ft), as a result of retreats and reductions in leasing areas from old buildings.

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

图 1: 成都优质写字楼季度新增供应、净吸纳量及空置率



Source: Research, Colliers International, Shanghai

数据来源: 上海高力国际研究部

首季度无新项目交付

2017 年第一季度无新项目交付, 成都优质写字楼市场总存量维持在约 200 万平方米。东大街仍为最大的子市场, 占全市总存量的 29%。

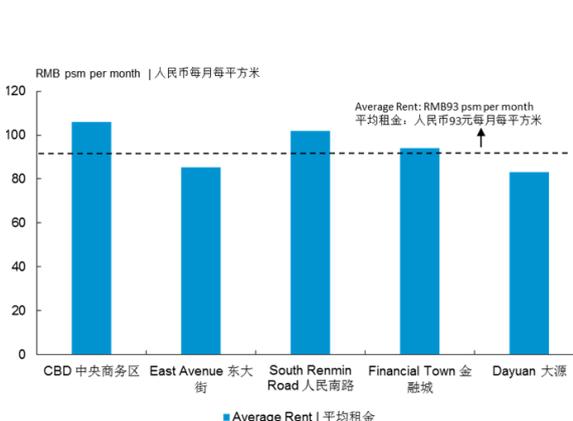
金融及科技行业表现活跃

首季度成都优质写字楼市场需求保持稳定, 且租赁问询量在农历新年后有所增加。因此, 截至季末, 平均空置率同比下降 2.4 个百分点至 34.6%, 而净吸纳量总计约 47,000 平方米, 与上季度相若。稳定的租赁需求主要来源于金融和科技行业企业的新租和搬迁行为, 其中内资企业为主要需求驱动力。

分区域来看, 中央商务区和人民南路子市场集聚了本季度最多的净吸纳量, 分别约为 15,000 平方米。相形之下, 由于老旧物业内的退租及租赁面积缩减, 东大街子市场录得净吸纳量负值约 5,000 平方米。

Figure 2: Chengdu Prime Office Average Rent by Submarket

图 2: 成都优质写字楼分区域平均租金



Source: Research, Colliers International, Shanghai

数据来源: 上海高力国际研究部

Major leasing transactions in the first quarter included: Baidu's new lease of 3,800 sq m in Shangshan International; Canon, BSH home appliances and Zhenai.com's separate leases of 1,500 sq m, 800 sq m and 800 sq m in Chengdu International Finance Square; Pactera, an IT company's expansion of 1,700 sq m in CPIC Financial Tower; Fullerton Credit's lease of 1,900 sq m in Sichuan Airlines Centre; and Yihong Investment's lease of 1,200 sq m in Yanlord Landmark.

Rental correction continues

In response, landlords have provided rental discounts and rent-free periods in exchange for higher occupancy rates. As a result, the average rent of Chengdu's prime office market decreased by 1.8% QOQ or 9.1% YOY to RMB93 (USD13.50) psm per month.

By area, the East Avenue and the South Renmin Road submarkets saw the greatest rental correction, decreasing by 4.7% and 4.9% QOQ to RMB85 (USD12.34) and RMB94 (USD13.64) psm per month respectively as of end-Q1. By contrast, the Dayuan submarket recorded a quarterly rental growth of 3.5% due to the active leasing demand in the area.

Opportunities for tradable assets remained limited

Compared with 2016, Chengdu's en bloc office investment market was quiet in Q1, with no en bloc sales transactions completed. Though a few domestic investors showed interest in acquiring buildings with value-added potential in the city's south area, tradable assets with a single ownership structure were limited.

Oversupply will continue to be a major challenge

Official data showed that the proportion of tertiary industry in Chengdu's GDP grew from 51% in 2014 to 53.1% in 2016. The growth of the service sector is fundamental for the development of Chengdu's office leasing market, and is expected to support the absorption of vacant office space in the city. In particular, we expect submarkets in the south part of city are expected to be more popular among tenants in the future, given the infrastructure development and support for high-tech industries in the Tianfu New Area.

季内主要租赁交易包括：百度于上善国际新租 3,800 平方米；佳能、博西家用电器及珍爱网分别于成都国际金融中心承租 1,500 平方米、800 平方米及 800 平方米；IT 公司文思海辉于太平洋保险金融大厦扩租 1,700 平方米；富登信贷于四川航空广场承租 1,900 平方米；颐弘投资于仁恒置地承租 1,200 平方米。

租金持续调整

在供需不平衡之情况下，成都写字楼市场面临连续第十个季度的租金调整。为应对此现状，业主提供租金折扣和免租期优惠以提高入驻率。因此，成都优质写字楼市场的平均租金环比下降 1.8%，同比下降 9.1%，至人民币 93 元每月每平方米。

分区域来看，截至第一季度末，东大街和人民南路子市场录得最大幅度的租金调整，环比分别下降 4.7%和 4.9%至人民币 85 元及人民币 94 元每月每平方米。相形之下，由于区域内租赁需求活跃，大源子市场租金环比上涨 3.5%

可交易资产仍然有限

相较 2016 年，第一季度成都写字楼整售市场平静，未录得整售交易完成。尽管一些国内投资者对收购城南区域具备增值潜力之物业变现出兴趣，但可交易的单一业权物业数量有限。

供过于求仍将为主要挑战

官方数据显示，2014 年至 2016 年，第三产业在成都 GDP 总量的占比从 51%提高至 53.1%。服务业的持续增长系成都写字楼租赁市场发展的基础，并将支撑全市空置办公面积的去化。其中，鉴于天府新区内的基础设施建设和对高科技产业的支持，预计城南各子市场将更受租户青睐。

In the remainder of 2017, 560,000 sq m (6.03 million sq ft) of new office property is scheduled to be completed in Chengdu's prime office market. This will outpace the city's ability to absorb office space, and a continued oversupply and corresponding rental corrections looks likely in the short to medium term. In particular, 75% of the new supply will be in the Financial Town and Dayuan submarkets. This should lead the vacancy rates in these areas to increase in the coming quarters. Though leasing demand in these two areas has been active in the past year, the new projects will intensify the competition, and the rental gains made in these submarkets may be stalled or reversed in the coming year.

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

2017 年剩余时间内，成都优质写字楼市场约有 56 万平方米新增供应计划竣工，此供应量已远超成都市对办公空间的吸纳能力。因而，中短期内，预计供过于求以及相应的租金调整将持续。其中，75% 的新增供应将位于金融城和大源子市场，这将推升上述区域在未来若干季度内的空置率。尽管过去一年内此两个区域租赁需求活跃，但新项目的入市将加剧竞争，因而这些子市场的租金或将于明年维稳或下行。

*为反映市场变动，本季度样本有所调整。

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