

Increasing demand will support the market

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Chengdu's GDP grew by 8.2% YOY in H1 2017, with tertiary industry growing by 9.0% YOY, according to the Chengdu Statistics Bureau. Specifically, the total value added of the finance sector grew by 9.6% YOY. Driven by solid economic fundamentals, the benefits of new pro-industry policies, and expansion in the technology and co-working sectors, the office property market was stable over Q3 2017, with two new completions and 100,000 sq m (1.08 million sq ft) of new supply. Nevertheless, the average rent of Chengdu's prime office market increased by 1.7% to RMB 95.5(USD 14.42) in Q3 2017. Looking forward, we expect the average rent to be slightly rise due to the firm demand and the growth in market confidence. With landlords' bargaining power set to rise, we recommend that tenants consider new leasing transactions now.

Forecast at a glance



Demand

Leasing demand is firm, reflecting new pro-industry policies. There has been steady interest from the technology and co-working sectors, and this should persist



Supply

182,000 sq m (1.95 million sq ft) of new supply is scheduled to be completed over Q4 2017, representing an increase of 8.6% over existing stock



Vacancy rate

We expect the average vacancy rate of Chengdu's prime office market will keep lower than 35% over the next year due to

稳定增长的需求支撑市场去化

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据成都市统计局，2017年上半年成都GDP同比增长8.2%。具体而言，第三产业同比增长9.0%。其中，金融业增加值同比增长9.6%。受益于整体经济持续稳定增长和“成都市产业新政50条”等政策利好，第三季度成都写字楼物业市场整体保持稳定，季内有两个新项目交付，带来近10万平方米的新增供应。2017年第三季度，成都优质写字楼市场平均租金上涨1.7%至人民币95.5元每月每平方米，总体空置率出现小幅上升。展望未来，由于需求的稳定和增强的业主市场信心，成都优质写字楼市场租金将稳中有升。未来业主议价能力亦将增强，目前对于租户而言，或为一个租赁有利时期。

预测一览表



需求

租赁需求保持稳定，受益于政府的产业扶持政策，本季度科技行业和联合办公行业表现持续亮眼



供应

2017年第四季度预计约18.2万平方米新增供应入市，总存量或将增加8.6%



空置率

由于新增供应的放缓入市，优质写字楼空置率将在未来一年低于35%

the postponed new supply.



Rent

We predict the average rents trend upwards due to the firm demand and the growth of market confidence.



租金

由于需求的稳定增长和市场信心的回升，高力国际预测未来平均租金将稳中有升

Two new projects were completed

One new project was completed in the Financial Town submarket: China Overseas International Centre Bloc C added 49,000 sq m (527,430 sq ft) of new supply. In addition, a new project was completed in the Jianshe Road submarket: Shimao Tower added 47,000 sq m (505,905 sq ft) of new supply. As a result, the total stock of the Chengdu Grade A office property market grew by 1.9% to 2.01 million sq m (21.6 million sq ft).

Strong demand, but vacancy increased slightly due to new supply

Two new projects were completed in Q3 and added 96,000 sq m (1.03 million sq ft) of new supply. Nevertheless, the average vacancy rate only increased by 0.1 percentage points QOQ to 30.6% due to the stable market demand as of end-Q3. The increasing demand was primarily from the technology, co-working, energy and finance sectors. In addition, the domestic corporations were the main demand drivers.

By area, the Financial Town submarket was the focus of most new absorption, recording 21,450 sq m (230,910 sq ft). Notably, the vacancy rate of the CBD submarket fell by 3.1 percentage points to 24.6%. In consequence, prime office space in core business districts is becoming less. This suggests that landlords' bargaining power will improve in the future. We therefore see the present time as a window of opportunity for the tenants' leasing transactions.

两个新项目交付

成都金融城子市场有一个新项目落成：中海国际中心 C 座，带来 49,000 平方米的新增供应。建设路子市场亦有一个新项目交付：世茂大厦，带来 47,000 平方米的新增供应。相应地，成都甲级写字楼市场总存量环比增加 4.7%至 210.7 万平方米。

新增供应入市，空置率小幅上升

本季度成都优质写字楼市场共计两个新项目交付，带来 96,000 平方米的新增供应。但由于市场需求的稳定，截止季末，平均空置率环比仅小幅上升 0.1%至 30.6%。增长的租赁需求主要来源于科技、联合办公、能源和金融行业，其中内资企业为绝对需求主力。

分区域来看，金融城子市场集聚了本季度最多的净吸纳量，为 21,452 平方米。此外，值得注意的是：中央商务区子市场空置率环比下降 3.1%至 24.6%。这表明在城市核心区域的优质物业正变得愈加稀少，未来业主议价能力亦将增强。目前对于租户而言，或为一个租赁有利时期。

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: Colliers International

数据来源：高力国际

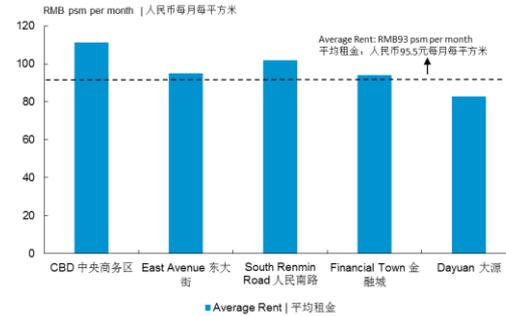
Major leasing transactions in the quarter included: Scholarly Family Restaurant and Nationz Technologies leases of 1,900 sqm (20,451 sq ft) and 800 sq m (8,611 sq ft) in Sichuan Airlines Centre; Zhongnan Group and FedEx leases of 1,500 sqm (16,145 sq ft) and 450 sq m (4,843 sq ft) in China Overseas International Centre. Tianjin Dredging's leases of 2,000 sq m (21,527 sq ft) in Chengdu International. Smartisan's, Changning Natural Gas's and Walnut Co-working's leases of 4,000 sq m (43,055 sq ft), 10,000 sq m (107,639 sq ft) and 4,000 sq m (43,055 sq ft) respectively in Shimao Tower; The Executive Centre's lease of 1,500 sq m (16,145 sq ft) in Ping An Finance Centre. Metlife's expansion of 500 sq m (5,381 sq ft) in Chengdu International Finance Square; Mars' lease of 1,000 sq m (10,763 sq ft) in Yanlord Landmark; and Momo's leases of 4,000 sq m (43,055 sq ft) in Jiachen International Centre.

Stabilising rent

Average rent in Chengdu's prime office market saw a slight rise for the second consecutive quarter. Growth was primarily supported by the rental increases in projects with a stable tenant mix and high occupancy rates, especially in the CBD and East Avenue submarkets. As a result, average rent increased by 1.7% QOQ to RMB 95.5(USD 14.42) psm per month with a slight rise for the second consecutive quarter. We expect the average rent to remain stable due to firm demand, the postponed new supply and the growth of market confidence.

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: Colliers International

数据来源：高力国际

季内主要租赁交易包括：书香门第、国民天成分别于四川航空广场承租 1,900 平方米及 800 平方米；中南地产、联邦快递分别于中海国际中心承租 1,500 平方米及 450 平方米；中交天津航道局于成都国际科技节能大厦承租 2,000 平方米；锤子科技、长宁天然气和 Walnut 联合办公分别于世茂中心承租 4,000 平方米、10,000 平方米及 4,000 平方米；德事商务中心于平安金融中心承租 1,500 平方米；大都会人寿保险于成都国际金融中心扩租 500 平方米；玛氏于仁恒置地广场承租 1,000 平方米；陌陌科技于佳辰国际中心承租 4,000 平方米。

租金维持稳定

成都写字楼市场实现连续 2 个季度的租金小幅上涨。一些近两年入市的优质项目，在实现初期快速去化之后，开始提升租金报价和减少免租期优惠，特别是在中央商务区子市场和东大街子市场。因此，成都优质写字楼市场的平均租金环比上升 1.7%，至人民币 95.5 元每月每平方米。租金连续 2 个季度，小幅回升。由于稳定的需求、部分新增供应的延缓入市和市场信心的增长，预计未来平均租金将继续维持稳中有升。

By area, the East Avenue and the CBD submarkets saw rent increase by 8% and 3% QOQ to RMB95 (USD14.4) and RMB111 (USD16.8) psm per month respectively as of end-Q3. The CBD submarket has continued to increase for the past four quarters. The Financial Town submarket remained stable at RMB94 (USD14.2) despite the new completions which demonstrate the robust demand in this submarket.

No en bloc sales transaction recorded

The Chengdu office investment market remained active. Although a few domestic investors showed interest in acquiring buildings with value-added potential in the city's core area, tradable assets with a single ownership structure were limited. Therefore, compared to the previous quarter, Chengdu's en bloc office investment market was no en bloc sales transactions completed in Q3.

Large area leasing transactions increased

The improvement of Chengdu's economic environment, industrial restructuring, expansion in the consumer market and the increasing strategic significance of the city have shifted development focus to Chengdu. Many domestic and foreign enterprises upgraded or increased investment in their branches in Chengdu. The rapid expansion of capital investment, company size and number of staff partly contributed to the obvious increase in large area block transactions and expansion this year, especially in the technology and co-working sectors.

Increasing demand should support the market

Official data showed that the proportion of tertiary industry (i.e. services) in Chengdu's GDP grew from 51% to 55% in H1 2017. The growth of the services sector is vital to the development of Chengdu's office leasing market, and ought to support the absorption of vacant office space in the city. The benefits of new pro-industry policies will provide significant support for the Chengdu office market over the long term.

Approximately 182,000 sq m (1.95 million sq ft) of new supply is scheduled to be completed over Q4 2017,

分区域来看，截止第三季度末，东大街子市场及中央商务区子市场均录得租金上升，环比上升 8%和 3%至人民币 95 元及人民币 111 元每月每平方米。中央商务区连续四个季度租金保持上涨。金融城子市场在连续两个季度有新项目入市的情况下，租金依然保持与上季度相若，显示了该子市场强劲的市场需求。

未录得整售交易

成都写字楼投资市场保持活跃，一些国内投资者对收购城市核心区域具备增值潜力之物业表示出兴趣，但可交易的单一业权物业数量有限。相较上季度，第三季度成都写字楼未录得整售交易完成。

大面积租赁案例增多

随着成都经济投资环境持续优化、产业结构升级、消费市场扩大、城市的战略意义增强，大量国内外企业对设在成都的分支机构进行升级或追加投资。使得无论是在资本投入、企业规模及人员编制上都出现扩张，在一定程度上导致了近两个季度甲级写字楼市场大宗租赁案例和扩租案例明显增长，特别是在科技和联合办公行业。

稳定增长的需求支撑市场去化

官方数据显示，2014 年至 2017 年第二季度，第三产业在成都 GDP 总量的占比从 51%提高到 55%。服务业的快速增长系成都写字楼租赁市场发展的基石，并将支撑全市空置办公面积的去化。“成都市产业新政 50 条”等政策利好亦为成都写字楼市场的发展提供稳定政策支持。

2017 年第四季度预计约 18.2 万平方米新增供应入市，总存量或将增加 8.6%。由于部分发展商的入市策略调整，

representing an increase of 8.6% over existing stock. Reflecting adjustments to developers' strategic plans, actual new supply of this year should be less than forecast early this year. Moreover, net absorption has increased noticeably so far this year. Net absorption over the first three quarters of 2017 has exceeded the total for the whole of 2016, growing by 104% YOY to 219,000 sq metres (2.35 million sq ft). Both lower new supply and increasing net absorption should support market rents this year.

本年度实际入市的新增供应少于年初预计值。此外，年内净吸纳量增长明显，2017年前三个季度的净吸纳量已经高于去年全年，达21.9万平方米，同比增长104%。低于预期的供应量和稳定增长的市场需求将共同支撑成都甲级写字楼市场的回暖。

Major Leasing Transactions

MAJOR LEASING TRANSACTIONS Q3 2017		
PROPERTY	TENANT	INDUSTRY
Sichuan Airlines Centre	Nationz Technologies	Technology
China Overseas International Centre	Zhongnan Group	Real-estate
Chengdu International	Tianjin Dredging	Infrastructure
Jiachen International Centre	Momo	Technology
Ping An Finance Centre	The Executive Centre	Service office
Shimao Tower	Changning Natural Gas	Energy
Yanlord Landmark	Mars	Food Industry
Yintai Center	VIPKID	Technology

Source: Colliers International

主要租赁交易

2017年第三季度主要租赁交易		
项目	租户	行业
四川航空广场	国民科技	科技
中海国际中心	中南地产	房地产
成都国际科技节能大厦	中交天津航道局	基建
佳辰国际中心	陌陌	科技
平安金融中心	德事商务中心	服务式办公室
世茂中心	长宁天然气	能源
仁恒置地广场	玛氏	食品
银泰中心	大米科技	科技

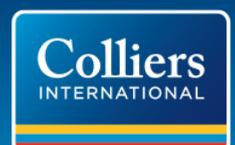
数据来源：高力国际

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