

Residential



Residential market sees moderate growth

Long-term regulations are helping the steady and healthy development of Tianjin's residential market.

- The serviced apartment market saw no new supply in Tianjin's core areas in Q2/2019.
- Average serviced apartment vacancy rates increased by 1.6 percentage points (ppts) quarter-on-quarter (QoQ) to 19.2% during Q2/2019. Average serviced apartment rents edged up 1.4% QoQ to an average of RMB223 per sq m per month.
- The high-end serviced apartment market will welcome a new project—Conrad Tianjin (a Hilton brand)—located in the Tianta area, with a new supply of 50 units. The launch will bring the citywide high-end serviced apartment supply to 1,105 units.
- Citywide residential transaction volume spiked by 66.6% QoQ to 3.696 million sq m, up 8.6% year-on-year (YoY).
- First-hand residential sales prices increased 4.9% QoQ and 5.2% YoY to an average of RMB16,218 per sq m.
- The core, high-end residential sales market saw no new projects in Q2/2019. High-end residential prices declined 1.3% to an average of RMB44,634 per sq m.
- Two brand-new projects, No.5 Binxi Road and Gemdale Topview, are expected to launch onto the high-end residential market in 2H/2019.
- The first-hand residential market witnessed a rebound in both transaction prices and volume.

“The residential market saw a distinct rebound during Q2/2019 in both transaction volumes and housing prices, driven in large part by first-time home buyers.”

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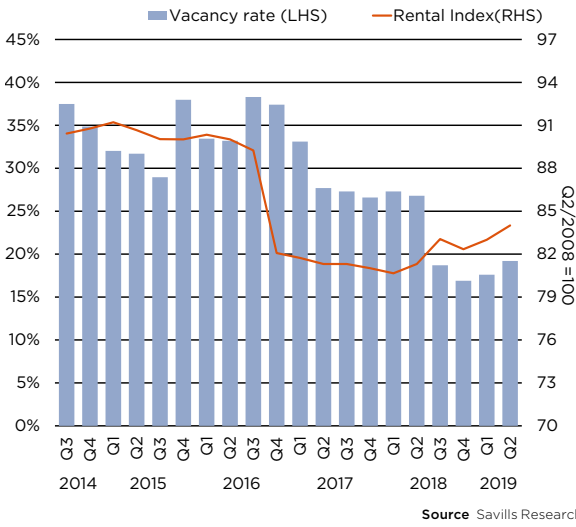
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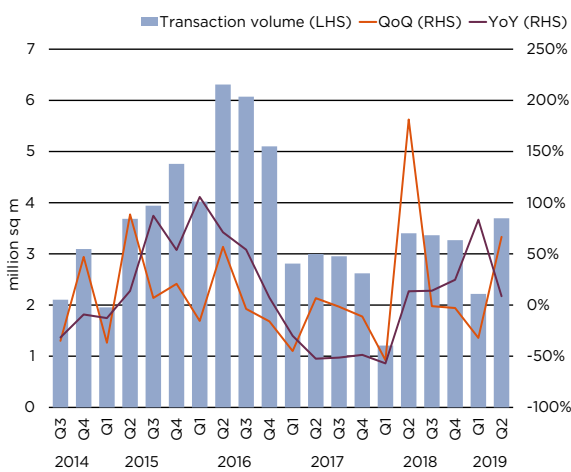
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GRAPH 1: High-end Serviced Apartment Vacancy Rate And Rental Index, Q3/2014 to Q2/2019



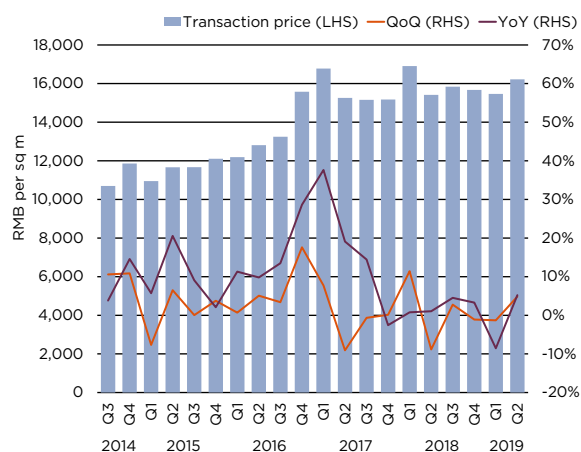
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GRAPH 2: Transaction Volumes Of First-hand Commodity Residences, Q3/2014 to Q2/2019



Source Savills Research

GRAPH 3: Transaction Prices Of First-hand Commodity Residences, Q3/2014 to Q2/2019



Source Savills Research

RESIDENTIAL LEASING MARKET

With no new supply, the serviced apartment market was able to absorb existing stock levels during Q2/2019. The average vacancy rate rose by 1.6 ppts QoQ to 19.2% during Q2/2019. Serviced apartment rents edged up by 1.4% QoQ to an average of RMB223 per sq m per month.

A new project, the Conrad Tianjin, a Hilton brand, will enter Tianjin’s high-end serviced apartment market in Q3/2019. The project is located in Tianta area (neighbouring Balitai), and will bring 50 units to the market. As the upsurge in long-term rental apartments has ebbed, vacancy rates and rents have stabilised in the residential leasing market. It is expected that the market will experience only mild fluctuations in the near term.

RESIDENTIAL SALES MARKET

Due to a more active land market, home buyers adjusted their expectations for the housing market in Q2/2019. After a moderate dip during Q1/2019, the market saw a distinct rebound this quarter in both transaction volumes and housing prices. Housing regulations and control policies have put a damper on housing speculation. Therefore, transactions are now driven mainly by first-home buyers and buyers looking for a home with a low total consideration.

The citywide residential transaction volume reached 3.696 million sq m, up 66.6% QoQ and 8.6% YoY. Transaction prices rose by 4.9% QoQ and 5.2% YoY to RMB16,218 per sq m per month.

The average transaction price of high-end residences decreased 1.3% to RMB44,634 per sq m. With no new supply launching this quarter, the market was able to absorb some of the existing stock. Taking into account the total consideration, the high-end residential sales market saw a moderate performance both in transaction volumes and prices. However, it is expected that there will be an improvement in the wake of new projects coming to the market.

According to transaction price indices of commodity residences in Tianjin, published by the Tianjin Statistics Bureau, monthly price indices of first-hand commodity residences recorded consistent growth, suggesting prices stayed steady.

There were 59 high-rise projects launched in 1H/2019, with a selling rate of 57%, while low-rises recorded a selling rate of 53%. The demand from home-improvement buyers is becoming more pronounced across the city.

MARKET OUTLOOK

In 2H/2019, the high-end residential market will welcome two new sales projects to the city core area. No.5 Binxi Road and Gemdale Topview, located in the Youyi Road area and the Liulitai area, respectively, will bring a new supply of around 200 units. With the local government continuing to enforce its housing regulations, transaction volumes and values are expected to stay stable. Therefore, Tianjin’s residential market should experience sustainable and healthy development for the rest of the year despite macroeconomic headwinds.

TABLE 1: High-end Residential Sales Market, Q2/2019

DISTRICT	AVERAGE PRICE (RMB PER SQ M)		QoQ INDEXED CHANGE (%)	YoY INDEXED CHANGE (%)
	Q1/2019	Q2/2019		
Greater Meijiang	35,793	34,579	-3.4%	-18.4%
Olympic area	68,656	68,073	-0.8%	2.7%
Haihe Riverside	43,716	42,768	-2.2%	-5.4%
New Badali	39,060	39,438	1.0%	-2.1%
Other areas	42,703	42,162	-1.3%	-9.0%

Source Savills Research