

Briefing Office sector

February 2016



Image: Yuhai World Finance Center

SUMMARY

Four new projects were handed over in 2015, adding 150,000 sq m to the Zhuhai office market.

- Four new projects were handed over in 2015, adding 150,000 sq m to the Zhuhai office market.

- There is an accelerated growth in the sales price of office space in Zhuhai. The average sales price of primary offices reached RMB 20,438 per sq m, while central area rents reached RMB104 per sq m per month.

- The city-wide average rents reached RMB103 per sq m per month, while the occupancy rate settled at 82%.

- Average take-up was approximately 100,000 sq m per year.

.....

“There was a sharp increase in supply in the Zhuhai office market in 2015 with several high-grade projects expected to be handed over in the next few years, pressure on the market will remain.” Sophia Huang, Savills Project & Development Consultancy

.....

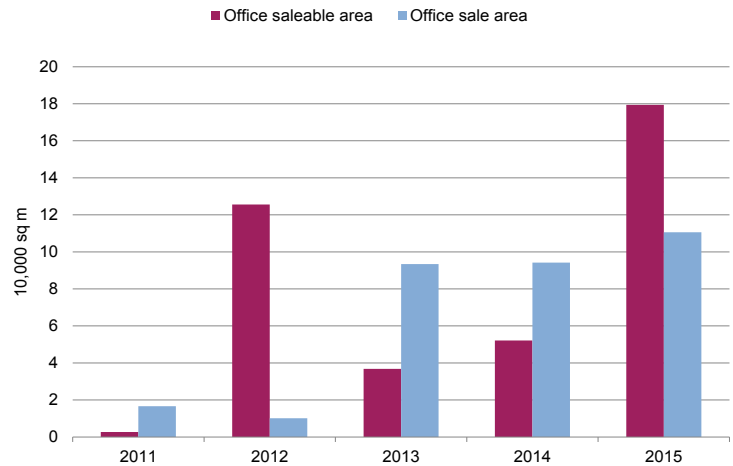
→ Market Overview

Supply in the Zhuhai office market has seen significant growth in recent years as several high-quality office projects completed, such as the World Financial Center and China Overseas Building. Average take-up was approximately 100,000 sq m per year from 2013 to 2015. Four new projects were handed over in 2015, adding 150,000 sq m to the office market. The saleable area of office property rose 244.3 percentage points (ppts) year-on-year (YoY) to 179,400 sq m.

There is an accelerated growth in the sales price of office space in Zhuhai. The city-wide average sales price of primary offices reached RMB20,438 per sq m and in the central area RMB21,500 per sq m.

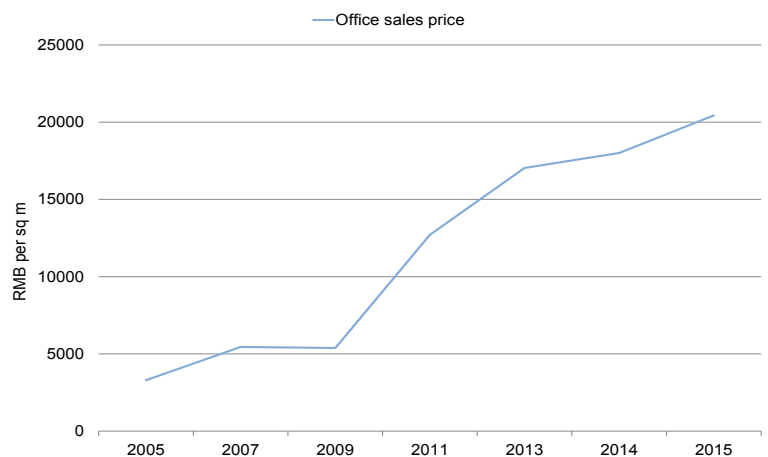
Much of the high-quality office space in Zhuhai is located in the New Xiangzhou and Jida areas. However, facilities in these buildings are somewhat outdated. By the end of 2015, city-wide average rents reached RMB103 per sq m per month, while the occupancy rate settled at 82%. The Jida area witnessed the highest rents, and had the lowest occupancy rate at 70%. With an occupancy rate of 95%, the Old Xiangzhou area had limited vacancies and saw the highest occupancy rate in the market. Private domestic companies, especially those in the financial and investment sector, are the biggest demand drivers for high-quality offices. ■

GRAPH 1 Office supply, sales area and saleable area, 2011 - 2015



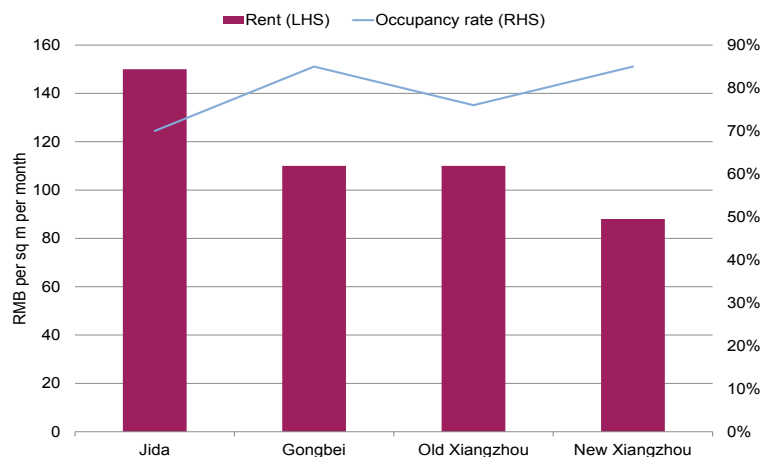
Source: Savills Project & Development Consultancy

GRAPH 2 Office sales price, 2005 - 2015



Source: Savills Project & Development Consultancy

GRAPH 3 Zhuhai office rent and occupancy rate, 2015



Source: Savills Project & Development Consultancy

Market Outlook

As several new projects are expected to enter the Zhuhai office market, the pressure of destocking increases and city-wide vacancy rates are expected to rise.

The supply of office property in the central area is rapidly increasing. Domestic private companies, especially those in the financial and investment sector, are the major demand drivers in the Zhuhai office market. The Huafa Zhuhai Center and Kaisa Center are expected to enter the office market in a few years, improving the quality and level of the Zhuhai office market, but at the same time adding pressure to destocking. When these projects launch, city-wide vacancy rates are expected to increase.

Please contact us for further information

Savills Research



James Macdonald
 Director
 +8621 6391 6688
james.macdonald@savills.com.cn

Savills Agency



Franco Liu
 Managing Director
 +86756 322 6898
franco.liu@savills.com.cn

Project & Development Consultancy



Sophia Huang
 Director
 +86756 322 6223
sophia.huang@savills.com.cn

Savills plc

Savills is a leading global real estate service provider listed on the London Stock Exchange. The company established in 1855, has a rich heritage with unrivalled growth. It is a company that leads rather than follows, and now has over 700 offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

This report is for general informative purposes only. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent. Whilst every effort has been made to ensure its accuracy, Savills accepts no liability whatsoever for any direct or consequential loss arising from its use. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without written permission from Savills Research.