Tianjin’s residential market stabilises

Supply and transaction volumes have recovered to the pre-pandemic levels.

- No new serviced apartments were launched onto the market in Q1/2021.
- The absence of new supply helped the market absorb the existing vacant stock. Citywide serviced apartment vacancy rates decreased by 3.8 percentage points (ppts) quarter-on-quarter (QoQ) to 22.3% but up 1.7 ppts year-on-year (YoY). City-core serviced apartment rents inched up 1.2% QoQ and 2.2% YoY to RMB229.1 per sq m per month.
- In Q1/2021, both residential supply and transaction volumes declined on a QoQ basis but recovered to similar levels seen in Q1/2019. The new supply fell by 43.7% QoQ but moved up 4.3% from Q1/2019 to 1.88 million sq m. Total transaction volumes stood at 2.32 million sq m, a drop of 35.2% QoQ and a slight increase of 4.4% compared to Q1/2019.
- Citywide first-hand residential prices moved down by 2.8% QoQ to an average of RMB16,508 per sq m, but up 9.9% YoY.
- Fringe areas contributed the largest proportion of transaction volumes at 36.7%, followed by suburban areas, accounting for 35.6% of the total transacted volume.
- The downtown high-end residential market saw two new projects in Q1/2021, Mirrors of The Sky and Royal Palace, both located in New Meijiang.
- The entry of the new projects pushed up the average transaction price of citywide high-end residences by 2% QoQ and 2.7% YoY to RMB44,396 per sq m.

"Tianjin’s residential market has gradually shaken off the lingering effect of the COVID-19 pandemic. Supply and transaction volumes have recovered to 2019 levels, and it is expected that Tianjin’s residential market will remain stable for the rest of the year."

VINCENT LI, SAVILLS RESEARCH
RESIDENTIAL LEASING MARKET

The high-end serviced apartment market saw no new supply in core areas, keeping the total stock at 1,155 units in Q1/2021. The average vacancy rate shrank 3.8 ppts QoQ to 22.3% but increased 1.7 ppts YoY. With the pandemic contained domestically and the option of short-term leasing agreements provided by some projects, the citywide high-end serviced apartment rents inched up by 1.2% QoQ and 2.2% YoY to an average of RMB229.1 per sq m per month.

RESIDENTIAL SALES MARKET

In Q1/2021, both new supply and transaction volumes in Tianjin’s residential market witnessed declines on a QoQ basis but recovered to similar levels seen in Q1/2019. The new supply saw a decrease of 43.7% QoQ but an increase of 4.3% compared to Q1/2019 to 1.88 million sq m in Q1/2021. Citywide transaction volumes dwindled 35.2% QoQ to 2.32 million sq m, but up 4.4% compared to Q1/2019. Citywide average residential prices declined by 2.8% QoQ to RMB16,508 per sq m but increased 9.9% YoY.

Two new projects in the New Meijiang area of the main city were launched onto the high-end residential sales market in Q1/2021. One was Mirrors of The Sky, developed by China Overseas Property, and the other was Royal Palace, developed by Huayu Group. The average transaction price of the citywide high-end residences edged up 1.9% QoQ and 2.7% YoY to RMB44,396 per sq m. In terms of residential sales price, Modesty Residential in Heping District, Gemdale’s Topview in Balitai and Zhenro’s The Pinnacle on Huanghe Road ranked the top three throughout the city.

MARKET OUTLOOK

In Q1/2021, Tianjin’s government introduced the new land auction policy, and 58 residential plots were listed as the first batch. This is the most significant land regulation reform seen in recent years. With the implementation of the new policy, a large number of land plots entering the market at one time could curb the rapid growth of land prices and maintain the stability of the land market.

Tianjin is expected to see a further relaxation of the talent-attraction schemes by lowering the standards for hukou (household registration certificates) registration to attract more migrants to the city. In addition, the government will speed up the approval process of land construction and solve bottlenecks for real estate developers in the development process.

TABLE 1: High-end Residential Sales Market, Q1/2021

<table>
<thead>
<tr>
<th>DISTRICT</th>
<th>AVERAGE PRICE (RMB PER SQ M)</th>
<th>QoQ INDEXED CHANGE (%)</th>
<th>YoY INDEXED CHANGE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meijiang</td>
<td>40,244</td>
<td>42,533</td>
<td>5.7%</td>
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<tr>
<td>Olympic Area</td>
<td>46,053</td>
<td>45,499</td>
<td>-1.2%</td>
</tr>
<tr>
<td>Laocengxiang</td>
<td>45,371</td>
<td>45,780</td>
<td>0.9%</td>
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<td>Haihe Riverside</td>
<td>39,831</td>
<td>43,108</td>
<td>8.2%</td>
</tr>
<tr>
<td>New Badali</td>
<td>42,013</td>
<td>40,316</td>
<td>-4%</td>
</tr>
<tr>
<td>Other</td>
<td>44,880</td>
<td>46,038</td>
<td>2.6%</td>
</tr>
</tbody>
</table>

Source: Savills Research