Tianjin’s residential market recovers

Transaction volumes rebounded with growing prices.

- No new serviced apartment projects were launched onto the market in Q2/2021.

- Tianjin’s serviced apartment market stayed stable with average vacancy rate inching up by 0.8 of a percentage point (ppt) quarter-on-quarter (QoQ) to 23.1%, but down 3.5 ppts year-on-year (YoY). City-core serviced apartment rents dipped 0.6% QoQ and 0.4% YoY to RMB227.7 per sq m per month.

- In Q2/2021, both residential supply and transaction volumes were on the uptrend. New supply doubled QoQ to 3.77 million sq m, moving up by 2.1% YoY as well. Transaction volumes reached 3.59 million sq m, an increase of 55.1% QoQ and 2.1% YoY.

- Citywide first-hand residential prices were also on the rise, climbing up 5.5% QoQ and 6.4% YoY to an average of RMB17,409 per sq m.

- Suburban areas accounted for the largest proportion of transaction volumes at 36.1% among submarkets, followed by fringe areas at 31.9%. City core areas made up only 10.5% due to limited new supply.

- The downtown high-end residential market welcomed three new projects in Q2/2021, Longfor Origin in Meijiang, Cenozoic Cover in New Meijiang and Luneng Mansion in Tibet, Hexi District.

- Entry of new projects pushed up the average transaction price of citywide high-end residences by 5.1% QoQ and 8.4% YoY to RMB44,730 per sq m.

“Tianjin’s residential market performed well in Q2/2021. Transaction volumes continued to rise during the quarter, especially in suburban areas. The high-end residential market witnessed several new projects launched, offering diversified options for upgraders’ demand and pushing up both transaction volumes and prices.”

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 Q2/2021. The average vacancy rate edged up by 0.8 of a ppt QoQ to 23.1% but dropped 3.5 ppts YoY. The citywide high-end serviced apartment rents recorded a slight decline of 0.6% QoQ and 0.4% YoY to an average of RMB227.7 per sq m per month.

RESIDENTIAL SALES MARKET
Tianjin’s residential market outperformed in Q2/2021, with both new supply and transaction volumes recording increases. The new supply more than doubled QoQ to 3.77 million sq m, up 2.1% YoY. Transaction volumes moved up by 55.1% QoQ and 2.1% YoY to 3.59 million sq m. Citywide average residential prices registered a steady growth of 5.5% QoQ and 6.4% YoY to RMB17,409 per sq m.

Three new projects, all located in Hexi District, were launched onto the high-end residential sales market in Q2/2021, namely Luneng Mansion in Tibe, Longfor Origin in Meijiang and Cenozoic Cover in New Meijiang. The launch of new residences pushed up the average high-end residential transaction price by 5.1% QoQ and 8.4% YoY to RMB44,730 per sq m. In terms of residential sales prices, Zhenro’s The Pinnacle on Huanghe Road, Modesty Residential in Heping District and Gemdale’s Topview in Balitai ranked the top three throughout the city.

MARKET OUTLOOK
The auction of the first batch of new residential land plots was completed in Q2/2021. City core area saw active transaction activities, while 13 land plots in suburban, fringe and Binhai New Area locations were cancelled for auction. 45 land plots deals were successfully concluded with total consideration of RMB 49.80 billion. Under current market conditions, the speed of turnover directly affects the cash flow of real estate firms. Digestion of these obtained plots is a crucial problem for most real estate enterprises.

Tianjin will offer the second batch of centralised residential land auction of 61 plots, with 12 in the city core area, 17 in suburban areas, 18 in fringe areas and 14 in Binhai New Area. The most eye-catching one is the Duolun Road plot located in Gold Street, Heping Road, with a combined usage of residential, retail and office. Its transaction is expected to bring a new medium-to high-end complex to the city core area.

<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>43,235</td>
<td>41,468</td>
<td>-4.1%</td>
</tr>
<tr>
<td>Olympic Area</td>
<td>43,096</td>
<td>46,121</td>
<td>7.0%</td>
</tr>
<tr>
<td>Laochengxiang</td>
<td>45,780</td>
<td>46,779</td>
<td>2.2%</td>
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<tr>
<td>Haihe Riverside</td>
<td>40,243</td>
<td>43,338</td>
<td>7.7%</td>
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<tr>
<td>New Badali</td>
<td>38,635</td>
<td>41,309</td>
<td>6.9%</td>
</tr>
<tr>
<td>Other</td>
<td>44,178</td>
<td>46,252</td>
<td>4.7%</td>
</tr>
</tbody>
</table>

Source: Savills Research