

savills
第一太平戴維斯

Offices

Ningbo, China



The Office Market

City Overview

Ningbo, a major centre for business, trade and logistics, is located on the south bank of Hangzhou Bay in the northeast of Zhejiang Province. Ningbo boasts the world's eighth largest port in terms of container throughput and is one of the ten major cities in the Yangtze River Delta (YRD), China's premier economic region. With a permanent population of 5.7 million at the end of 2008, Ningbo's GDP growth has exceeded 10 per cent in each of the last five years. Urban disposable income rose to RMB25,304 in 2008, fourth in China after the first tier cities of Shanghai, Shenzhen and Guangzhou.

An indication of just how important Ningbo is to the rest of the YRD is the development of the RMB11.8 billion 35.7 km long six lane bridge connecting Shanghai to Ningbo across Hangzhou Bay. The bridge, which opened in June 2007, has cut the travel times between Ningbo and Shanghai from 4-5 hours to 2.5 hours, and has helped to better integrate the city with the rest of the region.

Office Overview

The Grade 'A' office market in Ningbo has only really been around since 2006 with only 330,000 sq.m. of office supply prior to that point. The majority of office space completed in 2005 and 2006 is located in the traditional business areas beside Sanjiangkou¹ and along Baizhang Road in Jiangdong District. Starting in 2006 Yinzhou District started to emerge as a competitor to the traditional business areas with 278,000 sq.m. of space being launched onto the market during the 2006-2008 period.

Government determination to develop the east of the city, especially the High-Tech Development Zone and the newly planned East New Town, will mean that over the next three years, 2009-2011, more than 700,000 sq.m. of office space is expected to come online in these areas, 56 per cent of the total supply over this period.

While a major trade and logistics centre and an important component of the YRD, Ningbo has very few international companies. Government statistics indicate that at the end of 2008 domestic enterprises accounted for 95 per cent of the total in Ningbo. Chinese companies, unlike foreign enterprises, prefer to buy office space rather than rent and this has meant that the vast majority of office space in Ningbo is stratified and either occupied by end users or leased out by individual landlords as opposed to cities like Shanghai where there is a large and thriving lease-only market.

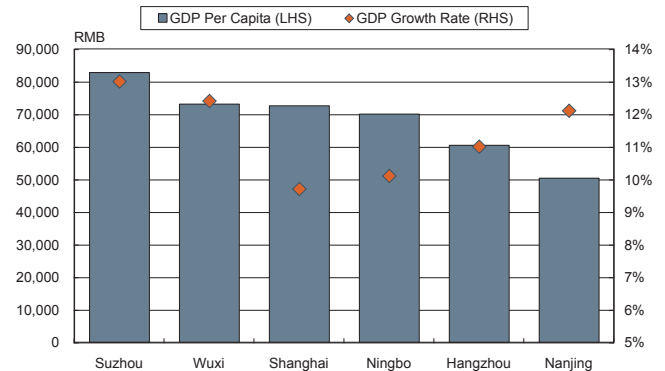
By the end of the second quarter of 2009 Ningbo's office stock had reached 1.58 million sq.m. The highest specification building is Citic Bank Plaza in Haishu District. The project, part sales part lease-only, was completed in 2006. The project has a net ceiling height of 2.7 m and a whole floor efficiency rate of 70 per cent – the bare minimum to be classified as a Grade 'A' office project in first tier cities such as Shanghai.

Ningbo's Major Business Districts



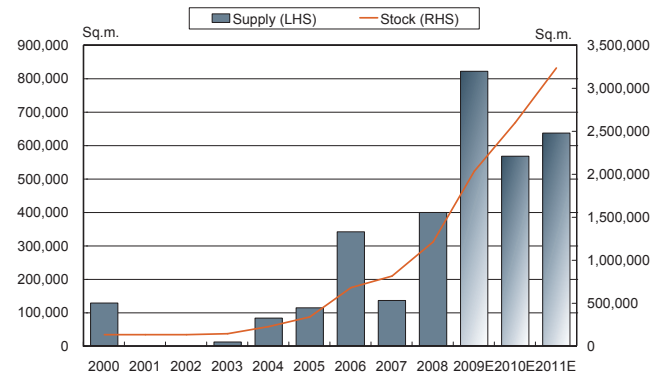
Source: Savills Research & Consultancy

Comparison of Major Yangtze River Delta Cities, 2008



Source: Savills Research & Consultancy

Office Supply and Stock, 2000 - 2011E



Source: Savills Research & Consultancy

¹ Sangjiangkou is the point where the Fenghua, Yong and Yuyao Rivers meet. The majority of office stock at this location is located in Haishu District.

As the city's office market continues to mature and as companies start to require better quality facilities, building specifications are expected to improve, but for the time being there remains a dearth of both demand for and supply of Grade 'A' office stock.

Rental Market

The traditional business districts maintain the highest rents in the city, and at the end of the second quarter Haishu and Jiangdong Districts recorded average rents of RMB2.5 and RMB2.2 per sq.m. per day respectively. Apart from Jiangbei, which currently only includes one project, Haishu recorded the lowest vacancy rate at the end of the second quarter at 15.9 per cent, while Jiangdong, which just recently saw the completion of four new projects, had a vacancy of 23.6 per cent.

Yinzhou, despite being a relatively new office district, has managed to achieve an average rent of RMB1.7 per sq.m. per day and a district vacancy rate of 16.5 per cent. Companies are attracted to the area for its convenient transportation, adequate facilities and future growth potential.

Vacancy rates in the High-Tech Development Zone are as high as 50 per cent and rents as low as RMB0.96 per sq.m. per day as insufficient demand and not enough of a critical mass of office stock or support facilities are available to support higher demand.

Sales Market

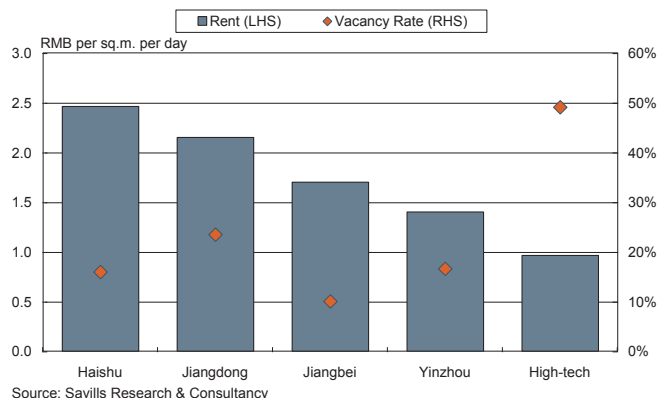
Citywide first hand office transaction prices averaged RMB11,800 per sq.m. at the end of the second quarter of 2009. Haishu District recorded the highest price at RMB19,500 per sq.m., mostly as a result of a handful of new high spec projects which have recently been released onto the market including In Time International and Global Centre. Transaction prices in other districts are much more reasonable ranging from 11,400 per sq.m. in Jiangdong to RMB8,000 per sq.m. in the High-Tech Development Zone.

Market Prospects

Over the next three years, 2009-2011, Ningbo is expected to witness the completion of 46 office projects adding a total of 2 million sq.m. to the market. To put this in perspective, total office stock at the end of 2008 was 1.2 million sq.m. The majority of new development will take place in the east of the city with Yinzhou, East New Town and High-Tech Development Zone accounting for three quarters of the supply.

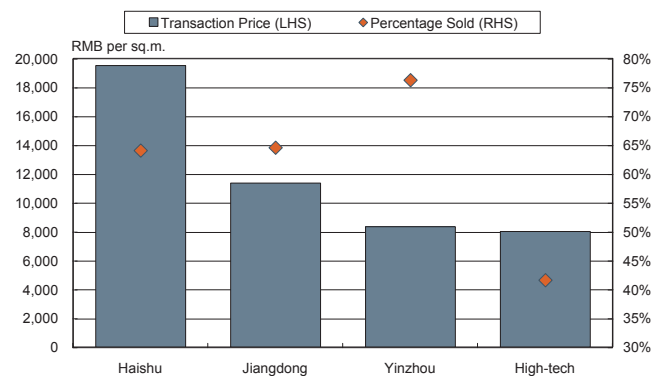
Even at the best of times an increase in total office stock by 170 per cent in three years would exert great pressure on prices, rents and occupancy rates, and so with economic conditions the way they are there is expected to be considerable downward pressure on the market over the coming years.

Office Rents and Vacancy Rates by District, Q2/2009



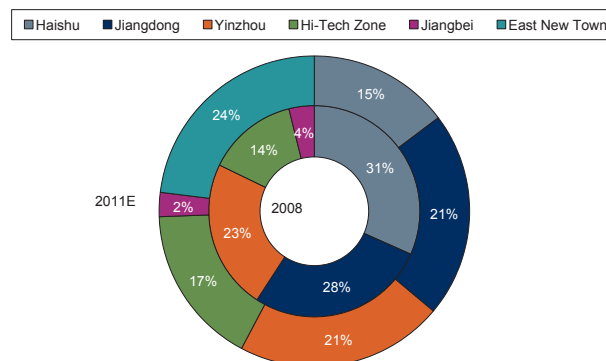
Source: Savills Research & Consultancy

Office Prices and Percentage Sold by District, Q2/2009



Source: Savills Research & Consultancy

Breakdown of Office Stock by Location, 2008 and 2011E



Source: Savills Research & Consultancy



ASIA PACIFIC HEADQUARTERS

23/F Two Exchange Square, Central, Hong Kong
Tel: (852) 2842 4400 Fax: (852) 2868 4386
E-mail: rmckellar@savills.com.hk
Contact: Robert McKellar CEO
savills.com

HONG KONG SAR

Savills (Hong Kong) Limited

23/F Two Exchange Square, Central, Hong Kong
Tel: (852) 2842 4534 Fax: (852) 2869 6738
Contact: Raymond Lee E-mail: rlee@savills.com.hk
EA Co. Licence: C-002450

Savills Valuation and Professional Services Limited

28/F Two Exchange Square, Central, Hong Kong
Tel: (852) 2801 6100 Fax: (852) 2501 5810
Contact: Charles Chan E-mail: ccchan@savills.com.hk
EA Co. Licence: C-023750

Savills Property Management Holdings Limited

805-13, 8/F Cityplaza One, 1111 King's Road, Taikoo Shing, Hong Kong
Tel: (852) 2534 1688 Fax: (852) 2851 1249
Contact: Kendrew Leung E-mail: kleung@savills.com.hk
EA Co. Licence: C-002993

Savills Guardian (Holdings) Limited

7/F Cityplaza One, 1111 King's Road, Taikoo Shing, Hong Kong
Tel: (852) 2512 1838 Fax: (852) 2887 3698
Contact: Peter Ho E-mail: peterho@savillsguardian.com.hk

MACAO SAR

Savills - Macao

Savills (Macao) Limited
Suite 1310, 13/F Macau Landmark, 555 Avenida da Amizade, Macao
Tel: (853) 2878 0623 Fax: (853) 2878 1805
Contact: Franco Liu E-mail: fliu@savills.com.mo

CHINA

Savills - China

Contact: Randall Hall E-mail: rhall@savills-sh.com

Savills - Shanghai

20/F Shanghai Central Plaza, 381 Huaihai Middle Road, Shanghai 200020, China
Tel: (86) 21 6391 6688 Fax: (86) 21 6391 6699
Contact: Albert Lau E-mail: alau@savills-sh.com

Savills - Beijing

2101 East Tower, Twin Towers, B-12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022, China
Tel: (86) 10 5925 2288 Fax: (86) 10 5925 2299
Contact: Billy Chau E-mail: bchau@savills-bj.com

Savills - Guangzhou

Room 906, R & F Centre, No. 10 Hua Xia Road, Zhu Jiang New Town,
Guangzhou, 510623, China
Tel: (86) 3892 7168 Fax: (86) 3892 7030
Contact: Woody Lam E-mail: wlam@savills.com.hk

Savills - Shenzhen

Unit A, 5/F, Anlian Plaza, 4018 Jintian Road, Futian District, Shenzhen 518026, China
Tel: (86) 755 8828 5707 Fax: (86) 755 8828 5676
Contact: Woody Lam E-mail: wlam@savills.com.hk
Offices in Chengdu, Chongqing, Dalian, Hangzhou, Shenyang, Tianjin, Xiamen

ASIA

Savills - Indonesia

P.T. Procon Indah
19/F Indonesia Stock Exchange Building, Tower 2, Jl Jenderal Sudirman Kav
52-53, Jakarta 12190 Indonesia
Tel: (62) 21 515 3777 Fax: (62) 21 515 3232
Contact: Hendra Hartono E-mail: hendra.hartono@procon.co.id

Savills - Japan

Savills Japan K.K.
Aoba Roppongi Building 3F, 3-16-33 Roppongi, Minato-ku,
Tokyo 106-0032, Japan
Tel: (81) 3 5562 1700 Fax: (81) 3 5562 1705
Contact: Christian Mancini E-mail: cmancini@savills.co.jp

Savills - Korea

Savills Korea
11/F Seoul Finance Center, 84 Taeyungro-1-ga,
Chung-gu, Seoul, Korea 100-768
Tel: (82) 2 2124 4201 Fax: (82) 2 2124 4188
Contact: Robert McKellar E-mail: rmckellar@savills.co.kr

Savills - Malaysia

Savills Rahim & Co
Level 17, Menara Uni. Asia, 1008 Jalan Sultan Ismail, 50250
Kuala Lumpur, Malaysia
Tel: (60) 3 2691 9922 Fax: (60) 3 2691 0096
Contact: Robert Ang E-mail: robertang@savillsrahim-co.com

Savills - Singapore

Savills (Singapore) Pte Ltd.
2 Shenton Way, #17-01 SGX Centre 1, Singapore 068804
Tel: (65) 6536 5022 Fax: (65) 6538 5540
Contact: Michael Ng E-mail: mng@savills.com.sg

Savills - Taiwan

Savills (Taiwan) Limited
17F-1, Exchange Square, No. 89, Sung Ren Road
Xin-Yi District, Taipei, Taiwan
Tel: (886) 2 8789 5828 Fax: (886) 2 8789 5929
Contact: Cynthia Chu Email: cchu@savills.com.tw

Savills - Thailand

Savills (Thailand) Limited
28/F, 990 Rama IV Road, Bangkok 10500, Thailand
Tel: (66) 2 636 0300 Fax: (66) 2 636 0339
Contact: Robert Collins E-mail: robertc@savills.co.th

Savills - Vietnam

18/F, Fideco Tower, 81-85 Ham Nghi Street,
District 1, Ho Chi Minh City, Vietnam
Tel: (84) 8 3823 9205 Fax: (84) 8 3823 4571
Contact: Brett Ashton E-mail: bashton@savills.com.vn
Office in Hanoi

AUSTRALIA

Savills - Australia

Savills (Aust) Pty Ltd.
Level 7, 50 Bridge Street, Sydney, Australia
Tel: (61) 2 8215 8888 Fax: (61) 2 8215 8899
Contact: Paul McLean E-mail: pmclean@savills.com.au
*Offices in Adelaide, Brisbane, Canberra, Gold Coast, Liverpool,
Melbourne, Parramatta, Perth, Sunshine Coast and Sydney.*

NEW ZEALAND

Savills - New Zealand

Barfoot & Thompson
Level 5, 50 Kitchener Street, Auckland, New Zealand
Tel: (64) 9 307 5523 Fax: (64) 9 3031689
Contact: Peter Thompson E-mail: peter@barfoot.co.nz

MIDDLE EAST

Savills - Dubai

Asteco Property Management LLC (Associate)
P.O. Box 1714, Level 6, Capricorn Tower, Shk. Zayed Road
Dubai, United Arab Emirates
Tel: (971) 4 403 7700 Fax: (971) 4 403 7778
Contact: Andrew Chambers E-mail: andrewc@asteco.com

NORTH AMERICA

Savills - New York

Savills LLC
599 Lexington Avenue, 36th Floor, New York, NY 10022
Tel: (1) 212 328 2800 Fax: (1) 212 328 2828
Contact: John D. Lyons E-mail: jlyons@savills.com

UNITED KINGDOM / EUROPE / SOUTH AFRICA

Savills - Europe

20 Grosvenor Hill, London W1K 3HQ, U.K.
Tel: (44) 207 499 8644 Fax: (44) 207 495 3773
Contact: Jeremy Helsby E-mail: jhelsby@savills.com
*Offices throughout the United Kingdom, Belgium, France, Germany,
Hungary, Italy, Netherlands, Poland, Spain and Sweden. Associate offices
in Austria, Greece, Norway, Portugal, Russia, Turkey and South Africa.*

A real estate industry leader established over 150 years ago, with over 200 offices and associates worldwide.

This document is prepared by Savills for information only. Whilst reasonable care has been exercised in preparing this document, it is subject to change and these particulars do not constitute, nor constitute part of, an offer or contract; interested parties should not rely on the statements or representations of fact but must satisfy themselves by inspection or otherwise as to the accuracy. No person in the employment of the agent or the agent's principal has any authority to make any representations or warranties whatsoever in relation to these particulars and Savills cannot be held responsible for any liability whatsoever or for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. This publication may not be reproduced in any form or in any manner, in part or as a whole without written permission of the publisher, Savills. © Savills (Hong Kong) Limited. 2009. (VII/09)