

**CHINA PROPERTY**

Information from Cartus on the current residential leasing market in China.

## SHANGHAI

With a population of more than 23 million, Shanghai is the largest and most developed city in mainland China. Divided by the Huangpu River, there is the Puxi area to the west and Pudong in the east. Typically, Puxi is the older, central part of Shanghai, whereas Pudong has far more high-rise developments.

### MARKET OVERVIEW

The city's local authorities are taking action to create a healthier property market by increasing the number of small to mid-sized units and postponing several residential land auctions. There is currently a good level of rental properties available, but as we head towards the summer months, competition amongst prospective tenants will increase. International assignees moving to the city should plan as far in advance as possible to ensure they have enough time to find a property and school (if applicable).

The biggest rental market challenge that assignees face at the moment is competition from locals, because landlords favor locals as they are able to sign a personal lease as opposed to a corporate lease favored by organizations relocating their employees. A personal lease does not always include a break clause and, typically, local renters do not make as many improvement requests prior to moving in, as expatriates do.

When renewing a lease, rents may rise between 3% and 10% (subject to negotiation). Below are the typical monthly rental costs for good quality expatriate apartments:

	Low Range (RMB)	Middle Range (RMB)	High Range (RMB)
1 Bedroom	12,000-18,000	18,000-28,000	28,000-40,000
2 Bedrooms	18,000-25,000	25,000-35,000	35,000-45,000
3 Bedrooms	25,000-30,000	30,000-45,000	45,000-55,000
4 Bedrooms	30,000-35,000	35,000-50,000	50,000-100,000

Note:

- All rentals quoted are for furnished units, including management fees and public heating fees if applicable
- Areas identified are expatriate communities in high rise apartment complexes

Exclusions:

- Utilities, club memberships, internet usage, housekeeping services and rental tax receipt (except in serviced apartments)
- Parking space

### UTILITIES

	Utilities (RMB/Month)
Apartment	800-2,500
Villa	3,500-5,000

Assumptions:

- Some apartments/houses have government heating
- Based on utilities expense management analysis of Cartus clients

Note:

- Utilities expense is subject to the habits of the occupants
- The figures above are for the average yearly amount

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## INTERNATIONAL SCHOOLS

Assignees and their families should conduct school visits and applications as early as possible to secure a place. Below are the typical costs for international schools in Shanghai:

Line Item	Cost (RMB)
Application Fees	2,000-3,000 per child per application, non-refundable
Tuition Fees	200,000-350,000 (annual fees)

## Note:

- Based on 2019 costs quoted by international schools in Shanghai, China
- Based on child aged two to 18, of foreign citizenship, holding dependent visa

## Exclusions:

- School bus transportation, lunch, books, uniforms, laboratory equipment, etc.

## TRANSPORTATION COST ESTIMATE (CAR RENTAL)

	Used (RMB/Month)	New (RMB/Month)
Normal Car (5 seat)	15,000-18,000	17,000-25,000
Mini-Van (7 seat)	16,000-18,000	16,000-25,000

## Note:

- Inclusive of driver's base salary but excluding overtime, extra mileage, toll fares, parking fees etc.
- Based on general information from the car rental market

## BEIJING

The capital of China, Beijing is the world's most populous city and located in the north of the country. It has 16 urban, suburban and rural districts.

## MARKET OVERVIEW

Serviced apartments are currently high in demand due to the limited availability of stock, with no new serviced apartment developments scheduled for the near future. A popular apartment complex amongst expatriates is the Oakwood Dong Zhi Men, which has requested mutual break clauses for new leases (break clauses that either the tenant or landlord can initiate), making it more challenging for assignees to sign the lease at this complex. There are a number of additional challenges facing assignees wishing to enter the rental market:

- Due to the already limited rental stock and closure of apartment complexes like the Ascott CBD, rates have increased in the last few months. This is especially so for large apartments (two or three bedrooms), both for landlord-owned and serviced apartments.
- In the villas market, Beijing Riviera remains popular and occupancy has risen due to its convenient location close to the downtown area. Popular neighborhoods for expatriates across Beijing remain the Central Business District, Worker's Stadium, Chaoyang Park, Dongzhimen, and Shunyi areas.
- According to the new tax regulation introduced at the start of 2019, the rental tax fee for privately-owned properties where the monthly rent is below RMB100,000, has been reduced to 2.5% (from 5%). The rental tax remains at 5% for privately-owned properties with a monthly rental amount over RMB100,000.

Below are the typical monthly rental costs for good quality expatriate apartments in Beijing:

	Low Range (RMB)	Middle Range (RMB)	High Range (RMB)
1 Bedroom	8,000-15,000	18,000-26,000	25,000-38,000
2 Bedrooms	15,000-28,000	28,000-45,000	45,000-60,000
3 Bedrooms	26,000-35,000	32,000-55,000	55,000-90,000

## Note:

- All rentals quoted are for furnished units, including management fees and public heating fees, if applicable
- Areas identified are expatriate communities in high rise apartment complexes

## Exclusions:

- Utilities, club memberships, internet usage, housekeeping services and rental tax receipt (except in serviced apartments)
- Parking space

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## UTILITIES

	Utilities (RMB/Month)
Apartment	800-2,500
Villa	3,500-5,000

## Assumptions:

- Some apartments/houses have government heating
- Based on utilities expense management analysis of Cartus clients

## Note:

- Utilities expense is subject to the habits of the occupants
- The figures above are for the average yearly amount

## INTERNATIONAL SCHOOLS

Below are the typical costs for international schools in Beijing:

Line Item	Cost (RMB)
Application Fees	2,500-3,800 per child per application, non-refundable
Tuition Fees	96,000-304,780 (annual fees)

## Note:

- Based on 2019 costs quoted by international schools in Beijing, China
- Based on child aged two to 18, of foreign citizenship, holding dependent visa

## Exclusions:

- School bus transportation, lunch, books, uniforms, laboratory equipment, etc.

## TRANSPORTATION COST ESTIMATE (CAR RENTAL)

	Used (RMB/Month)	New (RMB/Month)
Normal Car (5 seat)	15,000-18,000	17,000-25,000
Mini-Van (7 seat)	15,000-18,000	16,000-25,000

## Note:

- Inclusive of driver's base salary but excluding overtime, extra mileage, toll fares, parking fees etc.
- Based on general information from the car rental market



## GUANGZHOU

Located in southern China, on the Pearl River, Guangzhou is one of China's three largest cities and is a major port and transportation hub. A prosperous city, it boasts many job opportunities especially in commerce, tourism, dining, finance and real estate.

### MARKET OVERVIEW

Rental rates in the city have risen between 6% and 10% in the first two quarters of the year and as such, occupancy levels remain high in both serviced apartments and private landlord properties. Rates are expected to increase by another 5% to 8% in the second half of 2019.

Waiting lists for some of the most popular residences are not uncommon, including for Canton Mansion and Gold Arch Residence. In addition to low availability for apartments, villas are also challenging to source.

Below are the typical monthly rental costs for good quality expatriate apartments in Guangzhou:

	Low Range (RMB)	Middle Range (RMB)	High Range (RMB)
1 Bedroom apartment	5,500-8,800	14,000-22,000	32,000-35,000
2 Bedrooms apartment	7,000-13,000	16,000-29,000	35,000-45,000
3 Bedrooms apartment	12,000-21,000	23,000-36,000	45,000-56,000
Villa		39,000-41,000 (3+1) 45,000-49,000 (4+1)	68,000-90,000

Note:

- All quotations are net rental

Exclusions:

- Utilities, club memberships, internet usage, housekeeping services and rental tax receipt (except in serviced apartments)

### UTILITIES

	Utilities (RMB/Month)
1 Bedroom	500-800
2 Bedrooms	1,000-1,500
3 Bedrooms	1,500-2,500
Villa (3+1) & (4+1)	2,000-3,000
Villa (high range)	3,000-5,000

Note:

- Assignees will have air conditioning all year round because of Guangzhou's hot and humid weather
- Based on utilities expense management analysis
- Utilities expense is subject to the habit of the occupants

### INTERNATIONAL SCHOOLS

Over the last year, places at international schools have been extremely low, with hardly any available. This is especially so for top quality schools like the American International School of Guangzhou and the British School of Guangzhou, and for children aged four to seven. Due to high competition, nearly all international schools in Guangzhou conduct interviews with parents before offering a place. We recommend that assignees work closely with their relocation partner to determine their school choices as early in the relocation process as possible.

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Below are the typical costs for international schools in Guangzhou:

School	Line Item	Cost (RMB)
American International School of Guangzhou	Application fee	1,900
	Tuition fee	Preschool: 125,900-154,400 per year Elementary School: 181,700 per year Middle School: 198,500 per year High School: 229,200 per year
	Lunch and transportation excluded	
The British School of Guangzhou	Application fee	1,500
	Tuition fee	Pre-school (age 1-4): 45,470-177,710 per year Year 1-Year 6 (age 5-10): 199,880-202,990 per year Year 7-Year 9 (age 11-13): 221,940 per year Year 10-Year 13 (age 14-17): 234,570-248,490 per year
	Uniform costs and bus fees excluded	
Utahloy International School	Application fee	1,500
	Tuition fee	Pre-school (age 2-5): 117,200-169,000 per year Year 1-Year 6 (age 6-11): 169,000-186,100 per year Year 7-Year 12 (age 12-17): 186,100-21,6400 per year
	Lunch fees, school and PE uniforms, transportation excluded	
ISA International School of Guangzhou	Application fee	1,000
	Tuition fee	Pre-school (age 2-5): 140,000-148,000 per year Year 1-Year 5 (age 6-10): 161,000 per year Year 6-Year 9 (age 11-14): 174,000 per year
	Lunch fees, school uniforms and bus fees excluded	

## TRANSPORTATION COST ESTIMATE (CAR RENTAL)

	Used (RMB/Month)	New (RMB/Month)
Normal Car (5 seat)	7,000-8,500	8,500-9,500
Mini-Van (7 seat)	9,500-12,500	13,000-6,500

Note:

- Inclusive of driver's base salary but excluding overtime, extra mileage, toll fares, parking fees etc.

For further information on this, or any other aspect of your assignment program, please do not hesitate to contact your Cartus representative or email [cartussolutionsapac@cartus.com](mailto:cartussolutionsapac@cartus.com).

Sources: Greater China Property Report, Knight Frank