



戴德梁行

GREATER CHINA RETAIL SUPPLY / DEMAND TRENDS

ADVANCING THROUGH
INNOVATION

SEPTEMBER 2024

Better never settles

GREATER CHINA RESEARCH

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EXECUTIVE SUMMARY

The General Market

Since 2024, China has launched a series of "Consumption Promotion Year" activities to promote the "old for new product trade-in" policy, thereby fostering steady consumption growth. Providing further support for economic recovery, China's total retail sales of consumer goods reached RMB23.6 trillion in H1 2024, up 3.7% y-o-y.

By Q2 2024, the total prime retail property stock in the core markets in the 16 major cities in Greater China we track totalled 112.5 million sq m. The competition in the Chinese retail property market has further intensified. While some well-operated shopping centres continued to upgrade their facilities, their brand mixture and their services to attract consumers, some other underperforming shopping centres continued to see tenant leakage, leading to further divergence in terms of business performance amongst retail shopping centre projects.

Meanwhile, the Third Plenary Session of the 20th CPC Central Committee emphasised the importance of actively expanding domestic demand, accelerating the development of a complete domestic consumption demand system, improving the long-term mechanism for expanding consumption, and establishing a sound incentive mechanism for green consumption. In view of this, China's service consumption is expected to maintain sound development

momentum into the future as new types of consumption will continue to emerge.

Retailers and landlords of shopping centres are actively embracing these changes by introducing new technologies, new retail formats, and new models to continuously improve service and shopping experiences. In terms of supply and demand, the main focus trends this year are as follows:

- Traditional commercial retail project upgrading;
- Retail property C-REITs;
- Cultural and tourism consumption, and;
- Green consumption.

Looking at the individual major cities in Greater China, many domestic and international brands continued to expand their business lines during the past year.

Global economic weakness and domestic economic slow-down should lead to more cautious spending. However, in consideration of the increasing disposable income and the sustained demand for upgraded goods consumption, the outlook for the level of retail market growth is that it is expected to continue to remain in positive territory.

BEIJING



By the end of H1 2024, the total stock in Beijing's retail market was 17.3 million sq m, of which shopping centres recorded 15.5 million sq m.

The overall consumer market remains weakened in the face of downward economic pressure. Although customer footfall has rebounded a lot over the past year, the overall consumption power remains subdued. As of H1 2024, the average asking rental in the city dropped slightly to RMB2,200 per sq m per month, and the vacancy rate rose slightly to 10.6%.

In the past year, Beijing's retail market has been steadily upgraded. Shopping centres have continued to diversify their brands, and fashion retail and casual catering brands in particular, have seen positive business performance.

Approximately 600,000 sq m of new supply is scheduled to enter the market in H2 2024. With the support of consumption and investment policies, membership stores will also continue to expand. In 2024, Beijing will continue to promote the establishment of an International Consumption Centre City, and with the support of related policies, the upgrading of commercial projects, city blocks, and submarkets will remain the main theme for the development of the retail market in the city.

SHANGHAI



Overall, strong economic fundamental momentum rendered support to the growth of Shanghai's retail property market over the past year. 27 shopping centres were completed in H2 2023 and H1 2024. Shanghai added over 1.56 million sq m of new prime retail supply during the past year, bringing the city's prime retail stock to approximately 23.4 million sq m.

Shanghai's prime retail property market continued to see the average vacancy rate drop, in spite of a large amount of new supply entering the market during the past year. By the end of Q2 2024, the overall vacancy rate for Shanghai's mid- to high-end shopping centres decreased to 9.32%, down 0.06 percentage points q-o-q and 0.26 percentage points y-o-y. This is the lowest vacancy rate for Shanghai's prime retail property market since 2022, demonstrating an unabated growing demand for prime retail space from many brands.

Looking to the future, more than 1.2 million sq m of new retail space is scheduled for H2 2024, including landmark properties such as Livat, HOPS ON, and Mira Land. As emerging areas continue to develop, the average rent for Shanghai retail property is expected to dip as new projects within these areas complete.

SHENZHEN



The opening of KK Time and Uniway during H2 2023 to H1 2024 pushed Shenzhen's total prime retail stock to 6.6 million sq m.

The retail sector accelerated its recovery, with the opening of more shops in shopping centres than F&B outlets over the past year. A combination of positive factors drove the citywide vacancy rate down 0.6 percentage points from H1 2023 to 8.4%, a record low since Q2 2022. Prime space rental levels subsequently rose for a second consecutive quarter to RMB812.1 per sq m per month, reflecting landlords' positive attitudes towards the market.

Shenzhen is expected to add 1.2 million sq m of new supply through to the end of 2025. Luxury brands are expanding, while more shops with innovative elements and unique experiences are set to open. With a more proactive strategy of opening up and the improvement in infrastructure, tourists from other countries and from the western side of the Pearl River Estuary are expected to be the new driving forces behind the growth of Shenzhen's consumption. The trade-in of old consumer goods, the diversification of consumption scenarios and the optimisation of the business environment may also help to boost consumption demand and activate market players.

GUANGZHOU



Guangzhou added 683,000 sq m of new prime retail supply during the past year, with emerging submarkets taking 75% of the space, bringing the city's prime retail stock to 5.6 million sq m.

Footfall and consumer demand rebounded significantly. Prime shopping centres in core submarkets with superior locations and strong operational capabilities continue to be the first choice for tenants when opening new stores, and vacancy rates in core submarkets remain low. The city's prime shopping centre vacancy rate rose by 1.1 percentage points y-o-y to 7.3% due to the large amount of new supply in non-core submarkets.

Guangzhou is expected to add 1.3 million sq m of new supply through to the end of 2026. The accelerated construction of new projects and the renewal of existing projects will help Guangzhou develop into a multi-core business district system. In addition, Guangzhou has also issued guidelines on diversifying consumption scenarios and introducing first-in-market shops this year, to further promote the cultivation of an International Consumption Centre City.

CHENGDU



Over the past year, Chengdu's prime retail market has seen the addition of two new projects*, increasing the city's total stock to over 8.19 million sq m. The opening of Tianfu Joy City not only filled the commercial gap near the Tianfu Business District but also spurred the formation of a new commercial hub in Tianfu New Area.

Chengdu's prime retail property stock now exceeds 8 million sq m, ranking just behind Beijing and Shanghai. The competition is intense, prompting traditional operators to transform their properties. For instance, Cosmo has been rebranded as a trendy hotspot, and Sinohydro Vary International has been converted into an outlet mall. It is anticipated that more traditional and outdated properties will undergo similar transformation and upgrading in the future.

Currently, the development of traditional commercial properties in Chengdu has stabilised. Over the next few years, the supply of high-quality shopping centres is expected to slow down. Future commercial supply in Chengdu will primarily consist of non-standard commercial properties, community businesses, and neighbourhood centres that cater to residents' daily needs.

* As well as for two reinstallation projects

HANGZHOU



Over the past one year, Hangzhou has made an effort to boost the economy and stabilise growth by promoting consumption-boosting initiatives. Accordingly, the city's economic activity continued to recover steadily, with some fields showing noticeable improvement. Among them, the consumer market continued to recover, and the volume and quality of consumption was relatively active.

Nine commercial projects, with a combined area of approximately 865,000 sq m of new retail space, opened in Hangzhou last year. Meanwhile, both internal and external upgrading and renovation has continued. For example, Hangzhou Tower launched a comprehensive brand image enhancement and transformation, and Jinsha Paradise Walk welcomed the reopening of its recently renewed themed food and beverage space.

In terms of policy, Hangzhou's *"Several Measures on Further Promoting the Linkage of Performance Arts, Sports Events, Exhibition, Commerce and Tourism to Create a Game City and Shopping Paradise"* was officially released in June, aiming to cultivate new consumption types and stimulate consumption potential, and accelerate the construction of an International Consumption Centre City.

HONG KONG



Despite the fact that Hong Kong has fully reopened its border since early 2023, the changed consumption patterns of mainland visitors and the trend of local residents spending northbound has slowed local retail sales in 1H 2024, with most key retail trade categories recording year-on-year declines.

Nevertheless, inbound tourist numbers continued to recover, supporting stable leasing demand from retailers. Overall high street vacancy rates remained largely stable, with the market witnessing leasing activities by international brands in core areas. The overall high street vacancy rate averaged at 7.8% in Q2, with rents increased by low single-digits across districts year-to-date.

Looking ahead, given the structural changes in spending habits of inbound tourists and local residents, retailers are expected to remain cautious. We believe leasing demand in 2H will be mainly driven by mainland retail and F&B chains, while 2H retail high street rents across districts are forecast to grow by 0% to 5%. With the Central Government announcing supportive measures that benefit the city's retail market, as well as local government initiatives to promote the mega-event economy, we expect to see overall improving footfall and consumption in 2H.

TAIPEI



The post-pandemic era began in H1 2023, with the annual number of tourists visiting Taiwan reaching half of the pre-pandemic (2019) levels, indicating a gradual return of foreign tourists to the retail hubs. While the market still primarily relied on domestic demand, overall consumer spending strengthened. During H2 2023, retailers regained confidence, leading to consecutive new commercial project openings and filled vacancies.

By Q2 2024, the vacancy rate in Ximen had fallen to 3.5%, marking eight consecutive quarters of reduction. Zhongxiao experienced increased crowds due to regular baseball games at the Taipei Dome, resulting in a 12.3% vacancy rate. The vacancy rate in Zhongshan-Nanjing has returned to its pre-pandemic low of 3.3%.

Tourist numbers in 2024 are anticipated to nearly reach pre-pandemic levels, with a steady return of foreign visitors. The economy remains stable, and consumer activity has normalised. Moreover, a renewed focus on physical shopping has prompted e-commerce brands to open physical stores and expand into retail hubs.

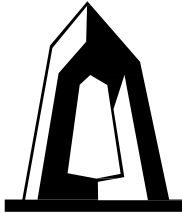
China's retail market has continued to expand over the past year, with upgrading in commodity consumption and the expansion of new forms of consumption. Thus, the retail market in China continued to see recovery. This report looks at the prime retail property market in Greater China and provides an understanding of:

- The retail supply/demand trends experienced in the region over the past year;
- An outlook on retail supply/demand in Greater China for the year ahead and beyond, and;
- The insight into the retail supply/demand trends for each major city in Greater China.

REPORT INTRODUCTION

The eight key city-level prime retail property markets the report covers are:

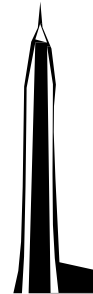
BEIJING



SHANGHAI



SHENZHEN



GUANGZHOU



CHENGDU



HANGZHOU



HONGKONG



TAIPEI



GREATER CHINA RETAIL - WHERE IT'S AT

Since 2024, China has launched a series of "Consumption Promotion Year" activities to promote the "old for new product trade-in" policy, thereby fostering steady consumption growth. Providing further support for economic recovery, China's total retail sales of consumer goods reached RMB23.6 trillion in H1 2024, up 3.7% y-o-y. (Figure 1). By consumption type, sales of services grew fast, increasing by 7.5% y-o-y. Retail sales of upgraded goods also grew rapidly - new energy vehicles saw their retail sales increase by 32% y-o-y. Moreover, the retail sales of communication equipment, and sports and entertainment goods increased by 11.3% y-o-y and 11.2% y-o-y, respectively. Meanwhile, in June 2024, China's consumer confidence index was 86.2, indicating that residents' consumption expectations still remained relatively cautious (Figure 2). In the first half of 2024, consumption contributed 60.5% to real GDP growth, a decrease of 13.2 percentage points from the Q1 2024 (Figure 3). The decline in consumption data is mainly due to two reasons - one, the higher comparison base compared to the same period last year and, two, the fact that China's consumption potential needs to be further tapped.

Figure 1:
Total retail sales of consumer goods in China (2012-H1 2024)

Source: National Bureau of Statistics, Cushman & Wakefield Research
RMB (Trillion)

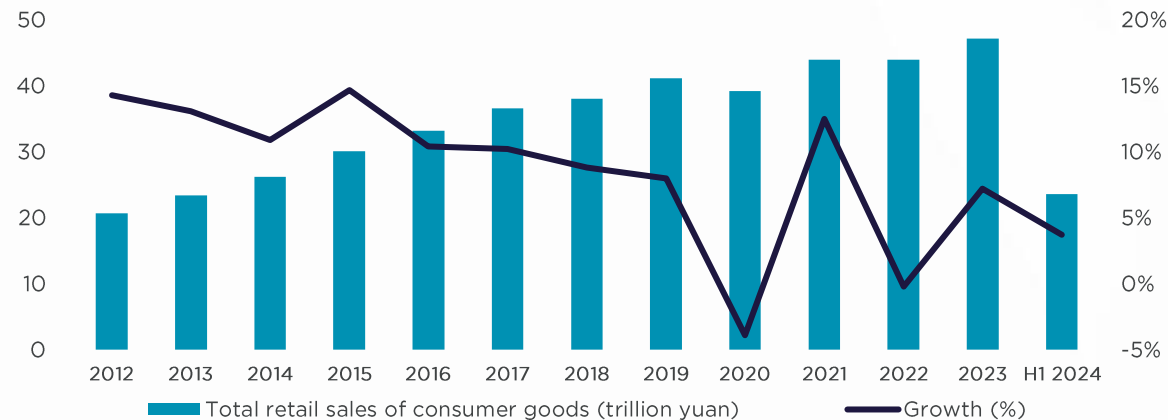


Figure 2:
Chinese consumer confidence index (2012-H1 2024)

Source: National Bureau of Statistics, Cushman & Wakefield Research

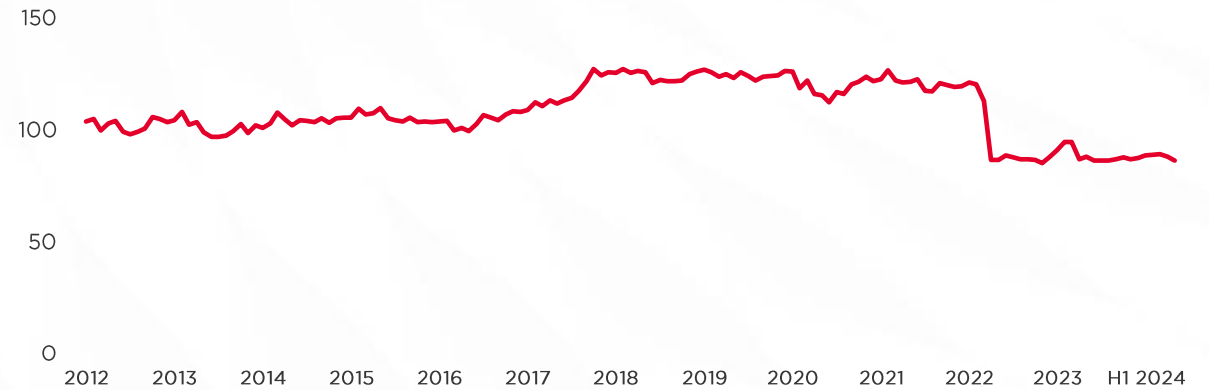
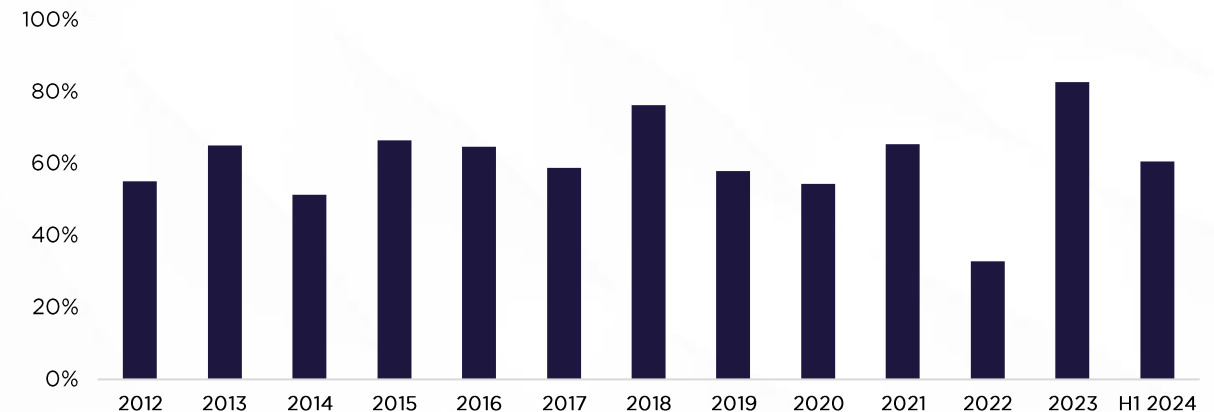


Figure 3:
The contribution of consumer spending to economic growth in China (2012-H1 2024)

Source: National Bureau of Statistics, Cushman & Wakefield Research



GREATER CHINA RETAIL - WHERE IT'S AT

The Third Plenary Session of the 20th CPC Central Committee emphasised the importance of actively expanding domestic demand, accelerating the development of a complete domestic consumption demand system, improving the long-term mechanism for expanding consumption, and establishing a sound incentive mechanism for green consumption. In view of this, China's service consumption will continue to maintain strong development momentum in the future. Additionally, new types of consumption will continue to emerge. In light of this, retailers and landlords of shopping centres are actively embracing these changes by introducing new technologies, new retail formats, and new models to continuously improve service and shopping experiences.

By Q2 2024, the total prime retail property stock in the core markets in the 16 major cities in Greater China we track totalled 112.5 million sq m. Competition in the Chinese retail property market has further intensified. While some well-operated shopping centres are constantly upgrading their facilities, brand mixture and services to attract consumers, some underperforming malls continue to witness tenant leakage – causing performance divergence among retail properties around the region over the past year. During the past year, demand for prime retail space in China continued to be active, however. Fashion (especially outdoor sports brands), F&B, lifestyle, entertainment, and 3C products and smart home experience stores were major drivers of demand. Therefore, the overall vacancy rate seen in the 16 major cities in Greater China decreased to 10.6% in Q2 2024 (Table 1).

Table 1
The supply/demand rundown for 18 city core area-level markets in Greater China (Q2 2024)

Source: Cushman & Wakefield Research

CORE MARKET DATA		GREATER CHINA RETAIL					Q2 2024	
Markets	Stock (sq m)	Under Construction (sq m)	Absorption (q-o-q sq m)	Vacancy	Rent (Local currency) (q-o-q change)			
Beijing	15,449,005	2,478,200	349,902	10.60%	2,200.00	-1.79%	RMB/sq m/mo	
Shanghai	23,378,243	7,301,880	353,061	9.32%	1,880.30	-0.45%	RMB/sq m/mo	
Guangzhou	5,634,086	1,914,183	21,631	7.26%	716.45	0.50%	RMB/sq m/mo	
Shenzhen	6,599,412	1,638,000	19,945	8.40%	812.10	0.70%	RMB/sq m/mo	
Tianjin	2,809,299	331,000	1,210	14.71%	417.92	-0.23%	RMB/sq m/mo	
Shenyang	6,409,251	571,357	22,190	18.52%	247.00	-1.98%	RMB/sq m/mo	
Dalian	2,052,460	210,000	6,320	15.69%	611.80	-0.07%	RMB/sq m/mo	
Qingdao	3,946,300	754,000	-15,353	11.93%	437.00	0.00%	RMB/sq m/mo	
Nanjing	6,644,930	3,164,420	176,411	6.35%	611.45	-1.21%	RMB/sq m/mo	
Hangzhou	7,024,070	2,703,000	311,370	8.92%	549.04	-2.67%	RMB/sq m/mo	
Chongqing	6,777,000	1,290,000	89,639	10.29%	572.58	1.43%	RMB/sq m/mo	
Chengdu	8,196,923	708,000	-20,931	5.99%	607.24	-1.10%	RMB/sq m/mo	
Xi'an	7,291,683	803,000	308,750	16.23%	237.99	-0.99%	RMB/sq m/mo	
Wuhan	4,303,399	636,500	160,266	15.62%	450.70	0.78%	RMB/sq m/mo	
Changsha	3,114,500	849,000	57,298	9.20%	365.80	-2.61%	RMB/sq m/mo	
Xiamen	2,947,700	673,650	20,635	13.08%	474.07	-0.93%	RMB/sq m/mo	
Hong Kong	-	-	-	-	630.94	1.87%	HKD/sq ft/mo	
Taipei	-	-	-	-	11,800.00	2.61%	TWD/ping/mo	

GREATER CHINA RETAIL - WHERE IT'LL BE

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In recent years, new types of consumption such as digital consumption, green consumption and health-related consumption, as well as new consumption growth points like smart home equipment, culture and entertainment, tourism, sports events and “Guochao” goods and products, have emerged and flourished vigorously in China. The rise of new types of consumption has not only driven the upgrading of consumption structures but has also demonstrated the strong resilience and vigorous vitality of China’s retail market.

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“

China's series of policies aimed at expanding domestic demand and promoting consumption have continued to gain momentum and effectiveness, with the country's retail market showing a sustained trend of recovery in 2024. As service consumption and new consumer demands continue to grow, the Chinese market still holds large consumption potential that remains to be tapped. To meet the increasingly diverse and personalised needs of consumers, the retail industry is constantly introducing new business models, commercial scenarios, service offerings, and retail formats.

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GREATER CHINA RETAIL - WHERE IT'LL BE

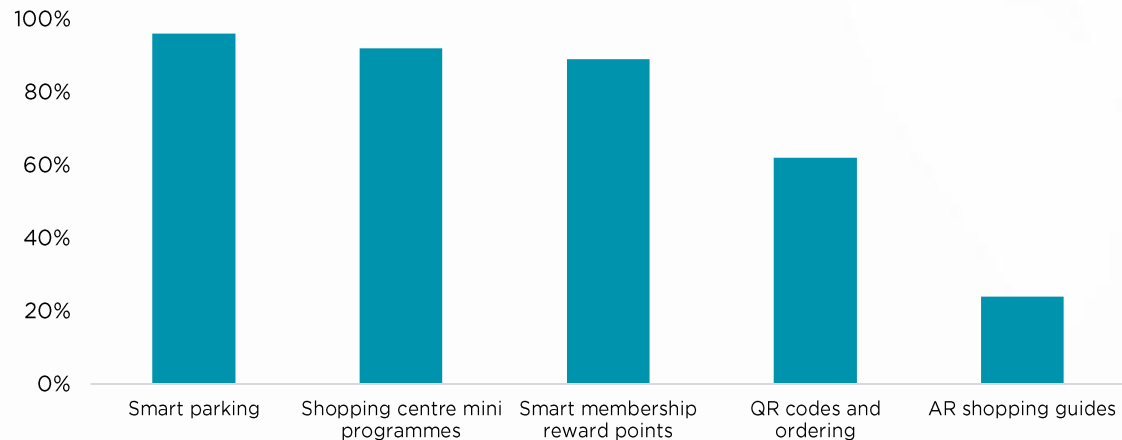
Supply Trends

Traditional Commercial Retail Project Upgrading

In June, the National Development and Reform Commission issued the "Measures on Creating New Retail Scenarios and Cultivating New Growth Points for Consumption", proposing to promote the renovation and upgrading of main streets; develop smart commercial areas; establish distinctive retail areas that integrates retail, culture, tourism and sports; explore the use of technologies such as AI, VR and avatars to expand live streaming scenarios; and develop instant retail and smart stores. Under these favourable policies, shopping centres across China are actively renovating properties, upgrading facilities, creating experiential spaces, enriching retail formats and services and adopting high-tech to meet the changing needs of consumers.

Figure 4:
The penetration rate of intelligent applications in shopping centres in first-and second-tier cities in China (July 2024)

Source: Cushman & Wakefield Research



Retail Property C-REITs

Since the beginning of 2024, the C-REITs market has significantly rebounded, with the underlying assets of C-REITs continuing to expand. As of August 11, six retail property C-REITs have been successfully issued, with the total issuance size exceeding RMB14.5 billion (Figure 5). The issuance of retail property C-REITs has helped to address the shortcomings of retail properties, promote shopping centre upgrading, and play a positive role in boosting consumption in China. Furthermore, if an enterprise issues retail property C-REITs, it has been known to help to optimise its asset structure, enhance capital turnover efficiency and return levels, thereby providing strong support for the long-term development of the enterprise.

Figure 5:
Issued Retail Property C-REITs in China (by August 11, 2024)

Source: C-REITs Prospectuses, Cushman & Wakefield Research

Original beneficiary	China Resources	SCPG	China Jinmao	Wumart	Capital Outlets	Shanghai Bailian
Project name	The MixC	Incity	The Splendors	Dacheng, Yutingqiao, Huatian and Deshengmen Wumart	Jinan and Wuhan Capital Outlets	Shanghai Festival Walk Shopping Centre
City	Qingdao	Hangzhou	Changsha	Beijing	Jinan Wuhan	Shanghai
Operational time (years)	9	11	8	Dacheng: 12 Yutingqiao: 19 Huatian: 19 Deshengmen: 21	Jinan: 5 Wuhan: 6	17
GFA (sq m)	419,000	250,000	103,000	Dacheng: 29,000 Yutingqiao: 25,000 Huatian: 15,000 Deshengmen: 9,000	Jinan: 116,000 Wuhan: 87,000	125,000

GREATER CHINA RETAIL - WHERE IT'LL BE

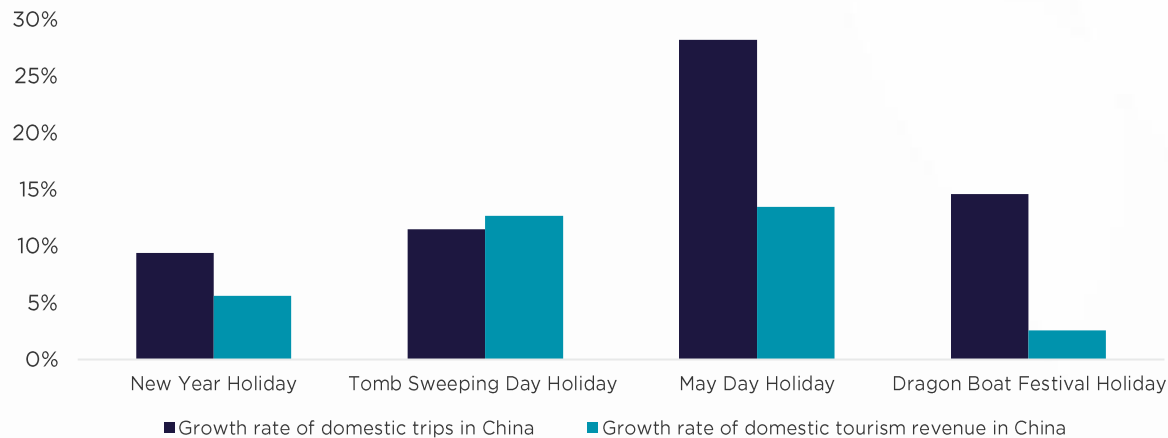
Demand Trends

Cultural and Tourism Consumption

Nowadays, it has become the norm for Chinese residents to travel, watch performances, visit exhibitions, and go camping during weekends or holidays. In H1 2024, China's tourism market achieved growth compared with 2019 (Figure 6). At the same time, both rural and city travel within China has become popular on social media in China. Meanwhile, many overseas citizens have also been drawn to China for tourism. In H1 2024, the number of overseas visitors reached 14.64 million, up 152.7% y-o-y. Across China, regions are actively fostering new business models for tourism goods and services such as specialty cuisine, the night economy, the performing arts economy, educational tours, theme parks etc., to meet the diverse, personalised and quality-oriented tourism consumption demand generated by today's consumers in China - which in turn has contributed to retail market upgrading throughout the country.

Figure 6:
The growth rate of China's tourism market in H1 2024 compared to the same period in 2019

Source: Ministry of Culture and Tourism of China, Cushman & Wakefield Research

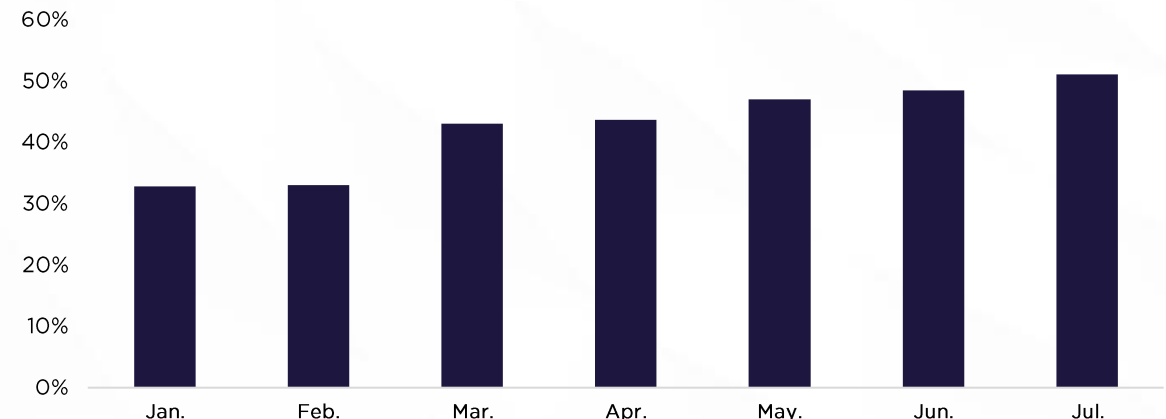


Green Consumption

Green consumption has become a mainstream trend in China, through the joint efforts of government, the society and enterprises. More and more Chinese consumers are actively participating in the "Empty Plate" campaign, purchasing energy efficient products, adopting green travel, joining in waste sorting and trading second-hand goods. In addition, an increasing number of enterprises are joining the ranks of green transformation, adopting clean or renewable energy, innovating green technologies, and launching more energy-efficient, environmentally friendly and health-related products. Taking new energy cars as an example, in July 2024, the retail sales of new energy cars surpassed internal combustion engine cars for the first time in China. Moreover, the penetration rate of new energy cars sales reached 51.1%, up 15 percentage points y-o-y (Figure 7).

Figure 7:
The penetration rate of new energy cars sales in China (January 2024-July 2024)

Source: CPCA, Cushman & Wakefield Research



THE EIGHT MAJOR CITIES RETAIL PROPERTY MARKET

The eight major Greater China city-level retail property markets this report covers are:

- ✓ Beijing;
- ✓ Shanghai;
- ✓ Shenzhen;
- ✓ Guangzhou;
- ✓ Chengdu;
- ✓ Hangzhou;
- ✓ Hong Kong, and;
- ✓ Taipei.

These eight markets provide a broad overview of the latest retail property supply and demand activity across the key gateway markets in the Greater China region.





TOP SUPPLY/DEMAND TRENDS FOR BEIJING



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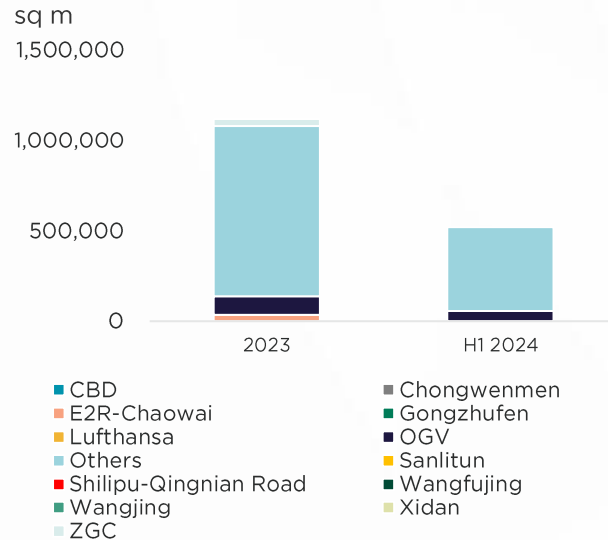
The past year

During the past year, Beijing's retail market welcomed 11 new completions, bringing a total of 1.1 million sq m of high-quality retail space to the market. Among them, five shopping centres with 520,000 sq m opened in H1 2024, which is basically the same amount seen in the same period last year. Most new entrants are located in suburban areas, accounting for 80% of the total area, and most of these projects are large community-type shopping centres built by brand developers, and which have greatly facilitated and satisfied the shopping needs of the surrounding residents.

In addition, urban renewal continues to promote the pace of the overall market's quality upgrading in Beijing's retail market. Some existing projects have also reopened after renovation. Examples include Wukesong Wanda Plaza (formerly the Charter Shopping Centre), Wangfujing Outlets Up Town (formerly FC Plaza Holiday Life City) and Xi Yue Shopping Mall (formerly the New Yansha Mall).

Figure 8:
Beijing retail property market - New supply dynamics by submarkets (2023-H1 2024)

Source: Cushman & Wakefield Research



Demand

The past year

Quality upgrading and urban renewal remained the key themes in the retail market during the past year. The Box and The 1733 commercial spaces demonstrated the efficient integration of business, travel and sports consumption. Meanwhile, the Sanlitun submarket actively promoted the construction of its “new concept block,” with the Taikoo Li complex adjusting its brand mix and introducing further luxury names and flagship stores. Besides, new projects in suburban areas have leveraged their relatively generous space to create diversified experiential consumption destinations, which have greatly enriched and enhanced the consumption and entertainment environment of the industrial parks and residential communities in the region.

During the past year, several shopping centres have been optimising and adjusting their tenant mix, with the introduction of brands in shopping centres gradually diversifying. Brand first stores and flagship stores have also been a main business focus area. For example, Canadian high-end outerwear brand Nobis opened its first Greater China store at SKP; Matcha Tokyo’s first Beijing store also opened at China World Shopping Mall. Regardless, economic pressures and the consequent phenomenon of consumption downgrading are exerting pressure in some sectors. Michael Kors stores in Chaoyang Joy City and Wangfujing APM have closed, and Michelin-starred restaurants Tiago Home Kitchen at Indigo and Opera Bombana at Parkview Green shopping centre also closed their doors in Q2 2024.

Figure 9:
Beijing retail property market – Supply, absorption and vacancy (2016-Q2 2024)

Source: Cushman & Wakefield Research

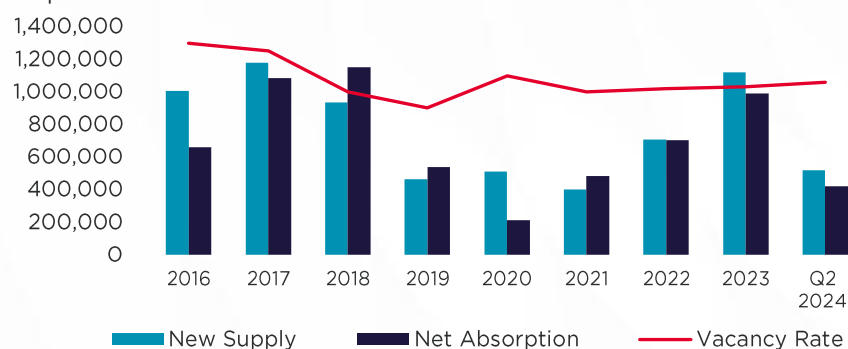


Figure 10:
Beijing retail property market – Average rental (2016-Q2 2024)

Source: Cushman & Wakefield Research

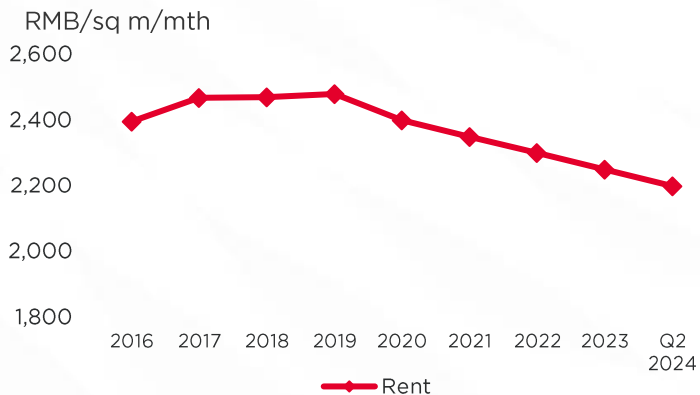


Figure 11:
Beijing retail property market statistics (Q2 2024)

Source: Cushman & Wakefield Research

Submarket	Inventory (sq m)	Vacancy Rate	Average Rental (RMB/sq m/mth)*
CBD	979,849	4.00%	800 – 2,000
Sanlitun	246,000	2.95%	800 – 2,500
Xi Dan	199,000	4.50%	1,000 – 1,600
Wangfujing	450,000	3.00%	800 – 2,000
Lufthansa	234,000	4.00%	600 – 1,500
E2R-Chaowai	279,276	4.30%	600 – 1,200
Chongwenmen-Xuanwumen	309,000	8.50%	600 – 1,000
Zhongguancun	1,012,000	4.00%	800 – 1,800
Other Areas	11,739,880	/	/
Beijing Totals	15,449,005	10.60%	2200*

*Data includes shopping centres only.

*Overall average asking rental range is based on ground floor rent in prime locations in major shopping centres, excluding management, promotional and other fees; the overall average rent is the best location for the first floor of the benchmarking projects in the core submarkets.

Supply & Demand

The Outlook

Approximately 600,000 sq m of new supply is scheduled to enter the Beijing retail market in H2 2024. Most of the new projects are located in the suburban areas adjacent to industrial parks and residential communities and are expected to greatly facilitate the local consumption needs and uplift the overall consumption environment in the surrounding areas. With the support of consumption and investment policies, membership stores also continue to expand, such as Sam's fifth and sixth stores in Changping and Tongzhou District, which are expected to open in 2025 and 2027 respectively.

Beijing also issued a series of policies during the past year to promote the development of commercial blocks, with each district mandated to have at least one high-quality commercial pedestrian street by 2025. We can expect the construction and upgrading of commercial blocks to become a new highlight in the development of Beijing's retail market in the coming few years. According to the government's work report, the renovation and upgrading of 15 submarkets will be completed in 2024. Consequently, we can anticipate that "quality upgrading" and "urban renewal" will remain the key development themes in Beijing's retail market for the foreseeable future.



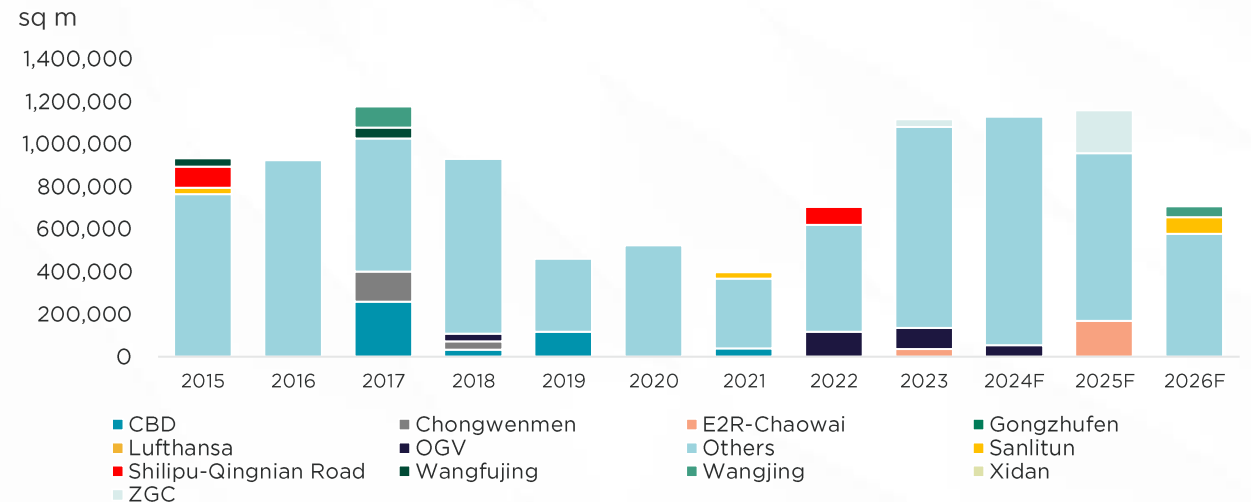
Figure 12:
Beijing retail property market – Significant projects under construction (H2 2024-2025)

Source: Cushman & Wakefield Research

Property	Submarket	Expected Opening Date	sq m
Happy Mall	Other (Mentougou)	2024	35,000
Huiqin Shopping Center (Fengtai)	Other (Fengtai)	2024	53,000
Beijing Haidian Joy City	Other (Haidian)	2024	188,000
The MixC (Tongzhou)	Other (Tongzhou)	2024	148,000
Beijing (Pinggu) Wanda Plaza	Other (Pinggu)	2025	149,300

Figure 13:
Beijing retail property market – New supply pipeline by submarkets (2015-2026)

Source: Cushman & Wakefield Research



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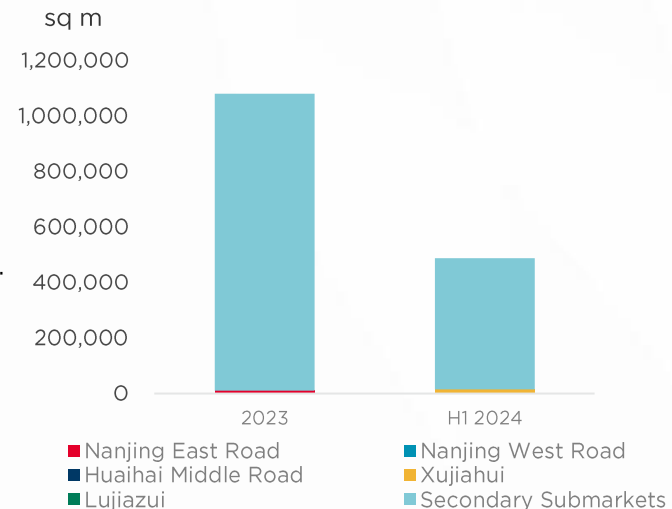
The past year

Overall, strong economic fundamental momentum rendered relentless support to the growth of Shanghai's retail property market during the past year. 27 shopping centres were completed in H2 2023 and H1 2024. Shanghai added over 1.56 million sq m of new prime retail supply during the past year, with emerging submarkets taking 98% of the space, bringing the city's prime retail stock to approximately 23.4 million sq m.

The nature of retail properties and stores continues to change, in response to the increasingly sophisticated demands of consumers. Many shopping centres are actively optimising their brand mixture, positioning and facilities. For example, TPY Centre (formerly PcOnline Plaza II), located in Xujiahui, has created a unique, vibrant and trendy experiential and social space which incorporates themes related to digital products, anime and intangible cultural heritage culture.

Figure 14:
Shanghai retail property market – New supply dynamics by submarkets (2023-H1 2024)

Source: Cushman & Wakefield Research



Demand

The past year

The Shanghai prime retail property market continued to see the average vacancy rate drop in spite of a large amount of new supply entering the market during the past year. By the end of Q2 2024, the overall vacancy rate in Shanghai's mid- to high-end shopping centres decreased to 9.32%, down 0.06 percentage points q-o-q and 0.26 percentage points y-o-y. This is the lowest vacancy rate for Shanghai's prime retail property market since 2022, demonstrating an unabated growing demand for prime retail space from many brands. Driven by new expansion and further market penetration activity, demand for retail space from a number of brands was robust during the past year. F&B and fashion retailers appeared to be the largest demand generators. On top of this, demand stemming from lifestyle, culture, entertainment, children, digital products and smart home experience store sectors were also raised by sustained consumption in Shanghai.

Meanwhile, the average first floor asking rent in Shanghai's mid- to high-end shopping centres decreased by 2.36% q-o-q to RMB760.45 per sq m per month in Q2 2024, primarily pulled down by market competitive rentals at the new supply projects in the city's emerging areas. Rental level polarisation in different submarkets also persisted, resulting in long prospective tenant waiting lists for popular shopping centres or ascending vacancy rates in less appealing retail properties.

Figure 15:
Shanghai retail property market – Supply, absorption and vacancy (2016-Q2 2024)

Source: Cushman & Wakefield Research

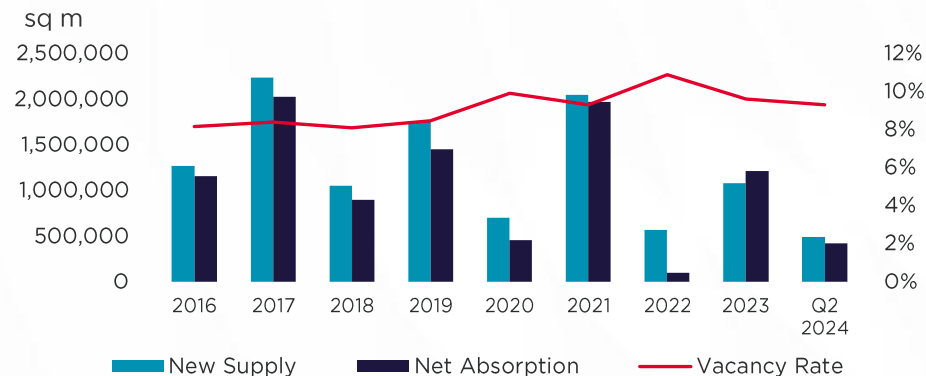


Figure 16:
Shanghai retail property market – Core areas average rental (2016-Q2 2024)

Source: Cushman & Wakefield Research

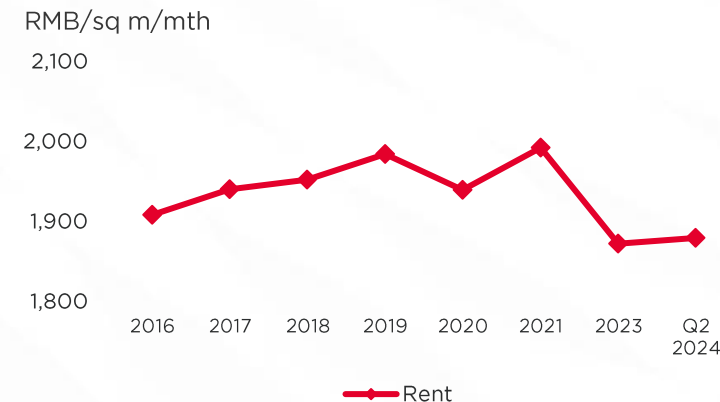


Figure 17:
Shanghai retail property market statistics (Q2 2024)

Source: Cushman & Wakefield Research

Submarket	Inventory (sq m)	Vacancy Rate	Average Rental (RMB/sq m/mth)*
Nanjing East Road	460,660	6.3%	2,153.9
Nanjing West Road	665,738	5.8%	2,321.0
Huaihai Middle Road	515,560	6.3%	1,490.2
Xujiahui	282,000	1.4%	2,300.7
Lujiazui	1,029,978	6.2%	1,490.3
Other Areas	20,424,307	9.9%	559.6
Shanghai Totals	23,378,243	9.3%	760.5

*Rental rates are calculated by NLA and considered as consistently achievable for prime space (usually the ground floor) in major shopping centres, excluding management fee, promotional fee and other fees.

Supply & Demand

The Outlook

Looking to the future, more than 1.2 million sq m of new retail space is scheduled for H2 2024, including landmark properties such as Livat, HOPS ON, and Mira Land. As emerging areas continue to develop, the average rent of Shanghai retail property is expected to dip as new projects within these areas complete.

In April 2024, Shanghai issued the “Plan for Commercial Circle Upgrading in Shanghai (2024-2026),” proposing the renewal of more than 3 million sq m of commercial property. By 2026, for international-level retail areas, the consumption scale will grow by more than 5% annually, with non-local residents’ consumption accounting for more than 40%. Meanwhile, the average annual growth rate of sales per sq m in stores is expected to exceed 5% and customer flow is predicted to also increase by around 5% annually. Moreover, Shanghai will introduce more than 800 first stores annually, establish 10 smart commercial districts and 10 demonstration commercial districts (integrating retail, culture, art, sports and tourism). Ahead, Shanghai city-level retail areas are anticipated to achieve 100% coverage in terms of supporting overseas card POS machines, tax refund stores for overseas travelers, shopping, facilities for mothers and infants, barrier-free facilities, and multi-language services – to further advance its status as a world-class retail consumption centre.



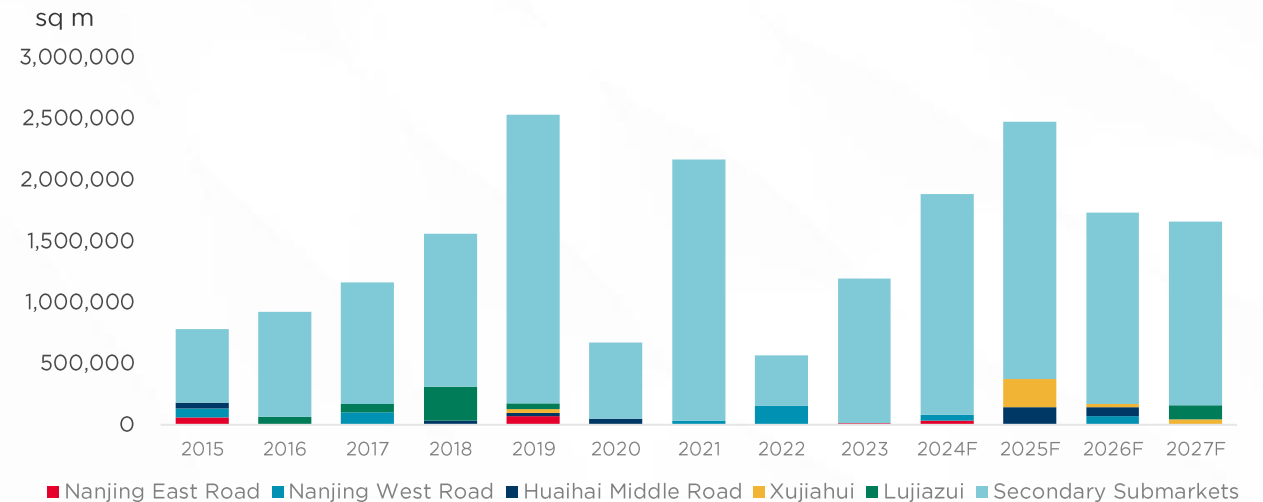
Figure 18:
Shanghai retail property market – Significant projects under construction (H2 2024-2027)

Source: Cushman & Wakefield Research

Property	Submarket	Expected Opening Date	sq m
Landmark	Nanjing East Road	2024	31,000
Pacific Xintiandi	Huaihai Middle Road	2025	83,000
ITC Phase II	Xujiahui	2025	231,417
K11 II	Huaihai Middle Road	2025	50,000
Taikoo Li	Lujiazui	2027	115,000

Figure 19:
Shanghai retail property market – New supply pipeline by submarkets (2015-2027)

Source: Cushman & Wakefield Research



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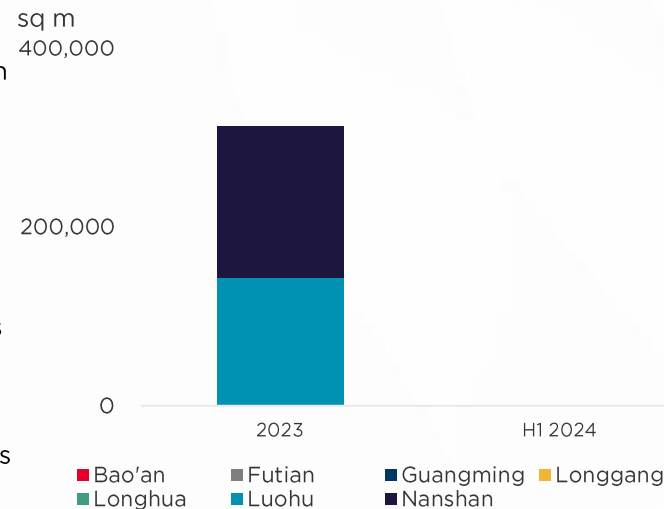
The past year

The opening of KK Time and Uniway brought a combined 180,000 sq m of new supply during the past year. This pushed Shenzhen's total prime retail stock to 6.6 million sq m.

KK Time combined the jewellery culture of Luohu Shuibei to create the largest jewellery block within any shopping centre in China, while Uniway focused on bringing in first stores, including a western food brand Le Pissenlit, a sports shoes brand SIDAS, and an eyewear brand MIEJING. Other prime retail projects such as Uniwalk, The MixC, MixC Shenzhen Bay, Link CentralWalk also introduced some first shops during the past year, some of which are well-known brands. Shenzhen's retail property is gradually forming a four-tier consumption structure of 'world-class - national - regional - community' consumption, aiming to satisfy the growing and diversified spending needs of consumers.

Figure 20:
Shenzhen retail property market -
New supply dynamics by submarkets
(2023-H1 2024)

Source: Cushman & Wakefield Research



Demand

The past year

Through the creation of retail blocks with regional characteristics, the introduction of first stores and planning for spaces that offer different levels of consumption, Shenzhen's retail property has continued to upgrade and improve.

From H2 2023 to H1 2024, pure retail accounted for 47.5% of the total new occupancy in prime retail. Clothing stores, including well-known brands, designer brands, emerging fashion brands, and multi-brand outlets, saw rapid expansion. The F&B sector also continued to expand, with new openings taking up a 43.7% share of the total. Cantonese cuisine, new-style tea beverage, and local specialties were the main demand contributors.

Benefitting from the economic recovery, Hong Kongers 'tripping north', enhanced expectations from market players and the government's initiatives to boost consumption, the citywide vacancy rate dropped to 8.4% at the end of H1 2024, which is the lowest since Q2 2022. This trend also led to landlords' positive attitudes about the market, prompting the citywide average rental to rise to RMB812.1 per sq m per month for H1 2024.

Figure 21:
Shenzhen retail property market – Supply, absorption and vacancy (2016-Q2 2024)

Source: Cushman & Wakefield Research

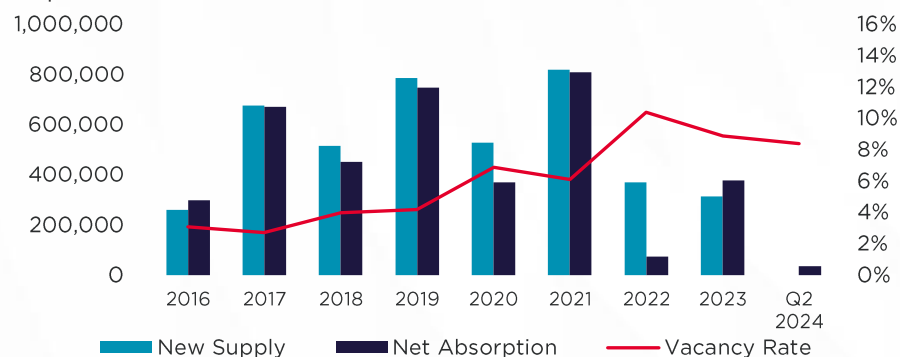


Figure 22:
Shenzhen retail property market – Average rental (2016-Q2 2024)

Source: Cushman & Wakefield Research

RMB/sq m/mth



Figure 23:
Shenzhen retail property market statistics (Q2 2024)

Source: Cushman & Wakefield Research

Submarket	Inventory (sq m)	Vacancy Rate	Overall Average Rental (RMB/sq m/mth)*
Luohu	783,829	6.4%	1050.00
Futian	1,348,000	9.7%	998.08
Nanshan	1,820,583	13.2%	745.59
Longgang	807,000	5.6%	579.17
Bao'an	950,000	4.5%	904.17
Longhua	640,000	4.9%	425.00
Guangming	250,000	5.4%	412.50
Shenzhen Totals	6,599,412	8.4%	812.05

*Rentals are calculated by NLA and considered as consistently achievable for prime space in prime shopping centres, excluding management fee, promotional fee and other fees.

Supply & Demand

The Outlook

Through to 2025, Shenzhen is expected to add 1.2 million sq m of new supply. Luxury brands such as Hermès and Chanel are expanding. Meanwhile, more shops with innovative elements and unique experiences are set to open, including SAANCI with a first coffee roasting and reception room section, and COINK CONCEPT – a multi-brand store with designer jewellery. Since June 2024, three documents for optimising Shenzhen’s business environment have been issued, which will be helpful in enhancing Shenzhen’s attractiveness to international brands as well as the competitiveness of local brands.

Meanwhile, total consumer goods retail sales in Shenzhen in H1 2024 saw a 1.0% y-o-y growth rate. Increased supply and relatively weak growth in consumption may lead to Shenzhen’s retail market facing more challenges ahead. However, with the 144-Hour Visa Free Transit policy, as well as the opening of the Shenzhen-Zhongshan Corridor, consumers from other countries and from the west side of the Pearl River Estuary are expected to become important additional sources of retail consumption demand in Shenzhen. In addition, the trade-in of old consumer goods and the diversification of consumption scenarios are also likely to unleash further local consumption demand.



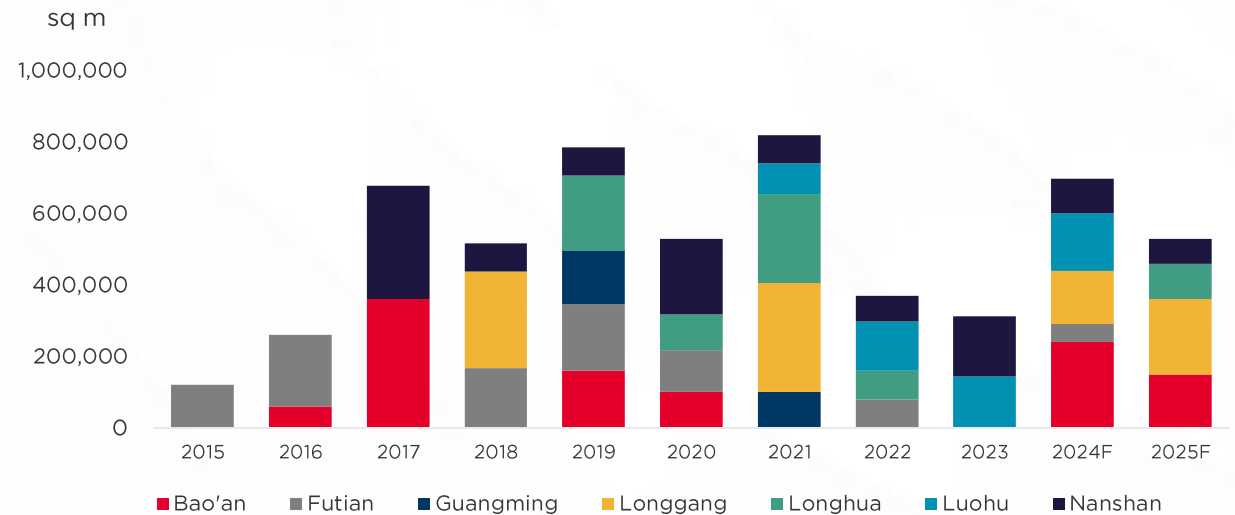
Figure 24:
Shenzhen retail property market – Significant projects under construction (H2 2024-2025)

Source: Cushman & Wakefield Research

Property	Submarket	Expected Opening Date	sq m
K11 ECOAST	Nanshan	2024	95,000
Vanke Mall (Bantian)	Longgang	2024	150,000
Luohu Yitian Holiday Plaza	Luohu	2024	100,000
Galaxy WORLD COCO Park Phase II	Longgang	2025	120,000

Figure 25:
Shenzhen retail property market – New supply pipeline by submarkets (2015-2025)

Source: Cushman & Wakefield Research



TOP SUPPLY/DEMAND TRENDS FOR GUANGZHOU



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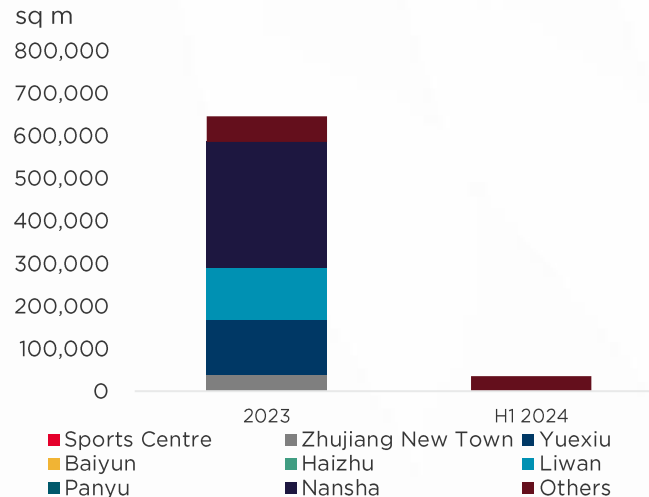
The past year

Over the past year, footfall in major business districts rebounded significantly, with the summer holidays, the Spring Festival and the May Day holidays stimulating consumer activity. During the Spring Festival, Guangzhou received more than 15.55 million local and tourist visitors, up 58% y-o-y; and the total consumption in culture and tourism categories exceeded RMB11.2 billion, up 65%. What's more, Guangzhou's holiday consumption market continued to heat up during the May Festival, with more than 11 million local and tourist visitors and cultural and tourism consumption of more than RMB 10.6 billion.

Over the past year, Guangzhou saw a small peak in the supply of prime shopping centres, with the opening of nine projects bringing a total of 683,000 sq m of new space to the city. Around 75% of projects are located in non-core shopping districts. Subsequently, the city's stock rose to over 5.63 million sq m. Among the projects, a number of shopping centre brands entered the Guangzhou market for the first time, such as COCO PARK, Uni PARK, and Grand Joy.

Figure 26:
Guangzhou retail property market -
New supply dynamics by submarkets
(2023-H1 2024)

Source: Cushman & Wakefield Research



Demand

The past year

The recovery in footfall has led to a steady return of confidence in the consumer market, with the occupancy rate of most shopping centres in the overall market remaining stable. At the same time, however, the city's prime mall vacancy rate rose by approximately 1.1 percentage points y-o-y to 7.3% due to a large amount of new supply.

Although the recovery in consumer demand is healthy, the wait-and-see attitude of occupiers has not fully eased. Catering operators were the largest source of occupier demand over the past year, accounting for more than 40% of new and pending new stores. As competition from F&B brands intensified, stores upgraded products, designs and services to offer consumers compelling new experiences. The performance of retail brands varied, with premium retail brands being aggressive and tending to expand in quality projects, while some retail brands maintained a conservative expansion strategy.

Despite the increase in footfall in business districts, brands are still concerned about cost control and landlords have introduced a series of incentives to boost occupancy, including lowering rents and increasing rent-free periods. Consequently, the monthly average rental level decreased by 6.0% y-o-y to record RMB716.4 per sq m. Rental levels in prime shopping centres in core submarkets, on the other hand, remain firm due to their superior location and mature operational capability.

Figure 27:
Guangzhou retail property market – Supply, absorption and vacancy (2016-Q2 2024)

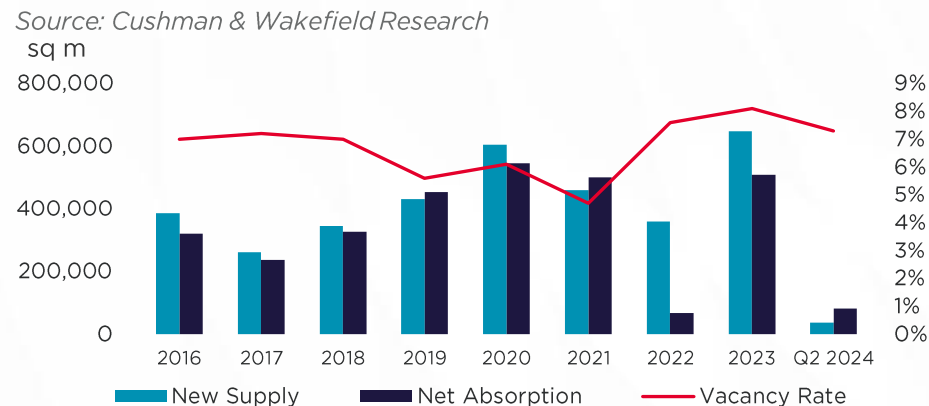


Figure 28:
Guangzhou retail property market – Average rental (2016-Q2 2024)

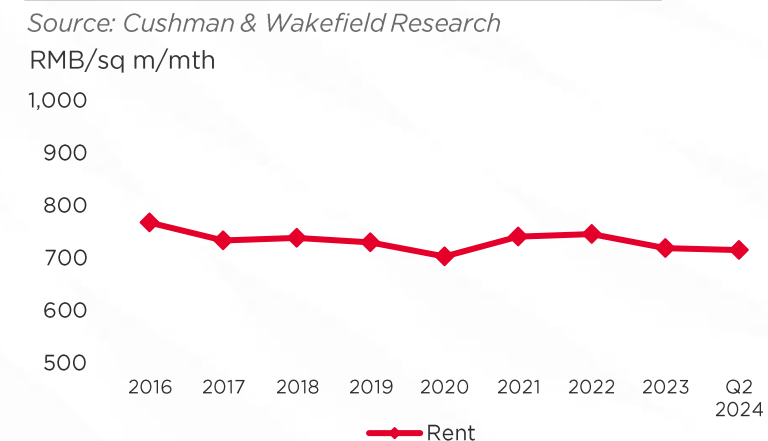


Figure 29:
Guangzhou retail property market statistics (Q2 2024)

Source: Cushman & Wakefield Research

Submarket	Inventory (sq m)	Vacancy Rate	Overall Average Rental (RMB/sq m/mth)*
Sports Centre	867,800	1.1%	1,911.9
Zhujiang New Town	604,359	11.2%	769.9
Yuexiu	477,200	9.0%	911.3
Baiyun	738,300	8.2%	469.3
Haizhu	309,000	0.8%	600.6
Liwan	525,900	19.5%	483.3
Panyu	563,225	1.2%	440.2
Nansha	383,530	4.0%	280.0
Other Areas	1,164,772	8.6%	323.2
Guangzhou Totals	5,634,086	7.3%	716.4

*Rentals are calculated by NLA and considered as consistently achievable for prime space in prime shopping centers, excluding management fee, promotional fee and other fees.

Supply & Demand

The Outlook

Considering developers' plans and current construction status, a further 1.3 million sq m of new retail space is set to enter the market through to the end of 2026. With the Changlong-Wanbo Business District and Baietan Business District introducing high-end retail malls, including leading shopping centre operators and renowned Hong Kong-funded developers, this will assist Guangzhou to evolve into a multi-core business district city layout. At the same time, some existing projects will also be adjusted, including business upgrading and tenant adjustment, which will support the upgrading of Guangzhou's consumption constitution.

To further revitalise the consumer market, Guangzhou has issued guidelines on furthering the business district structure and system, diversifying consumption scenarios, introducing first shops and promoting the integrated development of culture, industry, commerce and tourism. For example, the city government has launched 15 "Night Market Pioneer Zones" to activate night-time consumption, promoted three Chinese and Western specialty food clusters to stimulate the catering industry, attracted first stores through financial support, and supported Panyu, Zengcheng and Conghua to develop all-for-one tourism. Looking ahead, this series of initiatives to expand domestic demand and promote consumption is expected to stimulate Guangzhou's retail market further and help transform the city into an International Consumption Centre City.



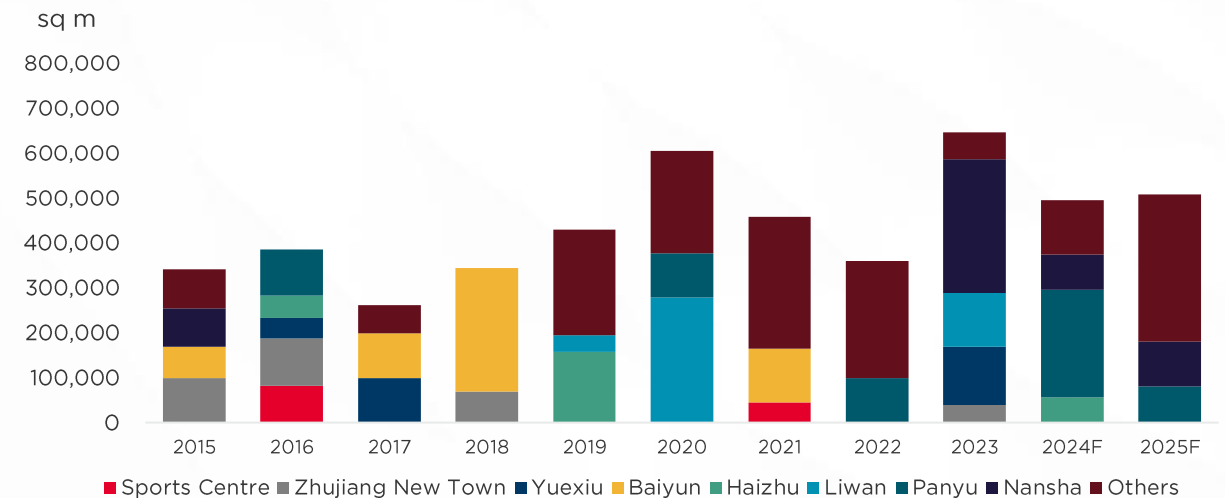
Figure 30:
Guangzhou retail property market – Significant projects under construction (H2 2024-2025)

Source: Cushman & Wakefield Research

Property	Submarket	Expected Opening Date	sq m
Yang Cheng Plaza	Haizhu	2024	57,000
Junchao Mall	Others	2025	128,000
K11 Select	Panyu	2025	81,000

Figure 31:
Guangzhou retail property market – New supply pipeline by submarkets (2015-2025)

Source: Cushman & Wakefield Research



TOP SUPPLY/DEMAND TRENDS FOR CHENGDU



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The past year

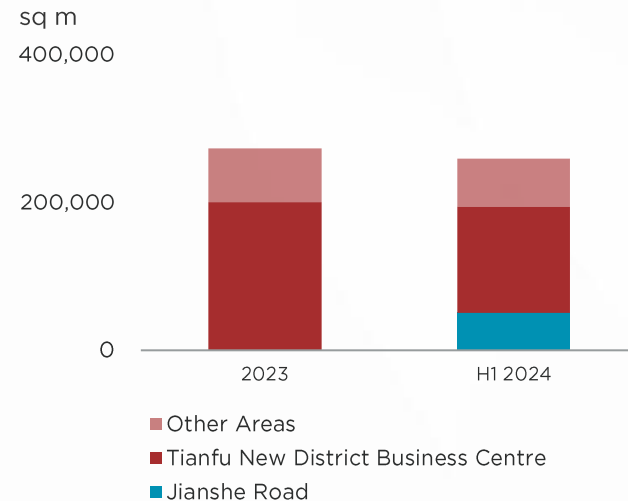
During the past year, Chengdu's prime retail market welcomed two new additions: Tianfu Joy City and Gaoxin Hopson Plaza.

With the current high level of stock in Chengdu's prime retail market, future supply will mainly focus on non-standard commercial properties. In the first half of 2024, Chengdu saw the opening of two highly anticipated non-standard commercial projects: CPI and Cypark. CPI introduced a large number of first stores, such as SND and Jajainthemoment.

To tackle intense competition, older and/or underperforming retail properties in Chengdu's prime retail market are starting to revamp themselves. They are updating and upgrading by renovating, repositioning, and attracting popular brands that generate their own footfall traffic.

Figure 32:
Chengdu retail property market – New supply dynamics by submarkets (2023-H1 2024)

Source: Cushman & Wakefield Research



* Includes two reinstatement projects



Demand

The past year

Supported by a large population base and a thriving commercial sector, Chengdu's total retail sales of consumer goods have been growing. According to statistics, in 2023, Chengdu became the second provincial capital city to surpass RMB1 trillion in retail sales, and its strong consumer power continues to attract developers and brands to the city.

Driven by the holiday economy, Chengdu's premium retail market saw a burst of activity in the second quarter of 2024. However, the entry of new projects at lower leasing prices caused citywide rents to decrease by 1.1% q-o-q to RMB607.24 per sq m.

Currently, there is a polarisation trend among Chengdu's premium retail properties. Projects that have historically performed well have returned to normal levels post-pandemic, with declining vacancy rates. In contrast, projects that struggled before and since the pandemic are now facing challenges. Some have filled vacancies with education and lifestyle services, but many are still undergoing significant tenant turnover, leading to an increase in the overall vacancy rate by 0.8 percentage points to 5.99%.

Figure 33:
Chengdu retail property market – Supply, absorption and vacancy (2016-H1 2024)

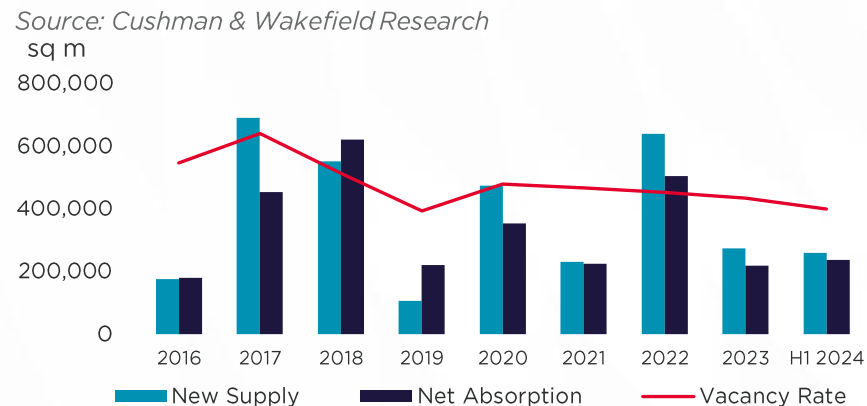


Figure 35:
Chengdu retail property market statistics (Q2 2024)

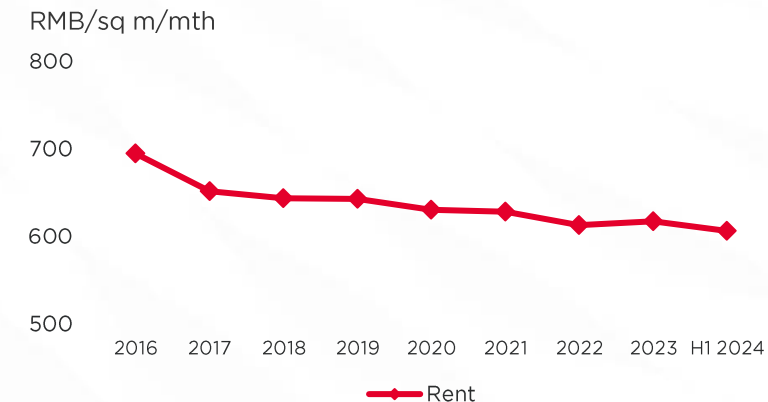
Source: Cushman & Wakefield Research

Submarket	Inventory (sq m)	Vacancy Rate	Overall Average Rental (RMB/sq m/mth)*
Chunyan Business Centre	1,191,556	12.05%	1,384.07
Shuangnan-Zijing	663,000	6.87%	560.00
Guanghua-Jinsha	306,171	2.53%	435.56
Jianshe Road	820,700	9.43%	360.00
Panchenggang	592,239	4.04%	826.25
Xinnan Tiandi	281,773	5.01%	762.22
Jiaozi Business Centre	1,386,400	5.35%	527.14
Da Yuan	586,000	2.05%	380.28
North of the City	958,300	5.84%	453.33
East of the City	235,000	0.22%	387.78
Tianfu New District Business Centre	414,000	1.00%	383.89
Other Areas	761,784	4.22%	478.75
Chengdu Totals	8,196,923	5.99%	607.24

*Rental rates are calculated by NLA and considered as consistently achievable for prime space (usually the ground floor) in major shopping centres, excluding management fee, promotional fee and other fees.

Figure 34:
Chengdu retail property market – Average rental (2016-H1 2024)

Source: Cushman & Wakefield Research



Supply & Demand

The Outlook

With the rise of Generation Z, trends like personalisation, diversification, and niche markets have become the new foundation of consumer behavior. Traditional shopping centres and commercial brands are losing favour. In recent years, Chengdu has seen an influx of unconventional commercial spaces that differ from traditional malls. These spaces, such as Luxelakes, Eastern Suburb Memory, Xiangxiang Alley, and REGULAR Yuanye, offer more emotional value and social interaction opportunities. Given the already substantial inventory of traditional shopping centres, these non-standard commercial spaces are poised to become a major trend in Chengdu's commercial market.

Additionally, to meet the "last mile" needs of residents, Chengdu is actively developing "15-minute convenience living circles." Existing examples include the new community space R29 in Jinjiang District and the traditional community space Yulin East Road in Wuhou District. These new community cultural spaces are expected to become another trend in Chengdu's overall commercial property development.



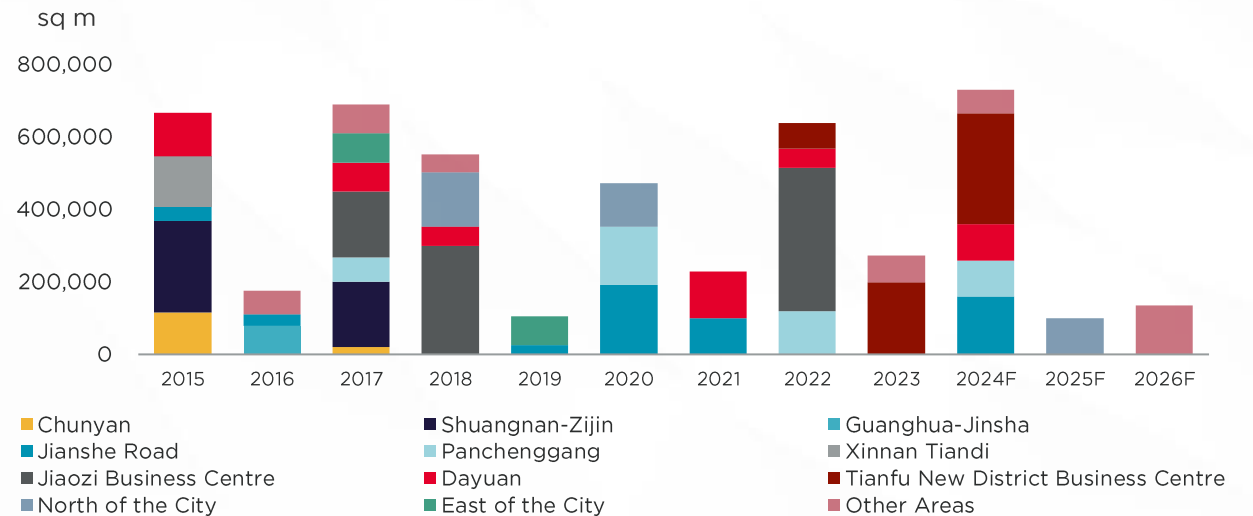
Figure 36:
Chengdu retail property market - Significant projects under construction (H2 2024-2026)

Source: Cushman & Wakefield Research

Property	Submarket	Expected Opening Date	sq m
Tianfu Merchants Garden City	Tianfu New District Business Centre	2024	162,000
Poly Time	Da yuan	2024	100,000
Wangfujing Shopping Mall	Jianshe Road	2024	110,000
Jinniu Joy City	The North Of City	2025	100,000
Chengdu MixC World	Others	2026	136,000

Figure 37:
Chengdu retail property market - New supply pipeline by submarkets (2015-2026)

Source: Cushman & Wakefield Research



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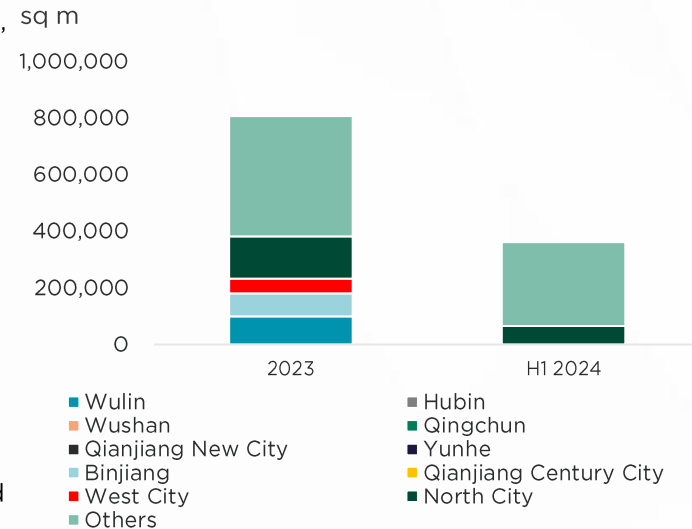
The past year

Over the past year, Hangzhou has made every effort to boost the economy and stabilise growth, by solidly promoting the implementation of various economy-boosting initiatives. The city's economic operation continued to recover steadily, with some sectors showing signs of improvement. Among them, the consumer market continued to recover, and quality consumption has been relatively active.

In the past 12 months, nine commercial projects, with a combined 865,000 sq m of new retail space, opened in Hangzhou. Meanwhile, both internal and external renovation of existing projects have been carried out by owners to ensure continued project competitiveness. For example, Hangzhou Tower launched a comprehensive brand image enhancement and transformation, and Jinsha Paradise Walk welcomed the opening of a renewed themed food and beverage space.

Figure 38:
Hangzhou retail property market -
New supply dynamics by submarkets
(2023-H1 2024)

Source: Cushman & Wakefield Research



Demand

The past year

The macro data indicates that Hangzhou's consumer market continued to recover, and quality consumption was relatively active. Hangzhou Statistics Bureau data shows that, in H1 2024, citywide total retail sales of consumer goods reached RMB372.4 billion. Driven by policy subsidies and the "May Day" and "618" promotions, the sales of new energy vehicles, cosmetics, and communication equipment continued to be active, with double-digit y-o-y growth in retail sales, reaching 11.2%, 12.2%, and 18.6%, respectively. Sales of basic daily necessities remained stable, with retail sales of grain, oil and food increasing by 4.7% y-o-y.

With the continuous improvement and optimisation of urban spatial and industrial carrying capacity, Hangzhou's permanent population reached 12.5 million by the end of 2023, an increase of 146,000 y-o-y. The proportion of the population aged 15-59 in Hangzhou is now 67.7%, higher than the Zhejiang provincial average of 65.1%. The sustained release of demographic and income advantages is expected to further drive the expansion and upgrading of urban consumption in Hangzhou.

Into 2024, Hangzhou continues to adhere to the "dual wheel drive" of policies and activities, leveraging the long-tail effect of the Asian Games and making every effort to build a new International Consumption Centre City. In terms of retail formats, the city has been vigorously developing new consumption types (such as the first-store economy, the night economy, and the outdoor display economy), and has been actively cultivating consumption growth points (such as smart homes, sports events, and "Guochao" products), as well as boosting bulk consumption (such as new energy vehicles and electronic products).

Figure 39:
Hangzhou retail property market – Supply, absorption and occupancy (2016-Q2 2024)

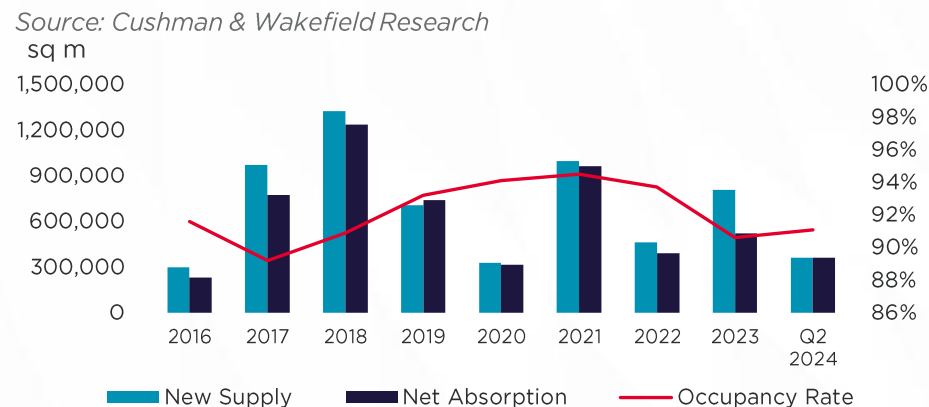


Figure 40:
Hangzhou retail property market – Average rental (2016-Q2 2024)

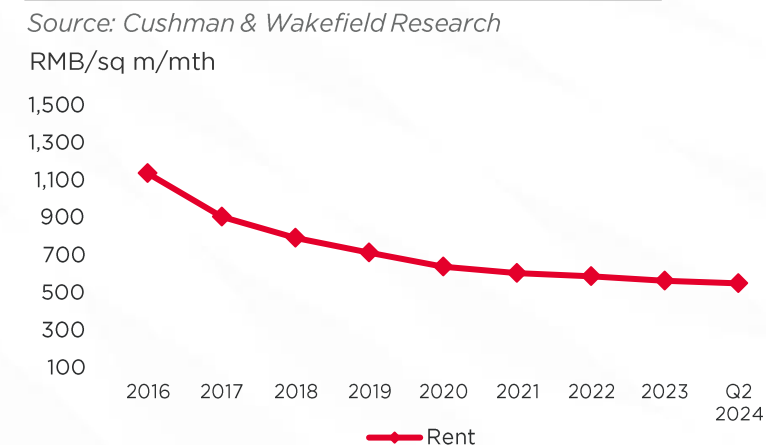


Figure 41:
Hangzhou retail property market statistics (Q2 2024)

Source: Cushman & Wakefield Research

Submarket	Inventory (sq m)	Vacant (sq m)	Vacancy Rate	Average Rental (RMB/sq m/mth)*
Wulin	498,930	22,951	4.6%	800 - 1,500
Hubin	544,400	25,042	4.6%	700 - 1,500
Wushan	176,000	17,072	9.7%	500 - 1,000
Qingchun	193,000	4,053	2.1%	600 - 800
Qianjiang New City	513,000	20,007	3.9%	600 - 1,000
Hangzhou Totals	7,024,070	625,142	8.9%	600 - 1,000

*Rental rates are calculated by NLA and considered as consistently achievable for prime space (usually the ground floor) in major shopping centres, excluding management fee, promotional fee and other fees.

Supply & Demand

The Outlook

In H2 2024, Hangzhou's retail market is expected to see approximately 380,000 sq m of new space complete.

Hangzhou's asset-light business model will continue to expand, with a number of commercial property companies launching, to achieve sustainable development. For example, China Resources Commercial won the lease right of a TOD property on Weiye Road in Puyan, Binjiang in Q2 2024, and will operate the property in the same way as China Resources Commercial's projects in the future. Meanwhile, Longfor Commercial announced a cooperation with Qianjiang Refrigeration Group to build Hangzhou's first Starry Street project. This is Longfor's 14th commercial project in Hangzhou and the fifth asset-light project in the city.

In terms of policy, "Hangzhou's Several Measures on Further Promoting the Linkage of Performance Arts, Sports Events, Exhibition, Commerce and Tourism to Create a Game City and Shopping Paradise" was officially released in June, aiming to promote the deep integration and innovative development of different commercial formats (such as performing arts, sports events, exhibitions, commerce and tourism), to cultivate new consumption types and stimulate consumption potential, and to accelerate the construction of an International Consumption Centre City.



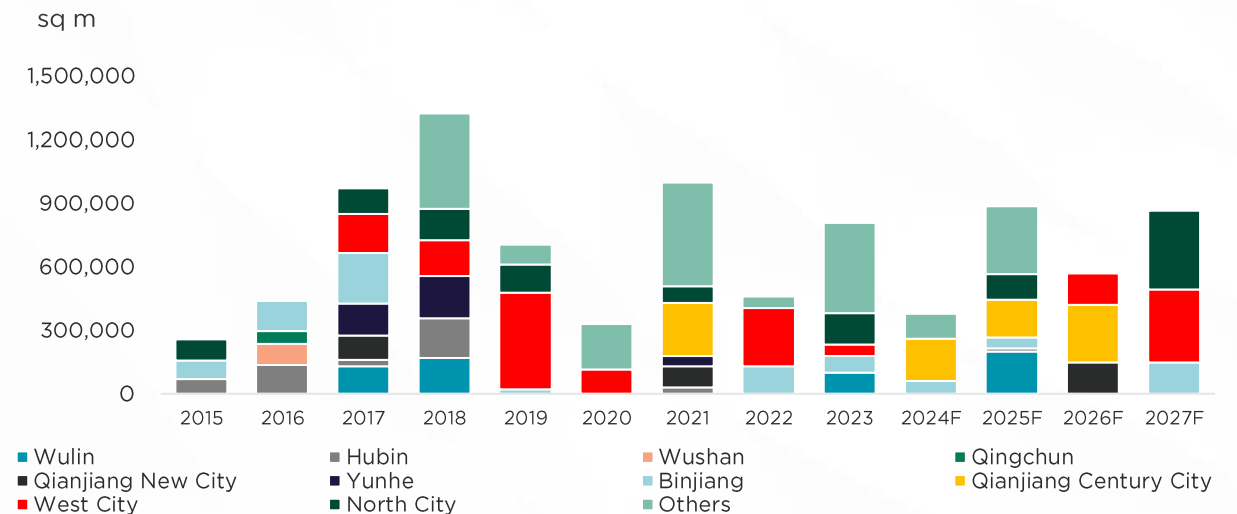
Figure 42:
Hangzhou retail property market - Significant projects under construction (H2 2024)

Source: Cushman & Wakefield Research

Property	Submarket	Expected Opening Date	sq m
Aoti Intime Department Store	Qianjiang New City	2024	200,000
Jiangnan Cherry Blossom Lane	Binjiang	2024	60,000
Longfor Xiasha Project	Xiasha	2024	70,000
Dexin Center	East City	2024	50,000

Figure 43:
Hangzhou retail property market - New supply pipeline by submarkets (2015-2027)

Source: Cushman & Wakefield Research



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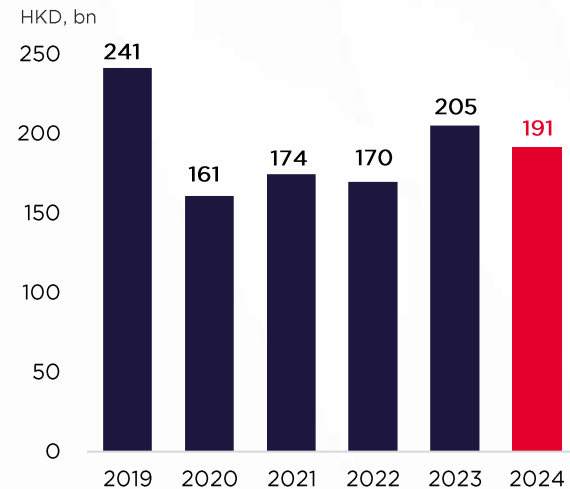
The past year

Since Hong Kong fully reopened the border in early 2023, the number of inbound tourists has picked up steadily. The total number of visitor arrivals recorded over 21 million in the first six months of 2024, representing a y-o-y growth of 64%, roughly reaching about 60% of the pre-pandemic level for the same period in 2019.

However, given the strong Hong Kong dollar and changed consumption patterns of inbound tourists, the recovery pace in visitor spending is slower than expected. Moreover, with the trend of Hong Kong residents traveling northbound to mainland cities for spending, coupled with the intensified net outflow of local resident passenger trips compared with the inbound tourists, local consumption has inevitably been weakened. Local retail sales slowed in the first half of 2024, totaling HK\$191 billion, a drop of 6.6% y-o-y. With the exception of the medicines & cosmetics category, all key retail categories showed a downward trend, including jewellery & watches and fashion & accessories, which used to be popular among tourists.

Figure 44:
Retail Sales Value (Jan-Jun)
(2019–2024)

Source: HK Census Dept, Cushman & Wakefield Research



Demand

The past year

With the steady rise in inbound tourist numbers, some retailers are taking advantage of the current attractive rental levels to move to or expand on high streets, with leasing activities being more concentrated on Hong Kong Island. In the first two quarters of this year, the market witnessed leasing activity from local and international brands. Among the major transactions in Central, local sportswear retailer Wan Kee Sports expanded into a 4,920 sf ft multi-floor retail space, followed by Swiss sports brand On Running leasing a 3,680 sf ft ground-floor space as its first and flagship store in the city. Besides, Swiss luxury watch manufacturer Franck Muller and Italian luxury fashion retailer Falconeri also committed to spaces on Queen's Road Central. In Causeway Bay, Chinese mainland F&B chain Hefu Noodle opened its first store in Hong Kong.

Tsim Sha Tsui also saw a notable improvement in tourist footfall. The most notable transaction in the district in H1 2024 was the 55,000 sf ft multi-floor retail space leased by ANIMA TOKYO, a licensed operator specialising in Japanese comics, animations and games, marking the firm's first and largest anime and manga immersive shop in the city.

As leasing sentiment is gradually picking up, in Q2, the overall average high street vacancy rate edged down further to 7.8%. High street rents across core districts continued to see modest single-digit recovery, ranging from 0% to 5% YTD. Notably, Tsim Sha Tsui, popular among tourists, recorded the most notable increase, followed closely by Central, which has been supported by high-spending tourists and local consumption.

Figure 45:
Hong Kong High Street Rental Trend (2019–Q2 2024)

Source: Cushman & Wakefield Research

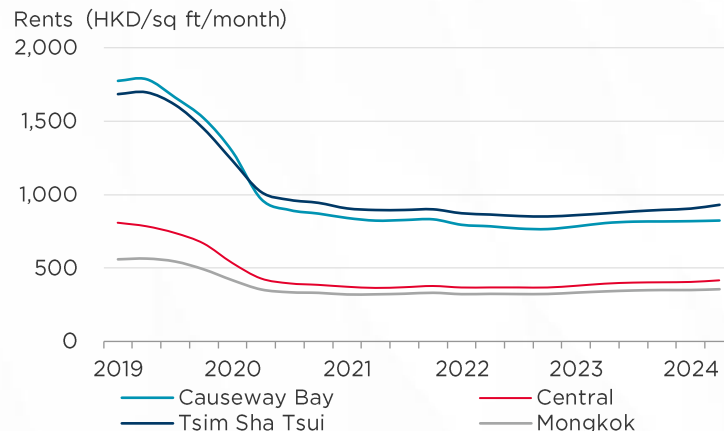


Figure 47:
Hong Kong High Street Rents (Q2 2024)

Source: Cushman & Wakefield Research

Submarket	Rents (HKD/sq ft/month)	1-year forecast
Causeway Bay	822.5	▲
Central	414.8	▲
Tsim Sha Tsui	930.6	▲
Mongkok	355.8	▲
Hong Kong Average	630.9	▲

Figure 46:
Hong Kong F&B Rental Trend (2019–Q2 2024)

Source: Cushman & Wakefield Research

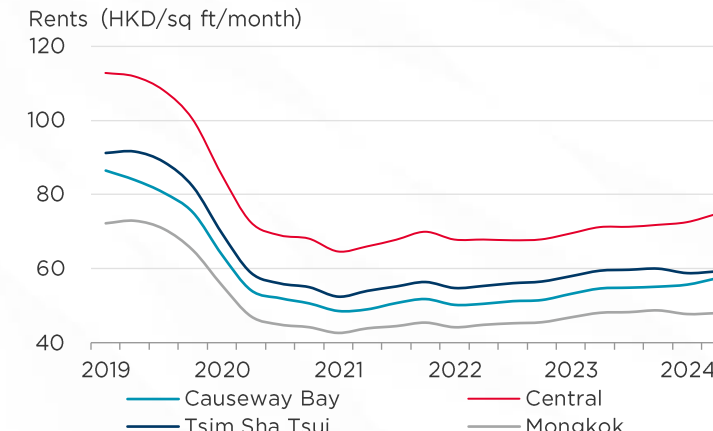


Figure 48:
Hong Kong High Street Vacancies (Q2 2024)

Source: Cushman & Wakefield Research

Submarket	Vacancies	1-year forecast
Causeway Bay	2.6%	▼
Central	7.0%	▼
Tsim Sha Tsui	10.6%	▼
Mongkok	11.1%	▼
Hong Kong Average	7.8%	▼

Supply & Demand

The Outlook

Looking ahead, in the face of the structural shift in spending patterns of Chinese mainland tourists and local residents, we expect international brands to stay cautious when formulating expansion strategies and selecting new locations. Therefore, it is expected that leasing demand in the near term will continue to be mainly driven by popular mainland retail operators and F&B chains.

On the positive side, the Central Government has recently announced measures benefitting the Hong Kong retail market, including the expansion of the 'Individual Visit Scheme' to more mainland cities and the increase of duty-free allowance for mainland Chinese visitors. These are expected to support tourist spending and hence overall retail sentiment in Hong Kong. Furthermore, the Hong Kong government has been actively developing the mega-event economy, with the announcement of a range of initiatives aimed at promoting world-class mega events and exhibitions to stimulate the city's economy. For instance, the government recently released a mega-event calendar for H2 2024, which is expected to offer more in-depth and unique experiences to inbound visitors, in turn attracting more overseas tourists to Hong Kong, as well as bringing higher footfall to high streets and generating greater consumption.

On the back of a steady recovery in the number of inbound visitors, we expect the vacancy situation for high street shops to further improve, with a forecast of rental growth for high streets shops across districts in H2 2024 ranging from 0% to 5%.



Figure 49:
Hong Kong Retail Market Leasing Transactions
(Q2 2024)

Source: Cushman & Wakefield Research

Address	Submarket	Retailer	Type	Leasing Area (sq ft, NFA)
Shop 2, G/F, H Queen's, 80 Queen's Road Central	Central	On Running	Athleisure	3,680
Shop 18A, G/F and M/F, New World Tower, 16-18 Queen's Road Central	Central	Franck Muller	Jewellery & Watches	1,630
G/F, 8 Kai Chiu Road	Causeway Bay	BRAND OFF	Fashion & Accessories	1,130
G/F, Parker House, 72 Queen's Road Central	Central	Falconeri	Fashion & Accessories	1,110
Shop 5, G/F, Haiphong Mansion, 53-55 Haiphong Road	Tsim Sha Tsui	3DG Jewellery	Jewellery & Watches	610

Note: Hong Kong retail market analysis refers to tier-1 streets in each core districts

Causeway Bay: Russell Street & Kai Chiu Road

Central: Queens' Road Central and Pedder Street

Tsim Sha Tsui: Canton Road & Haiphong Road

Mongkok: Sai Yeung Choi Street South & Argyle Street

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The past year

In 2023, Taipei emerged from the shadow of the pandemic, with the number of tourists returning to half of pre-pandemic (2019) levels. In addition to the gradual return of foreign tourists, major retail hubs also experienced robust domestic consumption, which serves as the foundation for the market. In the second half of the year, Shin Kong Mitsukoshi's "Diamond Towers" opened in the Zhongxiao hub, while "Yulon City," located on the outskirts of the city centre, also had a grand opening. These developments indicate strong confidence among retailers in terms of consumer demand. Additionally, the Taipei Dome hosted its first international event at the end of the year, bringing significant visitors to the Zhongxiao hub and potentially revitalising the area.



Demand

The past half a year

In H1 2024, retail vacancy rates in Zhongshan-Nanjing and Ximen nearly returned to pre-pandemic levels, with rents trending upward. In Ximen, the vacancy rate dropped for eight consecutive quarters to 3.5%. Major brands, e-commerce companies, and independent retailers have successively established new outlets. Zhongxiao's vacancy rate remained at 12.3%. With regular baseball games held at Taipei Dome, some vacant units have begun renovations. In Zhongshan-Nanjing, at 3.3%, the vacancy rate has returned to pre-pandemic levels.

Figure 50:
Rent and vacancy in Ximen
(2020-Q2 2024)

Source: Cushman & Wakefield Research

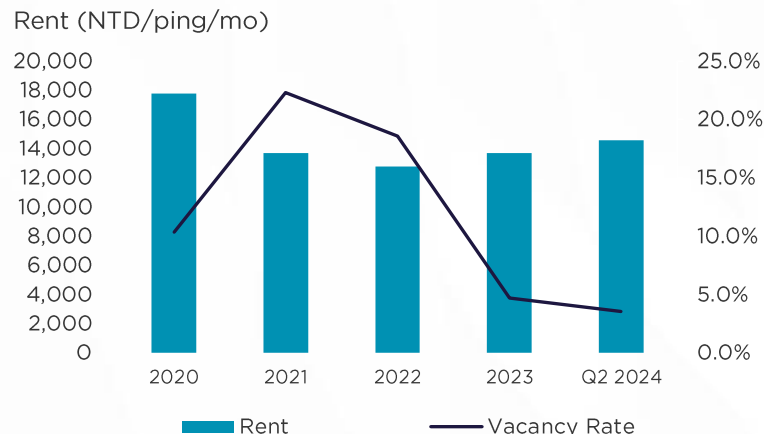


Figure 51:
Taipei significant openings
(Q2 2024)

Source: Cushman & Wakefield Research

Retail Hub	Location	Tenant	Size (Ping)
Zhongshan/Nanjing	Nanjing W. Rd.	Komeda's	50
Zhongshan/Nanjing	Sec. 1, Zhongsha N. Rd.	JVV DEVELOPMENT	247
Ximen	Emei St.	RHINOSHIELD	-
Zhongxiao	Sec. 4, Zhongxiao E. Rd.	Dignity D.	40

Figure 52:
Taipei prime retail market statistics (Q2 2024)

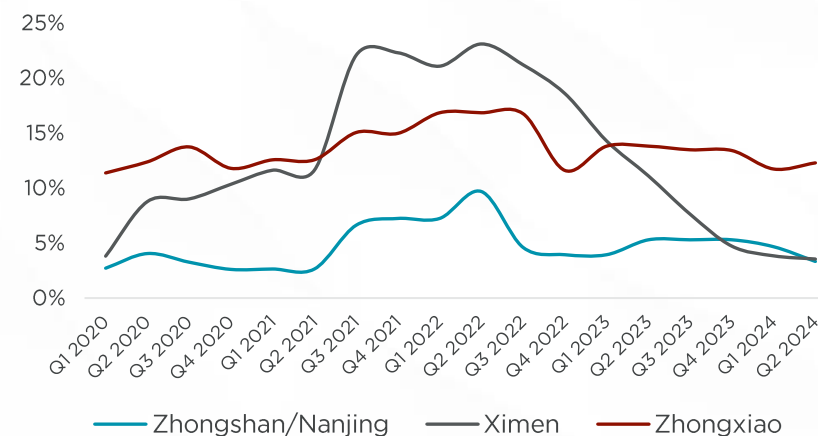
Source: Cushman & Wakefield Research

Retail Hub	Vacancy Rate	Rental Range (NTD/ping/mo)	12-month Outlook
Zhongxiao	12.3%	8,000-11,000	■
Zhongshan/Nanjing	3.3%	7,200-12,200	■
Ximen	3.5%	9,400-15,400	▲

*Only high street store in prime retail hubs are taken into account. All data is based on gross floor area unless otherwise specified.
Rentals are exclusive of management fees or other expenses;
*Area Conversion: 1 Ping=35.58 Square Feet =3.3 Square Meters.

Figure 53:
Vacancy rate in Taipei prime retail market
(2020-Q2 2024)

Source: Cushman & Wakefield Research



Supply & Demand

The Outlook

The number of tourists visiting Taiwan in 2024 is expected to nearly reach 2019 levels. Foreign tourists are gradually returning to retail hubs. The overall domestic market remains stable, and consumer activities have returned to normal. The Taipei Dome, opened at the end of 2023, and has begun hosting regular events, drawing steady crowds. Along with its mall, Far Eastern Garden City, which launched with fourteen themed restaurants in the "GOURMET PARK," the Zhongxiao retail hub will continue to be revitalised.

In the post-pandemic era, the trend of e-commerce brands opening physical stores is increasing. Expansion plans in department stores are creating and will create a mutually beneficial relationship, where department stores provide the physical space and e-commerce brands attract the younger generation.



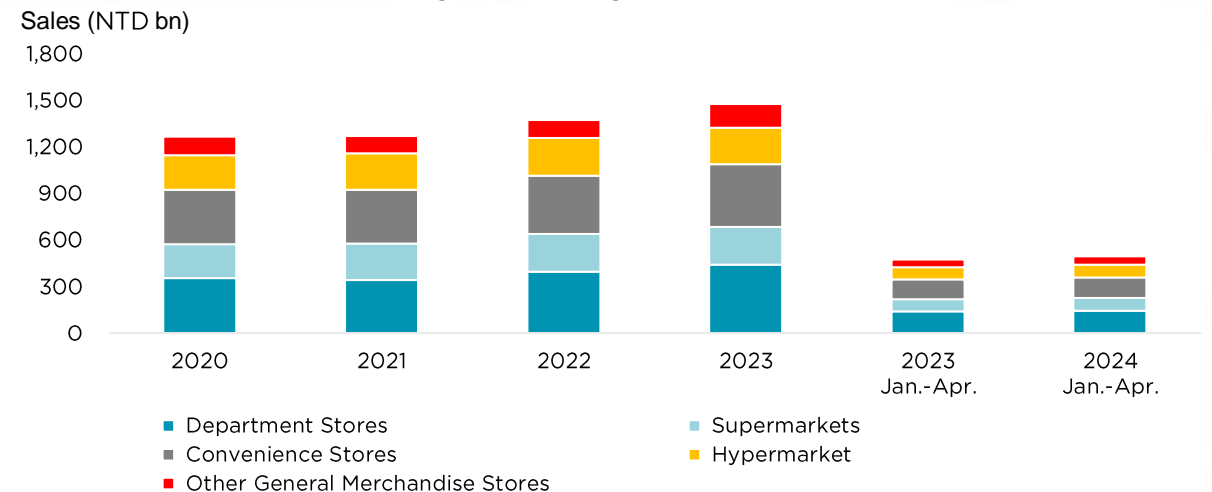
Figure 54:
Taipei retail property market – Significant projects under construction (H2 2024)

Source: Cushman & Wakefield Research

Property	Location	Expected Completion	GFA (Ping)
Mitsui Shopping Park LaLaport (Nangang)	Nangang District, Taipei City	2024	47,000
Far Eastern SOGO CITY	Xinyi District, Taipei City	2024	42,000

Figure 55:
Taiwan cumulative sales of general merchandise (2020-From January to April 2024)

Source: Directorate-General of Budget, Accounting and Statistics, Cushman & Wakefield Research



KEY TAKEAWAYS

- China's total retail sales of consumer goods reached RMB23.6 trillion in H1 2024, up 3.7% y-o-y. By consumption type, sales of services and upgraded products grew rapidly.
- By Q2 2024, the total prime retail property stock in the core markets in the 16 major cities in Greater China we track totalled 112.5 million sq m.
- Demand for prime retail space in China remained active. Therefore, the overall vacancy rate seen in the 16 major cities in Greater China decreased to 10.6% in Q2 2024.
- Global economic weakness and domestic economic slow-down should lead to more cautious spending. However, in consideration of the increasing disposable income, and the sustained demand for upgraded goods consumption, the outlook for the retail market continues to remain positive.



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