

MARKETBEATS

1.89STOCK
(million sq m)**¥631.4**RENT
(PSM/MO)**12.7%**

VACANCY RATE

WHAT'S
NEXT

Market Overview

With no new projects completed in Q2, Dalian's prime retail stock remained at 1.89 million sq m. In this quarter, average asking rent edged down 0.1% q-o-q to RMB631.4 per sq m per month as some landlords made adjustments to attract high-end retailers.

As the market continued to digest existing stock, the vacancy rate tightened to 12.7% at the end of Q2, while net absorption amounted to 23,000 sq m for the quarter.

In the leasing market, Central Avenue Shopping mall in the Xi'an Road submarket welcomed many new brands, including North China's first ZOWOO Experience Store and a VIP.COM traditional retail store. The openings helped the vacancy rate in Xi'an Road edge down to 20.6%. Other notable new openings during the quarter included M&G Shop in Pavilions, Better Way Restaurant in Parkland and Red Cloud in Olympia 66 Shopping Center.

Outlook

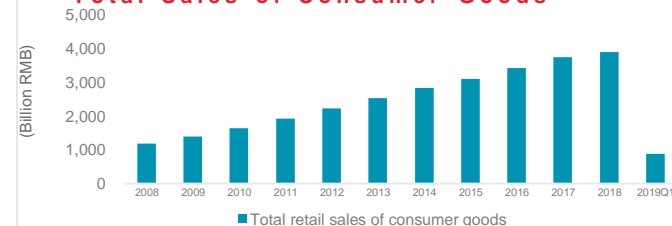
No new retail supply is scheduled to complete over the next two years. It is expected that the approximately 100,000-sq m MixC One will enter the market in 2021 and boost the commercial atmosphere in Dalian's Huanan submarket. Upon completion, Dalian's retail stock is expected to surpass an estimated 2 million sq m.

Economic Indicators

	Q4 2018	Q1 2019	Annual Trend
GDP Growth	6.5%	6.7%	—
Total Retail Sales of Consumer Goods Growth	7.8%	-1.4%	▼
CPI Growth	3.0%	2.0%	▲
Per Capita Disposable Income of Urban Residents	10,995	12,253	▲

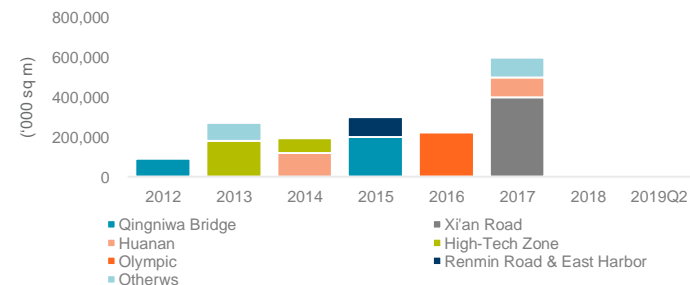
Source: Dalian Statistics Bureau

Total Sales of Consumer Goods



Source: Dalian Statistics Bureau

Historical Retail New Supply



Source: Cushman & Wakefield Research

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DATA
INTO
ACTION

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Prime Average Rental Range in Main Submarkets (Q2 2019)

SUBMARKET	RMB/SQ M/MO	US\$/SF/MO	EUR/SF/MO	12-MONTH OUTLOOK
Qingniwa Bridge	500–1360	6.7–18.3	6.0–16.4	■
Xi'an Road	550–1250	7.4–16.8	6.6–15.1	▼
High-tech Zone	350–600	4.7–8.1	4.2–7.3	▲
Huanan	300–800	4.0–10.8	3.6–9.7	▼

* Exchange Rate: 1CNY = 0.145USD = 0.130EUR, as May 27, 2019.

* Average rent (RMB/sq m/mo) is based on ground floor rent in prime locations in major shopping centers, excluding management, promotional and other fees.

Significant New Store Openings (Q2 2019)

PROJECTS	LOCATION	TENANT	TYPE
Pavillion	Qingniwa Bridge	M&G Shop	Culture
Olympia 66	Olympic	Red Cloud	Costume
Parkland	Qingniwa Bridge	Better Way Restaurant	F&B

Significant Projects Under Construction

BUILDING	LOCATION	GFA (SQ M)	ESTIMATED OPENING
MixC One	Huanan	100,000	2021
CNOOC Harbour City	East Harbor	140,000	2022