

MARKETBEATS

5.3
STOCK
(million sq m)

¥270.4
RENT
(PSM/MO)

10.1%
VACANCY RATE

WHAT'S NEXT

Market Overview

In Q2, completion of Sihai Chinatown and Xi'an Fashion Boulevard in the North City submarket added a combined 430,000 sq m of new retail supply. Stock subsequently increased to approximately 5.3 million sq m.

Despite the new supply, average retail asking rent stabilized at RMB270.4 per sq m per month in Q2. The overall vacancy rate increased 1.4 percentage points on the quarter to 10.1% q-o-q due in part to the new malls opening with less than full occupancy.

Elsewhere, department stores in Xi'an continued to face challenges amid strong competition from shopping malls. In Q2, Minsheng Department Store closed, which marked the fifth retail project to shut down in the Central City submarket since 2016. The closings reflect a transforming market as underperforming and older retail projects in Central City gradually close in order to upgrade their facilities.

As established developers increasingly build retail projects in Xi'an, so more international fashion houses and brands are expanding to Xi'an. For example, Top Crew entered Glorious Plaza and Dior opened a new store in IMIX Park in Q2. Moreover, Momo Park and Heron Preston have attracted such new entrants to the local market as Bosie and Heron Preston, respectively.

Outlook

In the second half of 2019, Zhongdeng Plaza, Wuyue Plaza and Forte Dahua 1935 are scheduled to complete, adding a combined 940,000 sq m of projected new retail supply. The city's total shopping mall stock is estimated to amount to approximately 6.25 million sq m by the year's end.

With several projects set to enter the market, emerging retail centers gradually are forming, which over time could change the structure of Xi'an's retail market.

Economic Indicators

	Q4 2018	Q1 2019	Annual Trend
GDP Growth	8.2%	8.6%	▼
Total Retail Sales of Consumer Goods Growth	9.6%	5.6%	▼
CPI Growth	2.1%	2.4%	▲
Per Capita Disposable Income of Urban Residents	12, 286	11, 171	▲

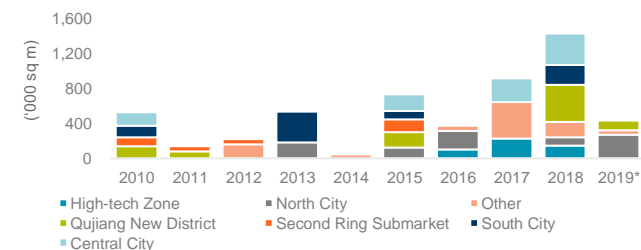
Source: Xi'an Statistics Bureau

Total Sales of Consumer Goods



Source: Beijing Statistics Bureau

Historical Retail New Supply



* As of Q2 2019

Source: Cushman & Wakefield Research

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DATA
INTO
ACTION

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Prime Average Rental Range in Main Submarkets (Q2 2019)

	RMB/SQ M/MO	US\$/SF/MO	EUR/SF/MO	12-MONTH OUTLOOK
City Total	200–450	2.8–6.2	2.4–5.5	▬
Central City	350–950	4.8–13.2	4.3–11.6	▾
Hi-tech Zone	150–300	2.1–4.2	1.8–3.7	▴
North City	140–280	1.9–3.9	1.7–3.4	▴
Qujiang District	180–450	2.5–6.2	2.2–5.5	▬
Second Ring	160–550	2.2–7.6	1.9–6.7	▬
South City	400–1,400	5.5–19.4	4.9–17.0	▬
Other	100–220	1.4–3.0	1.2–2.7	▴

- 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
Sihai Chinatown	North City	Sihai Bookstore	Culture
Zhongda International	Central City	Heron Preston	Costume
IMIX Park	North City	Dior	Cosmetics
Glorious Plaza	Hi-tech Zone	Top Crew	Costume

Significant Projects Under Construction

BUILDING	LOCATION	GFA (SQ M)	ESTIMATED OPENING
U-SHOW City	Other	90,000	2019
ZhongDeng Plaza	North City	138,000	2019
Wuyue Plaza	Other	146,000	2019
Forte Dahua 1935	North City	84,000	2019
Xi'an Film Studio Movie courtyard	South City	150,000	2019