

MARKETBEATS

2.38
 STOCK
 (MILLION SQ M)

¥454.0
 RENT
 (PSQM/MO)

3.7%
 VACANCY RATE
WHAT'S
NEXT

Market Overview

In 1H, the 50,000-sq m Muse Park opened in central Zhengdong New District, increasing stock to approximately 2.4 million sq m. Compared with 2H 2018, Zhengzhou's overall vacancy rate tightened to 3.7%, edging down 0.1 percentage point at the end of 1H.

F&B remained the main driver of take-up during the half-year. Besides F&B, some bookstore retailers, such as Zhongxin bookstore and Sisyphe bookstore, prefer to set up new stores in shopping malls.

Some shopping malls aimed to differentiate their offerings by actively adjusting their tenant mix and developing common spaces into themed exhibitions to drive footfall traffic. As a result, average rent increased 9.5% compared to 2H 2018, reaching RMB454.0 per sq m per month.

Outlook

Ahead, 2H 2019 will likely usher in peak retail supply. A total of 850,000 sq m worth of new shopping malls are expected to complete, mainly in Zhengdong New District and Huayuan Road. Upon completion, Zhengzhou's retail stock is projected to amount to approximately 3.2 million sq m.

In the coming five years, Zhengzhou plans to add seven new metro lines. An improved transportation network should provide significant benefits to the city's retail market.

Economic Indicators

	2018	Q1 2019	Past 12-Month Growth
GDP Growth	7.8%	5.8%	▼
Total Retail Sales Growth	9.7%	9.5%	▼
CPI Growth	2.4%	1.7%	▼

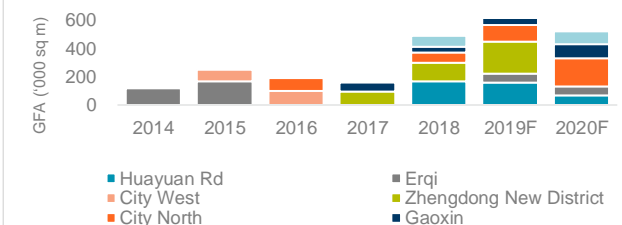
Source: Zhengzhou Statistics Bureau/Cushman & Wakefield Research

Retail Sales & Growth Rates



Source: Zhengzhou Statistics Bureau/Cushman & Wakefield Research

Prime Retail Supply Pipeline



Note: F is for forecast
 Source: Cushman & Wakefield Research

Shay Fan

Senior Analyst
Research,
Zhengzhou
Suite 1903, Millennium Royal
Plaza | Zhengzhou 450000 |
China
Tel: +86 371 5339 0192
shay.fan@cushwake.com

DATA
INTO
ACTION

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Prime Retail Average Rents (1H 2019)

SUBMARKET	RMB/SQ M/MO	US\$/SF/MO	EUR/SF/MO	12-MONTH OUTLOOK
Huayuan Rd	833	11.2	10.0	▲
Erqi	636	8.6	7.7	▲
City West	325	4.4	3.9	■
Zhengdong New District	330	4.4	4.0	▲
City North	250	3.4	3.0	▼
High Tech Zone	210	2.8	2.5	▲
Other	200	2.7	2.4	■

* Rents are based on the ground floor in major shopping centers, excluding management fee, promotional fee and other fees
1 USD=6.89396 CNY=0.893136 EUR as of May 27, 2019

Significant Store Openings (1H 2019)

PROPERTY	SUBMARKET	TENANT	SECTOR
Dennis David Plaza	Erqi	Balenciaga	Luxury
Dennis David Plaza	Erqi	Gelaoguan	F&B
Muse Park	Zhengdong New District	CGV Movie	Movie Theater
Muse Park	Zhengdong New District	Zhongxin Bookstore	Book Store

Significant Projects Under Construction

PROPERTY	SUBMARKET	AREA (SQ M)	COMPLETION YEAR
Yoyo Park	City North	120,000	2019
Xintian 360 Taikang Rd	Erqi	60,000	2019
Dennis Hanghai Rd	Others	60,000	2019
Baiyue Wanda Plaza	Huayuan Rd	90,000	2019