

MARKETBEAT

2.33
STOCK
(MILLION SQ M)

¥628.4
RENT
(PSQM/MO)

5.6%
VACANCY RATE

WHAT'S NEXT

Market Overview

In Q3, with no new supply completed in the traditional core business circles, Wuhan's prime retail stock remained at 2.3 million sq m.

During the quarter Jiangnan Road underwent facade renewal for the upcoming 7th CISM Military World Games, causing a rise in the vacancy rate. And in Luxiang business circle the Optical Valley Plaza was undergoing alterations, also increasing the vacancy rate. These factors pushed the overall vacancy rate to 5.6%, up 0.6 percentage points q-o-q. Rent levels decreased 0.2% q-o-q to an average RMB 628.4 per sq m per month in Q3.

In Q3, Wangjiawan, Jiangnan Road and Wuguang business circles accounted for 40.6%, 27.4% and 21.3% of new store openings, respectively. Regarding retail formats, the expansion of F&B has now slowed, down 8.4 percentage points q-o-q to account for 26.9% of new store openings in Q3.

Outlook

Within 2019, new prime retail supply expected to complete includes Taiheli Shopping Center, Nanguo Center and Greenland City. In total, 212,571 sq m of new retail supply is forecast for Q4.

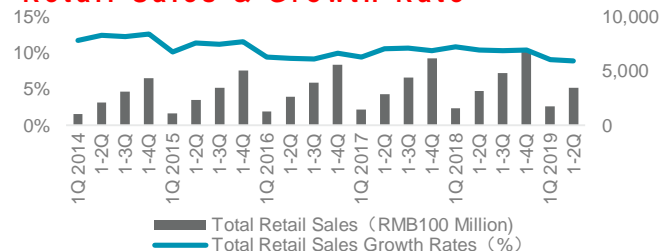
In an environment of slower market consumption growth, limited brand resources and inevitable homogenization, many new projects have been delayed. Looking ahead to the next quarter, retail alteration and renewal projects are expected to be completed before the 7th CISM Military World Games and the year-end holidays.

Economic Indicators

	2019Q1	2019H1	Past 12-Month Growth
GDP Growth	8.4%	8.1%	▼
Total Retail Sales Growth	9.1%	9.0%	▼
Online Retail Sales Growth	18.4%	14.0%	▼
CPI Growth	2.2%	2.7%	▲

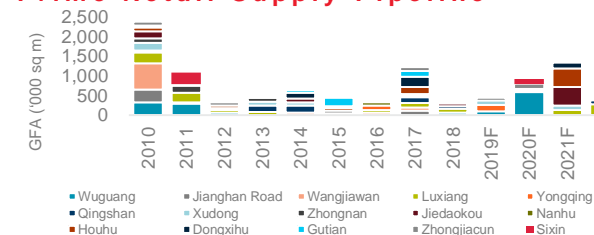
Source: Wuhan Statistics Bureau/Oxford Economics/Cushman & Wakefield Research

Retail Sales & Growth Rate



Source: Wuhan Statistics Bureau/ Cushman & Wakefield Research

Prime Retail Supply Pipeline



Note: F is for forecast

Source: Cushman & Wakefield Research



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Prime Average Rental (Q3 2019)

SUBMARKET	RMB/SQ M/MO	US\$/SF/MO	EUR/SF/MO	12-MONTH OUTLOOK
Wuguang	800	10.5	9.5	■
Jiangnan Road	688	9.0	8.1	▼
Wangjiawan	442	5.8	5.2	■
Luxiang	548	7.2	6.5	▲

* Rents are based on the ground floor in major shopping centers, excluding management fee, promotional fee and other fees
1 USD = 7.08718RMB = 0.90361EUR as at Aug 23, 2019

Significant Store Openings (Q3 2019)

PROPERTY	SUBMARKET	TENANT	SECTOR
Wuhan International Plaza	Wuguang	PureH2B	Cosmetics
Hutchison Whampoa M+	Jiangnan Road	Darwin Dental Clinic	Health Care
Grand Ocean Department Store	Wangjiawan	Insun Cinema	Entertainment
The Poly Plaza	Luxiang	YMM Art Academy	Education

Significant Projects Under Construction

PROPERTY	SUBMARKET	AREA (SQ M)	COMPLETION YEAR
Greenland City	Xudong	120,000	2019
Taiheli Shopping Center	Zhongnan	35,000	2019
Nanguo Center	Wuguang	57,571	2019
Hang Lung Plaza	Wuguang	145,370	2020
Fanyue City	Luxiang	30,000	2020

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