

# GUANGZHOU

Retail Q4 2019

CUSHMAN &amp; WAKEFIELD

**8.3%**  
Disposable Income

YoY  
Chg12-Mo.  
Forecast

**2.8%**  
Population

**3.8%**  
Consumption Expenditure

Source: Guangzhou Statistics Bureau (Growth rates are as of 2018.)

## GUANGZHOU ECONOMIC INDICATORS JAN - NOV 2019

**8.0%**  
Total Retail  
Sales Growth

**13.5%**  
Online Retail Sales  
Growth

**3.1%**  
CPI Growth

Source: Guangzhou Statistics Bureau

## Citywide Annual Supply Continued to Exceed the 10-Year Average Level

In Q4 Wanda Plaza in Haizhu submarket opened for business with 70,000 sq m, raising overall retail stock to 4.7 million sq m. Total annual supply of prime retail space reached 431,000 sq m in 2019, exceeding the 10-year average supply level. The outer submarkets were the main source of new supply. This quarter, new store openings were relatively scarce compared with Q3, when retailers were preparing for the shopping season. The overall vacancy rate decreased by 0.3 percentage points q-o-q to 6.5% and the average rent increased 0.6% q-o-q to RMB788.8 per sq m per month.

## Malls Made Efforts to Attract Customers

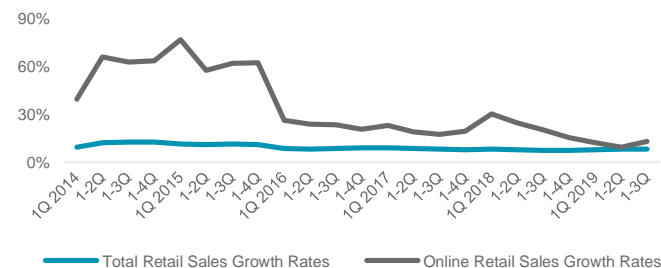
Vacancy rates at some malls fell in Q4 due to efforts by the operators, such as at PASO West in Baiyun District which introduced fashion brands including Uniqlo, PUMA and LI-NING. Shopping centers have also benefited from infrastructure improvements, such as with New Park in Baiyun District, which enjoyed greater customer traffic following the opening of the nearby underpass. Throughout 2019 malls worked to attract more customers through the introduction of first stores, pop-up stores, and themed exhibitions.

By category, there were new trends this year, besides expansion activities from garment and F&B retailers. Firstly, electronics brands expanded rapidly: HUAWEI and OPPO both opened stores. Secondly, integration of online and offline continued: VIP.com opened a new store in AEON Mall Jinsha. Finally, with greater consumption people have also become more aware of their personal image and this has led to the development of related business, such as photography brand HIMO who will enter Baiyun Wanda Plaza.

## Outlook: New Supply May Peak in 2020

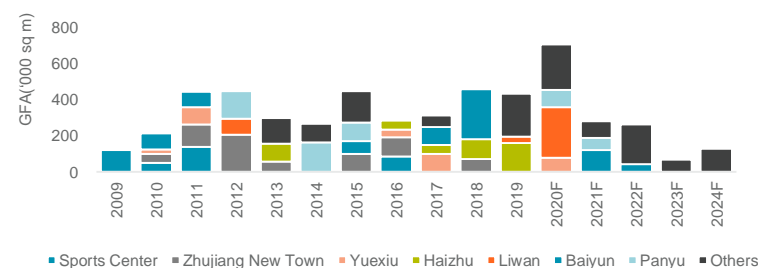
2020 may witness the largest annual supply of recent years. Five projects including CADRE INCITY and YUE CITY are expected to complete, bringing a total of about 700,000 sq m. YUE CITY in Liwan District has been upgraded from a footwear-themed mall and will bring several flagship stores. Additionally, the Guangzhou-Shenzhen Intercity Railway was launched in December, and is expected to boost foot traffic in the Xintang area of Zengcheng District and to support commercial development in the area.

## GUANGZHOU RETAIL SALES GROWTH RATE



Source: Guangzhou Statistics Bureau / Cushman & Wakefield Research

## GUANGZHOU PRIME RETAIL SUPPLY PIPELINE BY SUBMARKET



Source: Cushman & Wakefield Research

## MARKET STATISTICS

SUBMARKET	INVENTORY (SQ M)	VACANCY RATE	UNDER CNSTR TILL 2024 (SQ M)	OVERALL AVG RENT (RMB/SQ/M/MO)*	OVERALL AVG RENT (US\$/SQ/MO)*	OVERALL AVG RENT (EUR/SQ/MO)*
Sports Center	877,097	2.6%	41,228	1,546.6	20.4	18.5
Yuexiu	561,954	5.9%	76,000	862.5	8.3	7.5
Zhujiang New Town	707,459	10.4%	0	627.5	11.4	10.3
Haizhu	674,000	9.5%	0	627.2	8.3	7.5
Liwan	125,900	1.1%	280,000	535.0	7.1	6.4
Baiyun	618,300	9.5%	120,000	494.7	6.5	5.9
Panyu	418,245	2.2%	165,500	423.3	5.6	5.1
OTHERS TOTALS	713,302	N/A	754,000	N/A	N/A	N/A
GUANGZHOU TOTALS	4,696,257	6.5%	1,436,728	788.8	10.4	9.4

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

\* 1 USD = 7.03146 RMB = 0.903898 EUR as at Nov 22, 2019

## SIGNIFICANT STORE OPENINGS Q4 2019

PROPERTY	SUBMARKET	TENANT	SECTOR
Grandview Plaza	Tianhe Sports Centre	CHARLES & KEITH	Shoes & Bags
Happy Valley	Zhujiang New Town	Shujiuxiang Hotpot	Food & Beverage
R&F Icon	Haizhu	Hair Code	Leisure & Entertainment
AEON Mall Jinsha	Baiyun	VIP.com	Mass-Market Fashion
Panyu Wanda Plaza	Panyu	The sambac	Jewelry

## SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	GFA(SQ M)
CADRE INCITY	Others	2020	110,000
Lumina Guangzhou	Yuexiu	2020	76,000
Nangang Wanda Plaza	Others	2021	90,000
AEON Mall-Mingguhui	Others	2022	220,000
Xinda Jinmao Plaza	Others	2023	68,000

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