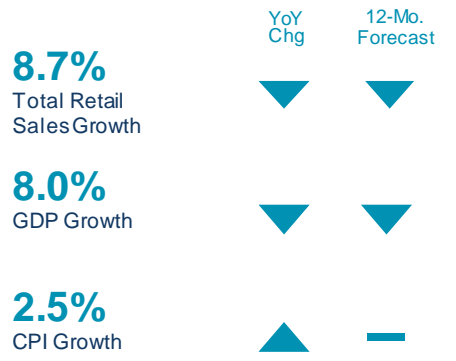


Source: Hefei Statistics Bureau.
The forecast is based on Oxford Economics

HEFEI ECONOMIC INDICATORS JAN - SEPT 2019



Source: Hefei Statistics Bureau.
The forecast is based on Oxford Economics

Metro Construction Boosts Emerging Submarkets, Further Prime Projects Expected

Metro Line 3 commenced operations in December 2019. Along Line 3 and Line 1, many quality shopping malls opened this year, including Vanke Mall, Super Grand Mall, the Mixc and Longfor Yaohai Paradise Walk. Combined, they brought more than 570,000 sq m of quality retail space to the market. The newly completed Line 3 has helped to boost bricks-and-mortar retail consumption in Hefei, bringing much greater ease of travel to several key commercial retail shopping centers. Line 3 has also accelerated retail market development in emerging submarkets such as Yaohai and Luyang. With Metro Line 4 and Metro Line 5 expected to complete in 2020, South Railway Station and Binhu New City are the next areas expected to enjoy the knock-on retail consumption benefits stemming from improved public transportation. As for future supply, several new retail projects are scheduled to open in 2020, although some may be subject to construction delay.

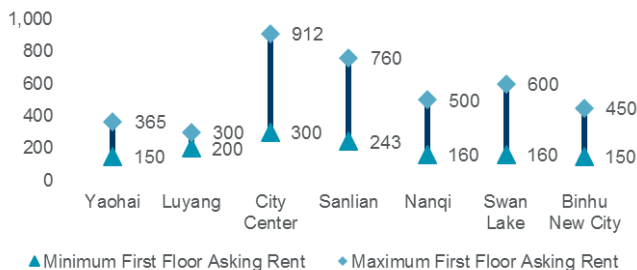
Malls Target Young Families and Female Consumers

Many new projects in the emerging submarkets enjoy large atrium or common area spaces. Mall operators have effectively utilized these spaces to house amusement facilities to attract children and young families. Along with the festival and holiday period in Q4 many shopping centers also held promotional activities with discounts, through the utilization of O2O platforms, apps and mini programs, to attract young and particularly female consumers. As for retail sectors, food & beverage has seen good sales growth numbers recently, as has fast fashion. This healthy business growth was also reflected in vacancy with the average vacancy rate for the city edging down to 3.3% at the end of 2019.

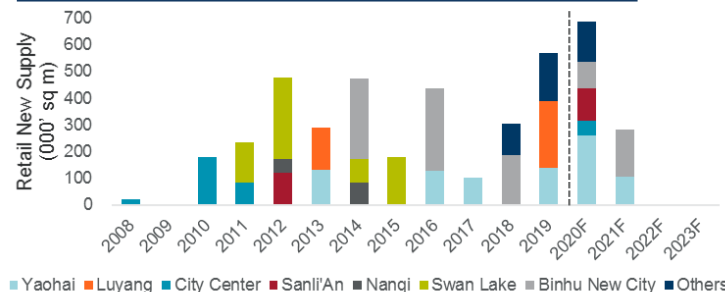
Rental Steady For Now, May Fluctuate in the Future

Monthly rental in the retail market ranged from 150 RMB per sq m to 912 RMB per sq m in Q4 2019. Overall, rental levels remained steady in most malls during the quarter. This might change however, given the large amount of quality retail space expected to complete next year. Given the large volume of supply expected to be operational next year, we do expect greater competition to be evident in the market, and many projects will have to work harder at driving footfall traffic, achieving sales and attracting and retaining retailers.

RENT RANGE BY SUBMARKET



RETAIL SUPPLY PIPELINE BY SUBMARKET



MARKET STATISTICS

SUBMARKET	INVENTORY (SQ M)	VACANT (SQ M)	VACANCY RATE	UNDER CNSTR TILL 2023 (SQ M)	OVERALL AVG RENT (RMB/SQMM)*
Yaohai	498,600	18,532	3.7%	365,000	150-365
Luyang	410,000	4,500	1.1%	-	200-300
City Center	340,500	3,470	1.0%	55,600	300-912
Sanli' An	200,000	1,600	0.8%	120,000	243-760
Nanqi	135,000	1,640	1.2%	-	160-500
Swan Lake	725,000	17,530	2.4%	-	160-600
Binhu New City	828,000	47,560	5.7%	276,000	150-450
Others	300,000	1,500	0.5%	150,000	150-360
HEFEI TOTALS	3,437,100	135,515	3.3%	1,416,600	150-912

* 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.

SIGNIFICANT STORE OPENINGS 2019

PROPERTY	SUBMARKET	TENANT	SECTOR
Yintai Center	City Center	Skin Ceuticals	Beauty
Intime Department Store	Swan Lake	Macau Xing's	Food & Beverage
Parkson	City Center	HeyTea	Food & Beverage

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	SQM
Greenland Colorful Hui	Others	2020	60,000
Rsun Plaza	Sanlian	2020	120,000
Evergrande Pjaza	Binhu New City	2020	100,000
Intime Department Store	Others	2020	90,000
Evergrande Living Mall	Yaohai	2021	176,000

SHAUN BRODIE

Head of Occupier Research, Greater China
42-43/F, Tower 2, Plaza 66, 1366 Nanjing West Road
Shanghai
Tel: +86 21 2208 0529/ shaun.fv.brodie@cushwake.com

cushmanwakefield.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2020 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.