

Source: Cushman & Wakefield Research

BEIJING ECONOMIC INDICATORS
4Q 2019

Source: Beijing Statistics Bureau / Cushman & Wakefield Research

Market Overview

With the exception of the soft opening of the ID Mall located near Dajiaoting Bridge, no new high-quality retail projects were completed in Beijing in Q1 2020. Total retail stock reached 14.1 million sq m, of which shopping malls account for 12.2 million sq m, or 86.3% of the total.

The quarter has been impacted by the COVID-19 outbreak. A small number of brands entered the market in the first half of January, such as Tony Bianco's first China store at Chaoyang Joy City, and M Essential's first flagship store at Beijing SKP. However from late January further outbreak-containment measures dissuaded residents from going out, passenger flow in shopping malls plummeted and brand sales suffered severe setbacks. Although most shopping malls (except for F&B, cinema, leisure and entertainment sectors) have remained open their hours have been shortened. However, by late March most shopping mall stores resumed normal operations and in the core submarkets, more than 80% of stores (except for cinema, leisure and entertainment) in shopping malls have done so.

The epidemic has inflicted heavy losses on bricks-and mortar retailers and driven consumers further to online shopping. Owners and tenants of shopping malls have boosted online promotions and services and launched their own e-commerce platforms. BHG Mall has cooperated with the F&B brand Xiabuxiabu to launch fresh vegetable and hotpot packages online, covering nine BHG shopping malls in Beijing, while Chaoyang Joy City has started to promote their brands and products on Taobao Live.

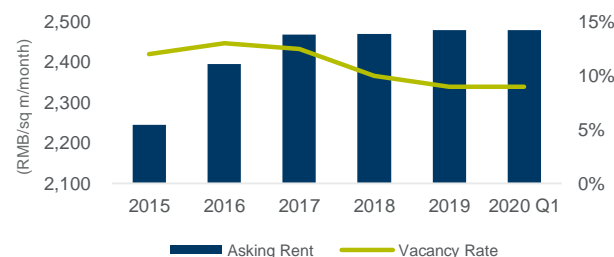
Outlook

The COVID-19 outbreak will curb the development of the Nightlife Economy and First Store Economy in the short-term. However, it is believed that post-outbreak, supported by government measures, both should rebound and the overall retail market will commence a gradual recovery.

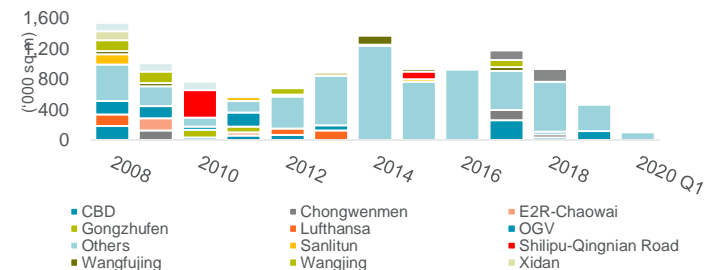
At the end of 2019 a number of older retail projects were earmarked for upgrading. Scitech Shopping Center located in Chang'an Street also announced its closure for upgrading this quarter. However, the epidemic has slowed the progress of urban renewal projects and new projects under construction, and consequently new supply will also slow in 2020. Existing projects will continue to focus on brand upgrades and tenant mixes.

With limited supply in the core submarkets and only smaller leasable spaces available, rents will continue to rise. And in Tongzhou district the opening of Universal Studios and new completions in the Tongzhou Canal Business District will drive significant passenger inflows to further stimulate the district's retail market and bring new development opportunities to the area.

RENT / VACANCY RATE



RETAIL SUPPLY PIPELINE BY SUBMARKET





MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	UNDER CNSTR TILL 2023 (SQM)	ASKING RENTAL RANGE		
			RMB/SQM/MO	EUR/SF/MO	US\$/SF/MO
CBD	939,849	40,000	800 – 3,500	9.6 – 45.6	10.7 – 50.8
Sanlitun	216,000	30,000	1,500 – 2,800	18.0 – 33.6	20.1 – 37.4
Xi'dan	199,000	0	1,000 – 2,500	12.0 – 30.0	13.4 – 33.4
Wangfujing	450,000	0	800 – 3,200	9.6 – 38.4	10.7 – 42.8
Lufthansa	364,000	0	1,300 – 1,200	9.6 – 14.4	10.7 – 16.0
E2R-Chaowai	242,985	0	500-1,500	6.0 – 21.0	6.7 – 23.4
Chongwenmen	309,000	120,000	800-1,000	9.6 – 12.0	10.7 – 13.4
OTHERS TOTALS	9,365,130	2,972,966	/	/	/
BEIJING TOTALS	12,085,964	3,162,966	2,480	29.7	33.2

*Data includes shopping malls only.

*Asking Rental Range is based on ground floor rent in prime locations in major shopping centers, excluding management, promotional and other fees; the overall average rent is the best location for the first floor of the benchmarking projects in the core submarkets.

Exchange Rate: 1CNY = 0.1439USD = 0.1291EUR, as of March. 3rd 2020.

SIGNIFICANT STORE OPENINGS 1Q 2020

PROPERTY	SUBMARKET	TENANT	SECTOR
China World Shopping Mall	CBD	CHAUMET	Jewelry
Taikoo Li	Sanlitun	UMA WANG	Fashion
Beijing SKP	CBD	M essential	Fashion
Chaoyang Joy City	Shilipu-Qingnian Road	Tony Bianco	Fashion

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	SQM
Chia Tai Commercial Center	CBD	2020	40,000
AWESOME PLAZA	OGV	2020	100,000
Longfor Lize Project	Lize	2020	90,000
Longfor Sunny Paradise Walk	Other (Mentougou)	2020	105,000

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