

GUANGZHOU

Retail Q1 2020



CUSHMAN & WAKEFIELD

8.5%
Disposable Income

YoY
Chg12-Mo.
Forecast

2.7%
Population



6.8%
Consumption Expenditure



Source: Guangzhou Statistics Bureau (Growth rates are as of 2019.)

GUANGZHOU ECONOMIC INDICATORS JAN - DEC 2019

7.8%
Total Retail
Sales Growth

YoY
Chg12-Mo.
Forecast

12.9%
Online Retail Sales
Growth



3.0%
CPI Growth



Source: Guangzhou Statistics Bureau

Vacancy Rate Up Slightly Amid COVID-19 Outbreak

With no new projects completed in 1Q 2020 the citywide retail stock remains at 4.7 million sq m. Retail sales plummeted after the COVID-19 outbreak, but the vacancy rate rose only 0.1 percentage points q-o-q to 6.6%, mainly due to rental relief from landlords and the containment measures helping to instill confidence in tenants to continue in business. Overall average rental remains at RMB788.8 per sq m per month, although landlords are implementing relief measures to retailers to varying degrees. Considering the possible ramifications we will continue to monitor trends in the vacancy rate and rental level.

Malls Address Challenges, Most Tenants Begin to Recover

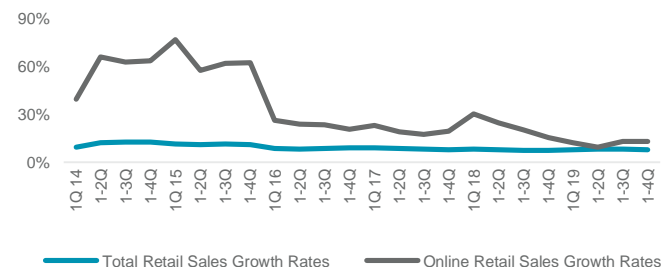
Shopping malls have been implementing measures to address the challenges they face. Landlords have offered rent-free periods to retailers, such as Wanda's 36-day rent waiver offer. Malls have picked up the pace of development for online channels, such as Poly Mall's online mall on the Wechat mini program. And finally, malls have escalated hygiene security levels to create a safe shopping environment and attract footfall, with mandatory face masks and temperature checks. Growing numbers of tenants are resuming normal opening hours.

New store openings have been curtailed, with most taking place before the Spring Festival. By category, general retail and F&B were the main drivers of expansion. Cosmetics collection store THE COLORIST, for instance, opened new stores in Poly Mall and PASO West. After February, retailers have been focusing on reopening stores after temporary closures. By the middle of March, most tenants have resumed business, except cinemas, KTVs, gyms, kids education and entertainment centers. F&B outlets have begun to offer restricted dine-in services as well as takeaways.

Outlook

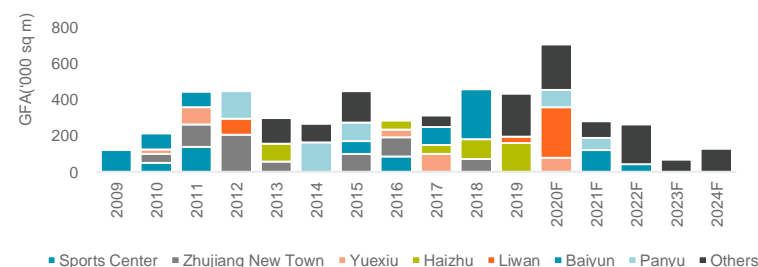
Although the domestic epidemic is gradually being controlled people's willingness to go shopping has not yet fully recovered, as imported cases of the coronavirus rise. For retailers, and for landlords, a clear view observation of the market is necessary before expansion. Therefore, projects scheduled for Q2 may postpone. By category, we expect consumption on cosmetics products and digital device upgrading will spur related retail business expansion, supported by Generation Z's spending power and 5G technology development.

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/MO)*	OVERALL AVG RENT (US\$/SQ/MO)*	OVERALL AVG RENT (EUR/SQ/MO)*
Sports Center	877,097	2.7%	41,228	1,546.6	20.7	18.6
Yuexiu	561,954	5.8%	76,000	862.5	11.5	10.3
Zhujiang New Town	707,459	10.4%	0	627.5	8.4	7.5
Haizhu	674,000	9.7%	0	627.2	8.4	7.5
Liwan	125,900	1.1%	280,000	535.0	7.1	6.4
Baiyun	618,300	9.6%	120,000	494.7	6.6	5.9
Panyu	418,245	2.3%	165,500	423.3	5.7	5.1
OTHERS TOTALS	713,302	N/A	754,000	N/A	N/A	N/A
GUANGZHOU TOTALS	4,696,257	6.6%	1,436,728	788.8	10.5	9.5

* 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 = 6.9516RMB = 0.8975EUR as at Mar 3, 2020

SIGNIFICANT STORE OPENINGS 1Q 2020

PROPERTY	SUBMARKET	TENANT	SECTOR
Metropolitan Plaza	Liwan	WOW colour	Cosmetics
Popark Shopping Mall	Tianhe Sports Centre	Swarovski	Jewelry
Parc Central	Tianhe Sports Centre	HEYTEA	Food & Beverage
igc	Zhujiang New Town	adidas	Sportswear
Wansheng Plaza	Haizhu	HUAWEI	Electrical & Electronics

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	GFA(SQ M)
CADRE INCITY	Others	2020	110,000
Lumina Guangzhou	Yuexiu	2020	76,000
Panyu TeeMall	Panyu	2020	97,500
Zengcheng Hopson One	Others	2020	138,000
YUE CITY	Liwan	2020	280,000

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