

# HANGZHOU

Retail Q1 2020

**4.1**  
STOCK (MILLION SQ.M)

12-Mo.  
Forecast

**¥697.1**  
RENT (PSM/MO)

**93.5%**  
OCCUPANCY RATE

## HANGZHOU ECONOMIC INDICATORS Q4 2019

**8.8%** Total Retail Sales Growth  
Q3 2019: **8.6%**

**16%** Online Retail Sales Growth  
Q3 2019: **15.4%**

**3.1%** CPI Growth  
Q3 2019: **2.8%**

Source: Hangzhou Statistics Bureau  
The forecast is based on Oxford Economics

## No New Projects Completed in Q1

No new projects were added during the quarter, and Hangzhou's quality retail stock remained at 4.1 million sq m. Impacted by the COVID-19 virus outbreak, average first-floor rent in high quality retail properties dipped, recording RMB697.1 per sq m per month at the end of Q1. With net absorption of 12,780 sq m for the quarter, the city's occupancy rate remained stable at 93.5%.

## Omnichannel Retail Accelerated

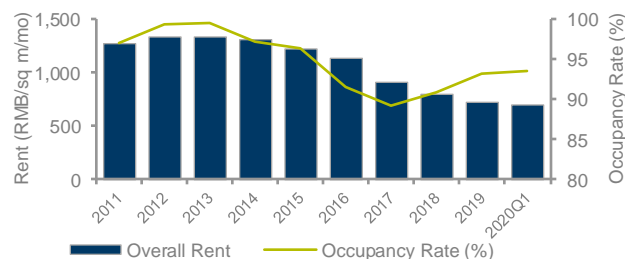
Before the COVID-19 outbreak, retailers, including catering, clothing retail and new retail, maintained a positive attitude for business expansion. Key new store openings included Yao Pickled Fish's second store, in the Kerry Center, following its first store in Intime City in the West City. Tittallon launched its first global customized experienced store in GDA Plaza, and China's first KFC Future Dimension store, launched jointly with Tmall Theme Store, opened in Binjiang Star Avenue. During the outbreak, online and offline retailing saw further integration with various omnichannel platforms deployed, including WeChat group marketing, live broadcast sales, and mall apps. Many of these platforms proved to be effective. During the Spring Festival period, Hangzhou Tower's sales of skin care and beauty products through WeChat marketing rose by 70%. Binjiang Paradise Walk enabled contactless shopping by creating its Longfor Paradise Walk online shopping mall. And in Wulin CBD malls partnered with Alibaba Group to establish a mall platform in the cloud, bringing a new creative cloud shopping experience.

## Community Commerce Embraces New Development Opportunities

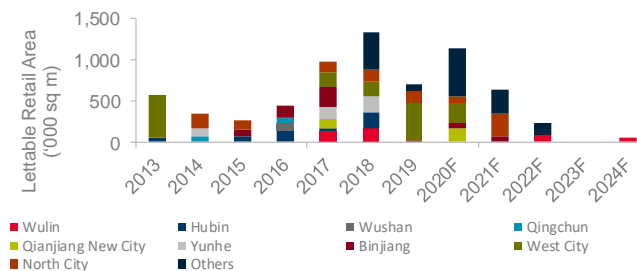
The COVID-19 outbreak has also highlighted the value of community retailing in residential areas. On the one hand, community retailing has been relatively small in terms of volume, investment, development and operation costs. On the other hand, it does enjoy stable consumption volume and business profit. With many people confined to their homes community retailing enjoyed greater sales volume than usual. Post-outbreak, we expect more attention to be paid to community retailing, given the greater appreciation of its business model and untapped business opportunities.

In terms of policy, since February the Hangzhou government has successively introduced and implemented a series of relief measures, including reducing financing costs for enterprises, supporting up consumer spending and accelerating the construction of new infrastructure such as 5G, AI, Big Data and data centers. These policies will provide strong support to mitigate the impact of COVID-19 on the local economy and will help to support Hangzhou's retail market through the recovery period.

## GRADE A CBD OVERALL RENT & VACANCY RATE



## GRADE A CBD NEW SUPPLY



## MARKET STATISTICS

| SUBMARKET          | OCCUPANCY RATE | RENT (RMB/SQ M/MO) | RENT (US\$/SQM) | RENT (EUR/SQ/MO) | STOCK (SQ M) |
|--------------------|----------------|--------------------|-----------------|------------------|--------------|
| Wulin              | 96.7%          | 800 – 1,500        | 10.7 – 20.1     | 9.6 – 18         | 398,930      |
| Hubin              | 94.9%          | 700 – 1,500        | 9.4 – 20.1      | 8.4 – 18         | 574,400      |
| Wushan             | 91.5%          | 500 – 1,000        | 6.7 – 13.4      | 6 – 12           | 176,000      |
| Qingchun           | 96.4%          | 600 – 800          | 8 – 10.7        | 7.2 – 9.6        | 193,000      |
| Qianjiang New City | 95.7%          | 600 – 800          | 8 – 10.7        | 7.2 – 9.6        | 413,000      |

Rent (RMB/sq m/mo) is based on ground floor in prime locations in major shopping centers, excluding management fee, promotion fee and other fees.

1CNY = 0.1439USD = 0.1291EUR (2020.3.3)

## SIGNIFICANT STORE OPENINGS Q1 2020

| PROPERTY     | SUBMARKET | TENANT                     | SECTOR           |
|--------------|-----------|----------------------------|------------------|
| Kerry Center | Hubin     | Yao Pickled Fish           | Catering         |
| GDA Plaza    | Wulin     | Tittallon                  | Clothing Retail  |
| Star Avenue  | Binjiang  | KFC Future Dimension Store | New Retail Store |

## SIGNIFICANT PROJECTS UNDER CONSTRUCTION

| PROPERTY                       | SUBMARKET          | EXPECTED OPENING DATE | SQM     |
|--------------------------------|--------------------|-----------------------|---------|
| GT Land Plaza                  | Qianjiang New City | 2020                  | 110,000 |
| Jiu Guang Plaza                | Qianjiang New City | 2020                  | 50,000  |
| Binjiang Intime                | Binjiang           | 2020                  | 70,000  |
| Tahoe Central Plaza            | West City          | 2020                  | 53,000  |
| Jiangdong Powerlong City Plaza | Others             | 2020                  | 120,000 |

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