

**8.7%**  
Disposable Income

YoY  
Chg12-Mo.  
Forecast

**1.2%**  
Population Growth (2018)

**7.0%**  
Consumption Expenditure  
Growth

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

#### NANJING ECONOMIC INDICATORS 2019

**5.4%**  
Total Retail  
Sales Growth

**8.0%**  
GDP Growth

**2.7%**  
CPI Growth

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

### COVID-19 Outbreak Dented Commercial Activity After the Spring Festival

The COVID-19 outbreak impacted shopping center operations in Nanjing during the Spring Festival and into February. Many centers could only restart operations after Feb. 10, while some could not resume normal operations until late March. To ease the financial challenges faced by developers the Nanjing Planning and Natural Resources Bureau issued six measures, including a land contract payment extension. Much online promotion work was also done to aid smaller firms. Still, footfall traffic dropped hugely since the Spring Holiday. Epidemic containment measures meant many brands could not restart their businesses, especially parent-kid brands, education institutions and cinemas. Additionally, restaurants had to restrict customer flow. And with construction of many new projects delayed by the crisis, no new projects opened in the first quarter.

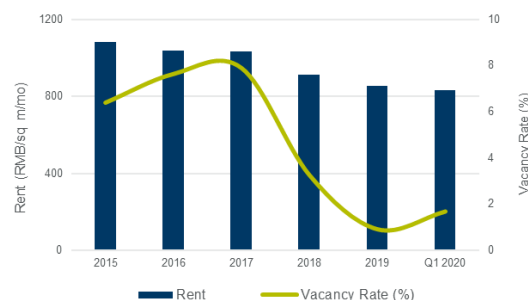
### Recovery From the COVID-19 Outbreak Expected

Before the Spring Festival many shopping centers were able to maintain a low vacancy rate. However, even when retailers restarted operations, many occupiers were not able to operate normally. For example, no pop-up stores were seen in most projects in the quarter. To help business survive, many landlords offered rental cuts or waivers. The current epidemic situation has also reshaped retailers. For stores remaining open, many managers implemented multiple marketing channels, including mini-program on WeChat, WeChat account platforms, online shopping platforms, email marketing and SMS marketing. On the food & beverage side, delivery services were launched on online apps and platforms. Noticeably, some fashion and beauty brands targeting a younger female demographic have attracted much interest in prime retail projects, before and after the COVID-19 outbreak. Ahead, we expect multichannel retailing to evolve into omnichannel in the mid-to long term, to boost sales revenue. Hence, in prime retail projects the average vacancy rate remained low at 1.75%, as stores have quickly adapted to the environment during the outbreak period and implemented innovative marketing models, new delivery services and enhanced omnichannel platforms.

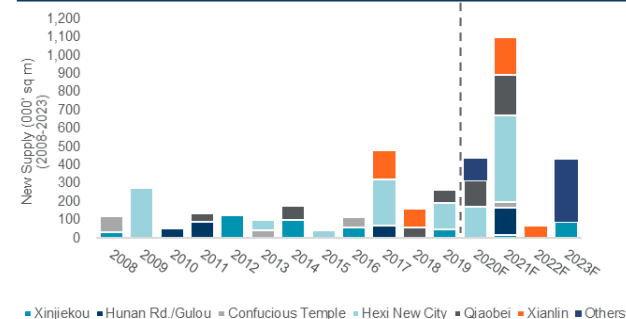
### An Uncertain Future but Opportunities Exist

Most shopping centers did not overly adjust rental levels in the crisis situation, so the citywide average remained above RMB 800 per sq m per month. Two new submarkets were added to the database this quarter, thus overall average rental was at RMB 834 per sq m per month. The crisis situation paused, postponed and even cancelled many campaigns in retail projects, but it also brought time and opportunities to let retailers rethink strategies and business models for the future. As the number of international visitors to Nanjing is likely to be low in the near-term future, many retailers in the city are likely to focus on domestic driven consumption.

#### RENT / VACANCY RATE



#### 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/SQ MMO)*
Xinjiekou	732,000	15,532	2.1%	108,000	600-2,900
Gulou & Hunan Road	208,000	19,660	9.5%	150,000	130-670
Confucius Temple	188,067	9,203	4.9%	31,000	470-1,060
Hexi New Town	933,063	4,362	0.5%	640,656	170-980
Qiaobei	251,557	741	0.3%	368,000	700-760
Xianlin	264,000	688	0.3%	275,000	300-370
Baijiahu	450,000	3850	0.9%	0	426-500
Others	114,000	0	0.0%	0	600-1000
<b>NANJING TOTALS</b>	<b>2,576,687</b>	<b>32,117</b>	<b>1.3%</b>	<b>1,572,656</b>	<b>130-2,900</b>

\* 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 Q1 2020

PROPERTY	SUBMARKET	TENANT	SECTOR
Golden Eagle International Shopping Center	Xinjiekou	Machi	Food & Beverage
House of Frazer	Xinjiekou	Hema Xinsheng	New Retail
Golden Eagle B	Xinjiekou	Xian He Zhuang Hot Pot	Food & Beverage
New City Mall	Hexi New Town	The Colorist	Beauty
Golden Eagle A	Xinjiekou	Judydoll	Beauty

## SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING YEAR	SQ M
Longfor Jiangbei Paradise Walk	Qiaobei	2020	143,000
Longfor Longwan Paradise Walk	Others	2020	116,000
Deji WTC Mall	Hexi New City	2020	71,000
Nanjing SHK IFC	Hexi New City	2021	93,000
Greenland Zijin Center	Gulou & Hunan Road	2021	150,000
Xianlin Suning Plaza	Xianlin	2021	205,000
Longfor Hexi Paradise Walk	Hexi New City	2021	116,000

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