

TIANJIN

Retail Q1 2020

YoY Chg 12-Mo. Forecast

2.34
Stock (million sq m) ▲ ▲

¥454.0
Rent (PSM/MO) ▼ ▼

7.8%
Vacancy Rate ▼ ▬

Source: Cushman & Wakefield Research

TIANJIN ECONOMIC INDICATORS Q4 2019

YoY Chg 12-Mo. Forecast

4.8%
GDP Growth ▲ ▼

8.9%
Total Retail Sales of Consumer Goods Growth ▲ ▲

2.7%
CPI Growth ▲ ▲

7.3%
Per Capita Disposable Income of Urban Residents ▲ ▲

Source: Tianjin Statistics Bureau / Cushman & Wakefield Research

Market Overview

With no new supply entering the market by the end of the quarter, Tianjin's total retail stock remained at 2.34 million sq m.

During the Spring Festival period the COVID-19 outbreak heavily impacted the retail market. Under the social distancing and quarantine requirements most shopping centers closed, and overall retail market demand and consumption plummeted. In Q1 net absorption recorded just 810 sq m, down 86% q-o-q. Average monthly rental fell 1.2% q-o-q to RMB 454 per sq m.

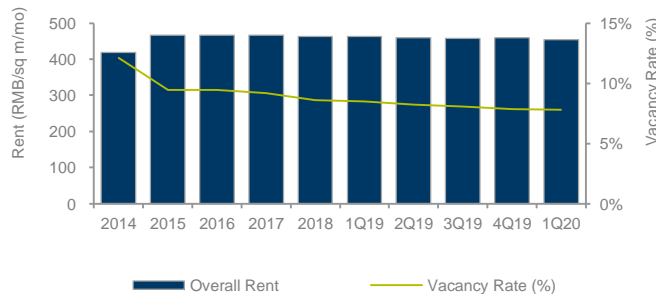
Bricks-and-mortar retailers with online and omnichannel presences have responded quickly to the impact of the crisis. For example, L+MALL launched a cloud-shopping mode to provide a one-to-one shopping assistance service through the WeChat platform, while Tianjin Joy City has employed the Tik Tok platform to help brand tenants to retail online.

Outlook

In response to the epidemic the entry of some shopping centers will be postponed. Four retail projects with a combined 182,000 sq m of new supply are currently scheduled to complete in 2020. With the epidemic coming under control more shopping centers are expected to resume normal operations by the end of Q1, and consumption will gradually recover. However, F&B and entertainment (cinema, KTV) operators, most significantly impacted by the epidemic, may face a longer recovery time. Those tenants with the tightest cash flows will be especially pressurized and may struggle to survive. Mall landlords are expected to drop rental levels to maintain occupancy and the citywide average rental is expected to decline in the near-term.

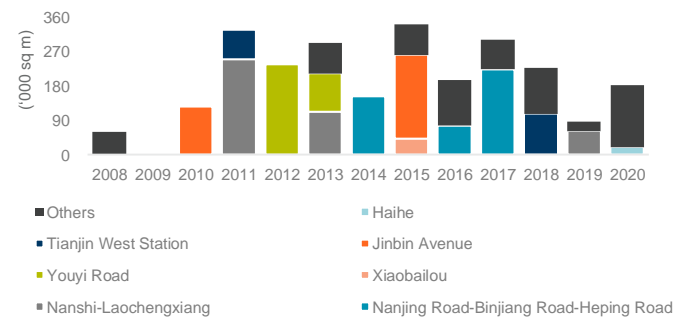
In the next four years 662,000 sq m of new supply is scheduled to complete in the Tianjin retail market, of which 74% will be suburban community retail projects. In the longer-term the market should continue to flourish, with community projects entering the market effectively driving future growth of region demand.

RENT / VACANCY RATE



Source: Cushman & Wakefield Research

RETAIL SUPPLY PIPELINE BY SUBMARKET



Source: Cushman & Wakefield Research

MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	VACANT (SQM)	VACANCY RATE	UNDER CNSTR TILL 2023 (SQM)	ASKING RENTAL RANGE (RMB/SQM/MO)*
Nanjing Road-Binjiang Road-Heping Road	452,601	68,757	15.2%	130,000	600-900
Youyi Road	336,137	31,459	9.4%	0	500-800
Tianjin West Station	184,580	7,463	4.0%	0	200-400
Nanshi-Laochengxiang	425,000	25,389	6.0%	0	300-600
Xiaobailou	42,500	678	1.6%	45,000	200-500
Jinbin Avenue	344,500	5,828	1.7%	0	250-400
OTHERS TOTALS	559,491	/	/	487,820	/
TIANJIN TOTALS	2,344,809	183,310	7.8%	662,820	

*All the data only include shopping malls

*Asking Rental Range (RMB/sq m/mo) is based on ground floor rent in prime locations in major shopping centers, excluding management, promotional and other fees.

SIGNIFICANT STORE OPENINGS Q1 2020

PROPERTY	SUBMARKET	TENANT	SECTOR
JOY CITY	Nanshi-Laochengxiang	Victoria's Secret	Clothing
JOY CITY	Nanshi-Laochengxiang	Perfect diary	Cosmetics
JOY CITY	Nanshi-Laochengxiang	ikkousha	Restaurant
Tee Mall	Nanjing Road-Binjiang Road-Heping Road	TAN YA XUE	Restaurant

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	SQM
Tianjin Hopson Fortune Plaza	Haihe River	2020	20,470
Tianjin Nord Center	Others	2020	55,000
SUNAC Center	Others	2021	100,000
JINMAO	Others	2023	45,750

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