



12.2

Stock (million sq m)

YoY
Chg12-Mo.
Forecast

¥2,400

Rent (PSM/MO)



12.0%

Vacancy Rate



Source: Cushman & Wakefield Research

BEIJING ECONOMIC INDICATORS

Q1 2020

YoY
Chg12-Mo.
Forecast

-6.6%

GDP Growth



-21.5%

Total Retail Sales of
Consumer Goods
Growth

3.8%

CPI Growth



4.8%

Per Capita Disposable
Income of Urban
Residents

Market Overview

No new high-quality retail projects were completed in Beijing in Q2 2020. Citywide total retail stock remained at 14.1 million sq m, of which shopping malls account for 12.2 million sq m, or 86.3% of the total.

The retail market was at a standstill in Q1, with owners and tenants under huge pressure from the impact of the COVID-19 outbreak. In Q2, despite a gradual recovery, many brand stores have still succumbed to cost pressures, especially those with weak leasing capacity in non-core submarkets. Citywide, the overall vacancy rate rose to 12%, up 3 percentage points q-o-q. However, the market environment has facilitated new entrants, including Gree Electric Appliances at the SKP mall, fashion brand Public Tokyo opening at Taikoo Li Sanlitun, and Perfect Diary Beauty's first Beijing store in the EC Mall.

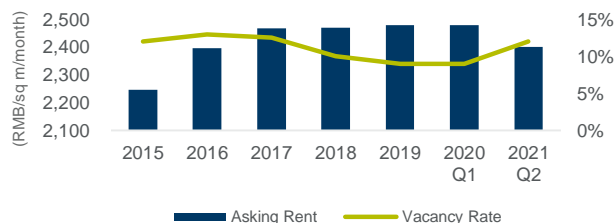
Shopper footfall traffic has gradually resumed. The pandemic emergency response level was officially lowered on April 30, and consumers' willingness to go shopping substantially recovered. Shopper traffic and sales of big-ticket products in the core submarkets picked up significantly over the May Day holidays. At SKP in the CBD submarket sales equaled those of last year over the same period, while traffic at Taikoo Li Sanlitun was up more than 50% on the pre-holiday period. Most stores in shopping malls have now resumed normal operations, and restaurants have resumed dine-in, but entertainment venues such as cinemas and KTVs are remain closed.

Total retail sales of consumer goods in Beijing fell 21.5% y-o-y in Q1 2020, although online retail jumped 15.9% y-o-y. To help kick-start the retail market the Beijing Municipal Bureau of Commerce has now launched a four-month citywide consumption promotion campaign starting from June 6, backed by shopping vouchers worth RMB12.2 billion to boost spending.

Outlook

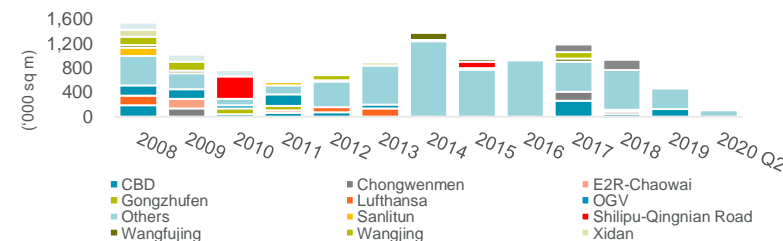
In 2H 2020, with further market recovery, the progress of projects under construction and planned renovations should resume. Projects including the Chia Tai Commercial Center, Awesome Plaza, and Daxing Joy Breeze should now complete this year, bringing approximately 248,450 sq m of new high-quality retail space to the market. We can also expect to see further optimization and changes in brand mixes in shopping malls. Finally, with higher vacancy levels, mall landlords are likely to relax brand entry requirements and tenants will have more room for negotiation on rents.

RENT / VACANCY RATE



Note: Average rent is the best location for the first floor of the benchmarking projects in the core submarkets

RETAIL SUPPLY PIPELINE BY SUBMARKET



Note: Data of 2020 is the cumulative up to Q2



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 – 2,500	9.4 – 29.3	10.4 – 32.6
Sanlitun	216,000	30,000	1,500 – 2,800	17.6 – 32.8	19.5 – 36.5
Xi'dan	199,000	0	1,000 – 2,500	11.7 – 29.3	13.0 – 32.6
Wangfujing	450,000	0	800 – 2,500	9.4 – 29.3	10.4 – 32.6
Lufthansa	364,000	0	800 – 1,500	9.4 – 17.6	10.4 – 19.5
E2R-Chaowai	242,985	0	600-1,500	7.0 – 17.6	7.8 – 19.5
Chongwenmen	309,000	120,000	800-1,000	9.4 – 11.7	10.4 – 13.0
OTHERS TOTALS	9,465,130	3,053,755	/	/	/
BEIJING TOTALS	12,185,964	3,243,764	2,400	28.1	31.3

*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 = 0.1402USD = 0.1261EUR, as of June. 1st 2020.

SIGNIFICANT STORE OPENINGS Q2 2020

PROPERTY	SUBMARKET	TENANT	SECTOR
China World Shopping Mall	CBD	Marco Bicego	Jewelry
EC Mall	Zhongguancun	PERFECT DIARY	Fashion
Beijing SKP	CBD	GREE ELECTRIC APPLIANCES	Fashion
BHG Shopping Mall (Shangdi)	Other	POP MART	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
Daxing Joy Breeze	Other (Daxing)	2020	108,452

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