



	YoY Chg	12-Mo. Forecast
4.89 Stock (million sq m)	▲	▲
¥280 Rent (PSM/MO)	▼	▲
20.4% Vacancy Rate	▲	▼

Source: Cushman & Wakefield Research

SHENYANG ECONOMIC INDICATORS
Q1 2020

	YoY Chg	12-Mo. Forecast
-12.9% GDP Growth	▼	▲
-23.8% Total Retail Sales of Consumer Goods Growth	▼	▲
5% CPI Growth	▲	▼
-2% Per Capita Disposable Income of Urban Residents	▼	▲

Source: Shenyang Statistics Bureau / Cushman & Wakefield Research

Market Overview

No new retail projects opened in Shenyang in Q2 2020 and the city's total retail stock remained at 4.89 million sq m.

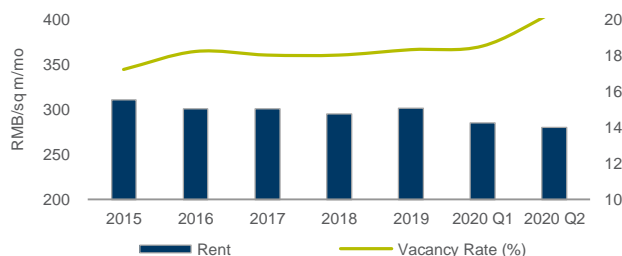
Although shopping mall footfall gradually recovered in Q2, pressures continue to weigh on the market. The average asking rent of high-quality retail projects dropped slightly to record RMB280 per sq m per month. Some less-competitive malls were forced to close large areas of their store space, with only part of the F&B and supermarket operations remaining open. Consequently, the overall market vacancy rate jumped 1.9 percentage points to 20.4%.

The pandemic has also accelerated changes in brand mixes in malls. The majority of new store openings in Q2 were fashion retail brands, such as Tata Group entering Wanda Plaza in the Hunnan-Olympic submarket, and Tudor at Hanglung Forum66 in Taiyuan Street submarket. However, cinema, offline educational and children's entertainment sectors remain at a standstill due to social distancing requirements. Cinemas are a major source of footfall for shopping malls, but a longer-term suspension of business will pose serious difficulties for small or medium sized cinema operators, leading to cinema closures. Consequently, the overall vacancy rate in the Shenyang retail market can be expected to continue to rise in the short term.

Outlook

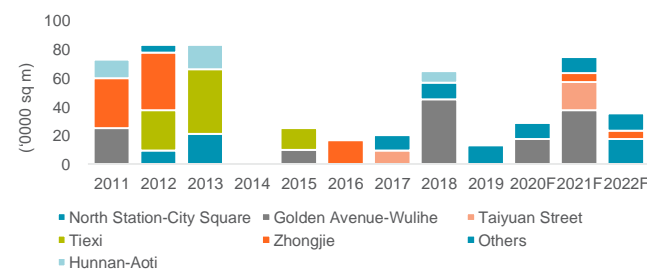
COVID-19 delayed construction of new retail projects, and the pace of future supply will now slow further. Currently, three projects are scheduled to enter the Shenyang retail market in 2H 2020, potentially bringing 416,000 sq m of high-quality space to the market. The pandemic has also disrupted retail service models and consumer behavior. In particular, operators in lifestyle sectors including restaurants and supermarkets have been obliged to launch online apps or WeChat mini-programs to enable online ordering and home delivery services. Looking ahead, the trend of integration of online and offline channels in the retail market will become further apparent.

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 2022 (SQM)	ASKING RENTAL RANGE (RMB/SQMMO)*
North Station-City Square	546,300	197,875	36%	177,000	175-630
Golden Avenue-Wulihe	904,547	92,356	10%	552,000	260-650
Taiyuan Street	233,504	48,693	21%	327,000	170-335
Tiexi	1,041,600	92,412	9%	-	185-340
Zhongjie	1,377,300	378,154	28%	115,000	188-425
Hunnan-Aoti	376,000	111,894	29.8%	-	145-300
Others	413,000	/	/	344,000	/
SHENYANG TOTALS	4,892,251	999,644	20.4%	1,515,000	280

*Data includes shopping malls only.

*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 Q2 2020

PROPERTY	SUBMARKET	TENANT	SECTOR
Zhongxing Commercial Building	Taiyuan Street	TUDOR	Fashion
Hanglung Forum66	North Station-City Square	Fun Ri Dao	F&B
Wanda Plaza (Aoti)	Hunnan-Aoti	Tata	Fashion
Wanda Plaza (Taiyuan Street)	Taiyuan Street	MUSCLE DOG	Fashion

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	SQM
Baoneng Global Shopping Mall	Golden Avenue-Wulihe	2020	176,000
Suning Plaza	Taiyuan Street	2020	130,000
The Mixc (Changbai)	Others	2020	110,000
Wuyue Plaza	Others	2021	112,000
The King Shopping Mall	Golden Avenue-Wulihe	2021	316,000
Center Plaza	Zhongjie	2021	60,000
Orchard Times Square	Golden Avenue-Wulihe	2021	40,000
OneWorld	Taiyuan Street	2021	150,000
Hongyun Center	Taiyuan Street	2021	47,000
Taihelongting	Others	2022	35,000
Lottle World	North Station-City Square	2022	177,000
The Mixc (Huanggu)	Others	2022	87,000
Joy City E	Zhongjie	2022	55,000

Sabrina Wei

Director

Head of North China Research

14/F, North Tower, Beijing Kerry Centre, 1 Guanghua Road, Beijing 100020, China

Tel: +86 10 8519 8087 / sabrina.d.wei@cushwake.com

cushmanwakefield.com

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