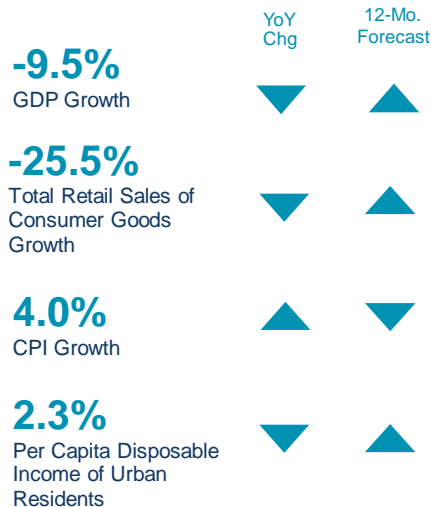


Source: Cushman & Wakefield Research

TIANJIN ECONOMIC INDICATORS Q1 2020



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 pandemic period customer footfall in shopping malls plummeted, with many stores forced to close. In Q2 citywide quarterly net absorption fell to a record low of -46,830 sq m. The overall market vacancy rate rose 2 percentage points q-o-q to 9.8%. Average rentals continued to decline, down 1 percentage point q-o-q to RMB450 per sq m per month.

Among all retail sectors, lease surrenders among the catering, children's education and entertainment industries have been the most apparent. To rejuvenate consumption and help retail businesses survive, the city designated Q2 as a promotion season, issuing spending vouchers via digital payment platforms such as Meituan, Alipay and WeChat.

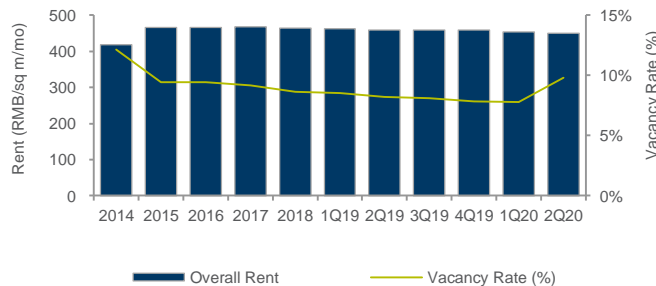
Outlook

Four suburban community retail projects are scheduled to enter the market in 2H 2020, bringing a provisional combined 182,070 sq m of new retail space. However, one or more of these projects may well be postponed, due to delays from the suspension of construction in the early part of the year, as well as the lackluster retail sales environment. In general, the pace of new supply is set to slow.

The market is now expected to take longer to recover from the pandemic than previously hoped-for. Weak economic conditions and strong competition from e-commerce, coupled with sluggish pre-pandemic spending, are inflicting damage on brick-and-mortar retailers. Landlords may be forced to adopt rent-reduction strategies to avoid the prospect of large-scale lease surrenders, and overall market rent levels are expected to continue to decline in 2H 2020.

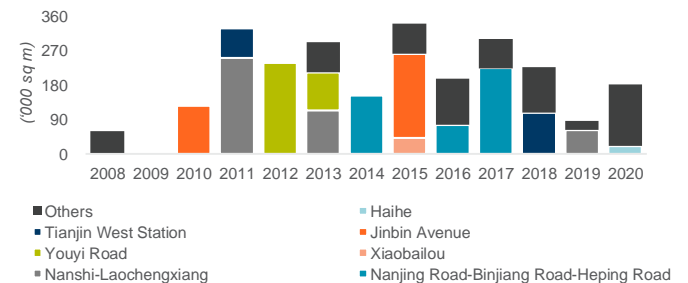
Community retail projects more closely serving residents' living needs have been more resilient to the impact of the pandemic. In the next four years, 662,000 sq m of new supply is scheduled to complete in the Tianjin retail market, of which 70% will be suburban community retail projects. Ahead, across the market as a whole, we also expect to see post-pandemic upgrades in environmental health standards and supporting facilities at retail properties.

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	75,557	16.7%	130,000	600-900
Youyi Road	336,137	32,059	9.5%	0	500-800
Tianjin West Station	184,580	9,263	5.0%	0	200-400
Nanshi-Laochengxiang	425,000	58,049	13.7%	0	300-600
Xiaobailou	42,500	1,198	2.8%	45,000	200-500
Jinbin Avenue	344,500	6,228	1.8%	0	250-400
OTHERS TOTALS	559,491	/	/	487,820	/
TIANJIN TOTALS	2,344,809	230,140	9.8%	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 Q2 2020

PROPERTY	SUBMARKET	TENANT	SECTOR
ITC Mall	Xiaobailou	HEY TEA	F&B
JOY CITY	Nanjing Road-Binjiang Road-Heping Road	REMICONE	F&B
Tee Mall	Nanjing Road-Binjiang Road-Heping Road	STARBUCKS NOW	F&B
Tee Mall	Nanjing Road-Binjiang Road-Heping Road	NAYUKI	F&B

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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