

# XIAMEN

Retail Q2 2020

**3.1%**  
Disposable Income

YoY Chg  
12-Mo. Forecast



**11.2%**  
Population



**-7.1%**  
Consumption Expenditure



Source: Statistics Bureau of Xiamen Municipality  
(Disposable Income and Consumption Expenditure Figures are growth rates as of 2020 Q1. Population is as of 2019)  
Oxford Economics, Cushman & Wakefield Research

## XIAMEN ECONOMIC INDICATORS JAN - MAR 2020

**-8.9%**  
Total Retail Sales Growth

YoY Chg  
12-Mo. Forecast



**-1.1%**  
Online Retail Sales of Goods Growth



**5.1%**  
CPI Growth



Source: Statistics Bureau of Xiamen Municipality  
Oxford Economics, Cushman & Wakefield Research

## Effects of COVID-19 Outbreak on Retail Market Apparent

The impact of the COVID-19 outbreak on rents and on tenants became apparent in Q2. Citywide average rent dropped 3.0% q-o-q to RMB555.7 per sq m per month. Some vulnerable brands shuttered, unable to maintain operations with no income in the containment measures period. The overall vacancy rate surged 2.4 percentage points to reach 10.2%.

By region, the non-core commercial areas and tourist areas were the worst-hit by the pandemic. Average rents dropped 6.8% q-o-q in the Cross Strait Financial Center (CSFC) and Zhongshan Rd. submarkets, while vacancy rates climbed 3.4 and 1.3 percentage points respectively. At the same time, many shopping centers in the SM to Railway Station areas took the opportunity to commence upgrades and brand mix adjustments.

Notable new entrants in the quarter included luxury retailers Saint Laurent, with a first boutique store in Fujian province, Burberry and IWC; cosmetics brand Wow Colour; and online snack retailer Three Squirrels' brick-and-mortar Feeding Store.

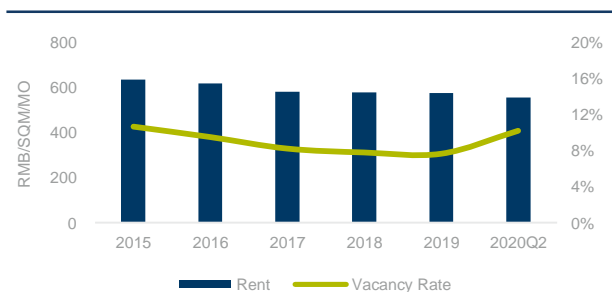
## Confidence Returning but New Supply will Exert Pressure on Rents

Since early April, the Xiamen government has issued several waves of shopping coupons aiming to rebuild market confidence and boost consumption. Specific initiatives in tourism, public transportation and shopping activities have also aided the retail recovery. In particular, footfall traffic and sales returned to normal levels during the May Day and Mother's Day holiday periods.

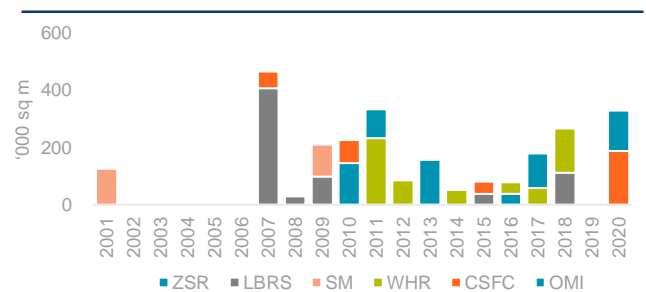
The night-time economy has also been a boon to the post COVID-19 retailing market. In addition to brand adjustments, mall operators have utilized open spaces and public areas to host night markets to attract consumers after dark.

A large volume of new supply in the pipeline is expected to enter the market through the remainder of 2020. The scheduled completions, especially in the suburban areas, can be expected to exert downward pressure on the citywide average rent in the short-term.

## RENT / VACANCY RATE



## RETAIL SUPPLY PIPELINE BY SUBMARKET



## MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	VACANT (SQM)	VACANCY RATE	UNDER CNSTR TILL 2022 (SQM)	OVERALL AVG RENT (RMB/SQMMO)*
Zhongshan Rd. (ZSR)	186,000	13,935	7.5%	347,858	820.00
Lianban-Railway Station (LBRS)	688,000	141,940	20.6%		695.00
SM	236,000	11,047	4.7%	115,500	1130.00
Wuyuanwan-Hubian Reservoir (WHR)	567,000	35,153	6.2%		436.67
Cross Strait Financial Center (CSFC)	240,000	17,099	7.1%	188,000	340.00
Outside Xiamen's Main Island (OMI)	376,700	15,318	4.1%	570,000	336.67
<b>XIAMEN TOTALS</b>	<b>2,293,700</b>	<b>234,491</b>	<b>10.2%</b>	<b>1,221,358</b>	<b>555.71</b>

\* Rental rates are calculated by NLA and considered as consistently achievable for prime space in prime shopping centers, excluding management fee, promotional fee and other fees.

## SIGNIFICANT STORE OPENINGS Q2 2020

PROPERTY	SUBMARKET	TENANT	SECTOR
Intime Department Store Jimei	Outside Xiamen's Main Island	Haidilao Hotpot	F&B
MixC	Lianban-Railway Station	Burberry	Retailing
Lifespace	Wuyuanwan-Hubian Reservoir	Three Squirrels Feeding Store	Retailing

## SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	SQM
Xiamen Center	Outside Xiamen's Main Island	2020	140,000
ioi Mall	Outside Xiamen's Main Island	2021	120,000
Sea World Phase II – Plot 7	Zhongshan Road	2021	63,000
SM Phase III	SM	2021	84,500
Shimao Festival City	Outside Xiamen's Main Island	2022	100,000
Sea World Phase III – Plot 5	Zhongshan Road	2022	116,000

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