

YoY Chg 12-Mo. Forecast

5.74
Stock (million sq m) ▲ ▲

¥248
Rent (PSM/MO) ▼ ▲

16.8%
Vacancy Rate ▲ ▼

Source: Cushman & Wakefield Research

XI'AN ECONOMIC INDICATORS Q1 2020

YoY Chg 12-Mo. Forecast

-4.1%
GDP Growth ▼ ▲

-23.0%
Total Retail Sales of Consumer Goods Growth ▼ ▲

4.1%
CPI Growth ▲ ▼

9,377
Per Capita Disposable Income of Urban Residents ▼ ▲

Source: Xi'an Statistics Bureau / Cushman & Wakefield Research

Market Overview

No new supply entered the Xi'an retail market in Q2, and with the closure of Chicony Square in the Central City submarket, the citywide shopping center stock was reduced to 5.7 million sq m by the end of the quarter.

The ongoing effects of the COVID-19 outbreak on the market became more apparent in Q2, with lease surrenders in the F&B, entertainment and education sectors, and from brand stores with weaker operational viability. The overall market vacancy rate rose 2.6 percentage points q-o-q to 16.8%, while average asking rent trended down, dropping to RMB248.1 per sq m per month.

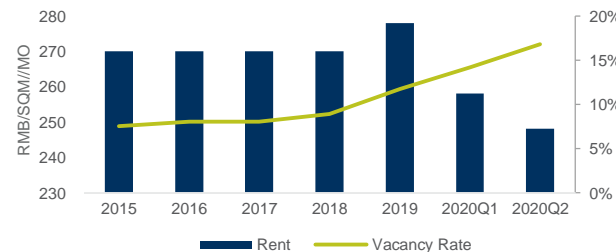
Although the pandemic exerted great operational pressure on shopping centers, some landlords took the opportunity to upgrade tenant mixes. New store openings in the city increased significantly in Q2, including many first stores. Sevenbus opened their first Northwest China store at Xi'an Joy City, while a flagship Nike Kicks Lounge store opened in Kaiyuan Mall in the Central City submarket.

Outlook

The impact of the COVID-19 outbreak has slowed the pace of new supply into the retail market. Three new shopping malls are currently scheduled to open in 2H 2020, bringing 350,000 sq m of high-quality retail space to the market. In particular, the opening of the Longfor Xi'an Xiangti Paradise Walk in Baqiao District is anticipated to bring welcome new commercial vitality to the area.

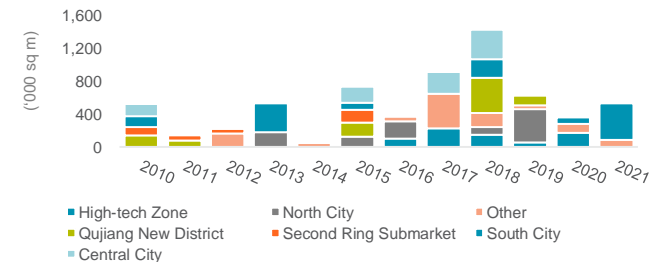
The Xi'an retail market is also further diverging in the wake of the pandemic. In the future, projects with stronger operations in the core submarkets will still be brands' first choice for location, but some older department store projects with weaker operations will likely require upgrading or face closure.

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 2021 (SQM)	ASKING RENTAL RANGE (RMB/SQM/MO)*
Central City	831,600	152,349	18.32%	0	180-410
Hi-tech Zone	601,000	97,362	16.20%	168,000	350-830
North City	1,107,540	192,269	17.36%	0	150-260
Qujiang District	921,632	152,161	16.51%	0	140-250
Second Ring	368,500	95,110	25.81%	0	180-400
South City	797,711	125,480	15.73%	529,000	160-570
Other	1,116,000	150,214	13.46%	190,000	200-240
XI'AN TOTALS	5,743,983	964,989	16.80%	887,000	248.1

*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
Sunshine Paradise	Hi-tech Zone	Yao Yao Pickled Fish	F&B
Joy City	Qujiang District	SEVENBUS	F&B
Keiyuan Mall	Central City	NIKE KICKS LOUNGE	Fashion

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	SQM
China Railway Li Feng City Life Square	Hi-tech Zone	2020	168,000
Longfor Xi'an Xiangti Paradise Walk	Other	2020	110,000
City More	South City	2020	80,000
Xi'an Yuemei International	Other	2021	80,000
OCT Xi'an International Cultural Center	South City	2021	99,000
Suning Square	South City	2021	350,000

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