



Source: Statistics Bureau of Shenzhen Municipality  
(Figures are growth rates as of 2019.)  
Oxford Economics, Cushman & Wakefield Research

## SHENZHEN ECONOMIC INDICATORS JAN - JUN 2020



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

## Retail Market Continues Recovery, Led by F&B and Sportswear Sectors

Shenzhen's total consumer goods retail sales recorded RMB441.69 billion for Jan-July, with the y-o-y drop continuing to narrow. Supported by the city government's stimulus measures across retail sectors to boost consumer spending, sales in July alone improved 1.9% y-o-y.

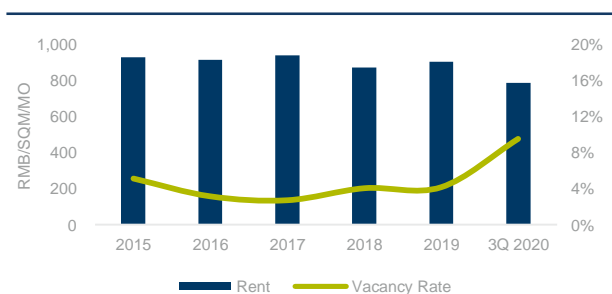
Gateway One (Phase II) in Shekou and Baoneng Global in Xili opened in Q3, pushing the city's prime retail stock to 4,996,329 sq m. A large volume of stock has now been added since 2017, enriching the market but also intensifying competition among submarkets, with more than 48% of new supply located in core areas. As well, the ongoing impact of the COVID-19 pandemic has been apparent, with retailers experiencing challenges in both supply and demand, resulting in downsizing of leased space. Consequently, the citywide overall vacancy rate rose to 9.5%. Several community shopping centers also opened during Q3, including COFCO Joy Street, Sunac Rongchuanghui and Kaisa Karfun World. While providing convenience for neighborhoods, these retail centers also cultivate one-stop consumer shopping behavior.

Average monthly rental levels dropped 4.2% q-o-q to RMB785.85 per sq m in Q3. The adjustment was mainly driven by high-vacancy projects seeking greater occupancy from quality tenants, as well as relaxed renewal offers from other operators. In Nanshan district, new projects contributed to average monthly rental dropping to RMB694.62 per sq m. Among sectors, F&B and sportswear were active during the quarter. Notable new entrants and expansions included 1886 German Restaurant & Bar, Feidachu, Fujiantaoshan and Neiwai. Lifestyle brands also figured, with Jo Malone opening a South China flagship store in the MixC World. With international travel curtailed, luxury product demand has shifted to the domestic market. Kering Group reported sales growth of 6.4% in the second financial quarter in the China market, while Burberry opened in the MixC Shenzhen Bay.

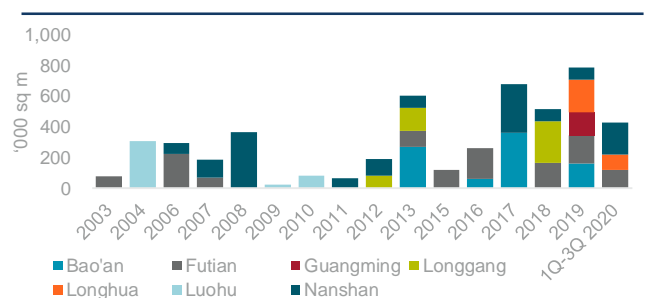
## Qianhai Bay to Welcome Landmark Project in Q4

Looking ahead, approximately 265,000 sq m of new prime retail supply is scheduled for Q4. The majority is slated for the emerging submarkets, including the landmark OH Bay project in Qianhai Bay. Costco group has also reportedly signed agreements with the Shenzhen government and the Galaxy Group to establish a South China headquarters and flagship store in Longhua. From the demand side, Q4 is regarded as the traditional peak sales season, supported by the National Holiday, shopping festivals and pre-spring festivals, and is hoped to further boost recovery in consumer spending. And with schools reopening, children's brands and education centers should recover, supported by in-mall art and design activities.

## RENT / VACANCY RATE



## RETAIL ANNUAL SUPPLY BY SUBMARKET



## MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	VACANT (SQM)	VACANCY RATE	UNDER CNSTR TILL 2023 (SQM)	OVERALL AVG RENT (RMB/SQMMO)*
Luohu	417,829	14,050	3.4%	512,000	1766.67
Futian	1,268,000	135,130	10.7%	180,000	894.17
Nanshan	1,498,500	217,015	14.5%	642,083	694.62
Longgang	502,000	31,420	6.3%	90,000	504.00
Bao'an	850,000	41,500	4.9%	405,000	708.00
Longhua	310,000	26,800	8.6%	350,000	350.00
Guangming	150,000	7,500	5.0%	-	400.00
<b>SHENZHEN TOTALS</b>	<b>4,996,329</b>	<b>473,415</b>	<b>9.5%</b>	<b>2,179,083</b>	<b>785.85</b>

\* Rentals 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 Q3 2020

PROPERTY	SUBMARKET	TENANT	SECTOR
The MixC Shenzhen Bay	Nanshan	Burberry	Luxury
The MixC World	Nanshan	Jo Malone	Lifestyle
Kingkey 100	Luohu	Feidachu	F&B
The MixC Shenzhen	Luohu	Neiwai	Sportswear
KKONE	Futian	Fujiantaoshan	F&B
COCO Park	Futian	1886 German Restaurant & Bar	F&B

## SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	SQM
FutureCity	Futian	2021	80,000
Houhai Harbour	Nanshan	2021	72,083
The MixC Qianhai	Qianhai	2021	80,000
Joy City	Bao'an	2022	100,000

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