



Source: Cushman & Wakefield Research

BEIJING ECONOMIC INDICATORS Q3 2020



Source: Beijing Statistics Bureau / Cushman & Wakefield Research

Market Overview

Five new high-profile retail projects completed in Q4: Wanda Plaza in Yanqing District, Joy Breeze in Daxing District, Beijing Fun Capital Wanda Plaza in Changping District, Beijing Shuangqiao Wanda Plaza, and Beiyuan Huamao Place (West Zone) in Chaoyang District. They added a combined 506,452 sq m of space, bringing total shopping mall supply to 12.6 million sq m, accounting for 87% of the city's retail stock.

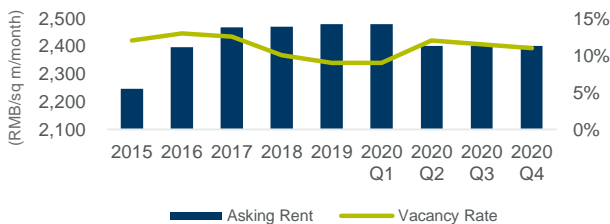
The market continued to recover from the impacts of the pandemic in 2H, supported by initiatives from the government, developers and brands. A government-issued shopping voucher campaign, launched in June, together with shopping season promotions, have been key drivers in reviving consumer activity. New store openings rose significantly, led by F&B and fashion sectors, with several fashion brand first stores in the preferred Sanlitun and CBD submarkets. High-end sports brand Descente opened China's first Descente Blanc flagship store at Takoo Li in Sanlitun, while Kilian launched a Beijing first store at Beijing SKP in the CBD. In Q4 Zara opened the doors to a new Asia flagship store, a four-storey standalone building in Wangfujing submarket of more than 3,500 sq m.

In the luxury goods retail sector, China's new post-pandemic economy has seen demand from the international market curtailed, with the focus instead shifting notably to domestic consumers. SKP Beijing celebrated its annual sale period in Q4 with brisk business in luxury goods. However, the road to full retail recovery is still long. Total Beijing retail sales of consumer goods were down 13.1% y-o-y at the close of Q3 -- an improvement of 8.4 pp on Q1's performance, when the pandemic was at its worst. Online retail continued to grow strongly, up 25.3% y-o-y, and we can expect online retail figures to be even more prominent in Q4, boosted by the Double Eleven shopping festival.

Outlook

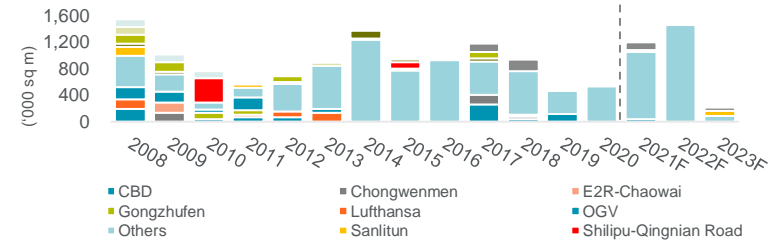
The pace of new supply entering the Beijing retail market slowed significantly in 2020 due to the pandemic. However, with the gradual recovery the new high-volume projects launched into the market in Q4 resulted in a full-year figure of 606,452 sq m of new supply for 2020, up 31% y-o-y. Looking ahead, the overall Beijing retail market is set to be significantly enhanced as older commercial projects are remodeled and renovated. As well, following the baptism of the pandemic, mall operators have become far more alert to the importance of tenant mixes and the interaction and expansion of online-offline channels.

RENT / VACANCY RATE



Note: Average rent is the best location for the first floor of the benchmarking projects in the core submarkets

RETAIL SUPPLY PIPELINE BY SUBMARKET



Note: Data of 2020 is the cumulative up to Q3

MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	UNDER CNSTR TILL 2023 (SQM)	ASKING RENTAL RANGE		
			RMB/SQM/MO	EUR/SF/MO	US\$/SF/MO
CBD	939,849	40,000	800 – 2,500	9.5 – 29.7	11.3 – 35.3
Sanlitun	216,000	110,000	1,500 – 2,800	17.8 – 33.3	21.2 – 39.6
Xi'dan	199,000	0	1,000 – 2,500	11.9 – 29.7	14.1 – 35.3
Wangfujing	450,000	0	800 – 2,500	9.5 – 29.7	11.3 – 35.3
Lufthansa	234,000	0	800 – 1,500	9.5 – 17.8	11.3 – 21.2
E2R-Chaowai	242,985	0	600-1,500	7.1 – 17.8	8.5 – 21.2
Chongwenmen	309,000	0	800-1,000	9.5 – 11.9	11.3 – 14.1
OTHERS TOTALS	10,006,582	2,702,512	/	/	/
BEIJING TOTALS	12,597,416	2,852,512	2,400*	28.5	33.9

*Data includes shopping malls only.

*Asking Rental Range is based on ground floor rent in prime locations in major shopping centers, excluding management, promotional and other fees; the overall average rent is the best location for the first floor of the benchmarking projects in the core submarkets.
Exchange Rate: 1CNY = 0.1521USD = 0.1279EUR, as of November 25th 2020.

SIGNIFICANT STORE OPENINGS Q4 2020

PROPERTY	SUBMARKET	TENANT	SECTOR
Beijing SKP	CBD	Jardin d'Hiver	Fashion
China World Shopping Mall	CBD	ARTNATURE	Leisure & Entertainment
Beijing Takoo Li	Sanlitun	Phenix	Fashion
Beijing Takoo Li	Sanlitun	DESCENTE BLANC	Fashion
Chaoyang Joy City	Shilipu-Qingnian Road	Yao Yao Pickled Fish	F&B
Beijing Aegean Shopping Park	Other	ROUND 1	Leisure & Entertainment

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	SQM
Longfor Lize Paradise Walk	Lize	2021	92,000
Takoo Li (west zone)	Sanlitun	2021	30,000
AWESOME PLAZA	OGV	2021	100,000
CP Center	CBD	2021	40,000
LEMON LIVE SHOPPING PARK	Other (Chaoyang)	2021	130,000

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