

HANGZHOU

Retail Q4 2020

12-Mo. Forecast

4.4
STOCK (MILLION SQ M)



¥640.5
RENT (PSM/MO)



94.1%
OCCUPANCY RATE



Four New Projects Launch

Four new retail projects opened in Q4: Aux Plaza, WeTown, MixC, and Jiangdong Powerlong Plaza. Their combined area brought 230,200 sq m of new retail supply to the Hangzhou market. Subsequently, quality retail stock climbed to approximately 4.4 million sq m at the end of the quarter. Net absorption amounted to 222,626 sq m in Q4, leading to the city's occupancy rate remaining stable at 94.1%. Hangzhou's overall rent for first-floor space at high quality retail properties averaged RMB640.5 per sq m per month at the end of the quarter.

Among the new projects, MixC is the third commercial project for China Resources Land in Hangzhou. The project is adjacent to Hangzhou East Railway Station and has seamless connections to four metro lines. It covers a wide range of retail formats such as food, parent-child education, sports fashion, and life services. The project has also introduced popular F&B brands such as He Ma Xian Sheng and Tim Hortons. Additionally, Powerlong Plaza is Powerlong's eighth commercial project in Hangzhou. The project is in the core area of Jiangdong New City SBD and positioned as a one-stop commercial complex and family fashion lifestyle center.

National Culture Exhibitions Gain Popularity

National culture exhibition activities became highly favored in the quarter. Hangzhou Tower 501 introduced an innovative consumer experience through a partnership with the Palace Museum, with a themed exhibition entitled Forbidden City, while the first National Collections store opened in Hangzhou Tower Central Plaza. The first store economy also continued to flourish, with Wulin Intime department store adding beauty brand Elizabeth Arden's first store in Zhejiang province, while Binjiang Powerlong City introduced the country's first skiing concept store, Hopo Snow.

Digital, Smart and Sophisticated Retail Operations to Become the New Key Trend

Moving forward, the challenges of oversupply in the retail market are likely to remain, while transition within the industry will continue to accelerate. Those retail businesses able to satisfy consumers' experience expectations, and which can gain from policy support, fully integrate high quality industry technological resources, and have the necessary professional business operation capabilities, will gain competitive advantage and win more business opportunities. To capture these opportunities, retail operators will need to further strengthen their online and offline integration through the best-practice application of cutting-edge technologies, such as 5G, Big Data and Artificial Intelligence.

HANGZHOU ECONOMIC INDICATORS Q3 2020

Q2 2020

12-Mo. Forecast

-5.2%

Total Retail Sales Growth

-6.8%



18.1%

Online Retail Sales Growth

16.6%



2.9%

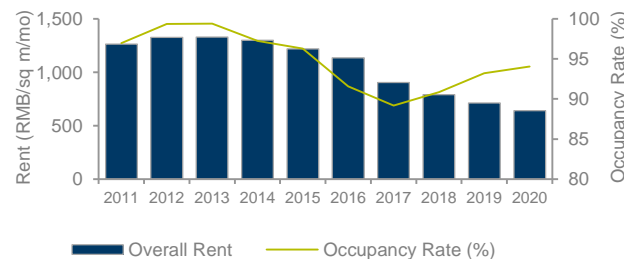
CPI Growth

3.5%

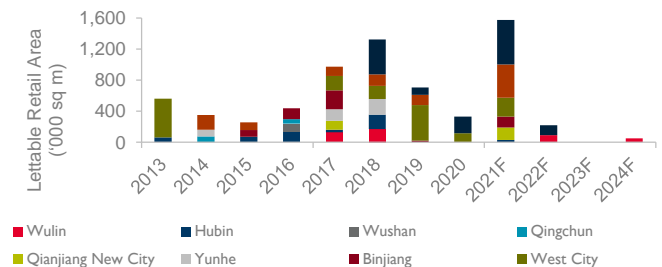


Source: Hangzhou Statistics Bureau
The forecast is based on Oxford Economics

GRADE A CBD OVERALL RENT & VACANCY RATE



GRADE A CBD NEW SUPPLY



MARKET STATISTICS

SUBMARKET	OCCUPANCY RATE	RENT (RMB/SQ MMO)	RENT (USD/SFMO)	RENT (EUR/SFMO)	STOCK (SQM)
Wulin	96.9%	800 – 1,500	11.3 – 21.2	9.5 – 17.8	398,930
Hubin	94.9%	700 – 1,500	9.9 – 21.2	8.3 – 17.8	544,400
Wushan	91.5%	500 – 1,000	7.1 – 14.1	5.9 – 11.9	176,000
Qingchun	96.4%	600 – 800	8.5 – 11.3	7.1 – 9.5	193,000
Qianjiang New City	96.9%	600 – 800	8.5 – 11.3	7.1 – 9.5	413,000

Rent (RMB/sq m/mo) is based on ground floor in prime locations in major shopping centers, excluding management fee, promotional fee and other fees.

1CNY = 0.1521 USD = 0.1279 EUR (2020.11.25)

SIGNIFICANT STORE OPENINGS Q4 2020

PROPERTY	SUBMARKET	TENANT	SECTOR
Hangzhou Tower Central Plaza	Wulin	National Collections	Retail
Wulin Intime	Wulin	Elizabeth Arden	Retail
Powerlong City	Binjiang	Hopo Snow	Entertainment

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	SQM
InS.Park	North City	2021	80,000
Jiu Guang Plaza	Qianjiang New City	2021	50,000
Binjiang Intime	Binjiang	2021	70,000
Tahoe Central Plaza	West City	2021	53,000
Jiangdong Paradise Walk	Others	2021	107,000

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