

9.9%
Disposable Income Growth

YoY Chg 12-Mo. Forecast



1.5%
Population Growth (2018)



19.3%
Online Retail Sales Growth



Source: Hefei Statistics Bureau.
The forecast is based on Oxford Economics

HEFEI ECONOMIC INDICATORS JAN - SEPT 2020

0.1%
Total Retail Sales Growth

YoY Chg

12-Mo. Forecast



2.7%
GDP Growth



3.2%
CPI Growth



Source: Hefei Statistics Bureau.
The forecast is based on Oxford Economics

No New Projects Completed in 2020

No new projects entered the Hefei market in 2020. Throughout the year most malls strictly implemented COVID-19 containment measures as required by the government, limiting footfall traffic particularly in the early part of the year. Road and metro line construction also affected some businesses for extended periods. Following adjustments to our tracking database, citywide quality retail stock fell to 3.2 million sq m. Some projects scheduled to complete in 2020 were delayed to next year, with further handover delays a possibility for the year ahead.

Retail Operators Moved to Introduce In-Demand Options

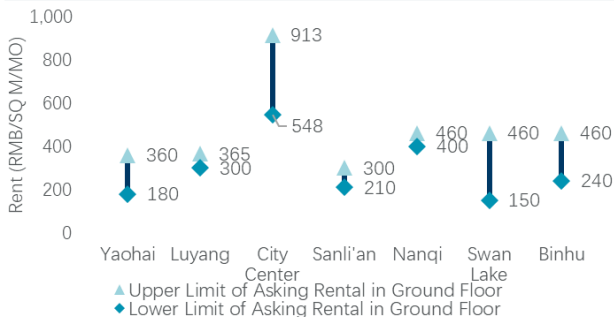
Many garment brands faced sales revenue pressures during the year as a result of the pandemic. In response, department stores, where clothing traditionally occupies a large area, moved to introduce more popular F&B options and entertainment stores to help attract customers. Sports and parent-kid brands also enjoyed more stable footfall traffic and sales during the period. New sports educational institutions also appeared in some community malls in the second half.

As part of economic recovery measures the city government launched a select free public transport campaign at certain times to help encourage consumption. This and other initiatives helped total retail sales to achieve positive YTD growth after the first nine months of the year. Overall, F&B, entertainment, and beauty brands enjoyed the most success with consumers during the year. Perfect Diary, Machi Machi and Chinese Sauerkraut Fish all opened first stores in the city. However, the loss of small retail occupiers and clothing brands in the market pushed the citywide average vacancy rate to 4.9% at the year-end.

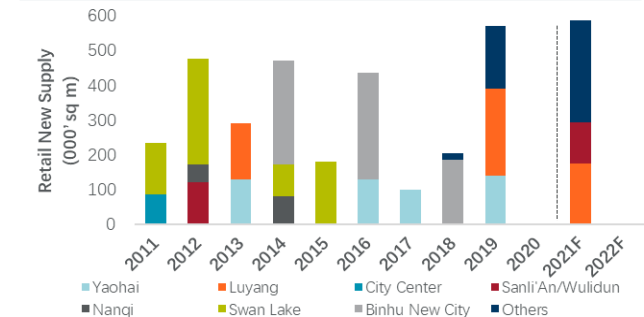
Rental Still Has Potential for Future Growth

Following the retail market database adjustment, monthly citywide rental averaged around RMB379.4 per sq m in Q4. Although landlords gave up some rental income in the first several months of the year, they then tended to maintain or even raise rents later in the year, as the market gradually recovered. Looking ahead, as new metro lines come into operation, many malls in the city will see their effective catchment areas widen, which can be expected to promote the longer-term growth of the Hefei retail market.

RENT RANGE BY SUBMARKET



RETAIL SUPPLY PIPELINE BY SUBMARKET



MARKET STATISTICS

| SUBMARKET | INVENTORY (SQ M) | VACANT (SQ M) | VACANCY RATE | UNDER CNSTR TILL 2023 (SQ M) | OVERALL AVG RENT (RMB/SQMMO)* |
|---------------------|------------------|----------------|--------------|------------------------------|-------------------------------|
| Yaohai | 498,600 | 18,532 | 3.7% | - | 150-365 |
| Luyang | 410,000 | 4,500 | 4.2% | 175,000 | 200-300 |
| City Center | 340,500 | 3,470 | 1.0% | - | 300-912 |
| Sanli'An | 200,000 | 1,600 | 2.0% | 120,000 | 243-760 |
| Nanqi | 135,000 | 1,640 | 5.2% | - | 160-500 |
| Swan Lake | 725,000 | 17,530 | 2.4% | - | 160-600 |
| Binhu New City | 828,000 | 47,560 | 5.7% | - | 150-450 |
| Others | 300,000 | 1,500 | 2.0% | 292,000 | 150-360 |
| HEFEI TOTALS | 3,292,100 | 162,492 | 4.9% | 587,000 | 150-912 |

* Rental rates are calculated by NLA and considered as consistently achievable for prime space (usually the ground floor) in major shopping centers, excluding management fee, promotional fee and other fees.

SIGNIFICANT STORE OPENINGS 2020

| PROPERTY | SUBMARKET | TENANT | SECTOR |
|-------------------|-------------|--------------------------------|-----------------|
| Cosmo City | Sanli'An | Perfect Diary | Beauty |
| Cosmo City | Sanli'An | Meet Him | Food & Beverage |
| The Mixc | Swan Lake | machi machi | Food & Beverage |
| Intime City | Swan Lake | Chongqing Gaolaojiu Hot Pot | Food & Beverage |
| Yintai Centre | City Center | Yaoyao Chinese Sauerkraut Fish | Food & Beverage |
| Baohe Wanda Plaza | City Center | The Colorist | Beauty |

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

| PROPERTY | SUBMARKET | EXPECTED OPENING DATE | SQM |
|--|------------------|-----------------------|---------|
| Suning Plaza | Luyang | 2021 | 175,000 |
| Rsun Plaza | Sanli'An/Wulidun | 2021 | 120,000 |
| Greenland Imix Mall | Others | 2021 | 72,000 |
| Intime Department Store @ Hefei Gaoxin | Others | 2021 | 120,000 |
| Tianhe Mall | Others | 2021 | 50,000 |
| Huijing City | Others | 2021 | 50,000 |

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