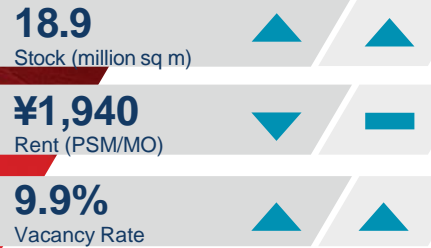


SHANGHAI

Retail Q4 2020



Source: Cushman & Wakefield East China Research

SHANGHAI ECONOMIC INDICATORS JAN – SEP 2020



Source: Shanghai Statistics Bureau, Cushman & Wakefield East China Research, the forecast is based on Oxford Economics

Shanghai's Strong Economic Momentum in Q4

According to the Shanghai Municipal Bureau of Statistics, the city's retail sales of consumer goods totaled RMB142.2 billion in October 2020, increasing by 14.5% y-o-y, 5.3 percentage points faster than September 2020. The strong economic performance attracted interest in Shanghai's retail market from both brands and developers, and this was reflected in the grand opening of four new shopping centers this quarter. Shanghai Plaza, Chongming Wanda Plaza, Land of Blossoms and Maqiao Wanda Plaza, with a total retail GFA of 361,600 sq m, were completed in Q4. Total stock in the Shanghai retail property market reached approximately 18.9 million sq m at the end of the quarter.

Retail Leasing Market Remained Active

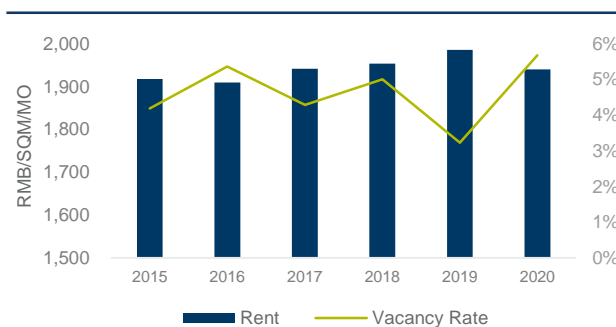
Demand for Shanghai's prime retail space was strong during the quarter, with net absorption reaching 344,528 sq m. Despite the large volume of new supply, the active retail leasing market ensured that the citywide overall vacancy rate rose only 0.5 percentage points q-o-q to reach 9.9%. Many domestic and international retailers continued to expand their businesses in the Shanghai market in the quarter, with the F&B, fashion, lifestyle, and children's entertainment sectors being the primary demand generators. Examples include Mary's Noodles and Shanghai Brewery Group's first restaurants in China, at Xintiandi Style I, and Hennessy's first global concept bar, Blends by Hennessy, which leased around 800 sq m at Bund 18. As well, Pomellato committed to 200 sq m in Plaza 66, while Little Socium took up 2,000 sq m in Ufun.

Average first floor rent at Shanghai's shopping centers dropped 2.1% q-o-q to RMB861 per sq m per month, mainly due to competitive rents at new, non-prime area malls in the quarter. In the prime area, the average rent fell slightly by 1.9% q-o-q to RMB1,940 per sq m per month. Nanjing West Road continued to rank first, with average rental maintaining at RMB2,511 per sq m per month. The Xujiahui and Nanjing East Road submarkets followed, with average rentals standing at RMB2,239 per sq m per month and RMB2,184 per sq m per month, respectively.

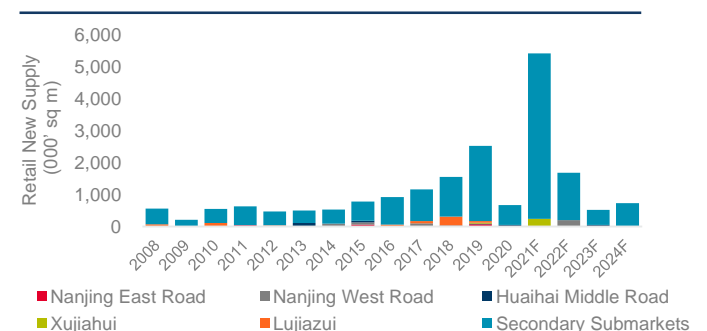
Large Volume of New Supply Scheduled to Enter The Market in 2021

Due to the local government-led stable economic development, domestic consumer demand in Shanghai is expected to be further catalyzed, supporting business growth for retailers in sectors such as F&B, fashion, cosmetics, lifestyle and entertainment. Looking forward, as a significant volume of new supply is planned to enter the market, shopping center landlords may move to lower their rental expectations in order to maintain stable occupancy in 2021.

FIVE CORE SUBMARKETS RENT / VACANCY RATE



RETAIL SUPPLY PIPELINE BY SUBMARKET



MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	VACANT (SQM)	VACANCY RATE	UNDER CNSTR TILL 2022 (SQM)	OVERALL AVG RENT (RMB/SQMMO)*
NANJING EAST ROAD	482,060	21,485	4.5%	32,000	2,184.2
NANJING WEST ROAD	544,320	22,118	4.1%	203,145	2,511.5
HUAIHAI MIDDLE ROAD	515,560	36,482	7.1%	0	1,584.3
XUJIAHUI	313,000	14,920	4.8%	231,417	2,239.3
LUJIAZUI	1,029,978	68,622	6.7%	0	1,567.1
OTHERS	16,003,109	1,710,716	10.7%	7,313,479	620.3
SHANGHAI TOTALS	18,888,027	1,874,342	9.9%	7,748,041	861.2

* 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 Q4 2020

PROPERTY	SUBMARKET	TENANT	SECTOR
City Plaza	Nanjing West Road	Mitchell&Ness	Fashion
Hopson One	Wujiaochang	Sephora	Fashion
Xintiandi Style	Huaihai Middle Road	PRO101	Lifestyle
Bund 18	The Bund	Blends by Hennessy	F&B
Xintiandi Style	Huaihai Middle Road	Lenôte	F&B

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	SQM
Daning Jiuguang Department Store	Others (Jing'an District)	2021	180,000
Raffles City (Hongkou)	Others (North Bund)	2021	127,000
ITC Phase II	Xujiahui	2021	231,417
Hopson One (Suhewan)	Others (Jing'an District)	2021	140,000
Jincangwenhua	Nanjing West Road	2021	7,145

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About Cushman & Wakefield

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