

XIAMEN

Retail Q4 2020

3.2%
Disposable Income

YoY Chg 12-Mo. Forecast



11.2%
Population



0.4%
Consumption Expenditure



Source: Statistics Bureau of Xiamen Municipality
(Figures are growth rates as of 2020 Q3.)
Oxford Economics, Cushman & Wakefield Research

XIAMEN ECONOMIC INDICATORS JAN - SEP 2020

-1.3%
Total Retail Sales Growth

YoY Chg 12-Mo. Forecast



18.1%
Online Retail Sales of Goods Growth



3.4%
CPI Growth



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

Retail Market Continues Return to Normalcy

Xiamen's prime retail market stock remained at 2.29 million sq m in Q4, with no new supply added in the quarter. Net absorption recorded a positive figure of 5,445 sq m in Q4, but full-year absorption for 2020 was at a historical low of -57,563.5 sq m.

The impact of the pandemic on the market continued to recede in the quarter, with a rebound in new brand entry activity. Fashion brands including Thom Browne and Fendi, as well as new energy vehicles, the children's sector, F&B, and beauty and cosmetic brands were all actively seeking space. The overall vacancy rate dipped slightly by 0.2 percentage points q-o-q to reach 10.2% at the end of the year.

Daily footfall traffic and consumption recovered in nearly all sectors, supported by the holiday period, annual sales and shopping festival promotions. Citywide average monthly rental levels rose slightly by 0.7% q-o-q to reach RMB557.1 per sq m per month. By submarket, rents in the core submarkets pulled up the citywide average, while most mall operators in the non-core area trimmed rents to attract tenants.

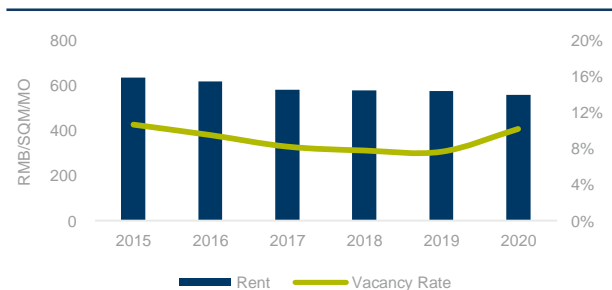
Coming Completions Likely to Exert Pressure on Rents

The contraction in the city's total retail sales growth, at a relatively modest -1.3% y-o-y for the first nine months, points to a comparatively healthy retail recovery. The local government has also implemented a series of consumer promotion strategies and campaigns towards the objective of developing Xiamen into an international shopping destination. These efforts are hoped to attract further numbers of luxury boutiques, fashion stores, influencer restaurants, and beauty and cosmetic brands to the city in the medium- to long-term.

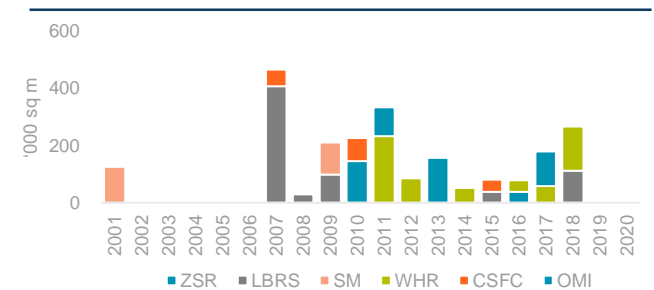
In the shorter-term, renovations and upgrades to retail districts and brand adjustments underway in the traditional shopping areas are expected to prompt a temporary rise in vacancy.

As well, all previously scheduled projects in the pipeline for 2020 have been postponed to 2021. Upon completion, these projects, especially those in the suburban areas, will inevitably exert downward pressure on the citywide average rental level in the short-term.

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)* |
|--------------------------------------|------------------|----------------|--------------|-----------------------------|-------------------------------|
| Zhongshan Rd. (ZSR) | 186,000 | 16,272 | 8.8% | 342,858 | 820.00 |
| Lianban-Railway Station (LBRS) | 688,000 | 141,930 | 20.6% | | 725.00 |
| SM | 236,000 | 9,724 | 4.1% | 84,500 | 1,130.00 |
| Wuyuanwan-Hubian Reservoir (WHR) | 567,000 | 32,794 | 5.8% | | 430.00 |
| Cross Strait Financial Center (CSFC) | 240,000 | 17,000 | 7.1% | 188,000 | 335.00 |
| Outside Xiamen's Main Island (OMI) | 376,700 | 15,661 | 4.2% | 570,000 | 340.00 |
| XIAMEN TOTALS | 2,293,700 | 233,380 | 10.2% | 1,185,358 | 557.14 |

* Rental rates 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 Q4 2020

| PROPERTY | SUBMARKET | TENANT | SECTOR |
|-------------------|----------------------------|---------|-----------------------|
| CCity | Zhongshan Rd. | Fila | Fashion Retail |
| PowerLong OneMall | Wuyuanwan-Hubian Reservoir | Babemax | Infant & Child Retail |

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

| PROPERTY | SUBMARKET | EXPECTED OPENING DATE | SQM |
|------------------------------|------------------------------|-----------------------|---------|
| Xiamen Center | Outside Xiamen's Main Island | 2021 | 140,000 |
| ioi Mall | Outside Xiamen's Main Island | 2021 | 120,000 |
| Sea World Phase II – Plot 7 | Zhongshan Road | 2021 | 63,000 |
| SM Phase III | SM | 2021 | 84,500 |
| Shimao Festival City | Outside Xiamen's Main Island | 2021 | 100,000 |
| Sea World Phase III – Plot 5 | Zhongshan Road | 2022 | 116,000 |

Jason Zeng

Senior Manager, Research, Xiamen

+ 86 592 8120 515 / jason.zeng@cushwake.com

Zhang Xiao-duan

Senior Director,
Head of Research
South China

+86 755 2151 8116 / xiaoduan.zhang@cushwake.com
cushmanwakefield.com

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