

## ZHENGZHOU

Retail 2020

CUSHMAN &amp; WAKEFIELD

**7.8%**  
Disposable Income

YoY  
Chg12-Mo.  
Forecast

**2.1%**  
Population

**3.9%**  
Consumption Expenditure

Source: Zhengzhou Statistics Bureau/Oxford Economics/  
Cushman & Wakefield Research (Growth rates are as of  
2019.)

#### ZHENGZHOU ECONOMIC INDICATORS JAN - SEPT 2020

**-7.5%**  
Total Retail  
Sales Growth

**-7.6%**  
Urban Retail Sales  
Growth

**3.1%**  
CPI Growth

Source: Zhengzhou Statistics Bureau/Oxford Economics/  
Cushman & Wakefield Research

### Three New Malls Completed in 2020

The COVID-19 outbreak delayed some mall openings in the first six months of 2020, while in the second half three new projects opened, bringing 310,000 sq m of quality retail supply to the market. Wanda Plaza and Joy Meta in the High-Tech Zone further improved the shopping experience for nearby residents, while Xintian 360 Plaza opened its Hall A in November, bringing a more fashionable and artistic shopping experience for residents and workers in Zhengdong New District. In contrast, the pandemic hit some underperforming malls and departments stores hard, resulting in their closure. Other malls chose to upgrade and renovate during this period. Consequently, the citywide market stock of quality retail space remained at around 2.6 million sq m.

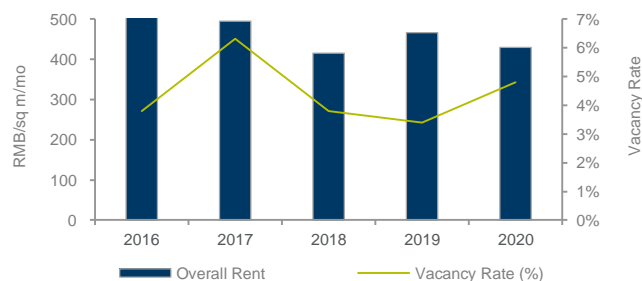
### Food and Beverage a Major Sector for Competitive Advantage

In the first half of the year some malls lost brands and stores even though operators offered one-month rental holidays. Lack of footfall traffic made it difficult for low-end brands to survive. Consumption rose in the second half, boosted by government-issued shopping coupons and transportation subsidies. Parent-kid brands, children's activities and brands focused on beauty and consumer experiences generally enjoyed solid sales figures in 2020. On-trend brands including Perfect Diary and The Colorist, which have experienced success in first-tier cities, also opened first stores in Zhengzhou. However, F&B remained the key sector for retail mall competition in 2020 and as a result many more new choices were offered to consumers during the year. The challenging year rose the average citywide vacancy rate up to around the 4.8% level, while the overall average monthly rent edged down slightly to RMB428.1 per sq m.

### Locations Around Newly Opened Metro Stations to Be Prized

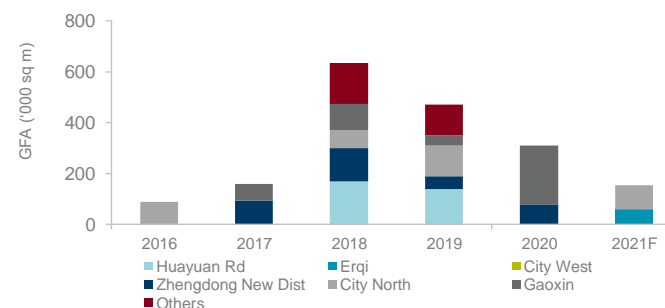
The pandemic period outbreak in 2020 accelerated the disparities between malls and between some submarkets. The metro network expanded to outer regions in the city, ensuring that developers will be paying closer attention to opportunities in suburban submarkets over the next few years. We can anticipate that viable locations close to metro stations will be much sought after in 2021.

#### ZHENGZHOU PRIME RETAIL MARKET RENT / VACANCY RATE



Source: Cushman & Wakefield Research

#### ZHENGZHOU PRIME RETAIL MARKET RETAIL SUPPLY PIPELINE BY SUBMARKET



Source: Cushman & Wakefield Research

## MARKET STATISTICS

SUBMARKET	INVENTORY (SQ M)	VACANT (SQ M)	VACANCY RATE	UNDER CNSTR TILL 2021 (SQ M)	OVERALL AVG RENT (RMB/SQ M/MO)*
Huayuan Rd	498,000	12,406	2.5%	-	658.3
Erqi	582,500	25,280	6.9%	170,000	637.1
City West	482,500	11,395	2.8%	-	330.0
Zhengdong New District	535,172	32,076	5.2%	-	335.0
City North	280,000	29,870	10.7%	225,000	366.7
Gaoxin	103,900	14,525	3.9%	-	220.0
Others Totals	220,000	7,800	1.6%	-	370.0
<b>Zhengzhou Totals</b>	<b>2,677,072</b>	<b>127,751</b>	<b>4.8%</b>	<b>395,000</b>	<b>428.1</b>

\* 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
Grand Emporium	Huayuan Rd	Sukiyaki Japanese Restaurant	Food & Beverage
Xintian 360 Plaza, Greenland Metropolis	Zhengdong New District	The Colorist	Beauty
Xintian 360 Plaza, International Trade Center	Huayuan Rd	machi machi	Food & Beverage
Grand Emporium	Huayuan Rd	Perfect Diary	Beauty
Grand Emporium	Huayuan Rd	Fushimi Momoyama Tea	Food & Beverage
Grand Emporium	Huayuan Rd	BA Bureau of Accessories	Retail

## SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	SQ M
Xintian 360 Plaza, Taikang Rd	Erqi	2021	60,000

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