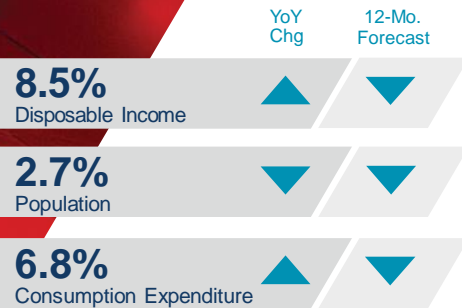


# GUANGZHOU

Retail Q1 2021



Source: Guangzhou Statistics Bureau (Growth rates are as of 2019.)

## GUANGZHOU ECONOMIC INDICATORS 2020



Source: Guangzhou Statistics Bureau

## Retail Market Improvement Continues

Huangpu Karfun World and Jiahe Kingbuy, both in non-core submarkets, opened in Q1 at a combined of 180,000 sq m, raising citywide retail stock to 4.5 million sq m. The *Stay Local for Spring Festival* initiative boosted the retail market and F&B in particular, and tenants' enthusiasm for store openings grew. The overall vacancy rate fell 0.6 pp q-o-q to 5.5%. Consumer confidence continued to strengthen, with a knock-on trend of rising average rent, although the impact of new supply in non-core areas constrained the overall rent rise 0.9% q-o-q to RMB 710.8 per sq m per month, off by 2.7% y-o-y.

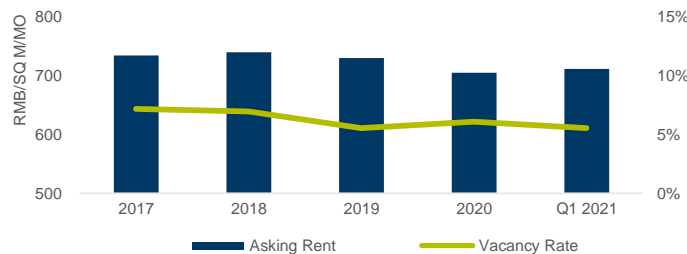
## Stay Local for Spring Festival Stimulates Consumption

Retail operators held Spring Festival-themed promotional activities during the holiday period, including Parc Central's "Good Market Happens" themed exhibition, while Tai Koo Hui held their "New Fashion Garden Tour" incorporating traditional culture. The general retail sector remained the major driver of retail space absorption in the quarter, with fashion and lifestyle sectors both active. Blind box brand Top Toy expanded with new stores in TeeMall and Grandview Plaza. The Guangzhou Municipal Commerce Bureau reported that major restaurant revenues in the Spring Festival period grew nearly 80% y-o-y. The resurgent demand has spurred expansion in the catering industry, with The Coffee Academics, from Hong Kong, unveiling their first store in Guangzhou at K11, while M Stand opened in K11 and Parc Central. The children's sector has also been a recovery success, with several children's training stores opening, such as Gymboree in Karfun World and Aoyuan Plaza.

## Outlook

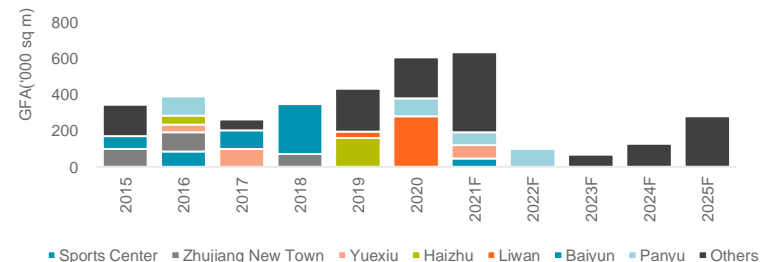
Seven projects are expected to complete in 2021 and will bring a total of 733,000 sq m new supply to the market, of which 612,000 sq m will be in the non-core submarkets, helping to enhance these districts' business environments. Overall citywide rents are expected to gradually see a slight recovery. Well-operated shopping centers in core submarkets are expected to continue to experience modest rental growth, while those in non-core submarkets are likely to experience greater rental and investment pressures. By sector, new brands such as Top Toy and Bosie, popular with younger people and with investment funding, are likely to emerge as market highlights. In turn, mall operators and landlords are expected to show greater consideration to such emerging brands and to plan for their greater inclusion.

## RENT / VACANCY RATE



Source: Cushman & Wakefield Research

## SUPPLY PIPELINE BY SUBMARKET



Source: Cushman & Wakefield Research



## MARKET STATISTICS

| SUBMARKET               | INVENTORY (SQ M) | VACANCY RATE | UNDER CNSTR TILL 2025 (SQ M) | OVERALL AVG RENT (RMB/SQ/M)* | OVERALL AVG RENT (US\$/SQ/M)* | OVERALL AVG RENT (EUR/SQ/M)* |
|-------------------------|------------------|--------------|------------------------------|------------------------------|-------------------------------|------------------------------|
| Sports Center           | 822,800          | 1.8%         | 45,000                       | 1646.6                       | 23.5                          | 19.7                         |
| Yuexiu                  | 347,200          | 8.7%         | 76,000                       | 938.3                        | 13.4                          | 11.3                         |
| Zhujiang New Town       | 564,359          | 9.1%         | 0                            | 688.3                        | 9.8                           | 8.3                          |
| Haizhu                  | 309,000          | 4.7%         | 0                            | 567.5                        | 8.1                           | 6.8                          |
| Liwan                   | 405,900          | 3.1%         | 0                            | 523.3                        | 7.5                           | 6.3                          |
| Baiyun                  | 738,300          | 8.2%         | 0                            | 462.5                        | 6.6                           | 5.5                          |
| Panyu                   | 463,225          | 4.0%         | 168,000                      | 448.0                        | 6.4                           | 5.4                          |
| <b>OTHERS TOTALS</b>    | <b>861,302</b>   | <b>5.5%</b>  | <b>919,000</b>               | <b>327.0</b>                 | <b>4.7</b>                    | <b>3.9</b>                   |
| <b>GUANGZHOU TOTALS</b> | <b>4,512,086</b> | <b>5.5%</b>  | <b>1,208,000</b>             | <b>710.8</b>                 | <b>10.1</b>                   | <b>8.5</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.

\* 1 USD = 6.5104RMB = 0.8405EUR as at Mar 10, 2021

## SIGNIFICANT STORE OPENINGS Q1 2021

| PROPERTY               | SUBMARKET            | TENANT   | SECTOR                |
|------------------------|----------------------|----------|-----------------------|
| Parc Central           | Tianhe Sports Centre | M Stand  | F&B                   |
| TeeMall (Beijing Road) | Yuexiu               | H.E.A.T  | Cosmetics             |
| Panyu Aoyuan Plaza     | Panyu                | Gymboree | Children Training     |
| Jiahe KingBuy          | Baiyun               | Haidilao | F&B                   |
| Grandview Plaza        | Tianhe Sports Centre | Top Toy  | Retail-Toys and Gifts |

## SIGNIFICANT PROJECTS UNDER CONSTRUCTION

| PROPERTY              | SUBMARKET            | EXPECTED OPENING DATE | GFA(SQ M) |
|-----------------------|----------------------|-----------------------|-----------|
| Guangzhou ICC MALL    | Tianhe Sports Centre | 2021                  | 45,000    |
| Guangsheng Wanbo City | Panyu                | 2021                  | 68,000    |
| AEON Mall Xintang     | Others               | 2021                  | 234,000   |
| Lumina Guangzhou      | Yuexiu               | 2021                  | 76,000    |
| Xintang Kingbuy       | Others               | 2021                  | 100,000   |

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