



Source: Statistics Bureau of Shenzhen Municipality (Figures are growth rates as of 2019.)
Oxford Economics, Cushman & Wakefield Research

**SHENZHEN ECONOMIC INDICATORS
JAN - DEC 2020**



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

Market Sees New Sports Operators Actively Seeking Space

No new supply was added in Q1 and Shenzhen's prime retail stock remained at 5,096,329 sq m. Supported by the *Stay Local for the Spring Festival* initiatives, Shenzhen's streets were much busier during the seven-day holiday period. According to Commerce Bureau of Shenzhen Municipality data, footfall traffic increased 59% and sales transactions surged 104.7% compared to 2019. Shenzhen's box office revenue during Lunar New Year exceeded RMB210 million, taking a 24.6% share and first place in Guangdong Province's total volume. The resurgent market helped the average rent level continue to rebound, up 3.8% q-o-q to RMB849.29 per sq m per month. The citywide overall vacancy rate dropped slightly to 6.1%.

Social sports activities are gaining interest across the city, and new sports operators including indoor rock climbing, Esports, VR sports and kids' karting were active in leasing enquiries for mall space. These operators can enjoy sizable footfall traffic in malls and comparative ease in establishing flagship stores, while shoppers continue to gain an ever-greater one-stop consumption experience.

Following Inditex Group's strategy to close some brands' stores, Bershka, Pull&Bear and Stradivarius all closed brick-and-mortar stores. In contrast, international luxury brands expanded their footprint. Hermès and Christian Louboutin settled in The Mixc Shenzhen Bay. Local cosmetic brands are still trending up, with Shanghai brand Lin Qingxuan opening in AVIC Rainbow, and WOW Colour receiving another RMB500 million in funding. Popular F&B brands expanded to the emerging submarkets: POKI opened in Uniwalk, and Kang Ho Dong Baekjeong in Vanke Plaza. Average rent levels in Bao'an and Longgang submarkets grew 7.4% and 6.7% q-o-q, respectively, 3 pp higher than the citywide level. Notably, prime space rent levels at some projects in emerging submarkets are now surpassing rent levels in some mature projects in core submarkets.

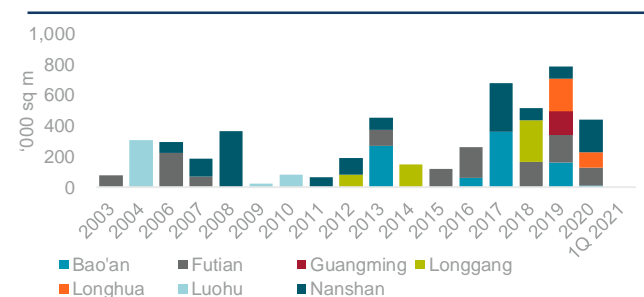
New Entrants Continue City's Drive to Build An International Consumption Center

Considering the projects under construction, 815,000 sq m of new retail supply is now expected to enter the market through the year, including China's first Wanda Plaza 4.0. This project is anticipated to reactive the retail submarket. Looking from the demand side citywide, Super Wenheyou will launch soon, while bookstores Tsutaya Books and Zhongshuge are also reported to enter Shenzhen, reflecting the city's attractive retail market. On the other hand, impacted by strong competition, developers are holding open attitudes towards emerging brands and merchants. In addition, under the guidance of the "dual circulation" economic doctrine, Qianhai and Luohu governments have announced to set up duty-free zones, indicating the further implementation of the goal of building Shenzhen into an International Consumption Center City.

RENT / VACANCY RATE



RETAIL ANNUAL SUPPLY BY SUBMARKET



MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	VACANT (SQM)	VACANCY RATE	UNDER CNSTR TILL 2025 (SQM)	OVERALL AVG RENT (RMB/SQMMO)*
Luohu	417,829	11,180	2.7%	717,000	1950.00
Futian	1,268,000	114,660	9.0%	180,000	947.50
Nanshan	1,498,500	94,710	6.3%	642,083	748.46
Longgang	502,000	22,000	4.4%	395,000	576.00
Bao'an	950,000	34,700	3.7%	305,000	770.00
Longhua	310,000	26,800	8.6%	430,000	385.00
Guangming	150,000	4,500	3.0%	-	450.00
SHENZHEN TOTALS	5,096,329	308,550	6.1%	2,669,083	849.29

* Rentals 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 LEASINGS Q1 2021

PROPERTY	SUBMARKET	TENANT	SECTOR
The Mixc Shenzhen Bay	Nanshan	Hermès	Retail - Luxury
The Mixc Shenzhen Bay	Nanshan	Christian Louboutin	Retail - Luxury
AVIC Rainbow	Futian	Lin Qingxuan	Retail - Cosmetic
Uniwalk	Bao'an	POKI POKI	Restaurant
Vanke Plaza	Longgang	Kang Ho Dong Baekjeong	Restaurant

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	SQM
The Mixc Qianhai	Qianhai	2021	80,000
FutureCity	Futian	2022	80,000
Houhai Harbour	Nanshan	2022	72,083
Coastal City	Bao'an	2022	140,000

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