

XIAMEN

Retail Q1 2021

4.1%
Disposable Income

YoY Chg
12-Mo. Forecast



11.2%
Population



-0.9%
Consumption Expenditure



Source: Statistics Bureau of Xiamen Municipality
(Population figure is as of 2019. Others are as of 2020.)
Oxford Economics, Cushman & Wakefield Research

XIAMEN ECONOMIC INDICATORS JAN - DEC 2020

1.6%
Total Retail Sales Growth

YoY Chg
12-Mo. Forecast



22.5%
Online Retail Sales of Goods Growth



2.5%
CPI Growth



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

Retail Market Gradually Overcomes Impact of the Pandemic

With no new supply added during the quarter, net absorption remained in positive territory in Q1, recording 1,325.8 sq m. Activities by new entrants resumed, supported by continuing recovery in footfall traffic and consumption. Generally speaking, the pandemic's impact on the retail market has now substantially diminished.

The overall vacancy rate dipped slightly to 10.1%. The market saw some new entrants after the Spring Festival, with F&B, beauty and fragrance brands taking the lead. Children's education operators and household retail brands also took up sizeable spaces.

Citywide average rents edged up 0.1% q-o-q to reach RMB57.6 per sqm per month, but this is still lower than the pre-COVID-19 rental level.

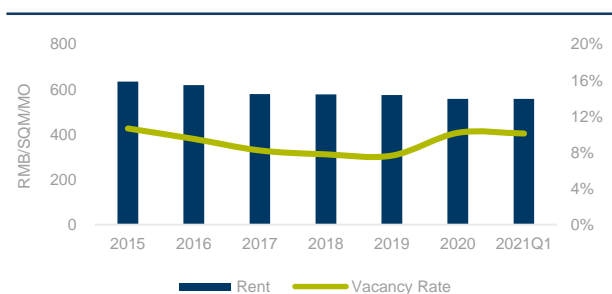
Coming Completions to Bring New Blood to Market

Some malls were still undergoing renovation and brand replacement exercises in Q1, bringing operational challenges during the period as well as impacting overall vacancy and rent performance. However, the results should be worth looking forward to.

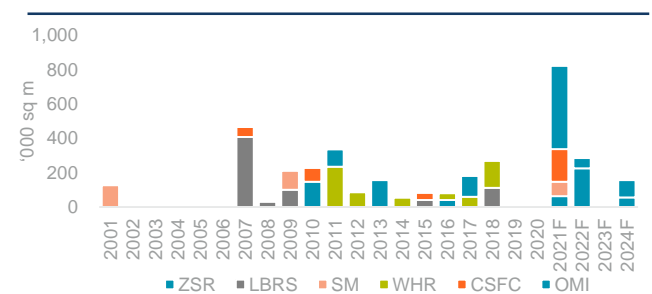
All the new projects in the supply pipeline for 2020 were postponed to 2021, pushing up the new full-year supply forecast supply to 818,500 sq m – three times the supply volume of 2018. More than 60% of the new projects are in the Outside Xiamen's Main Island (OMI) submarket. Four projects, with a combined 343,000 sq m of space, are slated for Jimei New Town and scheduled to deliver starting from April 2021. These massive new entrants are widely expected to speed up the commercial development of OMI submarket, while enriching the selection of retail options for residents in the region.

Spurred by the recovery in consumption and supportive government initiatives, we now expect to see a growing number of luxury boutiques, fashion retailers, influencer restaurants, and beauty and cosmetic brands to demonstrate interest and to enter the city in the mid-long term.

RENT / VACANCY RATE



RETAIL SUPPLY PIPELINE BY SUBMARKET



MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	VACANT (SQM)	VACANCY RATE	UNDER CNSTR TILL 2024 (SQM)	OVERALL AVG RENT (RMB/SQMMO)*
Zhongshan Rd. (ZSR)	186,000	15,912	8.6%	342,858	820.00
Lianban-Railway Station (LBRS)	688,000	140,850	20.5%		725.00
SM	236,000	9,955	4.2%	84,500	1,130.00
Wuyuanwan-Hubian Reservoir (WHR)	567,000	31,483	5.6%		433.33
Cross Strait Financial Center (CSFC)	240,000	18,537	7.7%	188,000	320.00
Outside Xiamen's Main Island (OMI)	376,700	15,317	4.1%	643,000	343.33
XIAMEN TOTALS	2,293,700	232,054	10.1%	1,258,358	557.62

* 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 Q1 2021

PROPERTY	SUBMARKET	TENANT	SECTOR
Wanda Plaza Huli	Wuyuanwan-Hubian Reservoir	SEPHORA	Beauty & Fragrance
MixC	Lianban-Railway Station	WANG STEAK	Food
MixC	Lianban-Railway Station	Thom Browne	Fashion

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
Joy City	Outside Xiamen's Main Island	2024	100,000

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