

2.4

Stock (million sq m)

YoY
Chg12-Mo.
Forecast

421.0

Average Rent (RMB/sq m/month)

5.9%

Vacancy Rate

Source: Cushman & Wakefield Research

CHANGSHA ECONOMIC INDICATORS
Q1 2021

29.6%

Total Retail Sales of
Consumption
Goods GrowthYoY
Chg12-Mo.
ForecastOnline Retail Sales
Growth

0.6%

CPI Growth

Note: Changsha Statistics Bureau didn't issue Figure of online retail sales growth for 2021 Q1.

Source: Changsha Statistics Bureau/ Cushman & Wakefield Research

Longfor Yanghu Paradise Walk Completed in Q2

The 100,000 sq m Longfor Yanghu Paradise Walk project opened in the emerging submarket in Q2. Subsequently, Changsha's prime retail stock reached approximately 2.4 million sq m at the end of the quarter. The Yanghu Paradise Walk is the first retail mall project in the Yanghu submarket and is expected to improve the submarket's commercial facilities and enhance the retail environment. The new project achieved an occupancy rate of 90%, pushing up citywide net absorption to 100,845 sq m for the quarter. As a result, the overall average vacancy rate fell 0.3 percentage points q-o-q to 5.9%. The overall average rental level of malls in core submarkets remained stable. However, the new Yanghu mall's rental level was set lower due to its outer district location. As a result, the overall average rental level dropped 0.5% q-o-q to RMB421.0 per sq m per month.

Leisure and Entertainment Sectors Expand

The general retail sector was the main driver of leasing activity for high-quality space in Q2, accounting for approximately 31.7% of total leasing transactions. The leisure and entertainment sectors ranked second, with large-scale indoor playground and games stores accounting for 27.4% of total transactions, a jump of 11.6 percentage points q-o-q. A notable example was the opening by Super Sport of a 5,000-sq m store at CFC Fortune Times.

Outlook

The North Star Joy City, BBG Starfield and IKEA LIVAT Centre projects are scheduled to complete in the second half of the year, and are expected to add a combined 494,629 sq m of new quality retail space to the market.

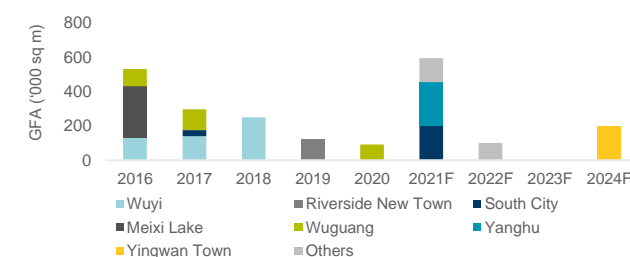
Consumers' higher expectations and more diverse consumption habits will continue to oblige malls to generate greater innovations and implement more adjustments. The share of traditional retail merchants such as apparel, which used to dominate market activity, will likely decline. In contrast, mall operators are turning their attention to more innovative business sectors and attractive formats, such as fast fashion boutiques, immersive escape room activities, and parent-kid indoor playgrounds.

CHANGSHA RETAIL SALES AND GROWTH RATE



Source: Cushman & Wakefield Research

CHANGSHA RETAIL ANNUAL NEW SUPPLY BY SUBMARKET



Note: F is for forecast

Source: Cushman & Wakefield Research

MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	VACANCY RATE	UNDER CNSTR TILL 2024 (SQM)	OVERALL AVG RENT (RMB/SQMMO)*	OVERALL AVG RENT (US\$/SQMO)*	OVERALL AVG RENT (EUR/SQMO)*
Wuyi	1,174,400	4.7%	0	512.9	7.5	6.1
Riverside New Town	269,000	9.5%	0	316.3	4.6	3.8
Meixi Lake	300,000	7.9%	0	300.0	4.4	3.6
South City	235,000	1.5%	200,000	410.0	6.0	4.9
Wuguang	311,100	10.2%	0	266.7	3.9	3.2
Yanghu	100,000	2.0%	154,629	345.8	5.0	4.1
Yingwan Town	0	N/A	198,260	N/A	N/A	N/A
OTHERS TOTALS	0	N/A	240,000	N/A	N/A	N/A
CHANGSHA TOTALS	2,389,500	5.9%	792,889	421.0	6.1	5.0

*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 = 6.38978 RMB= 0.82045 EUR as at June 8, 2021

SIGNIFICANT STORE OPENINGS Q2 2021

PROPERTY	SUBMARKET	TENANT	SECTOR
Longfor Paradise Walk	Yanghu	Meland Club	Kids Entertainment
Longfor Paradise Walk	Yanghu	Ten O'clock Bookstore	Leisure & Entertainment
CFC Fortune Times	Wuyi	Super Sport	Leisure & Entertainment
LA NOVA	Wuyi	M-CITY	Leisure & Entertainment
Yuefang ID Mall	Wuyi	Loccos Cook	Restaurant

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	GFA (SQM)
IKEA LIVAT Centre	Yanghu	2021	154,629
North Star Joy City	Other	2021	140,000
BBG Starfield	South City	2021	200,000
Longfor Furong Paradise Walk	Other	2022	100,000
Greenland Binfen City	Yingwan Town	2024	198,260

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