

SHENZHEN

Retail Q2 2021

5,096,329

Stock (million sq m)

YoY Chg

12-Mo. Forecast



¥880.48

Average Rent (RMB/sq m/month)



6.1%

Vacancy Rate



Source: Cushman & Wakefield Research

SHENZHEN ECONOMIC INDICATORS JAN - MAR 2021

17.1%

GDP Growth

YoY Chg

12-Mo. Forecast



39.6%

Total Retail Sales of Consumption Goods Growth



-0.9%

CPI Growth



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

Overall Rental Level up 12% From the Low of 2020

No new supply was added in Q2, and Shenzhen's prime retail market stock remained at 5.10 million sq m. The market continues to diverge, with those projects imbued with rich brand resources and operational expertise, or with monopoly advantages, enjoying strong performance. Several properties recorded substantial q-o-q rental growth. Citywide, average monthly rent grew 3.67% q-o-q to reach RMB880.48 per sq m – a figure 12% higher than the trough of last year during the pandemic. The overall vacancy rate stabilized on the back of solid market demand, edging up just 0.07 pp q-o-q to 6.1%. Some projects are remodeling, but they account for a small share of total stock and have little impact on the overall vacancy rate.

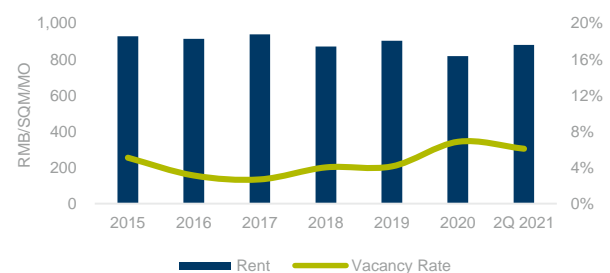
New energy vehicle launches are a hot retail trend, attracting consumers to visit physical stores for the experience, including Huawei's partnership car brand SERES, Geely Zeekr in COCO Park, and Voyah from Dongfeng Motor. Such brands seek high visibility, street-side store locations to maximize brand image and promotion power. Domestic electronic brands and fashion sportswear names have also been active in opening brick-and-mortar stores, while young fashion retailers are continuing to explore the offline market. In contrast, western fast fashion apparel brands are experiencing more sluggish growth in the face of fierce competition.

In the F&B sector, high-end restaurants with fine dining cuisines and superior service and ambience are gaining popularity. Some malls have also responded to consumer dismay at international travel restrictions by introducing Southeast Asian cuisine restaurants to tickle taste buds. In the experiential category, South China's first Jumplify, and Green Glove boxing, opened in Raffles, while Mace Fitness opened at PAFC. Indoor sports continue to attract consumer interest, with operators actively seeking space.

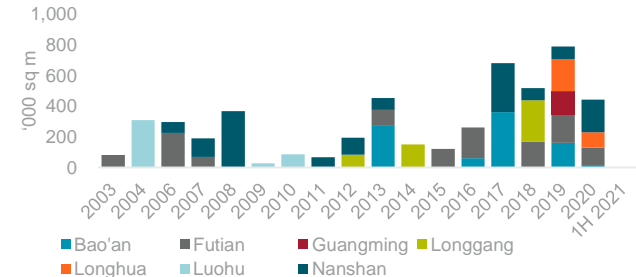
New Projects Viewed as Milestones of Emerging Submarket Development

Postponed project openings have pushed up new retail supply now scheduled for delivery in 2H to approximately 100,000 sq m. Notable pipeline properties include Qianhai the MixC, Wanda Plaza 4.0 and Sungang Baoneng Global -- viewed as milestone projects in the growth of the city's emerging retail submarkets. In high-end brands, Shenzhen is set to welcome Chanel and Vera Wang. The improving rail transit network across the Greater Bay Area is also anticipated to bring greater numbers of shoppers to Shenzhen for the lure of luxury goods, adding another pillar to the city's consumption base and retail future.

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	14,462	3.5%	717,000	1983.33
Futian	1,268,000	120,580	9.5%	180,000	975.00
Nanshan	1,498,500	107,630	7.2%	642,083	788.46
Longgang	502,000	22,000	4.4%	395,000	602.00
Bao'an	950,000	22,920	2.4%	240,000	805.00
Longhua	310,000	18,500	6.0%	430,000	395.00
Guangming	150,000	6,000	4.0%	-	450.00
SHENZHEN TOTALS	5,096,329	312,092	6.1%	2,604,083	880.48

* 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 Q2 2021

PROPERTY	SUBMARKET	TENANT	SECTOR
King Glory Plaza	Luohu	Mi Home	Retail – Digital Electronics
COCO Park	Futian	Dozen Sunshine	Retail - Costume
PAFC	Futian	Mace Fitness	Fitness Center
One Avenue	Futian	Thai Rice House	Restaurant
Raffles	Nanshan	Jumplify	Fitness Center

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	SQM
The MixC Qianhai	Qianhai	2021	80,000
Baoneng Global	Luohu	2021	85,000
FutureCity	Futian	2022	80,000
Houhai Harbour	Nanshan	2022	72,083

Zhang Xiao-Duan

Senior Director,
Head of Research
South China

+86 755 2151 8116 / xiaoduan.zhang@cushwake.com
cushmanwakefield.com

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