

3.6%

Disposable Income Growth

YoY
Chg12-Mo.
Forecast

14.5%

Population Growth (2020)

31.3%

Online Retail Sales Growth

Source: Hefei Statistics Bureau.

The forecast is based on Oxford Economics

HEFEI ECONOMIC INDICATORS
JAN-OCT 2021

14.8%

Total Retail Sales
Growth

10.4%

GDP Growth

2.8%

CPI Growth

Source: Hefei Statistics Bureau

The forecast is based on Oxford Economics

Four New Projects Opened in 2021

Rsun Plaza, Intime Department Store (Gaoxin), IMIX Park and Feixi Cmall opened in 2021, providing a total of 442,000 sq m of new retail space to the market. Hefei's total stock of quality retail space then reached 3.57 million sq m, with the new mall launches greatly improving the shopping experience for residents living relatively far from the old city centers. Intime Department Store in Shushan District is the first prime retail project in Gaoxin Area, achieving nearly 100% occupancy upon opening. Rsun Plaza and Feixi Cmall are the first projects of Rsun and CIFI Group respectively in Hefei. IMIX Park is the nearest prime retail project to Hefei South Railway Station.

Consumption Upgrading in Hefei to Accelerate

Food and beverage, fashion and new retail were active drivers of demand in 2021. Many F&B brands opened first Hefei stores during the year, such as Miss Fu in Chengdu, TASTY and DM Chicken. The fashion sector attracted well-known brands such as FULRA, C&A, Tory Burch, Marc Jacobs and a China Li-Ning flagship store. In the new retail sector, Fresh Hippo opened a Hefei first store in Rsun Plaza with plans to continue to expand. Growing numbers of new energy vehicle brands have also opened stores, strongly contributing to leasing demand in prime shopping malls. In Q4, the Hefei government issued detailed guidance for implementing the policy of promoting development of high-quality consumption. For brands who plan to open first stores in Hefei, the government will grant them up to RMB600,000 to boost business development of consumption. The arrival of these new brands will accelerate the process of consumption upgrading in the city.

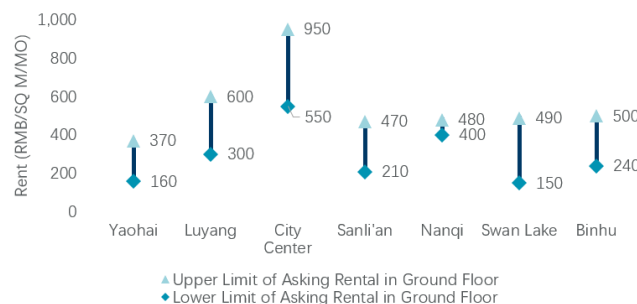
Following the retail market database adjustment, the average occupancy rate at Hefei's mid- to high-end shopping malls rose slightly to 96% for 2021. Meanwhile, the average first-floor rental level decreased, slipping by 2.7% y-o-y to RMB367 per sq m per month at the end of the year.

New Supply to be Mainly in Emerging Areas

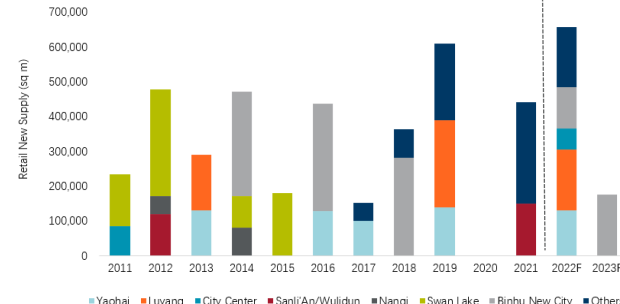
Total retail sales in Hefei for the period from January to October 2021 were up 18% y-o-y. Domestic consumer demand in the city is expected to continue momentum, with growing numbers of brands choosing to establish their first appearance in the market.

Seven projects are currently scheduled to open in 2022, bringing 658,000 sq m of new supply to the Hefei retail market. Looking ahead, as new metro lines come into operation, many malls in the city will see their effective catchment areas widen, which can be expected to promote the longer-term growth of the Hefei retail market.

RENT RANGE BY SUBMARKET



RETAIL SUPPLY PIPELINE BY SUBMARKET



MARKET STATISTICS

SUBMARKET	INVENTORY (SQ M)	VACANT (SQ M)	VACANCY RATE	UNDER CNSTR TILL 2023 (SQ M)	OVERALL AVG RENT (RMB/SQMMO)*
Yaohai	368,600	10,600	2.88%	130,000	160-370
Luyang	350,000	8,900	2.54%	175,000	300-600
City Center	380,000	4,950	1.30%	60,000	550-950
Sanli'An	350,000	47,800	13.66%	0	210-470
Nanqi	80,000	1,600	2.00%	0	400-480
Swan Lake	725,000	19,400	2.68%	0	150-490
Binhu New City	668,000	20,940	3.13%	296,000	240-500
Others	644,000	27,240	4.23%	173,000	150-380
TOTALS	3,565,600	141,430	3.97%	834,000	150-950

* 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.

SIGNIFICANT STORE OPENINGS 2021

PROPERTY	SUBMARKET	TENANT	SECTOR
Rsun Plaza	Sanli'An	Fresh Hippo	New Retail
Rsun Plaza	Sanli'An	Infinity Bakery Lab	Food & Beverage
IMIX Park	Others	RT-Mart	Supermarket
Intime Department Store (Gaoxin)	Others	BLT	New Retail
Intime Department Store (Gaoxin)	Others	FULRA	Fashion
IMIX Park	Others	KKV	Lifestyle

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	SQM
Suning Plaza	Luyang	2022	175,000
Aegean Sea Shopping Park	Binhu	2022	120,000
HJC	Others	2022	40,000
Intime Department Store Phase II	City Center	2022	60,000
BHG Mall (Heping Road)	Yaohai	2022	130,000
Luzhou Paradise Walk	Others	2022	70,000

SHAUN BRODIE

Head of Business Development Services, East China & Greater China Content

42-43/F, Tower 2, Plaza 66, 1366 Nanjing West Road Shanghai

Tel: +86 21 2208 0529 / shaun.fv.brodie@cushwake.com

cushmanwakefield.com

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