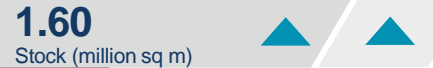


NANNING

Retail 2H 2021



Source: Cushman & Wakefield Research

NANNING ECONOMIC INDICATORS Q1-Q3 2021



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

Wuxiang Submarket Emerging with Multiple New Project Openings

Nanning's prime retail market welcomed 227,000 sq m of new supply in 2H 2021, pushing total stock to 1.6 million sq m. With multiple projects entering the market nearly simultaneously, the commercial environment in the emerging Wuxiang submarket is taking shape. Newly opened projects such as Wuxiang MixC One and Livat Nanning achieved strong occupancy rates, benefitting from experienced operational management and the attraction effect of IKEA. However, the intense supply inflow exerted downward pressure on rents, causing overall average rents to drop by 13.5% h-o-h to RMB342.5 per sq m per month. The new projects also stimulated demand, with the city recording net absorption of 245,000 sq m in 2H, driving the overall vacancy rate down by 2.7 percentage points to 8.3%.

F&B and Experiential Entertainment Expand, While Education Contracts

The benchmark mall MixC welcomed several new entrants to Guangxi province in 2H, including Manner Coffee and Beast Flora. By sector, F&B brands and experiential game stores actively sought space in prime malls, while the traditional retail and apparel industry performed sluggishly under the impact of online shopping. The education sector saw a significant contraction due to policy regulations. On the other hand, luxury and high-end brands have so far been hesitant to enter Nanning due to the very limited rentable space at benchmark projects.

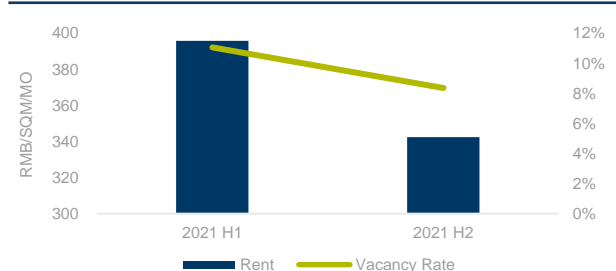
Competition to Intensify, Leading to Wider Market Differentiation

Approximately 416,000 sq m of new supply, including Zhongshan Road MixC One and Longfor Qingxiu Paradise Walk, is scheduled for delivery through 2022, demonstrating CR Land's continued expansion and Longfor's official entry to the Nanning commercial market. Sam's Club and Fresh Hema are also planning to make their first foray into Nanning in 2022.

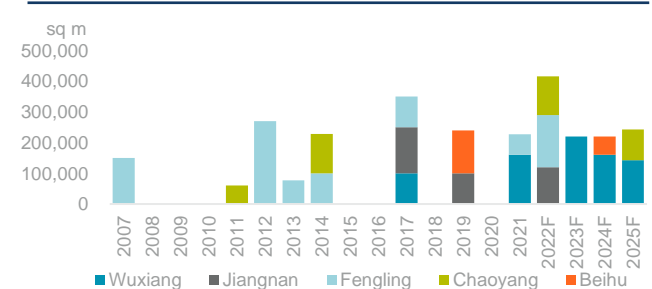
Most of the new supply scheduled for 2022 is in traditional core areas, and the intense competition will stimulate consumer choice and behavior. Wuxiang submarket is also still cultivating popularity, while the new mall openings of 2021 will approach the end of their grand opening sales. Mall operators in all submarkets will be challenged and overall rents are expected to drop slightly in the year.

In the longer-term, with a series of supportive policies to boost consumption, Nanning's commercial retail environment will be enhanced. The mature Chaoyang and Fengling submarkets are expected to gradually recover, while the others will differentiate depending on their operating capabilities. Supply-wise, changes in the general real estate market have impacted some projects in the pipeline, and actual supply delivered in the future may be less than currently scheduled.

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)*
Fengling	764,000	50,610	6.6%	170,000	475.0
Chaoyang	188,000	16,240	8.6%	226,000	405.0
Jiangnan	250,000	18,500	7.4%	120,000	235.0
Beihu	140,000	29,400	21.0%	60,000	245.0
Wuxiang	260,000	19,000	7.3%	523,000	215.0
NANNING TOTALS	1,602,000	133,750	8.4%	1,099,000	342.5

* 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 2H 2021

PROPERTY	SUBMARKET	TENANT	SECTOR
MixC One	Wuxiang	Vanguard CITY	Supermarket
MixC	Fengling	Grandma's Home	F&B
MixC	Fengling	Xianyin Xiaolu	F&B
MixC	Fengling	Manner Coffee	F&B

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	SQM
MixC One (Zhongshan Road)	Chaoyang	2022	66,000
Qingxiu Paradise Walk	Fengling	2022	100,000
MixC One (Beihu)	Beihu	2024	60,000

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