

4.79

Stock (million sq m)

YoY  
Chg12-Mo.  
Forecast

¥776.1

Rent (PSM/MO)

5.7%

### Vacancy Rate

Source: Cushman & Wakefield Research

GUANGZHOU ECONOMIC INDICATORS  
2022 Q1

4.0%

## GDP Growth

YoY  
Chg12-Mo.  
Forecast

3.0%

### Total Retail Sales of Consumer Goods Growth

1.6%

### CPI Growth

Source: Guangzhou Statistics Bureau, Moody's Analytics, Cushman & Wakefield Research

## Consumer Market Under Pressure, Citywide Rent Remains Stable

The localized reappearance of COVID-19 in Q2 obliged some districts in Guangzhou to adopt temporary control measures. The city's consumer market came under pressure, with total annual retail sales growing at just 0.3% from January to April. To help boost the market, the Guangzhou Government issued four rounds of consumer coupons, combined with holiday discounts such as Mother's Day and the Dragon Boat Festival, aiming to stimulate offline consumption. Offline consumption sales value during the Dragon Boat Festival period grew 14.14% y-o-y, with the number of offline transactions jumping 32.96% y-o-y.

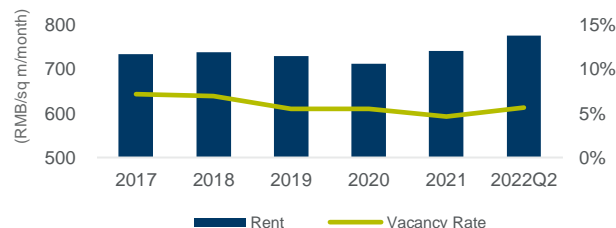
Guangzhou's prime retail stock rose to 4.79 million sq m in Q2. Sizable new project completions in non-core submarkets helped to enhance the commercial environment in local areas. The new stock prompted the citywide vacancy rate up 1.4 percentage points to reach 5.7%. Store expansion tended to be more cautious in the period, especially in non-core submarkets, and some retail and even large-scale catering tenants closed due to the impact of the pandemic. Consumer behavior has also shifted, pursuing more rational consumption and greater price comparison, thus driving the rise of discount retail formats. Some retail discount stores actively expanded from prime malls to community stores, such as Sofo Mall, HitGoo and HotMax. The unveiling of Guangdong's first Freshippo Outlet in Liwan and Guangzhou's first UR Outlet in Gate5 Mall further demonstrate the rise of the discount economy.

The overall average rental level rose 1.3% q-o-q to RMB776.1 per sq m per month, with rental performance continuing to be differentiated by submarket. Rents in core areas continued to rise steadily, with rents in Sports Center and Zhujiang New Town submarkets increasing by 2.1% and 2.4% q-o-q, respectively. This was chiefly due to active brand upgrades in prime retail projects, with notable openings including Guangzhou's first Shake Shack in Parc Central and several international beauty brands at K11, while South China's first beauty collection store, Harmay, will enter OneLink Walk. On the other hand, rental levels in non-core areas face downward pressures, with nearly 80% of projects in these districts experiencing falling or flat rental levels.

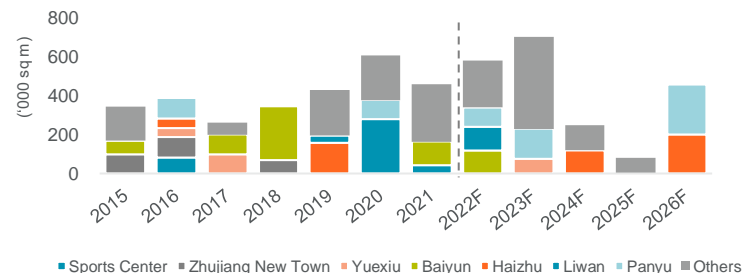
## Outlook

Looking ahead, approximately 440,000 sq m of new supply is currently scheduled to enter the market this year. The future supply, combined with the impact of the pandemic, will further pressure property operations, and the vacancy rate may increase in the short-term. In addition, the complex and changeable macro environment may affect some projects' construction progress and their opening time. This will place higher requirements on the management of shopping malls, especially in terms of business composition, online and offline activities, and preparation for COVID-19 control measures.

### RENT / VACANCY RATE



## RETAIL SUPPLY PIPELINE BY SUBMARKET





## MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	VACANT (SQM)	VACANCY RATE	UNDER CNSTR TILL 2026 (SQM)	OVERALL AVG RENT (RMB/SQM/MO)*
Sports Center	867,800	22,460	2.59%	0	1,800.0
Zhujiang New Town	564,359	52,961	9.38%	0	766.7
Yuexiu	347,200	22,370	6.44%	76,000	978.3
Baiyun	738,300	39,300	5.32%	120,000	490.6
Haizhu	309,000	5,600	1.81%	320,000	620.0
Liwan	405,900	12,980	3.20%	120,000	556.7
Panyu	463,225	12,600	2.72%	510,858	472.0
Others	1,097,302	105,844	9.65%	780,000	350.0
<b>GUANGZHOU TOTALS</b>	<b>4,793,086</b>	<b>274,114</b>	<b>5.72%</b>	<b>1,926,858</b>	<b>776.1</b>

\* 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 OPENINGS Q2 2022

PROPERTY	SUBMARKET	TENANT	SECTOR
Parc Central	Sports Center	Shake Shack	Beverage
Tai Koo Hui	Sports Center	Baker & Spice	Beverage
OneLink Walk	Sports Center	BENLAI	Mass-Market Fashion
IGC	Zhujiang New Town	Longchamp	Luxury
Gate5 Mall	Baiyun	UR OUTLET	Mass-Market Fashion

## SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	SQM
GZ International Medicine Port COCO Park	Liwan	2022	120,000
Guangzhou Cloud-9	Others	2022	32,000
Cinda Jinmao Plaza	Others	2022	68,000
Taihe Kingbuy	Others	2022	120,000

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