

22.0
Stock (million sq m) ▲ ▲

¥1,882
Rent (PSM/MO) ▼ ▬

10.1%
Vacancy Rate ▼ ▼

Source: Cushman & Wakefield East China Research

SHANGHAI ECONOMIC INDICATORS 2022

-0.2%
GDP Growth ▼ ▲

-9.1%
Total Retail Sales Growth ▼ ▲

2.5%
CPI Growth ▲ ▬

Source: Shanghai Statistics Bureau, Cushman & Wakefield East China Research, the forecast is based on Oxford Economics

Three New Projects Entered the Shanghai Retail Market in Q1

According to the National Municipal Bureau of Statistics, China's total retail sales of consumer goods increased by 4.2% y-o-y from January to February in 2023, up by 6.0 percentage points compared with the previous period. These strong fundamentals have attracted much interest in Shanghai's retail property market from both retailers and developers, reflected in the launch of three projects in Q1. MOHO on Nanjing West Road, with a GFA of 75,000 sq m, commenced trial operations in Q4 2022 and held its grand opening in January 2023. Bailian ZX on Nanjing East Road, with a GFA of 9,600 sq m, is an ACGN-themed shopping mall with anchor tenants including Tamashii Nations and MegaHouse. Xintiandi Style II, located on Huaihai Middle Road, reopened in January with 50% of its NFA being leased to either first or flagship stores.

Shanghai's Retail Property Market Recovering Strongly

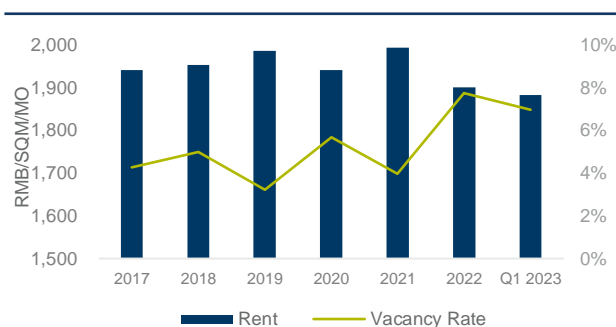
Due to the relaxation of China's COVID-19 control policies and the release of the *Action Plan of Shanghai Municipality to Boost Market Confidence, Expand Consumer Demand and Maintain Economic Growth*, Shanghai's retail property market is recovering strongly. According to the Shanghai Municipal Commission of Commerce, customer flow in shopping centers in Shanghai's 36 submarkets reached 29.1 million during the Chinese New Year, recovering to 91.4% of the performance in the same period last year. Shopping center landlords are also now more optimistic for business prospects in the local market, and retailers are actively sourcing prime retail space in Shanghai for market penetration and expansion.

The F&B, fashion, and entertainment sectors, together with new energy vehicle experience centers, were the primary demand generators during the quarter. International retailers mainly focused on the core submarkets, while mass market and F&B brands expanded in emerging areas. Subsequently, Shanghai's overall vacancy rate moved down by 0.7 percentage points q-o-q to 10.1%. In the five core submarkets the average vacancy rate dropped 0.8 percentage points q-o-q to record 6.9%. As for rental, prime area average first floor asking rents in shopping centers remained stable, dipping just slightly at approximately 0.9% q-o-q to record RMB1,882.4 per sq m per month at the end of the quarter.

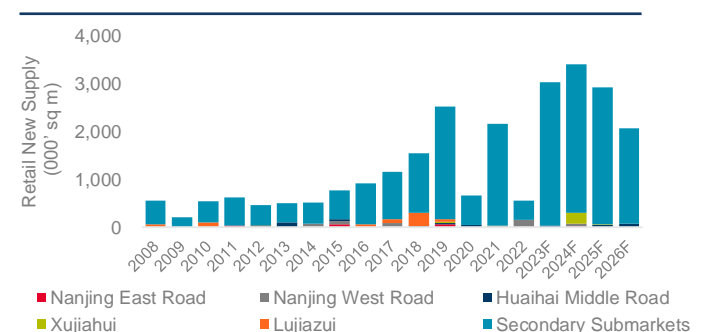
Rising Consumption to Support City's Retail Property Market in 2023

Looking forward, retail sales of consumer goods are expected to show a strong upward trend in 2023 as Shanghai residents' per capita income continues to rise and as the local government continues to support the consumer market. Thus, the overall vacancy rate is expected to fall within a reasonable range in 2023. Given the large volume of new supply launched during 2023, landlords of several existing shopping centers are expected to renovate or to adjust their brand mixes to meet fast-changing consumer demands.

FIVE CORE SUBMARKETS RENT / VACANCY RATE



RETAIL SUPPLY PIPELINE BY SUBMARKET



MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	VACANT (SQM)	VACANCY RATE	UNDER CNSTR TILL 2025 (SQM)	OVERALL AVG RENT (RMB/SQMMO)*
NANJING EAST ROAD	460,660	34,574	7.5%	31,000	2,154.9
NANJING WEST ROAD	733,820	43,165	5.9%	50,000	2,285.1
HUAIHAI MIDDLE ROAD	515,560	36,174	7.0%	90,000	1,482.7
XUJIAHUI	313,000	6,830	2.2%	251,417	2,243.6
LUJIAZUI	1,029,978	91,988	8.9%	0	1,497.2
OTHERS	18,944,600	2,008,328	10.6%	8,941,647	576.3
SHANGHAI TOTALS	21,997,618	2,221,059	10.1%	9,364,064	806.5

* Rental rates are calculated by NLA and considered as consistently achievable for prime space (usually the ground floor) in major shopping centres, excluding management fee, promotional fee and other fees.

SIGNIFICANT STORE OPENINGS Q1 2023

PROPERTY	SUBMARKET	TENANT	SECTOR
MOHO	Nanjing West Road	MOHO BEAUTÉ	Fashion
Xintiandi Style	Huaihai Middle Road	BABAMA	Fashion
TaiKoo Li	Others (New Bund)	MUJI	Lifestyle
Metro City	Xujiahui	Shinsaibashi Gram	F&B
3097 Xiupu Road	Others (Pudong District)	Costco	Supermarket

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	SQM
Shangxianfang	Huaihai Middle Road	2023	40,000
ITC Phase II	Xujiahui	2024	231,417
Landmark	Nanjing East Road	2024	31,000
Shanghai Liubai	Xujiahui	2025	20,000
K11 II	Huaihai Middle Road	2025	50,000

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