

Source: Cushman & Wakefield East China Research

SHANGHAI ECONOMIC INDICATORS Q2 2023



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

Five Projects Launched in Shanghai in Q3

According to the Shanghai Statistics Bureau, the city's retail sales of consumer goods grew 23.5% y-o-y during the first half of 2023. Per capita disposable income of urban residents and consumption expenditure both continued to grow, by 9.7% y-o-y and 24.5% y-o-y, respectively. As a result, the overall Shanghai retail market landscape continued to remain positive.

Five projects launched in Shanghai in Q3 with a combined 310,307 sq m of retail space, bringing citywide total stock to approximately 22.4 million sq m. All five projects are located beyond the city's core areas but are easily accessible by metro. Dream Gala in the Meilong Town submarket, with a GFA of 82,000 sq m, introduced Shanghai's first "Skysea" aquarium on the fifth and sixth floors. Longhuahui in Xuhui District, with a GFA of 88,000 sq m, incorporates a "Jiangnan Water Town" architectural style, as well as the ancient Longhua Tower as a key axis feature to the project. The T Mall Center in Putuo District completed in July with a retail GFA of 68,000 sq m. THE LIGHT BOX, transformed from the Pacific Department Store in the Shanghai Railway Station submarket, commenced trial operations in July with a retail area of 24,307 sq m. Finally, the Hoxiang Walk project, located in Minhang District and with a GFA of 48,000 sq m, held its grand opening in September.

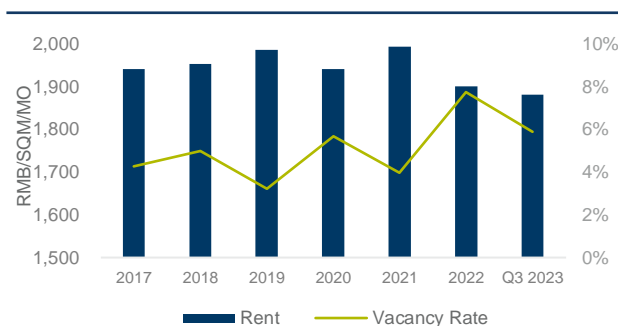
Active Demand for Retail Property in Shanghai During Q3

Demand for retail property in Shanghai was active during Q3 2023. Many domestic and international brands continued to expand their business units, spurring demand for prime retail space. The fashion, F&B, lifestyle, entertainment and boutique supermarket sectors continued to be the primary demand generators. Subsequently, the overall vacancy rate of Shanghai's mid- to high-end shopping center property market dropped by 0.3 percentage points q-o-q to 9.3%, as Q3 net absorption recorded 343,644 sq m. The average first floor asking rent in mid- to high-end shopping centers fell 2.0% q-o-q to RMB791.8 per sq m per month, primarily pulled down by competitive rentals offered by the new supply projects in non-prime areas. Excluding the influence of the new supply, the average rent remained unchanged q-o-q.

Shanghai Retail Property Market Outlook Set to Remain Positive

With economic fundamentals remaining healthy and growth maintaining momentum, the outlook for Shanghai's retail property market should remain positive into the future. With the forthcoming National Day and New Year holidays approaching, several prime new retail projects, including New Bund 31 and Garden City in Pudong, are scheduled to enter the market in the fourth quarter. The volume of new supply will expand the area of experiential retail space but will also drive further competition among shopping centers, which may weigh on rental levels.

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	28,238	6.1%	31,000	2,158.4
NANJING WEST ROAD	733,820	39,256	5.4%	50,000	2,302.3
HUAIHAI MIDDLE ROAD	515,560	33,055	6.4%	133,000	1,477.7
XUJIAHUI	283,000	5,030	1.8%	251,417	2,297.0
LUJIAZUI	1,029,978	72,266	7.0%	0	1,482.6
OTHERS	19,364,907	1,903,564	9.8%	8,521,340	574.0
SHANGHAI TOTALS	22,387,925	2,081,408	9.3%	8,868,064	791.8

* 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 Q3 2023

PROPERTY	SUBMARKET	TENANT	SECTOR
Jing'an Kerry Centre	Nanjing West Road	Vuori	Fashion
Grand Gateway	Xujiahui	Mardi Mercredi	Fashion
1788 Plaza	Nanjing West Road	FENDI Casa	Lifestyle
K11	Huaihai Middle Road	PopSocket	Lifestyle
Longemont Shopping Mall	Zhongshan Park	Hema Premier	New Retail

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	SQM
31 New Bund	New Bund	2023	58,000
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

Shaun Brodie

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