BEIJING

Retail Q4 2023

12-Mo. YoY Chg **Forecast** 14.8 Stock (million sq m)

¥2,250 Rent (PSM/MO)

10.3%

Vacancy Rate



YoY





12-Mo

Source: Cushman & Wakefield Research

BEIJING ECONOMIC INDICATORS 2023 Q3

Forecast 5.1% GDP Growth

2.5% Total Retail Sales of Consumer Goods Growth



0.6% **CPI** Growth

5.2% Per Capita Disposable Income of Urban Residents

Market Overview

No new projects entered the Beijing retail market in Q4 2023, with citywide total shopping mall stock unchanged at 14.8 million sq m. Urban renewal remained the key theme in the market's overall upgrading. Three urban renewal projects re-launched in the guarter, comprising Scitech More, formerly the Scitech Shopping Center, in the CBD submarket; Wangfujing Outlets Up Town, formerly the FC Plaza Holiday Life City, in Daxing District; and Xi Yue Shopping Mall, formerly the New Yansha Mall, in Wangfujing submarket. These project upgrades have created new shopping destinations and introduced new brands, in turn offering higher-guality experiences to consumers.

Beijing's retail market is now in a phase of ongoing updating, with projects in core submarkets actively undergoing upgrading and brand enhancements. In Wangfujing submarket, following the comprehensive upgrade of the In88 Shopping Mall, Huawei's first flagship store in Beijing and Bosideng's first global concept store were both introduced. Anta's first Olympic Hall three-story standalone store also opened in Wangfujing Street in the quarter. In Zhongguancun submarket, the Contemporary Department Store was shuttered for future renovation.

In terms of brands, under the guidance of the first store policy, Beijing introduced 718 brand first stores in the first three guarters of 2023, an increase of 16.6% y-o-y. Shopping malls continued to introduce brand first stores and flagship stores in Q4, with fashion retail and food and beverage sectors remaining the mainstay. Fila Fusion's fashion sports concept store Fusion Blue Box entered the Xi'dan Grand Pacific Mall, and Japanese toast brand Sakimoto opened its first store in Beijing at Xidan The New Shopping Mall, while Canadian high-end outerwear brand Nobis opened its first Greater China store at SKP mall. Brand optimizations and adjustments also saw some luxury fashion brands withdrawn from malls, such as the closure of Michael Kors stores in Chaoyang Joy City and Wangfujing APM.

Outlook

The overall consumer market remains weakened in the face of downwards economic pressures, and developers are more cautious over the positioning and consideration of new projects. Several new construction projects postponed opening plans in Q4 and are now expected to hit the market in the first half of next year. Approximately 950,000 sq m of high-quality new retail space is scheduled to enter in the full-year 2024, mostly large volume projects located in suburban areas. Retail supply in core submarkets is still set to be dominated by urban renewal projects, such as the Cinda Holiday Plaza project transformed from Dongzhimen Guosheng. We can expect renovation and upgrading of older projects in the core submarkets to continue to advance, such as the Xi'an Department Store scheduled for closure next year for renovation.

RENT / VACANCY RATE



Note: Average rent is the best location for the first floor of the benchmarking projects in the core submarkets

RETAIL SUPPLY PIPELINE BY SUBMARKET



Source: Beijing Statistics Bureau / Cushman & Wakefield Research

MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	VACANCY RATE	UNDER CNSTR TILL 2026 (SQM)	ASKING RENTAL RANGE		
				RMB/SQM/MO	EUR/SF/MO	US\$/SF/MO
CBD	979,849	3.70%	0	800 – 2,000	9.54 - 23.84	10.48 – 26.19
Sanlitun	246,000	3.00%	80,000	$800 - 2{,}500$	9.54 - 29.80	10.48 - 32.74
Xi Dan	199,000	4.00%	0	1,000 - 2,000	11.92 - 23.84	13.10 - 26.19
Wangfujing	450,000	3.00%	0	800 - 2,000	9.54 - 23.84	10.48 - 26.19
Lufthansa	234,000	4.00%	0	600 - 1,500	7.15 – 17.88	7.86 - 19.64
E2R-Chaowai	279,276	4.90%	170,000	600 - 1,200	7.15 – 14.31	7.86 - 15.72
Chongwenmen-Xuanwumen	309,000	9.35%	110,000	600 - 1,000	7.15 – 11.92	7.86 - 13.10
Zhongguancun	974,000	4.20%	200,000	800 – 1,800	9.54 - 21.46	10.48 - 23.57
OTHERS TOTALS	11,125,880	/	1,658,600	/	/	/
BEIJING TOTALS	14,797,005	10.30%	2,218,600	2,250*	26.47*	29.47*

^{*}Data includes shopping malls only; the stock of shopping mall has changed due to database adjustments in this quarter.

SIGNIFICANT STORE OPENINGS Q4 2023

PROPERTY	SUBMARKET	TENANT	ТҮРЕ
China World Shopping Mall	CBD	SKYPEOPLE	Fashion
Beijing SKP	CBD	Nobis	Fashion
Beijing Chaoyang Hopson One	CBD	Fei Chef	F&B
Beijing Chaoyang Joy City	Shilipu-Qingnian Road	Xiang Lala	F&B
Beijing Grand Pacific	Xidan	FUSION BLUE BOX	Fashion

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	SQM
Mixc One (Xibeiwang)	Other (Haidian)	2024	70,000
Lize Life (No.16)	Other (Fengtai)	2024	55,000
POLPAS	Other (Chaoyang)	2024	55,000
Beijing Hops On (Changping)	Other (Changping)	2024	300,000

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^{*}Asking Rental Range is based on ground floor rent in prime locations in major shopping centers, excluding management, promotional and other fees; the overall average rent is the best location for the first floor of the benchmarking projects in the core submarkets. Exchange Rate:1USD = 0.91026438 EUR = 7.0938814 CNY, as of December 15th 2023.