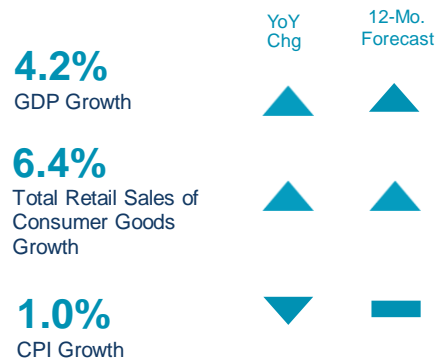


Source: Cushman & Wakefield Research

GUANGZHOU ECONOMIC INDICATORS

Q1-Q3 2023



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

Annual New Supply Total at a Peak

Guangzhou's prime retail market welcomed several new mall openings in Q4 2023, bringing a total of 447,000 sq m of new supply. Among them, Zhujiang New Town saw its first new project opening for five years, adding 40,000 sq m of prime retail space to the core area. In the non-core area, Nansha has now witnessed multiple mall openings for two consecutive quarters, uplifting the district's commercial development. However, post-pandemic consumer demand and preferences have driven divergence in mall performance, with operational contrasts magnified. Newer projects with superior locations and quality have achieved relatively better store opening rates. Total new supply for the full-year 2023 reached 647,000 sq m, pushing the city's stock to 5.7 million sq m. The influx of new space impacted the market structure, with the overall average first floor rent falling to RMB710.3 per sq m per month.

Retail Sector Performance Diverges, With F&B Competition Escalating

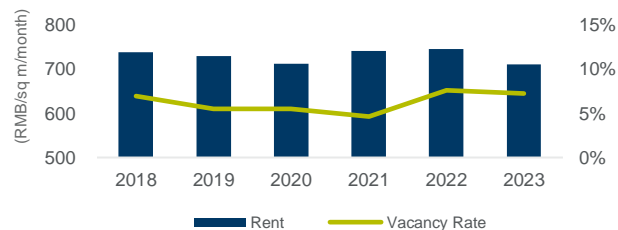
Citywide net absorption in Q4 reached 384,000 sq m, up threefold y-o-y. The F&B, lifestyle, and leisure sectors achieved the most new and pending store openings in Q4, with rises of 3.6, 3.0, and 2.3 percentage points respectively q-o-q. Catering had the highest percentage of new and pending store openings both in Q4 and throughout the year. Strong F&B demand has been matched by fierce competition. Tea drink brands upgraded products, designs and services in the quarter, and launched new sub-brands. Examples include Heytea's store upgrade at OneLink Walk, while Naixue's sub-brand entered Yuehai Tiandi, and Koi's upgraded brand, Koi Plus, will open a store at K11. In the lifestyle sector, new energy vehicle brands continue to dominate. New store opening numbers dipped y-o-y, but brands still in their expansion phase are still willing to build visibility and promotion power by moving into shopping malls.

Overall, retail sector performance was diverse. Most brands are cautious on expansion, but some luxury names are actively opening stores in high-end malls, such as Maison Margiela. And in response to rising online marketing costs, online brands are also opting to open physical stores to enhance their users' experiences and to boost sales opportunities. Local apparel brand Sishan Wenye was one such example, opening an inaugural brick-and-mortar store in GT Land Plaza.

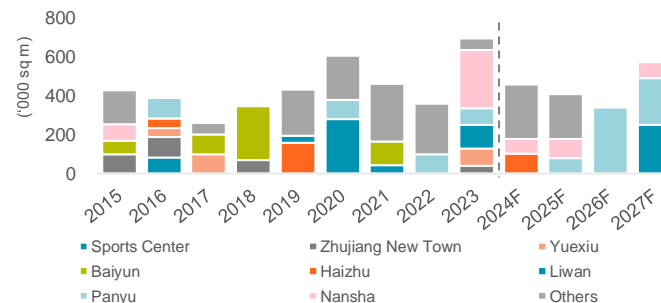
Outlook

In the next three years, Guangzhou's prime retail property market will see 1.2 million sq m of new supply, mainly in the non-core area. This expansion of the retail landscape will aid development of the city's multi-level consumption plan. We also expect landlords of existing projects to continue to optimize tenant mixes and to adjust rental expectations. The recently published *Tianhe District Helping Guangzhou Cultivate and Build an International Consumption Center City Implementation Plan (2023-2025)* highlights the need to develop the Brand Economy and First-Store Economy. The policy aims to promote high-quality development of business districts by optimizing key areas and attracting first-tier brands to establish first stores, experience centers, and service centers.

RENT / VACANCY RATE



RETAIL SUPPLY PIPELINE BY SUBMARKET





MARKET STATISTICS

| SUBMARKET | INVENTORY (SQM) | VACANT (SQM) | VACANCY RATE | UNDER CNSTR TILL 2028(SQM) | OVERALL AVG RENT (RMB/SQM/MO)* |
|-------------------------|------------------|----------------|--------------|----------------------------|--------------------------------|
| Sports Center | 867,800 | 4,830 | 0.56% | 0 | 1,900.00 |
| Zhujiang New Town | 604,359 | 76,822 | 12.71% | 0 | 767.14 |
| Yuexiu | 477,200 | 37,328 | 7.82% | 0 | 907.50 |
| Baiyun | 738,300 | 57,845 | 7.83% | 0 | 467.38 |
| Haizhu | 309,000 | 800 | 0.26% | 102,000 | 603.75 |
| Liwan | 525,900 | 104,800 | 19.93% | 250,000 | 484.00 |
| Panyu | 563,225 | 11,720 | 2.08% | 657,858 | 442.83 |
| Nansha | 383,530 | 64,100 | 16.71% | 260,000 | 282.50 |
| Others | 1,190,772 | 50,920 | 4.28% | 506,000 | 301.67 |
| GUANGZHOU TOTALS | 5,660,086 | 409,166 | 7.23% | 1,775,858 | ¥710.28 |

* 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 Q4 2023

| PROPERTY | SUBMARKET | TENANT | SECTOR |
|--------------|---------------|-----------------|--------|
| Tai Koo Hui | Sports Center | Maison Margiela | Retail |
| Parc Central | Sports Center | AMI PARIS | Retail |
| OneLink Walk | Sports Center | Heytea Chafang | F&B |

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

| PROPERTY | SUBMARKET | EXPECTED OPENING DATE | SQM |
|-----------------------------|-----------|-----------------------|---------|
| Junchao Mall | Others | 2025 | 128,000 |
| Guangzhou South Station ICC | Panyu | 2026 | 256,858 |
| NEW METROPOLIS | Panyu | 2026 | 81,000 |

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About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in approximately 400 offices and 60 countries. In Greater China, a network of 23 offices serves local markets across the region. In 2022, the firm reported global revenue of US\$10.1 billion across its core services of valuation, consulting, project & development services, capital markets, project & occupier services, industrial & logistics, retail and others. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), Environmental, Social and Governance (ESG) and more. For additional information, visit www.cushmanwakefield.com.

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