

Source: Cushman & Wakefield East China Research

SHANGHAI ECONOMIC INDICATORS 2023



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

One New Retail Property Completed in Q1 2024

Local economic growth was resilient in Q1 2024 with many major indicators continuing to point north, reinforcing supportive growth in Shanghai's consumption and retail property markets. According to the Shanghai Cultural and Tourism Bureau, the city welcomed an impressive 16.75 million visitors during the eight-day Chinese New Year holiday this year, jumping 50% year-on-year (y-o-y). Meanwhile, according to the Shanghai Big Data Centre, total foot traffic volume in 35 retail sub-markets was at 28.73 million visitors, up 11.9% over the same period last year. The sole new completion in Q1, Aegean Cultural Plaza in Lingang Harbour City, debuted on January 20, injecting approximately 30,000 sq m of new retail space into the market. Subsequently, total overall mid- to high-end retail property stock reached 23.01 million sq m.

Demand for Prime Retail Space Remains Active

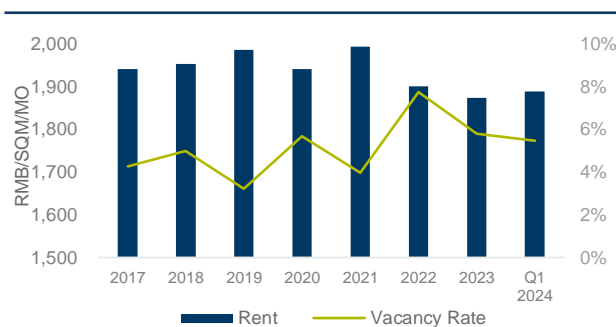
Encouraged by positive economic prospects, demand in Shanghai's mid- to high-end retail property market picked up gradually, with some retailers starting to actively seek prime retail space for new stores in the quarter. The F&B, lifestyle, entertainment, 3C and smart home experience store sectors continued to be primary demand generators. By the end of Q1 2024, the overall vacancy rate for Shanghai mid- to high-end shopping centers decreased to 9.38%, down 0.72 percentage points y-o-y. This is the lowest vacancy rate seen in the Shanghai retail property market since 2022. The average first-floor asking rent remained stable at RMB778.85 per sq m per month. However, rental growth in mature properties in core submarkets continued, driven by growing sales revenue, high occupancy rates and tenant adjustments. The average first-floor asking rent in the core submarkets continued to grow steadily to RMB1,888.83 per sq m per month, up 0.34% y-o-y.

Shanghai Retail Property Market Set to Continue to Upgrade

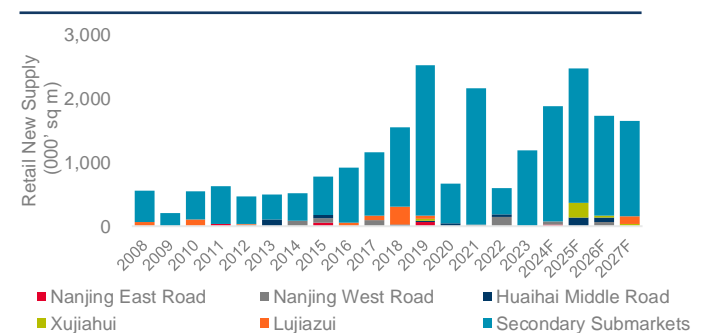
Looking to the future, more than 1.8 million sq m of new retail space is scheduled for 2024, including landmark properties such as Livat, HOPS ON, and Mira Land. As emerging areas continue to develop, the average rent of Shanghai retail property is expected to dip as new projects within these areas complete. Several existing retail properties will differentiate themselves by renovating facilities, optimising tenant mixes and setting up experiential retail spaces to enhance market competitiveness.

In March 2024, the Shanghai government issued the *Plan for Promoting the Expansion of Service Consumption in Shanghai*, proposing specific goals for 2027 covering 11 service consumption areas, including tourism, sports, F&B, household appliances and transportation. New technologies such as 5.5G, VR, AI and Beidou satellites will be adopted to create new consumption scenarios and models in Shanghai's retail market. As a result, we can expect the Shanghai retail property market to continue to upgrade over the next few years.

FIVE CORE SUBMARKETS 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/SQMMO)*
NANJING EAST ROAD	460,660	25,174	5.5%	31,000	2,151.1
NANJING WEST ROAD	733,820	36,826	5.0%	121,162	2,330.3
HUAIHAI MIDDLE ROAD	515,560	33,035	6.4%	215,600	1,482.5
XUJIAHUI	283,000	3,730	1.3%	294,417	2,319.5
LUJIAZUI	1,029,978	66,439	6.5%	115,000	1,480.1
OTHERS	19,981,907	1,992,756	10.0%	6,965,586	567.4
SHANGHAI TOTALS	23,004,925	2,157,960	9.4%	7,742,765	778.8

* 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 Q1 2024

PROPERTY	SUBMARKET	TENANT	SECTOR
Wheelock square	Nanjing West Road	ARC'TERYX	Fashion
Xintiandi	Huaihai Middle Road	HONMA	Lifestyle
Jing'an Temple Plaza	Nanjing West Road	Apple	3C Experiential Store
HAUS NOWHERE	Huaihai Middle Road	Nudake	F&B
Global Harbor	Zhenru	Poltrona Frau	Lifestyle

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	SQM
Landmark	Nanjing East Road	2024	31,000
Pacific Xintiandi	Huaihai Middle Road	2025	83,000
ITC Phase II	Xujiahui	2025	231,417
K11 II	Huaihai Middle Road	2025	50,000
Taikoo Li	Lujiazui	2027	115,000

Shaun Brodie

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