

Source: Cushman & Wakefield Research

## GUANGZHOU ECONOMIC INDICATORS Q1 2024



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

\*Due to sample range adjustments, the citywide stock as of Q1 2024 corrected to 5,634,086 sq m and the vacancy rate was corrected to 7.7%.

## Prime Mall Vacancy Rate Remains Stable, Rental Level Picks Up

Guangzhou's holiday consumption market remained heated during the May and Dragon Boat Festival periods. The city hosted more than 11 million local and tourist visitors during the May holiday, up 4.4% y-o-y. Coinciding with the 135th Canton Fair, business travel also increased in the quarter, further boosting local consumption. The government introduced a series of policies to promote consumption, such as subsidies for trade-ins, supporting a steady pick up in retail market demand. Prime shopping malls with mature operational experience have continued to introduce new brands, and to maintain low vacancy rates. In contrast, retail projects with less favorable locations or lower quality faced greater operational pressures. As a result of the divergent performance, the average vacancy rate at prime malls stabilized at 7.3%, dropping slightly at 0.4 percentage points q-o-q.\*. Ongoing brand adjustments at prime malls also helped the citywide average monthly rental level to pick up, climbing 0.5% q-o-q to record RMB716.4 per sq m.

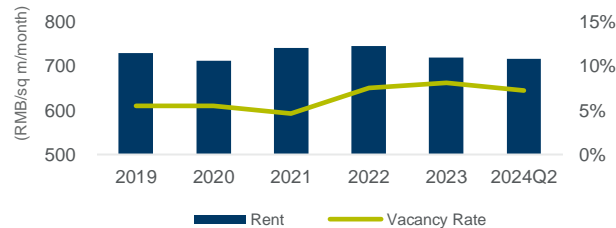
## Fragrance and Sports Brands Continue Expansion, F&B Competition Increases

Retail brands slightly outpaced F&B brands as the mainstay of market absorption in the quarter, accounting for 43% of all new and pending store openings. Fragrance brands stood out, including Penhaligon's, L'Artisan Parfumeur and Creed. Greater public awareness of health and fitness has also contributed to a continued boom in sports consumption, with brands such as Salomon, Hoka and Lululemon expanding strongly in the city. However, there were also some store closures from fast-fashion brands. The F&B sector accounted for 41% of all new and pending stores, with hotpot operators continuing to grow, such as Chaofa Chaoshan Beef Hotpot's expansion to Popark and New Park. Dessert and beverage brands also maintained development strategies, including Roll'ING's move into Grandview Plaza, cheesecake brand Kumo Kumo's arrival at GT Land Plaza, and tea brand Ah Ma's opening at Parc Central. As competition in the F&B sector intensifies, some chain restaurant brands have upgraded their store themes and products to provide consumers with compelling new experiences, such as the soon-to-be-opened Taotao Ju select Store and Feidachu Select Store.

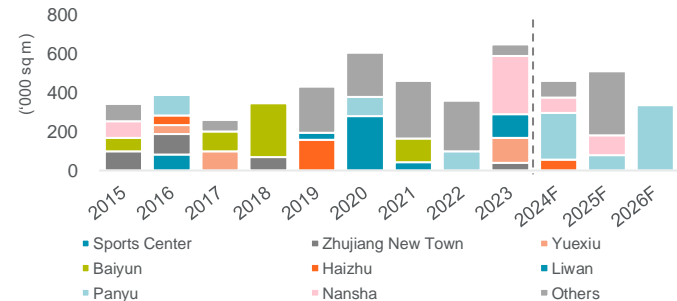
## Outlook

Guangzhou's total prime retail stock stood at 5.6 million sq m as at Q2 2024\*. A further 460,000 sq m of new prime space is currently scheduled to enter the market during the year, including Yang Cheng Plaza. Ahead, the city government has released a new high-quality development plan for the catering industry for 2024 to 2035, promoting three Chinese and Western specialty food clusters, and we can expect this to provide new impetus and energy to the Guangzhou F&B market environment.

## 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	9,580	1.10%	0	1,911.9
Zhujiang New Town	604,359	67,701	11.20%	0	769.9
Yuexiu	477,200	43,088	9.03%	0	911.3
Baiyun	738,300	60,335	8.17%	0	469.3
Haizhu	309,000	2,600	0.84%	57,000	600.6
Liwan	525,900	102,700	19.53%	286,325	483.3
Panyu	563,225	7,020	1.25%	897,858	440.2
Nansha	383,530	15,360	4.00%	260,000	280.0
Others	1,164,772	100,750	8.65%	413,000	323.2
<b>GUANGZHOU TOTALS</b>	<b>5,634,086</b>	<b>409,134</b>	<b>7.26%</b>	<b>1,914,183</b>	<b>716.4</b>

\* 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 Q2 2024

PROPERTY	SUBMARKET	TENANT	SECTOR
Lumina Guangzhou	Yuexiu	Xiaomi EV	Facilities
Parc Central	Sports Center	pLeace	F&B
Tai Koo Hui	Sports Center	Salomon	Retail
IGC	Zhujiang New Twon	QINGCHUN PERMA	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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