

23.4
Stock (million sq m)

YoY Chg ▲ 12-Mo. Forecast ▲

¥1,880
Rent (PSM/MO)

YoY Chg ▼ 12-Mo. Forecast —

9.3%
Vacancy Rate

YoY Chg ▼ 12-Mo. Forecast —

Source: Cushman & Wakefield East China Research

SHANGHAI ECONOMIC INDICATORS Q1 2024

5.0%
GDP Growth

YoY Chg ▲ 12-Mo. Forecast —

0.1%
Total Retail Sales Growth

YoY Chg — 12-Mo. Forecast ▼

-0.2%
CPI Growth

YoY Chg — 12-Mo. Forecast —

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

Total Stock of Shanghai's Prime Retail Property Market Continued to Expand

The total stock of Shanghai's prime retail property market continued to expand in Q2 2024. Ten mid- to high-end retail properties were completed and opened in the quarter. These comprised Xuhui Vanke Mall, TPY Centre and SAGA City of Light in Xuhui District, UU Centre in Changning District, Sanlin Incity and EKA in Pudong District, Reeb in Minhang District, Baoland Incity in Baoshan District, and Life Hub @ Anting II and Yongshengli in Jiading District. The new completions injected a total GFA of 457,400 sq m into the market, pushing total stock in the overall prime retail property market to expand by 1.62% q-o-q, to reach 23.4 million sq m at the end of June.

More Overseas And Domestic Brands Resumed Expansion Activities

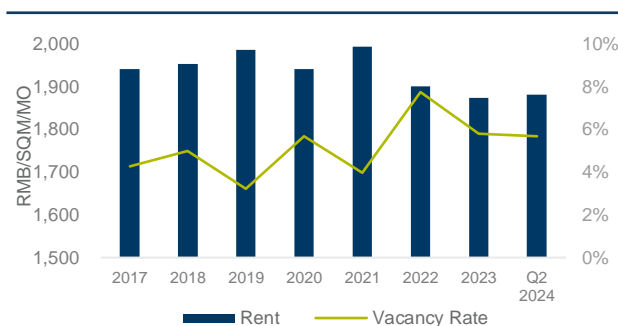
Driven by overseas and domestic retailers, positive market sentiment and local consumer power, international brands continued rapid expansion via first stores, flagship stores, and new store openings. From January to April 2024, a total of 489 first stores were established in Shanghai, including three Asia first stores and 55 Chinese mainland first stores. The proportion of high-end flagship stores reached 11.9%, setting a new record. The F&B, lifestyle, entertainment, fashion, 3C and smart home experience store sectors continued to be primary demand generators. Net absorption reached approximately 350,000 sq m in Q2, primarily driven by new leases at the new supply projects. Demand was further stimulated by brand mixture adjustments at mature retail properties. As a result, the citywide overall vacancy rate fell 0.1 percentage point q-o-q to record 9.3%.

Given the volume of recently completed supply, Shanghai's retail property market is now facing more intensified intra-market project competition. Some shopping centers have been able to attract large numbers of shoppers by offering a rich portfolio of retail formats, superior shopping environments, innovative experiential retail spaces, and attractive retail marketing strategies. However, traditional department stores or shopping centers have gradually lost their competitive edge due to a lack of innovation and upgrading. Therefore, existing retail properties are continuing with facility renovations, brand mixture adjustments and rent concessions to stand out in the market. Thus, the average first floor asking rent in Shanghai's mid- to high-end shopping centers softened in Q2 2024 by 2.4% q-o-q to register RMB760.5 per sq m per month.

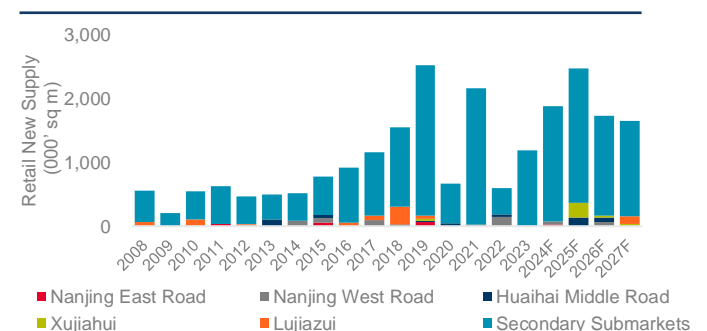
Shanghai Retail Property Market To Continue To Upgrade

In April 2024, Shanghai issued the "Plan for Commercial Circle Upgrading in Shanghai (2024-2026)," proposing the renewal of more than 3 million sq m of commercial property, and the annual growth rate of customer footfall flow and the sales per sq m target to be more than 5% in international-level retail areas by 2026. As such, Shanghai's retail property market will continue to upgrade in the coming years and, as a result of urban renewal, projects will feature superior market positioning, more experiential spaces, more diversified brand mixtures, and more intelligent and green facilities.

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	28,774	6.3%	31,000	2,153.9
NANJING WEST ROAD	665,738	38,681	5.8%	189,162	2,321.0
HUAIHAI MIDDLE ROAD	515,560	32,135	6.3%	215,600	1,490.2
XUJIAHUI	282,000	3,870	1.4%	310,417	2,300.7
LUJIAZUI	1,029,978	63,940	6.2%	115,000	1,490.3
OTHERS	20,424,307	2,010,818	9.9%	6,523,186	559.6
SHANGHAI TOTALS	23,378,243	2,178,217	9.3%	7,384,365	760.5

* 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 Q2 2024

PROPERTY	SUBMARKET	TENANT	SECTOR
Réel	Nanjing West Road	MUGLER	Fashion
iapm	Huaihai Middle Road	PDPAOLA	Fashion
TPY Centre	Xujiahui	iFLYTEK	3C Experiential Store
Suhewan MixC	Suhewan	Grande A'moo	F&B
Shanghai No.1 Yaohan	Lujiazui	TaiQiong Dregs Vinegar Hot Pot	F&B

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

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About Cushman & Wakefield

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