

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
5.8M Stock, sqm	▲	▲
8.5% Vacancy Rate	▲	▼
¥691.1 Average Rent, RMB/sqm/mo <i>(Prime Shopping Mall Property)</i>	▼	—

ECONOMIC INDICATORS

	Q1-Q3 2024	YOY Chg	12-Month Forecast
2.0% GDP Growth		▼	▲
0.1% Retail Sales Growth		▼	▲
0.4% CPI Growth		▼	▲

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

OVERALL RETAIL MARKET RENTS CONTINUE TRENDING DOWN

Stimulated by the goods trade-in policy, Guangzhou consumer market demand strengthened in Q4, achieving 4.2% y-o-y growth in total retail sales of consumer goods in October alone. Core submarkets remain the top choice for brand expansion, and despite renovation work at some malls, vacant space was filled quickly in the quarter, with core area vacancy stable. However, weaker leasing demand in non-core submarkets intensified competition among projects, in turn pushing up the overall citywide vacancy rate by 0.6 percentage points q-o-q to 8.5%. Some landlords lowered rental expectations to boost occupancy, with the citywide prime mall average rent then dropping by 2.4% q-o-q to RMB691.1 per sq m per month.

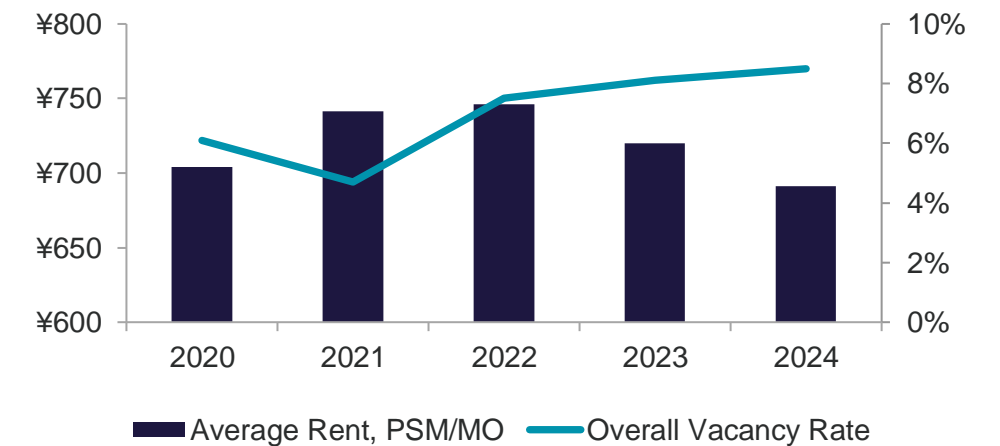
EXPERIENTIAL CONSUMPTION HEATS UP

Under the guidance of the first store policy, prime malls in Guangzhou introduced nearly 90 first stores during the year, a jump of 87% y-o-y. The F&B sector was the major driver of market absorption in Q4, accounting for 46% of all new and pending store openings, up 8.5% q-o-q. In particular, hotpot and barbecue operators expanded significantly through the winter months cycle. Most retail brands remain cautious on brand expansion, but some luxury retail names are still actively opening stores, such as Christian Louboutin's new store in K11 and Loro Piana's new store in Taikoo Hui. Experiential consumption that provides emotional value is increasingly favored. We have seen more experiential retail stores, such as live houses, talk shows and indoor zoos, enter prime malls this year, placing higher demands on the operation and management capabilities of shopping centers.

OUTLOOK

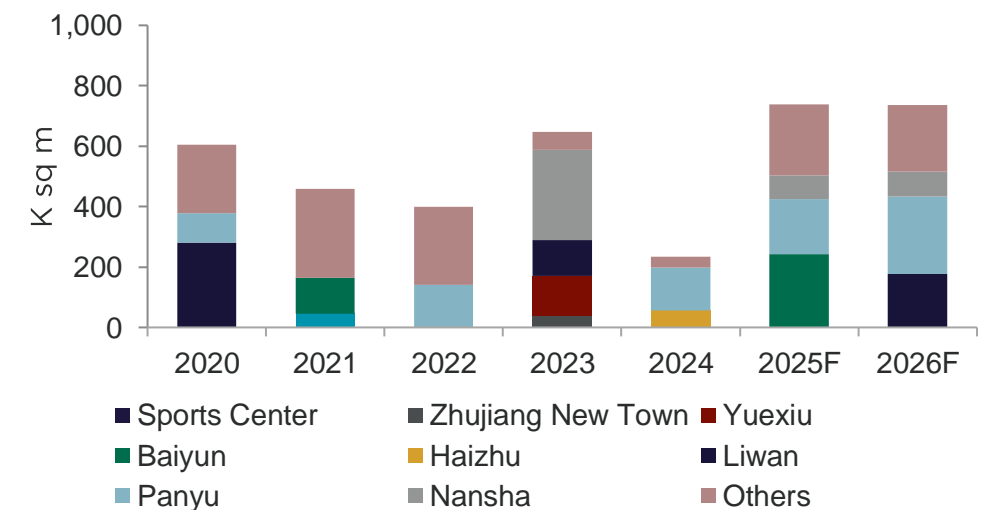
Developers have become more cautious on project positioning, marketing, and operations, and some project openings have been delayed. A further 737,000 sq m of new prime space is scheduled to enter the market in 2025, of which more than 50% is slated for the main urban areas, such as Junchao Plaza and Financial City Plaza.

OVERALL VACANCY & AVERAGE RENT



* 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.

RETAIL SUPPLY PIPELINE BY SUBMARKET



Note: F is forecast.

MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	VACANT (SQM)	OVERALL VACANCY RATE	FUTURE SUPPLY TILL 2026 (SQM)	OVERALL AVG RENT		
					RMB/SQM/MO	USD/SF/MO	EUR/SF/MO
Sports Center	867,800	7,750	0.9%	0	¥1,855.9	US\$24.28	€ 23.08
Zhujiang New Town	604,359	64,197	10.6%	0	¥798.5	US\$10.12	€ 9.62
Yuexiu	477,200	46,100	9.7%	0	¥850.0	US\$11.31	€ 10.75
Baiyun	738,300	70,370	9.5%	243,000	¥459.3	US\$5.93	€ 5.63
Haizhu	366,000	8,160	2.2%	0	¥579.1	US\$7.81	€ 7.43
Liwan	525,900	109,600	20.8%	177,025	¥480.1	US\$6.14	€ 5.83
Panyu	703,225	52,363	7.4%	437,858	¥412.0	US\$5.40	€ 5.13
Nansha	383,530	16,000	4.2%	160,000	¥275.0	US\$3.57	€ 3.40
Others	1,164,772	121,739	10.5%	455,000	¥319.2	US\$4.12	€ 3.92
GUANGZHOU TOTALS	5,831,086	496,279	8.5%	1,472,883	¥691.1	US\$9.04	€ 8.59

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Exchange Rate: 1 USD = 0.95060247 Euros = 7.277963 RMB (2024.12.16)

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SECTOR
K11	Zhujiang New Town	Christian Louboutin	Retail
Taikoo Hui	Sports Center	Loro Piana	Retail
Parc Central	Sports Center	MOJIE	F&B
Grandview Plaza	Sports Center	24/7 fitness	ENT
Rock Square	Haizhu	GWMAiO	Showroom

KEY PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING YEAR	SQM	OWNER / DEVELOPER
Junchao Mall	Others	2025	128,000	Junchao
K11 Select	Panyu	2025	81,000	New World
Baietan Mixc	Liwan	2026	177,025	China Resources

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