

## SHENZHEN ECONOMIC INDICATORS

### Q1 2024



## General Retailing Sector New Store Openings Surpass F&B in Q2

No new prime retail projects entered the Shenzhen market in Q2, with total stock remaining at 6.6 million sq m. Resilient growth in demand and positive sentiment from inbound tourism continued to bring confidence to the market. The citywide average rental level grew 0.7% q-o-q to RMB812.1 per sq m per month. Leasing demand from quality brand tenants for mature prime mall space helped absorb vacant space. As a result, the citywide average vacancy rate dropped a further 0.3 percentage points q-o-q to record 8.4%. In the core submarkets, vacancy in Luohu dropped 0.6 percentage points, in Futian 0.4 percentage points, and in Nanshan 0.2 percentage points.

The general retailing sector surpassed F&B for new and pending store openings in Q2, accounting for 50.8% of total store openings. Within the retail sector, casual fashion brands took a 17.0% share of the new store count, including new entrant Boneless at Uniwalk Qianhai, and with Hollister preparing to open in Haiya Mega Mall. The 3C and Smart Appliances Store category accounted for 10.3% of new stores, with circular economy company Zhuanzhuan opening at several locations. Midea Group's Colmo also opened at Rail In, Dreame expanded to Buji MIXC, while DJI and Shokz expanded to Upperrhills. Reflecting this activity, Shenzhen's retail sales growth rate in the first four months of the year for communication products was at 8.9%, and for household appliances and audio-visual equipment at 12.4%. Both these categories far outstripped the overall retail sales growth figure of 2.3% and indicate an upgrading consumption trend.

In the F&B sector, local Chinese cuisine specialists, BBQ and Hotpot restaurants took a combined 31.9% share of the new store count. Darongshuxia Shunde Cuisine expanded to Guangming Maxland, while Jiumaojiu Group's Shanwaimian Guizhou Hotpot is soon to open at Vanke Plaza. Tea beverage brands took a 13.3% share of new stores, including new entrant Dawon Tea from Fukien. Chinese food chain stores such as Xiao Noodle, Shuangyanlou and Dashixiong took an 11.9% share.

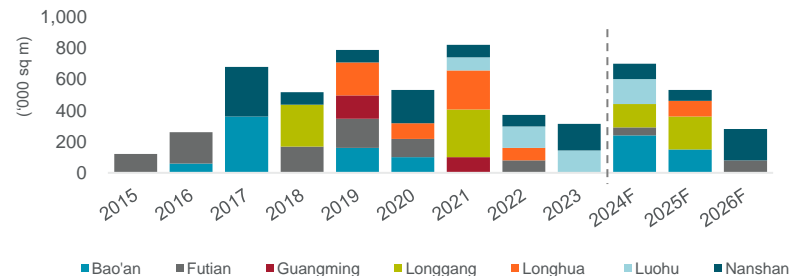
## Inbound Consumption Activities Set to Continue to Spur Demand Ahead

Some projects scheduled to open in the 1H 2024 period have been postponed to the second half of the year due to construction and project delays as the real estate industry continues to adjust. Consequently, 698,000 sq m of new retail supply is now expected to enter the market through the remainder of the year. Some projects have gained market attention through social media but will still face challenges under fierce market competition. Shenzhen's overnight inbound visitor numbers reached 1.95 million in Q1, with Hong Kong and Macao tourists taking an 86.6% share of the total. We expect that the ongoing integration and development of GBA cities, uplifted by the commencement of the Shenzhen-Zhongshan Bridge, will further support cross-border consumption activities, and in turn further spur Shenzhen retail market demand.

### RENT / VACANCY RATE



## RETAIL SUPPLY PIPELINE BY SUBMARKET



MARKETBEAT

SHENZHEN

Retail Q2 2024

MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	VACANT (SQM)	VACANCY RATE	UNDER CNSTR TILL 2026 (SQM)	OVERALL AVG RENT (RMB/SQM/MO)*
Luohu	783,829	49,922	6.4%	160,000	1,050.0
Futian	1,348,000	130,840	9.7%	130,000	998.1
Nanshan	1,820,583	241,069	13.2%	368,000	745.6
Longgang	807,000	45,000	5.6%	360,000	579.2
Bao'an	950,000	42,760	4.5%	390,000	904.2
Longhua	640,000	31,200	4.9%	100,000	425.0
Guangming	250,000	13,500	5.4%	-	412.5
SHENZHEN TOTALS	6,599,412	554,291	8.4%	1,508,000	812.1

\* 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
KK MALL	Luohu	Timberland	Retail
SCPG Center	Futian	Erdos 1980	Retail
MIXC Qianhai	Nanshan	Changle Tuina	Lifestyle Services
Maxland	Bao'an	Russian Supermarket	Retail

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	SQM
Bantian Vanke Plaza	Longgang	2024	150,000
Luohu Yitian Holiday Plaza	Luohu	2024	100,000
K11 Ecoast shopping mall	Nanshan	2024	98,000
Shenzhen Bay MIXC Phase II	Nanshan	2025	70,000

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