

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
7.2M Stock, sqm	▲	▲
8.0% Vacancy Rate	▼	▲
¥780 Average Rent, RMB/sqm/mo (Prime Shopping Mall Property)	▼	▼

ECONOMIC INDICATORS

	Q1-Q3 2024	YOY Chg	12-Month Forecast
5.4% GDP Growth	—	—	—
0.7% Retail Sales Growth	▼	▲	▲
0.1% CPI Growth	▼	—	—

Sources: Shenzhen Statistic Bureau, Moody's Analytics, Cushman & Wakefield Research

CITYWIDE VACANCY RATE FALLS FURTHER TO 8.0%

Shenzhen's overall prime mall stock remained at 7.2 million sq m in Q4. Strengthened occupancy at recently opened projects supported a further fall in the citywide vacancy rate to 8.0%. Citywide retail sales of consumer goods grew just 0.7% y-o-y for the first three quarters, although improved to 1.0% for the January to October period, supported by the goods trade-in program. Softer consumption growth has in turn weighed on the retail property market. The monthly average rental level dropped 2.8% y-o-y to RMB780.2 per sq m.

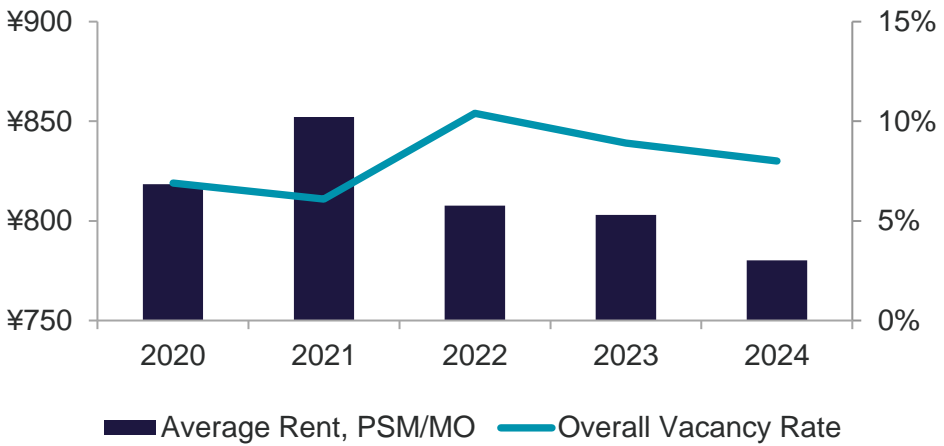
GENERAL RETAILING TAKES 49.3% SHARE OF NEW STORES

Trade-in program subsidies spurred renewed market demand, with retail sales growth in household appliances and audio-visual equipment for January to October jumping to 7.1%. For new retail store openings, the 3C and smart appliances sectors grew 2.5 percentage points y-o-y to take 9.0% of total openings. KKV and Miniso were active, while Shenzhen's first "Pangdonglai-ised" superstore opened. Overall, the general retailing sector took a 49.3% share of total new store openings for 2024, a 6.1-percentage-points y-o-y increase. The F&B sector took 39.9%, with Chinese fast-food stores expanding to 12.3%. Arcade and Esports operators are also seen growing, with education and training centers expanding at community malls.

TOURISM PROJECTS TO BRING CONSUMPTION OPPORTUNITIES

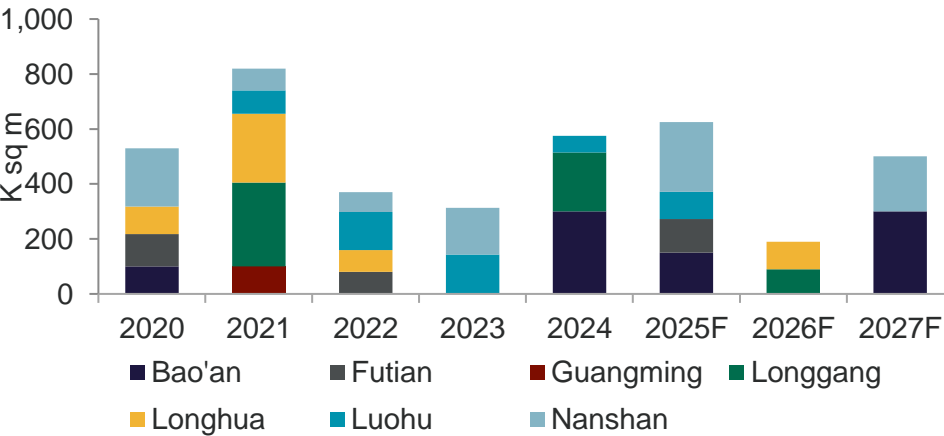
Ahead, 624,800 sq m of prime new mall space is scheduled to complete through 2025. The opening of Huafa Snow World should help drive greater visitor numbers, augmented by a new government implementation scheme to drive retail industry innovation and upgrades. However, amid softer economic growth and with income concerns, households are generally cautious in spending. It will take effort to maintain and expand consumption growth. The Central Government has announced guidelines to "urge efforts to vigorously boost consumption, improve investment efficiency, and expand domestic demand on all fronts" in 2025. We can expect these measures to boost consumption and to actively strengthen confidence and stimulate demand.

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 2027 (SQM)	OVERALL AVG RENT		
					RMB/SQM/MO	USD/SF/MO	EUR/SF/MO
Luohu	843,829	67,002	7.9%	100,000	¥956.1	US\$12.2	€11.6
Futian	1,348,000	117,080	8.7%	121,800	¥1,011.5	US\$12.9	€12.3
Nanshan	1,820,583	219,961	12.1%	453,000	¥756.9	US\$9.7	€9.2
Longgang	1,022,000	36,530	3.6%	90,000	¥526.3	US\$6.7	€6.4
Bao'an	1,250,000	88,760	7.1%	450,000	¥769.4	US\$9.8	€9.3
Longhua	640,000	28,700	4.5%	100,000	¥443.8	US\$5.7	€5.4
Guangming	250,000	12,500	5.0%	-	¥425.00	US\$5.4	€5.2
SHENZHEN TOTALS	7,174,412	570,532	8.0%	1,314,800	¥780.2	US\$10.0	€9.5

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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
Shum Yip Upperhills	Futian	Sundan Life	Retail
KKONE	Futian	KKV	Retail
MIXC World	Nanshan	Top Toy	Retail
King Glory Plaza	Luohu	Xihe Exquisite Beijing Cuisine	F&B
Uniworld	Longhua	Feng Xiao Zhang Hotpot	F&B

KEY PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING YEAR	SQM	OWNER / DEVELOPER
Shenzhen Joy City	Bao'an	2025	150,000	COFCO GRANDJOY
Shenzhen Bay MIXC Phase II	Nanshan	2025	70,000	China Resources
Uni Outlets	Bao'an	2027	300,000	China Horoy

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