MARKETBEAT

NANJING

Retail Q4 2019

	YoY Chg	12-Mo. Forecast
8.7% Disposable Income	▼	▲
1.2% Population Growth (2018)	▲	▼
7.0% Consumption Expenditure Growth	▲	▲

Source: Nanjing Statistics Bureau.
The forecast is based on Oxford Economics

NANJING ECONOMIC INDICATORS JAN - SEPT 2019

	YoY Chg	12-Mo. Forecast
5.4% Total Retail Sales Growth	▼	▲
8.0% GDP Growth	—	▼
2.7% CPI Growth	▲	▼

Source: Nanjing Statistics Bureau
The forecast is based on Oxford Economics

Golden Eagle Bloc A Re-Opened, More Quality Malls Expected in 2020

Golden Eagle Shopping Mall Bloc A in Xinjiekou re-opened at the end of the year, re-introducing 45,000 sq m of prime retail supply and pushing overall stock up to 2.6 million sq m. Many prime projects in Jianye District and other urban areas are expected to be finished next year. Chongqing-based Longfor may open four malls in Nanjing within a year, and multiple submarkets are preparing quality new projects to meet diversified household consumption needs in emerging areas.

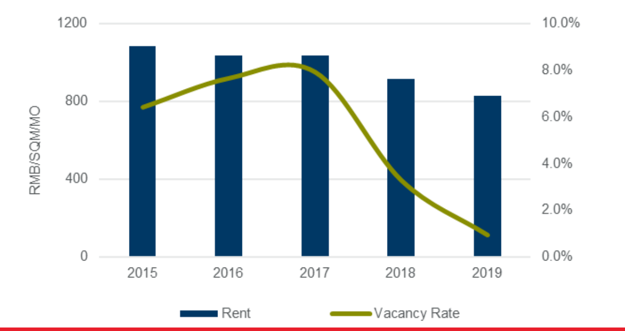
Festivals Brought Opportunities to Shopping Malls

2019 saw the 70th anniversary of the founding of the PRC. Nanjing hosted a number of celebratory activities in tourist locations during the national holidays. To meet customer demand, more restaurants and bars were permitted to extend their operating hours to late nights, marking the further development of the 'night economy.' In Q4 shopping malls also hosted events and adopted strategies to attract customers during the festival season. In the colder weather shopping mall atriums became ideal spaces for exhibitions and performances, which boosted foot traffic, particularly where celebrities were featured. Learning from online shopping platforms, shopping malls also accelerated the improvement of their user experience by incorporating intelligent devices or new retail formats. Customer service robots are increasingly seen in department stores and the functionality of retail mobile apps and mini-programs is being enhanced. many Shopping centers are also adjusting their brand mix and upgrading their space design.

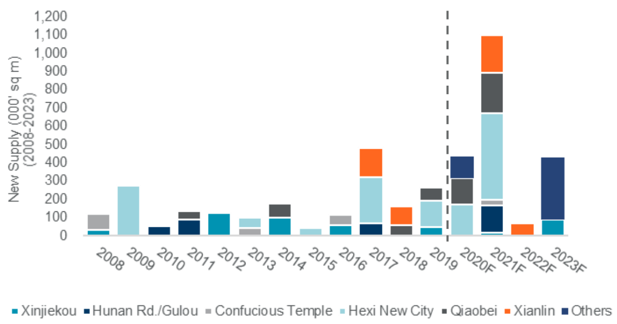
Fast Fashion and Food & Beverage Brands Attracted Attention

Many brands made their first appearance in Nanjing in the quarter, including Perfect Diary, which opened in December. The popular beauty brand is endorsed by Jiaqi Li, one of the most influential KOLs in China. Other China brands, such as Bosideng and Feiyue, were active in opening pop-up stores in shopping malls. Meanwhile, fashion and clothing brands such as Uniqlo and Adidas upgraded stores in the city's core areas to offer an improved customer experience. Demand for space from food and beverage brands was also high during the year-end winter festive season, notably hot pot establishments. The average rental level in Nanjing rose by 3.6% q-o-q to RMB 855.4 per sq m per month and the average occupancy rate in the city stayed around 98.8%.

RENT / VACANCY RATE



RETAIL SUPPLY PIPELINE BY SUBMARKET



MARKETBEAT

NANJING

Retail Q4 2019

MARKET STATISTICS

SUBMARKET	INVENTORY (SQ M)	VACANT (SQ M)	VACANCY RATE	UNDER CNSTR TILL 2023 (SQ M)	OVERALL AVG RENT (RMB/SQ M/MO)*
XINJIEKOU	732,000	14,282	2.0%	108,000	600-2,900
GULOU & HUNAN RD	208,000	10,240	4.9%	150,000	130-670
CONFUCIOUS TEMPLE	188,067	1,940	1.0%	31,000	470-1,060
HEXI NEW CITY	933,063	4,386	0.5%	640,656	170-980
QIAOBEI	251,557	581	0.2%	368,000	700-760
XIANLIN	264,000	688	0.3%	275,000	300-370
NANJING TOTALS	**2,576,687**	**32,117**	**1.3%**	**1,572,656**	**130-2,900**

** Rental rates are calculated by NLA and considered as consistently achievable for prime space (usually the ground floor) in major shopping centers, excluding management fee, promotional fee and other fees.*

SIGNIFICANT STORE OPENINGS Q4 2019

PROPERTY	SUBMARKET	TENANT	SECTOR
Deji Plaza	Xinjiekou	% Arabica	Food & Beverage
Deji Plaza	Xinjiekou	L'Oreal Exhibition	Beauty & Fashion
Cenbest	Xinjiekou	Uniqlo	Fast Fashion
Aqua City	Confucious Temple	Ruyi Chicken & Abalone	Food & Beverage
Grand Ocean	Xinjiekou	Perfect Diary	Beauty

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING YEAR	SQ M
Longfor Jiangbei Paradise Walk	Qiaobei	2020	143,000
Longfor Longwan Paradise Walk	Others	2020	116,000
Deji WTC Mall	Hexi New City	2020	71,000
Nanjing SHK IFC	Hexi New City	2021	93,000
Greenland Zijin Center	Gulou & Hunan Road	2021	150,000
Xianlin Suning Plaza	Xianlin	2021	205,000
Longfor Hexi Paradise Walk	Hexi New City	2021	116,000

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