SUMMARY

Rents varied in different retail areas, and non-prime retail areas enjoyed lower vacancy rates, with community-supporting retail projects maintaining good performances.

- Two new high-end retail projects were launched onto the city’s (excluding Binhai) market in Q2/2016, namely the Metropolitan Tower Plaza and M Plaza, both located in the Nanjing Road-Binjiang Road-Heping Road area, adding a total of 110,000 sq m onto the market. However, the Binhai New Area has witnessed no new supply for the fourth consecutive quarter. Currently, existing city-wide stock stands at 4.23 million sq m.

- The city's (excluding Binhai)* first-floor retail rents decreased slightly by 0.1% quarter-on-quarter (QoQ) to RMB407.1 per sq m per month, and as a result of the new supply, occupancy rates fell 1.7 percentage points (ppts) QoQ to 88.6% in Q2/2016.

- Binhai New Area’s first-floor retail rents remained unchanged from last quarter at RMB247.5 per sq m per month, and occupancy rates increased by 1.8 ppts to 82.2%.

- Three high-end projects are expected to be launched onto the market in 2H/2016, adding a combined retail GFA of 170,000 sq m.

“In an increasingly diverse retail landscape, digital retailing is becoming the most significant method of interaction between consumers and retailers.”

Jonathan Wang, Savills Project & Development Consultancy
Market overview
Accumulative retail sales for Q2/2016 reached RMB135.2 billion, an increase of 7.1% year-on-year (YoY). Sales of cultural and leisure-related products have seen a large increase. Online retail sales remained at high levels, registering RMB9.9 billion during the same period, an increase of 17.3% QoQ.

The statistics above show a shift in both the consumption structure and the way people consume. Increased sales of these specific products are indicative of people’s quality of life improving. Furthermore, a growing enthusiasm for tourism is driving travel-related consumption as well. As a result, sports and tourism brands are showing a greater probability of expanding.

The expansion of mobile transactions highlights that consumers are increasingly embracing this new payment trend, as mobile usage has prevailed in every link of consumption, from research to order placement and purchase.

Supply and stock
Two new high-end retail projects were launched onto the city’s (excluding Binhai) market in Q2/2016, namely the Metropolitan Tower Plaza and M Plaza, both located in the Nanjing Road-Binjiang Road-Heping Road area, adding a total of 110,000 sq m onto the market. However, the Binhai New Area has witnessed no new supply for the fourth consecutive quarter. Currently, existing city-wide stock stands at 4.23 million sq m.

Despite the economic slowdown, and brand vendors erring on the side of caution, this quarter still saw some first-time entries for the city, such as Forever21 and Green Tea, in the Metropolitan Tower and M Plaza, respectively. Additionally, the Apple store continued to expand its presence in Tianjin, opening its third store in Galaxy Mall after the previous two were opened in Joy City and Riverside 66.

Another highlight is the Tianjin Youyi Gallery Department Store, which has pioneered in integrated retail and commercial parties. This integration enables traditional department stores to enjoy the dual functionality of both a commercial and retail space. The GIS format is mutually beneficial for both retail and commercial parties. High-end retail developments with selected resources are able to include improved supporting facilities in close proximity, offering a convenient and more cost-effective entrepreneurial environment for start-ups, which in turn breathe fresh air into retail developments, fostering the vitality of the service industry.

Rents and vacancy rates
The city’s (excluding Binhai) first-floor retail rents decreased slightly by 0.1% QoQ to RMB407.1 per sq m per month, and as a result of new supply, occupancy rates fell 1.7 ppts QoQ to 88.6% in Q2/2016. Binhai New Area’s first-floor retail rents remained unchanged from last quarter at RMB247.5 per sq m per month, and occupancy rates increased by 1.8 ppts to 82.2%.

Projects and retail stores
- The Singapore Commodity City, co-developed by the Singapore Food Manufacturers’ Association and Tianjin Eco-City resources operation Co. Ltd., opened in April. The project, located in the No.1
Community Centre in Binhai Sino-Singapore Eco-City, is divided into a 500 sq m exhibition zone and a 1,500 sq m import sales zone, where thousands of goods are available through online and offline channels.

- Black Martine SITBON, a Korean designer brand, opened a store in the northern wing of Tianjin Joy City in June.
- Han’s On, a Korean fashion brand, opened a store in the northern wing of Tianjin Joy City in June.
- Zenith, a well-known Swiss watch brand, opened a store in Galaxy Mall in June.

**Market Outlook**

Due to project delays, 2H/2016 will see the launch of three new projects, including the highly-anticipated Heping Joy City. This project aims to become a leading shopping mall in the city by advocating a lifestyle of ‘slow pace and high quality’.

In an increasingly diverse retail landscape, digital retail is becoming the most significant method of interaction between consumers and retailers. This may see retailers continue to adjust their current retail models in order to take advantage of this growing trend.

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**Project focus**

**Won Mall**

Won Mall is located at the intersection of Tiedong Road and Zhicheng Road in the Hebei district, with direct access to the Tiedong station (metro line 3) from the basement level. Won Mall aims to be a smart mall, through its exclusive online to offline platform and its application of big data technology in every aspect of project operation. The mall will also customise its services in an effort to offer a unique and smart shopping experience for consumers.

**TABLE 1**

<table>
<thead>
<tr>
<th>Location</th>
<th>Intersection of Tiedong Road and Zhicheng Road, Heping district</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developer/Operator</td>
<td>Wan Fu Holding Group. Co. Ltd.</td>
</tr>
<tr>
<td>Retail GFA</td>
<td>50,000 sq m</td>
</tr>
<tr>
<td>Floors</td>
<td>5</td>
</tr>
<tr>
<td>Estimated opening</td>
<td>Q4/2016</td>
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</tbody>
</table>

Source: Savills Project & Development Consultancy

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