



## Two major new retail malls open

Night-time commercial streets joined with other shopping developments to enliven Tianjin's retail market.

- Tianjin's total retail sales of consumer goods in Q2/2019 reached RMB113.455 billion.
- Tianjin's main city retail market welcomed two new projects this quarter—Together, located in the prime area, and Vanke Mall, located in Xiawafang in Hexi district—bringing a new supply of 100,000 sq m GFA.
- Retail stock reached 5.59 million sq m GFA by the end of Q2/2019.
- F&B and children-related tenants were the main drivers of leasing demand. Internet-celebrity brands continued to expand their footprint across the city.
- The citywide vacancy rate dipped by 0.1 of a percentage point (ppt) quarter-on-quarter (QoQ) and declined by 2.8 ppts year-on-year (YoY) to 11.1%.
- First-floor average rent across the main city remained stable from the last quarter, up slightly by 0.03% QoQ and by 0.7% YoY to RMB346.5 per sq m per month.
- Galaxy Mall, the project with the largest GFA in the main city area, was officially renamed The MixC.
- A wave of new developments is expected to be launched onto the market over the remainder of 2019. Two new projects are scheduled to open in decentralised areas in Q3/2019.

“Encouraged by the local government, the night-time economy boosted commercial consumption and enhanced the local retail scene.”

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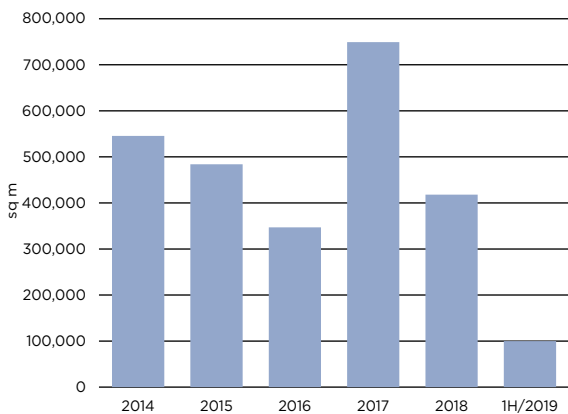
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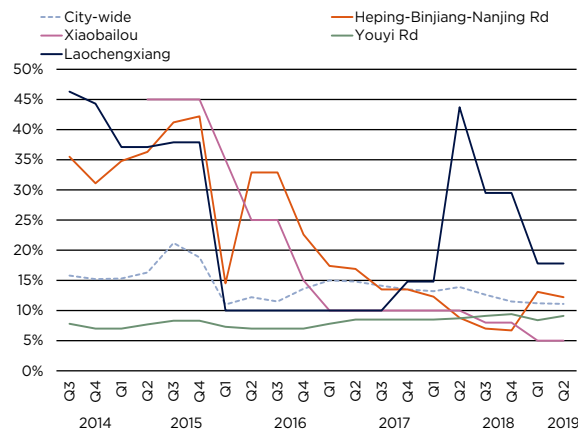
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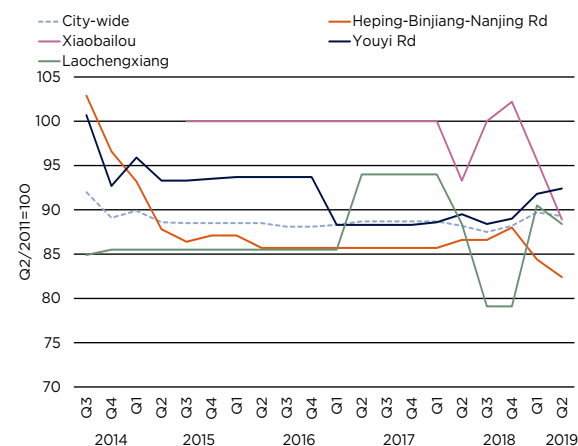
\*Tianjin retail market includes: main city prime area (Heping-Binjiang-Nanjing Rd), main city decentralised areas (Xiaobailou, Youyi Rd, Laochengxiang and others), and Binhai New Area (TEDA and Yujiapu).

**GRAPH 1: Retail Mall Supply, 2014 to 1H/2019**

Source Savills Research

**GRAPH 2: Retail Vacancy Rates, Q3/2014 to Q2/2019**

Source Savills Research

**GRAPH 3: Retail Rental Indices, Q3/2014 to Q2/2019**

Source Savills Research

**SUPPLY AND STOCK**

In Q2/2019, total retail sales of consumer goods across Tianjin reached RMB113.455 billion.

The retail market of the main city welcomed two new projects this quarter—Together, located in the prime area of Heping-Binjiang-Nanjing Rd, and Vanke Mall, located in a decentralised area—which brought a new supply of 100,000 sq m GFA.

Leasing demand was driven mainly by F&B and children-related tenants and was positively affected by the opening of several night-time commercial pedestrian streets including New World of Canal neighbouring L+ mall, MCC World, Magnetic Capital Plaza and the Five Avenues. In the prime area, projects undergoing tenant adjustments saw growing leasing demand from featured F&B brands and creative retail areas like the newly opened OneWow.

Several new-energy vehicle showrooms entered shopping malls during the quarter, such as Xpeng Motors and LiXiang Motors, which opened their first showrooms in Riverside 66. This is a beneficial relationship for both landlords and the retailers; malls provide an interactive environment to showcase these brands while tenants offer unique and cutting-edge experiences in malls, which increases footfall from a wide range of customers.

**VACANCY RATES AND RENTS**

Leasing demand across the main city remained stable over Q2/2019 with the average vacancy rate shrinking by 0.1 of a

ppt QoQ and 2.8 ppts YoY to 11.1%. Overall retail tenancy demand recorded a moderate performance and the first-floor average rent remained relatively unchanged from Q1/2019, up by only 0.03% QoQ and 0.7% YoY to RMB346.5 per sq m per month.

The prime area recorded a mild performance—average vacancy rate declined by 0.9 of a ppt QoQ to 12.2%, and first-floor rent decreased by 2.4% QoQ to RMB550 per sq m per month.

Some tenants relocated their stores to the night-time markets in decentralised areas, putting a damper on the vitality of the areas left behind. The average vacancy rate edged up by 0.3 of a ppt QoQ to 9.7% and rents dropped by 1.3% QoQ to RMB353 per sq m per month.

**MARKET OUTLOOK**

As the city continues to expand and urbanise, the retail market will further decentralise. Moving forward, emerging retail precincts will attract the bulk of new supply. It is expected that a wave of new projects will launch in Q3/2019. In the wake of night-time markets opening in Jinwan Plaza and the Italian-style Street, the cluster effect brought about by this trend will make Tianjin a more vibrant city while revitalising its overall commercial atmosphere. The government realises the significance of night-time commercial activities to the city's economy, and with this vitalisation effort underway, rents and occupancy rates are forecasted to grow in the future.

**TABLE 1: Retail New Supply in 2019**

PROJECT	GFA (SQ M)	RETAIL AREA	DISTRICT
Aeon Mall	257,000	Decentralised	Beichen
Injoy Mall	100,000	Decentralised	Jinnan
Magic Mall	60,000	Decentralised	Dongli
Nord Centre	2,7000	Decentralised	Hebei

Source Savills Research