

Briefing Retail sector

February 2016



Image: Midtown

SUMMARY

Three new projects were handed over in 2015, adding 390,000 sq m to the Zhuhai retail market. As several projects are expected to be handed over in the next few years, market competition is expected to intensify.

- Retail sales in 2015 reached RMB91.32 billion, representing a year-to-date (YTD) year-on-year (YoY) real growth of 12%.

- Three new projects – Young Mix Shopping Mall (Old Xiangzhou), Midtown (Gongbei) and Hina City (New Xiangzhou) – opened for business in 2015, adding 100,000 sq m, 70,000 sq m and 220,000 sq m, respectively, to retail stock.

- Prime shopping malls are mostly located in the Old Xiangzhou, Jida, Gongbei and Nanwan areas. Average first floor rents are approximately RMB403 per sq m per month.

- City-wide occupancy rates were 83% in 2015; prime shopping malls saw a higher occupancy rate of 85%.

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 “The Zhuhai retail market continued to mature and retail rents in prime areas remained stable. Occupancy rates in major shopping malls are high.” Sophia Huang, Savills Project & Development Consultancy

➔ Market Overview

The retail market continued to mature. Total retail sales in 2015 reached RMB913.2 billion, maintaining a stable level of growth. The consumer price index (CPI) rose 1.7% YoY in 2015. As a result of the increasingly popular e-commerce market, the growth rates of wholesale and retail sales declined, while accommodation and catering sales saw a steady increase. In 2015, wholesale, retail, and accommodation and catering sales rose 11.5%, 13.3% and 17% YoY respectively.

From 2014, one-stop shopping malls, such as the Huafa Mall, entered the market. A number of well-known premium retail and catering brands also opened branches in Zhuhai. Three new projects – Young Mix Shopping Mall (Old Xiangzhou), Midtown (Gongbei) and Hina City (New Xiangzhou) – opened for business in 2015.

Major shopping malls are located in the Gongbei, Jida and Old Xiangzhou areas. Business in the Qianshan area was previously focused on construction materials, but since 2012 has changed to retail. The Nanwan area, dominated by the Huafa Group, has a promising future due to its population growth. New shopping malls are expected to open in the Qianshan and New Xiangzhou areas in 2016.

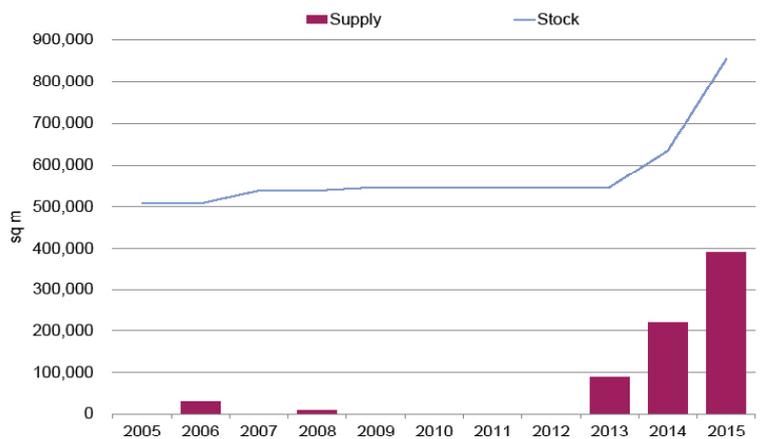
First-floor rents of major shopping malls were stable at RMB403 per sq m per month. Overall retail rents floated in the range of RMB400 to RMB500 per sq m per month. ■

GRAPH 1
Retail sales, 2008 – 2015



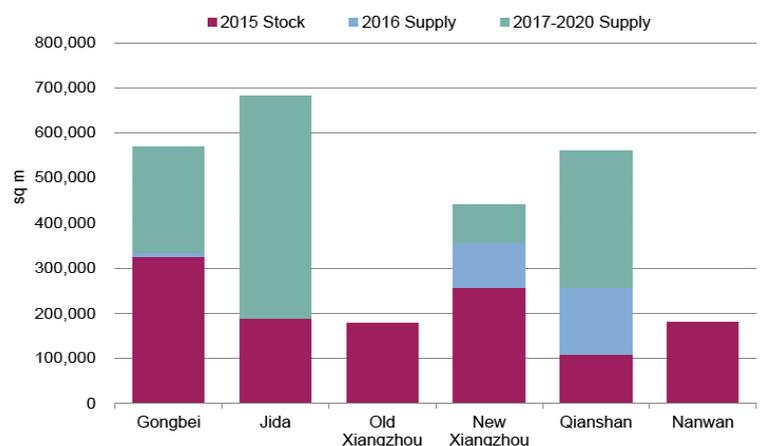
Source: Zhuhai statistics Bureau

GRAPH 2
Retail supply, 2005 – 2015



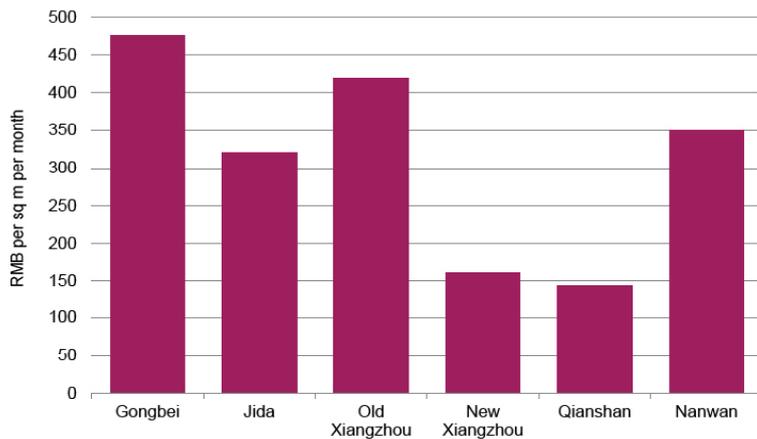
Source: Zhuhai statistics Bureau

GRAPH 3
Shopping mall supply, 2015 – 2020



Source: Savills Project & Development Consultancy

GRAPH 4
Shopping mall first-floor rents, 2015



Source: Zhuhai statistics Bureau

Market Outlook

Several new projects are expected to be handed over in 2016. Therefore, competition within the market is expected to intensify.

The Zhuhai retail market is expected to welcome several new projects in 2016, which may contribute to an overall upgrade of the market. However, competition is expected to intensify due to the amount of new projects. Fast-fashion and domestic brands will continue to expand their presence in major shopping malls.

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