Beijing retail market shows strong recovery
The reopened urban renewal projects promote consumption upgrade.

- Total retail sales of commercial goods increased 4.2% year-on-year (YoY) to RMB1,323.2 billion in the first 11 months of 2023, whilst general retail and F&B sales were RMB1,203.3 billion and RMB119.9 billion, respectively.
- Four urban renewal retail projects entered the market in Q4/2023, bringing 320,000 sqm of new retail space. Thus, the citywide shopping mall stock reached 11.86 million sqm.
- In Q4/2023, Beijing retail market saw 16 new projects opening, adding 1.86 million sqm of retail space, including 12 shopping centres, one department store, two outlets and one commercial street.
- The citywide shopping mall vacancy rate dropped 2.4 ppts QoQ to 4.5% in Q4/2023.
- In Q4/2023, The citywide shopping mall first-floor rents stood at RMB810.4 psm pmth, up 0.8% QoQ.
- Prime first-floor rents stood at an average of RMB1,359.3 psm pmth, down 2.2% QoQ. Non-prime first-floor rents decreased 0.5% QoQ to RMB617.7 psm pmth.

“Beijing retail market welcomed four renovated projects in Q4/2023, offering consumers diverse consumption experiences. Looking back in 2023, 16 projects were launched. Apart from shopping centres, a department store, two outlets and a commercial street were also launched. The new projects effectively boost retail consumption growth, bring new vitality to traditional shopping districts, and support Beijing’s construction of an international consumption city.”

VINCENT LI, SAVILLS RESEARCH
MARKET HIGHLIGHTS
Total retail sales of commercial goods increased 4.2% YoY to RMB1,323.2 billion in the first 11 months of 2023; general retail and F&B sales increased 2.2% YoY and 29.4% YoY to RMB1,203.3 billion and RMB119.9 billion, respectively.

In Q4/2023, Beijing retail market welcomed four urban renewal shopping malls, totalling 320,000 sqm to the market. The Scitech More in Jianguomen opened on December 22, bringing 28,000 sqm of retail space. On December 22, Wangfujing Outlets Up Town (originally FC Plaza Holiday Life City) in Daxing reopened as an urban outlet, bringing nearly 200,000 sqm. T+Mall, formerly known as Topwin Center, reopened on the same day in Sanlitun bringing 45,000 sqm. WFJ Xiyue Shopping Center (originally Beijing Mall) reopened on December 22, bringing 46,000 sqm of retail space to Wangfujing submarket. These urban renewal projects fueled vitality into these business districts through multi-cultural and shopping experience.

Beijing retail market experienced a comprehensive boom in 2023. Multiple high-quality shopping malls were launched, providing high-quality and diversified retail spaces that stimulated the consumption enthusiasm in various commercial districts. Sixteen new projects totalling 1.86 million sqm entered the market, presenting diversified retail formats, including 12 shopping centres, one department store, two outlets, and one commercial street. The establishment of distinctive commercial spaces has boosted youthful and trendy vitality in traditional commercial districts, and promoted Beijing’s construction as an international consumption city.

MARKET OUTLOOK
2024 is positioned to further develop the Beijing retail market. The city will continue to renovate old shopping districts and develop new projects. Nearly 20 new constructions and urban renewal projects are expected to enter the market, bringing approximately 2.5 million sqm of retail spaces. Renovation of existing commercial space has become the new mainstay of Beijing retail market development, along with new projects to bring different shopping experiences to various commercial districts. Looking forward, Beijing will continue to create innovative scenarios integrating business, tourism, cultural and sports consumption, create a better consumption atmosphere, and promote the construction of an high-quality international consumption city through new brands and environment upgrade.

RENTS AND VACANCY RATES
Beijing retail market actively upgraded the consumption environment and effectively adjusted the brand portfolio in this quarter, thus the citywide shopping mall vacancy rate dropped 2.4 ppts QoQ and 3.2 ppts YoY to a relatively low level of 4.5%. Prime submarkets’ vacancy rate increased 2 ppts QoQ to 6.7%; vacancy rates fell 0.9 ppts to 3.4% in non-prime submarkets and down 7.4 ppts to 5.4% in suburban submarkets.

In Q4/2023, the overall citywide shopping mall rent was slightly adjusted to RMB804.4 psm pmth, up 0.8% QoQ but down 0.9% YoY. Prime first-floor rents averaged RMB1,359.3 psm pmth, down 2.2% QoQ but up 2.7% YoY respectively. The average non-prime first-floor rents was RMB617.7 psm pmth, down 0.5% QoQ and 4.1% YoY whilst suburban first-floor rents stood at an average of RMB466.7 psm pmth, up by 3.5% QoQ and 2.0% YoY.

TABLE 1: Selected Future Projects, Q1/2024

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>LOCATION</th>
<th>DEVELOPER/OPERATOR</th>
<th>RETAIL TYPE</th>
<th>RETAIL GFA (SQ M)</th>
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</thead>
<tbody>
<tr>
<td>Hopson One Changping</td>
<td>Changping</td>
<td>Hopson Development</td>
<td>Shopping Mall</td>
<td>300,000</td>
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<tr>
<td>Polpas</td>
<td>Chaoyang</td>
<td>Beijing North Star</td>
<td>Shopping Mall</td>
<td>55,000</td>
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</tbody>
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Note: Calculation of rental indices charts from Q1/2008 for all submarkets except for Sanlitun and Lufthansa starting from Q3/2008

Source: Savills Research