

Retail



New projects revitalize the Beijing retail market

Diverse consumption patterns bring vitality to the retail market.

- Total retail sales of consumer goods decreased 0.9% year-on-year (YoY) to RMB910.2 billion in the first eight months of 2024, whilst general retail and F&B sales were RMB825.1 billion and RMB85.1 billion, respectively.
- In Q3/2024, four new projects entered the Beijing retail market, bringing 320,000 sqm of retail space. Thus, the citywide shopping mall stock reached 12.55 million sqm.
- Due to the new project entry, the citywide shopping mall vacancy rate edged up 0.1 percentage points (ppts) quarter-on-quarter (QoQ) to 4.7%.
- In Q3/2024, citywide shopping mall first-floor rents stood at RMB785.2 psm pmth, down 2.0% QoQ.
- Prime first-floor rents stood at an average of RMB1,379.3 psm pmth, up 0.4% QoQ. Non-prime first-floor rents decreased by 1.8% QoQ to RMB594.1 psm pmth.

“Four new shopping centres were opened in Q3/2024, located in non-prime and suburban areas. Their unique characteristics stimulated consumer activity. Additionally, the Beijing municipal government organized a variety of promotional activities covering shopping, dining, culture and tourism for improved consumption and experience.”

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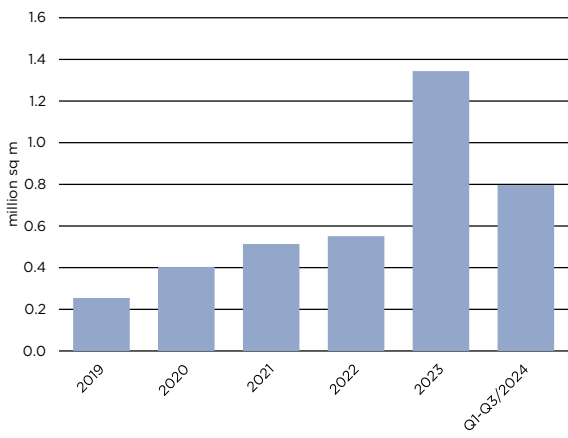
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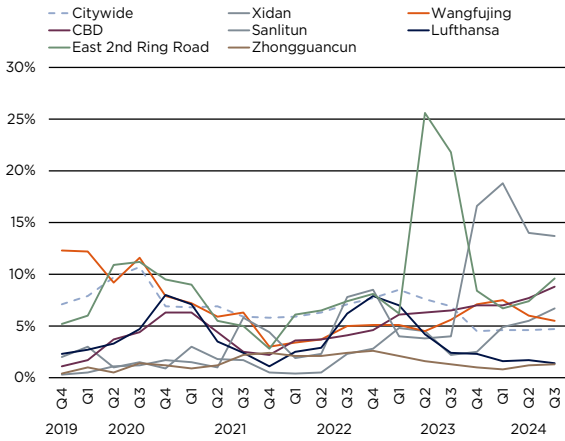
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GRAPH 1: Shopping Mall Annual Supply, 2019 To Q3/2024



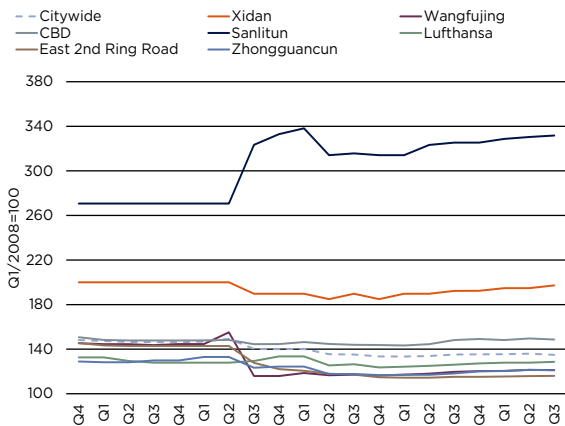
Source: Savills Research

GRAPH 2: Vacancy Rates In Each Submarket, Q4/2019 To Q3/2024



Source: Savills Research

GRAPH 3: Rental Indices In Each Submarket, Q4/2019 To Q3/2024



Note: Calculation of rental indices starts from Q1/2008 for all submarkets except for Sanlitun and Lufthansa starting from Q3/2008

Source: Savills Research

MARKET HIGHLIGHTS

Total retail sales of commercial goods in Beijing decreased 0.9% YoY to RMB910.2 billion in the first eight months of 2024; general retail and F&B sales decreased 0.5% and 4.6% YoY to RMB825.1 billion and RMB85.1 billion, respectively.

In Q3/2024, Wangjing MixC (50,000 sqm), renovated from the former Wangjing Huacai Shopping Center in Chaoyang District, reopened in July, providing diverse shopping experience in the area. Shokai Tongzhou MixC One opened on September 20 brought 148,000 sqm of retail space to Tongzhou. Huiqin Shopping Center in Fengtai District debuted on September 22, with a total of 62,000 sqm, enriching shopping options for the neighbourhood. At the end of Q3, Happy Mall in Mentougou District entered the market, offering 59,000 sqm retail space and improving the commercial environment of the suburban area. The four distinctive shopping centres have further enhanced Beijing’s retail submarket consumption options.

In the meantime, the Beijing municipal government has launched a variety of promotional activities covering shopping, dining, culture and tourism to stimulate consumption growth during the summer vacation and Mid-Autum Festival. Since 2024, Beijing retail market has undergone unexpected volatility. New consumption trends were gaining momentum, and the market is undergoing upgrade and transformation. Despite numerous challenges and uncertainties, Beijing remains a promising retail market. In response to current challenges, most retail projects are actively adjusting their strategies and brand portfolios, creating new shopping scenarios and enriching consumer choices, to foster a prosperous consumption atmosphere.

RENTS AND VACANCY RATES

Supply and demand in Beijing’s retail market remain relatively stable in Q3/2024. The citywide shopping mall vacancy rate slightly increased 0.1 ppts QoQ to 4.7%. Prime submarkets’ vacancy rate increased 0.3 ppts QoQ to 6.9%; vacancy rates were up 0.3 ppts QoQ to 4.2% in non-prime submarkets and down 0.6 ppts to 4.4% in suburban submarkets.

In Q3/2024, the overall citywide shopping mall rent was slightly adjusted to RMB785.2 psm pmth, down 2.0% QoQ and 2.4% YoY. Prime first-floor rents averaged at RMB1,379.3 psm pmth, up 0.4% QoQ but down 0.8% YoY. The average non-prime first-floor rent was RMB594.1 psm pmth, down 1.8% QoQ and 4.3% YoY whilst suburban first-floor rents stood at an average of RMB456.7 psm pmth, down 2.1% QoQ but up 1.3% YoY, respectively.

MARKET OUTLOOK

Looking forward to the last quarter of 2024, the momentum of Beijing’s retail market is expected to continue with several projects set to debut by year-end, covering major non-prime markets and suburban areas. Both new and urban renewal projects have transformed the market development. Aging projects in prime submarket are being revitalized through innovative upgrades, offering consumers fresh experience, while new projects in non-prime and emerging submarkets are expected to bring vitality to the Beijing retail market as well.

As consumption incentives continue to strengthen throughout the year and the proactive upgrades in the market are enhancing the retail market, Beijing is on the path of becoming an international consumption centre city.

TABLE 1: Selected Future Projects, Q4/2024

PROJECT	LOCATION	DEVELOPER/ OPERATOR	RETAIL TYPE	RETAIL GFA (SQ M)
Haidian Joy City	Haidian District	Grandjoy Holdings Group	Shopping mall	188,000
Pinggu Wanda Plaza	Pinggu District	Wanda Group	Shopping mall	151,200
Longyue Shopping Mall	Daxing District	Beijing Urban-Rural Commercial Group	Shopping mall	150,000
Shahe Wanda Plaza	Changping District	Wanda Group	Shopping mall	140,800

Source: Savills Research