iCity Mall enters market in Q4/2018

City-wide vacancy rates and rents remained stable. Six new projects are scheduled to launch in 2019.

- Retail sales of consumer goods in Nanjing reached RMB426.2 billion in Nov 2018, up 8.9% year-on-year (YoY).
- A new project was launched in Q4/2018, increasing mid-to-high-end retail stock to approximately 4.32 million sq m.
- The city-wide shopping mall vacancy rate decreased by 0.6 of a percentage point (ppp) quarter-on-quarter (QoQ) to 5.5% in Q4/2018.
- Mid-to-high-end shopping mall average first-floor rent increased by 1.15% QoQ to RMB13.8 per sq m per day, up 3.9% year-on-year (YoY).
- Six new mid-end retail projects are scheduled to enter the market in 2019, contributing a total combined retail space of 563,000 sq m. Most new projects are located in non-prime areas, and it will help to boost and enhance the development of multi-retail nodes in Nanjing.
- Demand in Q4/2018 was mainly driven by children-related brands and lifestyle retailers.

- The first-floor average rent of prime areas increased by 1.6% to RMB23 per sq m per day and the first-floor average rent of non-prime areas increased slightly by 0.97% to RMB10.0 per sq m per day.
- Vacancy rates in prime areas remained stable at 4.8%. In non-prime areas, the vacancy rate decreased 0.8 of a ppt QoQ to 5.8%.

“Prime areas are now largely saturated, with a low vacancy rate and limited future developments. Thus, developers and retailers looking to expand their footprints in Nanjing might consider emerging areas.”

JAMES MACDONALD, SAVILLS RESEARCH
ECONOMIC OVERVIEW
City-wide retail sales maintained steady growth in Q4/2018, exceeding RMB893 billion by the end of December 2018, up 8.4% YoY. Over the same period, disposable income per capita in Nanjing grew 8.9% YoY.

SUPPLY AND STOCK
iCity mall, located in the Qixia area, was launched in Q4/2018, with a retail GFA of 100,000 sq m. It is the first shopping mall in the Yanzi area targeting surrounding family consumers with a high proportion of children-related tenants.

The launch of this new shopping mall increased city-wide retail stock to 4.32 million sq m, of which shopping mall stock accounted for approximately 71%.

RETAILERS
Demand in Q4/2018 was mainly driven by children-related brands and lifestyle retailers. It's worth mentioning that Muji opened its first flagship boutique in Nanjing.

Major leasing activities during the quarter were:
- Muji leased 735 sq m on the first floor in E Park.
- Lululemon opened its first Nanjing store in Deji Plaza.
- Ulla, a children’s clothing brand originating in Hangzhou, leased space in Nanjing Wonder City.

VACANCY RATES AND RENTS
City-wide shopping mall vacancy rates decreased by 0.7 of a ppt to 5.6% in Q4/2018. Vacancy rates in prime areas remained stable at 4.8% while in non-prime areas, the vacancy rate decreased 0.8 of a ppt QoQ to 5.8%. Average first-floor rent in the area held steady at RMB 6.8 per sq m per day. The One Mall located in this area is expected to increase the area's retail offerings and level of quality and diversify the tenant mix of Hexi CBD area.

MARKET OUTLOOK
Six new projects are scheduled to launch in 2019, adding approximately 963,000 sq m to the retail market. The most notable project, One Mall, located in the emerging area of Hexi CBD, will add approximately 703,000 sq m to the retail market. It is positioned as a mid- to high-end shopping mall targeting family and white-collar consumers. Most new projects are located in non-prime areas. The launch of these projects will help to boost and enhance the development of multi-retail nodes in Nanjing.