One Mall enters the market
The launch of One Mall marked the further maturation of the retail market in Hexi CBD.

- Retail sales of consumer goods in Nanjing reached RMB250.2 billion in May 2019, up 5.6% year-on-year (YoY).
- One Mall launched in Q2/2019 with a retail GFA of 170,000 sq m, increasing the mid- to high-end retail stock to approximately 4.49 million sq m.
- The citywide shopping mall vacancy rate decreased by 0.2 of a percentage point (ppt) quarter-on-quarter (QoQ) to 5.0% in Q2/2019.
- Average mid- to high-end shopping mall first-floor rent decreased 0.3% QoQ to RMB13.7 per sq m per day.
- F&B and children-related brands were the main demand drivers in Q2/2019.
- The average first-floor rent of prime areas (Xinjiekou, Confucius Temple and Hunan Road areas) increased by 0.3% to RMB22.9 per sq m per day, and the average first-floor rent of non-prime areas decreased by 0.5% to RMB10.0 per sq m per day.
- Vacancy rates in prime areas decreased 0.5 of a ppt QoQ to an average of 4.0%. In non-prime areas, the vacancy rate decreased by 0.1 of a ppt QoQ to 5.3%.
- New projects launched in the last two years have helped to develop and diversify Nanjing’s retail culture. Consumers are starting to pay more attention to the experiences on offer at shopping malls.

“The retail market in non-prime areas is maturing and improving while retailers are expanding their experiential profiles to attract more consumers.”

JAMES MACDONALD, SAVILLS RESEARCH
ECONOMIC OVERVIEW
Citywide retail sales maintained their steady growth in 2019, exceeding RMB250 billion by the end of May 2019, up 5.6% YoY. Over the same period, disposable income per capita in Nanjing grew 8.5% YoY.

SUPPLY AND STOCK
One Mall, a long-anticipated project, launched in Q2/2019, with a retail GFA of 170,000 sq m. It brought several fast fashion brands, a well-known indoor amusement park and a high-quality indoor basketball court to the area, covering the shortage of retail facilities in Hexi CBD. Citywide retail stock rose to 4.49 million sq m.

RETAILERS
Fast food and children-related retailers were the main demand drivers in Q2/2019. Several well-known brands opened their first stores in Nanjing during the quarter—Gelaoguan, a hotpot chain, opened a new store in Pengxin Aqua City; Ippudo launched in Deji Plaza; and Neo Bio set up shop in One Mall. Demand for children-related stores and experiential brands was very high and these retailers are bringing significant footfall to shopping malls around the city.

VACANCY RATES AND RENTS
Citywide shopping mall vacancy rates decreased by 0.2 of a ppt QoQ to 6.3% in Q2/2019. Vacancy rates in prime areas decreased 0.5 of a ppt to 3.7% while the average rent decreased by 0.9 of a ppt to RMB12.3 per sq m per day.

The average first-floor mall rent saw a minor decrease of 0.3% YoQ to RMB13.7 per sq m per day in Q2/2019. In non-prime areas, the vacancy rate decreased by 0.1 of a ppt QoQ to 5.3%.

The average first-floor mall rent saw a minor decrease of 0.3% QoQ to RMB13.7 per sq m per day in Q2/2019. In non-prime areas, the vacancy rate decreased by 0.5 of a ppt QoQ to 6.3%, while the average rent decreased by 0.9% QoQ to RMB12.3 per sq m per day.

The vacancy rate in Hexi CBD decreased by 7.0 ppts QoQ to 6.3%, while the average rent in the area increased to RMB7.3 per sq m per day. The launch of One Mall compensated for the shortage of high-end retail supply in Hexi CBD. The project is still relatively new and relies mainly on a large number of F&B outlets and a famous indoor amusement park to attract customers.

MARKET OUTLOOK
With the launch of new projects, the retail market in non-prime areas is maturing and improving. In the near future, Paradise Walk and other projects will boost the vitality of Nanjing’s emerging areas. In addition, the opening of experiential brands like Zoonana (an indoor zoo) speaks to the increasing variety in Nanjing’s retail market. Consumers are starting to pay more attention to experiences, thus encouraging retailers to expand their experiential profiles.

### TABLE 1: Selected Leasing Transactions in Q2/2019

<table>
<thead>
<tr>
<th>TENANT</th>
<th>CATEGORY</th>
<th>PROJECT</th>
<th>AREA</th>
<th>GLA (SQ M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neo Bio</td>
<td>Children</td>
<td>One Mall</td>
<td>Hexi CBD</td>
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<tr>
<td>Gelaoguan</td>
<td>F&amp;B</td>
<td>Aqua City</td>
<td>Confucius Temple</td>
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<tr>
<td>Ippudo</td>
<td>F&amp;B</td>
<td>Deji Plaza</td>
<td>Xinjiekou</td>
<td>200</td>
</tr>
</tbody>
</table>

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