Jiangbei Paradise Walk enters the market

Nanjing continues to see numerous ‘first stores’ land in the city.

- Retail sales of consumer goods in Nanjing reached RMB454.3 billion in Aug 2020, down 2.0% year-on-year (YoY).
- Jiangbei Paradise Walk launched in Q3/2020 with a retail GFA of 140,000 sq m, increasing the mid-to high-end retail stock in Nanjing to approximately 5.03 million sq m.
- The citywide shopping mall vacancy rate decreased 0.6 of a percentage point (ppt) quarter-on-quarter (QoQ) to 5.0% in Q3/2020.
- Average mid-to high-end shopping mall first-floor rent increased 0.6% QoQ to RMB13.4 per sq m per day.
- Retail and F&B brands were the main demand drivers in Q3/2020.
- The average first-floor rent of prime areas (Xinjiekou, Confucius Temple and Hunan Road) increased by 1.4% to RMB23.1 per sq m per day, and the average first-floor rent of non-prime areas increased by 0.3% to RMB10.0 per sq m per day.
- Vacancy rates in prime areas decreased 1.2 of a percentage point (ppt) QoQ to an average of 3.5%. In non-prime areas, the vacancy rate decreased by 0.5 of a ppt QoQ to 5.4%.
- With the launch of Jiangbei Paradise Walk, there were many brands’ first-stores entering Jiangbei market, which brought a new vitality to the area.

“With the upgrade of old projects and the launch of Paradise Walk, Nanjing’s offline retail market is gradually recovering from the fallout of COVID-19.”

JAMES MACDONALD, SAVILLS RESEARCH
ECONOMIC OVERVIEW
Citywide retail sales have been impacted by the COVID-19 epidemic, exceeding RMB454.3 billion by the end of Aug 2020, down 2.0% YoY.

SUPPLY AND STOCK
Jiangbei Paradise Walk launched in Q3/2020, and citywide retail stock rose to 5.03 million sq m with the new project. The project is being positioned as a home for experiential retail and brands catering to families. With the launch of Paradise Walk, there were many first-stores for brands entering the Jiangbei market such as Holiland, Taierfish.

RETAILERS
Retail and F&B were the main demand drivers in Q3/2020, especially F&B brands. The Xinjiekou area remained the most popular retail precinct in Nanjing for many popular internet brands such as Holiland.

VACANCY RATES AND RENTS
Citywide shopping mall vacancy rates decreased by 0.6 of a ppt to 5.0% in Q3/2020. Vacancy rates in prime areas decreased 1.2 ppts QoQ to 3.5%. In non-prime areas, the vacancy rate decreased by 0.5 of a ppt QoQ to 5.4%. The average first-floor mall rent increased by 0.6% to RMB13.4 per sq m per day in Q3/2020. In prime retail areas, rents increased by 1.4% RMB23.1 per sq m per day. Non-prime area average rent increased by 0.3% to RMB10.0 per sq m per day during Q3/2020.

Xinjiekou
Deji obtained land in Xinjiekou and is pushing forward the construction plan of Deji Plaza Phase III. Moreover, future supply, such as JL Central, will further consolidate Xinjiekou’s market position as the core retail precinct. In Q3/2020, the vacancy rate in the area decreased by 0.1 of a ppt QoQ to 2.6%, while average first-floor rent remained the city’s highest at RMB33.9 per sq m per day.

Xinjiangdong
After an upgrade, Lucky Square is being positioned as a nightlife landmark and a full-time leisure space. In Q3/2020, the vacancy rate in Xinjiangdong stayed stable at 3.0%, and average first-floor rents in the area also remained stable at RMB12.4 per sq m per day.

MARKET OUTLOOK
Himalayas Centre will launch in the next quarter with a retail GFA of 80,000 sq m. As the first high-quality project in South Railway area, it’s being positioned as an art shopping mall and is expected to strengthen the area’s appeal through fashion brands and avant-garde interior design.

TABLE 1: Selected Leasing Transactions In Q3/2020

<table>
<thead>
<tr>
<th>TENANT</th>
<th>CATEGORY</th>
<th>PROJECT</th>
<th>AREA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peet’s Coffee</td>
<td>F&amp;B</td>
<td>Deji Plaza</td>
<td>Xinjiekou</td>
</tr>
<tr>
<td>Holland</td>
<td>F&amp;B</td>
<td>Paradise Walk</td>
<td>Jiangbei</td>
</tr>
<tr>
<td>Loulan</td>
<td>F&amp;B</td>
<td>Wonder City</td>
<td>Confucius Temple</td>
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Source: Savills Research