



Urban renewal enhances retail market quality

Improving commercial brand systems and boosting regional consumption potential.

- Total retail sales in Tianjin decreased 1% year-on-year (YoY) in the first five months of 2024.
- In Q2/2024, the re-opening of JILI Plaza increased the total stock to 4.87 million sqm.
- Citywide vacancy rate grew 0.1 percentage points (ppts) quarter-on-quarter (QoQ) to 10.7%, down 2.5 ppts YoY.
- Citywide shopping mall first-floor rents fell 5.2% QoQ to an average of RMB299.7 psm pmth, and down 9.6% YoY.
- Summer holiday and other vacations significantly boosted consumer activities and footfall across the city, with hotspots like the Northwest Corner featuring local Tianjin food attracting over 100,000 daily visitors.
- Some projects in the primary retail area started brand adjustment and upgrade, aiming to create a multi-dimensional layout with new retail perspectives and operational concepts.
- Tianjin saw outdoor fashion sports, trendy clothing, exotic catering, tea and beverage brands opening first stores this quarter.

“One urban renewal project, JILI Plaza, re-opened this quarter after extensive renovation. The project integrating a variety of trendy elements should improve the retail quality in Tianjin. Additionally, with robust cultural and tourism consumption, more brands show interest in opening their first stores in Tianjin, driving up new consumption scenarios that increasingly attract consumer traffic.”

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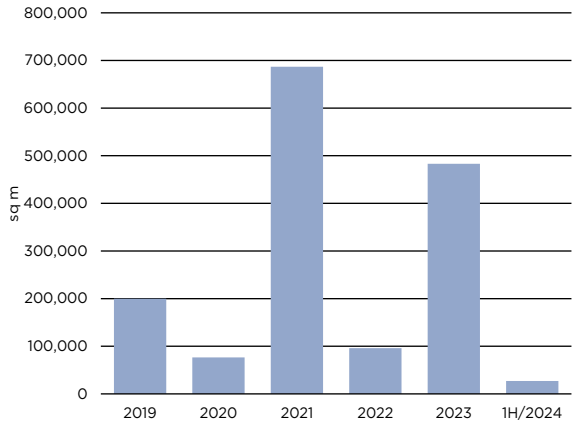
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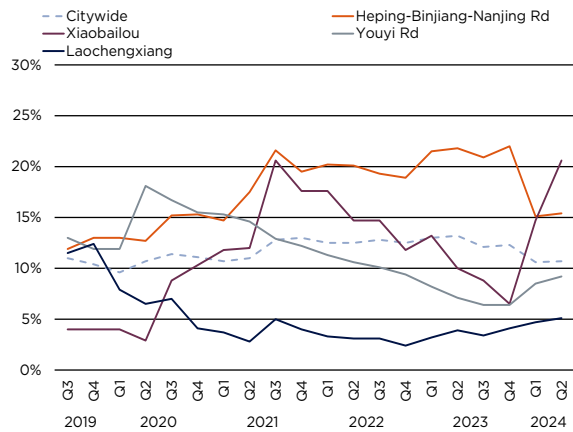
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GRAPH 1: Retail Mall Supply, 2019 To 1H/2024



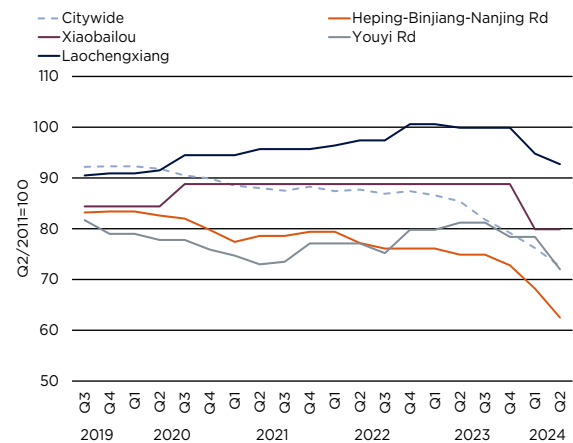
Source Savills Research

GRAPH 2: Retail Vacancy Rates, Q3/2019 To Q2/2024



Source Savills Research

GRAPH 3: Retail Rental Indices, Q3/2019 To Q2/2024



Source Savills Research

SUPPLY AND DEMAND

Tianjin’s total retail sales fell 1% YoY in the first five months of 2024. Household appliances and audio-visual equipment increased by 27%, and cosmetics by 76.5%.

In Q2/2024, outdoor brand Klättermusen opened its first store in Tianjin at The Mixc; Sushiro opened its first store in North China at Nankai Joy City; Princess Tai opened its first store in Tianjin at TEEMALL; and domestic brand MostWanted entered the InCity in Heping district. With the continued popularity of the first-store economy, several retail projects have started adjustment and upgrade. For instance, the JILI PLAZA in the Binjiang Road-Nanjing Road primary business district got a new look, reopening on June 29. It now features “trendy retail + innovation + animation”, running on a 7/24 mode. Additionally, innovative consumption scenarios like vintage consumption and curated retail have been introduced, having settled the first Luckin Coffee RELAX store in Tianjin as well as several independent brands’ first stores.

VACANCY RATES AND RENTS

In Q2/2024, the citywide average first-floor mall rent was RMB299.7 psm pmth, down 5.2% QoQ and 9.6% YoY. With the increase of first stores and the new market supply,

most business districts in the city showed a trend of rent adjustments, with the largest decline seen in the Heping-Binjiang-Nanjing Road, the first-floor average rents down by 19.3% QoQ.

The citywide vacancy rate grew 0.1 pts QoQ to 10.7%, down 2.5 pts YoY. Binhai Yujiapu submarket had the lowest vacancy rate in the city at 1.1%. The vacancy rate was 20.6% in Xiaobailou, and grew 0.3 pts QoQ to 15.4% and down 6.4 pts YoY in the Heping-Binjiang-Nanjing Road area.

MARKET OUTLOOK

Looking ahead to the second half of 2024, the Meijiang Paradise Walk is expected to enter the market and bring about 130,000 sqm of new supply. This project is Longfor Group’s first retail project in Tianjin and is expected to spur development of the non-prime submarket. In sum, as the retail market gradually recovers, developers and operators need to actively seek innovations and breakthroughs, respond to the latest changes in consumer demand, and gain more new momentum for the high-quality development of Tianjin’s retail market.

TABLE 1: Retail New Supply in 2H/2024

PROJECT	GFA (SQ M)	RETAIL AREA	DISTRICT
Meijiang Paradise Walk	127,000	Non-prime submarket	Xiqing District

Source Savills Research