MARKET IN MINUTES
Savills Research

Wuhan – October 2019

Retail

Tenant-mix adjustments remain active
New-to-market retailers increase market momentum.

- There was no new supply in Q3/2019. Existing projects experienced more tenant adjustments while Centre Department Store in Jianghan Road closed for refurbishment, causing citywide retail property market stock to decline to 6.1 million sq m.
- New-to-market retailers are still showing interest in Wuhan’s retail market. Additionally, popular tea brands continued their expansion across the city.
- Beauty and skincare brands were active during Q3/2019, with many retail brands setting up pop-up stores in landmark projects to attract consumers.
- Citywide shopping malls showed stable performances during the quarter and, by quarter-end, the vacancy rate had levelled off at 6.2%. Leasing was active in the prime market where the vacancy rate fell by 0.5 of a ppt quarter-on-quarter (QoQ) to 6.5%. The secondary market experienced brand adjustments, with the vacancy rate rising slightly by 0.3 of a ppt QoQ to 7.6%.
- Greenland Being Funny will open in Q4/2019 in Wuchang Riverside with a retail GFA of 120,000 sq m.
- The average first-floor mall rent rose 0.3% QoQ to RMB31.4 per sq m per month. The emerging market saw the highest increase, with the average first-floor rent rising by 0.5% to RMB29.3 per sq m per month.

“Wuhan’s retail market was active in Q3/2019, with multiple brands opening their first stores in Wuhan or central China, which helped increase urban vitality throughout the city.”

JAMES MACDONALD, SAVILLIS RESEARCH
MARKET OVERVIEW
From January to June 2019, retail sales of consumer goods in Wuhan reached RMB350.29 billion, which is a growth of 9.0% YoY. The growth rate was 0.1 of a ppt lower than in Q1/2019. Urban retail sales of consumer goods topped RMB237.16 billion, up 8.2% YoY. And the per capita disposable income of permanent urban residents increased by 9.14% YoY to RMB26,271.

SUPPLY AND DEMAND
In Q3/2019, no new supply was delivered to the market. Meanwhile, as tenant adjustments continued, Centre Department Store in Jianghan Road closed for refurbishment. By the end of Q3/2019, the citywide retail property market stock declined to 6.1 million sq m.

In terms of leasing demand, new-to-market retailers continued to show interest in Wuhan’s retail market. Significant central China debuts included: the first Jordan Li store launching in Wushang Plaza; New Balance 1906 opening in Horizon (North); US street brand Starter launching in Han Street; Danish home brand HAY debuting in Wushang Plaza; and Jimmy Choo’s limited experience exhibition opened in Wuhan International Plaza.

VACANCY RATES AND RENTS
Citywide shopping malls showed stable performances during the quarter, and the overall vacancy rate levelled off at 6.2%. The average first-floor mall rent rose 0.3% QoQ to RMB31.4 per sq m per month.

Leasing was active in the prime market where the vacancy rate fell by 0.5 of a ppt to 6.5%. Due to seasonal factors and tenant adjustments, the average first-floor rent dipped 0.2% QoQ to RMB438.0 per sq m per month.

The secondary market accelerated brand adjustments, and the vacancy rate rose slightly by 0.3 of a ppt to 7.6%. The average first-floor rent rose steadily, climbing 0.3% QoQ to RMB317.3 per sq m per month.

The rental performance of the emerging market was stable, with the average first-floor rent increasing to RMB290.3 per sq m per month, up 0.5% QoQ. The emerging market vacancy rate remained at 5.0%.

MARKET OUTLOOK
Greenland Being Funny will open in Q4/2019 with a retail GFA of 120,000 sq m. The project is in the Wuchang Riverside area and is expected to enhance the commercial atmosphere of the entire area. Retail projects are expected to pay more attention to the consumer experience and create immersive shopping environments.