



## The market proactively seeks new growth

Developers keep lowering rent expectations.

- Wuchang MixC and Min Zhong Le Yuan opened in Q2/2024, bringing 294,000 sqm of new supply and pushing the total stock to 8.25 million sqm.
- The market proactively looked for new growth. Domestic trendy retail brands have sprung up. F&B sector enriched its diversity by introducing restaurants with regional characteristics. Meanwhile, the services sector has seen specific growth with hair care and indoor entertainment tenants emerging.
- Driven by newly-opened projects, leasing activity in the market performed well. The citywide vacancy rate edged down 0.3 ppts QoQ and fell 2.4 ppts YoY to 10.4%.
- Fast fashion and foreign cosmetics sectors continued shrinking. Mjstyle, Whoo and Innisfree closed several stores in the quarter. Competition intensified in the beverage sector. Specialty coffee %Arabica and Costa downsized stores. Training and education sector was still under pressure; YMM Art Education and Rise Education withdrew many stores.
- Developers kept lowering rent expectations to attract ideal tenants. The shopping mall ground-floor rents declined 0.5% QoQ and 0.9% YoY to an average of RMB 339.9 psm pmtb by Q2/2024.
- Looking ahead to the rest of 2024, Wuhan's retail property market will introduce a series of quality projects including Wuhan SKP, which may bring commercial vitality and intensified competition as well.

“Wuhan welcomed the opening of Wuchang MixC and Min Zhong Le Yuan in Q2/2024, which brought new retail landmarks and trendy commercial vitality. The city's high-end retail landscape will continue to benefit from high-quality supply such as Wuhan SKP to stimulate consumption needs.”

JAMES MACDONALD, SAVILLS RESEARCH

### Savills team

Please contact us for further information

#### RESEARCH

**James Macdonald**  
Senior Director  
China  
+8621 6391 6688  
james.macdonald@savills.com.cn

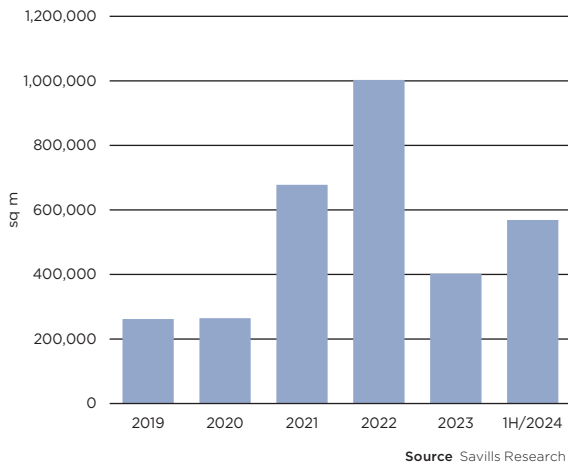
**Ashley Qian**  
Senior Manager  
Wuhan  
+8627 5935 8555  
ashley.qian@savills.com.cn

#### RETAIL

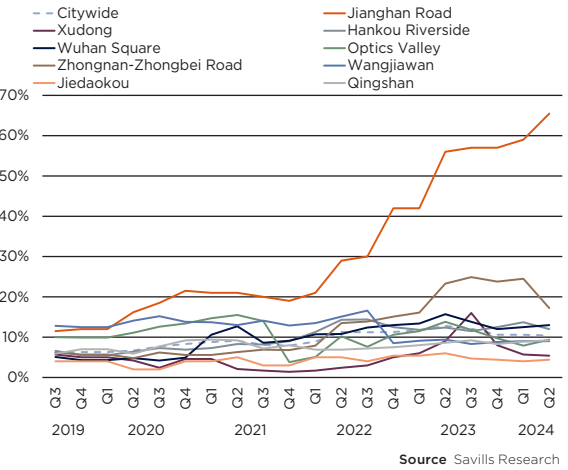
**Yingbo Huang**  
Senior Director  
Wuhan  
+8627 5935 8555  
yingbo.huang@savills.com.cn

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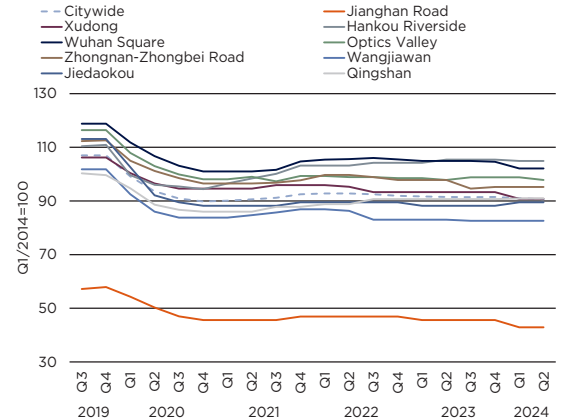
**GRAPH 1: Retail Supply, 2019 To 1H/2024**



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



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



**SUPPLY AND DEMAND**

The market welcomed the opening of Wuchang MixC and Min Zhong Le Yuan in Q2/2024, which brought 294,000 sqm of new supply and pushing the total stock to 8.25 million sqm. Wuchang MixC, as the second MixC in Wuhan, offered a diversified tenant mix and a 250,000-sqm retail landmark to Wuchang Riverside area. While Min Zhong Le Yuan, an over-100-year historical and cultural landmark, re-opened after renovation with a touch of art to Jiangnan Road area.

Domestic trendy retail is rising with plenty of first stores opening. VTVN, Chinism, Yescci showed up in Horizon South. FPA and F426 were under construction in Intime City. 1 Jinn Studio entered Min Zhong Le Yuan. Meanwhile, sports and outdoor sector kept seeing new brands; Klättermusen was under construction in Wuhan International Plaza while emerging domestic brand Ju Active entered Wuhan MixC. Cosmetic sector was also recovering; Wuchang MixC’s opening introduced the central China’s first Nabocul as well as popular collective store The Colorist. Intime City opened its own cosmetics collective store Ginko-X.

The beverage sector remained buoyant and popular brands set up new stores in Palace Dessert and Charlie Tow. The summer economy led to the popularity of the dessert sector, as Wuhan International Plaza introduced Daifuku ice-cream brand Minono and Jiu Shi Ye, a specialty matcha brand. In addition, casual dining enriched its diversity by introducing restaurants with regional characteristics. There was an acceleration in expansion in the quarter for Mi Cun, Baiyu BBQ Restaurant, and Yunan flavour hotpot restaurants Dian Niu and Yeego.

With consumers’ increasing concerns over personal care and health, the services sector experienced a rapid growth. Plenty of new tenants in the hair care and indoor entertainment industry have emerged. Besides, New Oriental Education was back in shopping malls with strong expansion.

**VACANCY RATES AND RENTS**

Driven by newly-opened projects, leasing activity in the market performed well. The citywide vacancy rate edged down 0.3 ppts QoQ and decreased 2.4 ppts YoY to 10.4%. Emerging area maintained active leasing performance, with the vacancy rate down 0.8 ppts to 8.4%, while the prime and secondary areas increased 0.6 and 0.2 ppts to 20.7% and 7.6%, respectively.

Developers kept lowering rent expectations to attract ideal tenants. Shopping mall ground-floor rents declined 0.5% QoQ and 0.9% YoY to an average of RMB 339.9 psm pmth by Q2/2024. The average rent in the prime area remained stable, while the secondary and emerging areas dipped 0.5% and 0.7%, respectively.

**MARKET OUTLOOK**

Looking ahead to the rest of 2024, Wuhan’s retail property market will introduce a series of quality projects including Wuhan SKP and Qincheng MixC One, which will bring over 1 million sqm of new supply. The peak in supply is expected to stimulate consumption needs and commercial vitality. The first luxury project in Wuchang area will upgrade Wuhan’s high-end retail landscape, driving the city’s construction of an international consumption city.

**TABLE 1: Selected Retail Projects, 2024**

PROJECT	RETAIL GFA (SQ M)	TYPE	AREA
Wuhan SKP	150,000	Shopping mall	Zhongnan Zhongbei Road
Hanjie Wanda Plaza	130,000	Shopping mall	Zhongnan Zhongbei Road
Qincheng MixC One	115,000	Shopping mall	Xudong Avenue

Source: Savills Research