China Theme Parks: A Magical Journey Ahead
Since the Opening of Shanghai Disney Resort
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With the development of the Chinese economy, the number of tourists and tourism income has increased rapidly, such that tourism has become a vital industry driving China’s transition to a consumption-based economy. The government has proposed many policies to develop the tourism industry.

The development history of theme parks in China can be divided roughly into three stages: initial development of domestic theme parks, development period of domestic theme park brands, and development period of international theme park brand penetration. Recently, several internationally renowned theme park brands have unveiled new locations in China, the most notable of which is Shanghai Disney Resort, which opened earlier this year; Universal Studios announced plans to build a theme park in Tongzhou, Beijing and Six Flags Inc. chose Jiaxing, Zhejiang as their theme park site. The theme park market in China has entered a new era, in which well-known international theme park brands and their domestic counterparts have begun to compete directly and fiercely.

Most of top theme parks located in East China and South China show strong economic performance. In 2015, the four biggest Chinese theme park developers – OCT Parks China, Chimelong Group, Fantawild and Songcheng Worldwide – were all within the top ten of global theme park developers.

In recent years, the proportion of education, culture and recreation consumption has increased with the growth of consumption expenditure per capita, which has provided an important foundation for theme parks development. Most adult ticket price for China’s domestic theme parks lie between RMB200 and RMB300, averaging RMB270, with 34% being over RMB 300.

According to development experience for theme parks both domestic and overseas, it may not be profitable for theme parks to rely primarily on ticket sales due to the huge investment and high operating costs. Usually, parks can generate income from supporting facilities, such as hotels, restaurants, retail and other recreational facilities. Additionally, some companies can make additional revenue by selling souvenirs and clothing and other merchandise with intellectual property rights.

The impact of theme parks on local economies can be divided into two parts: one-time and long-term influence. A new theme park will bring many employment opportunities, as well as multiple positive effects that contribute to the local economy in the long-term.
International well-known theme park brands and domestic brands began to compete directly in China market.
Recently, several internationally renowned theme parks launched in China, such as Shanghai Disney Resort which opened in 2016. Additionally, Universal Studios announced plans to build a theme park in Tongzhou, Beijing and Six Flags Inc. chose Jiaxing, Zhejiang as the site of its future theme park. Meanwhile, domestic theme park developers were not far behind. With the opening of Wanda theme park in Nanchang, Wanda Group revealed plans to build a further 15 theme parks by 2020. Shimao Group also plans to open eight outdoor and water theme parks in the next five years. Hence, enthusiasm for development of theme parks in China has returned well and truly.

Theme parks are modern travel destinations that combine recreational activities, leisure services and reception facilities, and utilize modern science and different activities. They are built to meet tourists’ diverse needs for leisure and amusement.

Theme parks are leisure entertainment spaces designed on specific original themes. They combine cultural display, reproduction and transfer with high technology to create virtual and landscape environments that stimulate consumers’ curiosity with theme episodes throughout all amusement projects.
The theme park has already become a pillar of international tourism, playing an important role in the tourism industries of developed countries. According to data released by Themed Entertainment Association (TEA), based on the population and scale of theme parks, the top three theme park groups (according to total theme park attendance) in 2015 were Walt Disney Attractions, Merlin Entertainments Group (Owner of Legoland, Madame Tussauds celebrity wax attractions and Sea Life Aquariums) and Universal Parks and Resorts. Additionally, ‘Six Flags Great Adventure’ developed by Six Flags Inc., ‘SeaWorld Parks’ developed by SeaWorld Parks & Entertainment, as well as ‘Cedar Point’ developed by Cedar Fair Entertainment Company, are all popular in Europe and America. Developers and operators hold intellectual property rights to a large number of cartoon characters, which are the core element of a theme park’s success.

The developers of theme parks in Asia come from all over the world. Some of them are from the US and Europe, such as Disneyland in Tokyo, Hong Kong and Shanghai, Universal Studios in Osaka, Singapore and Beijing, and LegoLand in Malaysia.

On the other hand, some domestic theme park developers have designed creative theme park projects with local flavour. Japan and South Korea’s domestic theme park industries are relatively advanced, including Hello Kitty Park developed by Sanrio Ltd., LotteWorld developed by Lotte Group, and Everland Resort operated by Everland Ltd.. Furthermore, Hongkong Ocean Park was invested by the Hongkong Jockey Club, and Taiwan Hualian Farglory Ocean Park was developed by Farglory Group.
Development history of theme parks in China

The developing history of theme parks in China can be divided roughly into three stages:

The first stage (1991-2000) was the initial development of the domestic theme parks. During this period, the first batch of local theme parks appeared in China, such as Suzhou Amusement Land, OCT Window of the World and OCT Happy Valley (Shenzhen).

The second stage (2000-2015) was the development period of domestic theme park brands, a time during which some local theme park developers, especially OCT and Fantawild, began to reproduce many theme parks in China. For example, OCT built Happy Valley in Beijing, Shanghai, Chengdu, Wuhan, and Tianjin; Fantawild built Fangtawild Adventure in Wuhu, Qingdao, Zhengzhou, Taian, Shenyang and Zhuzhou.

The third stage (after 2016) is the development period for international theme park brands penetrating China. With the opening of Shanghai Disney Resort, the arrival of Universal Studios in Beijing Tongzhou and the site selection of Six Flags Great Adventure in Zhejiang Jiaxing. The theme park market in China has entered a new stage, in which internationally renowned theme park brands and domestic theme park brands have begun to compete directly and fiercely.
With development of Chinese economy, the number of tourist visitors and tourism income have increased rapidly, which shows that tourism has become a vital industry of China's transition to a consumption-based economy. The Chinese government has introduced and proposed many policies to develop the tourism industry, for example, the National Development and Reform Commission released ‘the 13th Five-Year Plan’, which have encouraged further development of the tourism industry, widely cooperated tourism and developed new formats such as tourism real estate.

In 2016, with the agreement of the State Council, the China National Tourism Administration compiled ‘The 13th Five-Year Development Plan on Nationwide Tourism’, which is the key section plan of the ‘13th Five-Year Plan’. The plan proposed to enhance the quality of tourism, expand and extend tourism functions, promote the transformation and upgrading of tourism and tourism development, strive to build a comprehensive tourism country and lay a solid foundation for developing the nation into a power tourism country.

In 2015, the State Council released ‘Several Opinions on Further Promotion of Tourism Investment and Consumption’, which encouraged the building high-level tourism products and national tourism resorts to meet diverse needs.

With the rapid development of China’s tourism market, Chinese theme park developers strive to enhance their scale and market share. According to TEA data, in 2015, the top four Chinese theme park developers – OCT Parks China, Chimelong Group, Fantawild and Songcheng Worldwide – were all ranked as top ten global theme park developers.

From studying the top four theme park developers in China, we found the average theme park attendance to be 4.47 million people in the ten most famous theme parks (ranked by the number of theme park attendance) in 2015. Attendance at Chimelong Ocean Kingdom reached 7.49 million people, ranking first in mainland China. Among

Figure 1: Chinese theme park developers in 2015 global rankings

Source: TEA; Advisory Services, Colliers International, Shanghai
the top ten theme parks, OCT Parks China leads the field with four parks. Songcheng Worldwide has two parks, Chimelong Group has two parks, and Dragon City Tourism Holding Group has one park.

Although Fantawild’s any single project excluded in the top ten list in mainland China, it has theme parks in over ten cities in China. With the higher number of total parks and total attendance, it secures its position in the global top ten theme park developers list.

In 2015, the Development and Reform Commission of China released ‘Several Opinions on Normalizing the Development of Theme Parks’ and categorized the theme parks into huge-size, large-size and medium-size, according to land area and investment scale.

When analyse the previous mentioned top ten theme parks, along with Disneyland and Nanchang Wanda theme park, which opened in 2016. In these 12 parks, the huge-size theme parks weight 25%, OCT East and Shanghai Disneyland’s land area were the biggest. The large-size theme parks weight 42%, whereas the medium-size theme parks weight 33%.

Most of China’s top theme parks are located in East and South China with the strongest economic performance. It was found that 50% of theme parks are located in South China and 25% are located in East China. There are six theme parks in South China, of which five are located in Guangdong Province and one in Hainan Province. However, in East China, Jiangsu, Zhejiang, Shanghai, Jiangxi have one theme park respectively. The theme park development in Guangdong province has a long history. In past decades, OCT Parks China built several theme parks, such as OCT Window of the World and OCT Happy Valley in Shenzhen, with relatively limited natural tourism resources. The theme parks effectively promoted development of the local tourism economy. In addition, the coastal cities, such as Shenzhen and Zhuhai, are more suitable for development of outdoor theme parks and water parks.

Figure 2: The top ten theme parks in mainland China in 2015

![Figure 2: The top ten theme parks in mainland China in 2015](image1.png)

Source: TEA; Advisory Services, Colliers International, Shanghai
Figure 3: Classification of theme parks scale

<table>
<thead>
<tr>
<th>Scale of theme parks</th>
<th>Land area(^{('000\text{ sq m})})</th>
<th>Investment scale(\text{ (hundred million RMB)})</th>
<th>The approval procedure of new and expanded theme parks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Huge-size</td>
<td>&gt;=2,000</td>
<td>&gt;=50</td>
<td>Checked by investment department of the State Council. Approved by the State Council.</td>
</tr>
<tr>
<td>Large-size</td>
<td>600–2,000</td>
<td>15–50</td>
<td>Approved by investment department of the State Council.</td>
</tr>
<tr>
<td>Medium-size</td>
<td>200–600</td>
<td>2–15</td>
<td>Approved by investment department of each province (region, city), recorded by investment department of the State Council.</td>
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Source: Development and Reform Commission of China

Figure 4: Statistics on land area of theme parks

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<tr>
<th>Park (Location)</th>
<th>Land Area (mu)</th>
<th>Attendance 2015</th>
</tr>
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<tbody>
<tr>
<td>OCT East (Shenzhen)</td>
<td>13,500</td>
<td>3,940,000</td>
</tr>
<tr>
<td>Shanghai Disneyland (Shanghai)</td>
<td>5,850 (first phase)</td>
<td>opened in 2016</td>
</tr>
<tr>
<td>Chimelong Paradise (Guangzhou)</td>
<td>2,000</td>
<td>3,619,000</td>
</tr>
<tr>
<td>Chimelong Ocean Kingdom (Shenzhen)</td>
<td>1,980</td>
<td>7,486,000</td>
</tr>
<tr>
<td>Wanda Theme Park (Nanchang)</td>
<td>1,200</td>
<td>opened in 2016</td>
</tr>
<tr>
<td>OCT Happy Valley (Beijing)</td>
<td>840</td>
<td>3,740,000</td>
</tr>
<tr>
<td>OCT Window of the World (Shenzhen)</td>
<td>720</td>
<td>3,440,000</td>
</tr>
<tr>
<td>Changzhou Dinosaur Park (Changzhou)</td>
<td>600</td>
<td>3,950,000</td>
</tr>
<tr>
<td>OCT Happy Valley (Shenzhen)</td>
<td>525</td>
<td>3,250,000</td>
</tr>
<tr>
<td>Songcheng Sanya Romance Park (Sanya)</td>
<td>225</td>
<td>3,322,000</td>
</tr>
<tr>
<td>Songcheng Lijiang Romance Park (Lijiang)</td>
<td>140</td>
<td>4,678,000</td>
</tr>
<tr>
<td>Hangzhou Songcheng Park (Hangzhou)</td>
<td>90</td>
<td>7,289,000</td>
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Source: Website of theme parks, Advisory Services, Colliers International, Shanghai

Figure 5: Regional distribution of main theme parks in China

Source: Advisory Services, Colliers International, Shanghai
Main source of demand for theme parks

According to international experience, a country or region will have a mature holiday economy when GDP reaches US$5,000 per capita. In 2015, GDP per capita in China reached US$8,000, with tier-1 cities such as Shanghai reaching US$15,000 per capita. Hence, citizens’ demands for vacation and amusement infrastructure have grown dramatically.

The main demand for theme parks comes from the resident and tourist markets. The resident market divides into primary resident market and secondary resident market, of which the primary resident market usually comprises citizens residing within a 1-hour driving radius, and the secondary resident market comprises citizens residing within a 1-2 hour driving radius. The tourist market includes both domestic and international tourists, as some well-known theme parks are known to attract huge numbers of international tourists.

In the resident market, large-size and medium-size cities in mainland China have the largest populations. Cities with a high proportion of children and youth have great demand for theme parks, while senior-age cities have a relatively small demand. Tier-1 cities like Beijing and Shanghai have a largely senior household population, but the cities’ youth demographic accounts for a major part of the large non-local resident populations, leading to a great demand for theme parks. Chinese consumption expenditure per capita reached RMB15,712 in 2015, which increased by 8.4% and 9.6% respectively compared to 2014 and

Figure 6: Structure of consumption expenditure per capita in China 2015

- Food, Tobacco and Liquor: 31%
- Residence: 22%
- Transport and Communication: 11%
- Education, Culture and Recreation: 11%
- Health Care and Medical Services: 7%
- Clothing: 7%
- Household Facilities, Articles and Services: 3%
- Miscellaneous Goods and Services: 3%

Source: National Bureau of Statistics of China
2013. Education, culture and recreation accounted for 10.97%, which increased by 0.37 and 0.4 percentage points respectively. These days, the proportion of education, culture and recreation consumption has increased with the growth of consumption expenditure per capita, which provided an important foundation for theme parks development.

In the tourist market, with the growth of domestic incomes, the number of domestic visitors has increased rapidly in recent years. In 2015, this number reached 4 billion, an increase of 10.5% year on year.

Since 2005, the number of overseas visitor arrivals maintained a relatively stable rate. The growth rate has become positive, reaching 134 million in 2015.

Figure 7: Number of Chinese domestic visitors from 2005 to 2015

Figure 8: Number of overseas visitor arrivals from 2005 to 2015

Source: National Bureau of Statistics of China
In 2015, Chinese compatriots from Hong Kong, Macao and Taiwan accounted for 80% of overseas visitor arrivals. However, over 60% of foreign visitors came from East Asia, such as South Korea (27%) and Japan (15%).

Since 2005, earnings from domestic tourism rose rapidly before slowing again in recent years, although it still maintains double-digit growth. In 2015, earnings from domestic tourism reached RMB3.42 trillion, an increase of 13.1% over the previous year, while foreign exchange earnings from international tourism reached $113.7 billion, up 7.8% over the same period. Demand for theme parks grew rapidly due to the increase in Chinese domestic tourists and tourism revenue.

Figure 10: Earnings from domestic tourism from 2005 to 2015

Source: National Bureau of Statistics of China
Ticket price analysis for major theme parks

Most adult ticket prices for domestic theme parks lie between RMB200 and RMB300 (average RMB270), with 34% of theme parks charging over RMB 300. The highest price is RMB370 at Shanghai Disneyland and the lowest is RMB180 at OCT Window of the World. As a world-class international brand, Shanghai Disneyland has a significant ticket price premium, while Chimelong Ocean Kingdom, OCT East and Hangzhou Songcheng Park charge above-average prices due to their high quality facilities, high popularity, and other advantages.

Figure 11: Ticket prices of main theme parks in China

- **Shanghai Disneyland (Shanghai)**: ¥370
- **Chimelong Ocean Kingdom (Hengqin)**: ¥350
- **Oct East (Shenzhen)**: ¥300
- **Hangzhou Songcheng Park (Hangzhou)**: ¥300
- **Songcheng Lijiang Romance Park (Lijiang)**: ¥280
- **Oct Happy Valley (Shenzhen)**: ¥260
- **Songcheng Sanya Romance Park (Sanya)**: ¥260
- **Oct Happy Valley (Beijing)**: ¥260
- **Chimelong Paradise (Guangzhou)**: ¥250
- **Wanda Theme Park (Nanchang)**: ¥220
- **Changzhou Dinosaur Park (Changzhou)**: ¥210
- **Oct Window Of The World (Shenzhen)**: ¥180

Source: Website of theme parks, Advisory Services, Colliers International, Shanghai
Given the vast area of the Chinese mainland and its differing climatic conditions, theme parks have different seasonal features due to their geographic locations. Usually, peak time occurs during main public holidays and summer vacation (July and August). In winter, due to cold temperatures, except for the small number of ski theme parks, most theme parks experience low periods. Theme park developers should consider seasonal features and adjust recreational products accordingly. For example, considering the rainy season of the Jiangnan area, most of Shanghai Disneyland’s recreational facilities are indoor, while some outdoor facilities use rainproof design to ensure usability on rainy days.

For hot weather, especially during the summer vacation, demand for water parks increases significantly. According to attendance data released by TEA, China had two water parks in the global top 20 (ranked by the number of attendance) in 2015, namely Chimelong Water Park (Guangzhou) and Royal Ocean Park-Water World (Shenyang) respectively. In the Asia-pacific top 20 water parks, China held six positions, occupying 30% of the rankings.

Figure 12: Chinese water theme parks in Asia-Pacific rankings in 2015

Source: TEA, Advisory Services, Colliers International, Shanghai
Other comprehensive facilities of theme parks

From development experience of domestic and foreign theme parks, it is evident that large-size theme parks normally increase their profits by developing and operating hotels, restaurants, retail and other recreational facilities to augment existing facilities.

There are benefits to be gained by theme parks operating comprehensive facilities.

Firstly, comprehensive facilities extend tourists' stay time and increase total consumption and loyalty to the theme park. For theme parks with hotel facilities, encouraging tourists to stay for at least one night can not only generate hotel fees, but also effectively increase consumption in restaurants and retail and improve vacation experience overall.

Secondly, compared to theme parks without comprehensive facilities, comprehensive theme parks can provide tourists with greater convenience and more leisure choices. Additionally, such theme parks can attract more visitors of different types and ages, effectively increasing market share and competitive advantage.

Finally, comprehensive theme parks can effectively increase the value of land use and significantly reduce development risk. Since theme park development is generally of large-scale and low density, the value of land use is quite limited. By operating supporting hotels, retail, leisure and entertainment facilities, developers can improve the plot ratio of the project and land use value. Further, theme parks with comprehensive facilities offer a combination of different property types, which can increase visitors' consumption for hotels, restaurants, retail and entertainment facilities, leading to improved overall incomes while effectively reducing development risks. When theme park visitor numbers decrease and income reduces, other facilities can still generate revenue.

Taking Shanghai Disney Resort as an example, besides the theme park itself, there are also two theme hotels. Shanghai Disneyland Hotel has 420 rooms and Toy Story Hotel has 800 rooms, for a total of 1,200 rooms. The resort provides 28 eastern and western restaurants (including hotel restaurants), 27 retail locations of various themes (including hotel retail) and six leisure entertainment facilities for children (including hotel facilities). In addition, nearby supporting facilities include Shanghai Village outlets (55,000 sq m land area, with more than

![Figure 13: Total number of hotel rooms provided by China’s major theme parks](source: Website of theme parks; Ctrip; Advisory Services, Colliers International, Shanghai)
According to domestic and overseas theme park development experience, it may not be profitable for theme parks to rely solely on ticket sales, due to the huge investment requirements, which include cost of land, construction and installation, planning and design fees, and procurement of entertainment equipment, as well as high operating costs. Usually, a theme park can generate additional income from supporting hotels, F&B, retail and other recreational facilities.

Theme park may be difficult to make profit if it only relies on ticket sales. It can generate additional income from supporting hotels, F&B, retail and other recreational facilities.

Based on research into major theme parks in China, 42% provide hotel facilities within the park, which is similar to international theme parks’ development strategy. Hangzhou Songcheng Park and Nanchang Wanda theme park offer own-brand hotels around their parks, while Songcheng Lijiang Romance Park and Songcheng Sanya Romance Park are actively preparing for openings of YunMan hotels. 60% of theme parks hotels have 1,000-1,500 rooms. The theme park with the largest number of hotel rooms is Chimelong Ocean Kingdom, which has three hotels within the park’s borders, providing almost 4,600 rooms. Conversely, the theme park with the least hotel rooms is Changzhou Dinosaur Park, with four hotels providing 717 rooms.

Studying individual hotels of major theme parks reveals that 81.2% of hotels within theme parks have less than 800 rooms, and 87.5% of hotel room prices are less than RMB1,500 per night. 43.8% of individual hotels have less than 500 rooms with pricing below RMB1,000 per night.

Figure 14: Number of hotel rooms and price of individual hotels of major theme parks in China

According to domestic and overseas theme park development experience, it may not be profitable for theme parks to rely solely on ticket sales, due to the huge investment requirements, which include cost of land, construction and installation, planning and design fees, and procurement of entertainment equipment, as well as high operating costs. Usually, a theme park can generate additional income from supporting hotels, restaurants, retail and other recreational facilities. Additionally, some companies,
like Walt Disney, Universal Studios and Warner Bros. Entertainment, have intellectual property rights for numerous cartoon characters accumulated over many years. They can make additional revenue by selling souvenirs, clothing and other merchandise relating to these characters. In China, Fantawild has created a series of cartoon characters in Boonie Bears. Meanwhile, Changzhou Dinosaur Park focused on creating the cartoon star “Baby Dinosaur”. These domestic theme park developers continued to accumulate their own intellectual property rights for cartoon characters.

Theme parks’ impact on local economies can be divided into two parts: one-time influence, in which the theme park creates short-term job opportunities during the planning, design and construction phases; and the other is long-term influence, whereby the theme park improves the local tourism economy, including vacation, hotel, restaurants, shopping, entertainment, transportation and so on. Meanwhile, the operation and management of theme parks brings many long-term employment opportunities. Overall, a theme park contributes “multiple positive effects” to the local economy.
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$2.5 billion in annual revenue

2 billion square feet under management

16,000 professionals and staff

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