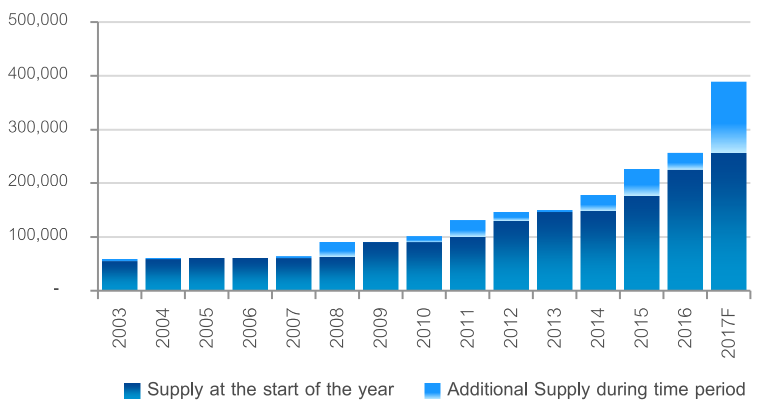
Snapshot

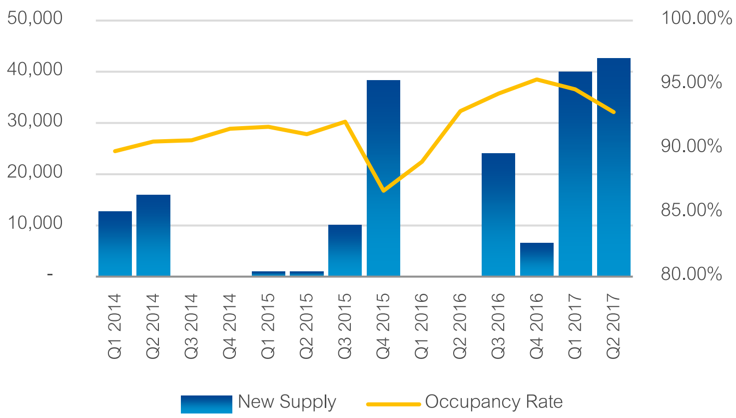
YANGON | RETAIL

1st Quarter 2017

Retail Supply Stock (GLA sq m)



New Supply and Average Occupancy Rate



Average Rental Rate (USD / sq m / month)

City-wide	Q4 2016	Q1 2017	QoQ Change	Q1 2018 Forecast	YoY Change
Shopping Malls	31.5	35.1	11.4%	36.2	3.1%

Supply

- As of Q1 2017, the total retail stock in Yangon grew by 19% QoQ to end at more than 300,000 sq m of leasable space. Junction City Shopping Centre became the latest addition to the growing number of retail centres and is the only other shopping mall in Downtown apart from Junction Centre Maw Tin, which opened in 2010. Shwe Taung's latest retail development is one of the largest shopping malls in the city, on par in size with HAGL Myanmar Plaza with about 40,000 sq m of leasable space. However, super-regional sized mall destinations, defined as a lifestyle centre with at least 100,000 sq m of gross leasable space, remains non-existent in Yangon.

- Meanwhile, the quality of new upcoming developments appears promising, being mostly integrated into future mixed-use developments. In 2017, some projects expected to complete are Junction Square Extension by Shwe Taung, City Mall St. John by City Mart Holdings, Yadanar Mall (Time City) by Crown Advance Cnostruction and Fortune Plaza by Excellent Fortune Development Group.

Demand

- As anticipated, the demand for retail space continued to trend upwards despite the sizeable stock added during the quarter. Citywide occupancy rates were unprecedented at 94.6%, up by 5.7% YoY. Space requirements are continually led by food & beverage as well as clothing and footwear, of which some are represented by foreign labels. In fact, local businesses are gaining more confidence with international franchises amid the rise in consumer aspiration towards global brands.

- The opening of Junction City Shopping Centre has seen the entry of international F&B chains such as Breadtalk, Ippudo Ramen and Crystal Jade while new clothing brands include luxury designer fashion namely, Coach, Hugo Boss and Versace in the recently opened Junction City Shopping Centre. Going forward, Colliers recommends that new shopping malls should best differentiate their offerings with an integration of entertainment facilities, considered limited in the city.

Rent

- The city-wide average rental rate for shopping malls surged by 11.4% QoQ – the highest growth recorded to date. The rise in rent was mainly attributed to the prime rates offered by Junction City Shopping Centre. In the next twelve months, Colliers predicts the average rents to continually move upwards but at a more modest growth.

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