

MARKETBEATS

6.53STOCK
(MILLION SM)**¥646.54**RENTAL
(RMB/SQM/MO)**7.2%**VACANCY
RATEWHAT'S
NEXT

HIGHLIGHTS

Chengdu's prime retail stock remained at 6.53 million sq m in Q2. The city's overall vacancy rate edged up 0.2 percentage points on the quarter to 7.2% as retailers vacated spaces at several projects due to undergo significant adjustment works. Prime retail rent increased slightly to RMB646.54 per sq m per month on average in Q2.

Total retail sales in Chengdu accelerated 8.7% y-o-y in Q1, outpacing the national growth rate by about 4 percentage points. International luxury brands were active in the city. Sino-ocean Taikoo Li, for example, witnessed the opening of a Louis Vuitton Time Capsule exhibit as well as Dior's launch of a pre-fall show and opening of a pop-up store. It has been reported that more than 100 new entrants have opened in Chengdu so far in 2019, featuring international brands such as Acne Studios, Roger Dubuis and NARS.

Outlook

Chengdu's municipal government is stepping up efforts to support Tianfu New District's development, where the submarket is set to receive 160,000 sq m of new retail projects, including Wangfujing and Joy City, in 2022. Elsewhere, the city's luxury market should continue to grow to satisfy rising consumer demands, encouraging upscale brands to hold promotional events to tap into residents' increasing buying power. Meanwhile, community submarkets are emerging, with the majority of new supply in the pipeline slated to serve regional communities.

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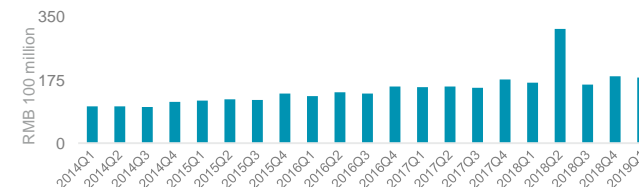
Economic Indicators

	Q4 2018	Q1 2019	Past 12-Month Growth
GDP Growth	8.0%	8.0%	▼
Total Retail Sales Growth	6.2%	8.7%	▼
CPI Growth	1.4%	2.0%	▲

Note: Growth figure is y-o-y growth;

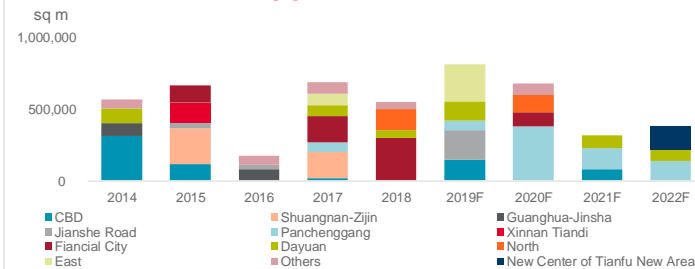
Source: Chengdu Statistics Bureau; Cushman & Wakefield Research

Total Retail Sales of Consumer Goods



Source: Cushman & Wakefield Research

PRIME RETAIL SUPPLY PIPELINE



Note: F is for forecast.

Source: Cushman & Wakefield Research



Prime Average Retail Rent (Q2 2019)

SUBMARKET	RMB/SQ M/MO	USD/SF/MO	USD/SF/MO	12-Month Forecast
CBD	1,387.04	22.13	19.77	▲
Shuangnan-Zijin	583.33	9.31	8.31	■
Guanghua-Jinsha	430.56	6.87	6.14	■
Jianshe Road	370.00	5.90	5.27	■
Panchenggang	750.00	11.97	10.69	■
Xinnan Tiandi	758.33	12.10	10.81	■
Financial City	521.43	8.32	7.43	▲
Dayuan	377.78	6.03	5.38	▼
North	444.44	7.09	6.33	■
East	394.44	6.29	5.62	▼
Other areas	473.81	7.56	6.75	▼
Average rent	646.54	10.32	9.21	■

Exchange Rate: 1USD = 0.893136 EUR = 6.89396 RMB as of 2019.5.27

*Average rents (RMB/sq m/mo) are based on ground floor in prime locations in major shopping centers, excluding management fee, promotional fee and other fees.

SIGNIFICANT STORE OPENINGS (Q2 2019)

PROPERTY	SUBMARKET	TENANT	Business Type
IFS	CBD	Givenchy Kids	Fashion
Taikoo Li	CBD	%Arabica	F&B
Renhe New City	Financial City	Anello	Fashion

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	SQ M	COMPLETION DATE
Star Plaza	CBD	120,000	2019
Taihe Project	Panchenggang	70,000	2019
Leading Center	CBD	30,000	2019
MIXC (II)	Panchenggang	180,000	2020
Chengdu Magic Cube	Financial City	100,000	2020

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