

## MARKETBEATS

**¥91.45**RENT  
(PSM/MO)**-0.5%**RENTAL GROWTH  
(QOQ)**34.8%**

VACANCY RATE

WHAT'S  
NEXT

## HIGHLIGHTS

## Leasing demand softens

No new office supply was added in Q2, holding stock at approximately 1.97 million sq m. Amid prevailing economic uncertainties, leasing activity slowed and was reflected in net absorption amounting to 39,202 sq m for 1H, down 59.5% y-o-y by comparison.

As leasing demand softened, some landlords adjusted rental levels to attract tenants. Reflecting this, citywide average rent decreased 0.5% q-o-q to RMB91.45 per sq m per month in Q2. Some firms flocked to the attractive rentals on offer, in particular companies in the professional services and real estate industries. The city's overall vacancy rate decreased 0.4 percentage points q-o-q to 34.8% at quarter's end.

## Downward pressure on rental growth

Ahead, most future office supply is slated for development in Yuzhong and Jiangbei. Meanwhile, pre-leasing is underway at a number of projects, in particular Raffles City in Chaotianmen Yuzhong submarket. The volume of new office supply, coupled with relatively weak leasing demand stemming from the ongoing economic uncertainties, will likely continue to weigh on rental levels in the short term.

Given Chongqing's emphasis on technology development, firms in the TMT sector could account for a growing share of occupied office space. The city boasts a total of 18 technology business associations that aim to promote industry development. In particular, the China-Singapore (Chongqing) Financial Technology Cooperation Zone in Liangjiang New Area is expected to attract more financial as well as technology companies, which could benefit from government support efforts.

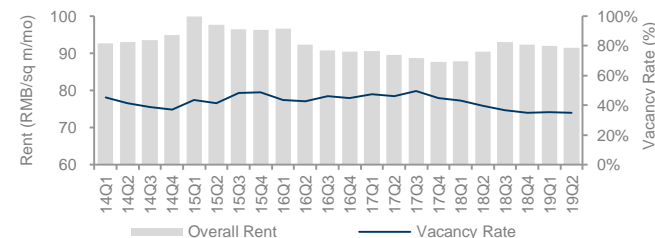
## Economic Indicators

	Q4 2018	Q1 2019	Annual Forecast
GDP Growth	6.0%	6.0%	▲
Tertiary Sector GDP Growth	9.1%	5.8%	▲
CPI Growth	2.0%	1.9%	▲
Investment in Real Estate Development Growth	6.8%	10.0%	▲

Note: Growth figure is y-o-y growth

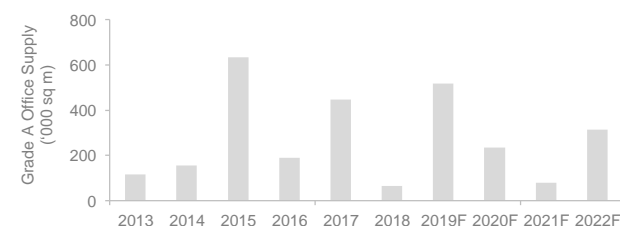
Source: Chongqing Statistics Bureau; Cushman &amp; Wakefield Research

## Grade A Office Market Indicators



Source: Cushman &amp; Wakefield Research

## Grade A SUPPLY PIPELINE



Note: F is for forecast.

Source: Cushman &amp; Wakefield Research

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DATA  
INTO  
ACTION

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SUBMARKET	INVENTORY (SQ M)	VACANCY RATE	FUTURE SUPPLY (SQ M)	GRADE A FACE RENT		
				RMB/SQ M/MO	US\$/SF/MO	EUR/SF/MO
Yuzhong	852,493	31.8%	518,600	¥85.2	US\$1.1	€1.0
Jiangbei	759,900	38.3%	385,337	¥99.1	US\$1.3	€1.2
Yubei	223,090	40.8%	161,859	¥91.1	US\$1.2	€1.1
Jiulongpo	85,000	23.0%	80,000	¥85.0	US\$1.1	€1.0
Nanan	48,101	25.0%	0	¥63.0	US\$0.8	€0.8
<b>CHONGQING GRADE A TOTAL</b>	<b>1,968,584</b>	<b>34.8%</b>	<b>1,145,796</b>	<b>¥91.5</b>	<b>US\$1.2</b>	<b>€1.1</b>

Rental equals "Gross Transacted Face Rental"

Exchange Rate: 1USD = 0.893EUR = 6.894RMB as of May 27<sup>th</sup> 2019

## KEY LEASING TRANSACTIONS 2019 Q2

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Jinja Internation	Jiangbei	MetLife	4,000	New Setup
Jinxin Center	Yubei	China Construction Eighth Engineering Division	2,300	New Setup
Guojin Center T6	Jiangbei	Huatai Life Insurance	1,227	New Setup
Evergrande Center	Yubei	Huasheng Fujitsu Elevator	378	New Setup

## SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Zhongyu International Center	Yubei	-	170,000	2019
Junhao Project	Jiangbei	-	120,000	2019
Tianhe International	Jiangbei	-	73,000	2019
Raffles City Plaza A Forte Project	Yuzhong	-	64,000	2019
Longxin Center	Jiangbei	-	153,000	2020
Raffles City Plaza B,C	Yuzhong	-	81,000	2020