



¥87.67
Rent (PSM/MO)

12-Mo.
Forecast

-1.5%
Rental Growth (QOQ)

31.3%
Vacancy Rate

Source: Cushman & Wakefield Research

CHONGQING ECONOMIC INDICATORS Q1-Q3 2019

6.3%
GDP Growth

Q1-Q2 2019: **6.2%** 12-Mo. Forecast:

6.4%
Tertiary Sector Growth

Q1-Q2 2019: **6.1%** 12-Mo. Forecast:

2.3%
CPI Growth

Q1-Q2 2019: **2.3%** 12-Mo. Forecast:

6.0%
Real Estate Development & Investment Growth

Q1-Q2 2019: **8.1%** 12-Mo. Forecast:

Note: Growth figure is y-o-y growth;
Source: Chongqing Statistics Bureau; Oxford Economics;
Cushman & Wakefield Research

Absorption Slows

No new office supply was added in Q4, with Chongqing's Grade A stock remaining at approximately 1.97 million sq m. The market continued to absorb the existing stock, and the vacancy rate dropped 4.38 percentage points y-o-y to 31.3%. The domestic economic downturn pressured the leasing market, and tenants became more cautious and pragmatic in selecting locations, with longer negotiation periods slowing down the take-up of space. Consequently, net absorption amounted to 28,700 sq m for the quarter, down 15.1% y-o-y.

Amid softening leasing demand, the market experienced fewer tenant inquiries and transactions. While some landlords held firm, others dropped rents to boost transactions. The citywide average rent dropped 4.98% y-o-y to RMB87.67 per sq m per month.

Supply Peak Ahead in 2020

The Raffles City and Fudi Financial Center projects are expected to complete in the first half of 2020. At least 200,000 sq m of new supply is expected to enter the Chongqing market next year, and will exert downward pressure on the submarkets and citywide average rent ahead.

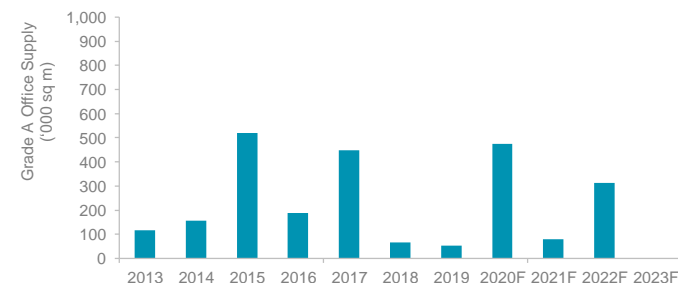
From the city's industry development perspective, Chongqing has been actively building a new environment of reform and opening up. In the second half of 2019, Chongqing held three times as many international events as in the same period last year. In addition, the city government is incubating technology companies and this should provide a lift to office demand. However, the market is still likely to face downward pressure on rent as the vacancy rate is expected to remain high in response to the large volume of supply in the pipeline, especially in Yuzhong District. On the other hand, specific high-end project completions may drive up average rents in some submarkets.

GRADE A RENT & VACANCY RATE



Source: Cushman & Wakefield Research

GRADE A SUPPLY PIPELINE



Source: Cushman & Wakefield Research



SUBMARKET	INVENTORY (sq m)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (sq m)	GRADE A AVG RENT		
				RMB/SQ M/MO	US\$/SF/MO	EUR/SF/MO
Yuzhong	852,493	26.6%	518,600	¥82.14	US\$1.09	€0.98
Jiangbei	759,900	35.6%	159,337	¥95.3	US\$1.26	€1.14
Nanan	48,101	28.0%	-	¥60.00	US\$0.79	€0.72
Yubei	223,090	36.0%	110,000	¥90.56	US\$1.20	€1.08
Jiulongpo	85,000	28.0%	80,000	¥83.00	US\$1.10	€0.99
CHONGQING GRADE A TOTAL	1,968,584	31.3%	867,937	¥87.67	US\$1.16	€1.05

Face Rent is calculated based on gross floor area and assuming a letting of mid floors for a typical three year lease term with VAT and rent free periods factored in.
Exchange Rate: 1USD= 0.903898 EUR=7.03146 RMB (2019.11.22)

KEY LEASING TRANSACTIONS 4Q19

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Enterprise Tiandi Building 7	Yuzhong	BOC Leasing Company	2,167	New Setup
Guojin Center T6	Jiangbei	Haitong Securities Company Limited	391	Relocation
Evergrande Center	Yubei	Beijing Yuanli Education And Technology	4,000	Expansion

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Raffles City Plaza A Forte Project	Yubei	-	64,000	2020
Fudi Project	Yuzhong	-	60,000	2020
Junhao	Jiangbei	-	120,000	2020
Xinhua Xiexin Center	Jiangbei	-	39,337	2020
Huarun Office Marketbeat Phase II	Jiulongpo	-	80,000	2021
Ruian Enterprise Tiandi Building 1	Yuzhong	-	228,600	2022
Chongqing Tower	Yuzhong	-	85,000	2022

Zhang Xiao-duan

Senior Director, Head of Research
South & West China

Add: 5F, Tower2, Kerry Plaza, No.1 Zhongxinsi Road,
Futian District, Shenzhen 518048, China

Tel: +86 755 2151 8116 / xiaoduan.zhang@cushwake.com

cushmanwakefield.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2020 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.