

CHONGQING

Retail Q4 2019

CUSHMAN & WAKEFIELD

8.4%
Disposable IncomeYoY
Chg12-Mo.
Forecast1.42%
Population6.1%
Consumption ExpenditureSource: Statistics Bureau of Chongqing Municipality
(Figures are growth rates as of 2018.)CHONGQING ECONOMIC INDICATORS
JAN - SEP 20198.6%
Total Retail
Sales Growth28.6%
Online Sales Growth2.3%
CPI GrowthSource: Statistics Bureau of Chongqing Municipality;
Oxford Economics; Cushman & Wakefield Research

Vacancy Rate Edges Down to 9.0%

No new supply was added in Q4. Projects originally scheduled to enter the market in 2019 postponed to 2020, with the city's prime retail stock remaining at 5,074,600 sq m. The first-store economy initiative continued to heat up, with many brands expanding their footprint to the city in the quarter. In particular, JD's first Electric Appliance Super Experience Store opened to enhance Chongqing's retail market. Sports brands enjoyed outstanding performance. In the F&B sector competition became increasingly fierce, and brands incorporating retail elements such as technology, parent-child and customer-friendly services gained popularity.

The picture was mixed for mall operators. Prime retail malls continued actively adjusting their tenant mix and introduced new entrants to the city, driving the citywide vacancy rate down by 0.67 y-o-y and finishing at 9.0% at year's end. On the other hand, other malls suffered due to location disadvantages and poor promotion. The citywide average rent dropped 6.2% y-o-y to RMB593.83 per sq m per month in Q4.

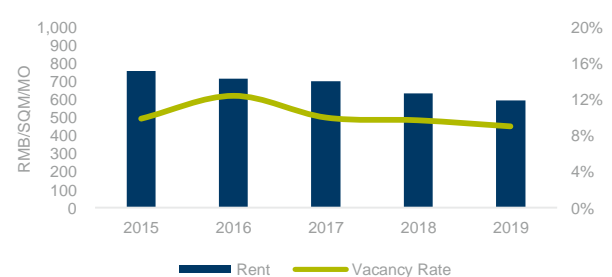
Potential Opportunities in the Nighttime Economy

Chongqing was ranked as one of China's top 10 cities for nighttime economy potential in 2019, illustrating its great nighttime consumer base and economic potential. At present, food and beverage remains the key driver of nighttime consumption. By expanding the night entertainment market and identifying further consumer wants and needs there should be more opportunities for Chongqing's business and retail development.

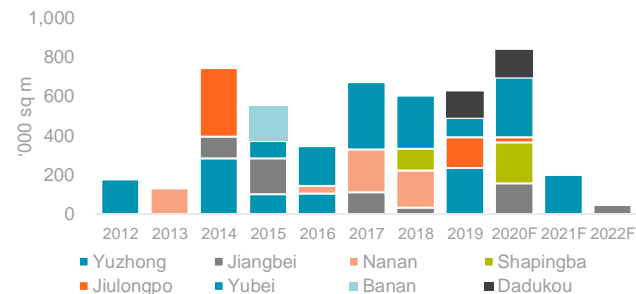
Prime malls are paying ever greater attention to space and design. Significant examples included I Light CQ theme festival in Landmark Riverside Park, and the indoor botanic garden in the Living Mall to open in 2020. The operational tactic of adopting featured themes or designs to attract customer traffic will become a primary choice for operators in the foreseeable future.

The Chongqing market is experiencing a land shortage in core areas on which to develop new retail projects. Consequently, mergers and acquisitions are becoming a key channel for real estate companies to enter the retail market, such as Vanke's acquisition of two Capital Land squares in Chongqing in 2018, and Sunac's acquisition of SS100 China Nanbing Road project in 2019.

RENT / VACANCY RATE



RETAIL SUPPLY PIPELINE BY SUBMARKET



MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	VACANT (SQM)	VACANCY RATE	UNDER CNSTR TILL 2022 (SQM)	OVERALL AVG RENT (RMB/SQMMO)*
Yuzhong	1,228,900	179,795	14.6%	200,000	770.77
Jiangbei	738,000	31,520	4.3%	199,442	883.75
Nanan	986,000	102,860	10.4%	-	370.00
Jiulongpo	583,000	41,225	7.1%	26,000	552.50
Shapingba	224,000	6,372	2.8%	210,000	453.33
Yubei	1,003,000	85,620	8.5%	305,000	397.50
Banan	177,000	3,363	1.9%	-	340.00
Dadukou	134,700	7,409	5.5%	140,000	400.00
CHONGQING TOTALS	5,074,600	458,164	9.0%	1,080,442	593.83

* Rental rates are calculated by NLA and considered as consistently achievable for prime space in prime shopping centers, excluding management fee, promotional fee and other fees.

SIGNIFICANT STORE OPENINGS Q4 2019

PROPERTY	SUBMARKET	TENANT	SECTOR
Times Paradise Walk C	Yuzhong	OKURA	Home Furnishings
World Finance Center	Yuzhong	Jordan 188 Minzu	Sports Fashion
Golden Eagle Shopping Mall	Yuzhong	Gucci flagship store	Luxury
Bayi Square	Yuzhong	PUMA flagship store	Sports Fashion
Guotai Plaza	Yuzhong	AgongThai style seafood hot pot	F&B

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	SQM
Star Light 68 Plaza B	Jiangbei	2020	75,000
the MixC	Dadukou	2020	70,000
Jinsha Paradise Walk	Shapingba	2020	210,000
Xinhua Fashion Project	Yuzhong	2021	200,000
Longxin Sun Valley Project	Jiangbei	2022	44,442

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