



¥87.01

Rent (PSM/MO)

12-Mo.  
Forecast

-0.81%

Rental Growth (QOQ)

33.94%

Vacancy Rate

Source: Cushman &amp; Wakefield Research

CHONGQING ECONOMIC INDICATORS  
Q1-Q4 2019

6.3%

GDP Growth

Q1-Q3  
2019

6.3%

12-Mo.  
Forecast

6.4%

Tertiary Sector  
Growth

6.4%

2.7%

CPI Growth

2.3%

4.5%

Real Estate Development  
& Investment Growth

6.0%

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

## Sharp Fall in Net Absorption

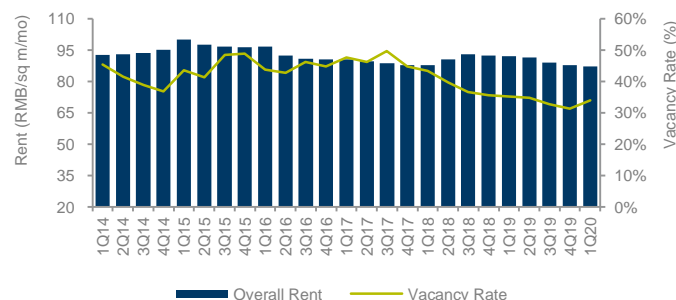
Raffles City in Jiefangbei was completed in Q1, adding 64,000 sq m of new supply and pushing up Grade A office stock to 2.06 million sq m. The volume of new office supply, coupled with vacant space as some companies moved out under the impact of the COVID-19 outbreak, drove up the citywide vacancy rate by 2.11 percentage points q-o-q to 33.94% at the end of the quarter. Since last year, Chongqing's Grade A office market demand has softened. With the impact of the epidemic this year, tenants' business activities have been curtailed, with greater financial stress. Consequently, weak leasing activities slowed market absorption, with a significant q-o-q drop of 99.5% to 145 sq m for the quarter. Most landlords tended to adopt a wait-and-see attitude towards the market. Average monthly rent remained stable at RMB 87.01 per sq m, a drop of 0.81% q-o-q.

## Green and Smart Buildings Lead the Way

The COVID-19 outbreak delayed people from returning to work, resulting in some new projects under construction postponing their completion until later this year or into 2021. However, increased competition between landlords stemming from the softening economy and weaker demand will likely increase the vacancy rate and place downward pressure on rent ahead.

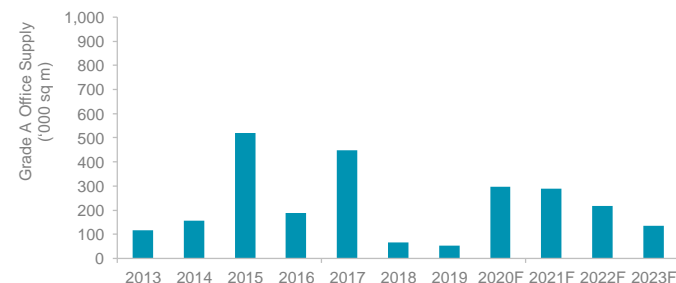
The outbreak pushed some industries to upgrade, with the Internet-Plus sector suffering less from workplace requirements. Based on Chongqing's policy direction on industry development, the TMT, healthcare, financial, and online retail sectors are expected to drive leasing activity in the year. Ahead, buildings equipped with zero-contact access, hygiene ventilation, smart systems and professional facilities management will be more favored by tenants. Landlords are recommended to improve their competitiveness by attaining green standards and upgrading facilities management.

## GRADE A RENT &amp; VACANCY RATE



Source: Cushman &amp; Wakefield Research

## GRADE A SUPPLY PIPELINE



Source: Cushman &amp; 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
Jiefangbei	564,851	32.7%	159,569	¥86.39	US\$1.15	€1.04
Dashihua	381,661	34.3%	217,000	¥75.80	US\$1.01	€0.91
Guanyinqiao	51,000	15.0%	111,337	¥75.00	US\$1.00	€0.90
Jiangbeizui	708,900	36.6%	120,000	¥95.60	US\$1.28	€1.15
Nanping	48,101	28.0%	-	¥60.00	US\$0.80	€0.72
Xinpaifang	223,090	35.8%	110,000	¥90.56	US\$1.21	€1.09
Yangjiaping	85,000	28.0%	220,000	¥83.00	US\$1.11	€1.00
CHONGQING GRADE A TOTAL	2,062,603	33.9%	937,906	¥87.01	US\$1.16	€1.04

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.  
Exchange Rate: 1CNY = 0.1439USD = 0.1291EUR (2020.03.03)

## KEY LEASING TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Enterprise Tiandi Building 2	Dashihua	Beijing ByteDance Technology Co., Ltd	249	Expansion
Guojin Center T6	Jiangbeizui	Chongqing Xiaomi Consumer Finance Co., Ltd.	3,878	New setup
Guojin Center T6	Jiangbeizui	China Continent Property & Casualty Insurance Co.,Ltd.	2,907	Relocation

## SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Fosun International Center	Jiefangbei	-	74,569	2020
Concord international centre	Guanyinqiao	-	72,000	2020
Xinhua Xiexin Center	Guanyinqiao	-	39,337	2020
Junhao	Jiangbeizui	-	120,000	2021
Vanke Enterprise Tiandi Building 1	Dashihua	-	217,000	2022
Huarun Office Marketbeat Phase II	Yangjiaping	-	50,000	2023
Chongqing Tower	Jiefangbei	-	85,000	2023

## 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](http://cushmanwakefield.com)

## A CUSHMAN &amp; 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 53,000 employees in 400 offices and 60 countries. In 2019, the firm had revenue of \$8.8 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.