

## CHONGQING

Retail Q1 2020

**8.7%**  
Disposable Income

YoY  
Chg12-Mo.  
Forecast

**0.73%**  
Population



**6.8%**  
Consumption Expenditure



Source: Statistics Bureau of Chongqing Municipality  
(Figures are growth rates as of 2019.)

## CHONGQING ECONOMIC INDICATORS 2019

**8.7%**  
Total Retail  
Sales Growth

YoY  
Chg12-Mo.  
Forecast

**25.0%**  
Online Sales Growth



**2.7%**  
CPI Growth



Source: Statistics Bureau of Chongqing Municipality;  
Oxford Economics; Cushman & Wakefield Research

## Market Impacted by the COVID-19 Outbreak

Shopping malls in Chongqing closed for nearly a month due to the COVID-19 outbreak. No new supply was added in Q1, with scheduled projects postponed. Chongqing's prime retail stock remained at 5,074,600 sq m. Some tenants terminated their leases early as sales significantly declined, driving the citywide vacancy rate up 0.85 percentage points q-o-q to 9.9% at the end of the quarter. Landlords generally assisted tenants by reducing rentals. Citywide average monthly rent dropped 2.04% q-o-q to RMB581.70 per sq m in Q1.

## Digital Transformation Accelerating

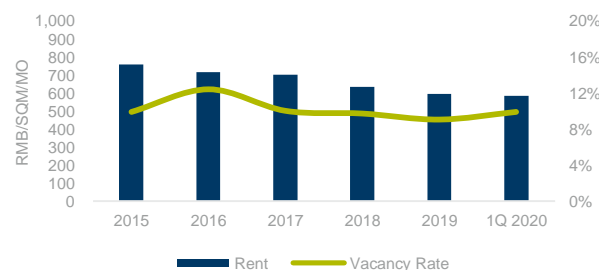
Malls with omni-channel retailing strategies, including live streaming and apps, performed relatively better during the outbreak. For example, the Mixc worked with individual brands and launched its One-Versus-One online shopping experience. Such digital transformation initiatives are expected to strengthen customer loyalty and to potentially bring footfall traffic back to the brick-and-mortar stores.

## Opportunities and Challenges Coexist

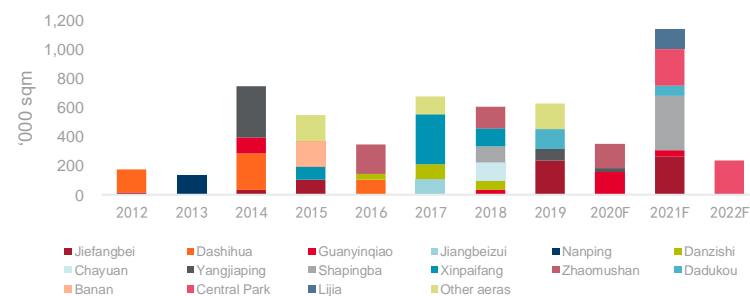
Approximately 350,000 sq m of new retail supply is expected to enter the market through the remainder of 2020. Amid the downturn, more projects are expected to postpone completions. Although most shopping malls gradually resumed operations by late February, footfall traffic remains at below the normal level. The vacancy rate is expected to rise and rental levels to remain relatively low in the short-term.

The city's retail market is developing northwards and westwards. Yubei District is emerging, with more submarkets benefiting from its traffic. With the opportunity of partnership development between Chengdu and Chongqing and the construction of Science City, the Shapingba area is likely to enjoy infrastructure upgrades. Chongqing has also been selected by the World Bank as a representative city in an assessment of China's business environment, prompting the local government to initiate enhancement measures, and this is likely to attract further foreign investment to the city and to spur the development of high-quality shopping malls.

## 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)*
Jiefangbei	715,000	159,850	22.4%	261,000	810.00
Dashihua	513,900	36,712	7.1%	-	635.00
Guanyinqiao	448,000	24,400	5.5%	199,442	868.33
Jiangbeizui	110,000	2,750	2.5%	-	900.00
Nanping	656,000	94,200	14.4%	-	386.00
Danzishi	200,000	7,800	3.9%	-	333.33
Chayuan	130,000	6,500	5.0%	-	300.00
Yangjiaping	508,000	32,980	6.5%	26,000	626.67
Shapingba	224,000	6,840	3.1%	373,700	450.00
Xinpaifang	553,000	40,510	7.3%	-	417.50
Zhaomushan	350,000	44,500	12.7%	170,000	406.67
Dadukou	134,700	8,756	6.5%	70,000	400.00
Banan	177,000	5,310	3.0%	-	340.00
Other areas	355,000	30,300	8.5%	-	425.00
Central Park	0	-	-	485,000	-
Lijia	0	-	-	135,000	-
<b>CHONGQING TOTALS</b>	<b>5,074,600</b>	<b>501,408</b>	<b>9.9%</b>	<b>1,720,142</b>	<b>581.70</b>

\* 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 Q1 2020

PROPERTY	SUBMARKET	TENANT	SECTOR
Raffles City Shopping Centre	Jiefangbei	Kakao Friends Summer Hotel Pop-Up Store	Theme Store
Bayi Square	Jiefangbei	Adidas Y-3	Sports Fashion
Shin Kong Place	Xinpaifang	Starbucks flagship store	F&B

## SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	SQM
Star Light 68 Plaza B	Guanyinqiao	2020	75,000
the MixC	Dadukou	2021	70,000
Jinsha Paradise Walk	Shapingba	2021	210,000
Xinhua Fashion Project	Jiefangbei	2021	200,000
COFCO Joy City	Central Park	2022	150,000

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