

12-Mo.  
Forecast

**¥81.33**  
Rent (PSM/MO)

**-2.94%**  
Rental Growth (QOQ)

**32.02%**  
Vacancy Rate

Source: Cushman & Wakefield Research

## CHONGQING ECONOMIC INDICATORS Q1-Q2 2020



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

## Online Education Sector Drives Lease Activity

No new office supply was added in Q3, with Chongqing's Grade A stock remaining at approximately 2.06 million sq m. Driven in part by prevailing economic challenges and competition among landlords to attract tenants, the city's average rent dropped 2.94% q-o-q to RMB81.33 per sq m per month. The more competitive rentals on offer spurred take-up, and the vacancy rate dropped 1.65 percentage points q-o-q to 32.02%. Net absorption in the quarter was at 34,119 square meters, growing six-fold q-o-q although still less than below the performance for Q3 2019, and driven primarily by the online education sector.

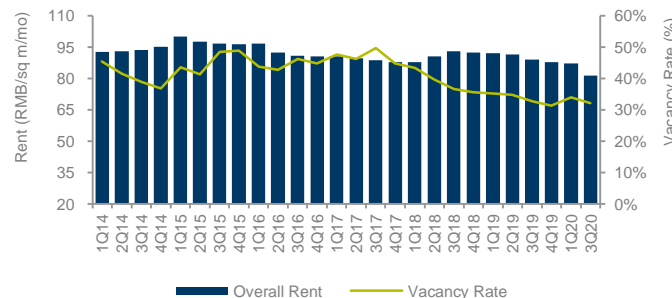
## Market Industrial Upgrades are Accelerating

Growing numbers of firms now require more flexible building operations, such as HVAC systems active during and night and weekend working hours, and higher-quality fit-out support. New projects capable of meeting these needs will have the competitive advantage in the market.

The construction of Western (Chongqing) Science City is now underway, with 79 science and technology, industrial, infrastructure and public service projects in work including Science Avenue, Science Valley, and the Science City Ecological Water Systems Project. Guided by big data research, the Science City project spans five districts, supporting the creation of a "smart city" and promoting science and technology expertise and entrepreneurship in Chongqing.

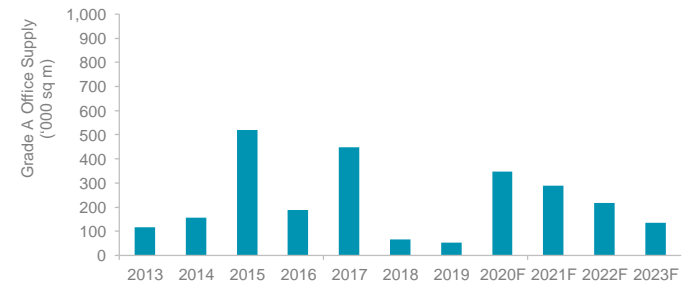
Rapid progress has also been made elsewhere in the development of the Chengdu-Chongqing Economic Circle, with transportation, avionics, logistics, industrial parks, and new infrastructure projects in work. The three-year action plan for transportation integration has been published, and will become a key aspect of promoting future regional economic growth.

## 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
Jiefangbei	564,851	32.1%	159,569	¥77.70	US\$1.08	€0.92
Dashihua	381,661	30.1%	217,000	¥71.98	US\$0.99	€0.84
Guanyinqiao	51,000	14.5%	111,337	¥72.50	US\$0.97	€0.82
Jiangbeizui	708,900	35.3%	120,000	¥89.21	US\$1.25	€1.05
Nanping	48,101	25.4%	-	¥60.00	US\$0.81	€0.68
Xinpaifang	223,090	32.1%	110,000	¥86.65	US\$1.18	€1.00
Yangjiaping	85,000	26.5%	220,000	¥85.00	US\$1.14	€0.97
Zhaomushan	0	-	52,000	-	-	-
<b>CHONGQING GRADE A TOTAL</b>	<b>2,062,603</b>	<b>32.0%</b>	<b>989,906</b>	<b>¥81.33</b>	<b>US\$1.12</b>	<b>€0.95</b>

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: 1 CNY = 0.1445 USD = 0.1224 EUR (2020.08.24)

## KEY LEASING TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Enterprise Tiandi Building 3	Dashihua	ByteDance	2,414	Expansion
Guojin Center T1	Jiangbeizui	Banma AI course	10,000	New setup
Raffles city office tower A	Jiefangbei	Yuanfudao	10,000	New setup

## 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

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