

CHONGQING

Office Q4 2020

12-Mo. Forecast

¥80.17
Rent (PSM/MO)



-1.42%
Rental Growth (QOQ)



30.64%
Vacancy Rate



Source: Cushman & Wakefield Research

Rents and Overall Vacancy Continue Steady Fall in Q4

No new office supply was added in Q4, and Chongqing's Grade A stock remained at approximately 2.06 million sq m. The market continued to digest existing stock in the period, with the overall vacancy rate dropping 1.37 pp q-o-q to 30.64% by the end of the quarter. Net absorption amounted to 28,357 sq m for Q4, down 16.89% q-o-q overall, as large-scale transactions in the quarter dwindled. Following the last wave of reductions, rents at many buildings remained unchanged or dropped modestly, the overall average office monthly rental level falling mildly at 1.42% q-o-q to RMB80.17 per sq m.

Rental Levels Now Expected to Bottom Out

After falling for more than two years, Chongqing Grade A office rental levels are now thought to be close to the market bottom, at approximately the same level as a decade ago. Upwards momentum is now expected, driven by high-end new supply in the pipeline and vacant available space upgraded with higher-quality fit-out and building services support.

Positive Developments Set to Strengthen Future Office Leasing Demand

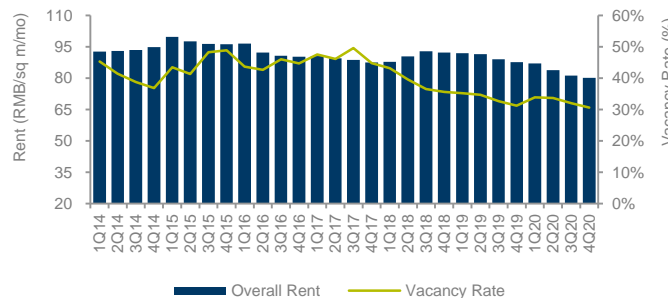
Several China Internet giants have established small-loan or micro-credit office operations in the Chongqing market in recent years, including Alibaba (ANT), Baidu, JD.com and Xiaomi. And in October 2020 the National Financial Technology Certification Center was established in Jiangbeizui submarket. Both are advancements for Chongqing's strategic objective to develop internet finance and to build an inland international financial center. The city has also implemented a range of measures to reduce financial pressures and to create a business-friendly environment. In turn, the number of new business startups in the city rose 12.64% in 2020 –helping to seed future demand in Chongqing's Grade A office market.

CHONGQING ECONOMIC INDICATORS Q1-Q3 2020



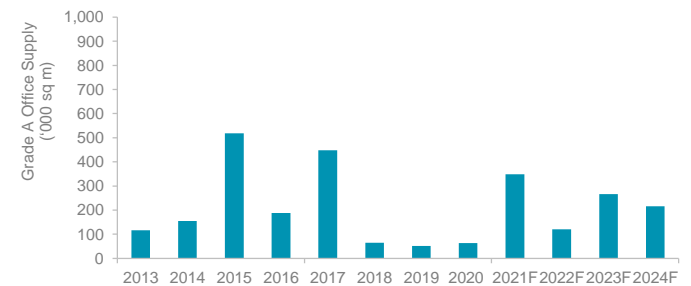
Note: Growth figure is y-o-y growth;
Source: Chongqing Statistics Bureau; Oxford Economics; Cushman & Wakefield Research

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	30.9%	159,569	¥77.37	US\$1.09	€0.92
Dashihua	381,661	29.3%	217,000	¥71.98	US\$1.02	€0.86
Jiangbeizui	708,900	32.9%	120,000	¥85.88	US\$1.21	€1.02
Guanyinqiao	51,000	15.6%	111,337	¥72.50	US\$1.02	€0.86
Nanping	48,101	30.9%	-	¥60.00	US\$0.85	€0.71
Xinpaifang	223,090	29.8%	110,000	¥87.37	US\$1.23	€1.04
Yangjiaping	85,000	27.0%	50,000	¥85.00	US\$1.20	€1.01
Zhaomushan	0	-	52,000	-	-	-
Lianglukou	0	-	130,800	-	-	-
CHONGQING GRADE A TOTAL	2,062,603	30.6%	950,706	¥80.17	US\$1.13	€0.95

KEY LEASING TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Pingan International Finance Center	Jiefangbei	Zuoyebang	1,800	Expansion
Guojin Center T6	Jiangbeizui	Pacific Credit Card Center of Bank of Communications	1,278	New setup
Raffles city office tower A	Jiefangbei	Yuanfudao	16,000	Expansion

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Fosun International Center	Jiefangbei	-	74,569	2021
Concord international centre	Guanyinqiao	-	72,000	2021
Xinhua Xiexin Center	Guanyinqiao	-	39,337	2021
Junhao	Jiangbeizui	-	120,000	2022
Vanke Enterprise Tiandi Building 1	Dashihua	-	217,000	2023
Huarun Office Marketbeat Phase II	Yangjiaping	-	50,000	2023
Chongqing Tower	Jiefangbei	-	85,000	2024

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