

# CHONGQING

Office Q1 2021

12-Mo. Forecast

**¥81.00**  
Rent (PSM/MO)



**1.03%**  
Rental Growth (QOQ)



**28.58%**  
Vacancy Rate



Source: Cushman & Wakefield Research

## Rental Levels Rebound as Vacancy Rate Falls

The Light Year Building 1 was completed in Shapingba District in Q1, providing 63,000 sq m of new Grade A office supply. Total stock then grew to 2.1 million sq m. The citywide overall vacancy rate dropped 2.07 percentage points q-o-q to 28.58% due to several significant transactions. Notable deals included the lease by Byte Dance of more than 30,000 sq m of space in IFS T6, the largest single transaction to date in Chongqing. Net absorption reached 87,618 sq m for Q1, exceeding the full-year absorption figure for 2020. Rent at some projects returned to pre-pandemic levels, and with higher-quality fit-out spaces also commanding higher rent, overall average monthly rents grew 1.03% q-o-q to RMB81.00 per sq m.

## Technology and Online Education Firms Lead Significant Transactions

Chongqing's Grade A office market is stepping into a new era. A bright spot has been notable take-up among fast-growing technology firms and online education companies. In addition to the expansion from Byte Dance, TAL Education Group leased a 15,000-sq m space in Dashihua in Q2 2020. We can expect that this transaction trend will continue. The robust leasing activity of the recent period helped the vacancy rate to drop under 30% for the first time since 2012. However, a large volume of new supply ahead is forecast to again put pressure on vacancy.

## Chongqing Business District Expected to Expand

The completion of The Light Year Building 1 marks the gradual maturing of Shapingba business district. The upcoming The Ring project will also promote the maturity of Zhaomushan business district. The delivery of Fosun International Center will continue to add weight to Jiefangbei, the core business district, and provide more choices for tenants. These new projects will further expand the overall Chongqing business district.

### CHONGQING ECONOMIC INDICATORS Q1-Q4 2020

**3.9%**  
GDP Growth

Q1-Q3 2020: **2.6%**    12-Mo. Forecast:

**2.9%**  
Tertiary Sector Growth

Q1-Q3 2020: **1.2%**    12-Mo. Forecast:

**2.3%**  
CPI Growth

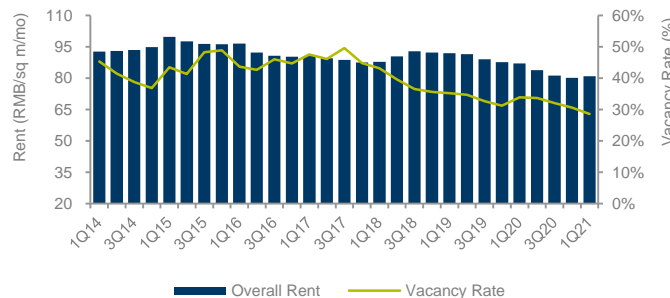
Q1-Q3 2020: **3.2%**    12-Mo. Forecast:

**-2.0%**  
Real Estate Development & Investment Growth

Q1-Q3 2020: **-1.1%**    12-Mo. Forecast:

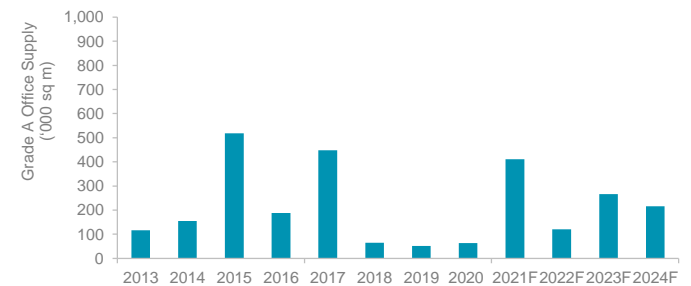
Note: Growth figure is y-o-y growth;  
Source: Chongqing Statistics Bureau; Oxford Economics; Cushman & Wakefield Research

### 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	27.1%	159,569	¥79.36	US\$1.13	€0.95
Dashihua	381,661	26.7%	217,000	¥71.98	US\$1.03	€0.86
Jiangbeizui	708,900	27.2%	120,000	¥86.30	US\$1.23	€1.04
Guanyinqiao	51,000	15.0%	111,337	¥72.50	US\$1.03	€0.87
Nanping	48,101	30.9%	-	¥60.00	US\$0.86	€0.72
Xinpaifang	223,090	29.6%	110,000	¥87.57	US\$1.25	€1.05
Yangjiaping	85,000	26.5%	50,000	¥85.00	US\$1.21	€1.02
Shapingba	63,000	77.2%	-	¥85.00	US\$1.21	€1.02
Zhaomushan	0	-	52,000	-	-	-
Lianglukou	0	-	130,800	-	-	-
<b>CHONGQING GRADE A TOTAL</b>	<b>2,125,603</b>	<b>28.6%</b>	<b>950,706</b>	<b>¥81.00</b>	<b>US\$1.16</b>	<b>€0.97</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: 1CNY = 0.1536USD = 0.1291EUR = 1.1923HKD = 4.3425TWD (2021.03.10)

### KEY LEASING TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
IFS T6	Jiangbeizui	ByteDance	31,000	Expansion
Enterprise Tiandi Building 3	Dashihua	ByteDance	7,783	Expansion
Metropolitan Tower	Jiefangbei	Zuoyebang	3,200	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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