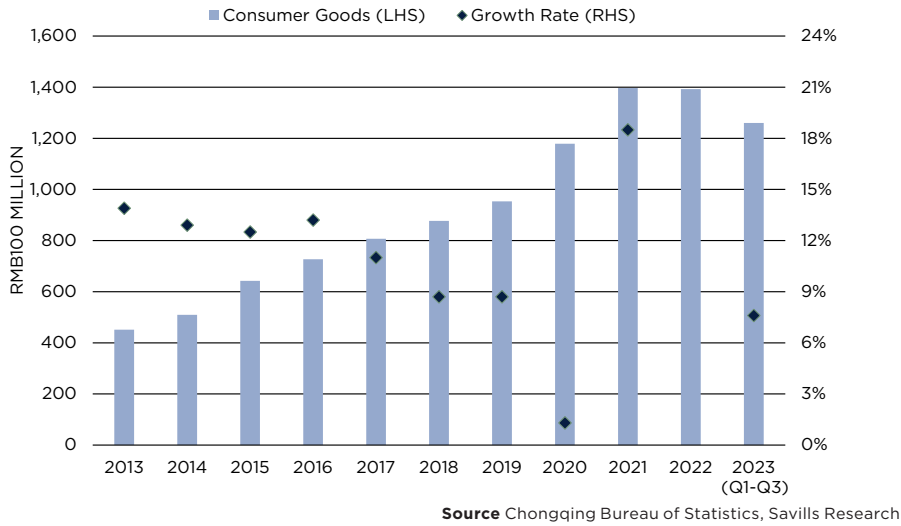


Chongqing Retail

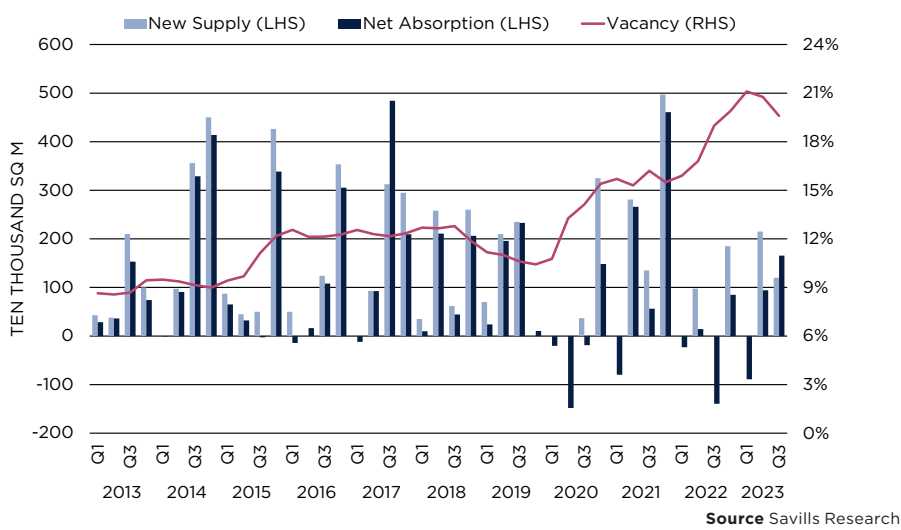


New projects continue to enter the market to enrich consumers' shopping choices

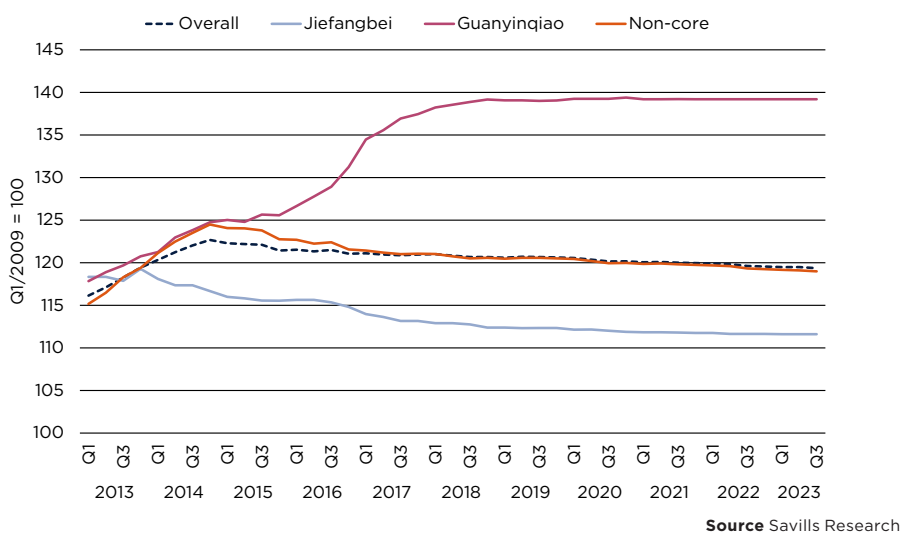
GRAPH 1: Total Retail Sales of Consumer Goods in Chongqing, 2013 to Q1-Q3/2023



GRAPH 2: Supply, Take-up and Vacancy Rates, 2013 to Q3/2023



GRAPH 3: Chongqing Retail Rental Index, 2013 to Q3/2023



CITY OVERVIEW

In the first three quarters of 2023, Chongqing's GDP amounted to RMB224.4 billion, with an actual growth rate of 5.6%. Chongqing's economy maintained rapid development, becoming one of the top four cities in the country in terms of GDP growth. In addition, from January to October 2023, the total retail sales of social consumer goods in Chongqing reached RMB1.3 trillion, an increase of 7.6% YoY, and 0.2 ppts higher than that from January to September. For categories, the city's commodity retail sales increased by 5.7% YoY, and catering up by 19.4% YoY.

MARKET SUPPLY

In the first three quarters of 2023, four retail projects entered the Chongqing retail market, recording a new supply of over 371,000 sq m. By the end of Q3/2023, the total shopping mall stock reached 8 million sq m, department stores included.

Beibei Wuyue Plaza is not only the fourth project of Seazen Holdings in Chongqing but also the second large-scale one-stop commercial complex in the Beibei district following Wanda Plaza. The project is adjacent to several renowned universities, surrounded by mature residential communities, and benefiting from accessibility of Metro Line 6 that ensures a steady influx of customers. Brand-wise, multiple regional flagship stores have been introduced, including Starx Cinema with its IMAX theater and pet-friendly Starbucks.

MixC Phase II District presents several city flagship stores based on avant-garde trends. In addition to trendy brands such as i.t blue block, 1807, and Undeafated, it has also attracted popular dining brands like Shake Shack, Peet's Coffee, and Sushiro for their first stores in Chongqing. As renowned brands such as ARC'TERYX and DESCENTE unveil their flagship stores, MixC enhances its position as not only the shopping centre with the most brand diversity in current Chongqing retail market, but also the largest luxury retail mall across China.

The recently launched North Shore of Lijia Paradise Walk is located next to Longtang Lake Park. As a low-density commercial unit near the lake, the project is positioned as a new urban lifestyle integration center, with mainly F&B, leisure and entertainment, culture and art brands, complementing the trend with Lijia Paradise Walk AB Hall in terms of commercial format and space creation.

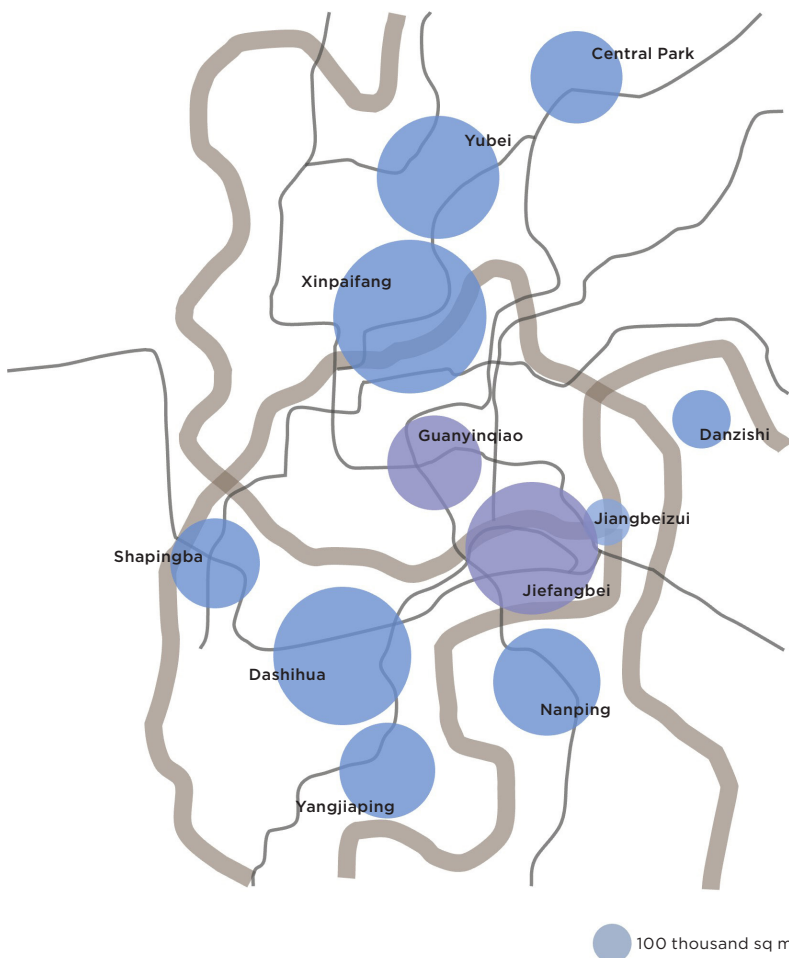
As the first InCity Plaza in Chongqing, the project brought many new ideas to the market in terms of scene creation and brand attraction. With direct railway access, urban sightseeing and consumption scenes such as riverside parks are combined to enhance the consumer interaction. The first stores of Galeries Lafayette, TSUTAYA BOOKS, NEOBIO and other brands in the city give consumers plenty of options in pursuit of quality life.

BRAND FIRST STORE TO ENRICH CONSUMER SHOPPING CHOICES

Chongqing is building itself into an international consumption center city, with “four first economies” to drive new consumption momentum, focusing on consumer brand improvement and expansion and support for the first stores. According to third-party data, Chongqing

The expanding supply in the Chongqing retail property market in recent years has further intensified market competition. In addition to continuing to optimize the brand and format mix, future business projects need to pay more attention to how to innovate the operation model and enhance competitiveness with higher quality services.

MAP 1: Retail Property Market Inventory Distribution



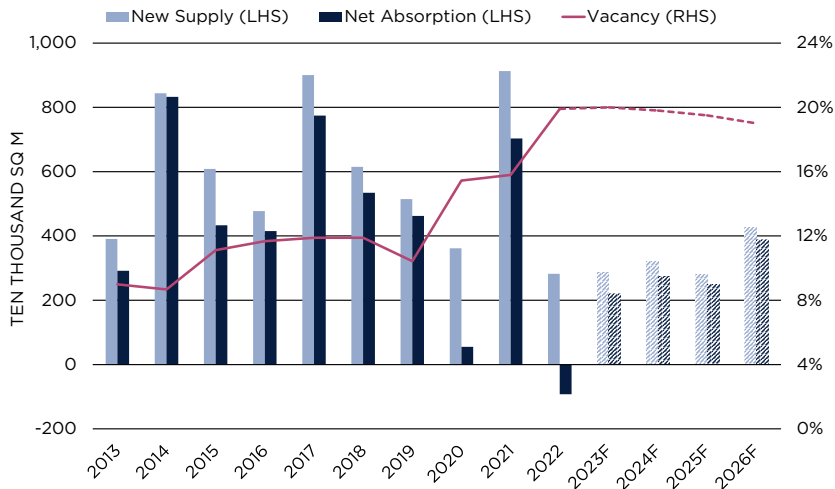
Source Savills Research

saw 192 new brands opening stores in the third quarter, up 128% QoQ, and a quarterly new high since 2020. Among them, 73 are catering and 81 retail stores, accounting for 38% and 42% respectively of the overall layout. For example, good neighbors' first store in southwestern China opened in Impression InCity Plaza. Acne Studios Chongqing first store settled in Chongqing IFS; All in! first stores in Chongqing were opened in Chongqing North Paradise Walk and Chongqing Times Paradise walk Phase E. The first A-Cold-WALL Southwestern China store is in Shin Kong Place, and a blueberry's first stores in Southwest China were located in Times Paradise walk and The Ring Center.

TRADITIONAL BUSINESSES ENHANCE SOCIAL EXPERIENCE SPACE

In the third quarter, the commercial pedestrian street Hill 5 in Starlight 68 is now in operation, attracting first stores of Egg Bomb, Mates, %Arabica, GoChaShan and other restaurants to settle; fashion trends and casual experience brands such as SMFK and Dance Dance Revolution have also been introduced to create a high-quality dining bar district. The project also works with the brands to build a Star City cable car in a retro style that was unveiled to enrich the city's commercial landscape. At the same time, Guanyinqiao New Century Department Store introduced brands such as REND Gym, pear bean light food, Puppet Forest bakery, and Starbucks to optimize

GRAPH 4: Trend of Supply and Demand in Chongqing Retail Market, 2013 to 2026F



Source Savills Research

the mall’s brand mix. In addition, the mall had more greening and set up camping tents on the 10th-floor terrace, turning it into a sky garden to enhance the interactive experience with customers.

MARKET OUTLOOK

Retail property supply in Chongqing has not decreased in recent years, and the expanding scale has further intensified competition. In addition to continuing to optimize the brand and format mix, future commercial projects need to pay more attention to how to innovate the operation model and improve the project’s overall competitiveness with better services. Operators can utilize big data and artificial intelligence to gain a better understanding of consumer behavior patterns and further strengthen the project’s competitiveness.



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