

# Retail



## Large supply is expected at the end of the year

Consumption from foreign tourists rises.

- Retail sales of consumer goods in Chengdu reached RMB664.6 billion from January 2024 to August 2024, up 1.9% year-on-year (YoY).
- No new shopping malls opened in Q3/2024. Total retail property stock remained at about 8.52 million sq m.
- In Q3/2024, tenants changed more frequently than in 1H/2024. Citywide shopping malls' average vacancy rate increased 0.3 ppts from Q2 to about 9.9%.
- Consumption market continued its weak growth and shopping malls' average rent continued to decline. Average first-floor rent reached RMB414 psm pmth.
- As of July 20, the inbound and outbound passenger flow at Chengdu airports has exceeded that of the whole year of 2023. With the number of overseas tourists rising significantly, their consumption is expected to become a new growth source in the market.
- New projects including Poly International Plaza and Tianfu Garden City are expected to open at the end of the year, bringing a supply peak to the market.

“Foreign tourists in Chengdu have increased considerably in 2024. The first buy-and-refund spot in Sichuan province was set up at Chengdu IFS in September, facilitating the tax refund process for foreign consumers. More renowned brands have opened stores at Chengdu airports. All above are favorable to promote the consumption of foreign tourists.”

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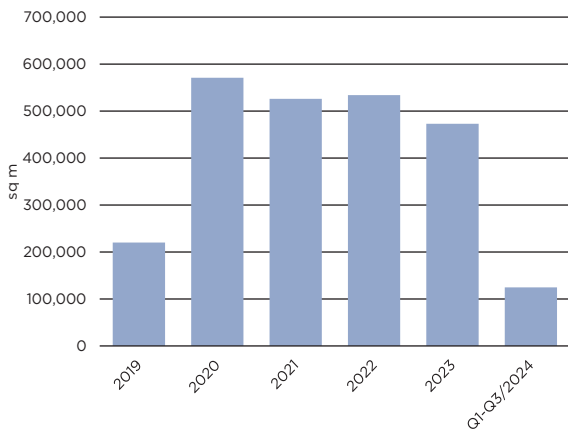
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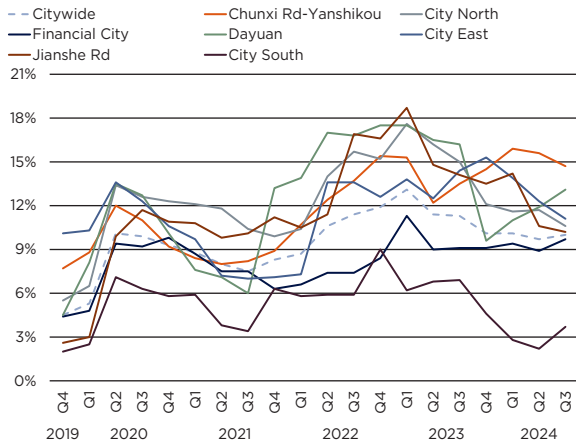
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**GRAPH 1: Chengdu Shopping Mall Supply, 2019 To Q3/2024**



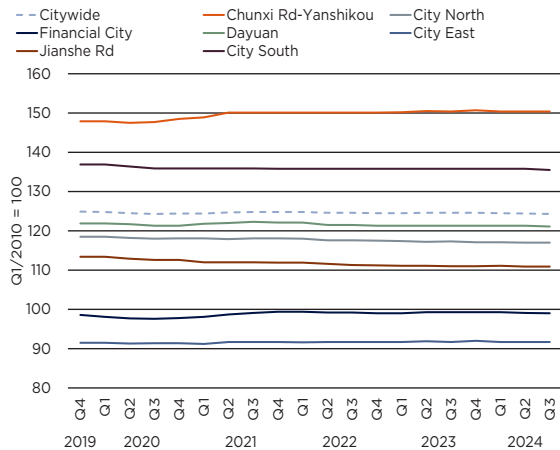
Source: Savills Research

**GRAPH 2: Chengdu Retail Submarket Vacancy Rates, Q4/2019 To Q3/2024**



Source: Savills Research

**GRAPH 3: Chengdu Retail Submarket Rental Index, Q4/2019 To Q3/2024**



Note: Calculation of rental indices for all submarkets starts from Q1/2010 except for: Financial City - Q1/2013; Dayuan - Q1/2015; City East - Q1/2013

Source: Savills Research

**MARKET OVERVIEW**

By August, retail sales of consumer goods in Chengdu reached about RMB664.6 billion in 2024. In Q3/2024, Chengdu's total retail sales had grown slowly and the growth rate declined month by month to about 0.4% in August.

No new shopping malls opened in Q3/2024. Compared with 1H/2024, tenants changed more frequently in shopping malls and the citywide average vacancy rate remained at about 10.0%. Due to the continuous weak growth of the consumption market, average first-floor rent of shopping malls kept decreasing to about RMB414 psm pmth.

**SUPPLY**

No new shopping malls were launched into the market in Q3/2024, but Chengdu Shanshan Outlets located in Longquanyi District, totalling 100,000 sqm, opened on the September 13. This year, the city has seen new outlet projects opening each quarter.

Additionally, New Energy Life Plaza built by CATL in cooperation with automotive companies, opened in High-tech District on the August 10. Also, on the September 26, Tianfu International Comic Town opened in Chenghua District. The commercial complexes focusing on the segmented industry may draw more attention in the future.

**DEMAND**

In Q3/2024, outdoor sports, electronic products, and leisure & entertainment products' demands grew steadily. Renowned foreign outdoor sports brands including SALOMON, HOKA continued to open new stores. Moreover, leasing demands from cycling related brands increased and outdoor sports brands' diversity in the market was further enhanced. Furthermore, new sports brands continued to enter Chengdu market. American sports brand, Wilson opened its flagship store at Taikoo Li, and icebreaker, an outdoor brand from New Zealand, opened its first store at Renhe New Town.

As of July 20, the inbound and outbound passenger flow at Chengdu airports has

exceeded that of the whole year of 2023. The number of overseas tourists has been rising significantly. In September, the first buy-and-refund spot in Sichuan Province was set up at Chengdu IFS, facilitating the tax refund process for foreign consumers. In addition, many popular international brands have recently opened new stores at Chengdu Shuangliu International Airport, including MaxMara, TOD's, Maison Margiela and Canada Goose. The increasing brand variety at airports should drive foreign tourists' consumption.

Several supermarkets have closed recently in shopping malls, reflecting challenges to supermarkets' traditional operations. Some brands have accelerated their changes in response to the challenges. Freshippo has, however, replaced the previous supermarket in projects such as Yintai In99, Joy City, and Sunley Aegean Plaza in 2024. With membership supermarket popularity still high, Sam's Club launched its third store in Chengdu in Q3/2024.

**MARKET OUTLOOK**

In Q4/2024, new projects including Poly International Plaza and Tianfu Garden City are expected to open, bringing the market a supply peak.

On the demand side, new leasing demands of fashion brands may keep declining while demands of gold and jewellery brands, which have been active in recent years, tend to weaken. With the gradual implementation of national subsidy policy for trade-in electric appliances, leasing demands of electrical product brands are expected to continue to increase. In terms of F&B brands, casual dining and fast-food brands are highly likely to continue to contribute a large portion of new leasing demands in the short term. On the other hand, fine dining brands are showing a weakening trend. Leasing demands from beverage, dessert and bakery brands have become less active in Q3/2024. Both are expected to be more cautious about expansion in the future.

**TABLE 1: Chengdu Future Projects, Q4/2024**

PROJECT NAME	RETAIL GFA (SQ M)	SUBMARKET	DEVELOPER
Tianfu Garden City	118,000	Tianfu New Area	China Merchants Shekou Industrial Zone Holdings CO.,Ltd
Jinniu Garden City	103,000	City North	China Merchants Shekou Industrial Zone Holdings CO.,Ltd
Poly International Plaza	70,000	Dayuan	Poly Group

Source: Savills Research