

Retail



The popularity of urban tourism continues to rise

Stock retail projects are constantly adjusted and refreshed.

- From January to August 2024, retail sales of social consumer goods in the city reached RMB1.03 trillion, up 3.8% YoY.
- By consumption type, from January to August 2024, the city's retail sales of goods increased by 2.6% YoY, and catering sector's revenue increased by 10.9%.
- In Q3/2024, Chongqing's retail property market recorded no new projects. Citywide high-quality retail stock was 8.1 million sqm (including department stores).
- The quarter's consumption release was slower than expected. The overall retail market vacancy rate rose to 21% due to factors such as anchor stores' withdrawal from some projects.
- The city's overall average first-floor rent QoQ edged down to RMB373.2 psq pmth.
- General retail still topped with over 47% of total new leasing, with outdoor sports and beauty products continuing to have active demand.
- Chongqing's retail market is currently experiencing intense industry competition, coupled with changes in consumption concept and consumption mode. Stock property adjustment will remain a theme for future market.

“Continuous upgrade of the consumption scene is of great significance for improving the project's space and service quality, and an effective way to ultimately enhance the project's comprehensive competitiveness.”

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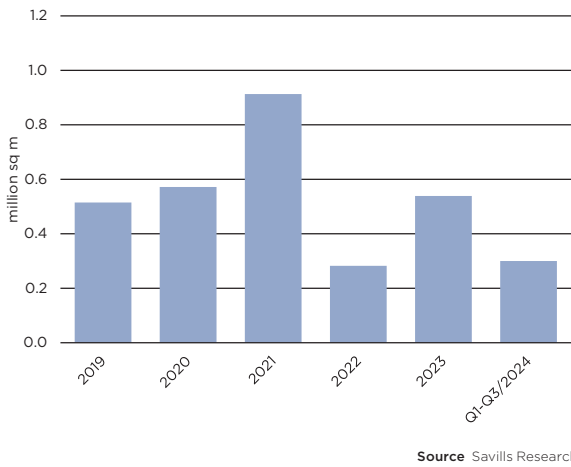
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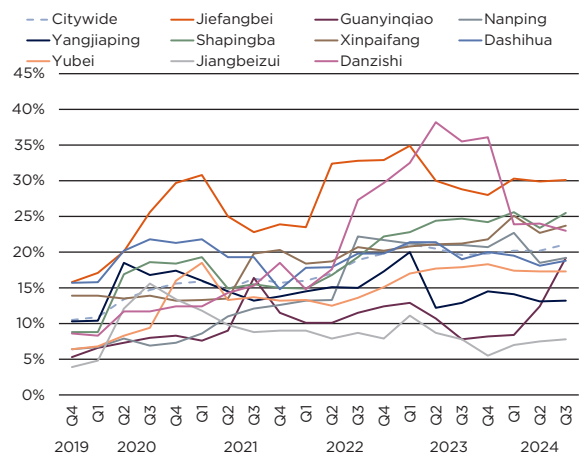
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GRAPH 1: New Shopping Mall Supply, 2019 To Q3/2024



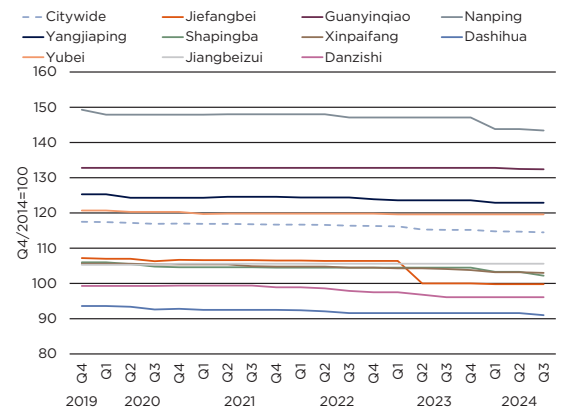
Source Savills Research

GRAPH 2: Vacancy Rates In Each Submarket, Q4/2019 To Q3/2024



Source Savills Research

GRAPH 3: Rental Index in Each Submarket, Q4/2019 To Q3/2024



Note Calculation of rental indices starts from Q1/2009 for all submarkets except for: Nanping - Q4/2009; Xinpaifang, Dashihoa and Yubei - Q4/2012; Jiangbeizui - Q1/2015

Source Savills Research

MARKET SUPPLY

In Q3/2024, Chongqing’s retail property market recorded no new projects. Citywide high-quality retail stock was 8.1 million sqm (including department stores).

VACANCY RATE

The quarter’s consumption release was slower than expected. The overall retail market vacancy rate rose to 21% due to factors such as anchor stores’ withdrawal from some projects.

RENT

The consumer market’s recovery was less than expected. Citywide average first-floor rent fell slightly from the previous quarter to RMB373.2 per sqm per month. The average rent of the first floor of the core business district decreased by 0.1% QoQ to RMB641.3 per sqm per month. The first-floor average of the non-core business district decreased by 0.2% QoQ to RMB299 psq pmth.

MARKET DEMAND

Certain categories performed well despite the overall weakening consumer demand. General retail still topped with over 47% of total new leasing. In addition to the continuous layout of traditional sports brands, Wilson, a sports brand from the United States, opened its first store in Chongqing in the MIXC Phase II. KOLON SPORT, a South Korean outdoor brand settled in North Paradise Walk. And TREK, a bicycle brand from the United States, settled in the North Shore to actively seize the market. In addition, the introduction of La Prairie, Jo Malone, Sisley, Lancôme, Estee Lauder, etc. in MIXC Phase I during the season, coupled with the category adjustment of the floor placement, will further strengthen the beauty brands’ agglomeration effect in the mall.

This summer vacation, the city’s tourist flow and total tourist spending recorded significant growth. The tourist arrival was 83.2 million, up 15.3% and the tourists spending was RMB89.9 billion in total, up 13.5% YoY. Chongqing also had 130% more inbound tourists during the time than last year, due to stimulus from the 144-hour transit visa-free policy. As of August, the number of people entering and leaving Chongqing exceeded 1.2 million, driving retail, catering, accommodation, travel and recreational consumption. In addition, the development of urban duty-free shops has further stimulated consumption. At present, more than 70 stores in Chongqing offer tax refund services, and the World Financial Center in Jiefangbei and Starlight 68 in Guanyinqiao also offer tax refund on the spot, which is convenient for cross-border travelers and help Chongqing to build an international consumer center city.

OUTLOOK

The North Paradise Walk has recently started the project renovation for overall upgrade. Meanwhile, the former Renyue World located in Shiqiaopu is now working with Longfor for property engineering transformation and brand adjustment. The project will later be staged as Xinghui Paradise Walk, positioned as a preferred neighborhood center in the region. Although the market will see only moderate new supply in the next three years, the overall vacancy rate will remain at a high level as it will take time to digest the inventory.

TABLE 1: Selected New Projects

PROJECT NAME	GFA (SQ M)	AREA	DEVELOPER
O’LANE	26,000	Jiangbei	Hongkong Land

Source Savills Research