

# Retail



## ACG economy invigorates the stock projects

Urban renewal projects further release consumption .

- From January to May 2024, the city's total retail sales of consumer goods reached RMB627.9 billion, up 4.6% YoY.
- By type of consumption, from January to May 2024, the city's retail sales increased by 3.3% YoY, and catering revenue increased by 12.9%.
- In the first half of 2024, Far East City Shopping Center, Capita Mall · Chapter 9 and Yunling Paradise Walk entered the Chongqing retail property market, pushing the city's high-quality retail stock to 8.1 million sqm (including department stores).
- The large market supply and flat retail market demand in Chongqing led to an overall market occupancy rate of 20.2%.
- In terms of rent, the overall demand in the consumer market slowed down, with the ground-floor average rent in the city falling by 0.3% YoY to RMB372.9 per sqm per month.
- In the first half of the year, the source of new leasing demand was still dominated by commodity retail, of which high-end fragrance and chemical products continued to have strong demand.
- In the future, Chongqing's retail market will face a large amount of new supply and a greater market decentralization pressure. The city's overall vacancy rate is expected to remain at a high level.

“As Chongqing’s main urban area continues to see limited new supply, the renovation of existing projects and community commerce may provide consumers with enriched shopping experience.”

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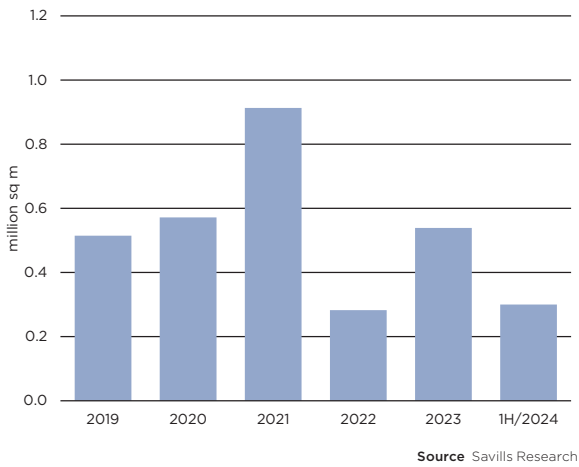
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### RETAIL

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



**MARKET SUPPLY**

In the first half of the year, three shopping malls opened in the retail market. As the first shopping center project of Far Eastern Group in mainland China, Far Eastern City Shopping Center, which is positioned as an “urban happy forest living circle”, has convenient transportation and connection to Sun Valley Landscape Park, which strengthens the shopping mall’s leisure atmosphere and creates a more diversified shopping scene for consumers. At the same time, Capita Mall · Chapter 9 is positioned as a “social field for free life” and is committed to bringing consumers a richer shopping experience and further enhancing the concentration of projects in the new archway area. In addition, Yunling Paradise Walk, an asset-light project jointly created by Longfor Commercial and Yugao Group has also been launched into the market, bringing many high-quality brands and filling the blank of large shopping malls in the Erlang sub-market.

**VACANCY RATE**

Chongqing’s retail market occupancy rate has risen to 20.2% due to large supply and the overall flat market demand.

**RENT**

In terms of rents, the overall demand in the consumer market slowed down, with the ground-floor average rent in the city falling by 0.3% YoY to RMB372.9 per sqm per month. The average rent of the first floor in the core commercial district decreased by 0.2% YoY to RMB641.7 per sqm per month. The average rent of the ground floor in non-core commercial districts decreased by 0.4% YoY to RMB299.6 per sqm per month.

**MARKET DEMAND**

Chongqing’s retail market demand was flat overall but still has some highlights. Biologique Recherche, a high-end skincare brand originated from France, Spanish LOEWE beauty store, American brand LA MER, and Swedish perfume brand BUREDO, have entered the MixC. Brands such as Dior Beauty and Maison Margiela have also presented independent stores, digging into potential consumer demand. At the same time, in the first half of the year, the LG floor of Hall A of Starlight 68 focused on international beauty brands to fill the gap of the high-end fragrance in the mall’s mix.

With the continuous development of the domestic ACG industry, the relatively niche market segment has ushered in a period of rapid development. Different from traditional

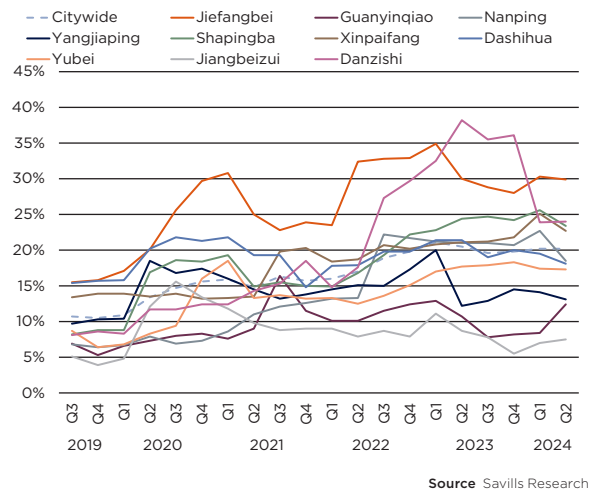
shopping malls that target customers of all ages, Fangyuan LIVE, renovated from the original Jinyuan Sleepless City, takes young consumers’ interest and hobbies as a starting point, introduces a number of ACG-related brands and also holds relevant offline events, catering to the culture and young customers’ needs. The differentiated content helps rejuvenate the project. In addition, in the first half of the year, Hall E of Times Paradise Street also actively introduced several IPs and relevant clothing and makeup brands, such as Xumi Goods, Manku, etc.

Chongqing as a traditional industrial city has abundant industrial heritage resources. In the first half of the year, the urban renewal projects represented by the Democracy Village and the Taping Community have become popular cultural and tourism consumption venues for tourists. The former Chongqing Construction Factory Family Courtyard, the Democracy Village has been renovated maintaining the original architectural form, with community residents’ traditional life and consumption circle retained and a modern community canteen built, gradually attracting clothing buyer stores, art experience halls, coffee shops and other urban owner brands to station. While creating a sense of spatial contrast and promoting the community vitality, the project is now a feature consumption belt connecting the MixC and West Paradise Walk, refreshing the Yangjiaping commercial district. In addition, the Taping community, located in the Guanyinqiao sub-market, has attracted more than 50 brands through urban renewal, which is expected to coordinate with the Beicang Cultural and Creative Park, the 9 street nighttime economy and the Guanyinqiao commercial district to further simulate the city’s consumption.

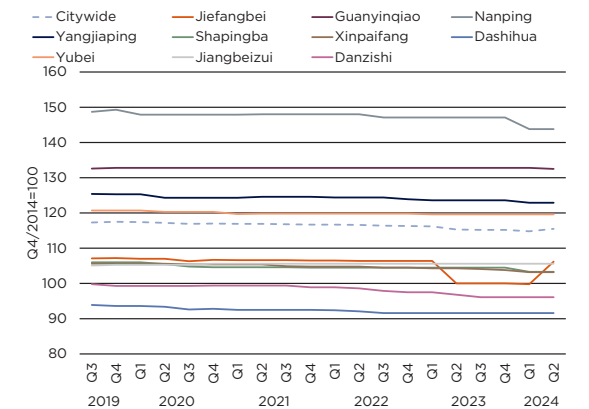
**OUTLOOK**

In the future, Chongqing’s retail market will face a large amount of new supply and a greater market decentralization pressure. The city’s overall vacancy rate is expected to remain at a high level. In addition, the Guanyinqiao air corridor will soon kick start construction. Projects in the area will go through adjustments, for example, the revamp of Far Eastern Department Store (North Paradise Walk store) by Longfor and the fragrance section in Hall A, Starlight 68 taking shape within the year. The future entry of OLANE and Zhonghuan MixC into the market will be of great significance to Guanyinqiao commercial district’s upgrade.

**GRAPH 2: Vacancy Rates In Each Submarket, Q3/2019 To Q2/2024**



**GRAPH 3: Rental Index in Each Submarket, Q3/2019 To Q2/2024**



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

**TABLE 1: Selected New Projects**

PROJECT NAME	GFA (SQ M)	AREA	DEVELOPER
Wanxiang Xinhua Center	58,700	Jiefangbei	Xinhua Group, China Resources
OLANE	26,000	Jiangbei	Hongkong Land

Source: Savills Research