

¥98.5RENT
(PSM/MO)**-0.4%**RENTAL GROWTH
(QOQ)**29.6%**

VACANCY RATE

WHAT'S
NEXT

HIGHLIGHTS

Small-sized Transactions Dominated

In this quarter, no new projects entered the market. With some projects subject to database adjustments, the total stock of prime office space in Suzhou is now approximately 2.1 million sq m.

Absorption in Suzhou's prime office market rose to 8,241.2 sq m net. Despite the fact that many enterprises relocated during the quarter, many new setup transactions also were recorded, with small-area deals making up the majority. Professional service and TMT companies formed the majority of tenants looking for new offices, with most newly-rented office space being no larger than 500 sq m.

In the co-working segment, TMT and financial companies were most active. What's more, there is no doubt that the 'Integration of the Yangtze River Delta' strategy is now accelerating the utilization of Suzhou's technological advantage. Many active finance and TMT companies are now seeking more prime office space to develop new business, which has been stimulated by the strategy.

Additionally in Q2, many office projects in SIP seemed to adjust their rent to pursue high occupancy. Therefore, the average rental in Suzhou edged down to RMB98.5 per sq m per month, falling by 0.4% on the quarter.

SND and SIP Markets Still Developing

Looking ahead to the rest of this year, SND Tiandu Mansion and Hongleong City Center are expected to be completed. In three years' time, we expect the Suzhou prime office market to add a further 900,000 sq m of prime office supply, with much of the new office buildings planned for SND and SIP.

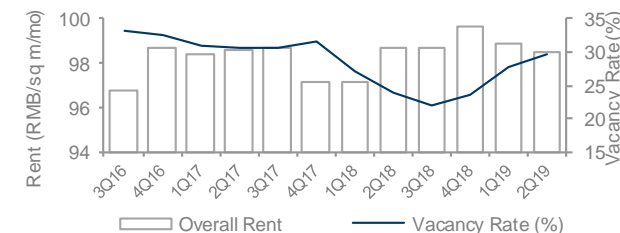
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ECONOMIC INDICATORS

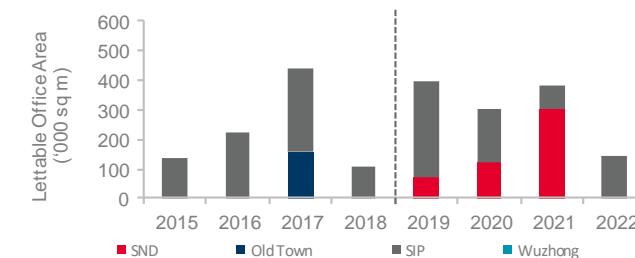
	Q4 2018	Q1 2019	12-Month Forecast
GDP Growth	6.8%	6.3%	▲
Tertiary Sector Growth	8.1%	8.6%	▲
CPI Growth	2.6%	2.4%	▼
Real Estate Development & Investment Growth	10.9%	0.1%	▼

Source: Suzhou Statistics Bureau
The forecast is based on Oxford Economics

GRADE A OVERALL RENT & VACANCY RATE



GRADE A NEW SUPPLY



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SUBMARKET	INVENTORY (SQ M)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (SQ M)	GRADE A FACE RENT		
				RMB/SQ M/MO	US\$/SF/MO	EUR/SF/MO
SND	153,000	20.6%	493,433	¥90.0	US\$1.21	€1.08
Old Town	209,734	36.0%	-	¥75.8	US\$1.02	€0.91
SIP	1,671,442	30.3%	417,000	¥105.7	US\$1.42	€1.27
Wuzhong	97,104	17.3%	-	¥65.0	US\$0.88	€0.78
SUZHOU GRADE A TOTAL	2,131,280	29.6%	910,433	¥98.5	US\$1.33	€1.19

Rental equals "Gross Transacted Face Rental"
1 USD = 6.8940 RMB = 0.8931 EUR (2019.05.27)

KEY LEASING TRANSACTIONS Q2 2019

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Taiping Finance Building	SIP	Beijing Deheng (Suzhou) Law Offices	1,500	Relocation
2.5 Industrial Park	SIP	Tainiu Motor	690	New Setup
Taiping Finance Building	SIP	Wuhu Key i Building Materials Co., Ltd.	600	Relocation
Suzhou Center	SIP	China Capital Investment Group	588	New Setup
Modern Media Plaza	SIP	Panasonic Industrial Devices Discrete Semiconductor (Suzhou) Co., Ltd.	555	New Setup

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Hongleong City Center	SIP	-	32,000	2019
Suzhou SND Tiandu Mansion	SND	-	70,000	2019
International Financial Square	SIP	-	130,000	2019
Xinhuida Project	SND	-	120,000	2020
ICC	SIP	-	180,000	2020
Greenland Lake Plaza	SND	-	303,000	2021
Suzhou Zhongnan Center	SIP	-	100,000	2021