

MARKETBEAT

¥96.9RENT
(PSM/MO)**-1.5%**RENTAL GROWTH
(QOQ)**30.3%**

VACANCY RATE

WHAT'S
NEXT

HIGHLIGHTS

New projects completed in SND and SIP

Hong Leong City Center (HLCC) in SIP and Kaisa Plaza in SND entered the market in Q3, adding a combined 51,014 sq m of new supply to the Suzhou prime office market, and bringing overall office stock to approximately 2.2 million sq m at the end of the quarter.

HLCC and Kaisa Plaza, which are both yet to lease out many spaces, contributed to the vacancy rate rising to 30.7% in SIP and 28.8% in SND. Subsequently some prime office projects in SIP dropped rents slightly in the quarter, helping the overall prime office market rental edge down by 1.5% to RMB96.9 per sq m per month.

The city recorded 20,806.4 sq m of net absorption in the quarter. Professional services led the way, occupying 24.1% of newly rented quality office space in the quarter. Surprisingly, manufacturing was the second most active industry sector in the city's prime office leasing market in Q3. Following on from prior quarter, most newly-rented prime office space was on average no larger than 500 sq m.

More quality projects set For SND

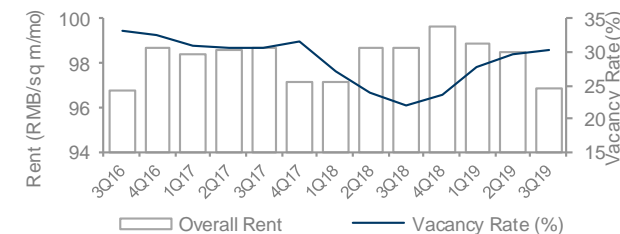
Tiandu Mansion in the SND submarket is expected to be completed in the next quarter, and with this completion SND is set to become the second-largest prime office market in Suzhou. Additional quality office projects in SND will go a long way in helping professional service enterprises and finance companies to further develop their markets in western Suzhou, as they set up their HQs and/or branch offices in the area.

ECONOMIC INDICATORS

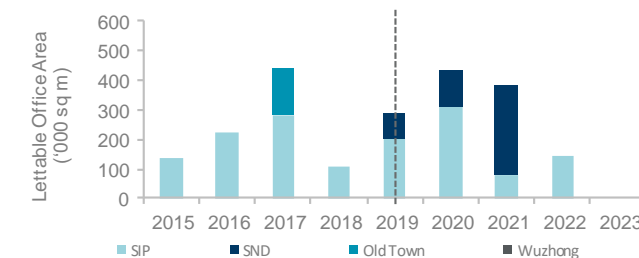
	Q1 2019	Q2 2019	12-Month Forecast
GDP Growth	6.3%	6.0%	▲
Tertiary Sector Growth	8.6%	7.8%	▲
CPI Growth	2.4%	2.6%	▲
Real Estate Development & Investment Growth	0.1%	4.8%	▼

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	172,014	28.8%	493,433	¥88.8	US\$1.16	€1.05
Old Town	209,734	33.3%	-	¥74.5	US\$0.98	€0.88
SIP	1,703,442	30.7%	525,000	¥104.0	US\$1.36	€1.23
Wuzhong	97,104	19.2%	-	¥65.0	US\$0.85	€0.77
SUZHOU GRADE A TOTAL	2,182,294	30.3%	1018,433	¥96.9	US\$1.27	€1.15

Rental equals "Gross Transacted Face Rental"
1 USD = 7.08718 RMB = 0.90361 EUR (2019.08.23)

KEY LEASING TRANSACTIONS Q3 2019

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Ping'An Fortune Center	SIP	Markor Furnishings	5,000	New Setup
Nison Plaza	SIP	Beijing North Star Property	1,400	Relocation
Suzhou Center	SIP	Hay's Human Resources	800	New Setup
Suzhou Center	SIP	Suzhou Huaxin Industrial Equipment	645	New Setup
Taiping Finance Building	SIP	Dongheng Law Firm	605	Relocation

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Suzhou SND Tiandu Mansion	SND	-	70,000	2019
International Financial Square	SIP	-	130,000	2020
Xinhuida Project	SND	-	120,000	2020
ICC	SIP	-	180,000	2020
Greenland Lake Plaza	SND	-	303,000	2021
Suzhou Zhongnan Center	SIP	-	75,000	2021
Vanke SIP Zuo'an Project	SIP	-	90,000	2022

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