



¥96.1
Rent (PSM/MO)

12-Mo.
Forecast

-0.9%
Rental Growth (QOQ)

32.2%
Vacancy Rate

Source: Cushman & Wakefield Research

SUZHOU ECONOMIC INDICATORS 2019

	Q3 2019	12-Mo. Forecast
5.6% GDP Growth	6.0%	▼
6.3% Tertiary Sector Growth	7.6%	▼
3.0% CPI Growth	2.7%	▲
5.0% Real Estate Sector Investment	4.1%	▼

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

Construction Delayed by the COVID-19 Outbreak

The COVID-19 epidemic has delayed the construction of many office projects in Suzhou. Considering the current situation, many developers may reconsider the launch dates of their future supply office projects in the city. Construction delays and project launch postponements are likely to be a feature of the market for the coming year.

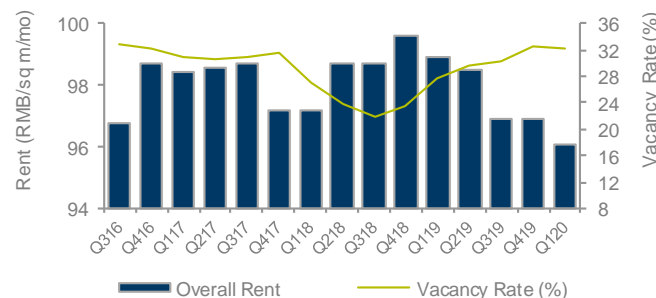
Sluggish Leasing Market, but Government Measures Are Set to Awaken the Economy

Although the office leasing market was inactive in Q1, relatively speaking, professional services and estate enterprises were the most active sectors. Overall leasing demand fell in Q1, but net absorption of 2,007 sq m, especially in SIP, was sufficient to lower the vacancy rate to 32.2%. During the outbreak period many office projects implemented strict quarantine measures to guarantee hygiene and safety inside office buildings. To help mitigate financial losses for medium and small-sized enterprises, the Suzhou government issued 10 business support measures, including an increase in financial support and reduction in rents and tax payments. The government also requested state-owned enterprise property owners to offer their office space tenants rental discounts for one-to-two months. For international trade enterprises, the Suzhou government also issued 12 measures to help firms overcome the difficulties. These actions should ensure that the Suzhou economy begins to rebound into the rest of this year.

Average Rental Edges Down

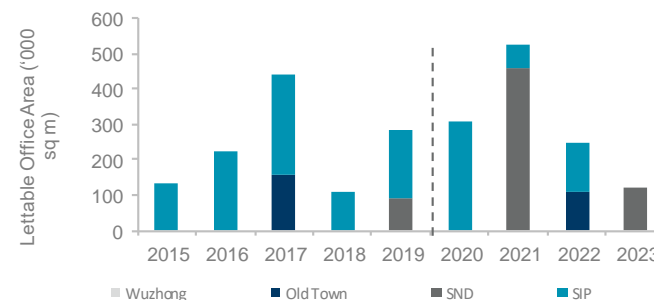
Given softened demand in Q1, some projects in SIP reduced their rental levels, although other submarkets held firm. Thus, in Q1 average rental in the city dropped only slightly, by 0.9% q-o-q. During the quarter we have also begun to see some projects exploring ways to enhance their tenant services. These include installing more intelligent technology, or, as with some projects in SIP, partnering with surrounding amenities including stores and restaurants. These efforts have supported the revival of business in surrounding areas, and also strengthened landlord/tenant relationships.

GRADE A CBD OVERALL RENT & VACANCY RATE



Source: Cushman & Wakefield Research

GRADE A CBD NEW SUPPLY



Source: Cushman & Wakefield Research



SUBMARKET	INVENTORY (SQ M)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (SQ M)	GRADE A EFFECTIVE RENT		
				RMB/SQ M/MO	US\$/SF/MO	EUR/SF/MO
SND	242,014	50.7%	423,433	¥90.3	US\$1.21	€1.08
Old Town	209,734	32.5%	-	¥73.5	US\$0.98	€0.88
SIP	1,703,442	30.0%	525,000	¥102.7	US\$1.37	€1.23
Wuzhong	97,104	21.1%	-	¥67.5	US\$0.90	€0.80
SUZHOU GRADE A CBD TOTAL	2,252,294	32.3%	979,433	¥96.1	US\$1.28	€1.15

Rental equals "Gross Transacted Face Rental"

1 USD = 6.9493 RMB = 0.8972 EUR (Mar. 3^d 2020)

KEY LEASING TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Taiping Finance Building	SIP	Dynasty Property	618	New Setup
GCL Plaza	SIP	Jiangsu Jiexin Transit New Material	480	Expansion
GCL Plaza	SIP	Tianking Tax Agent Co., Ltd.	391	Expansion
Taiping Finance Building	SIP	Shengyixin Enterprise Management	330	Expansion

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION YEAR
Suzhou IFS	SND	-	65,000	2020
ICC	SIP	-	180,000	2020
Greenland Lake Plaza	SND	-	303,000	2021
Finance Business Plaza	SND	-	153,000	2021
Hengtai Innovation Center	SIP	-	70,000	2021
Vanke SIP Zuo'an Project	SIP	-	90,000	2022
China Overseas Project	SIP	-	50,000	2022
China Central Place	Old Town	-	110,000	2022

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