



¥95.3

Rent (PSM/MO)

12-Mo.  
Forecast

-0.9%

Rental Growth (QOQ)



30.6%

Vacancy Rate



Source: Cushman &amp; Wakefield Research

SUZHOU ECONOMIC INDICATORS  
2020 Q1

2019

12-Mo.  
Forecast

-8.3%

GDP Growth

5.6%



-5.9%

Tertiary Sector  
Growth

6.3%



4.0%

CPI Growth

3.0%



-3.8%

Real Estate Sector  
Investment

5.0%

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

## Construction Delayed by the COVID-19 Outbreak

China Overseas Fortune Center's East Tower started to lease office space in the quarter. Having been delayed by the COVID-19 outbreak, many prime office projects put their launch dates back to 2021. It is now unlikely the market will see other new projects complete this year.

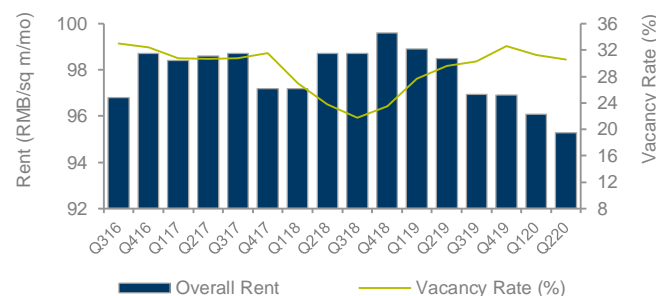
## Leasing Market Revived

The Tertiary sector in Suzhou experienced negative growth in Q1, impacted by the COVID-19 outbreak. However, as an international city, Suzhou attracted more than US\$5.9 billion in foreign capital from January to May, a growth of 157.5% y-o-y. Additionally, in Q2 the city government initiated the Integrated Development and Cooperation Summit involving Suzhou, Wuxi and Changzhou. At the summit, the three parties signed a memorandum to strengthen industrial cooperation and to broaden the market opportunities for enterprises involved in the Tech sector. With the COVID-19 outbreak now under control in Suzhou, leasing demand picked up in Q2. Although some smaller enterprises could not survive the economic impact of the pandemic, many others have expanded their existing space or relocated. The Professional Services, Finance and TMT sectors were key drivers of demand in the quarter. Net absorption recorded a new high in recent quarters of 33,144 sq m.

## Average Rental Levels Dip

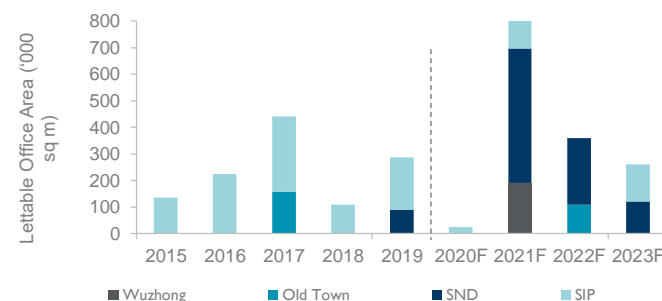
Body temperature and health code checks have now become a daily routine for tenants in office projects throughout the city. The slowed economy has also resulted in uncertainty in terms of business projections among occupiers, especially trading companies. Given the challenging period, many quality projects continued to cut rents to retain or attract big occupiers. Overall, the strategy has worked for many new projects. Subsequently, the average vacancy rate in Suzhou has dropped to 30.6%, but this has been achieved at the cost of a 0.9% q-o-q dip in the average rent, which now registers RMB95.3 per sq m per month for the city overall.

## GRADE A CBD OVERALL RENT &amp; VACANCY RATE



Source: Cushman &amp; Wakefield Research

## GRADE A CBD NEW SUPPLY



Source: Cushman &amp; Wakefield Research



| SUBMARKET                       | INVENTORY<br>(SQ M) | VACANCY<br>RATE | PLANNED & UNDER<br>CONSTRUCTION<br>(SQ M) | GRADE A EFFECTIVE RENT |                 |              |
|---------------------------------|---------------------|-----------------|---|------------------------|-----------------|--------------|
|                                 |                     |                 |   | RMB/SQ M/MO            | US\$/SF/MO      | EUR/SF/MO    |
| SND                             | 242,014             | 37.5%           | 626,433                                   | ¥89.2                  | US\$1.16        | €1.04        |
| Old Town                        | 209,734             | 31.4%           | 110,000                                   | ¥72                    | US\$0.93        | €0.84        |
| SIP                             | 1,668,442           | 29.8%           | 390,000                                   | ¥102.7                 | US\$1.34        | €1.20        |
| Wuzhong                         | 97,104              | 25.0%           | -   | ¥67.5                  | US\$0.88        | €0.79        |
| <b>SUZHOU GRADE A CBD TOTAL</b> | <b>2,217,294</b>    | <b>30.6%</b>    | <b>1,126,433</b>                          | <b>¥96.1</b>           | <b>US\$1.24</b> | <b>€1.12</b> |

Rental equals "Gross Transacted Face Rental"

1 RMB = 0.1402 USD = 0.1261 EUR (June 1<sup>st</sup> 2020)

#### KEY LEASING TRANSACTIONS Q2 2020

| PROPERTY                      | SUBMARKET | TENANT                   | SQ M  | LEASE TYPE |
|-------------------------------|-----------|--------------------------|-------|------------|
| China Overseas Fortune Center | SIP       | Ping'An Life Insurance   | 1,500 | Relocation |
| China Overseas Fortune Center | SIP       | YingTianDi Info          | 1,000 | Relocation |
| Suzhou Center D               | SIP       | Huatai United Securities | 500   | New Setup  |

#### SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

| PROPERTY                  | SUBMARKET | MAJOR TENANT | SQ M    | COMPLETION YEAR |
|---------------------------|-----------|--------------|---------|-----------------|
| ICC                       | SIP       | -            | 180,000 | 2021            |
| 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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