

1.9%

Disposable Income

YoY
Chg12-Mo.
Forecast

0.3%

Population Growth (2019)

-60.4%

Tourist Growth

Source: Suzhou Statistics Bureau.

The forecast is based on Oxford Economics

SUZHOU ECONOMIC INDICATORS
2020 Q1

-18.4%

Total Retail
Sales Growth

-8.3%

GDP Growth

4.0%

CPI Growth

Source: Suzhou Statistics Bureau

The forecast is based on Oxford Economics

New Entrants Delayed by the COVID-19 Outbreak

A number of malls have delayed their opening dates to 2H 2020, and hence no new projects entered the market in Q2. With the pandemic now under control in Suzhou, some extra-curricular educational institutions have restarted classes, but cinemas remain closed. Body temperature and health code checks are still routine occurrences in all public places, including shopping centers.

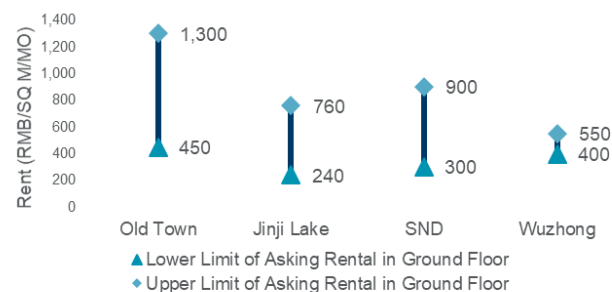
Beauty and Food & Beverage Brands Lead Activity in Q2

The pandemic impacted retail in Suzhou, but the market is now recovering. Tourist numbers dropped by 60.4% in Q1, but city visits have become easier since online health codes throughout China are now accepted at transportation hubs such as railway stations. However, smaller retail stores in unfavorable locations were hit hard. Thus, overall net absorption recorded just -5,890 sq m in Q2. Vacancy rose to 5.2%, and average rental for prime locations dropped slightly to RMB586.4 per sq m per month. On the positive side, shopping malls have taken the opportunity to accelerate upgrading strategies, such as strengthening brand mixes. Beauty brands are a good example, demonstrating strong sales performance with product prices remaining low. Given positive business performance, several beauty brands expanded their brick-and-mortar presence by taking space in shopping malls in the quarter, including The Colorist and Wow Colour. Meanwhile, a number of innovative food and beverage brands took up space vacated by more mature F&B brands.

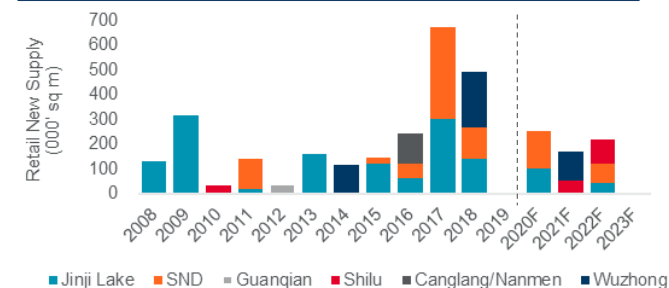
Boosting the Night Economy

During the quarter, the city government promoted its 'Gusu 8:30 (pm)' initiative, aiming to boost consumption within the city's night-time economy. The initiative is structured around 6 themes: 'Night Shows', 'Night Tourism', 'Night Snacks', 'Night Shopping', 'Night Entertainment' and 'Night Accommodation'. Commencing during the May Day holiday, the initiative has been extended to many commercial retail locations citywide. Growing numbers of stores and restaurants in Suzhou have also started to extend their opening hours during weekends and holidays, while more street stalls have appeared around shopping malls. These innovative initiatives and activities supporting the retail market have gone a long way to help drive footfall traffic to shopping malls, and to bolster the sales of tenants.

RENT RANGE BY SUBMARKET



RETAIL SUPPLY PIPELINE BY SUBMARKET



MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	VACANT (SQM)	VACANCY RATE	UNDER CNSTR TILL 2023 (SQM)	OVERALL AVG RENT (RMB/SQM/MO)*
Guanqian	91,000	7,595	8.4%	-	1,300
Shilu	195,000	11,850	6.1%	150,000	600-900
Canglang/Nanmen	224,000	20,360	9.1%	-	450-700
Jinji Lake	1,248,000	75,650	7.1%	100,000	240-760
SND	772,000	21,370	2.8%	233,000	270-900
Wuzhong	338,000	11,280	3.4%	120,000	400-540
SUZHOU TOTALS	2,868,000	142,215	5.2%	503,000	240-1,300

* Rental rates are calculated by NLA and considered as consistently achievable for prime space (usually the ground floor) in major shopping centers, excluding management fee, promotional fee and other fees.

SIGNIFICANT STORE OPENINGS Q2 2020

PROPERTY	SUBMARKET	TENANT	SECTOR
Rainbow CC Mall	Shilu	The Colorist	Beauty
Rainbow CC Mall	Shilu	KKV	New Retail
Eslite Spectrum Suzhou	Jinji Lake	Wow Colour	Beauty
The Emerald City	Shishan	Ming Zhi Ji Bakery	Food & Beverage
Longfor Shishan Paradise Walk	Shishan	Que Yue Cantonese Restaurant	Food & Beverage

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	SQM
Hong Tang Mall	SND	2020	110,000
New Main Mall	SND	2020	43,000
Oriental Gate	SIP	2020	100,000
China Central Place	Shilu	2021	50,000
Dongwu Paradise Walk	Wuzhong	2021	120,000
Gusu Paradise Walk	Shilu	2022	100,000
KIC Mall	SND	2023	80,000

SHAUN BRODIE

Head of Occupier Research, Greater China
42-43/F, Tower 2, Plaza 66, 1366 Nanjing West Road
Shanghai

Tel: +86 21 2208 0529 / shaun.fv.brodie@cushwake.com

cushmanwakefield.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2020 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.