

2.9%

Disposable Income

YoY
Chg12-Mo.
Forecast

0.3%

Population Growth (2019)

2.4%

GDP Growth

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

SUZHOU ECONOMIC INDICATORS JAN-SEPT 2020

-4.4%

Total Retail
Sales Growth

38.0%

Total Online
Retail Growth

2.8%

CPI Growth

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

Longfor Opens Suzhou's Second Paradise Walk

Longfor opened its second Paradise Walk in the city, Xinghu Paradise Walk, enhancing the shopping experience for residents in the northern part of the SIP submarket. Longfor plans to open another two Paradise Walks in the coming two years, targeted more specifically at local consumer needs around adjacent neighborhoods. Several large developers have explored these non-core markets in Suzhou over recent years and we expect their investment focus to continue to concentrate on these areas into the foreseeable future.

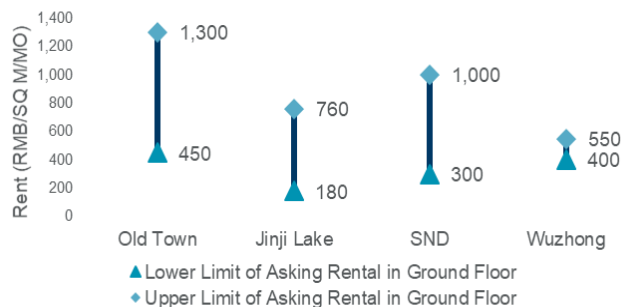
Food and Beverage Brands Lead Activity in Q4

Food and beverage brands were most active in Q4, followed by beauty and entertainment sectors. Many retailers launched promotions and discounts for the National Holiday period and the Double 11 and Double 12 shopping festivals in the quarter, with both festivals extending their duration for 2020 to help boost sales. However, cold weather partially dissuaded outdoor shopping activity, while malls located directly beside the Suzhou Rail Transit system were able to maintain relatively stable footfall traffic during the holiday and shopping festival periods. Statistics showed that online retail in Suzhou achieved 38.0% growth even in Q3, while total retail sales growth in the city did not reach positive territory in September. This has forced the majority of retailers and brands in the city to consider carefully how to drive repeat customer sales and revenue. Meanwhile, Alipay has made Suzhou submarkets smarter by combining more online coupons from different malls in the same submarket, so as to more effectively influence consumer choice. Citywide net absorption reached 144,340 sq m in Q4, largely due to the high-occupancy opening of Xinghu Paradise Walk. However, tenant adjustments and loss of occupancy at other projects citywide pushed up overall vacancy slightly to 5.4%. Subsequently, the overall average monthly rental level dropped down to RMB572.8 per sq m.

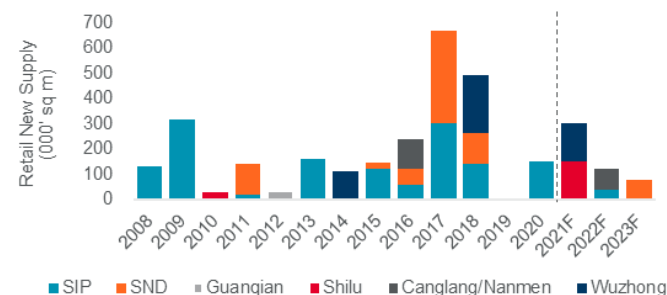
Culture-Related Consumption Promoted

As an ancient city known for its culture and tourism, many Suzhou malls have begun to try more artistic design styles or to introduce more culture-related brands and settings, which should improve the overall shopping environment and specifically attract younger consumers to visit. The government has also been active in subsidizing cultural-related retail consumption at the year-end. Looking to the long-term, incorporation of the latest online and offline technology, as well as upgraded customer services, will be critical for sustained business operations success for many shopping centers in the city.

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	11,305	12.4%	-	1,300
Shilu	195,000	10,800	5.5%	150,000	600-900
Canglang/Nanmen	224,000	11,440	5.1%	80,000	450-700
SIP	1,398,000	80,130	5.7%	39,636	180-760
SND	772,000	20,390	2.6%	80,000	270-1000
Wuzhong	338,000	27,980	8.3%	150,000	400-540
SUZHOU TOTALS	3,018,000	162,045	5.4%	473,000	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 Q4 2020

PROPERTY	SUBMARKET	TENANT	SECTOR
Longfor Shishan Paradise Walk	SND	Happy Rich Tea Restaurant	Food & Beverage
Longfor Shishan Paradise Walk	SND	Tiger Sugar	Food & Beverage
Incity	SIP	B.Duck Tea	Food & Beverage
Suzhou Center	SIP	Peet's Coffee	Food & Beverage
Suzhou Center	SIP	machi	Food & Beverage

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	SQM
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 53,000 employees in 400 offices and 60 countries. Across Greater China, 22 offices are servicing the local market. The company won four of the top awards in the Euromoney Survey 2017, 2018 and 2020 in the categories of Overall, Agency Letting/Sales, Valuation and Research in China. In 2019, the firm had revenue of \$ 8.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2021 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.