MARKETBEAT

SUZHOU

Office Q4 2019

	12-Mo. Forecast
¥96.9 Rent (PSM/MO)	▲
0.0% Rental Growth (QOQ)	▲
32.3% Vacancy Rate	▼

Source: Cushman & Wakefield Research

SUZHOU ECONOMIC INDICATORS Q3 2019

	Q2 2019	12-Mo. Forecast
6.0% GDP Growth	6.0%	▲
7.6% Tertiary Sector Growth	7.8%	▲
2.7% CPI Growth	2.6%	▲
4.1% Real Estate Sector Investment	4.8%	▲

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

Tiandu Mansion Completed, Metro Line 3 Opens

Tiandu Mansion entered the market in Q4. Its low opening occupancy pushed up the average vacancy rate in SND. Suzhou IFS Tower 1, currently the tallest structure in Jiangsu Province, is expected to complete in 2020, bringing 65,000 sq m of prime office space to the market. Further prime office projects are expected to be finished and form part of the HOPSCA precinct in SIP and SND within the next two years. Metro Line 3 commenced operations in Q4, adding convenience for travelers to reach the core areas in SIP and SND, and the key transportation hubs such as SND Railway Station and SIP Railway Station. Weiting station on the new line connects directly with the Kunshan city metro system, facilitating a future Suzhou - Shanghai metro connection.

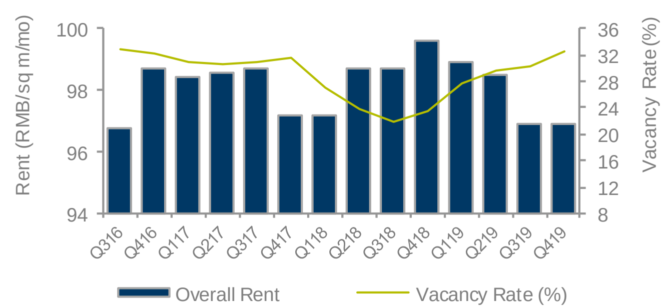
Real Estate and Finance Active in the Leasing Market

The market was difficult for many landlords in 2019. Net absorption fell to 2,895 sq m, with the new projects in SND unable to fill much of their available space. The real estate sector, with 25.5%, and finance sector, with 24.1%, were the most active players in the leasing market in Q4. With many projects still under construction, firms from these two sectors are likely to be major target tenants in the near future. The TMT, professional services, retail, trading and education sectors were also active in Q4.

Average Rental Unchanged but Future Growth Is Promising

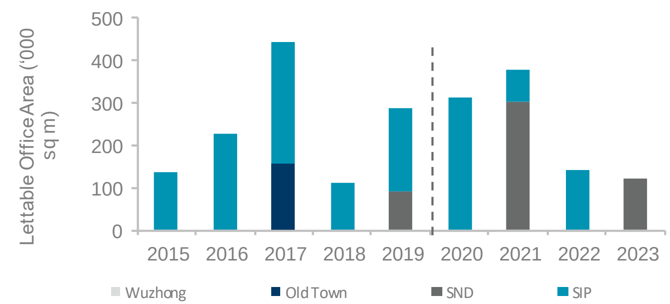
The average monthly rental level varied little in Q4. In the short term, given the economic situation, supply is expected to exceed demand for space. However, in the longer run, the future expansion of the Suzhou Rail Transit network and improved accessibility to projects near transportation hubs in SIP and SND will help attractive more firms in Jiangsu or even from the Yangtze Delta Region. Moreover, with the Suzhou Free Trade Zone launching in 2019, in the coming decade further prime projects will be in demand from technological firms from industrial parks in Suzhou or from other cities in Yangtze Delta region, especially enterprises in the health industry, including pharmaceutical technology and biology, and AI technology.

GRADE A CBD OVERALL RENT & VACANCY RATE



Source: Cushman & Wakefield Research

GRADE A CBD NEW SUPPLY



Source: Cushman & Wakefield Research

SUZHOU

Office Q4 2019

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$1.19	€1.07
Old Town	209,734	32.5%	-	¥73.5	US$0.97	€0.87
SIP	1,703,442	30.3%	525,000	¥103.9	US$1.37	€1.24
Wuzhong	97,104	21.1%	-	¥67.5	US$0.89	€0.81
SUZHOU GRADE A CBD TOTAL	2,252,294	32.3%	979,433	¥96.9	US$1.28	€1.16

Rental equals "Gross Transacted Face Rental"
1 USD = 7.03146 RMB = 0.903898 EUR (Nov. 22nd 2019)

KEY LEASING TRANSACTIONS Q419

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
GCL Plaza	SIP	SHK	1,200	New Setup
The Summit	SIP	New Times Universe Properties	1,020	Expansion
Jinhe Plaza	SIP	Xinli Zaiyue Real Estate	867	Expansion
Modern Media Plaza	SIP	Chuangyuan Options	860	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
Vanke SIP Zuo'An Project	SIP	-	90,000	2022
China Overseas Project	SIP	-	50,000	2022
Zhongnan Center	SIP	-	75,000	2025

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