Suzhou’s GDP climbed 12 percent year on year to RMB 1,071.7 billion by the end of 2011. The output of tertiary industry increased by 12.9 percent to RMB 458.15 billion.

In Suzhou’s high quality office market, one new office development, One Lakepoint, was launched for both lease and sale during the first quarter of 2012, adding 49,156 square meters of new supply. Notwithstanding the new supply, average rentals for high quality office space remained steady at approximately RMB 2.5 per square meter per day.

The total transaction volume of new residential property in the first quarter increased by 17.8 percent over the previous quarter to 973,500 square meters. The average residential transaction price in the same period stood at RMB 11,511 per square meter, a quarterly decrease of 5.9 percent.

Retail rental levels maintained steady growth, estimated at 3 to 5 percent for the quarter. The average rental for ground floor retail space in Guanqian commercial circle stood at RMB 36 per square meter per day, the highest in the Suzhou retail market.

City Macroeconomic Overview

Suzhou’s economy recorded strong growth in 2011, with the city’s GDP climbing 12 percent year on year to RMB 1,071.7 billion. The output of tertiary industry increased to RMB 458.15 billion during the same period, a 12.9 percent rise, while the total value of secondary industry rose 11.5 percent to RMB 595.80 billion.

During the first quarter of 2012, fixed asset investment in the city grew to RMB 105.91 billion, a 16.5 percent increase over the same period of last year. Real estate investment climbed 6.9 percent to RMB 25.51 billion in the same period, accounting for 24.1 percent of total fixed asset investment.

Suzhou’s total import-export value decreased 0.5 percent year on year to USD 67.12 billion in the first quarter of 2012. The total value of exports rose 2.8 percent over the previous year to USD 37.33 billion. Utilized foreign direct investment (FDI) reached US$ 3.34 billion, an increase of 7.3 percent over the same period of 2011.

Residential Sector

The start of 2012 has seen a period of adjustment for residential developers, with only a handful of new developments launched onto the Suzhou market.

Report Highlights

2011年苏州地区生产总值达人民币10,717亿元，同比增长12.0%。全市实现第三产业增加值人民币4,581.5亿元，同比增长12.9%。

2012年第一季度，苏州仅有一个优质写字楼项目入市，月亮湾国际中心，该项目租售皆宜，为市场带来49,156平方米的新供应面积。尽管如此，优质写字楼的平均租金仍稳定在每天每平方米人民币2.5元。

今年第一季度，苏州商品住宅成交量比上季度上涨17.8%至973,500平方米。同期，住宅成交均价下滑至每平方米人民币11,511元，环比下降5.9%。

核心商圈首层商铺平均租金水平保持稳定增长，季度增长率大约在3%至5%之间。前商务区首层商铺平均租金排名全市第一，达每天每平方米人民币36元。

2011年苏州经济保持健康增长态势，地区生产总值达人民币10,717亿元，同比增长12.0%。第三产业实现增加值人民币4,581.5亿元，同比增长12.9%，而第二产业同比增长11.5%至人民币5,958亿元。

2012年第一季度，苏州固定资产投资额达人民币1,059.1亿元，同比增长16.5%。房地产投资额达人民币255.1亿元，同比增长6.9%，占全市固定资产投资的24.1%。

2012年第一季度，苏州进出口总值达671.2亿美元，同比下降0.5%。其中出口总值达373.3亿美元，同比增长2.8%。实际利用外资直接投资达33.4亿美元，同比增长7.3%。

2012年，住宅投资开发逐渐进入调整期，仅少量新项目入市。第一季度，商品住宅新增供应面积866,600平方米，比上季度下跌53.8%。而总成交面积达
Developed by Suzhou Xinjingtian Business & Real Estate Development Co., the meters, and provides approximately 68,000 square meters of office accommodation. The Commercial Tower is the tallest office development in west Suzhou to date, at 198 meters in height. Located in the Shishan Road CBD area, SND International Tower is in close proximity to the upcoming SN Science Park. The tower will also be home to the headquarters of several multinational companies, including the Singapore-based property management firm Colliers International Shanghai. The tower will feature a mix of office, retail, and entertainment space, including a luxury hotel and a marina. The tower will be completed in 2012 and will be a significant addition to the Suzhou skyline.

By the end of March, the city’s accumulated inventory stood at nearly 5.50 million square meters. In the first quarter, the Central Bank lowered the reserve ratio requirement for banks by 0.5 percentage point, releasing an estimated RMB 400 billion to the market. To stimulate demand, lending rates decreased to meet the base rate for first-time buyers. At the same time, Premier Wen Jiabao reiterated in the 5th Session of the 11th National People’s Congress that property curbs towards investment demand by the end of the year would not be eased in the near future.

In January, new residential supply fell 53.8 percent over the previous quarter to 866,600 square meters. However, residential transaction volume in the same period hit 973,500 square meters, a 17.8 percent rise quarter on quarter. New residential supply in the first quarter fell 53.8 percent over the previous quarter to 866,600 square meters. However, residential transaction volume in the same period hit 973,500 square meters, a 17.8 percent rise quarter on quarter. In January, new residential supply dropped 84.5 percent from the previous month to 86,200 square meters, the lowest level seen since 2010. Residential transaction volumes in January exceeded the volume of new supply for the first time in recent months. However, in March, the transaction volume increased dramatically, totalling 550,000 square meters, a 99.1 percent rise over February.

The increased stock, depressed market sentiment and a more competitive market environment resulted in a large proportion of developers offering discounts such as Shimaon Canal Scene in Canglang District. Average residential transaction prices in the first quarter declined 5.9 percent compared with the previous quarter to RMB 11,511 per square meter. One Lakepoint, developed by Suzhou Industrial Park Land Management Company, was officially launched for both lease and sale in March 2012, providing 49,156 square meters of new high quality office. The asking rental at the development was RMB 22 per square meter per day. Located in Dushu Lake Higher Education Town, in the southern part of Suzhou Industrial Park, notable tenants include China Overseas Property and Deutsche Bahn, leasing 1,600 and 500 square meters respectively. Jiucheng Construction and Fangzheng Construction both purchased 2,500 square meters in the first quarter.

SND International Commercial Tower was the only Grade A office building to launch at the end of 2011. Located in the Shishan Road CBD area, SND International Commercial Tower is the tallest office development in west Suzhou to date, at 198 meters, and provides approximately 68,000 square meters of office accommodation. Developed by Suzhou Xinjiangtian Business & Real Estate Development Co., the project is a collaboration between SND Economic Development Group Corporation and China Railway Construction Group.

Figure 3: Supply, Take-up and Average Price Of Suzhou Residential Market

Figure 4: Suzhou Residential Property Top 10 Transactions (Q1 2012)

**HIGH QUALITY OFFICE MARKET**

One Lakepoint, developed by Suzhou Industrial Park Land Management Company, was officially launched for both lease and sale in March 2012, providing 49,156 square meters of new high quality office. The asking rental at the development was RMB 22 per square meter per day. Located in Dushu Lake Higher Education Town, in the southern part of Suzhou Industrial Park, notable tenants include China Overseas Property and Deutsche Bahn, leasing 1,600 and 500 square meters respectively. Jiucheng Construction and Fangzheng Construction both purchased 2,500 square meters in the first quarter.

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Figure 5: Suzhou High Quality Office Supply, Take-up and Vacancy

Figure 6: Suzhou High Quality Office Rental and Growth Rate

**Q1 2012 | SUZHOU PROPERTY MARKET**

优质写字楼市场

由苏州工业园区房地产管理公司开发的月亮湾国际中心以出租和出售的形式于2012年3月正式入市，为市场新增了49,156平方米的优质写字楼供应空间。目前租金报价为每天每平方米人民币2.2元，月租金达到250元/平方米。月亮湾国际中心坐落于苏州工业园区的独墅湖高教区。第一季度已签约入驻的知名客户包括中海地产和德国法兰克福。其租赁面积分别为1,600平方米和500平方米。九域建筑和方正建筑则分别买下了2.25万平方米的办公空间。

苏州高新区是2011年新入市的甲级写字楼。项目坐落于狮山路CBD核心区域，写字楼面积达68,000平方米，198米的高度使之成为目前苏州城区的第一高楼。该写字楼由苏州新景天商务地产发展有限公司开发，并由苏高新集团和中铁建工集团共同投资建造。
In previous months, the demand for high quality office space has been strong. Notable transactions completed recently include ABB China and SMC China leasing 500 and 400 square meters respectively at One Lake Point, and China Export & Credit Insurance leasing approximately 2,000 square meters at Xintou Mansion in Suzhou Industrial Park.

The overall vacancy rate in Suzhou’s high quality office market in the first quarter of 2012 stayed steady, at approximately 13 percent. Vacancy rates were highest in the Shishan area at approximately 20 percent, impacted by the launch of 68,000 square meters of the SND Commercial Tower project in the fourth quarter of 2011. Average rental rates across the market as a whole were approximately RMB 2.5 per square meter per day, up 4.7 percent year on year but with no significant change from the previous quarter.

**BUSINESS PARKS**

Suzhou Industrial Park – Xiangcheng District Cooperative Economic Development Zone was established in January 2012, mainly targeting emerging industries, advanced manufacturing and modern service industries. The zone covers approximately 47.8 square kilometers, comprising the Caohu Resort, the industrial area and the administrative and business area. Building on accumulated knowledge and the successful development experience of Suzhou Industrial Park, the targeted total output value of the new area is projected to exceed RMB 120 billion by 2015.

According to local sources, a total of 18 projects in Xiangcheng District with an investment value of RMB 12.603 billion were signed with several enterprises in March, including Xi’an Jiaotong University Science and Technology Park and Suzhou Tongxue Fortune Investment. Amongst them, 16 agreements involve emerging industries and the modern service industry, and the remaining two are R&D related institutions. LED chip manufacturer Dura-Chip’s investment value in the zone totaled RMB 1 billion, and energy-saving light manufacturer Doony’s investment value totaled RMB 800 million.

**PRIME RETAIL MARKET**

Retail sales in Suzhou continue to rise together with the disposable income of the city’s residents. According to Suzhou’s Statistics Bureau, per capita disposable income of urban households reached RMB 11,018 in the first quarter of 2012, an increase of 14.4 percent over the previous year. In the same period, the city’s total retail sales of consumer goods realized RMB 82.17 billion, an increase of 15 percent compared to the same period of last year.

Yuyuan Tourist Mart, located east of Guanqian commercial circle, re-launched in January 2012 after a year of renovation and repositioning. A flagship gold jewelry store is located on the first floor, with Bao Da Xiang Shopping for Kids occupying the remaining four floors. In addition, construction on Changla Department Store’s expansion has commenced, which will double the total floor area after completion. These redevelopments will see East Guanqian’s retail position elevated in an attempt to rival the west area of Guanqian commercial circle, with high profile developments such as Matro and Golden Eagle International Shopping Center.

The opening of three large retail projects in recent months added some 226,800 square meters to Suzhou’s retail market. New launches include SENSO, with a gross floor of 100,800 square meters in Shihu commercial circle, a 70,000 square meter Matro Store in Suzhou New District and the 56,000 square meter Izuwhi development in Shishan commercial circle.

These recently launched projects caused the vacancy rate of Shihu and Shishan to soar from 3 percent and 7 percent to 23 percent and 22 percent respectively. However, rental levels in each major commercial circle maintained steady growth of between 3 and 5 percent quarter on quarter. The average rental level for ground floor space in Guanqian stood at approximately RMB 36 per square meter per day, the highest in the Suzhou retail market.

**CORE OFFICE MARKET**

Figure 8 Suzhou Prime Retail Rental and Vacancy Rate (Q1 2012)

Average Ground Floor Rental Rate (RMB/qm/day)

Vacancy Rate (%)

Suzhou Core Office Market (Q1 2012)

Source: Colliers International Shanghai (CIS) Research

数据来源：上海高力国际研究部

过去几个月中，优质写字楼市场需求表现强劲。主要成交案例包括：ABB中国有限公司和SMC中国有限公司分别在月光湾国际中心租赁了500平方米和400平方米，中国出口信用保险公司在锦江大厦租赁了约2,000平方米。

2012年第一季度苏州优质写字楼市场的整体空置率保持稳定在13%左右。鉴于面积达68,000平方米的高辉广场在2011年第四季度入市的缘故，本季度狮山区域的空置率最高，达20%。此外，优质写字楼平均租金每日每平方米人民币2.5元，同比增长4.7%，与上季度基本持平。

**商园区**

苏州工业园区—相城区合作经济开发区于2012年1月成立，主攻新兴产业、先进制造业和现代服务业。合作区总面积47.8平方公里，由三个板块组成，分别为环湖景景观区、工业集中区和行政商务区。借助于苏州工业园区累积的知识和成功经验，预计到2015年，相合作区的总产值将突破人民币1,200亿元。

据当地信息称，3月份相城区共签约的西安交通科技大学以及同兴财富等18个项目，总投资额达人民币126.03亿元。其中16个项目涉及新兴产业和现代服务业，2个为研发机构。以LED芯片为主线产业的海硕科科技投资总额达人民币10亿元，以悦动灯光为引导产业的高科光电总投资达人民币6亿元。

**零售物业市场**

苏州社会消费品零售总额随着城镇居民人均可支配收入一同持续增长。根据苏州统计局数据表明，2012年一季度，城镇居民人均可支配收入达人民币11,018元，同比增长14.4%。同期，全市社会消费品零售总额达人民币821.7亿元，比去年同期上涨15.0%。

坐落于环湖商圈的豫园商城在历经了一年的装修改造后于2012年1月再次开业。商城一楼成为了“老凤祥银楼旗舰店”，而其余4层楼则改为了“宝大祥儿童百货”。此外，长发商圈的扩建工程已经全面启动，工程建成，长发商圈的总面积将扩大一倍。可见，观西地区正在努力搭桥以更好地与以美罗商城和金鹰国际购物中心为代表的定位高端的观西地区竞争。

三个大型项目的开业为苏州零售市场新增了226,800平方米的供应量。新项目包括位于石路商圈的面积达100,800平方米的新苏天地、狮山商圈的美罗百货新区店和泉屋百货，面积分别为70,000平方米和56,000平方米。

这些项目的入市使得石路和狮山当季的空置率分别从3%和7%猛增到23%和22%。然而，各个主要商圈的租金水平保持3%至5%的稳定环比增长幅度。观西商圈的底层商铺平均租金排名全市第一，达每天每平方米人民币36元。

**Figure 8 Suzhou Prime Retail Rental and Vacancy Rate (Q1 2012)**

图八：

苏州核心区域优质租金与租金增长率

<table>
<thead>
<tr>
<th>Region</th>
<th>Average Ground Floor Rental Rate (RMB/qm/day)</th>
<th>Vacancy Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guanqian</td>
<td>40</td>
<td>5%</td>
</tr>
<tr>
<td>Shihu</td>
<td>35</td>
<td>0%</td>
</tr>
<tr>
<td>Wuzhong</td>
<td>30</td>
<td>10%</td>
</tr>
<tr>
<td>Shishan</td>
<td>25</td>
<td>15%</td>
</tr>
<tr>
<td>SIP</td>
<td>20</td>
<td>20%</td>
</tr>
</tbody>
</table>

Source: Colliers International Shanghai (CIS) Research

数据来源：上海高力国际研究部

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<tr>
<td>SIP</td>
<td>20</td>
<td>20%</td>
</tr>
</tbody>
</table>

Source: Colliers International Shanghai (CIS) Research

数据来源：上海高力国际研究部
The three newly launched projects are all directly linked with metro line stations, with the opening of Line 1 scheduled for May this year. Located at the intersection of Jinmen Road and South Guangji Road, SENSO was opened mid-2012. The SIP section of Suzhou Metro Line 1 was officially handed over to the public in May last year, the first commercial line in China to be fully operational on a single network. The line will eventually connect directly with Metro Lines 1 and 6. In December, Harmony Star Building was finally capped and is now scheduled to open in May 2013, adding a further 70,000 square meters of supply to the Suzhou retail market.

MARKET OUTLOOK

The SIP section of Suzhou Metro Line 1 was officially handed over to the operation company in November 2011, and is scheduled to open to the public in May 2012. The long awaited launch of the metro line is anticipated to enhance connectivity for both commercial and residential projects in close proximity to the new stations. A significant number of projects, both commercial and retail, currently under construction are located above metro stations, including Gate of the Orient in Suzhou Industrial Park and Tiandu Commercial Square in Suzhou New District.

Suzhou Center in Wuzhong commercial circle will be launched in mid-2012. The 360,000 square meter mixed-use project will be connected with the planned metro Lines 3 and 4. At a height of 228 meters, the building will be the tallest in Suzhou. The emerging commercial circle, represented by the existing developments of Harmony Times Square in East SIP and In City in West SIP, is gathering momentum, whilst the traditional commercial circles of Guanqian and Shifu are actively upgrading and expanding their retail spaces.

苏州工业区仍对零售投资者具有吸引力。去年10月，首批商用园区宣布与苏州工业区金鸡湖城市发展有限公司签署合作协议，共同开发苏州最大的购物中心。作为苏州中心的一部分，其位置坐落于湖区西区，项目将直接与轨交一号线及六号线相连接。12月，圆融星座购物中心顺利于封顶，并计划于2012年5月开业，届时将为苏州零售市场带来70,000平方米的新供给量。苏州工业区

市场展望

苏州轨交一号线西段于2011年11月正式移交给运营商，并计划2012年5月通车。期待已久的轨交线的开通将提升沿线的商业和住宅氛围。

表1 苏州主要商业地块成交案例（2011年第四季度）

<table>
<thead>
<tr>
<th>District 区域</th>
<th>Plot Location 地址位置</th>
<th>Purchaser 购买方</th>
<th>Land Use 土地用途</th>
<th>Land Area (sq m) 土地面积</th>
<th>Proposed Gross 建筑面积</th>
<th>Accommodation 容积率</th>
<th>Building Area (sq m) 建筑面积</th>
<th>Cost (RMB/㎡) 成本</th>
<th>Leasing 单价</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pingjiang 评江</td>
<td>West of Remm Road, north of Shushan Road</td>
<td>Sunny Appliance 苏宁电器</td>
<td>Retail, Business, Finance 商业、金融、零售</td>
<td>18,090</td>
<td>27,135</td>
<td>5,600</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SIP 苏州</td>
<td>West of Tringling Street, north of Shushan Road</td>
<td>Gansu Development</td>
<td>Retail, Business, Finance 商业、金融、零售</td>
<td>31,789</td>
<td>79,473</td>
<td>2,400</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SND 新区</td>
<td>East of Shu Road, north of Fangzhi Street</td>
<td>Fengqiao Lianzhi Construction Development 万福国际建设发展有限公司</td>
<td>Retail, Business, Finance 商业、金融、零售</td>
<td>15,654</td>
<td>25,046</td>
<td>4,969</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SND 新区</td>
<td>South of Yangshu Road, north of Hong Chang Green Area</td>
<td>Yanghe Development</td>
<td>Retail, Business, Finance 商业、金融、零售</td>
<td>23,337</td>
<td>46,674</td>
<td>5,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wuzhong 吴中</td>
<td>North of Huai Hai Zhong Road, south of Sheng Da Road</td>
<td>Tai Lake Tourism Development Group 太湖旅游发展有限公司</td>
<td>Retail, Business, Finance 商业、金融、零售</td>
<td>8,246</td>
<td>8,246</td>
<td>3,080</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Suzhou Land Resources Bureau 数据来源：苏州市国土资局

522 offices in 62 countries on 6 continents

USA: 147
Canada: 37
Asia: 36
Australia and NZ: 165
Latin America: 19
EMEA: 118
$1.8 billion in annual revenue
237 million sq m under management
Over 12,300 professionals

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