



TALKING POINTS

COLLIERS INTERNATIONAL | ASIA

Research Insights | 18 January 2021



East China – Office and Logistics

Office

In Q4 2020, the net absorption of the Shanghai office market surged by over 40% QOQ to 150,000 sq m (1.6 million sq ft), setting a new record since Q4 2018. In addition to New Bund and the North Bund, Lujiazui was listed as a hotspot for new leases, being boosted by the expansion of the finance and professional services sectors.

Recommendations

We recommend landlords adopt flexible leasing strategies and customized incentives, such as fit-out allowances, decorated spaces and value-added management services to secure high occupancy amidst the supply influx in 2021 and 2022 which will likely weigh on rents.

We recommend tenants negotiate favorable rent packages and secure longer-term commitments.

For further details, please see Colliers' report:

 **- Net absorption sees substantial rebound**
(8 January, 2021)

Logistics

The spread of COVID-19 has deepened the development of online shopping in China. With widespread lockdowns, online groceries have attracted more users and generated double and even triple sales. Live-streaming e-commerce is seeing explosive growth and is reshaping supply chains. East China remains the most developed logistics market with the largest stock.

Recommendations

With cold chain facilities in short supply in Shanghai, we recommend renovating and retrofitting existing warehouses with cold chain capacity.

We recommend landlords invest in automation and digitalization to respond to faster, customized and contactless delivery to meet the demands of live-streaming e-commerce.

For further details, please see Colliers' report:

 **- Unfolding new chapters** (15 December)



Beijing – Office

Market demand has continued to heat up since the third quarter, but 2020 net absorption was the lowest since 2015.

Demand continued increasing since Q3 2020, with new demand from the technology and financial sectors. Yearly net absorption in 2020 was the lowest since 2015.

In Q4, vacancy in the Wangjing submarket fell below 10% for the first time since 2015.

Recommendations

We recommend landlords focus on new demand generated by IT companies as we expect price competition will continue.

We recommend over the next 6-9 months tenants move office and make lease adjustments as we forecast rents will continue to decrease.

For further details, please see Colliers' report:

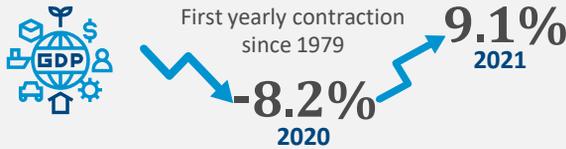
 **- Beijing office vacancy rate hits 10-year high**
(14 January 2021)



India – Policies and Office

India's financial stimuli steering realty

V-shaped recovery



Source: Oxford Economics' Country Economic Forecast dated 26 Nov 2020

Through 2020, the Union government announced a series of reforms to revitalize the economy and many of these target various facets of the Indian real estate sector, ranging from increasing funds for affordable housing, to giving banks incentives to disburse more housing loans, and removing hurdles to make information technology (IT) firms more competitive. Whilst many of these have achieved moderate success, we propose the following recommendations to achieve sustainable real estate sector growth:

Recommendations

All government incentives for developers and homebuyers be extended by at least two years, while being tied to the Housing for All by 2022 scheme.

Private investors should partner with the Special Window for Affordable and Mid Income Housing (SWAMIH) to provide last-mile funding opportunities.

State governments should lower circle rates*, which would lower the Stamp Duty for buyers, lower the circle rate-linked Floor Space Index (FSI**) costs for developers and lower overall land and property prices. This would make real estate markets more affordable.

USD1= INR73.7 as on 4 December 2020. 1 sq m = 10.76 sq ft

¹ <https://pib.gov.in/Presreleaseshare.aspx?PRID=1672321>

² Oxford Economics' Country Economic Forecast dated 26 Nov 2020

*Please see page 11 for the definition of circle rate, among other terms.

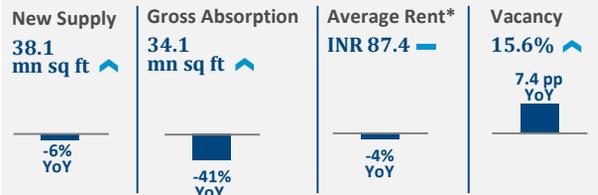
**FSI refers to the maximum area that can be constructed on a plot of land and is determined by the local government for each area

For further details, please see Colliers' report:



- **India's financial stimuli steering realty**
(21 December, 2020)

Office Market Snapshot



Key Demand Drivers



*per sq ft per month

Demand picked up in H2 2020 with gross absorption rising 25% over H1 2020.

Occupiers gained confidence to finalize deals that were stalled during the year and have started planning for returning to 'business as normal scenario'.

For further details, please see Colliers' report:



- **Office Market Snapshot 2020** (11 January, 2021)



Philippines – Property Outlook

Colliers believes that developers should continue to adapt to the evolving preferences of investors and tenants to survive in a property market that has been redefined by the pandemic.

Recommendations

In our opinion, developers should continue converting and repurposing assets to take advantage of opportunities brought about by a lockdown economy. We recommend that developers and tenants continue to monitor opportunities in the market especially with the government-projected economic rebound in 2021. In our view, office landlords should be proactive in offering alternative leasing schemes to tenants while mall operators and retailers should ramp up omnichannel strategies to take advantage of pent up demand. Condominium developers should be on the lookout for attractive sites and price segments.

For further details, please see Colliers' report:



- **Philippine Property Outlook | Gearing up for an economic rebound in 2021** (23 December, 2020)

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