

Talking Points

For further details, please see Colliers' report.

North China – Tech Occupiers

Tech occupier expansion was the key factor pushing Beijing's Q1 2021 office net absorption to a 10-year quarterly high.

67% of the top 150 tech occupiers choose business parks (BPs), with 72% choosing Beijing's northwest and northeast submarkets.

Recommendations

With tech occupiers choosing business parks and a few select submarkets, we recommend that landlords:

- Proactively pursue key tech occupiers and lock them in as anchor tenants.
- Enrich their projects' appeal by improving facilities like catering, while improving on building electricity supply capacities.

We recommend that tenants:

- Focus on the new projects in the Shangdi and Beijing Road areas to take advantage of high-quality new builds, affordable rents and the existing tech cluster in these areas.

For further details, please see Colliers' report:



Tech Occupiers Code Beijing's Future
(13 May)

Philippines – Office, Retail and Residential, Q1 2021

Office

Colliers saw the highest transaction level in the first quarter since the lockdown began last year. However, the surge in cases in Q1 2021 halted the gains. In our view, Metro Manila's office market demand recovery hinges on the pace of

the Covid-19 vaccination program. Increasing vaccinations should reduce the number of Covid cases and bolster confidence for companies to return to the office.

Recommendations

Colliers encourages tenants to:

- Assess their revival and growth prospects to take advantage of tenant-favourable office market (e.g. blend-and-extend.)
- Consider short-term lease options (e.g. one to two-year terms or flexible workspace) to tide over space needs in an uncertain period.
- Implement the hub-and-spoke strategy to tap new labor sources and reduce real estate costs.
- Employ flight-to-value and/or flight-to-quality strategies.

Retail

No new retail space was completed in Q1 2021. Colliers expects lockdowns in Metro Manila and subdued consumer confidence to push retail vacancy to 16%, the highest since 2002. We expect demand slowdown and closure of physical stores to keep rents on a downward trend before a slow recovery begins by 2023.

Recommendations

- Landlords to be more flexible to tenant requests for concessions
- Develop alternative dining strategies and repurpose vacant retail space
- Meanwhile, we encourage retailers to maximize the use of technology and explore the roll-out e-wallets, messaging applications, and self-checkout schemes to boost demand across Metro Manila.

Residential

Pandemic-induced disruptions have altered the Philippine economy and the property sector. Weak office leasing demand contributed to subdued residential demand. We expect this to result in further price and rental correction.

Colliers expects a recovery in new supply in 2021, as developers are already exploring the viability of new project launches in key areas across Metro Manila.

The government's vaccination programme is providing a glimmer of hope, and economic recovery should also provide a much-needed boost to local investor and end-user demand.

Recommendations

In our view, developers should further test demand in the luxury market and become more innovative with promotions and incentives.

For further details, please see Colliers' reports:

 [Colliers Quarterly | Property Market Report | Q1 2021 | Philippines](#) (30 April)

Australia: Office

Metro office

Colliers Deal Activity Q1 2021 (by Area)

Leasing activity has started to gather pace through 2021 with 162 deals across both CBD and non-CBD markets. Of these, 84 deals were signed in the CBD and 78 across non-CBD markets. However, deal activity is not yet showing any clear signs of decentralisation or centralisation and hub and spoke has yet to play out. Relocation activity is happening within markets and a trend of relocation from metro/suburban markets to fringe locations has started to emerge.

Metro Office sales by city

The metro office investment market bounced back in the last quarter of 2020, a sign of improved sentiment in office markets generally. The first quarter of 2021 has been softer with \$457.9 million of sales transacted, however, we expect activity to pick up over the remainder of 2021. Metro markets sales accounted for 44% of the total office transactions in the year to March 2021 compared to 38% over the year to March 2020. Metro markets have remained an attractive investment with the continued weight of capital looking to be placed in the office sector.

For further details, please see Colliers' report:

 [Metro Office H1 2021 Research & Forecast Report](#) (6 May)

Fund-through office deals

We have seen strong fund-through activity in the Australian office market over the past four years. Colliers have estimated that fund-through deals have facilitated A\$6.8 billion of office sales in Australia since 2017, supporting the construction of nearly 20 new office buildings and adding circa 564,000 sq metres of prime grade office space. Domestic developers and institutions were the most engaged vendors in fund-through deals negotiating institutional capital for a total of A\$4.3 billion, equivalent to 63% fund-through transactions since 2017.

For further details, please see Colliers' report:

 [Fund-through office deals - An effective approach to support flight to quality](#) (28 April)

Federal Budget Overview

The 2021/2022 Federal budget announcement last night has focused on supporting continued economic growth in Australia as it shifts beyond the initial recovery phase from the impacts of the pandemic.

- Australia's labour markets have already surprised on the upside and the further creation of jobs and the support of an increase in workforce participation is expected to underpin steady demand for real estate moving forward.
- A focus on the digital economy and technology sector is a clear initiative by government to put Australia in good standing as a destination for high-tech businesses to locate, and a place to develop emerging technologies.
- A large infrastructure spend continues with the governments plan to improve roads and freight networks, particularly now that supply-chain optimisation has become a key focus since COVID-19. This will also create 30,000 jobs across every State and Territory.

For further details, please see Colliers' report:

 [Federal Budget Overview](#) (12 May)



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