

# Talking Points

For further details, please see Colliers' report:

## East China: Investment

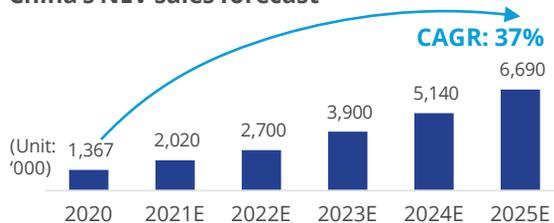
### New Energy Vehicles

China has pledged to become carbon neutral by 2060. Accelerating transport electrification is one of the ways in which China can reduce carbon emissions. China is also the largest NEV market with an end-to-end supply chain. The government is currently planning to quintuple the NEV penetration rate over the next five years.

### Recommendations

- Retailers should target NEV showrooms to diversify their tenant mix, offer a new customer experience, and enhance the market perception of their properties.
- High-spec workshops in Tier I cities are in short supply and local governments should make accommodations for NEVs, while logistics landlords should proactively target this segment.
- Office landlords should also target this segment as NEVs require increasing R&D investment, so demand for offices and Business Parks (BPs) should rise. BP landlords and R&D centers should incorporate research functions to serve the actual needs of the NEV supply chain.

### China's NEV sales forecast



Source: China Association of Automobile Manufacturers, China International Capital Corporation (CICC), Colliers

For further details, please see Colliers' report:

 [A Greener Future](#) (31March)

## East China: Office and Business Park

### Office Q1

In Q1 2021, Shanghai's office market continued to show healthy signs of a rebound from Q4 2020, with continued excellent net absorption performance and a rapid rebound of confidence.

Professional services, TMT, and the financial sectors remained the top three demand drivers and continued to outperform other sectors during the quarter as rent declines continued to slow.

### Recommendations

- We recommend tenants take this opportunity to use a blend and extend strategy; ie. negotiating lower rents in exchange for longer-term commitments.

For further details, please see Colliers' report:

 [Demand Sees Substantial Rebound with Rising Market Confidence](#) (2 April)

### Business park Q1

In Q1 2021, demand for Shanghai business parks was strong and rents bottomed out. We foresee rental momentum to continue moving upward, thus we recommend occupiers who are relocating or expanding in core submarkets to consider long-term leases in order to lock in the currently favorable rents.

For further details, please see Colliers' report:

 [Rents Bottoming Out, Underpinned By Solid Demand](#) (6 April)

## Singapore: Commercial & Office

### Commercial: Shophouse and strata offices

The rising affluence of Asia and Singapore's increasing popularity as a wealth management hub for family offices should drive demand for small to medium-sized real estate investments such as shophouses and strata offices.

Currently yielding about 2.0-3.0%, shophouses offer flexibility of property type usage, management autonomy for occupiers, and unique vintage value.

Strata offices offer investors exposure to the attractive Singapore office market at a palatable entry quantum. Notably, average CBD capital values grew at a 4.5% CAGR since the last trough in 2009 to 2020.

### Recommendations

- We recommend investors unlock value in shophouses by redesigning or repurposing their usage, and ride the office upcycle via ownership of prime strata offices.

*For further details, please see Colliers' report:*

 [City Gems](#) (30 March)

### Office Q1

CBD Grade A rents stabilized at SGD9.54 (USD7.08) per sq ft (-0.3% QOQ) in Q1 2021, as net absorption turned positive after two consecutive quarters of contraction.

New demand continued to be led by the technology sector, tightening vacancy to 5.0% from 5.2% in Q4 2020. Meanwhile, we expect increased take-up from the flexible workspace sector going forward as key operators expand at a moderate pace.

Capital values stayed flat sequentially in Q1 2021 at SGD2,436 (USD1,808) per sq foot, as transaction volumes stay muted, falling 28.0% QOQ excluding REIT mergers.

### Recommendations

- We recommend occupiers to lock in leases early as rents hit an inflection point. Owners should redevelop older properties into mixed-use developments to unlock value.

*For further details, please see Colliers' report:*

 [Office Rents Pivot | Office Q1 2021](#) (6 April)

## Taiwan: Industrial and Logistics Property

We expect technology improvements and changing shopping habits to support the transformation of the logistics market.

- Cold-chain logistics: we recommend retail and distribution groups cooperate with 3PLs to strength their cold-chain networks.
- Specialized-function warehouses: we recommend adopting cloud data analysis and AI systems to increase competitiveness.
- Online streaming sales: express delivery to drive demand for city-level and small delivery terminals.
- Taoyuan, Taichung and Tainan cities are our preferred warehousing destinations, taking advantage of transport access.

### Recommendations

In 2020, increased digitalization and remote working drove demand for cloud computing. Regarding colocation and self-built data centers:

- We recommend operators building their own data centers choose central and southern Taiwan for lower land acquisition and operating costs.
- We recommend colicators select idle industrial land or factories in northern Taiwan with the emphasis on stable income and providing quick customer service.

*For further details, please see Colliers' report:*

 [Logistics Demand Growing Data Centers Promising](#) (24 March)

## Hong Kong: Investment

We expect office rents and prices to remain under pressure in H1 2021 before bottoming out mid-year, followed by a more stable H2 before rebounding again from 2022 onwards, assuming that Covid is under control within the first half of 2021.

We believe that now is a good time for buyers to explore opportunities in the strata-title office sector:

- End-users with long term real estate needs should explore acquisition options, as office prices and rents could rebound quickly in core locations once the market recovers.

- Investors pursuing office sector exposure in Hong Kong, but had previously found it too expensive, should seize this window of opportunity to enter the market.
- Investors looking for offices with smaller lumpsum transaction values should consider areas in Kowloon, which offers more options and attractive pricing.

*For further details, please see Colliers' report:*

 [Calling the bottom of the office market in 2021](#) (7 April)

## North China: Beijing Office Q1

The strong demand recovery comes from: the rapid macro-economic recovery, the continuing expansion of financial and technology companies and the release of pent-up demand restrained by COVID-19.

In 2021, we expect the market will still see supply exceed demand, and we expect the vacancy rate will increase further.

### Recommendations

- We recommend landlords to lock in key tenants like financial and technology companies and give them discounts in advance.
- We recommend tenants to focus on new projects in the CBD and Lize for their combination of location and value.

*For further details, please see Colliers' report:*

 [Quarterly Net Absorption Reaches 10-year Quarterly High](#) (9 April)

## South China: Guangzhou Office Q1

The economy picked up steam in Q1, contributing to a record-high absorption total of 227,800 sq metres (2.5 million square feet). We recommend landlords target large occupiers in the TMT and finance sectors to help attract related companies.

### Recommendations

- We recommend landlords in Tianhe North Sports Centre (TNSC) offer flexible lease terms to secure tenants.
- We expect rents to rise gradually after 2022 as new supply decreases. We suggest tenants consider new office buildings this year to lock in favorable lease terms.

*For further details, please see Colliers' report:*

 [Leasing Transactions Continue To Grow As Economy Accelerates](#) (9 April)

## Korea: Office Q1

In Q1 2021, private sector relocation decisions postponed from the previous year led to a rise in leasing demand and stabilization in vacancy rates. Tech tenants expanded significantly and were a driver of overall leasing demand.

- With decreasing new supply in the market, we advise occupiers to leverage tenant-favourable market conditions and negotiate longer leases and rent-free periods.
- As tech tenants continue to prefer the Gangnam submarket where vacancy is the lowest, we recommend that tenants who want better rental conditions and incentives should consider relocating to the CBD or YBD areas instead of the GBD area.

*For further details, please see Colliers' report:*

 [Vacancy is Stabilizing Due to Strong Demand for Office Relocations and the Expansion of Tech Tenants](#) (9 April)

## Philippines: GDP

The Philippines' GDP contracted by 9.5% in 2020, the country's worst economic performance since World War II.

Colliers believes that a government-projected economic recovery in 2021, albeit slow, is likely to support the growth of the property development sector.

In our view, we recommend office landlords and condominium developers continue seizing opportunities in the market, especially with remittances from overseas Filipinos likely to grow by 4% in 2021 and office tenants willing to implement split operations and hub-and-spoke leasing schemes. Firms providing essential goods and services such as e-commerce, are likely to lead office space take-up in 2021.

Meanwhile, mall operators should consider repurposing brick-and-mortar spaces vacated by retailers.

Colliers believes that a successful rollout of the COVID-19 vaccine will play a crucial role in the country's economic recovery.

*For further details, please see Colliers' report:*

 [Slow Economic Recovery to Buoy Property](#) (24 March)

## Australia: Industrial and Logistics, Retail Capital Markets

### Industrial and Logistics

Against a backdrop of changing economic conditions, Australian industrial and logistics assets remain well sought after with AUD5.49 billion trading in 2020 (>AUD10 million), up 11.5% from 2019.

Two key themes have emerged in 2020 – flight to quality and sale and leaseback transactions. Shifting market dynamics have forced groups to reassess risk and chase security and as a result, prime assets have been highly sought after. Similarly, corporates who own their warehouses are increasingly taking advantage of strong market fundamentals via a sale and leaseback strategy.

AUD5.49 billion of industrial and logistics assets was traded in 2020, up 11.5% from the level recorded in 2019. While volumes have increased, there was a 26.9% fall in the number of assets to trade over the year. In 2020, 106 assets were traded, down from 145 in 2019.

By state, the East Coast states captured 91.6% of investment volumes in 2020, up from 85.0% in 2019. Victoria accounted for the largest share at 37.7% despite the strict COVID-19 lockdown restrictions imposed on the state.

*For further details, please see Colliers' report:*

 **Capital Market – Industrial & Logistics**  
(23 March)

### Retail Property Sales

A total of AUD4.26 billion in retail assets transacted in Australia throughout 2020. This is down 39% YOY and represents the lowest total transaction value for the retail investment market since 2011.

Neighbourhood centre sales accounted for the largest dollar share of the retail investment market with AUD1.50 billion trading in 2020. This is down 1% YOY.

### Australian Retail Investment Snapshot

In 2020 the retail investment market saw a total of 83 transactions with an average deal price of AUD51 million. This is slightly above the 11-year average of AUD50 million per deal and well below the 3-year average of AUD60 million per deal.

National transaction activity totalled \$4.26 billion. New South Wales accounted for the largest dollar share of investment with AUD1.94 billion in sales. This represents 45% of the total retail investment market. Victoria recorded AUD962 million in sales, representing the lowest on record since 2016 due to the State's lockdown restrictions.

### Purchaser Type

Institutional investors were the most active purchaser group, accounting for 52% of total retail transactions. Year on year, this was a slight increase from 2019 levels, which saw the institutional market share at approximately 41%.

*For further details, please see Colliers' report:*

 **Capital Markets – Retail** (23 March)



## For further information, please contact:

### Sam Harvey-Jones

Managing Director | Occupier Services | Asia  
+852 2822 0509  
[Sam.Harvey-Jones@colliers.com](mailto:Sam.Harvey-Jones@colliers.com)

### Abhishek Bajpai

Managing Director | Corporate Solutions | Asia Pacific  
+65 6531 8546  
[Abhishek.Bajpai@colliers.com](mailto:Abhishek.Bajpai@colliers.com)

### Terence Tang

Managing Director | Capital Markets & Investment Services | Asia  
+65 6531 8565  
[Terence.Tang@colliers.com](mailto:Terence.Tang@colliers.com)

### Tammy Tang

Managing Director | China  
+86 21 6141 3625  
[Tammy.Tang@colliers.com](mailto:Tammy.Tang@colliers.com)

### Richard Shen

Managing Director | East China  
+86 21 6141 3600  
[Richard.shen@colliers.com](mailto:Richard.shen@colliers.com)

### Charles Yan

Managing Director | North China  
+86 10 8518 1593  
[Charles.Yan@colliers.com](mailto:Charles.Yan@colliers.com)

### Alan Fung

Managing Director | South China  
+86 20 3819 3998  
[Alan.Fung@colliers.com](mailto:Alan.Fung@colliers.com)

### Nigel Smith

Managing Director | Hong Kong SAR  
+852 2822 0508  
[nigel.smith@colliers.com](mailto:nigel.smith@colliers.com)

### Wei Leng Tang

Managing Director | Singapore  
+65 6531 8688  
[Weileng.Tang@colliers.com](mailto:Weileng.Tang@colliers.com)

### June Chua

Executive Director and Head | Tenant Representation | Singapore  
+65 65318653  
[june.chua@colliers.com](mailto:june.chua@colliers.com)

### Jerome Wright

Senior Director | Capital Markets | Singapore  
+65 6531 8683  
[jerome.wright@colliers.com](mailto:jerome.wright@colliers.com)

### Andrew Liu

Managing Director | Taiwan  
+886 2 8722 8600  
[andrew.liu@colliers.com](mailto:andrew.liu@colliers.com)

### Robert Wilkinson

Managing Director | Korea  
+82 2 6325 1901  
[Robert.Wilkinson@colliers.com](mailto:Robert.Wilkinson@colliers.com)

### Richard Raymundo

Managing Director | Philippines  
+63 2 8858 9028  
[Richard.Raymundo@colliers.com](mailto:Richard.Raymundo@colliers.com)

### Gavin Bishop

Head of Industrial Capital Markets | Australia  
+61 401 146 051  
[Gavin.Bishop@colliers.com](mailto:Gavin.Bishop@colliers.com)

### Lachlan MacGillivray

Head of Retail, Investment Services | Australia  
+61 413 053 919  
[Lachlan.MacGillivray@colliers.com](mailto:Lachlan.MacGillivray@colliers.com)

## Contact details (Research)

### Andrew Haskins

Executive Director | Research | Asia  
+852 2822 0511  
[Andrew.Haskins@colliers.com](mailto:Andrew.Haskins@colliers.com)

### Rakesh Kunhiraman

Senior Director | Research | Asia  
+65 6531 8569  
[Rakesh.Kunhiraman@colliers.com](mailto:Rakesh.Kunhiraman@colliers.com)

### Joanne Henderson

National Director | Research | Australia  
+61 2 9257 0286  
[Joanne.Henderson@colliers.com](mailto:Joanne.Henderson@colliers.com)

### Luke Crawford

Associate Director | Research | Australia  
+61 2 9257 0296  
[Luke.Crawford@colliers.com](mailto:Luke.Crawford@colliers.com)

### Chris Dibble

National Director | Colliers Partnerships, Research & Communications | New Zealand  
+64 9 357 8638  
[Chris.Dibble@colliers.com](mailto:Chris.Dibble@colliers.com)

## About Colliers

Colliers (NASDAQ, TSX: CIGI) is a leading diversified professional services and investment management company. With operations in 67 countries, our more than 15,000 enterprising professionals work collaboratively to provide expert advice to real estate occupiers, owners and investors. For more than 25 years, our experienced leadership with significant insider ownership has delivered compound annual investment returns of almost 20% for shareholders. With annualized revenues of \$3.0 billion (\$3.3 billion including affiliates) and \$40 billion of assets under management, we maximize the potential of property and accelerate the success of our clients and our people. Learn more at [corporate.colliers.com](http://corporate.colliers.com), Twitter [@Colliers](https://twitter.com/Colliers) or [LinkedIn](https://www.linkedin.com/company/colliers).

## Legal Disclaimer

This document has been prepared by Colliers for advertising and general information only. Colliers makes no guarantees, representations or warranties of any kind, expressed or implied, regarding the information including, but not limited to, warranties of content, accuracy and reliability. Any interested party should undertake their own inquiries as to the accuracy of the information. Colliers excludes unequivocally all inferred or implied terms, conditions and warranties arising out of this document and excludes all liability for loss and damages arising there from. This publication is the copyrighted property of Colliers and /or its licensor(s). © 2021. All rights reserved. This communication is not intended to cause or induce breach of an existing listing agreement.