



TALKING POINTS

COLLIERS INTERNATIONAL | APAC
Research Insights | 2 February 2021



Singapore – Outlook 2021, Investment Q4 2020 and Office Market Q4 2020

Outlook

We see three key themes driving the Singapore property market in a COVID-normal 2021.

Recovery. An economic rebound widely expected in 2021 should lift most property sectors. Retail rents fell 15% in 2020 and could stabilise in 2021, while hotels could see RevPAR recover to 72% of pre-COVID levels in Q4 2021.

Sustainability. Occupiers and Investors should place high priority on Sustainability and ESG (Environment, Social and Governance) considerations for building selection.

Flexibility. Occupiers should increasingly gravitate towards flexible workspace components. Investors could tap incentives to redevelop older properties in the CBD, while developers should incorporate technology, wellness and multi-functional space in residential developments.

For further details, please see Colliers' report:

 **- Singapore Market Outlook 2021** (29 January)

Investment Q4 2020

Singapore investment sales in Q4 trebled QOQ and doubled YOY to SGD14.4bn (USD10.9bn) mainly on a REIT merger. The strong momentum in H2 2020 buoyed the full year 2020 to SGD24.7bn (USD18.7bn), falling 16.7% YOY.

Investors continued to focus on commercial assets as FY2020 volumes grew 8.8% YOY, making up 52% of 2020 transactions.

Shophouses are the only other sector to grow in COVID-struck 2020. Industrial volumes fell from a high base in 2019.

We expect investment sales to grow 20% in 2021 to SGD29.7 billion. We recommend investors focus on assets with long term growth drivers, such as CBD office buildings with income or redevelopment potential, high-specs business space, logistics assets and shophouses.

For further details, please see Colliers' report:

 **- A Strong Recovery Expected in 2021 | Investment Sales Q4 2020** (25 January)

Office

CBD Grade A rents declined 2.1% QOQ in Q4 2020 and 5.4%* for the full year to SGD9.57 (USD7.24) per sq foot, on weak global economic conditions. We forecast rents to grow 5.5% by the end of 2021, on an eventual economic rebound and benign supply.

We forecast new demand in 2021 to be driven by the technology sector. Meanwhile, Q4 2020 CBD Grade A vacancy of 5.2% (+1.8pp YOY) could tighten over the next two years on muted supply and demand recovery.

Capital values declined 3.4%* in 2020 to SGD2,436 (USD1,843) per sq foot as transaction volumes fell 61% YOY excluding mergers.

We recommend occupiers to leverage on current market weakness to lock in leases. Landlords should redevelop older properties into mixed-use developments to unlock value.

For further details, please see Colliers' report:

 **- Poised For A Gradual Recovery** (14 January)

*Adjusted for any change in basket of properties.



East China – Market Outlook 2021

In 2021, the economic recovery looks inspiring. We expect the demand from all sectors to rebound strongly, especially in the logistics and business park sectors.

We estimate office supply in 2021 and 2022 will peak, exceeding two million sq metres per annum. Thus, we forecast rents will probably be under pressure as vacancy reaches a record high.

We expect technology occupiers will lead demand and dominate markets, helping determine rents, incentives, and deal structures.

Landlords should use creative leasing strategies to secure occupancy, with more emphasis on the finance, TMT, professional services and ecommerce sectors as they seek to expand.

For further details, please see Colliers' report:



- **Strong rebound in 2021** (22 January)



Hong Kong – Market Outlook 2021

COVID-19 will likely continue to impact Hong Kong's economy at the start of 2021. We expect a gradual recovery of demand from H2 2021, backed by a more stable market, the rollout of the COVID-19 vaccine in H1 and China's economic recovery.

Office: Tenants should leverage the bottoming out of rents in H1 to lock in lower-for-longer occupancy costs.

Industrial: The rise of tech and e-commerce are pointing to growth prospects in cold storages and data centres.

Retail: We believe retail sales will likely rebound from last year's low base once the border reopens with China.

Investment: Investors should buy in 2021, before prices rebound from 2022 onwards.

For further details, please see Colliers' report:



- **Hong Kong Market Outlook 2021** (26 January)



India – Investment

Economic Indicators

	Q4 2019	Q4 2020	Q4 2021F
Annual GDP Growth Rate	4.9%	-7.4%	8.8%
Inflation Rate (%)	3.7	6.8	4.6
Unemployment (%)	6.0	11.4	7.3
Repo Rate ¹ (%)	5.2	4.0	—
Exchange Rate (USD to INR)	70.4	74.1	73.1

During 2020, private equity investments into the Indian real estate sector declined 23% from 2019. At this juncture, investors are also eyeing alternate assets, as well as projects that require last-mile funding. Investment firms and global developers are undertaking development risks in India and constructing office parks.

Recommendations

We recommend investors fund stalled projects in the final stages of construction. These projects mitigate risks as project approvals are already in place.

We also recommend investors focus on logistics and data center assets to take advantage of the growth in these sectors by converting them into a Real Estate Investment Trust (REIT) offering.

For further details, please see Colliers' report:



- **Investment confidence remains intact** (28 January)

Source: Oxford Economics, The Reserve Bank of India, Bombay Stock Exchange
¹The rate at which the Reserve Bank of India lends short term funds to banks



Taipei – Office Market Q4 2020

In 2020, Taiwan showed resilient economic growth. With COVID-19 minimally impacting Taipei's office market and relatively stable business operations, we saw 2% annual rental growth.

Looking ahead, with lingering uncertainty surrounding the pandemic and an uncertain global economy, we expect the expansion or relocation of multinational companies to slow down in 2021.

Recommendations

We recommend landlords start pre-leasing one to two years before building completion. 2023 should be a watershed with the heavy new supply from 2023-2025. Focus on the increasing demand from tech and biotechnology occupiers.

We recommend occupiers prepare plans for split office operations to adapt to the new workstyle as the pandemic subsides.

For further details, please see Colliers' report:



- Stable market outlook in 2021
(21 January)



Korea – Office Market Q4 2020

Expansion demand will probably decrease due to the uncertain economy. Compared to 2020, the amount of new supply in 2021 is limited, stabilizing the vacancy rate.

We recommend occupiers looking in the GBD area consider newly available space as large companies relocate out of Gangnam.

We recommend tenants proactively negotiate for benefits in the YBD. With quality buildings offering rent-free periods, demand was active as financial tenants moved their headquarters to new buildings. Despite new supply in the YBD and several major corporations moving out of the CBD, vacancy decreased only slightly in Q4 due mainly to financial tenants relocating to large buildings, and the continuous tech expansion.

For further details, please see Colliers' report:



- Stable leasing market despite new supply
(21 January)

For further information, please contact:

Tang Wei Leng

Managing Director | Singapore
+65 6531 8688
weileng.tang@colliers.com

Tammy Tang

Managing Director | China
+86 21 6141 3625
Tammy.Tang@colliers.com

Richard Shen

Managing Director | East China
+86 216141 3600
Richard.Shen@colliers.com

Nigel Smith

Managing Director | Hong Kong SAR
+852 2822 0508
nigel.smith@colliers.com

Sankey Prasad

Chairman & Managing Director | India
+91 98 4526 8442
Sankey.Prasad@colliers.com

Piyush Gupta

Managing Director, Capital Markets & Investment Services | India
+91 98 2032 1806
piyush.gupta@colliers.com

Andrew Liu

Managing Director | Taiwan
+886 2 8722 8600
Andrew.liu@colliers.com

Robert Wilkinson

Managing Director | Korea
+82 2 6325 1901
Robert.Wilkinson@colliers.com

Contact details (Research)

Andrew Haskins

Executive Director | Research | Asia
+852 2822 0511
Andrew.Haskins@colliers.com

Rakesh Kunhiraman

Senior Director | Research | Asia
+65 6531 8569
Rakesh.Kunhiraman@colliers.com

Joanne Henderson

Director | Research | Australia
+61 2 9257 0286
Joanne.Henderson@colliers.com

Luke Crawford

Associate Director | Research | Australia
+61 2 9257 0296
Luke.Crawford@colliers.com

Chris Dibble

National Director | Colliers Partnerships, Research & Communications | New Zealand
+64 9 357 8638
Chris.Dibble@colliers.com

About Colliers International

Colliers International (NASDAQ, TSX: CIGI) is a leading real estate professional services and investment management company. With operations in 68 countries, our more than 15,000 enterprising professionals work collaboratively to provide expert advice and services to maximize the value of property for real estate occupiers, owners and investors. For more than 25 years, our experienced leadership, owning approximately 40% of our equity, has delivered compound annual investment returns of almost 20% for shareholders. In 2019, corporate revenues were more than \$3.0 billion (\$3.5 billion including affiliates), with \$33 billion of assets under management in our investment management segment. Learn more about how we accelerate success at corporate.colliers.com, [Twitter](#) or [LinkedIn](#)

Copyright © 2020 Colliers International

The information contained herein has been obtained from sources deemed reliable. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report.