

# TALKING POINTS

COLLIERS INTERNATIONAL | ASIA

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## India - Office

Starting 18 May 2020, we are seeing lockdown restrictions being lifted in a phased manner across cities in India. Hence, occupiers are focusing on health and wellness strategies to manage workplaces.

### Recommendations

#### Gradual return of full employee strength in offices:

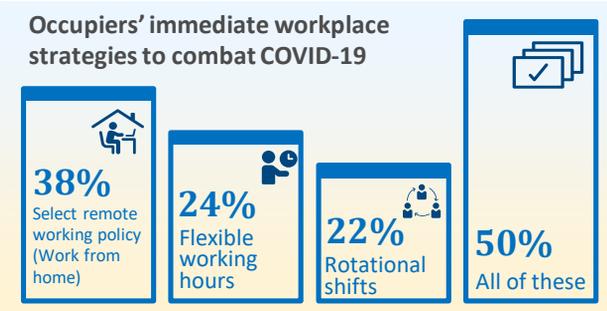
Occupiers have adopted remote working policies for the majority of employees. Further, we recommend prioritizing a safe work environment as occupiers begin re-populating offices gradually.

**Redesign of workspaces:** Occupiers should revisit their density plans and evaluate options to adhere to social distancing guidelines keeping employee wellness at the core.

**Acceleration of technology adoption:** We recommend data privacy and effective communication be prioritized in the current virtual office environment. About 60% of occupiers plan to accelerate technology adoption in order to reduce the need for physical business meetings.

#### Leasing likely to show signs of recovery in H1 2021:

We expect de-densification coupled with occupiers' expansion plans to offset the likely decline in leasing activity due to the economic slowdown caused by COVID-19.



Source: Colliers International

For further details, please see Colliers' report:

- Colliers Flash - Occupiers Revisiting Workplace Density Plans (2 Jul)



## Beijing - Office

The impact of the pandemic has weakened significantly, and market demand gradually recovered in Q2 2020. The rate of decline in rents has slowed down.

### Recommendations

**Landlords:** The market is still a tenants' market. We recommend landlords maintain a flexible rental policy to further stabilize the occupancy rate.

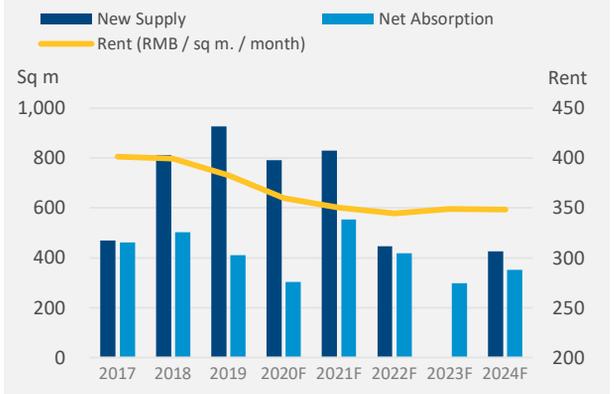
**Tenants:** We recommend tenants with high-quality requirements to choose new projects in CBD areas, while price-sensitive tenants should pay more attention to the Lize submarket.

The number of transactions started increasing, with positive net absorptions in Q2 2020.

### Select future supply

Project	Sub-market	Planned Leasable Space (sq m)	Opening
Samsung Tower	CBD	100,000	2020 Q2
Lize Ping'an Fin. Ctr.	Lize	210,000	2020 Q3
Zhaotai Int'l Ctr. II	CBD	84,000	2020 Q3
Sino-Ocean Lize project	Lize	108,000	2020 Q4

### New supply, Net Absorption and Rent, 2017 - 2024



Source: Colliers International

For further details, please see Colliers' report:

- Beijing 2020 Q2 - Office: Market Demand Gradually Recovering From Pandemic (30 Jun)



## Japan - Office

A sudden shift to mandate working from home (WFH) with COVID-19 has significantly affected the way people work and will likely effect how office space is used in the future. While government surveys indicate that the nature of office demand will likely change, the success of a new distributed working environment depends on designing an adequate digital office environment infrastructure.

### Recommendations

**Occupiers:** Understand the government guidelines before introducing flexible work arrangements.

Calculate the new space requirements depending on desired density and office attendance requirements.

Reassess Business Continuity Planning by identifying mission critical functions in the context of tentative and longer timeframes.

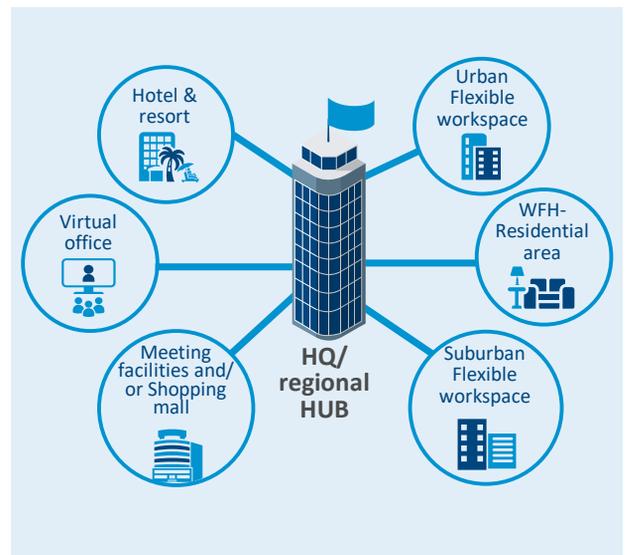
**Investors / landlords:** Focus on building quality to promote the sense of belonging among tenants.

Prepare for a distributed work environment with anticipated shift in location preference. Consider core plus investment for satellite locations.

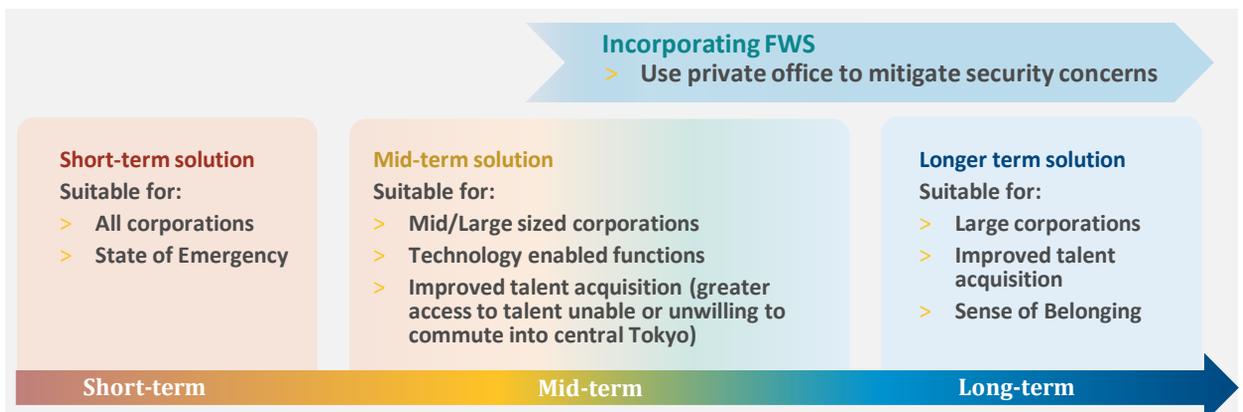
**Recommendations to achieve desired density in future offices: Expand and distribute – a hub & spoke arrangement**

Office configuration and density are two major issues as employees return to the office. Once occupiers determine the density standards, they should also provide additional workspace and/or satellite locations by balancing public health concerns with related cost.

**Employees should then be able to choose their desired work locations:**



### ADD WORKPLACE FLEXIBILITY TO EXPAND OFFICE CAPACITY



For further details, please see Colliers' report:

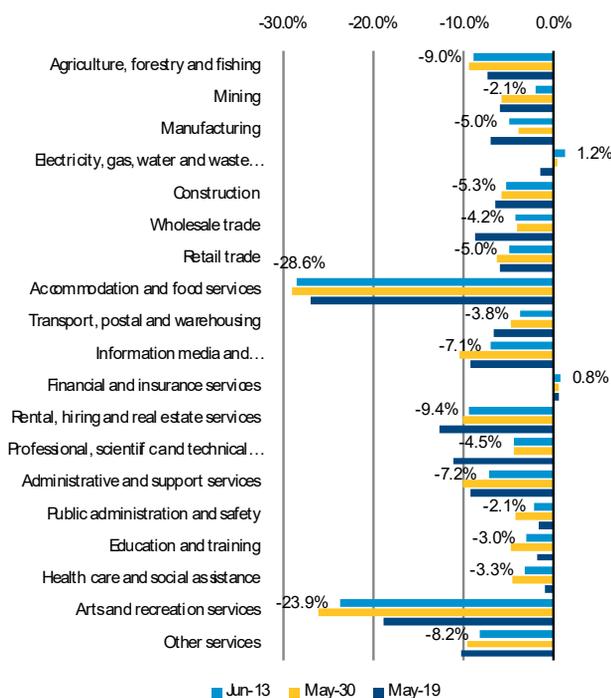
 - Colliers Radar - Reduce, expand or maintain? (2 Jul)



## Australia - Economy, Office, Industrial, Retail

### Economic and regulatory updates

- The ABS Household Survey was released this week and has shown an improvement in the number of respondents which were reporting having a job (64.5% vs 63.2% in mid-May). This is suggesting a rebound in jobs as restrictions start to be lifted.
- The household survey shows that most people are expecting to spend more on eating out, entertainment, car costs and personal care. Travel spending is also expected to lift with 55% expecting to travel once restrictions were lifted.
- Payroll data released this week is starting to show a recovery in job losses through June, although the rate has stabilised through the month. Victoria and Tasmania have seen the greatest level of job losses with WA and the NT fairing better.



### Office

- A Dexus survey of C-suite executives showed that 79% of those surveyed expect that most staff will return to office for most days of the week.
- Colliers International has listed 262 Castlereagh Street, Sydney on behalf of the Returned and Services League of Australia.

- WeWork has opened a new office in Brisbane this week with plans to open a further two offices in Sydney in the coming months. This is despite foot traffic in its offices being down to 25% of pre-COVID-19 levels.
- Our South Australian office leasing team has seen the highest level of enquiry in four years for the month of June. This has been driven by 0-500 sqm tenants in Government, Education & Training and Business Services.

### Industrial

- Amazon Australia has announced a 20-year pre-commitment within the Oakdale West Estate at Kemps Creek (Western Sydney). The estate is held in a 50:50 JV between Brickworks and Goodman and will represent Amazon's first robotics fulfilment centre in Western Sydney. The fulfilment centre will have a total floor area of approximately 200,000 sqm across four levels and is scheduled for completion in late 2021.
- Logistics group ESR has launched a \$1bn develop-to-hold fund, known as the ESR Australia Development Partnership (EADP), with third-partner capital partner GIC committing to \$400m as the cornerstone investor. EADP will focus on strategically located sites that benefit from infrastructure or proposed infrastructure upgrades in the eastern seaboard cities of Sydney, Melbourne and Brisbane.

### Retail

- David Jones is expected to put their \$1 billion property portfolio to the market, which includes the flagship properties in Melbourne and Sydney.
- Temple and Webster, the online furniture retailer has announced a \$40 million capital raising to allow the company to capitalise on future opportunities.
- Children's clothing Group, Pavement and swim wear group Seafolly have been placed into administration.
- Alphabeta data is showing total spending has returned to normal levels for the first time since prior to the crisis. There is a continued improvement in discretionary spending which is above normal levels.

For further details, please see Colliers' report:

 - Colliers Radar – Weekly Real Estate Update (3 Jul)

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