

Talking Points

Singapore – Investment sales Q2

H1 2021 investment sales (excluding GLS1 and REIT mergers) grew 33% HOH and 171% YOY to SGD9.6 billion, returning to pre-Covid levels (H1 2020: SGD3.5 billion, H1 2019: SGD8.9 billion), as investors took a long-term view amid more restrictive COVID-19 measures.

Industrial remains a star segment, with sales surging 105% QOQ in Q2 2021, driven by a REIT privatisation deal and big-ticket property sales. We are positive on the segment, especially B1 light industrial space, given tight supply.

Commercial sales grew by 24% QOQ, driven by a number of major deals, suggesting continued appetite for the segment. We expect recovery in the office sector in H2 2021.

We recommend assets with long-term growth drivers, such as CBD offices with redevelopment potential, high-spec space, logistics assets and shophouses.

For further details, please see Colliers' report:

 **Investment Sales Back to Pre-Covid Levels**
(21 July)

East China – Office and Retail H1

Tier II Office

In H1 2021, the overall office market in Tier II markets continued to recover, with net absorption continuing its steady recovery from H2 2020.

We foresee vacancy rates remaining relatively high in H2 2021. A supply glut in all four cities is likely to keep competition intense.

Landlords continue to offer diversified and flexible leasing options to attract tenants. We recommend tenants take advantage of the current tenant-favourable conditions to plan for long-term renewals or relocation.

Key demand drivers: % of net absorption

	TMT	22%
	Finance	19%
	Professional Services	15%

Retail

Leasing demand in shopping malls was driven by experiential retail formats and new types of stores, such as lifestyle collection stores and multi-function shops. We forecast large, non-prime new supply to limit Shanghai's average rental growth in H2 2021.

Retail property is under-supplied in Tier II cities supply as local economies continued to grow rapidly. We recommend landlords actively prioritize foreign luxury brands and well-known fashion brands to upgrade their tenants' profile.

Key demand drivers: % of net absorption

	F&B	33%
	Lifestyle	32%
	Fashion	12%

For further details, please see Colliers' reports:

 **Demand Rebounded, Rent Stabilized**
(30 July)

 **Retail is Recovering and Diversifying**
(30 July)

Taiwan – Office Q2

Rents increased in Q2 2021 though the vacancy rate rose due to the new supply and some tenants downsizing.

COVID-19 is refining the workplace in Taiwan, and occupiers are gradually adopting a more activity-based working (ABW) office design. With technology supporting the ability to work remotely, occupiers are planning strategies to offer workspace beyond a single location. With the lack of large contiguous spaces and increased workplace efficiency, we recommend a hub-and-spoke model or decentralization.

For further details, please see Colliers' report:



Local Covid Outbreak Slows Leasing Activities; Sentiment for Future Rental Growth is Limited (22 July)

Philippines – Office, Residential, Hotel and Industrial Q2

Office

We believe that office market recovery will primarily hinge on vaccination progress and the further easing of the reopened economy.

We encourage landlords and tenants to:

- Determine the optimal level of split operations and execute on these plans for a safer working environment
- Implement flight-to-value and flight-to-quality measures
- Explore fully fitted and flexible workspaces for tenants' immediate space requirements

Industrial

We believe that the industrial sector will thrive beyond 2021 as we see recovery in both local and global demand sustaining the growth of e-commerce, domestic manufacturing and the export sectors.

We encourage developers to consider divesting industrial assets into their respective REIT vehicles; expand cold storage assets; modernize warehouses; monitor the demand for built-to-suit facilities; and continuously monitor government incentives for firms bridging the supply gap for cold chain assets, which may include tax breaks.

Residential

We expect recovery in residential take up in 2022 on the back of a rebound in office leasing; macroeconomic recovery; sustained remittances from Filipinos working abroad; competitive mortgage rates; and a pickup in business and

consumer sentiment. An accelerated vaccination programme across the Philippines should support these factors and encourage more businesses to reopen and expand.

Aside from lining up more launches to maximize pent-up demand, developers should be aggressive in utilizing online platforms and improving amenities by incorporating co-working spaces to cater to the market's discerning preferences.

Hotel

We expect office demand to improve in H2 2021, as the leasing demand from mainland finance occupiers should further pick up, particularly in iconic buildings such as IFC and ICC.

We recommend occupiers to look for buildings in core locations managed by premium landlords, given the current attractive rentals as flight-for-quality will likely be an emerging trend in H2 2021.

For further details, please see Colliers' report:



Property Market Report | Q2 2021 (30 July)

Australia – Logistics

The Australian industrial and logistics sector is entering a new era as warehouse demand reaches record highs. In response to changing consumer preferences, space requirements have evolved substantially and will continue to do so as occupiers embrace automation and technology solutions within their warehouse space.

Structural changes such as demographic and consumer preferences, e-commerce, supply chain optimisation and automation have fuelled growth in industrial and logistics demand over the past decade. In addition, the manufacturing sector in Australia has been brought back into the spotlight and warehouse demand from certain subsectors including food and pharmaceutical has grown considerably.

Going forward, these factors will continue to be a driving force on demand levels with the sector being on the cusp of a new era as e-commerce and automation adoption drives significant tenant commitments in most markets. E-commerce and the retail sector more broadly are expected to have a larger bearing on demand levels over the next five years when compared to the past five years as occupiers move towards automation and invest in their online store platforms.

For further details, please see Colliers' report:



The Future of Logistics Demand – The New Normal (Part One) (22 July)



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