

# TALKING POINTS

COLLIERS INTERNATIONAL | ASIA

Research Insights | 15 December 2020



## APAC – The U.S. Election result and Implications for Global Real Estate - Part Two

### Part Two of a Two-Part Assessment

The outcome of the US presidential election is now known. Democratic challenger and former Vice President Joe Biden will be inaugurated as the 46th president of the United States on January 20, 2021.

In the second part of our series, we examine Biden’s projected policy approaches and the implications for real estate within the US, EMEA and APAC regions. We list the key implications for APAC below.

#### Trade Policy and Climate Change

- Biden expected to repair relations with allies to gain China's adherence to international trade norms
- Tariff threats against US allies such as Japan and India ought to disappear quickly
- Agricultural tariffs on China should be lifted first
- Tariffs on China may be lifted in exchange for cooperation on climate change
- Easing trade tensions should improve business confidence in APAC
- Both the US and China have proposed ambitious carbon neutrality targets; progress on climate change will be a common policy agenda

#### Timing of Countries' Net-Zero Emissions Targets



Source: World Resources Institute

#### Multinational Company (MNC) Presence in Greater China/APAC

- Most MNCs expected to maintain their presence in China, given high long-run growth prospects
- Expect trend of 'China + 1' strategy to persist amongst industrial groups, with supplementary presence in another market (e.g. Taiwan, Vietnam) However, the trend should not accelerate
- Most MNCs likely to stay in Hong Kong SAR as questions about commercial role less likely to intensify now
- Investment in South Korea may increase if Biden pays the peninsula the same attention as Trump



#### Property Investment and Capital Flows

- Fiscal stimulus may depress the US dollar, while easing trade tensions should add to upward pressure on the Chinese renminbi
- Renminbi strength could drive renewed Chinese investment abroad
- Property investors likely to assign a premium to energy-efficient buildings as the importance of sustainability is set to grow



For further details, please see Colliers’ report and video:



- **A Tale of Two Outcomes:**

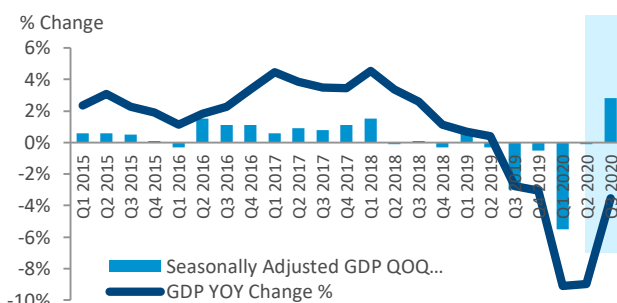


**The US Election Result and Implications for Global Real Estate | Part 2** (10 December)



## Hong Kong SAR – Implications of China's Recovery for Property Markets

### Hong Kong's GDP shows signs of recovery in Q3 2020



Source: HK Census Statistics

While other major economies are still struggling with COVID-19, China has emerged from the health crisis. China's economic and GDP rebound will have a ripple effect on the Hong Kong SAR's economy.

Looking into 2021, we believe mainland companies, particularly financial firms, will become the key new demand drivers for Grade A office space. The stronger RMB-to-HKD FX rate also reinforces Hong Kong as an attractive investment destination for Chinese capital.

### Recommendations

We recommend landlords focus on customised incentives that are curated towards the mainland clientele for higher occupancy. Hoteliers and retailers should also strategise ahead for their logistics, organisational and marketing campaigns to better prepare for the border-reopening.

For further details, please see Colliers' report:

- **China's recovery and its implications to Hong Kong's real estate market** (10 December)



## Taipei – Taiwan Investment Property

Three Invest in Taiwan programmes, FDI, and the Special Law on Offshore Funds majorly supported the growth of private investment in 2020.

The three Invest in Taiwan programmes focused on Taoyuan, Taichung, Tainan and Kaohsiung. We see improvement in employment retail consumption.

We expect the manufacturing sector to grow stably in 2021, bringing the demand for office, industrial, and development sites in major clusters in six metros.

### Recommendations

Foreign investment in factory expansion grew significantly in the past five years. We recommend investors look at data centers and energy industry assets based on our expected demand for industrial assets.

For further details, please see Colliers' report:

- **Reshoring capital and foreign investment bolstered real estate development** (10 December)



## Korea – Great Reshuffling of Seoul Office Market

Decentralization has become a prominent trend in the Seoul office market. The original structure of the market was defined by three industry clusters and the three key submarkets of Gangnam, Yeouido, and the CBD. The market is changing shape as big companies increasingly move between submarkets and as public institutions relocate out of the city. In addition, Covid-19 has prompted more companies to establish shared offices and satellite offices, causing decentralization to accelerate.

### Recommendations

We expect tech tenants to continue to prefer the Gangnam area. We recommend tech tenants to watch for leasing opportunities created by large corporations relocating out of the GBD.

Beyond the GBD we recommend tech tenants consider the Pangyo area for expansion and for biotech-industry tenants to consider Magok district as increasingly viable alternatives.

In 2021, with new buildings scheduled for completion, we expect a tenant-friendly market to persist in Yeouido. Therefore, tenants should leverage opportunities to save costs, such as rent-free periods for new office tenants.

For further details, please see Colliers' report:

- **A great reshuffling of the Seoul office market is underway** (11 December)



## Philippines – Logistics Market and Cebu Office

### Logistics/Industrial

Colliers Philippines believes that the pandemic has caused a significant interruption to the long run growth of the Philippines' consumer-driven economy. In our view, the COVID-19-induced interruptions have altered the immediacy in which retailers must innovate to remain relevant. The continued growth of the e-commerce sector and emergence of a lockdown economy have only compelled mall operators and retailers to aggressively firm up partnerships with logistics firms and warehouse developers to reach last mile deliveries and capture opportunities in the middle of a pandemic.

### Recommendations

The industrial and logistics segment remains a property sector of relative stability despite the pandemic-induced economic slowdown. In our view, developers should maximize opportunities by:

- Modernizing warehouses
- Building more cold storage facilities
- Exploring co-working and flexible warehousing options
- Converting vacant mall and office spaces into micro-warehouses and fulfillment centres in the city.

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

 - **Colliers Radar: Capturing warehousing boom**  
(10 December)

### Cebu Office

The Metro Cebu office market is experiencing a turbulent period. Segments that drove demand in the past five years, such as POGOs\* and outsourcing firms, are either vacating spaces or rationalizing their office footprints. Providers of English as a Secondary Language (ESL) services have also been downsizing while some traditional occupiers† have closed shop, raising vacancies.

Aside from anemic demand, the Cebu office market is also seeing disruptions in supply with new office completion in 2020 likely to reach its lowest since 2013.

### Recommendations

We recommend that landlords be more proactive in responding to tenants' requirements while tenants should complement their office set-up with remote working schemes.

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



- **Colliers Flash: Prospects for Cebu office leasing market's growth beyond 2020** (11 December)

## For further information, please contact:

### **Tammy Tang**

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

### **Terence Tang**

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

### **Sam Harvey-Jones**

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

### **CK Lau**

Managing Director | Valuation & Advisory Services | Asia  
+852 2822 0665  
[Ck.Lau@colliers.com](mailto:Ck.Lau@colliers.com)

### **Nigel Smith**

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

### **Robert Wilkinson**

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

### **Andrew Liu**

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

### **Richard Raymundo**

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

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 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](http://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.