REPORT

Savills Research

Asia Pacific – Q1 2020

Investment Quarterly

savills

Asia Pacific Network

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In Asia Pacific, Savills has 70 regional offices comprising over 25,000 staff. Asia Pacific markets include Australia, China, Hong Kong, India, Indonesia, Japan, Macau, Malaysia, New Zealand, Singapore, South Korea, Taiwan, Thailand and Viet Nam. Savills provides a comprehensive range of advisory and professional property services to developers, owners, tenants and investors.

These include consultancy services, facilities management, space planning, corporate real estate services, property management, leasing, valuation and sales in all key segments of commercial, residential, industrial, retail, investment and hotel property.

A unique combination of sector knowledge and entrepreneurial flair gives clients access to real estate expertise of the highest calibre. We are regarded as an innovative-thinking organisation supported by excellent negotiating skills. Savills chooses to focus on a defined set of clients, offering a premium service to organisations and individuals with whom we share a common goal.

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Content

Australia

The escalation of the COVID-19 pandemic in Australia during March 2020 has created greater uncertainty for the operating environment across all property sectors, with the majority of A-REITS having recently withdrawn their FY20 earnings and distribution guidance as a result. State and Commonwealth Governments have responded with numerous stimulus measures to assist individuals and businesses including the $130 billion JobKeeper programme that will provide a wage subsidy of $1,500 a fortnight to around 6 million workers through their employers as well as allowing eligible individuals to access $10,000 of their superannuation in both FY20 and FY21.

The Reserve Bank of Australia ('RBA') reduced the Cash Rate by 25 basis points on 4 March 2020 and again on 20 March 2020, with the Cash Rate target now sitting at an unprecedented 0.25%. The RBA cited COVID-19 and its resultant negative impacts to economic activity and financial markets as the main reason for the last two reductions, with the RBA having called an out of cycle emergency meeting to facilitate the latest reduction. Near term increases to interest rates are now considered highly unlikely in Australia until economic and financial markets stabilise, with the RBA having stated that they will not seek an increase to the Cash Rate target until progress is being made towards full employment and it is confident that inflation will be sustainably within the 2–3 per cent target band.

A further response to the COVID-19 pandemic has been the establishment of a National Cabinet on 13 March 2020 that comprises the Prime Minister of Australia and the Premiers and Chief Ministers of the Australian States and Territories. A key achievement of this intergovernmental decision-making forum has been a mandatory Code of Conduct for Commercial Tenancies that applies to all tenancies that are suffering financial hardship as a result of COVID-19 as defined by their eligibility for the Commonwealth Government's JobKeeper programme with an annual turnover of up to $50 million.

The evolving implications of COVID-19 are being most immediately felt by the Retail and Hotel sectors where social distancing measures and travel restrictions have impacted their ability to trade. Whilst shopping centres continue to remain open, many retailers in the larger discretionary based centres have chosen to voluntarily close their stores and trade solely from online platforms. This has resulted in increased requests for rent relief and rent deferment as well as an expected diminishment in leasing demand.

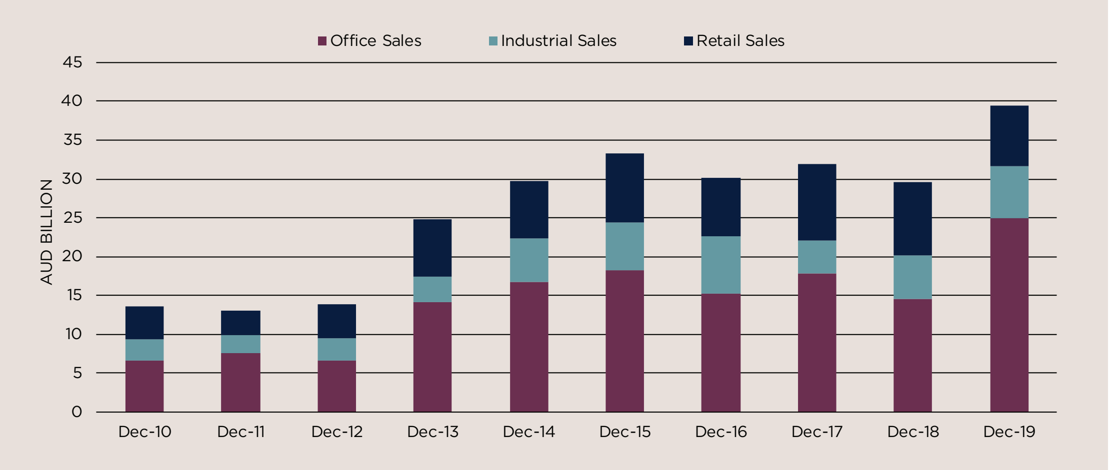
Whilst many Office towers in core commercial markets are largely unoccupied due to remote working measures implemented in response to COVID-19, this is not anticipated to result in an immediate structural shift within the Office sector. Rather, there is an expectation that lease flexibility, rent affordability and building sustainability will have increased focus moving forward.

Sales activity across all property sectors has largely paused since the escalation of COVID-19 in Australia from mid-March, with those transactions that have concluded in Q1 2020 having been well advanced prior to the current pandemic.

Paul Craig
CEO
+61 2 8215 8888
pcraig@savills.com.au

Stuart Fox
National Head - Valuation & Advisory and State Managing Director, VIC
+61 3 8686 8029
sfox@savills.com.au

Australia Property Sales By Sector, December 2010 to December 2019



Source Savills Research & Consultancy

Major Investment Transactions, Q1/2020

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Rialto Towers 525 Collins Street (50%)	Melbourne, VIC	AUD644.0 mil/ US$408.7 mil	Dexus / GIC	Office
191 Thomas Street	Haymarket, NSW	AUD80.1 mil/ US$50.8 mil	Private Investor	Office
200 Victoria Street	Carlton, VIC	AUD72.0 mil/ US$45.7 mil	Realmont PP	Office

Source Savills Research & Consultancy

China (Northern) - Beijing

Spring Cao
Senior Director, Investment
Savills Northern China
+8610 5925 2048
spring.cao@savills.com.cn

Vincent Li
Associate Director
Research
+86 10 5925 2044
vincentx.li@savills.com.cn

Although the outbreak of COVID-19 has severely impacted the global economy and looms as a huge threat to real estate activities in China, Beijing's en-bloc investment market largely remained active. A total of four en-bloc investment deals were concluded during Q1/2020, registering a combined consideration of RMB14.88 billion, a decrease of 21.5% year-on-year (YoY). Major transactions included:

- GIC acquired Beijing CBD's LG Twin Towers from LG Corporation.

- The China Three Gorges Corporation purchased Beijing Mix Plaza, a complex project in Tongzhou, for a total consideration of RMB6.156 billion.

- A retail project, Naga Club, was sold by Jingrui Holdings for a consideration of RMB476 million.

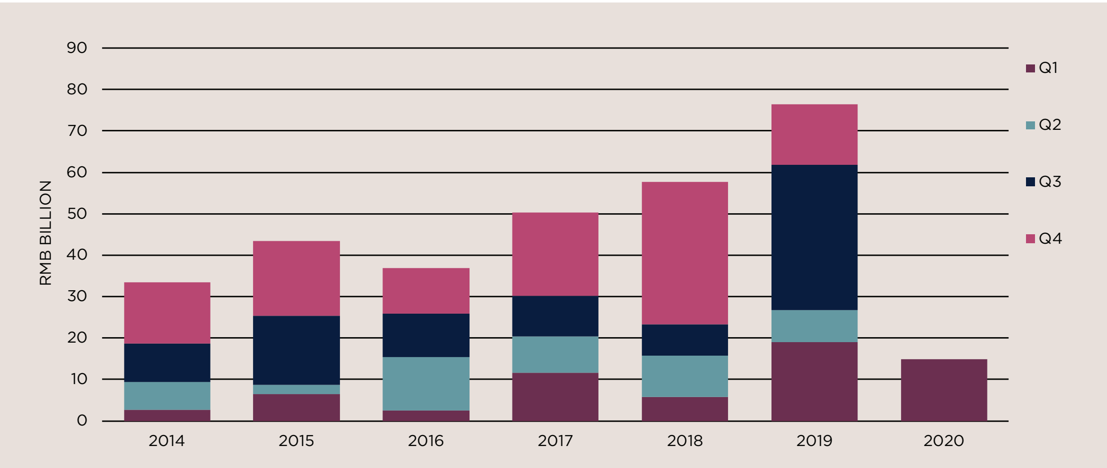
Since January 2020, economic activities in China were heavily impacted by the outbreak of COVID-19, resulting in a significant drop in consumption, investment, export and other indices during the first two months of 2020.

Both the central and local governments released a series of policies to offset the negative influences of COVID-19. For example, the People's Bank of China cut the targeted Reserve Requirement Ratio (RRR), which took effect on March 16th to provide RMB550 billion worth of liquidity to the economy. The Beijing government also released relevant policies to help mitigate expenses on insurance and tax for enterprises.

The crisis has had a severe impact on the retail market, with turnovers of major shopping malls in Beijing seeing significant drops quarter-on-quarter (QoQ). Residential real estate also witnessed a remarkable decrease in sales volumes. The office market was relatively less impacted, but still showed higher vacancy rates and a decline in rental indices.

Since March, measures to contain the virus have been successful, and the economic data is expected to improve. However, GDP in the first quarter may see negative growth for the first time after considering two factors—the significant declines in most economic indicators in January and February and the reality that economic activity has not returned to normal yet.

En-Bloc Investment Volumes, 2014 to Q1/2020



Source Savills Research & Consultancy

Major Investment Transactions, Q1/2020

PROPERTY	LOCATION	PRICE	BUYER	USAGE
LG Twin Towers	CBD	Undisclosed	GIC	Office
Beijing Mix Plaza	Tongzhou	RMB6.16 bil/ US$868 mil	China Three Gorges Corporation	Mixed-use
Naga Club	East 2nd Ring Road	RMB476 mil/ US$67.1 mil	Qian'an City Jiujiang Wire Co., Ltd.	Retail
Shangdu Capital	Yanqing	RMB250 mil/ US$35.3 mil	Undisclosed	Retail

Source Savills Research & Consultancy

China (Northern) - Tianjin

Andy Chee
Senior Director
Savills Tianjin
+86 22 5830 8886
andy.chee@savills.com.cn

Vincent Li
Associate Director
Research & Consultancy
+86 10 5925 2042
vincentx.li@savills.com.cn

The spread of COVID-19 has undoubtedly tested the global economy this year. With the gradual stabilisation of the domestic epidemic and recovery of social activities, Tianjin's economy is moving forward, albeit tentatively.

Tianjin proposed a 5% GDP target growth rate for 2020 before the outbreak of COVID-19. The epidemic will certainly hurt Tianjin's overall economy. As of late March 2020, Tianjin is still one of four places in China with the highest alert level. Thus, the GDP saw a decline in Q1/2020, and this trend will likely continue through Q2/2020. Tianjin's economy is expected to stabilise in Q3/2020.

Tianjin's government has issued a series of policies and guidelines ranging from financial and company support to essential daily services. To take the stress off of small- and medium-sized enterprises, the government launched several preferential policies, such as rent reductions for enterprises leasing in state-owned properties and reductions or mitigations in social insurance. Start-ups can enjoy guaranteed loans, interest rate discounts and emergency financing to lower interest rates.

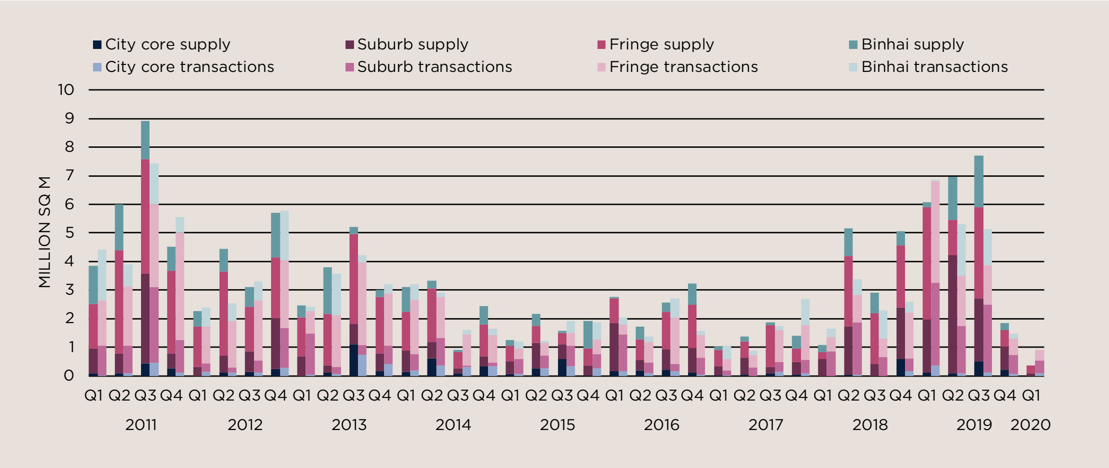
The retail market witnessed a sharp contraction in Q1/2020 since shopping malls throughout the city closed to stop the spread of the virus. F&B, children-related facilities and leisure and entertainment retailers were hit the hardest during the quarter.

In the office market, the government started accepting applications for work resumption in mid-to-late Feb. The overall vacancy rate stayed stable, with only a few tenants terminating their tenancy agreements. On the other hand, COVID-19 has kept potential tenants from site inspections and thus signing their tenancy agreements. As a result, almost no transactions were completed during Q1/2020.

As for Tianjin's land market, the supply and transaction both saw declines in Q1/2020. The land supply in Tianjin dropped by 81% quarter-on-quarter (QoQ) and by 94% year-on-year (YoY) to 0.35 million sq m. The transactional volume fell to 0.9 million sq m, a drop-off in buyer's demand by 39% QoQ and 87% YoY.

In the future, Tianjin's economic development will split into two phases. Epidemic prevention and control are still the top priorities in the short term while ensuring financial support as well as an uninterrupted supply of food and necessary materials. Long term, the government will carry out positive fiscal policies and tax reduction measures aiming to facilitate economic recovery and the growth of the overall economy.

Land Supply And Transactions By Area, Q1/2011 to Q1/2020



Source Savills Research & Consultancy

Major Investment Transactions, Q1/2020

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Plot 2019-150 (JHD)	Hedong	RMB2.55 bil/ US$359 mil	Tianjin Nongken Real Estate Development and Construction Co., Ltd.	Residential and commercial
Plot 2019-147 (JBH)	Jinnan	RMB1.6 bil/ US$225 mil	Tianjin Ruihong Property Co., Ltd.	Residential and commercial

Source Savills Research & Consultancy

China (Western) - Chengdu

The COVID-19 outbreak brought significant challenges to China; both national and local authorities imposed travel restrictions, shutting down networks in an effort to quarantine more than billion people to slow the speed of the virus' transmission.

The People's Bank of China took measures to control the economic impact of the pandemic by providing more credit, lowering lending rates and increasing credit support and medium-to long-term loans to companies. The central bank lowered its benchmark one-year Loan Prime Rate (LPR) by 10 bps to 4.05%; the 5-year LPR, generally used for new mortgage loans, was cut by 5.0 bps to 4.75%. The decision was in line with market forecasts, and many investors expect the PBoC to continue to loosen monetary conditions in order to support the economy as it deals with the fallout of the outbreak.

The pandemic led to a sluggish office market in Chengdu in Q1/2020. New office supply for Chengdu's Grade A office market was delayed during the quarter, leaving office stock at approximately 3.3 million sq m. The less-active office leasing market pushed up the Grade A office vacancy rate 0.8 of a ppt quarter-on-quarter (QoQ) to 22.7%. Landlords are offering a variety of incentives, including longer rent-free periods, in an effort to attract tenants. As a result, average rents in all main areas dropped slightly to RMB102.3 per sq m per month, a 0.2% QoQ decrease. Additionally, the market saw negative net absorption at -26,800 sq m in Q1/2020.

The pandemic dented supply and demand across industries, and different property sectors had varying exposures to the crisis. In the retail sector, many retailers made tough decisions to temporarily close their stores, leading to furloughed employees and strained financials. All restaurants faced closures, pushing many to pivot online to keep their business afloat, and 19% of malls in Chengdu were forced to close their doors while others had to shorten their operating hours.

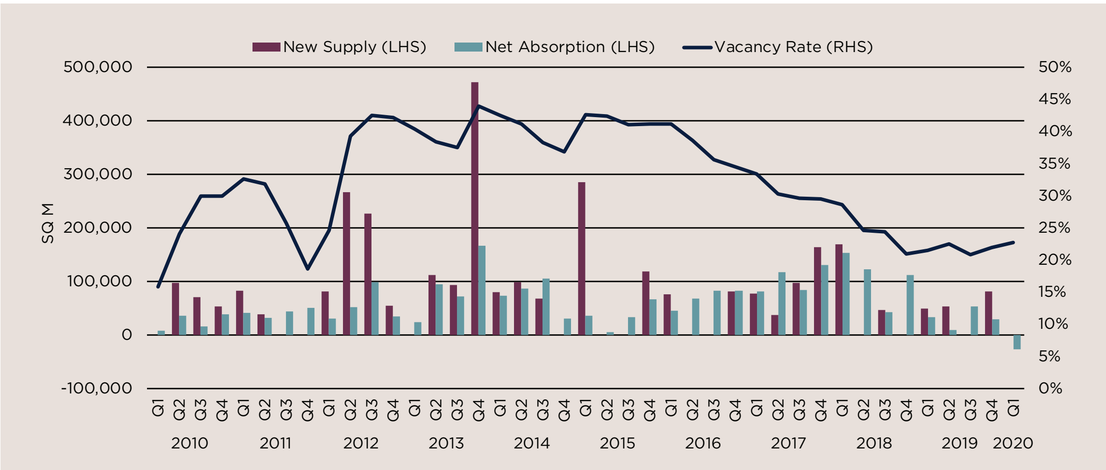
As more people stay home, self-isolation and quarantine measures could increase media consumption in the home—this resulted in an increased in online services such as education and gaming with average weekly downloads of apps during the first two weeks of February jumping 40% compared with the average for all of 2019. This trend is expected to continue until the virus comes completely under control, with long-term implications for the real estate market in Chengdu and around China.

With the stunted development and the unclear investment environment in Chengdu, both office and retail demand is expected to fall during the rest of 2020 compared with last year, and the citywide vacancy rate is likely to reach a historically high level in remaining quarters of 2020.

Suzie Qing
Director
Savills Western China
+86 28 8658 7418
suzie.qing@savills.com.cn

James Macdonald
Head of Research
China
+86 21 6391 6688
james.macdonald@
savills.com.cn

Chengdu Grade A Office Market Supply and Demand, 2010 to Q1/2020



Source Chengdu Bureau of Statistics, Savills Research & Consultancy

Major Investment Transactions, Q1/2020

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Development land	Jinjiang	RMB186.37 mil/ US$26.3 mil	Chengdu Xingjin Construction Co., Ltd.	Commercial
Development land	Wuhou	RMB1.78 bil/ US$250.8 mil	Chengdu Nanheng Co., Ltd.	Mixed-use
Development land	Qinyang	RMB1.39 bil/ US$195.9 mil	Guangzhou Guanjun Co., Ltd.	Mixed-use

Source Savills Research & Consultancy

China (Southern) - Guangzhou

Given the recent COVID-19 pandemic and its impacts on China and global economies, 13 financial institutions lowered their China's GDP forecast for 2020 to 3.3%. Although COVID-19 caused Guangzhou's economy and trading activities to stall during the outbreak, overall business activities have gradually resumed since end-February. By 27 March 2020, over 99% of enterprises had resumed their business in full capacity, according to the local government. From a micro perspective, the Guangzhou office property market appeared to be stable during Q1/2020, supported by strong economic fundamentals and the current equilibrium of supply and demand in the locality.

During Q1/2020, the Guangzhou office leasing and investment markets stalled, with almost a vacuum of new enquiries and site visits during the period from mid-January to mid-March. Although the leasing demand from the retail and trade, education and transportation sectors notably contracted, bellwether companies from the TMT, real estate and financial sectors continued to search for large office areas for expansion and relocation. For example, Perfect Dairy recently leased approximately 8,000 sq m in Art Port for office expansion, and AIA newly leased an office area of approximately 5,000 sq m in Lumina Guangzhou. On average, the overall leasing demand for the Guangzhou office market remained relatively stable compared to Q4/2019 as the citywide vacancy rate edged up by 0.1 of a percentage point (ppt) to 5.1% at the end of Q1/2020. Meanwhile, many landlords became more flexible in contract terms negotiations and rental concessions to secure potential tenants and accelerate project digestions. Consequently, the citywide average rent declined by 1.5% quarter-on-quarter (QoQ) on an index basis.

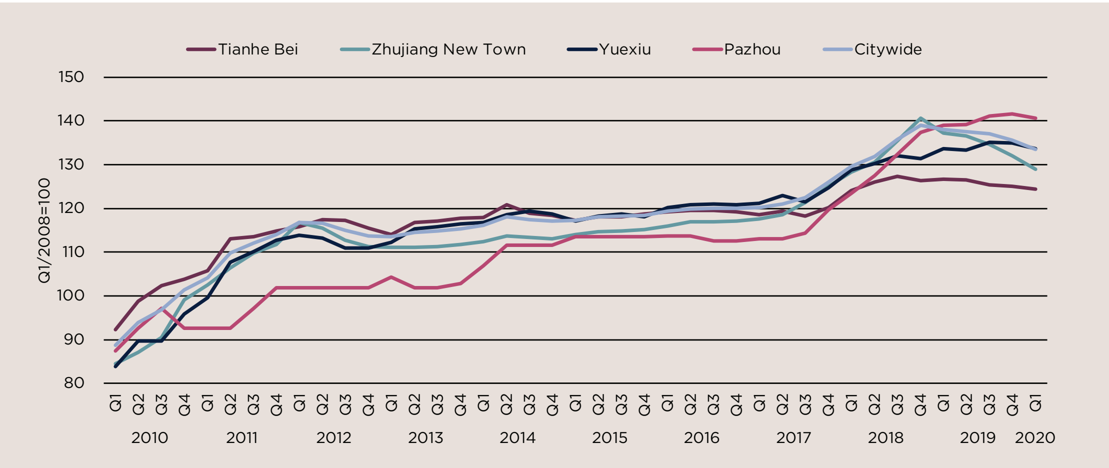
In the investment market, most investors, especially those from overseas, postponed their actions to Q2/2020 or Q3/2020 at the earliest, although investment interest remained unchanged. Chinese investors remained open to review opportunities and trophy assets on paper.

Looking forward, given the emergence of COVID-19, more negative impacts are expected to loom on the global and China economies, causing many office occupiers to become more cautious towards their corporate real estate strategies. Some potential office occupiers have already decided to reduce their demand for office spaces during the COVID-19 outbreak. In addition, an influx of new supply is expected to result in a spike in vacancy and a moderate decline in rents, which should lead to a correction of capital values from current values by the end of 2020.

Alvin Lau
Managing Director
Guangzhou
Deputy Managing Director
Southern China
+86 20 3665 4888
alvin.lau@savills.com.cn

Carlby Xie
Head of Research
Southern China
+86 20 3665 4874
carlby.xie@savills.com.cn

Rental Indices By Submarket, Q1/2010 to Q1/2020



Source Savills Research & Consultancy

Major Investment Transactions, Q1/2020

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Yuexiu South - AD013907	Yuexiu	RMB2.36 bil/ US$332.5 mil	-	Development site

Source Savills Research & Consultancy

China (Eastern) - Shanghai

Shanghai saw less than 500 cases of COVID-19 by March 27, with 130 of those being imported, and three deaths. Shanghai has a robust healthcare system capable of handling the number of patients (135,000 beds by the end of 2017, 29,000 of which are special disease hospitals). Given Shanghai's size and its importance both domestically and internationally, quarantine measures, such as strict international screening and social distancing efforts by the population, have been incredibly successful in containing the spread of the disease within the city. There has been minimal direct monetary stimulus from the Chinese and Shanghai governments to date, but there have been targeted support measures and cases of rent relief, but these have been primarily in retail locations and office developments owned by SOEs. Rents, whether retail, office or residential, have not shifted much in Q1/2020, as many landlords know that lowering rents won't magically generate demand from nowhere, and there is still a large amount of uncertainty about how things will eventually pan out. That said, rents are expected to trend downward as the full economic impact echoes throughout the year. Additionally, there have been virtually no launches in Q1/2020, and all of the net take-up was seen in early January before the worst of the crisis became apparent.

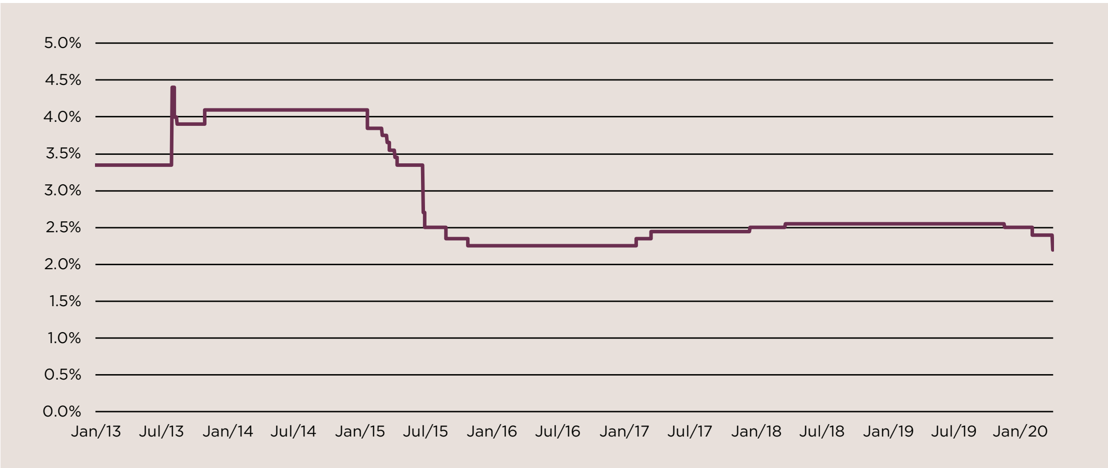
The worst-hit sectors are hotels and retail; in Shanghai, the average occupancy rate for hotels stood at a dismal 9% as of the end of February, according to STR. As for retail, the starkest example is China-wide car sales falling approximately 80% in February from a year earlier, extending and deepening a decline that was already becoming apparent. More specifically, Grade B office landlords may be more exposed to small- and medium-sized enterprises as well as firms that have limited working capital or cash flow, while flexible space with short term tenants leases have been hit particularly hard. Q1/2020 volumes were limited, with the bigger deals being holdovers from Q4/2019. As the city came to a virtual standstill, activity was paralyzed and sellers were unwilling to significantly lower prices.

Moving forward, Shanghai seems relatively well-positioned to handle potential secondary outbreaks as well as control and contain imported cases. The Shanghai government is pushing the resumption of work, hoping to ward off the effects of an extended economic decline. The health crisis may be under control, but now city leaders are racing to head off an economic malaise. Fortunately, as the headquarter city for many international companies, Shanghai stands to benefit as MNCs look to China to keep their business above water since China is the only large economy not dealing with extensive local transmissions and has the clearest path back to normal circumstances.

Siu Wing Chu
Managing Director
Central China
+86 21 6391 6688
siuwing.chu@savills.com.cn

James Macdonald
Head of Research
China
+86 21 6391 6688
james.macdonald@savills.com.cn

Reverse Repo Rate



Source PBOC; Savills Research

Major Investment Transactions, Q1/2020

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Shanghai HNA Tower	Pudong	RMB3.5 bil/ US$493.2 mil	China Cinda Asset Management	Office
Haitong Greenland Bund Center	Huangpu	RMB6.7 bil/ US$944.0 mil	Haitong Securities	Office
H88 Tower	Xuhui	RMB1.97 bil/ US$277.6 mil	Sino Ocean	Industrial office

Source Savills Research & Consultancy

Hong Kong

The first COVID-19 cases appeared in Hong Kong in late January and remained at relatively low levels (less than 100 active cases) until mid-March when the virus found new momentum and active cases had risen to 915 by early April. For most of this time the local population has been relied upon to take appropriate precautions. In light of the recent rise in cases, however, government is taking a tougher line. Due to the disruption, the unemployment rate accelerated to 3.7% in February, and Q1/2020 GDP is forecast at -5.9%[1]. In response, the government unveiled a record budget for this fiscal year, which outlines the largest deficit in a decade and includes HK$10,000 in cash handouts to residents.

The first couple of months of 2020 have been dominated by fears of the novel coronavirus's impact on global economies and property markets. In Hong Kong, real estate investments are almost at a standstill with the volume for income-producing property (office, retail, industrial and hotel) plunging by -85.6% YoY to HK$4.66 billion[2], the worst quarterly performance since the 2008/2009 financial crisis. The retail sector suffered the most, followed by the office and industrial sectors, with volumes crashing by 96.2%, 93.1% and 50.9% YoY respectively.

The retail and hospitality sectors have been hardest hit as the value of retail sales and the number of tourist arrivals were down by 44% YoY and 96% YoY in February respectively.

1 FocusEconomics – The April Edition
2 Real Capital Analytics

Some retail operators have closed all or part of their operations permanently or temporarily and staff are being laid off. Prime street shop landlords are showing more flexibility in rental negotiations, while shopping centre landlords are offering temporary 30% to 50% rental discounts on a rolling monthly basis.

Overall Grade A office rents have registered declines for three consecutive quarters, plunging by 5.2% YoY in Q1/2020 with the overall vacancy rate nearly doubling to 5.2%. The cap rate has also risen by 17ppt to 2.78% in Q1/2020. The co-working industry will be tested by the COVID-19 outbreak given the need for social distancing.

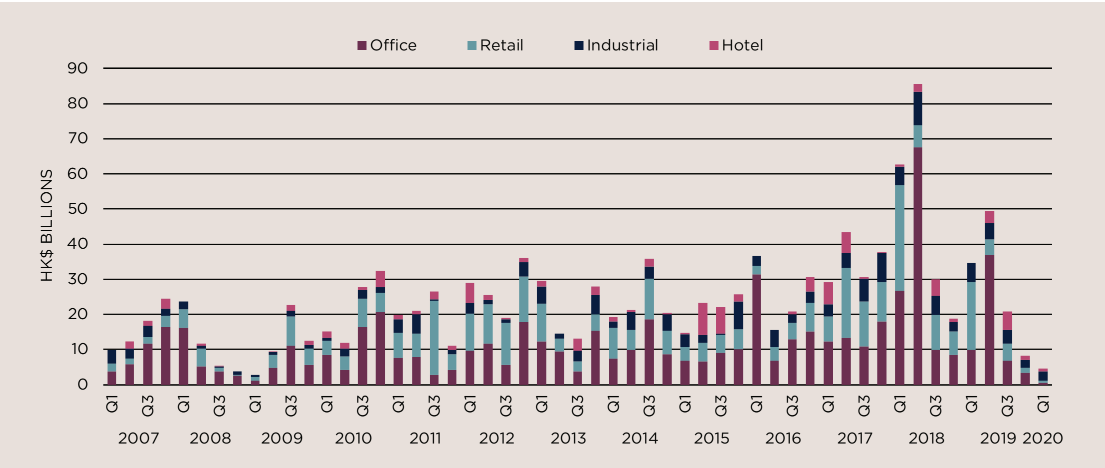
Warehouse vacancies are on the rise as the Coronavirus outbreak affects both global supply chains and local retail sentiment. Nevertheless, many developers are eager to replenish commercial landbanks and kick start redevelopment projects with a number of industrial sites changing hands as a result.

Global investors have become highly risk averse given the global economic slowdown and increasing financial volatility. According to Real Capital Analytics, there was no inbound investment for deal sizes over HK$100 million in Hong Kong during Q1/2020. While for outbound investment, there were only 8 transactions compared with 57 transactions in Q1/2019, and the total volume fell sharply to HK$3.6 billion, a 93.5% YoY decrease compared to HK$56.4 billion a year before.

Peter Yuen
Managing Director
Head of Sales
+852 2842 4436
pyuen@savills.com.hk

Simon Smith
Senior Director
Head of Research
+852 2842 4573
ssmith@savills.com.hk

Hong Kong Real Estate Investment Volume, Q1/2007 to Q1/2020



Source Real Capital Analytics.
Note: Only office, retail, industrial and hotel transactions are included, closed deal only, with size over HK$100 million.

Major Investment Transactions, Q1/2020

PROPERTY	LOCATION	PRICE	BUYER	USAGE
11-15 Chai Wan Kok Street	Tsuen Wan	HK$980.0 mil/ US$126.0 mil	First Group	Site
Wing Cheong Factory Building	Cheung Sha Wan	HK$395.0 bil/ US$50.8 mil	Wealth Plan Dev Ltd	Industrial
No. 21 Po Shan Road	Mid-Levels	HK$350.0 mil/ US$45.0 mil	-	Residential
No. 92 Repulse Bay Road	Southside	HK$543.8 mil/ US$70.0 mil	CSI Properties	Residential

Source Savills Research & Consultancy

India

The Indian Economy was exhibiting a visible ascension to high GDP growth rates through the turn of the year into 2020. Industrial production had shown marked improvement, inflation, especially food inflation, had eased up and a slew of reform measures in the past years had started to fructify into a positive beginning of the next high growth phase.

The Indian Government has proactively implemented an unprecedented 21-day nationwide lockdown to maintain social distancing and tracking and containment of affected cases. In a nation of 1.3 billion people, the government has announced the suspension of all transport services (flights, trains and road trips) except for essential commodities and services across 29 states, 7 union territories and 736 districts.

On the stimulus front, the government has chalked out a US$22 billion social stimulus programme for the non-corporate sector. The central bank for its part has injected approximately US$50 billion of liquidity into the market through a wide array of instruments, including but not limited to a massive reduction of benchmark lending rates. Lending institutions have also been permitted to defer principal and interest repayments for a 3-month period, without asset reclassification or downgrade implications coming into effect.

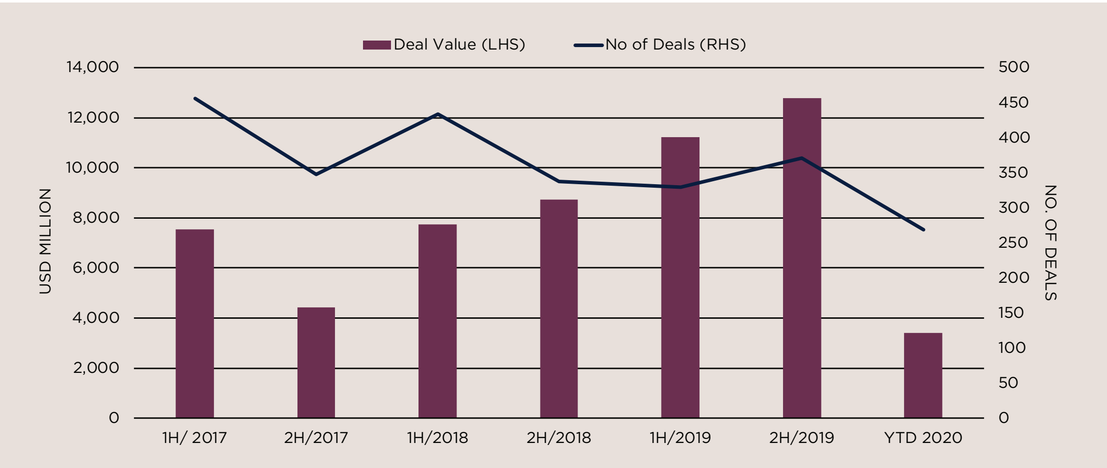
Although the magnitude of the slowdown in Indian economy is yet to be fully ascertained, most sectors including real estate have been impacted by the chain of events caused by the corona pandemic. While commercial real estate is witnessing increased rental realignments and more discussions between tenants and owners, the residential segment is expected to witness a relatively prolonged slowdown, as discretionary spending and home purchases remain muted. We, however, believe that the large reputed players with a track record of timely execution will be able to tide over the crisis and consolidation is likely to be fast tracked in favour of these developers. On the other hand, as the world including India becomes more digital, warehousing and logistics may see greater participation from major global players in the medium term.

Global investment activity, as expected, is experiencing a lag for the moment, as investors reassess their investment and return expectations - saving lives has become paramount for governments and people across the world. Private equity investment in the country has witnessed a marked decrease in the first quarter of the new decade. As per our estimates, approximately US$3.5 billion of investments have been announced YTD in 2020.

Anurag Mathur
Chief Executive Officer
Savills India
+91 96 500 37779
anurag.mathur@savills.in

Arvind Nandan
Managing Director
Research & Consulting
+91 22 4090 7300
arvind.nandan@savills.in

Major Investment Transactions In Real Estate, 1H/2017 to Q1/2020



Source Savills Research & Consultancy

Major Investment Transactions, Q1/2020

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Commercial Project of Vatika group	Gurgaon	INR6,47 bil/ US$85 mil	Goldman Sachs	Office

Source Savills Research & Consultancy

Indonesia

Jeffrey Hong
President Director
Savills Indonesia
+62 21 293 293 80
jeffrey.hong@savills.co.id

Anton Sitorus
Director
Research & Consultancy
+62 21 293 293 80
anton.sitorus@savills.co.id

With challenging global economic conditions, Indonesia's GDP growth declined slightly to 5.02% in 2019 amid softening levels of investment and exports. Last year's GDP growth was the weakest since 2015, but the country managed to maintain growth of above 5%. For 2020, the government in their initial budget targeted growth of around 5.3%. However, the outbreak of the coronavirus which started in China late last year, and quickly became a global pandemic, has changed the global economic outlook, including that for Indonesia. The Minister of Finance in her latest public interview predicted that Indonesia's 2020 GDP growth may fall to 2.3% under a moderate scenario, while the IMF is forecasting a figure of around 0.5% amid negative global economic conditions. In efforts to mitigate the negative impact of the pandemic, the government has responded by establishing social safety net programs targeted particularly at middle-low income families and the informal sector as well as SMEs while preparing an additional emergency allocation of IDR 405 trillion (approximately US$28 billion) in the 2020 national budget.

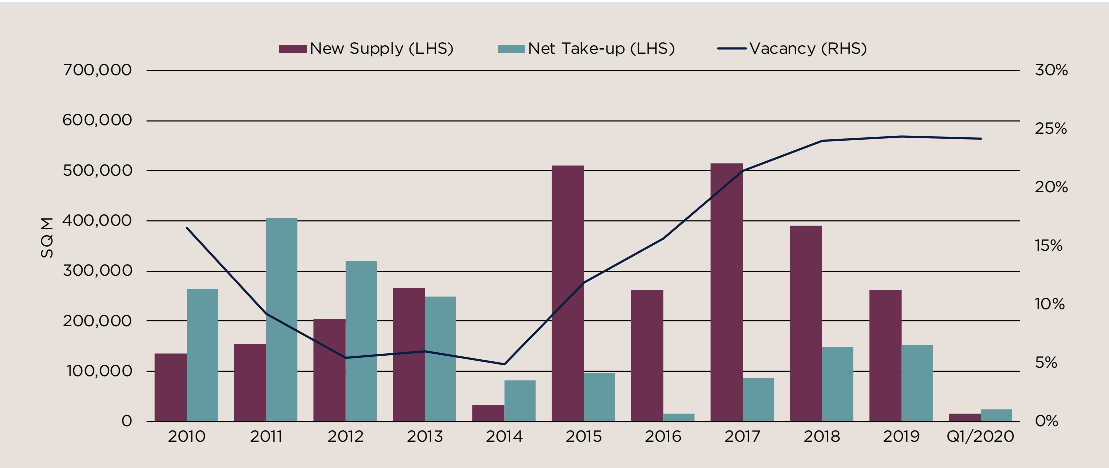
Starting from mid-March, the country began to implement Large-Scale Social Distancing (PSBB) which regulates people's activities in public areas and forces employees of non-essential businesses to work from home until further notice. Other incentives provided by the central government include providing bank loan relief to individuals as well as local SMEs to help them manage their costs during this unprecedented period.

In the property sector, the effect of the COVID-19 pandemic started to be felt from February in the hotel sector with a sharp drop in occupancy in Indonesia's main tourist destinations including Bali and Lombok where there has been significant growth in tourist arrivals from China over the last couple of years. Following the first reported case in the city capital around early-March, malls began to lose traffic quite significantly and at the time of writing, most shopping malls in Jakarta are closed following government orders.

Similarly, the apartment and office sectors started to feel the impact of the pandemic with very limited transactions in both the leasing and sales markets in 1Q/2020. Practically, with no marketing galleries allowed to open, a number of local developers have begun to enhance their online sales platforms.

However, Indonesia, with its large population and growing affluence has continued to attract investment from both local and foreign companies. Earlier this year, Jakarta witnessed a number of deals mainly focused on residential developments which included a JV between Sumitomo-Kumagai and Indonesian Sinarmas Land to develop apartments in the CBD, a project acquisition by a new local player to develop a mixed-use transit-oriented development (TOD) in East Jakarta and a land acquisition by BSD City for their future expansion.

Jakarta CBD Office Supply, Take-up And Vacancy, 2010 to Q1/2020



Source Savills Research & Consultancy

Major Investment Transactions, Q1/2020

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Hotel – Thamrin Nine	Thamin, Jakarta CBD	IDR778.3 bil/ US$50 mil	UOL (Singapore)	Hotel
Mixed-use TOD – JRC (51%)	Cawang, East Jakarta	IDR653.7 bil/ US$42 mil	PT. Urban Jakarta Propertindo Tbk	Mixed-use
Land - BSD	BSD, Tangerang	IDR104.3 bil/ US$6.7 mil	Sinarmas Land	Residential
JV – Apartment Project	Kuningan, Jakarta CBD	IDR2.33 tri/ US$150 mil	Sinarmas Land & Sumitomo-Kumagai (JPN)	Residential

Source Savills Research & Consultancy

Japan

As the COVID-19 outbreak intensifies, a significant economic slowdown seems a question of how long, and how large. Indeed, with no resolution in sight, the outlook for the economy appears severe. The hospitality and retail sectors in particular are likely to deteriorate further as a result of the government's request to self-isolate, especially in metropolitan areas. With these measures becoming stricter, business conditions could worsen, while the postponement of the Tokyo Olympics until 2021 has further dampened market sentiment.

The timing of this crisis is akin to a perfect storm for Japan. With the nation still reeling from the consumption tax hike enacted in October, the already-fragile Japanese economy looks certain to head into at least a technical recession. Meanwhile, the Tankan survey of large enterprises as of mid-March 2020 painted a bleak picture as market sentiment soured.

Following the US Federal Reserve's lead, the BOJ has vowed to support the economy in fighting the coronavirus using a variety of monetary policies. These include stepping up its asset purchasing program and ensuring ample liquidity is available to corporates facing a cash squeeze. Given the low level of interest rates at present, they are set to remain unchanged for now. The government, in the meantime, is expected to announce an additional stimulus package to combat the ailing economy.

The sectors with the most resilience to the COVID-19 pandemic, in order, are 1) residential, 2) logistics, 3) office, 4) retail, and 5) hospitality. Considering local market practices, only the hospitality and retail sectors should experience immediate negative impacts. Office, logistics, and multi-family rents should stay relatively flat for the time being, as rents are fixed during the contracted period, providing a layer of protection for cash flows.

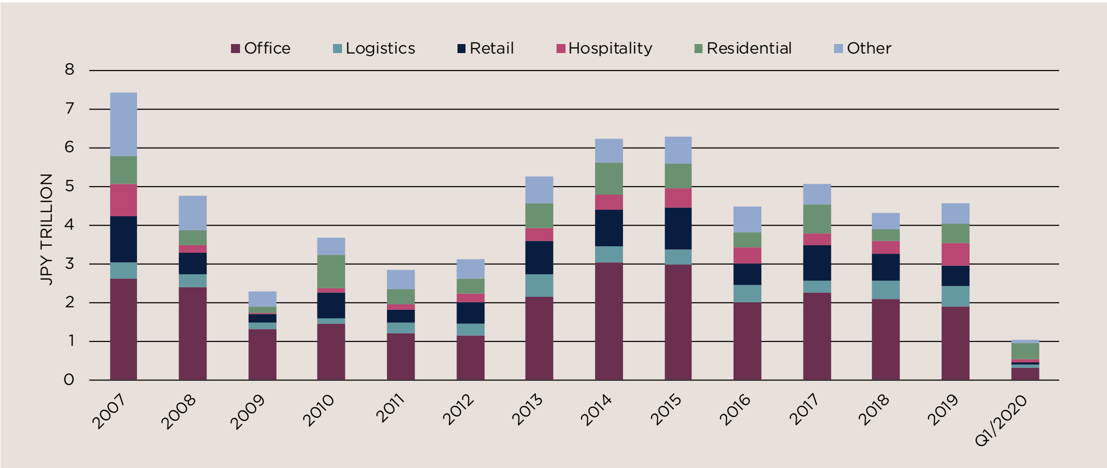
Given the current global situation, transaction volumes have unsurprisingly declined. According to preliminary data from Real Capital Analytics (RCA), investment volume in Japan during Q1/2020 totalled approximately JPY1.0 trillion – a fall of over 25% YoY – with the majority of these deals conducted before the emergence of COVID-19. As of early April, almost all transactions have been suspended or postponed, especially those deals involving international investors. With the above points in mind, it is therefore likely that both property prices and actual valuations will remain somewhat unchanged for the time being.

Within the Tokyo central five wards, Grade A office market vacancy rates remained somewhat flat at 0.3% during Q1/2020. Meanwhile, rents have risen to JPY37,759 per tsubo following growth of 1.0% QoQ and 7.1% YoY. Yet, market conditions are set to worsen following the COVID-19 outbreak, though landlords have little reason to reduce rents anytime soon given airtight vacancy. Any tangible impact of a sector slowdown is expected to have a six-month lag given the need for advanced notice if tenants were to relocate.

Christian Mancini
CEO, Asia Pacific
(excl Greater China)
Savills Japan
+81 3 6777 5150
cmancini@savills.co.jp

Tetsuya Kaneko
Director
Research & Consultancy
+81 3 6777 5192
tkaneko@savills.co.jp

Property Transactions By Sector, 2007 to Q1/2020*



Source RCA, Savills Research & Consultancy
*Q1/2020 volume is preliminary and tends to be lower than the finalised amount.

Major Investment Transactions, Q1/2020

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Anbang Residential Portfolio (220 properties)	Various	JPY300.0 bil/ US$2.7 bil	Blackstone Group	Residential
Otemachi Park Building (49.9% sale)	Chiyoda	JPY99.8 bil/ US$900 mil	J-REIT Japan Real Estate, P-REIT Nippon Open Ended and Tokyo MN1 TMK (SPC of Norges Bank Investment Management)	Office
Minatomirai Center Building	Yokohama	JPY98.0 bil/ US$880 mil	GK Zest Leasing (SPC of Goldman Sachs)	Office
Four Seasons Kyoto	Kyoto	JPY49.0 bil/ US$440 mil	GK Tigre (SPC of Tokyo Tatemono Investment Advisors)	Hospitality
Kawasaki Life Corporation Residential Portfolio (20 properties)	Various	JPY24.0 bil/ US$220 mil	FKH Holdings (SPC of Fortress Investment Group)	Residential

Source Nikkei RE, RCA, Savills Research & Consultancy

Macau

According to the latest published figures from DSEC (Direcção dos Serviços de Estatística e Censos), gaming revenue fell heavily by 79.7% in March compared to the previous year. The number of visitors dropped 95% from 3.5 million in February 2019 to 156,394 in February this year and many hotel operators reported occupancy rates of around 15%. Tourism and gaming are the two major industries driving Macau's economy, feeding derivative industries such as retail, hotels and real estate, as a consequence many institutions forecast a recession this year, before an effective treatment or vaccine can be found for COVID-19.

Macau was one of the earliest cities to report a COVID-19 case, first confirmed on 22nd January (a visitor from Wuhan), due to the threat of a community infection, the Macau Government announced the closure of all casinos for 15 days from 5th February 2020. Since then a series of measures have been implemented including quarantine measures, restrictions on arrivals and departures, and substantive financial aid to both citizens and enterprises. Among the measures, AMCM (Autoridade Monetária de Macau) allowed local banks to provided "interest only" special repayment plans in February for mortgagors to repay mortgage interest only for 6 months and cut the interest rate twice in March from 2% to 0.64% currently, further relieving the financial pressure on mortgagors during this period.

The number of residential transactions dropped as expected, comparing to 2019 which was a weak year recording only 7,745 transactions (645 transactions per month on average), there were only 393 and 208 transactions recorded in January and February respectively in 2020, making it very likely that Q1 will prove to be one of the worst performing quarters ever in Macau.

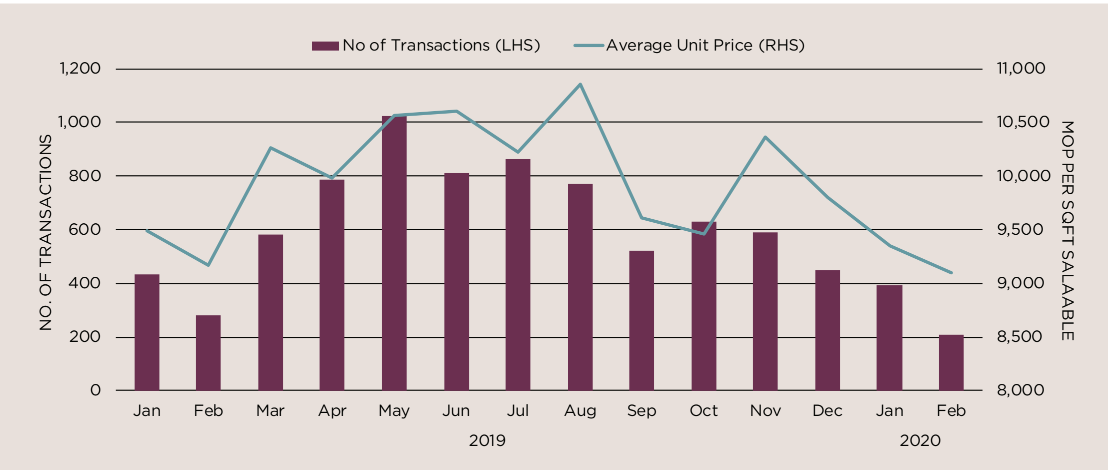
Besides the residential market, retail has also been seriously affected by the epidemic. On 31st January the Macau Government announced a 3 month rent free period for all tenants leasing Government properties, and many enterprises have followed since then: the MGM Macau announced that it would provide half a month rent free to all tenants in February and Macau Fisherman's Wharf announced one month rent free in February, 40% off in March and 20% off in April to relieve the operating pressures on tenants. But there are still many voices demanding further financial aid and negotiations between landlords, tenants and the Government will probably continue.

It is predicted that there will be a strong rebound after the epidemic and once the pandemic eases and the China Government starts to issue travel VISAs for Chinese residents to Macau, the tourism and gaming industry will recover driving purchasing power into the real estate market, which will also benefit from the low interest rate policy.

Franco Liu
Managing Director
Savills Macau
+853 2878 0623
fliu@savills.com.mo

Cindy Liu
Senior Director and
Head of Valuation (Macau)
+853 2878 0623
cliu@savills.com.mo

Macau Residential Transaction Volumes and Average Unit Price, January 2019 to February 2020



Source DSF Macau, Savills Macau

Malaysia

With the COVID-19 pandemic spreading rapidly, the Malaysian government was the second country in South East Asia to begin implementing a form of lockdown, known locally as Movement Control Order (MCO), from 18th March. The MCO has since been extended to 28th April, totaling six weeks at the time of writing.

The economic impact of the COVID-19 pandemic will be widespread, and Bank Negara forecasts 2020 GDP to be between +0.5% and -2.0%. In view of the double impact from COVID-19 and low crude oil prices (which makes up 14% of GDP), the government introduced the RM250 billion PRIHATIN Economic Stimulus Package involving RM25 billion of direct fiscal injections, of which RM10 billion is in the form of direct cash hand-outs to the low and middle-income groups. Other liquidity enhancement measures include a 6-month automatic moratorium on all loan repayments totaling RM100 billion; RM54 billion business financing for corporations and small-and-medium enterprises (SMEs); and voluntary EPF withdrawals worth about RM41 billion. A further additional RM10 billion stimulus package was unveiled for SMEs which contribute almost 40% of GDP and employ two-thirds of the Malaysian workforce, tackling wage subsidies and rental rebates. To encourage rental waivers, the government has introduced tax incentives to commercial landlords equivalent to the amount of rental rebates.

Among all property sectors, the hospitality sector is expected to be the worst hit. The Malaysian Association of Hotels has projected revenue loss at about RM560 million just for the 4-week MCO period, on top of a RM75 million revenue loss in the weeks leading to the MCO. The retail sector has not been spared either, with some mall landlords granting 1 to 3 months of rental rebate in view of the MCO period. While there is no visibility of impact towards occupancy and rents at this juncture, the market expects the SMEs to face survival challenges in the next few months.

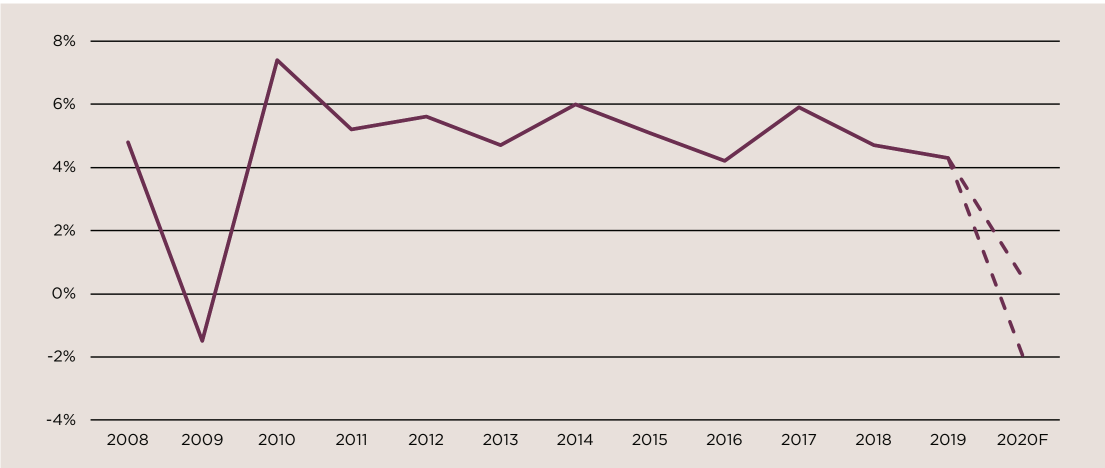
Investment activity declined 40% QoQ, largely attributed to the seasonal sluggishness due to holiday seasons in the first quarter, and the inability to finalize transactions during the MCO period. Notably, the transactions are mostly by manufacturers for industrial land.

As Malaysians find a way to work remotely (supported by RM600 million of free internet data usage to mobile users during the MCO), this will change demand for physical real estate and the way it is used. The surge in demand for online purchase of goods (groceries and food) during the MCO has highlighted a gap in urban logistics and retail distribution hubs which can be addressed once demand has stabilized to normal levels. Investment activity is expected to remain slow, coupled with political uncertainty – following Tun Dr Mahathir Mohamed's resignation and the King's appointment of Malaysia's 8th Prime Minister Tan Sri Muhyiddin Yassin on 1st March, the latter leading a coalition (Perikatan Nasional) which includes the UMNO party who lost the previous General Election. The political uncertainty, added to the pandemic and economic crises, is expected to make up much of the tone for the rest of the next quarter, with the full effect from recent events and challenges for real estate expected to emerge over the rest of 2020.

Datuk Paul Khong
Managing Director
Savills Malaysia
+ 603 2092 5955 ext 137
paul.khong@savills.com.my

Nabeel Hussain
Deputy Managing Director
Head of Capital Markets
Savills Malaysia
+603 2092 5955 ext 126
nabeel.hussain@savills.com.my

Malaysia GDP Growth, 2008 to 2020F



Source Bank Negara

Major Investment Transactions, Q1/2020

PROPERTY	LOCATION	PRICE	BUYER	USAGE
A 95-acre industrial land	Kuala Langat, Selangor	RM263 mil/ US$60.5 mil	Hartalega NGC Sdn Bhd	Industrial
A 96-acre industrial land	Kuala Langat, Selangor	RM145 mil/ US$33.4 mil	Liansheng Paper (Malaysia) Sdn. Bhd	Industrial
A 652-acre agriculture land	Jasin, Melaka	RM119 mil/ US$27.4 mil	Parkland Avenue Sdn Bhd	Agriculture
A 11,600-acre agriculture land	Miri, Sarawak	RM85 mil/ US$19.6 mil	WTK Holding Berhad	Agriculture
A 33-acre industrial land	Negeri Sembilan	RM57 mil/ US$13.1 mil	Dutch Lady Milk Industries Bhd	Industrial

Source Company announcements, Savills Research & Consultancy

Singapore

Based on advance estimates by the Ministry of Trade and Industry (MTI), the Singapore economy contracted 2.2% on a year-on-year (YoY) basis in the first quarter of 2020. The construction and services industries were especially hard hit by supply chain disruptions and falling external demand due to global measures to prevent the Covid-19 spread. This is the worst contraction since the global financial crisis in 2009 and has led to the MTI downgrading Singapore's Gross Domestic Product (GDP) growth projection in 2020 to range from -4.0% to -1.0%.

Given the rapid spread of Covid-19 to date, the Singapore government has implemented tighter border controls on human movement and stricter safe distancing measures. For example, since 27th March, all bars and entertainment venues such as night clubs, discos, cinemas, theatres, and karaoke outlets were closed or have to cease operations by 10pm. Public venues such as retail malls, museums and attractions have to limit customer numbers (no more than one person per 16 sq m) and disperse groups of more than 10.

While the economic challenge caused by the coronavirus pandemic is very serious, the Singapore government has announced a total stimulus of about S$55 billion, representing roughly 11% of Singapore's GDP and making it one of the largest among the advanced economies, to stabilise the economy, preserve jobs and help companies stay afloat through the onslaught. Among the supporting measures, the Government has announced that qualifying commercial properties - hotels, serviced apartments, tourist attractions, shops and restaurants - that have been more badly affected will pay no property tax for 2020. In addition, businesses in other non-residential properties such as offices and industrial properties will be granted a property tax rebate of 30%.

The Covid-19 outbreak has inevitably limited real estate investment activity in Singapore, especially in the private sector, as the lockdowns and travel restrictions have either lengthened investors' decision-making or forced them to adopt a wait-and-see approach in view of the increasing uncertainties. Based on Savills estimate, in Q1/2020, investment sales in the private sector posted their worst quarter figure since the global financial crisis by plunging some 71.2% quarter-on-quarter (QoQ) to S$1.15 billion. On the other hand, the public sector's transaction value surged by 480.6% QoQ to S$1.37 billion in the same quarter, thanks to the award of all the five residential sites on the confirmed list of the 2H/2019 Government Land Sales (GLS) Programme. As a result, the first quarter clocked in a total of S$2.52 billion worth of investment sales, down 40.4% QoQ and 48.3% YoY.

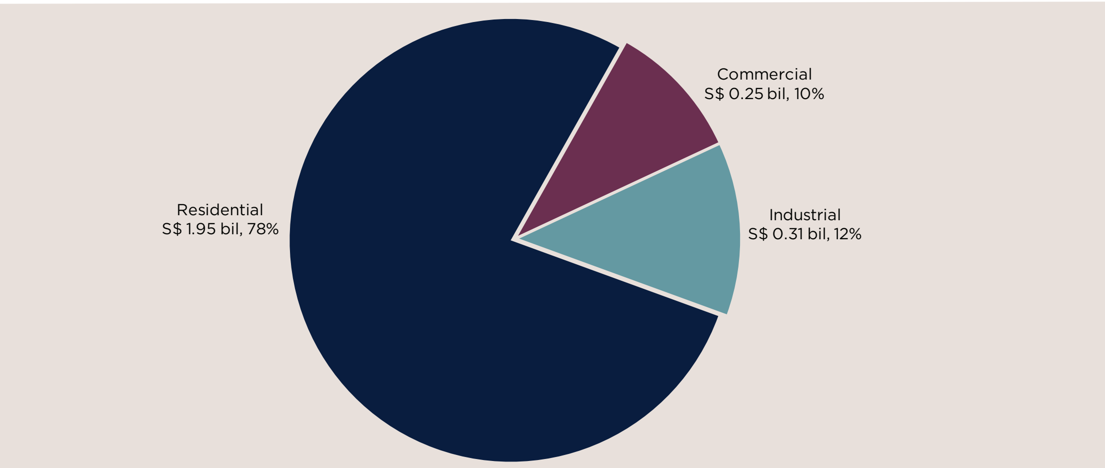
In the near term, the market is likely to worsen with a dearth of transactions because of the evolving Covid-19 situation. However, liquidity is piling up and those with an Asian mandate will have to find relative safety in a sea of uncertainty caused by the outbreak of the coronavirus. Singapore's handling of the outbreak will make it look like a 'safer haven' compared with other Asian cities. Therefore, in the mid to long term, we expect the Singapore market to rebound quickly after this coronavirus crisis, on the back of recovering cross-border investor confidence, low interest rates and accumulated liquidity.

Note: Government measures and stimulus mentioned above are by 31 March 2020

Christopher J Marriott
CEO
Southeast Asia
+65 6415 3888
cjmarriott@savills.asia

Alan Cheong
Executive Director
Research
+65 6415 3641
alan.cheong@savills.com.sg

Investment Sales Transaction Volumes By Property Type, Q1/2020



Source Savills Research & Consultancy

Major Investment Transactions, Q1/2020

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Government land	Irwell Bank Road	S$583.9 mil/ US$408.7 mil	CDL Perseus Pte Ltd	Residential
Government land	Fernvale Lane	S$286.5 mil/ US$200.5 mil	FCL Lodge Pte Ltd	Residential
Government land	Canberra Drive (Parcel B)	S$270.2 mil/ US$189.1 mil	United Venture Development (2020) Pte Ltd	Residential
Galaxy (25% stake)	Fusionopolis Place	S$157.5 mil/ US$110.2 mil	Ascendas REIT	Industrial
Government land	Canberra Drive (Parcel A)	S$129.2 mil/ US$90.45 mil	Oasis Development Pte Ltd	Residential

Source HDB, URA, Savills Research & Consultancy

South Korea

Crystal Lee
CEO
Savills Korea
+82 2 2124 4163
csjlee@savills.co.kr

JoAnn Hong
Director
Research & Consultancy
+82 2 2124 4182
jhong@savills.co.kr

Economic growth in 2019 came in at a respectable 2.0% despite the impact of the US-China trade disputes, trade conflict with Japan, the implementation of a 52-hour workweek, a minimum wage hike, and hence, similar levels were forecast for 2020 at the onset of the year. However, with nationwide confirmed cases of COVID-19 approaching 10,000 persons at the end of March, the pandemic's negative impact has been felt across all areas of the economy and has resulted in downward revisions of 2020 forecasts. As of March 22, FocusEconomics forecasts a rate of growth for 2020 of 1%.

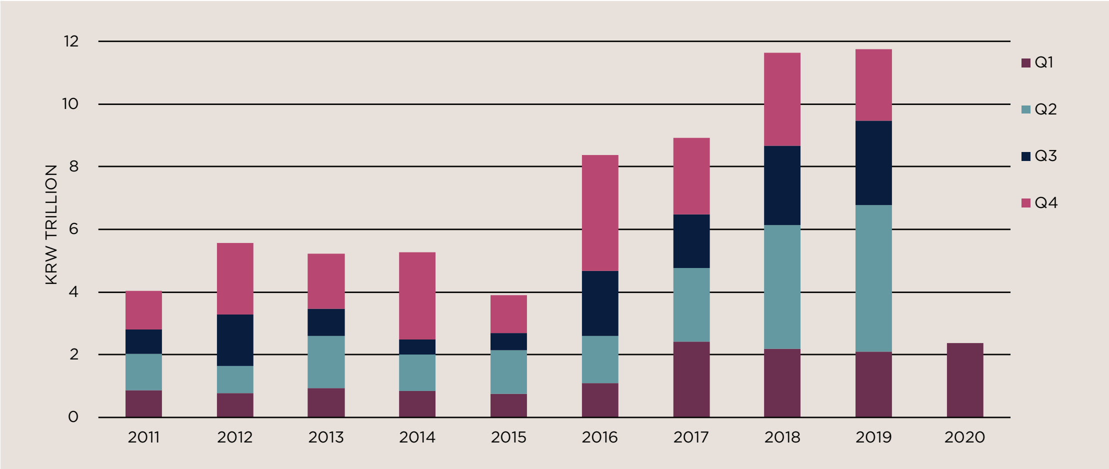
The Bank of Korea cut the base rate by 50bps to a record low of 0.75% in March, and the government approved a supplementary budget. The funding includes rent support for small merchants and SMEs which were hard-hit by the social distancing drive that urged "suspending operation of facilities posing a risk of cluster infection" for over 15 days by law. Monthly rents have been lowered for state-owned buildings, and tax incentives will be given to private landlords who offer voluntary rent cuts or waive payments.

As the epidemic drags on the economy, employers are taking drastic measures, including honorary retirement, unpaid leave, and wage cuts, all of which may translate into lower office take up in 2021. Prime office vacancy in the first quarter slipped slightly by 1.3% ppt to 7.5% on move-in activity scheduled from previous periods. However, the development pipeline will pick up in Q2/2020 and add new supply equivalent to 8% of total stock. Softening occupier demand along with significant supply additions is expected to drive down rents and prices.

Total investment volume for Q1/2020 was KRW2.4 trillion, slightly up from Q1/2019 thanks to deal volume being carried over from the previous year. Notable transactions include Namsan Square, Taepyeongro Bldg., Samsung Life Yeouido Bldg., and Urban Hive, most of which had been under negotiation since 2019 and were little influenced by recent market dynamics.

Despite the policy rate declining below 1% for the first-time, funding rates have been largely unchanged. Prices are expected to remain sticky or even decline in the short-to-midterm due to uncertainties in the leasing markets, weak investor confidence and higher liquidity risk. Overall activity will likely slow down and a preference for safe assets will increase as investors delay sales to the second half of the year.

Office Transaction Volumes, Q1/2011 to Q1/2020



Source Savills Korea

Major Investment Transactions, Q1/2020

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Samsung Life Yeouido Bldg.	YBD	KRW271.5 bil/ US$222.4 mil	BNK AMC	Office
Bundang Square	BBD	KRW190.2 bil/ US$155.8 mil	NH REITs	Office
Orange Center (Former ING Center)	CBD	KRW252.0 bil/ US$206.4 mil	NH-Amundi AMC	Office
Namsan Square	CBD	KRW505.0 bil/ US$413.4 mil	IGIS AMC	Office
Urban Hive	GBD	KRW137.0 bil/ US$112.2 mil	Duk San General Construction	Office/Retail
Taepyeongro Bldg.	CBD	KRW302.5 bil/ US$247.7 mil	IGIS AMC	Office

Source Savills Korea

Taiwan

The outbreak is having a serious impact on Taiwan's economy with Executive Yuan revising down 2020 GDP growth from 2.46% to 2.37% this February and the Central Bank further lowered the figure to 1.92% this March. While the virus firstly spread in China, China's factory shutdown had a negative knock-on impact on Taiwan's technology and manufacturing industries. Currently, the worldwide spread is widening the impact which now extends to sectors such as tourism, airlines, hospitality and retail. Due to the dramatic drop in the number of foreign tourists, the occupancy rate of hotels has fallen to less than 20% and more than 10 hotels have temporarily closed. As the retail and restaurant business has seen a rapid slowdown due to the advice on social-distancing measures, the growing popularity of online shopping, by contrast, is stimulating demand for logistics.

Several measures implemented by Taiwan's government to contain the spread of the virus, including closing the border, a 14-day period of home quarantine, requesting the wearing of masks on public transportation seem to have been effective with only 332 people infected and, tragically, five deaths by the end of March. In order to stabilizing the coronavirus-battered economy, Taiwan Central Bank cut the benchmark interest rate by 0.25 percentage point to 1.25%, for the first time in four years and the government further announced an NT$1000 billion economic relief package, including a time extension to file tax returns, interest rate cuts, tax cuts, rent reductions and quarantine pay.

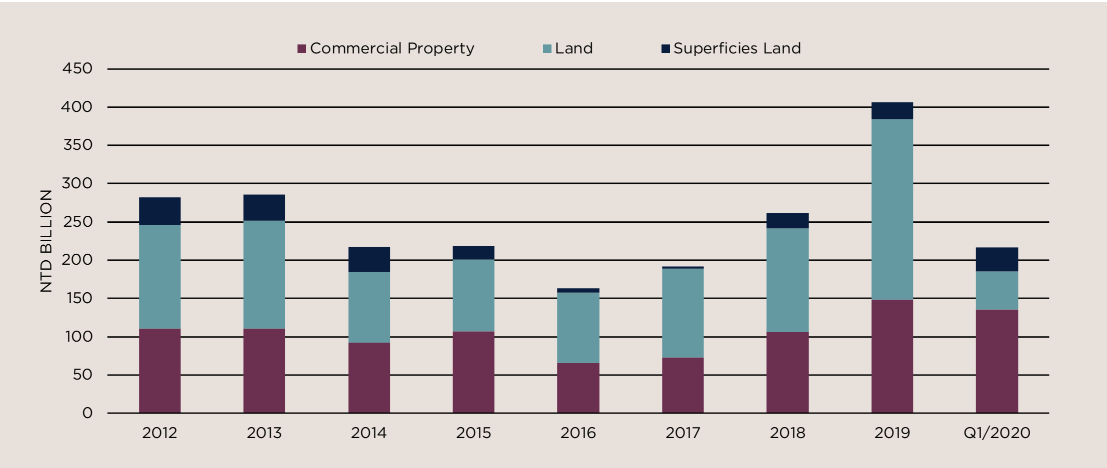
The spread of the virus and the recession risk to the global economy caused the Taiwan stock market to drop 2,400 points since January, around 20%. The property market has remained relatively stable as low mortgage rates have helped to ease pressure on home owners. Residential transaction activity was firm in Q1/2020 with the total transfer unit number increasing slightly by 1.3% year-on-year (YoY). Developers, believing the market will return to normal quickly after the spread is successfully contained, still have an appetite for site aquisition. In the first quarter of 2020, land transaction volumes reached NT$80.2 billion, up 26% YoY and 73% quarter-on-quarter (QoQ). The market's largest recent deal involved Taipei World Trade Center Hall 3 superficies land, which sold by public tender and received four bids. Nanshan Life acquired the land lot for NT$31.2 billion, the biggest land transaction ever and plans to develop a mixed-use project including Grade A offices and retail.

Inevitably, economic uncertainties are slowing investment decisions in the commercial market and even though investors are looking for distressed assets, the relatively low holding costs mean that very few owners are willing to sell at a 10% discount to the market. The commercial property market momentum is expected to remain at low levels over the coming quarter.

Ricky Huang
Managing Director
Savills Taiwan
+886 2 8789 5828
rhuang@savills.com.tw

Erin Ting
Director
Research
+886 2 8789 5828
eting@savills.com.tw

Significant Transactions By Sector, 2012 to Q1/2020



Source Savills Research & Consultancy

Major Investment Transactions, Q1/2020

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Hotel Kingdom	Kaohsiung City	NT$1.5 bil/ US$50 mil	Highwealth Construction	Hotel
Choicpring Taoyuan Factory	Taoyuan City	NT$1.34 bil/ US$45 mil	Local Developer	Factory
Factory in Tucheng Industrial Park	New Taipei City	NT$3.8 bil/ US$126 mil	Individual and local developer	Factory
Ubos Hsinchu Factory	Hsinchu County	NT$1.25 bil/ US$41 mil	Subtron Technology	Factory

Source Savills Research & Consultancy

Thailand

Prior to the outbreak of COVID-19, at the end of 2019, the economy in 2020 had been forecast to recover from the US-China trade dispute and to see a weakening of the Thai baht , which was anticipated to result in an increase in Thai exports and in the number of tourists compared to 2019 . GDP was expected to surge by 2.5% to 3%. Now, Thailand's economy is anticipated to contract in the first quarter by -3.3%, and it is expected that the second quarter will also see a contraction. Current expectations are that Thailand's GDP will rise by the end of the year to achieve a full year figure of 0.5%, though this is based on a substantial improvement in the global crisis during the second half of the year, which is difficult to predict at this time. Regardless, 2020 is set to experience the lowest economic growth since the subprime crisis of 2008. It is anticipated that the tourism, retail and exports sector will be the most severely affected by the outbreak.

Current forecasts of tourism is for the number of tourists to fall to 27.7 million people, which is a 30.5% decline from the previous year, with the highest compression, of -75%, in April and with a gradual recovery moving forward to reach the equivalent level of 2019 or 0% change y-o-y in October. Moreover, the average expense per head of tourists will also decline from the previous year. Evanson Hua Hin has been the first major hospitality bankruptcy announced following the pandemic; other owners and operators have taken precautionary measures such as Asset World Corporation who has closed five of their Bangkok hotels and Centara who have now closed 25 hotels through April until the end of the national quarantine period at the start of May.

The government has enforced the temporary closure of shopping malls until 30th April, and shopping centre owners, such as CPN and the Mall Group, have responded by cancelling the rental fees for tenants who have been forced to close, or reducing rental fees by 50% if the tenant is able to keep operating, as is often the case for takeaway restaurants and supermarkets. There has been a reported 80% increase in e-commerce transactions in February from the previous month, indicating that the country's adoption of online retail will likely be expedited.

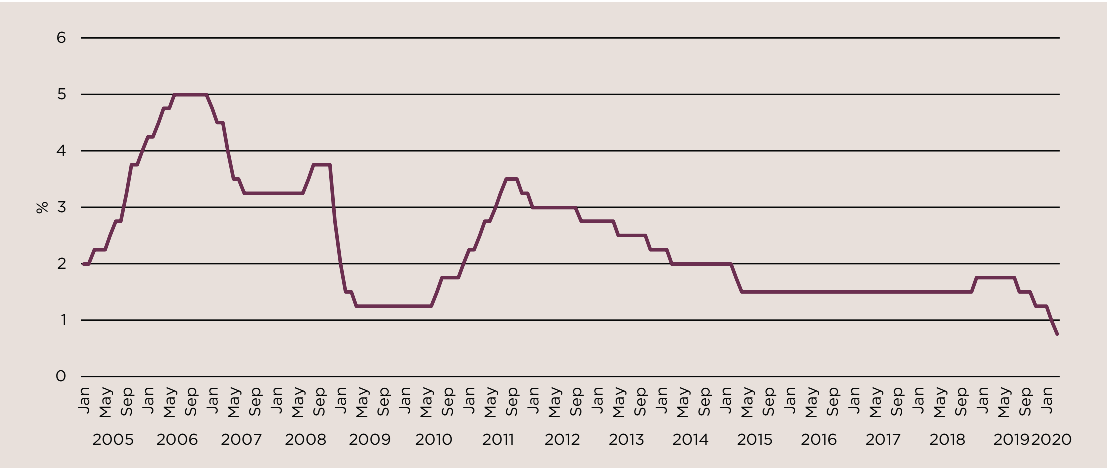
Due to the protracted disruption of supply chains which is expected to be an issue throughout 2020, especially supply from China, exports are anticipated to see an annual decline of -5.6%. The Bank of Thailand (BOT) have reduced their interest rate to a record low of 0.75% to help ease financial markets. The government has also introduced a raft of measures to aid those whose income will be directly affected by the crisis.

The future of Thailand's economy is highly uncertain, and will largely depend on the ability to control the outbreak internationally, and by the support given to the economy in the meantime and effective preparation for recovery. If the epidemic is under-control within the second quarter, this should mean an increase in the number of tourists and the value of exports, which will turn the Thai economy around quicker than expected.

Robert Collins
CEO
Savills Thailand
+66 2636 0300
robertc@savills.co.th

Jeremy O'Sullivan
Associate Director
Research & Consultancy
+66 2636 0300
jeremyo@savills.co.th

Interest Rate, January 2005 to March 2020



Source Ministry of Tourism and Sports (Thailand), Savills Research & Consultancy

Major Investment Transactions, Q1/2020

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Gateway Ekkamai	Bangkok	THB3.877 bil/ US$118.9 mil	Asset World Corporation PCL.	Retail
Asiatique (Bangkok)	Bangkok	THB777 mil/ US$23.8 mil	Asset World Corporation PCL.	Retail
Aquatique by the Beach	Pattaya	THB695 mil/ US$21.3 mil	Asset World Corporation PCL.	Mixed-use (under construction)

Source Savills Research & Consultancy

Vietnam

Although COVID-19 has already caused significant damage to the global economy, Vietnam continues to manage the outbreak well whilst ensuring the economy continues to operate as best it can. At 3.82% GDP recorded its lowest first quarter growth for 10 years. And up 26% on last year, over 18,600 enterprises have had to suspend operations.

Almost all business has been affected by a rapid slowdown in consumer spending and disruptions to global supply chains. The World Tourism Organization revised their 2020 international travel pr ospects to a -1% to -3% decline. China and Korea provide 56% of international arrivals to Vietnam where ten consecutive years of tourist growth are on hold.

In retail social distancing has devasted consumer spending. Tenants have sought rent reductions. Landlords are monitoring developments and have help under consideration: reducing rents by up to 50% while the outbreak is at its peak.

Residential has been affected by bans preventing buyers from travelling to close deals. This has affected investors from overseas most, notably the Chinese, South Koreans and Japanese. However, developers have strong project pipelines and are ready for demand to return. An extra boost when things settle is that Vietnam has one of the highest rental yields and lowest prices in the region. Only this January the Mitsubishi Corporation with Nomura Real Estate acquired an 80% share of the 26ha Grand Park Phase 2 with over 10,000 apartments.

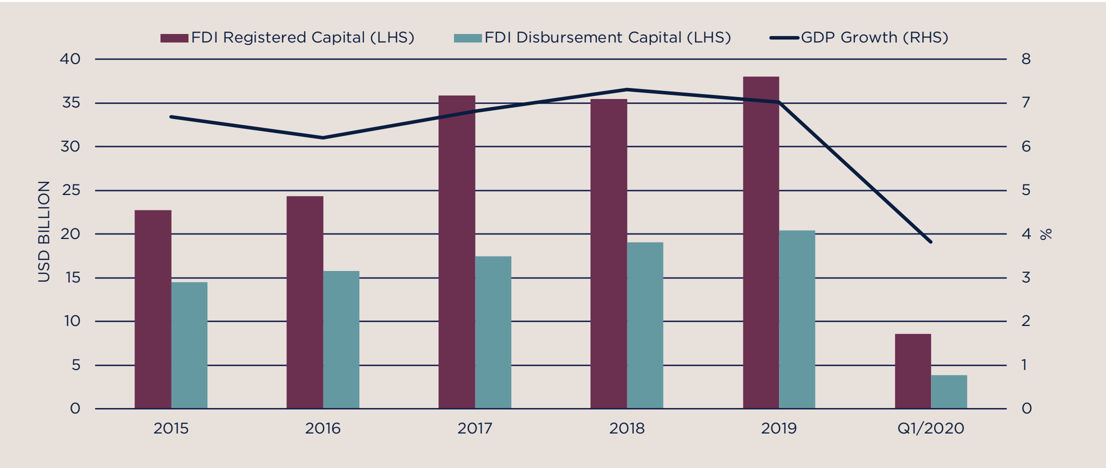
As with their decisive public safety response to Covid-19, the government has contingencies planned for tax breaks; tax payment delays and putting land-use fees on hold for businesses. US$10.6 billion (VND 250tn) has been set aside for those most affected. The State Bank has already cut interest rates by 0.5% to 1%. Relevant authorities have been asked to streamline disbursement processes of investment capital.

When things improve the hospitality industry is likely to recover first. Over 80% of business is from local travelers while having major Chinese and Korean markets is an advantage and their Covid-19 response indicates that they will likely be the first to travel again. Diversification of supply chains and the US-China trade tensions will create more opportunities for Vietnam's industrial and logistics sectors once normality returns.

Neil MacGregor
Managing Director
Savills Vietnam
+84 8 3823 7454
nmacgregor@savills.com.vn

Troy Griffiths
Deputy Managing Director
Advisory Services
+84 8 3823 9205
tgriffiths@savills.com.vn

Vietnam FDI Registered Capital, FDI Disbursement And GDP Growth, 2015 to Q1/2020



Source Vietnam General Statistic Office

Major Investment Transactions, Q1/2020

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Grand Park - Phase 2	District 9, Ho Chi Minh City	n/a	Mitsubishi Corporation and Nomura Real Estate Co., Ltd.	Residential

Source Savills Research & Consultancy

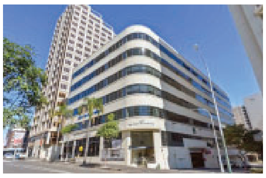
Australia

◄ Two Wentworth Street
Parramatta, NSW
AU$105.3M/US$70.0M
in February

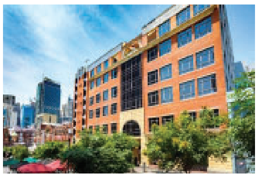
Victoria Place ►
East Melbourne, VIC
AU$330.0M/US$209.9M
in February

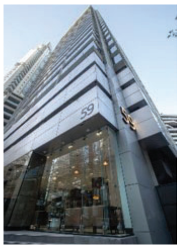
410 Queen Street ►
Brisbane, QLD
AU$53.5M/US34.0M
in March

▼ 75 Crown Street
Sydney, NSW
AU$102.0M/US$64.9M
in January



191 Thomas Street ►
Sydney, NSW
AU$80.1M/US$50.8M
in March





◄ 59 Goulburn Street
Sydney, NSW
AU$270.0M/US171.7M
in February

Beijing

Beijing Mix Plaza ▲
Tongzhou
RMB6.16B/US$868M
in Q1

▼ LG Twin Towers
CBD
in Q1

Shangdu Capital ►
Yanqing
RMB250M/US$35.3M
in Q1

◄ Naga Club
Dongzhimen Inner Street
RMB476M/US$67.1M
in Q1

Shanghai

◄ Baotou Road retail premises
Yangpu
RMB206M/US$29.0M
in Q1

Shanghai HNA Tower ►
Pudong
RMB3.5B/US$493.2M
in Q1

◄ Haitong Greenland Bund Center
Huangpu
RMB6.7B/US$944.0M
in Q1

Hong Kong

▲ **No. 21 Po Shan Road**
Mid-Levels
HK$350M/US$45.0M
in February

Wing Cheong Factory Building ▶
Cheung Sha Wan
HK$395M/US$50.8M
in February

◀ **11-15 Chai Wan Kok Street**
Tsuen Wan
HK$980M/US$126.0M
in January

No. 92 Repulse Bay Road ▲
Southside
HK$543.8M/US$70.0M
in March

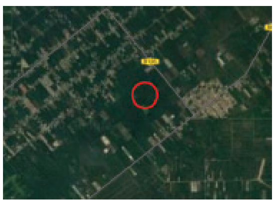
India

◀ **Global Village Techparks**
Bengaluru
INR29.2B/US$379.46M
in March

Japan

Otemachi Park Building (49.9% sale) ▶
Chiyoda, Tokyo
JPY99.8B/US$900M
in March

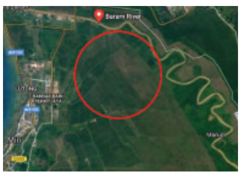
Malaysia



◀ **A 95-acre industrial land**
Kuala Langat, Selangor
RM263M/US$60.5M
in March

A 96-acre industrial land ▶
Kuala Langat, Selangor
RM148M/US$33.9M
in January

A 11,610-acre agriculture land ▶
Miri, Sarawak
RM85M/US$19.6M
in January



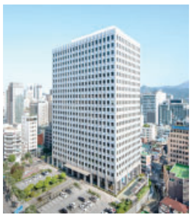
◀ **A 652-acre agriculture land**
Jasin, Melaka
RM119M/US$27.4M
in January

Singapore

Galaxy (**25% stake**)
Fusionopolis Place
S$157.5M/US$110.2M
in March

Level 11, Samsung Hub
Church Street
S$49.8M/US$34.8M
in February

South Korea



Namsan Square
CBD
KRW505B/US$413.4M
in Q1

Urban Hive
GBD
KRW137B/US$112.2M
in Q1

Samsung Life Insurance Yeouido Building
YBD
KRW272B/US$222.4M
in Q1

Taiwan

Ubos Hsinchu Factory
Hsinchu County
TWD1.25B/US$41.6M
in March

NOTES PAGE

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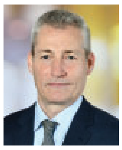
Savills Regional Investment Advisory, Asia Pacific

Regional Investment Advisory
Frank Marriott
Email: fmarriott@savills.asia
Tel: +852 2842 4475
23/F, Two Exchange Square, Central, Hong Kong



Regional Research and Consultancy
Simon Smith
Email: ssmith@savills.com.hk
Tel: +852 2842 4573
1202-04, Cityplaza One, 1111 King's Road, Taikoo Shing, Hong Kong

ASIA

Greater China

Hong Kong SAR
Raymond Lee
Email: rlee@savills.com.hk
Tel: +852 2842 4518
23/F, Two Exchange Square, Central, Hong Kong

With offices in Tsim Sha Tsui and Taikoo

Central China
Wing Chu
Email: siuwing.Chu@savills.com.cn
Tel: +8621 6391 6689
Unit 2501-13, Two ICC, No. 288 South Shanxi Road, Shanghai 200031, PRC

Northern China
Anthony Mcquade
Email: anthony.mcquade@savills.com.cn
Tel: +8610 5925 2002
Unit 01, 21/F East Tower, Twin Towers, B-12 Jianguomenwai Avenue, Chaoyang, Beijing 100022, PRC

Southern China
Woody Lam
Email: woody.lam@savills.com.cn
Tel: +8620 3665 4777
Suite 1301, R&F Center, No. 10 Hua Xia Road, Zhujiang New Town, Guangzhou 510623, PRC

Western China
Eric Wo
Email: eric.wo@savills.com.cn
Tel: +8628 8658 7828
Room 2106, Yanlord Landmark Square, No. 1 Section 2, Renmin South Road, Jinjiang District, Chengdu, PRC

With offices in Chongqing, Dalian, Hangzhou, Nanjing, Shenyang, Shenzhen, Tianjin, Wuhan, Xiamen, Xi'an and Zhuhai

Macau SAR
Franco Liu
Email: fliu@savills.com.mo
Tel: +853 2878 0623
Suite 1309-10, 13/F Macau Landmark, 555 Avenida da Amizade, Macau

India
Anurag Mathur
Email: anurag.mathur@savills.id
Tel: +91 22 4090 7300
WeWork Forum, DLF Cyber City, Phase 3, Sector 24, Gurgaon, Haryana 122002

With offices in Bangalore, Mumbai, Pune and Chennai

Indonesia
PT Savills Consultants Indonesia
Jeffrey Hong
Email: jeffrey.hong@savills.co.id
Tel: +62 21 293 293 80
Panin Tower - Senayan City, 16th floor, Unit C, Jl. Asia Afrika Lot. 19, Jakarta 10270, Indonesia

Japan
Christian Mancini
Email: cmancini@savills.co.jp
Tel: +81 3 6777 5150
15/F Yurakucho ITOCiA, 2-7-1 Yurakucho, Chiyoda-ku, Tokyo 100-0006, Japan

Korea
Crystal Lee
Email: csjlee@savills.co.kr
Tel: +822 2124 4114
13/F, Seoul Finance Center, 84 Taepyungro-1-ga, Chung-gu, Seoul 100-768, Korea

Malaysia
Christopher Boyd
Email: chris.boyd@savills.com.my
Tel: +60 3 2092 5955
Level 9, Menara Milenium, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur, Malaysia

With 2 branches throughout Malaysia

Phillipines
KMC MAG Group
Michael McCullough
Email: michael@kmcmaggroup.com
Tel: +632 8403 5519
11/F Sun Life Centre, 5th Ave, Bonifacio Global City 1634, Philippines

Singapore
Christopher Marriott
Email: cjmarriott@savills.asia
Tel: +65 6415 7582
30 Cecil Street, #20-03 Prudential Tower, Singapore 049712

Taiwan
Ricky Huang
Email: rhuang@savills.com.tw
Tel: +886 2 8789 5828
21F, Cathay Landmark,
No. 68, Sec. 5, Zho ngxiao E. Road,
Xinyi District, Taipei City 110, Taiwan

With an office in Taichung

Thailand
Robert Collins
Email: robertc@savills.co.th
Tel: +66 2 636 0300
26/F, Abdulrahim Place, 990 Rama IV Road, Bangkok 10500, Thailand

Viet Nam
Neil MacGregor
Email: nmacgregor@savills.com.vn
Tel: +84 8 3823 9205
18/F, Ruby Tower, 81-85 Ham Nghi Street, District 1, Ho Chi Minh City, Viet Nam

With an office in Ha Noi

AUSTRALASIA

Australia
Paul Craig
Email: pcraig@savills.com.au
Tel: +61 2 8215 8888
Level 25, 1 Farrer Place, Sydney, Australia

Offices throughout Sydney, Parramatta, Canberra, Melbourne, Notting Hill, Adelaide, Perth, Brisbane, Gold Coast and Sunshine Coast

New Zealand
Ryan Geddes
Email: rgeddes@savills.co.nz
Tel: +64 0 9 951 5340
Level 6, 41 Shortland Street, Auckland, NZ 1010, New Zealand

NORTH AMERICA
Savills Studley
Woody Heller
Email: wheller@savills-studley.com
Tel: +1 212 326 1000
399 Park Avenue, 11th Floor, New York, NY 10022

UNITED KINGDOM & EUROPE
Harry Philpott
Email: hphilpott@savills.com
Tel: +852 2842 4277
23/F Two Exchange Square, Central, Hong Kong

Offices throughout the United Kingdom, Belgium, France, Germany, Hungary, Italy, Netherlands, Poland, Spain and Sweden Associate offices in Austria, Greece, Norway, Portugal, Russia, Turkey and South Africa

23/F, Two Exchange Square
Central, Hong Kong