REPORT

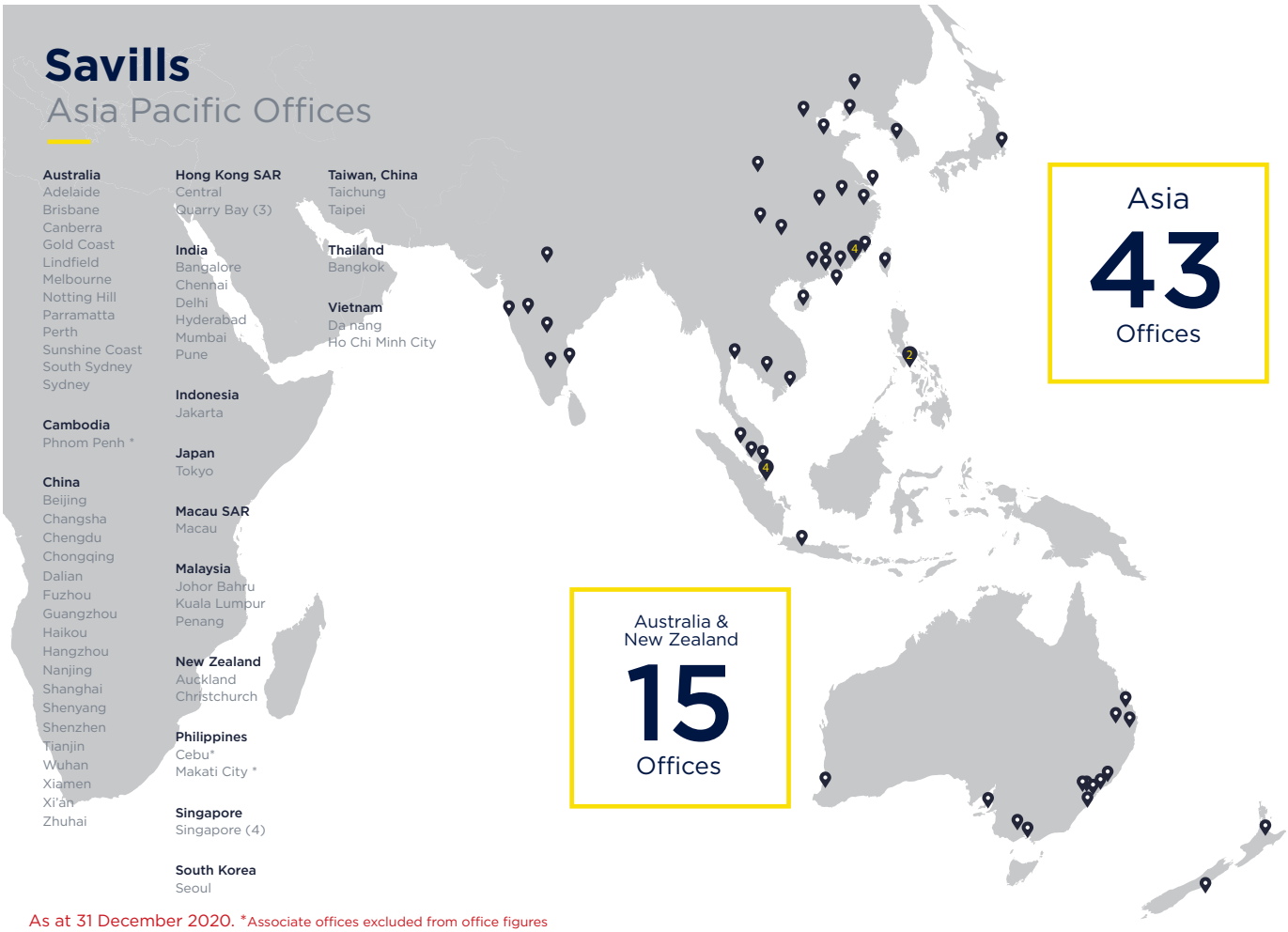
Savills Research

Asia Pacific – Q1 2021

Investment Quarterly

savills

Asia Pacific Network



As at 31 December 2020. *Associate offices excluded from office figures

Savills is a leading global real estate service provider listed on the London Stock Exchange. The company, established in 1855, has a rich heritage with unrivalled growth. The company now has over 600 offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

In Asia Pacific, Savills has 58 regional offices comprising over 29,000 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.

Savills is synonymous with a high-quality service offering and a premium brand, taking a long-term view of real estate and investing in strategic relationships.

Content

Australia

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

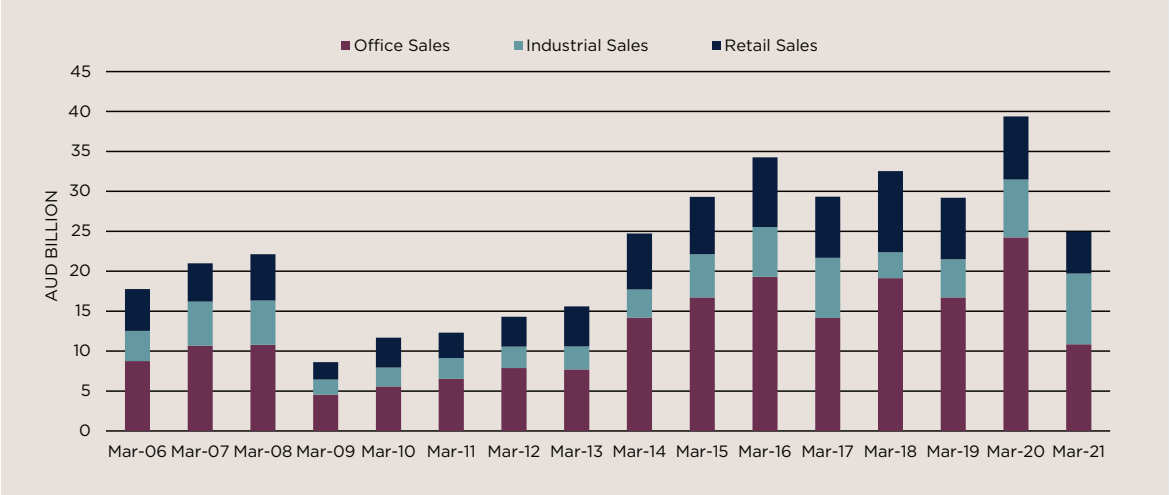
Monique Bird
Analyst
Valuation & Advisory
+61 2 8913 4845
mbird@savills.com.au

Australia's economic recovery is now well underway with strong GDP growth recorded over the last two quarters of 2020, after falling into a recession in June. The rebound has been supported by better than expected health outcomes and expansion of monetary and fiscal policy. Despite the national economy shrinking by 1.1% over the course of the year, the second half saw two quarters of more than 3% growth for the first time in history (3.4% and 3.1% respectively). The Reserve Bank of Australia has cited that they are forecasting that GDP will return to pre-pandemic levels by the middle of this year, which is a result of quicker than anticipated removal of restrictions and social distancing measures throughout the states. The rapid economic turnaround has translated into improvements in business confidence and consumer sentiment with increased consumer spending evident. Household spending increasing by 4.3% in the December quarter, with the savings ratio falling drastically to 12% (from 19% in September). Albeit this figure is still double the pre-COVID rate, which is largely a result of government stimulus payments as well as the inability to travel overseas.

After reaching a peak of 7.5% in July last year, Australia's unemployment rate has continued to decline (apart from a small spike in October, largely a result of lockdown measures in Victoria) with the latest seasonally adjusted figure falling to 5.8% in February. The Federal Government's JobKeeper stimulus package came to an end in March and it is likely that we will see the unemployment rate plateau or increase over the coming months as a direct result. Treasury forecasts that without the AU$130 billion JobKeeper payment, the unemployment rate may have peaked at 15% in 2020.

In the 12 months to March 2021, Savills tracked AU$24.92 billion of sales (AU$5m+) across office, retail and industrial asset classes, down 37% on the previous 12 months. Over the last 12 months it is clear that investors have looked to reweight portfolios towards industrial property, with the share of industrial sales doubling from 18% in the previous 12 months to 36%. Latest Morgan Stanley Capital International data (December 2020) demonstrates the impacts the pandemic has had on retail and office property. Capital returns for both sectors fell into negative territory, with annual growth for retail at -13.7% and -0.2% for office. This was the first time since the Global Financial Crisis that office capital growth has contracted. On a more positive note, income returns for all sectors were only just below the three year average. Industrial property continues to go from strength to strength as demand for the sector increases, placing downward pressure on yields and driving values higher. Capital returns for industrial property were recorded at a three year high of 7.9%, making a total return of 13.9% for the sector.

Australia Property Transaction Volumes (AUD5m+) By Sector, March 2006 to March 2021



Source Savills Research & Consultancy

Major Investment Transactions, Q1/2021

Tarneit, VIC	LOCATION	PRICE	BUYER	USAGE
Moorebank Logistics Park	Moorebank, NSW	AUD1.650 bil/ US$1.254 bil	LOGOS Property Group	Industrial
39 Martin Place (South Tower)	Sydney, NSW	AUD800.0 mil/ US$608.0 mil	Investa/Manulife	Office
1 Bligh Street (33%)	Sydney, NSW	AUD375.3 mil/ US$285.23 mil	Mercatus	Office
917 Boundary Road	Tarneit, VIC	AUD137.1 mil/ US$104.2 mil	GPT	Industrial
Forestway Shopping Centre	Sydney, NSW	AUD100.0 mil/ US$76.0 mil	Revelop	Retail

Source Savills Research & Consultancy

China (Northern) - Beijing

Shawn Ran
Director, Investment
Savills Northern China
+86 10 5925 2099
shawn.ran@savills.com.cn

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

In Q1/2021, Beijing's investment market continued its recovery, and transactions across the citywide commercial real estate market were increasingly active. The en-bloc investment market witnessed the closing of ten deals and registered a total consideration of RMB13.29 billion during the quarter. Purchasing demand was diverse, with deals being executed across office, retail, hotel and complex asset classes. Domestic buyers were the dominant deal drivers in the market. Major transactions included:

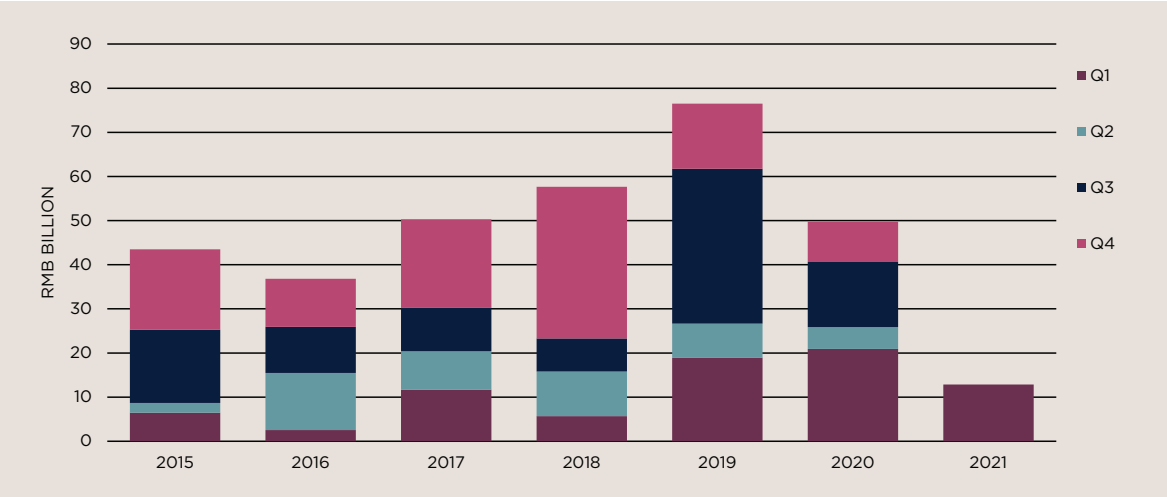
- Beijing Fraser Suites International Apartment was acquired by a joint venture between Tishman Speyer and Shanghai Dowell Trading for a total consideration of RMB2.05 billion.
- CIFI Group purchased a 50% stake in the Huaxi Live Wukesong complex for a total consideration of RMB3.32 billion.
- Block D of The Qidi Science and Technology Complex, located in Zhongguancun, was acquired by a JV between Beijing Capital Development, China Jinmao and GoHigh Capital for a consideration of RMB2.65 billion.

The first-hand strata-title office market was relatively inactive in Q1/2020, mainly due to the Chinese New Year Holidays. New supply totalled 129,000 sq m in the quarter, down 63.9% quarter-on-quarter (QoQ) and 58.7% year-on-year (YoY). Total transaction area reached 317,500 sq m during the quarter, down 45.6% QoQ but picking up 7.9% YoY. Total consideration reached RMB8.76 billion, down 54% QoQ and 1.7% YoY. Average transaction prices reached RMB27,578 per sq m, down 15.5% QoQ and 8.9% YoY.

A similar situation happened to the first-hand strata-title retail market, with new supply reaching 48,375 sq m in Q1/2021, down 8% QoQ and 53.2% YoY. Total transaction area reached 138,310 sq m in the quarter, down 32.8% QoQ and 9.7% YoY. Total consideration registered RMB4.71 billion in Q1, down 27.6% QoQ but up 43.2% YoY. However, average transaction prices in Q1/2021 picked up by 7.7% QoQ and 58.4% YoY to RMB34,072 per sq m.

With the pandemic effectively under control, the commercial real estate market is seeing increased investor interest in the market, and it is believed that significant activities will be in-progress or concluded in 2021. What's more, institutional investors are expected to diversify their acquisition targets in the future. While traditional asset classes, such as the office and shopping malls assets, will continue to remain popular investment targets, some investors are attempting to expand their investment horizons. Assets, including prime logistics warehouses and Internet Data Centres (IDC), which offer greater returns on investment, will be increasingly targeted.

En-Bloc Investment Volumes, 2015 to Q1/2021



Source Savills Research

Major Land Transactions, Q1/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Beijing Fraser Suites International Apartment	CBD	RMB2.05 bil/ US$313 mil	Tishman Speyer / Shanghai Dowell Trading	Serviced Apartment
Huaxi Live Wukesong	Wukesong	RMB3.32 bil/ US$506 mil	CIFI Group	Complex
The Qidi Science and Technology Complex Block D	Zhongguancun	RMB2.65 bil/ US$410 mil	Beijing Capital Development/China Jinmao/GoHigh Capital	Office

Source Savills Research

China (Western) - Chengdu

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's GDP reached RMB1,771.67 billion in 2020, an increase of 4.0% year-on-year (YoY). The growth value of the tertiary industry reached RMB1,164.3 billion, a 3.6 percentage point (ppt) YoY decrease. In addition, the total citywide investment in fixed assets increased by 9.9% YoY.

In terms of the land market in Q1/2021, the transaction volume of residential land in urban areas totalled 465,000 sq m, decreasing 58.8% QoQ. The average floor price reached RMB14,560 per sq m, increasing 9.5% QoQ. The residential land with the highest floor price in urban areas was on Shengdeng Street in Chenghua District. Chengdu Rongchuang Property Development Company obtained the plot of land, with its average floor price reaching RMB16,000 per sq m.

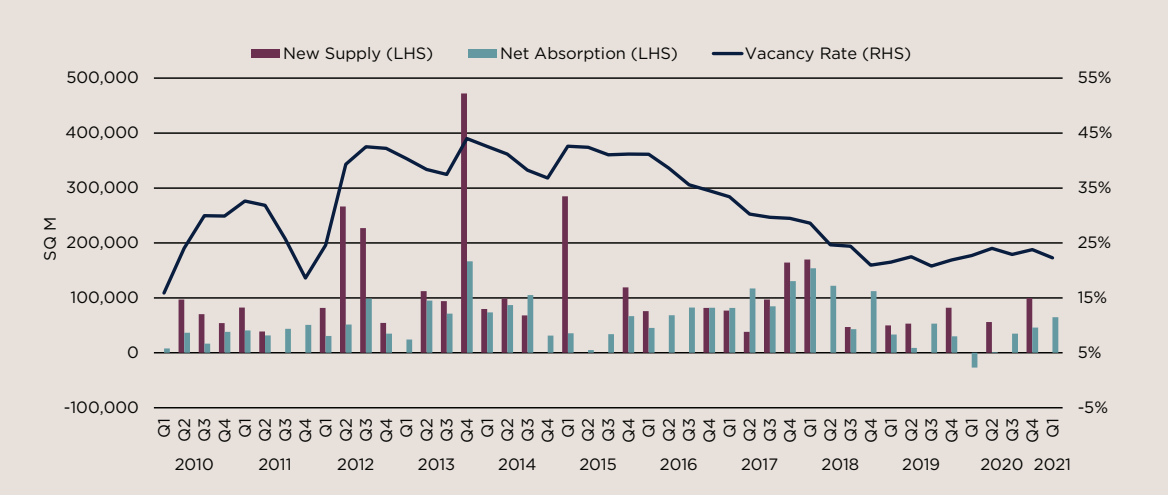
No new Grade A office supply entered the market in Q1/2021. After the overall decline in market demand last year, the recovery in Q1/2021 was obvious. New lease transactions rose sharply, pushing citywide net absorption area to over 60,000 sq m and helping the overall vacancy rate drop by 1.5 ppts quarter-on-quarter (QoQ) to 22.5%. Finance, information technology and consumer service generated the most demand, occupying 20%, 19% and 16% of the total new leasing industries, respectively.

Among the Grade A offices in Chengdu, the education service sub-industry accounted for 76% of the new leasing area in the consumer services industry, becoming one of the main transaction forces in the city. Online education companies accelerated their expansion, continuing the trend from 2020. The promotion of the education industry has become an important goal for the local government, and office needs from these enterprises are expected to grow further in the future.

In terms of market rental levels, some landlords and third-party office spaces have reduced their rent, making significant concessions to high-quality customers. However, there are also some owners who have marginally raised rents in the face of a more active market. In Q1/2021, the average rent of the Grade A office in Chengdu stopped its downward trend and remained steady at RMB101.3 per sq m per month.

In 2021, the annual new supply of the Grade A office market in Chengdu is expected to exceed that of 2020. The market is expected to see a number of high-quality projects located in CBD and Dayuan, increasing the market vacancy rate in the short term. However, with the improvement of major domestic economic indicators, the demand from finance, information technology and other industries are expected to remain active, indicating a steady development of Chengdu's office market.

Grade A Office Market New Supply, Demand And Vacancy Rate, Q1/2010 to Q1/2021



Source Savills Research

Major Land Transactions, Q1/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
North of South Huancheng Road and west of Xiaonan Street	Qingbaijiang	RMB12.52 mil/ US$1.91 mil	Chengdu Zhihui New City Investment Development Co., Ltd.	Commercial
Group 3, Tiantai Village, Pitong Street Group 3, Jiyang village, Hongguang Street	Pidu	RMB16.89 mil/ US$2.57 mil	Chengdu Jindu Forest Education Management Co., Ltd.	Commercial
North of Chengluo Avenue and South of Xiling Avenue, Xihe Street	Longquanyi	RMB609.27 mil/ US$92.8 mil	Chengdu Xingtang Real Estate Development Co., Ltd.	Residential

Source Savills Research

China (Southern) - Shenzhen

Shenzhen's economy demonstrated a strong resilience against the backdrop of the pandemic, with its GDP resuming its positive growth—the highest among the four first-tier cities in 2020. Specifically, the output of the financial industry increased 9.1% year-on-year (YoY), while that of the information transmission, software and information technology industry increased 11.3% YoY in 2020. The number of registere d enterprises in Shenzhen reached approximately 2.2 million in the year, up 10.7% YoY, and the growth rate was even higher than the pre-pandemic level of 3.4% in 2019. With the aforementioned, Shenzhen managed to address the uncertain circumstances, propelling a growing demand for leasing and purchasing Grade A offices.

With an additional new supply of around 400,000 sq m during Q1/2021, the citywide stock of Shenzhen's Grade A office market expanded to 8.7 million sq m. Despite oversupply concerns, the ample new supply offered end-user buyers and investors a wider range of purchasing opportunities, as many new projects completed in recent years were located in core areas, such as Luohu, Futian and Nanshan, which are typically the most preferred locations for many purchasers.

This was exemplified by two major sales transactions officially announced in Q1/2021. Shenzhen Expressway Company Limited purchased floors 35 to 48 with a combined office GFA of approximately 23,796 sq m at Hanking Centre from the developer's subsidiary for a total consideration of approximately RMB1.56 billion for old office consolidation and reconfiguration. Zhongqiao Sports Company Limited acquired IMC Qianhai International Centre T2 with an office GFA of 8,795 sq m for a total consideration of approximately RMB1 billion from CIMC. Both aforementioned buyers were end-users.

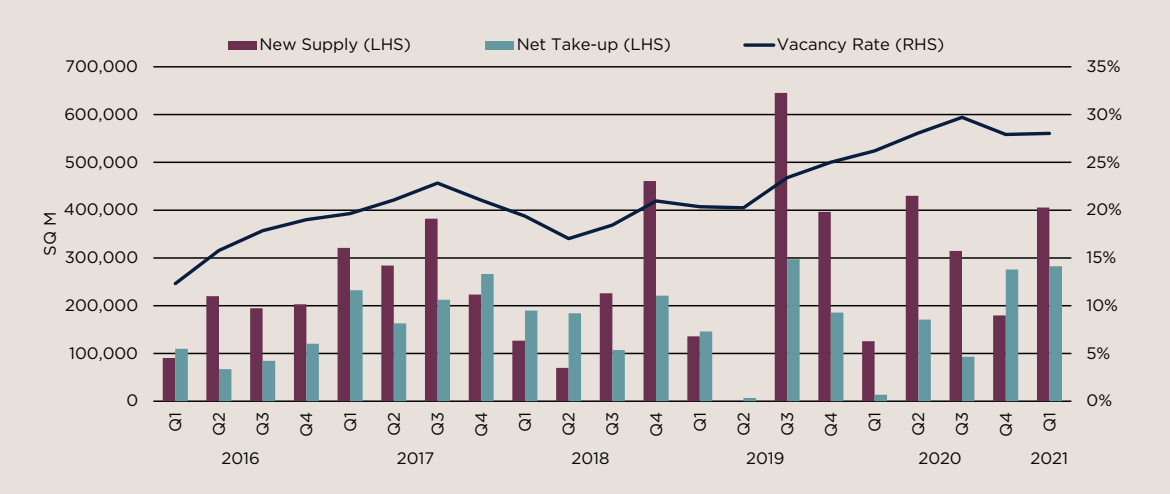
End-user buyers have been increasingly active since the announcement of building Shenzhen into the Pilot Demonstration Area of Socialism with Chinese Characteristics. In addition, domestic buyers and investors were still the dominant players in the market, particularly amid the pandemic, whilst international players kept an eye on opportunities that may align with their return requirements, preference of property types, investment mandates and criterion.

From a sellers' perspectives, it appeared that landlords with liquidity and less stress from the 'three red lines' policy were more willing to wait for a capable, independent buyer or investor instead of a strata-titled one. In addition, the local government tended to impose restrictions on sales proportions of a project GFA and the singular saleable unit. En bloc sales opportunities are anticipated to be more abundant in Shenzhen's Grade A office market. Overall, the outlook for Shenzhen's investment market should continue to be positive as Shenzhen, with its modern city image and ample policy benefits, is one of the priority office site choices for enterprise to tap into the Guangdong-Hong Kong-Macao Greater Bay Area.

Woody Lam
Managing Director
Southern China
+86 20 3665 4777
woody.lam@savills.com.cn

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

Office Property Market New Supply, Net Take-up And Vacancy Rate, Q1/2016 to Q1/2021



Source Savills Research

Major Investment Transactions, Q1/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Hanking Centre (35F to 48F)	High-tech Park, Nanshan	RMB1.56 bil/ US$239.1 mil	Shenzhen Expressway Company Limited	Office
IMC Qianhai International Centre T2	Qianhai, Nanshan	RMB1.0 bil/ US$153.3 mil	Zhongqiao Sports Company Limited	Office

Source Savills Research

China (Eastern) - Shanghai

The investment market took a beating in 2020, given the heavy economic impact and rising uncertainty from COVID-19. While investors in some overseas markets snapped up sell-and-lease-back opportunities as corporates looked to finance ongoing business operations, in China, end-user acquisitions took up some of the slack created as funds stepped back from the market to regroup. Greenland Bund Centre, located in Shanghai's South Bund, sold eight buildings to end-users from late 2019 to 2020 for RMB20.3 billion and is in the final stages of selling another tower to Zhongtai Securities for a reported RMB2.7 billion.

Finance companies, including banks, insurance and securities firms, have been a mainstay of the end-user market for years now, but they recently stepped up their acquisitions, preferring landmark buildings with good signage. Relative newcomers are the growing number of TMT companies who saw their businesses grow rapidly in 2020 or have recently listed and are cash-rich and looking to acquire headquarter locations. Their intention is to further establish their brand while securing work premises for future expansion. If suitable premises for acquisition are not available, some have decided to acquire land plots for future development. Bilibili, a Chinese video-sharing website, purchased a land plot in Yangpu District in January 2021 for RMB8.1 billion with an AV of RMB22,600 per sqm. The plot is next to one acquired by Meituan, a Chinese shopping platform, late last year for RMB6.5 billion with an AV of RMB22,350 per sqm. Several district governments, including Yangpu District, have been actively courting leading firms, giving out benefits like tax subsidies to build up industry clusters in their districts.

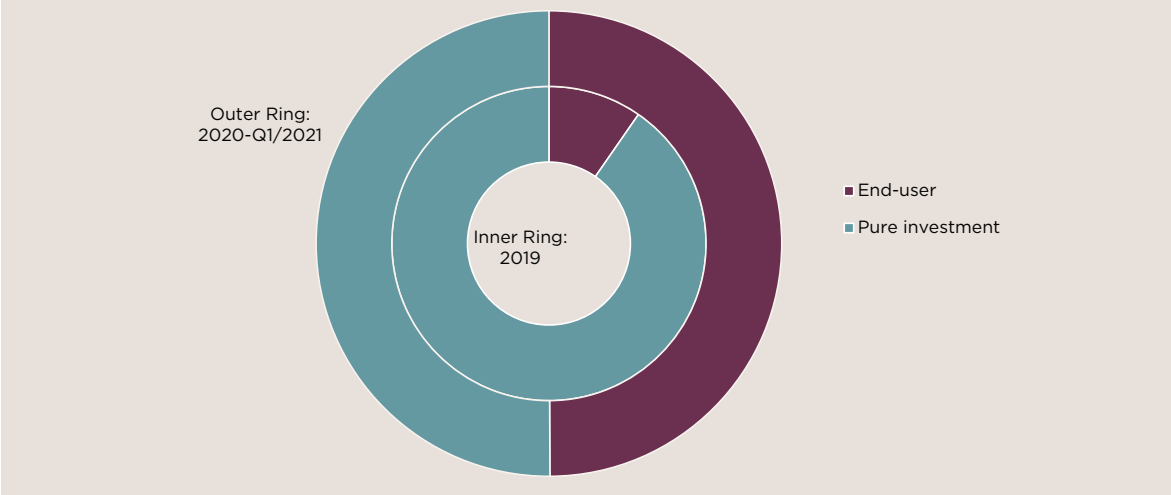
Developers are more than happy to sell to end-users. Overindebted developers are having a tough time issuing debt as the government is refocused on curbing the most egregious debt excesses in the market now that the economy is back on its feet. The "three red lines" policy looks to control debt-to-cash, debt-to-assets and debt-to-equity ratios and is now in effect, as well as bank lending limits on developers and homebuyers. At the same time, end-users have been paying prices that far exceed values that a pure investor would be willing to acquire the asset for, with theoretical yields potentially as low as 2.25-2.75% versus investors that require net yields closer to 4.0-4.5%.

Faced with a tighter financing environment, leasing challenges and identifying potentially more lucrative exits (especially developments with riverfront views), some developers have built projects specifically designed with single end-user tenants in mind, with the total buildable office space split between high-rise towers and low-rise headquarter space, giving buyers potential signage rights and private entrances. This calculated gamble seems to be paying off for some at the moment.

Nick Guan
Head of Investment
Shanghai
+86 21 6391 6688
nick.guan@savills.com.cn

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

Transaction Ratio By End User Comparison, 2019 Vs 2020 to Q1/2021



Source Savills Research

Major Investment Transactions, Q1/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Qibao Vanke Centre (50% stake)	Minhang	RMB2.77 bil/ US$424.6 mil	Link REIT	Mixed-use
Innov Star	Pudong	RMB2.28 bil/ US$349.5 mil	Allianz	Business Park
Xuhui Somerset	Xuhui	RMB1.05 bil/ US$161.0 mil	Individual buyer	Serviced Apartment

Source Savills Research

Hong Kong

Despite the fact that Hong Kong has made healthy progress in containing the virus, the economic fallout has been inescapable (2020 GDP: -6.1%). In the office market, vacancy is now approaching 9% (5.5 million sq ft) while the retail and hospitality sectors have been hit hardest with shop rents and average daily room rates down by 23% and 57% respectively over 2020 as a whole. As China has reported record GDP growth in the first quarter of 18.3%, however, supported by consumer spending, production and investment, Hong Kong is a likely beneficiary.

The future prospects of the economy and therefore the real estate market will largely depend on the opening of borders along with reduced quarantine requirements and more relaxed social distancing. This will in turn depend on the success of vaccination programs and continuing social compliance. Early indications are, however, that many Hongkongers are reluctant to get vaccinated and rates have been low (currently only 8% of Hong Kong's 7.5 million residents) and this could potentially slow any recovery.

Other threats to recovery or to the shape of the recovery, include changes in behaviour driven by technology. The rate of adoption of work from home, the shift to online shopping for goods and services, the future of shared work and living space are all examples of major changes (discernable even before COVID) whose impact on traditional real estate asset classes is still open to debate. Substantial amounts of unallocated capital continue to look for a home, however, and competition for well-priced assets can be expected to gain momentum over the coming quarters.

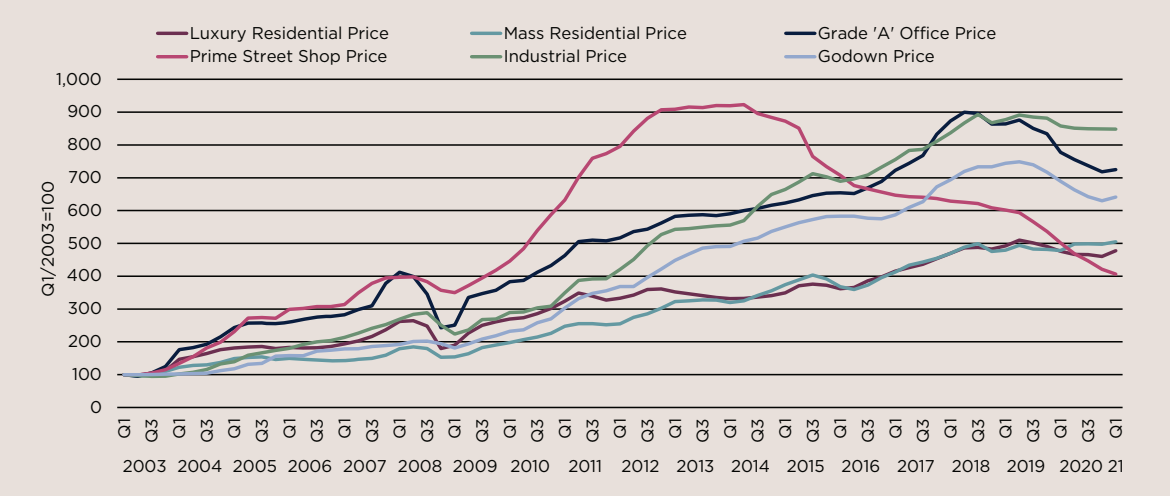
Already, however, the first quarter is showing some early signs of a turnaround as rates of rental and price declines slow and volumes begin to pick up. In the office market, a strong IPO pipeline and demand from PRC firms will spur demand, but probably not enough to offset a substantial new supply pipeline in 2022 and 2023. The retail market has been dominated by F&B deals and temporary concepts, but traditional retailers are beginning to make enquiries and it is hard to see much further downside for rents.

Hoteliers are focused on quarantining travellers and staycationers and will have to wait for Mainland border restrictions to ease before the sector can truly bounce back. The industrial sector has lost little of its allure during the pandemic and remains the standout asset class regionally, while the residential market has shown remarkable resilience supported by limited supply, low mortgage rates and plenty of liquidity.

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

Simon Smith
Regional Head of
Research & Consultancy
+852 2842 4573
ssmith@savills.com.hk

Savills Hong Kong Price Indices By Sector, Q1/2003 to Q1/2021



Source Savills Research & Consultancy

Major Investment Transactions, Q1/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
9-11 Mansfield Road	The Peak	HK$7.25 bil/ US$935 mil	TBC	Residential
Low to middle floor, Wharf Cable TV Tower	Tsuen Wan	HK$2.2 bil/ US$284 mil	TBC	Office
36 Plantation Road	The Peak	HK$2.182 bil/ US$282 mil	TBC	Residential
Hang Fat Industrial Building	Lai Chi Kok	HK$965 mil/ US$125 mil	TBC	Industrial
64-66 Chung Hom Kok Road	Chung Hom Kok	HK$900 mil/ US$116 mil	TBC	Residential

Source Savills Research & Consultancy

India

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

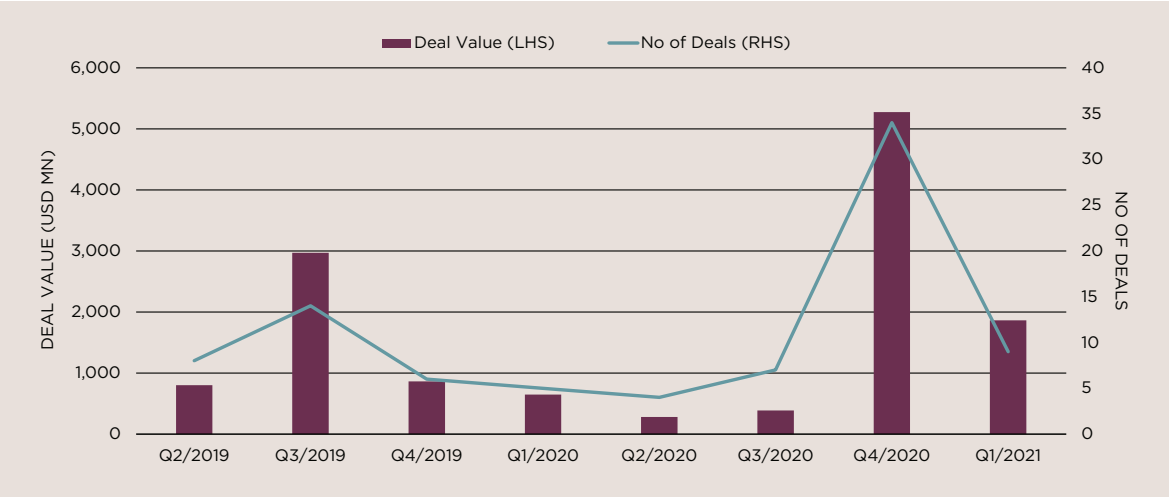
As we enter the second year of the COVID-19 pandemic, there is a sense of cautious optimism with respect to economic recovery. Numerous factors such as improving macroeconomic indicators, a rise in consumption, strong momentum in vaccine administration and improvements in overall business sentiment with the "Work from Anywhere" model have driven the sense of optimism. The quarterly GDP figures have confirmed that the country is technically out of recession; After two consecutive quarters of contraction, Q4/2020 clocked a marginal growth rate of 0.4%. Conversely however, a rising number of cases towards the end of the first quarter of the year and apprehensions about the magnitude of the "Second Wave", have managed to instil a sense of caution.

In Q1/2021, the Goods and Service Tax (GST) revenue collection stood at approximately INR3.6 trillion, showing a growth of around 14 % compared to Q1/2020. Increasing tax collections clearly point towards a sustained demand revival. Increasing consumption can be attributed to a focus on long term growth prospects by both the central government and the apex banking regulator of the country. The union budget presented in February 2021 continued to provide the impetus for the V-shaped recovery and outlined a slew of measures in critical areas such as infrastructure and healthcare. The overarching theme of the budget was economic recovery through investment, self-reliance and inclusiveness.

Real estate specific announcements, although few, were targeted towards affordable housing and Real Estate Investment Trusts (REIT). Tax holidays and exemptions in affordable housing and debt financing for REITs are expected to strengthen the confidence of all stakeholders in the residential and commercial office segments. Disinvestment and monetisation of land assets of Public Sector Undertakings (PSU) are likely to provide relief to the housing segment which is particularly beset by a scarcity of land in premium locations. Also, central sponsorships of metro projects in key urban areas among other infrastructure initiatives, are likely to bolster the real estate potential of specific micro-markets in the relevant cities.

Real estate private equity inflows, aided by the strong rebound in economic activity, have remained buoyant, especially in the commercial office segment. As per our estimates, approximately US$1.8 billion of real estate specific investments were finalised in the first quarter of 2021. Of these, office investments constituted more than 50% of the segment allocation. A third successful office REIT listing, Brookfield India Real Estate Trust REIT, occurred in February 2021, which was oversubscribed nearly eight times, reinforcing investor confidence in the real estate market even in such turbulent times.

Quarterly Private Equity Investment In Real Estate Segment In India, Q2/2019 to Q1/2021



Source RCA, Savills Research & Consultancy

Major Investment Transactions, Q1/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Embassy Industrial Parks	All India	INR53.4 bil/ US$700 mil	Blackstone	Warehouse
Commercial Real Estate Platform	Not applicable	INR37.4 bil/ US$500 mil	Ivanhoe Cambridge	Primarily Office

Source Savills Research & Consultancy

Indonesia

The Indonesian government is targeting the economy to grow by between 4.5% and 5.3% in 2021. To achieve the target, the government is also very aggressive in their programs to distribute COVID-19 vaccines to fight the pandemic. By April, the total population to have received a vaccine was around 15 million, consisting of health and public workers as well as the senior population.

In the property sector, the government recently announced a couple of new incentives to boost transactions and development activity, in the hope that it would support other industries thus helping to accelerate economic recovery. The first is a relaxation of the minimum down-payment for home loans to 0% (effective from March to December 2021) – this will help young buyers with limited savings. The second incentive is full exemption for VAT (10% of property value) on ready-stock residential valued up to IDR2 billion/unit and a 50% tax exemption on residential between IDR2 billion and IDR5 billion/unit (effective from March to August 2021). The market responded with enthusiasm as evidenced by a strong pick-up in sales in several residential projects in the Greater Jakarta area. Major developers with large inventories benefitted as they could also provide additional price discounts which successfully lured both end-users and investors. We expect this positive momentum to continue for the remainder of the year, which could potentially extend to 2022 along with the anticipated diminishing of the COVID-19 pandemic.

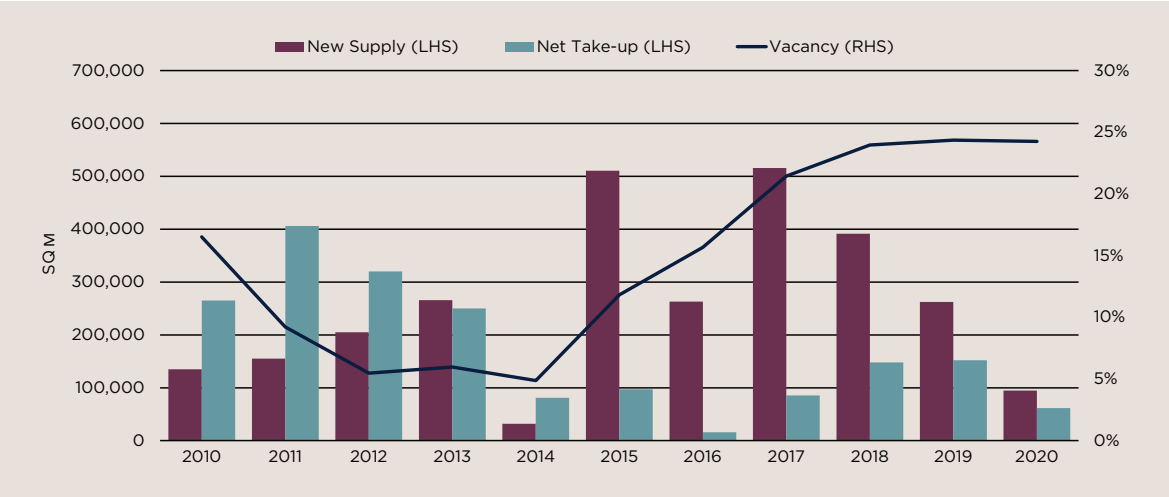
A similar optimism was also felt in the industrial sector as the country continues to race to become a leading production base in the ASEAN region. In order to attract global manufacturers to set up their facilities in Indonesia, the government has developed several new industrial estates particularly on Java, targeting major global companies in the automotive sector including electric vehicle (EV) and car battery production. This has also attracted some regional investors to build modern industrial facilities particularly from Japan and Korea. In most cases, the launch of new industrial estates initiated by the government as well as the private sector also includes the development of townships and commercial districts – this is expected to support the development of the local property market in the long run.

With a robust middle-class population, Indonesia's economy continued to be driven by consumption and e-commerce has gained traction in the past five years. A rapid increase in local e-commerce growth has supported demand for modern logistics, which has triggered further development. This has attracted both local and foreign investors to secure their fair share of the market and enjoy first-mover advantage. Over the past few years, large institutional investors like GIC and regional logistics developers such as LOGOS and ESR have expanded to Indonesia. After China, Indonesia is seen as the next big thing in Asia's e-commerce market and the logistics sector should thrive as a result.

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

Jakarta CBD Annual Supply, Demand and Vacancy, 2010 to 2020



Source Savills Research & Consultancy

Major Investment Transactions, Q1/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Technopark Gatot Subroto	Jakarta	IDR1.4 tri/ US$150.5 mil	Hutama Karya (SOE)	Mixed-use
Logos Metrolink	Greater Jakarta	IDR2.9 tri/ US$200.0 mil	Canada Pension Plan Investment Board (CPPIB)	Logistics

Source Savills Research & Consultancy

Japan

Recent corporate performance alongside economic recovery suggests better times ahead. This growth comes from a return in demand for electronics and automobiles in response to COVID-19 and an increased push for digitalisation. That said, the slow pace of vaccinations in Japan is likely to keep personal consumption depressed throughout 2021 and any economic recovery to pre-COVID levels should be achieved in 2022 or later.

The national unemployment rate remains stubbornly low, at 2.9% in February, having contracted by 0.2 ppts since October last year. Likewise, the job-to-applicant ratio improved to 1.1x in the same month, although this may be masking the full extent of the damage from the pandemic. According to Nomura Research Institute, unemployment rates, including those effectively unemployed[1] , are estimated to be a few percentage points higher. The Tankan survey of March 2021 shows a marked improvement from the December survey but suggests a K shaped recovery.

Logistics remains the most sought-after sector and valuations have reached new highs, while multifamily as a stable defensive play remains popular, particularly among international investors. Regarding office space, demand for well-located value-add opportunities is firm, but some investors find the outlook uncertain. Tough times persist for retail and hospitality and COVID-19 infections are likely to linger. There are still few distressed opportunities being offered in the market and securing new loans for these sectors could be challenging.

We currently observe stronger demand for Japanese real estate from overseas. In fact, on 2 April, Starwood Capital Group announced their intention to conduct a takeover bid for the Invesco Office J-REIT. This demonstrates that a wider range of parties appear more optimistic about the Japanese office market.

The TSE J-REIT index was up a promising 12.9% over the quarter but remains around 10% below pre-pandemic levels achieved in February 2020. The recovery of the hotel sector has been priced-in while the underperformance of offices appears to have corrected. The TOPIX index has stood comfortably above pre-pandemic levels since mid-November, recording 2,013.71 at the end of March, marking a 30-year high.

The BOJ conducted its policy review in mid-March and yields on 10-year government bonds are now allowed to move between -0.25% and 0.25%, a slightly wider range. It has also dropped its target for annual ETF purchases, implying that it remains willing to intervene, but only when necessary. The review appears to have made monetary policy more sustainable.

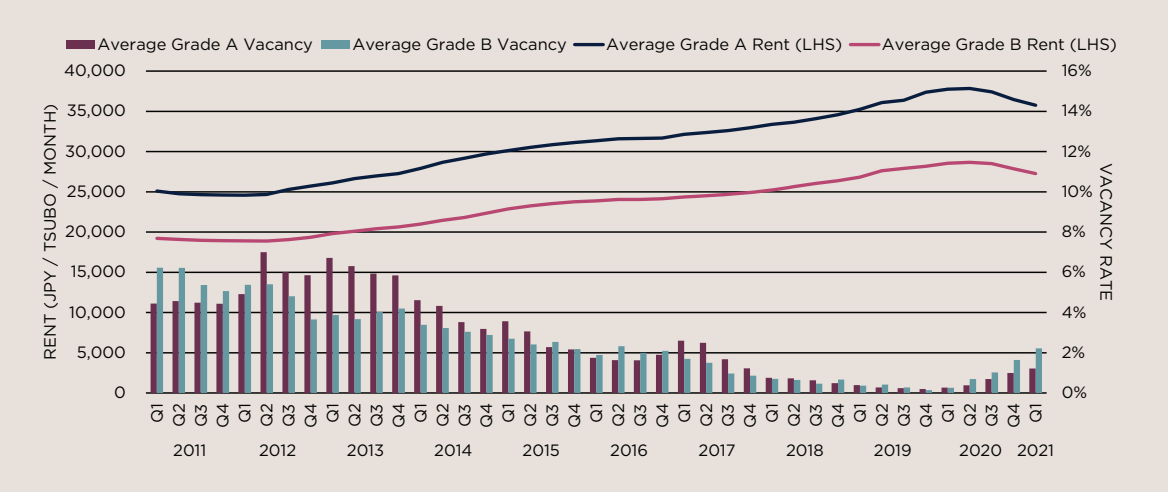
Within the Tokyo central five wards, Grade A office market vacancy rates have increased slightly to 1.2% in Q1/2021. Meanwhile, rents have fallen by 1.9% quarter-on-quarter and 5.3% year-on-year, and now stand at JPY35,762 per tsubo per month. With limited supply expected this year and next, the market should have time to adjust and recover, although secondary vacancy derived from the elevated supply levels in 2020 is a still concern.

1 Part time workers with shifts reduced by 50% or more and no pay during suspended business operations.

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

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

Office Rents and Vacancy In Tokyo's Central Five Wards, 2011 to Q1/2021



Source Savills Research & Consultancy

Major Investment Transactions, Q1/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Prologis Logistics Portfolio	Various	JPY62.2 bil/ US$580 mil	Nippon Prologis REIT	Logistics
Kintetsu Hotel Portfolio	Osaka & Kyoto	JPY60.0 bil/ US$560 mil	Blackstone Group	Hotel
Hirokoji Cross Tower	Nagoya	JPY45.0 bil/ US$420 mil	BentallGreenOak	Office and retail
Taiko-En Hotel Building	Osaka	JPY39.0 bil/ US$365 mil	Domestic Investor	Hotel
Logistics and Residential Portfolio	Various	JPY35.0 bil/ US$325 mil	LaSalle Investment Management	Logistics and residential

Source Nikkei RE, RCA, Savills Research & Consultancy

Macau

2020 was one of the worst performing years of the past decade as GDP saw a sharp decline of -56.3% compared to 2019. A major cause of the decrease was the border restrictions from both the Government of China and Macau. As a result, the number of tourist arrivals recorded a dramatic decline of -85%, while gaming revenue fell precipitously by -79%.

In more positive news, over the first two months of 2021, the number of tourist arrivals recovered to around 15%-20% of pre-COVID levels, while gaming revenue recovered to around 30% compared to the same period last year. Along with the vaccination programs being rolled out in China and worldwide, there is hope that the economy will recover in 2021.

Along with the decline in the real economy and concerns over further rises in the unemployment rate, activity levels in the property market have inevitably been affected. In the residential sector, there were 6,394 transactions in 2020, the second lowest year after 2015 for the past decade. Average transaction prices proved to be remarkably robust, at MOP 102,141 per sq m (saleable area) in 2020, a relatively slight fall of -6.4% compared to 2019. The price differential between small units and large units was little changed since the relaxation of the LTV ratio for first time homebuyers, and the tighter LTV restrictions for non-first time homebuyers in 2018. Residential units of under 50 sq m (saleable area) recorded an average price of MOP117,270 per sq m while units of over 150 sq m (saleable area) recorded an average price of MOP100,967 per sq m in 2020.

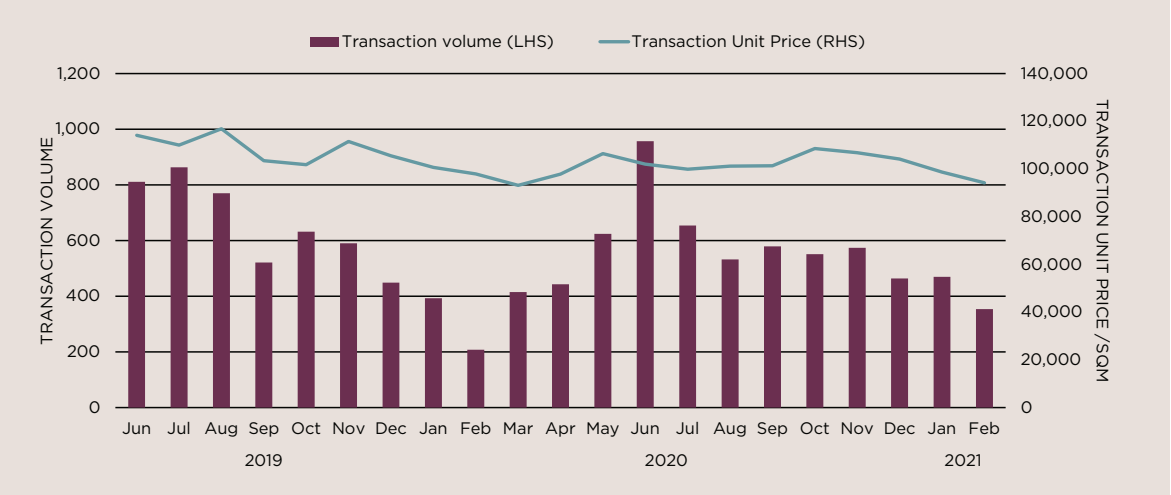
The office market has also proved to be resilient, and vacancy and rental rates of most Grade A office buildings saw no significant changes compared to pre-COVID levels, with average rents of between HK$30 and HK$35 per sq ft, while occupancy rates have remained around 95%.

The retail market has faced a tough time during the year of COVID, especially for retail properties located in popular tourist areas. The vacancy rate around the CBD has increased to around 25%, while the rental rates of some retail properties have dropped by over 50% compared to pre-COVID levels. Retail premises located on the Cotai Strip have been especially hard hit and several international resorts are offering turnover-only leases to potential tenants to secure occupancy, yet most of the lessees' revenues are still very far from pre-COVID levels. For retail located in local residential districts, vacancy rates and rental rates are relatively stable. One of the reasons behind the durability of this type of neighbourhood retail was measures implemented by the Macau Government to strengthen the consumption power of local communities, including subsidies for consumers comprising a total of MOP 8,000 to all Macau Permanent residents. Similar supporting measures were announced by the Macau Government in March 2021, and local consumption looks well supported going forwards.

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 Transaction Unit Price, June 2019 to February 2021



Source DSF Macau, Savills Macau

Malaysia

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's second Movement Control Order (MCO), placed on all states except Sarawak due to a rising number of COVID-19 cases, ended on 18th February. Shortly after, the Government introduced the PERMAI Assistance Package, valued at RM15 billion with measures to combat the COVID-19 outbreak, safeguard the welfare of the people and support business continuity via assistance through special deductions on rental discounts given to tenants, tax relief and exemptions, and a Wage Subsidy Program. The package may prove beneficial to Malaysia's GDP growth, which declined to -3.40% YoY in Q4/2020, down from -2.60% in Q3/2020. Fortunately, cases have fallen towards the end of the quarter since its initial spike at the start of the year, with daily cases currently hovering just above the 1,000 mark, compared to over 5,000 daily earlier in the quarter.

The total value of major transactions in the reviewed quarter amounted to approximately RM1.46 billion, a significant 53% year-on-year increase. The largest acquisition in the reviewed quarter was by Hartalega Holdings, which acquired 250 acres of industrial land in the Kota Perdana Special Border Economic Zone (SBEZ), Kedah for RM228.7 million. Hartalega intends to invest RM7 billion to build 16 new glove factories in Malaysia's northern region over the next 20 years.

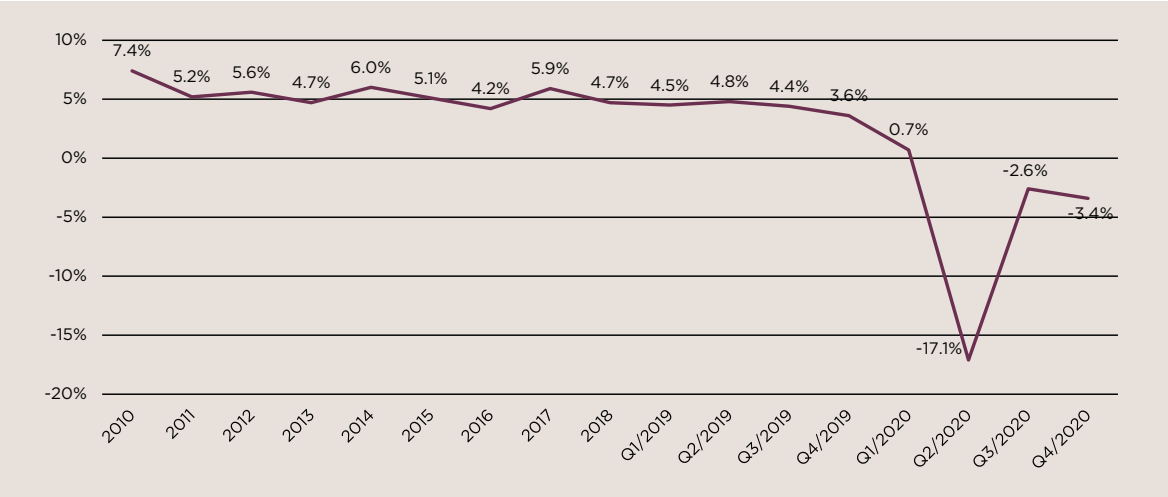
Within Greater KL, the largest transaction was UEM Land Bhd's purchase of 9.3 acres of factory land and the buildings thereon from Dutch Lady Milk Industries Sdn Bhd in Section 13, Petaling Jaya, Selangor for RM200 million with plans to build a RM1.3 billion mixed-use development. This area, specially earmarked for redevelopment into a mixed-use hub as part of urban renewal efforts, has proven to be a popular draw, as this deal was preceded by the sale of the neighboring former Kickapoo factory, which set new pricing benchmarks in the area, just a few months ago.

Axis REIT entered into an agreement to acquire 7.5 acres of industrial land and the buildings thereon from FIW Steel Sdn Bhd for RM120 million. The land is in Bukit Raja, an established industrial location in Shah Alam, Selangor due to its proximity to Klang port, coupled with good accessibility and infrastructure. Separately, Axis has also acquired two leasehold industrial sites totaling 16.2 acres in Johor for RM75 million, as the fund continues to build on its status as the leading player in Malaysia's rapidly expanding industrial and logistics sector.

In Kuala Lumpur itself, the most significant transaction was Hex Sdn Bhd's acquisition of two parcels of leasehold development land measuring 55.5 acres from Medan Prestasi Sdn Bhd, a wholly owned subsidiary of M K Land Group for RM108.8 million. The disposal of the land will serve to improve M K Land Group's asset utility, overall financial position, and overall financial liquidity, objectives the company has been focusing on recently by seeking to dispose of some assets.

The quarter's overall transaction value was largely led by the industrial sector, accounting for approximately 48% of the total, followed by commercial transactions at 22%. The gradual recovery should be supported by the progressive rollout of COVID-19 vaccinations, which currently stand at more than 250,000 front-liners vaccinated to date, with the second (the elderly and those with chronic illnesses) and third phases (general public) expected to begin in April and May respectively.

Malaysia GDP Growth, 2010 to 2020



Source Bank Negara Malaysia

Major Investment Transactions, Q1/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
A 250-acre site	Kedah	RM228.7 mil/ US$55.3 mil	Hartalega Holdings	Industrial
A 9.3-acre site	Selangor	RM200.0 mil/ US$48.3 mil	UEM Land Bhd	Redevelopment site
A 7.5-acre site	Selangor	RM120.0 mil/ US$29.0 mil	Axis REIT	Industrial
A 55.5-acre site	Kuala Lumpur	RM108.8 mil/ US$26.3 mil	Hex Sdn Bhd	Development land
A 100-acre site	Selangor	RM95.8 mil/ US$23.2 mil	Mah Sing Group Bhd	Development land

Source Company announcements, Savills Research & Consultancy

Philippines

The Philippine economy has suffered deeply as it ended the year in a recession with GDP contracting by 9.5% in 2020. Some economists believe a continued contraction is expected in the early part of the year before posting a significant growth in the latter half due to base effects. Even with the vaccine rollout bringing a slight reassurance of economic revival, the persistent threat of the virus will likely curb consumption appetite and keep investment outlays at bay. During the first quarter of the year, real estate and investment activity remains subdued – with vacancies still on the uptrend while transactions were limited.

At the onset of COVID-19 pandemic, albeit not new to its ASEAN peers, the introduction of a different form of investment stands to commeasure the property market. Following the relaxed rules and regulations for the legal framework of Real Estate Investment Trusts (REIT) at the beginning of 2020, AREIT, Inc went public and has been actively growing its assets. Notable transactions over the past year transpired from AREIT, Inc and its portfolio value has since doubled to US$771 million with additions including office buildings and an industrial park outside the capital.

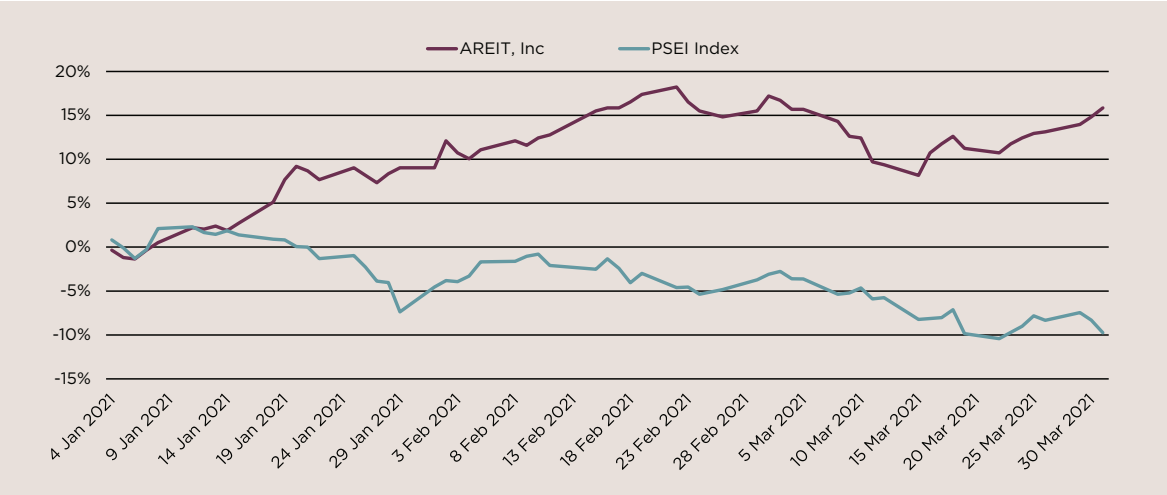
Additionally, another entrant to the REIT market who recently debuted on the local bourse was DDMP REIT, Inc. Its portfolio includes office towers in the Bay Area with a majority of its tenants coming from the Philippine Offshore Gaming Operators (POGO) sector. Even though it gained a lot of traction from retail investors, it failed to match the strong performance of AREIT last year. This could indicate that there remains an underlying high risk from the POGO sector and the negative effects of COVID-19 on the submarket. As we anticipate around 337,300 sq m of Grade A office space to come online in the next 12 months, the vacancy rate in the submarket is expected to rise due to the POGO sector leaving the country.

On the other hand, the reduced red tape has been less successful at achieving the goal of drawing overseas money to the country's real estate market. While on one hand REITs will help developers unlock value from their leased-out assets and generate much needed capital, they will also provide a favorable entry-and-exit vehicle for institutional investors looking to invest in real estate assets in the Philippines. We believe the country's REIT market has the potential to enter a period of sustained growth, with at least four property firms anticipated to conduct REIT offerings in 2021.

Michael McCullough
Managing Director
KMC Savills, Inc
+632 217 1730
michael@kmcmaggroup.com

Fredrick Rara
Research Manager
KMC Savills, Inc
+632 403 5519
fredrick.rara@
kmcmaggroup.com

AREIT, Inc Vs PSEi Index, January to March 2021



Source Philippine Stock Exchange

Major Investment Transactions, Q1/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
A residential project	Makati City	N/A	DM Wenceslao	Residential

Source RCA, KMC Savills, inc

Singapore

After two consecutive quarters of increase, investment sales declined by 11.4% quarter-on-quarter (QoQ) to S$3.23 billion in Q1/2021. This was mainly due to the lack of Government Land Sales (GLS) sites sold during Q1/2021. Despite the QoQ decrease, investment sales were still 12.2% higher than the same period last year, and this is encouraging because it shows that the market is still active despite the ongoing pandemic.

Owing to the lack of GLS sites being sold, residential investment sales fell by 19.9% QoQ to S$1.60 billion. However, private residential investment sales were higher in Q1/2021, with more landed homes transacted compared to Q4/2020. Demand for Good Class Bungalows (GCBs) remained strong as ultra-high-net-worth individuals are attracted to Singapore amid global political uncertainties and family offices continue to establish themselves in the city state. In Q1/2021, a record price of S$4,005 psf on land area was attained for the S$128.8 million sale of a GCB on Nassim Road. Moreover, there were four transactions of residential sites in the private sector, including two collective sales. As unsold residential inventory and developers' land banks get depleted, developers may be on the lookout for new sites for development and the collective sales market should see more sites coming onboard in 2H/2021.

On the other hand, after two consecutive quarters of decline, investment sales in the commercial sector finally rose by 9.7% QoQ to S$1.25 billion. This was largely attributed to a 14.7% QoQ increase in office investment sales to S$849.8 million in Q1/2021. The divestment of a 50% stake in OUE Commercial Reit's OUE Bayfront based on an agreed property value of S$1.27 billion to National Pension Service of Korea and the Allianz group of companies was the largest deal in Q1. These transactions reflect the strong interest in office buildings from foreign investors and this is expected to pick up further as workers return and borders are gradually reopened as more people get vaccinated.

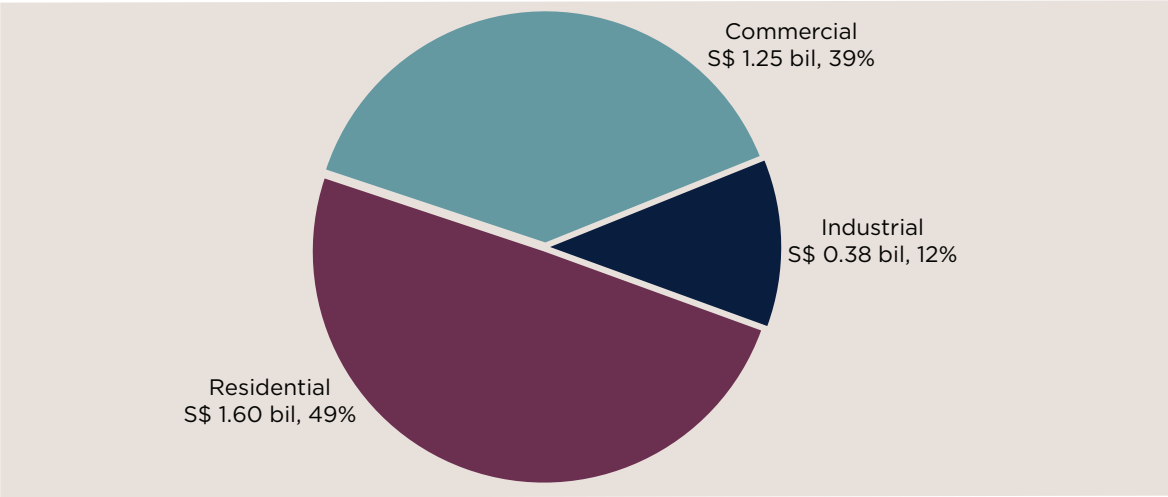
In the retail sector, after the divestment of Anchorpoint by Frasers Centrepoint Trust in Q4/2020, the firm sold YewTee Point to an unrelated party in Q1/2021 for S$220.0 million. The recent transactions of suburban retail malls signal the resilience of such malls with strong fundamentals, particularly as employees have worked from home since the outbreak, resulting in higher footfall and sales in suburban malls.

As the vaccination process is rolled out globally, population immunity for advanced economies is expected to be attained in the near term and this is expected to hasten economic recovery. In Singapore, recovery is in sight as working-from-home will no longer be the default arrangement from 5th April 2021 onwards. These various factors taken together are expected to attract more investment to Singapore.

Jeremy Lake
Managing Director
Investment Sales & Capital Markets
+65 6415 3633
jeremy.lake@savills.com.sg

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

Investment Sales Transaction Volumes By Property Type, Q1/2021



Source Savills Research & Consultancy

Major Investment Transactions, Q1/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
OUE Bayfront	Collyer Quay	S$633.8 mil/ US$471.0 mil	National Pension Service of Korea and Allianz group of companies	Office
Eden	Draycott Park	S$293.0 mil/ US$217.7 mil	The Tsai family of Want Want China Holdings	Residential
YewTee Point	Choa Chu Kang North 6	S$220.0 mil/ US$163.5 mil	Undisclosed buyer	Retail
Certis Cisco Centre	Jalan Afifi	S$150.0 mil/ US$111.5 mil	RBC Investor Services Trust Singapore, as trustee of Certis & Lendlease Property Trust	Office
Ladyvale	Nassim Road	S$128.8 mil/ US$95.7 mil	Jin Xiao Qun, wife of Nanofilm Technologies International founder and executive chairman Shi Xu	Residential

Source 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

Korea's economic growth rate in 2020 fell to -1%. In the domestic economy, the recovery of private consumption is expected to be delayed, but the recovery in exports and investment is continuing and the employment situation is expected to improve from the second half. The Bank of Korea forecasts economic growth for 2021 and 2022 of 3.0% and 2.5%, respectively.

The total transaction volume for Q1/2021 came in at KRW3.9 trillion, up about 52% from Q1/2020, about 29% of the total transaction amount last year. The number of transactions fell, but the volume of transactions increased due to the closure of a few large deals such as SK Seorin-dong Building, Pine Avenue B and Twin Tree Tower. Most of the major transactions were concentrated in the CBD, and transactions were made at high prices on the back of abundant liquidity and a steady rise in real estate prices since last year.

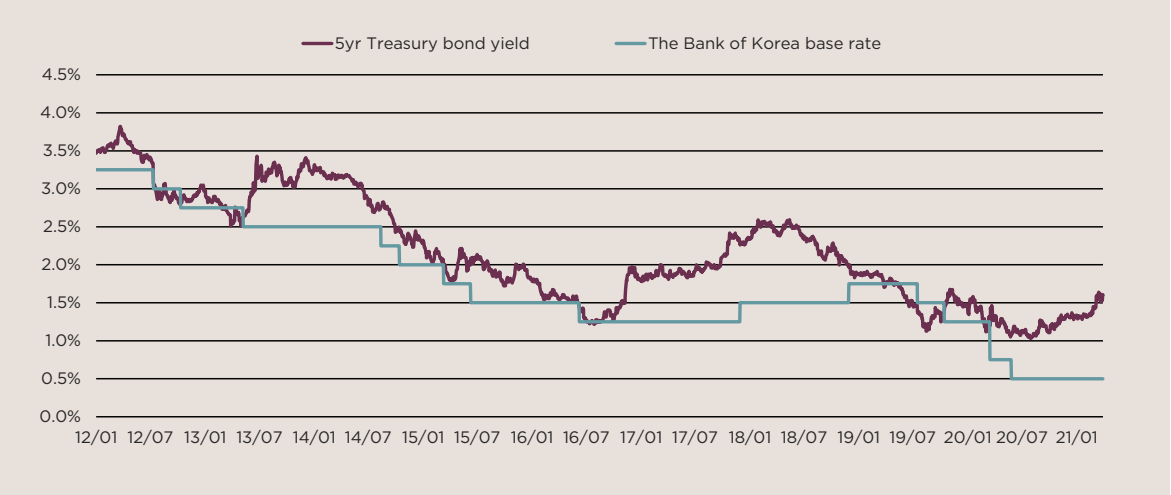
In CBD, SK Group purchased SK Seorin-dong Building for KRW1,003 billion (KRW39.6 million/pyeong) from Hana Alternative AMC. The transaction was ranked third largest in Seoul office sales after IFC (KRW1.85 trillion) and Centropolis (KRW1.12 trillion). SK Group sold the building to Bank of America in 2005. After selling the building to Bank of America in 2005, SK Group has been occupying the building through a sale-and- leaseback agreement and using it as a headquarters for 20 years. SK Group is reportedly planning to establish their own REIT based on this asset and operate the building in the future.

Samsung SRA AMC acquired Pine Avenue B for KRW620 billion (KRW31.9 million/pyeong) from Koramco AMC. Despite its high vacancy rate due to the relocation of major tenants, its location and accessibility to the subway led many asset management companies to participate in the bidding and the transaction was closed over at KRW30.0 million/pyeong.

In GBD, a large game company, Smilegate purchased Dong-gung Richwell Tower for KRW200 billion (KRW36.4 million/pyeong) from Dong-gung Construction. As a new building located in Teheran-ro and given the recent rise in real estate prices in Gangnam, the deal was closed above Hyundai Marine Gangnam Tower (KRW34 million/pyeong), which recorded the highest unit price in 2020.

The prime office cap. rate for Q1/2021, assuming face rents, is estimated at low-4%, compared to early-mid-3% on an effective rent basis. The average five-year treasury yield rose 10 bps from the previous quarter to 1.4%, with the prime office spread based on effective rents is around 200 bps.

Five-year Treasury Bond Yield and the BOK Base Rate Trend, January 2012 to March 2021



Source Bank of Korea

Major Investment Transactions, Q1/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
SK Seorin-dong Building	CBD	KRW1.003 tri/ US$900.3 mil	Hana Alternative AMC (SK Group)	Office
Pine Avenue B	CBD	KRW620.0 bil/ US$556.5 mil	Samsung SRA AMC	Office
Twin Tree A and B	CBD	KRW434.2 bil/ US$389.7 mil	IGIS AMC (AWE Capital)	Office
Dong-gung Richwell Tower	GBD	KRW200.0 bil/ US$179.5 mil	SPMC (Smilegate Group)	Office
Samsung Fire & Marine Insurance Yeoksam	GBD	KRW158.4 bil/ US$142.1 mil	Shinhan REITs	Office

Source Savills Korea

Taiwan

While low interest rates are driving up the housing market with the number of transactions nationwide up by 8.6% in 2020 compared to one year ago, the pre-sale housing market even witnessed a pick-up in price increases. This situation led the government to change direction, introducing several measures to cool the overheated residential market, including improving market transparency and prohibiting the resale of presale homes prior to signing the sales and purchase agreement. In a next step, there is discussion of raising capital gains tax rates to 45% or 35% for property resold within five years aimed at reining in speculative transactions.

However, the commercial property market has remained active with transaction volumes in the first quarter of 2021 reaching NT$47.9 billion, up 50.3% QoQ and 127% YoY. The largest investment deal of the quarter was the sale of Far Eastern Sogo Dunhua Store for NT$13 billion via a share deal to Huang Hsiang Investment, for an average land price of NT$4.2 million per sq m. The buyer plans to tear down the department store after the lease expires, according to reporters.

Insurance companies, dominating the market by accounting for 32% of transactions, continued to hunt for property. Shin Kong Life as well as Fubon Life announced that they will further expand their property investments. Two other mega deals were concluded in the first quarter, when China Development Financial HQs and Raint Plaza were purchased by Shin Kong Life for NT$9.3 billion and NT$5.6 billion respectively. The former is for owner-occupation while the latter will remain a hotel and industrial office complex for investment, marking a 3.8% yield.

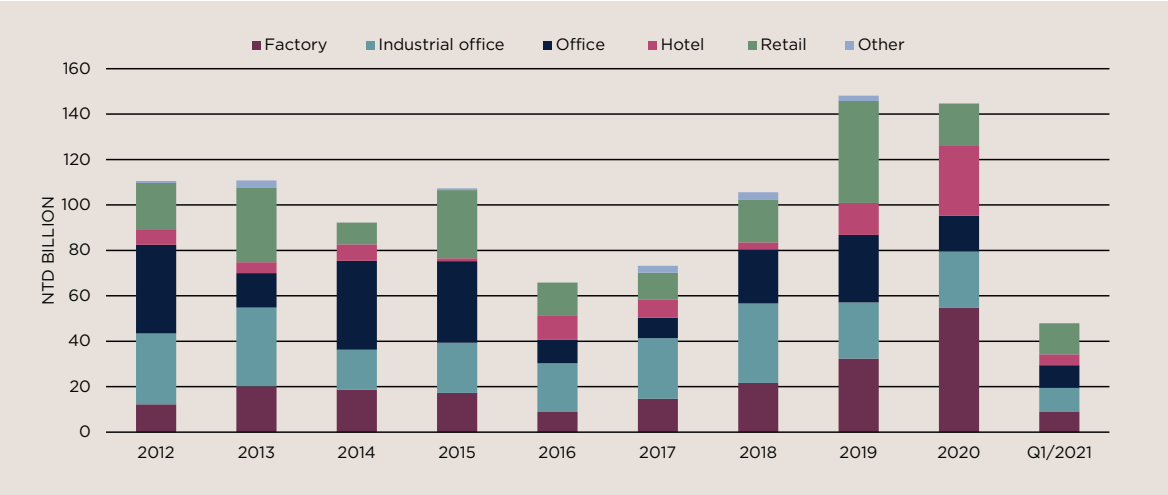
Strong demand for industrial property is unchanged. Several technology companies, expecially from the semiconductor supply chain, including KINSUS, Chunghwa Precision Test Tech and Phoenix Silicon International, spent a total of NT$12.3 billion in the sector, marking the second highest quarterly volume in the last five years.

As technology is a key driver of economic growth, professional investors have started to target investment opportunities benefiting from the current technology boom. A noteable deal is Raint Plaza, close to Hsinchu Technology Park with several floors leased to Qualcomm and Netflix, which attracted Shin Kong Life to purchase their first income property in Hsinchu. Land sites and commercial property close to existing technology hubs is proving popular, in areas such as Hsinchu, Taichung and Tainan. An increasing number of developers who used to focus on the residential sector, through sole purchase or joint venture, are redeveloping large abandoned factories into modern industrial parks. As a result, demand from end users and investors is expected to see industrial land prices rise this year.

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

Transaction Volumes, Q1/2012 to Q1/2021



Source Savills Research & Consultancy

Major Investment Transactions, Q1/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Far Eastern Sogo Dunhua Store	Taipei City	NT$13.0 bil/ US$448 mil	Huang Hsiang Investment	Retail
China Development Financial HQs	Taipei City	NT$9.28 bil/ US$320 mil	Shin Kong Life Insurance	Office
Raint Plaza	Hsinchu City	NT$5.64 bil/ US$194 mil	Shin Kong Life Insurance	Retail
Wintek Corp Yngmei Factory	Taoyuan City	NT$4.4 bil/ US$154 mil	Kinsus Interconnect Technology	Industrial

Source Savills Research & Consultancy

Thailand

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

The second wave of the pandemic in late December 2020 has significantly affected Thailand's tourism-dependent economy. The Bank of Thailand cut its projection for foreign arrivals in 2021 to only three million from five million. Mass vaccination began on 28th February, with 200,000 people (0.3% of population) receiving the first jab by 2nd April. A considerable ramp up in vaccination speed is anticipated in the second half once the palace-owned biopharmaceutical company Siam Bioscience begins production of the AstraZeneca vaccine. The Thai government is prioritizing Phuket for vaccinations, aiming for a 70% inoculation rate of locals to prepare for a potential return of tourists in the third quarter.

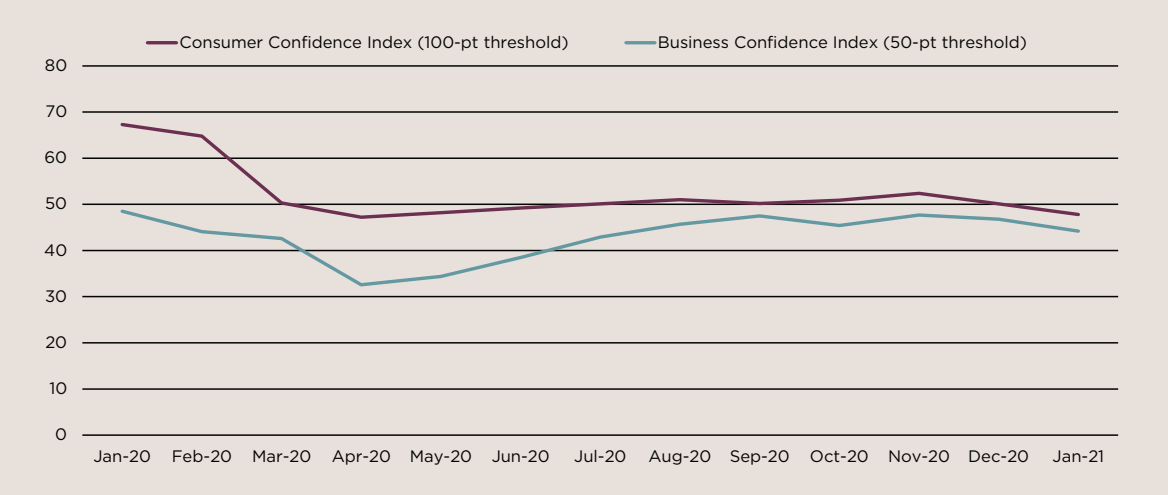
After the first quarter of 2021, the World Bank slashed its forecast for Thailand's GDP in 2021 from +3.4% to +4% as a result of a second wave, weak tourism, and the slow rate of inoculation. The consumer confidence index has continued to drop, reaching 47.8 in January, down from 67.3 YoY; the business confidence index has also fallen to 44.2 from 48.5 YoY. The Bank of Thailand (BoT) maintains that the economy will make a full recovery by the middle of 2022. However, the Securities and Exchange Commission (SEC) projects that international arrivals are not expected to recover to pre-COVID levels until 2024, which makes the BoT's timeframe for recovery appear optimistic.

The hospitality sector in 2020 relied solely on domestic tourists through most of 2020. The sector saw a return of optimism with the government's announcement that some vaccinated tourists would be allowed to visit the country without quarantine on arrival, with Phuket expected to be the first province to permit arrivals from July. Savills anticipates that this new policy will be positive for large hotel management groups and owners, who have the capital reserves to survive a period of single digit occupancy, though owners without the capital reserves will be under increasing pressure, which will likely lead to higher rates of non-performing loans. The Thai government is considering launching an asset warehousing scheme, which would potentially allow owners to maintain control of their businesses and to buy back in future at a reasonable price.

The Sigma Resort Hotel Jomtien Pattaya was purchased by Asset World Corporation PCL (AWC) from APEX Development Public Company Limited (APEX) for THB550 million. This purchase is in line with AWC's strategic plan, which is to utilize a budget of THB10 billion to purchase struggling hotels.

The industrial sector has been one of the most active this quarter with several transactions including Hiap Seng Engineering who disposed 35,000 sq m of warehousing to EG Group Product and Service worth over US$300 million, while WHA Premium Growth F&L REIT has acquired a partial interest in two warehouses from Daiwa House (49%) and KPN Group (35%) worth more than US$68 million in total. Teva has also disposed of their warehouse property at Rojana Industrial Park 2 to Interpharma Group for more than US$5.3 million.

Consumer Confidence and Business Confidence Indices, January 2020 to January 2021



Source FocusEconomics, Savills Research & Consultancy

Major Investment Transactions, Q1/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Sigma Resort Hotel Jomtien and Pattaya	Chinburi	THB550 mil/ US$17.4 mil	AWC	Hotel
Hiap Seng Thailand Factory	Chonburi	THB317.4 mil/ US$10.1 mil	EG Group Product and Service	Warehouse
WHA Mega Logistics Center (Laemchabang 1)	Chonburi	THB559.5 mil/ US$17.7 mil	WHA Premium Growth F&L REIT	Warehouse
WHA Mega Logistics Center (Bangna-Trad Km 23 Phase)	Samut Prakan	THB1.59 bil/ US$50.4 mil	WHA Premium Growth F&L REIT	Warehouse
The Crystal PTT Chaiyaphruek	Nonthaburi	THB290.9 mil/ US$9.22 mil	Ally REIT	Retail
Kad Farang Village Project	Chiang Mai	THB405.1 mil/ US$12.8 mil	Ally REIT	Retail

Source Savills Research & Consultancy

Vietnam

In Q1/2021, Gross Domestic Product (GDP) grew by a robust 4.5% year-on-year (YoY), according to the Vietnam General Statistics Office (GSO). The Ministry of Planning and Investment reported that Q1/2020 Foreign Direct Investment (FDI) including newly registered capital, adjusted capital, and capital contribution, or share purchases, by foreign investors totalled US$10.1 billion, up 18.5% YoY. FDI disbursement of US$4.1 billion was up 6.5% YoY. The figures are further testament to Vietnam's success in containing the pandemic after being only one of a handful of countries to report positive growth in 2020.

2021 looks set to be a year for major infrastructure projects. The US$4.6 billion Phase 1 of Long Thanh International Airport officially started on 5th January 2021 with completion scheduled for 2025. Works includes a 4 km runway, taxiways, aprons, and a 373,000 sq m terminal with an annual capacity of 25 million passengers and 1.2 million tonnes of cargo. Tan Son Nhat International Airport will have a new US$474 million terminal T3, to support the regularly overcapacity T1 domestic terminal. T3 is expected to be complete and in operation by 2023.

Significant road projects getting underway in 2021 include the US$209 million Phase 1 of the My Thuan - Can Tho Expressway, which started on 4th January 2021. The US$230 million Tan Van-Nhon Trach section 1A, Phase 1 of Ring Road 3, while in the Mekong Delta, National Highway 1A will see upgrades to the bypasses of Hau Giang, Soc Trang and Ca Mau.

A collaboration between Mitsubishi Estate and SwanCity Viet Nam, will advance development of SwanBay's latest 34 ha phase of river-front residences. This follows the success of the Daisan Project, another Mitsubishi Estate collaboration with SwanCity in Jakarta, Indonesia.

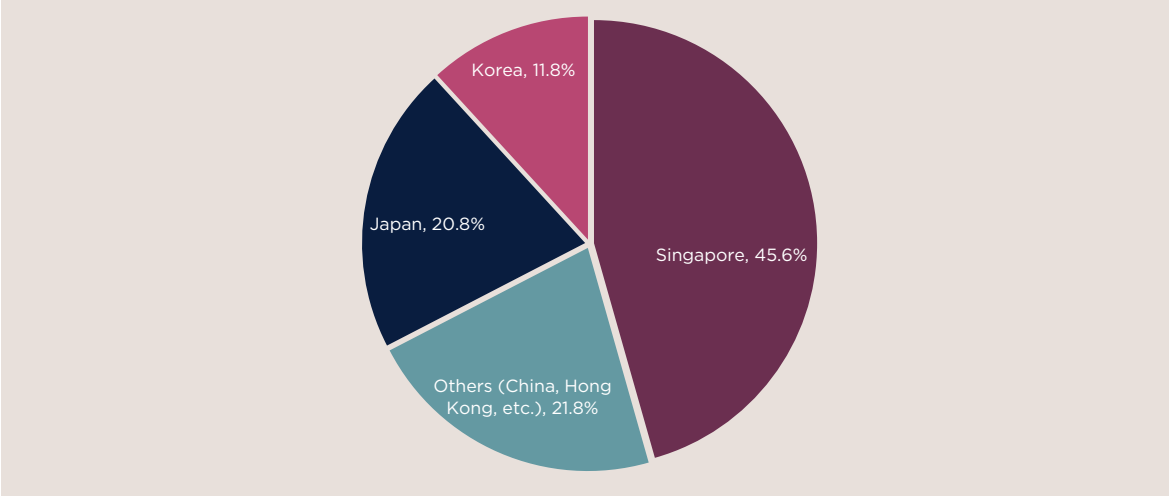
Trung Thuy Group with a Takashimaya subsidiary, Toshin Development, recently announced investment cooperation in the Lancaster Luminaire project in Ha Noi, which is expected to become a new city landmark. The mixed-use complex will supply luxury apartments, Grade A offices, and a high-end commercial centre.

Masterise Homes are bringing branded residences to Viet Nam in a partnership with Marriott International. The Grand Marina Saigon ground-breaking ceremony, held on 24th March 2021, marks their first project together which, when complete, will represent the largest supply of Marriott branded residences in the world.

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

Structure Of New FDI Capital By Counterparts, Q1/2021



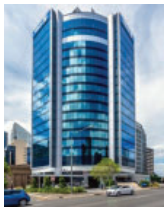
Source Ministry of Planning and Investment of the Socialist Republic of Vietnam
Note: New FDI includes registered FDI, adjusted capital, and capital contributions, or share purchases, by foreign investors.

Major Investment Transactions, Q1/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Lancaster Luminaire	1152-1154 Lang St Hanoi, Ha Noi City	N/A	Toshin Development (Takashimaya Group - Japan)	Residential and office
Yen Phong Industrial Park	Yen Phong, Bac Ninh Province	N/A	Boustead Singapore	Industrial

Source Savills Research & Consultancy

Australia



Riverview Business Park ▶
North Ryde, NSW
AU$115.0M/US$87.4M
in March

Chevron HQ (25%) ▶
Perth, WA
AU$220.0M/US$167.2M
in February

◀ **310 Ann Street**
Brisbane, QLD
AU$210.0M/US$159.6M
in March

◀ **917 Boundary Road**
Tarneit, VIC
AU$137.1M/US$104.2M
in February

MQX4 ▶
Macquarie Park, NSW
AU$167.2M/US$127.1M
in February

▲ **Vero Insurance HQ** (25%)
Chatswood, NSW
U$44.7M/US$34.0M
in February

Forestway Shopping Centre ▶
Frenchs Forest, NSW
AU$100.0M/US$76.0M
in March

◀ **David Jones Elizabeth Street**
Sydney, NSW
AU$510.0M/US$387.6M
in March

◀ **Martin Place South Tower**
Sydney, NSW
AU$800.0M/US$608.0M
in January

The Pines Shopping Centre ▶
Doncaster East, VIC
AU$152.5M/US$115.9M
in January

Macquarie Corporate Centre ▶
Macquarie Park, NSW
AU$144.0M/US$86.6M
in January

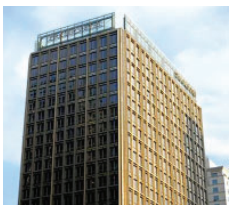
◀ **Thomas Holt Drive Office Park**
Macqurie Park, NSW
AU$288.9M/US$219.6M
in January

Beijing

◀ **Desheng International Center**
NW Second Ring Road
RMB1.575B/US$241.4M
in Q1

Zhaotai International Center ▶
East Second Ring Road
RMB2.8B/US$429.2M
in Q1

◀ **Diamond Building**
Zhongguancun
in Q1



◀ **Fraser Suites CBD Beijing**
CBD
RMB1.6B/US$248M
in Q1

TusPark Tower D ▶
Zhongguancun
RMB2.7B/US$410M
in Q1

Guangzhou/Shenzhen

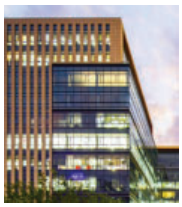
Poly Yuzhu Port, Block G5 ▶
Huangpu, Guangzhou
RMB631.8M/US$96.9M
in Q1

Hanking Center (34-48F) ▶
Nanshan, Shenzhen
RMB1.56B/US$239.1M
in Q1

◀ **CIMC Qianhai International Center T2**
Qianhai, Shenzhen
RMB1.0B/US$153.3M
in Q1

Shanghai

Innov Star ▶
Pudong
RMB2.28B/US$349.5M
in Q1



◀ **Xuhui Somerset**
Xuhui
RMB1.05B/US$161.0M
in Q1

◀ **Qibao Vanke Plaza (50% stake)**
Minhang
RMB2.772B/US$424.6M
in Q1

Hong Kong

◀ **Hang Fat Industrial Building**
Lai Chi Kok
HK$965M/US$124.5M
in January

◀ **64-66 Chung Hom Kok Road**
Chung Hom Kok
HK$900M/US$116.1M
in February

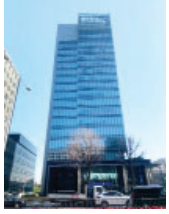
▼ **Low to Middle Floor, Wharf Cable TV Tower**
Tsuen Wan
HK$2.2B/US$283.9M
in March

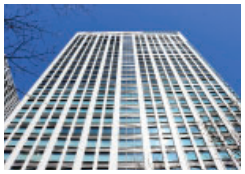
9-11 Manfield Road ▲
The Peak
HK$7.25B/US$935.5M
in February

36 Plantation Road ▶
The Peak
HK$2.182B/US$281.5M
in March

Japan

NBF Minani-Aoyama Building ▶
Tokyo
JPY31.6B/US$295M
in March





◀ Kamiyacho Trust Tower
(4% interest)
Tokyo
JPY28.0B/US$261M
in March

◀ TSI Shinjuku Tower / TS Aoyama Building
Tokyo
JPY22.6B/US$211M
in January

Tokyo Shiodome Building ▶
(12% interest)
Tokyo
JPY28.0B/US$261M
in March

Malaysia

◀ Dutch Lady industrial site
Petaling Jaya, Selangor
RM200.0M/US$48.3M
in March

Kota Perdana Special Border Economic Zone ▶
Bukit Kayu Hitam, Kedah
RM228.7M/US$55.3M
in March

A 55.5-acre development land ▶
Setapak, Kuala Lumpur
RM108.8M/US$26.3M
in February

◀ A 7.5-arce industrial site
Shah Alam, Selangor
RM120.0M/US$29.0M
in march

Singapore

◀ OUE Bayfront (50% stake)
50 Collyer Quay
S$633.8M/US$471.0M
in January

YewTee Point ▶
21 Choa Chu Kang North 6
S$220.0M/US$163.5M
in March

South Korea

Bundang Doosan Tower ▶
Bundhang, Seongnam
KRW617.4B/US$554.2M
in Q1

◀ Pine Avenue B
CBD, Seoul
KRW620.0B/US$556.5M
in Q1

◀ Twin Tree Towers
CBD, Seoul
KRW434.2B/US$389.7M
in Q1

◀▲▼ Greater Seoul Logistics Portfolio
Icheon, Yongin, Anseong
KRW280.0B/US$251.3M
in Q1

Taiwan

Raint Plaza ▶
Hsinchu City
TWD5.64B/US$194M
in January

◀ Far Eastern Sogo Dunhua Store
Taipei City
TWD13.0B/US$448M
in January

◀ China Development DFinancial HQs
Taipei City
TWD9.28B/US$320M
in January

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
Shawn Ran
Email: shawn.ran@savills.com.cn
Tel: +8610 5925 2099
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

Diwakar Rana
Email: diwakar.rana@savills.in
Tel: +91 8527000387
WeWork Forum, DLF Cyber City, Phase 3, Sector 24, Gurgaon, Haryana 122002

With offices in Delhi NCR, Hyderabad, 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

Andy Hurfurt
Email: ahurfurt@savills.co.jp
Tel: +81 03-6777-5182
15/F Yurakucho ITOCiA, 2-7-1 Yurakucho, Chiyoda-ku, Tokyo 100-0006, Japan

Korea

Kookhee Han
Email: khhan@savills.co.kr
Tel: +82 (0) 2 2124 4181
13/F, Seoul Finance Center, 84 Taepyungro-1-ga, Chung-gu, Seoul 100-768, Korea

Malaysia

Nabeel Hussain
Email: nabeel.hussain@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

Phillippines

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

Jeremy Lake
Email: jeremy.lake@savills.com.sg
Tel: +65 6415 3633
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

Ben Azar
Email: bazar@savills.com.au
Tel: +61 2 8215 8824
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

Richard Stevenson
Email: rstevenson@savills.us
Tel: +1 212 328 3972
399 Park Avenue, 11th Floor, New York, NY 10022

UNITED KINGDOM & EUROPE

Oliver Watt
Email: owatt@savills.com
Tel: +44 (0) 207 016 3789
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