

This live webinar will begin shortly...

ASIA PACIFIC

CAPITAL MARKETS OVERVIEW

2020 Q3

AGENDA

1. INTRODUCTIONS



Anna Town

Head, Business Development
APAC

4. Q & A



Catherine Chen

Director, Research
Greater China

2. ASIA PACIFIC CAPITAL MARKETS OVERVIEW



Catherine Chen

Director, Research
Greater China



Dennis Yeo

Head, Investor Services
APAC

3. TOKYO CAPITAL MARKETS OVERVIEW



Timothy Gregersen

Head of Cross Border Transactions
Japan



Gordon Marsden

Regional Director
Asia Pacific Capital Markets



Timothy Gregersen

Head of Cross Border Transactions
Japan



FLIGHT TO SAFETY

Core Markets Are Seen as Safe Havens



FLIGHT TO QUALITY

Stabilized Assets Are Most Sought After



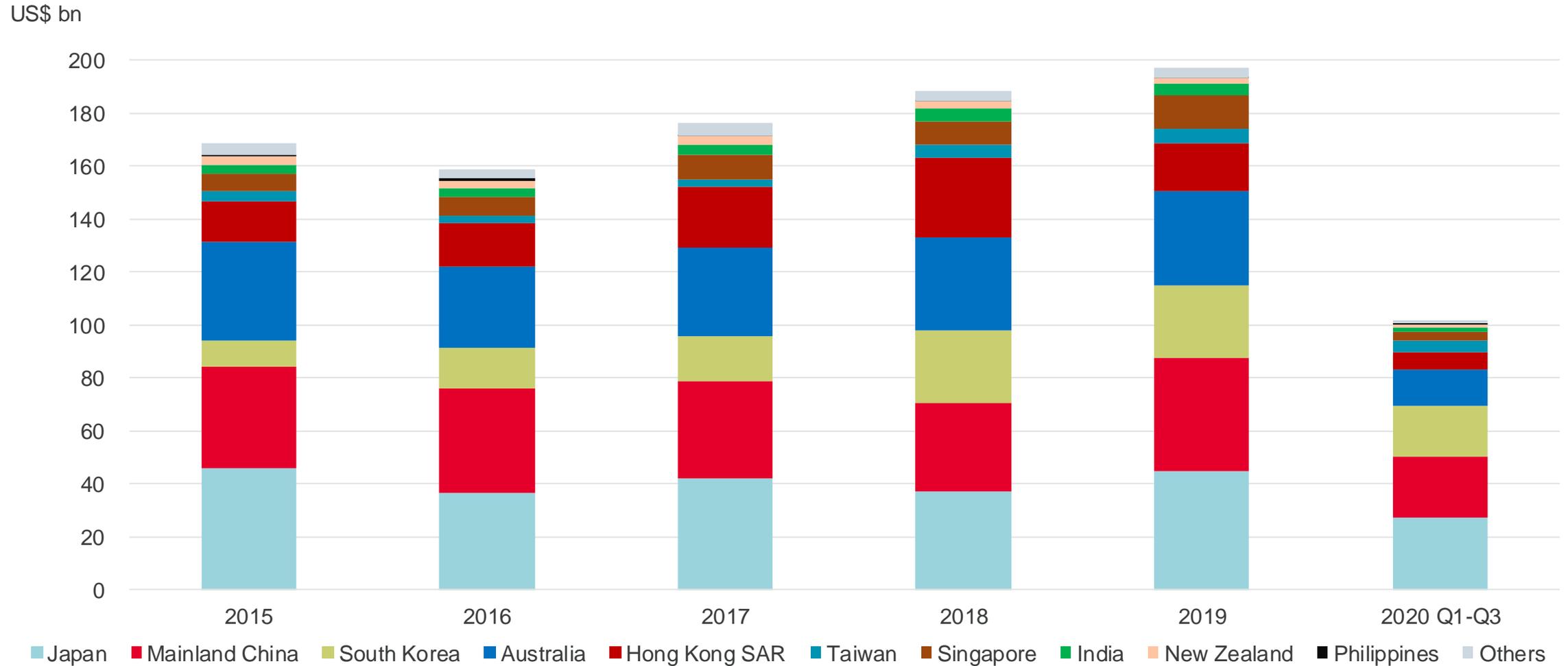
FLIGHT TO NECESSITY

Logistics, Data Centers, and Multifamily Gain Increasing Traction

TRANSACTION VOLUME BY MARKET

Asia Pacific

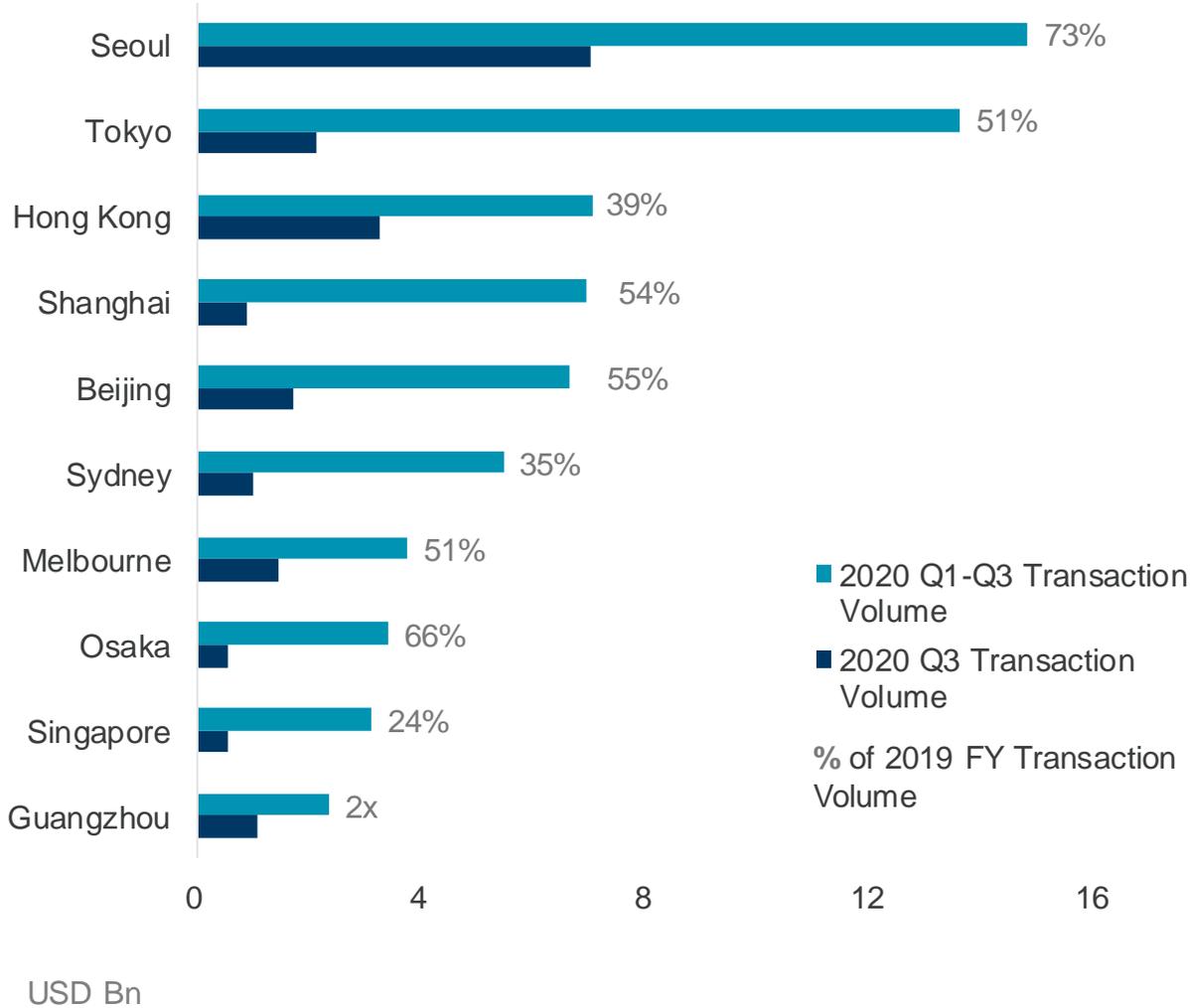
Asia Pacific Transaction Volume (Excluding Land)



TOP INVESTMENT DESTINATIONS

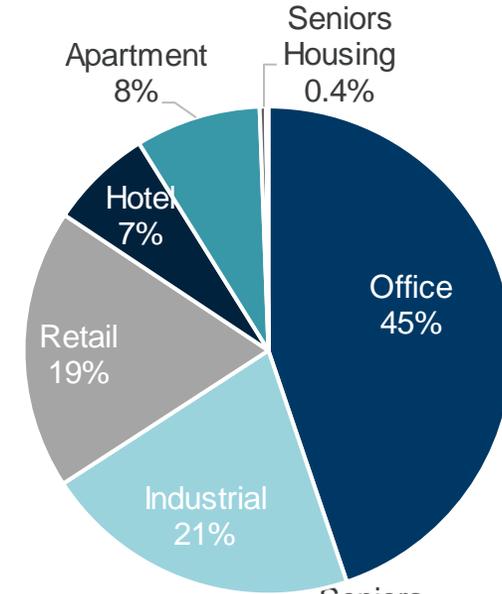
Asia Pacific

Total Transaction Volume (Excluding Land)

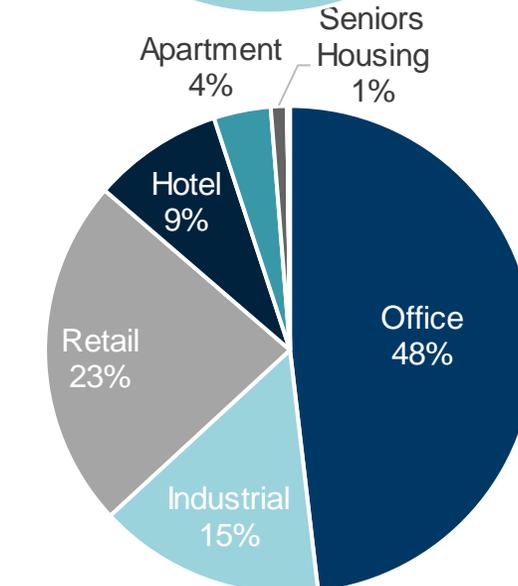


By Sector

2020 Q1-Q3



2019

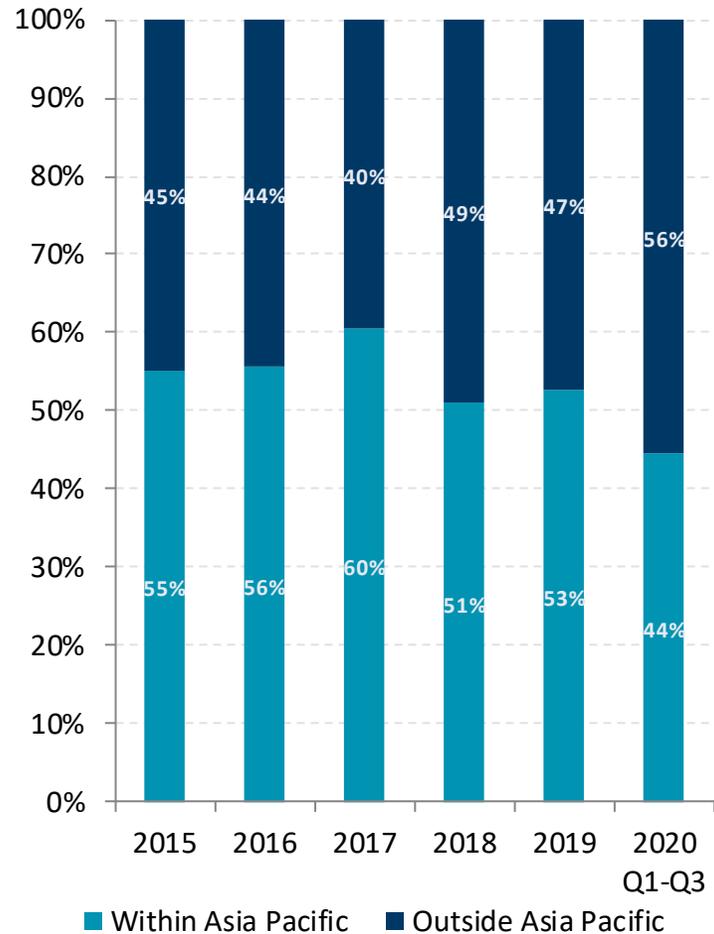


NOTE: Apartment, hotel, industrial, office, retail and seniors housing transactions included. Entity level deals included. Development sites excluded.
 Source: Real Capital Analytics, updated on Nov 12th, 2020

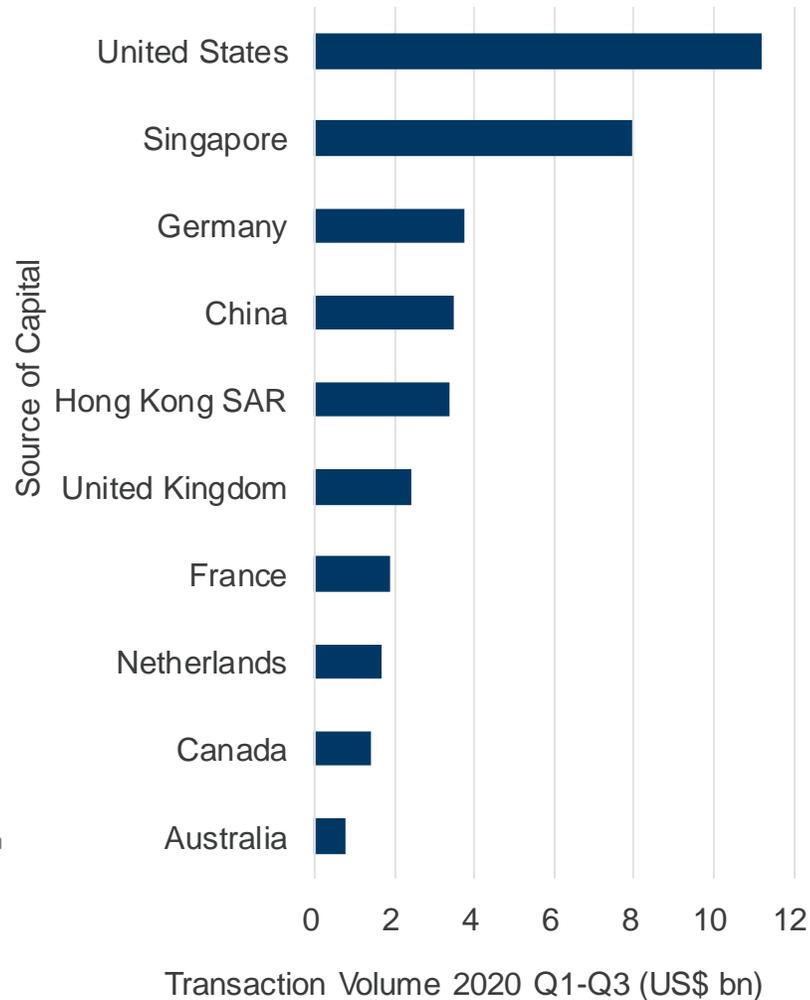
CROSS-BORDER INVESTMENT

Asia Pacific

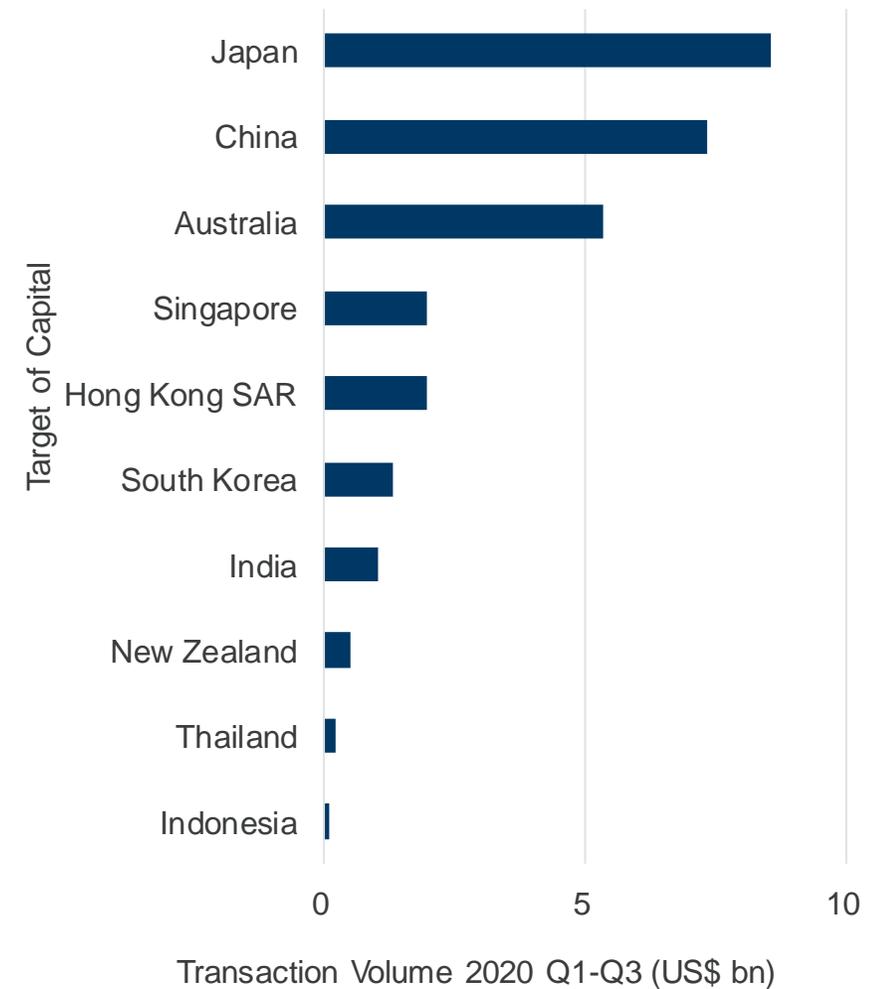
WITHIN VS. OUTSIDE APAC



TOP 10 SOURCES OF CROSS BORDER CAPITAL



TOP 10 TARGETS OF CROSS BORDER CAPITAL



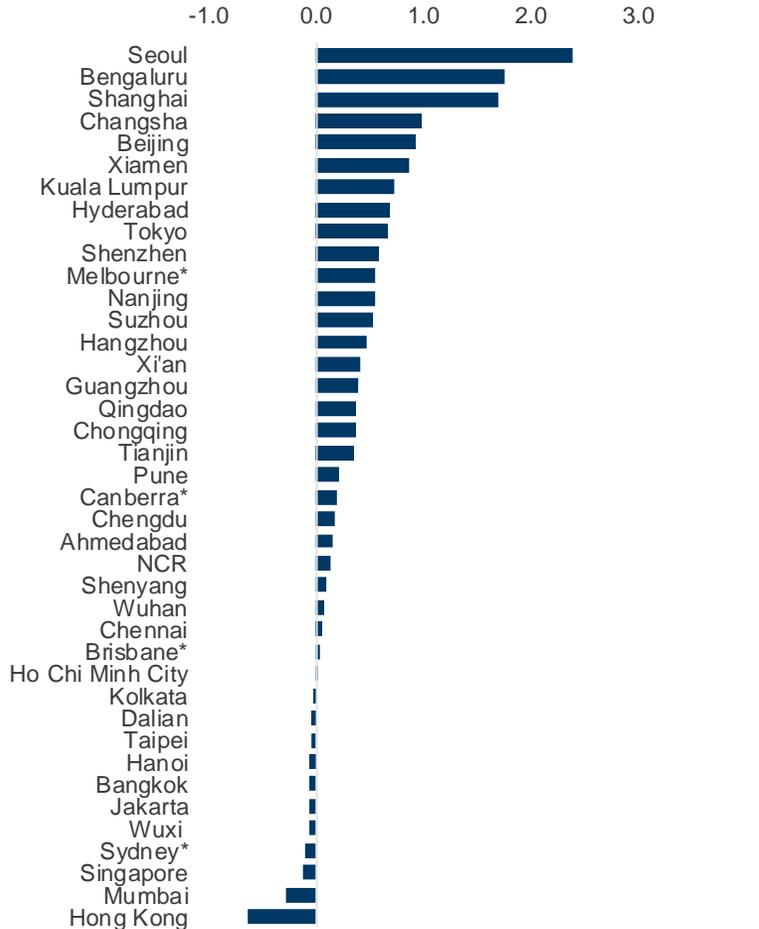
Strategy	Theme	Where / What?	Why?
 Core	Urban Logistics	Singapore, Seoul, Sydney, Tokyo, Osaka, large mainland China cities	Structural change driving demand and an intensification in usage
	Late-cycle offices	Seoul, Tokyo, Singapore	Flight to safety: low vacancy, and reversionary potential to return as recovery gathers pace
	“No-cycle” sectors	“Living” sectors, data centers, essential retail	Flight to necessity: diversification and income resilience
 Core-Plus to Value Add	Mixed use	Gateway cities	Driving performance in attractive but supply constrained markets
	Repositioning	“Core in Core”: Beijing CBD, Singapore CBD	Development restrictions in core CBD areas lead to opportunities for repositioning
	Hi-tech/business parks	Tech cities: Beijing, Tokyo, Seoul, Bengaluru, Singapore	Covid-19 accelerates growth in the TMT sector
 Opportunistic	Hospitality	Singapore, Japan, Hong Kong	Distressed pricing but medium-term recovery
	Emerging markets	India office, Vietnam industrial	Population growth and structural change
	Platform investment	Underperforming assets, development	Driving performance through management

GRADE A OFFICE MARKET DYNAMIC

2020 Q3

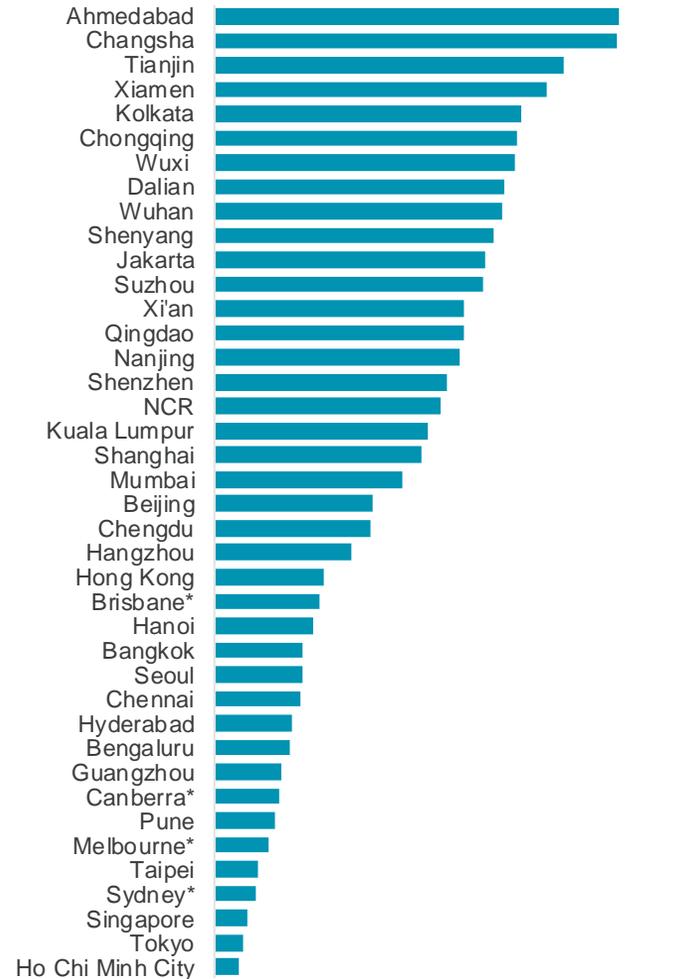
Absorption

sf (millions)

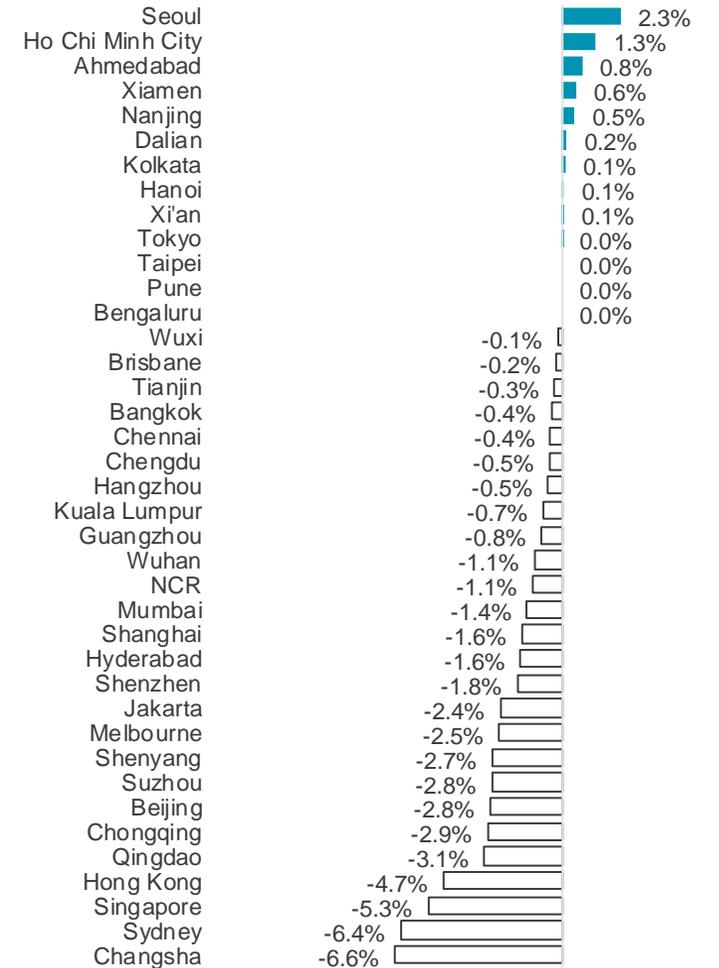


Vacancy Rate

0 5 10 15 20 25 30 35 40 45 %



QoQ Rent Growth

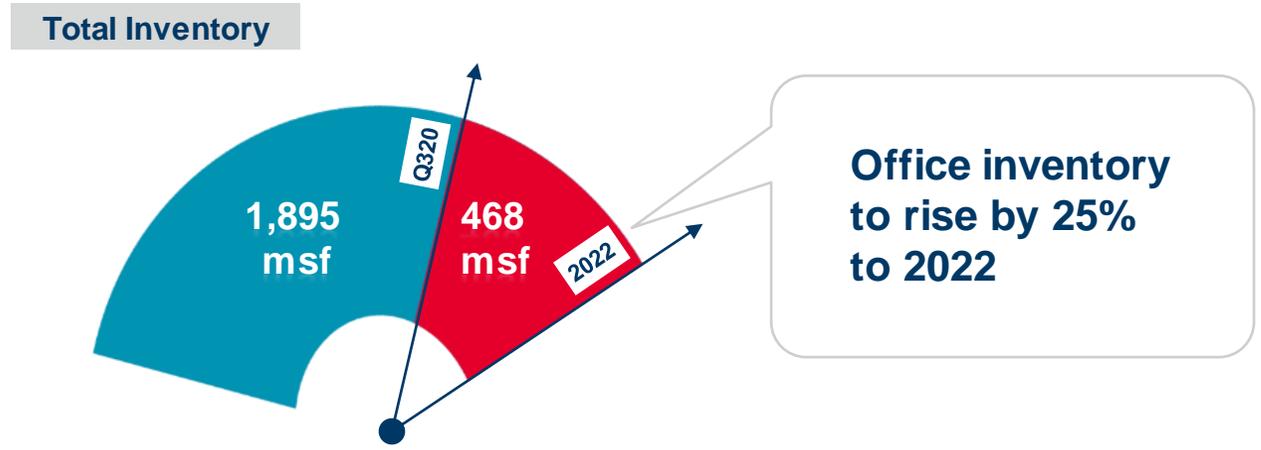
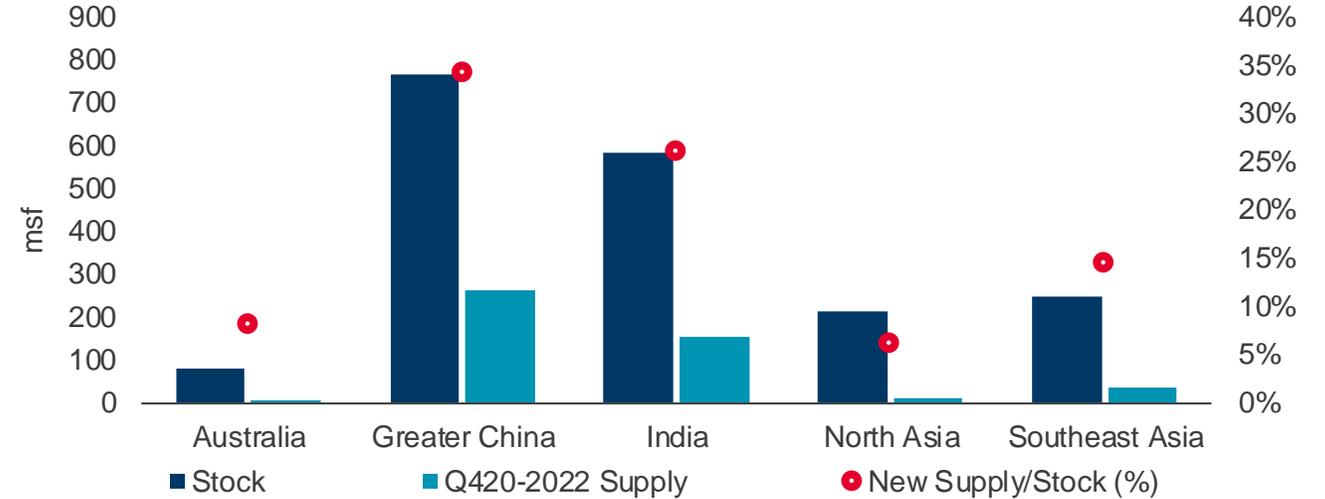
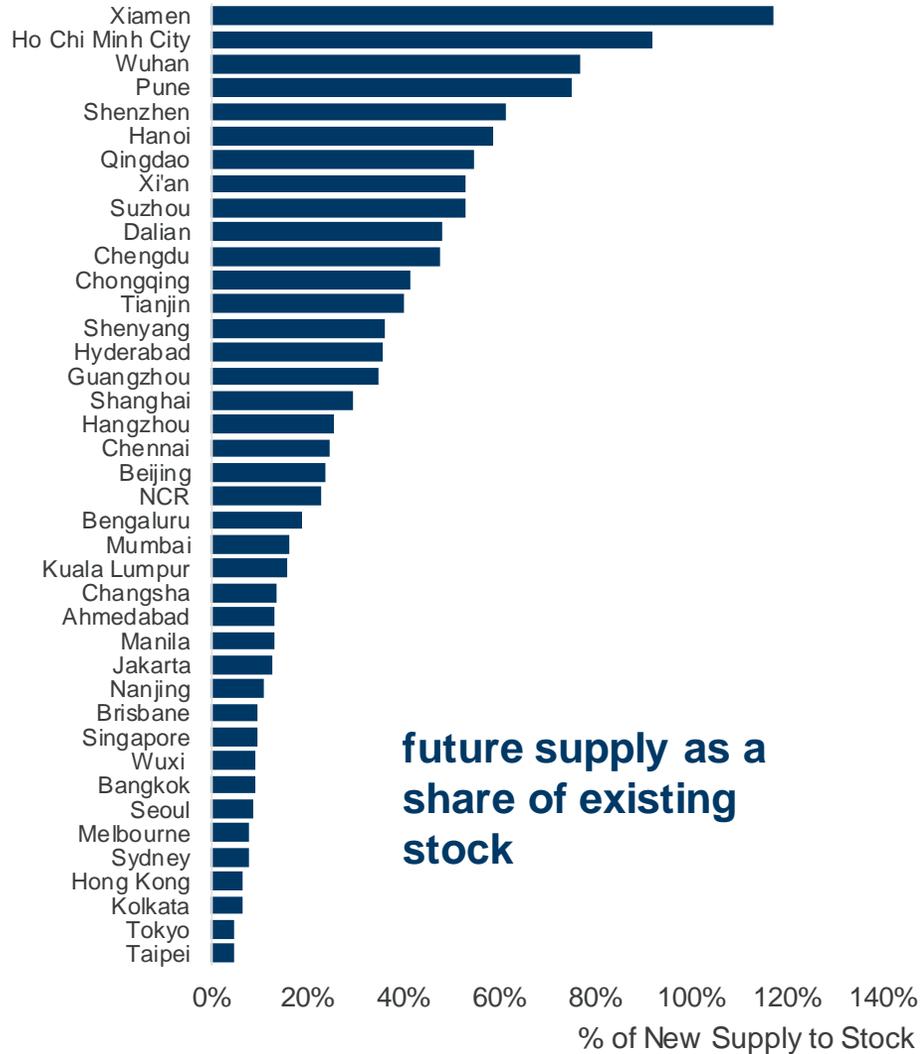


*Q2 2020 data

*estimated based on lagged data

GRADE A OFFICE STOCK AND SUPPLY

2020 Q4 - 2022

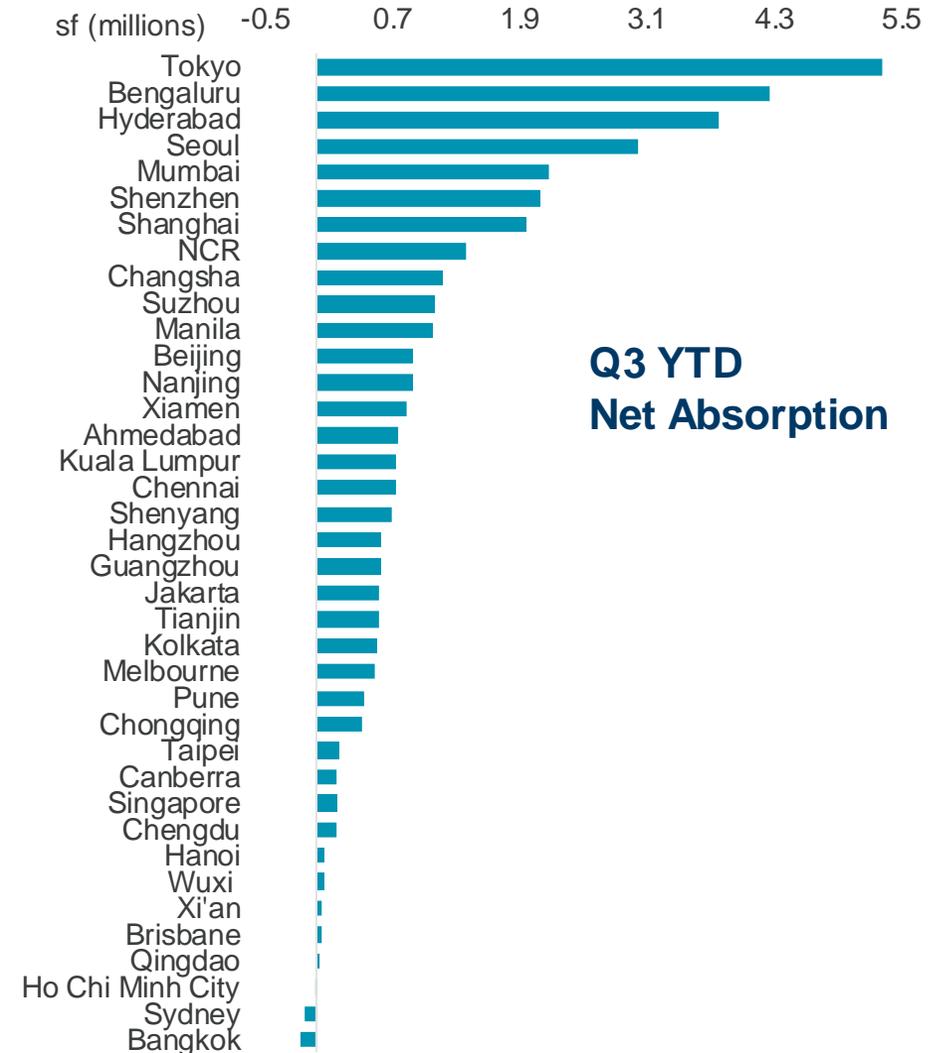


GRADE A OFFICE ABSORPTION

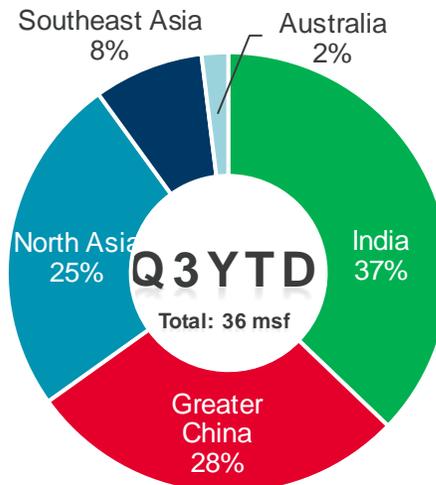
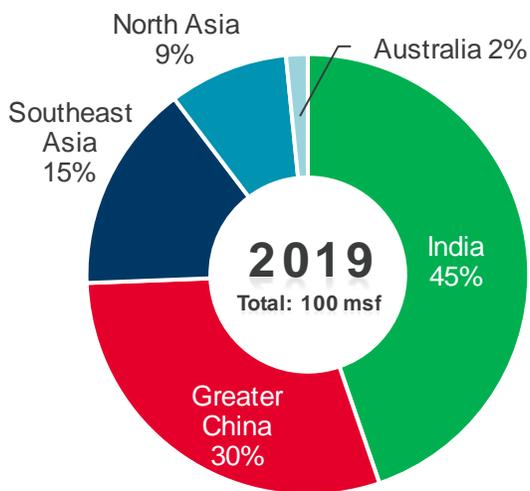
Concentration of tech demand



*Selected major transactions Q1-Q3 2020



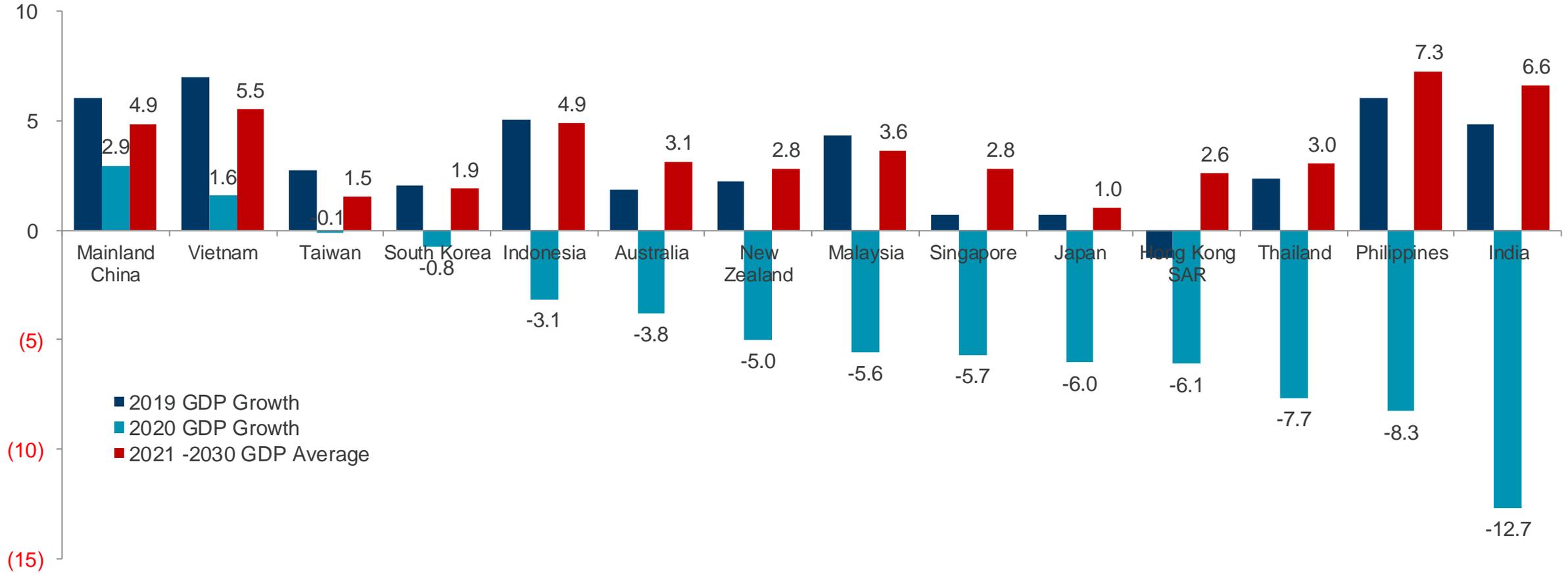
**Q3 YTD
Net Absorption**



GDP GROWTH OUTLOOK

Mainland China leads recovery in 2020

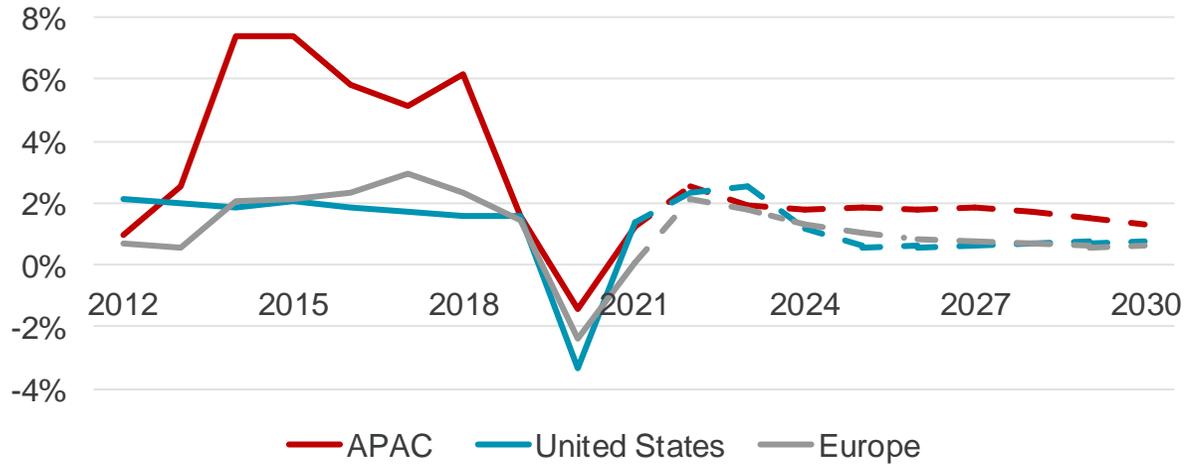
GDP Growth, y/y %



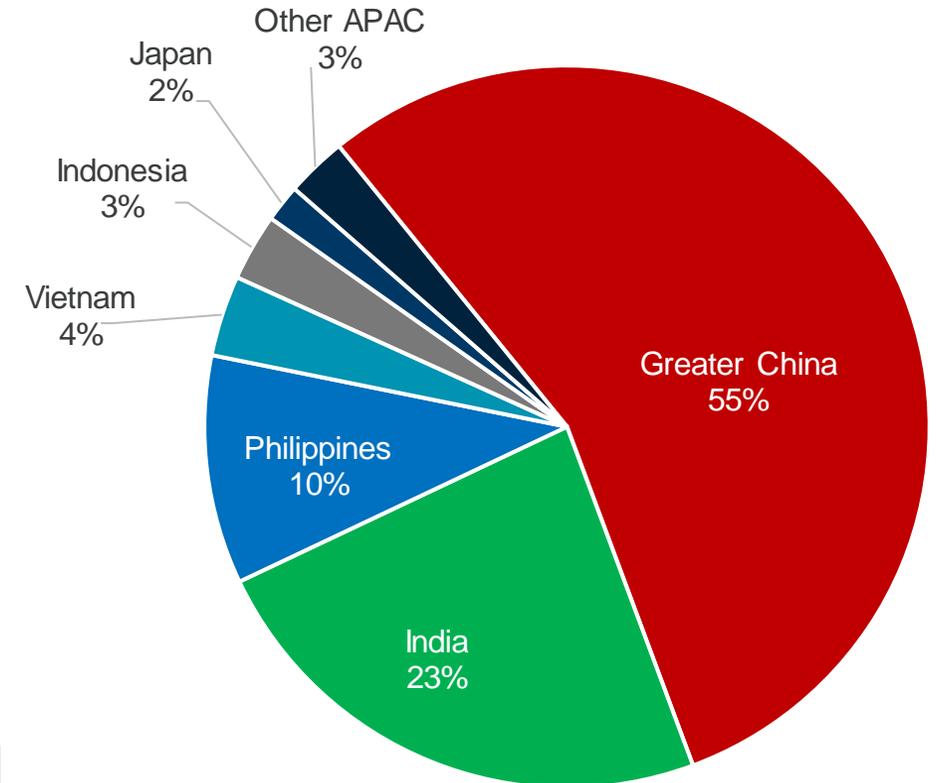
OFFICE EMPLOYMENT OUTLOOK

Strong future employment growth in Greater China

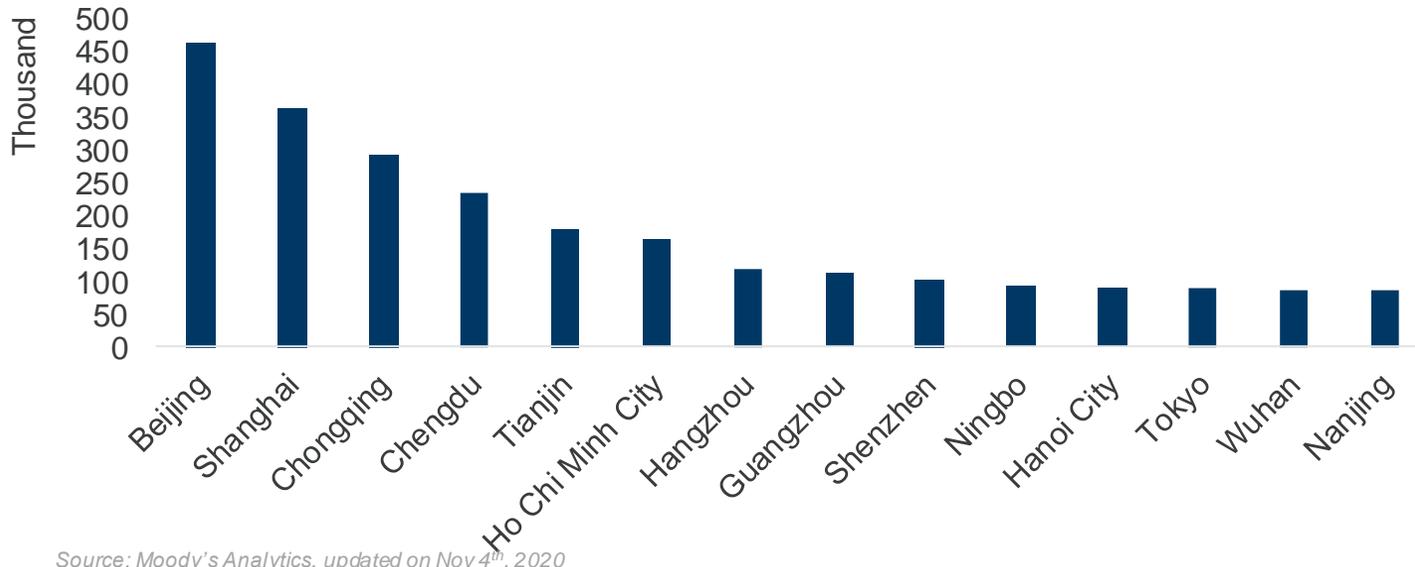
Office Employment Growth Rate



APAC Office Employment Gain 2020-2030



Employment Increase in Office-using Industries (2020-2030)





Suganomics

- Continued Abenomics
- New Age of Digitalization
 - Remote working
- Greenhouse gas emissions to zero by 2050

2020-09

Latest Release

507.62T

Latest Real GDP (Quarterly)

21.40%

Latest Real GDP Annualized QoQ

2020-09

Latest Release

3.00%

Latest Unemployment Rate

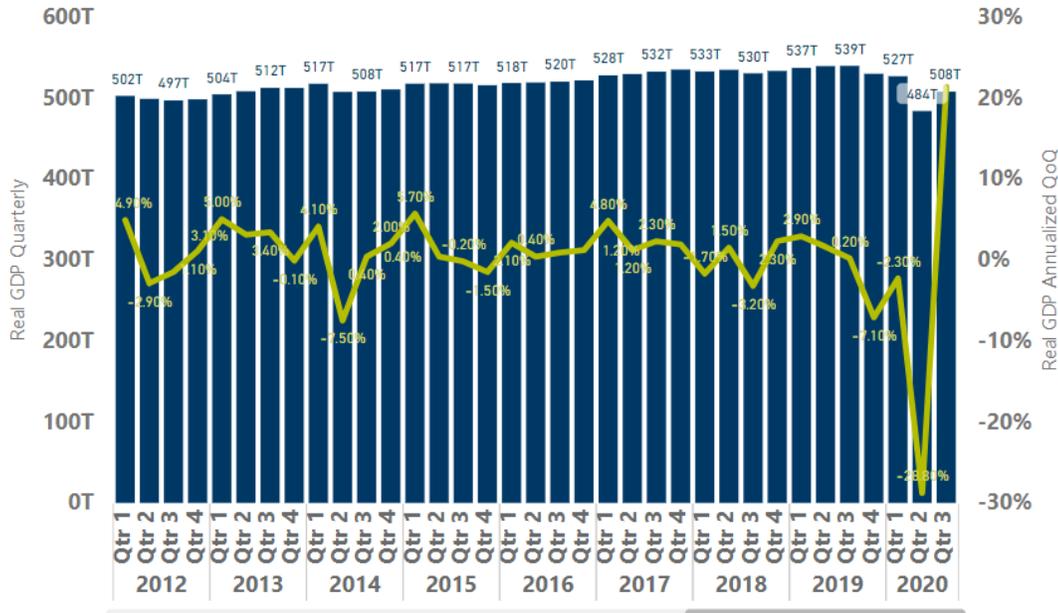
2020-09

Latest Release

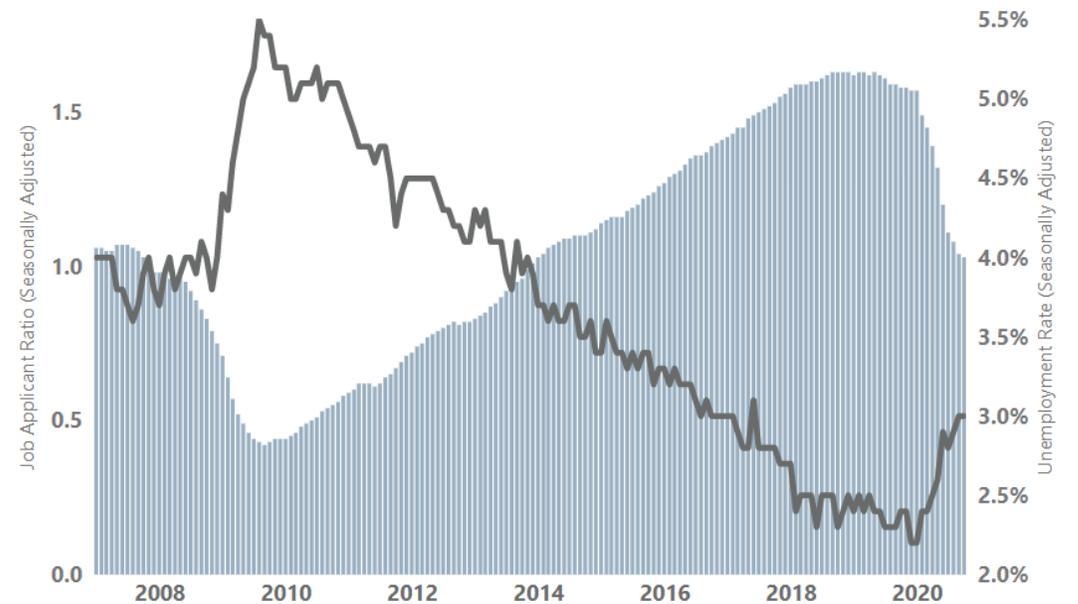
1.03

Latest Job Applicant Ratio

● Real GDP Quarterly ● Real GDP Annualized QoQ



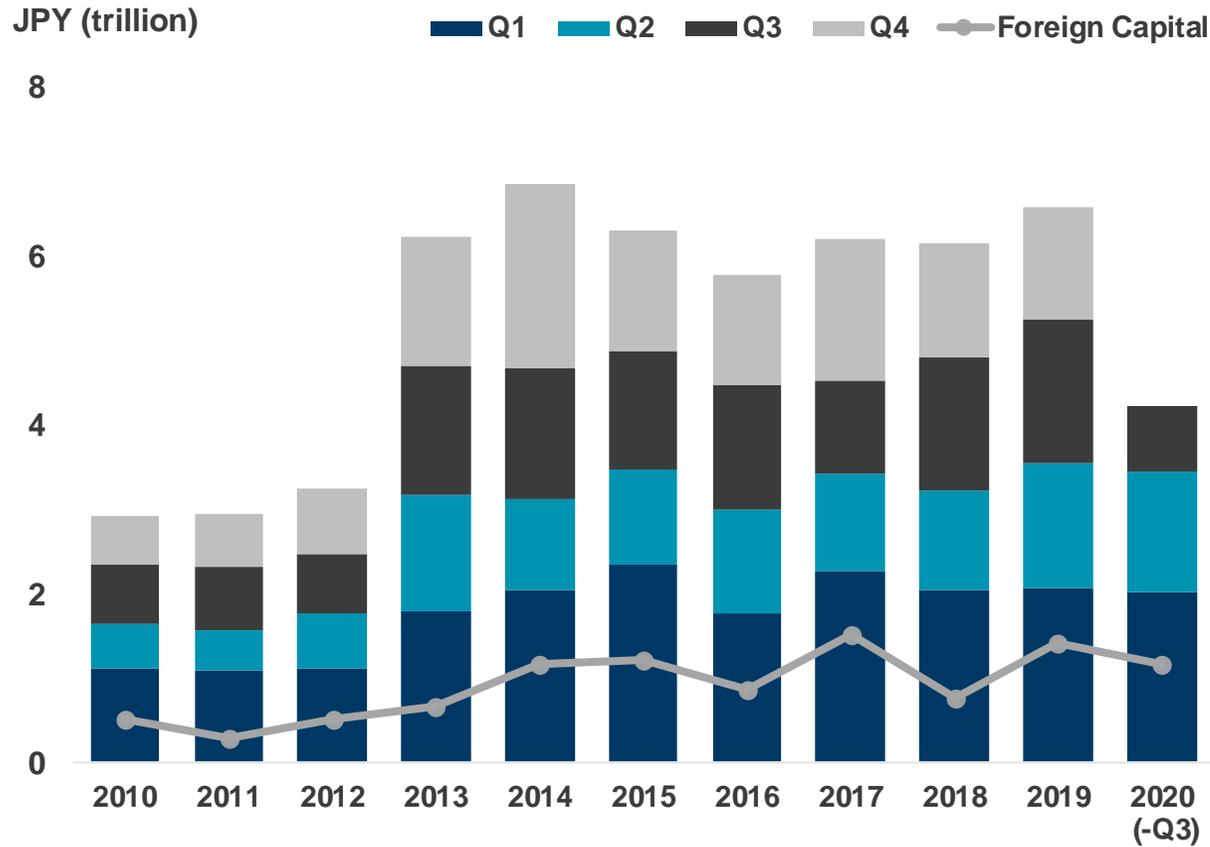
● Job Applicant Ratio (Seasonally Adjusted) ● Unemployment Rate (Seasonally Adjusted)



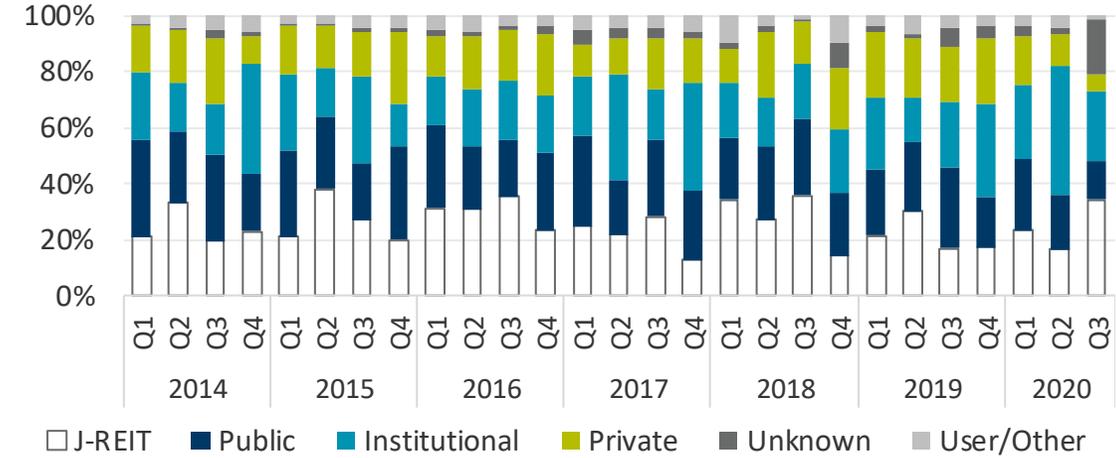
REAL ESTATE TRANSACTION VOLUME

Japan | 2006 – 2020 Q3 (Preliminary)

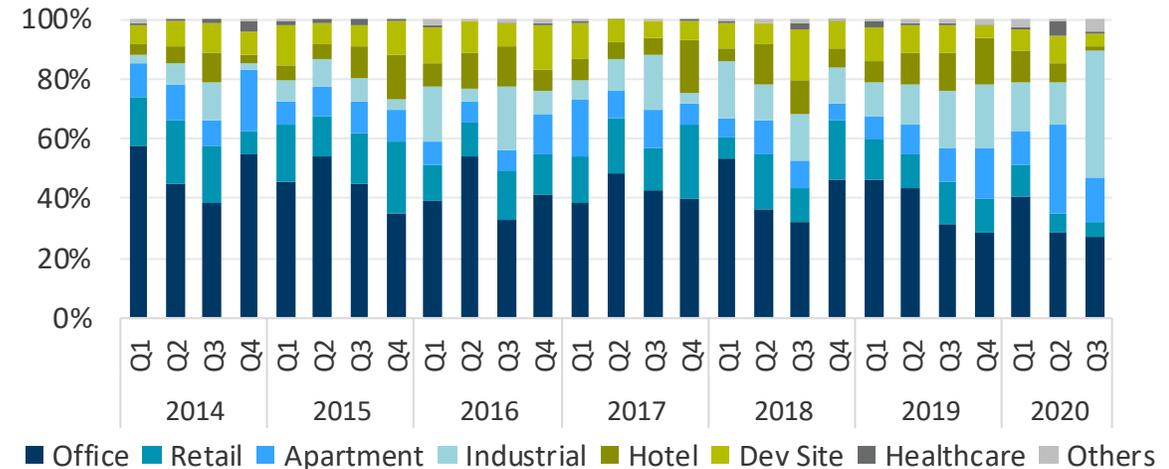
Quarterly Transaction Volume All Japan



Transaction Volume by Buyer Type



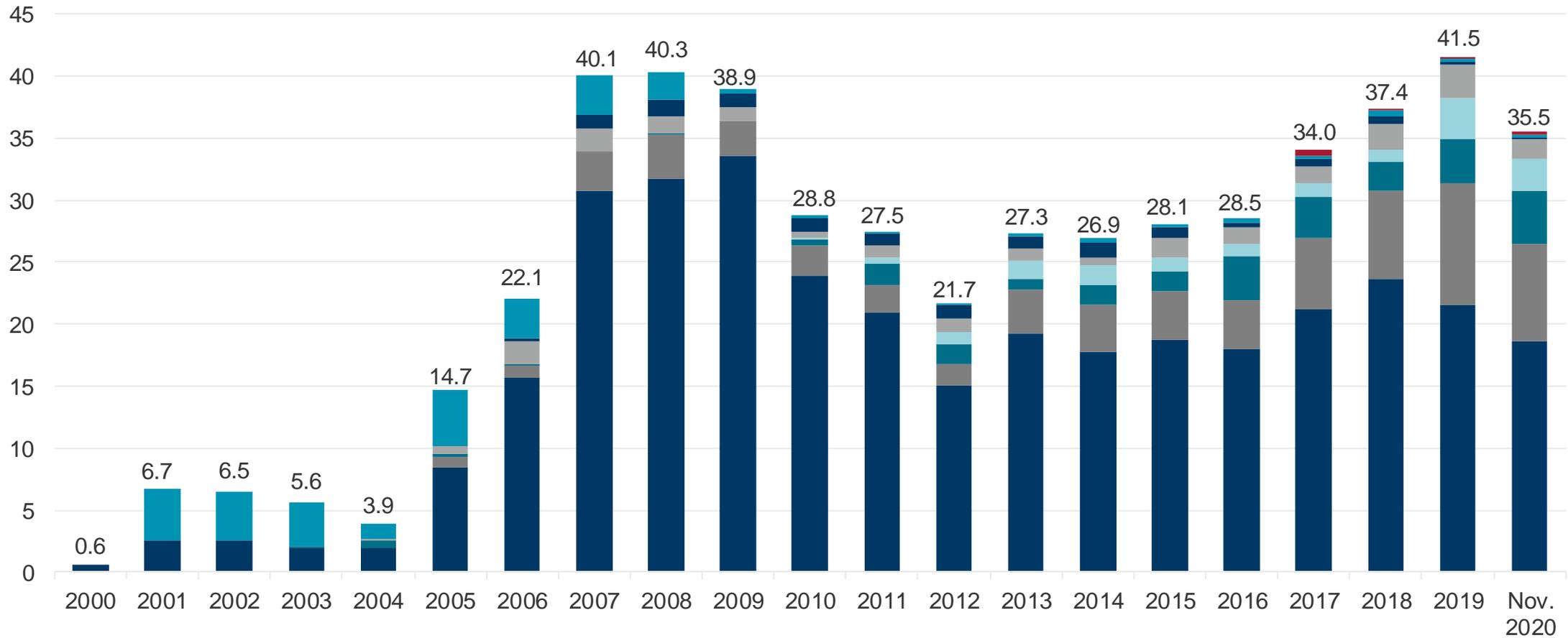
Transaction Volume by Asset Type



FUNDS TARGETING JAPAN

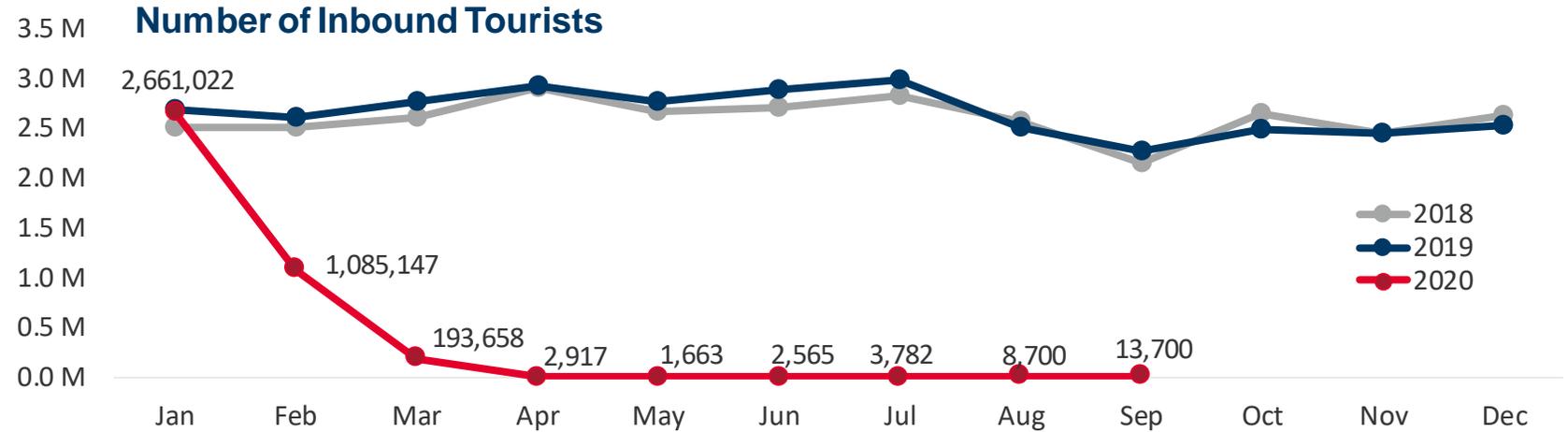
2000 – 2020 Nov

USD bn

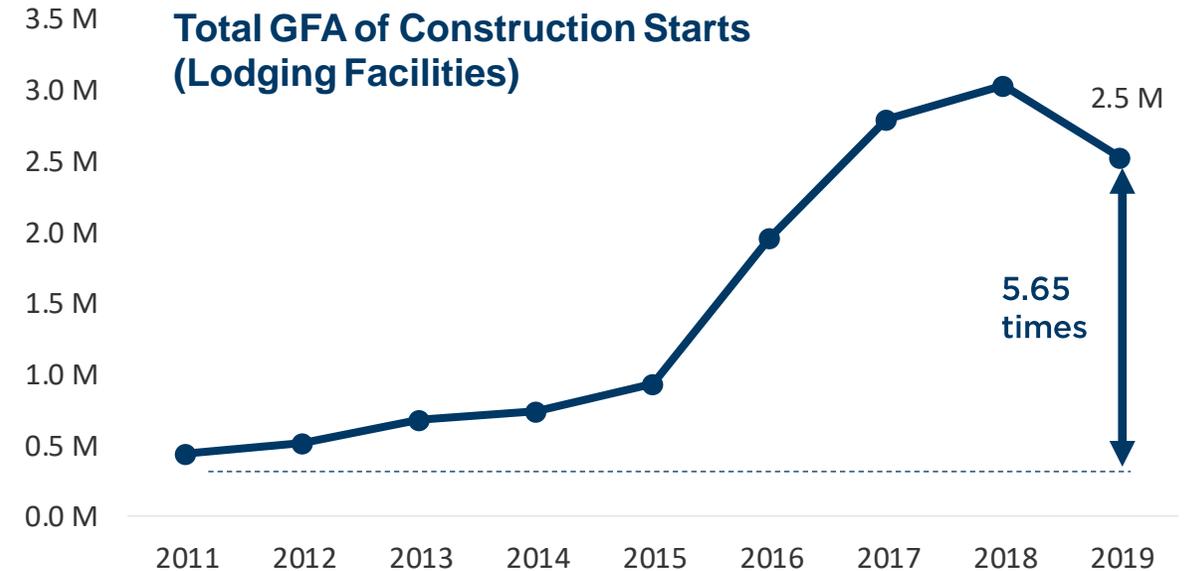
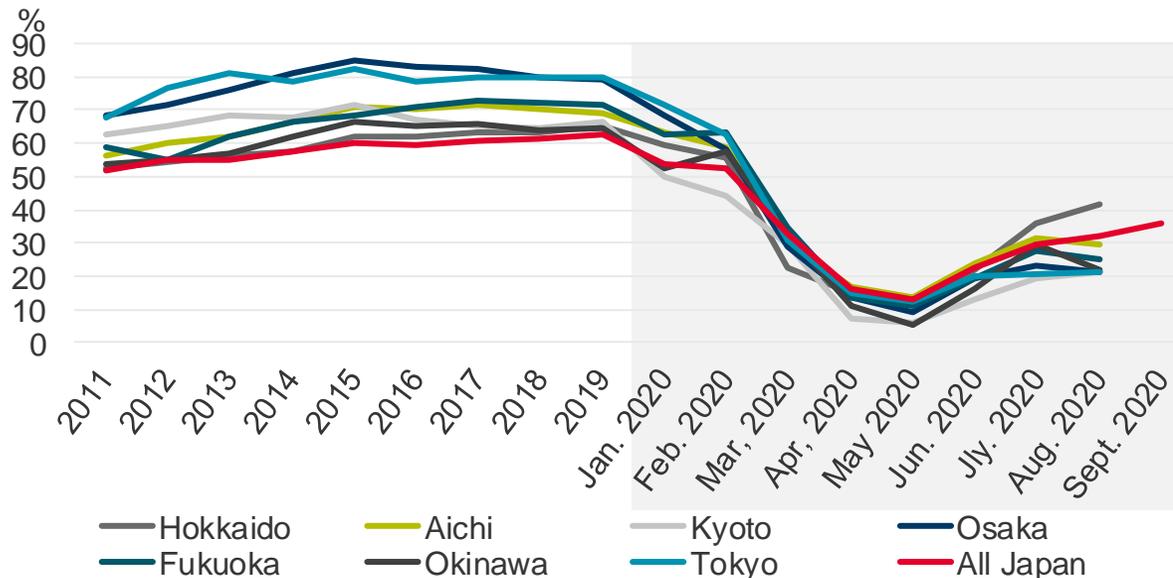


- Real Estate Opportunistic
- Real Estate Value Added
- Real Estate Core
- Real Estate Debt
- Real Estate Core-Plus
- Real Estate Fund of Funds
- Real Estate Distressed
- Real Estate Co-Investment

- Hospitality industry has been hit hard but is showing signs of a slow recovery due to the easing of travel restrictions and the “GO TO Campaign”, a stimulus measure implemented by the government.

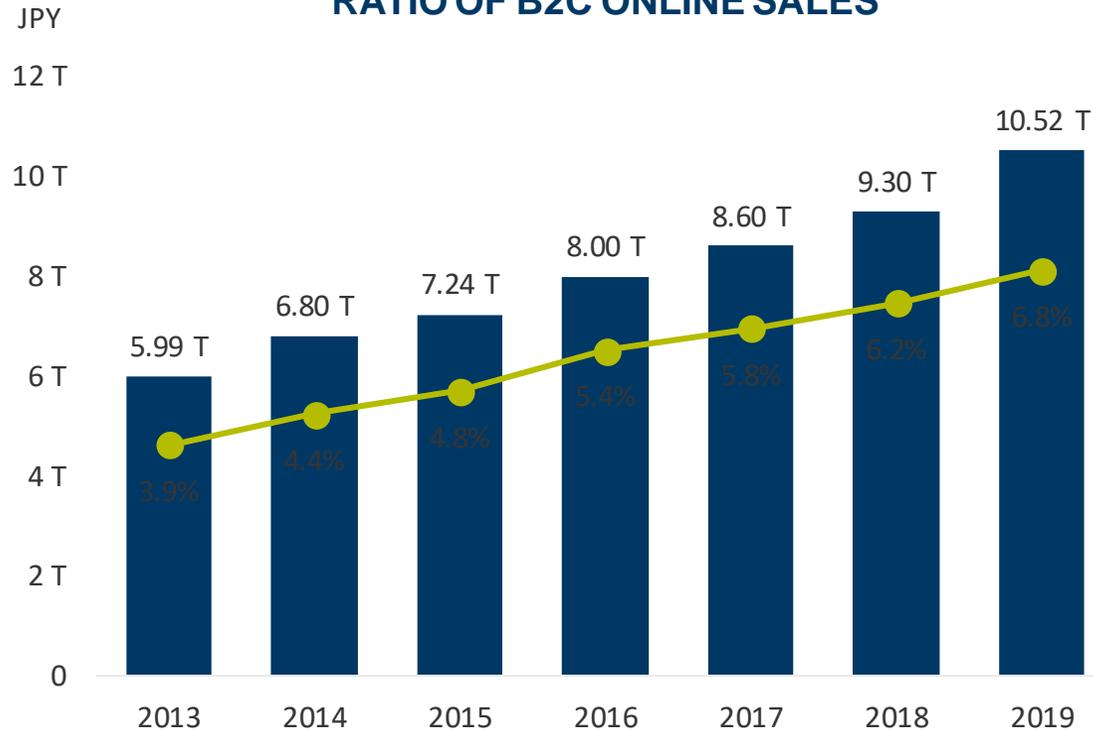


Room Occupancy Ratio



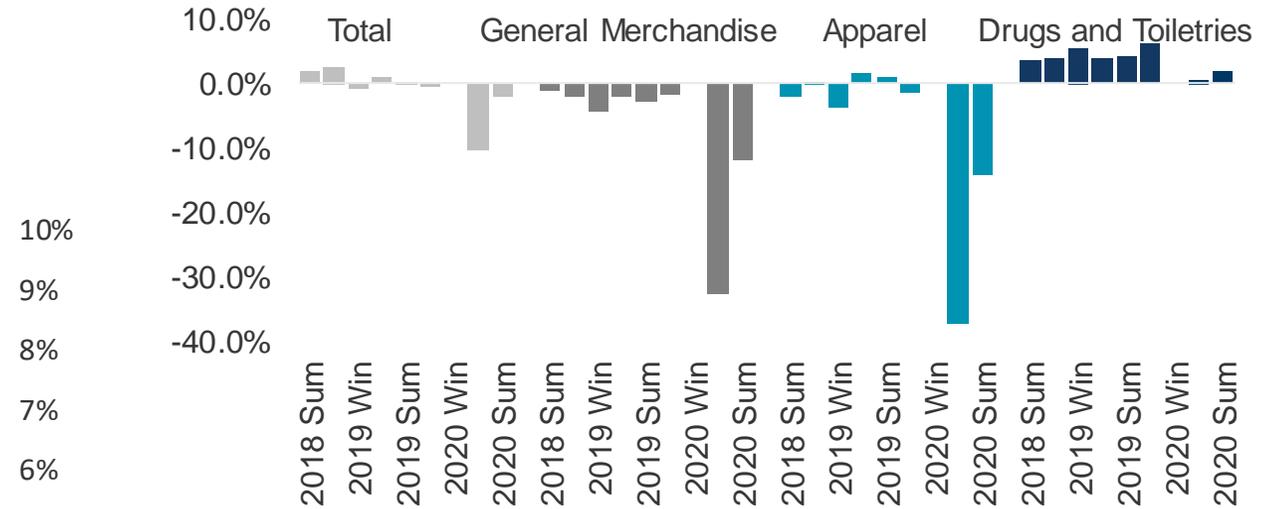
- COVID-19 accelerating the e-commerce shift
- High street rents are highly affected by decline in inbound tourism

RATIO OF B2C ONLINE SALES

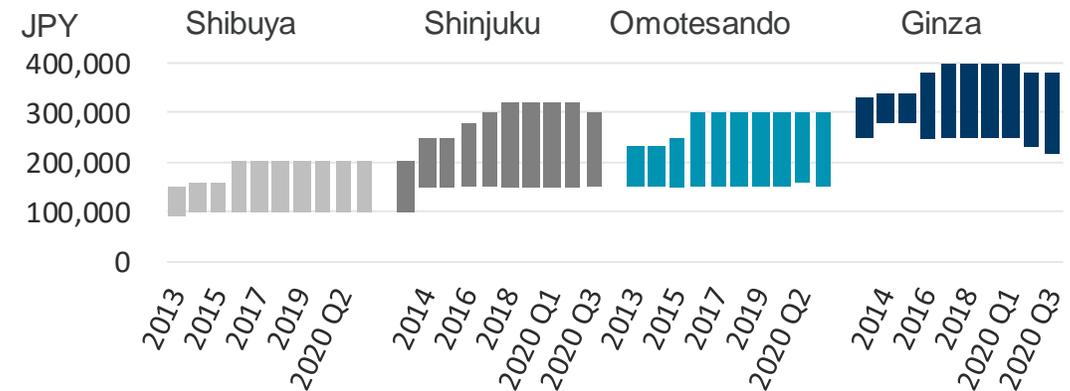


■ Market Size (Physical Products only) ● Ratio of Online Sales

RETAIL SALES BY SECTOR (YoY)

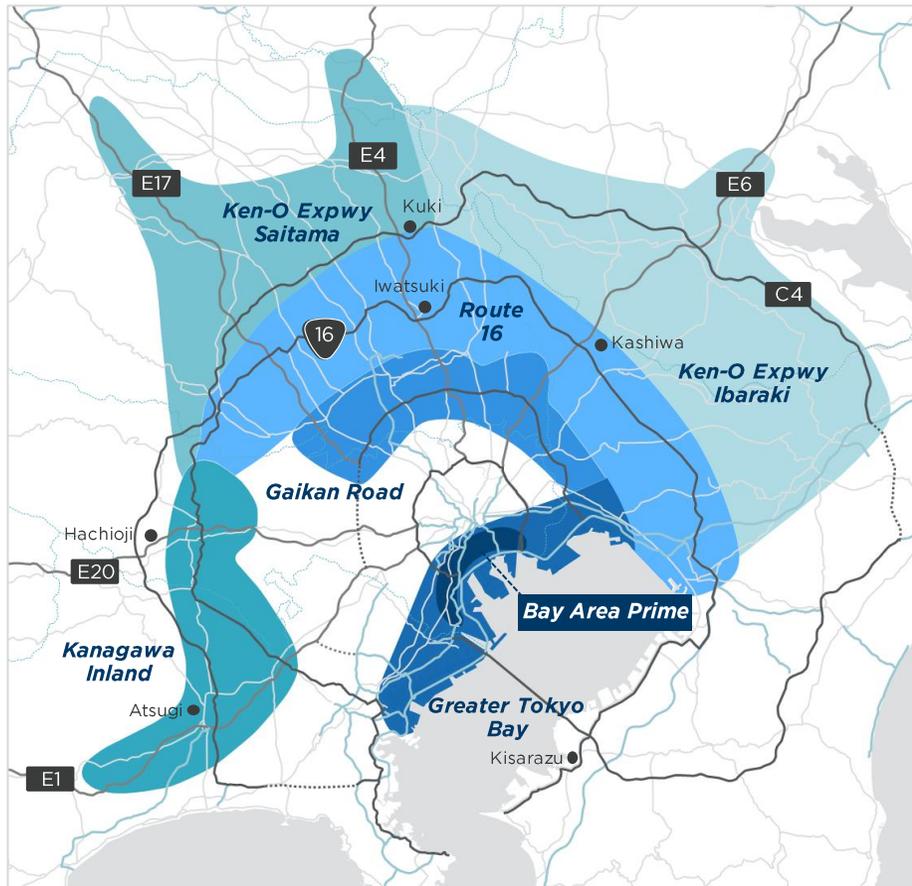


PRIME RETAIL RENT BY SUBMARKET

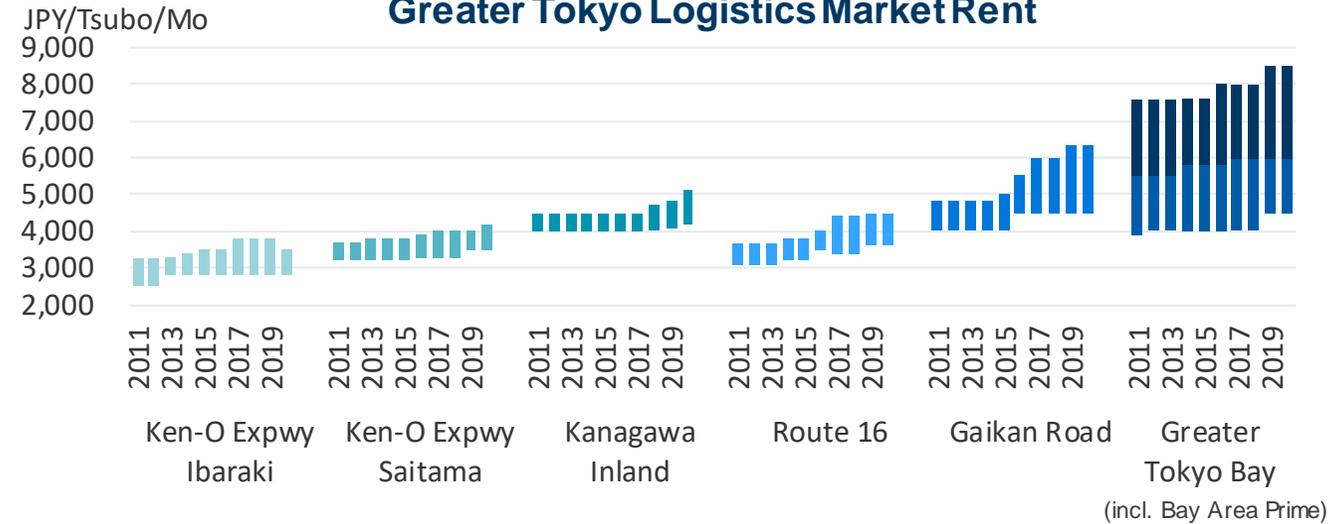


- E-commerce demand remains high and helped push logistics vacancies to the lowest we have on record
- Rents continue to grow in the markets with better accessibility to population-dense areas

Greater Tokyo Logistics Market



Greater Tokyo Logistics Market Rent



Greater Tokyo Supply & Vacancy Rate

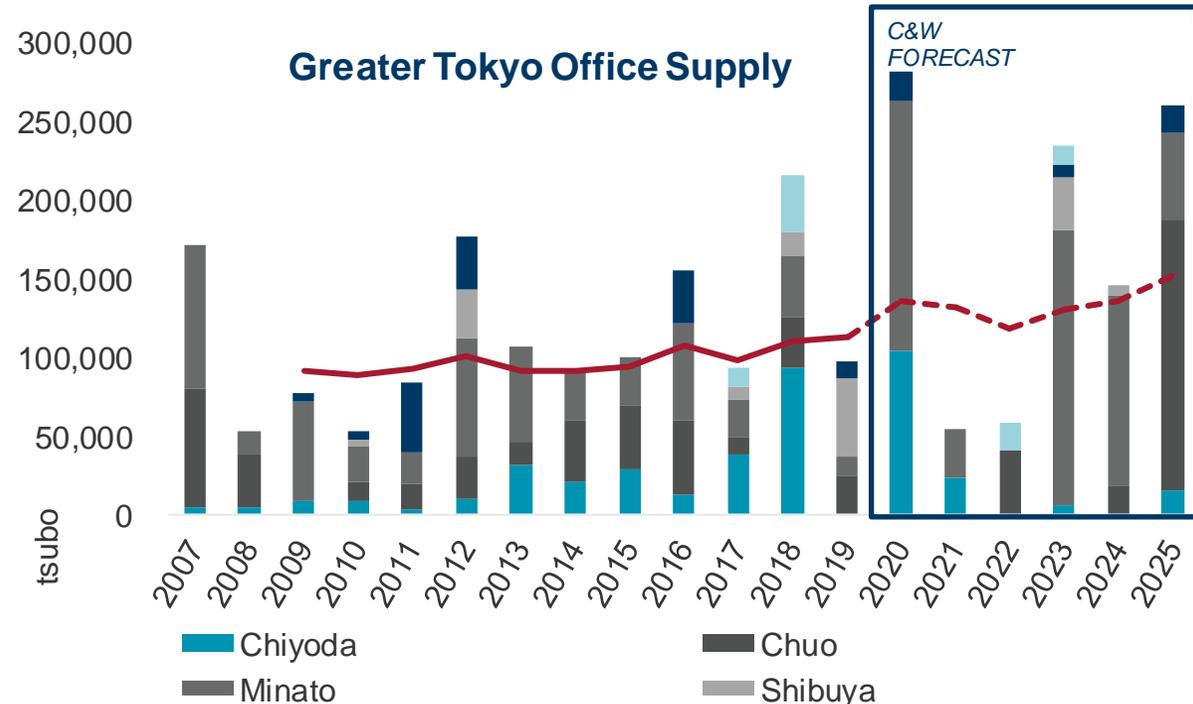
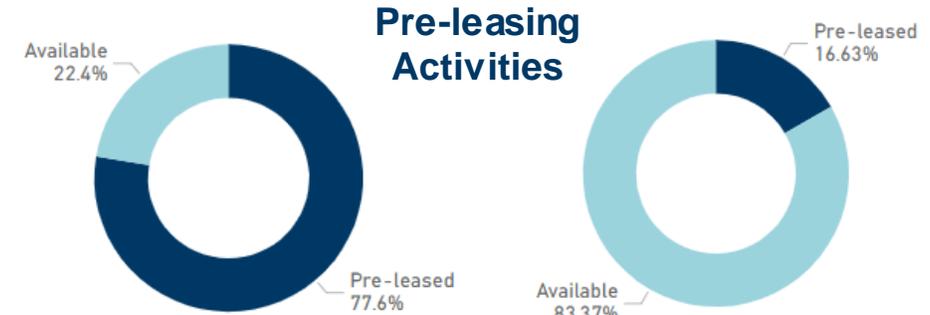


- COVID-19 effect is emerging but will become more visible in 2021
- Lower supply in 2021 and 2022 will mute the effect to a certain extent but long time expected secondary vacancies will start to emerge

Asking Rent & Vacancy Rate



Source: Cushman & Wakefield Research, Miki Shoji





Political stability created under Abe's tenure expected to continue



Transaction activity remains solid compared with global peers and capital continues to target Tokyo and Japan, in general, as an attractive destination



As travel restrictions ease, so too will the pain in the hospitality sector and this should have a positive knock-on effect for the retail sector as well. With the advancement of e-commerce, the long-term outlook for the retail sector is more clouded.



Trends in 'Work From Home' and the increase in new supply create headwinds for the office sector that will take years to unfold

MODERATOR:



Catherine Chen

Director, Research
Greater China

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Regional Director
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Head of Cross Border
Transactions
Japan



Dennis Yeo

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Q&A

*Please click on the Q&A icon on the top right hand corner
of your window to submit your questions.*



This live webinar has now ended.

THANK YOU

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