Asia-Pacific Bulletin

Recovery from COVID-19
June 2020

Executive Summary

Traffic lights start to turn in favour of Asia-Pacific Real Estate Markets

Four months on from the regional outbreak of COVID-19, markets across Asia-Pacific have now largely exited or are in the process of exiting lockdown. Looking across the spectrum of economies and real estate markets as restrictions are being lifted, we are starting to see activity return. Unsurprisingly, the countries that returned to relative normality the earliest are seeing the most transactions, with China, South Korea, Taiwan and New Zealand leading the way.

While activity across the region is uneven, and it is still quite early to see a clear picture, there are, however, a few regional trends that we can identify:

Firstly, residential markets seem to be recovering more quickly than commercial markets. There is no doubt that pent-up demand, an accommodative monetary policy and some discounts or promotions are helping support buyers. While we are still to see if this is a short term rebound or more sustainable, the fear of a substantial short-term price correction seems to be receding across most markets.

In the commercial markets a couple of key trends are also emerging – firstly, many large-scale expansions or relocations are being put on hold in 2020, and secondly, while investors are looking for value, concerns around the occupier markets and travel restrictions have provided us with little hard evidence as to where the market has moved.

As markets continue to recover, Knight Frank will monitor activity, sentiment, activity, deals, anecdotes and market dynamics to provide a level of depth and understanding during this recovery phase.

Here are the key takeaways from Knight Frank's end-May data collection:

1

Rate of decline in occupier requirements has slowed or bottomed

- The majority of office (page 8), industrial (page 10) and residential (page 13) markets have started to recover as lockdowns across the region ease, with conditions moving in favour of tenants.
- The number of commercial occupiers postponing deals at the end of May has decreased compared to March with some deal activity and negotiations restarting.
- E-commerce related logistics has been active in most markets, most notably in Southern China and India.
- Headline office rents have stayed steady for the time being in most markets, although incentives have increased. Beijing, Shanghai and Singapore notably have seen asking rents decrease over the last few weeks.

2

Capital values hold firm as transaction volumes contract

- Investment volumes were down 52% year-on-year to US$44.1bn in the first five months of 2020.
- Following on from 1), investors are still looking very cautiously at occupier markets (see page 11), with challenges noted in terms of pricing the potential tenancy risk.
- We have seen an increase in the number of sale-and-leasebacks in several markets, with occupiers looking to release capital. At the same time, investors can profit from strong covenants on long term lease commitments.
- Transactions are still few and far between, with only Taipei seeing an increase in activity.
- While there is expectation of a discount, there is little evidence of significant repricing across most markets.
- There is still a likely flight to quality, with well-leased prime assets likely to see values remain resilient.

3

Lessons from recovery

- China, which is seeing its domestic market start to return to normal, has witnessed an expansion in its Purchasing Managers Index (PMI) in May, on the back of strong exports, mainly in healthcare-related goods. Retail sales have also recovered in many places to pre-crisis levels, with many malls in Tier-1 cities recording steady foot traffic. Whether this post lockdown bounce is sustainable is still uncertain.
- Challenges to domestic recovery continue with the uncertainty around global economic conditions, a drop off in international trade and the risk of a second spike.
- International travel restrictions are also continuing to have an impact on domestic economies, and as countries slowly begin to open borders, we expect this will aid the region's recovery.
- Residential activity continues to pick up across the region as lockdowns ease, with China and Hong Kong leading the way in terms of activity.
- We are also starting to witness an increase in enquiries with some transactions taking place without in-person viewings.

The time to think strategically, reposition and think beyond

The economies of Asia-Pacific will take a significant hit in 2020, with the IMF's recent Global Economic Outlook predicting a contraction in output across the region for the first time in 60 years. While short-term challenges will undoubtedly be a concern for many occupiers and investors - whether it is a short term lease renewal, disposal of a non-core property or repositioning an asset - planning for a recovery and future opportunities is critical.

Should the virus be contained in the second half of the year - and a second wave avoided - the region should see recovery in 2021. While there remains lots of uncertainty, corporate occupiers and investors should be prepared for the opportunities this could bring.

Asia-Pacific Dashboard

ASIA-PACIFIC OFFICE (15-29 May)

Markets	City	Active occupier requirements	Completed transactions	Postponement of deals	Occupiers seeking sublets	Asking rents	Total occupancy cost	Market favourable conditions
Australia	Sydney	↑	→	→	↑	→	→	Tenant
ASEAN	Jakarta	↓	→	↑	→	→	→	Tenant
	Singapore	↓	↓	↑	↑	↓	→	Tenant
	Kuala Lumpur	↓	↓	↑	↑	→	↓	Tenant
	Bangkok	↑	→	→	↑	→	→	Landlord
	Manila	↓	↓	↑	↑	→	→	Tenant
	Phnom Penh	↓	↓	↑	↑	→	→	Tenant
East Asia	Toyko	↓	↓	↑	→	→	→	Landlord
	Seoul	↓	↓	↑	→	→	→	Balanced
	Taipei	↑	→	↓	→	→	→	Landlord
	Shanghai	↓	↓	↓	→	↓	↓	Tenant
	Beijing	↓	↓	↑	↓	↓	↓	Tenant
	Guangzhou	↑	↑	→	→	→	→	Balanced
	Shenzhen	→	↓	↑	→	→	→	Balanced
	Hong Kong	→	→	→	→	→	→	Tenant
India	Mumbai	→	→	↑	→	→	→	Balanced
	Delhi	→	→	↑	→	→	→	Balanced
	Bengaluru	→	→	↑	→	→	→	Balanced

ASIA-PACIFIC INDUSTRIAL (15-29 May)

Markets	City	Active occupier requirements	Completed transactions	Postponement Of deals	Occupiers seeking sublets	Asking Rents	Total occupancy costs	Market favourable conditions
Australia	Sydney	→	→	→	→	→	→	Tenant
ASEAN	Jakarta	↑	→	→	→	→	→	Balanced
	Singapore	↓	↓	↑	↑	↓	→	Tenant
	Kuala Lumpur	→	↓	→	→	→	→	Balanced
	Bangkok	→	→	↓	↓	→	→	Balanced
	Manila	→	↓	↑	→	→	→	Balanced
	Phnom Penh	↓	↓	→	→	→	→	Tenant
East Asia	Tokyo	→	→	↑	→	→	→	Balanced
	Seoul	→	→	↑	↑	→	→	Tenant
	Taipei	→	→	→	→	→	→	Balanced
	Shanghai	↑	↓	↓	→	↓	↓	Tenant
	Beijing	↓	↓	↑	→	↓	↓	Tenant
	Guangzhou	↑	→	→	→	→	→	Balanced
	Shenzhen	→	→	→	→	→	→	Balanced
	Hong Kong	→	→	→	→	→	→	Tenant
India	Mumbai	↑	→	→	↑	↓	↓	Balanced
	Delhi	↑	→	→	↑	↓	↓	Balanced
	Bengaluru	↑	→	→	↑	↓	↓	Balanced

Source : Knight Frank Research

Asia-Pacific Dashboard

ASIA-PACIFIC CAPITAL MARKETS (15-29 May)

Markets	City	Transaction volumes	Asking prices	Yields (compress↓ /Stable→/expand↑)	Are things negotiable?	Credit timelines
ANZ	Australia	→	→	→	Yes	→
ASEAN	Jakarta	↓	↓	↑	Yes	↓
	Singapore	↓	↓	→	No	↑
	Kuala Lumpur	↓	↓	↑	Yes	↓
	Bangkok	→	→	→	Yes	→
	Manila	→	→	↓	Yes	→
	Phnom Penh	↓	↓	→	Yes	↓
East Asia	Tokyo	↓	→	→	N/A	↓
	Seoul	↓	↓	→	N/A	→
	Taipei	↑	→	→	N/A	↑
	Shanghai	↓	↓	↑	Yes	↑
	Beijing	→	↓	→	Yes	↑
	Guangzhou	→	↓	→	Yes	→
	Shenzhen	→	↓	→	Yes	→
	Hong Kong	→	→	→	N/A	→
South Asia	Mumbai	→	→	→	No	↑
	Delhi	→	→	→	Yes	↑
	Bengaluru	→	→	→	Yes	↑

ASIA-PACIFIC RESIDENTIAL (15 – 29 May)

Markets	City	Transaction volumes	Asking prices	Listing volumes
ANZ	Sydney	→	→	→
	Melbourne	→	→	→
ASEAN	Jakarta	↓	↓	→
	Singapore	↓	↓	↓
	Kuala Lumpur	↑	→	↑
	Bangkok	→	→	→
	Manila	↓	→	↑
	Phnom Penh	↓	↓	→
EAST ASIA	Tokyo	↓	→	↓
	Seoul	↑	↑	↓
	Taipei	→	→	→
	Shanghai	↑	↑	↑
	Beijing	↑	↓	→
	Guangzhou	↓	↓	↓
	Shenzhen	↑	↑	↓
	Hong Kong	→	→	→
South Asia	Mumbai	→	→	→
	Delhi	→	→	→
	Bengaluru	→	→	→

Source : Knight Frank Research

Policy Dashboard

Measures		Australia	New Zealand	Indonesia	Singapore	Malaysia	Thailand	Philippines
Movement Restrictions	Lockdown			✓	✓	✓		
	International Travel Ban	✓	✓	✓	✓	✓	✓	✓
Economic Stimulus	Fiscal	✓	✓	✓	✓	✓	✓	✓
	Monetary	✓	✓	✓	✓	✓	✓	✓
Real Estate	Residential	✓	✓			✓		
	Commercial	✓	✓		✓	✓		
Major Covid Policies		**Partial lockdown:** Businesses performing non-essential services must work from home or close, schools have opened and group gatherings are limited.	**Lockdown:** Gradually exited lockdown on May 10 with more economic activities coming back online.	**Partial lockdown:** Non-essentials and schools closed, group gatherings limited to 5. Tentative no end date.	**Circuit breaker:** Singapore has entered Phase 1 out of 3 of its post circuit breaker measures.	**Conditional movement control order (CMCO):** Effective 4 May, resumption of most economic sectors and business activities subject to conditions and SOPs. Ends 9 June.	**Lockdown:** Lockdown eased in mid-May with more economic activities allowed.	**Lockdown:** Lockdown eased on 1st June as more economic activities allowed to restart.
		Fiscal Stimulus: A$320bn (16% GDP) relief package.	**Fiscal Stimulus:** NZ$12bn (3% GDP) relief package.	**Fiscal Stimulus:** IDR436trn (2.5% GDP) relief package.	**Fiscal Stimulus:** S$60bn (16% GDP) in relief spending.	**Fiscal Stimulus:** MYR260bn (17% GDP) relief package.	**Fiscal Stimulus:** Thb1.9trn (9% GDP) relief package.	**Fiscal Stimulus:** Php200bn (1% GDP) relief package.
		Tenancy Relief: Temporary moratorium on eviction, landlord and tenant relief being planned.	**Property Tax Benefits:** Re-introduction of depreciation on building structures	**Tenancy Relief:** No government relief for commercial sector at the moment.	**Property Tax Rebates:** Non-residential will get between 30-100% property tax rebate.	**Tenancy Relief:** Rental discounts and waivers to SMEs operating within buildings owned by GLCs. Relief of at least 30% by private landlords can be offset as tax deduction.	**Tenancy Relief:** No government relief for commercial sector at the moment	**Tenancy Relief:** 30 day grace period for SME to pay rent w/o penalty. Waivers to mall tenants shut down during lockdown.

Policy Dashboard (cont.)

Measures		Cambodia	Japan	South Korea	Taiwan	China	Hong Kong	India
Movement Restrictions	Lockdown							✓
	International Travel Ban	✓	✓	✓	✓	✓	✓	✓
Economic Stimulus	Fiscal	✓	✓	✓	✓	✓	✓	✓
	Monetary	✓	✓	✓	✓	✓	✓	✓
Real Estate	Residential							✓
	Commercial		✓		✓	✓	✓	✓
Major Covid Policies		**Travel Restrictions**: Domestic travel restrictions were imposed 9-16 Apr.	**Lockdown:** State of emergency lifted at the end of May with more economic activities restarting.	**No Lockdown:** Seoul did not lockdown and business remains as usual.	**Crowd Control:** Domestic tourist attractions and malls have enacted crowd control measures.	**Social distancing:** Most lockdowns are being removed but social distancing enforced, and not all shops open yet (e.g. Cinemas).	**Social distancing:** No lockdown but gatherings limited to 4.	**Lockdown:** National lockdown extended until 30th June with graded relaxations outside containment zones.
		Fiscal Stimulus: Government has reserved US$2bn (8% GDP) to assist certain sectors. Borrowing costs lowered.	**Fiscal Stimulus:** JPY108trn (18% GDP) relief package.	**Fiscal Stimulus:** KRW65trn (15% GDP) relief package.	**Fiscal Stimulus:** NT$1.05trn (5% GDP) relief package.	**Fiscal Stimulus:** No official stimulus package announced – rumoured to be 6% of GDP.	**Fiscal Stimulus:** HK$138bn (5% GDP) relief package.	**Fiscal Stimulus:** Overall stimulus of Rs 21 lakh crore (10% of GDP), with fiscal spending accounting for 1% of GDP.
		Commercial restrictions: Entertainment venues and educational institutions closed indefinitely.	**Tenancy Relief:** No government relief for commercial sector at the moment.	**Tenancy Relief:** No government relief for commercial sector at the moment.	**Rent/Tax Reduction:** 20% reduction in rents for state-owned and non-public use land. Non-residential housing tax rate was reduced to 2%.	**Tenancy Relief:** SOE landlords to give 2 months rent free to qualified SMEs.	**Tenancy Relief:** Retail tenants with premises on government properties have 50% rent cut for 6 months. No relief for office tenants.	**Real Estate Relief:** Central Bank of India has allowed NBFC's one-year extension for real estate loans.

Source : Knight Frank Research, various government sources. As of 29 May.

Office

Moving tenant-friendly although leasing activity picks up

In the period 15th – 29th May 2020

- Half of the markets tracked continue to see falling leasing activity
- Asking rents remain relatively stable across the Asia-Pacific region
- Half of the markets in the Asia-Pacific remain in favour of tenants

Despite lockdown restrictions starting to be released in most of the Asia-Pacific region, as at the end of May, half of the cities we track continued to see declining leasing activity; an improvement from three-quarters showing a decline back in March. Similarly, we are starting to see green shoots appear with markets such as Sydney, Bangkok, Taipei, and Guangzhou reporting increased leasing activity in the same period.

City	Leasing Activity (end-Mar)	Leasing Activity (end-Apr)	Leasing Activity (end-May)
Sydney	↓	→	↑
Jakarta	↓	↓	↓
Singapore	↓	↓	↓
Kuala Lumpur	→	↓	↓
Bangkok	→	↑	↑
Manila	→	↓	↓
Phnom Penh	↓	↓	↓
Tokyo	↓	↓	↓
Seoul	↓	↓	↓
Taipei	↓	→	↑
Shanghai	↓	↓	↓
Beijing	↓	↓	↓
Guangzhou	↓	→	↑
Shenzhen	↓	↓	→
Hong Kong	→	→	→
Mumbai	↓	→	→
Delhi	↓	→	→
Bengaluru	↓	→	→

Even with the expected toll the COVID-19 outbreak will take on the regional economies, landlords across the region continue to hold firm with their asking rents (see chart below), which has somewhat defied market expectations. From our survey, 15 of the 18 cities we track continued to report stable asking headline rents; we do note that landlords across the region have pro-actively engaged their tenants in easing their cashflows either through rental reliefs or increased incentives.

Increase

- No markets

Stable

- Sydney
- Jakarta
- Kuala Lumpur
- Bangkok
- Manila
- Phnom Penh
- Seoul
- Tokyo
- Taipei
- Guangzhou
- Shenzhen
- Hong Kong
- Mumbai
- Bengaluru
- NCR Delhi

Decrease

- Singapore
- Shanghai
- Beijing
- Shenzhen
- Hong Kong

Going forward, even as economic outlooks across the region continue to look bleak, the office markets are starting to witness some stabilisation with most countries beginning to ease their lockdowns. This is evident with market conditions across the region turning more balanced at the end of May compared to March at the height of the region's COVID-19 crisis.

City	Market Favourable Conditions (end-Mar)
Sydney	Tenant
Jakarta	Tenant
Singapore	Tenant
Kuala Lumpur	Tenant
Bangkok	Balanced
Manila	Balanced
Phnom Penh	Tenant
Tokyo	Landlord
Seoul	Balanced
Taipei	Landlord
Shanghai	Tenant
Beijing	Tenant
Guangzhou	Tenant
Shenzhen	Tenant
Hong Kong	Tenant
Mumbai	Balanced
Delhi	Balanced
Bengaluru	Balanced

City	Market Favourable Conditions (end-Apr)
Sydney	Tenant
Jakarta	Tenant
Singapore	Tenant
Kuala Lumpur	Tenant
Bangkok	Landlord
Manila	Balanced
Phnom Penh	Tenant
Tokyo	Landlord
Seoul	Balanced
Taipei	Landlord
Shanghai	Tenant
Beijing	Tenant
Guangzhou	Balanced
Shenzhen	Tenant
Hong Kong	Tenant
Mumbai	Balanced
Delhi	Balanced
Bengaluru	Balanced

City	Market Favourable Conditions (end-May)
Sydney	Tenant
Jakarta	Tenant
Singapore	Tenant
Kuala Lumpur	Tenant
Bangkok	Landlord
Manila	Tenant
Phnom Penh	Tenant
Tokyo	Landlord
Seoul	Balanced
Taipei	Landlord
Shanghai	Tenant
Beijing	Tenant
Guangzhou	Balanced
Shenzhen	Balanced
Hong Kong	Tenant
Mumbai	Balanced
Delhi	Balanced
Bengaluru	Balanced

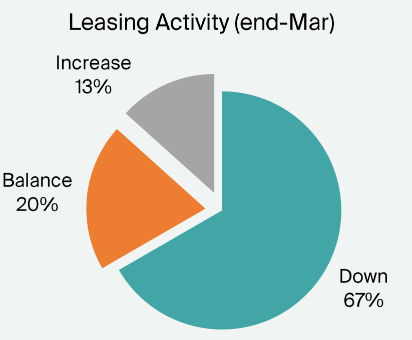
Industrial

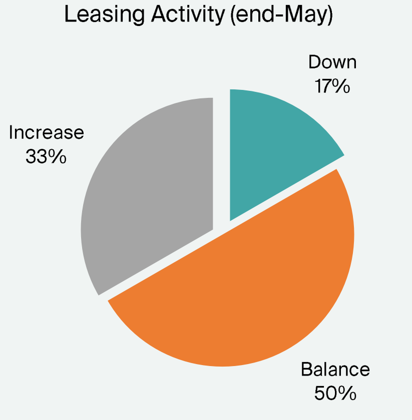
Increasing levels of activity show resilience of sector

In the period 15th – 29th May 2020

- Industrial leasing activity has picked up significantly across the region
- Strong demand has shifted market conditions into a more balanced state
- Medical and pharmaceutical manufacturing demand is expected to drive further market growth

The industrial sectors across the Asia-Pacific region have held up throughout the COVID-19 period driven mainly by the need for more warehousing and logistics space as the majority of retail consumption since the start of the year has shifted online due to the large proportion of the population working from home. As a result, this has led to a significant increase in leasing activities over the past few months as more firms scramble for more space to keep up with e-commerce demand. As at the end of May, leasing activity has risen across a third of the cities we track, compared to just 13% just two months ago, while markets reporting declines in leasing activity has shrunk from two-thirds of the cities we track to only 17%.





Similar to the leasing activity result, market conditions across the region have likewise shifted towards more stable conditions as demand improves and landlords, especially those with higher-quality assets, have more leverage at the negotiating table. Going forward, besides the expected continued demand growth from the e-commerce and third-party logistics sectors; space demand from the medical and pharmaceutical manufacturing sectors are also likely to be a significant contributor to industrial growth for the region.

City	Market Favourable Conditions (end-Mar)
Sydney	NA
Jakarta	Tenant
Singapore	Tenant
Kuala Lumpur	Balanced
Bangkok	Balanced
Manila	Balanced
Phnom Penh	Tenant
Tokyo	NA
Seoul	Tenant
Taipei	Tenant
Shanghai	Tenant
Beijing	Tenant
Guangzhou	Landlord
Shenzhen	Tenant
Hong Kong	Tenant
Mumbai	Landlord
Delhi	Landlord
Bengaluru	Landlord

City	Market Favourable Conditions (end-Apr)
Sydney	Tenant
Jakarta	Tenant
Singapore	Tenant
Kuala Lumpur	Balanced
Bangkok	Balanced
Manila	Balanced
Phnom Penh	Tenant
Tokyo	NA
Seoul	Tenant
Taipei	Balanced
Shanghai	Tenant
Beijing	Tenant
Guangzhou	Balanced
Shenzhen	Tenant
Hong Kong	Tenant
Mumbai	Landlord
Delhi	Landlord
Bengaluru	Landlord

City	Market Favourable Conditions (end-May)
Sydney	Tenant
Jakarta	Balanced
Singapore	Tenant
Kuala Lumpur	Balanced
Bangkok	Balanced
Manila	Balanced
Phnom Penh	Tenant
Tokyo	Balanced
Seoul	Tenant
Taipei	Balanced
Shanghai	Tenant
Beijing	Tenant
Guangzhou	Balanced
Shenzhen	Balanced
Hong Kong	Tenant
Mumbai	Balanced
Delhi	Balanced
Bengaluru	Balanced

Capital Markets

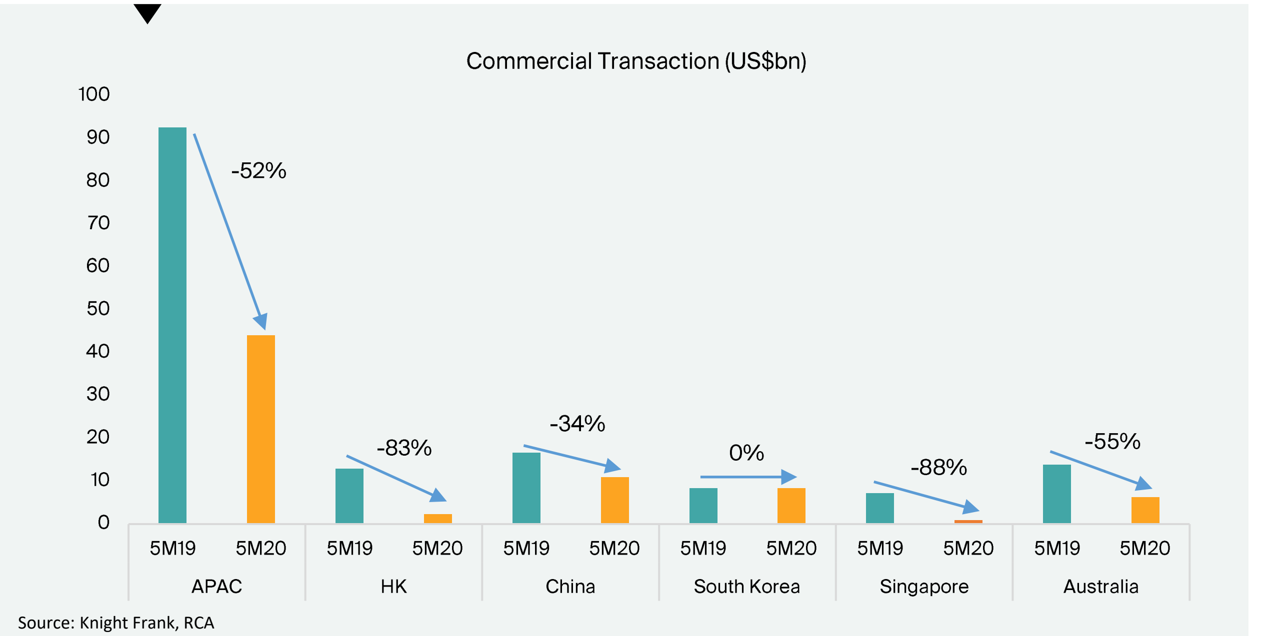
Weak market conditions have started to lead to pricing weakness

In the period 15th – 29th May 2020

- Commercial transaction volumes down 52% year-on-year in first five months of the year
- Sellers are starting to lower their asset pricings
- Yields across the region expected to expand in 2020

In the first five months of 2020, Asia-Pacific commercial transaction volumes have fallen 52% year-on-year to US$44.1 billion; led mainly by Singapore and Hong Kong who have recorded 88% and 83% respective year-on-year declines. South Korea continues to be the rose among the thorns on the back of both healthy domestic and cross-border investment demand which have kept the pace of its transaction volumes on par with the same period last year.

Similarly, China has also started to witness a recovery with its transaction volumes declining 34% year-on-year in the first five months of the year, an improvement over the 66% decline recorded in Q1 2020, as demand from both domestic and cross border investors returns post its lockdown easing. A recent major cross border transaction was GIC's US$1.1 billion acquisition of the LG Twin Towers in Beijing from LG Corporation.



Source: Knight Frank, RCA

However, despite a further decline in interest rates, asking prices for commercial assets on the market are starting to soften as investors factor greater risks into their expectations. This can be seen from our brokerage sentiment survey results over time with a third of our teams reporting declining asking prices (from a seller's perspective) back in March, to half of our teams reporting back the same statistic at the end of May. However, we do note that there is growing underlying demand for well-let core assets which could keep pricing for this category of assets relatively stable despite the headwinds.

City	Asking Prices (end-Mar)
Australia	↓
Jakarta	↓
Singapore	→
Kuala Lumpur	↓
Bangkok	→
Manila	→
Phnom Penh	→
Tokyo	→
Seoul	↓
Taipei	→
Shanghai	↓
Beijing	↓
Guangzhou	→
Shenzhen	→
Hong Kong	→
Mumbai	→
Delhi	→
Bengaluru	→

City	Asking Prices (end-Apr)
Australia	→
Jakarta	↓
Singapore	→
Kuala Lumpur	↓
Bangkok	→
Manila	→
Phnom Penh	→
Tokyo	→
Seoul	↓
Taipei	→
Shanghai	↓
Beijing	↓
Guangzhou	→
Shenzhen	→
Hong Kong	→
Mumbai	→
Delhi	→
Bengaluru	→

City	Asking Prices (end-May)
Australia	→
Jakarta	↓
Singapore	↓
Kuala Lumpur	↓
Bangkok	→
Manila	→
Phnom Penh	↓
Tokyo	→
Seoul	↓
Taipei	→
Shanghai	↓
Beijing	↓
Guangzhou	↓
Shenzhen	↓
Hong Kong	→
Mumbai	→
Delhi	→
Bengaluru	→

With prices expected to soften, we foresee yields (from an owner's perspective) to mostly expand across the commercial sectors as investors begin to price in higher risks from not only operational but also financial going concerns.

However, this expected weakness in capital values also presents attractive prospects for opportunistic investors. One area we believe investors should focus on are sale and leasebacks opportunities within the markets. With corporate balance sheets generally under stress, a sale and lease will present an attractive solution to ease capital stress for the vendor but also provide the investor will a lower risk investment opportunity.

2020F Yield Forecast	Office	Industrial	Retail
Australia	↑	↑	NA
Singapore	↑	↑	↑
Greater Kuala Lumpur	→	→	↑
Hong Kong	↑	↑	↑
Shanghai	↑	↑	↑
Beijing	↑	↑	↑
Japan	↑	↑	↑
South Korea	↑	NA	NA
India	↑	→	↑

Residential

Life slowly returns after lockdown hiatus

In the period 15th – 29th May 2020

- Easing lockdowns have started to bring life back to a subdued market
- Asking prices have gradually remained stable given ample liquidity and mostly healthy balance sheets
- Some luxury buyers are starting to return to the market

As the Asia-Pacific markets start to ease their lockdown restrictions, residential market activity is slowing returning from a subdued market as in-person viewings take place, and developers reopen their show units to prospective buyers. This can be seen with transaction volumes at the end of May across the region have either stabilized, or increased, compared to March where most were in decline. However, asking prices for home listings have remained relatively resilient over the past few months despite the challenging conditions as cheap credit and ample liquidity has mostly kept sellers' balance sheets healthy.

City (end-Mar)	Transaction Volumes	Asking Prices
Sydney	↓	→
Melbourne	↓	→
Jakarta	↓	↓
Singapore	↓	↓
Kuala Lumpur	↓	→
Bangkok	↓	↓
Manila	↓	→
Phnom Penh	→	→
Tokyo	↓	→
Seoul	↓	→
Taipei	↓	→
Shanghai	↓	→
Beijing	↓	↓
Guangzhou	↓	↑
Shenzhen	↓	↑
Hong Kong	↓	→
Mumbai	↓	↓
Delhi	↓	↓
Bengaluru	↓	↓

City (end-Apr)	Transaction Volumes	Asking Prices
Sydney	↓	→
Melbourne	↓	→
Jakarta	↓	↓
Singapore	↓	↓
Kuala Lumpur	↓	→
Bangkok	→	↓
Manila	↓	→
Phnom Penh	↓	↓
Tokyo	↓	→
Seoul	↓	→
Shanghai	↑	→
Beijing	↑	↓
Guangzhou	↑	↓
Shenzhen	↓	↑
Hong Kong	→	→
Mumbai	→	→
Delhi	→	→
Bengaluru	→	→

City (end-May)	Transaction Volumes	Asking Prices
Sydney	→	→
Melbourne	→	→
Jakarta	↓	↓
Singapore	↓	↓
Kuala Lumpur	↑	→
Bangkok	→	→
Manila	↓	→
Phnom Penh	↓	↓
Tokyo	↓	→
Seoul	↑	↑
Taipei	→	→
Shanghai	↑	↑
Beijing	↑	↓
Guangzhou	↓	↓
Shenzhen	↑	↑
Hong Kong	→	→
Mumbai	→	→
Delhi	→	→
Bengaluru	→	→

Furthermore, with the COVID-19 situation in China under control and its economy one of the first globally to get back on its feet, wealthy Chinese buyers are beginning to return and are not only purchasing luxury housing domestically but also across their favoured markets within Asia-Pacific; mainly to hedge their wealth against inflation and a potentially softer RMB.

From Sydney's waterfront suburbs to Singapore's Marina Bay and Seoul's Gangnam District, some property agents have reported an increase in enquiries in recent months compared to the same period last year with some transactions even taking place without in-person viewings.

Going forward, given our expectations for interest rates to remain low for the foreseeable future and further easing of lockdowns by the Asia-Pacific governments; the residential market activity across the Asia-Pacific region should start a slow in the second half of this year. Furthermore, we expect the luxury segment across the regions' major gateway cities to see an uptick in interest from wealthy individuals as they look to diversify their portfolios further in light of the market volatility.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

Kevin Coppel

Managing Director, Asia-Pacific

kevin.coppel@asia.knightfrank.com

+65 9352 5650

Nicholas Holt

Head of Research, Asia-Pacific

nicholas.holt@asia.knightfrank.com

+86 10 6113 8030

Tim Armstrong

Head of Occupier Services & Commercial Agency, Asia-Pacific

tim.armstrong@asia.knightfrank.com

+65 9737 9991

Neil Brookes

Head of Capital Markets, Asia-Pacific

neil.brookes@asia.knightfrank.com

+65 8309 4985

Victoria Garrett

Head of Residential, Asia-Pacific

victoria.garrett@asia.knightfrank.com

+65 8823 5502

Thomas Lam

Head of Valuation & Advisory, Asia-Pacific

thomas.lam@hk.knightfrank.com

+852 2846 4819

Knight Frank Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs. Important Notice: ©Knight Frank 2020: This document and the material contained in it is general information only and is subject to change without notice. All images are for illustration only. No representations or warranties of any nature whatsoever are given, intended or implied. Knight Frank will not be liable for negligence, or for any direct or indirect consequential losses or damages arising from the use of this information. You should satisfy yourself about the completeness or accuracy of any information or materials and seek professional advice in regard to all the information contained herein. This document and the material contained in it is the property of Knight Frank and is given to you on the understanding that such material and the ideas, concepts and proposals expressed in it are the intellectual property of Knight Frank and protected by copyright. It is understood that you may not use this material or any part of it for any reason other than the evaluation of the document unless we have entered into a further agreement for its use. This document is provided to you in confidence on the understanding it is not disclosed to anyone other than to your employees who need to evaluate it.members' names.

Knight Frank