Knight Frank Asia-Pacific Warehouse Highlights

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In a rapidly changing landscape, Knight Frank understands the need for our clients to keep informed on key market drivers. Accordingly, we have compiled this summary document for warehouse markets from across the Asia Pacific region and will continue to update it as markets and policies evolve. Knight Frank has one of the strongest occupier platforms across Asia Pacific, with 152 offices across 15 territories, so should you require a deep dive into any of the markets or to directly analyse your industrial real estate options, our team stands ready to help.

”

Tim Armstrong
Head of Occupier Services and Commercial Agency Asia-Pacific

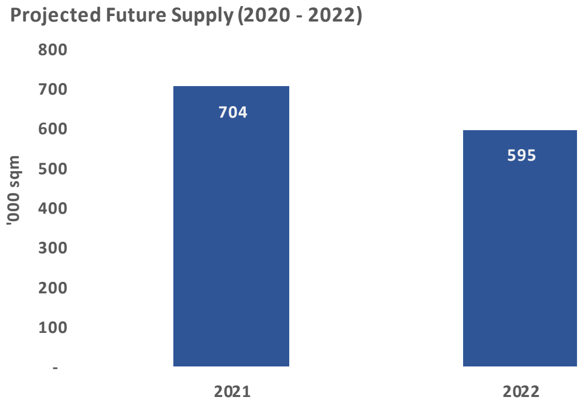
Sydney

Highlights

Third party logistics and retail sectors were the key demand drivers supporting the healthy take-up for Sydney's warehouse sector in 2020 which have kept rents relatively stable despite the economic challenges wrought by the pandemic. Supporting this has been the relatively tight supply conditions over 2020, especially within the inner most precincts of the city which have been highly sought after given the boom in e-commerce consumption.

Outlook

Heading into 2021, our expectations are for warehouse demand to remain healthy, driven mainly by the ongoing transition of offline to online consumption. Furthermore, changing occupier and end-user requirements with regards to warehouse sizing, design and usability will continue to drive demand towards higher quality stock – which will further widen the pricing gap between prime and secondary assets within the city limits.



COVID-19 Policies Implemented		
Movement Restrictions	Lockdown	
	International Travel Ban	✓
Economic Stimulus	Fiscal	✓
	Monetary	✓
Real Estate	Residential	✓
	Commercial	✓

"The outlook for industrial over the long-term remains relatively optimistic. The flow on impact to manufacturers and logistics providers due to the expected growth of online retail will drive demand for large last-mile prime distribution and warehouse facilities to fulfil the supply-chain."

Ben Burston
Chief Economist Australia

Economic Indicators

	2020	2021F
GDP Growth	-4.2%	3.0%
Unemployment Rate	6.9%	7.7%
Inflation	0.7%	1.3%
PMI Manufacturing (Last two readings)	52.1 (Nov)	55.3 (Dec)

Real Estate Indicators

Prime Warehouse	H2 2020	2021 F
Rent (A$ psm pa)	121	→
Market Balance	Tenant	Balanced

Major COVID-19 Policies

- Fiscal Stimulus: A$320bn (16% GDP) relief package.
- Tenancy Relief: Temporary moratorium on eviction, landlord and tenant reliefs being planned.

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Source: Knight Frank Research, Macrobond

updated as of February 15, 2021

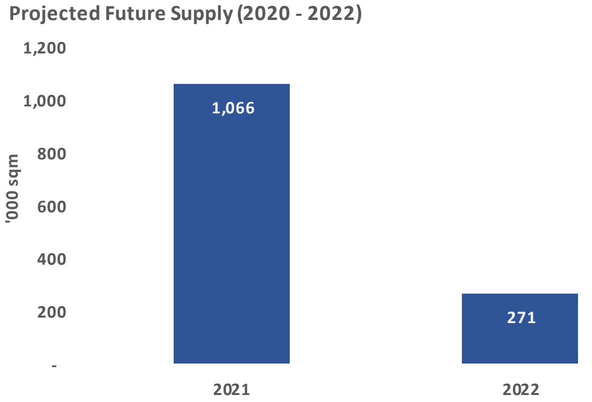
Melbourne

Highlights

Rents in Melbourne remained stable throughout 2020, weathering a challenging year shaped by several sharp lockdowns imposed due to resurgences in COVID-19 infection rates and increasing vacancy within the sector. Vacant space on the market rose c.150,000 sqm or 20% year-on-year in 2020. The main driver keeping rents in check has been the elevated incentive rates, currently estimated at around 17%, which landlords have been agreeing to in an effort to remain attractive to occupiers.

Outlook

While the pandemic has led to some speculative pipeline developers within the city being postponed, a substantial amount of new supply, relative to levels seen over the past few years, is still expected to come online by the end of 2021, fueled in part by the weight of investor capital that had entered the market in recent years. However, the rapid growth in e-commerce consumption within Australia's second largest city is expected to absorb a good portion of this new supply and keep rents buoyant over the near term.



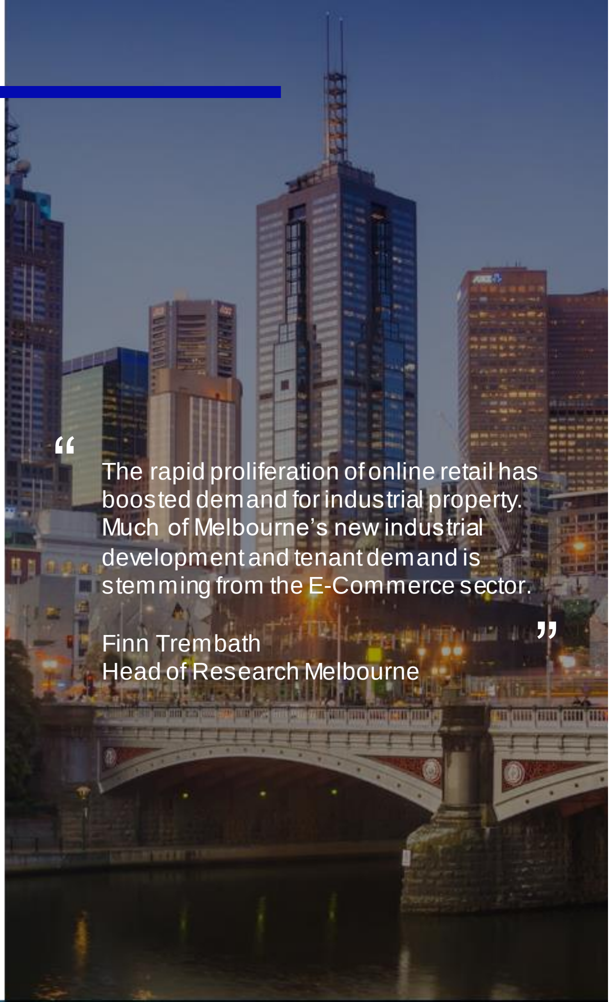
Economic Indicators	2020	2021F
GDP Growth	1.8%	-4.5%
Unemployment Rate	5.2%	7.7%
Inflation	1.8%	1.8%
PMI Manufacturing (Last two readings)	54 (Jul)	53.6 (Aug)

Real Estate Indicators		
Prime Warehouse	H2 2020	2021 F
Rent (A$ psm pa)	100	↑
Market Balance	Balanced	Balanced

COVID-19 Policies Implemented		
Movement Restrictions	Lockdown	
	International Travel Ban	✓
Economic Stimulus	Fiscal	✓
	Monetary	✓
Real Estate	Residential	✓
	Commercial	✓

Major COVID-19 Policies

- Lockdown: Melbourne Stage 4 and Victoria Stage 3 lockdown – Curfew in Melbourne from 2000-0500HRs with all but essentials closed
- Fiscal Stimulus: A$320bn (16% GDP) relief package.
- Tenancy Relief: Temporary moratorium on eviction, landlord and tenant reliefs being planned.



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Source: Knight Frank Research, Macrobond

updated as of February 15, 2021

Brisbane

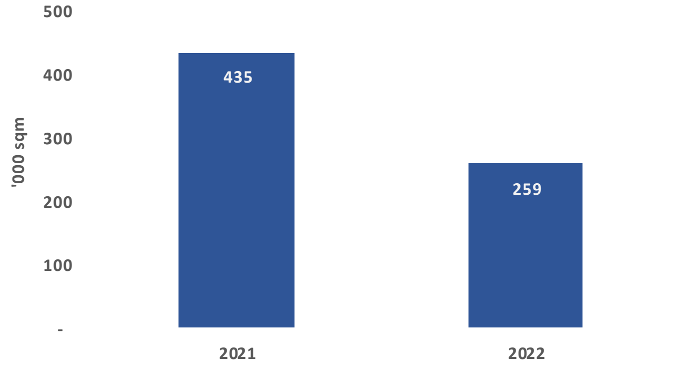
Highlights

Warehouse sector face rents in Brisbane remained relatively stable in H2 2020, rising just below 0.01% year-on-year during the period, ending the year at A$113 psm per annum. However, overall net effective rents were down due to a 4% increase in market incentives which currently stand at 15.4%. Vacant space on the market rose by c.130,000 sqm or 28% year-on-year during the past year, driven mainly by speculative developments in the Southern precincts of the city.

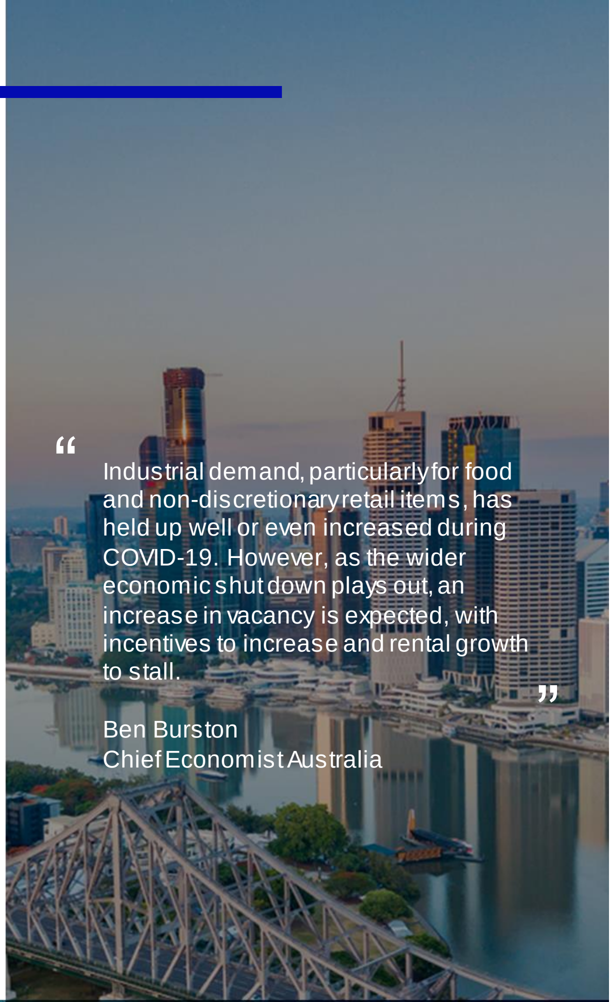
Outlook

Overall face rents in Brisbane for prime assets are expected to remain relatively stable in 2021 on the back of e-commerce driven demand seeking higher quality assets. However, net effective rents are likely to record a contraction on expectations that incentives will trend higher throughout the year. This will also serve to further widen the rental gap between prime and secondary assets within the city.

Projected Future Supply (2020 - 2022)



COVID-19 Policies Implemented		
Movement Restrictions	Lockdown	
	International Travel Ban	✓
Economic Stimulus	Fiscal	✓
	Monetary	✓
Real Estate	Residential	✓
	Commercial	✓



“Industrial demand, particularly for food and non-discretionary retail items, has held up well or even increased during COVID-19. However, as the wider economic shutdown plays out, an increase in vacancy is expected, with incentives to increase and rental growth to stall.”

Ben Burston
Chief Economist Australia

Economic Indicators	2020	2021F
GDP Growth	1.8%	-4.5%
Unemployment Rate	5.2%	7.7%
Inflation	1.8%	1.8%
PMI Manufacturing (Last two readings)	54 (Jul)	53.6 (Aug)

Real Estate Indicators		
Prime Warehouse	H2 2020	2021 F
Rent (A$ psm pa)	114	→
Market Balance	Tenant	Tenant

Major COVID-19 Policies

- Fiscal Stimulus: A$320bn (16% GDP) relief package.
- Tenancy Relief: Temporary moratorium on eviction, landlord and tenant reliefs being planned.

For more information please contact

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Source: Knight Frank Research, Macrobond

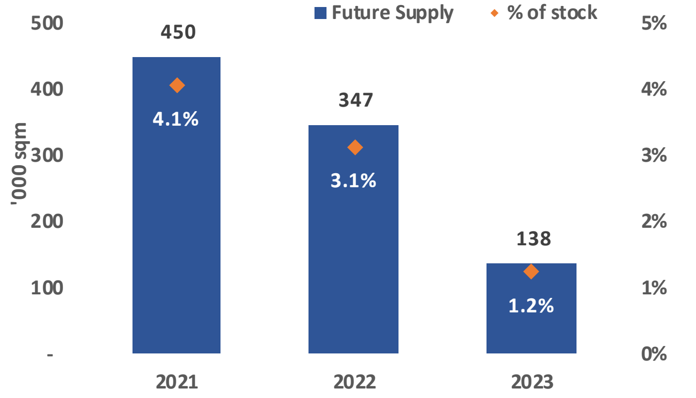
Singapore

Highlights

Prime warehouse rents in Singapore kept steady in H2 2020, with rents rising 1.7% year-on-year for the full year on the back of demand created from expansions in outputs from the electronic and biomedical manufacturing sectors.

Outlook

Going forward, with Singapore widely seen as a key warehousing and storage hub for Southeast Asia given its strategic location and well-developed infrastructure networks, the outlook for its warehouse sector is sanguine. As such, we expect rents to rise between 1% to 3% in 2021.



COVID-19 Policies Implemented

Movement Restrictions	Circuit Breaker	
	International Travel Ban	✓
Economic Stimulus	Fiscal	✓
	Monetary	✓
Real Estate	Residential	
	Commercial	✓

Economic Indicators

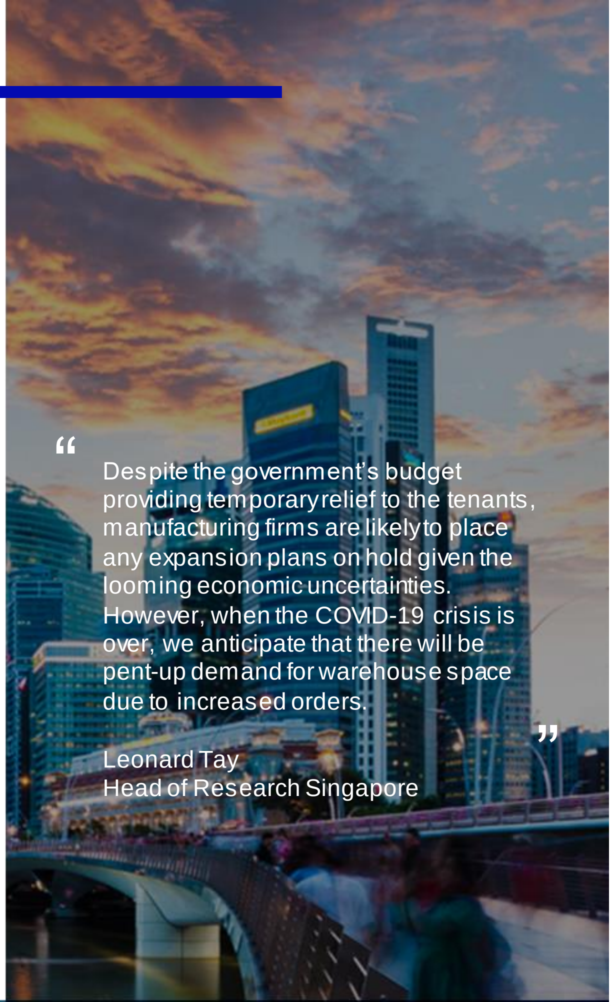
	2020	2021F
GDP Growth	-5.4%	5.0%
Unemployment Rate	3.0%	2.6%
Inflation	-0.4%	0.3%
PMI Manufacturing (Last two readings)	50.5 (Dec)	50.7 (Jan)

Real Estate Indicators

Prime Warehouse	H2 2020	2021 F
Rent (S$ psf pm)	1.83	↑
Market Balance	Tenant	Balanced

Major COVID-19 Policies

- Fiscal Stimulus: More than S$100 bn in relief spending.
- Property Tax Rebates: Non-residential will get between 30-100% property tax rebate.



"Despite the government's budget providing temporary relief to the tenants, manufacturing firms are likely to place any expansion plans on hold given the looming economic uncertainties. However, when the COVID-19 crisis is over, we anticipate that there will be pent-up demand for warehouse space due to increased orders."

Leonard Tay
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Source: Knight Frank Research, Macrobond

Greater Kuala Lumpur

Highlights

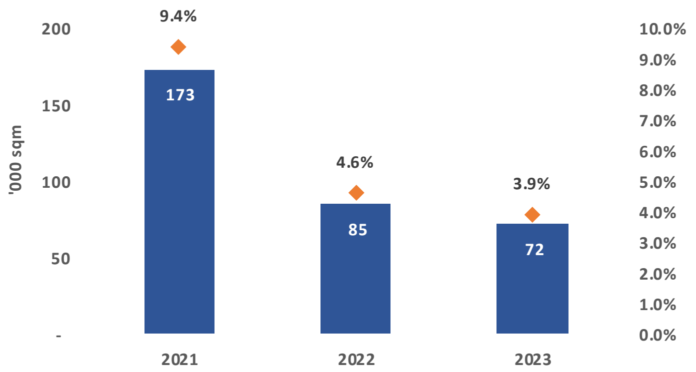
Despite facing ongoing challenges in its efforts to battle new waves of COVID-19 infections, warehouse rents in Malaysia's main economic hub, Klang Valley, have resiliently remained flat quarter-on-quarter due to existing committed tenancies and growing demand from logistics occupiers – both domestic and international. Furthermore, the government has also recently introduced various initiatives to improve the country's main port, Port Klang, to unlock its full potential and adapt to the dynamics of global trade and supply chain, supported by positive sentiments in the manufacturing and logistics sectors.

Outlook

The various incentives unveiled under the RM35bn short-term Economic Recovery Plan (PENJANA) and National Budget 2021 have helped to cushion the impact of COVID-19 by encouraging more foreign direct investment (FDIs) flows.

Looking ahead, rental rates are expected to remain stable despite the prolonged pandemic, supported by the acceleration of e-commerce adoption leading to growing demand for warehousing space.

Projected Future Supply (2021 - 2023)



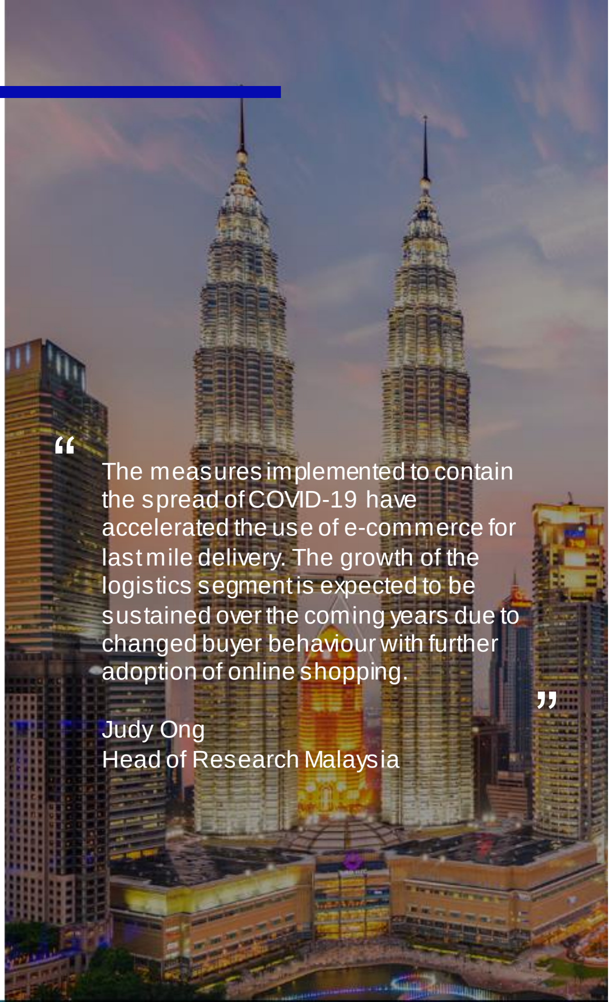
COVID-19 Policies Implemented		
Movement Restrictions	Conditional Movement	✓
	International Travel Ban	✓
Economic Stimulus	Fiscal	✓
	Monetary	✓
Real Estate	Residential	✓
	Commercial	✓

Economic Indicators	2020	2021F
GDP Growth	-5.6%	7.0%
Unemployment Rate	4.5%	3.4%
Inflation	-1.2%	2.5%
PMI Manufacturing (Last two readings)	49.1 (Dec)	48.9 (Jan)

Real Estate Indicators		
Prime Warehouse	H2 2020	2021 F
Rent (MYR psf pm)	1.90	→
Market Balance	Balanced	Balanced

Major COVID-19 Policies

- Fiscal Stimulus: MYR260bn (17% GDP) relief package. Additional MYR35bn short-term National Economic Recovery Plan introduced in June including zero-tax rate for foreign companies making investments into manufacturing sector.
- Tenancy Relief: Rental discounts and waivers to SMEs operating within buildings owned by GLCs.



"The measures implemented to contain the spread of COVID-19 have accelerated the use of e-commerce for last mile delivery. The growth of the logistics segment is expected to be sustained over the coming years due to changed buyer behaviour with further adoption of online shopping."

Judy Ong
Head of Research Malaysia

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Source: Knight Frank Research, Macrobond, Bengara Negara Malaysia, Department of Statistics Malaysia

updated as of February 15, 2021

Bangkok

Highlights

Bangkok's prime warehouse rents contracted -0.2% year-on-year in 2020 to THB 157 psm pm. Despite supply chain disruptions caused by the COVID-19 pandemic, the market remained fairly well-balanced. Developers in the market build generally based on real demand and have already slowed down new ready-built warehouse project launches over the past few years, leading to a low likelihood of oversupply.

Outlook

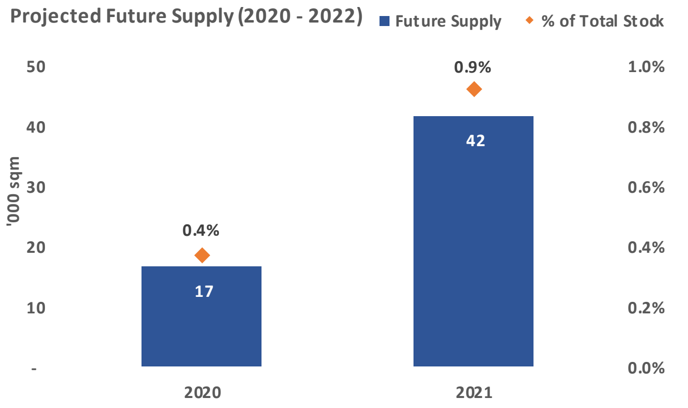
Overall, demand for Bangkok warehouses is expected to remain stable in 2021 even with the challenging outlook for the export heavy economy. Although some sectors declined steeply, others such as fresh food and medical supplies expanded, while rising demand from e-commerce remains a bright spot. Continued signs of recovery in the industrial economy are promising for warehouse properties as more goods will need to be transported and stored as production ramps up. The supply pipeline will remain limited as developers refocus their efforts on driving their current stock performance and providing built-to-suit solutions. Lastly, we expect prime warehouse assets, especially those within the Bangkok metro limits, to fare better given the strong expected demand from last mile logistics.

Economic Indicators

	2020	2021F
GDP Growth	-7.1%	4.0%
Unemployment Rate	1.5%	1.9%
Inflation	-0.4%	1.8%
PMI Manufacturing (Last two readings)	50.8 (Dec)	49.0 (Jan)

Real Estate Indicators

Prime Warehouse	H2 2020	2021 F
Rent (TBH psm pm)	157.2	→
Market Balance	Balanced	Balanced

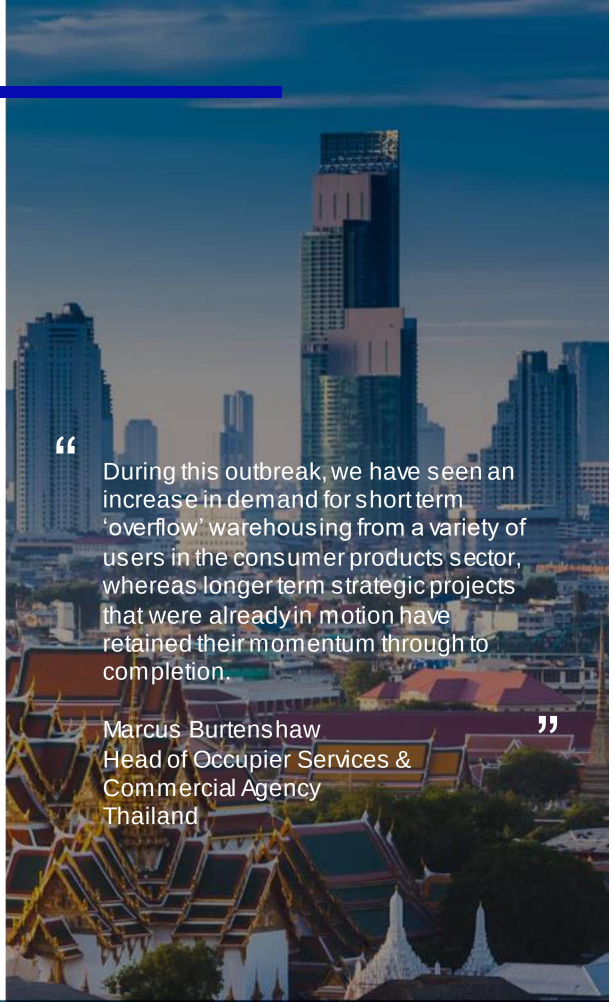


COVID-19 Policies Implemented

Movement Restrictions	Lockdown	
	International Travel Ban	✓
Economic Stimulus	Fiscal	✓
	Monetary	✓
Real Estate	Residential	
	Commercial	

Major COVID-19 Policies

- Fiscal Stimulus: Thb1.9trn (9% GDP) relief package.
- Tenancy Relief: No government relief for commercial sector at the moment



"During this outbreak, we have seen an increase in demand for short term 'overflow' warehousing from a variety of users in the consumer products sector, whereas longer term strategic projects that were already in motion have retained their momentum through to completion."

Marcus Burtenshaw
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Greater Jakarta

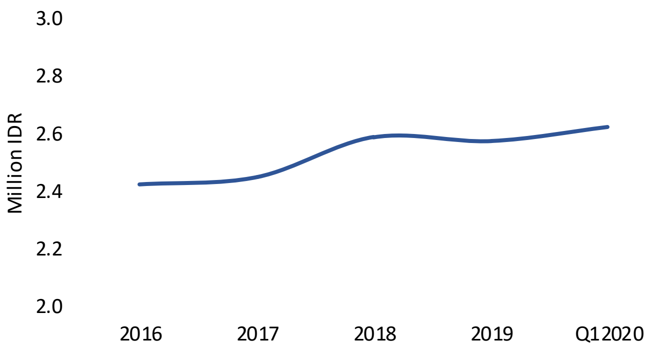
Highlights

Market rents rose 5.6% half-on-half in H2 2020 to IDR819,731 psm pa following a release of pent-up demand due to the stagnant conditions witnessed in H1 2020. Furthermore, market sentiment has been recently boosted by the recent signing of the Omnibus Law which is widely expected to boost the capital city's industrial growth prospects by reducing red tape for foreign investors.

Outlook

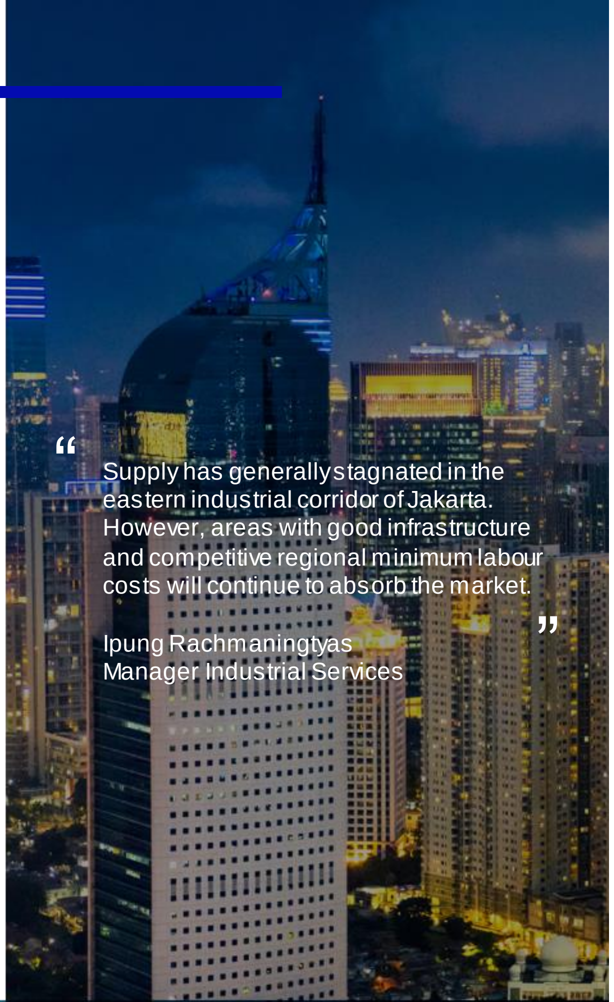
Jakarta's industrial sector is set for another stage of growth as various large infrastructure projects such as new toll roads, rail networks, ports and airports are set to complete over the coming years. Going forward, this will benefit the logistics warehousing, e-commerce, automotive manufacturing and FMCG sectors which are key pillars of support for the industrial sector in Jakarta.

Eastern Corridor Average Industrial Land Price



COVID-19 Policies Implemented

Movement Restrictions	Partial - Lockdown	✓
	International Travel Ban	✓
Economic Stimulus	Fiscal	✓
	Monetary	✓
Real Estate	Residential	
	Commercial	



"Supply has generally stagnated in the eastern industrial corridor of Jakarta. However, areas with good infrastructure and competitive regional minimum labour costs will continue to absorb the market."

Ipung Rachmaningtyas
Manager Industrial Services

Economic Indicators

	2020	2021F
GDP Growth	-2.2%	6.1%
Unemployment Rate	8.0%	6.8%
Inflation	2.1%	1.6%
PMI Manufacturing (Last two readings)	51.3 (Dec)	52.2 (Jan)

Real Estate Indicators

Prime Warehouse	H2 2020	2021 F
Rent (IDR psm pa)	819,731	↓
Market Balance	Balanced	Balanced

Major COVID-19 Policies

- Fiscal Stimulus: IDR436trn (2.5% GDP) relief package.
- Tenancy Relief: No government relief for commercial sector at the moment.

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Source: Knight Frank Research, Macrobond

Hong Kong SAR

Highlights

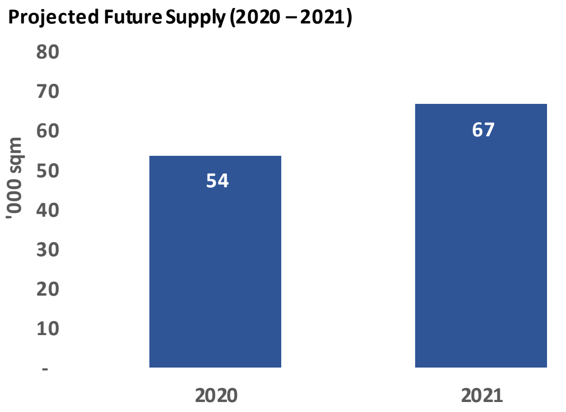
The deteriorating economic environment in Hong Kong SAR continues to dampen leasing activity for its warehouse sector with many occupiers opting to delay their decisions until further signs of clarity are seen. Market vacancy continues to trend upwards as lease abandonments continue to be witnessed over the past six months.

Outlook

Despite the improving COVID-19 situation and vaccines being made available, many potential occupiers are remaining on the side-lines and taking cautious approach in making real estate decisions. Leasing activity going forward will remain sluggish in 2021, with rents forecast to contract around 5% for the full year while vacancies are expected to rise.

Economic Indicators	2020	2021F
GDP Growth	-6.1%	3.7%
Unemployment Rate	5.2%	4.4%
Inflation	0.3%	2.4%
PMI Manufacturing (Last two readings)	43.5 (Dec)	47.8 (Jan)

Real Estate Indicators Prime Warehouse	H2 2020	2021 F
Rent (HK$ psf pm)	19.6	→
Vacancy	7.8%	↑
Market Balance	Balanced	Tenant



COVID-19 Policies Implemented		
Movement Restrictions	Lockdown	
	International Travel Ban	✓
Economic Stimulus	Fiscal	✓
	Monetary	✓
Real Estate	Residential	
	Commercial	✓

Major COVID-19 Policies

- Fiscal Stimulus: HK$138bn (5% GDP) relief package.
- Tenancy Relief: Retail tenants with premises on government properties have 50% rent cut for 6 months. No relief for office tenants.

"Despite improved economic conditions and production in the Greater China region, new leasing demand for warehouse in Hong Kong will remain soft. That said, healthcare and medical related businesses have been the key drivers to take up warehouse space and will continue to support the market amid the nervous sentiment."

Martin Wong
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Source: Knight Frank Research, Macrobond

updated as of February 15, 2021

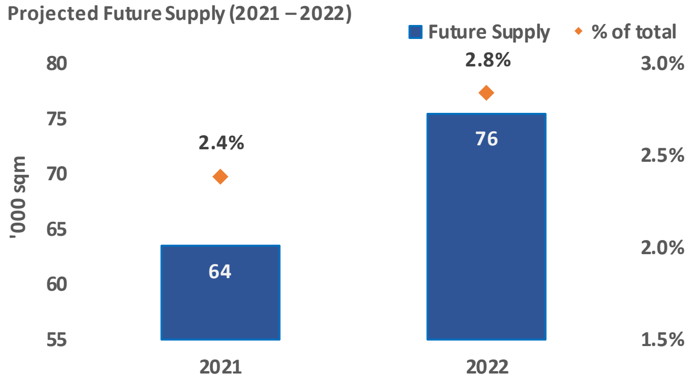
Taipei

Highlights

Taipei's warehouse market rents rose 0.9% year-on-year to TW$1,151 ping pm in 2020 as the sector benefitted from heightened consumer electric consumption demand which has led to more manufacturing capacity and storage requirements.

Outlook

Taipei's warehouse sector is expected to do well as long as the wider economy remains shielded from the negative effects wrought by the pandemic. With global demand for consumer technology products expected to continue growing, manufacturing activity in Taipei is expected to remain robust which will in turn drive greater demand for its warehouse sector.



COVID-19 Policies Implemented

Movement Restrictions	Lockdown	
	International Travel Ban	✓
Economic Stimulus	Fiscal	✓
	Monetary	✓
Real Estate	Residential	
	Commercial	✓

Economic Indicators

	2020	2021F
GDP Growth	0.0%	3.2%
Unemployment Rate	3.9%	3.8%
Inflation	-0.1%	1.0%
PMI Manufacturing (Last two readings)	61.3 (Dec)	65.1 (Jan)

Real Estate Indicators

Prime Warehouse	H2 2020	2021 F
Rent (NTD pping pm)	1,151	↑
Vacancy	6.9%	→
Market Balance	Balanced	Balanced

Major COVID-19 Policies

- Fiscal Stimulus: NT$1.05trn (5% GDP) relief package.
- Rent/Tax Reduction: 20% reduction in rents for state-owned and non-public use land. Non-residential housing tax rate was reduced to 2%.

"As a result of the government's "Invest in Taiwan" major policies and the impact of COVID-19, investment demand for Taiwan's industrial real estate remains healthy as the outbreak accelerates the transformation of the sector. This we expect will be accelerated by the onset of smart manufacturing, smart warehousing and cold-chain logistics which will become major future trends."

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Source: Knight Frank Research, Macrobond

updated as of February 15, 2021

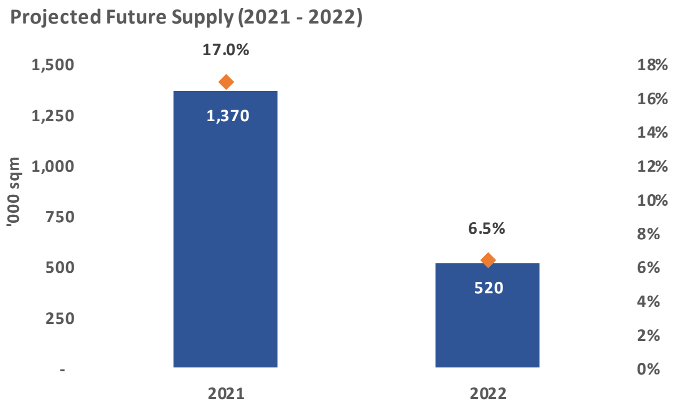
Shanghai

Highlights

Like most of Mainland China's warehouse markets, Shanghai did well with its rents recording a 3.2% year-on-year growth in 2020, backed by commercial activity within the city as it returned to pre-COVID levels. Demand especially has been strong from the biomedical and fresh-food e-commerce sectors with the strongest uptick witnessed towards the end-of-year peak season.

Outlook

Going forward, the growth momentum that started in 2020 is expected to continue in 2021 as demand continues to recover, which should be ample to absorb the upcoming supply this year –all of which should continue to drive rental growth for the sector.



COVID-19 Policies Implemented

Movement Restrictions	Lockdown	
	International Travel Ban	✓
Economic Stimulus	Fiscal	✓
	Monetary	✓
Real Estate	Residential	
	Commercial	✓

Economic Indicators

	2020	2021F
GDP Growth	1.9%	8.2%
Unemployment Rate	3.8%	3.6%
Inflation	2.9%	2.7%
PMI Manufacturing (Last two readings)	51.9 (Dec)	51.3 (Jan)

Real Estate Indicators

Prime Warehouse	H2 2020	2021 F
Rent (CNY psm pm)	48.10	↑
Vacancy	12%	→
Market Balance	Tenant	Tenant

Major COVID-19 Policies

- Fiscal Stimulus: No official stimulus package announced – rumoured to be 6% of GDP.
- Tenancy Relief: SOE landlords to give 2 months rent free from Feb to Mar for qualified SMEs.

"During the COVID-19 outbreak, an increasing number of consumers shopped online for fresh food, resulting in surging demand for cold chain logistics, which also brought new challenges to cold chain logistics companies. Going forward, we believe the logistics sector will be amongst the least impacted of the real estate asset classes."

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Source: Knight Frank Research, Macrobond

updated as of February 15, 2021

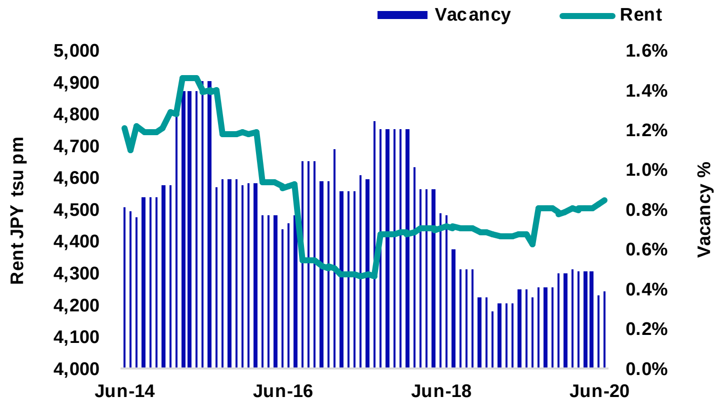
Tokyo

Highlights

Tokyo's warehouse sector held up in H2 2020, with rents declining 1% year-on-year to JPY4,536 tsu pm, after weathering a second wave of infections during the period. Nonetheless, overall market fundamentals remain healthy with steady absorption rates and limited supply within the city's metropolitan area; most upcoming new developments are mostly pre-committed further limiting the supply pipeline.

Outlook

Going forward, while the pandemic will continue to bring about further economic challenges in 2021, the healthy fundamentals seen in 2020 are largely expected to remain in place, providing an element of support to the warehouse sector in Tokyo. As such, rents are expected to maintain a moderate pace of growth in 2021.



Economic Indicators	2020	2021F
GDP Growth	0.7%	-5.8%
Unemployment Rate	2.4%	3.0%
Inflation	0.0%	0.03%
PMI Manufacturing (Last two readings)	50.0 (Dec)	49.8 (Jan)

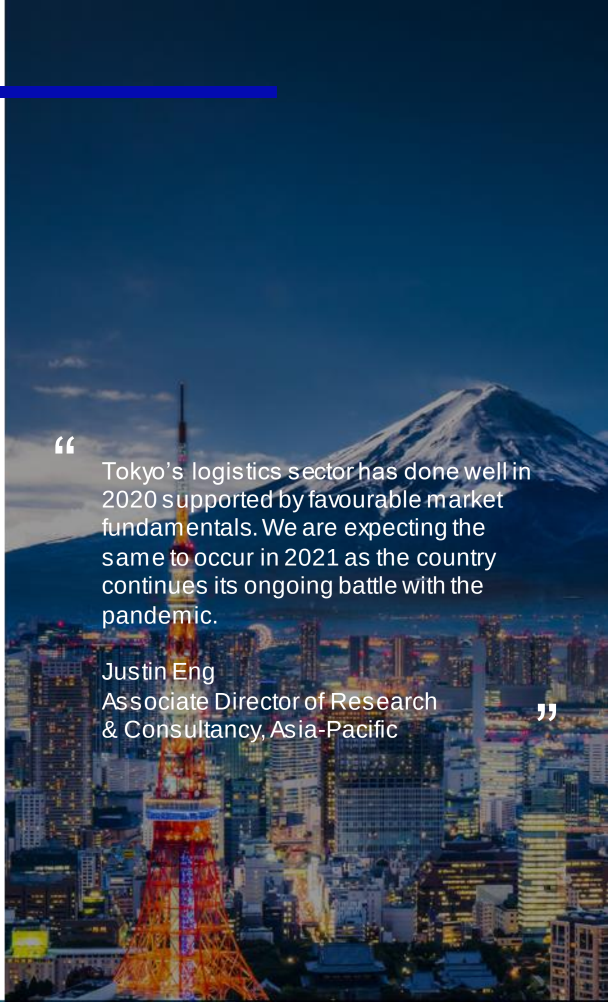
Real Estate Indicators		
Prime Warehouse	H1 2020	2020/2021
Rent (JPY tsu pm)	4536	→
Vacancy	0.5%	→
Market Balance	Balance	Balance

COVID-19 Policies Implemented

Movement Restrictions	Lockdown	
	International Travel Ban	✓
Economic Stimulus	Fiscal	✓
	Monetary	✓
Real Estate	Residential	
	Commercial	✓

Major COVID-19 Policies

- Fiscal Stimulus: JPY108trn (18% GDP) relief package.
- Tenancy Relief: No government relief for commercial sector at the moment.



"Tokyo's logistics sector has done well in 2020 supported by favourable market fundamentals. We are expecting the same to occur in 2021 as the country continues its ongoing battle with the pandemic.

Justin Eng
Associate Director of Research & Consultancy, Asia-Pacific"

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Source: Knight Frank Research, Macrobond

updated as of February 15, 2021

Delhi - National Capital Region

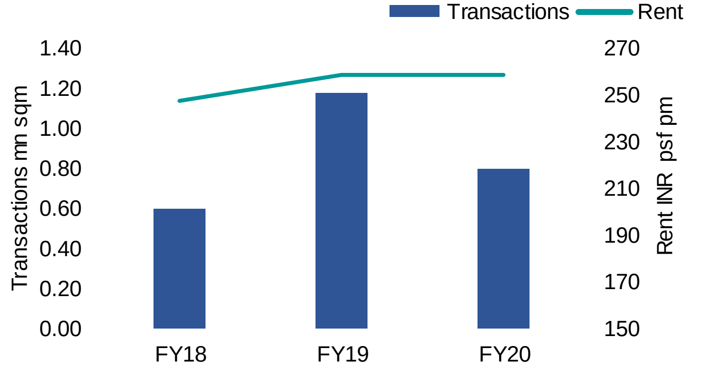
Highlights

The demand for warehousing in NCR was on an upward swing in FY 2019. However, in FY 2020, a 32% decline over FY 2019 was noted due to the lack of quality supply for expansion. A surge in enquiries was noted before the coronavirus pandemic wreaked havoc with market forces. With normalcy returning, demand revival from e-commerce and logistics players in particular has been on an upswing in the NCR region. Locations such as Farrukhnagar and Lahori are gaining prominence with a lot of enquires for new warehouse spaces.

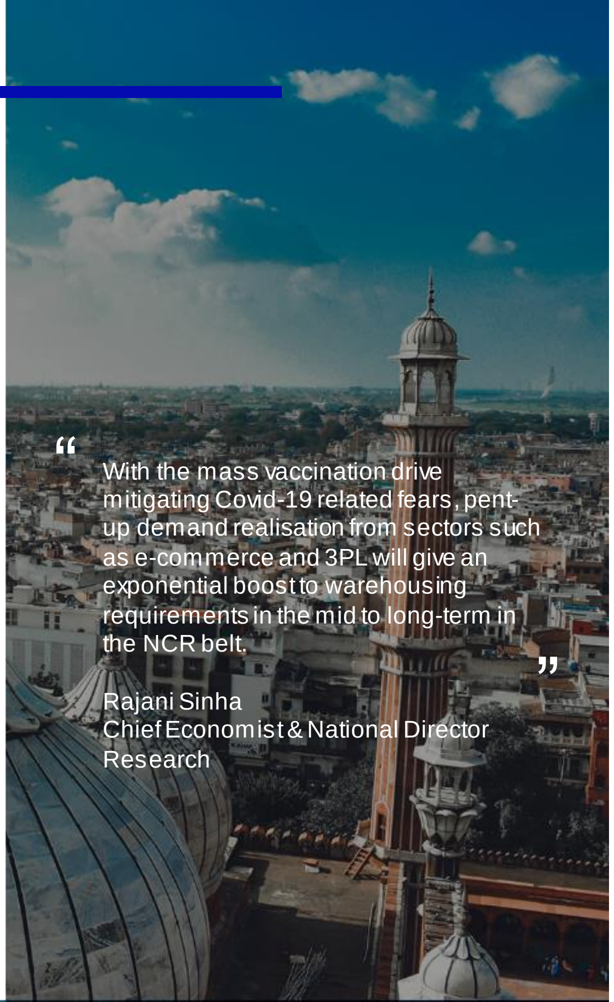
Outlook

Warehousing demand is expected to undergo a sea change as occupiers overcome Covid-19 associated challenges and relook at longer term leases. Demand for new warehouse spaces is expanding in the NCR region as a lot of consolidation activities are now taking shape. Pent-up demand realisation is on the cards, and e-commerce sector will drive growth in transaction volumes going forward.

Industrial Transaction Vol. and Rents



COVID-19 Policies Implemented		
Movement Restrictions	Lockdown	
	International Travel Ban	
Economic Stimulus	Fiscal	✓
	Monetary	✓
Real Estate	Residential	✓
	Commercial	✓



"With the mass vaccination drive mitigating Covid-19 related fears, pent-up demand realisation from sectors such as e-commerce and 3PL will give an exponential boost to warehousing requirements in the mid to long-term in the NCR belt."

Rajani Sinha
Chief Economist & National Director Research

Economic Indicators

	2020	2021F
GDP Growth*	-7.8%	11.5%
Unemployment Rate	NA	NA
Inflation	4.2%	NA
PMI Manufacturing (Last two readings)	56.4 (Dec 20)	57.7 (Jan 21)

**Financial Year*

Real Estate Indicators

Prime Warehouse	H2 2020	2021 F
Rent (INR psf pm)	24.0	→
Vacancy	14%	→
Market Balance	Balanced	Balanced

Major COVID-19 Policies

- Union Budget announced expansionary measures which entailed greater spend on sectors with multiplier effects on the economy

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Bengaluru

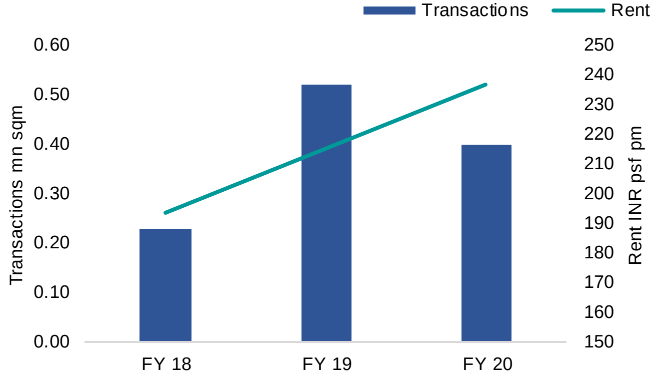
Highlights

In FY 2020, Bengaluru's warehousing market witnessed 4.30 mn sqft in leasing transactions, a 28% year-on-year decline, following the many large deals that were concluded in the previous FY. With the warehousing market getting consolidated at large, developers have been venturing into Bengaluru's prominent clusters with land acquisitions for greenfield developments. While regional developers continue to scout for large land parcels to build industrial parks, many new trends have come to the fore as a result of the pandemic, and these will redefine warehouse space usage and uptake across sectors over the next 12-18 months.

Outlook

E-commerce players' interest in mid-sized warehouses and assets nearer to centres of consumption will continue to drive transaction volumes going forward. Both the Nelamangala-Dabaspete and Hoskote-Narsapura clusters will see good enquiries from Japanese, European and Korean companies, as many consider India as a strong contender for a manufacturing base outside Mainland China. These occupiers will continue exploring Bengaluru's peripheral locations on established warehouse clusters. Over the next 12-18 months, warehouse space demand will witness a strong bounce back. Along with e-commerce, 3PL occupiers will dictate leasing going forward.

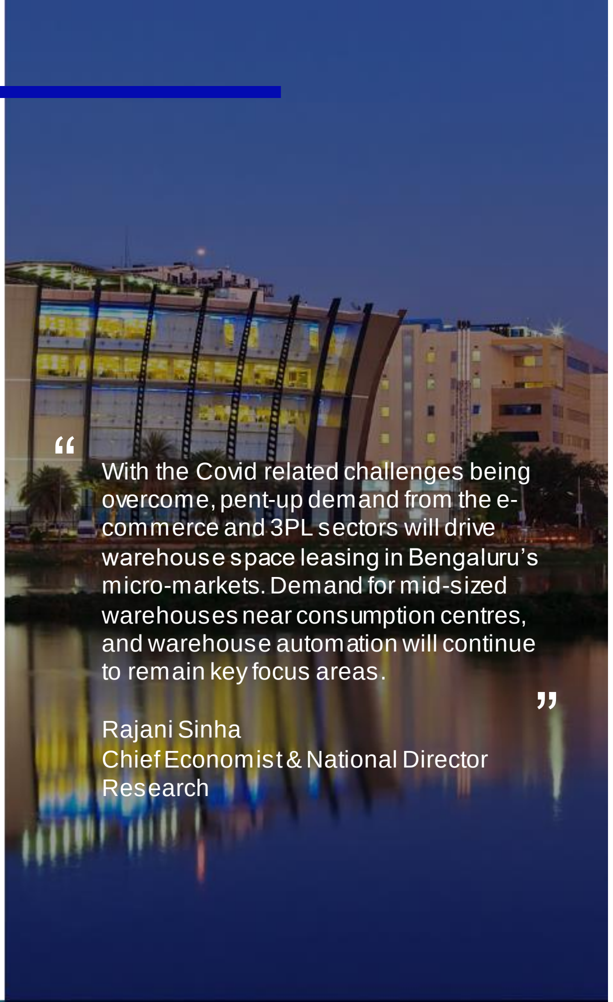
Industrial Transaction Vol. and Rents



COVID-19 Policies Implemented		
Movement Restrictions	Lockdown	
	International Travel Ban	
Economic Stimulus	Fiscal	✓
	Monetary	✓
Real Estate	Residential	✓
	Commercial	✓

Major COVID-19 Policies

- Union Budget announced expansionary measures which entailed greater spend on sectors with multiplier effects on the economy



"With the Covid related challenges being overcome, pent-up demand from the e-commerce and 3PL sectors will drive warehouse space leasing in Bengaluru's micro-markets. Demand for mid-sized warehouses near consumption centres, and warehouse automation will continue to remain key focus areas."

Rajani Sinha
Chief Economist & National Director Research

Economic Indicators

	2020	2021F
GDP Growth*	-7.8%	11.5%
Unemployment Rate	NA	NA
Inflation	4.2%	NA
PMI Manufacturing (Last two readings)	56.4 (Dec 20)	57.7 (Jan 21)

**Financial Year*

Real Estate Indicators

Prime Warehouse	H2 2020	2021 F
Rent (INR psf pm)	20.0	→
Vacancy	29.7%	→
Market Balance	Balanced	Balanced

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Source: Knight Frank Research, IMF, Macrobond

Mumbai

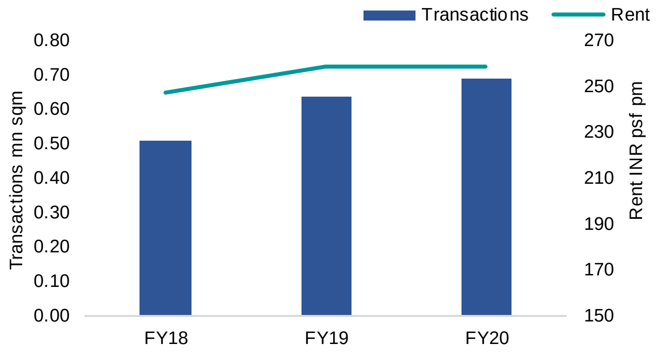
Highlights

The lockdown had created major hurdles and disrupted supply chain networks catering to Mumbai city. Bhiwandi, the major and most important warehousing cluster catering to Mumbai Metropolitan Region had to go into stringent repeat lockdown as COVID-19 cases had jumped in that locality; this hindered access to warehouses. However, with the COVID-19 situation coming under control, things quickly reverted to normalcy.

Outlook

With the COVID-19 crisis under control in India and the vaccination drive kicking off at the fastest pace globally, the Indian economy is expected to bounce back much faster than expected. Warehousing demand has already begun recuperating, driven by demand from e-commerce segments. A number of offline retailers have also shifted their business to in-house online platforms which has provided further fillip to warehousing demand.

Industrial Transaction Vol. and Rents



Economic Indicators	2020	2021F
GDP Growth*	-7.8%	11.5%
Unemployment Rate	NA	NA
Inflation	4.2%	NA
PMI Manufacturing (Last two readings)	56.4 (Dec 20)	57.7 (Jan 21)

**Financial Year*

Real Estate Indicators	H2 2020	2021 F
Prime Warehouse		
Rent (INR psf pm)	24.0	→
Vacancy	10.7%	→
Market Balance	Balanced	Balanced

COVID-19 Policies Implemented

Movement Restrictions	Lockdown	
	International Travel Ban	
Economic Stimulus	Fiscal	✓
	Monetary	✓
Real Estate	Residential	✓
	Commercial	✓

Major COVID-19 Policies

- Union Budget announced expansionary measures which entailed greater spend on sectors with multiplier effects on the economy

"The Government focus on increasing the share of manufacturing in India's GDP through the PLI scheme and the emphasis on bringing down cost of logistics can help India emerge as a manufacturing hub for companies looking to diversify their production bases. This, coupled with renewed growth from the e-commerce segment, is expected to drive the industrial and warehousing sector in India."

Rajani Sinha
Chief Economist & National Director Research

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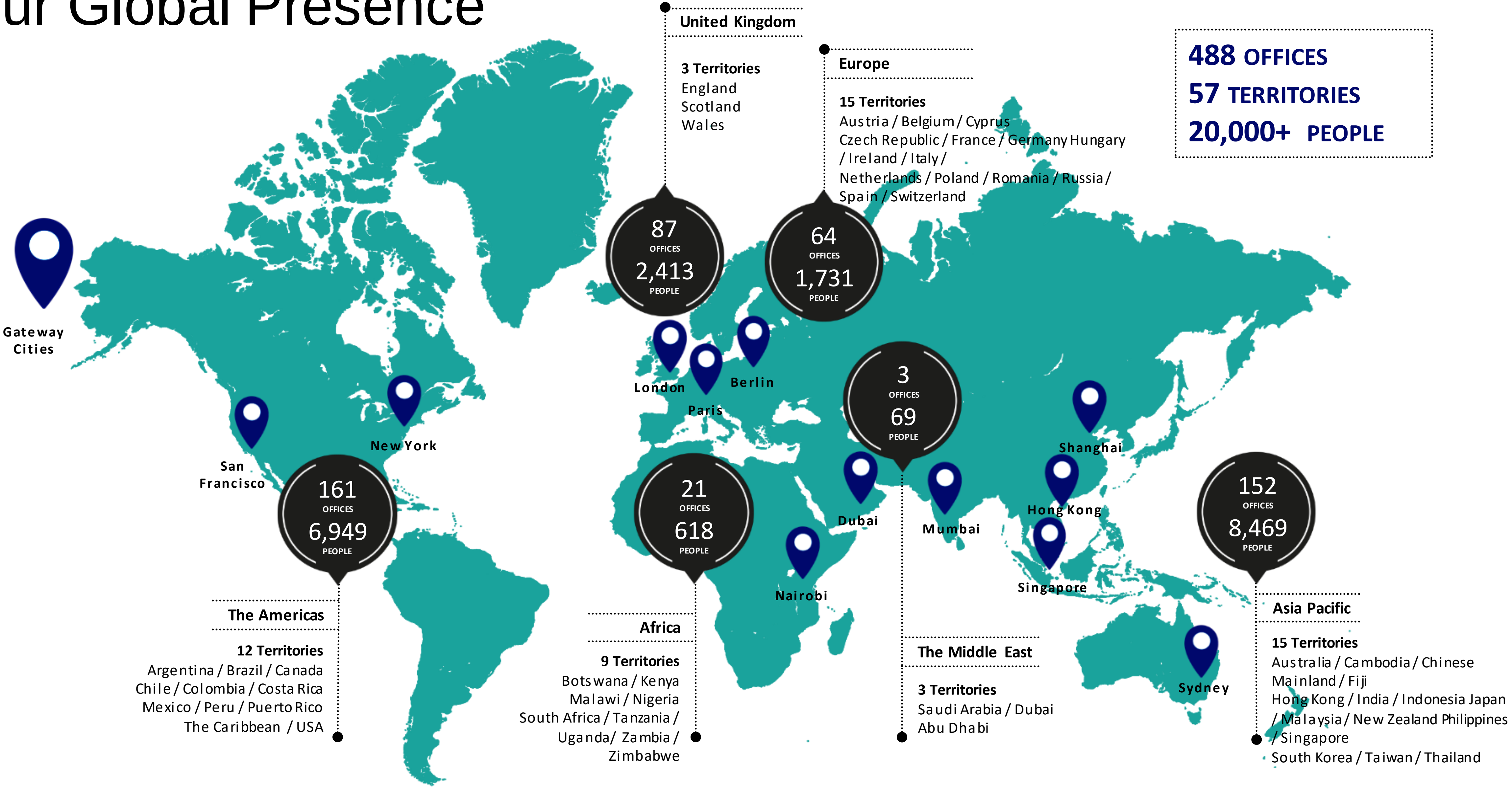
Source: Knight Frank Research, IMF, Macrobond

updated as of February 15, 2021

Our Global Presence

488 OFFICES
57 TERRITORIES
20,000+ PEOPLE



Knight Frank Occupier Services & Commercial Agency

We're here for you

We know that businesses of all sizes and from all industry sectors are under enormous pressure both operationally and financially during the COVID-19 pandemic.

Despite the uncertainty, occupiers can continue to strategise to take advantage of tenant favourable rental prices, flexible lease terms, and options for sale and leaseback deals.

Over the longer term, we expect businesses to reconsider their global portfolios, together with deeper consideration of the future quantum and qualities of office space they require.

As COVID-19 develops, our **APAC Occupier Services & Commercial Agency** team will still be working, albeit remotely, to deliver tailored solutions for your evolving needs.

Being independently owned allows us to put our clients first. We focus on giving them the best advice and put long-term relationships before short-term wins.

Don't hesitate to get in touch with Knight Frank for a confidential chat about your property needs.

How We Can Help

Our teams are on the ground across all major APAC markets, providing impartial advice and tailoring bespoke solutions for occupiers of offices, industrial and retail property across Asia-Pacific.

Our independence allows flexibility to go the long run with our clients.

We offer a seamless service across all our business sectors to fulfill all your business goals and targets.

Our Approach

- **Client-driven & tailored approach** with clients' needs in mind
- **Broader long-term** view rather than 'transaction-driven'
- **Centralised governance & proactive management** across all transactions in the portfolio
- **Collaborative, transparent & highly communicative** we work together with all disciplines to provide a seamless one-stop service for our clients

Our Services

The Asia Pacific **Occupier Services & Commercial Agency** team offers an end-to-end suite of consulting and transactional services that deliver domestic and multi-market occupiers with the information and advice they require.

Our core services include:

- ✓ Lease Advisory
- ✓ Space search and analysis
- ✓ Site feasibility
- ✓ Portfolio Analysis and planning
- ✓ Lease terms and price negotiation
- ✓ Financial analysis and modeling
- ✓ Built to Suit
- ✓ Acquisitions and Disposals
- ✓ Structuring of Sale and Leasebacks
- ✓ Project Management
- ✓ Cost Consultancy
- ✓ Workplace Consultancy

Corporate Services

Occupier Services **& Commercial Agency**

Investment & Capital Markets

Valuation & Advisory

Consultancy & Research

Commercial Sectors and Services

Sectors

- Automotive
- Energy
- Healthcare
- Hotels
- Industrial & Logistics
- Leisure
- Office
- Retail
- Retail Warehouses
- Student

Services

- Asset Management
- Building Consultancy
- Business Rates
- Capital Allowances
- Capital Markets
- Data Centres
- Debt Advisory
- Development Consultancy
- Energy and Sustainability
- Investment Management
- Facilities Management
- Leasing and Lease Advisory
- Planning
- Project Management
- Property Management
- Research
- Restructuring and Recovery
- Sales
- Tenant Representation
- Valuations
- Workplace Strategy

Our mission at Knight Frank is to 'Connect People & Property, Perfectly'.

The Asia Pacific Occupier Services & Commercial Agency team facilitates this for our business clients, offering a broad suite of consulting and transactional services that deliver domestic and multi-market occupiers with the information and advice they require. The integration of these services enables us to understand the critical success factors for your business.

Whether you are looking for or currently occupy industrial space, office space or retail space, Knight Frank has experienced teams that are dedicated to advising you, the occupier. Our bespoke commercial agency leasing team ensures we have the optimum expertise for each project. Our relationship with occupiers also ensures we speak to the decision makers who determine occupational strategy.

We are locally expert, and yet globally connected. Our multi-market clients are managed centrally from our Asia Pacific headquarters in Singapore as we work in hand with our local markets, where we devise strategies to empower clients to attain their desired goals: creating value, addressing trends and beating the competition.

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