

RICS Global Commercial Property Monitor: Q4 2020 results - APAC and MEA

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RICS Global Commercial Property Monitor

- Quarterly sentiment survey tracking **changes in conditions** in global commercial property markets. The data can be displayed at regional, national and sub-national levels. In Q4 of 2020 the survey garnered more than 2500 unique responses
- Note that commercial property in this context is indicative of income producing property, not including housing
- Commercial global and regional data weighted using LaSalle Investment Management's estimates of the investible commercial real estate universe
- The preferred method for measuring sentiment is 'net balance' which subtracts the percentage of contributors who respond negatively to a question away from those who responded positively
- Example:
 - What have prices done in your area in the last three months?
 - 30% of respondents said rise
 - 30% of respondents said no change
 - 40% of respondents said fall
 - This results in a net balance of -10%
- Q4 2020 responses were collected between 10 December 2020 and 17 January 2021

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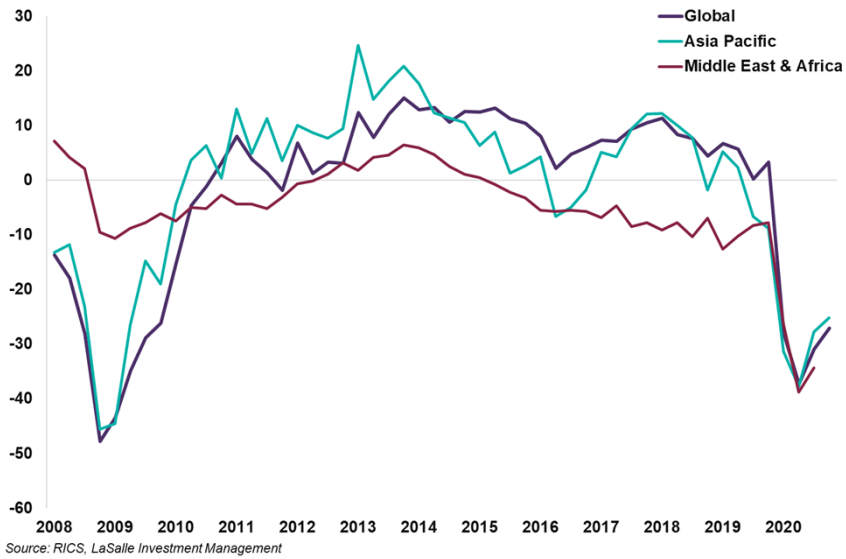
Summary of Q4 2020 results

- The impact of the pandemic has been highly uneven both amongst sectors of the economy and sectors of the commercial property market
- Commercial property remains under acute pressure globally with a majority (weighted) , though feedback suggests that pressure has eased in each of the past two quarters
- Global Commercial Property Sentiment Index (CPSI) rose from -37 in Q2 2020 to -31 in Q3 2020 now to -27 in Q4 2020
- While the "improvement" from Q2 to Q3 was largely driven by China and the investment market, the dynamics from Q3 to Q4 indicate a more broad-based easing of pressure while the "recovery" in China appears to have hit a speedbump
- Although fundamentals appear to be generally improving in APAC and MEA, uncertainty appears to continue to weigh on the outlook for property
- At a global level, industrial appears to be the 'most favoured' asset class, while data centres remain popular amongst alternatives
- Policy, vaccine roll-out remain major x-factors that will affect the outlook, though there are other risks that continue to loom on the horizon

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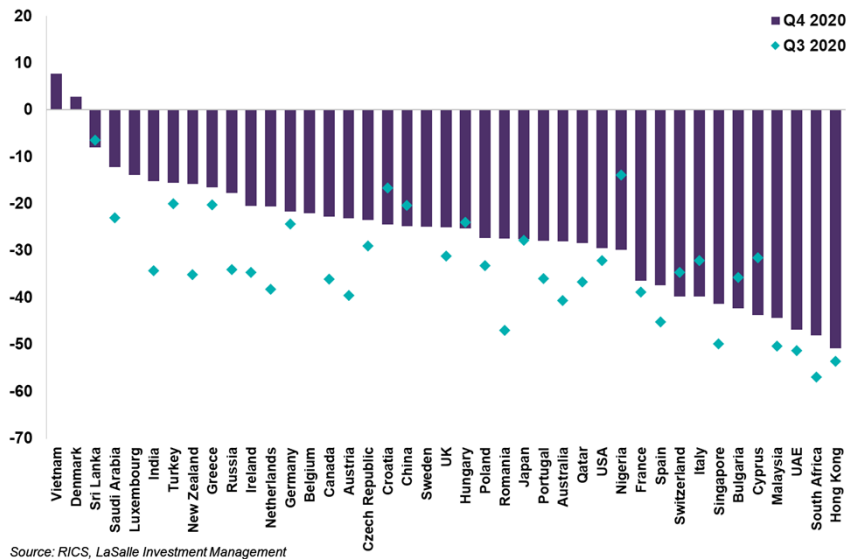
Global Commercial Property Sentiment Index



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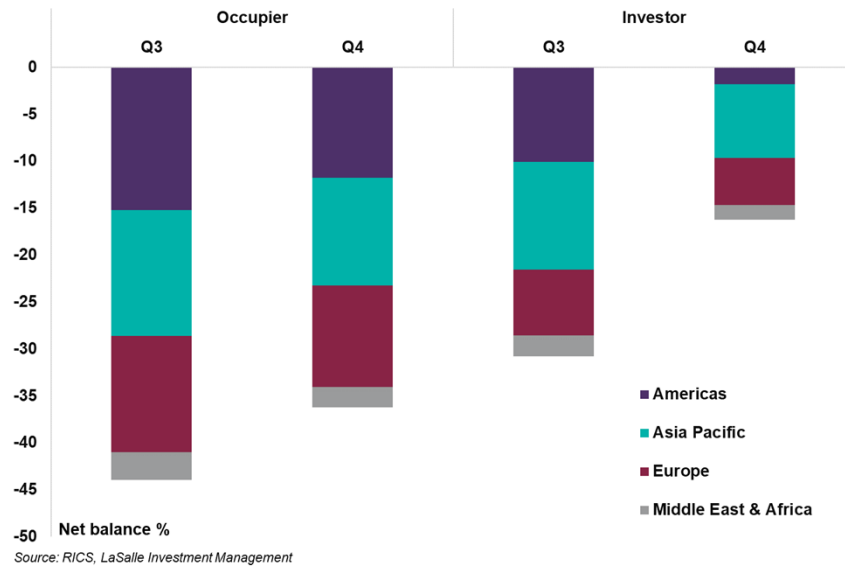
Global Commercial Property Sentiment Index



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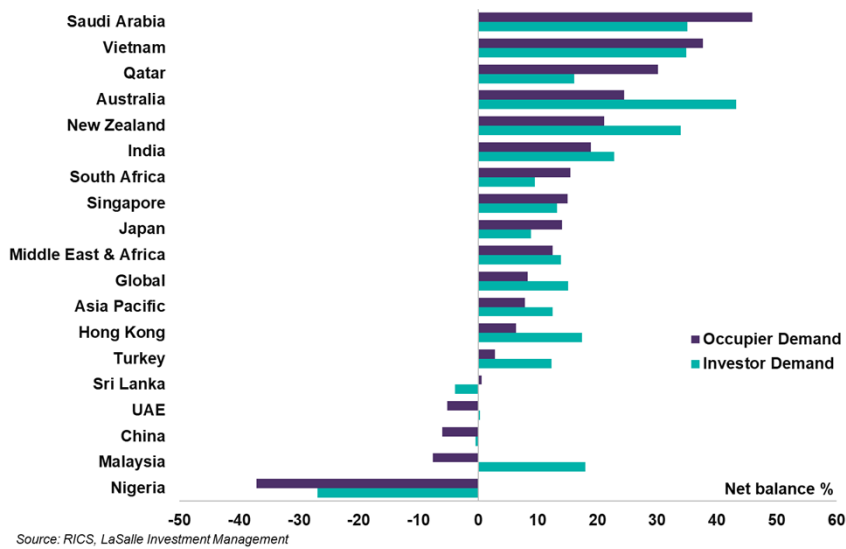
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Change in demand (net balance) from Q3 to Q4



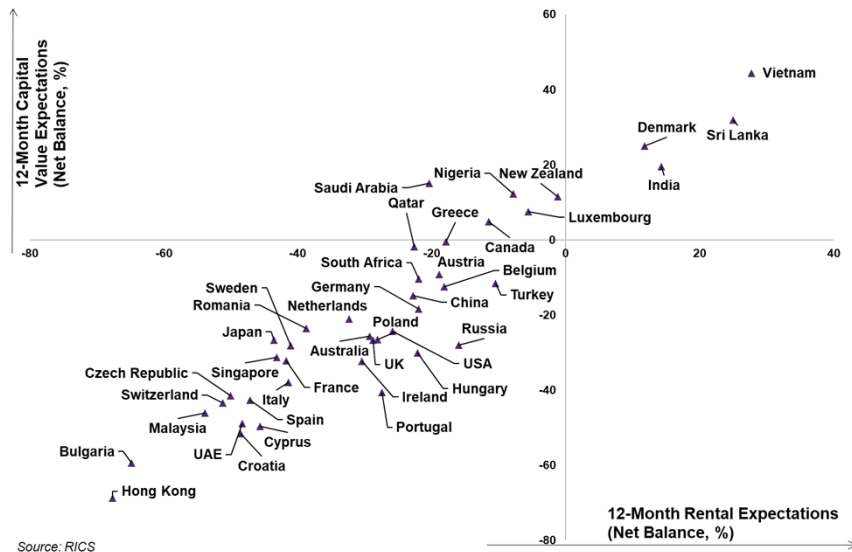
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Change in demand (net balance) from Q3 to Q4



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12-month expectations: rents & capital values (net balance)

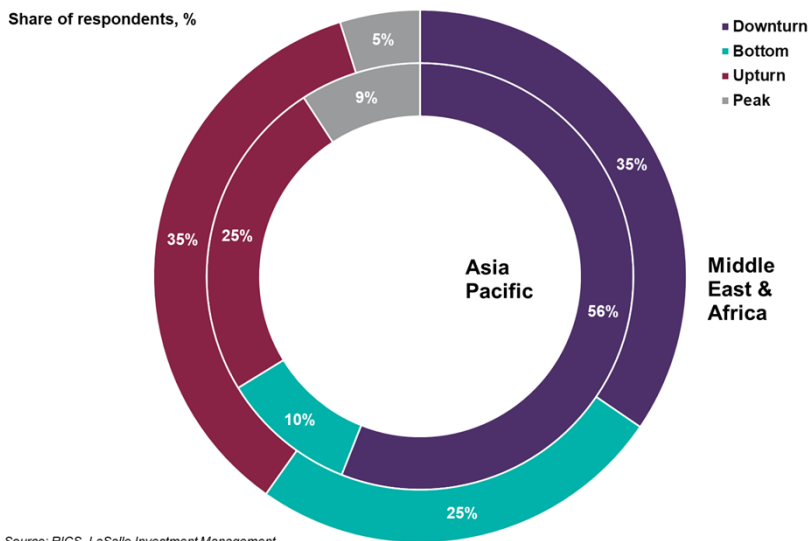


Source: RICS

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Respondents' perceptions on phase of the property cycle

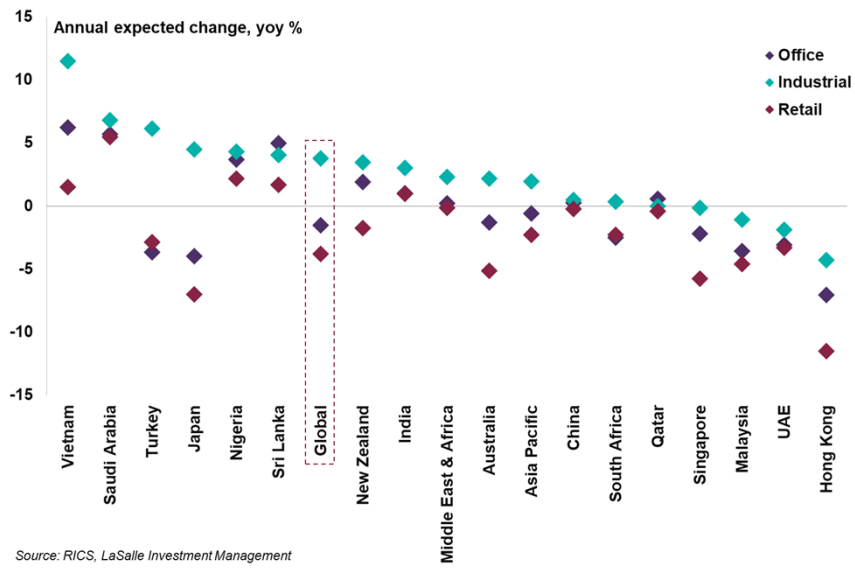


Source: RICS, LaSalle Investment Management

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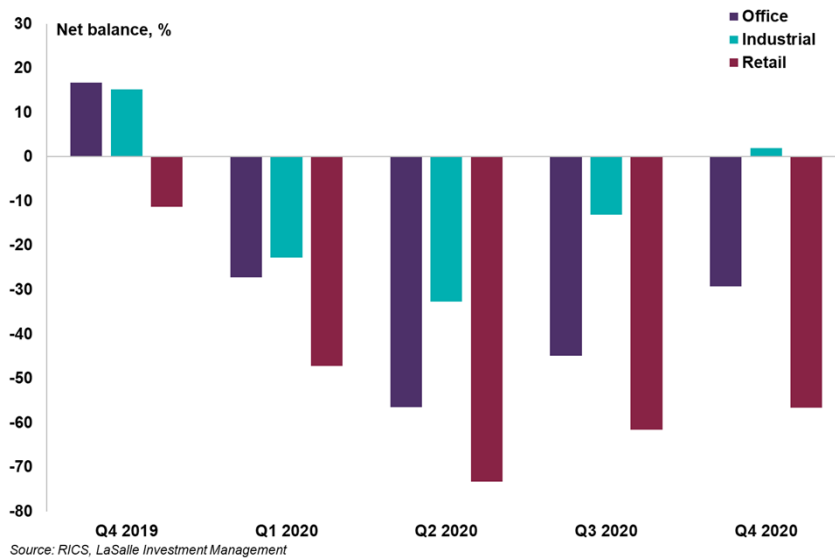
12-month capital value expectations: prime assets (% change)



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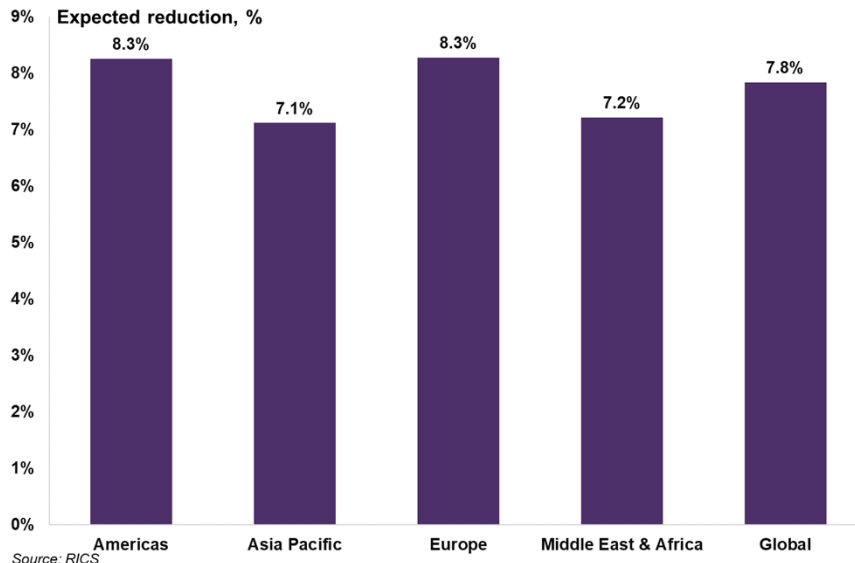
Global change in foreign investment enquiries (net balance)



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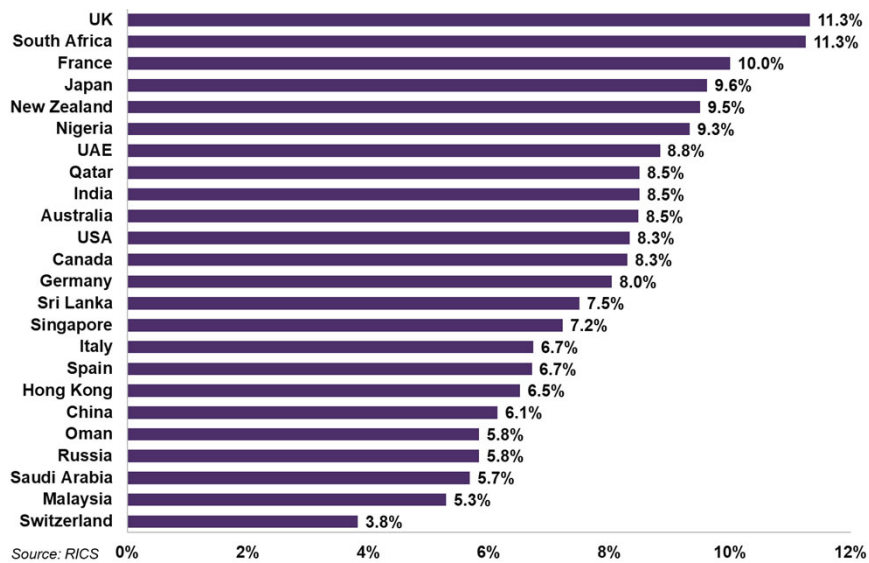
Will businesses scale back office footprint over next 2 years?



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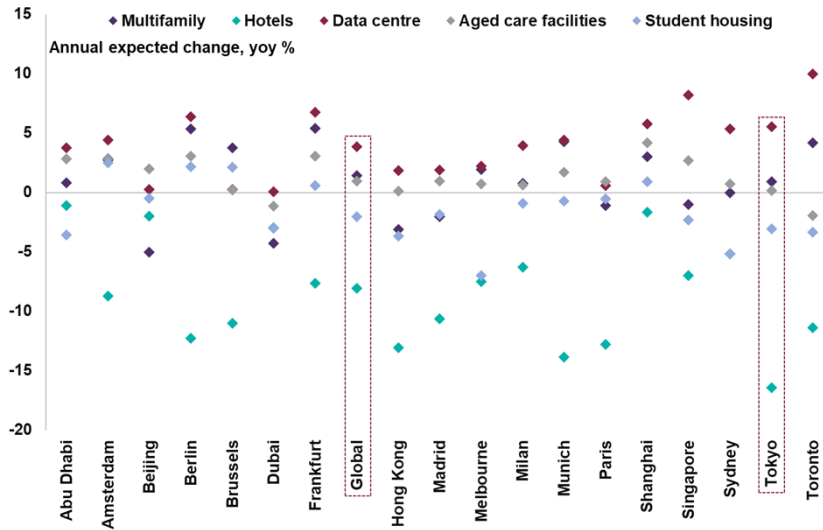
Will businesses scale back office footprint over next 2 years?



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12-month capital value expectations: alt. assets (% change)



Source: RICS, LaSalle Investment Management

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