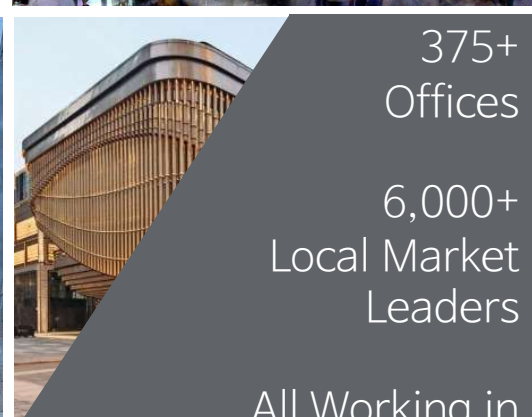
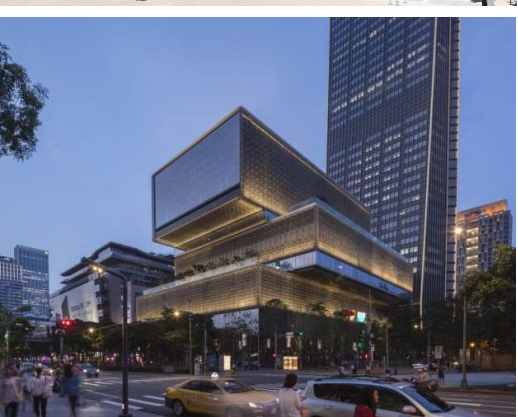
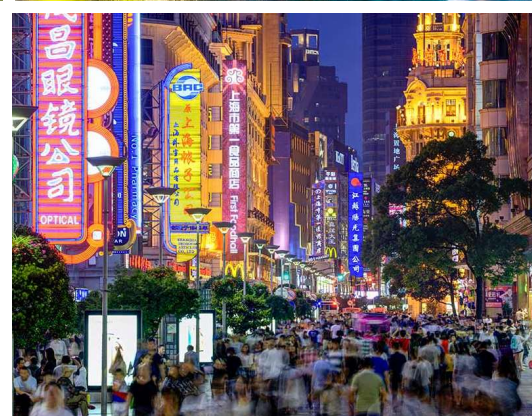


# NAI Global

## APAC Market Report

# Q3 2020



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## Country Profile

Population ..... 1.4 billion  
Capital City ..... Beijing  
Currency ..... CNY (¥)

## Country Macroeconomic Profile

GDP ..... USD 14.3 trillion  
GDP Growth ..... 6.1%  
Unemployment Rate ..... 3.62%  
Inflation ..... 2.7%

## 5 Year Real Estate Investment Volume Your Market

Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
0.677 bn \$	2.14 bn \$	2.62 bn \$	2.45 bn \$	0.91 bn \$



## Market Overview

In the third quarter of 2020, the Shanghai market saw 6 major transactions, with a total transaction value of USD 677 million. Overall in the first three quarters of 2020, the total transaction value reached USD 6.61 billion, a year-on-year decrease of 50%.

Of the six above mentioned transactions, two were office building transactions, one was an industrial park transaction; all of those three were acquisitions by owner-occupiers. The other three transactions were retail property, service apartment and multiple-use property deals. Self-use buyers are still active in the market, actively seeking for attractive premises at a slightly discounted price.

## Market Office Data Trends

### Price Office Rents 2019/2020

Quarter	City/Market	Rent(USD / sqm / month)	Yield
Q3 2020	Shanghai	33.50	4.9%
Q2 2020	Shanghai	32.54	4.9%
Q1 2020	Shanghai	33.84	4.8%
Q4 2019	Shanghai	34.27	4.6%
Q3 2019	Shanghai	38.82	4.6%

### Price Retail Rents 2019/2020

Quarter	City/Market	Rent(USD / sqm / month)	Yield
Q3 2020	Shanghai	119.96	5.8%
Q2 2020	Shanghai	114.96	5.8%
Q1 2020	Shanghai	119.30	5.7%
Q4 2019	Shanghai	119.30	5.5%
Q3 2019	Shanghai	117.86	5.4%

## Major Transactions

Quarter	Property Type	Seller	Buyer	Price, mln. \$
Q3 2020	Green Land Bund Center C1	Green Land	Sealand Securities	208.23
Q3 2020	Shanghai Flower Town	Sunac China	The Blackstone Group	150.82
Q2 2020	Green Land Bund Center T2	Green Land	Bank of Shanghai	700
Q2 2020	Pudong North Riverside Benchmark	China Enterprise	China Continent Insurance	425.87

## Market Opportunities

The stable recovery of China's economy has promoted the development and upturn of China's commercial activities.

With the further stability of China getting away from the negative influence of the Covid-19, the speed of China's economic recovery has been expedited, and the development of multifarious commercial activities has shown a stable and rising trend. In the third quarter of 2020, China's GDP expanded by 4.9% year-on-year. Simultaneously, in November 2020, China's exports volume increased by 11.4% year-on-year, and retail sales also increased 8.0% year-on-year.

Taking Shanghai as example, however, owing to the lag between the market and the form of economic development, the volume of commercial real estate's transactions shrank to a certain extent in the third quarter 2020. Concurrently, there is still a distinct gap between the expectation of the transaction price between the buyer and the seller based on their distinguishing positions and market considerations. Nevertheless, taking the background that China's solid recovering economy after the pandemic into account, we expect that in the fourth quarter of this year and the near future, China's commercial real estate demand will rebound, whether it is leasing or trading.

## Sector Overview

### Office

Concerns for the coronavirus situation in Shanghai still exist. But in terms of the city's office market, actually more property tours were carried out in the third quarter than earlier in the year. Leasing demand is also growing again and is back to the level before the epidemic. By end of September, a number of new properties entered the market and became available for lease: Qiantan Center, Lujiazui Riverside Center, and IM Shanghai T3 & T4. This additional supply further increases the amount of vacant gross floor area around town but seen percentage-wise it is only a minor increase.

Most office transactions during the third quarter were conducted by financial companies, TMT (technology, media and telecom) enterprises, healthcare firms, and other professional services companies. Many companies are still focusing on cash-flow and cost efficiency which is also reflected by an increased amount of office lease renewals on the one hand and office relocation to slightly less central locations on the other hand.

### Retail

With further control of the pandemic, business activities have gradually returned to normal life, the customer flow for shopping center is increasing, F & B, clothing, and leisure entertainment are the top three most active forms in this quarter. With the help of this new technology, life-streaming from malls has become the latest trend. Eying on opportunities to expand their business and promote popularity, shopping malls and their tenants are jumping on this trend by not only sponsoring KOLs to promote products in their life-streams which were usually filmed at home or in public but also by inviting KOLs to broadcast their life-streams inside their shopping malls and brand stores.

## Country Profile

Population ..... 51.3 million  
Capital City ..... Seoul  
Currency ..... KRW (₩)

## Country Macroeconomic Profile

GDP..... USD 1.45 trillion  
GDP Growth ..... 1.9%  
Unemployment Rate ..... 4.0%  
Inflation..... 1.2 %

## 5 Quarters Real Estate Investment Volume

Q3 2019	Q2 2020	Q1 2020	Q4 2020	Q3 2019
\$ 11.140 bn	\$6.296 bn	\$4.803 bn	\$7.536 bn	\$5.664 bn
(4,338 transactions)	(3,840 transactions)	(3,701 transactions)	(5,132 transactions)	(3,617 transactions)



## Market Overview

During Q3 2020, the gross transaction for the commercial real estate (CRE) in Korea was USD 11.321 billion in total and the gross transaction quantity was 4,338 units, both of which were a considerable increase from Q2 2020. This gross transaction in Q3 2020 was the highest after Q3 2014 when Hyundai Motors bought the development site from Korea Electric Power Corporation with USD 10.054 billion. This high rise of Q3's transaction is in fact contrary to the present market situation of the 'residential' real estate in Korea, and proves that there is a high demand for investment in 'commercial' real estate market. In GBD and CBD, for example, the transaction quantity reached a peak level unprecedentedly. To compare the two most popular business districts in Seoul, 1) GBD and 2) CBD, GBD is still one of the most actively-transacted districts in Seoul in terms of the transaction amount (\$), but GBD was left behind CBD as the second highest. The reason is that Junggu and Jongro in CBD transacted commercial real estate worth over USD 3.556 billion during Q3 2020, and such the commercial real estate includes several skyscrapers as SG Tower of USD 0.862 billion, Doosan Tower of USD 0.732 billion, Shinhan L Tower of USD 0.257 billion.

## Market Office Data Trends

### Price Office Rents 2020/2019

Q / Year	City/Market	Rent (/sqm/month)	Yield
Q3 2020	Seoul	USD 20.55	1.45%
Q2 2020	Seoul	USD 20.55	1.57%
Q1 2020	Seoul	USD 20.55	1.87%
Q4 2019	Seoul	USD 20.47	2.43%
Q3 2019	Seoul	USD 20.47	2.13%

\*USD : KRW = 1 : 1,089.60 as at 4 Dec 2020 by Hana Bank Corp.

### Price Retail Rents 2020/2019

Q / Year	City/Market	Rent (/sqm/month)	Yield
Q3 2020	Seoul	USD 48.01	1.25%
Q2 2020	Seoul	USD 48.26	1.36%
Q1 2020	Seoul	USD 48.41	1.68%
Q4 2019	Seoul	USD 50.49	2.06%
Q3 2019	Seoul	USD 50.42	1.64%

### Price Office Rents by District 2020

Q / Year	Business District	Rent (/sqm/month)	Yield
Q3 2020	CBD	USD 25.69	1.24%
Q3 2020	GBD	USD 21.38	1.56%
Q3 2020	YBD	USD 18.08	1.57%
Q3 2020	BBD	USD 13.76	1.94%
Q3 2020	ETC	USD 12.57	1.28%

### Price Retail Rents by Size 2020

Q / Year	Retail Size	Rent (/sqm/month)	Yield
Q3 2020	Condominium	USD 47.25	1.31%
Q3 2020	Medium-Large	USD 50.56	1.28%
Q3 2020	Small	USD 46.98	1.16%

## Major Transactions

Q / Year	Property Type	Seller	Buyer/Lessee	Price (\$)
Q3 2020	SG Tower	PTSG PFV	Pinetree Asset Management Ltd.	USD 865 mn
Q3 2020	Doosan Tower	The Gangnam PFV Corp.	Korea Trust Corporation	USD 737 mn
Q3 2020	KOREIT Tower	Hyundai Marine&Fire Insurance	KOREIT Tower Trust & Investment Ltd.	USD 332 mn
Q3 2020	Baek Am Building	AMORE Pacific Corporation	Not Published Yet	USD 313 mn
Q3 2020	Shinhan L Tower	Shinhan Life Insurance	Shinhan REITs Asset Management	USD 258 mn

## Market Opportunities

**“In the first half of 2020, the transactions of commercial real estate (CRE) actively went on mainly by the efforts of the corporations to reform their financial structures and response to the COVID-19 outbreak. Additionally, the transactions of small CRE increased, which boosts the overall transaction level of Q3 2020”**

Since Q1 2020, CRE market has shown the unprecedented increase of transaction amount. The efforts of the corporations to reform their financial structure and the balloon effect caused by Korean government's sanction to the residential market, appear to be the main cause to boost CRE market throughout the year of 2020. However, the lease market shows the constant increase of the vacancy level over the year.

On the other hand, the prolonged low interest rate and the recent increase of the land compensation fee in Korea intensify the liquidity of its CRE market. And the increase of the market liquidity is forecasted to increase the transaction amount and quantity in the following quarter of Q4 2020. However, effective lease management seems to be the prerequisite in order to overcome the rising vacancy level and the dropping yield (IRR).

## Sector Overview

### Office

Regarding the yield (ROI: Rate of Investment) in the office sector in Korea, the yield in Q3 2020 was 1.32% overall. Kyunggi, Seoul and Daejeon showed the relatively high yields and Kyungbuk, Kyungnam, Jeonnam showed the low yields. In spite of Korea's strong sanction against the real estate market, the CRE market in the capital city of Seoul was not heavily influenced due to the ample liquidity of the city which lead its yield to 1.45% overall. Within Seoul, GBD and YBD showed the highest yields, of 1.56% and 1.57% respectively. More specifically, Teheranro area in GBD and Yeouido area in YBD were the two highest towns in Seoul, of 1.71% and 1.65% respectively.

The vacancy level of Seoul was 8.9% overall, which is much lower than the national average of 17.1%. In Seoul, GBD showed the vacancy rate of 7.8% and Nonhyun subway station area showed the lowest vacancy rate in GBD and Seoul, with 2.4%. The monthly rent of Seoul decreased during Q3 2020 by 0.06% to USD 20.56 on average, and apparently this drop was mainly influenced by the prolonged COVID-19 pandemic. Nevertheless, the rent levels of Seoul, Kyunggi and Incheon are still ones of the highest levels compared to the other parts of Korea. CBD and GBD were the two highest districts in Seoul in terms of a monthly rent, with USD 25.70 and USD 21.38 respectively. More specifically, Gwanghwamoon (USD 30.10) and Euljiro (USD 30.10) in CBD were the two highest towns in Seoul.

### Retail

The yield of the medium-to-large retails (over 331 m<sup>2</sup> GFA & 3 storeys) in Seoul was 1.28% overall, which was 4th highest in Korea after Busan, Daejeon and Kyunggi. In Seoul, ETC was the highest with 1.37% and in ETC, Chungryangri was the highest, with 1.72%. For the small retails (less than 331 m<sup>2</sup> GFA and & 3 storeys), YBD and ETC were the two highest districts, with 1.26% and 1.23% respectively, and the yield in Kyung Hee University area was the highest town in ETC and Seoul. For the condominium retails, CBD was the highest district with 1.35% and in CBD, Jongro was the highest town with 1.63%. For ETC and GBD, the yields were of 1.31% and 1.30% respectively, which are a bit lower than CBD (1.35%), but Jamsil in ETC and Gangnamdero in GBD are the two highest towns in Seoul.

As for the medium-to-large retails, GBD showed the highest vacancy rate of 11.3% and ETC was the lowest with 6.3%. For the small retails, GBD was the lowest with 2.5%, while CBD (8.4%) was still one of the highest districts in Seoul. For a monthly rent, Seoul (USD 50.20), Busan (USD 27.72) and Incheon (USD 24.96) were the three highest cities in Korea. In Seoul, CBD was the highest with USD 87.56, which was followed by GBD with USD 57.54, YBD with USD 44.79 and ETC with USD 42.86. Overall, the average monthly rent in Seoul was of USD 50.20, which was a 0.44% decrease from the previous quarter, Q2 2020.



## Country Profile

Population ..... 23million  
Capital City ..... Taipei  
Currency ..... NTD  
1US=28.3NTD

## Country Macroeconomic Profile

GDP ..... 30.8k per  
capital GDP Growth ..... 2%  
Unemployment Rate ..... 3.77 %  
Inflation..... 0.1 %



## 5 Year Real Estate Investment Volume Your Market

2019	2018	2017	2016	2015
13.6 bn US	10 bn US	7 bn US	5.2 bn US	8 bn US

## Market Overview

Taiwan 2020 GDP Q3 forecast is 2% from 1.5% in Q2. It is due to the strong IT exports pushed the growth estimate higher, the GDP forecast; however for investment and private consumption growth in 2020 were both revised lower because of COVID19 impact.

Taiwan investors displayed strong interest in Taipei office which supports by robust IT companies leasing momentum and rising rents. However retails market is still weak due to COVID19

## Market Office Data Trends

1 USD = 29 NT

Quarter	City/Market	Rent(US/\$M/month)	Yield
Q3'20	Taipei Grade A	29.6 (or 2840 NT/ping)	1%
Q2'20	Taipei Grade A	29.3 (or 2810 NT/ping)	0.7%
Q1'20	Taipei Grade A	29.1 (or 2790 NT/ping)	1.5%
Q4'19	Taipei Grade A	28.7 (or 2750 NT/ping)	1.8%
Q3'19	Taipei Grade A	28.1 (or 2690 NT/ping)	1.1%

Year	City/Market	Rent(US/\$M/month)	Yield
Q3'20	Taipei Grade B	18.1(or 1740 NT/ping)	1.1%
Q2'20	Taipei Grade B	18 (or 1720 NT/ping)	0.7%
Q1'20	Taipei Grade B	17.9 (or 1710 NT/ping)	0.8%
Q4'19	Taipei Grade B	17.7 (or 1695 NT/ping)	1.2%
Q3'19	Taipei Grade B	17.5 (or 1675 NT/ping)	1.4%

## Major Transaction

1ping = 3.3 sm

Quarter	Property Type	Owner/ Builder	Buyer/Lessee	Size (sm/ping)
Q2	Grade A	Changhong Technology Building A	Wan Hai Lines Ltd	9,642 (or 2,922 ping)
Q2	Grade A	Gending Technology Building	Mirror Media	7,148 (or 2,166 ping)
Q2	Grade B	Wei Meng Industrial Building	GMI technology	3,066 (or 929 ping)