This live webinar will begin shortly...

CAPITAL MARKETS OVERVIEW

2020 Q3

ASIA PACIFIC



AGENDA

Anna Town Head, Business Development APAC

1. INTRODUCTIONS

2. ASIA PACIFIC CAPITAL MARKETS OVERVIEW

Catherine Chen Director, Research Greater China

3. TOKYO CAPITAL MARKETS OVERVIEW



Timothy Gregersen Head of Cross Border Transactions Japan



Q & A



Catherine Chen Director, Research Greater China



Dennis Yeo Head, Investor Services APAC

T

Gordon Marsden

Regional Director Asia Pacific Capital Markets



Timothy Gregersen

Head of Cross Border Transactions Japan

KEY INVESTMENT THEMES

Asia Pacific





FLIGHT TO SAFETY

Core Markets Are Seen as Safe Havens



Stabilized Assets Are Most Sought After

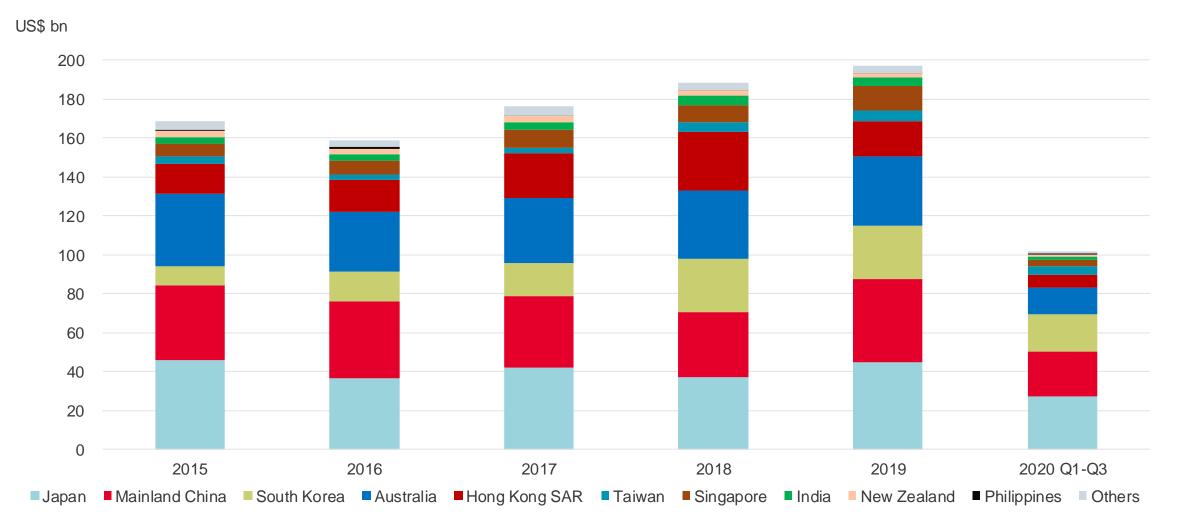
FLIGHT TO NECESSITY

Logistics, Data Centers, and Multifamily Gain Increasing Traction

TRANSACTION VOLUME BY MARKET

Asia Pacific

Asia Pacific Transaction Volume (Excluding Land)

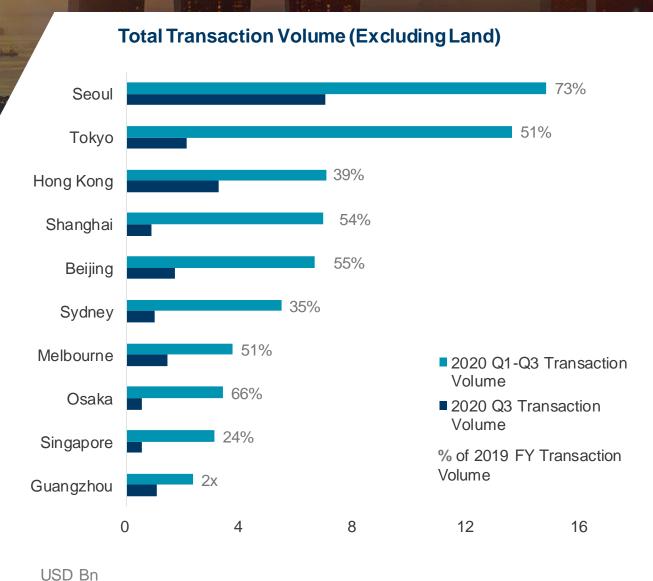


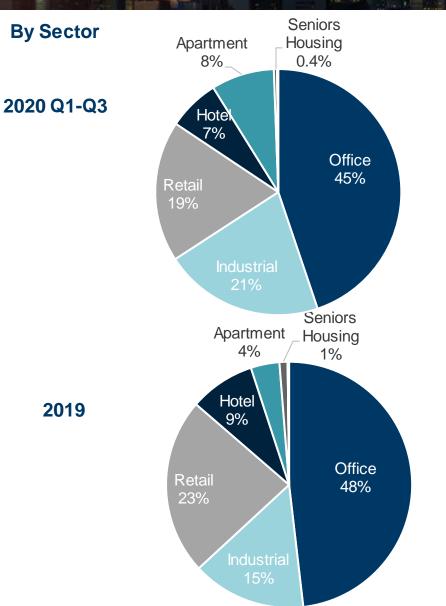
CUSHMAN & WAKEFIELD

TOP INVESTMENT DESTINATIONS

Asia Pacific

UND WAKEFIELD





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

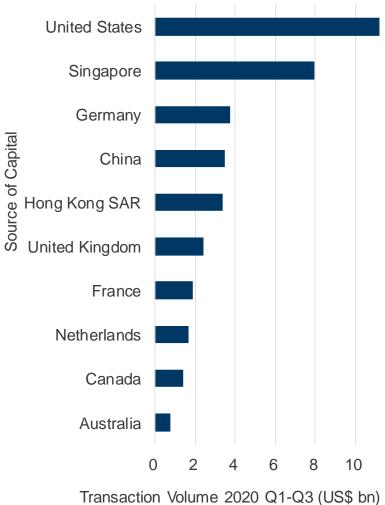
CUSHMAN & WAKEFIELD

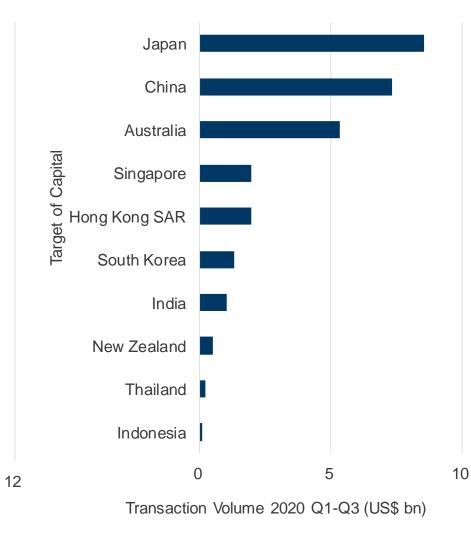


WITHIN VS. OUTSIDE APAC

TOP 10 SOURCES OF CROSS BORDER CAPITAL

TOP 10 TARGETS OF CROSS BORDER CAPITAL





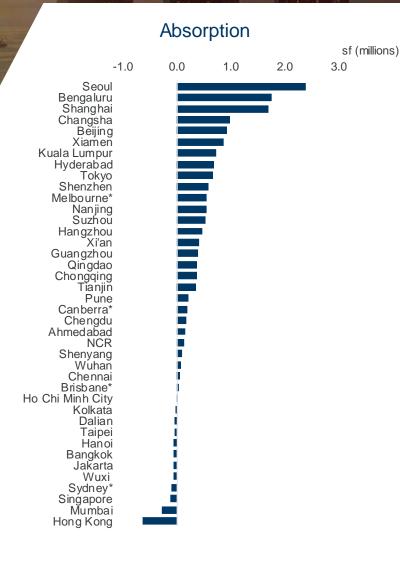
INVESTMENT STRATEGIES

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

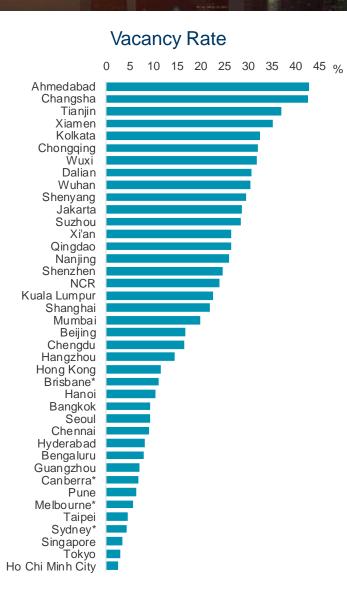
2020 Q3

CUSHMAN & WAKEFIELD



*Q2 2020 data

*estimated based on lagged data



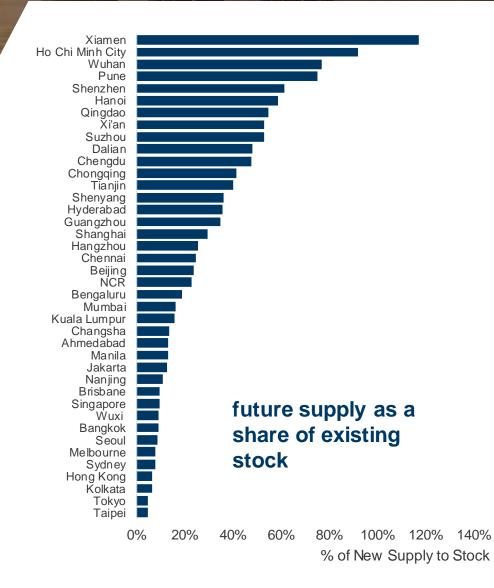
QoQ Rent Growth

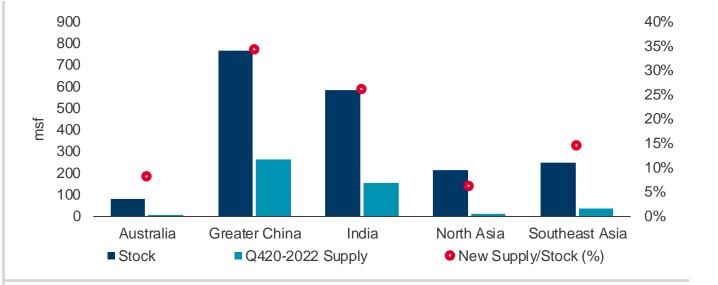
Ho

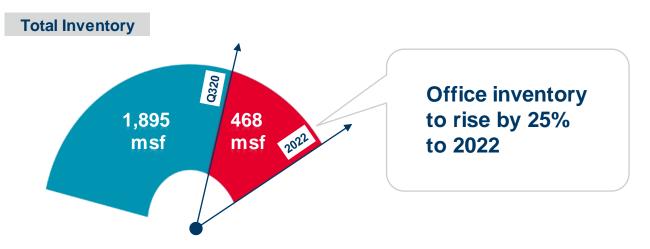
Singapore-5.3%Sydney-6.4%Changsha-6.6%	Shenyang -2.7% Suzhou -2.8% Beijing -2.8% Chongqing -2.9% Qingdao -3.1% Hong Kong -4.7%	Wuhan -1.1% NCR -1.1% Mumbai -1.4% Shanghai -1.6% Hyderabad -1.6% Shenzhen -1.8% Jakarta -2.4% Melbourne -2.5%	Chengdu-0.5%Hangzhou-0.5%Kuala Lumpur-0.7%Guangzhou-0.8%	Wuxi -0.1% I Brisbane -0.2% I Tianjin -0.3% I Bangkok -0.4% I	Ahmedabad 0.8% Xiamen 0.6% Nanjing 0.5% Dalian 0.2% Kolkata 0.1% Hanoi 0.1% Xi'an 0.1% Tokyo 0.0% Pune 0.0% Bengaluru 0.0%
--	---	--	--	---	--

GRADE A OFFICE STOCK AND SUPPLY

CUSHMAN & WAKEFIELD







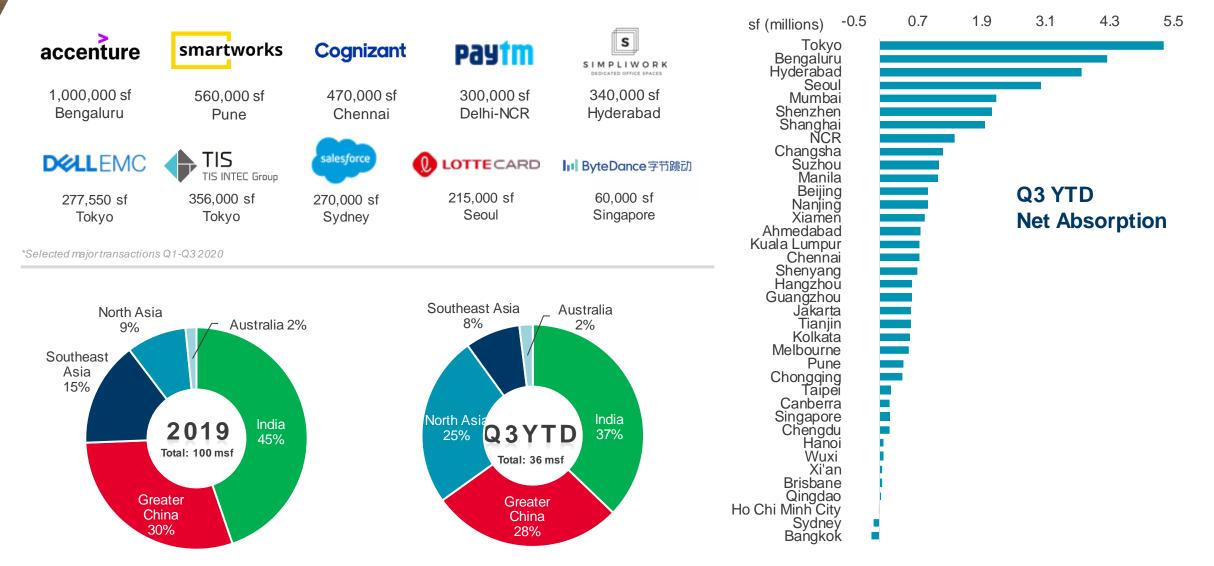
Source: Cushman & Wakefield Research

2020 Q4 - 2022

GRADE A OFFICE ABSORPTION

Concentration of tech demand

CUSHMAN & WAKEFIELD

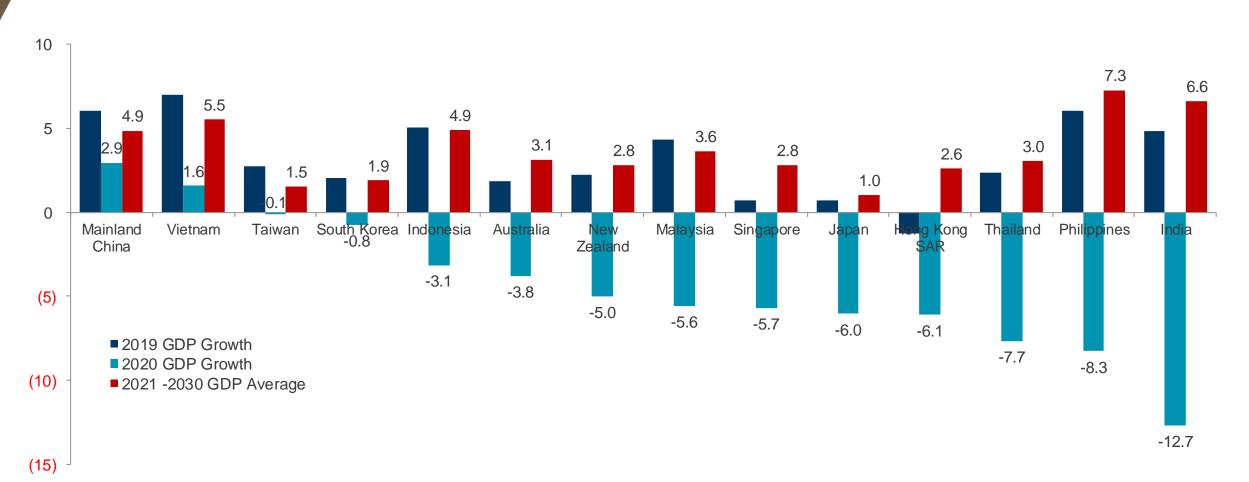


GDP GROWTH OUTLOOK

Mainland China leads recovery in 2020

CUSHMAN & WAKEFIELD

GDP Growth, y/y %



OFFICE EMPLOYMENT OUTLOOK

Strong future employment growth in Greater China

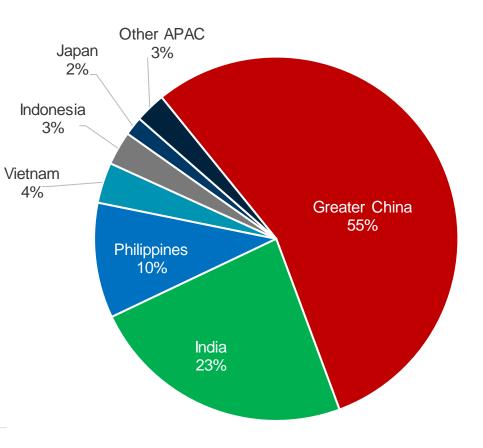
CUSHMAN & WAKEFIELD

8% 6% 4% 2% 0% 2012 2018 2015 2021 2024 2027 2030 -2% -4% -APAC -United States ---- Europe

Employment Increase in Office-using Industries (2020-2030) 500 450 400 350 300 250 200 150 100 50 0 Shandhai Beijing changlain on the notific transition with the optimal of the net the ne Chongaing

Office Employment Growth Rate

APAC Office Employment Gain 2020-2030



Thousand

MACRO ECONOMY

CUSHMAN & WAKEFIELD



Japan



Suganomics

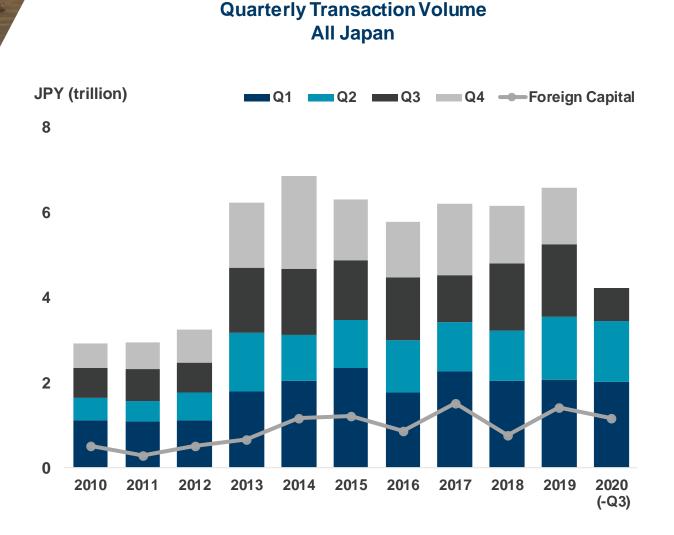
- Continued Abenomics ٠
- New Age of Digitalization ٠
 - Remote working -
- Greenhouse gas emissions to zero by 2050 ٠

2020-09 Latest Release	507.62T Latest Real GDP (Quarterly)	21.40% Latest Real GDP Annualized QoQ	2020-09 3.00% 2020-09 1.03 Latest Release Latest Unemployment Rate Latest Release Latest Job Applicant Rate	tio
 Real GDP Quarterly R 600T 500T 	eal GDP Annualized QoQ	30% T 533T 530T 537T 539T 527T 484T 20%	Job Applicant Ratio (Seasonally Adjusted) Unemployment Rate (Seasonally Adjusted) 5.5% 5.0%	
400T 400T 4.9.% 30% 10% -0 10% -0	410% 570% 480% 480% 480% 480% 480% 400% 120%	50% 290% 20% 280% 20% 20% 280% 20%	1.0 1.0 4.5%	nally Adjusted)
[™] 200T 100T	-7.50%	-20% -30%	0.5 0.5 0.5 0.5 0.5 0.5 0.5 0.5 0.5 0.5	Unemployment
	1 2 0	$\begin{array}{c} Qtr \\ Wr \\ Wr \\ Qtr \\ Wr \\ Wr \\ Qtr \\ Wr \\ $	0.0 2008 2010 2012 2014 2016 2018 2020 2.0%	

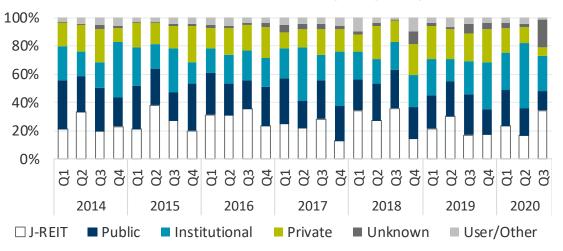
REAL ESTATE TRANSACTION VOLUME

Japan | 2006 - 2020 Q3 (Preliminary)

CUSH

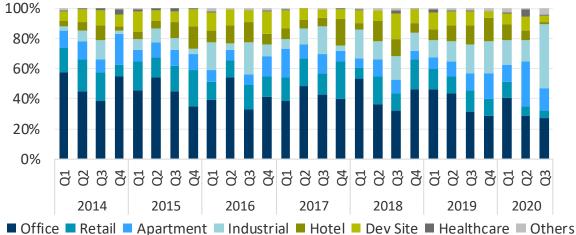


Transaction Volume by Buyer Type



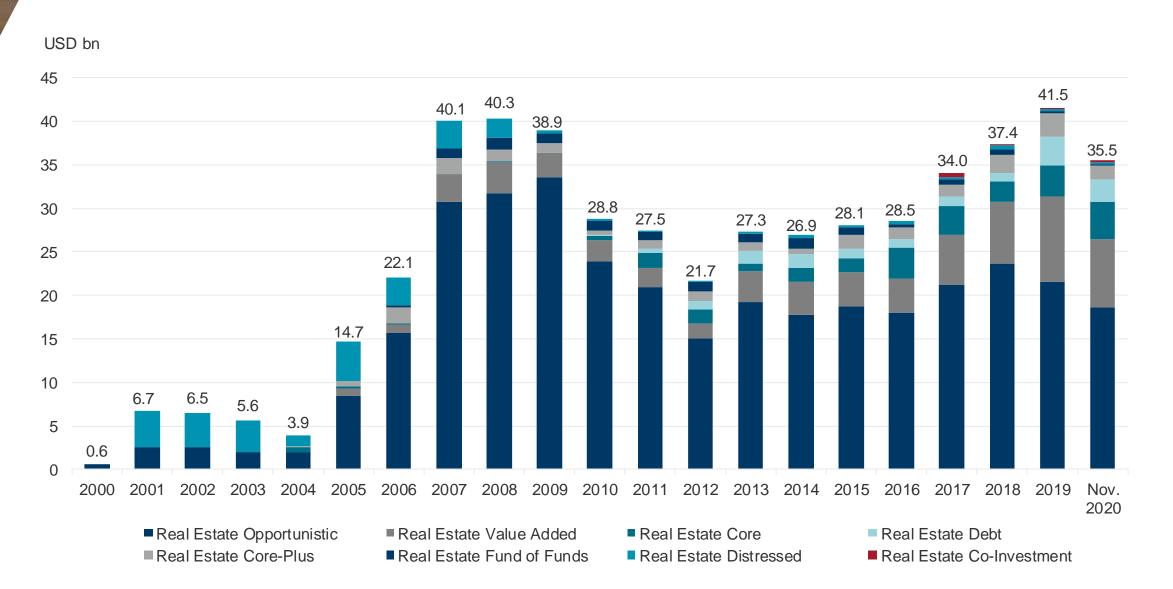


Transaction Volume by Asset Type



FUNDS TARGETING JAPAN

2000 - 2020 Nov



CUSH

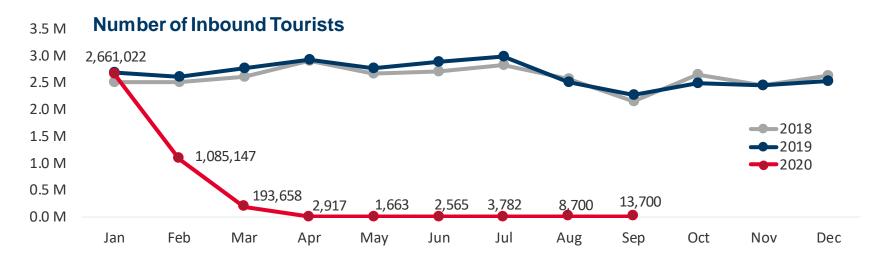
ELD

HOTEL

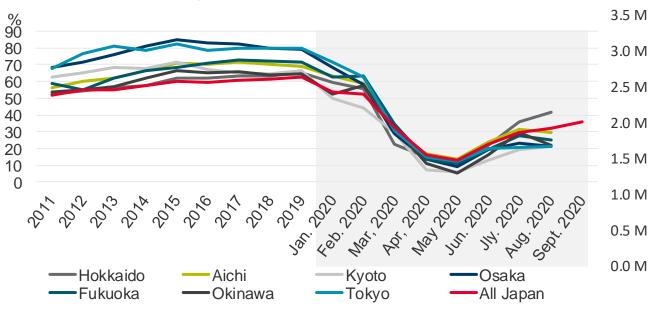
Japan

CUSHMAN & WAKEFIELD

 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



Total GFA of Construction Starts (Lodging Facilities) 5.65 times 2011 2012 2013 2014 2015 2016 2017 2018 2019

Source: JNTO Statistics; Construction Starts Survey, MLIT; Statistical Survey on Overnight travel, MLIT

RETAIL

Japan

USHMAN & WAKEFIELD

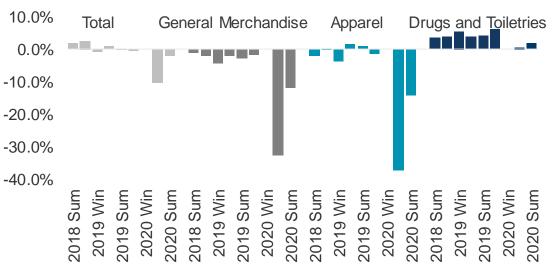
- COVID-19 accelerating the e-commerce shift
- · High street rents are highly affected by decline in inbound tourism



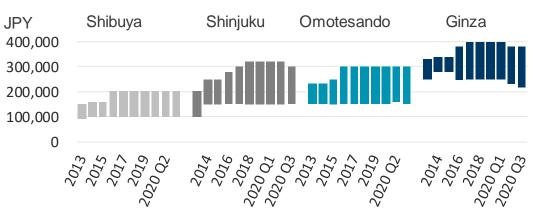
RATIO OF B2C ONLINE SALES

Market Size (Physical Products only) — Ratio of Online Sales

RETAIL SALES BY SECTOR (YoY)



PRIME RETAIL RENT BY SUBMARKET



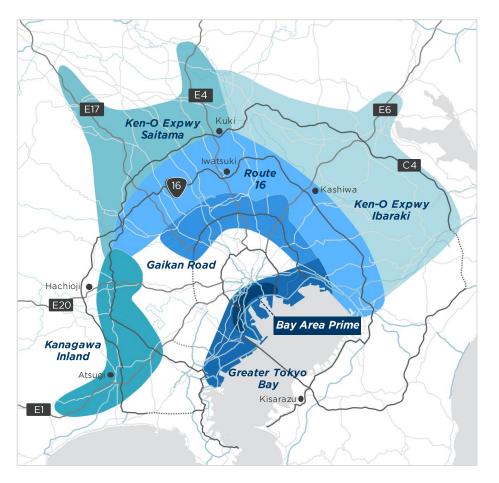
Source: METI; Digital Economy Report 2019, Ministry of Economy, Trade and Industry, Cushman & Wakefield Research

LOGISTICS

Greater Tokyo

- 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



JPY/Tsubo/Mo 9,000 8,000 7,000 6,000 TITE HELE TITE 5,000 4,000 ******* 3,000 2,000 2011 2013 2015 2017 2019 2011 2013 2015 2015 2017 2019 S 6 5 M D 500 <u> ろらろ 7</u> 201 201 201 201 201 201 201 201 201 201 010 201 201 01 01 01 201 0 5 0 0 $\overline{\sim}$ Ň **N N** Ken-O Expwy Ken-O Expwy Kanagawa Route 16 Gaikan Road Greater Ibaraki Saitama Inland Tokyo Bay (incl. Bay Area Prime) Area Vacancy **Greater Tokyo Supply & Vacancy Rate** (sq.m.) Rate C&W 9% 1.2 M FORECAST 8% 7% 1.0 M 6% 0.8 M 5% 0.6 M 4% 3% 0.4 M 2% 0.2 M 1% 0% 0.0 M Q2 Q4 **Q**3 Q3 Q4 СЗ ОЗ Q3 Q3 Q1 Q3 Q3 03 **Q**1 Q3 Q4 Q2 G 01 0 **Q**1 **Q**1 01 0 5 <u>д</u> **2**1 <u>6</u> 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022

Net Absorption

2020 Q3 Asia Pacific Capital Markets Overview 17

Supply

Greater Tokyo Logistics Market Rent

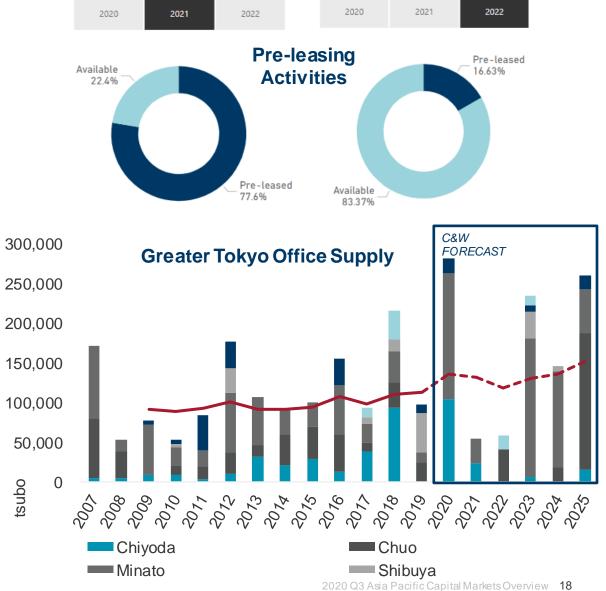
CUSHM

OFFICE

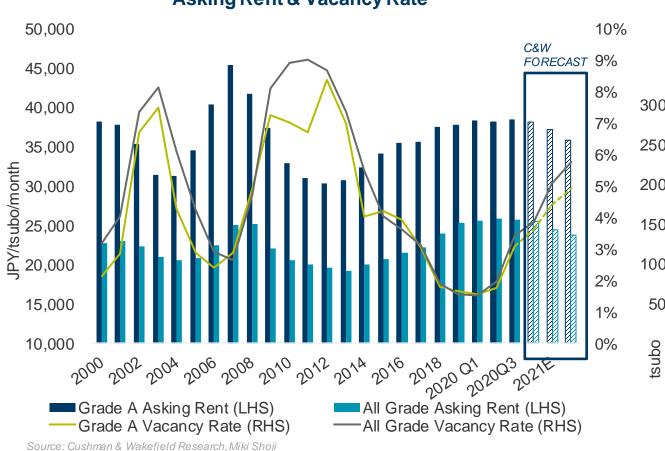
Greater Tokyo

CUSHM

- 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





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

PANELISTS:

Gordon Marsden Regional Director Asia Pacific Capital Markets

Timothy Gregersen Head of Cross Border Transactions Japan **Dennis Yeo** Head, Investor Services APAC



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

KEY CONTACTS:

Anna Town Head, Business Development Services, APAC anna.town@cushwake.com

Dennis Yeo Head, Investor Services APAC Catherine Chen Director, Research Greater China catherine chen@cushwake.com

Gordon Marsden Regional Director Asia Pacific Capital Markets gordon.marsden@cushwake.com Timothy Gregersen Head of Cross Border Transactions Japan

