

THE OUTBREAK OF CORONAVIRUS (COVID-19)

THE LASTING IMPACT ON ASIA PACIFIC RETAIL SECTOR

CBRE

OUR VIEW



High-Impact Short-lived event



Regional retail and tourism sector are hardest hit



Online groceries and food delivery remain resilient



Omni-channel retailers will continue to thrive

An aerial photograph of a city center featuring a complex highway interchange with multiple overpasses. Several prominent skyscrapers are visible, including a large building with a golden, grid-like facade and another with a curved, metallic exterior. The surrounding area is filled with smaller buildings, green spaces, and parking lots. The text "THE SHORT-TERM IMPACT" is overlaid in white, bold, sans-serif capital letters on the left side of the image.

THE SHORT-TERM IMPACT

IMPACT WAS LIMITED TO GREATER CHINA IN JAN AND FEB

Malls and stores were temporarily closed in Mainland China



40% of its members (shopping centres) were open for business in early February

Luxury

PRADA

100% closed

BURBERRY

38% closed

RALPH LAUREN

50% closed



Mostly closed

Sports & Fashion



50% closed

adidas

Mostly closed



97% closed



Stores in Wuhan



40% closed

F&B



50% closed



海底捞火锅
Haidilao Hot Pot

100% closed



100% closed

Household



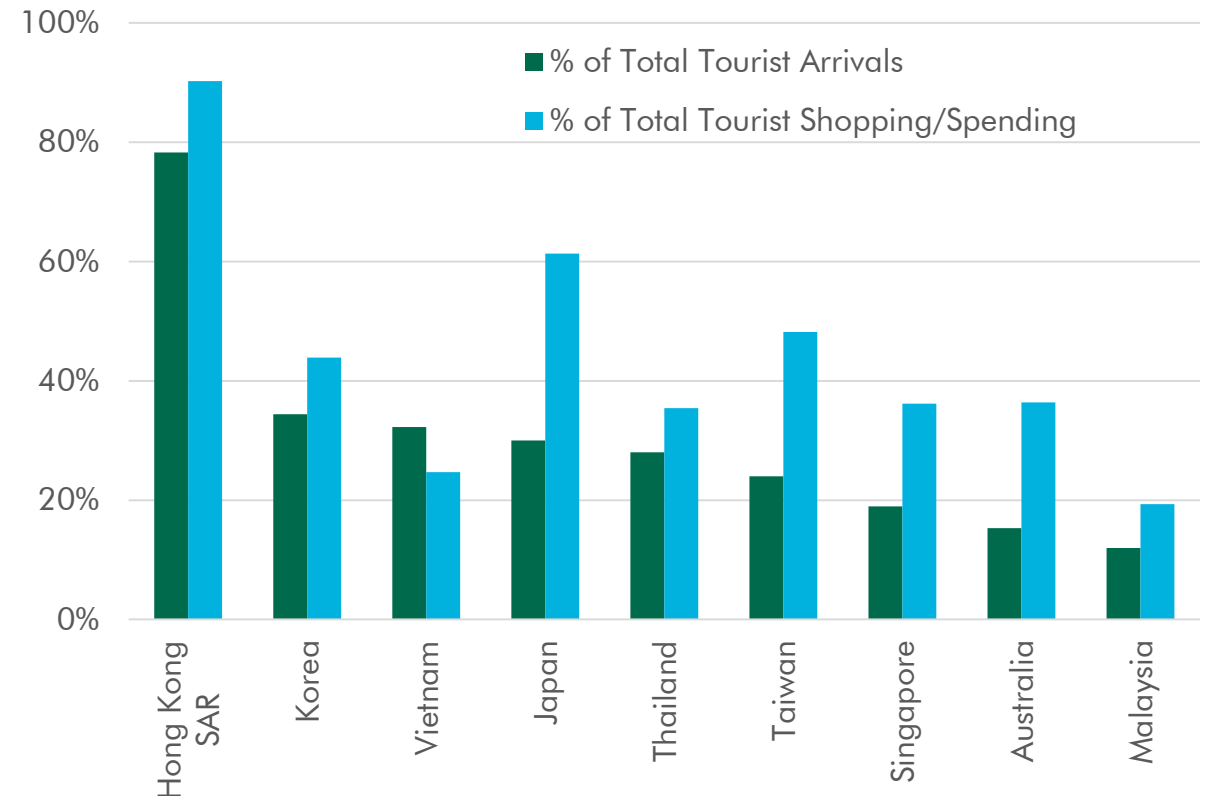
100% closed



Stores in Hubei Provinces

Concerns over the decline in Chinese tourists

Contribution by Mainland Chinese tourists
(2018/ 2019)



Note: All the above countries have issued travel bans to travellers from China/ Hubei province during January to February 2020.

Source: CEIC, Hong Kong SAR - Tourism Board, Japan - Tourism Agency, Taiwan - Tourism Bureau, Ministry of Transportation and Communications, Korea - Korea Tourism Organization, Australia - Australian Bureau of Statistics, Tourism Research Australia, Singapore - Singapore Tourism Board, Thailand - Ministry of Tourism and Sport, Vietnam - Vietnam National Administration of Tourism, Malaysia - Tourism Malaysia, CBRE Research, February 2020.

APAC LANDLORDS ARE OFFERING RENTAL ASSISTANCE

Rent cuts/ rebates

Greater China



30% - 50% (Feb)



50% (Feb - Mar)



Case-by-case basis
(since June 2019)



50% to mainland Chinese tenants
(Jan 25 – Feb 14)



Rent free for 16 days



Rest of APAC
50% rental rebate for retail, F&B and service tenants (Feb to Jul)



50% rental rebate on the one-month gross rent, also allocated SGD \$10 million budget for marketing initiatives

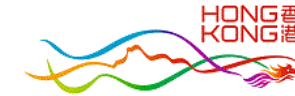


S\$11 million to support tenants
Rental rebates of up to half a month may be granted for tenants at VivoCity on a selected basis



Good-hearted landlords campaign: over 300 landlords have cut their rents

Government Support



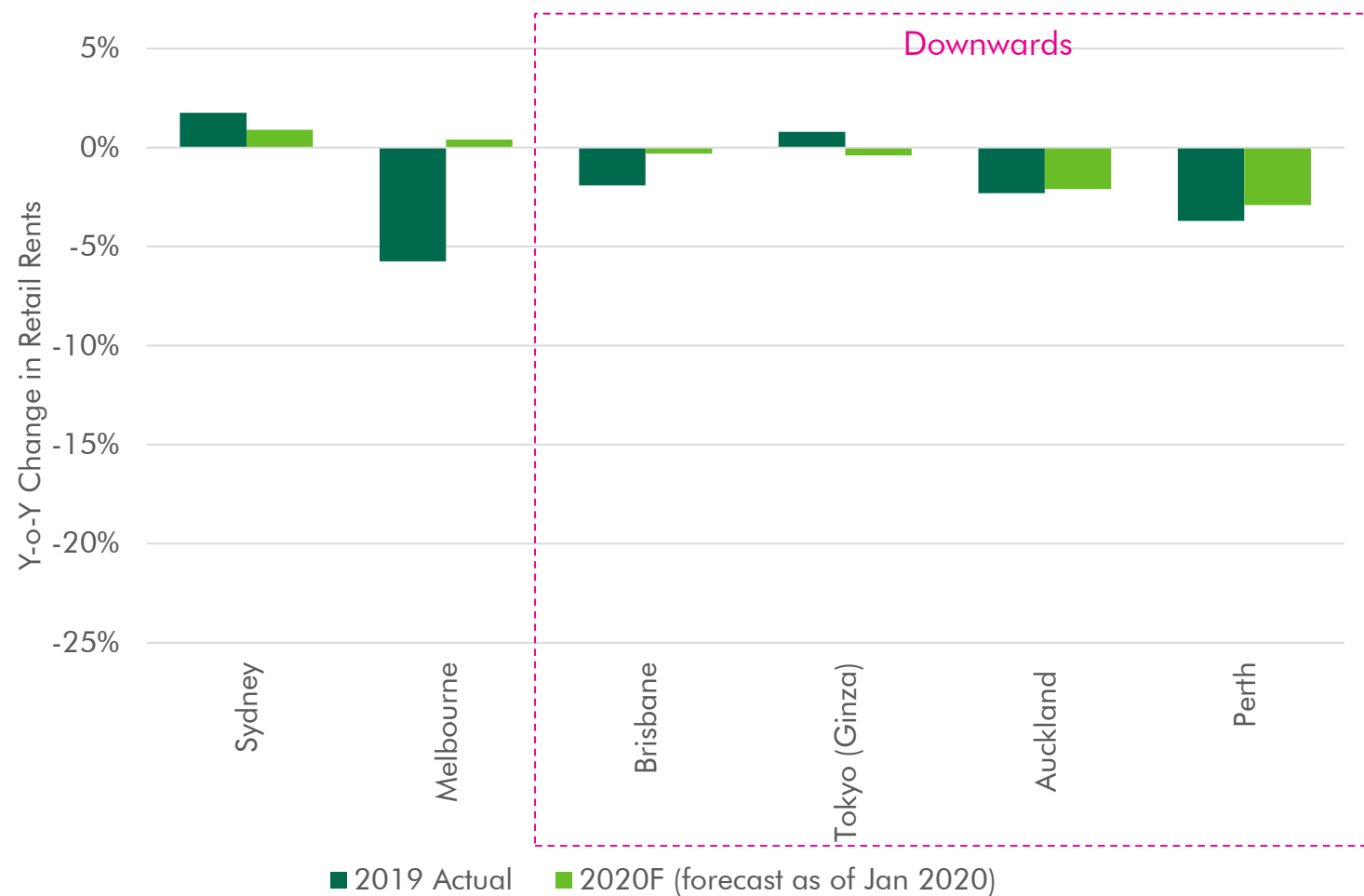
A total of HK\$3.73 billion is allocated to subsidize the F&B industry. Licensed F&B operator will receive HK\$80K or HK\$200K subsidy.



Qualifying commercial properties will be granted a 15% rebate for property tax payable for the period 1 Jan to 31 Dec 2020.

RETAIL RENTS ARE UNDER STRONGER PRESSURE

Market	2019 Actual	2020F (forecast as of Jan 2020)	2020F (forecast as of Mar 2020)
Beijing	1.5%	1.2%	▼
Shanghai	0.8%	0.5%	▼
Guangzhou	-2.0%	0.2%	▼
Shenzhen	-0.8%	0%	▼
Hong Kong SAR	-19.2%	-15% to -20%	▼
Taipei	-3.8%	0.2%	▶
Singapore	0%	-1.0%	▼



Remarks: All markets tracked performance of prime high streets except China, Singapore and Auckland. China Tier I cities tracked the performance of G/F prime shopping centres, Singapore tracked prime floor while Auckland tracked regional shopping centres.
Source: CBRE Research, March 2020



THE LONG-TERM IMPACT

MORE BAD NEWS FOR GLOBAL RETAILERS...

The impact on retail sales is beyond Greater China markets



Temporarily closes all stores outside Greater China from 14.3.2020 to 27.3.2020



Announced its anticipated sales loss:
USD \$1.1 billion* (EUR \$1 billion) from Greater China
USD \$112.2 million* (EUR \$100 million) from Japan and Korea
USD \$78.6 million* (EUR \$70 million) if sporting events are postponed



Called off its annual events and catwalks shows

Impact expanded to regional and global tourism



9% to 12% anticipated decline in arrivals in Asia Pacific



USD \$30-50 billion of anticipated loss in global tourist spending in 2020



USD \$27.8 billion of anticipated revenue loss for carriers in Asia-Pacific in 2020

Note: * Exchange rate as of 31/12/2019 is used for currency conversion

Source: International Air Transport Association, World Tourism Organization, The Guardian, Fashion Network, Business Insider, CNBC, CBRE Research, March 2020.

ONLINE GROCERIES AND FOOD DELIVERY WILL CONTINUE TO THRIVE

Growing popularity of online groceries and food delivery



In Singapore:
300% increase in its average weekly order (Feb)



In Hong Kong:
165% y-o-y increase in average daily orders (Feb)



In Mainland China:
400-500% increase in fresh food sales (CNY)



In Hong Kong:
60% M-o-M increase in number of order (Jan)



In Singapore:
20% Y-o-Y increase in number of order (Feb)

More creative collaboration to serve customers

Landlords' introducing food delivery services



In Taiwan:

More than **85%** of restaurants in its department stores go online (Mar)



Brick-and-mortar stores to support last leg delivery



In Hong Kong:

Partnered with retailers to add **25** pick-up points (Feb)

RETAILING BUSINESSES IN GREATER CHINA REGION – ON ITS FIRST STEP TO RECOVERY

Reliance on omni-channel tactics



Introduced official online platform in Hong Kong (Mar)

Consumer sentiment starts to stabilize in March



Newly launched lipsticks:

14 million of views of related posts on Weibo (Mar)

天猫TMALL.COM



Live-streaming remained an essential tactic:

264% increase in sales driven by Taobao live-streaming (Mar)



Customers queuing outside retail stores

(on 14.3.2020, in Mong Kok, Hong Kong)

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THANK YOU

The background image is a composite of several elements: a night-time photograph of the Oriental Pearl Tower in Shanghai, a semi-transparent blue line graph with multiple data series, and a grid of small, colorful data points. The line graph includes several data points with labels: 334 +7.09%, 56 +1.33%, 102 +7.51%, 397 +2.14%, 183 +5.10%, 206 +4.07%, and 178 +3.98%. The overall color palette is dominated by blues, purples, and oranges, creating a high-tech, financial atmosphere.