For Immediate Release

Recovery in major Asia Pacific property markets sustains momentum

- Strong demand for commercial assets drives deal-making activity
- Korea's office segment continues record-breaking run
- Japan's property market remains resilient despite restrictions
- In China, key markets attract interest from domestic and foreign buyers
- Office segment continues to fuel rebound in Australia and New Zealand
- COVID-19 uncertainty keeps activity in key Southeast Asian markets muted

SINGAPORE, 22 JULY 2021 – Leading diversified professional services and investment management firm Colliers (NASDAQ and TSX: CIGI) today released its Asia Pacific Market Snapshot Q2 2021 report, which shows a sustained recovery in the region's key property markets led mainly by the office and industrial segments, leaving markets well-positioned to recover further through the second half.

In China, both domestic and foreign buyers finalised several deals in key markets and segments while the central business districts (CBDs) of major cities in Australia continued to see renewed leasing demand. Singapore and Hong Kong witnessed an increase in investment activity. In Japan, property markets performed well despite strict restrictions while Korea's office segment continued to set new records according to the report, which examines the previous quarter's property market performance in 17 Asia Pacific markets, and provides forecasts for the current and upcoming quarters.

"The recovery in the region's major property markets continued in Q2 and we expect it to endure through the second half of 2021, thanks mainly to sustained demand for commercial assets from end-users and investors," **Terence Tang, Managing Director, Capital Markets & Investment Services | Asia**, said. "We expect a combination of policy measures, vaccine rollouts and demand from investors who are confident in the region's long-term economic prospects, to contribute to further growth in investment activities," he added.

John Marasco, Managing Director, Capital Markets & Investment Services | Australia and New Zealand, noted: "Q2 was a busy quarter across all major markets in Australia, with office leasing enquiries continuing to grow. Looking ahead, as current restrictions in some of our major cities ease, we should see people returning to the office in greater numbers. We expect sentiment to further improve and a pick-up of investment activity in the second half of the year. In New Zealand, increased competition and growing confidence should spur demand and channel funds to assets across segments."

Core office markets rebound in Australia and New Zealand

Major property markets across Australia continue to witness a steady increase in activity as vaccinated workers return to offices, renewing demand for space in the CBDs. In Sydney, office enquiries continue to increase, and core-plus and value-add investors are becoming more active. While the current restrictions may temporarily stall some activity, we expect market momentum to pick up once these restrictions are lifted. Melbourne is expected to see several landmark lease deals signed in the coming months. Brisbane outperformed both Sydney and Melbourne in terms of office occupancy levels and continues to benefit from the quick rebound among small- and mid-sized businesses, which has underpinned the recovery of leasing demand in the city's CBD office market. In Auckland, market momentum was maintained in Q2, led by the Industrial and Retail sectors and defensive assets, such as industrial and large-format retail properties, which are expected to remain popular. Growing confidence among market participants should lead to greater demand for a wide range of assets.

Continued deal-making in China points to strength of recovery

A total of 30 deals were struck across major markets in China as the country's economic recovery continued and boosted investor confidence. Beijing witnessed 12 transactions worth a total of RMB26 billion (USD4.02 billion) to outpace the previous three quarters combined, while Shanghai recorded 10 transactions involving office, residential, hospitality and industrial assets. Shenzhen saw five transactions and three were finalised in Guangzhou. In the western Chinese hubs of Chengdu and Xi'an, several deals were under negotiation in Q2 and we expect them to close in the coming months.

Institutional investors drive Hong Kong market activity

Investment transaction volumes vaulted 175% year-on-year to HKD33.6 billion (USD4.33 billion) in Q2 with institutional investors accounting for more than 70% of transactions, as the city's property market continued its steady recovery, helped by accelerating vaccinations, low interest rates and ample liquidity. We expect these factors to continue to encourage investors to strike more deals through the rest of the year.

Singapore reclaiming safe-haven status

Singapore's office and industrial sectors attracted investors keen on acquisitions, and high-net-worth individuals renewed their interest in the high-end residential segment. Total investment sales grew 86.3% quarter-on-quarter to SGD7.03 billion (USD5.2 billion), setting the city-state on a path to reclaim its position as a safe haven for the region's real estate investors. We will see continued interest from developers and investors going into the second half, as more people are vaccinated and the property market reopens further.

Investment activity abounds in Korea office market

Abundant liquidity and low interest rates, as well as a low vacancy rate driven by a strong preference for core assets in Seoul's sought-after Gangnam Business District (GBD), helped drive investments worth KRW2.2 trillion (USD1.9 billion) in Korea in Q2. The Pinnacle Yeoksam building in the GBD sold for a record unit price of KRW40 million per pyeong (USD10,650 per sq m) and investment activity in the area is expected to ramp up further, led by demand from technology occupiers and institutional investors.

Restrictions fail to dampen Japan property market

Despite enduring the most stringent restrictions to date, the mood among market participants in Japan remained ebullient, supporting activity across the office, residential, and logistics segments. The hospitality sector too witnessed an uptick as vaccination rates picked up pace, hinting at a strong post-COVID-19 rebound. We expect an increase in overall property investment volumes helped by the flagship office segment, although ongoing border restrictions will mostly limit acquisitions to investors based in Japan.

Download the Asia Market Snapshot Q2 2021 report **here**.

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