

## RUBIX INSIGHTS

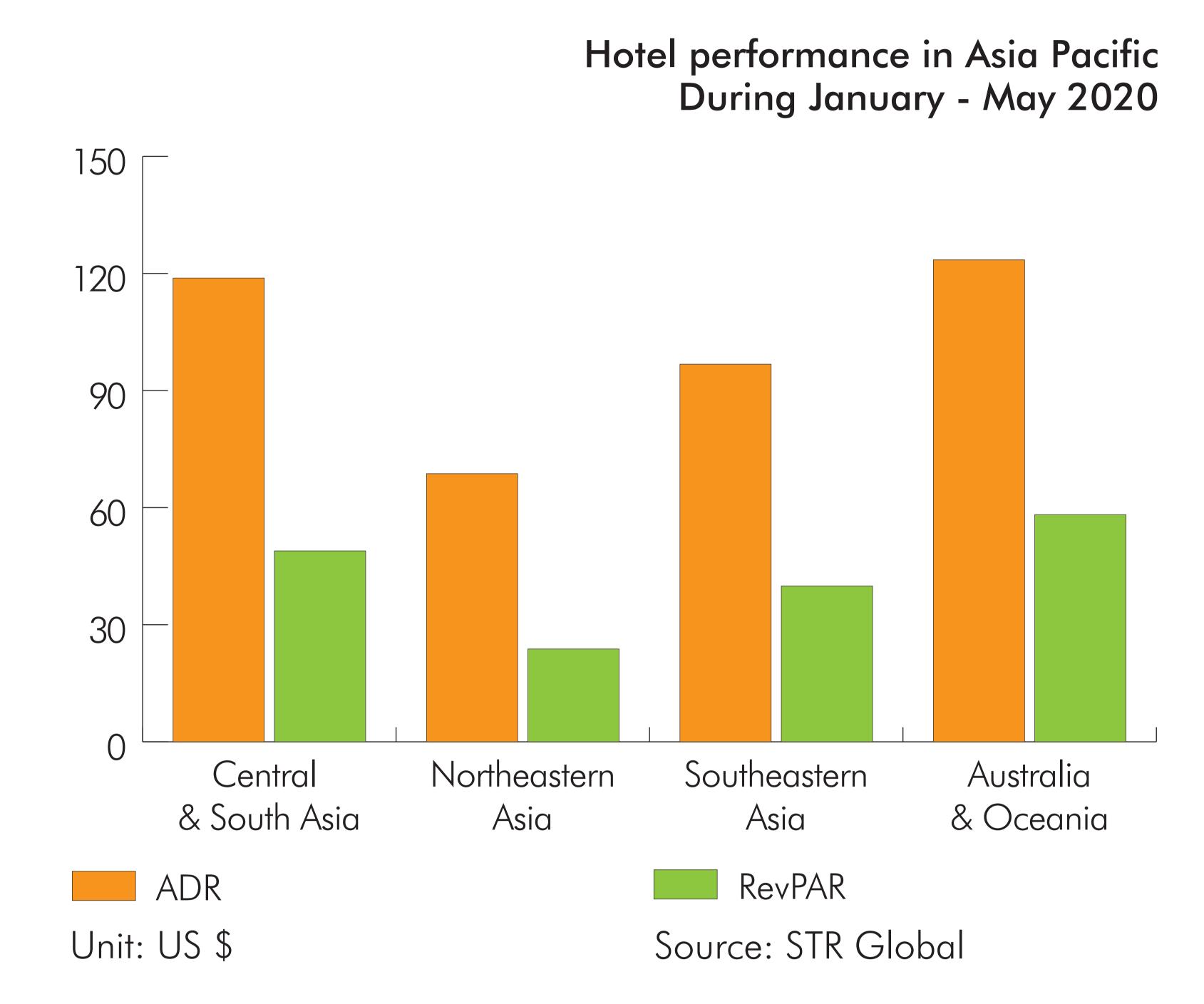
#### Real Estate

Rich Chinese are snapping up luxury homes across Asia, in many cases to guard their wealth against anticipated inflation and a weakening yuan. The rush to add real estate has led to a jump in upmarket housing prices in China, while offering some support for other Asian property markets hard hit by the pandemic. In this wave of investment, many rich Chinese have turned to Singapore as an alternative to Hong Kong due to pro-democracy protests in the special administrative region. In another context, the industrial property market in ASEAN is forecasted to thrive as many companies look to move out of China amid the trade war and the coronavirus pandemic.

# Hospitality

Major hotel companies announced layoffs and furloughs as reeling from the coronavirus pandemic. Specifically, Hilton stated additional measures to reduce its cost structure, including the intended reduction of approximately 2,100 corporate roles globally, and the extension of previously announced furloughs, reduced hours, and corporate pay reductions for up to an additional 90 days. In the meantime, Marriott continued placing tens of thousands of staffs on furloughs and reduced work week schedules till October 2, 2020; while Accor furloughed three-quarters of its staffs, or roughly 220,000 labors, after shutting many hotels due to the pandemic. In this context, Hyatt also made an extremely difficult decision to restructure roles across its global corporate functions, beginning on June 1, 2020.

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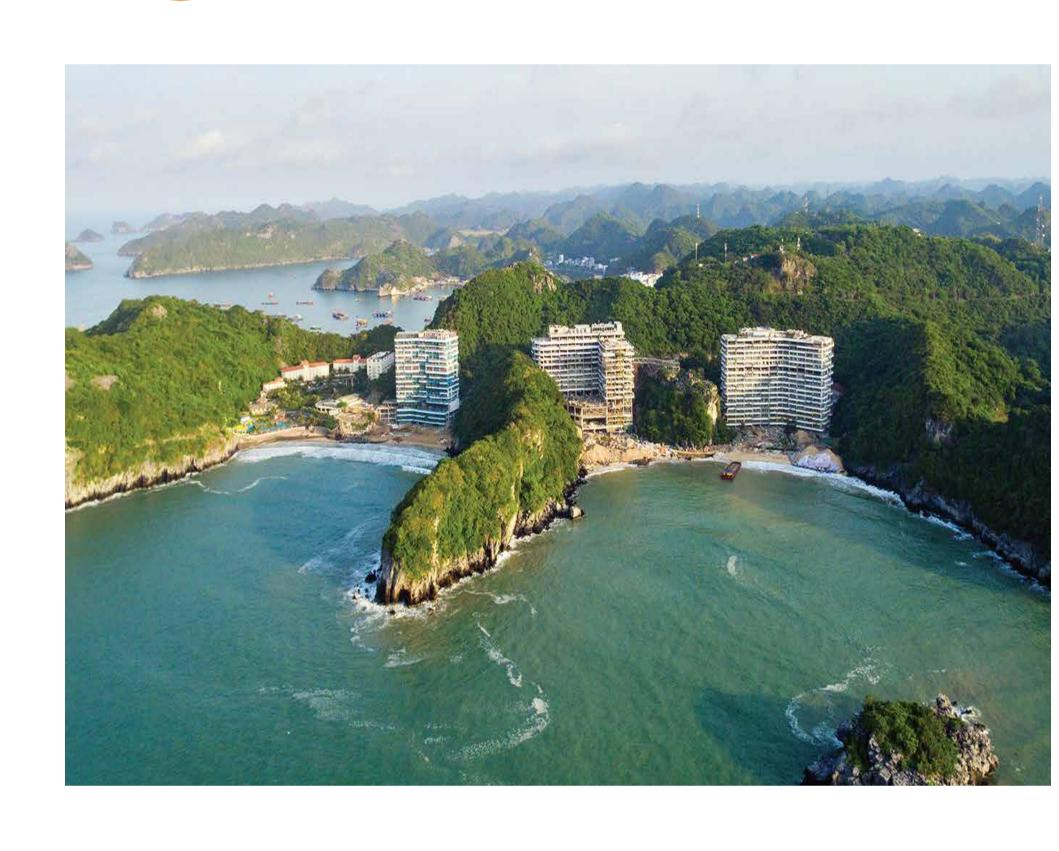
# Economy

Informed by IMF, Asia's growth is expected to contract by 1.6% this year, a downgrade to the April projection of zero growth amid weaker global conditions and more protracted containment measures in several emerging economies. In the absence of a second wave of infections and with unprecedented policy stimulus to support the recovery, growth in Asia is projected to rebound strongly to 6.6% in 2021. But even with this fast pickup in economic activity, output losses due to Covid-19 are likely to persist. Accordingly, IMF projects Asia's economic output in 2022 to be about 5% lower compared with the level predicted before the crisis; and this gap will be much larger if excluding China, where economic activity has already started to rebound.

### Policy

- Vietnam's Ministry of Construction proposed amendments to the existing Laws on Housing and Real Estate Business. Therein, this ministry suggested allowing foreign individuals and institutions to buy tourism properties, and own more apartments in a building than the current rate of 30%.
- Thailand's cabinet approved a sharp cut in the land and building tax of up to 90% worth US \$1.26 billion for this fiscal year, the latest move to alleviate fallout from the coronavirus pandemic. Thailand's new land and building tax took effect at the beginning of this year and collection was scheduled to begin in April. However, the government later delayed enforcement until August to give local authorities and taxpayers more time to prepare.

### RUBIX BRIEF



#### Vietnam's market sees positive signals

Vietnam's National Assembly has ratified the EU-Vietnam Free Trade Agreement and the EU-Vietnam Investment Protection Agreement. These movements will strongly contribute to the growth of Vietnam's inclustrial property market, especially when this country is standing out among other destinations for manufacturers seeking diverse supply chain out of China. In the hospitality market, Cat Ba Island of Hai Phong City has welcomed the openings of Flamingo Cat Ba Beach Resort and Hôtel Perle d'Orient Cat Ba-MGallery. Therein, Flamingo Cat Ba Beach Resort is part of the 1,002-key integrated development that also features Flamingo Wyndham Grand Cat Ba Resort and Flamingo Luxury Resort. Previously in the central region, Alma Cam Ranh Resort which provides 384 suites and 196 pavilions welcomed guests in May while the 309-key Shilla Monogram Quangnam Danang came into operation in June.



## Private housing market in Singapore declines in price and supply

Prices of private homes in Singapore slipped for a second straight quarter as demand was suppressed during the nearly two month-long circuit breaker period. Flash estimates from the Urban Redevelopment Authority showed its overall price index for private residential properties declined 1.1% in Q2 2020 q-o-q. In this situation, the government cut private housing supply from confirmed land sale sites to take into account the fallout from the Covid-19 pandemic. Accordingly, the private home supply from three confirmed list sites is 1,370 units which is nearly 23% less than the 1,775 units approved under the 1H2020 programme. It is also the lowest number since 2H2009 when no confirmed list sites were released during the global financial crisis.



## Thailand's property and hotel markets continue downward trend

In Phuket, the property market is forecasted to take at least two years to recover because the fallout from the coronavirus is hitting hard one of the world's top tourist destinations. In Northern provinces like Chiang Mai, the residential market will slump further this year as the coronavirus has badly impacted key economic drivers and banks have imposed stricter rules on home loans. In the three Eastern provinces including Chon Buri, Rayong, and Chachoengsao, the industrial property market is expected to wake up, driven by tourism recovery and the development of the Eastern Economic Corridor - the government's flagship infrastructure project. In the hospitality market, the Thai Hotels Association informed that most hotels in this country closed temporarily during the outbreak as the occupancy rate plunged to near zero in at-risk areas, with few lodgings operating at a profit.



#### Indonesia's real estate revenue down 70%

The Association of Housing Development of Indonesia has announced that the revenue of the country's real estate market has slumped by 70% year-on-year due to the Covid-19 pandemic. The latest report from this association showed that demand for high-end housing fell 40-70% against 2019 while demand for low-end housing was down 20-25%. However, property developers are expecting a recovery in low-end housing to strongly save the market. In response to the pandemic, developers have switched to online selling and introduced promotional packages to buyers. Meanwhile, banks have also offered preferential loans to low-income buyers to easily access the market.



#### Cambodia's property market facing challenges

The Covid-19 pandemic has slowed down Cambodia's economy, and the property sector is not an exception. Therein, the condominium price is facing a downward trend from 0.5-1.5%; while the retail market is the most exposed to the pandemic pressures due to the cancellation of major public events; and office market is becoming more competitive. Specifically, Phnom Penh is forecasted to see a softening of office space rentals throughout this year due to a rapid influx of new office spaces, including strata-titled offices and co-working spaces. However, some experts have pointed out that the real estate market in Cambodia will suffer in the short-term but will become stronger than ever once the pandemic is over.



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