

RUBIX INSIGHTS

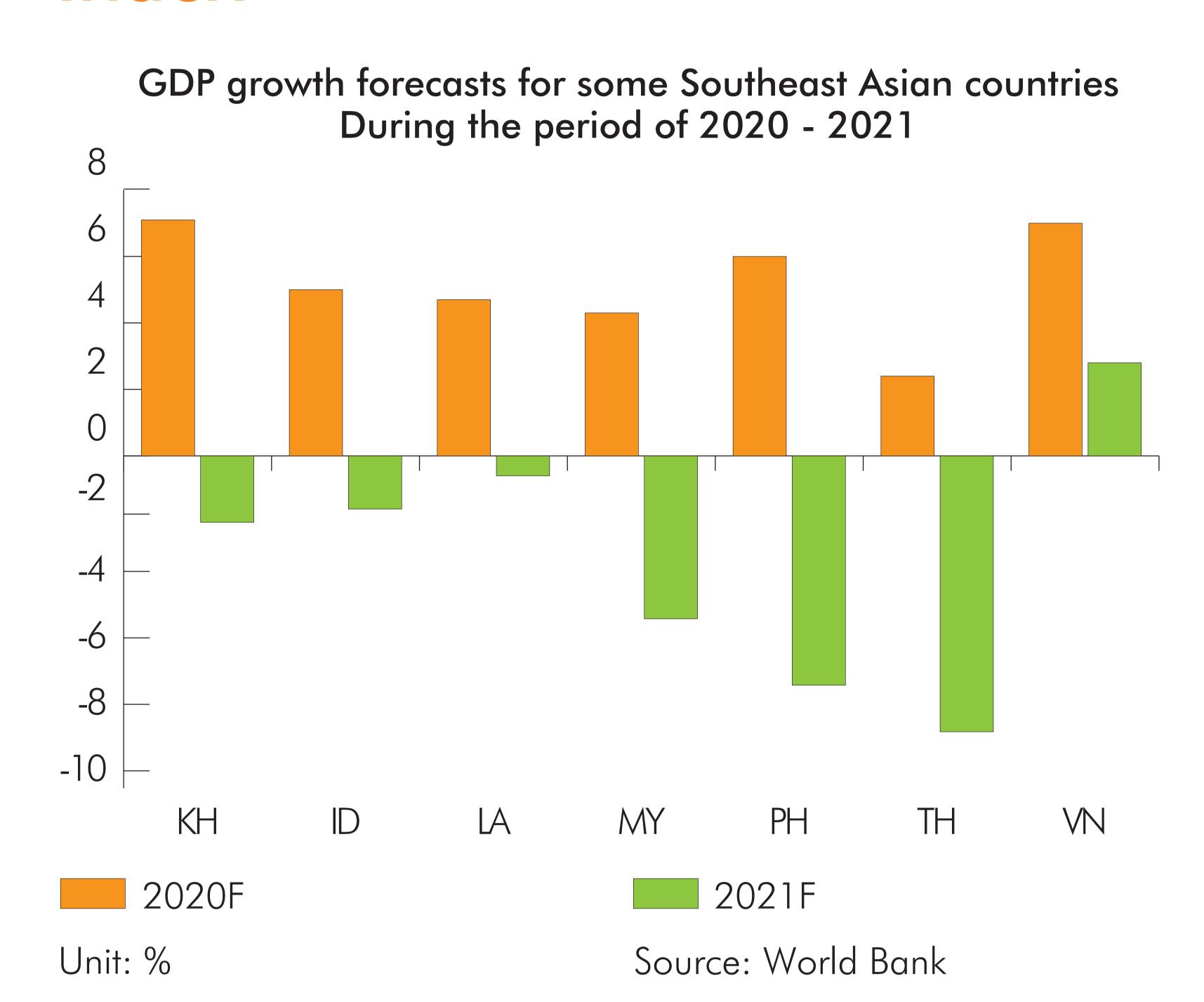
Real Estate

The Covid-19 recession is expected to have a more limited and shorter-lived impact on the office market in the Asia-Pacific - excluding Greater China - than elsewhere, and this region would take just a marginal hit from the work-from-home phenomenon. Because increased flexible working and work-from-home practices are less prevalent across the Asia-Pacific compared with other regions and may not significantly alter the outlook for its office market. Additionally, the demographic growth in emerging regional economies in the global value chain like India, Indonesia, Malaysia, and the Philippines also helps to mitigate overall office-job losses. In the long run, it is forecasted that net office demand in the region may grow by 67.7 million sqm during 2022-2030.

Hospitality

Asia's hotel industry, that relies heavily on international tourism and its thriving MICE segment, continued to bear the brunt as lockdowns and travel restrictions have been still imposed. This industry has moved focus to domestic tourism to help kick-start the recovery as curbs on travel between countries remain in place. However, the staycation segment is not strong enough to recoup the lost income from international tourist arrivals, especially in popular resort destinations in Indonesia and Thailand. In this context, Asia's hotel transaction volumes are also forecasted to drop to US \$4 billion this year from nearly US \$14 billion in 2019, the lowest annual number since the 2008 financial crisis.

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Economy

Upticks in manufacturing and exports helped Vietnam's GDP rose by 2.62% year-on-year in Q3 2020. According to Oxford Economics, along with China, Vietnam should be the second Asian economy expected to register positive growth in 2020. In a broader picture, World Bank reported that the coronavirus pandemic would lead to the slowest growth in more than 50 years in East Asia and the Pacific as well as China, while up to 38 million people might be pushed back into poverty. The bank said the region was projected to grow by only 0.9% this year, the lowest rate since 1967. In response, the regional countries may pursue fiscal reforms to mobilize revenues and implement social protection programs to support workers' integration back into the economy.

Policy

- Under Laos' newly revised Law on Land, foreigners can own condominiums and land use rights in this country. Therein, land use rights are limited to 30 years for agreements signed with Lao citizens and 50 years for ones signed with the government. Once taking effect, this law is expected to boost Laos' property market and lure more foreign investment capitals, especially from China.
- Malaysia's government decided to temporarily suspend the Malaysia My Second Home Program (MM2H) for a comprehensive review and re-evaluation. MM2H offers 10-year renewable visas to non-Malaysians who invest in residential properties worth at least US \$145,000. About 3,000 MM2H visas were issued per year since the program was launched in 2002.

RUBIX BRIEF



Vietnam reports a wave of hotel sales

Vietnam's hotel market has taken a massive hit due to the second wave of Covid-19 starting in late July, resulting in weak performance in Q3 2020 across the country. The prolonged pandemic has also pushed many independent hotel owners in the one-to-three-starred segments to sell off their distressed assets that are mostly located in Hanoi's Old Quarter, HCMC's CBD, and some well-established coastal destinations. However, several agreements involving international brands were signed thanks to a positive long-term outlook for Vietnam's hotel industry. They are the 175-key InterContinental Halong Bay Resort and the 101-unit InterContinental Residences Halong Bay located within Halong Marina urban area; and the 205-key Avani+ Ho Tram Resort as part of the integrated Sanctuary Ho Tram.



Thailand to take years to return to the pre-pandemic level

Thailand's tourism and hotel industries have survived devastating arises before, but the effect of the coronavirus pandemic is beyond comparison with anything else, impacting about 4.4 million employments in transport, tourism, and hospitality industries. During the first seven months of 2020, this country's overall hotel occupancy dropped 75% year-on-year. Besides, almost 70% of hotels in the development pipeline have been put on hold. Although the government partially lifted the ban on international travels from July 2020, the tourism industry may contribute only 6% to this year's GDP, down from 18% last year. In a stronger response, the government unveiled a stimulus worth 15% of GDP while planning for a tourism-revival strategy that turns away from mass tourism and targets the big spenders seeking privacy and social distancing in the Covid-19 era.



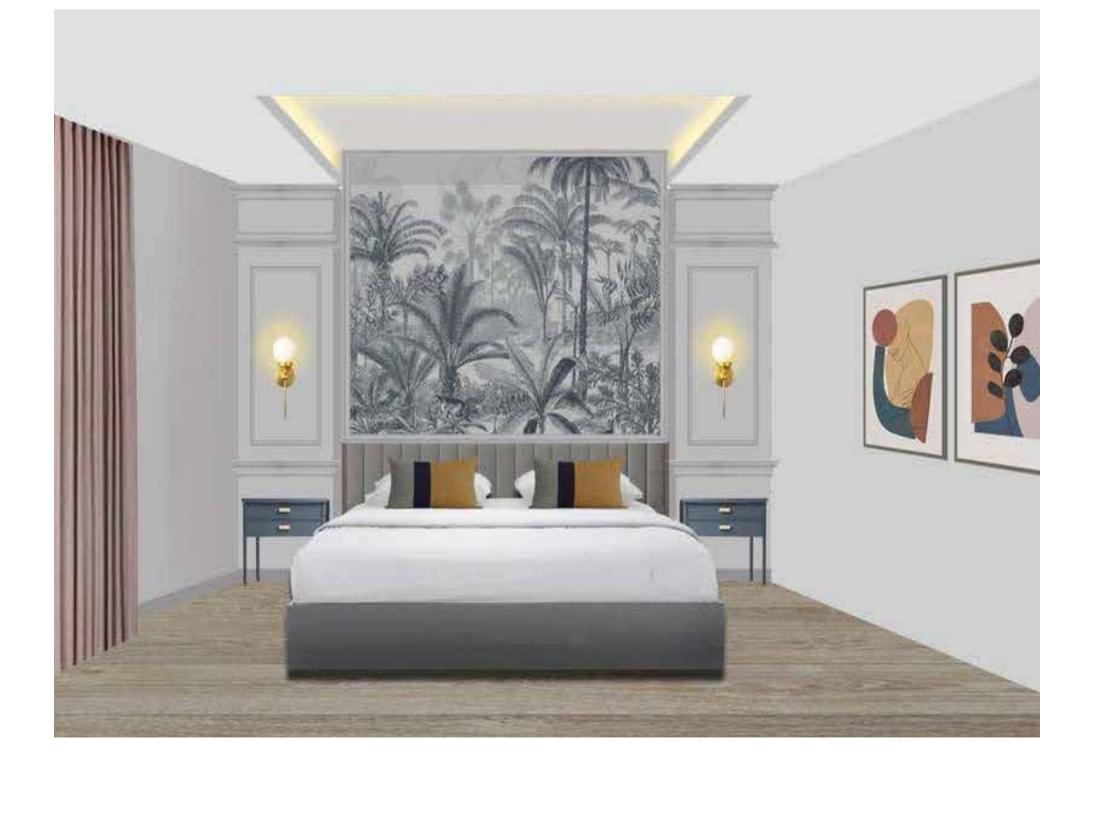
Covid-19 derails the recovery momentum of Malaysia's housing market

The Covid-19 pandemic has brought challenges to Malaysia's housing market, in which buyers and investors have delayed making purchases while developers and builders may not be able to complete their projects within the stipulated time frame. According to industry experts, house prices in Malaysia may drop for the first time since 1999 with a decline rate of 10% to 20% compared to the pre-pandemic level. However, the market is expected to see a slow uptick after lifting the Movement Control Order by year-end, also driven by the government's stimulus and the reintroduction of the home-ownership campaign that features stamp duty exemptions. Furthermore, the market will take advantages of buyers who look for investment properties or larger houses for working from home in the new normal.



Indonesia's markets facing challenges

The Indonesian Hotel and Restaurant Association reported that these industries continued suffering losses due to travel restrictions amid the growing number of Covid-19 cases in this country. Specifically, Bali's rental market has been hammered with some desperate villa owners offering discounts of up to 85% as over three-quarters of its 100,000-expat population fled in the wake of pandemic. In another context, Jakarta's office occupancy rate reached its lowest level since the 1997-1998 financial crisis after this capital re-entered a partial lockdown in September 2020. This office market will face more difficulties in 2021 if more than 607,000sqm of new space are supplied and tenants downsize their workspaces to prepare for long-term working from home.



Laos, Myanmar, and the Philippines saw more hotel signings

Absolute Hotel Services announced to inaugurate its first hotel in Laos, the 94-key Eastin Hotel Vientiane, in 2021. In Myanmar, Centara Hotels & Resorts signed three new management agreements including Centra by Centara Hotel Thiri Hpa-An, Hpa-An Hilltop Resort & Spa, and Centara Hotel Mandalay. Therein, the 77-key Centra by Centara Hotel Thiri Hpa-An and the 60-key Hpa-An Hilltop Resort & Spa are scheduled to open respectively in 2021 and 2022 in the picturesque town of Hpa-An in Kayin State. Meanwhile, the 200-key Centara Hotel Mandalay is expected to welcome guests in 2024 as part of a mixed-use development which also features a shopping mall, offices, and a casino. In the Philippines, Ascott secured a contract for lyf Malate Manila, a 202-unit co-living project slated to open in 2023 in the heart of Malate district.



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