

CBRE RESEARCH | APAC

REAL ESTATE MARKET OUTLOOK 2020

APAC

CBRE



HCMC

THURSDAY, 9 JANUARY 2020

REAL ESTATE

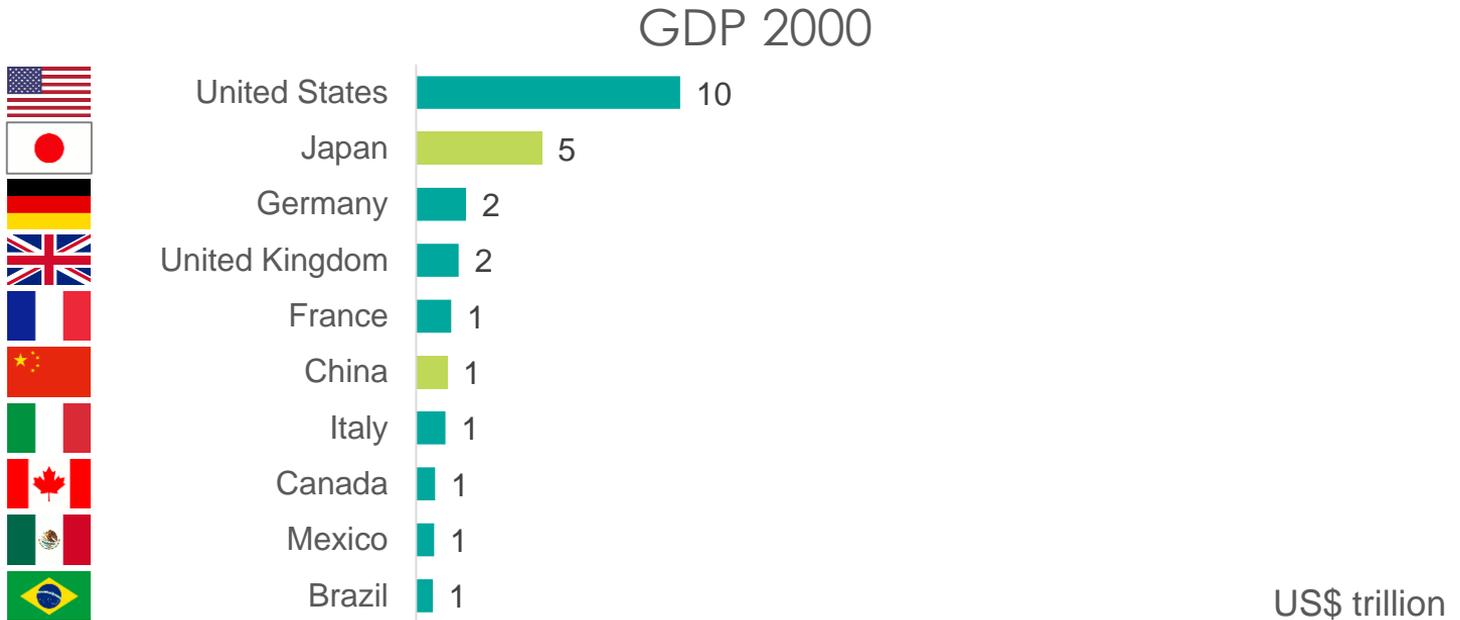


ASIA PACIFIC

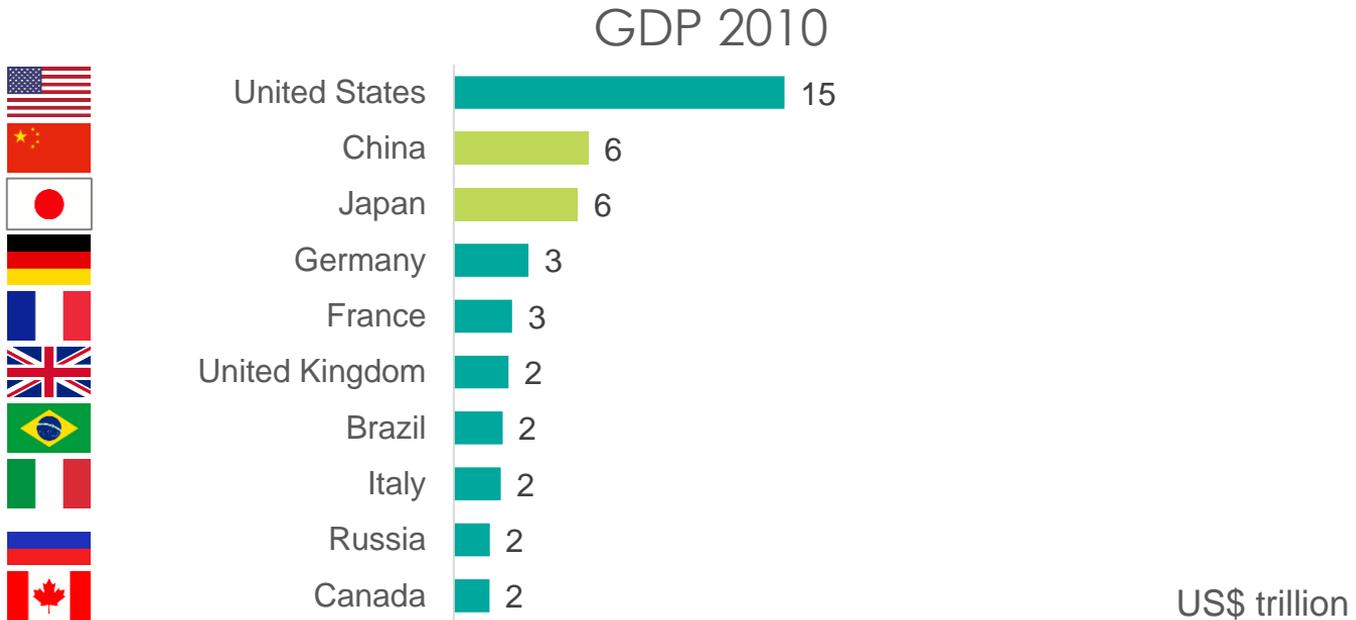
CBRE



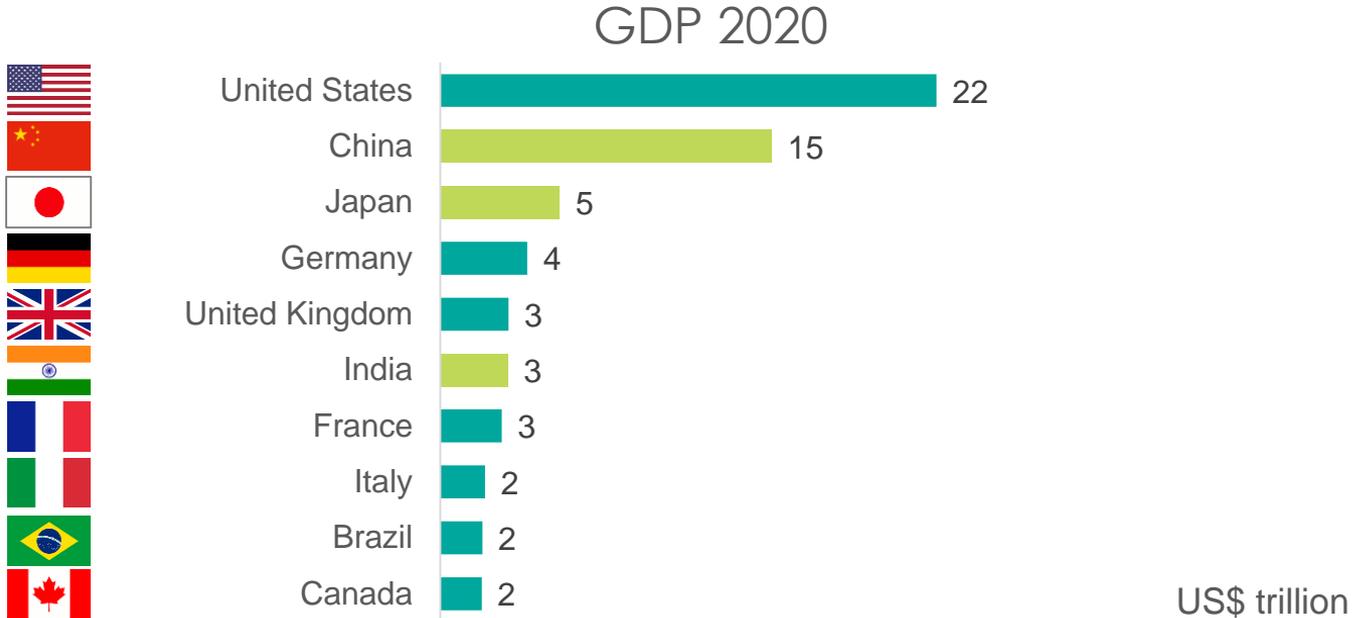
THE ASIAN CENTURY WILL COME



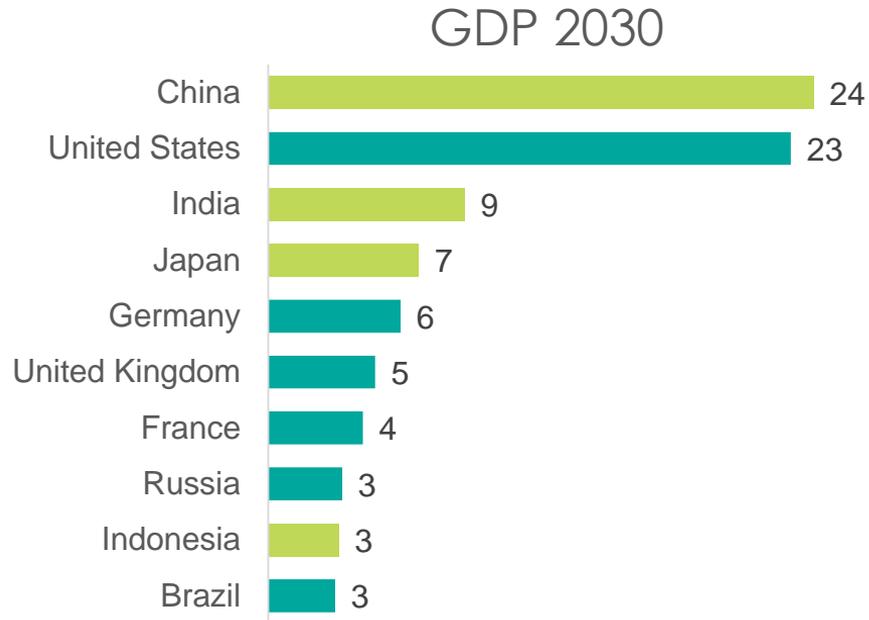
THE ASIAN CENTURY WILL COME



THE ASIAN CENTURY WILL COME



THE ASIAN CENTURY WILL COME



US\$ trillion



People



THE ASIA PACIFIC WORKFORCE: FROM BABY BOOMERS TO GEN Z'ERS



BABY BOOMER
Born 1946-1964



GENERATION X
Born 1965-1984



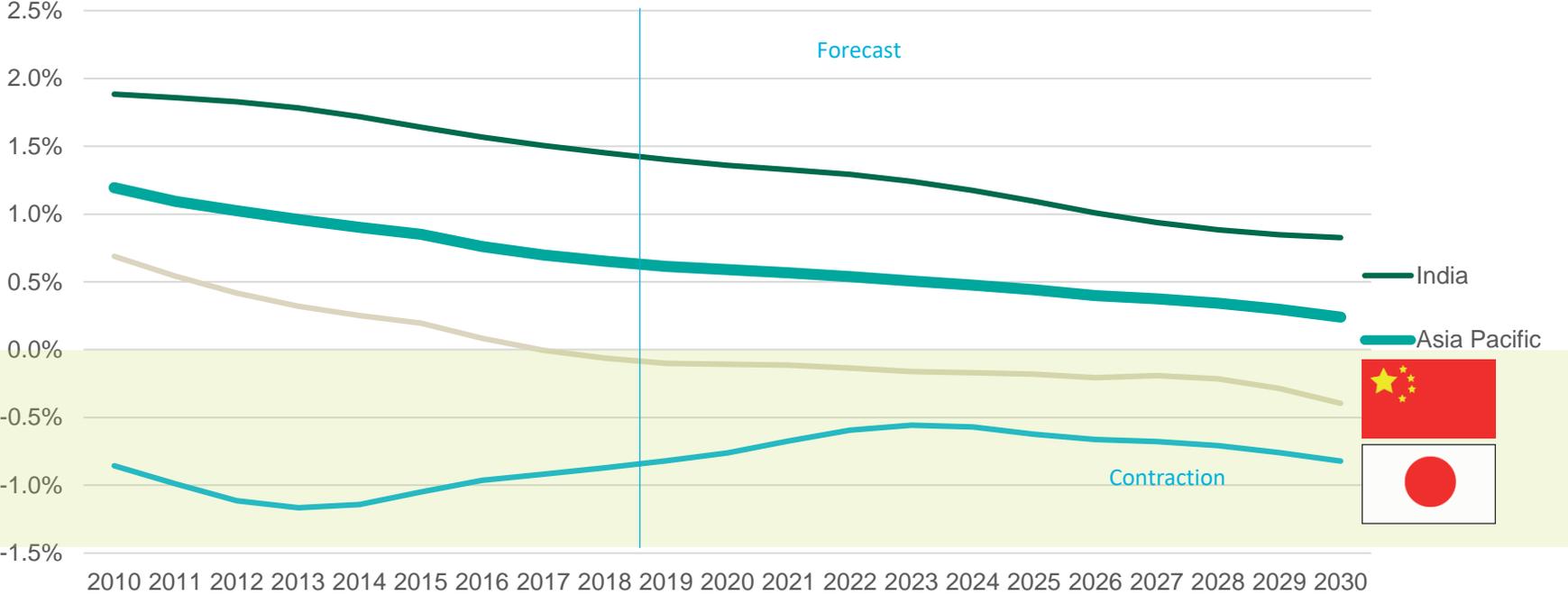
MILLENNIALS
Born 1985-1997



GEN Z'ER
Born 1998-2014

ASIA PACIFIC'S WORKING POPULATION WILL STOP GROWING BY 2036

Growth in working age population

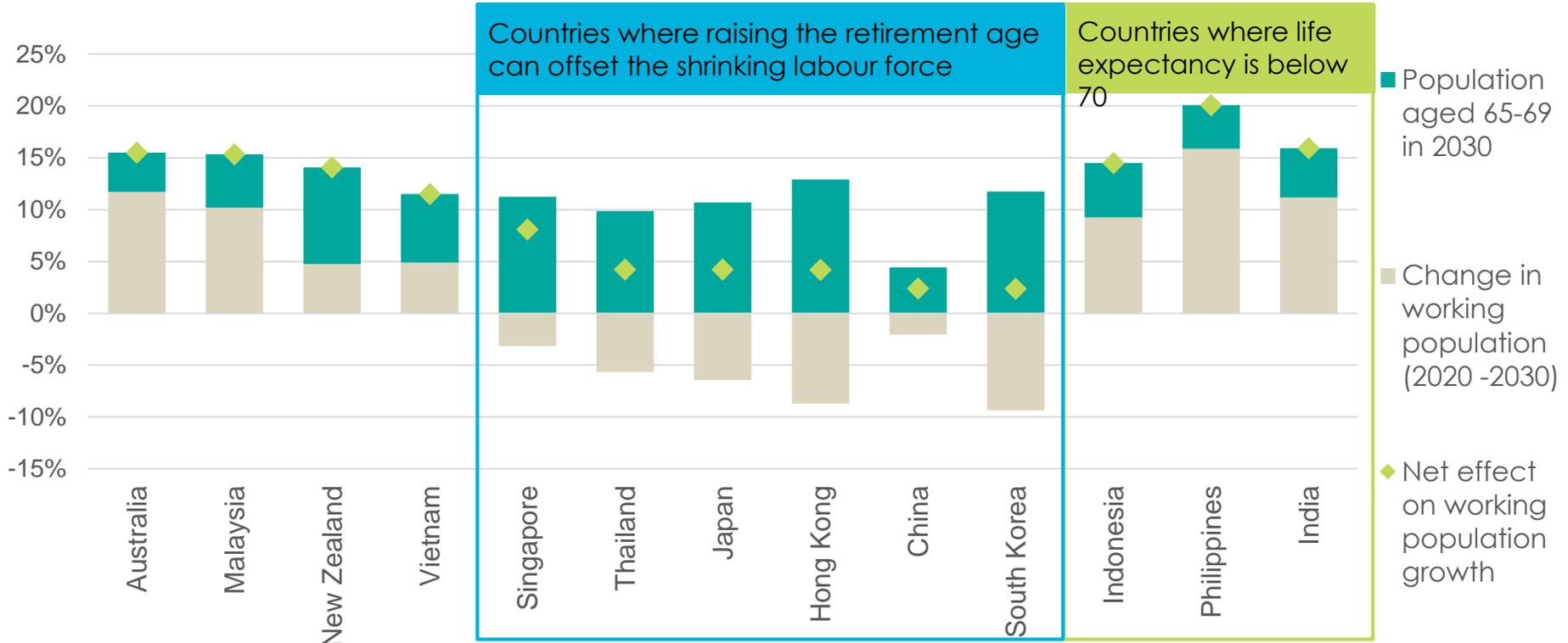


BUT WE ARE LIVING LONGER



A HIGHER RETIREMENT AGE IS THE SOLUTION

Working population change (2020-2030)



SINGAPORE HAS RAISED ITS RETIREMENT AGE



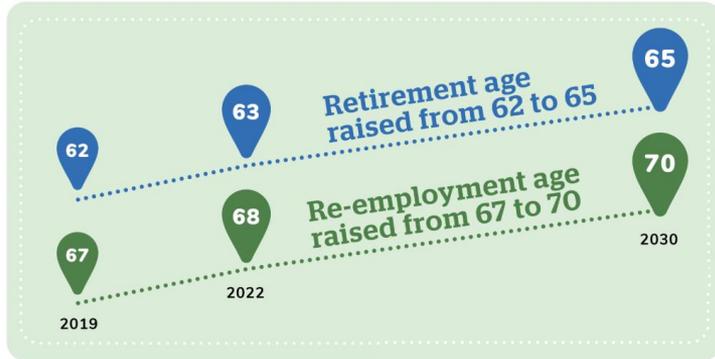
CNA938

CNA Lifestyle

CNA Insider

Singapore Asia World Business

NDR 2019: New retirement, re-employment ages of 65 and 70 by 2030; higher CPF contributions for older workers



By 2030, there will be around **300,000** baby boomers aged 65-69 years old.

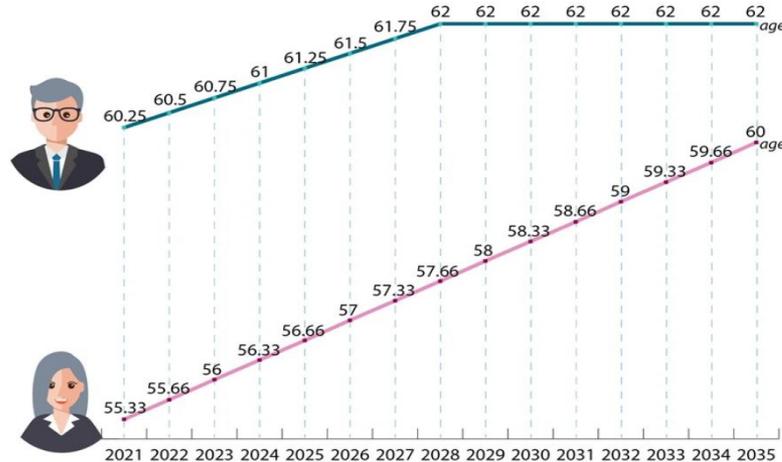
With this new rule, there could be around **170,000** baby boomers added to our workforce in 2030.

VIETNAM HAS RAISED ITS RETIREMENT AGE

Retirement age to rise as from 2021



The retirement age for male and female workers will increase from 60 and 55 at present to 62 and 60 respectively in 2035 under the revised Labour Code that was passed by National Assembly deputies on November 20.



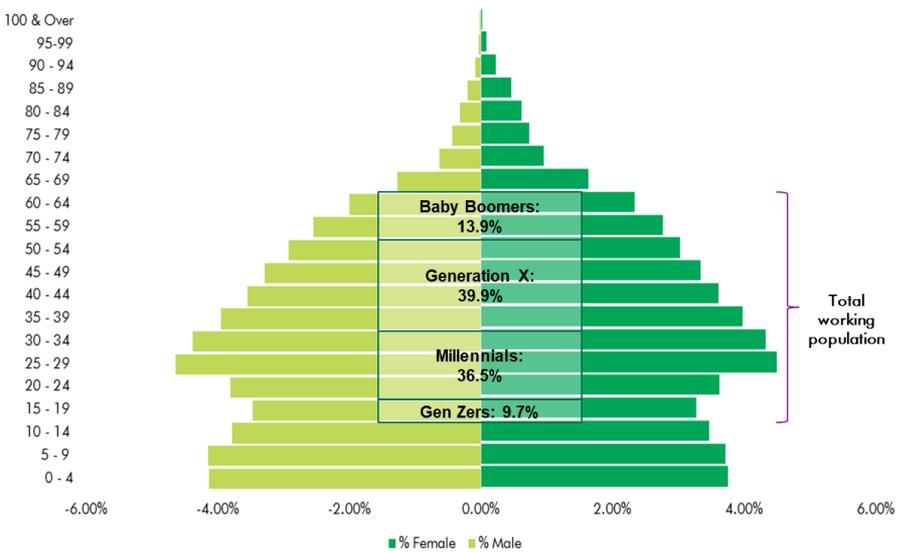
Vietnam's current population is around 96.2 million people, with the percentage of

elderly people at around **11.7%**.

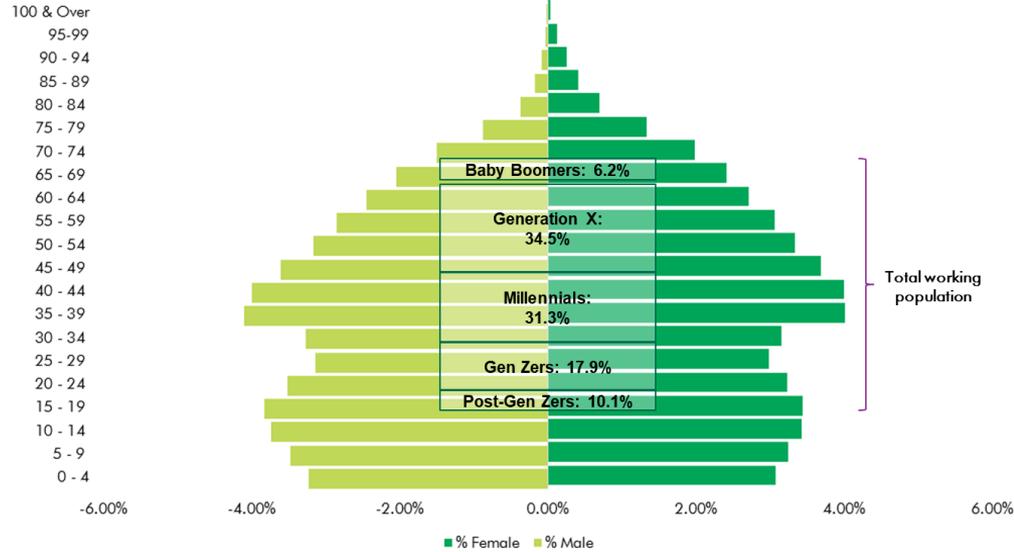
There could be around **12.9%** of

people over 65 in 2030 and **23%** in 2050 according to forecast of the United Nations.

VIETNAM WILL BOAST A STRONG MILLENNIAL WORKFORCE



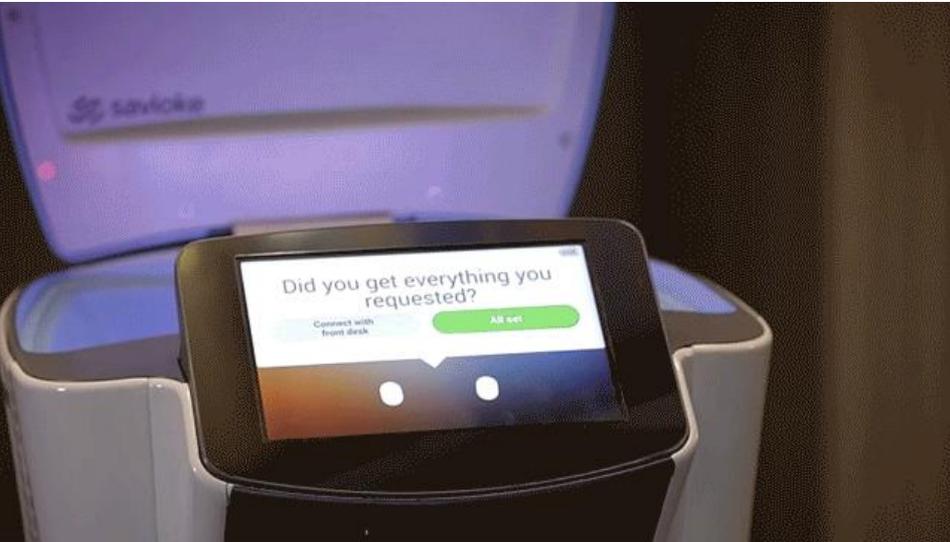
Current 2019



In 10 years

A FIFTH GENERATION WILL ENTER THE WORKFORCE

AUTONOMOUS TECHNOLOGY IN OFFICES AND SHOPS



Source: <https://www.roboticgizmos.com/penny/>
<https://www.hotelmanagement.net/tech/hotel-jen-installs-relay-autonomous-robots>

PEOPLE - IMPLICATIONS FOR REAL ESTATE



A 5G+
Workforce

Integrate
tech and
people

- Gen Z'ers in the workforce
- Artificial intelligence as colleagues
- Workplaces as networks



Greater
Agility

Faster
adaption
of agile
working

- Agile networks
- Space on demand
- Innovation and knowledge sharing



Life and Work

Curated
experie
nces

- Hotelisation of office space
- Wellness in the workplace
- Omni-channel experiences



Earth



TOP FIVE GLOBAL RISKS IN TERMS OF LIKELIHOOD

	2009	2011	2013	2015	2017	2019
1 st	Asset Price Collapse	Storms and Cyclones	Severe Income Disparity	Interstate Conflict With Regional Consequences	Extreme Weather Events	Extreme Weather Events
2 nd	Slowing Chinese Economy (<6%)	Flooding	Chronic Fiscal Imbalances	Extreme Weather Events	Large-scale Involuntary Migration	Failure of Climate-change Mitigation and Adaption
3 rd	Chronic Disease	Corruption	Rising Greenhouse Gas Emissions	Failure of National Governance	Major Natural Disasters	Natural Disasters
4 th	Global Governance Gaps	Biodiversity Loss	Water Supply Crisis	State Collapse or Crisis	Large-scale Terrorist Attacks	Data Fraud/Theft
5 th	Retrenchment from Globalisation	Climate Change	Mismanagement of Population	High Structural Unemployment or Underemployment	Massive Data Fraud/Theft	Cyber-attacks

■ Economic
 ■ Environmental
 ■ Geopolitical
 ■ Societal
 ■ Technological

Source: The Global Risks Report 2019, 2019, World Economic Forum

SOUTHEAST ASIA AND INDIA ARE MOST VULNERABLE TO CLIMATE RISKS

Higher risk ↑

Country	Average Ranking (1998 -2017)	Absolute loss per year (in US\$ million PPP)	Losses per unit of GDP in % per year
Philippines	5	2,932	0.58
Vietnam	9	2,065	0.52
Thailand	13	7,895	0.94
India	14	12,823	0.26
Australia	36	2,394	0.25
China	37	36,601	0.29
Taiwan	42	989	0.13
Indonesia	69	1,799	0.08
Korea	80	1,121	0.08
New Zealand	88	313	0.23
Japan	93	2,738	0.06
Malaysia	116	182	0.03
Singapore	180	2.9	0.001

Lower risk ↓

Source: The Germanwatch Global Climate Risk Index 2019, Germanwatch and Munich Re NatCatServices

THE STRAITS TIMES

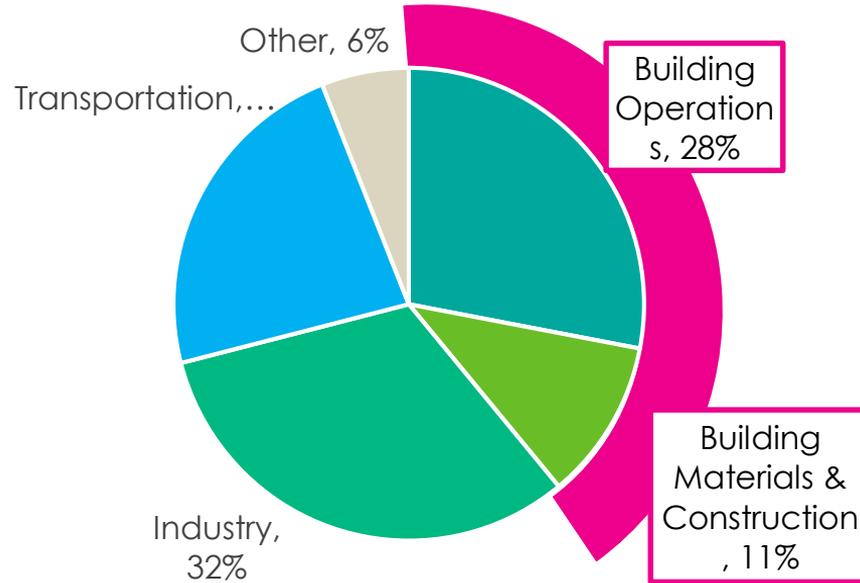
SINGAPORE POLITICS ASIA WORLD VIDEOS MULTIMEDIA LIFESTYLE FOOD FORUM OPINION BUSINESS SPORT MORE

Rising seas will erase more cities by 2050, including Ho Chi Minh City, Bangkok and Mumbai, new research shows



SOURCES OF GREENHOUSE GAS EMISSIONS

The real estate sector accounts for 40% of global carbon dioxide emissions



Source: Global Alliance for Buildings and Construction. 2018 Global Status Report

NET ZERO ENERGY BUILDINGS HAVE ARRIVED

1/ Design an energy efficient building



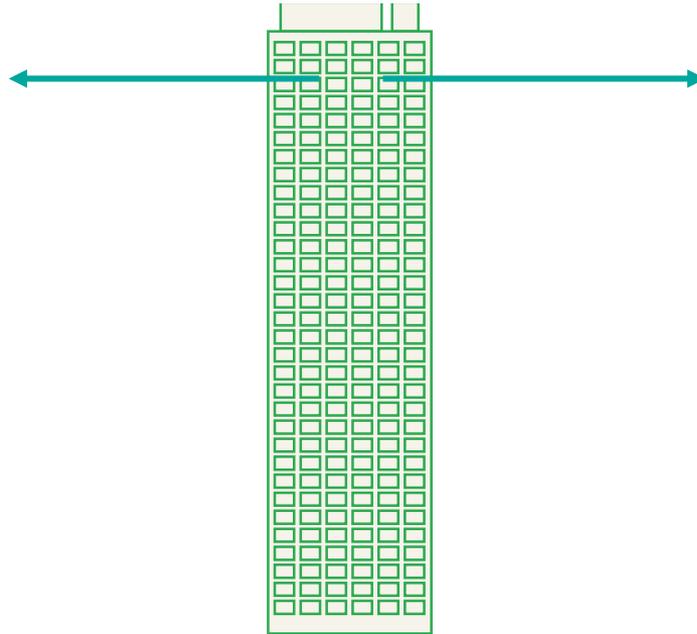
Efficient building envelope/
daylighting



Passive heating/
cooling/ ventilation



Efficient systems/
equipment/ controls



2/ Address remaining energy needs with:



On-site
Renewable
energy



And/ or off-site
Renewable energy



DID YOU KNOW?



Solar energy is cheaper than fossil fuels



The payback period for energy saving measures is less than ten years



Carbon trading is driving a transition to a low-carbon economy



City



ASIA HAS THE WORLD'S FASTEST URBANISATION RATE



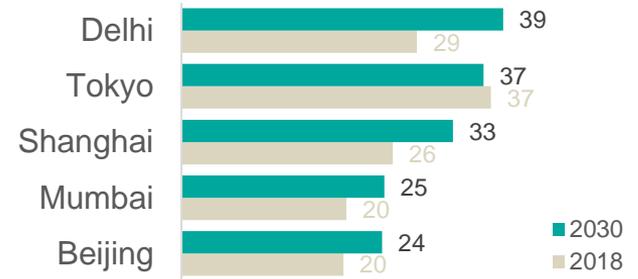
Note: * APAC includes China, Hong Kong, Macau, Taiwan, South Korea, Japan, India, Cambodia, Indonesia, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam, Australia and New Zealand
Source: United Nations, CBRE Research, May 2019.

22 CITIES IN ASIA PACIFIC WILL HAVE A POPULATION OF MORE THAN TEN MILLION BY 2030

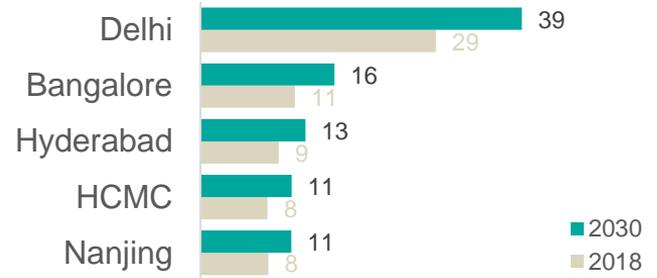


Mega city refer to city's population above 10 million.
Source: United Nations, CBRE Research, May 2019.

Largest Mega Cities



Fastest growing Mega Cities

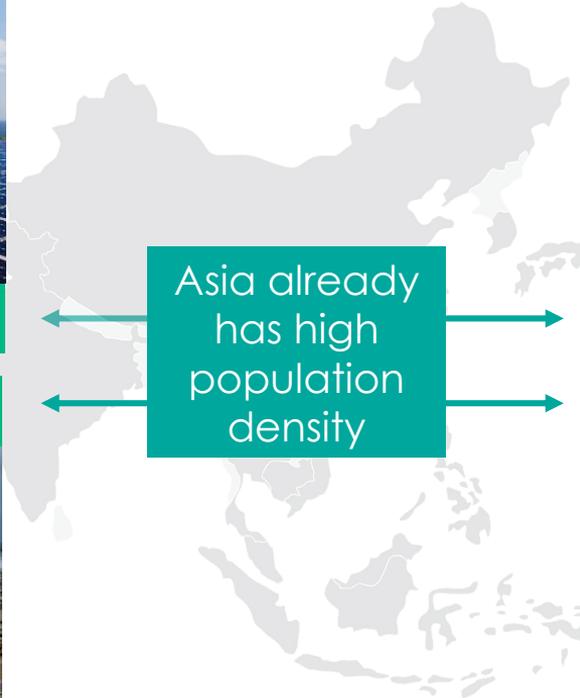


RAPID URBANISATION IS CREATING SIGNIFICANT CHALLENGES



ENERGY

POLLUTION



Asia already has high population density



TRAFFIC CONGESTION

LIVING QUALITY



ASIA PACIFIC IS SET TO INVEST US\$23 TRILLION IN TRANSPORT INFRASTRUCTURE BY 2040



Airports
US\$1.0
trillion



Ports
US\$1.0
trillion



Railways
US\$6.5
trillion



Roads
US\$14.4
trillion

Markets that will each invest more than US\$200 billion in transport infrastructure from 2016-2040

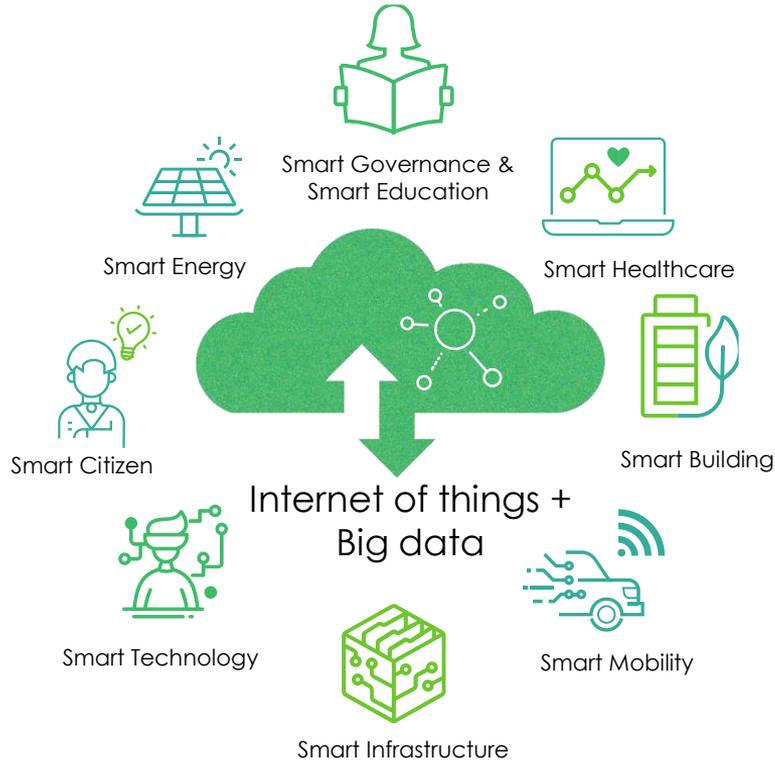
China

China

China
India
Japan

China
Japan
Indonesia
India
Australia
Korea

SMART CITIES CAN HELP CREATE A MORE SUSTAINABLE LIVING ENVIRONMENT



Traffic congestion



Living quality



CITY - IMPLICATIONS FOR REAL ESTATE



More smart buildings

- **Landlords:** Lower operating costs and higher sustainability
- **Occupiers:** Enhanced user-experience, better connectivity and more efficient use of office space
- Align with smart city planning and adopt complimentary technological infrastructure



Faster decentralisation

- Remote working enabled by technology
- Stronger interest in non-traditional business districts close to residential areas due to shorter commuting times



Transportation opportunities

- Improved accessibility to support decentralisation
- Station-based and transport oriented development (TOD)



Property

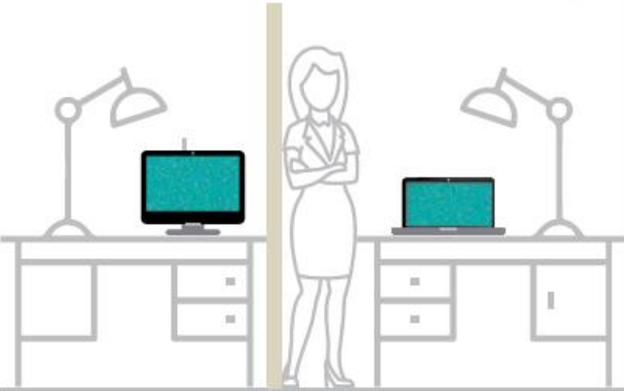


CLOUD ADOPTION IN THE WORKPLACE

TRADITIONAL WORKSPACE

VS

CLOUD ENABLED WORKSPACE

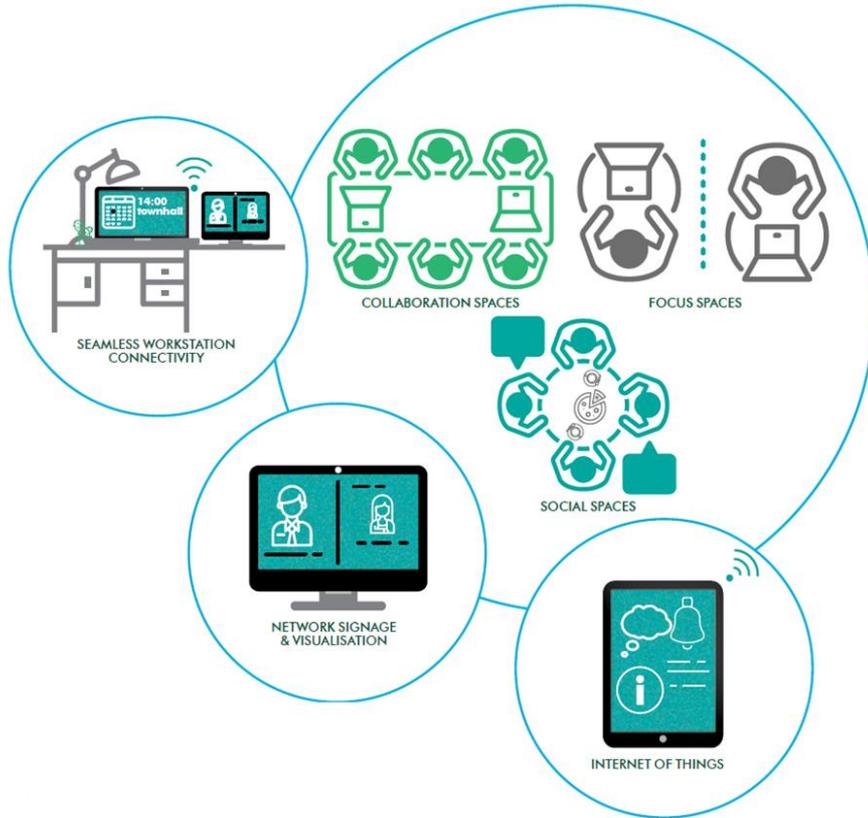


Employees have dedicated workspaces, with key administrative functions, and critical technology infrastructure all concentrated at a central location.



Business functions are spread across multiple hubs that scale according to business needs, while technology infrastructure is cloud-based. Employees work freely across teams and locations using online platforms and collaboration tools.

WORKPLACE TRANSFORMATION



The traditional office and ways of working will continue to evolve and will eventually comprise a combination of **focus, collaborative** and **shared** spaces

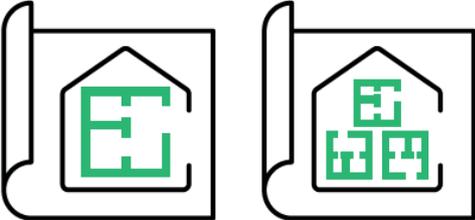
SHARING IS THE NEW NORM



- Car hailing can replace up to **FOUR** cars



- Each home share can reduce up to **THREE** additional housing units



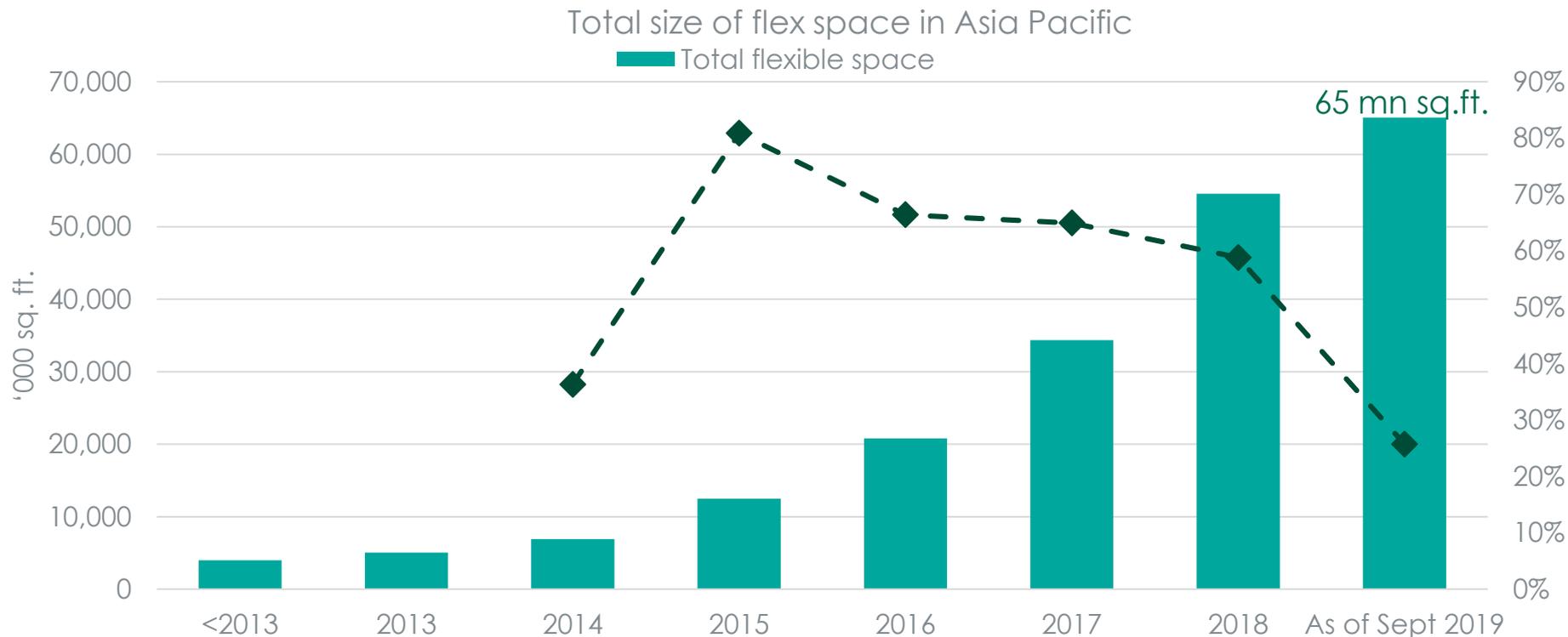
- **FIVE out of FIVE** office buildings have flexible office components





**The future of ridesharing:
Air taxis based on drone technology
will transform mobility and logistics in urban cities**

THE FUTURE OF FLEX SPACE



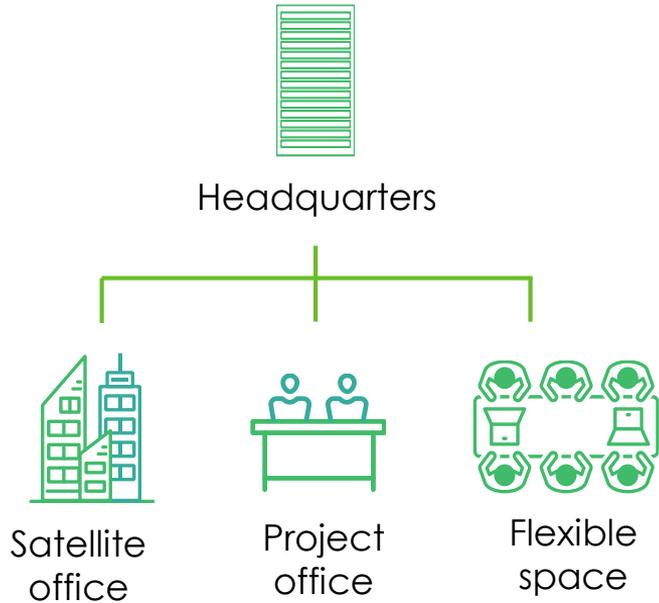
Source: CBRE Research, October 2019.

Note: Agile space includes serviced offices and co-working space located in both office and non-office space. Incubators or accelerators are not included.

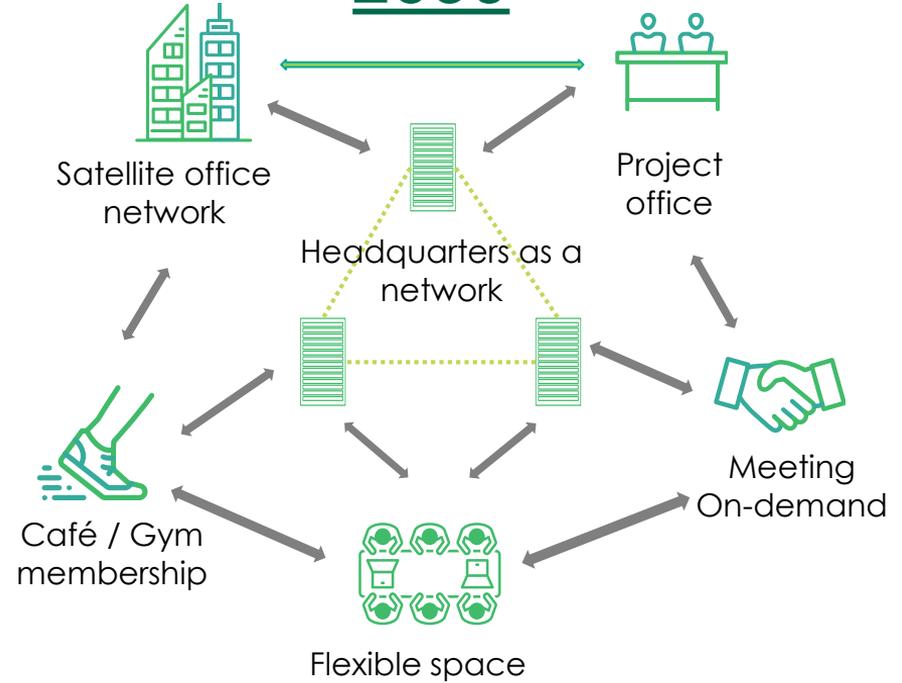
Includes 18 Asia Pacific markets: Beijing, Shanghai, Shenzhen, Guangzhou, Hong Kong, Taipei, Seoul, Tokyo, Singapore, HCMC, Hanoi, Bangkok, New Delhi, Bangalore, Mumbai, Sydney, Melbourne and Auckland.

AGILITY HAS ALREADY GONE BEYOND COWORKING

NOW



2030



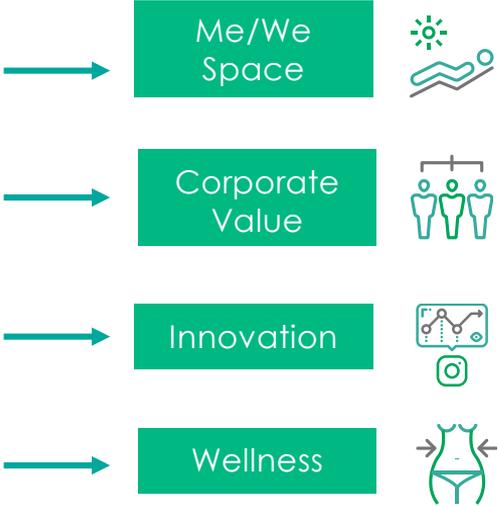
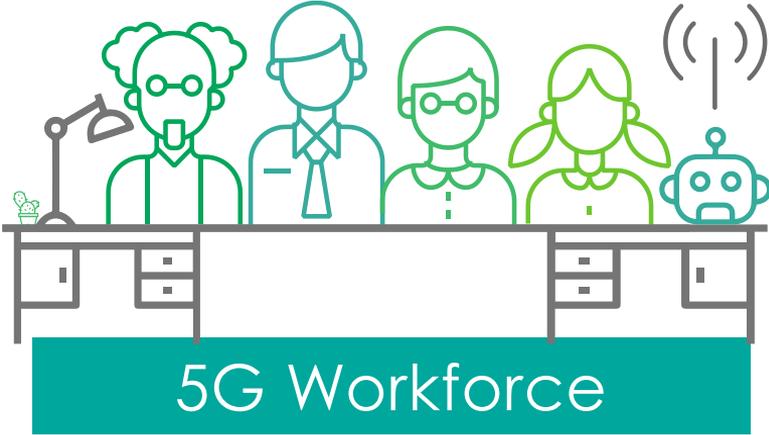
What does this mean for
OCCUPIERS?

LONGER TERM VIEW TOWARDS PORTFOLIO STRATEGY

WORKPLACE

BUILDING

PORTFOLIO

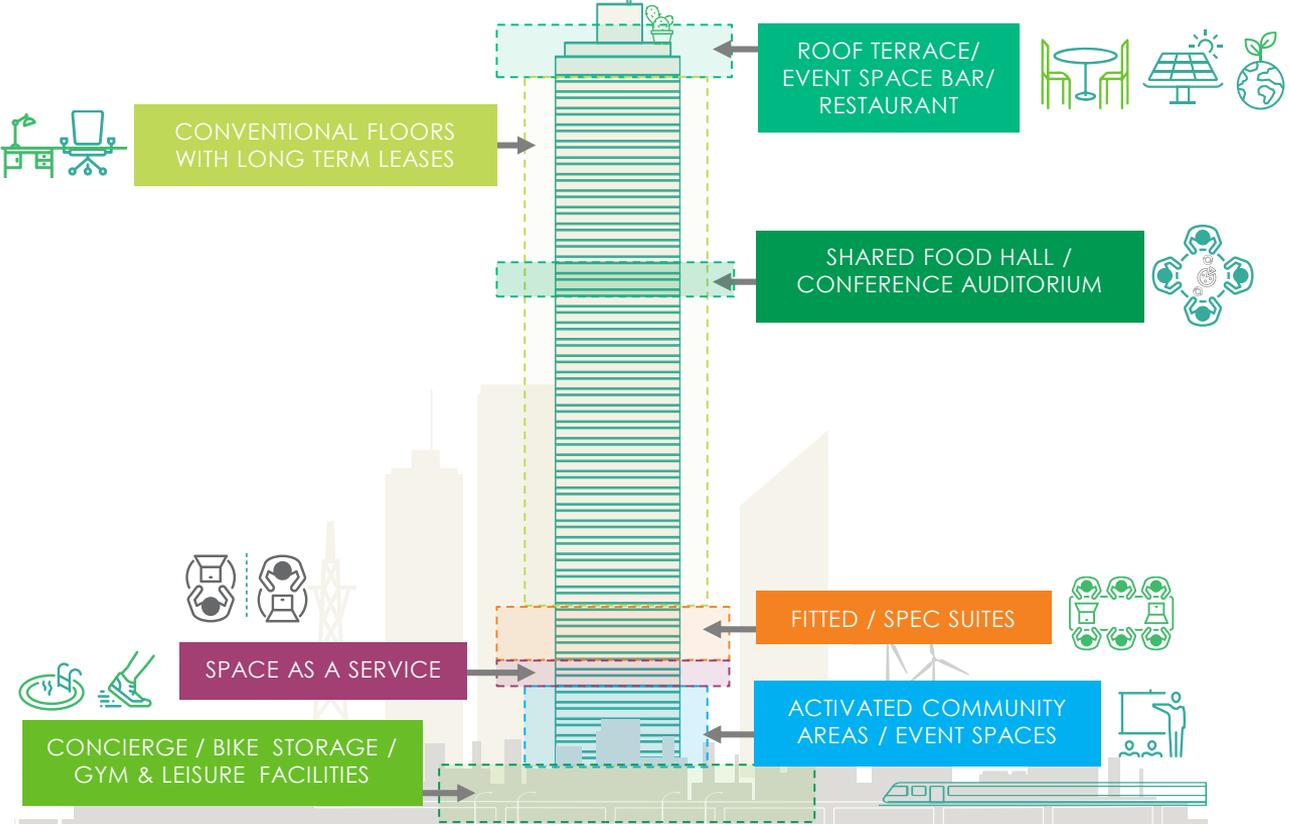


LONGER TERM VIEW TOWARDS PORTFOLIO STRATEGY

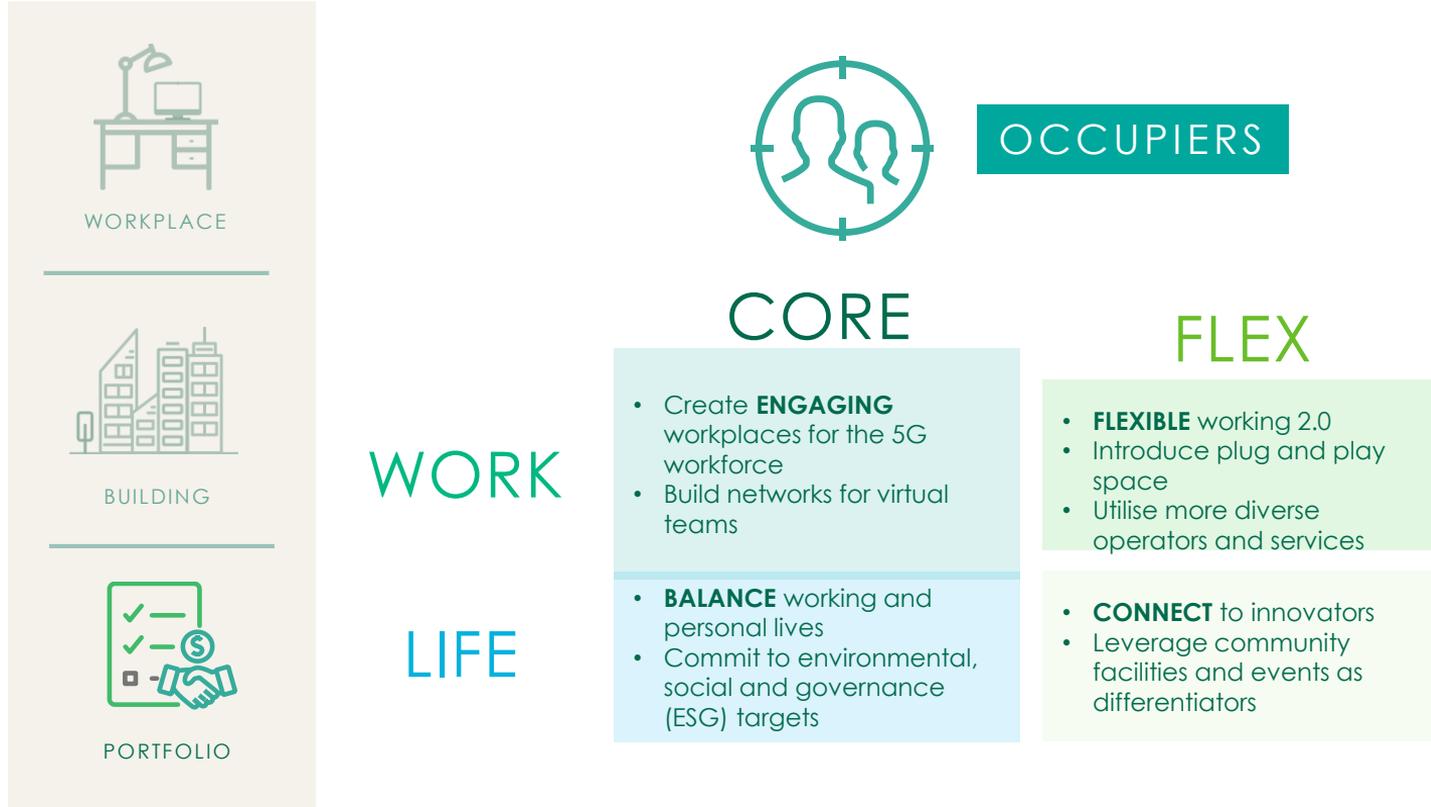
WORKPLACE

BUILDING

PORTFOLIO



COMPONENTS OF A LONGER TERM PORTFOLIO STRATEGY





THANK YOU

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THANK YOU

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