Juwai IQI

MONTHLY NEWSLETTER

- AUGUST 2020 -

Global Economic Outlook:
GROPING for RECOVERY
IS IT POSSIBLE?

Financial markets are taking a breather. COVID-19 cases are showing mixed results in various economies. Central banks are lowering discount rates, and Geopolitical risk is taking a different path between China and India. Above all, macroeconomic stability is waiting to come back into the landscape. It looks like an arduous task. Policymakers and financial markets are struggling to comprehend the recovery path for the global economy. Alchemy of finance is changing continuously at a rapid pace as sophisticated and smart investors are going back to basics such as tangible assets.

Central Banks, Yield Curve, QE And Zero Interest Rates Policy

The Fed is rightly wary of embarking on yield curve control

Reviving a policy last used in the second world war era should not be undertaken lightly

MICHAEL MACKENZIE + Add to myFT

Today's quiescent bond market buys Federal Reserve officials some time to decide whether to cap the level of Treasury yields © AFP via Getty Images

Michael Mackenzie JULY 4 2020

Central banks have taken sole responsibility in delivering economic outcomes. They are getting the spotlight due to the lowering of discount rates and how monetary policy is shaping up the economic outlook for many economies. In the last two years, monetary and fiscal policy has gotten into action simultaneously as one policy alone can't bring about confidence in the economic landscape. All the governments are focusing on maintaining macroeconomic stability that drives economic confidence. In 2020, 31 central banks have lowered their discount rate, and we are heading for a lower discount rate regime. Yield curves are sending mixed signals to the market players. QE is reaching Indonesia, and the finance minister has signaled its launch. Many advanced economies will remain under ZIRP for the next two years. In my opinion, more businesses will require FED's help, if not, they are heading for massive bankruptcies. Tough times are ahead for many industry players.

Who is going to save #Europe??

ANGELA MERKEL is the LAST HOPE

Europe is struggling at the moment. Angela Merkel is someone I really admire because of her integrity, credibility and substance. She articulates her thoughts with complete command and authority. Can Europe survive economic turbulence in the next 2-3 years? Germany is Europe, and Europe is Germany. Angela is the leader of Europe. Europe's economy will become one-third of the global economy in the next 2-3 years. Investors are losing confidence due to zero impact of policy levers and unstructured economic strategy in the eurozone area.

Equity Market Insights:

3 KEY VARIABLES for SOPHISTICATED INVESTORS

Investors are perplexed and finding it hard to fathom the forward direction of the market. It's fatuous to suggest good companies are withering on the vine. So, what're the key variables for equity investors to look for:

- Yield
- Inflation
- Growth

The irony of equity investors getting the jitters now is not over yet. It would continue as market rallies on low rates and suddenly goes down on single bad news or geopolitical moves. Opportunities are there in the market, and it depends on the investor's perspective to see them.

Malaysia Economic Outlook:
HEADING for STABILITY

Malaysian consumers are coming back in the market, and consumption remains strong. Domestic tourism is picking up, and places like Penang and Melaka are witnessing more tourists in the area. Bank Negara Malaysia has lowered discount rate from 3% to 1.75 per cent in the last six months, signaling accommodative monetary policy in the ASEAN region to stay for the next two years. We expect the Malaysian economy to grow between 1 and 2 per cent and Ringgit to maintain its structural stability and meander around 3.97 to 4.30 / USD in 2020.


Myanmar cops step up patrols at sacred site in Bagan after a spate of looting. > 16

The Star
people's paper

Business & Finance

TUESDAY 7 JULY 2020

A great start for July

Flagship shopping malls in the Klang Valley are recording gradual retail recovery with crowds returning in healthy numbers, and consumer spending picking up with promotions galore. Local tourism has also spiked, with states such as Melaka and Penang experiencing traffic congestion in city centres last weekend, caused largely by day trippers and holidaymakers.
> See reports on page 3

Technology Section

Latest FROM Economic Intelligence Unit about the outlook for IoT. The Internet of Things will benefit sectors previously impervious to digital transformation.

An infographic by The Economist Intelligence Unit

The Internet of Things will benefit sectors previously impervious to digital transformation

Supported by 中国电信 CHINA TELECOM Connecting the World

Potential of IoT identified through its five key capabilities

- **Connecting**: Integrated and connected devices that bridge the gap between the digital and the physical world.
- **Collecting**: Sensors collect data from the object, which can be used to inform other functions
- **Monitoring**: Remote monitoring which provides a rich, detailed snapshot of the world in real time
- **Monetising**: New data streams bring with them significant opportunities for new revenue streams
- **Optimising**: New levels of efficiency providing potential cost, energy or time savings

Energy

Apartimentum are smart apartments in Hamburg that have connected meters allowing apartments to be heated or cooled automatically based on occupation levels.

Healthcare

myAirCoach produces smart inhalers, IoT-enabled devices that collect and crunch data that can predict potential asthma attacks up to a week in advance.

Logistics

Traxens, a logistics data specialist, has developed sensors for inside containers to track conditions, including temperature, humidity, pressure and movement.

Retail

Geek+ uses software-powered robotics and intelligent warehouse management systems to make retail supply chains more efficient, flexible, safe and agile

Transport

Zipcar is a vehicle sharing platform where cars are equipped with an IoT-enabled 'black box' connected to the ignition, users' phones act as the "key" to start the engine.

Source: The Economist Intelligence Unit analysis

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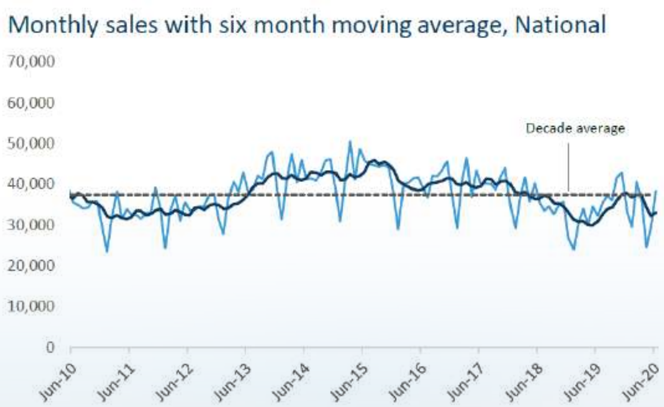
Australia

Residential

Following a 0.4 per cent decline in May, the CoreLogic Home Value Index recorded a second consecutive month of falls, with the national index down 0.7 per cent in June. Each of the five largest capital cities recorded a decline in home values over the month, ranging from a drop of 1.1 per cent in Melbourne and Perth to 0.2 per cent in Adelaide.

Despite values being down in June, estimates of market activity showed a further improvement from the April low. After a (revised) 21.5 per cent surge in sales activity through May, CoreLogic's estimate of home sales in June was up a further 29.5 per cent.

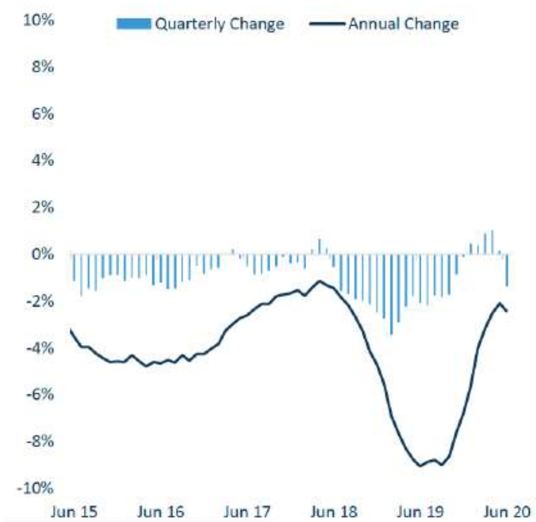
CoreLogic estimates that national settled sales bounced back remarkably over May and June, increasing a further 29.5 per cent over the month.



Index results as at June 30, 2020

	Change in dwelling values				
	Month	Quarter	Annual	Total return	Median value
Sydney	-0.8%	-0.8%	13.3%	16.7%	$875,749
Melbourne	-1.1%	-2.3%	10.2%	13.8%	$683,529
Brisbane	-0.4%	-0.2%	4.4%	8.4%	$503,148
Adelaide	-0.2%	0.7%	2.0%	6.5%	$440,267
Perth	-1.1%	-1.4%	-2.5%	1.6%	$441,977
Hobart	0.3%	1.0%	6.4%	11.9%	$487,827
Darwin	0.3%	0.4%	-1.5%	5.7%	$387,914
Canberra	0.1%	0.7%	6.3%	11.2%	$639,965
Combined capitals	-0.8%	-1.1%	8.9%	12.5%	$641,671
Combined regional	-0.2%	0.3%	3.7%	8.5%	$394,570
National	-0.7%	-0.8%	7.8%	11.7%	$554,741

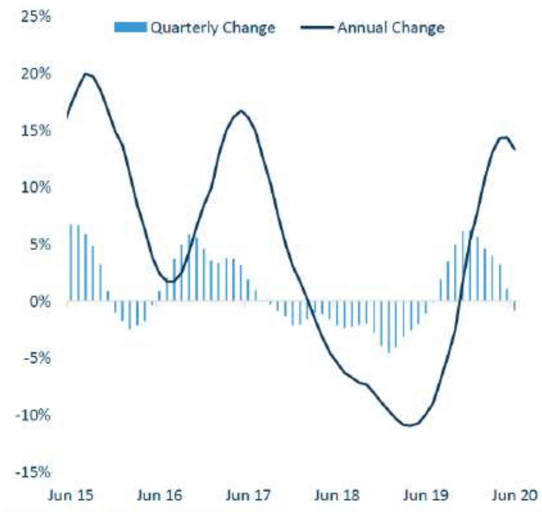
Quarterly and annual change in dwelling values - Perth



Perth

- Perth dwelling values were down -1.1 per cent in June.
- Dwelling values decreased -2.5 per cent in the quarter.
- Perth dwelling values are down by-2.5 per cent in the past year.
- Perth dwelling values are now -21.8 per cent below the record high, which was in June 2014.

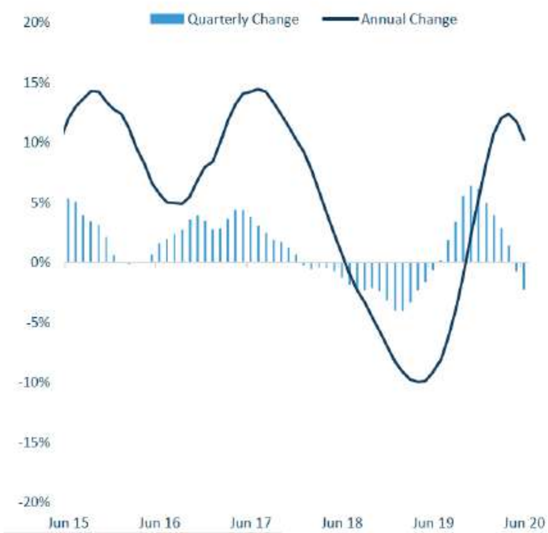
Quarterly and annual change in dwelling values - Sydney



Sydney

- Sydney dwelling values fell by -0.8 per cent in June.
- Dwelling values were down -0.8 per cent in the quarter.
- Sydney dwelling values are up by 13.3 per cent in the past year.
- Sydney dwelling values are -3.5 per cent below the record high, which was in July 2017.

Quarterly and annual change in dwelling values - Melbourne



Melbourne

- Melbourne dwelling values fell by -1.1 per cent in June.
- Dwelling values fell -2.3 per cent in the quarter.
- Melbourne dwelling values are up by 10.2 per cent in the past year.
- Melbourne dwelling values are -2.3 per cent from the record high, which was in March 2020.

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Quarterly and annual change in dwelling values - Brisbane

Brisbane

- Brisbane dwelling values fell by -0.4 per cent in June.
- Dwelling values declined -0.2 per cent in the quarter.
- Brisbane dwelling values are up by 4.4 per cent in the past year.
- Brisbane dwelling values are -0.5 per cent below the record high, which was in April 2020.

Office

The Coronavirus pandemic has upended the status quo for property markets across the nation and among the sectors most affected is the commercial office space. Business tenants found income streams drying up almost overnight as they restructured to reduce costs and endure the pandemics fallout. This included closing up their brick-and-mortar places of business and encouraging employees to work from home. This month, we will provide on-the-ground analysis of the Coronavirus impact on the office sector, as well as some educated predictions on how this market will continue to be influenced both now and once the crisis passes.

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Residential

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- CoreLogic estimates that national settled sales bounced back remarkably over May and June, increasing a further 29.5 per cent over the month.

Commercial

- TRREB reported 4,601,809 square feet of leased space through TRREB's MLS® System in Q1 2020 for all lease transactions types across the industrial, commercial/retail and office market segments.

- It should be noted that a major driver of this decline was a dip in the number of deals for space greater than 100,000 square feet completed in Q1 2020 versus Q1 2019.

- It is important to note that annual changes in average lease rates can be a result of changing market conditions and changes in the mix of properties leased from one year to the next, in terms of location, size, property type mix and other related variables.

Retail

- Total commercial sales in Q1 2020 were down by 51 sales to 229, from 280 in Q1 2019. Sales in the industrial sector amounted to 68 in Q1 2020 – down from 110 sales in Q1 2019. Commercial/retail sales were down from 112 in Q1 2019 to 107 in Q1 2020. Office sales were 54 in Q1 2020, a drop from 58 sales in Q1 2019.

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Vancouver

- Home buyers and sellers have gradually become more active in each month of the COVID-19 pandemic. In June, home sale and listing activity in Metro Vancouver* returned to more historically typical levels.
- The Real Estate Board of Greater Vancouver (REBGV) reports that residential home sales in the region totaled 2,443 in June 2020, a 17.6 per cent increase from the 2,077 sales recorded in June 2019, and a 64.5 per cent increase from the 1,485 homes sold in May 2020.
- Last month's sales were 21.9 per cent below the 10-year June sales average.

Montreal

Summary of Residential Activity

	June			Year-to-date		
	2020	2019	Variation	2020	2019	Variation
Total sales	10,931	8,127	35%	49,766	52,639	-5%
Active listings	41,302	56,760	-27%	45,595	60,364	-24%
New listings	12,422	10,750	16%	61,323	77,831	-21%
Sales volume	$3,751,966,796	$2,605,996,740	44%	$16,312,173,229	$16,230,478,706	1%

Detailed Statistics by Property Category

	June			Year-to-date		
Single-family home	**2020**	**2019**	**Variation**	**2020**	**2019**	**Variation**
Sales	7,729	5,367	44%	34,208	35,252	-3%
Active listings	27,034	39,231	-31%	31,448	40,892	-23%
Median price	$285,000	$264,100	8%	$275,000	$260,000	6%
Average selling time (days)	111	96	15	101	100	1
Condominium	**2020**	**2019**	**Variation**	**2020**	**2019**	**Variation**
Sales	2,316	1,995	16%	11,615	13,079	-11%
Active listings	9,246	11,271	-18%	8,854	12,779	-31%
Median price	$269,000	$242,000	11%	$252,000	$235,000	7%
Average selling time (days)	68	91	-23	78	97	-19
Plex (2-5 units)	**2020**	**2019**	**Variation**	**2020**	**2019**	**Variation**
Sales	824	718	15%	3,711	4,068	-9%
Active listings	4,485	5,611	-20%	4,708	6,026	-22%
Median price	$390,000	$430,000	-9%	$405,000	$410,000	-1%
Average selling time (days)	103	104	-1	99	100	-1

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Residential

- Dubai's real estate sector is gradually returning to normal, driven by stimulus packages and initiatives launched by the government and its departments in the past few months.

- The report shows that the value of transactions for the second quarter of 2020 exceeded Dh24.5 billion with 7,834 deals, while the total number of deals during the January-June period reached at 22,779, representing a total value of Dh72.5 billion.

- It's too early to predict the extent of the economic fallout from the current crisis as Dubai went into total lockdown from mid-March through most of April, allowing residents to leave their homes only with an official permit, even to buy groceries.

Retail

- Some upmarket neighbourhoods in the city even recorded slight price increases for the first time in years, including Dubai Marina, a popular coastal community among expatriates.

- With the recent stimulus package announced by the UAE government, it will help Dubai's property sectors to recover quickly.

- In last three months, DLD completed 100,000 transactions electronically during the Covid-19 phase with 25 service centres in Dubai.

Commercial

- Average sales prices in the city's luxury communities are already down 20% to 30% from their last peak in 2014. But with the pandemic postponing many of Dubai's developments, market analysts broadly agree that home values, at the very least, will collapse in the coming year.

- In the upcoming months, opportunities for buyers with a long-term view will grow — especially for expats who've made a home there, local Emiratis, frequent visitors or investors seeking rental income.

- Furthermore, the real estate sector plays an important role in speeding up recovery in the broader businesses sector.

Residential

- Residential properties are on the rise in major markets in Malaysia, despite the Covid-19 pandemic, this is according to the latest PropertyGuru Malaysia Property Market Index report.
- Reports show that there has been a marginal improvement. A 0.63 per cent increase can be seen from 88.90 per cent in Q4 2019 to 89.46 per cent in Q1 2020.
- A nationwide study by Juwai IQI showed that residential property prices due for a surge in 2021.
- In its Q1 2020 Property Index and Survey for Malaysia, Juwai IQI predicted that residential property prices would remain stagnant this year with an increase of only 1.1 per cent.
- The drop in the number of property transactions due to the MCO was causing property prices to stagnate.
- The industry is optimistic about a post-pandemic recovery and expects residential prices to rise by 8.6 per cent in 2021.
- Selangor showcased the highest rise in asking prices, increasing 1.94 per cent from 91.43 in the Q4, 2019 to 93.20 in Q1 2020.
- Kuala Lumpur had a 1.81 per cent increase from 94.90 to 96.62 over the same period.
- The upswing points towards a strong interest in the central region, which is in line with increased investor activity in high-rise projects closer to metropolitan areas during crisis years.
- The PropertyGuru Malaysia web traffic showed an increase in the search for high-rises and condominiums priced from RM900, 000 to RM2 million between March and early April.
- Penang and Johor saw asking price downtrends continuing from recent years, though declines were at 0.13 per cent and 0.59 per cent respectively.
- Penang saw its index fall from 95.39 in Q4, 2019 to 95.27 in Q1, 2020.
- Johor saw a decrease across major markets, from 99.59 to 99.00 over the same period.


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Malaysia Property Market Index (Overall Price)
Price Index (Base = 100)
2016
2017
2018
2019
2020
Units on y-axis in points
Source: PropertyGuru Analytics


Malaysia Property Market Index (Selangor, Price)
PropertyGuru
Price Index (Base = 100)
-1.99
1.94
95.1
95.1
91.51
91.43
93.20
2016
2017
2018
2019
2020
Units on y-axis in %
Source: PropertyGuru Analytics


Malaysia Property Market Index (Penang, Price)
Price Index (Base = 100)
-2.01
-0.13
97.23
96.81
95.74
95.39
95.27
2016
2017
2018
2019
2020
Units on y-axis in %
Source: PropertyGuru Analytics

Commercial

Greater Pressure on Economic Growth

Malaysia's economy grew by 3.6 per cent in Q4 2019 in comparison to 4.4 per cent in the previous quarter. Malaysia Central Bank stated that the country's domestic economy would be impacted by the necessary actions taken globally and domestically to contain Covid-19 outbreak. Inevitably, the pandemic outbreak has placed immense pressure and uncertainty on the current markets, putting a pause on investment activities while weakening the economic growth.

Rental Growth to be impacted by Pandemic

The outbreak of Covid-19 and the directives from the government with Movement Control Order (MCO) have forced companies to limit their physical business activities while pushing tenants to encourage their staff to work from home. The current situation will lead to slower office demand as businesses and occupiers will likely put their real estate decisions of expansion or relocation on hold, resulting in lower demand for office space.

Additionally, the pandemic outbreak has created pressure for landlords and co-working space providers. Some landlords have provided rental rebates to their tenants while co-working office spaces are shutdown to limit operations during the MCO period. With people fearing that the pandemic may last months, tenants will opt for short term tenancy due to the uncertainty and more isolated office environments which almost resets the co-working trend.

With the continuous impact of Covid-19, tenants who are affected will endeavour to either surrender or terminate their contracts with the landlords, which result in the landlords reducing their rental rate aside from offering elevated concession packages to attract new tenants and retain the existing ones.

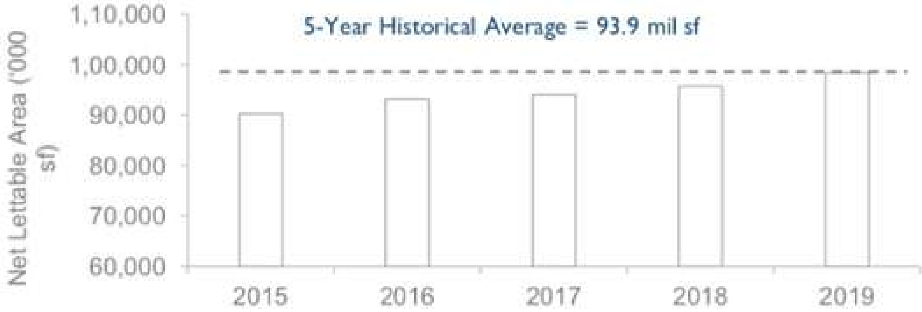
Supply of Commercial Market

As of the end of 2019, the supply of office space in the Kuala Lumpur Central Business District has recorded a total stock of approximately 54.17 million ft^2. The KL Fringe had a total of 44.29 million ft^2. Decentralized areas registered a total of 30.34 million ft^2. The existing supply of office buildings in the KL CBD is expected to face strong competition from recently completed office buildings in terms of retaining and attracting occupiers.

A new supply of office buildings scheduled to be complete by 2020 is to be postponed to 2021, adding a combined total of approximately 7.2 million ft^2 of new stock to the market in the next two years.

ALL GRADE CBD OVERALL RENT & VACANCY RATE

ALL GRADE CBD SUPPLY PIPELINE



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Residential

- Garden City by Golden Bay Fresh Landholdings, Inc. broke ground last May 2020 in Las Pinas-Talaba Diversion Road, Bacoor City, Cavite.
- Garden City will bring six 17-storey towers that feature sustainable construction materials, amenities, offices and retail strip in selected floors of the residential development for a balanced work and play lifestyle. Unit types that will be offered are 30-sqm studio units and 70-75-sqm 2BR units.
- Primehomes Real Estate Development, Inc. launched La Selva last April 2020. This is the second of four phases within the 3.6-hectare (ha) Primehomes Capitol Hills community development in Quezon City.

Office

- Filinvest City in Alabang is strategically located in 'garden' city of the south. This office development features LED light fixtures, heating-ventilation-air-conditioning-(HVAC) system, as well as regional and recycled materials for construction.
- Damosa Land, Inc. aims to complete its 20,000 sqm Diamond Tower within Damosa Complex, Davao City, by 3Q20.
- It is considered as one of the projects that Damosa is committed in constructing along with other residential and industrial projects in Mindanao due to Administrative Order No.18 and the moratorium of new economic zones in Metro Manila which both support provincial wide developments.

Retail

- Puregold Price Club, Inc. went through a 17 per cent y-o-y net income growth in 1Q 2020. The increase from PHP 1.51 billion to PHP 1.76 billion is largely attributed by sales due to the lockdown and low inflation rates where many people felt the need to purchase essential goods.
- Consolidated net sales grew from PHP 34.83 billion to PHP 40.95 billion wherein 77% of contributions were from Puregold Stores and 23 per cent were from S&R Membership Warehouse Clubs and S&R New York Style Pizza Stores.
- Foodpanda launched its grocery delivery services called 'shops' in partnership with retailers such as 7-Eleven and Fresh Mart.

Thailand

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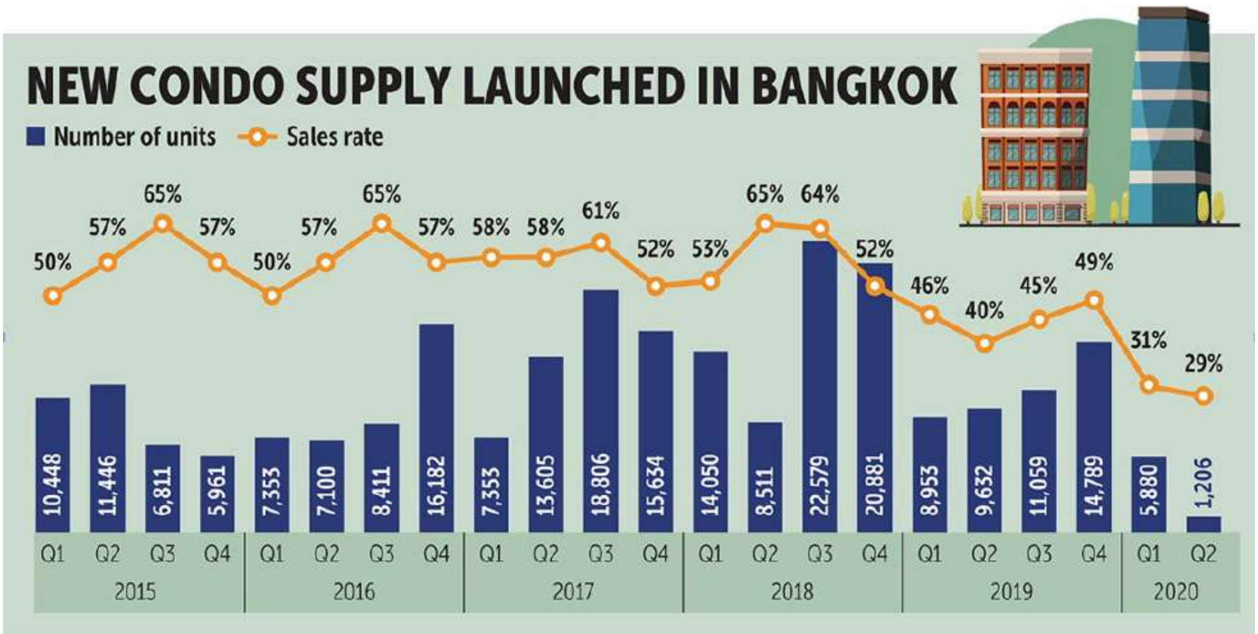
Residential

- As buyer sentiment continues to decrease, developers have to price their new launches at a competitive rate as neighbouring areas still have unsold ready-to-transfer supply.
- The majority of condo buyers prefer completed units because they can view the units and transfer immediately once the payment is made.
- Those units with discounts and campaigns have lower prices than newly launched supply.
- In Q2 2020, many developers with bloated condo inventory offered discounts of up to 40% to drain stock and generate revenue.
- Only one of the five projects launched in the second quarter was from a major developer, Pruksa Real Estate, whereas the rest were from non-listed and small firms.



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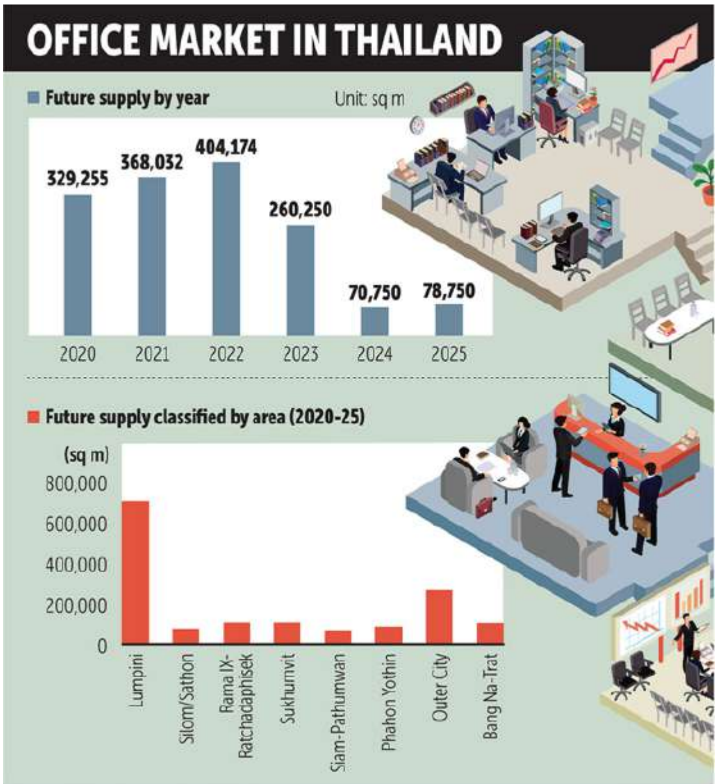
Office

- Despite the trend of remote working, analysts observes minimal impact on office properties, saying the market can cope with the effects of the pandemic with stricter safety and hygiene standards.
- JLL anticipates more corporate occupiers and individual users seeking additional levels of safety and stricter hygiene standards from the properties they utilise or visit.
- For office buildings, additional services such as temperature checks, hand sanitising and third-party certifications are the requirements clients are looking for at this time.



Source: Colliers International Thailand

BKPgraphics

Retail

- Shopping and retail mall tenants have been suffering from a massive drop of income that previously came from local and international customers, thus a few tenants have negotiated rental waivers or a temporary discount on rental fees.
- As a result, the average rental rates of retail malls in the downtown and midtown areas in Q1 2020 decreased by 24.9% and 28.2%, respectively, from the fourth quarter of 2019.
- The offline and online presence of retail malls and shops is convenient for customers and is a sustainable form of income for retailers.

Source: **Colliers, JLL**

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Vietnam

Residential

- This is the Ho Chi Minh City Condominium outlook in Q2 2020:
    1. 60% drop of new launch supply.
    2. 66% drop of sold units.
    3. 72% - average sold rate in newly launched projects.
    4. 4% increase in average selling price.
- In Q2 2020, a total supply of 292,034 units, 95% was sold.
- For new launch project, mid-end projects dominated the market with 55% in a total of 1,644 units in Q2 2020.
- Dong Nai and Long An, neighbouring provinces of Ho Chi Minh city, continues to be more active residential market with large township projects in well-connected areas.

	Luxury	High-end	Mid-end	Affordable
Supply	163 units 1 project ▼ 9% y-o-y	582 units 2 projects ▼ 65% y-o-y ▼ 61% q-o-q	899 units 4 projects ▼ 61% y-o-y ▼ 57% q-o-q	0 unit 0 project No new project in Q1
Selling price*	$6,300 ▲ 5% y-o-y 0% q-o-q	$2,564 ▲ 4% y-o-y 0% q-o-q	$1,479 ▲ 10% y-o-y ▲ 1% q-o-q	$939 ▲ 6% y-o-y 0% q-o-q
Sold units	107 units ▼ 30% y-o-y ▼ 41% q-o-q	479 units ▼ 72% y-o-y ▼ 75% q-o-q	958 units ▼ 65% y-o-y ▼ 33% q-o-q	37 units ▲ 85% y-o-y ▼ 82% q-o-q

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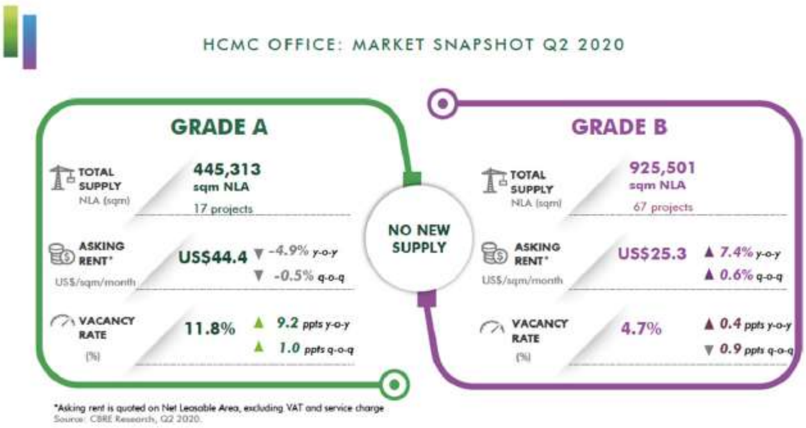
Vietnam

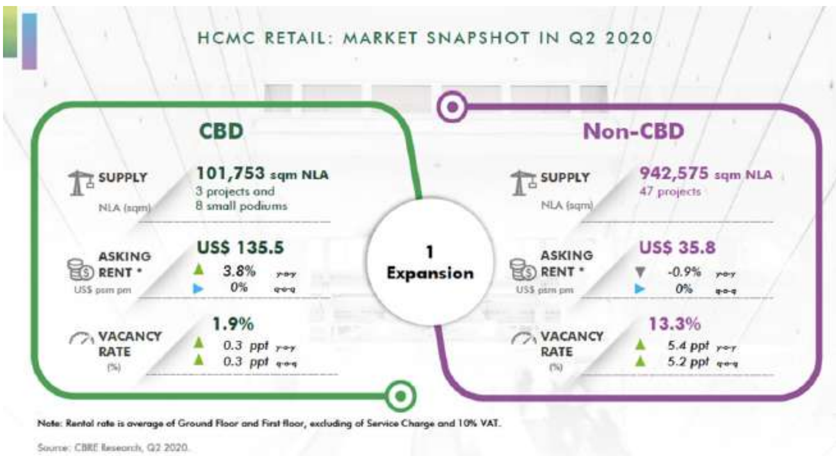
Office

- There is no new supply in Q2 2020.
- 72% of inquiries and transactions by purposes in Q2 2020 is about relocation, with 3 notable transactions involving to 3 main industries: manufacturing, tourism and chemicals.
- Operators' reactions towards fluctuated business performances include:
    > *Shorterm: Asset management or franchise*
    > *Longterm: Closure/Sublease of unprofitable centres, offer fee reduction & payment deferral, even for short term lease and put more focus on large enterprises*



Retail

- After Covid-19, shophouses are not performing significantly better due to:
    1. *Lack of international tourists*
    2. *Domestics tightening budget*
    3. *Shorter lease terms (2 3 years)*
    4. *Retailers focusing on business recovery over location*
- Due to Covid-19, retailers are serious about moving online with about 38% of retailers will focus on increasing online sales capacity while similar amount will reduce physical footprint.
- The Vietnamese government has unveiled a national e-commerce development plan for Vietnam, which will see the sector growing by 25% each year to reach US$35 billion in sales within the next five years.



IQI MOMENTS

Juwai IQI Anniversary

Wishing the Juwai IQI family a truly happy anniversary! May the merger of these two super brands bring forth positive and constructive change throughout the global real estate and technology industries.

Hari Raya Haji

We at IQI would like to wish our dear Muslim brothers and sister a very happy Hari Raya Haji, filled with happiness, splendid health and peace of mind.