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MONTHLY NEWSLETTER

JANUARY 2020

GLOBAL ECONOMIC OUTLOOK

FRAGILITY AHEAD

Global economy enters the next year with a lot of question marks, apprehensions, fears and nervousness from investors. Economic confidence looks to be in jeopardy. Policy levers in the US and Europe have reached their limits and can't go further. Both economies have many structural and productivity issues. Confidence and fear have become the two most important non-economic variables in the global macro equation. Markets are not settling down very soon. There will be a lot of bedlam in the market. Currency risk goes deeper in the equity and bond markets as most investors are caught off-guard. In the last 17 months, we have observed an asset flip. Bonds have become equities and equities have become bonds. Investors are chasing prices, not yield which is contrary to critical reasoning. US dollar will stay weaker in 2020 due to a few premises:

1. FED is going to lower rates further till Nov 3-2020 election. 3 rate cuts are possible.
2. Political bickering at the top makes a lot of bedlam in the market.
3. Trade war creates more uncertainty in 2020.
4. Treasury would borrow money from the market. It has borrowed $817 billion in the last 137 days.

DOLLAR LEVEL AGAINST VARIOUS CURRENCIES IN 2020

Euro	1.17	-	1.19
Pound	1.35	-	1.39
Canadian Dollar	1.27	-	1.30
Chinese Yuan	6.98	-	7.07
Swiss Franc	0.90	-	0.97
Aussie Dollar	0.67	-	0.73
Japanese Yen	95	-	102
Malaysian Ringgit	3.97	-	4.30

Source: Economist latest issue November 17-23/19, UBS — Year Ahead report 2020, WSJ, Financial Times, IQI Global market intelligence report.

FINALLY, MARKETS ARE UNDERSTANDING

LIQUIDITY CRISIS HAS COMMENCED

FED enters the banking industry in the USA. FED has injected $297 billion since Sept 15-2019 into the repo market, thus controlling the banking industry. FED has lost control of the market and is getting panicky now. Investors are finally getting nervous. Markets are not settling down very soon. Markets are in a mood now and can expect sharp turns in the equity landscape.

Fed Chairman Jerome Powell is under a lot of pressure from White House to cut rates. It is expected that FED will bring interest rates close to 1% or even lower before November 3-20 election date. QE4 will get more vigorous in the market. WSJ dated Dec 10-19 has shared the chaotic scenario. So what have we analysed from the markets in the last 11 years?

1. Too much money is floating in the financial system.
2. Asset prices have become overvalued.
3. Investors want to accumulate more wealth and continue to enjoy the market ride.
4. Investors are behaving irrationally.
5. The financial system is being stretched and getting fatigued.
6. Something is going to break in the end amid a sharp correction in the market.

TRADE WAR

TO LAST LONGER - CHINA HOLDS THE POWER

Phase 1 is complete and agreed but still, markets are not believing that it would last long. The trade war between China and USA will last longer and mainstream media got it all wrong again.

It would continue to linger on till 2021, thus causing more uncertainty to the global economy. The trade war is going to create a huge drag on Europe and allied economies. According to the latest report on Bloomberg: The Trump administration's trade war is ravaging exports to China across the U.S. and well beyond the farm belt, new data from the U.S. Commerce Department show. China is the new global and macro power.

STRUGGLING EUROPEAN BANKS OUTLOOK

NEGATIVE IS THE ONLY WORD THERE ARE NO POCKETS IN THE SHROUD

I had made a statement on April 21-2016 to the Malaysian reserve newspaper that Europe was dead. Some of my European friends jumped and said Europe would turnaround in 3 years. Europeans are living in a delusion of grandeur. REALITY BITES...European banks are facing problems due to negative interest rates. Most of these banks are struggling to trade above their book values. 60,000 jobs are slashed. Next year will be Fun-time in Europe as the chaos goes into the mainstream of business. Europe will keep on struggling due to:

1. Negative interest rates.
2. Brexit no clarity.
3. Slow growth.
4. Corruption.
5. Regulation and compliance cost.

CHINA TAKES LEAD IN TECHNOLOGY AND AI

Whoever takes lead in technology and AI will rule the global economy in the next 30-40 years. If you are still pondering upon 5G, China is working on the following :

1. 6G
2. Facial recognition
3. Surveillance industry
4. Reading people's emotion

China is moving at a much faster pace than any of its competitors. China's surveillance industry is already moving onto the next frontier of computer image recognition: identifying people by the way they walk and trying to read their emotions.

EMERGING MARKETS

WINNER ALL THE WAY

With lower interest rates regime happening next year, most of the Dollars and Euros would be pouring into the emerging markets. However, we can also witness hiccups along the way in the markets. The road along the highway has got bumps and investors need to gather market intelligence reports to stay ahead of the game in these tempestuous times.

GOLD OUTLOOK

SHINES AGAIN DUE TO DOLLAR WEAKNESS

Gold remains in the asset portfolio of many investors in 2020. Gold will outperform other precious metals in 2020. Gold will be trading between $1500 and $1700/oz next year taking into account many exogenous variables like Central bank buying, QE4 and negative interest rates, Brexit, US election, topsy-turvy market performance and struggling Europe. Gold is the only asset class with zero counterparty risk. The current bull market in Gold has commenced which is the third time in the yellow metal history. If we check the history and can get guidance from there :

YEAR	PRICE IN DOLLARS/OZ	PERCENTAGE APPRECIATION
1971 - 1980	$35 – $850	2328%
2001 - 2011	$257- $1923	648%
2015 - To-date	$1089- $1477	36%

Source: Economist, Market Intelligence Report, WSJ, FT

OIL MARKET

UPSURGE LOOKS INEVITABLE

The oil market will remain busy and in the mainstream media reporting due to possible production cuts coming in the energy market by June 2020. We foresee oil prices to be touching around $62 to $87/barrel next year. Premises are simple:

1. Dollar to stay weaker.
2. Geopolitical risk.
3. Production cuts.
4. Bankruptcies looming.

Stay on top of the game by gathering market intelligence reports to make strategic decisions.

Shan Saeed

Chief Economist of IQI Global

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RESIDENTIAL

- Market update - CoreLogic's national Home Value Index surged 1.7% higher over the month and delivered the fifth consecutive monthly increase, coupled with the largest monthly gain in the national index since 2003. Since finding its trough in June earlier this year, the national dwelling value index has recovered by 4.7%. Although values are recovering rapidly, at a national level home values remain 4.1% below their 2017 peak, tracking roughly at the same level as recorded in the January 2017 index results.

- Perth - In a significant turn of events for the Perth market, Perth housing rebound as national housing values mark five months of consistent growth, taking the national index back into positive annual growth territory for the first time since April 2018. Dwelling values have been trending lower since mid-2014, down a cumulative 21.3% through to the end of November. Over the past thirteen years, Perth has seen house values move from being the most expensive across the capital cities to now be the lowest; great news for first home buyers.

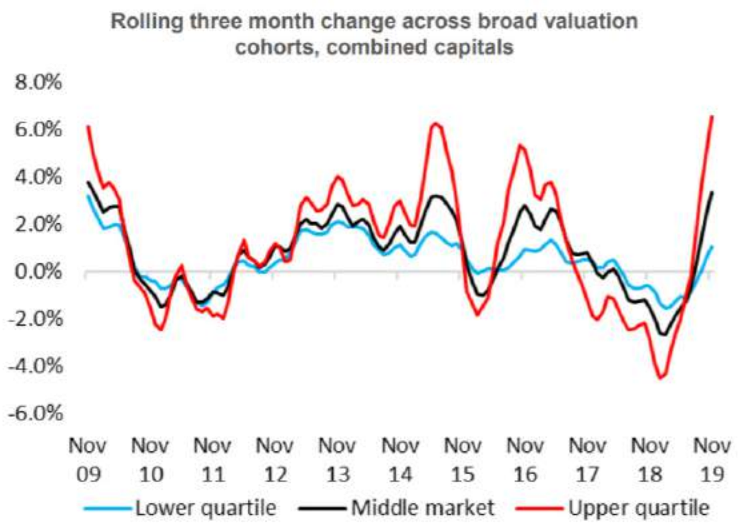
- Tim Lawless said, "Although housing values are rising across each of the valuation cohorts, the recovery trend is most concentrated within the premium sector of the market." This trend is most evident in Sydney and Melbourne where the top quartile of the market is outperforming the broad 'middle' of the market and lower quartile. Brisbane, Perth and Darwin are also recording a similar trend where premium value properties are outperforming lower value properties.

- Sydney - The year started slowly with a weakening market that appeared to be set in for the year, however, post-election and interest rate decreases, the market has started its recovery. Since the recent interest rate reductions to a record low of 0.75 per cent, we have seen a resurgence in market activity.

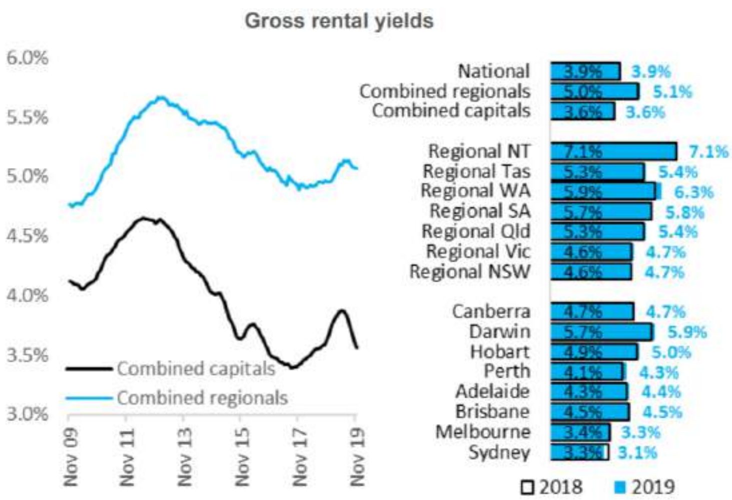
- Melbourne - As forecast earlier in February, the fallout from the Royal Commission along with the potential changes to negative gearing has rocked buyer confidence. The steepest increase in housing prices in over ten years occurred over October with an increase of 2.3 per cent.

- Brisbane - Looking at our city by location, we stayed true to our history of growth by proximity to the CBD. We've also anecdotally seen an increase in owners choosing to renovate rather than sell up and move. Overall, all central suburbs of the Gold Coast appear to be holding their values, with perhaps the exception of the investor-driven market segment of the unit market in Surfers Paradise.

Source: CoreLogic



- Rental markets are continuing to show a slow performance, with rents unchanged over the month across the combined capitals of Australia. Rents continued to trend lower in Sydney (-0.1% in November) and were also down slightly in Hobart (-0.6%) and Darwin (-0.5%). On an annual basis, the largest rental increases are in Hobart (+5.8%) and Perth (+2.3%), with rents down 1.5% in Sydney and 2.5% lower in Darwin over the year.



Source: CoreLogic

OFFICE / COMMERCIAL / RETAIL / INDUSTRIAL

PERTH

- The Perth office property market maintained the status quo in 2019.
- The Property Council of Australia Office Market Report published in July 2019 indicated that the total vacancy rate for office space in the Perth CBD was 18.4 per cent, down from 18.5 per cent recorded six months prior.
- Although the vacancy rate recorded in July 2019 was the lowest since July 2015, Perth's CBD still has the highest vacancy rate of all capital cities in Australia. Property owners continue to be proactive in trying to entice existing tenants to recommit and also to attract new tenants.
- Generally speaking, both rental incentives and rental rates have stabilised however the disparity between rental rates achieved for Premium and D-grade space remains pronounced. Incentives for quality buildings in Perth's core CBD have experienced some downward pressure with occasional signs of growth in the space needs of particular tenants, yet incentives are still being offered in the marketplace (typically between 25 per cent and 50 per cent).

SYDNEY

- 2019 has been another strong year for the office market across both the Sydney CBD and metro centres. With rents continuing to climb and vacancy rates at record lows, it is no wonder that values have continued to rise.
- The Sydney CBD saw vacancy rates decline over the first half of 2019 and was most recently recorded by the PCA in July 2019 at 3.7 per cent, a 1.1 per cent tightening since the same time in 2018. Tight vacancy kept rentals at record highs, particularly for prime and A-grade stock; however, agents have begun reporting softer demand for B through to D-grade stock through 2019. That said, rentals have remained strong across the board and continue to be intrinsically linked to the continued rise in capital rates.

Source: CoreLogic

- New approvals for office accommodation are low across the CBD, with approvals being generally focused on residential and hotel redevelopment rather than traditional office space. That said, there is a new office supply on the horizon, however, the majority of this will not come online until 2020/2021.

MELBOURNE

- According to the Property Council of Australia's Office Market Report, Melbourne's CBD Office overall vacancy rate slightly increased from 3.2 per cent to 3.3 per cent over the six months to 1 July 2019.
- Melbourne CBD has still recorded the lowest vacancy rate amongst all of Australia's CBDs at 3.3 per cent, in front of Sydney CBD at 3.7 per cent. A low vacancy has led to competition for remaining space, driving up net face rents over the past 12 months. Incentives have also reduced however are still at relatively high levels.
- New supply of prime office accommodation was limited throughout 2019 however a deluge of new office supply is forecast for completion in 2020/21. As a result, the CBD office market saw strong rental growth over 2019 and is anticipated to level out as the new supply comes online by 2021.

BRISBANE

- It has been quite a big year for the Brisbane commercial office market which has enjoyed positive capital growth in 2019.
- The investment market, in particular, has been strong with CBD and fringe precincts including King Street, Ann Street, Gasworks and South Brisbane office precincts being very popular with investors. The high levels of demand had seen yields for Prime and A-grade buildings fall to less than six per cent with capital growth of up to 25 per cent being achieved over the past three years.
- Overall, yields have fallen over the past three years by up to 150 basis points and the market is now starting to enter unprecedented yield territory with the potential for some final further compression in 2020.

Source: CoreLogic

RESIDENTIAL

- Greater Toronto Area REALTORS® reported 10,800 condominium apartment rentals through TREB's MLS® System in the third quarter of 2019. This result was up by 17.3 per cent compared to the third quarter of 2018. Average condominium apartment rents were up on a year-over-year basis across all unit types.

- Rental market conditions remained very tight in the GTA in the third quarter, as evidenced by average annual rent increases double the rate of inflation. With this being said, however, the pace of average rent growth has slowed noticeably over the past twelve months as we have seen an acceleration in listings.

- This suggests that renters are benefitting from more choice in the marketplace. If growth in rental listings continues to outstrip growth in rental transactions for a sustained period, we could see a more balanced market in the future.

Rental Market Summary: Third Quarter 2019

Apartments[1,2,3]

	All Bedroom Types		Bachelor		One-Bedroom		Two-Bedroom		Three-Bedroom	
	Listed	Leased	Leased	Avg. Rent	Leased	Avg. Rent	Leased	Avg. Rent	Leased	Avg. Rent
Q3 2019	16,407	10,800	480	$1,903	6,332	$2,262	3,736	$2,941	252	$3,749
Q3 2018	12,608	9,205	386	$1,854	5,338	$2,163	3,286	$2,822	195	$3,304
Yr./Yr. % Chg.	30.1%	17.3%	24.4%	2.7%	18.6%	4.5%	13.7%	4.2%	29.2%	13.5%

Townhouses[1,2,3]

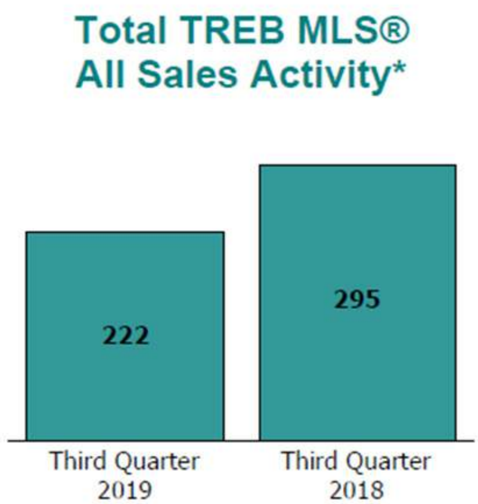
	All Bedroom Types		Bachelor		One-Bedroom		Two-Bedroom		Three-Bedroom	
	Listed	Leased	Leased	Avg. Rent	Leased	Avg. Rent	Leased	Avg. Rent	Leased	Avg. Rent
Q3 2019	1,260	813	1	$1,650	68	$2,052	336	$2,554	408	$2,842
Q3 2018	1,003	691	1	$1,025	62	$1,858	246	$2,316	382	$2,585
Yr./Yr. % Chg.	25.6%	17.7%	0.0%	61.0%	9.7%	10.5%	36.6%	10.3%	6.8%	10.0%

Source: Greater Toronto Area REALTORS®

COMMERCIAL

- Commercial Network Members reported 6,295,432 square feet of leased space in Q3 2019 for all lease transactions types across the industrial, commercial/retail and office market segments. This result represented an 8.7 per cent decline compared to Q3 of 2019.
- The average commercial/retail lease rate rose to $26.75 in Q3 2019 from $25.71 in Q3 2018. The industrial lease rate was down to $7.43 from $7.80, and the office lease rate declined from $14.89 in Q3 2018 to $13.07 in Q3 2019.
- It is important to note that annual changes in average lease rates can be the result of changing market conditions and changes in the mix of properties leased from one year to the next, in terms of location, size, mix and other related variables.

NOTE: This chart summarizes total industrial, commercial/retail and office square feet leased through TorontoMLS regardless of pricing terms.



NOTE: This chart summarizes total industrial and commercial/retail and office sales through TorontoMLS regardless of pricing terms.

RETAIL

- Greater Toronto Area REALTORS® reported 7,090 sales through TREB's MLS® System in November 2019 – a 14.2 per cent increase compared to November 2018. On a GTA-wide basis, sales were up year-over-year for all major market segments.

- New listings entered into TREB's MLS® System in November and the active listings count at the end of the month went in the opposite direction compared to last year, with new listings down 17.9 per cent year-over-year and active listings down 27.2 per cent.

- As market conditions continued to tighten in November 2019, with increased sales up against an increasingly constrained supply of listings, the annual rate of price growth continued to accelerate.

Source: *Greater Toronto Area REALTORS®*

RESIDENTIAL

- Residential property prices in Dubai have fallen by more than 11% over the past year although the rate of declines has slowed - 12,948 residential units, 37% of the total estimated supply for 2019, have been completed so far.

- The average for secondary is probably AED 1,450 a square foot while as per Land Department data; the average for the primary is AED 2,000. The off-plan is a lot more expensive - the secondary market being actually cheaper than off-plan.

- As demand from occupiers comes to fruition, we will see an increase in demand for residential units, both from owner-occupiers and tenants. This will likely occur in Dubai in the first instance and then the broader UAE as this trend matures.

Source: Arabian Business, Property Monitor, Gulf News

COMMERCIAL

- A continued lack of demand and drive from occupiers to lower costs has seen in Dubai office rental rates fall on average by 8.4% in the year to the end of September.
- It added that the vast majority of activity in the Dubai office occupier market continues to stem from firms consolidating, with activity from new incoming occupiers remaining very limited in the first three quarters of 2019
- Office rent in Dubai previously witnessed a period of moderation in rental drops in the year to 4.9% in Q2 but the rate of decline increase to 5.9% in Q3.
- In District 2020, office space will be integrated into a mixed-use environment and is likely to attract demand from global occupiers and smaller start-ups.

Source: Arabian Business, Property Monitor, Gulf News

RETAIL

- Off-plan properties continued to dominate transactions with Dubai Creek Harbour seeing the most transactions (1,030) in the three-month timeframe, followed by Business Bay (863), Dubai South (696), Jumeirah (586) and Villanova (508).
- November also recorded brisk activity for off-plan sales, clocking in 3,053 such transactions, the second-highest since September 2015, which registered 3,258 such deals.
- Off-plan properties dominated sales registrations on November 24, accounting for 387 out of the 515 deals. In this segment, buyers mostly opted for off-plan apartments, with 248 unit sales registered.
- On off-plan property prices in Dubai, expect more of the same in 2020. That is, launch prices remaining stable even as developers continue to pack in more incentives that translate into cost savings for buyers.

Source: Arabian Business, Property Monitor, Gulf News

RESIDENTIAL

- The new decade is around the corner, 2020 is an exciting year simply because the Malaysian government is concerning on the supply and demand statistic whereby the housing department is enforcing the new system to control the urban city supplies on developer submission to prevent an oversupply in the country.

- The sales of luxury serviced residences in Kuala Lumpur City Centre are hiking with more international investors from China, Hong Kong, Taiwan, Singapore, Korea and Indonesia.

- We have noticed the demands have been increasing despite the supply declining under the new ruling. The most sought after new developments are the nearest one to the new financial hub Tun Razak Exchange (TRX) such as The Conlay, Core Residence and 8 Conlay.

OFFICE

- There are more old office buildings in Kuala Lumpur City Centre regenerating their building structure. The Menara Hap Seng 3 is set for a construction cost of RM312 million.

- Targeting foreign multinational companies, the building will be built on the former site of the group's Mercedes-Benz Hap Seng Star Autohaus, Jalan P. Ramlee. It comprises of a 20 storey office space, five podiums, a showroom and a six-level basement car park, with a nett lettable area of 240,000 sqft. Both Menara Hap Seng 1 and 2 are almost fully occupied, with a notable number of foreign companies serving as tenants.

- Another office building along Jalan Tun Ismail is a redevelopment of the iconic Hotel Equatorial site, located conveniently along Jalan Sultan Ismail with close proximity to Pavilion and KLCC. This 52-storey development is an integration of premium Grade 'A+' office space and the 5-star EQ hotel. The tallest skyscraper along Jalan Sultan Ismail Kuala Lumpur has emerged with the completion of the impressive Equatorial Plaza. Great Eastern Life Assurance (Malaysia) Berhad is the proud owner of the office tower while Hotel Equatorial (M) Sdn. Bhd. owns and operates EQ Kuala Lumpur.

Source: Knight Frank

- Standard Chartered Bank has relocated its headquarters from Menara Standard Chartered to nearby Equatorial Plaza in the third quarter (3Q) of 2019, the insurer is silent on plans for its prized office asset, Standard Chartered was once the AIA Bhd's anchor tenant in Menara Standard Chartered. The 46-storey Menara StanChart has 345,628 sqft net leasable areas. It is believed that the bank occupies about a third of the building. AIA plans to refurbish the building. "The building is in a prime location. The building is being actively marketed to tenants.

COMMERCIAL OR HOSPITALITY OR ANY OTHER INDUSTRY

- From 2010 to 2015 industrial development has been an oversupply, especially semi-detached factories design for SME businesses. The number of semi-detached factory launches has declined and the demand for renting those completed factories which had launched along the last 5 years have been slowly filling up the occupancy in outer KL.

- Despite heightened competition in the retail market, prime malls continue to enjoy high occupancies with most garnering single-digit growth in terms of rental reversion.

Source: Knight Frank

RESIDENTIAL

- Towards the end of the year, the total of new condominium units available in the market is 8,200 units that have been completed. With Bonifacio Global City having most of the inventory around 61% followed by Ortigas Center at 22% and Bay area at 17%. We see a continued trend of high take ups due to robust business activities in the business districts.

- According to Colliers, it is expected that there will be an increase in rent of premium three-bedroom units in main CBDs by 6.2% QoQ from 2019 to 2021. Bonifacio Global City will still remain as the key business and knowledge process outsourcing hub, housing the biggest outsourcing tenants.

- With its accessibility and inclusive community, BGC remains as the most in-demand and preferred address for expats and locals.

OFFICE

- 2019 has been a very good year for the office/ commercial segment as it hits an average vacancy rate of 5%. Colliers anticipates that this will remain the same until 2021 amidst the release of a large inventory around 14 Million sqm that will be available by 2020 and 2021. With the increasing demand and low vacancy rate, the rental rate will still continue to increase by 8% annually. In 2019, we have noted an average rent of PHP 1,010/ sqm in major CBDs. Ortigas Center is more likely to show faster rental growth due to a low base. In the past few years, rental in the area was outpaced by other submarkets due to old buildings. New developments around the area will surely increase its rental rate in the next 24 to 36 months.

- We see expansion of micro, small and medium enterprises as the comprehensive tax reform of the government could lower the corporate income tax from 30% to 20% which will surely contribute to better office take-up.

- POGO has been a big driver in the office take-up. Amidst the lingering concerns over the sustainability of operations due to new regulations by the government, we still see this industry to take the majority of the space but in a more conservative manner.

Source: Colliers Philippines, Ayala Land Corporation

RETAIL

- Flexible workspace operators are on the lookout for space across Metro Manila. However, with the office vacancies being between 0.5% and 1% in important locations such as Makati CBD and the Bay Area, these operators have been working hard to find suitable space.

- There will be opportunities in regional and super-regional malls in business districts with adequate vacant space. Developers should offer a well-curated foreign retail mix to draw in and entice the Filipino shoppers.

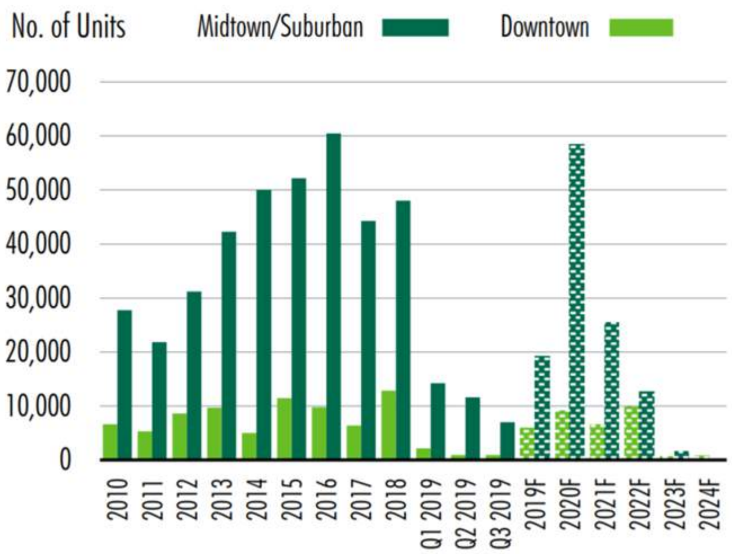
- The Japanese, Chinese and Korean brands that are available in a few malls across Manila cater to Filipinos that always travelled to these countries. This segmentation also caters to the country's largest tourist markets.

Source: Colliers Philippines, Ayala Land Corporation

RESIDENTIAL

- For Q3 2019, the condominium market continues to decline as many developers made their adjustment to their strategies by postponing their launch of new projects to the last quarter of 2019 and onwards to 2020.
- Most of the listed-developers have revealed the drop in their presale value in contrast to the previous quarter as well as the same period of the prior year.
- Non-listed and listed developers from the downtown and midtown area of Bangkok offered price discounts and special promotions to overcome the problem regarding the increasing amount of built-but-unsold inventory, the government also released stimulant measures to support the market.
- Residential properties that are worth below THB 3 million will benefit from the reduction of transferring fee and mortgage fee to 0.01% which will be effective until December 2020. The Bank of Thailand also announced an additional reduction of the interest rate from 1.5% to 1.25%.

Figure 1: Newly Completed Bangkok Condominiums



Source: Bangkokpost, CBRE

OFFICE

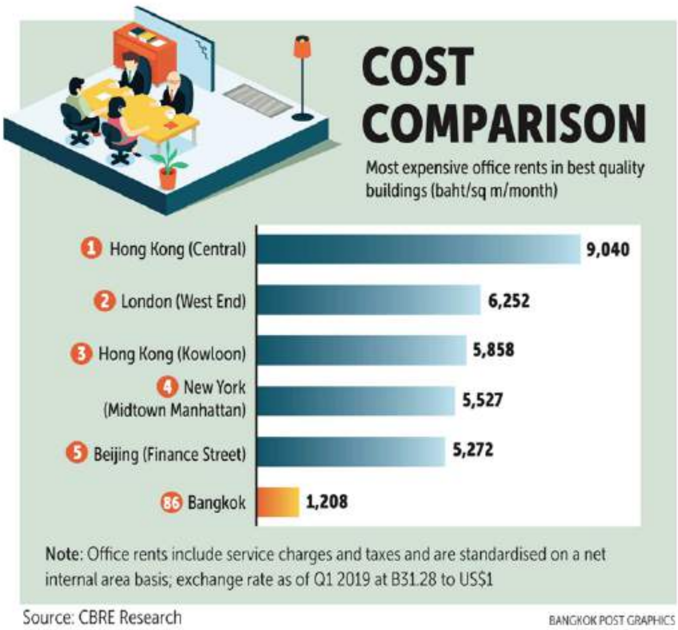
- Bangkok still offers good value to office occupants, ranking 86th out of 122 cities internationally for the most expensive prime office rents at 1,208 baht per square metre.

- Office tenants continue to search for higher quality space in the market with good infrastructure and social amenities, in spite of weaker global economic growth and the US-China trade war. Prime office rents have increased due to the limited supply of existing and planned space in most cities.

- A number of the best grade-A buildings in the central business district (CBD) are achieving rents considerably higher than the average.

- The highest rents located in Bangkok are in Gaysorn Tower at 1,500 baht per sqm per month, Park Ventures at 1,300 baht and Bhiraj Tower at EmQuartier at 1,250 baht. The average CBD grade-A rent is 1,040 baht per sqm per month for a small unit.

- The rate of increase has slowed down for the past year and is below the five-year average. There will be a lower quantity of new supply up to 2021, however, later on; new supply will surpass levels of growth in demand. Most of the new buildings will be high quality in terms of design, specifications and amenities.



Source: Bangkokpost, CBRE

RETAIL

- According to CBRE, the overall Thailand retail industry remained the same as there are low sentiment periods and a decline in spending power from high household debt. Consumer Confidence Index (CCI) is at its lowest point in the past 39 months, and the growth of the retail sales index decreased.

- Retail developers aim to create new experiences and services to retain their customers given the challenges that they faced with the growth and dominance of e-commerce in Thailand.

- For the last six months of 2019, the government has introduced new policies and campaigns to encourage domestic spending including welfare cards, interest rate cuts, and the “Shim-Shop-Chai” (Eat-Shop-Spend) scheme whereby the government gives away e-money and tax breaks for domestic tourists.

- As for the Q3 2019, Bangkok’s total retail supply was 7.8 million square metres, which indicates an increase of 1.32% QoQ and 4.66% YoY. On top of that, there were an additional 83,991 square metres of the net lettable area from two new retail projects.

Source: Bangkokpost, CBRE

RESIDENTIAL

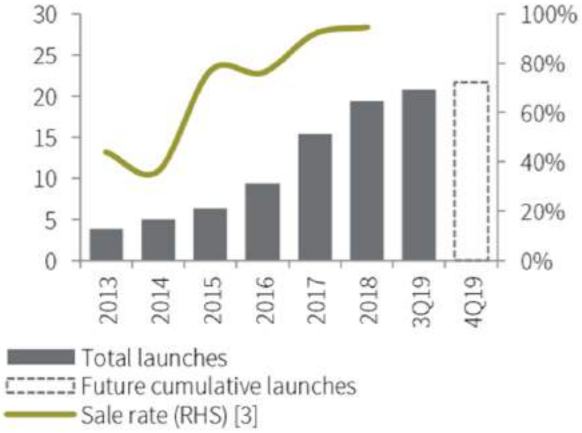
- According to Jones Lang LaSalle, the total number of new launches of Ready-built Landed (RBL) property in 2019 is expected to reach more than 2,000 units, nearly half of 2018's figure.

- A large fraction of 2020 pipeline will be contributed by two big scale projects, namely GS Metro City in Nha Be District and Vinhomes Grand Park in District 9.

- With the strong market sentiment, most existing projects are expected to improve their prices, particularly the lower to middle-end RBL projects.

Figure 13: RBL Total Launches [2]

('000 units)



OFFICE

- For the Q3 2019, the HCMC office market received 24,000 sqm of one new Grade B building in Tan Binh and 11,200 sqm from three new Grade C buildings in Phu Nhuan and District 3. As a result, the total HCMC office stock is 2,266,800 sqm which includes Grade A, B and C as at the end of 3Q 2019.

- On the other hand, for the Q4 2019, the market is expected to receive seven new buildings coming up soon, which adds a total of 115,000 sqm of all grades office space. Consequently, total HCMC office stock will rise to 2.38 million sqm by the end of the year.

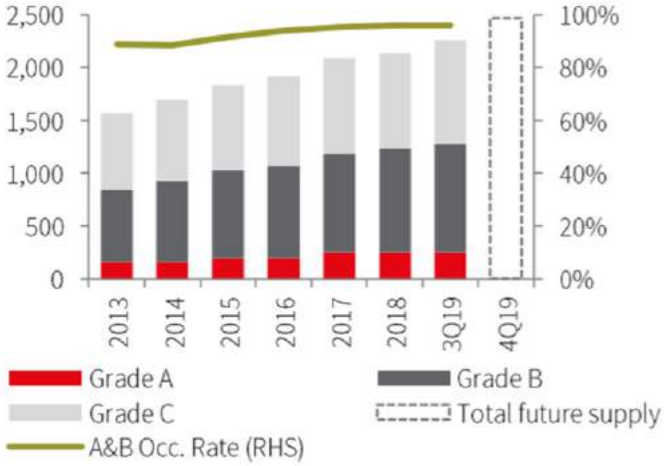
- Demand is predicted to remain positive in the near future though, with the global economic uncertainty, it may have an effect on the office market.

Source: Jones Lang LaSalle

- Besides that, the enhanced new supply coming on stream in the next few years may put some pressure on existing supply's performance.
- As the impact of global climate change is becoming more prominent, sustainable office concepts are on the way to becoming the trend for future projects.

Figure 7: Office Total Stocks

('000 sqm NLA)



RETAIL

- For the Q3 2019, total retail stock stayed the same with no new supply. The vacancy was relatively steady in both CBD and non-CBD sub-markets during recent quarters.

  It has been particularly challenging for tenants having demand over 1,000 sqm to find a suitable slot in existing malls. Most of the tenants will have to be patient and wait for vacant space in new supply or in the centres undergoing renovation at the moment.

- For the 4Q 2019, Crescent Mall Phase 2 will be in operation, adding up about 25,000 sqm GFA into the total stock. Other projects in progress have postponed the opening date due to the slower-than-expected development progress.

Source: Jones Lang LaSalle

NGUYEN NGOC THIEN AN
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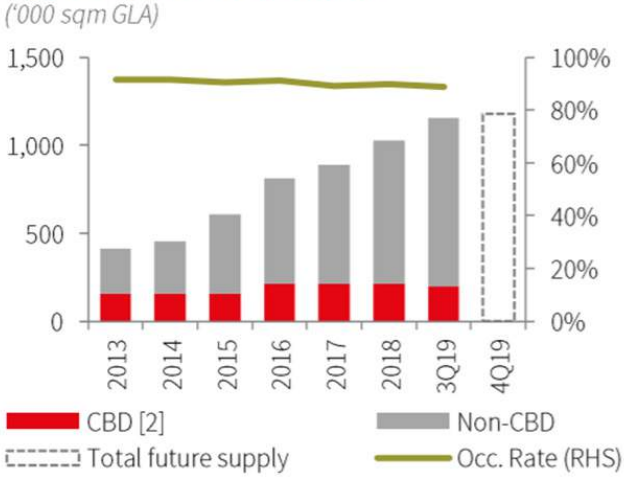
- F&B, fast fashion and lifestyle segments will carry on to be key demand drivers on the market. International brands will still keep a close eye on Vietnam's market because of the young demographic and the rise of the middle income population.

Figure 9: Retail Total Stocks



Source: Jones Lang LaSalle

IQI MOMENTS

IQI Christmas & New Year Party

Delicious Christmas treats, Secret Santa and lots of fun games and prizes, followed by a heart-warming sharing and bonding session! We celebrated, laughed, reminisced and enjoyed life as we always do, preparing ourselves for another amazing year! Hand in hand, shoulder to shoulder and ready for new breakthrough, accomplishments and innovations! The IQI Family wishes you all a very Merry Christmas and a Happy New Year 2020.