



According to Nuveen, the macro environment boosts APAC real estate investing.

The combination of “lower for longer” monetary policy and stimulus packages, as well as the rollout of immunization programs, favorably supports real... [ادھنتر](#)

Despite the hurdles created by Covid-19, the Asia Pacific real estate sector is expected to benefit from macroeconomic tailwinds, and offices and retail will continue to grow.

Investors may be able to locate value in data centers.

In the short run, the pandemic will continue to cast a pall over the real estate industry; nonetheless, we are already seeing real estate investment volumes.

gaining strength The sector's prospects are bright as long as regional central banks maintain a favorable monetary environment and immunization rates remain high.

remarked Louise Kavanagh, Nuveen's chief investment officer and head of Asia Pacific funds management.

In the first quarter of 2021, Asia Pacific commercial real estate investment volume was \$26 billion, up 6% over the same period last year.

An increase of 10% from the previous year. Over the period, investor mood improved, with increasing levels of inquiry.

According to property consultant firm CBRE, this can be seen in most markets.

Interest rates in Asia have been lowering dramatically in the years preceding up to the health crisis, and with central banks' actions, interest rates have continued to decline.

As a result of the emergency measures taken last year, policy rates in most regional economies are currently at all-time lows, according to Kavanagh.

“While the present low interest rate environment has provided an extraordinarily conducive background for liquidity and built a strong foundation for valuation, the current low interest rate environment has created an incredibly conducive backdrop for liquidity and set a strong basis for valuation.

“Rates haven't yet fully reflected in property yields,” she explained.

Bond yields in Australia, Singapore, and Hong Kong have all retraced 70 basis points this year, while borrowing costs in these countries have risen.

Markets have failed to follow through, remaining 60-125 basis points below 2018 levels. In addition, the Reserve Bank of Australia stated in April that it will maintain the existing cash rate until inflation returns to the target range.

Vaccination rates, on the other hand, are increasing, though at varying rates across the region.

“Vaccination rates have recently accelerated in the United States.

Parts of Asia may be able to decrease the risk of additional waves of the Covid-19 wreaking havoc on economic recovery and public finances.

Fitch Ratings indicated on June 8 that a pandemic is possible if it is sustained.

As the region's major economic center for growth, China's real estate market is more optimistic. Its GDP increased by 18% year on year.

The best quarterly figure since 1992 was recorded in the first three months of 2021. Despite the fact that it is based on a modest basis, it is a significant indicator.

that China's economic activity has returned to pre-pandemic levels

EVOLVING OFFICES

While the pandemic has had a negative impact on commercial real estate, there are some fascinating trends to keep an eye on.

“You may have noticed in the news that the office is in decline. However, to suggest that the office is dead is oversimplified. Office will have to change. Users in the workplace are Kavanagh sees the built environment as an investment in attracting and maintaining top personnel, as well as enhancing employee welfare and productivity.

said.

“You'll see renters trying to improve the quality of their workplace space, or the user experience. They'll see workplace space as a place to collaborate.

“It's important to create an environment that represents their business culture,” she explained. This is already happening in the region's largest cities. In some of the B-grade or decentralised businesses, there will be a flight to quality, as well as obsolescence.

She believes that office locations will be established.

While employees will have the option of working remotely or in the office, more than 70% of managers want to have office-based personnel.

personnel, according to CBRE Research's Asia Pacific The Future of the Office Survey, which was conducted in October 2020.

Several corporations, including Huawei, which leased space in the first quarter, conducted large flight-to-quality relocations and expansions.

City of Raffles According to CBRE, LG Energy Solutions is relocating to Parc One Tower 1 in Seoul, and The Bund in Shanghai.

DATA CENTERS ARE

On the other side, while data centers are attracting more interest from investors, a scarcity of investable stock is stifling their efforts.

Investors are encouraged to invest in this asset class.

Capital is increasingly interested in purchasing data centers in Hong Kong, Singapore, Tokyo, tier-one Chinese cities, and Sydney.

Until 2025, global mobile traffic is expected to grow at a rate of 31% per year. The Internet of Things' rapid growth will only increase the demand for data centres.

However, due to a lack of demand, data centers only accounted for 1.5 percent of overall Asia Pacific real estate investment volume between 2015 and 2019.

Investable stock, according to Kavanagh.

“You will almost certainly see good data center performance here in Asia Pacific. However, it must first become an investable asset class.

“This means that investors will be able to purchase it,” she explained. In the United States, data centers have been one of the best performing real estate asset groups.

For the asset, deeper capital market pools and liquidity, as well as more complex valuation and pricing techniques, must be established first.

She believes that in Asia, the middle class will become more mainstream. With its data center investment specialist in the market, Nuveen is assisting in the advancement of the trend region.