

SSAA Annual Survey 2021

A Survey for the Industry



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Today's Speaker

Sungmin Park, CFA

Director

Capital Markets, Asia Pacific

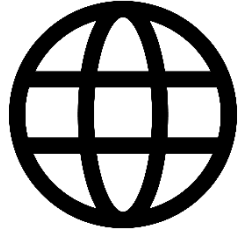


SSAA Annual Survey 2021

Andrew Work, Executive Director, SSAA
Sungmin Park, Director, AP Capital Market Research, JLL

18 January 2021





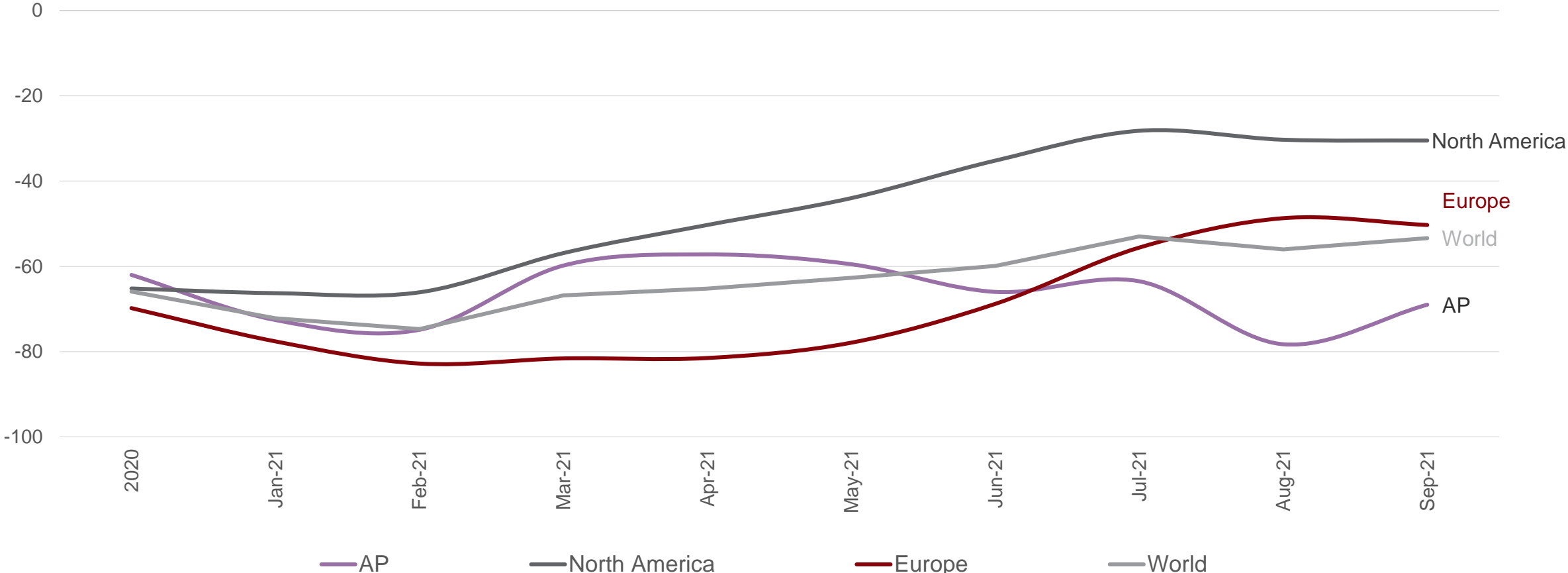
How the **world** is doing post pandemic



Air traffic still challenged



Passenger kilometres vs pre crisis levels %

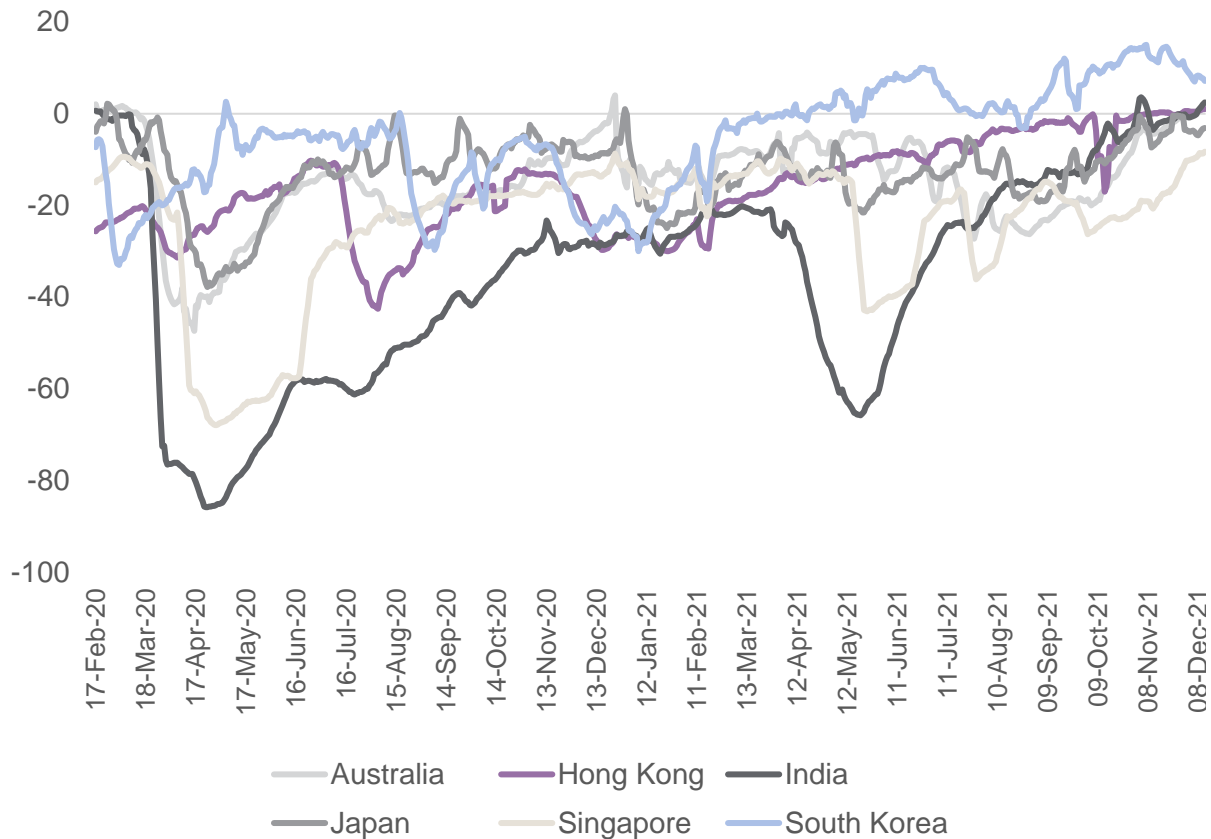


Source: IATA, July 2021

Retail and entertainment footfall generally recovering

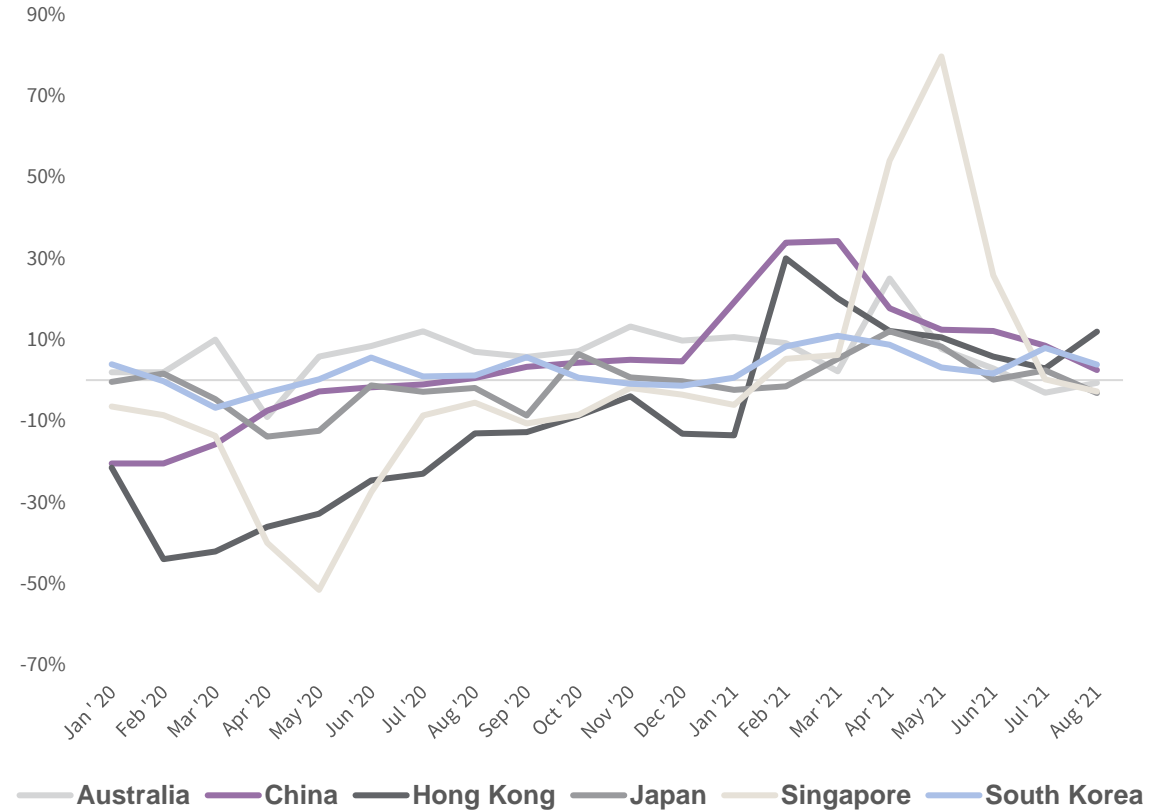


Retail & Entertainment (% from baseline*, 7-day MA)



Note: Latest available data 28 August 2021. This includes places like restaurants, cafes, malls, theme parks and movie theaters. Source: Google Community Mobility Trends

Retail sales (y-o-y)

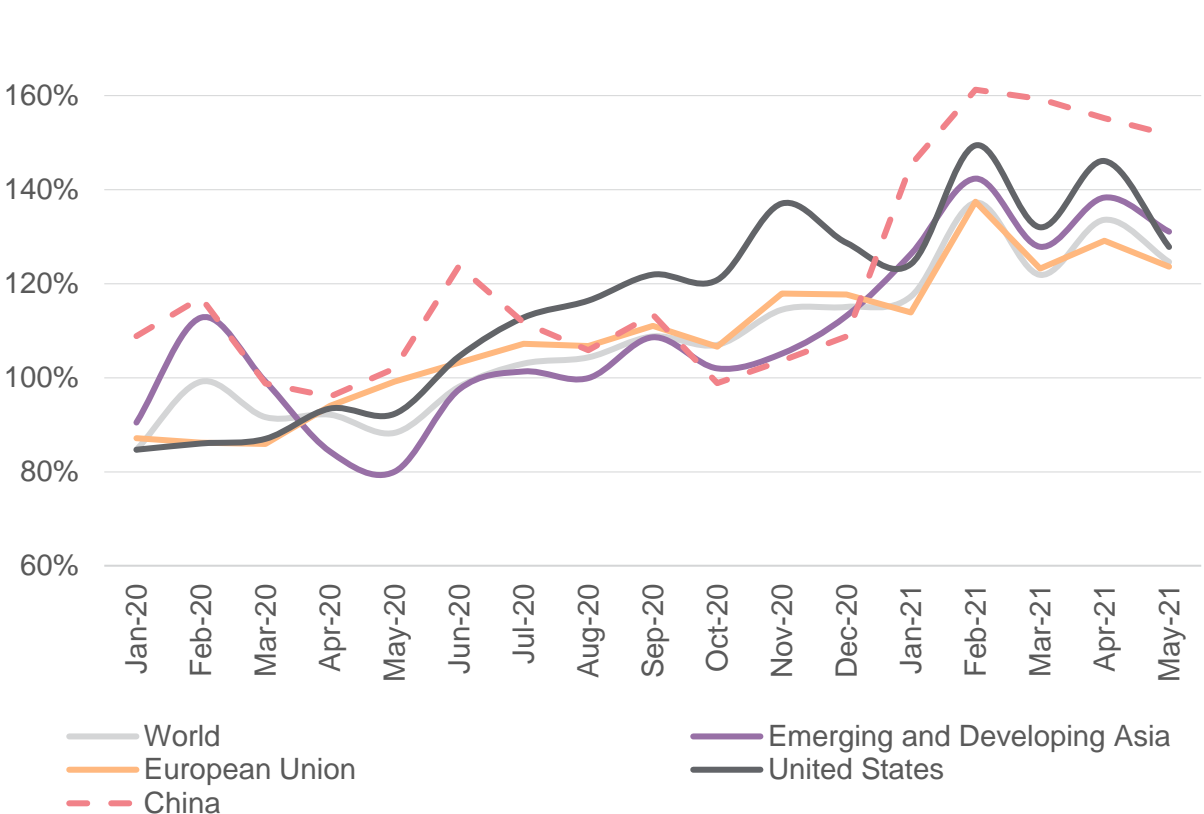


Note: Hong Kong data is a 3-month moving average. Singapore data is quarterly. Source: Various government statistical agencies

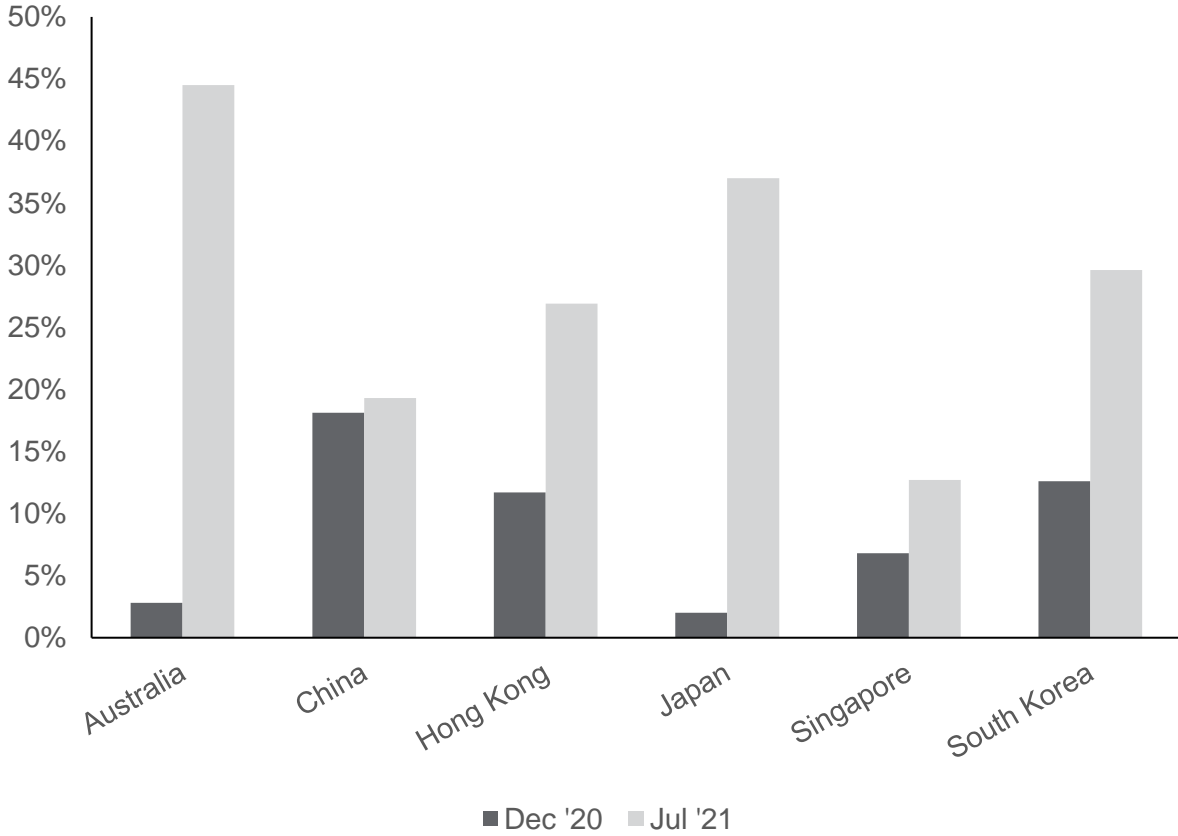
Exports rebounding and growth accelerating



Asia's exports to major trading partners
Levels versus same month in 2019 (Pre-COVID-19)



Total Merchandise Exports (Y-o-Y)



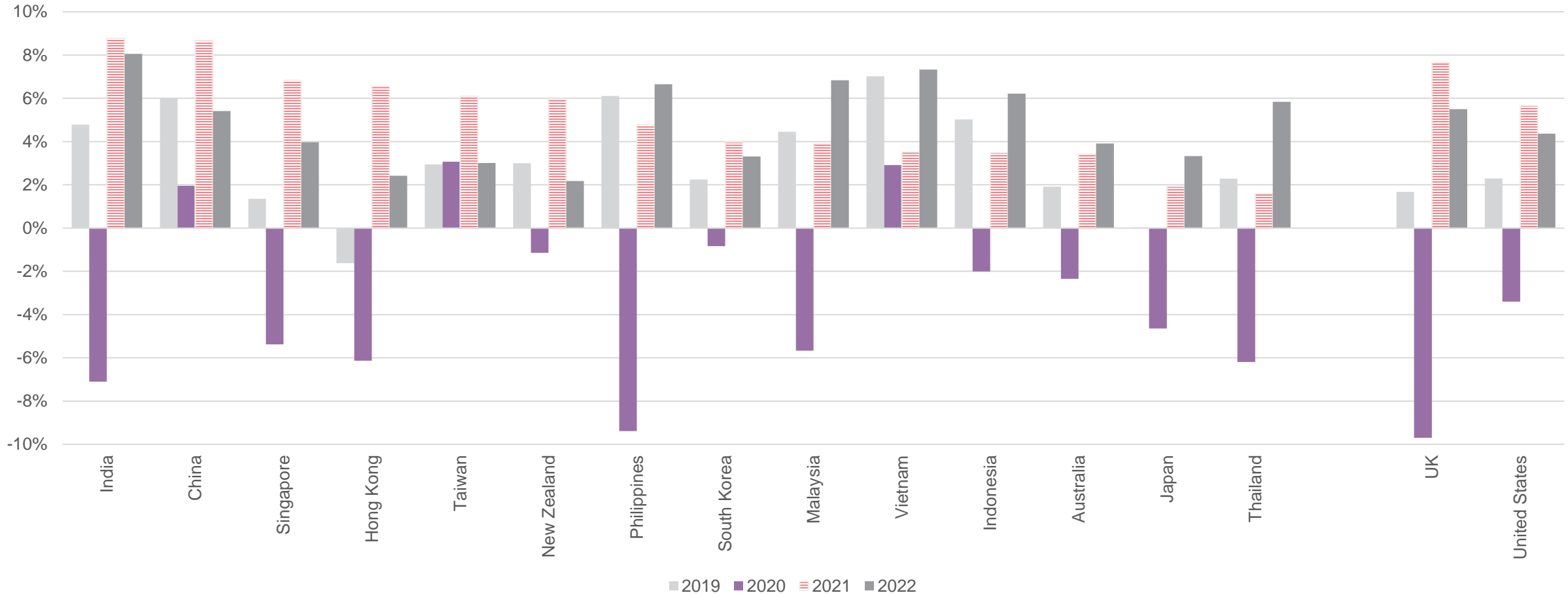
Note: Exports, FOB to Partner Countries (US\$ Mil)
Source: Direction of Trade statistics, IMF, July 2021

Source: Various government statistical agencies. Singapore data refers to non-domestic oil exports

Going in 2022, AP to outgrow 2019 Level



Real GDP y-o-y % change

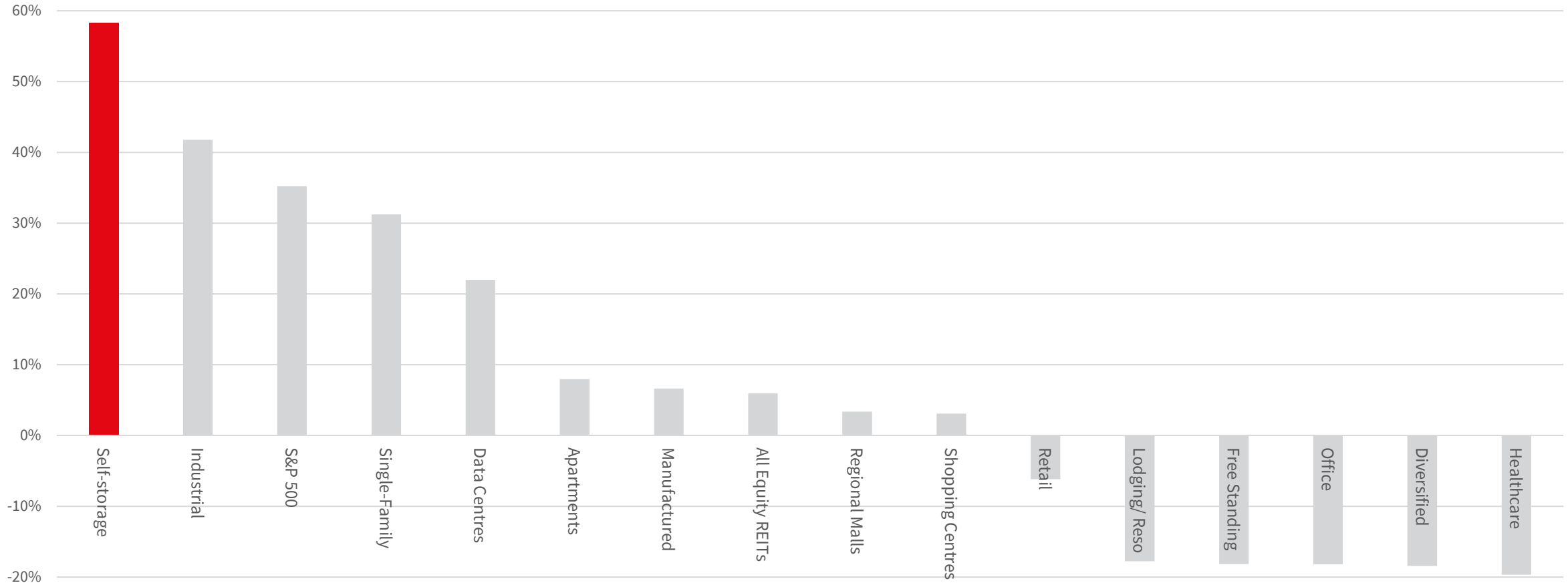


Source: Oxford Economics, 4Q21

Self storage REIT remains the best performer



FTSE NAREIT Index Performance



Note: based on data for the period 21 February 2020 – 1 December 2021

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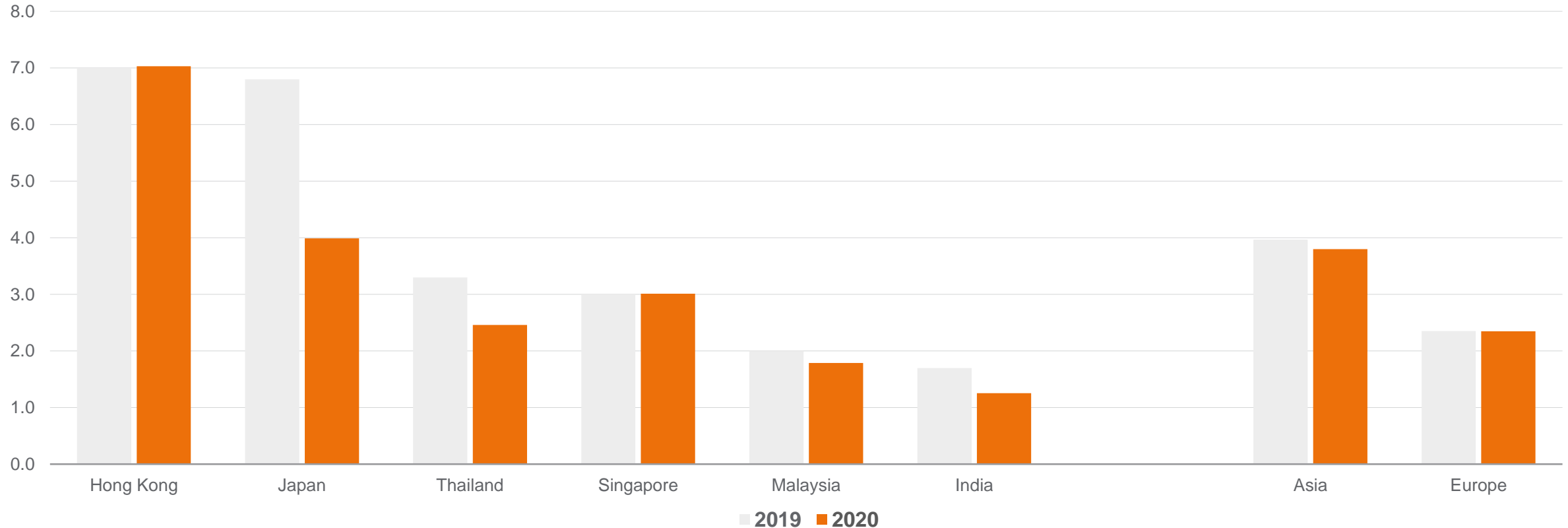


Industry Snapshot



Rental rate remains resilient despite COVID headwinds

Average Rental Rate (USD psf pm)



Occupancy improves amid demand from SG and TH



Average Occupancy (%)



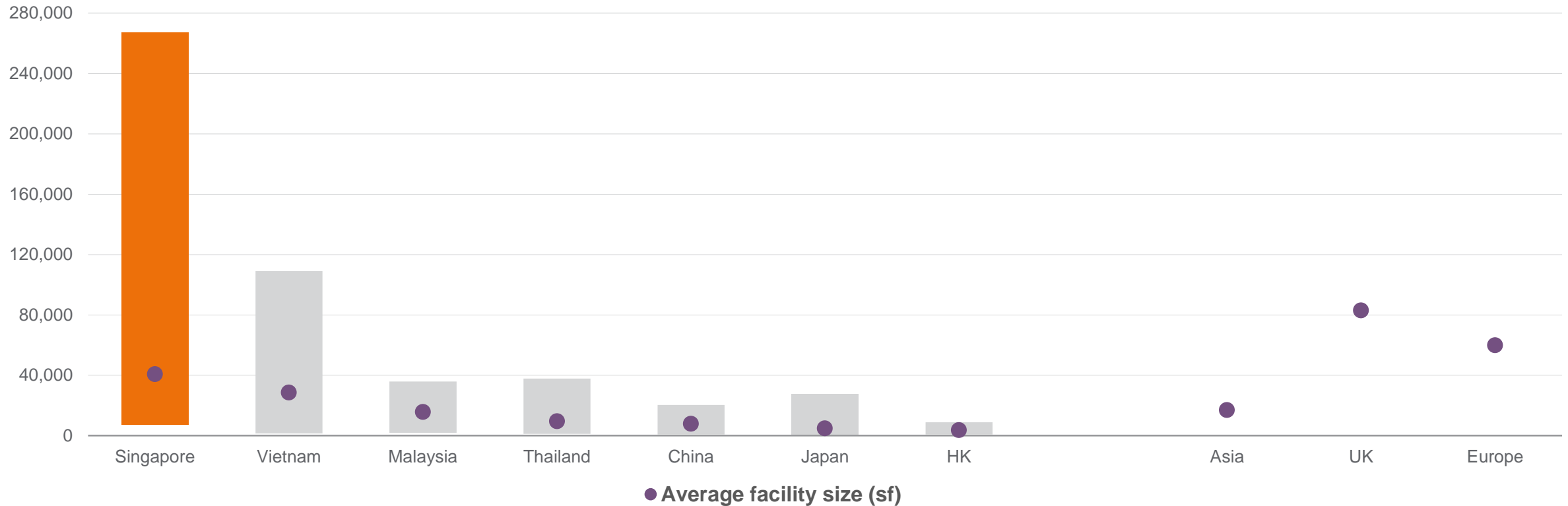
Source: SSAA Annual Survey 2020 and 2021, fedessa 2020 and 2021. Excluded facilities opened in 2021

APAC facility size is averaged at 17K sf in GFA

Average size is likely to grow with more purpose built facilities



Average Facility Size in GFA (sf)



Source: SSAA Annual Survey 2021, Cited UK and Europe size estimates sourced from fedessa 2020

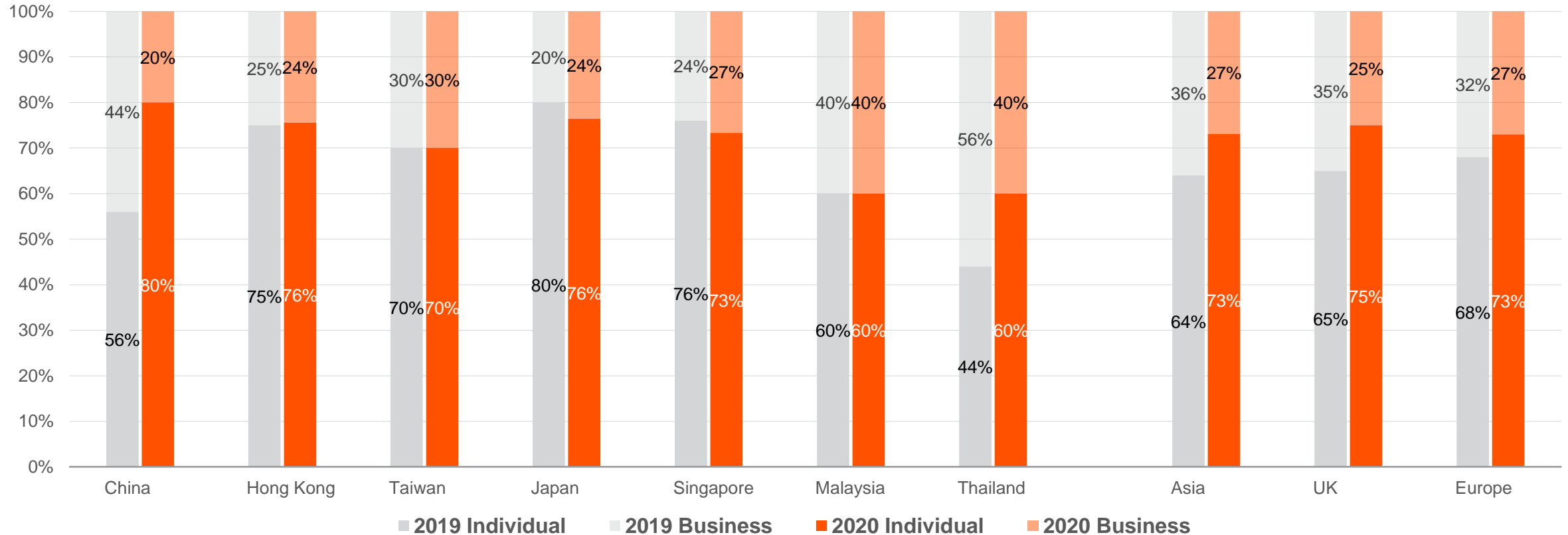
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Individual demand grows in some markets

Customer mix is now in line with other regions



Individual vs Business Demand



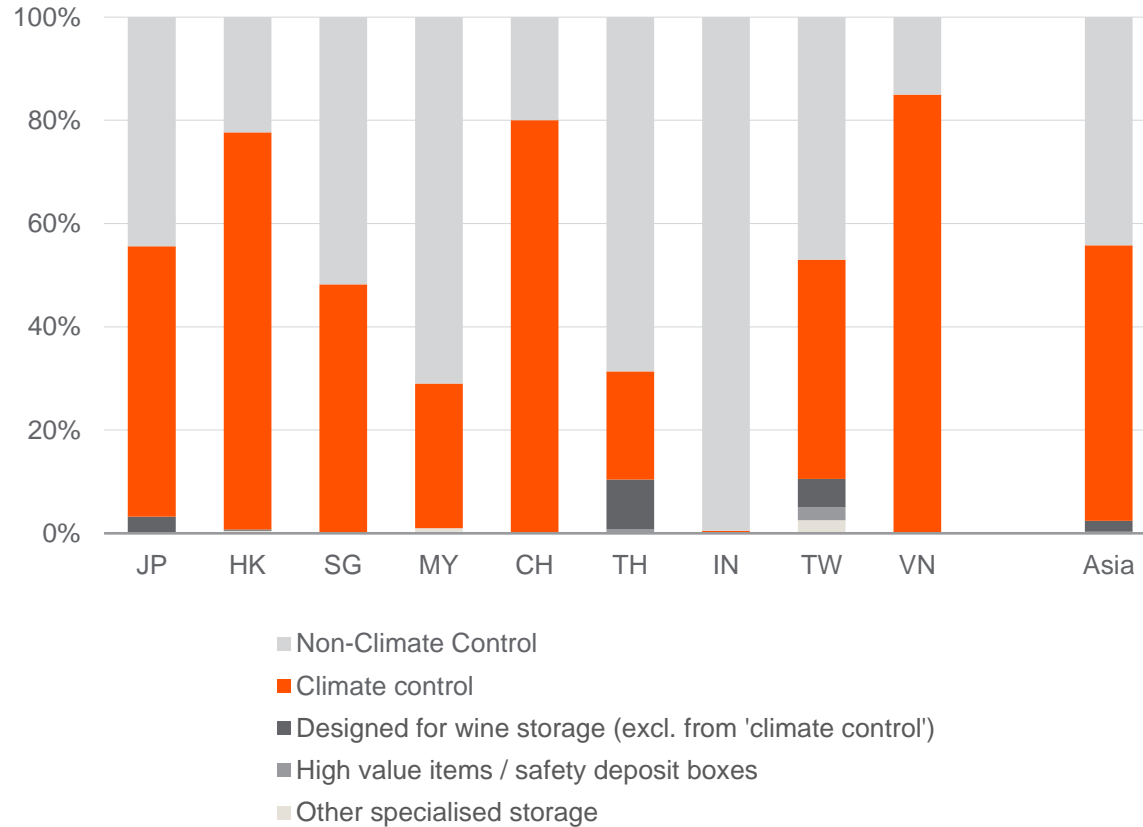
Source: SSAA Annual Survey 2020 and 2021, fedessa 2020 and 2021

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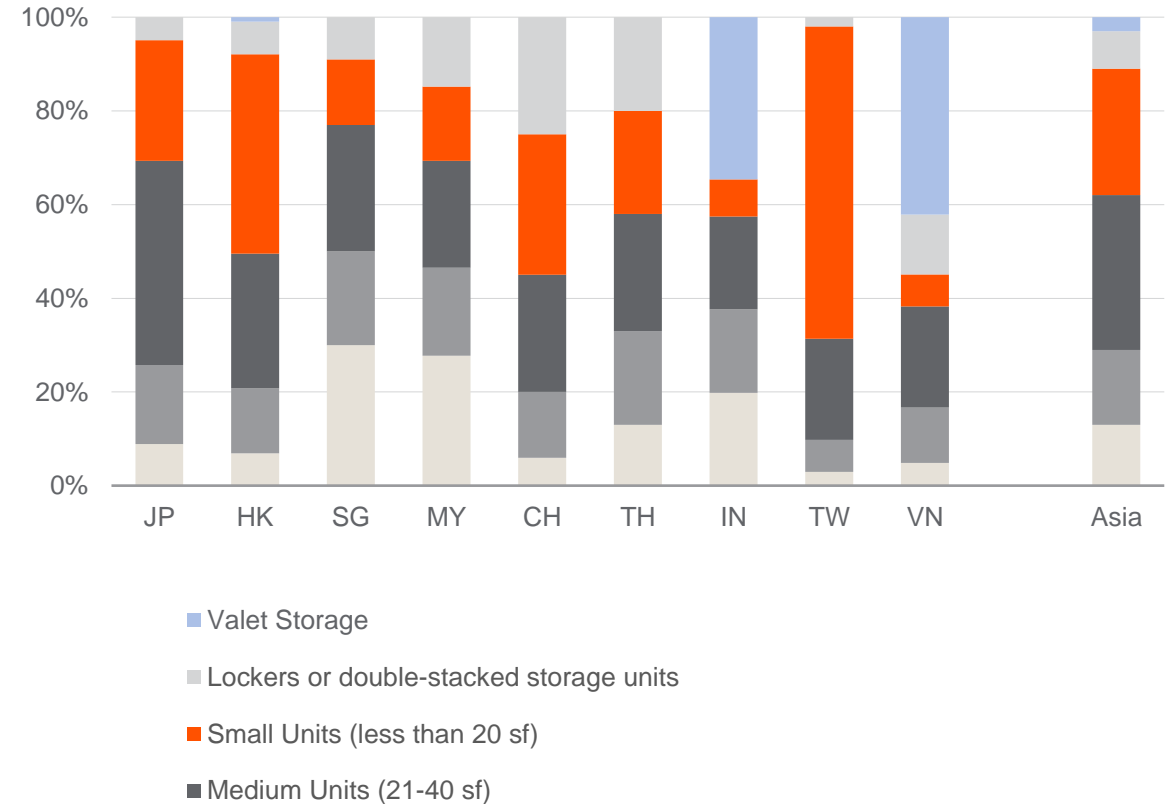
Product mix varies across markets

Storage mix is more homogenous among markets

Product Mix (Type)



Storage Mix (Size)





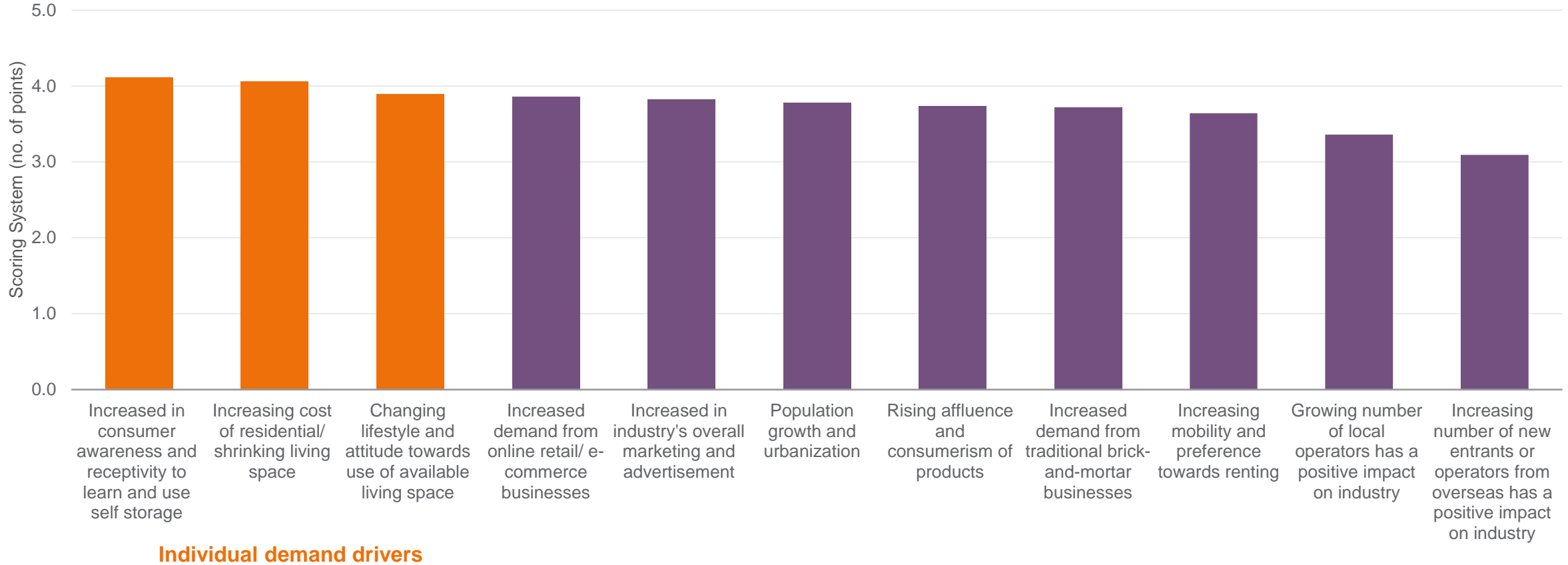
Trends



Demand drivers tied with individual demand top rated



Demand Drivers



Source: SSAA Annual Survey 2021

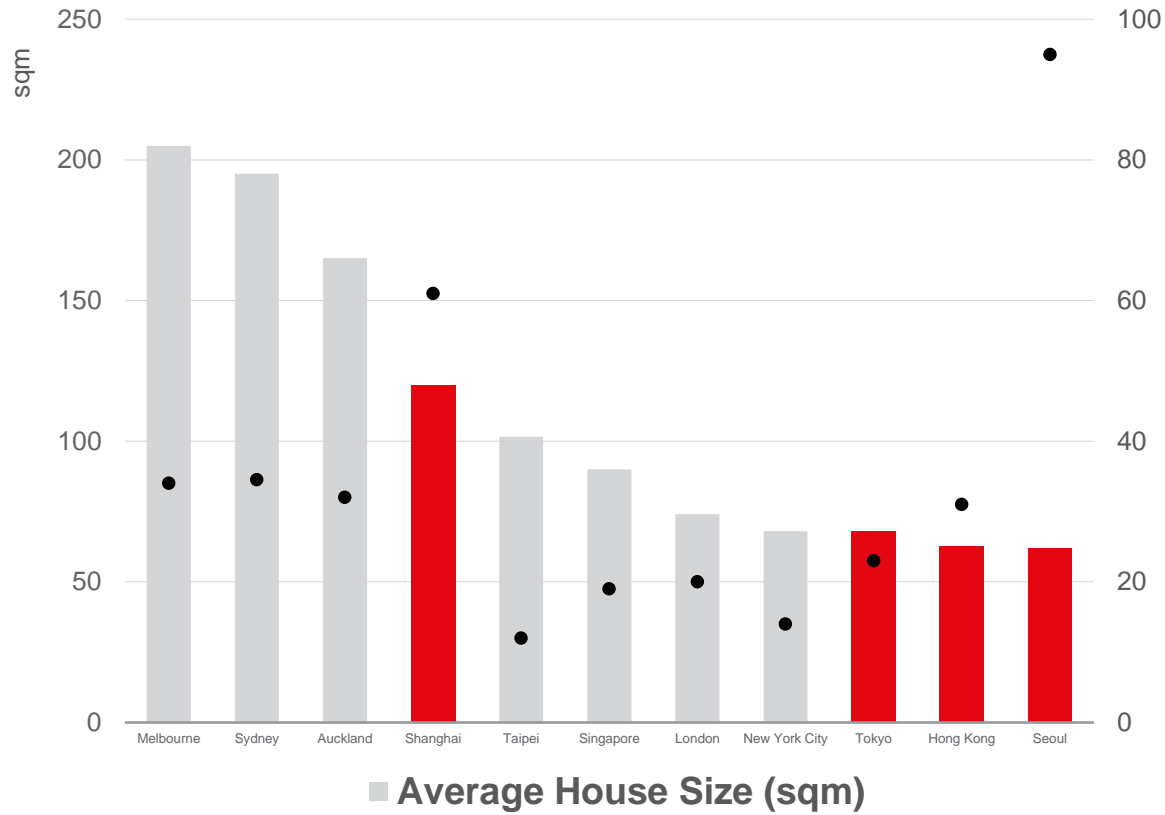
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Relatively small average home sizes in key metro cities

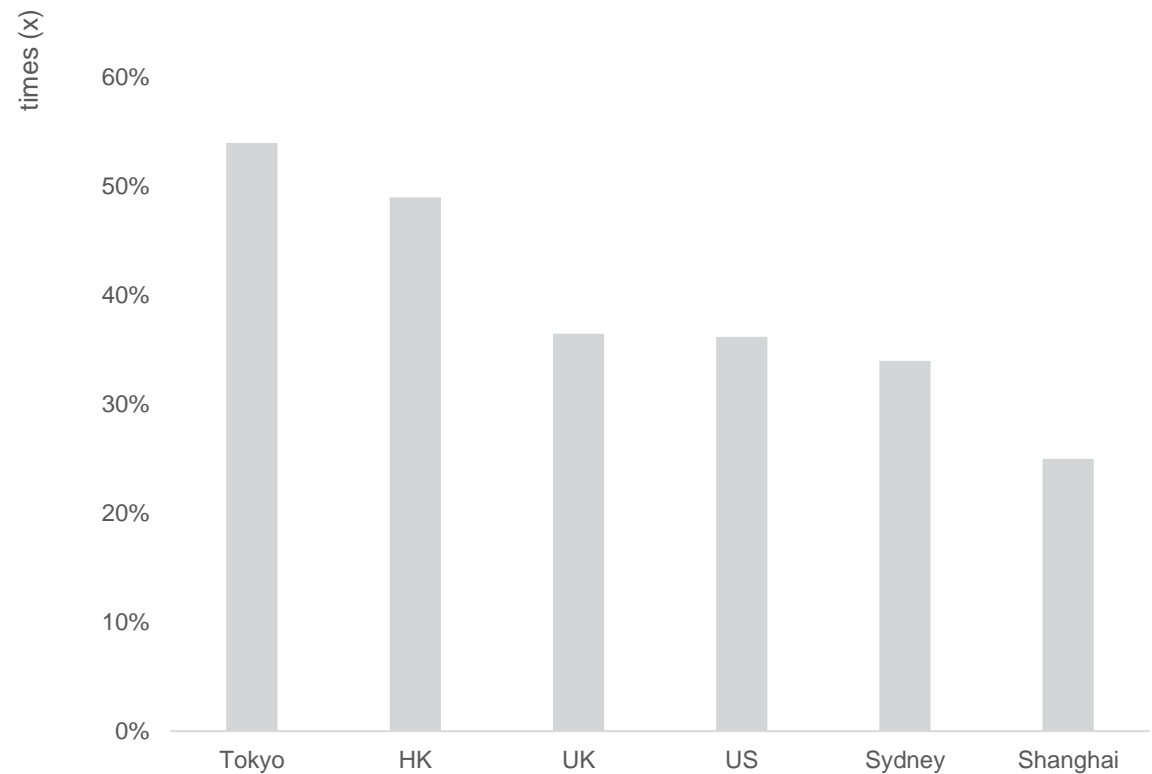
AP proportion of population renting continues to rise



Average House Size



Proportion of population renting (%)

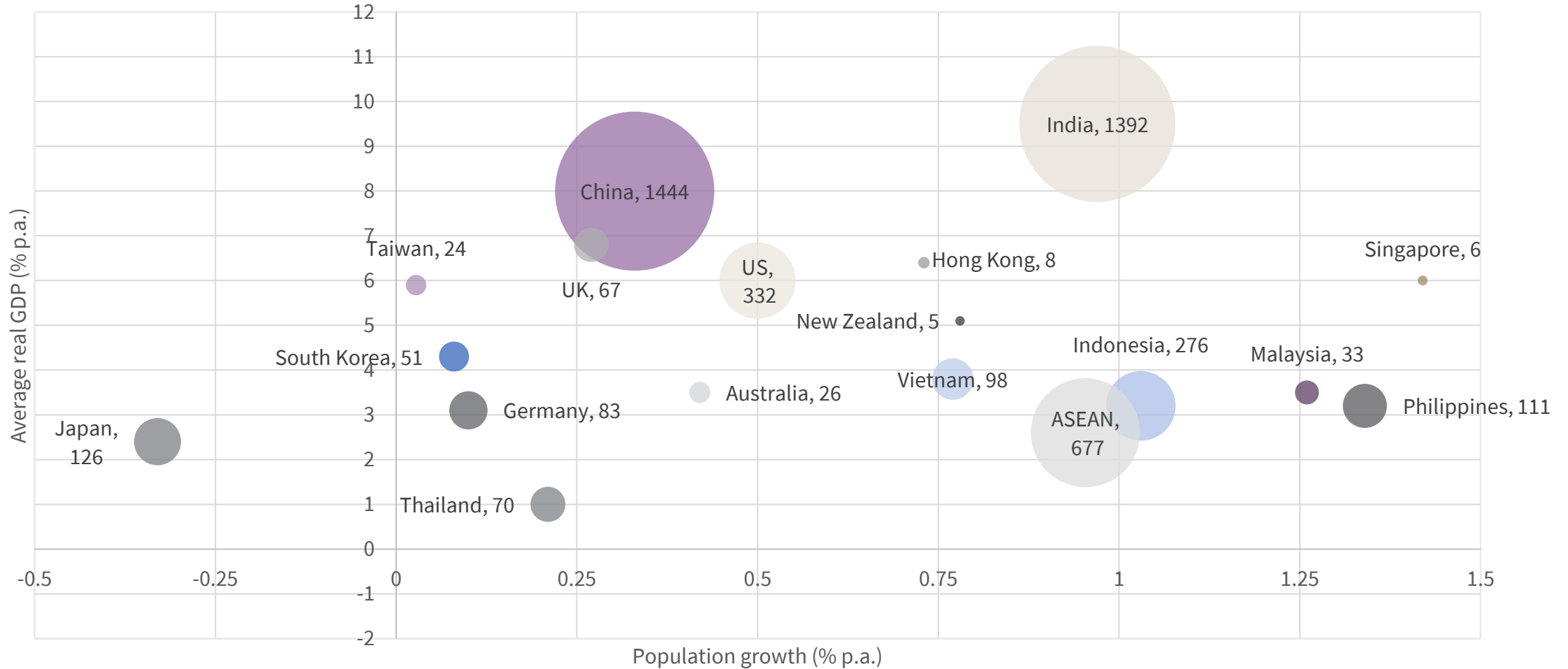


Note: 2019 data for all market
Source: JLL estimates

Note: JLL Estimates
Source: JLL estimates

Demographic trends in Asia

Population and Real GDP Growth



Asia Pacific is home to 53% of the world's urban population

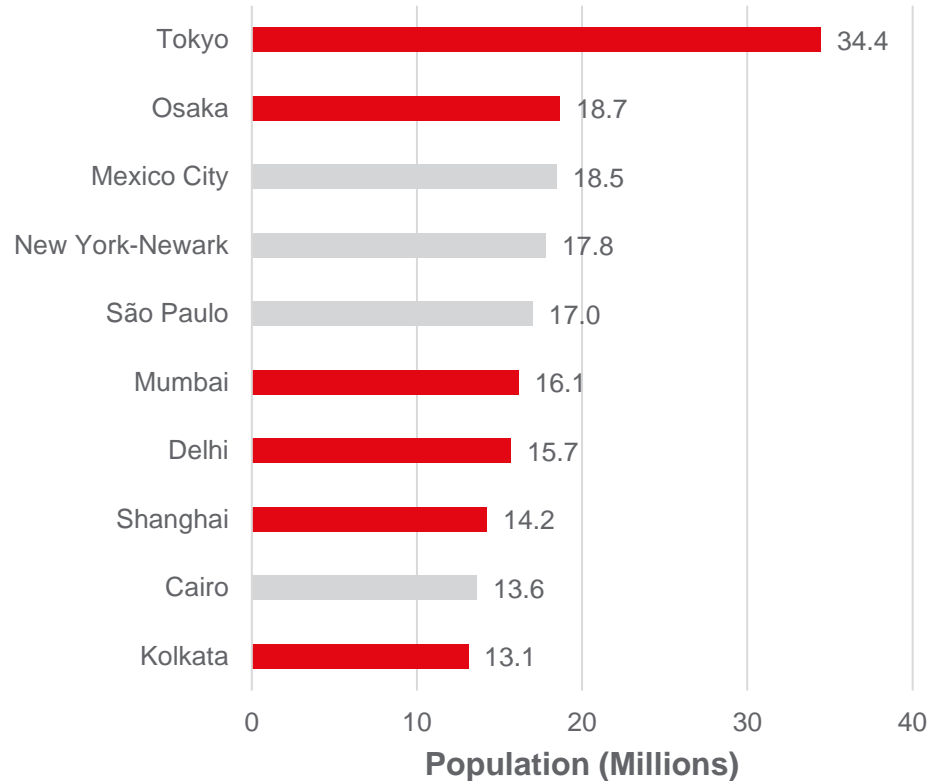


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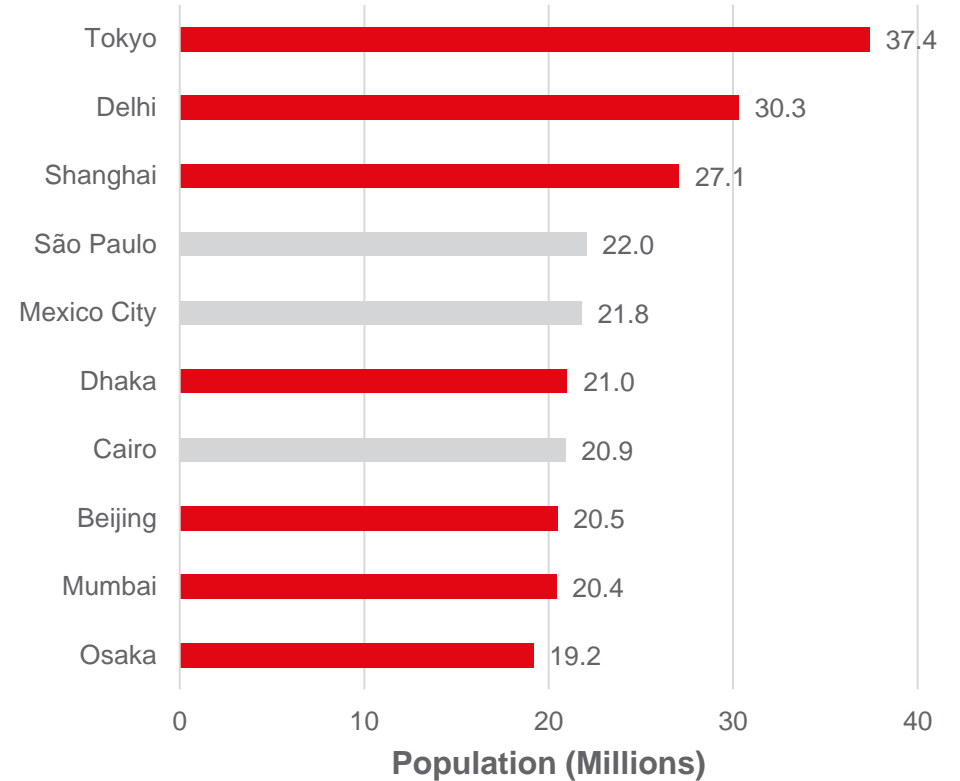


Expected number of mega cities in Asia Pacific housing **1/2 billion** people by 2023

Top 10 Urban Agglomerations (2000)

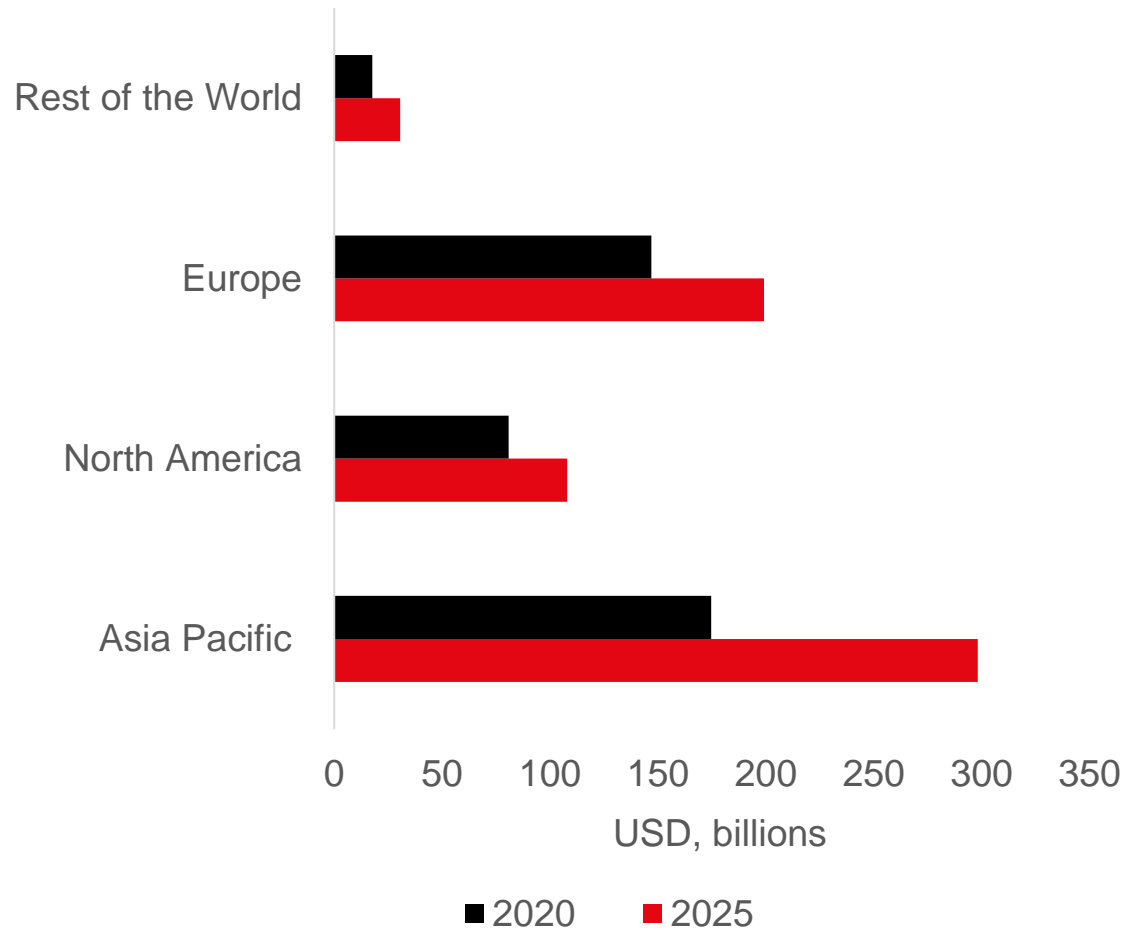


Top 10 Urban Agglomerations (2020)



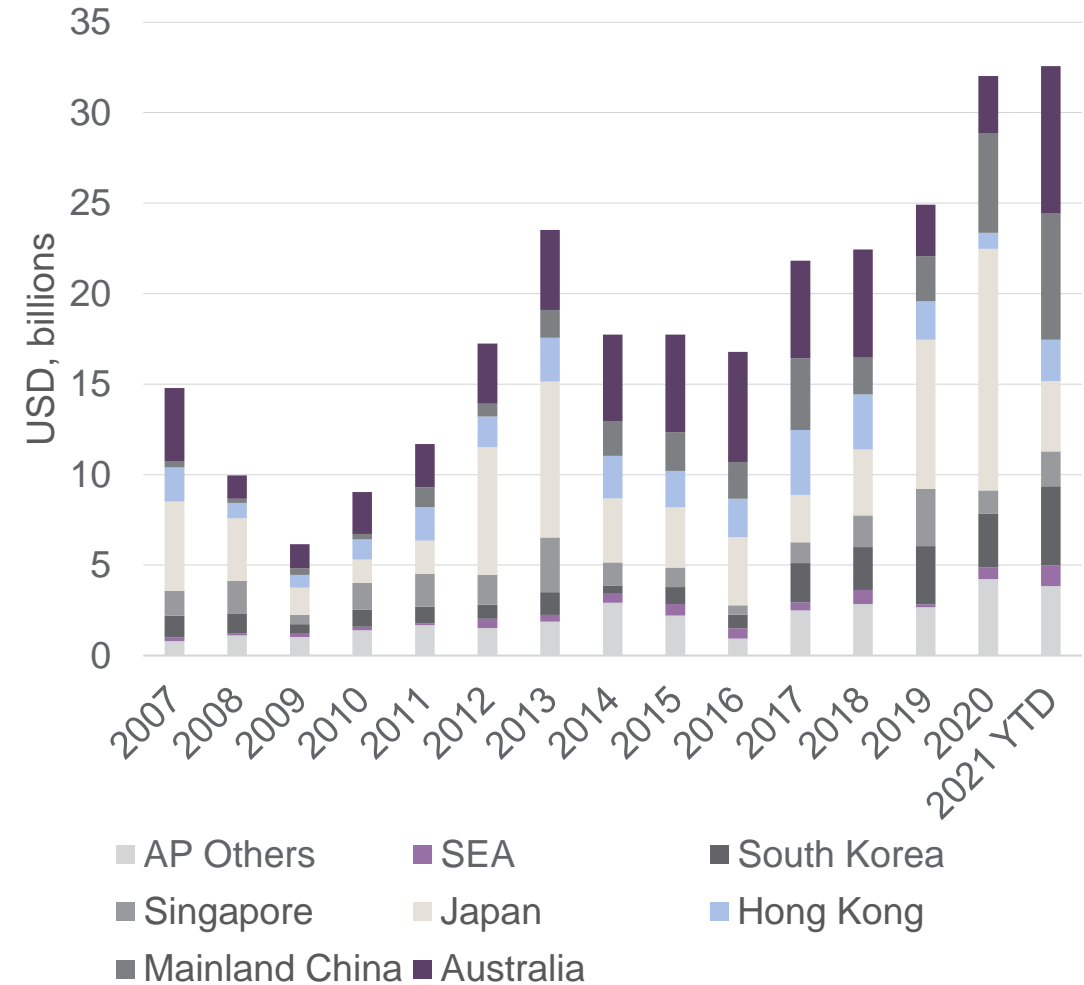
APAC boasts of strongest e-commerce momentum

This structural tailwind has been a driving force behind record high industrial volume



Source: : Transport Intelligence, 2Q21

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Source: : JLL, 3Q21



Outlook

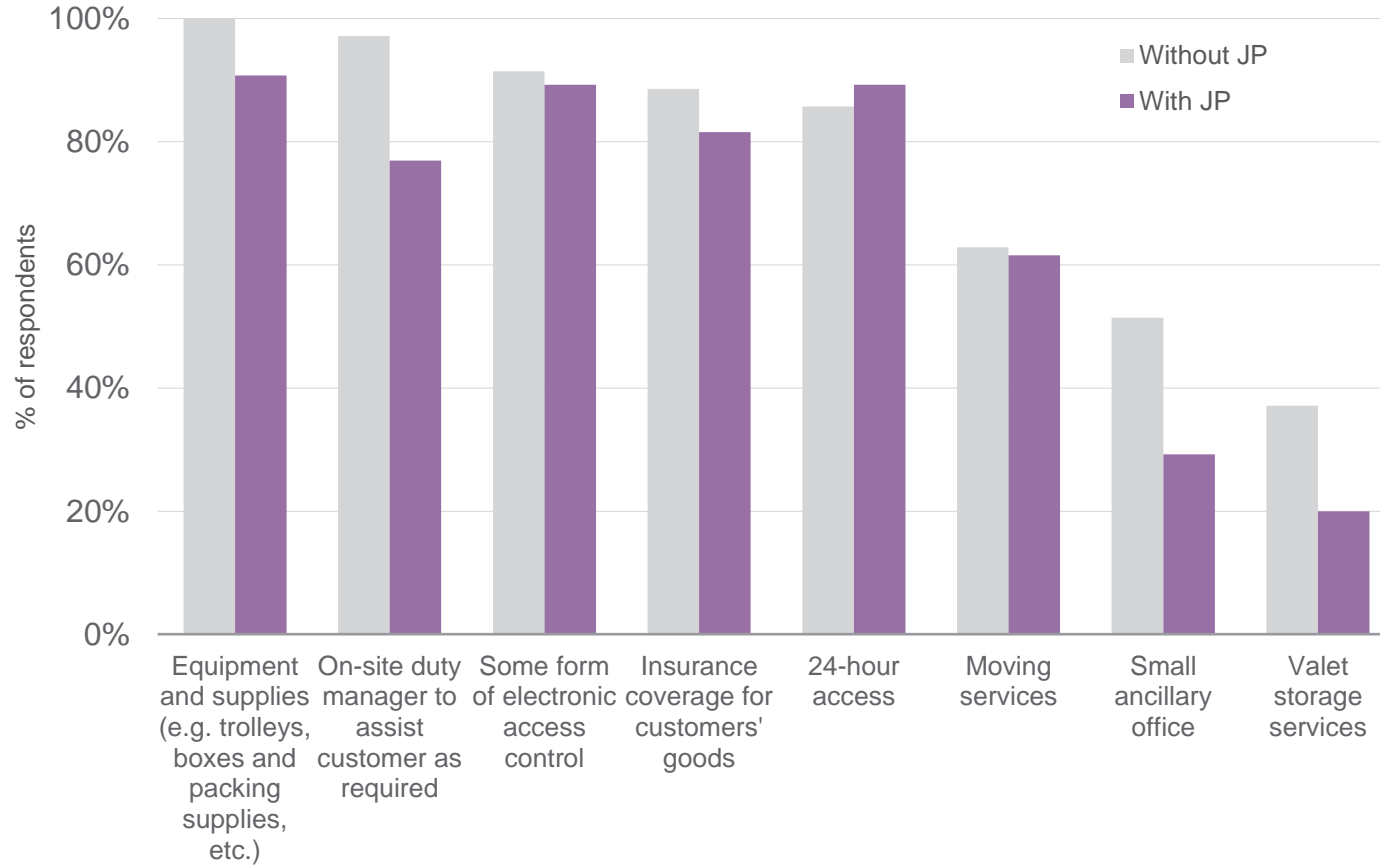


Value add services are gaining traction

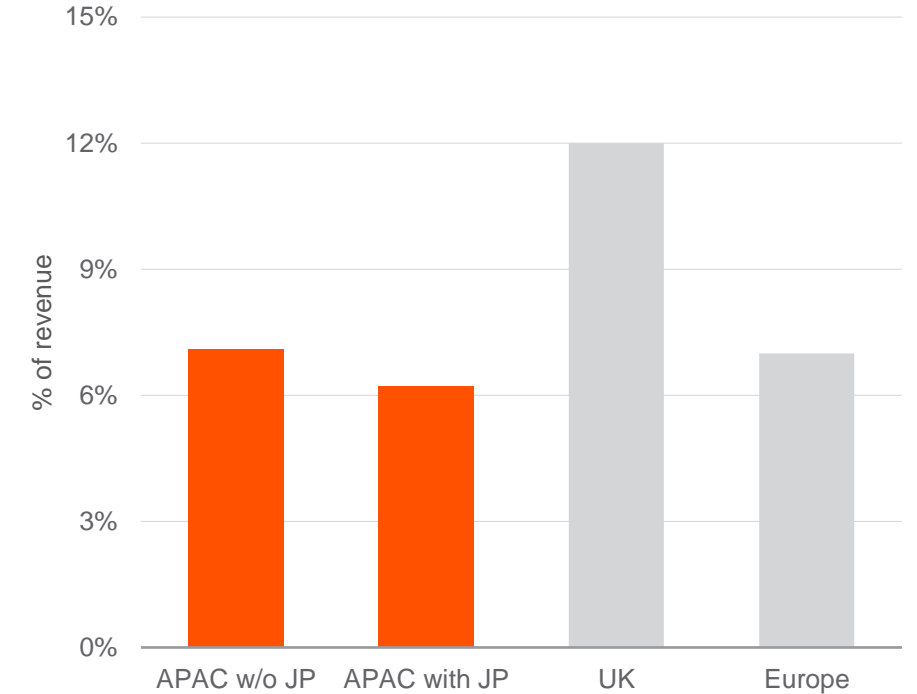
More operators added insurance and office space into their VA service offering



VA Services Provided



VA Services as % of Revenue



Source: SSAA Annual Survey 2021, Cited UK and Europe estimates sourced from fedessa 2020

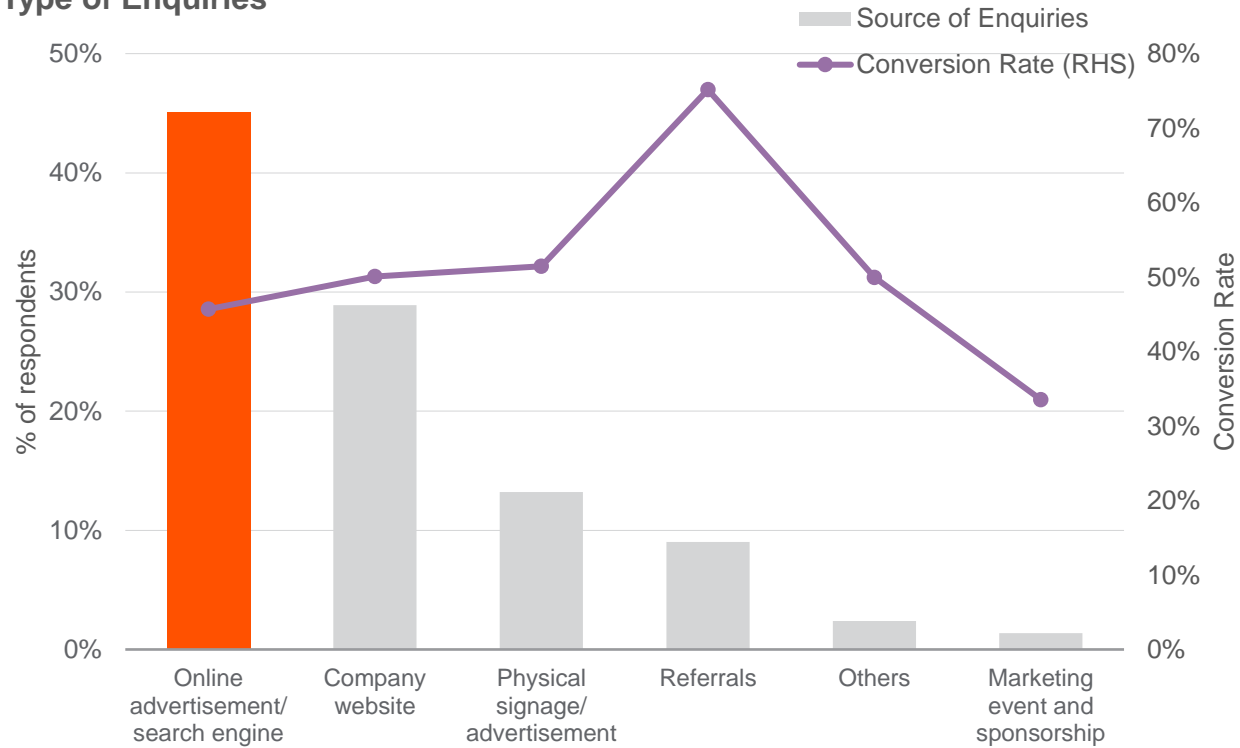
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Building versatile online platform is critical

Referrals have the highest conversion potential followed by online ad/website



Type of Enquiries



Online Strategy



Source: SSAA Annual Survey 2021

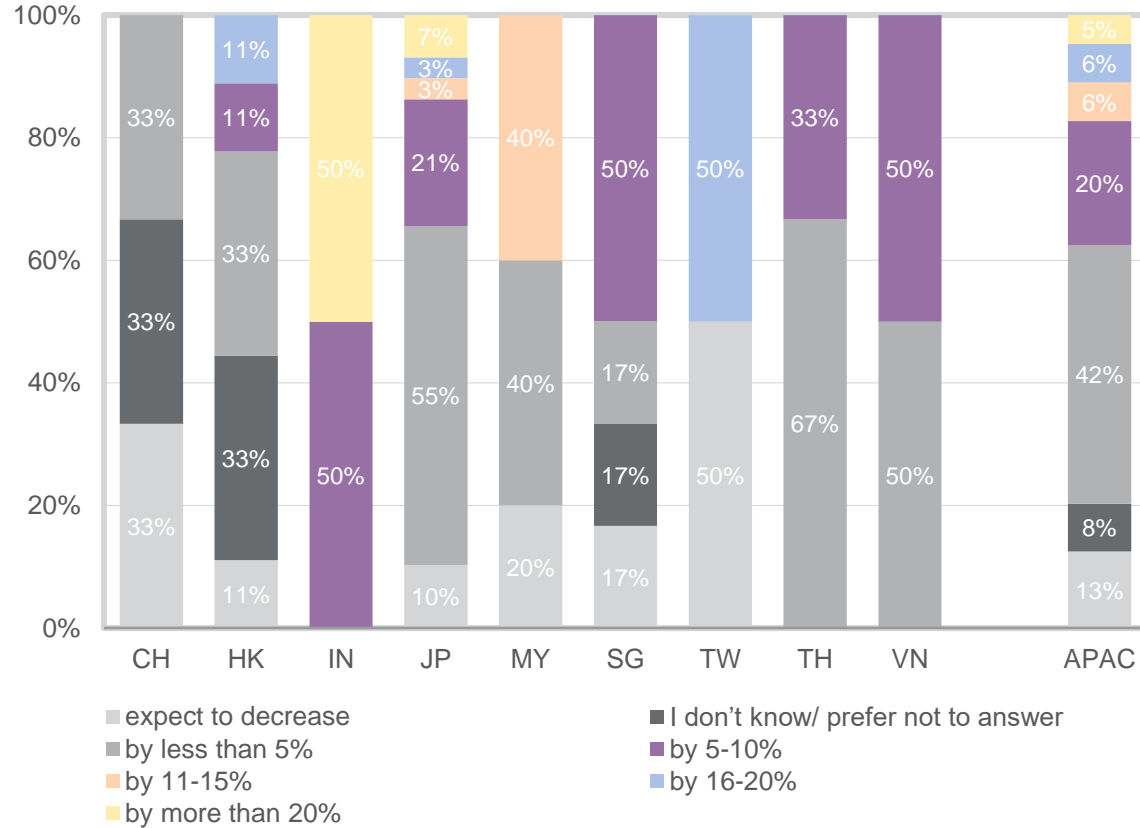
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Post Covid: 79% expect rental growth in 2021

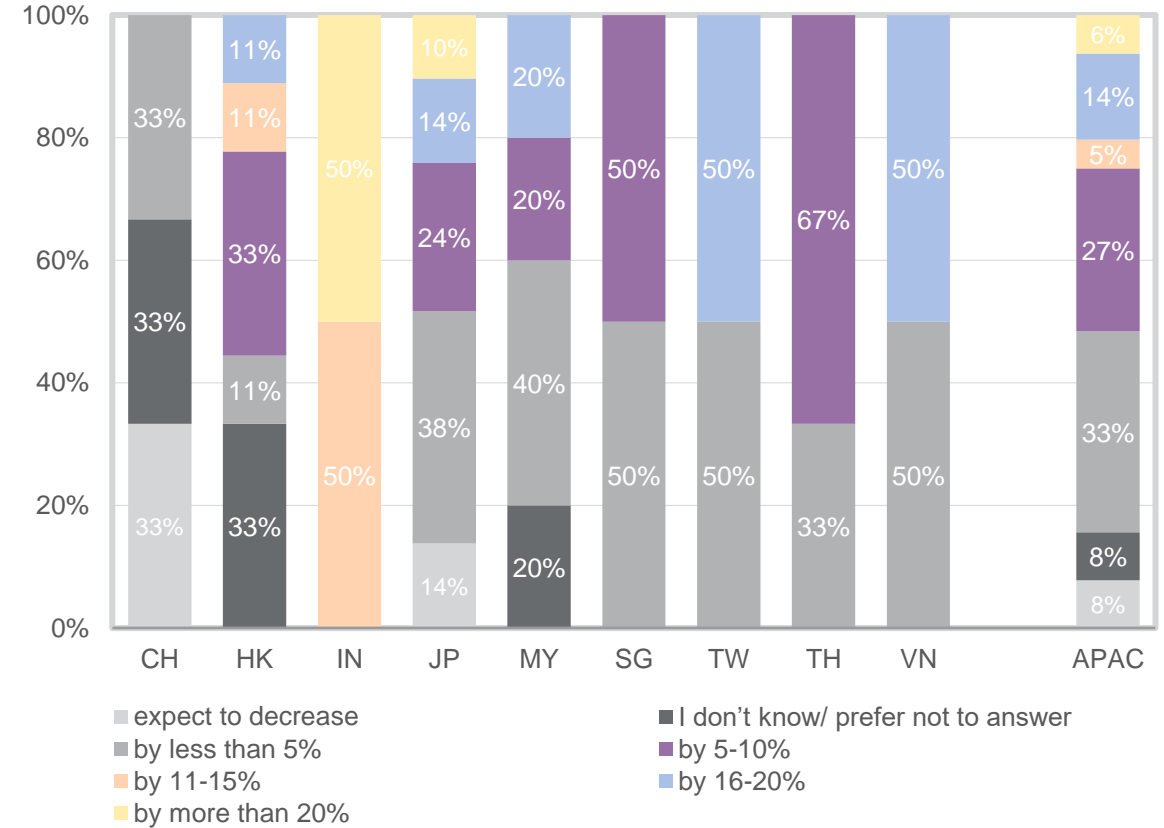
84% expect rental growth over the next 3 to 5 years



2021 Outlook



3 to 5 year Outlook



Source: SSAA Annual Survey 2021

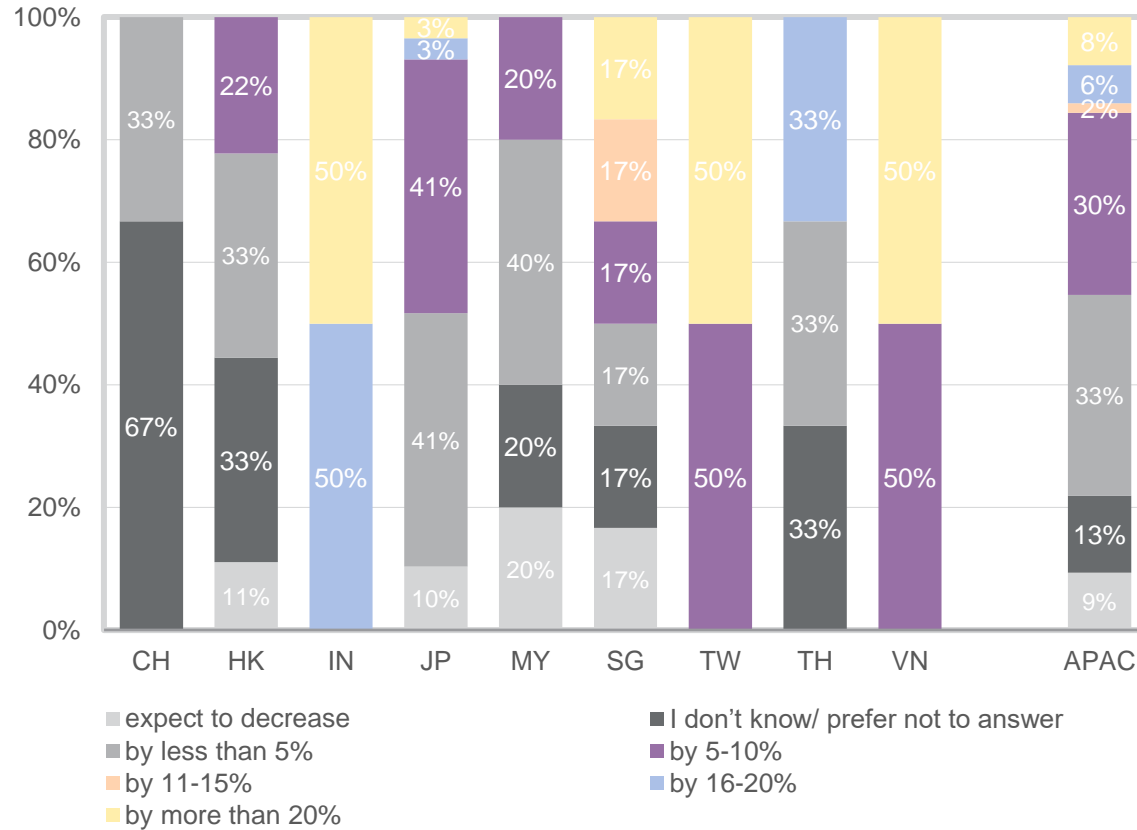
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Post COVID-19: 78% expect **profitability** growth in 2021

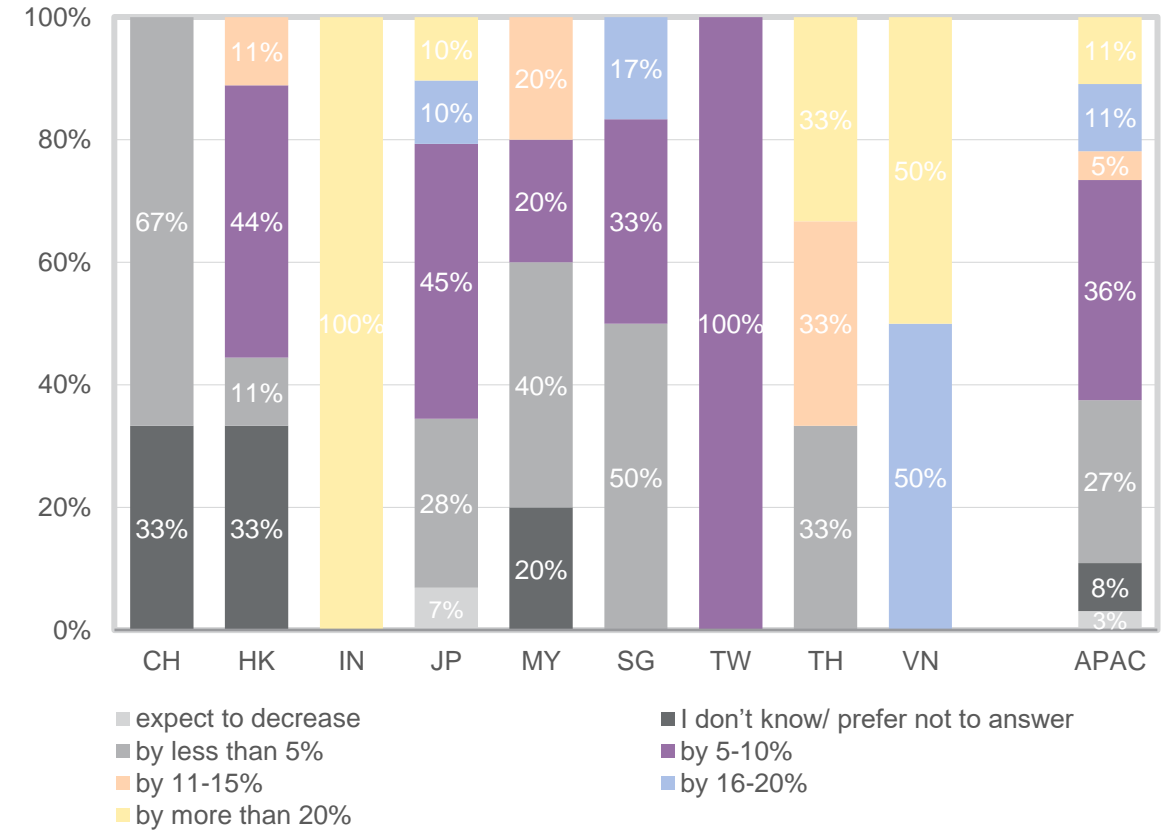
89% expect profitability growth over the next 3 to 5 years



2021 Outlook



3 to 5 year Outlook



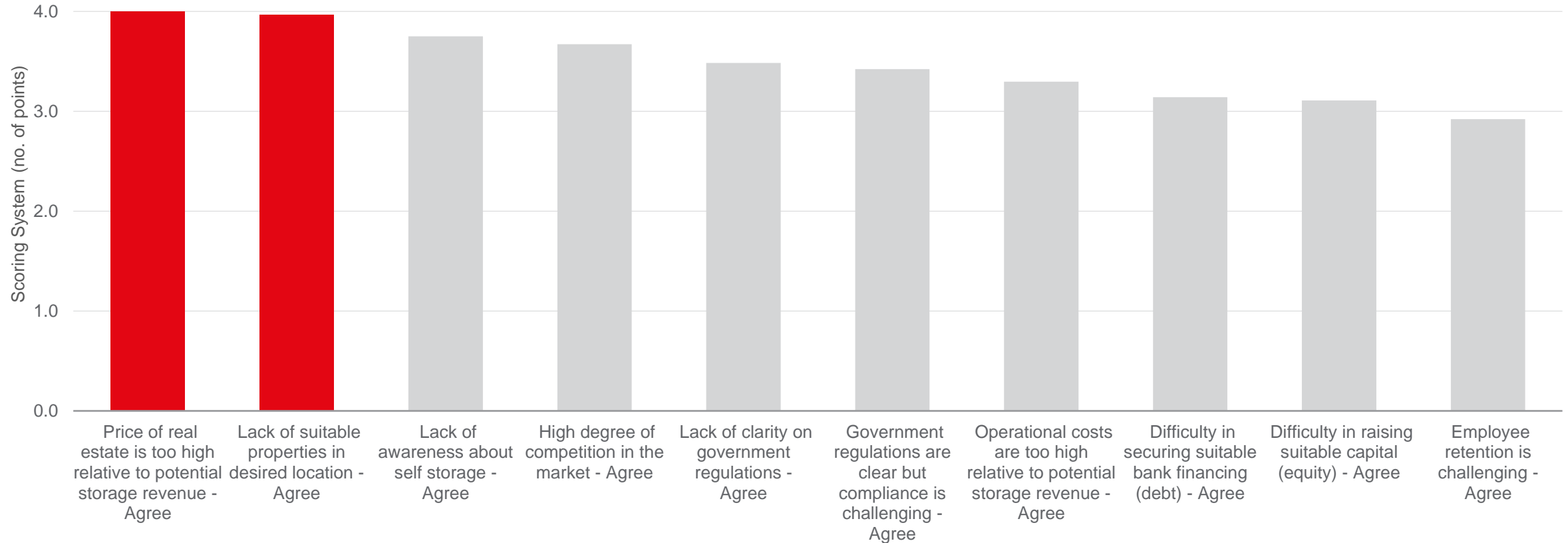
Source: SSAA Annual Survey 2021

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Respondents cited real estate market conditions as their biggest challenges



Key Challenges



Source: SSAA Annual Survey 2021

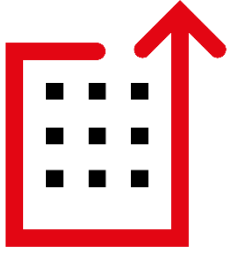
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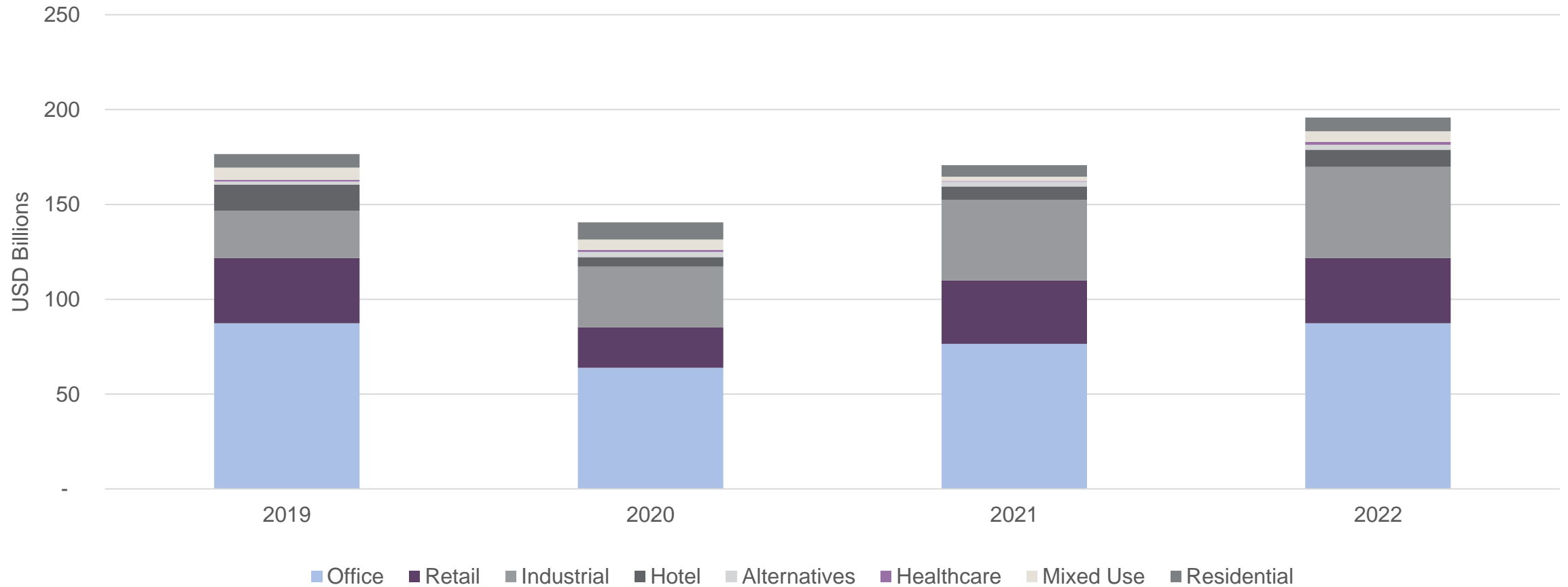


Investment



2021 CRE volume is expected to reach pre-covid level

We expect 2022 volume to climb to the new record high



Source: JLL, 2021 and 2022 volumes are estimates
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Yield spreads in Singapore and Tokyo looking attractive

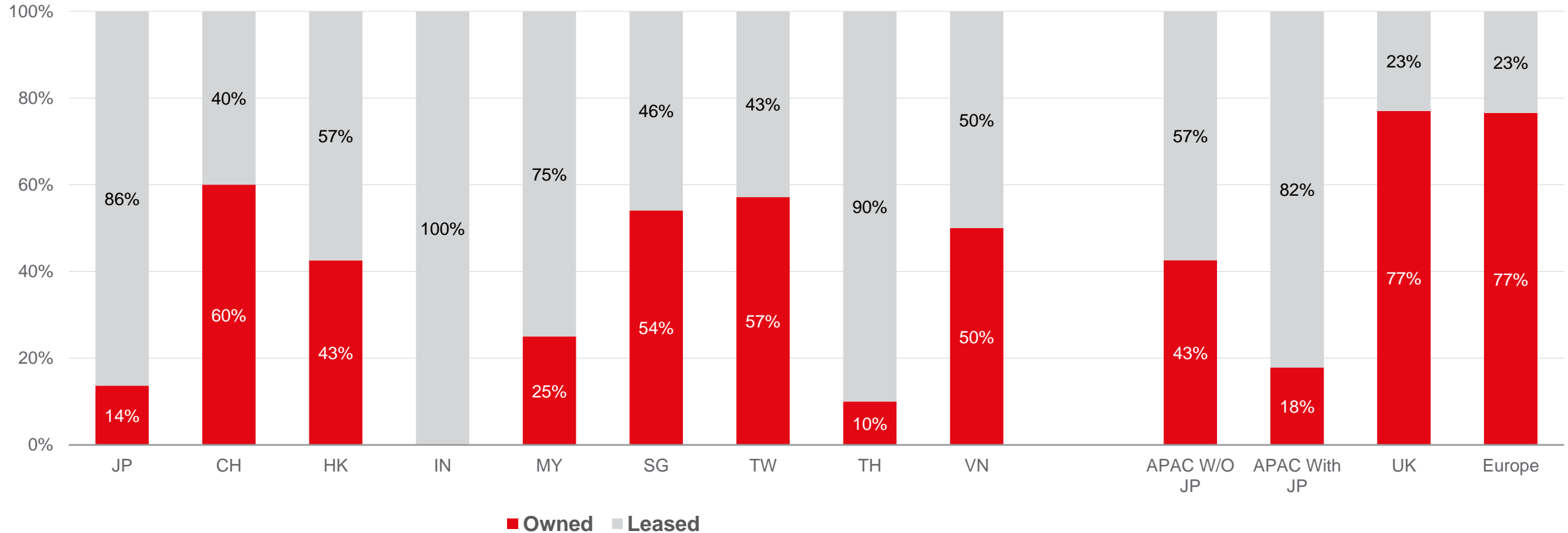


Industrial Market	Typical Cost of Debt (%)	Typical LVR (%)	Transactional Yield (%)	Yield Spread of Debt Cost (bps)	Cash-on-Cash Yield (%)
Hong Kong	1.60	50	3.60	200	5.60
Seoul	3.00	60	4.05	105	5.63
Singapore	1.50	40-50	5.25	375	8.32
Shanghai (RMB)	4.65	30-50	4.40	-25	4.40
Sydney	2.00	50	3.50	150	5.00
Melbourne	2.00	50	3.50	150	5.00
Tokyo	0.60	55-60	3.00	240	6.60

Note: Cash-on-cash yield is calculated by: (transactional yields – cost of debt x LTV ratio) / (1 – LTV ratio)
 Debt costs are based on investment grade borrowers, core stabilised assets fixed pricing on typical market maturities
 Source: JLL, Q3 2021

Share of ownership probably needs to be higher to be attractive to institutional capital

Ownership vs Lease



Source: SSAA Annual Survey 2021

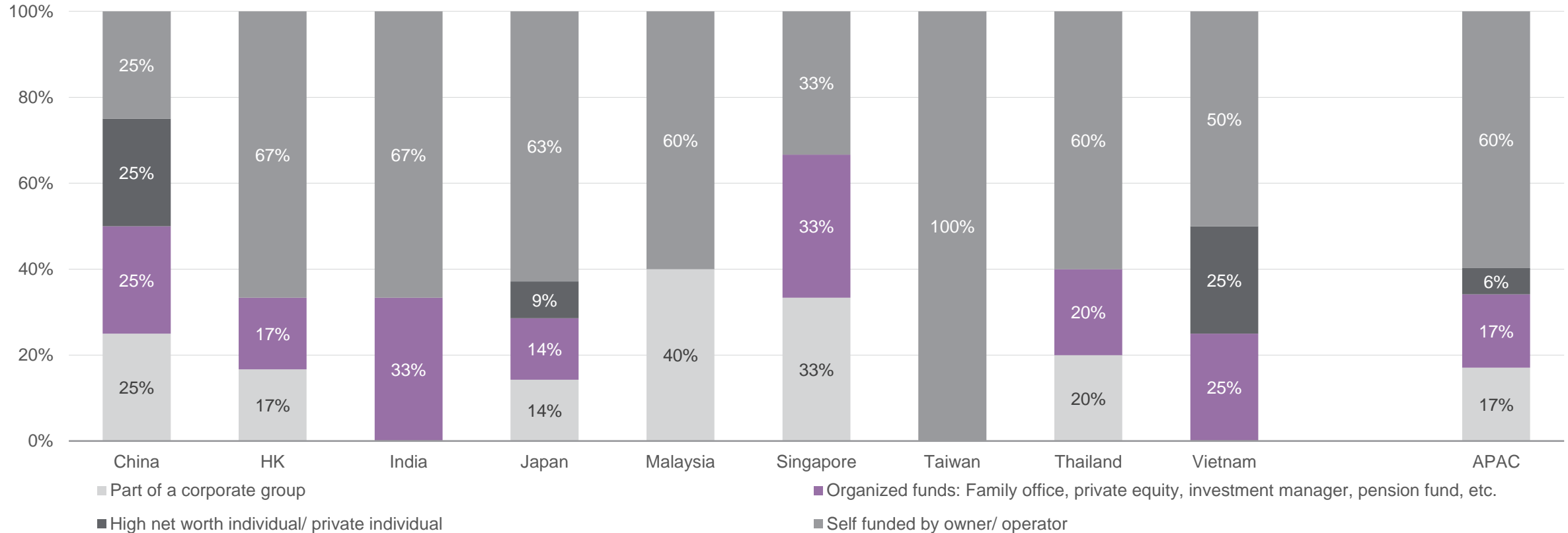
Note: Owned includes freehold and leasehold titles. Leased refers to building lease

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Private and self funding accounts for more than 50%



Source of Funding



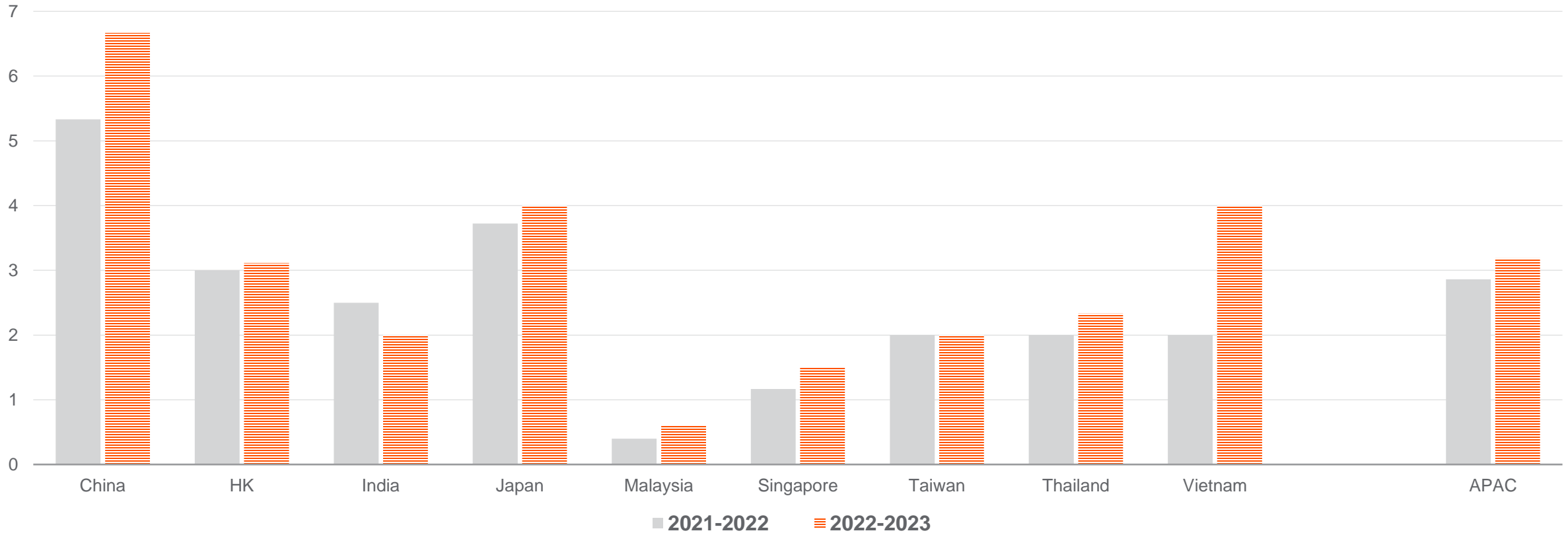
Source: SSAA Annual Survey 2021

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Expansion Plans have become more upbeat



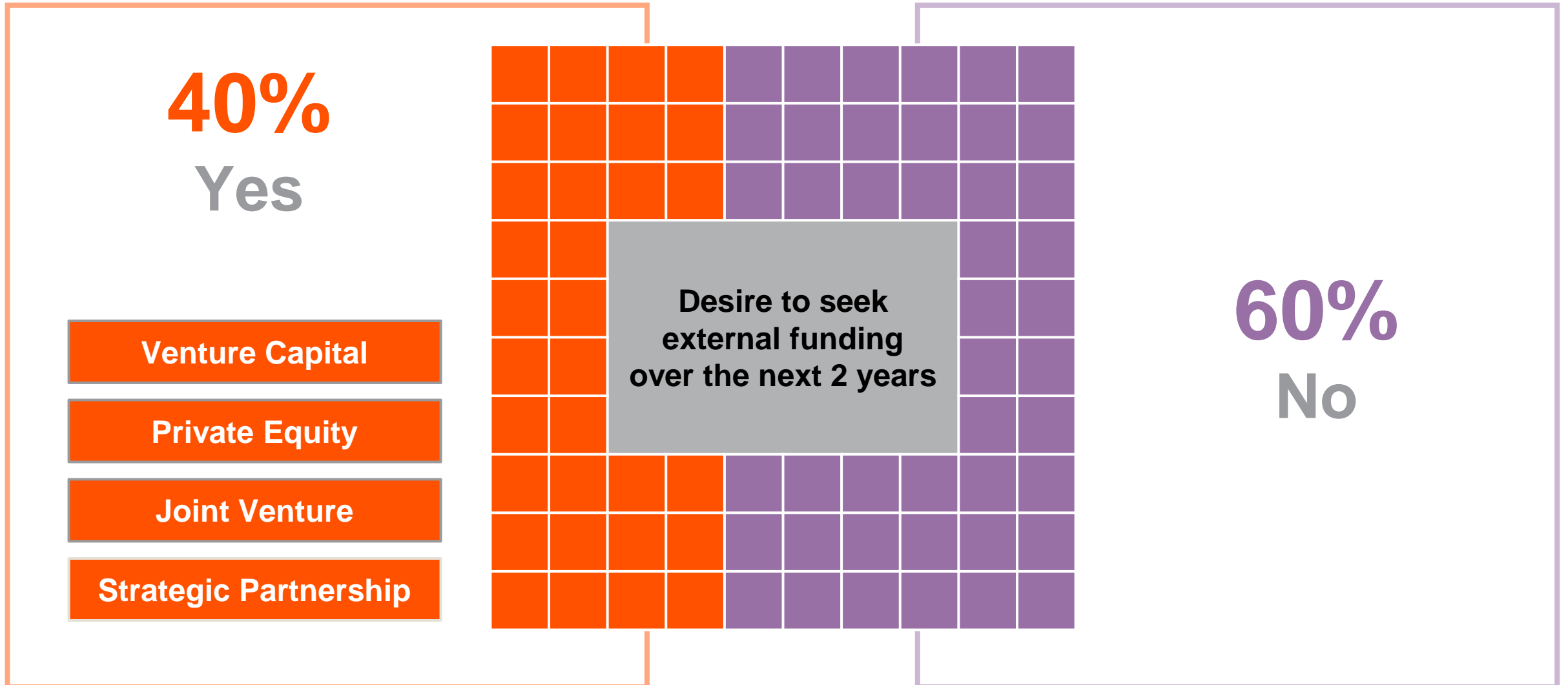
Plans for New Stores



Source: SSAA Annual Survey 2021

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Funding sentiment continued to drop in two year rows





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