



OCCUPIER SERVICES | APAC | 14 APRIL 2020

# WHAT OUR CORPORATE CLIENTS ARE ASKING US ABOUT COVID-19



COVID-19 has fast become a global challenge, affecting business operations, workforce and the workplace globally. As the impact of COVID-19 continues to escalate, corporate landlords and occupiers should remain prepared for near to longer-term disruptions and take immediate action to secure business continuity. Read this issue of Colliers Q&A with our expert advice to some of the latest questions we have received from occupier clients in response to the rapidly changing conditions in the APAC occupier property markets. **Stay tuned for additional insights and recommendations for occupiers in our upcoming publications in the coming weeks**

## 1 WHAT OPPORTUNITIES ARE THERE WITHIN OUR PORTFOLIO TO NAVIGATE THE CURRENT COVID-19 LANDSCAPE?

One strategy that can be useful in the current environment is a Lease ‘Blend and Extend’. Using this strategy, tenants trade an early renewal and extended lease length for beneficial lease terms such as reduced rental rates, capital improvements and reduced square feet. **A successfully executed blend and extend results in immediately reduced real estate costs.** COVID-19 signals a time sensitive opportunity to lock in competitive terms before the market fully recovers and can be negotiated several years before your current lease expires.

## 2 WHAT INCENTIVES ARE AVAILABLE FOR MULTINATIONAL CORPORATIONS?

Governments and central banks across Asia Pacific have been rolling out supporting policies to shore up the confidence of businesses to ease some of their operational and financial burdens. Key Asia Pacific market incentives include\*:

- **Australia:** “JobKeeper” payments, payments to boost cashflow for businesses, increasing the instant asset write-off and evictions have been put on hold for 6 months.
- **China:** While there is no policy guide for private landlords, the government has issued policies for Landlords for state-owned assets to provide some rent relief to their existing Tenants. The details of the policy will vary from province to province .
- **Hong Kong:** Payroll, income, property and business taxes. Banks offering to delay repayments, extend loan tenors; some banks offering expedited, unsecured loan products for SMEs to help improve cash flow. Government 2020/2021 budget introduced a concessionary low-interest loan with 100% government guarantee, maximum loan will be HK\$2 million with a repayment period up to 3 years, with government guarantees of up to HK\$20 billion.
- **India:** Sector related incentives and tax deadline extensions. Reserve Bank of India has asked all banks and lending institutions to allow a 3-month moratorium on payment of instalments of all term loans outstanding as at 1 March 2020. Interest payments on working capital loans are also to be deferred by three months.
- **Singapore:** The Singapore Government recently sanctioned a one-off property tax rebate of 30% for commercial Landlords. The value of the rebate is included as rental income, which loosely equates to 0.36 months of rent subject to the Inland Revenue Authority of Singapore (IRAS assessment of the property value. Landlord's should pass down the savings to tenants, however this is at their discretion. Companies are entitled to Automatic Deferment of Corporate Income Tax (CIT) Payment. With the announcement of the “Circuit Breaker” lockdown, the opportunity for tenants to ask for rent wavier for the 30 day period is affected.
- **Japan:** Financial institutions are requested to provide concessions on principal/interest repayment. Emergency lending programmes for new loans and are making collateral/guarantee requirements more flexible to meet the needs of companies promptly and appropriate. This includes the use of safety net loans/guarantees from policy financial institutions and credit guarantee associations. An emergency loan/guarantee line of 500 billion has been secured for the Japan Finance Corporation.

## 3 WE ARE TRYING TO REDUCE COSTS, WHAT IS THE BEST WAY TO COMMUNICATE AND NEGOTIATE WITH THE LANDLORD?

Working with a Tenant Representative or your Account Manager, you can **streamline the location selection process and reduce much of the burden of negotiations.** Additional benefits that may not be recognised going direct include cost savings during negotiation, thorough analysis of your company’s space needs, free up time spent on paperwork, finesse a good deal beyond the standard rental rate negotiations, creating a portfolio of feasible locations within budget and negotiating terms that work in both the short and long term. Hiring a real estate provider who specialises in site selection and negotiating leases can make a big difference to your bottom line.

## 4 EMPLOYEE WELLNESS IS MORE IMPORTANT THAN EVER, WHAT CAN WE DO IN OUR WORKPLACE?

Taking measures to ensure your employees are in the best physical and emotional health at this difficult time is paramount. Healthy and happy employees are productive employees and organisations should consider the long-term safety and health of their employees in order to futureproof business.

- **Space in the fight against the virus:** Promoting hygiene and socially responsible behavior.
- **Boosting immunity:** Encouraging healthy lifestyles through healthy eating, physical exercise and mindful activities.
- **Managing air quality:** Proper ventilation, filtration and humidity levels can help to reduce the spread of pathogens.
- **Preparing for disruption:** COVID-19 has demonstrated the urgent need to prepare spaces and operations to measure, monitor and adapt quickly.
- **Managing stress:** Changes to people’s daily lives, and isolation measures currently in place can lead to emotional stress (both work and non-work related).

You can read more about the above from our Wellness Expert, Victoria Gilbert on [Colliers COVID-19 microsite](#).

## 5 GIVEN WORK IS NOW MOSTLY AT HOME, HOW CAN WE MAINTAIN STAFF MORALE, ENGAGEMENT AND PRODUCTIVITY?

Maintaining staff morale is critical at this time given the health and economic challenges. We recommend the following:

- **Foster a mindset of problem-solving:** Challenge your team to find ways around roadblocks.
- **Keep employees informed and lines of communication open:** Regular contact with employees throughout this period of uncertainty is essential. Transparency, even when information is fluid, is key to maintaining trust.
- **Promote work life balance.** Encourage employees to establish a new working routine that incorporates breaks.
- **Introduce recognition and awards:** Recognising significant contributions, extra effort and contributions beyond expectations can boost morale and reassure employees that their work is valued.
- **Morale matters:** In uncertain times, morale is essential. People feel most anxious when they have no control. Provide a medium for staff to share ‘Work From Home’ best practices or host a virtual team ‘happy hour’ to bring the social aspect into the new work style conditions.



Sources:

Governments are rapidly updating policies and incentives, we recommend visiting our COVID website and the below for updates:

- [Australia](#) • [China](#) • [Hong Kong](#) • [Japan](#) • [India](#) • [Singapore](#)



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