

## China Reopening Set to Boost Asia-Pacific Multifamily and Hospitality Sectors



With the news that China has lifted travel bans, travelers from across the globe are gearing up to visit the country and provide a welcome cash injection for the Chinese tourism industry. At the same time, the greater Asia-Pacific (APAC) area is getting ready to receive an influx of Chinese nationals as they flock to neighboring countries for business and leisure.

While that's good news on a number of economic levels, it's also a tailwind for the APAC commercial real estate (CRE) industry. And, according to recent reports across the region, the two sectors that are anticipating the biggest benefits are multifamily and hospitality.

### **Apartment Sales are on the Up**

Multifamily sales in Singapore, for example, are expected to improve, with some analysts anticipating a "more than 10% increase in the number of homes purchased by Chinese this year" in the city-state.

A recent article in the Australian Financial Review (AFR) adds that another possible effect of China's reopening is an uptick in Australian apartment sales. AFR says: "At a time of little new apartment supply, Australia's residential developers will benefit from returning demand from returning foreign migrants."

AFR notes that luxury apartments in particular are likely to see elevated sales but states that overall Australia is "lower down the list of countries to directly benefit from China's reopening."

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## Tourism and Hospitality Boost

Countries like South Korea and Japan are expecting a bigger boost, especially from the tourism and hospitality sectors. Likewise in Thailand, hospitality is gearing up for a major influx of Chinese tourists, with Thai Deputy Prime Minister, Anutin Charnvirakul, stating:

“The arrival of tourists from China, as well as from countries around the world to Thailand is expected to increase continually. This is a good sign for Thailand’s tourism sector,” adding “...it will accelerate the economic recovery after our suffering from the Covid-19 pandemic for three years.”

The reopening is also a positive signal for the hospitality sector in many other South-East Asian countries, which have battled low hotel occupancy and slow revenue recovery over the last three years.

Worth noting, however, is that some APAC countries have introduced restrictive new travel policies regarding Chinese nationals, including Covid testing requirements, which could act as a headwind to recovery.

## Economic ‘Silver Lining’

At the start of a year where murmurings of recession have kept economic prospects largely subdued, China’s reopening is a strong positive signal for the global economy.

As a recent Bloomberg article quoted in the Japan Times puts it:

“China’s sudden reopening is set to offer a boost to a flagging world economy. The growth impulse will be felt through services sectors such as aviation, tourism, and education as Chinese people pack their bags for international travel for the first time since the pandemic.”

