

Megatrends



Resilient Domestic Consumption

Asia Pacific economies to rebound by 7.3% in 2021 driven by domestic consumption

Accelerated E-commerce Adoption

Market to grow to US\$2.5 trillion in 2024 (5-year CAGR of 11.3%)

Emphasis on Supply Chain Resiliency

Industry rebalancing priorities for greater supply chain resilience

Regional Free Trade Agreements

Regional and bilateral agreements to drive cross-border trade flows

Green Logistics

Focus on sustainability continues to drive green financing options

Economies in Asia are expected to perform better in 2021 following COVID-19's triple shock to the region: the pandemic itself, the economic impact of containment measures and the ensuing global recession. Following a contraction of 1.6% in 2020, the region is expected to rebound by 7.3% in 2021, driven by a recovery in domestic consumption.^{1,2}

What it means for MLT?

MLT operates in nine markets with an aggregate GDP of US\$23.6 trillion and a population of 3.1 billion.³ Collectively, these markets have a burgeoning middle class which continues to fuel demand for consumer goods, increasing demand for warehouse space. Domestic consumption is a key demand driver for MLT's business, with approximately 75% of our tenants serving consumer-related sectors.

Since the onset of the pandemic, consumers around the world have been reliant on e-commerce, compressing 10 years of e-commerce adoption into three months.⁴ This structural change in consumer behavior is expected to drive online retail sales in Asia Pacific ("APAC") to US\$2.5 trillion in 2024 from US\$1.5 trillion in 2019, reflecting a compound annual growth rate of 11.3%.⁵

What it means for MLT?

APAC is home to several high-growth e-commerce countries such as China, South Korea, Singapore and Vietnam. The accelerated adoption of e-commerce continues to influence demand for well-located high-quality warehouse space in thriving e-commerce markets. MLT's focus on rejuvenating and modernising its assets through active asset management positions it well with a future-ready portfolio.

In the wake of COVID-19, US-China trade wars and geopolitical tensions, supply chain players have begun to recognise the need for greater supply chain resilience. Companies employing strategies such as China Plus One and those transitioning from Just-in-Time to Just-in-Case manufacturing are generating demand for network diversification, as well as modern logistics facilities.

What it means for MLT?

APAC has a relatively limited supply of modern logistics space compared to developed markets such as North America. With a portfolio of 163 properties across nine markets, MLT is well-placed to fill the market gap. With highly efficient specifications such as large floor plates, high ceilings, high power capacity and strong floor loads, MLT's warehouse assets continue to attract strong interest from supply chain players.

Recognising the economic benefits of deeper trade integration, governments across APAC continue to explore regional and bi-lateral free trade agreements ("FTA") to boost cross-border trade flows. In November 2020, APAC nations signed the Regional Comprehensive Economic Partnership, the largest FTA in history. It represents a population of more than 2.2 billion people and covers 30% of global trade.

What it means for MLT?

The augmentation of regional and bi-lateral trade agreements continues to present opportunities for the logistics industry in APAC. MLT's extensive network of strategically located modern logistics facilities provides the Trust with a competitive edge when engaging customers with regional growth aspirations. This will reinforce MLT's ability to capture opportunities in high-growth APAC region over the long-term.

Sustainability continues to gain traction in the logistics sector, championed by socially responsible landlords and the rise of green-minded tenants and investors. There is a growing global expectation for companies to adopt ethical and sustainable business practices to create long-term value for all stakeholders and to disclose the impact on the environment and community.

What it means for MLT?

MLT has over the years integrated sustainable practices into its business operations. The Trust continues to update Unitholders, investors and the public on its progressive sustainability targets and achievements through the globally recognised GRI framework. MLT has broadened its range of financing options to include green financing loans and widened its investor base to include ESG-focused investors.

Notes:

¹ "Divergent Recoveries in Asia: History is not Destiny", IMF, 23 February 2021.

² "East Asia and Pacific: Pandemic "Triple Shock" Hitting Economies Across Region", World Bank, 28 September 2020.

³ World Bank Database, 2019 figures (latest), 4 April 2021.

⁴ "Covid-19 Accelerated E-Commerce Adoption: What Does It Mean For The Future?", Forbes, 29 December 2020.

⁵ "Online Retail will reach US\$2.5 Trillion in Asia Pacific by 2024", Forrester, 18 September 2020.