

2020 Risk Radar: Infrastructure Sector

May 2020

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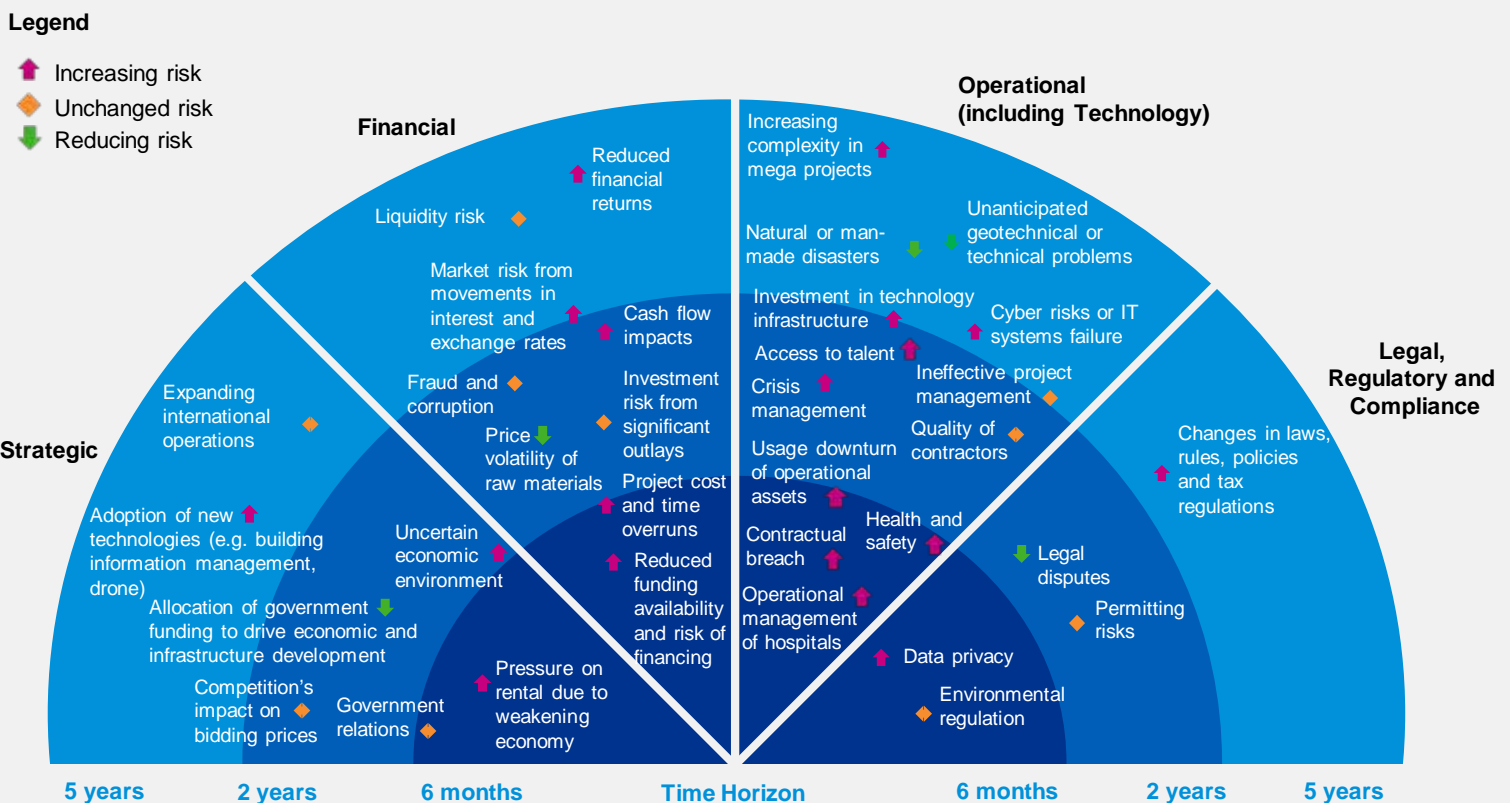


COVID-19 has caused tremendous disruption to project operation and development. Contractors, owners, landlords and hospital operators are facing significant difficulties in responding to the weakening economy and maintaining efficient operations amid the fast-spreading virus. Communication of an effective crisis management plan is essential to minimise the impact of the outbreak. Apart from that, organisations should ensure proper cash flow management to support their operations in view of the deteriorating financial performance.



Key trends observed in the market impacting the industry in the Greater China region:

- Contractual breach of development projects due to work suspension and project delays;
- Weakening economy putting pressure on rent rates to be charged by the landlord on commercial and retail portfolios;
- Challenges in operational management of hospitals, including adequacy of personal protective equipment and effectiveness of preventive measures and emergency handling;
- Usage downturns of operational assets and construction milestones delays reducing financial returns and increasing cash flow volatility; and
- Reduced funding availability and increased risk of financing in the short term as a result of prioritisation of government spending associated with COVID-19.



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