

Intelligent Investment

Q1 2024 Asia Pacific Cap Rate Survey

REPORT FIGURES

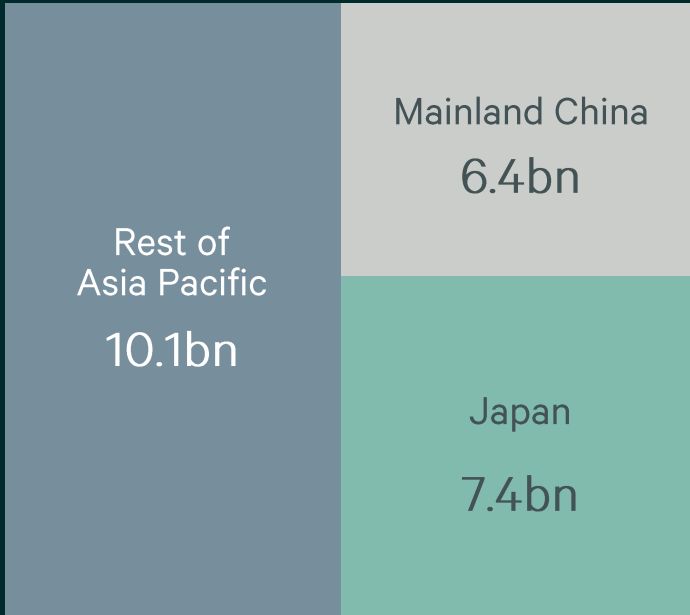
CBRE RESEARCH
MAY 2024

01 Market performance and appetite

Investment recovery timing for most markets is pushed back due to **limited risk appetite** and **delayed rate cuts**.

2024 Q1 Inv. Volume
-4% q-o-q | -14% y-o-y

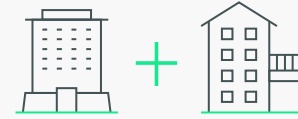
← Total USD 24 bn →



02 Investor preferences



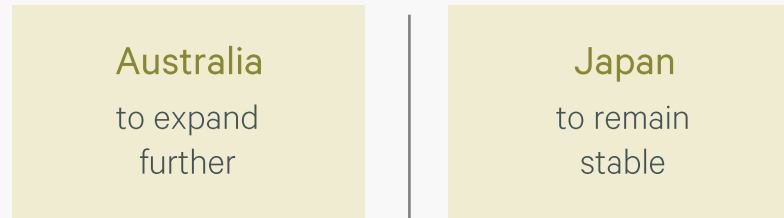
Flight-to-quality demand continues



Hotel and **residential** gain interest on cyclical and structural tailwinds.

03 APAC cap rate expansion continues

Cap rates in



More pronounced expansions to be among secondary assets **over next six months**.

04

Optimal buying window will open in H2 2024



Interest rates have peaked in most APAC economies.



Investors should aim to complete acquisitions before rate cuts.

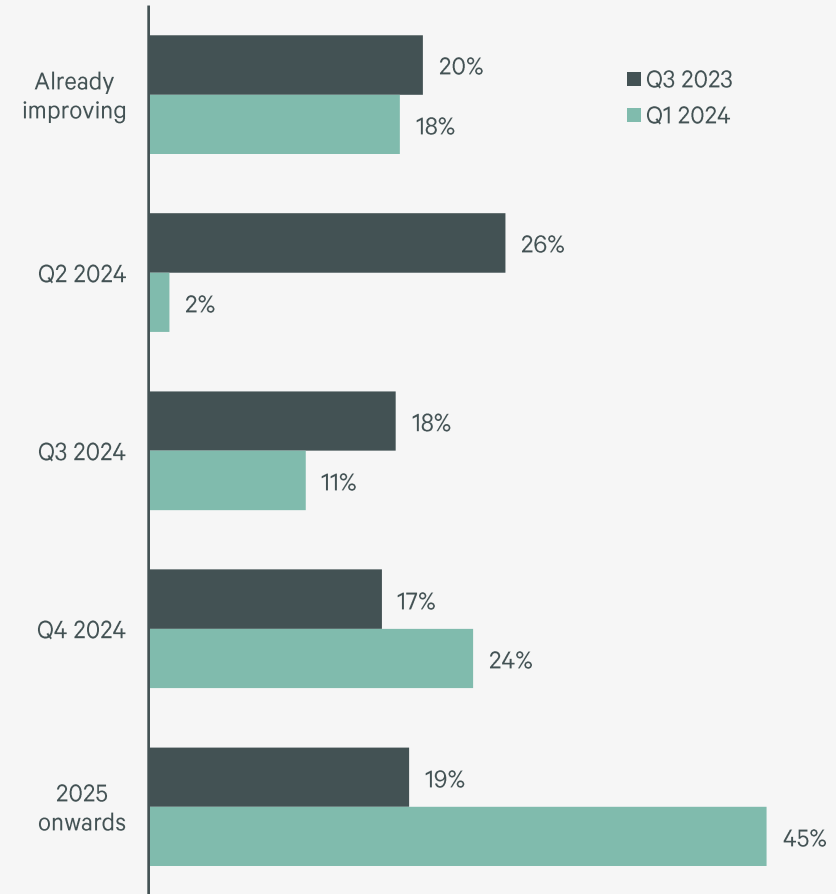
01

Investment remains subdued amid rate
cut delay

Interest rate cut delay pushes back investment recovery by a quarter

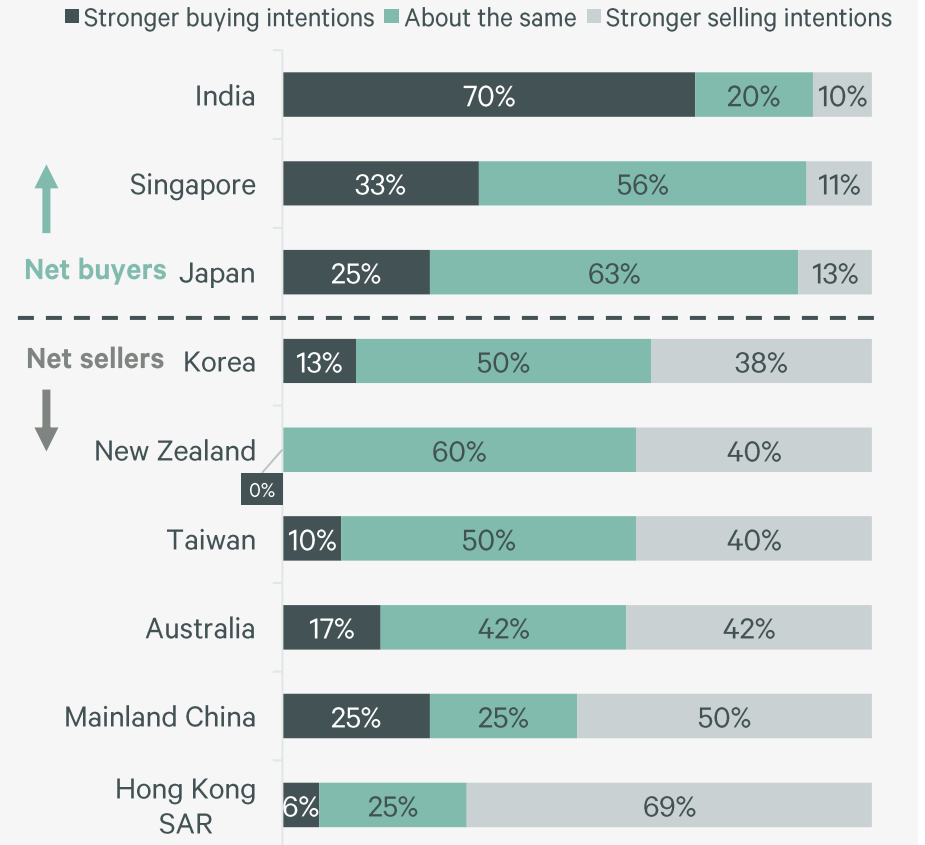
Investment volume in Japan continues to grow despite anticipated rate hikes

Figure 1: When do your clients expect investment activity to recover?



Source: CBRE Research, April 2024

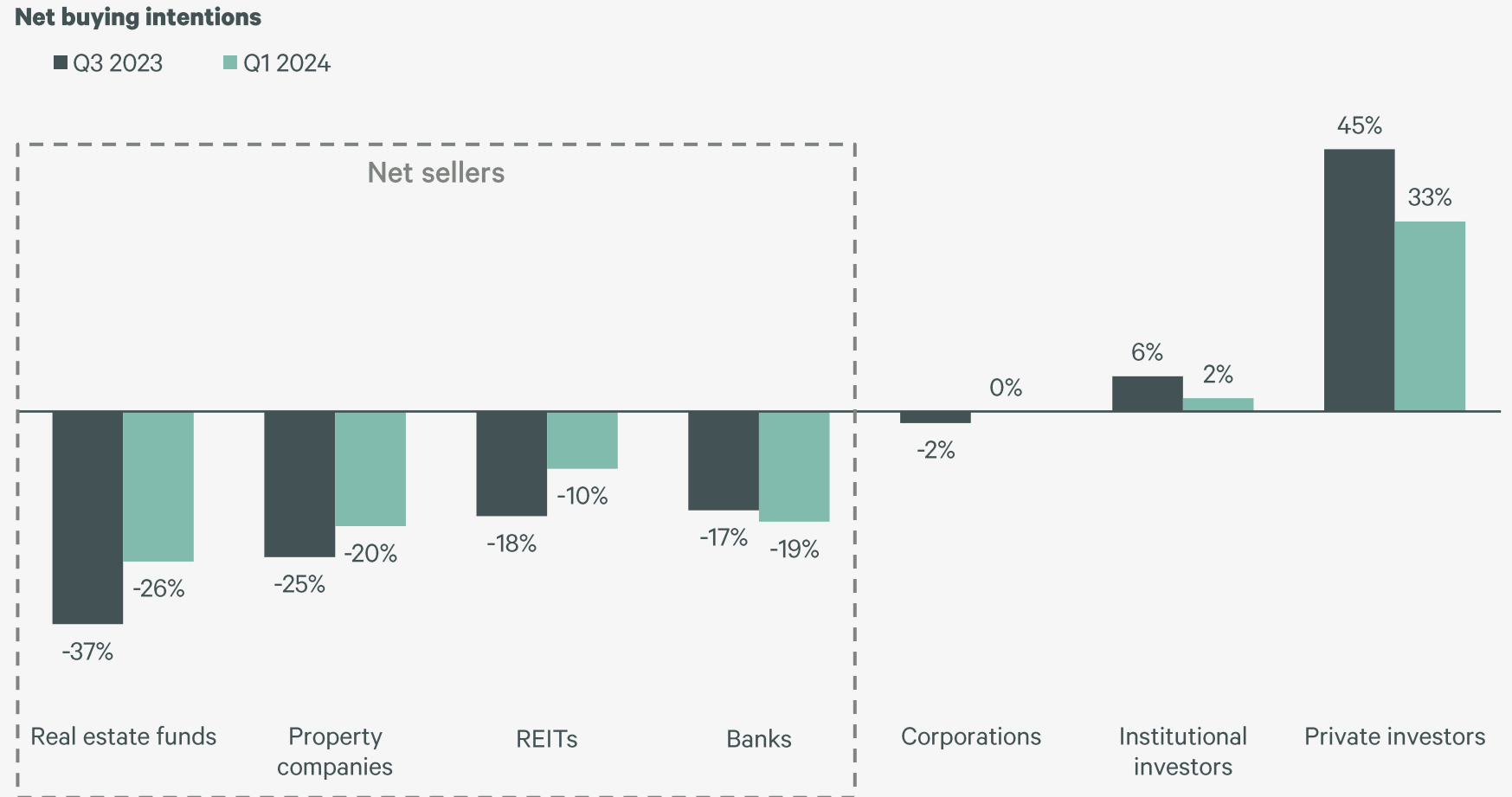
Figure 2: In your market, do you see stronger net buying/selling intentions among your clients compared to Q4 2023?



Note: Net buyers/sellers are determined by % of respondents selecting “stronger buying intentions” minus those selecting “stronger selling intentions”. Markets with positive results are indicated as net buyers.

Investors remain net sellers but pressure eases; banks continue to dispose of assets

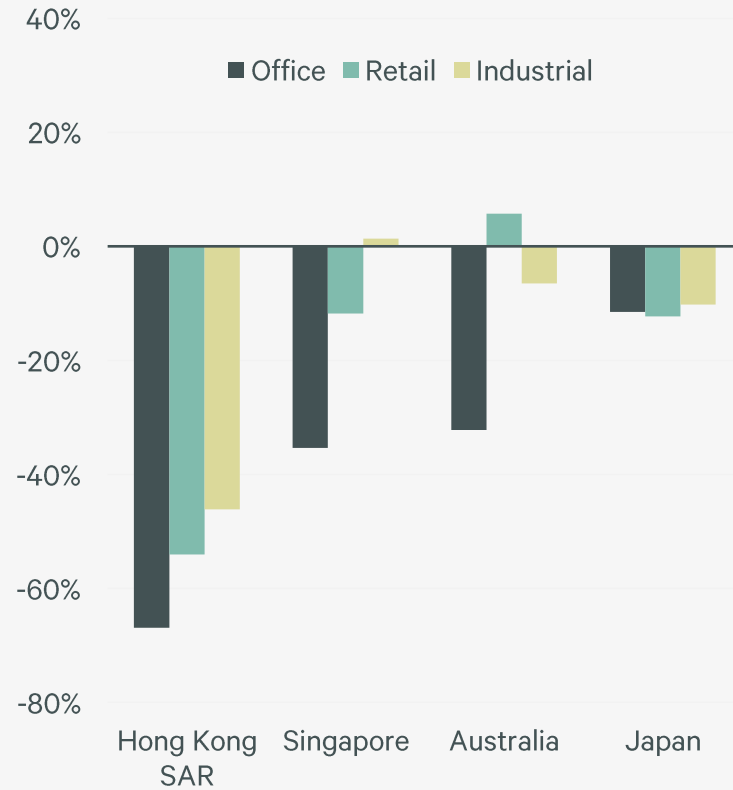
Figure 3: In your market, do you see stronger net buying/selling intentions among your clients compared to Q4 2023?



Source: CBRE Research, April 2024.

Lack of repricing prompts funds to realise returns; REITs trade at discount, especially for office

Figure 4: Weighted NAV Discount/Premium (% as of 31 March 2024)

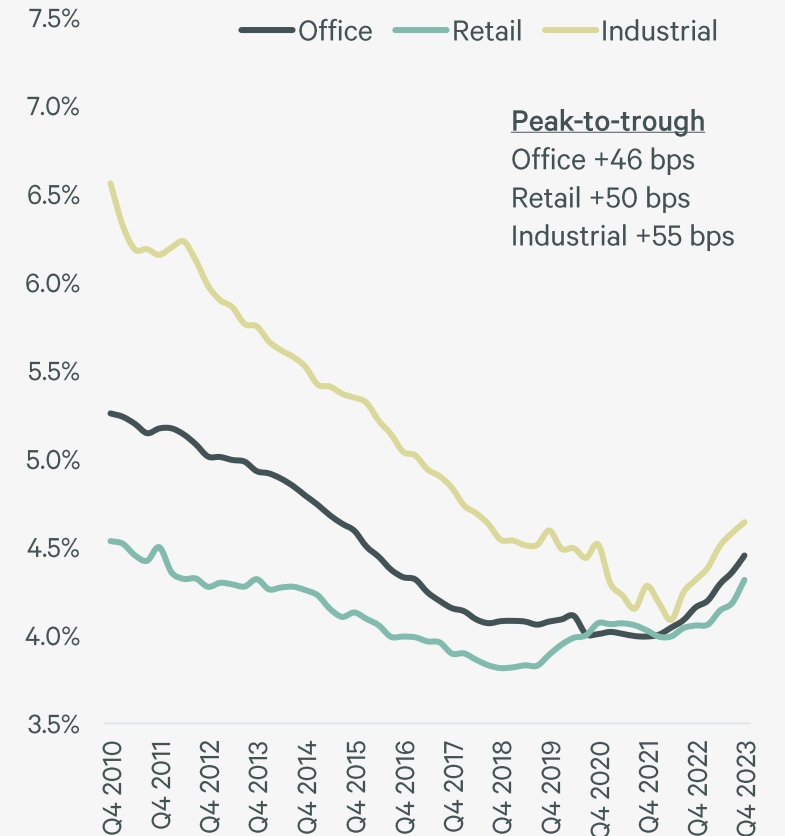


Note 1 The percentage discount/premium is based on the place of listing of the REITs rather than the location of their assets. Therefore, the percentage may not necessarily reflect the pricing of the particular market.

Note 2 Industrial REIT for Hong Kong SAR is proxied by the NAV discount for ESR.

Source: CBRE Research, S&P Capital IQ, April 2024

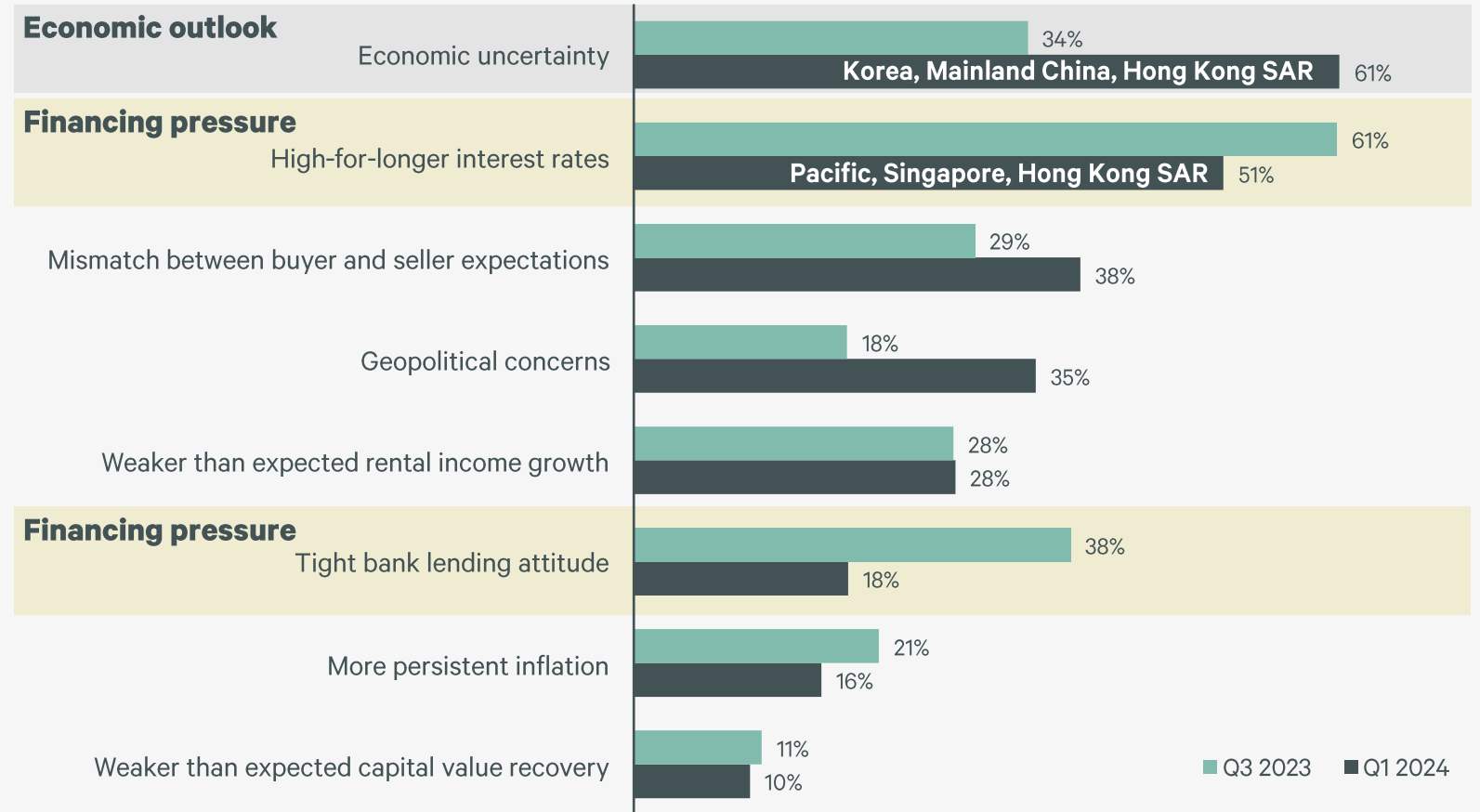
Figure 5: Asia Pacific CRE Yields (As of Q4 2023)



Source: CBRE Research, April 2024

Economic outlook remains uncertain, but liquidity pressure improves as interest rate peak

Figure 6: What do your clients view as the major challenges facing real estate investment in the coming six months?



Note: Respondents could select up to 3 options
Source: CBRE Research, April 2024

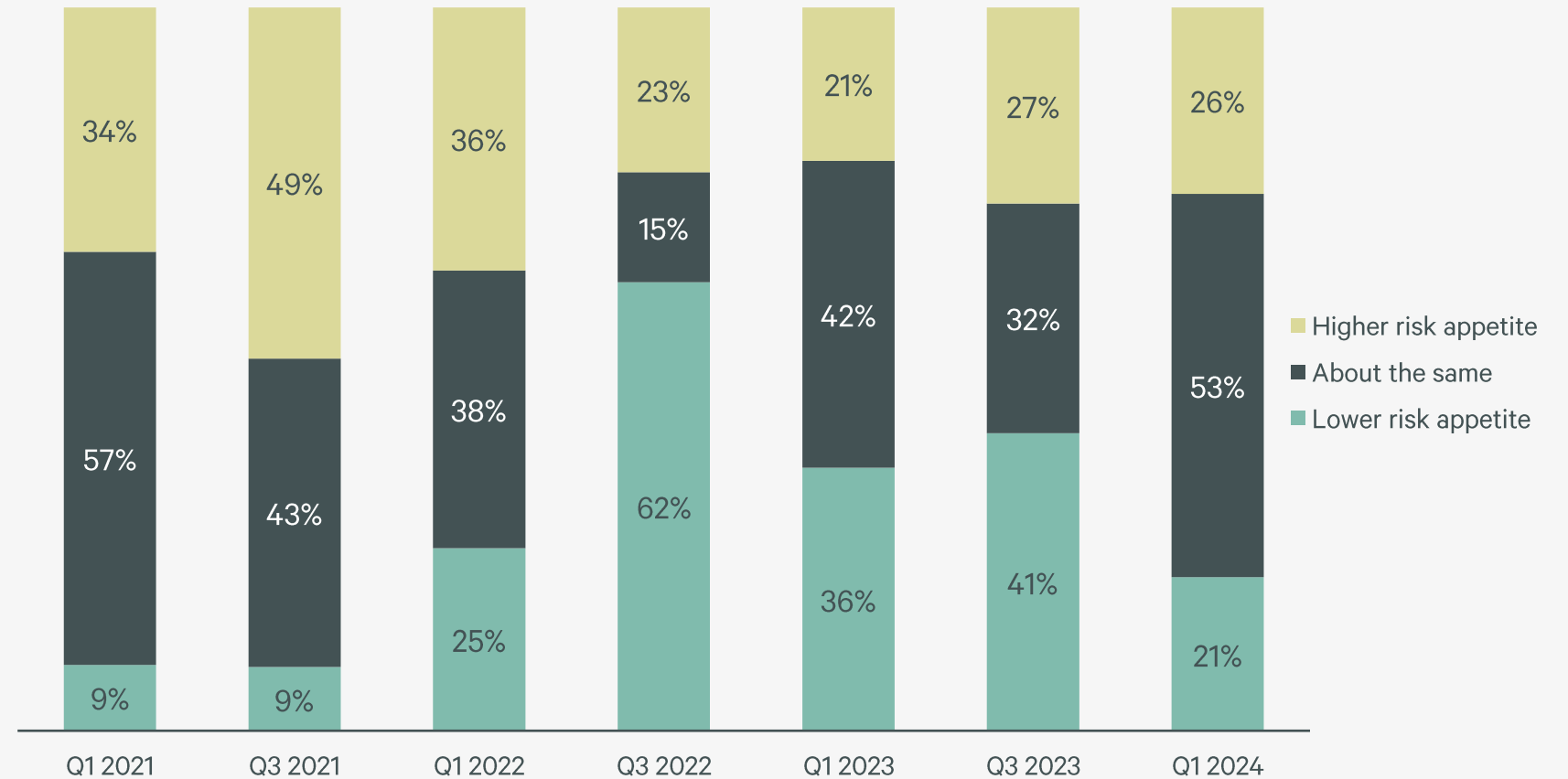
■ Q3 2023 ■ Q1 2024

02

Stabilising sentiment and narrowing
price gap fuel hope for recovery

As interest rates stabilise, investor risk tolerance looks set to **bottom out** in the next six months

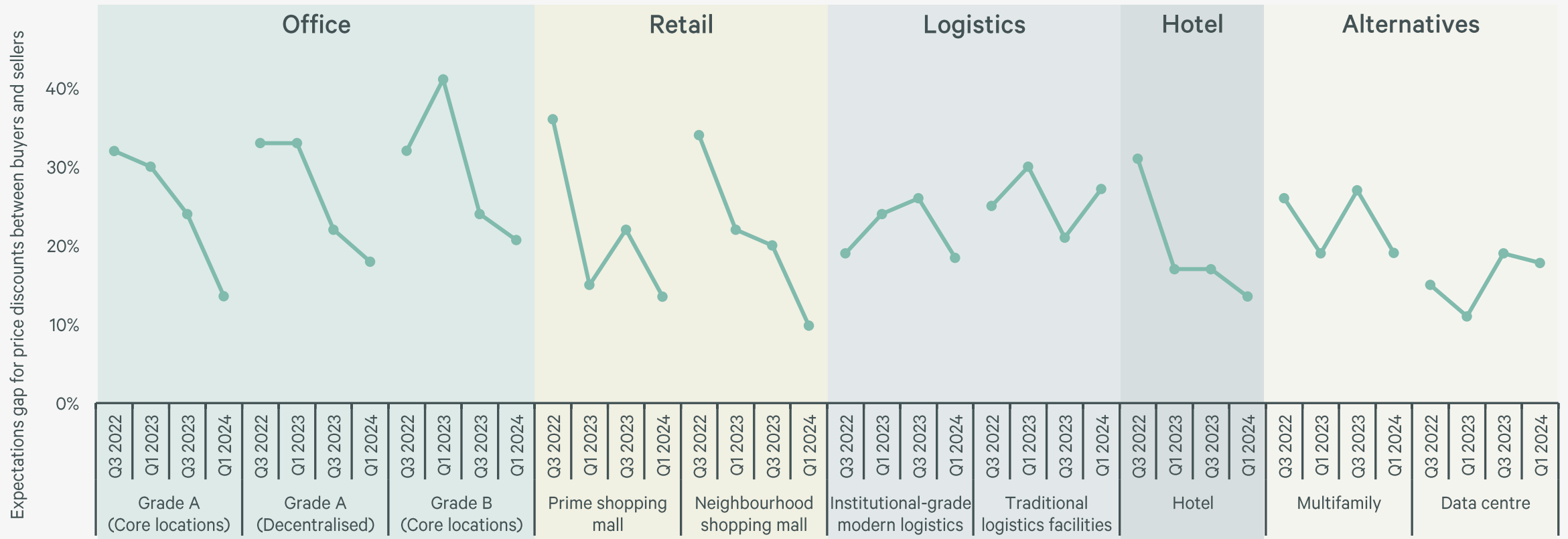
Figure 7: What is investors' risk appetite compared to Q4 2023?



Source: CBRE Research, April 2024.

Price gap narrows across the board, supporting deal closure

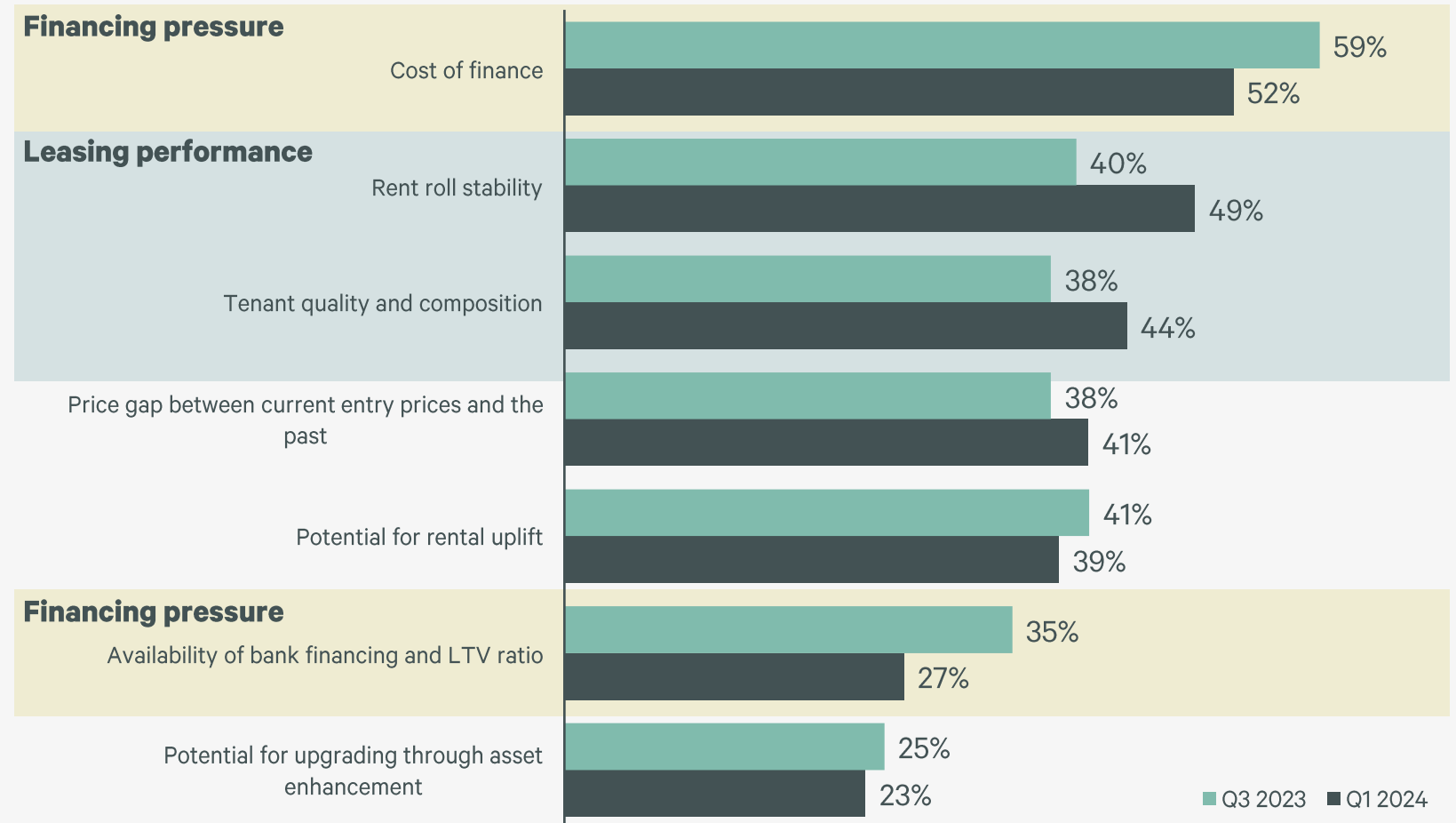
Figure 8: How have buyers' and sellers' attitudes towards asset pricing changed?



Source: CBRE Research, April 2024.

Financing pressure eases but investors focus on tenant quality and net operating income

Figure 9: When evaluating potential acquisitions, what are the main factors that your clients are currently considering?



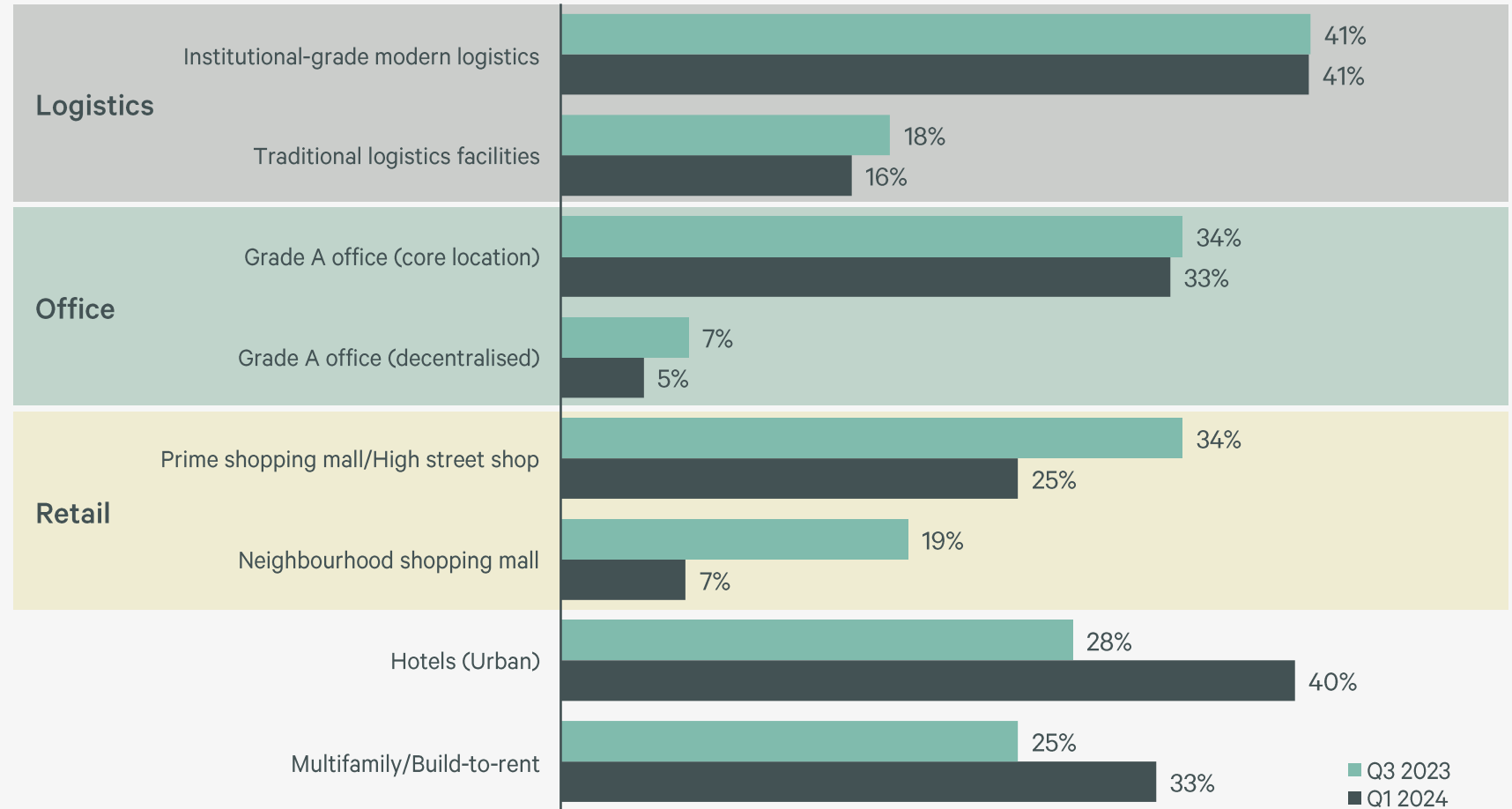
Note: Respondents could select up to 3 options.
Source: CBRE Research, April 2024

03

Investment demand by sector:
Hotel and multifamily gain traction

Secondary assets in major sectors lag; hospitality and multifamily gain traction

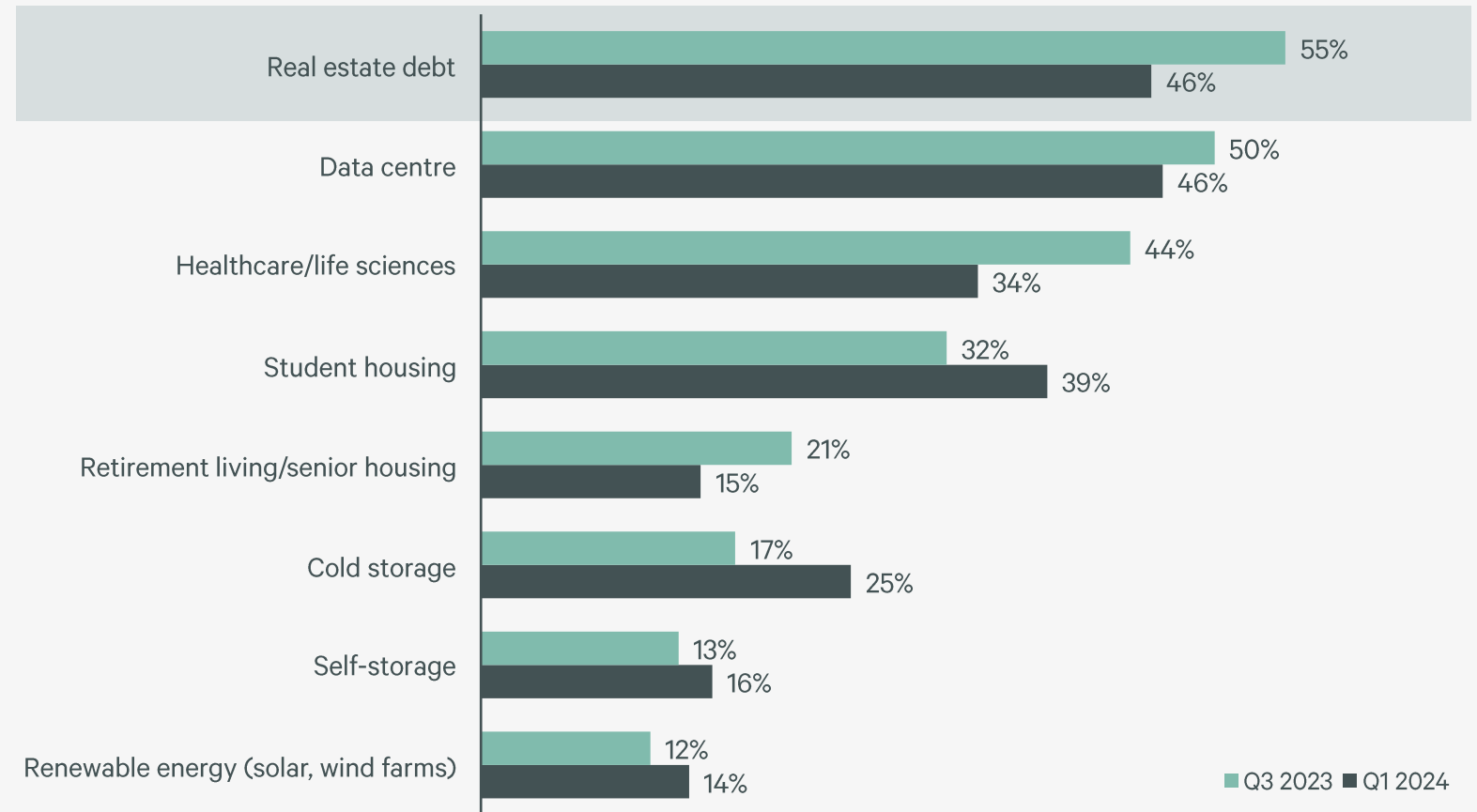
Figure 10: For which asset type are you seeing higher enquiries compared to last quarter?



Note: Respondents could select up to 3 options
 Source: CBRE Research, April 2024

Real estate debt loses steam amid lack of opportunities and easing LTV pressure

Figure 11: Which alternative sector are your clients most interested in at present?



Source: CBRE Research, April 2024

04

Summary table of indicative cap rates

Summary table of indicative cap rates – Grade A Office

Country	City	Grade A Office					
		Core Locations			Decentralised		
		September 2023	March 2024	Six-month Outlook	September 2023	March 2024	Six-month Outlook
Australia	Sydney	5.35 – 6.75	5.50 – 7.00	▲	6.25 – 7.50	6.75 – 8.50	▲
	Melbourne	5.50 – 6.90	6.25 – 7.50	▲	6.25 – 7.50	6.75 – 8.00	▲
	Brisbane	6.00 – 7.50	6.50 – 7.75	▲	6.50 – 7.75	7.00 – 8.50	▲
	Perth	6.25 – 7.75	6.50 – 7.75	▲	6.50 – 7.85	7.00 – 8.50	▲
New Zealand	Auckland	6.00 – 7.50	6.25 – 8.00	◀▶	6.50 – 7.75	7.00 – 8.50	▲
	Wellington	6.00 – 8.00	6.25 – 8.00	◀▶	6.50 – 8.50	7.00 – 8.75	▲
Greater China	Beijing	4.20 – 5.50	4.50 – 6.00	▲	4.50 – 6.00	5.00 – 6.50	▲
	Shanghai	4.20 – 5.50	4.50 – 6.00	▲	4.50 – 6.00	5.00 – 6.50	▲
	Guangzhou	4.40 – 5.75	4.50 – 6.50	▲	5.25 – 6.25	5.00 – 6.50	▲
	Shenzhen	4.40 – 5.75	4.50 – 6.30	▲	5.25 – 6.25	5.00 – 6.50	▲
	Hong Kong SAR	2.80 – 5.00	3.00 – 5.00	▲	3.00 – 5.25	3.25 – 5.75	▲
	Taipei	2.10 – 2.70	2.10 – 2.80	▲	2.30 – 3.00	2.30 – 3.20	▲
Japan	Tokyo	2.00 – 3.25	2.50 – 3.50	◀▶	3.00 – 4.00	3.25 – 4.25	▲
	Osaka	2.75 – 3.50	2.75 – 3.75	◀▶	3.25 – 4.25	3.50 – 4.50	▲
Korea	Seoul	4.20 – 5.25	4.25 – 6.00	▲	4.50 – 6.00	5.00 – 6.50	▲
Singapore	Singapore	3.35 – 4.00	3.35 – 4.00	◀▶	3.75 – 4.50	3.60 – 4.50	▲
India	Gurgaon	6.50 – 8.50	7.50 – 8.50	◀▶	7.00 – 8.75	8.00 – 9.00	◀▶
	Mumbai	8.00 – 9.00	8.00 – 8.50	◀▶	8.25 – 9.25	8.25 – 8.75	◀▶
	Bangalore	8.00 – 9.00	7.75 – 9.00	◀▶	7.50 – 9.00	8.00 – 9.00	◀▶

Source: CBRE Research, April 2024.

Summary table of indicative cap rates – Shopping Mall

Country	City	Shopping Mall					
		Core Locations			Neighbourhood		
		September 2023	March 2024	Six-month Outlook	September 2023	March 2024	Six-month Outlook
Australia	Sydney	5.50 – 7.50	6.00 – 8.00	▲	5.75 – 7.75	6.00 – 8.00	▲
	Melbourne	5.50 – 7.50	6.00 – 8.00	▲	5.75 – 7.75	6.00 – 8.00	▲
	Brisbane	5.75 – 7.75	5.75 – 7.75	▲	6.00 – 8.00	6.00 – 8.00	▲
	Perth	5.75 – 7.75	5.50 – 8.00	▲	6.00 – 8.00	6.00 – 8.00	▲
New Zealand	Auckland	6.50 – 8.50	7.00 – 8.00	▲	7.25 – 9.75	7.50 – 9.00	▲
	Wellington	6.50 – 8.50	7.25 – 8.75	▲	6.75 – 8.50	7.00 – 9.00	▲
Greater China	Beijing	4.50 – 6.00	4.75 – 6.25	▲	5.00 – 6.50	5.50 – 7.00	▲
	Shanghai	4.50 – 6.00	4.75 – 6.25	▲	4.75 – 6.25	5.00 – 6.50	▲
	Guangzhou	4.50 – 6.00	4.75 – 6.25	▲	5.00 – 6.50	5.25 – 6.50	▲
	Shenzhen	4.50 – 6.00	4.75 – 6.25	▲	5.00 – 6.50	5.00 – 6.50	▲
	Hong Kong SAR	2.90 – 5.00	4.00 – 5.25	▲	3.50 – 5.75	4.00 – 6.25	▲
	Taipei	2.30 – 3.75	2.50 – 3.75	◀▶	2.80 – 4.25	2.80 – 4.00	◀▶
Japan	Tokyo	2.60 – 4.00	2.75 – 4.00	◀▶	4.00 – 5.50	4.00 – 5.00	◀▶
	Osaka	3.00 – 4.00	3.00 – 4.00	◀▶	4.00 – 5.50	4.00 – 5.50	◀▶
Korea	Seoul	5.25 – 7.25	5.25 – 7.75	▲	6.25 – 8.25	6.25 – 9.00	▲
Singapore	Singapore	4.50 – 5.35	4.50 – 5.35	◀▶	4.75 – 5.35	4.75 – 5.35	◀▶
India	Gurgaon	7.75 – 8.75	8.00 – 8.50	◀▶	8.00 – 9.00	8.00 – 9.00	◀▶
	Mumbai	7.75 – 8.75	7.25 – 8.25	◀▶	8.00 – 9.00	7.75 – 8.50	◀▶
	Bangalore	7.75 – 8.75	7.25 – 8.50	◀▶	8.00 – 9.00	8.00 – 9.00	◀▶

Source: CBRE Research, April 2024.

Summary table of indicative cap rates – Logistics

Country	City	Logistics					
		Institutional Grade Logistics (Citywide)			Traditional Logistics Facilities (Citywide)		
		September 2023	March 2024	Six-month Outlook	September 2023	March 2024	Six-month Outlook
Australia	Sydney	4.75 – 6.50	5.25 – 6.50	▲	4.75 – 6.50	5.50 – 6.50	▲
	Melbourne	5.00 – 6.50	5.25 – 6.50	▲	5.50 – 6.75	5.75 – 7.00	▲
	Brisbane	5.00 – 6.75	5.75 – 6.25	▲	6.00 – 7.00	6.00 – 7.00	▲
	Perth	5.75 – 6.75	6.00 – 7.00	▲	6.00 – 7.25	6.50 – 8.00	▲
New Zealand	Auckland	5.00 – 6.50	5.25 – 6.50	◀▶	6.00 – 7.50	6.00 – 8.00	▲
	Wellington	5.50 – 7.00	6.00 – 7.00	◀▶	6.25 – 8.25	6.50 – 8.25	▲
Greater China	Beijing	4.50 – 5.35	4.75 – 6.00	▲	4.75 – 5.75	5.00 – 7.00	▲
	Shanghai	4.50 – 5.35	5.00 – 5.75	▲	4.75 – 5.75	5.00 – 7.00	▲
	Guangzhou	4.75 – 5.75	4.90 – 6.00	◀▶	5.00 – 6.25	4.70 – 6.50	▲
	Shenzhen	4.50 – 5.75	4.75 – 5.50	◀▶	4.70 – 6.25	4.80 – 6.00	▲
	Hong Kong SAR	3.25 – 4.00	4.00 – 5.00	▲	3.00 – 4.65	4.25 – 5.50	▲
	Taipei	2.70 – 4.00	3.00 – 4.00	◀▶	3.50 – 4.00	3.50 – 4.80	▲
Japan	Tokyo	2.80 – 3.80	3.00 – 4.00	◀▶	3.50 – 4.50	3.50 – 5.00	◀▶
	Osaka	3.00 – 4.00	3.25 – 4.25	◀▶	3.50 – 5.00	3.80 – 5.50	▲
Korea	Seoul	4.80 – 5.75	4.80 – 6.00	▲	5.20 – 6.50	4.50 – 7.00	▲
Singapore	Singapore	6.00 – 7.50	6.00 – 7.50	◀▶	6.50 – 7.75	6.25 – 8.00	▲
India	Gurgaon	7.75 – 8.75	7.75 – 8.50	◀▶	8.00 – 9.25	8.00 – 9.25	◀▶
	Mumbai	7.75 – 8.75	7.50 – 8.50	◀▶	8.00 – 9.25	8.00 – 9.00	◀▶
	Bangalore	7.50 – 8.50	7.50 – 8.50	◀▶	8.00 – 9.00	8.00 – 9.00	◀▶

Source: CBRE Research, April 2024.

Summary table of indicative cap rates – Hotel

Country	City	Hotel (Urban)		
		September 2023	March 2024	Six-month Outlook
Australia	Sydney	5.00 – 6.00	6.25 – 6.70	▲
	Melbourne	5.00 – 6.50	6.25 – 6.75	▲
	Brisbane	6.25 – 6.75	6.25 – 7.00	▲
	Perth	6.25 – 7.00	7.50 – 8.00	▲
New Zealand	Auckland	7.00 – 8.50	7.00 – 8.50	◀▶
	Wellington	6.50 – 8.00	7.00 – 8.50	◀▶
Greater China	Beijing	5.00 – 6.25	5.00 – 6.50	▲
	Shanghai	5.00 – 6.25	5.00 – 6.50	▲
	Guangzhou	4.20 – 6.00	4.80 – 6.50	▲
	Shenzhen	5.00 – 6.00	5.00 – 6.25	▲
	Hong Kong SAR	4.00 – 5.25	4.00 – 5.75	▲
Japan	Tokyo	3.00 – 4.25	3.25 – 4.50	◀▶
	Osaka	3.75 – 5.00	3.75 – 5.00	◀▶
Korea	Seoul	6.25 – 7.50	6.25 – 7.50	◀▶
Singapore	Singapore	4.00 – 5.00	4.00 – 5.00	◀▶
Thailand	Bangkok	6.00 – 8.00	5.50 – 7.50	◀▶
Vietnam	Hanoi	6.75 – 8.50	7.00 – 9.50	◀▶
	Ho Chi Minh City	6.75 – 8.50	7.00 – 9.50	◀▶

Source: CBRE Research, April 2024.

Summary table of indicative cap rates – Data Centre

Country	City	Data Centre		
		September 2023	March 2024	Six-month Outlook
Australia	Sydney	5.25 – 6.25	5.25 – 6.25	◀▶
	Melbourne	5.50 – 6.75	5.50 – 6.75	▲
Greater China	Beijing	6.00 – 9.00	6.00 – 9.00	◀▶
	Satellite cities near Beijing	8.00 – 10.50	8.50 – 10.75	▲
	Shanghai	6.00 – 8.50	6.00 – 8.50	◀▶
	Satellite cities near Shanghai	8.00 – 10.50	8.50 – 10.75	▲
	Hong Kong SAR	3.00 – 5.75	4.00 – 6.00	◀▶
	Japan	Tokyo	3.50 – 5.50	3.50 – 5.50
	Osaka	3.50 – 5.70	3.50 – 5.70	▼
Korea	Seoul	5.25 – 7.50	5.30 – 7.50	◀▶
Singapore	Singapore	5.75 – 7.00	5.75 – 7.25	◀▶
India	Gurgaon	8.50 – 9.50	9.00 – 9.50	◀▶
	Mumbai	8.25 – 9.50	7.50 – 9.00	◀▶
	Bangalore	8.50 – 9.50	8.50 – 9.00	◀▶

Source: CBRE Research, April 2024.

Definitions

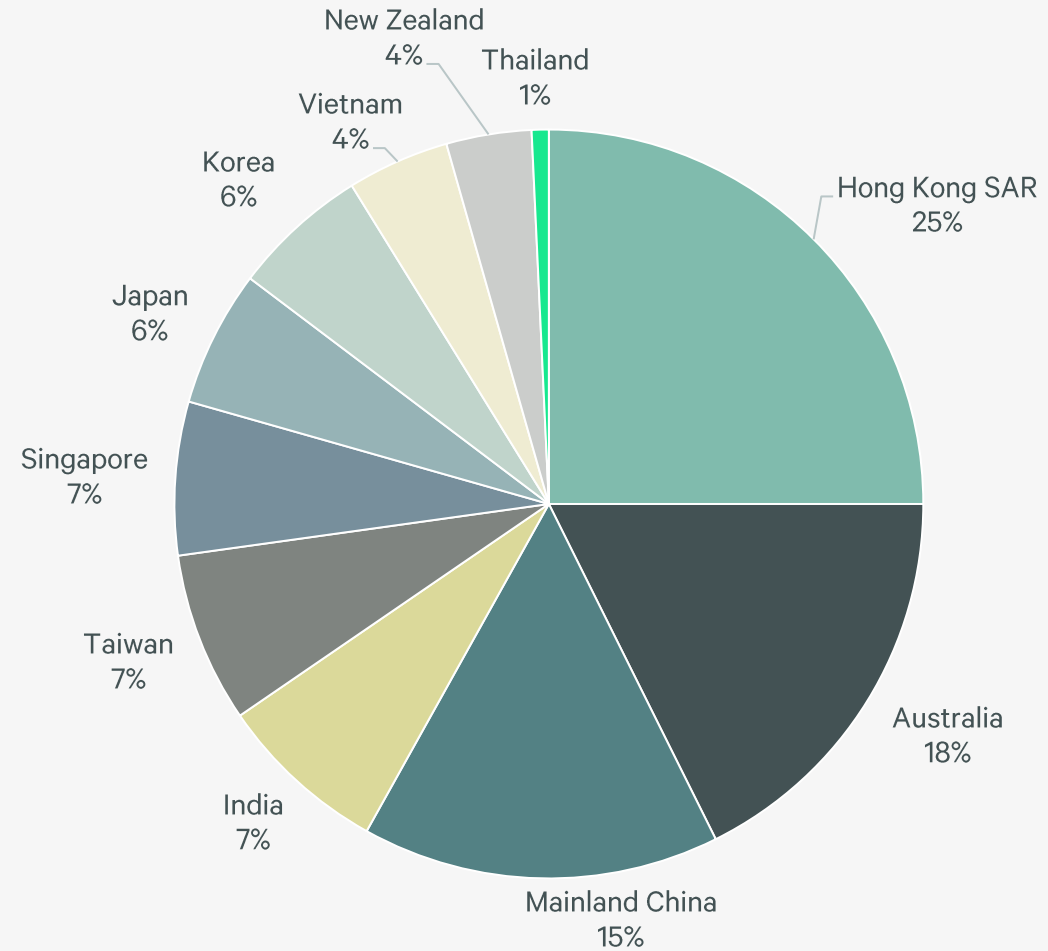
- Cap rate ranges are best estimates provided by CBRE professionals based on recent trades in their respective markets, as well as communications with investors. The ranges represent the cap rates at which a given asset is likely to trade in the current market. Cap rates within each subtype will vary, occasionally falling outside the stated ranges, based on asset location, quality and property-specific opportunities for NOI enhancement.
- The cap rate assumes no leverage is used. It is the ratio of the net operating income (NOI) to the acquisition price of the asset (NOI divided by acquisition price). The NOI calculation is based on net income less operating expenses.
- Capital markets respondents provide net operating income (NOI) yield without leverage while Valuation & Advisory Services respondents provide the capitalisation rate (net).

Survey Profile

CBRE's Q1 2024 Asia Pacific Cap Rate Survey was conducted from April 1st to April 17th, 2024.

A total of 136 responses were collected from CBRE's Capital Markets and Valuation & Advisory Services professionals across Asia Pacific.

Percentage of respondents by market



Source: CBRE Research, April 2024.

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