

Q1 2019

Asia Pacific Investment Trends

Investment activity declines

Transaction volume falls 4.5% y-o-y

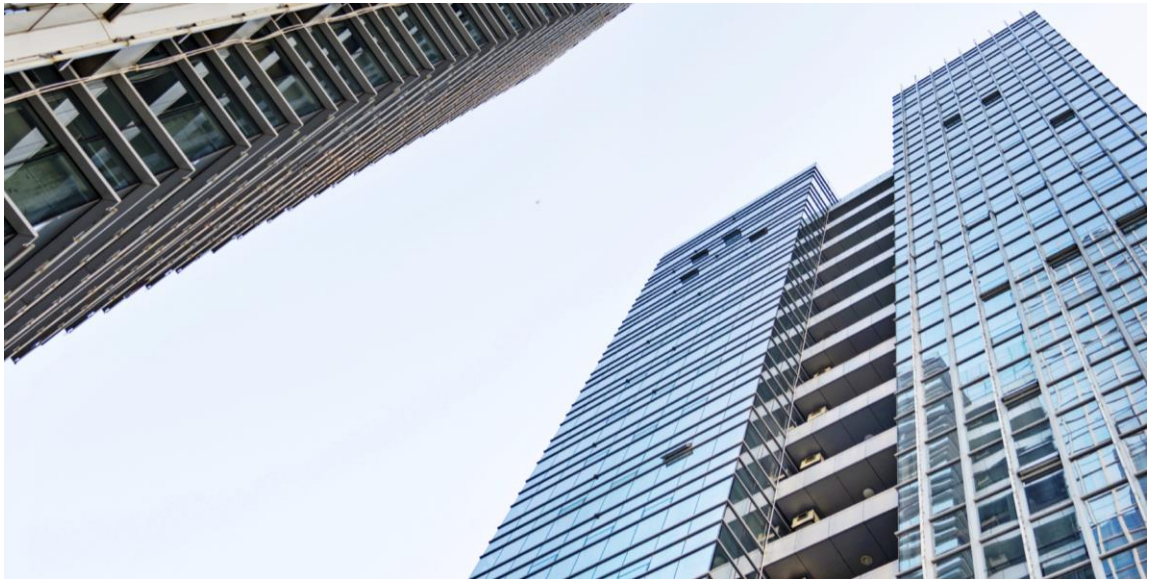
Cross-border activity strengthens

Fund raising remains active

Pan-regional funds target China, Japan and Korea

Asset availability may improve

Table of Contents



03 Overview

04 China

05 Hong Kong

06 Taiwan

07 Japan

08 Korea

09 The Philippines

10 Vietnam

11 Thailand

12 Indonesia

13 Singapore

14 India

15 Australia

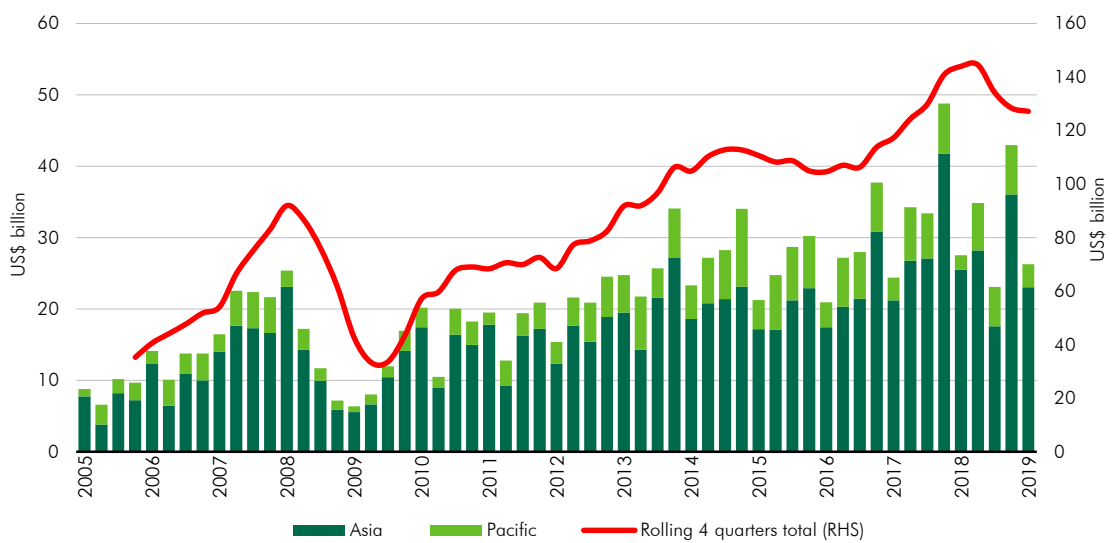
16 New Zealand

17 Contacts

Overview

Investment activity weakened in Q1 2019 amid growing economic uncertainty. Transaction volume registered US\$26.3 billion, a decline of 4.5% y-o-y. There were fewer transactions on a y-o-y basis but several larger deals supported overall turnover.

Total Commercial Real Estate Investment Turnover in Asia Pacific



Source: CBRE Research, Q1 2019.

Transactions include deals above US\$10 million in the Office, Retail, Mixed, Industrial, Hotel and Other commercial sectors.

- China saw an uptick in activity, led by a series of transactions completed by overseas buyers. Korea continued to see sustained purchasing, driven by local securities firms engaging in big-ticket deals. Transaction volume in Japan weakened on a y-o-y basis as investable assets remained tightly held.
- Cross-border investment rose by 8.9% y-o-y to US\$6.3 billion on the back of increased intra-regional investment by Asian buyers. Hong Kong and Singaporean capital was especially active in China.
- Private equity real estate fund raising remained active, particularly among Asian capital. The period saw continued fund raising from pan-regional funds targeting opportunities in China, Japan and Korea.
- Asset availability may improve as investors acquiring properties in 2015-2017 review portfolios and consider exit strategies.

China

The year began on a high note with a strong uptick in activity. Foreign investors accounted for half of investment turnover

INVESTOR DEMAND



Purchasing by local investors slowed this quarter. Domestic property companies were in portfolio repositioning mode, with many groups disposing of assets to generate capital for future development. However, owner occupiers were comparatively more active, mainly in Beijing.



The quarter saw steady activity among foreign investors, which accounted for around half of transaction volume. The recent uptick in purchasing by overseas groups is due to the increase in assets available for sale.



Domestic insurance companies continued to diversify their portfolios. Two office deals were completed by second tier insurance companies this quarter.



Strong fund raising activity supported further purchasing by foreign real estate funds, led by Singaporean and North American groups.

6-MONTH OUTLOOK & OPPORTUNITIES

TIER I CITIES

Sector	Yield	Price
Office	▶	▶
Occupier flight to new buildings is encouraging investors to consider purchasing new Grade A office assets.		
Retail	▶	▶
Shopping malls with strong residential catchments in key cities are the main focus for investors.		
Industrial	▼	▲
Modern logistics facilities in key export and manufacturing hubs are key opportunity at present.		

EMERGING TRENDS

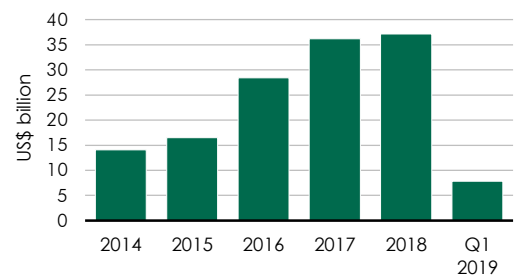
Asset availability is likely to increase as domestic developers dispose of non-core assets and domestic funds sell early investments to lock in profits.

The recent shift in domestic monetary policy has slightly relieved liquidity pressure on debt-laden landlords, which has also narrowed the price gap.

MAJOR TRANSACTIONS

- Shenzhen** Central Walk
 Retail – CNY 6.6 bn (USD 983 mn)
BUYER: LINK REIT
- Beijing** Dinghao Electronics Plaza Office Towers
 Office – CNY 5.6 bn (USD 841 mn)
BUYER: Partners Group
- Shanghai** Pufa Tower
 Office – CNY 2.8 bn (USD 410 mn)
BUYER: CapitaLand JV AEW

COMMERCIAL REAL ESTATE TURNOVER



Source: CBRE Research, Q1 2019. Transactions include deals above US\$10 million in the Office, Retail, Mixed, Industrial, Hotel and Other commercial sectors.

Hong Kong

Investment activity weakened due to global economic uncertainty. The market continued to be dominated by local buyers

INVESTOR DEMAND



Domestic Investors

Well-capitalised local investors accounted for the bulk of activity. Investors continued to display a strong preference for offices but purchasing in the industrial sector increased following the reintroduction of the industrial building revitalisation scheme.



Foreign Investors

Purchasing was mainly driven by Chinese capital but deal size is now significantly smaller than in previous years. Transactions mainly involved mainly strata-titled offices on Hong Kong Island.



Property Companies

The period saw several local property companies seeking to dispose of non-core commercial properties.



Property Funds

Cash-rich property funds continued to deploy capital. Notable deals in Q1 2019 included the acquisition of Mapletree Bay Point for US\$1.1 billion by PAG.

6-MONTH OUTLOOK & OPPORTUNITIES

Sector	Yield	Price
Office	▶	▶
Retail	▶	▶
Industrial	▶	▶

Good quality decentralised office buildings benefiting from decentralised occupier demand are attracting investor attention.

High-performing neighbourhood malls backed by strong local consumption are the most attractive opportunity at present.

Investors are advised to purchase en-bloc industrial properties or properties with compulsory sale orders in Kowloon East, Wong Chuk Hang, Cheung Sha Wan and Kwai Chung.

EMERGING TRENDS

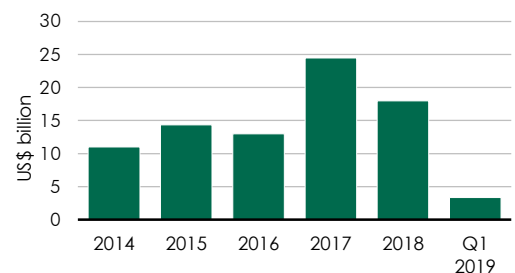
Investors are displaying strong interest in alternative assets such as healthcare facilities, data centres and cold storage. However, converting existing buildings to these uses remains challenging.

Enquiries for hotels are growing on the back of increasing visitor arrivals. 3 to 4 star properties are the main focus.

MAJOR TRANSACTIONS

- Kwun Tong** En-bloc, Mapletree Bay Point
Office – HKD 8.6n (USD 1,095 mn)
BUYER: PAG
- Sheung Wan** En-bloc, 69 Jervois Street
Office – HKD 1.9 bn (USD 242 mn)
BUYER: Arch Capital Management
- Sheung Wan** 43/F, The Center
Office – HKD 1.1 bn (USD 134 mn)
BUYER: Hong Kong Private Investor

COMMERCIAL REAL ESTATE TURNOVER



Source: CBRE Research, Q1 2019. Transactions include deals above US\$10 million in the Office, Retail, Mixed, Industrial, Hotel and Other commercial sectors.

Taiwan

Investment sentiment improved this quarter, supported by steady purchasing activity by end-users seeking office and industrial assets

INVESTOR DEMAND



Domestic Investors

Domestic owner-occupiers continued to purchase office and industrial assets in Q1 2019. Some domestic real estate investment companies are investing in industrial offices using recycled capital.



Foreign Investors

Some foreign real estate funds remained in the disposition stage but the price gap continued to impede deals.



Institutions

Domestic insurance companies turned more selective, opting to focus on deals in Taipei. Selected groups displayed some interest in pan-Asian opportunities.



Property Companies

Local developers retained a strong appetite for residential sites to expand their land banks.



REITs

A newly listed REIT completed a purchase this quarter and reportedly plans to acquire another commercial property in the coming months.

6-MONTH OUTLOOK & OPPORTUNITIES

TIER I CITIES

Sector	Yield	Price
Office	▲	▶
Retail	▶	▶
Industrial	▼	▲

Investors are advised to consider purchasing industrial office assets to ride on strong end-user demand.

Investors are recommended to purchase underperforming assets in which small shops can be consolidated into retail podiums.

Modern logistics facilities in Greater Taipei are the main opportunity amid strong demand from e-commerce and manufacturing end-users.

EMERGING TRENDS

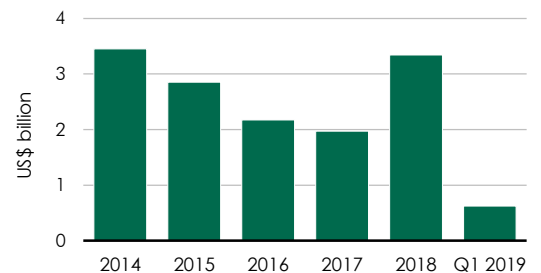
The election of a new mayor in Kaohsiung generated interest among investors this quarter. Residential assets are the main focus, with developers keen to purchase sites for new projects.

More Taiwanese manufacturers are setting up local production bases thanks to government support and incentives.

MAJOR TRANSACTIONS

- Kaohsiung** 85 Sky Tower (34-35F, 37-85F) Hotel – TWD 5.4 bn (USD 176 mn)
BUYER: Kai De Tang Co., Ltd.
- Taipei** NASA Administration Building (4F, 7F-10F) Office – TWD 2.2 bn (USD 70 mn)
BUYER: Millerful NO.1 REIT
- Taichung** 23, Gongyequ 33rd Rd Industrial – TWD 1.8 bn (USD 59 mn)
BUYER: LARGAN Precision Co.,Ltd

COMMERCIAL REAL ESTATE TURNOVER



Source: CBRE Research, Q1 2019. Transactions include deals above US\$10 million in the Office, Retail, Mixed, Industrial, Hotel and Other commercial sectors.

Japan

Investor interest remained solid but transaction volume fell by 30% y-o-y to the lowest first quarter total since 2013, mainly due to the lack of stock for sale

INVESTOR DEMAND



Domestic Investors

Domestic investors including J-REITs were the main driver of purchasing activity. However, the lack of properties on the market, high prices and concerns about the global economy prompted many buyers to become more selective.



Foreign Investors

Overseas buyers retained healthy demand. Major deals this quarter included Gaw Capital's purchase of the Aoyama Building from GreenOak.



REITs

The lack of properties available for sale forced J-REITs to continue to draw on the sponsor pipeline. Many transactions aimed to improve portfolio quality, and the sharp fall in acquisitions via public offerings was the main reason behind the fall in transaction volume.



Property Funds

The period saw an uptick in interest from overseas institutional investors. Some capital is looking at alternative asset classes including student accommodation and data centres.

6-MONTH OUTLOOK & OPPORTUNITIES

TIER-1 CITIES

Sector	Yield	Price
--------	-------	-------

Office	▲	▲
--------	---	---

Investment appetite remains strong with investors increasingly drawn to prime offices in regional markets offering further rental upside.

Retail	▲	▲
--------	---	---

High street retail properties in major cities including Tokyo, Osaka, Nagoya and Fukuoka are keenly sought after.

Industrial	▼	▲
------------	---	---

There is growing appetite for logistics assets in regional cities as investment opportunities in Tokyo are scarce.

EMERGING TRENDS

The lending environment remains accommodative but some regional banks are turning more cautious towards lending for commercial real estate.

Aside from the lack of stock for sale, the main factor inhibiting deal flow is the widening price gap between buyers and sellers.

MAJOR TRANSACTIONS

Tokyo Hilton Tokyo Odaiba
Hotel – JPY 62.4 bn (USD 564 mn)

BUYER: Japan Hotel REIT

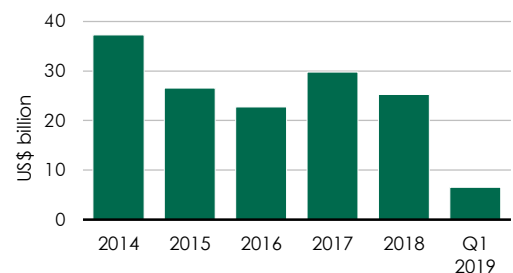
Tokyo Tokyo Takeda Building
Office – JPY 48.1 bn (USD 435 mn)

BUYER: Takashimaya

Osaka 8953 Osaka Shinsaibashi Building
Retail – JPY 14.9 bn (USD 135 mn)

BUYER: Domestic Company

COMMERCIAL REAL ESTATE TURNOVER



Source: CBRE Research, Q1 2019. Transactions include deals above US\$10 million in the Office, Retail, Mixed, Industrial, Hotel and Other commercial sectors.

Korea

Abundant liquidity and robust investment demand, together with stable Grade A office leasing momentum, ensured another active quarter

INVESTOR DEMAND



Domestic Investors

Demand was firm among local investors. Recent poor stock market performance is prompting many non-traditional real estate investors to consider diversifying into commercial property.



Foreign Investors

Several foreign investors are seeking to capitalise on the current positive market sentiment, high liquidity and strong appetite from domestic buyers by disposing of assets.



Property Funds

The largest Grade A office sale involved Seoul Square, a landmark building located near the Seoul station area in the CBD, which was purchased by to ARA Asset Management, with NH Investment & Securities as its major investor, for approximately KRW 980 billion.



Others

Local asset management companies finalised several transactions. These included Ryukyung PSG Asset Management's purchase of Samsung SDS Tower from Samsung SRA Asset Management for KRW 628 billion.

MAJOR TRANSACTIONS

- Seoul** Seoul Square Building
 Office – KRW 980 bn (USD 862 mn)
BUYER: ARA Asset Management
- Seoul** Samsung SDS Tower Westcampus
 Office – KRW 628 bn (USD 552 mn)
BUYER: Ryukyung PSG Asset Management
- Seoul** WeWork Tower (fmr PCA Tower)
 Office – KRW 148 bn (USD 132 mn)
BUYER: JS Asset Management

6-MONTH OUTLOOK & OPPORTUNITIES

TIER-1 CITIES

Sector	Yield	Price
--------	-------	-------

Office	▼	▲
--------	---	---

Grade B assets located in core business districts with value-add and redevelopment potential are the main focus at present.

Retail	▶	▶
--------	---	---

Opportunities are limited and mainly confined to hypermarkets.

Industrial	▼	▲
------------	---	---

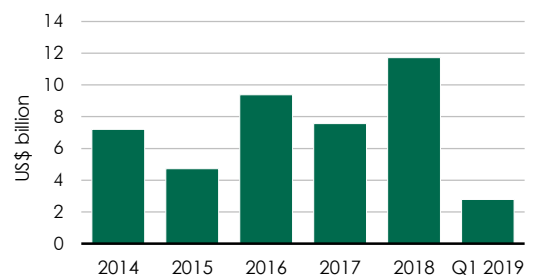
The main entry route is forming joint ventures with local developers for build-to-core investments.

EMERGING TRENDS

Domestic financial companies, securities firms and conglomerates continued to dispose of headquarters properties to generate capital.

Availability of high-quality stock is tightening following the completion of several major deals in recent quarters.

COMMERCIAL REAL ESTATE TURNOVER



Source: CBRE Research, Q1 2019. Transactions include deals above US\$10 million in the Office, Retail, Mixed, Industrial, Hotel and Other commercial sectors.

The Philippines

Domestic investors continued to focus on purchasing land and commencing new development projects. Numerous foreign buyers are planning market entry

INVESTOR DEMAND



Domestic Investors

Purchasing activity was dominated by local investors, led by large conglomerates. The primary focus remains upon acquiring land for upcoming projects and redeveloping older properties.



Foreign Investors

Foreign interest continues to grow. Asian groups comprise the largest sources of capital at present, with Chinese, Hong Kong and Taiwanese capital most prominent. Many overseas players are eyeing joint venture opportunities with second tier domestic developers.



Property Companies

Local developers are displaying a healthy appetite for new acquisitions and are adding to their land banks.



REITs

In early April leading developer Ayala Land Inc announced it was seeking to raise USD 500 million in what would be the country's first REIT offering. The Philippine REIT Law was passed in 2009 but many firms have been deterred by ownership requirements and tax rules.

6-MONTH OUTLOOK & OPPORTUNITIES

TIER-1 CITIES

Sector	Yield	Price
Office	▼	▲
Retail	▶	▶
Industrial	▶	▲

Office investment demand continues to be supported by strong leasing demand from offshore gaming companies.

Tourism-oriented developments are expected to benefit from the growth of the casino and gaming industry.

High grade manufacturing facilities are seeing strong interest from Japanese and American companies diversifying their production bases.

EMERGING TRENDS

Office capital values continue to rise, supported by robust leasing demand from local BPO companies and Chinese gaming platforms.

There is strong interest at present in developing new office projects. This may result in the addition of significant new supply after 2021.

MAJOR TRANSACTIONS

No major deals were completed this quarter

Vietnam

Local and regional investors continued to display robust demand across a broad range of sectors, led by offices, logistics and hotels

INVESTOR DEMAND



Domestic Investors

Most local investors remain in purchasing mode, either via joint ventures with foreign parties or by engaging in wholly owned deals.



Foreign Investors

Asian capital remains a dominant force, led by Japanese, Korean, Singaporean and Hong Kong groups.



Property Companies

Recent months have seen an uptick in activity from Chinese investors and developers selling projects to local developers amid an overall slowdown in investment due to capital controls. However, selected groups possessing capital already located offshore remain active. Mid to lower tier domestic developers continue to find it challenging to access finance and therefore remain willing to form joint ventures with foreign investors.



Property Funds

Among property funds there is still considerable interest in purchasing shares in top domestic developers.

6-MONTH OUTLOOK & OPPORTUNITIES

TIER-1 CITIES

Sector	Yield	Price
Office	▼	▲

Chinese investors scaling back their presence could create more opportunities for Japanese, Korean and Hong Kong buyers.

Retail

Developers are seeking large development sites in non-CBD areas to develop destination malls.

Industrial

There are development opportunities for manufacturing and logistics assets on the back of ongoing U.S.-China trade conflict.

EMERGING TRENDS

There are more enquiries from investors seeking to purchase logistics assets, especially warehouse space, as Vietnam continues to attract demand from firms seeking to reduce their exposure to the U.S.-China trade conflict.

There are a growing number of debt investment opportunities available for foreign investors willing to provide development financing.

MAJOR TRANSACTIONS

No major deals were completed this quarter

Thailand

Purchasing activity was quiet amid the subdued local economy. En bloc deals were limited aside from a few hotel transactions

INVESTOR DEMAND



Domestic Investors

Most investment enquiries and transactions were accounted for by local investors but demand was weaker compared to previous quarters.



Foreign Investors

Interest among foreign investors continued to be led by developers. Last year saw strong demand from Japanese groups but their appetite has weakened in recent months. Activity is still concentrated on forming joint ventures with local groups for residential projects.



Property Companies

Developers turned more cautious towards buying land parcels for condominiums amid the slowdown in the residential market. However, there is growing interest in purchasing land for hotel and office development.



Corporations

Recent quarters have seen Thai publicly listed developers diversify from build-to-sell residential projects towards build-to-hold income producing assets including serviced apartments, offices and hotels.

6-MONTH OUTLOOK & OPPORTUNITIES

TIER-1 CITIES

Sector	Yield	Price
Office	▶	▶
Retail	▶	▶
Industrial	▶	▶

There are still opportunities to purchase prime sites for new office developments.

Retail opportunities are limited amid low domestic consumption demand.

Chinese investors continue to seek joint ventures with local developers to build logistics assets.

EMERGING TRENDS

The new Bangkok City Plan set to take effect in 2020 features several proposals that, if implemented, will impact the real estate market. These include higher floor area ratios, improved land zoning controls and measures to support new development near mass transit stations.

A new Land and Building Tax will come into force next year and will apply a capital value tax to non-state owned properties. Vacant land will also be taxed to encourage owners to build or sell.

MAJOR TRANSACTIONS

Phuket

Grand Ayutthaya Hotel
 Hotel – THB 4.0 bn (USD 126 mn)
 BUYER: JCK International PCL JV Bain Capital

Indonesia

Transactions were limited but April’s general election is likely to stimulate a gradual resumption in property market activity

INVESTOR DEMAND



Domestic Investors

Recent months have seen an uptick in land banking and project planning by local investors anticipating a market upturn later this year.



Foreign Investors

Enquiries from overseas buyers have been especially strong in recent months, with many groups engaging in discussions to form joint ventures with local developers to co-develop new residential schemes in Greater Jakarta. In contrast to their previous short-term view towards Indonesia, foreign investors have adopted a longer-term investment horizon of 7-10 years.



Institutions

Institutional investors from abroad continued to explore opportunities to purchase en-bloc offices amid an increase in such assets being made available for sale by local owners.



Property Companies

Domestic developers are open to forming joint ventures with overseas groups for new projects, especially residential schemes.

6-MONTH OUTLOOK & OPPORTUNITIES

TIER-1 CITIES

Sector	Yield	Price
Office	▶	▶
Retail	▶	▶
Industrial	▶	▶

Oversupply means investors are advised to adopt medium to long term investment strategies in the Jakarta office market.

There is weaker consumer demand for malls and department stores due to the shift towards online channels.

The growth in logistics demand is encouraging foreign investors to seek opportunities to purchase high-spec warehouses.

EMERGING TRENDS

If re-elected, the current administration has pledged to reform tax regulations related to luxury and super luxury residential property.

Proposals to relocate the Indonesian capital from Jakarta, potentially to Borneo, were floated once again in April but pose a considerable logistical challenge that will take several decades to accomplish.

MAJOR TRANSACTIONS

No major deals were completed this quarter

Singapore

Overall buying sentiment in the commercial market was upbeat this quarter. Most deals were completed by domestic purchasers

INVESTOR DEMAND



Domestic Investors

Purchasing activity was driven by domestic buyers, primarily developers, corporations and private equity funds. Interest was focused on the residential and hotel sectors.



Foreign Investors

Activity by overseas investors this year includes AEW's upcoming acquisition of the Chevron House office building at Raffles Place from Oxley Holdings for around SGD 1.0 billion.



Property Funds

The period saw some activity from private equity funds. These included SC Capital Partners, which purchased the Rivervale mall, a shopping centre in Sengkang, from a fund managed by AEW for around SGD 230 million.



Property Companies

Developers have a strong appetite for residential sites in the Government Land Sale (GLS) programme as well as land for new hotel development. However, the lack of hotel sites is prompting many groups to consider converting commercial properties.

MAJOR TRANSACTIONS

Singapore River

Liang Court
Retail – SGD 400 mn (USD 295 mn)
BUYER: CDL-CapitaLand

Downtown Core

Ascott Raffles Place
Hotel – SGD 353 mn (USD 261 mn)
BUYER: Local private investor

Sengkang

Rivervale Mall
Retail – SGD 230 mn (USD 170 mn)
BUYER: SC Capital Partners

6-MONTH OUTLOOK & OPPORTUNITIES

Sector	Yield	Price
Office	▲	▲
Retail	▲	▲
Industrial	▼	▲

Office



A steady pipeline of core and value-add en-bloc office deals is expected to drive office investment volume.

Retail



Investors are advised to consider counter cyclical plays as rents are stabilising.

Industrial



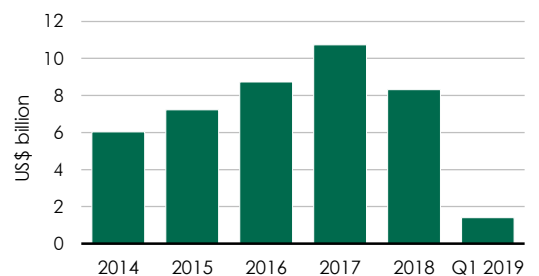
Purpose built industrial assets with long lease tenures are gaining traction among investors.

EMERGING TRENDS

Interest in the hotel sector is growing on the back of a recovery in visitor arrivals.

Investors are exploring alternative routes to build portfolios. These include M&A, as exemplified by CapitaLand's purchase of Ascendas-Singbridge.

COMMERCIAL REAL ESTATE TURNOVER



Source: CBRE Research, Q1 2019. Transactions include deals above US\$10 million in the Office, Retail, Mixed, Industrial, Hotel and Other commercial sectors.

India

The period saw steady demand for commercial real estate as enquiries continued to grow following the listing of the first Indian REIT

INVESTOR DEMAND



Domestic Investors

Domestic investors were active, led by local developers focusing on purchasing land for future development. Long-term patient capital continues to flow into the market from private equity funds and other institutional players.



Foreign Investors

Interest from overseas was led by Asian groups, primarily investors from Singapore. Activity from Chinese buyers remained limited due to ongoing capital controls.



REITs

The first I-REIT, Embassy Office Parks REIT, was listed on April 1. The listing is expected to spur investor interest in the commercial real estate sector and improve the transparency and credibility of the Indian property market.



Property Companies

There is some consolidation among local developers amid tight bank lending for real estate and the ongoing clampdown on financing by non-banking financial companies.

MAJOR TRANSACTIONS

- Chennai** Casa Grand Chennai Industrial Portfolio Industrial – INR 6.8 bn (USD 99 mn)
BUYER: Logos JV Assetz property group
- Pune** Solitaire Pune Mixed Portfolio Mixed – INR 5 bn (USD 72 mn)
BUYER: Godrej Properties
- Mumbai** Lodha Excelus Office – INR 2.8 bn (USD 40 mn)
BUYER: Tata Group

6-MONTH OUTLOOK & OPPORTUNITIES

TIER-1 CITIES

Sector	Yield	Price
Office	▶	▶
Retail	▶	▶
Industrial	▶	▶

Upcoming peripheral and suburban locations where rents are catching up with core locations will be the focus for investors.

Investors main area of interest is prime assets with stable tenancies.

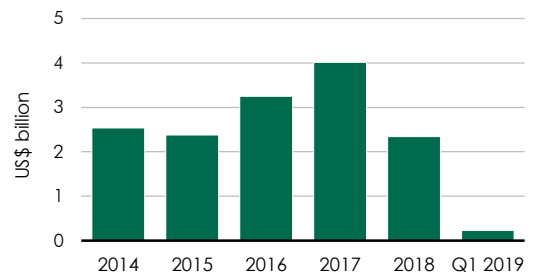
Investors are advised to form joint ventures with local developers to build logistics facilities to tap into strong e-commerce growth.

EMERGING TRENDS

Office buildings remain the main priority but investors are displaying a growing appetite for alternative asset classes including warehouses and data centres.

The lack of stock for sale in core locations is driving interest in well-leased office properties in peripheral areas.

COMMERCIAL REAL ESTATE TURNOVER



Source: CBRE Research, Q1 2019. Transactions include deals above US\$10 million in the Office, Retail, Mixed, Industrial, Hotel and Other commercial sectors.

Australia

The period saw the completion of several big-ticket deals amid robust demand from a broad range of local and overseas capital

INVESTOR DEMAND



Domestic Investors

Domestic buyers enjoyed a busy period. Major deals included GPT Group's acquisition of a 50% stake in the 2 Southbank Boulevard office tower in Melbourne for AUD 342 million from Frasers Property. GPT now owns the asset outright.



Foreign Investors

The period saw strong interest from offshore groups, led by North American core and core plus funds, Asian sovereign wealth funds and Singaporean REITs.



Property Funds

Private equity funds were active. Key transactions include Blackstone's purchase of a 50% stake in 60 Margaret Street in Sydney from PAG for around AUD 400 million, which was announced at the end of 2018.



REITs

REITs have been aggressive purchasers. In early May, Dexus Wholesale Property Fund and Dexus announced the joint purchase of QIC Global Real Estate's 80 Collins Street office development project in Melbourne for AUD 1.48 billion.

MAJOR TRANSACTIONS

- Melbourne** 80 Collins Street
Mixed – AUD 1,476 mn (USD 1,051 mn)
BUYER: DEXUS
- Sydney** MLC Centre (50% Stake)
Office – AUD 800 mn (USD 568 mn)
BUYER: DEXUS
- Melbourne** 2 Southbank Boulevard
Office – AUD 342 mn (USD 243 mn)
BUYER: GPT

6-MONTH OUTLOOK & OPPORTUNITIES

TIER-1 CITIES

Sector	Yield	Price
Office	▲	▲
Retail	▲	▲
Industrial	▼	▲

The lack of institutional grade assets for sale in prime Sydney and Melbourne is encouraging investors to seek build to core opportunities.

Neighbourhood shopping centres serving high density residential areas in Sydney and Melbourne will be a key focus for investors.

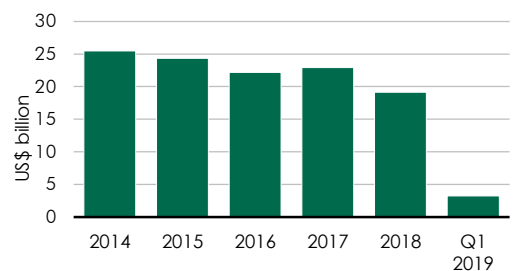
Investors' primary focus is on purchasing distribution centres in metropolitan areas of Sydney and Melbourne.

EMERGING TRENDS

Emerging signs of recovery in the Perth office market is piquing buyer interest.

Investors are considering build-to-core strategies in the Sydney and Melbourne CBDs by purchasing land and partnering with local developers to construct new office projects.

COMMERCIAL REAL ESTATE TURNOVER



Source: CBRE Research, Q1 2019. Transactions include deals above US\$10 million in the Office, Retail, Mixed, Industrial, Hotel and Other commercial sectors.

New Zealand

Transaction volume was weak but a steady flow of assets coming on the market are expected to meet local and offshore buyer interest

INVESTOR DEMAND



Domestic Investors

Local buyers have been active this year, in some cases outpricing offshore purchasers.



Foreign Investors

North American and Asia Pacific investors, primarily groups from Australia, Singapore, Hong Kong and China dominate offshore interest, although European investors are also active.



Property Companies

Local buyers are dominated by privates and syndicates. Offshore buyer interest is predominantly from a mixture of high net worth and institutional groups.



Others

Vendors are dominated by private and institutional groups, both local and offshore, although there is also an above average level of owner occupier vendors currently in the market.

6-MONTH OUTLOOK & OPPORTUNITIES

TIER-1 CITIES

Sector	Yield	Price
Office	▶	▶
Retail	▶	▶
Industrial	▶	▶

Prime CBD offices and value add opportunities in both Auckland and Wellington are generating interest among investors.

Buyer demand is mainly from private investors attracted by the relatively high yields of this asset class due to the sector's structural issues.

Investor demand is strong across the board for industrial assets.

EMERGING TRENDS

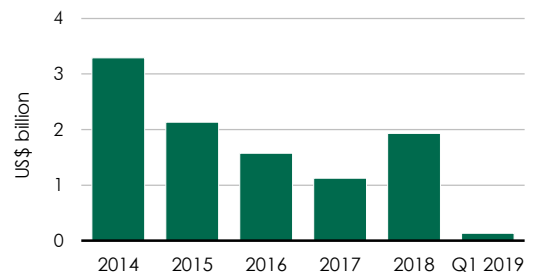
Although total returns from capital gains are forecast to decline this year after several years of strong growth, the market will experience a relatively soft landing.

Notwithstanding weak transaction activity this quarter, a steady flow of assets coming on the market is meeting buyer interest. Transactions will reach a healthy level this year.

MAJOR TRANSACTIONS

- Wellington** 35 Graham St
Office – NZD 58 mn (USD 38 mn)
BUYER: Undisclosed
- Auckland** MaxiTrans Industries
Industrial – NZD 17 mn (USD 11 mn)
BUYER: PFI Property Trust

COMMERCIAL REAL ESTATE TURNOVER



Source: CBRE Research, Q1 2019. Transactions include deals above US\$10 million in the Office, Retail, Mixed, Industrial, Hotel and Other commercial sectors.

Research Contacts

To learn more about CBRE Research, or to access additional research reports, please visit the Global Research Gateway at www.cbre.com/research-and-reports.

APAC Research**Henry Chin, Ph.D.**

Head of Research

CBRE Research,
APAC/EMEA

henry.chin@cbre.com.hk

Jonathan Hills

Senior Director

CBRE Research,
Asia Pacific

jonathan.hills@cbre.com.hk

Leo Chung, CFA

Capital Markets Specialist

CBRE Research,
Asia Pacific

leo.chung@cbre.com.hk

Myung Jun Kim

Senior Analyst

CBRE Research,
Asia Pacific

myungjun.kim@cbre.com

Capital Markets Contacts

APAC Capital Markets

Tom Moffat

Executive Managing Director

Head of Capital Markets,
Asia

tom.moffat@cbre.com.hk

Bruce Baker

Senior Managing Director

Capital Markets,
Pacific

bruce.baker@cbre.com.au

Mark Coster

Senior Managing Director

Capital Markets,
Pacific

mark.coster@cbre.com.au

Local Capital Markets

Alan Li

President

Capital Markets,
Greater China

alan.li@cbre.com.cn

Gaurav Kumar

Managing Director

Capital Markets,
India

gaurav.kumar@cbre.co.in

Kulwadee Sawangsri

Executive Director

Capital Markets,
Thailand

kulwadee.sawangsri@cbre.co.th

Stanley Wong

Executive Director

Capital Markets,
Hong Kong

stanley.wong@cbre.com.hk

Nikhil Bhatia

Managing Director

Capital Markets,
India

nikhil.bhatia@cbre.co.in

Brent McGregor

Executive Chairman

Capital Markets,
New Zealand

brent.mcgregor@cbre.co.nz

Roderick Gerstman

Associate Director

Capital Markets,
Japan

roderick.gerstman@cbre.co.jp

Jeremy Lake

Managing Director

Capital Markets,
Singapore

jeremy.lake@cbre.com.sg

Sean Choi

Executive Director

Capital Markets,
Korea

sean.choi@cbre.com

Nguyen Pham Anh Duy

Director

Capital Markets,
Vietnam

duy.pham.nguyen@cbre.com