

Investment gains momentum as interest rates continue downward cycle



Key Trends

- Investment activity in **India** in Q2 2025 remained robust, led by developers, international private equity players, and domestic capital. Foreign institutional investors remain active, trading assets across the office and alternative sectors. Investment volume is set to remain stable in H2 2025, backed by continued momentum driven by opportunity-based investing.
- In **Hong Kong SAR** the buyer pool remained largely dominated by end-users and domestic investors. Transactions of financially distressed assets continue to be witnessed as banks pressure corporates and developers to deleverage; a trend expected to persist until the end of the year.
- Industrial investment in **Taiwan** continued to dominate transaction activity, with the sector comprising some 90% of investment volume during the quarter. Disposals of traditional manufacturing factories were prominent. While buyers will continue to enjoy strong leverage to negotiate pricing, most sellers are not under significant pressure to offload assets.

“ Momentum in investment activity is building in Asia Pacific, with debt costs continuing to fall and positive carry returning to most markets. Activity is expected to remain strong in the second half of the year.

”

Greg Hyland
Head of Capital Markets
Asia Pacific

India

Continued investment momentum driven by large private equity deals

STATE OF THE MARKET

- Investment activity in Q2 2025 remained robust, led by developers, international private equity players, and domestic capital.
- Amid broader economic and political uncertainty, investors continue to prioritise strong, well-performing core asset opportunities.
- Foreign institutional investors remain active, trading assets across the office and alternative sectors.

TRANSACTION ACTIVITY

- Major deals so far this year include Blackstone’s ~US\$380 million purchase of South City Mall in Kolkata; GIC’s acquisition of a stake in SAMHI Hotels; and Sumitomo’s and Brookfield’s (as part of a consortium) completion of two large land deals with MMRDA in Mumbai.
- Institutional investors and large developers are focusing on Delhi NCR, Mumbai, Bangalore, Chennai, Pune, and Hyderabad.
- Regional developers are expanding operations beyond their traditional strongholds into new cities in search of new opportunities and pricing advantages.
- Growing interest in mixed-use developments reflects investors’ strategy of leveraging demand across multiple sectors and optimising land parcels.

EMERGING TRENDS

- The domestic debt market is most active, with Non-Banking Financial Companies (NBFCs) re-engaging in capital deployment.

OUTLOOK

- Investment volume is set to remain stable in H2 2025, backed by continued momentum driven by opportunity-based investing.
- Partnering with reliable local developers with proven track records will be crucial for foreign investors.
- Investors are advised to prioritise office assets but also consider premium/luxury residential, warehousing, and data centres.

SIX-MONTH OUTLOOK



CONTACT US FOR DETAILS



Nikhil Bhatia

Managing Director
Co-Head of Capital Markets
India
nikhil.bhatia@cbre.com



Gaurav Kumar

Managing Director
Co-Head of Capital Markets
India
nikhil.bhatia@cbre.com

Hong Kong SAR

Investment activity strengthens, driven by key transactions and distressed asset sales

STATE OF THE MARKET

- Purchasing activity picked up in Q2 2025, with investment volume reaching HK\$8.7 billion, a notable increase from the previous quarter. The buyer pool remained largely dominated by end-users and domestic investors.
- The increase in investment volume this quarter was primarily due to a significant acquisition by the Hong Kong Exchanges and Clearing (HKEX).
- The period witnessed a higher frequency of smaller transactions, typically ranging from HK\$30 million to HK\$70 million.

TRANSACTION ACTIVITY

- The hotel sector is experiencing relatively stronger interest, with deals typically transacting at HK\$8,000-HK\$10,000 per square foot, with a focus on boutique hotels suitable for conversion into student housing.
- Investment interest in office properties remains subdued due to high conversion costs and lengthy conversion periods.
- Interest in industrial properties is relatively weak due to softening leasing demand. The coming years may see a significant portion of industrial supply located in the North Metropolis, potentially impacting demand for industrial space in urban areas.

EMERGING TRENDS

- While not yet a widespread trend, selected foreign investors are gradually re-engaging with the Hong Kong market. Student housing, cold storage, and living assets are their focus.
- Transactions of financially distressed assets continue to be witnessed as banks pressure corporates and developers to deleverage; a trend expected to persist until the end of the year.

OUTLOOK

- H2 2025 is likely to see a decline in overall investment volume unless significant acquisitions by end-users or mainland Chinese corporates materialise.
- Yields and capital values are projected to remain flat over the remainder of the year.

SIX-MONTH OUTLOOK



CONTACT US FOR DETAILS



Reeves Yan
Head of Capital Markets
Hong Kong SAR, China
Reeves.Yan@cbre.com



Jonathan Chau
Head of Investment Property & Private Office,
Capital Markets, Hong Kong SAR
jonathan.chau@cbre.com

Taiwan

Driven by industrial transactions, investment activity picks up as sentiment improves

STATE OF THE MARKET

- Although new U.S. tariff policies weighed on investor sentiment at the beginning of Q2 2025, enquiry levels and purchasing activity swiftly recovered, leading to a ~53% y-o-y increase in commercial real estate investment from H1 2025 to H1 2024.
- The acquisition of industrial assets by domestic capital accounted for the bulk of transactions, with the sector comprising some 90% of investment volume during the quarter.

TRANSACTION ACTIVITY

- Industrial transactions in Q2 2025 included logistics facilities, traditional factories, and industrial offices across Taiwan.
- Disposals of traditional manufacturing factories, often driven by the impact of tariff policies, were prominent this quarter. Numerous such assets were acquired by technical companies, particularly those linked to the burgeoning AI industry. Sales generally occurred at normal market pricing rather than distressed levels.
- While the period saw some demand for office properties, deals were primarily for self-use rather than pure investment, given the relatively low yields of 2-2.5% available in Taipei.

EMERGING TRENDS

- Government restrictions on real estate loans for local banks are making it difficult for investors to secure financing.
- U.S. tariff policies prompted several traditional manufacturers to sell underutilised assets this quarter in order to realise capital appreciated and increase their cash holdings, creating opportunities for new buyers, particularly those in the tech sector.
- While interest in data centres persists, especially among overseas investors, the prohibitive cost of land in Taiwan is a significant barrier.

OUTLOOK

- While buyers will continue to enjoy strong leverage to negotiate pricing, most sellers are not under significant pressure to offload assets. The sizable price gap will prolong negotiations.
- The recent trend for sale-leasebacks is set to continue as companies look to unlock capital from their real estate holdings.

SIX-MONTH OUTLOOK



CONTACT US FOR DETAILS



Jesson Lin

General Manager
CBRE Taiwan
jesson.lin@cbre.com

Contact

Asia Pacific Research

Ada Choi, CFA

Head of Research
Asia Pacific
ada.choi@cbre.com

Gus McConnell

Associate Director
gus.mcconnell@cbre.com

Hiroshi Okubo

Head of Investor Thought
Leadership,
Asia Pacific
hiroshi.okubo@cbre.com

Ted Lu

Associate Director
ted.lu@cbre.com

Capital Markets

Greg Hyland

Head of Capital Markets
Asia Pacific
greg.hyland@cbre.com

Crystal Palar

Executive Managing Director
Asia Pacific
crystal.palar@cbre.com

Callum Young

Executive Director
Asia Pacific
callum.young@cbre.com

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