

Intelligent Investment

Q3 2024 Asia Pacific Cap Rate Survey

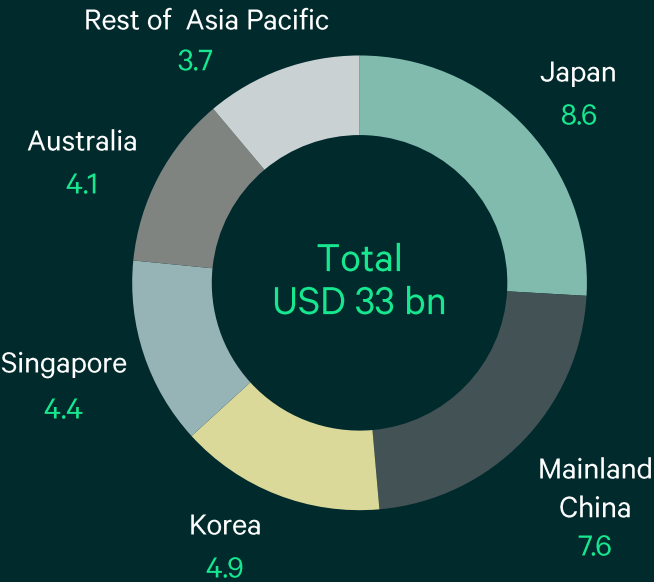
REPORT FIGURES

CBRE RESEARCH
NOVEMBER 2024

01 Market Performance and Appetite

Investment activity strengthens as **risk appetite** increases slightly and **rate cut cycle commences**.

Q3 2024 Investment Volume
+30% q-o-q | +41% y-o-y



02 Investor Preferences

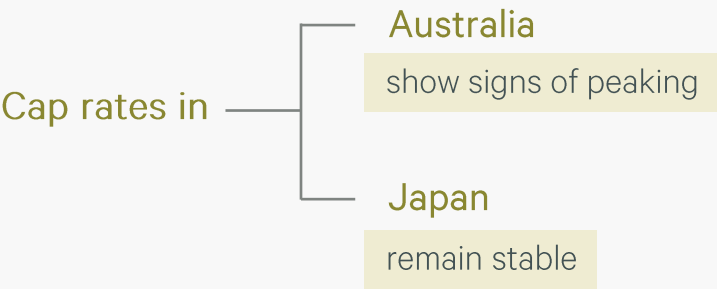


Focus on **rental stability** and **rental uplift potential**



CBD Grade A Office and **neighbourhood retail** attract stronger interest from investors

03 Cap Rate Expansion Continues



Core assets to exhibit greater resilience **over next six months**

04 More Acquisition Opportunities to Emerge



Interest rates start to come down in most Asia Pacific markets



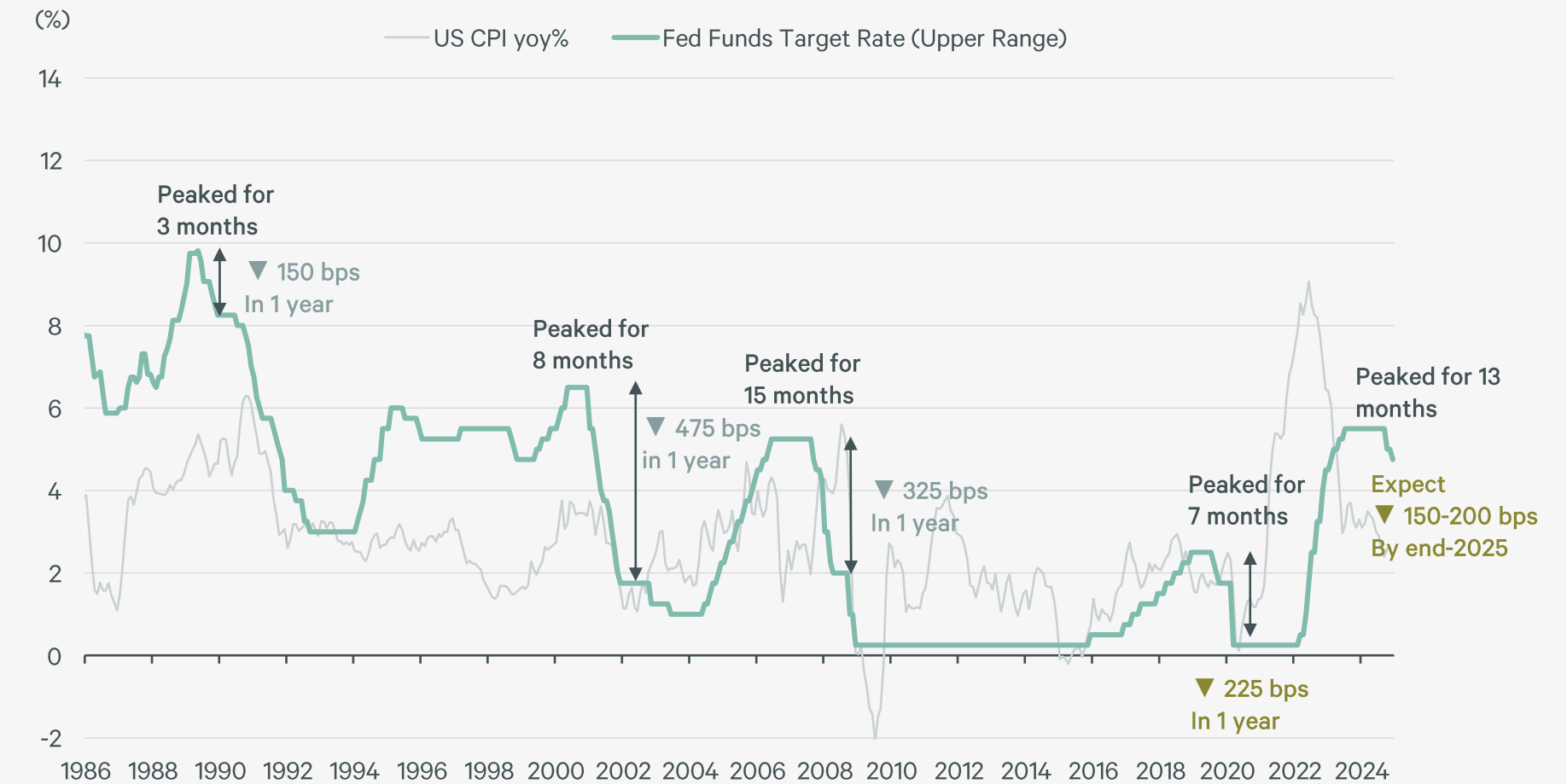
The price gap between buyers and sellers continues to narrow

01

Investment gains traction in some
markets as rate cuts commence

U.S. interest
rate cuts could
be substantial
in the coming
12 months

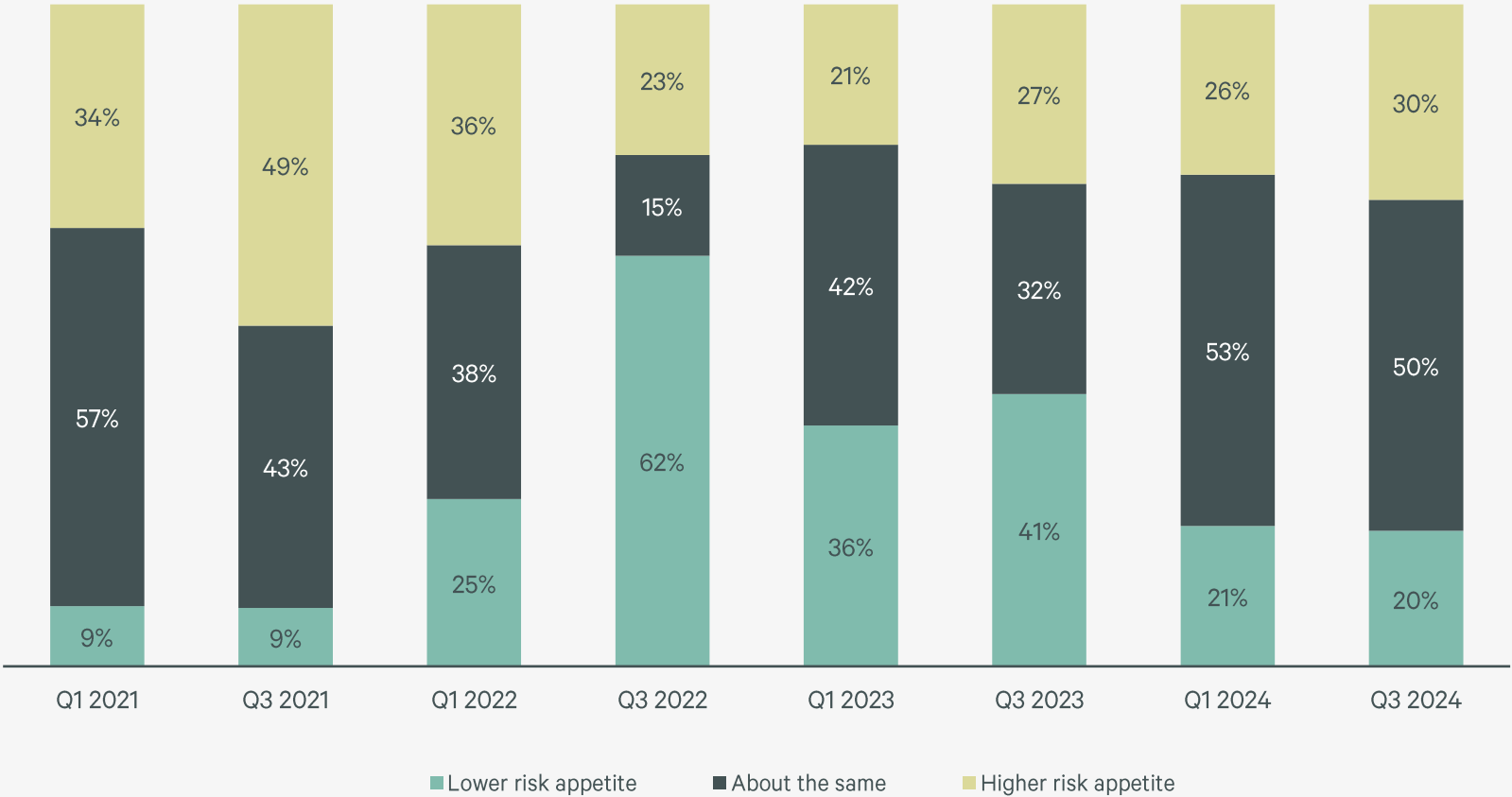
Figure 1: Fed Funds Target Rate and U.S. inflation rate (%)



Source: CBRE Research, Macrobond, October 2024.

Risk appetite
increases
slightly as
interest rate
cuts begin

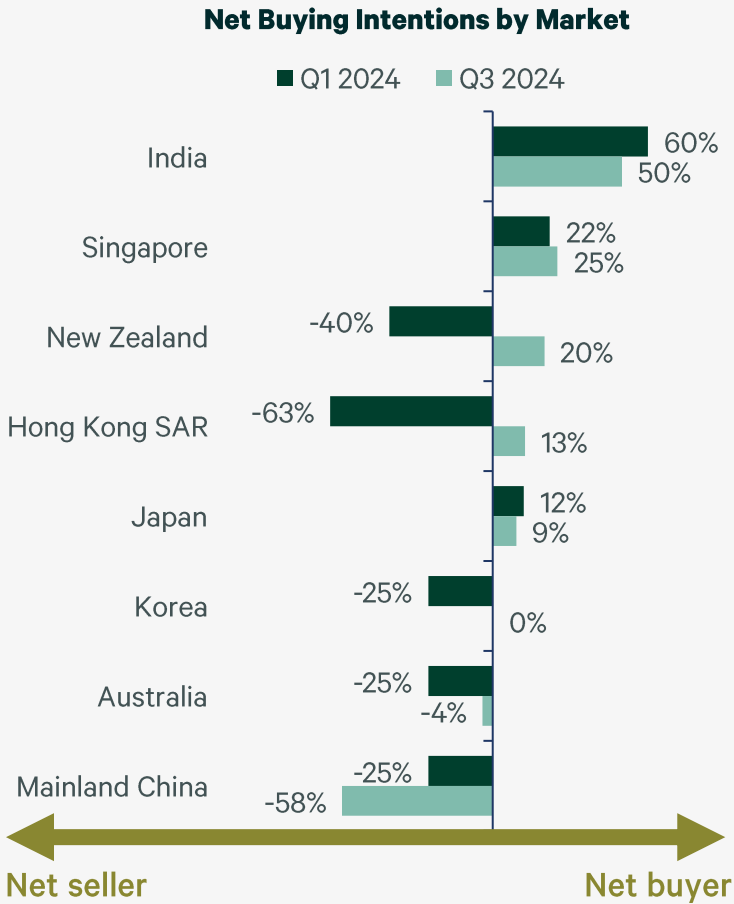
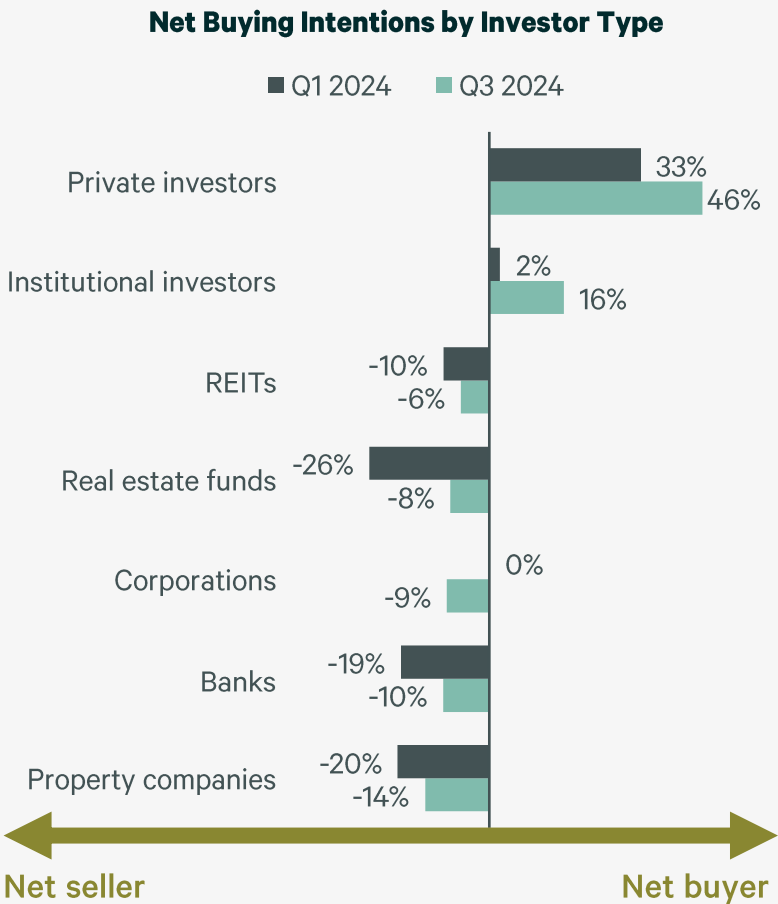
Figure 2: What is investors' risk appetite compared to the previous survey?



Source: CBRE Research, October 2024.

Buying intentions
improve across
almost all
investor types;
most markets
turn positive

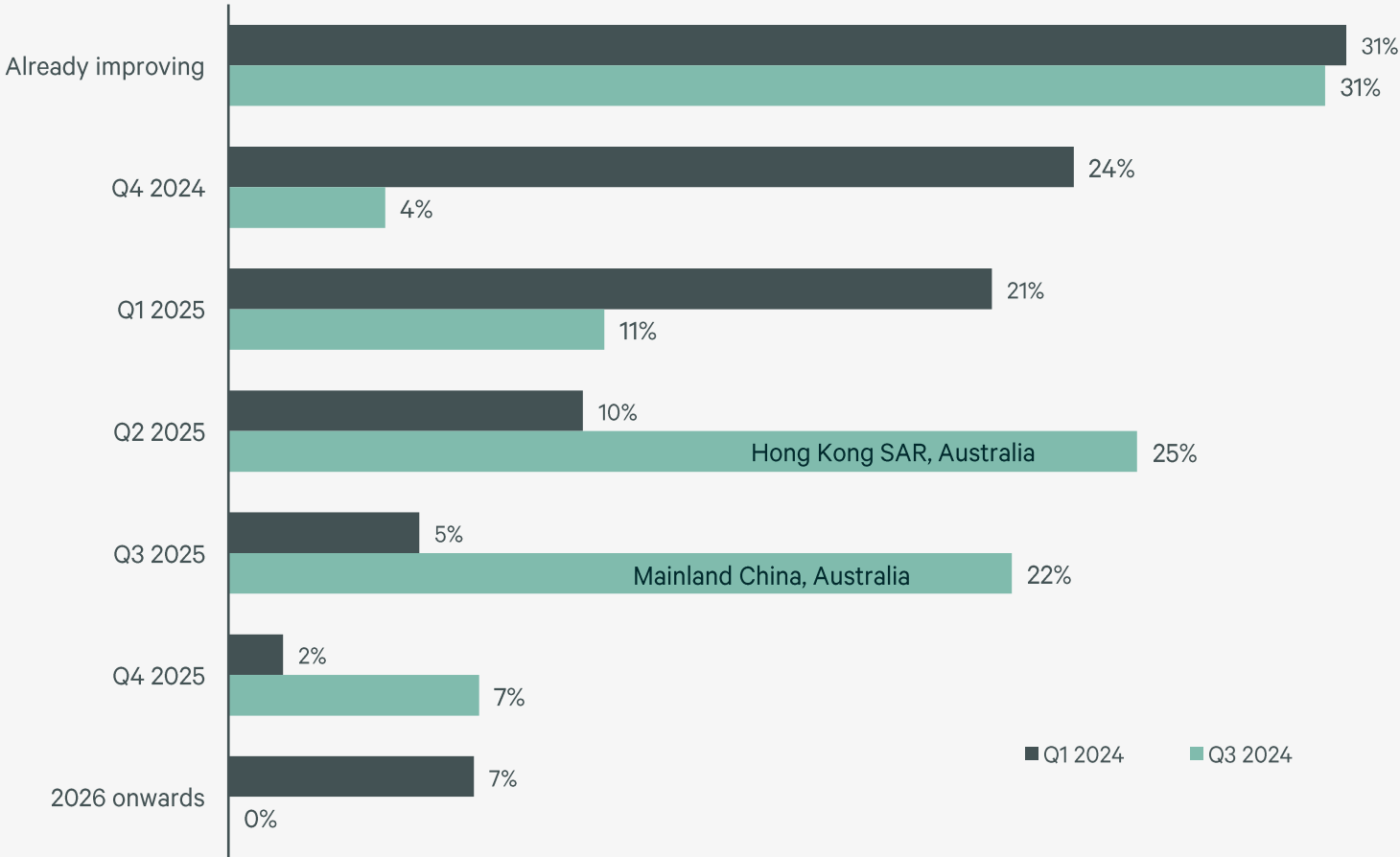
Figures 3 & 4: In your market, do you see stronger net buying/selling intentions among your clients compared to Q1 2024?



Source: CBRE Research, October 2024.

Recovery of investment activity in certain markets pushed back to mid-2025

Figure 5: When do your clients expect investment activity to recover?



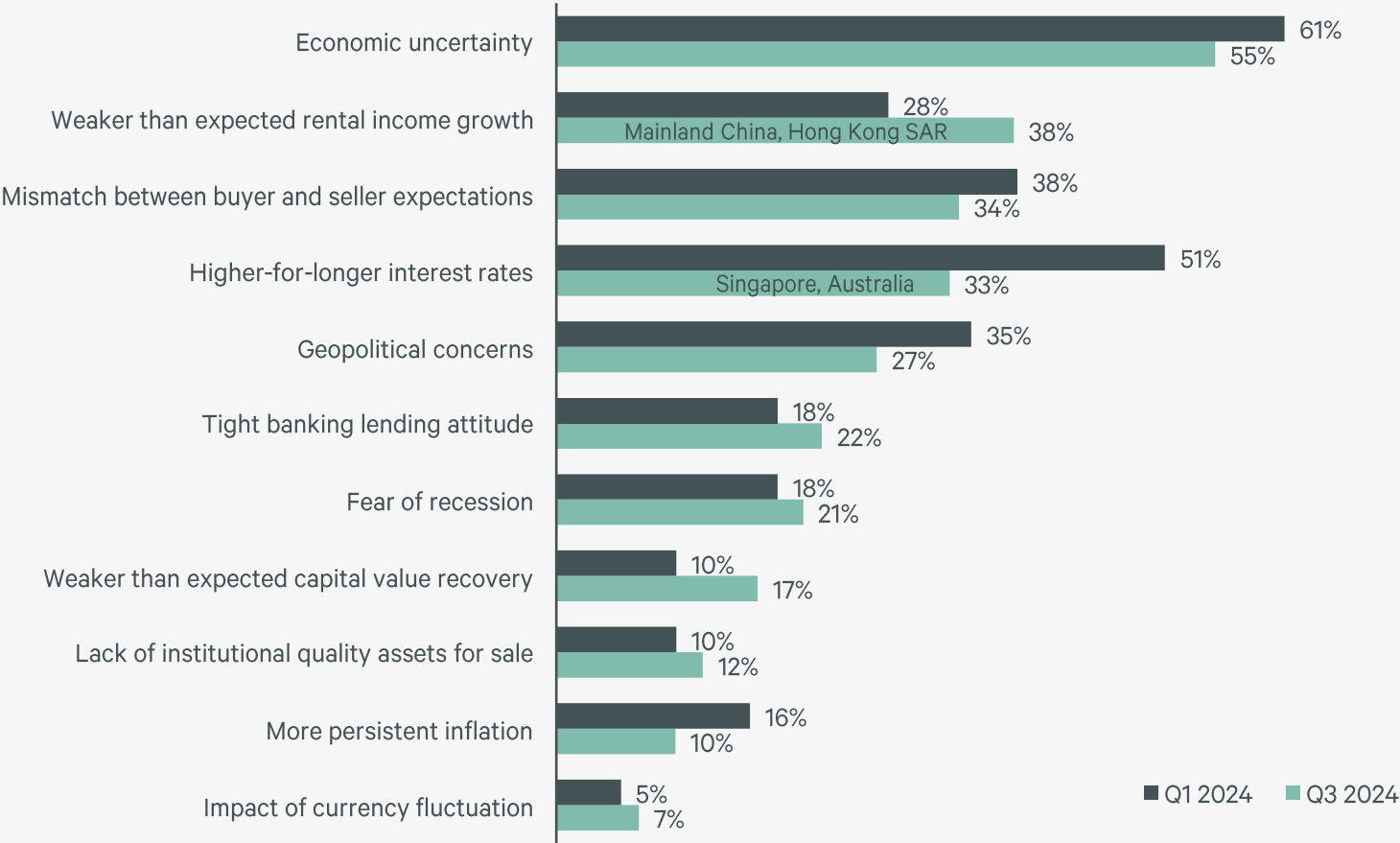
Source: CBRE Research, October 2024.

02

Financial easing and narrowing
price gap help boost sentiment in
selected markets

Investors are less concerned about interest rates but see rental growth outlook as a rising challenge

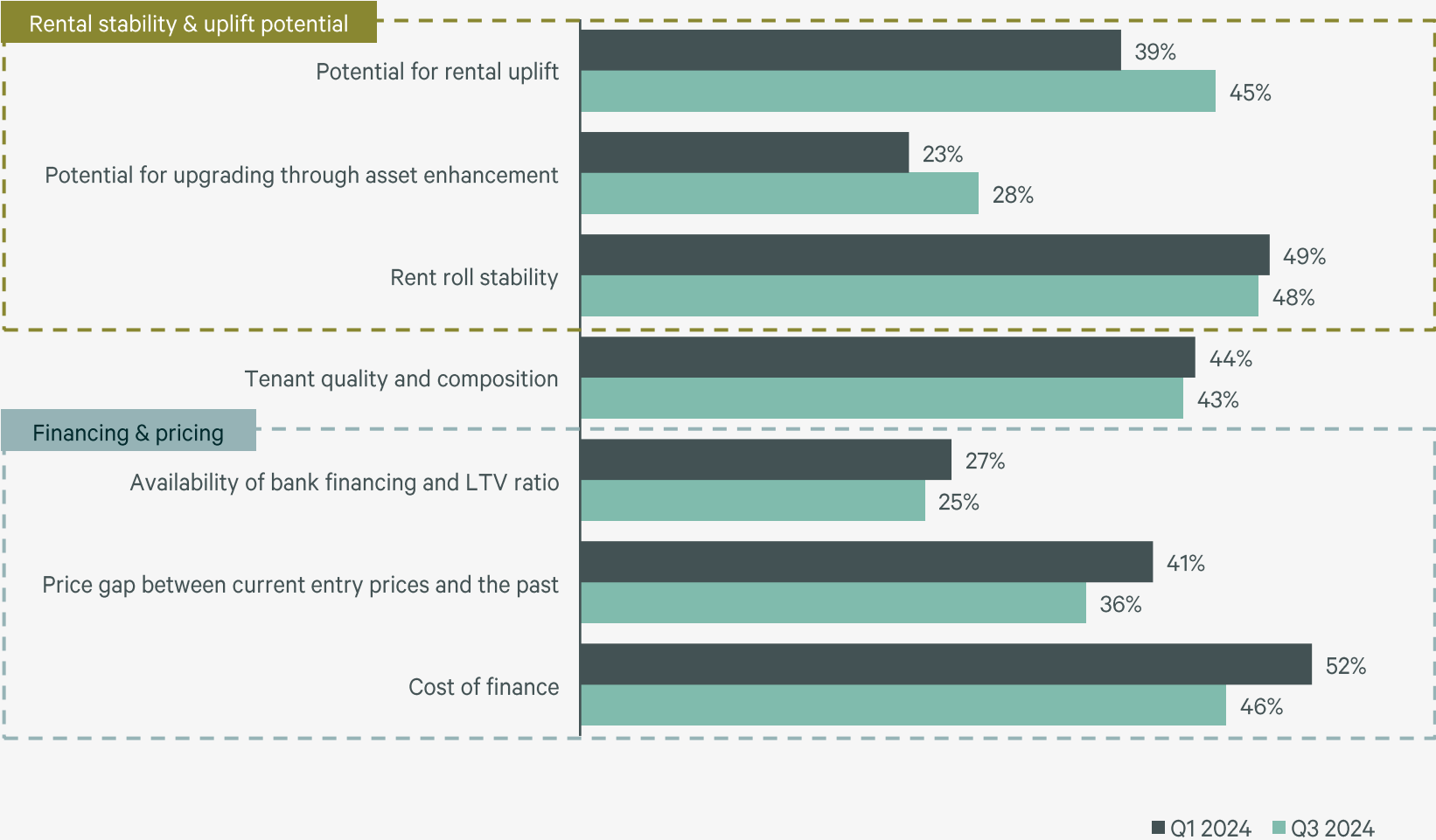
Figure 6: What do your clients view as the major challenges facing real estate investment in the coming six months?



Note: Respondents could select up to three options.
Source: CBRE Research, October 2024.

Rental stability and/or upward reversion potential are becoming bigger considerations when evaluating acquisitions

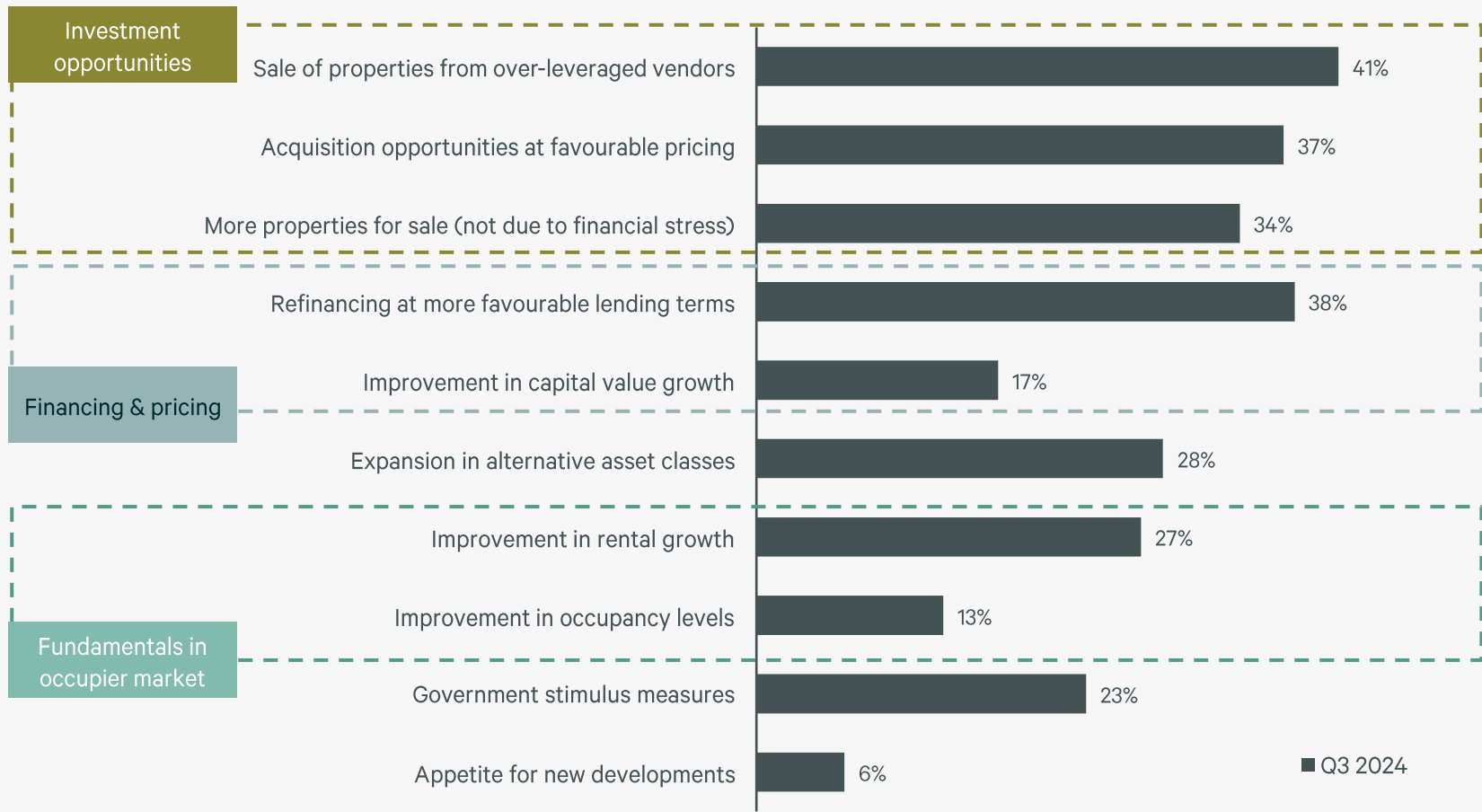
Figure 7: When evaluating potential acquisitions, what are the main factors that your clients are currently considering?



Note: Respondents could select up to three options.
Source: CBRE Research, October 2024.

Stressed sales and refinancing opportunities are the strongest tailwinds for growth

Figure 8: What do your clients view as the main growth tailwinds for real estate investment in the coming six months?



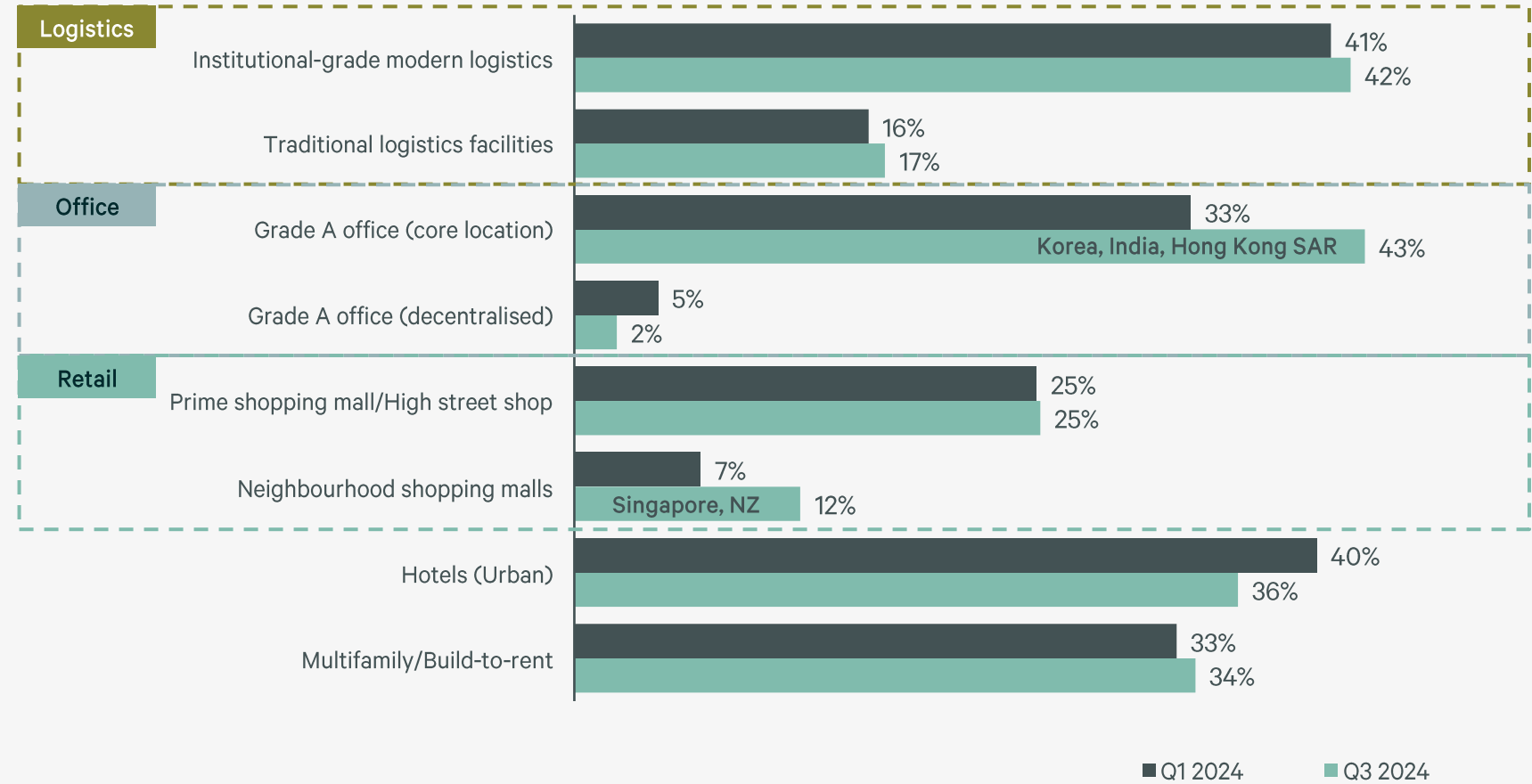
Note: Respondents could select up to three options.
Source: CBRE Research, October 2024.

03

Investment demand by sector:
Core office and data centres
attract most interest

Core Grade A
offices return to
investors’ radar;
neighbourhood
malls generate
more interest

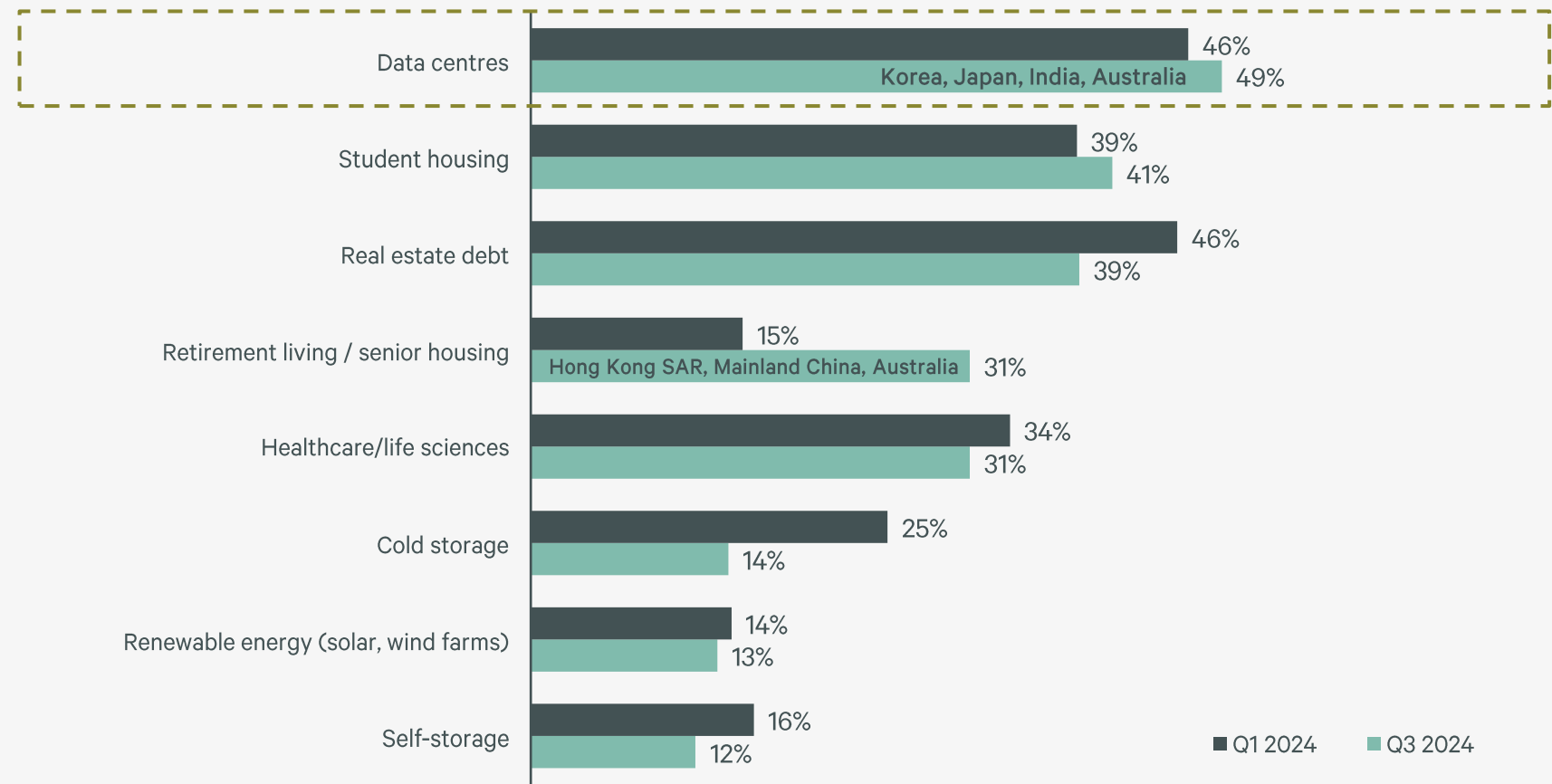
Figure 9: In terms of number of enquiries, which of the following sectors are your clients most interested in at present?



Note: Respondents could select up to three options.
Source: CBRE Research, October 2024.

Data centres attract most interest among alternative assets; big jump in interest for senior housing

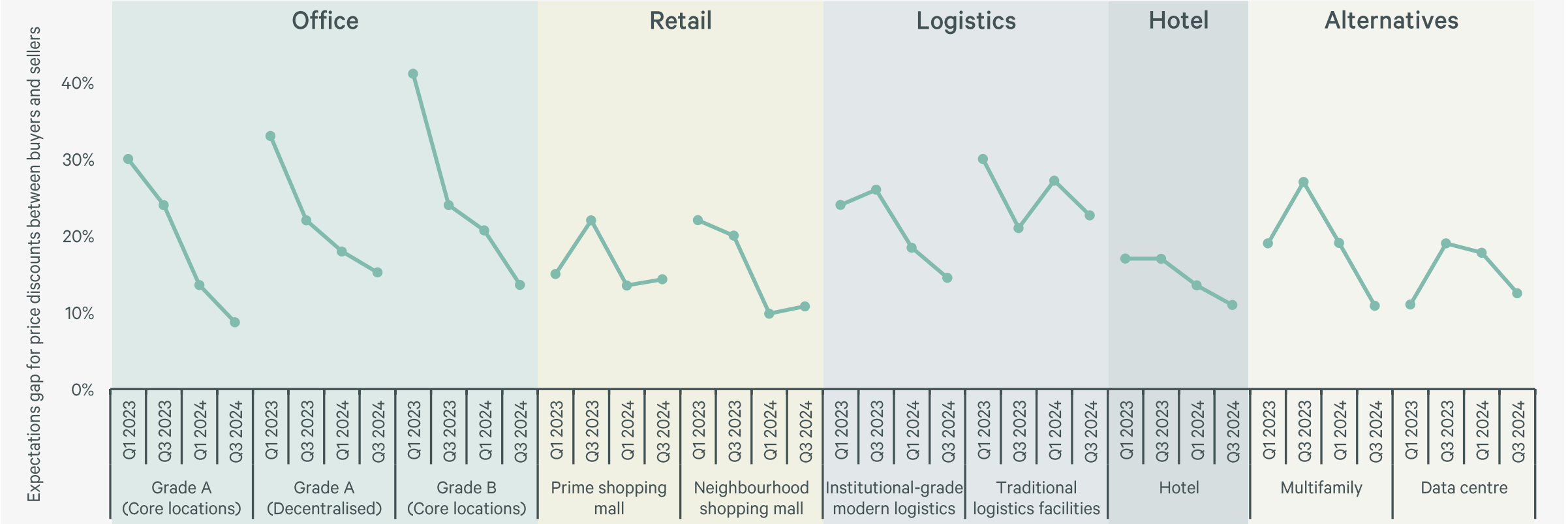
Figure 10: Which alternative sectors are your clients most interested in at present?



Source: CBRE Research, October 2024.

Most sectors continue to see a narrowing price gap

Figure 11: How have buyers' and sellers' attitudes towards asset pricing changed?



Source: CBRE Research, October 2024.

04

Summary tables of indicative cap rates

Summary table of indicative cap rates – Grade A Office

Country	City	Grade A Office					
		Core Locations			Decentralised		
		March 2024	September 2024	Six-month Outlook	March 2024	September 2024	Six-month Outlook
Australia	Sydney	5.50 – 7.00	5.60 – 6.70	▲	6.75 – 8.50	6.75 – 8.00	▲
	Melbourne	6.25 – 7.50	6.25 – 7.50	▲	6.75 – 8.00	6.50 – 8.00	▲
	Brisbane	6.50 – 7.75	6.65 – 8.00	▲	7.00 – 8.50	7.25 – 8.50	▲
	Perth	6.50 – 7.75	6.65 – 8.00	▲	7.00 – 8.50	7.25 – 8.50	▲
New Zealand	Auckland	6.25 – 8.00	6.25 – 8.00	◀▶	7.00 – 8.50	7.00 – 8.50	▲
	Wellington	6.25 – 8.00	6.25 – 8.00	◀▶	7.00 – 8.75	7.00 – 8.75	◀▶
Greater China	Beijing	4.50 – 6.00	4.75 – 6.25	▲	5.00 – 6.50	5.50 – 6.50	▲
	Shanghai	4.50 – 6.00	4.75 – 6.25	◀▶	5.00 – 6.50	5.50 – 6.50	▲
	Guangzhou	4.50 – 6.50	4.75 – 6.75	▲	5.00 – 6.50	5.50 – 6.50	▲
	Shenzhen	4.50 – 6.30	4.75 – 6.50	▲	5.00 – 6.50	5.50 – 6.50	▲
	Hong Kong SAR	3.00 – 5.00	3.00 – 5.00	▲	3.25 – 5.75	3.25 – 5.75	◀▶
	Taipei	2.10 – 2.80	2.10 – 2.80	◀▶	2.30 – 3.20	2.30 – 3.20	◀▶
Japan	Tokyo	2.50 – 3.50	2.50 – 3.50	◀▶	3.25 – 4.25	3.25 – 4.25	◀▶
	Osaka	2.75 – 3.75	2.75 – 3.75	◀▶	3.50 – 4.50	3.50 – 4.50	◀▶
Korea	Seoul	4.25 – 6.00	4.25 – 5.50	◀▶	5.00 – 6.50	4.50 – 6.00	◀▶
Singapore	Singapore	3.35 – 4.00	3.35 – 4.00	◀▶	3.60 – 4.50	3.75 – 4.40	◀▶
India	Gurgaon	7.50 – 8.50	7.55 – 8.40	▼	8.00 – 9.00	7.90 – 8.80	◀▶
	Mumbai	8.00 – 8.50	7.75 – 8.25	▼	8.25 – 8.75	7.75 – 8.70	◀▶
	Bangalore	7.75 – 9.00	7.50 – 8.75	▼	8.00 – 9.00	7.90 – 8.75	◀▶

Source: CBRE Research, October 2024.

Summary table of indicative cap rates – Shopping Mall

Country	City	Shopping Mall					
		Core Locations			Neighbourhood		
		March 2024	September 2024	Six-month Outlook	March 2024	September 2024	Six-month Outlook
Australia	Sydney	6.00 – 8.00	6.00 – 8.00	◀▶	6.00 – 8.00	5.50 – 7.50	▼
	Melbourne	6.00 – 8.00	6.00 – 8.00	◀▶	6.00 – 8.00	5.50 – 7.50	▼
	Brisbane	5.75 – 7.75	5.75 – 7.75	◀▶	6.00 – 8.00	5.50 – 7.50	◀▶
	Perth	5.50 – 8.00	5.50 – 8.00	◀▶	6.00 – 8.00	6.00 – 8.00	◀▶
New Zealand	Auckland	7.00 – 8.00	7.00 – 8.00	◀▶	7.50 – 9.00	7.50 – 9.00	◀▶
	Wellington	7.25 – 8.75	7.25 – 8.75	◀▶	7.00 – 9.00	7.50 – 9.50	◀▶
Greater China	Beijing	4.75 – 6.25	5.00 – 6.50	▲	5.50 – 7.00	5.50 – 7.00	▲
	Shanghai	4.75 – 6.25	5.00 – 6.50	◀▶	5.00 – 6.50	5.00 – 6.50	◀▶
	Guangzhou	4.75 – 6.25	5.00 – 6.75	▲	5.25 – 6.50	5.25 – 6.50	▲
	Shenzhen	4.75 – 6.25	5.00 – 6.75	▲	5.00 – 6.50	5.00 – 6.50	▲
	Hong Kong SAR	4.00 – 5.25	4.05 – 5.35	◀▶	4.00 – 6.25	4.60 – 6.35	▲
	Taipei	2.50 – 3.75	2.55 – 3.75	▲	2.80 – 4.00	2.80 – 4.00	▲
Japan	Tokyo	2.75 – 4.00	3.10 – 3.70	◀▶	4.00 – 5.00	3.90 – 4.75	◀▶
	Osaka	3.00 – 4.00	3.45 – 4.20	◀▶	4.00 – 5.50	4.35 – 5.20	◀▶
Korea	Seoul	5.25 – 7.75	5.00 – 7.15	◀▶	6.25 – 9.00	5.75 – 8.50	◀▶
Singapore	Singapore	4.50 – 5.35	4.40 – 5.05	◀▶	4.75 – 5.35	4.50 – 5.00	◀▶
India	Gurgaon	8.00 – 8.50	7.05 – 7.85	◀▶	8.00 – 9.00	7.35 – 8.15	◀▶
	Mumbai	7.25 – 8.25	6.90 – 7.65	◀▶	7.75 – 8.50	7.20 – 8.10	◀▶
	Bangalore	7.25 – 8.50	7.00 – 7.80	◀▶	8.00 – 9.00	7.40 – 8.30	◀▶

Source: CBRE Research, October 2024.

Summary table of indicative cap rates – Logistics

Country	City	Logistics					
		Institutional Grade Logistics (Citywide)			Traditional Logistics Facilities (Citywide)		
		March 2024	September 2024	Six-month Outlook	March 2024	September 2024	Six-month Outlook
Australia	Sydney	5.25 – 6.50	5.50 – 6.25	▼	5.50 – 6.50	5.75 – 6.50	◀▶
	Melbourne	5.25 – 6.50	6.00 – 6.50	◀▶	5.75 – 7.00	6.25 – 6.75	▲
	Brisbane	5.75 – 6.25	5.75 – 6.25	◀▶	6.00 – 7.00	6.25 – 6.75	◀▶
	Perth	6.00 – 7.00	5.90 – 6.40	◀▶	6.50 – 8.00	6.50 – 7.75	◀▶
New Zealand	Auckland	5.25 – 6.50	5.35 – 5.75	◀▶	6.00 – 8.00	5.75 – 7.75	◀▶
Greater China	Beijing	4.75 – 6.00	5.00 – 5.75	◀▶	5.00 – 7.00	5.50 – 7.00	▲
	Shanghai	5.00 – 5.75	5.25 – 5.75	◀▶	5.00 – 7.00	5.50 – 7.00	▲
	Guangzhou	4.90 – 6.00	4.90 – 6.00	◀▶	4.70 – 6.50	5.20 – 6.40	▲
	Shenzhen	4.75 – 5.50	4.75 – 5.50	◀▶	4.80 – 6.00	5.30 – 6.10	▲
	Hong Kong SAR	3.55 – 4.30	3.90 – 5.20	▲	3.75 – 4.75	4.10 – 5.40	◀▶
	Taipei	3.00 – 4.00	3.10 – 3.50	◀▶	3.50 – 4.80	3.45 – 3.85	◀▶
Japan	Tokyo	3.00 – 4.00	3.05 – 4.00	◀▶	3.50 – 5.00	3.70 – 4.75	◀▶
	Osaka	3.25 – 4.25	3.55 – 4.25	◀▶	3.80 – 5.50	4.10 – 5.25	◀▶
Korea	Seoul	4.80 – 6.00	4.75 – 6.75	◀▶	4.50 – 7.00	4.00 – 5.50	◀▶
Singapore	Singapore	6.00 – 7.50	5.95 – 7.50	◀▶	6.25 – 8.00	6.45 – 7.65	◀▶
India	Gurgaon	7.75 – 8.50	7.05 – 7.90	◀▶	8.00 – 9.25	7.90 – 8.70	◀▶
	Mumbai	7.50 – 8.50	6.90 – 7.80	◀▶	8.00 – 9.00	7.85 – 8.80	◀▶
	Bangalore	7.50 – 8.50	7.00 – 7.80	◀▶	8.00 – 9.00	7.85 – 8.70	◀▶

Source: CBRE Research, October 2024.

Summary table of indicative cap rates – Hotel

Country	City	Hotel (Urban)		
		March 2024	September 2024	Six-month Outlook
Australia	Sydney	6.25 – 6.70	6.00 – 6.90	◀▶
	Melbourne	6.25 – 6.75	6.40 – 7.50	◀▶
	Brisbane	6.25 – 7.00	6.50 – 7.65	◀▶
	Perth	7.50 – 8.00	6.50 – 7.75	◀▶
New Zealand	Auckland	7.00 – 8.50	6.75 – 8.25	▼
	Wellington	7.00 – 8.50	7.00 – 8.25	▼
Greater China	Beijing	5.00 – 6.50	5.00 – 6.50	▲
	Shanghai	5.00 – 6.50	5.00 – 6.50	◀▶
	Guangzhou	4.80 – 6.50	4.80 – 6.50	▲
	Shenzhen	5.00 – 6.25	5.00 – 6.25	▲
	Hong Kong SAR	4.00 – 5.75	4.30 – 6.05	▲
Japan	Tokyo	3.25 – 4.50	3.20 – 4.15	◀▶
	Osaka	3.75 – 5.00	3.55 – 4.40	◀▶
Korea	Seoul	6.25 – 7.50	5.75 – 7.00	◀▶
Singapore	Singapore	4.00 – 5.00	3.65 – 4.40	◀▶
Thailand	Bangkok	5.50 – 7.50	6.00 – 7.50	◀▶
Vietnam	Hanoi	7.00 – 9.50	7.00 – 9.00	◀▶
	Ho Chi Minh City	7.00 – 9.50	7.00 – 9.00	◀▶

Source: CBRE Research, October 2024.

Summary table of indicative cap rates – Multifamily/Build-to-Rent

Country	City	Multifamily/Build-to-Rent		
		March 2024	September 2024	Six-month Outlook
Australia	Sydney	4.25 – 4.50	4.25 – 4.50	◀▶
	Melbourne	4.25 – 4.50	4.25 – 4.50	◀▶
	Brisbane	4.35 – 4.50	4.40 – 4.75	◀▶
	Perth	4.50 – 4.75	4.50 – 4.75	◀▶
Greater China	Beijing	4.00 – 6.50	4.50 – 6.50	◀▶
	Shanghai	4.50 – 6.50	4.50 – 6.50	◀▶
	Hong Kong SAR	2.00 – 6.00	3.70 – 5.30	▲
Japan	Tokyo	2.75 – 4.00	2.75 – 3.85	◀▶
	Osaka	3.00 – 4.30	3.00 – 4.20	◀▶
Korea	Seoul	4.00 – 5.00	4.50 – 5.00	◀▶
Singapore	Singapore	3.50 – 4.00	3.75 – 4.25	◀▶

Source: CBRE Research, October 2024.

Summary table of indicative cap rates – Data Centre

Country	City	Data Centre		
		March 2024	September 2024	Six-month Outlook
Australia	Sydney	5.25 – 6.25	5.25 – 6.00	▼
	Melbourne	5.50 – 6.75	5.25 – 6.50	▼
Greater China	Beijing	6.00 – 9.00	6.50 – 9.00	◀▶
	Shanghai	6.00 – 8.50	6.50 – 9.00	◀▶
	Hong Kong SAR	4.00 – 6.00	3.95 – 5.40	◀▶
Japan	Tokyo	3.50 – 5.50	3.50 – 4.55	◀▶
	Osaka	3.50 – 5.70	3.50 – 4.80	◀▶
Korea	Seoul	5.30 – 7.50	5.25 – 6.50	◀▶
Singapore	Singapore	5.75 – 7.25	5.20 – 6.45	◀▶
India	Gurgaon	9.00 – 9.50	7.20 – 8.20	◀▶
	Mumbai	7.50 – 9.00	7.00 – 8.00	◀▶
	Bangalore	8.50 – 9.00	7.15 – 8.00	◀▶

Note: Cap rates for data centres may encapsulate a wide range of product types and may vary based on core/shell or with MEP/SLA.

Source: CBRE Research, October 2024.

Definitions

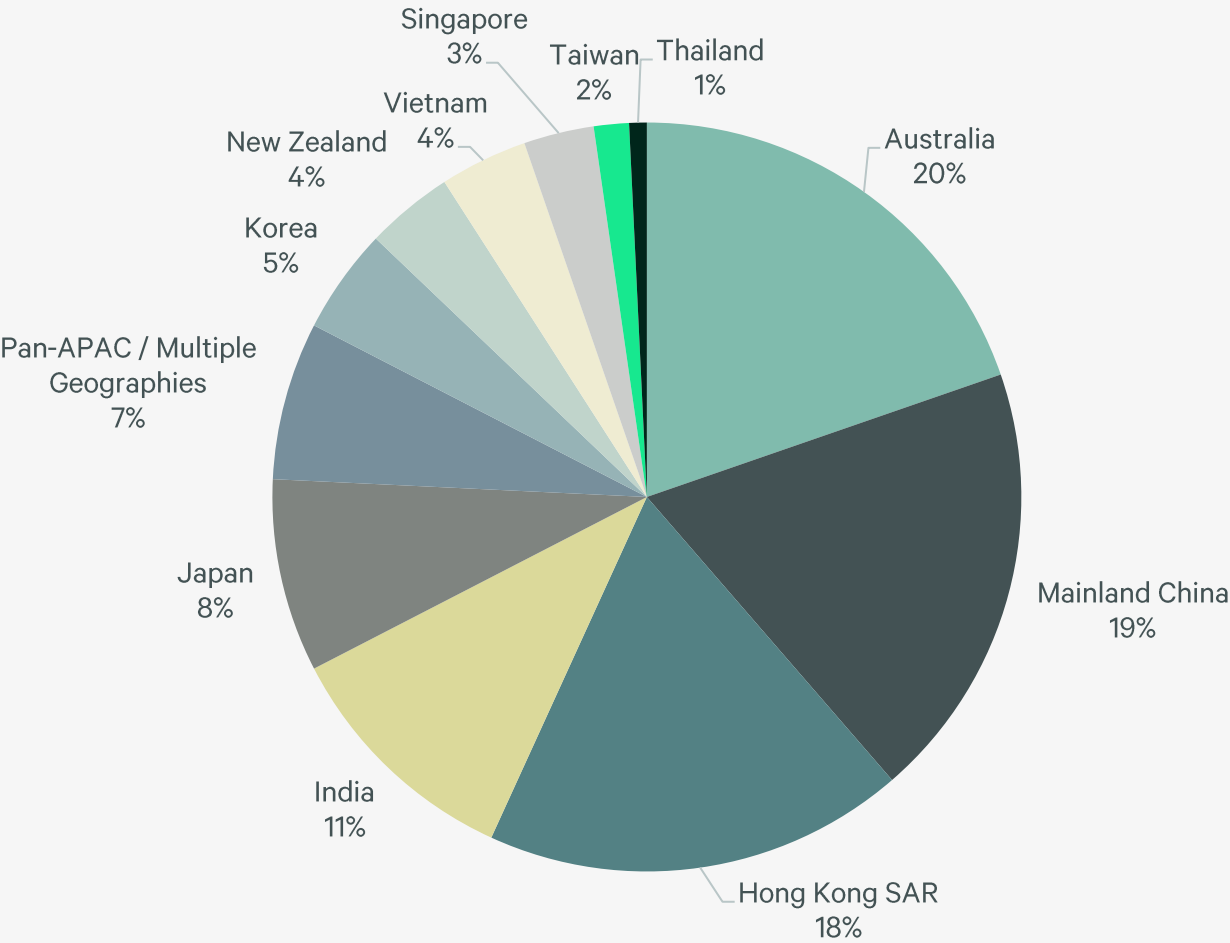
- Cap rate ranges are best estimates provided by CBRE professionals based on recent trades in their respective markets, as well as communications with investors. The ranges represent the cap rates at which a given asset is likely to trade in the current market. Cap rates within each subtype will vary, 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 Q3 2024 Asia Pacific Cap Rate Survey was conducted from October 9th to October 18th, 2024.

A total of 132 responses were collected from CBRE’s Capital Markets and Valuation & Advisory Services professionals across Asia Pacific.

Percentage of respondents by market



Source: CBRE Research, October 2024.

Contacts

Research

Ada Choi, CFA

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

Ted Lu

Associate Director, Asia Pacific Research
ted.lu@cbre.com

Capital Markets

Greg Hyland

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

Crystal Palar

Executive Managing Director,
Capital Markets, Asia Pacific
crystal.palar@cbre.com

Callum Young

Executive Director, Capital Markets, Asia Pacific
callumg.young@cbre.com

Steve Carroll

Head of Hotels & Hospitality,
Capital Markets, Asia Pacific
steve.carroll1@cbre.com

Valuation & Advisory Services

Thomas Edwards

Global Head of Valuation and Advisory Services
thomas.edwards@cbre.com

Danny Mohr

Head of Valuation & Advisory Services in Asia,
Middle East, and Africa
danny.mohr@cbre.com.hk

Rita Wong

Head of Valuation & Consulting, Greater China
rita.wong@cbre.com

Duncan Guthrie

Senior Managing Director,
Valuation & Advisory Services, Pacific
duncan.guthrie@cbre.com.au

© Copyright 2024. All rights reserved. This report has been prepared in good faith, based on CBRE's current anecdotal and evidence based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.

Nothing in this report should be construed as an indicator of the future performance of CBRE's securities or of the performance of any other company's securities. You should not purchase or sell securities—of CBRE or any other company—based on the views herein. CBRE disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CBRE as well as against CBRE's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.