

Intelligent Investment

2024 Asia Pacific Real Estate Market Outlook Mid-Year Review

REPORT

ASIA PACIFIC
REAL ESTATE

CBRE RESEARCH
JULY 2024

CBRE



Overall Forecast Accuracy



Forecasts made in CBRE's 2024 Asia Pacific Real Estate Market Outlook published in January

Foreword



Henry Chin, Ph.D.

Global Head of Investor Thought Leadership
Head of Research, Asia Pacific

Welcome to CBRE's 2024 Asia Pacific Real Estate Market Outlook Mid-Year Review; a report in which we look back at the predictions we made at the beginning of the year and evaluate what we got right, and what we got wrong.

On the **economic** front, fears of a recession in the U.S. have faded, with the country's economic strength providing a strong tailwind to many Asian countries' exports. With the regional employment outlook remaining positive as office-based employment continues to grow, CBRE has upgraded its 2024 Asia Pacific GDP growth forecast to 3.9%. Sluggish growth in mainland China remains the key risk facing the region.

CBRE expects the U.S Federal Reserve to start cutting rates in September as the inflation measure has moved closer to its target. Policy rates across Asia Pacific (ex. mainland China) will end higher than CBRE's January forecast and are unlikely to return to pre-pandemic levels in the short term.

As in North America and Europe, a full recovery in commercial real estate **investment** activity has yet to be witnessed in Asia Pacific as expectations for the timing of interest rate cuts are continually pushed back and the rate of repricing has yet to match expectations. CBRE has therefore slightly revised down its full-year investment volume forecast to an increase of 0% to 3%. Reaching this target will be highly dependent on the level of purchasing activity in Japan.

Oversupply continued to impact the Asia Pacific **office** market in H1 2024, pushing up vacancy to a record high. Cost remains the dominant factor driving renewal and relocation decisions. CBRE's expectation of full-year growth in gross leasing volume remains unchanged. While rents of prime assets in most markets saw steady gains in H1 2024, growth is expected to lose momentum or remain stagnant in H2 2024.

Expansionary demand in the **retail** sector remains resilient, with F&B and sports-related retailers most active. While vacancy in prime shopping precincts has now returned to pre-pandemic levels, CBRE expects retailers to adopt a more cautious approach towards expansion as many have already rebuilt their store networks from pandemic-induced closures. The rental recovery will continue to be driven by prime assets in core locations.

Logistics demand normalised faster than expected in H1 2024, with a preference for renewals over relocations due to high rents and fit-out costs. Despite a mild improvement in leasing activity expected in H2 2024, full-year leasing volume will be weaker than in 2023. With intense competition for tenants set to push up incentives even further, CBRE has downgraded its 2024 regional logistics rental outlook.

Except for the Maldives, all **hotel** markets in the region had witnessed y-o-y increases in RevPAR performance as of June 2024 y-t-d. Despite ongoing challenges relating to staffing and aircraft shortages, Asia Pacific has seen significant growth in airline demand in 2024.

01

Economy

Economy

Forecast made in January 2024

01

SOFT LANDING FOR U.S.; MAINLAND CHINA'S GROWTH NORMALISES

The U.S. economy is poised for a soft landing in 2024, with inflation falling and the labour market softening. Asia Pacific GDP growth is expected to slow to 3.5% in 2024 from last year's 4.3%. While the economy in mainland China is normalising, the coming months will see the launch of additional supportive measures to buoy economic growth.

02

ASIA PACIFIC SET TO ENTER RATE CUT CYCLE BY MID-2024

Interest rate cuts in Asia Pacific will begin in mid-2024. The downward interest rate cycle will come on the back of easing CPI-inflation in most markets as well as widely anticipated U.S. interest rate cuts, which are set to begin from May. Exceptions include Japan, where the Bank of Japan (BoJ) may raise its policy rate, although any increases are likely to be marginal and should not have much impact on investors' borrowing costs; and mainland China, which is expected to maintain a loose monetary policy.

03

GEOPOLITICAL TENSION MOUNTS IN ELECTION YEAR

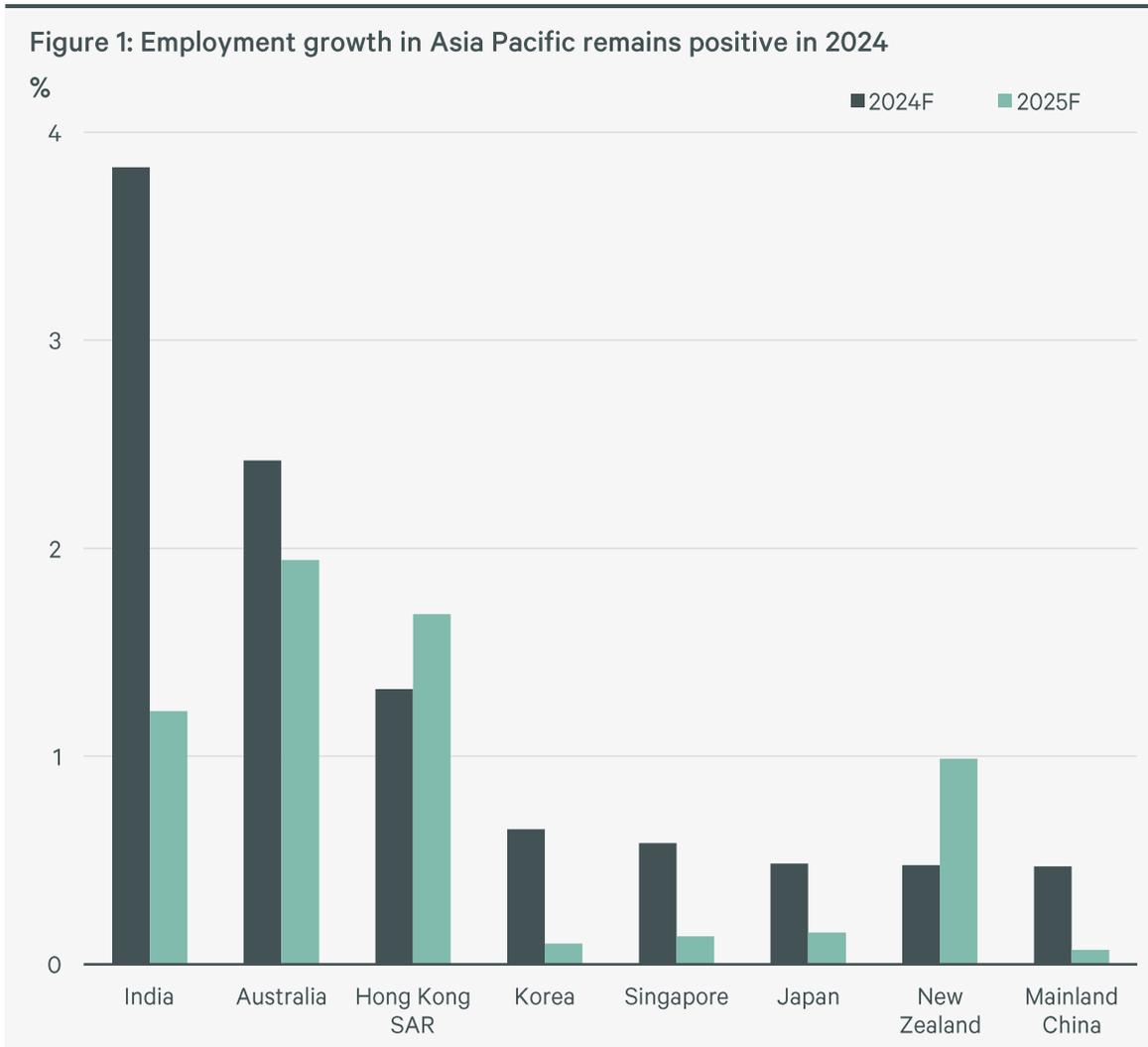
Several key elections are scheduled for 2024, with all eyes on the U.S. presidential election in November. In Asia Pacific, voters in Korea, India, Indonesia and Taiwan have already or are due to go to the polls this year. Cross-strait and Sino-U.S. relations will come under closer scrutiny over the next 12 months. Should these elections pass without incident and result in the creation of a more stable political environment, corporate and investor sentiment will improve.

Mid-year review

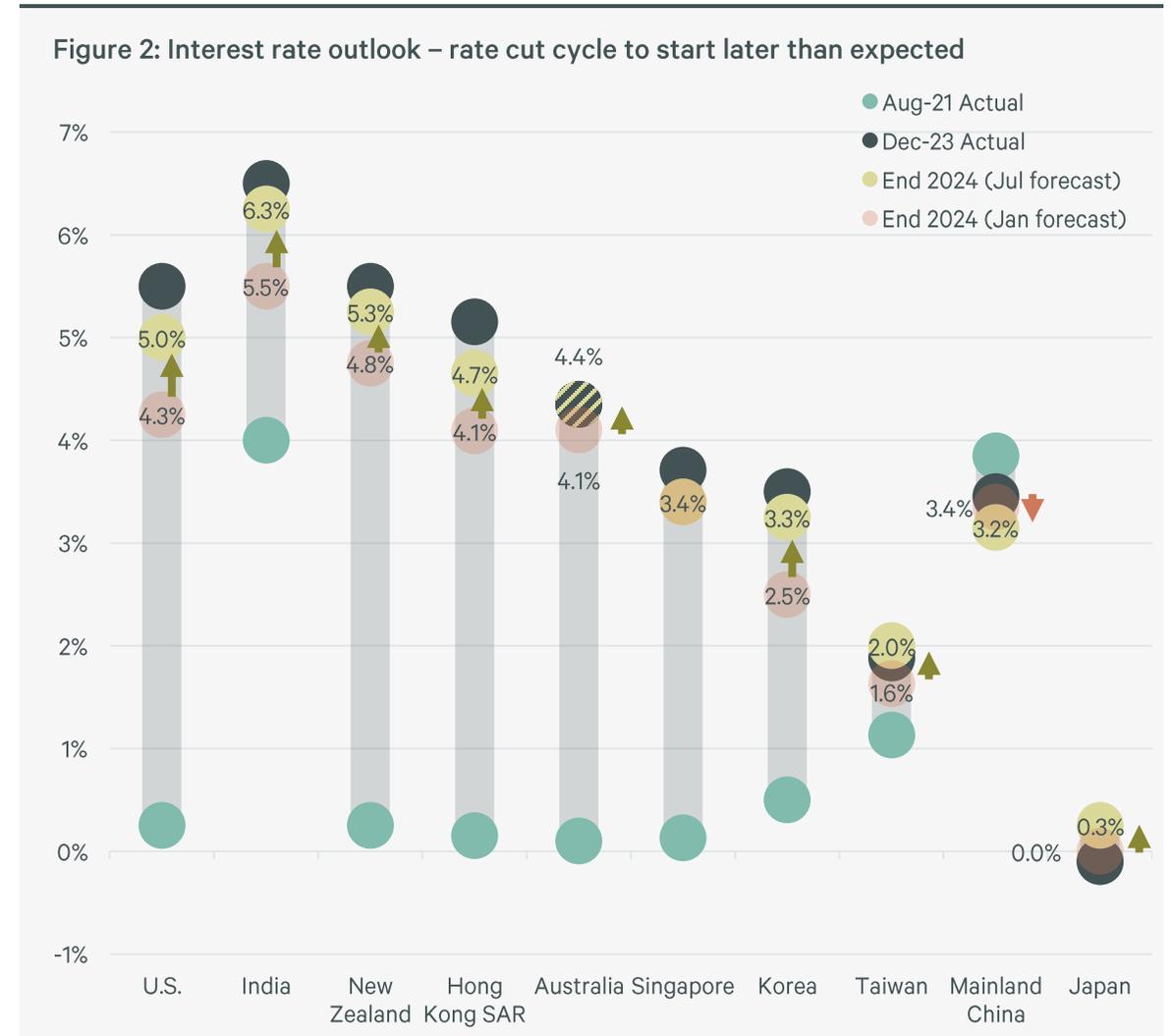
Forecast Accuracy



- Fears of a recession in the U.S. have faded, with the country's economic strength providing a strong tailwind to many Asian countries' exports, especially those of electronic goods. Weaker Asian currencies in H1 2024 provided an additional boost to export demand.
 - With the employment outlook also remaining positive as office-based employment continues to grow, CBRE has upgraded its 2024 Asia Pacific GDP growth forecast to 3.9%.
 - Sluggish growth in mainland China remains the key risk facing the region, with the market's imbalanced economic structure and subdued household confidence of particular concern.
-
- The Fed's forecast in June suggested only one 25bps rate cut this year, a revision from the three cuts expected in its March forecast. Based on the latest economic data, CBRE expects the Fed to start cutting rates in September. Despite a brief rebound in Q1 2024, swap rates for Asia Pacific (ex. Japan) have eased from the peaks seen last year.
 - Policy rates across Asia Pacific (ex. mainland China) will end higher than CBRE's January forecast and are unlikely to return to pre-pandemic levels in the short term. The market has priced in no rate cuts for Australia this year, while most other markets including Korea, India and New Zealand are expected to implement their first cuts in Q4 2024. Japan has kept policy rates stable after a hike in March, with any further policy shift in H2 2024 expected to be mild.
-
- The political landscape in Asia Pacific has remained on a stable footing, with most major elections having been completed without incident in H1 2024. Little, if any, impact on investment sentiment has been observed, with investors far more concerned about the trajectory of interest rates.
 - The new Taiwanese administration has signalled its intention to maintain the cross-strait status quo. In India, Prime Minister Modi's retention of key cabinet positions despite his party's loss of its majority in the general election will ensure his reform agenda remains intact.
 - Investors are paying close attention to November's U.S. presidential election as potential tax cuts and tariff increases could reshape the interest rate outlook globally.



Source: CBRE House-View, July 2024.



Source: CBRE House-View, Bloomberg, July 2024.

02

Investment

Investment

Forecast made in January 2024

01

MUTED ACTIVITY IN H1 2024 AMID LACK OF YIELD EXPANSION

Investment is expected to remain muted in H1 2024 due to limited yield expansion and high interest rates. With most markets continuing to experience negative carry, further re-pricing is anticipated across asset classes.

02

INVESTMENT TO PICK UP IN H2 2024

The second half of the year will see an uptick in real estate investment activity on the back of re-pricing and interest rate cuts. Demand will be led by high-net worth buyers, cash-rich investors and corporates seeking high quality assets. Japan will remain the preferred market, while Australia and Korea will be the subject of stronger interest.

03

FOCUS ON VALUE-ADD, CORE AND PRIVATE CREDIT

Investors will prioritise value-add opportunities for their high internal rate of return, while core assets in tier I markets will remain sought after due to their ability to provide stable cash flow. Private credit investment is poised to gain further popularity due to tight funding conditions.

Mid-year review

Forecast Accuracy

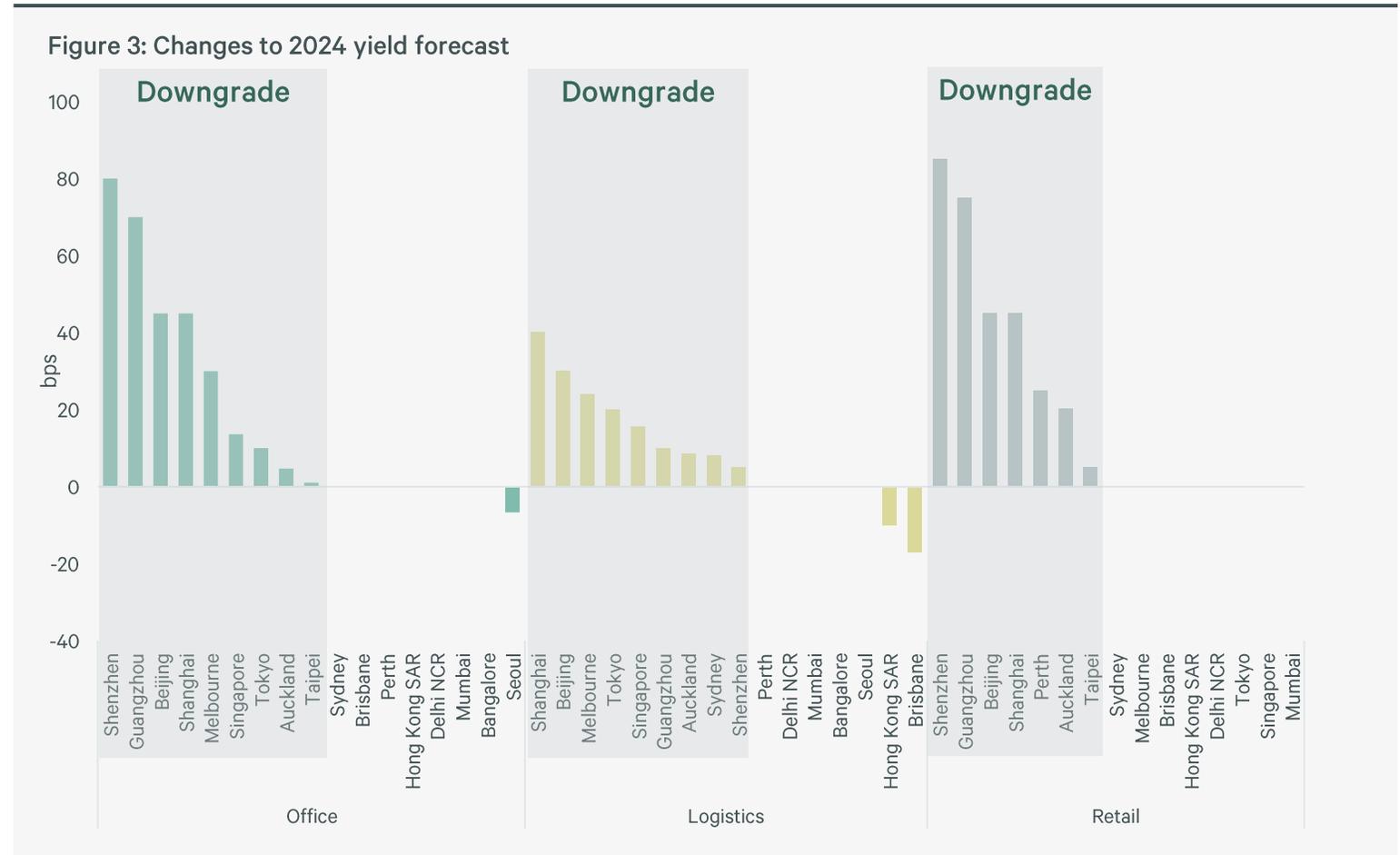


- As in North America and Europe, a full recovery in commercial real estate investment activity has yet to be witnessed in Asia Pacific as expectations for the timing of interest rate cuts are continually pushed back and the rate of repricing has yet to match expectations. CBRE has therefore slightly revised down its full-year investment volume forecast to an increase of 0% to 3%. Reaching this target will be highly dependent on the level of purchasing activity in Japan in H2 2024, where cross-border interest has somewhat waned since H2 2023 as investors shift focus to asset types offering higher return profiles.
- With yields set to continue to expand in H2 2024, there is still time for investors to capture cyclical investment opportunities. While investors continue to favour active markets, such as Japan and India, countries such as Australia and Korea have seen pricing approach the top of the cycle. Elsewhere, markets such as mainland China, Singapore and Hong Kong SAR are seeing a greater number of investors willing to soften cap rates to meet value change expectations in other markets globally.
- Investors remain focused on industrial & logistics assets, despite its softening fundamentals, along with hospitality properties. CBRE sees current conditions in the Asian office market as being conducive for contrarian investment strategies in H2 2024, with domestic investors especially attracted to current performance indicators and discounted opportunities across the region.
- While value-add opportunities remain highly sought after, pricing for core assets is reaching a consensus peak in most markets, meaning that investors may shift focus back to core strategies in the second half of the year. Although still a smaller segment of the market in Asia Pacific compared to the Europe and the U.S., credit strategies continue to garner some attention.

Cap rate expansion to materialise

Revised yield forecast

- Forecasted 2024 yields in **mainland China** have seen some of the largest expansion in the region, with Shenzhen reporting upward revisions as high as 85bps. This is due to expectations of further rental declines and subdued investor sentiment in the coming years.
- Despite some distressed sales, yield expansion in **Hong Kong SAR** continues to lag the rest of the region.
- On the back of a slight interest rate hike earlier in the year and the possibility of further rate hikes later in 2024, CBRE has revised up its forecast for **Tokyo** logistics and office yield expansion by 20bps and 10bps, respectively. This comes as foreign investors adopt a more cautious attitude towards investing in mainstream assets in Japan.
- Evidence of repricing in a large-ticket office deal in **Singapore** has led CBRE to revise its yield forecast for office upwards by 14bps. The yield forecast for logistics has also been revised upwards as price growth lags rent growth.
- In **Australia**, yields in the office sector have been revised in anticipation of further expansion, ranging from 12bps in Sydney to 92bps in Melbourne, amid repricing observed in recent transactions. Logistics yields have been revised upwards in Sydney and Melbourne and are now set to soften by 25-40bps in H2 2024.
- **Seoul** has seen only minor revisions to office yield forecasts for 2024, with projections revised down to 4.45% due to a lack of repricing for recent deals along with possible rate cuts in H2 2024.



Remarks: Retail refers to shopping centres for Singapore, Auckland, and major cities of mainland China; high streets for Hong Kong SAR and Tokyo; local prime CBD for Australia. Singapore logistics yield refers to en-bloc assets with a 30-year leasehold.

Source: CBRE Research, July 2024

03

Office

Office

Forecast made in January 2024

01

VACANCY SET TO PEAK AMID OVERSUPPLY PRESSURE

Asia Pacific will continue to witness a supply boom in 2024, with nearly 70 million sq. ft. NFA of new Grade A office space due to come on stream. Almost two-thirds of markets are forecasted to see an increase in office vacancy, but availability in Seoul will remain exceptionally tight. Landlords in markets with high vacancy will have to improve their product and service offering to attract and retain tenants.

02

COST CONTROL TO REMAIN TOP PRIORITY

Despite corporate revenue growth among office-using industries projected to be stronger this year, cost control will remain high on the occupier agenda. As tenants carefully manage real estate costs, they will be more inclined to renew leases; focus on assets offering the best value for money; and prioritise workplace optimisation.

03

DEMAND TO IMPROVE AS YEAR PROGRESSES

Leasing demand will be led by the tech sector, particularly in the software and services category. The demand recovery in mainland China is expected to pick up in H2 2024 after more supportive economic measures and easing policies are implemented. CBRE expects Asia Pacific office demand to slightly improve in 2024, with gross leasing volume growing by 0 to 5% y-o-y in 2024.

04

PRIME OFFICE SPACE WITH ESG FEATURES IN DEMAND

Workplace optimisation and sustainability requirements will continue to drive flight to quality demand over the course of this year. High quality premium office space in city centres and ESG-compliant buildings will remain highly sought after by occupiers.

Mid-year review

Forecast Accuracy



- As expected, oversupply continued to impact the Asia Pacific office market in H1 2024, pushing up regional vacancy to a record high of 19%. About two-thirds of markets saw vacancy rise to new highs or stay at elevated levels. In addition to longer rent-free periods, landlords were seen to be more willing to provide other incentives such as fit-out allowances and turnkey solutions. Paying higher agency fees to attract tenants was increasingly popular in Hong Kong SAR.
- Despite delays to some projects due to come on stream in 2025/2026, supply pressure will persist in the short term. High construction and financing costs may ease supply risk in medium term.
- Cost remains the dominant factor driving renewal and relocation decisions. With fit-out costs remaining high, most occupiers are opting to renew leases due to the lack of CapEx budgets and landlords' reluctance to lower rents. However, some occupiers have proceeded with relocations provided there are cost saving opportunities and workplace experience upgrades to compensate for significant financial expenditure.
- Flight to quality will remain a key theme as occupiers seek quality space in core locations.
- Stronger than expected leasing activity in Japan and India underpinned a steady y-o-y increase in regional gross leasing volume in H1 2024. Steady expansionary demand in the latter pushed up gross absorption to its second highest first half total since H1 2019.
- CBRE's expectation of full-year growth in gross leasing volume remains unchanged as the strong performance of Japan and India is offset by the sluggish recovery in mainland China, where cost controls and renewals remain prominent trends.
- Thanks to solid upgrading demand and flight to green relocations, prime office rents continued to outperform general Grade A offices in both landlord and tenant favoured markets in H1 2024.
- While rents in most markets experienced steady gains in H1 2024, led by Brisbane and Seoul, growth is expected to slow down or remain stagnant in H2 2024. Markets where rents are set to decline include those in mainland China, Hong Kong SAR, Bangkok and Manila, all of which are struggling to digest elevated supply.

Key changes to forecast

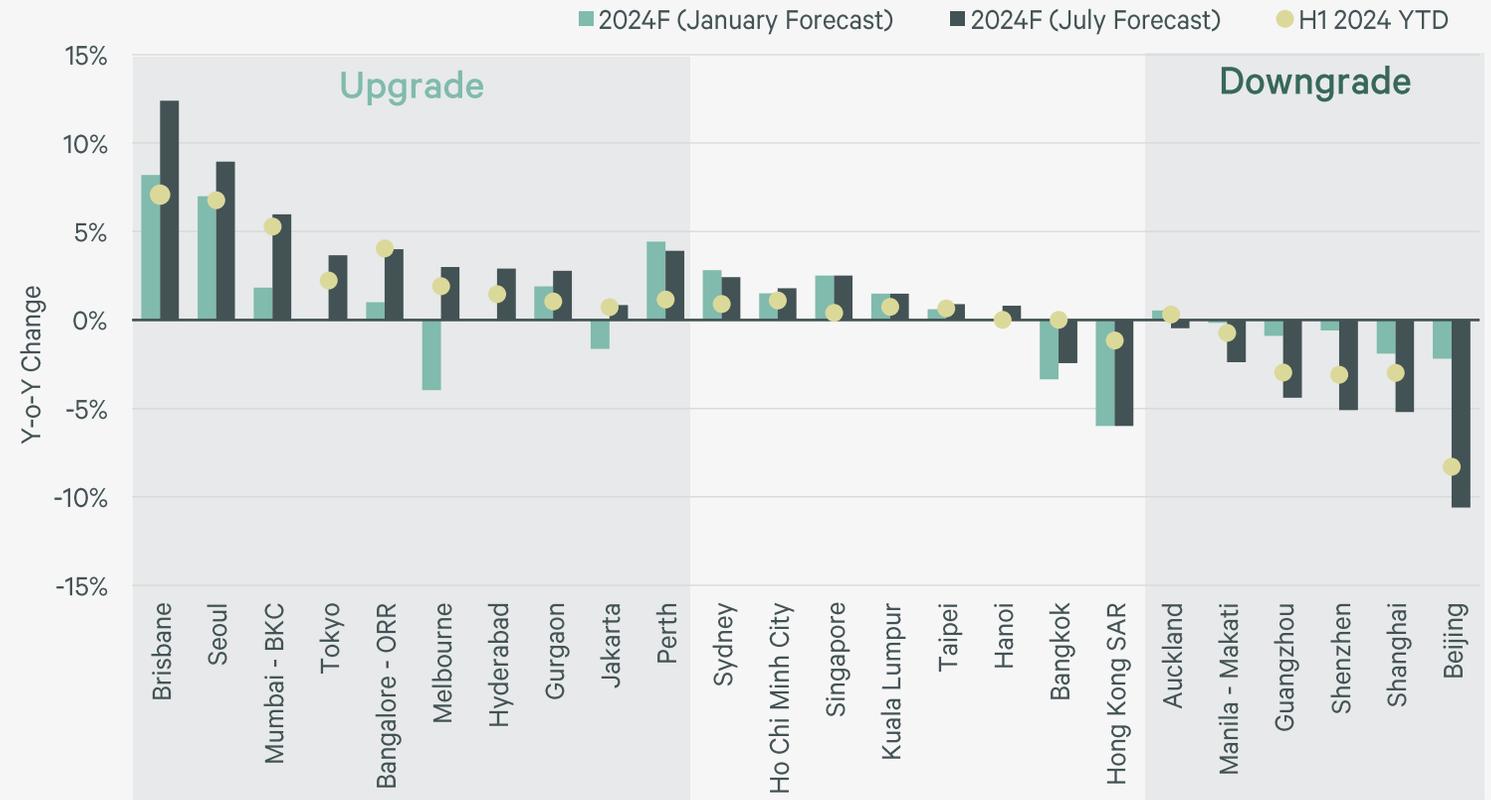
Upgraded

- **Brisbane and Seoul will remain the main drivers of office rental growth** in the region. Tightening availability in both markets has prompted CBRE to raise its forecast for rental growth this year.
- **Brisbane** continues to report the lowest vacancy of any Australian market. Prime office vacancy will fall into the single digits in H2 2024, paving the way for robust effective rental growth. Rents in **Melbourne** will bottom out earlier than expected due to stronger leasing activity, although performance will vary across different CBD precincts. However, incentives in Australia will remain high at 30-50%.
- While high pre-commitment rates in new projects and ultra-low vacancy led to rental growth of just under 7% in **Seoul** in H1 2024, growth may slow in future due to softer leasing sentiment.
- Ongoing flight to quality and expansion by domestic occupiers in existing buildings continues to tighten availability in **Tokyo**. Landlords of existing buildings are raising rents for existing tenants who lack the CapEx to move. However, upcoming supply in 2025 could force landlords to soften their stance in H2 2024.
- Upbeat leasing sentiment and robust outsourcing activity have pushed up rents for prime core assets in **key submarkets in Indian cities**, with limited office stock set to ensure further steady growth.

Downgraded

- The rental decline in **mainland China tier I cities** is unlikely to moderate given the significant supply-demand imbalance. **Beijing** will be the regional laggard as landlords with premium office portfolios join the price war and cut rents to attract tenants. Rents may start to recover in 2027 when supply pressure begins to ease.

Figure 4: H1 2024 YTD and 2024F Asia Pacific office rental forecast



Note: Grade A rents represent rents in CBDs and core locations of each representative market.

Source: CBRE Research, July 2024

04

Retail

Retail

Forecast made in January 2024

01

CONSUMER SENTIMENT TO REMAIN LUKEWARM

Asia Pacific will see weaker consumer spending growth in 2024 on the back of the softer economic outlook. Many consumers will turn more cost conscious, leading them to eschew relatively expensive goods in favour of lower-price brands. While the gradual recovery in outbound tourism from mainland China will continue, spending is unlikely to return to pre-pandemic levels.

02

RETAILERS TO DISPLAY SOLID EXPANSIONARY DEMAND

Despite retaining a cautious approach to CapEx and store network planning, retailers are poised to capitalise on favourable market conditions to upgrade and expand in 2024. Flagship units in prime retail space will remain keenly sought after as retailers look to enhance consumers' shopping experience. Alternative options in up-and-coming neighbourhoods or heritage buildings will also attract more interest.

03

RENTS FORECASTED TO BOTTOM OUT

Most Asia Pacific retail markets will register rental growth in 2024, although the magnitude of any such increases will be modest. Growth will be confined to a handful of high-profile assets, with prime core retail properties set to continue to outperform on the back of solid leasing demand.

Mid-year review

Forecast Accuracy



- Retail sales growth in most major Asia Pacific markets moderated in H1 2024 as prolonged high interest rates weighed on domestic demand. However, the negative impact was cushioned by the solid rebound in international visitor arrivals, particularly in Japan.
- Consumer confidence in mainland China and Hong Kong SAR weakened amid the subdued economic outlook. Discretionary spending was hardest hit, with Hong Kong SAR also suffering from the loss of consumer spending to neighbouring markets such as Japan and mainland China.
- CBRE's [June 2024 Asia Pacific Leasing Sentiment Survey](#) found that retailers' expansionary demand remains resilient, with F&B and sports-related retailers the most active.
- Vacancy in prime shopping precincts has returned to pre-pandemic levels on the back of solid flight-to-core-and-quality demand.
- CBRE expects retailers to adopt a more cautious approach towards committing to new space as many have already rebuilt their store networks from pandemic-induced closures. Coupled with the fact that some landlords have gradually strengthened their stance, the lease negotiation process could take longer and hence hinder deal flow in H2 2024.
- The rental recovery will continue to be driven by prime assets in core locations. With retailers retaining a disciplined approach towards real estate planning, weaker interest in secondary assets will translate into softer rental growth for such properties.
- The Ho Chi Minh City and Hanoi CBDs reported the strongest rental growth in the region for a second consecutive year due to the absence of space suited to international brands.
- Cities in mainland China remain the regional rental laggards amid limited leasing demand, which has prompted more landlords to lower rents and offer more attractive terms to attract tenants.

Key changes to forecast

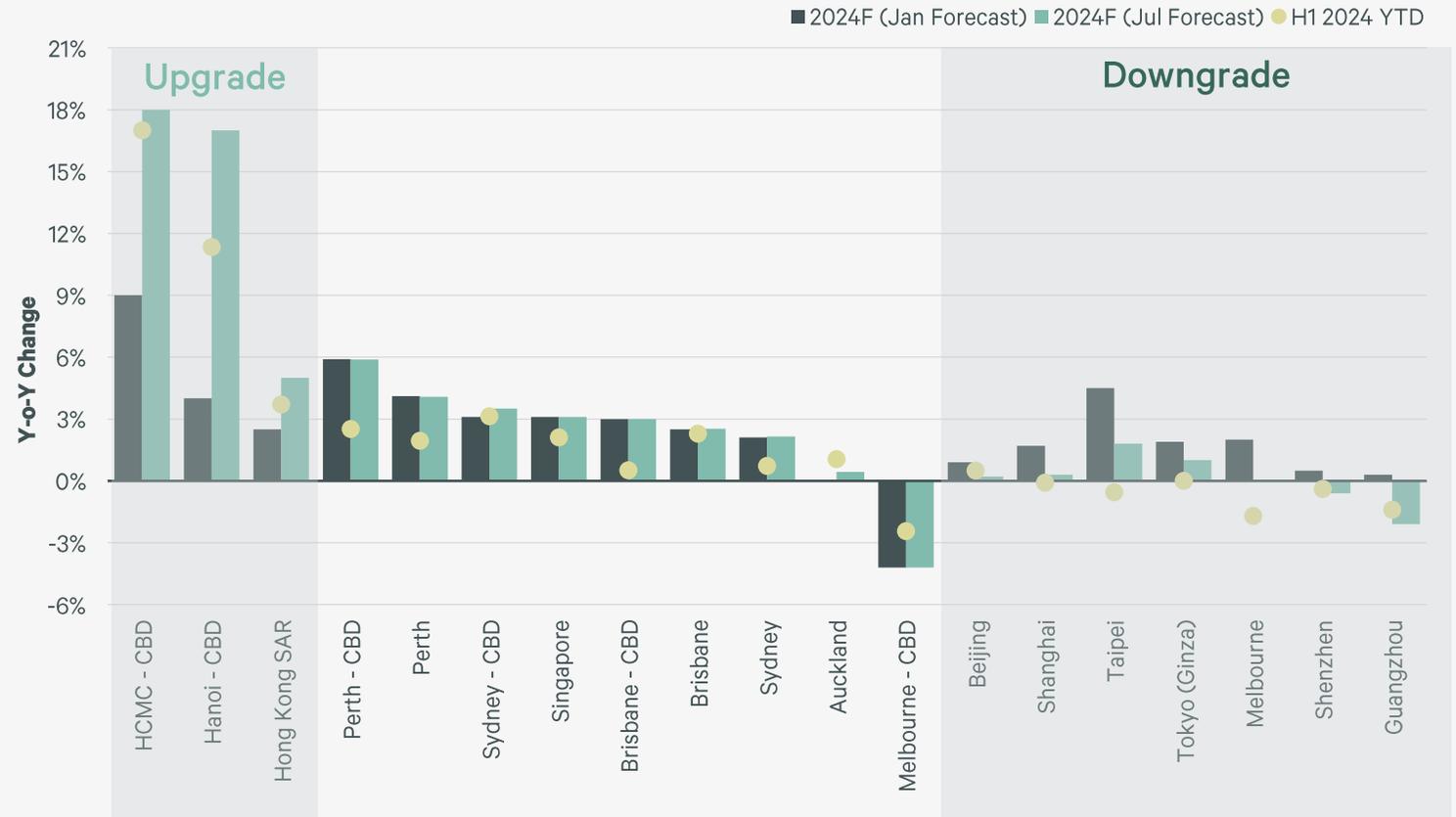
Upgraded

- The **Ho Chi Minh City** and **Hanoi CBDs** reported record double-digit rental growth in H1 2024 – the strongest of any market - due to the absence of space capable of accommodating demand from the growing number of international brands.
- **Hong Kong SAR's** stronger-than-expected rental performance in H1 2024 was driven by demand from mainland Chinese retailers. However, tight vacancy and weakening sales performance have prompted retailers to turn more cautious in recent months, meaning that rental growth in core shopping districts will soften over the remainder of the year.

Downgraded

- With retailers in **mainland China** looking to operate leaner store networks, downward pressure on rents has intensified as landlords seek to attract and retain reputable tenants.
- Prime CBD retail and regional centres in **Melbourne** remain the laggards. The rental correction in the prime CBD is due to prolonged construction, while incentives in regional centres have edged up as retailers grapple with softening sales growth and prolonged inflationary cost pressure.
- Rents in **Taipei** reached the bottom in H1 2024, two quarters later than CBRE's forecast. Retailers' selective approach will ensure the rental recovery remains modest despite strong local consumption demand and tourist spending.

Figure 5: H1 2024 YTD and 2024F Asia Pacific retail rental forecast



Remarks: Retail rental growth refers to high streets in prime areas except mainland China, Singapore and Australia where G/F rents of shopping centres are reported. The Pacific reports net effective rents of regional centres unless specified.

Source: CBRE Research, August 2024.

05

Logistics

Logistics

Forecast made in January 2024

01

DEMAND TO NORMALISE

Logistics occupiers' appetite for expansion will moderate further in 2024. To protect their bottom line against high accumulative rental growth and the softer economy, occupiers will give closer scrutiny to real estate plans and capital expenditure; a trend that will result in more lease renewals.

02

MORE DEMAND FOR FLIGHT-TO-CORE AND QUALITY PROPERTIES

With more occupiers seeking prime core logistics space served by modern transport networks and able to comply with logistics technology upgrades and/or sustainability requirements, more leasing activity in 2024 will be driven by upgrading demand.

03

RENTS TO COME UNDER PRESSURE AS VACANCY RISES

Availability is projected to increase this year on the back of the ample development pipeline and growing volume of sublease space. Vacancy pressure will be unevenly distributed as new supply is often concentrated in submarkets located far from urban areas. Landlords will therefore have to offer more incentives to induce expansion, eroding rental growth on a net effective basis.

Mid-year review

Forecast Accuracy



- Logistics demand normalised faster than expected in H1 2024. Despite improved availability, occupiers retain a preference for renewals over relocations due to high rents and fit-out costs. Expansionary demand is increasingly being driven by smaller size requirements.
- Demand from 3PLs and e-commerce softened in H1 2024 but activity from manufacturing-related occupiers continued to strengthen; a trend that led to a slowdown in warehouse leasing across the region.
- CBRE expects a mild improvement in leasing activity in the second half of the year, supported by landlords' more accommodative stance. Full-year leasing volume will nevertheless be weaker than in 2023.
- The absorption of new supply, much of which is in submarkets located far from urban areas, is being constrained by occupiers' preference for assets in core areas as well as high relocation costs. Pre-leasing activity in new projects in Australia and Greater Tokyo has moderated.
- Vacancy has increased across the region, with that in mainland China, Greater Seoul and Vietnam rising to record highs. The substantial H2 2024 development pipeline of 93 million sq. ft. is set to push up vacancy further over the remainder of the year.
- The regional logistics leasing market is gradually shifting in favour of tenants. Rental performance is increasingly bifurcated, with rental growth confined to tightly-held precincts.
- Regional effective rental growth has decelerated faster than expected, as incentives such as rent-free periods and CapEx contributions become more commonplace. With intense competition for tenants set to push up incentives even further, CBRE has downgraded its 2024 regional logistics rental outlook.

Key changes to forecast

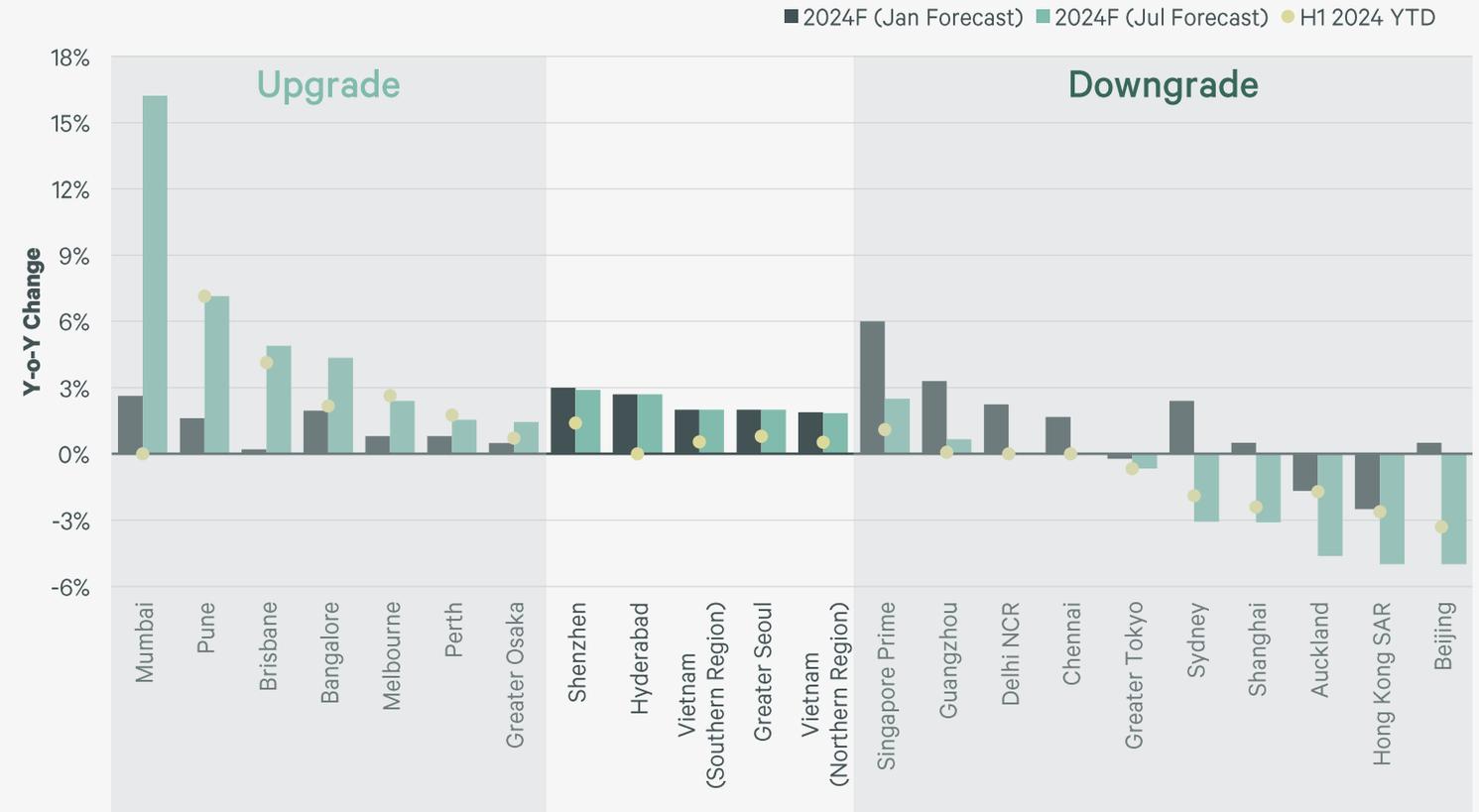
Upgraded

- **Mumbai** and **Pune** are set to lead logistics rental growth in Asia Pacific over full-year 2024. Growth will be underpinned by the completion of well-located premium grade assets commanding higher rents.
- Rental growth in **Brisbane** and **Melbourne** has been driven by selected precincts. Rising incentives will offset the increase in face rents in H2 2024.

Downgraded

- Room for further rental growth in **Singapore Prime** is limited as occupiers turn more resistant to high rents. Some have adopted a wait and see approach due to the ample supply pipeline in 2025.
- A slowdown in demand in **Sydney** coupled with rising availability from shadow space and new supply has pushed up incentives. CBRE has downgraded its full-year rental forecast to a 3% decline, making it the first Australian market to reach the peak of the rental cycle.
- Except for Shenzhen, downward pressure on rents in markets in **Greater China** has intensified. The rental decline in Beijing and Shanghai will continue in the medium term with vacancy having risen to decade-highs amid an ongoing downsizing trend along with cost-saving relocations to self-built warehouses or facilities in satellite cities. Rents in Hong Kong SAR will remain sluggish due to weak near-term economic prospects.

Figure 6: H1 2024 YTD and 2024F Asia Pacific logistics rental forecast



Remarks: Vietnam (Southern Region) includes Ho Chi Minh City, Binh Duong, Dong Nai and Long An while Northern region includes Hanoi, Bac Ninh, Hung Yen, Hai Duong and Hai Phong. Rental growth for Singapore refers to prime logistics rents in the eastern and western areas only. Logistics rental growth for Asian markets refers to face rents while that for Pacific markets refers to effective rents.

Source: CBRE Research, July 2024.

06

Hotels

Hotels

Forecast made in January 2024

01

RECOVERY IN AIRLINE CAPACITY TO REMAIN SLOW

While most airlines in Asia Pacific have registered an increase in passenger load factor compared to 2019 levels, airline capacity is still yet to see a full recovery due to a lack of staff and aircraft. However, CBRE forecasts that total international tourism arrivals should reach 2019 levels by the end of 2024.

02

GRADUAL RETURN OF MAINLAND CHINESE TOURISTS

Mainland Chinese tourists have been hesitant to travel abroad in the first 12 months following the border reopening. Whilst a pickup in outbound tourism is expected as economic headwinds subside, the full return of mainland Chinese tourists to pre-pandemic levels may not occur until 2025.

03

REVPAR TO BE DRIVEN BY OCCUPANCY RECOVERY

Expectations are that whilst ADRs should generally normalise in most markets, occupancy growth in well-managed assets should drive revenue growth. Operators that demonstrate flexibility and capitalise on the upswing in tourism will be the main beneficiaries, particularly those in North Asian markets such as Japan and Korea.

Mid-year review

Forecast Accuracy



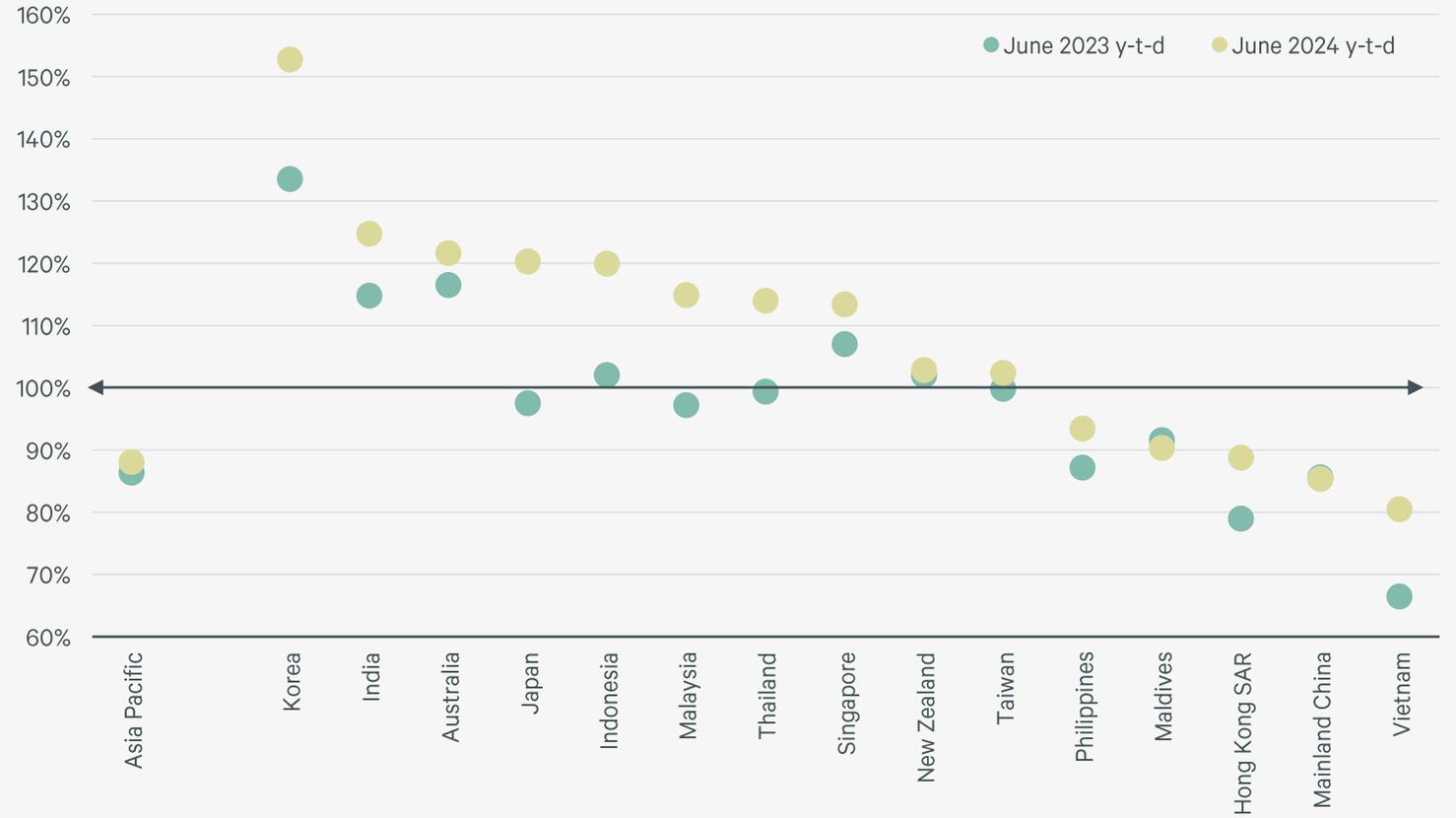
- Despite ongoing challenges relating to staffing and aircraft shortages, Asia Pacific has seen significant growth in airline demand in 2024, with the International Air Transport Association (IATA) estimating in June 2024 that total passenger numbers would grow by 17.4% y-o-y in 2024, and by 12.1% in 2025. Asia Pacific is now the largest demand base for airlines globally, accounting for approximately 34% of all travellers this year. By 2043, IATA estimates that the region's share will increase to over 46%.
- Mainland Chinese tourists are demonstrating a much greater level of outbound activity in 2024, with travellers from this market returning in greater numbers to markets such as Japan, Korea and Southeast Asia. Visa-free entry and weaker currencies are playing a pivotal role in the return of the mainland Chinese demographic.
- Bloomberg Intelligence expects international outbound air travel from mainland China to reach ~90% of 2019 levels by the end of the year, with a full recovery to pre-pandemic levels forecasted to be achieved by the end of 2025.
- Except for the Maldives, all markets in the region had witnessed y-o-y increases in RevPAR performance as of June 2024 y-t-d. With ADRs remaining mostly stable across the region, this performance has been driven by an 80bps increase in average occupancy levels so far in 2024. However, there is still room for growth, with average occupancy levels still ~370bps below the average set in 2019.

Figure 7: Airport throughflow by region (by year) as a % of 2019 levels



Source: IATA, CBRE Research, July 2024

Figure 8: RevPAR - Asia Pacific (% change vs June 2019 y-t-d)



Source: STR, CBRE Research, July 2024

Contacts

Regional Research

Henry Chin, Ph.D.

Global Head of Investor Thought Leadership
Head of Research, Asia Pacific
henry.chin@cbre.com

Ada Choi, CFA

Head of Occupier Research, Asia Pacific
Head of Data Intelligence and Management, Asia Pacific
ada.choi@cbre.com

Jonathan Hills

Senior Director, Asia Pacific
jonathan.hills@cbre.com

Cynthia Chan

Senior Director, Asia Pacific
cynthia.chan@cbre.com

Liz Hung

Senior Director, Asia Pacific
liz.hung@cbre.com

Ted Lu

Associate Director
ted.lu@cbre.com

Gus McConnell

Associate Director
gus.mcconnell@cbre.com

Henry Chan

Manager
henry.chan5@cbre.com

Local Heads of Research

Marcos Chan

Head of Research, Hong Kong
marcos.chan@cbre.com.hk

Claire Choi

Head of Research, Korea
claire.choi@cbre.com

Sameer Chopra

Head of Research, Pacific
Head of ESG Research, Asia Pacific
sameer.chopra@cbre.com

Dung Thuy Duong

Head of Research, Vietnam
dung.duong@cbre.com

Abhinav Joshi

Head of Research, India,
Middle East & North Africa
abhinav.joshi@cbre.co.in

Ping Lee

Head of Research, Taiwan
ping.lee@cbre.com

Zoltan Moricz

Head of Research, New Zealand
zoltan.moricz@cbre.co.nz

Hiroshi Okubo

Head of Research, Japan
hiroshi.okubo@cbre.co.jp

Tricia Song

Head of Research, Singapore and Southeast Asia
tricia.song@cbre.com

Chotika Tungsirisurp

Head of Research, Thailand
chotika.tungsirisurp@cbre.com

Sam Xie

Head of Research, China
sam.xie@cbre.com

Samantha Laureola

Philippines Research

Martin Samuel Hutapea

Indonesia Research

Kinkesa Kim

Cambodia Research

Mary Kurien

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