

# Asia Pacific Investment Quarterly

Q1 2014



Australia  
China (Northern) - Beijing/Tianjin  
China (Western) - Chengdu  
China (Southern) - Guangzhou/Shenzhen  
China (Eastern) - Shanghai  
Hong Kong | Japan | Malaysia  
Philippines | Singapore  
South Korea | Taiwan | Viet Nam  
Major Transactions

Image: Beijing, China

## HIGHLIGHTS

In Japan's reinvigorated investment market, strong institutional appetite for large assets resulted in a string of big-ticket deals closing in the first quarter, including landmark properties in prime central Tokyo locations. In Australia, capital flows into property continue unabated, buoyed by record low interest rates, with strong price growth in residential property of particular

note. In China, concerns persist over the state of the Chinese economy as well as the property and financial markets, but the real picture is more nuanced with the fundamentals of leading cities much more robust than lower tier cities. In Hong Kong, while general sales volumes remain at their lowest levels for years, there is evidence that prices have begun to correct, but adjustments

taking place are quite selective, often restricted to certain property types in certain areas. In Singapore, notwithstanding relatively robust investment sales numbers for Q1/2014, developers have turned cautious and rather than chasing land deals, are tending to take their time.

Simon Smith, Savills Research

# An introduction to Savills



Source: Savills Research & Consultancy

Savills is a leading global real estate service provider listed on the London Stock Exchange. The company, established in 1855, has a rich heritage with unrivalled growth. The company now has over 500 offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

In Asia Pacific, Savills has 49 regional offices comprising some 25,000 staff. Asia Pacific markets include Australia, China, Hong Kong, Japan, Korea, Macau, New Zealand, Taiwan, Thailand, Singapore and Viet Nam, with associate offices

in Malaysia and the Philippines. Savills provides a comprehensive range of advisory and professional property services to developers, owners, tenants and investors. These include consultancy services, facilities management, space planning, corporate real estate services, property management, leasing, valuation and sales in all key segments of commercial, residential, industrial, retail, investment and hotel property.

A unique combination of sector knowledge and entrepreneurial flair gives clients access to real estate

expertise of the highest calibre. We are regarded as an innovative-thinking organisation supported by excellent negotiating skills. Savills chooses to focus on a defined set of clients, offering a premium service to organisations and individuals with whom we share a common goal. Savills is synonymous with a high-quality service offering and a premium brand, taking a long-term view of real estate and investing in strategic relationships.

# Contents

Australia	04
China (Northern) - Beijing	05
China (Northern) - Tianjin	06
China (Western) - Chengdu	07
China (Southern) - Guangzhou	08
China (Southern) - Shenzhen	09
China (Eastern) - Shanghai	10
Hong Kong	11
Japan	12
Malaysia	13
Philippines	14
Singapore	15
South Korea	16
Taiwan	17
Viet Nam	18
Major transactions Q1 2014	19

# Australia

If we look back over the past 30 years and identify trends in employment we can see the shedding of jobs in agriculture and manufacturing very clearly. We have shed over 250,000 jobs in these two areas alone. As a nation we have focused on the travails of farmers and factories every year for 30 years. Unfortunately what we have tended to ignore is the 5.3 million jobs created elsewhere in the economy. In areas such as healthcare, professional services, retail, construction and education we have created millions of jobs. One thing is certain – these are city jobs. As one of the most urbanised countries in the world, our cities are large by international standards. Our federal system of government and our legal system contribute substantially to the size of our cities. We have most of our jobs concentrated in relatively small areas and this creates a challenge for planners in every city. The outlook for jobs in every city in Australia is linked to how well the planners do their job – if housing becomes too expensive, if commute times are too long, if congestion is too high or public transport unreliable then the city fails. We know of many examples around the world.

The health of our office markets and the investment on which they depend is linked to how well we plan for the future. The jobs of the future are all forecast to be city jobs. As the Australian population heads towards 30 million people, many millions of jobs are expected to be created in office markets. The ability of cities to respond to this is critical to their future. The office markets support service, retail, accommodation and entertainment within the cities. Without the office jobs and buildings in which to house these jobs, very little else can survive, never mind thrive.

The recent recovery in US GDP may be a portent of better things to come for Australia's office markets, as Savills Australia's national office leasing teams are currently tracking over 1 million sq m in leasing enquiries, with more than half of that in Sydney and Melbourne.

The leasing enquiry numbers correlate with what has been an established 25-year relationship between the performance of the US economy and demand for office space in Sydney and Melbourne.

Since 1988 the strength of the Australian office market has aligned remarkably closely with those of US GDP. Based on that long-term association it is not inconceivable to suggest that the recent rise in US GDP may be the best indicator yet

that Australia's office market fortunes are about to turn the corner.

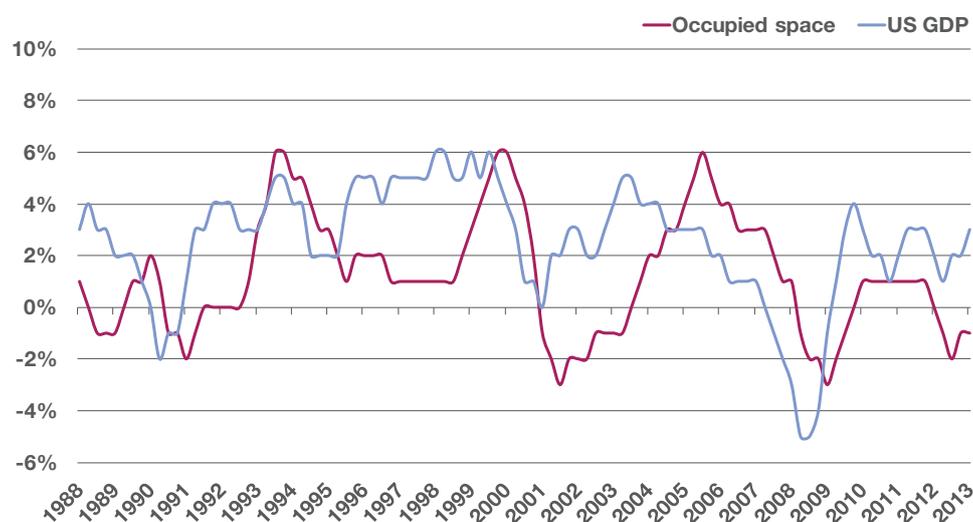
While demand in the Melbourne and Sydney office markets has been modest since the onset of the global financial crisis, it is more than reasonable to expect a strong pick-up in demand over the next three to five years, and if that does unfold we can expect to see falling vacancies and incentives, and higher returns for investors.

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GRAPH 1  
**Change in Melbourne/Sydney occupied office space and US real GDP growth, 1988–2013**



Source: Savills Research & Consultancy

TABLE 1  
**Major investment transactions, Jan–Mar 2014**

Property	Location	Price	Buyer	Usage
Northland Shopping Centre (50%)	Preston	A\$494.0 mil/US\$446.4 mil	GPT	Retail
1 William Street	Brisbane	A\$395.7 mil/US\$356.1 mil	ISPT	Office
133 Castlereagh Street (50%)	Sydney	A\$194.3 mil/US\$174.8 mil	Investa Property Group	Office
60 Albert Street (AM-60)	Brisbane	A\$161.3 mil/US\$145.2 mil	Dexus Wholesale Property Fund	Office
570 George Street	Sydney	A\$151.8 mil/US\$136.6 mil	Far East Organisation	Office*
135 King Street (50%)	Sydney	A\$140.0 mil/US\$126.0 mil	Investa Property Group	Office
50 and 54–58 Park Street	Sydney	A\$126.8 mil/US\$114.1 mil	Far East Organisation	Office*

Source: Savills Research & Consultancy  
\* Residential conversion

# China (Northern) - Beijing

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With the traditional slow season over the long Chinese New Year holidays, combined with stricter approval procedures for pre-sales launched in late 2013, Beijing's mass-residential market witnessed declines in supply and transaction volumes in the first quarter of 2014. Supply reached 1.7 million sq m, down 16.3% compared with the previous quarter, although up 28.6% year-on-year (YoY). Transaction volumes fell 38.8% quarter-on-quarter (QoQ) to 1.7 million sq m during the same period, down 56.8% YoY. However, Beijing's first-hand mass-residential price index maintained stable growth, appreciating by 1.1% in the first two months of 2014 compared with that of December 2013, representing YoY growth of 12.2%, supported by limited supply amid stable end-user and improvement demand.

Five Grade A apartments and two high-end villas were granted pre-sales certificates in the high-end residential sector in the first quarter, bringing 1,549 units and 362 units of supply to the market respectively. Several prime projects, such as Thaihot Beijing Yards, Beijing Green Centre and Yue Yuan, entered the pre-sales market with high asking prices ranging from RMB67,000 to RMB89,000 per sq m.

Grade A apartment transaction volumes fell 23% QoQ to 372 units, while prices appreciated by 2.8% QoQ to an average of RMB62,850 per sq m, up 18.3% YoY. High-end villa market transaction volumes fell to 130 units, less than half of that in the previous quarter. Prices rose 1% to an average of RMB46,900 per sq m by the end of the first quarter of 2014, up 11.9% YoY.

Given that the pre-sale stages of several high-end projects were postponed due to new cooling policies launched in 2013, high-end residential supply is expected to pick up through the remaining nine months of 2014. Five new Grade A apartment residential projects and new phases of two existing projects, as well as three high-end villa projects, are scheduled to enter the pre-sales market in the coming year. As a result, transaction

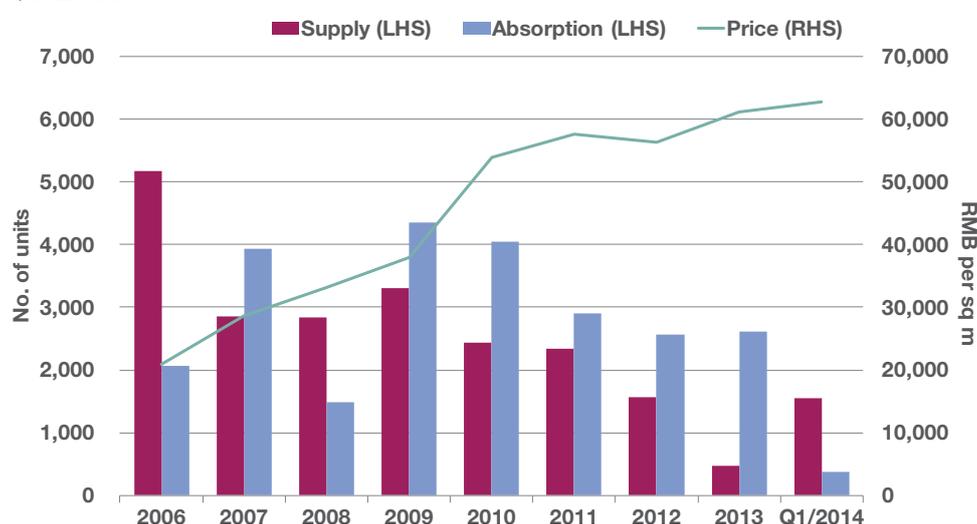
volumes are expected to increase with rising supply. Meanwhile, overall transaction prices of high-end residential properties are expected to increase, as proposed prices for at least half of the new Grade A apartments are anticipated to be as high as RMB100,000 to RMB150,000 per sq m.

The land market received growing interest from a number of developers/investors, as transaction consideration reached RMB75.34 billion in the first quarter, surpassing the total of the first quarters in 2012 and 2013. Sixty-one percent of sites were zoned as residential parcels, with premiums ranging from 37% to 214% of the reserve prices. Highlight

transactions include a residential plot located in Fengtai district which was purchased by Thaihot Group with an accommodation value of RMB29,000 per sq m.

As the Beijing government plans to increase the supply of land plots with "self-use commodity residential property" components, land supply for commodity housing projects in the coming nine months is expected to fall compared with 2013. Forty percent of residential land plots expected to be launched onto the market in 2014 will be targeted for affordable housing projects. The remaining plots are for commodity housing, half of which will be developed into "self-use commodity housing".

GRAPH 2  
**Grade A apartment supply, transaction volume and price, 2006–Q1/2014**



Source: Savills Research & Consultancy

TABLE 2  
**Major investment transactions, Jan–Mar 2014**

Property	Location	Price	Buyer	Usage
Fengtai Lugouqiao plot	Fengtai district	RMB4.96 bil/US\$805.9 mil	Thaihot	Residential-zoned plot
Shunyi New City plot	Shunyi district	RMB2.2 bil/US\$351.1 mil	Gemdale	Residential-zoned plot
BDA plot	Daxing district	RMB2.9 bil/US\$471.3 mil	CGGC	Residential-zoned plot
Pacific Century Place	CBD vicinity	RMB5.7 bil/US\$928.0 mil	Gaw Capital	Complex

Source: Savills Research & Consultancy

# China (Northern) - Tianjin

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Tianjin's land market maintained a stable performance in the first quarter of 2014. Fifty-two land plots with a total site area of 3.1 million sq m were transacted for a total consideration of RMB12,747 million. Sixty percent of transactions were focused in fringe areas, particularly in Wuqing district, accounting for 65% of the whole district in terms of land space. Land supply increased by 3.2% quarter-on-quarter, to more than 3.1 million sq m, of which the fringe areas and Binhai New Area accounted for the majority, at roughly 43% and 28% respectively.

The increased competition in the land market is city-wide, with Wuqing district being the most active, as 25 deals were concluded here in the first quarter. Wuqing district, conveniently located between Beijing and Tianjin and acting as a pilot zone for the co-operation between the two cities, has attracted developers. High transaction figures in the district can be attributed to favourable tax regimes, as the government issues policies to accelerate the Beijing-Tianjin-Hebei integration.

Key land plots, both in central and emerging areas, attracted a lot of attention from developers with disposable capital.

Plot (JNTT) 2013-169, located on Jianyang East Road and Huaping Road in Nankai district, was acquired jointly by Tianjin Real Estate Development Management Group and Sunac China for RMB2.086 billion, at an accommodation value of RMB9,024 per sq m. There are plans to develop it into another bustling CBD, integrating community and commercial premises.

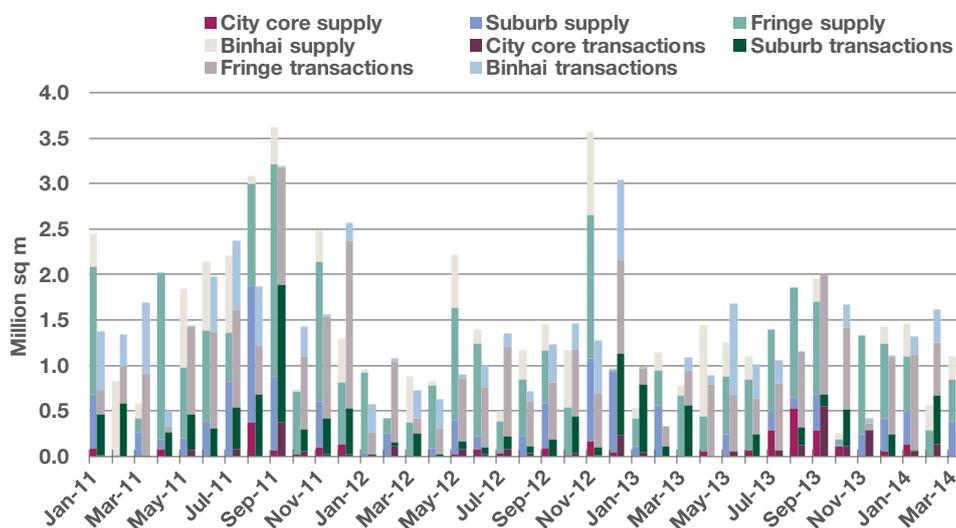
Tianjin Nongken Real Estate Development Ltd, affiliated to the large state-owned Tianjin Nongken Group, acquired plot (JXJF) 2013-090 on Jiefang South Road

in Hexi district for approximately RMB2.88 billion, at a moderate accommodation value of RMB9,000 per sq m. The 135,293-sq m area is currently planned to take on commercial and residential functions.

An influx of supply into the core city market is expected in the second quarter of this year. Tianjin's municipal government announced that they planned to release 21 high-quality land plots in the city centre, concentrated on Jiefang South Road, Tiantuo and Haihe East Road in Nankai district. The site area totals

2.3 million sq m and has a planned GFA of 6.7 million sq m, and has already caught the attention of many renowned developers including Tomson, Poly Real Estate and Sunac China. These favourably positioned plots are characterised by their easy access, cultural elements, existing supporting facilities and economic centres, as well as adequate residential-zoned land, accounting for 65% of total supply, to satisfy market needs. This area holds great development potential and will definitely bring up price levels by the time the projects are launched onto the sales market.

GRAPH 3 Land supply and transaction volumes, Jan 2011–Mar 2014



Source: Savills Research & Consultancy

TABLE 3 Major investment transactions, Jan–Mar 2014

Property	Location	Price	Buyer	Usage
Plot (JNTT) 2013-169	Nankai district	RMB2,086 mil/US\$335.8 mil	Tianjin Real Estate Development Management Group and Sunac China	Mixed-use development site
Plot (JXJF) 2013-090	Hexi district	RMB2,880 mil/US\$463.7 mil	Tianjin Nongken Real Estate Development Ltd	Mixed-use development site
Plot (JGX) 2013-02	Binhai district	RMB884 mil/US\$142.3 mil	Hengtong Huachuang Real Estate Co, Ltd	Mixed-use development site
Plot (JW) 2012-140	Wuqing district	RMB425 mil/US\$68.4 mil	Tianjin Hongxiang Investment Co, Ltd	Residential development site

Source: Savills Research & Consultancy

# China (Western) - Chengdu

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Only one Grade A office project, Seaton Plaza Tower B, was handed over in Q1/2014 adding 80,000 sq m to the market. Due to demand from upgrades, expansions and relocations, as well as the strong performance of Seaton Plaza Tower B, net take-up totalled around 111,000 sq m this quarter, the highest quarterly net take-up since Q3/2012. Benefiting from this, city-wide Grade A office vacancy rates fell by 2.7 percentage points (ppts) quarter-on-quarter (QoQ) to 29.3%.

Grade A lease-only projects with high specifications, especially those on Dongda Street, have recorded a notable improvement in occupancy rates in recent quarters. A key focus for the municipal government, Dongda Street will be developed as Chengdu's financial district. Developers such as Wharf Holdings, Tishman Speyer, Swire Properties and China Resources Land are constructing international Grade A developments in this business district. Since 2012 China Resource Building, Minyoun Finance Plaza, The Atrium and International Financial Square Tower I have already been handed over, adding around 285,000 sq m of lettable Grade A office space to the district. The completion and opening of Metro line 2 in 2012 along Dongda Street has also greatly improved connectivity to the more traditional business districts of the CBD and Science Business District, while increasing footfall and stimulating further investment demand in the area. Dongda Street meets the needs of mid- to high-end enterprises both in terms of property location and quality. Occupancy rates have been improving steadily and the business environment is gradually maturing.

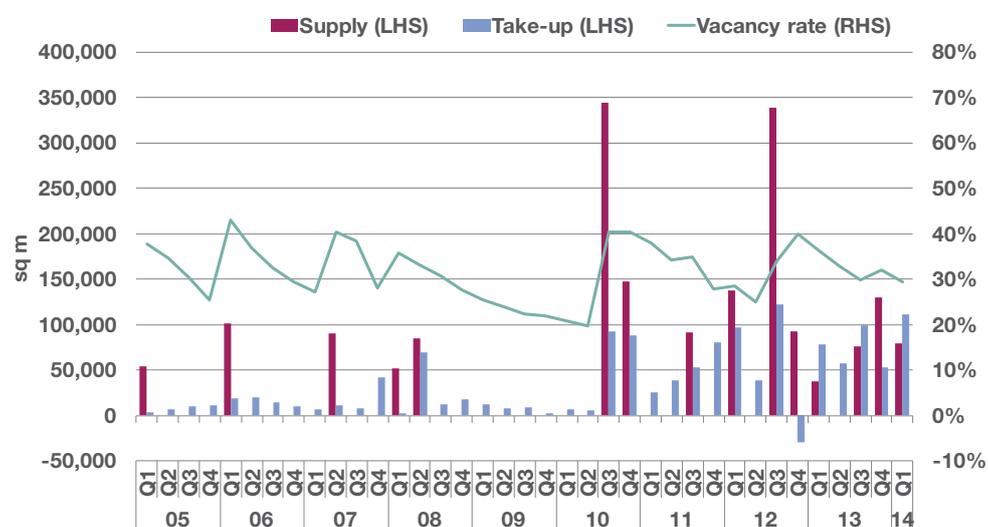
However, while the Dongda Street submarket is improving there is still roughly 200,000 sq m of vacant

space, with another 250,000 sq m of Grade A office space scheduled to be handed over in the remainder of the year. During the last 12 months, net take-up totalled around 100,000 sq m in this business district. Based on this rate, pressure will continue to mount on landlords in the short to mid-term, until the new supply can be absorbed.

In general, while it is known that the market is oversupplied, there

are many tangible advantages for Chengdu in the long run. The city is increasingly being viewed as the headquarters location for western China, above its peer Chongqing. Sichuan province has a wealthy, well educated and young workforce which has been underutilised, overheads and wages are significantly below those of east coast cities, and infrastructure improvements are enhancing the integration of the city with the rest of the country.

GRAPH 4  
**Grade A office supply, take-up and vacancy rates, Q1/2005–Q1/2014**



Source: Savills Research & Consultancy

TABLE 4  
**Major investment transactions, Jan–Mar 2014**

Property	Location	Price	Buyer	Usage
Plot WH14	Wuhou district	RMB2,999 mil/US\$483 mil	Greenland Holding Group Company Limited	Mixed-use development site
Plot WH03	Wuhou district	RMB1,028 mil/US\$166 mil	Chengdu Jinyu Dacheng Real Estate Development Co, Ltd	Mixed-use development
Plot JJ13	Jinjiang district	RMB1,013 mil/US\$163 mil	Sichuan Huaxi Longxi Investment Co, Ltd	Mixed-use development site

Source: Savills Research & Consultancy

# China (Southern) - Guangzhou

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The strata-title office market in Guangzhou has seen strong growth over the last few years, with transaction prices reaching RMB27,096 per sq m in Q1/2014, rising by 97.1% from Q1/2007. Demand has been driven by purchases by domestic enterprises, whose transaction volumes average over 580,000 sq m per quarter. Several sales projects registered strong performances after being promoted to the market, such as Zhukong International Tower in Zhujiang New Town, which has achieved a nearly 40% sales rate at an average price of RMB36,557 per sq m since December 2013.

The rising interest in commercial properties is partly due to construction regulations and restrictions on the residential market in recent years, with investors being pushed towards the commercial market instead. Additionally, high-value office properties, especially Grade A office space, are recording the highest transactions volumes, causing transaction prices in the strata-title office market to be much lower than the mid- to high-end residential market, which reached RMB37,286 per sq m in Q1/2014. Buyers believe that Guangzhou's office market will continue to see strong growth in the next few years, and therefore view these properties as a long-term investment.

The vast majority of buyers in the office market are domestic, from the Pearl River Delta region, and have disposable cash and are looking to relocate their office space to CBDs like Zhujiang New Town and Tianhe Bei area. As a result, a large number of these purchased offices are for self use rather than individual investors. International players, however, are also seeking

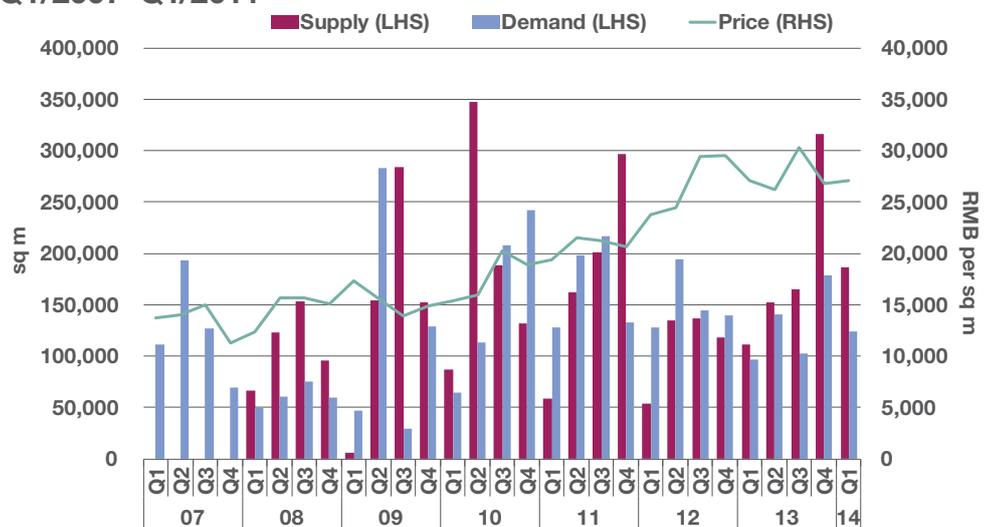
opportunities in the commercial market, with two en-bloc investment transactions in Guangzhou last year concluded by overseas funds.

Currently, Zhujiang New Town is the main supply area for high-quality sales projects. This area will provide over 900,000 sq m of office space in the next two years, 40% of which will enter the strata-title market. Guangzhou International Financial Town (GIFT) is expected to take

the place of Zhujiang New Town as the next CBD. New projects will be launched onto the market in GIFT after 2016, with a total designed office space of around 2,000,000 sq m, which will be mostly restricted to headquarter office space.

Considering the active demand of the strata-title office market, transaction prices are expected to be quite strong in the short to mid-term.

GRAPH 5  
**Strata-title office supply, demand and transaction price, Q1/2007–Q1/2014**



Source: CRIC, Savills Research & Consultancy

TABLE 5  
**Major investment transactions, Jan–Mar 2014**

Property	Location	Price	Buyer	Usage
Wanbo Plot three	Panyu district	RMB1,460 mil/US\$237 mil	China Merchants Property Development	Commercial
Hanxi Plot one	Panyu district	RMB800 mil/US\$130 mil	Poly Real Estate	Residential
Fangcun Avenue AF040404 Plot	Liwan district	RMB3,949 mil/US\$642 mil	COLI Property	Mixed-use
Fangcun Avenue AF040405 Plot	Liwan district	RMB2,994 mil/US\$486 mil	Financial Street Holdings	Residential

Source: Savills Research & Consultancy

# China (Southern) - Shenzhen

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Given the increasing number of senior citizens in China and the cool down in the general residential market, eldercare facilities have attracted a lot of attention in recent years, particularly in 2013. Some have been developed as resort-style properties integrating cultural or tourist resources, while others exist as affiliated facilities in residential areas. There are currently around 330,000 senior citizens in Shenzhen, but this figure is expected to climb to 1 million in 2015.

## 1. Support from the government:

■ To encourage private investment into eldercare facilities, the price of land plots will be adjusted to 30% of the benchmark office-use land price. Moreover, no qualification limits will be set during the bid, auction and listing procedures for these land plots.

■ An announcement was made last year indicating that more than 70 plots will be provided for eldercare facilities in 2014, originating from the reconstruction of existing facilities, vacant land, urban renewal and land development.

■ This year, two sites have been released, in Longhua and Bao'an districts, which are expected to be used as eldercare facilities. They are both open to non-governmental capital.

## 2. Reaction of developers:

■ Several investors, including Vanke, Citic, China Life, China Merchants Group, Gemdale and Fantasia, have entered the eldercare facility market in Shenzhen, with RMB1.15 billion already invested into three retirement homes which will begin construction in 1H/2014.

■ In 2011, the first eldercare facility plan was presented by Fantasia, comprising 300 apartments and other communal facilities. However, due to undecided municipal planning and an underdeveloped profit model, the plan was sidelined until now. All units will be leased for RMB6,000 per month, while construction costs (excluding the land price) will reach RMB80 million to RMB100 million. As a result, the return on investment period will be

almost eight years, five years longer than for most residential buildings.

■ Currently, the most popular model is the community eldercare facility presented by Vanke. However, this only works as part of a community facility instead of an independent profitable project. As yet, no successful model has been presented.

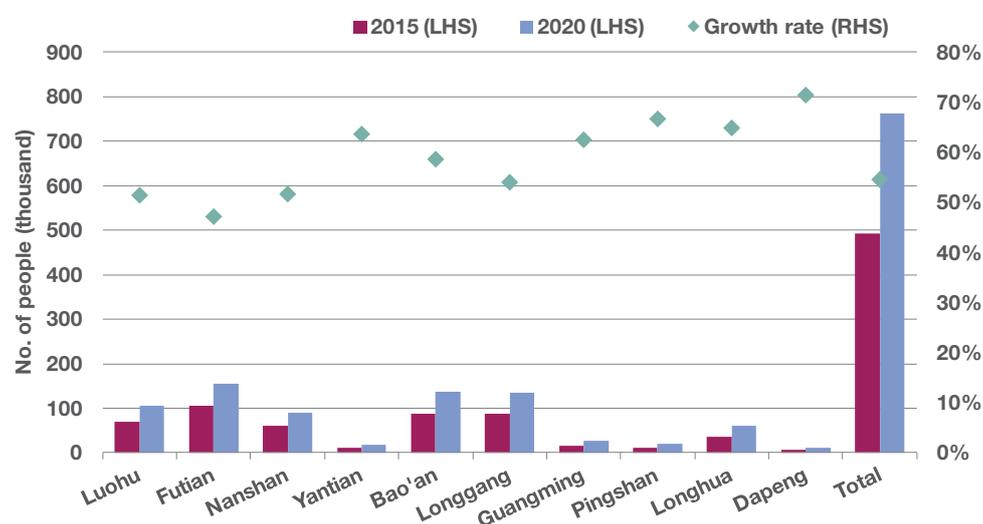
## 3. Existing problems:

■ There is a contradiction between the high turnover rate requested by developers and the long period for return on investment. The internal rate of return on this kind of property is also much lower than for others.

■ In developed countries, 90% of retirement expenses are paid by the state, which is not the case in China. It is more difficult to learn from these countries due to a lack of financial support from the government.

In conclusion, the development of eldercare service facilities is now supported by the Shenzhen government. With the rapid growth in the ageing population, demand is predicted to exceed supply, and this emerging market may become the next major investment opportunity. However, since the profit model is not sufficiently developed, market participants are showing hesitation and more discussion is required.

GRAPH 6 Predicted elderly population and growth rate, 2015 and 2020



Source: Shenzhen Statistics Bureau, Savills Research & Consultancy

TABLE 6 Major investment transactions, Jan-Mar 2014

Property	Location	Price	Buyer	Usage
Shenzhen 2013-23 Unit 1, Qianhai Area	Shenzhen Qianhai Area	RMB13.4 bil/US\$2.2 bil	Silverstein Properties JV	Commercial-mixed
Shenzhen 2013-24	Binhai Avenue N, Shenwanyi Road E	RMB3.6 bil/US\$586 mil	CITIC Group	Commercial-retail
2010-2020 Chun Feng Road	2010-2020 Chun Feng Road	RMB309 mil/US\$51 mil	South East	Commercial property
Shenzhen 2013-22	Pinghu sub-district	RMB213 mil/US\$35 mil	China Merchants Bank	Commercial-industrial

Source: Savills Research & Consultancy

# China (Eastern) - Shanghai

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What a difference three months makes. Towards the end of last year the residential market in China was generally pretty upbeat, with strong sales figures for a number of key players, price growth moderating but remaining positive, and developers turning to overseas markets for debt raising and aggressively expanding into overseas real estate markets.

The market this year has seen a marked change, with media coverage stoking the fire. The government has become much stricter on lending standards, especially to the property sector, news of loan defaults and bankruptcies are plentiful, as well as price discounts in certain second- and third-tier cities, and highly visible protests from buyers of the first units in these developments. The market is becoming tougher but it is not as bad as it is made out in the press.

Investors, developers and home purchasers have all become used to having access to credit over the last five years. The increasing reliance on credit has meant that the government can now use monetary policy as a possible lever to control the property market, but also that the property market is more vulnerable to credit crunches and changes in sentiment. Larger developers have been smart in taking the opportunity over the last year to refinance at lower costs on international bond markets, and are now preparing themselves for buying opportunities in the domestic market. These opportunities will appear as smaller players, squeezed by a lack of alternate financing and slowing sales in lower-tier cities, turned to the expensive shadow banking sector, finding it impossible to roll over debt and

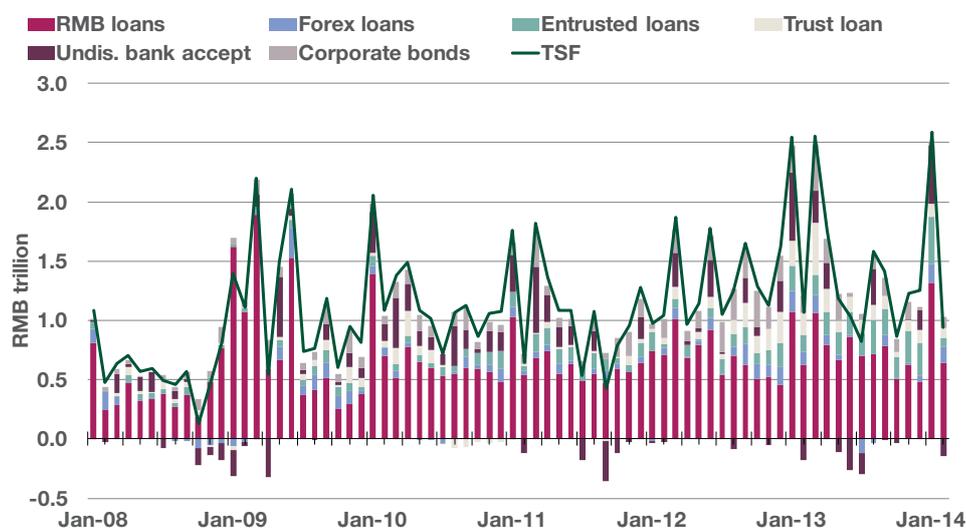
are now defaulting and claiming bankruptcies.

While there is only one publicised bankruptcy so far, there are likely to be more in the remainder of the year. By the end of 2012, there were 75,280 construction companies according to the National Bureau of Statistics, and while true developers are estimated to be in the lower tens of thousands, this is still far too

many, even for a country the size of China.

We are heading down the road of a self-inflicted austerity programme, with tighter credit availability and slower growth, the government may yet still blink as it plays chicken with the markets, deciding that the pace of economic growth is too slow to sustain social cohesion.

GRAPH 7  
**Aggregate financing, Jan 2008–Feb 2014**



Source: People's Bank of China, Savills Research & Consultancy

TABLE 7  
**Major investment transactions, Jan–Mar 2014**

Property	Location	Price	Buyer	Usage
SOHO Hailun Plaza	Hongkou district	RMB3,055 mil/US\$492 mil	Financial Street Holdings	Commercial development
Tomorrow Square Apartments	Huangpu district	RMB2,386 mil/US\$384 mil	TBC	Serviced apartment
SOHO Jing'an Plaza	Jing'an district	RMB2,177 mil/US\$350 mil	Financial Street Holdings	Mixed-use development
Galaxy Hotel	Changning district	RMB1,262 mil/US\$203 mil	Yang Guang Xin Ye	Hotel
The Point Jing'an	Jing'an district	RMB850 mil/US\$137 mil	Mary Kay	Office

Source: Savills Research & Consultancy

# Hong Kong

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While general sales volumes remain at their lowest levels for years, there is evidence that prices have begun to crack but adjustments taking place are quite selective, often restricted to certain property types in certain areas and a market-wide correction still seems to be 3 to 6 months away. Rental markets are presenting a more uniform picture as residential rents continue a slide which began all the way back in 2011 and offices and street shop rents are now following suit. It seems only shopping mall and industrial rents will see any further limited upside this year, mostly in the first half.

With residential rents now 15% below peak levels and with very few new comers arriving in Hong Kong (many are heading to Singapore where in housing terms you get a lot more for a lot less), the larger more professional landlords are beginning to heavily incentivize agents to lease vacant units. Stubbornly high vacancy in the Central office market is a further reflection of the malaise which is also effecting the luxury residential leasing market. The situation is not being helped by newly completed luxury stock which is being put on the market for lease by PRC buyers, depressing rental values further.

There is also some evidence that mainlanders who bought units two to three years ago off-plan may be selling as their units complete and the mainland credit squeeze bites. This angle has been seized on by the press but many of the stories of frenzied selling look overdone as instances of forced sellers have been relatively thin on the ground to date. It is worth remembering that punitive stamp duties are still effective if a unit is sold up to 36 months after purchase, rendering any premature sale so painful that it would require particularly straightened circumstances. We aren't there yet.

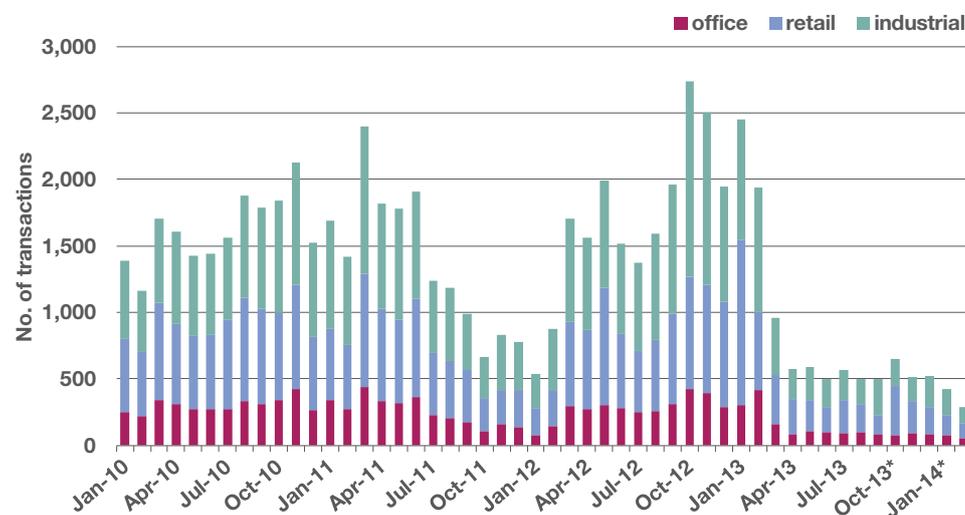
While the office sector was still affected by the dimming prospects of the leasing market, with Central office rents registering another 0.9% decline in Q1/2014, this was in fact the slowest decline for the CBD since the market turned sour in mid-2011. We saw small amounts of space in prime offices being snapped up by

mainland financial institutions, with Central vacancy rates declining to 4.9% in Q1/2014. Office sale prices also showed remarkable resilience in the face of weak market sentiment, with prices remaining flat across most sub-districts and some record-high deals still being inked in core areas. The weakest link was Kowloon East, where the increasing number of near-completion Grade A office premises led to some discounting of stock by short-term investors over the last quarter.

With the Individual Visit Scheme currently under review retail sales performance was hanging in the

balance and prime street shop rents recorded further declines in both Central and Causeway Bay. These two areas are seeing more vacant shops on secondary streets such as Lyndhurst Terrace and Percival Street, and we have noted that some of these landlords are preparing to accept rental negotiation. The same can be said of the sales market, with a few landlords beginning to reduce asking prices, some by 20% to 30% (but still only close to market levels), and deals were eventually struck, with prime street shop prices remaining broadly the same in Q1/2014.

GRAPH 8  
**Transaction volumes of office, retail and industrial sectors, Jan 2010–Feb 2014**



Source: Rating and Valuation Department, Savills Research & Consultancy  
\*Provisional figures

TABLE 8  
**Major investment transactions, Jan–Mar 2014**

Property	Location	Price	Buyer	Usage
En-bloc, 11–24 Lun Fat Street	Wanchai	HK\$860 mil/US\$111 mil	China Vanke Ltd	Residential
G/F shops 10 and 11, and 1/F–3/F Pakpooee Commercial Centre	Mong Kok	HK\$700 mil/US\$90 mil	Blackstone	Retail
House 7, 28 Baker Road	The Peak	HK\$690 mil/US\$89 mil	Mainland buyer	Residential
B/F–3/F, Thai Kong Building	Causeway Bay	HK\$600 mil/US\$77 mil	Private investor	Retail
En-bloc, 29 Jervois Street	Sheung Wan	HK\$580 mil/US\$75 mil	TBC	Hotel

Source: Savills Research & Consultancy

# Japan

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Official data released in March confirmed that average land prices in Japan's three major cities rose last year, marking the first annual growth since 2008. Recent gains in commercial and residential land values, although marginal to date, are supportive of the dramatic turnaround in investor sentiment seen in 2013 towards Japan's previously out-of-favour real estate sector.

Japan's total property transaction volume was up around 70% in 2013 compared with 2012, while prime Tokyo office capital values grew double-digits on the back of demand-driven cap rate compression and a nascent rental recovery. Notwithstanding, average Grade A rents still sit approximately 42% down from their 2007 peak, indicating that there is considerable upside potential. This has helped catapult Tokyo to the top of the institutional investor target list at a time when competing Asia Pacific markets, notably Hong Kong and Singapore, are looking expensive and/or set to enter a period of slowdown.

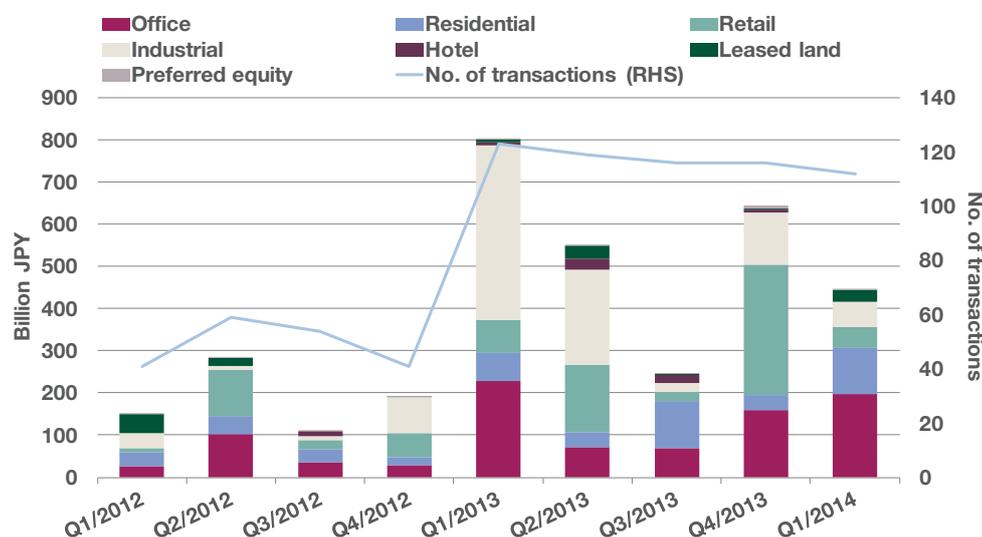
A string of big-ticket deals were completed in the first quarter of 2014, including landmark properties in prime central Tokyo locations. In the office sector, Mizuho Financial Group acquired joint ownership interest in Otemachi Tower, a newly-constructed high-rise that it occupies close to Tokyo Station, for JPY178.2 billion. Whereas 12 to 18 months ago a gap between sell- and buy-side price expectations dampened the volume of large-scale office transactions, rebounding property values are now prompting some landlords, including servicers of distressed debt from the financial crisis, to unwind real-estate holdings at higher than estimated levels. A notable example is the defaulted CMBS sale of the 41-year-old Kokusai Akasaka Building to Sekisui House for a reported JPY74 billion.

Despite accounting for a small portion of total market activity, overseas investors were counter-parties in several of the largest deals closed in the first three months of the year. AXA Real Estate Investment Managers purchased Nakano Central Park East in Tokyo's Nakano Ward for an estimated JPY38 billion. Separately, Secured Capital Investment Management and Trinity Investments joined domestic financial services group Orix as the sellers of Espoir Omotesando, Ralph Lauren's flagship store in Tokyo's upscale

Omotesando district. The property was sold to Mitsubishi Corporation for JPY35.2 billion, reflecting a cap rate of 3.7%.

Japan's gradual shift towards asset price appreciation, positive rental outlook and low financing costs will continue to stoke investor demand for hard assets. We expect to see additional overseas equity deployed over the coming quarters, while stiff competition from a very well-capitalised, nimble Japanese investment universe will maintain downward pressure on yields.

GRAPH 9  
**J-REIT property acquisitions by sector, Q1/2012–Q1/2014**



Source: J-REITs, Savills Research & Consultancy

TABLE 9  
**Major investment transactions, Jan–Mar 2014**

Property	Location	Price	Buyer	Usage
Otemachi Tower	Otemachi, Chiyoda Ward, Tokyo	JPY178.2 bil/US\$1.7 bil	Mizuho Financial Group	Office
Kokusai Akasaka Building	Akasaka, Minato Ward, Tokyo	JPY74.0 bil/US\$719.7 mil	Sekisui House	Office
Nakano Central Park East	Nakano, Nakano Ward, Tokyo	JPY38.0 bil/US\$369.6 mil	AXA Real Estate	Office
Espoir Omotesando (Ralph Lauren Building)	Jingumae, Shibuya Ward, Tokyo	JPY35.2 bil/US\$342.3 mil	Mitsubishi Corp	Retail
KDX Toyosu Grandsquare	Shinonome, Koto Ward, Tokyo	JPY34.6 bil/US\$336.5 mil	Kenedix, Kenedix Private REIT	Office

Source: Savills Research & Consultancy

# Malaysia

## Robert Ang

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Malaysia is gaining interest from other countries as a choice of investment within Southeast Asia. The manufacturing sector remains the most popular, with the US being the largest foreign direct investment (FDI) contributor to the sector last year at about RM6.32 billion. This is followed by South Korea with RM5.48 billion, the European Union with RM5.12 billion, Singapore with RM4.52 billion, Japan with RM3.59 billion and China with RM3.02 billion.

Total FDI into Malaysia remains healthy, as evidenced by growth of about 25% from RM31.1 billion in 2012 to RM38.8 billion in 2013. The increase in inflation, expected as an impact of the cooling measures imposed by the government, however, will be offset by investments taking place in the country. In the real estate sector, strong investors came from Asian countries such as Singapore, China and Japan, while there has also been involvement from the west, such as Australia and the UK (in theme parks).

The completion of some major infrastructure projects within the city centre and other key growth areas have become an attraction for international investors. For example, the improvement in connectivity from areas such as Kajang, Cheras and Sg. Buloh to KL city centre through the Mass Rapid Transit network is gaining attention, as its completion is expected within three years. In addition, there are ongoing projects located along the extension of the Ampang and Kelana Jaya Light Rail Transit lines. In Penang, the newly completed second bridge has brought in the UK's University of Hull and IKEA, which will open another outlet in BatuKawan. In Iskandar, the completion of the Customs, Immigration & Quarantine complex in Puteri Harbour has

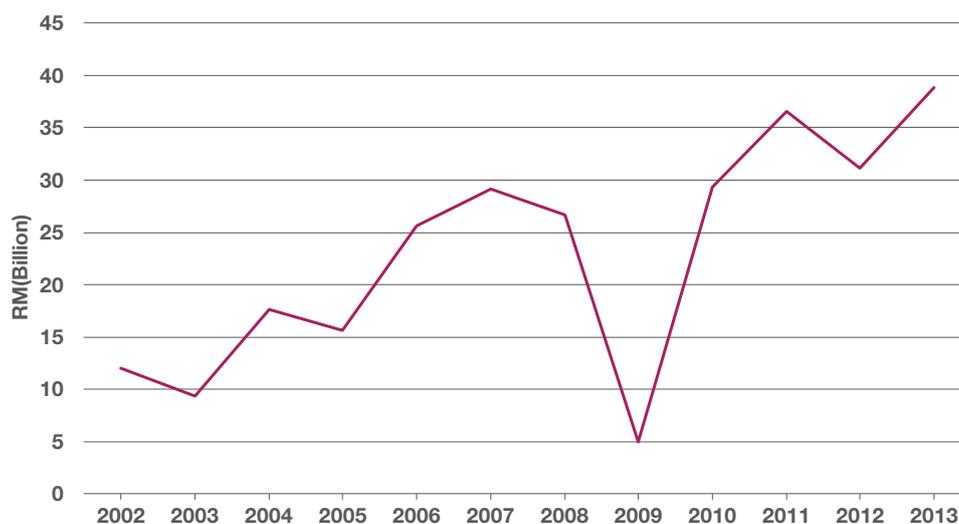
turned the spotlight on new surrounding developments.

Retail development in Malaysia is active, supported by strong domestic demand, despite pressures of rising inflation. A notable French retailer, Lafayette, and Japan-based Takashimaya Co Ltd have both expressed interest in opening new chains in Malaysia. Another premium outlet, Penang Designer Village, is planned in Batu Kawan, while a local developer, Sunway Bhd, has plans to

build Sunway Ipoh Premium Outlet in Perak.

Overall, improved cash flows into Malaysia, as shown by higher FDI in 2013, will enable the country to develop its potential, and nurture more skills and talents. Going forward, several developments are expected to be completed in the near future, with initiatives set in place by both the government and private sectors to realise the goal of Vision 2020.

GRAPH 10  
**Net foreign direct investment, 2002–2013**



Source: Bank Negara Malaysia, Savills Rahim & Co Research

TABLE 10  
**Major investment transactions, Jan–Mar 2014**

Property	Location	Price	Buyer	Usage
Penang Science Park	Penang	RM1.3 bil/US\$401.7 mil	Ibiden Co Ltd	Industrial
Land site	Johor Bahru	RM1.6 bil/US\$494.3 mil	Hao Yuan Investment Pte Ltd	Site
Movie animation park studio	Perak	RM450.0 mil/US\$139.0 mil	Sanderson Group and Perak Corporation Bhd	Entertainment
Land site	Selangor	RM470.7 mil/US\$145.4 mil	Eco World Development Group Bhd	Site
Two parcels of land	Selangor	RM100 mil/US\$30.9 mil	Prestige Capital SdnBhd	Site
62 acres (UluKlang)	Selangor	RM150 mil/US\$46.3 mil	Ecofirst Consolidated Bhd	Site

Source: Savills Rahim & Co Research

# Philippines

Supported by robust economic growth, the real estate investment market will remain active in 2014. Late last year, the markets witnessed a few significant transactions, and that activity has continued in the first quarter of this year with deals executed across the country. The current positive sentiment has also attracted some institutional money on the move, with serious negotiations instead of the wait-and-see attitude seen a few years ago.

Metro Manila has witnessed consistently growing overseas interest, further emphasizing its attractiveness as an investment destination. The Urban Land Institute's recently published regional report, *Emerging Trends in Real Estate 2014*, ranks Manila at number four in the list of most preferred cities for real estate investors in Asia Pacific, outperforming traditional safe-haven markets Singapore, Hong Kong and Sydney. However, the limited number of investment opportunities on the core market, due to a shortage in assets, still represents a significant challenge for investors. In addition, local players prefer to hold their assets due to the attractive rental yields and a lack of better alternative investments. This has forced some of the capital to consider more opportunistic strategies and to seek project developments.

Aside from the big players, many developers are opting to target individual investors by offering their office developments for strata-titled sale. Strata developments have been fairly successful, as evidenced by Ayala Land's HSS Corporate Plaza, which sold 90% of units during the first week, suggesting high interest in commercial properties among individual investors, especially those from overseas. The success of HSS encouraged Ayala to launch new strata-titled office development One Park Drive last quarter through its subsidiary Avida Land.

With strong investor demand for offices, a favourable investment climate also remains in the hotel sector. Hotel room supply is relatively low compared with competitor countries, offering attractive opportunities at the moment. The most recent investment action came from Aman Resorts when the transaction of island property Amanpulo, which was part of a bigger portfolio deal, was pushed through. The US\$14.5 million joint venture deal involved 40 villas in the country's most prestigious resort.

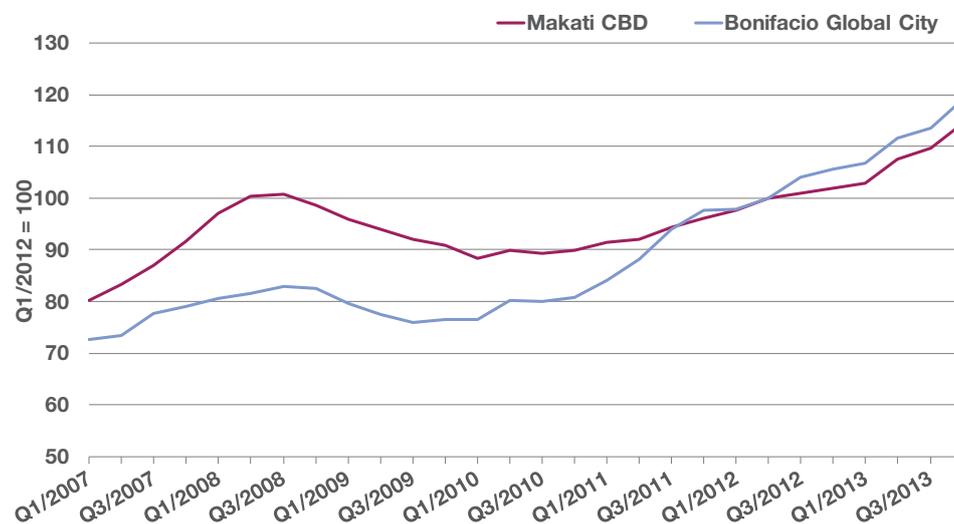
Despite the high level of activity, overseas equity restrictions still

remain the biggest barrier to the growth of liquidity in the real estate sector. Until significant changes are made to the Constitution, these restrictions, especially with respect to ownership of land, will continue to limit ongoing growth. Although overseas property investors have found ways to enter the market, usually through joint ventures, the government, together with Congress and business chambers, still needs to push investor-friendly laws forward to ensure positive sentiment in the future.

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GRAPH 11 Premium and Grade A office price indices, Q1/2007–Q4/2013



Source: KMC MAG Group, Savills Research & Consultancy

TABLE 11 Major investment transactions, Jan–Mar 2014

Property	Location	Price	Buyer	Usage
Former Philcomcen Building	Ortigas CBD, Metro Manila	PHP781 mil/US\$17.4 mil	Filinvest Land Inc	Development site
Amanpulo (part of portfolio deal)	Pamalican Island, Palawan	PHP652.0 mil/US\$14.5 mil	Joint venture between Aman Resorts Group Ltd and Peak Hotels & Resorts	Hotel
Ford's Laguna Plant	Sta. Rosa, Laguna	N/A	Mitsubishi	Industrial

Source: KMC MAG Group, Savills Research & Consultancy

# Singapore

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From January to March 2014, S\$3.8 billion worth of investment sales was recorded. Although this was just S\$52.7 million short of the S\$3.9 billion in Q4/2013, it was the slowest quarter since Q4/2009. The weak sales activity seen in the investment market was partly caused by the festive holidays, but more likely, property cooling measures and high asking prices had a big role to play.

In contrast to the last two years, the public sector contributed a larger market share of 60.3% with a total of S\$2.3 billion recorded. This is more than double the S\$757.2 million seen in Q4/2013. Sixteen state land parcels were awarded under the Government Land Sales (GLS) programme, including eight residential sites, seven industrial sites and one hotel site.

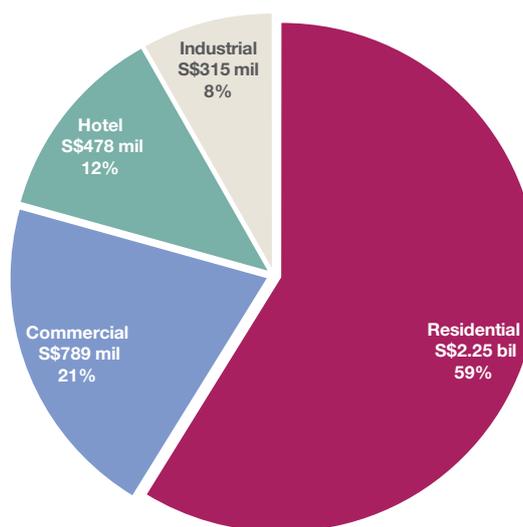
Despite the latest measures announced in December last year that made it more difficult for people to buy executive condominium (EC) units, developers continued to exude confidence in this market segment, as witnessed at the five tenders of EC sites in the reviewed quarter. For example, the tenders of EC sites at Westwood Avenue and Anchorvale Crescent attracted 12 bids each.

Nevertheless, developers have become cautious about the slowing residential property market and this is reflected in the moderation of bid prices for GLS tenders. The gaps between the top two bids have also narrowed significantly this quarter to 2.7% for private housing sites, compared with 14.4% in Q4 last year, 3.8% in Q3/2013 and 6.3% in Q2/2013. For EC sites, the average

winning margin narrowed to 1.6% in Q1/2014, from 1.9% in Q3 last year and 6.1% in Q2 last year. We believe that developers will continue to replenish their land banks in the future, but will become more selective and moderate in their bidding.

Of all the transactions in Q1/2014, the private sector accounted for 39.7% of total investment sales or S\$1.5 billion. This represented a 51.4% quarter-on-quarter decline from S\$3.1 billion in the previous quarter.

GRAPH 12 Investment sales transaction volumes by property type, Q1/2014



Source: Savills Research & Consultancy

TABLE 12 Major investment transactions, Jan–Mar 2014

Property	Location	Price	Buyer	Usage
Westgate Tower	Gateway Drive	S\$579.4 mil/US\$462.5 mil	A consortium comprising Sun Ventures Homes and Low Keng Huat (Singapore)	Commercial
Government land	Upper Paya Lebar Road	S\$392.3 mil/US\$313.1 mil	UOL Overseas Investments Pte Ltd	Residential
Government land	East Coast Road	S\$352.8 mil/US\$281.6 mil	Master Contract Services Pte Ltd and Keong Hong Construction Pte Ltd	Hotel
Government land	Yishun Avenue 9	S\$278.8 mil/US\$222.5 mil	EL Development Pte Ltd	Residential
Government land	Choa Chu Kang Grove (Parcel A) (EC)	S\$232.5 mil/US\$185.6 mil	MCL Land (Brighton) Pte Ltd	Residential

Source: Savills Research & Consultancy

# South Korea

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The transactions concluded in Q1/2014 include one prime office tower, Pine Avenue A, and small- to medium-sized buildings such as K1 Reit Building, LIG Seonreung HQ and Gaya Building. A number of deals which are currently under negotiation are expected to be closed by Q2.

Pine Avenue A was sold to SOFAZ, the Azerbaijan sovereign wealth fund, by Mirae Asset AMC and the building is currently master leased by SK E&C. The transaction amount was KRW477.5 billion.

The National Pension Service acquired K1 Reit Building directly from Consus Asset Management Co, Ltd for KRW 109 billion, without using an indirect investment vehicle. LIG Seonreung HQ, which is located in Gangnam business district, was purchased by Korea Correctional Association for KRW45.0 billion. Good Neighbors International bought Gaya Building from Gaya Industry for KRW19.44 billion for self use.

In Q2, Cigna Tower (formerly State Gwanghwamun), Central Place and Dio Center will change hands. In addition, transactions are underway for YTN, Jongno Place, Tongyang Life Insurance Building and Hankuk Cosmetics (Seorin Building), with a likely total transaction volume of over KRW1 trillion in the second quarter.

As for retail assets, which are highly favoured by investors, the acquisitions of hypermarket Home Plus Nonhyeon branch in Incheon and the portfolio comprising three Lotte Mart hypermarkets will be concluded in Q2.

With investors taking a growing interest in development projects, several forward sales cases have been noted in the market. Office building, Yongsan The Prime, which was under a forward sales agreement with Koramco Trust, closed sales transactions after the completion of construction, with a transaction price of KRW119.86 billion. A forward sales agreement was executed for the development project in Janggyo District 4 in Q1, to be followed by the forward sale of SK

Networks' Daechidong Building, and the development projects in Cheongjin District 8 and Dongja District 8 in Q2 and Q3 respectively.

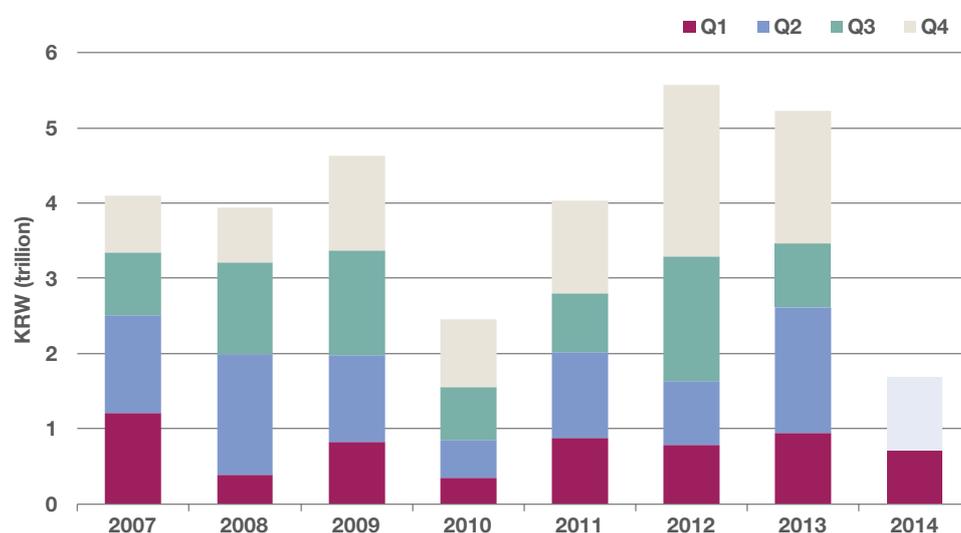
A pre-sale agreement has been signed for GranSeoul, the development project in Cheongjin Districts 12 to 16, and the deal will be concluded in Q3 after the balance payment planned for Q2. Meanwhile, the development of Samsung SDS's office building in Jamsil and G-Valley Biz Plaza in Guro will also be completed in Q2 and Q3.

The benchmark interest rate remained unchanged from the previous quarter at 2.5%, and yields of five-year government bonds also remained at the low 3% range. The cap rate of

prime office buildings is estimated to be in the low 5% range and the spread with the five-year government bond is at the 200-basis point level, similar to that of the previous quarter.

Despite the delays in concluding transactions for some office buildings, there is still a lack of blue-chip buildings and sufficient liquidity in the market. As such, competition to acquire blue-chip buildings in 2014 is likely to lead to a higher per 3,305 sq m transaction price for office buildings than last year. Moreover, demand growth is projected for investment in development projects (pre-sale, transfer of projects and land purchase), hotels, and retail and logistics facilities.

GRAPH 13 Investment transaction volumes, 2007–Q1/2014



Source: Savills Research & Consultancy

TABLE 13 Major investment transactions, Jan–Mar 2014

Property	Location	Price	Buyer	Usage
Pine Avenue A	CBD	KRW477.5 bil/US\$448.5 mil	SOFAZ	Office
LIG HQ	CBD	KRW45.0 bil/US\$42.3 mil	Korea Correctional Association	Office
K1 REITs	Seodaemun	KRW109.0 bil/US\$102.4 mil	NPS	Office
Gaya Building	Others	KRW19.4 bil/US\$18.3 mil	Good Neighbors International	Office

Source: Savills Research & Consultancy

# Taiwan

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Owing to the Chinese New Year holiday, activity in the investment market slowed at the beginning of 2014 and total transaction volumes posted a significant decrease of 74% year-on-year to NT\$7.4 billion, the second lowest figure for the first quarter of the year since 2007. Aside from the lack of demand, this decline is partly attributed to tight supply. Landlords are reluctant to put properties on the market or lower listing prices as they strongly believe that this negative sentiment is temporary.

Offices and industrial offices were favoured by investors this quarter, accounting for 56% and 39% of total transactions respectively. In addition to technology companies, which are the main demand driver in the industrial office market, biotechnology companies have also shown their interest in acquiring their own places of businesses. Following an industrial office acquisition by Grape King Inc last year, GlycoNex Inc bought a newly completed industrial office in New Taipei City for NT\$870 million in order to expand their offices.

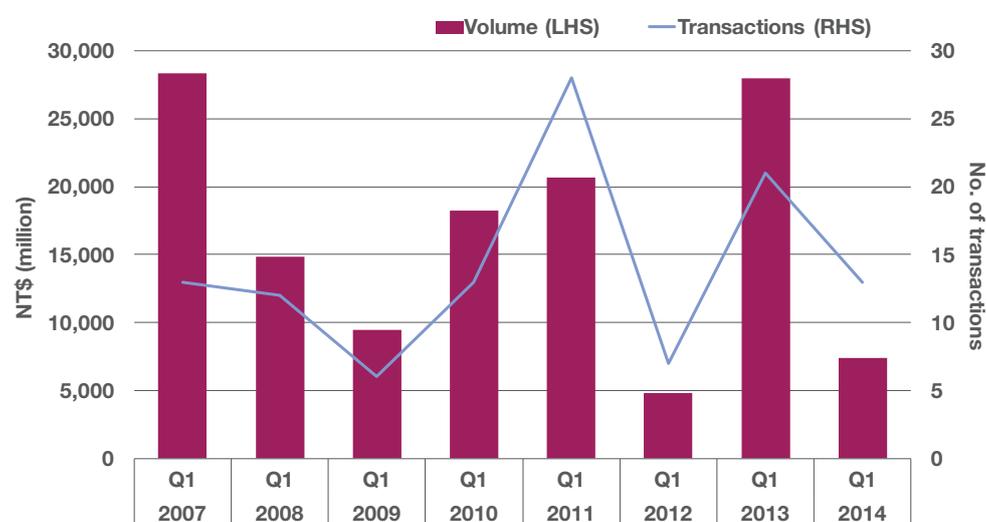
Due to the relatively high price levels in the office market, properties outside Taipei and New Taipei City attracted investors, particularly insurance companies which previously accepted commercial properties in prime city areas with yields of below 2.5%. Mercuries Life Insurance and Nanshan Life Insurance each acquired an office in Kaohsiung City and Taoyuan County for NT\$821 million and NT\$1.31 billion respectively. The former plans for self occupation and the latter is expected to achieve rental yields of above 6%, which is mainly achieved by inexpensive unit prices. However, low office leasing demand outside major metropolitan areas and high vacancy rates could increase the potential risk for investors. In addition to acquisitions, some insurance companies begin

to dispose of properties in second- or third-tier locations to improve the efficiency of their portfolios, including TransGlobe Life Insurance, Cathay Life Insurance and Shin Kong Life.

There was subdued sentiment in the public tender market, with eight out of nine public tender cases held by the private sector failing in the first quarter, totalling approximately NT\$10.5 billion. Among these public tender cases, only a development

land site, located in prime Taipei City, was successfully sold at a 10% premium to a local developer. This poor performance, due to a passive attitude from insurance companies, is likely to continue in 2014 as minimal investment yield regulations remain in place. In this less competitive market, private treaties will gain popularity once again, while public tenders will only be successful for properties with reasonable prices and in prime locations.

GRAPH 14  
**Commercial real estate transaction volumes, Q1/2007–Q1/2014**



Source: Savills Research & Consultancy

TABLE 14  
**Major investment transactions, Jan–Mar 2014**

Property	Location	Price	Buyer	Usage
Mercuries Kaohsiung Building	Lingya district, Kaohsiung City	NT\$821 mil/US\$27.4 mil	Mercuries Life Insurance	Office
Panhsin Zhongzheng Building	Banqiao district, New Taipei City	NT\$950 mil/US\$31.7 mil	Teamcham Construction Co, Ltd and New Northeast Electric Group	Office
Farglory U-TOWN	Xinzhi district, New Taipei City	NT\$870 mil/US\$29 mil	GlycoNex Inc	Industrial office
Zhongli Ginza Building	Zhongli City, Taoyuan County	NT\$1.31 bil/US\$43.7 mil	Nanshan Life Insurance	Office

Source: Savills Research & Consultancy

# Viet Nam

After long periods of due diligence and negotiations, several successful transactions were announced during the first quarter of 2014. Korea's leading retailer, Lotte Mart, recently acquired Pico Plaza in Ho Chi Minh City (HCMC) as part of its expansion plan, making it one of 13 stores that will open nationwide by the end of 2014. Novaland Group, a local developer, announced in February its plan to invest VND3.7 trillion (US\$176.2 million) into three residential projects under construction in HCMC. While the market has a strong appetite for operating assets with stable yields and lower risks, the distressed-property seekers are active, especially local development/investment groups utilising their local knowledge and networks. Savills continues to see residential development projects changing hands, including not only the apartment sector but also the landed property sector and township projects around HCMC and Ha Noi. This is, in part, a reflection of the rise in confidence from investors in the potential of Viet Nam's residential market, with rapid urbanisation, a growing middle class and over 50% of the nation's population under the age of 30.

With a further interest rate cut by the state bank in March and creative promotion schemes from developers, the apartment sector continued to see improving liquidity across all grades. Primary market sales in Q1/2014 totalled approximately 1,600 units in HCMC and over 1,200 units in Ha Noi. Office rents and occupancy rates in HCMC also improved, with an average occupancy of 90%, the highest in the last five years, as a result of short-term supply constraints.

In addition to the VND30 trillion (US\$1.4 billion) stimulus package from the government, a partnership between investors, contractors, building material suppliers and local banks, with support from the state bank, is being introduced, and is expected to create new credit flows for the market and help banks to manage their capital effectively. Macroeconomic indicators continue to show positive signs. GDP in the

first quarter of 2014 has increased by 4.96% and disbursed foreign investment rose 5.6% to US\$2.85 billion in the first quarter from the same period last year. Inflation this month eased to 4.39% from a year earlier, the slowest pace since November 2009. Viet Nam's economy is seen to be on the road to recovery, with the property market following close behind.

**Neil MacGregor**

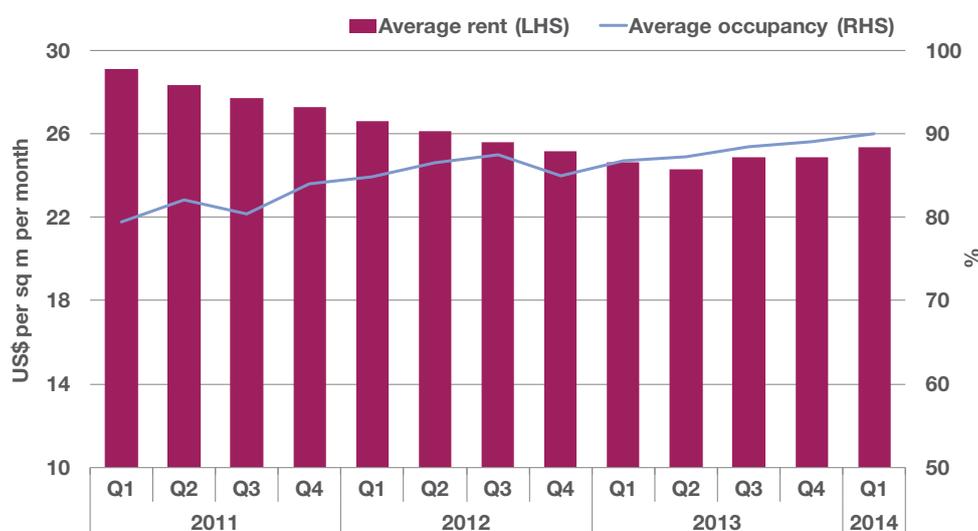
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GRAPH 15  
**HCMC office market performance, Q1/2011–Q1/2014**



Source: Savills Research & Consultancy

TABLE 15  
**Major investment transactions, Jan–Mar 2014**

Property	Location	Price	Buyer	Usage
Movenpick Saigon Hotel	Phu Nhuan district, HCMC	Undisclosed	Tung Shing Group	Hotel
The Park Residence (Phu Hoang Anh II)	Nha Be district, HCMC	Undisclosed	Inveskia	Residential
Icon 56	District 4, HCMC	Undisclosed	Novaland	Residential
Galaxy 9	District 4, HCMC	Undisclosed	Novaland	Residential
Pico Plaza	Tan Binh district, HCMC	Undisclosed	Lotte	Retail

Source: Savills Research & Consultancy

# Australia



## Australian Consolidated Press ▶

Sydney  
A\$126.8M/US\$114.1M  
in February

## ◀ National Australia Bank House (25%)

Sydney  
A\$115.0M/US\$103.5M  
in February



## ▲ 135 on King (50%)

Sydney  
A\$140.0M/US\$126.0M  
in February

## Kimberly-Clark House ▼

Milsons Point  
A\$80.0M/US\$72.0M  
in February



## ▼ Piccadilly Complex (50%)

Sydney  
A\$194.3M/US\$174.8M  
in February



## ▲ 130 Stirling Street

Perth  
A\$90.0M/US\$81.0M  
in February

## ▼ 60 Albert Street (AM-60)

Brisbane  
A\$161.3M/US\$145.2M  
in January



## Energy Australia Building ▲

Sydney  
A\$151.8M/US\$136.0M  
in March

# Guangzhou



▲ **Guangzhou Hailian Building**  
Tianhe district, Guangzhou  
RMB2,026M/US\$326.6M  
in January

# Shanghai



▼ **The Point Jing'an**  
Jing'an district  
RMB850M/US\$137M  
in January

◀ **Tomorrow Square Apartment**  
Huangpu district  
RMB2,386M/US\$384M  
in March



▲ **SOHO Hailun Plaza**  
Hailun Road, Hongkou  
RMB3,055M/US\$492M  
in February



▲ **Galaxy Hotel**  
Changning district  
RMB1,262M/US\$203M  
in February



▶ **SOHO Jing'an Plaza**  
Jing'an district  
RMB2,177M/US\$350M  
in February



# Hong Kong



◀ **G/F shops 10 and 11, and 1/F–3/F, Pakpoo Commercial Centre**  
Mong Kok  
HK\$700M/US\$90M  
in February

▼ **House 7, 28 Baker Road**  
The Peak  
HK\$690M/US\$89M  
in January

▶ **29 Jervois Street**  
Sheung Wan  
HK\$580M/US\$75M  
in March



▲ **B/F–3/F, Thai Kong Building**  
Causeway Bay  
HK\$600M/US\$77M  
in January



▶ **34–36 D'Aguiar Street**  
Central  
HK\$553M/US\$71M  
in February



# Japan



◀ **Kokusai Akasaka Building**  
Akasaka, Minato Ward, Tokyo  
JPY74.0B/US\$719.7M  
in March

▶ **KDX Toyosu Grandsquare**  
Shinonome,  
Koto Ward, Tokyo  
JPY34.6B/US\$336.5M  
in March



◀ **Nakano Central Park East**  
Nakano, Nakano Ward, Tokyo  
JPY38.0B/US\$369.6M  
in March



◀ **Otemachi Tower**  
Otemachi, Chiyoda Ward, Tokyo  
JPY178.2B/US\$1.73B  
in March

▶ **Espoir Omotesando (Ralph Lauren Building)**  
Jingumae, Shibuya Ward, Tokyo  
JPY35.2B/US\$342.3M  
in March



# Singapore



◀ **A hotel site on Artillery Avenue**  
Artillery Avenue  
S\$125.0M\*/US\$99.8M  
\*Mid-point of BT's estimates  
in March



**Westgate Tower** ▶  
Gateway Drive  
S\$579.4M/US\$462.5M  
in January



◀ **700 Beach Road**  
700 Beach Road  
S\$120.0M/US\$95.8M  
in January

# South Korea



◀ **K1 REITs**  
Seodaemun  
KRW109.0B/US\$102.4M  
in January



**Gaya Building** ▶  
Yeongdeungpo-dong  
KRW19.4B/US\$18.3M  
in January

# Taiwan



## ◀ Mercuries Kaohsiung Building

Lingya district, Kaohsiung City  
NT\$821M/US\$27.4M  
in January



## Farglory U-Town ▶

Xizhi district, New Taipei City  
NT\$870M/US\$29  
In March



## ◀ Pansin Zhongzheng Building

Banqiao district, New Taipei City  
NT\$950M/US\$31.7M  
in January



## Zhongli Ginza Building ▶

Zhongli City, Taoyuan County  
NT\$1.31B/US\$43.7M  
in March

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savills



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