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Savills World Research
Asia Pacific

Asia Pacific
Investment Quarterly

Q2 2014

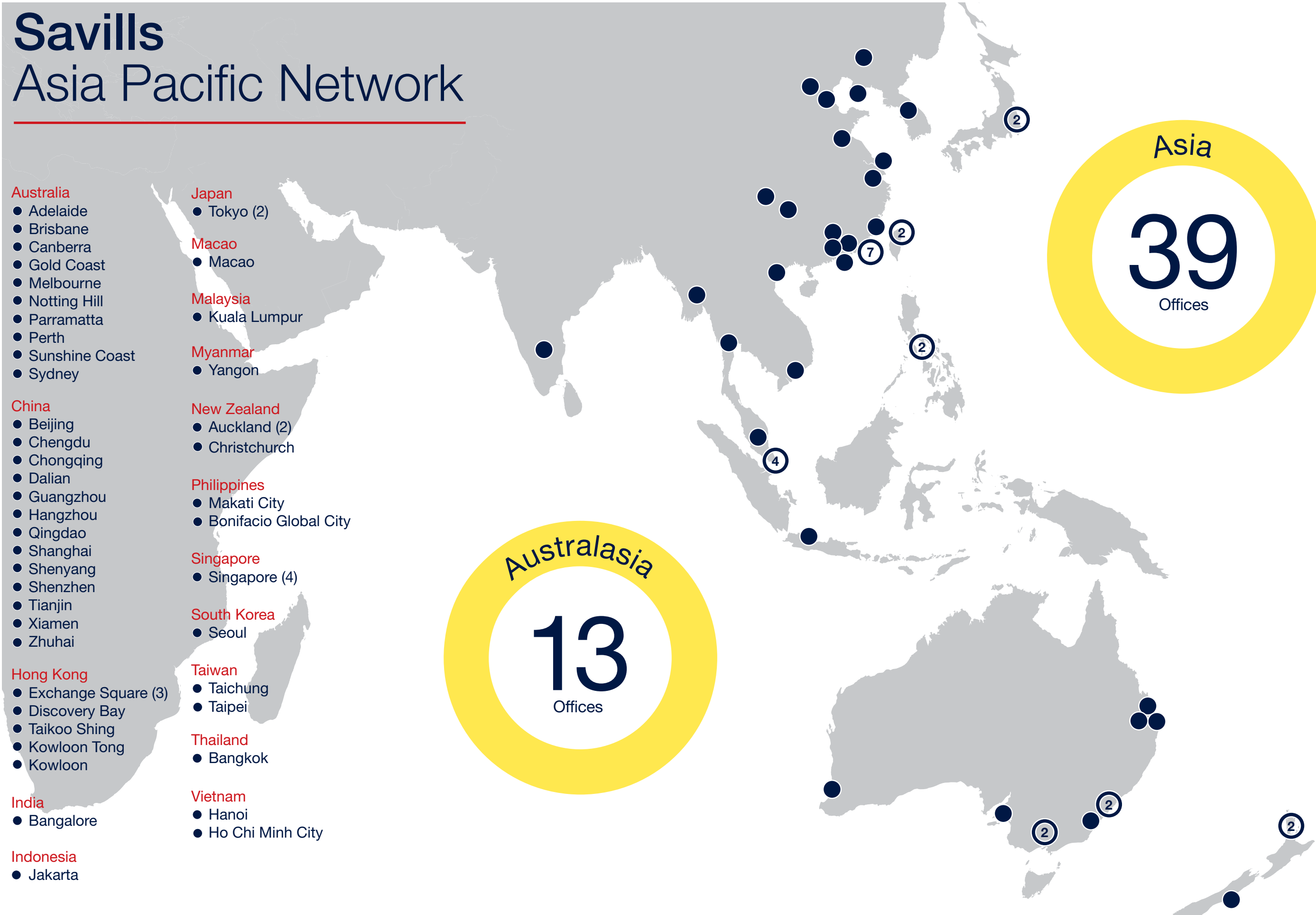
Image: Shanghai, China

HIGHLIGHTS

Despite better than expected economic growth rate figures, the China property market remains plagued by impending oversupply and a flagging residential sales sector. Investment momentum was sustained as property investors continue to be attracted to Australia's robust economy characterised by low interest rates, a strong currency and budgetary constraint. In Japan, the growing volume of capital waiting to be deployed relative to the limited purchasing opportunities available placed further downward pressure on cap rates. In Singapore, notwithstanding the number of cooling measures and sharp yield compression, market activity picked up due to rising amounts of acquisition capital. In Hong Kong, while some notable deals were concluded during the quarter, the markets remained relatively subdued.

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 600 offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

In Asia Pacific, Savills has 52 regional offices comprising over 22,000 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.

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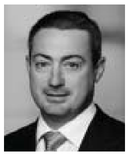

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The office cycle is behaving exactly as we would expect and there is nothing out of the ordinary going on. Australia's CBD office markets have weathered the twin effects of the global financial crisis and the mining investment boom over the past six years to register almost 1 million sq m of net absorption (additional demand). This has occurred in an environment where business confidence has been low (apparently) and consumers have been in their shells.

The fact that we have added 1,750,000 sq m of space to our CBD markets in the same six-year period says a number of things:

- Rents are at a level where construction can occur; they cannot, by definition, grow much beyond that;

- Businesses are in a position to commit to a new building, are confident, forward looking and managing their business affairs well. This is an important point. Financial services, government and corporations have used the global financial crisis as an opportunity to work their accommodation harder by upgrading, consolidating and reconfiguring their office space. There are countless examples around the country and there is more to come over the next six years;

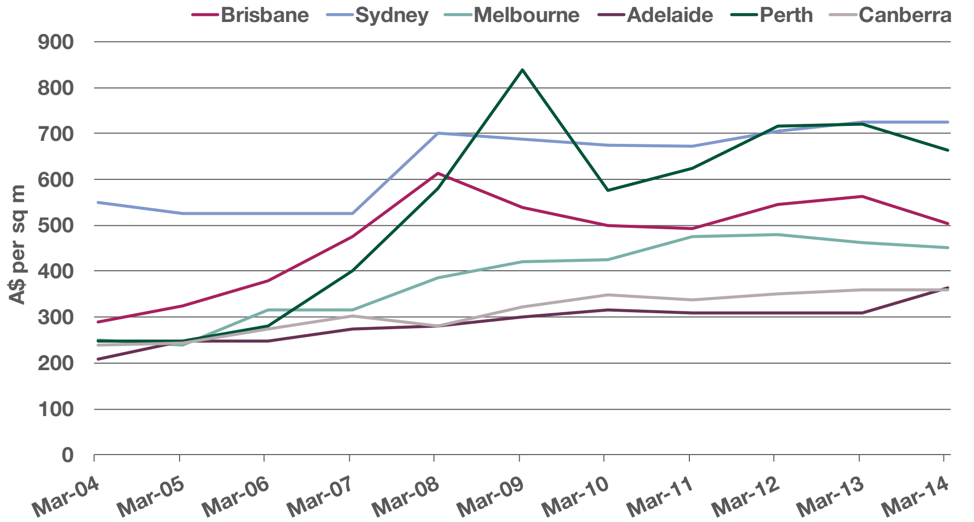
- Banks, developers and funds are ready and available to ensure buildings are constructed. Debt and equity markets and an appetite for risk are all working in harmony. These are not the signs of a market collapse or markets in dire straits; quite the contrary, as the office markets are behaving as they are supposed to.

As to the prospects, the composition of economic growth in Australia is expected to transition from mining-led to non-mining-led, so the emphasis for returns should also shift from cities with a greater dependence on mining (Brisbane and Perth) to non-mining dependant (Sydney, Melbourne, Adelaide, Canberra).

So where do we go from here? Savills Research forecasts another 1.1 million sq m of construction over the next five years – reinforcing the three points above. Savills Research also forecasts a commensurate increase in the amount of occupied space. So, does this leave us in the same place? No. Withdrawals are expected to be in the order of 700,000 sq m. This is on top of the 500,000 sq m we have withdrawn over the past six years. This will lead to a tightening in the vacancy rate in some CBDs, especially for prime buildings as upgrade activity accelerates.

GRAPH 1

Average Grade A net face rent by capital city, Mar 2004–Mar 2014



Source: Savills Research & Consultancy

TABLE 1

Major investment transactions, Apr–Jun 2014

Property	Location	Price	Buyer	Usage
52 Martin Place	Sydney CBD	A$555.0 mil/US$516.2 mil	REST Industry Super	Office
275 Kent Street (50%)	Sydney CBD	A$435.0 mil/US$404.6 mil	Blackstone Real Estate Asia	Office
750 Collins Street	Melbourne Docklands	A$249.5 mil/US$232.0 mil	GPT Wholesale Office Fund	Office
1 Charles Street	Parramatta	A$241.1 mil/US$224.2 mil	Growthpoint Properties Aust	Office
Cnr Grey and Tribune Street (Southpoint)	South Brisbane	A$200.6 mil/US$186.6 mil	Union Investments	Office/retail
2 Southbank Boulevard (50%)	Southbank	A$196.7 mil/US$182.9 mil	GPT Wholesale Office Fund	Office
66 Goulburn Street	Sydney CBD	A$136.0 mil/US$126.5 mil	GDI Property Group	Office
6–10 O'Connell Street	Sydney CBD	A$135.0 mil/US$125.5 mil	Investa Property Group	Office

Source: Savills Research & Consultancy

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After a continuous decrease in demand spanning the past five quarters, the Beijing Grade A office market witnessed a revival in the second quarter of 2014. This was evidenced by net take-up jumping to 87,000 sq m, the highest level over the past two years, totalling 141,000 sq m in the first half of 2014, 2.5 times that of FY2013.

Growing demand stemmed from the active performances of financial, IT and high-tech, media and cultural and particularly e-commerce companies, which took the lion's share of nearly 80% of all recorded transactions. In the meanwhile, domestic companies, currently with stronger affordability, continued to dominate market demand by absorbing 90% of recorded transactions, although demand from their overseas counterparts was fragile.

Despite one new project with a total office GFA of 56,000 sq m being launched in this quarter, Beijing's Grade A office market witnessed both improved occupancy rates and rents. City-wide vacancy rates dropped a further 0.4 of a percentage point quarter-on-quarter (QoQ) to 3.5%, still the lowest level in China. Meanwhile, Grade A rents rose by 1.1% QoQ to RMB314.7 per sq m per month after consecutive declines over the past four quarters, largely a result of landlords' bargaining power being reinforced by growing demand, combined with limited leasable space across the board. Each submarket, except for Lufthansa area, witnessed growing rents this quarter.

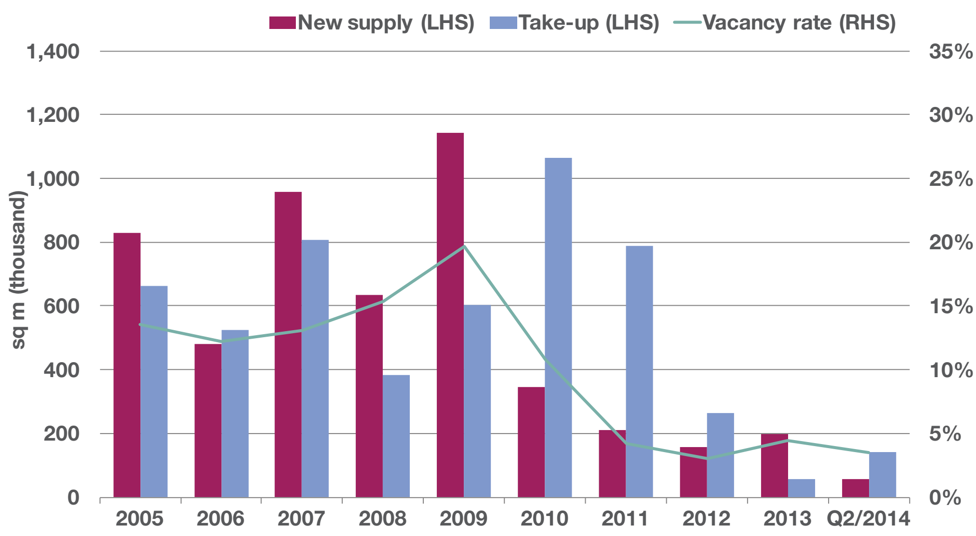
In the second half of 2014, the Grade A office market is expected to see a surge in supply, with six projects scheduled for handover, adding a total leasable office GFA of 428,000 sq m to the market, only half of which will be located in prime business districts such as the CBD, Beijing Finance Street and Zhongguancun. This should ease the undersupply situation the city has witnessed over the past three years. Healthy pre-commitment rates for certain new supply range from 20% to 50%. Consequently, city-wide vacancy rates are expected to witness only a moderate rise to around 5%, still the lowest level in mainland China. Overall rents are expected to remain flat at the current high level until the market witnesses another supply peak after 2015.

Limited investment stock, combined with high rental levels when compared with other cities and a large pool of potential tenants, continued to strengthen landlords' price expectations when disposing assets. As a result, Grade A office capital values appreciated by 1.6% to RMB63,300 per sq m. Despite growing rents, Grade A office gross reversionary yields fell to 5.96% by the end of Q2/2014.

Consequently, Beijing's en-bloc investment market was cold in the first half of 2014. While several domestic and overseas investors actively sought investment opportunities in the area, only one significant deal, Pacific Century Place, was concluded in early Q2/2014 for a total consideration of RMB5.7 billion. Several projects are currently in the negotiation phase but landlords' relatively high expectations for asset value may decelerate closing deals and result in a calm market in the second half of the year.

GRAPH 2

Supply, net take-up and vacancy rate, 2005–Q2/2014



Source: Savills Research & Consultancy

TABLE 2

Major investment transactions, Apr–Jun 2014

Property	Location	Price	Buyer	Usage
Daxing Huangcun plot-DX	Daxing district	RMB4.16 bil/US$675.6 mil	Zhenghao Real Estate	Residential-zoned plot
Mentougou plot	Mentougou district	RMB3.57 bil/US$579.8 mil	SINOHYDRO Real Estate	Residential-zoned plot
Daxing Huangcun plot	Daxing district	RMB3.46 bil/US$561.9 mil	Thaihot	Mixed-use plot
Daxing plot	Daxing district	RMB2.36 bil/US$383.3 mil	Jinke Real Estate	Residential-zoned plot
Fangshan plot	Fangshan district	RMB2.17 bil/US$353.1 mil	CREC	Residential-zoned plot

Source: Savills Research & Consultancy

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Tianjin's land market saw a remarkable increase in transaction volumes in Q2/2014. Fifty-three land plots with a site area of 2.9 million sq m were transacted for a total consideration of RMB28,979 million, double the amount of last quarter. This can largely be attributed to several significant transactions in the city centre, which took up 57.2% of total consideration, but only accounted for 12.8% of the total transacted site area. Land supply increased by 7% quarter-on-quarter to approximately 3.3 million sq m, with nearly half of that concentrated in the fringe areas.

Due to the scarce land resources in the city centre, especially large and high-quality land plots, the 21 recently released plots in the city centre have garnered the most attention from renowned developers. Eight of the 21 plots are located in the "New Badali" area in Hexi district, which boasts easy accessibility and improved facilities. The city government is aiming to make this area into another bustling CBD within the city centre.

Plot 2014-057 (JXD) was acquired by MCC Real Estate Group, a large state-owned real estate enterprise, for a consideration of RMB4.95 billion, at an accommodation value of RMB14,000 per sq m. It is the first time MCC Real Estate Group has appeared on Tianjin's land market. This plot will be developed as a mixed-use plot and will be MCC Real Estate Groups' answer to the Beijing-Tianjin-Hebei integration initiative.

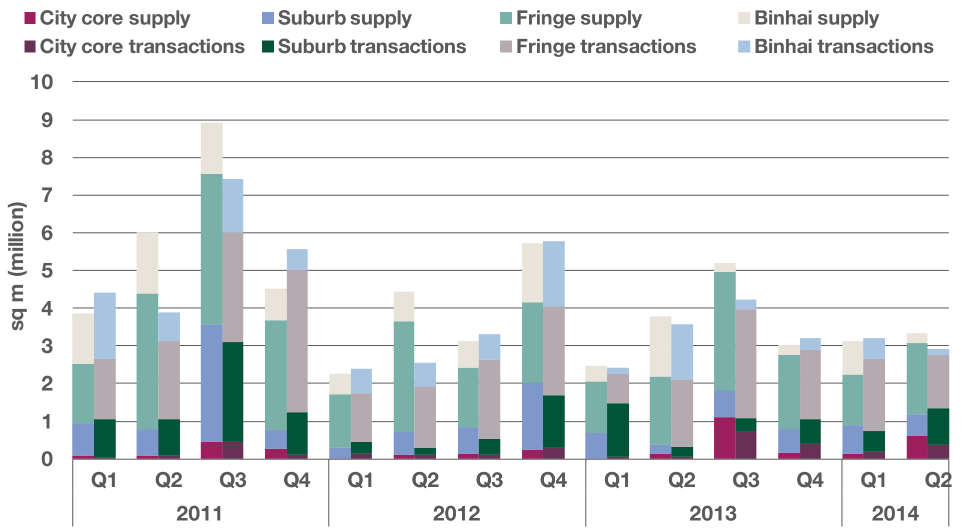
China Overseas Property Co, Ltd bought plot 2014-059 (JXH) for a total consideration of RMB5.04 billion, at an accommodation value of RMB14,504 per sq m, recording new highs in terms of both consideration and accommodation value in 2014. There are plans to include residential, commercial and educational functions. China Overseas Property has a sound business record with regard to previous projects in Tianjin.

From the current transaction deals, the values of "Xinbadali" area will gradually become known. Additionally, according to the new city planning and positioning, the efforts put into the construction of the "Xinbadali" area manifest the movement of the city's core further towards the southeast after Tianjin's municipal government moved its office buildings from Heping to Hexi district. In the foreseeable future, Hexi district – now the political and cultural centre – will start to see more potential and garner more interest from developers and investors. Therefore, despite the development of the "New Badali" area and the construction of the city's cultural centre and surrounding Meijiang areas, regional maturity will be further improved.

Regional planning by Tianjin's municipal government and the strict qualifications set for bidders are conducive to urban construction, but whether developers will create projects fitting for the local climate remains to be seen.

GRAPH 3

Land supply and transaction volumes, Q1/2011–Q2/2014



Source: Savills Research & Consultancy

TABLE 3

Major investment transactions, Apr–Jun 2014

Property	Location	Price	Buyer	Usage
Plot (JHX) 2014-059	Hexi district	RMB5.04 bil/US$806.9 mil	China Overseas Property Co, Ltd	Mixed-use development site
Plot (JHD) 2014-057	Hexi district	RMB4.95 bil/US$792.5 mil	MCC Real Estate Group	Mixed-use development site
Plot (JBF) 2014-052	Hebei district	RMB2.09 bil/US$334.6 mil	Beijing Capital Land (Tianjin) Ltd, Co	Mixed-use development site
Plot (JBD) 2013-051	Baodi district	RMB282.2 mil/US$45.2 mil	China Real Estate Development (Tianjin) Ltd, Co	Residential development site

Source: Savills Research & Consultancy

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Chengdu was recently named the most liveable city on the Chinese mainland by the Asian Development Bank. However, natural beauty and a unique cultural heritage are not just what the city has to offer. Its business values and investment prospects have started being recognised by several corporations and investors.

Chengdu ranked 12th on Forbes' "China's Best Business Cities" 2013 and its composite score has continued to grow over the past five years. This reflects continuing city development.

Considerable transportation capabilities have allowed Chengdu to outperform most cities and it ranked fourth in terms of person throughput. Chengdu now receives 75 international airlines to its airport and major cities around the world can be reached within 15 hours. Regarding railway transportation, Chengdu has opened ten electric multiple units to Shanghai, Nanjing, Hangzhou and other major cities since the beginning of this month.

Although Chengdu is less competitive in terms of spending power and vitality, many investors are still optimistic about its market potential. Taking retail as an example, several prime and luxury brand flagship stores entered Chengdu for the first time in 2013 and 2014, and overall retail sales reached RMB170.32 billion, up 12.9% year-on-year in the first five months of 2014. Chengdu is not only one of the fastest growing retail markets in China, but also in the world.

It is also worth mentioning that Chengdu Municipal Government recently announced 22 policies to stimulate market demand and economic development. The measures that the government has put the most amount of emphasis on include accelerating the implementation of new projects, carrying out clean-ups of land included in construction projects and encouraging first-home buyers through promoting the progress of a housing provident fund. Additionally, emphasis has been put on innovation as an important driver for enterprise and industry development. Chengdu's government has also promised to actively support small and medium enterprises by offering further financial incentives and aid in reducing costs.

These specific measures are expected to optimise the real estate market and the progress of new projects will be fully accelerated, especially in Tianfu New Area and Change North Area. New consumption hot spots will be fostered to further expand the consumer market, which will have a positive influence on the city's economic transformation and industry upgrading.

GRAPH 4

Forbes China's Best Cities for Business in Chengdu, 2009–2013

Source: Forbes China

TABLE 4

Major investment transactions, Apr–Jun 2014

Property	Location	Price	Buyer	Usage
Plot CH08	Chenghua district	RMB2,589 mil/US$414 mil	Yibin Luneng Development Co, Ltd	Mixed-use development site
Plot JN04	Jinniu district	RMB1,780 mil/US$288 mil	Linshi Evergrande Tourism Development Co, Ltd	Mixed-use development site
Plot CH07	Chenghua district	RMB1,222 mil/US$196 mil	Sichuan BRC Hejun Property Co, Ltd	Mixed-use development site

Source: Savills Research & Consultancy

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The first two quarters of 2014 have seen the domestic market showing consistent month-on-month declines in both transaction volumes and housing prices throughout several key cities. Several investors, and institutional and economic analysts have speculated that the China residential real estate market bubble is poised to burst. The National Bureau of Statistics announced on 13 June that investment in real estate development reached RMB3,073.9 billion between January and May 2014, representing a CAGR of 14.7% year-on-year (YoY), but 1.7 percentage points below the YoY growth between January and April 2014.

Domestic regulatory restrictions and concerns that the Chinese property market is overheating have spurred many companies to venture overseas. Contradicting the slowing domestic real estate sector, international expansion is becoming more frequent for Chinese developers. Q1/2014 saw outbound property investment by Chinese institutions rise 25% YoY to US$2.1 billion. According to the latest figures, some of which are incomplete, a total of over RMB6 million has been invested in 1H/2014 by developers including Greenland, Wanda, Country Garden, Agile, Macrolink, Fosun and Kai Yuan Holdings.

This trend is likely to continue, as three market leaders, Greenland, China Vanke and Country Garden, have already announced overseas investment plans totalling around US$9 billion. Some real estate companies even intend to allocate almost one-third of their total investments abroad in the future.

Many Chinese developers are looking to diversify their portfolios, because most key players have basically completed their business layout nationwide.

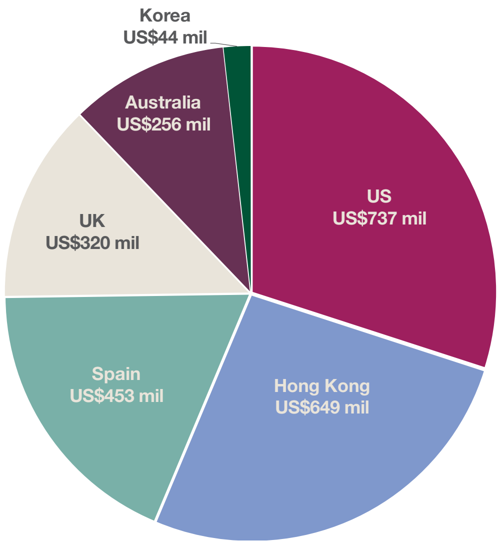
Additionally, a rising number of Chinese migrants, students and investors indicate potential profitability for Chinese developers. Zhang Yuliang, chairman of Greenland Group, stated, "We favour places where there are Chinese investors, migrants, tourists and students, which would help secure the project's sales and operations."

Moreover, direct outbound investment would allow these companies to tap into money abroad at a lower cost. Interest rates for five-year bond abroad could be as low as 2.755%, while the current borrowing cost in China ranges from 7% to 10%.

The frequency of these types of investment is expected to double by the end of 2014.

GRAPH 5

Destinations of Chinese cross-border investment, 2005–Q1/2014



Source: RCA, Savills Research & Consultancy

TABLE 5

Major investment transactions, Apr–Jun 2014

Property	Location	Price	Buyer	Usage
Zhongshan Daxin Xinhe Commercial Investment Co Ltd	Panyu district	RMB34.4 mil/US$5.2 mil	Zhongshan Daxin Xinhe Commercial Investment Co Ltd	Retail
Poly Zhongjing Mansion (20/F)	Zhujian New Town	RMB84.5 mil/US$13.5 mil	Wan Hai Lines Ltd	Commercial
R&F Yingyao Plaza	Zhujian New Town	RMB4,100 mil/US$659 mill (est)	Unknown	Commercial
Haida Building and underground parking	Panyu district	RMB169 mil/US$27 mil	Haida Group	Commercial and parking
Seven units in the retail podium of Starry Winking project	Zhujian New Town	RMB715 mil/US$115 mil	Sinochem Group	Retail

Source: Savills Research & Consultancy

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There are currently 407 urban renewal projects in the urban renovation scheme in Shenzhen, totalling around 350,000 sq m. In recent years, the annual supply of urban renewal land fell while the actual implementation rate of projects has continued to rise, steadying the renewal schedule.

This year already has seen Shenzhen's government release 29 projects, of which the number of industrial projects has increased significantly. The market saw a substantial decline in the number of residential land plots released compared with the last two years. This can be attributed to the large amount of supply in Shenzhen's residential market forcing the government to transfer land to industrial use.

Several big urban renewal projects in Shenzhen, including the Da Chong, Yitian Mutoulong and Tian'an Yungu projects, are expected to be developed into mixed-use projects. However, considering an existing overflow of supply in both the commercial and residential real estate markets, and an expected surge in supply of office space in the near future, sales of these new complexes may be more challenging than before. According to the government, 1.5 million sq m to 1.8 million sq m of new affordable housing will be launched in 2015 and the renovation of all urban villages will be completed. Since supply may continue to exceed demand, prices are expected to remain stable or even decline under the strict policy control.

In June 2014, Shenzhen's new urban renewal scheme was circulated and included the following specifications:

1. The amount of residential and industrial land with clear ownership in a specific area has a direct impact on whether redevelopment can be initiated. In the past, the amount of this type of land needed to apply for redevelopment had to be higher than 70% of total stock in the area. The new regulations dictate that residential land need only be 60% and industrial 50%.

2. The minimum number of years set for old residential, industrial and commercial areas before applications of demolition and reconstruction can be applied for. This is in order to ensure the full utilisation of existing buildings and to prevent excessive redevelopment.

3. Regarding urban renewal projects, developers can pay the designated land price in instalments, free of interest.

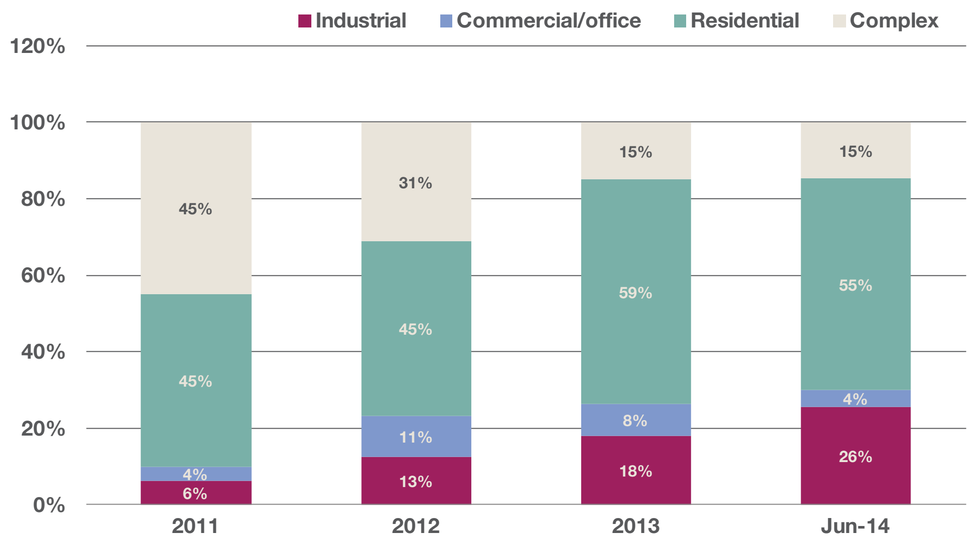
4. Completed small plots, between 3,000 sq m and 10,000 sq m, can apply for urban renewal on the condition that all owners agree. Additionally, around 30% of the independent land area should be transferred back to the government.

5. Demolition and reconstruction are, in principle, not allowed to be transformed into logistics and warehousing projects.

Shenzhen has not only improved the utilisation of the land by urban renewal schemes, but is also leading by example for other cities. However, in order to balance city development, the interests of developers and market demand, the government needs to control the amount of supply and begin to stimulate demand.

GRAPH 6

Urban renewal project land area by use, 2011–Jun 2014



Source: Shenzhen Statistics Bureau, Savills Research & Consultancy

TABLE 6

Major investment transactions, Apr–Jun 2014

Property	Location	Price	Buyer	Usage
A001-0198	Baoan Central Area	RMB402 mil/US$64.5 mil	Foresea Life Insurance	Commercial
Shenzhen 2014-5	Minzhi Subdistrict	RMB281 mil/US$45.1 mil	Shenzhen Rongtongxin	Commercial
Shenzhen Tian An International Building	3012 Renmin South Road	RMB201 mil/US$32.2 mil	Shenzhen Honghaiwan Property Management	Office

Source: Savills Research & Consultancy

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Whether you believe the Chinese residential market is crashing or just taking a breather, one thing is true: the market is coming off the boil once again. Transaction volumes in first- and second-tier cities are down roughly 35% and 30% year-on-year respectively. At the same time, the most recent National Development and Reform Commission press release tracking 70 cities' residential price movements in China indicates that 50% of those monitored are seeing price decreases in May.

The residential market is suffering from a combination of factors at the moment:

- Government policies designed to restrict speculative property investments but distort market conditions;
- Tighter credit availability to developers as the government clamps down on the shadow banking sectors;
- Imbalance in supply and demand in lower tier cities, where urbanisation has had less of an impact on demand than was previously expected and local governments were too aggressive in selling land to generate land sales revenues, jobs and fixed asset investment;
- Deteriorating affordability in higher tier cities; and
- Slowing economic growth.

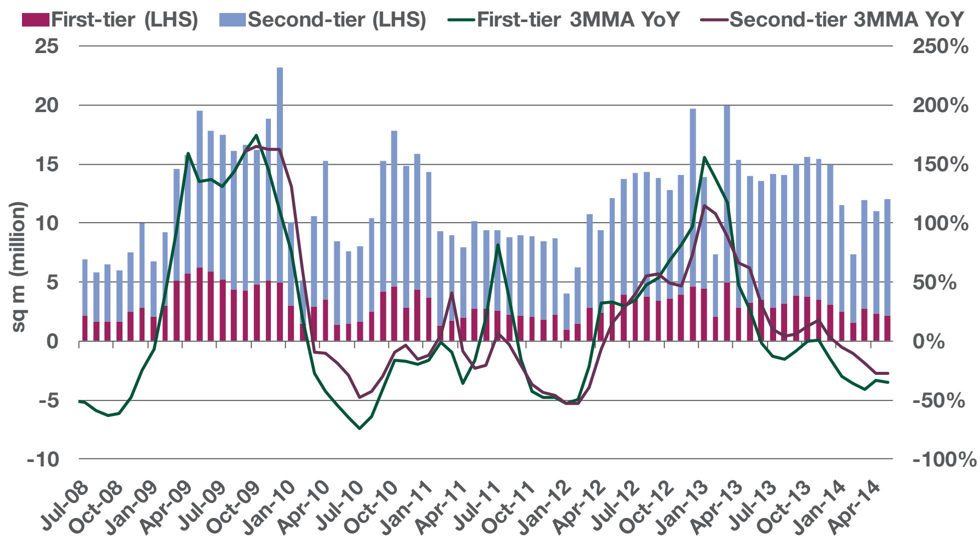
As with the defaults of trust products, many observers are viewing this current slowdown as another wake up call for the property market, where developers, investors and home buyers are reassessing and re-pricing the risks and benefits of investing in the Chinese real estate market.

The size and diversity of the Chinese market are such that there are always opportunities present, depending upon your perspective and appetite. Many currently view the first-tier cities as the best bet. These cities are typically more mature/established and have benefited greatly from urbanisation; they have also been less aggressive in land sales thanks to the fact that local government revenue streams are relatively diversified. At the same time, cities such as Shanghai soak up not only talent from the rest of China but also wealth, in the same way that markets like London and New York attract international wealth and talent.

The central government, concerned about exacerbating the current imbalances within the real estate market, has largely stayed on the sidelines, giving the market the chance to assess the situation. Understanding that certain markets are in a worse state than others, there is the sense that the central government is allowing local governments to play a bigger part in deciding local policy as long as it is keeping with the general directives for the nation as a whole. In the last week of the second quarter, Hohhot, the capital of Inner Mongolia, officially relaxed the curbs on the purchases of commodity housing. Given that many other cities also suffer from high housing inventory, it is unlikely that Hohhot will be the only city to do so in the future.

In previous slowdowns in the Chinese property market, the central government has resuscitated the market in order to ensure hitting the GDP growth targets it had set for itself. This time, the government does not seem as worried about hitting growth targets, instead looking to engineer a soft, rather than hard, landing to what has been the biggest bull run in the history of the global real estate market.

GRAPH 7
First-hand transaction volumes, Jul 2008–May 2014



Source: China Real Estate Information Corp, Savills Research & Consultancy
First-tier: Beijing, Shanghai, Guangzhou, Shenzhen
Second-tier: Chengdu, Dalian, Hangzhou, Ningbo, Nanjing, Qingdao, Suzhou, Shenyang, Tianjin, Wuhan, Wuxi, Xi'an

TABLE 7
Major investment transactions, Apr–Jun 2014

Property	Location	Price	Buyer	Usage
Greenland Centre 2	Xuhui	RMB4,403 mil/US$708 mil	Ping An Trust	Office
Tingho Wuzhong Road Project	Minhang	RMB2,483 mil/US$399 mil	Tingyi Holdings	Commercial development site
Rui Jin Building	Luwan	RMB1,653 mil/US$266 mil	BM Holdings	Office
Poly International Centre (10/F–17/F)	Pudong	RMB1,588 mil/US$255 mil	Bank of Tailong	Office

Source: Savills Research & Consultancy

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Warehousing has probably never been the most sought-after of the property sectors and talk of rack space and pallets usually induces glassy-eyed boredom in all but the most involved participants. This is all about to change. The forces currently acting on this long-overlooked real estate use are transforming, and the cannier investors have already recognised this. As any student of the science will tell you, distribution logistics comes about because the time, place and quantity of production varies from the time, place and quantity of consumption.

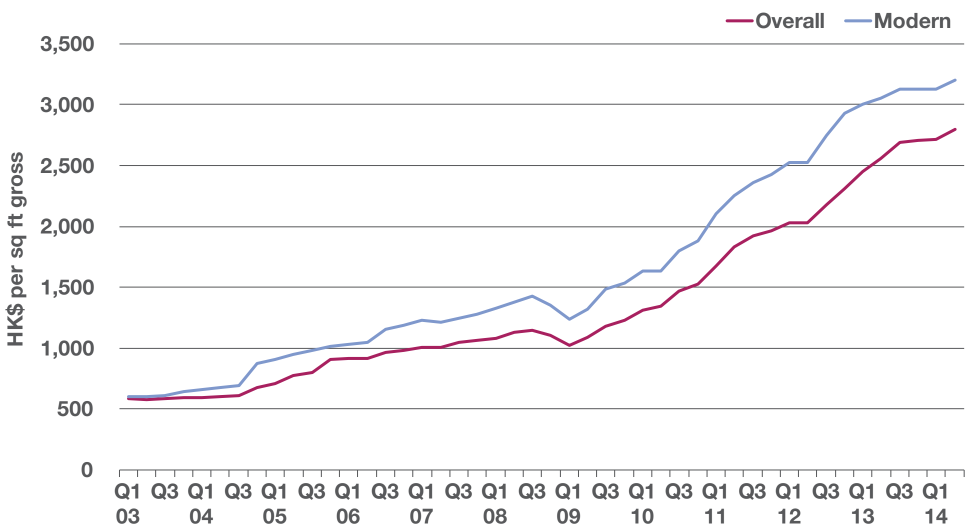
What is changing is the nature of that consumption as the internet alters the traditional relationship between the consumer and the retailer and the retailer and the distributor. The traditional tasks of order processing, warehousing and transportation have therefore taken on a new dimension as fewer goods are shipped to wholesalers and retailers and more are sent directly to homes and offices. Warehouses are now 'rapid flow-through (or high-velocity) distribution centres' offering a much wider variety of value-added services, miles from the traditional 'storage facility' of the past. Demand is now for modern warehouses and our traditional godowns in many cases no longer fit the bill. Enter the funds.

From 2003 to today, the value of modern warehousing in Hong Kong has risen by 440% with prices now averaging HK$3,200 per sq ft compared with a rise in traditional godown values of 400%. The importance of an unprecedented retail boom, which has seen retail sales rise by 186% over the same period, has provided much of the impetus for this growth but other factors such as Hong Kong's improving transport infrastructure has also boosted the sector as road, rail, sea, river and air links multiply. The shortage of zoned land and the lack of a mechanism which would make the development of redundant buildings commercially viable have also done their bit to accelerate the rise in values. In fairness, the first issue is being addressed with new areas set aside in the northwest New Territories, such as the Hung Shui Kiu Development Area near the Shenzhen Western Corridor, which could provide around 62 ha of land with an estimated plot ratio of 5.

Construction could start as early as 2019. Individual logistics related sites have also been identified and four have already been tendered in Kwai Chung/Tsing Yi. Elsewhere, two sites in Tuen Mun West have been earmarked for logistics use with a total of 2.5 million sq ft of potential space and an estimated completion in 2019. The prospects for the sector remain bright.

GRAPH 8

Modern and overall warehouse price indices, Q1/2003–Q2/2014



Source: Savills Research & Consultancy

TABLE 8

Major investment transactions, Apr–Jun 2014

Property	Location	Price	Buyer	Usage
East Tower, One Bay East	Kwun Tong	HK$5,425 mil/US$700 mil	Citibank	Office
Shopping mall, G/F–2/F, Legend Tower	Kwun Tong	HK$1,008 mil/US$130 mil	TBC	Retail
Central Textiles Factory	Tsuen Wan	HK$1,000 mil/US$129 mil	Goodman	Industrial
Fook Yee Building	Wanchai	HK$809 mil/US$104 mil	Family fund	Residential
Retail portion, Centrestage	Sheung Wan	HK$668 mil/US$86 mil	Kook Wah Mirrors	Retail

Source: Savills Research & Consultancy

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A mismatch between the growing volume of capital waiting to be deployed and limited opportunities to buy continued to place downward pressure on property cap rates in the second quarter of 2014. While some distressed and value-add plays remain accessible, opportunistic-type returns are becoming ever harder to source. As a result, investment activity is increasingly focusing on the core and core-plus segment of the market.

Transactions were largely range-bound in the small- to mid-size band, with the consideration 'sweet spot' of most institutional investors falling between JPY5 billion and JPY15 billion. Unlike the quarter that preceded it, Q2 did not see a string of landmark transactions completed. However, several deals are worthy of note, both for their size and buyer type.

Illustrating the continued ability of J-REITs to tap the public markets for new acquisitions, the listing of Invesco Office J-REIT (IOJ) on 5 June marked Japan's third REIT IPO this year. IOJ's initial portfolio comprises five large-scale office buildings worth JPY78.6 billion (US$764 million), including Ebisu Prime Square in Tokyo's Shibuya Ward. Co-ownership in the office-led asset was acquired from a special purpose company affiliated with Tokyu Land and other investors for approximately JPY25 billion (US$243 million), reflecting an NOI cap rate of 4.5%.

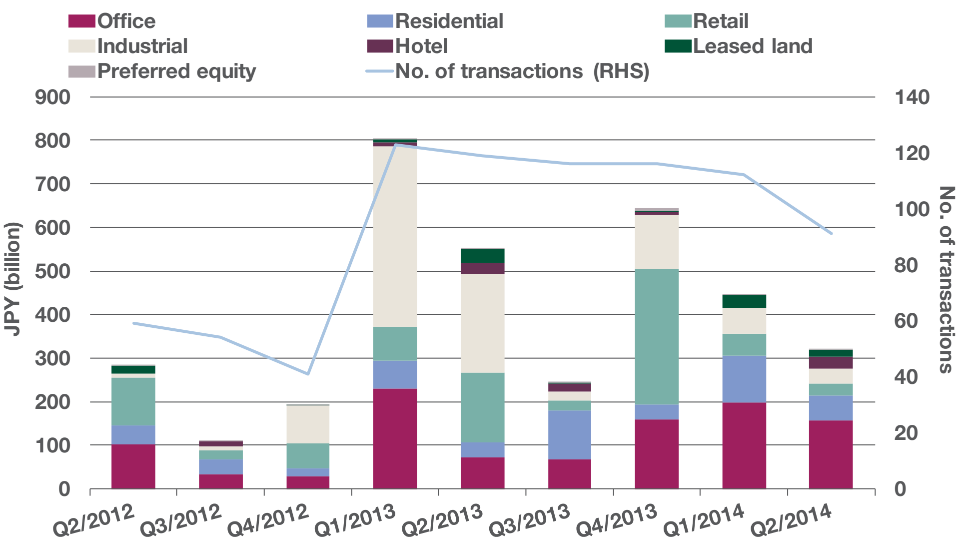
Another large office transaction saw South Korea's LG Holdings purchase sectional ownership of four floors in the newly-completed Kyobashi Trust Tower in Chuo Ward for owner-occupation. While the transaction price is undisclosed, given the location and age of the building, the acquisition cap rate is expected to fall at the low end of the market spectrum.

Reflective of growing interest in quality retail assets, another international player, LaSalle Investment Management, acquired Malera Gifu, a suburban shopping centre in Motosu City, Gifu Prefecture. The seller is a special purpose company of BlackRock and the reported transaction price is around JPY21 billion (US$204 million). German fund manager Union Investment also marked its return to the Japanese market with its acquisition of J6 Front, a retail and office building in Shibuya Ward. The deal had a price tag of approximately JPY17.6 billion (US$171 million) and was the company's first in Japan since 2008.

The largest residential acquisition of the quarter was conducted by Orix JREIT. In a related-party trade, the listed REIT purchased West Park Tower Ikebukuro in Toshima Ward for JPY20.5 billion (US$199.4 million). The purchase price equates to a cap rate of 4.8% based on projected NOI.

GRAPH 9

J-REIT property acquisitions by sector, Q1/2012–Q2/2014



Source: J-REITs, Savills Research & Consultancy

TABLE 9

Major investment transactions, Apr–Jun 2014

Property	Location	Price	Buyer	Usage
Ebisu Prime Square	Hiroo, Shibuya Ward, Tokyo	JPY25.0 bil/US$243.3 mil	Invesco Office J-REIT	Office
Kyobashi Trust Tower (12/F–15/F)	Kyobashi, Chuo Ward, Tokyo	Undisclosed	LG Holdings Japan	Office
Malera Gifu	Motosu City, Gifu	JPY21.0 bil/US$204.2 mil	LaSalle Investment Management	Retail
West Park Tower Ikebukuro	Nishi-ikebukuro, Toshima Ward, Tokyo	JPY20.5 bil/US$199.4 mil	ORIX JREIT	Residential
J6 Front	Jingumae, Shibuya Ward, Tokyo	JPY17.6 bil/US$171.4 mil	Union Investment (Unilmmo: Europa)	Retail/office

Source: Savills Research & Consultancy

Malaysia

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Malaysia has become a foreign direct investment (FDI) hub in Asia, recording a total FDI of RM38.8 billion in 2013, seventh in the top recipients of FDI in Asia, according to the United Nations Conference on Trade and Development's World Investment Report 2014.

Malaysia's FDI recorded growth of about 25% in 2013 from RM31.1 billion in 2012. However, in the current challenging economic environment, FDI in the first quarter of 2014 fell by 22% compared with the same quarter of last year, from RM9 billion and RM11.4 billion in Q1/2013 and Q4/2013 respectively to RM7 billion. Nevertheless, the International Trade and Industry Minister expects FDI to reach RM40 billion at the end of 2014.

In July 2014, Bank Negara increased the Overnight Policy Rate from 3.00% to 3.25%, while on 1 April 2015, the Goods and Services Tax (GST) at 6% will replace the Sales and Services Tax. GST is a consumption tax based on a value-added concept, and the implementation of this system may influence current and future FDI in Malaysia's property sector.

Notable overseas investments include the township development, Bandar Sri Sendayan in Seremban, which attracted RM2.1 billion in 2013 due to promotions by the Malaysian Investment Development Authority (MIDA) of Sendayan Tech Valley. To date, there are four overseas investors from Japan within the Sendayan area and one each from China and Germany.

MIDA aims to attract more investments to the country's oil & gas (O&G) sector to bring Malaysia into the Asia Pacific Oil & Gas hub by 2017 under the Economic Transformation Program. One big step in creating a more dynamic and progressive O&G industry in Malaysia is the Pengerang Integrated Petroleum Complex, which is expected to be a RM69 billion project.

Another major project is the integrated Lobster Aquaculture Park in Semporna Sabah. Darden Restaurants Inc, a Fortune 500 company, made an investment of RM1 billion through a joint venture of its subsidiary, Darden Aquasciences Sdn Bhd with two Malaysian companies, Ever Nexus Sustainable Seafood SdnBhd and Inno Fisheries SdnBhd, a subsidiary of Yayasan Sabah Group.

Overall, the government has been proactive in attracting more FDI into the country and there are several overseas investors waiting to enter the Malaysian markets.

GRAPH 10
Net foreign direct investment, 2002–Q1/2014

Source: Bank Negara Malaysia, Savills Rahim & Co Research

TABLE 10
Major investment transactions, Apr–Jun 2014

Property	Location	Price	Buyer	Usage
Foundry and machine shop in Sendayan Tech Valley	Negeri Sembilan	RM350 mil/US$110 mil	WEIR Group Plc (Scotland)	Industrial
New manufacturing facility in Sendayan Tech Valley	Negeri Sembilan	RM140 mil/US$44 mil	Schmidt+Clemens (Germany)	Industrial
547 ha of land in Johor for township project, Bandar Meridin East	Johor	RM401 mil/US$126 mil	Mah Sing Group Bhd	Property development site
New ready-mixed concrete batching plant in Kuala Lumpur	Kuala Lumpur	RM20 mil/US$6.3 mil	ReserveLafarge Malaysia Bhd, a listed unit of the French cement maker	Industrial

Source: Savills Rahim & Co Research

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The first half of the year ended in a showdown between local players with substantial investment agendas. Despite a slight slowing in economic growth, from 6.3% in Q4/2013 to 5.7% in Q1/2014, major players launched several multibillion dollar expansion programmes throughout the country, helping to maintain the bullish outlook and boost positive sentiment in the country's property markets.

The recent good form has also raised some issues of an overheated property market. However, several key indicators still suggest a robust expansion; inflation is on target while the peso remains stable, which has led to the central bank's decision to keep interest rates unchanged. Moreover, as a macro-prudential measure, the central bank has ordered stress tests to ensure the banking industry's healthy exposure to real estate lending and to manage credit risk.

Besides launching new projects, local developers also executed some major transactions. One of the busiest players was Double Dragon, which acquired three commercial properties and is currently in talks for a residential development to execute the ambitious expansion plan.

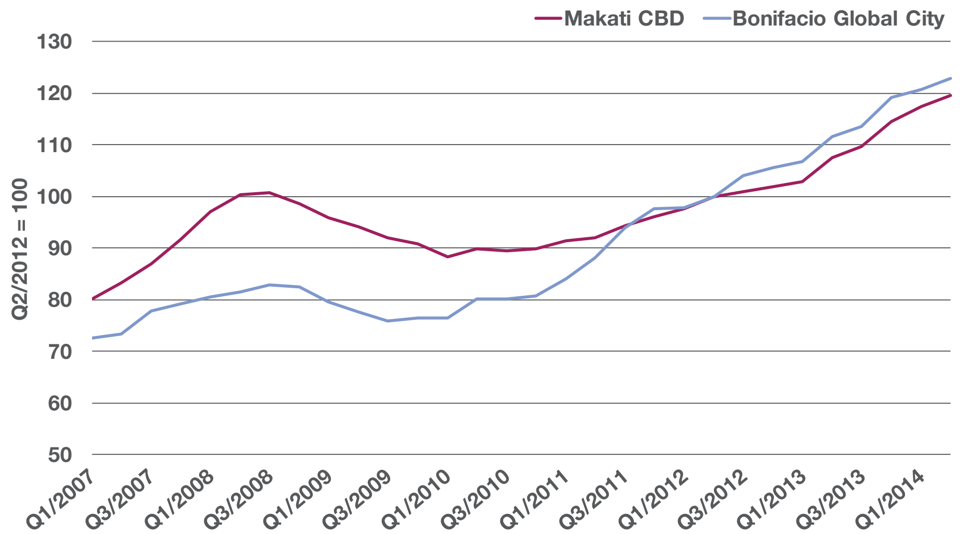
While overseas equity restrictions continue to pose a challenge for overseas property investments, international investors were relatively busy in the previous quarter as several joint ventures were disclosed. International demand is still concentrated in the capital region, led by Asia-based investors who are by far the most active overseas players. The biggest property related transaction was completed by Singapore state-owned wealth fund GIC with an US$84 million deal for a minority stake of 14.4% in a local group which owns eight top hospitals in the country.

Supported by growing tourism, the hotel sector remains attractive for overseas investments. Recently, Shang Group bought out Alphaland's 20% stake in the Shangri-La Hotel in Bonifacio Global City for US$38 million, which will ensure the group's presence in the three most important business districts of the country, once completed in early 2015. Meanwhile, Anchor Land and Accor Group teamed up to redevelop an historic property in old Manila into a five-star boutique hotel. A similar arrangement was tied up with local giant Ayala Land and Mandarin Oriental Hotel Group which extended the current partnership, including a development of a new luxury hotel when the old one closes its doors in Makati Central Business District.

As for residential assets, Phoenix Property Investors entered into a venture with Century Properties to partly finance a 100,000-sq m mixed-use property through a US$30 million loan in rapidly rising Century City in Makati. This signals the attractiveness of the local residential market due to favourable demographics, rapid urbanisation and a growing middle class. Nevertheless, some pressure exists for residential investors as supply is expected to peak in the coming years.

GRAPH 11

Premium and Grade A office price indices, Q1/2007–Q2/2014



Source: KMC MAG Group, Savills Research & Consultancy

TABLE 11

Major investment transactions, Apr–Jun 2014

Property	Location	Price	Buyer	Usage
Shangri-La at the Fort (20% stake)	Bonifacio Global City, Taguig City	PHP1,687 bil/US$37.9 mil	Shang Properties Inc (20%, now owns 100%)	Hotel (under construction)
Century Spire	Kalayaan Avenue, Makati	PHP1,312 bil/US$30 mil	Phoenix Property Investors (part interest)	Mixed-use development site
Eastwood expansion	Eastwood, Quezon City	N/A	Megaworld Corporation	Mixed-use development site
The Meridian Park	EDSA, Pasay	N/A	Double Dragon Properties (70%)	Mixed-use development site
Grand City Mall	N. Bacalso Avenue, Cebu	N/A	JV between Double Dragon Properties and SM Investment Corporation	Retail development site
Former Benisons Shopping Center	Recto Avenue, Manila	N/A	Double Dragon Properties	Mixed-use development site

Source: KMC MAG Group, Savills Research & Consultancy

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Around S$4.61 billion worth of investment sales was recorded for the second quarter of 2014, up 16.8% quarter-on-quarter (QoQ).

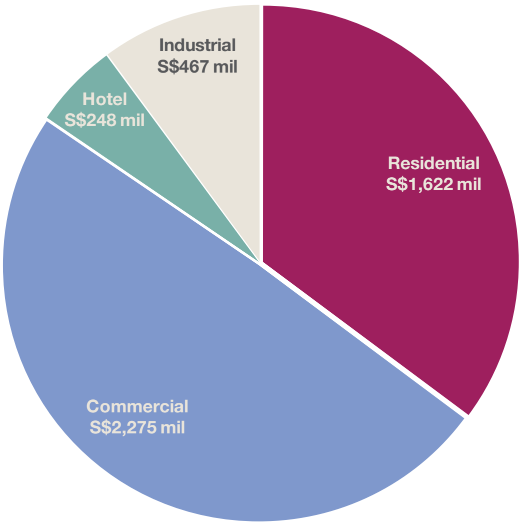
In Q2, the public sector contributed 44.0% of the transaction value or S$2.03 billion. Thirteen state land parcels were awarded under the Government Land Sales (GLS) programme, including four residential sites, eight industrial sites and one commercial site. As we expected, amid sluggish new home sales, developers have become prudent in their state land tenders. For example, the bid of S$821 per sq ft per plot ratio (psf ppr) by UOL and Kheng Leong for the site at Prince Charles Crescent (Parcel B) was almost 15% lower than the S$960 psf ppr achieved for the neighbouring Parcel A which closed in September 2012. The offers for two adjacent executive condominium plots at Yishun Street 51 are at the lower end of market expectations, although the number of bids received is considered healthy (six for Parcel A and eight for Parcel B).

The private sector totalled S$2.58 billion, representing an increase of 58.0% QoQ. It accounted for 56.0% of Q2's total investment sales. The commercial segment, especially the office property market, is one of the few highlights in Q2/2014 with the investment value surging to S$2.27 billion. The substantial increase was mainly contributed by a few large deals such as Equity Plaza (S$550.0 million), a 92.8% stake in Prudential Tower (S$512.0 million), Changi City Point (S$305.0 million) and Cecil House (S$110.0 million).

Capital is plentiful in the market; however, in the last few quarters, due to the slate of cooling measures targeting the residential sector, investors have turned their interests to commercial properties. Most prefer investments that can generate an immediate cash-flow return rather than developing land parcels. They could be doing this to avoid development-related risks. Existing income-generating office buildings, such as Equity Plaza, Prudential Tower and Cecil House, meet their investment criteria. Given the increase in the number of transactions for old office properties in the CBD, this is expected to continue in the near future.

GRAPH 12

Investment sales transaction volumes by property type, Q2/2014



Source: Savills Research & Consultancy

TABLE 12

Major investment transactions, Apr–Jun 2014

Property	Location	Price	Buyer	Usage
Government land	Woodlands Avenue 5/Woodlands Square	S$634.0 mil/US$510.5 mil	Far East Civil Engineering (Pte) Limited, Tannery Holdings Pte Ltd and Sekisui House, Ltd	Commercial
Equity Plaza	Cecil Street	S$550.0 mil/US$442.9 mil	Plaza Ventures Pte Ltd, a consortium of GSH Corporation, Vibrant DB2 Pte Ltd and TYJ Group Pte Ltd	Commercial
Government land	Sims Drive	S$530.9 mil/US$425.4 mil	First Changi Development Pte Ltd	Residential
Prudential Tower (92.8% stake)	Cecil Street	S$512.0 mil/US$412.3 mil	Epic Land, a consortium of Lian Beng Group, KSH Holdings, KOP and Centurion Global	Commercial
Government land	Prince Charles Crescent (Parcel B)	S$463.1 mil/US$371.0 mil	UOL Venture Investments Pte, Ltd and Kheng Leong Company (Private) Limited	Residential

Source: Savills Research & Consultancy

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In Q2/2014, a total of eight properties changed hands for a combined transaction amount of KRW1,067 billion, greater than the total transaction volume posted in Q1 (KRW710 billion). The cap rate of prime office buildings remained in the low 5% range, showing no significant change from Q1.

Cigna Tower was purchased by Lina Life Insurance for KRW242 billion (KRW19.52 million per 3.3058 sq m). However, considering the financial costs and the rents paid up until the date of the contract signing, the actual purchase price is estimated to be more than KRW20 million per 3.3058 sq m. Lina Life Insurance has integrated its headquarters and TM centres and relocated them to Cigna Tower, which will be fully owner occupied.

Shinhan BNPP Asset Management sold Central Place and The O Center in Jungnim-dong to KB Asset Management through a block deal. As The O Center is a strata-title building, only the office section owned by Shinhan BNPP Asset Management (55%) changed hands. Central Place fetched KRW14.34 million per 3.3058 sq m with a cap rate in the low 6% range, while The O Center was sold for KRW11.53 million per 3.3058 sq m with a cap rate in the mid-7% range.

Sisun Baroseum Building III in GBD was sold by Doosan Heavy Industries and Construction to M Plus Asset Management with a sale and lease back clause. The building fetched KRW168 billion (KRW20.4 million per 3.3058 sq m) and of the total transaction amount, KRW159 billion will be spent to pay back the PF loan.

KTB Asset Management acquired Mirae Asset Life Insurance Building in YBD from Mirae Asset Life Insurance for KRW93.5 billion. It is reported that KTB Asset Management will utilise the current parking area to construct a larger office building.

Standard Chartered Bank IT Center in Jamsil was purchased by Hyundai Asset Management and will be redeveloped into an office building.

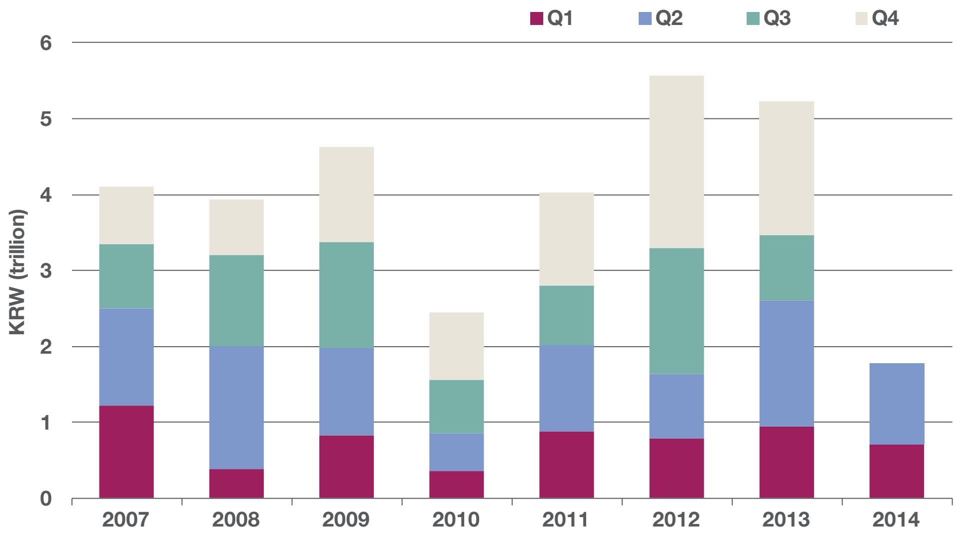
Hanjin Heavy Industries & Construction sold their HQ building in the CBD and R&D centre in Busan to Vestas AMC in a sale and lease back deal. With the disposal of these two assets, Hanjin Heavy Industries & Construction will improve their financial liquidity.

For an Urban Renewal Project in Dongjadong District 8, which is currently under development, KB Asset Management has signed a sale and purchase agreement and the deal will be concluded when the building is completed in 1H/2015. Gaw Capital is the actual investor.

While the yield of five-year government bonds averaged in the 3% range, the cap rate of prime office buildings is estimated to be in the low 5% range and the spread between five-year government bonds and prime office cap rates was 200 basis points, remaining similar to the level of the previous quarter.

GRAPH 13

Investment transaction volumes, Q1/2007–Q2/2014



Source: Savills Research & Consultancy

TABLE 13

Major investment transactions, Apr–Jun 2014

Property	Location	Price	Buyer	Usage
Cigna Tower	CBD	KRW242.0 bil/US$234.9 mil	LINA Life	Office
Central Place	Others (Jungnim)	KRW148.0 bil/US$143.6 mil	KB Asset Management	Office
The O Center	Others (Jungnim)	KRW64.8 bil/US$62.9 mil	KB Asset Management	Office
Sisun Baroseum Building III	GBD	KRW168.0 bil/US$163.0 mil	M Plus Asset Management	Office
Standard Chartered Bank IT Center	Others (Jamsil)	KRW200.8 bil/US$194.9 mil	Hyundai Asset Management	Office
Hanjin Heavy Industries & Construction company building and R&D centre	Others (Yongsan) and Busan	KRW149.7 bil/US$145.3 mil	Vestas Investment Management	Office, R&D centre

Source: Savills Research & Consultancy

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Supported by a few large transactions concluded in Q2/2014, the investment market temporarily rid itself of negative sentiment, with total investment sales increasing by 44% year-on-year and 238% quarter-on-quarter to NT$27.6 billion. Around 54.2% of the total investment amount was contributed by the largest two transactions, which were made by an overseas fund and a local insurance company respectively.

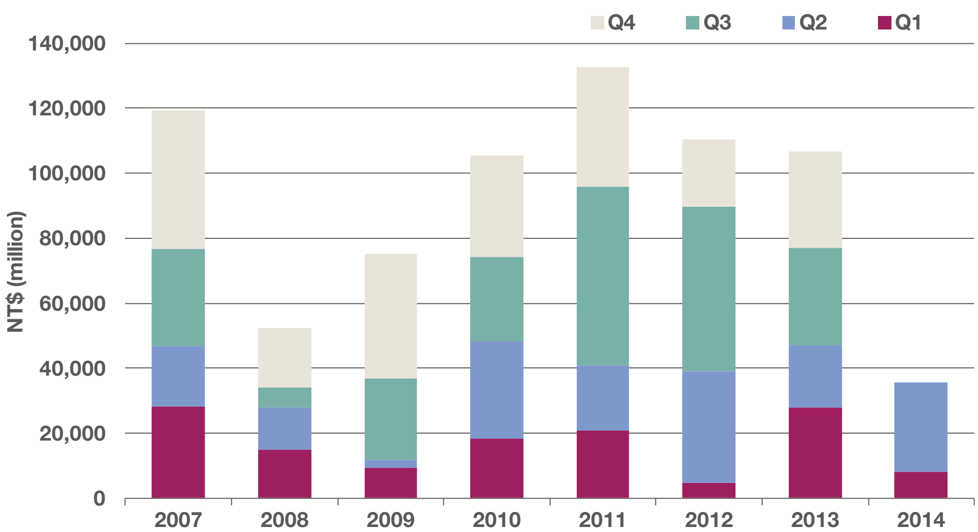
After acquiring a land site in Taipei Train Station area for NT$2.48 billion last year, Alpha Investment Partners Limited – a Singaporean fund active over the past two years – acquired an office building next to the newly launched Mandarin Oriental Taipei Hotel for NT$11 billion, equating to NT$1.5 million per ping. This acquisition was the largest investment deal made by an overseas fund and the third largest transaction in Taiwan's commercial property market to date. Due to the excellent location, this empty office building could be converted into a hotel or redeveloped into a high-end residential project. However, this type of investment opportunity is rare in the market. The limited supply in prime city areas and relatively low rental yields compared with competitor Asian cities, ranging between 2.1% and 2.3% for an office in Taipei City, made Taiwan's market less attractive to overseas investors.

Regarding the second largest transaction this quarter, Homax Equity Limited sold neoWEST Department Store to Mercuries Life Insurance for NT$3.95 billion, a 30% increase on the resale price within three years. This retail property is located in Ximenting area, the most popular tourist attraction for Asian travellers, and benefits from the recent Chinese tourist boom. Aside from investments, the moderate recovery in exports generated factory expansion demand from technology companies, which accounted for 20% of total investment volumes this quarter and mainly focused on factories or industrial offices in northern Taiwan.

In contrast to a slight rebound in the commercial property market, the residential market remained slow this year due to stricter market cooling measures announced by the government. Unlike the previous policies, which focused on preventing frequent transactions and speculation, the new measures aim to increase capital gains tax and holding costs in order to reduce interest in residential properties as a long-term investment tool. Although the policies have successfully reduced the number of property transactions by 40% in two years, there has yet to be an effect on prices. Going forward, we expect residential prices in second-tier areas to witness corrections for the rest of the year, due to falling activity levels.

GRAPH 14

Commercial real estate transaction volumes, Q1/2007–Q2/2014



Source: Savills Research & Consultancy

TABLE 14

Major investment transactions, Apr–Jun 2014

Property	Location	Price	Buyer	Usage
Ching-Cheng Building	Songshan district, Taipei City	NT$11 bil/US$367 mil	Alpha Investment Partners Limited	Office
neoWest	Wanhua district, Taipei City	NT$3.95 bil/US$132 mil	Mercuries Life Insurance	Retail
Synpac-Kingdom Pharmaceutical Factory	Tucheng district, New Taipei City	NT$2.9 bil/US$97 mil	Da Cin Construction	Factory
Teco Wugu Factory	Wugu district, New Taipei City	NT$1.23 bil/US$41 mil	Unity Opto Technology	Industrial/ office

Source: Savills Research & Consultancy

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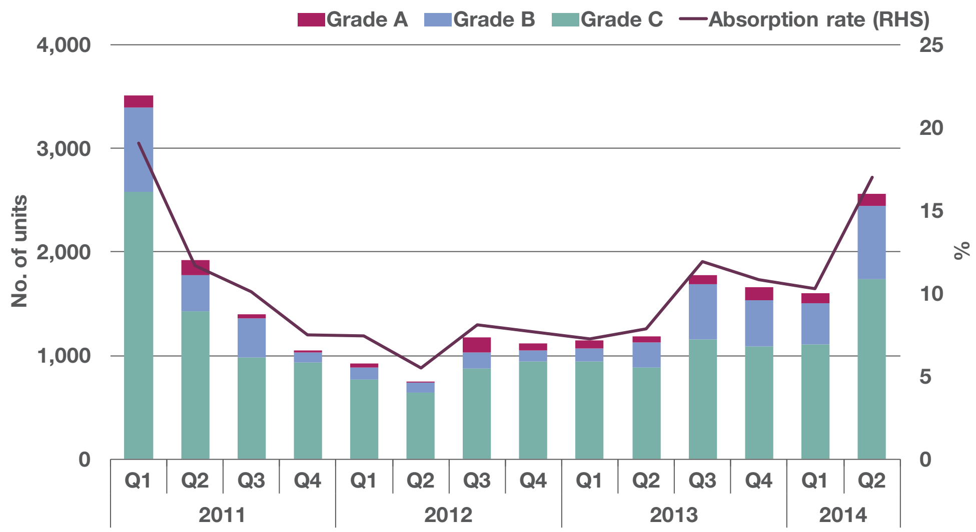
In Q2/2014, residential investments continued to dominate transactions despite oversupply and unabsorbed inventory. In May, the Korean joint venture, the National Housing Organisation, announced that they had invested approximately US$1 billion in major cities for the development of 14 affordable property projects under their First Home brand. In the same month, Hoang Anh Gia Lai announced the divestment of their Dong Nam Project in Thu Duc district, Ho Chi Minh City (HCMC) to the Him Lam Corporation for around US$50 million. Other major residential deals include PPI's sale of the Water Garden Project to the Dat Xanh Group and Thanh Hoa Construction Corporation's 95% acquisition of the Sky Park Residence project in Ha Noi. Much of this interest has been driven by the strong, ongoing demand for affordable housing from owner-occupiers, which can be seen clearly with the significant improvement in liquidity in recent quarters. There was a 115% increase in apartment transaction volumes in Q2/2014 compared with the same period last year.

The office and hospitality sectors are gaining more traction among investors, buoyed by an uptick in office rents, and healthy room and occupancy rates in hotels due to the rapidly growing number of tourists to Viet Nam. The focus remains on operating assets with the exception of prime developments. However, gaining access to either operating assets or prime developments has proven difficult, as there are limited willing sellers.

Geographically, investor interest and activity are focused on the key major cities and beach locations. Moving forward, Savills expects to see more investment activity in the office, hospitality and residential sectors, particularly for operational office buildings, hotels in city centres and resorts in beach areas. Regarding residential development, landed properties, "niche" apartment developments or long-term, new urban area developments have great potential. After a quiet period and significant effort from HCMC's authorities to push infrastructure projects forward, the city's Thu Thiem Peninsula is gaining momentum and Savills expects to see more development activity in this area. A number of large international groups have already been linked to key development sites.

GRAPH 15

HCMC apartment transaction volumes and absorption rate, Q1/2011–Q2/2014



Source: Savills Research & Consultancy

TABLE 15

Major investment transactions, Apr–Jun 2014

Property	Location	Price	Buyer	Usage
14 projects (NHO)	Ha Noi, Da Nang, Binh Duong, Hue, Quang Ngai, An Giang, HCMC	VND20,600 bil/US$970 mil	NHO	Residential
Water Garden	Thu Duc district, HCMC	VND90 bil/US$4.2 mil	Dat Xanh Corp	Residential
PPI Tower	Thu Duc district, HCMC	VND51 bil/US$2.4 mil	Vietnam Rubber Group	Residential and office
Intresco Tower	Phu Nhuan district, HCMC	VND260 bil/US$12 mil	Undisclosed	Mixed-use
Dong Nam	Thu Duc district, HCMC	VND1,050 bil/US$49.7 mil	Him Lam Corporation	Residential
Indochine Park Tower	District 3, HCMC	VND303 bil/US$14.3 mil	Lemon Grass Master Fund I	Residential
Sky Park Residence	Cau Giay district, Ha Noi	VND143 bil/US$6.7 mil	Thanh Hoa Construction Corporation	Residential

Source: Press releases, Savills Research & Consultancy

Australia

◄ **1 Charles Street**
Parramatta
A$241.1M/US$224.2M
in June

750 Collins Street ►
Melbourne Docklands
A$249.5M/US$232.0M
in April

◄ **Southpoint**
South Brisbane
A$200.6M/US$186.6M
in April

66 Goulburn Street ►
Sydney
A$136.0M/US$126.5M
in June

◄ **52 Martin Place**
Sydney
A$555.0M/US$516.2M
in June

◄ **70 Eagle Street**
Brisbane City
A$123.0M/US$114.4M
in May

275 Kent Street (50%) ►
Sydney
A$435.0M/US$404.6M
in April

6–10 O'Connell Street ▼
Sydney
A$135.0M/US$125.5M
in June

2 Southbank Boulevard ▲
Southbank
A$196.7M/US$182.9M
in April

▲ **628 Bourke Street**
Melbourne
A$129.6M/US$120.5M
in May

655 Collins Street ▲
Melbourne Docklands
A$102.2M/US$95.0M
in April

▲ **484 St Kilda Road**
Melbourne
A$94.0M/US$87.4M
in June

10 Shelley Street ►
Sydney
A$130.6M/US$121.5M
in April

Major transactions Q2 2014

Guangzhou

Haida Building and underground parking
Panyu
RMB169M/US$27M
in June

Starry Winking (7 units)
Zhujiang New Town
RMB715.0M/US$115.0M
in June

R&F Yingyao Plaza
Zhujiang New Town
RMB4,100M/US$659M
in June

Dayun Jiayuan
Fenghuang N Road
RMB218.7M/US$35.0M
in June

Beijing/Shanghai

Pacific Century Place
Sanlitun, Beijing
RMB5.75B/US$928M
in April

Rui Jin Building
Luwan, Shanghai
RMB1,653M/US$266M
in May

Greenland Centre 2
Xuhui, Shanghai
RMB4,403M/US$708M
in May

Tingho Wuzhong Road Project
Minhang, Shanghai
RMB2,483M/US$399M
in April

Poly International Centre (10/F-17/F)
Pudong, Shanghai
RMB1,588M/US$255M
in May

Major transactions Q2 2014

Hong Kong

◄ **Retail portion of Centrestage**
Sheung Wan
HK$668M/US$86M
in May

11–24 Lun Fat Street ►
Wanchai
HK$860M/US$111M
in April

One Bay East - East Tower ▼
Kwun Tong
HK$5,425M/US$700M
in June

▲ **Central Textiles Factory**
Tsuen Wan
HK$1,000M/US$129M
in June

◄ **Fook Yee Building**
Wanchai
HK$809M/US$104M
in April

Wah Kwai Shopping Centre and car park ►
Aberdeen
HK$518M/US$67M
in May

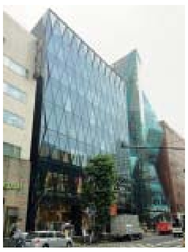
◄ **Shopping mall on the G/F–2/F, Legend Tower**
Kwun Tong
HK$1,008M/US$130M
in May

Japan

◄ **Ebisu Prime Square (49% co-ownership)**
Hiroo, Shibuya Ward, Tokyo
JPY25.0B/US$243.3M
in June

West Park Tower Ikebukuro ►
Nishi-ikebukuro,
Toshima Ward, Tokyo
JPY20.5B/US$199.4M
in April

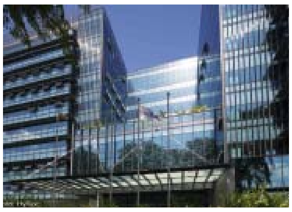
◄ **Malera Gifu**
Motosu City, Gifu
JPY21.0B/US$204.2M
in May



◄ **J6 Front**
Jingumae, Shibuya Ward, Tokyo
JPY17.6B/US$171.4M
in June

Kyobashi Trust Tower (12/F–15/F) ►
Kyobashi, Chuo Ward, Tokyo
in April

Singapore



◄ **Hyflux Innovation Centre**
80 Bendemeer Road
S$191.2M/US$154.0M
in June

Equity Plaza ►
20 Cecil Street
S$550.0M/US$442.9M
in June

▲ **Hotel Grand Chancellor**
3 Belilios Road
S$248.0M/US$199.7M
in June

◄ **Prudential Tower (92.8% stake)**
30 Cecil Street
S$512.0M/US$412.3M
in May

Changi City Point ►
5 Changi Business Park Central 1
S$305.0M/US$245.6M
in April

South Korea

◄ **Central Place**
Jungnim-dong
KRW148.0B/US$143.6M
in April

SC Bank IT Center ►
Sincheon-dong
KRW200.8B/US$194.9M
in May

Cigna Tower ►
CBD
KRW242.0B/US$234.9M
in June

Hanjin Heavy Industries & Construction company building (left)/Hanjin Heavy Industries & Construction R&D center (right) ►
Garwol-dong/Busan
KRW149.7B/US$145.3M
in June

▲ **The O Center**
Jungnim-dong
KRW64.8B/US$62.9M
in April

◄ **Sisun Baroseum Building III**
Seocho-dong
KRW168.0B/US$163.0M
in May

Mirae Asset Life Insurance Building ►
YBD
KRW93.5B/US$90.7M
in April

Taiwan

◄ **Ching-Cheng Building**
Songshan district, Taipei City
NT$11B/US$367M
in April

neoWest ►
Wanhua district, Taipei City
NT$3.95B/US$132M
in April

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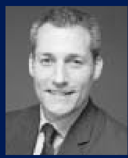

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