REPORT
Savills Research

Asia Pacific – Q1 2023

Investment Quarterly

Asia Pacific Network

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Beijing
Changsha
Chengdu
Chongqing
Dalian
Fuzhou
Guangzhou (2)
Haikou
Hangzhou
Nanjing
Shanghai
Shenyang
Shenzhen
Tianjin
Wuhan
Xiamen
Xi'an
Zhuhai

Cambodia
Phnom Penh*

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Central
Central*
Taikoo Shing (2)

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Chennai
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Hyderabad
Mumbai
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Jakarta*

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Macau

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Kuala Lumpur
Kuala Lumpur*
Penang

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Bonifacio*

Singapore
Singapore (4)
Singapore*

Taiwan, China
Taichung
Taipei

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Vietnam
Hanoi
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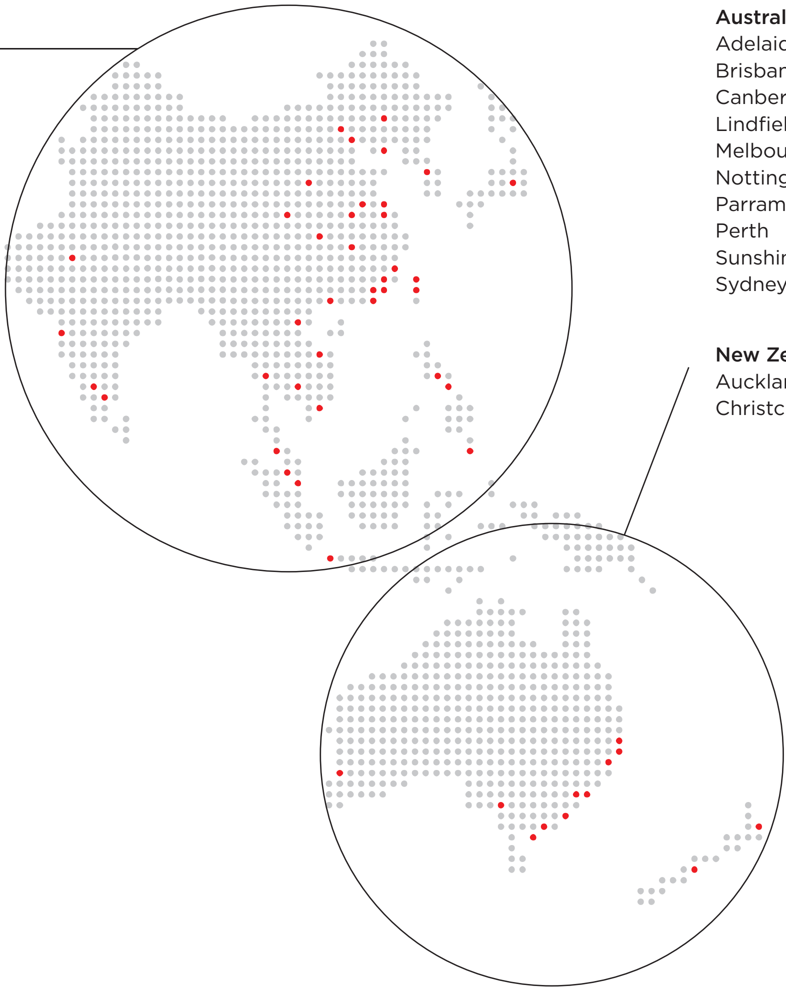


Australia
Adelaide
Brisbane
Canberra
Lindfield
Melbourne
Notting Hill
Parramatta
Perth
Sunshine Coast
Sydney (2)

New Zealand
Auckland
Christchurch

* Associate Office

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 73 regional offices comprising over 29,000 staff. Asia Pacific markets include Australia, China, Hong Kong, India, Indonesia, Japan, Macau, Malaysia, New Zealand, Singapore, South Korea, Taiwan, Thailand and Viet Nam. 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.

Content

Australia

The Australian economy continues to grow solidly, despite early signs that household spending has begun to moderate amid higher interest rates and inflation. Economic activity is being supported by an extremely tight labour market, and strong growth in services and resource exports. GDP rose by 0.5% in the December quarter (+2.7% Y/Y), underpinned by an ongoing rebound rebound in services consumption at cafes and restaurants, and travel as COVID-19 border restrictions eased.

Higher interest rates and inflation are expected to lead to a slowdown in global economic activity in 2023. However, the Australian economy is expected to fare better than most advanced economies and remain in expansionary territory. GDP growth is expected to slow to 1.6% in 2023 and 2024, down from 2.7% growth in 2022.

The Bid-Ask spread between purchaser and vendor has widened, which has limited deal activity in most sectors. Rising interest rates are also making it harder for transactions to move forward, particularly for investors with significant leverage or shorter-term mandates, and some are opting to wait out this period until the interest rate outlook becomes clearer. While rising interest rates could weigh on investor decision making in the near-term, more clarity around this outlook will bring buyer and seller expectations closer and facilitate a pick-up in transaction activity in the second half of 2023.

Preliminary estimates for Q1 indicate that commercial investment volumes across the office, industrial and retail sectors fell 66% in quarterly terms to reach c.$3.28 billion, down from c.$9.8 billion in Q4 2022. By sector, office volumes were recorded at c.$1.1 billion, down from c.$4.1 billion in the previous quarter. Industrial is currently at c.$608 million, down from c.$3.5 billion in Q4. Retail volumes are at c.$1.6 billion compared to c.$2.2 billion in the previous quarter.

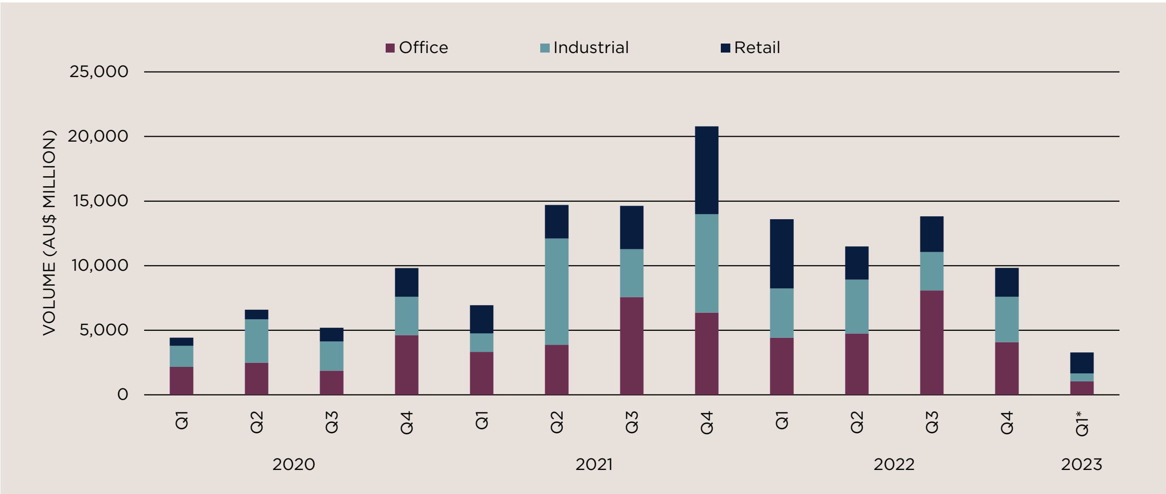
There continues to be some outward yield movement due to higher financing costs but the pace of this diverges across sector and grade. Sustained demand, amid record low vacancy and a restricted pipeline has supported or continues to support rental growth in industrial, helping to offset yield expansion. In office, prime assets are outperforming secondary and investor rotation into core assets and out of non-core assets is likely to gain momentum in the second half of the year. In the retail sector, yields are moving higher but at a more gradual pace, with sub-regional and neighbourhood centres trading strongly.

There is a significant amount of real estate dry powder looking to deploy capital in 2023, with unallocated funds sitting 73% above their decade average according to Realfin. Indeed, in recent APAC surveys by ANREV and PWC ULI, Australian markets stood out as the preferred destination in the region for investors in 2023. Recent campaigns have highlighted this strong interest. The preference for global capital to increase exposure to Australia will play a significant role in unlocking investment activity during the second half of 2023.

Paul Craig
CEO
+61 2 8215 8888
pcraig@savills.com.au

Katy Dean
Head of Research & Consultancy
+61 2 8215 6079
kadean@savills.com.au

Commercial Property Transactions (AU$10m+) by Sector, Q1/2020 to Q1/2023 (YTD)



Source MSCI Real Capital Analytics, Savills Research
* Preliminary for Q1/2023

Major Investment Transactions, Q1/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Waldorf Astoria Hotel (Forward Sale)	Sydney, NSW	AUD520.0 mil/ US$350.2 mil	Fiveight	Hotel
Forest Hill Chase Shopping Centre	Forest Hill, VIC	AUD256.0 mil/ US$172.4 mil	Haben Property Fund & The JY Group	Retail
ATO HQ (Leasehold)	Canberra, ACT	AUD290.0 mil/ US$195.3 mil	Charter Hall Group - CPOF	Office
211 Victoria Square	Adelaide, SA	AUD130.5 mil/ US$87.9 mil	Harmony Property Investments	Office
Rockingham Shopping Centre (50% stake)	Rockingham, WA	AUD180.0 mil/ US$121.2 mil	IP Generation	Retail

Source MSCI Real Capital Analytics, Savills Research

China (Northern) - Beijing

Ted Li
Senior Director
Head of Investment
Savills Northern China
+86 10 5925 2068
ted.li@savills.com.cn

Vincent Li
Director
Research
+86 10 5925 2044
vincentx.li@savills.com.cn

After zero-COVID policies were scrapped in late 2022, Beijing's en-bloc investment market kicked off the year with a decent start. Eight major deals were recorded for a total consideration of RMB6.59 billion, up 57% YoY. Investment appetite is still focused on office assets, while a hotel, a retail podium and a mixed-use development were acquired in the quarter. Domestic investors continue to be the dominant driving force in the market. Major transactions included:

- CapitaLand Investment Limited's acquisition of Beijing Suning Life Plaza, a mixed-use development comprising office and retail components near the Beijing CBD area, for a total consideration of RMB2.81 billion.

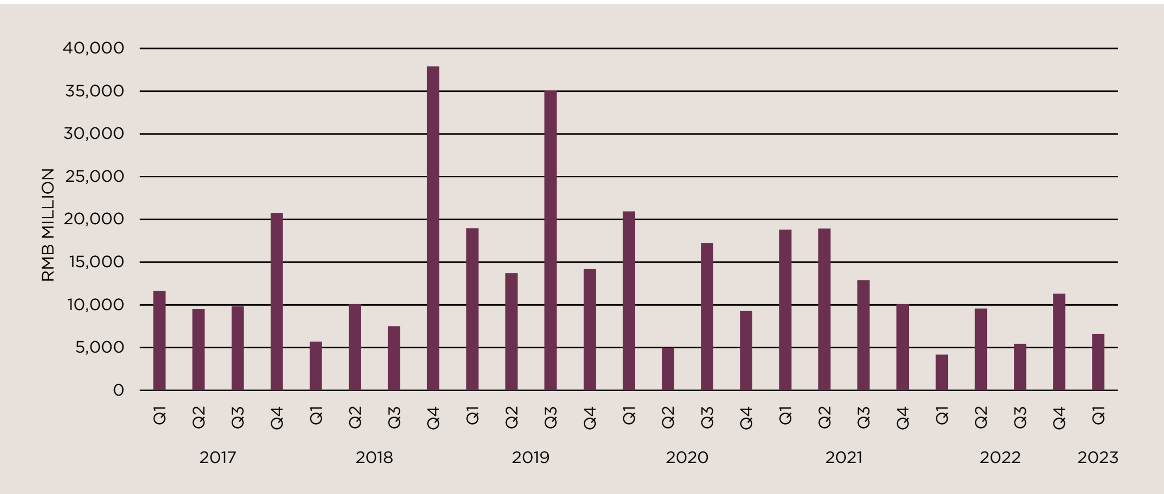
- Ping An Life Insurance announced the acquisition of four office assets from Hony Capital, namely Hony New Century Building (approx. RMB1 billion) and Haitai Tower's office podium (approx. RMB359 million) in Beijing, and two business parks in Shanghai.

The downturn in the commercial strata title market has continued through the beginning of the year. In the office sector, first-hand strata-title supply collapsed 98.2% in Q1/2023 to 4,407 sq m, down 90.8% YoY. Total transaction area fell 27.5% QoQ to 152,162 sq m but increased 26.9% YoY. Total consideration declined by 60.0% QoQ to RMB2.54 billion, remaining flat YoY, leading to the average transaction price at just RMB16,714 per sq m, down 44.8% QoQ and 21.2% YoY.

Meanwhile, the first-hand strata-title retail market saw limited new supply of 7,392 sq m, down 95.3% QoQ and 92.3% YoY. Total transaction area was up 22.1% QoQ and 82.5% YoY respectively to 220,571 sq m. Total consideration was down 13.9% QoQ to RMB3.42 billion, but up 24.5% YoY while the transaction price averaged RMB15,520 per sq m, down 29.4% QoQ and 31.8% YoY.

Beijing's commercial property market investments and acquisitions are expected to rebound in 2023, due to the removal of zero-COVID policies and renewed efforts to boost economy and market confidence. Investors concerned about business performance and the future direction of the economy. They carried out extended due diligence or decided to hold off on making new investments or divesting assets. However, with the removal of COVID restrictions late last year and the launching of a series of economic stimulus policies after "Two Sessions", it is expected that 2023 could be a turning point for the investment market in Beijing. With many barriers to investment removed, investors' confidence is improving. Commercial market activity is expected to pick up as the business environment returns to normal.

En-bloc Investment Volumes, Q1/2017 to Q1/2023



Source Savills Research

Major En-bloc Transactions, Q1/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Beijing Suning Life Plaza	CBD Vicinity	RMB2.8 bil/ US$409.6 mil	CapitaLand Investment Limited	Mixed-use
Hony New Century Building and Haitai Tower's office podium	Haidian District	RMB1.4 bil/ US$199.3 mil	Ping An Life Insurance	Office

Source Savills Research

China (Western) - Chengdu

Chengdu's GDP reached RMB2,081.7 billion in 2022, an 2.8% increase YoY. The growth value of the tertiary industry reached RMB1,382.5 billion, up 1.5 ppts YoY. In addition, total fixed asset investments grew 5.0% YoY.

Chengdu land auction offered seven residential lands in Q1/2023, of which all were sold, with 350 mu (233,333 sq m) and a total consideration of RMB7.4 billion. Yongjing Investment Co. Ltd. held the highest floor price of RMB18,600 for a plot in Jinjiang District. Another major buyer was Huafa Group Co. Ltd for a plot in Hi-Tech District with a floor price of RMB18,000.

Tianfu Investment International Centre entered in the market in Q1/2023, bringing about 130,000 sq m of new supply to the market. The recovery of demand in the Grade A office rental market is relatively slow. While the number of areas with lease throwing has remained , the number of areas with new leases has decreased by about 16% QoQ, resulting in a net absorption of negative 22,000 sq m in Q1/2023. In addition, with the entry of new project, the vacancy rate has increased to 32.7%, up 3.9 ppts QoQ. The overall trend for the rents in the market is relatively stable, averaged at RMB102 per sq m per month.

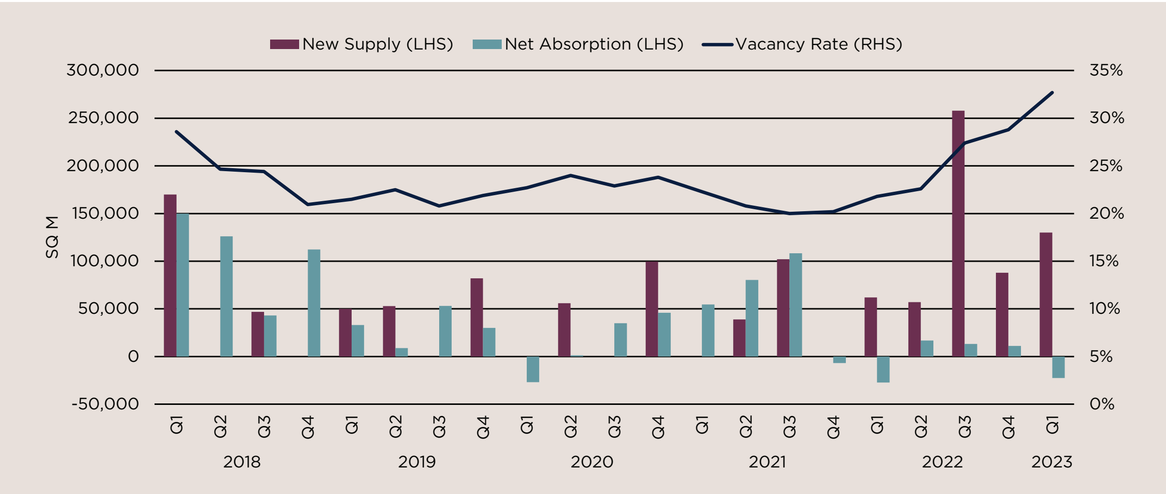
IT industry has rebounded to become the largest sector with the rental demand, accounting for 23%. The rental demand of IT industries such as software, hardware, and semiconductors continues to release. Recently, artificial intelligence (AI) applications represented by ChatGPT have made significant breakthroughs, triggering a new round of capital boom and intense competition both domestically and internationally. In order to seize the opportunity of a new round of technological change, in February 2023, Chengdu Intelligent Computing Center signed a cooperation agreement with the National Supercomputing Chengdu Center. The two parties will conduct collaborative research in AI algorithms and other aspects, improve its efficiency and application of AI computing power, and drive the vigorous development of Sichuan's AI industry. With the introduction of the supporting policies, the artificial intelligence industry competitiveness is expected to improve significantly, and the local building economy will therefore get a boost.

Meanwhile, over 100,000 sq m of new projects will be launched in Q2/2023, all located in the Tianfu Headquarters Business District. It may be difficult for rental demand to increase much in the short term, and the market is still under great pressure, with vacancy rates expected to remain high. But in the long run, the provincial and municipal governments will take multiple measures to expand domestic demand, support micro and small enterprises, and stabilize foreign trade, which is expected to accelerate the recovery of demand in the office building market.

Suzie Qing
Director
Savills Western China
+86 28 8658 7418
suzie.qing@savills.com.cn

James Macdonald
Head of Research
China
+86 21 6391 6688
james.macdonald
@savills.com.cn

Grade A Office New Supply, Demand and Vacancy Rate, Q1/2018 to Q1/2023



Source Savills Research

Major Investment Transactions, Q1/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Taikoo Li Chengdu	Jinjiang	RMB11.3 bil/ US$1.8 bil	Swire Properties	Retail
South of Longquan Neighborhood Yidu Ave	Longquanyi	RMB469.0 mil/ US$74.0 mil	Chengdu Shanshan Outlet Commercial Management Co. Ltd	Commercial
Group 4 and 7 of Panjiagou Village, Liujiang Neighborhood and Group 3 of Jiangjiayan Village, Sansheng Neighborhood	Jinjiang	RMB814.0 mil/ US$129.0 mil	Chengdu Xingjin Bailu Bay Construction and Development Co. Ltd	Commercial
Group 5 and 6, Helin Village, Huayang Neighborhood	Tianfu New Area	RMB1.4 bil/ US$198.7 mil	Chengdu Bangtaiyueshang Real Estate Co. Ltd	Residential
The Temple House Hotel	Jinjiang	RMB450.0 mil/ US$71.2 mil	Swire Properties	Hotel

Source Savills Research

China (Southern) - Guangzhou

Woody Lam
Managing Director
Southern China
+86 20 3665 4777
woody.lam@savills.com.cn

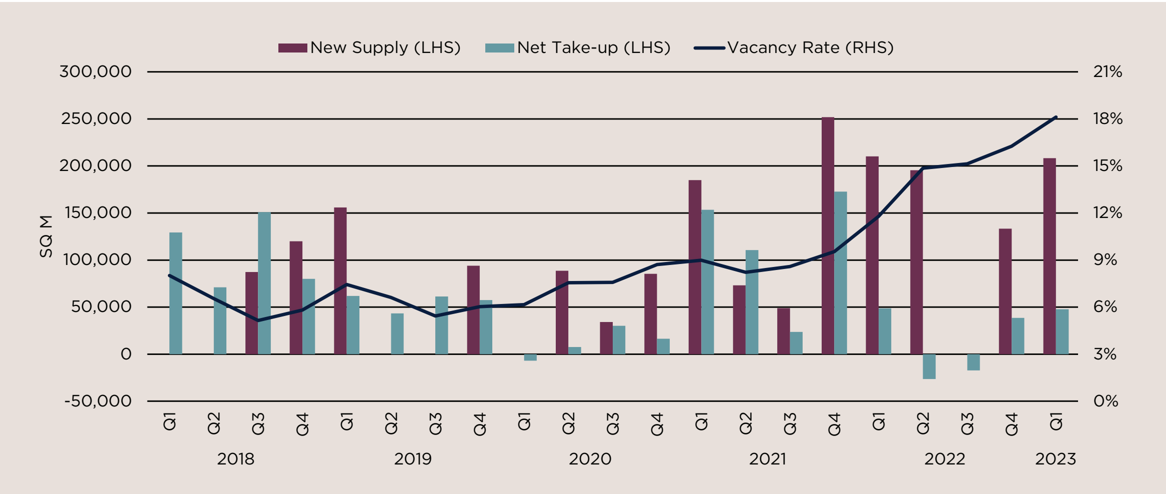
Carlby Xie
Head of Research
Southern China
+86 20 3665 4874
carlby.xie@savills.com.cn

China's GDP growth slowed to 3.0% YoY in 2022, 5.4 ppts lower than 2021. Concurrently, Guangzhou's GDP totalled RMB2,883.9 billion as of end-2022, up 1.0% YoY and the lowest growth in history, due largely to COVID lockdowns throughout 2022.

As a model city in China for the past 45 years executing and benefiting from the opening-up policies, Guangzhou took the initiative in optimising the COVID prevention and control measures, representing the local government's forward-thinking and pragmatic approach when dealing with public health affairs, economics, and business contexts. The quality of the city management is expected to reassure the efforts and subsequently a further development the local government has made in pulling over more economic industries, enterprises and capitals to Guangzhou from other regions. This in turn shall benefit to the Guangzhou economic upgrade and industrial developments, contributing to the GDP growth of 6% YoY for 2023 which was set out in the government working plan in the first quarter of 2023.

In the real estate context, investment ambiance has shown signs of improvement. In the office sector, leasing activities increased notably compared to Q4/2022, with deal closing ratio rebounding to 8-10% based on our market observations and transaction logbook. This is a significant change from the prior two quarters when many prospective occupiers had to postpone or cancel office searching, relocation, expansion activities due to pandemic control and the gloomy economic and market backdrops. Likewise in the Guangzhou office property investment market, capital with investment requirements and investors with mandates of investing in the GBA started to review investment opportunities in the city too, despite that their investment strategies and site selection approaching remained cautious. Investment opportunities with risk-adverse and secured income-producing capability remained the most preferred to many investors under the current market circumstances. It should be noted that the market confidence remained low compared to the pre-COVID period or even 2021 when market sentiment was intact or restored from effective control. Concerning the influx of new supply to the market (approximately 1.2 million sq m in 2022), the Guangzhou Grade A office property market is set to face with challenges in market digestion and asset performances. Investors are supposed to reevaluate their investment tactics and vehicle selection criteria in the city.

Grade A Office New Supply, Net Take-up and Vacancy Rate, Q1/2018 to Q1/2023



Source Savills Research

Major Investment Transactions, Q1/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Matsunichi Headquarters Building	Huangpu District	RMB1.3 bil/ US$191.3 mil	Lanxin Investment (GHIC)	Office and hotel

Source Alibaba Auction

China (Eastern) - Shanghai

REITs were first launched in June 2021 with high-grade infrastructure assets such as toll roads, business parks and warehouses. By late 2022 C-REITs had expanded to include affordable rental housing, while a pilot program to include shopping malls and other retail properties was just announced in March 2023. The recent policy announcement also relaxes the size requirements (from RMB1 billion to RMB800 million) and adjusts distribution rate thresholds for different asset classes. It also outlines additional requirements for the use of funds (reinvestment) while streamlining and standardising the filing process.

The inclusion of retail assets into the REIT framework aligns with the government's policy of supporting domestic consumption. It also provides mall developers with the opportunity to monetize assets while retaining control of assets as well as management rights and fees, enabling many to adopt asset-light models while taking a long-term asset management view. Existing industrial/logistics/business park C-REITs have relatively stable returns, but low dividend yields of between 3.9% and 4.9%, higher than the Chinese 10-year Treasury bond yield of 2.87% (Mar 31). Retail C-REITs may offer investors greater diversification and the opportunity to bet on the growth of domestic consumption however returns could prove riskier with asset management playing such an important role in the success of a project.

China Securities Regulatory Commission (CSRC) launched a pilot program in February to allow domestic real estate private equity (REPE) funds to invest in commodity residential housing and affordable rental housing schemes. The pilot also encourages foreign investors to participate through the Qualified Foreign Limited Partners (QFLP) program at the same time as relaxing the restrictions on leverage ratios.

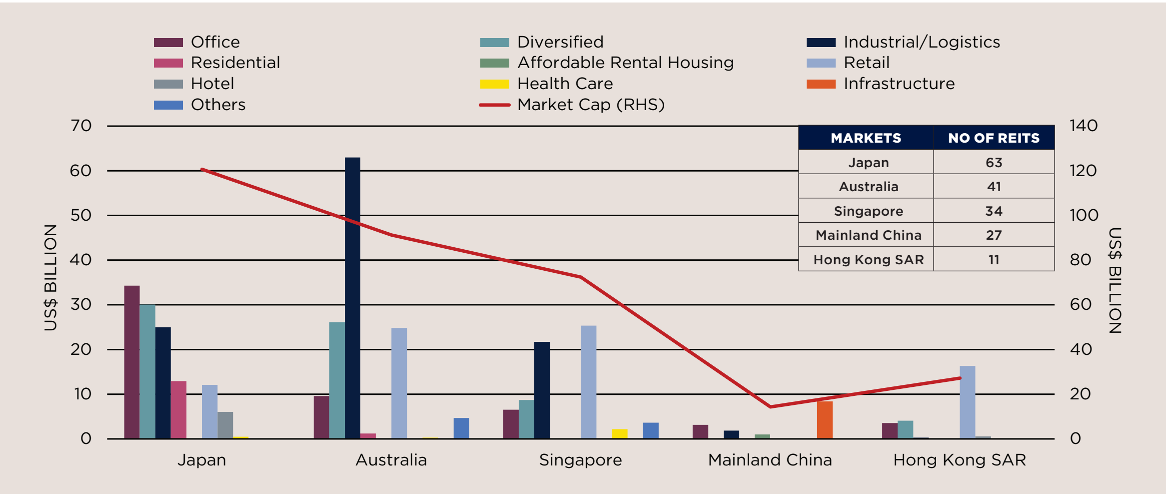
The real estate industry has seen several announcements over the last year designed to support, reform and restructure the industry, with these two being the latest. In combination, they allow developers to attract equity investments at an earlier stage of property development through domestic REPE funds and divest while retaining management fees as soon as properties are fully leased and stabilized. The "PERE + REIT" model has become increasingly common for asset-light operators in developed REIT markets. In Singapore, CapitaLand often brings private equity in at the development stage while retaining partial interest, and then once the project has stabilized exits to the REIT market.

China's PERE fund and REIT markets are still in the early stages of development relative to the size of the entire property market. Taxation mechanism, investment scope and issuance processes are likely to continue to evolve as regulators, sponsors and investors become more familiar with the product and as the overall scale and importance continue to grow.

Nick Guan
Head of Investment
Shanghai
+86 21 6391 6688
nick.guan@savills.com.cn

James Macdonald
Head of Research
China
+86 21 6391 6688
james.macdonald@savills.com.cn

Major Asia Pacific REITs Market Cap with Breakdown by Asset Type, June 2022



Source S&P Capital IQ, Bloomberg, Wind, CICC
Note China data as of March 2023

Major Investment Transactions, Q1/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Jinchuang Building	Pudong	RMB3.2 bil/ US$465.4 mil	AIA	Business Park
Green Bund Centre T3 (5 floors and 45 parking lots)	Huangpu	RMB1.3 bil/ US$195.3 mil	FSG	Office
Changfeng Centre Ph III	Putuo	RMB950.0 mil/ US$138.2 mil	Western Investment Group	Office
1FS	Jingan	RMB805.0 mil/ US$117.1 mil	TBC	Office
Huaqiao Building	Huangpu	RMB763.0 mil/ US$111.0 mil	Shanghai Trust	Office

Source Savills Research

Hong Kong SAR

The first quarter saw a slew of good news as the border with Mainland China finally reopened and all COVID-related social distancing measures were set aside, reviving property investment sentiment, with the hospitality and retail sectors the first to attract attention. However, while buoyant hotel sentiment prompted around 30 vendors to test the market, the high cost of capital remained a major stumbling block to a strong rebound in volumes. In the retail sector, the rate at which Mainland visitor numbers picked up disappointed, and banking and stock market turbulence hit local consumer confidence.

The hotel sector saw a rebound with both occupancy rates and ADRs improving in the first two months of 2023 to an average of 72% and HK$1,103 per night respectively (92% and HK$1,393 per night in Q1/2019), with RevPAR rising to HK$797 per night, a 49% YoY increase. Hotel investment has already picked up with seven hotels sold for a total of HK$9.3 billion last year, over half of which were acquired by private equity funds. More recently, a PRC buyer, China Tourism Group, purchased the Kimberley Hotel in Tsim Sha Tsui for HK$3.4 billion (HK$6.28 million per key) in early 2023. Around 30 hotels are currently available in the market, with some vendors already firming up on asking prices.

With total visitor arrivals hitting 4.4 million in the first three months of the year (24% of Q1/2019 levels), cosmetics and drug stores retailers were actively looking for space in tourist areas. Local investors were also in evidence and a prime shop on Nathan Road was sold for over HK$300,000 per sq ft, a recent high. Suburban retail continued to attract interest from long-term investors, with West 9 Zone (58,800 sq ft) in Tai Kok Tsui sold to Sunlight REIT for HK$750 million, while the retail podiums of One Kai Tak (I) (II) (29,732 sq ft) were sold to Uni-China for HK$600 million. Both deals were successfully concluded at yields above 5% reflecting the changing appetites of investors in the high interest rate environment.

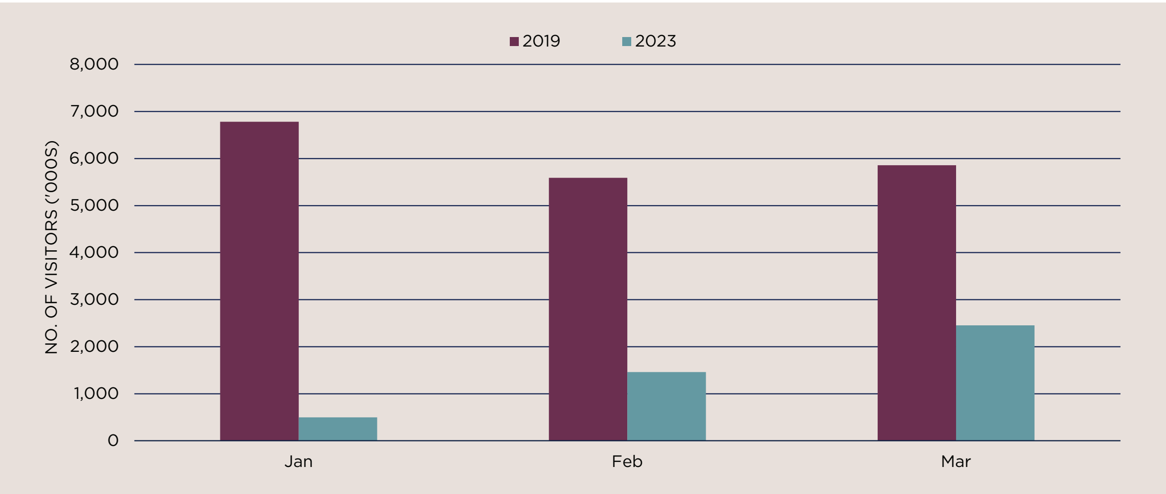
In the office market a robust supply pipeline is facing a dearth of demand and rents have continued to soften. With lingering questions over work patterns and the changing nature of the workplace investors have remained wary of this troubled sector.

With 3-month HIBOR standing at 3.5% in mid-April, the cost of funds for property investors could easily reach 5% to 6%. With the US Fed likely to increase rates further by 0.25% to 0.5% over the remainder of 2023, rising rates are proving to be an obstacle for investors even as business and market sentiment continues to improve.

Simon Smith
Regional Head of Research & Consultancy, Asia Pacific
+852 2842 4573
ssmith@savills.com.hk

Nancy Wong
Senior Manager
Regional Research & Consultancy
+852 2842 4281
naywong@savills.com.hk

Inbound Tourist Arrivals, Jan-Mar 2019 vs Jan-Mar 2023



Source HKTB, Savills Research & Consultancy

Major Investment Transactions, Q1/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
30-38 Magazine Gap Road	The Peak	HK$4.0 bil/ US$514.1 mil	TBC	Residential
45 Baker Road	The Peak	HK$1.2 bil/ US154.2 mil	TBC	Residential
24 Middle Gap Road	The Peak	HK$880.0 mil/ US$113.1 mil	TBC	Residential
Commercial development, West 9 Zone, Florient Rise (with 17 CPS)	Tai Kok Tsui	HK$748.0 mil/ US$96.1 mil	Sunlight REIT	Retail
20 Kent Road	Kowloon Tong	HK$450.0 mil/ US$57.8 mil	TBC	Residential

Source Savills Research & Consultancy

India

Like most major economies, India is faced with a scenario of lower growth, coupled with persistent inflation, largely as result of global pressures. To contain the impact of inflationary forces, the central bank has introduced a series of rate hikes to ensure that inflation does not spiral out of control and the economy adheres to its growth path.

Despite an element of uncertainty, several key indicators continue to provide a sense of positivity. For example, retail inflation eased to 6.4% in February 2023 while core sector growth registered a 4-month peak of 7.8% in January 2023. Services PMI recorded a 12-year high of 59.4 in February 2023 and forex reserves reported a 6-week high of US$572.8 billion (INR47 trillion) on 17 March 2023. Further, the 6.8% GDP forecast by the International Monetary Fund (IMF) for FY2024, means that India continues as the fastest growing major economy.

With a focus on economic growth and all-inclusive welfare, the Union Budget 2023-2024 (announced on 1 February 2023) stayed with the theme of easing taxes and driving consumption. The budget aimed at creating growth avenues for infrastructure and investment, sustainable green growth and reforms in the financial sector. A steep rise in capex to 3.3% of GDP was a major highlight of the budget, providing a strong impetus to infrastructure and allied industries.

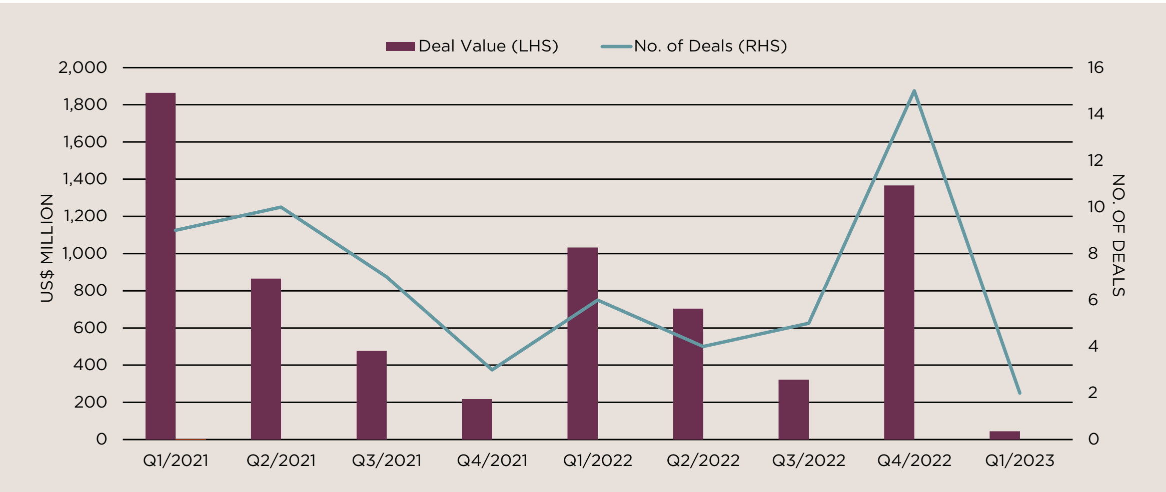
While government efforts have remained focused on building a favourable environment, investor confidence is at sub optimal levels, in the immediate term. Investment activity remained muted, as anticipated, in a direct reflection of prevailing uncertainties in the global environment. Private equity investment inflows into the Indian real estate sector amounted to US$45 million (INR3.7 billion) during Q1/2023, a sequential decline of 97% from Q4/2022. Persistent concerns of an impending global recession, a rising cost of capital and a mismatch in valuation expectations (between sellers and investors) are some of the major impediments for capital deployment in India. Further, in the aftermath of the Silicon Valley Bank collapse, the following 'contagion' across other mid-market US banks and the impact of the same in the EU, have together led to resets in corporate plans, thereby unsettling office leasing projections in key Indian markets. This, too, is understood to be weighing on the investor mindset and impeding investment decisions in the immediate term.

Commercial office assets continued to take a dominant share in Q1/2023, garnering about 64% of the investment pie. Further, investment activity came from foreign funds and was concentrated in the Western region of India - Mumbai and Pune. While Mumbai attracted investments in ready industrial and warehousing assets, Pune witnessed investments in office assets.

Anurag Mathur
Chief Executive Officer
Savills India
+91 96 500 37779
anurag.mathur@savills.in

Arvind Nandan
Managing Director
Research & Consulting
+91 98 200 97634
arvind.nandan@savills.in

Private Equity Real Estate Investment, Q1/2021 to Q1/2023



Source Savills Research & Consulting

Major Investment Transactions, Q1/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Kohinoor Group's office building in Kharadi	Pune	INR2.4 bil/ US$28.8 mil	Keppel Land	Office
Prakhhyat Infraprojects' warehousing property in K-Square Integrated Industrial Park Bhiwandi	Mumbai	INR1.3 bil/ US$15.8 mil	Mirae Asset Global Investments	Industrial & Warehousing

Source Savills Research & Consulting

Indonesia

Despite the uncertainties of both global and domestic economic conditions, there is hope that the economy can grow by 5.1% in 2023, supported by down streaming, infrastructure development, foreign investment, and tourism. Bank Indonesia (BI) projects national economic growth for Indonesia in 2023 to be in the 4.5% to 5.3% range before accelerating to 4.7% to 5.5% in 2024.

The manufacturing industry is still the biggest contributor to Gross Domestic Product and Indonesia has been actively promoting its manufacturing sector to drive sustainable economic growth. To accelerate manufacturing activity, the government has several programs and policies aimed at nurturing industrial estate development.

Industrial estates have developed with various regional characteristics based on economic zones, one of which is through the National Strategic Projects (NSP) program. Currently, the government is aggressively promoting Grand Batang City as one of the NSPs to bolster state revenue. In the first development phase, the government developed a 450-hectare plot of land in the industrial estate which would accommodate various factories in the glass, pipe, and electric battery industries. The 450-hectare site has already been sold. The three largest tenants are South Korea's KCC Glass (46 hectares), Netherlands-based pipe producer Wavin (20 hectares), and Taiwan's shoe producer Yih Quan (16.4 hectares).

In line with the industrial sector, other property markets recorded a better performance in early 2023 as the economy rebounded and consumer sentiment improved. Office demand and leasing activity have shown improvement even though they have not been able to boost overall occupancy and rental rates. There has been new supply in the CBD area including Mori Building at Sudirman Corridor as a Grade A building of 88,700 sq m semi gross, pushing down average occupancy in the district and giving tenants more negotiating room.

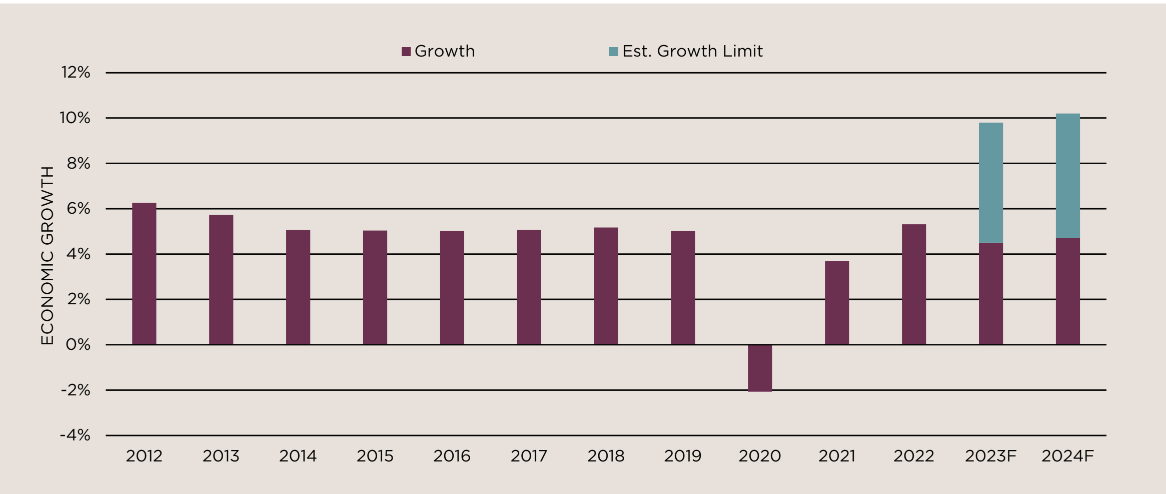
There was positive movement in the retail market in early 2023, leading to an increase in mall foot traffic, visitor spending, new market entrants, as well as the expansion of existing tenants. The retail market movement was driven by the growth of specialty tenants, such as sports fashion, cosmetics, health & wellness, and F&B, which are all expanding. Some fashion retailers conducted market testing by opening temporary outlets in shopping centers, such as Christian Louboutin in Plaza Senayan. Several branded fashions also opened new outlets in several centers, such as Guerlain at Plaza Senayan, Missoni at Plaza Indonesia and Forever New (New Concept) at Kota Kasablanka.

In the first quarter, the hotel market declined partly because of low season, however, this should change dramatically in the coming quarters as tourist numbers pick up again. The hotel market will continue to grow, supported by government activity in the next quarter, including various MICE events, preparations for the ASEAN Summit 2023, and even preparation ahead of the general election scheduled for February 2024.

Kevin Murtagh
President Director
Savills Indonesia
+62 21 293 293 80
kevin.murtagh@
savills.co.id

Tommy Henria Bastamy
Senior Director
Research & Consultancy
+62 21 293 293 80
tommy.bastamy@
savills.co.id

Economic Growth, 2012 to 2024F



Source Savills Research & Consultancy
Note Bank Indonesia projects solid national economic growth in Indonesia in 2023 in the 4.5-5.3% range before accelerating to 4.7-5.5% in 2024.

Major Investment Transactions, Q1/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Petrochemical Plant	Cilegon, Banten	IDR59.7 tri/ US$4.0 bil	Lotte Chemical Corporation (LCC), South Korea	Industrial
Daihatsu Assembly Plant	Karawang	IDR2.9 tri/ US$194.8 mil	PT Astra Daihatsu Motor	Industrial
Glico Factory	Karawang	IDR690.1 bil/ US$46.2 mil	Glico Group Japan	Industrial

Source Savills Research & Consultancy

Japan

According to the Ministry of Finance, corporate profits across all industries in Q4/2022 contracted slightly by 2.8% YoY. Although business sentiment was buoyed by the opening of Japan's borders, which contributed to some growth in domestic demand, a slowdown in the global economy, especially in Japan's export markets, and the inflationary environment have curtailed Japan's post-pandemic recovery for the meantime.

The February CPI excluding fresh food was up 3.1% YoY, which lowered rapidly due to government measures. The Bank of Japan (BOJ) has not announced further policy changes in Q1, and loose policies remain in place. That said, the new governor, Kazuo Ueda, is expected to normalise the policies set, including abandoning yield curve control. Due to the subdued global interest rate environment following the collapse of Silicon Valley Bank, there are even greater expectations that the BOJ will execute a smoother process of normalization.

TOPIX rose in Q1/2023, increasing 5.9% QoQ. The index rose steadily until mid-March, when it abruptly dipped in response to the banking crisis in the West. Meanwhile, the TSE J-REIT index kept declining by 5.7% QoQ, characterised by a gradual fall since January, which followed the policy revision by the BOJ in December. J-REITs typically use long-term fixed borrowings, and any increase in interest rates will lower their valuation.

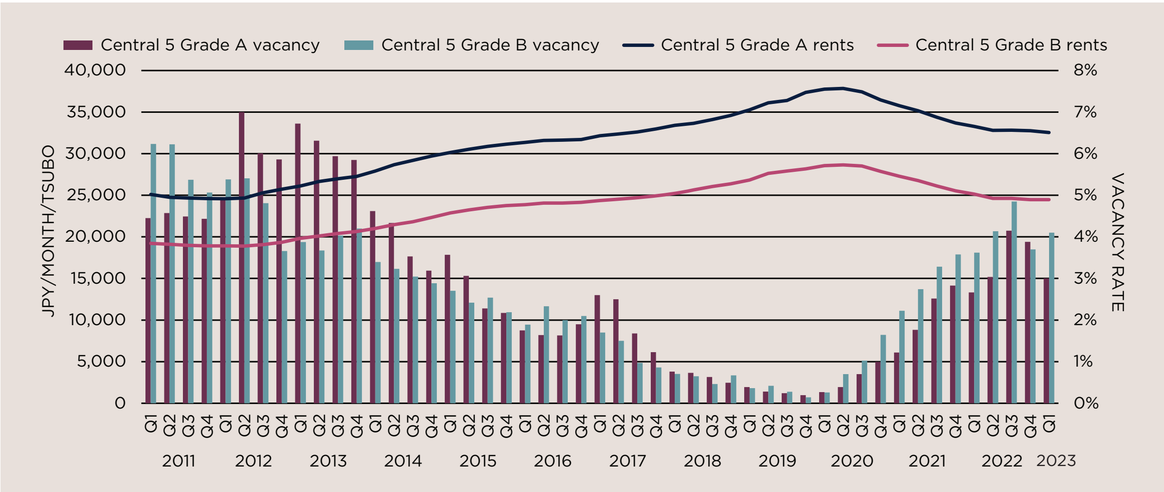
The logistics sector remains the most sought-after among investors, although the large supply that has entered the market has increased vacancy noticeably. The residential sector remains popular due to its stable nature, and the recent increase in Tokyo's population has helped to bolster demand , especially in the C5W. Although the office sector has not started recovering in earnest, prime offices and select properties continue to be popular. With a surge in demand from inbound tourists, hotel prices have risen to near pre-pandemic levels, which has made some hotel owners more willing to sell off assets. The retail sector will likely experience a similar post-pandemic windfall effect. Increased interest rates and the inflationary environment have changed some investors' preferences. The divergent views on the market and varying global exposure led to several large transactions, and some even larger deals are expected to happen this year. Once the outlook on interest rates becomes clearer, investment activity should gain further momentum.

In Q1/2023, rents in the Grade A office market fell by 0.7% QoQ to JPY32,549 per tsubo. Although this was slightly greater than the change in the previous quarter, contractions have been gentle overall and show signs of bottoming out. On the other hand, vacancy tightened further by 0.9ppts QoQ to 3.0%, indicating that stability has returned to the market. We have noticed that some buildings have raised their rents. That said, while many Japanese companies are looking to push office attendance rates and expand their office footprint, some international companies are undergoing redundancies, and are looking to return space, which may dampen recovery going forward. Furthermore, a wave of new supply is anticipated for the market, meaning that observers may see sustained bifurcation at the property level, depending on location, age, and price point.

Christian Mancini
CEO, Asia Pacific
(excl Greater China)
Savills Japan
+81 3 6777 5150
cmancini@savills.co.jp

Tetsuya Kaneko
Managing Director,
Head of Research &
Consultancy
+81 3 6777 5192
tkaneko@savills.co.jp

Office Rents and Vacancy Rates in Tokyo's Central Five Wards, Q1/2011 to Q1/2023



Source Savills Research & Consultancy

Major Investment Transactions, Q1/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Residential Portfolios (48 properties)	Tokyo, Osaka, Nagoya	Over JPY80.0 bil/ Over US$600.0 mil	AXA IM Alts	Residential and health care
Gotenyama SH Building	Tokyo	JPY70.0 bil/ US$536.9 mil	TIS Inc.	Office
J.P. Morgan Residential Portfolio (33 properties)	Tokyo, Osaka, Nagoya	JPY59.0 bil/ US$442.1 mil	AXA IM Alts	Residential
Rihga Royal Hotel	Osaka	JPY55.0 bil/ US$412.1 mil	BentallGreenOak	Hotel
Global Gate	Nagoya	JPY50.0-60.0 bil/ US$374.1-449.6 mil	Goldman Sachs	Office, retail and hotel

Source J-REIT disclosure, Nikkei RE, Savills Research & Consultancy

Macau SAR

Stepping into 2023, the market reversed rapidly from the downturn along with the relaxation of COVID policies. The tourism industry is one of the major pillars of the local economy, and the number of tourist arrivals rose by 250% from only 400,000 in December 2022, to nearly 1,400,000 in January 2023. Over 90,000 visitors were registered in a single day during Chinese New Year in February, signaling a robust recovery in tourism related business.

Retail properties have stood to benefit the most from the turnaround, especially in tourist districts such as the Cotai Strip, and renowned streets in Central and Rua do Cunha in Taipa. Retailers including international and Mainland brands, are eager to look for ideal locations to launch or expand their business, and it is anticipated that vacancy rates on core streets in the Central area will fall from double to single digits in the coming months. Despite the vacancy rates, rental rates are also likely to recover from COVID levels, and we are already witnessing increments of 10% to 20% in rental rates for retail premises located in Central. Landlords are now more open to negotiating lease terms with tenants, such as turnover rent and rent reviews after a certain period in order to provide sufficient time for both the market and the tenant's business to pick up.

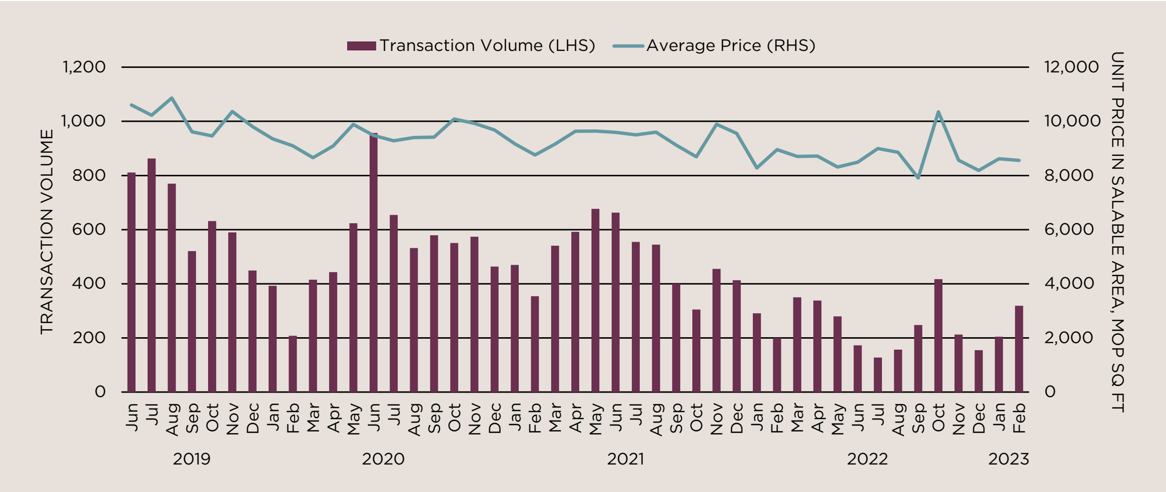
The residential market is also benefiting from the renewed optimism, and the transaction volume in February 2023 stood at 319 deals, over 50% ahead of the same month in 2022. The number of inquiries and site inspections is growing substantially compared to COVID levels, from both first time and non-first time home buyers. There are developers taking advantage of the recovery momentum to launch unsold units with aggressive sales plans. However, there is still caution among non-first time home buyers who intend to upgrade because they now have to pay extra stamp duty of 5% to 10% on top of the purchase price, unless they successfully dispose of their existing residential properties within a year, in order to claim back the extra stamp duty from the government.

The leasing market generally has been another beneficiary, driven by the strong demand from the employment market related to tourism including retail, hospitality and F&B. It is reported that the unemployment rate fell from 5.5% during COVID to 4.1% in February 2023. The residential leasing market also remains active, with a higher volume of potential tenants for house inspections linked to the recovery of the labour market.

Franco Liu
Managing Director
Savills Macau
+853 2878 0623
fliu@savills.com.mo

Cindy Liu
Senior Director and
Head of Valuation (Macau)
+853 2878 0623
cliu@savills.com.mo

Residential Transaction Volumes and Average Transaction Prices, June 2019 to February 2023



Source DSF Macau, Savills Macau

Malaysia

Malaysia's economy rebounded strongly during 2022, with GDP growth registering 8.7% YoY, after just 3.2% YoY in 2021. Domestic demand continued to be the main driver of growth, and the Ministry of Finance projects that GDP is likely to grow further by 4.0% in 2023. With heightened global uncertainty remaining a major concern, Malaysia's central bank, Bank Negara Malaysia (BNM) has maintained the key Overnight Policy Rate (OPR) at 2.75% at their past two review meetings.

The value of major real estate transactions for the reviewed quarter increased 21% YoY and 11% QoQ to MYR2.2 billion (Q1/2022 : MYR1.8 billion, Q4/2022 : MYR2.0 billion), which is a positive sign, and sentiment among investors on the ground appears to have improved.

The single largest transaction during the period was the MYR520 million sale of a portfolio of six hypermarkets by the Employees Provident Fund (EPF/ KWSP) to Sunway REIT. Five of these properties are located in various parts of Selangor (Petaling Jaya, Mutiara Damansara, Subang Jaya, Klang and Ulu Kelang), whereas the sixth is located in Plentong, in the state of Johor. EPF also sold another hypermarket located in Klang Sentral to NSK, a domestic hypermarket operator, for an undisclosed sum, and a 12-storey commercial office block (NLA : 65,735 sq ft) known as Bangunan KWSP Damansara Fairway, to LKL International Berhad for MYR24 million.

Three other notable transactions took place in Selangor & Johor, including Lagenda Properties Berhad purchase of 1,075.48 acres of land in Kulai, Johor, from PNB for MYR398.2 million. The acquisition was undertaken as a land banking exercise for future affordable housing projects. Given the proximity of the property to Senai International airport, Lagenda has revealed a plan for an affordable township with over 12,000 residential units and a commercial component with an estimated gross development value of MYR4 billion.

Iconic Singaporean retailer Mustafa (MK Mustafa Centre Sdn Bhd) has acquired unsold retail units in Capital City Mall (Johor Bahru) from Capital World for MYR368 million, with the intention to open its first flagship store in Malaysia. Under the agreement, Mustafa is reported to have purchased 591 retail units, representing a combined net lettable area of 641,216 sq ft, as well as 374 accessory parcels, including the alfresco and multipurpose areas spanning 1.28 million sq ft, and all 2,181 parking lots subsequently.

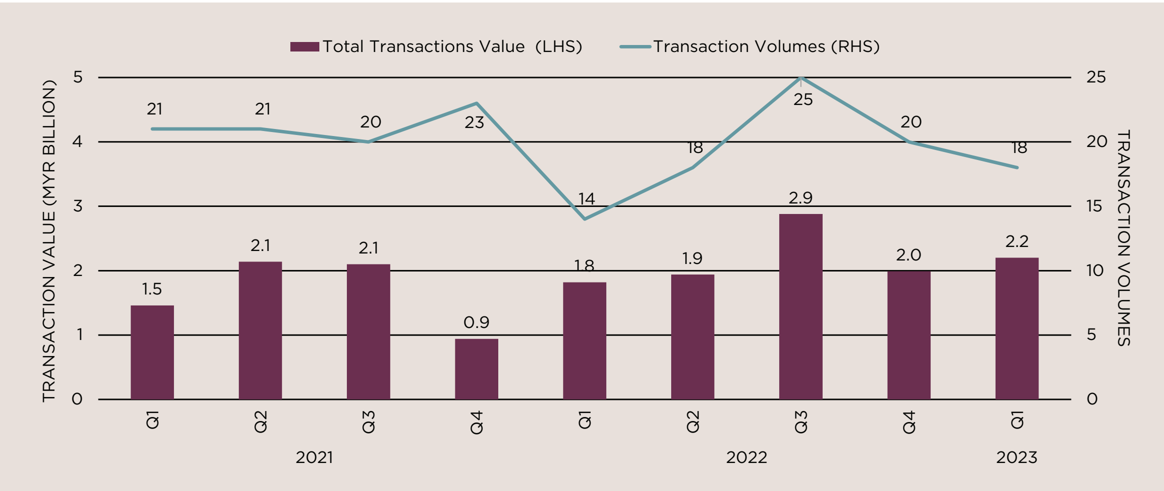
In Greater KL, Gamuda Berhad acquired eight freehold vacant land parcels with a combined size of 532 acres in Rawang from Kundang Properties Sdn Bhd for MYR360 million. The newly acquired land is located adjacent to, and will be developed as an extension of, Gamuda's existing 810-acre township, Gamuda Gardens.

We view this uptick in activity as positive and hope to see a continuation throughout the rest of 2023. Much will depend on global economic and political forces, as well as the continued stability of the recently elected federal government, headed by PM Anwar Ibrahim.

Datuk Paul Khong
Managing Director
Savills Malaysia
+603 2092 5955 ext 137
paul.khong@savills.com.my

Nabeel Hussain
Deputy Managing Director
Head of Capital Markets
Savills Malaysia
+603 2092 5955 ext 126
nabeel.hussain@savills.com.my

Transaction Volumes and Value, Q1/2021 to Q1/2023



Source Savills Research

Major Investment Transactions, Q1/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
6 hypermarkets	Selangor and Johor	MYR520.0 mil/ US$117.9 mil	Sunway REIT	Retail
A 1,075.48 acres of land	Johor	MYR398.2 mil/ US$90.3 mil	Lagenda Properties Berhad	Development land
591 retail units (641,216 sq ft)	Johor	MYR368.0 mil/ US$83.4 mil	MK Mustafa Centre Sdn Bhd	Retail
A 532 acres of land	Rawang, Selangor	MYR360.0 mil/ US$81.6 mil	Gamuda Berhad	Development land
A 3.91 acres of land	Kuala Lumpur	MYR64.6 mil/ US$14.7 mil	MCT BERHAD	Development land

Source Savils Research, Bursa Malaysia

Pakistan

Hammad Rana
Chief Executive Officer
+92 21 3561 2550-2
hammad.rana@savills.pk

Nadine Malik
Director
Strategic Consultancy
+92 21 3561 2550-2
nadine.malik@savills.pk

Predicting a difficult year ahead for Pakistan, the World Bank believes the country's growth projections for FY2023 may be even lower than the four percent projected in June last year.

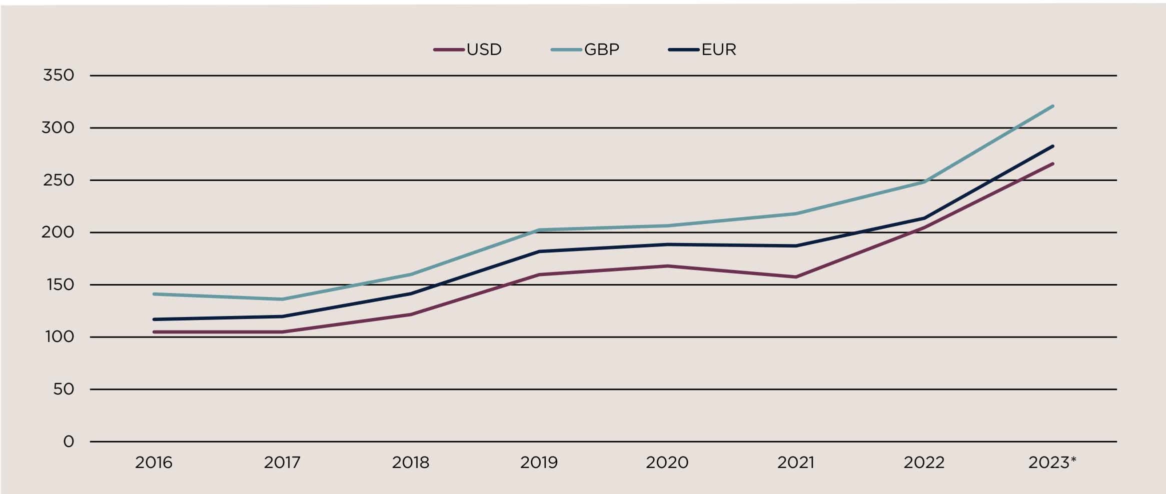
Pakistan's foreign exchange reserves have fallen to less than US$3 billion in Q1/2023, its lowest level since February 2014. The country has turned to foreign aid, hosting an international donors' conference in early January 2023, when the global community pledged more than US$10 billion over the next three years.

Pakistan's consumer price inflation jumped to 31.5% in February of 2023 after accelerating further from an already high rate of 27.6% at the start of the year. The inflation in the country has reached its highest rate since June of 1974, as the rupee continues to hit new lows after depreciating sharply to over 282 PKR per USD in March of 2023. The USD to PKR rate has increased by 57.34% in the last 12 months and is expected to hit a rate of over PKR310 within a year.

In response, as of March 2023, Pakistan's central bank has further raised its key interest rate by 300 basis points to 20%, its highest level since 1996. These measures have been deemed necessary as the cash-strapped country seeks to encourage the International Monetary Fund to release critical financing.

With inflationary pressures arising from the depreciation of the Pakistani rupee, a majority of households have witnessed financial hardship and reduced consumption. However, the country's large informal sector and outsized property market have provided income stability for upper middle income families as well as high net worth individuals who are underserved in this sector and who continue to drive retail consumption patterns. This is reflected in occupancy rates for grade A retail developments in major cities such as Lahore, Islamabad and Karachi, all observed to be over 85% in Q1/2023 with lease rates ranging between US$0.89 and US$3.57 per sq ft. Furthermore, the expansion of mall culture, the introduction of much-needed entertainment areas and arcades along with the rise of e-commerce businesses have also played a role in driving the growth of the retail sector.

PKR Currency Conversion against USD/GBP/EUR, 2016 to 2023



Source Pakistan Bureau of Statistics
*Rates as of 1st July for their respective year. Rate as of 1st March for 2023.

Major Investment Transactions, Q1/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
~2,050 sq yard Swiss Consulate	Karachi	PKR455.0 mil/ US$1.6 mil	SZABIST	Educational istitute
200 sq yard commercial building	Karachi	PKR525.0 mil/ US$1.9 mil	Faysal Bank	Banking

Source Savills Pakistan - Capital Markets and Investment Services

Philippines

Despite inflation easing in the ASEAN region, the Philippines recorded a sharp spike in its headline inflation rate in January. Core inflation (excluding volatile items of food and energy) continued to rise in February which only prompted the Bangko Sentral ng Pilipinas (BSP) to further hike its benchmark interest rate by another 50 basis points. The BSP further raised interest rates again by another 25 basis points in March, mirroring the move by the US Fed. The headline inflation rate eased to 7.6% in March, but core inflation continued its uptrend to 8.0% indicating a broader but lagging impact of the lingering high food and fuel prices.

On the other hand, rising interest rates have not deterred some of the country's top developers. Ayala Land has earmarked around US$1.5 billion this year, while SM Prime is also budgeting around US$1.4 billion. Both developers are resuming their capital spending program after their building pipelines were disrupted during the COVID-19 lockdowns. Land acquisition still constitutes a large chunk of their budgets, which indicates bullishness in the sector. Similarly, Keyland Corporation was able to acquire a 1,009-sq m property in Makati CBD for around US$20.3 million. Our back-of-the-envelope calculation implies that the acquisition price was lower than the prevailing prices prior to the pandemic.

Sentiment has remained positive as we see a recovery in commercial foot traffic coupled with a rebound in shopping mall revenues. Foreign tourist arrivals are also regaining some footing after the dismal years during the pandemic. In 2022, the country saw 2.7 million foreign arrivals with overseas Filipinos (OF) representing close to a quarter. In the first two months of this year, foreign arrivals reached 930,200 with foreign tourists comprising 92.1%. OFs historically comprise around 4.3% of total foreign arrivals and the initial data hints we are returning to past trends.

This bodes well for hotel operators who have shuttered due to the absence of demand and rock bottom occupancies. However, mounting debt from operational losses prompted the parent company of Red Planet Holdings (Philippines) Limited to sell its equity stake to Polaris Holdings for US$6.4 million. The valuation of the entire portfolio (13 hotels with 2,208 rooms and two development sites) amounted to US$77.0 million, which reflected uncertainty on future occupancy rates. Although we saw a rebound in spending in the hospitality sector in 2022, discretionary spending on tourism may be affected by high interest rates this year.

Michael McCullough
Managing Director
KMC Savills, Inc
+632 217 1730
michael@kmcmaggroup.com

Fredrick Rara
Associate Director
KMC Savills, Inc
+632 403 5519
fredrick.rara@
kmcmaggroup.com

Overseas Visitor Arrivals, 2007 to 2023F*

Source Department of Tourism (DOT)
* Extrapolation of year-to-date figures from January to February 2023.

Major Investment Transactions, Q1/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Chemphil Manufacturing Building	Arnaiz Avenue, Makati City	PHP1.3 bil/ US$20.5 mil	Keyland Corporation	Development site
Red Planet Philippines Portfolio	Various locations	PHP4.2 bil/ US$77.0 mil	Polaris Holdings	Hotel

Source KMC Savills, inc

Singapore

Jeremy Lake
Managing Director
Investment Sales &
Capital Markets
+65 6415 3633
jeremy.lake@savills.com.sg

Alan Cheong
Executive Director
Research
+65 6415 3641
alan.cheong@savills.com.sg

Despite an economic climate laden with uncertainties arising from the fallout from high inflation and the attendant interest hikes, investment sales got off to a good start in 2023, with their value doubling from S$2.81 billion in Q4/2022 to S$5.63 billion in Q1/2023.

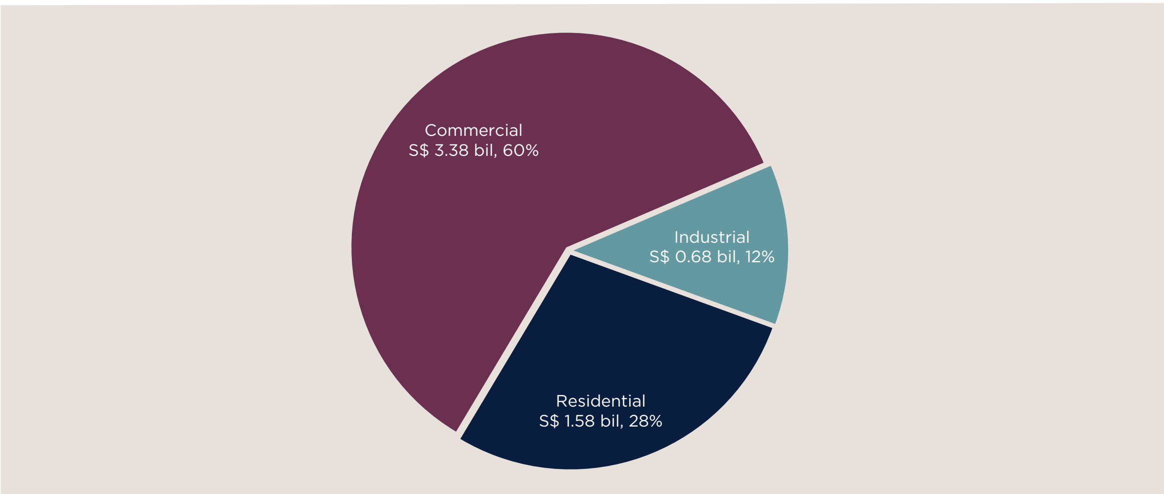
In Q4/2022, residential investment sales accounted for the highest proportion (49.9%) of the total pie. In Q1/2023 though, the commercial sector came out tops with commercial investment sales more than doubling from S$1.02 billion in Q4/2022 to S$3.38 billion. Consequently, commercial constituted 60.0% of the total investment sales in the quarter. Although office investment sales declined in the first quarter, this was outweighed by the surge in retail investment sales.

In the retail sector, the bulk of the sales value arose from block transactions, with shophouse transactions remaining relatively unchanged from the previous quarter. The largest deal in the retail sector, which was also the largest investment deal in the quarter, was the sale of Jurong Point for close to S$2.0 billion. This was part of Link REIT's first acquisition into Singapore, which also includes Swing By @ Thomson Plaza (Levels 1 and 3 of Thomson Plaza) for S$172.5 million. Apart from these two retail malls, Mercatus Co-operative also sold a 50% stake in NEX to Frasers Centrepoint Trust and Frasers Property for S$652.5 million.

Residential investment sales amounted to S$1.58 billion in Q1/2023, accounting for 28.0% of overall investment sales. Despite no GLS sites being awarded in the quarter, the residential sector recorded a quarterly growth of 12.5% from S$1.40 billion in Q4/2022. Investment sales value in the private sector segment rose 79.0% QoQ, which was largely attributed to the increase in collective sales in the quarter. In Q4/2022, there was only one collective sale, while there were three collective sales which went through in the first quarter, the largest of which was Meyer Park, sold to a joint venture between UOL Group and Singapore Land Group for nearly S$392.2 million.

Buying activity for residential properties priced at S$10 million and above also improved. There were 55 such transactions with a total sales value of S$994.0 million in the reviewed quarter, compared with 46 transactions worth S$863.0 million in Q4/2022. The increase in transaction volume was mainly attributable to landed houses which rose from 26 units in Q4/2022 to 39 units in Q1/2023. After a trough in Q4/2022, the buying activity for individual landed houses in Q1/2023 returned to the 30+ levels seen in the first three quarters of 2022.

Investment Sales Transaction Volumes by Property Type, Q1/2023



Source Savills Research & Consultancy

Major Investment Transactions, Q1/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Jurong Point	1 Jurong West Central 2	S$2.0 bil/ US$1.5 bil	Link REIT	Commercial
NEX (50% stake)	23 Serangoon Central	S$652.5 mil/ US$491.7 mil	Frasers Centrepoint Trust and Frasers Property	Commercial
Meyer Park	81, 83 Meyer Road	S$392.2 mil/ US$295.5 mil	United Venture Development (No 6)	Residential
Swing By @ Thomson Plaza	301 Upper Thomson Road	S$172.5 mil/ US$129.2 mil	Link REIT	Commercial
Multiple-user factory	239, 241 Alexandra Road	S$142.0 mil/ US$107.0 mil	M&G Real Estate	Industrial

Source Savills Research & Consultancy

South Korea

Crystal Lee
CEO
Savills Korea
+82 2 2124 4163
csjlee@savills.co.kr

JoAnn Hong
Director
Research & Consultancy
+82 2 2124 4182
jhong@savills.co.kr

The Bank of Korea held the Base Rate at 3.50% at its latest policy meeting on 23 February 2023. This decision marks the first time the rate has remained unchanged after seven consecutive increases. Moreover, on March 22, the Federal Reserve raised its benchmark rate marginally by 0.25%p to 4.75% to 5.00%. Whilst the market is anxious for a potential shift toward a tightening stance in monetary policy, investment activity in Korea's office sector was subdued, as only a handful of transactions greater than KRW20.0 billion were concluded during the first quarter.

Autoway Tower in the GBD was sold via a share deal by gaming giant Nexon from the Korean Teacher's Credit Union ("KTCU"). In the high-rate environment, KTCU has been reported to be providing loans and interest payments to its union members with pension deposits and has sold its 50% stake in the fund to improve liquidity. Nexon has expanded significantly during COVID but is open to alternatives including using the area for R&D.

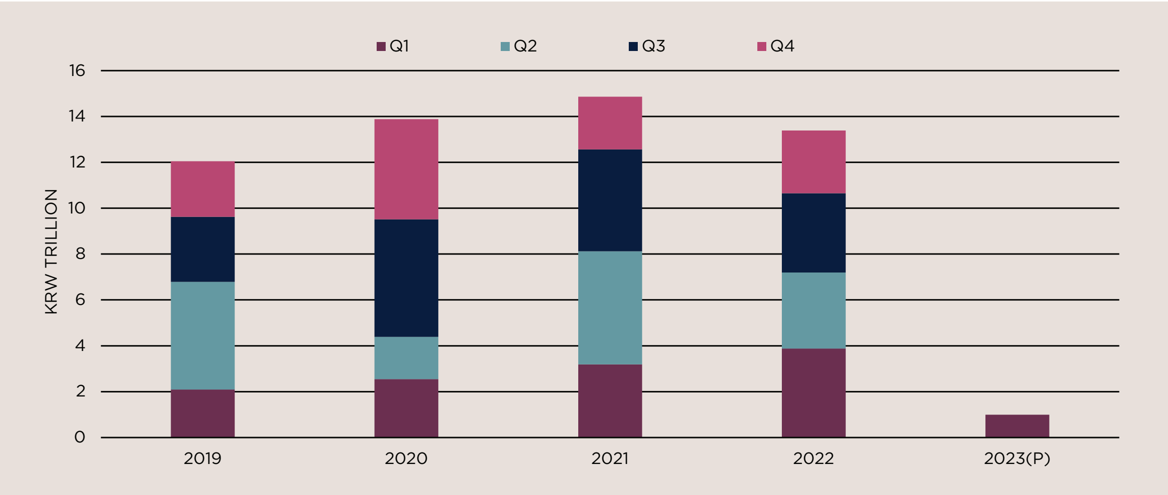
Ongoing transactions include the forward purchase of Eulji Finance Center by Mirae Asset Global Investments for a total consideration of KRW817.2 billion (KRW41.5 million/py). The asset, located in CBD with a within a 1-minute walk from Euljiro 3-ga Station (Subway Lines 2 & 3), is expected to be completed in Q1/2027, when the Mirae Asset Financial Group will likely move in after completion.

In Pangyo, office prices have been negotiated down from the previous peak. Samsung SRA AMC was selected as the preferred bidder for the acquisition of Alphadom Tower (Alphadom City Block 6-3) at KRW26.0 million/py (KRW691.3 billion) from a key investor, Public Officials Benefit Association ("POBA"). The potential buyer has announced that the asset will be included in the newly established self-managed Samsung FN REITs. Despite stable rental income from Kakao affiliates, the unit price of sale represents a drop of 10-15% over the past year in pricing for the Pangyo district given that Alpharium Tower, comparable in tenancy and accessibility to Pangyo station, was traded at KRW30.0 million/py during January 2022.

In the logistics sector, IGIS AMC funded by Singapore's GIC, purchased LG Logistics Center located in Changwon in Korea's Gyeongsang Province from Mastern IMC for KRW109.0 billion (KRW6.6 million/py). The 100% dry storage facility is fully occupied by LG group affiliates, including LG Electronics and LX Pantos. Though current lease terms are slightly under-rented, the buyer has shared plans to normalize rents to market levels on contract renewal.

Transactions closed in Q1/2023 had often been discussed since last year, with bid-ask spreads gradually narrowing. As the uncertainty surrounding the level of interest rates starts to fade, investment activity is likely to be more dynamic over the coming quarters.

Transaction Volumes by Sector, 2019 to 2023(P)



Source Savills Korea Research & Consultancy
* Hard asset transactions only. Each transaction exceeding KRW20 billion.

Major Investment Transactions, Q1/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Autoway Tower (50%)	Seoul, GBD	N/A	IGIS AMC (Nexon)	Office
LG Logistics Center	Changwon	KRW109.0 bil/ US$84.0 mil	IGIS AMC (GIC)	Logistics

Source Savills Korea Research & Consultancy

Taiwan

Ricky Huang
Managing Director
Savills Taiwan
+886 2 8789 5828
rhuang@savills.com.tw

Erin Ting
Director
Research
+886 2 8789 5828
eting@savills.com.tw

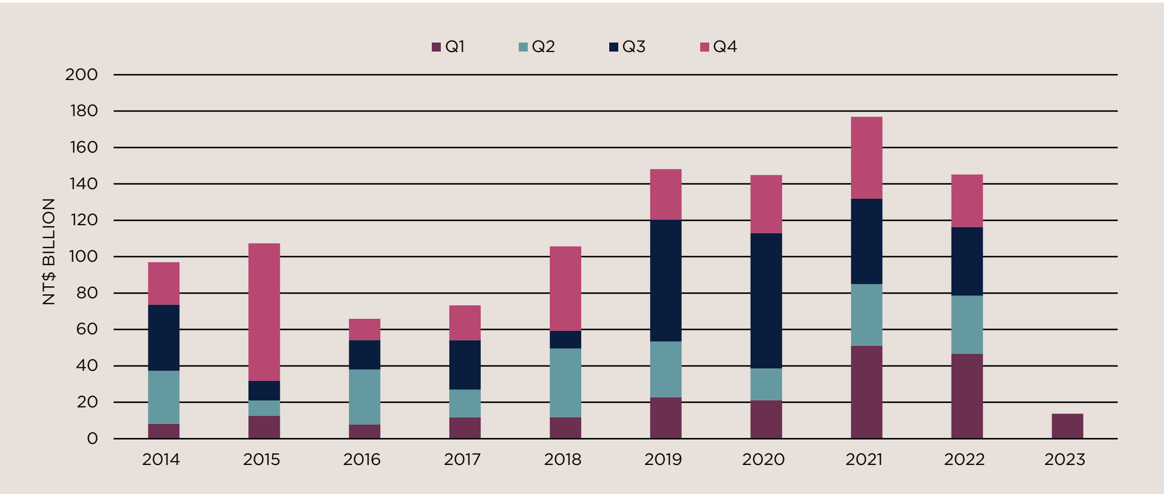
The real estate market is facing multiple challenges at the beginning of 2023. Weaker exports took Taiwan's 2023 GDP growth forecast to 2.21%, revised down by 0.63 percentage points (ppts) from the previous forecast, according to The Directorate-General of Budget, Accounting, and Statistics (DGBAS). Corporations who tend to be more conservative when faced with a gloomy economic outlook, are waiting for a clear sign that transaction momentum is returning to the commercial property market. Meanwhile, the Taiwan central bank has raised interest rates for five consecutive quarters, totaling 0.75 ppts. Mortgage rates have now climbed to over 2%, reaching a 15-year high. Even though the rate of increase has been slow compared with other countries, buyers are hesitant and the price gap between buyers and sellers is wide.

In addition, the government passed amendments to the Equalization of Land Rights Act this January to curb speculation in the residential market, including a prohibition on the resale of presale homes until completion and a ban on private companies purchasing residential properties unless they obtain approval in advance. These new measures will have a significant impact on the presale residential market as well as the luxury residential sector as high net worth individuals (NHWI) have traditionally set up companies as a means of tax mitigation. Despite the fact that the law will only come into force in the middle of this year, residential transaction activity has already fallen by 20% since Q4/2022.

Both the land and commercial property markets were quiet in Q1/2023 with total transaction volumes of NT$13.7 billion and NT$15.2 billion respectively, down by 70% and 71% YoY. Developers remained conservative in land acquisitions due to weaker sales and tight credit conditions and only purchased land worth NT$7.2 billion, the lowest level since 2016. In terms of the commercial property sectors, technology companies dominated the market, accounting for 60% of activity, followed by professional investment institutes (15%) and biotechnology (5%). The largest deal this quarter was an en-bloc presale industrial office building in Neihu Technology Park acquired by Topco Scientific Co. for NT$5.4 billion, equal to NT$810,000 per ping. The buyer plans to consolidate office spaces in northern Taiwan. Insurance companies have been quiet recently as rising interest rates lifted the yield requirement for investment properties to 2.845%. To create a buffer for the possibility of rising interest rates in the near future, insurance companies are looking for opportunities in the middle and south of Taiwan.

Given the long Chinese New Year holiday, it is too early to conclude that the market is approaching a turning point. While prices of commercial properties are currently stable or increasing slowly, the absence of developers and insurance companies will make further price rises difficult to sustain in the longer term.

Commercial Property Transaction Volumes, 2014 to Q1/2023



Source Savills Research & Consultancy

Major Investment Transactions, Q1/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
China Real Estate Management Neihu Building	Taipei City	NT$5.4 bil/ US$175.9 mil	Topco Scientific	Industrial Office
Factory in New Taipei Industrial Park	New Taipei City	NT$1.8 bil/ US$60.2 mil	International Games System	Factory
3 stories of Yulon Finance Building	Taipei City	NT$881.3 mil/ US$29.0 mil	Yulon Finance Corporation	Office
Kerry TJ Tainan Logistics	Tainan City	NT$750.0 mil/ US$24.7 mil	Xxentria Technology Materials	Logistics

Source Savills Research & Consultancy

Thailand

Thailand's economy experienced a slowdown in the last quarter of 2022, with a deterioration in both private and public consumption being the primary factors responsible for the sluggish growth. As per the statistics, the GDP growth rate decelerated to 1.4% YoY in the fourth quarter of 2022, which is significantly lower than the growth rate in the previous quarter. Thailand's economic outlook for 2023 is bright, with tourism poised to rebound post-COVID. The reopening of China, the country's top tourism market, has positively impacted the economy by driving visitor numbers up, which is expected to provide a substantial demand-side stimulus.

According to the Real Estate Information Center (REIC), Thailand's real estate market has exhibited favorable growth in recent quarters, especially in the residential sector. In January 2023, the number of residential units transferred in the Bangkok and surrounding areas rose by 10.6%. Condominium units transferred, as part of the residential sector, increased by 30.3% during the same period. Notably, the number of condominium units transferred to foreigners has shown steady growth, reaching 82.3% YoY and 12.8% QoQ by the end of 2022, marking the fifth consecutive quarter of expansion since Q4/2021. This trend indicates that the real estate market in Thailand is becoming increasingly appealing to foreign investors. The market has witnessed a significant increase in foreign investment in the condominium sector, with foreign buyers accounting for 11.5% of all condominium transfers in Q4/2022. The proportion of condominium units transferred to foreign buyers has risen from the previous year, with 66.2% of these units being second-hand condominiums.

China is the top buyer of condominiums in Thailand, accounting for 49.4% of all foreign purchases, followed by Russia at 7%, the USA at 4.7%, the UK at 3.4%, and France at 3.0%. Bangkok is the most popular destination for foreign buyers, accounting for 45.5% of all condominium purchases, followed by Chonburi, Samut Prakan, Phuket, and Chiang Mai.

In terms of price range, condominiums priced below THB3 million are the most popular among foreign buyers, accounting for 47.9% of all purchases, followed by condominiums priced between THB3.0 million and THB5.0 million, which account for 25.6% of all purchases. The most popular unit size for foreign buyers is in the range of 31 to 60 sq m, with one to two bedrooms.

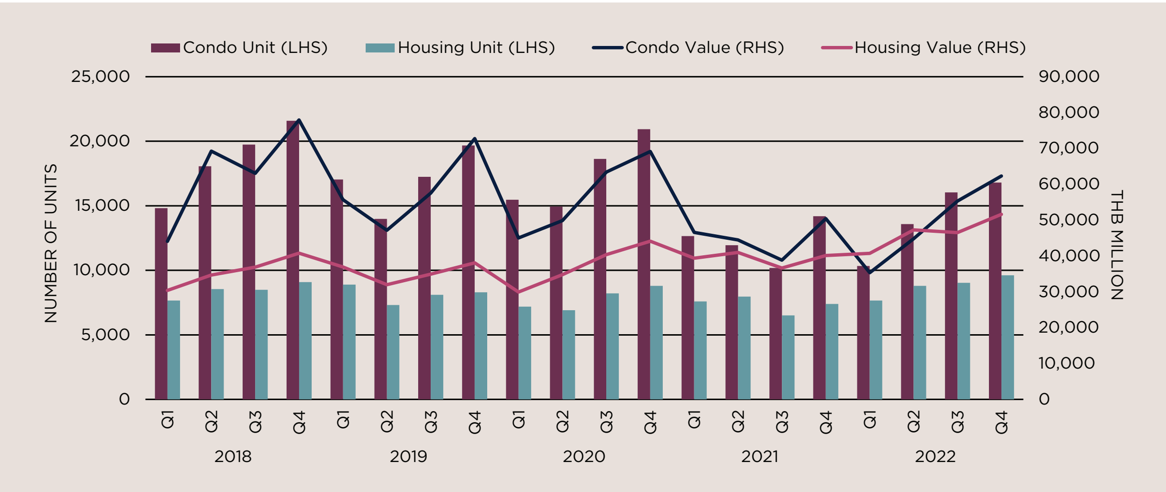
On the other hand, the housing market in Thailand has remained stable before, during, and after the COVID-19 pandemic in terms of unit numbers. However, the value of transferred units has shown steady growth over time. This indicates that while the number of units being sold has not changed significantly, their value has increased, likely due to factors such as inflation and higher demand for high-end properties.

In conclusion, the real estate market in Thailand is showing signs of steady growth, with a significant increase in foreign investment in the condominium sector. While the housing market remains stable in terms of unit numbers, the value of transferred units is steadily increasing, indicating a rise in demand for high-end properties.

Robert Collins
CEO
Savills Thailand
+66 2636 0300
robertc@savills.co.th

Puncharas Angkeaw
Analyst
Research & Consultancy
+66 2636 0300
puncharas.a@savills.co.th

Bangkok's Residential Transfer Volume, Q1/2018 to Q4/2022



Source REIC

Major Investment Transactions, Q1/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Land at Rojana Industrial Park	Rojana Industrial Park	THB152.8 mil/ US$4.4 mil	World Precision	Development site
Land at Wireless Road	Wireless Road, Bangkok	THB2.4 bil/ US$70.9 mil	Swire Properties, Sunny Ray Limited	Development site
Future The Excel Lasalle 17	Lasalle Road, Bangkok	THB502.5 mil/ US$14.6 mil	Real Asset Development Company Limited	Development site
Ibis Hua Hin	Petchkasem Road, Hua Hin, Prachuap Khiri Khan	N/A	Tokyu Land	Hotel
Grande Centre Point Space Pattaya	Pattaya City, Bang Lamung, Chon Buri	THB6.5 bil/ US$188.9 mil	LH Hotel Leasehold REIT	Hotel

Source MSCI Real Capital Analytics

Vietnam

Although Viet Nam's economy faced challenges in Q1/2023, performance remained steady, despite continued global unease. According to the General Statistics Office (GSO), by February 2023 inflation increased to 4.96% YoY, while total registered FDI as of 20 March 2023 stood at US$5.45 billion, down by 38.8% YoY.

The Government is taking proactive steps to support real estate. Decree No. 08/2023/ND-CP was issued on 5 March 2023 and details guidance on the private placement and trading of corporate bonds. Corporations can negotiate with bond owners to pay principal and interest using other assets and can extend bond maturity by no more than two years. Businesses are already implementing the decree; Nova Land successfully extended three lots of bonds worth VND2.75 trillion.

On 15 March 2023, the State Bank of Viet Nam reduced regulatory interest rates to stabilise the monetary market and promote economic growth, the first cut since late 2020. Accordingly, the annual rediscount rate will be lowered to 3.5% from 4.5% while the annual interest rate for loans to offset capital shortages in clearance between the central bank and domestic banks will be revised down to 6% from 7%.

Viet Nam reported 1.8 million foreign arrivals in the first two months of 2023, an increase of 3,660% YoY. The performance is healthy given the target of 8 million foreign arrivals for the year as a whole. Chinese nationals can travel to Viet Nam in tour groups from 15 March 2023, which is expected to boost tourism performance significantly.

Industrial real estate remains in demand. On 10 February 2023, Becamex IDC (Viet Nam) and Sembcorp Development LTD Company (Singapore) signed an MOU to develop five green, smart, and sustainable industrial zones in Viet Nam.

The supply of land banks for residential development projects remains limited, despite keen interest from foreign investors. The supply shortage results from planning and approval delays and as a result, residential decentralisation continues.

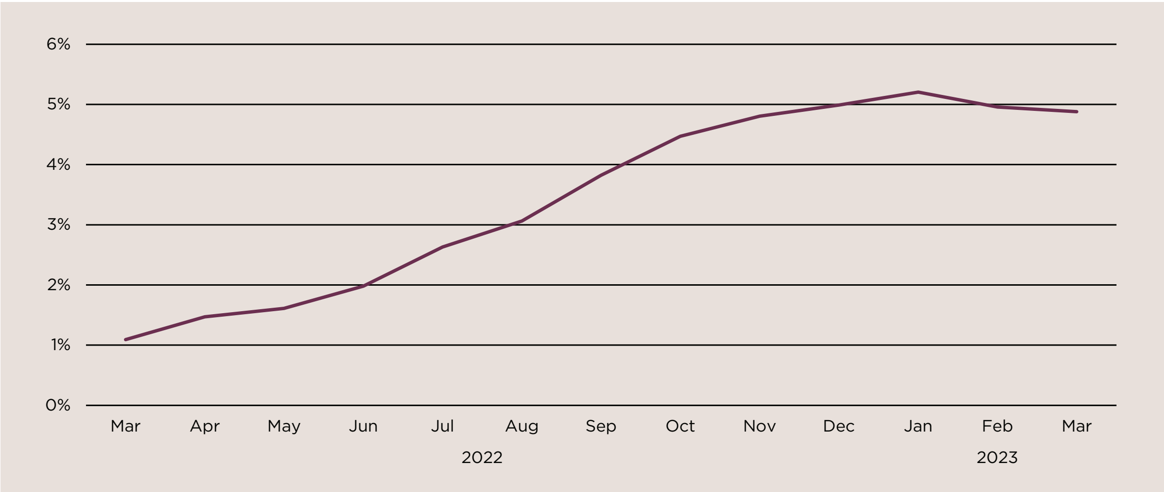
The fundamentals of the office market remain sound and developers are increasingly conscious of future-proofing properties and are starting to deliver green products. An increasing number of multinational companies require green accreditation as a must for their offices and this ESG awareness will likely become fundamental to business.

In major deals reported this quarter, Taipei-based Foxconn poured in US$62.5 million to lease 45 ha of land in Quang Chau Industrial Park in Bac Giang. Elsewhere, Keppel Land Vietnam Properties decided to sell 100% of its stake in Willowville Pte. Ltd. to Oasis Asia Real Estate Investment with a total estimated value of US$5.5 million for the right to develop a site in District 1, Ho Chi Minh City.

Neil MacGregor
Managing Director
Savills Vietnam
+84 8 3823 7454
nmacgregor@savills.com.vn

Troy Griffiths
Deputy Managing Director
Advisory Services
+84 8 3823 9205
tgriffiths@savills.com.vn

Inflation Rate, March 2022 to March 2023



Source General Statistics Office of Vietnam

Major Investment Transactions, Q1/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
45ha land in Quang Chau Industrial Park	Bac Giang	VND1.5 tri/ US$62.5 mil	Hon Hai Precision Industry	Industrial
A land in District 1, HCMC	Ho Chi Minh	VND129.0 bil/ US$5.5 mil	Oasis Asia Real Estate Investment	Serviced apartment

Source MSCI Real Capital Analytics

Beijing

Huayuan Centre Tower 7
Shijingshan District
RMB461.0M/US$67.1M
in Q1

Hony New Century Building
Haidian District
RMB1.0B/US$146.7M
in Q1

Beijing Suning Life Plaza
Chaoyang District
RMB2.8B/US$409.0M
in Q1

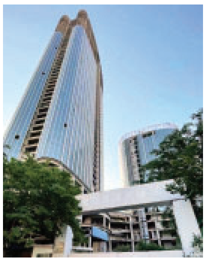
Haitai Tower (1-5 floors)
Haidian District
RMB359.0M/US$52.3M
in Q1

Chengdu

COFCO Tianfu Joy City Hotel
Shuangliu District
RMB170.0M/US$24.7M
in March

China Merchants Group The Magic Hotel
Wuhou District
RMB300.0M/US$43.6M
in March

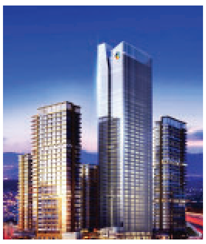
Guangzhou/Shenzhen



Matsunichi Headquarters Building
Huangpu Disrict, Guangzhou
RMB1.3B/US$191.3M
in February

CR Bao'an Project
Bao'an, Shenzhen
RMB210.0M/US$30.5M
in January

COFCO Galaxy Plaza
Guangming, Shenzhen
RMB160.0M/US$23.3M
in March



Grand Joy Apartment
Bao'an, Shenzhen
RMB200.0B/US$29.0B
in March

Shanghai

◀ **1FS**
Jingan
RMB805.0M/US$117.0M
in January

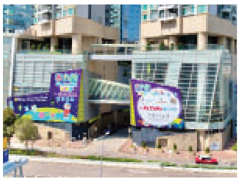
Changfeng Centre Phase III ▶
Putuo
RMB950.0M/US$138.0M
in January

▲ **Huaqiao Building**
Huangpu
RMB763.0M/US$111.0M
in January

Green Bund Centre T3 (5 floors and 45 parking lots) ▶
Huangpu
RMB1.3B/US$195.0M
in March

◀ **Jinchuang Building**
Pudong
RMB3.2B/US$465.0M
in February

Hong Kong SAR



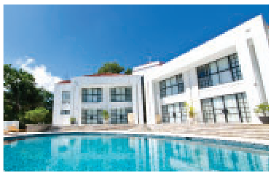
◀ **Commercial development, West 9 Zone, Florient Rise (with 17 CPS)**
Tai Kok Tsui
HK$748.0M/US$96.1M
in January

G/F shops 1-6 & 1/F (+ 2/F flat roof & signages A-G), One Kai Tak I, 2 Muk Ning Street
G/F shops 7-15 & 1/F (+ 2/F flat roof & signage S, H & N), One Kai Tak II, 8 Muk Ning Street ▶
Kai Tak
HK$600.0/US$77.1M
in March

▼ **20 Kent Road**
Kowloon Tong
HK$450.0M/US$57.8M
in March

▲ **30-38 Magazine Gap Road**
The Peak
HK$4.0B/US$514.1M
in February

▼ **24 Middle Gap Road**
The Peak
HK$880.0M/US$113.1M
in March

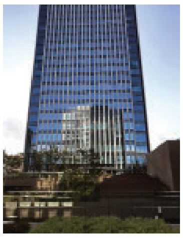


▲ **45 Baker Road**
The Peak
HK$1.2B/US$154.2M
in March

India

K Square ▶
Bhiwandi, Maharashtra
INR131.6Cr/US$16.0M
in January

Japan



Global Gate
Nagoya
JPY50.0-60.0B/US$374.7-449.6M
in Q1

Tokyu Plaza Ginza (30%)
Tokyo
JPY39.0B/US$229.1M
in March

Iidabashi Gran Bloom (additional 12%)
Tokyo
JPY25.4B/US$194.8M
in January

Malaysia

Giant Bandar Kinrara
Bandar Kinrara, Selangor

Giant Putra Heights
Putra Heights, Selangor

Giant Ulu Kelang
Ulu Kelang, Kuala Lumpur

Portfolio of hypermarkets
Selangor, Johor & Kuala Lumpur
MYR520.0M/US$118.0M
in March

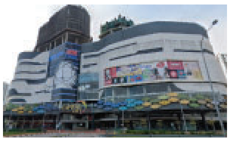
Giant Klang
Klang, Selangor

Giant USJ
USJ, Selangor

Giant Plentong
Plentong, Johor

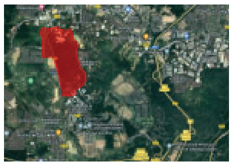
A 1,075-acre development land
Senai, Johor
MYR398.0M/US$90.0M
in February

A 150-acre industrial land
Delapan SBEZ, Kedah
GDV of MYR15.0B/US$3.4B
in January

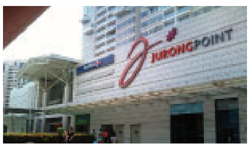


591 strata retail units in Capital City Mall
Tampoi, Johor
MYR368.0M/US$83.0M
in January

A 532-acre development land
Kundang Jaya, Selangor
MYR360.0M/US$82.0M
in January



Singapore



Jurong Point
1 Jurong West Central 2
S$2.0B/US$1.5B
in March

NEX (50% stake)
23 Serangoon Central
S$652.5M/US$491.7M
in January

Meyer Park
81 and 83 Meyer Road
S$392.2M/US$295.5M
in February

Swing By @ Thomson Plaza
301 Upper Thomson Road
S$172.5M/US$129.2M
in March

South Korea

Seoknam Logistics Center
Incheon-si
KRW650.0B/US$500.0M
in Q1

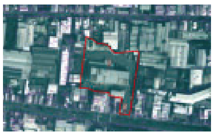
Autoway Tower
GBD
in Q1

LG Dudong Logistics Center
Changwon-si
KRW109.0B/US$84.0M
in Q1

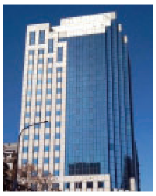
Seosomun J&M Building
CBD
KRW290.0B/US$223.0M
in Q1

Taiwan

Kerry TJ Tainan Logistics
Tainan City
TWD750.0M/US$25.0M
in March



Factory in New Taipei Industrial Park
New Taipei City
TWD1.8B/US$61.0M
in March



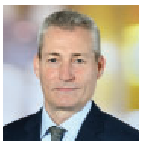
Yulon Finance
Taipei City
TWD881.0M/US$29.0M
in March

China Real Estate Management Neihu Building
Taipei City
TWD5.3B/US$178.0M
in January

Savills Regional Investment Advisory, Asia Pacific

savills

Head of Regional Investment Advisory
Christian Mancini
Email: cmancini@savills.asia
Tel: +81 03 6777 5150
15/F Yurakucho ITOCiA, 2-7-1 Yurakucho, Chiyoda-ku, Tokyo 100-0006, Japan



Head of Regional Research and Consultancy
Simon Smith
Email: ssmith@savills.com.hk
Tel: +852 2842 4573
Room 1202-04, 1111 King's Road, Taikoo Shing, Hong Kong

Regional Director, Greater China Investment
Frank Marriott
Email: fmarriott@savills.asia
Tel: +852 2842 4475
23/F, Two Exchange Square, Central, Hong Kong

ASIA

Greater China

Hong Kong SAR
Raymond Lee
Email: rlee@savills.com.hk
Tel: +852 2842 4518
23/F, Two Exchange Square, Central, Hong Kong

With offices in Taikoo

Central China
Wing Chu
Email: siuwing.chu@savills.com.cn
Tel: +8621 6391 6689
Unit 2501-13, Two ICC, No. 288 South Shanxi Road, Shanghai 200031, PRC

Northern China
Ted Li
Email: ted.li@savills.com.cn
Tel: +8610 5925 2068
Unit 1201, Tower 1, China Central Place, 81 Jianguo Road, Chaoyang District, Beijing 100025, PRC

Southern China
Woody Lam
Email: woody.lam@savills.com.cn
Tel: +8620 3665 4777
Suite 1301, R&F Center, No. 10 Hua Xia Road, Zhujiang New Town, Guangzhou 510623, PRC

Western China
Eric Wo
Email: eric.wo@savills.com.cn
Tel: +8628 8658 7828
Room 2106, Yanlord Landmark Square, No. 1 Section 2, Renmin South Road, Jinjiang District, Chengdu, PRC

With offices in Chongqing, Dalian, Hangzhou, Nanjing, Shenyang, Shenzhen, Tianjin, Wuhan, Xiamen and, Xi'an and Zhuhai

Macau SAR
Franco Liu
Email: fliu@savills.com.mo
Tel: +853 2878 0623
Suite 1309-10, 13/F Macau Landmark, 555 Avenida da Amizade, Macau

India
Diwakar Rana
Email: diwakar.rana@savills.in
Tel: +91 8527000387
WeWork Forum, DLF Cyber City, Phase 3, Sector 24, Gurgaon, Haryana 122002

With offices in Delhi NCR, Hyderabad, Bangalore, Mumbai, Pune and Chennai

Indonesia
PT CB Advisory, Savills Indonesia
Kevin Murtagh
Email: kevin.murtagh@savills.co.id
Tel: +62 21 293 293 80
Panin Tower - Senayan City, 16th floor, Unit C, Jl. Asia Afrika Lot. 19, Jakarta 10270, Indonesia

Japan
Andy Hurfurt
Email: ahurfurt@savills.co.jp
Tel: +81 03 6777 5182
15/F Yurakucho ITOCiA, 2-7-1 Yurakucho, Chiyoda-ku, Tokyo 100-0006, Japan

South Korea
Kookhee Han
Email: khhan@savills.co.kr
Tel: +82 (0) 2 2124 4181
13/F, Seoul Finance Center, 84 Taepyungro-1-ga, Chung-gu, Seoul 100-768, Korea

Malaysia
Nabeel Hussain
Email: nabeel.hussain@savills.com.my
Tel: +60 3 2092 5955
Level 9, Menara Milenium, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur, Malaysia

With 2 branches throughout Malaysia

Philippines
KMC MAG Group
Michael McCullough
Email: michael@kmcmaggroup.com
Tel: +632 8403 5519
11/F Sun Life Centre, 5th Ave, Bonifacio Global City 1634, Philippines

Singapore
Jeremy Lake
Email: jeremy.lake@savills.com.sg
Tel: +65 6415 3633
30 Cecil Street, #20-03 Prudential Tower, Singapore 049712

Taiwan
Ricky Huang
Email: rhuang@savills.com.tw
Tel: +886 2 8789 5828
21F, Cathay Landmark, No. 68, Sec. 5, Zho ngxiao E. Road, Xinyi District, Taipei City 110, Taiwan

With an office in Taichung

Thailand
Robert Collins
Email: robertc@savills.co.th
Tel: +66 2 636 0300
26/F, Abdulrahim Place, 990 Rama IV Road, Bangkok 10500, Thailand

Viet Nam
Neil MacGregor
Email: nmacgregor@savills.com.vn
Tel: +84 8 3823 9205
18/F, Ruby Tower, 81-85 Ham Nghi Street, District 1, Ho Chi Minh City, Viet Nam

With an office in Ha Noi

AUSTRALASIA

Australia
Ben Azar
Email: bazar@savills.com.au
Tel: +61 2 8215 8824
Level 25, 1 Farrer Place, Sydney, Australia

Offices throughout Sydney, Parramatta, Canberra, Melbourne, Notting Hill, Adelaide, Perth, Brisbane, Gold Coast and Sunshine Coast

New Zealand
Ryan Geddes
Email: rgeddes@savills.co.nz
Tel: +64 0 9 951 5340
Level 6, 41 Shortland Street, Auckland, NZ 1010, New Zealand

NORTH AMERICA
Richard Stevenson
Email: rstevenson@savills.us
Tel: +1 212 328 3972
399 Park Avenue, 11th Floor, New York, NY 10022

UNITED KINGDOM & EUROPE
Oliver Watt
Email: owatt@savills.com
Tel: +44 (0) 20 7016 3789
33 Margaret Street, London W1G 0JD, United Kingdom

Offices throughout the United Kingdom, Belgium, France, Germany, Hungary, Italy, Netherlands, Poland, Spain and Sweden Associate offices in Austria, Greece, Norway, Portugal, Russia, Turkey and South Africa