REPORT
Savills Research

Asia Pacific – Q4 2023

Investment Quarterly

savills

Asia Pacific Network

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

Cambodia
Phnom Penh*

Hong Kong SAR
Central
Central*
Exchange Square
Taikoo Shing (2)

India
Ahmedabad
Bangalore
Chennai
Delhi
Hyderabad
Mumbai
Pune

Indonesia
Jakarta
Jakarta*

Japan
Tokyo (2)

Macau SAR
Macau

Malaysia
Johor Bahru
Kuala Lumpur
Kuala Lumpur*
Penang

Philippines
Cebu*
Bonifacio*

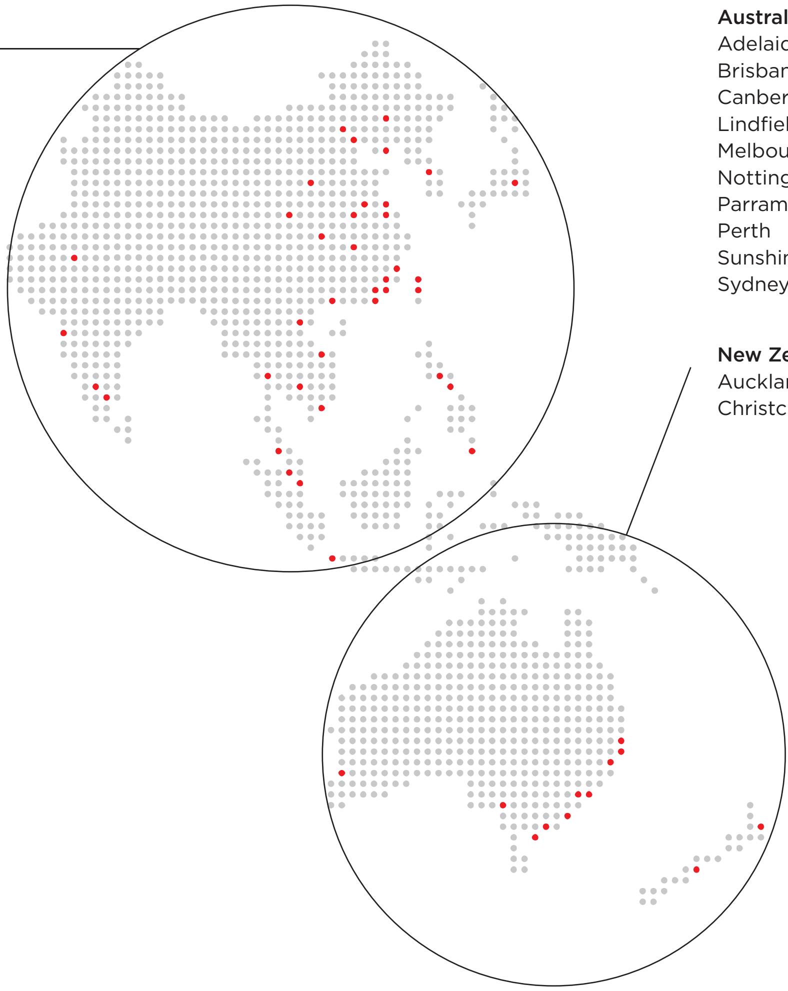
Singapore
Singapore (4)
Singapore*

South Korea
Seoul

Taiwan, China
Taichung
Taipei

Thailand
Bangkok

Vietnam
Hanoi
Ho Chi Minh City (8)



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 74 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

Asia Pacific

In the final quarter of the year, prolonged high interest rates, China's economic slowdown and rising global economic uncertainties continued to cloud the regional property investment market. Preliminary estimates show regional property investment volumes (deals worth over US$10 million, excluding development sites and pending transactions) fell by 23.2% YoY to US$31.8 billion in Q4/2023 but rose by 10.2% QoQ.

With the support of proactive fiscal and monetary measures, China regained its place as the most upbeat market in terms of investment volume. Investment sentiment improved slightly due to more realistic seller expectations and a stabilizing economy. More domestic end users and well-funded investors (e.g.: insurance companies) are planning to increase their presence by acquiring good quality properties in Tier 1 cities and re-financing assets from auctions, while foreign investors continue to show a lack of interest.

Japan remained one of the top contributors to regional property investment activity in Q4/2023, benefiting from an ultra-loose monetary policy, a weak currency and robust inbound tourism. Although softening demand for office and residential properties dragged down the investment volume in Q4/2023, overall investment sentiment remains positive. Investors have a healthy appetite for logistics, retail, and hotel properties.

Property investment volumes in Australia and Korea continued to fall in Q4/2023, due to higher costs of finance and a wide buyer-seller expectations gap. Hong Kong and Singapore also experienced similar situations, but several notable deals supported investment volumes in Q4/2023, including a local financial regulator's acquisition of 12 floors of One Island East in Hong Kong (US$694.1 million) and a Malaysian Tycoon's acquisition of Shenton House commercial tower in Singapore (US$408.1 million).

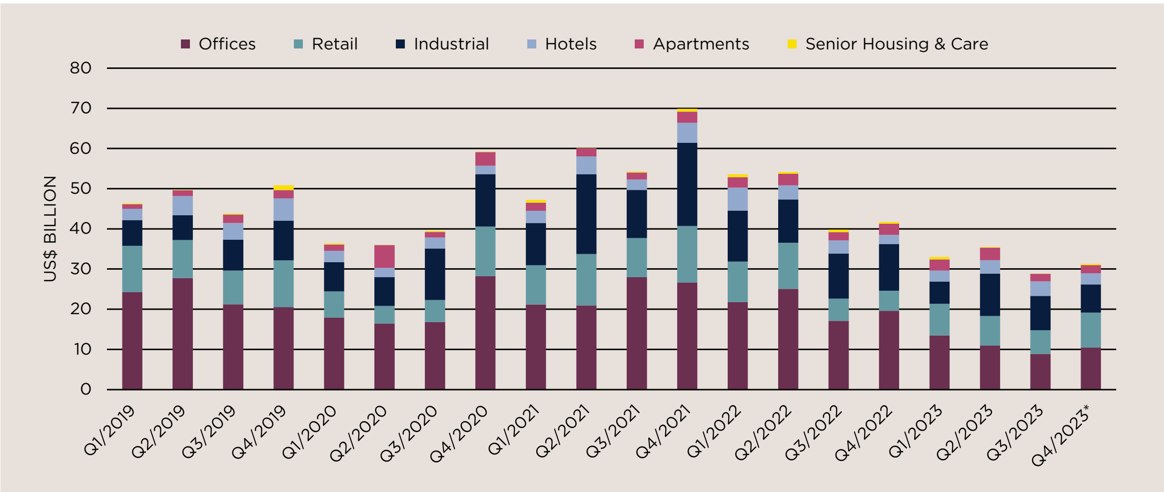
Retail and hotel investment performed relatively well among other asset types, both registering double-digit YoY growth in Q4/2023. Transactions were mainly dominated by Chinese real estate developers' auction sales and prime unit transactions from Tokyo. Office investment continued to underperform in Q4/2023 due to the high cost of borrowing and negative yield spreads, but it remained the most popular asset type overall, accounting for over 30% of total investment volume. Industrial investment also saw a mild decline in Q4/2023, due to diminishing returns and a lack of modern warehouse stock. Residential investment was also subdued in Q4/2023, but Australia's residential market proved to be a bright spot amid a rising number of immigrants and international students.

Looking ahead to 2024, multiple elections will be held across the region in the first half of the year, including Taiwan, Pakistan, Indonesia, Cambodia, South Korea and India giving rise to some uncertainty. Interest rates are expected to fall from mid-2024 following an easing of inflationary pressures and concerns over slower economic growth, but rates are unlikely to return to their pre-COVID lows in the short term. Regional investment activity may pick up during the second half, as monetary policy normalises and new governments are formed. Japan and India are expected to attract interest from domestic and international capital due to Japan's looser monetary policy and India's strong economic outlook. More investors are expected to look to 'beds, meds and sheds' for opportunities.

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

Susan Man
Manager, Regional Research & Consultancy
+852 2842 4270
susan.cy.man@savills.asia

Asia Pacific Investment Volume by Sector, Q1/2019 to Q4/2023



Source MSCI, as of 16 January 2024
Note Office, retail, industrial, apartment, hotel, and senior housing & care transactions included. Entity level deals included. Development sites excluded. Based on independent reports of properties and portfolios $10 million and greater. Data believed to be accurate but not guaranteed. *Preliminary for Q4/2023.

Notable Transactions in Asia Pacific, Q4/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
12 floors (42/F-54F excl 49/F) of One Island East	Quarry Bay, Hong Kong	HK$5.4 bil/ US$694.1 mil	The Securities and Futures Commission	Office
Samsung SDS Tower	Seoul, South Korea	KRW850.0 bil/ US$652.5 mil	KB AMC	Office
60 Margaret Street	Sydney, Australia	AU$777.2 mil/ US$510.3 mil	Mitsubishi Estate, AsheMorgan	Office
LaSalle CCB Logistic Portfolio	East China, South China	est. RMB3.0 bil/ est. US$419.8 mil	CCB	Logistics
Shenton House	3 Shenton Way, Singapore	S$538.0 mil/ US$408.1 mil	Shenton 101 Pte Ltd	Commercial

Source Public announcement, Savills Research & Consultancy

Australia

Slowing growth and inflation are raising the prospect that the interest rate cycle is nearing its peak. Real GDP growth slowed to just 0.2% in Q3/2023 to be 2.1% higher over the year. Economic activity is being supported by government spending, investment, and strong population growth. Higher interest rates are weighing on consumer spending, which was flat in real terms in Q3. Slowing global growth and the impact of higher interest rates will drag on activity in next year, with GDP growth expected to slow further in 2024.

Overall consumer price inflation continues to decelerate but growth in services prices remains high. Growth in headline CPI slowed to 5.4% over the year to Q3/2023, down from a peak YoY growth rate of 7.8% in Q4/2022. The monthly CPI indicator suggests price growth slowed further to 4.9% over the year to October. However, strong population growth and tight labour market conditions are contributing to price pressures.

Reflecting elevated services price growth, the RBA increased the cash rate by 25bps in November to 4.35% but left interest rates unchanged in December. Australia looks to be approaching the end of its tightening cycle. Financial markets are currently pricing in no further rate increases, and the potential for one 25bps cut in 2H/2024, while most economists expect 50bps of cuts in 2024 to 3.85%.

Australia has recorded a larger decline in activity YoY compared to the global average, reflecting the slower adjustment of capital values to higher interest rates. Interest rate stability and further pricing adjustment will reduce the gap between buyer and seller expectations and help fuel a recovery in investment market activity. It is expected that investment activity is likely to gain momentum only slowly in 2024, with the recovery gaining more traction later in the year and into 2025.

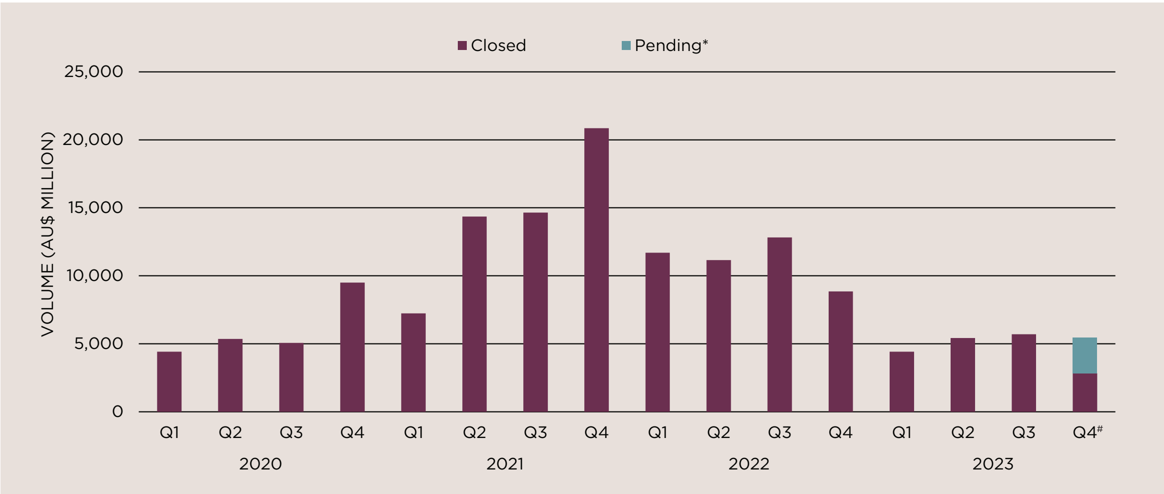
While overall investment activity has seen a decline this year, a number of major deals closed during Q4 and there are several in the pipeline, suggesting liquidity has improved for some buyers and sectors. Opportunistic capital has been active, alongside syndicators, select institutions and offshore groups. The preference for global capital to increase exposure to Australia will continue to play a significant role in unlocking investment activity in 2024.

Preliminary estimates for Q4 indicate that investment volumes across the office, industrial and retail sectors (AU$10 million+) fell 50% in quarterly terms to c.AU$2.8 billion, down from c.AU$5.7 billion in Q3/2023 (excluding transactions that are in due diligence/pending). By sector, office volumes are at c.AU$1.26 billion, down 32% from c.AU$1.86 billion in Q3. Industrial volumes are currently at c.AU$1.01 billion, down 57% from c.AU$2.38 billion in Q3. Retail deal volumes sit at c.AU$583 million, down 60% from c.AU$1.45 billion in the previous quarter.

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$10 million+) by Status, Q1/2020 to Q4/2023 (YTD)



Source MSCI, Savills Research
*Estimated transaction volumes (AU$10 million+) in due diligence or pending
#Preliminary for Q4/2023

Major Investment Transactions, Q4/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Settlement City	Port Macquarie, NSW	AU$107.0 mil/ US$70.3 mil	Fawkner Property	Retail
57-65 Templar Road	Erskine Park, NSW	AU$107.0 mil/ US$70.3 mil	ESR Cayman	Industrial
60 Margaret Street	Sydney, NSW	AU$777.2 mil/ US$510.3 mil	Mitsubishi Estate, AsheMorgan	Office
16-28 Quarry Road	Yatala, QLD	AU$66.9 mil/ US$43.9 mil	Hines	Industrial
2-30 Saintly Drive	Truganina, VIC	AU$94.1 mil/ US$61.8 mil	Barings JV Rest Super	Industrial

Source MSCI, Savills Research

China

Beijing has pledged to enhance economic development with a specific focus on high-quality growth. This commitment involves the continuation of proactive fiscal and monetary policies with a particular focus on stimulating domestic consumption, reducing the economy's dependency on real estate, and providing increased support to high-tech industries. China's GDP expanded by 4.9% YoY in Q3/2023, surpassing market expectations of 4.4%. Industrial activity and consumption growth also outperformed forecasts, indicating that recent policy interventions have helped reinforce the economic recovery. Despite persistent challenges, global institutions such as the International Monetary Fund (IMF), Organization for Economic Co-operation and Development (OECD), and major investment banking firms have upgraded China's 2024 GDP growth forecast to a range of 4.6%-5.0%.

China-wide en-bloc transactions (RMB100 million and above) reached a provisional total of RMB269 billion in the 12 months leading up to 15 December 2023, representing an 18% YoY decline. Nevertheless, investor interest showed signs of improvement in Q4/2023, driven by a growing number of opportunities, more realistic seller expectations, and a stabilizing economy. The multifamily/residential sector recorded a 63.9% YoY growth in transaction volumes during the same period, accounting for 18% of the total transaction consideration. Beijing and Shanghai remained the most attractive cities for investors in Q4/2023 due to stronger tenant demand and higher rent affordability. With a substantial reduction in land supplied for rental housing development, key buyer groups, including local serviced apartment operators/developers, asset management companies (AMCs), and fund investors supported by banks and insurance, are likely to focus their efforts on upgrading existing stock and project conversions.

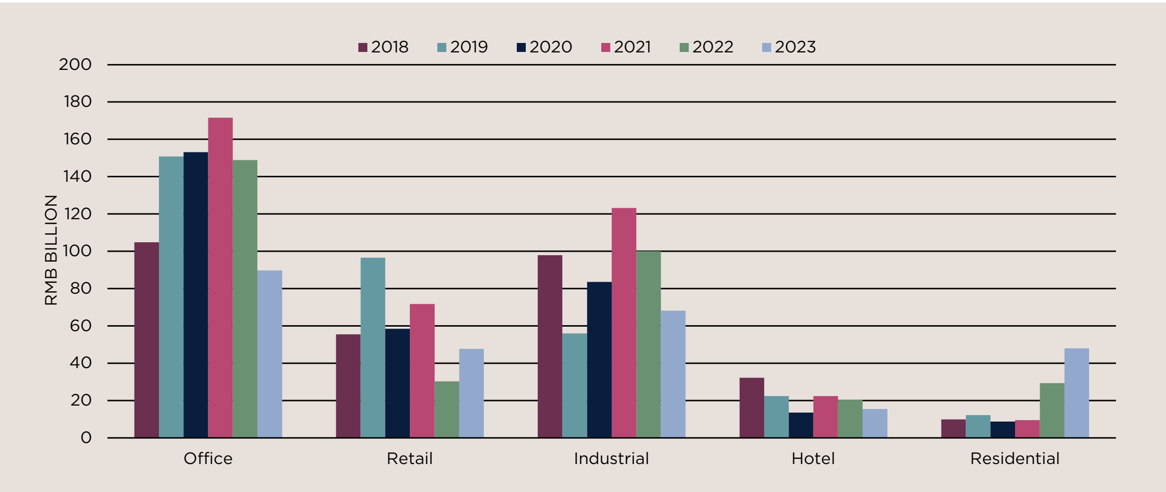
China accepted its first four retail Real Estate Investment Trust (REIT) applications in October 2023, raising a total of RMB12.7 billion. Three of the issuers were state-backed developers—China Vanke, China Jinmao, and China Resources Land—as well as one private retail giant Wumart. Regulatory approval for the state-backed developers' REITs was granted by the China Securities Regulatory Commission (CSRC) at the end of November 2023. The inclusion of the retail sector in the REITs regime provides new exit channels, liquidity, and transparency for the retail sector. Retail recorded a transaction volume increase of 57.2% YoY in the 12 months to 15 December 2023.

Developer cash flow problems have persisted in 2023 with some cases leading to delinquencies, with assets used for collateral against loans being placed on auction. 584,000 properties were listed in the first nine months of 2023, up 32.3% YoY, though the transaction rate fell from 21.4% to 18.6% as investors focused their search on premium quality stabilized assets instead. A number of assets however failed to attract bids despite their reserve prices being lowered to 56% of the appraised value. The assets that managed to sell did so at a discount of 23.1% from the appraised value, up from 20.6% a year earlier.

Louisa Luo
Head of Capital Markets & ILS
China
+86 21 6391 6688
louisa.luo@savills.com.cn

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

China Enbloc Transaction Volumes (income producing), 2018 to 2023



Source RCA

Major Investment Transactions, Q4/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
LaSalle CCB Logistic Portfolio	East China, South China	est. RMB3.0 bil/ est. US$419.8 mil	CCB	Logistics
The Westin Beijing Chaoyang	Beijing	RMB2.8 bil/ US$392.1 mil	Bohai Runze	Hotel
Huafa Inter Coast (45% share)	Zhuhai	RMB2.0 bil/ US$280.0 mil	Huafa	Mixed-use
Deppon CDH Logistic Portfolio	West and Central China	RMB1.8 bil/ US$244.9 mil	CDH Investment	Logistics
Zhangjiang 368	Shanghai	RMB937.0 mil/ US$131.1 mil	Chengdu Tianfu Bio City	Business Park

Source Savills Research

Hong Kong SAR

Peter Yuen
Managing Director
Investment & Sales
+852 2842 4436
pyuen@savills.com.hk

Jack Tong
Director
Research & Consultancy
+852 2842 4213
jtong@savills.com.hk

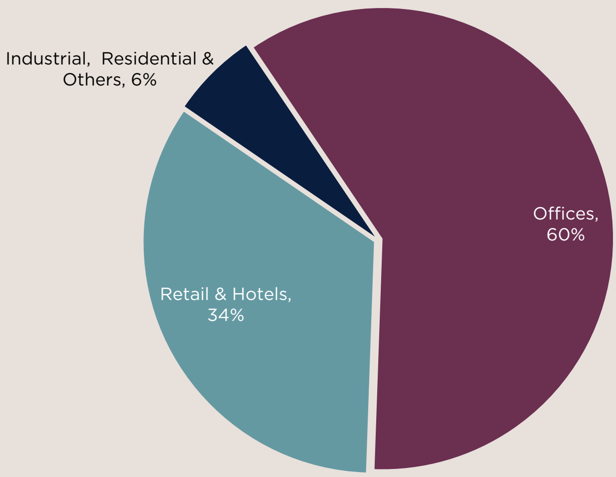
2023 ended on a high note with two sizeable end user deals concluded: The Security and Futures Commission (SFC), a quasi-government body, bought the nine floors they lease, plus three adjacent floors (total of 296,000 sq ft) in One Island East for HK$5.4 billion (HK$18,200 per sq ft). Meanwhile, Li Ning, a Mainland sportswear retailer, purchased the en-bloc office of Harbour East in Island East (144,000 sq ft) for HK$2.2 billion (HK$15,333 per sq ft), reportedly to use part of the building as their headquarters in Hong Kong. Both vendors (Swire and Henderson) were not in any sort of distress and the two deals reflected the fact that there are end users willing to pay current market prices to purchase quality office assets suitable for owner-occupation.

With these two deals concluded, total en-bloc / major commercial transactions for 2023 surpassed the 2022 levels by 16% YoY, with HK$31.1 billion worth of properties changing hands. Office assets represented the lion's share (60%) despite steady declines in both prices and rents, reflecting a possible increase in end users' (and in some very rare cases, investors') appetite to bargain-hunt in this falling market.

Hotel and retail properties, the two sectors expected to benefit most from border reopening, only represented 34% (slightly above HK$10 billion) of all major transactions. The industrial sector almost drew a blank in most of 2023 but registered two major deals towards the end of the year, namely CR Logistics purchase of another Kerry warehouse, this time in Fanling, for HK$1 billion (HK$3,800 per sq ft). Blackstone partnered with StoreFriendly again to purchase another en-bloc industrial building in Tsuen Wan for around HK$560 million (HK$4,000 per sq ft), to be converted into a self-storage premises. Nevertheless, the total volume of industrial transactions only reached HK$1.9 billion in 2023, a marked decrease of 88% from HK$15.1 billion last year.

The residential sector also saw some late-in-the-year momentum: the primary launch of YOHO WEST in Tin Shui Wai received an overwhelming response with the first three batches witnessing a sales rate of over 80%, and of the 1,400 units launched, over 1,000 units were sold for an average price of HK$11,000 to HK$12,000 per sq ft. The aggressive pricing was one of the reasons behind the strong sales, but the indication from the US Fed of the end of rate hikes, and a possible two to three rounds of rate cuts in 2024 also brought some impetus to the cautious residential market.

Total En-bloc / Major Commercial Transactions by Sector, 2023



Source Savills Research & Consultancy

Major Investment Transactions, Q4/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
12 floors (42/F-54/F, excl 49/F) of One Island East	Quarry Bay	HK$5.4 bil/ US$694.1 mil	The Securities and Futures Commission	Office
68 Electric Road	Tin Hau	HK$511.0 mil/ US$65.7 mil	-	Retail
Hale Weal Industrial Building	Tsuen Wan	HK$560.0 mil/ US$72.0 mil	Blackstone and StoreFriendly	Industrial
Harbour East	North Point	HK$2.2 bil/ US$282.8 mil	Li Ning	Office
8-12A Wilson Road	Jardine's Lookout	HK$1.2 bil/ US$150.7 mil	-	Residential

Source Savills Research & Consultancy

India

India continued to demonstrate a resilience to global headwinds in 2023, aided by supportive domestic demand conditions. It recorded a robust GDP growth of 7.7% in the first half of FY2024 exceeding all forecasts. However, domestic inflation remained stubbornly close to the tolerance mark, as it rose slightly from 4.9% in October 2023 to 5.6% in November 2023. The Monetary Policy Committee of the Reserve Bank of India (RBI) maintained the status quo on benchmark rates for a fifth consecutive meeting in early December, maintaining it at 6.5%, and continuing its hawkish stance of "withdrawal of accommodation". Although headline inflation lies within the central bank's 2% to 6% target range, it is still above the 4% midpoint target. The RBI's inflation projection for FY2024 currently stands at 5.4%.

Oxford Economics raised its 2023 GDP growth estimate by 0.3 percentage points to 7% as the economy was more resilient than expected. However, against the backdrop of an uncertain external environment, a slew of national elections across the globe including in big economies, and a probable cooling of domestic consumption, we might see momentum moderating in the coming year. Hence, for 2024, Oxford Economics estimates approximately 5.7% growth.

Despite these uncertainties, foreign institutional investors have continued to bet on Indian real estate. Private equity investment inflows into the Indian real estate sector amounted to US$3.9 billion (INR323 billion) during 2023, registering a 14% increase YoY. PE investments sustained their momentum as the real estate sector provided favourable avenues for foreign and domestic institutional investors. With a 75% share, foreign investors remained the primary contributors to investment activity in 2023.

Commercial office assets continued as frontrunners, garnering a 65% share of the overall investment pie. The sustained high occupancy of investible grade office assets supported this dominance. Most investment came from foreign institutional investors and a majority was concentrated in Mumbai.

2023 marked the expansion of the investible universe in the Indian real estate sector with the increase in listed REITs. In May 2023, the market witnessed the launch of India's maiden retail REIT, Blackstone-backed Nexus Select Trust.

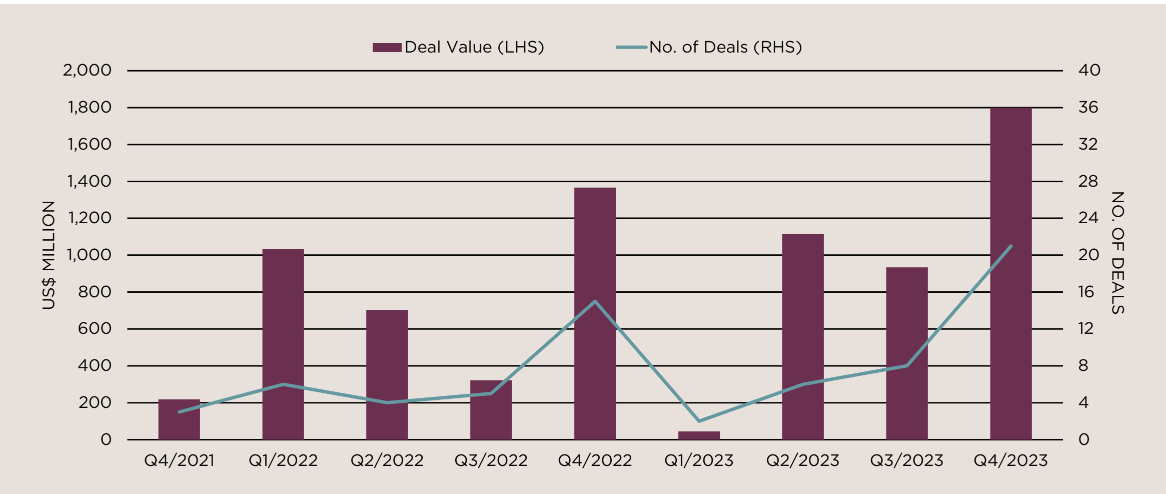
India remains a bright spot in the global economy, at a time when recessionary shadows loom over a major part of the world and we expect India to clock in approximately US$3.5 billion to US$4.0 billion (INR291 billion - INR333 billion) of private equity investment in real estate in 2024. Given limited investment grade assets, we may witness muted activity in the office segment. However, alternative segments such as life sciences, data centers and student housing are likely to gain prominence in 2024 as growth drivers are in place for these industries.

We anticipate a gradual widening of the investor base with new investors entering the Indian market as well as a rise in investment activity, particularly from Asian institutional investors in 2024. As evidenced in 2023, several Japanese investors increased their commitment to real estate across all formats ranging from direct purchase to forming joint ventures.

Anurag Mathur
Chief Executive Officer
+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, Q4/2021 to Q4/2023



Source Savills Research & Consulting

Major Investment Transactions, Q4/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Good Host Spaces	Sonipat, Jaipur, Solan, Manipal	INR27.0 bil/ US$324.3 mil	Alta Capital	Student Housing
A 56.52 acres of land in Farukh Nagar (Gurugram)	Gurugram	INR1.3 bil/ US$16.1 mil	Allcargo Inland Park	Industrial & Warehousing

Source Savills Research & Consulting

Indonesia

Investment in Indonesia has continued to record highs in recent years, with the 2023 target reaching IDR1,400 trillion. Foreign direct investment represented about 63.8% or IDR872.6 trillion of the total investment realization up to Q3/2023.

Logistics is still considered to be one of the most promising sectors for investment and this sector is expected to continue growing in the future. The major requirements for the Indonesian logistics industry come from high-tech, storage warehouses, and even distribution hubs.

In the midst of global disruption throughout 2023, the Indonesian economy remained relatively resilient, which was indicated by a stable economic growth rate of 5.05% up to Q3/2023. Indonesia's inflation has also remained under control at 2.61% YoY as of December 2023.

Several major factors influence property market movements in Indonesia, including the year-end and Christmas holidays, as well as preparation activities for major political events in 2024 (February 14th election and possibility to the second-round election in June 2024). There has been a contraction in certain sectors, such as apartments, which witnessed a decline in sales. Conversely, we have seen a pick-up in other sectors, especially hotels and retail, which recorded increases in occupancy rates and visitor traffic.

In line with the logistics market, absorption of industrial land was recorded as a positive movement, with net demand increasing 40% compared to Q3/2023, while prices in the Q4/2023 tended to be stable. Industrial land absorption in Q4/2023 has continued to rise in line with the growth of the automotive, data center, and industrial sectors. Several transactions were concluded from the expansion of existing buyers, such as F&B processing firms, FMCG companies and pharmaceuticals.

The hotel market during Q4/2023 saw increased activity compared to the previous quarter, driven by the peak period of Government MICE activity, as well as the holiday season. Various events and gatherings have become a major contributor to the hotel market's performance. Hotel market performance in cities whose economies are based on business and leisure increased by 3% to 5% in Q4/2023 in terms of both occupancy and room rate.

The Christmas and New Year holidays have accelerated retail market performance, especially due to the significant increase in the number of visitors and spending. It was recorded that the number of visitors to shopping centers increased by 15% to 20% compared to the same period last year. This brought a significant increase in average sales in most shopping centers.

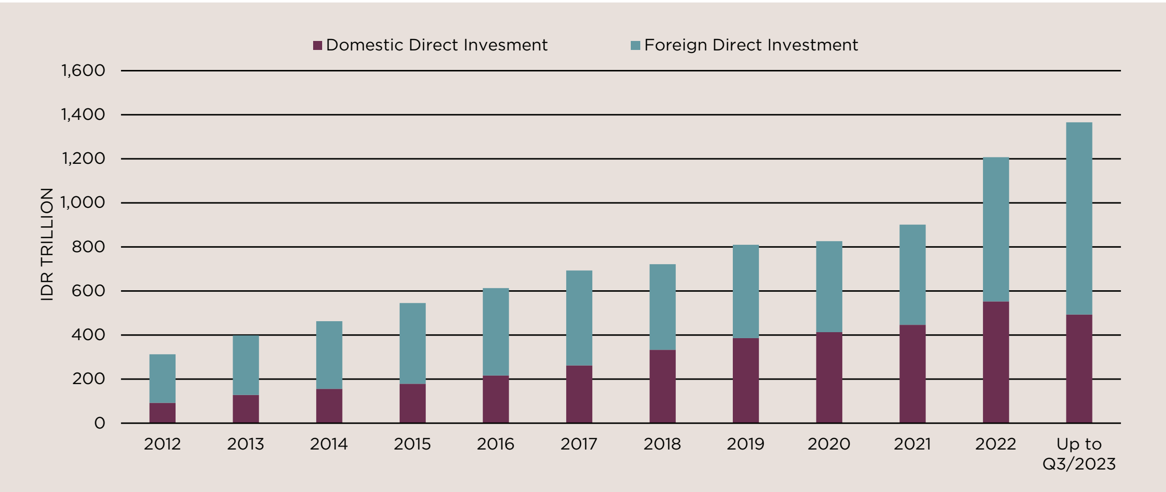
Throughout 2023, the office market in the Jakarta CBD showed a positive trend with demand mostly driven by corporate consolidations and tenant relocations to better-quality office buildings. Although the number of transactions fell in Q4/2023, leasing activity continued to increase towards the end of the year, marked by an uptick in tenants entering the market.

Unlike most sectors, the apartment market performance slowed down at the end of the year with very limited absorption. In anticipating political events in 2024, most investors continue to take a wait and see attitude to buying apartments.

Kevin Murtagh
President Director
+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

Total Investment Realization in Indonesia, 2012 to Q3/2023



Source Savills Research & Consultancy

Major Investment Transactions, Q4/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Land in Serpong	Serpong, Banten	IDR16.4 bil/ US$1.1 mil	PT Bumi Serpong Damai	Commercial land
Land in Pantai Indah Kapuk	Tangerang, Banten	IDR892.7 bil/ US$57.1 mil	PT Pantai Indah Kapuk Dua Tbk	Residential
Neo Soho Mall	West Jakarta	IDR1.4 tri/ US$92.2 mil	PT NSM Assets Indonesia	Retail

Source Savills Research & Consultancy

Japan

According to the Ministry of Finance, corporate profits across all industries in Q3/2023 experienced a significant uptick of 20.1% YoY. Exports have generally improved in 2023, having benefitted from the weak yen, especially in the case of automakers and other export-driven industries. Although private consumption has been supressed by inflationary pressures, it is expected to rebound with further wage growth.

The November CPI excluding fresh food was up 2.5% YoY and has been consistently easing from the record high of 4.2% in January 2023. With increasing confidence in achieving the 2% price stability target in 2H/2023, the Bank of Japan is gearing up for a transition towards monetary policy normalisation, including further flexible Yield Curve Control management, likely ending the decade-long negative interest rate era in the near term. The anticipation of another round of robust wage growth is likely to trigger further policy normalisation. Larger companies have already announced plans for stronger wage growth next spring.

TOPIX increased slightly by 1.9% QoQ in Q4/2023, remaining elevated due to strong corporate earnings prospects and optimism regarding the initiation of nominal economic growth triggered by wage growth. On the other hand, the TSE J-REIT index decreased marginally by 2.8% QoQ. Rising interest rates and a supply and demand imbalance resulting from a series of public offerings are keeping the indices lukewarm.

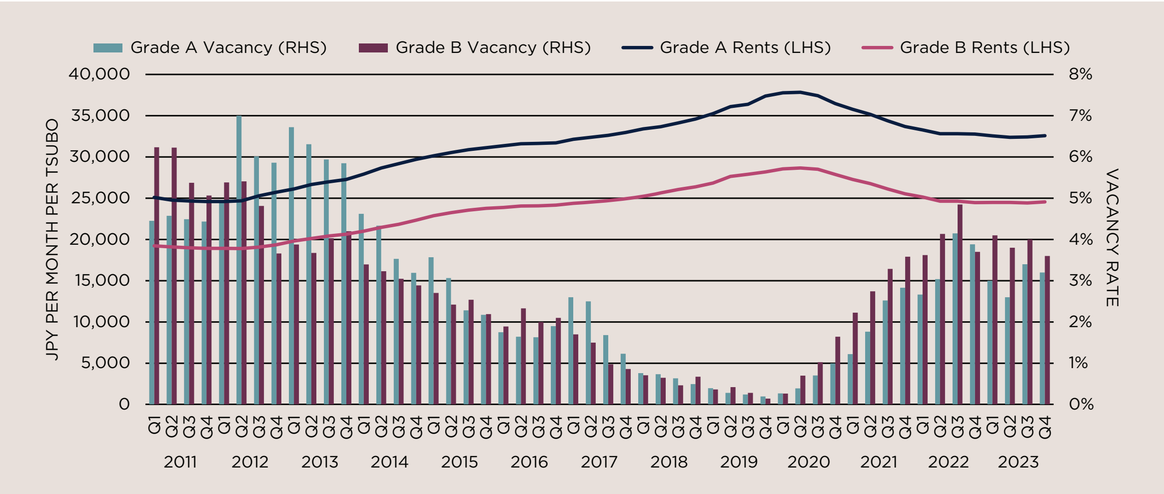
The logistics sector continues to captivate investors despite rising and elevated vacancy rates. Residential appetite has experienced subtle softening, contrasting with the backdrop of improved rental growth. Although offices have displayed mixed receptions, the overall momentum has improved, especially after absorbing the large supply in 2023. Hotels have flourished with the uptick in tourist demand, garnering interest from both investors and operators. Prime high street retail has surged with robust inbound tourist demand. In addition, the anticipated modest hike of short-term interest rates has already been factored into capital markets. Overall, investor sentiment remains positive in Japan, and transaction volumes managed to hold well. Consequently, an upturn in transaction volumes await the market, fuelled by diverse perspectives and global exposures.

In Q4/2023, rental changes in the Grade A office market were marginal, increasing slightly by 0.5% QoQ to JPY32,579 per tsubo while vacancy tightened by a modest 0.2ppts QoQ to 3.2%. The market has welcomed stability - minimal fluctuations were seen throughout the year, and sound demand able to absorb the large supply in 2023 was observed. In addition, the office market should continue to improve given the limited incoming supply in 2024.

Christian Mancini
CEO, Asia Pacific
(excl Greater China)
+81 3 4330 3611
cmancini@savills.co.jp

Tetsuya Kaneko
Managing Director,
Head of Research &
Consultancy
+81 3 4330 3103
tkaneko@savills.co.jp

Office Rents and Vacancy in Tokyo's Central Five Wards, 2011 to Q4/2023



Source Savills Research & Consultancy

Major Investment Transactions, Q4/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Edion Namba Main Store	Osaka	JPY54.0 bil/ US$380.1 mil	Edion	Retail
Sanko Kigyo Shirokane Dormitory Site	Tokyo	JPY50.0 bil/ US$351.9 mil	Daikyo	Residential
Hino Motors Plant Site (part of land)	Tokyo	Approx JPY50.0 bil/ Approx US$351.9 mil	Mitsui Fudosan	Industrial
BGO residential portfolio (25 properties)	Tokyo	Approx JPY35.0 bil/ Approx US$246.4 mil	City Development Limited	Residential
Former Resonac Holdings Head Office Building	Tokyo	Undisclosed (Gain of approx JPY18.3 bil*/US$128.8 mil*)	Undisclosed	Office

Source Nikkei RE, MSCI, J-REIT disclosures, Savills Research & Consultancy
*Including the sale of two smaller buildings

Macau SAR

The Macau government announced substantial changes to Macau's real estate policies prior to the 2024 policy address, including the elimination of the additional 5% stamp duty for second residential property purchases and the dissolution of mortgage percentage benefits and restrictions for local residents in favor of a unified mortgage limit of 70%. Both measures will become effective from 1 January 2024.

The government anticipates that the removal of the second-property purchase tax and the standardization of the maximum mortgage across all residences at 70% will aid property owners looking to upgrade or alter their living conditions. Under the new policy, the mortgage ratio of residential properties valued above MOP8 million can increase from the former 50% to a maximum of 70%. Conversely, the mortgage ratio for first-time buyers will fall from the range of 80% to 90% to a maximum of 70%.

In anticipation of the forthcoming regulatory adjustment concerning mortgage ratios, the market has observed a proactive response from developers specializing in small-sized residential units. The urgency to initiate sales prior to the enactment of these measures stems from a concern that stricter mortgage requirements, scheduled for implementation in 2024, may dampen the enthusiasm of potential buyers.

The interval between the announcement in November and the policy's activation in January is brief, compelling developers to offer substantial discounts to attract buyers swiftly. This marketing tactic has been necessitated by the predicted contraction in buyer demand due to the regulatory changes.

Historical data from 2019 indicates that the average price for new residential units was approximately MOP10,000 per sq ft of GFA. This valuation experienced a decline during the COVID-19 pandemic, falling to a range of MOP8,500 to MOP9,000, largely attributable to a scarcity of large-scale developments and a predominance of smaller projects within older districts. The current climate has seen certain projects launching with prices between MOP6,500 and MOP7,000 per sq ft of GFA, figures that are competitively lower than many secondary market offerings.

This downward pricing trend has exerted pressure on other market participants to recalibrate their pricing strategies to maintain competitiveness. Consequently, some projects have adjusted their prices to a range of MOP7,500 to MOP8,000, reflecting a decrease of approximately 15% to 20% from previous levels.

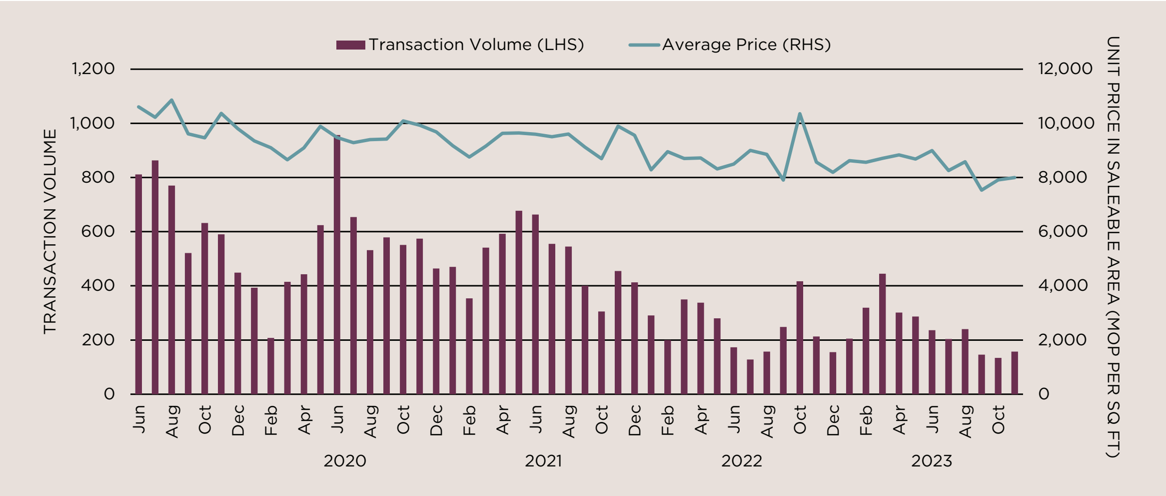
The secondary market has similarly reported price adjustments, with recent figures indicating a drop to around MOP5,600 per sq ft of GFA in November, representing a 6.5% YoY decrease.

Despite these price corrections, the market has witnessed a robust transaction volume, with close to 100 deals reported by industry sources. It is anticipated that the introduction of the new mortgage measures will facilitate more substantial transactions in the years ahead, contributing to a recalibration of the market which previously exhibited a skew towards smaller units.

Franco Liu
Managing Director
+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 November 2023



Source DSF Macau, Savills Macau

Major Investment Transactions, Q4/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
A BT9a land plot	Taipa	MOP893.7 mil/ US$104.5 mil	Gold-Rising Property Development Co Ltd	Residential

Source Macau Government

Malaysia

The Malaysian economy grew 3.3% in Q3/2023, leading to total growth of 3.9% in the first nine months of the year, aligning with Bank Negara Malaysia's (BNM) forecast of around 4% for the entire year. Looking ahead, BNM projects the economy to expand by 4% to 5% in 2024 despite the challenging global environment.

In Q4/2023, the value of major transactions improved significantly by 84% YoY and 4% QoQ, reaching MYR3.7 billion (Q4/2022: MYR2.0 billion, Q3/2023: MYR3.5 billion). Alliance Bank Malaysia acquired 24 floors of office suites and four adjoining retail lots in the KLCC area from Oxley Holdings for MYR406 million as its new headquarters. Another noteworthy transaction in Kuala Lumpur was the sale of the W Kuala Lumpur – a luxury hotel with 150 rooms – by Tropicana Corporation Berhad to IOI Properties Group Berhad for MYR270 million, establishing a new market KL benchmark of RM1.8 million per key, significantly higher than the previous record (MYR1.3 million per key in 2015).

During the same period, Malaysian Resources Corporation Berhad (MRCB) secured the development right of a 9.11-acre site in the PJ Sentral Garden City from Selangor State Development Corporation (PKNS), its JV partner in the project, for MYR270 million, planning a purpose-built office tower development. The settlement of this transaction involved a combination of cash and offset of assets, including Plaza Alam Sentral Mall and adjacent land for MYR178 million, along with 44 residential units for MYR79.9 million.

In separate news, Agile Group Holdings Limited disclosed the sale of a 2.76-acre freehold site through its subsidiary Agile Property Development Sdn Bhd to Law Developments Sdn Bhd for MYR310 million. The land is the former site of the British Embassy and is situated at Taman U Thant, Kuala Lumpur, and is earmarked for the construction of condominium units. KSL Bestari Sdn Bhd purchased 17.99 acres of freehold development land from Bandar Setia Alam Sdn Bhd for MYR229 million. The group aims to construct 2,600 dwellings, scheduled to commence in phases from 2025.

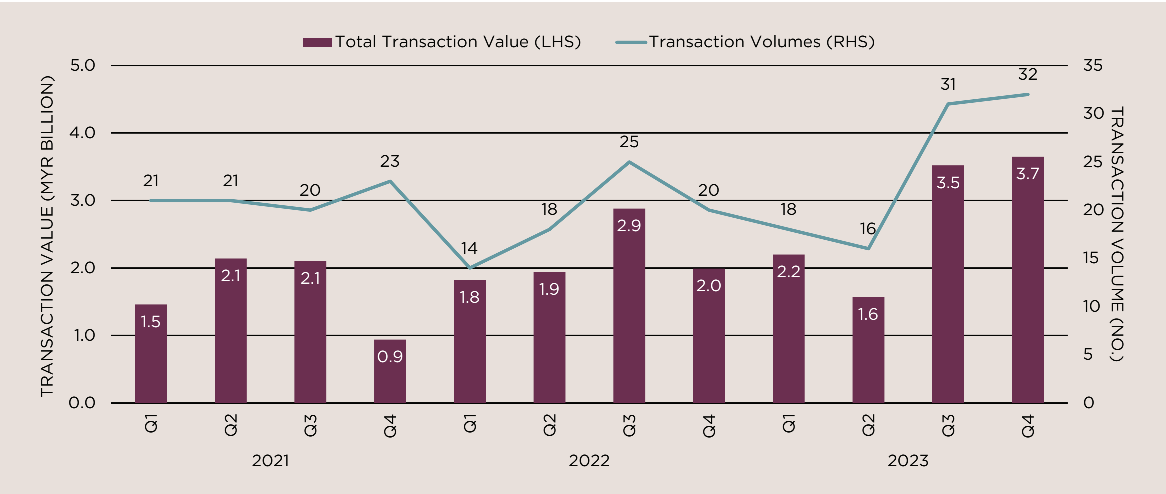
In the southern region, Crescendo Corporation Berhad (CCB) generated a total of MYR543 million by disposing of numerous sites including seven parcels of adjoining vacant land totaling 22.39 acres in Nusa Cemerlang Industrial Park, Gelang Patah, Johor, to STT GDC Malaysia 2 Sdn Bhd; nine land parcels with a combined area of 20.39 acres Yu Ao Sdn Bhd for MYR111 million and a 60.29-acre freehold industrial land in Pulai, Johor to Microsoft Payments (Malaysia) Sdn Bhd for MYR315 million. These transactions are expected to contribute to the expansion of data centres in Johor, given the involvement of the purchasers in the data centre services industry.

The real estate transaction market concluded 2023 on a positive note, featuring increased non-RPT deals, developers strategically replenishing landbanks, and a surge in alternative asset transactions such as data centres, logistics, and the living sector (student accommodation, worker accommodation, etc.). These trends bode well for 2024, fostering growing confidence among real estate players. We anticipate the market will see an influx of lucrative deals in 2024 as more value investors continue seeking opportunities.

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

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

Transaction Volumes and Value, Q1/2021 to Q4/2023



Source Savills Research

Major Investment Transactions, Q4/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Office suites and retail lots	Kuala Lumpur	MYR405.8 mil/ US$88.4 mil	Alliance Bank Malaysia	Office and retail
A 60.29 acres of land	Johor	MYR315.2 mil/ US$68.7 mil	Microsoft Payments (Malaysia) Sdn Bhd	Industrial
A 2.76 acres of land and building	Kuala Lumpur	MYR310.0 mil/ US$67.5 mil	Law Developments Sdn Bhd	Residential
W Kuala Lumpur (Luxury hotel)	Kuala Lumpur	MYR270.0 mil/ US$58.8 mil	IOI Properties Group Berhad	Hotel
A 9.11 acres land	Petaling, Selangor	MYR270.0 mil/ US$58.8 mil	Malaysian Resources Corporation Berhad (MRCB)	Office

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

Pakistan continues to face adverse macroeconomic conditions, which have resulted in protracted Pakistani Rupee (PKR) depreciation, leading to higher construction costs through imported materials, and high borrowing costs, resulting from elevated interest rates. The State Bank of Pakistan (SBP) has held interest rates at 22% since June 2023 to stem inflation. This has resulted in macroeconomic indicators slowly improving; however the high interest rates have stifled overall national real estate funding.

Karachi's office market is going through a transitionary phase. Karachi's original office hub was I.I. Chundrigar Road in the city's 'Saddar' region, where most financial institutions were stationed. In the recent past there has been a shift to Clifton (an up-market area by the sea) and onto Shahrah-e-Faisal (the city's main artery and a central location). This shift has been largely on account of road infrastructure, congestion, and parking availability on I.I. Chundrigar Road. MNCs and large corporates have shifted to developments in Clifton and on Shahrah-e-Faisal which provide state of the art buildings, better road infrastructure, ample parking, security, structural stability (seismic assessments for earthquake proofing), fireproofing and high-end amenities. For financial institutions, given the SBP and Pakistan Stock Exchange (PSX) are located on I.I. Chundrigar Road, non-client facing functions (such as the head office and some support functions) remain there, while client facing functions have moved out.

Karachi's existing Grade A and B office stock comprises around 4.7 million sq ft of gross leasable area including 1.8 million sq ft of Grade A developments, concentrated primarily in Clifton, with the remaining 2.8 million sq ft accounted for by Grade B developments distributed across the city.

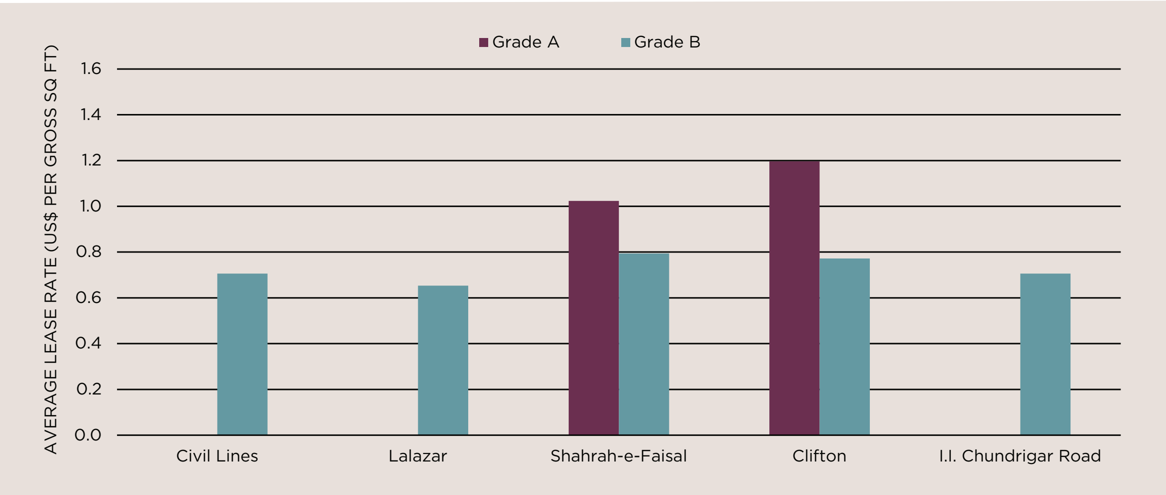
By 2030, Karachi will have a planned ~10.4 million sq ft of gross leasable area with Grade A office developments accounting for ~7 million sq ft and Grade B accounting for ~3.4 million sq ft. The mix of Grade A developments will go from 39% currently to 67% in 2030, which shows strong demand for Grade A buildings from MNCs and large corporates.

Most clients prefer lease over sale with Grade A development lease rates ranging from US$1-US$1.5 per gross sq ft, while Grade B range from US$0.5-US$1.1 per gross sq ft.

Grade A development sales rates range from US$127-US$195 per gross sq ft, while Grade B range from US$127-US$148 per gross sq ft.

Occupancy levels of Grade A and B buildings remain high, resulting from the steady demand from multinationals and large corporates. This shows a clear opportunity for developers, especially for Grade A office developments which are state of the art, having quality amenities and parking. Challenges include that given Grade A developments tend to be in prime locations, they will have higher land costs, and higher development costs and lead times since Grade A developments require fixtures, fittings and furniture which are largely imported and subject to import restrictions and ongoing PKR devaluation.

Existing Grade A and B Offices Lease Rates by Location, Q4/2023



Source Pakistan Bureau of Statistics

Major Leasing Transactions, Q4/2023

PROPERTY	LOCATION	TOTAL LEASING AMOUNT	TENANT	USAGE
Floor 15 (10,000 sq ft), West Wing, Dolmen Sky Towers	Karachi	PKR241.0 mil/ US$850,538.0	GSK Pakistan	Office
Floor 9 (5,000 sq ft), West Wing, Dolmen Sky Towers	Karachi	PKR110.0 mil/ US$388,212.0	BASF Pakistan	Office
108 workstations, COLABS serviced office	Karachi	PKR68.0 mil/ US$239,809.0	EY Rapid Innovation	Serviced office
1,800 sq ft, United Mall	Multan	PKR6.5 mil/ US$22,869.0	Haleon	Office
A 12.5 acres agricultural land	Lahore	PKR3.9 mil/ US$13,896.0	Syngenta Pakistan	Agricultural

Source Savills Pakistan - Transaction Advisory Services

Philippines

The Philippines' GDP growth has exceeded expectations and continued to expand by 5.9% in Q3/2023, spearheaded by robust household expenditure and increased government spending. Further, the Philippine Government expects GDP to grow by 6.0% to 7.0% in 2023, with the help of increased consumer spending due to the holiday season along with lower inflation expectations. To achieve this, the Philippine economy must grow by at least 7.2% in Q4/2023.

The Philippines' central bank, Banko Sentral ng Pilipinas (BSP), has kept its policy rate unchanged at 6.5%. However, the BSP may cut rates as full-year inflation is likely to taper down to 3.7% in 2024. As of December 2023, the country's inflation rate slowed to 3.9%, bringing the full-year inflation rate to 6.0%.

In Q4/2023, Metro Manila's Grade A office stock marginally increased by 52,911 sq m, as GBF Center 1 was completed in one of the major thoroughfares, C-5 Corridor. With the newly completed project, the total Grade A office stock in Metro Manila totals around 9.12 million sq m. The overall average rent increased slightly to PHP857.2 per sq m per month during the last quarter of 2023.

Property developers continue to shift their focus to introducing certified green buildings which are favored by tenants due to their environmentally friendly features and sustainable design. Consequently, older buildings have witnessed a fall in overall demand as they struggle to compete with newer green buildings.

In terms of demand, the flight to high-grade buildings has driven a positive net absorption of 64,766 sq m. As a result, the vacancy rate fell marginally to 20.2% QoQ. Tenants of the newly leased space were mainly from the Information Technology and Business Process Management (IT-BPM) sectors.

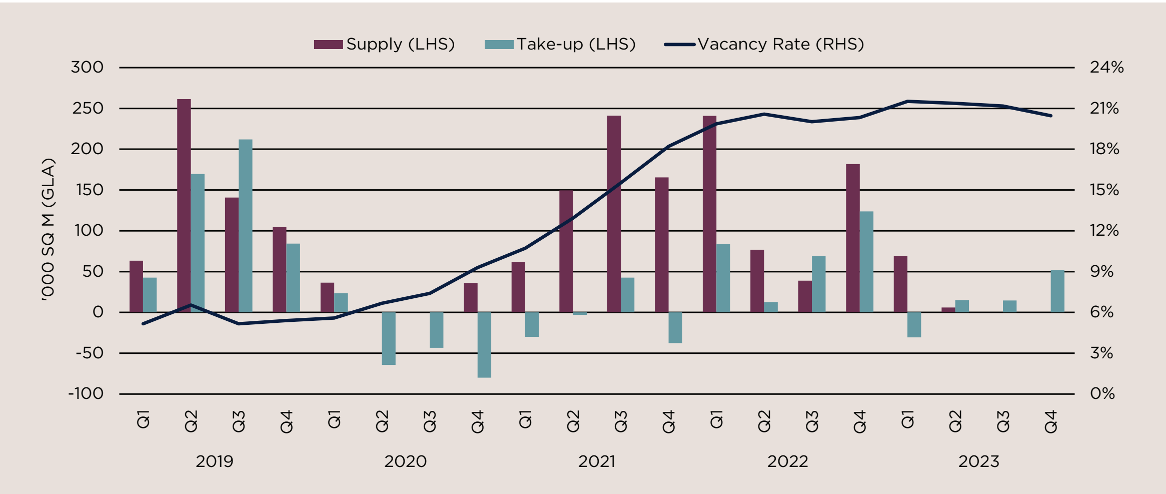
Among the three major Central Business Districts (CBDs) in Metro Manila, Makati CBD and Bonifacio Global City (BGC) tallied a lower vacancy rate of 14.3% and 10.9%, respectively. Most of the leasing activity took place in buildings with premium addresses as they continue to offer more competitive terms. Meanwhile, Ortigas Center's vacancy rate increased by 0.5 ppts to 25.9% QoQ due to tenants moving out from its relatively older buildings.

Looking forward, leasing demand in Metro Manila will still be anchored by the IT-BPM sector as the industry's expansion persists. Despite this, upward pressure on vacancy rates is anticipated in early 2024 as Grade A office supply is expected to increase by more than 380,000 sq m during 1H/2024.

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

Joshua De Las Alas
Associate Director
Consultancy and Valuation
KMC Savills, Inc
+632 8403 5519
joshua.delasalas@
kmcmaggroup.com

Metro Manila Office Supply, Take-up and Vacancy Rate, Q1/2019 to Q4/2023



Source KMC Savills Research

Major Leasing Transactions, Q4/2023

PROPERTY	LOCATION	LEASE TERM	TOTAL LEASING AMOUNT	BUYER	USAGE
A 1,000 sq m of land in BGC	Bonifacio Global City, Taguig City	10 years	PHP165.6 mil/ US$2.9 mil	Multinational Retail Concept	Commercial
A 6,000 sq m of office space in Cyberscape Beta	Ortigas Center, Pasig City	3 years	PHP156.8 mil/ US$2.8 mil	IT-BPM company	Office
A 4,000 sq m of office space in Ortigas Technopoint	Dona Julia Vargas Avenue, Pasig City	3 years	PHP114.6 mil/ US$2.0 mil	IT-BPM company	Office

Source KMC Savills, inc

Singapore

The investment sales figures for Q4/2023 came in at S$5.4 billion, falling 26.6% from the S$7.3 billion achieved in the previous quarter. Besides the holiday season, the reasons for the sharp turnaround include weaker investor sentiment amid the economic uncertainty, the high interest rate environment, a mismatch of price expectations between buyers and sellers and rigorous due diligence checks to prevent money laundering.

In terms of sales value by sector, the residential sector made up 64.4% of total investment sales. Next came commercial and then industrial with 30.4% and 5.2% of the total investment sales value respectively.

The investment value for residential sites and properties totalled S$3.5 billion in Q4/2023, on par with the previous quarter. The majority (82.0%) of the sales value was from the award of four Government Land Sale (GLS) sites. This was made up of three private non-landed residential parcels and one executive condominium (EC) site, totalling S$2.8 billion. In the private sector, however, investment sales remained lukewarm with only S$620.8 million of transactions. Notable deals include two adjoining freehold plots at Gentle Road (S$30.9 million), a residential redevelopment site at Sophia Road (S$33.6 million) and a new detached house at Mount Rosie Road (S$33.9 million).

Commercial investment sales amounted to S$1.6 billion in Q4/2023, slipping 0.9% quarter-on-quarter (QoQ). The biggest deal in the quarter was the collective sale of Shenton House to Shenton 101 Pte Ltd, a company owned by Lee Yeow Seng, group chief executive officer of IOI Properties Group. At the price of S$538.0 million, and accounting for an estimated land betterment charge and a lease top-up premium to a fresh 99-year lease, the land rate was reported to be about S$1,885 per sq ft per plot ratio (psf ppr) based on the gross plot ratio of 14.0. Other significant deals included the sale of VisionCrest Commercial (S$441.0 million), Wilkie Edge (S$348.0 million) and Jelita Shopping Centre (S$91.7 million).

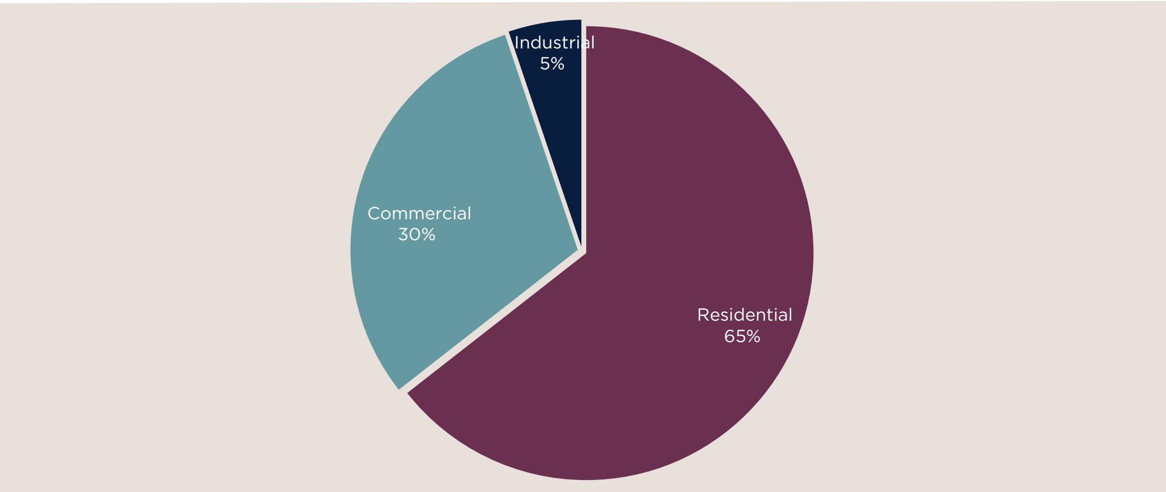
The sales value for the industrial sector continued to contract for a second straight quarter to S$278.2 million in Q4/2023. In the public sector, two industrial GLS sites worth a total of S$89.0 million were awarded, significantly higher than the S$7.0 million in the previous quarter. On the other hand, private industrial investment sales plummeted 58.1% on a QoQ basis to S$189.2 million in Q4/2023.

For the whole of 2023, investment sales totaled S$20.5 billion, down 28.1% from S$28.0 billion in 2022. This was within our earlier full-year expectation of S$19.0 billion to S$21.0 billion.

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

Investment Sales Transaction Volumes by Property Type, Q4/2023



Source Savills Research & Consultancy

Major Investment Transactions, Q4/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Government land	Lorong 1 Toa Payoh	S$968.0 mil/ US$734.3 mil	CDL Constellation Pte. Ltd., Frasers Property Phoenix Pte. Ltd. and Sekisui House, Ltd.	Residential
Government land	Pine Grove (Parcel B)	S$692.4 mil/ US$525.3 mil	Golden Ray Edge 3 Pte. Ltd.	Residential
Government land	Clementi Avenue 1	S$633.4 mil/ US$480.5 mil	CSC Land Group (Singapore) Pte. Ltd. and Caspian Residential 3 Pte. Ltd.	Residential
Government land	Tampines Street 62 (Parcel B) (EC)	S$543.3 mil/ US$412.1 mil	Sim Lian Land Pte Ltd and Sim Lian Development Pte Ltd	Residential
Shenton House	3 Shenton Way	S$538.0 mil/ US$408.1 mil	Shenton 101 Pte Ltd	Commercial

Source Housing & Development Board (HDB), Urban Redevelopment Authority (URA), Savills Research & Consultancy

South Korea

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

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

In January 2023, the Monetary Policy Board of the Bank of Korea ("BoK") raised the Base Rate and kept it unchanged throughout the year. The fourth quarter of 2023 witnessed a 0.4% contraction in Korea's economy QoQ. On the bright side, GDP is projected to expand at a modest rate of 2.1% in 2024, driven by a pickup in exports. In 2024, as inflation is expected to ease to 2.6% from 3.6%, the BoK may relax its tight monetary policy later in the year.

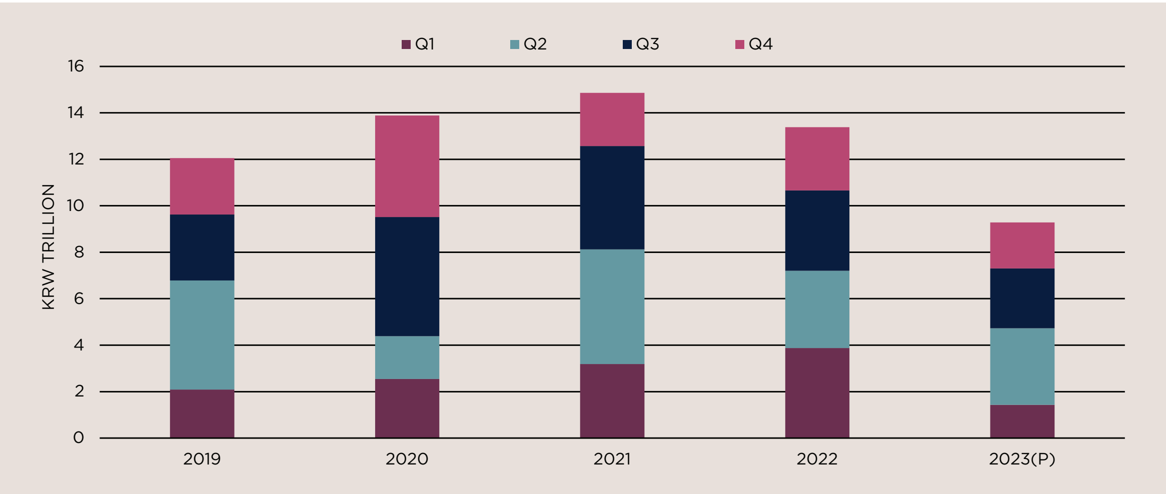
In Q4/2023, Seoul's prime office transaction volume registered a modest KRW1.99 trillion, contributing to an annual total of KRW9.29 trillion. While there is a gradual shift in power dynamics favoring tenants, the availability of vacant space remains constrained. Notably, strategic investors were dominant, with a case in point being KORAMCO REITs & Trust's acquisition of Majestar City Tower 1 near Seocho Station for KRW399.2 billion (KRW36.9 million per pyeong). The buyer has shared plans to occupy the building once its current lease on Teheran-ro expires.

Another end-user transaction was Krafton's purchase of Megabox Square Seongsu. The game developer acquired the 8-storey mixed-use asset for KRW243.5 billion (KRW33.0 million per pyeong). Completed in 2019, the property, primarily functioning as a cinema, is strategically located within a 15-minute walk of Krafton's upcoming headquarters, scheduled for completion in 2028. The recent acquisition aligns with the company's vision, to establish a creative hub in the vibrant and dynamic district of Seongsu.

The slowdown in investment activity was more pronounced in the logistics sector. Over the past two years, supply additions have notably outpaced demand growth, intensifying oversupply concerns, particularly in cold and frozen storage. Against this backdrop, no new transactions were actively negotiated during the quarter, with the exception of pre-contracted deals or the execution of forward transaction terms. These deals are challenging for parties involved, especially in the case of development projects with aggressive financing terms.

Numerous high-profile office transactions have experienced delays or withdrawals due to wide bid-ask spreads, as well as fundraising difficulties arising from constrained market liquidity. The adoption of a more conservative approach by institutional investors has led to a considerable decline in overall investment activity. As the new year unfolds, there is potential for a gradual recovery, backed by increased accessibility to debt and financially secure investors actively seeking repricing opportunities, particularly amidst the emergence of distressed assets.

Office Transaction Volumes, 2019 to 2023 (P)



Source Savills Korea Research & Consultancy

Major Investment Transactions, Q4/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Majestar City Tower 1	Seoul, Others	KRW520.0 bil/ US$399.2 mil	KORAMCO REITs & Trust	Office
Samsung SDS Tower	Seoul, Others	KRW850.0 bil/ US$652.5 mil	KB AMC	Office
HSBC Building (Office)	Seoul, CBD	KRW181.0 bil/ US$138.9 mil	Shinhan REITs Management	Office
Megabox Seongsu Square	Seoul, Others	KRW243.5 bil/ US$186.9 mil	Krafton (End-User)	Mixed use
Sujeong-ri Complex Logistics Center	Icheon	KRW150.0 bil/ US$115.1 mil	Mastern IMC	Logistics

Source Savills Korea Research & Consultancy

Taiwan

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

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

Amid sluggish exports and a high-interest rate environment, Taiwan's economy is being driven by domestic consumption. While the Directorate-General of Budget, Accounting, and Statistics (DGBAS) estimated the economic growth rate for 2023 at 1.42%, marking the lowest rate in 14 years, the commercial property market showed resilience with a total transaction volume of NT$139.9 billion in 2023, showing a modest decreased of 4% compared to the previous year.

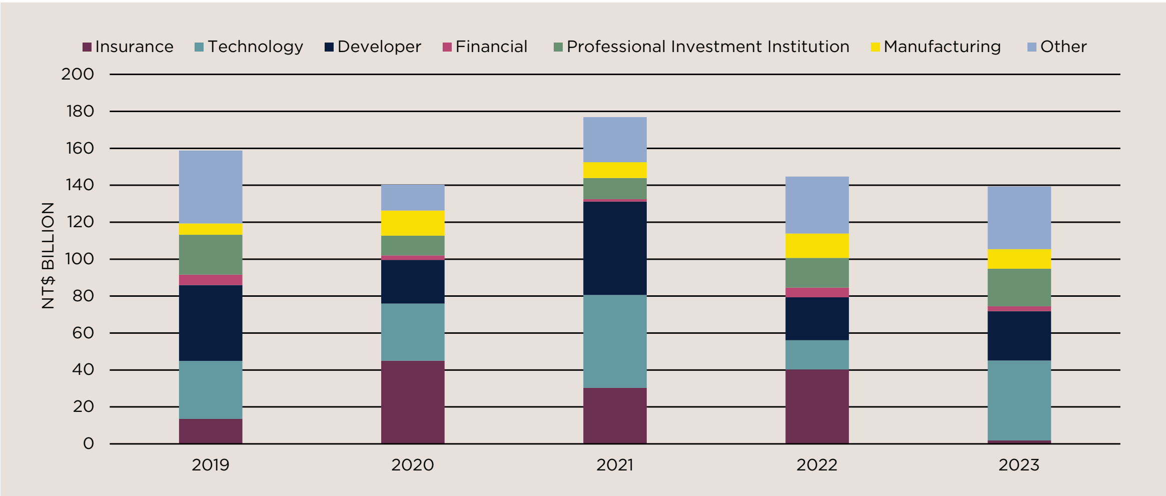
As the Taiwan central bank ceased interest rate hikes in the second quarter, investor confidence gradually returned, leading to a more evident recovery in the final quarter, with a quarterly transaction volume of NT$45.6 billion, up 61% QoQ and 122% YoY respectively. The growing demand for 5G and AI applications meant that technology companies were the most active buyers during the year, purchasing NT$43.3 billion of real estate, marking a 170% growth YoY and accounting for 31% of total sales.

High-quality and newly completed industrial offices are preferred by technology companies' upgrading offices and R&D space. Notable transactions included Cloud Network Technology Singapore, an affiliated company of Foxconn, which purchased a 42,065 sq m industrial office under construction for NT$7.5 billion to relocate from a nearby area. Topco Scientific Co meanwhile purchased an en-bloc presale industrial office building in Neihu Technology Park for NT$5.4 billion, the second largest deal by technology companies in 2023. Given the benefits of industry clustering and talent retention, technology companies prefer to look for newly completed or soon-to-be-completed office space in their original regions. Developers and professional investment institutions were the second largest buyers in 2023, accounting for 19% and 15% of the total respectively.

In terms of real estate types, offices have consistently held the top spot for two consecutive years, with a total annual transaction amount of NT$36.5 billion in 2023, accounting for 26% of all deals by value. Notable transactions included Kee Tai Zhongxiao Building, a mixed-use building comprised of two hotels and office space which sold to an individual for NT$12.5 billion. Three strata-titled offices owned by Shin Kong No.1 REITs were sold to end-users and family offices for a total of NT$12.6 billion with an office yield ranging from 2.1% to 2.4%. Given that 70% of office acquisitions are for investment purposes, buyers particularly favored opportunities in mature development areas with unified building ownership and significant land value.

Looking ahead to 2024, the fading of presidential election uncertainty, the end of rate hikes, and the continued expansion of semiconductor production lines in Taiwan will support momentum and price growth. However, given the deglobalization trend, the impact of production processes shifting overseas is expected to become another cause of uncertainty in the market.

Commercial Property Transaction Volumes by Buyer Type, 2019 to 2023



Source Savills Research & Consultancy

Major Investment Transactions, Q4/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Kee Tai Zhongxiao Building	Taipei City	NT$12.5 bil/ US$401.7 mil	Individual	Office
An industrial office building in DES Cloud Universal Park	New Taipei City	NT$7.5 bil/ US$242.6 mil	Cloud Network Technology Singapore	Industrial Office
An industrial office building in Neihu	Taipei City	NT$2.4 bil/ US$75.5 mil	Shuttle Inc.	Office
Elite Xinyi (19% share)	Taipei City	NT$4.9 bil/ US$158.7 mil	Enterprises Corp	Retail

Source Savills Research & Consultancy

Thailand

The economic trajectory of Thailand in 2024 appears to reflect the lingering challenges from previous years. Projections suggest a modest 3.2% expansion in real GDP, with the country's tourism sector, notably influenced by reduced visits from Chinese tourists, showing signs of slower recovery. Additionally, the government's proposed cash handouts to bolster domestic consumption face a controversial challenge and might not materialize until mid-2024.

In Bangkok, the tourism recovery has been a primary driver of the city's economic growth but a fully-fledged recovery depends heavily on Chinese tourist numbers. Over the period to 2027, Bangkok is forecast to grow at a faster pace than the national economy with a lead in wholesale, retail, accommodation, and food services.

In the real estate sector, data indicates a mixed pattern for residential units in Bangkok. While there was a 7% QoQ rise in residential unit transfers by September's end, a YoY decrease of 9% was noted. Condominiums emerged as the favored unit type, witnessing an 11% QoQ surge compared to a marginal increase of less than 1% for housing types including detached, twin houses, and townhouses. The overall value of transferred residential properties increased by 8.9% QoQ, predominantly led by condominiums, accounting for more than half the total residential value.

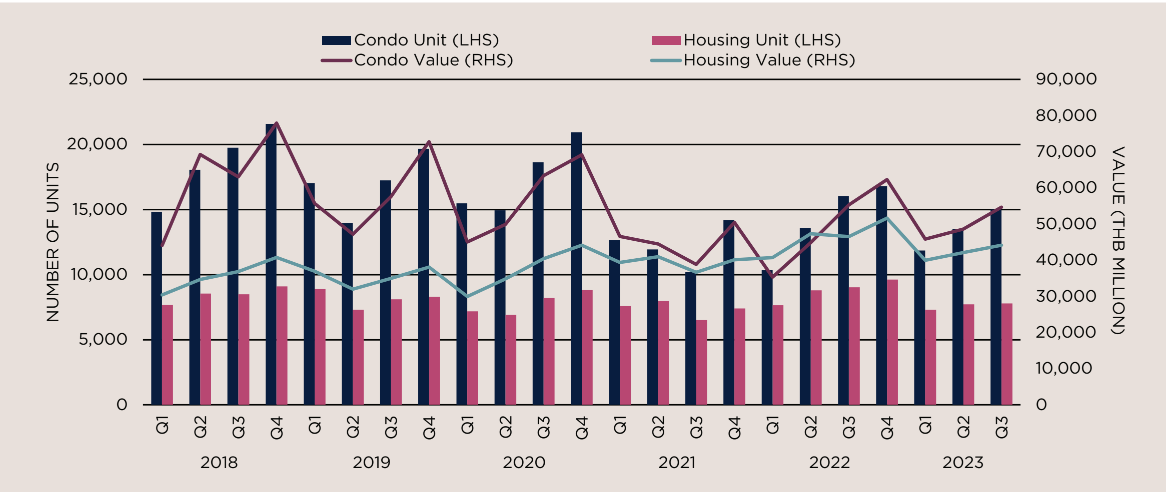
Statistics from REIC reveal intriguing shifts in foreign-owned condominiums. Bangkok accounted for 37.5% of total foreign-owned units, slightly trailing Chonburi at 41.7%. Notably, Chonburi surpassed Bangkok for the first time since 2018 in terms of foreign unit transfers. Despite this, Bangkok retained dominance in transferred value, capturing 57.7% of the total, amounting to over THB30,000 million in the initial nine months of 2023.

The market has generally enjoyed a stabilized growth rate, anticipating a return to momentum post-pandemic. Condominium transfers look promising, especially in comparison to housing units, which have remained relatively static for three consecutive quarters after posting a significant decline from Q4/2022 to Q1/2023. Furthermore, the foreign-owned segment is poised for growth in both the number of units transferred and their cumulative value.

Thailand's economic landscape remains influenced by the tourism sector and government interventions. While Bangkok's real estate sector faces fluctuations, particularly in the preference for condominiums over other housing types, the overall market is showing resilience and potential for further growth.

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

Bangkok Residential Transferred, Unit and Value, Q1/2018 to Q3/2023



Source REIC, Savills Thailand

Major Investment Transactions, Q4/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Lot 504, 509-510 in 304 Industrial Park	Si Maha Phot, Prachin Buri	N/A	Complex Micro Interconnection Co Ltd	Commercial and industrial
Land at 304 Industrial IP 7 in 304 Industrial Park	Si Maha Phot, Prachin Buri	THB374.3 mil/ US$10.8 mil	Gold Circuit Electronics Ltd	Commercial and industrial
Plot A15 of Apex Green Industrial Estate	Plaeng Yao, Chachoengsao	THB382.8 mil/ US$11.1 mil	Getac Holdings Corporation	Commercial and industrial
Land at Rojana Nong Yai Industrial Estate	Ban Bueng, Chon Buri	THB145.9 mil/ US$4.2 mil	Donpon Precision Inc	Commercial and industrial
111 Praditmanutham	111 Praditmanutham, Bangkok	THB691.0 mil/ US$20.0 mil	Ally REIT	Retail

Source MSCI

Vietnam

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

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

In 2023, Viet Nam's GDP growth is forecast at 4.7% by the World Bank. Recently, Fitch Rating upgraded Viet Nam's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'BB+', from 'BB' with a stable outlook. In 2024, Viet Nam's GDP growth target is 6% to 6.5%, underpinned by stable FDI and ongoing governmental efforts, including easing difficulties in real estate, promoting public investment, and administering economic policies promptly to stimulate balanced growth.

In 11M/2023, newly registered FDI into Viet Nam totalled US$28.85 billion, up by 14.8% YoY. FDI disbursements reached US$20.25 billion, increasing by 2.3% YoY, and reaching a five-year high.

There were sizeable industrial investments in Q4/2023. HiteJinro, South Korea's largest beverage firm invested US$100 million into a new factory on 8.2 ha in Thai Binh. Deli Group will invest US$270 million in 21.2 ha of land in Hai Duong. Hyosung Corporation approved US$720 million for a biopolymer fibre facility factory at Phu My 2 Industrial Park.

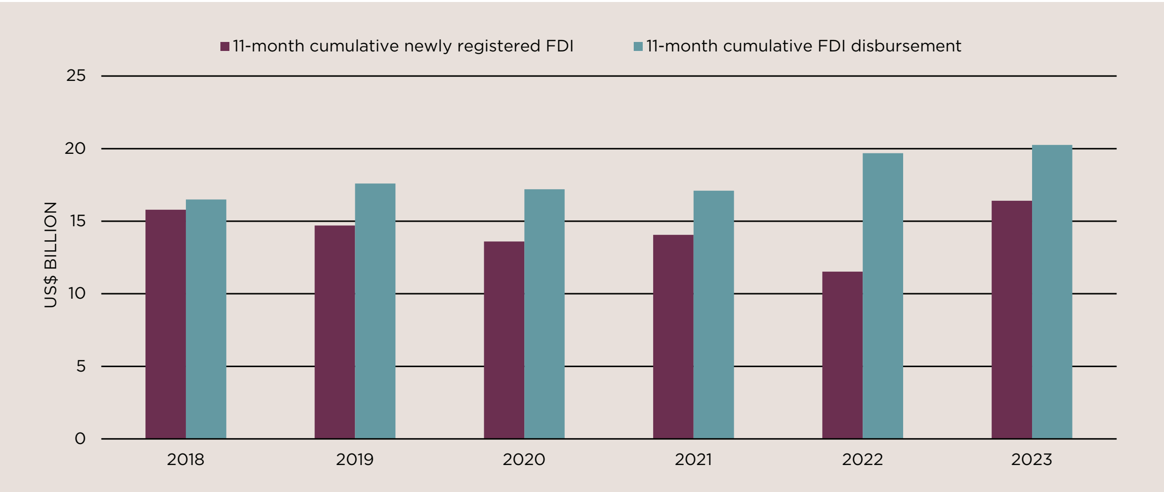
At the end of September, Lotte officially opened Lotte Mall West Lake Hanoi, spanning an impressive 354,000 sq m GFA. THISO launched its third Emart in Ho Chi Minh City and is eyeing an expansion in northern Viet Nam with the strategic purchase of 2.4 ha commercial land in Tay Ho Tay Urban Area, Ha Noi.

Amendments to the Housing Law and Real Estate Trading Laws were approved in late November, which is likely to support the entry of new supply and development processes. The Real Estate Trading Laws (Amended) stipulates stricter legal requirements for developers before they can sell off the plan houses and collect money from buyers. With the Housing Law (Amended), developers are now exempt from the procedures for requesting exemption from land use fees and land rent for social housing; developers now have more options in how to allocate the required social housing development land within the commercial residential projects.

In the last months of 2023, major firms rolled out new residential products across the country, including The Privia in Ho Chi Minh City and The Canopy Residences and Lumière Evergreen in Ha Noi. The next phases of Akari City, Glory Heights also welcome new releases.

More than 85% of Viet Nam's fastest-growing companies have ESG commitments, which is driving a surge in demand for offices which meet green standards. By 2026, Ho Chi Minh City is expected to welcome 300,000 sq m of new office space with Grade A projects such as The Nexus and VP Bank Saigon Tower. More than 80% of future Grade A and B supply in the city will have green certificates. In Ha Noi, upcoming green developments include 27-29 Ly Thai To, Grand Terra, and Tien Bo Plaza; these projects are forecast to deliver 68,400 sq m of green office space by the end of 2025.

Cumulative Value of Newly Registered FDI and FDI Disbursements in the First 11 Months, 2018 to 2023



Source Vietnam National Tourism Administration

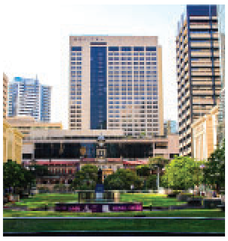
Major Investment Transactions, Q4/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Imperial Hotel	Thua Thien Hue Province	N/A	TTC Hospitality JSC	Hotel
Land plot (56,208 sq m) in Vinhomes Smart City	Ha Noi	N/A	CapitaLand	Residential
Land plot (18.9 ha) in Binh Duong	Binh Duong Province	VND5.9 tri/ US$240.0 mil	Sycamore Company, a subsidiary of CapitaLand	Residential
Land plot of Taseco Land	Ha Noi	N/A	N/A	Office and commercial
63 Ly Thai To - Hoan Kiem (Equity Interest)	Ha Noi	N/A	Daibiru	Commercial

Source Public Information

Australia

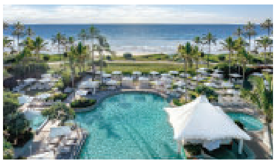
▼ **Sofitel Brisbane Central**
Brisbane, QLD
AU$177.7M/US$117.7M
in December



8 Nicholson Street, ▶
Melbourne, VIC
AU$213.7M/US$141.6M
in October

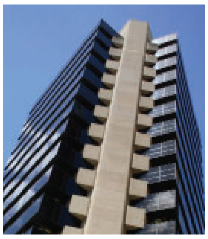
55 Elizabeth Street ▲
Brisbane, QLD
AU$172.0M/US$114.0M
in December

◀ **Intercontinental Double Bay**
Double Bay, NSW
AU$210.0M/US$139.2M
in October



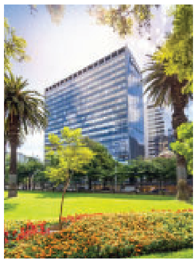
▲ **Sheraton Grand Mirage Gold Coast**
Gold Coast, QLD
AU$192.0M/US$127.3M
in November

60 Margaret Street ▼
Sydney, NSW
AU$777.2M/US$510.3M
in October

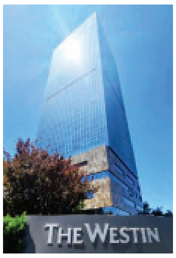


▲ **Melbourne Square BTR** (75%)
Melbourne, VIC
AU$300.0M/US$198.8M
in December

1 Nicholson Street ▼
Melbourne, VIC
AU$155.0M/US$102.7M
in November

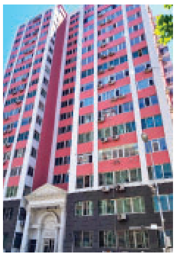


Beijing



◀ **Westin Beijing**
Chaoyang District
RMB2.8B/US$392.1M
in Q4

Lianbao Apartment (**Block** 7) ▶
Chaoyang District
RMB690.0M/US$96.6M
in Q4



◀ **CapitaMall Shuangjing**
Chaoyang District
RMB842.0M/US$118.0M
in Q4

Chengdu

Fucheng International Square T1 ▶
Hi-tech Zone
RMB356.0M/US$49.9M
in December

◀ **Retail Podium, Jingdu Building**
Jinjiang
RMB680.0M/US$95.2M
in December

Guangzhou/Shenzhen

GDH Future City A2 & A6
Baiyun District, Guangzhou
RMB1.1B/US$153.7M
in Q4

29/F-32/F, 34/F-38/F, T1, Joy Plaza
Meilin, Futian, Shenzhen
RMB583.0M/US$81.5M
in Q4

Shenzhen Bay Intelligence Centre
Nanshan, Shenzhen
RMB990.0M/US$138.2M
in Q4

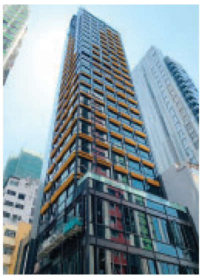
Shanghai

Wanda Reign on the Bund
Huangpu
RMB1.7B/US$237.9M
in Q4

Bvlgari Hotel Shanghai
Jingan
RMB2.4B/US$340.0M
in Q4

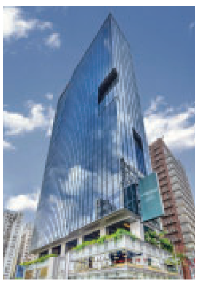
Zhoupu Wanda Square
Pudong New Area
est. RMB3.0B/est. US$419.8M
in Q4

Hong Kong SAR

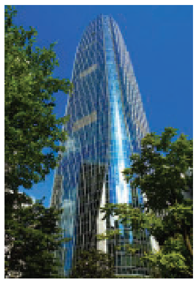


68 Electric Road
Tin Hau
HK$511.0M/US$65.7M
in November

Harbour East
North Point
HK$2.2B/US$282.8M
in December

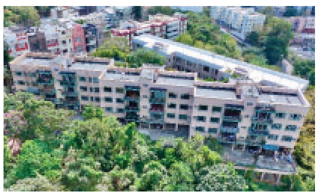


12 floors (42/F-54/F excl 49/F), One Island East
Quarry Bay
HK$5.4B/US$694.1M
in November



Hale Weal Industrial Building
Tsuen Wan
HK$560.0M/US$72.0M
in December

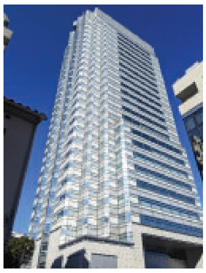
8-12A Wilson Road
Jardine's Lookout
HK$1.2B/US$150.7M
in December



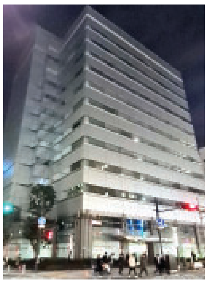
Japan

▲ **Sanko Kigyo Shirokane Dormitory Site**
Tokyo
JPY50.0B/US$352.0M

Setagaya Business Square (35% interest) ▶
Tokyo
JPY15.0B/US$106.0M
in Q4



BGO Portfolio (25 properties) ▼
Tokyo
JPY35.0B/US$246.0M
in September



◀ **Former Resonac Holdings Head Office Building and two other buildings**
Tokyo
Approx. gain of JPY18.3B/US$128.8M
in Q4

Malaysia

◀ **A 60 acres freehold land**
Nusa Cemerlang
Industrial Park, Johor
MYR315.0M/US$69.0M
in November

◀ **W Kuala Lumpur**
Jalan Ampang, Kuala Lumpur
MYR270.0M/US$59.0M
in December

▲ **24 floors (6/F-29/F) of office suites and 4 retail units on G/F & 1/F, Oxley @ KLCC**
Jalan Ampang, Kuala Lumpur
MYR406.0M/US$88.0M
in October

Sale & leaseback of purpose-built workers accommodation assets ▼

Bukit Minyak, Penang
MYR81.0M/US$17.4M
in December

Tampoi, Johor
MYR146.0M/US$31.4M
in December

A 18 acres freehold commercial land ▶
Bandar Setia Alam, Selangor
MYR229.0M/US$50.0M
in November

Singapore

◀ **Jelita Shopping Centre**
293 Holland Road
S$91.7M/US$70.0M
in November

▲ **Wilkie Edge**
8 Wilkie Road
S$348.0M/US$259.1M
in November

Noel Building ▶
50 Playfair Road
S$81.2M/US$61.6M
in November

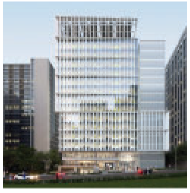
Shenton House ▶
3 Shenton Way
S$538.0M/US$408.1M
in November

◀ **VisionCrest Commercial**
103 Penang Road
S$441.0M/US$334.5M
in November

South Korea

Samsung SDS Tower
Jamsil
KRW850.0B/US$657.0M
in Q4

Centerpoint Gangnam
GBD
KRW343.6B/US$265.0M
in Q4

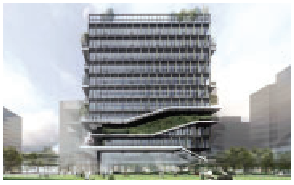


Majestar City Tower One
Seocho
KRW525.6B/US$406.0M
in Q4

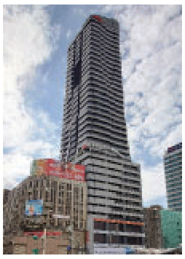
HSBC Tower (66% of ownership)
CBD
KRW181.0B/US$140.0M
in Q4

Taiwan

An industrial office building in Neihu
Taipei City
TWD2.4B/US$75.5M
in November

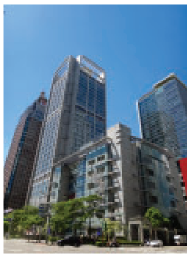


An industrial office building in DES Cloud Universal Park
New Taipei City
TWD7.5B/US$242.6M
in October



Kee Tai Zhongxiao Building
Taipei City
TWD12.5B/US$401.7M
in October

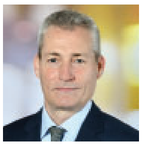
Elite Xinyi (19% share)
Taipei City
TWD4.9B/US$158.7M
in December



Savills Regional Investment Advisory, Asia Pacific

savills

Head of Regional Investment Advisory
Christian Mancini
Email: cmancini@savills.asia
Tel: +81 3 4330 3611
Toho Hibiya Promenade Building 8/F, 1-5-2 Yurakucho, Chiyoda-ku, Tokyo 100-0006, Japan



Head of Regional Research and Consultancy
Simon Smith
Email: ssmith@savills.asia
Tel: +852 2842 4573
Room 1202-04, 12/F, 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

Mainland China
Louisa Luo
Email: louisa.luo@savills.com.cn
Tel: +8621 6391 6688 ext 8018
25/F, Two ICC, No. 288 South Shanxi Road, Shanghai 200031, China

With offices in Beijing, Chengdu, Chongqing, Dalian, Guangzhou, 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
403, Tower B, Level 4, The Capital, Street 3, G Block, Bandra Kurla Complex, Bandra East, Mumbai 400 051, India

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 3 4330 3328
Toho Hibiya Promenade Building 8/F, 1-5-2 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, Zhongxiao 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