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Colliers releases Cap Rate Report for Q1 2024

Key findings across office, retail and industrial sectors

HONG KONG, May 6, 2024 – Colliers has released its latest Cap Rates Report with key findings outlined across office, retail and industrial sectors.

Out of the 19 markets covered in Colliers' Q1 2024 APAC Cap Rates report, 11 experienced movements in cap rates.

"The Asian market remains stable, without any significant factors driving movements in cap rates," **CK Lau, Colliers' Managing Director of Valuation & Advisory Services, Asia**, said.

"Australia and New Zealand have driven the changes in the region, with an increase in cap rates in all the surveyed cities, particularly in the office and industrial sectors. The retail sector remained relatively stable over the past quarter across all markets, except in Brisbane, Melbourne, and Sydney.

"Asian markets were generally stable, and the cap rate movements observed were mainly driven by oversupply and pressure on rents, causing the cap rates to rise.

"The oversupply situation in certain Asian markets will require time to absorb, and the pace will depend on overall business activities and the economy, putting pressure on rental growth."

Key findings included:

Office sector:

- **Beijing** faced a decline in demand, leading to a high vacancy rate. Investors are concerned about oversupply and declining rents.
- **Bangkok** saw a slight increase in cap rates due to changes in rental rates, while sales transactions remained limited.
- **Shanghai** struggled to attract leasing demand, putting downward pressure on rents.

- **Jakarta** saw additional office supply entering the market, and companies optimized existing space rather than expanding.
- There are a number of significant assets for sale in the **Sydney** and **Auckland** markets. If they are successfully disposed of, it can bring more clarity to the market in terms of pricing benchmarks.

Retail sector:

- **Beijing** and **Shanghai** witnessed good retail performance over the Chinese New Year holiday.
- Investors in **Hong Kong** remained cautious about vacancy rates.
- **Jakarta** saw increased visitor numbers, with new brands entering the market. However, investors remain cautious as this landscape remains competitive with the introduction of new malls.

Industrial sector:

- The **Hong Kong** industrial sector remained stable, with positive import and export figures.
- **Bangkok's** industrial sector experienced increased sales transactions, while rental rates remained flat.
- **Beijing** faced declining rental rates and increased occupancy in neighbouring cities, impacting the overall industrial market.
- **Shanghai** saw cautious investment sentiment, resulting in high cap rate expectations from investors.

To read the full report, [CLICK HERE](#).

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Media Contact:

Laura Phillips
Communications & Public Relations Lead | Asia Pacific
laura.phillips@colliers.com
+61 438 952 520

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