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Colliers launches five-year cap rate report [Asia markets primed for growth in next 12-24 months](#)

SINGAPORE | HONG KONG, April 8, 2024 – A new report from leading global diversified professional services and investment management company Colliers (NASDAQ, TSX: CIGI) has compared cap rates across Asia over the last five years to provide its outlook for 12 major cities across the region.

According to the [Asia Cap Rates Report | 2019-2023](#), the general appetite for property investment is expected to grow in the years ahead.

“Many Asian markets anticipate stable or slightly lower interest rates from the Federal Reserve in 2024,” **CK Lau, Colliers’ Managing Director | Valuation & Advisory Services, Asia**, said. “This is expected to increase the appetite for property investment over the next 12-24 months. This can provide more transaction evidence, allowing a better forecast of movements in cap rate and property values.

Geopolitical uncertainty remains, adding an element of unpredictability to the real estate landscape. The report found owners and investors now preferred dependable yields rather than relying solely on capital gains.

“Investors and occupiers, especially those concerned about corporate governance, are increasingly aware of the importance of environmental, social, and governance (ESG) credentials and compliance,” Mr Lau said. “Quantifying the green benefits on property values is a subject that require more effort from industry stakeholders. More frequent valuation reviews can help owners, investors, and fund managers monitor and manage portfolio risk in this uncertain environment.”

Key findings in the report include:

Office Sector:

- Investors are seeking more stable revenue streams and longer-term capital gains in Asia markets.
- There is an oversupply of office space in **Bangkok, Beijing, Jakarta** and **Shanghai**; and it will take time for the market to absorb.
- Rental levels in **Bangkok** and **Beijing** are under pressure while office rent in **Seoul** is rising due to limited new supply.

Retail Sector:

- High street and prime retail malls in different markets have faced challenges during the pandemic, with the exception of district retail centres offering daily necessities for the neighbourhood.
- High inflation in many Asian markets has impacted overall consumption.

Industrial Sector

- There is an oversupply of industrial space in **Beijing, Seoul** and **Shanghai**, making the industrial sector in these markets buyer and occupier's market.
- **Jakarta** is expected to have a steady performance in the industrial sector driven by the electronic automotive industry.
- **Bengaluru, Hong Kong** and **Mumbai** have stable demand for logistics, warehouses and data centres.

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