Press Release

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Japan is Top Target for Cross-Border Real Estate Investment in Asia Pacific for Fifth Consecutive Year: CBRE Survey

Asia Pacific – January 16, 2024 – Japan is the top target for cross-border real estate investment in Asia Pacific for fifth consecutive year, with investors focusing on Tokyo, Osaka, and other major regional cities, according to CBRE's 2024 Asia Pacific Investor Intentions Survey.

Singapore and Australia closely follow as attractive destinations for investment, as investors are drawn to developed, transparent and liquid markets. India is the preferred emerging market in Asia Pacific, with Mumbai and Delhi capturing the interest of long-term investors seeking to expand their real estate exposure in the world's fastest growing economy.

Investors in the Asia Pacific region are maintaining consistent plans to acquire real estate compared to last year, with high-net worth and private investors expected to be the most active buyers, followed by institutional investors. Notably, investors in Australia, Singapore, and Hong Kong SAR display the strongest intentions to sell.

In 2024, investors in Asia Pacific are favoring value-added strategies to achieve attractive returns, particularly focusing on distressed assets, as well as debt solutions to meet their investment objectives.

"Given the potential easing of the rate hike cycle, investors are closely monitoring further price adjustments needed for investment volumes to pick up in the next 6-12 months," said Greg Hyland, Head of Capital Markets, Asia Pacific for CBRE. "We anticipate an acceleration of investment activity in the second half of the year."

More than 60% of investors are actively seeking discounts for value-added offices in decentralized locations, anticipating price drops and increased tenant demand to validate current pricing assumptions. Australia, Hong Kong SAR, and mainland China are projected to experience further office repricing. Additionally, despite the stabilization of the retail sector in 2023, more than half of investors anticipate securing additional discounts for shopping malls and high street shops.

"While industrial and office sectors remain popular among Asia Pacific investors, interest in these asset types has been declining since 2021," said Dr. Henry Chin, Global Head of Investor Thought Leadership & Head of Research, Asia Pacific for CBRE. "There is a strong uptick in interest in the residential sector, particularly for multifamily properties, as investors are drawn to the cyclical and structural opportunities in this market."

Other key highlights from the survey, conducted in November and December 2023, include:

- More than half of Australian and Korean investors intend to increase their overall allocation to real estate, anticipating further price adjustments are expected in the first half of 2024.

- Only 6% of investors plan to invest in alternative sectors, with healthcare-related properties, including life sciences and medical offices, being the most preferred. Real estate debt ranked second, as investors explore opportunities in the credit solutions space.

- Central bank policy rates and economic uncertainty are the top two concerns for investors in 2024, although these worries have significantly eased compared to last year. The mismatch in pricing expectations between buyers and sellers remains a major concern for investors, despite repricing occurring in most markets and sectors in Asia Pacific in 2023.

- The top three challenges in sourcing debt for real estate investment in Asia Pacific include less favourable loan-to-value (LTV) ratios and/or credit spreads, increased interest expenses on new loans, and uncertain interest rate movements.

- Over 60% of investors, primarily private equity funds, real estate funds and REITs, intend to retrofit existing buildings to be more sustainable and ESG-compliant in 2024, reflecting a trend where value-added strategies are their preferred approach.

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Notes to editors
CBRE's survey polled more than 510 Asia Pacific-based investors in November and December 2023 across a range of investor types from institutions such as real estate fund, developer/owner/operator, REITs, insurance company, private equity fund, and pension fund to high net worth individual / private individual investor/ family office.

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