

Summary of JREI Global Property Value/Rent Indices (No. 18, Apr. 2022)

We are pleased to release a summary of the results of the 18th JREI Global Property Value/Rent Indices (as of April 2022).

Survey Results at a Glance (Change Rates during the Period from Oct. 2021 to Apr. 2022)

■ Office Market

- Seoul witnessed the highest growth rates in both office building value and office rent among the monitored cities of this survey. Pharmaceutical/biomedical firms, which performed well during the pandemic, led office space demand in the city.
- Tokyo and Osaka saw a cap rate compression amid a steady acquisition stance among real estate investors. In terms of office building value, the change rate turned positive for the first time during the last four periods in Osaka while back-to-back positive growth rates were reported for Tokyo in the last two periods.
- In New York City, there were major renewed and new leases in several large-scale office buildings in prime locations although the average office vacancy rate remained relatively high. As a result, a positive rental growth rate was recorded for the city.
- London's prime office leasing market indicated signs of improvement as Covid curbs had lifted.
- In Hong Kong, the office leasing market is anticipated to hit the bottom before long as a wave of firms' exodus from Central to the suburbs seemed to have subsided. The degree of declining office rental rates shrank for three periods in a row in the latest survey.
- Jakarta experienced declines in office rent for 14 successive periods. Recently, the average occupancy rate (i.e., ratio of back-to-work staff) improved in office buildings and leasing inquiries increased for office spaces. However, few leasing transactions were observed in the city as prospective tenants maintained their wait-and-see attitude

■ Condominium Market

- New York City's condominium market continued its recovery trend as workers had started to come back to CBD office buildings and some of them prefer urban living. The scale of growth rate rose in the latest survey as far as condominium value is concerned since people rushed to purchase condominiums expecting higher mortgage rates in the future.
- Taipei saw a jump in condominium value because of both the inflation trend and concerns on rising construction costs.
- The size of Seoul's condominium value growth fell due to interest rate hikes and prospective purchasers' wait-and-see stance during the presidential election period.

■ Office Building Value Change

City	6 month. Change
Seoul	1.4%
Osaka	1.1%
Singapore	0.9%
Shanghai	0.8%
Beijing	0.7%
Taipei	0.6%
Tokyo	0.4%
New York City	0.0%
Hong Kong	-0.3%
Kuala Lumpur	-0.6%
Bangkok	-0.7%
London	-0.7%
HCMC	-0.8%
Jakarta	-1.2%

■ Office Building Rent Change

City	6 month. Change
Seoul	1.4%
Shanghai	1.0%
New York City	0.8%
Taipei	0.6%
Beijing	0.2%
Singapore	0.2%
Osaka	0.0%
Bangkok	0.0%
HCMC	-0.3%
London	-0.3%
Kuala Lumpur	-0.6%
Tokyo	-0.8%
Hong Kong	-0.8%
Jakarta	-1.2%

■ Condominium Value Change

City	6 month. Change
New York City	5.5%
Taipei	4.0%
Osaka	3.8%
HCMC	1.9%
Shanghai	1.5%
Tokyo	1.4%
Seoul	1.3%
Beijing	0.7%
Singapore	0.7%
Jakarta	-0.1%
Bangkok	-0.2%
Kuala Lumpur	-0.8%
Hong Kong	-0.9%
London	-1.2%

■ Condominium Rent Change

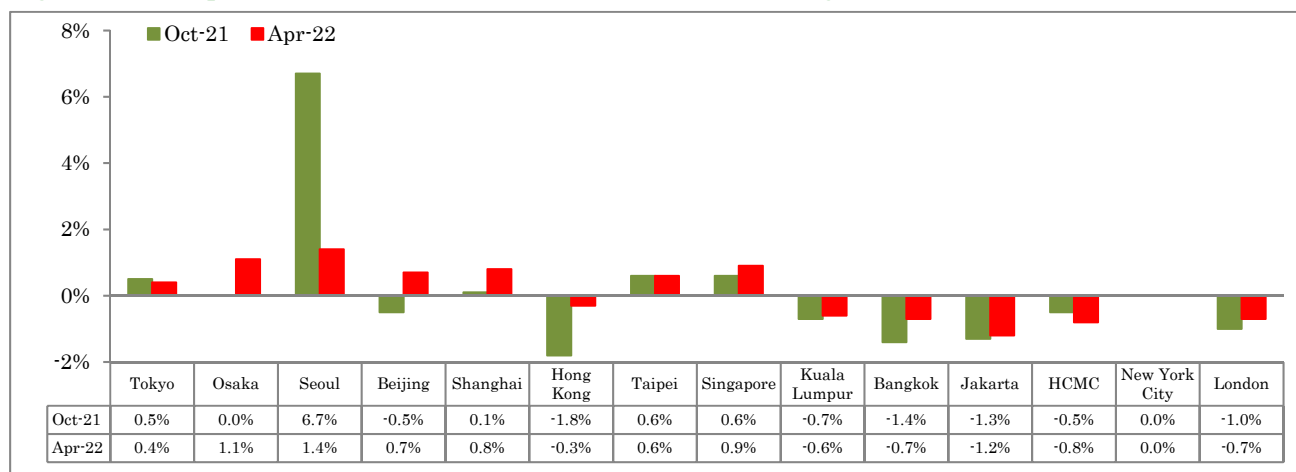
City	6 month. Change
New York City	3.4%
Osaka	2.1%
Seoul	1.4%
Shanghai	1.3%
Singapore	1.1%
Tokyo	0.9%
Taipei	0.4%
Beijing	0.1%
Bangkok	0.1%
Jakarta	-0.2%
London	-0.2%
Hong Kong	-0.4%
HCMC	-0.5%
Kuala Lumpur	-0.9%

1. Half-Year Growth Rate in Value/Rent Index by City

1-1. Growth Rate in the Office Building Value Index (From October 2021 to April 2022)

Figure 1-1 shows the half-year growth rate in the office building value index in each surveyed city. As of April 2022, the growth rate was highest in Seoul (+1.4%) followed by Osaka (+1.1%). In Singapore, office building value continued to ascend as REITs, family offices, and other firms purchased several office buildings. In China, property acquisition for their own use contributed to the growth in office building value in Beijing (the first positive growth in the last five periods) and Shanghai.

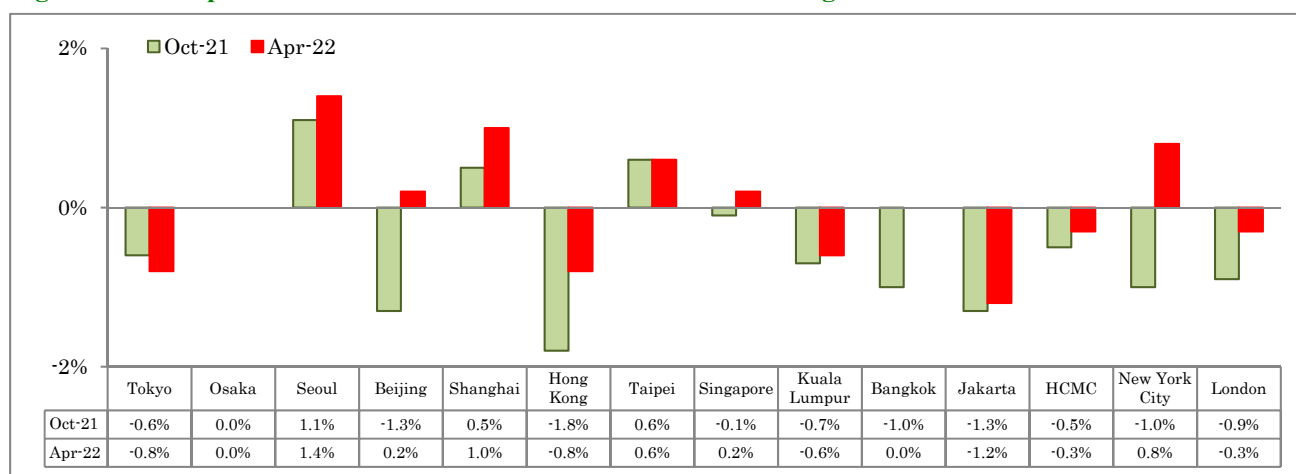
Figure 1-1: Comparison of Half-Year Growth Rate of Office Building Value Index



1-2. Growth Rate in the Office Building Rent Index (From October 2021 to April 2022)

Figure 1-2 shows the half-year growth rate in the office building rent index in each surveyed city. As of April 2022, the growth rate was highest in Seoul (+1.4%) followed by Shanghai (+1.0%). In Beijing and Shanghai, the office leasing market improved as demand recovered for office spaces among information technology firms and financial institutions. In Bangkok, the growth rate in office rent turned flat from a negative number thanks to stable demand for offices in the conveniently-located new CBD.

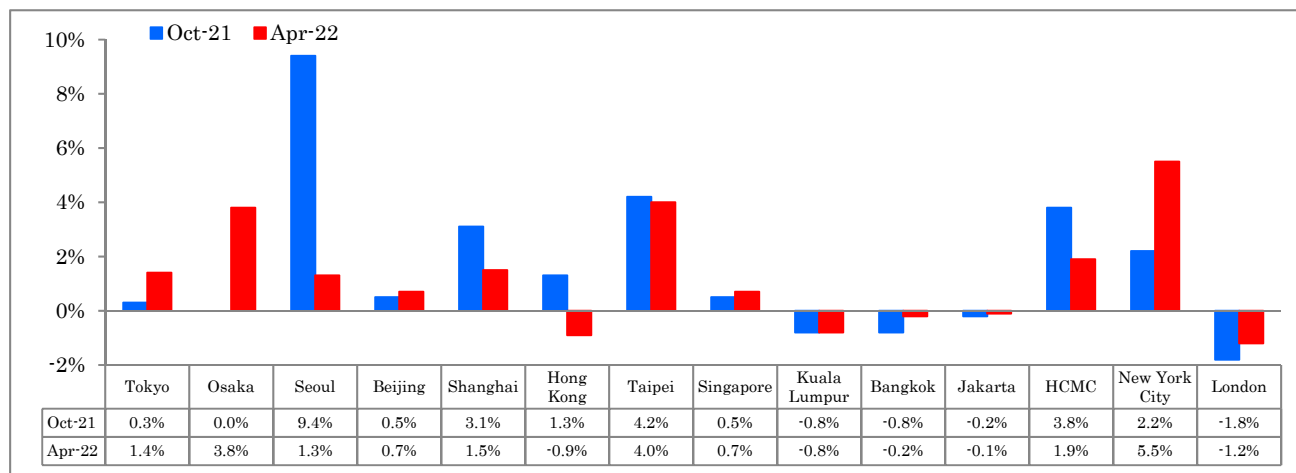
Figure 1-2: Comparison of Half-Year Growth Rate of Office Building Rent Index



1-3. Growth Rate in the Condominium Value Index (From October 2021 to April 2022)

Figure 1-3 shows the half-year growth rate in the condominium value index in each surveyed city. As of April 2022, the growth rate was highest in New York City (+5.5%) followed by Taipei (+4.0%). In Shanghai, the degree of the growth rate shrank as a result of the government's policy on controlling housing prices. In Hong Kong, condominium value fell due to both a rise in interest rate amid the Fed's monetary tightening and increased Covid cases. In Ho Chi Minh City, the growth rate in condominium value stayed positive although the size of its rate declined because high-end condominiums lost steam in price growth.

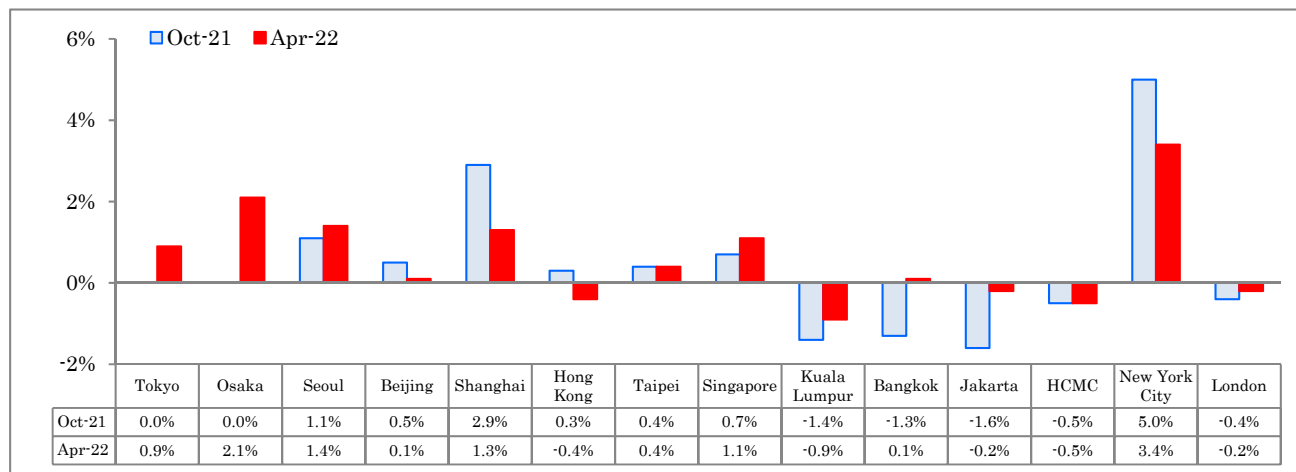
Figure 1-3: Comparison of Half-Year Growth Rate of Condominium Value Index



1-4. Growth Rate in the Condominium Rent Index (From October 2021 to April 2022)

Figure 1-4 shows the half-year growth rate in the condominium rent index in each surveyed city. As of April 2022, the growth rate was highest in New York City (+3.4%) followed by Osaka (+2.1%). In Tokyo and Osaka, apartment rent grew in areas with strong demand. In Bangkok and Jakarta, the residential leasing market improved as expats had started to return to these cities. In Kuala Lumpur, on the other hand, a renters' market continued amid weak demand persisted for rental apartments.

Figure 1-4: Comparison of Half-Year Growth Rate of Condominium Rent Index



2. Value/Rent Trend by City (October 2010 = 100.0)

Figure 2-1: Office Building Value/Rent Indices (October 2010 = 100.0)

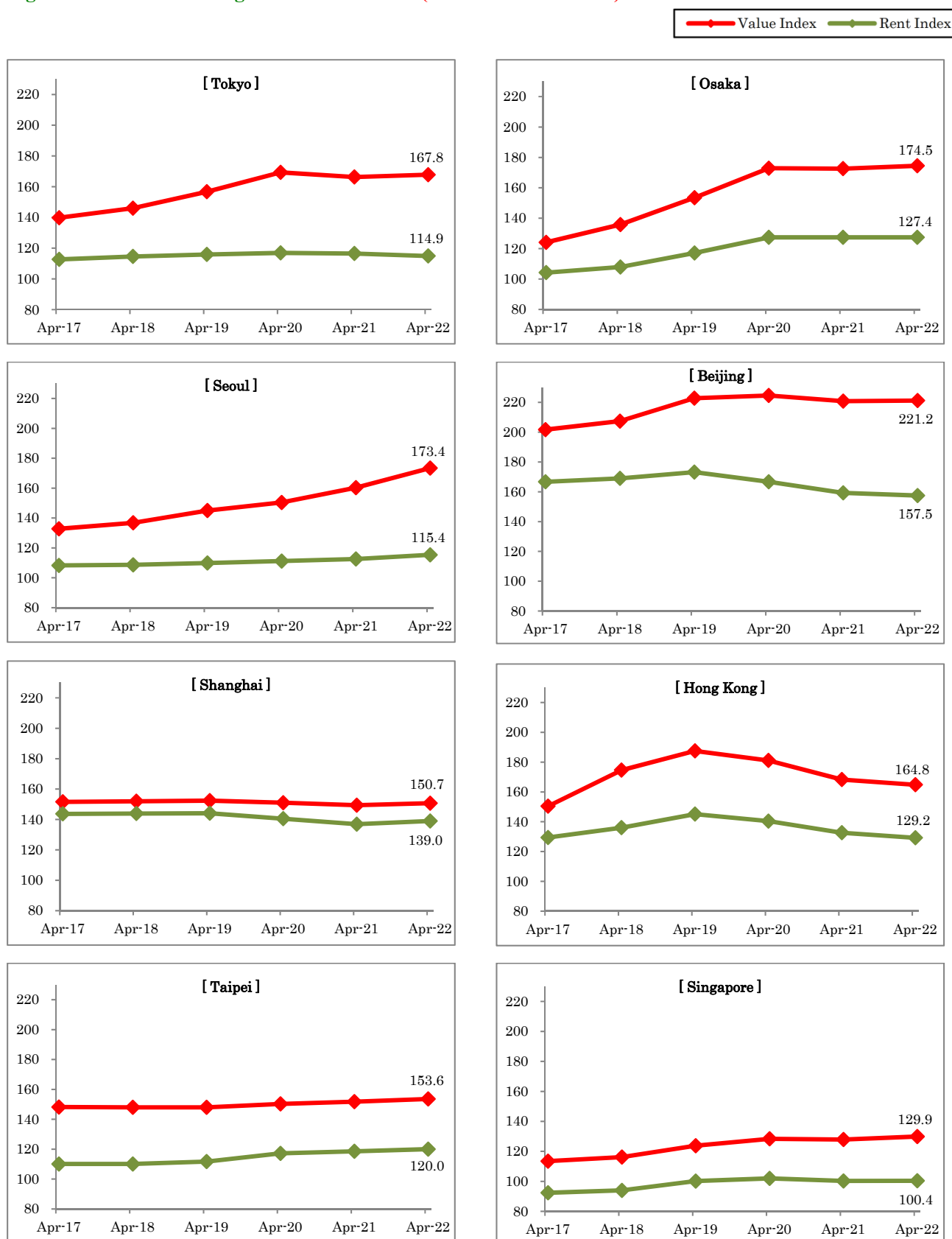


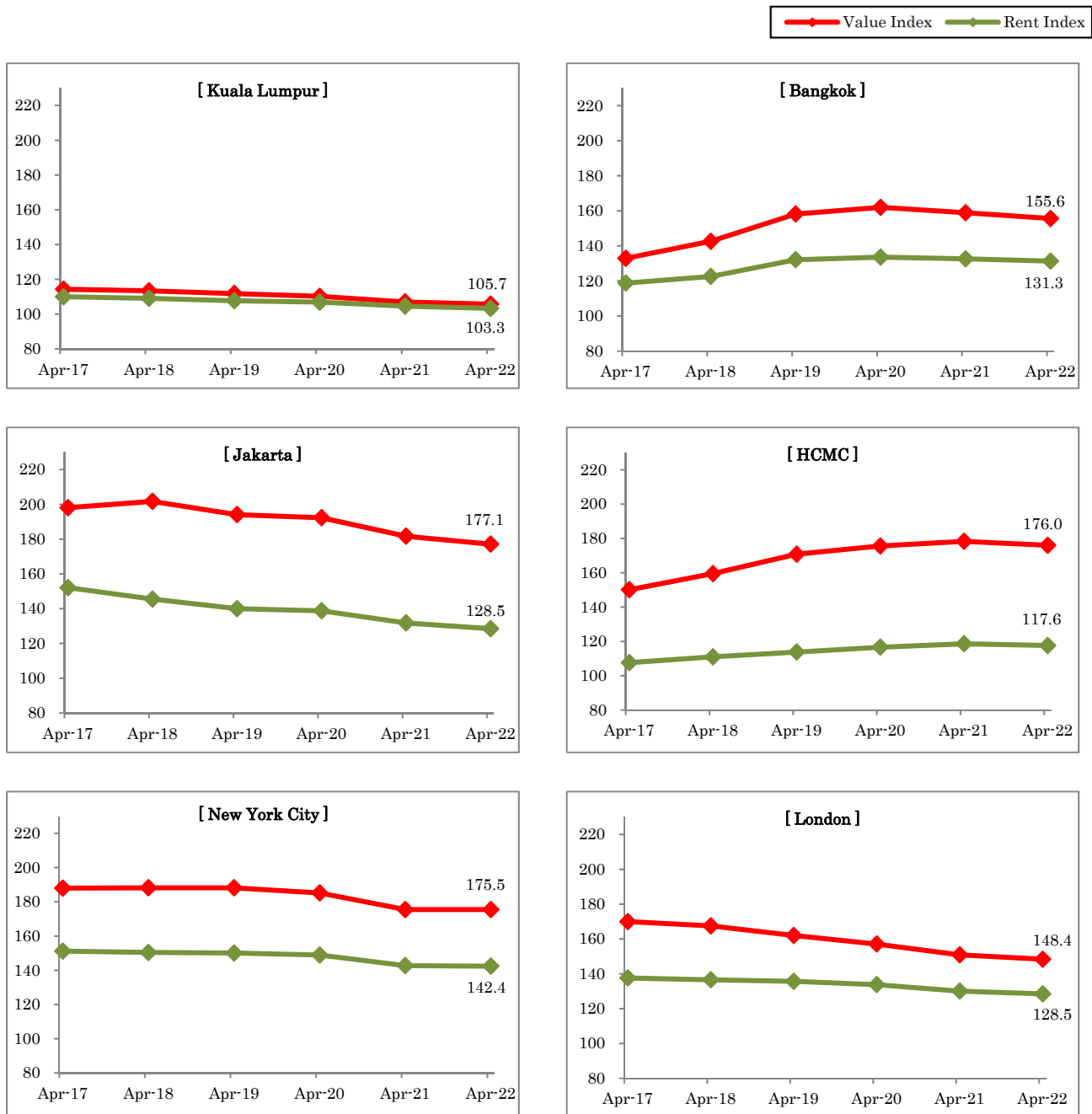
Figure 2-1: Office Building Value/Rent Indices (October 2010 = 100.0)

Figure 2-2: Condominium Value/Rent Indices (October 2010 = 100.0)

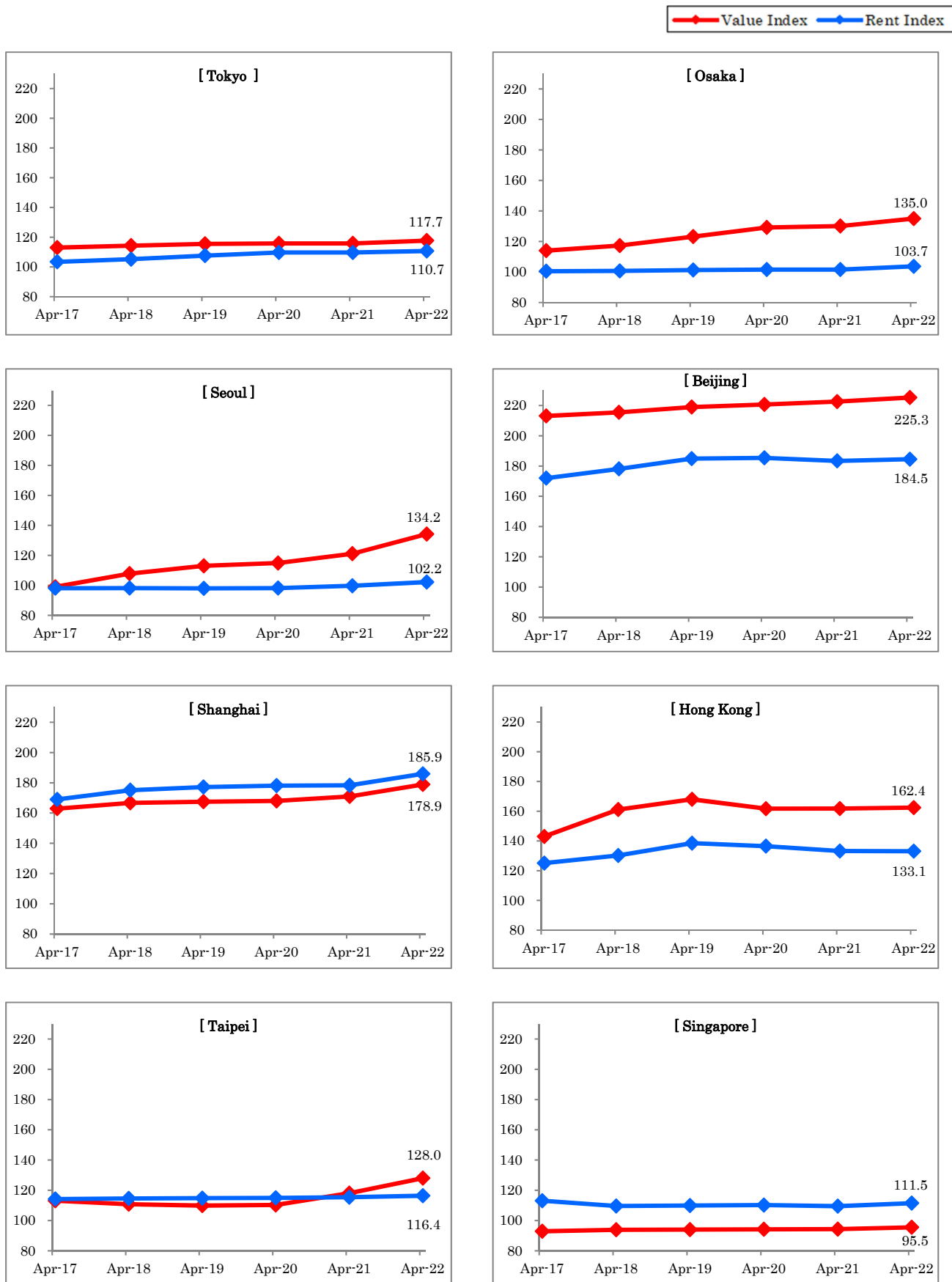
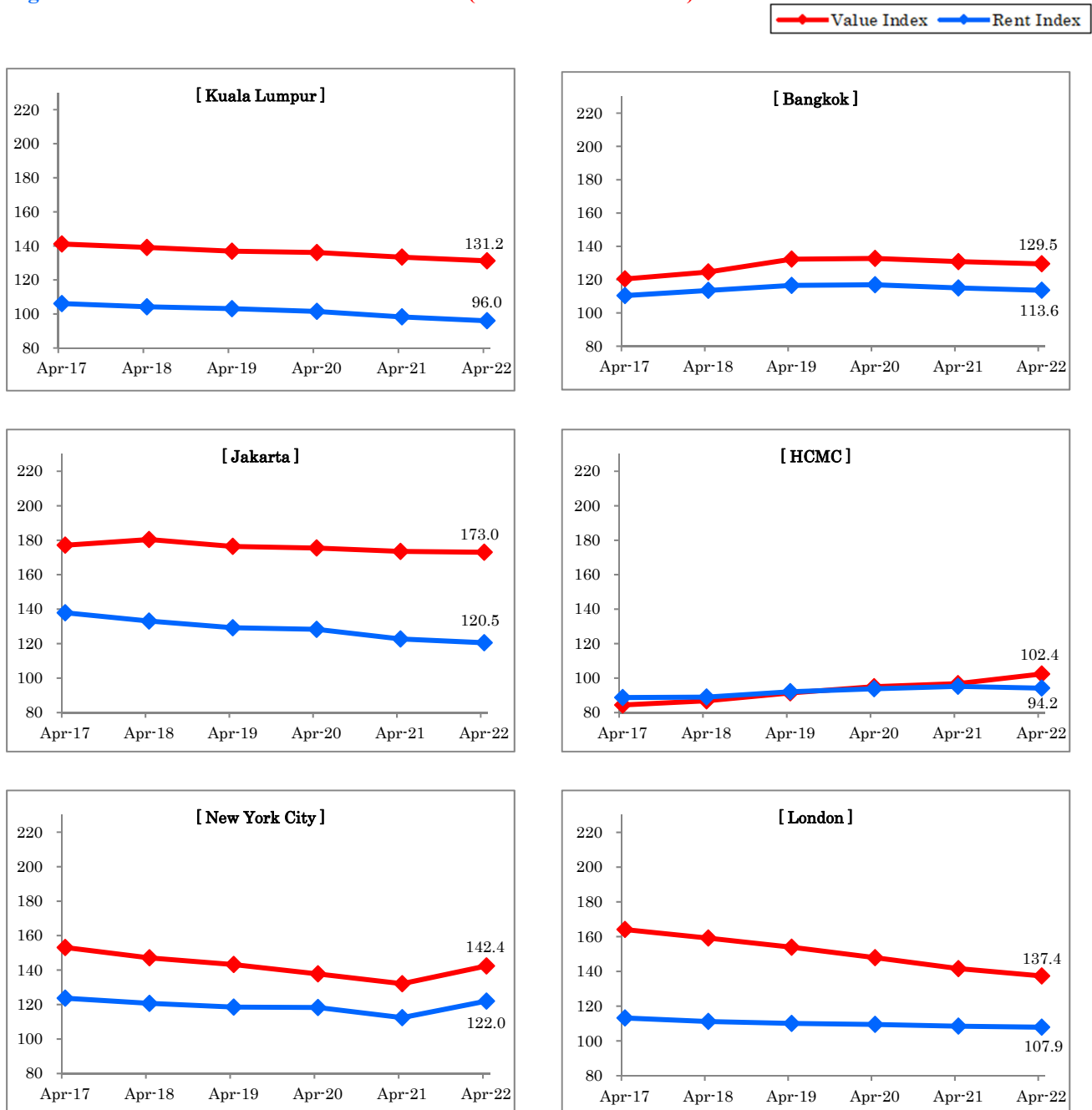


Figure 2-2: Condominium Value/Rent Indices (October 2010 = 100.0)

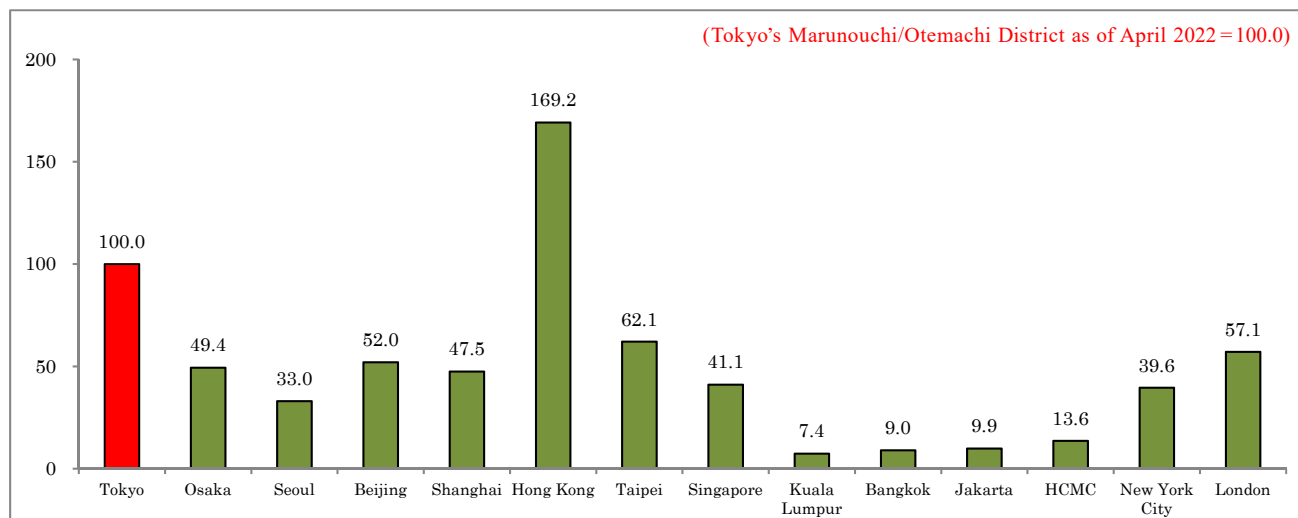


3. Value and Rent Comparison among Surveyed Cities (April 2022)

3-1. Value Comparison of Prime CBD Office Buildings

Figure 3-1 shows the index number of the value per leasable square meter for a prime office building in the CBD of each surveyed city (Tokyo's Marunouchi/Otemachi District = 100.0). The value of the building in the local currency of each foreign city was converted to the value in the Japanese yen and indexed. (The same method was also applied to the office building rent comparison.)

Figure 3-1: Value Comparison of Prime CBD Office Buildings

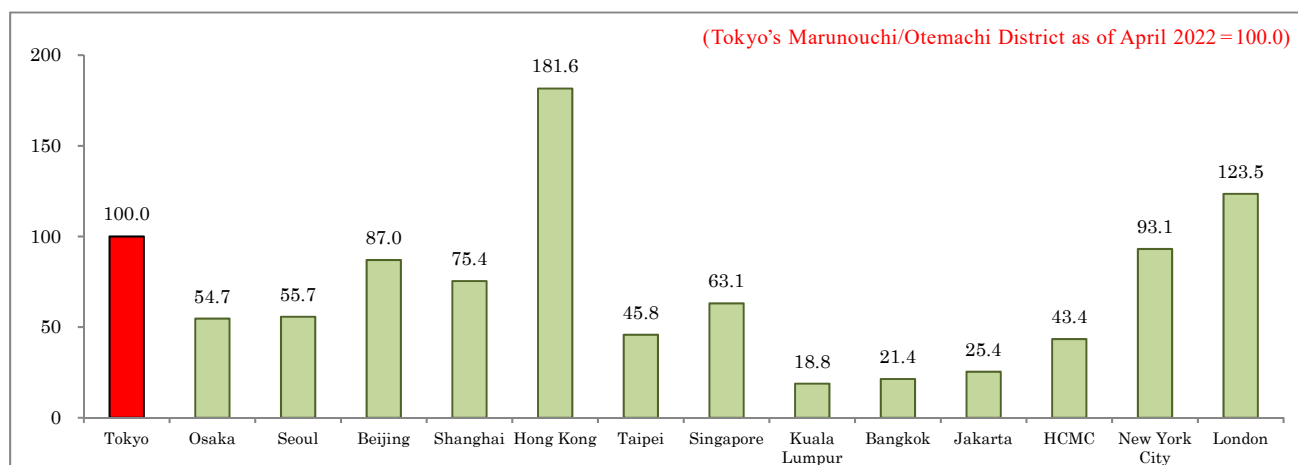


* Index number by city for the prime CBD office building value per square meter of each surveyed city (Tokyo's Marunouchi/Otemachi District as of April 2022 = 100.0)

3-2. Rent Comparison of Prime CBD Office Buildings

Figure 3-2 shows the index number of the rent per leasable square meter on the typical floor of a prime office building in the CBD of each surveyed city (Tokyo's Marunouchi/Otemachi District = 100.0).

Figure 3-2: Rent Comparison of Prime CBD Office Buildings

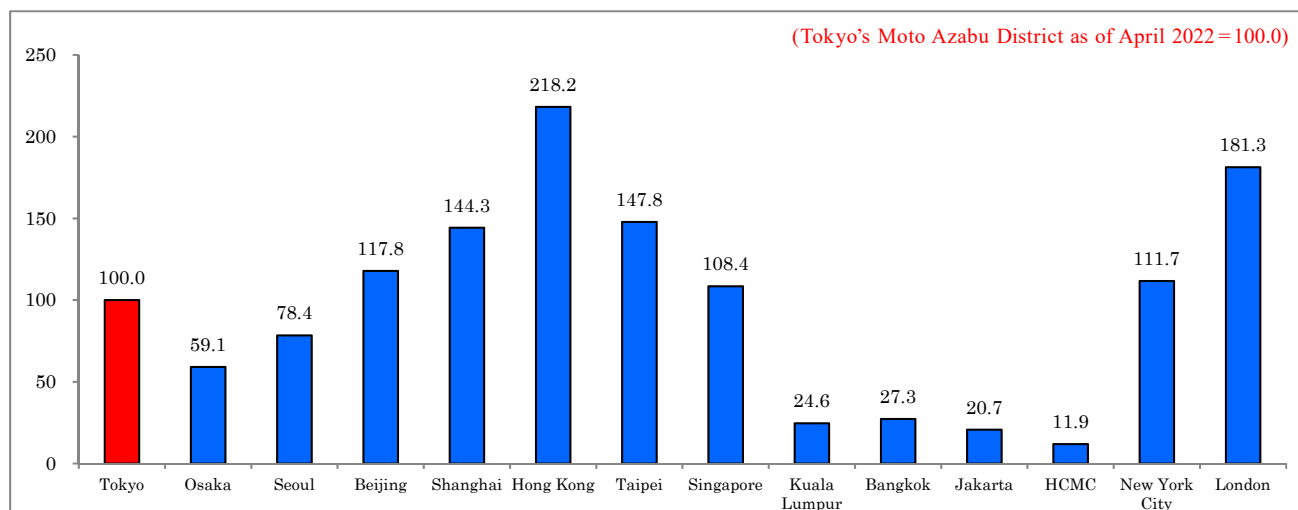


* Index number by city for the prime CBD office building rent per square meter of each surveyed city (Tokyo's Marunouchi/Otemachi District as of April 2022 = 100.0)

3-3. Value Comparison of High-End Condominium Units

Figure 3-3 shows the index number of the high-end condominium unit value per square meter in each surveyed city (Tokyo's Moto Azabu District in Minato Ward = 100.0). The value of the unit in the local currency of each foreign city was converted to the value in the Japanese yen and indexed. (The same method was also applied to the condominium rent comparison.)

Figure 3-3: Value Comparison of High-End Condominium Units

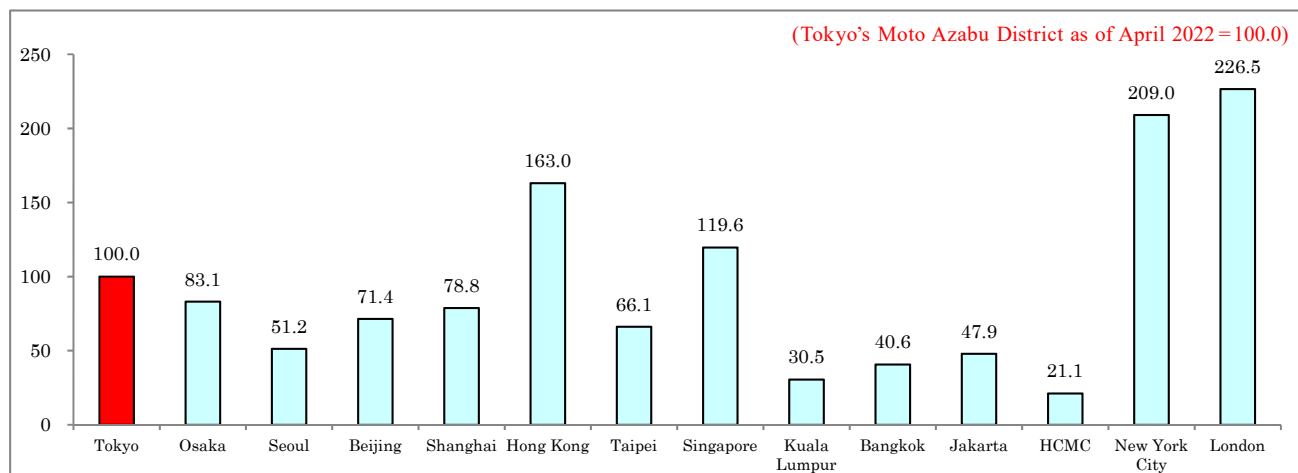


* Index number by city for the high-end condominium value per square meter of each surveyed city (Tokyo's Moto Azabu District as of April 2022 = 100.0)

3-4. Rent Comparison of High-End Condominium Units

Figure 3-4 shows the index number of the high-end condominium rent per square meter in each surveyed city (Tokyo's Moto Azabu District in Minato Ward = 100.0).

Figure 3-4: Rent Comparison of High-End Condominium Units



* Index number by city for the high-end condominium rent per square meter of each surveyed city (Tokyo's Moto Azabu District as of April 2022 = 100.0)

Global Property Value/Rent Indices

To investigate the real estate market trend of some major cities in the world, we compiled the value/rent indices of surveyed assets, which were appraised by JREI staff valuers.

[Survey at a Glance]

- ☐ Surveyed Cities : Tokyo, Osaka, Seoul, Beijing, Shanghai, Hong Kong, Taipei, Singapore, Kuala Lumpur, Bangkok, Jakarta, Ho Chi Minh City (HCMC), New York City, and London (14 cities)
- ☐ Use : Office and condominium
- ☐ No. of Surveyed Assets : Six assets in each city (three office buildings and three condominiums)
- ☐ Survey Method : We compiled indices based on the appraised value or rent per square meter of each asset by assuming that the subject asset would be newly developed and sold or leased as of either April 1st or October 1st each year.

