

Summary of JREI Global Property Value/Rent Indices (No. 19, Oct. 2022)

We are pleased to release a summary of the results of the 19th JREI Global Property Value/Rent Indices (as of October 2022).

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

■ Office Market

- Osaka topped all other monitored cities in terms of the growth rate in office building value. Cap rate compression, which contributed to the value increase, continued against a backdrop of domestic/offshore institutional investors' aggressive investment stance in the city.
- Tokyo also saw a declining trend of office building cap rates. Rising vacancy rates and falling rental rates continued in the office leasing market. However, robust investment sentiment persisted among market participants thanks to a financing environment favorable for them.
- Singapore witnessed signs of plateauing office building investment amid interest rate hikes.
- Hong Kong experienced a rise in the negative growth rate in office building value due to interest rate increases and its softened office leasing market.
- New York City's office rent remained flat as demand for office spaces weakened due mainly to the deteriorated bottom line of IT firms. The growth rate in office building value turned negative for the first time in the last three periods because of a rise in vacancy rate.
- In London, the office leasing market almost bottomed out as prime, state-of-the-art buildings attract many prospective renters. On the other hand, the degree of the declining growth rate expanded as far as office building value is concerned due to borrowing cost hikes under the BoE's financial tightening policy.

■ Condominium Market

- Osaka's condominium value rose in the central area thanks to growing demand among wealthy investors. They hoped to capitalize on the city's anticipated growth owing to urban development projects and the Expo 2025. In terms of condominiums for owner-occupiers, their value increased moderately.
- New York City maintained its sellers' market situation. Due to higher mortgage rates, the number of condominium sellers, who planned to purchase new homes, declined. As a result, the volume of units available for sale also fell in the condominium market.
- The apartment rental rate in Singapore surged because of a strong recovery in demand among expats.

■ Office Building Value Change

City	Six month Change
Osaka	3.1%
HCMC	1.0%
Tokyo	0.7%
Singapore	0.5%
Bangkok	0.3%
Beijing	0.2%
Taipei	0.2%
Shanghai	0.1%
Kuala Lumpur	-0.5%
Seoul	-1.2%
Jakarta	-1.2%
Hong Kong	-1.5%
New York City	-1.8%
London	-2.4%

■ Office Building Rent Change

City	Six month Change
Seoul	1.5%
HCMC	0.9%
Taipei	0.6%
Bangkok	0.6%
Singapore	0.5%
Beijing	0.1%
Shanghai	0.1%
Osaka	0.0%
New York City	0.0%
London	-0.2%
Kuala Lumpur	-0.5%
Hong Kong	-0.8%
Tokyo	-1.0%
Jakarta	-1.2%

■ Condominium Value Change

City	Six month Change
Osaka	4.3%
New York City	3.0%
Singapore	2.3%
Taipei	2.1%
Tokyo	1.3%
Shanghai	1.1%
HCMC	1.1%
Beijing	0.5%
Bangkok	0.5%
Jakarta	-0.1%
Kuala Lumpur	-0.2%
London	-0.2%
Hong Kong	-1.3%
Seoul	-1.8%

■ Condominium Rent Change

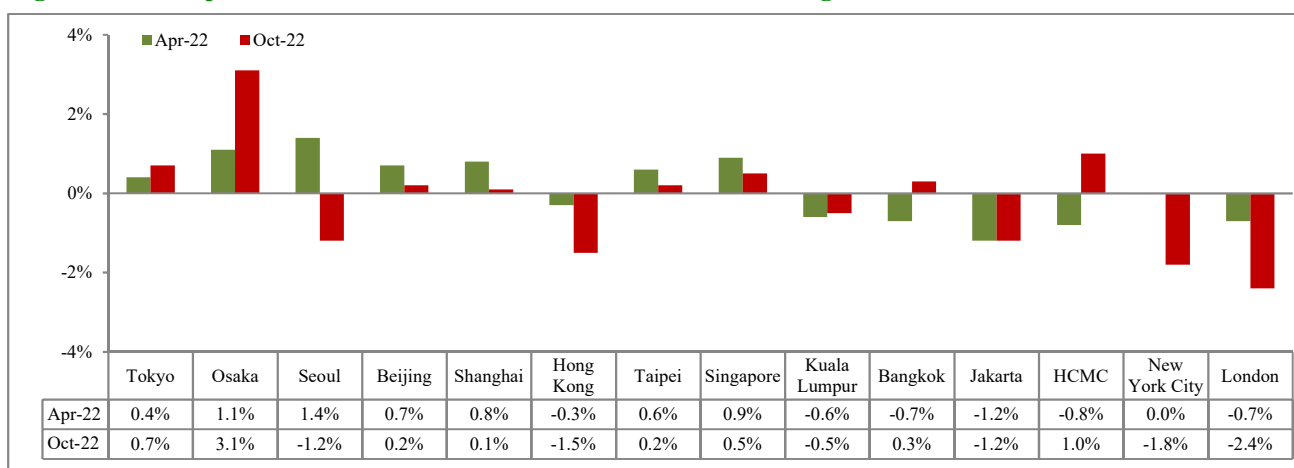
City	Six month Change
Singapore	6.3%
New York City	2.5%
Osaka	2.3%
Jakarta	1.6%
Bangkok	1.1%
Shanghai	0.7%
Hong Kong	0.6%
Taipei	0.6%
HCMC	0.6%
Tokyo	0.5%
Seoul	0.5%
Beijing	0.2%
London	0.0%
Kuala Lumpur	-0.6%

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

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

Figure 1-1 shows the half-year growth rate in the office building value index in each surveyed city. As of October 2022, the growth rate was highest in Osaka (+3.1%) followed by Ho Chi Minh City (HCMC, +1.0%). In Beijing and Shanghai, prospective buyers indicated their continual, strong interest in desirable office buildings although most assets were purchased for their own use. In Taipei, the growth rate shrank as investment appetite reduced among some institutional investors. The growth rate in Seoul turned negative for the first time since the start of this survey. Seoul was reported as the top performer for four periods in a row until the previous survey.

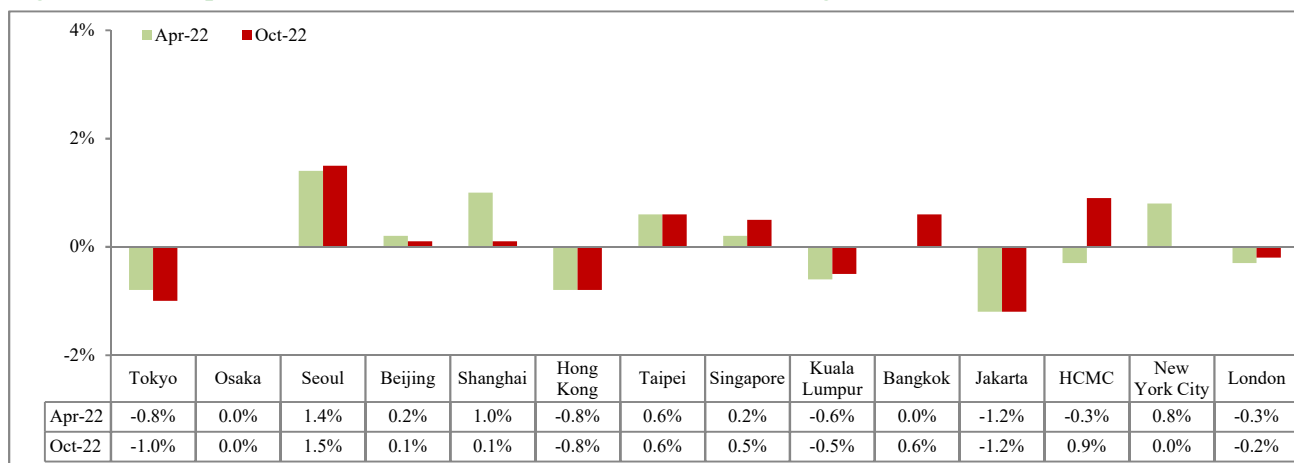
Figure 1-1: Comparison of Half-Year Growth Rate of Office Building Value Index



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

Figure 1-2 shows the half-year growth rate in the office building rent index in each surveyed city. As of October 2022, the growth rate was highest in Seoul (+1.5%) followed by HCMC (+0.9%). In HCMC, the office rental growth rate turned positive after two consecutive declines in the previous two periods as demand rebounded for office spaces among multinational corporations. In Shanghai, the office rental rate continued rising in the central part amid active leasing activities after a brief hiatus in the leasing market due to Covid lockdowns.

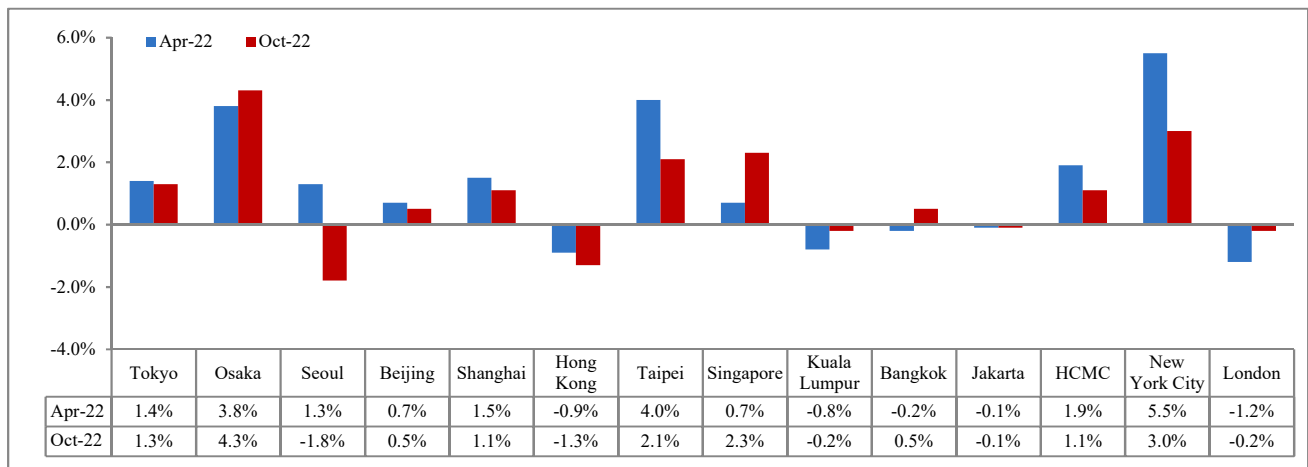
Figure 1-2: Comparison of Half-Year Growth Rate of Office Building Rent Index



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

Figure 1-3 shows the half-year growth rate in the condominium value index in each surveyed city. As of October 2022, the growth rate was highest in Osaka (+4.3%) followed by New York City (+3.0%). Seoul’s condominium value fell amid rising mortgage costs and the government’s uncertain real estate and housing policies. In Kuala Lumpur, the condominium transaction market is yet to recover due to fluid political and economic situations. In Bangkok, the market sentiment kept improving as the border restrictions lifted although the transaction volume remained low due to stringent mortgage underwriting for prospective purchasers of condominiums for their own use.

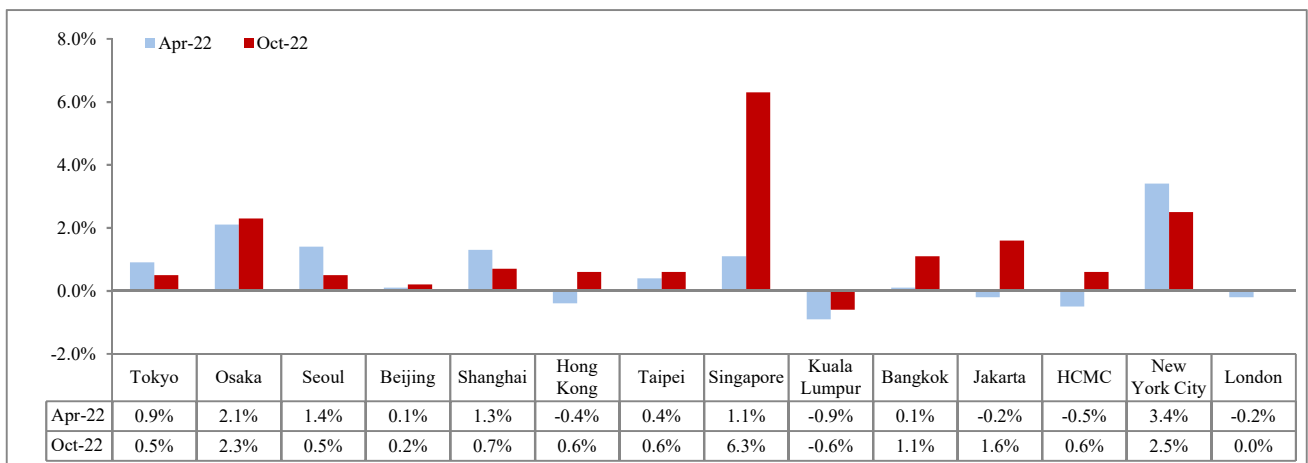
Figure 1-3: Comparison of Half-Year Growth Rate of Condominium Value Index



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

Figure 1-4 shows the half-year growth rate in the condominium rent index in each surveyed city. As of October 2022, the growth rate was highest in Singapore (+6.3%) followed by New York City (+2.5%). In Hong Kong, Bangkok, Jakarta, and HCMC, demand recovered for rental apartments among expats and contributed to higher rental rates. In London, rental demand bounced back for apartments owing partly to young professionals’ moving back to city centers in the course of increasing office occupancy rates.

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)

Value Index Rent Index

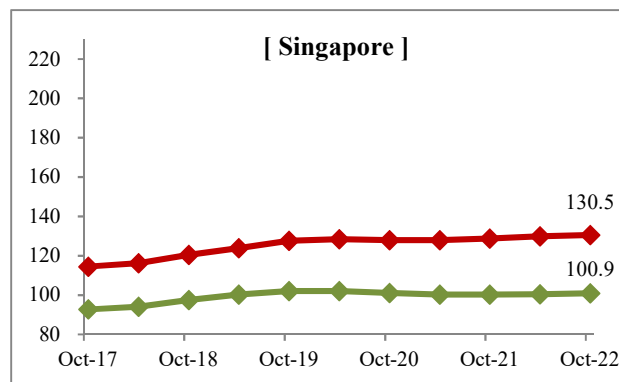
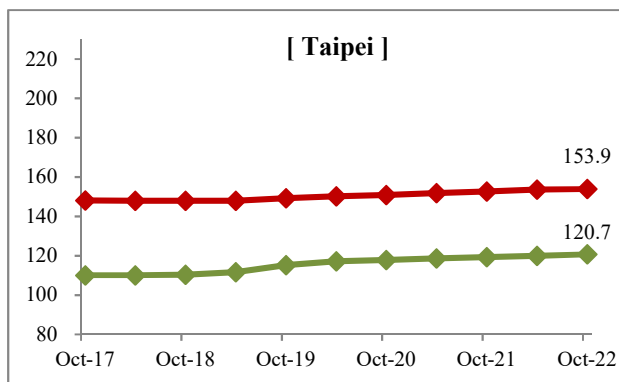
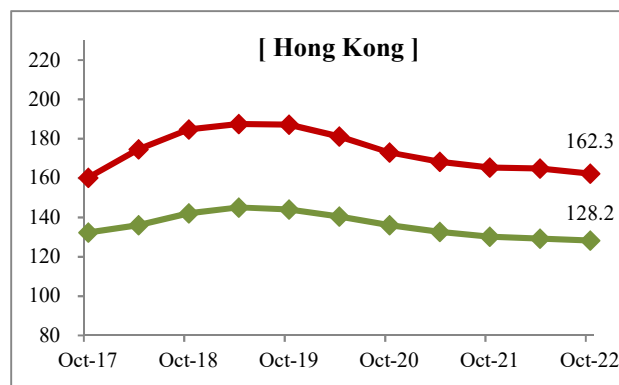
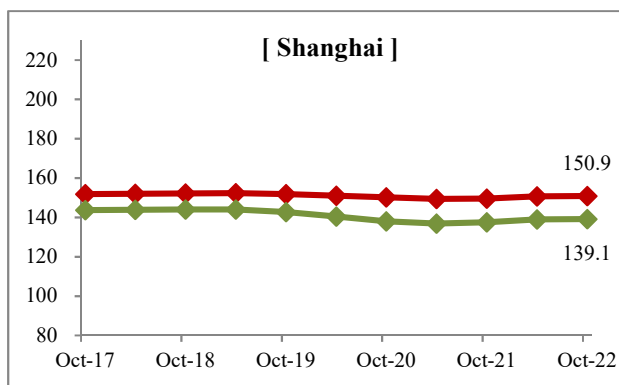
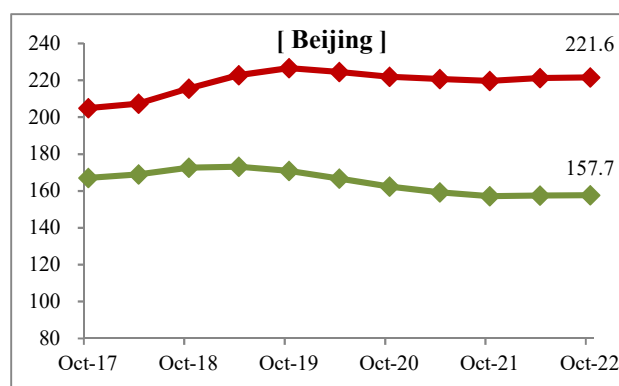
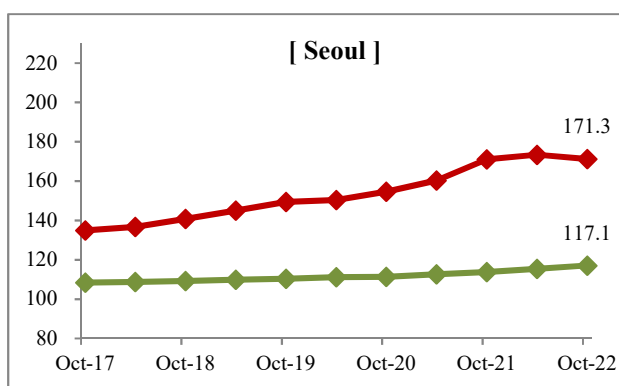
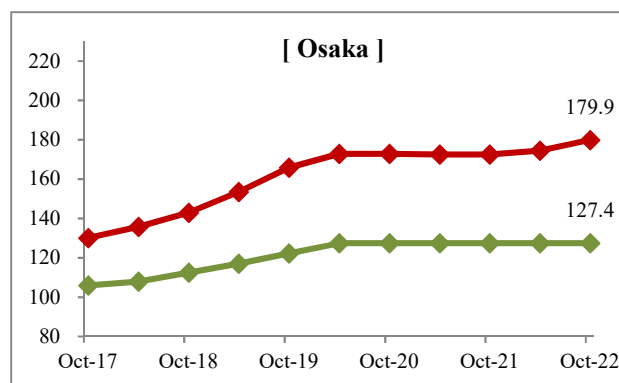
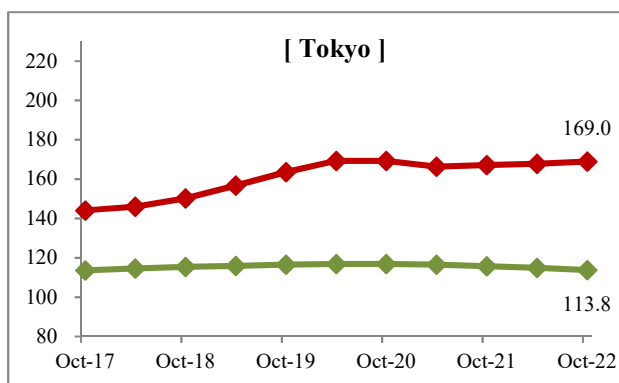


Figure 2-1: Office Building Value/Rent Indices (October 2010 = 100.0)

Value Index Rent Index

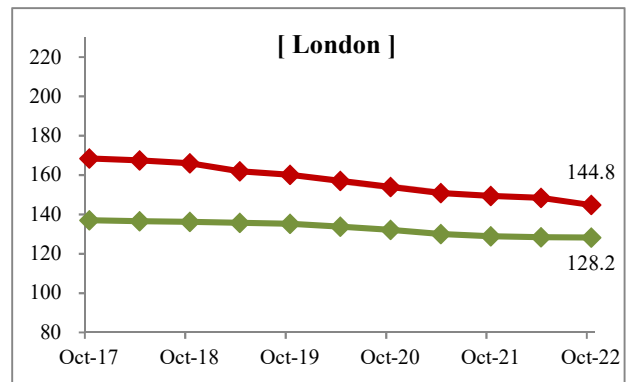
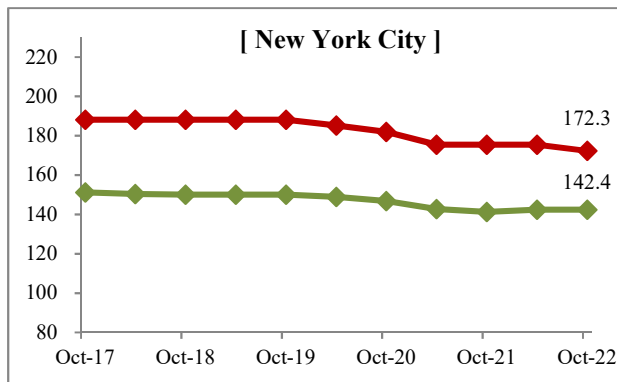
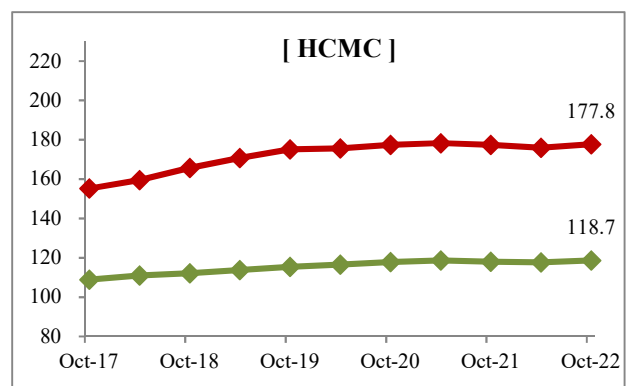
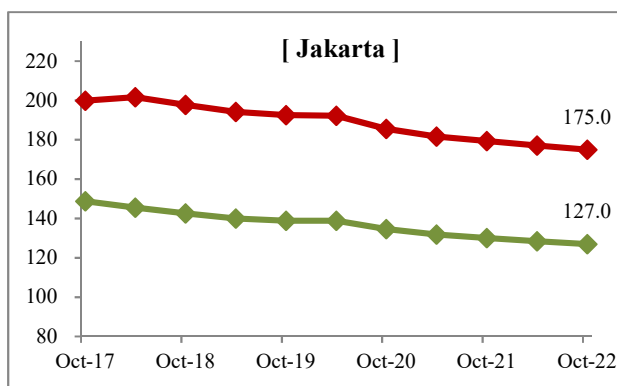
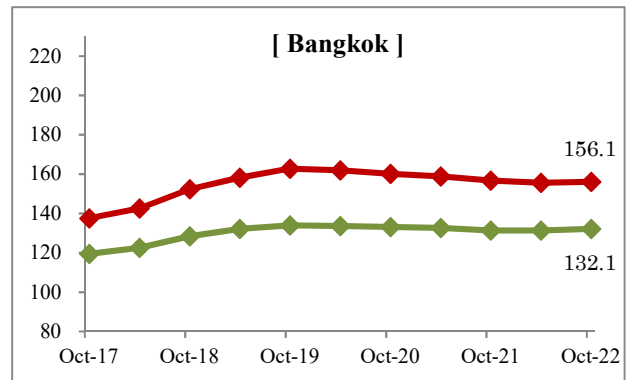
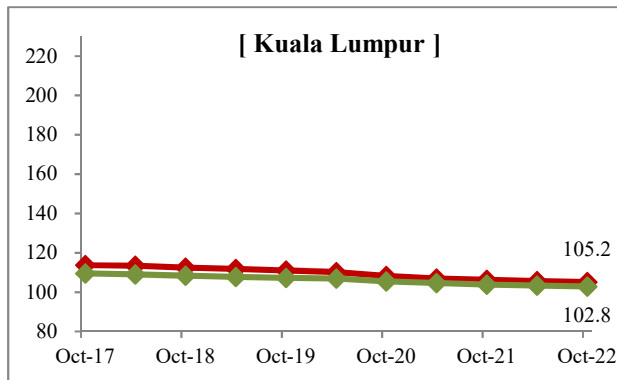


Figure 2-2: Condominium Value/Rent Indices (October 2010 = 100.0)

Value Index Rent Index

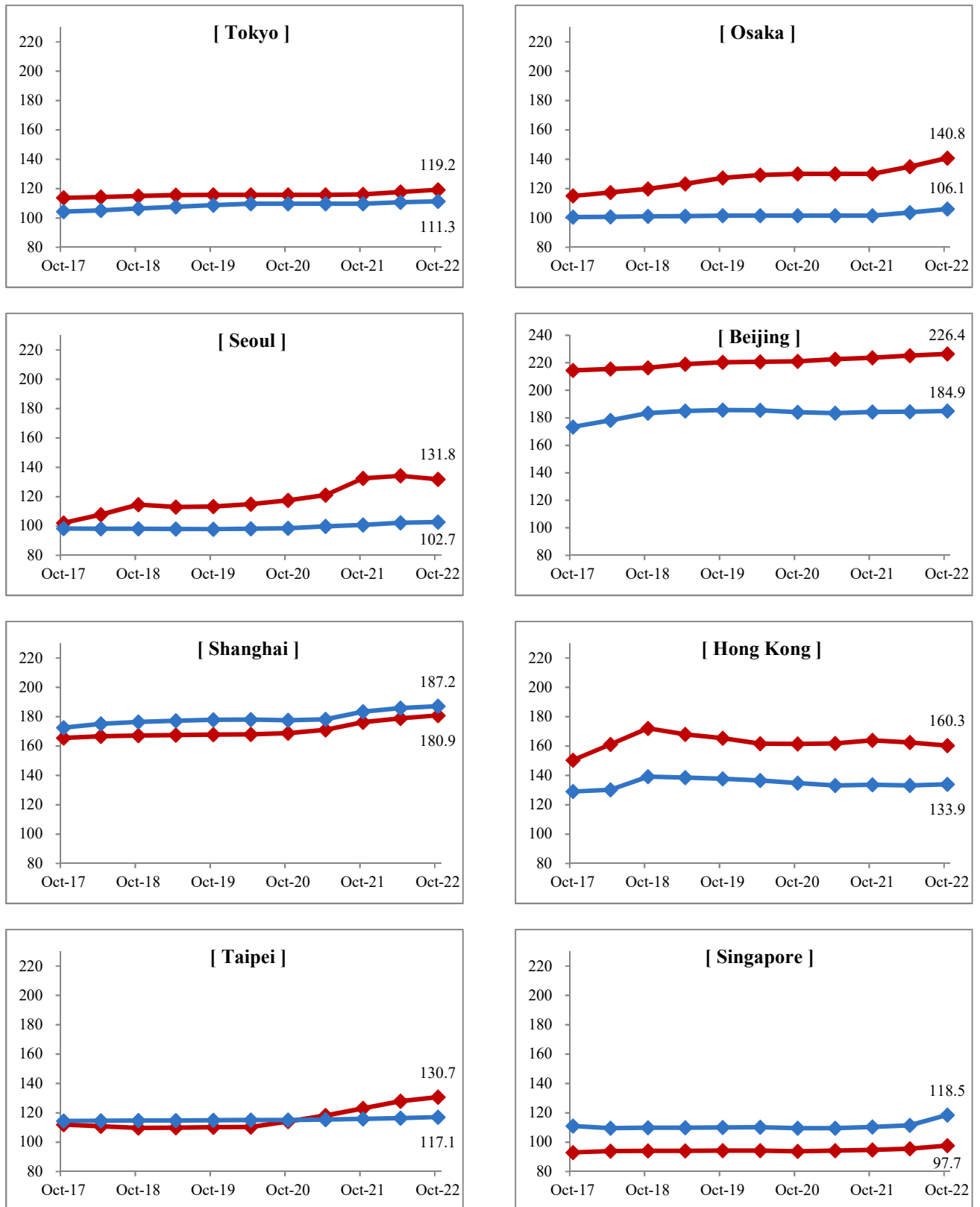
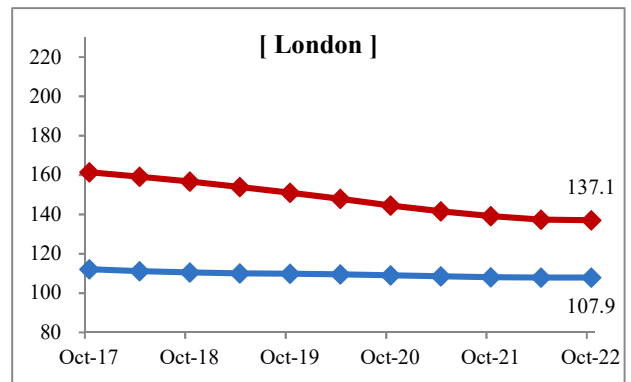
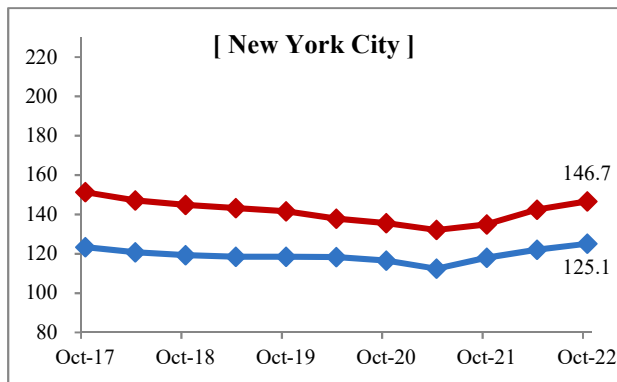
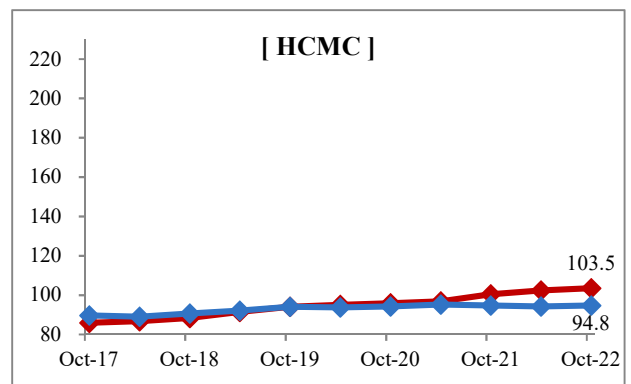
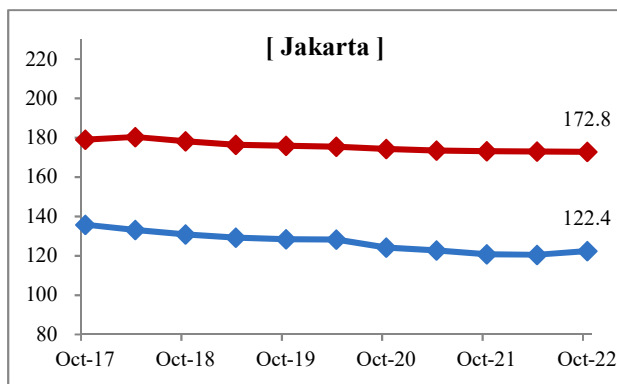
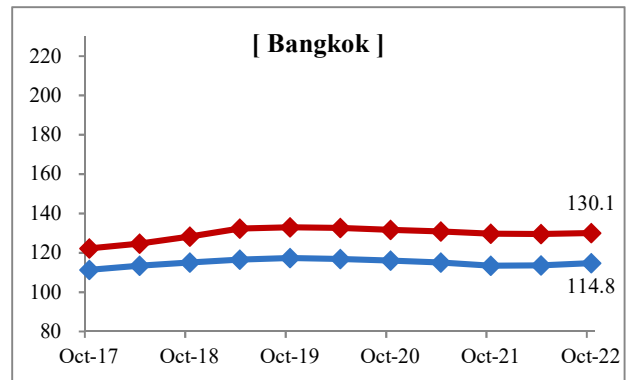
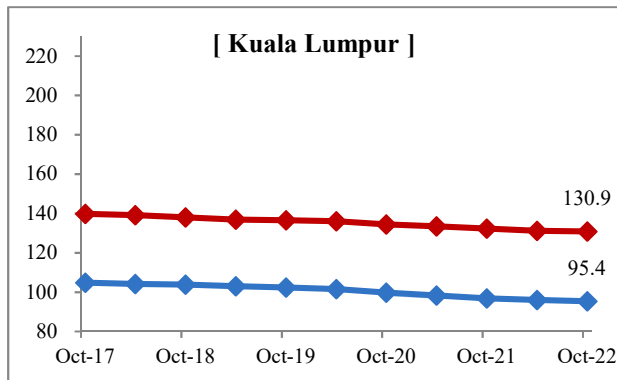


Figure 2-2: Condominium Value/Rent Indices (October 2010 = 100.0)

Value Index Rent Index

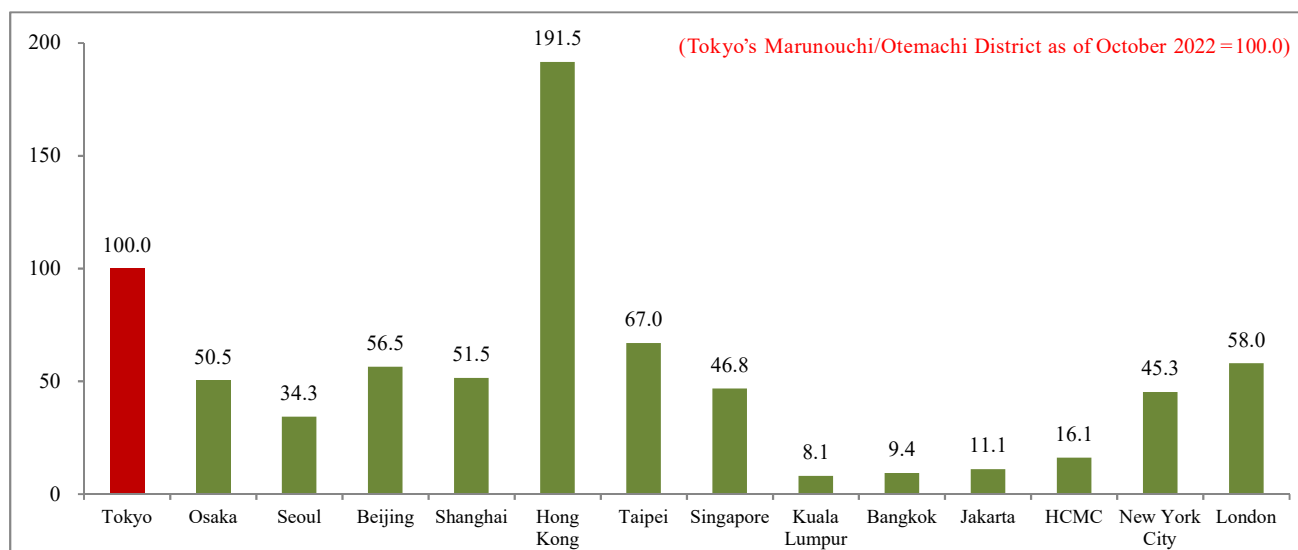


3. Value and Rent Comparison among Surveyed Cities (October 2022)

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

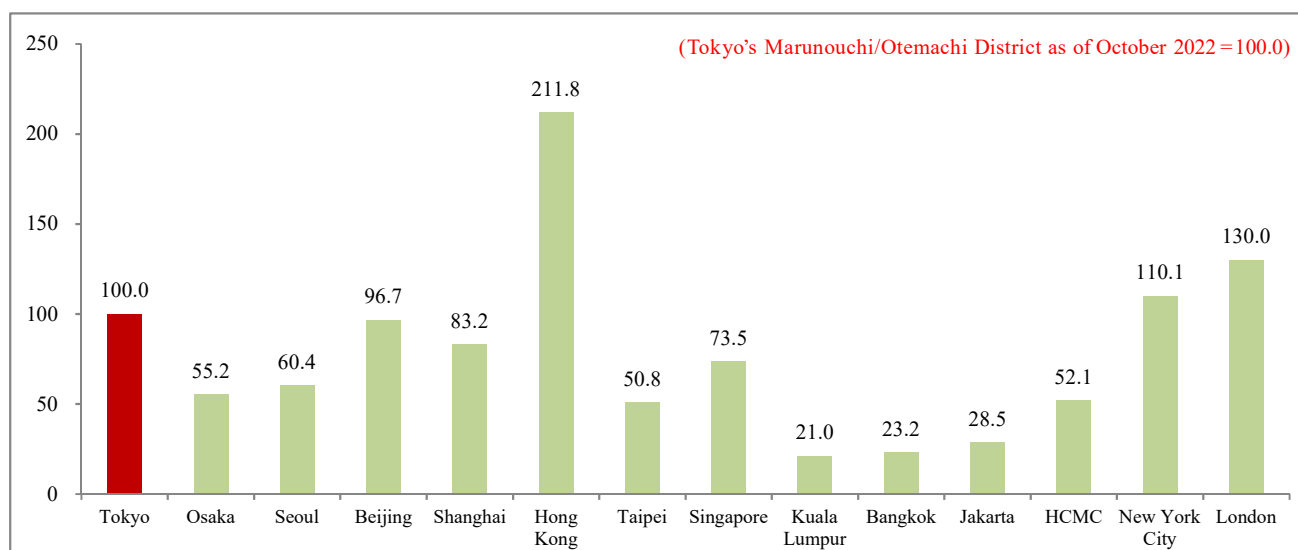


* Index number by city for the prime CBD office building value per square meter of each surveyed city (Tokyo's Marunouchi/Otemachi District as of October 2022 = 100.0)

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

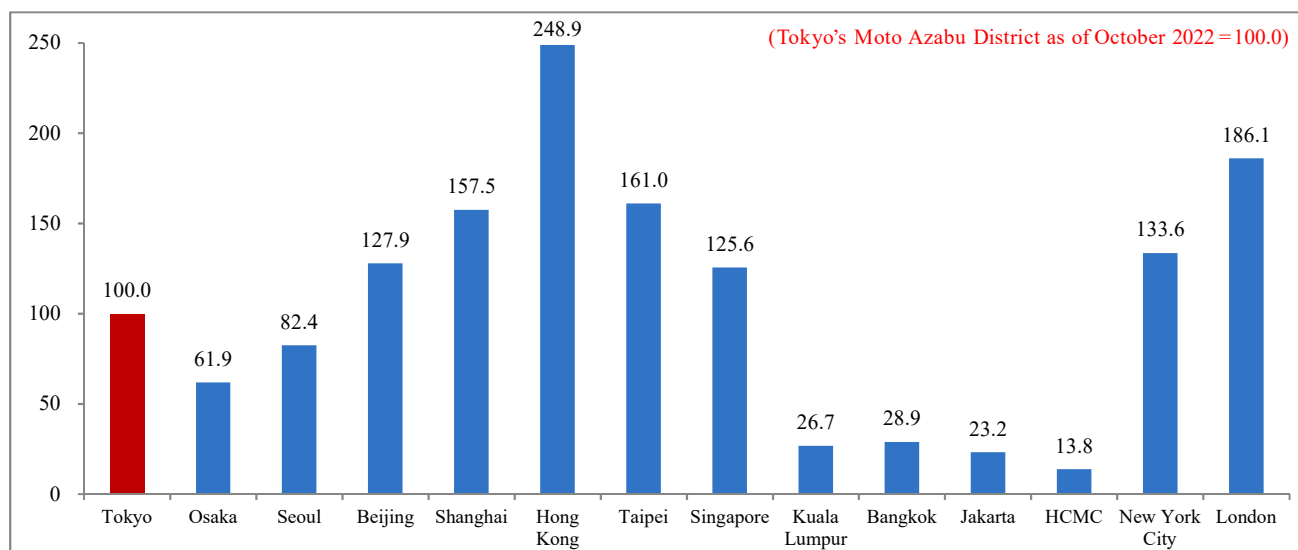


* Index number by city for the prime CBD office building rent per square meter of each surveyed city (Tokyo's Marunouchi/Otemachi District as of October 2022 = 100.0)

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

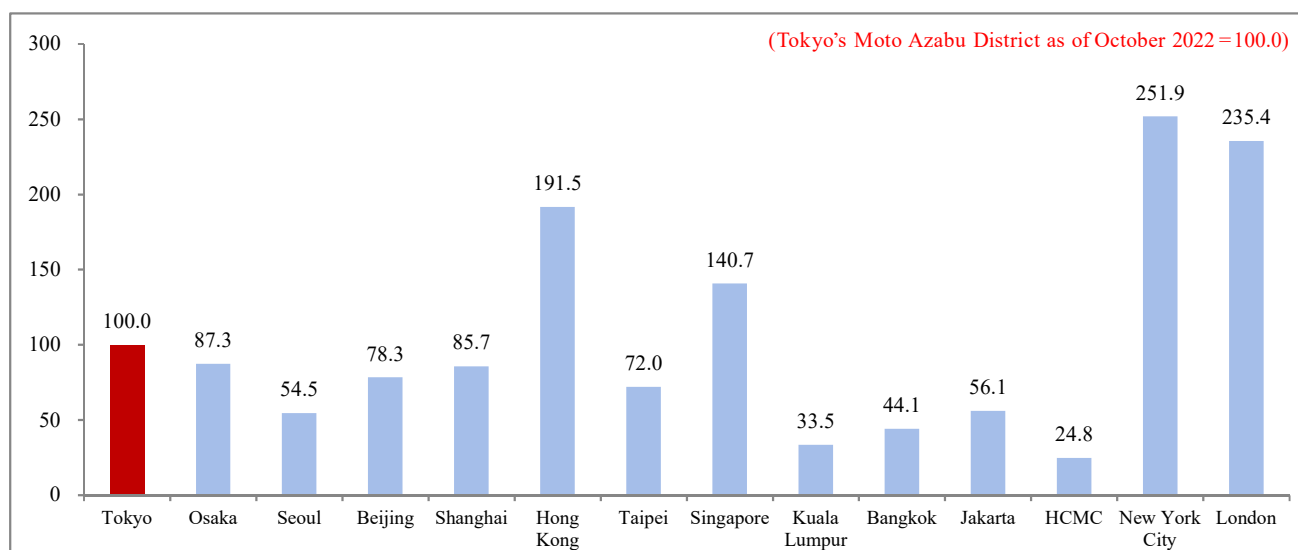


* Index number by city for the high-end condominium value per square meter of each surveyed city (Tokyo's Moto Azabu District as of October 2022 = 100.0)

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 October 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.

