

Summary of JREI Global Property Value/Rent Indices (No. 20, Apr. 2023)

We are pleased to release a summary of the results of the 20th JREI Global Property Value/Rent Indices (as of April 2023).

Survey Results at a Glance (Change Rates during the Period from Oct. 2022 to Apr. 2023)

■ Office Market

- Osaka topped all other monitored cities in terms of the growth rate in office building value. Investors' expected cap rates for office building investment trended downward as the value of office buildings rose gradually in a condition of limited new supply.
- Tokyo saw a declining trend of expected office building cap rates against the backdrop of a favorable lending environment. In the office leasing market, falling rental rates continued while the pace of rising vacancy rates eased.
- Singapore's office leasing market experienced a steady uptrend as most office workers came back to the office.
- Hong Kong witnessed a continual decline in office rent as the city's economic activities remained far from full recovery.
- In Sydney, which was newly added to this survey, office rents increased amid tenants' tendency to seek high-grade offices. Expected office cap rates grew larger as financial tightening progressed.
- New York City and London both observed bigger declining rates in office building value due to tightened financial conditions.

■ Condominium Market

- In Osaka, condominium value and rent, especially those of residential tower projects within the central part of the city, ascended owing to both increasing site acquisition costs and soaring construction costs as the city hosts various urban development projects.
- Beijing and Shanghai witnessed a continued rise in condominium value thanks to a rebound in the volume of existing homes sold since the beginning of this year. In Shanghai, interest remained robust in sought-after, high-end condominium units.
- In New York City, the increasing rate of condominium value shrank compared with the previous survey due to rising mortgage rates.
- In London, the declining rate of condominium value grew owing to higher interest rates, which caused a wait-and-see stance of most prospective owner-occupiers.

■ Office Building Value Change

City	Six month Change
Osaka	2.4%
Tokyo	0.6%
Singapore	0.4%
Taipei	0.2%
Shanghai	0.1%
Beijing	-0.4%
HCMC	-0.6%
Kuala Lumpur	-0.9%
Bangkok	-0.9%
Seoul	-1.2%
Hong Kong	-1.3%
Jakarta	-1.7%
Sydney	-1.7%
London	-3.1%
New York City	-5.2%

■ Office Building Rent Change

City	Six month Change
Sydney	1.5%
Seoul	1.4%
Singapore	0.4%
Taipei	0.3%
HCMC	0.3%
Shanghai	0.1%
Osaka	0.0%
New York City	0.0%
London	-0.1%
Bangkok	-0.2%
Beijing	-0.4%
Kuala Lumpur	-0.5%
Jakarta	-0.6%
Tokyo	-0.7%
Hong Kong	-0.7%

■ Condominium Value Change

City	Six month Change
Osaka	3.1%
Singapore	2.3%
New York City	1.5%
Tokyo	1.3%
Shanghai	1.0%
Taipei	0.7%
Beijing	0.2%
Hong Kong	0.2%
Bangkok	0.0%
Jakarta	-0.1%
Kuala Lumpur	-0.2%
London	-0.7%
Sydney	-1.3%
HCMC	-4.7%
Seoul	-5.5%

■ Condominium Rent Change

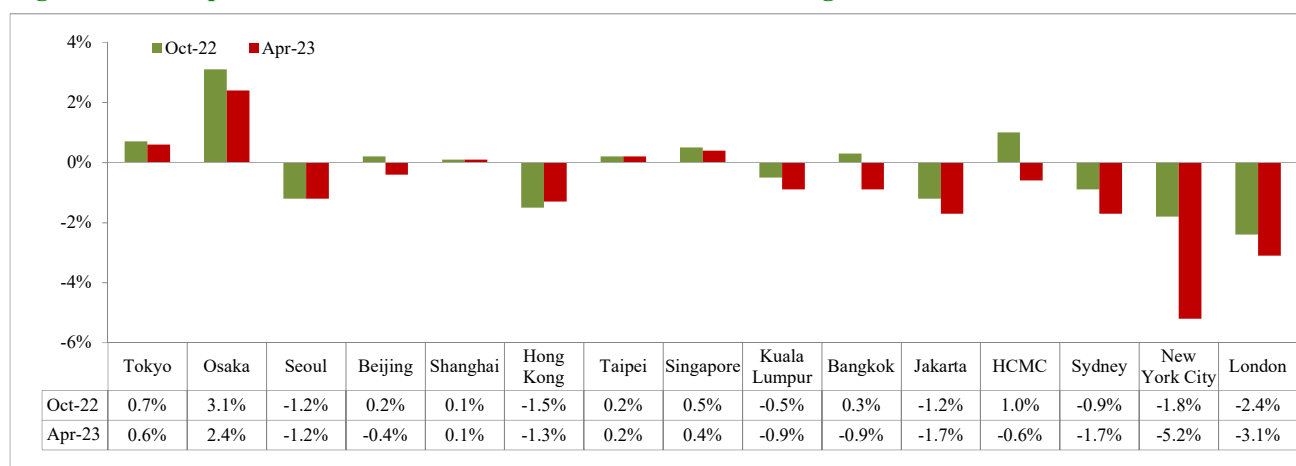
City	Six month Change
Singapore	6.5%
Sydney	4.6%
Osaka	2.1%
New York City	1.4%
Tokyo	1.1%
Jakarta	0.7%
Taipei	0.6%
London	0.6%
Shanghai	0.2%
Beijing	0.1%
Bangkok	0.1%
HCMC	-0.3%
Hong Kong	-0.4%
Seoul	-0.5%
Kuala Lumpur	-0.6%

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

1-1. Growth Rate in the Office Building Value Index (From October 2022 to April 2023)

Figure 1-1 shows the half-year growth rate in the office building value index in each surveyed city. As of April 2023, the growth rate was highest in Osaka (+2.4%) followed by Tokyo (+0.6%). In Beijing, desirable office buildings maintained their high values although some financially-struggling firms sold their holdings at a discount. In Taipei, strong demand was perceived for owner-occupied office buildings in prime areas. In Ho Chi Minh City (HCMC), expected cap rates rose due to higher interest rates and stringent lending environment.

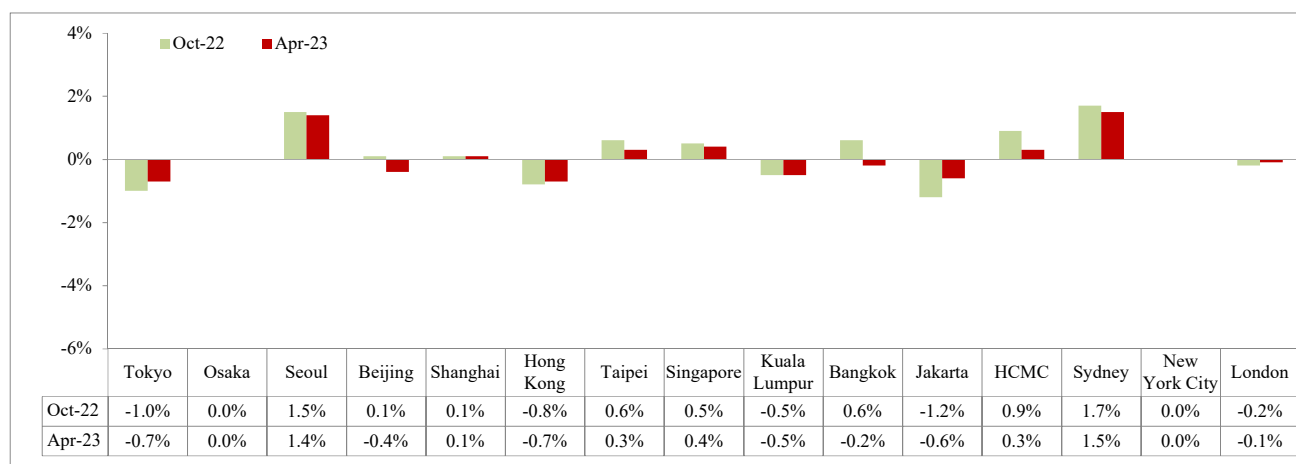
Figure 1-1: Comparison of Half-Year Growth Rate of Office Building Value Index



1-2. Growth Rate in the Office Building Rent Index (From October 2022 to April 2023)

Figure 1-2 shows the half-year growth rate in the office building rent index in each surveyed city. As of April 2023, the growth rate was highest in Sydney (+1.5%) followed by Seoul (+1.4%). In Seoul, office leasing demand was buoyed by a transition from “work from home” to more flexible work style. In the central part of Shanghai, office leasing flourished among profitable firms amid normalized economic activities. In Bangkok, its peripheral office areas experienced a softening market owing to some firms’ office space consolidation and moving to high-grade office buildings.

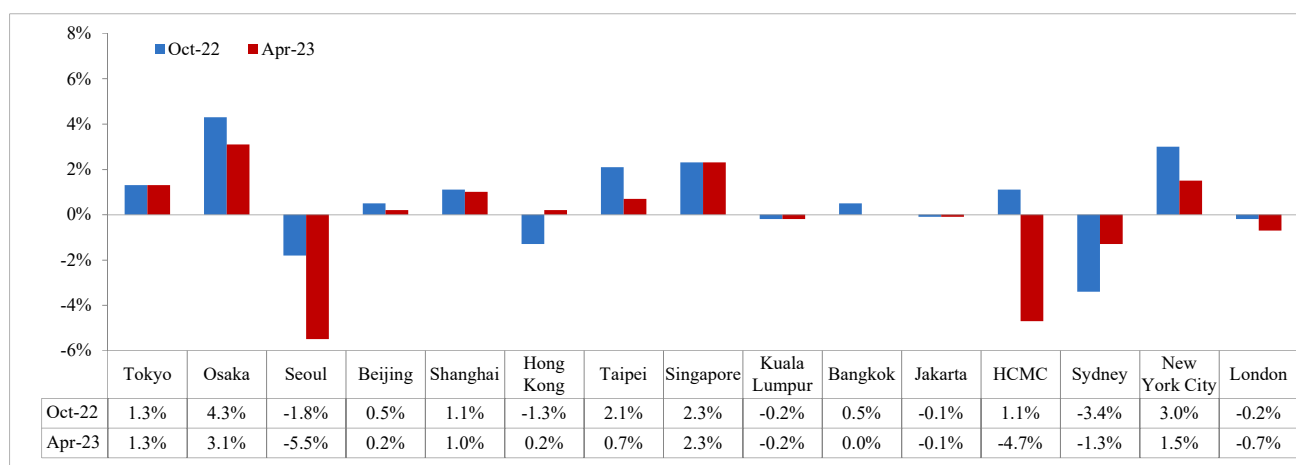
Figure 1-2: Comparison of Half-Year Growth Rate of Office Building Rent Index



1-3. Growth Rate in the Condominium Value Index (From October 2022 to April 2023)

Figure 1-3 shows the half-year growth rate in the condominium value index in each surveyed city. As of April 2023, the growth rate was highest in Osaka (+3.1%) followed by Singapore (+2.3%). In Singapore, units in new condominium projects were snapped up by buyers, especially in its city center, although a rate increase in the stamp duty in February 2023 could dampen demand for condominiums. Seoul’s condominium value kept falling along with slumping condominium sales due to financial tightening.

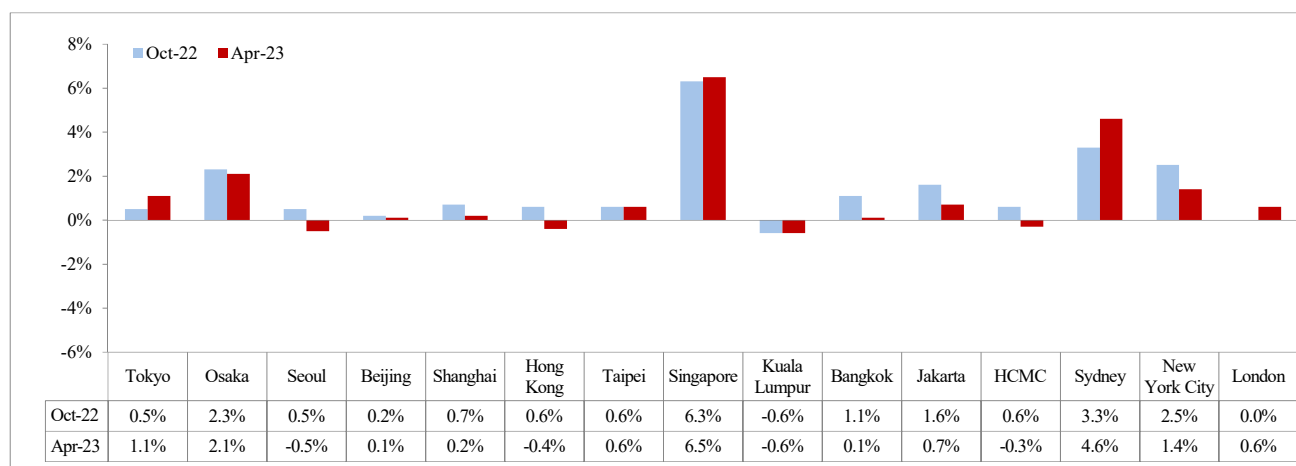
Figure 1-3: Comparison of Half-Year Growth Rate of Condominium Value Index



1-4. Growth Rate in the Condominium Rent Index (From October 2022 to April 2023)

Figure 1-4 shows the half-year growth rate in the condominium rent index in each surveyed city. As of April 2023, the growth rate was highest in Singapore (+6.5%) followed by Sydney (+4.6%). In Singapore, a strong recovery of expats’ demand for apartments helped to maintain the situation of the landlords’ market. In Sydney, rents trended upward because of an undersupply of rental apartments. In London, the residential leasing market showed a strength thanks to young professionals and foreign students’ moving back to the city center. In New York City, the rental growth rate shrank compared with the previous survey because the rent levels approached their upper limits.

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



2. Value/Rent Trend by City (October 2020 = 100.0)

Figure 2-1: Office Building Value/Rent Indices (October 2020 = 100.0)

Value Index Rent Index

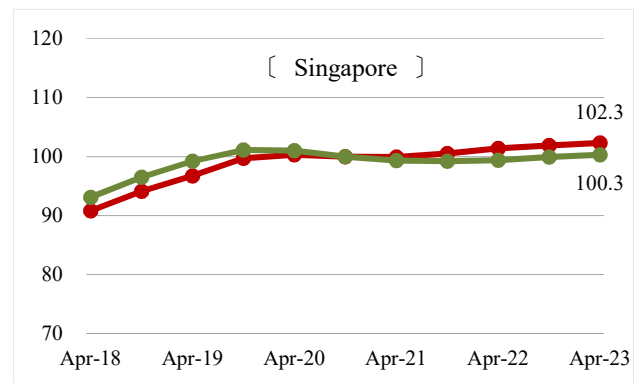
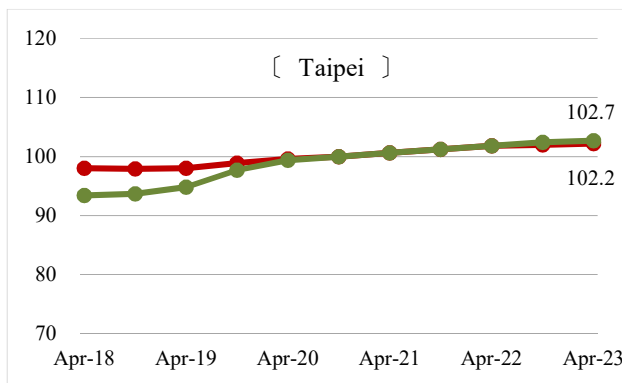
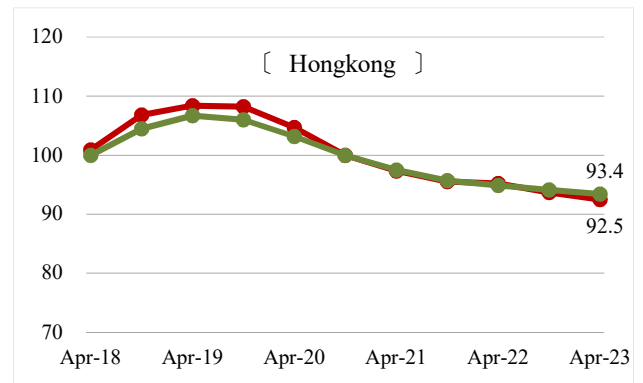
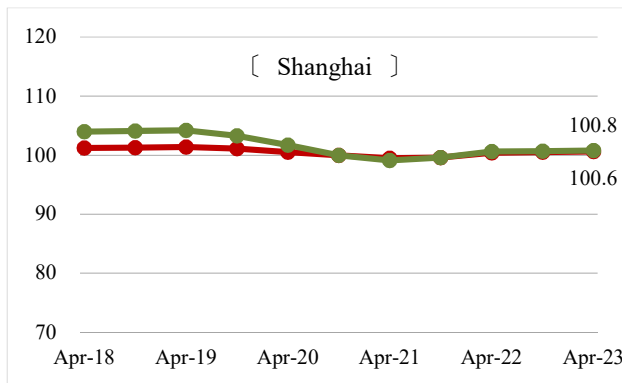
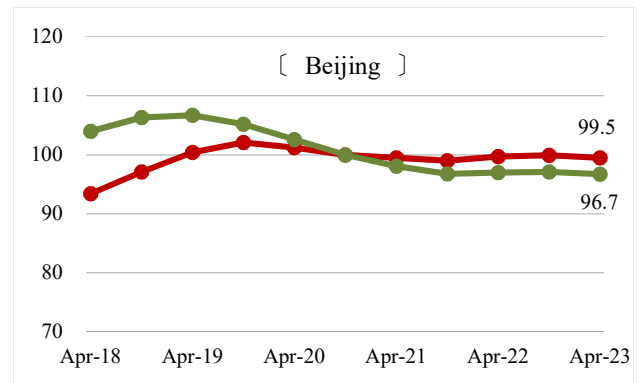
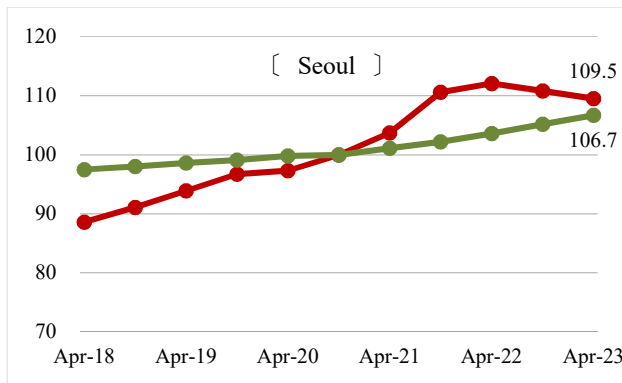
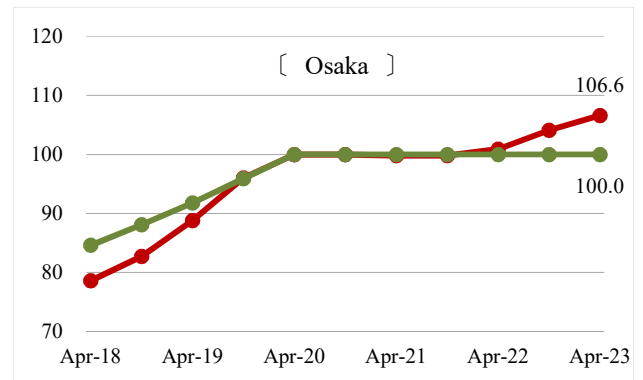
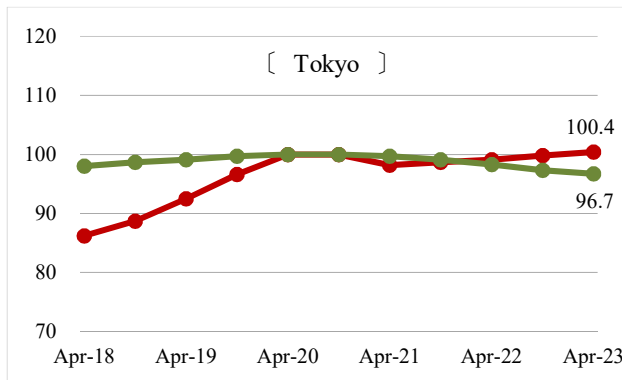


Figure 2-1: Office Building Value/Rent Indices (October 2020 = 100.0)

Value Index Rent Index

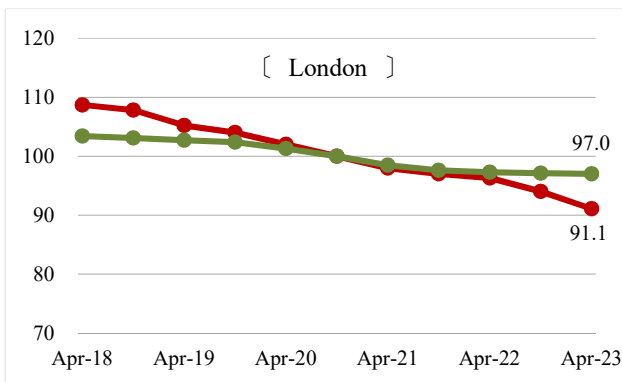
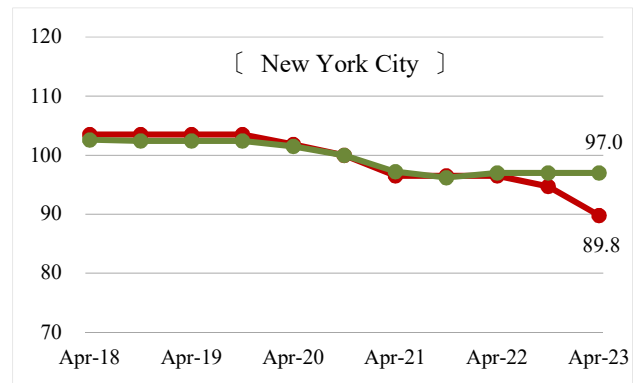
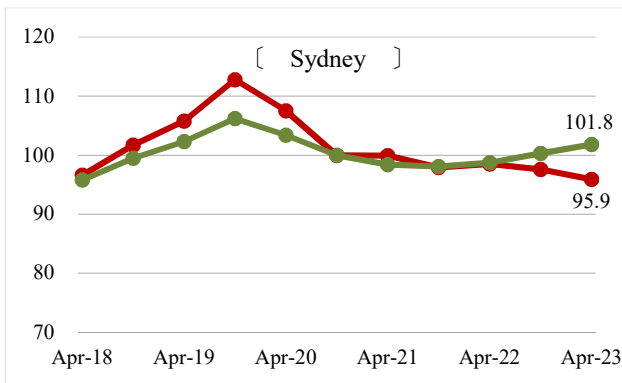
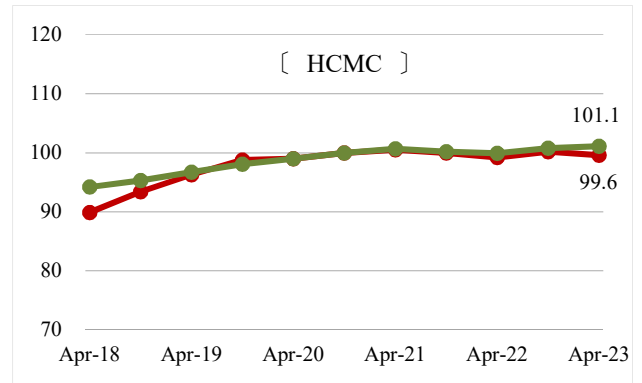
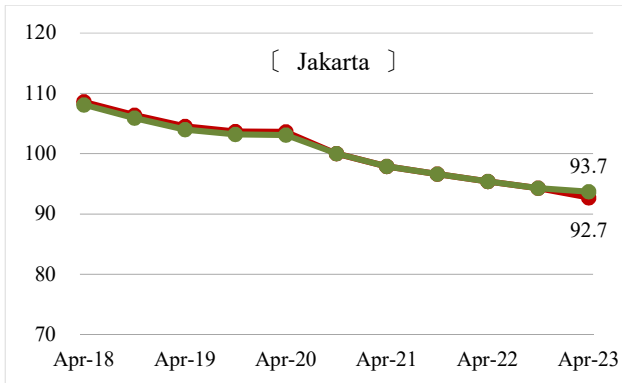
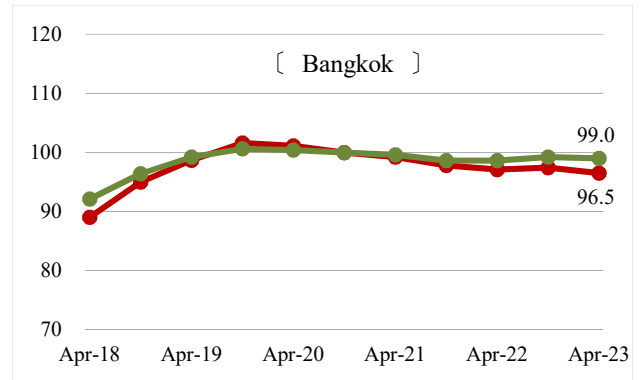
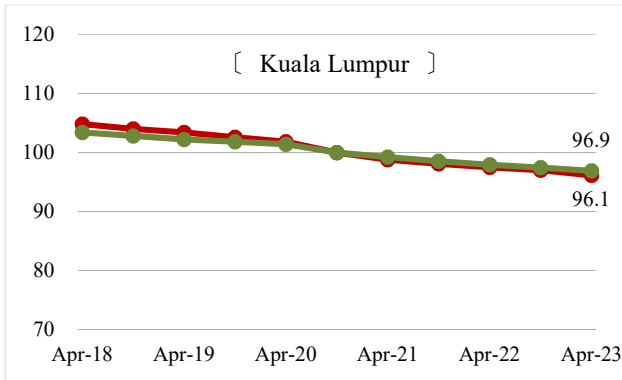


Figure 2-2: Condominium Value/Rent Indices (October 2020 = 100.0)

Value Index Rent Index

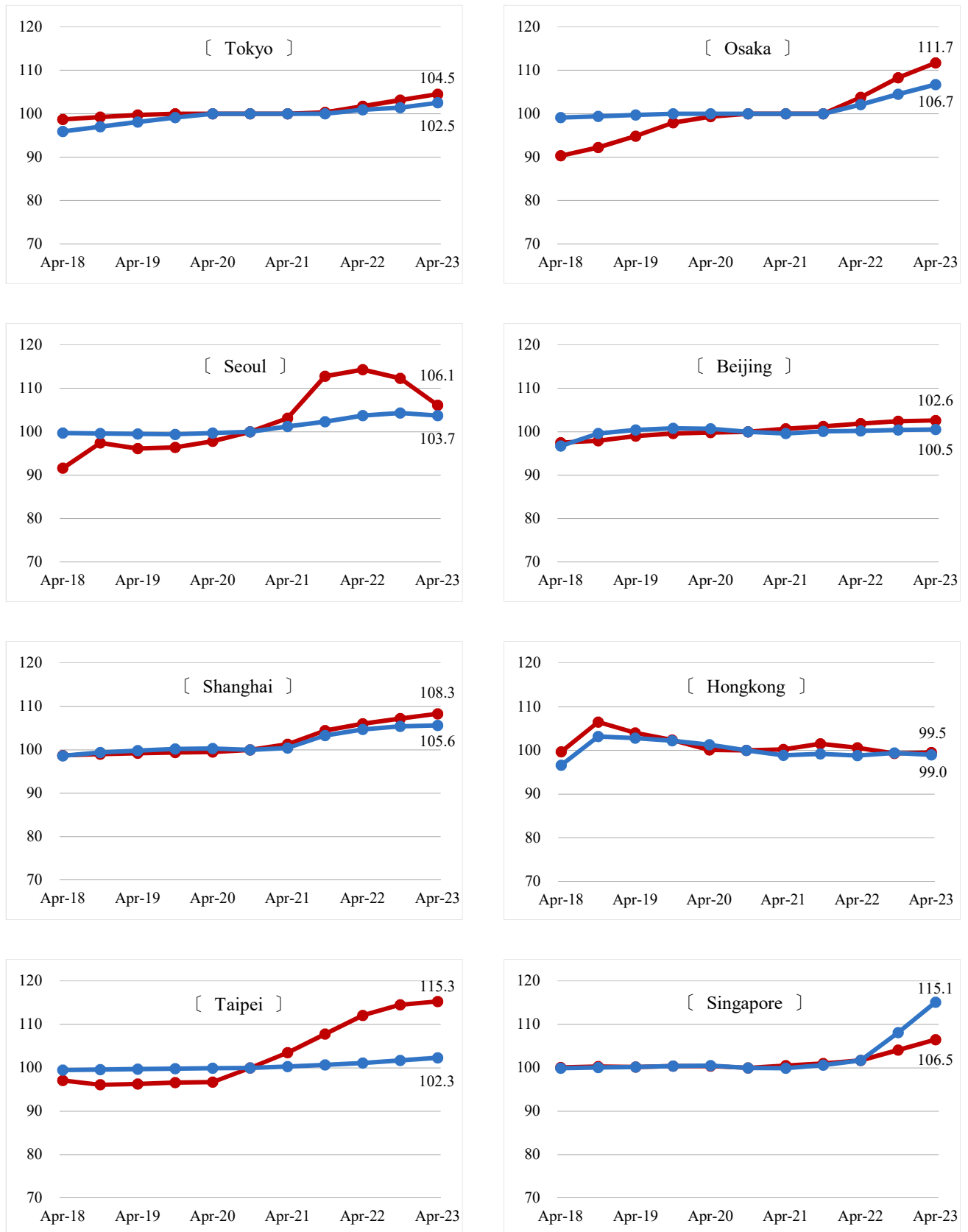
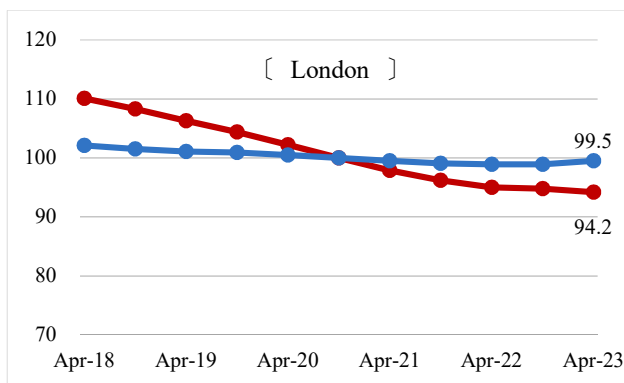
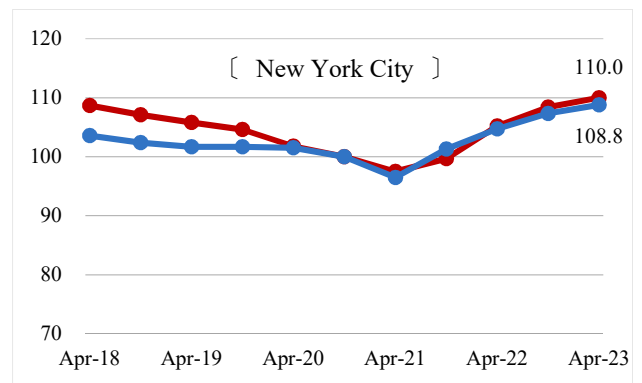
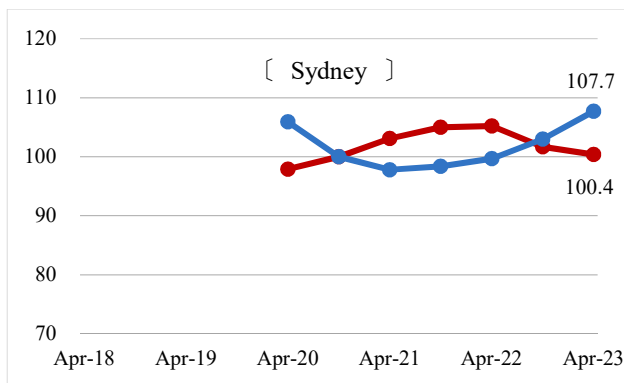
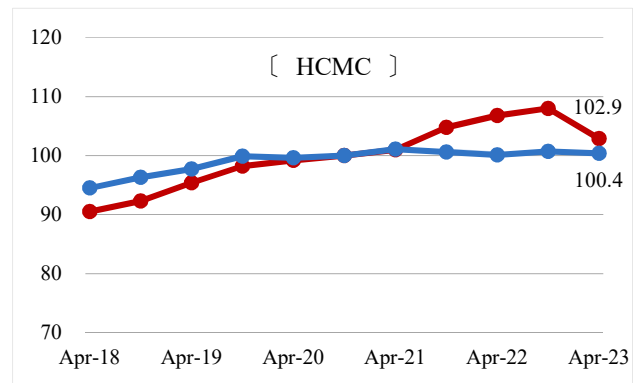
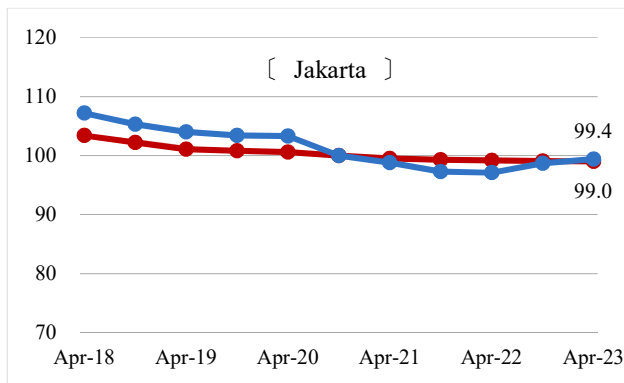
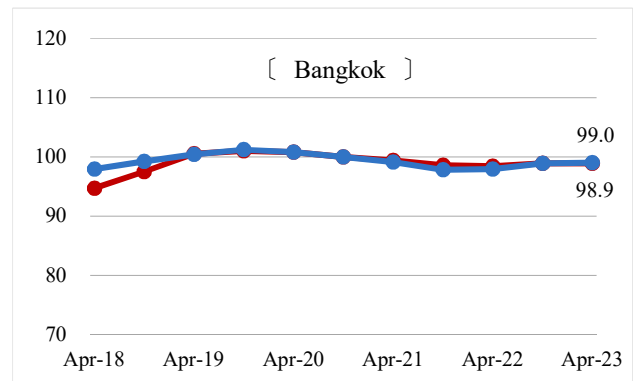
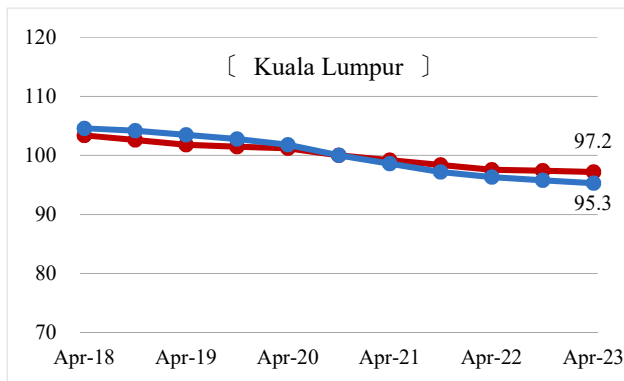


Figure 2-2: Condominium Value/Rent Indices (October 2020 = 100.0)

Value Index Rent Index

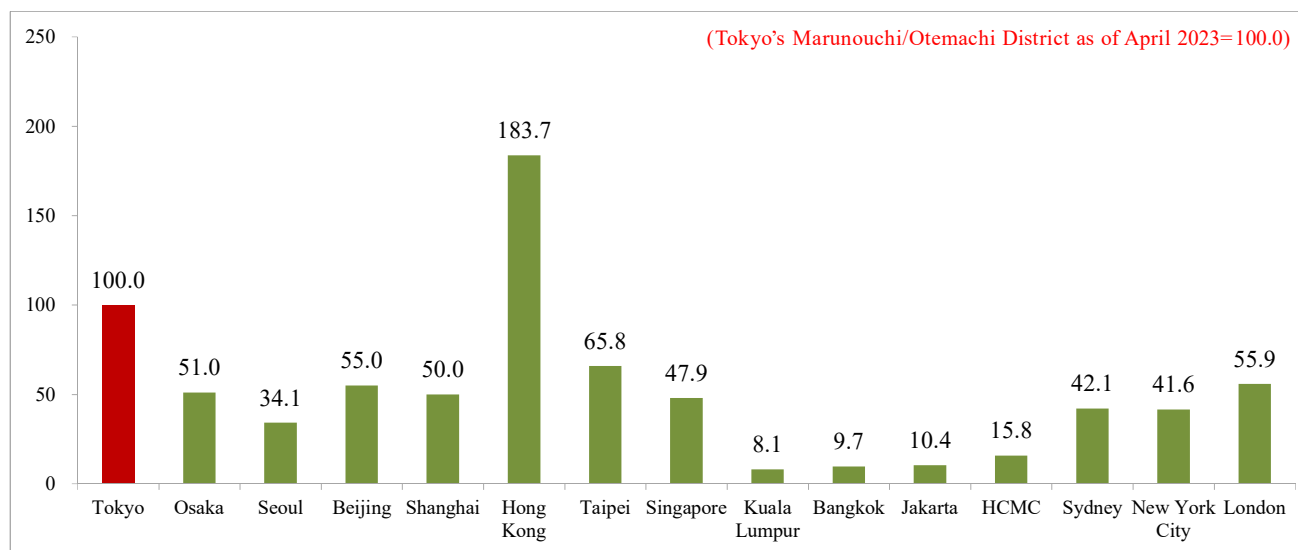


3. Value and Rent Comparison among Surveyed Cities (April 2023)

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

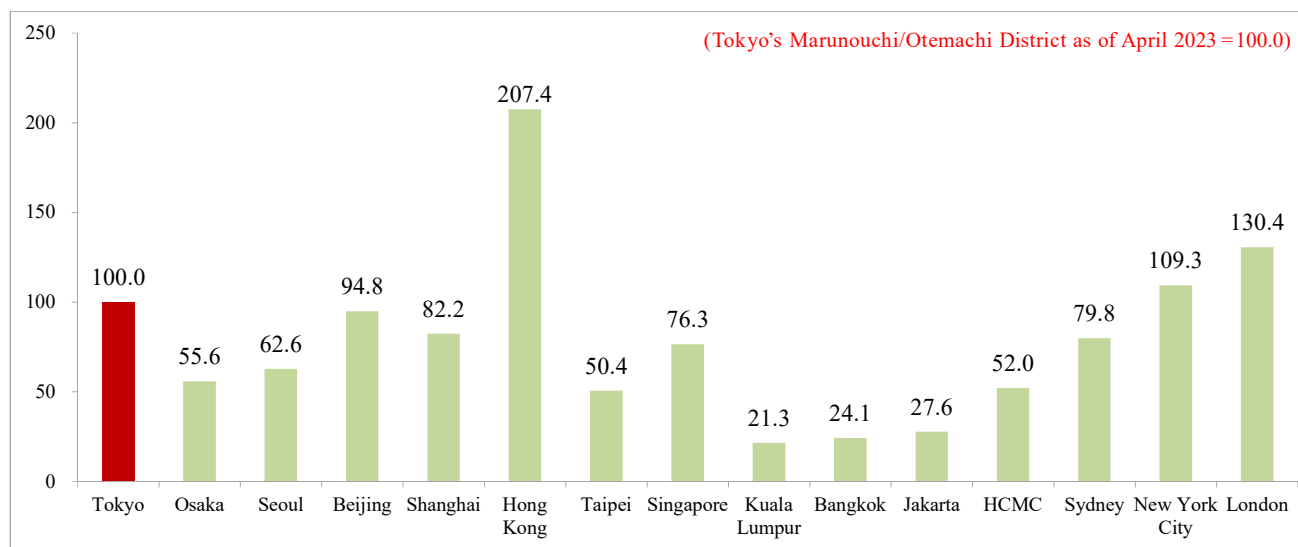


* Index number by city for the prime CBD office building value per square meter of each surveyed city (Tokyo's Marunouchi/Otemachi District as of April 2023=100.0)

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

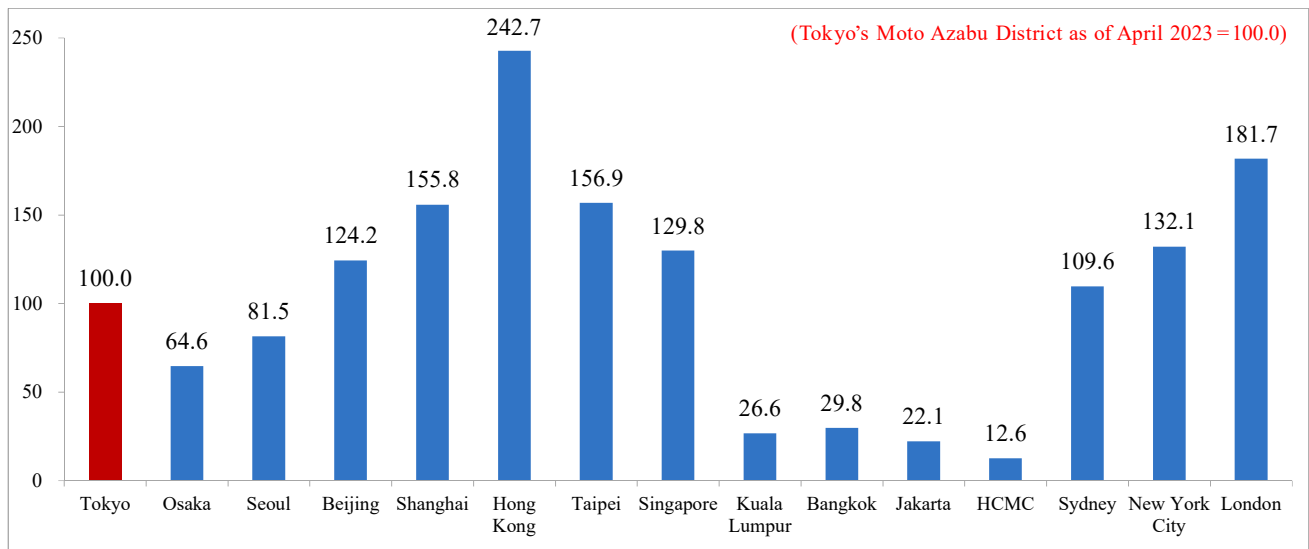


* Index number by city for the prime CBD office building rent per square meter of each surveyed city (Tokyo's Marunouchi/Otemachi District as of April 2023=100.0)

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

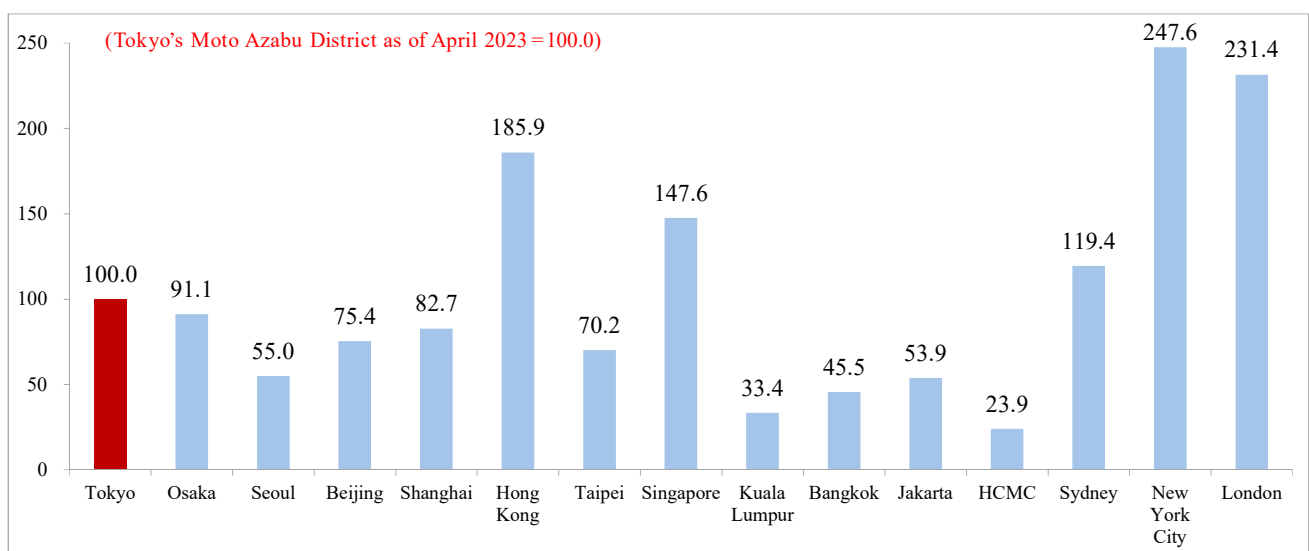


* Index number by city for the high-end condominium value per square meter of each surveyed city (Tokyo's Moto Azabu District as of April 2023 = 100.0)

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 2023 = 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), Sydney, New York City, and London (15 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.

