

Summary of JREI Global Property Value/Rent Indices (No. 21, Oct. 2023)

We are pleased to release a summary of the results of the 21st JREI Global Property Value/Rent Indices (as of October 2023).

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

■ Office Market

- Osaka topped all other monitored cities in terms of the growth rate in office building value for three half-year periods in a row. Investors' expected cap rates for office building investment trended downward as the supply/demand equilibrium continued in the office leasing market.
- Tokyo saw both a declining trend of expected office building cap rates and an increase in value amid robust investor demand.
- New York City and London witnessed rising cap rates and falling values against the backdrop of a high level of borrowing costs.
- In Sydney, investors maintained their wait-and-see stance under the current inconclusive monetary policy.
- Seoul experienced continual trends of low office vacancy and growing rental rates with new office space supply being restrained.
- In Sydney, Bangkok, and Singapore, office rents trended upward because leasing demand is strong especially for prime office buildings with state-of-the-art amenities in good location.
- Shanghai observed a negative rental growth owing to its prolonged economic slump and a large volume of new supply.

■ Condominium Market

- Osaka maintained its top spot for condominium value growth rate for three consecutive half-year periods. Condominium developers, especially those of residential tower projects, raised selling prices reflecting both increasing site acquisition costs and soaring construction costs.
- Beijing and Shanghai witnessed a stable rise in high-end condominium value thanks to investor appetites for those assets with limited supply.
- New York City saw a rising condominium rent trend as end users' rental demand gained momentum for city center apartments. In the transaction market, a positive value growth rate continued because of the decreasing numbers of both sales completions and assets available for sale.
- In London, value continued to decline for condominiums to be occupied by the purchasers due to higher borrowing costs.

■ Office Building Value Change

City	Six month Change
Osaka	2.1%
HCMC	0.8%
Tokyo	0.6%
Taipei	0.1%
Singapore	-0.1%
Bangkok	-0.1%
Seoul	-0.3%
Kuala Lumpur	-0.4%
Hong Kong	-1.3%
Jakarta	-1.6%
Shanghai	-2.6%
Beijing	-2.9%
London	-3.5%
Sydney	-4.4%
New York City	-6.0%

■ Office Building Rent Change

City	Six month Change
Seoul	1.2%
Sydney	1.2%
Bangkok	1.0%
Singapore	0.6%
HCMC	0.3%
Taipei	0.2%
Tokyo	0.0%
Osaka	0.0%
New York City	0.0%
London	-0.1%
Kuala Lumpur	-0.4%
Jakarta	-0.5%
Beijing	-0.9%
Hong Kong	-0.9%
Shanghai	-1.6%

■ Condominium Value Change

City	Six month Change
Osaka	2.7%
Tokyo	1.2%
Bangkok	1.2%
Seoul	0.7%
New York City	0.5%
Singapore	0.2%
Taipei	0.1%
Sydney	0.1%
Beijing	0.0%
Shanghai	0.0%
Jakarta	-0.1%
Kuala Lumpur	-0.2%
London	-0.4%
Hong Kong	-0.6%
HCMC	-0.7%

■ Condominium Rent Change

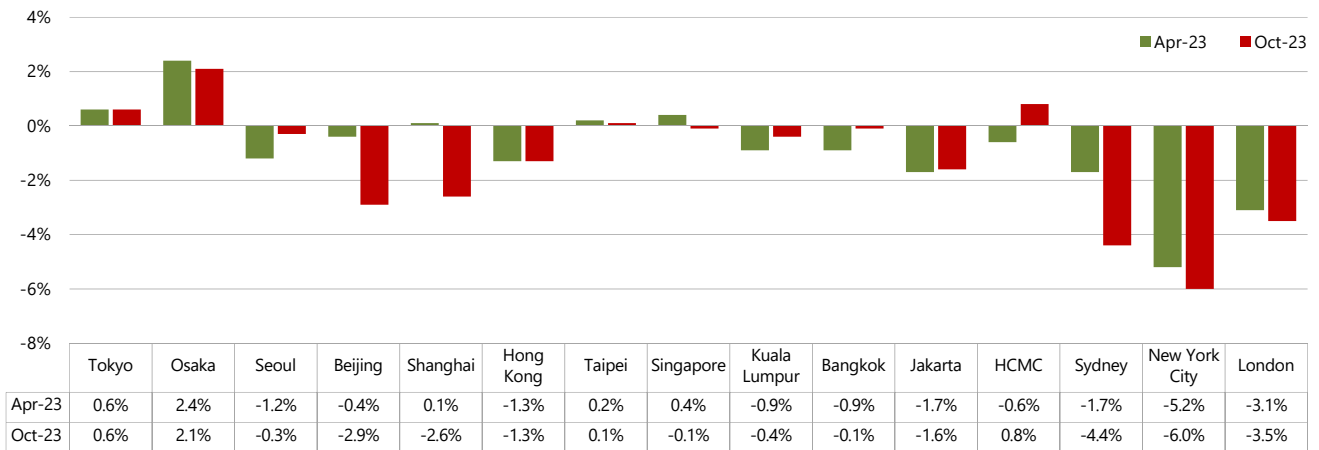
City	Six month Change
Singapore	6.2%
Sydney	4.6%
Jakarta	3.7%
Osaka	2.0%
London	1.0%
Tokyo	0.8%
Hong Kong	0.8%
New York City	0.8%
Taipei	0.7%
Bangkok	0.5%
Seoul	0.1%
HCMC	0.1%
Shanghai	-0.2%
Beijing	-0.3%
Kuala Lumpur	-0.4%

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

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

Figure 1-1 shows the half-year growth rate in the office building value index in each surveyed city. As of October 2023, the growth rate was highest in Osaka (+2.1%) followed by Ho Chi Minh City (HCMC) (+0.8%). In HCMC, demand remained solid for office building investment as the central bank began to cut policy rates earlier in 2023. Singapore witnessed a negative value growth rate in office building value amid increased operating expenses. In Beijing and Shanghai, office cap rates indicated an uptrend amid worsening economic environments.

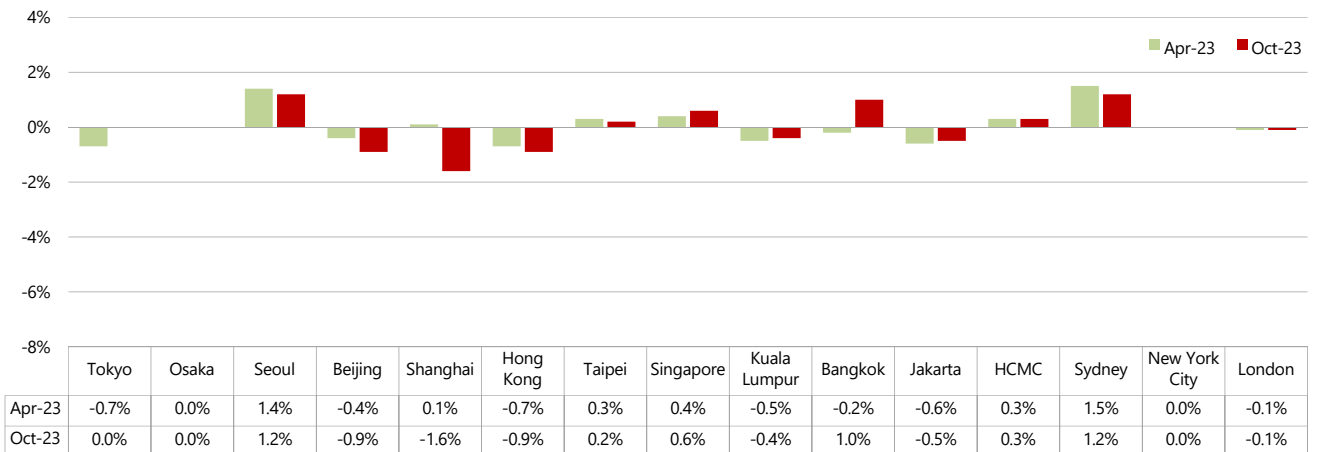
Figure 1-1: Comparison of Half-Year Growth Rate of Office Building Value Index



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

Figure 1-2 shows the half-year growth rate in the office building rent index in each surveyed city. As of October 2023, the growth rate was highest in Seoul and Sydney (both +1.2%). Taipei’s office rental growth rate shrank due to expected future large supply although the current supply is limited. In Kuala Lumpur, a negative rental growth rate continued mainly in areas with large volumes of new supply. Jakarta saw tenants’ market persisted amid high vacancy. In Beijing, rent declined due to a large amount of existing office space available for rent. However, the office leasing market is expected to stabilize because of limited supply in the near future in the capital city of China.

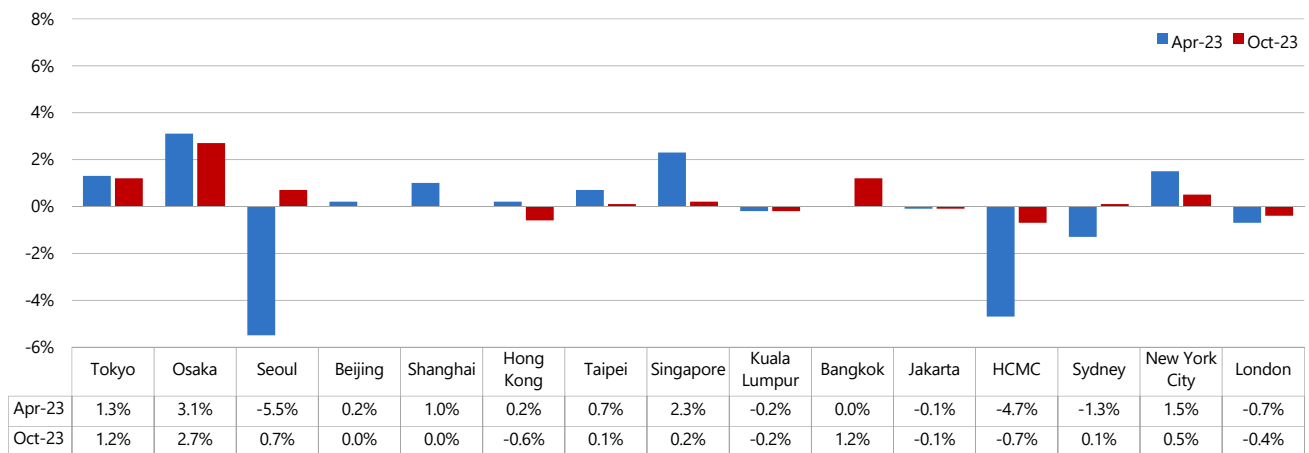
Figure 1-2: Comparison of Half-Year Growth Rate of Office Building Rent Index



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

Figure 1-3 shows the half-year growth rate in the condominium value index in each surveyed city. As of October 2023, the growth rate was highest in Osaka (+2.7%) followed by Tokyo and Bangkok (both +1.2%). In Sydney, the value of higher-end condominiums for the wealthy showed a positive growth rate as the pace of mortgage interest rate hikes came to a somewhat standstill. Singapore experienced a huge drop in foreign buyers' demand for high-priced condominiums as a result of the house price control measure implemented in April 2023. In Hong Kong, a decline in condominium value was caused by tightened lending conditions and lower stock prices.

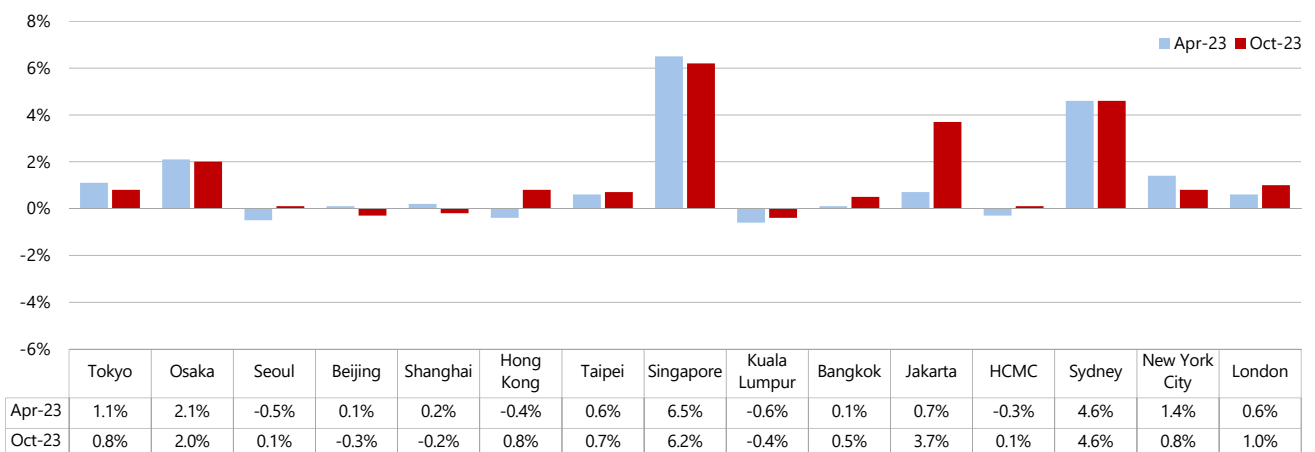
Figure 1-3: Comparison of Half-Year Growth Rate of Condominium Value Index



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

Figure 1-4 shows the half-year growth rate in the condominium rent index in each surveyed city. As of October 2023, the growth rate was highest in Singapore (+6.2%) followed by Sydney (+4.6%). Jakarta witnessed climbing rental rates in rupiah thanks to recovering expats' demand and weakened currency exchange rate. In Hong Kong, the following two factors contributed to a positive rent growth rate: (a) some prospective home buyers selected renting after giving up their purchase plan; and (b) all border restrictions had been lifted between Hong Kong and mainland China.

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

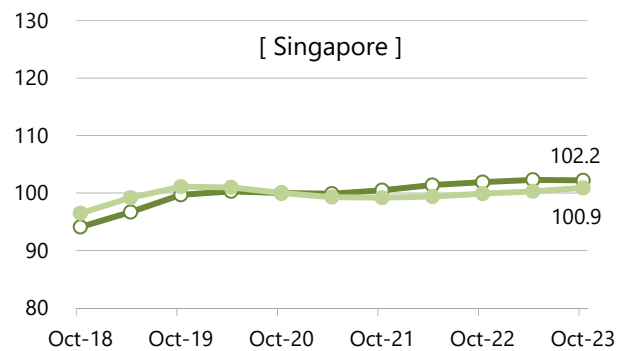
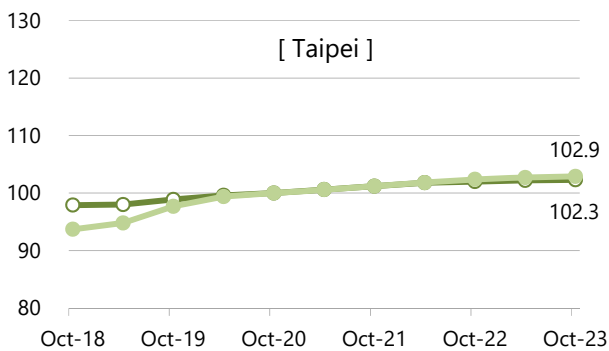
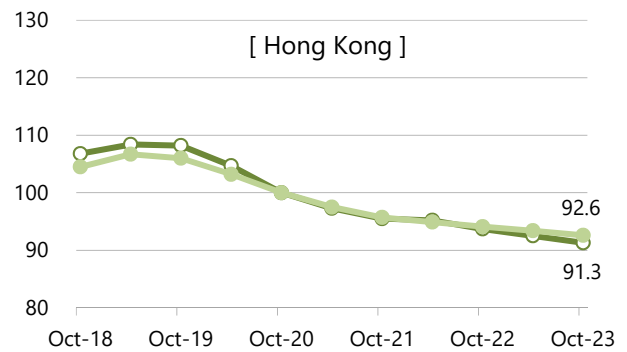
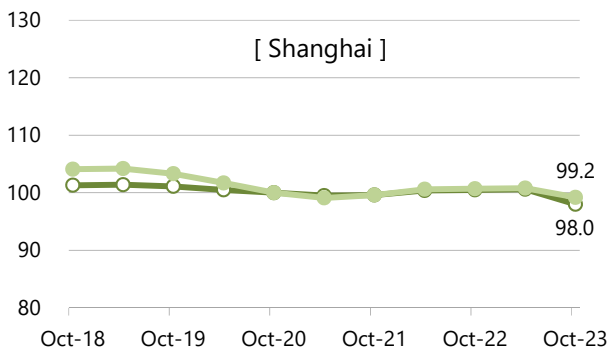
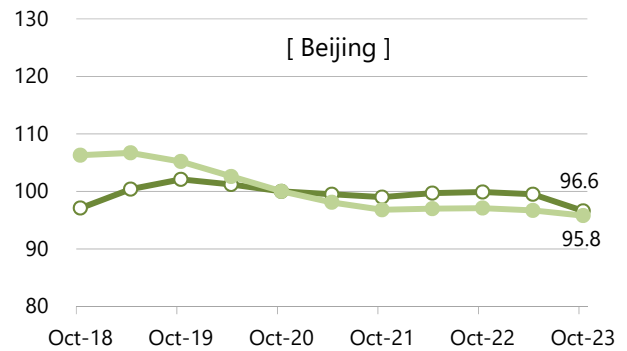
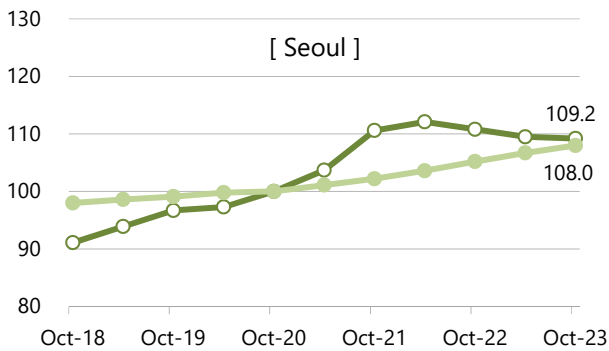
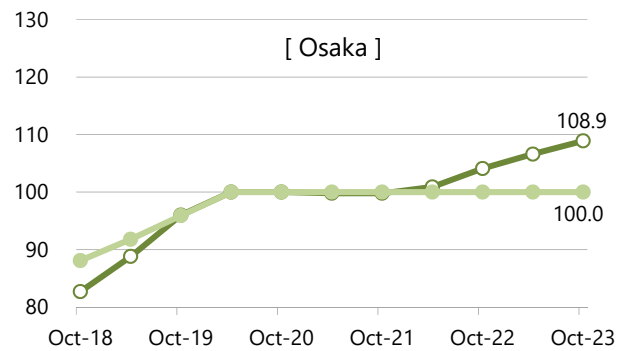
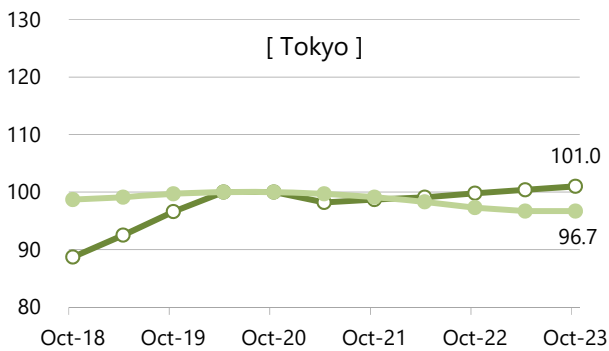


Figure 2-1: Office Building Value/Rent Indices (October 2020 = 100.0)

○ Value Index ● Rent Index

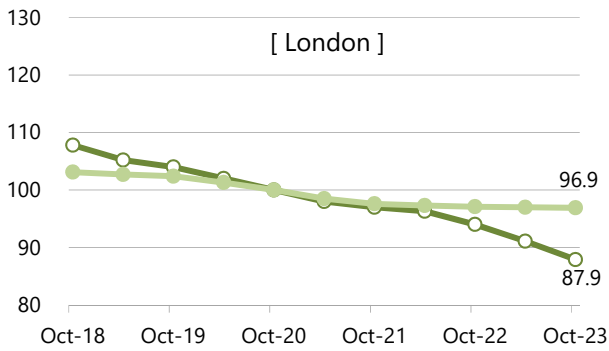
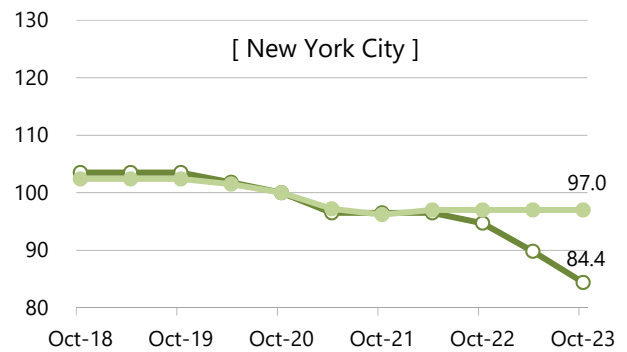
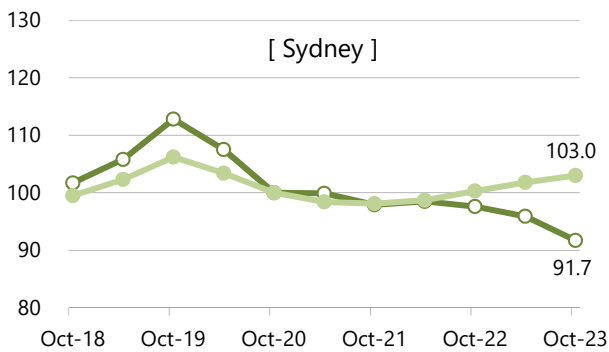
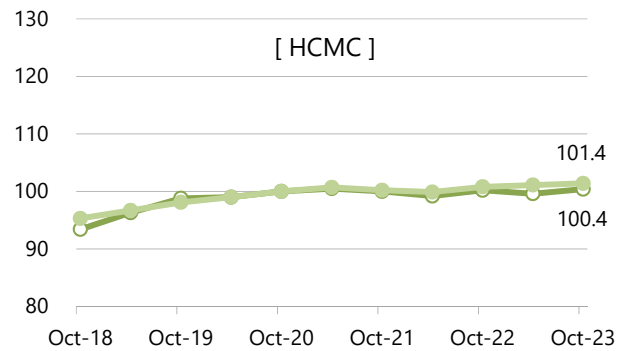
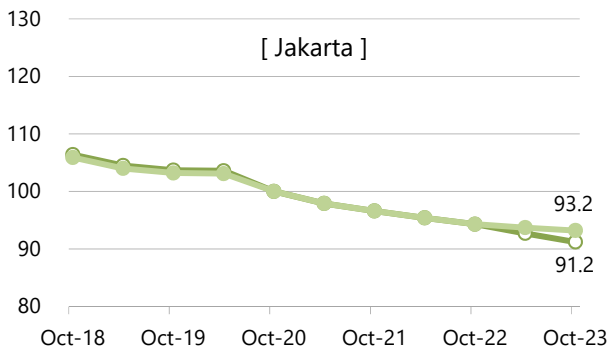
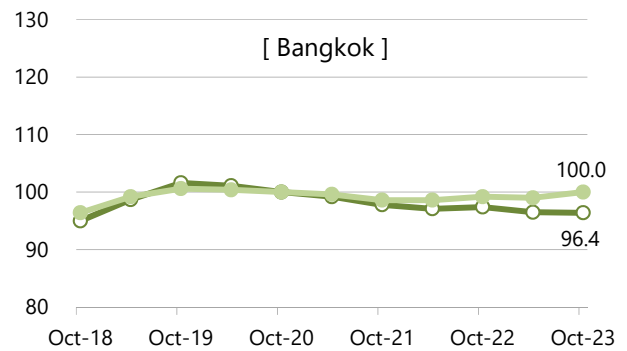
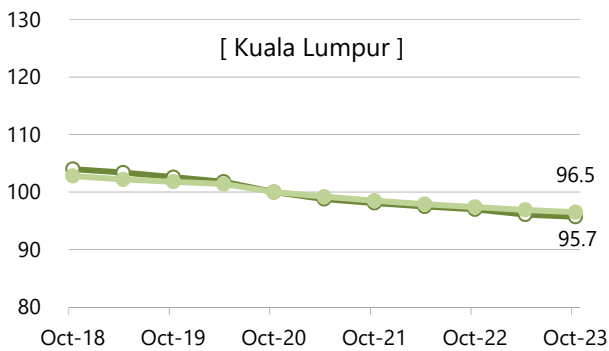


Figure 2-2: Condominium Value/Rent Indices (October 2020 = 100.0)

Value Index Rent Index

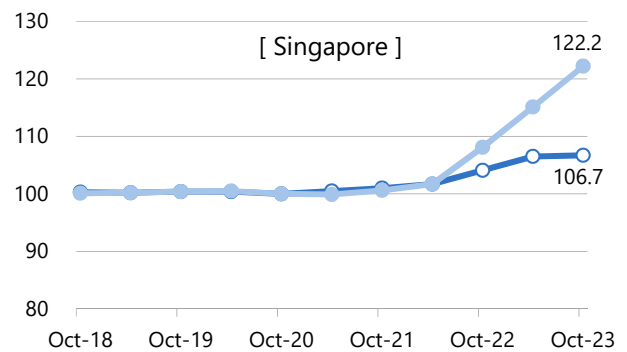
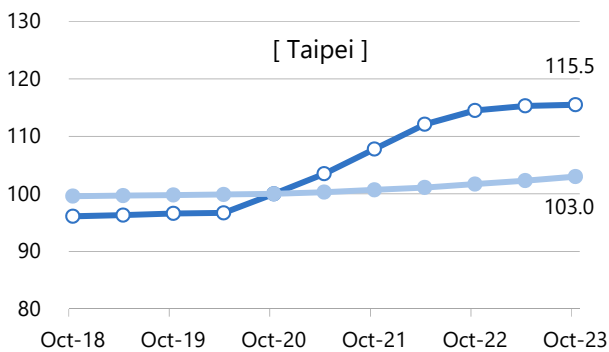
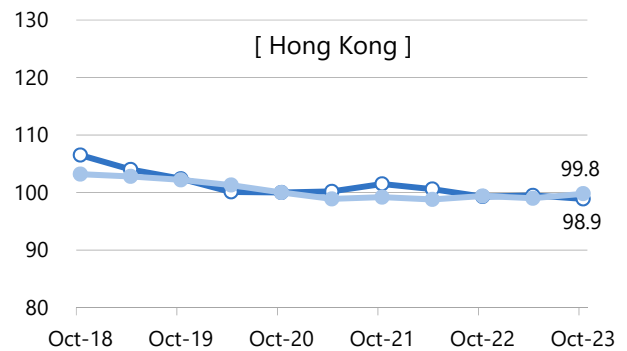
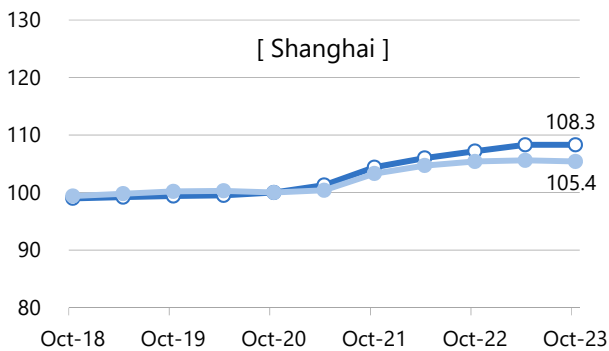
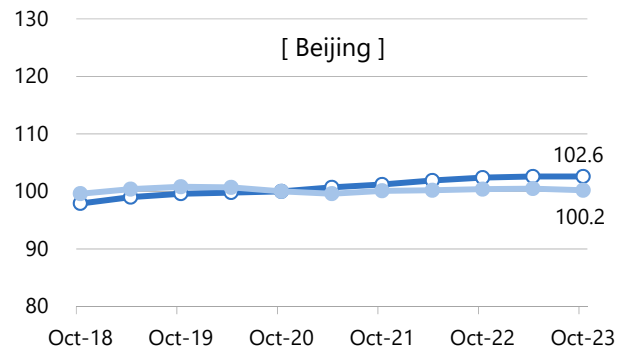
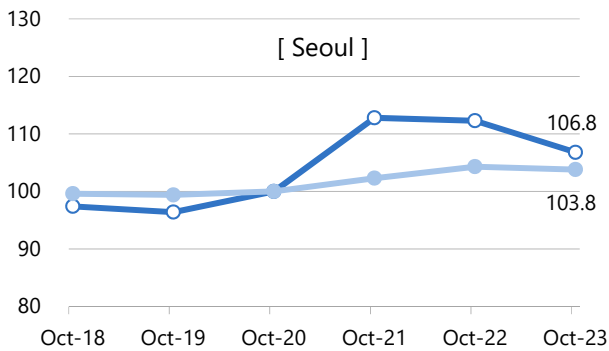
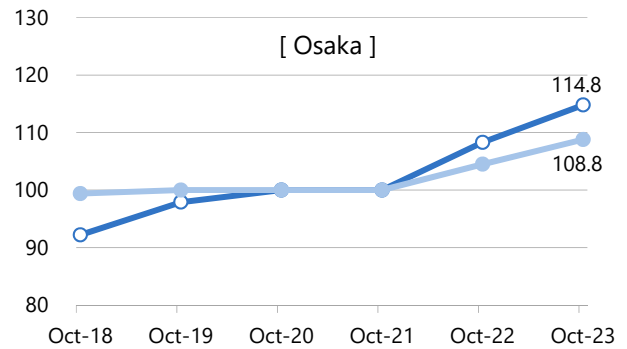
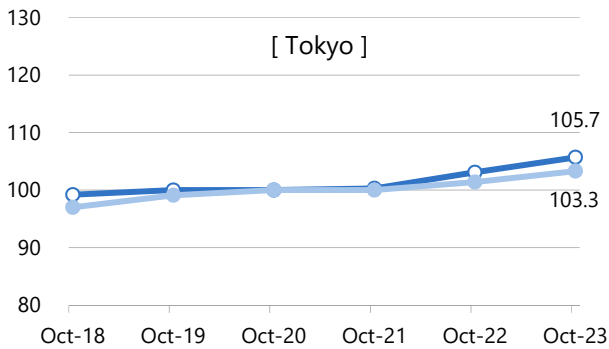
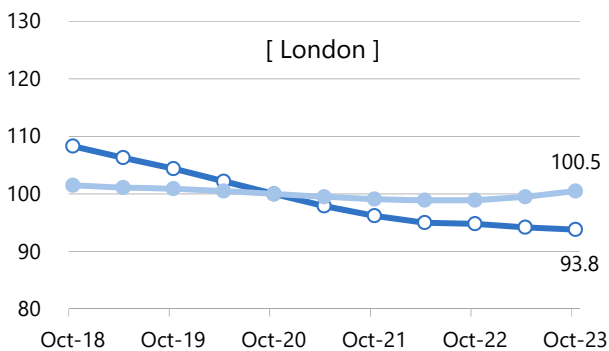
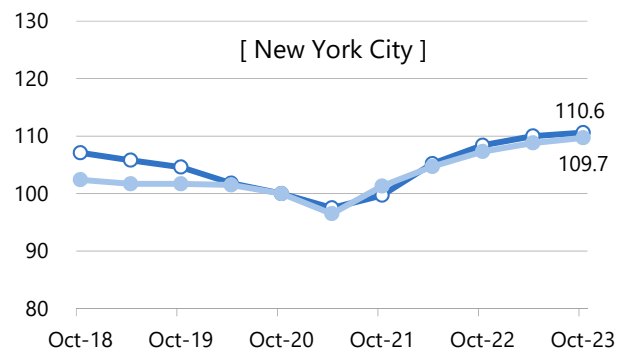
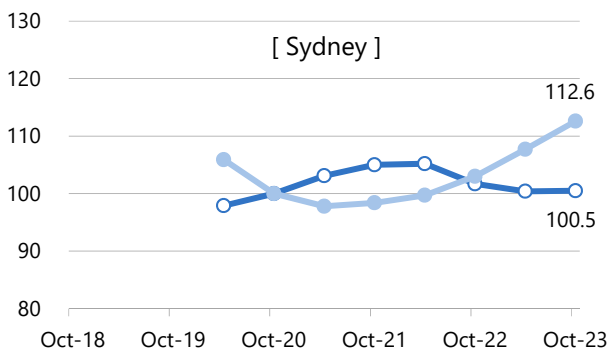
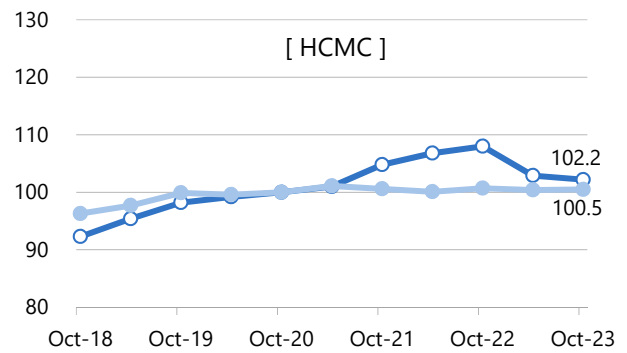
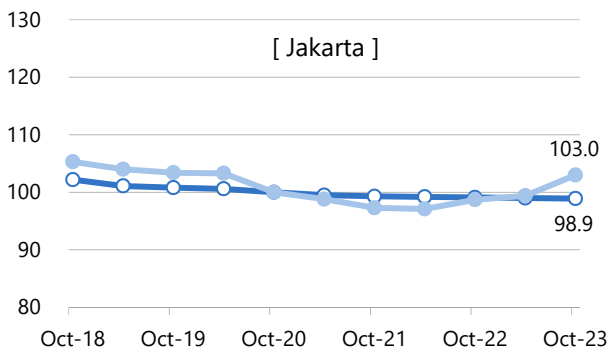
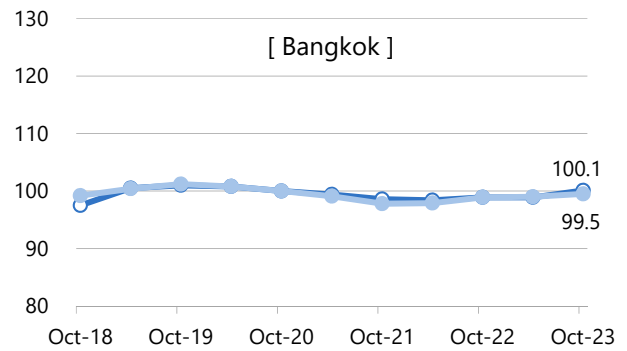
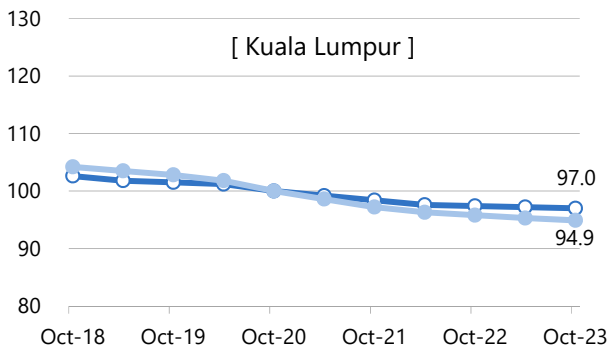


Figure 2-2: Condominium Value/Rent Indices (October 2020 = 100.0)

○ Value Index ● Rent Index

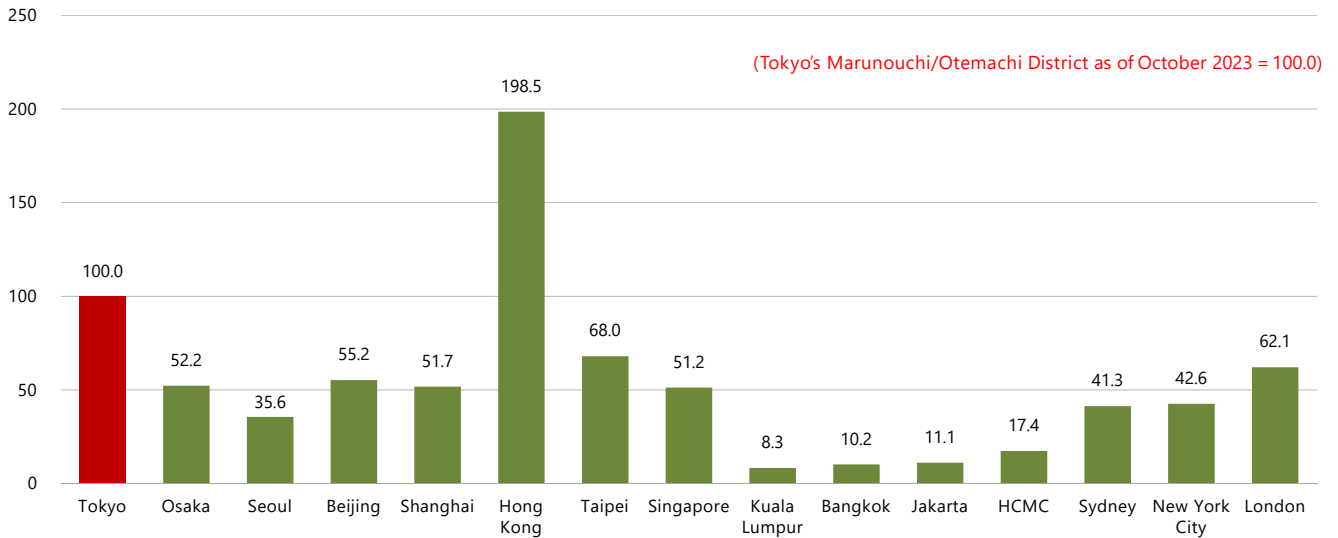


3. Value and Rent Comparison among Surveyed Cities (October 2023)

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

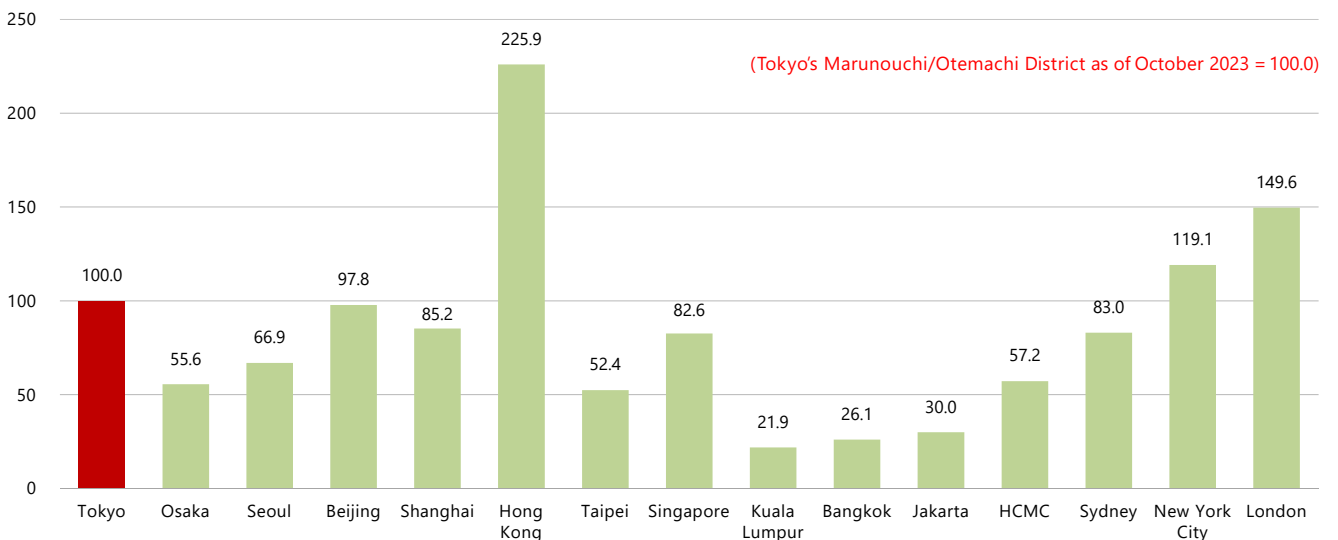


* Index number by city for the prime CBD office building value per square meter of each surveyed city (Tokyo’s Marunouchi/Otemachi District as of October 2023 = 100.0)

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

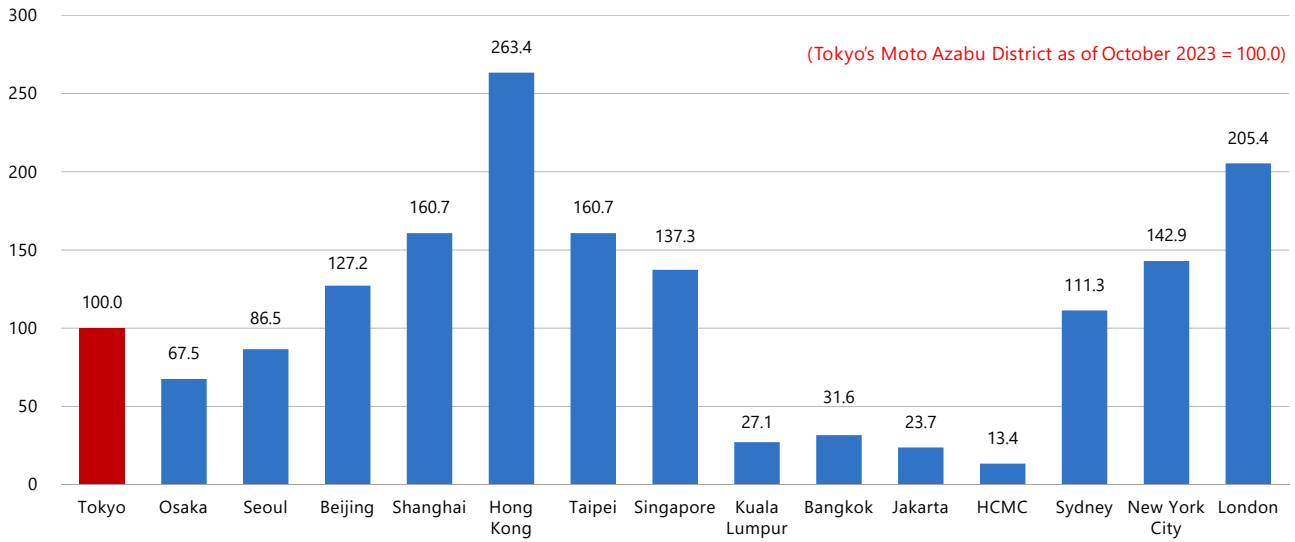


* Index number by city for the prime CBD office building rent per square meter of each surveyed city (Tokyo’s Marunouchi/Otemachi District as of October 2023 = 100.0)

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

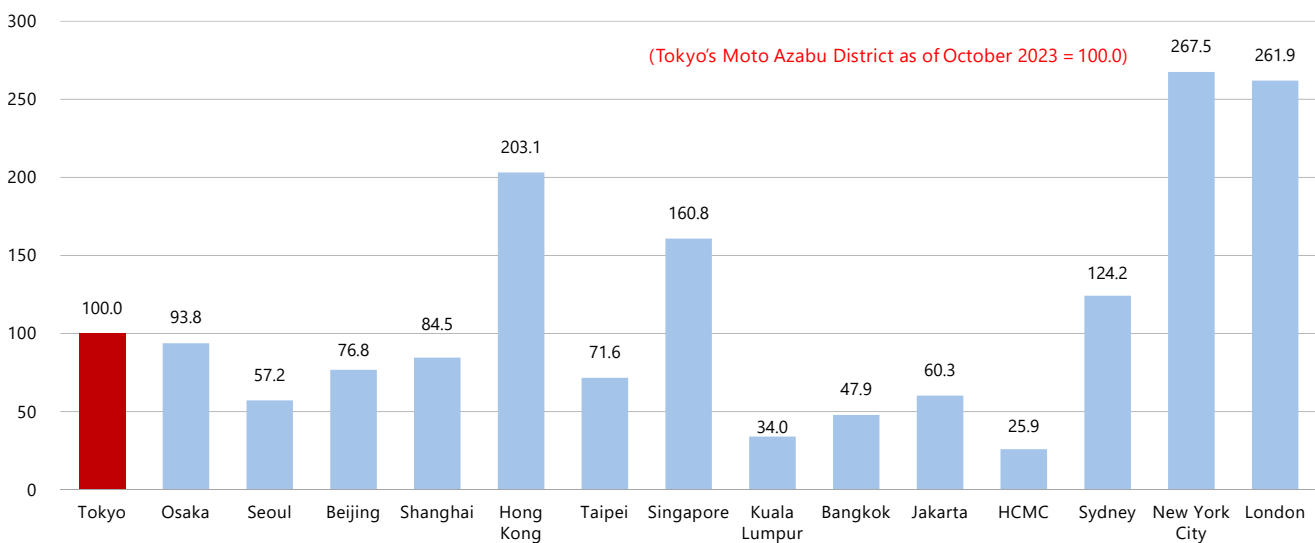


* Index number by city for the high-end condominium value per square meter of each surveyed city (Tokyo's Moto Azabu District as of October 2023 = 100.0)

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 October 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.

