A CUSHMAN & WAKEFIELD
RESEARCH PUBLICATION

ASIA PACIFIC OUTLOOK

# STILL NO WAY BUT UP

JULY 2017

INSIGHTS INTO ACTION

CUSHMAN & WAKEFIELD

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INSIGHTS INTO ACTION

*Shanghai Central Business District*

# 2017 ASIA PACIFIC MID-YEAR OUTLOOK

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

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# Executive Summary

*The Bund, Shanghai*

The Asia Pacific region's economy is performing relatively well in 2017, with the region's largest economies—China and Japan—and emerging countries reporting robust first-half economic performance.

Meanwhile, political stability has returned to South Korea. At the same time, regional trade is moving in the right direction despite concerns about rising trade protectionism.

Signs of hope on the trade front have emerged since America's retreat from the Trans-Pacific Partnership (TPP) trade agreement, as the 11 remaining countries[1] backed a proposal to continue with the pact. We have also seen China take on a bigger role on the global stage, as apparent in the recent launch of the massive Silk Road trade plan that has re-cast China's role as a guardian of globalization. Yet, recent political shock in the United Kingdom (UK) is a reminder that outside the Asia Pacific region, it is a different story.

The property markets across the 25 major cities that we cover have tracked the growth of the economy. Demand gains this year have been noted across the region, but a sizeable improvement in the banking, financial services and insurance (BFSI) sector's share of leasing activity has been witnessed as they pivot once again to Asia. Expansionary activities from companies in high-growth areas, including India and Southeast Asia, were equally significant across a variety of industries—from technology, media and telecommunications (TMT) to manufacturing. However, with a robust development pipeline, more than half of the markets saw vacancies creep up and rent growth ease as new supply hit their markets. The investment market has also been on an upswing, as property prices in many parts of the region continue to rise due to ample liquidity and accommodative financial conditions.

We expect the year 2017 to end on a strong note and pave the way for another period of strengthening occupier demand, strong investor interest, and high transaction volume in Asia Pacific. In this report, we examine the trends that will play a significant role in shaping the office market through 2019.

1 *Canada, Mexico, Japan, Vietnam, Malaysia, Singapore, Australia, Chile, Peru, New Zealand and Brunei.*

*The International Monetary Fund (IMF) has estimated that Asia Pacific will remain a "world leader" with 5.5% economic growth during 2017.*

*2017 will be a record year for office supply, nearly 150 msf of new projects are slated for completion across the 25 major cities*

**NEW OFFICE SPACE REQUIREMENTS IN 2017**

**100 million *sf***

Growth in BFSI and technology industries, along with other office-using sectors, bodes well for the region.

## KEY TAKEAWAYS

1 Positive economic momentum and steady job creation across Asia Pacific will remain a strong catalyst for office property demand and asset performance in most of the 25 major cities.

2 Construction completions are expected to peak in 2017, which in turn, will push up vacancies and ease rent increases in most parts of the region. For emerging markets, this deceleration in rent growth will continue through 2019 with more than half expecting vacancies in excess of 14%.

3 Even so, high rents will persist and even remain at record levels in 15 markets through 2018, partly due to availabilities being concentrated in high-end spaces.

4 BFSI and technology sectors will continue to spur growth in markets large and small

5 Sydney is expected to post the lowest vacancies and highest rent growth among core markets, while Hyderabad and Bengaluru will boast the highest rent growth and lowest vacancies among emerging markets, respectively.

6 Overall cross-border investments in the region are set for an impressive finish, with volume in the first five months of 2017 at record highs and with conditions for a banner year expected to remain conducive.

## Asia Pacific Economy:

# Strong and Steady

Economic conditions will continue to improve throughout Asia Pacific, with the region's powerhouses continuing to anchor growth for the foreseeable future.

In China, a steady near-term outlook will persist, with consumption as the main growth driver, aided by fiscal and monetary support, as well as some economic reforms that are likely to be unveiled during the 19th National Congress scheduled in the fall. While Moody's recently downgraded China's debt rating, this is old news that regulators have been addressing; hence, we do not expect a financial bust in the next few years.

In Japan, the improving external sector, ultra-loose monetary policy, and strengthening labor market will support economic activity. Meanwhile, in South Korea, newly-elected President Moon Jae-In has plans to boost job growth, improve relations with North Korea, and address the concentration of power in large conglomerates, or chaebols. If successful, all these factors will help support consumption in the coming years; however, any economic upswing is expected to be gradual. Even with a weak first quarter, Australia's economy stands to get a boost from a promising investment outlook, supported by the government's infrastructure program.

A resurgence in external demand will buttress regional trade and, in turn, spur export-oriented economies in the region. As a result, stronger growth is now expected in Singapore and Hong Kong; though a boom is not in the cards. India's introduction of the long-awaited Goods and Services tax (GST) on July 1, along with other reforms under way, are boosting investor confidence and should allow the country's economic activity to rebound.

In emerging Southeast Asia, the Philippine economy will remain among the fastest-growing in Asia Pacific. Favorable demographics, stable business process outsourcing (BPO) industry and overseas foreign worker (OFW) income, and an infrastructure boom will be key to the positive outlook. Similarly, we expect the Vietnamese economy to remain a standout performer in the coming years, as its young population, surging export manufacturing, and robust construction activities are likely to underpin solid growth for the next few years. In Indonesia, Standard & Poor's (S&P) has returned the country's government debt to investment grade (BBB-) after a tax amnesty boosted its coffers, and reforms spurred a turnaround in the economy after growth hit a six-year low in 2015. The upgrade should help attract foreign capital.

## INNOVATING AND CONNECTING THE WAY FORWARD

The region has been laying the groundwork to future-proof its economy, with technology as the centerpiece and further supported by greater cooperation with other regions.

Singapore has been a pioneer in smart technology in Asia. In its 2017 budget, the Singapore government committed to investing SGD2.4 billion (US$1.73 billion) over four years to drive the country's smart nation efforts and digital transformation.[1] Japan has also been driving automation and increasing the usage of robotic technology in their manufacturing sector to help cushion the impact of an ageing and shrinking population.[2] Meanwhile, in China, emerging technology sectors such as electric vehicles (EV), robotics, and artificial intelligence (AI) are receiving government subsidies and other support as part of the country's latest five-year economic plan.[3] China's Pearl River Delta (PRD)[4] is also transforming itself to be among the world's most innovative clusters.[5] Moreover, Chinese technology giants like Baidu, Tencent, and Didi Chuxing, as with some Chinese start-ups, have even opened AI labs in the United States (US), as it has become one of the tech world's current obsessions.[6] In South Korea, the newly-installed President Moon's pledge to focus on the "fourth industrial revolution" and establish an ecosystem of startups as a new growth engine should further boost investments in tech-related industries and spur the burgeoning creative economy in the country.

Governments and firms across the region are also taking steps to integrate markets by investing in infrastructure and forging agreements that will make it easier to do business in the region. China remains at the forefront through its global outreach, as it revives the ancient Silk Road to connect China, Central Asia, the Middle East, Africa, and Europe via land and sea. This Belt and Road Initiative[7] presents immense opportunities with more than US$900 billion expected to be invested in roads, ports, pipelines, and other infrastructure as part of the project. Similarly, Japan has launched the Partnership for Quality Infrastructure, a US$200 billion five-year project that enhances east-west connections, particularly in Southeast Asia.[8] India, while improving its internal connectivity, have also invested in a few strategic projects beyond its borders.[9] All these initiatives open up significant opportunities for the region and even the rest of the world, with industries such as power, transportation, water, and infrastructure largely benefitting. The investments into construction and enhanced logistical connectivity will no doubt lift real estate values in the region, bringing opportunities for businesses and possibly fostering more trade pacts – a fillip for export-dependent economies.

1 **Singapore puts 2017 budget focus on digital transformation**, *February 20, 2017.*
2 **Robots May Help Defuse Demographic Time Bomb in Japan, Germany**, *Bloomberg, May 30, 2017.*
3 **China Supports Certain Tech Sectors, Top Venture Capitalist Says**, *Wall Street Journal, June 9, 2017.*
4 *The PRD is home to nine mainland cities in the province of Guangdong, notably Shenzhen and Guangzhou, as well as to China's special administrative regions of Hong Kong and Macau.*
5 *Shenzhen, also known as China's Silicon Valley, is home to Chinese web giant Tencent, the country's largest smartphone maker Huawei, as well as the world's biggest consumer drone maker Dajiang Innovation. Even American technology giant, Apple, is set to open its research and development facility in Shenzhen this year.* **Apple Plans Second R&D Center in China's Silicon Valley**, *Forbes, October 13, 2016.*
6 *Further, Chinese investors have funded 51 American artificial intelligence companies, contributing to the US$700 million raised over the past six years.* **Is China Outsmarting America in A.I.?** *May 27, 2017, New York Times.*
7 *Formerly known as "One Belt, One Road," or OBOR*
8 **The G7 Ise-Shima Summit "Expanded Partnership for Quality Infrastructure"**
9 **Centre approves $1 billion Bangladesh-Bhutan-India-Nepal Road Connectivity Project**, *September 18, 2016.*

# BFSI is Back in the Game

Global banks are once again on a hiring spree in key Asian markets in an attempt to capitalize on growth in the region.

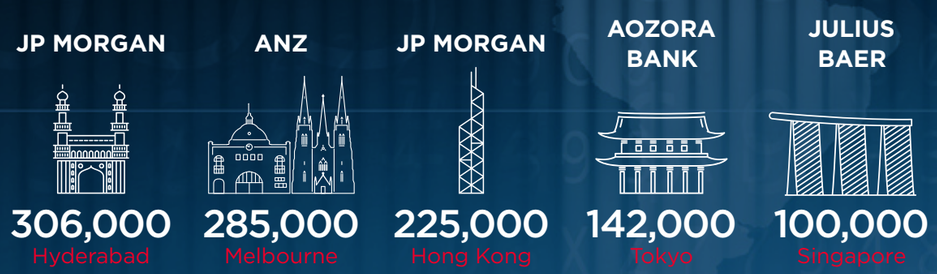
In the 12 months through to May 2017, the BFSI sector was the main driver of leasing activity. The majority of leases over 50,000 square feet (sf) were sealed by financial institutions, which grew their footprints by more than 30% across the Asia Pacific region, with significant deals recorded in Singapore, India, Hong Kong and Australia. Such expansions will continue as banks pursue their quest for growth. US banks such as Citi, Morgan Stanley, and Goldman Sachs have disclosed plans to hire selectively as they ramp up their corporate banking business in the region. Deutsche Bank has also announced plans of stepping up hiring for its Asian wealth-management business, especially as private wealth in Asia has soared, even surpassing that of North America.[1] Bank of Singapore, which is now among Asia's top 10 private banks, intends to keep hiring more relationship managers to focus on serving affluent customers and to help keep expanding assets under management. In Tokyo, Governor Yuriko Koike has announced plans to make the Japanese capital a "global financial city", using tax cuts and special incentives to lure 40 foreign financial technology (fintech) or asset management companies by fiscal 2020.[2] Indeed, these hiring moves reverse a trend of aggressive job cutbacks seen in recent years. Notably, international investment banks cut their Asia Pacific headcount by 10-15% between 2012 and 2015, according to industry benchmarking firm McLagan. Given this backdrop, we continue to expect the BFSI sector to remain an important driver of leasing activity in the region and account for 25-30% of new leases through 2019.

**Bank of Singapore, which is now among Asia's top 10 private banks, intends to keep hiring more relationship managers.**

1 *Source: CapGemini*

2 **Tokyo plots course to become global financial hub**, *Nikkei Asian Review, June 9, 2017.*

## MAJOR BFSI TRANSACTIONS (2016-17)






# The Tech Battle: IT'S ONLY JUST BEGUN


Radical advances in e-commerce and mobile applications; breakthroughs in AI, robotics, and automation; just to name a few, continue to reshape office growth drivers in the region. Over the last 12 months through May 2017, new economy companies have also been among the most active tenants—accounting for nearly 20% of significant leases (over 50,000 sf) in the region. Ride-hailing companies Uber and Grab have been at the forefront of this recent tech space leasing explosion, showing their preference for brand-new buildings in India and Southeast Asia. Tech giant Alibaba has also embarked on an aggressive expansion in the region,[1] especially as Seattle-based Amazon is orchestrating its foray in Southeast Asia, using Singapore as a springboard, after entering India and China. The company made its entry in India by taking a majority stake in online marketplace Paytm.

More deals are in the works, and are expected to further growth in this sector. JD.com Inc., Alibaba's major rival, is in talks with Indonesia's PT Tokopedia for a major investment that will give the Chinese ecommerce company a foothold into Southeast Asia's largest economy.[2] Southeast Asia is evolving into a pivotal battleground among Chinese companies, not only due to significant opportunities arising from deepening mobile penetration and an emergent middle-class, but also because a large ethnic Chinese population has been a huge draw. Indeed, while rapid advances in automation and AI have displaced some workers, we believe that the ongoing technological changes are profound and will still generate net new jobs of at least 300,000 across the region, to be led by Bengaluru, Manila, Hyderabad, and Shenzhen.

1 *via its US$1 billion acquisition of Lazada*

2 **China's JD.com Said in Talks to Invest in Indonesia's Tokopedia**, *May 2, 2017.*

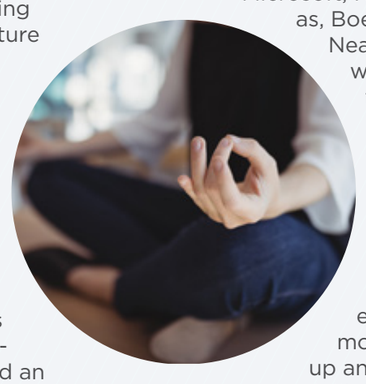
# Hip and Healthy Workplace:
# The New Occupier Priorities

COWORKING STOCK IN ASIA PACIFIC

**10**
*Million sf*

## Tech is trendy, innovative, edgy, and cutting edge; they are also rich.

Tech stocks are on a roll, and out of the world's ten most valuable companies, these tech companies often make the list: Apple, Alphabet, Microsoft, Facebook, and Amazon. So little wonder that others are keen to emulate their success by mimicking their corporate culture – and a good, visible place to start is the tech office. Unconventional furniture, vivid colors, hints of creativity and audacity, unafraid of disrupting the status quo while the emphasis on open spaces implies innovation and an organization that is relevant and current – a subtle way to say that this company is at the forefront of their industry, which also works for non-tech ones. Indeed, the co-working business, which has become the favored host of tech start-ups, is mushrooming in the region. This sector alone has accounted for 10% of leasing activity over the last 12 months, with US-based WeWork as the most aggressive operator in the region. As competition heats up in the region, most co-working operators are luring big corporations in traditional office towers to try their hip workspaces. There is some success with big names like Microsoft, HSBC, BNP Paribas, Boeing, and Alibaba. Nearly 10,000 seats were leased across the region by corporate occupiers over the last 12 months.



Given the generation shift in the workforce, millennials, generally seen to be more likely to pick up an apple as opposed to a lollipop and commute by bike, have made occupiers pay more attention to the wellness factor in the office. Sleeping

pods, access to gyms, and curated pantries with resident cooks help spur productivity and win the war for talent. Hence, certifications like the WELL Building Standard™ (WELL) are becoming critical as a means of attracting and retaining tenants, with the US, China, Australia, France, Canada, and the UK leading the way. WELL, introduced in 2014, consists of features across the seven concepts that address not only the design and operations of buildings, but also how they impact health and wellness: air, water, nourishment, light, fitness, comfort, mind and innovation.[1]

1 *https://standard.wellcertified.com/features*

**390,000Sf**
*Leased by WeWork in India*

**10,000**
*seats leased by corporate occupiers in 12 months*

# Record-Breaking Demand & Supply, but More Vacancies on the Way

This growth potential in the BFSI and technology industries, along with other office-using sectors, bodes well for the office sector.

We estimate that this could translate to a record annual average of over 100 million sf (msf) of new office space requirements across the region through 2019. This comes at an opportune time as development surges; 2017 will be a record year, with nearly 150 msf of new office projects slated for completion across the 25 major cities that we track. While there is likely to be a surplus of space in select markets[1], a crucial point that is not often highlighted is the growing obsolescence of office stock in gateway cities like Singapore, Hong Kong, Melbourne, and Tokyo, or even in emerging locations like Manila. Consequently, new projects tend to be popular among high-quality tenants looking for efficiency and modern facilities, and thus boast strong pre-leasing activity. Notably, nearly half of the projects coming online this year are already pre-committed. In Tokyo, new office buildings are being developed using advanced quake-resistant technology, making them more appealing to tenants. In fact, 70% of new office space scheduled for completion this year has been preleased due to expansion of domestic companies and greater incentives being offered by owners. However, we expect space givebacks from relocating users to add to office vacancies and intensify competition among second-generation space, in addition to a large influx of new supply in 2018.

China's Tier 1 cities are set to see the bulk of the region's new projects, which should be a welcome development for tenants squeezed by high occupancy costs and a shortage of office space. Indeed, the considerable supply pipeline has filtered through the markets, with more landlords offering more concessions to secure or keep tenants. Additionally, many of these new projects are attractively priced transit-oriented developments in decentralized locations, providing options to those who need not be in core locations. Even as overall vacancies are expected to edge up as these projects deliver, demand should remain healthy. Furthermore, positive economic momentum and supportive government policies will continue to feed into the growth of many tertiary industries.

*Solid fundamentals and sustained momentum in demand-driving sectors should support healthy leasing activities across the region.*

1 *Markets with office vacancies exceeding 14%: Ahmedabad, Chengdu, Hanoi, Jakarta, Kolkata, Mumbai, New Delhi, Adelaide and Perth*

## OFFICE SUPPLY 2017-19

More than 350 msf of new office supply will deliver between 2017-19. Greater China leads office completions followed by India and Southeast Asia.


# Hong Kong & Singapore: A Vote of Confidence

There have been record bids for prime office land parcels in Singapore and Hong Kong over the last six months, setting new price benchmarks in the region's competing financial centers. However, both markets have increasingly taken divergent paths over the past five years. Hong Kong has long been the gateway into and out of China, but today, mainland companies are now everywhere in Hong Kong. Western bank dominance has also eased, with mainland Chinese financial institutions, led by Bank of China, China CITIC Bank, and Industrial and Commercial Bank of China (ICBC), becoming the major players and occupants in Greater Central's most premium office towers.

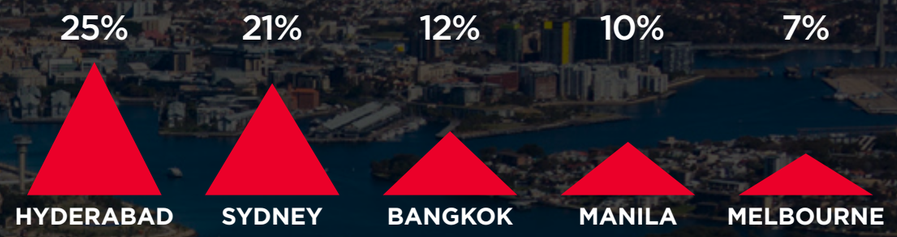
*Hong Kong's Central is the most expensive office market in the world.*

Given this backdrop of strong mainland demand, office landlords in Greater Central should continue to enjoy rental and price increases over the next three years, considering the shortage of new supply through 2021. Subsequently, we do expect an uptick in high-end space in Greater Central, including the redevelopment of Murray Road Carpark in 2022. Given the high rents that are being targeted, these upcoming developments are less likely to appeal to multinational companies, as most are still focused on controlling costs. Nonetheless, options outside Hong Kong's Greater Central district are expanding and will lure some cost-sensitive tenants, while mainland companies will continue to backfill the spaces vacated in Greater Central and even invest in en-bloc transactions.

On the other hand, the city-state of Singapore has become more diversified as it continues to promote growth outside the financial sector such as TMT, asset management, insurance, shipping, commodities, and legal firms. Additionally, the proliferation of modern top-grade space has helped maintain its competitiveness as a financial and regional headquarters hub. While a rent recovery is expected as vacancy dips below 10% in 2018 all through the next wave of new supply in 2021, we estimate that prime rents will remain considerably lower relative to those in Greater Central, with rent gap further rising from 195% to over 200% in 2019.

# Mild Rent Growth, Australia Outperforms

## RENT GROWTH (2016-19)




**Rent growth from Q4 2016 to 2019*

Rent growth is expected to moderate over the course of 2017 as the current development pipeline delivers across the region. Notably, nearly half of the 25 major markets that we track are expected to show flat to declining rents this year. For emerging markets, this deceleration in rent growth will continue through 2019, with more than half expecting vacancies in excess of 14%. As a result, we expect conditions to remain increasingly favorable towards tenants, with the exception of Manila, Bangkok, Bengaluru, and Hyderabad, where rents in some of those markets are even expected to post new high water marks.

*Sydney is expected to maintain its leading position in the region, having the highest rent growth on the back of high occupancies*

On the other hand, prime rates in core markets are likely to pick up their pace in 2018, except in Tokyo and Seoul, as a high volume of new space delivers, and the rate of relocations and give-backs intensifies. The onset of falling rents in Tokyo later this year is noteworthy, as the correction will persist through 2020 and erode double-digit gains recorded between 2012 and 2016. Overall, we expect tenant-favorable conditions in core locations through 2019, except Sydney, Hong Kong's Greater Central, and Singapore, where vacancies are expected to tighten.

Sydney is expected to maintain its leading position in the region, with the highest forecast core market rental growth. The city's services sector is expected to continue driving tenant demand while supply is likely to remain constrained through 2019 as the current development cycle tails off after the completion of Barangaroo in 2016; not to mention a wave of infrastructure and residential conversion projects including an ongoing rail construction scheme (Sydney Metro) that will remove some stock from the market. As such, limited supply and ongoing demand should result in the vacancy rate hitting multi-decade lows. This should continue to drive solid rental growth through 2019.

### VICTORIA

Victoria is forecast to have the second strongest growth of all Australian states and territories over the next five years.

Melbourne should also see above average rental growth this year, but this is likely to ease in 2018 as new supply hits the market. This wave of new development will occur with tenant demand remaining robust on solid economic growth. Victoria is forecast to have the second strongest growth of all Australian states and territories over the next five years. Additionally, Brisbane's recovery is expected to gain traction in 2018, allowing for an uptick in rents.

# Hyderabad:
## Move Over Bengaluru

The city of Hyderabad is set to outperform the rest of India, with rents in this market expected to rise over 25% through 2019 on the back of robust take-up levels. The availability of talent, good infrastructure, and a stable government are lifting business sentiment and driving companies to set up offices and expand in Hyderabad. Additionally, companies are drawn to Hyderabad's affordability compared to Bengaluru and other tech cities. Occupancy costs are about 25% lower compared to Bengaluru and are expected to remain in the range of 20-25%, even as rents set new records until 2020-2021. Indeed, large clients such as Google, Microsoft and Amazon are firming up plans to expand campus facilities at Gachibowli in Hyderabad to tap their engineering talent. Large tenants, as well as early movers into the city such as Qualcomm, Deloitte, and HSBC, which have taken up multiple facilities, are also looking to consolidate and expand to meet future needs. Besides technology, the city is also attracting banking and financial services companies (BFSI) that are trying to set up back-offices. DBS Bank and State Street have moved in recently, while others such as Wells Fargo, FactSet, and JP Morgan are expanding their facilities. While Bengaluru remains the main hub for BPO and information technology (IT) industries, we expect slowing growth brought about by the advent of automation, AI, and cloud computing. In addition, the volume of new supply is set to decline in Bengaluru and thus limit future take-up levels. We expect a total of 31 msf of new office projects to be completed between 2018 and 2020, compared to approximately 38 msf in Hyderabad. The other major cities including Ahmedabad, Chennai, Delhi NCR, Kolkata, Mumbai, and Pune are expected to maintain their leasing momentum, with net absorption to largely remain at an annual average of 32-35 msf during the forecast period. We expect other sectors such as BFSI, Consulting Services, Healthcare, and Manufacturing to step up and replace the decline in demand from the IT-BPO sector.

*40% of new supply in 2017-18 is already preleased.*

# OPPORTUNITIES HAVE NO BOUNDARIES

Overall cross-border investments in the region are poised for a banner year, with volumes in the first five months of 2017 reaching US$31.2 billion—the highest ever.

While this still puts it slightly off the annualized pace needed to match 2016's peak of US$96.3 billion, we remain sanguine that activity will accelerate in the latter part of the year, with strong land sales and sustained accommodative monetary conditions remaining conducive to momentum.

Development opportunities in core markets have emerged to be the main driver for cross-border investments in the region this year, which in the last two years were driven by office investments. So far, over 80% of capital have been ploughed into development sites. Driven by a hunger for land banks, Chinese developers are setting fresh benchmarks in the process; first in Hong Kong and most recently in Singapore – markets where land values are well-supported by limited supply. Since last year, developers have also been observed to shell out record sums for development land in the region's core markets including Shanghai and Tokyo. This attests to the attractiveness of build-to-core projects in the region's gateway cities, which provide stable investment platforms for investors to move up the yield curve.

In the case of emerging markets, India has recorded total private equity real estate investment of USD 3.58 billion in the first half of 2017, up 27% as compared to the same period last year. Commercial office assets saw their share increase from 20% to 37%, which in value terms was a 132% increase during this period. It is remarkable that foreign funds have almost doubled their share in total investments. Their share in commercial office assets grew by four-fold at the same time. This is largely because of a favorable policy regime and transparent business environment led by Real Estate Regulatory Act (RERA), GST, real estate investment trusts (REIT), and relaxation in FDI rules which have made the Indian real estate sector more organized, thereby ensuring the increased participation of foreign capital.

While the Fed is proceeding as planned with interest rate normalization, the region will, for the most part, be staying the course of accommodative monetary policy. Stimulative fiscal and monetary measures are expected to remain crucial pillars of the region's growth, particularly in Australia, Japan, and South Korea. China also stood pat in the wake of the latest Fed hike, leaving capital controls and foreign exchange interventions to manage depreciation pressures. Due to the monetary regimes in Singapore and Hong Kong, rate rise will be more pronounced, but robust fundamentals will continue to sustain investments in these markets. Moreover, Chinese interest in Hong Kong is unlikely to interest in Hong Kong is unlikely to abate as more PRC companies seek to "go global". A weakening RMB remains the overarching concern.

The region is also on track to remain the largest source of capital into global real estate investments. Chinese outbound investments have continued unabated despite capital controls, which have had little impact seen in deal quantum or volumes. Singapore remains the second-largest source of capital, led by state-linked players and developers, while South Korean pension funds will continue to seek opportunities in US and Europe.

On the whole, we see regional investment in 2017 to be on track for an impressive finish and expect conditions to spillover into 2018.

*Development opportunities in core markets have emerged to be the main driver for cross-border investments in the region this year.*

# 2018 OCCUPIER CONDITIONS

## INDIA

**Tenant Favorable**
Ahmedabad
Delhi-NCR
Kolkata
Mumbai

**Landlord Favorable**
Bengaluru
Chennai
Hyderabad
Pune

## THAILAND

**Landlord Favorable**
Bangkok

## VIETNAM

**Tenant Favorable**
Hanoi
Ho Chi Minh City

## MALAYSIA

**Tenant Favorable**
Kuala Lumpur

## SINGAPORE

**Landlord Favorable**
Singapore

## INDONESIA

**Tenant Favorable**
Jakarta

## CHINA

**Neutral**
Beijing

**Tenant Favorable**
Chengdu
Guangzhou
Shanghai
Shenzhen

## HONG KONG

**Neutral**
Hong Kong*

## TAIWAN

**Tenant Favorable**
Taipei

## PHILIPPINES

**Neutral**
Manila

## JAPAN

**Tenant Favorable**
Tokyo

## KOREA

**Tenant Favorable**
Seoul

## AUSTRALIA

**Tenant Favorable**
Brisbane

**Landlord Favorable**
Melbourne
Sydney

## HYDERABAD
HIGHEST RENT GROWTH IN
**INDIA 25%**

## BENGALURU
LOWEST VACANCY RATE AMONG EMERGING MARKETS IN ASIA PACIFIC
**4%**

## BANGKOK
LIMITED NEW SUPPLY

## HO CHI MINH CITY
**RISING AVAILABILITIES**

** GREATER CENTAL - Landlord Favorable; KOWLOON - Tenant Favorable*

** Delhi-NCR refers to New Delhi, Gurgaon and Noida*

## CHINA
NEW SUPPLY IN FOUR MAJOR CITIES WILL INCREASE STOCK BY
**60% THROUGH 2019**

## HONGKONG
RENTAL GAP CENTRAL AND KOWLOON TO WIDEN BEYOND **65%**

## MANILA
RECORD RENTS THROUGH **2019**

## SINGAPORE
RENTS TURNING AROUND QUICKER
**THAN ANTICIPATED**

## SYDNEY
RENT GROWTH HIGHEST AMONG CORE MARKETS

## MELBOURNE
NEW SUPPLY RAMPING UP
**3.5 MILLION**
**SF IN 3 YEARS**

## BRISBANE
RECOVERY TO GAIN TRACTION IN **2018**

# INSIGHTS INTO ACTION

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About Cushman & Wakefield

Cushman & Wakefield is a leading global real estate services firm that helps clients transform the way people work, shop, and live. Our 45,000 employees in more than 70 countries help occupiers and investors optimize the value of their real estate by combining our global perspective and deep local knowledge with an impressive platform of real estate solutions. Cushman & Wakefield is among the largest commercial real estate services firms with revenue of $6 billion across core services of agency leasing, asset services, capital markets, facility services (C&W Services), global occupier services, investment & asset management (DTZ Investors), project & development services, tenant representation, and valuation & advisory. 2017 marks the 100-year anniversary of the Cushman & Wakefield brand. 100 years of taking our clients' ideas and putting them into action. To learn more, visit www.cushwakecentennial.com, www.cushmanwakefield.com or follow @CushWake on Twitter.


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