JLL SEE A BRIGHTER WAY

Asia Pacific **Capital Tracker**

2025 Mid-year Perspective

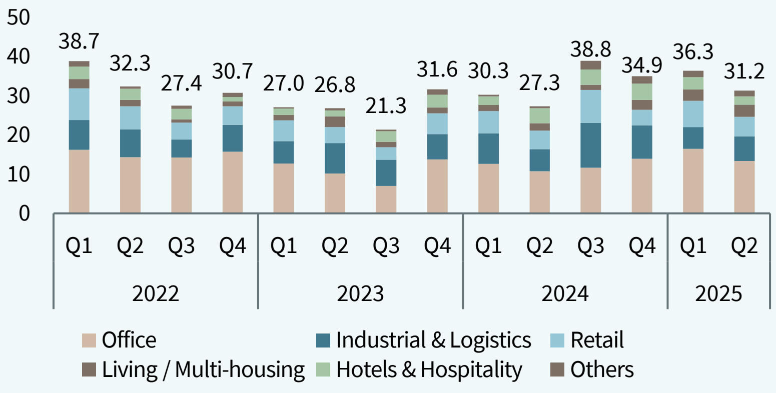
Magic Eye: Do You See What I See

July 2025

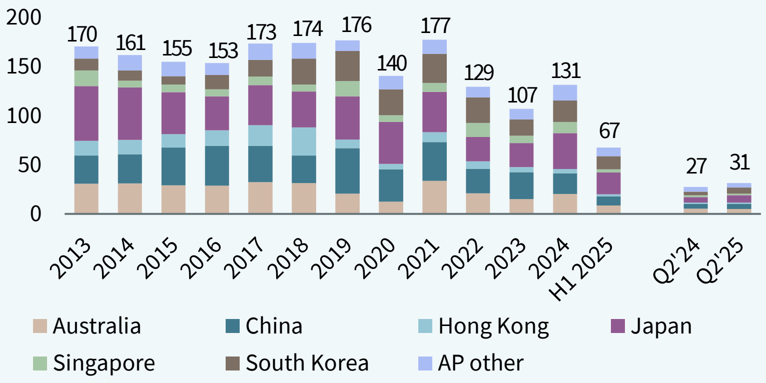
Investing through the noise: Volumes up despite uncertainty

- Asia Pacific volumes totalled **USD 31.2bn** in Q2 2025 (H1: USD 67.6bn), rising 15% YoY (H1: +17%), despite cautious sentiment and extended due diligence/timelines due to uncertainty.
- **Japan** recorded **USD 7.6bn** in Q2 (H1: USD 21.3bn), rising 31% YoY (H1: +23%). Office was the dominant sector with domestics being most active. Living volumes were the highest quarterly since Q1 2022 as J-REITs and foreign buyer interest, from **Warburg Pincus, Aberdeen** and **CapitaLand**, in multifamily assets remained.
- **South Korea** garnered **USD 6.0bn** in Q2 (H1: USD 12.8bn), rising 72% YoY (H1: +64%). Offices accounted for 77% of total market volumes, the rise in office deals reflect sellers' preference to divest before CBD oversupply materializes. Several hotels transacted as sellers capitalize on improved operating performance to secure premium pricing.
- **Australia** registered **USD 4.9bn** in Q2 (H1: USD 8.7bn), falling 9% YoY (H1:+5%). Industrial remains of strongest interest, followed by retail. The market was relatively quiet and there was a noticeable decline in deals above USD 100mn in quantum.
- **China** volumes reached **USD 5.2bn** in Q2 (H1: USD 9bn), rising 7% YoY (H1: -14%). Struggling developers **Shimao Group, Sino Ocean Land** and **China Resources Land** divested office assets to occupiers. Domestic insurance groups remain a key source of liquidity for industrial assets.
- **Hong Kong** volumes were **USD 1.4bn** in Q2 (H1: USD 2.5bn), rising 32% YoY (H1: +39%). **HKEX**'s USD 807mn acquisition of 11 floors of One Exchange Square skewed volumes up in an otherwise subdued market.
- **Singapore** posted **USD 1.6bn** in Q2 (H1: USD 3.8bn), falling 18% YoY (H1: -2%). Most activity in office and boutique hotels. Bid-ask gap widened as sellers raise price expectations after interest rate declines while cautious buyers remain unwilling to adjust pricing.
- **India** logged **USD 1.3bn** in Q2 (H1: USD 2.6bn), rising 6% YoY (H1: +60%). Foreign capital was more keen on retail and office assets while hotels and warehouses were acquired by domestics.

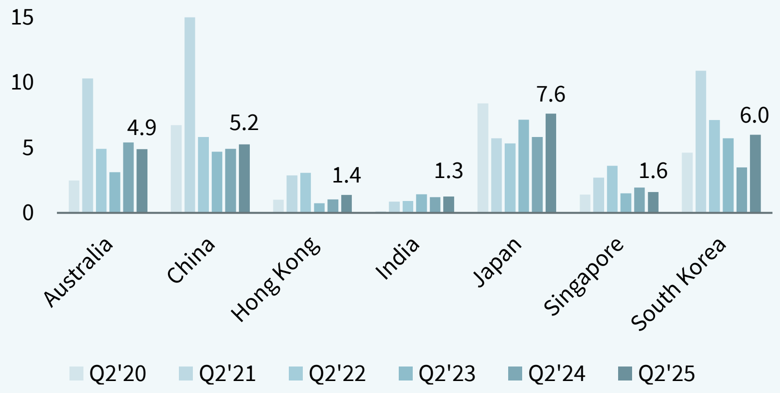
Investment volumes by sector
USD Bn



Investment volumes by market
USD Bn



Q2 volumes comparison in major markets
USD Bn



Source: JLL Research, as at Q2 2025

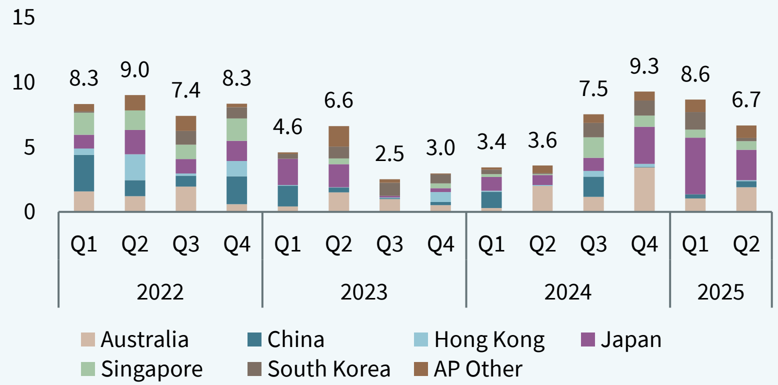
APAC continues to draw in global capital

- Cross-border investment volumes* into Asia Pacific was recorded at USD 6.7bn in Q2 2025 (H1: USD 15.29bn), rising 86% YoY (H1: 118%), albeit from a low base. Amongst the major capital sources, **Global** capital made acquisitions across industrial, retail, hotels and living sectors. **Singaporean** investors were keen on Australia and Japan living.
- **Japan:** Received the highest cross-border capital in APAC, which was mainly directed to living and industrial sectors. **Warburg Pincus** acquired **Lone Star's** Beta portfolio of 1,195 multifamily units for USD 553mn. Singaporean groups **CapitaLand** and **Far East Hospitality** also made acquisitions.
- **Australia:** More JVs between foreign capital and domestic groups on acquisitions. Q2 volumes were bolstered by **Greystar** and **Future Fund's** acquisition of a USD 1bn Australia PBSA portfolio. Similarly, industrial assets were acquired by JVs - **BentelGreenOak** and **Centuria** acquired **Goodman's** 2- asset portfolio for USD 80mn. **PGIM** and **Cadence Property** acquired St Marys Intermodal Terminal for USD 92mn.
- **Korea:** Foreign investment volumes in H1 2025 surged fourfold, compared to H1 a year ago, with a more muted Q2. **Oaktree**, **GIC**, **Brookfield**, **KKR**, **Warburg Pincus** all invested either direct or through local AMCs into the logistics and industrial sector. Foreign investment interest continued in the Korea living theme through senior housing assets. A notable deal in Q2 was the purchase of Mercure Ambassador Hotel Seoul Hongdae by **Goldman Sachs** and **JB AM** for USD 187mn.
- **India:** Foreign capital descended on the market – **Blackstone** purchased South City Mall in Kolkata for USD 380mn. **Hines** and Japanese groups, **Mitsubishi** and **Sumitomo,** partnered with domestic developer **Kanakia** on a major office development in Mumbai.
- **Singapore:** **Brookfield** acquired an industrial portfolio for USD 412mn from **Mapletree Industrial Trust.** Several regional HNWIs picked up boutique hotels. **Blackrock** and **Weave Living** jointly purchased a service residence asset for USD 77mn.
- **Greater China:** Foreign capital was noticeably absent. The only deal of note was Singaporean group, **GLP**'s, acquisition of a Beijing data center for USD 359mn.

* Cross-border volumes refers to transactions where purchaser's source of capital is foreign.

Cross-border investment volumes into APAC

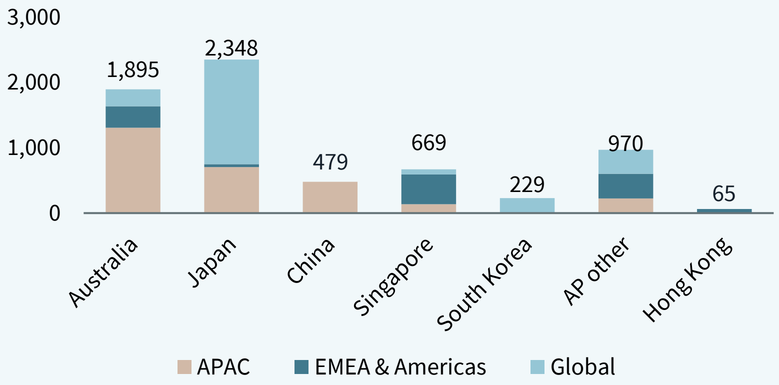
USD Bn



Source: JLL Research, as at Q2 2025

Cross-border volumes, by capital source in Q2 2025

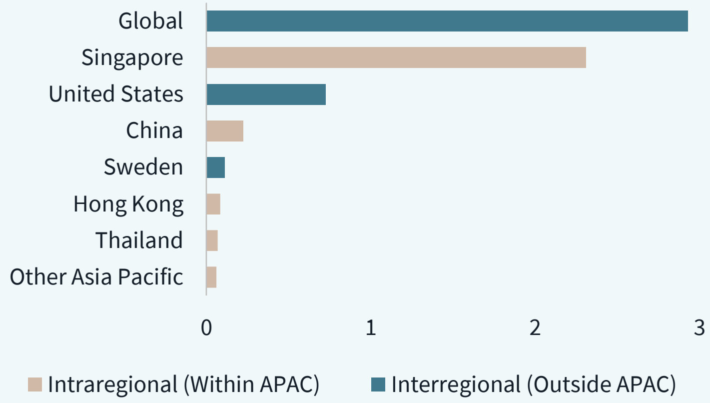
USD Mn



Source: JLL Research, Q2 2025

Top sources of cross-border capital to APAC in Q2 2025

USD Bn



Source: JLL Research, Q2 2025

Tariff tensions: Elevated risks for industrial, infra, and retail - survey

- Peak policy uncertainty has subsided since Liberation Day announcements, but uncertainty remains. The Aug 1 deadline looms for finalizing tariff rates. China, Japan and Vietnam have reached trade agreement understandings, but others in APAC have yet to strike a deal.

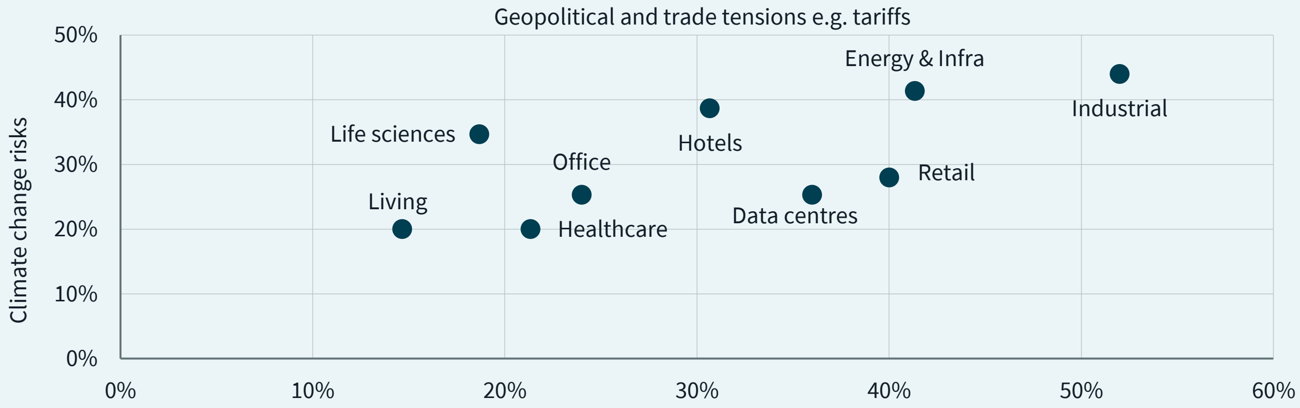
- On the occupier front, tariffs are expected to hit US corporate earnings due to higher costs. Wall Street expects the weakest earnings season since mid-2023 with S&P 500's Q2 profits to rise just 2.5% YoY as six of eleven sectors are projected to decline. Given their global reach, US multinational company's (MNCs) reduced profits, investments and hiring will impact tenant space needs in APAC. Tenant credit and defensibility are in focus as investors now dig deeper to assess tenant demand composition –by tenant industry as well as domicile.

- Markets with strong domestic corporate bases will be less impacted by tariffs than markets reliant on global trade. In **Japan**, office space demand is buoyed by record Japanese corporate earnings, and the rental market appears unperturbed by tariffs. Meanwhile, tariffs have weighed on new leasing enquiries, especially in **Singapore** logistics.

- Investors are underwriting slower-growth scenarios, with the assumption that tariffs will stay in place. Execution risks are growing with extended timelines and essential contingency provisions. Asset repricing may emerge again as rental growth is revised downward. While the direction appears clear, investors seek quantitative evidence on the extent of business and consumer spending decline to incorporate into financial models.

- According to a JLL survey of 75 APAC-based investors: industrial and logistics, energy and infrastructure, and retail sectors face the most geopolitical risk in the next five years due to trickle down effects of growth and policy rates. Living, life sciences and healthcare are the most insulated due to those sectors being more domestic market driven.

Perceived sectors at risk from climate change vs geopolitics



Source: JLL Investor Sustainability Survey 2025

For several trade partners, new tariffs are lower than those announced on 2nd April

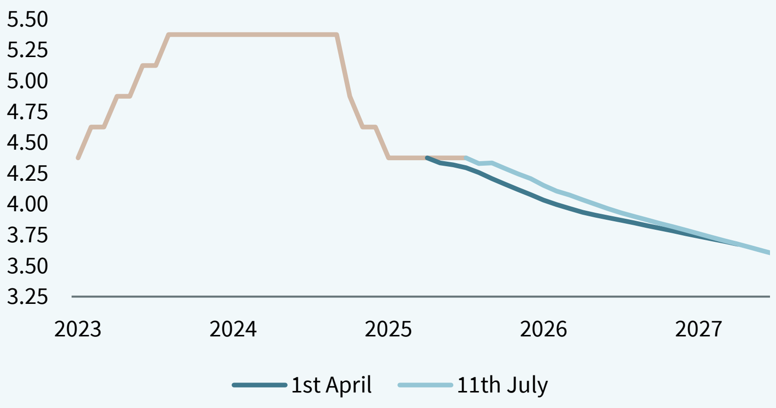
Original April 2nd tariffs	Country	New August 1st tariffs
34%	China	55%
24%	Japan	15%
25%	South Korea	25%
26%	India	26%
36%	Thailand	36%
24%	Malaysia	25%
32%	Indonesia	32%
46%	Vietnam	20%
20%	Philippines	19%

Source: The White House, CNBC, BBC

Cost of debt declines may further activate investor appetite

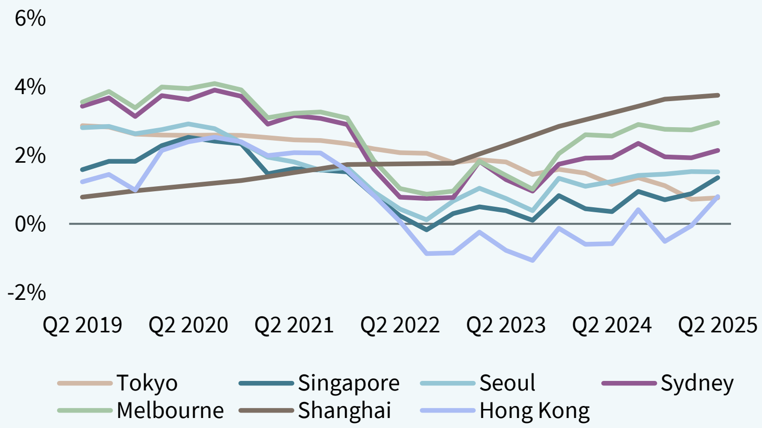
- Chances of a Fed rate cut at the July 30 FOMC meeting are slim but expected in September as economic growth slows (U.S. GDP contracted 0.5% QoQ in Q1 2025—the first quarterly contraction in three years) and unemployment rises. Overall US CPI increased 2.7% YoY in June 2025 and the Fed's June report noted import taxes due to tariffs have already started feeding into inflation for goods.
- While the number of forecast cuts has decreased in the US, it has increased elsewhere since tariff announcements. APAC central banks have been on a reduction spree— In **Australia,** RBA cut rates in Feb and May 2025 to 3.85% from 4.35%. In **India,** RBI made its third rate cut since Feb, with policy rates reaching 5.5%, the lowest level since Aug 2022. Similarly in **Korea**, policy rates are at the lowest since Aug 2022 at 2.5%, after its fourth cut in May 2025. In **China:** 1-year and 5-year LPR was cut by 10bps to 3% and 3.5% respectively.
- YTD Cost of debt has come down by ~30bps in **Korea**, ~45-70bps in **Australia** and **Singapore**. And by ~200bps in **Hong Kong** in Q2. Interest rate cut expectations in 2H 2025 remains where growth is revised downwards. Australian futures markets have priced in a cash rate of circa. 3% by the end of 2025 which would imply potentially another 85 bps of potential rates cuts from current levels (3.85%).
- In early May, the **Hong Kong** dollar strength led the HKMA to sell HKD and buy the greenback to maintain its currency peg, injecting HKD supply into the banking system, reducing HIBOR to its lowest level since 2022. Subsequently in June, lower HIBOR and capital outflows from the carry trade weakened HKD and triggered the opposite intervention. HKMA bought HKD sold USD, draining liquidity causing the HIBOR to start rebounding. The lower acquisition/refinancing debt may spur investment activity for a window, as HIBOR will likely reach parity with USD SOFR after intervention stabilises.
- **Japan** 10Y bond yields touched its highest level since 2008 in July 2025, as markets focused on Japan's fiscal concerns amidst high debt/GDP ratio. The uptick shows the vulnerability of its bond market after the BOJ gradually started trimming its balance sheet and scaling back its bond purchasing program. The country's central bank owns more than half the nation's sovereign notes and other buyers have not stepped in enough to fill the gap. The better than expected 15% tariff on trade with US gives the BOJ more leeway to increase rates causing bond yields to rise further. Although this could potentially lead to higher cap rates and downward pressure on valuations, CRE fundamentals remain strong.

Fed funds mid-rate forecast (%)



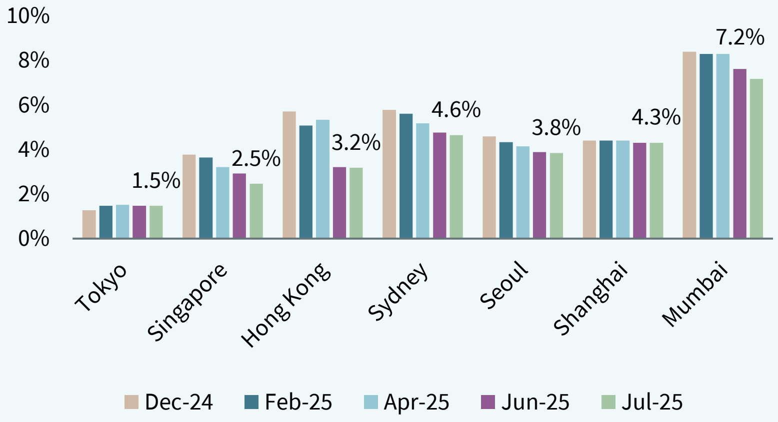
Source: LSEG Workspace, OIS data

Spread b/w office yields and respective 10Y govt bond yield



Source: JLL Research, Bloomberg
Note: HK: 5-year bond yields

APAC 3-month indicative floating rate for senior loan (core assets)

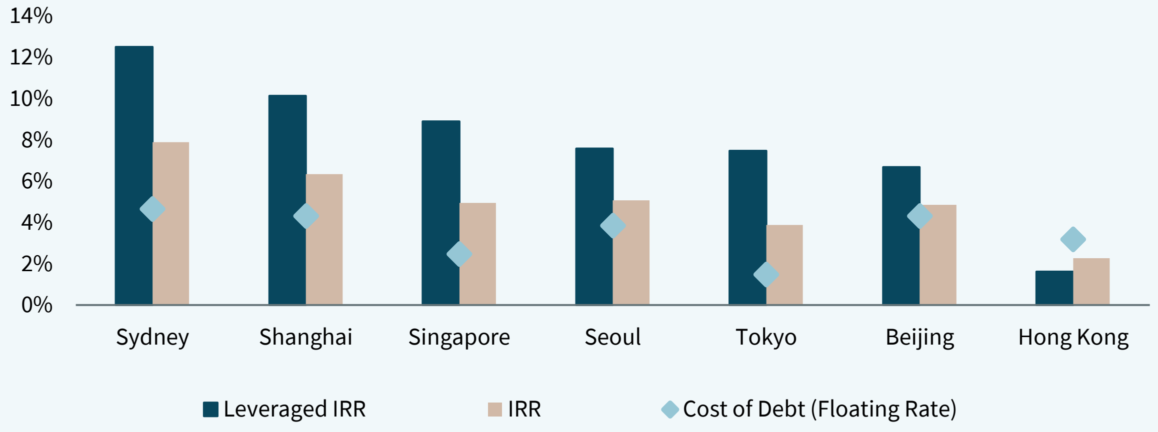


Source: JLL Debt Advisory

Pivot from cap rate play to NOI growth

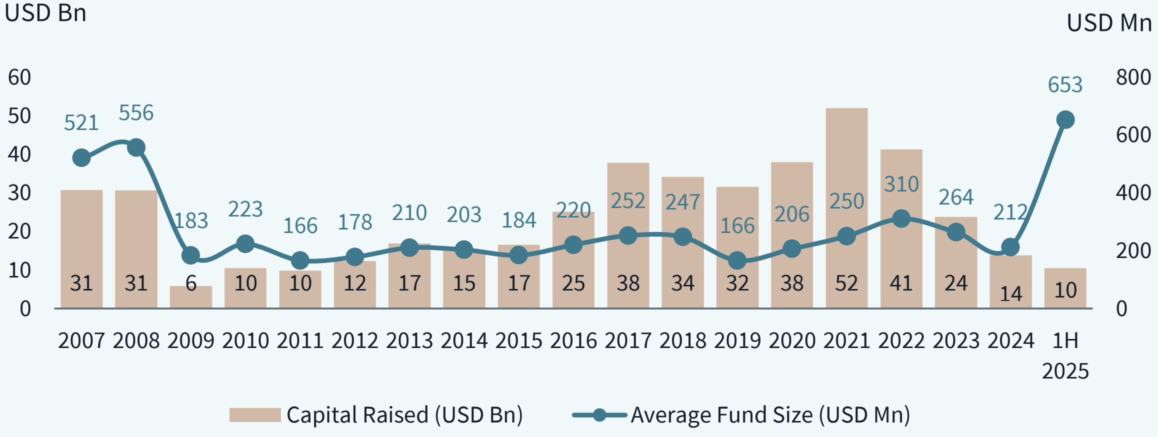
- Based on JLL's current rental growth forecasts and cost of debt, **Sydney** leads in returns with the highest potential of ~12% leveraged IRR, offering the strongest premium over its ~5% cost of debt. The key driver of this is rental growth that has been revised upwards since last year due to firm occupier demand for higher-quality prime stock and falling incentives.
- Across APAC, strategies have undergone a noticeable shift from reliance on cap rate compression. More focus is on active management to improve operating income. Investors recognize that rental growth will be a key factor in driver returns in the region.
- In select markets and sectors - investors are looking beyond going-in cap rates and at total returns. For example, in retail malls which have been optimised, investors are recognising a ceiling on rents and are pricing in other value drivers such as operational efficiency, redevelopment potential, lease structure flexibility and sustainability credentials.
- APAC fundraising reached **USD 10.5bn** in H1 2025. **PAG** closed SCREP VIII at USD 4bn, focusing on opportunistic investments in Japan, South Korea, Australia, New Zealand and Singapore. **BGO** closed BGO Asia Fund IV at USD 5.1bn, focusing on value-add investments in office, hospitality and logistics across Japan, South Korea, Australia and Singapore.
- While foreign investor interest remain keen on value-add and opportunistic strategies in Japan, there is limited opportunities on the market for such deals. In **Singapore**, capital in the market is currently mainly value-add and opportunistic, however core funds may be returning. Core funds that are geography-agnostic are divesting office assets elsewhere with plans to invest into Singapore. Post-capital recycling, 2026 will likely see core funds re-enter Singapore.

Levered & Unlevered Office IRR, 2025-2029



Source: JLL Debt Advisory, JLL Research, as at Q2 2025

APAC Real Estate Fundraising



Source: Preqin, JLL Research, as at Q2 2025

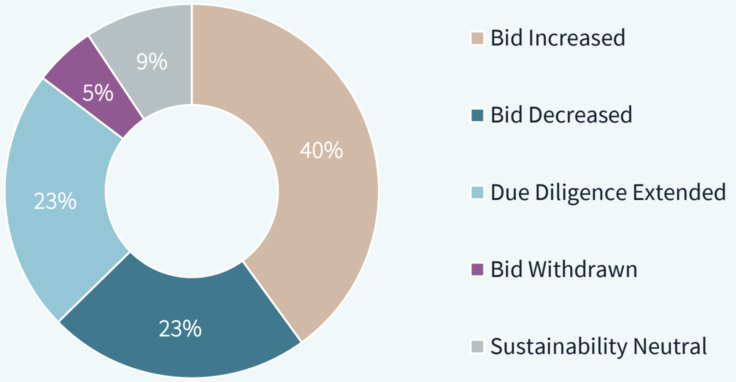
Measurable sustainability performance drives demand and higher pricing

- Performance-based sustainability metrics have superseded symbolic certification standards as a critical investment criteria. Energy efficiency initiatives, renewable energy implementations, and quantifiable carbon reduction measures now out rank traditional green building certifications that once dominated conversations. The shift reflects the growing emphasis on measurable outcomes and tangible operational benefits with verifiable financial returns.

- Investors now require defined return targets before allocating capital to sustainability initiatives. Value-add strategies particularly demand tangible financial outcomes—enhanced asset values and reduced operational costs—achieved through deliberate climate risk mitigation. Properties that systematically track and report sustainability performance metrics gain a substantial competitive advantage in attracting investment capital in today's market, demonstrating a growing market premium for sustainable real estate.

- **JLL's Investor Sustainability Survey 2025** reveals sustainability considerations have an impact on bids, with 3 in 10 investors decreasing offers or withdrawing from deals lacking sustainability features, while 4 in 10 increased bids for sustainable assets. Office investors showed the strongest response, with 49% raising offers for buildings with sustainability features.
- APAC energy grids present a strategic market differential opportunity, as fossil fuel dependence make them inadequate to support energy goals. Leveraging on-site renewable energy installations, buildings can be positioned as “clean energy assets”, with 43% of investors only planning investments in buildings with renewable energy in the next 3 years according to the survey.
- While immediate concerns about economic and geopolitical uncertainties remain, focus is set to shift back to regulatory compliance and decarbonization in the medium term. With investors increasingly seeking transparency and asset-level data from landlords, exceeding current sustainability regulations can be turned into a long-term competitive advantage.

The impact of sustainability considerations on bid offers (past 12 months)



Source: JLL Research

Factors affecting capital deployment

2 years (short term)

1	Economic uncertainty
2	International trade policies
3	Geopolitical tensions
4	Pricing uncertainty
4	Rental growth uncertainty
6	Government regulations
7	Lack of investable product
8	Access to debt capital
9	Mismatch in vendor pricing expectations
10	Climate change and decarbonization

5 years (medium term)

1	Geopolitical tensions
2	Government regulations
2	Economic uncertainty
2	Rental growth uncertainty
5	International trade policies
6	Climate change and decarbonization
7	Access to debt capital
8	Lack of investable product
9	Pricing uncertainty
10	Mismatch in vendor pricing expectations

Source: JLL Research

Surge in BESS deployment to boost grid resilience

- Asia-Pacific requires substantial energy investments to achieve net-zero emissions by 2050, creating significant opportunities across the renewable energy value chain for investors, developers, and technology providers.

- As solar and wind power are more intermittent, robust storage solutions become essential to manage supply and demand variations. **Battery Energy Storage Systems** (BESS) provide critical functionality by storing excess electricity from renewable sources, minimizing curtailment and volatility issues, while significantly improving overall grid stability.

- As the **Levelized Cost of Electricity** (LCOE) declines for battery storage due to falling battery prices, it's becoming more affordable to store electricity, driving BESS adoption. BNEF forecasts suggest that among renewable technologies, battery storage shows the highest growth potential across decarbonization and energy expansion scenarios.

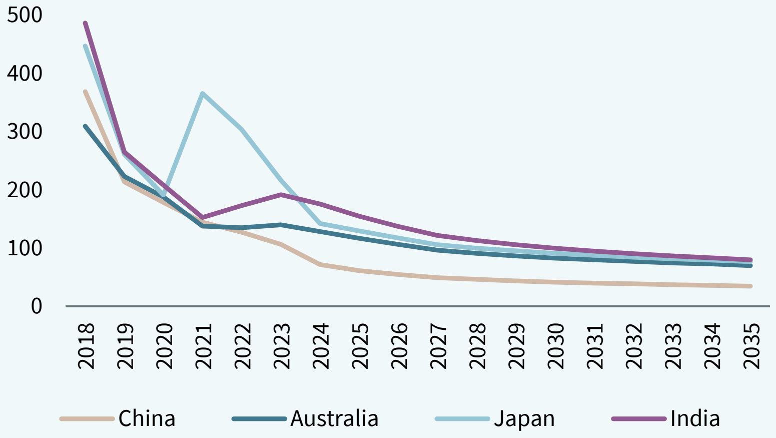
- Notable players in the APAC BESS space:

- **China**: Dominating the global energy storage landscape, China is expanding alongside its massive solar and wind deployment. With projections of 225GW in new BESS capacity over the next decade, China's growth is powered by aggressive targets, control of the battery supply chain, and strategic focus on large-scale storage solutions including pumped hydro projects.

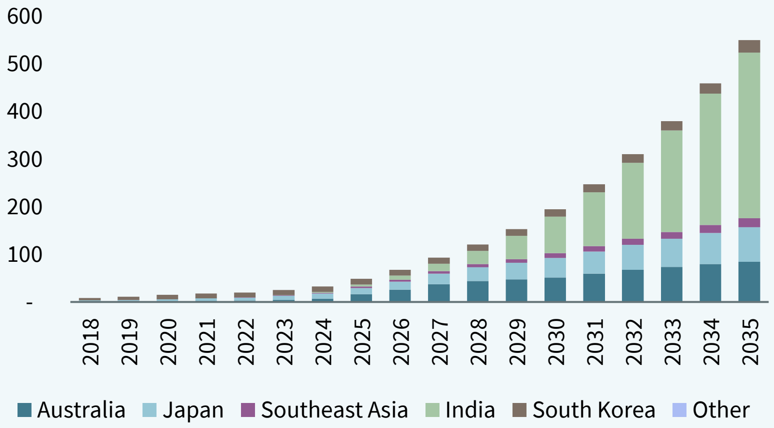
- **Australia**: Having added 865MW in 2024, Australia is rapidly scaling its storage capacity - with expectations of adding 3.0GW in 2025. BESS investments are more attractive due to scheduled coal plant closures, growing power price volatility, supportive policies with budget allocations (to meet government's 9GW target for new clean storage by 2030) and evolving market structures enhancing profitability.

- **India:** BESS market made 0.85GW additions in 2024, and will grow to 85GW by 2035, primarily driven by utility-scale solar plus battery projects.

Levelized cost (LCOE) $/MWh (2024 real)



APAC Energy Storage capacity by market, GWh (excl. China)



Multiplier required to reach Net Zero 2050

Technology	Net Zero Scenario 2050	Multiplier vs 2023
Solar (GW)	11,676	x 11.8
Wind (GW)	5,847	x 10.9
Battery Storage (GW)	2,227	x 61.3
Power grid ('000 kms)	53,101	x 1.7
EVs (million vehicles)	671	x 28.9

Source: BloombergNEF, JLL Research, Jun 2025

Private Wealth investment in CRE rises 32% in Q2

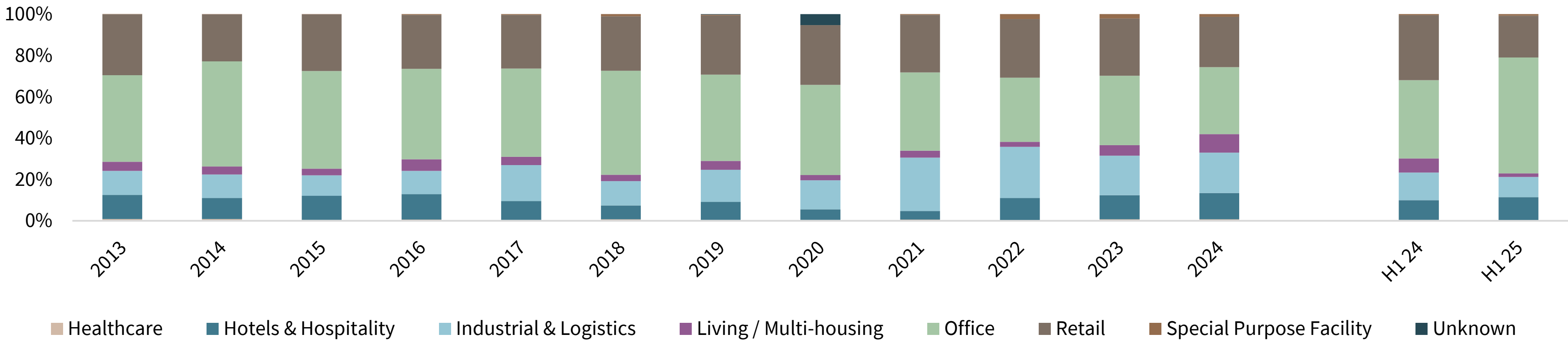
Private Wealth Transactions, H1 2025

Urakusatsu Tou
Location: Kusatsu (Japan)
Sector: Hotels & Hospitality
Price: USD 8.3mn
Vendor: Kenedix
Purchaser: AB Capital

206 Bourke Street
Location: Melbourne
Sector: Retail
Price: USD 51 mn
Vendor: ISPT
Purchaser: Private Investor

Red dot city block #7
Location: Shanghai
Sector: Office
Price: USD 52mn
Vendor: Red Dot Property
Purchaser: Undisclosed HNW individual

APAC Private Wealth Sector Preferences, 2013 - H1 2025



- Private wealth investment volumes for Q2 2025 was USD 4.7bn (H1 2025 USD 9.7 bn), which is up 32% YoY (H1: -2%).
- Offices remained the most favoured asset class for private wealth investors, accounting for 45% of all transactional activity in Q2 2025 (H1: 56%). This represents a significant increase from Q2 2024, when offices comprised only 28% of transactions (H1 2024: 32%), demonstrating a growing preference for office assets among private wealth investors YoY. Retail remained as the second most favoured asset class, capturing 26% of transactions in Q2 2025 (H1: 20%).
- Hotels & Hospitality assets involved 13% of transactions in Q2 (H1: 11%), overtaking Industrial & Logistics, signifying a shift in investor preference for the sector.
- Private wealth was primarily deployed domestically for all markets, apart from **Singapore** capital, where there was significant cross-border activity across two deals this quarter in Japan and Australia, totalling 39% of Singapore private wealth transactions.

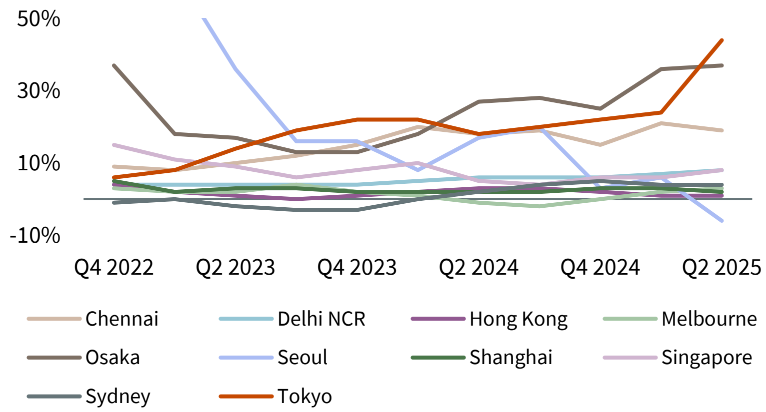
Sectors

1. Office
2. Industrial
3. Retail
4. Living
5. Data Center
6. Life Sciences
7. Hotel

Office leasing metrics become critical investment barometer

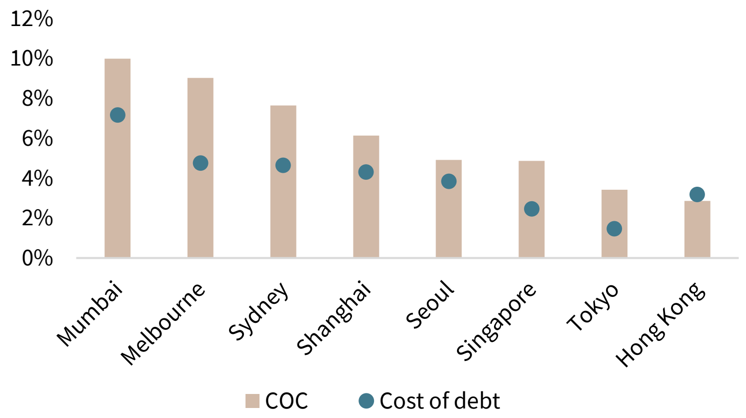
- APAC office transaction volumes reached USD 13.3bn in Q2 2025 (H1: USD 29.7bn), rising 24% YoY (H1: +28%). Beyond corporate profitability and hiring/employment trends on a macro level, office leasing velocity (average net absorption over available space) and tenant mix (industry, share of international occupiers, creditworthiness) are being closely monitored by investors.
- **South Korea** had the highest quarterly volumes since Q2 2021 as end-users and domestic institutional capital acquired assets. Seven office assets traded above USD 250mn, including SI Tower acquired by **IGIS AM** and **KTCU** for USD 640mn. More in the pipeline in Seoul CBD and Gangnam as investors look to capitalise on strong fundamentals currently to sell at favourable pricing.
- **Japan** was the next most active, with majority of assets acquired by domestics including listed companies (**Mitsubishi, Hulic**), REITs (**Global One, Japan Excellent, Heiwa**), insurers (**Meiji Yasuda Life**) and private property companies. **Tokyo** and **Osaka** had the highest leasing velocity in APAC as corporates are expanding amidst record profits.
- **Singapore:** Fintech firms are driving office space demand, attracted by Singapore's status as an APAC hub for digital finance. S-REITs are recording positive rental reversions for local office assets. They have shifted to portfolio rebalancing and capital recycling, from previously selling assets to reduce gearing.
- **Australia:** Market was quiet in Q2. **Ashe Morgan** acquired the remaining 50% stake in a Sydney CBD office it did not control from **Dexus** at a discount. Assets in Sydney Fringe, Brisbane and Adelaide more actively traded. Few sub-USD 100mn Melbourne assets are being marketed and mainly targeting local private capital due to property tax. Office leasing velocity continues to show signs of recovery.
- **Greater China:** Occupiers, SOE and private developers acquired assets in Mainland China. **Hong Kong** had the lowest office leasing velocity in APAC despite hype around a revival of the IPO market reinvigorating office demand. Jane Street expanded while Club 1880 has returned space – highlighting the criticality of tenant credit quality.
- Across APAC, bifurcation of office lease transactions is emerging: shorter-term/flex co-working leases and longer-term, high-conviction leases are closing - but 3 year leases are increasingly held up.

Office Leasing Velocity



Source: JLL Research
Note: Leasing velocity (q/q): Net absorption (q/q) four quarter moving average over leasable area (past vacant stock + current quarter completions)

Cash-on-cash office returns



KDB Life Tower
Location: Seoul
Price: USD 481mn
Yield: 3.9%
Vendor: KB Asset Management
Purchaser: CJ Olive Young

Akasaka Park Building
Location: Tokyo
Price: USD 559mn
Yield: 3.5%
Vendor: Japan Real Estate Investment Corporation
Purchaser: Mitsubishi Estate

Vianode SHIN-OSAKA

1-8-10 Nishimiyahara, Yodogawa-ku, Osaka, Japan

Overview

- **GIC** acquired the asset from **PAG Investment Management** for USD 46 mn on a 4.9% yield.
- The aim was to to complete the lease-up of a new office building under management by the Core-plus Fund as originally planned and sell the building at the exit.
- Vendor sought a way to sell the illiquid fixed-term leasehold.

Profile

- Developed by Daiwa House Industry Co Ltd and completed in 2022 by Nippon Koku Development, Vianode SHIN-OSAKA sits on a site of 1,625 sqm with Net Rentable Area of 7,289 sqm.
- The property is 97% occupied across 11 levels, with a typical floor plate of 703.5 sqm. Major tenants include Daiwa House Realty Management Co., Aztec Paint Co. and Kansai Paint Co.

Key Metrics			
Property type	Office	**Price (JPY)**	6.6bn (USD 46mn)
Gross Floor Area (sqm)	10,900	**Yield**	4.9%
Net Rentable Area (sqm)	7,289	**Vendor**	PAG
Occupancy	97%	**Purchaser**	GIC

“

Osaka’s status as a business hub complementary to Tokyo, and ongoing corporate expansions are fuelling office space demand in the market. Investors are keenly pursuing opportunities in this port city.

Takahiro Ozawa
Senior Director, Japan Capital Markets

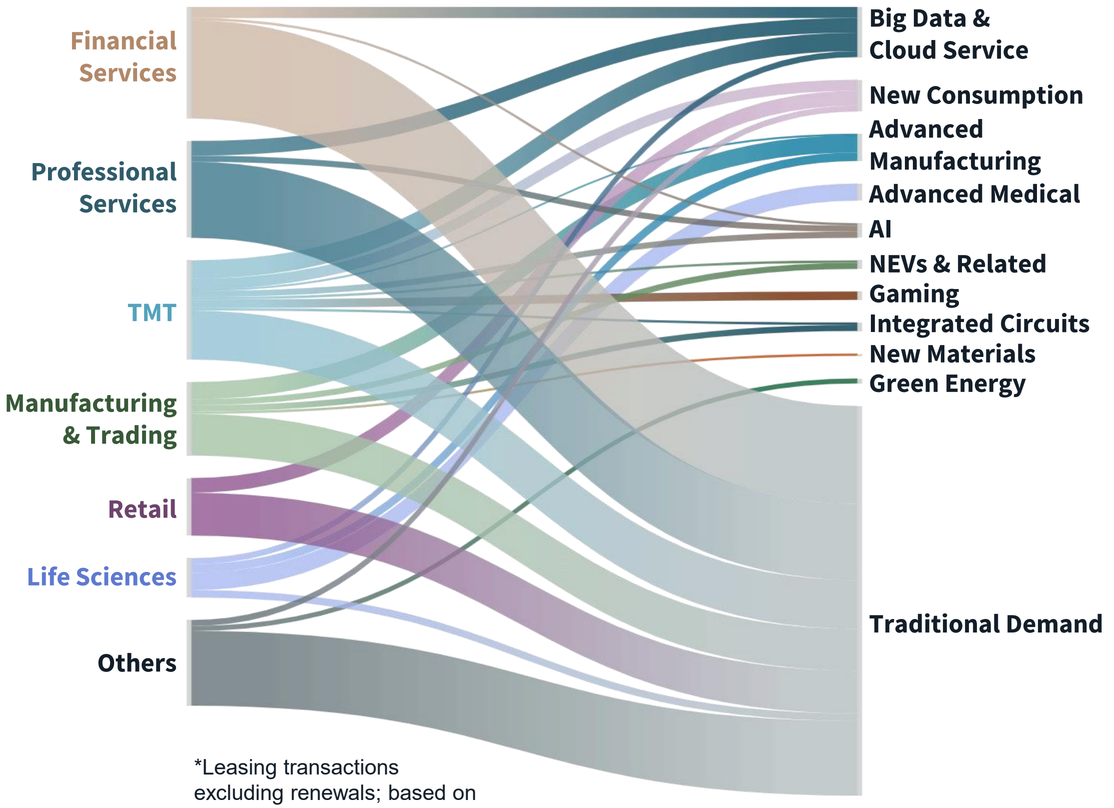
- Office investment volume in Japan totalled USD 3.2bn in Q2, reflecting a significant 82% increase YoY. Capital values rose ~ 12%, driven by rising rents, which have risen for six consecutive quarters.
- The rental market is forecasted to further accelerate as companies use workplaces as a strategy to attract talent rather than as cost centres. Despite strong buyer demand, investors are not keen to sell which will limit product on market and transaction volumes.

China’s office landscape: new engines emerge from traditional industries

- The declining rental environment has now made relocation to both traditional CBDs and emerging submarkets appealing.
- **Shanghai:** The office market is undergoing structural recalibration with new demand engines emerging from traditional sectors, particularly in Big Data, Cloud Services, and AI. And as manufacturing and trading industries achieve significant tech breakthroughs, NEVs (new energy vehicles) and relevant value chains have been one of the drivers of demand. Occupiers relocating due to lower rental is especially pronounced among companies previously located in business parks and suburban areas. While over 4mn sqm of Grade A office space will enter the market in the next five years, the new supply is mainly located in submarkets.
- **Shenzhen:** Demand is fueled by its smart manufacturing ecosystem, supported by corporate R&D investment and government funding. The city's industrial supply chain, produces 23% of China's smartphones and 70% of global consumer drones, further drives office space requirements. Though tech companies traditionally prefer non-Grade A spaces and industrial parks, they've become major players in Shenzhen's premium office market given lower rents, accounting for 40% of Grade A office leasing by the end of 2024, particularly in areas that overlap with emerging office districts.
- China’s Q2 GDP beat expectations at 5.2% YoY, largely driven by front-loaded exports as businesses rushed to shop goods under the temporary trade truce with the US. Though key concerns over deflationary pressures persist with factory gate prices falling at their fastest pace in nearly two years. Consumer demand remains tepid signalling a need for policy support.

For more info, 2025 Shanghai office whitepaper, Shenzhen's smart manufacturing chain

Industry demand evolution in Shanghai



*Leasing transactions excluding renewals; based on number of leasing deals

Source: JLL Research

Waterfront E&G
Location: Shanghai
Price: CNY 64 mn (USD 88mn)
Vendor: Xizi International Group
Purchaser: DCL

Chengjian Yunqi Building
Location: Shenzhen
Price: CNY 4.1bn (USD 567mn)
Vendor: Shenzhen Urban Construction Group
Purchaser: Shenzhen Luohu Investment Holding

Domestic demand boosts India's office leasing

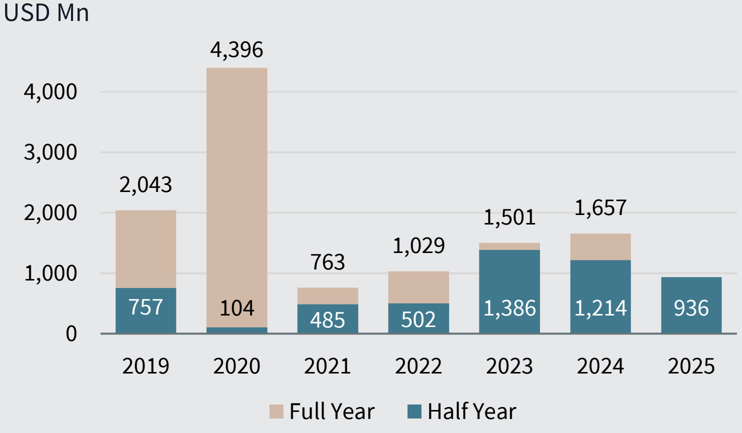
- **India:** Office transaction volumes in Q2 totalled USD 525mn (H1: USD 1.1bn), down 42% YoY (H1: -11%), but an active leasing market, particularly among domestic occupiers, is pointing towards resilience in the sector.
- Strong leasing activity continues into 2025, following record levels in 2024 and 2023. Favorable domestic economic conditions like increased private consumption, and policy changes to reduce compliance burden have fuelled demand. With India's talent pool, cost advantages, and supportive policies, leasing volumes could exceed 100mn sq ft annually over the next 3-4 years.
- Domestic occupiers now account for 46% of gross leasing activity since 2022, up from 35% during 2017-2019, thanks to a strong economy supporting homegrown businesses and startups. Average new deal sizes have increased significantly, with BFSI (Banking Finance Services, and Insurance) and manufacturing sectors doubling their average office sizes, while the flex segment has grown by 35-45%.

For more info, India Institutional Capital Flow Market Perspective

- **Delhi NCR** and **Mumbai** remain dominant cities for domestic firms, with BFSI firms accounting for 30% of Mumbai's domestic demand, while flex spaces hold a similar share in Delhi NCR.
- International occupiers, particularly US-based Global Capabilities Centers (GCCs), dominate India's office market leasing, especially in tech cities. US firms accounted for 34.2% of international leasing activity since 2022, with GCCs consistently representing two-thirds of US firms' leasing over the past 6-7 years. But the increasing domestic demand is creating critical market resilience against potential pullbacks by overseas and US firms due to geopolitical uncertainty resulting from tariffs and the lack of a US-India deal.
- This strong and growing contribution from domestic companies not only supports stable rental growth but also positions India's office market for sustainable long-term growth, with each demand segment complementing the other's strengths.

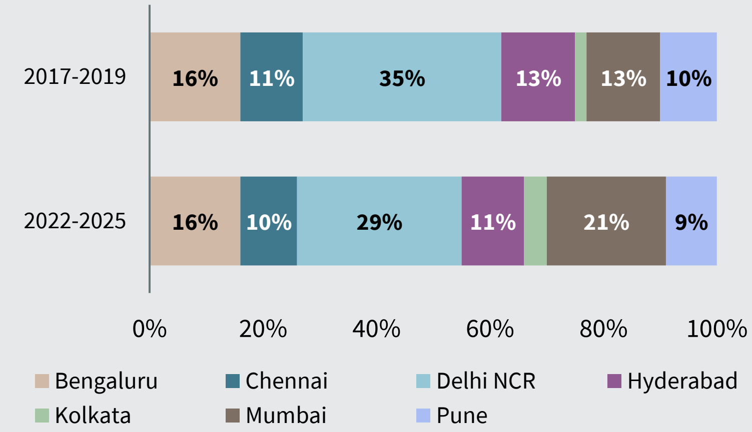
For more info, Domestic occupiers' footprint in India's Office Market, The role of US firms in India's office and investment markets

Office transaction volumes, 2019 - H1 2025



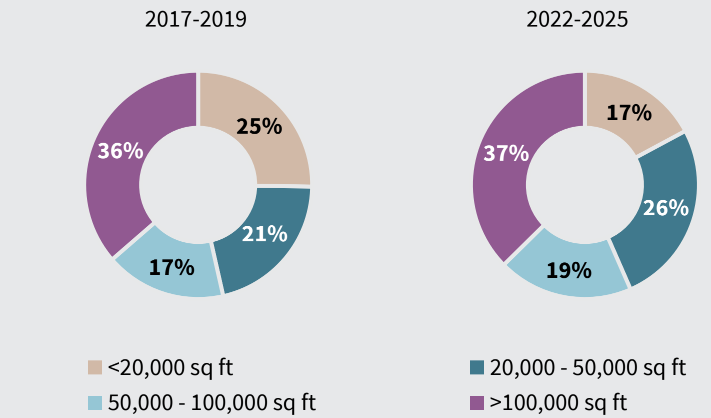
Source: JLL Research, as at Q2 2025

Share of domestic office leasing market by city



Source: JLL Research

Average new lease size by domestic occupiers



Source: JLL Research

Mumbai BKC Office

Greater Bandra Kurla Complex, Mumbai | India

Overview

- JV between **Hines India, Mitsubishi Estate Co. Ltd., Sumitomo Corporation** and **Kanakia Group** as the land partner.
- Hines expanded its portfolio to 12 office and residential projects in Delhi NCR, Mumbai, Bangalore, Pune and Ahmedabad since establishing its presence in India in 2006.
- Japanese real estate investors in India are generally development equity investors betting on land and early-stage projects, not shying away from taking development risks

Profile

- Located in the Greater Bandra Kurla Complex (BKC) precinct, this high-end office development will span around 1.5 million square feet, built on a 3-acre site, with plans to feature top-tier amenities, F&B and retail space.
- The building will have a total floor area of ~140,000 sqm, with 12 floors above ground and 7 underground.
- Overlooks more than 60 acres of the low-rise Mumbai University campus.

Key Metrics			
Property type	Office	**Price (INR)**	30bn (USD 351mn)
Total Floor Area (sqm)	139,355	**Land Owner Partner**	Kanakia Group
Equivalent market yield	N/A	**Development & Equity Partners**	Hines, Mitsubishi, Sumitomo Corp

> "Not only does it signify continued confidence in India's commercial real estate from marquee investment powerhouses, but cross-border collaborations are shaping development as India attracts high conviction global capital due to its robust growth fundamentals.
>
> **Nishant Kabra**
> *Head of Capital Markets, West & North India*

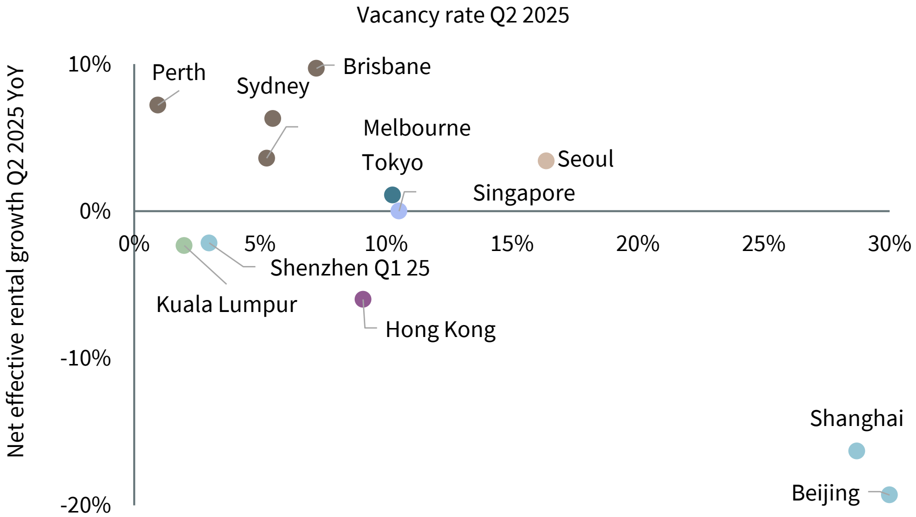
- In 2024, Indian developers secured 2,335 acres of land across 134 transactions in 23 urban centers, valued at INR 39,742 crore (USD 4.6bn), which could potentially yield 194mn sq ft of real estate development.
- The Mumbai Metropolitan Region led acquisitions with 407 acres through 19 deals (17% of total transactions), showing a 41% increase from the previous year's 288.9 acres.

For more info, Surging Land Deals in 2024

Investment market holds up despite looming leasing concerns

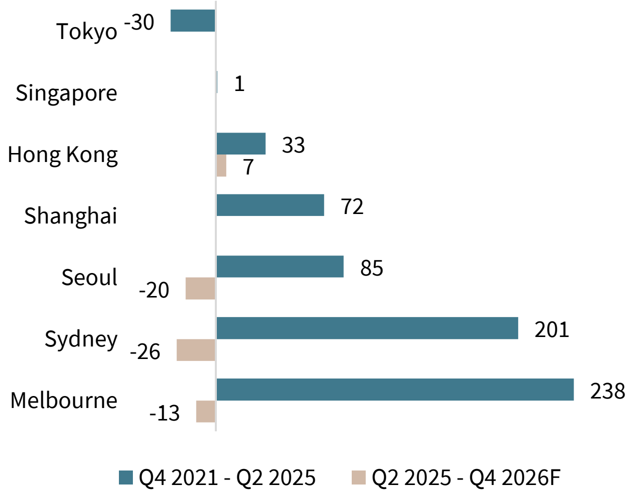
- APAC industrial volumes reached USD 6.3bn in Q2 2025 (H1: USD 11.9bn), rising 12% YoY (H1: -11%). Across APAC, logistics occupiers have eased off on expansion plans anticipating weaker demand in the near-term. Tokyo, Hong Kong, and several Australian cities have seen rise in incentives/rent-free periods as landlords focus on shaking out excess space.
- **Australia**: Industrial yields remain markedly lower relative to office and retail. The market is divided between investors who are optimistic about medium-term income growth potential and those pursuing short-WALE assets to capitalize on near-term rent reversion opportunities. Foreign investors **Morgan Stanley, PGIM, BGO** and foreign occupiers like JD.com made acquisitions – but domestic occupiers and developers made up majority of transaction volumes in Q2.
- **Japan:** Foreign buyers are increasingly selective, bid-ask price gap remains due to leasing risk in Tokyo where vacancy rate is ~10%. Narrower bid-ask gap in Osaka where leasing market is strong. **Fortress** acquired two Tokyo assets from **GLP. Lasalle** was active in Tokyo and Nagoya.
- **Singapore**: Investors keen on business parks (BP) due to attractive yield spreads. **Brookfield AM** acquired three assets (two BP and one industrial building) from **Mapletree Industrial Trust** for USD 412mn, at a 2.1% premium over valuation and 22% higher than MIT's initial purchase price.
- **Korea:** Slower leasing market in Q2 with Grade A logistics net absorption decreasing 54% YoY (54% QoQ), the lowest level since Q3 2020. Investment market was also quiet, with the lowest transaction volume in five years. A notable transaction was Yangbyeon-ri Logistics Center acquired by **KKR**'s **KREATE AM** for USD 86mn. Several core logistics assets are on the market now.
- **Greater China: JD.com** sold a portfolio of six warehouses to a consortium (**CDH Fund** and three large domestic insurers) for USD 691mn, as domestic insurers remain a key source of liquidity. In Taiwan, electronics manufacturers continued purchasing assets - **Global View** made a USD 202mn purchase and **Pegatron** bought **HTC Corp's** Taoyuan Plant for USD 183mn.

Industrial vacancy rate and rental growth YoY



Source: JLL Research, as at Q2 2025

Prime yield movement, historical and forecast



Source: JLL Research, as at Q2 2025

GLP Kawashima
Location: Tokyo
Price: USD 100mn
Yield: 3.4%
Vendor: GLP J-REIT
Purchaser: Fortress Investment Group

Frasers Prime Logistics Venture
Location: Sydney
Price: USD 183mn
Yield: 5.2%
Vendor: Frasers Property Industrial
Purchaser: Morgan Stanley

Wacol Logistics Hub

3720-3746 Ipswich Road, Wacol, Brisbane, Australia

Overview

- Wacol Logistics Hub in Brisbane has been sold by a joint venture between **ESR, KKR and Mubadala Investment** to **JD.com**, through local investment manager **Paloma Property Partners**. This marks the e-commerce giant's maiden logistics purchase in Australia.
- The sale is in line with ESR's new focus since being acquired; to transition the company to an asset-light platform, re-focusing on new economy sectors, simplify its current portfolio, realise cost synergies and optimise its balance sheet.

Profile

- Located in a well-connected industrial precinct in Brisbane, Wacol Logistics Hub is a complex of 6 warehouses on an 18.2-hectare site.
- The complex is fully leased, and tenants include Myer, Winning Services, and Fantastic Furniture.

Key Metrics			
Property type	Logistics Estate	**Price (AUD)**	250mn+ (USD 165mn+)
Occupancy	100%	**Initial Yield**	~5.00%
Gross Lettable Area (sqm)	99,291	**Vendor**	ESR, KKR & Mubadala
Land Area (hectares)	18.2	**Purchaser**	Paloma Property, JD Property

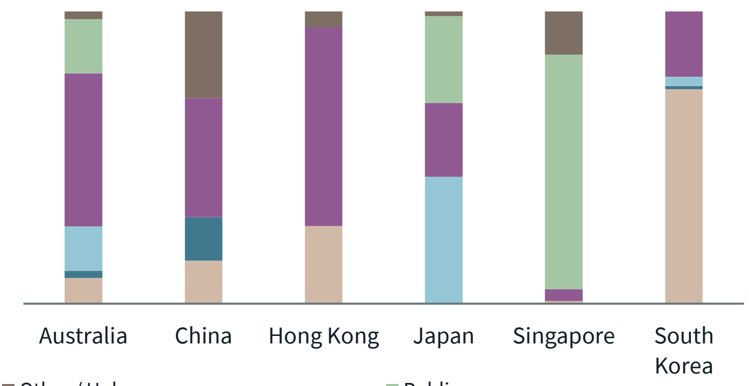
> "The sale represents the largest single asset industrial investment in Queensland history and highlights the continued strong investor demand for well located, super prime opportunities in the Queensland market.
>
> **Ben Hegerty**
> *Executive Director, Head of Logistics & Industrial, Capital Markets, Australia*

- **ESR** is the largest manager of private funds in Asia Pacific, with over USD 156 bn in AUM, and sponsors multiple listed REITs including **ESR-LOGOS REIT**, **ESR Kendall Square REIT, and Suntec REIT**. The company manages over 200 Industrial & Logistics assets in warehousing but have recently expanded to incorporate Data Centers and Infrastructure projects.

Tightening purse strings may hit retail trades in H2 2025

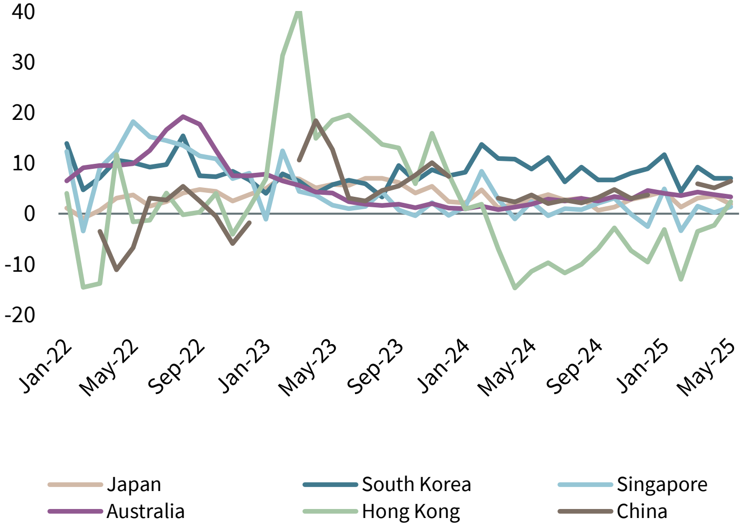
- APAC retail transaction volumes reached USD 5.0bn in Q2 2025 (H1: USD 11.7bn), rising 4% YoY (H1: +11%). Despite consumer confidence cooling, retail sales figures across APAC remained stable in Q2 and assets anchored by non-discretionary retailers offering defensive and stable returns were sought after by domestic investors.
- **Australia:** F&B tenants were prevalent in the leasing market. Yields tightened across cities and retail formats with Sydney CBD contracting 10-15bps. Private domestic companies were the main purchasers of assets as investors gravitate towards neighbourhood centres that support convenience retailing. **Iris Capital** purchased St Ives mall for USD 288mn.
- **Singapore:** International beauty and jewellery brands entered the leasing market. Given high operational costs and capital intensive asset enhancement Initiatives, investors are exploring strategies to increase total returns. Shophouses and strata units of suburban malls traded.
- **Japan:** Moderate wage growth and record foreign tourist arrivals continue to support rents, but the pace of growth slows. Deals were mostly sub-USD 50mn with J-REITS and local developers active. Investors have expressed renewed interest, but a lack of product on the market as retail assets are tightly held.
- **Korea:** Deals transacted were mainly for redevelopment purposes – e.g. **SK D&D** and **Warburg Pincus** acquired Hanssem Design Park Bangbae for USD 28mn, with plans to convert into senior housing facilities. Malls scheduled for sale have cancelled bidding processes, extended fund maturities due to a lack of interest.
- **China:** Retail sales in May grew 6.4% YoY, the fastest pace since Dec 2023 due to government stimulus measures. Leasing momentum recovered in Q2, especially those aligned to trends - collectible toys, affordable dining, apparel. While vacancies declined, rents still dropped. The main purchasers of assets were private wealth and occupiers looking for discounts.
- **SEA:** Malaysia continues to stand out with REITs active in acquiring assets. **IGB REIT** acquired The Mid Valley South mall for USD 615mn, and **KIP REIT** acquired suburban retail assets for USD 14mn.

H1 2025 Retail purchaser composition share



Source: JLL Research, as at Q2 2025

APAC Retail sales Index YoY



Source: Bloomberg

Corio Village Shopping Center
Location: Corio (Australia)
Price: USD 94mn
Yield: 6.75%
Vendor: IP Generation
Purchaser: Charter Hall

AEON Mall Inagawa
Location: Osaka
Price: USD 80mn
Yield: 5.6%
Vendor: Domestic company
Purchaser: Hankyu Hanshin REIT

Lake Macquarie Square

46 Wilsons Road, Mount Hutton, NSW, Australia

Overview

- **Revelop** purchased Lake Macquarie Square as it expands its holdings in NSW.
- The center was sold off-market from the listed **Charter Hall Retail REIT**.

Profile

- Lake Macquarie Square is a Sub-Regional Shopping Center located in Mount Hutton, 12km SE of Newcastle CBD. In 2019 the asset underwent a significant AUD 60mn redevelopment which combined Lake Macquarie Fair and Mount Hutton Plaza into the current center.
- The Centre occupies a 7.3 ha site and is anchored by Big W, Coles and Woolworths, the asset dominates the trade area with a combined turnover of over AUD 16mn.

Key Metrics

Property Type	Sub-Regional Shopping Center	**Price (AUD)**	122.5mn (USD 79mn)
GLA (sqm)	24,535	**Yield (Passing)**	6.74%
Occupancy	100%	**Vendor**	Charter Hall
WALE (Income)	3.88 years	**Purchaser**	Revelop

> “The sale underscores the ongoing demand for Sub-Regional Centres and reflects the increasingly positive sentiment surrounding retail globally. 2025 is anticipated to see a limited availability of Sub-Regional assets for sale, particularly in metropolitan locations. This scarcity has prompted investors to expand their focus to other regional cities, as opportunities to acquire controlling stakes in Sub-Regional properties within Sydney's metropolitan area are seldom available.
>
> **Sam Hatcher**
> *Head of Retail Investments, Australia*

- In H1 2025, retail transactions in Sydney totalled AUD 795mn, with sub-regional shopping center vacancy rate down 30 bps YoY to 1.9%.
- High transaction volumes are expected to gradually push down yields for both Regional and Sub-regional shopping centers over the near term. Investors are focused on convenience-centered assets as well as in acquisitions that present a favorable relative value compared to alternative asset classes

Manukau Supa Centa

Corner Lambie & Cavendish Drive, Auckland

Overview

- Manukau Supa Centa was acquired by **Willis Bond's** established **Property Income Fund**, and is the largest 100% interest sale in a retail asset in Auckland since 2010.
- 13 Expressions of Interest were received from both local and offshore investors, underscoring the return of capital depth and liquidity in New Zealand's retail market for large-scale assets.

Profile

- The Centre is 100% leased to a high-quality mix of 44 national and international retailers, anchored by a 24-hour Kmart, Briscoes, Rebel Sport, Noel Leeming, Baby Bunting and Zone Bowling.
- The Centre forms part of a dominant retail precinct exceeding 60,000 sqm of GLA, with more than 45% of Auckland's population within a 25-minute drive.
- With the Centre's main trade area expected to grow to 587,657 by 2046, Manukau Supa Centa is well-positioned to capitalise on significant demographic and retail expenditure growth.

Key Metrics			
Property Type	Large Format Retail (LFR)	**Price (NZD)**	161mn (USD 96mn)
Land Area (sqm)	39,000	**Car Parking Spaces**	1,643
Lettable Area (sqm)	37,900	**Vendor**	Dexus
Occupancy	100%	**Purchaser**	Willis Bond

> "Major retail development activity remains subdued in New Zealand which presents an opportunity for developers and investors to capitalise on this undersupply. The strong investor interest for this asset highlights the return of confidence in New Zealand's retail market and the appeal of high-quality assets.
>
> **Nick Willis**
> *Executive Director, Retail Investments Australia & New Zealand*

- Solid demand for shopping centres and large format retail due to a renewed migration cycle is a key draw, coupled with the lowest CBD strip vacancy rates in Australasia. While some vacancy exists in specific locations and sectors, the limited overall retail supply in New Zealand contributes to an attractive investment environment.
- An estimated 156,700 to 254,600 sqm of new retail space is required over the next five years to meet growing population demands.
- Yields across formats highlight the sector's resilience and the diverse risk-return profiles available – For Auckland, yield ranges are at 5.13%-7% for CBD retail and 6-7% for shopping centres and large format retail

For more info, New Zealand's retail property insights

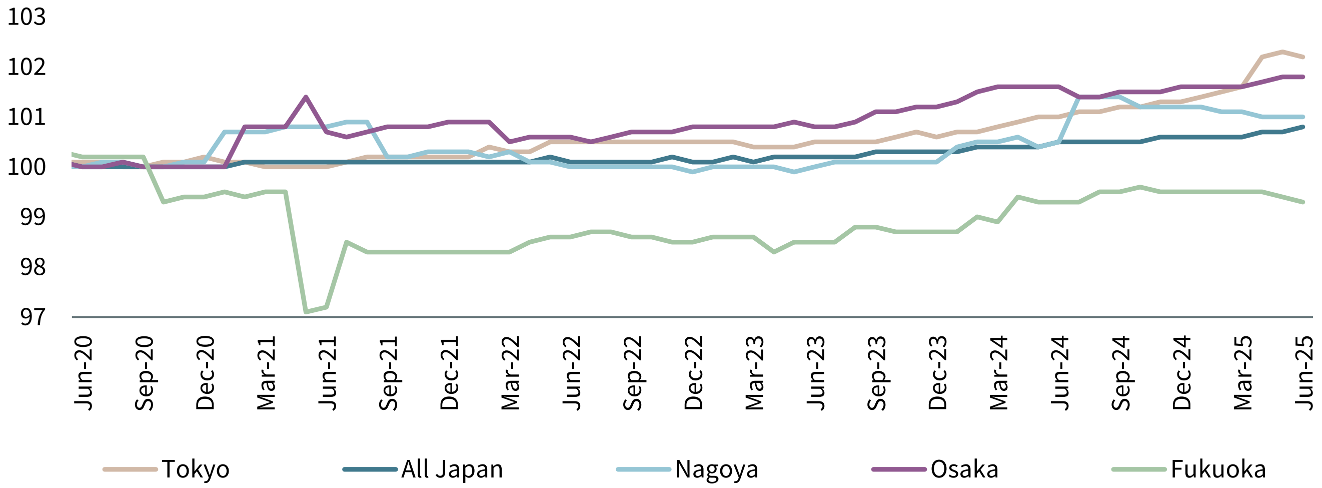
Japan Multifamily: Inflation spreads deeper through climbing rents

- According to the Ministry of Internal Affairs, apartment rents in Tokyo are rising at the fastest pace in three decades, increasing 1.2% compared to a year ago in June. Clearly signaling that inflation has reached Japan's multifamily property market.
- Higher mortgage costs are a primary driver with major lenders now offering the highest prime rates since 2008. This is affecting 80% of homebuyers with floating-rate loans where monthly repayments have risen and landlords who are still paying off mortgages are passing those added costs onto tenants.
- Rising property maintenance costs born by landlords, and increasing foreign investments encouraged by the weak yen are contributing to rental increases. A booming stock market is further pushing up property prices, with Tokyo recording condo price surges of 12.2% from a year ago in April. The pace of growth is one of the fastest among global cities.

- APAC living volume continued its positive momentum reaching USD 3.6bn in Q2, a substantial 92% increase compared to the same period a year ago. Japan remained the dominant market, contributing USD 1.6bn, or more than half of the region's total.
- Smaller transactions dominated the market with only one portfolio trading this quarter for a substantial USD 554mn. While transactions by local groups were most common, six cross-border deals took place including the notable portfolio acquisition of 1,195 shared rental houses in the Greater Tokyo area by **Warburg Pincus** from **Lone Star** Funds. Singapore's **Capitaland** also purchased a Tokyo asset for USD 208mn. Despite Japan's declining population, investors are confident in the positive migration of locals and inflow of foreigners into metropolitan Tokyo.

Monthly CPI Rent Index, Japan (2020-2025)

2020-Base Index



Source: Statistics Bureau of Japan

JMF Residence Ebie
Location: Osaka
Price: USD 13mn
Vendor: Domestic corporation
Purchaser: Japan Metropolitan Fund Investment Corporation

Blanciesta Taito Negishi
Location: Tokyo
Price: USD 16mn
Vendor: Haseko Realty
Purchaser: Aberdeen Investments

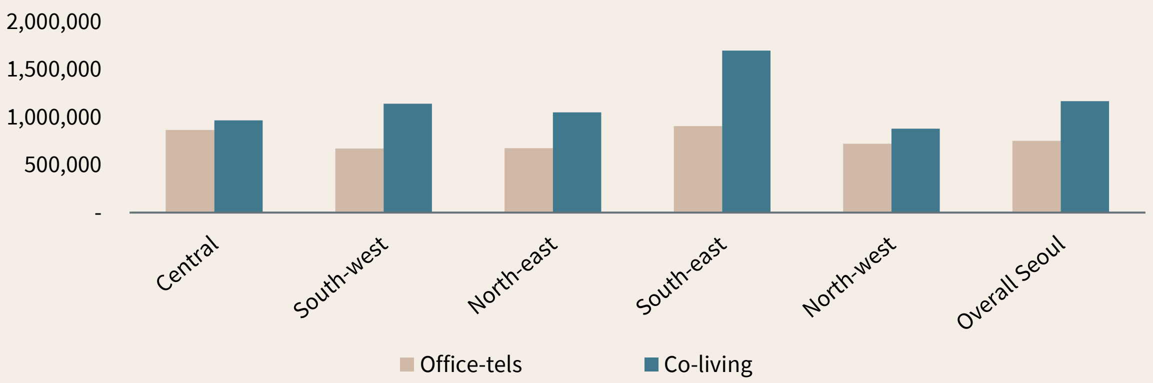
Korea Living: Market entry strategies skew toward conversion

- The South Korean living sector's appeal has grown as the traditional Jeonse system gives way to monthly rentals. Since 2022, monthly rentals have surpassed Jeonse in popularity, reflected in falling Jeonse-to-price ratio. This shift stems largely from increasing Jeonse fraud cases, higher interest rates and more stringent lending requirements.
- **Seoul:** The rental market faces a growing demand-supply imbalance. The number of households in Seoul is continuously rising in a trend that is likely to continue till 2040. Coupled with higher apartment values, rental options are becoming more attractive, stoking demand. Housing supply, already constrained by increasing regulation on rental housing registration since its peak in 2018, is not expected to meet the high demand.
- International students, a major driver of demand, have doubled in the past decade. While some universities provide dormitories, they have a consistently low capacity, hovering in the 13% range, and strict criteria force many students to seek alternatives, and Co-living is filling this gap.
- Co-living assets with monthly rental options have higher median rents than Office-tels, yet tenants are finding them more economical because they include amenities, security, and professional management, while also offering flexible rental periods. Notably, the southeast region, including Gangnam, commands significantly higher rents due to its affluent status, prime location, concentration of job opportunities, and limited housing supply.

For more info, Seoul Residential Market White Paper

Co-living vs Office-tells median monthly rent

KRW / month



Source: JLL Research, Korea Real Estate Board, MOLIT, company websites, cold calls, as of May 2025

Living investment strategies

Asset conversion		Acquisition		Development	
ICG, Homes	**Koramco REIT, Mangrove**	**Invesco, SK D&D**	**Hines, Hyundai's HAIM**	**IGIS, WooZoo**	**LB Asset Management**
Acquired office-tels and hotels to convert into co-living	Converting Jaedong Gas Station near Anguk station to co-living	Q2 2025 purchase of an **IGIS**-owned co-living asset Noudit Hongdae for USD 110mn	Q2 2025 purchase of 2 rental housing for USD 48mn	Plans to develop a 600-unit co-living property	Plans to develop co-living assets with over 800 units, operator yet to be selected

Source: JLL Research

The quantum horizon: Driving the next wave of data centers

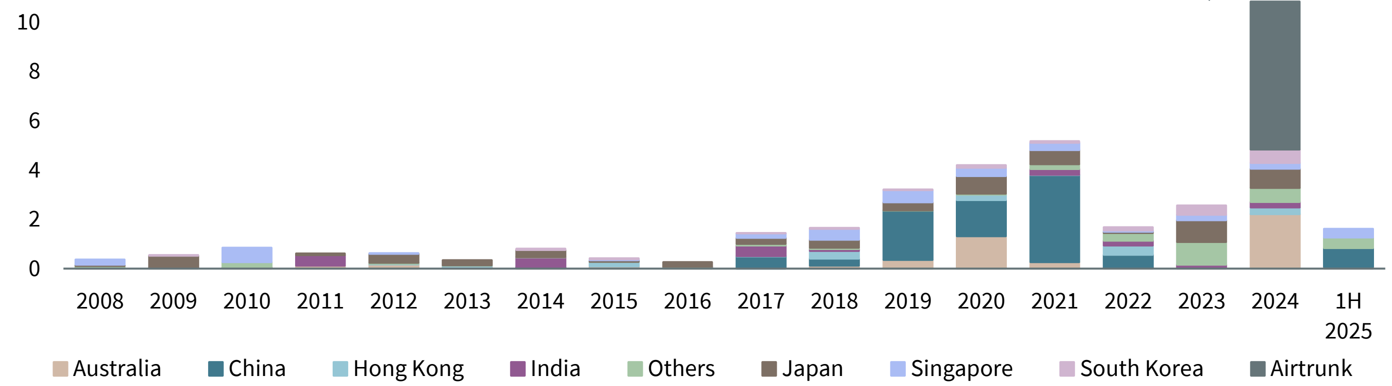
- APAC data center transaction volumes reached USD 1.1bn in Q2 2025 (H1: USD 1.6bn). There was a similar pickup in financing activity with project financing, mortgage financing against built assets, asset backed securitizations, credit tenant lease financing also rising. Notable debt activity in Q2:
  - Australian DC operator, **NextDC**, secured USD 1.4bn in additional debt financing, to a total of USD 3.3bn which will be used to finance its Asia expansion.
  - **DayOne**, international unit of **GDS**, secured USD 3.5bn in new debt funding for its Malaysia DC operations.
  - **PDG** secured USD 1.2bn in financing to develop and expand DCs - of which USD 800mn will support campuses in Mumbai, Tokyo and Langfang, China. It also raised USD 1.3bn from **Stonepeak** in July.
- Fund activity/Fundraising:
  - **ARES** closed Japan DC Partners I LP, with USD 2.4bn in equity commitments dedicated to Japanese data centers. **CPPIB** and **GLP** are investors. The fund will initially invest in developing three DC campuses (240MW of IT load) in Greater Tokyo, developed and operated by **Ada Infrastructure**.
  - **Goodman** formed a USD 2.7bn fund to manage six data centers (180MW) and two under construction assets in Hong Kong. Other investors include **PGGM, APG** and **CPPIB.**

- Quantum computing is advancing with commercial viability on the horizon. Quantum is distinct from AI. AI uses classical computing to learn from large datasets, recognize patterns and simulate human intelligence. Quantum is an entirely new way of computing, leveraging the laws of quantum physics to process vast possibilities at once. Within the last year, Google, Microsoft, Amazon and IBM announced new quantum processes and a commercially viable quantum computer could be a reality by 2030.
- The future of data centers is likely hybrid, combining quantum and classical computing. A plausible roadmap for quantum computing over the next 10 years could see the technology move from primarily being housed in research facilities, to pilot deployments in data centers, to eventually broad commercial installations in hybrid data centers.

For more info, Future of Quantum Real Estate

APAC Data Center investment volume, 2008 – H1 2025

USD Bn



Source: JLL Research, as at Q2 2025

GDS BJ20, BJ21, BJ22, BJ23
Location: Beijing
Price: CNY 2,900mn (USD 401mn)
Vendor: GDS
Purchaser: China Life, Yong An Insurance, CITIC Securities Co Ltd, China United Life Insurance Co Ltd

GLP China IDC Income Fund I Property
Location: Beijing
Price: CNY 2,600mn (USD 359mn)
Vendor: Unknown
Purchaser: GLP

Norwest Business Park

3 Brookhollow Avenue, Sydney, Australia

Overview

- 3 Brookhollow Avenue has been acquired by **GreenSquare DC**, marking its expansion into Sydney.
- This property will serve as the inaugural asset for a new AUD 1.2 billion platform.
- Sydney based **GreensquareDC** launched in October 2022, and is set to be acquired by Swiss private equity firm **Partners Group**.

Profile

- Northwest Business Park features a purpose-built, 4-level Tier 3 data center with 13,422sqm of Gross Floor Area.
- Previously managed by IBM/Kyndryl since 2005, it offered 99.98% availability and was part of a recognised data center hub with modern power infrastructure and diverse fibre connectivity.
- Located just 30 minutes from Sydney CBD, the area has benefitted from $9 billion in infrastructure investments in region.

Key Metrics			
Property Type	Data Center	**Price (AUD)**	110mn (USD 69mn)
Land Area (sqm)	51,858	**Expected Power Rate (AUD/MW)**	1.22 mn
Gross Floor Area (sqm)	13,422	**Vendor**	Confidential
Tenant	Vacant possession	**Purchaser**	GreenSquareDC

> “The data center sector continues to experience rapid growth and increasing investor interest. Australia’s market is particularly attractive to global occupiers and operators due to its transparent nature and status as a Tier 1 market under the Chips Act.
>
> **Thomas Madigan**
> *Senior Director, Head of Data Centers, Australia Capital Markets*

- Hyperscale tenants have historically dictated rental trends with limited supply prompting operators to compete in a race to the bottom in their efforts to secure high-profile clients
- Rents in Australia have seemingly reached a trough. With Australia typically following global cyclical patterns, rents can potentially grow 50% across the next four years, should it take after US and EU trends.
- With expectations of Yield on cost shifting, rental rates in Australia will need to increase for new development to stack up

Life science industry growth attracts capital deployment

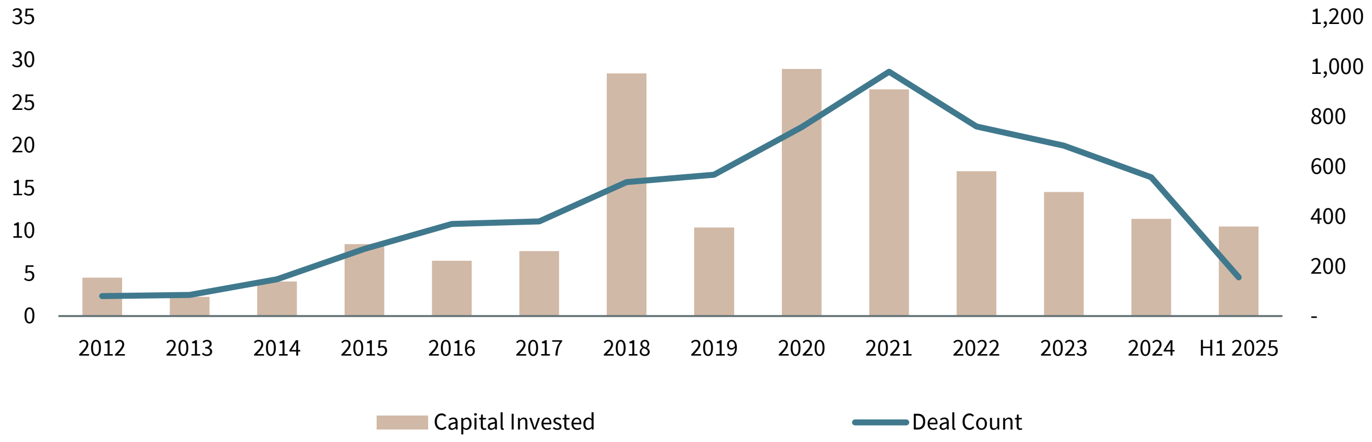
- APAC life sciences transaction volumes reached USD 230mn in H1 2025, rising from USD 11mn in H1 2024. The sector is increasingly gaining recognition as an attractive investment due to unprecedented industry growth, driving demand for specialized laboratory facilities across major clusters. Capital investments into APAC life science ventures more than doubled to USD 10.5bn in H1 2025 from 2012. Tailwinds for the sector are supported by aging populations, rising chronic conditions requiring advanced healthcare solutions, and a deep talent pool enhancing the region's investment appeal.
- **China:** The life sciences sector is thriving due to pharmaceutical and medical device industry growth, driven by demographic shifts and government policies like 'Made in China 2025'. Major international players are expanding operations, with Eli Lilly investing USD 200mn in its Suzhou site and Bayer establishing its E-Town Innovation Center in Beijing. China's remarkable 1095% patent registration growth since 2010 according to the WIPO (World Intellectual Property Organization) confirms its emergence as a global leader in life sciences innovation.
- **India:** As an established leader in pharmaceutical supply globally, Bengaluru and Hyderabad have emerged as premier life sciences hubs, attracting a combined USD 8.5bn in life sciences ventures in India, which accounts for over 80% of all life sciences investments for APAC in 2025 so far.
- **Japan:** Government support into the sector has driven the growth of the number of medical industry ventures, representing 9% year-on-year growth and a 20.7% CAGR since 2006, creating strong demand for specialized lab facilities. **Mitsui Fudosan** dominates the lab-for-rent market with nearly 40,000 sqm of space concentrated in Tokyo. The capital city's prominence as Japan's life sciences hub is reinforced by its university incubation facilities, which nurture emerging ventures and establish Tokyo as a prime target for life sciences property investment.

For more info, Japan life science property market overview

Capital Invested into APAC life sciences ventures

USD billions

No. of deals



Source: Pitchbook

Kanagawa Science Park R&D Building
Location: Tokyo
Price: JPY 5,214mn (USD 36mn)
Vendor: NTT UD REIT
Purchaser: private domestic company

Woodlands Central Cluster
Location: Singapore
Price: SGD 135mn (USD 104mn)
Vendor: Mapletree Industrial Trust
Purchaser: Brookfield Asset Management
* Hub for biotech firms

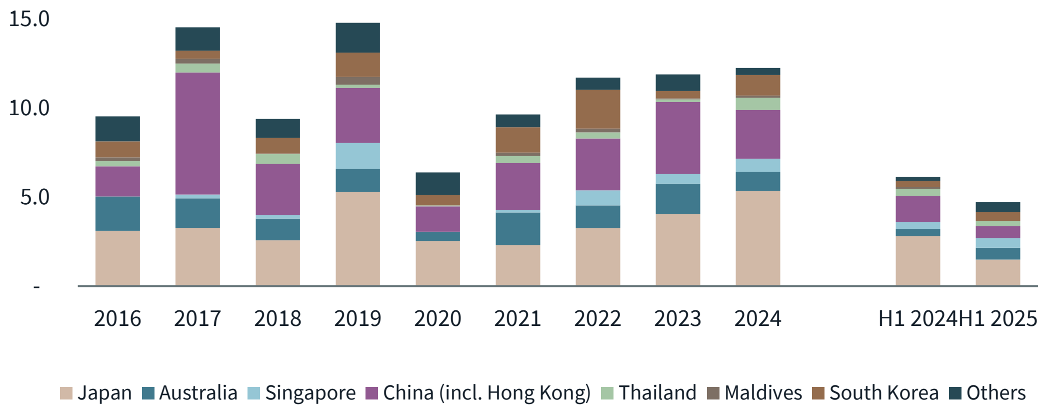
Source: JLL Research

Hotel investments pull back from strong momentum

- APAC hotel transaction volumes reached USD 2.1bn in Q2 2025 (H1: USD 5.2bn), falling 44% YoY (H1: -13%). Despite robust performance in Q1, hotel investment activity in APAC slowed considerably due to a stronger base last year, with Singapore and South Korea recording growth.
- Key Q2 deals include the Duxton, 21 Carpenter, Mercure Ambassador Hotel Hongdae, Shilla Stay Mapo, Hilton Adelaide, and Fraser Suites Perth.
- **Japan**: Fewer portfolio deals were recorded in Q2 2025 resulting in a significant slowdown in hotel transaction activity from last year. However, the investment climate remained positive in H1 2025 with investor demand driven by higher returns and long-term appreciation potential in Japanese assets.
- **Australia**: Activity rebounded strongly over H1 2025, driven by quality investment opportunities and a resurgence of offshore capital. Offshore capital accounted for 45% of total Australian hotel volumes in H1 2025. 58% of total bid volume is currently attributed for foreign capital, primarily from family offices and HNW individuals, followed by PE groups and institutional capital. The top five sources into Australia over the past 18 months has been Thailand, Singapore, China, Canada and USA.
- **Greater China (incl. HK)**: The ongoing economic challenges combined with effects from recent US tariff announcements, kept transaction volumes subdued. The market experienced a significant decline as there were fewer auction sales, with H1 2025 transaction volumes falling to half of the same period in 2024.

Asia Pacific Hotel Investment Volume, 2016 to H1 2025

USD bn



Source: JLL estimates, as at Q2 2025 – data pertains to transactions USD5M and above, and excludes Casino Property, Pub/Licensed Leisure, Development Site, Non-arm's length transactions.

Frasers Perth
Location: Perth (Australia)
Price: USD 67mn
Vendor: Frasers Property
Purchaser: Government of Western Australia

Citadines Raffles Place
Location: Singapore
Price: USD 219mn
Vendor: Mitsubishi Estate Co., Ltd.
Purchaser: YTL Corporation, BlackRock

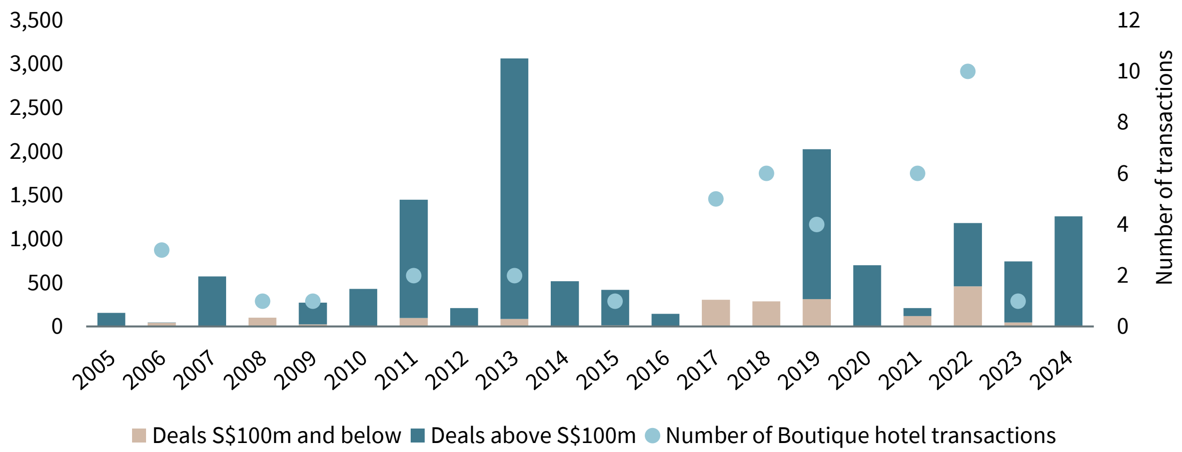
Hundred Stay Tokyo Shinjuku
Location: Tokyo (Japan)
Price: USD 208mn
Vendor: Orix Corporation
Purchaser: CapitaLand

Heritage shophouses raise new standards in Singapore Luxury hospitality

- **Singapore:** The hospitality sector is experiencing a significant transformation with boutique hotels emerging as an attractive investment option despite global economic uncertainties. These smaller properties, typically with fewer than 150 rooms and in some cases housed in historic shophouses, now represent approximately 51% of Singapore's total hotel supply, reflecting a fundamental shift in traveller preferences toward authentic, personalized experiences.
- JLL research shows a remarkable surge in boutique hotel transactions in the sub-SGD 100mn segment, increasing from just one or two deals annually before 2017 to ten transactions in 2022. These properties account for 12% of Singapore's total hospitality transaction volume over the past two decades. Additionally, shophouse-to-hotel conversions have grown from 4% of total hospitality transactions between 2013-2019 to 7% post-2019.
- Boutique hotels offer investors compelling advantages, including portfolio diversification, steady returns, and capital appreciation potential. Their ability to integrate multiple revenue streams through cafés, retail events, and co-working spaces enhances their resilience as an asset class. Government initiatives supporting heritage preservation while encouraging adaptive reuse have made these properties financially attractive investments.
- This trend aligns with broader regional investment patterns, as cross-border investment volumes into Asia Pacific rose 152% year-over-year in Q1 2025, reaching USD 8.6bn. Singapore investors increasingly favour higher-yielding, income-generating assets with minimal leasing risk criteria that boutique hotels satisfy. As Singapore continues to evolve as a global financial hub and premier tourist destination, boutique hotels are positioned to play a crucial role in shaping the city-state's identity while offering investors the opportunity to participate in its cultural and economic development.

Singapore hospitality transaction volume (2005 – 2024)

SGD Mn



Note: Boutique hotel transactions defined as those with deal size of S$100 million and below.
Source: JLL Research, RCA, Industry sources

> “By their rarity, heritage characteristics, and prime location, boutique hotels in Singapore provide a long-term assurance for family wealth preservation amid global economic volatility and political tensions.
>
> **Isabel Wong**
> *Vice President, JLL Hotels & Hospitality Group*

Singapore boutique hotels sparks strong HNWI investor interest

Singapore

Duxton Reserve, Autograph Collection

Lotus One Investment, a Nepal-based family office, has acquired the luxury 49-key shophouse hotel from **The Garcha Group** in a SGD 80mn deal. This acquisition fits with Lotus One Investment's long-term strategy of making value-focused investments in culturally significant and iconic hospitality and real estate assets. The Garcha Group, which specialises in heritage-rich luxury properties, had successfully transformed the property into a premier hospitality destination.

21 Carpenter, a member of Design Hotels

Indonesian-born billionaire Leo KoGuan has purchased 21 Carpenter through his company **Timemerchant Capital**, a 48-room hotel in Singapore's Boat Quay area, for c.SGD100mn from **8M Real Estate**. With SGD 2.08mn per key, this represents Singapore's largest-ever shophouse transaction by value, and also marks Timemerchant's first hotel purchase in the country. The hotel has received several awards, including the Singapore Institute of Architects (SIA) Design of the Year.

- Properties like the Duxton Reserve and 21 Carpenter have set new standards in luxury hospitality, seamlessly blending heritage architecture with contemporary design and modern amenities. Their design-focused interiors distinguish them from standardized chain hotels, enhancing the traveller experience.

> “The strong investor appetite for heritage boutique properties in Singapore continues unabated, especially for assets with such attractive investment quantum.
>
> **Ling Wei Tan**
> *Senior Vice President, JLL Hotels & Hospitality Group*

Geographies

1. China
2. Hong Kong
3. South Korea
4. Japan
5. Singapore
6. Australia
7. India

Small-sized transactions continue to dominate the investment market

Key trends:

- **Cautious investment:** Investors, especially institutional remain cautious with their commercial real estate decisions. Investment activity continued to be led by domestic private companies and high-net-worth individuals (HNWIs) in Q2. Small-sized transactions still prevailing.
- **Office dominance:** Office assets, for both self-use and investment purposes, remained the most transacted sector this quarter in terms of volume. Buyer profiles were diverse, including state-owned enterprises and self-use buyers such as TMT and manufacturing companies.
- **Multifamily appeal:** Multifamily assets in Tier-1 cities have a stronger appeal to investors for their relatively stable returns.

Outlook:

- **Market correction:** Capital values are expected to decline further, and cap rates are likely to continue decompressing. However, this ongoing market correction may encourage more end-use buyers and opportunistic investors to increase capital deployment.
- **Retail gaining traction:** Retail assets are expected to gain more interest from end-users and opportunistic domestic buyers, supported by the government's ongoing policy focus on boosting domestic consumption.
- **Core-area assets:** Investors are expected to focus more on assets in core areas of Tier 1 cities, given their resilient returns and scarcity.

Key deals	Asset	Price (USD mn)	Unit price	Vendor	Purchaser
Q2 2025	Xuhui Xinbanyu R4 Project	242	USD 4,379 psm	China Fortune Properties	Shanghai Chengtou Group & Shanghai Guosheng Group
Q2 2025	Fosun BFC 2F, 5F, 6F, 7F	92	USD 13,824 psm	Fosun	Huangpu SOE

Xuhui Xinbanyu R4 Project

Shanghai

End users remain the major buyer type

Key trends:

- **Macro conditions:** GDP growth accelerated to 3.1% YoY in Q1 2025, CPI grew by 1.9% and unemployment rate rose to 3.5%. The benchmark 1-month HIBOR plummeted to 0.73%, while major banks maintained the best lending rate at 5.25%.
- **Persisting bank credit tightening:** Banks continued credit tightening on commercial real estate investment due to significant capital values correction across the board.
- **Distressed developers:** Developers, not limited to small-and-medium ones, faced a more challenging financial situation with increasing loan defaults.

Outlook:

- **Eyes on office:** Improved office leasing activity, driven by robust IPO activity, is likely to increase investor interest in prime office assets. The latest hotel conversion may also boost interest in Grade B office properties suitable for similar projects.
- **Cap rate expansion:** The bid-ask gaps are predicted to remain wide and cap rates may experience a further round of expansion alongside the potential downturn in the financial market.
- **External shocks:** Progress made between mainland China and the US on trade negotiation could help improve investment sentiment. Interest rate cuts by the US Fed and China's stimulus package would likely raise investor confidence.

Key deals	Asset	Price (USD mn)	Unit price	Vendor	Purchaser
Q2 2025	42-50/F with portion of 1-2/F, One Exchange Square	807	USD 59,099 psm	Hongkong Land	Hong Kong Exchange and Clearing Limited
Q2 2025	4/F, United Centre	45	USD 15,562 psm	Hong Kong Ping Jeng Lau Co Ltd	The Hong Kong University of Science and Technology

One Exchange Square

Hong Kong

Office transaction volume reaches four-year high in Q2

Key trends:

- **Market performance:** Office vacancy rate recorded a slight increase to 3.2% compared to the previous quarter but still maintains a very low level due to the continued supply cliff. The logistics market is also experiencing a downward trend in supply, with the vacancy rate maintaining virtually flat as the previous quarter at 16.4%.
- **Strong office Investment activity:** In Q2 2025, office transaction volume reached approximately KRW 5.4 trillion, recording the highest transaction volume since Q2 2021. A representative transaction case was SI Tower.
- **Decreased logistics investment volume:** The logistics transaction market was quiet this quarter, recording the lowest volume in five years. However, with noteworthy deals scheduled to close in Q3, the decrease appears temporary, and the market is expected to rebound soon.

Outlook:

- **Economic Conditions:** The Bank of Korea lowered key rate to 2.5% in May. The spread with US rates reached a record 200bps. As a wider gap could affect the KRW-USD rate, most expect the spread won't increase further.
- **Tariff concerns:** While political stability has improved under the new presidency, the broader economy continues to struggle with a persistent downturn, further aggravated by US tariff adjustments.
- **Investment Market Outlook:** Office transactions have turned brisk on the back of increased capital deployment from domestic institutions and lowered financing costs. Gangnam and Yeouido offices continue to gain strong traction, while closing deals in the CBD is more challenging with upcoming supply acting as a headwind.

Key deals	Asset	Price (USD mn)	Unit price / NOI yield	Vendor	Purchaser
Q2 2025	SI Tower	640	USD 9,665 psm / 3.5%	KB Asset Management	IGIS Asset Management (KTCU)
Q2 2025	Crescendo Building	397	USD 7,262 psm / 3.9%	DWS Asset Management, Korea Post	KORAMCO Asset Trust; POBA

SI Tower

Seoul

Rising rents boost investment activities

Key trends:

- **General Market Conditions:** Despite the worsening macro economic outlook, interest rates continue to rise gradually. However, positive yield spreads are still available across all property sectors and lending intentions of financial institutions remain accommodative.
- **Investment Strategies:** All sectors, especially in multifamily and office rents are moving higher. Office rents are rising not just in the CBD but also in fringe areas. For logistics facilities, there will likely be an increase in transactions in Greater Osaka, where vacancy rates are low.
- **Major Sales Transactions:** There has been an increase in sales due to REIT portfolio reshuffling, and there have also been sales of large, old company-owned buildings by business companies.

Outlook:

- **Investment Sentiment:** Despite rising interest rates, investors remain bullish as rents grow. Positive yield spreads are still achievable.
- **Financial Metrics:** The pace of additional interest rate hikes by the BOJ is likely to slow, and the increase in long-term interest rates is not expected to be as large as initially expected.
- **Wild Cards:** Many equity investors put pressure on listed companies to make more effective use of their real estate, resulting in an increase in real estate sales by these companies.

Key deals	Asset	Price (USD mn)	Unit price	Vendor	Purchaser
Q2 2025	Akasaka Garden City	378	USD 10,023 /psm	Sekisui House REIT and others	TPG Angelo Gordon
Q2 2025	Yokohama Plaza Building	168	USD 12,034 /psm	Global One Real Estate Investment	Meiji Yasuda Life Insurance Company

Akasaka Garden City

Tokyo

Funds continue to seek investment opportunities in Singapore

Key trends:

- **Funds remain active:** Funds are still active in Singapore, which is perceived as a safe investment haven amid global uncertainties. Assets offering conversion and/or value-adding opportunities remain on investors' radars. Higher-yielding assets (e.g. business parks, logistics/warehouses, data centres, hotels) stay popular.
- **Mid-market opportunities:** Freehold assets (e.g. strata-titled offices, shophouses) priced below SGD 100mn apiece continue to appeal to family offices, high-net-worth-individuals (HNWIs) and cash buyers.
- **Longer deal lead times:** While interest rates have eased, risk premiums stay elevated due to the heightened global economic and geopolitical headwinds. Deal lead times have lengthened as a result.

Outlook:

- **Resilient property market:** Singapore's resilient property market and medium-to-long-term prospects should remain attractive to capital seeking safe investment havens amid a politicised economic environment.
- **Capital preference:** Interest in assets offering positive yield spreads over borrowing costs (e.g. industrial and hospitality) is expected to persist in the coming quarters. Large ticket transactions, if any, will be supported by local and regional capital and partial interest may start gaining traction.
- **Heightened risks:** A deterioration in global macroeconomic and geopolitical conditions could keep investors on the sidelines and risk premiums high even as interest rates continue to ease, thereby dampening investment transaction volume.

Key deals	Asset	Price (USD mn)	Unit price / NOI yield	Vendor	Purchaser
Q2 2025	South Beach* (50.1% interest in holding entity)	1,060	USD 14,410 /psm (over GFA)	City Developments Limited	IOI Properties Group
Q2 2025	Mapletree Industrial Trust Portfolio (3 assets)	412	USD 1,863-3,195 /sqm (over GFA)	Mapletree Industrial Trust	Brookfield Asset Management

*Comprising the office, retail and hotel components of the mixed development

South Beach
(50.1% interest)

Singapore

Investment momentum remains robust, but varies by sector

Key trends:

- **Economy remains resilient:** Australian unemployment has very gradually increased over the past two years. However, the current figure (4.1%) remains well below the 20-year long-term trend of 5.1%. Economic growth has slowly picked up (from a low base) over the past two quarters.
- **Investment momentum varies across the sectors:** Investors continue push into the retail sector, with a preference for convenience-focused assets, supporting strong volumes. Office volumes stalled over Q2 2025 as there are few quality assets on market and investors remain selective on the types of office assets they consider.
- **Emphasis on Domestic Capital:** The acquisition of St Ives Shopping Village in Sydney's North by Australian development group Iris Capital, was the largest transaction in Australia in Q2. Domestic Australian capital has dominated the retail market over the last five years.

Outlook:

- **Yield compression to continue in some sectors:** retail and industrial yields are projected to record some yield compression in the second half of 2025. Pricing for office has broadly stabilised with income growth to support an uplift in values in some quality assets.
- **Anticipated rate cuts:** Whilst the Reserve Bank of Australia surprised the market by not cutting rates in its July meeting, market are pricing in up to two cuts for the remainder of 2025, which is supportive of investment activity over the coming year.
- **Geo-political uncertainty:** tensions in the Middle East and uncertainty about global tariff policy are making some investors wary. Whilst underlying real estate fundamentals are stable (or improving in some sectors) in Australia, investors will continue to weigh-up global risks which could impact deal activity.

Key deals	Asset	Price (USD mn)	Unit price / NOI yield	Vendor	Purchaser
Q2 2025	St Ives Shopping Village	288	USD 16,507 psm	EK Nominees	Iris Capital
Q2 2025	Woodgrove Shopping Centre	282	USD 6,097 psm	QIC	Assembly Funds, PGIM

St Ives Shopping Village

Sydney

Foreign investments underpin stability amid headwinds

Key trends:

- Institutional investments witnessed a 37% year-on-year decline. Investment decision-making cycles have lengthened as market participants navigate complex global economic headwinds and geopolitical ambiguities.
- Despite this moderation, market confidence remains robust, evidenced by an impressive pipeline exceeding USD 1bn in transactions, currently under due diligence or in advanced stages of discussions.
- While 2024 recorded an impressive USD 8.9bn in investments, this figure was significantly boosted by approximately USD 2.7bn raised through Qualified Institutional Placements (QIPs) by listed entities.
- Excluding QIPs, the investment figure stood at USD 6.2 billion in 2024, aligning with the steady half-yearly average of around USD 3 billion. H1 2025, with investments totaling USD 3.1 billion and no QIP activity, demonstrates this continued stability.
- Foreign Investors continue to take the center stage accounting for 68% share of investments. This sustained foreign investor confidence stems from government reforms enhancing market transparency and accountability.

Outlook:

- Following an extraordinary 2024 that outpaced investment records, the real estate market has consistently demonstrated its staying power with annual investments surpassing the USD 5bn threshold across the previous five years.
- When analyzing historical investment patterns and current global economic conditions, we anticipate that capital flows for calendar year 2025 will align with these established benchmarks.
- Risk - Persistent global headwinds appear more entrenched than initially predicted. While stabilization remains on the horizon, the unclear timeline has extended investment decision cycles, with several capital deployment determinations likely shifting into 2026.

For more info, India Institutional Capital Flow Market Perspective

Key deals	Asset	Price (USD mn)	Unit price / NOI yield	Vendor	Purchaser
Q2 2025	Southcity Mall	380	USD 6,289 psm	Blackstone	South City Projects (Kolkata) Ltd
Q2 2025	NCL SG Holding Pte-Embassy	107	USD 149 psm	Embassy Group	NCL SG Holdings Pte Limited; Bellanza Developers Private Limited

Southcity Mall

Kolkata

Direct Deals

Transaction	Date	Sector	Price (USDmn)	Vendor	Purchaser	Remarks
Japan						
Akasaka Park Building, Tokyo	Apr-25	Office	559	Japan Real Estate Investment Corporation	Mitsubishi Estate	
TOKYO β Portfolio	Apr-25	Living	554	Lone Star	Warburg Pincus	
Akasaka Garden City, Tokyo	May-25	Office	378	Sekisui House REIT	TPG Angelo Gordon	
HUNDRED CIRCUS East Tower, Tokyo	May-25	Living	208	ML Estate	Capitaland	
South Korea						
SI TOWER, Seoul	Jun-25	Office	640	KB Asset Management(KB Bank, Samsung Fire & Marine Insurance)	IGIS Asset Management; KTCU	
KDB Life Tower, Seoul	May-25	Office	481	KB Asset Management	CJ Olive Young	
CJ CheilJedang Center, Seoul	Jun-25	Office	469	IGIS AMC	IGIS, CJ Logistics, Cj Cheiljedang, Kiwoom securities	
Crescendo Building, Seoul	Apr-25	Office	397	DWS Asset Management; Korea Post	KORAMCO Asset Trust; POBA	
Susong Square, Seoul	Apr-25	Office	373	Morgan Stanley & Co.	D&d Investment (D&D Platform REIT)	
Australia						
GIC PBSA AUS Portfolio 2025	Apr-25	Living	1,026	GIC; Wee Hur Holdings Ltd	Greystar Management; Future Fund	7 assets
St Ives Shopping Village, Sydney	Apr-25	Retail	288	EK Nominees	Iris Capital	
Woodgrove shopping centre, Melton	Jun-25	Retail	282	QIC	Assembly Funds management	
309-321 Kent Street, Sydney	Jun-25	Office	188	DEXUS Property Group	Ashemorgan	50% stake, 2 assets
Frasers Prime Logistics Venture, Sydney	Apr-25	Industrial	183	Frasers Property Industrial	Morgan Stanley	8 assets
China						
Chengjian Yunqi Building, Shenzhen	Apr-25	Office	567	Shenzhen Urban Construction Group	Shenzhen Luohu Investment Holding	81% stake
GDS BJ20, BJ21, BJ22, BJ23, Beijing	Apr-25	Data Center	401	GDS	China Life, Yong An Insurance, CITIC Securities, China United Life Insurance	4 assets
Creative City T6B, Shenzhen	Apr-25	Office	370	Shenzhen SEZ Construction	Shenzhen Dashahe Construction Investment	
Xuhui Xinbanyu R4 Project, Shanghai	Jun-25	Living	242	China Fortune Properties	Shanghai Chengtou Group; Shanghai Guosheng Group	
Hong Kong						
42-50/F with portion of 1-2/F, One Exchange Square	Apr-25	Office + Retail	807	Hongkong Land	HKEX (Hong Kong Exchanges and Clearing Limited)	
Unit 1-25, 4/F, United Centre	Jun-25	Retail	45	Hong Kong Ping Jeng Lau Co Ltd	The Hong Kong University of Science and Technology	
Singapore						
Geneo - 5SPD	May-25	Office	188	Science Park Property Trustee Pte. Ltd.	CapitaLand Ascendas REIT	
Ching Shine Building	Apr-25	Industrial	87	Collective Sale Owners	Soon Hock Group	

JLL SEE A BRIGHTER WAY

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