Asia Pacific
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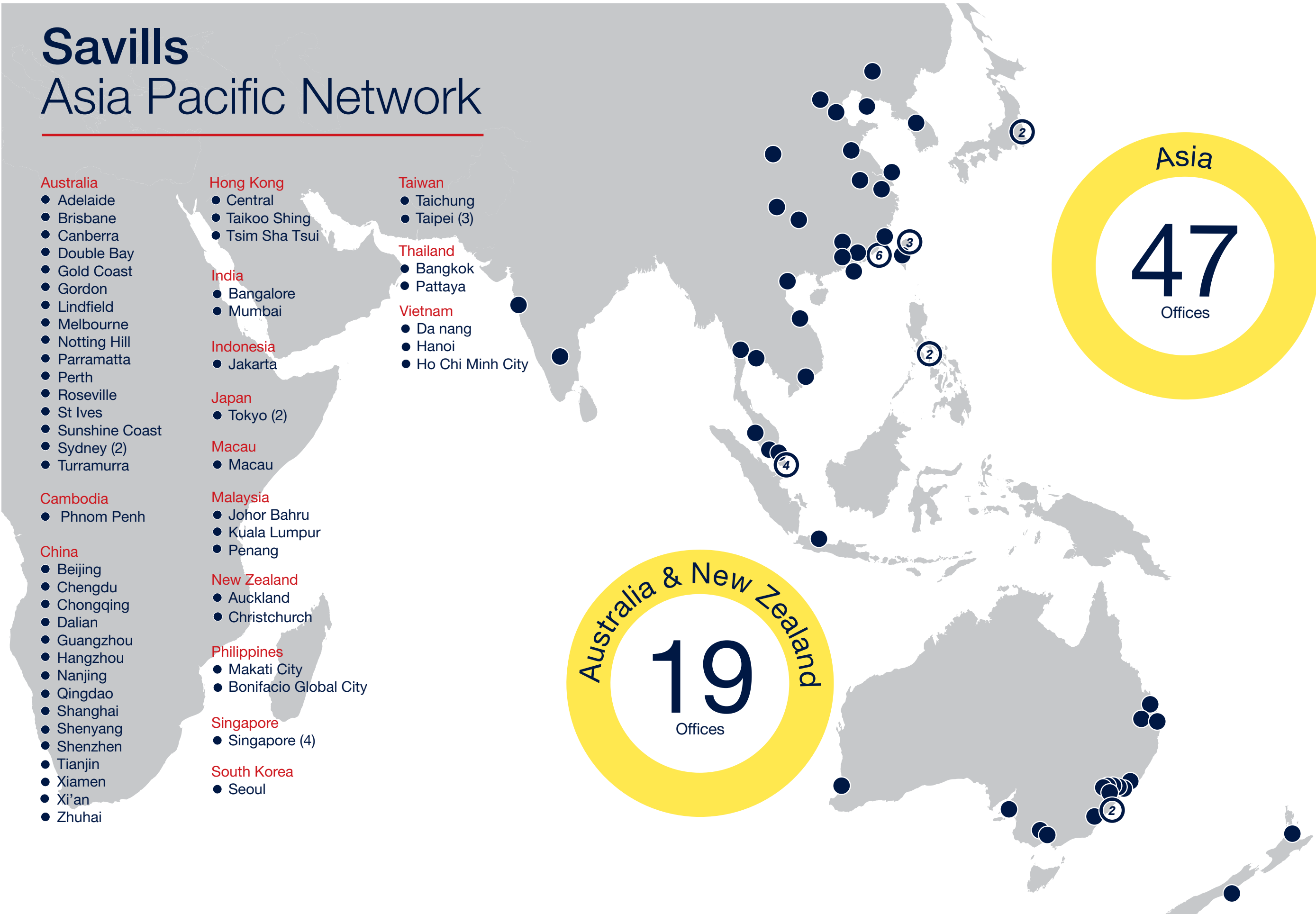
Q2 2017

HIGHLIGHTS

In Japan, sustained GDP growth, along with stable interest and exchange rates, have fostered a positive economic environment for real estate investment. Volumes remain low as aggressive pricing continues, but market fundamentals are holding up stronger than expected in the face of Tokyo's elevated supply pipeline. China is looking to prevent financial risks by taking aim at its most prolific overseas acquirers and reviewing their debt fuelled buying sprees as well as clamping down on domestic fund raising practices while continuing to enforce strict capital controls. In Australia, yield and IRR benchmarks have breached previous lows amidst a pick-up in sales activity. Whether this represents an expensive point in the cycle, or value-buying against fixed interest returns, depends largely on purchasers' point of view. In Hong Kong prices in the office and residential market are at record levels off very low transactions volumes. The retail market meanwhile is beginning to show signs of life. In Singapore, local and overseas corporates and institutions are chasing a limited pool of investible assets while local and PRC developers are bidding aggressively for government land sales and en-bloc redevelopment opportunities.

Simon Smith, Savills Research

An introduction to Savills



Source: Savills Research & Consultancy

Savills is a leading global real estate service provider listed on the London Stock Exchange. The company, established in 1855, has a rich heritage with unrivalled growth. The company now has over 700 offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

In Asia Pacific, Savills has 66 regional offices comprising over 25,000 staff. Asia Pacific markets include Australia, China, Hong Kong, India, Indonesia, Japan, Korea, Macau, Malaysia, New Zealand, Taiwan, Thailand, Singapore and Viet Nam, with associate offices in Cambodia and the Philippines. Savills provides a comprehensive range of advisory and professional property services to developers, owners, tenants and investors. These include consultancy services, facilities management, space planning, corporate real estate services, property management, leasing, valuation and sales in all key segments of commercial, residential, industrial, retail, investment and hotel property.

A unique combination of sector knowledge and entrepreneurial flair gives clients access to real estate expertise of the highest calibre. We are regarded as an innovative-thinking organisation supported by excellent negotiating skills. Savills chooses to focus on a defined set of clients, offering a premium service to organisations and individuals with whom we share a common goal. Savills is synonymous with a high-quality service offering and a premium brand, taking a long-term view of real estate and investing in strategic relationships.

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What a difference three months makes. After seeing the most subdued quarter of sales since 2012 in March, Q2-2017 posted AU$4.8 billion of office transactions on Savills figures; making it one of the most active on record as major trophy assets such as 20 Bridge Street and 50% of the MLC Centre in Sydney changed hands.

While down from the record set in 2016, total sales volume of major office assets reached AU$12.2 billion, a level well above volumes that were experienced prior to the GFC. On Savills figures, the quarter is also notable for another reason; the average national yield is now exactly back in line with the 6.34% seen at the peak of the market in December 2007.

For some, this is an ominous statistic and it is undoubtedly providing comfort to some vendors thereby stimulating sales volumes. However, when considered in light of the 10yr bond rate, that fell to just 2.41% at the end of FY-17, the periods could not be more different.

The chart shows just how divergent these relative values are, by plotting the spread between the average prime office yield over Australia's 10yr bond rate and also the IRR (total return expectation) on property as a multiple of the bond rate itself. While the average IRR is at a record low (7.72%) and the yield is at the equal lowest on record, when considered in light of the returns on fixed cash spreads and multiples remain well above the long run average.

For investors this poses one simple question – should I judge the market on an absolute or relative basis?

Many have only focussed on headline numbers and therefore viewed property as expensive for a number of years now. Staying on the sidelines over this period would have been an expensive exercise with all office markets posting strong capital growth over the past year, led by Sydney that recorded an exceptional 23% rise in prime capital values (according to Savills figures).

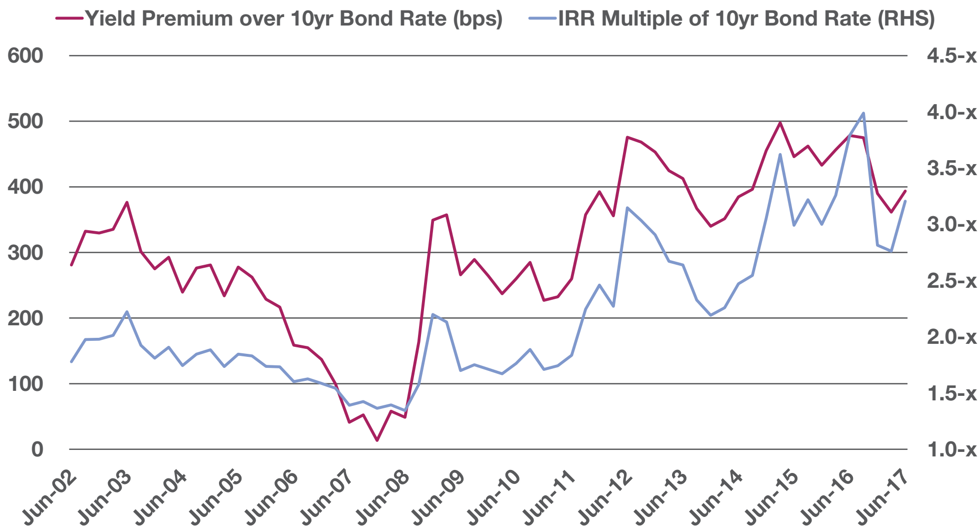
But while relative value investing based on the risk-free rate (that has declined from 6.59% in Jun-08) is a cornerstone of finance theory, these numbers can move sharply in coming periods based primarily on movements of bond rates that remain near record low levels.

Recent economic challenges in Australia, with GDP growth declining to just 1.7% over the past 12 months, give many faith that the interest rate environment will remain 'lower for longer' over coming periods.

Should this be the case, there is undoubtedly material upside in commercial property still, but investors need to be increasingly aware that property's investment fortunes are likely to be dictated just as much by bond markets as they are by property fundamentals going forward.

GRAPH 1

Relative Grade A office returns, Jun 2002–Jun 2017



Source: RBA, Savills Australia

TABLE 1

Major investment transactions, Apr–Jun 2017

Property	Location	Price	Buyer	Usage
MLC Centre (50%)	Sydney	AU$722.6 mil/US$555.6 mil	Dexus	Office
Home Hub Castle Hill	Sydney	AU$336.0 mil/US$259 mil	Aventus Property Group	Retail
Exchange Centre	Sydney	AU$334.5 mil/US$255 mil	Overseas private	Office
Telstra Plaza Building	Sydney	AU$275.0 mil/US$212 mil	ARA Asset Man.	Office
Salamander Bay S.C	Salamander Bay	AU$174.5 mil/US$135 mil	Charter Hall	Retail
Market Town S.C.	Newcastle	AU$165.0 mil/US$127 mil	AMP Capital	Retail

Source: Savills Research & Consultancy

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The en-bloc sales market recorded four deals during the quarter, recording an aggregate consideration of RMB7.23 billion. Demand was dominated by institutional investors, particularly from the domestic financial sector and fund industry, who continued to display strong appetite for deals.

While quality assets in core locations continued to stand out as the preferred choice, a scarcity of available stock has resulted in an emerging trend of astute investors focusing their attention towards add value opportunities that can arise through the redevelopment or conversion of existing projects. Transformation and upgrading strategies see owners attempt to enhance both the rental and capital values of their properties. Overall preference continues to be given to the office sector, where generally higher values have seen a number of hotel and retail projects converted to this format.

Major transactions during the quarter included:

- A domestic fund purchased a 100% equity share in Hotel Jen Upper East in Wangjing district for a total consideration of approximately RMB1.83 billion. The deal was transacted at an average price of RMB43,000 per sq m. The project is anticipated to undergo a conversion and be relaunched onto the office market.

- Ping An Trust acquired the One City Shopping Mall in Wangjing district from Henan Zhongze Property for a total consideration of RMB1.25 billion, or an average transaction price of RMB25,000 per sq m.

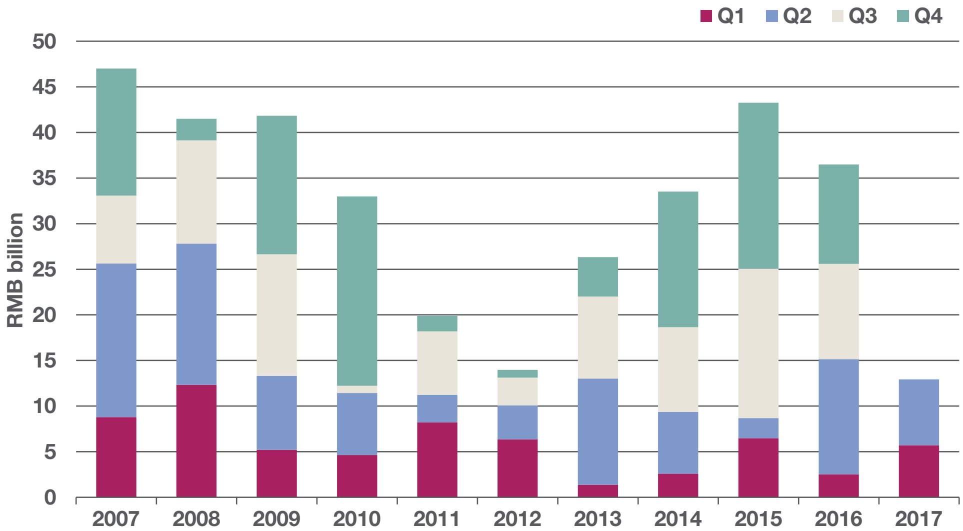
- Spot on WFJ, a shopping mall project in Wangfujing district, was acquired by a foreign fund. The deal saw the buyer acquire a 100% equity share in the project for RMB2.20 billion, representing an average transaction price of RMB56,800 per sq m.

Domestic developers have continued to show an increasing openness to a variety of financing structures and M&A agreements, signifying the growing popularity of the asset-light strategy. Recent activity in this space witnessed Vanke Group, shortly after acquiring SCP Group last year, announce the establishment of two commercial REITs valued at RMB12.9 billion. Other news has seen the recent strategic collaboration between Huayuan Property and COFCO Group's Joy City. The partnership will see a new Joy City shopping mall developed in Shijingshan district under this asset-light model.

Going forward, a limited availability of quality land and soaring prices will see developers continue to transform their business models, changing their role from heavy asset model developers to light asset service providers. More developers will set their sights on added-value investment opportunities in the future.

GRAPH 2

En-bloc investment volumes by property type, 2007–Q2/2017



Source: Savills Research & Consultancy
* Historical data in 2014-2016 has been updated.

TABLE 2

Major investment transactions, Apr–Jun 2017

Property	Location	Price	Buyer	Usage
Spot on WFJ	Wangfujing	RMB2.201 bil/US$324 mil	Foreign fund	Retail
Hotel Jen Upper East	Wangfujing	RMB1.83 bil/US$269 mil	Everbright Ashmore	Hotel convert to office
The World Commerce Centre	Fengtai	RMB1.944 bil/US$286 mil	Domestic financial institution	Office
One City	Wangjing	RMB1.25 mil/US$184 mil	Ping An Trust	Retail, rumoured conversion to office

Source: Savills Research & Consultancy

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Despite a tightening of real estate policies in Q2/2017, the land market has remained relatively active. In alignment with steps taken by many other cities in China, Tianjin has enhanced its traditional land auction model of the highest price wins to a more nuanced system through which every plot has a reserve price and a maximum price. Should more than one bidder reach this maximum price, subsequent rounds of bidding focus on what percentage of the buildable GFA will be converted to for lease stock as opposed to GFA that could have been previously sold.

Total land supply increased by 33% in Q2/2017 to 1.4 million sq m, though this figure remains down 21% year-on-year (YoY). Land supply in the core districts accounted for just 2.8% of the total, significantly less than in previous quarters. The Binhai New Area accounted for another 12.0%, again less than the long-term average, while both the suburban and fringe districts accounted for 43% each. The total land transaction volume fell 16% QoQ to 876,000 sq m, down 36% YoY, with the majority located in fringe districts (51%) followed by suburban districts (32%).

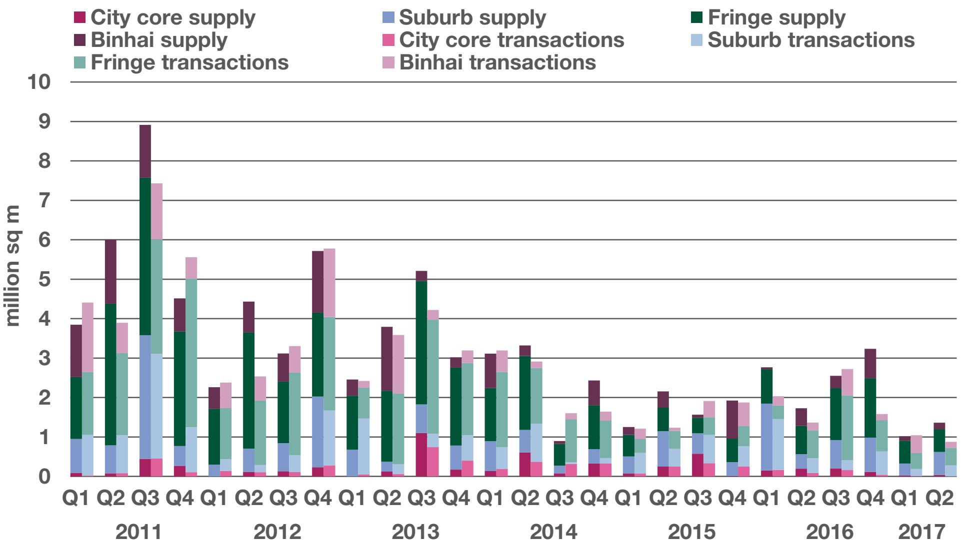
On 4 June, a local developer, Rongsheng Real Estate Development Co. Ltd., acquired one land plot, titled for mixed use, located in Tuanbo New Town in the Jinghai District. As its first auction in Tianjin, Rongsheng purchased the plot for a total consideration of RMB1.79 billion (a premium of 50% over the reserve price) with the for-lease component accounting for 27,000 sq m out of 174,000 sq m of buildable area. The accommodation value for the plot of land was RMB10,297 per sq m, a new high in Tuanbo New Town Area and the first transaction following the new guidelines.

In the same month, without any competitors and therefore no bidding process, OCT purchased a land plot in the Xiqing district for the base price of RMB5 billion, an accommodation value of RMB14,940 per sq m. The 198,000 sq m development opportunity includes two land plots located 10km apart in Zhongbeizhen and Zhangjiawo. This was the first time that two land plots were sold together with the individual plots located so far away from each other. One plot is designated for residential development while the other is for commercial development.

This evolution of the land auction market is designed to achieve multiple goals, to reduce the overall upfront costs of acquiring land and limit the number of land kings, force developers to take a longer term view of markets, developments and management through the retention of property assets, and to increase the availability of institutionally owned leasable stock to meet the needs of a changing and increasingly more mobile society.

GRAPH 3

Land supply and transaction volumes by area, Q1/2011–Q2/2017



Source: Tianjin Land Exchange Centre, Savills Research & Consultancy

TABLE 3

Major investment transactions, Apr–Jun 2017

Property	Location	Price	Buyer	Usage
Plot 2017-06 (JJ)	Jinghai	RMB1.79 bil/US$264 mil	Tianjin Rongzhu Real Estate Development	Mixed-use development site
Plot 2016-08 (JN)	Jinnan	RMB1.32 bil/US$194 mil	Shenzhen Wogang Investment	Residential development site
Plot 2017-01 (JXQ)	Xiqing	RMB3.35 bil/US$494 mil	Tianjin Rongshang Real Estate Development	Mixed-use development site
Plot 2017-1 (JBB)	Beitang	RMB2.56 bil/US$377 mil	Tianjin Shunji Real Estate Development	Mixed-use development site
Plot 2017-03 (JXQ)	Xiqing	RMB5.02 bil/US$740 mil	OCT (Beijing) Investment	Mixed-use development site

Source: Savills Research & Consultancy

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Chengdu's new land supply has dropped significantly since the beginning of 2016 in response to concerns about an oversupply of residential stock in many second- and lower-tier cities. Diminishing supply levels resulted in a corresponding decline in transaction volumes in the primary market, with volumes down more than 50% year-on-year in 1H/2017. Given the shortage of new land supply and the dramatic turnaround in the housing market resulting in increased demand from developers, bidders were finding new land auctions increasingly competitive in the first half of 2017, resulting in escalating land premiums. Premiums over land reserve values increased to 47% in 1H/2017, up 17 percentage points compared to the same period in 2016.

Unlike many international developers, which generate a significant component of their revenue via recurrent income from investment properties and asset management, domestic developers generate most of their revenue and profit from development and sales. These domestic developers are therefore required to continuously replenish their development pipelines through the acquisition of new land plots. As the competition for acquiring land from the primary land market has increased, developers have started to seek alternative channels to secure land development opportunities, particularly from the second-hand land market. This market drew significant attention from the largest real estate companies such as Vanke, BRC (蓝光) and Sunac. Attempts to acquire second-hand land have been more prevalent than ever before, resulting in 13 sizeable transactions in 1H/2017 compared to just one case in 2016.

The area along Tianfu Avenue is a key focus of attention with six land deals concluded in 1H/2017. With the expansion of the city, especially to the south and east, the more suburban areas have also been highly sought after by developers. There were only four land transactions located in the traditional urban areas with most land transactions taking place in suburban areas such as Pixian, Xindu and Shuangliu.

Development opportunities come about by either acquiring individual assets, equity stakes or joint ventures at project company levels or even in some cases by buying the corporate development platform.

Should financing availability remain largely closed off to smaller developers while larger developers are able to keep credit lines open, then the second-hand market is likely to continue to be a primary source of development opportunities for national developers and the largest regional developers looking to enter, or expand their presence in, the Chengdu market.

TABLE 4

Major second hand development site transactions, 1H/2017

	District	Buyer
1	Wuhou	Poly
2	Pixian	Poly
3	Hi-tech	Chinese Construction Third Engineering Bureau
4	Pixian	Landsea Group
5	Jinjiang	Zhongtian
6	Hi-tech	Sunac China Holdings
7	Tianfe New Area	BRC
8	Tianfe New Area	Yango Group
9	Tianfe New Area	Yango Group
10	Tianfe New Area	Yango Group
11	Shuangliu	BRC
12	Xindu	Future Land
13	Pixian	Vanke Group

Source: Savills Research & Consultancyy

TABLE 5

Major investment transactions, Apr–Jun 2017

Property	Location	Price	Buyer	Usage
WH08 (252): 2016-045	Wuhou	RMB4.64 bil/US$685.8 mil	Beijing Xingmao	Mixed-use development site
QY09 (211/252): 2016-053	Qingyang	RMB1.51 bil/US$223.2 mil	China Railway Construction Group	Mixed-use development site
XD2017-05 (252/211)	Xindu	RMB830 mil/US$122.7 mil	Gansu Construction Investment	Residential development site
GX02 (21): 2017-011	Hi-tech	RMB213 mil/US$31.5 mil	Renju Real Estate	Commercial development site
CH02 (21/251): 2017-007	Chenghua	RMB43 mil/US$6.4 mil	Zhongnan Construction	Mixed-use development site

Source: Savills Research & Consultancy

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The Guangzhou government launched the "2017 Guangzhou city land supply plan" in April 2017. According to the plan, 260 new land plots have received sales approval for 2017, with a total land area of approximately 20.5 million sq m, up 18.5% year-on-year (YoY). While industrial-titled land makes up the largest proportion, 73 commercial land plots and 54 residential land plots also are expected to come onto the market, accounting for 18% and 19% of the total land area respectively. Over 40% of the new land plots range in size from 100,000 to 250,000 sq m. These plots are expected to encourage more small- to mid-scale developers to enter the market.

Downtown areas are expected to receive just 2.4% of the city's new supply, with suburban districts such as Baiyun, Panyu and Nansha receiving the majority of commercial land supply and a large number of residential land plots. The large volume of new supply should support the rapid development of these suburban areas.

Adequate land supply and developers' positive expectations will support the city's real estate development. Real estate investment activity increased last quarter, with the conclusion of four major sales transactions, including Metropolitan Plaza, which sold to The Link REIT for RMB4.07 billion. The Metropolitan Plaza, an 85,700 sq m project located in the Liwan district, was purchased by Gaw Capital from Cheung Kong Holdings for RMB 2.59 billion in 2013, representing a price increase of 56.7% over the four-year holding period.

The market also witnessed another three transactions: 38 Interactive Entertainment bought Zhongrong Centre in the Tianhe district for a total transaction price of RMB835 million, Master Glory Group purchased the Taifeng Building in the Yuexiu district for RMB229 million, and Yango acquired a residential project – Jiangwan New Town – in the Yuexiu district for RMB179 million.

Additionally, new polices have been released regarding the city's land auction market. Under the new policy, the land-bidding process includes four stages:

1) Bidders compete on pricing until they hit the price cap (typically 50% above the reserve price)

2) Bidders compete on percentage of space they are willing to convert to public facilities such as social housing. The government places a cap on the square meterage.

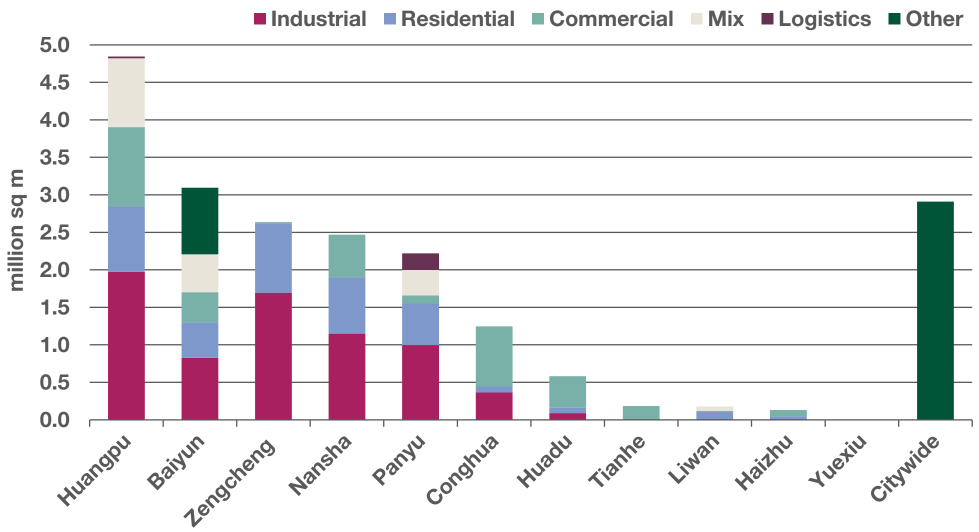
3) Bidders compete on percentage of space they are willing to convert for lease residential (developers are not allowed to sell this space for the duration of the leasehold, i.e. 70 years). The government places a cap on the square meterage.

4) The winner is selected at random from the remaining bidders.

Under these new guidelines, Vanke acquired two residential land plots this quarter one with a for-lease components of 50% and the other with 55%. The plots are located in the Baiyun and Huangpu districts and were sold for RMB29,382 per sq m and RMB20,955 per sq m respectively.

GRAPH 4

Guangzhou land supply by district and usage type, 2017



Source: National Bureau of Statistics, Savills Research

TABLE 6

Major investment transactions, Apr–Jun 2017

Property	Location	Price	Buyer	Usage
Metropolitan Plaza	Liwan district	RMB4.07 bil/US$596 mil	The Link REIT	Retail
Guangzhou AB2510019	Baiyun district	RMB2.4 bil/US$353 mil	Vanke	Residential
Guangzhou AH040113	Zengcheng district	RMB1.22 bil/US$179 mil	Vanke	Residential
Zhongrong Centre (12,14,17-23/F)	Tianhe district	RMB835 mil/US$122 mil	37 Interactive Entertainment	Office
Taifeng Building	Yuexiu district	RMB229 mil/US$33.5 mil	Master Glory Group	Retail

Source: Savills Research

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Shenzhen is witnessing a retail market transformation. Presently, there is a phenomenal amount of new supply under construction, scheduled to be completed in the coming years. The influx of new stock goes hand-in-hand with record amounts of new office supply and a transformation of the city's economy that is likely to enlarge the white-collar workforce and elevate incomes. Higher incomes and more professionals will help lift retail sales levels significantly and attract more retailers.

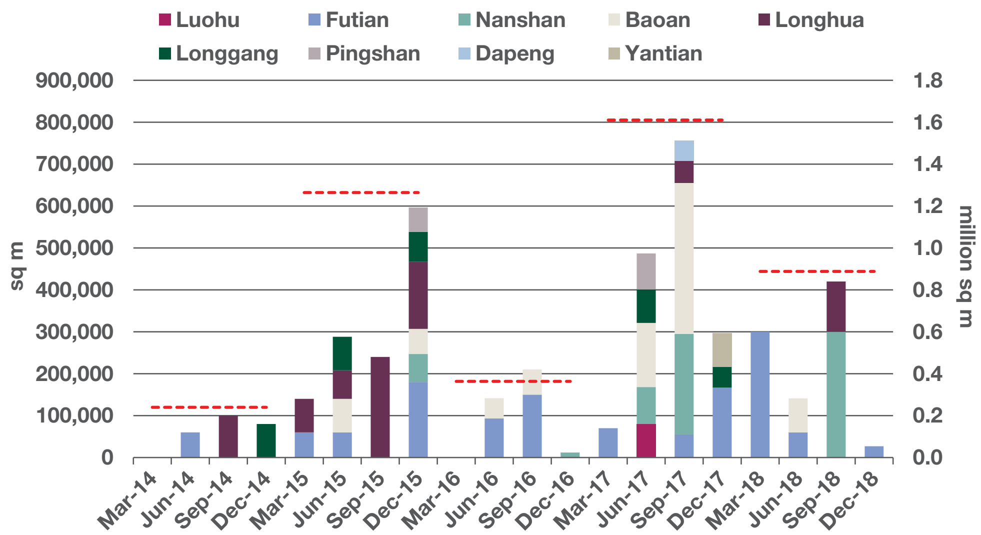
Retail supply levels in 2017 are expected to surpass annual levels seen over the past three years. The Bao'an district will receive the lion's share, approximately a third of citywide supply. The Bao'an district's ongoing economic development has helped to bolster its retail market, and will continue to do so with the increasing demand from its expanding population, booming residential market, and the development of Qianhai – which brings forth a significant number of new office projects.

The market is also witnessing a transformation of retail formats. Shopping malls have evolved from single, enclosed buildings to open-air shopping centres consisting of several low-rise buildings, each with their own unique concepts. Similarly, the increased competition has led developers to continue seeking innovative ways to stand out, and department stores are reinventing themselves in an attempt to attract more people. For instance, following its renovation, Shennan Avenue's Rainbow Department Store has rebranded into Rainbow Discovery and now incorporates more trendy designs and more brands that target younger consumers; the mall has also divided into 11 sections, each with varying themes. Maoye Department Store has also converted itself into a shopping mall, as pure retail sales formats no longer appeal to contemporary customers.

E-commerce has always been a fierce competitor to brick-and-mortar stores, and this is especially true in China, which has the world's largest and fastest-growing e-commerce marketplace. Chinese consumers, especially those from younger generations, have shifted their consumption habits from purchasing products offline to shopping online. Moreover, younger shoppers are increasingly choosing more affordable fashion products than their elders, who may have focused more on luxury goods. In Shenzhen, this trend has resulted in the closings of several luxury brand stores, while sports and affordable fashion retailers continue to experience increasing demand.

GRAPH 5

Shenzhen prime retail supply, 2014–2018



Source: Master Plan of Qianhai Corporation Zone, Shenzhen Land & Real Estate Exchange Centre

TABLE 7

Major investment transactions, Apr–Jun 2017

Property	Location	Price	Buyer	Usage
Zhong De Logistics Project	Longgang Henggang	RMB775 mil/US$112 mil	Shenyang Public Utility	Industrial
8 Projects that used to belong to Evergrande Group	Shenzhen	RMB10.8 bil/US$1.59 bil	CIF (Shenzhen) Equity Investment Fund Mgt Co., Ltd	Mixed-use
Sungang Urban Regeneration Project	Luohu	RMB1.39 bil/US$204.5 mil	China Resources Group	Mixed-use
T208-0051	Nanshan Shenzhen Bay HQ Base	RMB1.979 bil/US$291 mil	Hengli Group	Commercial

Source: Savills Research

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Chinese regulators have begun tightening channels used by developers to access capital and debt markets that have been blamed for spurring the recent wave of record-breaking land deals.

Easy access to credit has largely been blamed for the surge in property and land values recorded in more than 30 first- and second-tier cities last year, leading the government to issue new home purchase restrictions, reign in mortgage lending, and place a moratorium on developers issuing onshore corporate bonds which started in October 2016. No longer able to access the onshore bond market, many developers turned to offshore sources of funding, causing the volume of U.S-denominated bonds issued by mainland developers to increase significantly in Q1/2017.

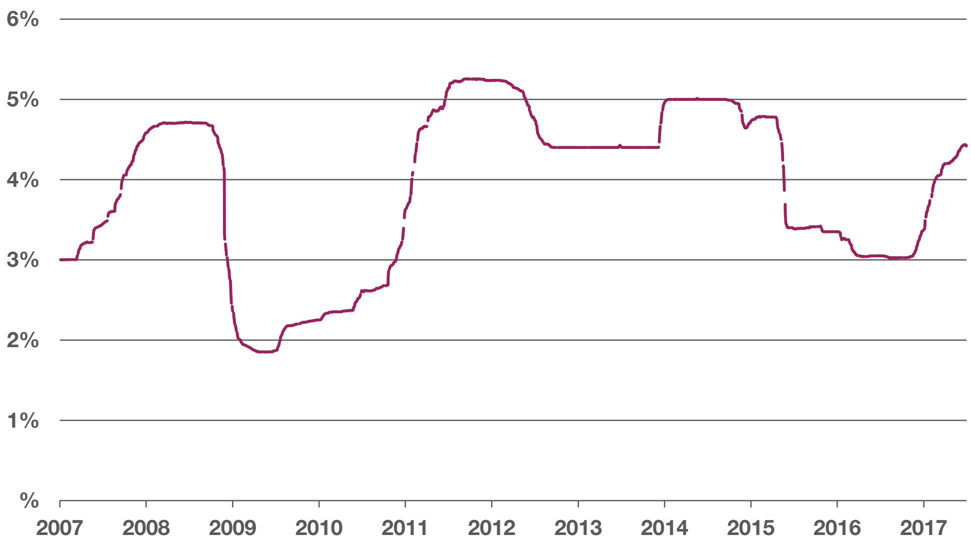
The second quarter witnessed a slowdown in the offshore bond market as the government looked to close the alternative fundraising channel exploited by some developers. As a result, total bond issues between April 1 and June 15 reached just US$2.9 billion, less than a third of the US$10.1 billion raised in the first quarter. Moreover, the number of developers that successfully issued bonds fell to just nine, compared to 23 in the first quarter, the majority of which obtained quota approval prior to the start of the second quarter. There was one notable exception to this that confused many market watchers, namely Evergrande's issuance of US$6.6 billion in debt which pushed issuance to close to US$8.6 billion, still below the peak in Q1/2017.

Some developers have managed to bypass the new government regulation, which looks mainly to reduce long-term corporate debt, by issuing shorter-term bonds. All bonds that failed to gain government approval since May have been two- and three-year notes, while bonds maturing in a year or less still do not need approval. However, government regulatory bodies, such as the National Development and Reform Commission, have made it clear that they are aware of the loophole and may close it should property prices continue to increase.

With access to the offshore bond market virtually shut off, developers will have to rely increasingly on large domestic banks for their financing. This is expected to greatly disadvantage small and mid-size developers who are less favoured by these lenders. Further industry consolidation is likely to occur in the coming months as large developers look to acquire smaller and/or struggling competitors and their projects at bargain rates. Despite new opportunities to absorb these small players, regulations that further limit financing channels even for larger developers will likely increase their reliance and therefore competition for domestic bank loans, which is expected raise cost of borrowing in the second half of the year. Higher rates will likely subdue both the developer and investment markets, even if only temporarily, until alternative sources of funding are found.

GRAPH 6

Shanghai interbank offer bank (one-year), 2007–2017



Source: Shanghai Ststistics Bureau, Savills Research

TABLE 8

Major investment transactions, Apr–Jun 2017

Property	Location	Price	Buyer	Usage
SOHO Hongkou	Hongkou	RMB3.6 bil/US$528.8 mil	Keppel & Alpha	Office
Guozheng Center	Yangpu	RMB2.6 bil/US$381.9 mil	CapitaLand	Office
Three Forest City Commercial Plaza	Pudong	RMB2.4 bil/US$352.6 mil	Cinda Real Estate	Mixed-use
Innov Tower	Xuhui	RMB1.6 bil/US$235.0 mil	AEW Capital Management	Office
ASA Building	Jing'an	RMB845 mil/US$124.1 mil	Cheung Kei Group	Office
Belgravia Place	Changning	RMB790 mil/US$116.1 mil	CIFI Group	Residential

Source: Savills Research & Consultancy

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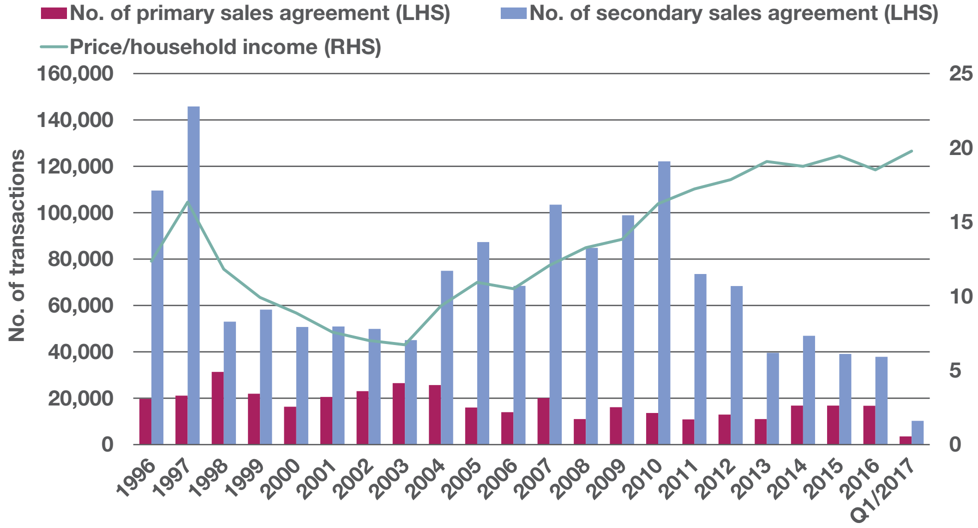
Hong Kong recently marked the 20th Anniversary of the 1997 Handover of the territory from Britain to China and thoughts also turned to the Asian Financial Crisis and the property crash which unfolded in the same year. What began in Thailand with the collapse of the Thai Baht soon spread elsewhere in the region, including Hong Kong. A speculative attack on the Hong Kong Dollar peg resulted in higher overnight interest rates and a falling stock market. It was ultimately a war which the government won but other factors compounded uncertainty in the property markets including tighter lending conditions, higher interest rates and a pledge by the new administration to dramatically increase the supply of residential apartments. At a time when prices were at record highs, affordability at record lows and speculation was rife, greed quickly turned to fear and office, residential and retail prices fell 71%, 60% and 52% respectively from 1997 to 2003.

The question today is whether residential market conditions mirror 1997 and we are faced with an imminent property crash of a similar magnitude. Some data certainly harks back to the mid-90s; record high prices, poor affordability (measured by the ratio of average prices to household incomes) and the prospect of higher supply levels alongside elevated interest rates over the next few years. So will we see a property price correction of a similar scale to the 1997 to 2003 period? Despite the parallels, other areas of the market still look quite robust; real interest rates remain in negative territory, gearing levels are conservative, supply levels will remain constrained for many years, liquidity is plentiful and even the banks have been hardened to better resist any future credit crisis. Government has also introduced a slew of measures to discourage overseas buying, contain rising prices, moderate lending and curtail the speculative excesses of the past.

Based on the fundamentals then, it is difficult to make a case for a sudden, sharp correction in values. A greater likelihood is that values will soon peak as we complete a 9th year of price rises followed by a period of relative stability. As for a crash, in the past those have been brought about by events beyond these shores and by weaknesses which no one saw or predicted. Today, the most often cited cause for concern is the rise of non-bank financial intermediaries operating beyond government control, but at least these risks have been identified and are widely debated. If the past is anything to go by, it's the "unknown unknowns" which should keep us all awake at night.

GRAPH 7

Number of sale agreement vs price to income ratio (residential), 1996–Q1/2017



Source: Lands Department, Rating & Valuation Department, Savills Research & Consultancy

TABLE 9

Major investment transactions, Apr–Jun 2017

Property	Location	Price	Buyer	Usage
Kwun Tong View	Kwun Tong	HK$1.99 bil/US$255 mil	TBC	Office
Rosedale Hotel	Causeway Bay	HK$1.80 bil/US$231 mil	TBC	Hotel
Fair View Commercial Building	Causeway Bay	HK$1.68 bil/US$215 mil	TBC	Office
1-9 Shouson Hill Road East	Southside	HK$1.528 bil/US$196 mil	SEA Holdings Ltd	Residential
Continental Place	Sheung Wan	HK$1.38 bil/US$177 mil	TBC	Office

Source: EPRC, Savills Research & Consultancy

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Japan's real GDP grew at an annualised rate of 1.0% year-on-year (YoY) in Q1/2017, marking the economy's fifth consecutive quarterly expansion. This is Japan's longest uninterrupted run of quarterly expansions in over a decade. Private consumption accounted for 0.6 percentage points (ppts) of growth, while business investment contributed 0.4ppts. Economic data has been marginally more positive amidst the global market rallies that occurred in early 2017.

Prime Minister Abe's party suffered a decisive defeat in the Tokyo Assembly election, taking just 23 seats in the 127-seat local legislative body. New Tokyo governor Yuriko Koike's party and its allies took 79 seats. Abe's cabinet remains one of the most stable governments, but this local defeat shows that it has to work harder to retain popular support. The government is likely to shift focus back to the domestic economy in an effort to rebuild its approval rating.

Inflation could be picking up after a slow 2016. Headline CPI growth reached 0.4% YoY in April, led by fresh food, which grew 1.8%. Prices less fresh food and energy remained flat, however. The Bank of Japan (BOJ) optimistically expects that CPI growth will climb to just below 2.0% by 2019.

The BOJ is still committed to holding the 10-year JGB yield near 0.1% through its "QQE with Yield Curve Control" policy. 10-year JGBs ended June yielding 0.09%, largely unchanged from the end of March. The Bank also continues to actively purchase J-REIT units and is on track to achieve its annual target of 90 billion yen.

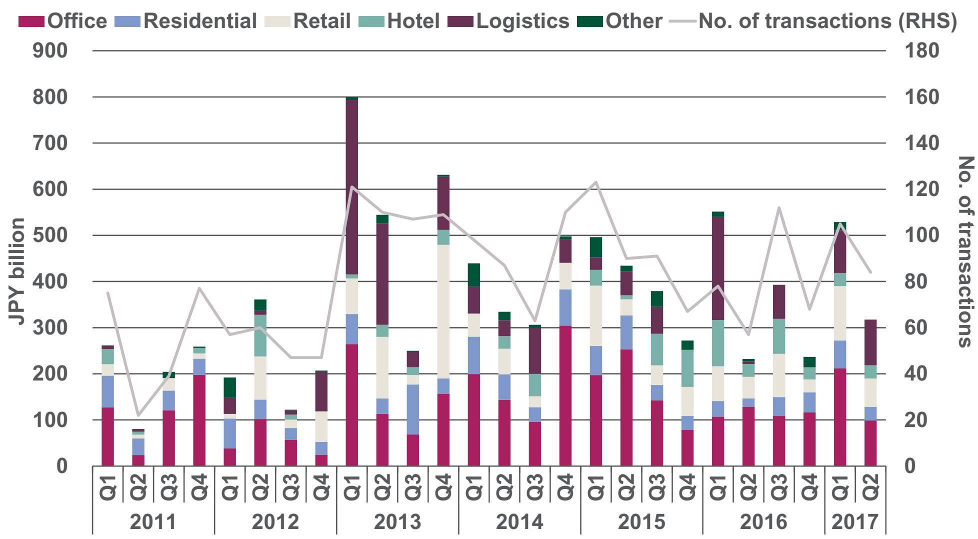
Japan's currency has held fairly steady at approximately 110-112 yen to the US dollar over the past three months, breaking out of the bound for little more than a week at a time. The TSE J-REIT index has been softening since January and stood at 1,694 at the end of June, down 7.6% over the first half of the year. The index has softened due to limited short-term rental upside and outflow from some mutual funds.

J-REIT investment volumes totalled 317 billion yen in Q2/2017, 37% higher than the same period in 2016. Though a great deal of capital is waiting in the wings, investors are wary of overpaying and remain disciplined. Global central banks have used more hawkish rhetoric as of late – if tightening follows, borrowing costs could inch up, prices could loosen, and volumes may pick up.

Tokyo's office market fundamentals are still strong despite a large supply pipeline. Average Grade A office rents rose to JPY32,374 per tsubo in Tokyo, up by 0.7% QoQ and 2.5% YoY. Vacancy sits at 2.5%, which is marginally looser than the ultra-tight conditions of 2016. 2.5% is still strong, however, and the five largest reported leasing deals of Q2/2017 all involved space in new projects, indicating strong desire for new space.

GRAPH 8

J-REIT property transactions by sector, 2011–Q2/2017



Source: Japan REIT, Savills Research & Consultancy

TABLE 10

Major investment transactions, Apr–Jun 2017

Property	Location	Price	Buyer	Usage
Minatomirai Center Building	Yokohama, Kanagawa	JPY85.0 bil/US$745 mil	Gaw Capital	Office
Concurred Yokohama (75%)	Yokohama, Kanagawa	JPY39.2 bil/US$340 mil	Daiwa Office REIT	Office
Shinagawa Seaside TS Tower	Shinagawa, Tokyo	JPY30.0 bil/US$260 mil	EastGate	Office
Hommachi Garden City (Hotel Portion)	Chuo, Osaka	JPY17.2 bil/US$150 mil	Sekisui House REIT	Hotel
Prologis Park Maishima 4	Konohana, Osaka	JPY15.7 bil/US$140 mil	Mitsui & Co. Realty	Logistics

Source: J-REIT disclosures, Nikkei Real Estate, Real Capital Analytics, Savills Research & Consultancy

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The first half of 2017 (1H/2017) saw more activities than the corresponding period in 2016. The total investment sum for 1H/2017 was recorded at RM5.4 billion, a surge of 94% compared with RM2.78 billion in 1H/2016.

In June, HSBC became the first foreign bank to invest in Tun Razak Exchange, KL's new financial and business hub, when the bank committed RM1.0 billion to the forward purchase of its future Malaysia head office and branch. Also in June, Selangor Dredging Berhad sold its 30-year-old head office (Wisma Selangor Dredging) for RM480 million, a very attractive price at approximately RM1,370 per sq ft on NLA or RM4,670 per sq ft on land. The buyer was Golden Eagle Realty Sdn Bhd.

Amidst a business rationalisation exercise, the Japanese retailer-cum-property manager AEON Co (M) Bhd disposed of the two-storey AEON Mahkota Cheras Mall in Selangor for RM87.8 million (RM288 per sq ft on land).

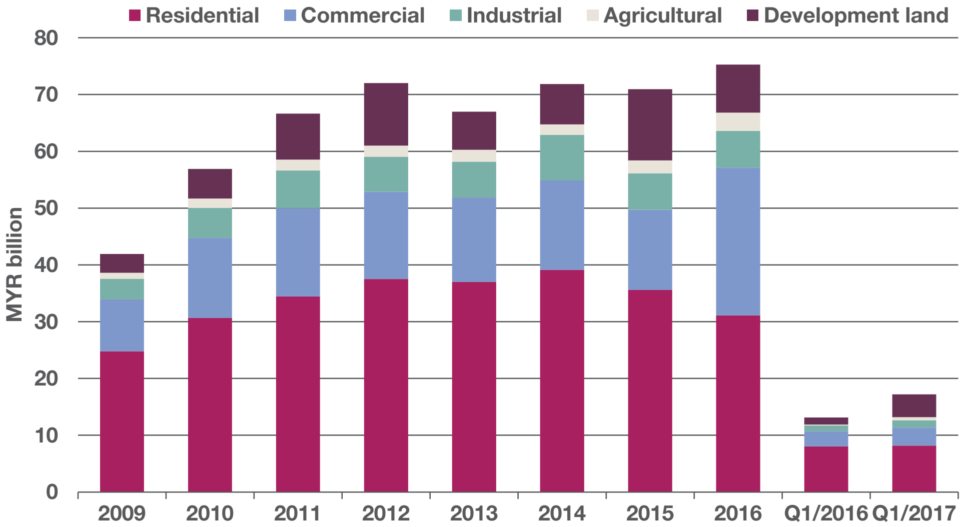
PNB and its portfolio companies carried out a number of notable transactions during the period. SP Setia Berhad acquired 342.5 acres of land in Bangi, Selangor for RM447.58 million (RM30 per sq ft), and also signed a Memorandum of Understanding (MOU) to take over I&P Group for a price of RM3.65 billion. PNB also acquired land measuring 297.51 acres in Selangor for RM85.53 million (RM6.60 per sq ft) from Sime Darby Berhad.

Mah Sing Group Berhad purchased eight residential land parcels in two prominent areas in Kuala Lumpur for RM155 million for the development of affordable residential housing. With a new management team on board and having recently rebranded itself, the developer has been intensely acquiring land across the country in 1H/2017. Following that, Malaysian Resources Corporation Berhad (MRCB) announced the acquisition of 10.06 acres of prime KL land, part of which is currently the Putra World Trade Centre (PWTC), for RM335.5 million (RM765 per sq ft).

Going forward, we anticipate increasing activity in the city with the full operation of MRT Line 1 in July 2017 and the completion of the Duta-Ulu Kelang Highway 2 (DUKE 2) in September 2017, both of which should focus greater attention on opportunities in the city. Furthermore, the ongoing progress on major rail lines such as MRT Line 2, LRT 3 and the KL-Singapore High-Speed Rail will continue to open new areas for development.

GRAPH 9

Total values of property transactions per subsector in greater Kuala Lumpur, 2009–Q1/2017



Source: National Property Information Centre (NAPIC)

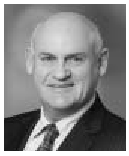
TABLE 11

Major investment transactions, Apr–Jun 2017

Property	Location	Price	Buyer	Usage
An office tower	Tun Razak Exchange, Kuala Lumpur	RM1.06 bil/US$250 mil	HSBC Bank	Commercial
Wisma Selangor Dredging	Jalan Ampang, Kuala Lumpur	RM480 mil/US$111.68 mil	Golden Eagle Realty Sdn. Bhd.	Redevelopment
3 parcels of land	Jalan Putra, Kuala Lumpur	RM335.5 mil/US$78.06 mil	Malaysian Resources Corporation Berhad	Redevelopment
8 parcels of freehold land	Kuala Lumpur	RM155 mil/US$36 mil	Mah Sing Group Berhad	Residential
3 pieces of freehold land	Bangsar South, Kuala Lumpur	RM81.1 mil/US$18.87 mil	UOA Development Bhd	Commercial
1 piece of oil-palm estate land	Semenyih, Selangor	RM447.6 mil/US$104 mil	S P Setia Berhad	Agriculture

Source: Company announcements, Savills Research & Consultancy

New Zealand



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Quarterly reports have been very similar over the last year where Foreign Investment, Tourism and Immigration continue to stimulate the New Zealand economy and property sector. Population growth has placed supply pressure on property markets in high growth locations within the country with the greatest effect being in Auckland. Low vacancy rates, rising rentals, strong occupier demand and stabilised yields are the trends characterising the market.

Investors chasing yield is being driven by historically low interest rates although the market is now of the belief that we have seen the end to this downward trend. Some uncertainty has crept into investors thinking about accepting current low yields particularly institutional buyers.

Syndication companies are still looking to buy at 7% or better as their investor base compares this return with bank deposits which are still very low. New Zealand's economy grew slightly slower than market expectations in the March 2017 quarter, increasing by 0.5%.

This is the second quarter in a row where GDP growth has failed to reach market expectations. Slower growth was a result of weak expansion in export volumes and residential construction which was partially offset by stronger consumption. Nevertheless, the growth outlook remains positive, supported by accommodative monetary policy, strong population growth, and robust expansion in the tourism sector. Factors that are likely to support economic growth includes:

- Inflation is continuing to be relatively benign and as a consequence RBNZ's monetary policy settings are likely to remain accommodative in the short to medium term;

- Lower than average interest rates are supporting growth in economic activity;

- Stronger population growth, particularly in Auckland as a result of increased positive overseas net migration, is expected to continue to support growth, although net migration of 71,000pa appears to have peaked;

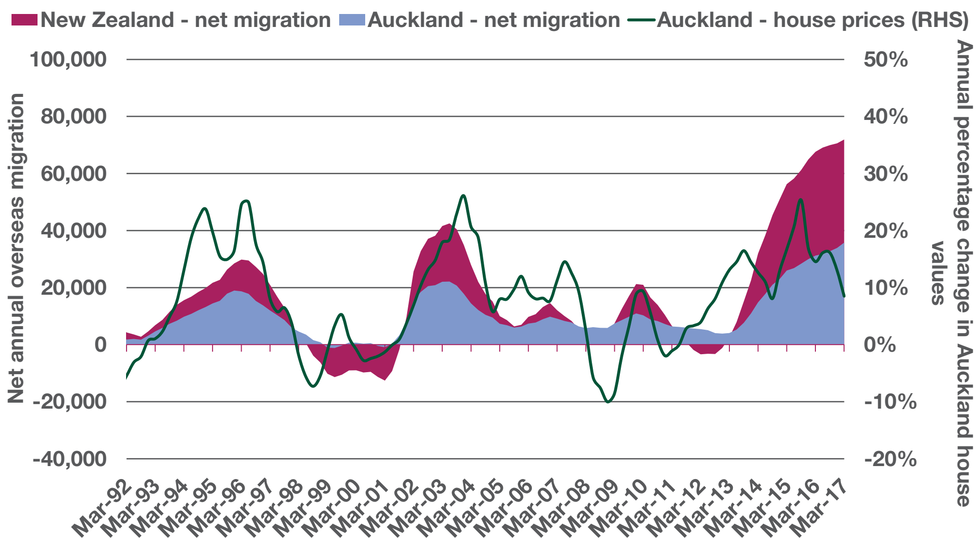
- Strong growth in the number of overseas visitors, up 10% over the last year to 3.6 million visitors is supporting growth across the country. Tourism is one of our largest earners of overseas income;

- Increased levels of construction activity are also supporting growth. The number of new residential consents appears to have peaked at approximately 10,000 in Auckland, well short of what is required to match the growth in demand.

The Auckland region continues to be one of the fastest growing economies in the country. A combination of factors is driving the region's strong growth. Growth in both domestic and overseas tourism is benefiting the retail and hospitality sectors. Strong population growth of almost 3.0% per annum is driving uplift in both commercial and residential activity which in turn also supports above average retail sales growth. In the short term, barring external shocks, it is hard to see a change in local economic conditions. Strong regional economic growth combined with accommodative monetary policy settings will continue to underpinning the region's property markets.

GRAPH 10

Net migration gain and residential house price growth, Mar 1992–Mar 2017



Source: Statistics New Zealand, Corelogic

TABLE 12

Major investment transactions, Apr–Jun 2017

Property	Location	Price	Buyer	Usage
15 Osterley Way	Manukau, Auckland	NZD14.1 mil/US$10.3 mill	Private	Office
217 Great South Road	Papatoetoe, Auckland	NZD50.6 mil/US$37.0 mil	Elanor	Retail
66 Broadway	Newmarket, Auckland	NZD65.0 mil/US$47.0 mil	Private	Development site
33 Broadway	Newmarket, Auckland	NZD141 mil/US$103 mil	Syndicator	Office

Source: Savills Research & Consultancy

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The Philippine economy started the year with a growth of 6.4% in Q1/2017 – performing below market expectations of 7.0% due to high base effects of election-related spending the previous year. However, the Bangko Sentral ng Pilipinas (BSP) is expected to continue keeping interest rates low in order to support further economic growth. Inflation has started to cool down to 2.8% from its peak of 3.4% in April, giving the BSP enough room to sustain an accommodative policy stance.

Nevertheless, the country's economic outlook remains vulnerable to downside risks from the global landscape. The unexpected results of the UK elections introduced another cause for uncertainty in the European economy despite the easing of "Frexit" fears with the election of Emmanuel Macron as president. Meanwhile, the US Federal Reserve Bank tightened its monetary policy again in June after the impressive increase in nominal wages and labor participation. Furthermore, the US central bank is also highly likely to unwind its huge economic stimulus as confidence returns to the US economy.

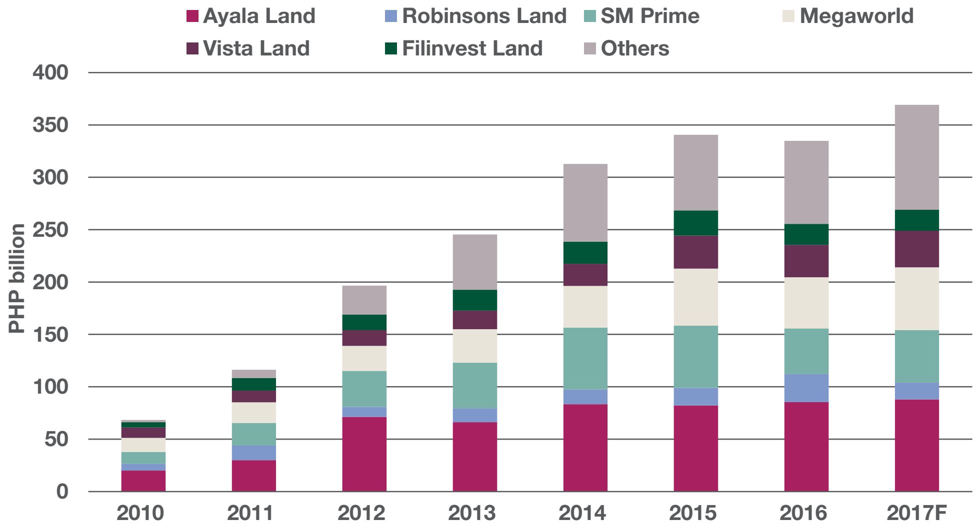
Although the BSP is less likely to tighten its own policy stance this year, we are of the view that the window is narrowing to lock in acquisitions at favorable financing rates. This can be observed with the large jump in bond issuances in the first half of 2017, when as much as PHP82 billion was raised during the period from just PHP15 billion in the year earlier. The top three developers with the largest CAPEX budgets – Ayala Land, SM Prime Holdings, and Megaworld – raised almost half the total amount with PHP39 billion.

In addition, capital markets saw a rise in activity this quarter with several development-site acquisitions. A noteworthy transaction was the Philippine Stock Exchange's (PSE) sale of its office space in Tektite Tower, Ortigas Center. With the completion of its new building in Q3/2017, the PSE will be able to consolidate its trading floors in its new headquarters in BGC whilst reinforcing the township's appeal as a financial district.

In conclusion, we still expect investments to drive growth in the coming quarters, which should sustain the economy's long-term trajectory. However, our outlook of a gradual tightening in monetary policy can potentially hinder the real estate sector's expansion and put pressure on asset valuations. Even with inflation cooling down, the BSP may not be able to restrain the Philippine peso's depreciation if the US Fed maintains its current course.

GRAPH 11

Estimated capital expenditure plans of major developers, 2010–2017F



Source: KMC Savills Research

TABLE 13

Major investment transactions, Apr–Jun 2017

Property	Location	Price	Buyer	Usage
Pasong Tamo Extension corner EDSA	Makati	PHP178.2 mil/US$3.56 mil	Guevent Investment & Development Corporation, Honeycomb Builders Inc	Development site
CLI Bacolod City land	Bacolod City	PHP150.0 mil/US$3.01 mil	Cebu Landmasters Inc	Development site
1172 Epifanio de los Santos Ave	Quezon City	PHP480.8 mil/US$9.55 mil	SBS Philippines	Industrial
2F Tektite Tower	Pasig	PHP257.2 mil/US$5.12 mil	Philippine Realty & Hldgs	Office

Source: KMC Savills Research, Savills Research & Consultancy

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In the second quarter of 2017, Singapore real estate investment sales surged 68.9% on a quarter-on-quarter (QoQ) and 23.1% on a year-on-year (YoY) basis to S$8.99 billion. Notable deals in the private sector include the sale of Jurong Point to Mercatus Co-operative Ltd (S$2.198 billion), FWD Group's acquisition of a 50% stake in One George Street (S$591.6 million) and the collective sales of two privatised Housing and Urban Development Company (HUDC) projects – Eunoville (S$765.8 million) and Rio Casa (S$575.0 million). In the public sector, eight land parcels were awarded under the government land sales (GLS) programme, totaling S$2.86 billion in value. Among these, two big land parcels – a residential site at Stirling Road and a commercial and residential mixed site at Upper Serangoon Road – achieved prices exceeding one billion, at S$1.003 billion and S$1.132 billion respectively.

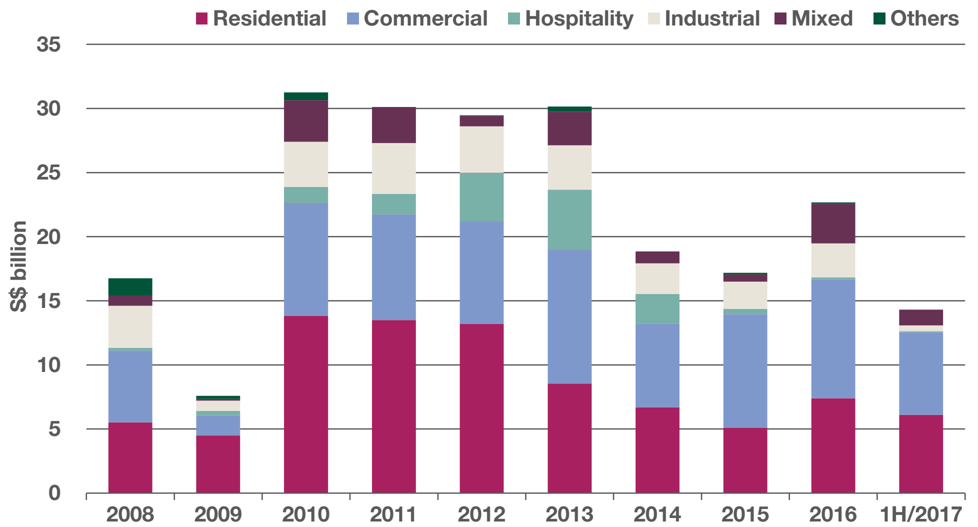
In the reviewed quarter, there was a revival in the collective sales of private residential/mixed sites. For the year, four en bloc sales worth slightly over S$1.5 billion were sealed. They are One Tree Hill Gardens, Rio Casa, the Goh & Goh Building and Eunosville. In terms of the number of deals done, this has already surpassed the three that were concluded for the whole of last year that totaled about S$1.0 billion. Meanwhile, the prices offered by successful developers were much higher than expectations.

In the meantime, the tenders for GLS residential sites continued to receive high participation rates from developers, both local and foreign (especially China-based ones). For example, a joint venture of Logan Property and Nanshan Group, both China-based developers, put in the top bid for the 227,215-sq ft site in Stirling Road, while another China property developer, Fantasia Holding Group, has come out on top for a residential site at Lorong 1 Realty Park. At the same time, in order to obtain the site, the top bids have been generally aggressive, with a substantial gap to the second bids. For the two above-mentioned land parcels, the gap was 8.3% and 22.2% respectively. The depleting land banks of developers are the key reason behind the high land prices. In addition, the recent pick-up in primary sales have also helped to build up developers' market confidence.

The collective sales market for private residential sites will remain active in the next few quarters. However, in view of economic and property market uncertainties, it may not repeat the period of the previous boom years from 2005 to 2007. Also, this time around, the market has been dominated by mass-market projects, starting with the privatised HUDC estates, as fuelled by the recent successful sales of Eunosville and Rio Casa, as well as from the Beach Road commercial site (where residential components may be built) that should rake in well over S$1 billion when finally awarded to the highest bidder.

GRAPH 12

Transaction volumes of investment sales by property type, 2008–1H/2017



Source: Savills Research & Consultancy

TABLE 14

Major investment transactions, Apr–Jun 2017

Property	Location	Price	Buyer	Usage
Jurong Point	Jurong West Central 2 / 63 Jurong West Central 3	S$2.198 bil/US$1.6 bil	Mercatus Co-operative Limited	Commercial
Government land	Upper Serangoon Road	S$1.132 bil/US$831.4 mil	Elara 1 Pte Ltd And Callisto 1 Pte Ltd	Commercial & residential
Government land	Stirling Road	S$1.003 bil/US$736.7 mil	Logan Property (Singapore) Company Pte Ltd and Nanshan Group Singapore Co Pte Ltd	Residential
Eunosville	Sims Avenue	S$765.8 mil/US$556 mil	MCL Land Limited	Residential
One George Street (50% stake)	George Street	S$591.6 mil/US$430 mil	FWD Group	Commercial

Source: URA, Savills Research & Consultancy

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In 1H/2017 Korean office total investment volumes exceeded KRW4.2 trillion, with the major transactions in Q2 successfully concluded by domestic institution-led blind fund investors. The benchmark interest rate has remained at 1.25% since June 2016. However, there is upward pressure on this in light of economic fundamentals amidst capital flight concerns triggered by Fed rates looking likely to overtake the BOK rate.

Igis Asset Management acquired Signature Tower for KRW726 billion, which is the largest hard asset office deal in Korea this year with the NPS blind fund. After Amorepacific Group vacates the premises in Q1/2018, Hanwha Investment & Securities will provide a rental guarantee on the vacancy.

In CBD, Yuanta Securities exercised their pre-emption option for its building and appointed NH-Amundi Asset Management as the new buyer. NH-Amundi blind pool is the major investor in the deal. Yuanta Securities signed a new master lease at a reduced rental level then passing.

Samsung SRA acquired the Samsung Life Yeoksam building in GBD. NPS blind pool invested into this deal with further NPS blind fund acquisitions pending. This building has a vacancy rate of sub-3%, with its anchor tenants Samsung Life Insurance and Samsung Electronics.

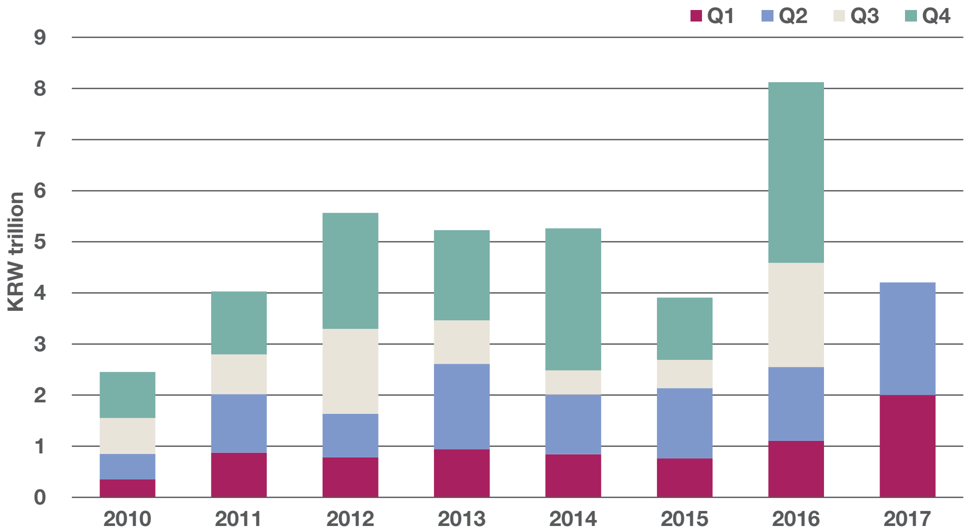
Hanssem, a domestic furniture company, purchased the Pantech building in DMC. Dongwon F&B acquired Trust Tower, Yangjae. The asset is situated directly next to Dongwon Industries Building, with Dongwon F&B using the vacancy for their own office and R&D center purposes.

MSRE's core fund recently bought Susong Square in CBD which was enlarged by about 12% early this year. SK E&C and other SK affiliates leased the asset for 10 years, providing long-term defensive income. The estimated cap rate is thought to be in the 5%.

As of Q2/2017, assuming a 90% occupancy based on face rents, the prime Seoul cap rate equates to 4.7%. However, if one considers current effective rents, prime net initial yields are trading in the low 4% range. At the end of June, yields on five-year government bonds rose beyond 1.9% and have flucutated between 1.8%-1.9% since November 2016.

GRAPH 13

Seoul office transaction volumes, Q1/2010–Q2/2017



Source: Savills Research & Consultancy

TABLE 15

Major investment transactions, Apr–Jun 2017

Property	Location	Price	Buyer	Usage
Signature Towers Seoul	CBD	KRW726.0 bil/US$642.8 mil	IGIS AMC	
Yuanta Security Building	CBD	KRW217.0 bil/US$192.1 mil	NH-Amundi AMC	
Alpha Building	CBD	KRW83.2 bil/US$73.7 mil	INTRUS AMC	
Trust Tower	Yangjae	KRW107.3 bil/US$95.0 mil	Dongwon F&B	Office
Pantech Building	DMC	KRW156.8 bil/US$138.8 mil	Hanssem	
Samsung Life Insurance Building	GBD	KRW210.9 bil/US$186.7 mil	Samsung SRA AMC	
Susong Tower	CBD	N/A	IGIS (Morgan Stanley RE)	

Source: Savills Research & Consultancy

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Given the improvement in Taiwan's economy and its stable inflation, the Central Bank of the Republic of China announced it would keep interest rates unchanged at 1.375% this June. As base interest rates stayed at low levels and developers made concessions on prices, transaction activities in the residential market buoyed by homebuyers improved in the first half of 2017, with transaction numbers in six major cities increasing by 20% year-on-year (YoY).

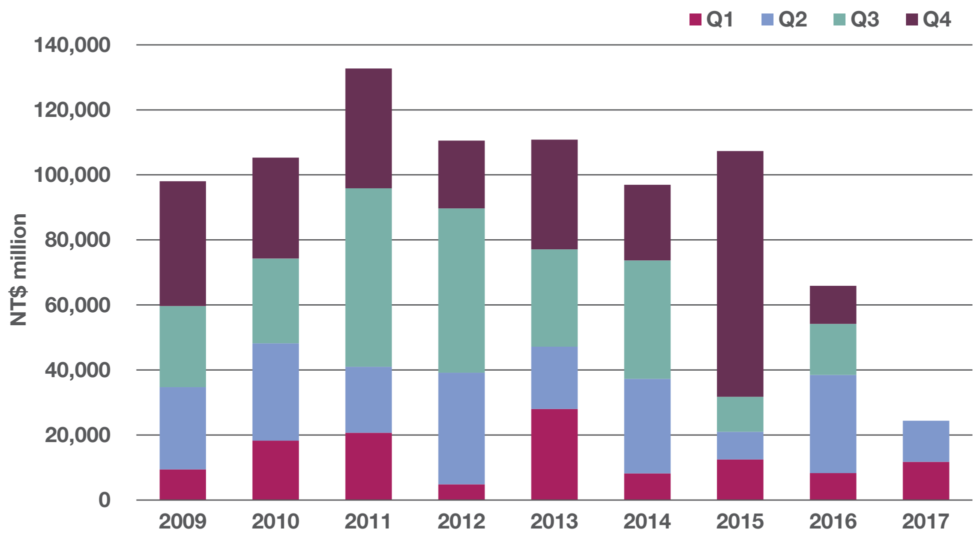
Despite early signs of recovery in the residential market, momentum in the commercial property sector remained low. The total amount of commercial property transactions in Q2/2017 were recorded at NT$12.6 billion, down by 58.2% YoY. While investment-purpose buyers stayed away from the market, end users dominating the market led the share of factory and industrial office reach 25% and 43% respectively. Due to improved export performance, technology companies more aggressively expanded their manufacturing capacity, purchasing a total of NT$6.8 billion this quarter. As a result, IT companies have been the largest buyers for three consecutive quarters.

In recent years, after the government applied strict regulations on property investment to insurance companies, they focused on development projects rather than purchasing income property. The size of their investments in the commercial property market shrank over 50% from their 2012 peak. China Life Insurance Company purchased one full-floor office for NT$450 million in Taipei CBD, which is the only one deal concluded by insurance companies in the first half of 2017.

Several insurance companies revitalized their property actively by renovating office buildings as hotels, while the Taiwan tourism industry had a massive boom. However, the presidential election in the middle of 2016 caused a significant drop in the number of China tourists. Huge challenges in the hospitality industry made insurance companies turn their focus on office redevelopment. Both Cathay Life Insurance and Fubon Life Insurance have several redevelopment projects in Taipei CBD under process. Subsidiary companies of Yuanta Financial Holdings purchased the G/F and 7/F of the Datong Building closed to MRT Nanjing Fuxing Station for NT$1.65 billion for redevelopment purposes, representing NT$121 million per ping for office units. The redevelopment trend caused the prices of offices with the potential for ownership consolidation rising 10% to 20% higher than the average prices of office in the same area. The willingness to pay higher prices also signals that insurance companies are eager for development land in the city area, even though the sentiment in the commercial property is stagnant.

GRAPH 14

Significant transactions by property type, Q1/2009–Q2/2017



Source: Savills Research & Consultancy

TABLE 16

Major investment transactions, Apr–Jun 2017

Property	Location	Price	Buyer	Usage
G/F and 7/F, Datong Building	Taipei City	NT$1.65 bil/US$545 mil	Yuanta Bank, Yuanta Futures and Yuanta Securities	Retail and office
YOKO International Industrial Office	New Taipei City	NT$1.45 bil/US$48 mil	Weitien Electronic	Industrial office
En-block industrial office in Tai Yuen Hi-Tech Industrial Park	Hsinchu County	NT$950 mil/US$31 mil	MStar Semiconductor	Industrial office
Several floors in the Kuoyang Cloud Technology Building	New Taipei City	NT$965 mil/US$32 mil	Axiomtek Co., Ltd	Industrial office

Source: Savills Research & Consultancy

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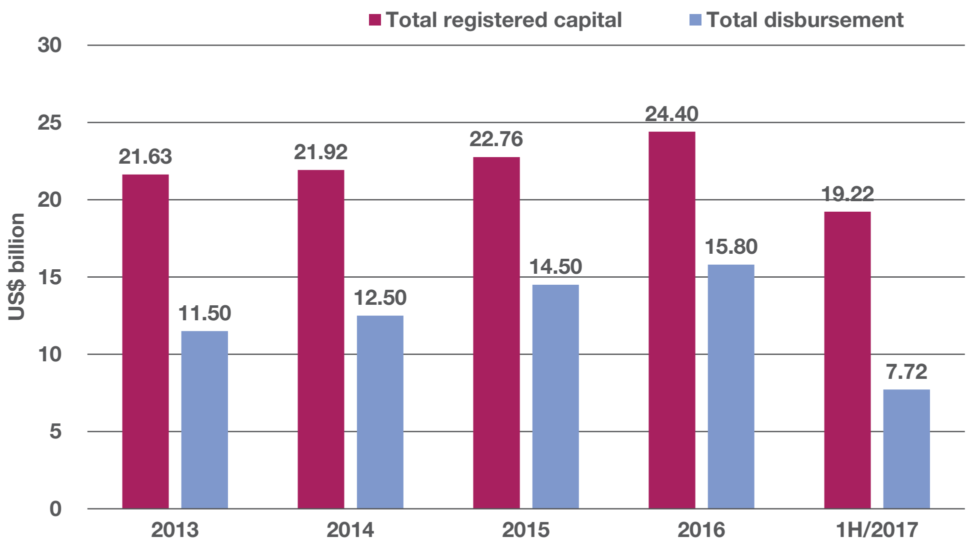
In the first half of 2017, Vietnam continued to attract significant Foreign Direct Investment (FDI). FDI disbursement reached US$ 7.72 billion, up 6.5% YoY while registered FDI was US$19.22 billion, increasing by 54.8% compared to the same period last year. Much of the increase in FDI was in the manufacturing sector, and as a result was driving industrial developments. In May, Hemaraj Land & Development from Thailand and Vietnam-based Cienco 4 secured approval for their US$1 billion joint venture industrial park, covering 3,200 hectares of land area, in Nghe An Province, northern Vietnam. Beyond industrial developments, FDI is also a contributing factor to the growth of other sectors of the property market. Both office and hospitality sectors are showing high occupancy, increasing office rents and healthy room rates. Whilst these sectors are gaining more and more traction among developers, the focus from investors is still on operating assets, with the exception of developments in prime locations in the major cities of Ho Chi Minh City and Hanoi. However, with limited available stock we are seeing significant yield compression across sectors.

Japanese investors remain active in the market. Nishi Nippon Railroad and Hankyu Realty have joined hands with Nam Long in developing Mizuki Park, a 26-hectare residential project in Binh Chanh District, Ho Chi Minh City, with a total investment size of US$351 million. Meanwhile, Aeon Mall, the renowned Japanese retail group, has entered into a joint venture with BIM Group to develop their second mall in Hanoi on a 16.7-hectare site, with a total estimated investment size of US$200 million. Local developer SonKim Land has also successfully completed their US$100 million funding from Japanese investors.

The second quarter of 2017 continued to see strong interest in residential development projects. China Fortune Land Development Group has acquired the stake of VinaCapital in Dai Phuoc Lotus project for US$65.3 million. Dai Phuoc Lotus is a residential township project with a total area of 198.5 hectares in Dong Nai Province, adjacent to Ho Chi Minh City. VinaCapital's 65% stake in the Times Square project, a mixed-use development site in Hanoi, has also been transferred to Elite Capital Resources Limited for a total consideration of approximately US$41 million.

GRAPH 15

Registered and disbursement foreign direct investment in Viet Nam, 2013–1H/2017



Source: Savills Research & Consultancy

TABLE 17

Major investment transactions, Apr–Jun 2017

Property	Location	Price	Buyer	Usage
Times Square (65% interest)	Hanoi	VND932 bil/US$41 mil	Elite Capital Resources Limited	Mixed-use development
Dai Phuoc Lotus (72% interest)	Dong Nai	VND1.48 tri/US$65.3 mil	China Fortune Land Development Group	Township development

Source: Savills Research & Consultancy

Australia

◀ Home Hub Castle Hill
Sydney
AU$336.0M/US$258.4M

MLC Centre (50%) ▶
Sydney
AU$722.6M/US$555.6M
in June

Telstra Plaza Building ▶
Sydney
AU$275.0M/US$212M
in May

◀ Salamander Bay S.C.
Salamander Bay
AU$174.5M/US$135M
in May

Exchange Centre ▶
Sydney
AU$334.5M/US$255M
in April

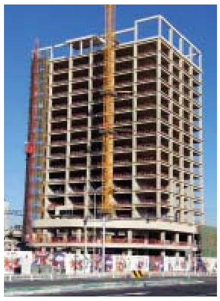
Beijing

◀ One City
Wangjing
RMB1.25B/US$184M
in May

◀ Hotel Jen
Chaoyang
RMB1.83M/US$270M
in April

◀ Zhonghuan Holiday Inn
Xicheng
RMB1.46B/US$215M
in April

World Chamber of Commerce Center ▶
Tongzhou
RMB1.94B/US$286M
in April



Wangfujing International Mall ▶
Wangfujing
RMB2.2B/US$324M
in April

Guangzhou/Shenzhen

◀ Metropolitan Plaza
Liwan, Guangzhou
RMB4.06B/US$598.8M
in April

One Excellence ▶
Qianhai, Shenzhen
RMB350M/US$52M
in June

Shanghai

◀ **SOHO Hongkou**
Hongkou
RMB3.6B/US$528.8M
in June

◀ **Guozheng Center**
Yangpu
RMB2.6B/US$381.9M
in June

Three Forest City Commercial Plaza ▶
Pudong
RMB2.4B/US$352.6M
in April

◀ **ASA Building**
Jiang'an
RMB845M/US$124.1M
in April

Belgravia Place ▶
Changning
RMB790M/US$116.1M
in April

▲ **Innov Tower**
Xuhui
RMB1.6B/US$235.0M
in June

Hong Kong

◀ **1-9 Shouson Hill Road East (11 houses)**
Island South
HK$1.528B/US$196M
in May

◀ **Continental Place**
Sheung Wan
HK$1.38B/US$177M
in April

133 Wai Yip Street ▶
Kwun Tong
HK$2.0B/US$256M
in May

▲ **Kwun Tong View**
Kwun Tong
HK$1.99B/US$255M
in May

◀ **1-4 Chancery Lane**
Central
HK$1.1B/US$141M
in June

Butterfly on Hollywood ▲
Sheung Wan
HK$850M/US$109M
in June

Japan

◀ **Minatomirai Center Building**
Yokohama, Kanagawa
JPY85.0B/US$745M
in April

Concurred Yokohama (75%) ▶
Yokohama, Kanagawa
JPY39.2B/US$340M
in May

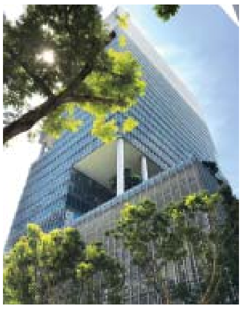
Prologis Park Maishima 4 ▶
Konohana, Osaka
JPY15.7B/US$140M
in April

◀ **Shinagawa Seaside TS Tower**
Shinagawa, Tokyo
JPY30.0B/US$260M
in April

Honmachi Garden City (hotel portion) ▶
Chuo, Osaka
JPY17.2B/US$150M
in May

Singapore

▼ **Jurong Point**
1 Jurong West Central 2/63
Jurong West Central 3
S$2.198B/US$1.6B
in April



◀ **One George Street (50% stake)**
1 George Street
S$591.6M/US$430M
in May

▼ **Eunosville**
822-840 Sims Avenue
(even nos)
S$765.8M/US$556.0M
in May

▲ **Rio Casa**
344-350 Hougang Avenue 7
S$575.0M/US$418M
in May

South Korea

▼ **Signature Towers Seoul**
CBD
KRW726B/US$642.8M
in June

Trust Tower ▲
Others
KRW103.0B/US$91.2M
in June

Alpha Building ▶
CBD
KRW83.2B/US$73.7M
in June

▼ **Pantech Building**
Others
KRW156.8B/US$138.8M
in May

◀ **Samsung Life Insurance Yeoksamdong Building**
GBD
KRW210.9B/US$186.7M
in June

Yuanta Security Building ▶
CBD
KRW217.0B/US$192.1M
in April

Taiwan

◀ **Datong Building (G/F and 7/F)**
Taipei City
NT$1.65B/US$54.5M
in May

UniBright Chemical Hsinchu Factory ▶
Hsinchu County
NT$1.6B/US$53M
in June

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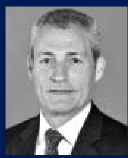

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