

Intelligent Investment

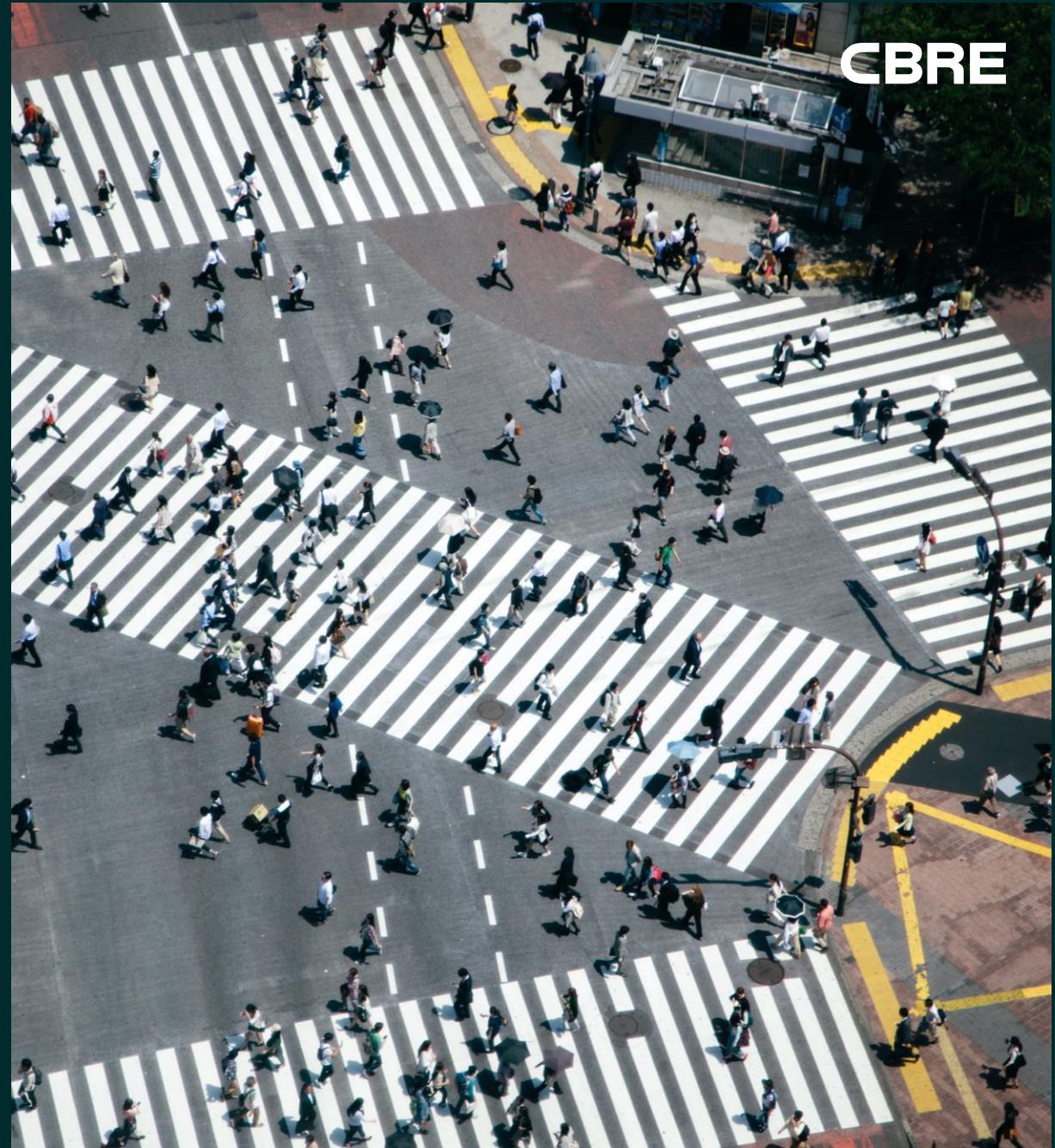
# 2025 Asia Pacific Investor Intentions

REPORT

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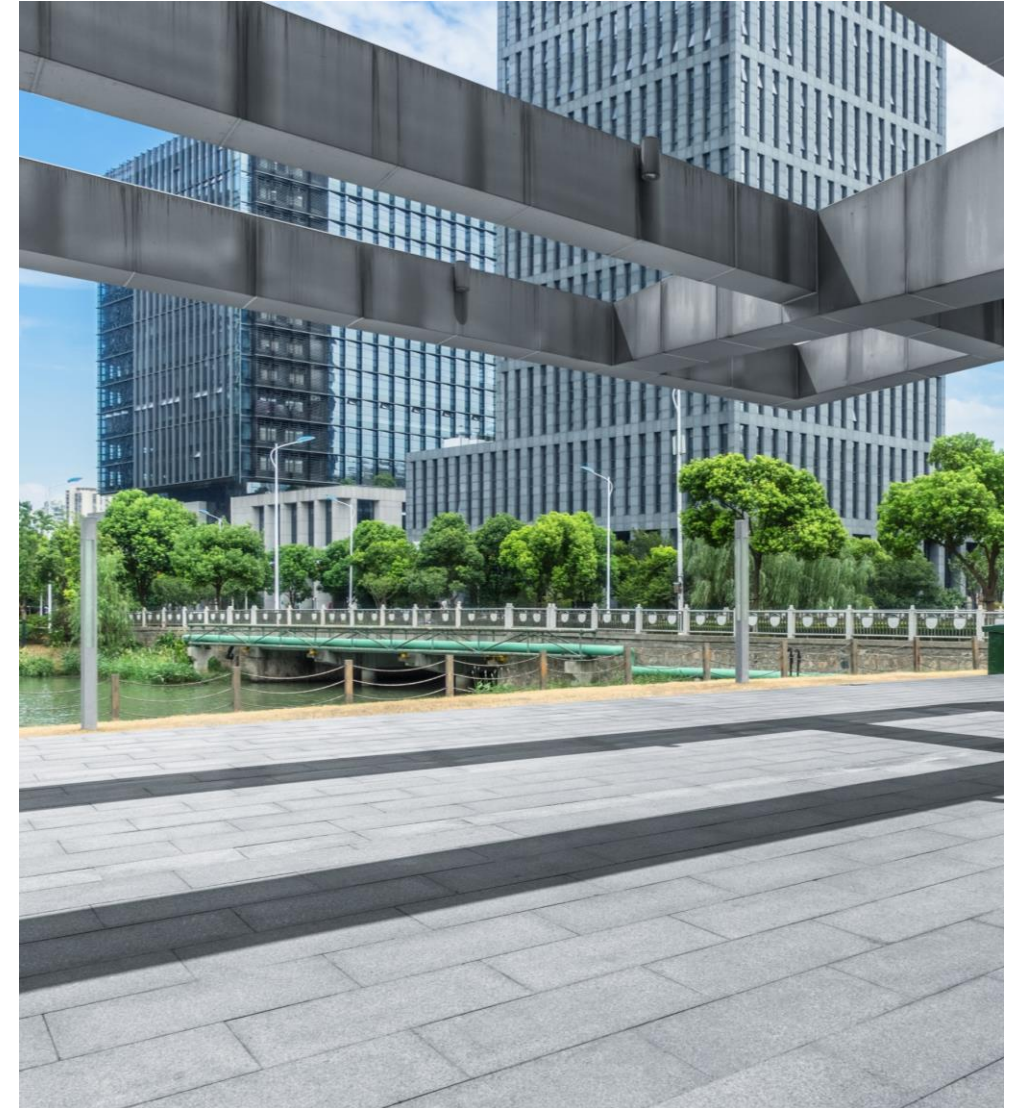
CBRE RESEARCH  
JANUARY 2025

CBRE



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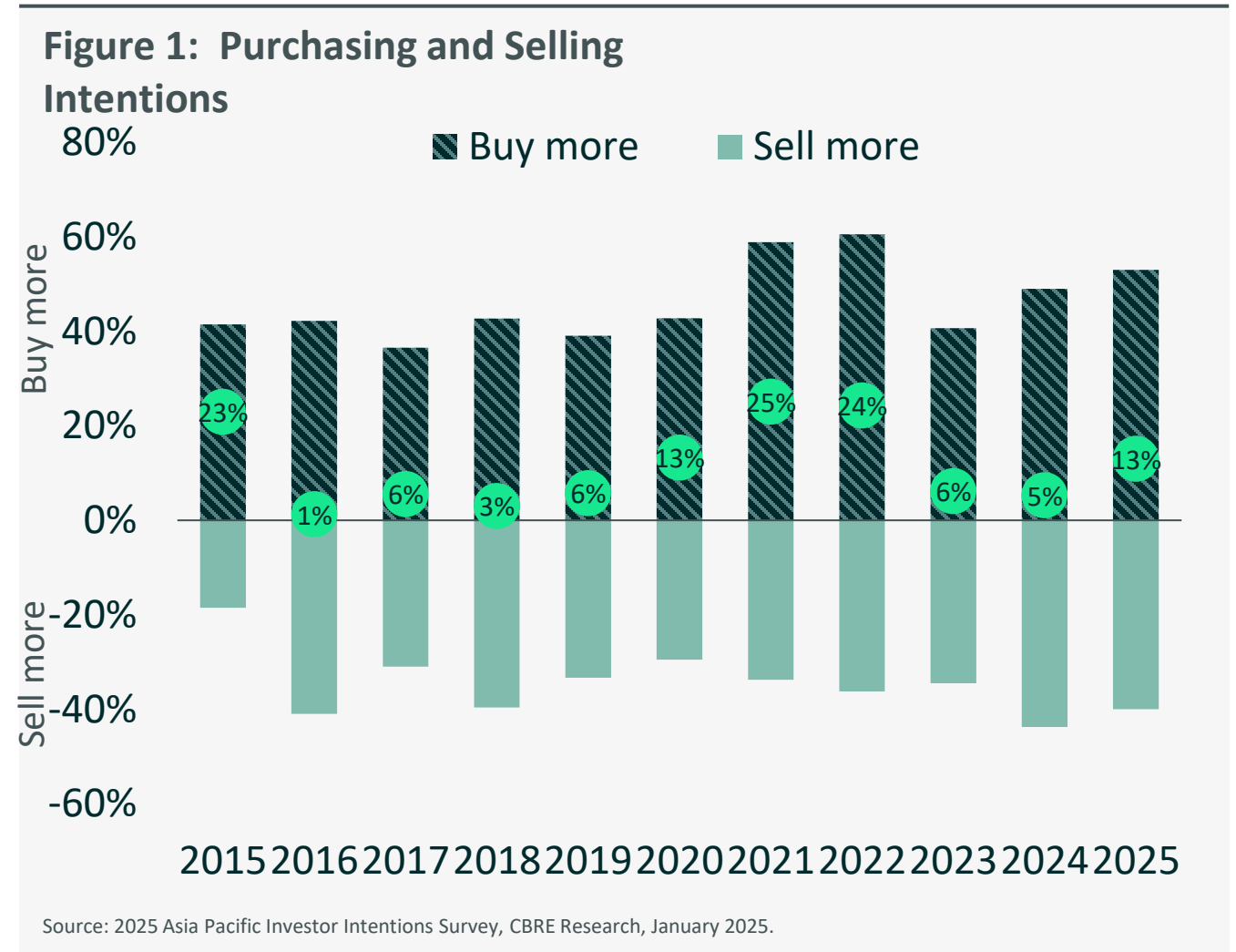


01

# Investor Buying and Selling Intentions

# Net Intentions Improve in Most Markets

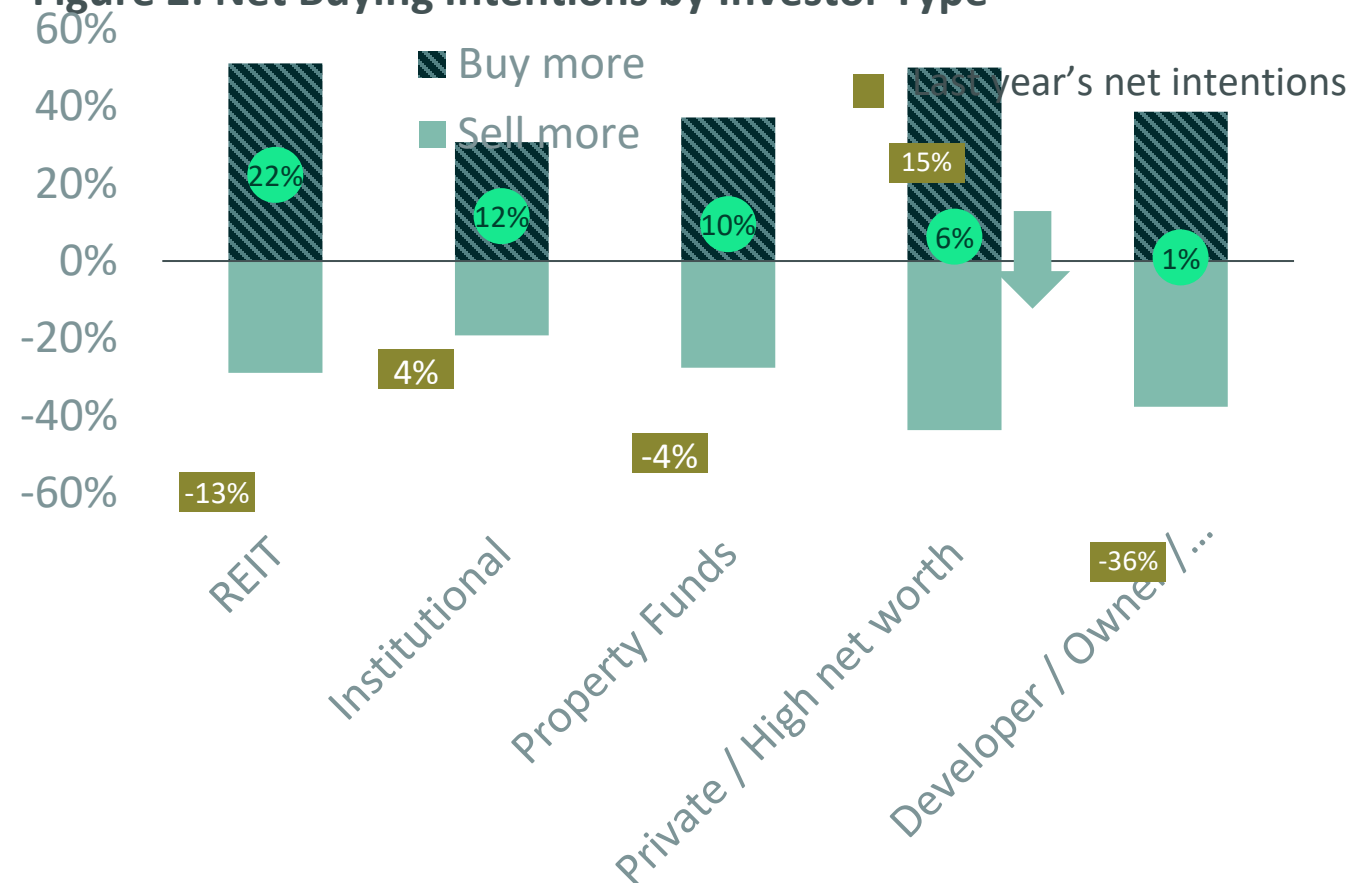
- Net buying intentions reached **13%** in, driven by substantial increases in most markets outside of mainland China.
- **Attractive price points** primary reason for stronger willingness to buy.
- Strong focus on **core assets**, which are expected to experience strong capital value growth.
- **Japanese** investors expected to remain net buyers in 2025, while sentiment among domestic **mainland Chinese investors** remains weak.



# REITs, Institutional Investors and Funds to Turn More Acquisitive

- **REITs** expected to be in buy mode in 2025, with net intentions measuring 22%, up from -13% a year prior.
- **Private equity funds, real estate funds and institutional investors** picked up in the second half of 2024. Expectations are for momentum to continue in 2025.
- **Private investors** have lower net buying intentions than 2024, as they look to capitalise on improving market sentiment after acquiring assets during a period of price dislocation.
- **Developers** expected to be net neutral investors due to significant increases in construction and labour costs.

**Figure 2: Net Buying Intentions by Investor Type**

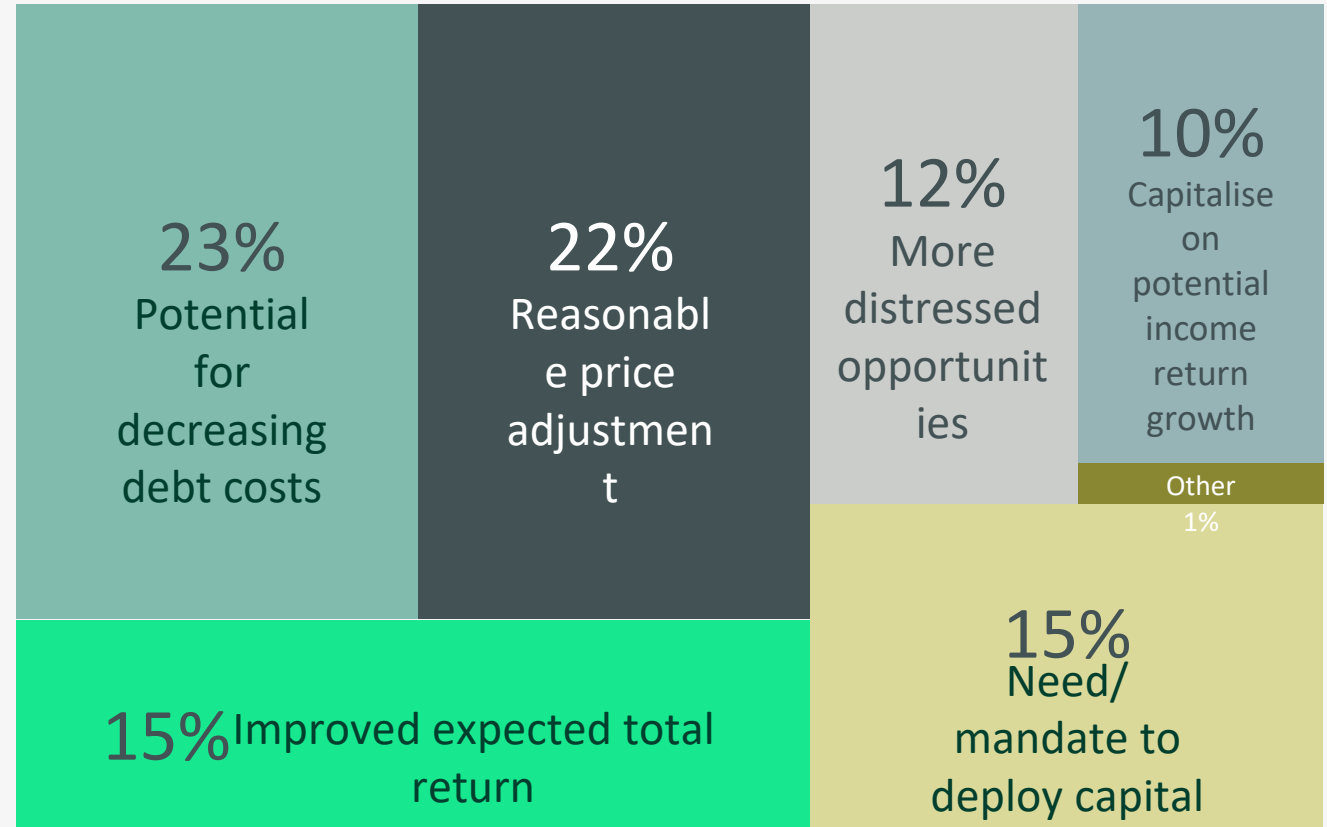


Source: 2025 Asia Pacific Investor Intentions Survey, CBRE Research, January 2025.

# Decreasing Debt Costs and Price Adjustments Cited as Main Reasons for Increasing Allocations to Real Estate

**Figure 3: Reason for Increasing Real Estate Allocation in 2025**

(based on respondents' markets which respondents primarily transact in)

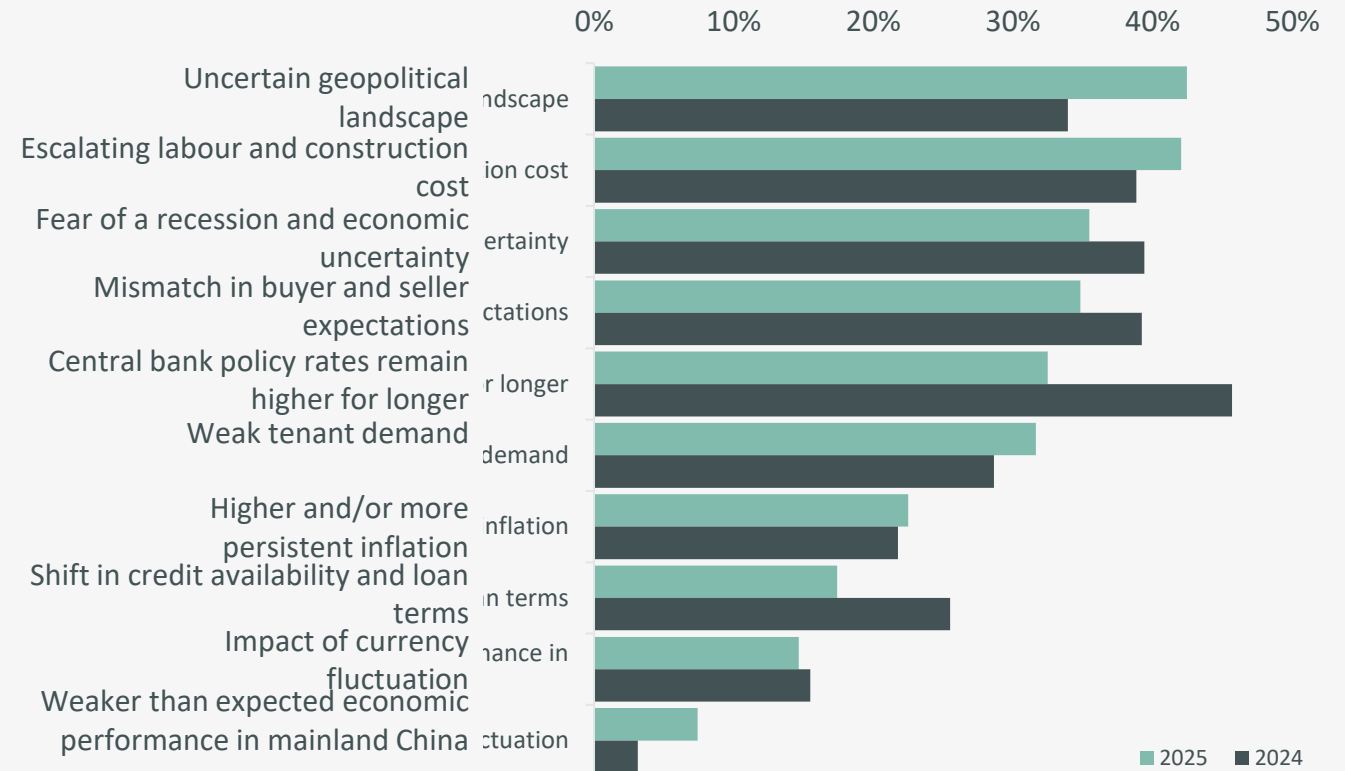


Source: 2025 Asia Pacific Investor Intentions Survey, CBRE Research, January 2025.

# Geopolitical Concerns and Construction Costs Top Lists of Challenges

- Replacement cost concern is especially pertinent in **Japan** and **Singapore**, where overall construction costs for commercial real estate have risen by more than 30% since the beginning of 2020.

**Figure 4: Major Challenges for Real Estate Investment**

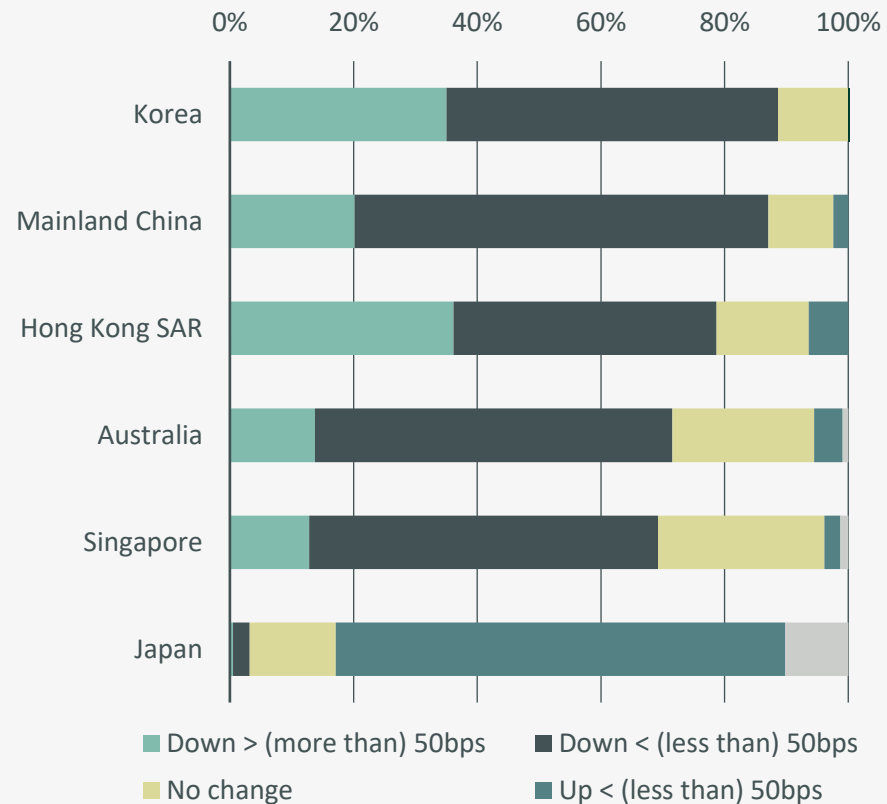


Source: 2025 Asia Pacific Investor Intentions Survey, CBRE Research, January 2025.

# Rate Cut Expectations Lowered Following Latest U.S. Economic Data

- Total rate cut of 100 bps in 2024 was welcomed boost for investors
- Fed’s increase of 2025 inflation projection to 2.5% creates uncertainty surrounding the **pace and magnitude** of future rate cuts.
- In **China**, the stimulus provided so far has not led to significant uptick in the economy hence further rate cuts expected
- Despite the weaker yen, the Bank of **Japan** (BoJ) has opted to maintain interest rates at 0.25% after ending negative interest rates in March 2024.

**Figure 5: Expected Direction of Central Bank Policy Rates in 2025**



**Higher tendency for rate cuts in 2025**

**Higher tendency for rate hikes in 2025**

Source: 2025 Asia Pacific Investor Intentions Survey, CBRE Research, January 2025.



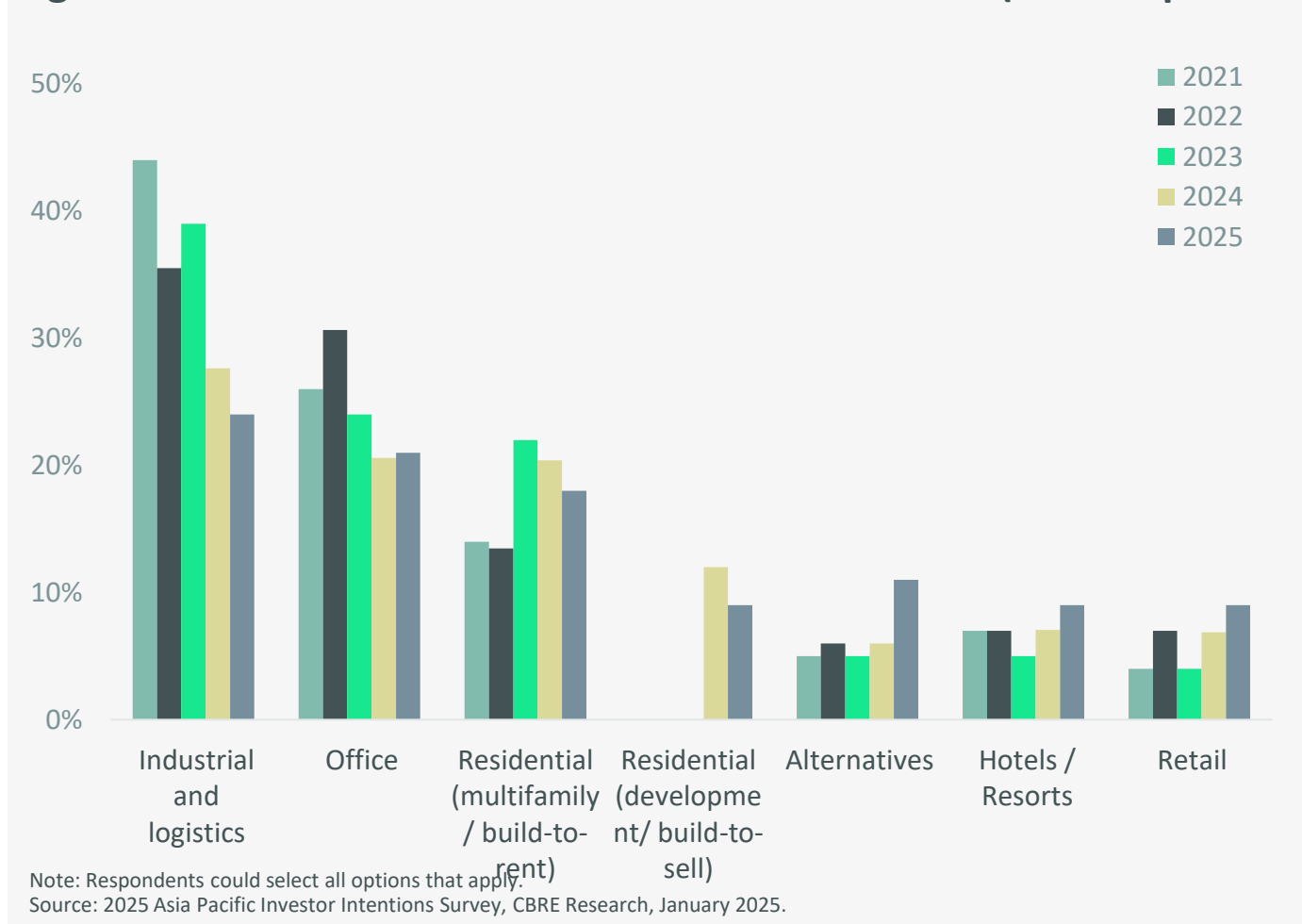
02

# Preferred Investment Strategies and Sectors

## Stronger Interest in Offices and Alternatives

- **Industrial** and **office** assets retained first and second place.
- Investors' preference for **office** assets in 2025 to pick up marginally due to occupier leasing activity in some markets stabilising or showing signs of growth.
- **Living sector** remains popular, with build-to-rent and build-to-sell opportunities attracting strong interest.

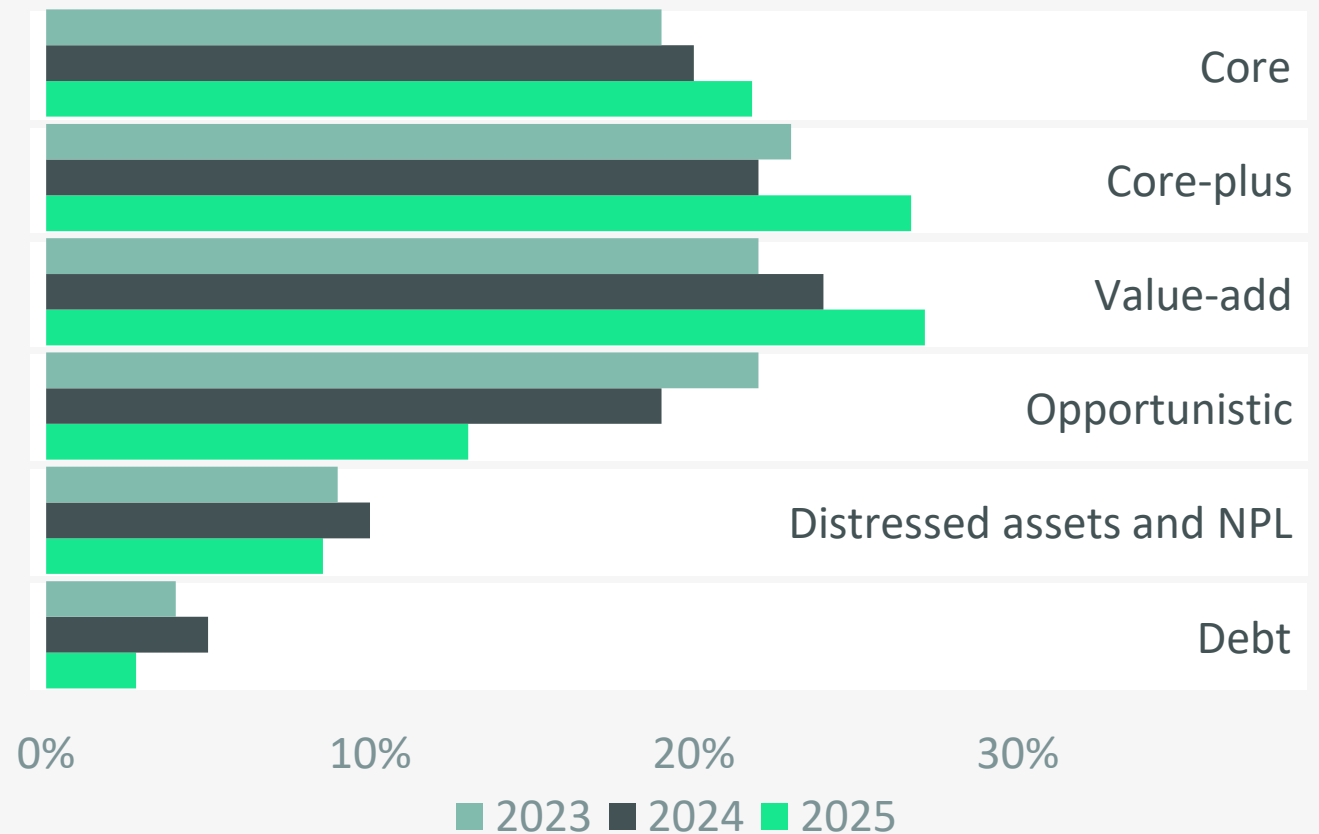
Figure 6: Investors' Preferred Sector for Investment (% of respondents)



# Core-Plus and Value-Add Named Most Popular Real Estate Investment Strategies in 2025

- In markets where **core** assets have repriced, investors believe they can achieve core-plus and possibly value-add returns by acquiring assets that reflect core risk profiles.
- In Japan, investors identified **value-add** as their top strategy in 2025, particularly those considering living and accommodation style assets.
- **Opportunistic** strategies attracted weaker interest as repricing for these types of assets has been insufficient for investors.

Figure 7: Preferred Investment Strategy



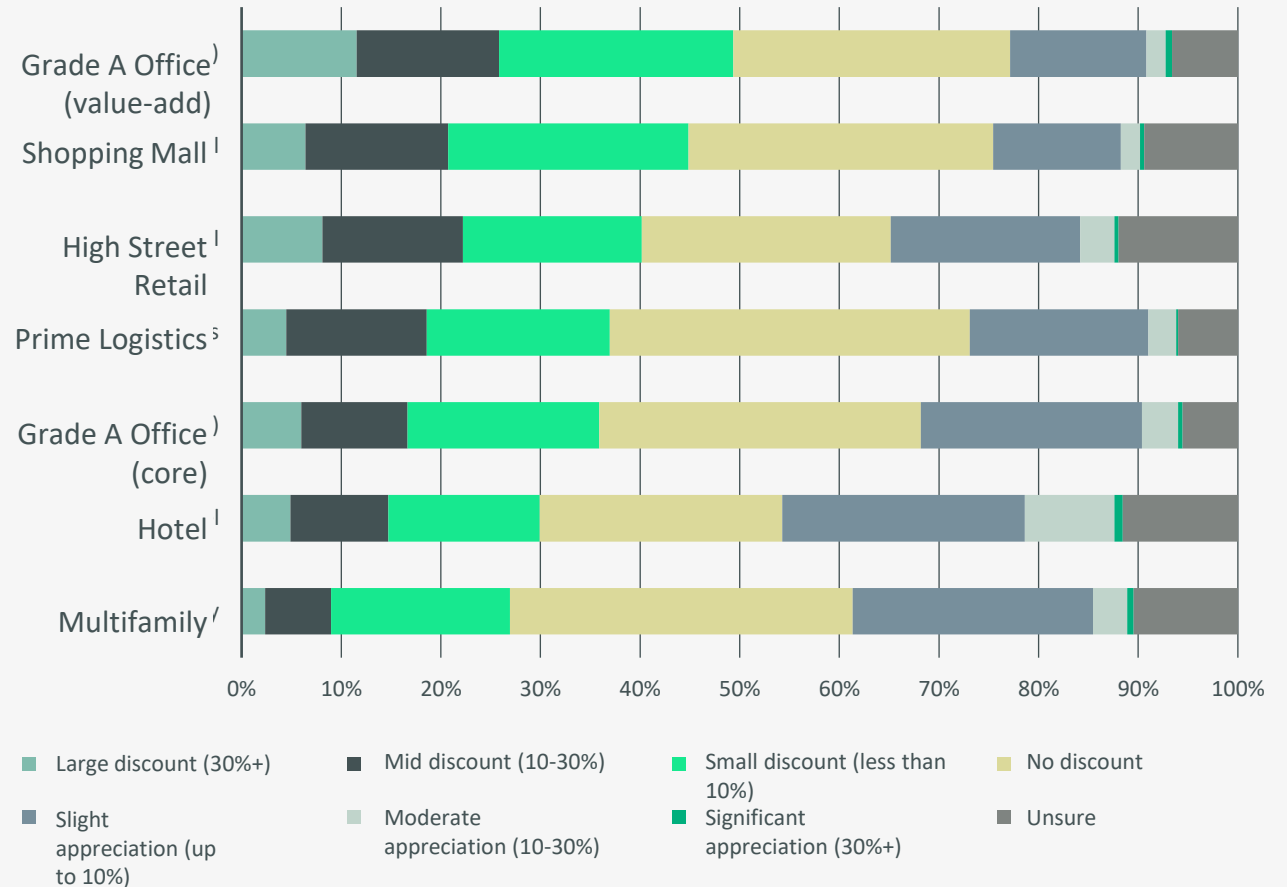
Source: 2025 Asia Pacific Investor Intentions Survey, CBRE Research, January 2025.

# Investors Seek Further Repricing of Value-Add Offices and Shopping Malls

Almost 50% of investors stated their intention to continue to seek discounts for **value-add office** acquisitions. Investors are uncertain about future tenant demand for these assets and are to a certain extent unwilling to invest CapEx to ensure they meet ESG targets.

- **Core offices** experienced the most significant downward change in sentiment towards repricing - over 60% for 2024 vs 35% for 2025.
- Investors anticipate further increases in pricing for **hotel and multifamily assets** over the course of this year.

**Figure 8: Investors' Pricing Expectations by Sector in 2025**

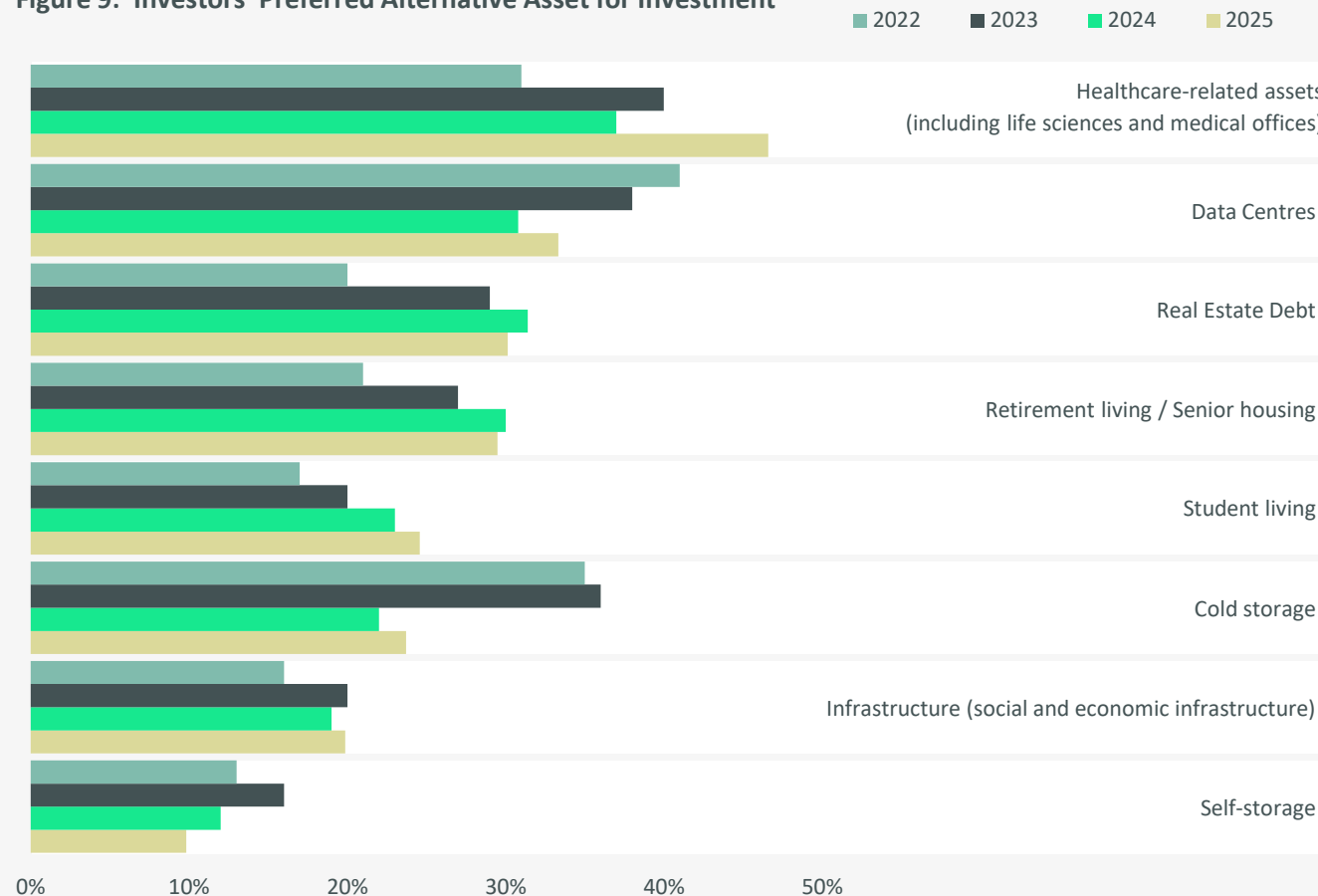


Source: 2025 Asia Pacific Investor Intentions Survey, CBRE Research, January 2025.

# Data Centres Reclaim Second Spot in List of Alternatives; Living Assets Gain Interest

- Healthcare related properties, **including life sciences and medical offices**, is most favoured sector.
- Despite concerns around power supply and construction approvals in some markets, investors retain a healthy appetite for **data centres** (ranked 2<sup>nd</sup>).
- Investors interest in various types of living sector properties - student accommodation, retirement living (in markets with ageing population) has increased.

Figure 9: Investors' Preferred Alternative Asset for Investment



Source: 2025 Asia Pacific Investor Intentions Survey, CBRE Research, January 2025.

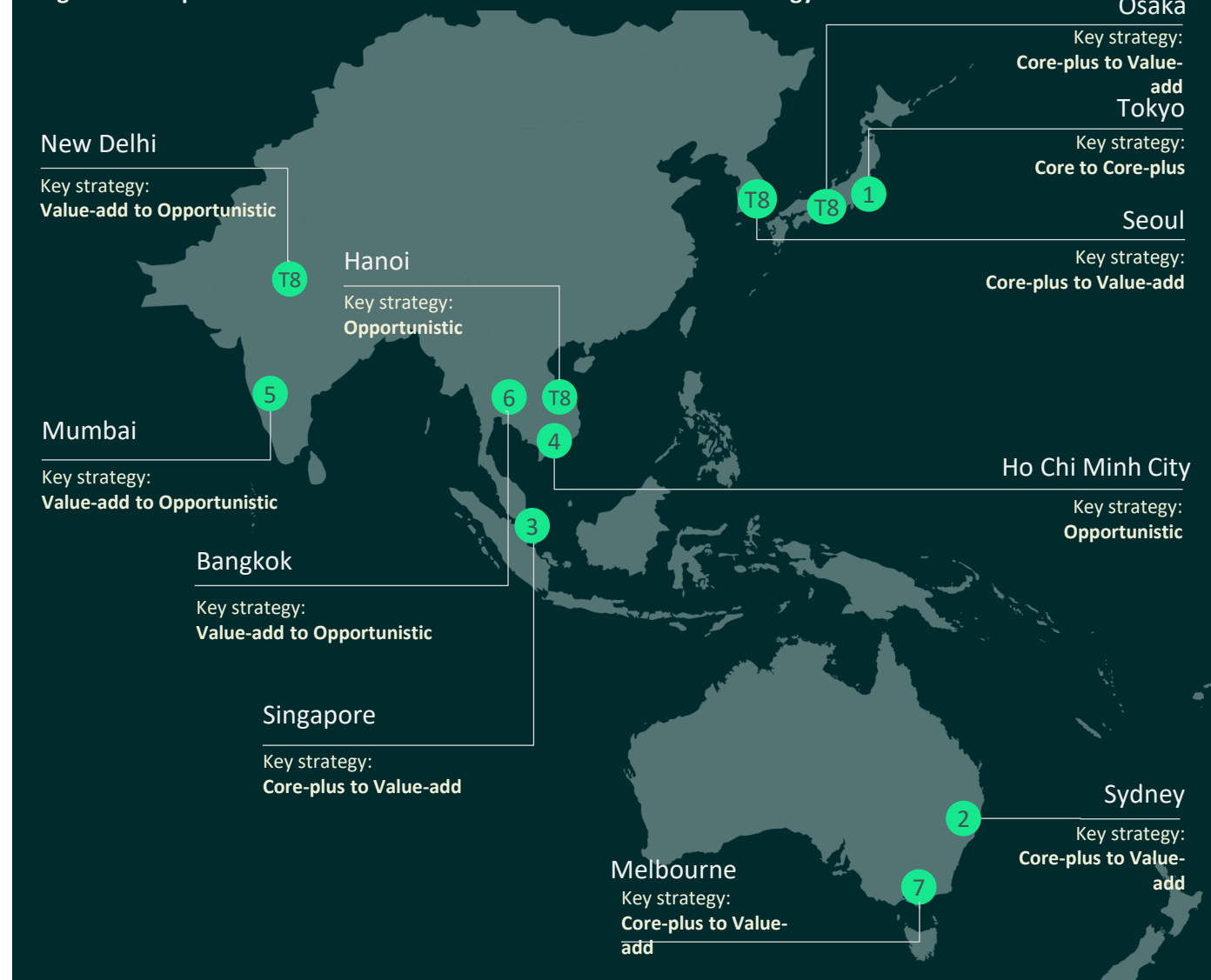
<sup>1</sup><https://www2.deloitte.com/us/en/insights/industry/health-care/life-sciences-and-health-care-industry-outlooks/2025-life-sciences-executive-outlook.html>

# 03 Investment Destinations

# Tokyo Remains Top Market For Cross-Border Investment

- Tokyo retained position as preferred market - low cost of debt and stable income streams.
- **Sydney** and **Singapore** followed in second and third place.
- Mumbai and Delhi attracting long-term investors looking to add to their real estate exposure in the world's fastest growing economy, with India set enjoy solid cross-border interest in 2025.

Figure 10: Top Cities For Cross-Border Investment and Preferred Strategy



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# ESG and Commercial Real Estate Investment

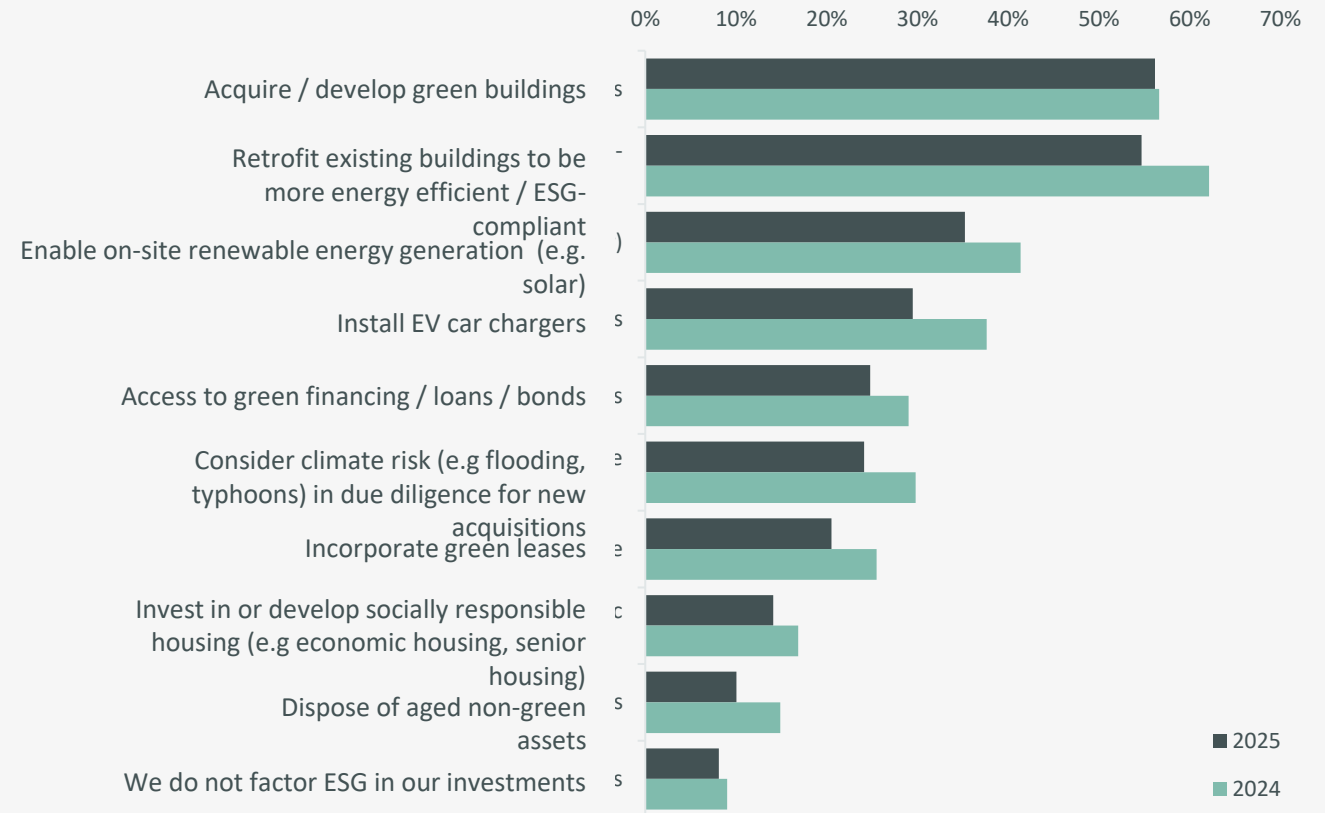


# Acquisition / Development of Green Buildings Overtakes Retrofitting As Top ESG Initiative

- Around 56% of investors, the bulk of which are private equity funds, real estate funds and developers, intend to **acquire or develop green buildings**.
- Investors remain focused on **retrofitting existing assets**, particularly in the office and industrial sectors although high construction cost is a challenge.
- Whilst this is also a popular initiative in the office sector, respondents to CBRE’s 2024 Asia Pacific Office Occupier Survey<sup>1</sup> ranked it as the least important factor influencing their building selection decisions, with tenants more focused on building location, quality and certifications in the immediate term.

<sup>1</sup><https://www.cbre.com/insights/reports/asia-pacific-major-report-2024-asia-pacific-office-occupier-sentiment-survey>

Figure 11: Which ESG Initiatives Will You Pursue When Looking at New Investments?



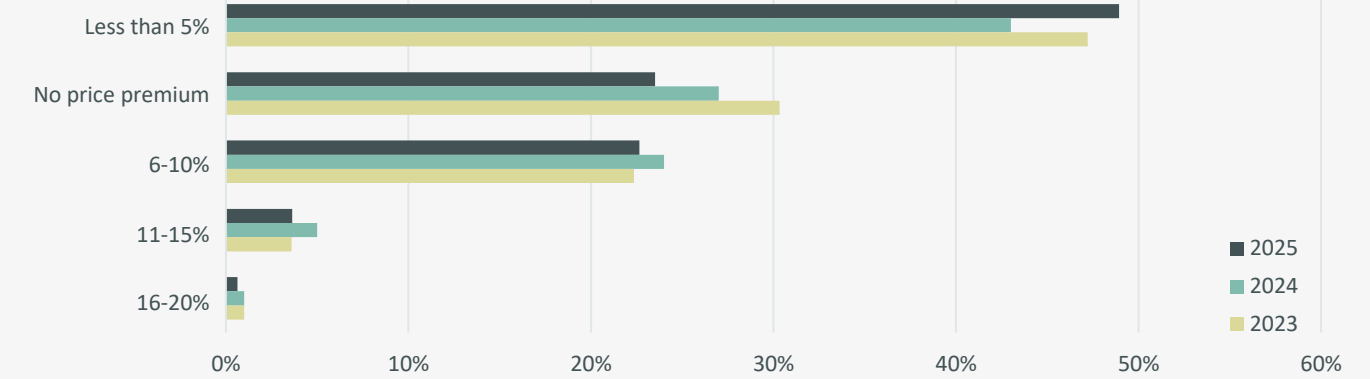
Note: Respondents could select all options that apply.  
 Source: 2025 Asia Pacific Investor Intentions Survey, CBRE Research, January 2025.

# Greater Price Premium Placed on Sustainable Assets

- About 24% of investors displayed little or no willingness to pay a price premium to acquire an ESG certified property, down from 27% in 2024 and 30% in 2023.

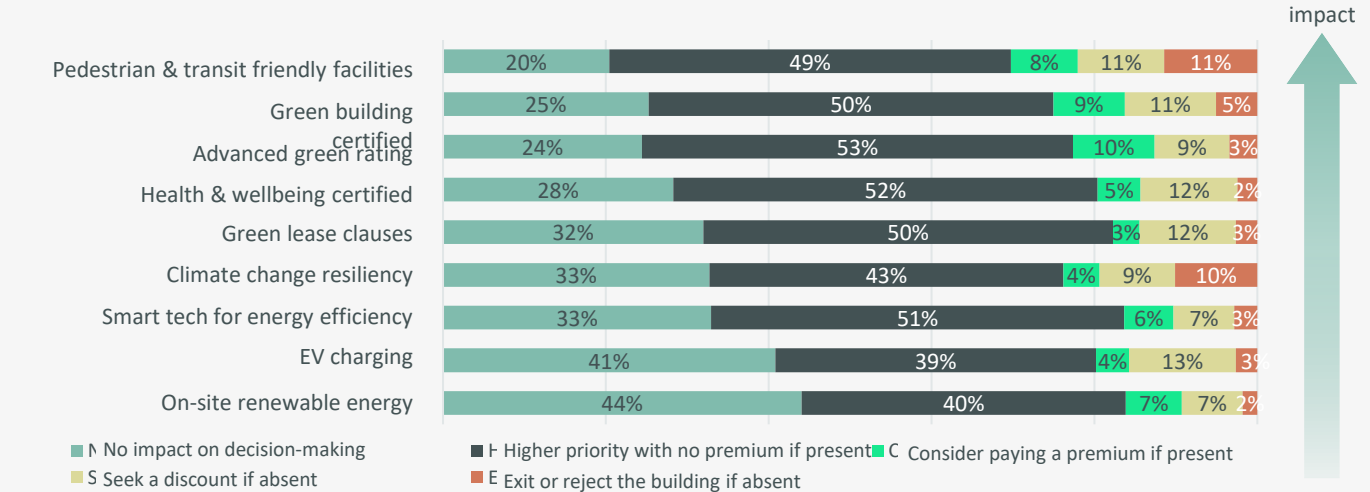
- Most of these investors pivoted to a slight premium (less than 5%), with 49% of respondents willing to pay slightly more for ESG assets.

**Figure 12: What is the Price Premium That You Would Give to an ESG-Certified Asset Compared to a non-ESG Asset?**



Source: 2025 Asia Pacific Investor Intentions Survey, CBRE Research, January 2025.

**Figure 13: Impacts of ESG Features in Building Selection**



Source: CBRE 2024 Asia Pacific Office Occupier Survey, September 2024.

<sup>1</sup><https://www.cbre.com/insights/reports/asia-pacific-major-report-2024-asia-pacific-office-occupier-sentiment-survey>

<sup>2</sup><https://www.weforum.org/stories/2024/01/sustainable-office-buildings/>

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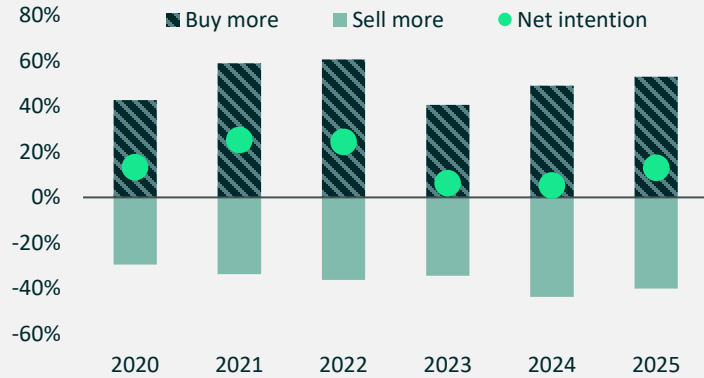
In Conclusion...

# 2025 Asia Pacific Investor Intentions Survey

## Investor Buying and Selling Intentions

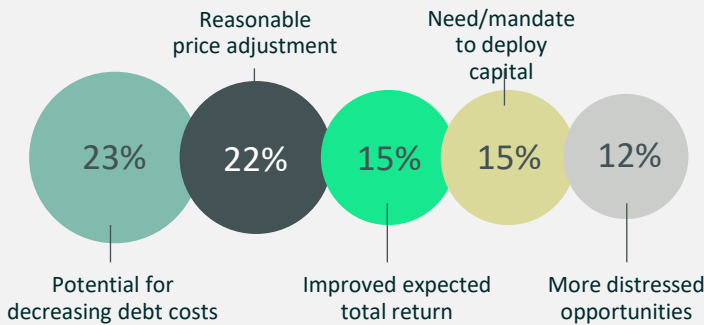
Investor intentions increase to 13%, with REITs and institutional investors displaying strongest intentions

Asia Pacific Investment Sentiment



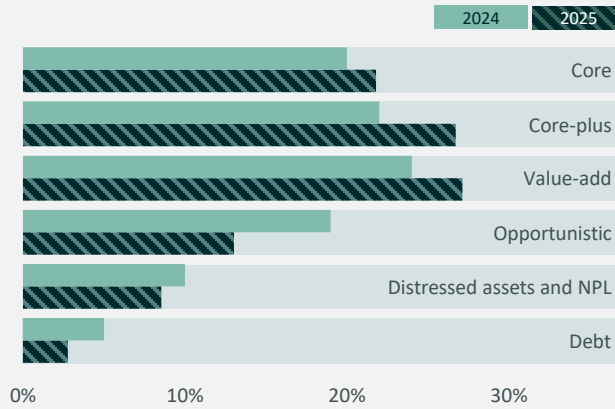
Many investors intend to increase their allocations to real estate in 2025

Key reasons:



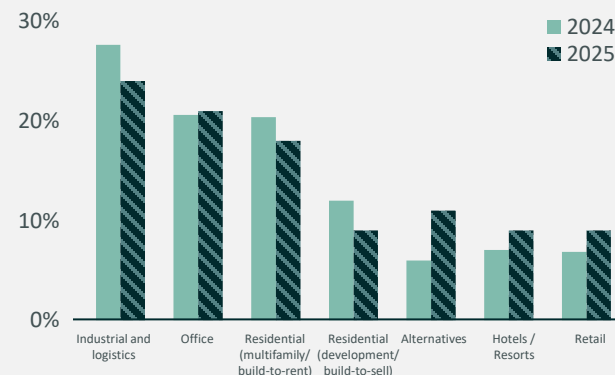
## Preferred Strategies and Sectors

Core and value-add named most popular investment strategies this year

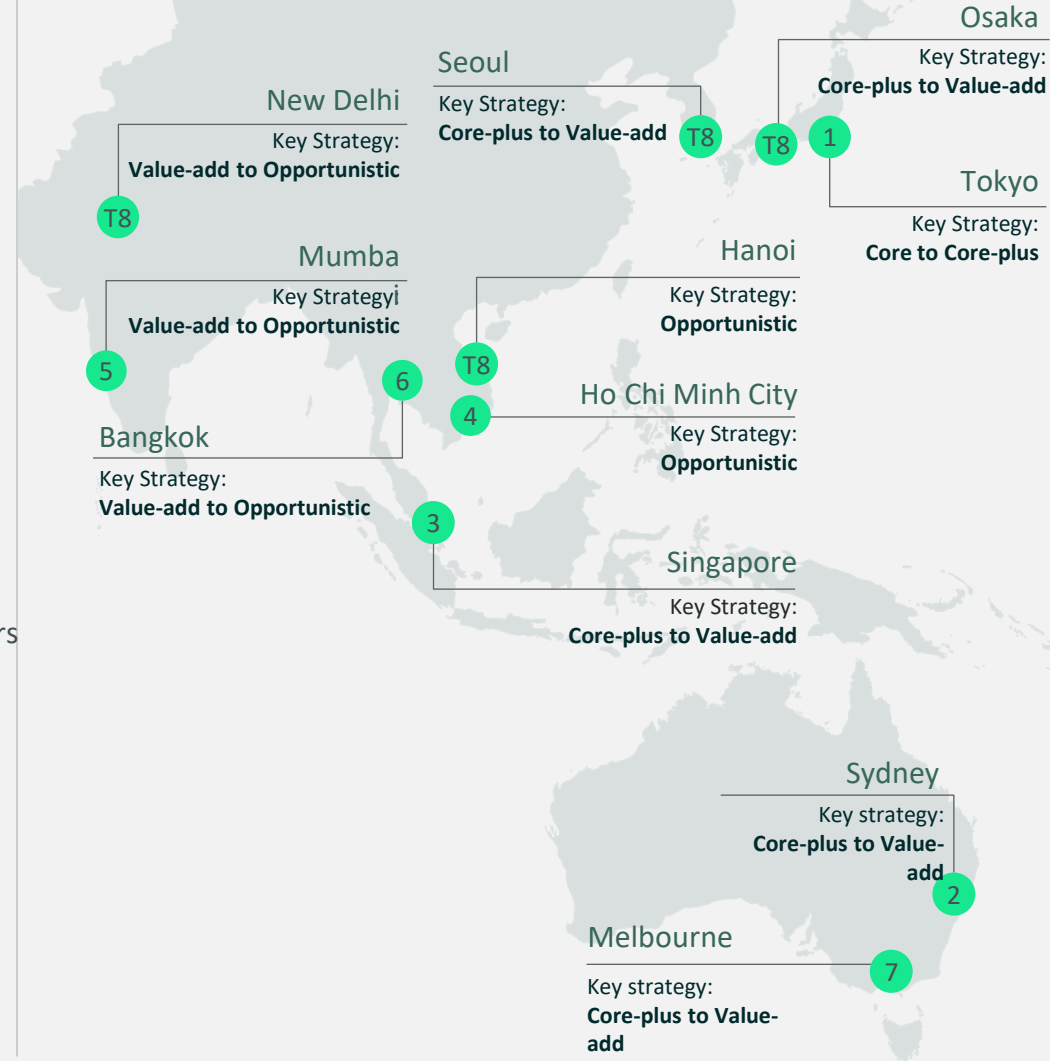


## Top Sectors for Investment

Industrial & logistics continues lead but investors look more broadly across sectors



## Top Cities for Cross-Border Investment



# Contacts

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