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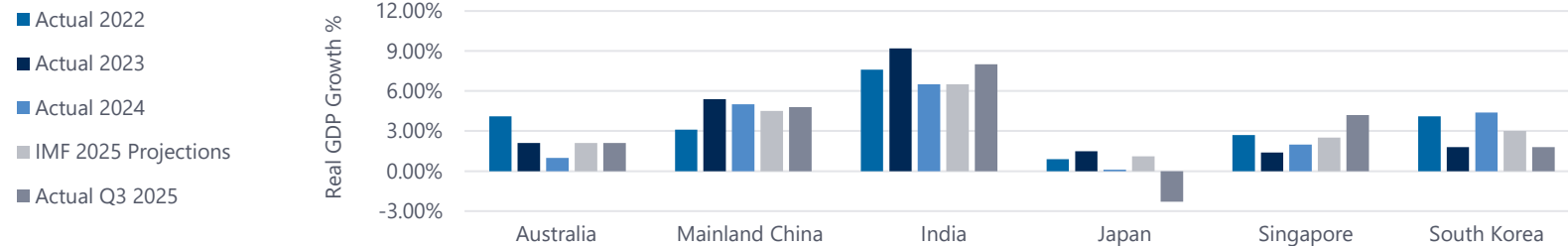
Asia-Pacific Real Estate Market Update

January 2026

Macroeconomic Updates and Capital Markets

Asia-Pacific growth gained traction in Q3 2025 on the back of robust exports and supportive policies, prompting IMF upgrades. Yet, higher tariffs, trade uncertainties, and global conflict-driven disruptions pose risks to Q4 momentum.

GDP Growth Rates



Asia-Pacific economies showed surprising resilience through 2025, as robust domestic demand, policy support, and front-loaded exports helped offset global trade headwinds. Reflecting this, Asian Development Bank (ADB) has upgraded its forecast for developing Asia's growth to ~5.1% in 2025 (from 4.8% in its September outlook) and now expects growth of about 4.6% in 2026, modestly higher than earlier projections considering stronger-than-expected expansions in major economies and resilient external demand, although risks from trade uncertainty, geopolitical headwinds, and structural bottlenecks remain.

Australia and Japan posted moderate growth figures, with Japan's recovery supported by improving business sentiment even as inflation and soft consumption continue to weigh, while Australia remains steady amid domestic-demand resilience and emerging productivity concerns. Mainland China showed mixed momentum—earlier gains from exports and investment have softened as recent data point to weaker retail sales and industrial output, alongside persistent domestic-demand challenges and renewed external tariff risks. Reflecting these pressures, China's 15th Five-Year Plan prioritizes stabilizing its property sector, boosting consumption, and accelerating innovation-driven, higher-quality growth to sustain broader economic momentum.

India and Singapore posted strong upside, with India continuing to outpace peers as recent forecasts show growth near 6.6%–7.8% supported by resilient consumption, services, and investment, and Singapore growing above expectations on sustained trade and services activity.

In contrast, South Korea underperformed with a relatively subdued growth outlook around ~0.9%–1.0% in 2025 amid lingering weak demand and export normalization, though momentum is expected to improve modestly in 2026. Political turbulence following former President Yoon Suk Yeol's martial law attempt and impeachment weighed on confidence, even as elections and new leadership have helped restore some stability.

Asian equity markets are showing strong performance year-over-year,⁽¹⁾ with KOSPI (South Korea, ~61%) and Nikkei 225 (Japan, ~28%) leading the surge. Other major indices, such as CSI 300 (China, ~13%) and STI (Singapore, ~21%), also posted solid gains, while Nifty 50 (India) and S&P/ASX 200 (Australia) hovered around +7.7%.

Inflation trends offer some relief, but risks remain. Disinflation has continued across the region, with headline inflation in developing Asia forecasted to ease to 1.6% in 2025—well below pre-pandemic averages—thanks to falling food and energy prices. Core inflation remains moderate, though service prices have increased in Mainland China. Monetary policy is expected to remain accommodative across much of the region, as inflation stays within or below target in most economies.

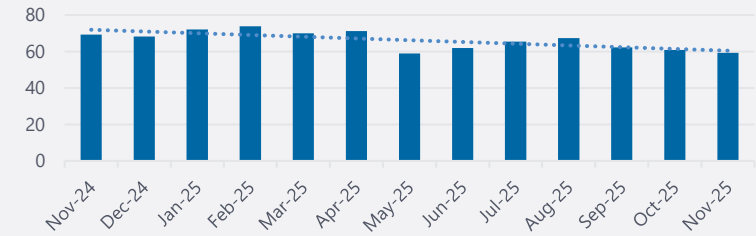
The balance of risks has clearly tilted to the downside. Beyond trade tensions, the region faces potential oil supply disruptions from renewed Middle East conflict, a fragile property market in Mainland China, U.S./India tariff concerns, and the threat of capital outflows if U.S. monetary policy tightens unexpectedly. While Asia's fundamentals remain intact, the ADB warns that the region's resilience will be tested in the months ahead. Policymakers will need to navigate a complex landscape of external shocks, domestic vulnerabilities, and shifting investor sentiment.

(1) YoY returns rolling from November 2024 to November 2025.

Sources: IMF, Asian Development Bank, CBRE, Reuters, IEA, World Gold Council, Exchange Rates, CNBC, Trading Economics, Business News Today, U.S. News, Business Korea, Countryeconomy.com, Chinabriefing.com, rtnews.com, englishnews.com.

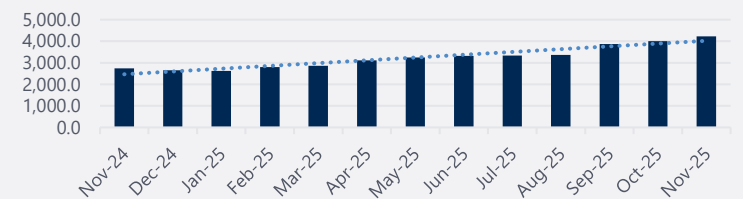
Overview of Gold and Oil Prices

Oil Price, USD per Barrel



Oil prices are under pressure due to record-high U.S. oil production and increased OPEC+ supply, resulting in rising global inventories. Furthermore, tariff-related tensions, as well as slowing demand in major economies, have continued to put constant pressure on oil prices.

Gold Price, USD per Ounce



Gold prices surged to a record high in early September 2025, following a U.S. Federal Reserve rate cut, which kept the momentum strong and the sentiment bullish. Gold is rising on the backs of interest rate cuts, making nonyielding assets much more attractive, supported by strong central bank purchases.



The global economy is entering a new chapter of rising protectionism, shifting trade alliances, and deepening uncertainty. For Asia-Pacific, one of the most trade-dependent regions, this turbulence is seismic. It is also a moment of choice for economic and social reform.

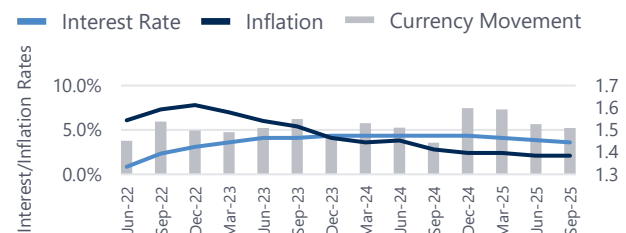
Kanni Wignaraja, UN Assistant Secretary-General and UNDP Regional Director for Asia and the Pacific

Key Macro Indicators Across APAC: A Visual Overview

APAC's macroeconomic landscape is evolving—interest rates are broadly easing to stimulate growth, and inflation is moderating or falling below most central banks' targets. Japan stands apart, with both inflation and interest rates rising after decades of stagnation and strict yield-curve control. Most APAC currencies have weakened despite a softer U.S. dollar, with Australia remaining broadly stable and Singapore showing relative strength. These diverging trends highlight a region in transition—one that presents both caution and opportunity for investors.

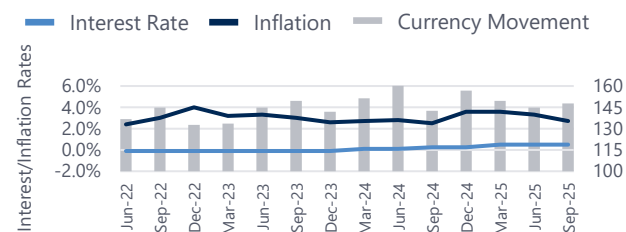
Sources: Trading Economics, IMF, Reuters, Bloomberg, The Korea Times.

Australia



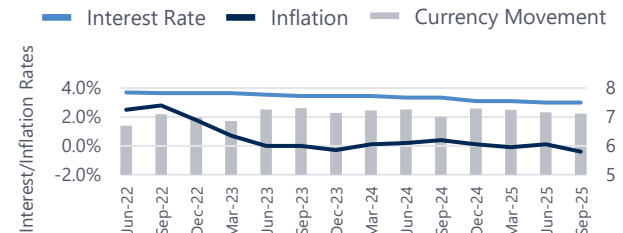
- Australia initially raised interest rates from 0.85% in June 2022 to 4.35% in December 2023 and held it steady until December 2024 before beginning easing policy in March 2025 as recession risks subsided and growth stabilized.
- The Australian dollar (AUD) has appreciated modestly against the U.S. dollar, supported by softer domestic inflation, firm external demand, and strong export performance.
- Key drivers of the AUD include the RBA's policy stance, iron ore prices, and Mainland China's economic outlook, as well as Australia's own inflation trends, growth prospects, and trade balance.

Japan



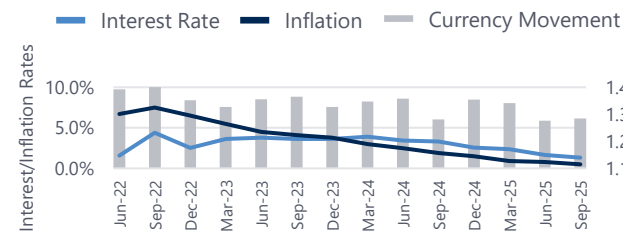
- Japan ended years of negative interest rates, raising them for the first time in March 2024 since 2007 to counter inflation surpassing 3%.
- Persistent deflation since 2007 had kept rates ultra-low until this shift.
- The yen has weakened over the past two years but is now showing signs of stabilization, supported by the Bank of Japan's gradual policy normalization—including reduced REIT and ETF purchases—alongside shifting trade dynamics and heightened geopolitical risks.

Mainland China



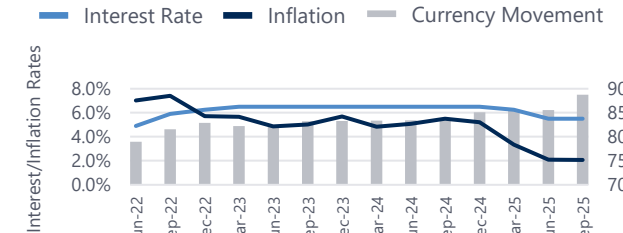
- Interest rates were gradually cut during the period of September 2022 to March 2025 to tackle deflation, stimulate economic growth, and address weak domestic demand.
- Inflation has been falling for six quarters; real estate and tech sector crises added pressure on growth.
- The yuan has depreciated over the past 12 quarters due to real estate instability, rising capital outflows from Mainland China's bond markets, and escalating Western trade tensions culminating in record-low exports in August 2025.

Singapore



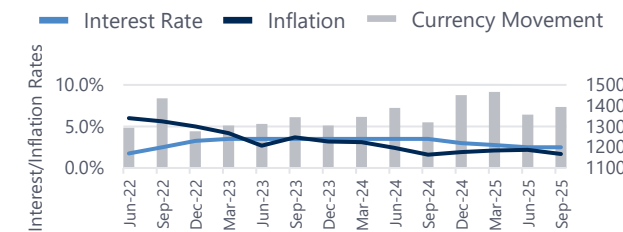
- Singapore raised interest rates steadily, starting in December 2022 to curb inflation. By Q2 2024, they began easing them as recession risks moderated to stimulate economic growth.
- The Singapore dollar appreciated slightly toward the end of September 2025 against the U.S. dollar, supported by the MAS policy framework, easing inflation through the quarters, rising external demand, and stronger exports.
- Monetary policy shifts aligned with economic cycles, balancing inflation control with growth support.

India



- India raised the interest rate from 4.90% in June 2022 to 6.50% in March 2023 to curb inflation and held it steady until March 2025 before implementing a rate cut to spur economic activity.
- The rupee depreciated due to trade deficits (current account), constantly decreasing FPI figures, relatively higher inflation than the U.S., global uncertainty, and a recent increase in the H-1B visa fees.
- RBI intervention helped moderate the pace of rupee depreciation and reduce currency volatility.

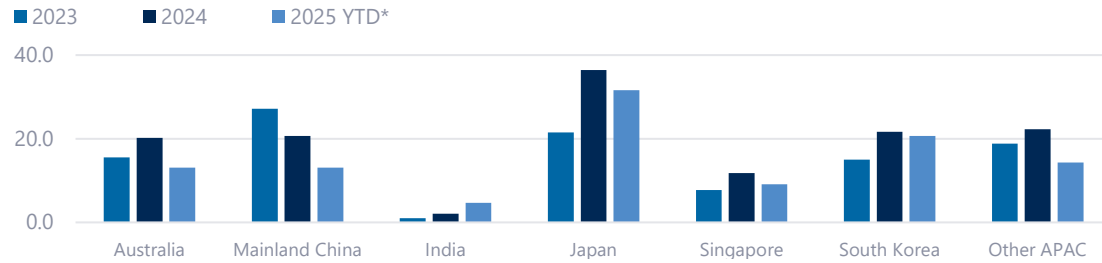
South Korea



- South Korea raised interest rates sharply starting from September 2022 until March 2023 to curb inflation driven by global shocks, but as inflation steadily eased, the central bank began cutting rates in 2024 and 2025 to support growth amid a tech slowdown and external uncertainties.
- The currency is depreciating against USD because foreign investors are selling Korean equities and reallocating capital, as well as due to uncertainty resulting from stalled discussions on U.S./Korea trade talks.

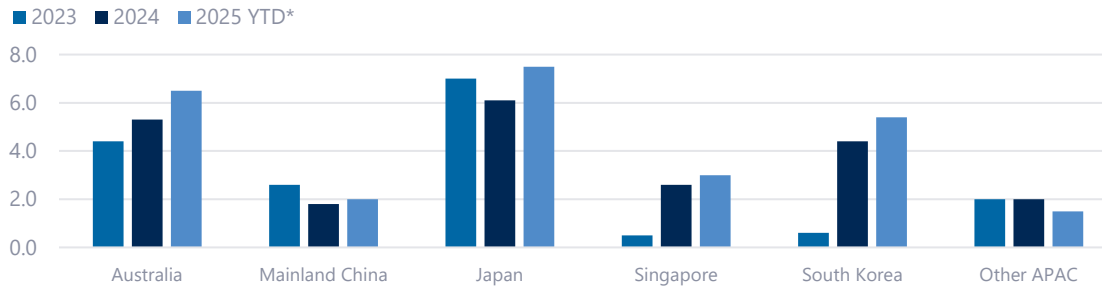
Investment Volumes, APAC Region

Investment Volumes by Country (USD Billions)



The Asia-Pacific real estate market recorded US\$106.6 billion in investment volumes in 2025 YTD—a modest recovery, though still well below pre-pandemic peaks. Growth was led by Japan and South Korea, supported by strong office and living-sector demand, while Mainland China saw activity dominated by distressed sales, and Australia and Singapore remained subdued amid wider pricing gaps and a lack of large-ticket transactions. India, despite its smaller overall transaction volume compared to larger APAC markets, continues to be one of the fastest-growing real estate investment destinations in the region. In 1H 2025, India accounted for a disproportionately high share of new office development and leasing in APAC, capturing over 70% of regional leasing demand and roughly 48% of new supply across major markets. Overall, investor sentiment remains cautious and selective, with capital gravitating toward resilient, high-conviction markets rather than broad-based regional growth.

Cross-Border Investments (USD Billions)

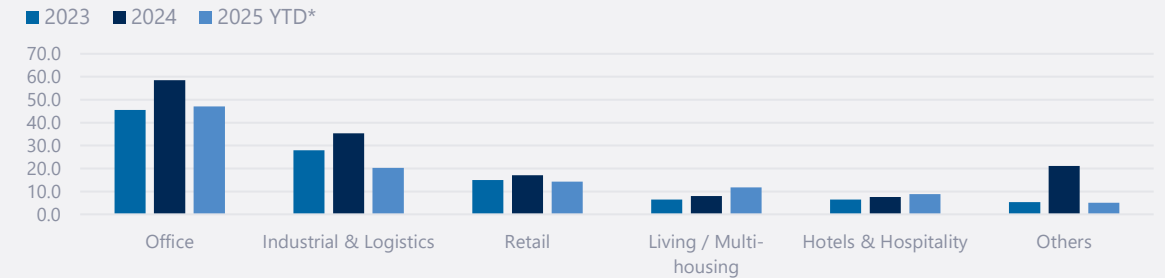


Cross-border capital into Asia-Pacific rebounded in the latter half of 2024 and 2025, led by sovereign and institutional investors targeting logistics, data centers, and selected office or experiential assets. Activity is concentrated in Japan, South Korea, and Australia, with growing interest in India and Southeast Asia, while Mainland China remains subdued amid policy uncertainty. Gulf sovereign funds are notably active, deploying large investments and taking control positions.

*YTD figures are updated until Q3 2025.

Sources: JLL, Savills.

Investment Volumes by Asset Class (USD Billions)








Total investment rose by 17% YoY, led by strong growth in the office sector, likely driven by return-to-office trends and strategic repositioning. Industrial and logistics also saw healthy gains, supported by e-commerce and supply chain demand. Retail and living/multi-housing posted modest increases, reflecting stable consumer and housing fundamentals. Hotels and hospitality declined sharply, possibly due to macroeconomic headwinds or slower travel recovery. A notable uptick in the data centers and others category suggests rising interest in data centers and other alternative asset classes in the APAC region. Q4 2024 volumes were driven by the \$16.1 billion Blackstone Air Trunk deal.

Notable Transactions in RE (USD Millions)

Transaction	Date	Sector	Price	Vendor	Purchaser	Market
Akasaka Park Building	Oct-25	Mixed Use	538	Japan Real Estate Investment Corporation	Mitsubishi Estate Co., Ltd.	Japan
Pangyo Tech Tower	Oct-25	Office	1,363	Mirae Asset Management	Korea Investment & Securities and KakaoBank	South Korea
Data Center Portfolio	Sept-25	Data Center	4,000	Bain Capital	Guangdong HEC Technology Holding Co.	China
Aveo Retirement Homes Ltd.	Jun-25	Senior Living	2,500	Brookfield Asset Management	South Korea's National Pension Service and Scape	Australia
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 Ltd.)	Hong Kong SAR
TOKYOØ Portfolio	Apr-25	Living	554	Lone Star	Warburg Pincus	Tokyo, Japan
Hilton Fukuoka Sea Hawk, Fukuoka	Feb-25	Hotel	422	ML Estate	Japan Hotel REIT Investment Corp.	Fukuoka, Japan
Data Centers Portfolio	Dec-24	Data Center	16,100	Air Trunk	Blackstone	Across APAC
Hanam Data Center	Aug-24	Data Center	530	IGIS Asset Management	Macquarie Asset Management	Gyeonggi-do, Korea

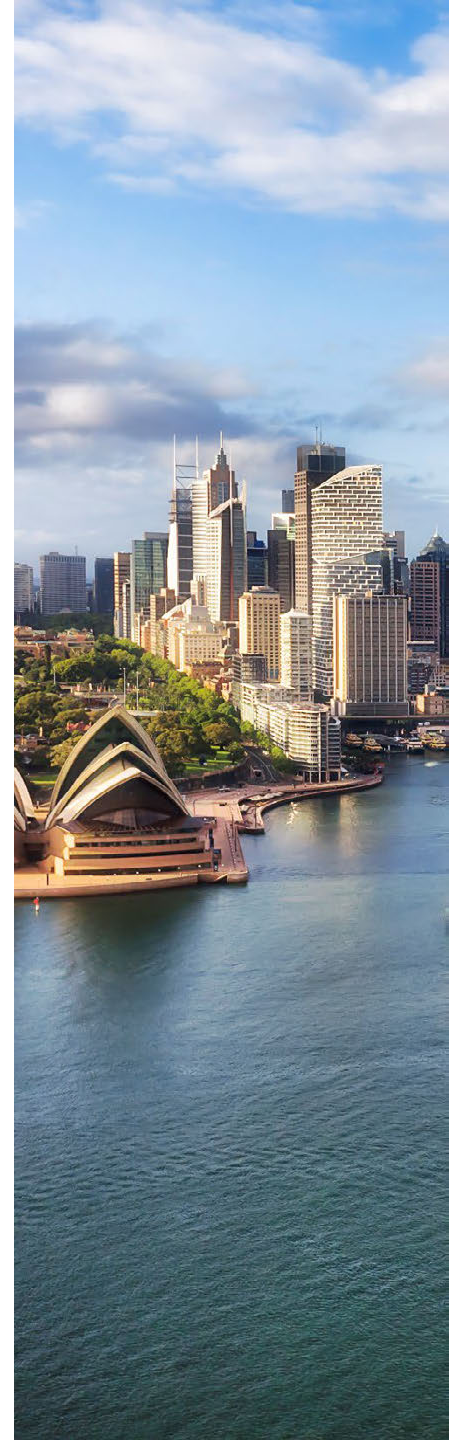
From Markets to Metrics: Asset Class Performance Across Countries

Australia

 <p>Office</p>	<ul style="list-style-type: none"> ↑ RENT ↑ VACANCY ↑ ABSORPTION ↑ CAP RATES 	<p>Rent growth is mainly driven by new developments demanding higher rents, while occupancy at older assets continues to face strains. Flight to centrality and strict return-to-office policies to shape the future demand.</p> <p>Investment volumes remain muted, but rate cuts could lift sentiment. Transaction volumes are forecasted to rebound by 2H 2025 and 1H 2026.</p>	<p>Vacancies on account of new supply set to ease by 2H 2025—interest rate cuts in 1H 2026, expected to improve investment sentiment.</p>
 <p>Retail</p>	<ul style="list-style-type: none"> ↑ RENT ↓ VACANCY ↑ ABSORPTION ↓ CAP RATES 	<p>Retail strength underpinned by near-full occupancy (~99%) and steady rent growth, led by CBDs. Falling inflation, tight labor market, and real wage growth resulting in higher disposable income to push the sales volumes up.</p> <p>Investor confidence rebounded in Q1 with sales volumes up 75% YoY, yields holding firm and rate cuts fueling a cautiously optimistic outlook.</p>	<p>Retail outlook turns upbeat as rising incomes, stronger leasing, and easing headwinds lift investor confidence.</p>
 <p>Industrial</p>	<ul style="list-style-type: none"> ↔ RENT ↔ VACANCY ↔ ABSORPTION ↓ CAP RATES 	<p>Market shows resilience with occupier confidence strengthening amid easing inflation and rate cuts.</p> <p>Rents showed a flattish growth, expected to stabilize and increase amid higher take up of space expected in 2H 2025, 2026, and 2027.</p> <p>Cap rates experienced some compression with more expected in the short term.</p>	<p>Steady market with compressing cap rates.</p>
 <p>Housing</p>	<ul style="list-style-type: none"> ↑ DEMAND/ ABSORPTION ↑ CAPITAL VALUE 	<p>Developers passing the benefit of reduced construction costs, combined with a rate cuto, resulting in higher demand and pushing the capital values upward.</p> <p>Newer tax concessions started to promote build-to-rent setup in order to ease the housing demand.</p>	<p>Lower interest rates, improved supply, and normalized population growth expected to support market stability.</p>
 <p>Hospitality</p>	<ul style="list-style-type: none"> ↑ REVPAR ↔ ADR ↑ OCCUPANCY ↔ CAP RATES 	<p>ADR remained constant, and RevPAR saw growth YoY due to an increase in occupancy amid an increase in tourist numbers and resilience shown by both luxury and mid-range segments.</p> <p>Hotel cap rates across Australia remain mixed; Sydney and Brisbane saw modest compression, Melbourne edged higher, and Perth held stable. Market outlook signals selective investor optimism with city-specific divergences.</p>	<p>Strong fundamentals and steady performance make it a reliable long-term investment.</p>

Sources: CBRE, Colliers, KPMG, Knight Frank, Cushman & Wakefield.

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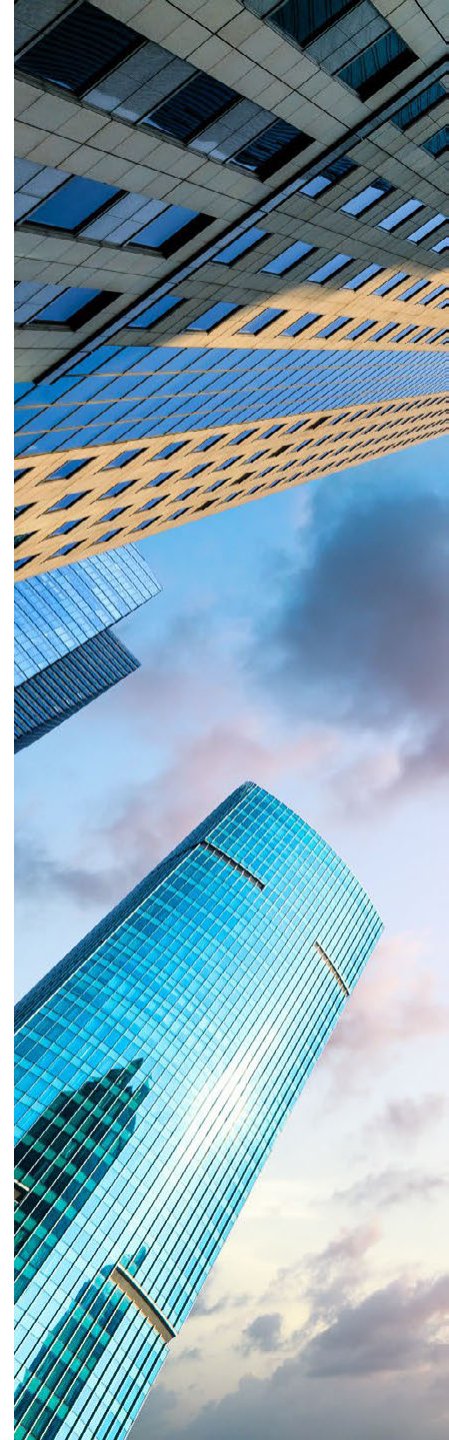
From Markets to Metrics: Asset Class Performance Across Countries (cont.)

Mainland China

 <p>Office</p>	<p>↓ RENT ↑ VACANCY ↑ ABSORPTION ↑ CAP RATES</p>	<p>Improved demand has not offset the structural oversupply, which is still driving rents lower and sustaining high vacancy levels between ~25% to 40%.</p> <p>Emerging sectors, such as AI, robotics, and semiconductors, are driving an increase in demand; however, it remains below the pre-pandemic levels.</p>	<p>Rising cap rates; cautious recovery ahead.</p>
 <p>Retail</p>	<p>↓ RENT ↑ VACANCY ↓ ABSORPTION ↔ CAP RATES</p>	<p>The market is stabilizing after a very strong 2024 rebound. Despite a YoY drop in supply, structural oversupply still continues to drive rents lower and keep vacancies elevated.</p> <p>Quality-related polarization where prime shopping districts/malls have recovered faster than older, poorly positioned suburban schemes, which have seen higher rents and rent pressure.</p> <p>Retailers are focusing on efficiency and shifting to experience-driven, IP-based formats to attract younger shoppers.</p>	<p>Average rents under pressure as quality drives recovery paths.</p>
 <p>Industrial</p>	<p>↓ RENT ↓ VACANCY ↑ ABSORPTION ↑ CAP RATES</p>	<p>Rents are being cut to boost occupancy, with sharper drops in the North/East, while resilient South Mainland China drives new supply as the East contracts.</p> <p>Demand is rising in central and western markets on policy-driven consumption, while cross-border activity stays weak and cap rates inch up on cautious sentiment.</p> <p>Growth is centered on advanced logistics hubs and policy-backed data centers—though after a rapid build-out, the latter are moving into a consolidation/optimization phase.</p>	<p>Rents dip, demand shifts, logistics hubs, and data centers in focus.</p>
 <p>Housing</p>	<p>↔ DEMAND/ ABSORPTION ↓ CAPITAL VALUE</p>	<p>Mainland China's housing downturn continues as inventories pile up, prompting renewed state support and fresh policy easing. The market has now been in decline for more than four years, though the pace of correction is showing signs of moderation.</p> <p>Confidence remains fragile, with Evergrande's delisting intensifying concerns over the broader health and stability of the residential sectors.</p>	<p>Housing drag deepens, fear prevalent.</p>
 <p>Hospitality</p>	<p>↓ REVPAR ↓ ADR ↓ OCCUPANCY ↔ CAP RATES</p>	<p>Mainland China's hotel sector faced a dip in overall performance, as RevPAR and ADR declined—driven by weaker occupancy amid high supply and reduced disposable incomes.</p> <p>High-end hotels, struggling with falling revenues, are even resorting to creative measures like street food sales to offset losses.</p>	<p>Navigating challenges with strategic shifts and regional growth opportunities.</p>

Sources: JLL, CBRE, Reuters, Colliers, Cushman & Wakefield, Hospitality.net, Leading Hoteliers Network.

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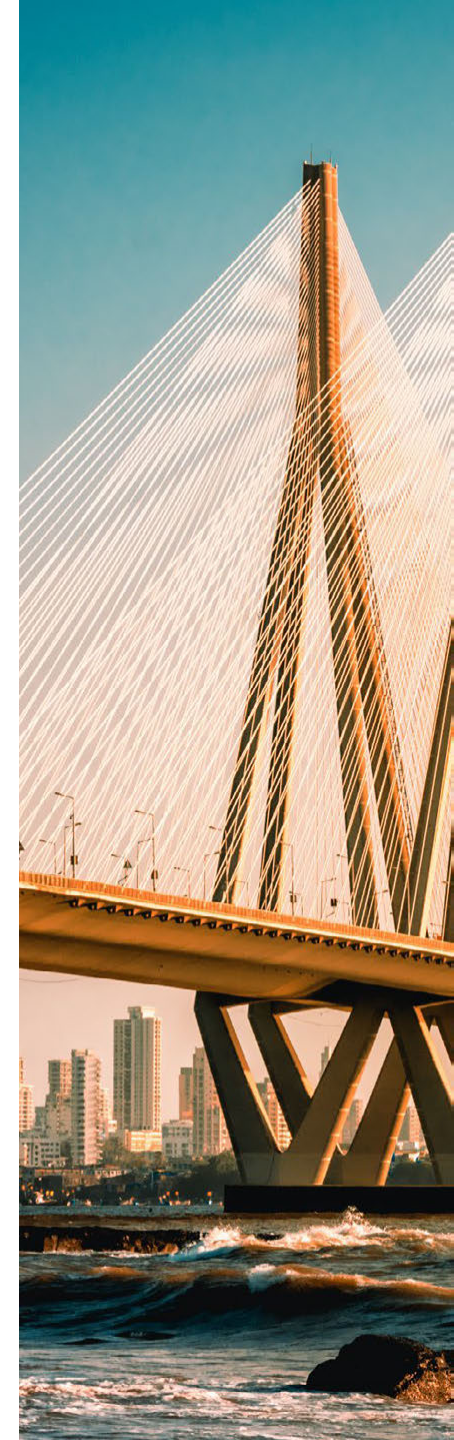
From Markets to Metrics: Asset Class Performance Across Countries (cont.)

India

	Office	<ul style="list-style-type: none"> ↑ RENT ↓ VACANCY ↑ ABSORPTION ↔ CAP RATES 	<p>Robust demand led by Indian firms has kept the absorption high and vacancies tight, and has created an upward pressure on rents.</p> <p>Leasing largely driven by global capability centers (GCCs), IT, and technology firms, domestic corporates, BFSI players, and flexible space operators. Unabated strength in office sector fundamentals led to acquisition activity by global investors, Indian REITs, and domestic funds.</p> <p>Despite higher supply, rentals are expected to continue rising due to strong demand and tight vacancies in prime micro markets.</p>	Strong demand, easing inflation, and steady growth.
	Retail	<ul style="list-style-type: none"> ↑ RENT ↓ VACANCY ↑ ABSORPTION ↔ CAP RATES 	<p>Rents are rising as demand continues to outpace supply, though significant new stock is expected through 2029; absorption has doubled year-over-year, led by strong take-up from fashion and apparel and food and beverage retailers.</p> <p>Cap rates for retail assets, both malls and high streets, have remained range-bound in recent years and are expected to stay stable in 2025, with no significant compression observed.</p>	Supply surge and low inflation fuel India's retail boom, bright outlook.
	Industrial	<ul style="list-style-type: none"> ↑ RENT ↓ VACANCY ↑ ABSORPTION ↔ CAP RATES 	<p>Driven by flight-to-quality demand, limited quality supply, and rising land costs, quoted rents rose YoY in key micro-markets of major cities.</p> <p>Leasing saw strong momentum in 1H 2025, driven by expansion from e-commerce, quick commerce, 3PL, and manufacturing firms.</p> <p>Developers are focusing on Grade A warehousing with advanced features, automation, and expansion into Tier II cities to meet evolving market needs.</p>	Automation and Tier II growth power India's logistics revolution.
	Housing	<ul style="list-style-type: none"> ↑ DEMAND/ ABSORPTION ↑ CAPITAL VALUE 	<p>Higher demand supported by higher supply mainly due to increase of interest in premium residential markets pushing the capital values upward.</p> <p>The residential market is set to maintain strong momentum, driven by mid- to high-end launches and growing institutional participation. Developers are exploring new markets through partnerships, while robust buyer interest in premium homes supports stable capital values.</p> <p>Festive demand, policy support, and improved affordability underpin market steadiness, though rising prices and economic uncertainty may temper some buyer activity.</p>	Strong premium demand and rising prices set stage for housing market rally.
	Hospitality	<ul style="list-style-type: none"> ↑ REVPAR ↑ ADR ↑ OCCUPANCY ↔ CAP RATES 	<p>The Indian hospitality sector continued to post strong year-over-year growth across all major performance indicators. Major cities and emerging Tier II/III markets are driving growth.</p> <p>Demand is rising due to increased travel and events, with hotel supply set to grow 50%, especially outside metros, keeping the market vibrant in 2025.</p>	Rising travel fuels hospitality growth: cap rates to remain stable.

Sources: JLL, CBRE, Colliers, Cushman & Wakefield, Care Edge Ratings, Indias.com, TodaysTraveller.net, HVS.

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From Markets to Metrics: Asset Class Performance Across Countries (cont.)

Japan

 <p>Office</p>	<p>↑ RENT ↓ VACANCY ↑ ABSORPTION →← CAP RATES</p>	<p>Strong occupier demand—driven by relocations to larger premises and in-house expansions—continues to sustain high rents and low vacancies, while potential oversupply is being mitigated through office-to-residential conversions.</p> <p>Cap rates have remained stable year-over-year, with modest tightening anticipated from 2026.</p>	<p>Rents rise as demand outpaces supply; investor confidence fuels growth and cap rates steady.</p>
 <p>Retail</p>	<p>↑ RENT ↓ VACANCY ↑ ABSORPTION ↓ CAP RATES</p>	<p>Record rent levels were achieved in prime areas due to strong demand and limited availability of space.</p> <p>Vacancy rates remained near zero, pushing retailers to be flexible with store sizes and locations. Leasing activity dropped, but demand stayed strong, especially from outdoor and sporting goods brands.</p> <p>Cap rate tightening in Japan's retail sector is driven by strong investor demand, limited supply of prime assets, and resilient occupier fundamentals supported by tourism and luxury retail. Ultra-low financing costs and Japan's safe-haven status further justify lower yields.</p>	<p>Strong inbound tourism and wage growth fuel Japan's booming retail.</p>
 <p>Industrial</p>	<p>→← RENT →← VACANCY ↑ ABSORPTION ↓ CAP RATES</p>	<p>The Greater Tokyo logistics market is shifting gears—rents are inching up, demand stays strong, and with a thinner supply pipeline ahead, moving toward a more balanced, resilient market, even as rents rise moderately.</p> <p>Rents in Greater Osaka continued to rise amid a relatively tight supply-demand balance, though vacancy edged up slightly. However, high new supply in 2025 may temporarily disrupt the market.</p> <p>Ministry of Economy, Trade and Industry published its fourth report on the new direction of economic and industrial policies, which lays out a future for 2040, based on "a growth-oriented economy driven by investment and wage hikes," which will promote the growth further.</p>	<p>Rising e-commerce and supply chain needs drive Japan's logistics growth.</p>
 <p>Housing</p>	<p>↑ DEMAND/ ABSORPTION ↑ CAPITAL VALUE</p>	<p>Urban redevelopment, foreign investment, and a weak yen are pushing prices up, while new housing starts are declining due to high construction costs and zoning restrictions.</p> <p>Demand remains robust from both domestic buyers and international investors, with rental markets showing high occupancy and rising rents.</p>	<p>Supply is tightening, supporting continued price appreciation across major urban centers.</p>
 <p>Hospitality</p>	<p>↑ REVPAR ↑ ADR ↑ OCCUPANCY ↓ CAP RATES</p>	<p>Japan's hotel market is enjoying robust growth, fueled by a surge in inbound tourism and steadily recovering occupancy. ADR continue to strengthen, supporting a rising RevPAR, while the market's strong fundamentals are driving further cap rate compression, continuing a long-term tightening trend.</p> <p>New domestic players are entering Japan's hotel market, with REIT listings and large mixed-use acquisitions attracting both retail and institutional investors. Meanwhile, Expo 2025 in Osaka and new resort openings like Junglia Okinawa are boosting tourism and highlighting growth opportunities in key destinations.</p>	<p>Japan's hotel sector strengthens; stable growth outlook remains intact.</p>






Sources: JLL, Savills, CBRE, Colliers, Cushman & Wakefield, E-Housing.

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From Markets to Metrics: Asset Class Performance Across Countries (cont.)

Singapore

 <p>Office</p>	<ul style="list-style-type: none"> ↑ RENT ↓ VACANCY ↑ ABSORPTION ↔ CAP RATES 	<p>Flight to quality (modern and premium spaces) continues to shape up the leasing activity and attract maximum absorption. Developers are spending significant capex to modernize older facilities.</p>	<p>Tight supply, growing rentals, and stable cap rates indicating steady growth.</p>
 <p>Retail</p>	<ul style="list-style-type: none"> ↑ RENT ↔ VACANCY ↑ ABSORPTION ↓ CAP RATES 	<p>F&B drove half of all prime mall openings in 1H 2025. Lifestyle retailers kept expanding, often taking over large vacated spaces with curated, experience-led concepts, which help sustain stable vacancy rates despite supply being below 10-year historic average.</p> <p>Cap rate compression by ~60 bps expected on the backs of tourism rebound and strong investor confidence.</p> <p>No major retail supply is expected beyond 2025, with the next significant completions—Bukit V Mall and the redeveloped Tanglin Shopping Centre—scheduled only in 2028.</p>	<p>Retail rents rise on tight supply; next major completions only by 2028.</p>
 <p>Industrial</p>	<ul style="list-style-type: none"> ↔ RENT ↔ VACANCY ↔ ABSORPTION ↔ CAP RATES 	<p>Rental growth remains flat with absorption being driven by limited renewals related leasing activity.</p> <p>Single-user factory space will account for the largest chunk of this supply followed by multiple-user factory and warehouse space, respectively.</p> <p>Industrial cap rates remain steady amid economic uncertainty, with potential for movement in either direction.</p>	<p>Flattish outlook overall amid global uncertainties.</p>
 <p>Housing</p>	<ul style="list-style-type: none"> ↔ DEMAND/ ABSORPTION ↑ CAPITAL VALUE 	<p>Public housing resale prices rise amid robust demand and affordability concerns, while the private housing market sees modest growth driven by limited supply and regulatory measures.</p> <p>Price to income ratio exceeding ~14 times and preference toward luxury projects making affordability strained.</p>	<p>Steady climb amid cautious optimism and tight supply.</p>
 <p>Hospitality</p>	<ul style="list-style-type: none"> ↓ REVPAR ↓ ADR ↓ OCCUPANCY ↔ CAP RATES 	<p>RevPAR and ADR dipped as the boost from major concerts, such as Taylor Swift and Lady Gaga, proved short-lived, highlighting the market's overreliance on big-ticket events.</p> <p>Cost-conscious consumers moving toward more budget-friendly options.</p> <p>Cap rates experienced notable fluctuations in the past decade; however, they are expected to stabilize.</p>	<p>Hotel metrics soften on low occupancy but rebound expected as travel picks up in 2H 2025.</p>


Sources: JLL, CBRE, Cushman & Wakefield, Hospitality.net, The Business Times, EdgeProp.com, Singapore Business Review, Reuters, SingaporeRealEstateNews.com.

■ Unfavorable
 ■ Favorable
 ■ Stable



From Markets to Metrics: Asset Class Performance Across Countries (cont.)

South Korea

 <p>Office</p>	<ul style="list-style-type: none"> ↑ RENT ↔ VACANCY ↑ ABSORPTION ↓ CAP RATES 	<p>Rents for new office buildings in South Korea are rising driven by limited supply and the impact of higher construction costs, while vacancy rates remain stable thanks to relocation-driven demand from FinTech and high-tech tenants.</p> <p>Cap rates have slightly declined year-over-year due to strong investor interest and are expected to stay stable through the rest of 2025.</p>	<p>1.5x rise in investment volumes in Q2 2025 with continued foreign interest; supply expected to increase after 2028.</p>
 <p>Retail</p>	<ul style="list-style-type: none"> ↑ RENT ↓ VACANCY ↑ ABSORPTION ↔ CAP RATES 	<p>Retail rents are rising, and vacancy rates are falling in prime tourist and downtown zones, driven by pent-up travel demand and a rebound in foot traffic. However, the market remains bifurcated; while top districts thrive, secondary retail areas continue to face elevated vacancies and must reinvent themselves to stay competitive.</p> <p>The sector is showing signs of recovery, especially in tourist-oriented shopping districts, but faces headwinds from e-commerce growth and cautious consumer spending.</p>	<p>Retail is steady with near-full occupancy and rising investor confidence for prime retail, pointing to a cautiously optimistic outlook.</p>
 <p>Industrial</p>	<ul style="list-style-type: none"> ↑ RENT ↔ VACANCY ↑ ABSORPTION ↔ CAP RATES 	<p>Rents are climbing in newly built logistics centers, which are in high demand and mostly occupied. Older warehouses, however, are seeing more vacancies. New supply has slowed down noticeably this year, but recently completed modern facilities are driving most of the leasing activity.</p> <p>With strong investor interest in “core” or “prime” assets, cap rates are expected to tighten slightly by the end of the year.</p>	<p>Modern logistics centers drive rent growth amid tight supply.</p>
 <p>Housing</p>	<ul style="list-style-type: none"> ↓ DEMAND/ ABSORPTION ↓ CAPITAL VALUE 	<p>Lower demand due to higher price to income ratios and with tightening supply lead to decline in the capital value of the assets.</p> <p>Housing demand in South Korea has cooled after years of sharp price growth, as affordability pressures kept many end users on the sidelines.</p> <p>The slowdown has been compounded by a weak economy and tighter mortgage regulations, with the phased rollout of stricter debt service ratio rules since 2024 further capping borrowing capacity and limiting buyers’ access to credit.</p>	<p>Widening gaps in price-to-income and rent-to-income ratios are shifting demand toward rentals, adding pressure on housing capital values.</p>
 <p>Hospitality</p>	<ul style="list-style-type: none"> ↑ REVPAR ↑ ADR ↑ OCCUPANCY ↓ CAP RATES 	<p>RevPAR and ADR rose on the backs of strong tourism demand, rising 18% YoY in Q1 2025, thus leading to higher occupancies.</p> <p>Promotion of the tourism zones by the government and strong demand for luxury hotels corroborate the increases in the ADR and the RevPAR, which surpassed the pre-pandemic levels. Foreign capital shaping up the hospitality market in Seoul by unlocking value through repositioning.</p> <p>Rising tourism and ADRs are boosting investor confidence; foreign capital is actively reshaping the market by targeting high-yield, redevelopment-ready assets.</p>	<p>Positioned for continued growth supported by tourism rebound, strong investment, and strategic expansion in luxury segment.</p>

Sources: JLL, Savills, Colliers, Cushman & Wakefield, STR, Knight Frank.

■ Unfavorable ■ Favorable ■ Stable



Houlihan Lokey Asia-Pacific Real Estate Qualifications

Houlihan Lokey has significant valuation experience across the APAC real estate sector, including advising clients in the context of acquisitions and valuations for their real estate investments spanning debt and equity.

Property/Portfolio	Location	Description
DATA CENTERS 	Malaysia and India	Houlihan Lokey was engaged by a private equity and special situations fund to provide a valuation opinion on the fund's equity ownership interest in data center facilities in Malaysia and Mumbai (on a stand-alone basis) for investor reporting, in relation to a potential merger transaction with another portfolio company.
MULTIPLE (HOTEL, MULTI-FAMILY, AND RETAIL) 	Mainland China, the U.S., and Singapore	Valuation advisor to a private credit fund on the loan facilities and equity stake in an investment holding company that invests in, develops, sells, and leases commercial and residential properties primarily in Mainland China. The portfolio company faces a potential restructuring following a default on both their loan facilities and outstanding offshore bonds. Our scope of work included valuing these investments on a recurring quarterly basis for financial reporting purposes.
HOTEL AND COMMERCIAL 	Japan	Valuation advisor to a private equity fund on its investments in 30+ hospitality and commercial assets across Japan through equity and debt facilities. Our valuation analysis included the valuation of the equity and debt facilities and assessment of the collateral on a recurring annual basis for financial reporting purposes.
DATA CENTERS 	Indonesia	Houlihan Lokey was engaged as the financial advisor to provide a purchase price allocation for a data center in Jakarta, constructed in 2016, that was partially leased to a variety of regional and global users. A combination of an income approach, sales approach, and cost approach were utilized to value the data center and overall business acquisition, along with subcomponents, including land, building, site improvements, and other real estate intangibles.
MIXED-USE (RESIDENTIAL AND RETAIL) 	Singapore, Malaysia, and Thailand	Valuation advisor to a private credit fund on its investment in a subsidiary of a Singapore listed property developer through multiple loan facilities. Our valuation analysis included the valuation of the loan facilities and assessment of collaterals, including mixed-use real estate developments in Malaysia and Thailand, on a recurring quarterly basis for financial reporting purposes.

Houlihan Lokey Engagements by Region

Houlihan Lokey has extensive experience across Asia and the South Pacific regions and asset classes.



Houlihan Lokey Asia-Pacific Real Estate Qualifications (cont.)

Property/Portfolio	Location	Description
MULTIPLE (MULTI-FAMILY, COMMERCIAL, INDUSTRIAL, AND LAND)	Mainland China	Valuation advisor to a private equity fund in connection with its 95.0% equity interest in a nonperforming loan portfolio, utilizing projected cash flows to determine expected timing and recovery amount of collateral, with our valuation conducted on a quarterly basis since Q4 2018.
DATA CENTERS	Japan	Houlihan Lokey was engaged by a private investment firm with a focus on global RE and managing more than \$100 billion in assets. Its DC platform is focused on developing 10+MW hyperscale DCs in Asia. Certain funds associated with the firm were concurrently participating in a primary equity issuance and a secondary purchase of equity interests from other associated funds. Houlihan Lokey rendered an opinion to the general partner of the firm regarding the fairness, from a financial point of view, of the consideration paid to the associated funds in the transaction.
PALM-OIL PLANTATIONS	Indonesia	Valuation advisor to a private equity fund in connection with its defaulted loan facilities and equity interest in palm oil plantations. Our scope of work included valuing these investments on a recurring quarterly basis.
MIXED-USE (RESIDENTIAL AND RETAIL)	Australia	Valuation advisor to a private credit fund on the loan facilities granted to an Australian property developer that controls eight mixed-use towers in New South Wales. Our scope of work included valuing the loan facilities and assessing the underlying real estate assets secured to the loan facilities on a recurring annual basis for financial reporting purposes.
MIXED-USE (RESIDENTIAL AND RETAIL)	Singapore, Malaysia, and Thailand	Valuation advisor to a private credit fund on its investment in a subsidiary of a Singapore-listed property developer through multiple loan facilities. Our valuation analysis included the valuation of the loan facilities and assessment of collaterals, including mixed-use real estate developments in Malaysia and Thailand, on a recurring quarterly basis for financial reporting purposes.
RESIDENTIAL	India	Valuation advisor to a private equity fund in connection with its defaulted loan facilities (NCDs), collateralized by development rights for a residential skyscraper in Mumbai. Our scope of work included valuing these investments on a recurring quarterly basis.

Houlihan Lokey Engagements by Region

Houlihan Lokey has extensive experience across Asia and the South Pacific regions and asset classes.



Houlihan Lokey's Real Estate Expertise

Houlihan Lokey has a successful track record of assisting its clients—comprising real estate investors, owners, and other stakeholders—with various valuation, transaction, and special situation needs.

Valuation and Advisory Services



We have deep valuation expertise in investment, financial reporting, and tax matters.



We advise boards of directors and special committees as they navigate a range of strategic situations and challenges.



We value large portfolios of real estate equity and debt positions and offer bespoke valuation services (e.g., positive assurance) to help clients mitigate valuation risk.



Leveraging our accounting and real estate expertise, we help clients with transaction advisory services related to real estate equity and debt investments.



Our bench of experts includes dispute resolution counsellors to advise on valuation matters involving disputes, mediation, arbitration, and litigation.



We provide fairness opinions, solvency opinions, and valuation opinions to clients across a variety of property- and entity-level transactions.

Investment Banking



We have a track record of structuring and executing value-optimizing transactions for our clients.



We run efficient, momentum-driven processes that drive results in M&A and capital raising for both healthy corporate finance and restructuring transactions.



We advise clients on strategic alternatives that enable them to accomplish next-level strategic goals—whether the aim is accelerated growth or divestiture—for PropCo and/or OpCo structures.



Our team of finance professionals has extensive and expansive reach of traditional and nontraditional real estate debt and equity investors around the world.



We are well versed in crafting tailored solutions to achieve client objectives, with deep experience across sectors, company types, and market cycles.



We are uniquely positioned to help address special situations, ranging from liquidity management to recapitalizations.

Leadership



Jeffrey Andrews, MAI, MRICS
Director
Head of Real Estate
Valuation and Advisory
JAndrews@HL.com



Rishi Aswani
Managing Director
Portfolio Valuation
and Fund Advisory
Rishi.Aswani@HL.com



Zi Cheng
Director
Portfolio Valuation
and Fund Advisory
ZCheng@HL.com



Casey Hancock
Director
Portfolio Valuation
and Fund Advisory
CHancock@HL.com



Prashant Kamath
Director
Real Estate Valuation
and Advisory
PKamath@HL.com



Charlene Lim
Director
Portfolio Valuation
and Fund Advisory
CLim@HL.com



Rebecca Hu
Senior Vice President
Portfolio Valuation
and Fund Advisory
Rebecca.Hu@HL.com



Sahil Shroff
Vice President
Real Estate Valuation
and Advisory
Sahil.Shroff@HL.com

Contact Us

Please reach out to one of our team members to discuss this quarter's market update or to explore how we can serve your business needs.

Contributing Authors: Rushabh Shah and Neeraj Udasi

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