Knight Frank 萊坊

ASIA-PACIFIC PROPERTY MARKET OUTLOOK 2013

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PROPERTY MARKET OUTLOOK 2013 AND THE POSSIBLE IMPACTS OF AN ECONOMIC SLOWDOWN FOR KEY GATEWAY CITIES OF ASIA PACIFIC

INTRODUCTION

EMERGING FROM A DIFFICULT 2012, THE WORLD'S ECONOMIC LANDSCAPE IS LOOKING MORE PROMISING, PROVIDING A POSITIVE OUTLOOK FOR 2013 ACROSS ASIA-PACIFIC'S PROPERTY MARKETS

Knight Frank has assembled the views of its research teams across the region as to the outlook for the residential and commercial property markets in the key gateway cities in 2013.

Three key worries for the world economy have been mitigated as we enter 2013, which gives us cautious cause for optimism. Firstly, the ECB'ss decisions to inject liquidity and its willingness to backstop the euro "whatever it takes" has stabilised the Eurozone. Secondly, the Republicans and Democrats eventually agreed a deal to avoid the "fiscal cliff". Finally, worries that China's hard landing were relieved as the economy saw an upturn in economic activity at the end of the year. These factors have all contributed to a more positive sentiment in the real estate markets in the Asia-Pacific region.

Despite this, we are not out of the woods yet and while many of the dark clouds on the economic horizon have lifted, there is still a risk that the global economy could suffer a shock that pushes the local or global economies into a contraction. Due to this, we include in this report a review of the downside risk for the various sectors in the property market and how each sector could be impacted given a worst case scenario.

Our outlook for commercial property is generally positive and there are clear signs in the market that much of the uncertainty that pervaded the region, especially for multinational corporations and international investors, has started to dissipate. For the residential markets, the unprecedented intervention of policy makers in various countries to cool off the markets, by increasing lending restrictions, increasing transactional taxes and erecting protectionist measures, will undoubtedly influence a number of markets over the next 12 months.

One thing is certain, that is with Asia Pacific continuing to be the growth engine of the world economy, the region's property markets will continue to be monitored and analysed by investors, corporates and individuals.

BEIJING

PROPERTY MARKET OUTLOOK & POSSIBLE IMPACTS OF AN ECONOMIC SLOWDOWN ON THE BEIJING PROPERTY MARKET

OFFICE

- Four new subway lines were launched in Beijing at the end of 2012, spanning over 70 km. The expansion of the subway network will promote the development of Beijing's economy and the real estate market.
- With limited Grade-A office supply, the vacancy rate is expected to remain low and rentals will stay at relatively high levels in 2013.

RESIDENTIAL

- Due to strong demand from first-time homebuyers and upgraders, the transaction volume of primary homes will continue to go up in 2013, but prices are not likely to rise significantly due to continued cooling measures.
- Leasing demand for luxury homes remains strong. It is expected that the average rent will stay on an uptrend in 2013.

RETAIL

- New supply in 2012 recorded a 5-year high. However, Beijing is still the first choice for international and domestic retailers for business expansion. Thus, retail rents are expected to continue to rise, but at a modest pace in 2013.
- It is expected that the vacancy rate will continue on a downward trend in 2013 and yields will remain stable amid steady growth in Beijing's economy.

Impact Analysis	Ranking	Possible impacts of an economic slowdown on the Beijing property market
Luxury residential leasing	1 Most affected	Luxury residential rents and occupancy rates in Beijing grew slightly in 2012 Q4. Leasing demand is expected to drop in 2013 Q1 as the market enters the traditional low season.
Luxury residential sales	2	Luxury residential sales rebounded in 2012, with trading volume growing 49%. However, the average price dropped 4.6% with discounts offered by developers.
Office leasing	3	Grade-A office vacancy rate remained as low as 3.8% in 2012 Q4 due to limited supply. However, rental growth was close to zero, signalling rents were approaching the mid-term peak.
Retail leasing	4	New retail supply reached 907,000 sq m in 2012, the highest level in the past five years. Retail rents grew 3.6% and the occupancy rate edged up 2 percentage points compared to 2011.
Decentralised office leasing	5	Decentralised leasing demand is stable as some firms are considering relocating from expensive central commercial areas to suburban areas.
Mass residential sales	6 Least affected	The mass residential market in Beijing rebounded in 2012, with sales volume up over 30%. Sales volumes are set to continue growing in 2013 due to strong first-time/upgrader demand.

SHANGHAI

PROPERTY MARKET OUTLOOK & POSSIBLE IMPACTS OF AN ECONOMIC SLOWDOWN ON THE SHANGHAI PROPERTY MARKET

OFFICE

- Grade-A office prices are set to increase 5.0% and rents to decrease 3.0% in 2013. The average vacancy rate will increase to approximately 8.0% in 2013.
- The Hongqiao CBD, the Post-EXPO area and Xuhui Binjiang will be the key areas for development in the next three years, bringing more than 2.0 million sq m of new office space to the market.

RESIDENTIAL

- In the expatriate housing market, Pudong, thanks to improved infrastructure, has gained increasing popularity compared to Puxi.
- The sales market will continue with the upward trend seen in the fourth quarter of 2012 and residential prices will increase at a moderate pace. Supported by strong demand, we expect the luxury market will remain strong.

RETAIL

- Prime retail rents will continue to go up with a year-on-year growth of approximately 10-12% in 2013.
- Supported by investors' strong interest in commercial real estate, retail prices are set to stay firm. The retail market will see an increase in large-scale transactions.

Impact Analysis	Ranking	Possible impacts of an economic slowdown on the Shanghai property market
Office leasing	1 Most affected	In view of the current outlook for both the American and European economies, it is unlikely that MNCs will be looking to Shanghai for large-scale business growth and expansion.
Decentralised office leasing	2	Leasing demand for decentralised office can hardly keep pace with the significant influx of new supply in the next three years.
Luxury residential leasing	3	The luxury leasing market is dominated by expatriates, but in recent years local wealthy Chinese have started to emerge in this market.
Luxury residential sales	4	The luxury residential sales market remained active, with increases in both transaction volumes and sales prices over 2012.
Mass residential sales	5	Though restrictions on home purchases in Shanghai were further tightened during 2012, the residential market picked up, supported by rigid demand.
Retail leasing	6 Least affected	Prime retail rents will go up as international retailers continue to expand in Shanghai.

HONG KONG

PROPERTY MARKET OUTLOOK & POSSIBLE IMPACTS OF AN ECONOMIC SLOWDOWN ON THE HONG KONG PROPERTY MARKET

OFFICE

- Grade-A office leasing demand in core areas is expected to remain soft amid a slow economy.
- Central office rents are set to decrease by at most 10% in 2013, a smaller drop compared with 2012. Grade-A office rents in non-core districts could rise about 5% and the rental gap between core and non-core locations will continue to shrink.

RESIDENTIAL

- Mass and luxury home prices are likely to experience mild upward and downward movements of less than 5% in 2013. Limited supply will drive up mass and luxury rents by around 10%.
- Due to uncertain market conditions (such as new taxations and cooling policies imposed by the government), potential new home supply in the future and the continual effect of the Buyers' Stamp Duty (BSD) and Special Stamp Duty (SSD), transaction volume is expected to drop 10-15% in 2013.

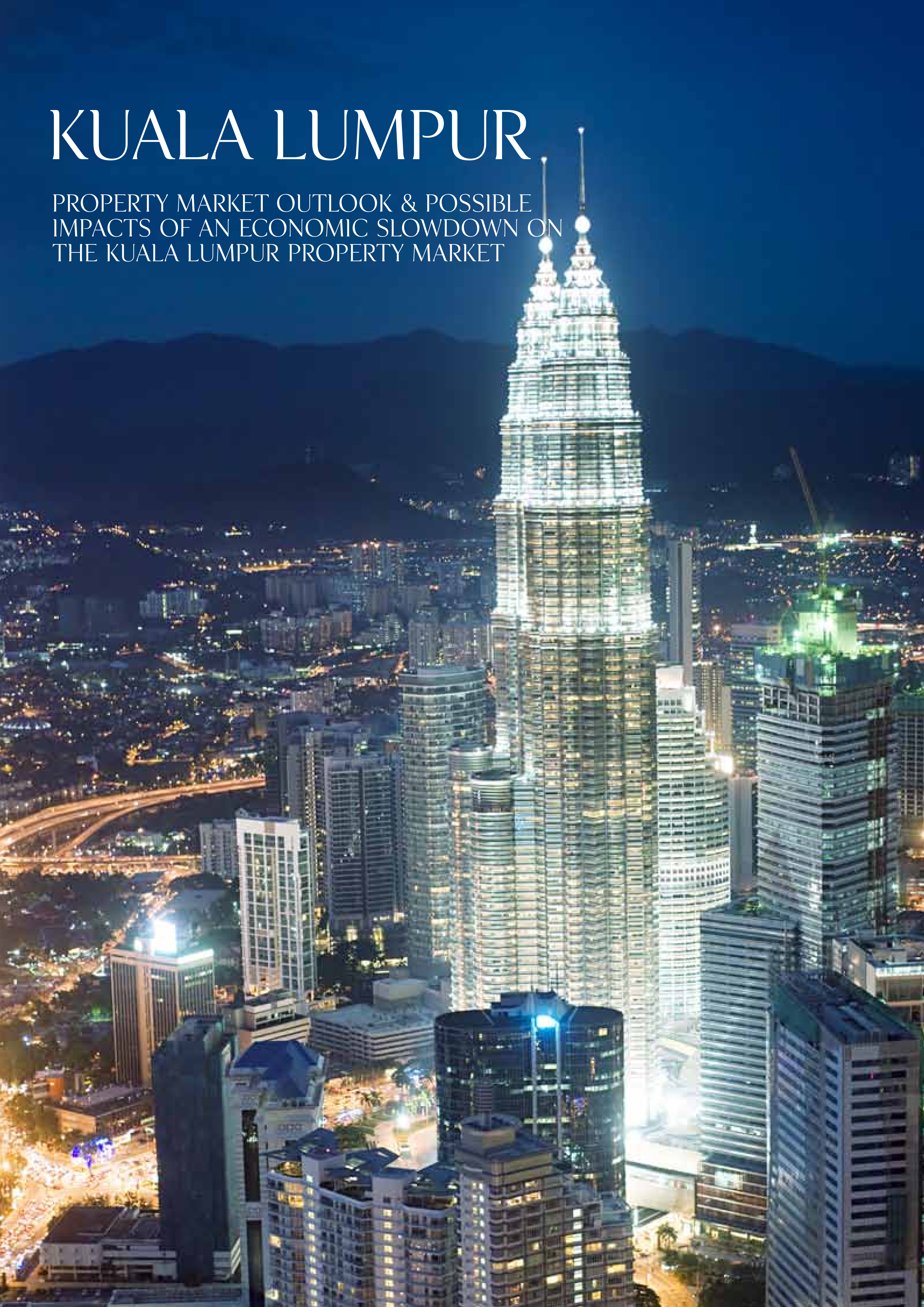
RETAIL

- Given the limited supply of prime retail space, retail properties are expected to continue outperforming other sectors, supported by robust visitor arrivals.
- The retail market would continue to witness active transactions of commercial properties. We expect rents of prime retail premises to see a 10-15% growth in 2013.

Impact Analysis	Ranking	Possible impacts of an economic slowdown on the Hong Kong property market
Office leasing	1 Most affected	Weak demand from the financial sector means that the flexibility for rents in core areas will remain high, while strong relocation demand will keep vacancies low and rents firm in non-core areas.
Luxury residential sales	2	Demand from cash-rich Mainlanders and investors will remain soft upon the enforcement of BSD and SSD.
Mass residential sales	3	Low interest rates, the limited future supply of private units and the strong financial position of landlords are likely to offset the effect of uncertainties such as potential new cooling policies and increase in new supply of public and subsidised housing.
Luxury residential leasing	4	Leasing demand from local and Mainlanders is likely to sustain and supply will remain tight.
Decentralised office leasing	5	Office demand in non-core areas such as Kowloon East will remain strong due to strong relocation demand for cheaper business space.
Retail leasing	6 Least affected	International retailers will continue to expand in Hong Kong and are likely to drive up rents in prime retail districts by around 10-15% over 2013.

KUALA LUMPUR

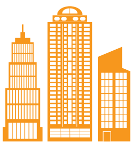
PROPERTY MARKET OUTLOOK & POSSIBLE IMPACTS OF AN ECONOMIC SLOWDOWN ON THE KUALA LUMPUR PROPERTY MARKET



OFFICE

- The office market is expected to remain stable in the short term particularly for good grade dual-compliant office space located in growling decentralised locations with good accessibility and close proximity to LRT stations and proposed MRT stations.
- Tenants will continue to enjoy a larger range of choices at competitive rates and attractive tenancy terms.
- Developers and owners are expected to take proactive measures to remain competitive to attract new tenants and retain existing tenants.
- Major leasing enquiries are expected to come from the Oil & Gas, financial and IT industries.

HIGH-END CONDOMINIUM

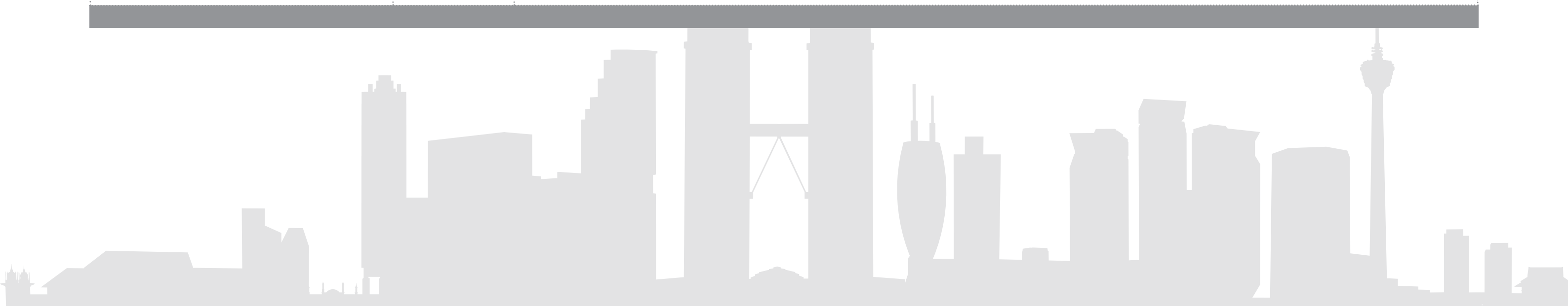


- The implementation of several cooling measures—the latest being the recent upward revision in RPGT, is expected to continue to impact on the luxury residential property market.
- The challenging leasing market stems from low occupational demand from both local residents and expatriates and abundant availability (existing and incoming). Rental rates in selected locations, however, are expected to remain stable due to sustained demand and limited incoming supply, e.g. Bangsar.
- The high-end condominium sector in the Kuala Lumpur city may see a further drop in average asking price, while KL City Fringe and popular suburban areas are likely to demonstrate a stable trend.
- An increasingly popular trend in luxury housing is the branded residences concept–a notable number of luxury brands is in the pipeline (brands launched to-date include St. Regis and Banyan Tree Signatures).

RETAIL

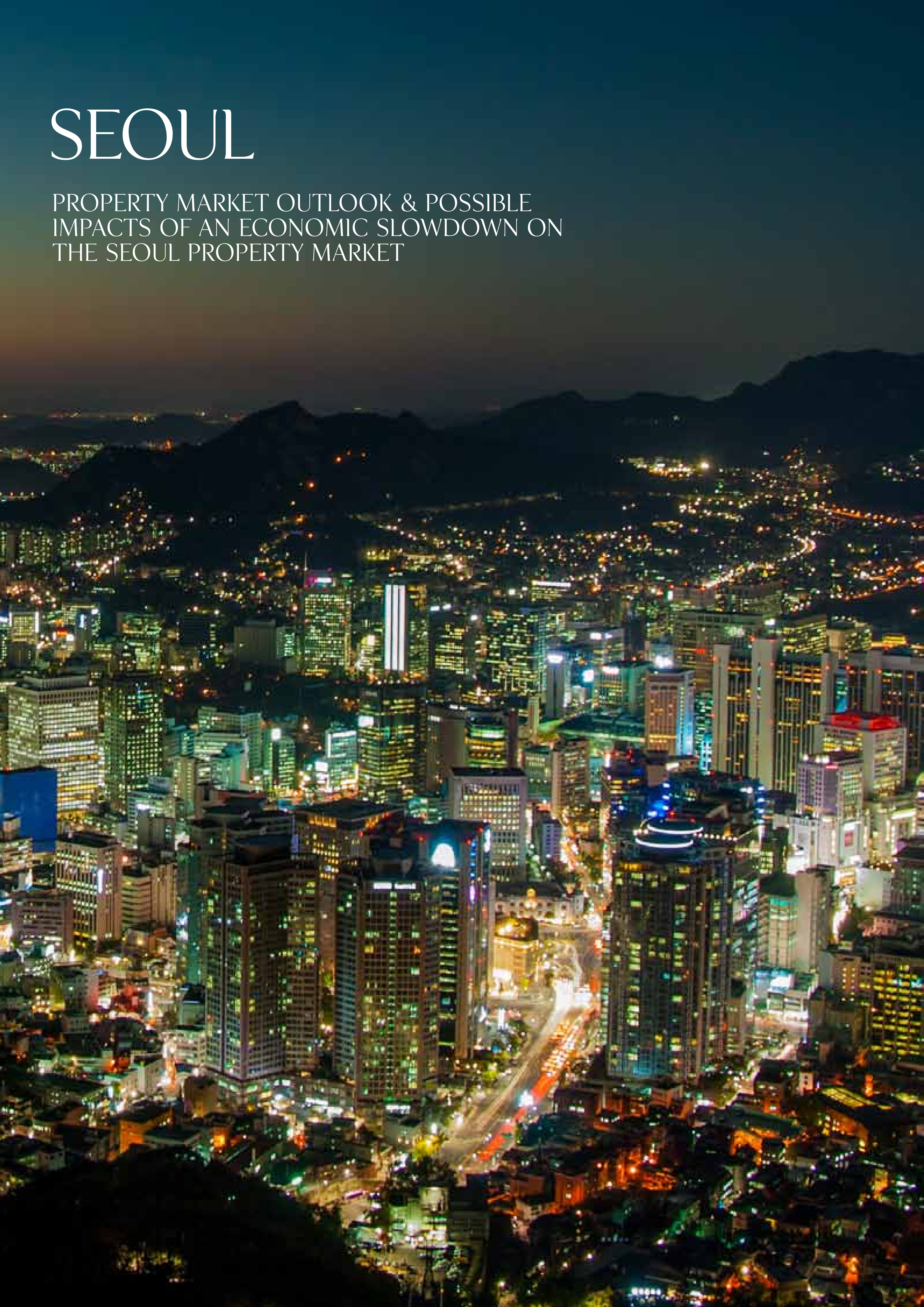
- The retail industry is expected to remain resilient with retail sales forecast to grow by 6.0% in 2013 supported by various incentives and initiatives unveiled in the recently announced Budget 2013.
- An increasing number of large-scale mixed developments is proposed in the Klang Valley, featuring retail as one of the key components. This may lead to a further dilution of the retail market as competition heightens between existing and new shopping centres.
- The retail industry is expected to continue to see the entry of international retailers and the rapid store expansion programmes of local / foreign brands.

Impact Analysis	Ranking	Possible impacts of an economic slowdown on the Kuala Lumpur property market
Luxury residential leasing	1 Most affected	The leasing market remains challenging with low occupational demand from both locals and expatriates. In the short to medium term, a high level of existing and impending supply is expected to put further pressure on rentals, particularly of larger units.
Luxury residential sales	2	Collective cooling measures continue to impact the high-end residential sales market with further pressure expected on prices, particularly for large units.
Office leasing	3	Abundant supply is expected to put further pressure on occupancy levels, but rents remain steady. There is growing preference for decentralised office locations that offer comparable grade office space, good accessibility and competitive rental levels.
Decentralised office leasing	4	While decentralised locations continue to appeal to occupiers seeking lower costs, demand may be impacted by a potential oversupply situation leading to a slower absorption rate particularly for 2013.
Retail leasing	5 Least affected	The rental performance of retail space is set to remain stable with potential upside from new and renewed leases of major shopping centres. Well-positioned shopping malls proactively managed will continue to perform strongly.



SEOUL

PROPERTY MARKET OUTLOOK & POSSIBLE IMPACTS OF AN ECONOMIC SLOWDOWN ON THE SEOUL PROPERTY MARKET



OFFICE

- Tenants' incentives for new buildings should help improve leasing demand and drag down vacancy levels. Rents may improve along with the decline in vacancies as new supply is limited after the completion of State Tower Gwanghwamum in Q4 2012.
- Leasing transactions involving upgrading to new prime office buildings are expected to increase.
- Investment volume may grow in 2013 due to the maturity of investment funds and pending sales.

RESIDENTIAL

- Market sentiment is likely to remain weak due to economic uncertainty and the expired real estate acquisition tax reductions that helped rekindle the market slump.
- Mass home prices are likely to soften in 2013. Due to the unpredictable economic situation and slowdown in the residential property market, residents seem to prefer to lease than purchase.

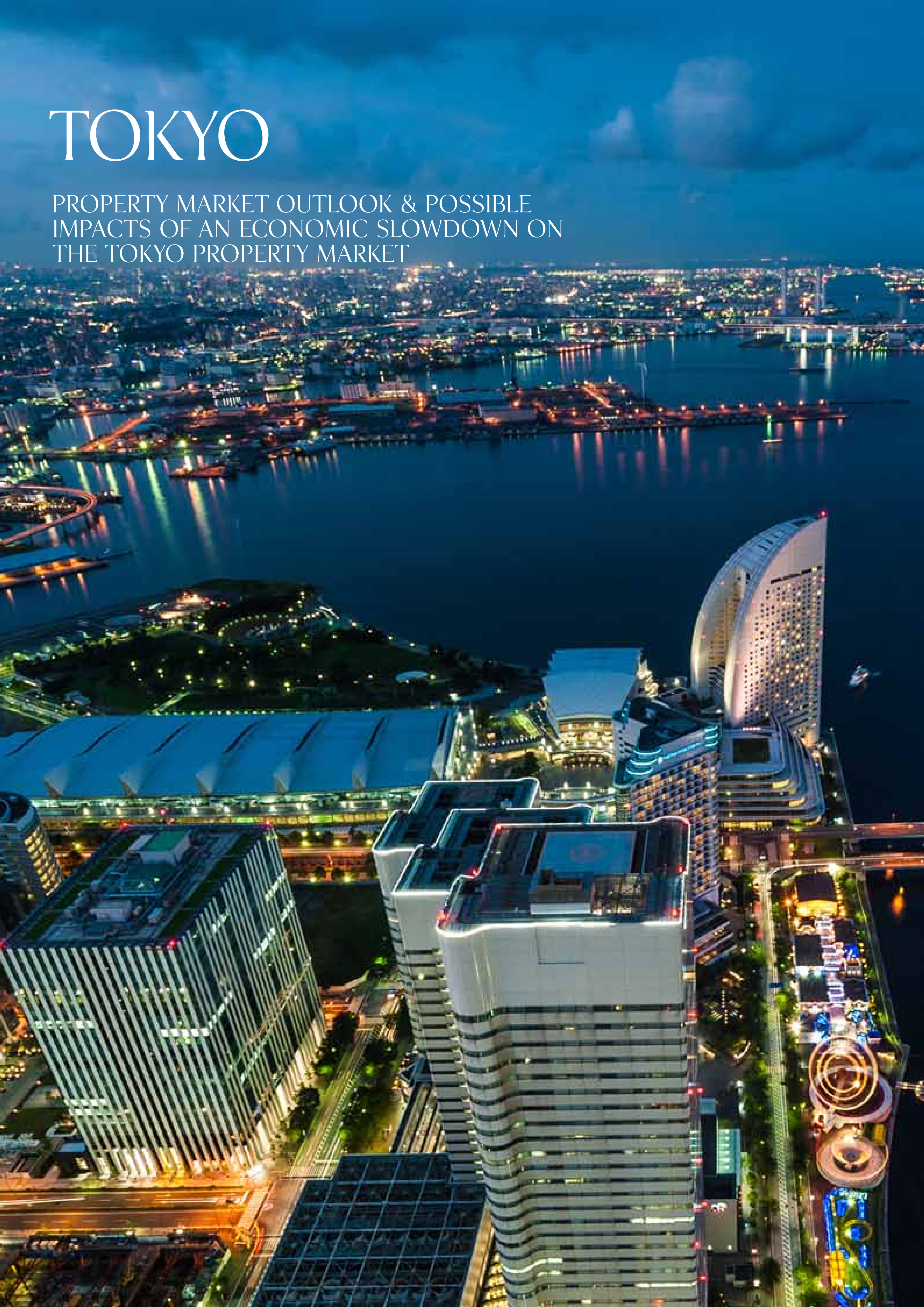
RETAIL

- The retail sector will outperform other property sectors in 2013. With private consumption remaining strong, global retailers are set to continue expanding into major shopping centres in core and non-core areas.
- Hallyu (Korean Way) related retail market (the cosmetics, clothing, movie, performance and character industries) will create new demand in Korea.
- Retail rents in Seoul are expected to continue with the uptrend in 2012, albeit at a slower pace amid an uncertain global economy.

Impact Analysis	Ranking	Possible impacts of an economic slowdown on the Seoul property market
Luxury residential sales	1 Most affected	Demand from and buying power of the cash-rich will continue to shrink as they prefer small and medium-sized commercial buildings than luxury residential.
Luxury residential leasing	2	Leasing demand from expatriates shrinks due to corporates' cost-cutting and downsizing.
Mass residential sales	3	Buyers' and investors' confidence hit by an unstable employment market, gloomy market sentiment and the expiry of real estate acquisition tax reductions.
Office leasing	4	Tenant incentives for new buildings should help improve leasing demand. Leasing transactions involving upgrading to new prime office buildings are expected to increase.
Decentralised office leasing	5	Demand for decentralised locations is expected to remain stable.
Retail leasing	6 Least affected	Big multinational retailers will expand continuously. Japanese and Chinese visitor arrivals as well as their spending are likely to remain strong. Overall, retail rents will continue to go up.

TOKYO

PROPERTY MARKET OUTLOOK & POSSIBLE IMPACTS OF AN ECONOMIC SLOWDOWN ON THE TOKYO PROPERTY MARKET



OFFICE

- The Tokyo CBD leasing market saw an increase in new leases alongside major office supply in 2012, while backfill space did not hit the market with the expansion of existing tenants and an increase in withdrawal activity from landlords.
- Although the labour market remains weak, limited supply in 2013, which is only one-third of 2012, could contribute to improve the supply-demand imbalance. Hence we expect moderate rent growth in 2013.

RESIDENTIAL

- Mass home prices in Tokyo are likely to remain stable in 2013 in light of continued net increases to the number of households and supply additions with housing starts remaining at low levels.
- The city's large and growing population, combined with a trend towards smaller households, are expected to generate stable demand over the short to mid term. Mid-market units will continue to see high occupancy rates and rents will experience limited further downside risk.

RETAIL

- While the new consumption tax is expected to cause an increase of durable goods consumption in 2014, households will be reluctant to buy goods throughout 2013 and this could cause a slight decline in retail rents.
- However, as there are few new high street developments underway, competition for space is expected to remain strong.
- The market should not count on consumption by Chinese tourists of luxury goods in the urban areas of many Asian countries, as the Sino-Japan relationship remains tense.

Impact Analysis	Ranking	Possible impacts of an economic slowdown on the Tokyo property market
Luxury residential leasing	1 Most affected	Leasing demand from expatriates continues to decline due to corporate cost-cutting and downsizing.
Luxury residential sales	2	Demand from and purchasing power of domestic and foreign investors are likely to continue to weaken further.
Retail leasing	3	Overall leasing demand for retail space may weaken but demand for quality space should continue.
Mass residential sales	4	Mass home prices are likely to remain stable in light of continued net increases in households. Supply will remain at low levels.
Office leasing	5	The supply-demand imbalance is improving. New supply stimulates new leases, while there are expansions of existing tenants.
Decentralised office leasing	6 Least affected	Leasing demand is relatively stable as occupiers seek lower cost areas.

SYDNEY

PROPERTY MARKET OUTLOOK & POSSIBLE IMPACTS OF AN ECONOMIC SLOWDOWN ON THE SYDNEY PROPERTY MARKET

OFFICE

- Prime incentives are stable after increasing from last year reductions, face rental growth however continues but limited to predominantly high grade assets thus far. A new supply pipeline will result in a rising vacancy rate over the next few years which will limit effective rental growth.
- Prime core market yields average between 6.25% and 7.50%, with larger, passive assets likely to trade towards the lower end of this range. Prime assets, while in demand, have not been transacting with value add assets seeing more activity. There remains some potential for investment market yields to run ahead of fundamentals and continue to firm on the back of strong off-shore demand. However further transactions at these levels will be needed before a re-rating is substantiated.

RESIDENTIAL

- 2012 values have had significantly different results depending on location. Inner markets showing good growth levels of over 5% and improvements to auction clearance rates. However outer regions remain soft with a cautious attitude amongst purchasers.
- Nevertheless, the market is expected to hold up relatively well given improving affordability via lower mortgage rates, an increasing supply deficit of new housing, well capitalised banks continuing to lend and a robust economic outlook.

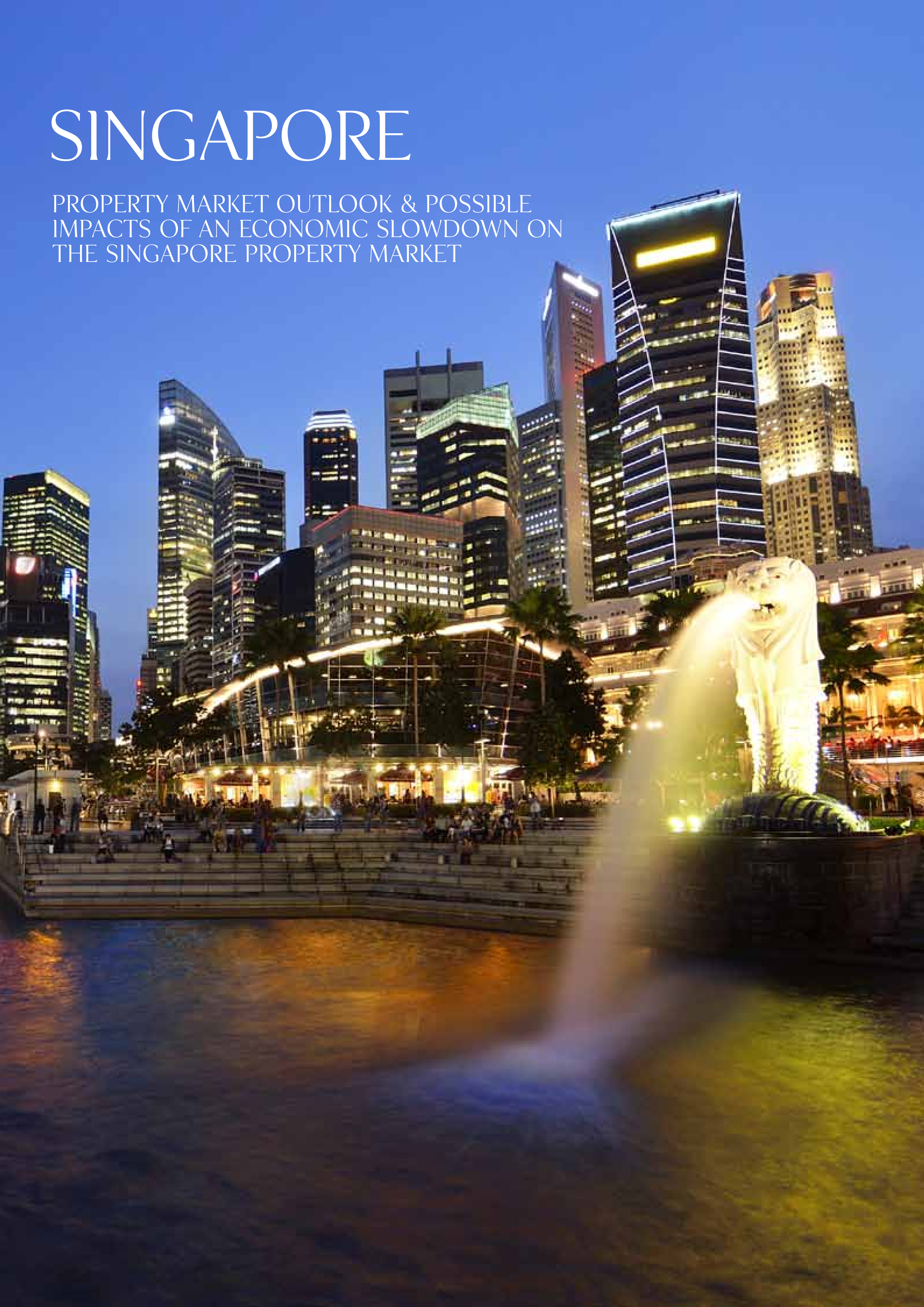
RETAIL

- Despite the challenging conditions for retail sales, the underlying retail property market has been holding up relatively well particularly in the food based retailing space. Overall sentiment is weak with concerns regarding job security resulting in a return to a greater saving level.
- CBD retailing has gone against trend, with high level activity particularly as international tenants look for large footprints for discretionary retailing, keeping rental rates high and vacancy levels low. While there has been no growth recorded, this has kept the city full and created a vibrant CBD.
- Demand for retail space within non-discretionary, food based centres has remained relatively firm. Investment activity has generally been concentrated in the Neighbourhood category with private investors acquiring a number of sub $25m assets. Prime yields have stabilised across the categories, however there is limited capacity for any firming over the coming 12 months.

Impact Analysis	Ranking	Possible impacts of an economic slowdown on the Sydney property market
Luxury residential leasing	1 Most affected	Impacted by a lower number of overseas professional workers and government changes to regulation on FBT on accommodation.
Luxury residential sales	2	Lower wealth levels, particularly for high net worth retirees, would constrain demand. Tighter lending LVRs by banks.
Decentralised office leasing	3	Tenants look to compress space requirements and more centralised operations due to attractive incentives on offer. Public administration under downward pressure reducing occupied space.
Office leasing	4	With a new supply pipeline emerging, greater options will open up for tenants. Incentives remain key as vacancy levels expected to increase over the next few years.
Retail leasing	5	Demand for non-discretionary, food based centres to remain relatively firm. International tenants looking for larger footprints and key locations creating a hype in CBD retailing, keeping vacancies low.
Mass residential sales	6 Least affected	Interest rates at all time lows, values in inner markets continue to increase with limited supply and increased competition, however outer regions more stagnant due to less demand.

SINGAPORE

PROPERTY MARKET OUTLOOK & POSSIBLE IMPACTS OF AN ECONOMIC SLOWDOWN ON THE SINGAPORE PROPERTY MARKET



OFFICE

- 2012 was a tenant-dominated market and average rents in the Central Business District fell from 2011. Burdened by repercussions from the euro-zone debt crisis, multi-national corporations (MNCs) have been cautious in their expenditure and expansions.
- Leasing activity in the next 6 months is expected to slow. Enquiries for space are likely to be dominated by smaller requirements of 1,000 sq ft to 5,000 sq ft.

RESIDENTIAL

- We do not expect prices to drop drastically in 2013 as developers are currently in stable financial shape and are able to space out property launches to ride off the immediate impact from the cooling measures. Many sites were acquired at rising land rates over the recent few years. It is unlikely that developers will bite the bullet to launch at lower prices at the moment. Developers would assess the market situation and price movements for at least the next 1 to 2 months, before re-shaping their marketing and pricing strategies.
- Arising from the cooling measures announced on 11 Jan 2013, together with the ongoing uncertain global economy, we envisage that overall prices of high-end residential properties could potentially fall by 5-7% by the end of 2013 while prices of private homes in the mid-tier and mass markets to decline by up to 5%. Developers' sales volume is likely to drop by 20% to 12,000 – 14,000 units for the whole year, or 10-20% lower than the 3-year average annual developer sales volume of 15,628 units from 2009 to 2011.

RETAIL

- Manpower issues have been a bugbear for the retail sector recently, especially since the Government has implemented stricter policies on engaging foreign service staff. Unable to hire sufficient staff, some retailers and F&B operators have had to put off expansion plans.
- Retailers are more cautious given the uncertainty in the global economy. Nevertheless, islandwide retail rents are expected to remain relatively stable as retail sales remain relatively steady.
- Barring a significant downturn in the economy, the strong employment of the local population and healthy visitor arrivals from Asian tourists to Singapore can provide support to the retail sector.

Impact Analysis	Ranking	Possible impacts of an economic slowdown on the Singapore property market
Office leasing	1 Most affected	Global economic uncertainty is likely to curb business expansion plans and may lead to a reduction of business space requirements. With a back drop of about 11 million sq ft of office space in the coming five years, there may be correction of office rents by about 10% year-on-year.
Luxury residential sales	2	The higher ABSD would significantly impact buying interest for high-end residential properties from foreigners and investors, who are the main purchasers for this luxury class of homes. The already sluggish high-end private residential market may further deteriorate. Further pressure on developers to cut prices for high end homes may set in as they sought to clear unsold units to avoid penalties arising from the need to fulfil the Qualifying Certificate (QC) regulatory requirements.
Mass residential sales	3	The higher ABSD imposed on Singaporeans would reduce sales volume of homes in the mid and mass market. Majority of prospective buyers are likely to wait at the sidelines for now to monitor price changes. In addition, the existing large inventory of unsold units could dampen prices in the quarters ahead. However, supported by low interest rates and strong employment situation, mass market home prices are likely to hold in the near term despite the cooling measures.
Luxury residential leasing	4	Expect healthy leasing interest in the next two quarters, especially from foreigners who face higher purchasing cost now arising from the ABSD. Leasing might be a more plausible option compared to buying property with additional 15% stamp duty. However, we do not expect significant increase in rent as more projects going to be completed in the next few quarters, adding to the housing stock available for rent.
Retail leasing	5 Least affected	Retail sector may be the least affected as retail sales are generally bolstered by resident catchment in the suburban regions and Asian tourists who may trade the costly long-haul Americas and Europe travels for shorter ones in Singapore.

JAKARTA

PROPERTY MARKET OUTLOOK & POSSIBLE IMPACTS OF AN ECONOMIC SLOWDOWN ON THE JAKARTA PROPERTY MARKET

OFFICE

- With growing demand from new business set up as well as expansion of existing business, aggregate occupancy of the CBD office market is expected to remain above 90% in 2013.
- Despite the continued strong demand for decentralised offices along the Southern part of Jakarta Outer Ring-road, the increasing level of new supply may lead to oversupply situation in this submarket in the next two years.
- Base rentals are expected to increase by 5-10% in the Premium Grade-A submarket due to limited supply. In addition, as a result of the rise in minimum wages, service charge will increase by about 10% in all submarkets, as a result of the increase of minimum wage, electricity tariff and the parking tariff adjustment imposed by the government.

RESIDENTIAL

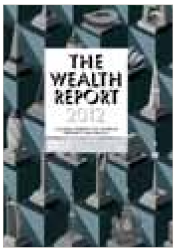
- Mass and luxury home prices are likely to increase by 5-10% in 2013 due to rising minimum wages and electricity costs leading to higher building material costs.
- Given limited land and secondary market supply, luxury residential properties will continue to perform well, with average prices expected to grow 10-20% in 2013 despite prices already reaching an all-time high.
- Luxury condominium prices will perform strongly. Existing supply remains limited with only a few of available luxury projects coming online over the next two years.
- Despite an anticipated slowing of economic growth, the residential market in general is expected to maintain its positive momentum as demand continues with a rising young population, expanding middle income group and supporting urbanisation. The demand outside of Jakarta periphery is expected to remain strong in line with the trend of new economic centres in Jakarta's suburban areas.
- Demand for luxury and buyers' confidence will stay strong subject to external risks such as rising interest rates and global economic conditions impacting Indonesia's growth pace.

RETAIL

- Despite strong competition among retailers and mall owners, the retail market will continue to perform positively in 2013 as demand continues to grow. With strong domestic consumption and a growing middle class, foreign and domestic retailers will remain active, expanding and opening new outlets to further capture market share.
- Pre-commitment rates in new shopping malls remain high, occupied mainly by hypermarket, fashion, entertainment and F&B retailers.
- The F&B expansion of retailers remains the driving force for retail shopping malls.
- Occupancy is expected to decline slightly due to ample new supply entering the market in 2013 although rental rates in premium and upper-class malls are expected to increase slightly given limited supply.
- However, the moratorium of permits for new malls in Jakarta is expected to persist under the power of the new Governor, Joko Widodo. As a result, new retail supply will likely be limited in the next few years and developers will look for development opportunities outside Jakarta and even on the Java island.
- Service charges are expected to increase by 10-15% in 2013 due to a gradual increase in basic electricity tariff (TDL) by 3-4% every quarter in 2013 and rising minimum wages.

Impact Analysis	Ranking	Possible impacts of an economic slowdown on the Jakarta property market
Decentralised office leasing	1 Most affected	Increasing office development activity along the Southern part of Jakarta Outer Ring-road may lead to an oversupply situation in the next two years.
Retail leasing	2	Supported by strong domestic spending and a rising middle class, retail activity will likely remain relatively solid throughout 2013.
Mass residential sales	3	Supported by lower mortgage rates, a stable employment market as well as rising middle-income segment, the market sentiment remains positive, particularly for the middle segment of landed houses and condominiums.
Luxury residential sales	4	Demand from and buying power of cash-rich local investors as well as tight supply condition (limited available land and willing sellers) are anticipated to continue despite concerns of high price escalations.
Office leasing	5	CBD office demand is expected to remain strong. Base rental growth will increase for Premium Grade-A buildings due to limited supply in CBD. In addition, most landlords have confirmed to raise service charges by approximately 10% in 2013 Q1 as a result of the hike of regional minimum wages and the adjustment of parking tariff in 2013.
Luxury residential leasing	6 Least affected	In line with rising office demand from multinational firms and limited supply, leasing activity will remain healthy with a modest increase in rental rates due to potential increases in basic electricity and minimum wages. Furthermore, local demand from companies and government meetings will also balance the rising trend. Short-term leases (daily/weekly) remain favourable.

Recent market leading research publications



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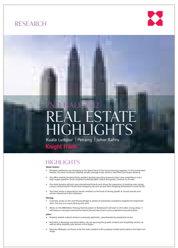
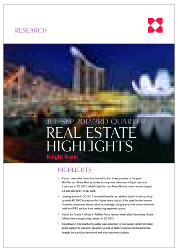
Asia Pacific Residential Review

Hong Kong Monthly Report



Malaysia Real Estate Highlights

Shanghai Retail Market Report



Singapore Real Estate Highlights

Sydney CBD Office Report

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