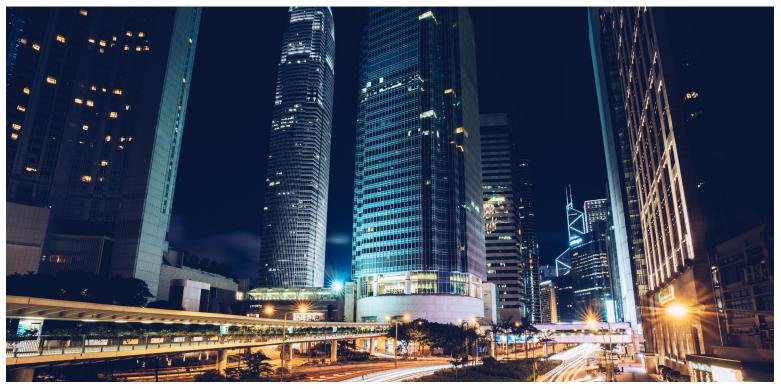


News & Information

May 16, 2023

'Resilient' Medium-Term Growth Projected for Asia-Pacific CRE



According to a recent article by M&G Investments, commercial real estate (CRE) in the Asia-Pacific (APAC) region may be well-placed to weather the effects of economic uncertainty this year.

The article, which was published on investment news site "AsianInvestor", was written by M&G's fund manager for Asia Property Strategy, Richard van den Berg. Van den Berg states that a combination of low inflation (as compared to the US/Europe), and positive sentiment, is helping the region, and "resilient growth" will be "buoyed by a growing middle class."

He adds that several specific factors could shape investment in the region in coming years.

ESG-Compliance

A big one, as we've seen for CRE elsewhere, is ESG (Environmental, Social, and Governance) compliance. Specifically, how well buildings are suited to meet tenant expectations and deliver on environmental imperatives like cutting carbon emissions.

Van den Berg notes, however, that while ESG refurbishments are likely to pay off post-recession, at present it's "difficult to pinpoint" the rental premium that "green" buildings add, as these buildings tend to be newer and command higher rents regardless.

That said, he adds that: "Occupiers' increasing focus on ESG means buildings without green credentials are at risk of lower occupancy."



News & Information

'Resilient' Medium-Term Growth Projected for Asia-Pacific CRE

Build-to-Rent

Another area highlighted is Build-to-Rent (i.e., multifamily assets built expressly for long-term rental). The article notes that Australia is leading growth in this sector particularly in major metros like Sydney, Melbourne and Brisbane where the sector has gone from strength to strength over the past few years.

Japan is another bright spot for APAC multifamily, as demand for apartments in cities like Tokyo and Osaka remains high.

Additional Opportunities

Japan ranks high among the other potential opportunities van den Berg identifies in the region, especially in terms of the logistics and hospitality sector.

For the latter, he says: "In particular, hospitality assets in key Japanese cities such as Tokyo, Osaka, Kyoto and Fukuoka could become a major beneficiary of a post-pandemic recovery in travel demand, since Japan ranks first for travel and tourism globally."

Getting the Full Picture

Worth noting is that, as valuable as these insights into the region are for potential APAC investors, M&G states that the article should not be taken as investment advice.



www.nairealvest.com