

# NEWS RELEASE



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CBRE Releases "Japanese Outbound Real Estate Investment 2017"

## Japanese Outbound Real Estate Transaction Volume in 2017 Falls 9.1% y-o-y to US\$ 2.7 billion; but Strong Investor Appetite Expected to Bolster Activity in 2018

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CBRE today released "Japanese Outbound Real Estate Investment 2017", a report that summarizes recent trends in foreign direct investment by Japanese investors and provides an in-depth analysis of overseas activity involving Japanese institutional investors and real estate development.

### Highlights

- **Outbound real estate transaction volume in 2017 falls by 9.1% y-o-y to US\$ 2.7 billion**

Japanese investment in existing overseas properties registered US\$ 2.7 billion in 2017, a decline of 9.1% y-o-y. Nevertheless, transaction volume was still the third highest since 2011. The most popular destination for Japanese outbound investment is the Americas, with US\$ 2.3 billion in transaction volume. Although this marked a decline of 9.5% y-o-y, it still accounted for 85% of the yearly total. Transaction volume for EMEA (Europe, the Middle East and Africa) decreased by 64.6% y-o-y. While the UK (London) remains a major destination for Japanese investors in Europe, concerns surrounding Brexit resulted in a fall in investment in Europe last year.

- **Outlook for 2018 and beyond: Outbound real estate investment set to continue rising**

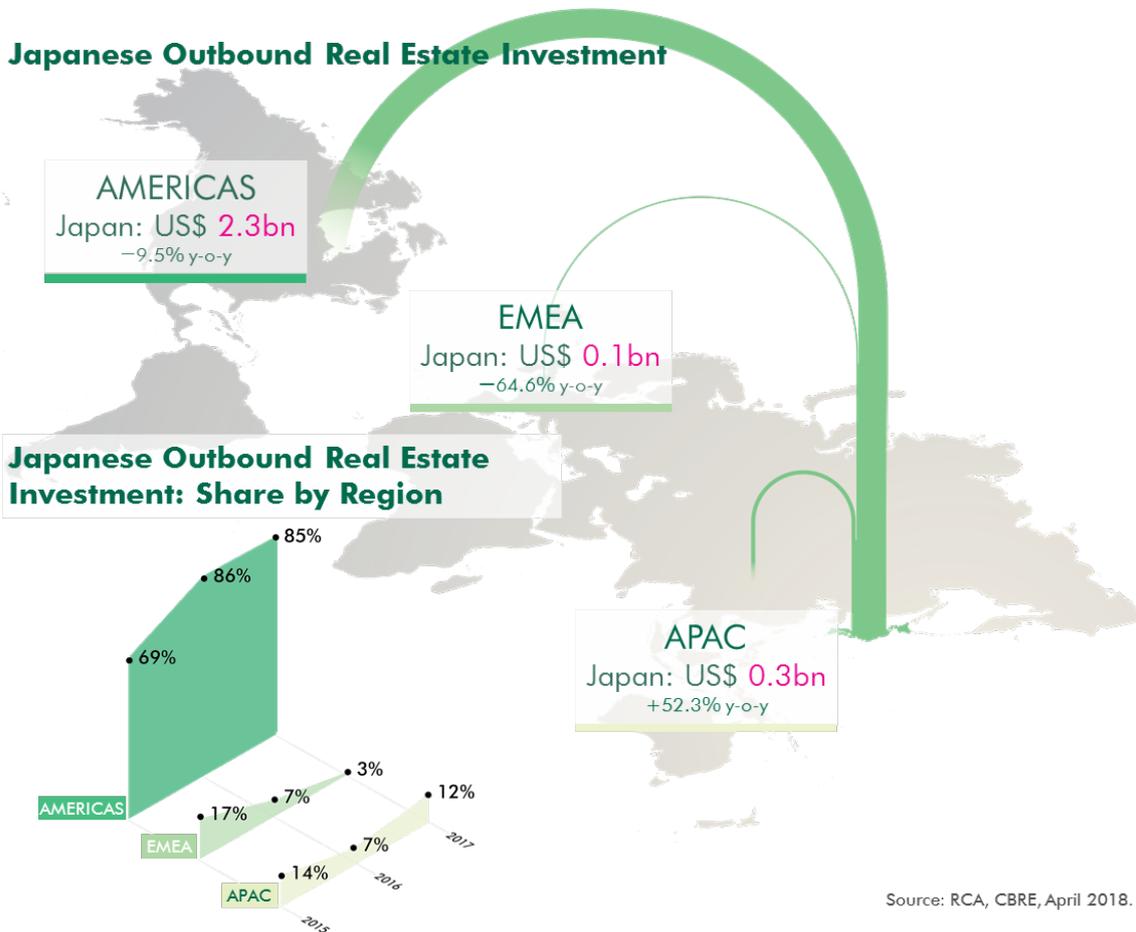
According to a CBRE Research survey of Japanese investors conducted in April 2018, 74% of respondents who said they planned to invest in overseas real estate in 2018, responded that they expected their transaction volume to be "higher than last year." Among preferred destinations for investment, the U.S. was the most popular with 70% of respondents selecting this option. The U.S. was followed by the UK and Vietnam in joint second with 26%. Like the U.S., investors value the scale of the UK market and its good liquidity. Despite concerns over Brexit, there could be a resurgence of investment in the UK once the timing and procedure of its withdrawal from the European Union becomes clearer.

**Growing investment by Japanese institutional investors**

Outbound real estate investment by Japanese institutional investors is likely to increase this year. CBRE Research estimates that indirect investment in overseas real estate (including through equity investment in funds) will amount to approximately US\$ 14 billion over the next three years.

**Development investment also brisk, led by Asia Pacific housing development**

The total value of overseas development projects announced by Japanese investors in 2017 was US\$ 5 billion. Asia Pacific accounts for 80% of development projects on a number of project basis, of which 60% is housing. Within the region, emerging countries are the main focus, primarily due to their strong expected economic growth and expansion of the middle-income segment. Developers are particularly interested in Thailand and Indonesia.



Note: Japanese outbound real estate investment covers transactions outside Japan where the buyers are Japanese investors (excluding land transactions). Indirect investment comprises investment via equity investment in funds, etc. Development investment consists of investment in developing real estate where the investor becomes (one of) the project operator(s) overseas.

This report can be downloaded from the following URL.  
<https://www.cbre.co.jp/en/research-reports/investment-reports>

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