

April 4, 2019

For further information:

CBRE

Marketing & Communications

03-5288-9283

CBRE releases results of 2019 Japan Investor Intentions Survey Purchasing appetite strong but cautious; While “Prime or Core” remains top asset type, Increased focus on “Value-Add” and “Opportunistic”

CBRE today released “Japan Investor Intentions Survey,” a report summarizing the results from a survey conducted with Japanese investors on their real estate investment strategies. An overview of the 2019 “CBRE Investor Intentions Survey” is outlined on page 2.

Highlights:

Appetite for investment remains strong but Japanese investors are displaying more caution, reflecting rising uncertainty about the global economic outlook

Japanese investors identified the impact of global economic shocks and a sharp rise in interest rates as two high potential threats to real estate investment in 2019. Nonetheless, their appetite for acquisition remains high: 31% of investors said they expected their total volume of acquisitions to be higher than last year (+2% from 2018), while 26% of investors said that they would sell more than last year (-8% from 2018). This indicates that the property supply-demand balance is also likely to remain tight in 2019.

Most preferred investment strategy for Japanese investors is “Prime or Core Assets”, but interest in “Value-add” and “Opportunistic” also rises

A number of Japanese investors regarded asset prices and the scarcity of investment properties as the biggest impediments to acquisition, with 44% and 42% of survey respondents selecting these items respectively.

The most cited reason for investing in property was stable income (43%). Conversely, only 8% of respondents said that expectations of capital gain was the main motivation to invest. This illustrates investors’ cautious attitude towards current price levels.

The most attractive investment strategy chosen in 2019 was “Prime or Core Assets” (35%), followed by “Core-plus/Good secondary” (29%). At the same time, the percentage of those selecting “Core-plus/Good secondary” (29%), “Value-add” (21%) and “Opportunistic” (15%) increased (Figure 1), showing a variation in investors’ preferred investment strategy and their approach to seek out higher yields.

Figure 1: Preferred investment strategies



Source: CBRE Investor Intentions Survey 2017, 2018, 2019

● **Outbound investment set to remain robust, but investors adopt a selective approach**

40% of investors who responded that they were "engaged in" or "considering" outbound investment were developers, indicating that Japanese investors retain a strong appetite for outbound investment. That said, 44% of investors said that they would adopt a more selective approach towards overseas property purchases compared to last year. With growing uncertainty about the global economy, investors appear to be increasingly cautious towards outbound investment as well.

Survey Overview

CBRE Investor Intentions Survey focused on the forward-looking views of real estate investors globally. This report summarizes the responses CBRE received from Japanese investors.

Implementation period: November 2018 to end-January 2019

No. of respondents: 348 (investors who invest in Asia Pacific)

Respondent attributes (Head Office location): Asia Pacific 87% (o/w Japan 25%)

For further details, please refer to "Japan Investor Intentions Survey 2019" released today.

<https://www.cbre.co.jp/en/research-reports/industrial-reports>

Related reports:

Japan Cap Rate Survey January 2019 (February 14, 2019)

<https://www.cbre.co.jp/en/research-reports/Japan-Cap-Rate-Survey-January-2019>

Japan Investment MarketView Q4 2018 (February 14, 2019)

<https://www.cbre.co.jp/en/research-reports/Japan-Investment-MarketView-Q4-2018>

Japan Infographics - Japanese Outbound Investment H1 2018 (October 5, 2018)

<https://www.cbre.co.jp/en/research-reports/Japan-Infographics---Japanese-Outbound-Investment-H1-2018>

Japan Major Report - Lender Survey 2018 (October 4, 2018)

<https://www.cbre.co.jp/en/research-reports/Japan-Major-Report---Lender-Survey-2018>

Japan Major Report - Japan Outbound Investment 2017 (May 10, 2018)

<https://www.cbre.co.jp/en/research-reports/Japan-Major-Report---Japan-Outbound-Investment-2017>

Japan Major Report - Investor Intentions Survey 2018 (April 5, 2018)

<https://www.cbre.co.jp/en/research-reports/Japan-Major-Report---Investor-Intentions-Survey-2018>

About CBRE Group, Inc.

CBRE Group, Inc. (NYSE:CBRE), a Fortune 500 and S&P 500 company headquartered in Los Angeles, is the world's largest commercial real estate services and investment firm (based on 2018 revenue). The company has more than 90,000 employees (excluding affiliates) and serves real estate investors and occupiers through more than 480 offices (excluding affiliates) worldwide. CBRE offers a broad range of integrated services, including facilities, transaction and project management; property management; investment management; appraisal and valuation; property leasing; strategic consulting; property sales; mortgage services and development services. Please visit our website at www.cbre.com.

Official Twitter account for Japan: [@cbrejapan](https://twitter.com/cbrejapan)

DISCLAIMER: Neither CBRE nor its affiliated companies make any warranties or claims on the implied accuracy of the information contained herein.