

**Periodic survey on a real property appraisal industry and property market trends
(As of July 2017)**

QUESTION "Please write down your opinions as a real estate appraisal expert on the trends of the real property market in your country/region. It should be noted that you are basically requested to assume the cities and districts, which are set by our association, in answering the questions."

Category 1: Commercial property market

| No. | Organization | Nation / Region | City | Area | Main usage | Current market condition | COMMENT | Future outlook of market in next 12 months | COMMENT |
|-----|---|-----------------|----------------------|-------------------------------------|--|--|--|---|--|
| 1 | Australian Property Institute | Australia | Sydney/ Melbourne | Sydney/ Melbourne | Retail Store, Restaurant, Office, Financial, Shopping Center, Hotel | Good: Strong in all areas, retail, commercial and industrial | With low interest rates and with very strong economy the shortage of office space in the inner city area has spread to suburbs and seen considerable rent increases in suburban areas. Industrial is also in big demand with good increases in rent in all areas (official interest rates are at 1.5%, record low, as at today). | Improving: There appear no reasons for change in the property market in the next 12 months, strong market and demand will continue. | We have strong employment and good population growth (Immigration), which fuels demand and will continue in 2018. ①Current market condition – Good ②Future outlook in next 12 months – Improving |
| 2 | Appraisal Institute of Canada | Canada | | | | | | | |
| 3 | Indonesian Society of Appraisers | Indonesia | | | | | | | |
| 4 | Japan Association of Real Estate Appraisers | Japan | Tokyo | Marunouchi | Office | Good | The financing environment remains good, supported by the ultralow interest rate policy, and helps the real property market to be active. The investors active intention is also perceived, however, the concern about the market overheating seems to increase. As for office rent market, since the recent economic recovery strengthens the tenants' demand to move to a larger space in accordance with their expanding business, vacancy rate continues to decline and office rent continue to grind higher. | Stable | We expect the current situation will continue for a while, because investment intention is strong with the Tokyo Olympic Game in 2020. On the other hand, we should keep in mind the impact to office market; the sizable large buildings supply are scheduled in 2018 and later. |
| 5 | Korea Association of Property Appraisers | Korea | Seoul | Myung Dong | Retail Store, Restaurant, Office, Financial, Shopping Center, Amusement , Hotel | Fair | The office vacancy rate rose by 12% due to the increase in the office supply and the local transfer of companies. However, investors' interest in commercial property continued to rise and the return on investment increased. The rental price index of Myeong-dong, a tourist destination mainly visited by Chinese, decreased slightly (0.4%) due to the decrease in the number of Chinese tourists. | Declining | Foreign investors' attitudes have turned to wait-and-see attitude due to North Korea's continuous provocations. Considering that foreign investors are investing heavily in domestic commercial properties, the risks related to North Korea are likely to lead a decline in investment demand, which may affect the decline in real estate price. |
| 6 | Royal Institution of Surveyors, Malaysia | Malaysia | Kuala Lumpur | Jalan Raja Laut | Retail Store, Restaurant, Office, Financial, Shopping Center | Good | This is one of the prime commercial areas of Kuala Lumpur in terms of purpose-built office (PBO) spaces. Occupancy here is boosted by tenants from the government sector and also the private sector. The other commercial activities (shopping, retail, F&B) is located as an integral part of the PBO and it is thus secondary in usages but is also good due to the high occupancy of the PBO. This locality is much boosted by the several light rail train (LRT) stations along Jalan Raja Laut. | Stable | Occupancy rate in this locality is expected to sustain in the next 12 months due to the same factors stated above. Added to that, tenancy agreements for commercial spaces usually are at least 2 - 3 year long with option to renew for another 2 - 3 years. |
| 7 | Federation of Colleges, Institutes and Societies of Valuation, Mexico | Mexico | Mexico City | Down Town Zocalo, Historical Center | Retail Store, Wholesale Store, Restaurant, Office, Financial, Amusement , Car Dealer, Hotel | Excellent | This zone in the city is one of the most actively in market demand. | Improving | Despite of the natural disasters in the city, this area is improving its value. |
| 8 | Property Institute of New Zealand | New Zealand | | | | | | | |

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|-----|--|-----------------|----------|--|--|--------------------------|---|--|---|
| 9 | Philippine Association of Realty Appraiser | Philippines | Manila | | | Good | <p>Metro Manila office net take-up totalled 190,000 sq m (2.0 million sq ft) in 2Q 2017. The diversified tenancy mix continued from 1Q with a slight improvement seen in BPO demand. From a share of 21% in total transactions last quarter, BPO demand rose to 31% by mid-year. Offshore gaming companies represented 30%, while traditional companies (including government agencies) comprise 39%.</p> <p>In terms of location, the majority of the recorded transactions came from Fort Bonifacio and Manila Bay Area which are preferred by BPOs and offshore gaming companies. The volume from these locations is understandable given that these tenants typically require bigger office cuts. Some of the notable BPO locators during the year are Results in L&Y Plaza and Google in Vista Hub. Offshore gaming companies closed transactions in BioPolis, Meridian Park Tower 2 and Aseana 3.</p> <p>Meanwhile, traditional companies have located all across Metro Manila submarkets, reflecting the increased demand from this segment when compared with prior years. Companies which took up spaces belong to industries such as financial services, pharmaceutical, telecommunications, manufacturing, and serviced offices.</p> | Stable | <p>Demand Colliers expects overall demand, as measured by total transactions, to grow by over 8% in the next 12 months primarily due to the sustained demand from offshore gaming.</p> <p>Supply Colliers projects more than 470,000 sq m (5.1 million sq ft) of office space being completed for the remainder of the year. This will increase the total stock by about 5%. Most of new supply will come from Fort Bonifacio, Ortigas Center, and Manila Bay Area.</p> <p>Vacancy rate Despite the projected new supply, Colliers expects overall vacancy in Metro Manila to hover between 5% and 6% in the next three years.</p> <p>Rent Due to the sustained demand from offshore gaming firms, Colliers expects rents to grow between 6% and 10% across Metro Manila submarkets in the next 12 months. However, the range could taper to 5%-8% from 2018 to 2020. Source: Colliers International Philippines Research</p> |
| 10 | Singapore Institute of Surveyors and Valuers | Singapore | | | | | | | |
| 11 | The Chinese Institute of Land Appraisal | Taiwan | Taipei | Tunhua N Road, Tunhua S. Road, Taipei Main Station | Retail Store, Restaurant, Office, Financial, Shopping Center, Amusement, Hotel | Fair | <p>The office market remained stable in H1 2017 on the back of sustained demand from companies in the technology and pharmaceuticals sectors. Average vacancy that increased to a new high in some shopping areas in the previous two quarters started to fall as a result of new entrants entering the market, coupled with some retailers opening new stores. The first six months saw a mixed performance across hotel segments. Some hotels suffered from the decline in Chinese visitor arrivals while a number of business and upscale hotels continued to record high occupancy rates.</p> | Stable | <p>Demand for quality office space in Taipei's CBD areas is expected to be stable, thanks to expansionary and consolidation demand from multinational companies. The retail market is likely to see an increasing number of retailers become more active in opening new stores in 2018 amid an economic recovery. Visitor arrivals from mainland China may continue to decline in the next few quarters in view of uncertain cross-strait relations. The hotel market, however, is expected to see some signs of improvements as hotel operators are adopting their approaches to capture changing tourism trends.</p> |
| 12 | Appraisal Institute | U.S.A. | New York | Times Square (Midtown) of Manhattan, New York City | Retail Store, Restaurant, Office, Financial, Shopping Center, Hotel | | <p>Retail stores and restaurant market is soft. The Times Square Office Market is stable. There are no shopping centers in this market. The Hotel market has cooled recently due to new supply of hotel rooms coming online and competition from AIRB&B.</p> <p>The retail market which includes restaurants is soft. There are a number of retail vacancies. Retail rents having been falling. Retail sales have been affected by online shopping and Amazon.com. The hotel market which had been doing very well due to 60 million+ tourists coming to NYC in 2016, has cooled recently due to 1,000s of new hotel rooms being built and the effect of AIRB&B. Occupancy rates and room rates have fallen. Office demand in all of Midtown has been affected by the new developments on the Far West Side and Hudson Yards and Downtown. There has been a flight to new space and quality over existing Midtown office buildings. I would conclude that all of these markets would be in the fair category at the present time.</p> | <p>The retail and restaurants market will continue to soften. The Midtown office market will continue to have problems competing with Hudson Yards and Downtown Manhattan. The Hotel market will continue to cool.</p> | <p>I would conclude that the Retail and Restaurant Markets would be in decline, the Office Market would be stable and the Hotel Market would be stable/slight decline.</p> |