

Periodic survey on a real property appraisal industry and property market trends (As of January 2019)

**QUESTION 2 "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  | Is it changed the current market condition from the previous term? | What exactly is changed the current market condition from the previous term? If yes, please give details.   | Future outlook of market in next 12 months | COMMENT  |
|-----|---|-----------------|--|--------------------|--|--------------------------|--|--|---|--|--|
| 1   | Australian Property Institute   | Australia       | Sydney, Melbourne, Brisbane, Adelaide, Perth | Metropolitan Areas | Commercial Office outlook  | Excellent                | The National CBD Office market vacancy rate has fallen by 1% to 8.3%. Sydney sub lease availability remains below long term average of 1% of total stock. Vacancy rate remains tight at 4.1% -well below the 25 year average of 8.3%. Prime gross effective rents have grown 9% year-on-year to \$1040 per square meter. B-grade gross effective rents are now \$835 per square meter, up 11% year-on-year, with average prime grade incentives bottomed out at 20%. It is expected that next round of office stock will push Sydney office vacancies to 6.3% by December 2021. Melbourne has a vacancy rate of 3.8% and these are the lowest levels recorded since 1980s. Brisbane and Perth CBD markets remain in the recovery phase. In Brisbane the prime vacancy rate is quite different at 7.7%, with incentives for prime offices at 37% while B-grade incentives at 43%. Adelaide CBD vacancy is at 14% with prime gross effective rents increasing by 5.4% in the 2018/2019 financial year. | Same as before   | NA  | Stable                                     | The growth of the last 18 months will soften and stable time is ahead with new stock showing softening demand and increased stock will result in adjustments down in 2020/2021.  |
| 2   | Japan Association of Real Estate Appraisers                           | Japan           | Tokyo  | Marunouchi         | Office   | Good                     | High-grade large-scale buildings are expected to continue to be supplied in the future, and the superiority of the Marunouchi area, which has a high status, is expected to be maintained for the time being. Rent and vacancy rates for Class A buildings have been firm, and land prices are expected to be on a moderate increasing trend against the backdrop of robust demand.  | Yes  | Strong growth due to a strong economy but now reaching a peak with softening in the next twelve months with great differences between the states. | Stable                                     | We anticipate the uptrend of land price would continue for a while against the backdrop of strong demand for acquiring real property.  |
| 3   | Federation of Colleges, Institutes and Societies of Valuation, Mexico | Mexico          | Tijuana                                      | Zona Ro            | Comercial  | NA                       | NA   | NA   | NA  | Improving                                  | Among the best areas for development in the city of Tijuana, Zona Ro has started to shape up even more than before due mainly to medical investment for the medical tourism. More commercial buildings have been rising near the medical centers, and the business class hotels appear to be thriving along this area. |
| 4   | Philippine Association of Realty Appraiser                            | Philippines     | Makati City                                  | CBD                | Office   | Excellent                | Market values are improving due to limited supply  | NA   | NA  | Stable                                     | Limited supply of commercial land  |
| 5   | The Chinese Institute of Land Appraisal                               | Taiwan          | Taipei                                       | Central Taipei     | Retail Store, Restaurant, Office, Financial, Shopping Center, Amusement, Hotel, Enterprise Headquarter | Good                     | The international trade controversy between China and USA lead Taiwan corporation move activity back. This driven Taiwan Real Estate Market stable development.  | NA   | NA  | Stable                                     | Real Estate Market is mature in Taiwan. Any short factor unable to change significantly.   |