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Contact:

Amanda Schlitt

+1 407 404 5029

amanda.schlitt@cbre.com

ASIAN GLOBAL REAL ESTATE INVESTMENT SET FOR RECORD 2016

Miami in 10th Place Globally and Fourth Overall in the U.S. in Attracting Asian Capital

Miami, FL – October 21, 2016 – Asian investment in global commercial real estate is on track to reach a new record in 2016, with the Americas the leading target region, according to new research from global property advisor CBRE Group, Inc.

Miami (US\$665 million) was the tenth overall most popular destination for Asian investment in H1 2016; the fourth overall among U.S. markets.

Asian investment in global commercial real estate reached nearly US\$27 billion in H1 2016, dominated by Chinese investors who accounted for 60% of the total. Asian outbound investment has multiplied more than ten-fold to \$47 billion in 2015 from \$4.3 billion in 2009. Approximately 80% of Asian investors' capital outlay in 2009 was in domestic markets; this proportion has steadily declined in subsequent years, falling to 47% in 2015.

Asian investors showed a strong appetite for U.S. assets in H1 2016 with the Americas (\$14.0 billion) accounting for more than half (52%) of outbound investment, followed by EMEA (\$6.1 billion / 22%), Asia (\$5.4 billion / 20%), and the Pacific (\$1.6 billion / 6%). New York (\$4.02 billion) was the top destination for Asian outbound investment, followed by London (\$4.01 billion), Hong Kong (\$2.12 billion), San Francisco (\$1.40 billion), and Chicago (\$1.34 billion).

"In recent years we have seen a confluence of events throughout Asia, particularly China, which have led to an incredible outflow of capital from these markets. This capital, directed by individuals, intermediaries and institutions, has been heavily focused on U.S. real estate, with South Florida being a target market, said Still Hunter III, Executive Vice President with CBRE Capital Markets.

Asian investors are keen to get scale and portfolio or entity-level transactions are an efficient way to achieve this. The number of portfolio transactions increased in H1 2016, rising to 36% from 29% in H1 2015. Transactions over \$500 million accounted for 45% of outbound volume in H1 2016. Office is the preferred sector taking 47% of investment, followed by Hotels at 33%. There is increasing interest from Asian investors in forming partnerships and joint ventures with local developers or operators to invest into new markets and niche sectors. More

investors are interested in purchasing stakes in real estate companies to gain indirect exposure to non-gateway cities and investing in build-to-core projects with long-term prospects.

“The appeal of South Florida as a market for international investment has to do with the same fundamentals that make it an attractive option for domestic investors—supply constraints, consistent population growth, an expanding and diversifying economy and growing international recognition as a true global gateway market. Recent public and private investments in infrastructure and sustainability serve to bolster the appeal of the market, ensuring growth over the long term. Furthermore, investment in South Florida real estate provides an excellent hedge against depreciation of the yuan as China’s central bank attempts to sustain and stimulate growth,” added Mr. Hunter.

The appetite from Asian capital to invest outside of domestic markets has been steadily increasing since the Global Financial Crisis. Led by investors from Singapore, China, South Korea and Hong Kong, Asian capital has become more active in global real estate markets over the past three years in particular due to structural and cyclical changes.

Insurance companies have been a major growth driver of global real estate investment in recent years. Since 2012, China, Taiwan and South Korea have relaxed regulations on insurers such as permitting overseas real estate investment, increasing maximum allocations to real estate, and streamlining approvals. Chinese insurers have been the most active outbound investors, followed by Taiwanese and South Korean groups. Investment in H1 2016 totalled \$8 billion, which was higher than the last three years’ combined total. This was largely due to a major hotel portfolio transaction in the U.S. Other noteworthy deals include the acquisition of the Bentall Centre Tower in Vancouver by China’s Anbang Insurance Group for \$769 million, and China Life’s purchase of the Paine Webber Building in New York for \$550 million.

“Investing abroad enables insurers to purchase core assets with long lease terms, of which there is a lack of in Asia, to obtain relatively better returns and to geographically diversify their investment portfolios. Asian institutional investors, particularly insurance firms, still have relatively low allocations to real estate. This has translated to stronger outbound investment activity in global real estate in recent years,” said Marc Giuffrida, Executive Director, Capital Markets, CBRE.

Asia has enjoyed a rapid increase in private wealth in recent years, a trend which has driven growth in the number of High-Net-Worth Individuals (HNWIs). While Japan still has the most HNWI’s in Asia, other markets such as China and India have emerged as engines for wealth creation. The increase in wealth accumulation has pushed investors to search for products provided by different financial intermediaries, especially amid a low deposit interest rate environment. Real estate’s ability to provide a hedge against inflation and its competitive returns have further supported the financial intermediaries’ increased weighting of direct real estate in their portfolios.

Strong demand for real estate in Asia has boosted asset prices and compressed yields to historical lows. A comparison of the yield gap between real estate and government bonds shows overseas markets still offer a higher yield spread than Asia. The higher yield spread, better returns, and availability of longer lease covenants, particularly for office properties, have ensured Europe and North America continue to attract interest from long-term Asian investors.

About CBRE Group, Inc.

CBRE Group, Inc. (NYSE:CBG), 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 2015 revenue). The Company has more than 70,000 employees (excluding affiliates), and serves real estate investors and occupiers through more than 400 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.

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