ASIA PACIFIC REAL ESTATE STRATEGIC OUTLOOK

January 2022

IN A NUTSHELL

_ The ongoing economic recovery in Asia Pacific is expected to underpin occupier demand and support the rental recovery expected across most sectors outside the bifurcated retail segment.

_ Real estate investment volumes in the region recovered strongly in 2021. Strong capital flows underpinned by available dry powder and rising investment allocation to Asia Pacific are expected to drive competition for quality assets and keep yields tight.

_ We believe logistics remains the most attractive sector in Asia Pacific, followed by the office and residential sectors. Given the challenges of tight pricing and returns in the core space, investors may increasingly consider active management themes involving secondary cities or emerging locations underpinned by strong demographic and economic drivers which could potentially yield higher risk-adjusted returns.

Economic Update

Economy Activity: Looking into 2022, Asia Pacific appears on track to build on the economic recovery underway throughout the previous year, as the region made significant progress in vaccination efforts – over 55% of Asia's population have been fully vaccinated by the end of 2021[1], compared to less than 10% just six months earlier. During the same period, vaccination rates in the advanced economies including Japan, China, South Korea, Singapore and Australia reached 76%-87% of the population, boosting economic reopening efforts and the lifting of restriction measures.

Meanwhile, regional economic activity maintained its growth momentum throughout 2021, as evidenced by improved manufacturing PMI readings, higher export levels and a recovery in retail consumption across the region. Amid the significant rebound in global trade volumes, China continued to ramp up its import volumes, providing a boost to regional export activities across other Asia Pacific economies. Global supply chain disruptions – including the shortage of semiconductor chips and other manufacturing commodities, lack of shipping containers, trucks and workers leading to port congestions, have not left Asia Pacific unscathed, though anecdotal evidence suggest the situation should ease gradually as more factories and workers return towards normalized operations.

The resurgence of COVID-19 including the Omicron variant continues to pose headwinds to the global and Asia Pacific economies. Nonetheless, the region's economic recovery momentum is expected to continue, led by China with GDP growth projected at 5.3% in 2022[2] – though this may have yet to fully account for downside risks surrounding the health of China's property developers and residential market. Other developed Asia Pacific economies including Japan, Australia, South Korea and Singapore are likely to benefit from GDP growth averaging 3%-4% in 2022. Meanwhile unemployment is expected to ease further this year with a recovery in the labour force levels.

[1] Our World in Data, as of 31 December 2021
[2] DWS Forecasts, December 2021

Inflation and Bond Yields: General price levels have accelerated since early 2021, albeit at a lower magnitude compared to other regions, driven by the recovery in consumer demand, higher producer prices resulting from rising commodity prices and supply chain disruptions. Going forward, inflation levels could remain elevated in the short-term before easing off, driven by the ongoing recovery in economic growth and continued backlog of goods orders working through the supply chains. We also expect bond yields to increase gradually at a measured pace, given these remain low relative to historical levels.

EXHIBIT 1: GDP GROWTH & UNEMPLOYMENT RATES

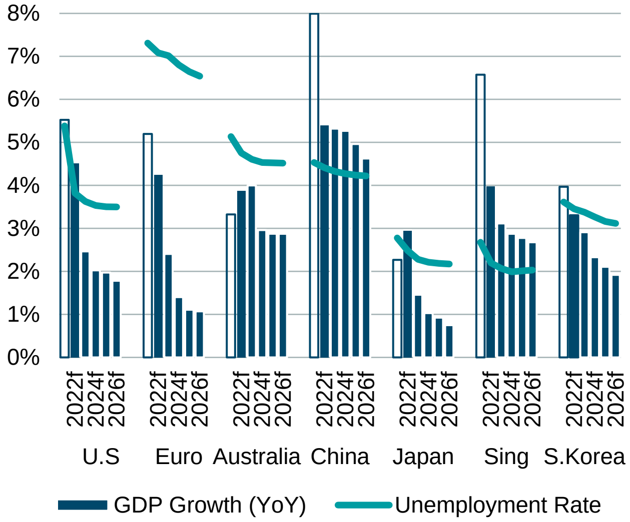
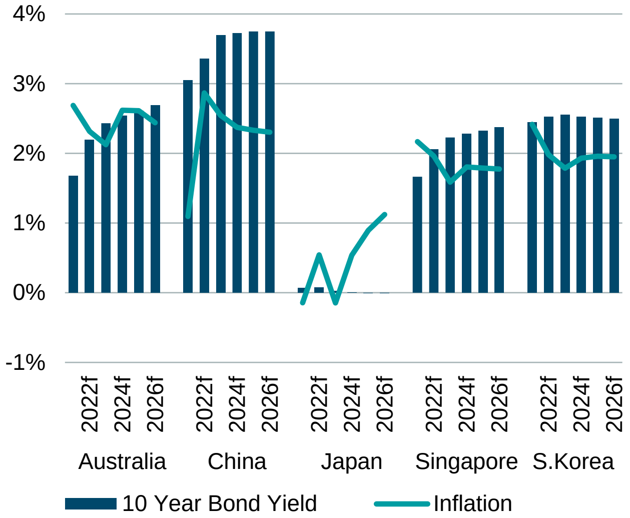


EXHIBIT 2: INTEREST RATES AND INFLATION



Notes: f = forecast. There is no guarantee the forecasts will materialize.
Sources: DWS, Oxford Economics. As of December 2021

Monetary Policy: Monetary conditions in Asia Pacific remain in favour of growth with central bank policy rates hovering at record lows. Nonetheless, differences in economic and labour market conditions have led to a divergence in the outlook for financial conditions across the region, with monetary policies expected to remain loose in Japan, China and to a certain extent Australia. Meanwhile, the threat of higher inflation appears to be of greater concern across some economies including South Korea, Singapore and New Zealand, which have implemented rate hikes or tightened monetary policy in 2021.

EXHIBIT 3: POLICY RATES IN MAJOR COUNTRIES

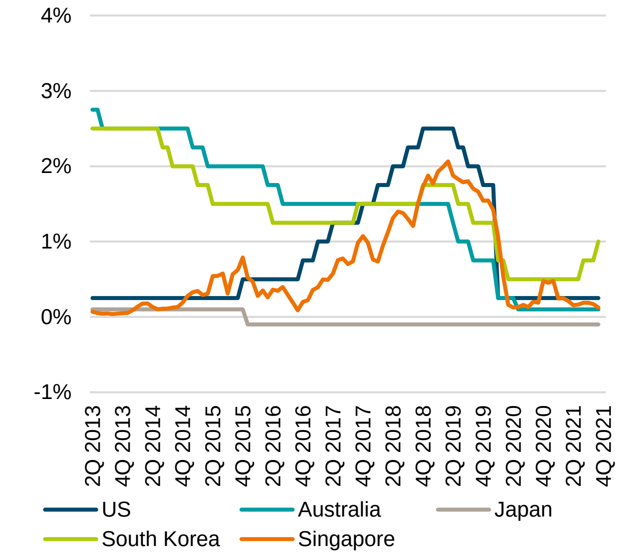
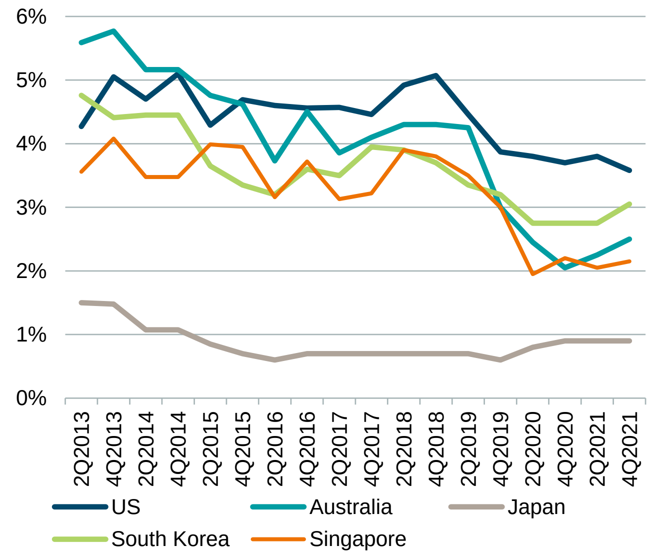


EXHIBIT 4: INDICATIVE REAL ESTATE LENDING RATE



Note: Policy rate for Singapore based on the domestic interbank overnight rate
Sources: DWS, Oxford Economics, Bloomberg. As of January 2022. Past performance is not indicative of future results.

Country Outlook[3]

EXHIBIT 5: SUMMARY COUTRY OUTLOOK

	Economic Outlook	Monetary Policy
Australia	• Steady economic activity with expected GDP growth of 3.6% in 2022. Business confidence and job advertisement indicators continue to point to a strong labour market recovery.	• The Reserve Bank of Australia (RBA) is likely to retain accommodative monetary policy and maintain the cash rate at a record low of 0.1%, but unwind quantitative easing in early 2022.
China	• China is expected to record GDP growth of 5.3% in 2022 with the government prioritising common prosperity and stability over wholesale stimulus.	• Credit deleveraging remains a key focus, though the central bank relaxed monetary policy, lowering the required reserve ratio in late 2021 amid tight credit conditions and developers' debt woes.
Japan	• GDP growth is projected at 3.2% in 2022, led by recovering consumption, and the ongoing normalization of the automotive production.	• Bank of Japan is expected to keep its loose monetary policy and maintain the long-term yield near 0% in order to meet its inflation goal of 2%.
South Korea	• GDP growth is projected at 3.3% in 2022 on the back of strong export growth, notwithstanding slowing activity with the domestic COVID resurgence.	• Concerned about record levels of household debt, the Bank of Korea raised its base rate from 0.5% to 1% in 2021, and signalled another hike in early 2022.
Singapore	• The economy could expand by 4% in 2022, supported by the continued momentum of manufacturing and net exports, as well as steady vaccination progress.	• Benchmark borrowing costs remained relatively stable, notwithstanding recent tightening of monetary policy through intervention in the foreign exchange market.

Real Estate Market Overview

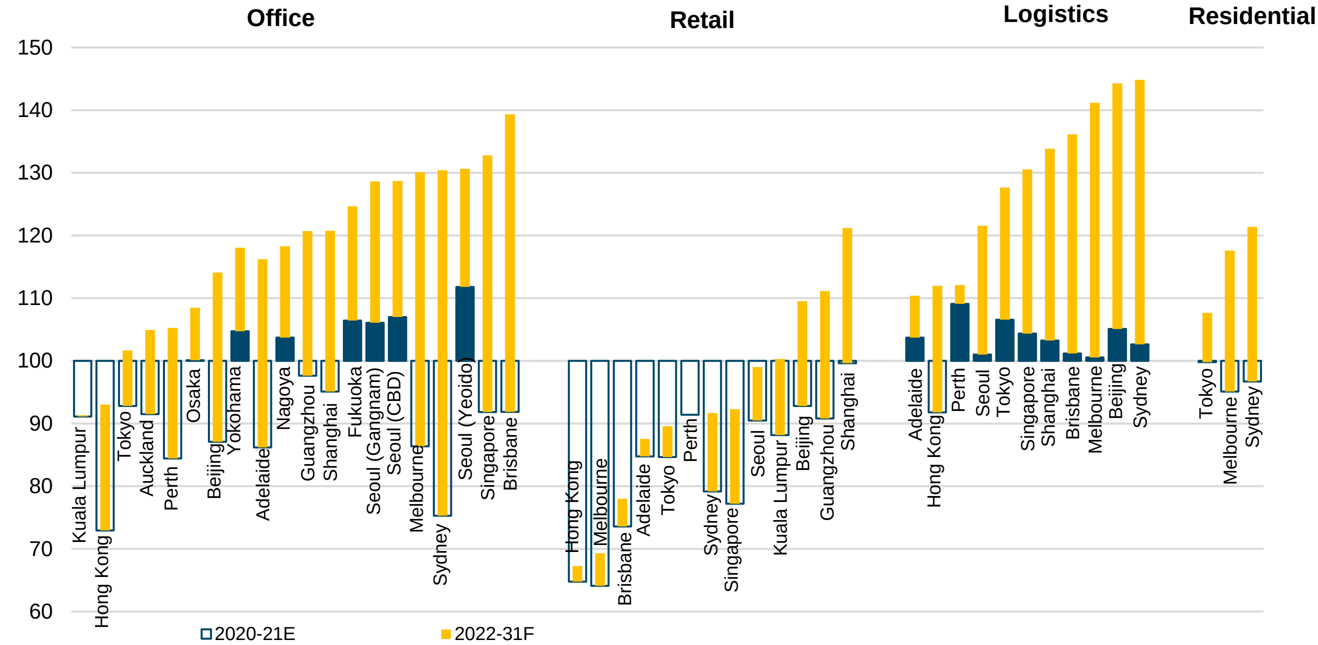
Rental Trends: Majority of real estate markets in Asia Pacific experienced a divergence in rental trends during 2021. Logistics rents across the region continued to outperform, office rents in some markets remained flat or grew marginally as negative growth persisted in other markets, while retail rents continued to remain under pressure amid challenging leasing conditions.

Looking ahead, we expect a significant rental recovery to occur starting from 2022, and are positive on the long-term rental outlook for the office, logistics and residential sectors. We retain a cautious view on retail rents in general on expectations that rental recovery would likely be muted in lieu of structural challenges.

[3] DWS forecasts, as of January 2022

EXHIBIT 6: PRIME RENTAL GROWTH FORECASTS, P.A. (2022-2031F)

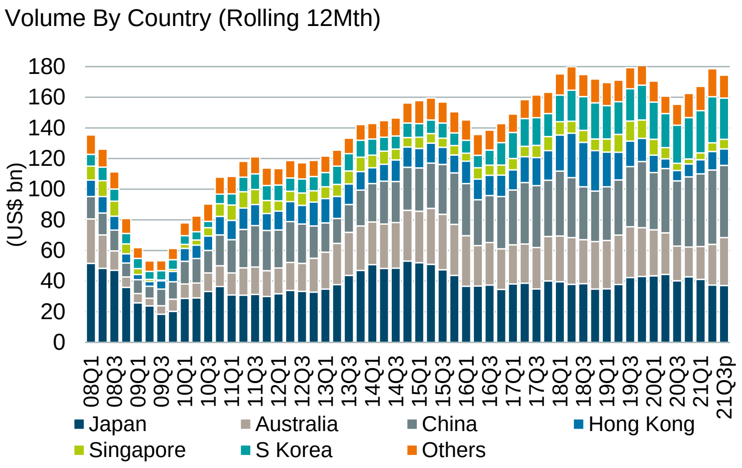
(2019 = 100)

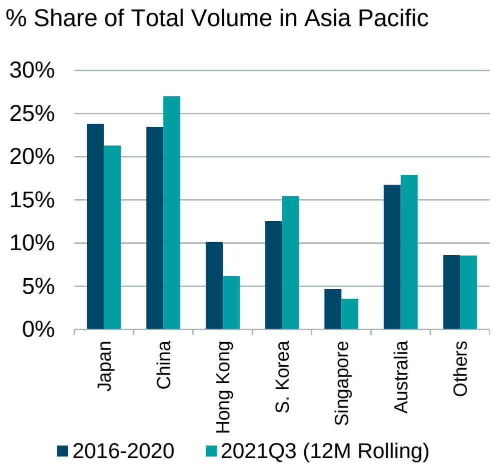


E= estimate, F = forecast. Rents are on net effective basis after incentives
There is no guarantee the forecasts shown will materialize.
Source: DWS. As of January 2022. Past performance is not a reliable indicator of future returns.

Transactions: Regional transaction volumes recovered strongly in 2021, following slower activity during the height of the pandemic in 2020. Preliminary data indicates 12-month rolling transaction volumes till September 2021 rose 12% year-on-year. China and Japan remained the top investment destinations, and while most Asia Pacific markets recorded increases, Australia, Hong Kong and Singapore saw significant rebound in investment flows during the same period. Meanwhile, investment flows in South Korea remain near record high levels, driven by unabated interest from domestic investors.

EXHIBIT 7: APAC REAL ESTATE TRANSACTION VOLUME BY COUNTRY



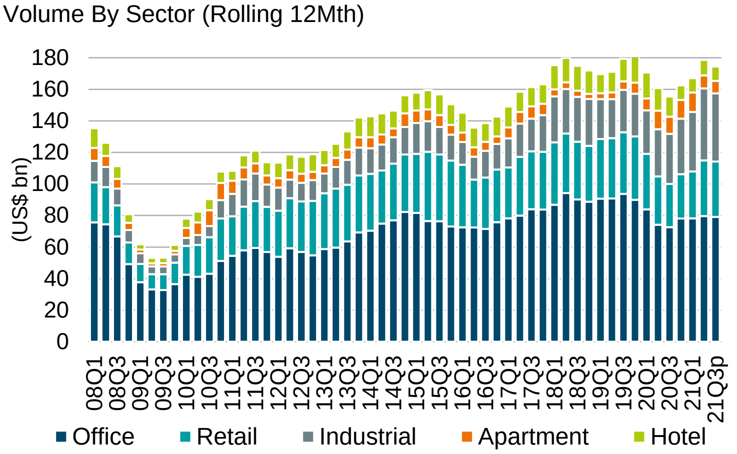


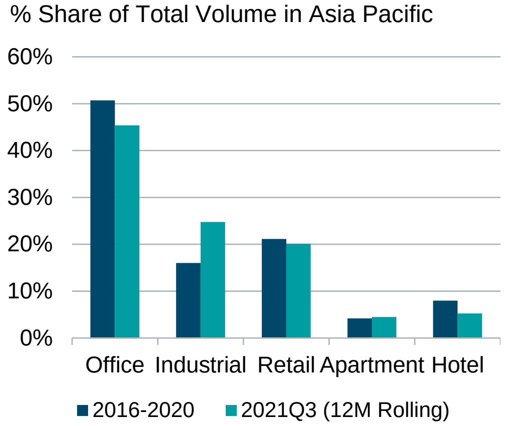
p = preliminary Note: Figures shown based on rolling 12-month period. Exclude land transactions.
Source: DWS, Real Capital Analytics. As of January 2022.

Office assets remains the most traded sector in the region, though firm pricing expectations from sellers (notwithstanding short-term rental weakness) contributed to the recent lower trading volumes. On the other hand, investment momentum in industrial assets continued with investors seeking rental cashflow stability amid the pandemic.

Meanwhile retail investment volumes, have shown signs of stabilization with investors looking selectively at neighbourhood malls and grocery anchored assets, or shopping mall assets with discounted pricing or value-add opportunities. Investors continued to stay away from hotel assets, particularly those with heavy inbound tourism and business-travelling exposure given continued occupancy challenges.

EXHIBIT 8: APAC REAL ESTATE TRANSACTION VOLUME BY SECTOR

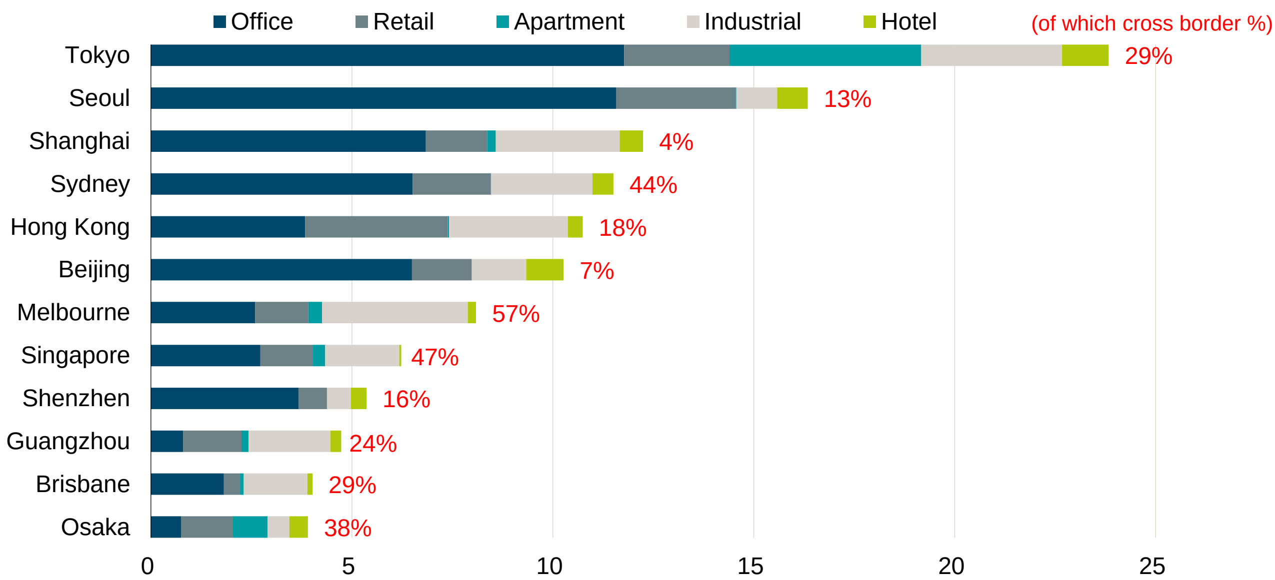




p = preliminary Note: Figures shown based on rolling 12-month period. Exclude land transactions.
Source: DWS, Real Capital Analytics. As of January 2022.

At the city level, Tokyo remained the top investment destination, while Seoul continued to receive strong investment flows, led by a surge in office and industrial volumes. Despite travel restrictions in-place, cross-border investors remained active in the region, particularly in Australia and Singapore.

EXHIBIT 9: COMMERCIAL REAL ESTATE TRANSACTION VOLUME BY CITY (12 MONTHS TO SEPTEMBER 2021)

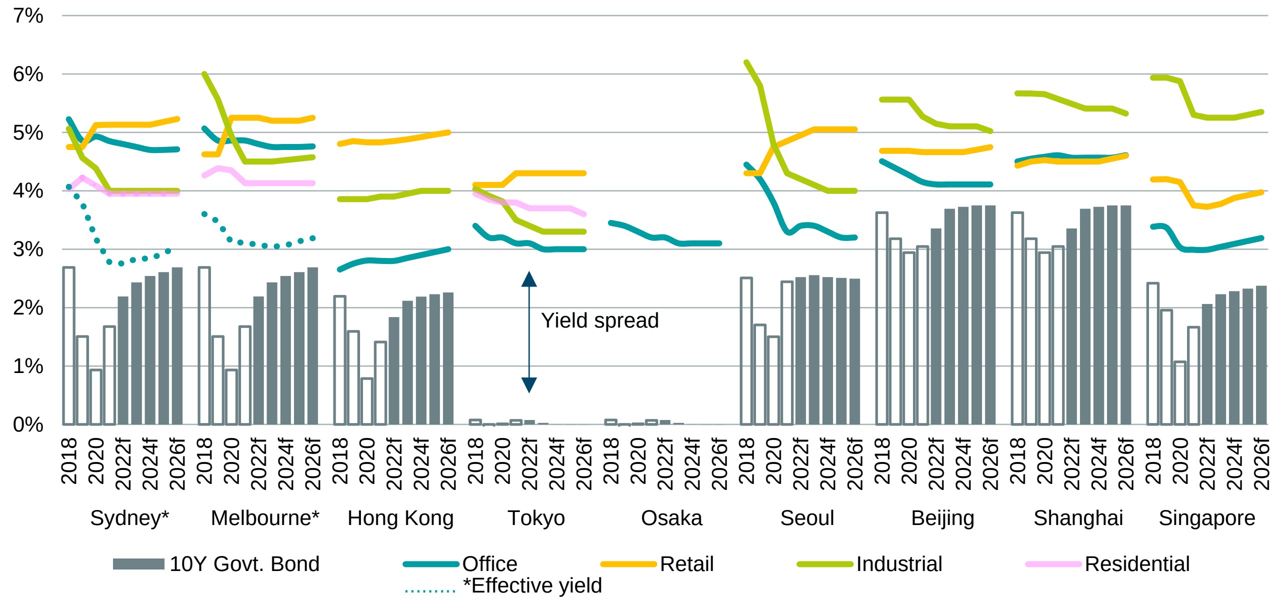


Note: Figures shown based on rolling 12-month period. Exclude land transactions.
Source: DWS, Real Capital Analytics. As of January 2022

Cap Rate Trends: In recent years, the combined effect of low interest rates and strong capital allocation from investors into commercial real estate markets have contributed to falling yields across the region. This remains the case for most markets as the majority of real estate owners retained holding power despite the short-term rental weakness, resulting in limited cases of distressed sale opportunities.

In lieu of the drivers listed above, we could see further marginal cap rate compressions in the near-term, particularly in the industrial sector, underpinned by structural growth drivers. Over the longer-term horizon, cap rates could eventually pick up over the coming decade along with higher interest rates and a period of sustained economic recovery.

EXHIBIT 10: CAP RATE / YIELD SPREADS RELATIVE TO BOND YIELDS



* Dotted lines for Australian cities indicate effective office yields after incentives
f = forecast. There is no guarantee the forecasts shown will materialize.
Source: DWS, Colliers, Miki Shoji, Oxford Economics. As of January 2022. Past performance is not a reliable indicator of future returns.

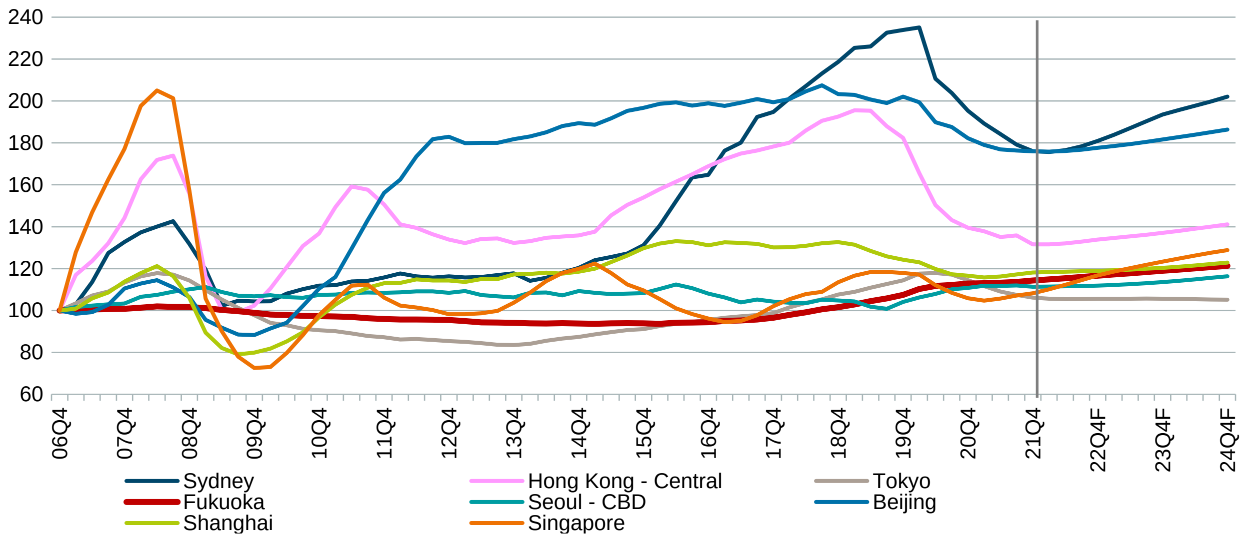
Real Estate Sector Outlook

Office: Throughout 2021, most office markets in Asia Pacific went through a transition phase amid continued uncertainties around the strength of the macroeconomic recovery and containment of the COVID-19 outbreak. Office utilization levels remains higher in North Asia, particularly in China and South Korea, and only recently recovered from trough levels in Australia which had experienced lockdowns for most part of 2021. This contributed to office rental declines across the region, although there are recent signs of easing pressures on rents amid the recovery in business conditions. While economic reopening across majority of Asia Pacific has been accompanied by the resumption of business activities in the workplace, the adoption of flexible working arrangements has increasingly taken root particularly among larger MNCs.

We retain the view that offices remain relevant in the long run due to the need for human interaction, employee training, collaboration and cultural preferences for physical attendance from Asian employers. Nonetheless, we think that structural shifts in occupiers' preference for office leasing remains underway, with companies taking the opportunity to re-evaluate their space requirements and maintain employee well-being as a key priority. This could translate into relocation plans to higher quality developments well-equipped for social distancing and hygiene requirements such as good air filtration and sanitation systems and accelerate the flight to quality trends occurring in some cities.

Despite the current market weakness we believe that office markets fundamentals in core regional cities remain well supported by a diversified occupier base, moderate vacancy levels and modest supply pipelines. We expect Sydney, Melbourne, Singapore and Fukuoka to emerge from the downturn with healthy rental recoveries from 2022 onward**,** supported by a good demand-supply balance expected to tilt in favour of landlords.

EXHIBIT 11: OFFICE SECTOR: NET RENTAL INDEX
(2006Q4 = 100)



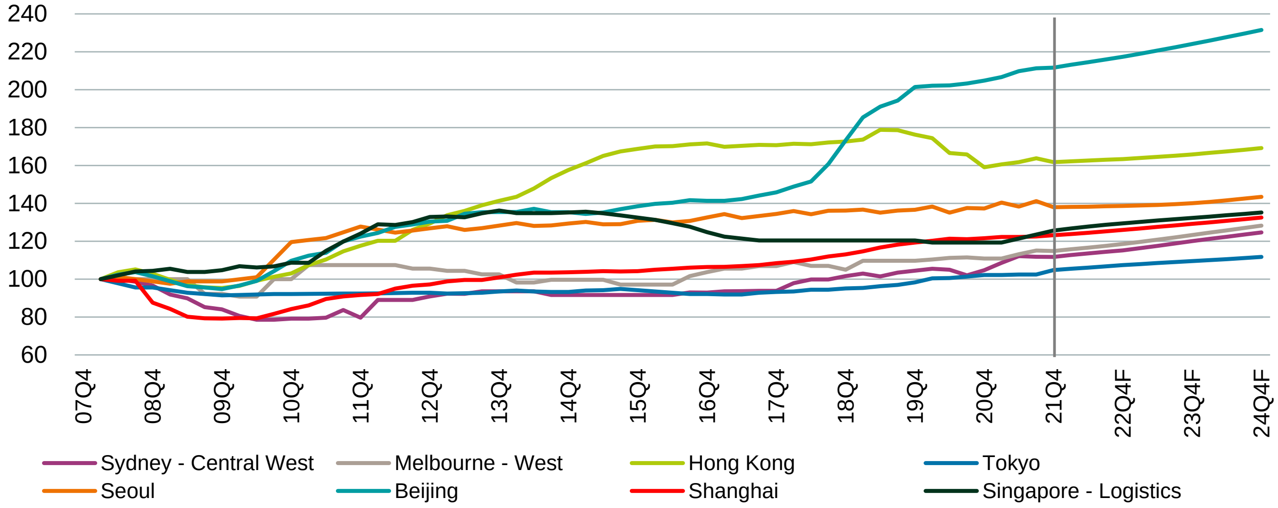
Note: F = forecast. There is no guarantee the forecasts will materialize.
Source: DWS. As of January 2022.

Industrial: In a pandemic-hit environment, logistics remains the standout sector, recording positive rental growth across most locations as resilient occupier demand supported take-up and occupancy levels, particularly in prime logistics assets with good transport accessibility. E-commerce and third party logistics providers (3PLs) continue to account for most leasing demand for quality space, and should continue to do so with e-commerce sales in Asia Pacific projected to grow by 12% this year following the 15% gain in 2021[4]. There are also signs of rising leasing activity from retailers and manufacturers along with recovering consumer demand post lockdowns.

[4] Data from eMarketer, as of December 2021

We expect the long-term structural drivers of e-commerce retailing to underpin rental growth above inflation levels, averaging around 2%-4% per annum over the next five years.

EXHIBIT 12: INDUSTRIAL SECTOR: NET RENT INDEX
(1Q2008 = 100)



Note: F = forecast. There is no guarantee the forecasts will materialize.
Source: DWS, Ichigo, Colliers. Data as of January 2022. Past performance is not a reliable indicator of future returns.

Driven by higher income yields, strong underlying occupier demand and stable rental growth, the industrial sector outlook currently remains attractive over the next ten years with projected total returns exceeding 6%-7% for most locations in our coverage. Despite the relatively lower return expectations, industrial assets in Tokyo remain attractive with low bond yields driving excess returns.

Increasingly, investors are venturing into forward funding and development opportunities to gain access as well as enhance core returns, especially in secondary cities in Japan, South Korea and Tier-one cities in China which often lack modern investment grade assets.

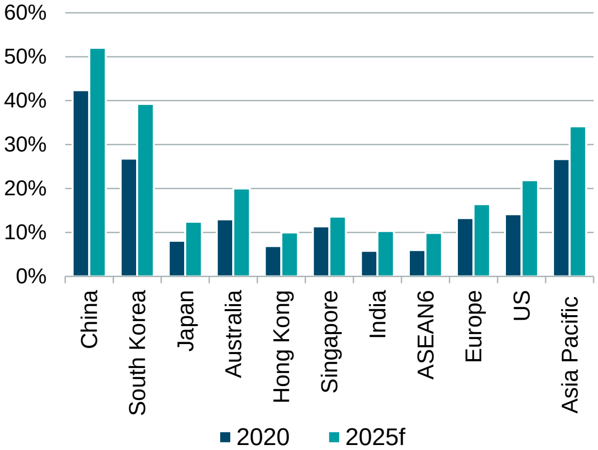
Retail: Retail conditions remain challenging, as consumers increasingly turn towards online shopping amid social distancing requirements, reduced travelling and lack of tourist spending. Retailers have to contend with lower shopper footfall and store sales, while low foreign tourist arrivals and expenditure created a major drag, particularly for downtown high-street shops. Outside China and South Korea, retail e-commerce penetration in Asia Pacific increased during the pandemic period but remains relatively low at around 10% and below.

The pace of rental declines in most locations throughout 2021 is likely to slow and stabilize in some locations in 2022, while the increased relaxation of pandemic-related restrictions should aid in the market recovery. That being said, we continue to expect a divergence in mall performance, as suburban or neighbourhood malls anchored by non-discretionary segments such as staple food and daily necessities are likely to fare better than high-street or downtown malls in the absence of international tourism. Still, we believe the long-term outlook for retail in general remains under pressure from shifts in structural demand notwithstanding low pipeline supply pressures.

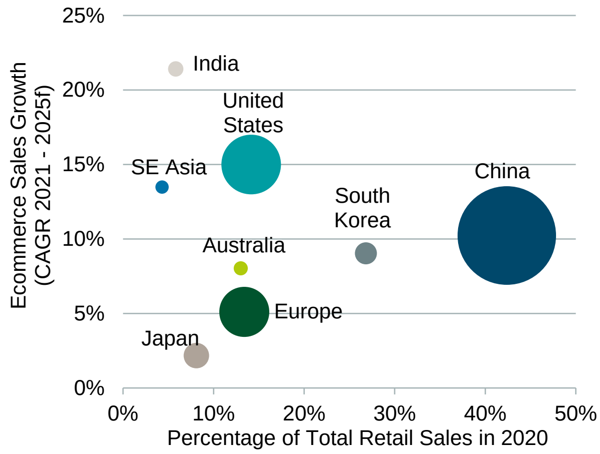
Due to the rising tenant turnover and occupancy challenges, retail is increasingly moving towards the value-added spectrum, with some investors willing to take on higher risks of acquiring poorly-performing malls at low pricing levels, with the view of enhancing returns through improvements in the tenant mix and mall positioning.

EXHIBIT 13: RETAIL ECOMMERCE TRENDS IN ASIA PACIFIC

Retail Ecommerce as % of Total Sales



Retail Ecommerce Sales Market



f = forecast. There is no guarantee the forecasts will materialize.
Source: DWS, eMarketer. As of December 2021.

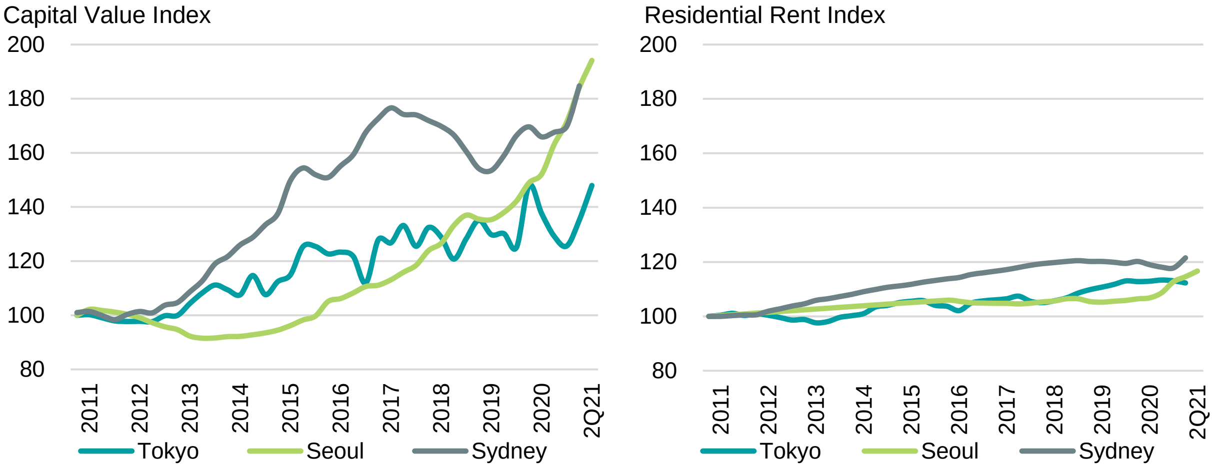
Residential: During COVID-19, the residential sector in Japan has emerged as one of the most popular investment sectors across the Asia Pacific region, with annual transaction volumes rising 60% year-on-year to hit a record US$9.6 billion in 2020. It is noteworthy that 62% of the transaction volume in 2020 can be traced to cross-border investors pursuing cashflow stability during the down-cycle. In 2021, the sector continued to command strong interest from various investors with over 10 transactions exceeding US$ 50 million announced year-to-date by September 2021. At the same time, residential rents in the Central 3 wards in Tokyo fell 2.4% year-on-year in the third quarter of 2021, while average assets in broader Tokyo recorded a marginal decline of 0.7% in the same period. Despite the short-term moderate correction, condominium unit prices in Tokyo remain close to a two-decade peak, which is expected to spur tenant leasing demand in the long term. This should drive annual total returns of the residential sector to slightly above 5% per annum over the next five years, underpinned by resilient income return and modest cap rate compression.

In Australia, a combination of rising housing prices, affordability constraints and healthy population growth should underpin the demand for build-to-rent houses. While this segment remains in infancy with limited asset transactions due to the lack of existing stock, there are available opportunities for more professional and consistent offerings. Access for cross border investors could include via a development joint venture with local partners to overcome tax issues.

Similarly in South Korea, the trend of accelerating residential prices, despite multiple cooling measures, are a major concern for home seekers being increasingly priced out of the market. Exhibit 14 captures the residential capital value and rental trends in these major cities, which highlights a common theme of home prices outpacing rents driving these home seekers towards the rental market on affordability concerns.

Notwithstanding the positive fundamentals, the residential markets outside Japan remain in a nascent stage and investors often face challenges in deal accessibility, tax treatment and lack of clear regulatory framework, particularly for cross-border investors.

EXHIBIT 14: RESIDENTIAL PRICE AND RENTAL TRENDS IN MAJOR APAC CITIES (2011 = 100)



Source: DWS, Australian Bureau of Statistics, ANZ, Japan Real Estate Institute, ARES, KB Kookmin bank. As of July 2021.

Strategic Real Estate Outlook

Pricing and Returns: Notwithstanding the current occupier market weakness, there remains limited evidence of significant price discounts or distressed sale opportunities outside adversely affected segments such as tourism-focused hotels and poorly positioned retail assets. Exhibit 15 provides our current regional pricing trend forecasts over the next five years. We expect prime logistics assets to benefit from continued capital appreciation, underpinned by steady rental growth and further cap rate compressions. In the office and residential sectors, asset prices are also expected to begin experiencing an uplift as a rental recovery sets in from 2022 onwards. Meanwhile, the worst may be over in terms of pricing trends for retail assets, nonetheless we expect a slow recovery in capital values given that investors are likely to retain a cautious view on the sector.

EXHIBIT 15: CAPITAL VALUE TREND
(2019 = 100 APAC AVERAGE)

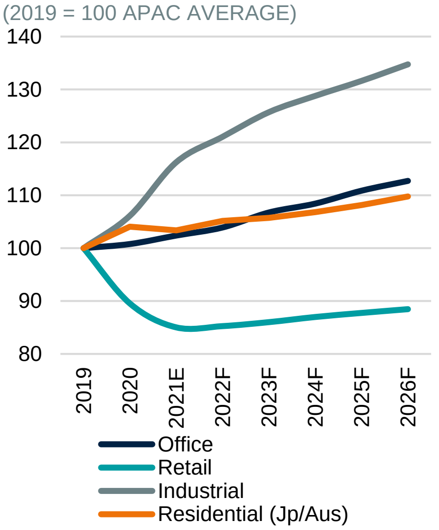
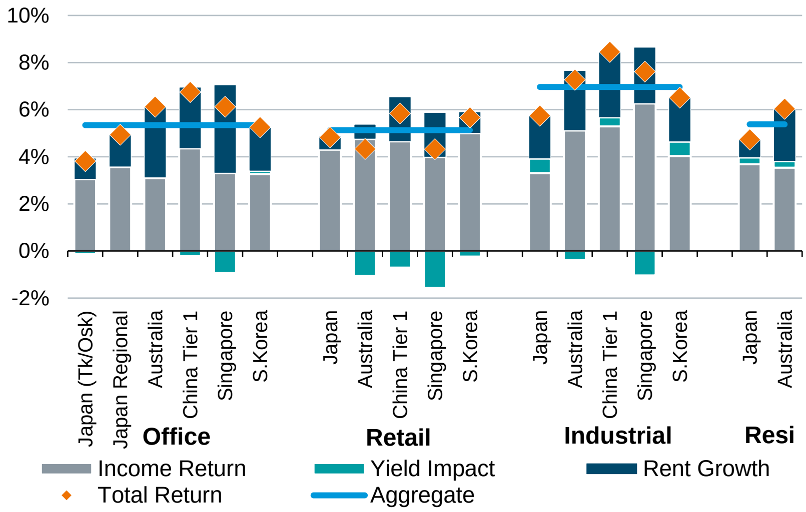


EXHIBIT 16: APAC TOTAL RETURN P.A, 2022F-2031F



Note: E = estimate, F = forecast. Projected returns are based on compounded basis. There is no guarantee the forecast returns shown will materialize.
Source: DWS. As of January 2022.
Figures shown are stock-weighted based on city level data[5]. As such, the performance and forecast shown represent hypothetical and simulated performance, which has many inherent limitations. One of the limitations of hypothetical performance results is that they are generally prepared with the benefit of hindsight. In addition, hypothetical trading does not involve financial risk, and no hypothetical trading record can completely account for the impact of financial risk in actual trading. No assurance is made that forecast returns will be achieved.

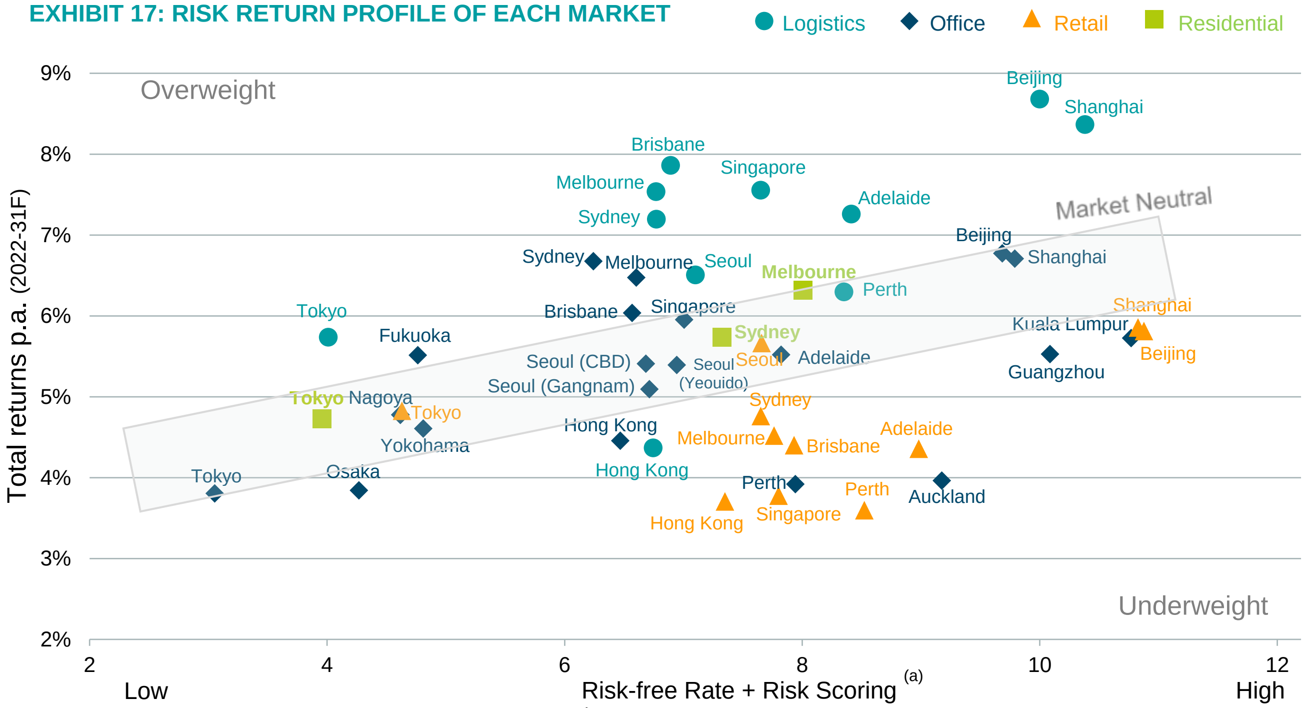
[5] Japan – Tokyo (All sectors), Osaka/Yokohama/Nagoya/Fukuoka (Office); Australia – Sydney/Melbourne/Brisbane/Perth/Adelaide; China Tier 1 – Beijing/Shanghai (All sectors), Guangzhou (Office & Retail); South Korea – Seoul.

Similarly, based on DWS houseview long-term total returns forecasts, we believe the logistics sector in Asia Pacific will continue to outperform with aggregate annual returns of 7% over the next ten years. This is followed by the office, residential and retail sectors where aggregate returns are broadly similar but varies widely across individual markets – hence the importance of individual market selection.

Risk-Return Profile: It is insufficient to compare property-level total returns on a stand-alone basis without factoring the associated risks, especially in the Asia Pacific region where a significant divergence in market maturity and transparency persists. Several factors were considered in the computation of associated risks related to each submarket such as volatility, liquidity, transparency, the effect of obsolescence and climate-related risks, on top of domestic risk-free rates. The associated risks were formulated using a combination of quantitative and qualitative modeling which have been integrated in our House View forecasts.

Exhibit 17 highlights the positioning of the various markets in reference to this framework. Our projected total returns for each market on the vertical axis are plotted against associated risks on the horizontal axis for each market. A Market Neutral zone (shaded) indicates the level of attractiveness of each market from a risk-return perspective (cities above this line are deemed more attractive and vice versa).

EXHIBIT 17: RISK RETURN PROFILE OF EACH MARKET



Source: DWS, Oxford Economics, Colliers, JREI, CBRE, Cushman & Wakefield, Real Capital Analytics. As of January 2022.
Note: F = forecasts. There is no guarantee the forecasts will materialize.
Risk Scoring[(a)]: A greater risk score indicates higher levels of risks associated with each market. A range of risk factors were considered including the historical volatility of returns, level of market liquidity, real estate transparency level, depreciation, capital expenditure and climate risks.

Core Strategy: We remain positive on the **logistics** sector in Asia Pacific, due to its relative resiliency. Modern logistics facilities with good transport connectivity remain underpinned by the structural tailwinds of rising domestic consumption and online retailing, and are likely to continue attracting investment interest across the major logistics markets in the region. We favour the key logistics hubs in the region including **Australia, Japan, South Korea and Singapore** as core strategies while logistics development funding in secondary cities in Japan, South Korea and China could also be considered for higher potential returns.

We also expect **Sydney, Melbourne, Seoul** and **Fukuoka** (Japan) office markets to perform well over our ten-year forecast period. These are either among the most mature markets or rapidly growing markets, and are projected to lead the region's rental recovery cycle underpinned by favourable demand-supply conditions. Core investors should also consider structuring their portfolio investments towards good quality buildings equipped with ESG metrics including building design, renewable energy and employees' well-being.

We remain cautious on the **retail** sector given the structural headwinds from e-commerce retailing, exacerbated by rising tenant defaults and higher vacancies in retail portfolios as a result of the pandemic. Within the sector, high-street retail is likely to continue underperforming due to lower traffic footfall, while neighbourhood retail anchored by a favorable surrounding resident catchment is less impacted and could present investment opportunities on a selective basis.

Within the office sector, we expect headwinds in select submarkets within **Tokyo and Osaka** which face market disruptions from potential oversupply of office completions. Outside Japan we expect weaker performance from other office markets such as Hong Kong, Kuala Lumpur, Guangzhou as well as Adelaide and Perth. Investors with exposure to low-specification commodity office assets should also consider realizing profits at current favourable prices and recycle their capital into higher quality stock with higher rental resiliency.

Active Investment Strategy: Given the strong investment interest and increasingly tight yields observed across the majority of core markets on the backdrop of low interest rates, many international investors will find it increasingly difficult to meet their target cash yields and/or investment hurdle rate by focusing on the prime assets, particularly for some cross-border investors who need to factor in hedging costs. Notwithstanding some attractive pockets in the core space as highlighted above, we see better risk-adjusted opportunities in these key active investment themes as outlined below.

Next Generation Offices in emerging locations: In recent years, we have observed the emergence of new and exciting urban locations, often home to rapidly expanding new economy clusters such as technology, gaming or life sciences. High quality office developments and improvements in connectivity have transformed these locations into work-live-play precincts attracting a new generation of employees in cities including Sydney, Melbourne, Brisbane, Seoul and Fukuoka. At the same time, rents for these new office areas remain relatively affordable while upside yield convergence with the existing CBD can be expected as the submarket matures. Examples of these locations underpinned by sizeable economic activities and structural demand drivers are further elaborated in Exhibit 18[6].

Investment opportunities arise in Next Generation Offices designed for the health and wellness of employees as well as ESG considerations in a COVID-19 environment. This includes green certified developments equipped with sustainability features such as renewable energy inputs, reduced carbon footprint and good filtration and sanitization systems.

Active Logistics / Regional Logistics locations: Strong occupier demand and low space availability across key logistics locations in Asia Pacific provide the backdrop for investors to seek higher-return active strategies such as development or forward funding and lease-up opportunities in submarkets with minimal vacancy risks. In addition, regional markets in Japan (Fukuoka) and South Korea (Pangyo, Busan, Daegu) constitute populated centres home to significant economic and industrial activities with underserved logistics needs due to a lack of modern storage facilities.

[6] Please refer to DWS report "APAC Emerging Office Locations" published in December 2021 for further details.

A summary of these active investment themes is presented in Exhibit 18 below:

EXHIBIT 18: ACTIVE INVESTMENT THEMES

Primary Target

	Logistics Active and Regional	Office Emerging Locations		
Overview	Forward funding, lease-up and new market offer higher rental growth and income yields	Office in emerging submarkets look attractive from risk-adjusted return perspective. Gentrified, well connected locations that will benefit from enhanced transport connectivity and emerging clusters of technology, gaming or life sciences.		
Japan	Active: Tokyo, Selective plays in Osaka	Tokyo	Emerging 8 wards	Concerns of oversupply wave in 2023-2025
			Yokohama	Asset size tend to exceed $400m in MM21
	Regional: Nagoya, Fukuoka Favourable demography with fast-growing demands for Grade A logistics space	Osaka	Kyoto, Kobe	Tourism and hospitality industry struggling
		Nagoya	Meieki / Fushimi	Healthy supply-demand balance
		Fukuoka	Tenjin / Hakata	Fastest population growth and the gateway to Asia
South Korea	Active: Seoul	Seoul	Pangyo / Bundang	Korea's Silicon Valley with tech and gaming firms.
	Regional: Busan, Daegu. Decent economic size / shortage of Grade A space		Magok	Emerging R&D Hub for bio-tech, materials and chemicals. Limited investable assets
Australia	Long term fundamentals remain strong with low vacancy rate. Maintain focus in key gateway cities such as Sydney, Melbourne and Brisbane and consider speculative development.	Sydney	Macquarie Park	Major life sciences hub and the upcoming Sydney New Metro in 2024
			North Sydney	Media and technology hub close to CBD. Transport accessibility, affordable rents.
			Paramatta	Largely dominated by government occupiers and a tightly held market.
		Melbourne	City Fringe	Collingwood & Cremorne are major digital/ creative hubs.
			St. Kilda	Close proximity to CBD, limited investable stock.
			Southbank	Close proximity to CBD, limited investable stock.
		Brisbane	Urban Renewal	Fortitude Valley is a major IT & tech hub. Cross River Rail in 2024 will improve connectivity.
			Milton	Dominated by engineering, design and digital industries with limited investable stock.
Singapore	Singapore Industrial land lease offers high yields (Active)	Singapore	Decentralized	Lower occupancy costs. High quality developments.

Source: DWS, As of January 2022

In addition to the active investment themes outlined above, investors can also consider a more tactical approach in the below-mentioned markets where selective investment opportunities could arise:

Office: **Corporate divestiture of assets in Japan and South Korea**. Owner-occupied assets constitute a much higher proportion of total office stock in North Asia, for example in Seoul (57%), and to a lesser extent Tokyo (28%), compared to

2% or less in other regional cities such as Sydney and Singapore. With some owners considering the divestment of their corporate real estate to streamline their balance sheet and pursue asset light strategies in response to challenges amid COVID-19, opportunities arise for investors to access high quality prime stock often inaccessible to outsiders being held tightly by owner-occupiers or non-real estate companies. Such deals could amount to over US$10 billion in total, and involve partial renovation and re-leasing, but often achievable at discounted pricing.

Residential: **Multifamily assets in Japan and Australia**. Housing prices in major cities in Australia have grown strongly over the past ten years amplifying existing affordability constraints. While the build-to-rent segment in Australia is still in its infancy with limited asset transactions due to the lack of existing stock, the underlying demographic trends in Australia remains strong. The population growth rate of 1.4% p.a. from 2022 to 2030 is expected to outpace major OECD countries with population growth rate of 0.4% p.a. during the same period. We believe there's further room for opportunity towards more professional, consistent and high-quality offerings. Access to opportunities in build-to-rent sector in Australia could be via joint ventures with local partners although some challenges remain such as local regulations and tax treatment.

Similarly, due to the recent price escalation in for-sale condominiums in Tokyo, an increasing number of households, especially the younger first-time buyers, continue to stick to rental apartments as opposed to buying. Rental demand in Tokyo therefore remains strong especially among singles and double-income households, despite the temporary disruptions in the pandemic period.

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