10 Macro Trends and the Future of APAC Real Estate

November 2025

IN A NUTSHELL

- The report identifies ten macro trends that we believe are reshaping APAC real estate investment strategies and driving structural transformation across the region.
- Geopolitical and economic dynamics appear to favor stable markets like Japan, Australia, and Singapore, while emerging hubs such as India and Southeast Asia appear to be gaining traction due to shifts in supply chains and infrastructure demand.
- Soft power, cultural influence, and tourism appear to be driving real estate demand in markets like Japan, South Korea, Singapore, and Australia. Cultural exports and global branding may attract tourists, students, and investors, potentially boosting hospitality, retail, residential, and student housing sectors.
- Climate resilience and AI adoption are becoming important investment criteria, with cities like Sydney, Singapore, and Tokyo leading in sustainability and smart infrastructure, which could attract capital and potentially support long-term asset performance.

The world is going through a period of extraordinary change. From the political to the technological, macroeconomic and structural trends are fundamentally altering the way we interact with the world around us. The implications for real estate should not be underestimated.

This paper will examine ten macro trends appear to be influencing the APAC region. For many institutional investors the focus remains on a select number of core markets such as Japan, Australia, Singapore and South Korea, however when considering the impact of long-term structural trends, and the future of real estate in the region, we should not ignore their influence on fast-growing economies such as Malaysia, Vietnam and Indonesia – today offering higher risk options, but one day maybe moving into core.

Given their size, the emergence of China and India, is in itself a macro trend, that will influence not just the outlook for each country, but potentially the wider region, and indeed the rest of the world. Again, a focus on these markets should not be seen as an immediate investment recommendation, but rather an acknowledgement that both countries have the potential to alter the course of APAC real estate.

Not all of the trends we review in this paper will be positive for real estate investment. Political fragmentation, an aging demographic and climate change likely will challenge many APAC countries over the coming decade and beyond, but in most cases, a challenge does not necessarily equate to avoiding investment, now or in the future, but rather it should guide our investment response, acknowledging the risks, and influencing how, when and where we approach APAC real estate.

10 Macro Trends We See Shaping APAC Real Estate:

Geopolitics	Shifting geopolitics is redrawing trade and investment flows, creating risks and opportunities for real estate investors.	Rising tensions may shift capital to stable markets including Japan, Australia, and Singapore, which could boost resilient real estate.
Economic Divergence	APAC remains one of the fastest growing regions globally with considerable divergence between core and emerging markets	Strong population and economic growth could support real estate demand with Australia, India, and Vietnam showing strongest growth potential.
Governance	Governance and Transparency emerging as key factor of real estate allocation in APAC with significant diversity across markets	Developed APAC countries expected to attract institutional capital, emerging markets such as China and India may offer long term potential as standards improve
Construction Costs	Post-pandemic construction costs in APAC may remain structurally higher, potentially driving sharp declines in construction activity	Supply pipelines expected to remain low in coming years across most sectors and locations, which could support rental growth
Demographics	Demographics in APAC vary widely, shaping growth; youth and migration could support resilience in key cities.	Markets facing stronger population growth including major cities in Australia and India to benefit from sustained real estate demand
Climate	Climate risks challenge APAC; adaptation requirements, with wealthier cities better positioned than emerging markets.	Investors should focus on assets with low climate-related risks with benefits of stronger operating performance and lower asset stranding risks
Cultural Influence & Soft Power	APAC's cultural exports boost Soft Power, with China, Japan, Korea, and India leading influence.	Global APAC cities with strong cultural identities to attract both real estate demand and institutional capital
Tourism	Tourism remains among the fastest-growing sectors, supported by growing middle class and intra-regional travel	Growing tourism should benefit the hospitality and retail sectors, and reshape Living segments including Co-living
Artificial Intelligence (AI)	AI adoption accelerates in APAC, with China, India, and Korea leading innovation and integration efforts.	Occupier demand likely to pivot towards technology-driven commercial/logistics/ data centre developments
India & China	Two of the world's largest economies with significant potential yet at different stages of development	Tier 1 cities in India and China may offer higher risk-return opportunities but investors should be highly selective and adopt risk mitigation measures when investing

1: Geopolitics

In a fragmenting global order, geopolitics is redrawing the map of trade and investment in Asia. As U.S.-China rivalry intensifies and Taiwan risks loom, supply chains are shifting, and capital is flowing in new directions. For real estate investors this presents risks, potentially upending traditional demand drivers and capital flows, while at the same time potentially creating opportunities either from embracing change or potentially doubling down on potentially less volatile core markets.

The established global order is in flux, and APAC is at the heart of this change. With the emergence of China, and the growth of the wider APAC region, power dynamics, competition, and challenges to the established norms are shifting. Having been dominated by the US led West since the end of the Cold War, we seem to have entered a new period, characterised by a wider distribution of power, as three global powers (US, China, EU), are joined by as multiple regional powers and groupings.

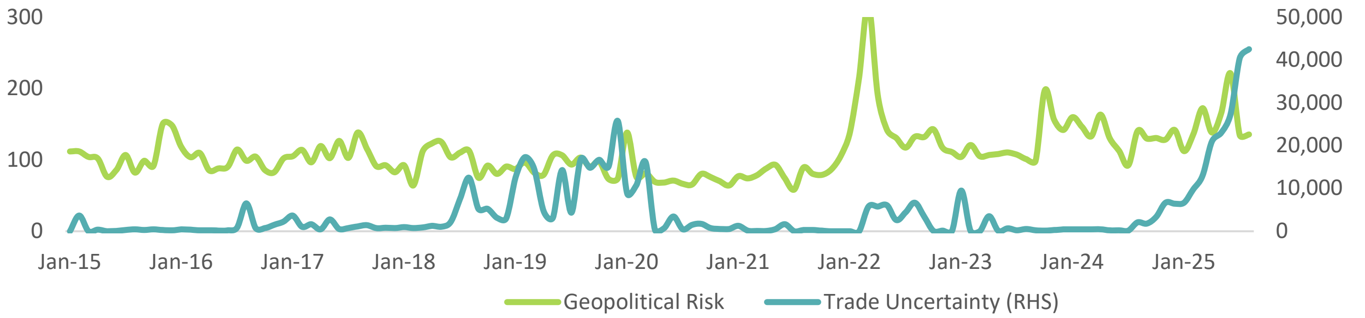
These changing dynamics could aggravate fissures across APAC. From trade tensions to disputes in the South China Sea, border conflicts between India and Pakistan to ongoing risks over Taiwan and the Korean Peninsula, the scramble for resources and access to semi-conductors – governments, institutions and businesses will have to respond. While we don't believe this is the end of globalisation, a multipolar world could lead to a major realignment of trade and capital flows.

Implications for real estate: Rising geopolitical tensions may increase the risk premia on some APAC countries but lessen them in others. Countries such as **Australia**, **New Zealand** and **Japan**, well-run and absent from major border disputes may attract global investment at the expense of riskier parts of the region. With lower relative risk-free rate, in a fragmented, less secure world, real estate returns in these markets could prove more resilient.

Traditionally an area of high saving, and overseas investment, these changes could see a shift in cross-border capital flows. We've already witnessed changing real estate investor appetites in response to US tariff concerns[1], and in a world of uncertainty where relationships are being reset, we could see cross-border flows reducing, regionalising, becoming more politicised, and focusing within certain economic blocs. With an annual average of US$55 billion in cross-border real estate flows over the past decade, 6% of all global transactions[2], a shift in APAC capital could materially impact market liquidity.

At the sector level, real estate markets are expected to feel the impact of fragmentation most acutely across the logistics sectors. While already oversupplied Chinese hubs look vulnerable, and some North Asia ports may need to refocus on towards APAC, fast-growing low-cost locations in **India** and **South-East Asia** could emerge as potential winners – although following recent US tariff negotiations, it's clear that even these markets are exposed to geopolitical risks. The impact goes well beyond trade. Growing tensions are prompting higher military spending, and the growth of domestic arms industries – and associated manufacturing and logistics real estate - in South Korea, Japan and Singapore. A desire to win the AI race, and concerns of data sovereignty and security, could require a considerable increase in **data centre** capacity.

Global Geopolitical and Trade Risk



Source: Dario Caldara and Matteo Iacoviello (Geopolitical Risk), World Uncertainty Index, August 2025

[1] IPE, May 2025
[2] MSCI, July 2025

2: Economic Divergence

One of the fastest growing regions in the world, APAC is an economic region of contrast with a wide range of economic outcomes from the rapidly emerging to the gradually contracting. Though not the only driver of real estate performance, the growth outlook appears highly positive for the Australian cities, while bringing into focus a selection of emerging markets as both potential sources of capital and future locations of core investment.

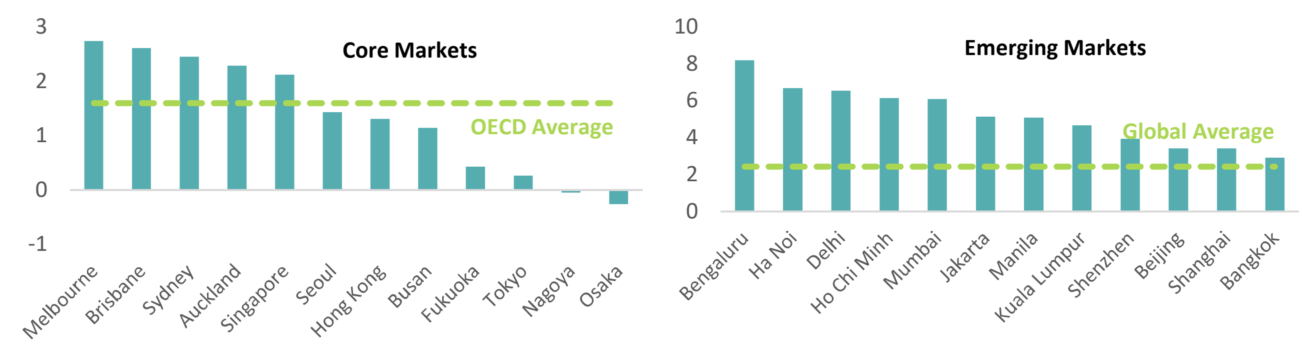
Economic growth in APAC has in recent decades far outstripped that of Europe and the United States. We see few signs of this changing, with the region projected to see annual GDP growth of around 3.5% over the coming ten years. This headline figure masks considerable divergence in outlook across both countries and cities, and not just between core and emerging markets. The Australian cities are forecast to experience some of the fastest economic growth in the OECD, while most of the major emerging market cities could see well-above global average growth, particularly in India and Vietnam.[3] At the other end of the spectrum, Japan within core, and China within emerging, are projected to see some of the slowest growth trends over the coming decade. In part a reflection of demographics (see section 5), this would be a continuation of trend for Japan but a material reduction in growth for China. With both undergoing significant structural reforms, addressing areas of imbalances, corporate governance and productivity, we shouldn't rule out the possibility of better-than-expected outcomes.

Implications for real estate: It is important to remember that economic growth is only one of the key drivers of real estate performance. Structural factors, vacancy, construction, pricing and financing could all have at least as significant a bearing on market returns, with many other factors influencing performance at the asset level. Despite much faster economic growth over the past decade, **oversupply issues in China** contributed to sharp declines in prime rents in recent years, with rental growth lagging compared to a more **supply-constrained Japan**.

Nonetheless, it is an important part of any strategic assessment, with faster growing cities expected to see higher demand, potentially pushing up rents and reducing void risk on good quality stock in prime locations, while opening up new locations for development as these cities expand. From this perspective the **Australian** cities look highly favourable. Growing annually at around 100 basis points more than the OECD average over the next decade, we anticipate strong demand across both business and residential space, pushing prime city centre rents to new highs, opening up new mixed-use districts up such as Parramatta in Sydney, while expanding the city boundaries, developing new industrial and residential destinations.

And while it may be too early for many global institutional investors to consider the fast-growing emerging markets for real estate investment, the speed and scale of growth in places such as **India** and **Vietnam**, as well as the relatively high GDP per capita of cities such as **Shanghai** and some major **Southeast Asian** cities, does suggest that now could be an important time to increase understanding of these markets, preparing the groundwork for potential future entry. Perhaps more immediately, with economic development sometimes comes the growth of **domestic institutional investors**, such as pension funds, which as we've seen in the likes of Malaysia, could become major investors in global real estate market.

APAC City GDP Growth Forecast (% CAGR, 2026-35F)



Source: Oxford Economics, September 2025

[3] Oxford Economics, September 2025

3: Governance and Transparency

Governance and transparency are emerging as both a risk and a catalyst. As political shifts unfold, governance is expected to be a key factor in determining future allocations across APAC, potentially transforming how global capital engages with the region.

The assessment of governance and transparency should consider the degree to which investment processes are established, as well as the maturity of the real estate sector. In addition, the depth of the investable market and the level of asset liquidity are important factors in allocation decisions. Strong governance and defined investment rules are often achieved through ongoing market institutionalization, i.e. active participation by institutional investors. This is typically facilitated by the expansion of listed REIT markets, open-ended fund structures, and private funds.

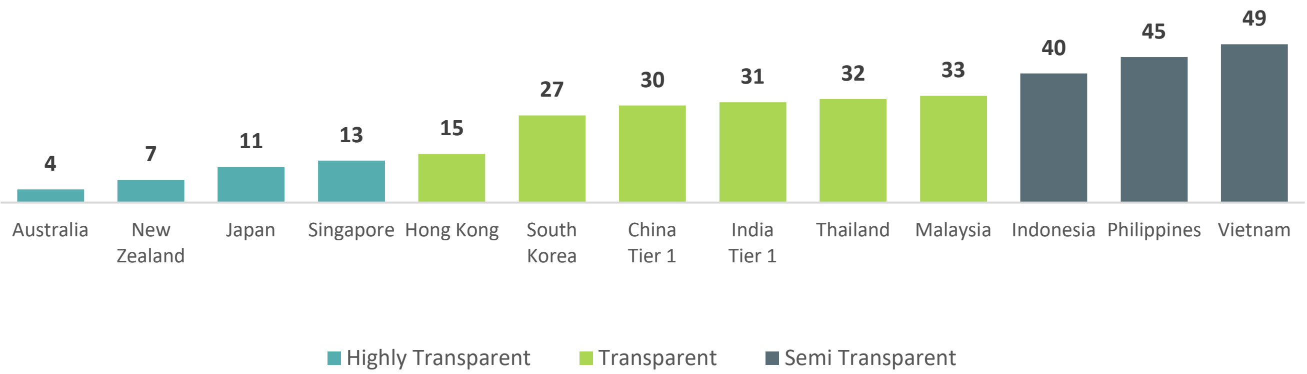
The Real Estate Market Transparency Index by JLL offers a useful framework for assessing governance and transparency. It incorporates a wide range of factors, including performance measurement, regulatory and legal frameworks, market fundamentals, and the governance of listed vehicles. Over the past two decades, Asia-Pacific real estate markets have made substantial strides in transparency, driven by enhanced regulatory standards, the introduction of performance benchmarks in the unlisted space, and the increasing proliferation of listed REITs.

Implications for real estate: **Australia** and **Japan** stand out as the region's primary markets for institutional investment, recognized for their high levels of transparency and substantial transaction volumes. Governance and liquidity in both countries are supported by well-developed listed REIT markets and open-ended real estate funds, positioning them among the leading destinations for international institutional investors.

New Zealand and **Singapore** also demonstrate high transparency, while the depth of their investment markets is constrained by the relatively small size of their economies. **South Korea** is making progress in transparency and governance, supported by a growing number of sizable REIT listings in recent years. Nevertheless, market institutionalization is still evolving, with limited active participation from global investors—particularly outside the office sector.

Tier 1 cities in **China** and **India** offer significant potential due to their large real estate stock and dynamic economic growth. However, governance remains underdeveloped in both listed and unlisted vehicles, presenting challenges for institutional capital deployment. Emerging markets in **Southeast Asia** (excluding Singapore) face disadvantages due to limited transparency, underdeveloped regulatory frameworks, and shallow investable markets. These markets are currently more suitable for experienced local players and opportunistic developers with deep local knowledge, rather than for global institutions seeking core investments. Nonetheless, in the long run ongoing market maturity and transparency improvements in these economies could eventually open up investable opportunities even for investors more focused on the core spectrum.

Real Estate Market Transparency (Global Ranking)



Source: JLL, Data as of August 2024

4: Construction Costs

Like much of the rest of the world, construction activity has fallen sharply since the end of the pandemic on the back of escalating raw materials, land and labour costs, and APAC is no exception.

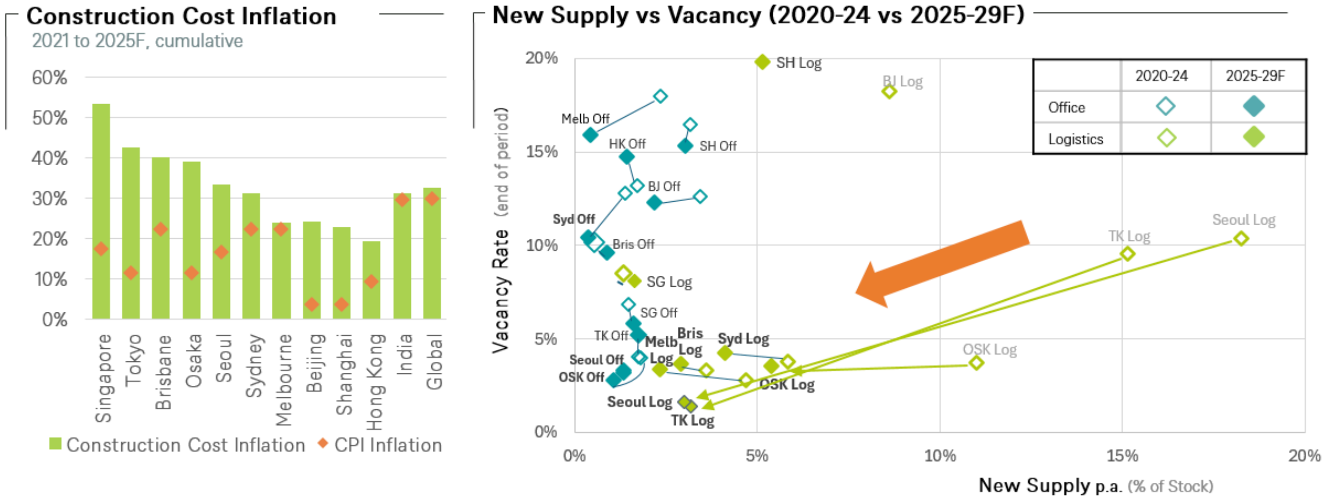
Undoubtedly, this is not a new phenomenon, but its associated impact is likely understated. Compared to 2020, general construction costs are expected to rise by 30–40%, as seen below in the graph, by the end of this year across key APAC markets, putting pressure on the economic feasibility of new developments, which require a significant markup on prevailing market rents. Given a typical project development timeline of 2–3 years, this suggests that a pullback in new supply should occur in the near future. While construction cost inflation has since moderated from the post-pandemic peak, most cities outside China are expected to continue experiencing moderate cost increases in the foreseeable future, leading to sustained higher development costs.

Implications for Real Estate: We anticipate this decline in supply could boost occupancy and support rental growth across major sectors in the region including the key commercial sectors and the residential sector. In particular, the **logistics** sector stands to benefit the most, given its lower proportion of land costs (and conversely, higher proportion of construction costs) relative to other sectors. In markets supported by strong demand—especially logistics markets in **Japan** and **South Korea**—we anticipate a potential improvement in vacancy levels over the next few years, driven by robust occupier demand and a significantly reduced supply pipeline.

In **Australia**, new **CBD office** supply is expected to average approximately 260,000 sqm over the next two years—60% below the 10-year historical average—which should help tighten the currently elevated vacancy levels. Similar supply constraints are expected in key Northeast Asian office markets such as **Osaka, Tokyo**, and **Seoul**, where vacancy rates already stand below 3%-4%. These constraints could help underpin continued healthy rental growth in those markets in the foreseeable future.

The impact is also evident in the residential sector. In particular, **Australia**'s Build-To-Rent (**BTR**) sector is expected to be one of the winners, owing to the ongoing housing shortage, tight vacancy rates, and sustained supply constraints arising from elevated construction costs and tight labour conditions at the same time strong population growth has driven housing demand. In **Japan**, low vacancy levels and constrained condominium supply due to elevated construction costs could also help sustain healthy rental growth of around 3% per annum in key cities—higher than the CPI expectation—in coming years.

APAC - New Supply Constraints on the back of rising Construction Cost



Note: F = Forecast. There is no guarantee the forecasts shown will materialize.
Source: DWS, Turner & Townsend, Colliers, JLL, CBRE, R Square. Forecasts as of July 2025.

5: Demographics

From aging Japan to youthful Philippines, the demographics profile of APAC markets could not be more different. Whether adapting to a shrinking workforce or reaping the benefits of demographic dividend, the implications for real estate are vast. Looking forward, migration could play a pivotal role, and while recent highs may moderate, cities like Sydney, Singapore and Kuala Lumpur look well placed having historically welcomed high numbers of new arrivals.

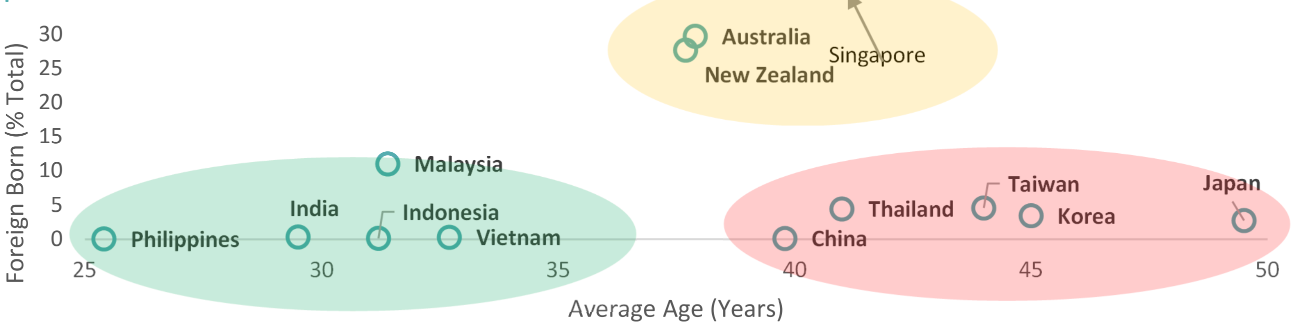
The demographic profile of APAC likely will shape the region for many decades to come. And while Japan may be a global case study for an aging population, the regional story is complicated, as this is neither aging core versus youthful emerging markets, nor mass migration from poor to rich. The outlook appears most favourable for young and open societies. With birth rates across much of APAC now at or below replacement, younger countries may see a demographic dividend, where the working-age population is larger than the non-working, supporting growth, investment and savings. And while Australia and Singapore are not young, a historical openness to migration, if maintained, could help to delay median aging and sustain growth over the coming decade.

The outlook for North Asia is one of aging and population decline. Japan's population peaked in 2008 – shrinking by 4 million people over the following 17 years – with South Korea on course to follow before the end of this decade. However, as we've seen in Japan, larger cities like Tokyo could prove more resilient, with both international and internal migration clustering around major metropolitan areas. Perhaps facing greater risks of the 'middle-class trap' are the older, developing markets like China and Thailand dealing with a shrinking workforce, higher pension and healthcare demands, and reduced savings.

Implications for real estate: Population growth and real estate demand has a close correlation. According to estimates by CBRE, in Australia a one million person increase requires an additional 4.5 million sqm of logistics space, 0.8 million sqm of office and retail space, and an additional 420,000 residential units.[4] Over the coming decade, rising population levels in core cities such as **Sydney** (+0.5mil persons), **Melbourne** (+0.8mil), **Brisbane** (+0.5mil) and **Singapore** (+0.3mil), as well as fast growing emerging cities like Greater **Kuala Lumpur** (+1.2mil) and **Bangalore** (+3mil),[5] should underpin real estate demand, could support rental growth, real estate development and the potential emergence of new investable locations.

Even in countries seeing little overall growth, central locations in major cities have historically attracted both overseas and internal migration. While demand has typically been concentrated on a less expansive area, this would not necessarily prevent **residential** rental growth in already densely populated areas – something we've seen in **Tokyo** over recent years. We also shouldn't underestimate the real estate needs of an older population, from **senior housing** to **healthcare**, **leisure** to **accessible retail**. While less appropriate for the emerging markets, these investments align well with core countries with mature and well-funded pension systems.

Population Structure



Source: MPI, CIA World Factbook, DWS, As of October 2025

[4] CBRE, 2025 Pacific Real Estate Market Outlook, January 2025
[5] Oxford Economics, August 2025

6: Climate

Standing at the frontline, many APAC cities are highly exposed to the risks of climate change. And while climate change may be no less acute in places like Australia, Japan and Singapore, more developed markets may be in a better position to adapt and lessen the impact on the built environment. Having been a climate laggard, climate and risk mitigation policies are expected to play a major role in the future of real estate occupational and capital markets performance.

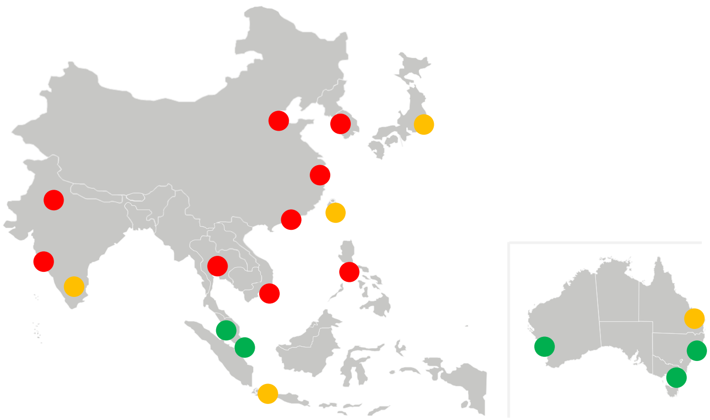
Typhoons in North Asia, bush fires in Australia, extreme heat in India, the APAC region is no stranger to extreme weather conditions. And as the global climate changes, warming and becoming more unpredictable, the region looks vulnerable, and will need to mitigate and adapt. Mitigation through the ongoing process of reducing greenhouse gas emissions, adaption through the alteration of the economy, infrastructure and real estate to better cope with the changing climate.

The region emits around 50% of all global CO2[6]. While below average on a per capita basis, emissions have been rising far faster than the global average[7], reflecting in part rapid economic growth and large manufacturing and extractive sectors. Nonetheless, many large APAC countries have pledged and developed policy to meet net zero goals – although only by 2070 for India. Looking at the map below, many APAC cities look vulnerable to climate change, particularly emerging markets, with fewer resources available to adapt to expected extreme weather events. In contrast, the Australian cities, Singapore and Kuala Lumpur, while not immune from climate change, are considered relatively low risk, and better positioned to adapt.

Implications for real estate: The real estate sector in APAC faces heightened vulnerability to climate change due to its significant exposure to extreme weather events, growing investor and occupier scrutiny, and the pressure of net zero commitments. Buildings that fail to meet carbon reduction targets risk becoming stranded assets, unable to attract tenants or investors, and potentially subject to regulatory penalties. Insurance premiums and capital expenditure are already rising in high-risk urban areas, particularly where governments have yet to implement robust climate adaptation strategies.

Assets that meet sustainability benchmarks may command higher rents and valuations, benefiting from lower operating costs, access to green financing, and reduced regulatory risk. Conversely, buildings with poor environmental credentials face declining demand and potentially higher capex. Against this backdrop, cities such as Sydney, Melbourne, Singapore, Kuala Lumpur, and to a lesser extent Tokyo, appear best positioned to weather climate-related challenges, while Seoul and those in emerging markets may face greater headwinds. Real estate investors will need to factor in these risks more explicitly, adjusting their strategies to reflect the growing importance of climate resilience in asset selection and portfolio construction.

Climate Risk Score (2020)



Note: Based on climate risk score (Low to High:0-100), Green = 0-50, Orange = 50-75, Red = 75-100.
Source: Cushman & Wakefield, July 2024.

[6] International Energy Agency website, data for year 2023
[7] PWC, Reinventing Asia Pacific, November 2024

7: Cultural Influence & Soft Power

To some, we are living in the Asian Century. Politics, business, technology and culture, the influence of APAC can be seen everywhere from smartphones to K-pop, showcasing the considerable power – both hard and soft – of the region. For real estate investors regional culture shouldn't be underestimated influencing everything from migration to tourism, business investment to capital allocations.

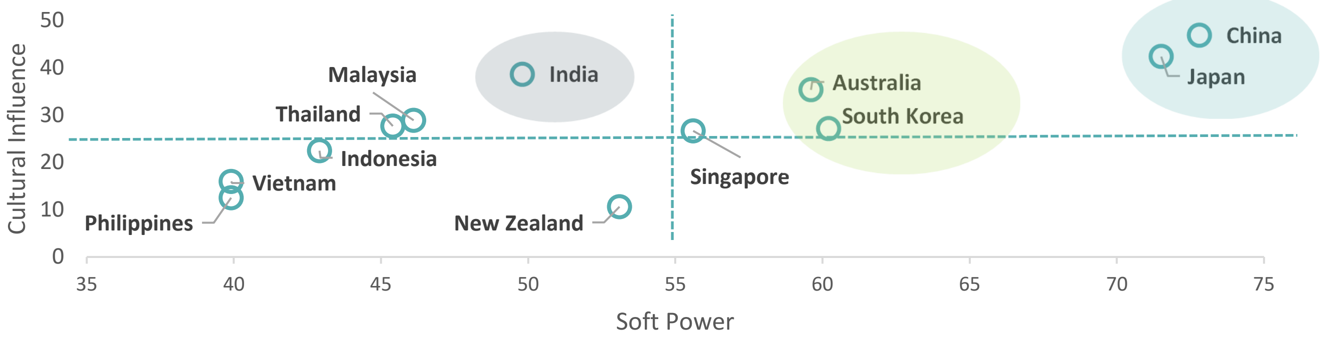
Made in China, Japanese technology, sushi and yoga, K-pop and Bollywood, almost everywhere in the world has to some degree been touched by an element of culture emanating from APAC. And with it comes an immense and growing amount of Soft Power. Co-opting rather than coercing, aligning values, sharing goals, building trust, not bullying but bringing them along for the ride, culture and Soft Power influence the way businesses, consumers, tourists and investors view the region. And while measures of Cultural Influence and Soft Power can be subjective, across different measures there does seem to be a number of common trends. China and Japan stand out on both measures – perhaps reflected in Japan being the 8th most visited country by international tourists[8] - with countries such as Australia and South Korea also screening well. And while the emerging markets tend to have less influence, the cultural influence of India is hard to ignore.

Implications for real estate: Cities like Tokyo, Seoul, and Singapore have cultivated strong global identities through media, cuisine, fashion, and international events, making them top destinations for global travellers. Tokyo's blend of tradition and innovation attracts millions annually, supporting demand for **hotels**, **retail**, and **leisure** spaces. Seoul's global cultural exports—especially K-pop and Korean drama—have driven a surge in international visitors, boosting hospitality and leisure real estate. Singapore, with its reputation for safety, cleanliness, and world-class infrastructure, continues to attract high-spending tourists, supporting luxury retail and hotel development. These cities demonstrate how cultural branding, and soft power can translate into sustained demand for tourism-related real estate.

Migration patterns influenced by cultural affinity also shape **residential** and **student housing** markets. Melbourne is a prime example, attracting migrants and international students due to its multicultural environment, English-speaking population, and high quality of life while a strong education sector and cultural openness made it a hub for student housing investment. While seeing less overall migration, Seoul and Tokyo are major destinations for international students, each hosting around a quarter of a million internationals, with both governments aiming to raise enrolment over the next decade.

Soft power also influences foreign direct investment and capital flows. Cities such as Shanghai, Singapore, and Sydney benefit from their global cultural visibility, helping to attract international businesses and institutional capital, driving demand for office and logistics space. Sydney's reputation as a stable, culturally influential city helps draws institutional capital from investors who feel a connection to the market. While cultural familiarity enhances investor confidence and supports **liquidity**, real estate capital flows ultimately depend on a broader mix of economic fundamentals and policy environments.

Soft Power and Cultural Influence Indices (0-100)



Source: Lowy Institute Asia Power Index (Cultural Influence) 2024, Brand Finance (Soft Power) February 2025

[8] UN Tourism, Data Dashboard, As of August 2025

8: Tourism

Tourism is among the fastest-growing sectors in the region and holds strong potential to further impact the performance of various real estate asset classes. Its influence extends beyond hospitality and high-street retail to include residential segments–particularly co-living.

Asia-Pacific experienced a strong rebound in international tourism in 2024, with arrivals increasing by over 33% with some countries such as Japan already seeing visitors surpassing pre-pandemic peak levels. Given the growing middle class and popularity of intra-regional travels, the growth trend is expected to continue in the foreseeable future. A notable trend is the increasing shift towards experiential travel, including dining and cultural immersion, rather than traditional sightseeing. This shift is amplified by frequent social media posts and contributes to expanding tourism's influence beyond the hospitality sector into a wider range of industries.

Thailand is one of the most visited destinations in the region, with tourism contributing around 20% of its GDP. In Australia, tourism ranks as the fourth-largest export industry, with over 7 million international arrivals in 2024[9]. In Japan, strong tourist spending—exceeding JPY 8 trillion—has helped offset weak domestic consumption while Singapore and South Korea continue to benefit from robust infrastructure and dynamic urban experiences. Eco-conscious travel, with emphasis on community well-being and cultural preservation, is being embraced in South East Asian destinations including Vietnam, the Philippines and Malaysia.

Implications for real estate:

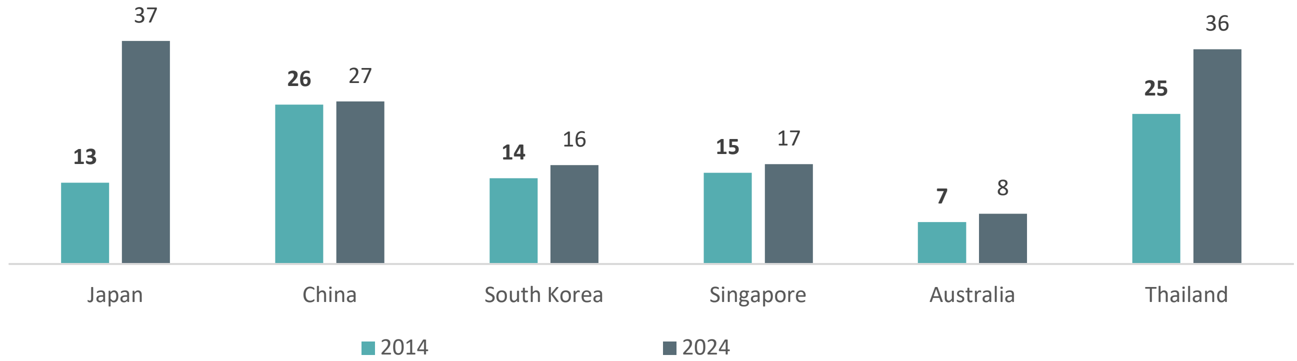
Tourism is a key driver of investment in hospitality and high-street retail. Institutional investors are focusing on mature, liquid markets like Japan, South Korea, Australia, and Singapore. With RevPAR rising 28% in 2024 in Tokyo, hospitality assets in **Japan** attracted international investors especially limited-service and upscale hotels, with similar trends also anticipated in other key APAC markets.

Tourism also supports retail recovery in cities with strong inbound traffic. **Tokyo, Osaka, Seoul,** and **Singapore** saw rental growth and improved leasing sentiment, while **China and Hong Kong** faced headwinds from weak domestic demand. Australian cities like **Sydney, Melbourne, and Brisbane** have strong recovery potential albeit being delayed comparatively.

Tourism growth is also reshaping residential formats, with conversions and hybrid models gaining traction. Co-living offers short- to mid-term furnished stays for digital nomads, tourists, and young professionals. Conversion of hospitality-to-student housing and co-living has expanded in **Singapore and Hong Kong** post-COVID, while **Japan** leads the shift from multifamily to co-living, with South Korea following at a slower pace. Institutional capital has been limited in Southeast Asian tourism powerhouses—**Thailand, Vietnam, and Malaysia**—while they have potential to offer investment opportunities in the long run.

Risks in the international tourism in each country remain relatively high, due to uncertainties around geopolitical tensions, currency fluctuations, and possible pandemics, which could impact long-term performance.

International Tourist Arrivals (Millions)



Source: Various Country Tourism Statistics Boards, as of October 2025

[9] Tourism Research Australia – International Tourism Results December 2024

9: Artificial Intelligence (AI)

From AI breakthroughs to smart cities, Asia's tech-forward economies appear to be setting the pace. Nations like South Korea, India, and China are embracing innovation with bold infrastructure bets and a culture of early adoption. Given the potential for major productivity benefits, those countries able to embrace this technology – with the support of infrastructure and real estate investment – could enter a period of significantly accelerated growth.

AI is transforming the world at an astonishing pace. The generalised adoption of this technology, often in the form of a chatbot, is in most cases less than three years old, but is an increasingly established part of many people's lives, both personally and professionally. The disruption may be only just beginning, as technology improves, and further integrated into business practices, AI could raise productivity, boost growth, replace some employment, opening up new job opportunities.

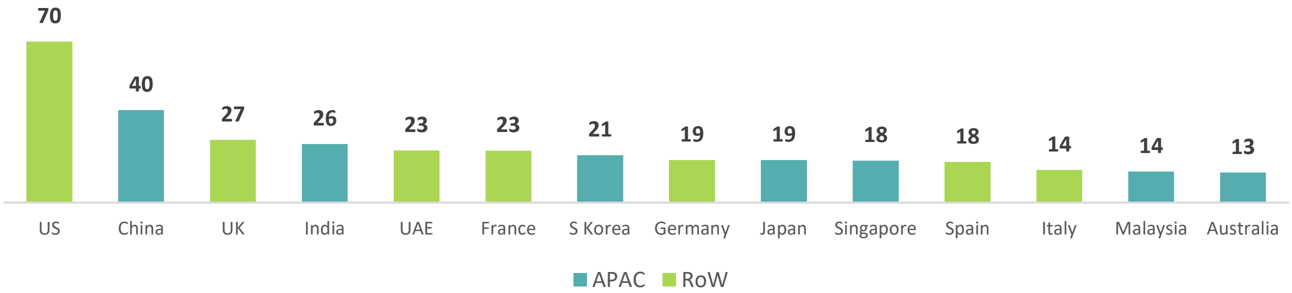
Parts of the APAC region appear well placed to embrace the development of AI. China in particular is aiming to become a global leader in this space, providing the infrastructure and government support to integrate the technology across traditional business sectors. India, with its large IT sector and state-led initiatives to digitalise government services, ranks highly for AI Vibrancy according to Stamford University, while Korea, Japan and Singapore are all in the global top ten.[10]

Implications for real estate: AI could have a major impact on the real estate industry in APAC. Today the headlines often focus upon the potential loss of some office-based employment, disrupting the region's large Business Process Outsourcing (BPO) market, reducing overall demand for **secondary office and business park space**, particularly in countries such as India. However, should we see a considerable rise in productivity – as well as rise in tenant expectations for higher specification, smarter buildings – **prime office** rents at the heart of major cities such as Bangalore, Seoul and Tokyo could reach new highs.

AI is also expected to increase demand for **data centre** space. Already larger than the EMEA, the region's pipeline suggests capacity could double over the coming five to ten years. On a per head basis, Hong Kong, Singapore and Australia have led the region, while Japan, Malaysia and Thailand are projected to see some of the greatest growth by 2030.[11] However, data centres will require huge volumes of water and energy, potentially impacting the viability of other real estate developments.

Industrial space may require upgrading to meet the needs of an increasingly automated and AI integrated supply chain. This could support the growth in demand around key semiconductor hubs in Japan, Korea and Taiwan, modern manufacturing stock in places such as China and Vietnam, as well as networks of urban logistics space across the large consumer markets such as Tokyo. AI-led autonomous vehicles, supporting extended delivery windows, could further increase demand for urban logistics while also altering urban land values and the distribution of **residential** demand. The impact of this is expected to differ considerably across individual cities, although China has today taken an early lead in the roll-out of this technology.[12]

Global AI Vibrancy Score



Note: AI Vibrancy a weighted average: R&D, Responsible AI, Economy, Education, Diversity, Policy & Governance, Public Opinion and Infrastructure
Source: Stanford University, Global AI Vibrancy Tool, November 2024

[10] Stanford University, Global AI Vibrancy Tool, November 2024
[11] Cushman & Wakefield, June 2025
[12] DWS, Autonomous Vehicles – Impact on Real Estate, August 2025

10: India & China

Hard to access but hard to ignore, India and China are in very different stages of development. Both could hold potential for real estate investors willing and able to navigate their complexities, but not without risks.

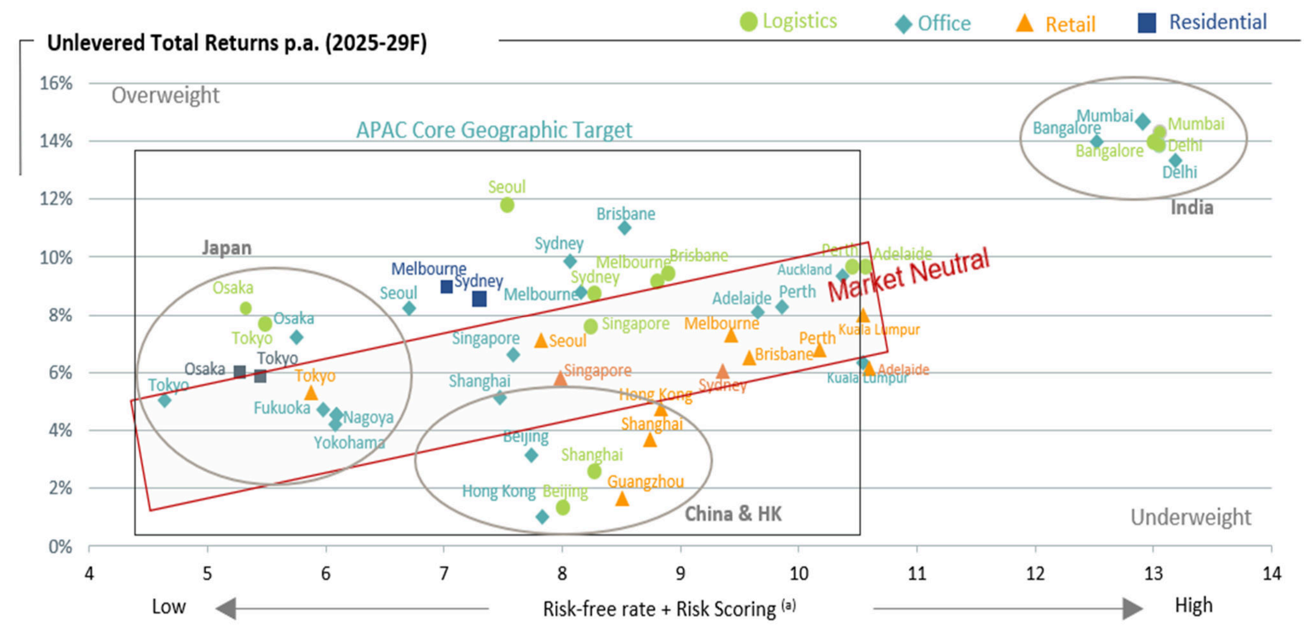
The Indian market stands out due to its large economic scale and growth potential, exceptionally favorable demographics and gradually improving market transparency. Moreover, India appears to be a key beneficiary of rising geopolitical tensions between the U.S. and China, which could accelerate the 'China Plus One' strategy. The Chinese real estate market on the other hand is undergoing its first major downturn in modern history, driven by weakening demand and oversupply from years of overbuilding both in the residential and commercial sectors. Foreign investor participation is currently limited even in Tier-1 cities, such as **Shanghai** and **Beijing**, due to regulatory challenges, compounded by recent weaker market uncertainties.

Implications for real estate: While real estate in top Indian cities such as **Mumbai** and **Bengaluru** may offer the potential for higher returns, driven by attractive yields and healthy rental growth, investors should remain cautious of potential pitfalls. The selection of appropriate local partners, thorough due diligence, submarket location analysis, and asset-level assessments will be critical, given the significant divergence in asset performance that is often observed.

While macroeconomic headwinds may delay recovery in **China**, we view it as a combination of as a cyclical adjustment and a sign of economic maturity, rather than a pure structural shift. With continued regulatory reforms, increasing transparency, and progress toward market institutionalization, China's real estate sector may hold significant long-term growth potential and is likely to re-emerge as an important destination for global capital.

It is insufficient to compare forecast total returns in isolation without accounting for associated risks, particularly in Asia Pacific where market maturity and transparency vary significantly. Key risk factors such as volatility, liquidity, and transparency should be integrated. In the chart below, forecast total returns are plotted against associated risk scorings for each market using a combination of quantitative and qualitative modelling. While India demonstrates strong return potential, a higher hurdle rate remains necessary over the next five years due to lower transparency, limited liquidity, and regulatory constraints. Nonetheless, as market reforms advance, both India and China may offer increasingly compelling opportunities for global investors over the longer term, supported by their economic scale and evolving market frameworks.

Return Forecasts vs Risks in Direct Real Estate Investment in Asia Pacific



Source: DWS, Forecasts shown as of July 2025

This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. Past performance is not indicative of future returns. Forecasts are not a reliable indicator of future performance. Forecasts are based on assumptions, estimates, opinions, and hypothetical models that may prove to be incorrect. Investments come with risk. The value of an investment can fall as well as rise and your capital may be at risk. You might not get back the amount originally invested at any point in time.

Real Estate Research Team

Office Locations

Frankfurt
Mainzer Landstrasse 11-17
60329 Frankfurt am Main
Germany
Tel: +49 69 71909 0

London
45 Cannon Street
London, EC4m 5SB
United Kingdom
Tel: +44 20 754 58000

New York
875 Third Avenue
26th Floor
New York
NY 10022-6225
United States
Tel: +1 212 454 3414

San Francisco
101 California Street
24th Floor
San Francisco
CA 94111
United States
Tel: +1 415 781 3300

Singapore
One Raffles Quay
South Tower
15th Floor
Singapore 048583
Tel: +65 6538 7011

Tokyo
Azabudai Hills Mori JP Tower
1-3-1 Azabudai
Minato-ku
16th Floor
Tokyo
Japan
Tel: +81 3 6730 1300

Sydney
Level 16, Deutsche Bank Place
Corner of Hunter and Phillip Streets
Sydney NSW 2000
Australia
Tel: +61 2 8258 1234

Teams

Global

Kevin White, CFA
Global Co-Head of Real Estate Research

Simon Wallace
Global Co-Head of Real Estate Research

Americas

Brooks Wells
Head of Research, Americas

Liliana Diaconu, CFA
Office & Retail Research

Ross Adams
Industrial Research

Sharim Sohail
Self-Storage Research

Europe

Ruben Bos, CFA
Head of Real Estate Investment Strategy, Europe

Tom Francis
Property Market Research

Siena Golan
Property Market Research

Rosie Hunt
Property Market Research

Carsten Lieser
Property Market Research

Martin Lippmann
Head of Real Estate Research, Europe

Asia Pacific

Koichiro Obu
Head of Real Estate Research, Asia Pacific

Seng-Hong Teng
Property Market Research

Hyunwoo Kim
Property Market Research

Matthew Persson
Property Market Research

AUTHORS

Koichiro Obu
Head of Real Estate Research, Asia Pacific

Simon Wallace
Global Co-Head of Real Estate Research

Important information

Currently Net Zero and Engagement policies are not applicable in the U.S. for DWS.

For North America:
The brand DWS represents DWS Group GmbH & Co. KGaA and any of its subsidiaries, such as DWS Distributors, Inc., which offers investment products, or DWS Investment Management Americas, Inc. and RREEF America L.L.C., which offer advisory services.

This material was prepared without regard to the specific objectives, financial situation or needs of any particular person who may receive it. It is intended for informational purposes only. It does not constitute investment advice, a recommendation, an offer, solicitation, the basis for any contract to purchase or sell any security or other instrument, or for DWS or its affiliates to enter into or arrange any type of transaction as a consequence of any information contained herein. Neither DWS nor any of its affiliates gives any warranty as to the accuracy, reliability or completeness of information which is contained in this document. Except insofar as liability under any statute cannot be excluded, no member of the DWS, the Issuer or any office, employee or associate of them accepts any liability (whether arising in contract, in tort or negligence or otherwise) for any error or omission in this document or for any resulting loss or damage whether direct, indirect, consequential or otherwise suffered by the recipient of this document or any other person.

The views expressed in this document constitute DWS Group's judgment at the time of issue and are subject to change. This document is only for professional investors. This document was prepared without regard to the specific objectives, financial situation or needs of any particular person who may receive it. No further distribution is allowed without prior written consent of the Issuer.

Investments are subject to risk, including market fluctuations, regulatory change, possible delays in repayment and loss of income and principal invested. The value of investments can fall as well as rise and you might not get back the amount originally invested at any point in time.

An investment in real assets involves a high degree of risk, including possible loss of principal amount invested, and is suitable only for sophisticated investors who can bear such losses. The value of shares/ units and their derived income may fall or rise.

War, terrorism, sanctions, economic uncertainty, trade disputes, public health crises and related geopolitical events have led, and, in the future, may lead to significant disruptions in US and world economies and markets, which may lead to increased market volatility and may have significant adverse effects on the fund and its investments.

For Investors in Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the securities described herein and any representation to the contrary is an offence. This document is intended for discussion purposes only and does not create any legally binding obligations on the part of DWS Group. Without limitation, this document does not constitute an offer, an invitation to offer or a recommendation to enter into any transaction. When making an investment decision, you should rely solely on the final documentation relating to the transaction you are considering, and not the document contained herein. DWS Group is not acting as your financial adviser or in any other fiduciary capacity with respect to any transaction presented to you. Any transaction(s) or products(s) mentioned herein may not be appropriate for all investors and before entering into any transaction you should take steps to ensure that you fully understand such transaction(s) and have made an independent assessment of the appropriateness of the transaction(s) in the light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction. You should also consider seeking advice from your own advisers in making this assessment. If you decide to enter into a transaction with DWS Group, you do so in reliance on your own judgment. The information contained in this document is based on material we believe to be reliable; however, we do not represent that it is accurate, current, complete, or error free. Assumptions, estimates, and opinions contained in this document constitute our judgment as of the date of the document and are subject to change without notice. Any projections are based on a number of assumptions as to market conditions and there can be no guarantee that any projected results will be achieved. Past performance is not a guarantee of future results. The distribution of this document and availability of these products and services in certain jurisdictions may be restricted by law. You may not distribute this document, in whole or in part, without our express written permission.

For EMEA, APAC, LATAM & MENA:
DWS is the brand name of DWS Group GmbH & Co. KGaA and its subsidiaries under which they do business. The DWS legal entities offering products or services are specified in the relevant documentation. DWS, through DWS Group GmbH & Co. KGaA, its affiliated companies and its officers and employees (collectively "DWS") are communicating this document in good faith and on the following basis.

This document is for information/discussion purposes only and does not constitute an offer, recommendation, or solicitation to conclude a transaction and should not be treated as investment advice.

This document is intended to be a marketing communication, not a financial analysis. Accordingly, it may not comply with legal obligations requiring the impartiality of financial analysis or prohibiting trading prior to the publication of a financial analysis.

This document contains forward looking statements. Forward looking statements include, but are not limited to assumptions, estimates, projections, opinions, models, and hypothetical performance analysis. No representation or warranty is made by DWS as to the reasonableness or completeness of such forward looking statements. Past performance is no guarantee of future results.

The information contained in this document is obtained from sources believed to be reliable. DWS does not guarantee the accuracy, completeness, or fairness of such information. All third-party data is copyrighted by and proprietary to the provider. DWS has no obligation to update, modify or amend this document or to otherwise notify the recipient in the event that any matter stated herein, or any opinion, projection, forecast, or estimate set forth herein, changes or subsequently becomes inaccurate.

Investments are subject to various risks. Detailed information on risks is contained in the relevant offering documents.