Business Times

CBRE aims to double Asia property portfolio

2011/11/19

"We're looking to double the size of our Asian business," said Asia chief executive Richard Price in an interview yesterday. "I think it's an achievable goal." The company will invest the money in China, Indonesia, Japan, South Korea, Malaysia and Singapore, Price said, favouring retail property in markets such as China and Southeast Asia, where greater consumer spending power is supporting shopping centre development. Japan is CBRE Global's biggest market in Asia, with US$2 billion invested in office buildings, residential property, shops and industrial space. Although Japanese investment property was the worst performer in Asia last year, with a gain of just 0.1 per cent according to property market tracker Investment Property Databank, large investors now consider it a safer market at a time many others are seeing prices fall. "We think cyclically Japan looks interesting again for income-focused investors," Price said.

"It's close to the bottom of the trough for Tokyo rental prices. The impact of the earthquake has made a lot of older (office) stock obsolete and is causing a real flight to quality," he added. China would be another key focus, Price said, and should account for 20 per cent of the portfolio, or US$2 billion. The company has invested US$1 billion over the years in China, but only has an equity of about US$300 million because it has invested mainly in residential projects via joint venture partners who have sold off apartments as they built them. Those projects have seen it collaborate with some of the country's largest developers, including China Vanke Co Ltd and Longfor Properties Co Ltd. Los Angeles-based CBRE Group Inc took over the bulk of the property business of Dutch company ING Groep NV in a US$1 billion deal that closed on October 4 for its Asian assets and on November 1 for its business in Europe. That gave the company US$95 billion in assets under management at the end of September.