

Asia-Pacific Capital Markets Insights



Q3 2026

This is an investor-focused report which provides an in-depth look at the performance of the commercial real estate markets across the region.

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“Investment volumes across Asia-Pacific started the year with real conviction, as investors returned to the market and capital was deployed at a pace we hadn’t seen in some time. However, as we look to the future we are seeing evidence that rising debt costs are putting pressure on depth of liquidity, pricing and returns, leading many investors to take a more cautious, selective approach. We anticipate some transactions will be delayed or repriced as buyers and sellers recalibrate expectations. Well-capitalised investors with a long-term view, will continue to find opportunities with motivated sellers where pricing adjusts quickest.”



DANIEL DIXON

HEAD OF CAPITAL MARKETS
ASIA-PACIFIC

TOTAL INVESTMENT VOLUME IN Q3 2026

US\$65.6 Billion

YoY Q3 2026 % GROWTH

7.3%

SECTOR IN FOCUS

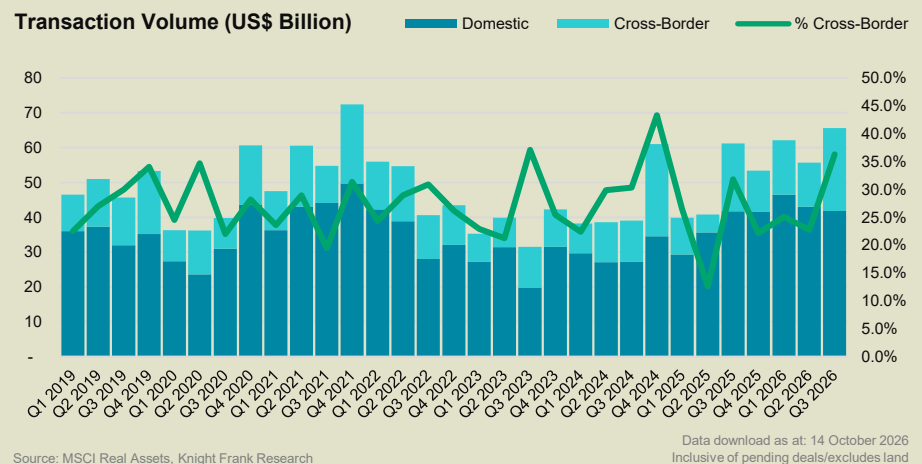
Retail

Q3 REBOUNDS TO THE SECOND- STRONGEST QUARTER

Asia-Pacific investment strengthened to US\$65.6 billion in Q3 2026, up 17.9% quarter-on-quarter (QoQ) and 7.3% year-on-year (YoY). Volumes sit 44.5% above the Q3 five-year average from 2021 to 2025 and set a new high for a third quarter. Year-to-date volume reached US\$183.4 billion, up 29.3% on the first three quarters of 2025.

Retail recorded the strongest YoY growth among major sectors, with investment rising 54.3% to US\$12.5 billion, accounting for 19.1% of regional volume. Activity was led by Singapore, where CapitaLand Integrated Commercial Trust's (CICT) US\$3.0 billion acquisition of Paragon on Orchard Road represented nearly a quarter of regional retail investment. The transaction's 3.9% net yield, alongside a purchase price closely aligned with independent valuations, highlights the premium investors continue to place on scarce prime retail assets. This also provides a useful pricing benchmark for comparable prime retail assets.

Despite multiple rate hikes, office investment volume is holding firm at US\$20.4 billion, flat YoY and up 16.5% QoQ. The RBA, BoJ and the Fed have resumed interest rate hiking, yet year-to-Q3 office volume of US\$62.2 billion runs



23.5% ahead of the first three quarters of 2025. Higher funding costs push buyers to underwrite income security and scarcity over yield compression, which keeps capital focused on prime CBD towers. For instance, a consortium including Hulic bought Pacific Century Place Marunouchi in Tokyo for US\$1.4 billion.

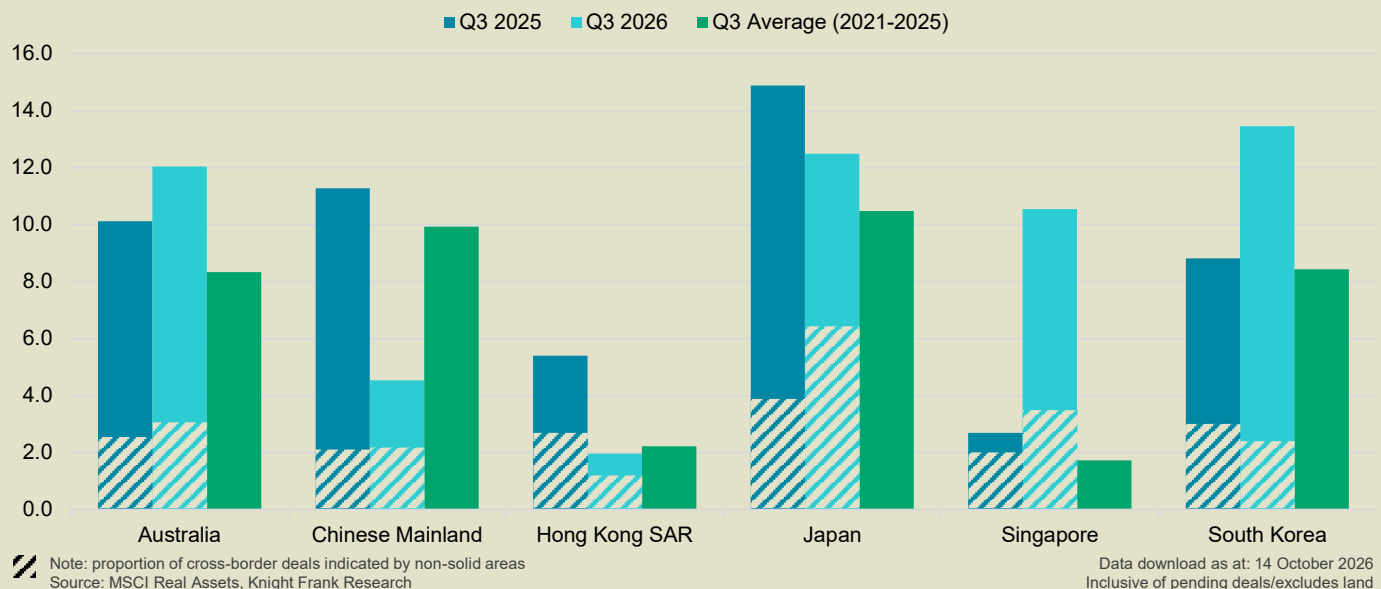
CROSS-BORDER VOLUMES NEARLY DOUBLE QOQ

Cross-border investment reached US\$23.8 billion in the region, up 88.3% QoQ and 22.5% YoY. International capital accounted for 36.3% of the total, its highest share since Q4 2024. This volume stands 80.1% above

the five-year Q3 average of US\$13.2 billion.

Japan remained the region's leading cross-border destination for the fourth consecutive quarter, attracting US\$6.4 billion in inbound capital, up 66.3% YoY and 23.4% QoQ. This is despite the BoJ raising its policy rate to its highest level since 1995. This resilience shows global capital treating Japan as a market to own through the rate cycle, backed by transaction depth and a stable income base. Multifamily drew the most interest at US\$1.6 billion. Demographic trends continue to support rental demand, while favourable spreads between property yields and borrowing costs underpin investor

Q3 2026 Regional Heavyweights (US\$ Billion)



interest, even as the BoJ tightens monetary policy. Transactions include Brookfield's purchase of 50 rental apartment buildings for US\$604.9 million and Lone Star Funds' acquisition of a 1,166-unit residential rental portfolio in central Tokyo for US\$570.8 million.

Singapore ranked second among cross-border destinations in Q3 2026, attracting US\$3.4 billion, up 75.9% YoY. A key transaction was Hongkong Land's Singapore Central Private Real Estate Fund (SCPREF) acquiring Wheelock Place on Orchard Road for US\$857.0 million. The fund's maiden acquisition since its February launch reflects continued investor interest in prime retail-linked commercial assets, where established footfall, resilient consumer demand and limited new supply support income stability. Beyond these, the transaction highlights the appeal of acquiring established assets in tightly held locations, where opportunities for repositioning and active asset management could provide additional upside.

Australia ranked third among cross-border destinations in Q3 2026, with overseas buyers deploying US\$3.0 billion, a 20.8% gain on a year earlier. Overseas demand held up even as the RBA lifted the cash rate multiple times and signalled scope for more. Office accounted for the largest share at almost US\$1.5 billion, and yields show where buyers committed. The latest national prime office yield stood at 6.8%, up 8 bps, although Sydney and Brisbane CBD yields remained stable amid stronger rental growth. This divergence suggests investors remain selective, favouring markets where improving income fundamentals can help offset higher financing costs. Major transactions included GIC's US\$316.5 million acquisition of 1 Market Street in Sydney from Investa Property Group.

OUTLOOK

Tighter monetary policy continues to shape the investment landscape as central banks signal further rate hikes, while geopolitical tensions in the Middle East add to inflationary pressures. Higher borrowing

costs could further narrow the spread between property yields and financing costs, weighing on investor activity.

Despite headline investment volumes, signs of pricing pressure are emerging. Buyers in some mature markets are seeking price reductions, while limited liquidity constrains transactions across emerging markets. This widening gap between buyer and seller expectations could delay deal completions, suggesting that the recovery remains uneven despite continued demand for prime assets in liquid gateway markets.

Looking ahead to Q4, well-capitalised investors with competitive financing costs and local expertise are likely to retain an advantage as pricing adjustments create acquisition opportunities. With year-to-date volumes already reaching 93.9% of 2025's full-year total, we expect Asia-Pacific investment activity to grow by 15-20% YoY in 2026, although ongoing pricing negotiations and potential transaction delays present downside risks to this forecast.

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