B&I Capital

Asian Market Outlook

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Outlook

Following the weak payroll number for July (originally negative but revised up to slightly positive), August payrolls rose 162,000, comfortably above the 53,000-80,000 consensus range, and unemployment held at 4.1%. While some could argue that the type of jobs created were lower wage and still concentrated in education and healthcare, it is clear that this makes the case for a hold tricky for the Fed. The upcoming CPI print on the 11th will be closely watched. Couple the jobs numbers with Brent's round trip, down to USD 94.71 by September 4th after an April 30th high of USD 120.88, then back toward USD 100 in the past week on fresh US-Iran tensions, and the September 15th-16th FOMC is once again a genuine debate between a hike and a hold, not the hold-with-easing-bias the market had settled into a month ago. Accordingly, the binding constraint for Asian REITs is unchanged from August: the regional rate outlook is hostage to oil, and oil is hostage to the Gulf. Now, that constraint is compounded by the BOJ. Consensus for the September 17th-18th meeting has moved from approximately 12% priced in August to approximately 80% for a hike to 1.25%, despite the fact that this meeting does not have an outlook review, which was seen as a condition for a hike. Three rate-setting meetings fall inside a single fortnight this month. The Fed decides first, the BOJ a day later, and the RBA closes the month on September 28th-29th, its first live decision since the August hold at 4.35%. A Fed that could hike and a BOJ that probably will is not a setup for further multiple expansion in the sector. It does reward the balance-sheet discipline that has kept the best-positioned names outperforming through the repricing.

Japan

The BOJ meeting on September 17th-18th, discussed above, is the dominant call for the sector this month. A hike to 1.25% lands directly on JREIT refinancing costs and developer funding costs, and even a hold now carries more signal than it would have a month ago, given how far consensus has moved. Separately, the Sankei Building sale reaches its second-round conclusion in mid-September, the clearest live test of Tokyo cap-rate discovery this cycle. First-round bids came in near JPY 1tn against Fuji Media's initial JPY 500-800bn guide, with Blackstone, Bain Capital, Seibu Holdings and BGO shortlisted; a clearing price anywhere near the first round would be the strongest transaction-market signal available to counter the rates overhang. On the micro side, Mitsui Fudosan (8801) has completed its JPY 40bn buyback, and a fresh tranche or upsized authorization would confirm management's confidence heading into 2H. The likelihood of an upsize is high, though more likely timed to the 2Q results due in October. The Real Estate Economic Institute's August contract-rate data, due mid-month, is the next read on whether Tokyo Tatemono's (8804) 90% progress rate and Mitsui Fudosan's 83% (of 2,350 planned units) hold up against higher mortgage rates. Given the high rate of progress and still favorable conditions for buyers versus rentals we are not too concerned about an increase in mortgage rates but it is worth watching.

Australia

With FY26 results now behind the sector, September is a housing-data and rates month rather than an earnings one. The RBA meets September 28th-29th, its first live decision since the August hold at 4.35%, and walks in without the August CPI print, due only on September 30th; the call leans on Cotality's Home Value Index and the Total Value of Dwellings release (2Q26, out September 8th) rather than a fresh inflation number. The housing data has deteriorated further since the August outlook. National dwelling values fell 0.9% MoM in August, a fifth consecutive monthly decline that leaves the index 3.6% below its March 2026 peak; Sydney led the falls, down 1.4%, Melbourne and Canberra both down 1.1%, and Darwin the only capital to rise, up 0.6%. Bloomberg reported the spring selling season opening sharply weaker than 2025, and Building Approvals data (also due September 30th) will show whether developers are pulling back supply in response. This is squarely the Stockland (SGP) and Mirvac (MGR) debate: both re-rated on FY26 results that beat fears, but a sixth straight month of falling values would test whether the market's forward-looking discount to 2027 settlements was generous enough.

Hong Kong

SHKP (16) reports FY2025/26 full-year results in September, fiscal year end June, the follow-through on a H1 that saw profit rise 36% and revaluation losses narrow sharply; watch for confirmation that IFC's 98% occupancy and firmer luxury retail carried through 2H. Corporate governance remains the sector's live story. Link REIT (823) has repurchased HKD 1.04bn (26.7m units) since July, funded by the Swing By @ Thomson Plaza and 100 Market Street disposals, with further non-core disposals flagged as the next catalyst; Stock Connect inclusion remains the recurring, unresolved theme for both Link and Fortune. On the macro side, National Day Golden Week (October 1st-7th) falls just after month-end; visitor-arrival forecasts into the holiday will start shaping retail landlord positioning (Link, Fortune, Wharf REIC (1997), HK Land) through the back half of September. The recently announced measures affecting Chinese offshore investments has led to a sharp correction in HK Developers. Anecdotally, most of the Developers still remain positive and continue to launch new projects, citing that real end-user and investor demand remains strong. Developers will struggle to rally if macro data suggests the Fed needs to hike, so until the Fed meets there is likely a cap on performance.

Singapore

Singapore has no domestic catalyst this month. MAS reviews policy quarterly, in January, April, July and October, so the next live macro event for SREITs is the October statement, not September. URA's monthly data is similarly quiet: no developer sales release is scheduled in September, with the flash 3Q26 price index and developer sales pushed to October 1st and 23rd. CICT's 1H26 print, DPU up 7.1% to 6.02 cents and tracking slightly ahead of the pro forma 11.83 cents guided for the Paragon deal, closed the SREIT results season in mid-August, so there is no further earnings catalyst before year-end reporting. Absent its own news, the sector trades as a read-through book on the Fed, BOJ and RBA decisions bracketing the month, with 3-month SORA the transmission mechanism for how much of any regional repricing reaches Singapore funding costs directly.