
Asia-Pacific Q3 2024 Office Highlights

Knight Frank Asia-Pacific Office Markets

Asia-Pacific Overview – Q3 2024

Prime rents in the region fell just 0.1% on a quarter-on-quarter basis, signalling that rents could be bottoming out, supported by growth in Indian markets. On a year-on-year basis, rents fell 2.5%, moderating from the 2.8% drop in Q2 2024. Chinese mainland cities remain the primary factor behind the region's rental decline, falling 11.0% from the same period a year ago. This represents a steeper fall compared to the 10.6% reduction seen in Q2 2024, as market conditions remain challenging.

16 out of the 23 monitored cities reported stable or increasing rents year-on-year, up from 15 in Q2 2024, with rents in Bangkok now posting an increase. Regionwide vacancies are stabilising, which fell marginally by 0.2 percentage point quarter-on-quarter to 14.8% to halt consecutive quarterly increases since Q2 2022.

Increasingly, firms are keeping a watchful eye on costs amid an uncertain global environment marked by slower economic growth and geopolitical risks, with a number of high-profile staff cuts reported in the region. As firms rein in spending, leasing sentiment will take a hit. Alongside the new normal of hybrid work, occupiers have also looked to reducing footprints. However, leasing fundamentals in Indian markets continue to stand out, driven by robust demand from offshoring operations and domestic businesses.

Asia-Pacific's prime office sector will remain tenant favourable in 2024. Amid an ample supply pipeline, landlords have been compelled to remain accommodative to sustain occupancies. Following the delivery of over 12 million sqm in 2024, pipeline supply in 2025 is expected to recede by about a fifth. We can expect availabilities in the region to fall, albeit gradually. However, any increase in leasing activity could rapidly tighten the availability for prime spaces.

-2.5%

YoY change for Asia-Pacific Rental Index in Q3 2024

Brisbane

Recorded the highest YoY growth in Q3 2024

16 of 23

Tracked cities recorded stable or increasing rents YoY in Q3 2024

Cautious

Expectations for 2024

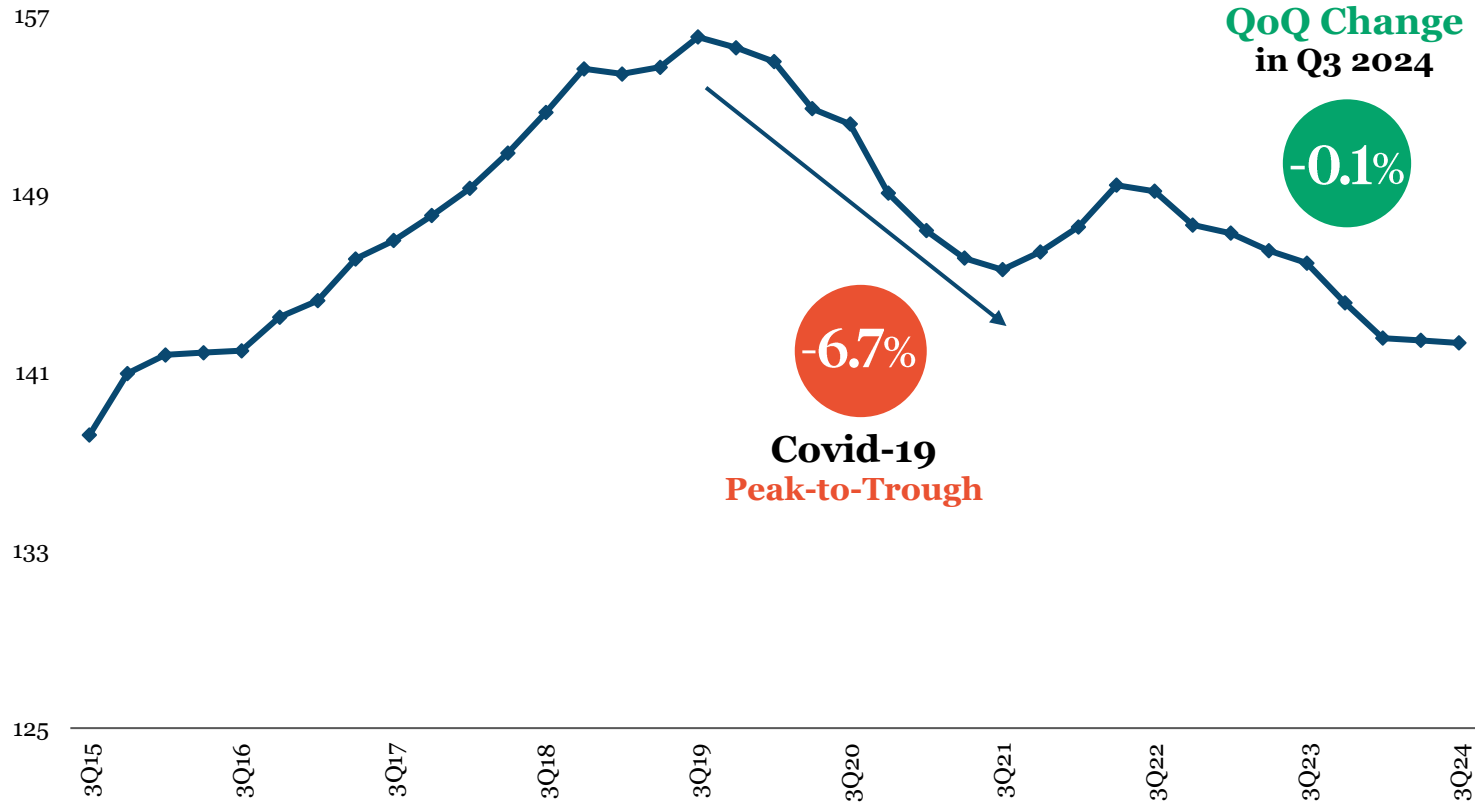
“Global economic uncertainties have led to more cautious capital expenditure strategies among occupiers, favouring renewals and consolidating office footprints. When relocations do occur, companies are opting for smaller, higher-density spaces, aligning with cost mitigation needs and the growing acceptance of hybrid work models. While the business sentiment may improve as the Fed eases monetary policy, demand will continue to be tempered by prudent spending and workplace strategies focused on maximising space utilisation. However, as the development peak in the region subsides, any significant uptick in leasing activity could rapidly tighten the availability of prime spaces. This scenario may accelerate the flight-to-quality trend as tenants seek to upgrade their portfolios in a potentially more competitive market.”

Tim Armstrong
Global Head of Occupier
Strategy and Solutions

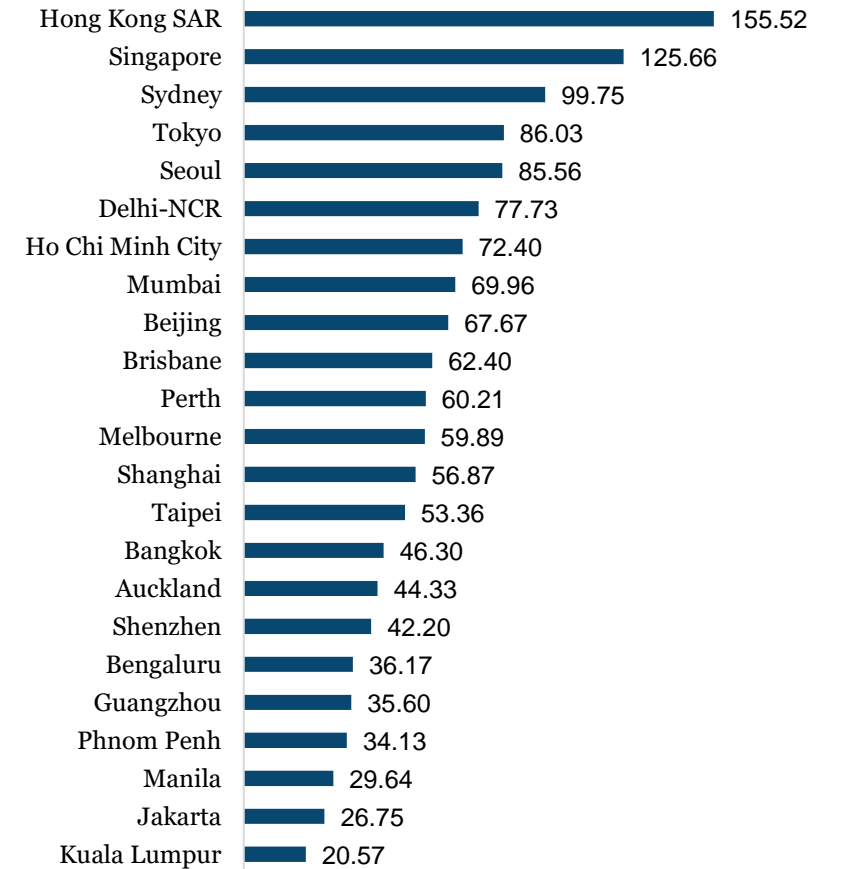
APAC Prime Office Rental Index

Rental growth in Indian markets offsets decline in the Chinese mainland

APAC Prime Office Rental Index - 10Y Historical



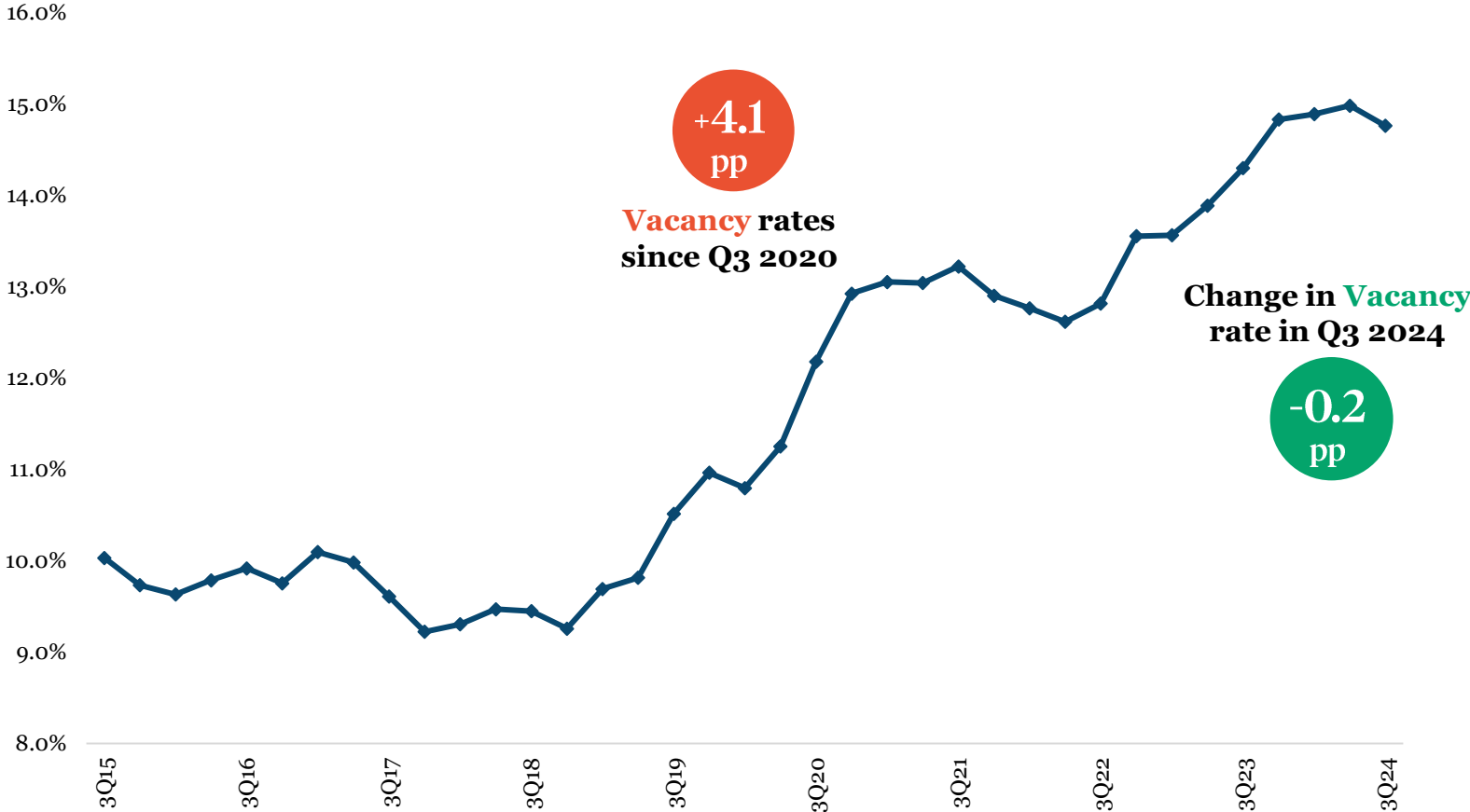
Q3 2024 Occupancy Cost (US\$/sqft/year)



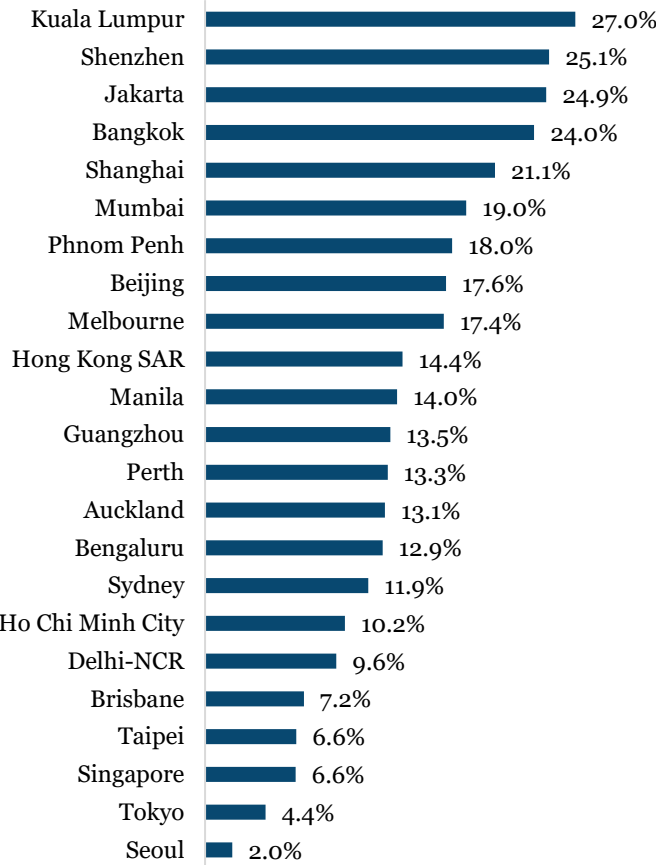
APAC Prime Office Vacancy Rate

Vacancy rate falls for the first time in two years

APAC Prime Office Vacancy Rate - 10Y Historical

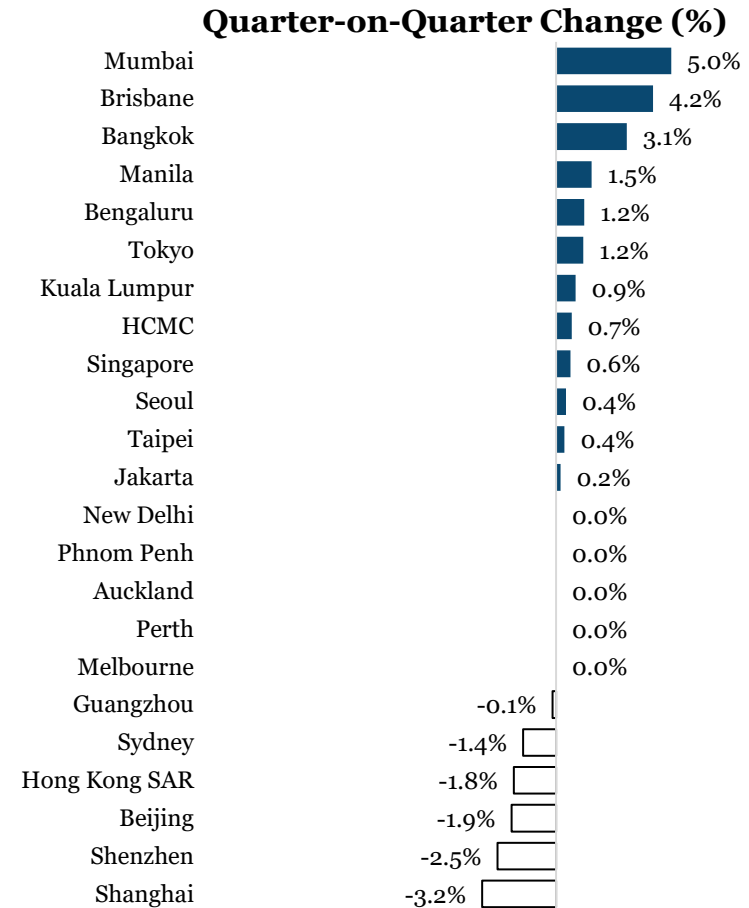
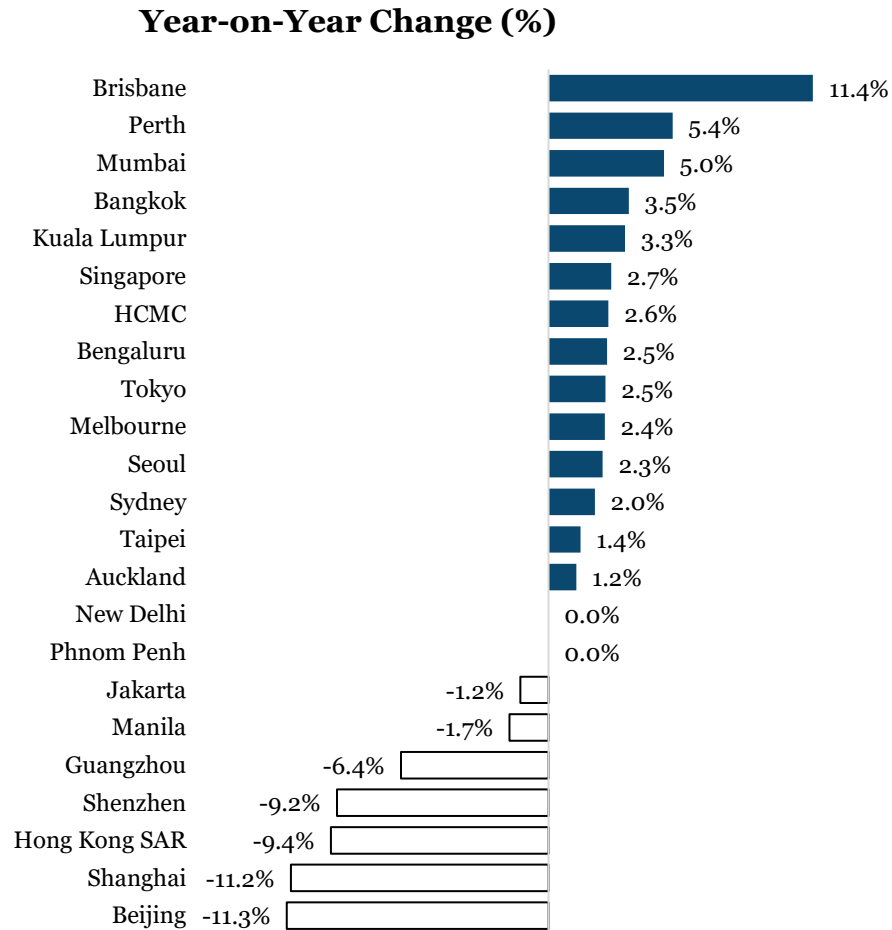


Q3 2024 Vacancy Rate



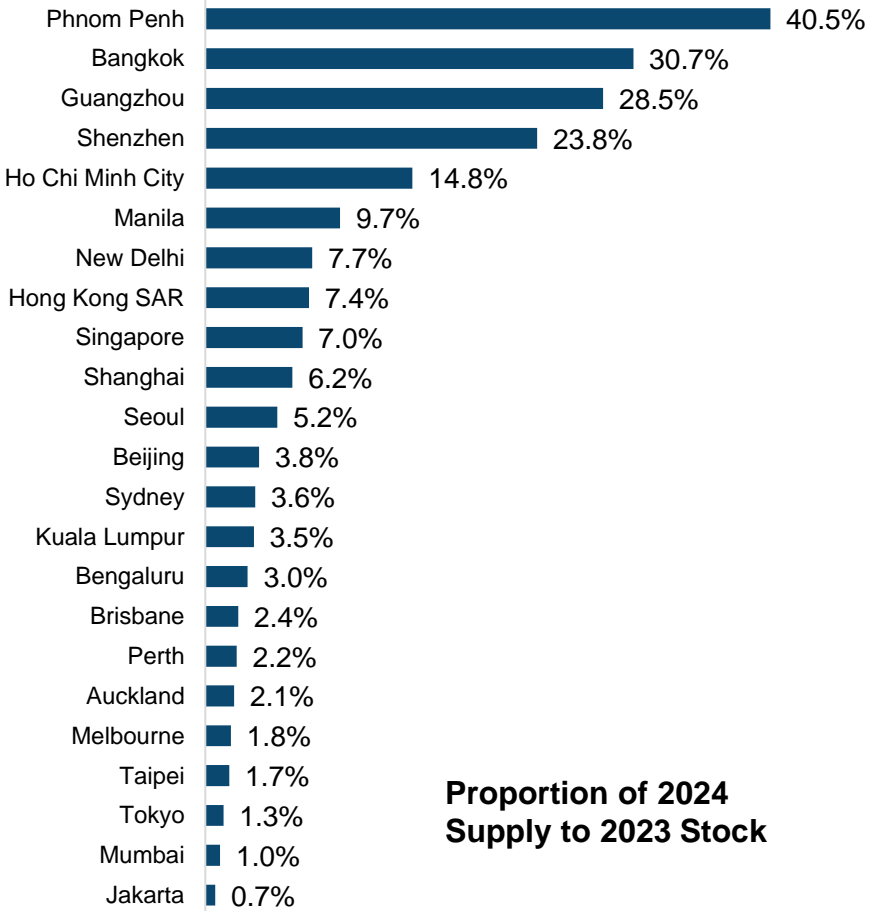
APAC Prime Rental Rate Growth – Q3 2024

Are rents bottoming out in Chinese mainland and Hong Kong SAR?

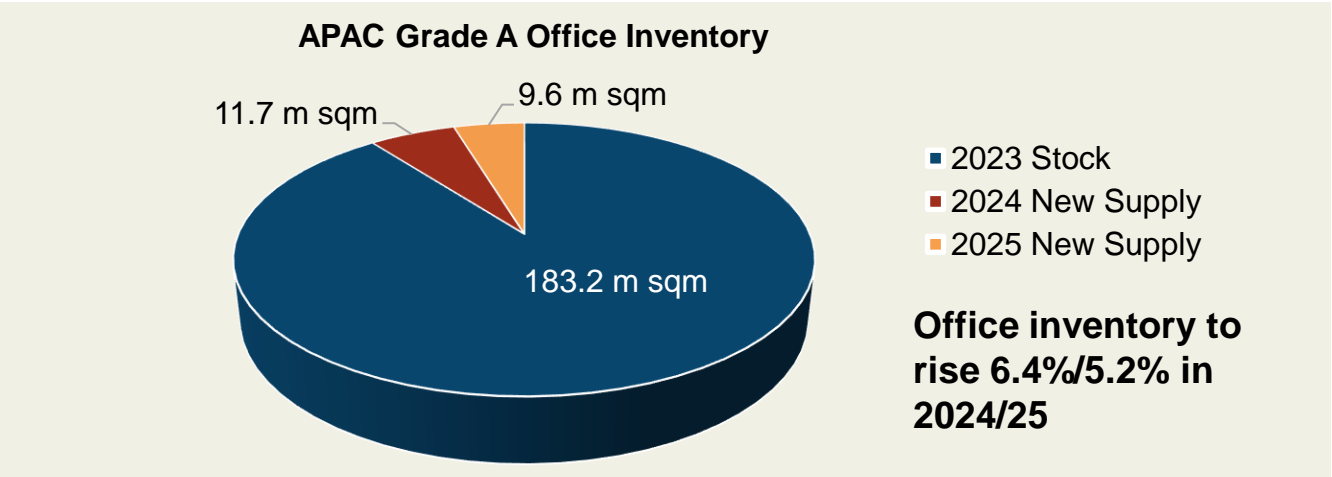
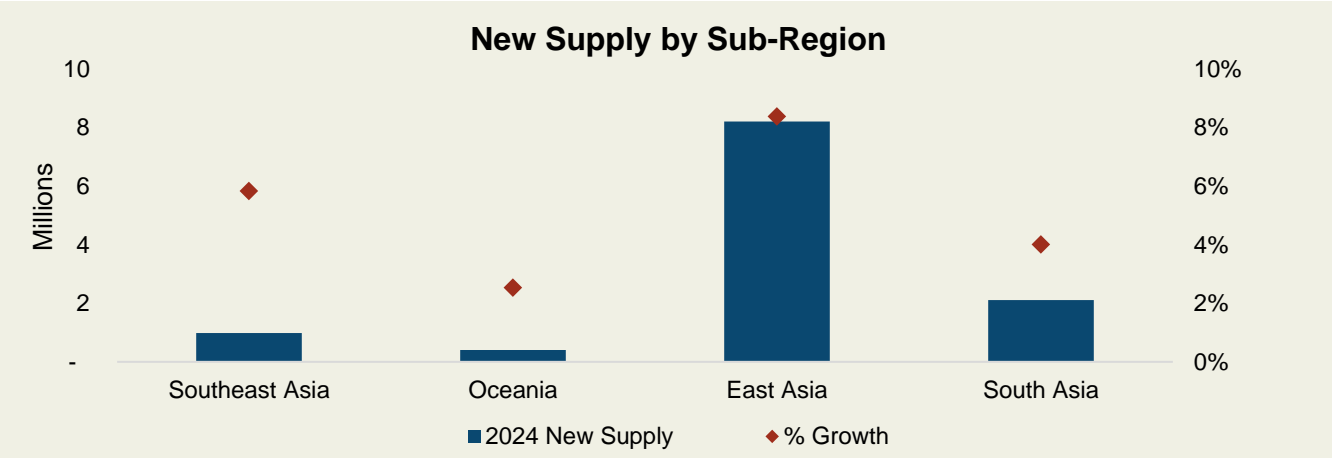


APAC Office Pipeline Supply

Extended flight-to-quality trend as new supply in 2024 hits a cyclical high



Proportion of 2024 Supply to 2023 Stock



APAC Office Snapshot – Q3 2024

12-Month Rental Outlook

Decreasing

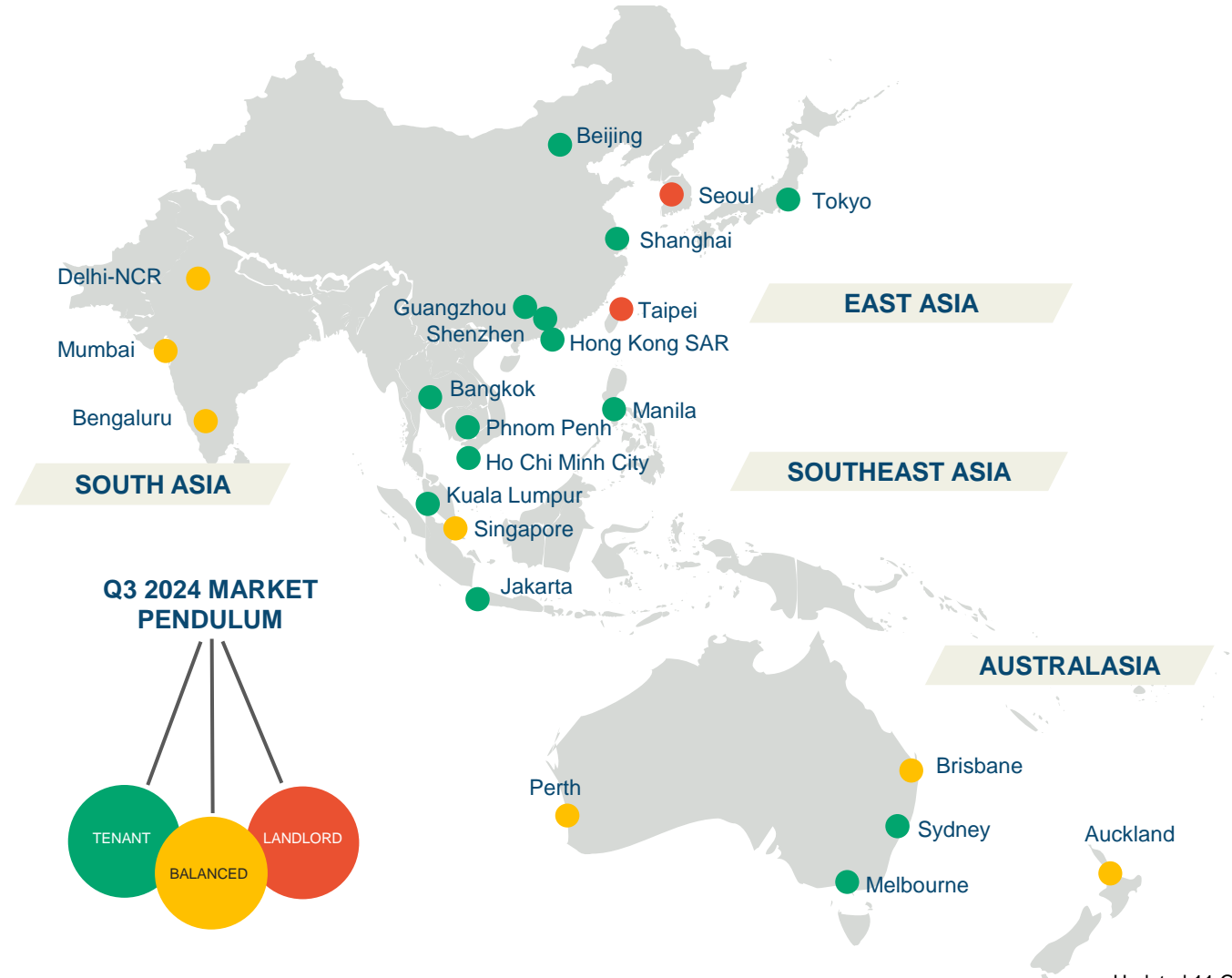
- Bangkok
- Beijing
- Guangzhou
- Hong Kong SAR
- Manila
- Shenzhen
- Shanghai

Unchanged

- Auckland
- Bengaluru
- Delhi-NCR
- Jakarta
- Kuala Lumpur
- Mumbai
- Melbourne
- Phnom Penh
- Tokyo

Increasing

- Brisbane
- Perth
- Ho Chi Minh City
- Singapore
- Taipei
- Seoul
- Sydney



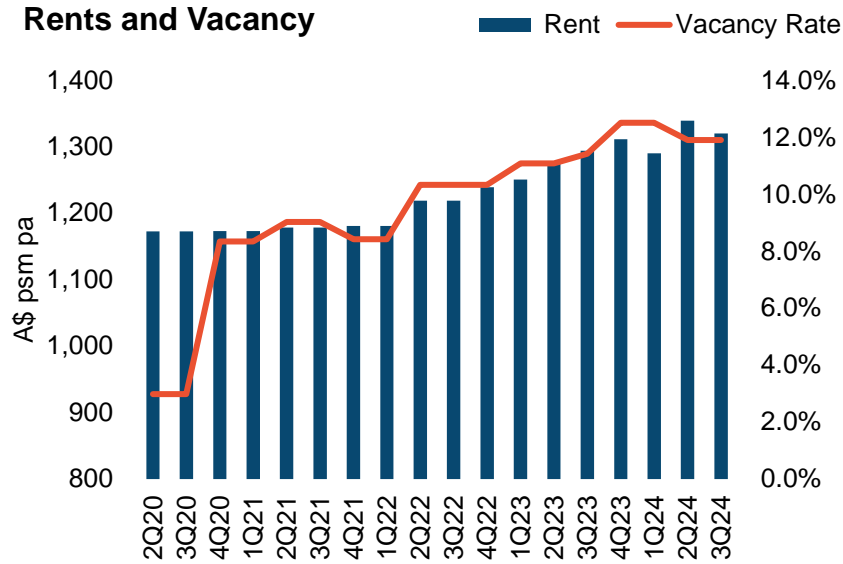
Market Dashboards

Australasia

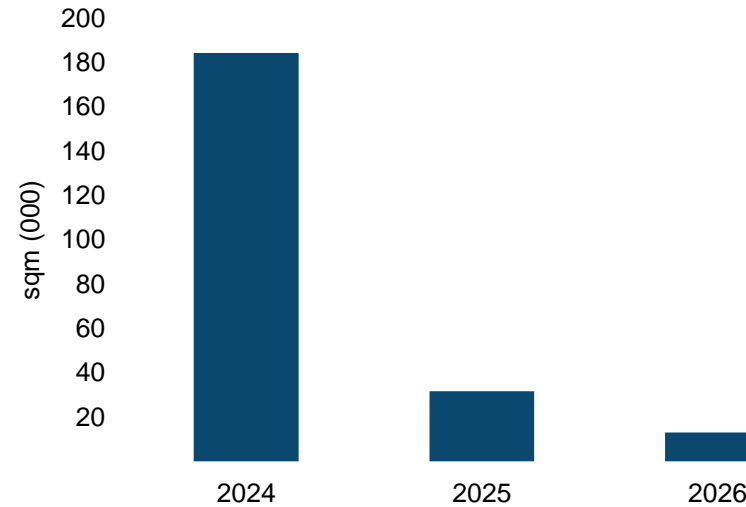
Prime rents in Australia's largest office markets rose 3.0% in Q3 2024 from the same period last year, largely driven by its resource-rich markets. Rents in Brisbane grew over 11% year-on-year to lead the region in terms of rental growth for another quarter, as robust demand and the lack of imminent development have compelled tenants to accept higher face rents. Meanwhile, a flight-to-quality trend has caused rental growth to diverge across Sydney, which led to an uptick in incentives. A wave of premium developments completing by year end in Midtown and City Core have put rentals in other precincts under pressure. Auckland's prime office rents remained flat for a fourth consecutive quarter, where leasing fundamentals have been softening. Vacancy rates clocked over 13% due to an influx of new supply in H124, and sub-lease opportunities have emerged as corporate occupiers downsize for operational efficiencies amid a more subdued business environment.

Sydney

Rents and Vacancy



Pipeline Supply

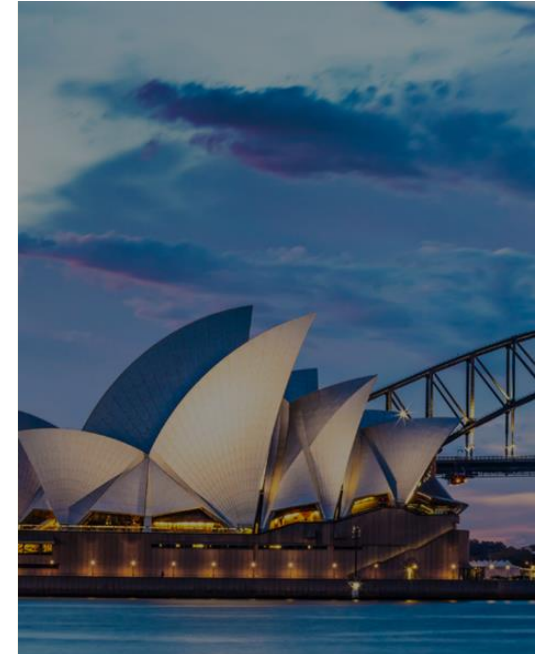


Economic Indicators

	2024F	2025F
GDP Growth	1.3%	2.7%
Unemployment Rate	3.7%	4.3%
Inflation	3.2%	2.5%

Real Estate Indicators

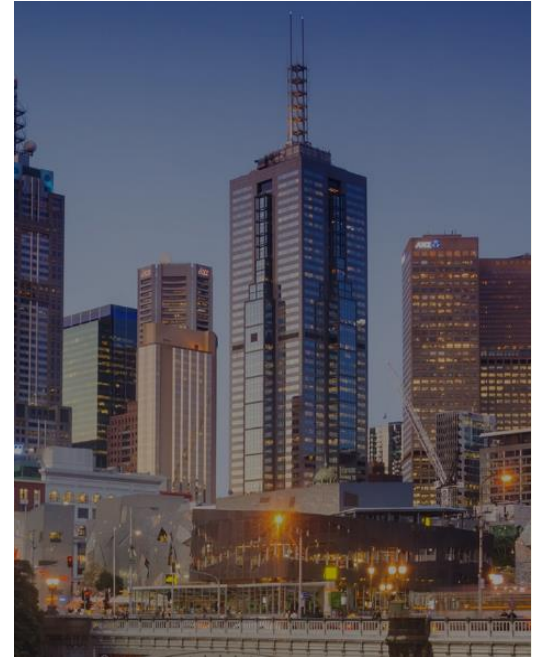
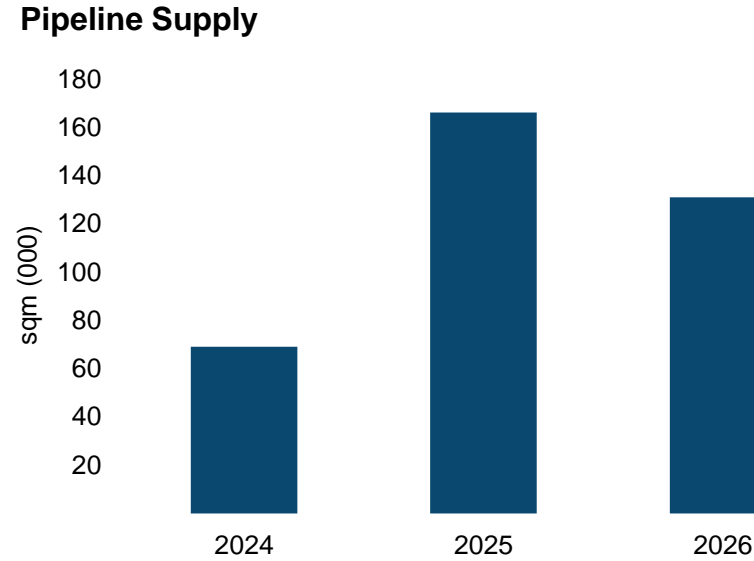
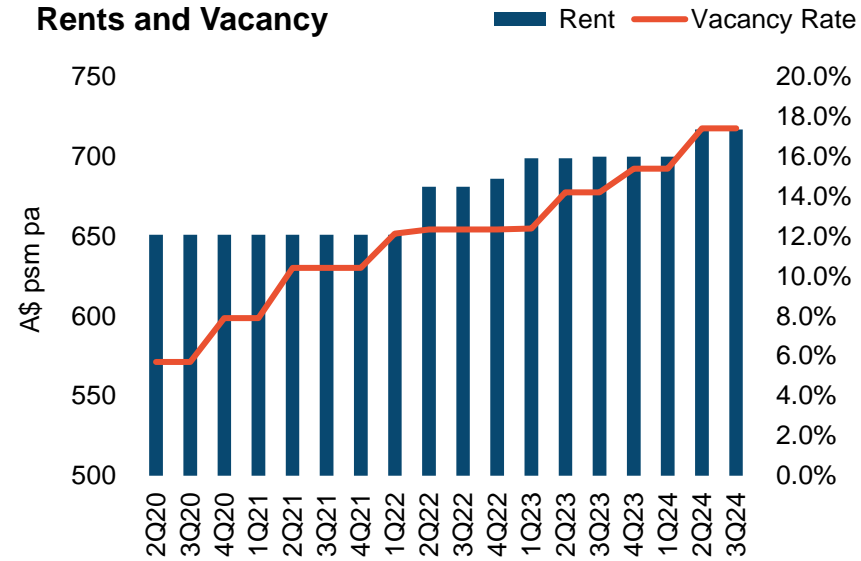
	Q3 2024	12mth Forecast
Prime Rent (A\$ psm pa)	1,320	↑
Vacancy	11.9%	→
Market Balance	Tenant	Tenant



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Melbourne



Economic Indicators

	2024F	2025F
GDP Growth	1.3%	2.7%
Unemployment Rate	3.7%	4.3%
Inflation	3.2%	2.5%

Real Estate Indicators

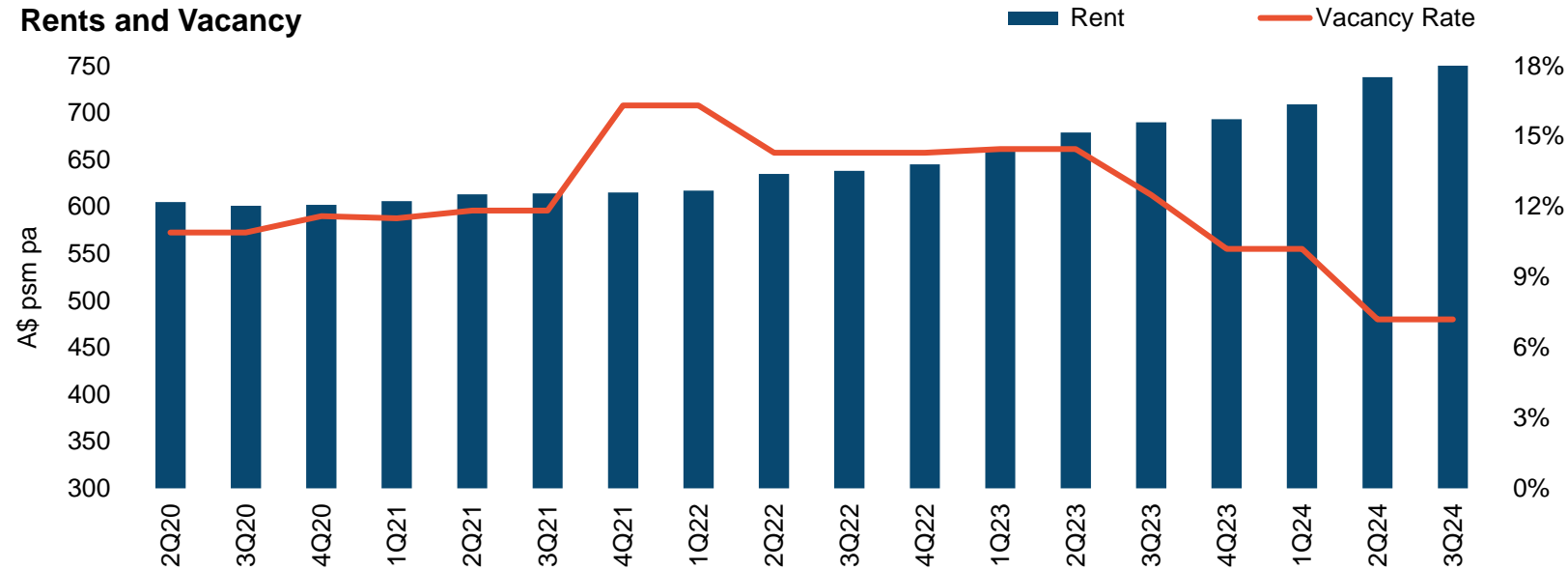
	Q3 2024	12mth Forecast
Prime Rent (A\$ psm pa)	717	→
Vacancy	17.4%	→
Market Balance	Tenant	Tenant

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Brisbane

Rents and Vacancy

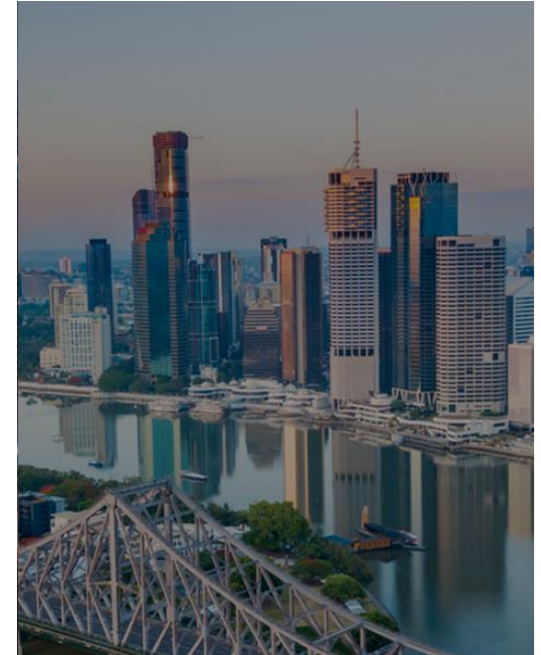


Economic Indicators

	2024F	2025F
GDP Growth	1.3%	2.7%
Unemployment Rate	3.7%	4.3%
Inflation	3.2%	2.5%

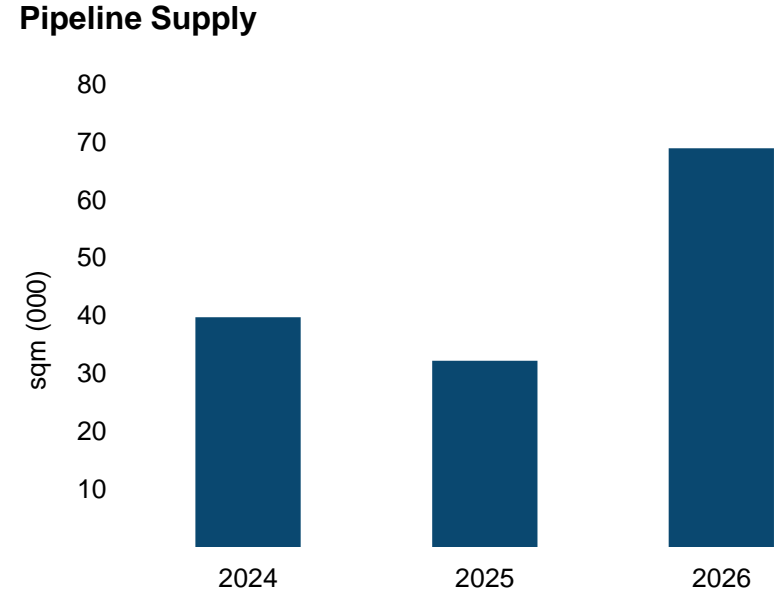
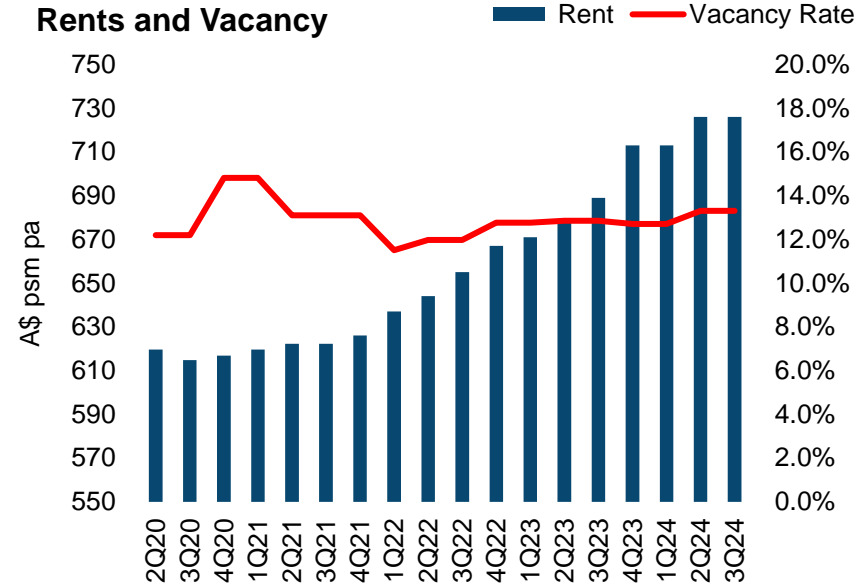
Real Estate Indicators

	Q3 2024	12mth Forecast
Prime Rent (A\$ psm pa)	769	↑
Vacancy	7.2%	↓
Market Balance	Balanced	Balanced



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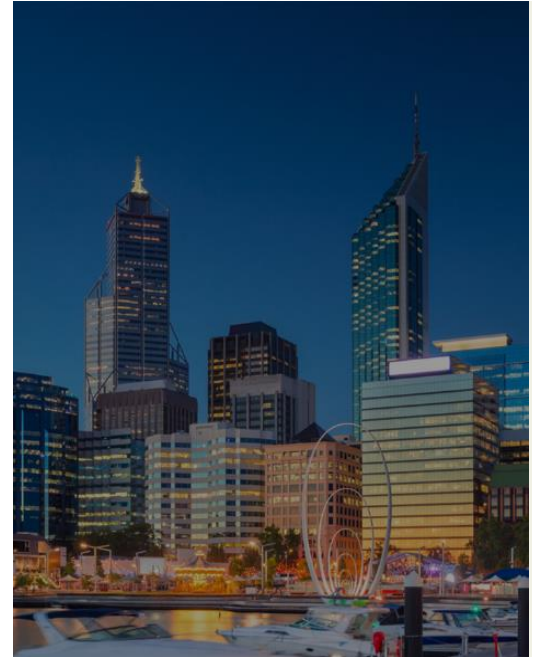


Economic Indicators

	2024F	2025F
GDP Growth	1.3%	2.7%
Unemployment Rate	3.7%	4.3%
Inflation	3.2%	2.5%

Real Estate Indicators

	Q3 2024	12mth Forecast
Prime Rent (A\$ psm pa)	726	↑
Vacancy	13.3%	→
Market Balance	Balanced	Balanced

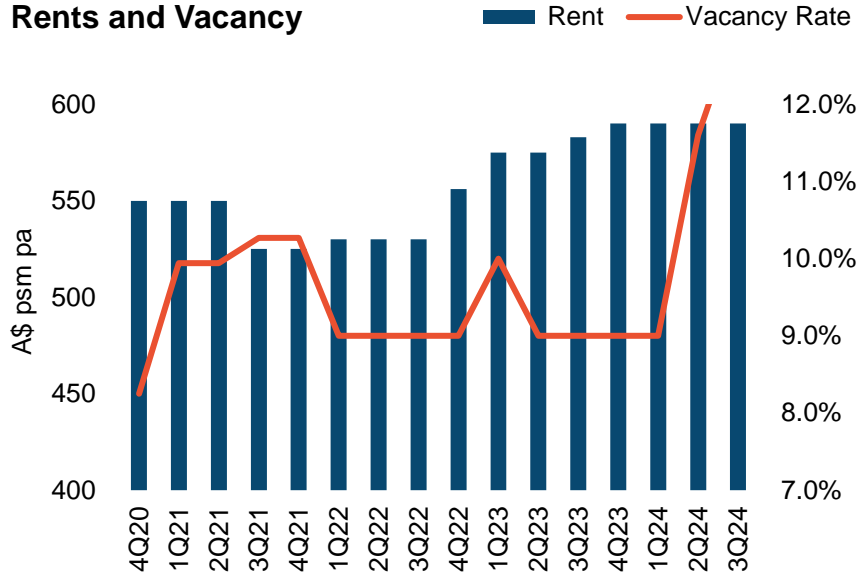


For more information, please contact:

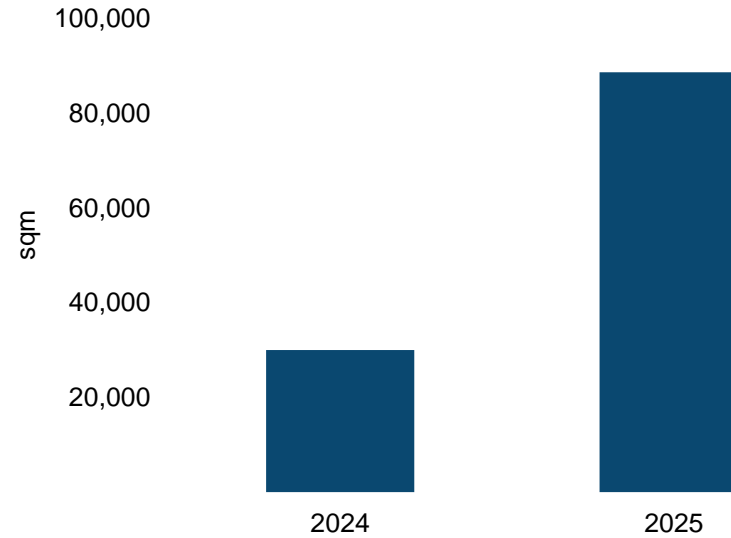
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Auckland

Rents and Vacancy



Pipeline Supply

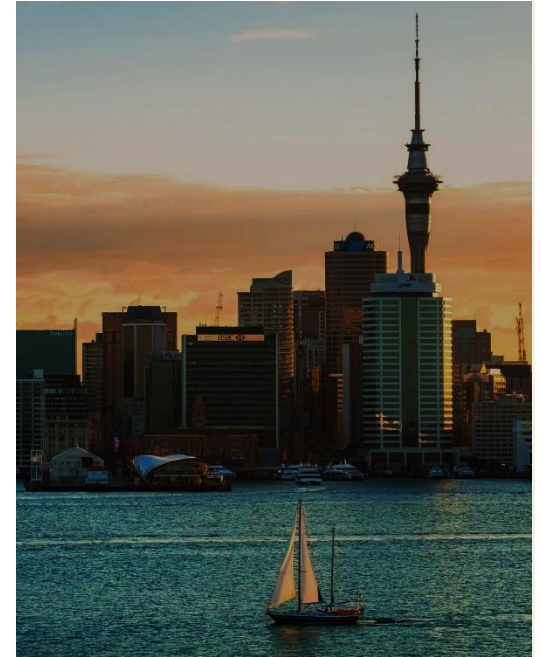


Economic Indicators

	2024F	2025F
GDP Growth	1.1%	1.0%
Unemployment Rate	3.8%	4.9%
Inflation	4.9%	2.7%

Real Estate Indicators

	Q3 2024	12mth Forecast
Prime Rent (NZ\$ psm pa)	590	→
Vacancy	13.1%	→
Market Balance	Balanced	Balanced



For more information, please contact:

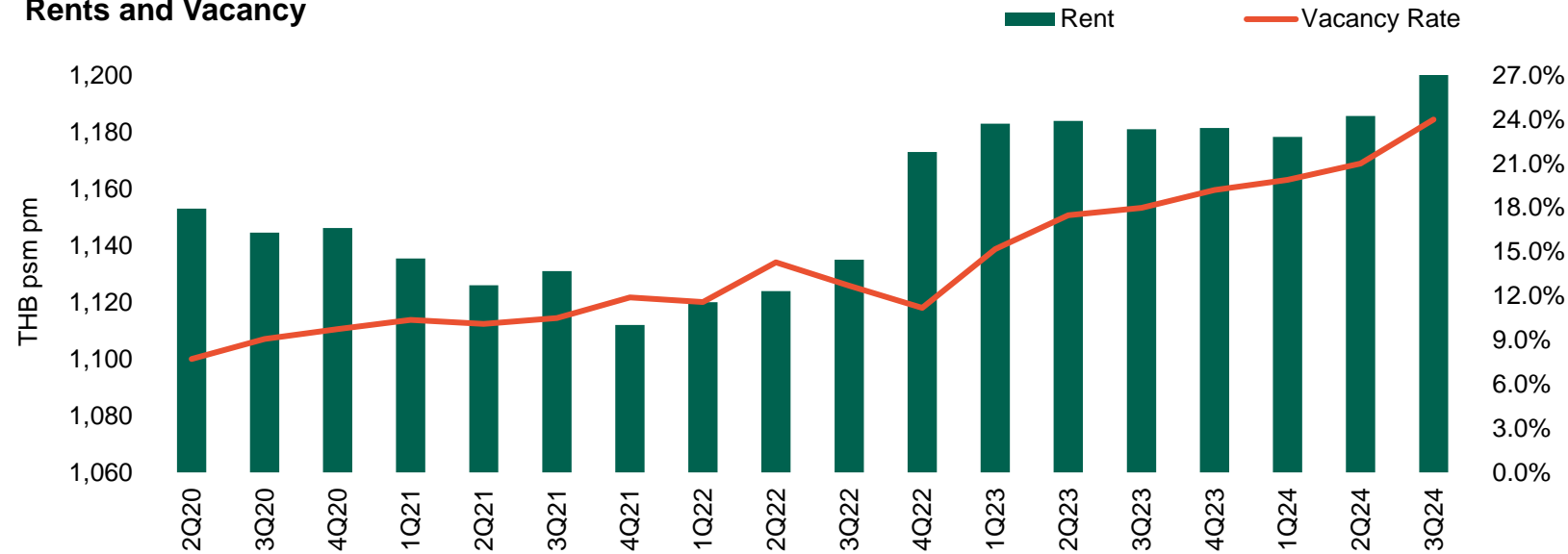
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Southeast Asia

Vacancies in Southeast Asia's emerging markets fell 0.6 percentage points quarter-on-quarter to 24.0%, driven by reduced availabilities HCMC, Jakarta and Kuala Lumpur. Rents rose across most markets as landlords raised rates for prime spaces, driven by a flight-to-quality trend. Preference for prime spaces remains a key driver of relocations in Bangkok. Despite rising vacancies, landlords in Bangkok remain reluctant to lower asking rents, instead offering substantial incentives, which drove rents up. More tenants in HCMC are also relocating to new buildings with sustainability accreditations, together with good incentives offered. Leasing momentum in the developed market of Singapore have also been observed to have slowed, as companies remain conservative on capex and expansion plans. Although rents eked out a marginal 0.8% increase quarter-on-quarter, it was largely driven by lease renewals.

Bangkok

Rents and Vacancy

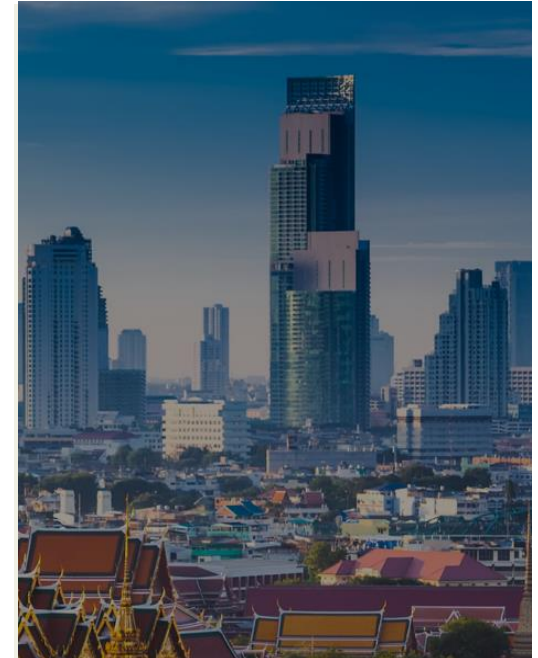


Economic Indicators

	2024F	2025F
GDP Growth	2.7%	3.2%
Unemployment Rate	N/A	N/A
Inflation	1.5%	1.6%

Real Estate Indicators

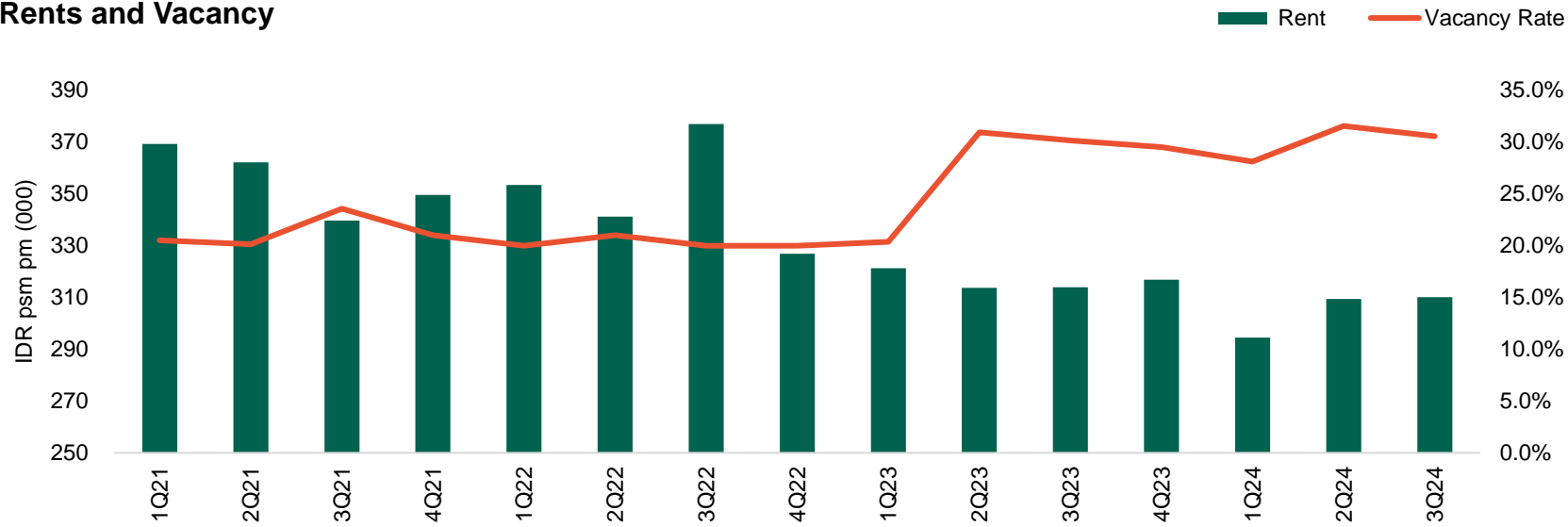
	Q3 2024	12mth Forecast
Prime Rent (THB psm pm)	1,222	↓
Vacancy	24.0%	↑
Market Balance	Tenant	Tenant



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Rents and Vacancy

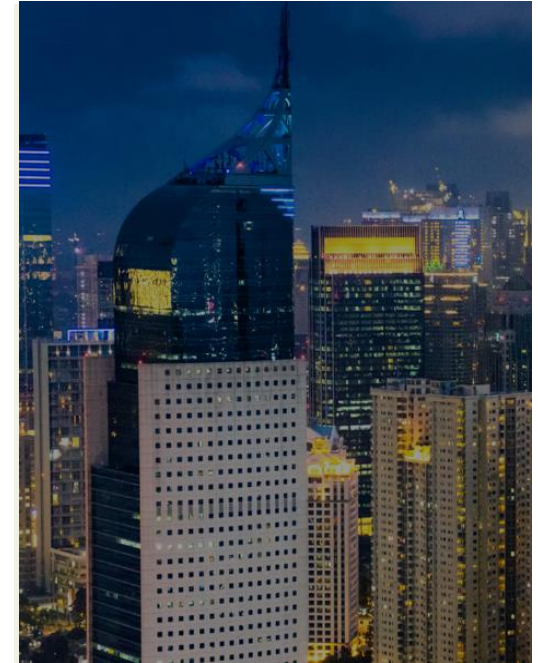


Economic Indicators

	2024F	2025F
GDP Growth	5.0%	5.0%
Unemployment Rate	5.3%	5.2%
Inflation	3.6%	2.5%

Real Estate Indicators

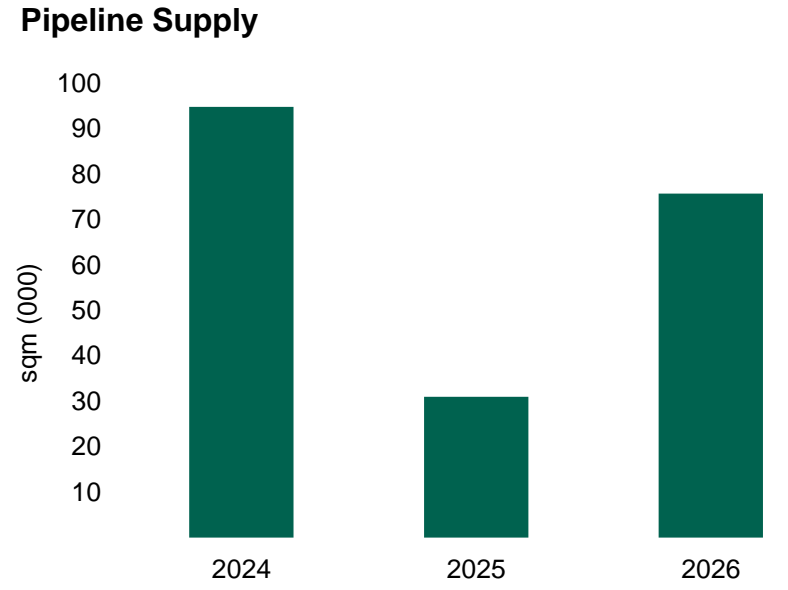
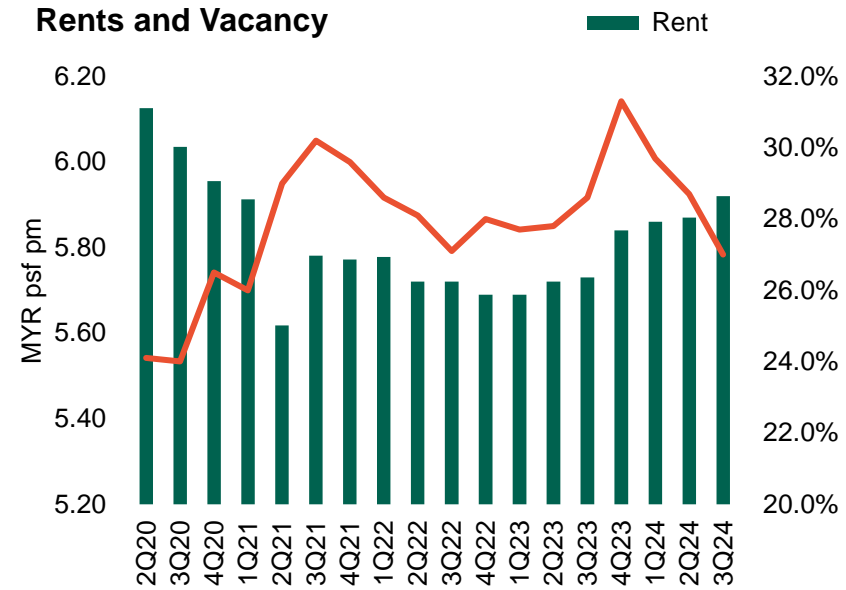
	Q3 2024	12mth Forecast
Prime Rent (IDR psm pm)	310,066	→
Vacancy	30.6%	↓
Market Balance	Tenant	Tenant



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Kuala Lumpur



Economic Indicators

	2024F	2025F
GDP Growth	4.0-5.0%	NA
Unemployment Rate	3.3%	NA
Inflation	2.0-3.5%	NA

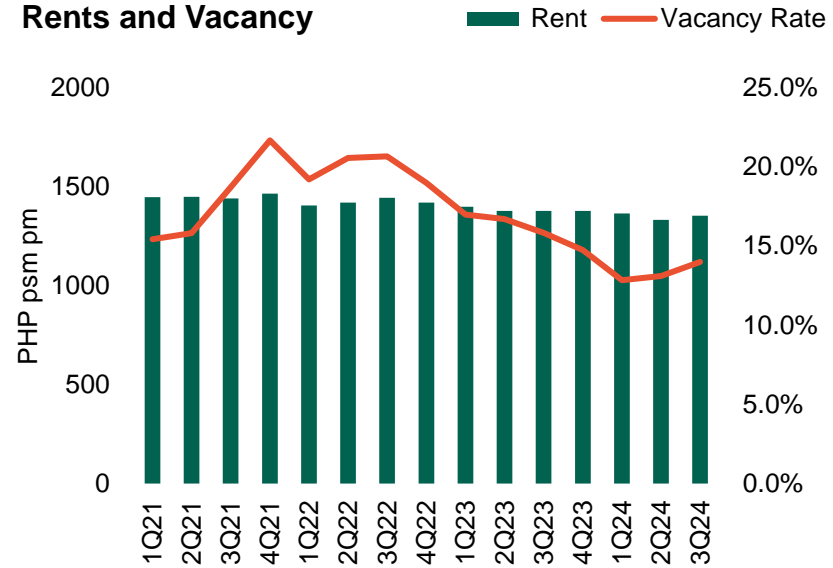
Real Estate Indicators

	Q3 2024	12mth Forecast
Prime Rent (MYR psf pm)	5.92	→
Vacancy	27.0%	→
Market Balance	Tenant	Tenant

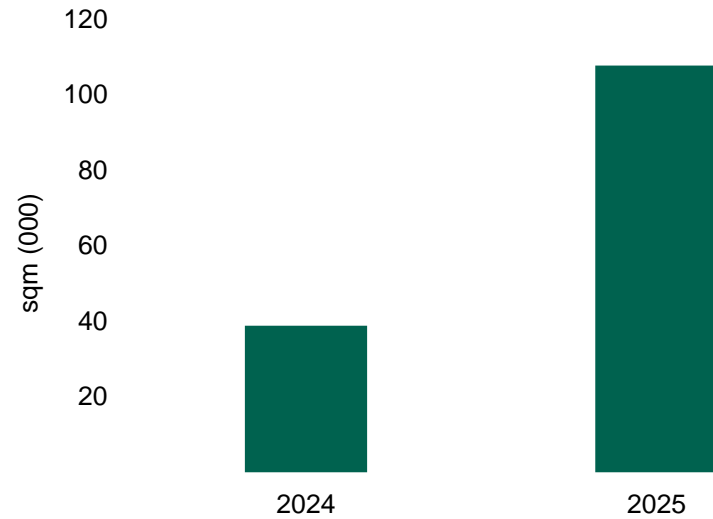
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Rents and Vacancy



Pipeline Supply

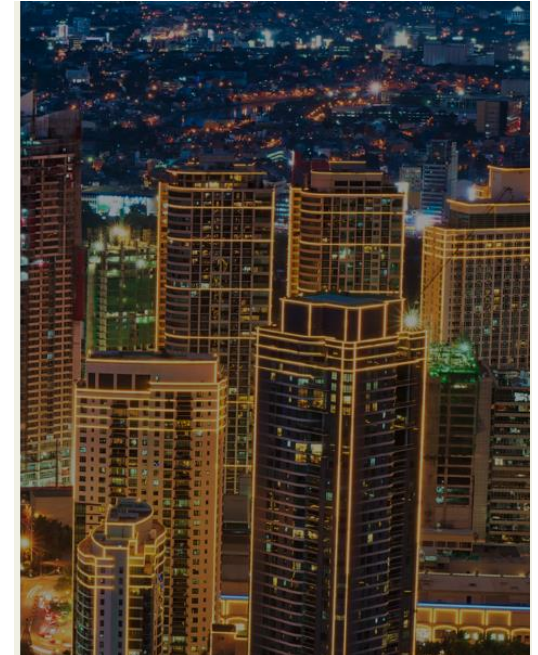


Economic Indicators

	2024F	2025F
GDP Growth	5.3%	5.9%
Unemployment Rate	4.7%	5.1%
Inflation	5.8%	3.2%

Real Estate Indicators

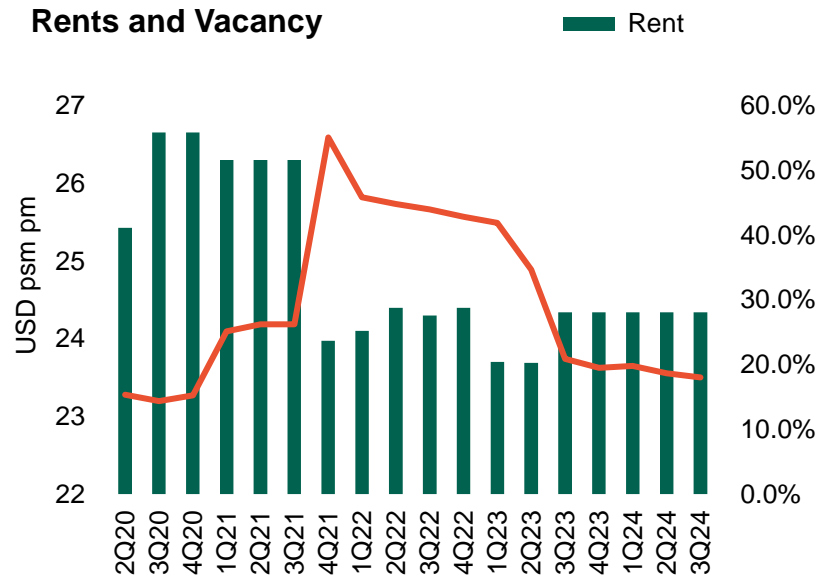
	Q3 2024	12mth Forecast
Prime Rent (PHP psm pm)	1,353	↓
Vacancy	14.0%	↓
Market Balance	Tenant	Tenant



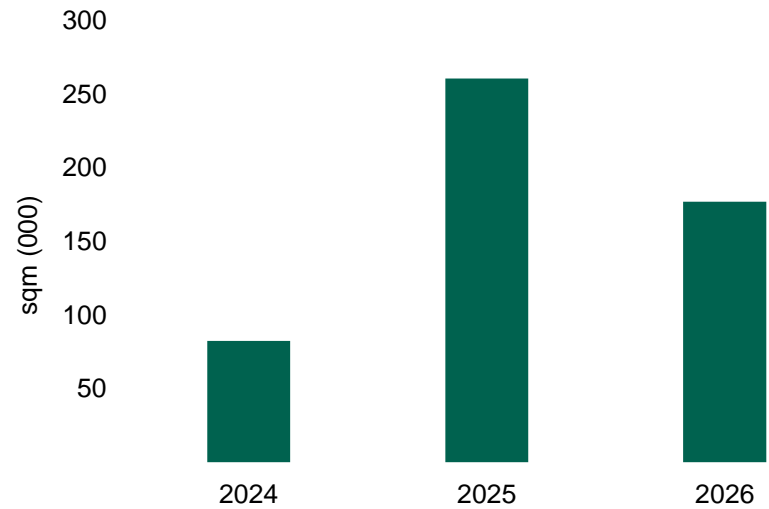
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Phnom Penh

Rents and Vacancy



Pipeline Supply (All Grades)

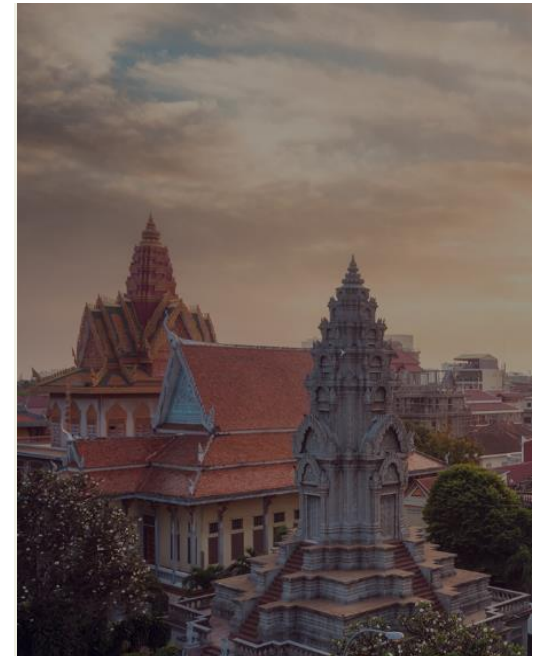


Economic Indicators

	2024F	2025F
GDP Growth	5.6%	6.1%
Unemployment Rate	N/A	N/A
Inflation	2.0%	3.0%

Real Estate Indicators

	Q3 2024	12mth Forecast
Prime Rent (US\$ psm pm)	24.34	→
Vacancy	18.0%	→
Market Balance	Tenant	Tenant

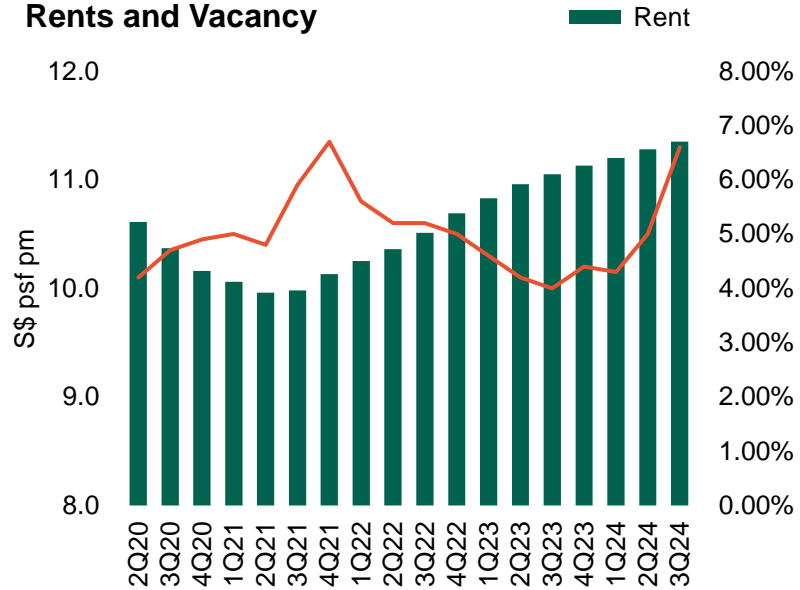


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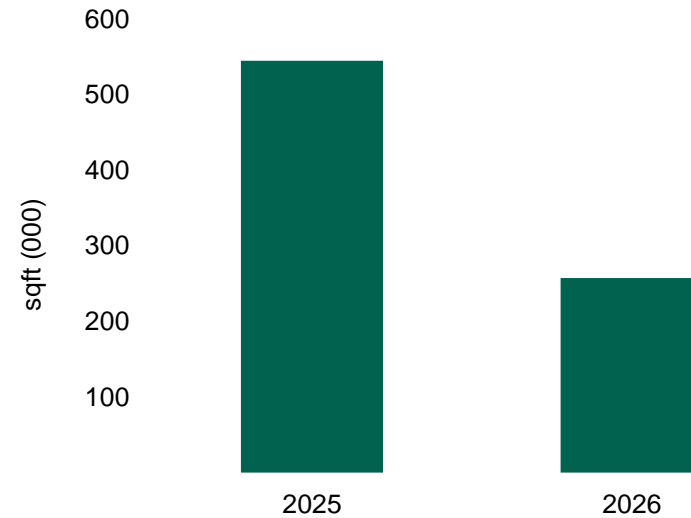
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Singapore

Rents and Vacancy



Pipeline Supply

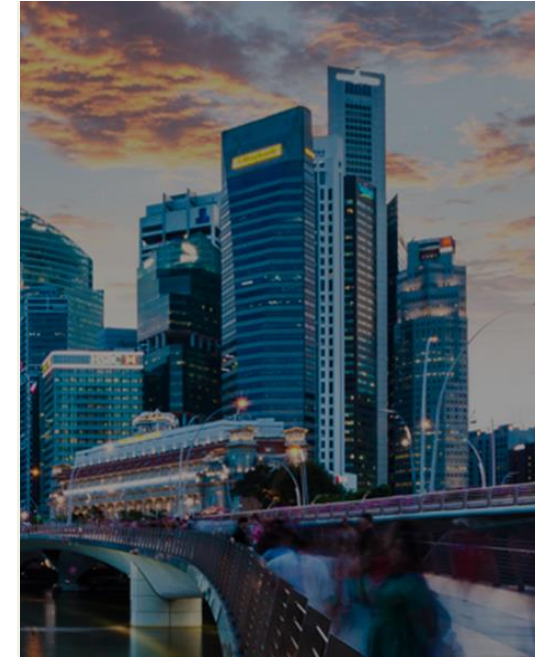


Economic Indicators

	2024F	2025F
GDP Growth	1.2%	2.1%
Unemployment Rate	1.8%	1.8%
Inflation	5.5%	3.5%

Real Estate Indicators

	Q3 2024	12mth Forecast
Prime Rent (S\$ psf pm)	11.35	↑
Vacancy	6.6%	→
Market Balance	Balanced	Balanced

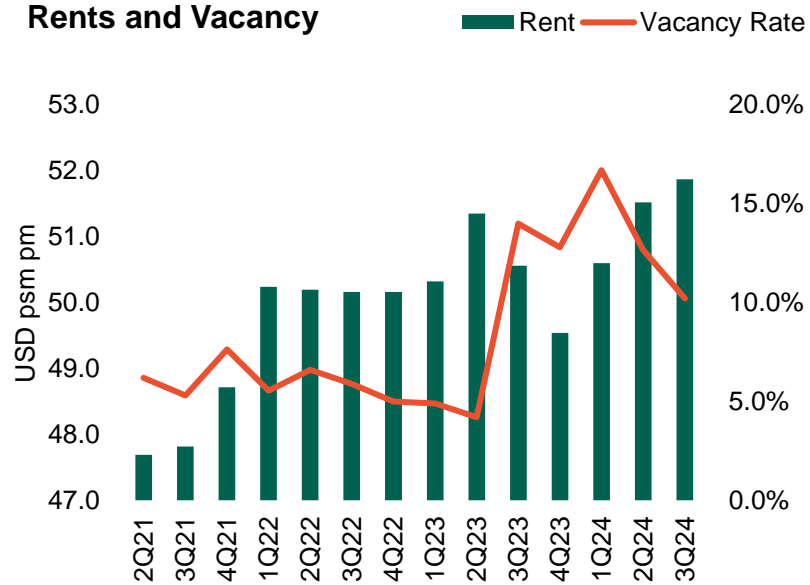


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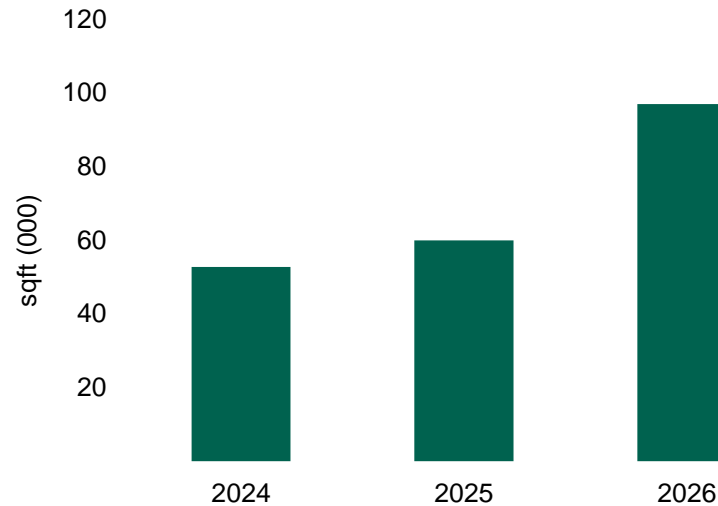
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Ho Chi Minh City

Rents and Vacancy



Pipeline Supply



Economic Indicators

	2024F	2025F
GDP Growth	4.7%	5.8%
Unemployment Rate	2.1%	2.1%
Inflation	3.4%	3.4%

Real Estate Indicators

	Q3 2024	12mth Forecast
Prime Rent (US\$ psm pm)	51.87	↑
Vacancy	10.2%	↑
Market Balance	Tenant	Tenant



For more information, please contact:

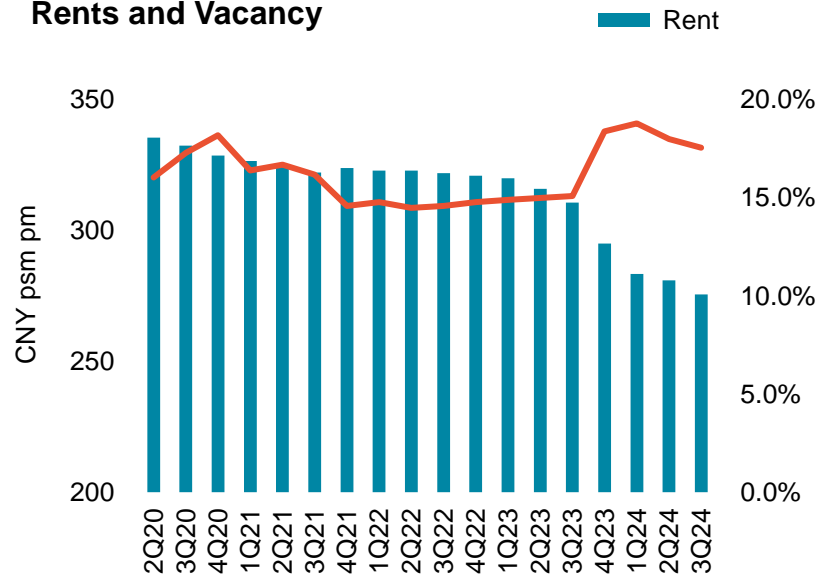
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East Asia

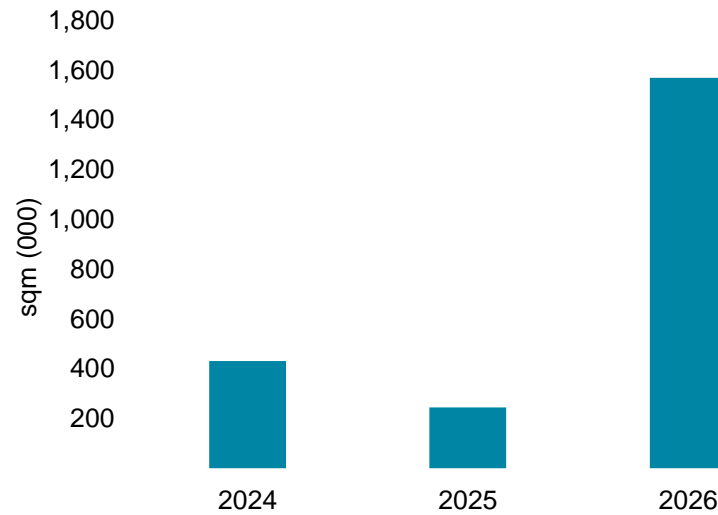
The Chinese mainland's lacklustre economy continued to weigh on office markets its first-tier cities, as rents declined by 11.6% year-on-year in Q3 2024, accelerating from the 10.0% drop in Q2 2024. Vacancy rates hit 20.0%, up 0.4 ppt from Q2 2024, due to the delivery of new supply in Guangzhou and Shanghai. US law firms are reportedly shrinking their office footprints amid ongoing trade tensions, while a number of companies are relocating out of its core CBD. With businesses focused on keeping costs down, landlords have adopted more aggressive leasing strategies, dangling more incentives amid the supply glut. Despite a slew of measures announced by the government to stimulate the economy, the current supply-demand imbalance is expected to keep vacancy rates elevated for a protracted period. Rents in Hong Kong SAR also continued to decline amid weak leasing momentum. Backfill spaces created by recentralisation and flight-to-quality moves will keep overall market sentiment downbeat.

Beijing

Rents and Vacancy



Pipeline Supply

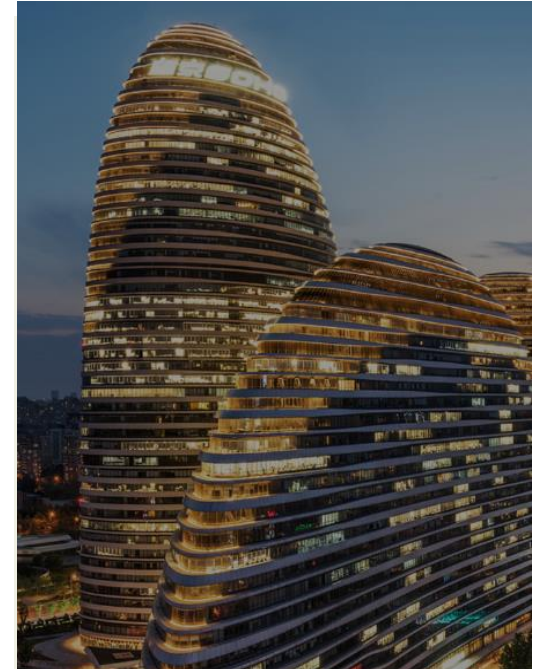


Economic Indicators

	2024F	2025F
GDP Growth	5.0%	4.2%
Unemployment Rate	5.3%	5.2%
Inflation	0.7%	1.7%

Real Estate Indicators

	Q3 2024	12mth Forecast
Prime Rent (CNY psm pm)	276	↓
Vacancy	17.6%	↑
Market Balance	Tenant	Tenant

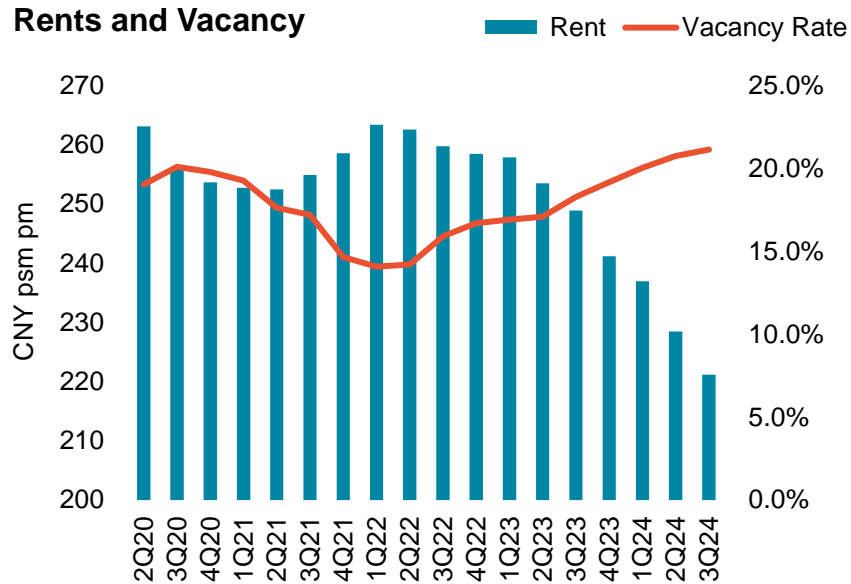


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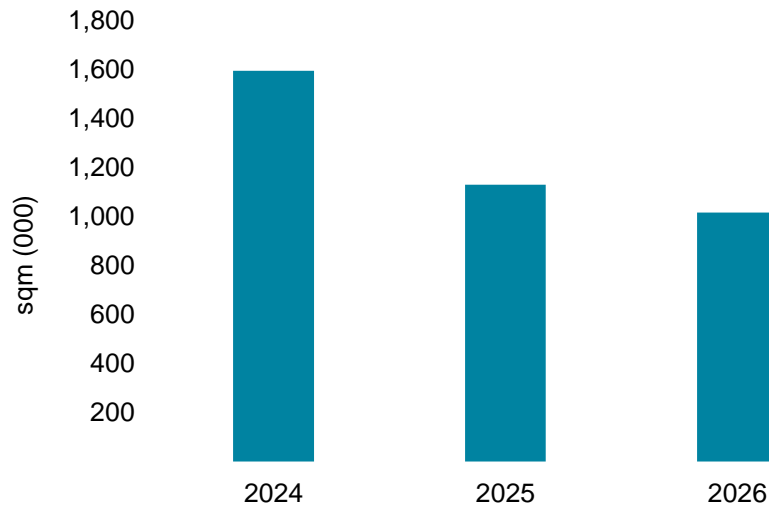
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Shanghai

Rents and Vacancy



Pipeline Supply

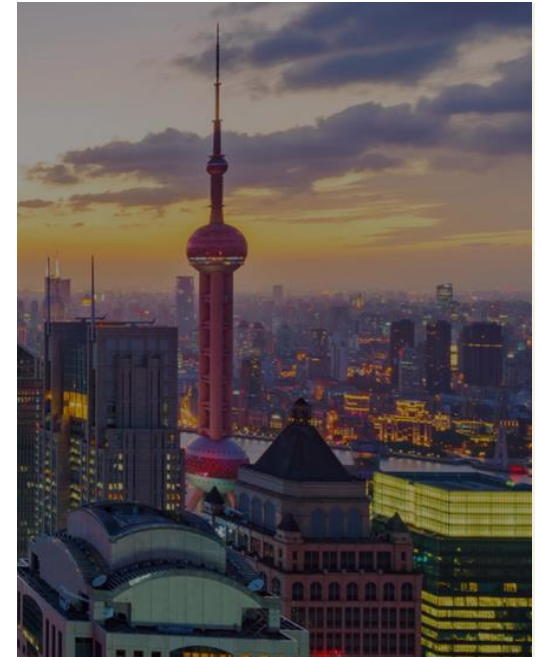


Economic Indicators

	2024F	2025F
GDP Growth	5.0%	4.2%
Unemployment Rate	5.3%	5.2%
Inflation	0.7%	1.7%

Real Estate Indicators

	Q3 2024	12mth Forecast
Prime Rent (CNY psm pm)	221	↓
Vacancy	21.1%	↑
Market Balance	Tenant	Tenant

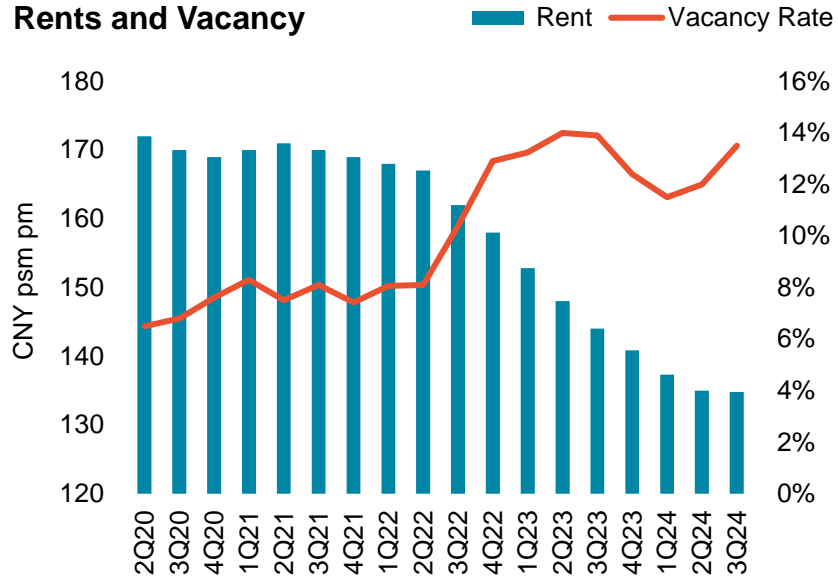


For more information,
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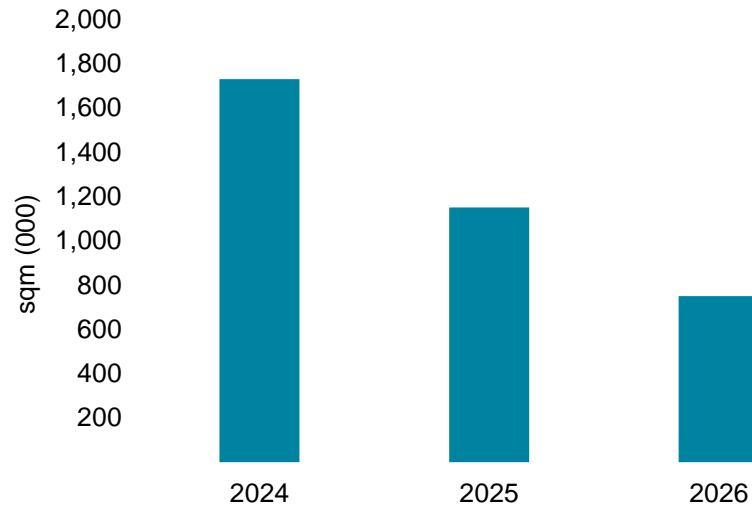
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Guangzhou

Rents and Vacancy



Pipeline Supply

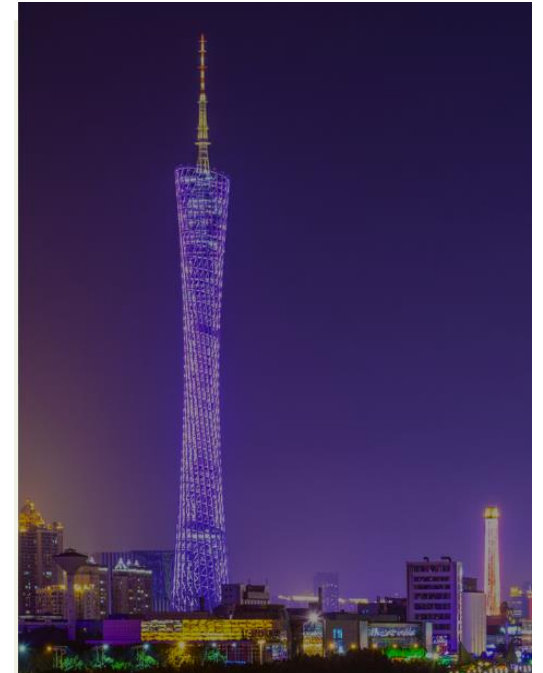


Economic Indicators

	2024F	2025F
GDP Growth	5.0%	4.2%
Unemployment Rate	5.3%	5.2%
Inflation	0.7%	1.7%

Real Estate Indicators

	Q3 2024	12mth Forecast
Prime Rent (CNY psm pm)	135	↓
Vacancy	15.0%	↑
Market Balance	Tenant	Tenant

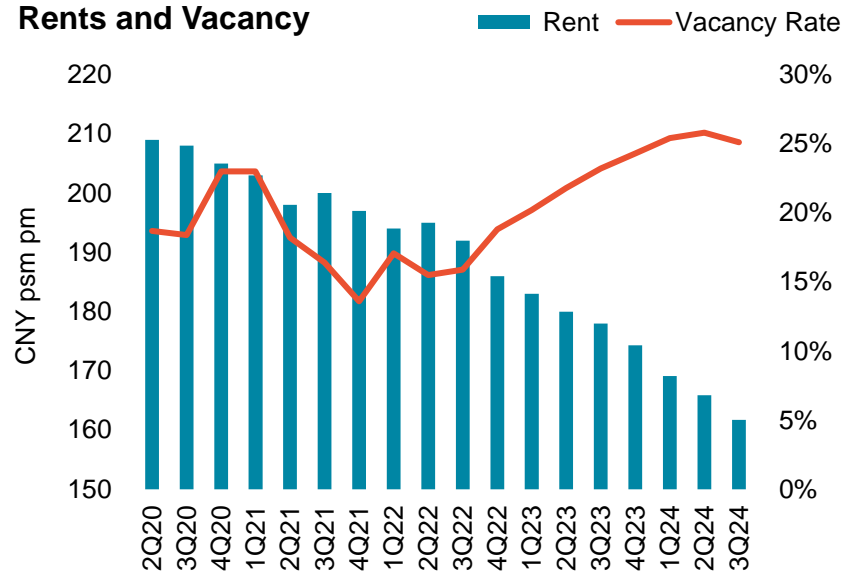


For more information, please contact:

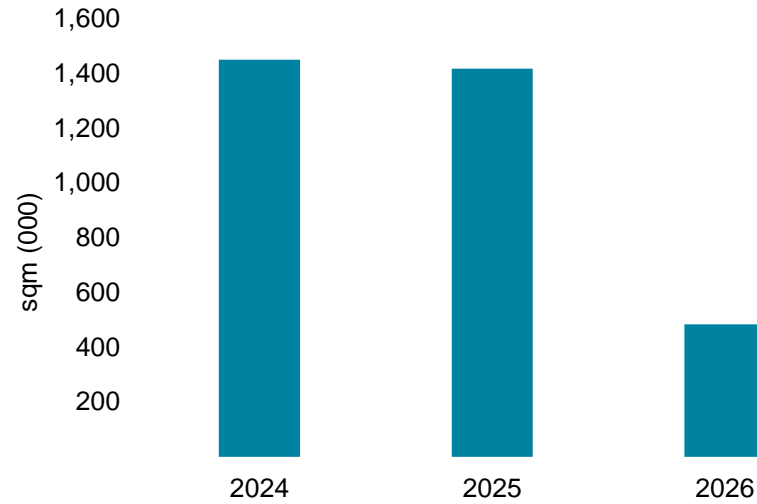
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Rents and Vacancy



Pipeline Supply



Economic Indicators

	2024F	2025F
GDP Growth	5.0%	4.2%
Unemployment Rate	5.3%	5.2%
Inflation	0.7%	1.7%

Real Estate Indicators

	Q3 2024	12mth Forecast
Prime Rent (CNY psm pm)	162	↓
Vacancy	25.1%	↑
Market Balance	Tenant	Tenant

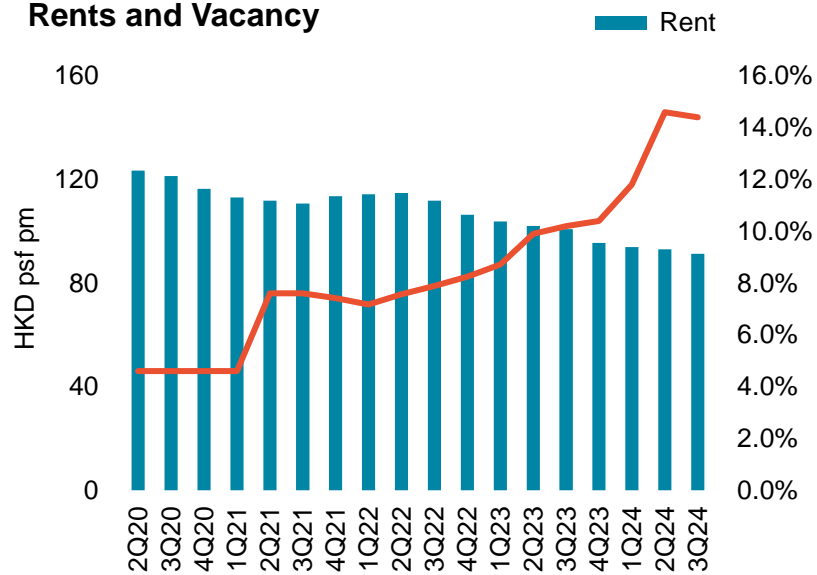


For more information, please contact:

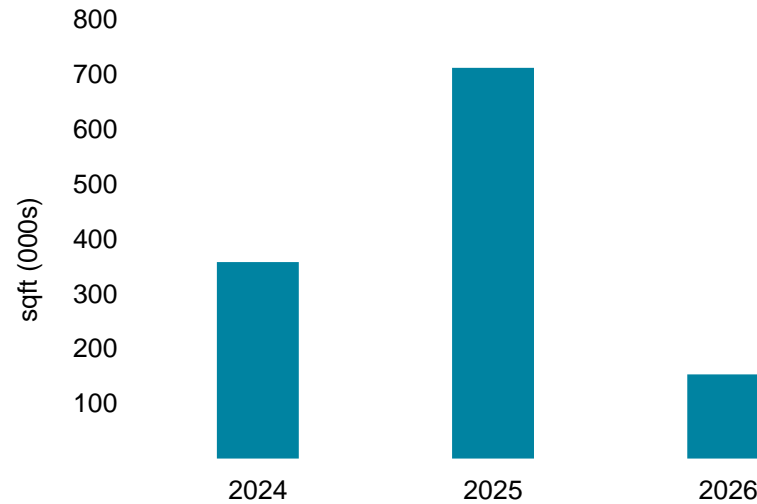
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Hong Kong SAR

Rents and Vacancy



Pipeline Supply

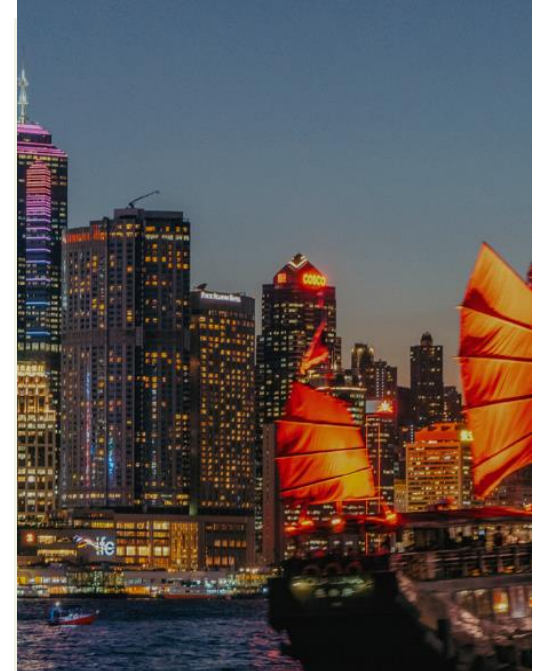


Economic Indicators

	2024F	2025F
GDP Growth	4.4%	2.9%
Unemployment Rate	3.2%	3.1%
Inflation	2.2%	2.3%

Real Estate Indicators

	Q3 2024	12mth Forecast
Prime Rent (HK\$ psf pm)	91.30	↓
Vacancy	14.4%	↑
Market Balance	Tenant	Tenant



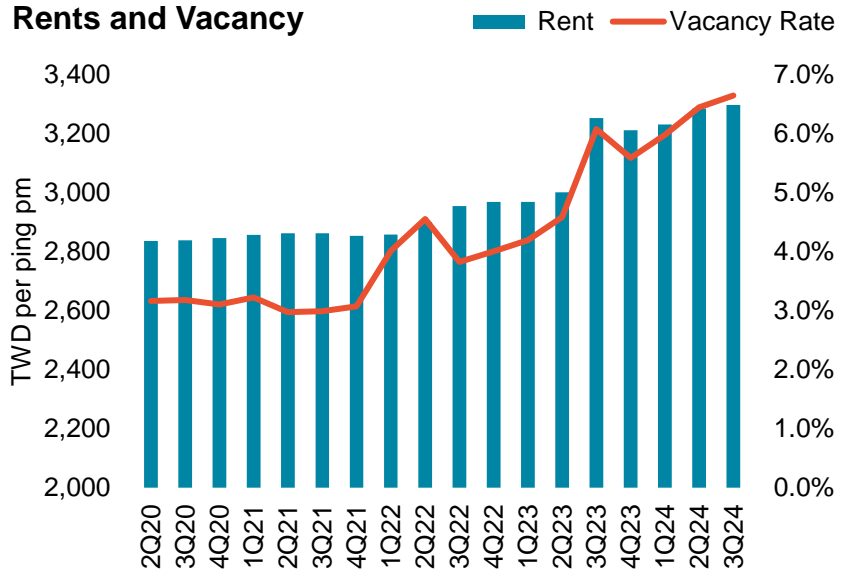
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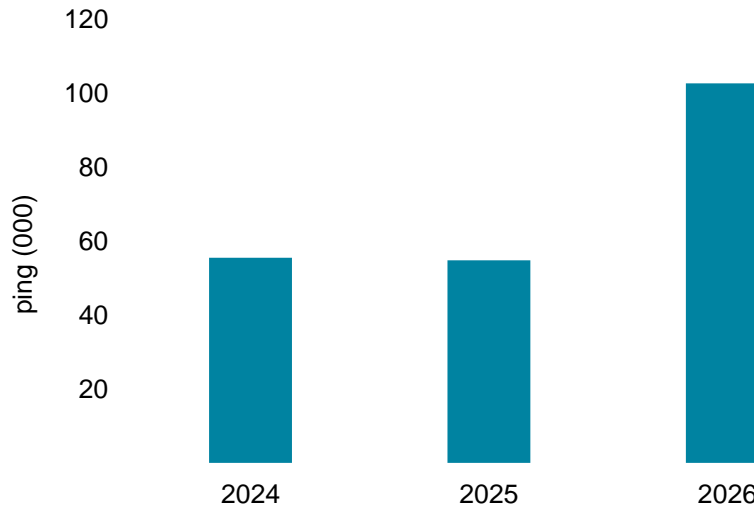
*Grade A office space in prime area in Hong Kong Island, aka Central
 Source: Asian Development Bank, Macrobond, Knight Frank Research

Taipei

Rents and Vacancy



Pipeline Supply



Economic Indicators

	2024F	2025F
GDP Growth	1.4%	3.0%
Unemployment Rate	3.7%	3.7%
Inflation	2.1%	1.5%

Real Estate Indicators

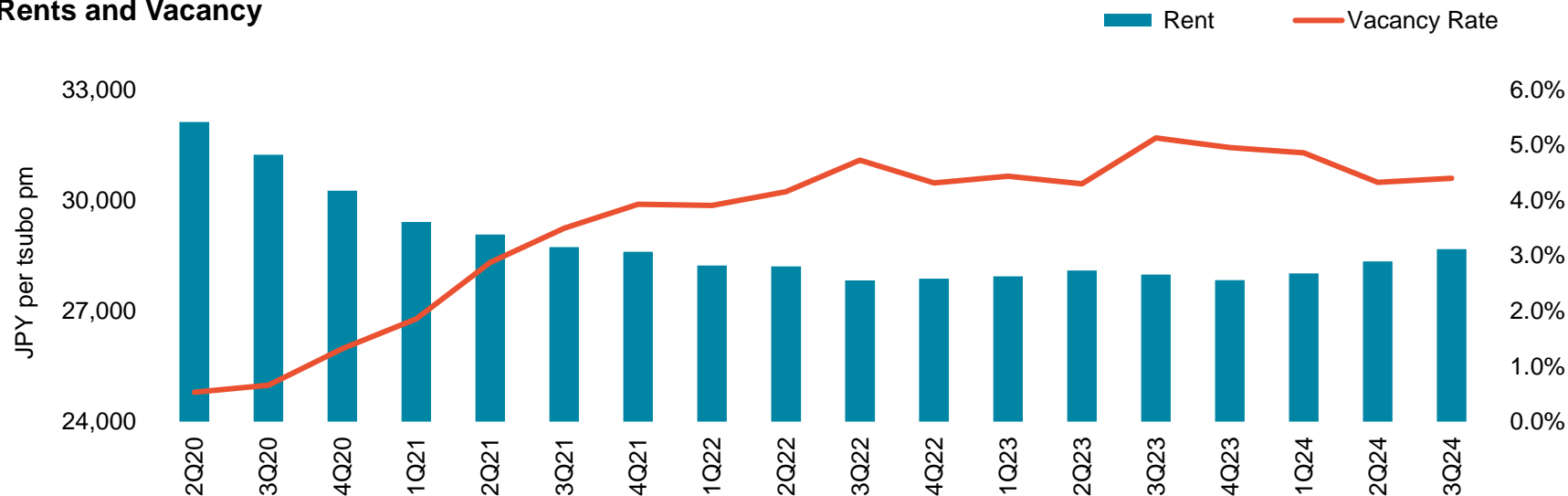
	Q3 2024	12mth Forecast
Prime Rent (TW\$ per ping pm)	3,296	↑
Vacancy	6.6%	↓
Market Balance	Landlord	Landlord



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Rents and Vacancy

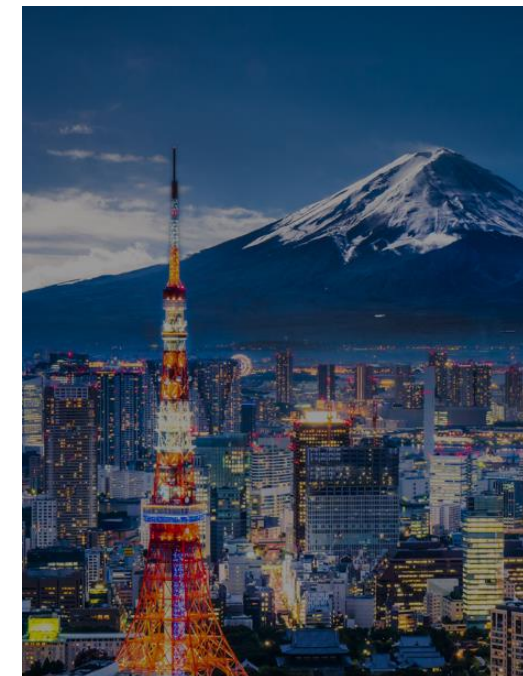


Economic Indicators

	2024F	2025F
GDP Growth	2.0%	1.0%
Unemployment Rate	2.5%	2.3%
Inflation	3.2%	2.9%

Real Estate Indicators

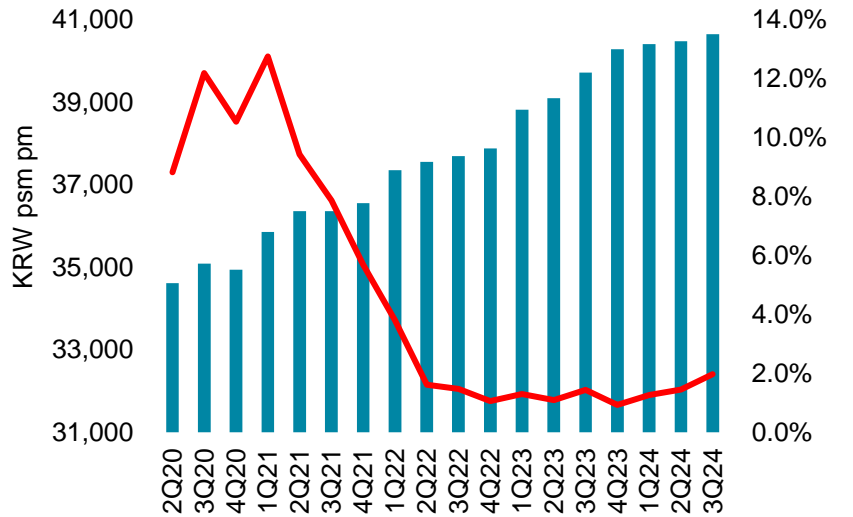
	Q3 2024	12mth Forecast
Prime Rent (JPY per tsubo pm)	28,681	→
Vacancy	4.4%	↓
Market Balance	Tenant	Tenant



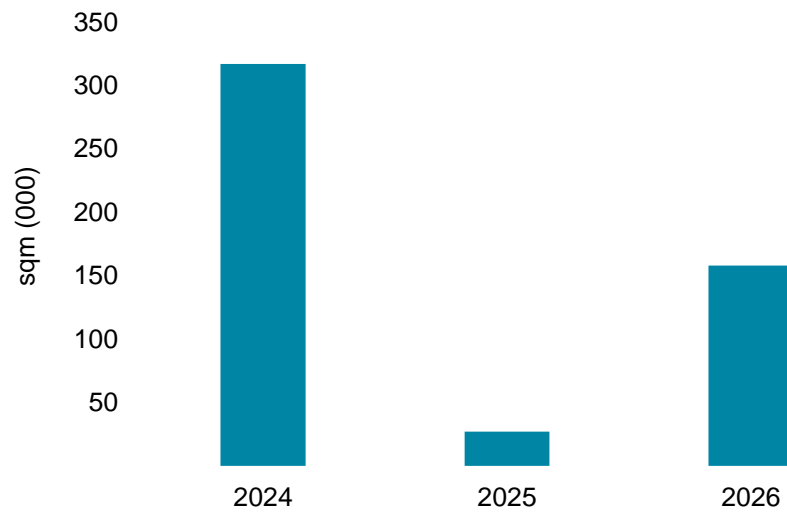
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Rents and Vacancy



Pipeline Supply



Economic Indicators

	2024F	2025F
GDP Growth	1.4%	2.2%
Unemployment Rate	2.7%	3.2%
Inflation	3.4%	2.3%

Real Estate Indicators

	Q3 2024	12mth Forecast
Prime Rent (KRW psm pm)	40,478	↑
Vacancy	1.5%	→
Market Balance	Landlord	Balanced



For more information, please contact:

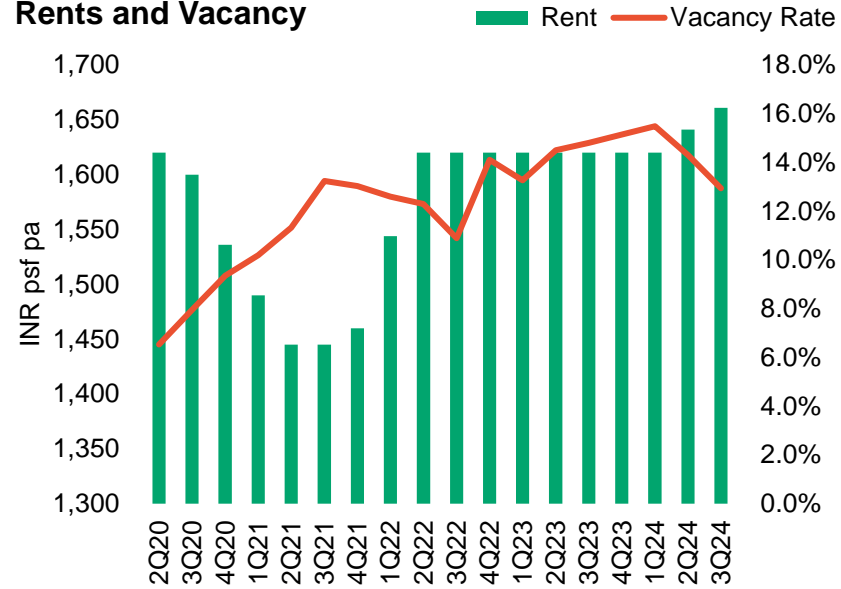
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India

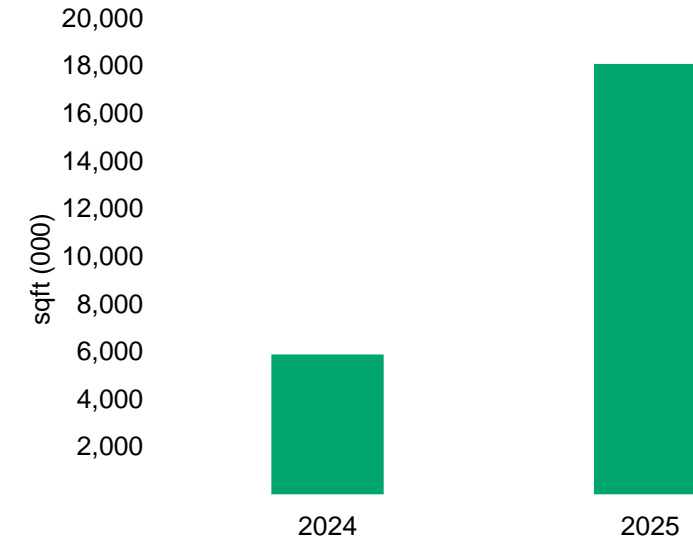
Prime rents have remained stable in the NCR and grown by 5% and 3% YoY in Mumbai and Bengaluru respectively, as occupier demand remains strong in tandem with a still slow supply scenario. Total transaction volumes for the three markets have hit successive all-time highs in Q2 and Q3 2024. GCC and India-facing businesses continue to drive growth in transaction volumes and rents. This can be attributed to the high level of confidence in the outlook for the Indian economy, high quality talent pool, favourable policy environment and steady growth in its huge consumer markets. Bengaluru leads with the highest growth in volumes at 158% year-on-year in Q3 2024. GCCs accounted for 62% of the space transacted in the city, reinforcing Bengaluru's credentials as a GCC hub. India-facing businesses constituted the bulk of volumes for Mumbai and NCR.

Bengaluru

Rents and Vacancy



Pipeline Supply

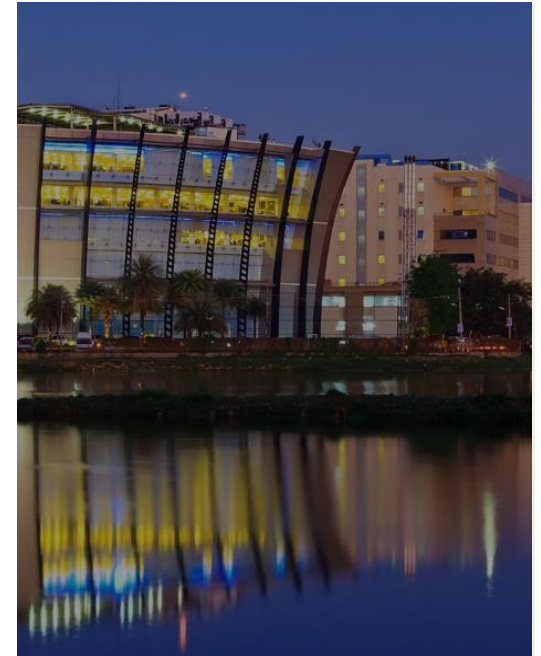


Economic Indicators

	FY24	FY25F
GDP Growth	8.2%	7.2%
Unemployment Rate	NA	NA
Inflation	5.4%	4.5%

Real Estate Indicators

	Q3 2024	12mth Forecast
Prime Rent (INR psf pa)	1,661	→
Vacancy	12.9%	→
Market Balance	Balanced	Balanced

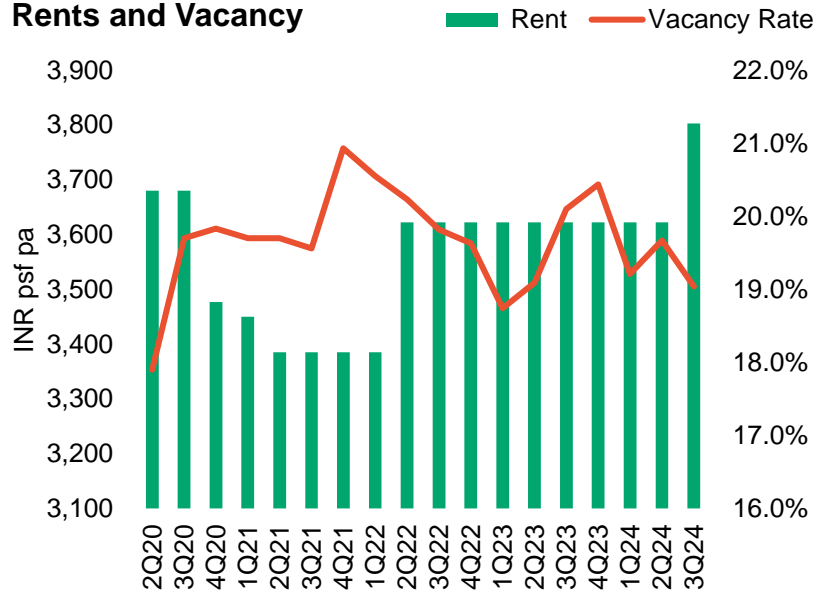


For more information, please contact:

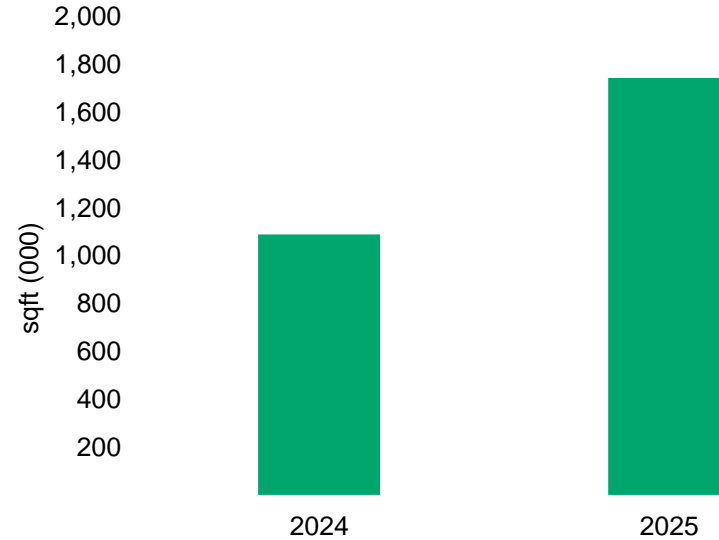
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Mumbai Metropolitan Region (MMR)

Rents and Vacancy



Pipeline Supply

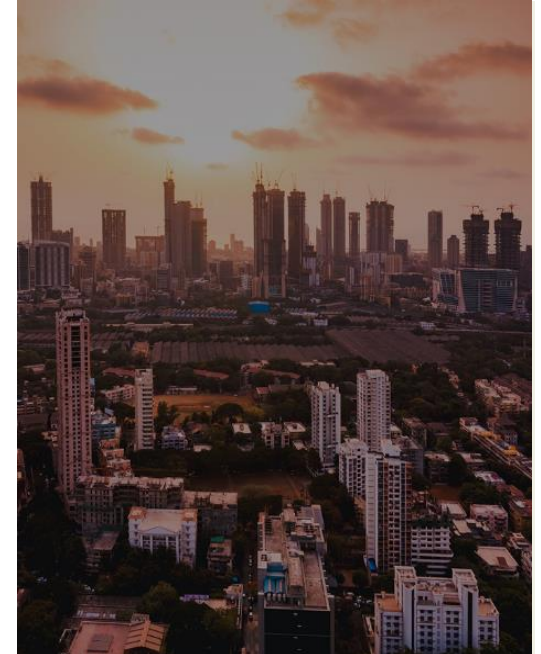


Economic Indicators

	FY24	FY25F
GDP Growth	8.2%	7.2%
Unemployment Rate	NA	NA
Inflation	5.4%	4.5%

Real Estate Indicators

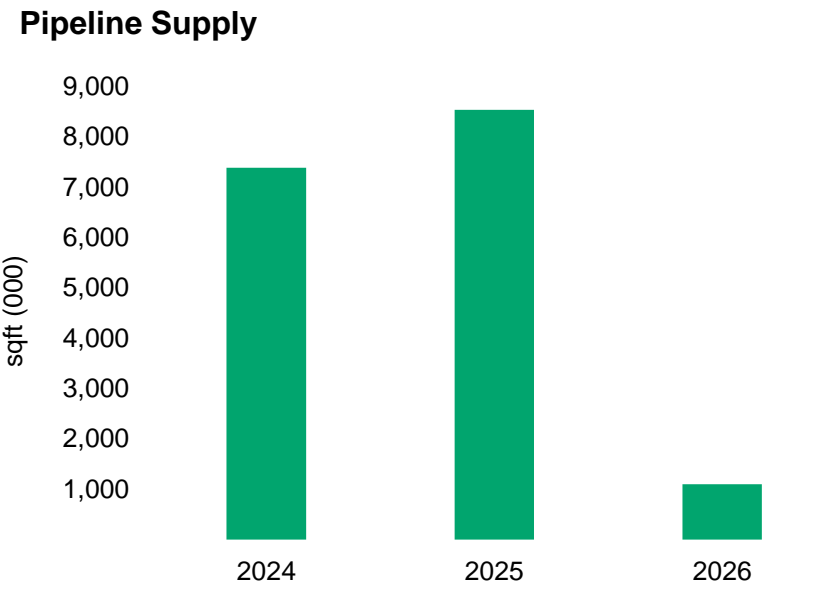
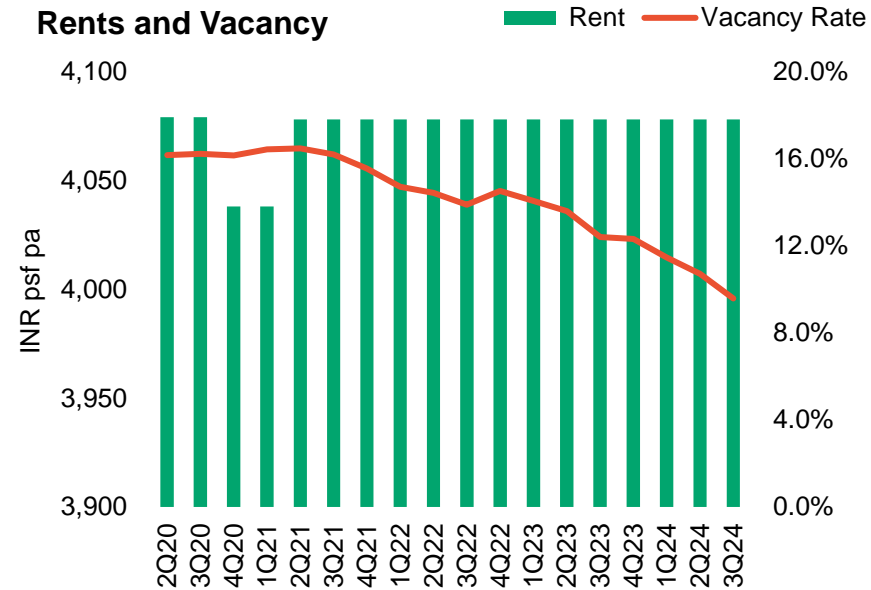
	Q3 2024	12mth Forecast
Prime Rent (INR psf pa)	3,803	→
Vacancy	19.0%	→
Market Balance	Balanced	Balanced



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Delhi-NCR

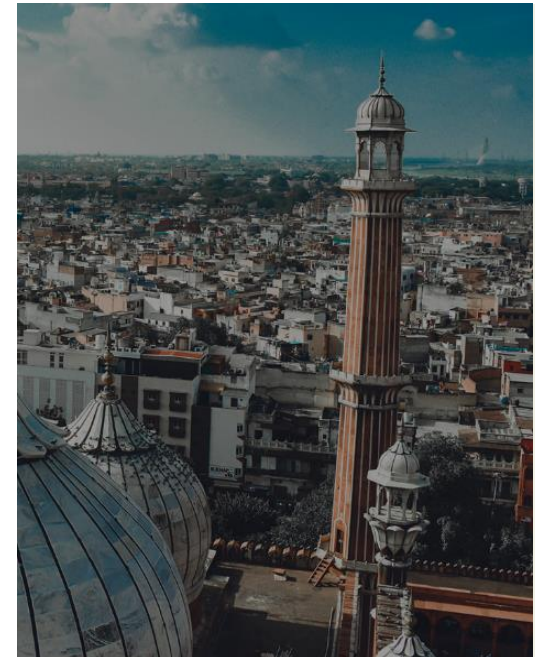


Economic Indicators

	FY24	FY25F
GDP Growth	8.2%	7.2%
Unemployment Rate	NA	NA
Inflation	5.4%	4.5%

Real Estate Indicators

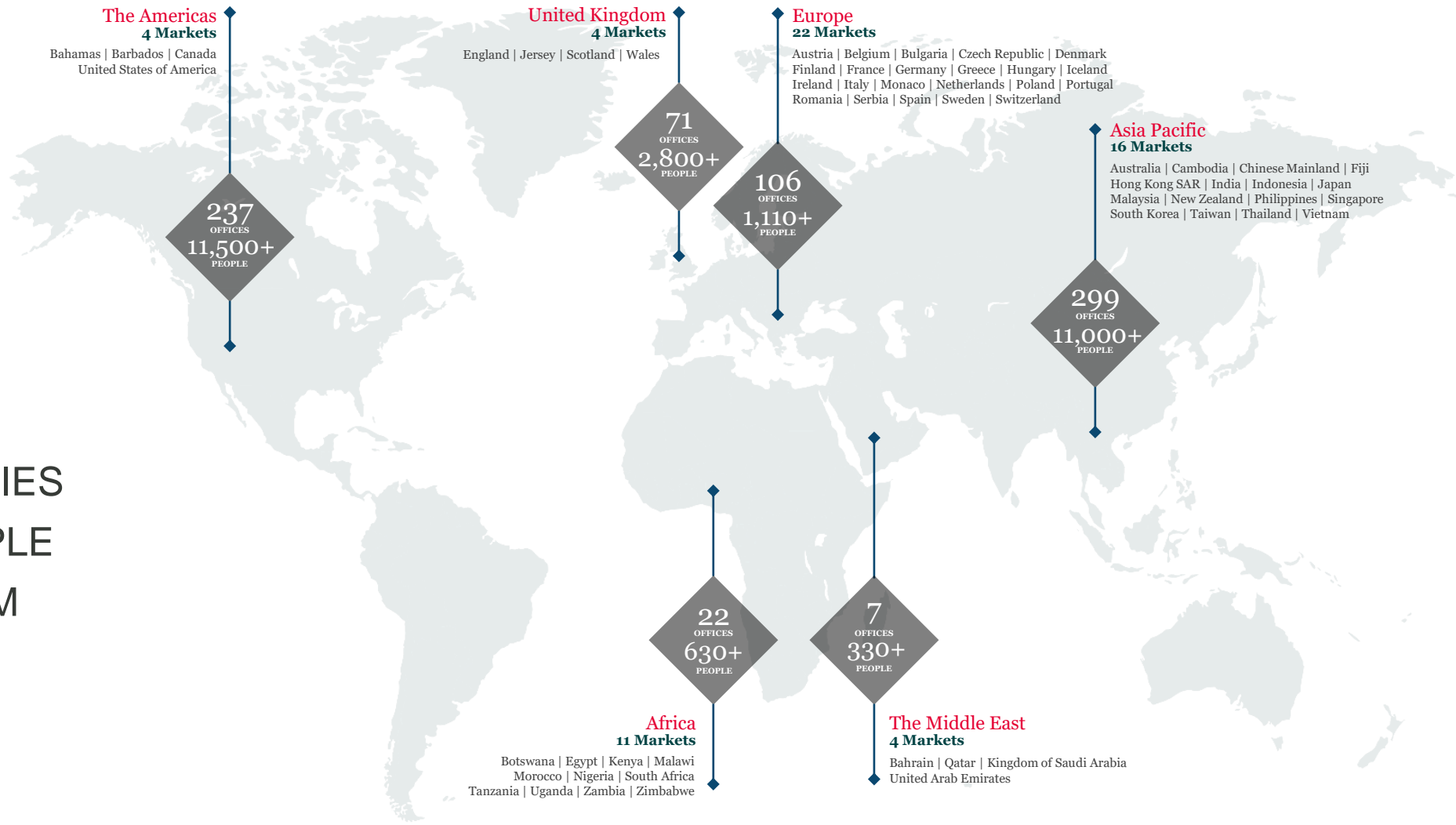
	Q3 2024	12mth Forecast
Prime Rent (INR psf pa)	4,078	→
Vacancy	9.6%	→
Market Balance	Balanced	Balanced



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Our Global Presence



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50+ TERRITORIES
27,000+ PEOPLE
1 GLOBAL TEAM

*Your partners in property
 Independent & debt free
 With over 125 years of
 experience*

Our mission at Knight Frank is to ‘Connect People and Property, Perfectly’.

The Asia Pacific Occupier Strategy and Solutions team facilitates this for our clients, offering a broad suite of consulting and transactional services that deliver domestic and multi-market occupiers with the information and advice they require. The integration of these services enables us to understand the critical success factors for your business.

Whether you are looking for or currently occupy industrial space, office space or retail space, Knight Frank has experienced teams that are dedicated to advising you, the occupier. Our bespoke commercial agency leasing team ensures we have the optimum expertise for each project. Our relationship with occupiers also ensures we speak to the decision makers who determine occupational strategy.

We are locally expert, and yet globally connected. Our multi-market clients are managed centrally from our hubs across Asia-Pacific, from Singapore, Australia, Hong Kong and India, where we devise strategies to empower clients to attain their desired goals.



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