

Asia-Pacific Q1 2022 Office Highlights



Asia-Pacific Overview

Q1 2022

0.8%

QoQ growth for Asia-Pacific Rental Index in Q1 2022

Shanghai

Recorded the highest YoY growth in Q1 2022

21 of 23

Tracked cities recorded stable or increasing rents in Q1 2022

Optimistic

Expectations for 2022 office outlook

As cities grapple with the outbreak of Omicron well into the first few months of 2022, expectations for recovery remained bullish but with slight optimism. People are now getting used to living and working in an endemic era, and governments are prepped to co-survive with more variants that might emerge.

For Q1 2022, Knight Frank's Asia-Pacific Prime Office Rental Index observed a 0.8% growth quarter-on-quarter (QoQ), sustaining the positive gain of Q4 2021. On an annual basis, the overall index is up 0.2% year-on-year (YoY), the second consecutive rise following the quarter prior. Overall, vacancy remains elevated at 13.1%, similar to that of Q4 2021.

Currently, office rents are presumed to have reached their trough, and landlords are also gradually increasing their asking rents in tandem to the returning demand.

With the positive sentiments we observed from the past 2 quarters, we expect the same trends to play out for the rest of 2022. Tenants in the tech industry continue to seize the opportunity for premium quality spaces in the CBD at a low rent.

These factors indicate general confidence for the Asia-Pacific office sector, with rents expected to sustainably increase in 2022.

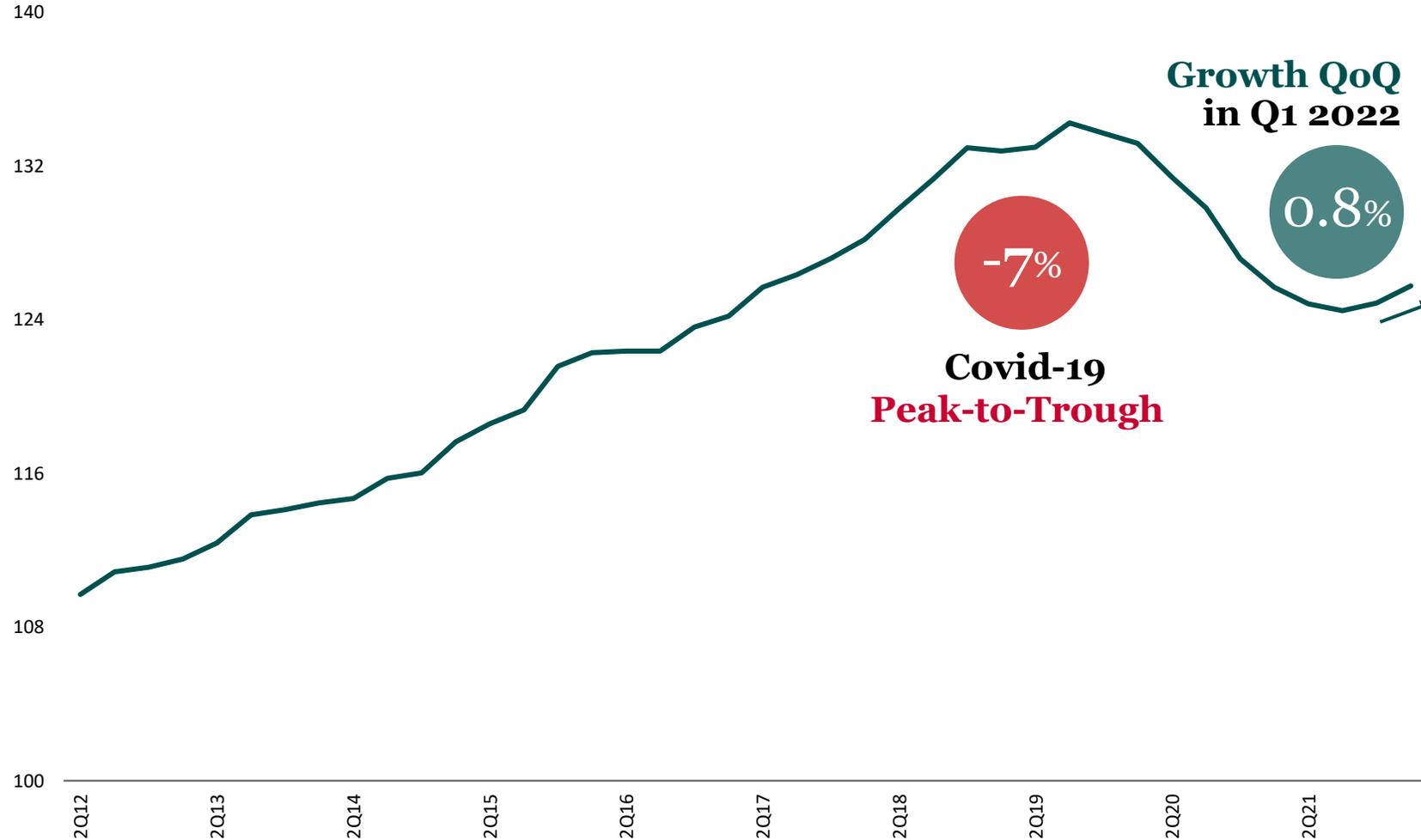
“Optimism at the start of the year was tempered by multiple resurgences of COVID-19 which resulted in Hong Kong and several tier-1 Chinese Mainland markets re-tightening movement restrictions. The sustained economic recovery post-COVID in the region is also challenged by the Russia-Ukraine war which led to the surge in energy prices and inflationary pressure. As such, the growth forecasts for the region could be lower than what have been projected. Nevertheless, the Asia-Pacific market is not as directly impacted by the macroeconomic uncertainties as the other regions. Particularly in countries where there is sustained optimism over re-opening, corporates are choosing to take more decisive leasing decisions in view of the rising material costs and construction delays.”

Tim Armstrong
Global Head of Occupier Strategy and Solutions

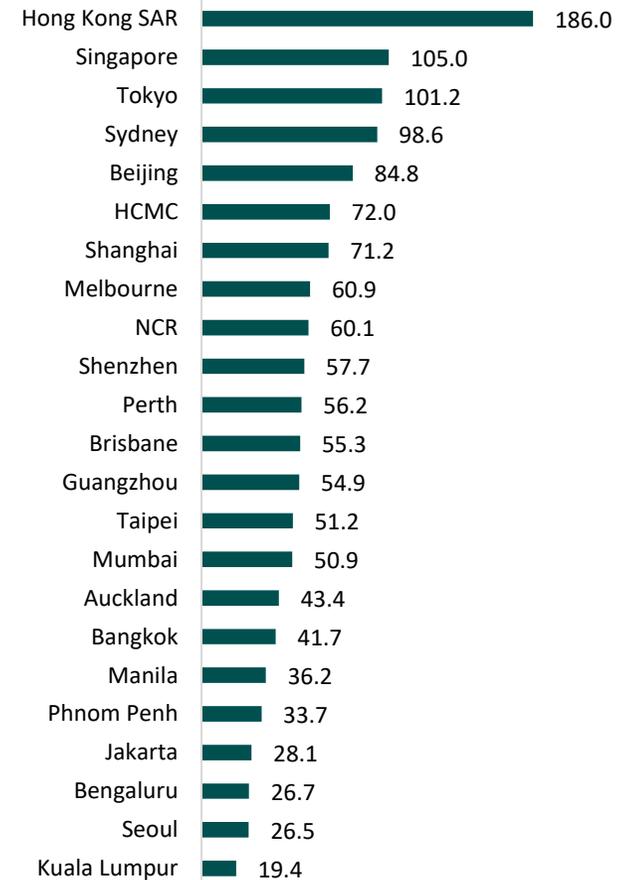
APAC Prime Office Rental Index

Office rents sustained rise in Q1 2022

APAC Prime Office Rental Index - 10Y Historical



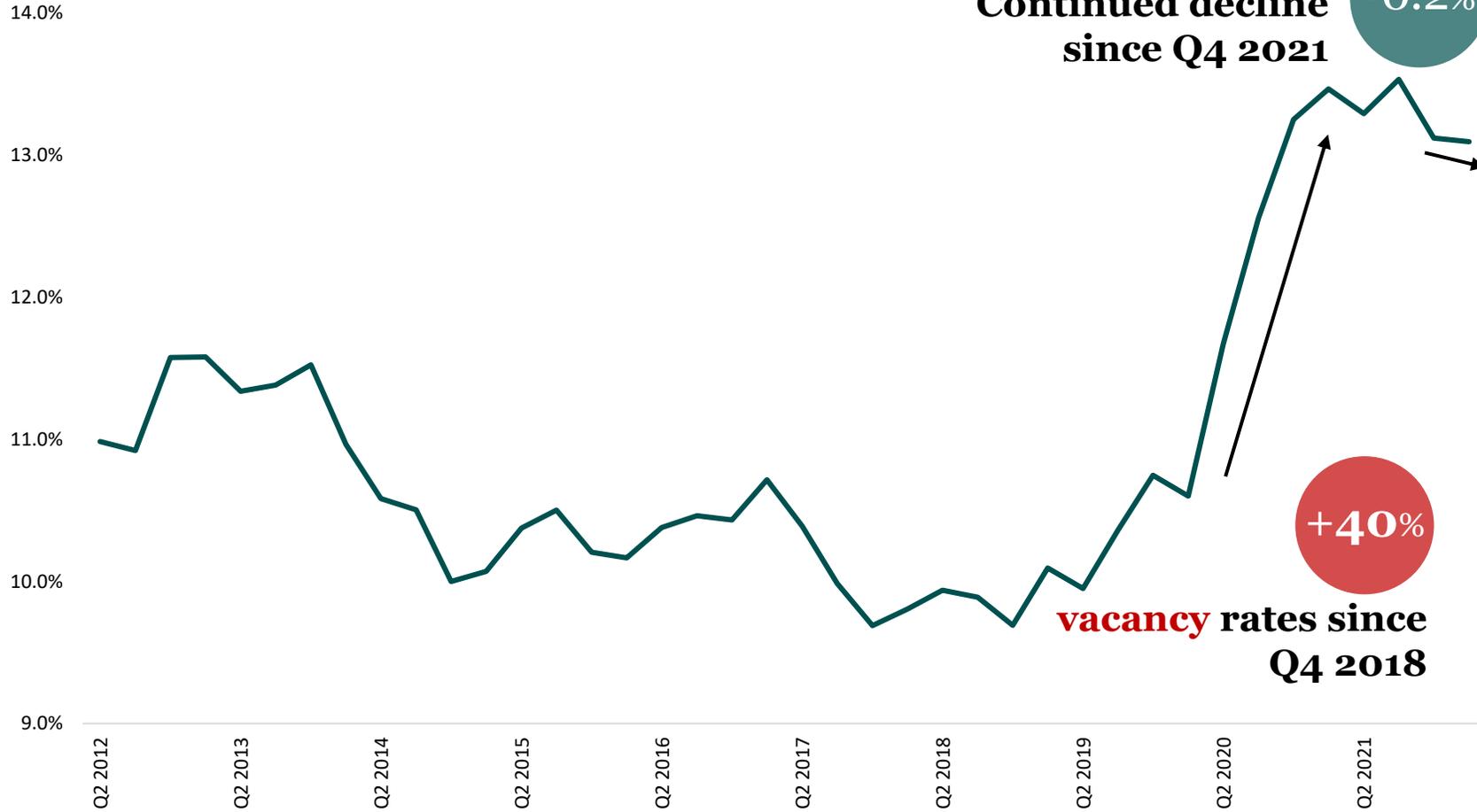
Q1 2022 Occupancy Cost (US\$/sqft/year)



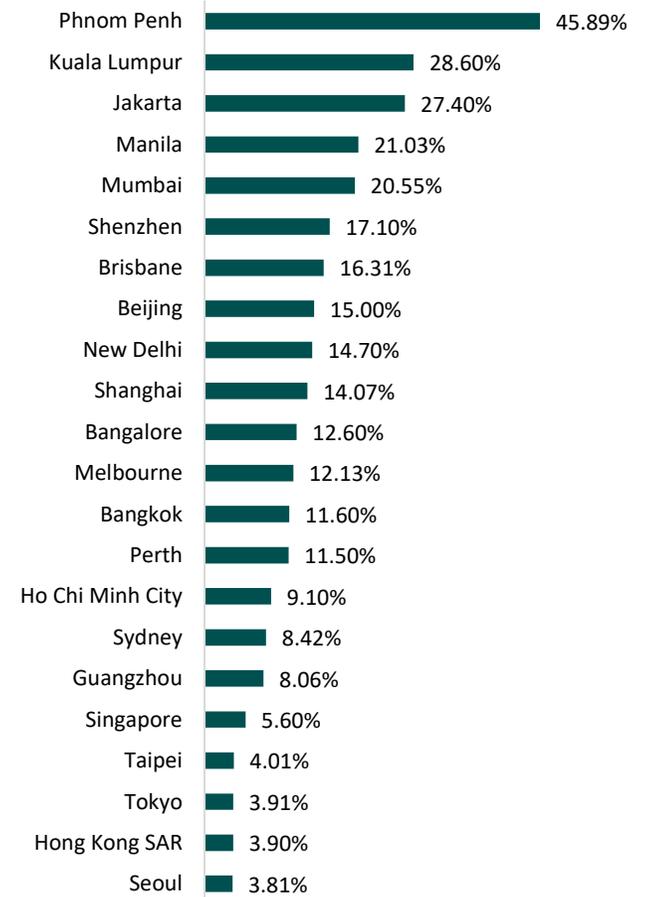
APAC Prime Office Vacancy Rate

Slight improvement across all cities as employees slowly returned to work in the CBD

APAC Prime Office Vacancy Rate - 10Y Historical



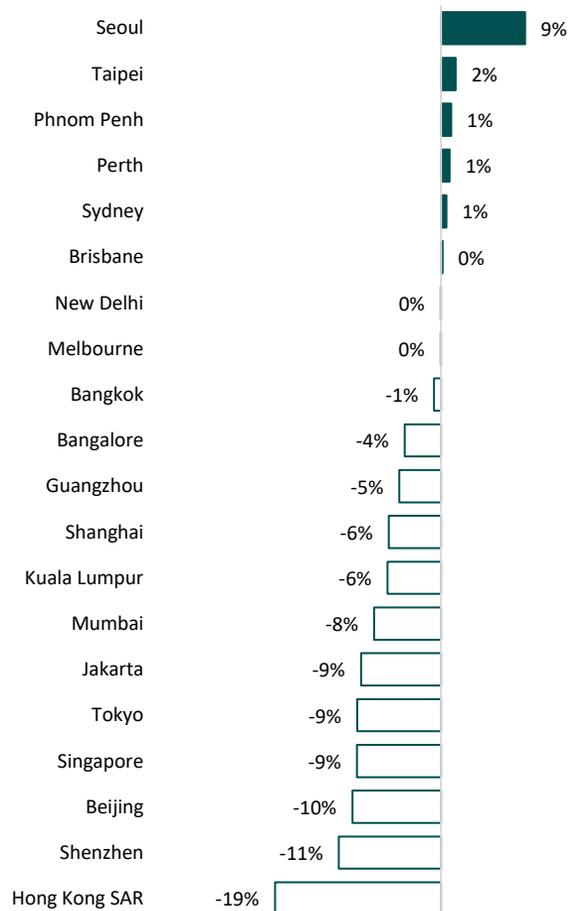
Q1 2022 Vacancy Rate



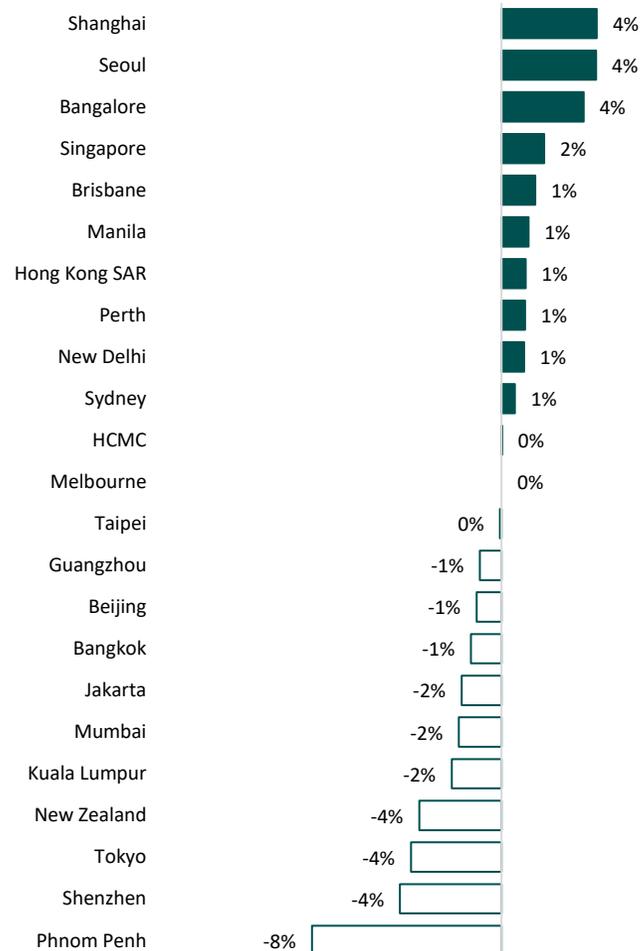
APAC Prime Rental Rates

Following the trend from Q4 2021, more cities are moving out of the negative trajectory, into stable positive rent reversion

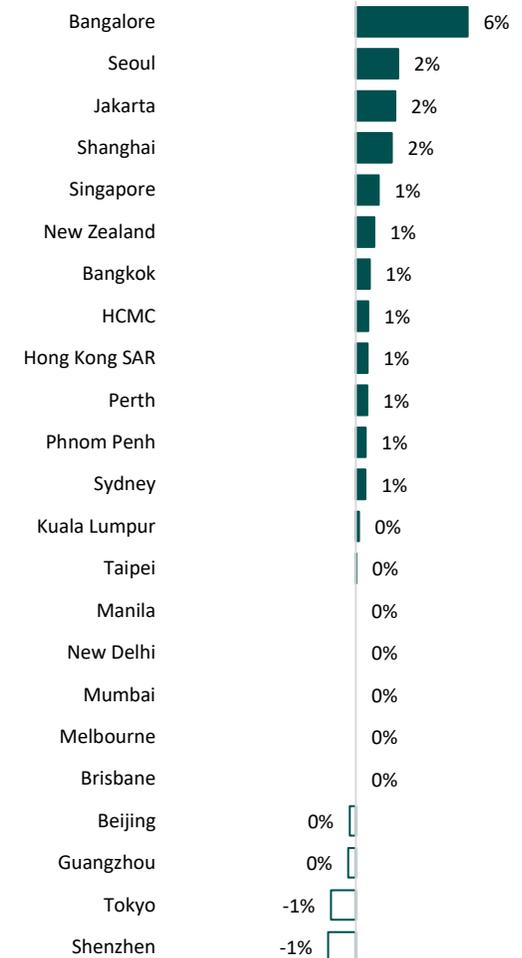
Q1 2022 vs Q4 2019 Change



Prime Office Q1 2022 Growth YoY (%)



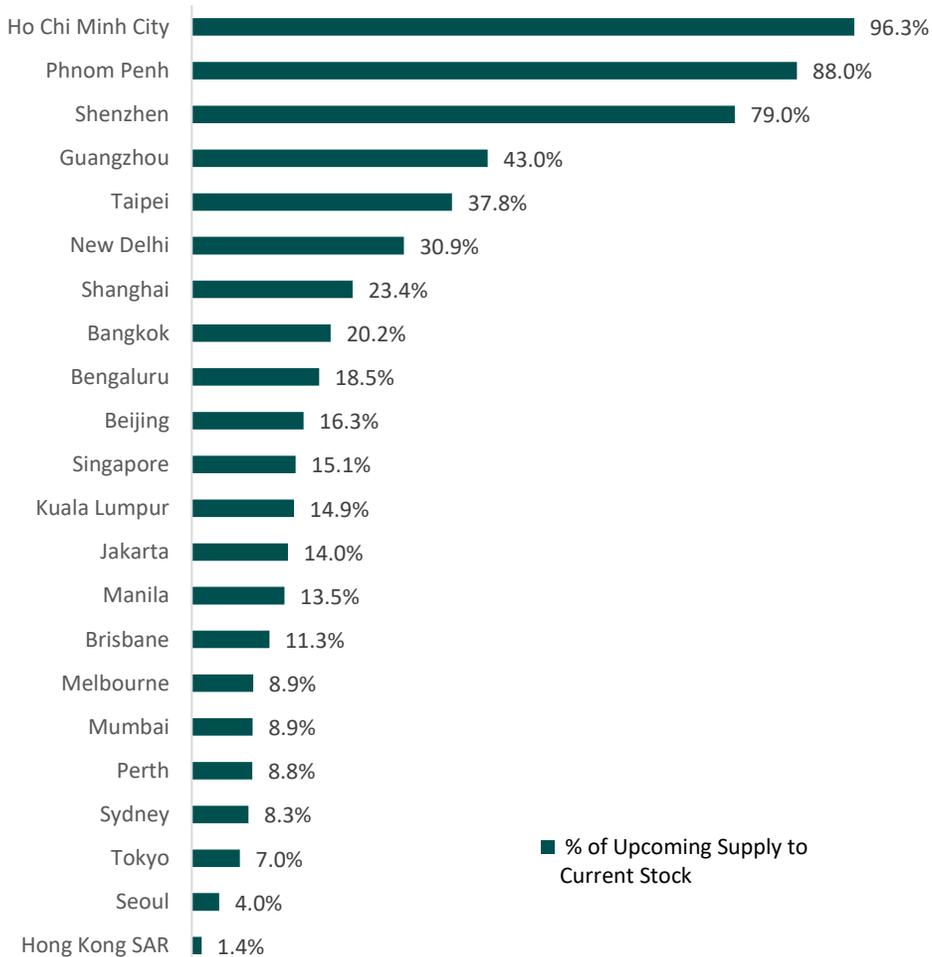
Prime Office Q1 2022 Growth QoQ (%)



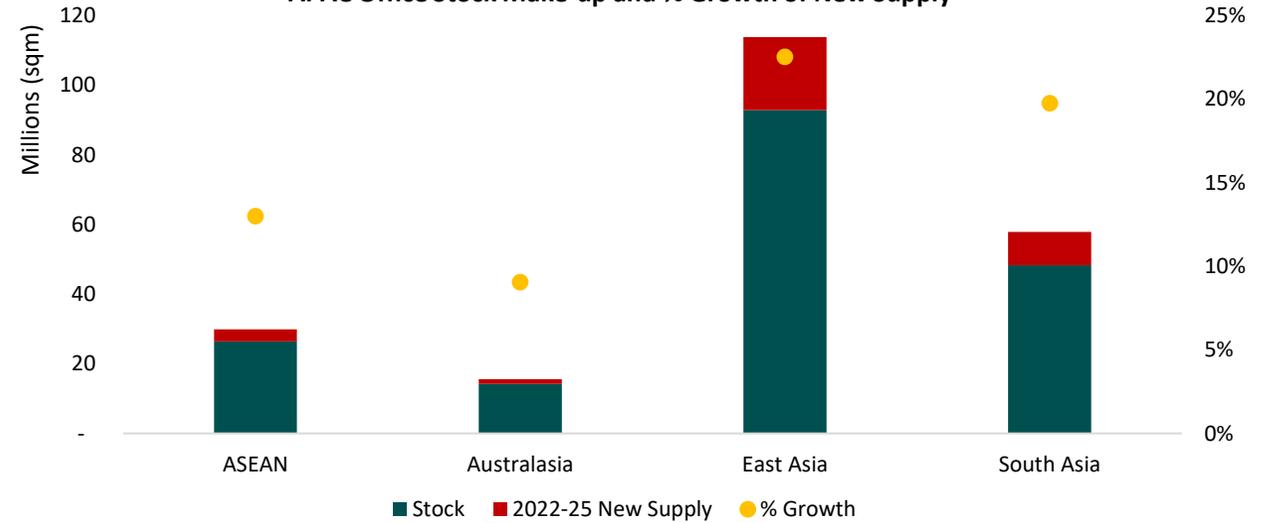
APAC Office Pipeline Supply

East Asia continues to lead the growth of new office supply, followed by South Asia with the bulk of supply coming from HCMC and Phnom Penh

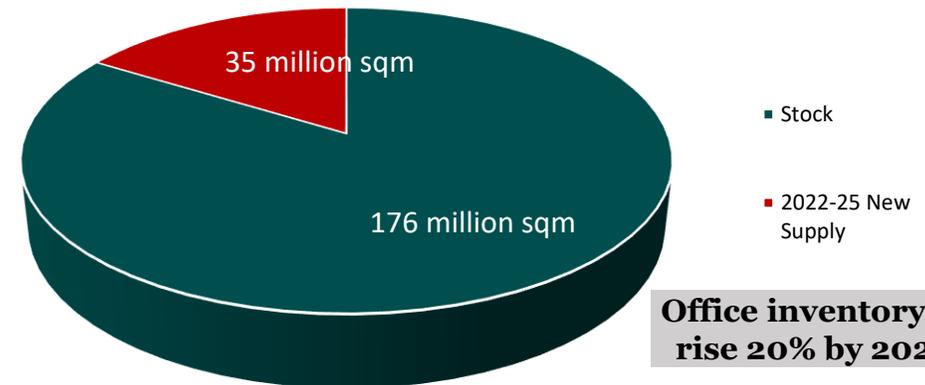
Proportion of Upcoming Supply to Current Stock



APAC Office Stock Make-up and % Growth of New Supply



Total APAC Grade A Stock, Current and New Supply (2021-2025)



Office inventory to rise 20% by 2025

APAC 2022 Office Outlook

12-Month Rental Outlook

Decreasing

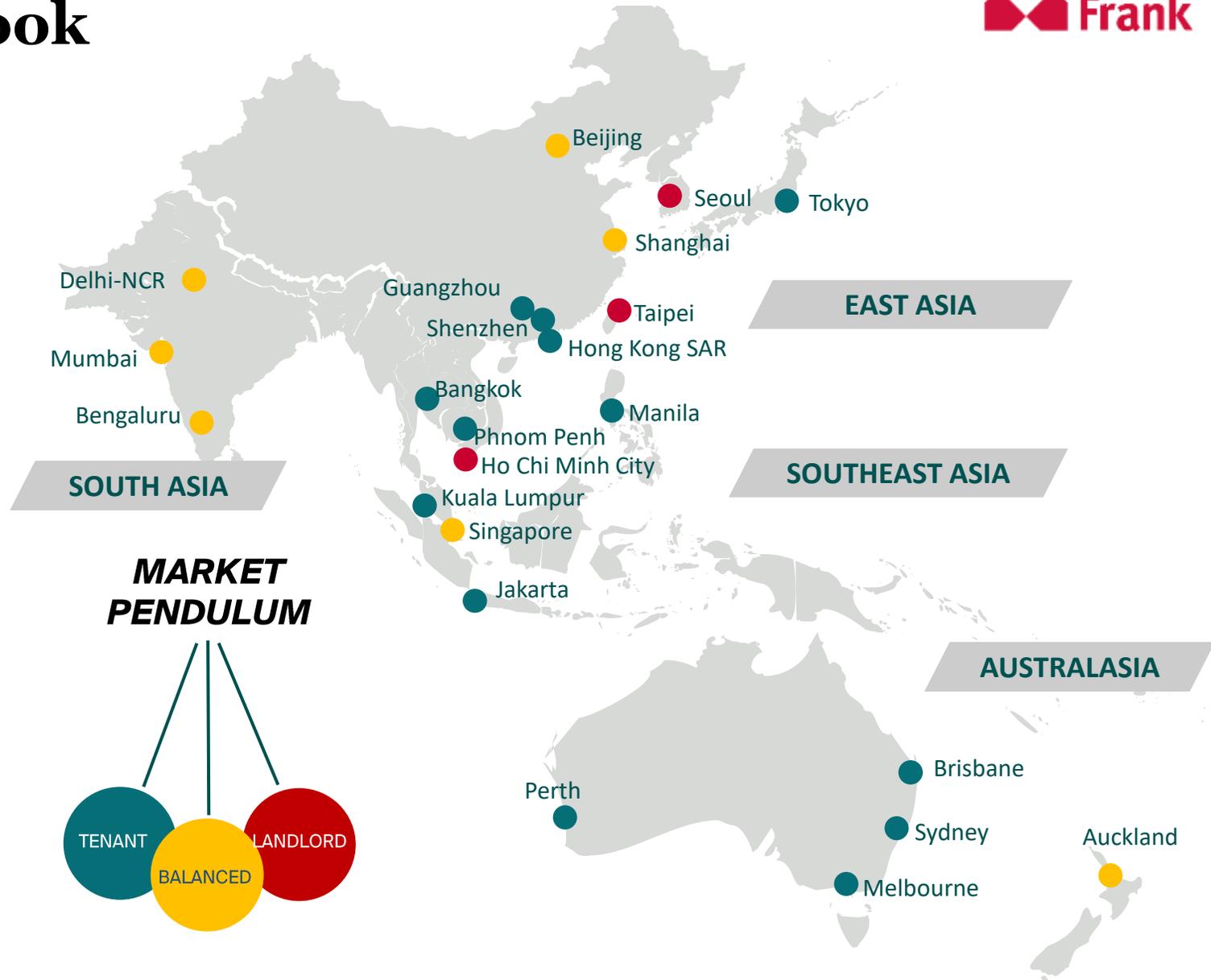
- Auckland
- Shenzhen
- Tokyo
- Jakarta
- Bangkok
- Kuala Lumpur
- Manila

Unchanged

- Guangzhou
- Taipei
- Delhi-NCR
- Mumbai
- Phnom Penh

Increasing

- Brisbane
- Melbourne
- Perth
- Sydney
- Beijing
- Shanghai
- Hong Kong SAR
- Seoul
- Bengaluru
- Singapore
- Ho Chi Minh City



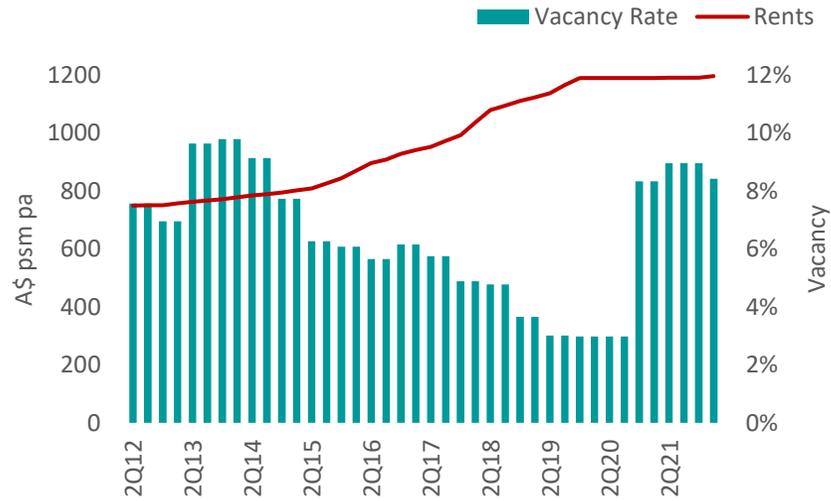
Market Dashboards

Oceania

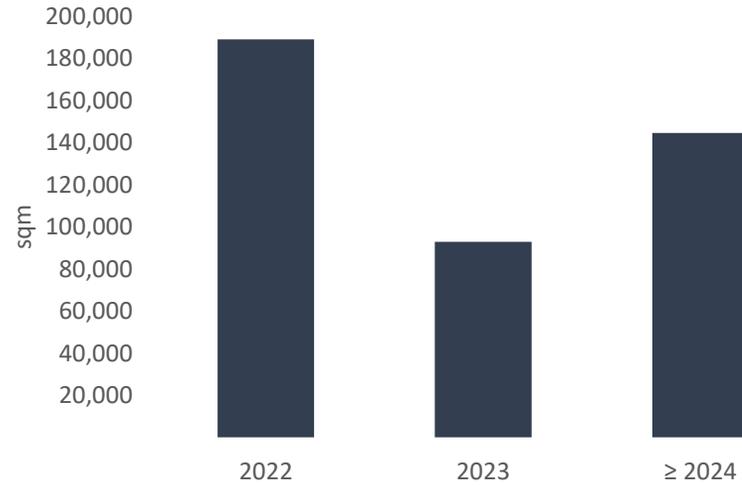
Overall rents in the region trended up slightly in Q1 2022 as incentives plateaued in multiple cities. The negative impact on rents and incentives seen over the past two years have likely ceased on the back of improved sentiments and demands from the reopening of international borders, rising employment, and the push from the government in resuming work activities in the CBD. As such, leasing activity was boosted, driven by demand from the financial and professional service sectors. However, the direction of movement of vacancy rates varied as some cities, like Melbourne and Sydney, expect more supply to hit the market in 2022 before tapering off beyond. Similarly, Auckland enjoyed rental growth and is expected to continue this trend in 2022 as premium office supply only enters the market in 2023.

Sydney

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

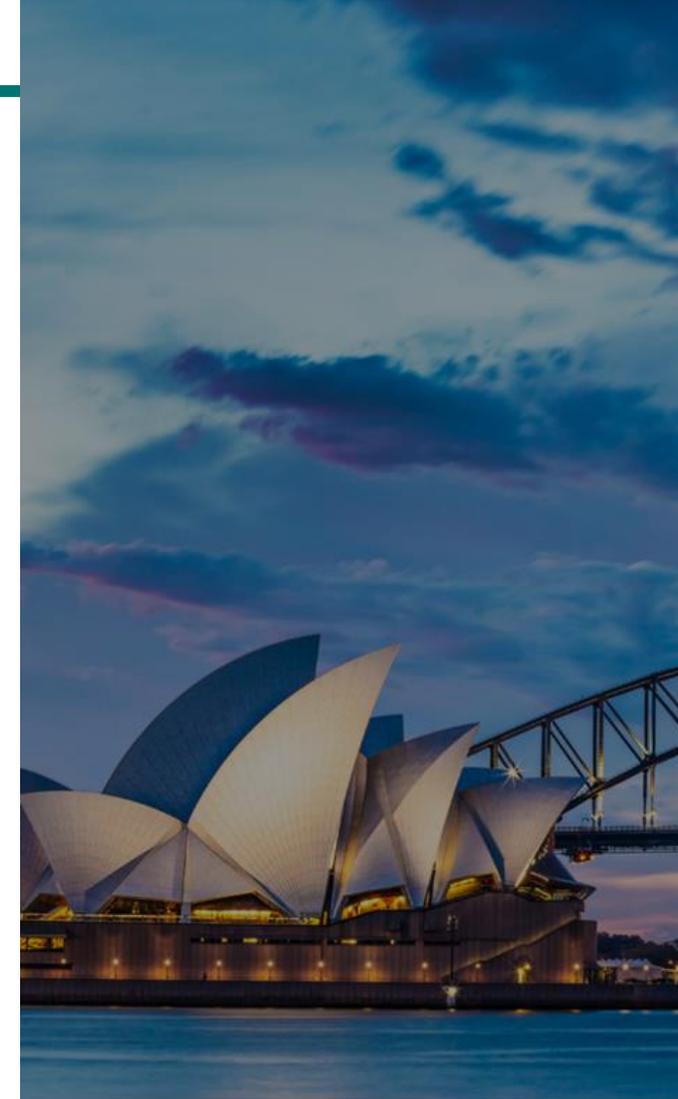
	2022F	2023F
GDP Growth	4.1%	2.6%
Unemployment Rate	4.8%	4.7%
Inflation	2.1%	2.2%

Real Estate Indicators

	Q1 2022	12mth Forecast
Prime Rent (A\$ psm pa)	1,196	↑
Vacancy	8.4%	→
Market Balance	Tenant	Tenant

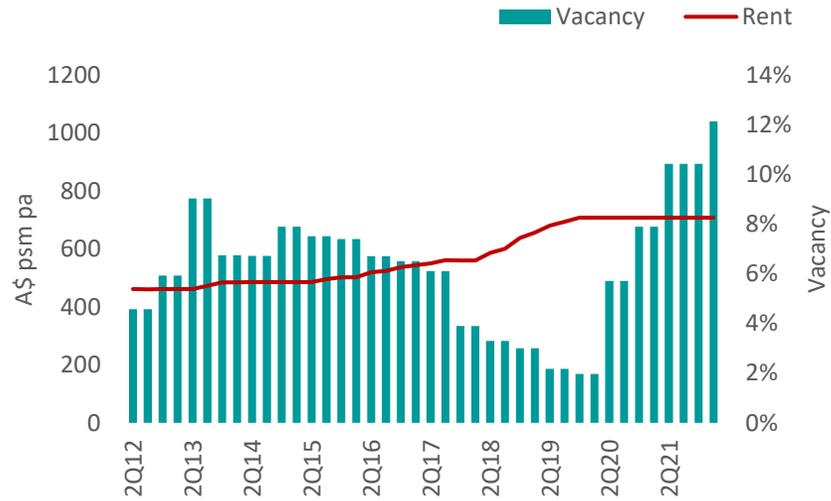
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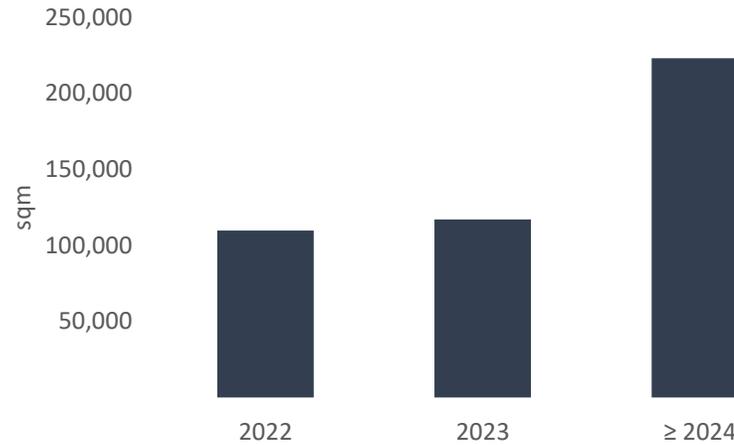


Melbourne

Rents and Vacancy



Future Pipeline Supply

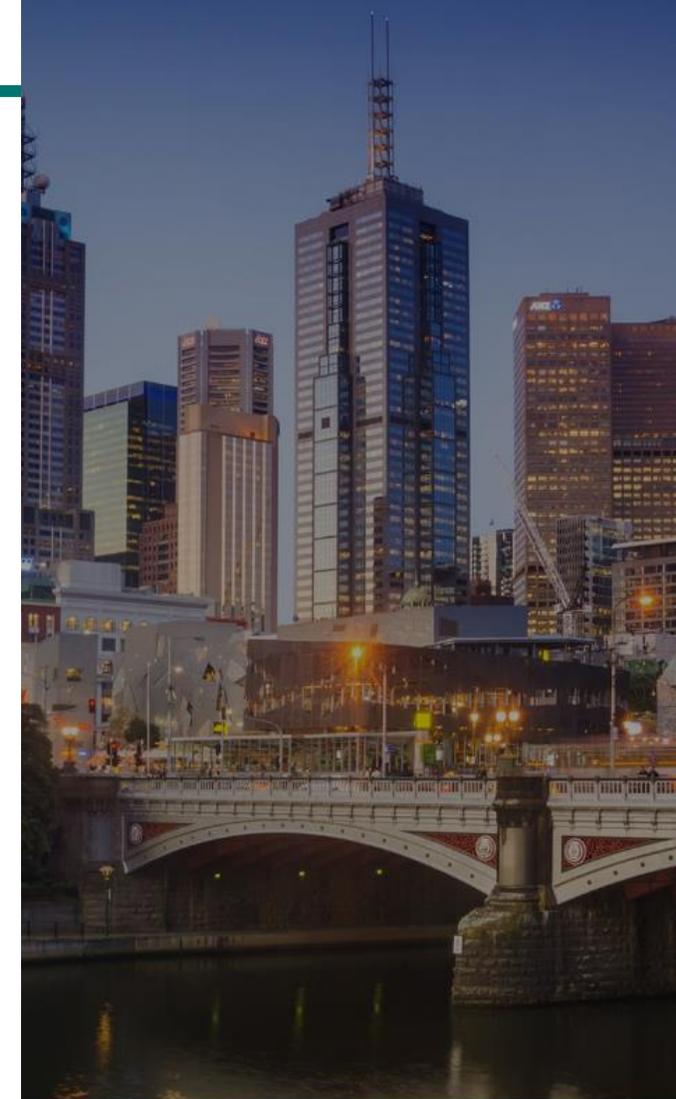


Economic Indicators

	2022F	2023F
GDP Growth	4.1%	2.6%
Unemployment Rate	4.8%	4.7%
Inflation	2.1%	2.2%

Real Estate Indicators

	Q1 2022	12mth Forecast
Prime Rent (A\$ psm pa)	708	↑
Vacancy	12.1%	↓
Market Balance	Tenant	Tenant

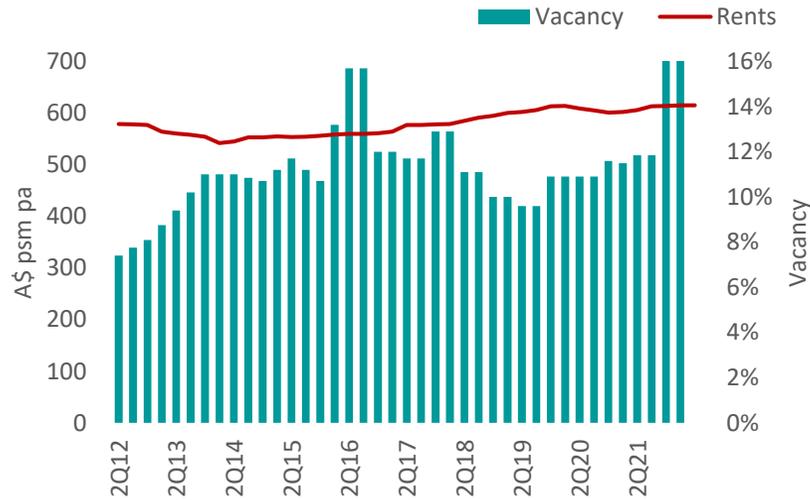


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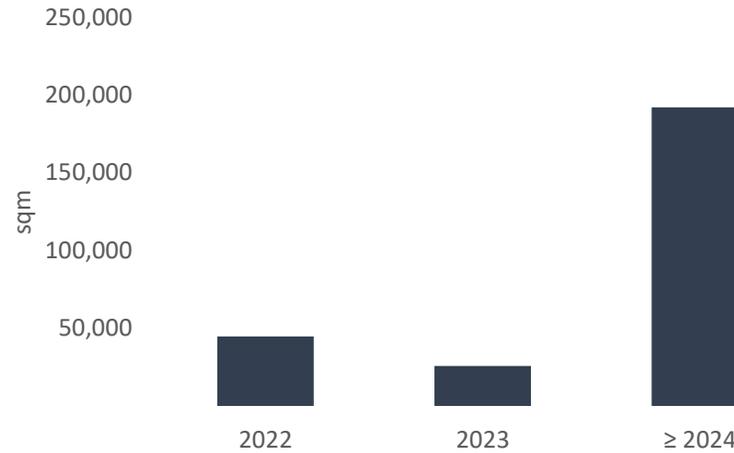
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Brisbane

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

	2022F	2023F
GDP Growth	4.1%	2.6%
Unemployment Rate	4.8%	4.7%
Inflation	2.1%	2.2%

Real Estate Indicators

	Q1 2022	12mth Forecast
Prime Rent (A\$ psm pa)	617	↑
Vacancy	16.3%	↓
Market Balance	Tenant	Tenant

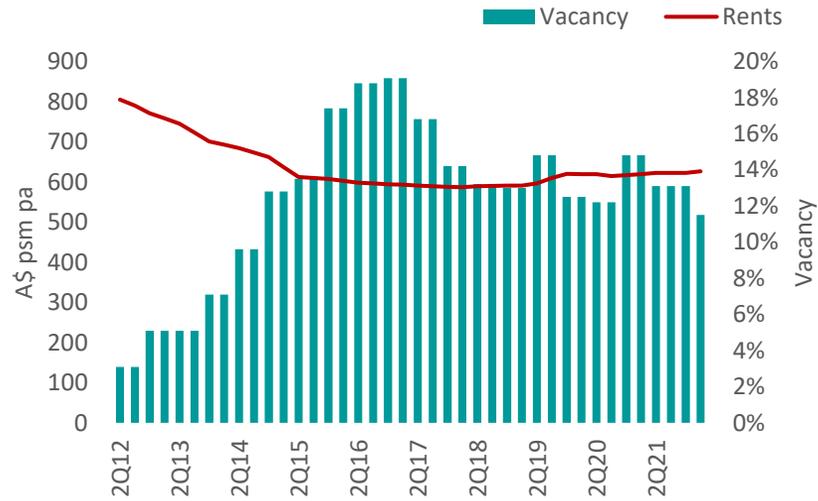


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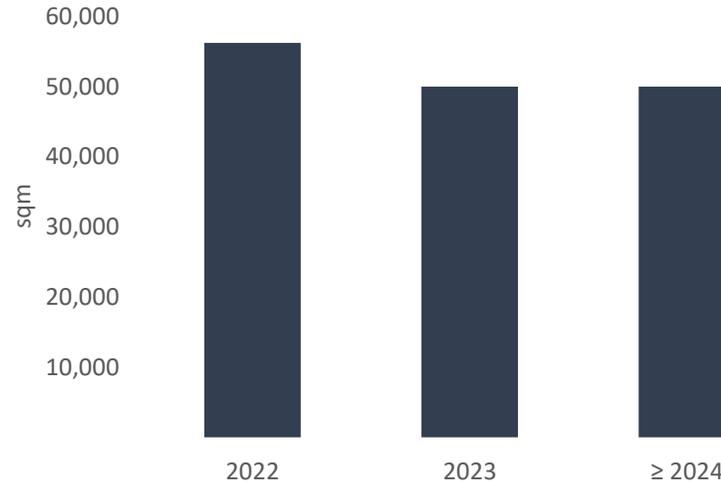
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Perth

Rents and Vacancy



Future Pipeline Supply

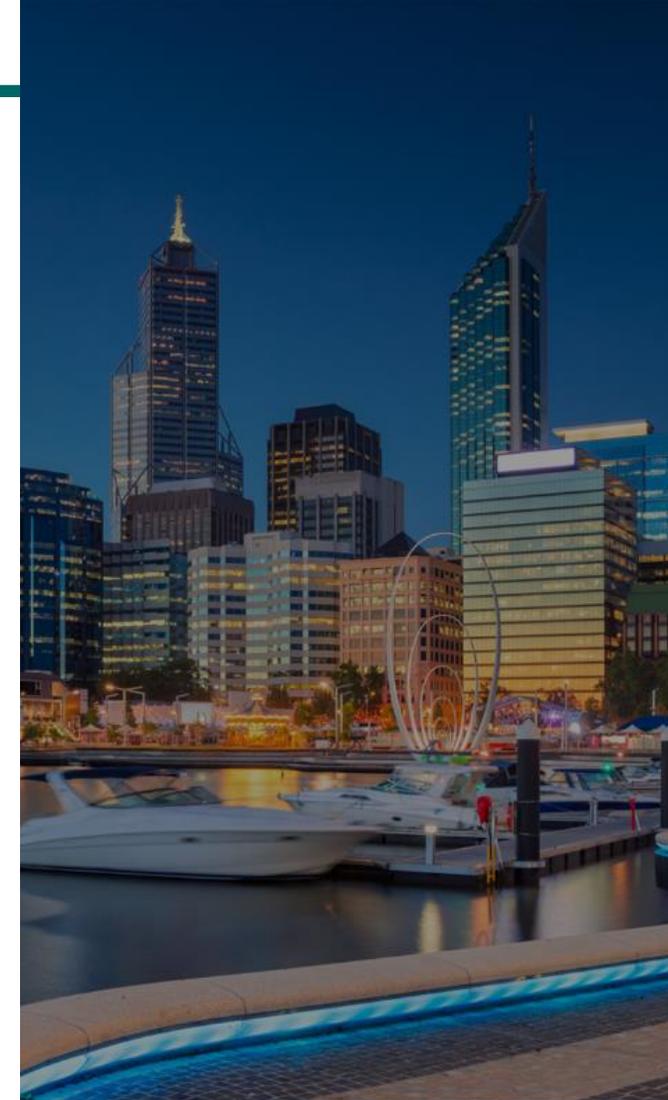


Economic Indicators

	2022F	2023F
GDP Growth	4.1%	2.6%
Unemployment Rate	4.8%	4.7%
Inflation	2.1%	2.2%

Real Estate Indicators

	Q1 2022	12mth Forecast
Prime Rent (A\$ psm pa)	626	↑
Vacancy	11.5%	↓
Market Balance	Tenant	Tenant

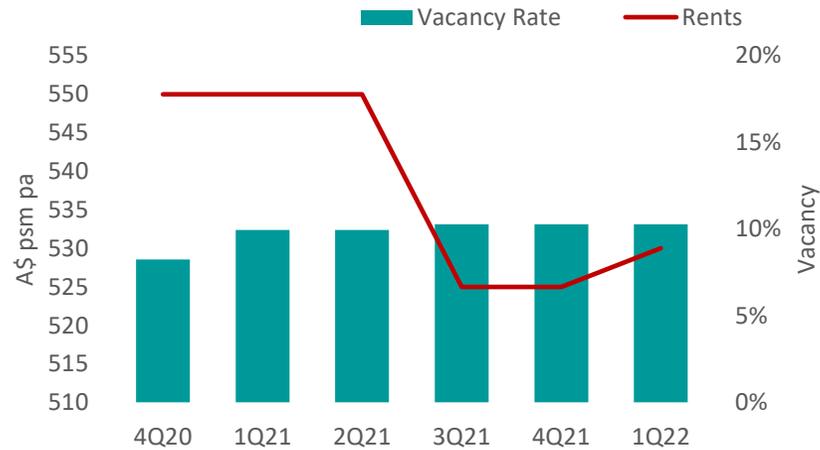


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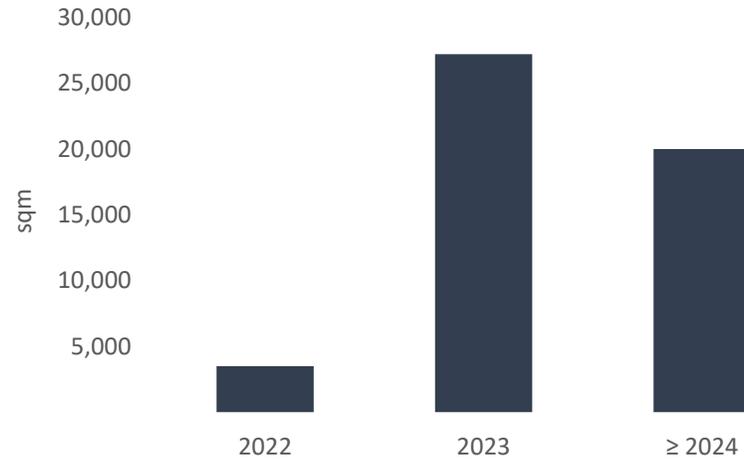
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Auckland

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

	2022F	2023F
GDP Growth	3.3%	1.7%
Unemployment Rate	4.4%	4.7%
Inflation	2.2%	2.0%

Real Estate Indicators

	Q1 2022	12mth Forecast
Prime Rent (NZ\$ psm pa)	530	→
Vacancy	10.3%	↓
Market Balance	Balanced	Balanced



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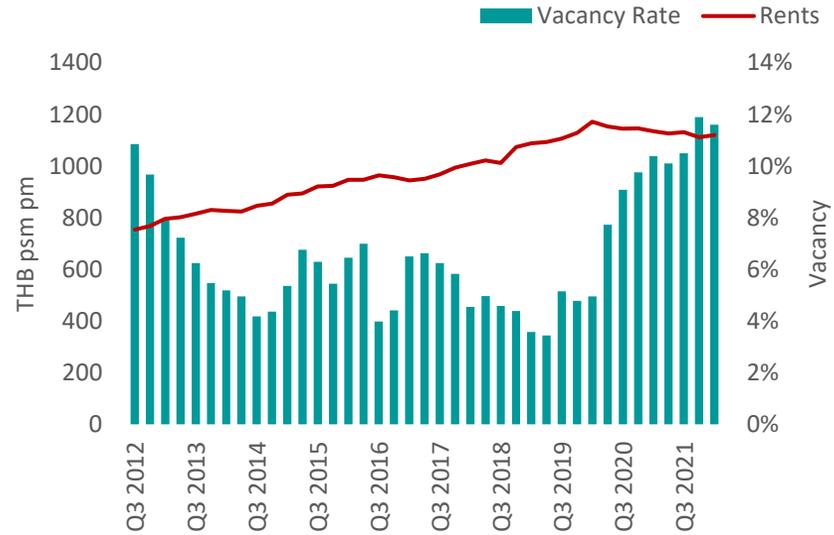
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Southeast Asia

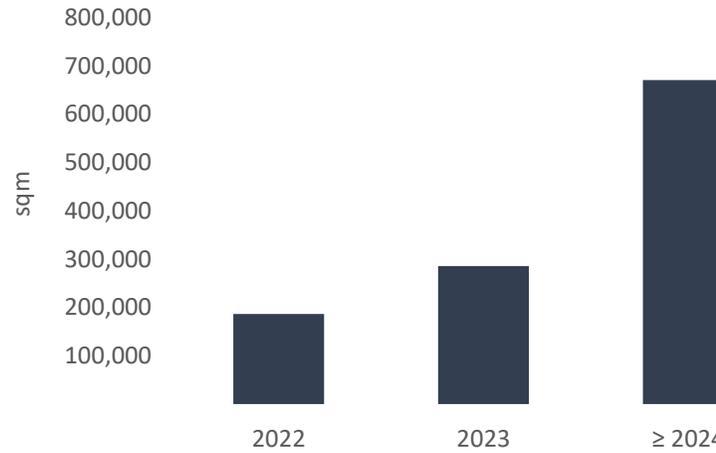
While the latest major variant, Omicron, affected Southeast Asia (SEA) just like any other region, lockdowns were generally not imposed in many cities as the population learned to live through the endemic. GDP rose in all the SEA cities tracked by the Index, indicating that business sentiments is indeed slowly recovering, and we will continue to observe this positive trajectory in the months to come. Across the board, all SEA cities tracked recorded stable or increasing rents in the new quarter. Rental growth has reversed, and average rent has clinched an uptick of 0.7% QoQ. Jakarta leads the office market recovery at 2% QoQ growth, followed by Singapore at 1%. Vacancy stays elevated with only Phnom Penh, Bangkok and Ho Chi Minh City registering a slight improvement. For now, we expect SEA's office sector to sustainably rebound as it gathers pace. Rents are likely to have reached a trough.

Bangkok

Rents and Vacancy



Future Pipeline Supply

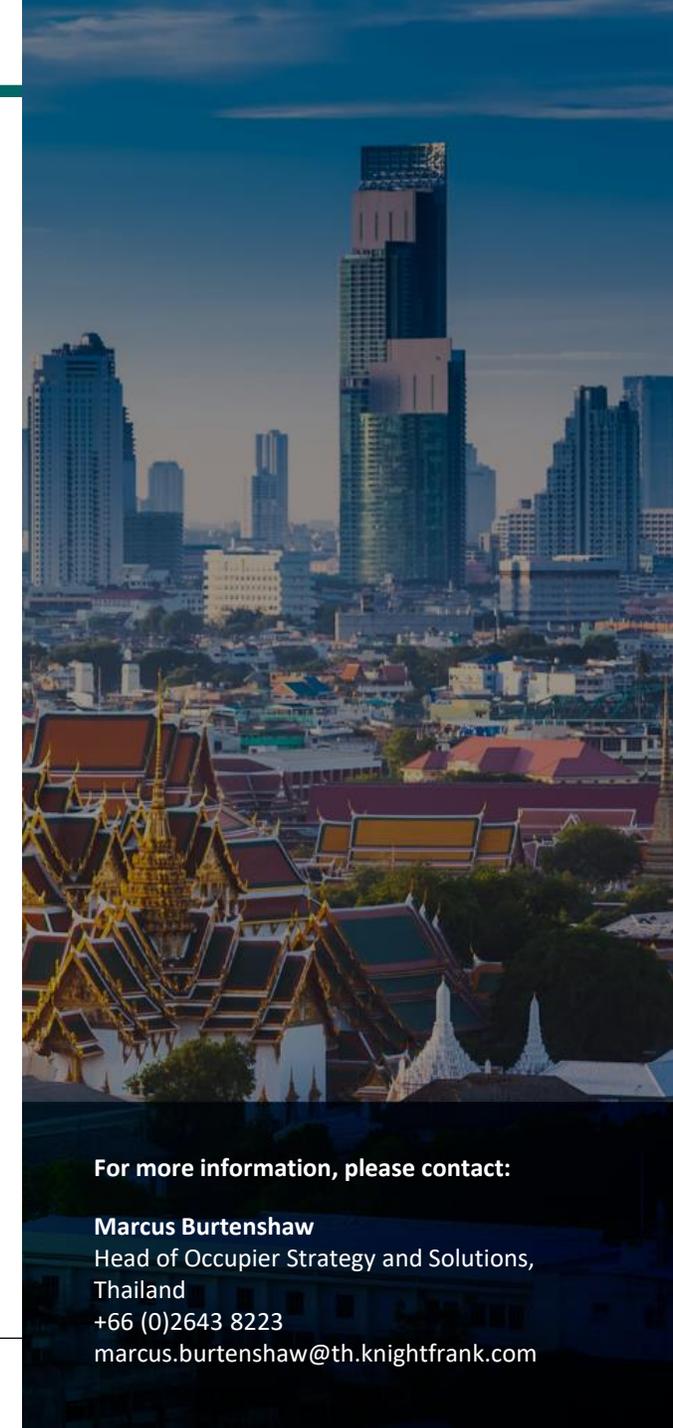


Economic Indicators

	2022F	2023F
GDP Growth	4.5%	4.0%
Unemployment Rate	N/A	N/A
Inflation	1.3%	1.1%

Real Estate Indicators

	Q1 2022	12mth Forecast
Prime Rent (THB psm pm)	1,057	→
Vacancy	11.6%	↓
Market Balance	Tenant	Tenant



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Jakarta

Rents and Vacancy



Economic Indicators

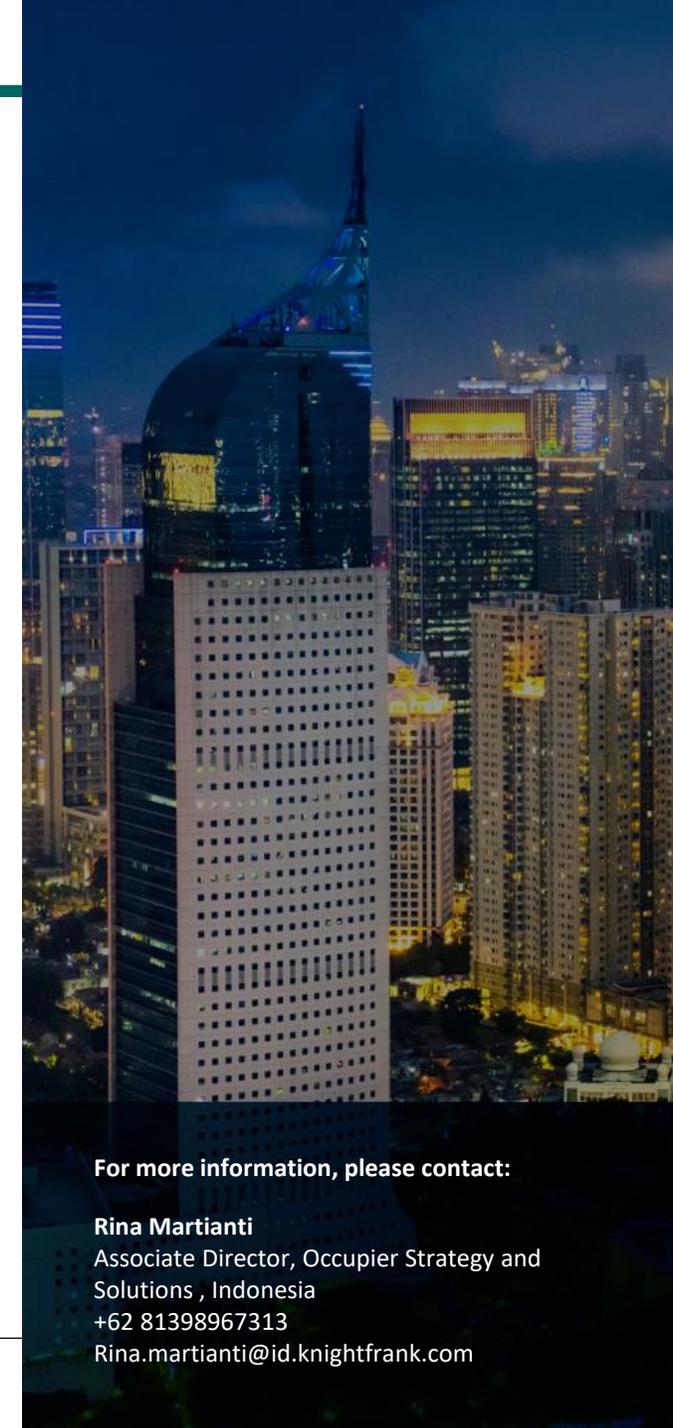
	2022F	2023F
GDP Growth	5.9%	6.4%
Unemployment Rate	6.0%	5.6%
Inflation	2.8%	3.2%

Real Estate Indicators

	Q41 2022	12mth Forecast
Prime Rent (IDR psm pm)	302,359	↓
Vacancy	23.0%	→
Market Balance	Tenant	Tenant

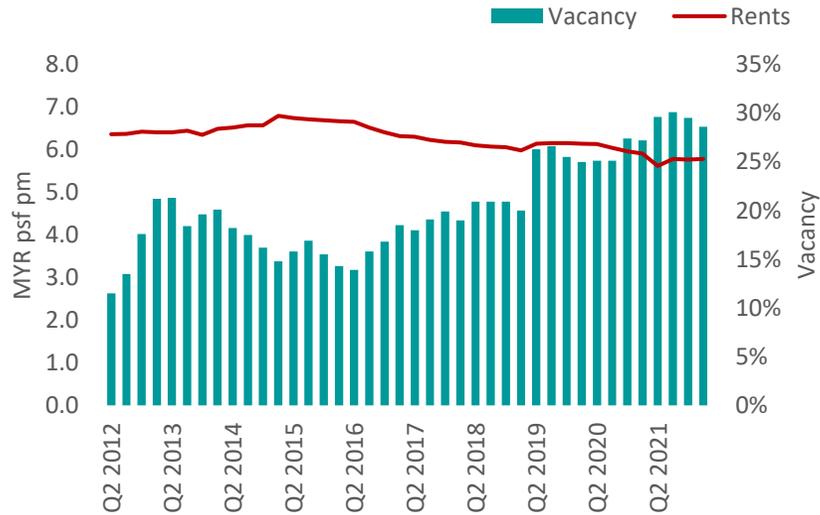
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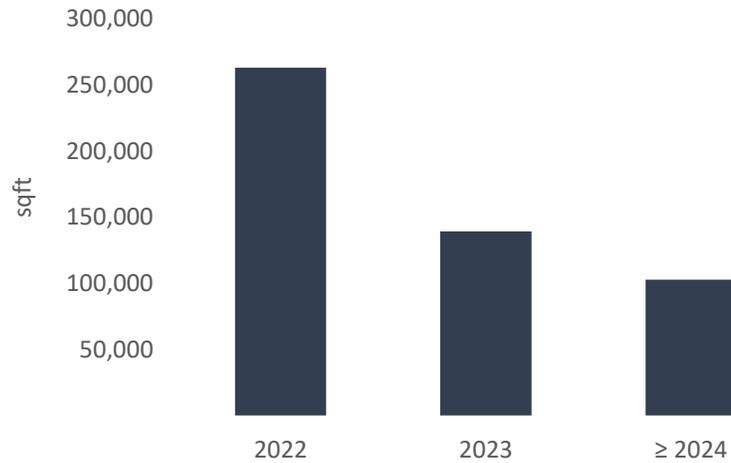


Kuala Lumpur

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

	2022F	2023F
GDP Growth	6.0%	5.7%
Unemployment Rate	4.5%	4.3%
Inflation	2.0%	2.0%

Real Estate Indicators

	Q1 2022	12mth Forecast
Prime Rent (MYR psf pm)	5.78	↓
Vacancy	28.6%	↑
Market Balance	Tenant	Tenant

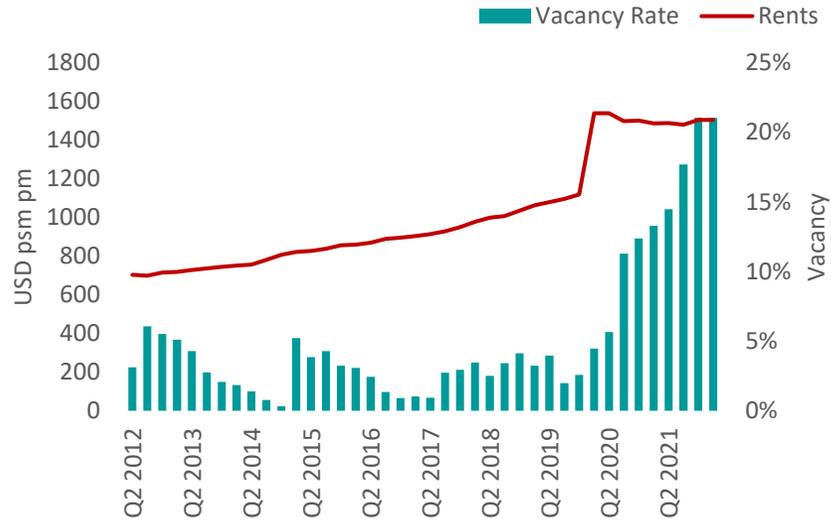


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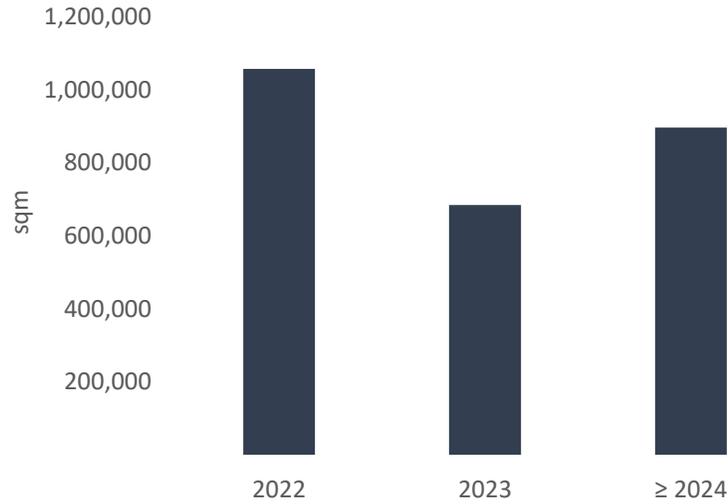
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Manila

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

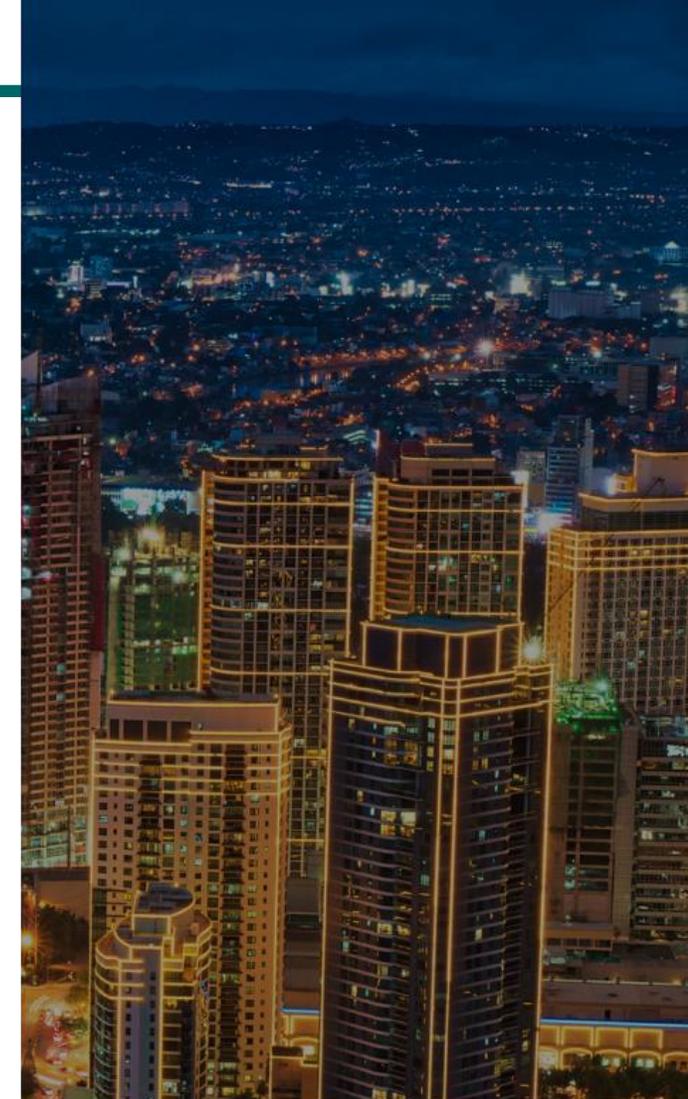
	2022F	2023F
GDP Growth	6.3%	7.0%
Unemployment Rate	6.8%	6.0%
Inflation	3.0%	3.0%

Real Estate Indicators

	Q1 2022	12mth Forecast
Prime Rent (PHP psm pm)	1,504	↓
Vacancy	21.0%	↑
Market Balance	Tenant	Tenant

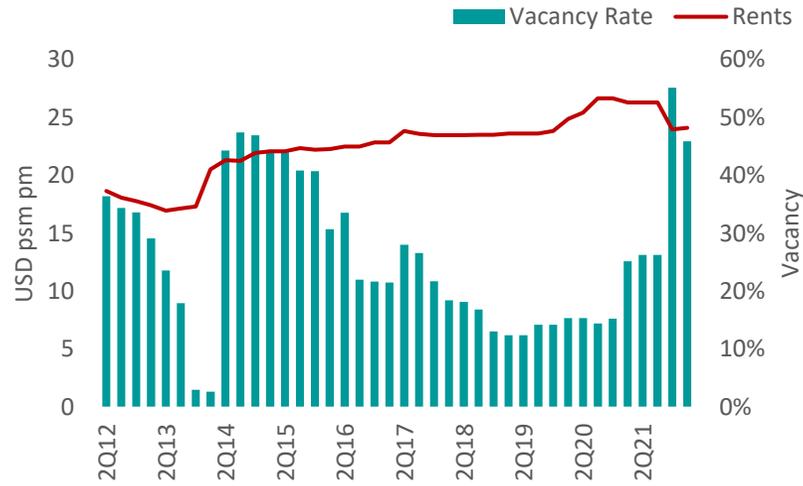
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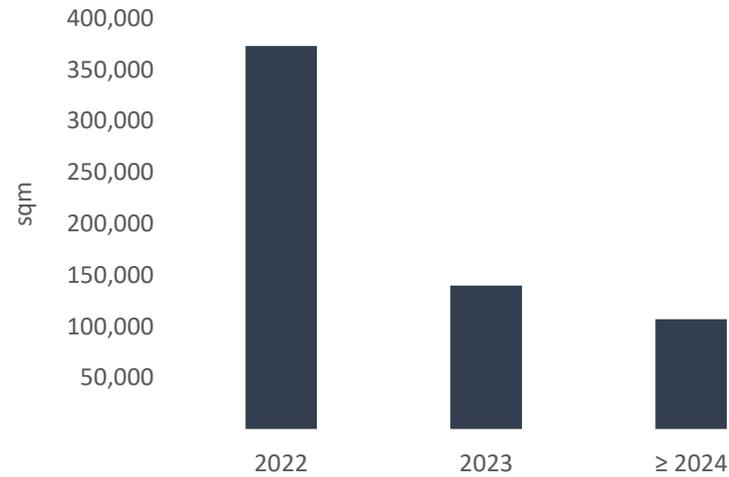


Phnom Penh

Rents and Vacancy



Future Pipeline Supply

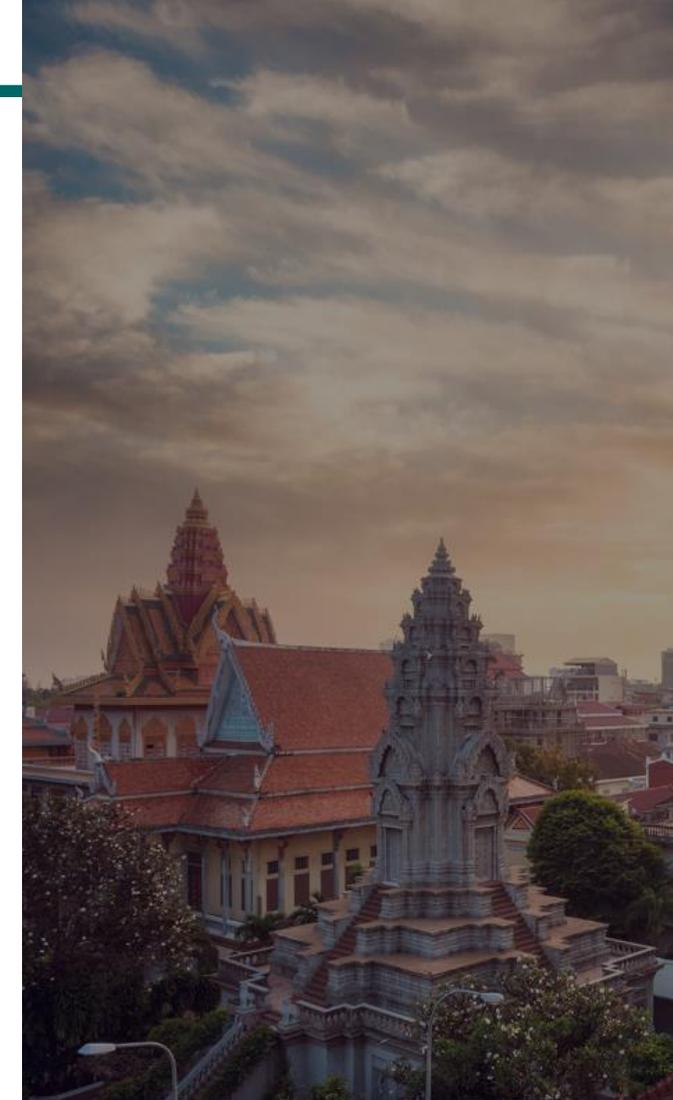


Economic Indicators

	2022F	2023F
GDP Growth	5.7%	6.4%
Unemployment Rate	N/A	N/A
Inflation	3.2%	3.0%

Real Estate Indicators

	Q1 2022	12mth Forecast
Prime Rent (US\$ psm pm)	24.1	→
Vacancy	45.9%	↓
Market Balance	Tenant	Tenant

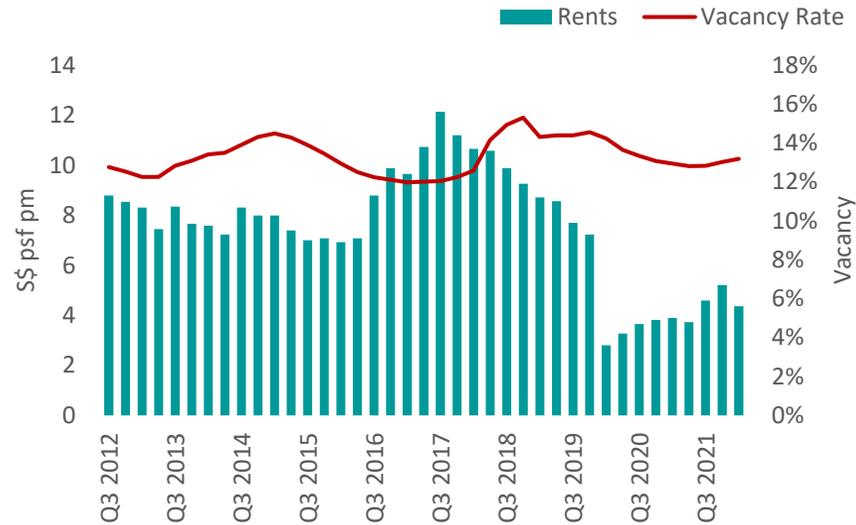


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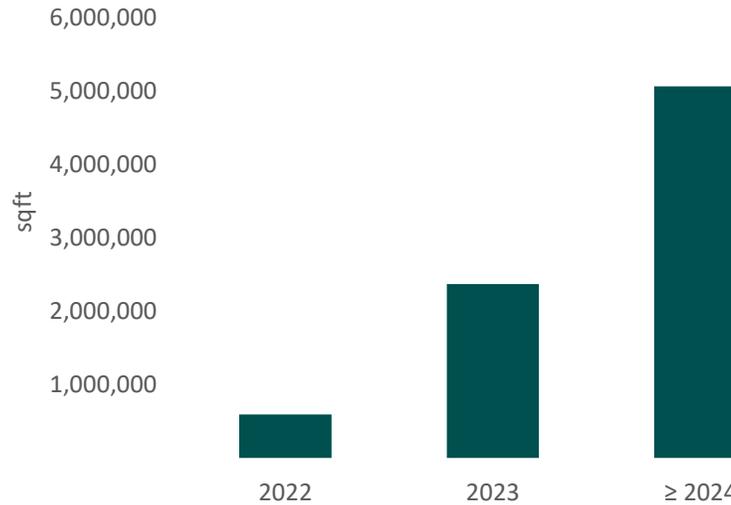
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Singapore

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

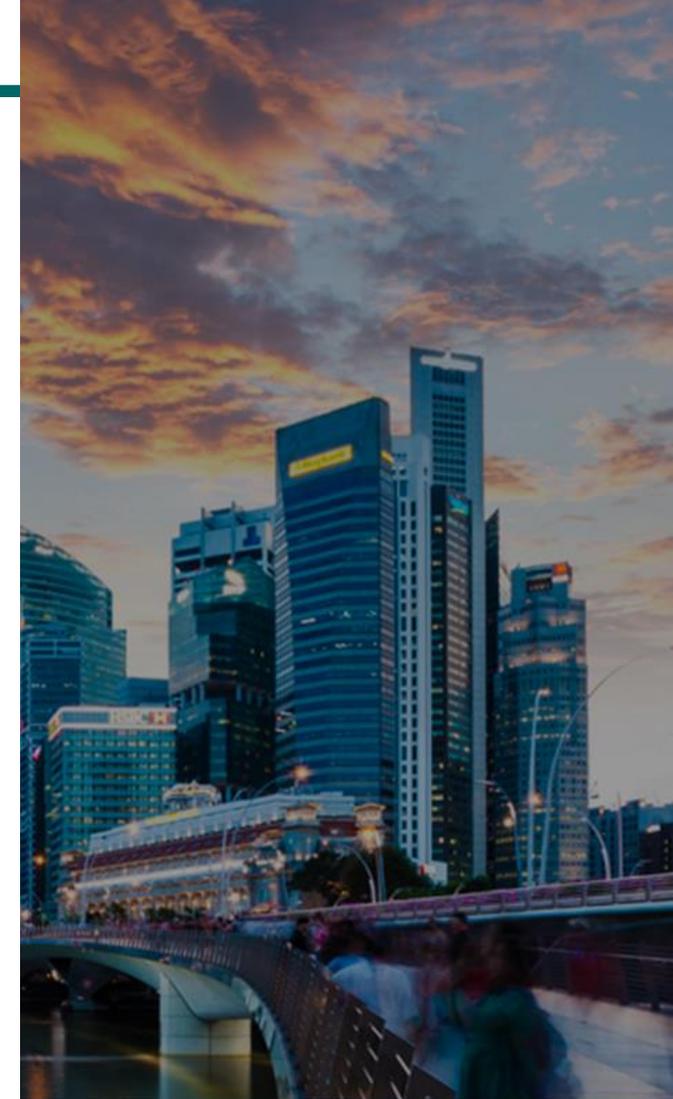
	2022F	2023F
GDP Growth	3.2%	2.7%
Unemployment Rate	2.5%	2.4%
Inflation	1.5%	1.5%

Real Estate Indicators

	Q1 2022	12mth Forecast
Prime Rent (S\$ psf pm)	10.25	↑
Vacancy	5.6%	↓
Market Balance	Balanced	Balanced

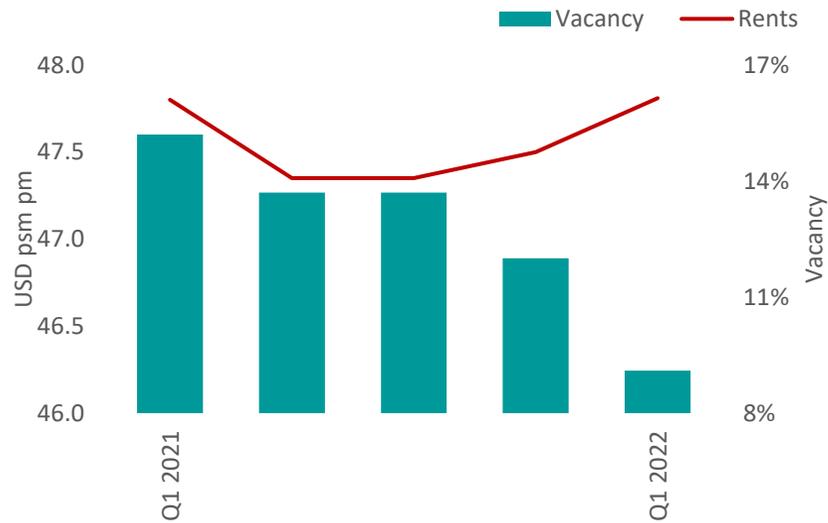
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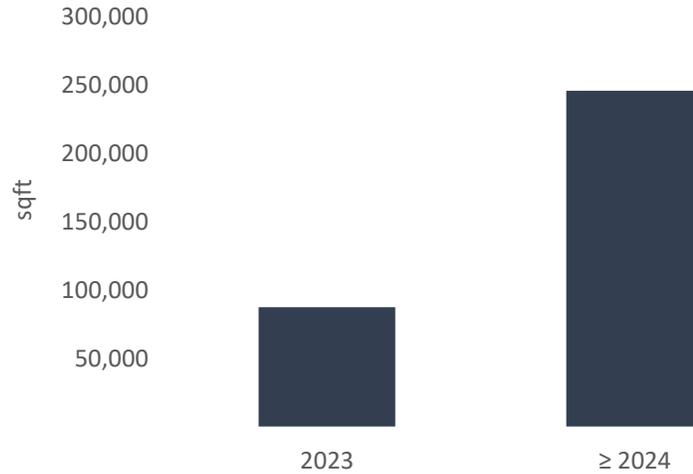


Ho Chi Minh City

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

	2022F	2023F
GDP Growth	6.6%	6.8%
Unemployment Rate	2.4%	2.3%
Inflation	2.3%	3.2%

Real Estate Indicators

	Q1 2022	12mth Forecast
Prime Rent (US\$ psm pm)	47.8	↑
Vacancy	9.1%	↑
Market Balance	Landlord	Landlord



For more information, please contact:

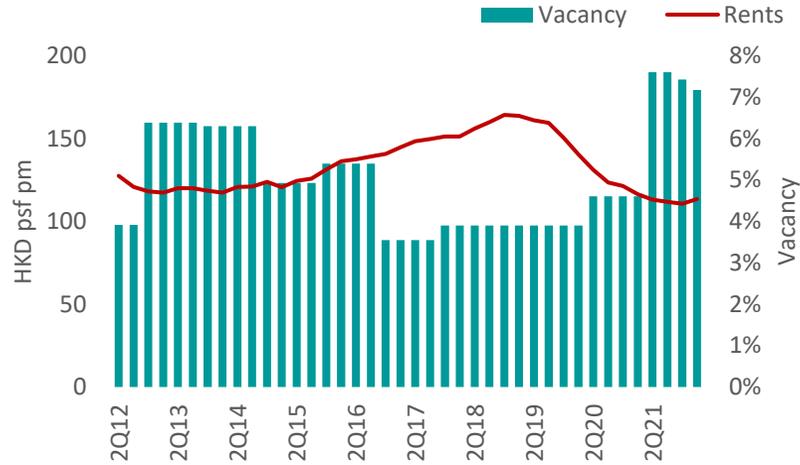
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East Asia

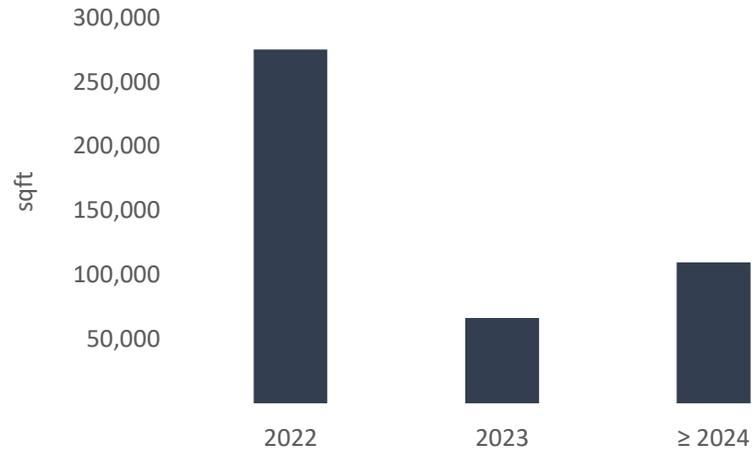
In the face of repeating relapses of Covid, delay in economic growth and influx of new office supply, the Chinese Mainland's office sector is expected to have a sluggish recovery in 2022. Such less than optimistic views trickled into Q1 2022 where demand for office spaces weakened. Vacancy rates rose for all cities tracked by the Index in Greater China except Shanghai, where it dipped 0.8% QoQ. Beijing did not sustain its rental uptick from Q4 2021 as its rental dropped yet again by 0.4%. Supply of office spaces is set to rise in the Greater China region, further worsening the situation of elevated vacancy rates. However, as the market slowly resumes to normal, supported by the strong fundamentals of the Tier-1 cities, we expect uncertainties to stabilise.

Hong Kong SAR

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

	2022F	2023F
GDP Growth	3.5%	3.1%
Unemployment Rate	4.6%	4.2%
Inflation	2.1%	2.3%

Real Estate Indicators

	Q1 2022	12mth Forecast
Prime Rent (HK\$ psf pm)	114	↑
Vacancy	7.2%	↑
Market Balance	Tenant	Tenant

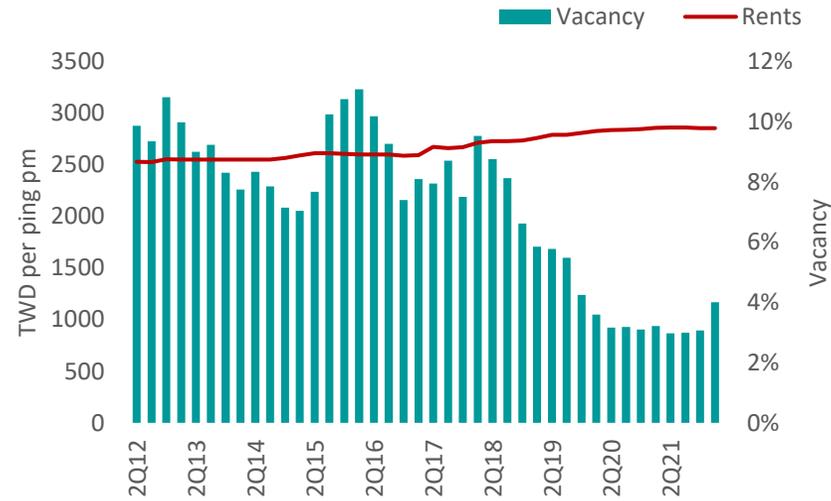


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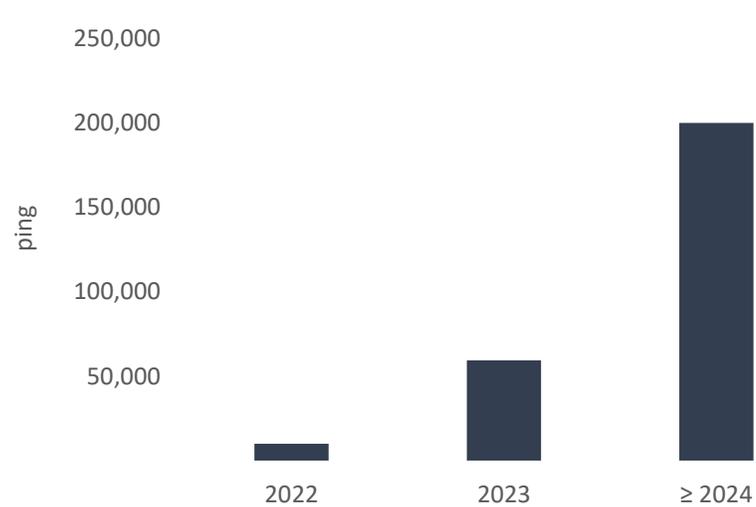
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Taipei

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

	2022F	2023F
GDP Growth	3.3%	2.6%
Unemployment Rate	3.6%	3.6%
Inflation	1.5%	1.4%

Real Estate Indicators

	Q4 2021	12mth Forecast
Prime Rent (TW\$ per ping pm)	2,854	→
Vacancy	4.0%	→
Market Balance	Landlord	Landlord

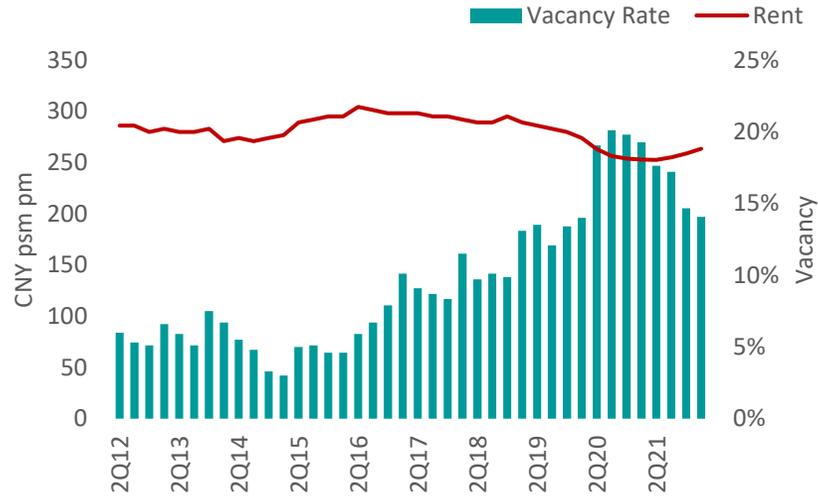


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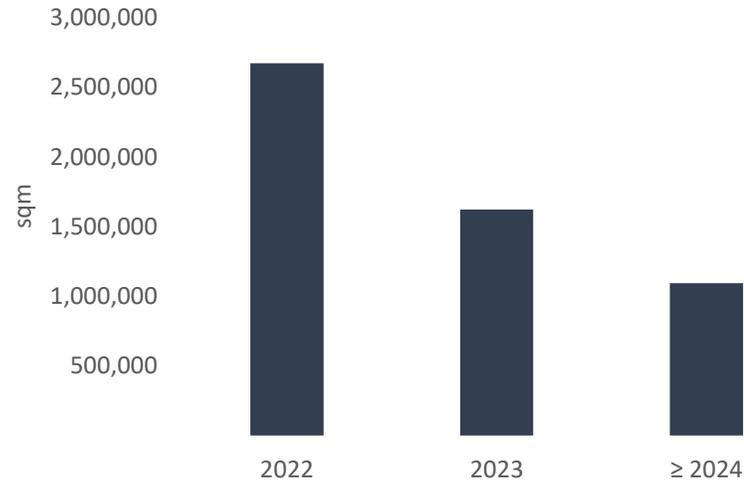
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Shanghai

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

	2022F	2023F
GDP Growth	5.6%	5.3%
Unemployment Rate	3.7%	3.6%
Inflation	1.8%	1.9%

Real Estate Indicators

	Q1 2022	12mth Forecast
Prime Rent (CNY psm pm)	263	↑
Vacancy	14.1%	↑
Market Balance	Balanced	Balanced

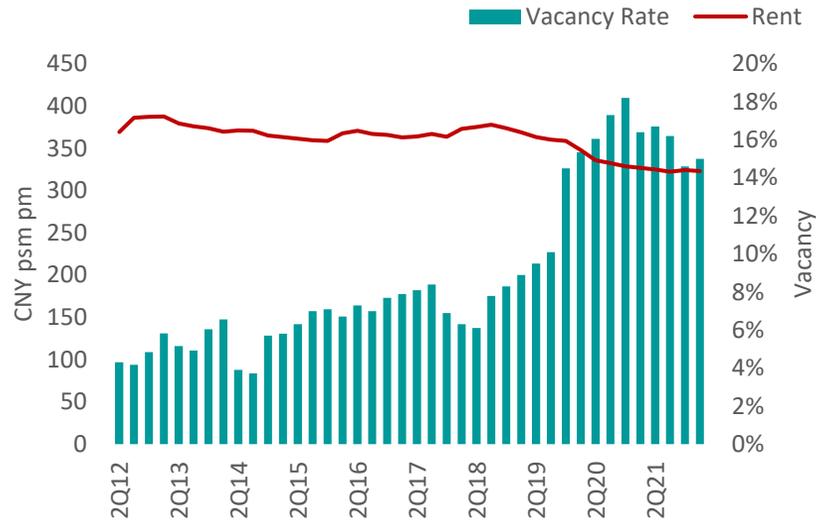
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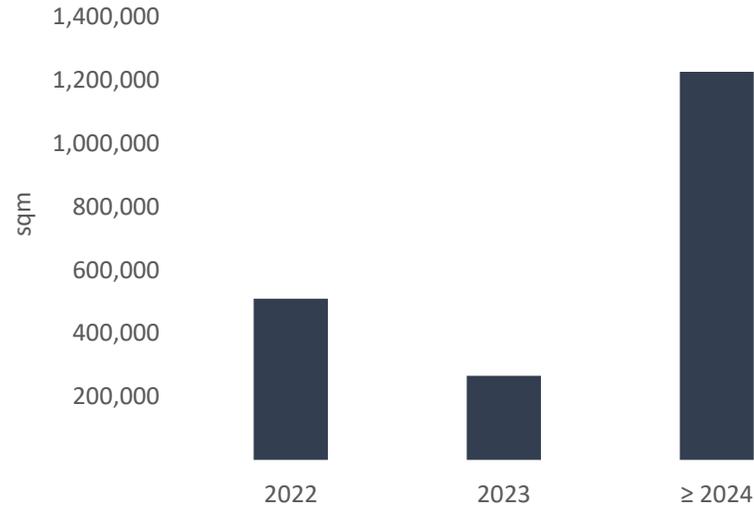


Beijing

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

	2022F	2023F
GDP Growth	5.6%	5.3%
Unemployment Rate	3.7%	3.6%
Inflation	1.8%	1.9%

Real Estate Indicators

	Q1 2022	12mth Forecast
Prime Rent (CNY psm pm)	323	↑
Vacancy	15.0%	↑
Market Balance	Balanced	Balanced

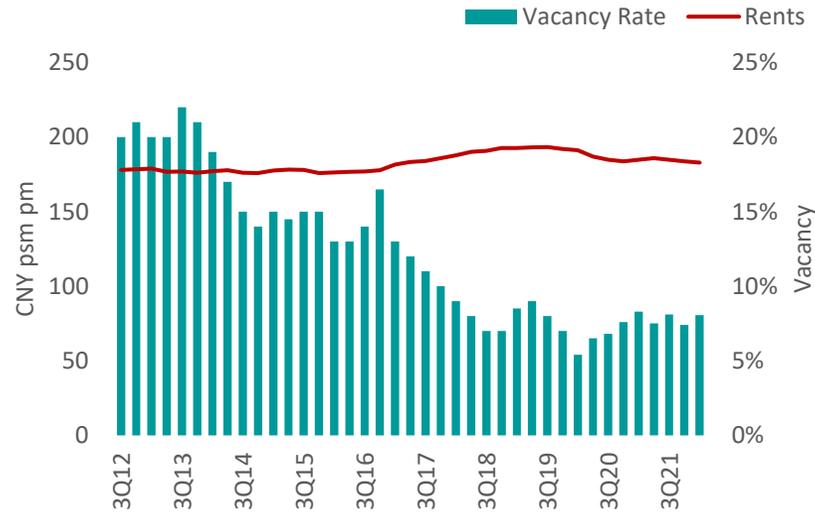


For more information, please contact:

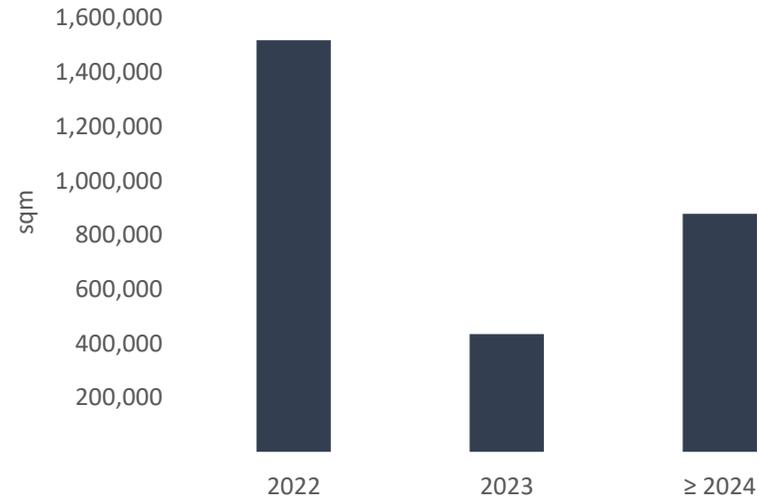
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Guangzhou

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

	2022F	2023F
GDP Growth	5.6%	5.3%
Unemployment Rate	3.7%	3.6%
Inflation	1.8%	1.9%

Real Estate Indicators

	Q1 2022	12mth Forecast
Prime Rent (CNY psm pm)	183	→
Vacancy	8.1%	↑
Market Balance	Tenant	Balanced



For more information, please contact:

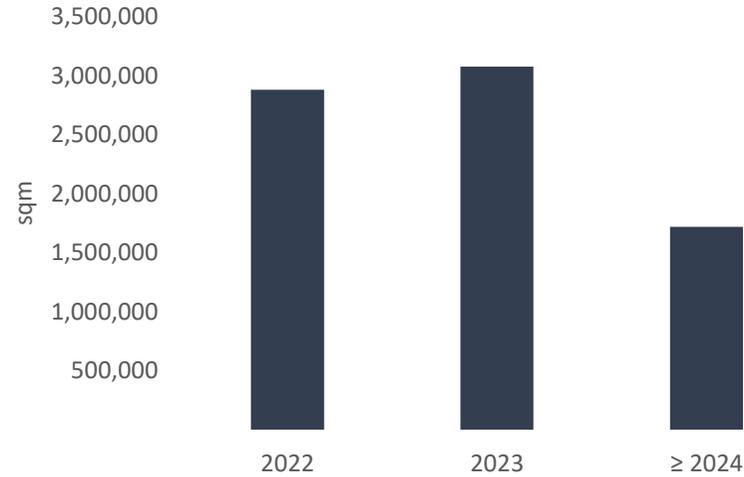
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Shenzhen

Rents and Vacancy



Future Pipeline Supply

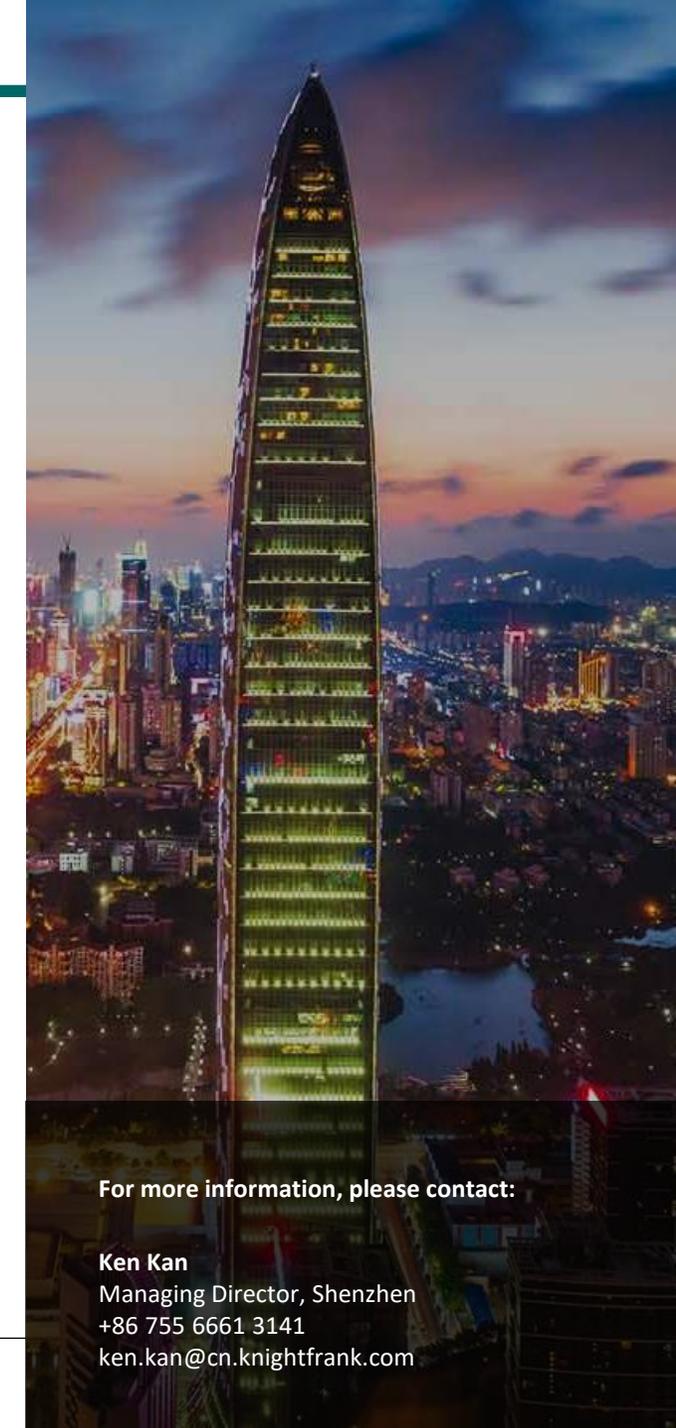


Economic Indicators

	2022F	2023F
GDP Growth	5.6%	5.3%
Unemployment Rate	3.7%	3.6%
Inflation	1.8%	1.9%

Real Estate Indicators

	Q1 2022	12mth Forecast
Prime Rent (CNY psm pm)	194	↓
Vacancy	17.1%	↑
Market Balance	Tenant	Tenant

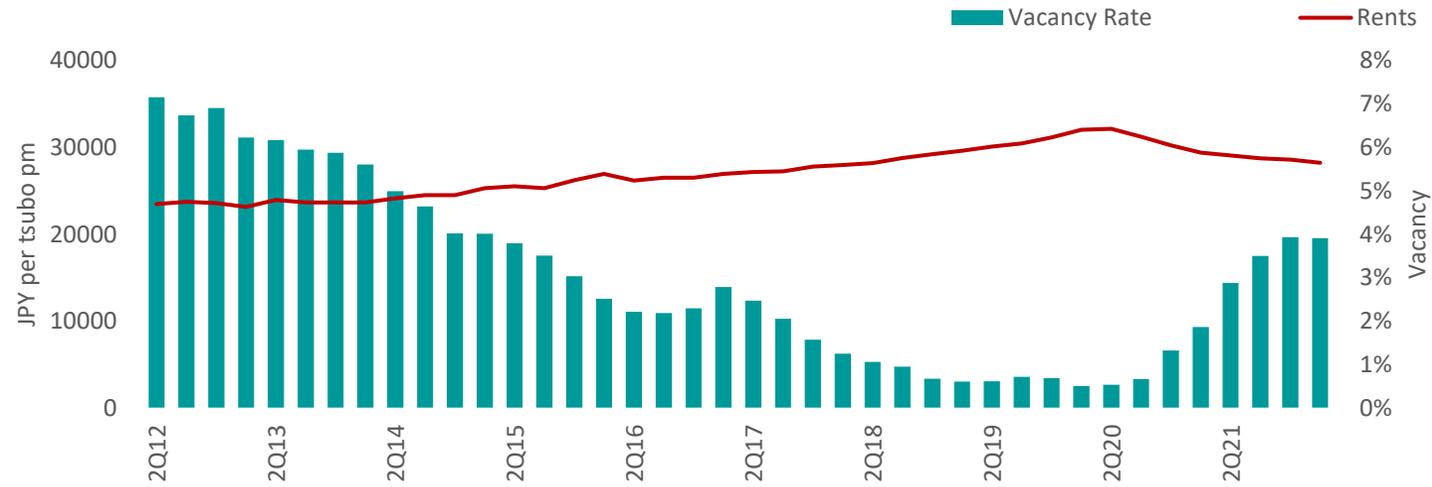


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Tokyo

Rents and Vacancy



Economic Indicators

	2022F	2023F
GDP Growth	3.2%	1.4%
Unemployment Rate	2.4%	2.3%
Inflation	0.5%	0.7%

Real Estate Indicators

	Q1 2022	12mth Forecast
Prime Rent (JPY per tsubo pm)	28,240	↓
Vacancy	3.9%	↑
Market Balance	Balanced	Tenant

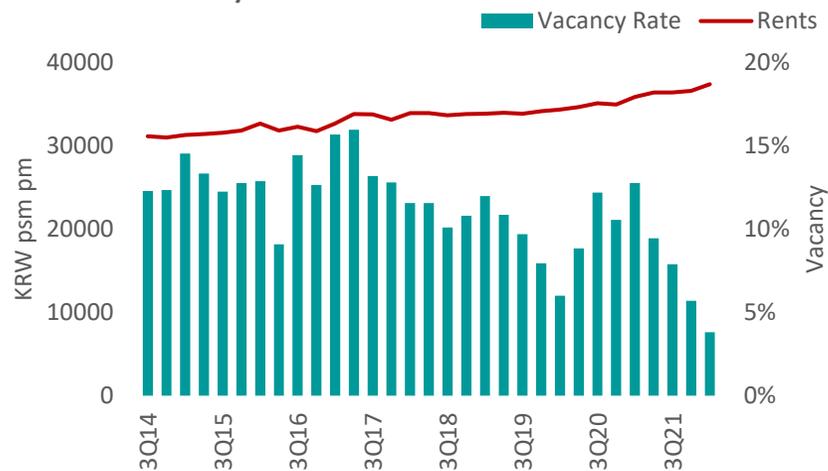


For more information, please contact:

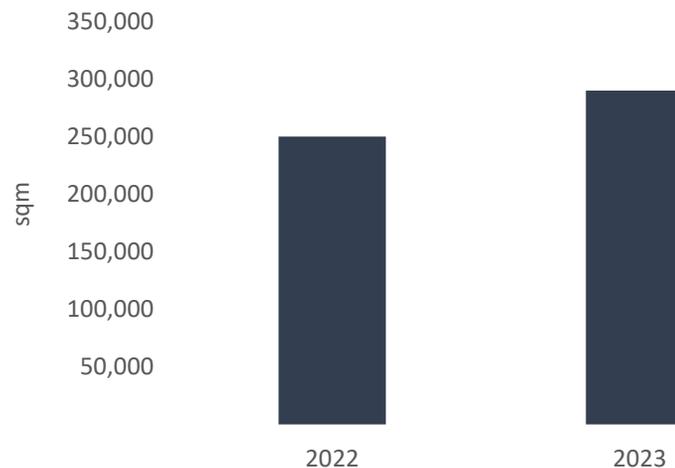
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Seoul

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

	2022F	2023F
GDP Growth	3.3%	2.8%
Unemployment Rate	3.7%	3.7%
Inflation	1.6%	1.6%

Real Estate Indicators

	Q1 2022	12mth Forecast
Prime Rent (KRW psm pm)	37,354	↑
Vacancy	3.8%	↓
Market Balance	Landlord	Landlord



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South Asia

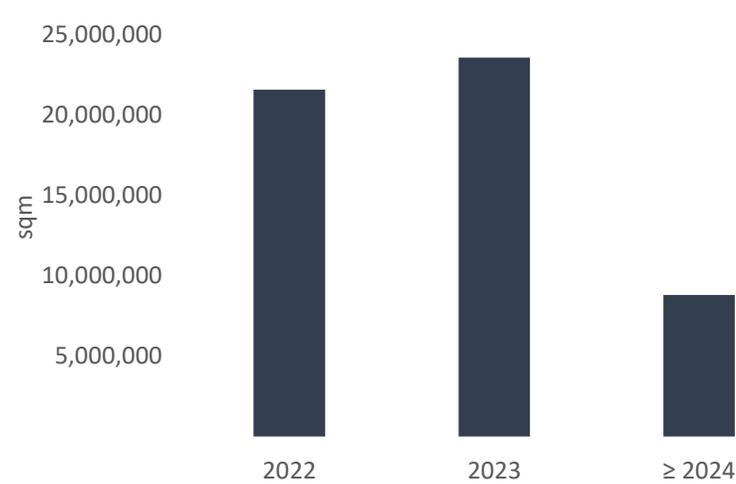
In a comparable fashion to the previous quarter, National Capital Region (NCR) and Mumbai maintained their office rents in Q1 2022. Bengaluru is once again the outlier as it recorded 5.8% of rental growth, an early sign of recovery as IT companies stream back into the city. Tech companies lead most of the demand for leasing activities and will continue to do so in the few years to come. The robust leasing is in tandem with how occupiers in India began allowing employees to return after a lapse of two years with vaccination rate increasing to slightly over 70%. Going into the rest of 2022, we forecast that more employers will open up their workplaces, boding well for the office market in India's Tier-1 cities.

Delhi-NCR

Rents and Vacancy



Future Pipeline Supply

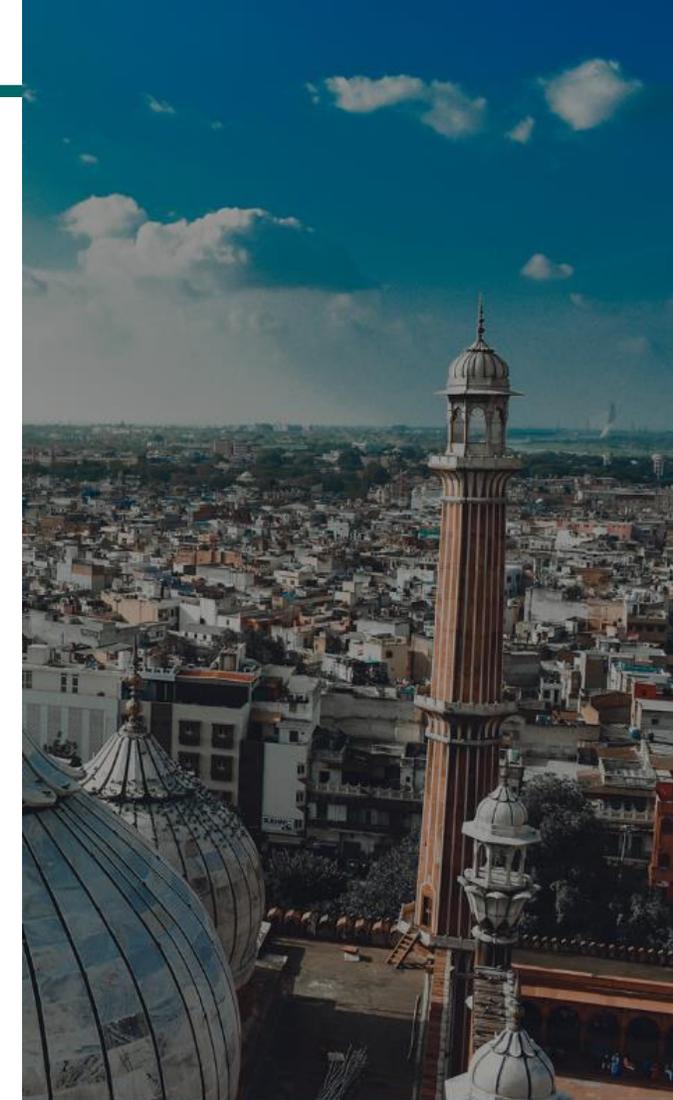


Economic Indicators

	2022F	2023F
GDP Growth	8.5%	6.6%
Unemployment Rate	NA	NA
Inflation	4.9%	4.3%

Real Estate Indicators

	Q1 2022	12mth Forecast
Prime Rent (INR psf pa)	4,078	→
Vacancy	14.7%	→
Market Balance	Balanced	Balanced



For more information, please contact:

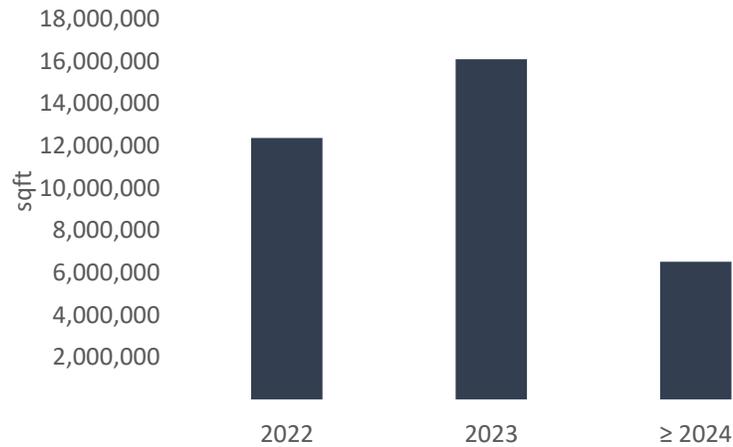
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Bengaluru

Rents and Vacancy



Future Pipeline Supply

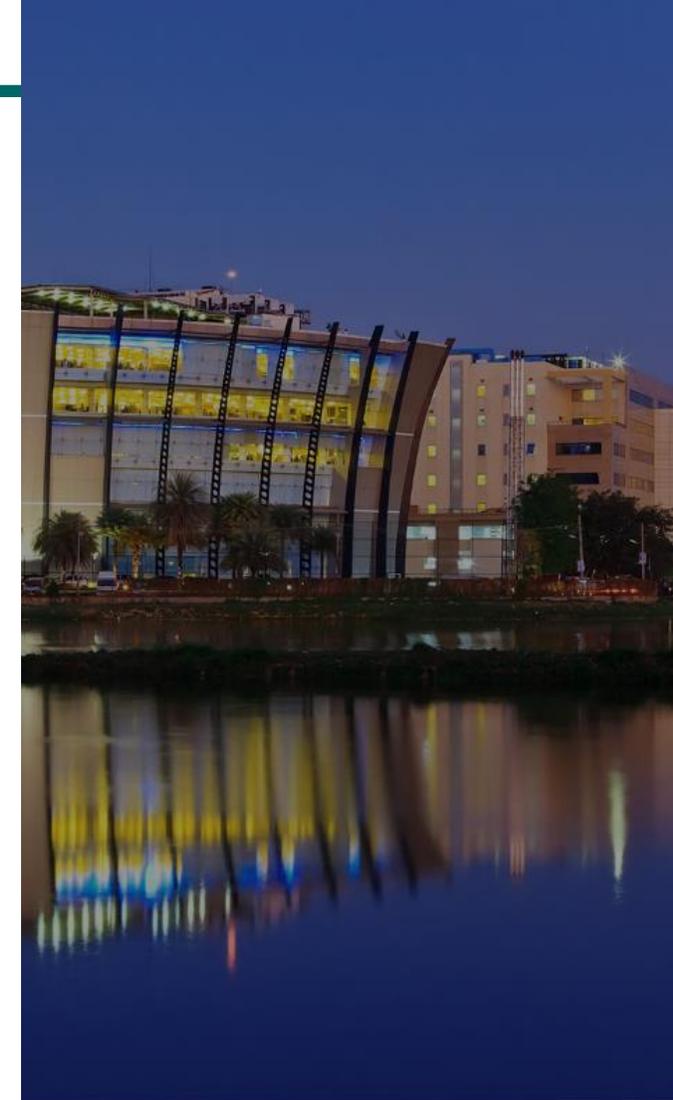


Economic Indicators

	2022F	2023F
GDP Growth	8.5%	6.6%
Unemployment Rate	NA	NA
Inflation	4.9%	4.3%

Real Estate Indicators

	Q1 2022	12mth Forecast
Prime Rent (INR psf pa)	1,544	↑
Vacancy	12.6%	↓
Market Balance	Balanced	Balanced



For more information, please contact:

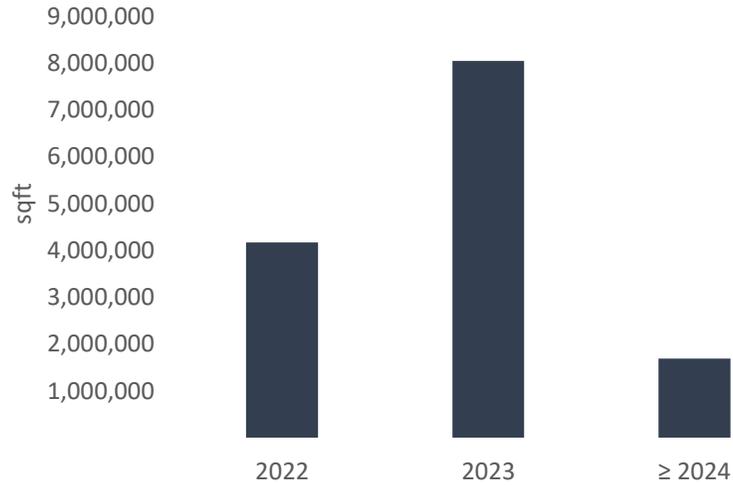
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Mumbai Metropolitan Region (MMR)

Rents and Vacancy



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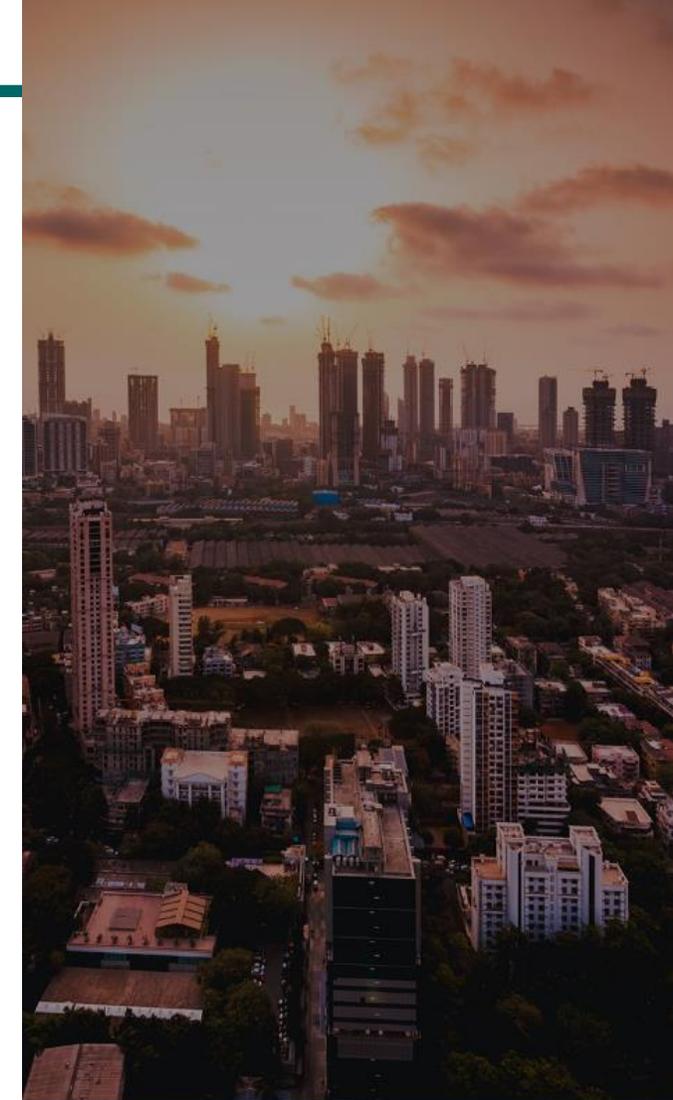


Economic Indicators

	2022F	2023F
GDP Growth	8.5%	6.6%
Unemployment Rate	NA	NA
Inflation	4.9%	4.3%

Real Estate Indicators

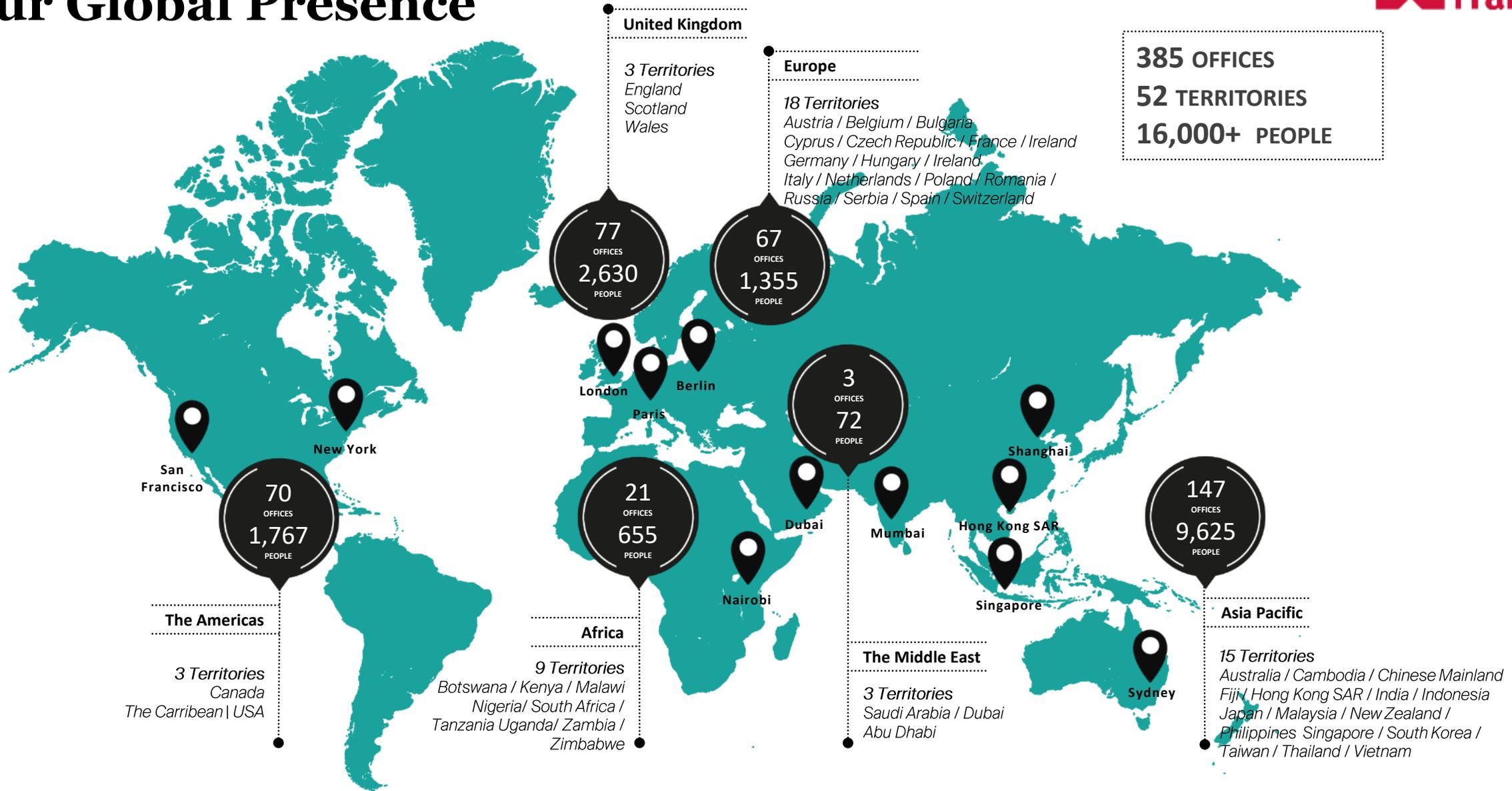
	Q4 2021	12mth Forecast
Prime Rent (INR psf pa)	3,385	→
Vacancy	20.6%	↓
Market Balance	Balanced	Balanced



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Our Global Presence



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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