



Asia-Pacific Q3 2022 Office Highlights

Asia-Pacific Overview

Q3 2022

0.0%

QoQ growth for Asia-Pacific Rental Index in Q3 2022

2.3%

YoY growth for Asia-Pacific Rental Index in Q3 2022

15 of 23

Tracked cities recorded stable or increasing rents in Q3 2022

Cautious

Expectations for 2022 office outlook

Q3 2022 seemingly saw more economies in APAC being battered by the deteriorating macro climate as the quarter closed with sub-par performance. We saw the Federal Reserve (Fed) tighten their monetary policy further to tame inflation, the latest being in September by 75 basis points. This then prompted central banks in Thailand, Malaysia, Indonesia and the Philippines to follow suit to cushion the depreciation in value of their currencies, which were at record-low for some.

For this quarter, Knight Frank's Asia-Pacific Prime Office Rental Index remained stationary quarter-on-quarter (QoQ) after observing three consecutive quarters of expansion. Year-on-Year (YoY), the overall index is up 2.3%, the fourth consecutive rise. Overall, vacancy increased by 1.6% from Q2 2022.

Generally, markets that are considered 'safe havens' have been standing strong against inflationary pressures and have attracted the likes of businesses, albeit at a more cautious stance. Rent should hold or increase marginally in these markets.

Positive net absorption in some markets is also a good indicator that office space remains relevant in this era of hybrid work arrangements.

As economic uncertainties linger on, occupier demand for office space could start to soften in the next few quarters. Given that supply is set to increase in a number of markets where demand is softening, we expect office sector in these markets to remain tenant favourable in the next 12 months.

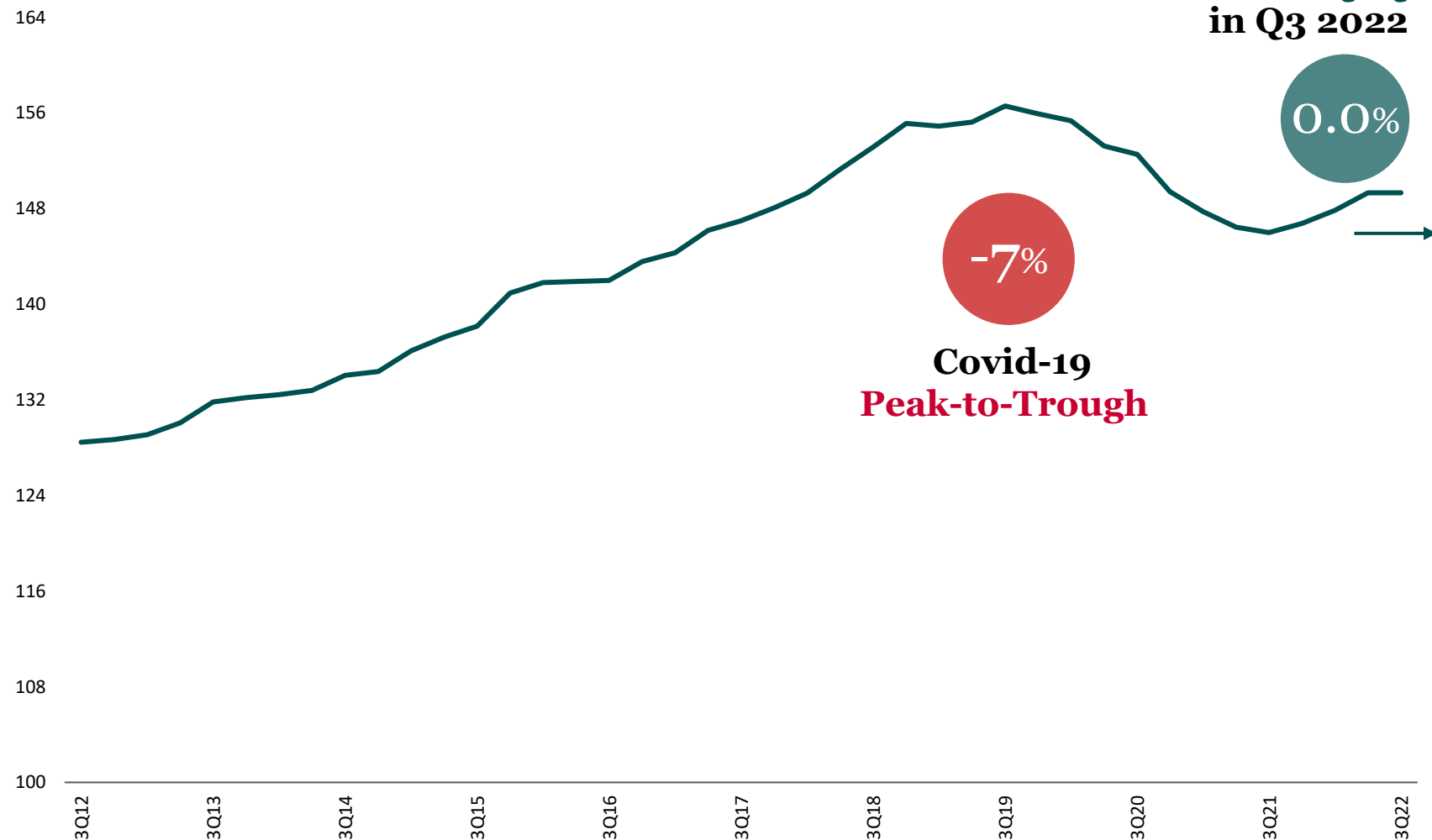
"With hybrid working now a feature in the post-pandemic office, occupiers will also increasingly focus on optimising their corporate real estate footprints and look to integrate a degree of flexibility into their portfolios to generate savings. This will sustain a flight-to-quality trend as occupiers seek to maximise rental value and gravitate towards well-amenitised spaces with good connectivity, which are supportive of a hybrid culture, as well as buildings with strong ESG credentials."

Tim Armstrong
Global Head of Occupier Strategy and Solutions

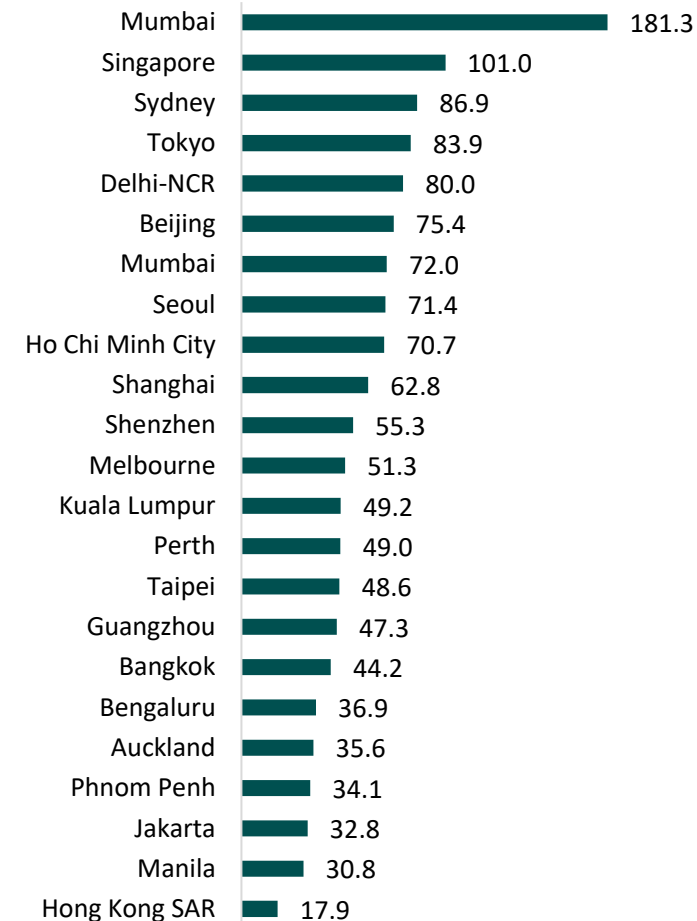
APAC Prime Office Rental Index

Office rents in Q3 stayed flat for the region, seemingly affected by the macroeconomic headwinds

APAC Prime Office Rental Index - 10Y Historical



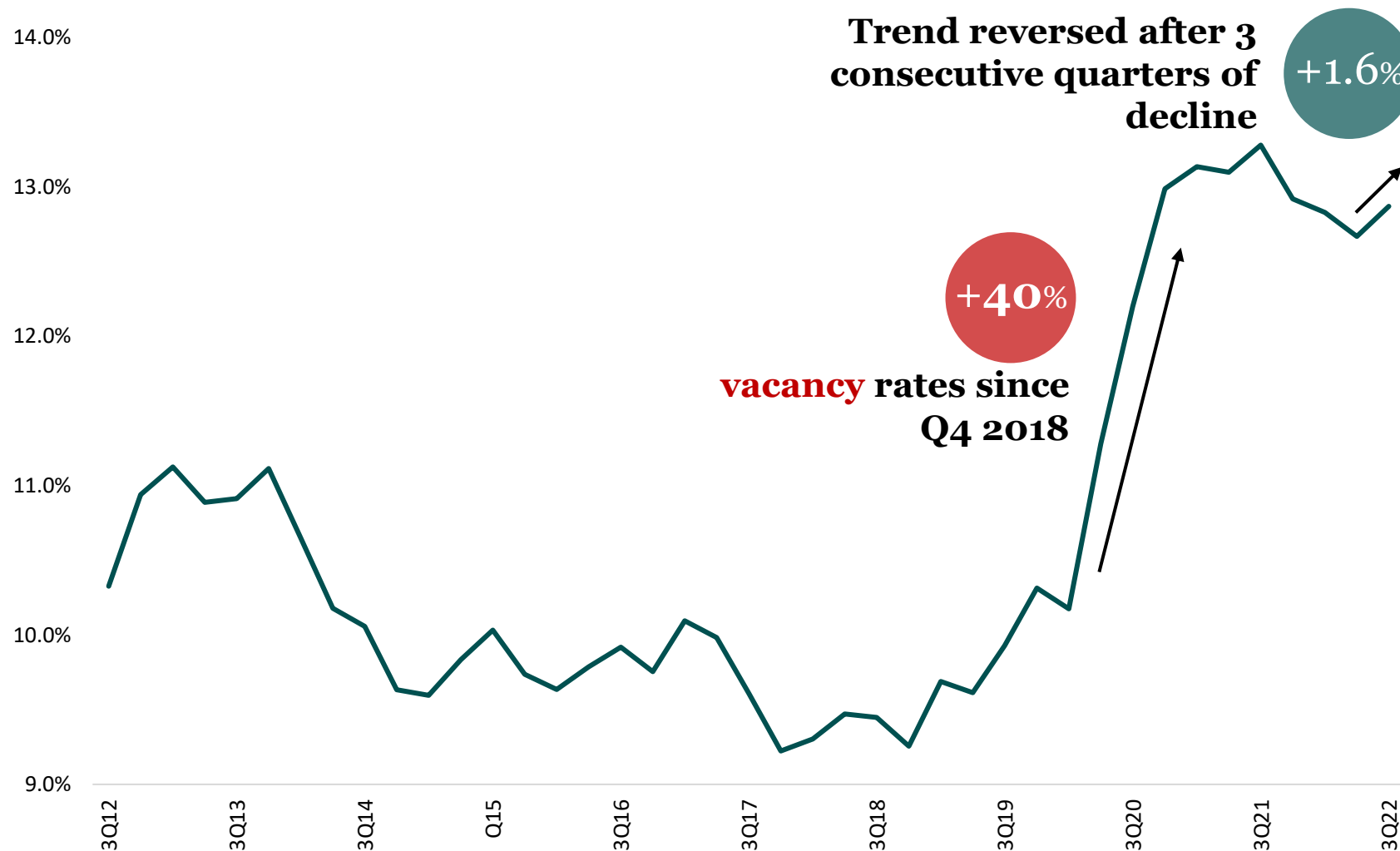
Q3 2022 Occupancy Cost (US\$/sqft/year)



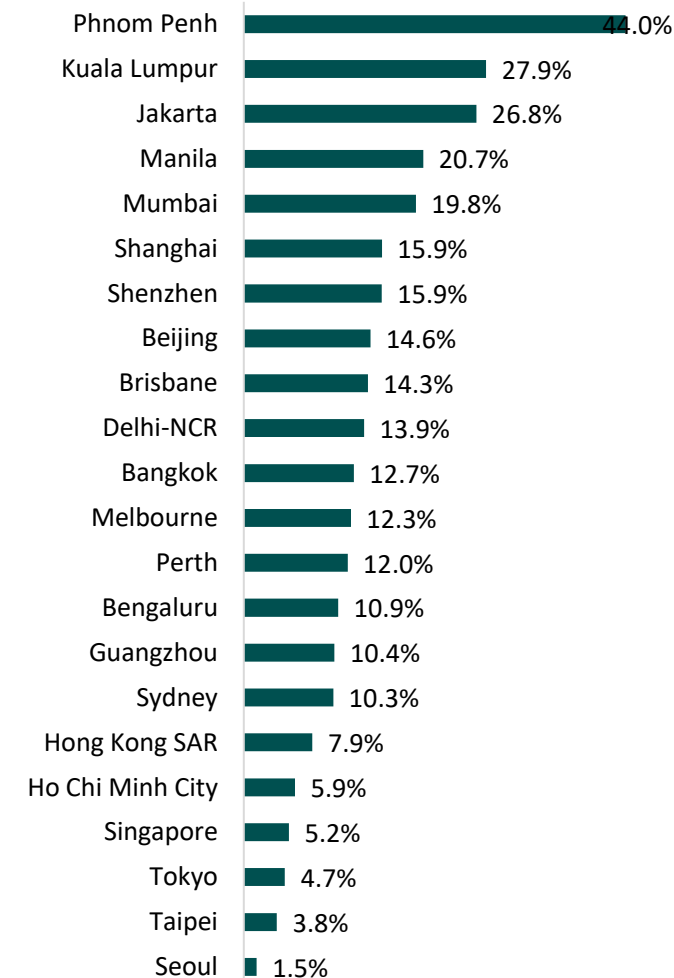
APAC Prime Office Vacancy Rate

Take-up rate for office spaces is moderating as businesses hold their reservations on expansion plans and resources are limited to corporate necessities

APAC Prime Office Vacancy Rate - 10Y Historical



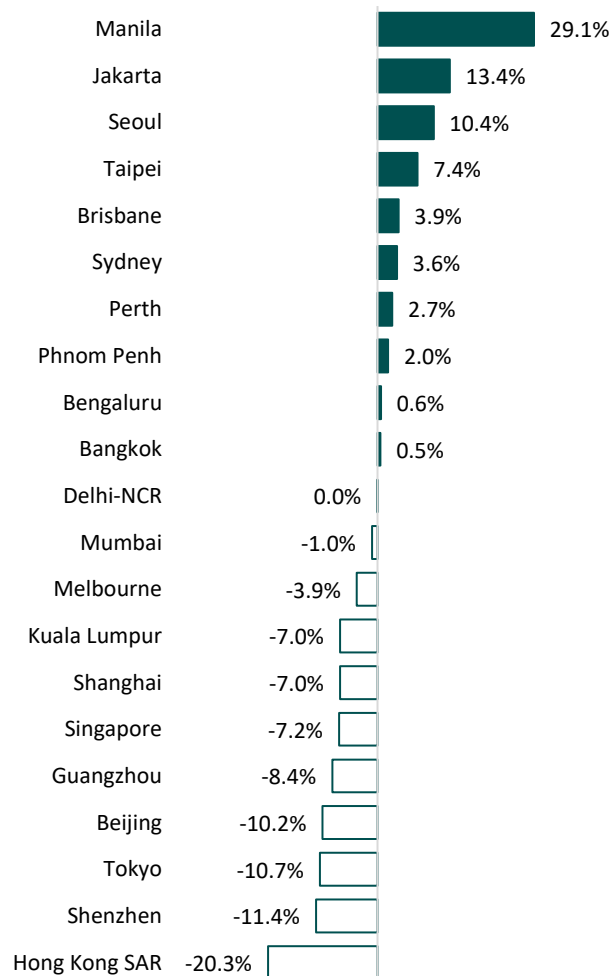
Q3 2022 Vacancy Rate



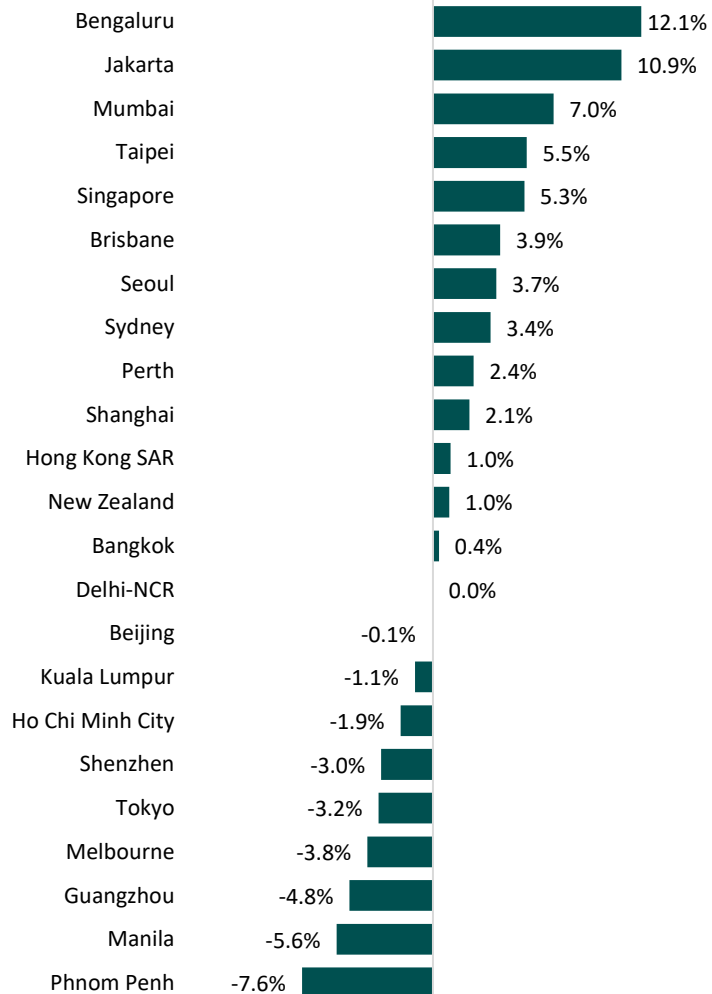
APAC Prime Rental Rates

Rental growth eased on the back of a small uptick in supply and ambiguity in the market

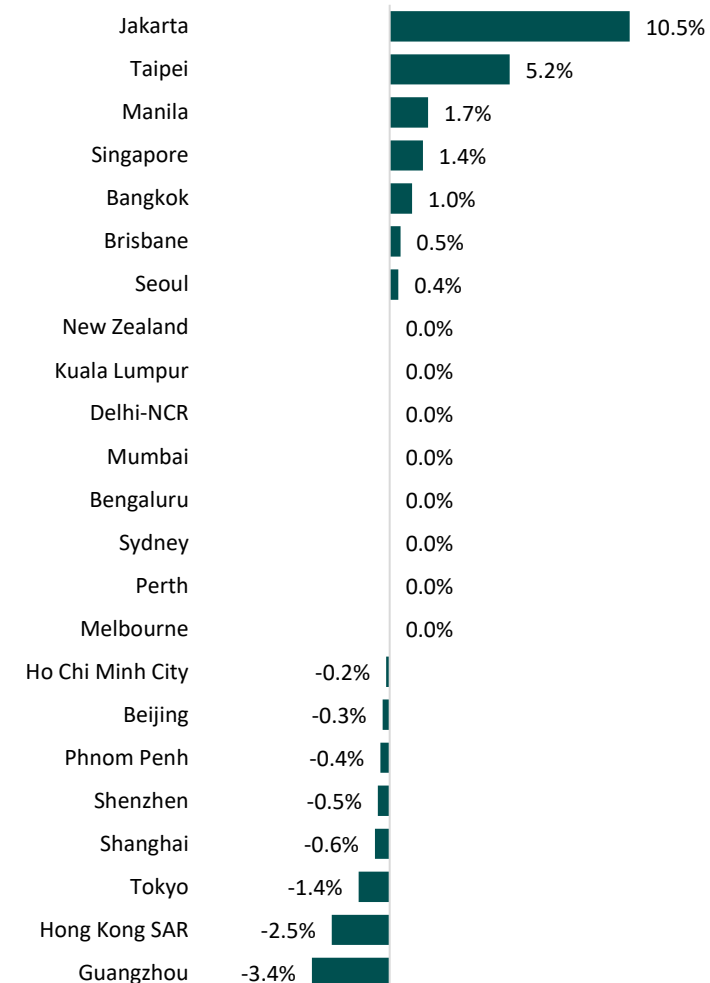
Q3 2022 vs Q4 2019 Change



Prime Office Q3 2022 Growth YoY (%)



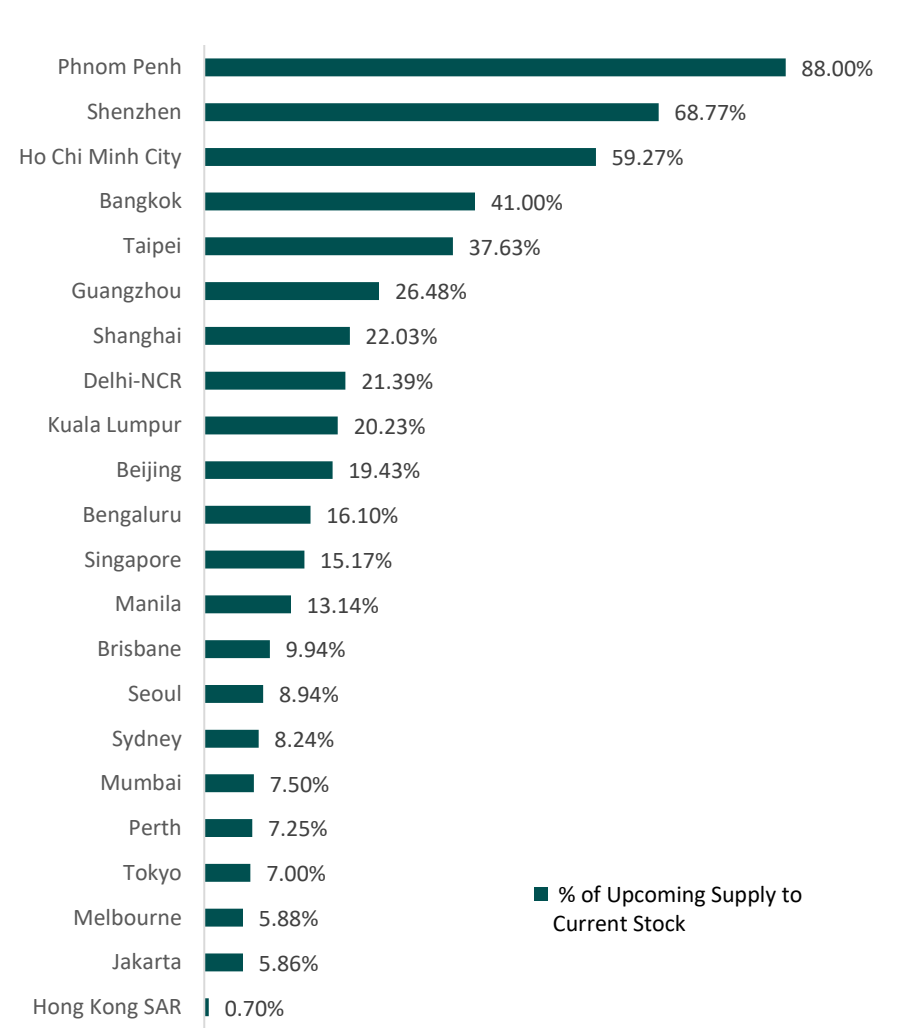
Prime Office Q3 2022 Growth QoQ (%)



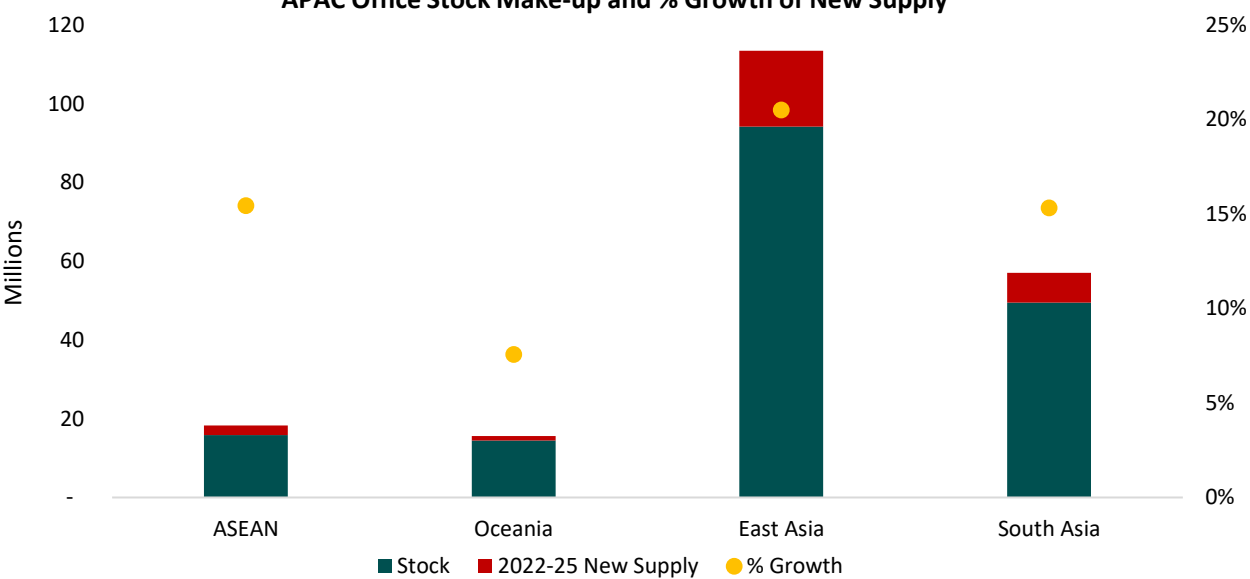
APAC Office Pipeline Supply

Q3 2022 saw some completions that were pushed back from previous quarters, increasing the office inventory by 4.2%

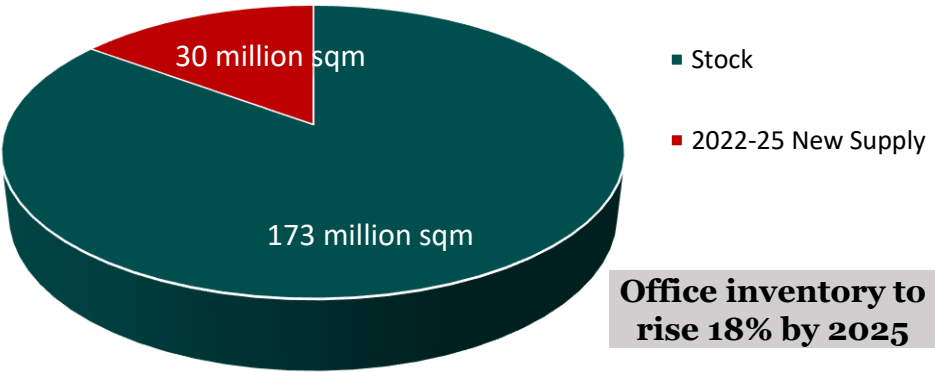
Proportion of Upcoming Supply to Current Stock



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



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



APAC 2022 Office Outlook

12-Month Rental Outlook

Decreasing

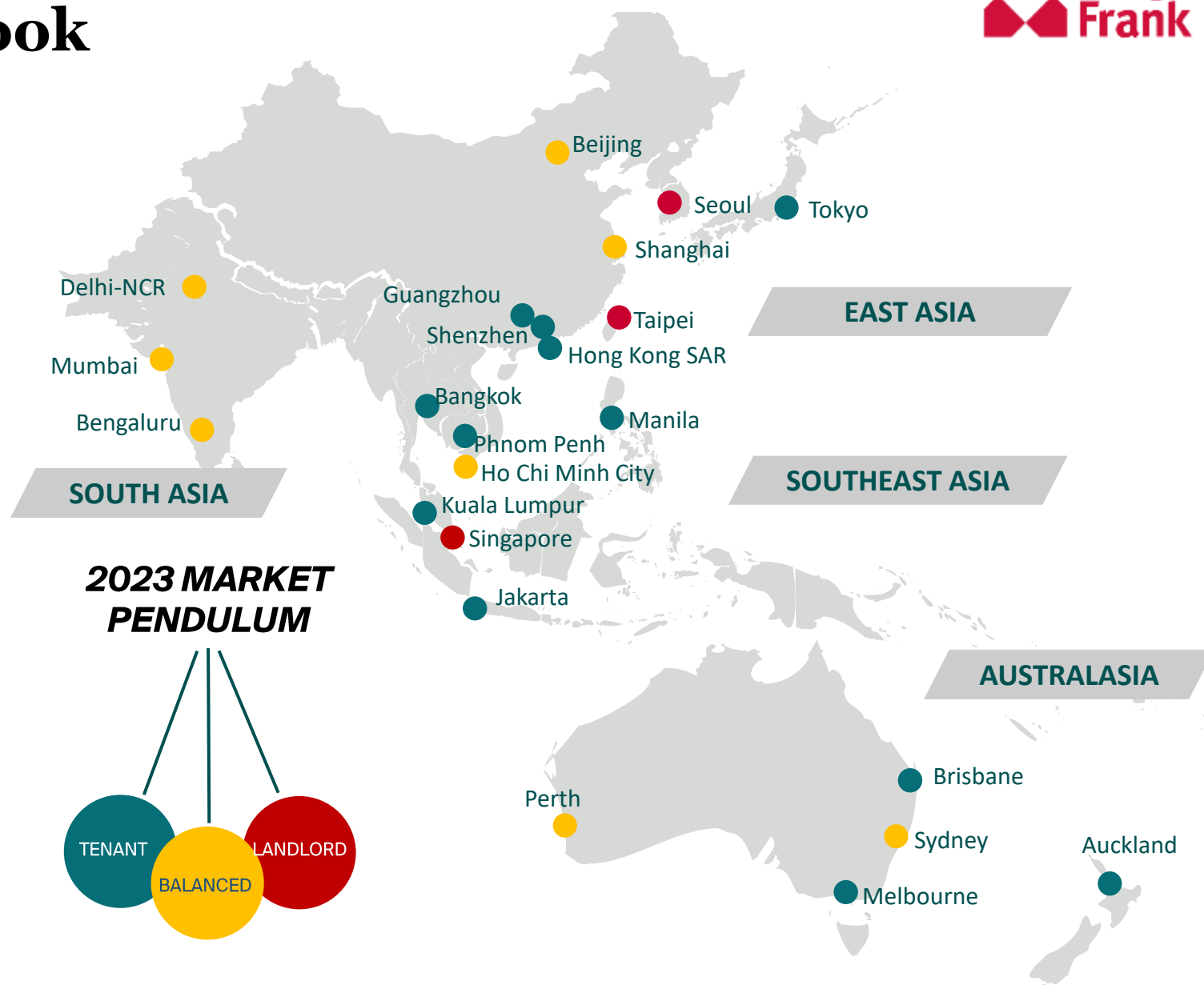
- Tokyo
- Guangzhou
- Kuala Lumpur
- Bangkok
- Manila
- Ho Chi Minh City

Unchanged

- Auckland
- Beijing
- Shenzhen
- Bengaluru
- Mumbai
- Delhi-NCR
- Phnom Penh
- Jakarta

Increasing

- Brisbane
- Melbourne
- Perth
- Sydney
- Shanghai
- Hong Kong SAR
- Taipei
- Singapore



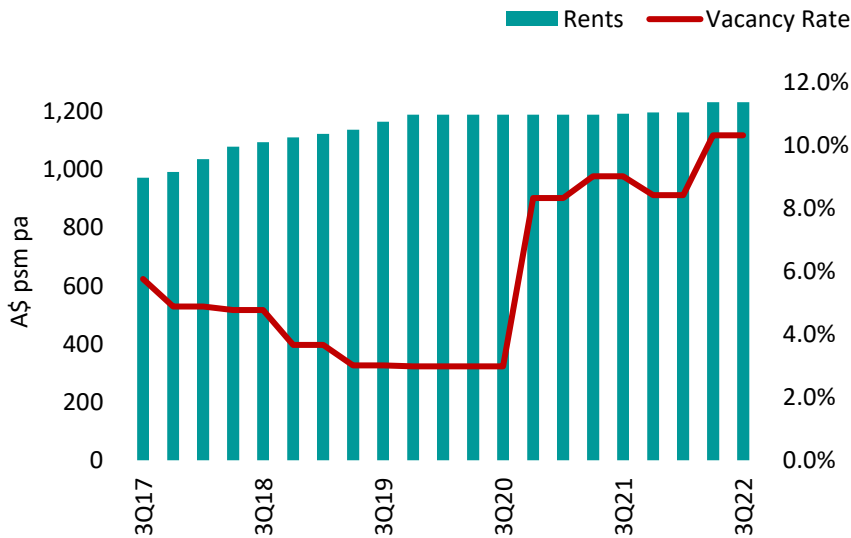
Market Dashboards

Oceania

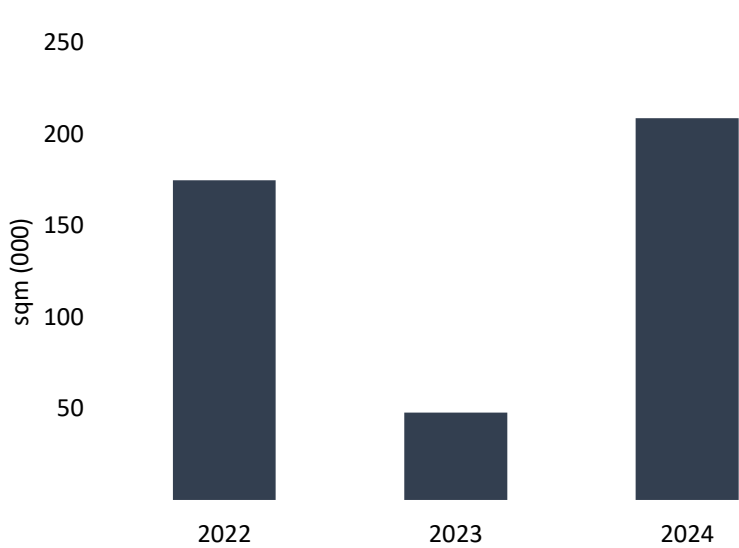
Sentiments remain generally positive for Australia, and the economy continues to perform strongly in Q3 2022, undeterred by the increasing global headwinds. Resiliency was depicted in all four Australian cities tracked where we saw sustained occupier demand, translating to buoyant leasing activities. Although positive net absorption was recorded, the arrival of new supply into the market drove the average vacancy rate up slightly, while rents remained largely stable QoQ. Neighbouring Auckland displayed slight optimism as well with stable rent and vacancy. In the face of a slowdown in economic growth from the persistently high inflation and interest rate hikes, a combination of ample demand and moderate pipeline bodes well for the long-term recovery of the office market in this part of the region. Vacancy levels are expected to hold or decline steadily over the next few years with growth in rents.

Sydney

Rents and Vacancy



Future Pipeline Supply



Economic Indicators		
	2022F	2023F
GDP Growth	4.2%	2.5%
Unemployment Rate	3.3%	3.8%
Inflation	6.0%	3.0%

Real Estate Indicators		
	Q3 2022	12mth Forecast
Prime Rent (A\$ psm pa)	1,232	↑
Vacancy	10.3%	→
Market Balance	Tenant	Balanced

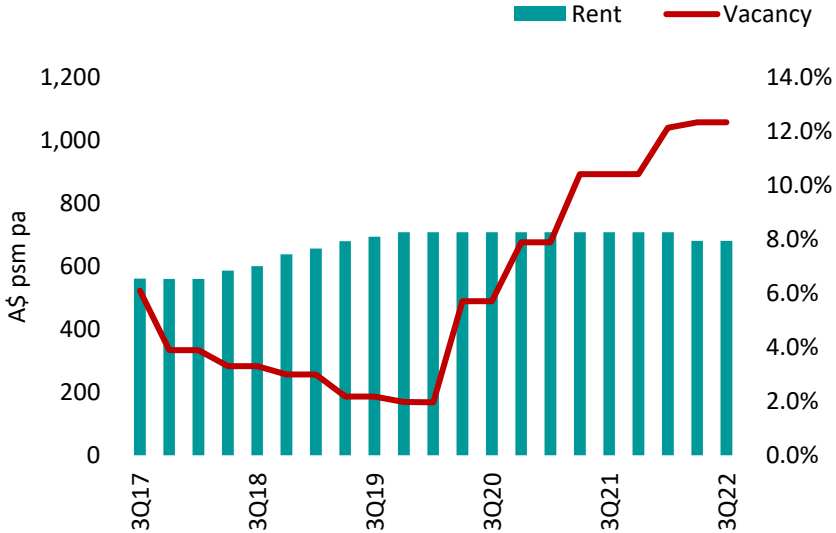


For more information, please contact:

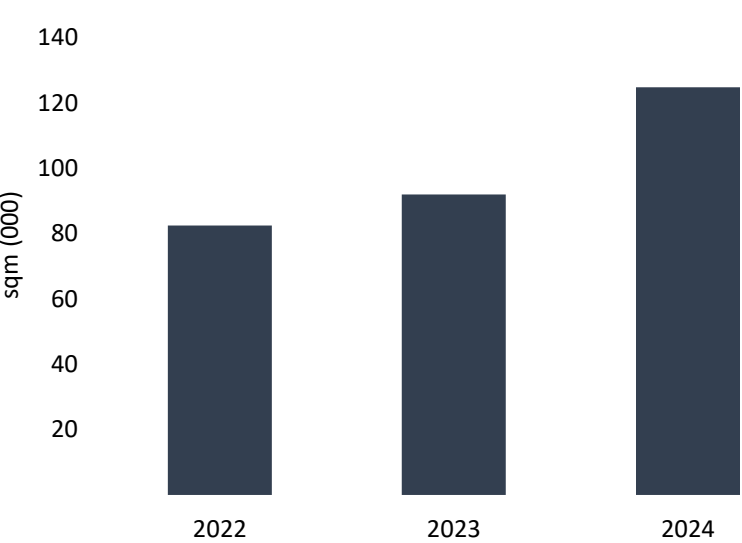
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Melbourne

Rents and Vacancy



Future Pipeline Supply



Economic Indicators		
	2022F	2023F
GDP Growth	4.2%	2.5%
Unemployment Rate	3.3%	3.8%
Inflation	6.0%	3.0%

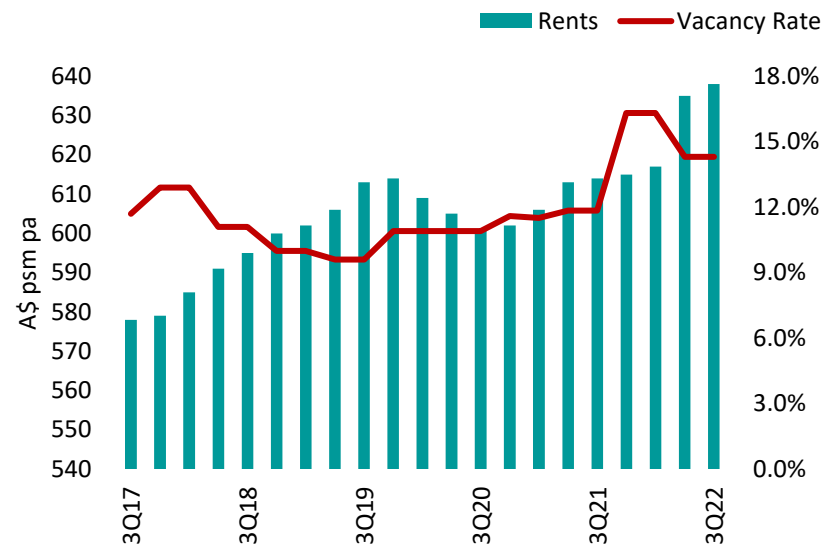
Real Estate Indicators		
	Q3 2022	12mth Forecast
Prime Rent (A\$ psm pa)	681	↑
Vacancy	12.3%	→
Market Balance	Tenant	Tenant

For more information, please contact:

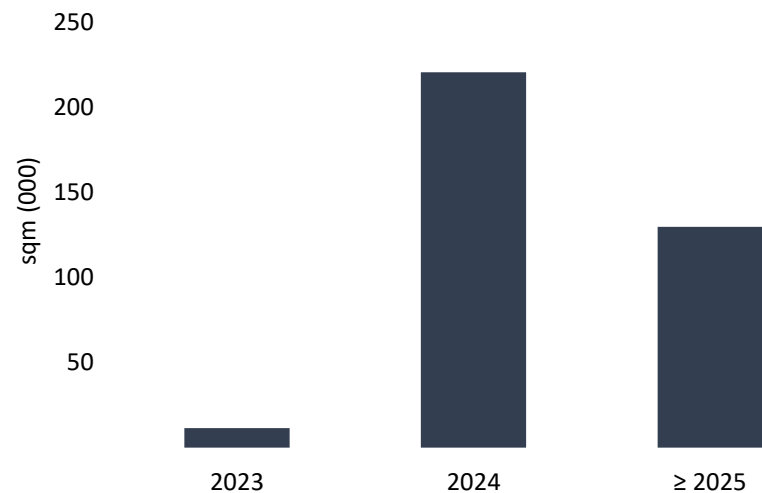
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Brisbane

Rents and Vacancy



Future Pipeline Supply



*No pipeline supply is expected for 2022

Economic Indicators

	2022F	2023F
GDP Growth	4.2%	2.5%
Unemployment Rate	3.3%	3.8%
Inflation	6.0%	3.0%

Real Estate Indicators

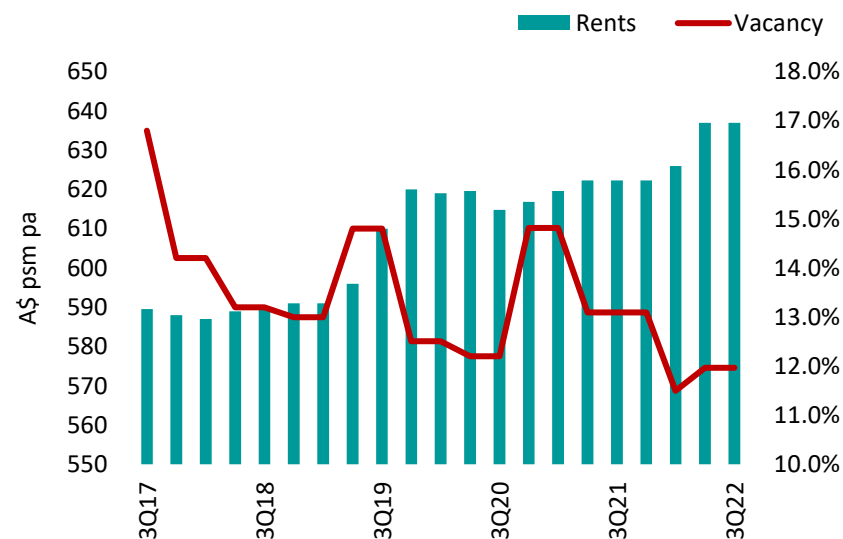
	Q3 2022	12mth Forecast
Prime Rent (A\$ psm pa)	638	↑
Vacancy	14.3%	→
Market Balance	Tenant	Tenant

For more information, please contact:

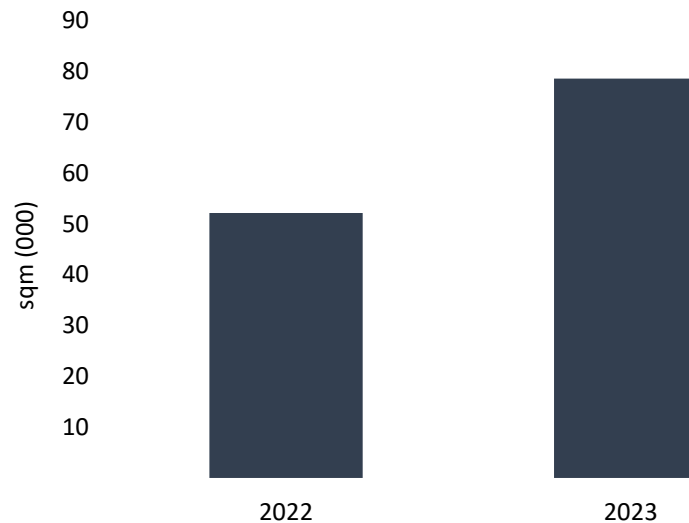
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Perth

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

	2022F	2023F
GDP Growth	4.2%	2.5%
Unemployment Rate	3.3%	3.8%
Inflation	6.0%	3.0%

Real Estate Indicators

	Q3 2022	12mth Forecast
Prime Rent (A\$ psm pa)	637	↑
Vacancy	12.0%	→
Market Balance	Tenant	Balanced

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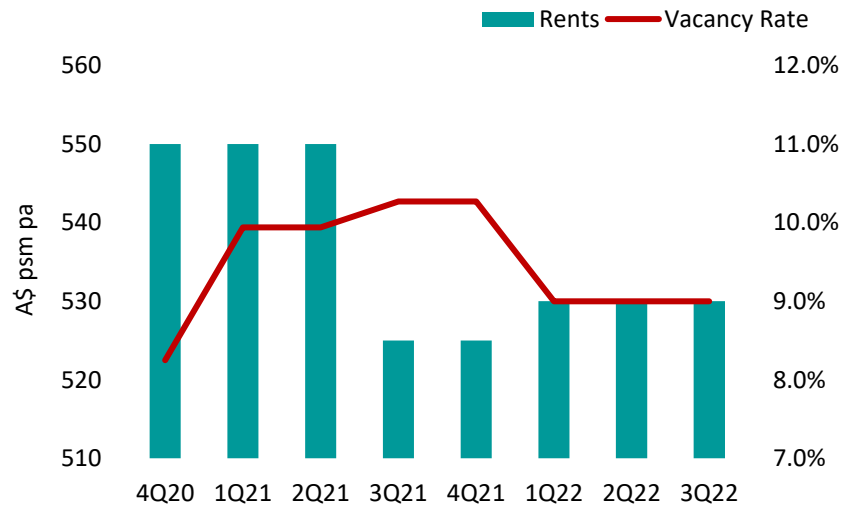
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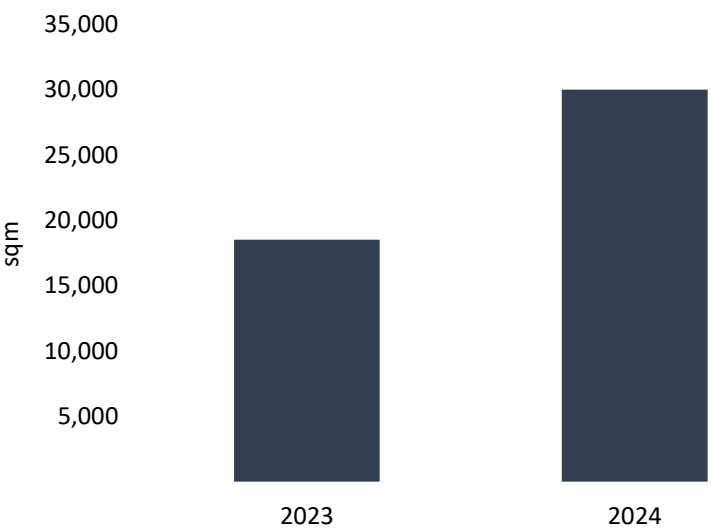
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Auckland

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

	2022F	2023F
GDP Growth	2.6%	1.9%
Unemployment Rate	3.9%	3.9%
Inflation	3.5%	2.4%

Real Estate Indicators

	Q3 2022	12mth Forecast
Prime Rent (NZ\$ psm pa)	530	→
Vacancy	9.0%	→
Market Balance	Tenant	Tenant

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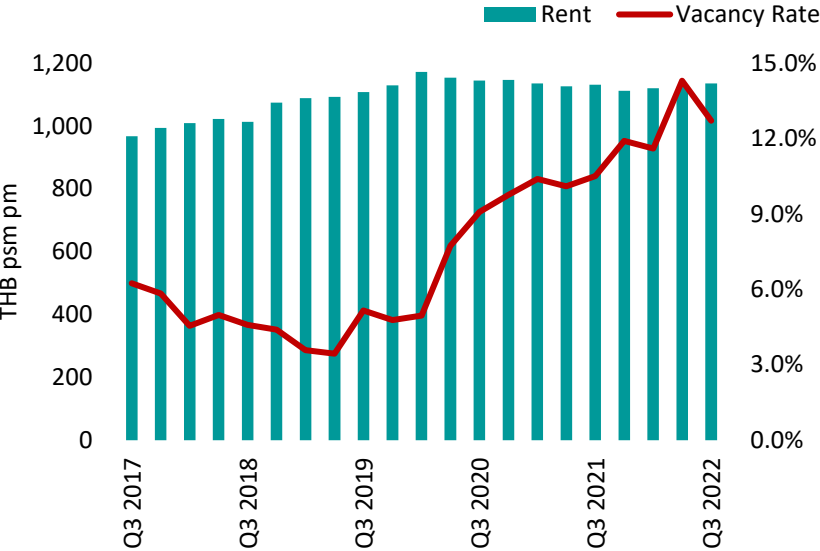


Southeast Asia

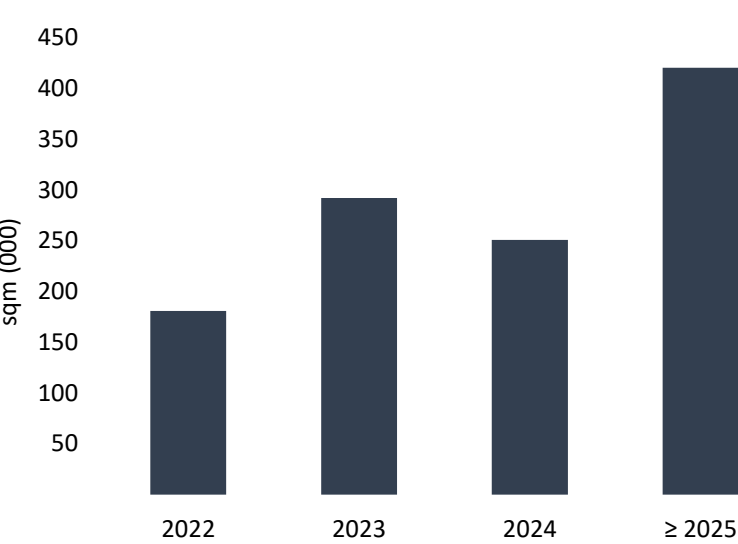
Fears of a global recession caused by US monetary tightening, high inflation, and uncertainty over the Chinese economy have taken a toll on most Southeast Asian (SEA) economies. Business sentiments were in turn watered down due to unfavourable economic performance and a gloomy outlook. Despite this, the office sector proved to be resilient with average rents recording a marginal uptick by 0.1% YoY and 2.0% QoQ. Vacancy rates also improved slightly across the board as stock levels maintained. In the face of even more economic challenges, forecasts for most SEA markets were revised downward and rents were anticipated to drop further. Future pipeline supply is moderate, rendering vacancy to hold or lightly increase. The only outlier is Singapore as the city-state continues to serve as a safe haven for MNCs as they navigate the incoming economic storms.

Bangkok

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

	2022F	2023F
GDP Growth	3.3%	4.2%
Unemployment Rate	N/A	N/A
Inflation	4.9%	2.5%

Real Estate Indicators

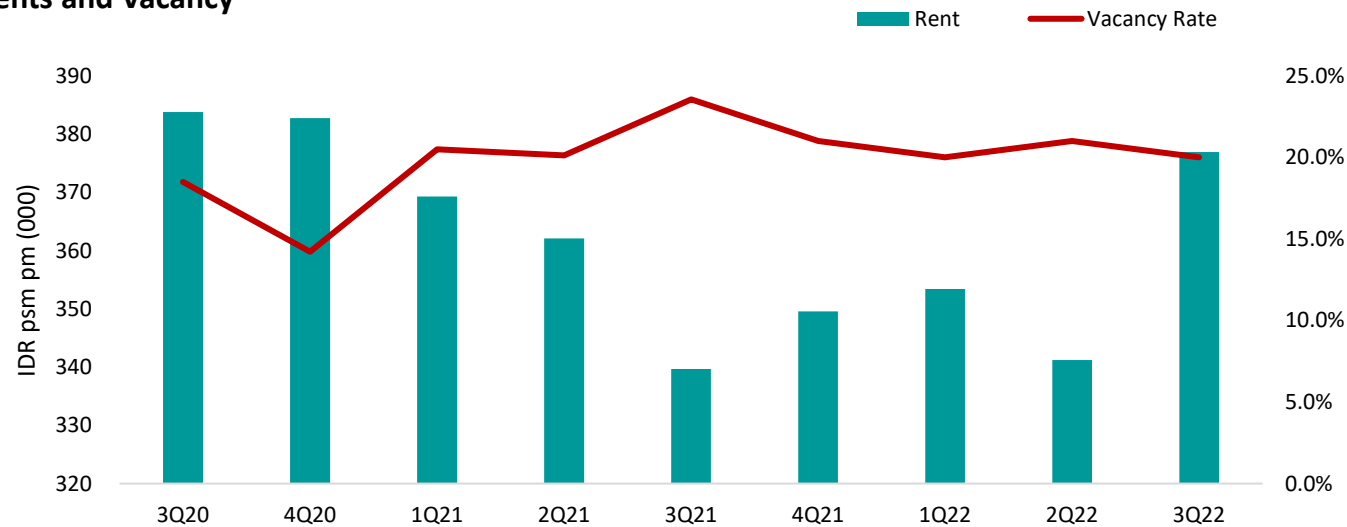
	Q3 2022	12mth Forecast
Prime Rent (THB psm pm)	1,135	↓
Vacancy	12.7%	→
Market Balance	Tenant	Tenant

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Jakarta

Rents and Vacancy



Economic Indicators		
	2022F	2023F
GDP Growth	5.3%	5.7%
Unemployment Rate	5.6%	5.4%
Inflation	3.6%	3.0%

Real Estate Indicators		
	Q3 2022	12mth Forecast
Prime Rent (IDR psm pm)	376,908	→
Vacancy	20.0%	→
Market Balance	Tenant	Tenant

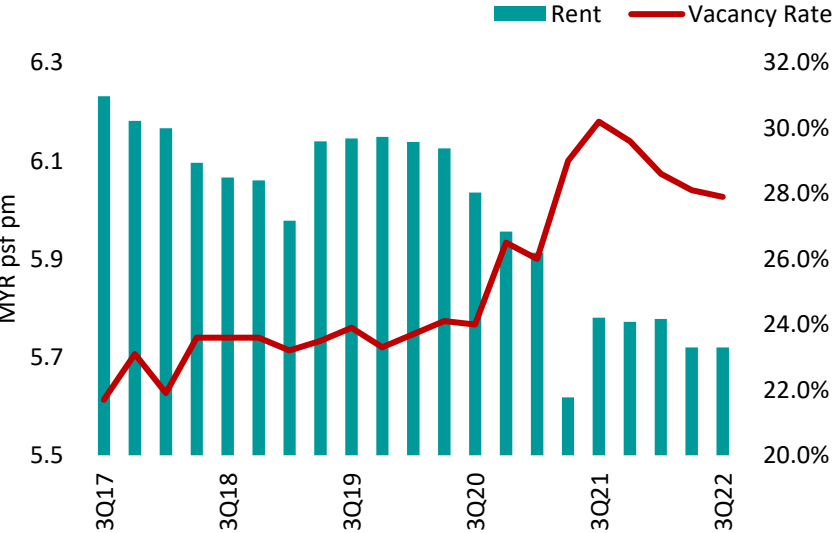
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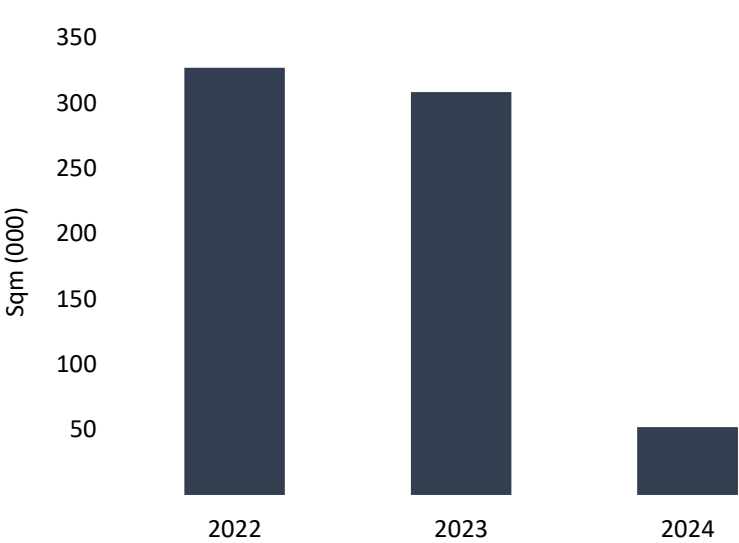


Kuala Lumpur

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

	2022F	2023F
GDP Growth	6.0%	5.4%
Unemployment Rate	4.25%	4.15%
Inflation	3.2%	2.2%

Real Estate Indicators

	Q3 2022	12mth Forecast
Prime Rent (MYR psf pm)	5.72	↓
Vacancy	27.9%	→
Market Balance	Tenant	Tenant

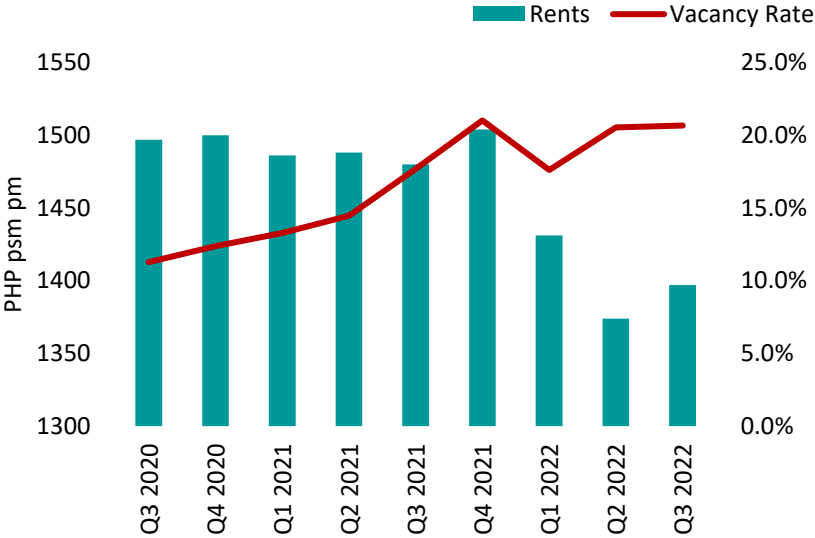


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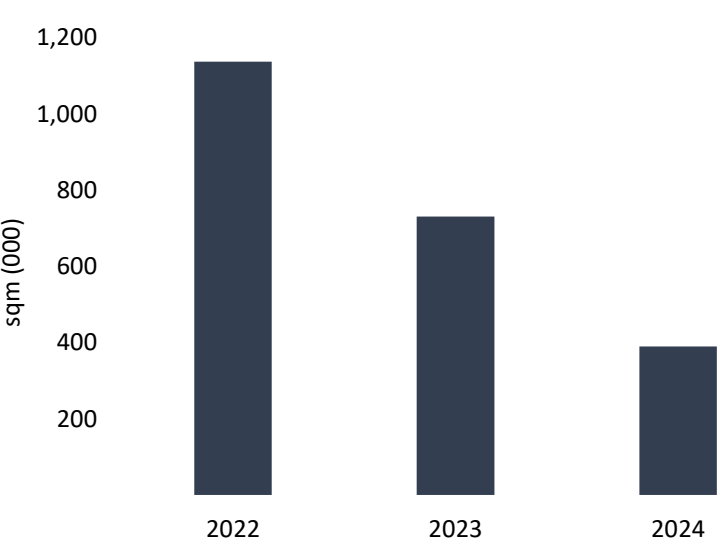
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Manila

Rents and Vacancy



Future Pipeline Supply



Economic Indicators		
	2022F	2023F
GDP Growth	6.0%	6.0%
Unemployment Rate	5.4%	5.1%
Inflation	4.3%	3.9%

Real Estate Indicators		
	Q3 2022	12mth Forecast
Prime Rent (PHP psm pm)	1,397	↓
Vacancy	20.7%	↑
Market Balance	Tenant	Tenant

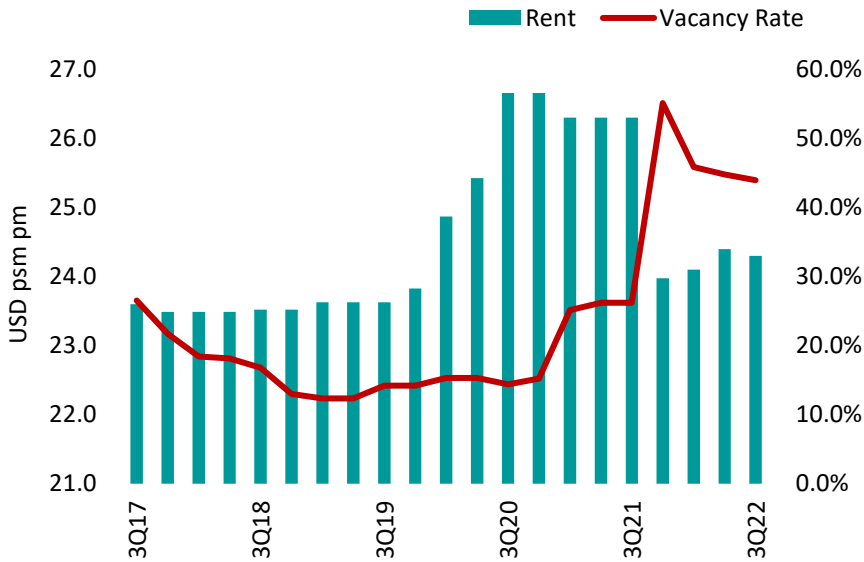


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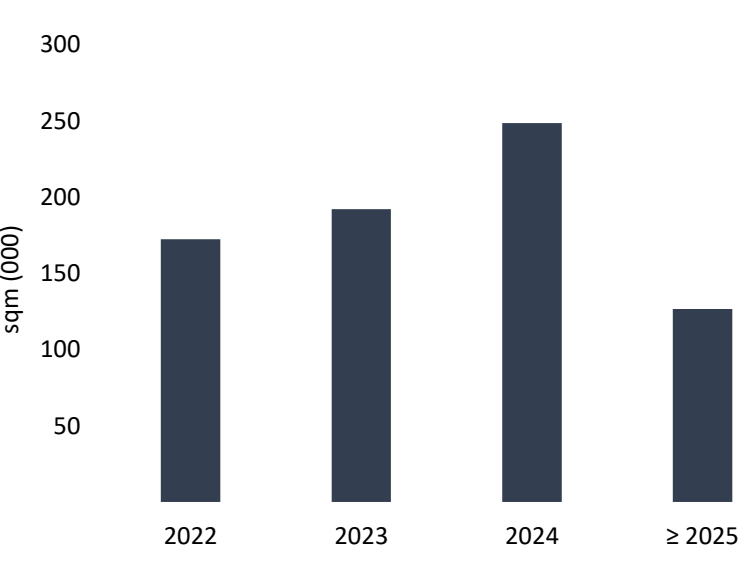
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Phnom Penh

Rents and Vacancy



Future Pipeline Supply



Economic Indicators		
	2022F	2023F
GDP Growth	5.9%	6.1%
Unemployment Rate	N/A	N/A
Inflation	4.0%	3.0%

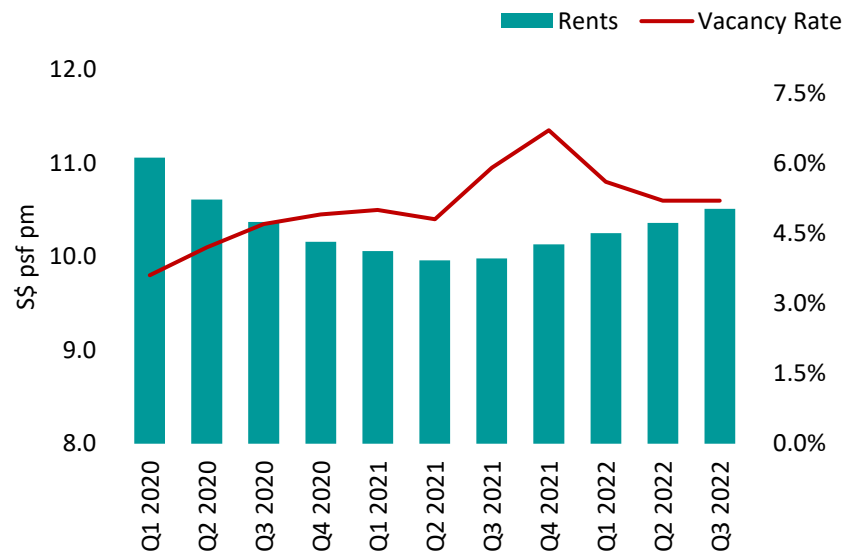
Real Estate Indicators		
	Q3 2022	12mth Forecast
Prime Rent (US\$ psm pm)	24.30	→
Vacancy	44.0%	↓
Market Balance	Tenant	Tenant

For more information, please contact:

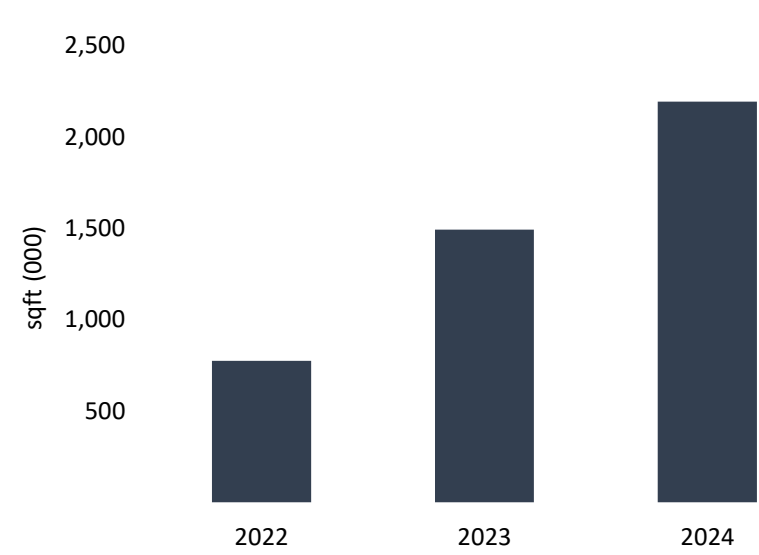
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Singapore

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

	2022F	2023F
GDP Growth	3.0%	3.0%
Unemployment Rate	2.4%	2.4%
Inflation	5.0%	2.8%

Real Estate Indicators

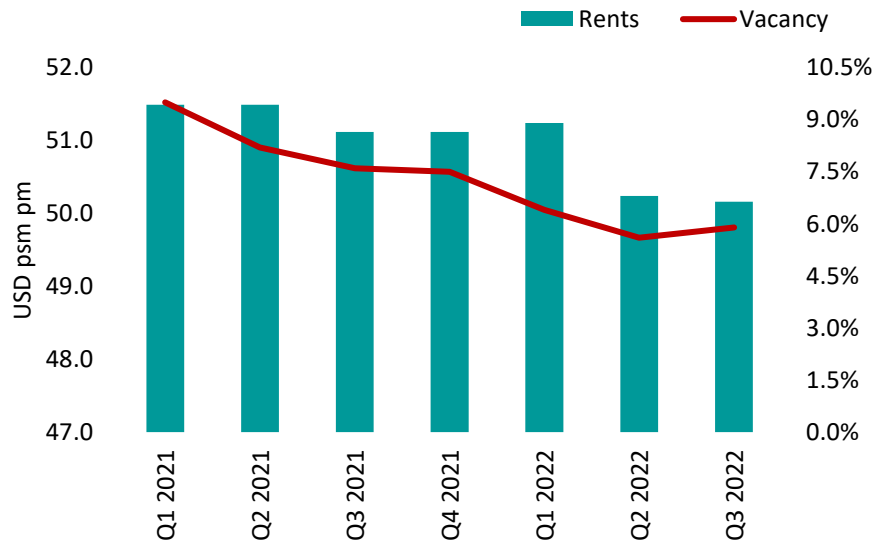
	Q3 2022	12mth Forecast
Prime Rent (S\$ psf pm)	10.51	↑
Vacancy	5.2%	↓
Market Balance	Landlord	Landlord

For more information, please contact:

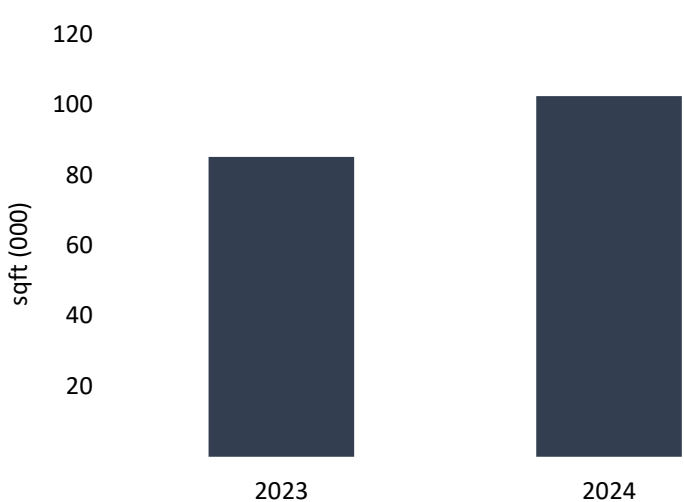
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Ho Chi Minh City

Rents and Vacancy



Future Pipeline Supply



*No pipeline supply is expected for 2022

Economic Indicators

	2022F	2023F
GDP Growth	6.5%	6.2%
Unemployment Rate	2.4%	2.3%
Inflation	3.7%	5.0%

Real Estate Indicators

	Q3 2022	12mth Forecast
Prime Rent (US\$ psm pm)	50.16	↓
Vacancy	5.9%	→
Market Balance	Landlord	Landlord



For more information, please contact:

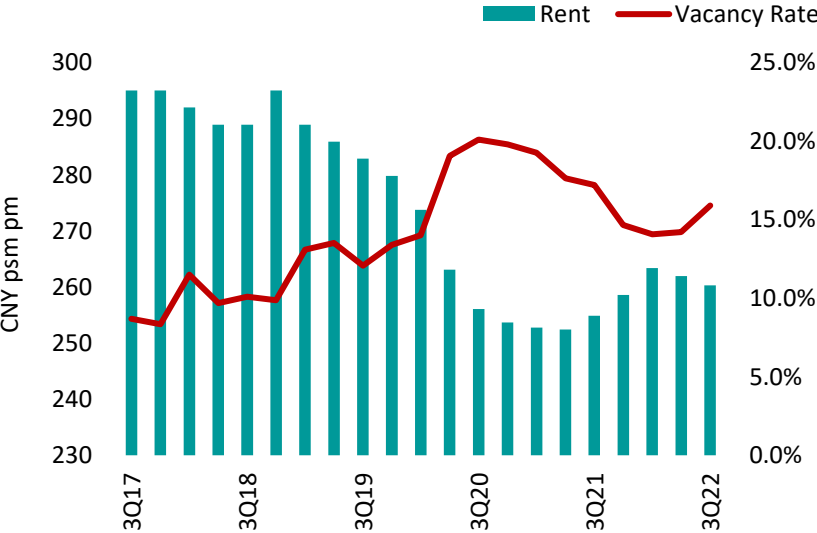
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East Asia

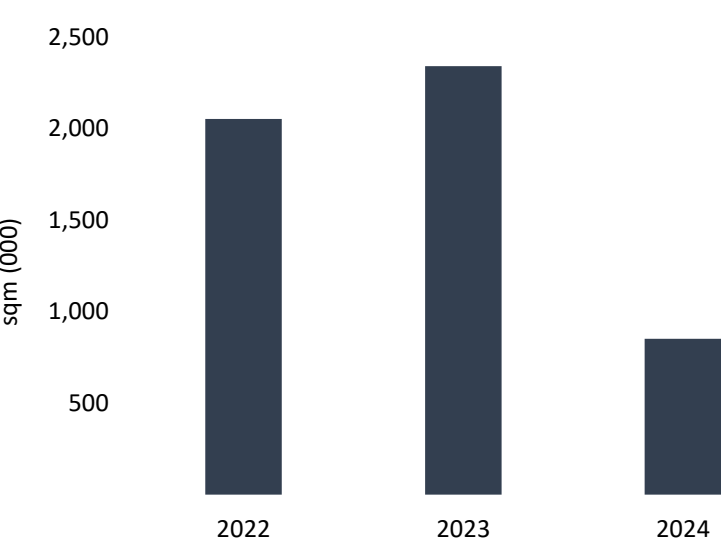
Demand for spaces further softened in Tier 1 Chinese Mainland cities as uncertainty from nationwide tightening of COVID restrictions rendered businesses to be more conservative about expansion and their futures. The financial and professional services sector drove leasing numbers, while the tech sector was observed to be re-organising and surrendering idle real estate space. As a result, average vacancy recorded a marginal increase in Q3 2022. Along the same vein, rental growth remained in the negative territory for most tier-1 cities on both a quarterly and yearly basis. With a large volume of supply incoming, vacancy rates are projected to worsen further alongside the volatility in the Chinese economy. Across the bay, record-high vacancy and shrinkage in demand reversed the rental growth in Hong Kong as rents declined by 2.5% QoQ. Meanwhile, Seoul continued its growth streak by setting yet another record-low vacancy rate and rent expanded by 3.7%, making it the best performing market in this part of APAC.

Shanghai

Rents and Vacancy



Future Pipeline Supply



Economic Indicators		
	2022F	2023F
GDP Growth	3.3%	4.5%
Unemployment Rate	3.6%	3.6%
Inflation	2.3%	2.4%

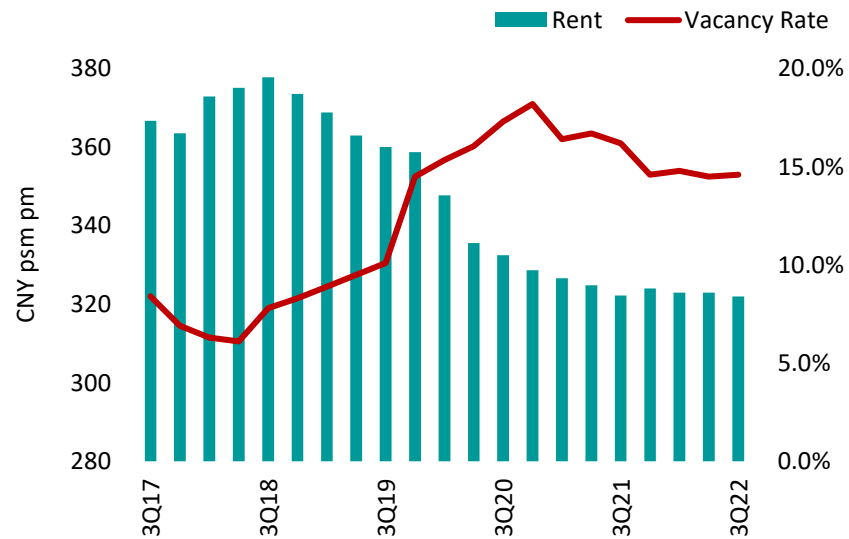
Real Estate Indicators		
	Q3 2022	12mth Forecast
Prime Rent (CNY psm pm)	260	↑
Vacancy	15.9%	↑
Market Balance	Tenant	Balanced

For more information, please contact:

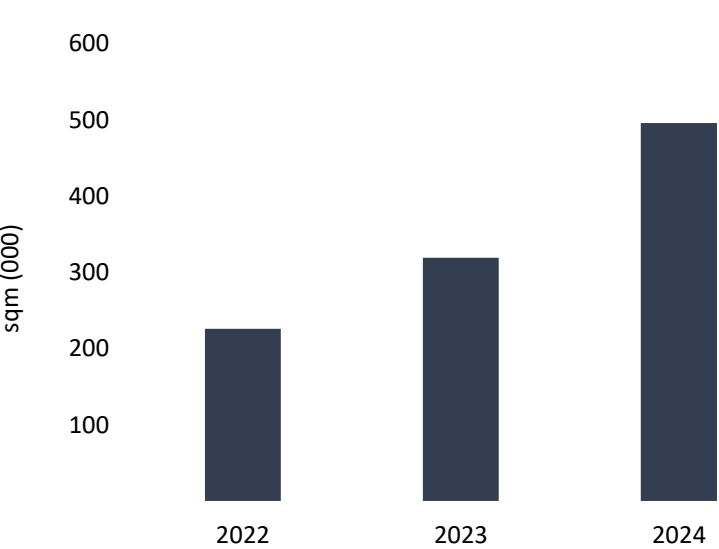
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Beijing

Rents and Vacancy



Future Pipeline Supply



Economic Indicators		
	2022F	2023F
GDP Growth	3.3%	4.5%
Unemployment Rate	3.6%	3.6%
Inflation	2.3%	2.4%

Real Estate Indicators		
	Q3 2022	12mth Forecast
Prime Rent (CNY psm pm)	322	→
Vacancy	14.6%	→
Market Balance	Balanced	Balanced

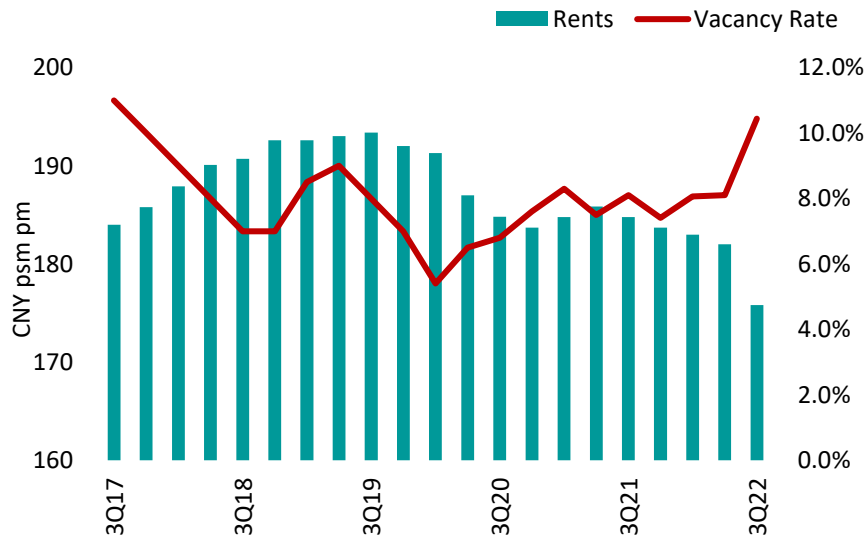


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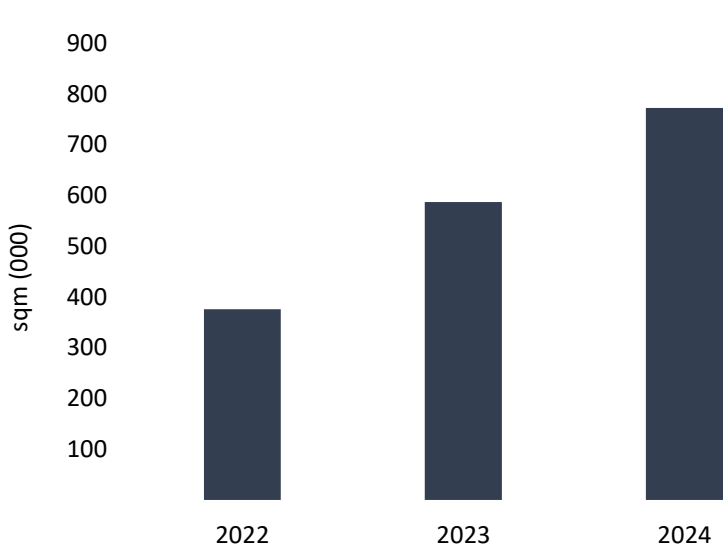
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Guangzhou

Rents and Vacancy



Future Pipeline Supply

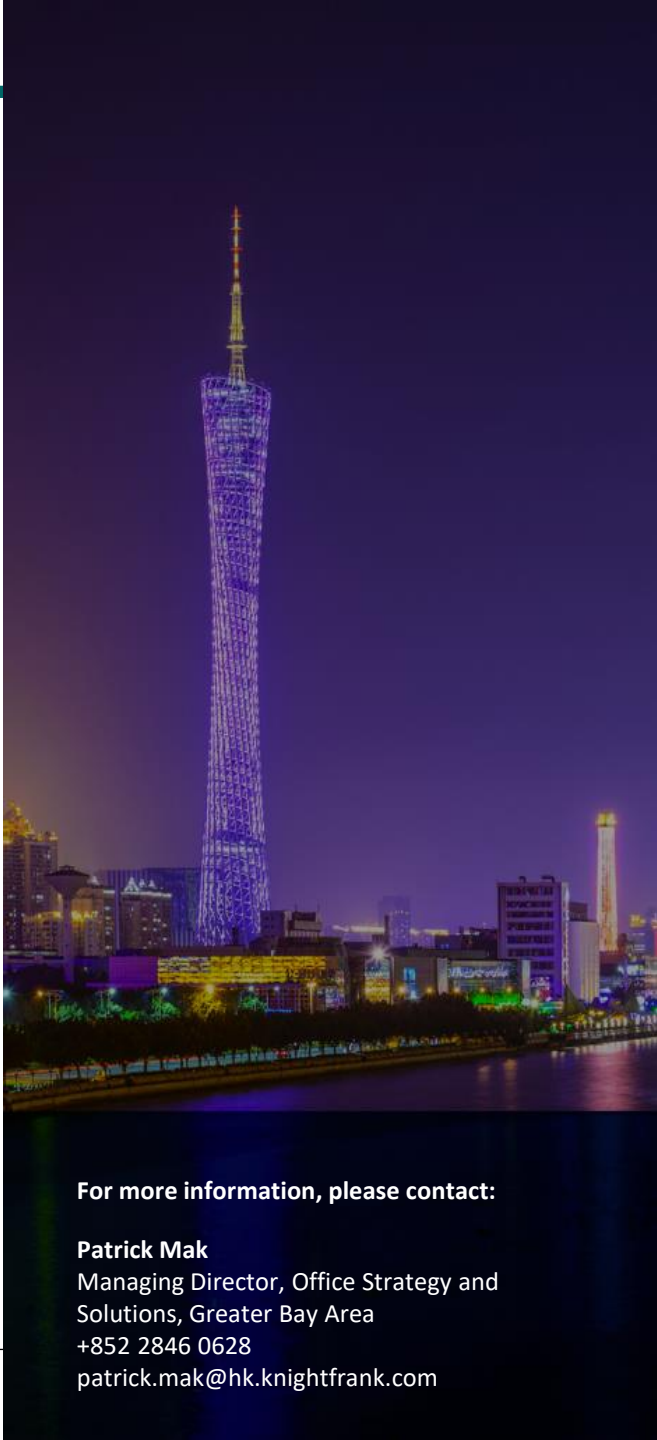


Economic Indicators

	2022F	2023F
GDP Growth	3.3%	4.5%
Unemployment Rate	3.6%	3.6%
Inflation	2.3%	2.4%

Real Estate Indicators

	Q3 2022	12mth Forecast
Prime Rent (CNY psm pm)	176	↓
Vacancy	10.4%	↑
Market Balance	Tenant	Tenant

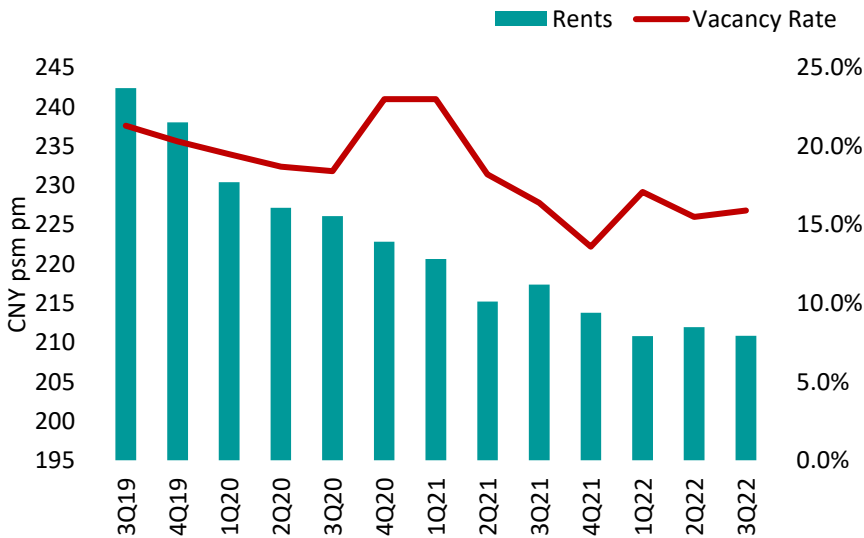


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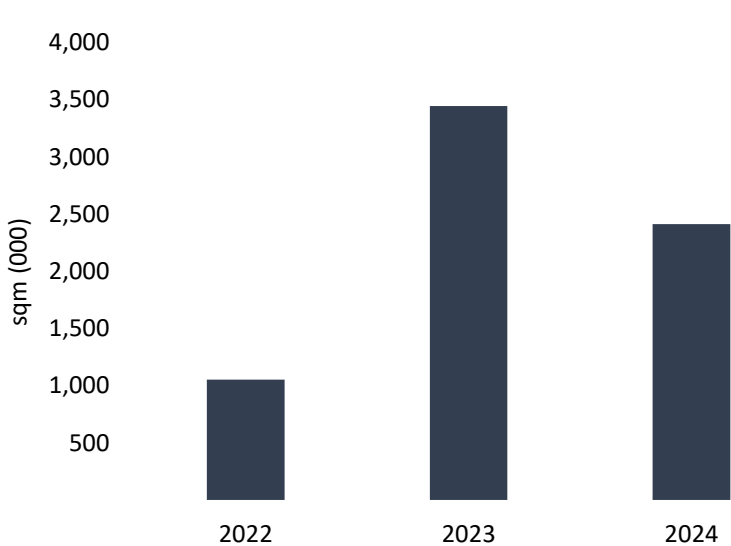
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Shenzhen

Rents and Vacancy



Future Pipeline Supply



Economic Indicators		
	2022F	2023F
GDP Growth	3.3%	4.5%
Unemployment Rate	3.6%	3.6%
Inflation	2.3%	2.4%

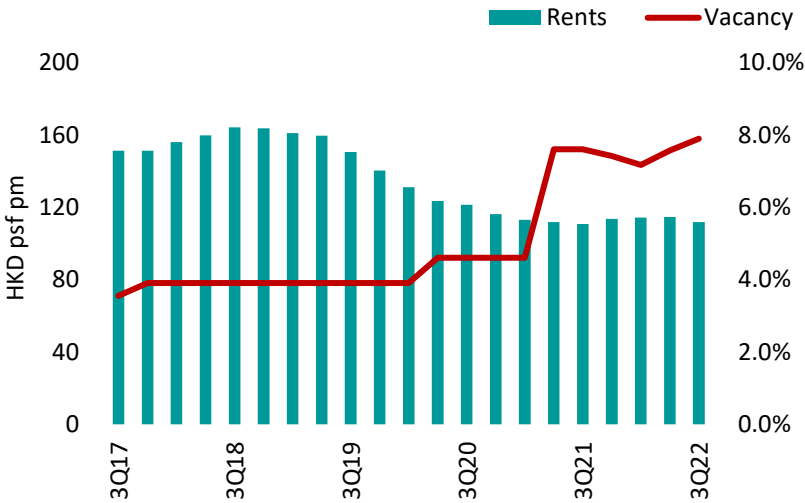
Real Estate Indicators		
	Q3 2022	12mth Forecast
Prime Rent (CNY psm pm)	211	→
Vacancy	15.9%	↑
Market Balance	Tenant	Tenant



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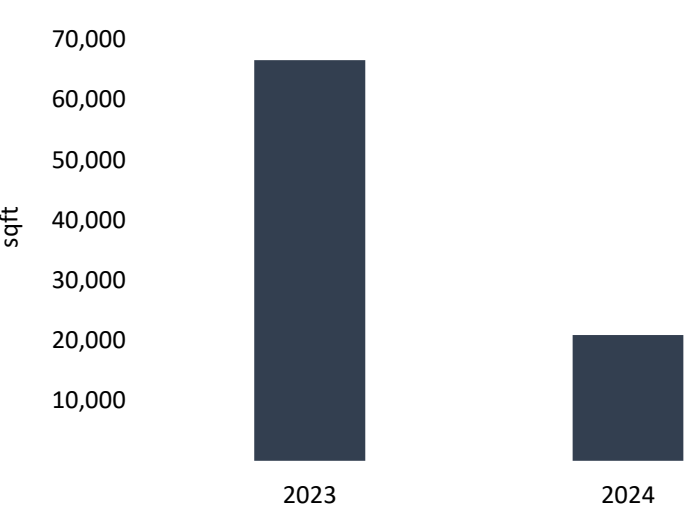
Hong Kong SAR

Rents and Vacancy



*Grade A office space in prime area in Hong Kong Island, aka Central

Future Pipeline Supply



*No pipeline supply is expected for 2022

Economic Indicators		
	2022F	2023F
GDP Growth	2.0%	3.7%
Unemployment Rate	5.7%	4.0%
Inflation	2.1%	2.3%

Real Estate Indicators		
	Q3 2022	12mth Forecast
Prime Rent (HK\$ psf pm)	112	↑
Vacancy	7.9%	→
Market Balance	Tenant	Tenant

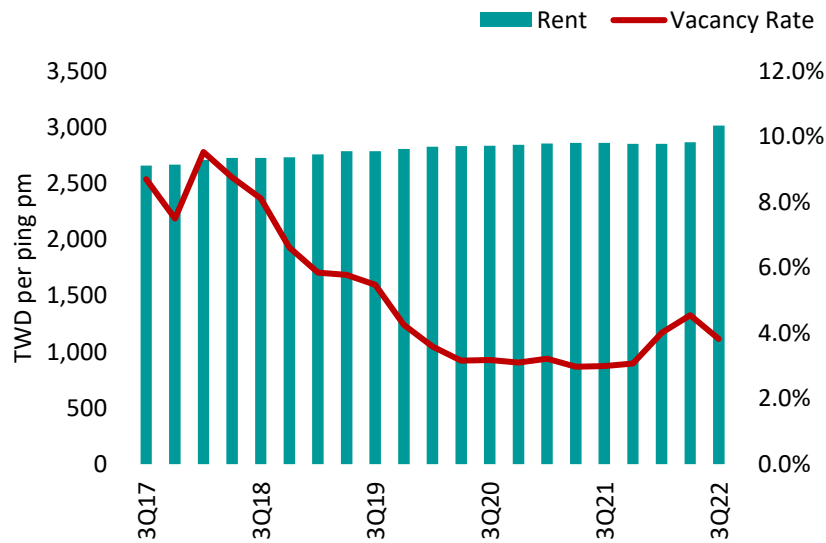


For more information, please contact:

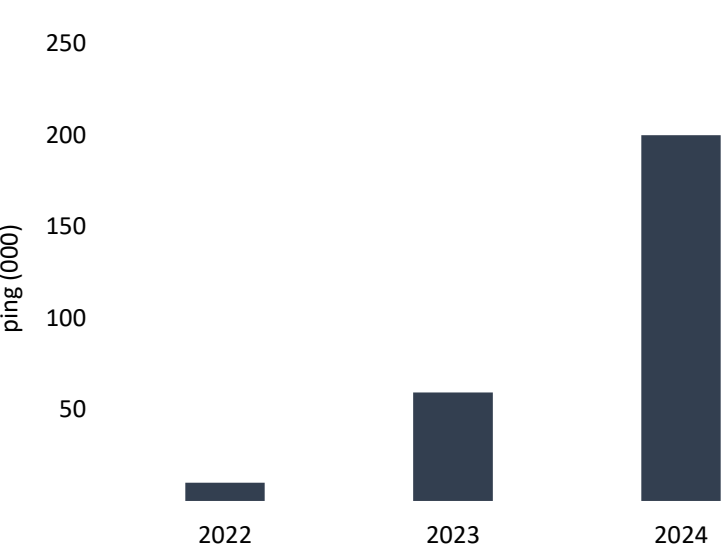
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Taipei

Rents and Vacancy



Future Pipeline Supply



Economic Indicators		
	2022F	2023F
GDP Growth	3.6%	3.0%
Unemployment Rate	3.6%	3.6%
Inflation	2.7%	1.5%

Real Estate Indicators		
	Q3 2021	12mth Forecast
Prime Rent (TW\$ per ping pm)	3,017	↑
Vacancy	3.8%	↑
Market Balance	Landlord	Landlord

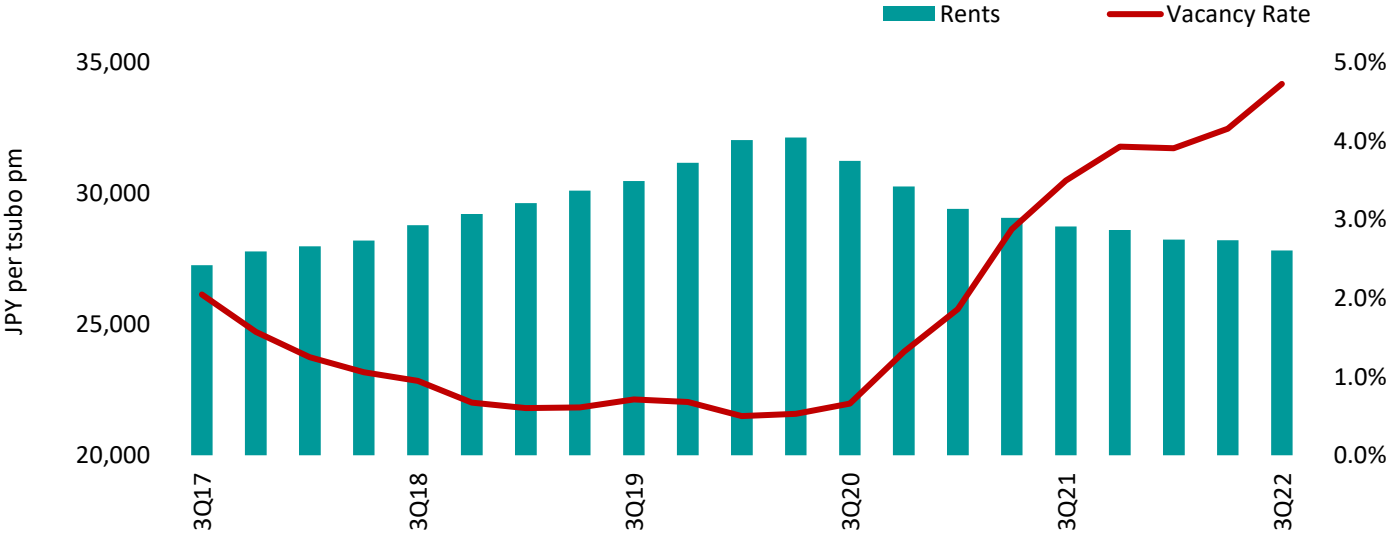


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Tokyo

Rents and Vacancy



Economic Indicators		
	2022F	2023F
GDP Growth	2.3%	1.5%
Unemployment Rate	2.4%	2.4%
Inflation	1.9%	1.1%

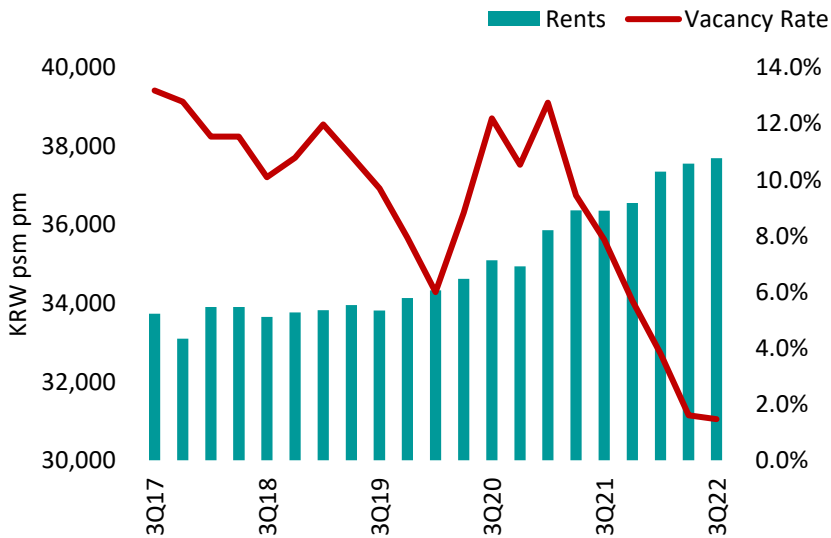
Real Estate Indicators		
	Q3 2022	12mth Forecast
Prime Rent (JPY per tsubo pm)	27,830	↓
Vacancy	4.7%	↑
Market Balance	Tenant	Tenant

For more information, please contact:

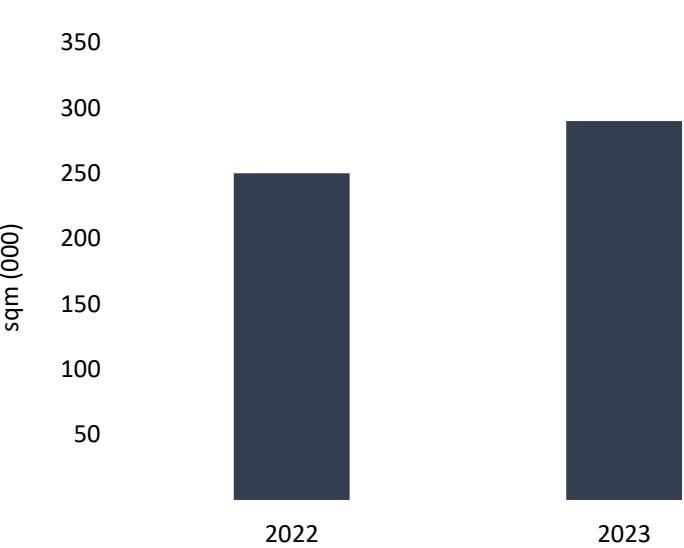
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Seoul

Rents and Vacancy



Future Pipeline Supply



Economic Indicators		
	2022F	2023F
GDP Growth	2.6%	2.6%
Unemployment Rate	3.5%	3.5%
Inflation	4.7%	2.9%

Real Estate Indicators		
	Q3 2022	12mth Forecast
Prime Rent (KRW psm pm)	37,696	↑
Vacancy	1.5%	↓
Market Balance	Landlord	Landlord



For more information, please contact:

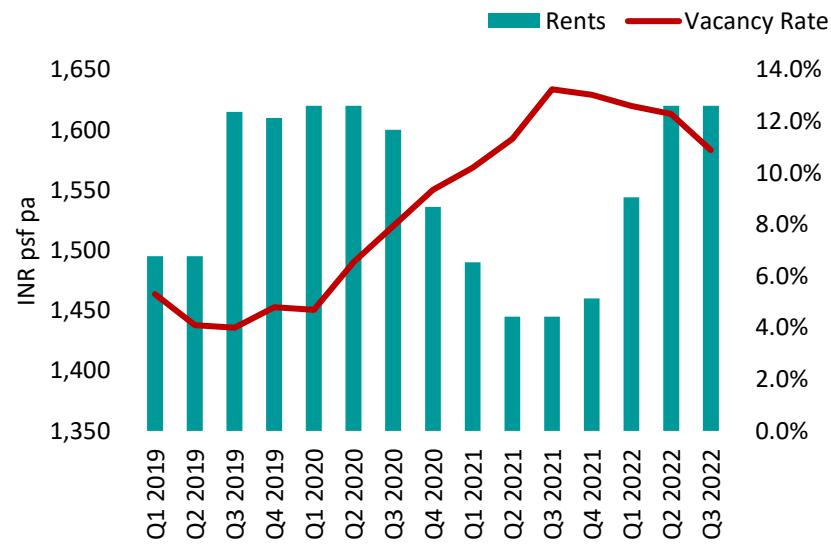
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South Asia

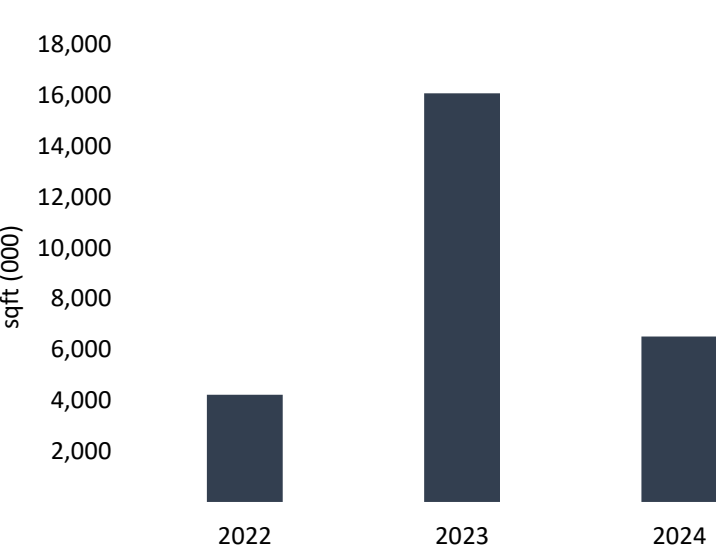
The Indian market appears to have overcome the final traces of the pandemic and is moving forward, despite the world economy being severely impacted by an increasingly inflationary scenario. The space leased has exceeded the 2019 quarterly average, clinching a post-pandemic high in Q3 2022. Major demand drivers include co-working operators, other services sector and the information technology sector. Bengaluru even saw a concentration of co-working players amongst its pool of tenants. In tandem with the increase in leasing volumes, rental levels have steadied or increased YoY across all three tier-1 cities, with Bengaluru leading growth at 12.1%. Vacancy rate improved too on the back of robust leasing. Such a positive trajectory is an affirmative sign that the pandemic's effects on companies have diminished, rendering future market traction reliant on how the global economy develops.

Bengaluru

Rents and Vacancy



Future Pipeline Supply



Economic Indicators		
	2022F	2023F
GDP Growth	8.2%	6.9%
Unemployment Rate	NA	NA
Inflation	6.1%	4.8%

Real Estate Indicators		
	Q3 2022	12mth Forecast
Prime Rent (INR psf pa)	1,620	→
Vacancy	10.9%	→
Market Balance	Landlord	Balanced

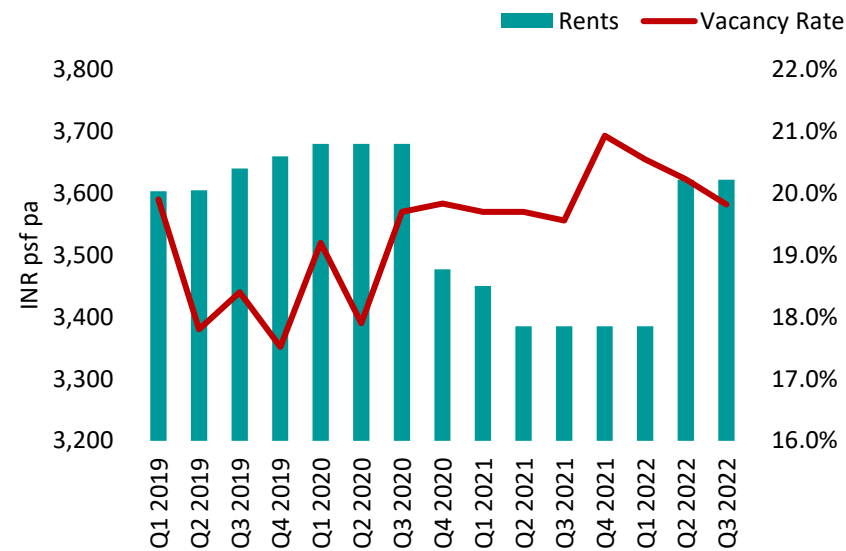


For more information, please contact:

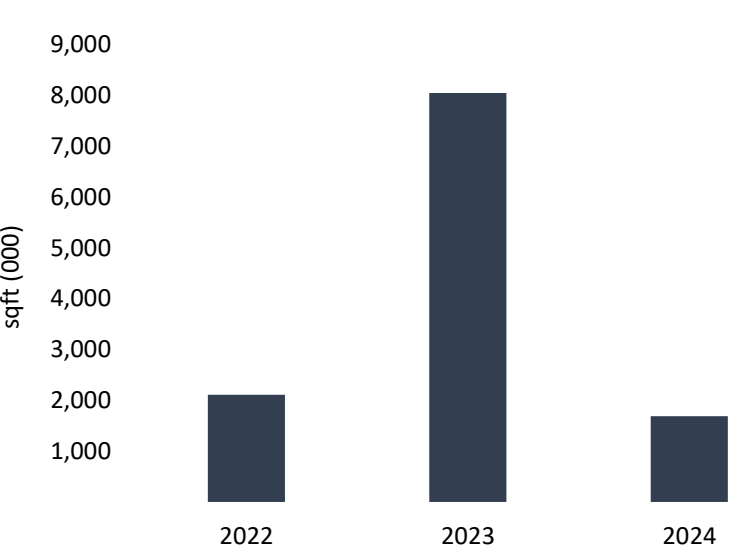
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Mumbai Metropolitan Region (MMR)

Rents and Vacancy



Future Pipeline Supply



Economic Indicators		
	2022F	2023F
GDP Growth	8.2%	6.9%
Unemployment Rate	NA	NA
Inflation	6.1%	4.8%

Real Estate Indicators		
	Q3 2021	12mth Forecast
Prime Rent (INR psf pa)	3,622	↑
Vacancy	19.8%	→
Market Balance	Landlord	Balanced

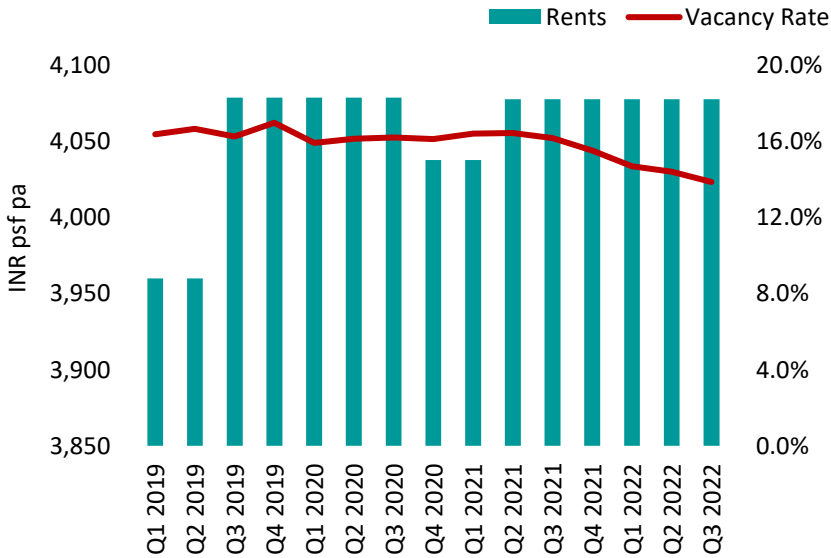


For more information, please contact:

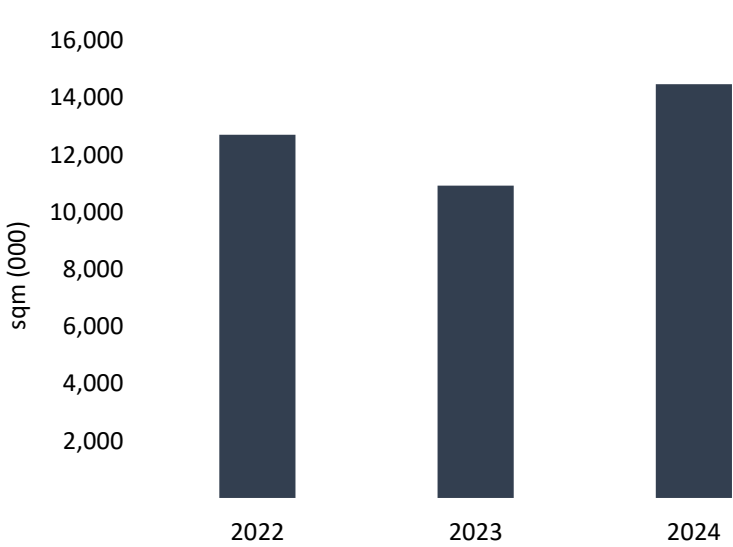
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Delhi-NCR

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

	2022F	2023F
GDP Growth	8.2%	6.9%
Unemployment Rate	NA	NA
Inflation	6.1%	4.8%

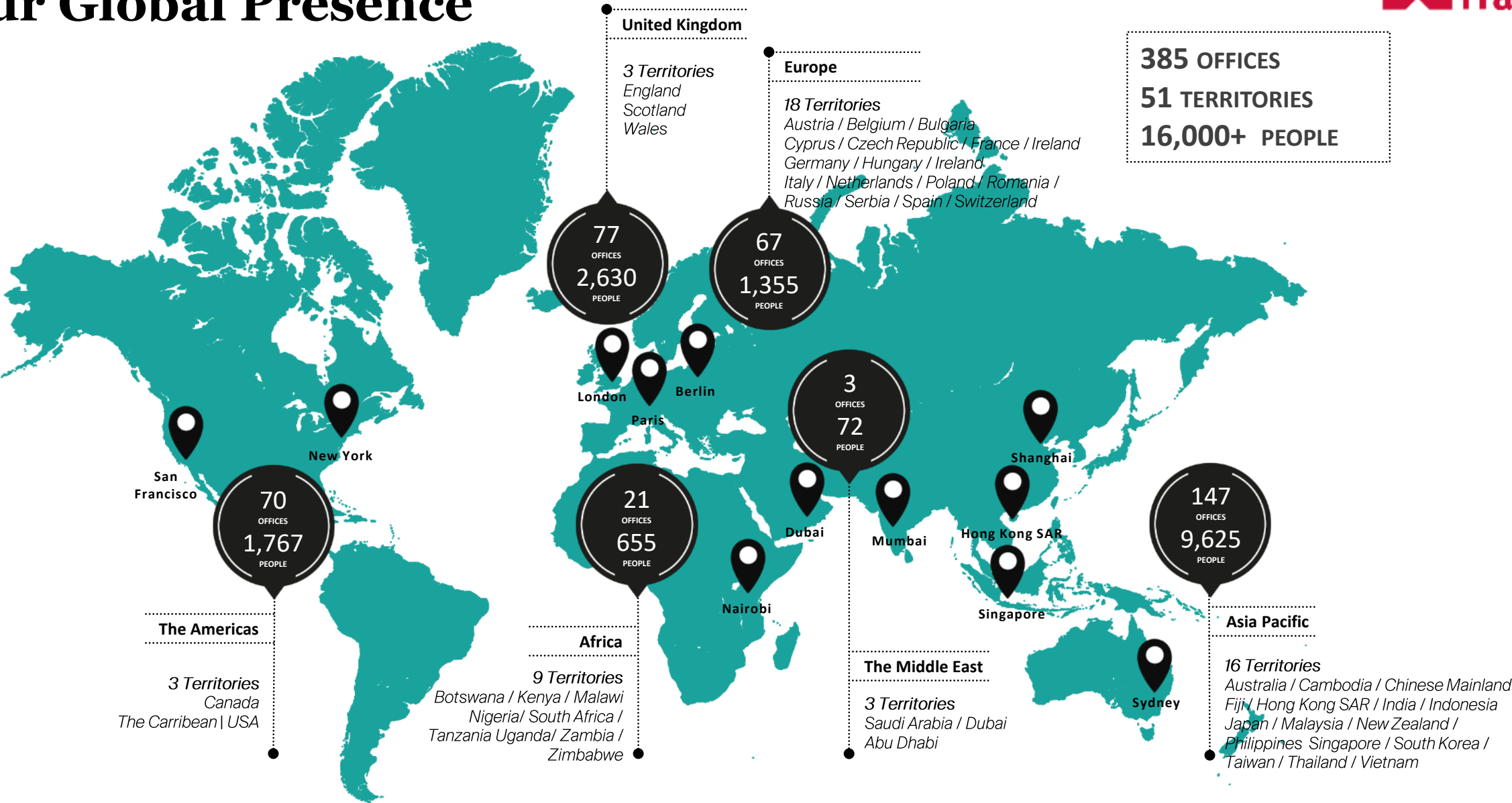
Real Estate Indicators

	Q3 2022	12mth Forecast
Prime Rent (INR psf pa)	4,078	→
Vacancy	13.9%	→
Market Balance	Landlord	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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