CUSHMAN & WAKEFIELD

ASIA-PACIFIC OFFICE DEMAND

NAVIGATING EXPANSIONARY MARKETS

Better never settles

KEY MESSAGES

The Asia-Pacific office market has expanded rapidly over the past decade. Grade-A office stock has nearly doubled to over 2.3 billion square feet, while occupied space has increased by almost 900 million square feet. Two-thirds of this demand has been driven by 17 cities across India, Southeast Asia and the Chinese mainland. Each market has its own story to tell.

Chinese Mainland

- Finance, TMT, and professional services still anchor the market, but new sectors including Bio-manufacturing, AI and Quantum computing are gaining ground.
- These new entrants are not merely looking for office spaces - they are seeking platforms for innovation. Customisation and flexibility are becoming standard expectations.
- Forward-thinking tenants are working hand-in-hand with landlords to co-create adaptive, tech-enabled, and ESG-aligned workplaces that support long-term growth.

India

- India is one of the strongest performing office markets globally. What was initially perceived as a rebound effect from the pandemic-induced slowdown, has now emerged as a structural growth story.
- India is a leading force in the world's Global Capability Centres, so it is not surprising that they also dominate leasing activity. More recently, growth in manufacturing and facilitating start-ups has also contributed to office demand.
- Grade-A+ stock is outperforming – recording 3-6% lower vacancy and 5-10% rental premiums.

Southeast Asia

- While the region's industrial sector remains a focal point due to its strategic importance in supply chain diversification, office demand has steadily increased, driven by the region's flourishing business landscape.
- The Banking and Finance sector has emerged as a key office demand driver across most SEA countries, though each market has its own specialisation in other industry sectors including technology, business-process outsourcing and healthcare.
- Vacancy rates have risen across most SEA markets, though tenant demand for high-quality stock means that top-tier buildings are defying elevated vacancy rates to achieve record-high rental levels.

OCCUPIER STRATEGIES

Portfolio Strategy

- Continue to focus on medium to long term strategic objectives - People, Place, and Purpose
- Ensure clarity on your RTO policy and how it impacts your real estate strategy, capital and operating costs
- Act with certainty - remain on strategy - don't be distracted by uncontrollable conditions

Market Strategy

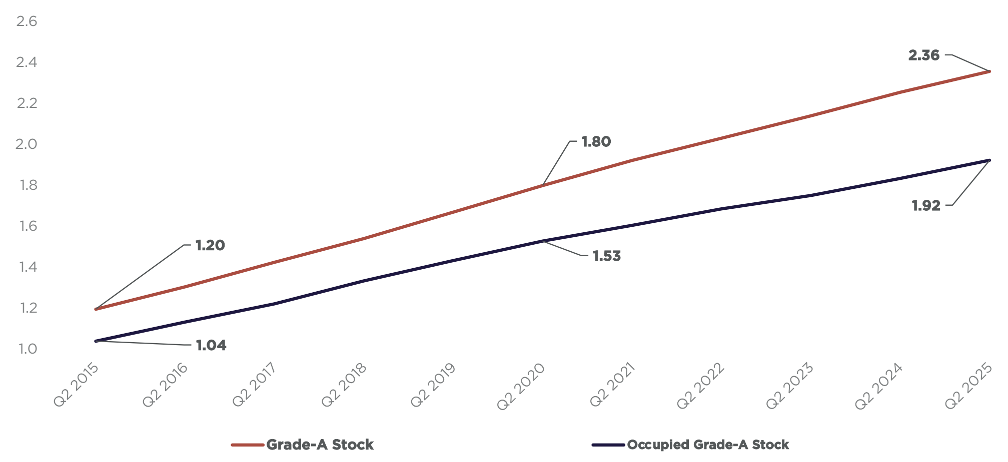
- No "one size fits all" approach to markets
- Act early - pre-let strategies are now operating with horizons of 3-4+ years
- Consider flex space where appropriate to assist with capital expenditure budgets

THE BIG PICTURE

Asia-Pacific is an expansive region across multiple indicators and time frames. Over the past decade, the regional economy has grown by almost USD12 trillion in real terms, added almost 225 million people (70% of working age) and created 130 million jobs, of which over 40 million are office using.

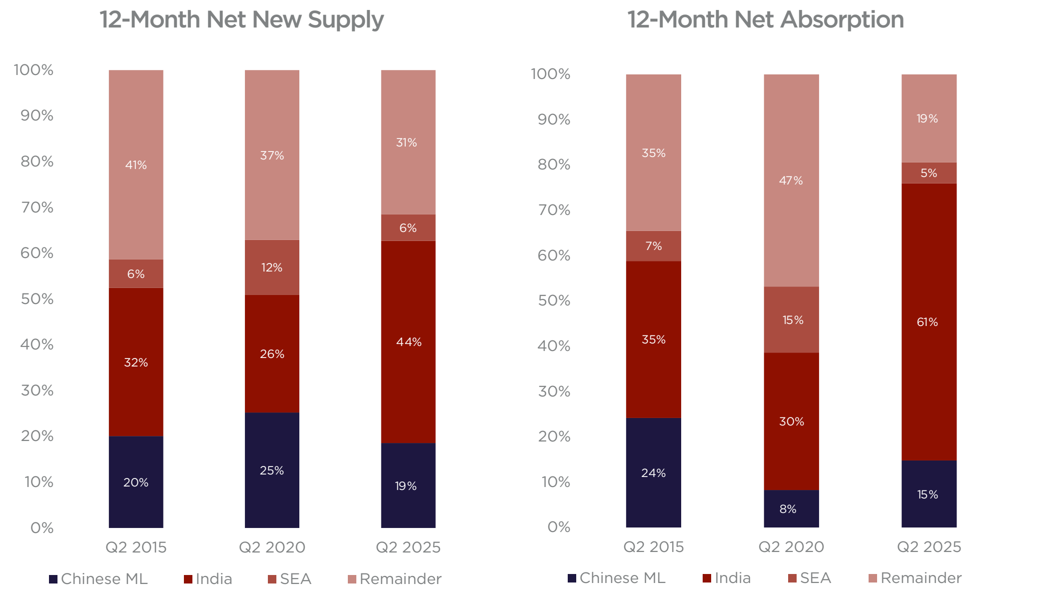
Such growth has flowed into commercial real estate, especially the office sector. On a like-for-like basis, the region's office stock across 39 cities has practically doubled from 1.20 billion square feet (bsf) in 2015 to over 2.36 bsf as at Q2 2025. This means the region has added the equivalent of Singapore's entire office stock each year, for a decade. At the same time, demand for space has remained strong, with almost 900 million square feet (msf) absorbed over the decade. Of course, the fact that supply has exceeded demand has meant that vacancy has risen, from 13% to over 18%, with the latter figure representing over 445 msf.

Figure 1: APAC Grade-A Stock and Occupied Grade A stock (billion square feet)

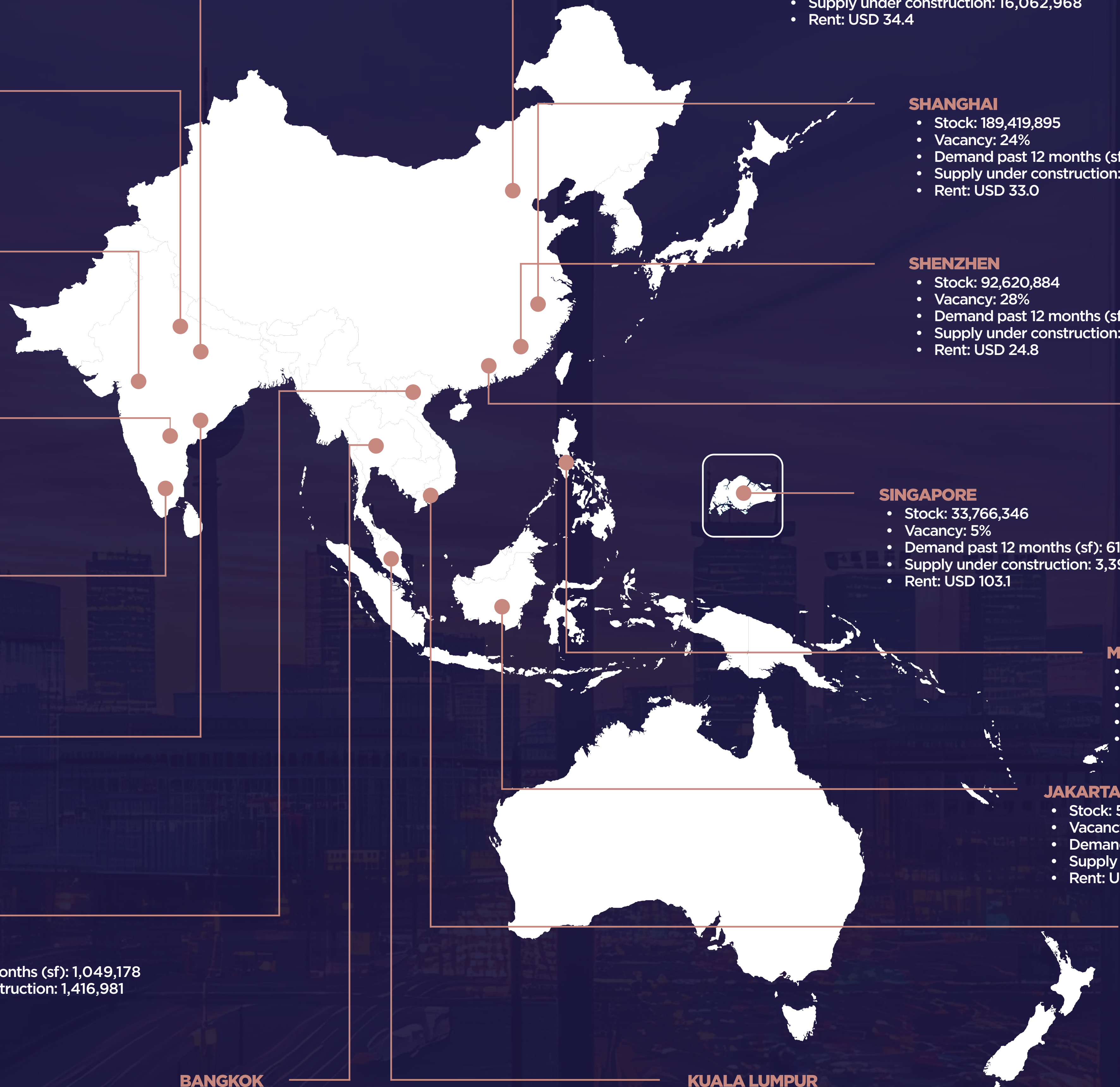


Beneath these impressive regional figures, there are three core engines driving growth: the Chinese mainland, India and Southeast Asia. That's not to say other markets are not important, but these three sub-regions have seen the greatest change to date and are likely to see further significant change into the future. Together, these 17 cities (out of 39 analysed) have accounted for 67% of regional net new supply and 68% of net demand over the study period.

Figure 2: Proportionate sub-regional net new supply and net absorption



While there are many common trends occurring across these cities, they also have a slightly different and nuanced story on government policy settings, underlying sectors that are driving office demand, which areas of the city are most in demand and their key outlook drivers. We take a deeper dive into these issues in the remainder of this report.



HYDERABAD
- Stock: 113,566,240
- Vacancy: 23%
- Demand past 12 months (sf): 8,157,560
- Supply under construction: 35,972,000
- Rent: USD 13.3

DELHI NCR
- Stock: 146,346,030
- Vacancy: 21%
- Demand past 12 months (sf): 8,358,375
- Supply under construction: 18,502,086
- Rent: USD 14.2

PUNE
- Stock: 81,827,080
- Vacancy: 13%
- Demand past 12 months (sf): 7,574,453
- Supply under construction: 31,707,408
- Rent: USD 14.2

MUMBAI
- Stock: 120,338,076
- Vacancy: 11%
- Demand past 12 months (sf): 12,207,654
- Supply under construction: 23,836,657
- Rent: USD 24.3

BENGALURU
- Stock: 207,221,896
- Vacancy: 9%
- Demand past 12 months (sf): 13,975,080
- Supply under construction: 40,396,764
- Rent: USD 14.5

CHENNAI
- Stock: 69,794,457
- Vacancy: 14%
- Demand past 12 months (sf): 3,835,995
- Supply under construction: 18,879,649
- Rent: USD 12.5

HANOI
- Stock: 8,050,889
- Vacancy: 24%
- Demand past 12 months (sf): 1,049,178
- Supply under construction: 1,416,981
- Rent: USD 35.4

BANGKOK
- Stock: 26,619,859
- Vacancy: 27%
- Demand past 12 months (sf): 1,123,014
- Supply under construction: 3,502,603
- Rent: USD 32.0

KUALA LUMPUR
- Stock: 55,995,127
- Vacancy: 28%
- Demand past 12 months (sf): -894,301
- Supply under construction: 6,210,663
- Rent: USD 19.6

BEIJING
- Stock: 147,249,259
- Vacancy: 17%
- Demand past 12 months (sf): 3,476,579
- Supply under construction: 16,062,968
- Rent: USD 34.4

SHANGHAI
- Stock: 189,419,895
- Vacancy: 24%
- Demand past 12 months (sf): 4,785,711
- Supply under construction: 34,141,750
- Rent: USD 33.0

SHENZHEN
- Stock: 92,620,884
- Vacancy: 28%
- Demand past 12 months (sf): 2,209,706
- Supply under construction: 47,735,682
- Rent: USD 24.8

GUANGZHOU
- Stock: 74,665,485
- Vacancy: 20%
- Demand past 12 months (sf): 1,113,911
- Supply under construction: 28,674,615
- Rent: USD 19.2

SINGAPORE
- Stock: 33,766,346
- Vacancy: 5%
- Demand past 12 months (sf): 616,938
- Supply under construction: 3,392,251
- Rent: USD 103.1

MANILA
- Stock: 105,772,346
- Vacancy: 18%
- Demand past 12 months (sf): -589,669
- Supply under construction: 7,382,345
- Rent: USD 23

JAKARTA
- Stock: 55,995,127
- Vacancy: 23%
- Demand past 12 months (sf): 1,257,673
- Supply under construction: -
- Rent: USD 21.3

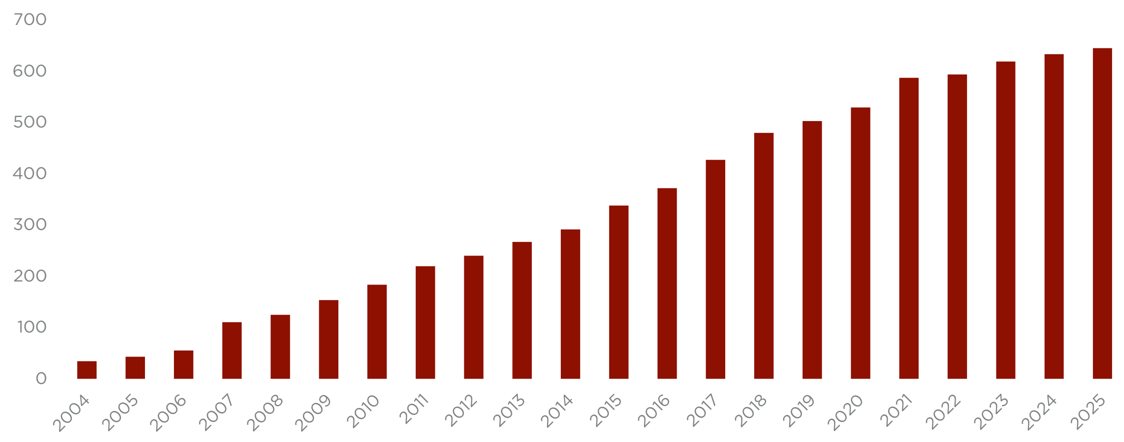
HO CHI MINH CITY
- Stock: 6,537,462
- Vacancy: 12%
- Demand past 12 months (sf): 491,379
- Supply under construction: 2,604,670
- Rent: USD 60.2

CHINESE MAINLAND:
Innovation Driving Demand

TOP 3 DRIVERS OF DEMAND			
Industry Sector	TMT	Professional Services	Finance
Space Demand 2020-2025 (msf)[1]	28.5	26.0	22.4
% of Total Demand	15.9%	14.5%	12.5%

Over the past decade, occupied Grade-A office stock on the Chinese mainland has expanded dramatically – rising from approximately 304 msf at the end of Q1 2015 to over 640 msf by the end of Q2 2025 – reflecting the country's rapid urbanisation, economic transformation, and the scaling-up of its modern service industries (Figure 3).

Figure 3: Grade-A office occupied stock trend on the Chinese mainland (2004 – Q2 2025), (msf)



Source: Cushman & Wakefield Research

Yet today, the office market is undergoing a fundamental transformation. Beneath the surface of rising vacancy rates and shifts in supply, there is a more nuanced evolution taking place – shaped by structural economic changes, a rebalancing of tenant expectations, and a redefinition of what the office is and should be in a new era of innovation and sustainability.

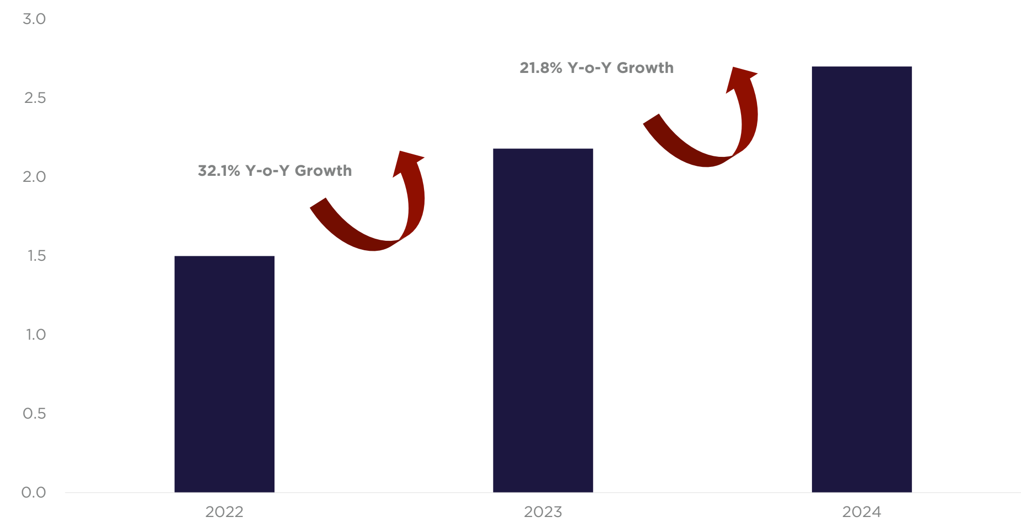
[1] Net absorption (msf)

Dual Circulation Driving Demand Growth

At the heart of this transformation is a dual shift – both in demand and in the broader market environment. The transition reflects China's economic strategy of "dual circulation," where domestic innovation and consumption are elevated as central growth engines operate alongside external trade.

While finance, TMT, and professional services still anchor the market, new sectors are gaining ground (Figure 4). Biomanufacturing, AI, Quantum computing, life sciences, green technology, and cultural industries are creating pockets of specialised demand, often within well-supported innovation clusters. In Beijing, leasing demand is rising from AI and Quantum computing firms clustered around Zhongguancun, drawn by policy support, research linkages, and tech infrastructure. In Shanghai, the Zhangjiang and Lingang areas are seeing robust momentum from life sciences and smart manufacturing firms. Tenants here evaluate everything from air quality and emissions to the materials used in construction, underscoring how deeply technical and operational real estate decisions have become.

Figure 4: Strategic emerging industry investment volume and y-o-y growth – by Chinese central state-owned enterprises (2022-2024)



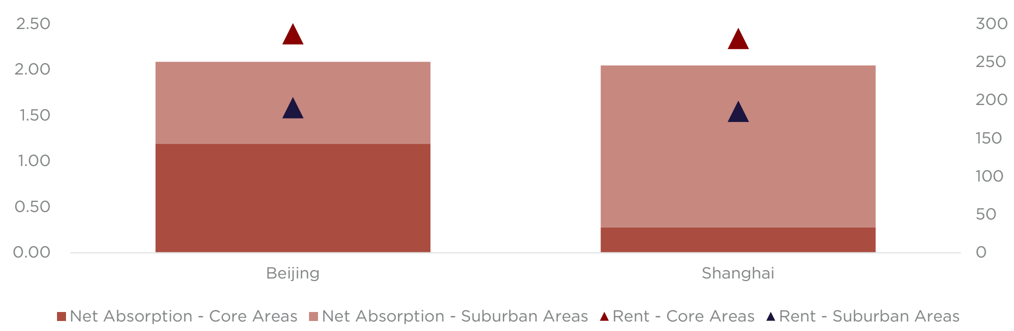
Source: State-owned Assets Supervision and Administration Commission of the State Council, Cushman & Wakefield Research

Space Requirements Increasing in Specificity

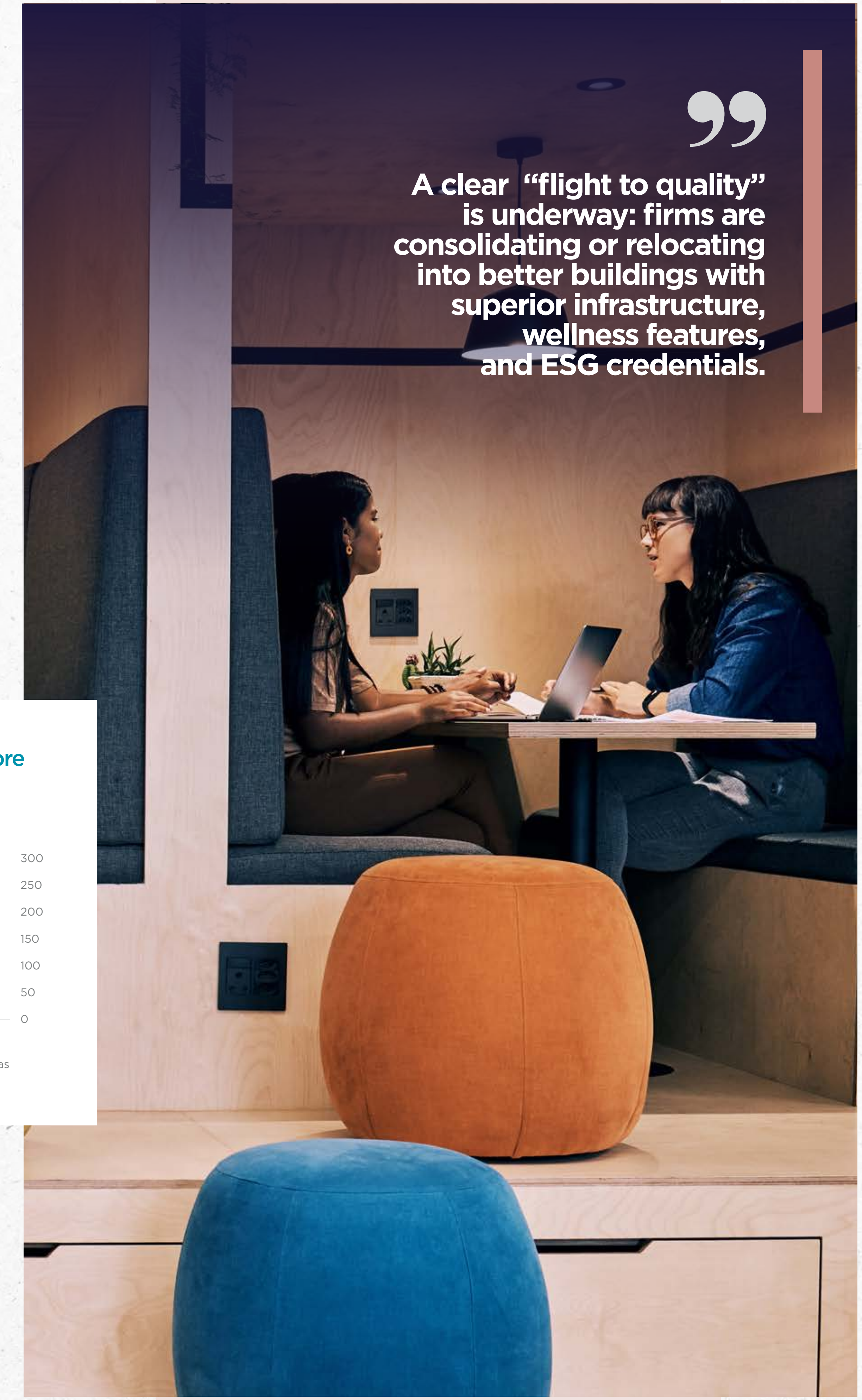
These new entrants are not merely looking for office space – they are seeking platforms for innovation. Customisation and flexibility are becoming standard expectations. Real estate must now reflect brand identity, wellness values, ESG priorities, and operational workflows. In Guangzhou, new energy and advanced manufacturing tenants want buildings with strong power systems and EV charging points, often near transport nodes. In Shenzhen's Nanshan District, digital economy firms require smart-enabled buildings with high-speed connectivity and access to data centres. Even smaller but fast-growing markets like Chengdu and Hangzhou are capturing demand from creative industries and AI & Digital Finance respectively, driven by favourable local policies and talent pools.

Amid this structural shift, many companies remain cautious about expansion, mindful of macroeconomic uncertainty. Yet this caution doesn't imply retreat – rather, it encourages selectivity. A clear "flight to quality" is underway: firms are consolidating or relocating into better buildings with superior infrastructure, wellness features, and ESG credentials. Interestingly, this has triggered a split in location strategy. Some firms continue decentralising, moving to satellite markets for cost and operational efficiency, while others are recentralising, taking advantage of falling rents in Tier 1 CBDs to upgrade their premises and re-establish a presence in core urban areas (Figure 5).

Figure 5: Net absorption (msf) and rents in the core and non-core areas of Beijing and Shanghai in H1 2025



This shift in tenant demand – and, more importantly, the increasing specificity of that demand – has significant implications not only for landlords but also for tenants themselves. In a stock-dominated era, it's no longer about how much new space can be built, but how well existing assets can be repositioned. Landlords must focus on full-lifecycle asset management, experience curation, and the integration of smart technologyto stay competitive. At the same time, tenants must engage more strategically – articulating space requirements clearly and aligning occupancy decisions with evolving operational and talent needs.



What's Next?

To truly benefit from the next generation of office environments, occupiers should prioritise workplace strategies that support broader business goals – including talent attraction, team collaboration, innovation, and sustainability. It's no longer sufficient to focus solely on cost efficiency; tenants must also assess whether their workspace enables long-term competitiveness, enhances employee experience, and reflects company values.

Technology is accelerating these expectations. Tenants now demand digital-first experiences, real-time services, and sustainable, future-ready design. Baseline requirements now include 5G, AI, IoT, and data-driven building management. In innovation-driven cities like Hangzhou – where AI, digital finance, and e-commerce firms are reshaping the market – tenants that do not actively pursue smart infrastructure risk being left behind in an increasingly competitive talent and innovation landscape.

Ultimately, this is not just a challenge for landlords – it is a shared responsibility. Forward-thinking tenants are working hand in hand with landlords to co-create adaptive, tech-enabled, and ESG-aligned workplaces that support long-term growth and flexibility. In this new landscape, companies are no longer simply occupying space – they are reshaping it.

The office is becoming a strategic platform for brand expression, cultural alignment, and performance. As industries evolve, so too must the role of real estate – not only in function, but in purpose and identity.

The real opportunity for commercial real estate lies in reinvention – shifting from a provider of space to a partner in innovation. That transformation is already underway, and those who embrace it will define the future of the office market on the Chinese mainland.

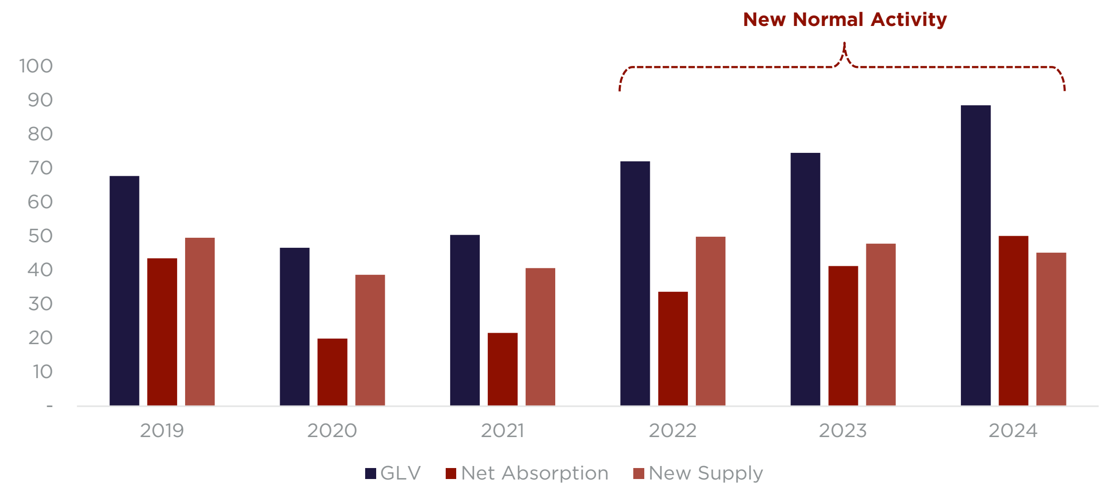
INDIA
Fulfilling Global Capability Requirements

TOP 3 DRIVERS OF DEMAND			
Industry Sector	IT-BPM	Engg. & Mfg.	BFSI
Space Demand 2020-2025 (msf)[2]	104.9	57.3	56.8
% of Total Demand	30%	16.3%	16%

What was initially perceived as a rebound effect from the slowing market in the pandemic years, has now emerged as a structural growth story.

Over the 2023-24 period, India's net absorption of Grade-A office space stood at over 40msf per annum across the top-8 CRE markets, rendering it one of the strongest performing office real estate markets globally. Such momentum looks set to continue, given the strength and diversity in underlying growth drivers

Figure 6: India Office Market Activity, 2019-2024



Interestingly, more than 90% of this market action is concentrated around the top 6 cities – Bengaluru, Mumbai, Delhi-NCR, Hyderabad, Chennai and Pune. These cities have now become the gateway cities for global multinationals to station their Global Capability Centres (GCCs) or offshore captive centres.

IT Sector Driving Demand

India's top tier cities have a global reputation of being leaders in deep technological research, development and operations for multinational companies; a reputation that has grown over the past two decades. Contributing factors have included the combination of a growing technology & analytics-oriented talent pool, which is upskilling and advancing its capability of delivering digital transformation solutions.

Consequently, a growing number of multinational companies now consider India as go-to destination for engineering R&D, digital innovation, AI, robotics, and data science related projects. Given the criticality of these offshore operations, many multinationals prefer the captive centre model (followed by most GCCs) as opposed to the outsourcing model that was prevalent in the past. The key difference between GCCs and the outsourced model being the level of control exerted by the parent headquarters compared to independence of the local entity.

It is estimated that India accounts for approximately 50% of the world's GCCs, so it is not surprising that they also dominate leasing activity in India, accounting for approximately 30% of office gross leasing volume. However, GCCs are not the only driver of demand. Growth in the manufacturing sector, supported by the recently implemented Production-Linked Incentive (PLI) scheme is now becoming evident in leasing demand, with the sector regularly featuring in the top 3 industry sectors and accounting for approximately 15% of leasing activity. Similarly, the Start-Up India initiative, launched in 2016, has helped build a robust ecosystem for new companies to set-up operations. As a result, India today is home to more than 150,000 start-ups, rendering it the third largest start-up ecosystem in the world. The growing number of start-ups and GCCs have also helped India's flex workspace segment immensely as it offers plug-n-play offices and flexible tenures.

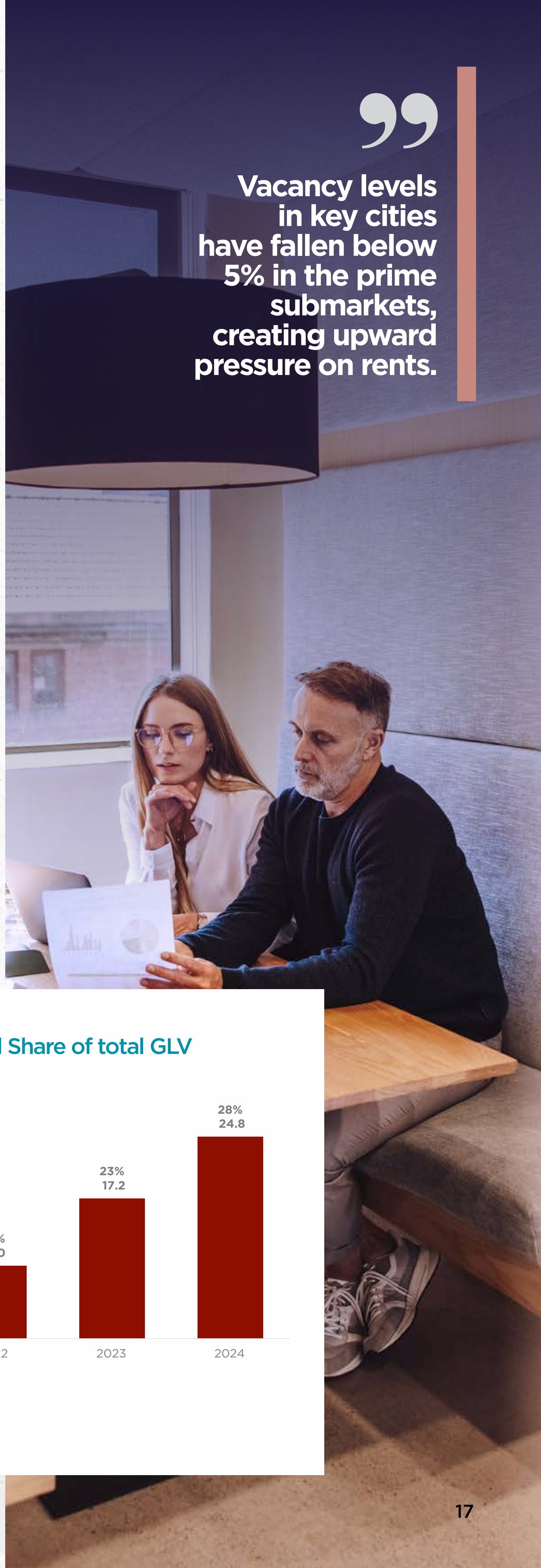
[2] Gross leasing volume

Grade-A+ Space Outperforming

In most major cities in India, occupancies vary significantly between Grade-A and Grade-A+ stock, with the latter enjoying 3-6% lower vacancy. Furthermore, stock-weighted average rents for Grade-A+ assets command a 5-10% premium, which is forecast to increase. Strong competition for these assets is driving pre-commitment activity, with tenants making decisions earlier to secure space that meets their requirements. This also helps provide developers with great surety during the development process.

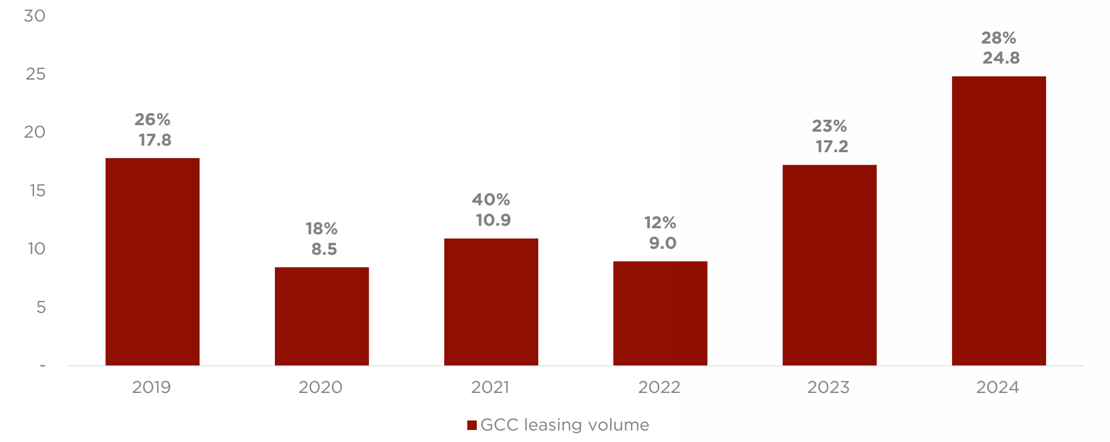
What's Next?

Demand for office space leasing continues to show resilience, even amid global trade tensions and geopolitical uncertainty. A growing share of pre-commitments in Gross Leasing Volume (GLV) suggests tenants will need to take an increasingly forward-looking view of the market if they wish to secure the highest quality space. This is further underpinned by the fact that vacancy levels In key cities such as Mumbai, Gurgaon (NCR), and Bengaluru have fallen below 5% in the prime submarkets, creating upward pressure on rents. The pressure continues to be greatest on Grade-A+ stock – both new and under development.



"Vacancy levels in key cities have fallen below 5% in the prime submarkets, creating upward pressure on rents.

Figure 7: GCC Leasing Activity and Share of total GLV



SOUTHEAST ASIA
An Expansionary Market

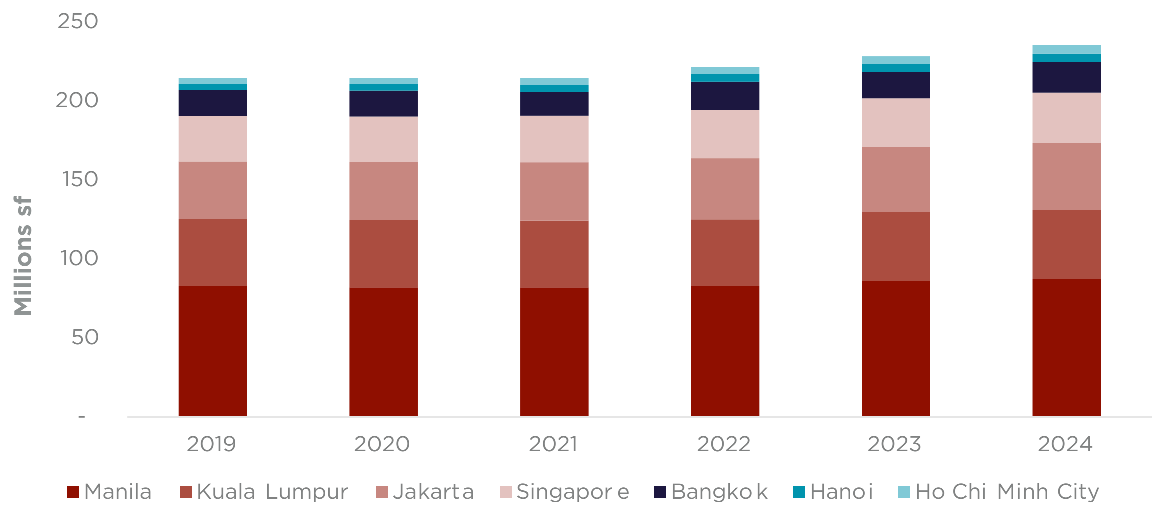
TOP 3 DRIVERS OF DEMAND			
Industry Sector	IT-BPM	Engg. & Mfg.	BFSI
Space Demand 2020-2025 (msf)[3]	2.3	2.0	1.9
% of Total Demand	18.7%	15.7%	14.8%

With Southeast Asia (SEA) poised to become the world's fourth-largest economy, the region is witnessing a significant influx of investment and infrastructure development, fuelled by its substantial market size, growing exports and rapid urbanisation.

While the region's industrial sector remains a focal point due to its strategic importance in supply chain diversification, office demand has steadily increased, driven by the region's flourishing business landscape.

The office growth story is reflected by its occupied office stock which has expanded significantly, from 214 million sq ft in 2019 to 235 million sq ft as of 2024, marking a cumulative growth of 10%.

Figure 8: Southeast Asia Occupied Grade-A Office Stock



Source: Cushman & Wakefield Research

[3] Estimated gross leasing volume for 2024

Diverse Demand Drivers

In Hanoi, Kuala Lumpur, Singapore and Bangkok, Banking and Finance drove more than 20% of CBD office demand. The technology sector was another active occupier in Southeast Asia office markets, driven by tech companies' desire to tap into the region's vast population and rapidly expanding digital economy. Ho Chi Minh City, Jakarta and Singapore were key markets where technology demand was prominent, driving more than a quarter of office demand in the CBD.

Underpinning this is a need for flexibility, characterised by strong underlying demand for co-working space as capital expenditure constraints have pushed occupiers towards fitted out, turnkey solutions.

Not surprisingly, there are key nuances across office markets in SEA. In Manila, Business Process Outsourcing (BPO) remains a dominant force in driving office demand, with the Information Technology-Business Process Management (IT-BPM) sector being the primary growth engine. This sector continues to experience robust growth in Manila, fuelling the bulk of office demand in the city.

Somewhat surprisingly, office demand drivers in Ho Chi Minh City and Hanoi differ significantly. Hanoi's strategic location near China, coupled with the growing adoption of China+1 strategies, has underpinned the expansion of manufacturing companies. In turn, this growth has been a catalyst for banking and finance institutions. Interestingly, healthcare and pharmaceutical companies have emerged as significant demand drivers, reflecting the rise of Vietnam's middle-class population and its growing reputation as a medical tourism destination.

Regardless of the industry sector driving demand, a common requirement is high quality space, with Grade-A offices accounting for 70% of gross office demand in 2024.

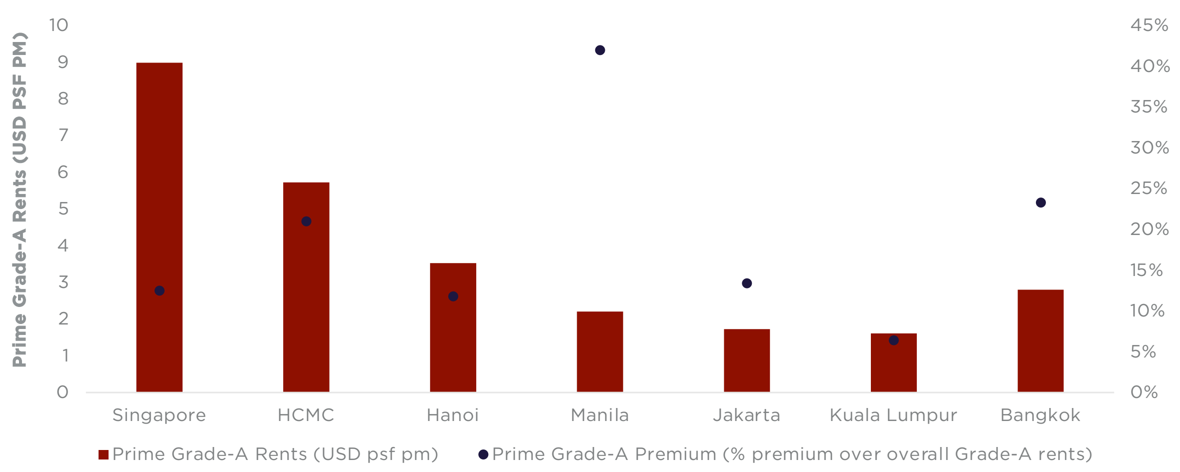
Record Rents Despite Elevated Vacancy

That said, vacancy rates across most SEA markets (except Singapore) remain elevated as supply has continued to outpace demand. Southeast Asia's office-centric culture has cushioned the region from the full impact of hybrid work trends, but office demand in SEA in recent years have been tempered due to lingering global economic uncertainties and relatively high, though easing, interest rates.

Against this backdrop, a significant portion of demand continues to be driven by existing occupiers upgrading to higher-quality spaces, such as from non-Grade-A to Grade-A offices, rather than an influx of new demand entering the market. This trend underscores the increasing sophistication of tenant requirements, which in turn has accelerated the obsolescence risks faced by older, less amenity-rich office buildings.

As such, the Grade-A office market is undergoing further bifurcation, with top-tier developments defying elevated vacancy rates to achieve record-high rental levels , thereby setting new market benchmarks. This trend is particularly observed in Manila, where prime Grade-A rents can command more than 40% rental premium above the overall Grade-A market benchmarks.

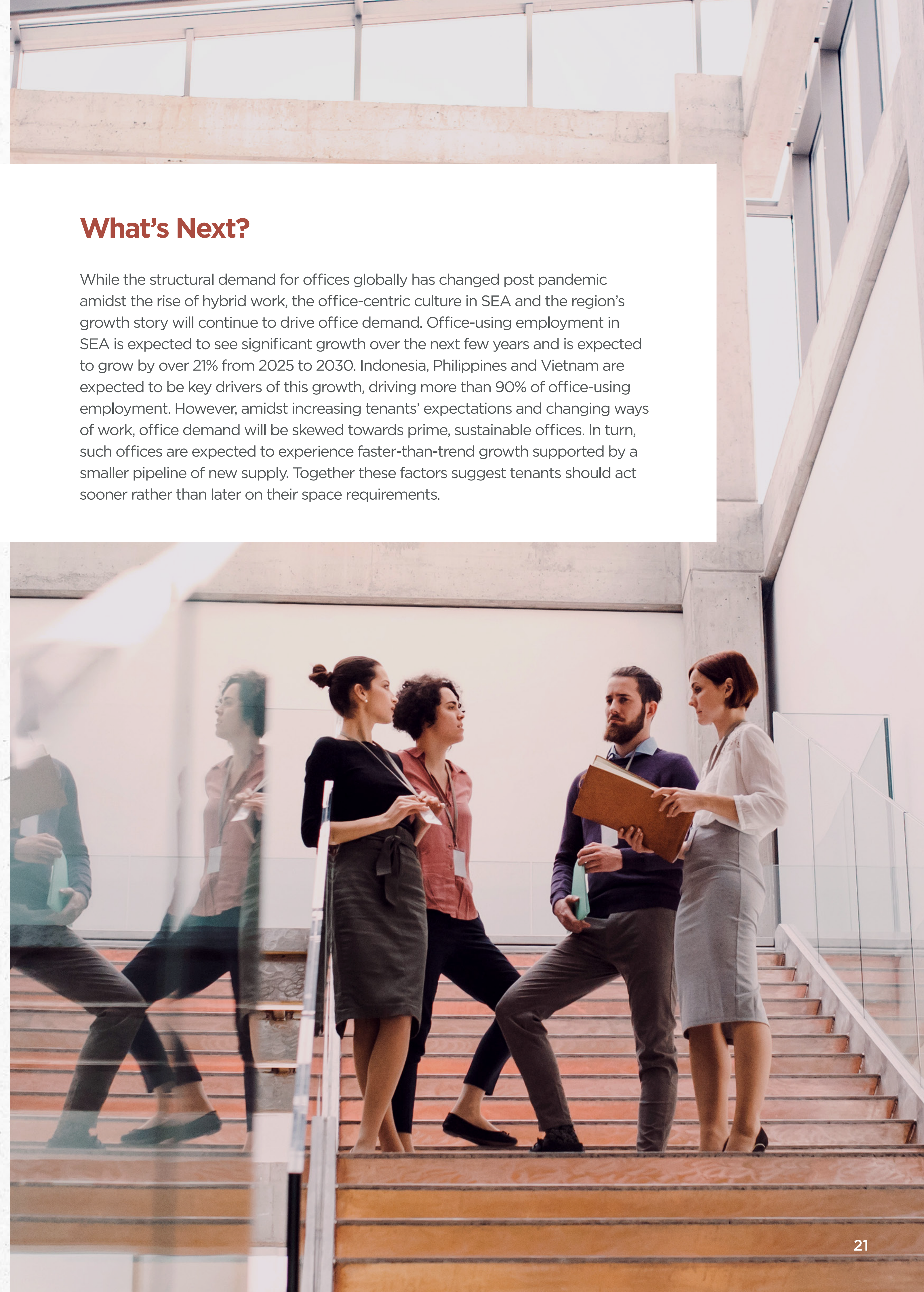
Figure 9: Prime CBD Grade-A rent rates and rental premium



> **The increasing sophistication of tenant requirements has accelerated the obsolescence risks faced by older, less amenity-rich office buildings.**

What's Next?

While the structural demand for offices globally has changed post pandemic amidst the rise of hybrid work, the office-centric culture in SEA and the region's growth story will continue to drive office demand. Office-using employment in SEA is expected to see significant growth over the next few years and is expected to grow by over 21% from 2025 to 2030. Indonesia, Philippines and Vietnam are expected to be key drivers of this growth, driving more than 90% of office-using employment. However, amidst increasing tenants' expectations and changing ways of work, office demand will be skewed towards prime, sustainable offices. In turn, such offices are expected to experience faster-than-trend growth supported by a smaller pipeline of new supply. Together these factors suggest tenants should act sooner rather than later on their space requirements.



HEADLINE MARKET STATISTICS

REGION	MARKET	STOCK (SF)	VACANCY	DEMAND (PAST 12 MONTHS) SF	SUPPLY UNDER COSTRUCTION SF)	RENT USD/SF/YR
CHINESE MAINLAND	Beijing	147,249,259	17%	3,476,579	16,062,968	$34.4
	Guangzhou	74,665,485	20%	1,113,911	28,674,615	$19.2
	Shanghai	189,419,895	24%	4,785,711	34,141,750	$33.0
	Shenzhen	92,620,884	28%	2,209,706	47,735,682	$24.8
INDIA	Bengaluru	207,221,896	9%	13,975,080	40,396,764	$14.5
	Chennai	69,794,457	14%	3,835,994	18,879,649	$12.5
	Delhi NCR	146,346,030	21%	8,358,375	18,502,086	$14.6
	Hyderabad	113,566,240	23%	8,157,560	35,972,000	$13.3
	Mumbai	120,338,076	11%	12,207,654	23,836,657	$24.3
	Pune	81,827,080	13%	7,574,453	31,707,408	$14.2
SOUTHEAST ASIA	Bangkok	26,619,859	27%	1,123,014	3,502,603	$32.0
	Hanoi	8,050,889	24%	1,049,178	1,416,981	$35.4
	Ho Chi Minh City	6,537,462	12%	491,379	2,604,670	$60.2
	Jakarta	55,995,127	23%	1,257,673	-	$21.3
	Kuala Lumpur	59,921,985	28%	-894,301	6,210,663	$19.6
	Manila	105,772,346	18%	-589,669	7,382,345	$23.0
	Singapore	33,766,593	5%	616,938	3,392,251	$103.1

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