

Knight Frank Asia-Pacific Prime Office Rental Index Q2 2018

Fuelled by economic growth, office rental remains positive throughout Asia-Pacific

12 September 2018, Malaysia – Knight Frank, the independent global property consultancy, today launched its **Asia-Pacific Prime Office Rental Index for Q2 2018**. The index increased by 2.4% quarter-on-quarter in Q2 – almost three times that of Q1 at 0.9% – primarily driven by rent increases seen in Tokyo, Bengaluru, Hong Kong and Sydney.

Results for Q2 2018

- The index rise was primarily driven by rent increases seen in Tokyo, Bengaluru, Hong Kong and Sydney.
- Rents are expected to remain steady or see marginal increases for the rest of 2018.
- Bengaluru topped the index at a 7% quarter-on-quarter increase. Tight supply pushed rents up as large corporates jostle for quality space within a finite market.
- Kuala Lumpur’s office market saw the steepest decline, with a 0.8% decrease quarter-on-quarter amidst supply concerns and slow absorption.

Teh Young Khean, Executive Director of Corporate Services at Knight Frank Malaysia says, “The office market outlook for both Kuala Lumpur and Selangor remains lacklustre as impending supply coupled with tight leasing market continue to put pressure on occupancy and rental levels. Landlords with older and newly completed buildings, especially in KL City, are more accommodating in providing additional incentives to retain existing tenants as well as to attract potential tenants.”

Nicholas Holt, Head of Research for Asia-Pacific, says, “Steady demand seen in the prime office market is expected to bolster rental growth for the second half of the year. Despite several headwinds, including tensions around trade, regional economic growth continues to fuel demand for Grade-A office space.”

Asia-Pacific Prime Office Rents

City	Submarket(s)	3-month % change (Q1 2018 - Q2 2018)	Forecast next 12 months
Bengaluru	CBD	7.0%	Increase
Tokyo*	Central 5 Wards	5.5%	Same
Melbourne	CBD	4.6%	Increase
Sydney	CBD	4.2%	Increase
Manila	Various	2.4%	Decrease
Hong Kong	Central	1.7%	Increase
Bangkok	CBD	1.7%	Increase
Guangzhou	CBD	1.2%	Same
Brisbane	CBD	1.0%	Increase
Singapore	Raffles Place, Marina Bay	0.8%	Increase
Beijing	Various	0.6%	Decrease
Taipei	Downtown	0.6%	Increase
Perth	CBD	0.3%	Same
Mumbai	BKC	0.0%	Increase

Phnom Penh	City Centre	0.0%	Same
NCR	Connaught Place	0.0%	Same
Seoul	CBD, GBD, YBD	0.0%	Same
Shanghai	Puxi, Pudong	-0.7%	Same
Kuala Lumpur	City Centre	-0.8%	Decrease

Source: Knight Frank Research / *Sanko Estate

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To download the report, please [click here](#).

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Notes to Editors

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