

Knight Frank Asia-Pacific Prime Office Rental Index Q3 2018

Rental growth slows amidst rising trade tensions

27 November 2018, Malaysia – Knight Frank, the independent global property consultancy, today launched its **Asia-Pacific Prime Office Rental Index for Q3 2018**. The index increased by 2.3% quarter-on-quarter and 6.4% year-on-year in the third quarter of 2018.

Results for Q3 2018

- The index showed slower growth, as office occupiers delayed significant real estate decisions amidst rising US-China trade tensions
- 18 out of the 20 cities tracked report stable or increased rental growth
- After a strong showing in Q2 2018, **Bengaluru's** office market normalised, recording a 0.4% quarter-on-quarter growth
- **Tokyo** recorded the highest increase this quarter at 5.6% on the back of strong occupier demand and limited supply

Nicholas Holt, Head of Research for Asia-Pacific, says, "While we are starting to feel the impact of the trade tensions flow through the Asia-Pacific office markets, sound economic conditions are expected to support office demand and drive steady rental growth across the region."

Teh Young Khean, Executive Director of Corporate Services at Knight Frank Malaysia, says, "The outlook for both Kuala Lumpur and Selangor office market continues to remain subdued in 3Q2018. Despite this, the rise of shared offices and co-working segments provide a slight breather to the oversupplied office market. Meanwhile, the rental growth in Greater KL is expected to remain challenging for the rest of 2018 as there is no major catalyst to boost demand in the short to medium term."

Asia-Pacific Prime Office Rents

| City | Submarket(s) | 3-month % change (Q2 2018 - Q3 2018) | Forecast next 12 months |
|------------|-----------------|--------------------------------------|-------------------------|
| Brisbane | CBD | 0.7% | Increase |
| Melbourne | CBD | 2.6% | Increase |
| Perth | CBD | 0.2% | Same |
| Sydney | CBD | 2.5% | Increase |
| Tokyo* | Central 5 Wards | 5.6% | Same |
| Beijing | Various | 0.7% | Increase |
| Guangzhou | CBD | 0.3% | Increase |
| Shanghai | Puxi, Pudong | 0.0% | Decrease |
| Hong Kong | Central | 2.7% | Increase |
| Taipei | Downtown | 0.0% | Increase |
| Seoul | CBD, GBD, YBD | -0.7% | Same |
| Bengaluru | CBD | 0.4% | Increase |
| Mumbai | BKC | 3.9% | Increase |
| NCR | Connaught Place | 0.0% | Same |
| Phnom Penh | City Centre | 0.1% | Same |
| Jakarta | CBD | 0.0% | Same |

| | | | |
|--------------|---------------------------|-------|----------|
| Kuala Lumpur | City Centre | -0.2% | Decrease |
| Singapore | Raffles Place, Marina Bay | 1.1% | Increase |
| Bangkok | CBD | 0.0% | Increase |
| Manila | Various | 0.8% | Decrease |

Source: Knight Frank Research / *Sanko Estate

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To download the report, please click here:

<http://bit.ly/PrimeOfficeRental3Q18>

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Notes to Editors

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