

ASIA  
PACIFIC  
OFFICE  
OCCUPIER  
SURVEY

## Introduction

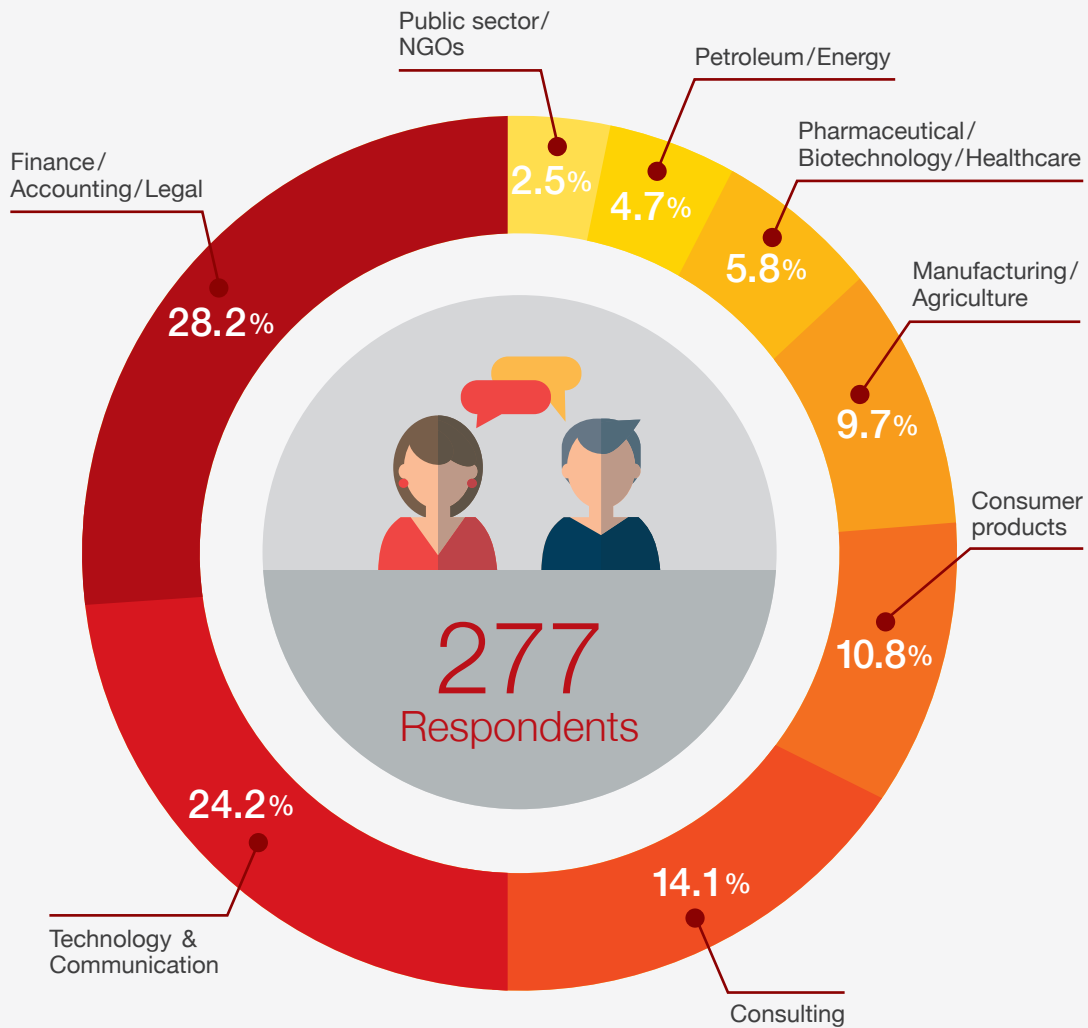


“ Welcome to the 2015 Knight Frank Asia Pacific Office Occupier Survey. This year’s survey saw more than 270 companies from a broad range of industries across the region answer the same questions that we posed in 2014. The results provide an invaluable insight into how occupiers use and plan their office space in Asia Pacific.

Consistent with our findings last year, rent remains as the most important consideration. We are, however, certainly witnessing a shift to a more flexible work environment – most notably in Australia and South East Asia. Our findings also support the principle that Asia Pacific continues to be a growth market, with over 60% of respondents foreseeing that their headcount will grow over the next 12 months – a positive sign for the region.”

– Mr Ross Criddle, Head of Global Corporate Services, Knight Frank Asia Pacific

## Respondents by industry



# How would you rank the importance of office building attributes to your business?

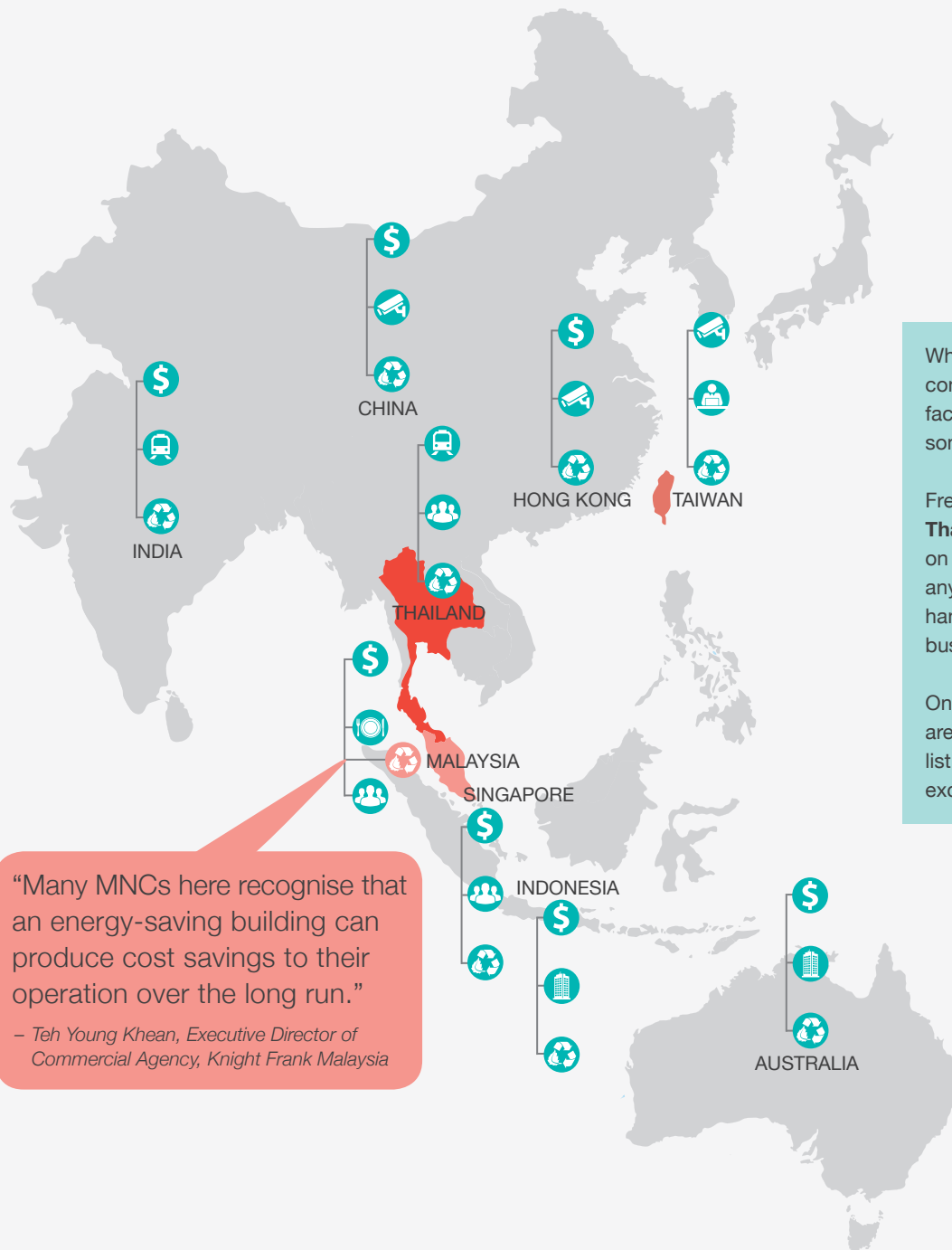
Across Asia Pacific...



**Public sector/NGOs** are understandably the most cost-conscious, consistently ranking rent as the most important factor, valuing image the least among all industries.

**Technology & communication** firms value amenities more than image, as reflected in their taste for campus-style business space. They also prefer locating close to their employees to being near mass transit.

## Zooming in on individual countries...



While rent is the primary consideration in general, local factors may be more important in some countries.

Frequent traffic congestion leads **Thailand** to place greater value on proximity to mass transit than any other countries. On the other hand, security comes in top for businesses in **Taiwan**.

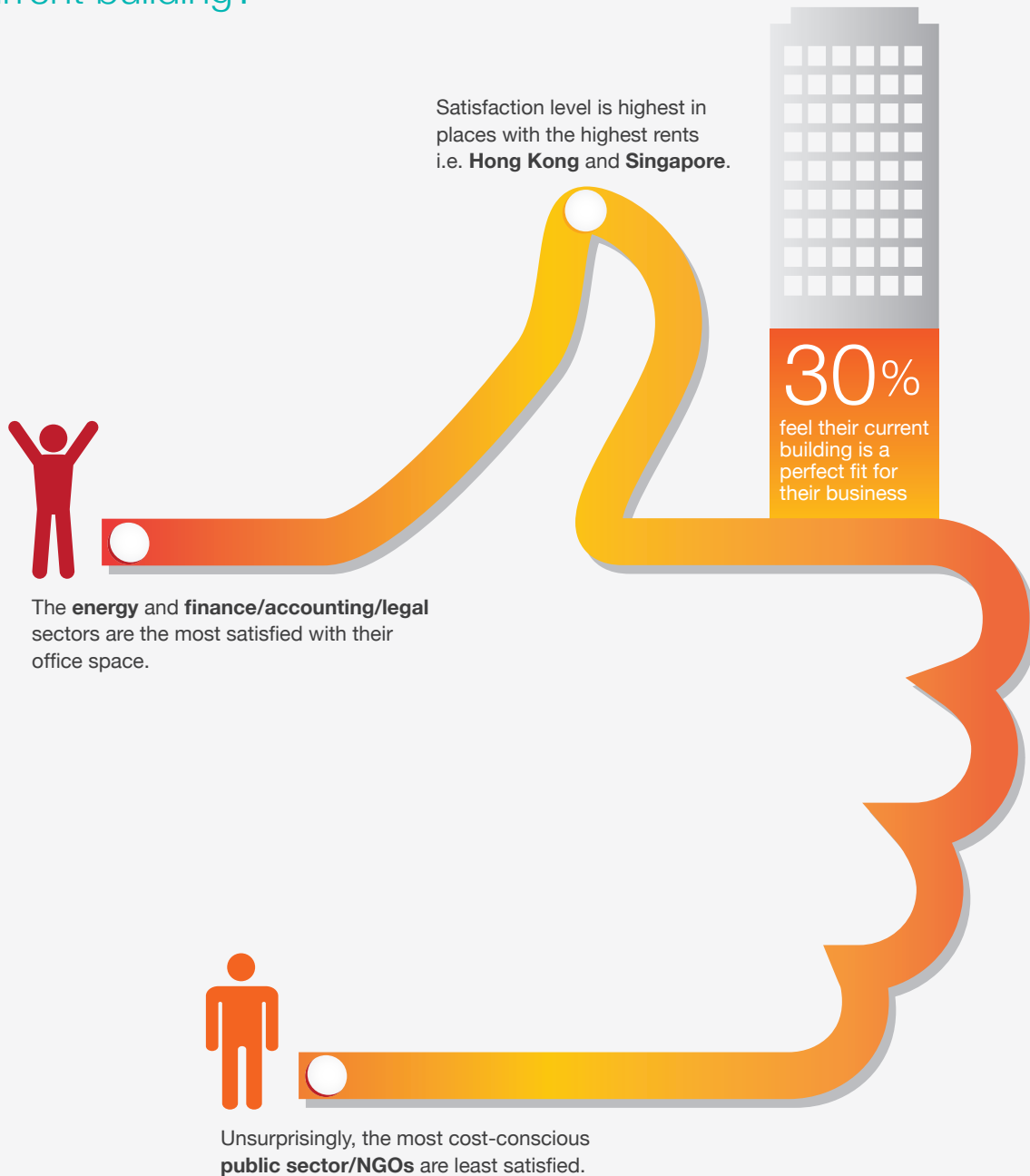
Once again, **green credentials** are placed at the bottom of the list of priorities across the region, except in **Malaysia**.

“Many MNCs here recognise that an energy-saving building can produce cost savings to their operation over the long run.”

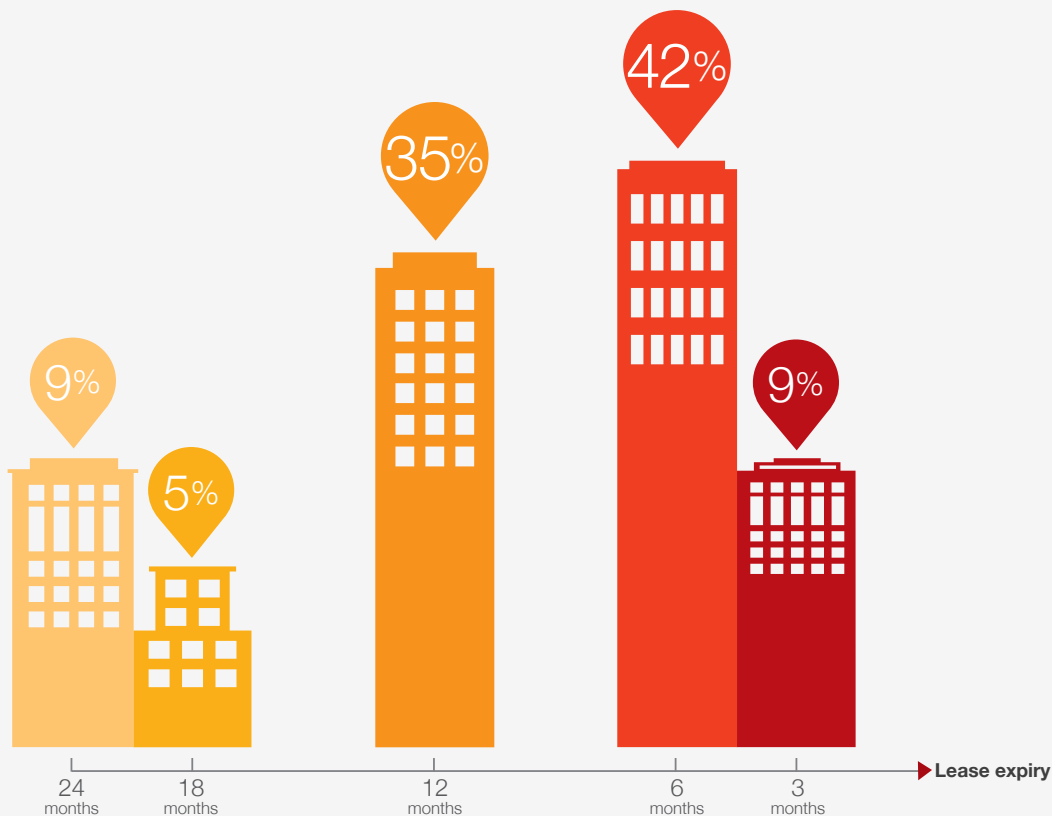
– Teh Young Khean, Executive Director of Commercial Agency, Knight Frank Malaysia

Most important  
Median  
Least important

## How satisfied are you with your current building?



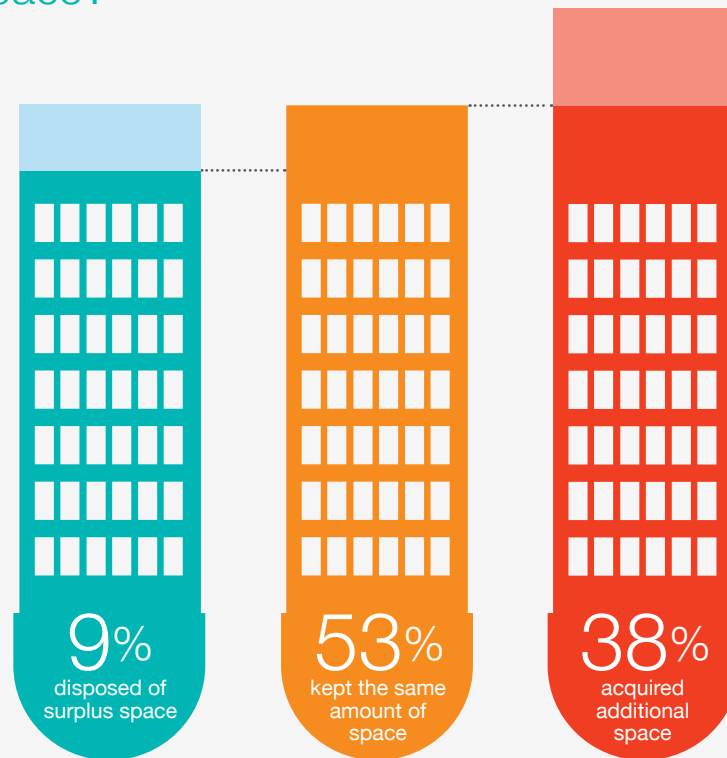
## How far in advance of a lease expiry do you prepare for it?



*Mr Marcus Burtenshaw, Executive Director and Head of Commercial, Knight Frank Thailand,*  
 “We recommend tenants to start this process at least a year in advance of lease expiry. This provides more time for market investigations, conduct renewal negotiations and, if necessary, to still provide time to fit-out and relocate to new premises. Bear in mind though that tenants occupying multiple floors or in markets with limited options should start this process even sooner.”

On average, Australia begins the earliest, at 17 months before lease expiry.  
*Joanna Gordon, National Director for Global Corporate Services, Knight Frank Australia, explains why:*  
 “In Australia, early-stage planning for lease expiry is driven by two factors: firstly, long lead times on procurement of furniture to this region; secondly, a sophisticated Tenant Advisory service, integrating Project Management and Tenant Representation, which often yields the best results for corporate occupiers.”

In the last 12 months, have you disposed of surplus or acquired additional office space?

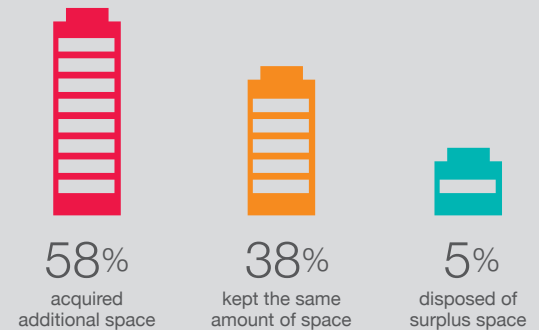


The **manufacturing** and **pharmaceutical** sectors showed the greatest expansion.

Only 9% returned surplus space, and these were primarily in the **energy and consumer products** sectors.

#### India: The bright spot in the region

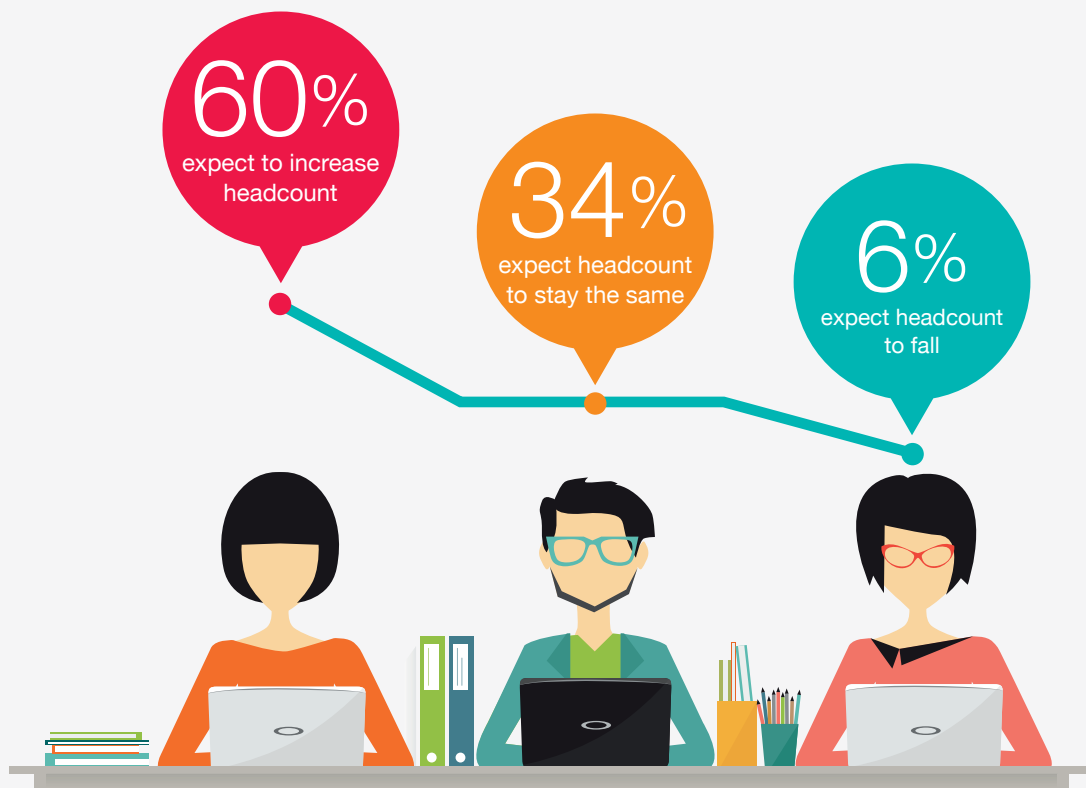
Office demand in the last 12 months\*



\*The numbers may not add up to 100 due to rounding.



## Over the next 12 months, how do you expect your headcount to change?



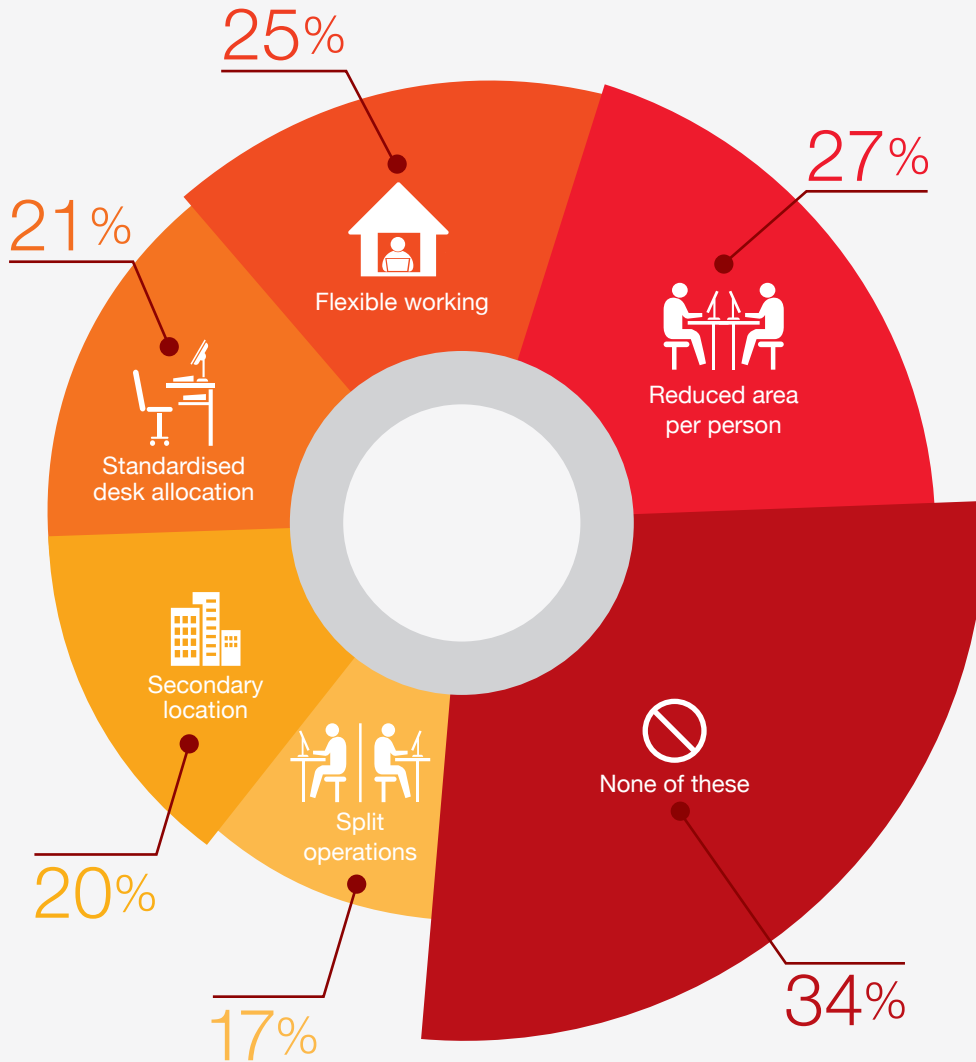
### Headcount over the next 12 months\*



The promise of reform has generated a groundswell of optimism in **India**. This shows up in our survey as India registered the highest demand for both office space and labour in the region. These results also mark significant improvements from the previous survey.

As a result of the fall in energy prices last year, only 23% of **energy** firms expect to grow headcount.

## What cost-saving initiatives have you considered or implemented?



A significant proportion of the respondents have done very little to reduce their rental burden, especially those in the **finance/accounting/legal** and **consumer products** industries. Not surprisingly, **consulting** businesses have adopted the most methods to reduce costs.

Despite paying the highest rents in the region, **Hong Kong** appears to be doing relatively little to save costs. Nelson Lam, Director of Commercial Agency, Knight Frank Hong Kong, explains: “The high costs of fit-out in Hong Kong, approximately US\$100 psf, make it difficult to create sufficient improvements in efficiency through workspace planning to offset them. Hence, most firms will first choose to relocate or split operations, but even that is challenging given the current vacancy rate in Central Hong Kong of under 3%.”

## Do you adopt a flexible work programme?



Flexible work programme has a strong following in **Australia**. Unexpectedly, none of the respondents from **Hong Kong** implement it, despite the significant presence of multi-national corporations in the global city. Most of the firms adopting flexible work arrangement are in typically innovative industries such as **consulting, pharmaceutical** and **technology & communication** fields.

Of those that do accept flexible working practices, most allow their staff to work from home or in multiple locations.

## Conclusion

Half of the world's population lives in Asia Pacific, a region with many fast growing economies. Whilst there are some common threads core to all businesses and locations, it should come as no surprise to see that many answers to our survey vary not only by industry but also by geographical location, reflecting the diverse cultures, customs and challenges in the region.

Knight Frank's tenant representatives are experts at guiding corporations to navigate through the intricacies of local market practices, whatever you do, wherever you are.

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