

A nighttime aerial view of a city skyline, featuring the Kuala Lumpur Tower on the left and numerous illuminated skyscrapers. The sky is dark with some clouds, and the city lights create a vibrant contrast against the night.

Asia-Pacific Q4 2021 Office Highlights

Asia-Pacific Overview

Q4 2021

0.3%

QoQ growth for Asia-Pacific Rental Index in Q4 2021

Seoul

Recorded the highest YoY growth in Q4 2021

13 of 21

Tracked cities recorded stable or increasing rents in Q4 2021

Cautious

Expectations for 2022 office outlook

The emergence of the Omicron variant in November 2021, while a cause for concern in its initial stage of discovery, has merely tempered the already moderate expectations for recovery. Many governments have shifted focus away from a zero-Covid strategy to preparing their populations for the endemic phase, which bodes well for the office sector.

For Q4 2021, Knight Frank's Asia-Pacific Prime Office Rental Index turned the corner, recording a 0.3% growth quarter-on-quarter (QoQ), the first uptick since Q3 2019. On an annual basis, the overall index is down 1.8% year-on-year (YoY), a stark contrast compared to the 4.1% YoY decline observed in Q3. Overall, vacancy remains elevated at 12.8%, similar to 12.7% in Q3 2021. For now, office rents are likely to have bottomed out, thanks to improving business sentiments and a gradual and more sustainable return to workplaces, leading to the reduction of incentives and an increase in asking rents.

We expect ongoing trends from the past year to continue shaping office markets in 2022. Key among these being a flight-to-quality, with big tech occupiers taking advantage of lower rents to move into high quality CBD office spaces amid tightening of premium spaces.

These factors will continue to feed into the positive recovery trajectory of Asia-Pacific's office markets, with rents continuing to strengthen in H1 2022.

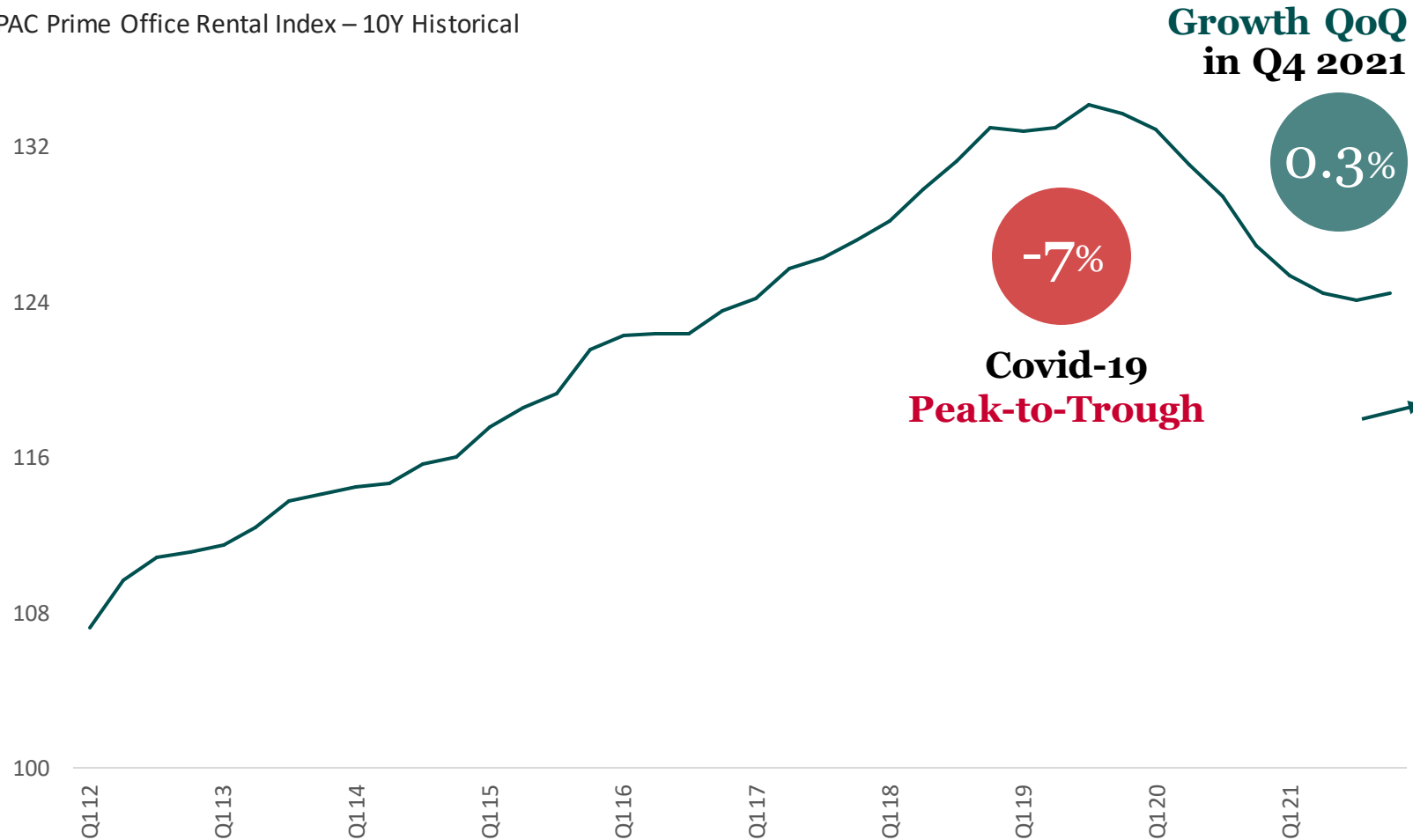
"The ever-fluid Covid situation continues to be the key factor inhibiting a full-speed recovery for Asia-Pacific in 2022. Optimistically, with more governments beginning to take the step to live with the pandemic, making Covid-19 endemic, a gradual return to the workplace seems imminent now. Opportunities will begin to narrow for occupiers on prime office spaces in 2022, as office rates begin to strengthen."

Tim Armstrong
Global Head of Occupier Strategy and Solutions

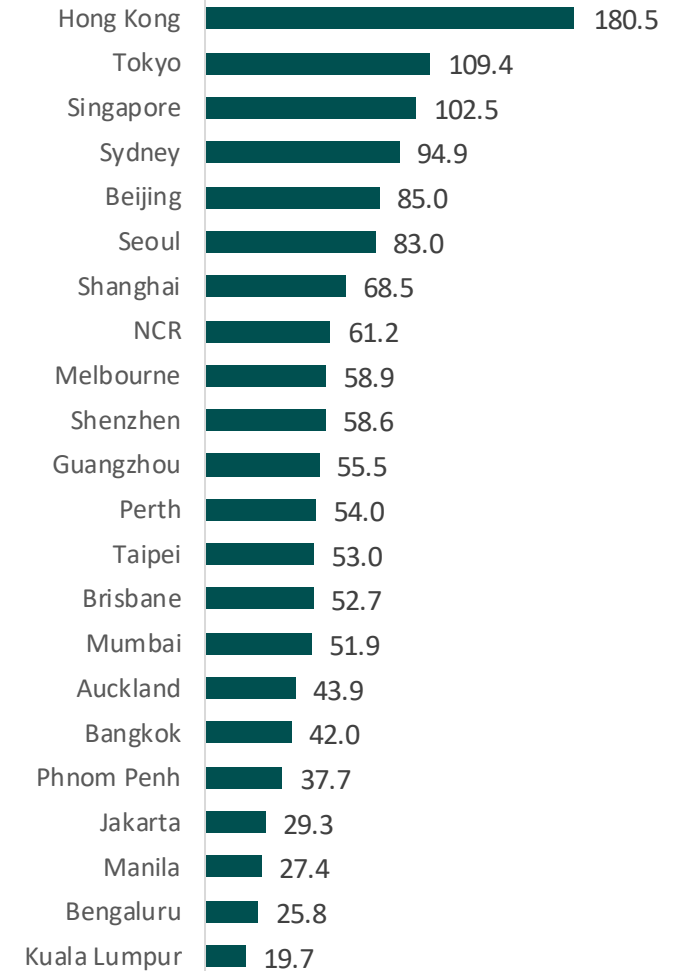
APAC Prime Office Rental Index

Office Rents beginning to bottom out and strengthen in Q4 2021

APAC Prime Office Rental Index – 10Y Historical



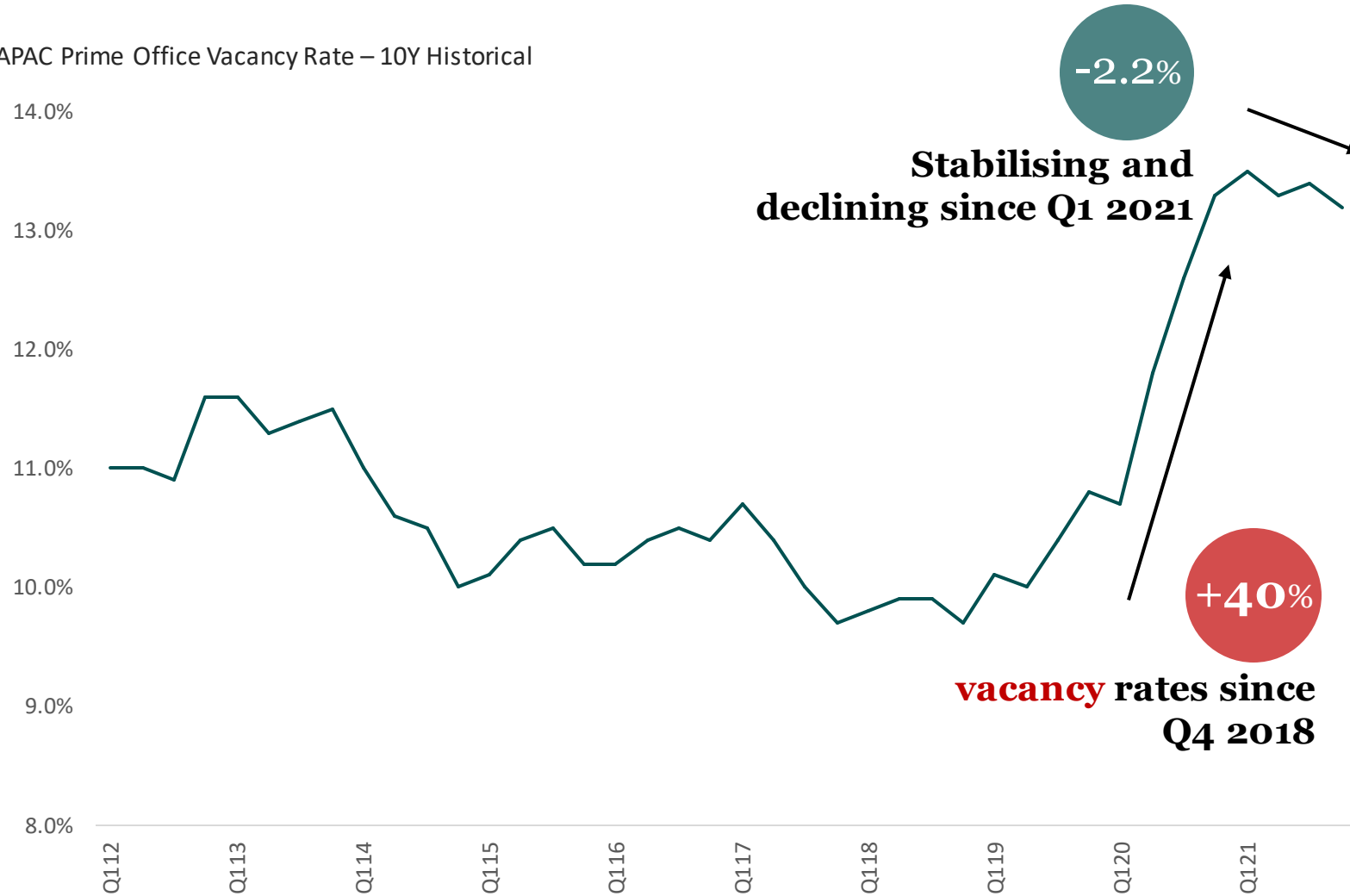
Q4 2021 Occupancy Cost (US\$/sqft/year)



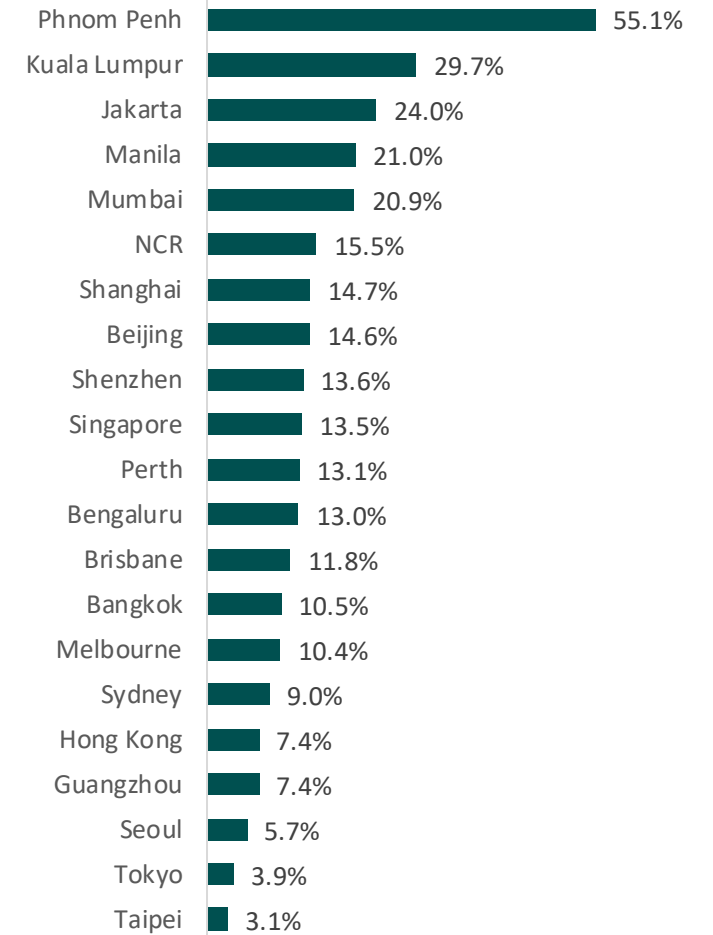
APAC Prime Office Vacancy Rate

Impact during COVID-19 not as strong as GFC

APAC Prime Office Vacancy Rate – 10Y Historical



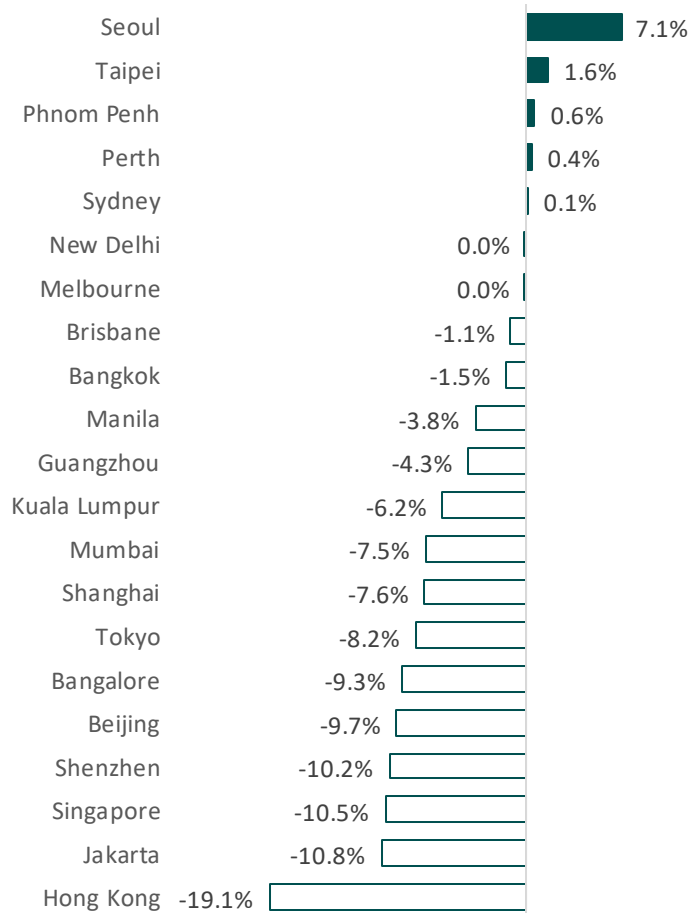
Q4 2021 Vacancy Rate



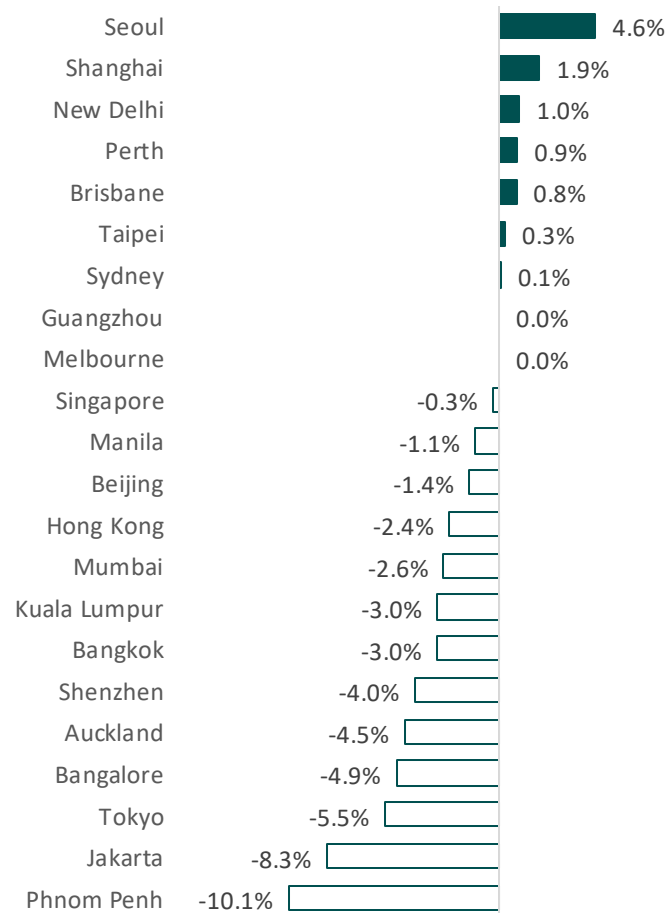
APAC Prime Rental Rates

Bottoming out – Q4 2021 sees many more markets stabilising course of rents from negative trajectory

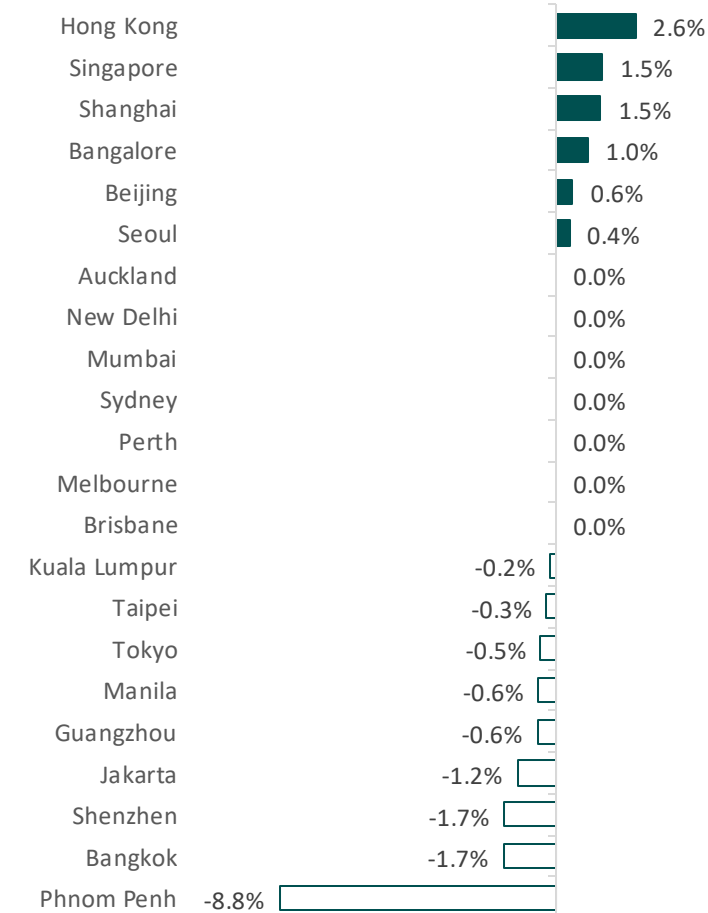
Q4 2021 vs Q4 2019 Change



Q4 2021 YoY Change



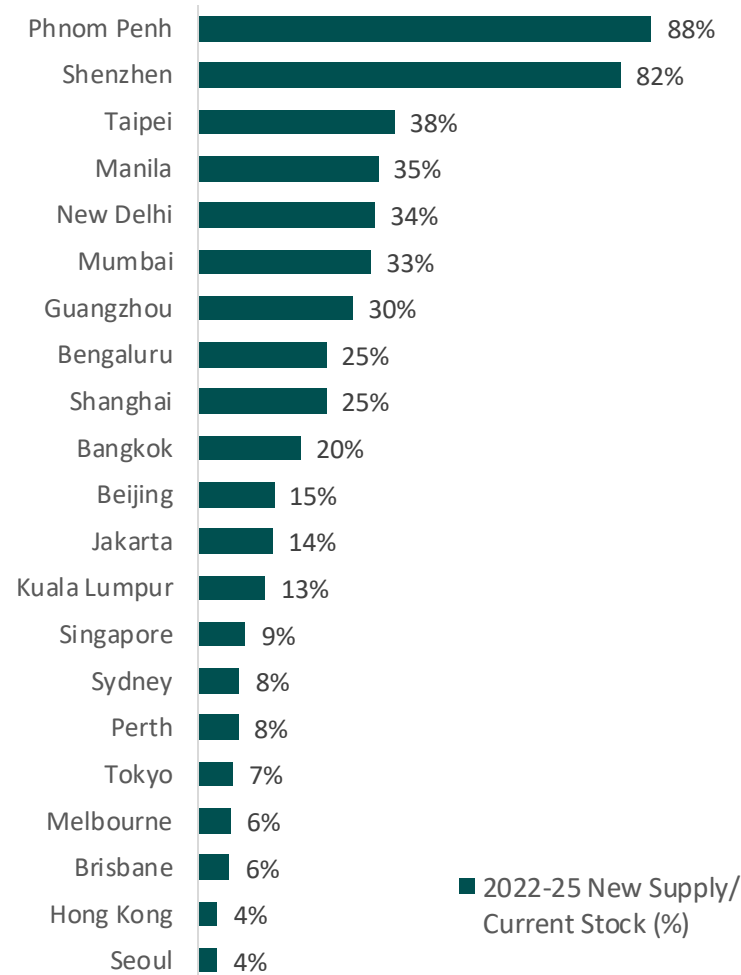
Q4 2021 QoQ Change



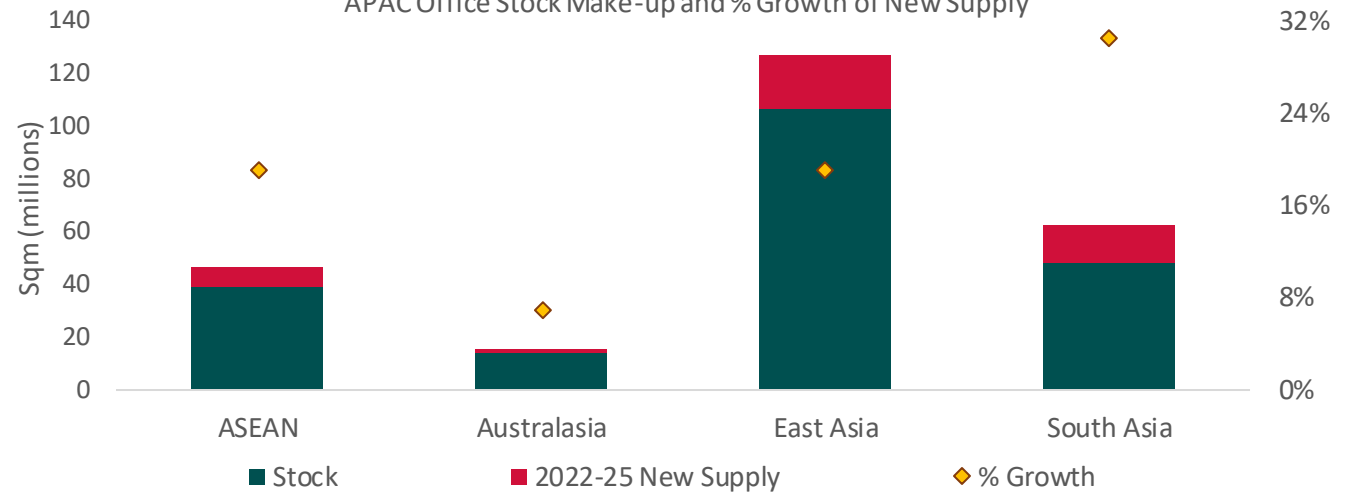
APAC Office Pipeline Supply

Greatest growth in office stock to be expected in East Asia and South Asia

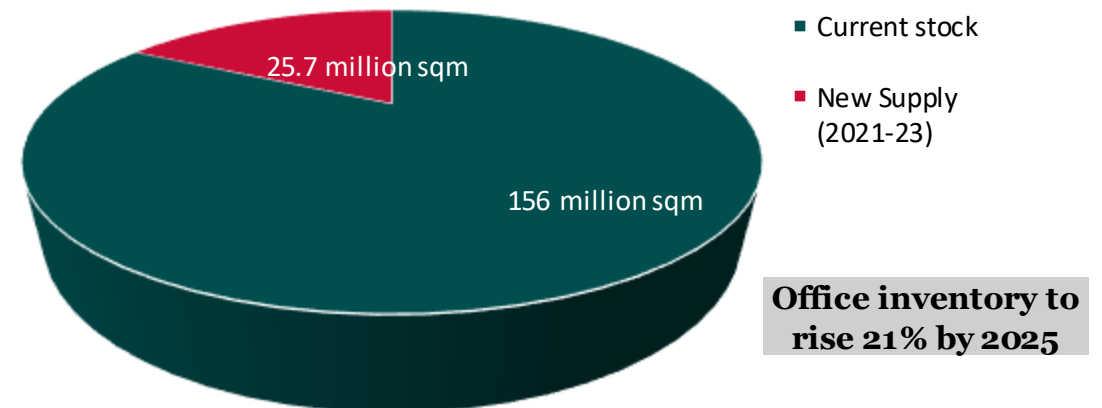
Proportion of Upcoming Supply to Current Stock



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



Total APAC Grade A Stock, Current and New Supply (2021 – 23)



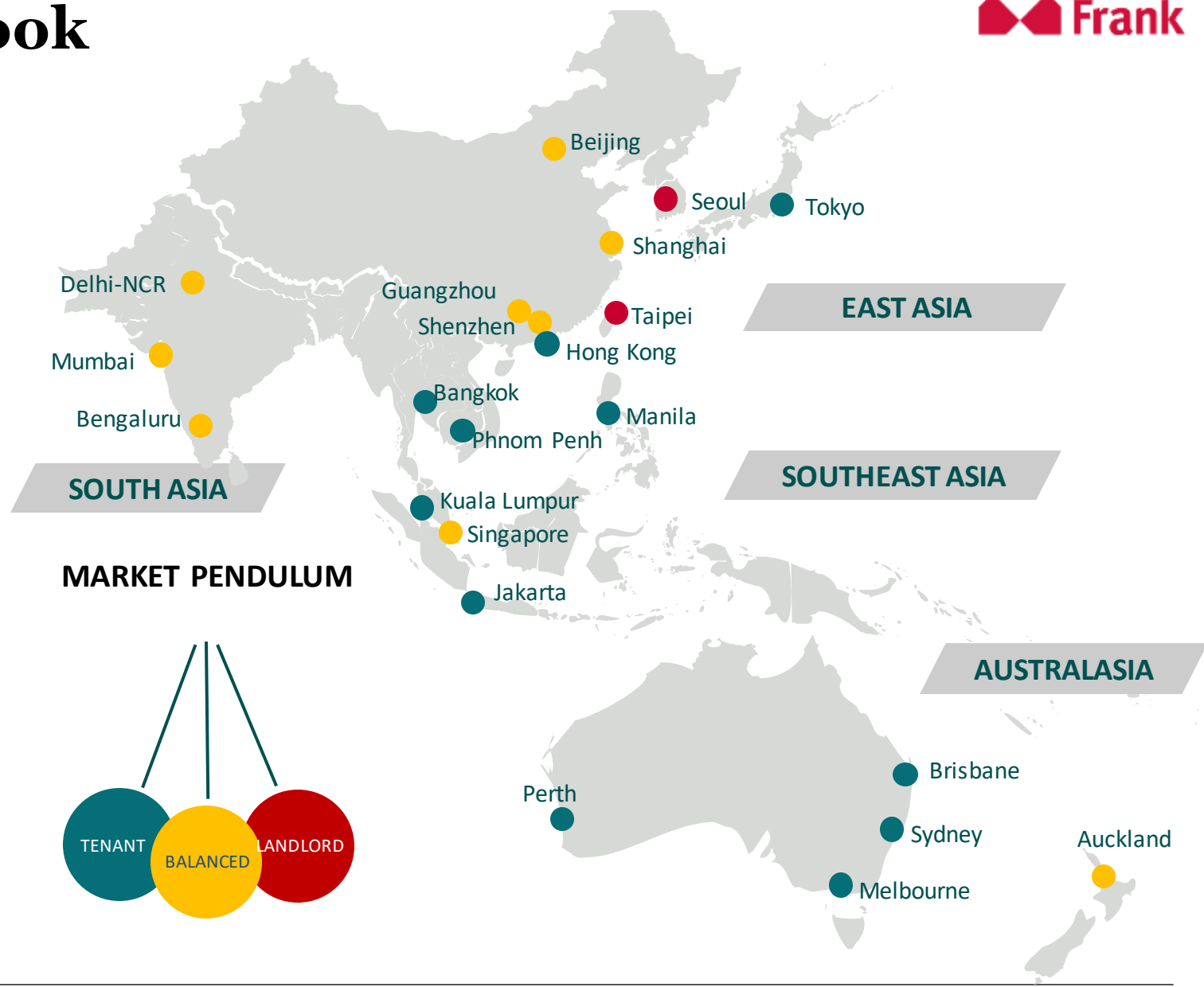
APAC 2022 Office Outlook

12-month Rental Outlook

- Auckland
- Bangkok
- Guangzhou
- Jakarta
- Kuala Lumpur
- Manila
- Shenzhen
- Tokyo

- Bengaluru
- Delhi-NCR
- Mumbai
- Phnom Penh
- Sydney
- Taipei

- Beijing
- Brisbane
- Melbourne
- Hong Kong
- Perth
- Seoul
- Shanghai
- Singapore



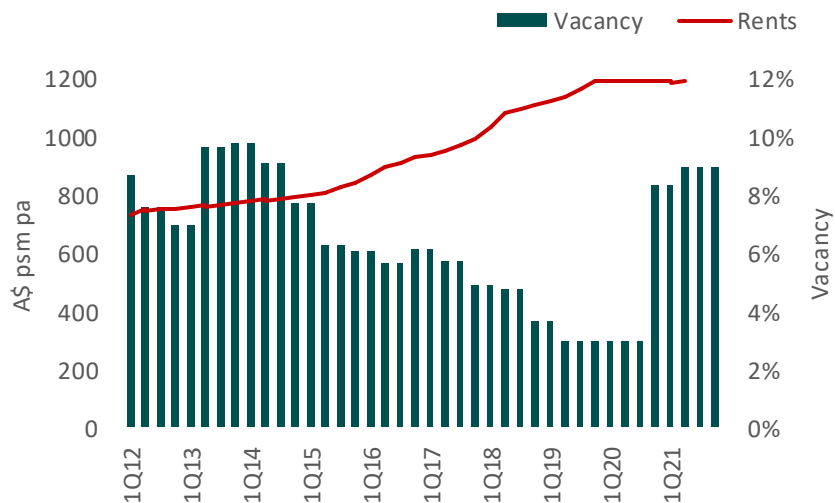
Market Dashboards

Oceania

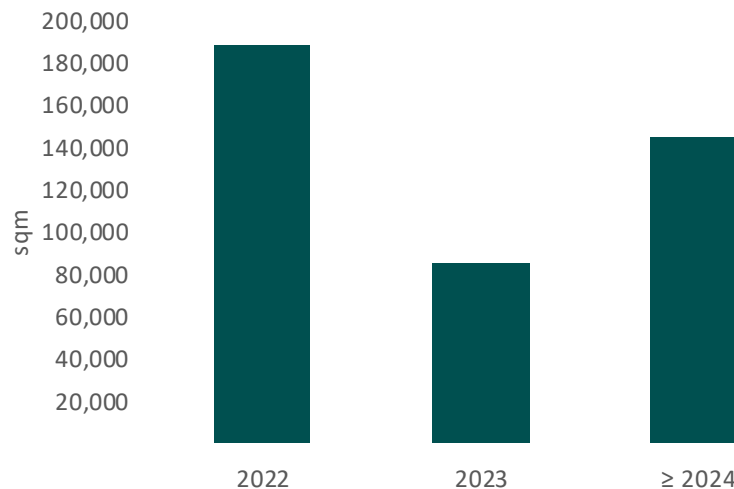
With incentives looking to have peaked in most major cities, overall rents in the region stayed largely stable through the latter half of 2021. The increase in vacancy rates last year was also notably more benign. With prospects for a robust economic recovery and rising employment, the scene is set for the release of pent-up demand which will help boost absorption rates and drive market recovery in 2022. Incentives are expected to wind down in the Australian markets with Perth expected to clock the highest rent growth. While prospects will vary across Auckland's sub-markets, strong demand and low vacancies is expected to foster rental growth across the city's premium spaces.

Sydney

Rents and Vacancy



Future Pipeline Supply

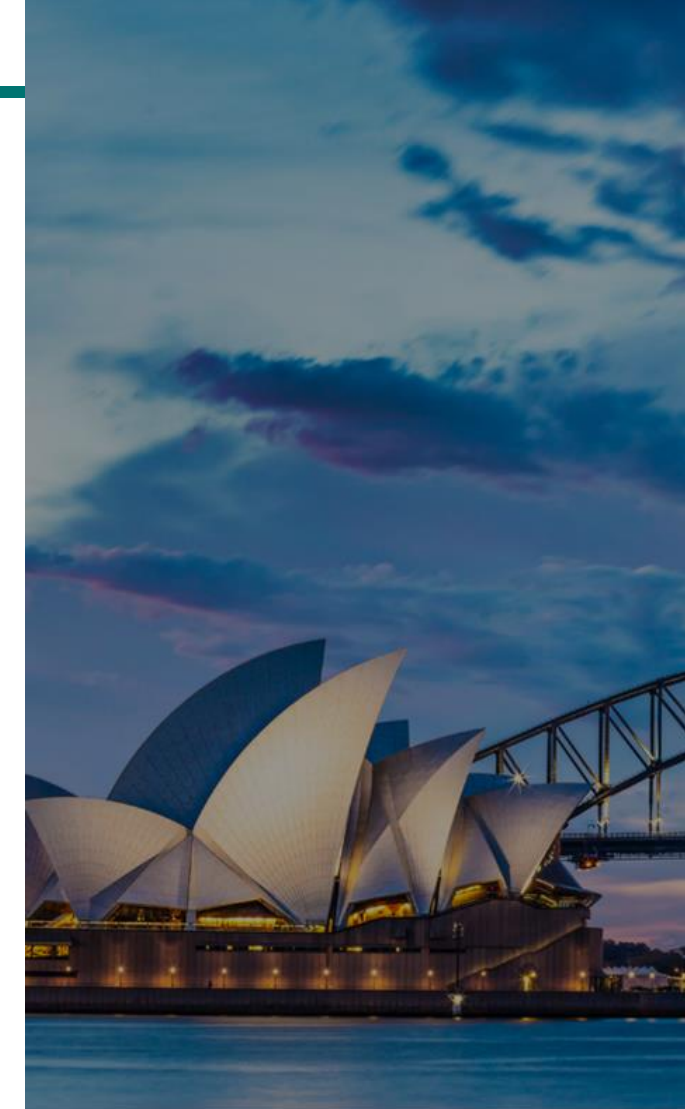


Economic Indicators

	2022F	2023F
GDP Growth	4.1%	2.6%
Unemployment Rate	4.8%	4.7%
Inflation	2.1%	2.2%
PMI (Mfg)	59.2 (Nov)	57.7 (Dec)

Real Estate Indicators

	Q4 2021	12mth Forecast
Prime Rent (A\$ psm pa)	1,190	→
Vacancy	9.0%	
Market Balance	Tenant (2022)	Tenant (2023)

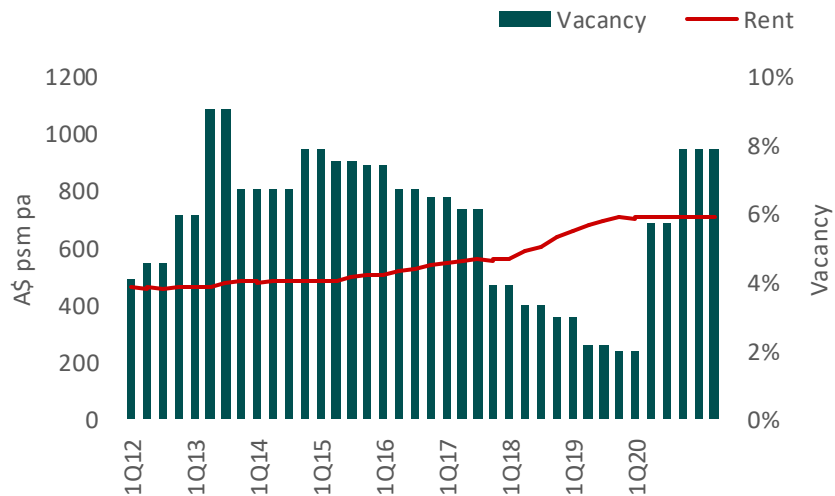


For more information, please contact:

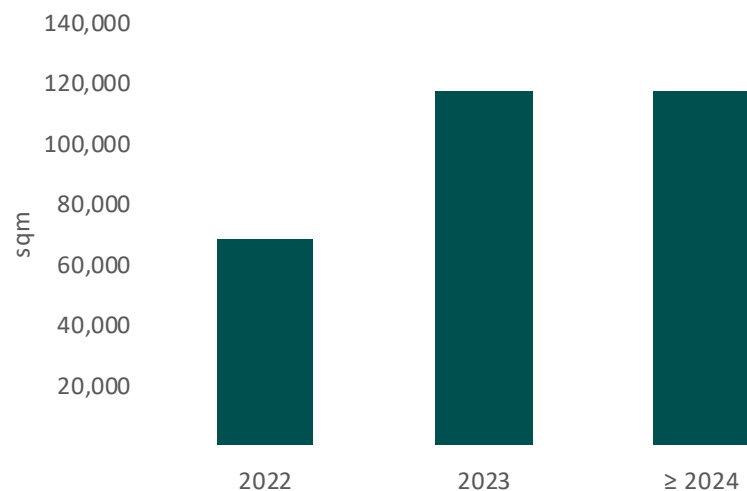
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Melbourne

Rents and Vacancy



Future Pipeline Supply

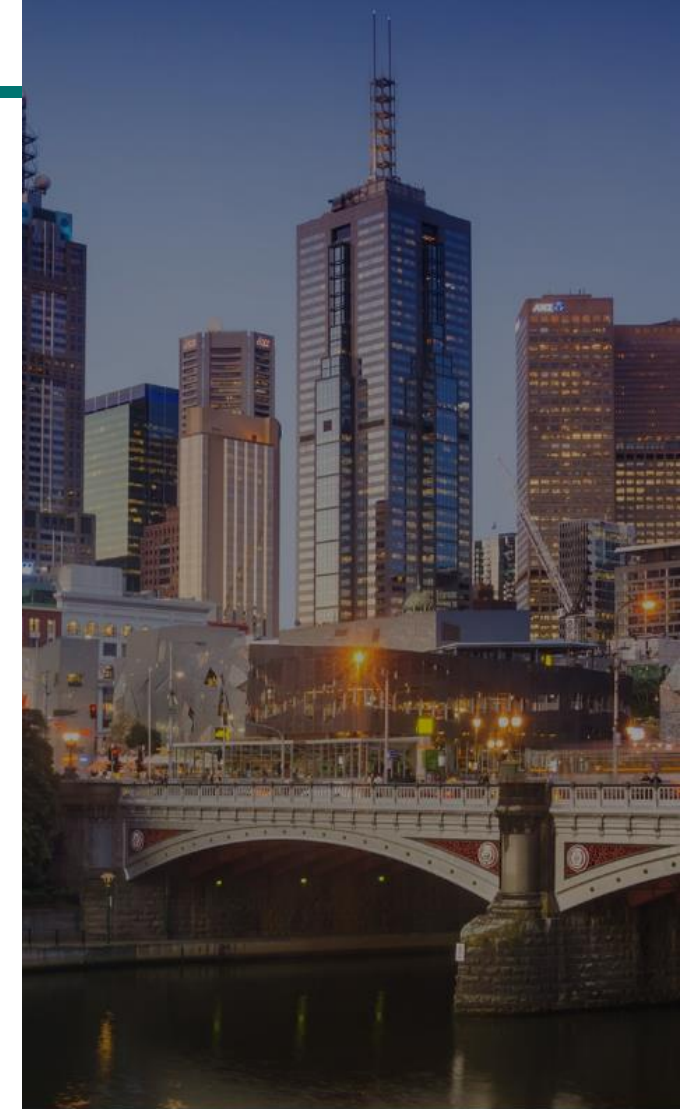


Economic Indicators

	2022F	2023F
GDP Growth	4.1%	2.6%
Unemployment Rate	4.8%	4.7%
Inflation	2.1%	2.2%
PMI (Mfg)	59.2 (Nov)	57.7 (Dec)

Real Estate Indicators

	Q4 2021	12mth Forecast
Prime Rent (A\$ psm pa)	708	↑
Vacancy	10.4%	
Market Balance	Tenant (2022)	Tenant (2023)

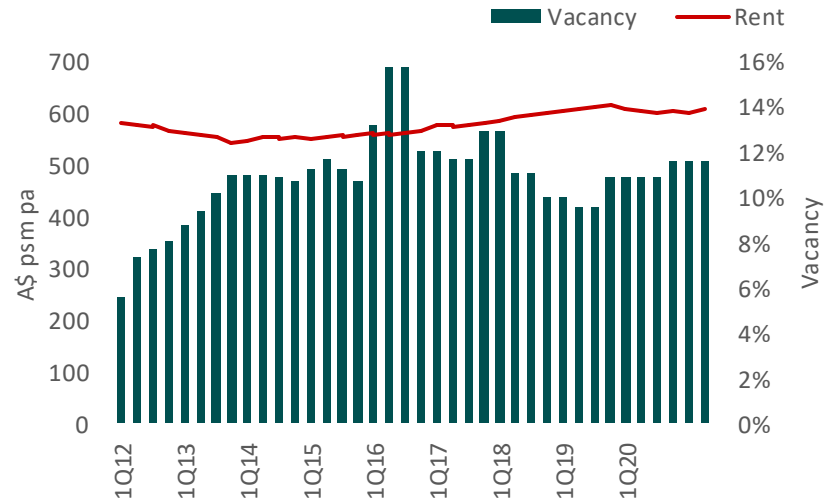


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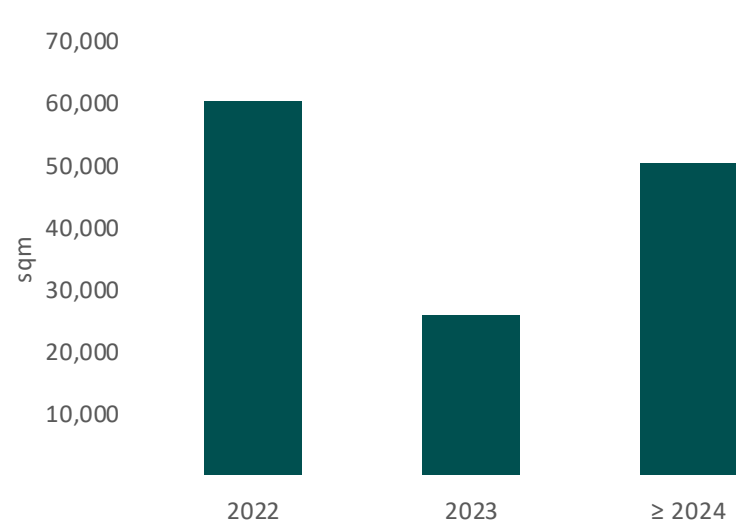
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Brisbane

Rents and Vacancy



Future Pipeline Supply



Economic Indicators		
	2022F	2023F
GDP Growth	4.1%	2.6%
Unemployment Rate	4.8%	4.7%
Inflation	2.1%	2.2%
PMI (Mfg)	59.2 (Nov)	57.7 (Dec)

Real Estate Indicators		
	Q4 2021	12mth Forecast
Prime Rent (A\$ psm pa)	607	↑
Vacancy	11.8%	
Market Balance	Tenant (2022)	Tenant (2023)

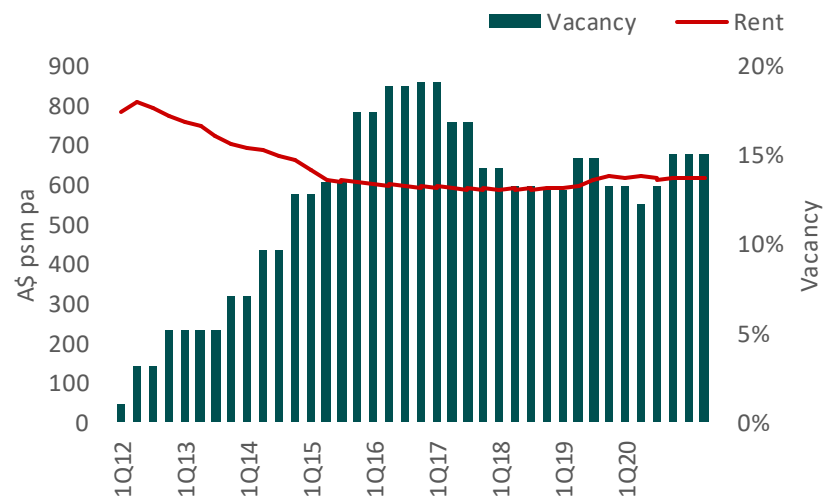


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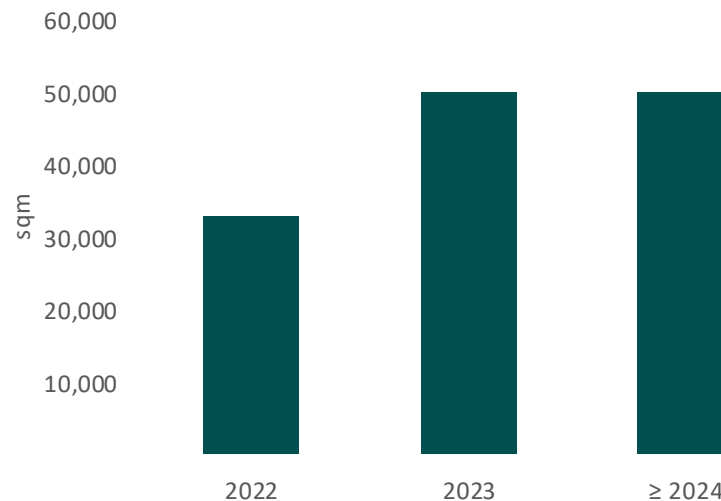
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Perth

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

	2022F	2023F
GDP Growth	4.1%	2.6%
Unemployment Rate	4.8%	4.7%
Inflation	2.1%	2.2%
PMI (Mfg)	59.2 (Nov)	57.7 (Dec)

Real Estate Indicators

	Q4 2021	12mth Forecast
Prime Rent (A\$ psm pa)	622	↑
Vacancy	13.1%	
Market Balance	Tenant (2022)	Tenant (2023)

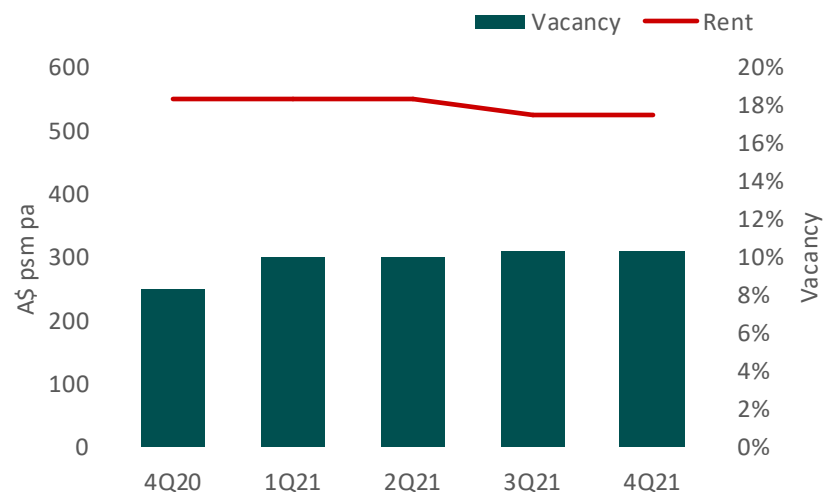


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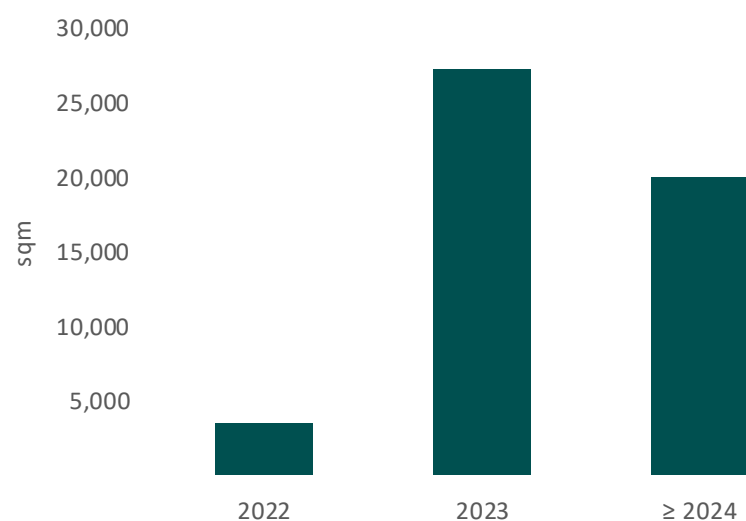
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Auckland

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

	2022F	2023F
GDP Growth	3.3%	1.7%
Unemployment Rate	4.4%	4.7%
Inflation	2.2%	2.0%
PMI (Mfg)	51.2 (Nov)	53.7 (Dec)

Real Estate Indicators

	Q4 2021	12mth Forecast
Prime Rent (NZ\$ psm pa)	525	↓
Vacancy	10.3%	
Market Balance	Balanced (2022)	Balanced (2023)



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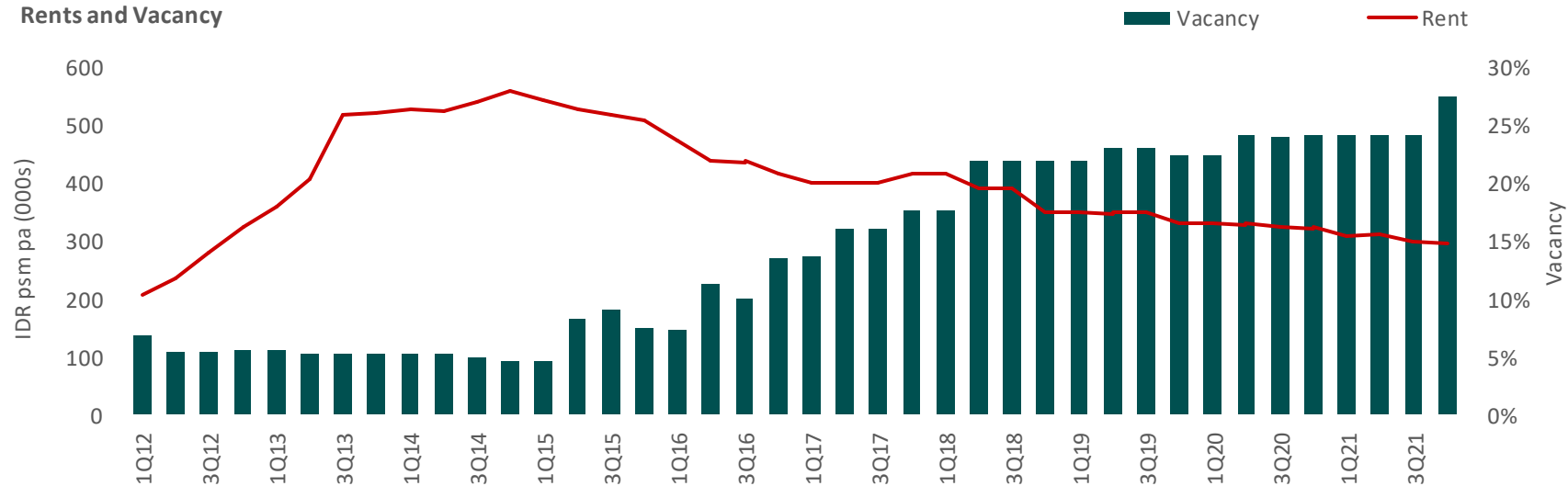
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South East Asia

The emergence of the fast-moving delta variant in the first half of 2021 exerted an economic toll on office markets across Southeast Asia, as governments heightened lockdowns to deal with surging infection waves. Rents fell at a faster clip, dropping an average 1.8% year-on-year in 2021 as vacancy rates rose to close to 18% from just over 13% in 2020. Still, there are signs that markets in the sub-region are nearing inflexion point. The pace of decline in office rents has moderated, with Q4 2021 rents down just 0.2% quarter-on-quarter; those in Singapore and Manila were observed to have turned the corner. Recovery is expected to gather pace in 2022 with rents likely to bottom towards the latter half of the year.

Jakarta

Rents and Vacancy

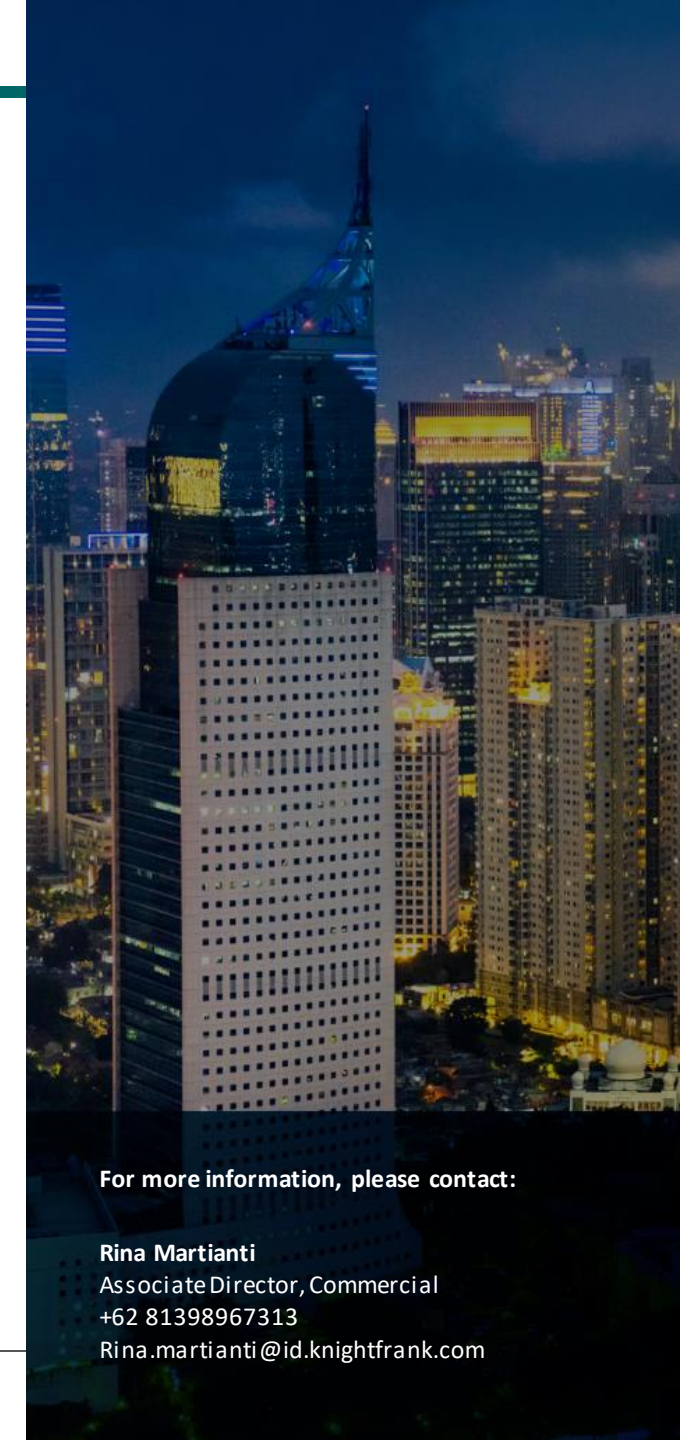


Economic Indicators

	2022F	2023F
GDP Growth	5.9%	6.4%
Unemployment Rate	6.0%	5.6%
Inflation	2.8%	3.2%
PMI (Mfg)	53.9 (Nov)	53.5 (Dec)

Real Estate Indicators

	Q4 2021	12mth Forecast
Prime Rent (IDR psm pm)	296,325	↓
Vacancy	24.0%	
Market Balance	Balanced (2022)	Balanced (2023)

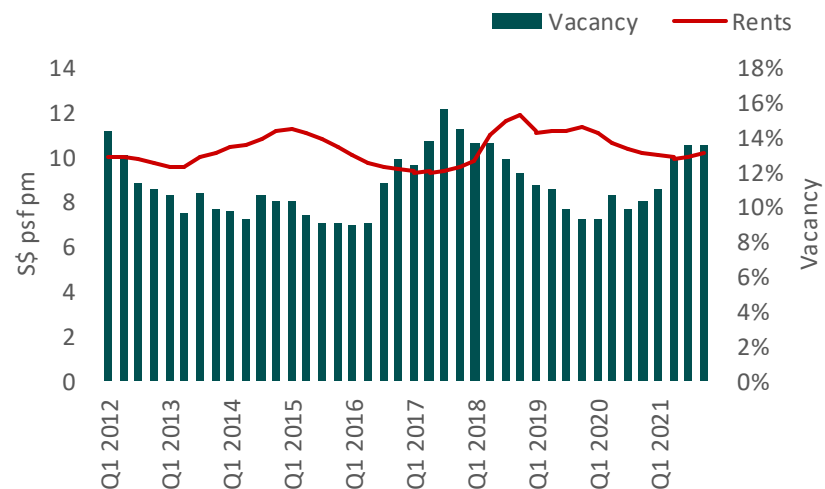


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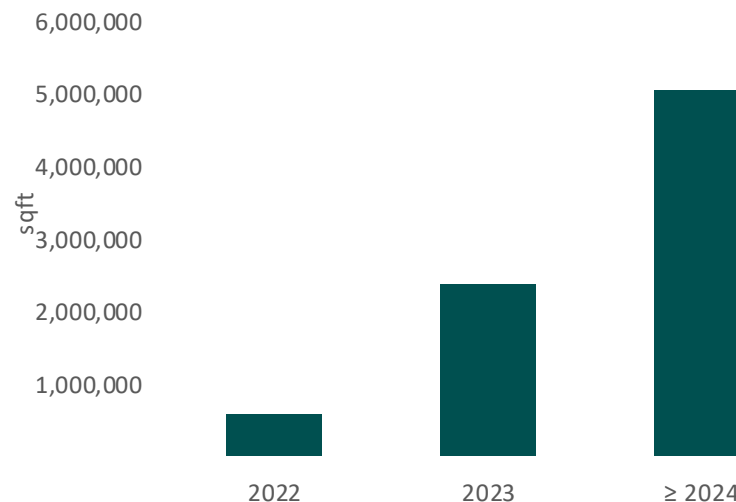
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Singapore

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

	2022F	2023F
GDP Growth	3.2%	2.7%
Unemployment Rate	2.5%	2.4%
Inflation	1.5%	1.5%
PMI (Mfg)	50.6 (Nov)	50.7 (Dec)

Real Estate Indicators

	Q4 2021	12mth Forecast
Prime Rent (S\$ psf pm)	10.13	↑
Vacancy	13.5%	
Market Balance	Tenant (2022)	Balanced (2023)

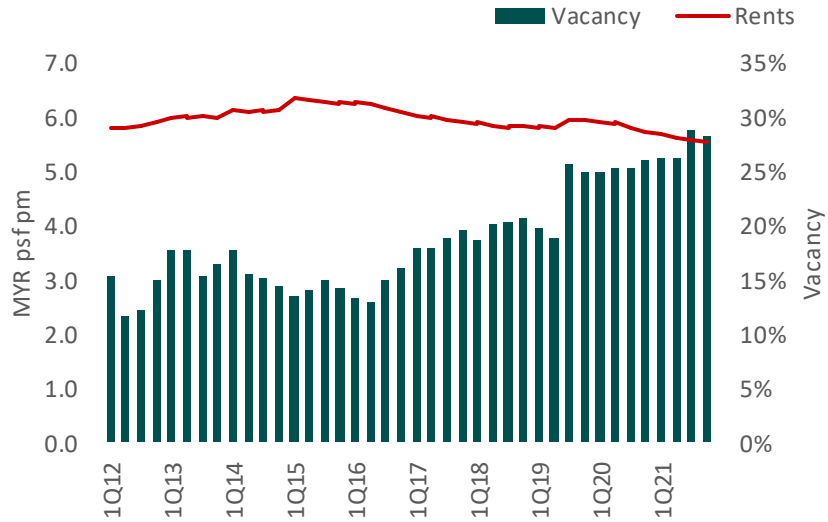
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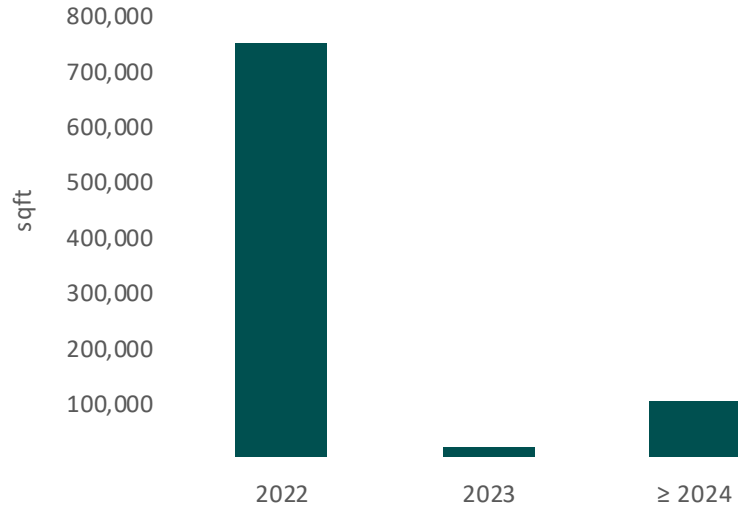


Kuala Lumpur

Rents and Vacancy



Future Pipeline Supply

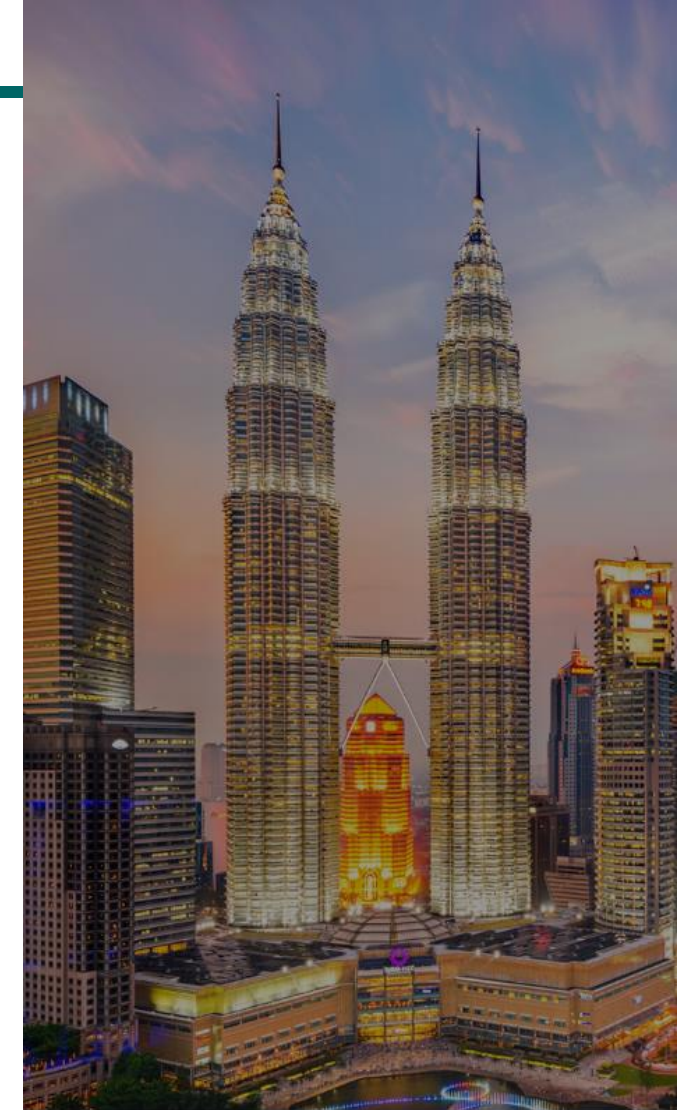


Economic Indicators

	2022F	2023F
GDP Growth	6.0%	5.7%
Unemployment Rate	4.5%	4.3%
Inflation	2.0%	2.0%
PMI (Mfg)	52.3 (Nov)	52.8 (Dec)

Real Estate Indicators

	Q4 2021	12mth Forecast
Prime Rent (MYR psf pm)	5.56	↓
Vacancy	29.7%	
Market Balance	Tenant (2022)	Tenant (2023)

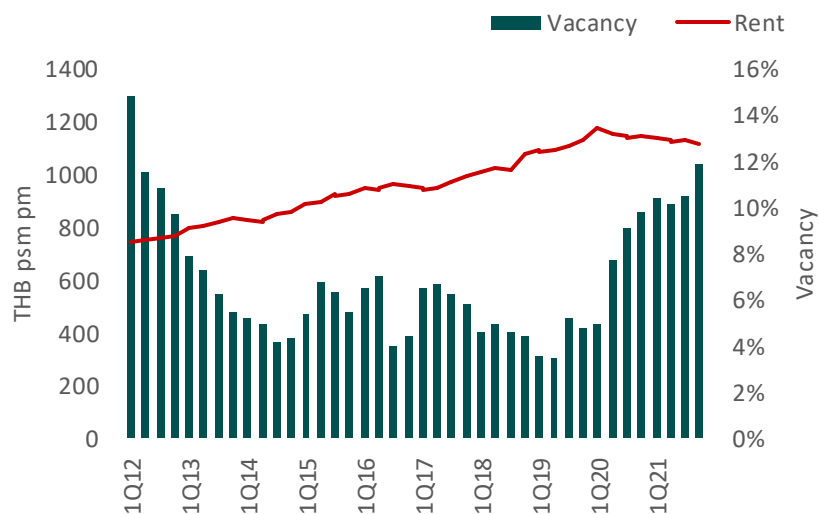


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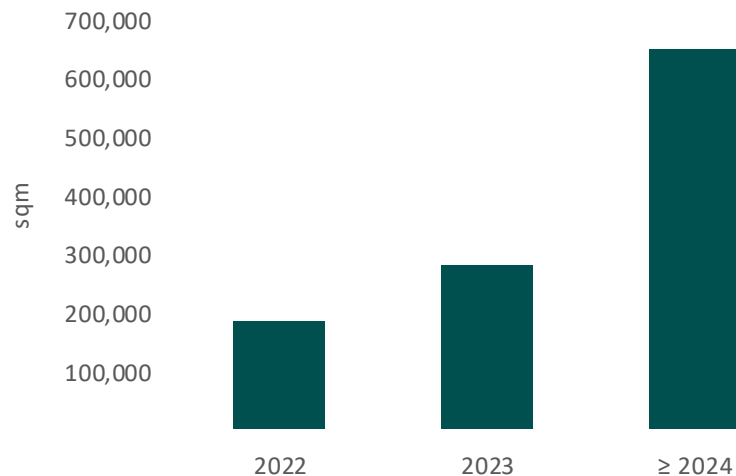
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Bangkok

Rents and Vacancy



Future Pipeline Supply

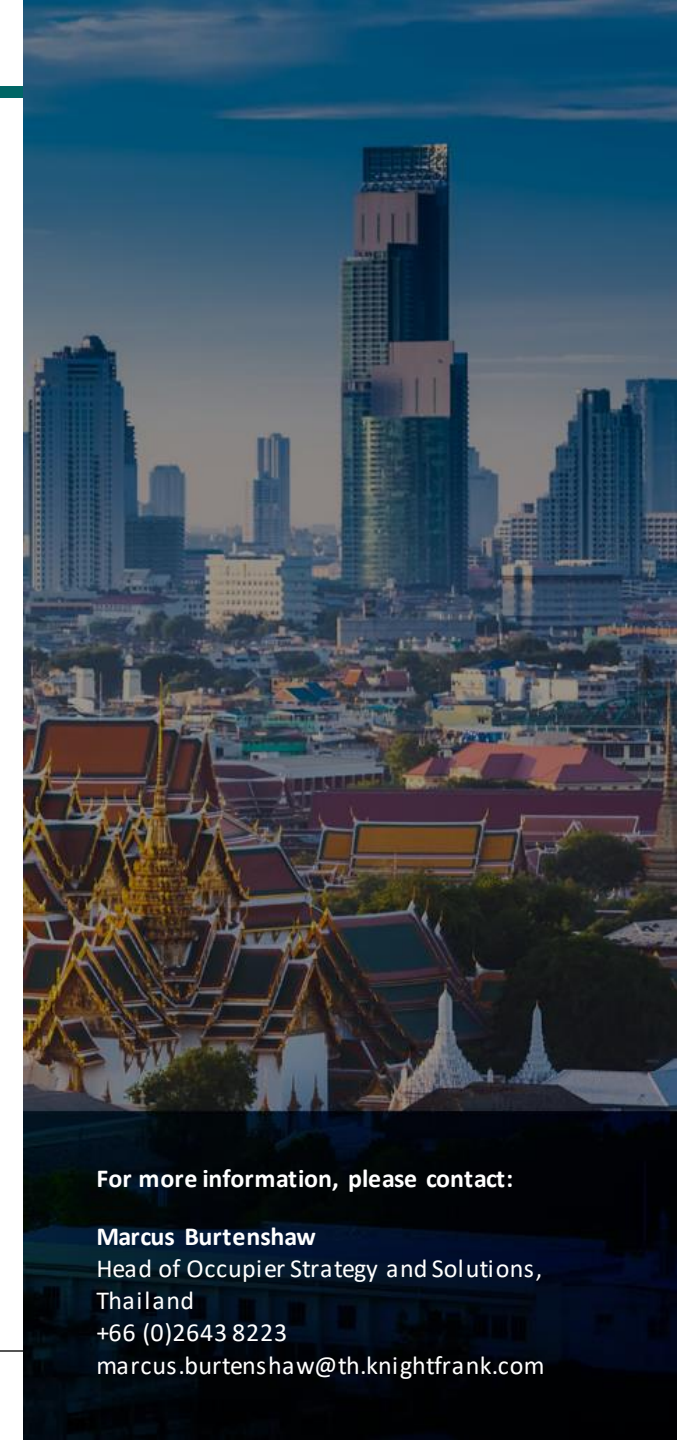


Economic Indicators

	2022F	2023F
GDP Growth	4.5%	4.0%
Unemployment Rate	N/A	N/A
Inflation	1.3%	1.1%
PMI (Mfg)	50.6 (Nov)	49.5 (Dec)

Real Estate Indicators

	Q4 2021	12mth Forecast
Prime Rent (THB psm pm)	1,112	↓
Vacancy	11.9%	
Market Balance	Tenant (2022)	Tenant (2023)

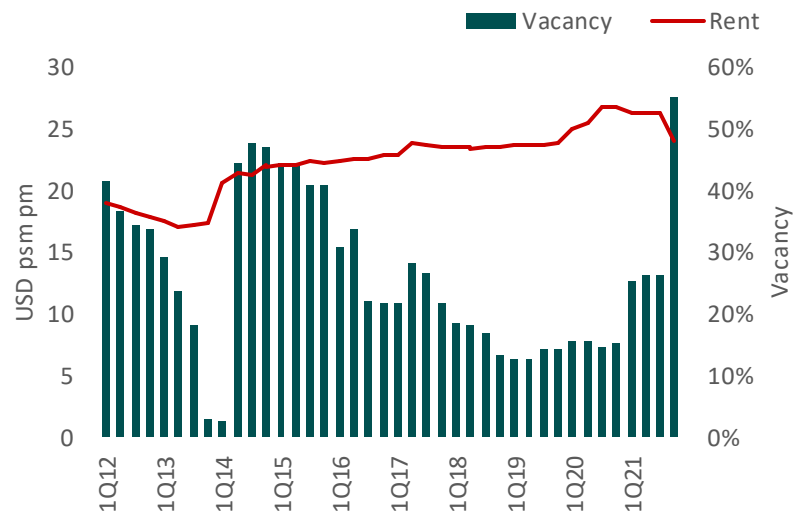


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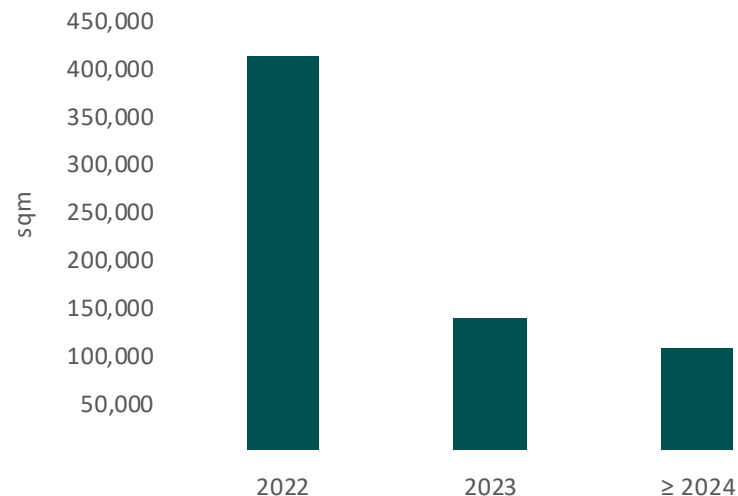
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Phnom Penh

Rents and Vacancy



Future Pipeline Supply

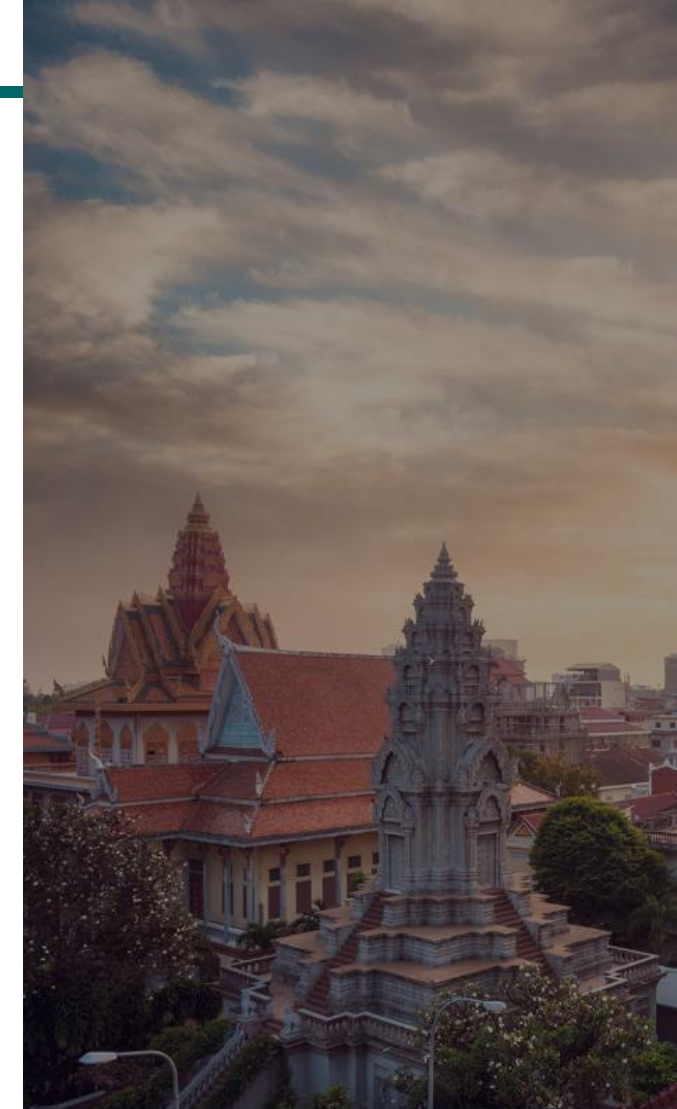


Economic Indicators

	2022F	2023F
GDP Growth	5.7%	6.4%
Unemployment Rate	N/A	N/A
Inflation	3.2%	3.0%
PMI (Mfg)	N/A	N/A

Real Estate Indicators

	Q4 2021	12mth Forecast
Prime Rent (US\$ psm pm)	24.0	→
Vacancy	55.1%	
Market Balance	Tenant (2022)	Tenant (2023)



For more information, please contact:

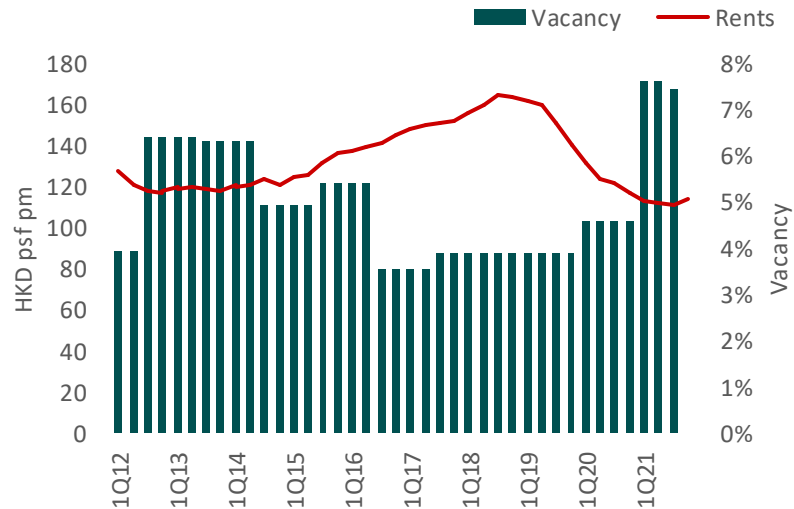
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East Asia

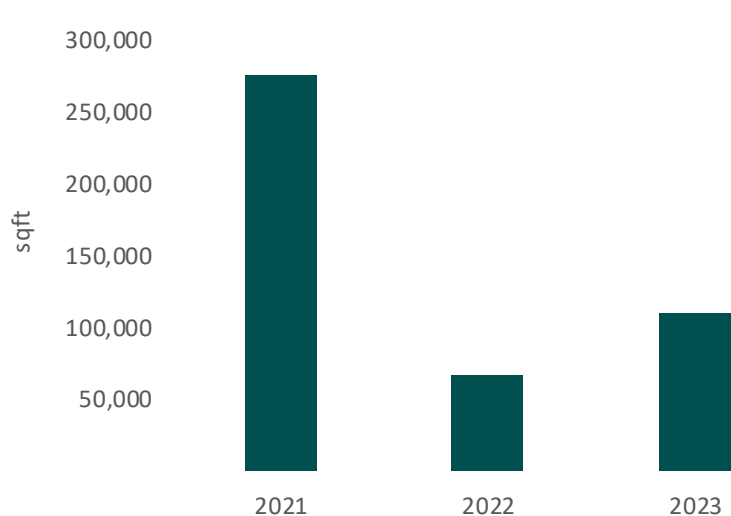
While expecting some headwinds in 2022, due to the rippling effects of policy tightening for property developers in the market, the Chinese Mainland's office sector is expected to remain resilient. Q4 2021 saw Beijing and Shanghai record rental growth of 0.6% and 1.5% respectively. For Beijing, this is a reversal of a continuous quarterly rental decline since Q3 2018. Net absorption of prime stock in the city averaged 222,353 square metres (sq m) each quarter, outpacing the average new supply of 137,502 sq m. We expect rents in the Chinese Mainland's Tier-1 cities to remain stable, with business sentiments turning positive, sustaining the demand we saw in Q4 2021.

Hong Kong SAR

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

	2022F	2023F
GDP Growth	3.5%	3.1%
Unemployment Rate	4.6%	4.2%
Inflation	2.1%	2.3%
PMI (Overall)	52.6 (Nov)	50.8 (Dec)

Real Estate Indicators

	Q4 2021	12mth Forecast
Prime Rent (HK\$ psf pm)	114	↑
Vacancy	7.4%	
Market Balance	Tenant (2022)	Tenant (2023)

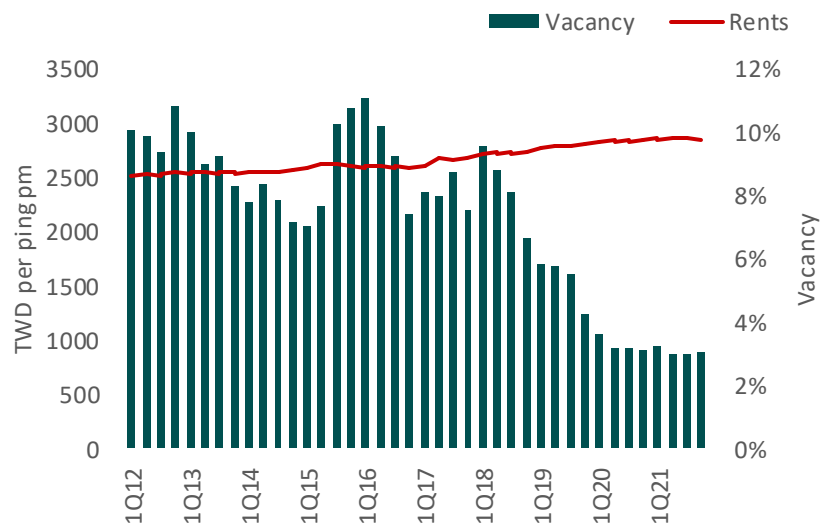


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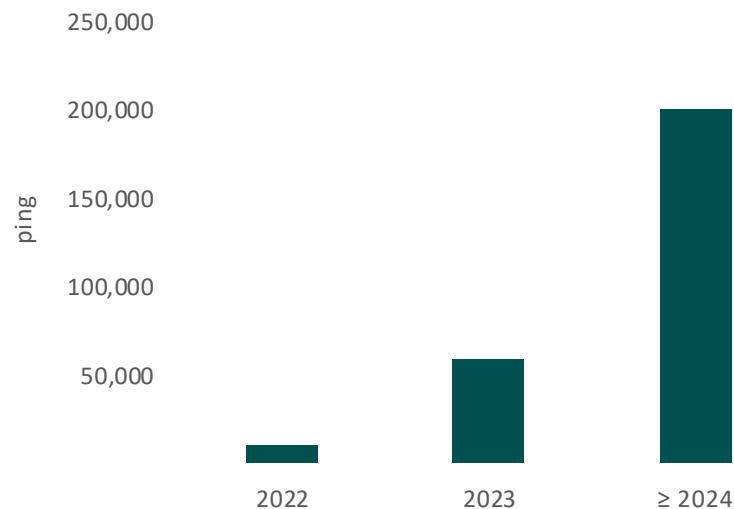
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Taipei

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

	2022F	2023F
GDP Growth	3.3%	2.6%
Unemployment Rate	3.6%	3.6%
Inflation	1.5%	1.4%
PMI (Mfg)	54.9 (Nov)	55.5 (Dec)

Real Estate Indicators

	Q4 2021	12mth Forecast
Prime Rent (TW\$ per ping pm)	2,853	→
Vacancy	3.1%	
Market Balance	Landlord (2022)	Balanced (2023)

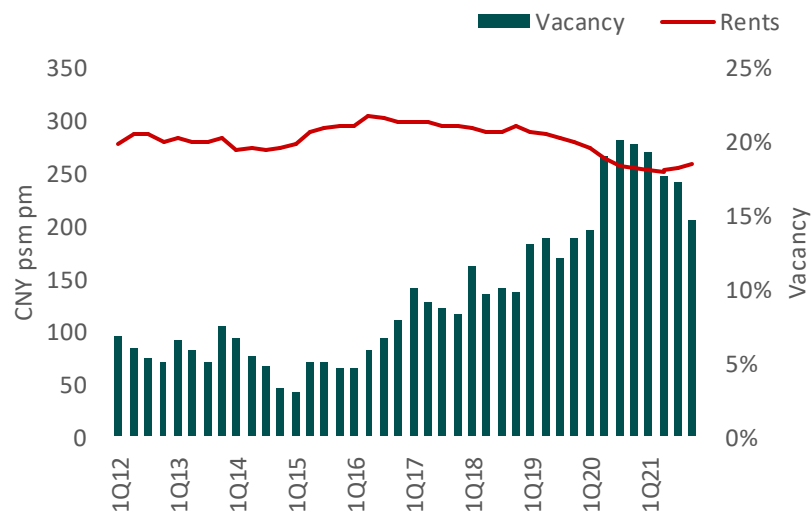


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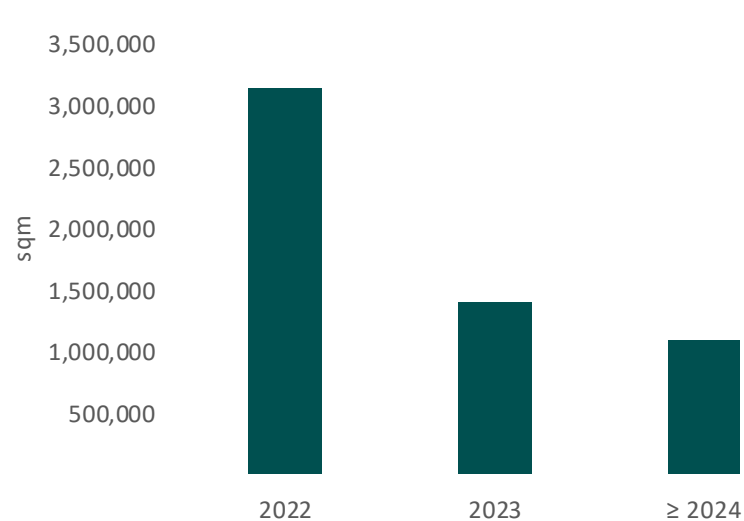
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Shanghai

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

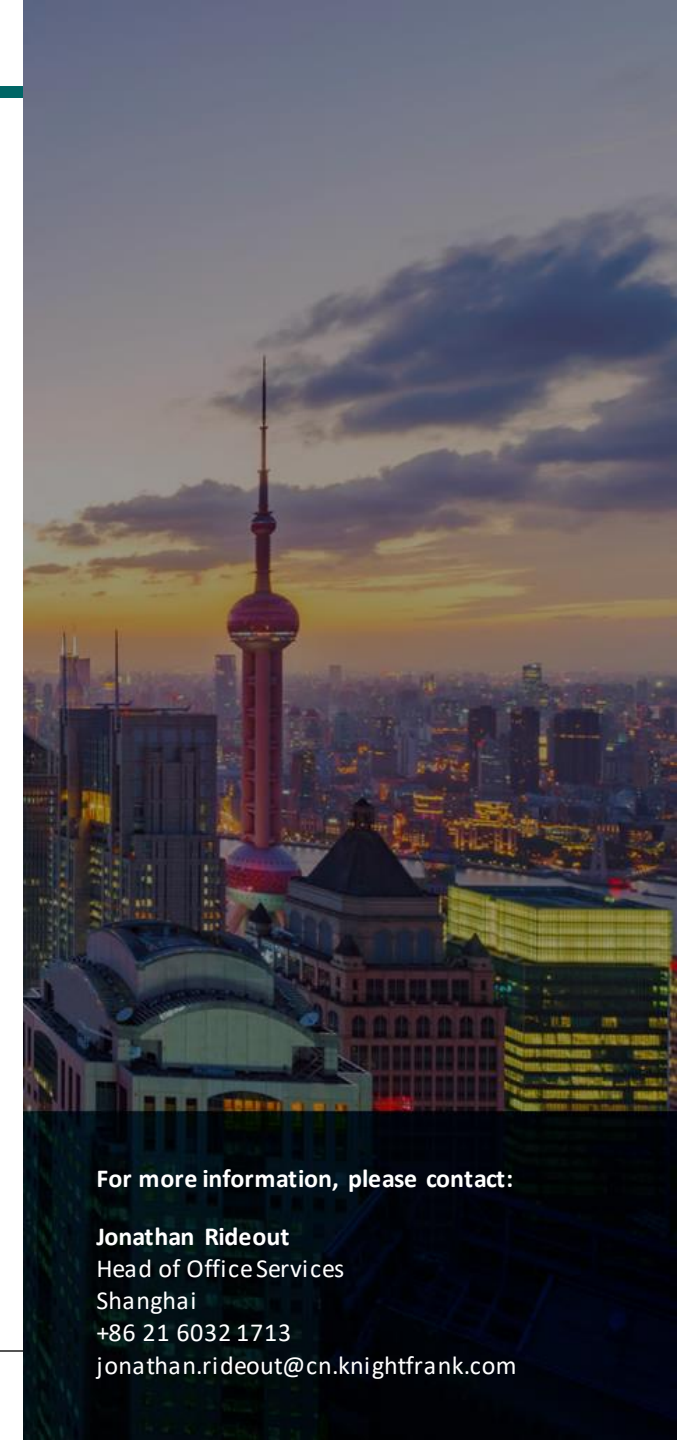
	2022F	2023F
GDP Growth	5.6%	5.3%
Unemployment Rate	3.7%	3.6%
Inflation	1.8%	1.9%
PMI (Mfg)	49.9 (Aug)	50.9 (Sep)

Real Estate Indicators

	Q4 2021	12mth Forecast
Prime Rent (CNY psm pm)	259	↑
Vacancy	14.7%	
Market Balance	Balanced (2022)	Balanced (2023)

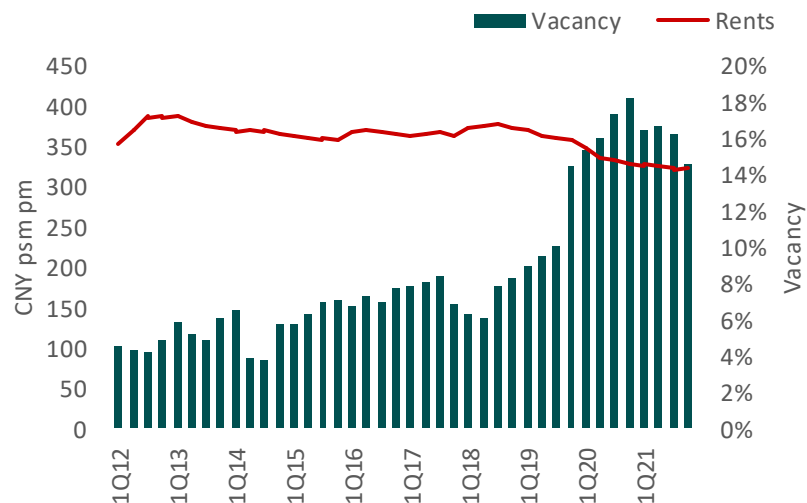
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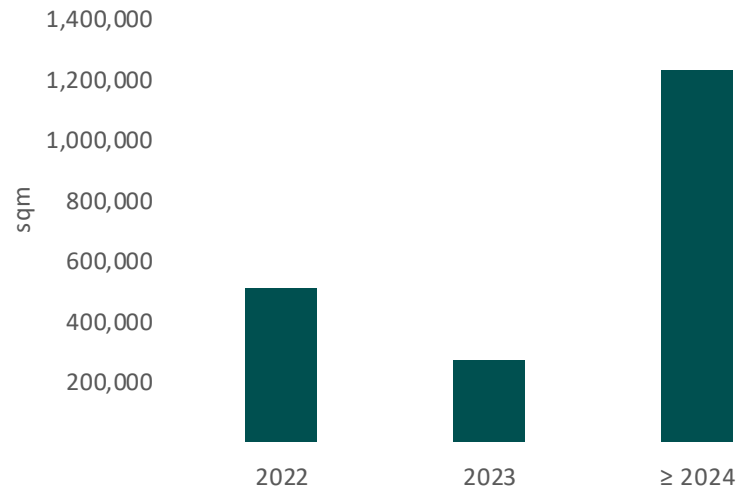


Beijing

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

	2022F	2023F
GDP Growth	5.6%	5.3%
Unemployment Rate	3.7%	3.6%
Inflation	1.8%	1.9%
PMI (Mfg)	49.9 (Aug)	50.9 (Sep)

Real Estate Indicators

	Q4 2021	12mth Forecast
Prime Rent (CNY psm pm)	324	↑
Vacancy	14.6%	
Market Balance	Balanced (2022)	Balanced (2023)

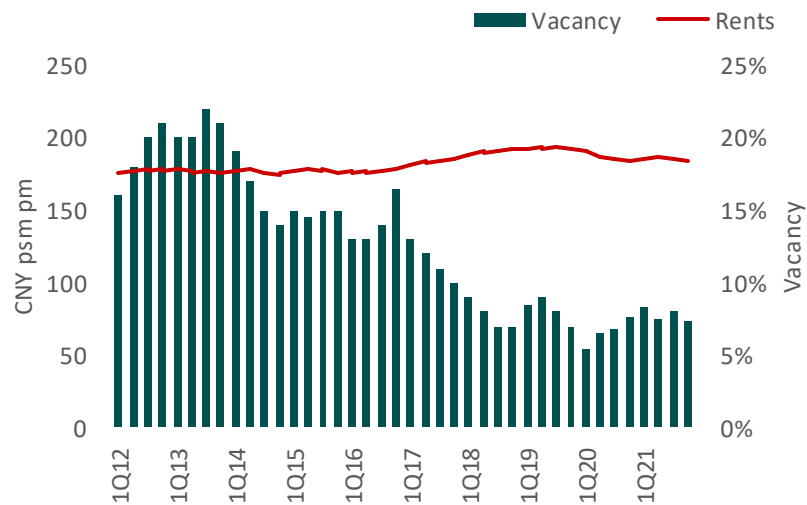


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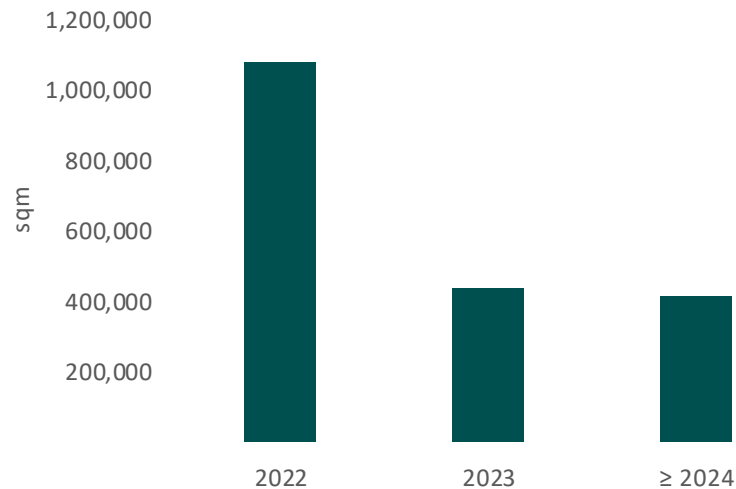
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Guangzhou

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

	2022F	2023F
GDP Growth	5.6%	5.3%
Unemployment Rate	3.7%	3.6%
Inflation	1.8%	1.9%
PMI (Mfg)	49.9 (Aug)	50.9 (Sep)

Real Estate Indicators

	Q4 2021	12mth Forecast
Prime Rent (CNY psm pm)	184	↓
Vacancy	7.4%	
Market Balance	Balanced (2022)	Balanced (2023)

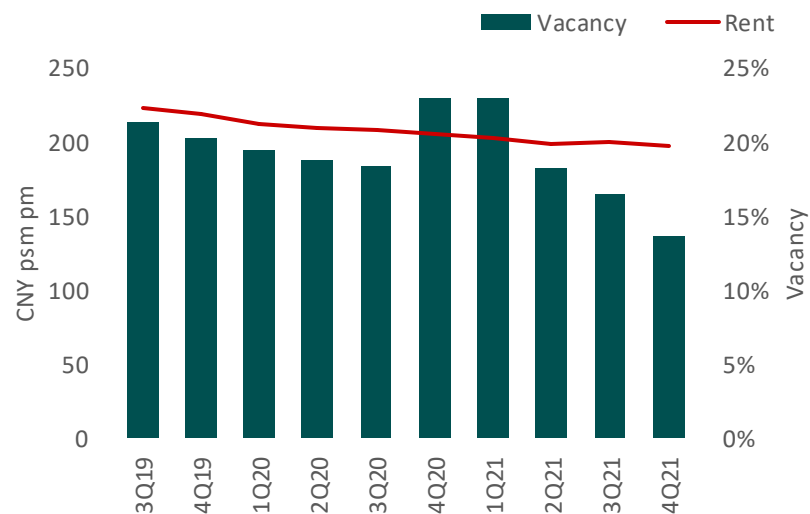


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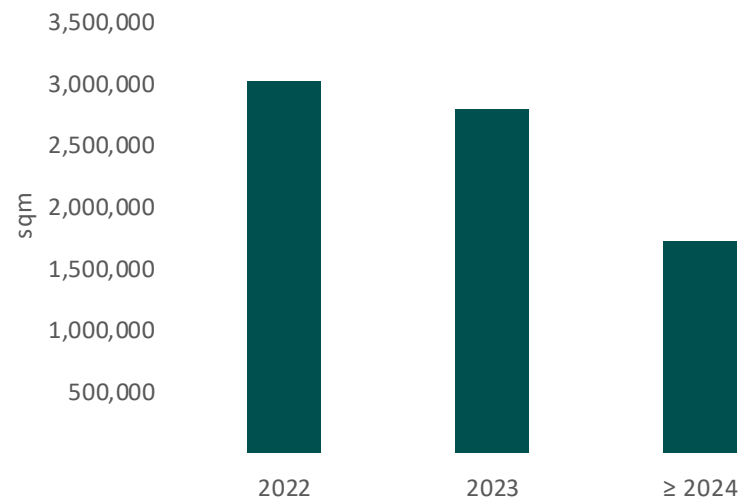
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Shenzhen

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

	2022F	2023F
GDP Growth	5.6%	5.3%
Unemployment Rate	3.7%	3.6%
Inflation	1.8%	1.9%
PMI (Mfg)	49.9 (Aug)	50.9 (Sep)

Real Estate Indicators

	Q4 2021	12mth Forecast
Prime Rent (CNY psm pm)	197	↓
Vacancy	13.6%	
Market Balance	Balanced (2022)	Balanced (2023)

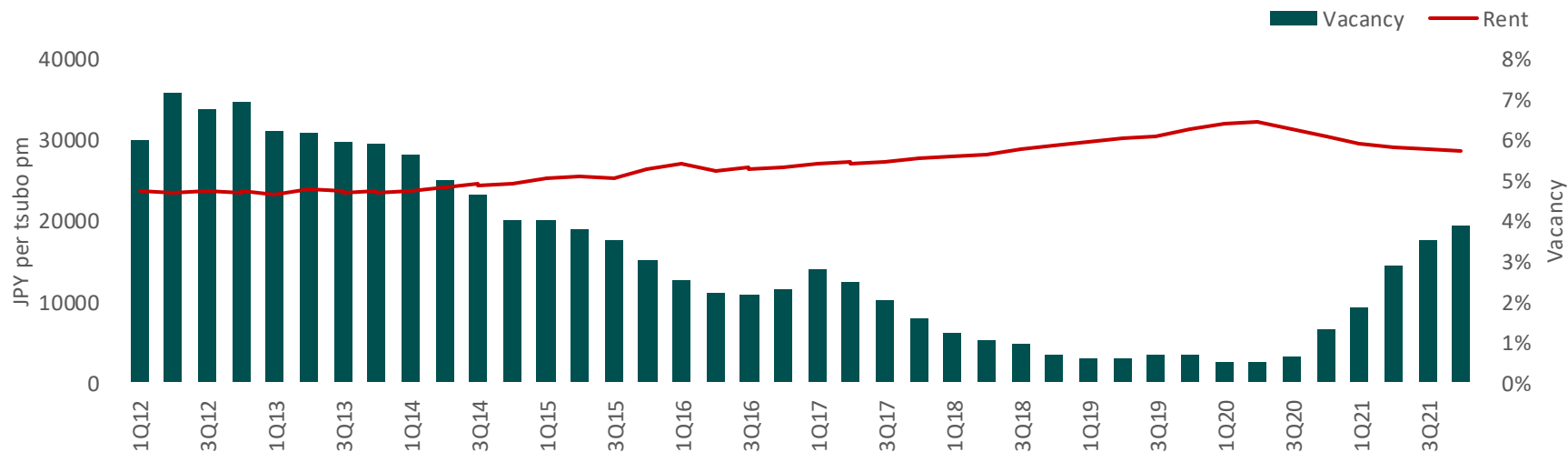
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Tokyo

Rents and Vacancy



Economic Indicators

	2022F	2023F
GDP Growth	3.2%	1.4%
Unemployment Rate	2.4%	2.3%
Inflation	0.5%	0.7%
PMI (Mfg)	54.5 (Nov)	54.3 (Dec)

Real Estate Indicators

	Q4 2021	12mth Forecast
Prime Rent (JPY per tsubo pm)	28,605	↓
Vacancy	3.9%	
Market Balance	Balanced (2022)	Landlord (2023)

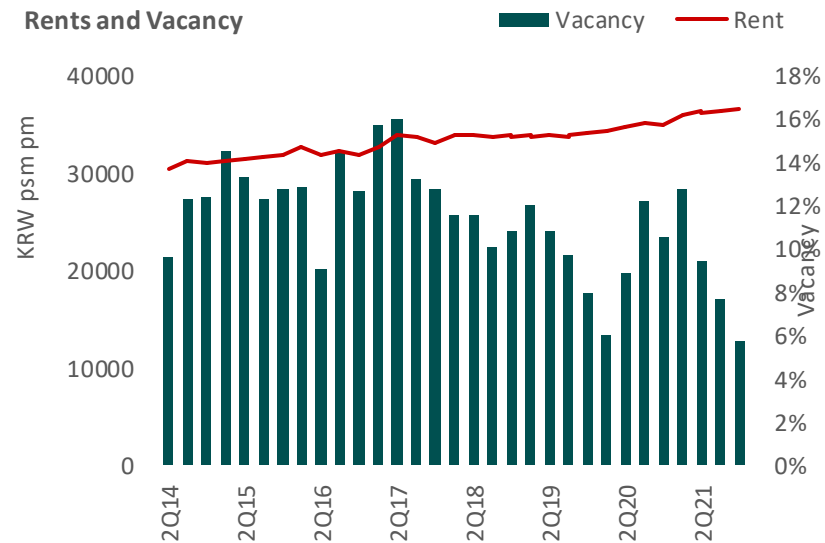


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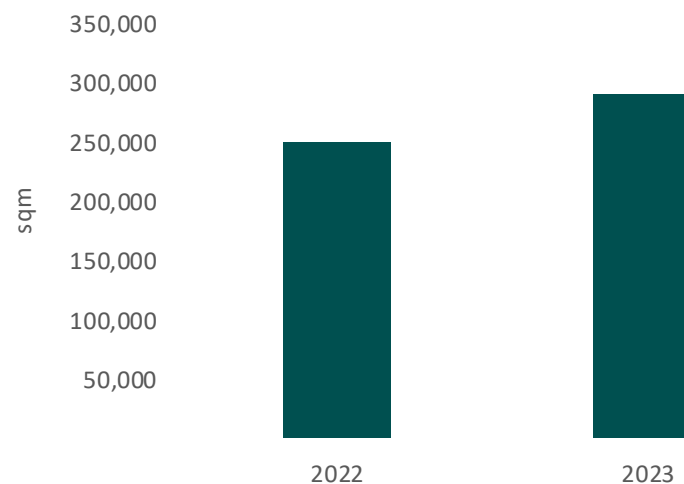
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Seoul

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

	2022F	2023F
GDP Growth	3.3%	2.8%
Unemployment Rate	3.7%	3.7%
Inflation	1.6%	1.6%
PMI (Mfg)	50.9 (Nov)	51.9 (Dec)

Real Estate Indicators

	Q4 2021	12mth Forecast
Prime Rent (KRW psm pm)	36,556	↑
Vacancy	5.7%	
Market Balance	Landlord (2021)	Landlord (2022F)



For more information, please contact:

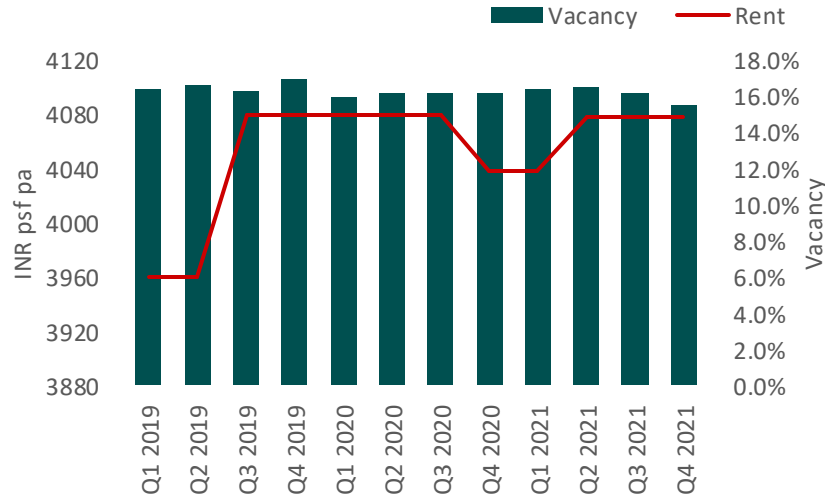
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South Asia

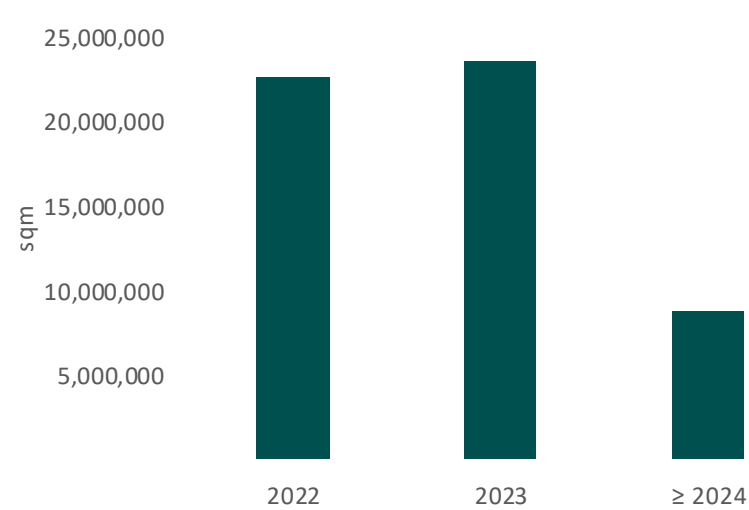
Of India's three Tier-1 markets, National Capital Region (NCR) and Mumbai recorded stable rents in Q4 2021, QoQ. The outlier was Bengaluru, which saw rents increase a modest 1.0% QoQ. The results were stable despite India coming off the Delta surge in H1 2021. The vaccination drive for the country has yielded dividends, with more than 60% of India's eligible population becoming fully vaccinated. This, combined with the strength of the IT and co-working sectors' office demand and stabilising business sentiments, feeds into our expectations that India's Tier-1 cities will see modest recovery in 2022.

Delhi-NCR

Rents and Vacancy



Future Pipeline Supply

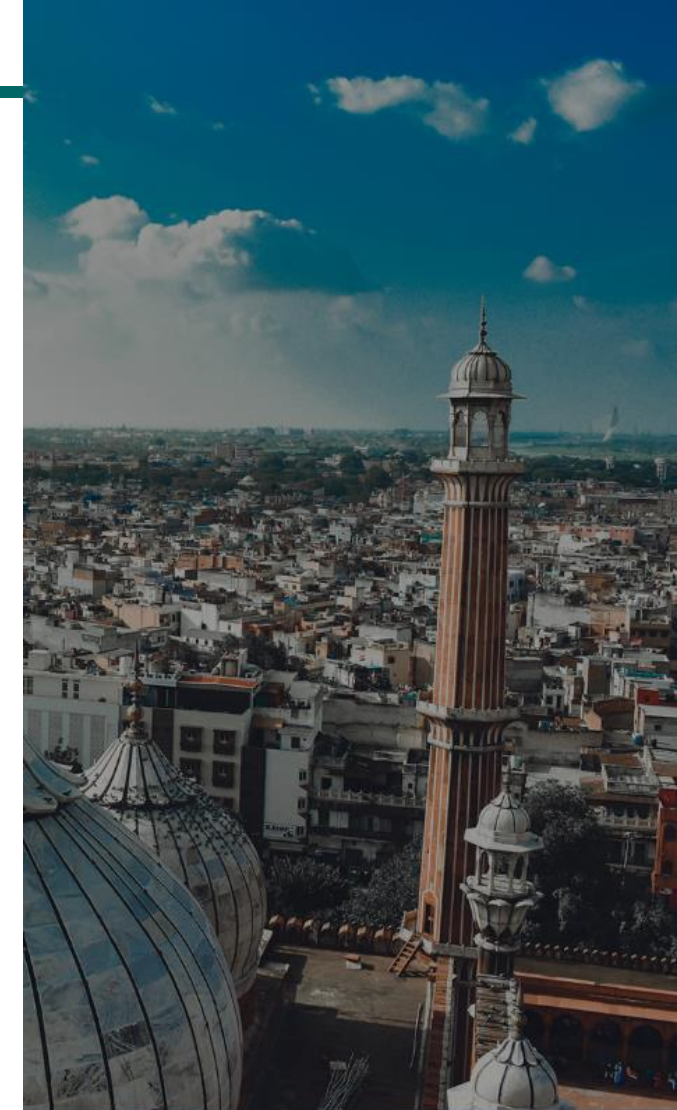


Economic Indicators

	2022F	2023F
GDP Growth	8.5%	6.6%
Unemployment Rate	NA	NA
Inflation	4.9%	4.3%
PMI (Mfg)	57.6 (Nov)	55.5 (Dec)

Real Estate Indicators

	Q4 2021	12mth Forecast
Prime Rent (INR psf pa)	4,078	→
Vacancy	15.5%	
Market Balance	Balanced (2022)	Balanced (2023)

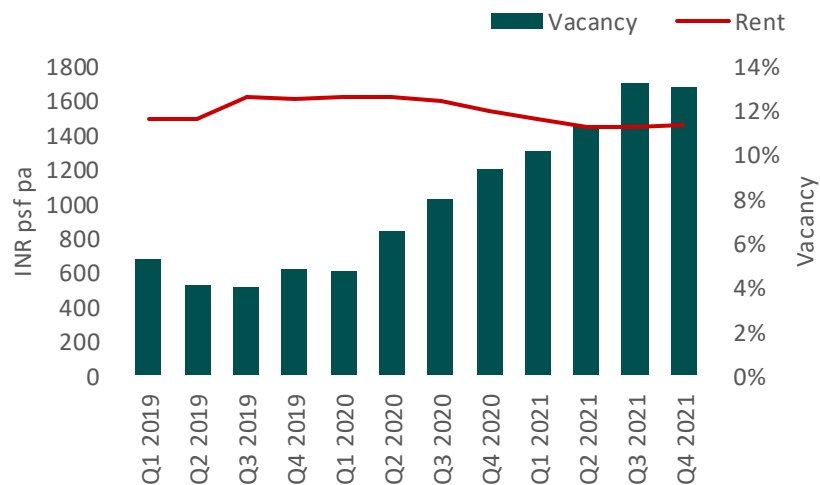


For more information, please contact:

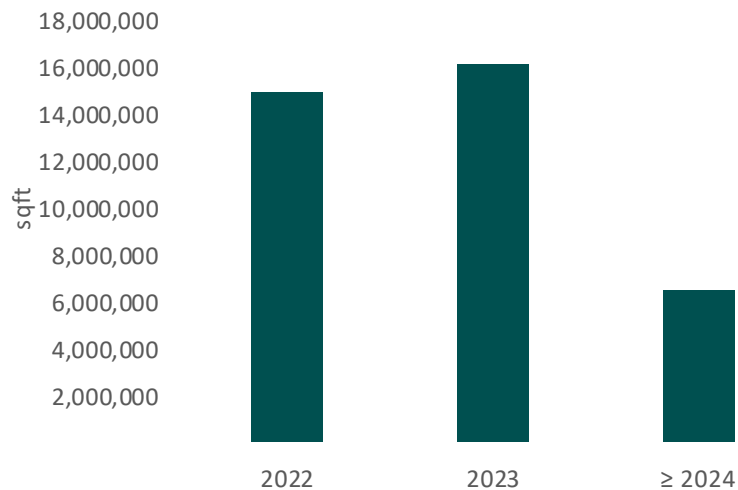
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Bengaluru

Rents and Vacancy



Future Pipeline Supply

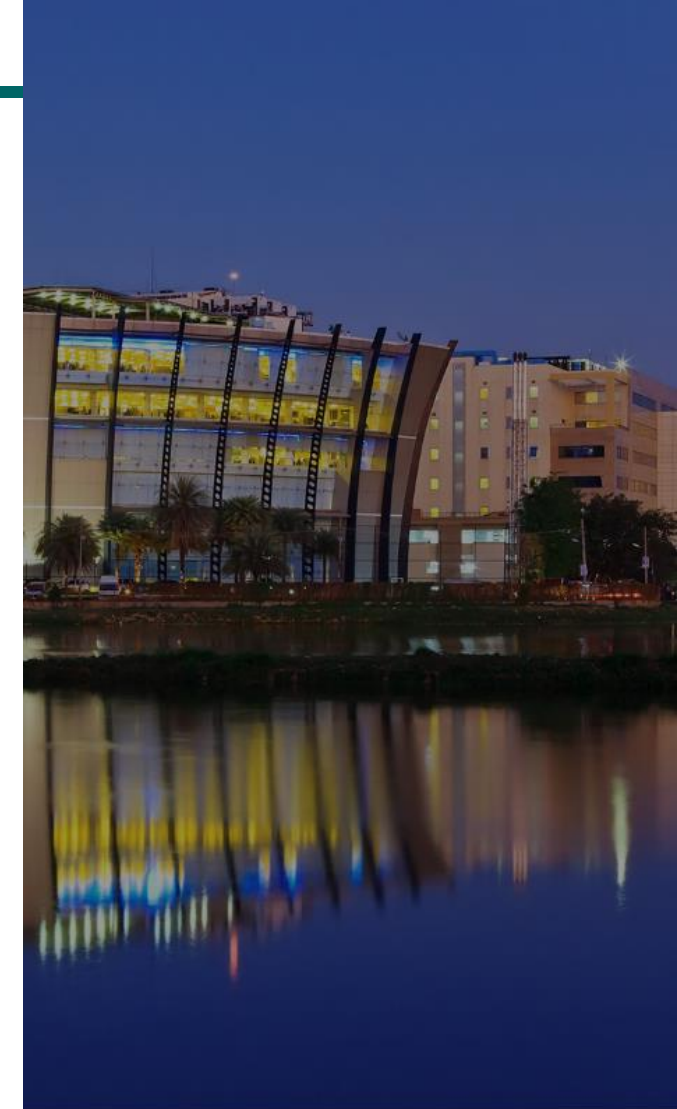


Economic Indicators

	2022F	2023F
GDP Growth	8.5%	6.6%
Unemployment Rate	NA	NA
Inflation	4.9%	4.3%
PMI (Mfg)	57.6 (Nov)	55.5 (Dec)

Real Estate Indicators

	Q4 2021	12mth Forecast
Prime Rent (INR psf pa)	1,460	→
Vacancy	13.0%	
Market Balance	Balanced (2022)	Balanced (2023)

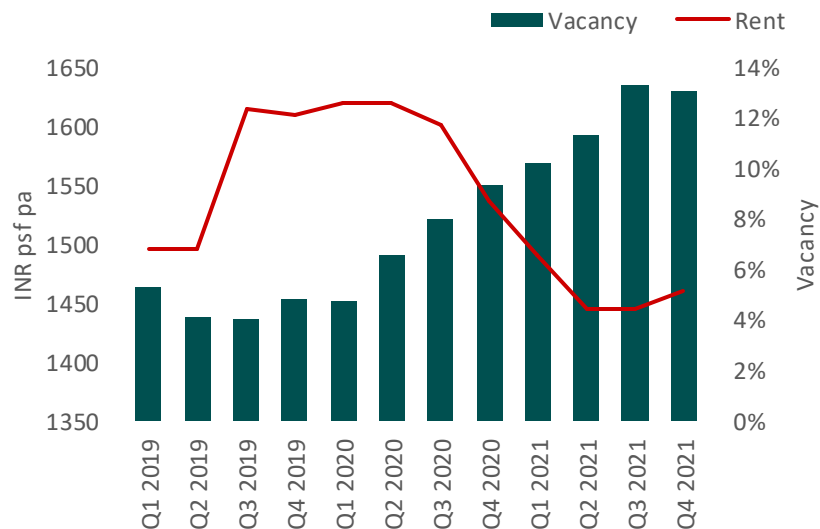


For more information, please contact:

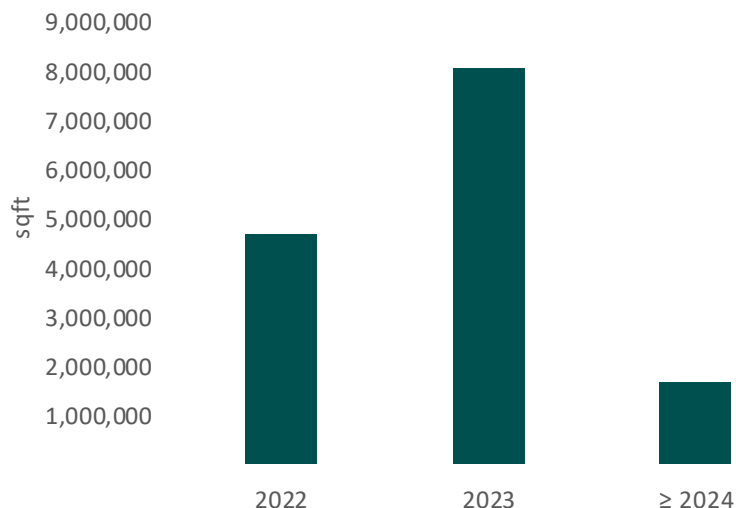
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Mumbai Metropolitan Region (MMR)

Rents and Vacancy



Future Pipeline Supply



Economic Indicators

	2022F	2023F
GDP Growth	8.5%	6.6%
Unemployment Rate	NA	NA
Inflation	4.9%	4.3%
PMI (Mfg)	57.6 (Nov)	55.5 (Dec)

Real Estate Indicators

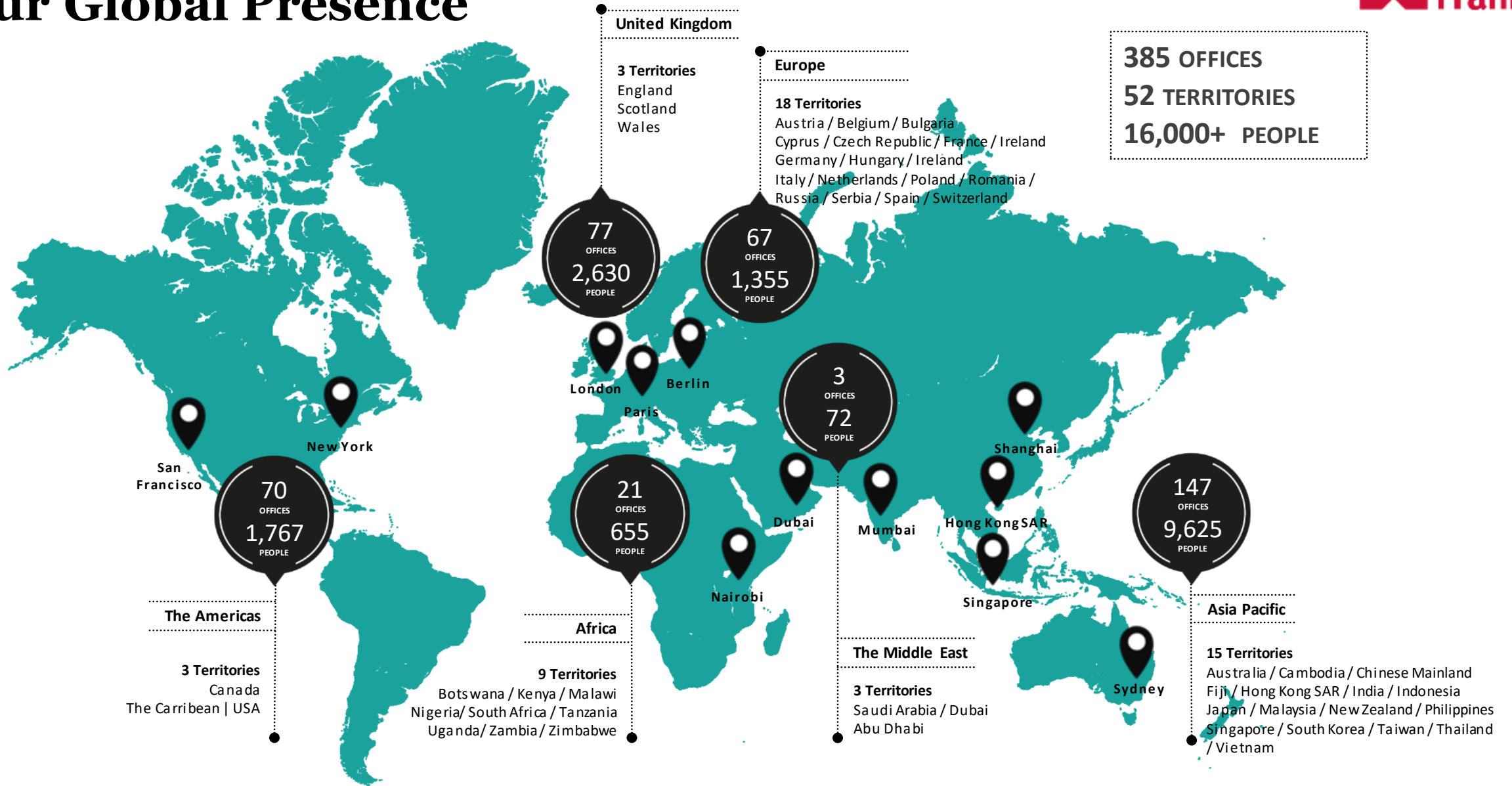
	Q4 2021	12mth Forecast
Prime Rent (INR psf pa)	3,385	→
Vacancy	20.9%	
Market Balance	Balanced (2022)	Balanced (2023)



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Our Global Presence



Our mission at Knight Frank is to 'Connect People & Property, Perfectly'.

The Asia Pacific Occupier Strategy & 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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