ASIA-PACIFIC
HORIZON

Knight Frank

From Niche to Core:
Why Asia-Pacific Living Sectors are Entering the Mainstream

Knight Frank
Asia-Pacific Horizon

This report examines the growing market for Living Sectors in the Asia-Pacific.

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Foreword

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Global Head of Living Sectors, Knight Frank

The living sectors in Asia Pacific are moving into increasingly sharper focus for many global real estate investors. What was once a Japan-dominated market has evolved in recent years into a more diversified, regional opportunity characterised by increasing liquidity, strong institutional interest and operational sophistication.

Today, APAC's living sectors are emerging as a core, long-duration allocation across the whole region.

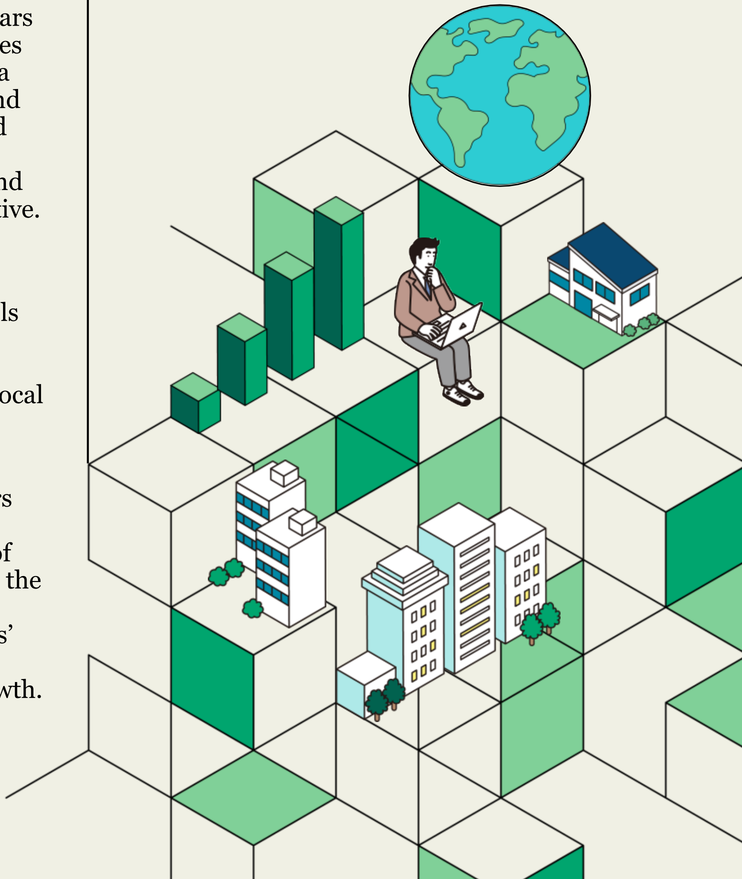
This shift is underpinned by strong and consistent fundamentals. Demand for rental housing across APAC remains underpinned by needs-based drivers – including urbanisation, demographic shifts and ongoing affordability constraints. In today's more unpredictable macro-geopolitical landscape, these characteristics are reinforcing the sector's role as a defensive, income-generating asset class for investors.

At the same time, investor strategies are evolving. There is a clear shift away from viewing the living sectors in isolation, and instead investors are building integrated platforms that span PBSA, BTR, co-living and seniors housing. This holistic approach allows investors to drive performance through operational synergies and more efficient capital deployment.

In many ways, APAC's living sectors landscape presents a similar profile to Europe 10 or 15 years ago – it is a market that is still in the early stages of institutionalisation, but one that also offers a compelling combination of growth potential and yield advantage. As transparency improves and operating models continue to mature, the opportunity to capture both income stability and capital growth is becoming increasingly attractive.

That said, this opportunity is not without complexity. Markets across APAC remain somewhat fragmented, defined by varying levels of maturity, regulation and operational sophistication. Delivering performance will depend on informed market selection, strong local partnerships and the ability to operate assets effectively and at scale.

Knight Frank's latest Asia Pacific Living Sectors Hotspots Report examines the key markets, sectors and strategies shaping the next phase of growth across the region's living landscape. As the sector continues to evolve here, we expect it to play an increasingly important role in investors' global portfolios, offering a combination of stability, scalability and long-term income growth.



Section I: Regional Overview

1.1 From Niche to Core

With investors increasingly prioritising income resilience, allocations towards Asia-Pacific's living sectors have rapidly scaled into a pan-regional portfolio strategy. From 2016 to 2025, tracked investment volumes near-tripled to US$21.0 billion, with the 49% uplift in 2025 signalling renewed momentum (*Fig. 1*), as financing conditions eased and stronger cross-border participation supported pricing discovery. Investors also pivoted towards living assets for its defensive attributes, underpinned by needs-based demand that are less prone to geopolitical swings.

Notably, investment volumes since 2019 have consistently exceeded pre-2018 levels, indicating stronger investor conviction in the sector. Underwriting clarity has improved and opportunities, once focused on Japan, have broadened across the region; Japan's share of transactions declined from around 70% historically to 43% in 2025, reflecting a wider deployment of capital. With capital diversifying across markets, operating performance is becoming a key driver of returns.

While investments in H1 2026 have softened by about 10% as compared to the same period in 2025, we expect transaction momentum to build for the rest of 2026. According to Preqin, total fundraising for Asia-Pacific-focused funds fell 5.9% in 2025 but capital targeting the region's living sectors rose by 12.2%, highlighting sustained investor interest in the sector (*Fig. 2*).

3x

Growth within a decade reaching

US$21.0 Billion

APAC living sector investment volumes near-tripled from 2016 to 2025, reaching US$21.0 billion — with a 49% surge in 2025 alone driven by easier financing and rising cross-border demand.

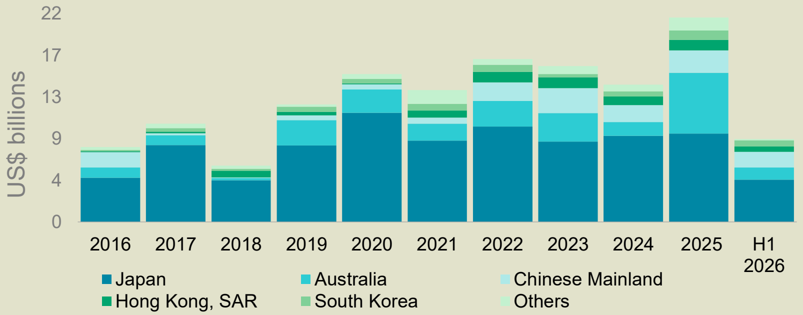
+12%

rise in funds raised

Capital specifically targeting APAC living sectors rose 12.2% in 2025 — even as total Asia-Pacific fund fundraising fell 5.9%.

Fig 1: Rising Investments into Living Sectors

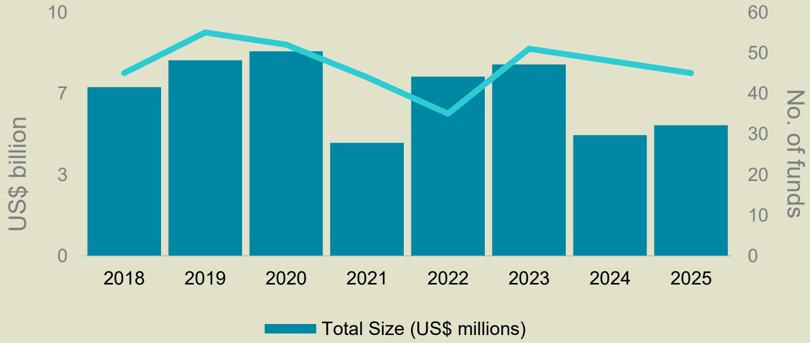
Investment volumes



Note: Multifamily, PBSA/student housing, senior living; excluding affordable housing
Source: MSCI Real Capital Analytics

Fig. 2: Sustained Allocations to Living Sector

APAC-focused living sector fundraising



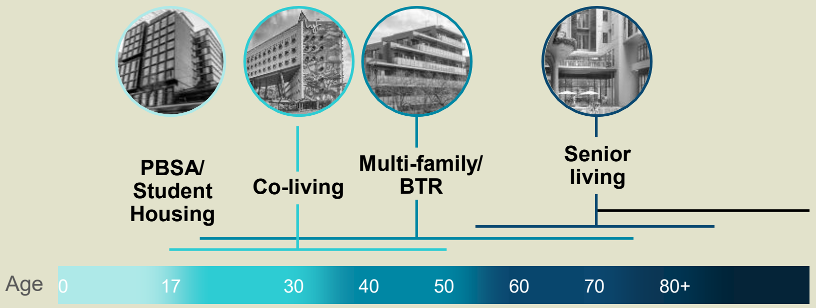
Source: Preqin

1.2 Key Drivers of Investment Landscape

There exists a diverse variety of subtypes within the region's living sector, catering to different market segments depending on each specific need (*Fig. 3*). Living assets span lifecycle stages, reflecting evolving accommodation needs across age cohorts and life transitions, which can overlap between asset types as users move between formats for hybrid living solutions.

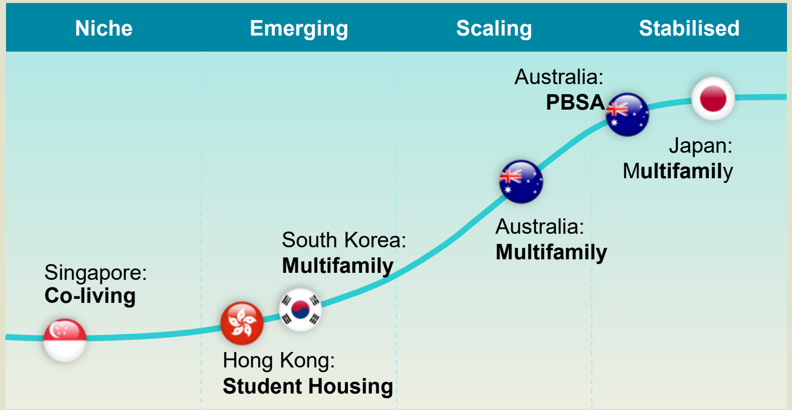
The maturity of living sectors across Asia-Pacific is uneven (*Fig. 4*). Japan's multifamily sector exhibits a level of institutional maturity comparable to that in the US or UK's PBSA, but elsewhere in the region, the sector remains in its formative stages, with institutional participation, operating platforms and access to opportunities continuing to evolve. However, this maturity gap is an opportunity to capitalise on the yield compression cycle as sectors mature and gain institutional acceptance. While Asia-Pacific is home to about 60% of the world's population, the region's living sectors account for just 12% of global funds allocated in 2025 (*Fig. 5*). Capital is still catching up to the region's demographic weight, supporting the case for greater institutional exposure as transparency, policies and investment avenues become clearer.

Fig 3: Lifelong Tenants



Source: Knight Frank Research

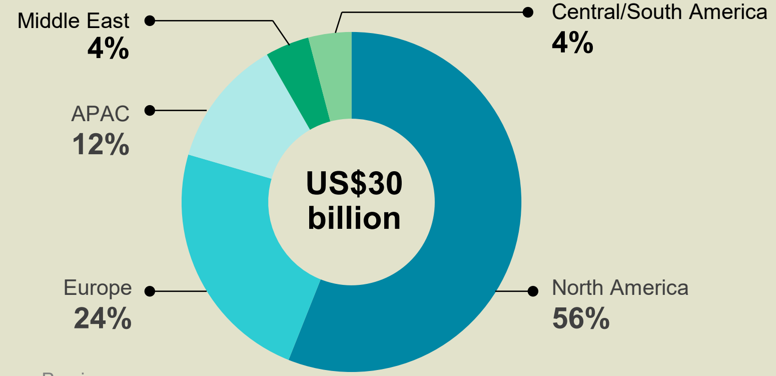
Fig 4: Maturity Cycle



Source: Knight Frank Research

Fig. 5: Structural Under Allocation

APAC-focused living sector fundraising



Source: Preqin

1.2.1 Necessity for Rental Options

i. Population Mobility

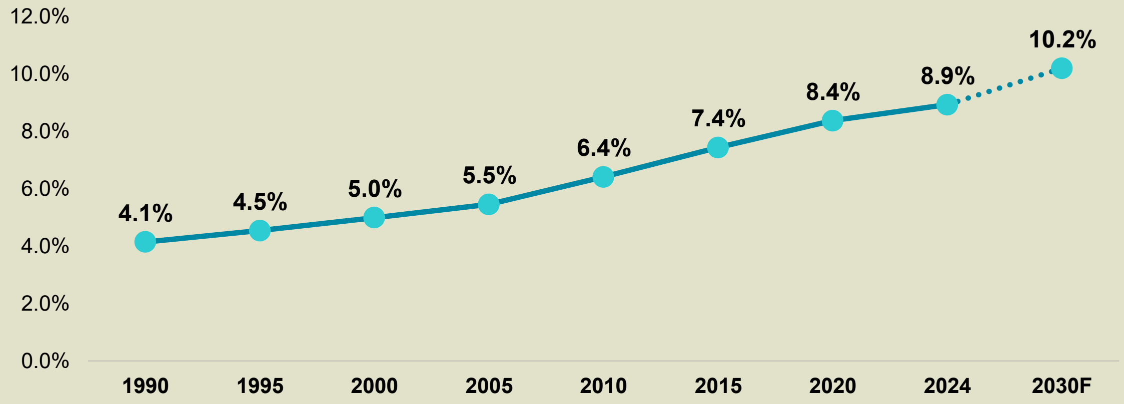
The mobile population is a key demand driver for rental housing in many major Asia-Pacific markets (Table 1). Immigration across Asia-Pacific is rising as labour gaps, education, and pro talent policies encourage workforce mobility. The UN reports international migrants from the region reached 90.6 million in 2024, up from 81.7 million in 2020. The proportion of migrants in the region's developed economies has also continued to grow (*Fig. 6*).

Table 1: Sources of Migration

Market	Drivers
Australia	Migration from Asian international students
Japan	Domestic migration to major metropolitan areas
South Korea	Domestic migration to the Seoul Metropolitan Area
Singapore	Expatriates / international students
Hong Kong SAR	New policy to open education to international students

Fig. 6: Migratory Instincts

International migrant stock as a percentage of the total population



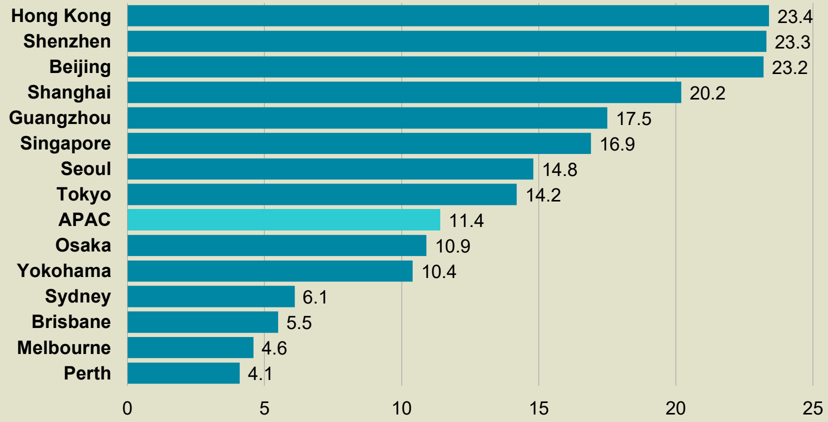
Note: Australia, Hong Kong SAR, Japan, Singapore, South Korea
Source: United Nations Department of Economic and Social Affairs, Knight Frank Research

ii. High Home Prices

Housing affordability across most Asia-Pacific markets remains challenging (*Fig. 7*). The higher interest rate environment relative to the last decade will continue to impact housing affordability, boosting the need for more rental solutions. Across the region, rental homes are considerably more affordable than for-sale properties, with most markets offering rentals at below 30% of monthly income.

Fig. 6: Constrained Affordability

No. of years worked to buy a home



Note: based on median apartment prices/annual income
Source: ULI Asia-Pacific Home Attainability Index 2025

iii. Demand-supply Mismatch

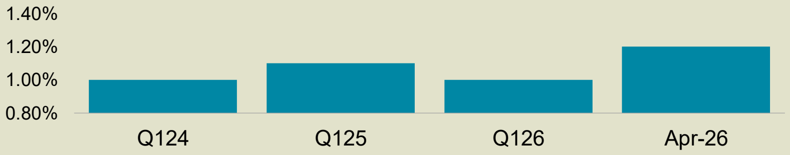
Across developed Asia-Pacific markets, housing pressures are increasingly defined by a persistent misalignment between supply and evolving demand. Population mobility, urban concentration, and shifting lifestyle preferences are driving demand toward smaller, flexible, and centrally located rental formats, while existing housing stock remains oriented towards ownership or long-term leasing.

At the same time, structural constraints such as land scarcity, high construction costs, and regulatory controls continue to limit the scale and delivery of new supply. This has resulted in tight conditions within key urban markets, even where overall housing availability appears sufficient at a national level. Australia exhibits the tightest supply in developed APAC, where vacancy rates at just over 1% have persisted (*Fig. 8*). A vacancy rate of 3% is historically considered the benchmark for a balanced market.

Consequently, emerging living formats such as co-living and build-to-rent are gaining traction as adaptive responses, reflecting a broader transition towards operational, professionally managed rental solutions across the region.

Fig. 8: Critically Tight Vacancy Rates

National Vacancy Rate



Source: SQM Research

1.2.2 Evolving Strategic Playbook

i. Adaptive Reuse

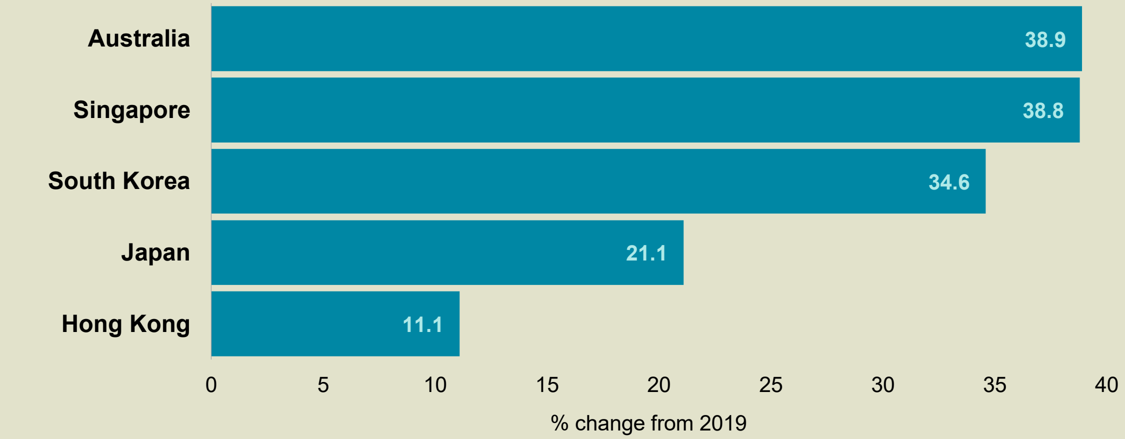
Rising construction costs across Asia-Pacific (*Fig. 9*) are reshaping underwriting in the living sector. In much of the region, replacement costs are increasingly outpacing achievable rents, compressing new development margins and extending break-even timelines. As a result, more capital is pivoting toward value-add strategies that offer rental upside through asset repositioning and active management, while avoiding the execution and development risks associated with ground-up construction.

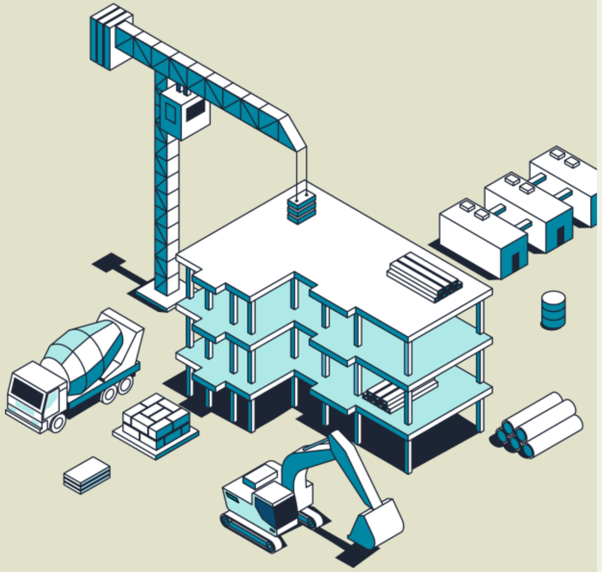
Adaptive reuse is particularly well-suited to living sectors such as co-living, multifamily, and PBSA, as these formats are inherently flexible and operationally driven, with less demanding specifications than other real estate assets. Older residential blocks, lower-grade offices, and hospitality assets can be repositioned into rental housing, co-living, or senior-oriented developments, combining physical reconfiguration with targeted capital expenditure, including energy-efficiency retrofits that also support broader ESG objectives.

This approach can shorten delivery cycles, reduce zoning/regulatory risk, and create differentiated stock in supply-constrained submarkets. The conversion of heritage properties into co-living formats, as seen in Singapore, further enhances product appeal and market positioning.

Fig.9: Post-pandemic Escalation

Increase in construction costs since 2019





Source: ABS, BCA, MLIT, KICT, BWTPI

1.2.2 Evolving Strategic Playbook

Adaptive Reuse Drives Value

REHAU Building, Singapore

Buyer	Macritchie Developments / Coliwoo Holdings
Seller	Undisclosed
Price	S$40.0 million (US$30.9 million)

The joint venture intends to convert the building into student accommodation managed by Coliwoo, with commercial units retained on the ground floor. The joint venture structure spreads capital requirements and supports balance sheet flexibility as the group expands its living portfolio

Image credit: Coliwoo Holdings Ltd

Hotel Cozi Oasis, Hong Kong

Buyer	China Resources Holdings
Seller	Stan Group
Price	HK$953 million (US$122 million)

The property will be transformed into a 900-bed student housing facility. Located in Kwai Chung, a major industrial and residential area in the south-western New Territories, the property is about a 15-minute walk to the Kwai Hing MTR Station.

Image credit: Klook.com

Silka Seaview Hotel, Hong Kong

Buyer	JD.com
Seller	Far East Holdings
Price	HK$750 million (US$95.6 million)

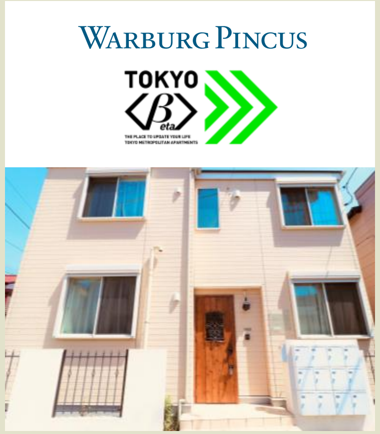
The acquisition marks the e-commerce giant's entry into the territory's burgeoning student accommodation sector through a conversion project with an established operating partner. The transaction broadens the group's exposure beyond its core retail and logistics businesses into alternative real estate sectors with operational components.

Image credit: hotelsofhongkong.com

ii. Owner-Operator Platforms

Institutional capital is increasingly partnering with specialist operators who can manage leasing, pricing, tenant experience and asset performance, as income growth now depends less on market beta and more on execution. This model has gained traction across APAC as investors seek scalable ex-posure in supply-constrained markets, where assets must often be managed and operated rather than simply acquired. Investors are able to access fragmented markets and aggregate portfolios while creating scope for alpha to be generated, which is critical with spreads compressing. The rise of the operator-investor model reflects a structural shift in real estate from passive ownership to operationally active investing, particularly in living sectors that have shorter lease cycles and higher tenant turnover. As a result, operator capability is becoming a key differentiator, alongside capital, in driving long-term performance.

Deriving Synergies



Warburg Pincus x Tokyo Beta

Warburg Pincus' Tokyo Beta transaction was aimed at building scale in Japan's rental housing market through platform aggregation, acquiring stabilised multifamily assets and enhancing operational performance. The strategy focused on delivering consistent income, capturing rental growth, and creating a scalable portfolio positioned for institutional exit in a mature, liquid market.

Image credit: mingtiandi.com

iii. Blurring Between Formats

The traditional boundaries between multifamily, co-living, and student housing are increasingly blurring, as all three converge toward a broader "living sector" defined by rental demand, flexibility, and service-led offerings. Across the spectrum, the tenant base overlaps heavily, making the distinction between asset classes increasingly artificial. Investors and operators are recognising that these asset classes share similar funda-mentals, including short-stay or rolling tenancies, high occupancy needs, and operational intensity. As a result, product design is evolving toward hybrid formats. Co-living schemes now attract young professionals as well as students, while student housing increasingly incorporates amenities and lease flexibility comparable to market-rate multifamily. At the same time, multifamily developments are adopting hospitality-style features such as coworking spaces, communal areas, and curated tenant experiences. For investors, the relevance lies in the ability to diversify within a single platform, optimise occupancy across segments, and capture multiple demand pools through more flexible, operationally driven residential strategies.

One-stop Solution

Weave Suites – Hillside

Converted from a serviced apartment that operates as a hybrid between hospitality, co living, and multifamily. The asset was repositioned to offer fully furnished units, flexible lease terms, and shared amenity spaces while maintaining features typical of serviced apartments.

Image credit: Weave Living

1.3 Next-stage Opportunities

While multifamily remains the main subsector within the broad living sector, evolving demographic trends and lifestyles suggest increasing demand for alternative living arrangements. Delayed marriage, smaller household sizes, greater mobility, and a growing preference for flexibility and convenience are reshaping how people choose to live. In the region, such trends are also evident. Marriage prevalence and birth rates are on a secular decline (*Fig. 10*), which, coupled with longer age expectancies, will raise dependency ratios. These structural changes are reshaping housing needs, supporting demand for a more diverse range of living solutions across different life stages.

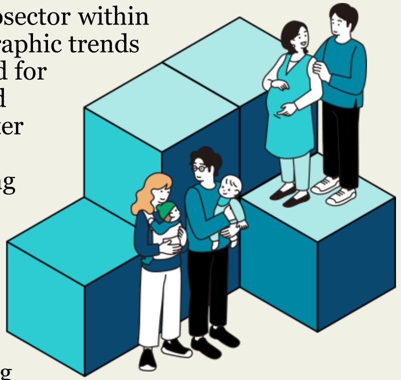
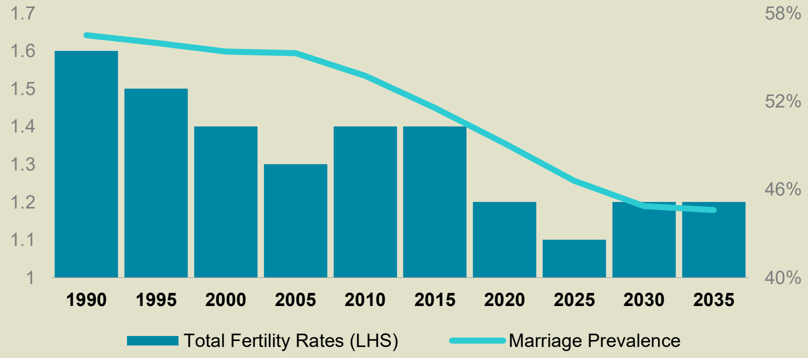


Fig.10: Demographic Cliff

Average births / marriages



Note: Australia, Hong Kong SAR, Japan, Singapore, South Korea
Source: UN Population Division

1.3.1 Co-living: The Alternative For Millennials And Beyond

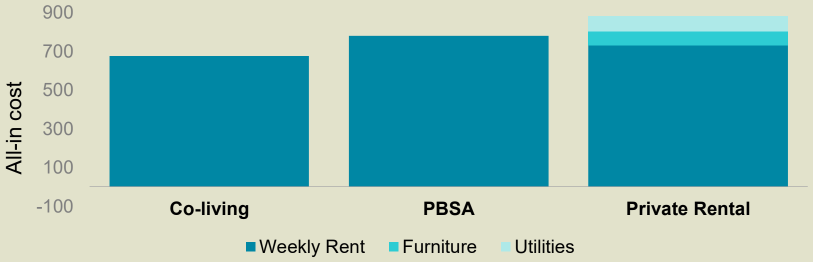
With the rising number of single households, more occupants aged 20–35 are opting for smaller units suitable for one or two people rather than traditional family homes. Co-living operators are well-positioned to meet this demand by offering a hybrid of private and shared spaces, with private bedrooms/en-suite bathrooms alongside shared common spaces such as kitchens, lounges, and coworking spaces.

More importantly, co-living companies emphasise community programming, including events, workshops, networking opportunities, and social activities that foster a sense of belonging. The goal is to offer not just a place to live, but a built-in lifestyle and community.

Affordability is another key driver, with potential savings compared with similarly sized studio apartments. Shared facilities and all-inclusive pricing, which remove the need for separate utility bills and furnishing costs that are often underestimated, can deliver savings of close to 20% in Sydney's inner-city precincts (*Fig. 11*). Tenants typically sign shorter-term leases or even month-to-month agreements, which suit individuals who may only stay in a city for a limited time due to work or study. This flexibility, combined with the convenience of bundled services, makes co-living an increasingly attractive option.

Fig.11: Affordability is King

Inner Sydney rental comparisons



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1.3.2 Senior Housing: A Growing Supply Gap

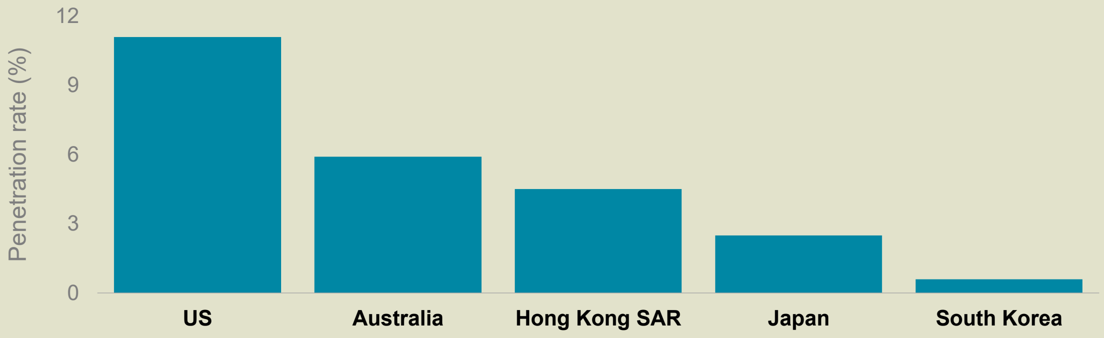
Senior housing lies at the opposite end of the demographic spectrum, comprising independent living communities for active seniors, assisted living facilities, and nursing homes that offer higher levels of care. While the ageing global population is a well-documented trend, the demographic transition in the region will reflect one of the world's fastest, with the number of people age 60 and above nearly doubling by 2050. In East Asia, Japan, South Korea, and Hong Kong SAR are expected to have close to 40% of their populations aged 65 and over by 2050, among the highest globally[1].

However, the supply of dedicated senior housing has not kept pace. Compared to the US (*Fig. 12*), markets in the region remain under-penetrated. Similar penetration rates across the four markets imply an increase of close to 5.5 million seniors by 2035. However, despite compelling fundamentals, the sector requires operational expertise and the ability to navigate regulatory challenges.

Senior living in Australia and Japan continues to be the region's most mature markets, offering scale and stability. South Korea is also emerging as a growth market, with supportive government policies, including deregulation for developers, incentives for seniors to transition into retirement housing, and support for tax-efficient structures such as real estate investment trusts.

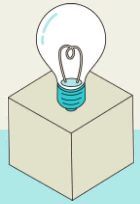
Fig.12: Vastly Underpenetrated

Senior living penetration rates compared to the US



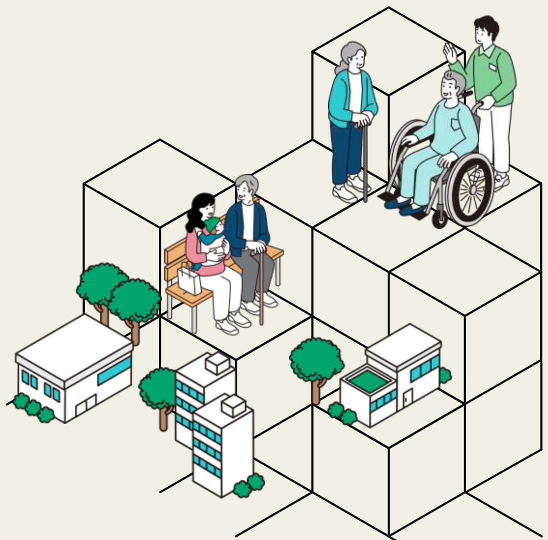
Source: Invesco, Knight Frank Research

[1] UN World Population Prospects 2024



Capital dedicated still limited

Despite compelling fundamentals, capital dedicated to co-living/senior housing remains limited. According to Preqin, just over US$1 billion has been raised for senior living while there are no strategies for co-living funds in the region. That echoes the fact that co-living is still an emerging subsector. Instead, investors may access the subsector via exposure to diversified funds. Another common way to invest is to set up joint ventures, engaging with country or regional co-living operators that are seeking capital for expansion.

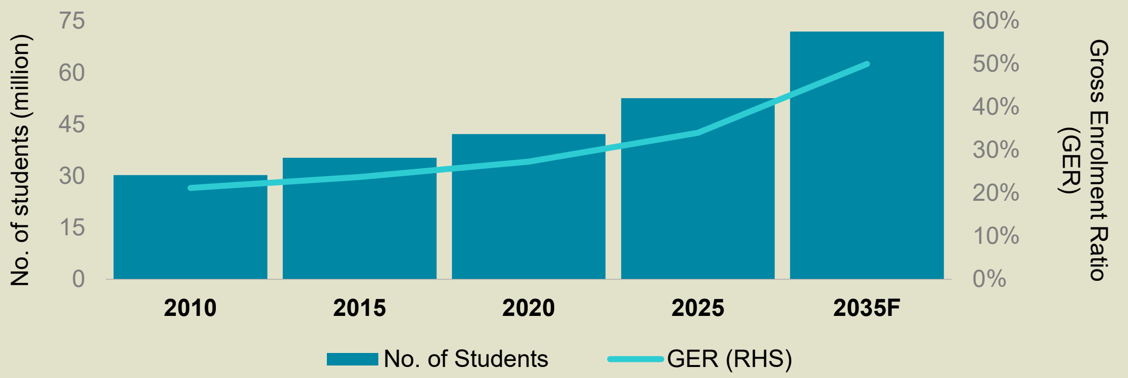


1.3.3 India: The New PBSA Frontier

India's PBSA sector is poised for strong long-term growth, underpinned by an unprecedented demand–supply imbalance and structural shifts in higher education. The country hosts 155 million individuals in the 18–23 age cohort, the largest globally, of which 53 million are tertiary students, with expansion to over 70 million by 2035 based on a targeted gross enrolment ratio (GER) of 50% (*Fig. 13*). Importantly, tightening visa regimes and rising costs abroad are also redirecting students toward domestic options as well as the growing number of offshore campuses being set up in the country. As universities expand in India, which will require significant campus infrastructure and ancillary assets, PBSA will emerge as a critical enabler of student experience. While the number of students requiring accommodation, such as those from out of state, will vary by institution and city, the overall demand pool remains substantial. Education is estimated to account for 15-17% of inter-state migration[2], implying a demand pool of over 12 million students by 2035. Overall, the sector benefits from supportive education policies and deep underlying demand, positioning PBSA as a compelling opportunity that will attract growing institutional participation.

Fig.12: Housing the World's Largest Student Cohort

Projected growth of student population



Source: Knight Frank Research

[2] Census of India and Surveys of National Sample Survey Organisation

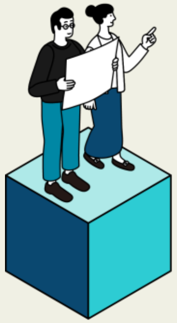
FIND OUT MORE

For a more in-depth look, please refer to the following insights:

India's 155 million Student Mandate 2026

Global Universities Eye India Opportunity 2025

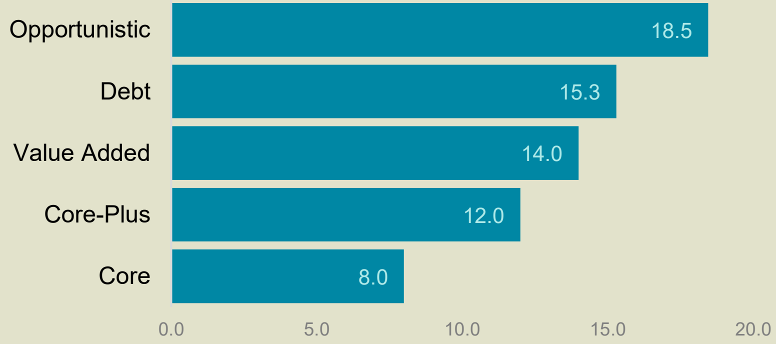
1.4 Investor Roadmap



The region's living sector is at an inflexion point. Structural shifts driven by macroeconomic pressures, demographic changes, and evolving consumer preferences are reshaping the residential landscape. While traditional multifamily housing remains a cornerstone, emerging segments such as co-living and senior housing present compelling growth opportunities. The breadth of asset types and development strategies within the living sector enables investors to deploy a range of approaches to drive alpha. With macro and geopolitical uncertainty likely to remain elevated in the short to mid-term, living sector assets that combine the stability of demographic drivers with growth from needs-based demand are likely to be increasingly coveted by investors.

Fig.14: Indicative Asia-Pacific Focused Living Sector Fund Returns

Average IRR (%)



Note: 2021-2026 vintages
Source: Preqin

1.4.1 Market Gap

With market fundamentals continuing to support long-term demand, there remains ample scope for investors to expand supply across a range of markets, albeit with varying dynamics. In less institutionalised markets such as Seoul, expansion potential is driven by a pronounced structural undersupply of professionally managed rental housing. More mature markets will offer opportunities that are increasingly focused on addressing lifestyle preferences and gaps across different price-income segments.

Market gaps were assessed by comparing existing institutional living stock against estimated addressable demand, which refers to the estimated pool of occupiers that could be accommodated by institutional-grade living assets within a market, based on underlying demographic, housing and accommodation demand drivers. This provides an indication of the scale of institutional investment opportunity.

Notably, even where overall housing supply appears sufficient at an aggregate level, the availability of suitably located, investable, and professionally operated rental stock remains constrained. This disparity is evident across markets, from established hubs such as Tokyo to emerging segments in Singapore and regional Japanese cities. These conditions point to a sustained opportunity for institutional capital to selectively scale portfolios, enhance operational platforms, and better serve urban, mobile tenant segments whose needs are not fully met by traditional housing stock.

1.4.1 Market Gap

Living Sector Strategies

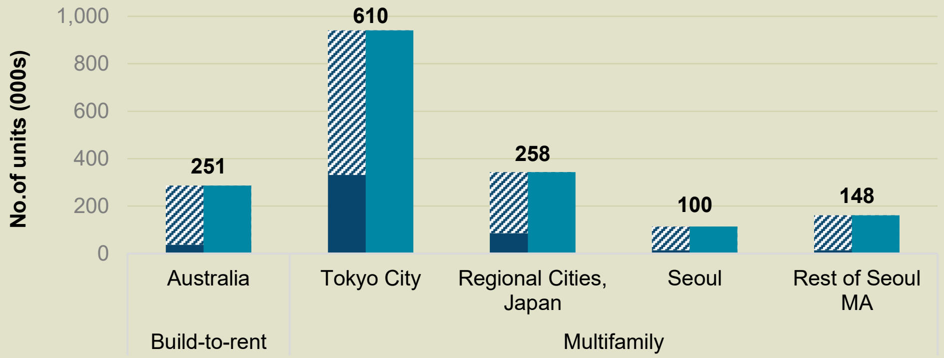
Core	PBSA	Multifamily
Core-plus		Multifamily
Opportunistic		Senior Living
Value-add/ Repurposing		• Multifamily • Co-living
		Student accommodation

*Student accommodation in Hong Kong SAR is not classified as purpose-built accommodation.

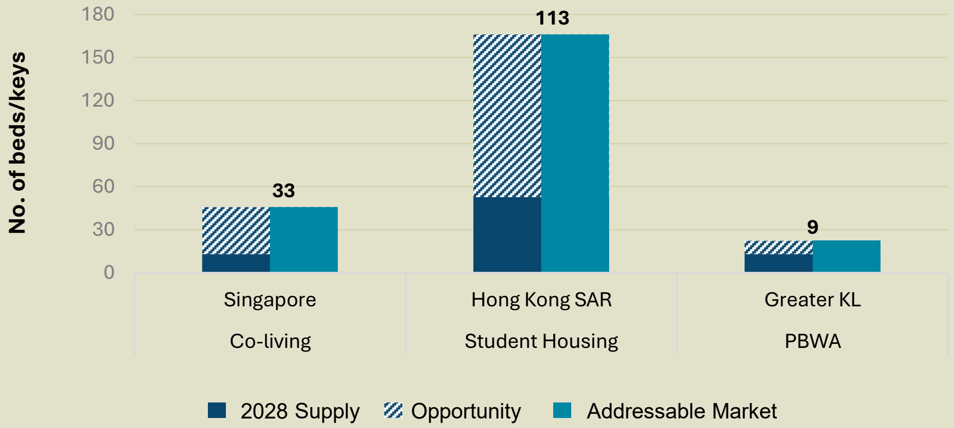
Source: Knight Frank Research

Institutional Living: Depth and Opportunity

Demand capacity (BTR/Multifamily)

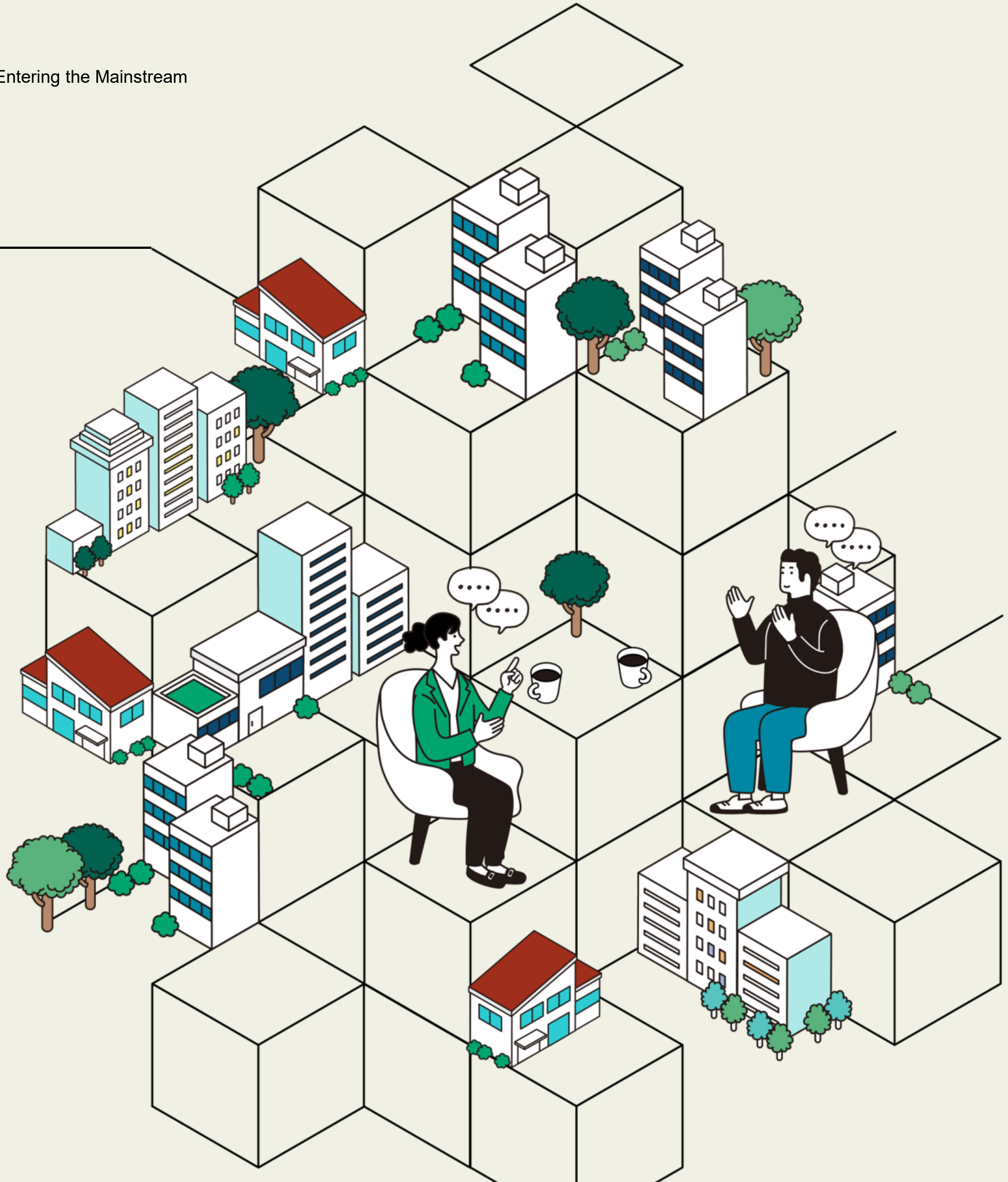


Demand capacity (Others)



Note: number indicates size of opportunity.

Section II: The Future of Co-Living: A conversation with Mr Kelvin Lim



2.1 The Future of Co-living:

A conversation with Mr. Kelvin Lim

Executive Chairman, LHN Limited, and Executive Chairman and CEO, Coliwoo Holdings Limited

1. How has Singapore evolved as a co-living market over the past five years, and where do you see it positioned within the Asia-Pacific region today?

Singapore's co-living market has come of age over the past five years. What began as a niche concept – a handful of operators retrofitting shophouses and walk-ups – has matured into a professionally managed, institutionally recognised sector with more than 9,000 rooms and over S$1.4 billion in investment transactions between 2022 and August 2025.

Three forces drove this evolution. The first is demand: Singapore's position as a regional business and education hub sustains a deep pool of expatriates, professionals and international students seeking quality, flexible accommodation. The second is economics: rising residential rents since Covid period – the URA rental index rose 29.7% in 2022 and only easing 1.9% in 2024 – made well-located, fully furnished co-living a compelling alternative to traditional leases. The third is policy: in December 2023, the URA introduced the Serviced Apartments II (SA2) framework for long-stay serviced apartments with a minimum stay of three months, giving longer-stay accommodation a dedicated planning category.

The clearest sign of maturity is capital. 65% of investors now target IRRs below 15% for Singapore co-living, from 27% in 2023 – the sector has moved from speculative to mainstream. Coliwoo's listing on the SGX Mainboard in November 2025, the first by a co-living operator, reflects that institutional confidence.

Today, I would position Singapore as Asia-Pacific's most institutionalised co-living market: not the region's largest by volume, but its most mature in regulation, capital depth and operating standards.

2. How has demand changed across different tenant profiles, from expatriates and young professionals to digital nomads and even locals?

Demand has broadened considerably. Expatriates and young professionals remain the core– Singapore's Employment Pass and S Pass population stood at over 380,000 as at December 2025 – but the mix around them has changed markedly.

Students have become a major growth segment: foreign students now represent 25–40% of residents for some operators, and the population is growing quickly: student pass holders climbed from around 70,700 in 2023 to approximately 95,300 in 2025. Coliwoo Midtown, which we launched in March 2026 near Singapore Management University, LASALLE and NAFA, was positioned deliberately for this demographic.

Demand from locals, once negligible, is now meaningful: homeowners seeking accommodation during renovations or Home Improvement Programme (HIP), residents in transitional living situations, and young professionals wanting independence closer to the workplace. This reflects a deeper demographic shift: average household sizes have fallen from 3.4 to 3.1 over the past decade, and one-person households now make up 16% of resident households. Corporate leasing has stayed resilient, with companies housing relocated staff and project teams, while digital nomads and project-based employees add a further layer.

Across all profiles, tenants increasingly prioritise flexibility, convenience, fully furnished space and community. Stays are also lengthening – our typical resident stays six to nine months – which improves revenue visibility and reduces churn. Co-living is no longer a product for one tenant type; it has become a flexible housing platform serving many.

3. How are rising rents and tighter housing supply shaping opportunities and challenges for operators like Coliwoo?

It is worth being precise about where Coliwoo operates. We do not compete in the traditional residential rental market – HDB flats and condominiums – where rental restrictions apply. Our portfolio sits in the hospitality space: co-living hotels and serviced apartments, which allows us to serve daily stays under a hotel license while catering to longer stays of three months or more under the long-stay model.

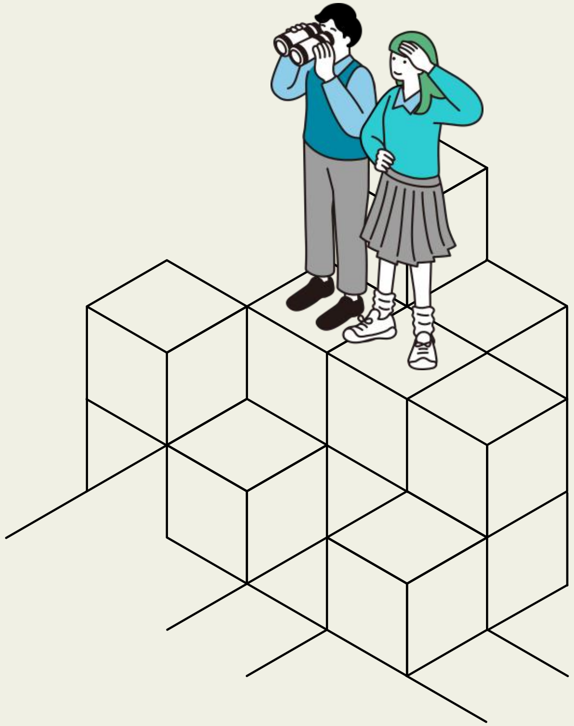
Rising rents have been a clear demand tailwind. Private residential rents rose 29.7% in 2022 and 8.7% in 2023, and have remained elevated since, easing only 1.9% in 2024 before stabilising – rents were up 1.8% year on year as at the first quarter of 2026. At those levels, co-living competes on value as well as flexibility: in the Outram area, a fully furnished co-living room with ensuite at S$2,650 to S$3,000 a month sits within touching distance of a comparable condominium master bedroom – with utilities, housekeeping, community and flexible terms included. That demand is visible in our performance: Coliwoo's occupancy reached 97.0% in the first half of FY2026.

Image: Coliwoo Keppel

The same dynamics cut the other way on supply: competition for well-located buildings has intensified, and a strong hotel market raises the opportunity cost of conversions. Our response is disciplined asset selection and tight conversion economics – we typically reposition a property at S$50,000 or less per room, converting within around six months and stabilising within a further six – supported by capital recycling through sale-and-leaseback once assets mature. Demand is strengthening, but success increasingly depends on pricing, careful asset selection and efficient operations.

4. Do you envisage that the overall Singapore market share for living sectors will increase?

Yes – and the headroom is precisely the point. With more than 9,000 rooms against an estimated rental stock of around 166,000 HDB and private units, co-living today accounts for only around 6% of Singapore's rental stock – and, on my broader estimate, roughly 3% of the overall living market – against a total base of close to 1.5 million public and private residential units. Co-living is no longer a niche concept, but it remains a small fraction of how Singapore lives.



The structural drivers all point one way. High barriers to home purchase sustain rental demand: private home prices have risen 38.8% over the five years to Q1 2025, and foreign buyers face a 60% Additional Buyer's Stamp Duty. The foreign workforce continues to grow, with Employment Pass holders reaching 203,300 in December 2025, and international student numbers are projected to grow 6.7% annually through 2031. At the same time, millennials and Gen Z increasingly view flexible, community-oriented living as a lifestyle choice rather than a compromise, and supply-side support is building – from the SA2 framework to the Government's tenders of state properties for co-living use.

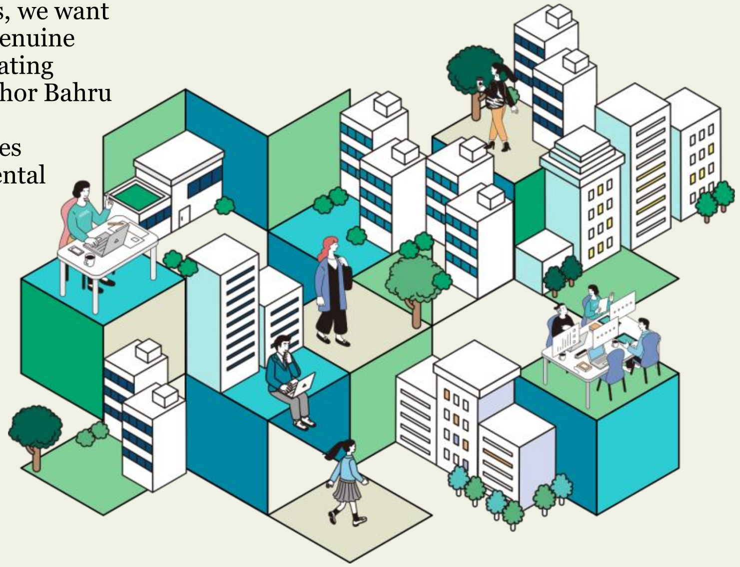
> *"In my view, a share of around 10% of the rental landscape is achievable over time. That is a personal assessment rather than a forecast – but with sector occupancy at 85–95% and institutional capital now committed at lower required returns, the direction of travel is clear."*

In my view, a share of around 10% of the rental landscape is achievable over time. That is a personal assessment rather than a forecast – but with sector occupancy at 85–95% and institutional capital now committed at lower required returns, the direction of travel is clear.

5. Looking ahead, which other markets are on your radar for expansion, and how are they different from your Singapore strategies?

Singapore remains our primary market, and the near-term pipeline here is substantial. But we are studying overseas expansion carefully – and deliberately. Our philosophy is depth over breadth: rather than planting a scattered, single-property presence across many countries, we want to identify markets where we can build genuine scale. As set out at our IPO, we are evaluating Jakarta, Bangkok, Kuala Lumpur and Johor Bahru – large urban centres with favourable demographics, growing mobile workforces and rising demand for flexible, quality rental housing. Over the longer term, high-cost Asia-Pacific gateways such as Tokyo, Sydney and Melbourne – where housing affordability and urban mobility mirror the dynamics that built Singapore's market – remain on our radar.

The strategy abroad will deliberately differ from Singapore. At home, we operate an own-lease-manage model – as at 31 March 2026, around 32% of our rooms were owned, 53% leased and 15% managed – combined with capital recycling through sale-and-leaseback. Overseas, we expect to be asset-light from the outset: joint ventures with local partners who bring sites, capital and regulatory familiarity, and management contracts that carry the Coliwoo brand and operating platform. Each market has its own regulatory and supply characteristics, and we would rather scale through partnership than replicate a capital-heavy model in unfamiliar territory.



Section III:
Market Spotlight

3.1 Australia: Investors Ramp Up BTR Pipelines

Offshore and domestic capital working in tandem to grow the Australian BTR market

Australia's build-to-rent sector has emerged as a core asset class in recent years, with the completion of over 16,000 apartments, creating a sizable pool of operational assets. This has shifted the perception of the sector from a future opportunity to an important part of the housing mix with the potential to scale up rapidly over the next decade.

After a slow start, development has ramped up since 2024, with over 10,000 of those apartments completed in the past three years. The pipeline remains healthy, with a further 12,200 apartments currently under construction and a further 25,900 approved for development (*Fig. 15*).

To date, most of the activity has been in Melbourne, where lower land values and the availability of sites in inner suburbs have enabled faster progress than in Sydney and Brisbane. However, we are now seeing a more balanced mix of activity across the major cities as developers look to establish national platforms.

Offshore pioneers

Overseas investors have played a vital role in the development of Australian BTR. Attracted by Australia's widely reported undersupply of rental accommodation and the opportunity to apply learnings from other markets, global groups have sought to partner with local developers to fund the first wave of BTR schemes.

Within this, Japanese capital has emerged as a key driver, as illustrated by Mitsubishi Estate's partnership with Mirvac, Daiwa House's partnership with Lendlease, and a consortium

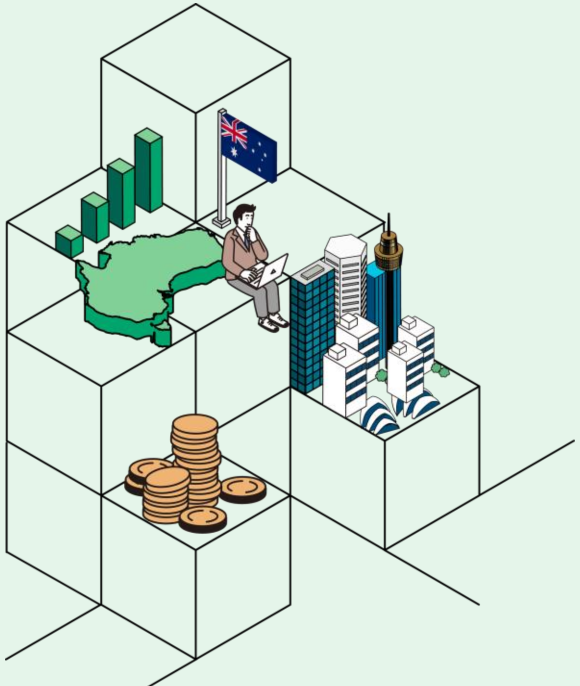
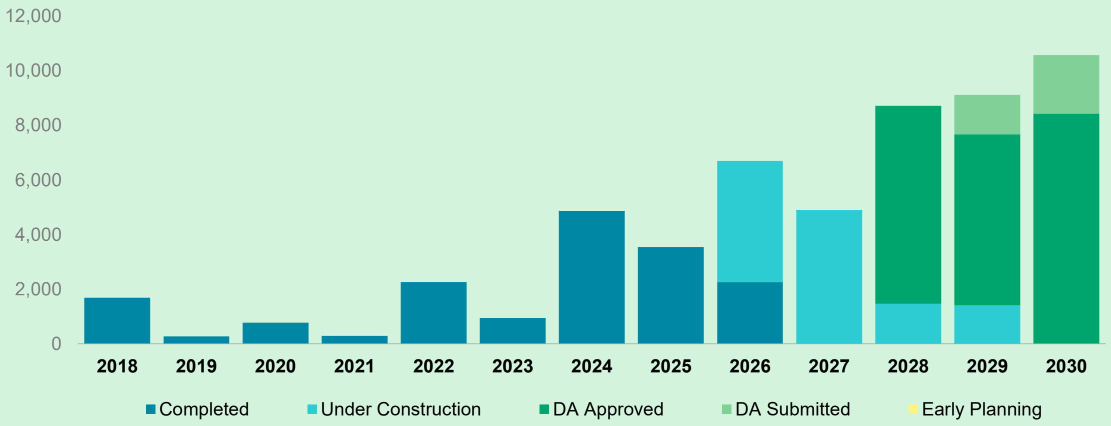


Fig. 15: Over Threefold Growth in Australia's BTR Stock

Total number of new BTR apartments each year



Source: Knight Frank Research

featuring Marubeni Corporation, Haseko Corporation and Mizuho Leasing partnering with AsheMorgan. Japanese investors are attracted by Australia's relative stability and long-term growth potential, and their ability to borrow at lower cost has allowed them to move more quickly than other investors.

Multiple European investors are also strongly committed to the sector. AXA Investment Management have recently launched an affordable housing strategy, targeting a mix of market-rate and affordable rental units in Melbourne, Sydney and Brisbane, while Dutch investors APG and PGGM have also formed large-scale partnerships.

North American groups have played a key role, including Canadian pension funds and American multifamily specialists, which gave the sector substantial impetus in the early development phase.

What these and other early investors have collectively established is not just a portfolio of assets but proof of concept. Working alongside local partners, they have absorbed the development risk, navigated an evolving planning environment, and demonstrated that institutional-grade rental housing could be delivered and operated at scale in the Australian context.

Australian super funds now emerging as key investors

Australia's largest institutional investors, its superannuation funds, have been less active in this early development phase than their offshore counterparts. They have generally been less willing to take on planning and development risk and preferred to deploy capital into more established build-to-rent markets overseas.

However, this is now changing, with Australian Super and Aware Super increasingly active in funding new developments. Australian Super has partnered with HESTA to form Assemble – which plans to originate and deliver both affordable and market-rate stock – while Aware has extended its partnership with Barings in forming the WeAreLiving platform.

We have also begun to see several funds acquiring assets and part-ownerships of platforms that are either complete or under construction. Australian Retirement Trust led the way in 2025 in acquiring a 48.5% stake in the LIV Mirvac Fund from founding investor Mitsubishi Estate.

The significance of these transactions extends beyond their scale. Super funds have demonstrated an appetite to acquire schemes at a later stage of the development cycle, providing an exit for the pioneering capital that took the initial development risk. Confidence in the ability to exit and recycle capital into new projects will help the sector gradually mature. With a substantial pipeline of approved schemes, the conditions for that cycle to accelerate are firmly in place.

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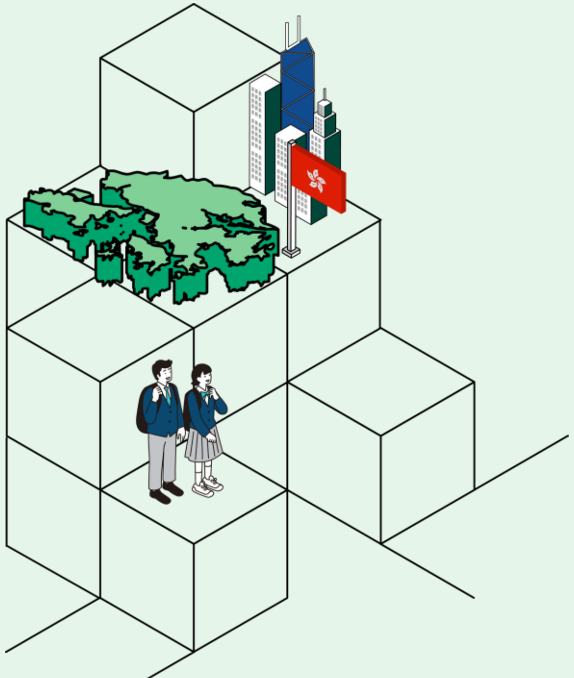
3.2 The Future of Student Living in Hong Kong SAR

In recent years, coordinated efforts by universities to expand teaching capacity, alongside more accommodative post-graduation employment policies for non-local students, have materially enhanced the territory's competitiveness as a study destination. As a result, inbound student flows have accelerated, with total non-local enrolment increasing at an estimated compound annual growth rate of approximately 23% over the past five years.



Supply constrained

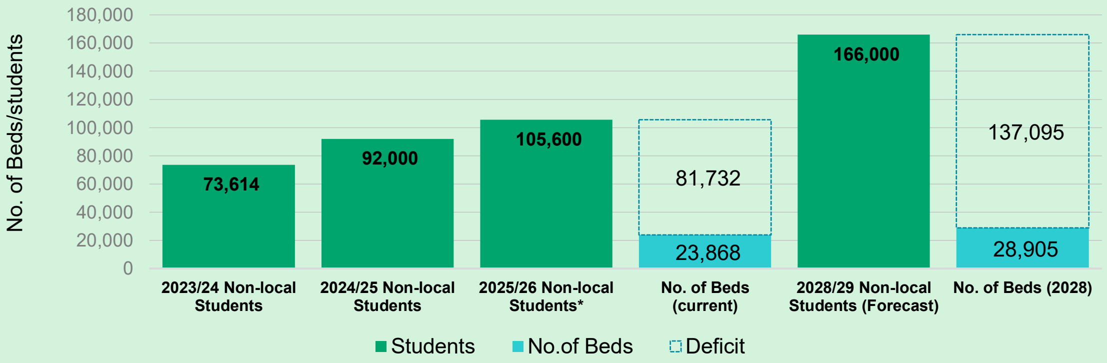
The projected 166,000 non-local students by the 2028/29 academic year is based on current government policies, assuming capped government-funded programs and a moderate 15% annual growth in self-financing enrolments. However, the effective supply available to non-local students is materially constrained, as university-operated dormitories are partially reserved for local students, resulting in a sizeable bed shortfall of approximately 82,000 in 2025/26. Looking ahead, despite incremental supply from university-led developments and ongoing conversion initiatives in the private sector, these additions are unlikely to keep pace with demand growth. Consequently, the structural deficit is projected to widen further, reaching approximately 137,000 beds by 2028/29 (*Fig. 16*).

Increasing institutional participation

The student accommodation sector in Hong Kong SAR began attracting institutional investor attention following Knight Frank's facilitation of the city's first hotel-to-student accommodation conversion in Hung Hom in 2022. Since then, over 15 hotels have been converted or earmarked for conversion (Fig. 18), collectively contributing to more than 5,000 beds.

Fig. 16: Widening Deficit

Supply & demand gap



* Estimated

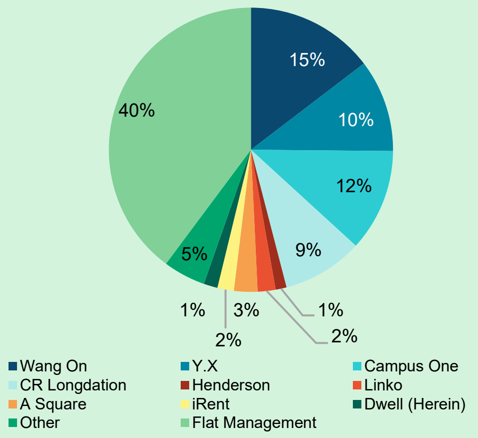
Source: cspe.edu.hk, Knight Frank Research

Investment activity has been predominantly focused on three- and four-star hotel assets, driven by relatively attractive pricing, compatible building configurations, and the operational ease of conversion, including streamlined refurbishment and licensing processes. These characteristics have allowed investors to reposition under utilised hotels into income-generating student housing with comparatively limited capex intensity.

Private sector participation has expanded rapidly, with both international capital and local developers entering the market (*Fig. 17*). Y.X, backed by Crystal Investment, emerged as a pioneer operator in the sector through its partnership with AEW Capital. This was subsequently complemented by further institutional activity, including Wang On Properties' collaboration with Angelo Gordon in the development of Sunny House, currently the largest private student accommodation asset in Hong Kong SAR. In parallel, traditional residential developers have begun reallocating assets to capture growing student housing demand. Notable examples include Henderson Land leasing an entire residential asset to The Chinese University of Hong Kong under a master lease, and Easyknit partnering with iRent to reposition a residential property for student accommodation. This reflects a broader shift in capital allocation towards alternative living sectors offering more diversified income profiles.

Fig. 17: Fragmented Market

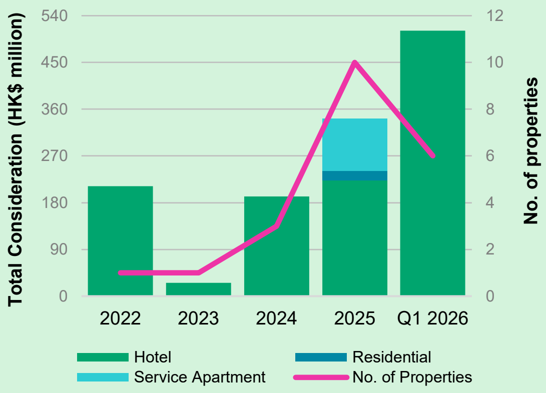
Market share by operators (no. of beds)



Source: Knight Frank Research

Fig. 18: Investments Gain Momentum

Investment transactions (to be) converted into student living



Source: Knight Frank Research, MSCI

To address the substantial student accommodation shortfall, the government introduced the "Hostel in the City" scheme in July 2025 (Table 2), enabling expedited conversion of commercial buildings through planning flexibility and relaxation of certain regulatory constraints. Since its launch, the policy has driven a strong market response, with over 25 commercial properties applying for conversion, representing a potential pipeline of more than 5,000 additional beds in the medium term.

At the same time, the investable stock of conversion-ready hospitality assets has been largely absorbed, significantly narrowing opportunities within the hotel sector. As a result, investor focus is increasingly shifting towards alternative asset classes, particularly underutilised office buildings. Office buildings, particularly those with retail podiums, offer greater flexibility in reconfiguration, enabling enhanced amenity provision and operational efficiency.

Scaling up in maturity

The city's student accommodation sector is transitioning into a more institutionalised asset class, albeit still at an early stage of maturity compared to established markets such as the United Kingdom and Australia. Initially,

Table 2: Conversion Schemes

	Hostel in the City (Office Conversion)	**Hotel Conversion**
Highlight	• Conversion opportunity for underperforming commercial buildings • Relaxation in GFA/ plot ratio / building facilities for student living	• Most common practice • Existing hotel layouts are suitable for student accommodation
Timeline (Approximate)	**Approval by relevant departments:** 4-7 months **Property conversion:** 6-12 months Total: 11-19 months	No government procedure is required as the student accommodation operates with the previous hotel licence Property conversion and refurbishment: 6 months
Property conversion	HK$3,000+ per sq ft (G)	HK$500-800 per sq ft (G)
Note	• More listed stocks listed at a competitive price in 2026 • Partial conversion is possible	• Flexible to convert back to hotel • Fewer options available on the market

Source: Hong Kong Education Bureau, Knight Frank Research

Table 3: Partnership and Exit Strategies

Joint Venture Operator shares property appreciation and operational performance upside				**Pension Fund/REIT** Defensive, high-yield returns that align with institutional investors' appetite
Management Agreement Similar to hotel management contract; an operator is hired by the owner who shares operational performance upside	→	**Partially Divest** **En-bloc Sales** **Basket Sales**	→	**Developers** To expand developer's investment portfolio with diversification
Owner Self-managed High concentration in investment and operation for the owner				**Local Universities** End-user with high liquidity and direct demand

Source: Knight Frank Research

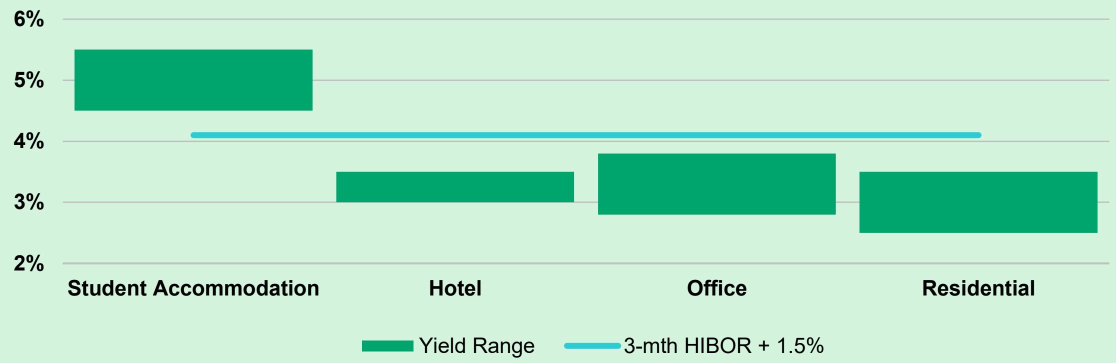
conversion transactions were typically structured as a JV between investors and operators, with the operator retaining a minority equity interest in the underlying property (*Table 3*). However, as the sector evolves and asset ownership diversifies, management partnerships are expected to become more prevalent.

Institutional funds seeking stable, defensive income streams are likely to increase allocation to stabilised student housing assets, while local developers may leverage the sector to diversify beyond traditional residential development. End-users, primarily tertiary institutions, will remain key drivers of demand, as the provision of adequate student accommodation becomes increasingly integral to maintaining global competitiveness.

The student accommodation sector in Hong Kong SAR presents a structurally undersupplied and compelling investment opportunity, underpinned by strong and sustainable demand fundamentals. While the window for hotel conversion is narrowing, offices in decentralised locations present pricing advantages that can be capitalised on through repositioning. Against this backdrop, student accommodation conversion strategies remain one of the most attractive avenues for enhancing yield and unlocking asset value in the territory's evolving real estate landscape.

Fig. 19: Student Housing Post Widest Spreads

Hong Kong property yield and interest rate



Source: Knight Frank Research

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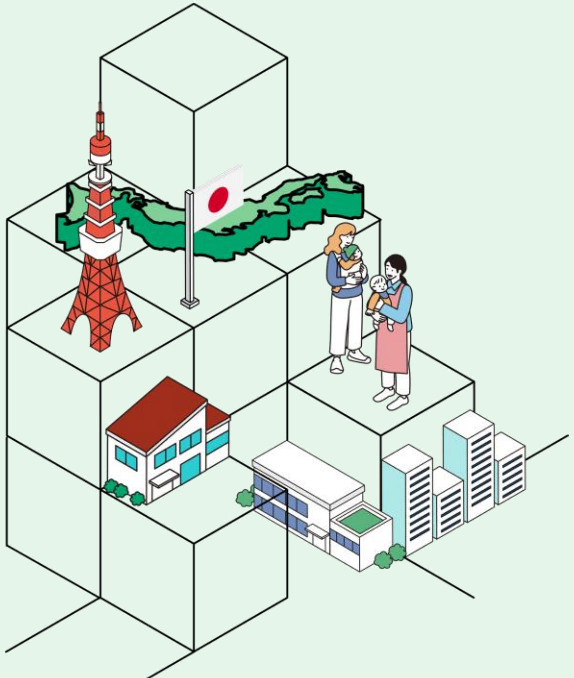
3.3 Japan Multifamily: From Tailwinds to Tail Risks

Japan's multifamily market continues to be viewed as one of the most compelling living sectors in Asia-Pacific in terms of income visibility and financing dynamics. Japan's low-interest-rate environment continues to allow for positive leverage, which helps sustain investor appetite even at tight yields. This combination of rental growth and financing efficiency is a key reason Japan remains high on investors' lists.

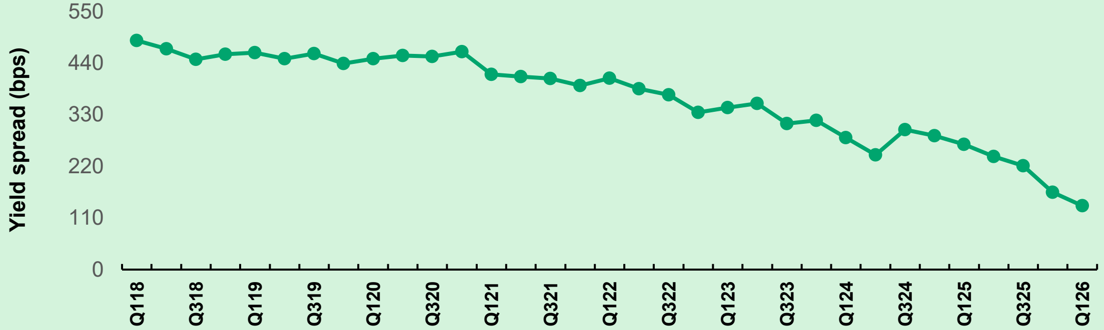
However, its core pricing and return attributes now warrant careful calibration. While fundamentals in its core urban markets remain robust, these are increasingly offset by high entry pricing, which is shaping both strategy and asset selection. Prime multifamily in central Tokyo is now commonly associated with sub-4% cap rates and compressed spreads (*Fig. 20*), reflecting intense competition and strong conviction in long-term rental demand.



Demographics remain a longer-term consideration, as Japan's low birth rate and ageing population are acknowledged as structural constraints. However, this is currently offset by sustained domestic migration to major metropolises and increasing openness to foreign residents. While this may not reverse national population decline, it is considered sufficient to support rental demand in key cities, reinforcing the importance of urban concentration and micro-market selection over national exposure.

Fig. 20: Compressing Returns

Spreads against risk-free rate



Source: MSCI Real Capital Analytics

Moving beyond core strategies

Investors increasingly acknowledge that core strategies alone may no longer offer sufficient return headroom. In response, investment activity has shown a gradual shift toward approaches that allow for selective return enhancement.

One notable change is the growing preference for smaller formats or more flexible asset sizes that may support broader exit options. Rather than relying solely on institutional buyers, investors see value in assets that could appeal to a wider domestic investor base at exit, reducing liquidity risk.

Value-add strategies are also gaining traction, targeting ageing buildings where refurbishment and repositioning can unlock rental reversion, with market participants indicating that post-upgrade rent uplifts of 10–15% are achievable in certain locations. This shift reflects both confidence in demand depth and recognition that new development is constrained by land scarcity, planning complexity, earthquake standards, and rising construction costs. As a result, upgrading existing stock is often seen as more practical than pursuing ground-up development.

A more disciplined landscape

Still, Japan offers predictable cash flow, established pricing, and liquidity, albeit limited upside. In contrast, Australia's less mature BTR market will offer higher growth potential through development, scaling, and yield compression, although investors will have to contend with greater execution and policy risk.

Overall, what emerges from both market observation and investor feedback is a market that is fundamentally sound but highly priced, where success depends less on broad market exposure and more on entry discipline, asset positioning, and execution capability. Japan is therefore often positioned within portfolios as a relatively defensive allocation with scope for incremental outperformance through value-add and careful structuring, rather than as a market offering straightforward growth through yield compression or development-led strategies.

Table 4: Comparison of Australia and Japan

Characteristics	Australia BTR	Japan Multifamily
Market maturity	Early-stage and still institutionalising; limited stabilised stock	Highly mature and institutionalised; deep, long-established market
Primary investor appeal	Growth and scale creation in an undersupplied housing market	Income stability and capital preservation
Return drivers	Rental growth, operational scale, and platform creation over time	Income durability and modest rental growth; limited capital appreciation
Liquidity and exit	Still emerging; exits often platform-based or long-term holds	Deep and reliable liquidity via J-REITs, domestic institutions, and global core buyers
Key investor concern	Policy consistency and whether returns adequately compensate development risk	Return ceiling risk due to tight pricing and demographic constraints
Cap Rates	4.2-5.3%	2.5-4.2%

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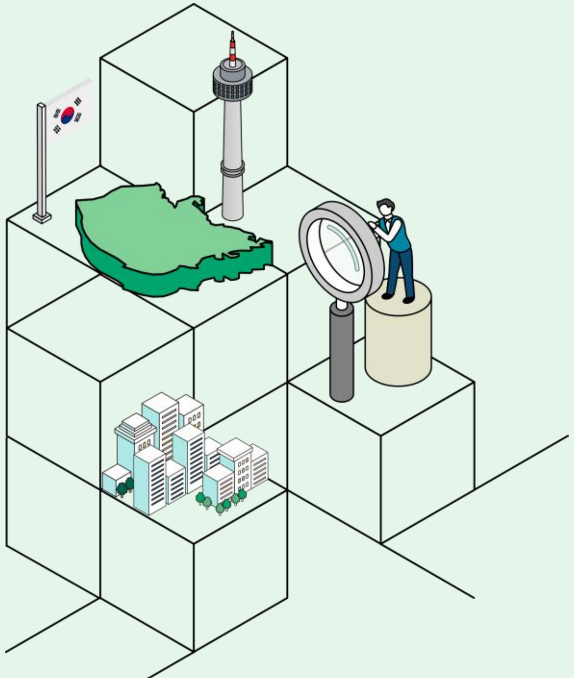
3.4 South Korea's Rental Revolution

Residential-for-lease in South Korea is undergoing a structural transition, shaped by evolving rental practices, regulatory changes and shifting investor preferences. Historically, the market has been dominated by the *jeonse* system, under which tenants provide a significant upfront deposit in lieu of monthly rent. While this practice was historically supported by high double-digit interest rates, which allowed landlords to generate returns on large tenant deposits, it has become less viable as interest rates have declined significantly.



Shifting rental structures

The limitations of this system have become more apparent in recent years, particularly following the emergence of large-scale *jeonse*-related fraud incidents concentrated within non-apartment rental segments. These events have exposed structural vulnerabilities associated with deposit-heavy leasing models and have accelerated policy efforts to modernise the rental housing sector.

In response, the government has introduced measures to facilitate institutional participation in the rental market, including expanding the role of financial institutions and enabling more structured ownership and operating models.

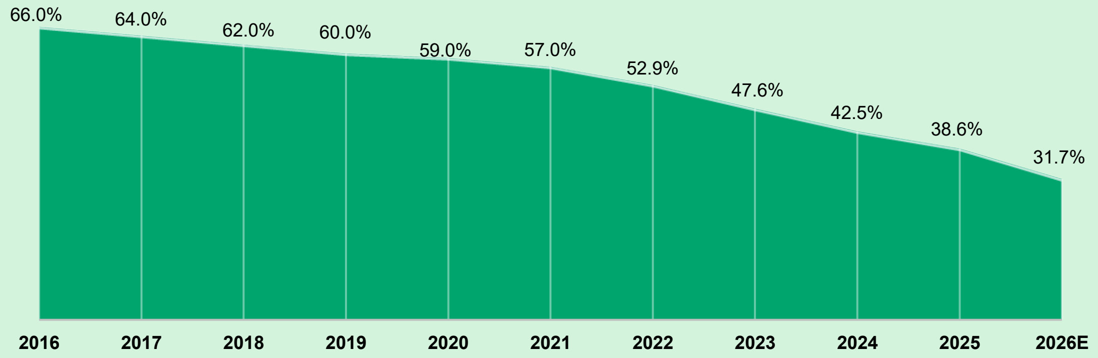
This has prompted a gradual shift toward more conventional rental models with smaller deposits and recurring rental income streams (*Fig. 21*).

However, this does not represent a full convergence with Western rental models. Rather, it reflects a transition towards *semi-jeonse*, where deposits are partially converted into monthly rental streams, preserving the deposit-centric nature of the market while introducing greater cash flow stability.

This transition is improving market transparency and aligning South Korea more closely with international leasing norms, which has, in turn, increased its appeal to foreign investors.

Fig. 21: Rental Revolution

***Jeonse* share of rental market**



Source: MOLIT, Knight Frank Research

The ability to underwrite stable income returns has led to growing interest in the multifamily sector, although policy factors have recently constrained momentum. Government measures introduced to curb housing price inflation, including tighter lending restrictions on residential purchases, have reduced transaction activity. As a result, capital is increasingly being redirected into alternative residential-adjacent sectors, particularly officetels, as these assets, being classified as commercial real estate, are not subject to the same regulatory constraints. Still, despite the policy-driven correction in prices, underlying residential demand remains strong.

Market dynamics shaping investor strategies

South Korea's multifamily sector remains nascent. Development activity is limited, as local developers tend to favour strata sales over long-term rental holds due to low yields, often below 2% in prime segments. Consequently, multifamily projects are increasingly driven by foreign capital (*Fig. 22*) or government-backed entities that have longer investment horizons. Institutionalisation is still at an early stage, with the sector representing a small portion of the broader housing market. As a result, new supply of professionally managed multifamily assets has been limited, reinforcing the structural imbalance between demand and institutional-quality housing stock.

Investor strategies are evolving in response to current market conditions. There is a growing emphasis on structured equity investments, with foreign investors often taking minority stakes alongside local developers. In addition, partnerships with experienced operators are critical, as operational capability is seen as a key determinant of asset performance. Leading platforms such as SK D&D, Weave Living and local operators are therefore central to market entry strategies.

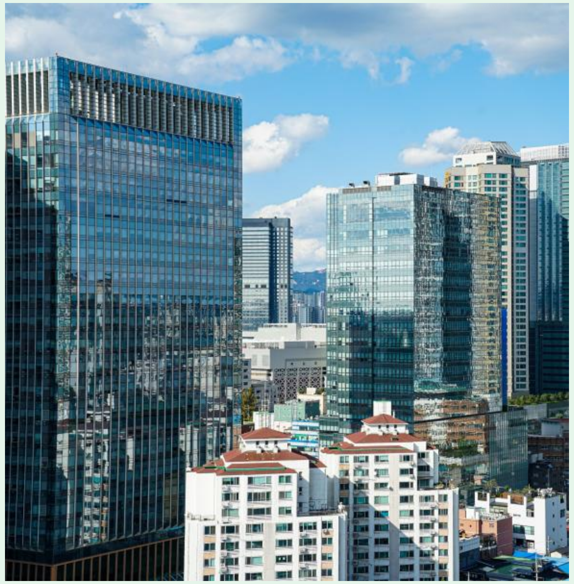
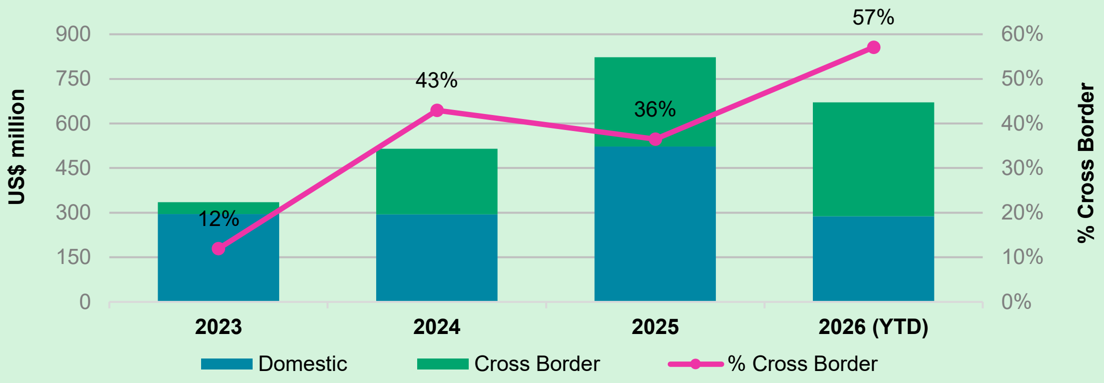


Fig. 22: Cross Border Investors Set Pace

Sources of capital into South Korea Living sectors



Note: including conversions/refurbishments
Source: MSCI, Knight Frank Research

Image credit: weave-living.com

Supply-side constraints are also shaping the investment landscape. Elevated construction costs, alongside higher financing rates, have led many developers to defer new projects. This has limited new supply and strengthened the case for value-add and conversion strategies, particularly the repositioning of underperforming office assets, into residential or hospitality uses.

From an investment perspective, pricing expectations remain selective. Foreign investors are targeting entry yields above 4%, reflecting a focus on value opportunities rather than core acquisitions. Exit strategies are typically based on asset sales rather than public listings, given the relatively underdeveloped REIT market in Korea.

However, the medium- to long-term trajectory points toward continued institutionalisation, supported by sustained demand, regulatory evolution, and the gradual expansion of professionally managed housing. Demand fundamentals remain robust, particularly within Seoul and the broader metropolitan area, which accommodates a significant proportion of the national population.

The continued concentration of employment and economic activity in Seoul, combined with changing household formation patterns and affordability constraints in the ownership market, has sustained strong demand for rental housing. The ongoing shift toward lower-deposit rental structures has further expanded the renter base. Over time, the market is likely to develop into a more mature and diversified ecosystem, encompassing a broader range of living sector typologies and investment strategies.

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3.5 Co-living in Singapore: Gaining Momentum Beyond Niche Demand

Singapore's co-living market has emerged as a distinct segment within the broader residential rental landscape, shaped by structurally tight housing supply, clear regulatory parameters, and sustained demand from mobile tenant groups. While modest in scale relative to the overall private rental market, co-living has established itself as a complementary accommodation format rather than a substitute for conventional residential leasing, with performance closely linked to broader rental market conditions.

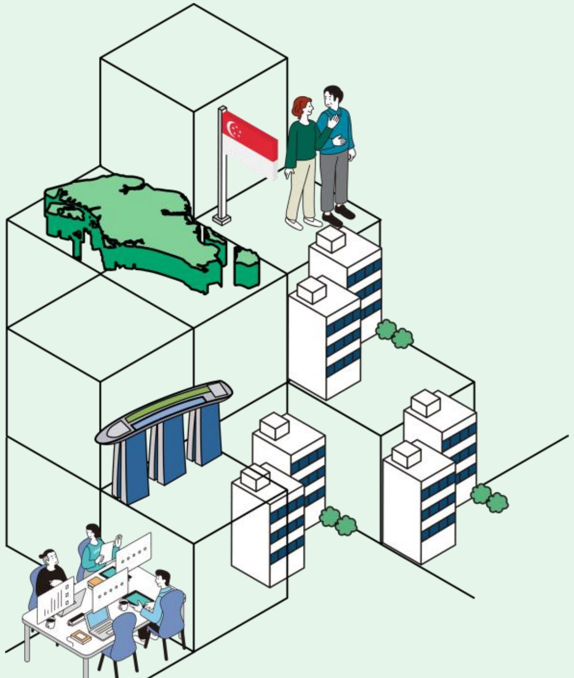


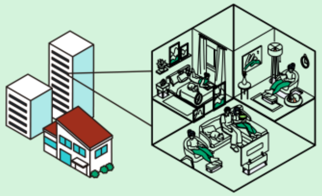
Fig. 23: Types of Residential Co-living Developments

Co-living Development

#1: Clustered
(Standalone Residential Co-living Development)

The entire building or a large proportion of the building is managed and operated by one single residential co-living operator.

Co-living Apartment Units



#2: Dispersed
(Residential Dwelling Co-living Units in Landed and non-Landed Homes)

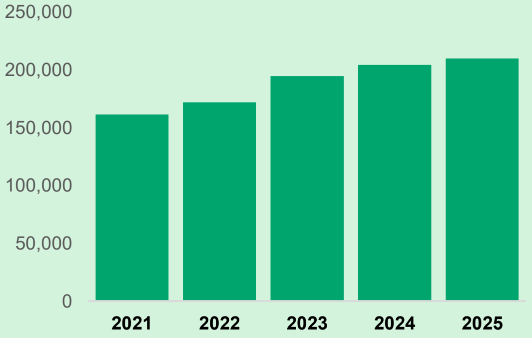
Individual welling units within private residential apartment developments (includes both landed and non-landed projects) are managed and operated by co-living operators.

Source: Knight Frank Singapore Consultancy

Rental cycle reinforced fundamentals

Demand for co-living is primarily concentrated in central locations and appears most resilient among expatriates (*Fig. 24*), international students, and young professionals who prioritise flexibility, convenience, and proximity to employment or education nodes. This demand has been reinforced by Singapore's post-pandemic rental cycle, in which construction delays, elevated home prices, and policy measures such as higher Additional Buyer's Stamp Duty have kept some households in the rental market for longer. As private residential rents normalised after peaking in 2023, co-living has continued to benefit from its all-inclusive pricing and shorter minimum lease terms, although it does not appear insulated from broader rental moderation.

Fig. 24: Growing Foreign Professional Workforce
No. of Employment Pass holders



Source: Ministry of Manpower

Supply remains limited and highly concentrated. Singapore is estimated to have around 9,000 to 10,000 co-living keys, the majority located in the Central Region. This reflects both demand patterns and planning constraints, as zoning rules, minimum stay requirements, and licensing regimes restrict where and how co-living can be operated. Many operators have gravitated toward conserved shophouses and centrally located residential assets, where mixed-use planning provisions and strong amenity appeal support the co-living proposition. Outside core areas, expansion is more constrained, with limited available assets for clustered co-living developments.

Regulation plays a defining role in shaping the market. Minimum stay rules of three months apply to residential-zoned or long-stay serviced apartment (SA2) assets, while shorter stays are only permitted within serviced-apartment (SA1) or hotel-licensed developments. This framework provides clarity and neighbourhood protection but also caps flexibility and reduces the addressable stock pool. As a result, co-living growth in Singapore has been incremental rather than expansive, with operators competing within a relatively fixed supply base.

Defensive appeal

Operationally, the market is evolving in flexibility and efficiency. While the master lease model remains prevalent, management contract and hybrid owner-operator structures have gained traction, particularly for larger or more institutional assets. Occupancy levels across established operators have stabilised at relatively high levels, but increased competition has led to product standardisation and greater focus on operating efficiency. Scale, brand recognition, and cost control are increasingly important as the market consolidates.

Cross-sector dynamics have been relevant. Limited residential development opportunities and high land costs have encouraged adaptive reuse strategies, while uneven performance in lifestyle retail and F&B has released some centrally located shophouse stock for alternative uses, including co-living. However, rising operating costs, regulatory compliance requirements, and stiff competition for well-located assets continue to constrain returns and scalable expansion.

Overall, Singapore's co-living market is generally viewed as a defensive, specialty component within the accommodation ecosystem. It offers relative income visibility supported by structural demand, but its scalability is currently constrained by regulation, availability and competitive intensity. Performance is closely correlated with broader residential rental trends, positioning co-living as a stabilising adjunct rather than an independent growth engine within APAC living portfolios.

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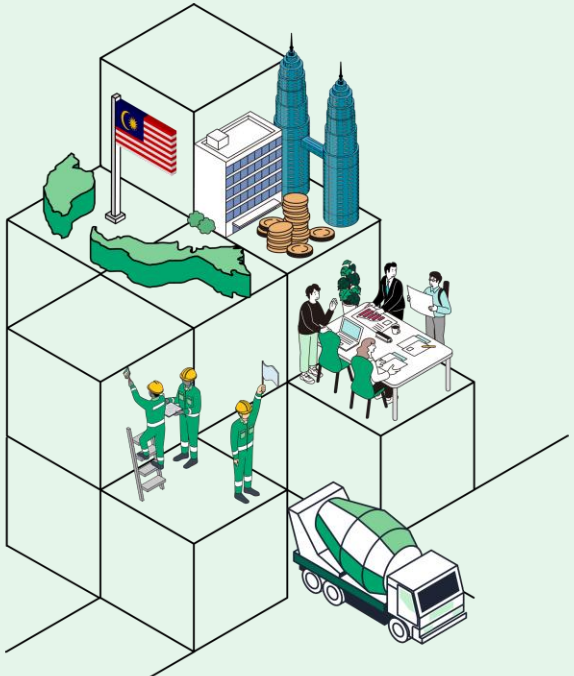
3.6 Malaysia: PBWA Sector Attracts Institutional Capital as Market Transitions

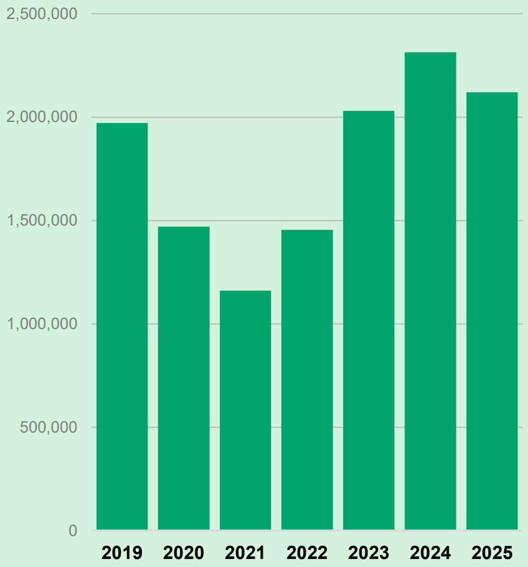
Malaysia's Purpose-Built Workers’ Accommodation (PBWA) sector is steadily maturing into a recognised living-sector asset class. Driven by regulatory tightening, structural foreign labour dependency and growing institutional appetite, the sector shifted from fragmented employer-managed housing towards purpose-built compliant accommodation. Foreign labour remains indispensable across Malaysia's manufacturing, logistics, construction and plantation sectors, and this drives demand for PBWA.



Foreign worker numbers recovered strongly post-pandemic, surpassing pre-COVID levels by 2024 before moderating slightly in 2025 (*Fig. 25*). The sustained foreign workforce base underpins structural demand for compliant worker accommodation.

Fig. 25: Vital Economic Resource

Number of foreign Workers in Malaysia



Source: Ministry of Home Affairs, Malaysia / Knight Frank Research

An institutional asset class

Capital flows within the sector are evolving across multiple fronts. Consolidation is underway in established corridors while new institutional capital is being deployed to expand supply along with listed structures emerging to provide investable exposure.

The collaborative ecosystem is a key enabler to the sector transitioning into a more institutionalised and investible asset class. The value chain is anchored by the presence of specialised players across capital, development, operation and workforce supply which collectively reduce investment risk and improve scalability and returns.

Centurion Corporation's recent acquisition of Harum Megah Resources, with six PBWA assets and approximately 7,200 beds in Johor, illustrates the consolidation play. This showcased an established regional platform absorbing quality privately held stock to scale and deepen corridor presence. The acquisition expanded Centurion's Malaysia portfolio by approximately 25% and establishes a precedent for further M&A activity as the sector institutionalises.

Catenary Capital's RM600 million Heads of Agreement with Rivertree STF Synergies and Q Centre Management targeting 28,800 beds across four CLQ facilities in Klang Valley represents institutional capital entering the market from the ground up. The transaction underscores growing investor confidence in the sector and highlights the increasing role of institutional capital in the expansion of Malaysia's compliant worker accommodation supply.

Meanwhile, on the listed end, AME Elite Consortium Berhad's inclusion of worker dormitory assets into AME REIT provides long-term lease exposure to industrial-linked accommodation demand, demonstrating that Malaysia’s PBWA assets can be credibly structured within a REIT framework and creating a pathway for future capital recycling.

Built into the industrial blueprint

Across Malaysia's key industrial corridors, master-planned industrial parks are incorporating PBWA as an integral component of their development frameworks. This marks a shift in industrial development planning where worker accommodation is no longer an afterthought but a fundamental infrastructure in creating a sustainable industrial ecosystem. PBWAs integrated within industrial master plans benefit from captive demand, with occupancy driven by the workforce of the immediate industrial ecosystem rather than broader market conditions.

Malaysia's position as one of Southeast Asia's key manufacturing and FDI destinations drives structural demand for the PBWA sector. Notably, Malaysia ranked 23rd globally and topped all emerging and developing Southeast Asian economies in the Milken Institute's 2026 Global Opportunity Index, reflecting policy consistency and structural strengths that continue to support investor confidence. Underpinned by the China+1 supply chain diversification trend, Malaysia continues to attract investments particularly in the E&E and digital infrastructure sectors.

At the same time, near-term pressures are evident with the Federal Government’s 13th Malaysia Plan (13MP) introducing tighter foreign worker caps, alongside slower intake approvals and sectoral workforce limits in selected industries. This has led to caution in the demand outlook and may moderate near-term occupancy growth. However, these pressures are seemingly cyclical, reflecting short-term headwinds on foreign labour intake, while PBWA demand remains structurally underpinned by industrial employment requirements rather than discretionary housing demand.

Malaysia's PBWA sector continues to mature, with institutional capital increasingly being deployed through acquisitions, greenfield developments and listed structures. The flow of capital into the sector underscores the ongoing institutionalisation of the sector and its transition from an emerging niche to a recognised institutional asset class.

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