April 2023

Knight Frank

Asia-Pacific Q1 2023 Office Highlights

Knight Frank Asia-Pacific Office Markets

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Asia-Pacific Overview – Q1 2023

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Just three months into 2023, the global financial industry has been shaken by the sudden collapse of four banks, sparking fear that other banks will follow suit. Fortunately, the Asia-Pacific (APAC) region is relatively shielded from the crisis as banking fundamentals differ. The Asian Development Bank is projecting higher growth and lower inflation for Asia, led by the Chinese Mainland, even as advanced economies continue to struggle.

For Q1 2023, Knight Frank's Asia-Pacific Prime Office Rental Index dipped by 0.2% quarter-on-quarter (QoQ), the third consecutive quarter of decline since Q2 2022. The overall index is also down by 0.3% on an annual basis. In general, average vacancy expanded marginally by 0.01% this quarter.

Although muted office demand persisted across the board, a slight up-tick in market activities was captured in certain cities where more leasing enquiries were received — especially for newly completed prime buildings with ESG accreditations and occupiers taking advantage of the current competitive rents to secure better quality spaces within strict budgets.

Given the macroeconomic climate, the office sector will continue to face challenges despite a rosier economic outlook for APAC. Leasing activity is expected to maintain traction for recently or soon-to-be completed developments, keeping rent stable or growing modestly. Market conditions will continue to favour tenants for the rest of the year with incoming supply.

-0.2 %
QoQ growth for Asia-Pacific Rental Index in Q1 2023

Auckland
Recorded the highest YoY growth in Q1 2023

16 of 23
Tracked cities recorded stable or increasing rents in Q1 2023

Cautious
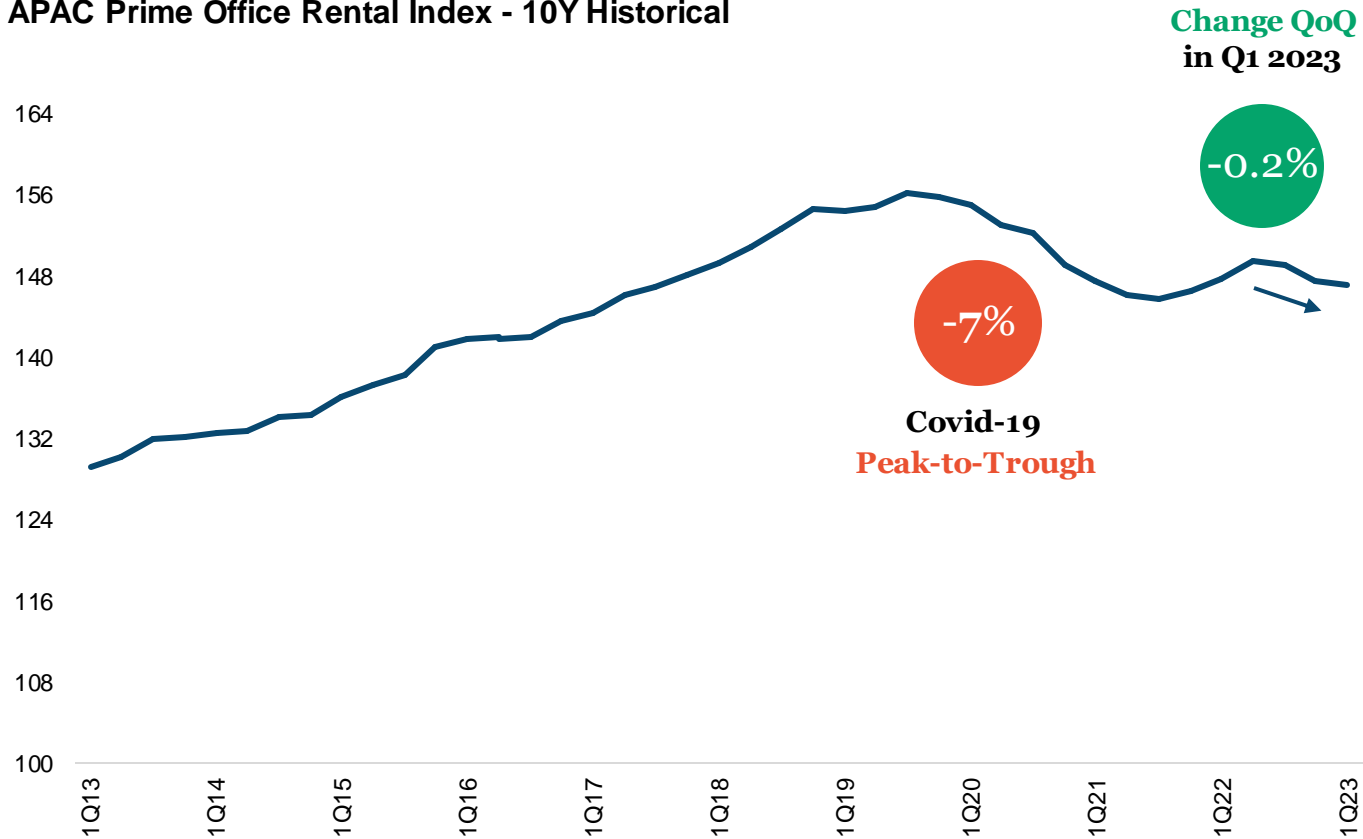Expectations for 2023 office outlook

"Higher interest rates and the recent turmoil in the banking sector have largely dampened occupier sentiments but the interest in highly-amenitised buildings remained, as evidenced by increased enquiries for such assets. Given that office inventory will rise by 14% by 2025, occupiers are reviewing the best option that ties in with both their ESG goals and budget. Therefore, landlords should seize this opportunity to improve their occupancy rates by offering flexible lease to potential occupiers."

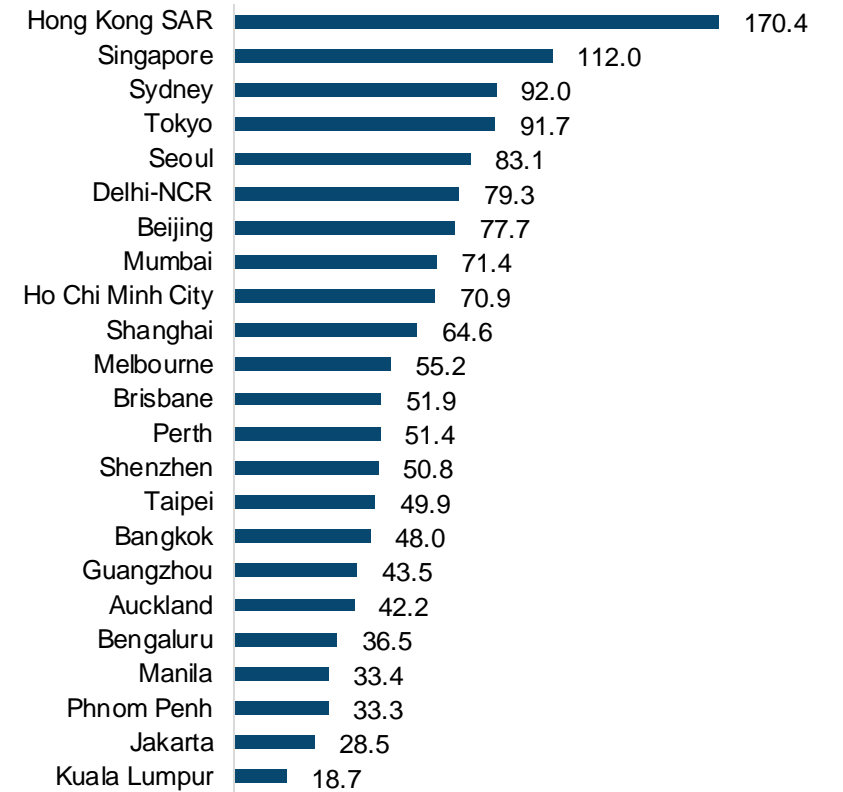**Tim Armstrong**
Global Head of Occupier Strategy and Solutions

APAC Prime Office Rental Index

Knight Frank

The Index continued its downwards trajectory by a further 0.2% QoQ, affected by wider uncertainty
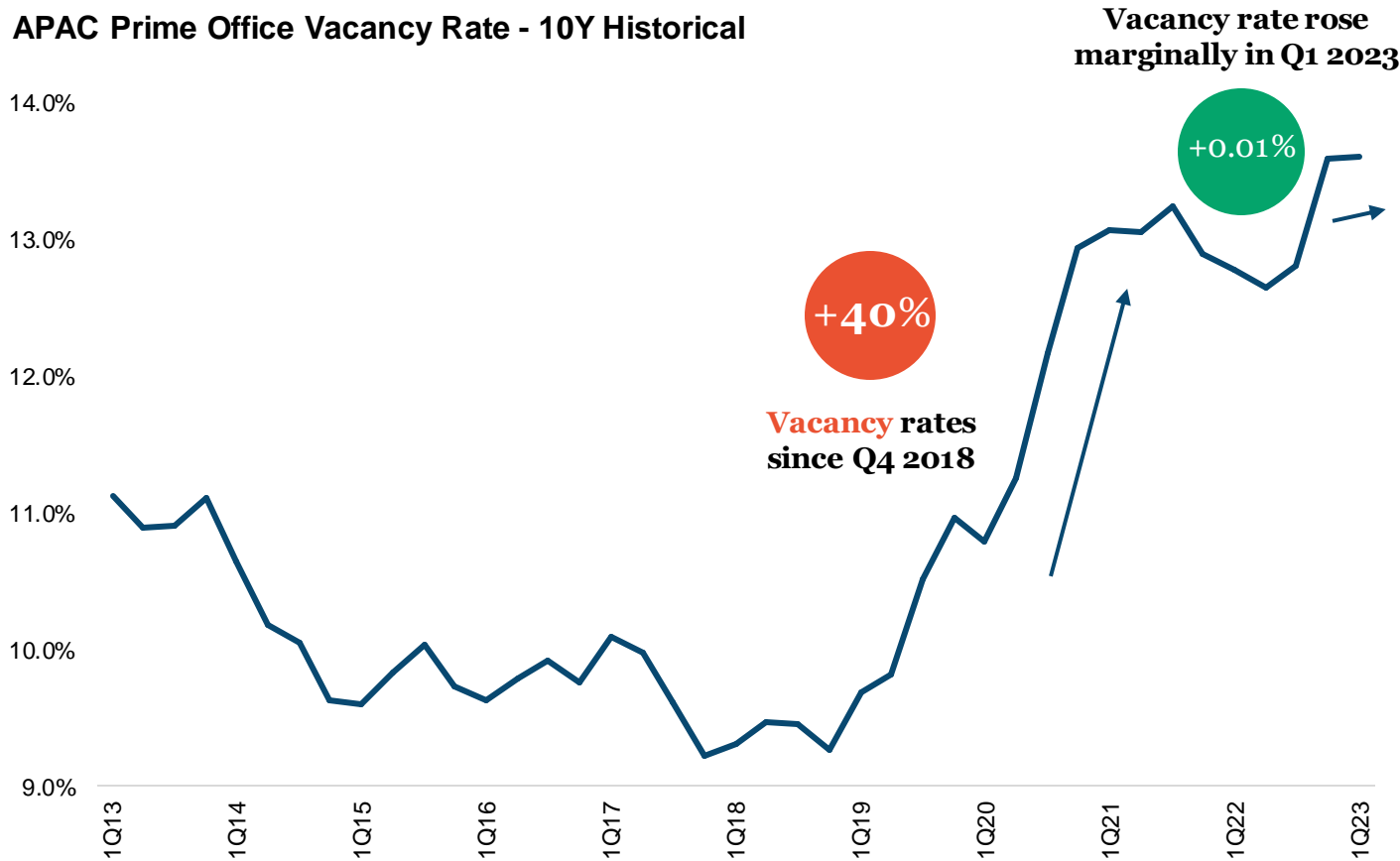
APAC Prime Office Rental Index - 10Y Historical

Change QoQ in Q1 2023

-0.2%

-7%

Covid-19 Peak-to-Trough

Q1 2023 Occupancy Cost (US$/sqft/year)

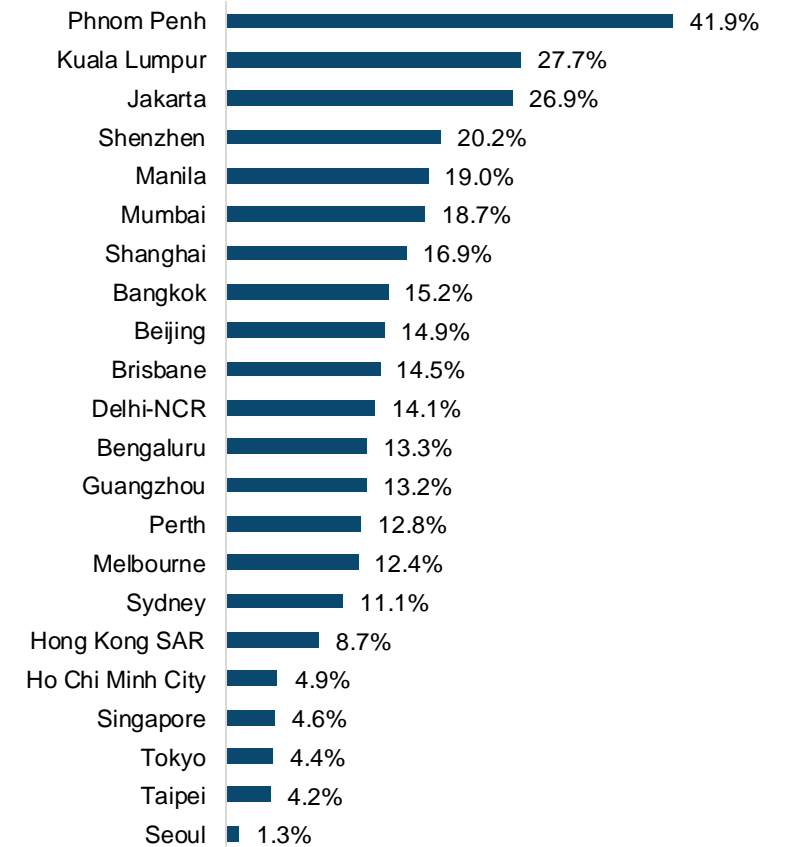| City	Cost
Hong Kong SAR	170.4
Singapore	112.0
Sydney	92.0
Tokyo	91.7
Seoul	83.1
Delhi-NCR	79.3
Beijing	77.7
Mumbai	71.4
Ho Chi Minh City	70.9
Shanghai	64.6
Melbourne	55.2
Brisbane	51.9
Perth	51.4
Shenzhen	50.8
Taipei	49.9
Bangkok	48.0
Guangzhou	43.5
Auckland	42.2
Bengaluru	36.5
Manila	33.4
Phnom Penh	33.3
Jakarta	28.5
Kuala Lumpur	18.7

APAC Prime Office Vacancy Rate

Overall vacancy rate only expanded minimally as take-up rate almost offset new supply, indicating slight optimism
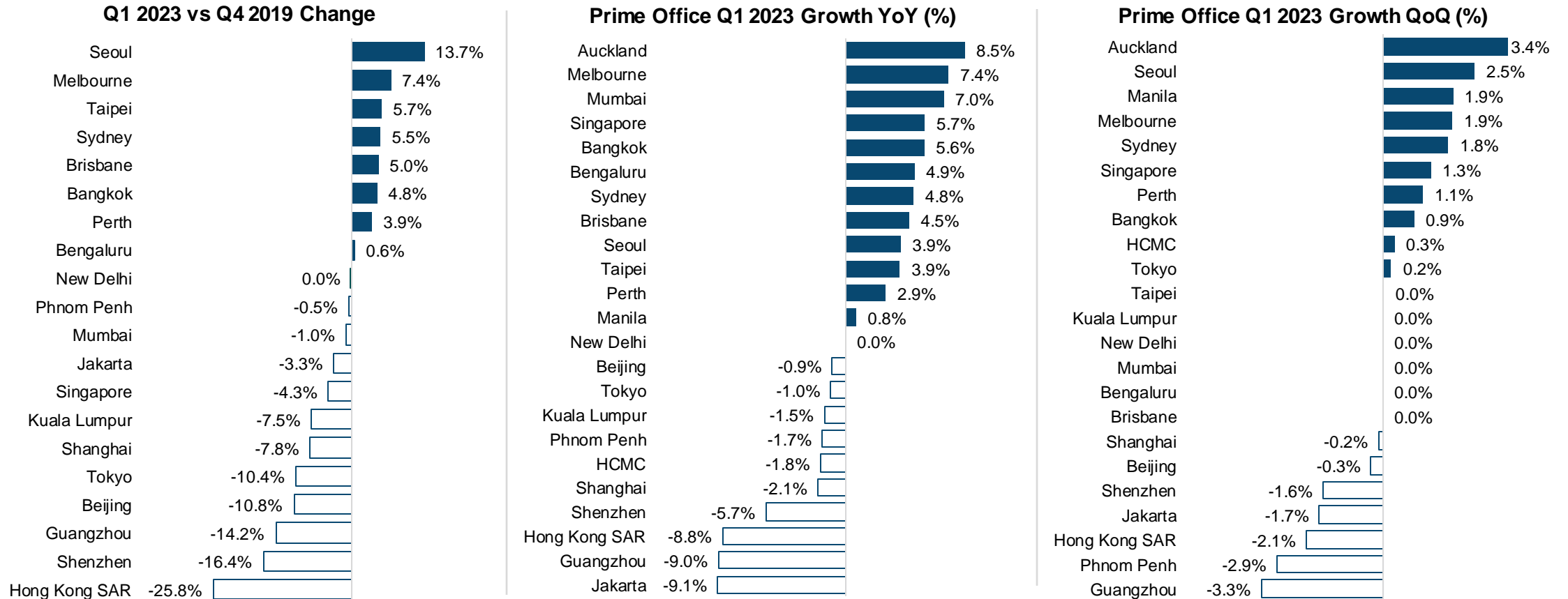
APAC Prime Office Vacancy Rate - 10Y Historical

Vacancy rate rose marginally in Q1 2023

+0.01%

+40%

Vacancy rates since Q4 2018

Q1 2023 Vacancy Rate

City	Vacancy Rate
Phnom Penh	41.9%
Kuala Lumpur	27.7%
Jakarta	26.9%
Shenzhen	20.2%
Manila	19.0%
Mumbai	18.7%
Shanghai	16.9%
Bangkok	15.2%
Beijing	14.9%
Brisbane	14.5%
Delhi-NCR	14.1%
Bengaluru	13.3%
Guangzhou	13.2%
Perth	12.8%
Melbourne	12.4%
Sydney	11.1%
Hong Kong SAR	8.7%
Ho Chi Minh City	4.9%
Singapore	4.6%
Tokyo	4.4%
Taipei	4.2%
Seoul	1.3%

Updated as at 10 Apr 2023

APAC Prime Rental Rates

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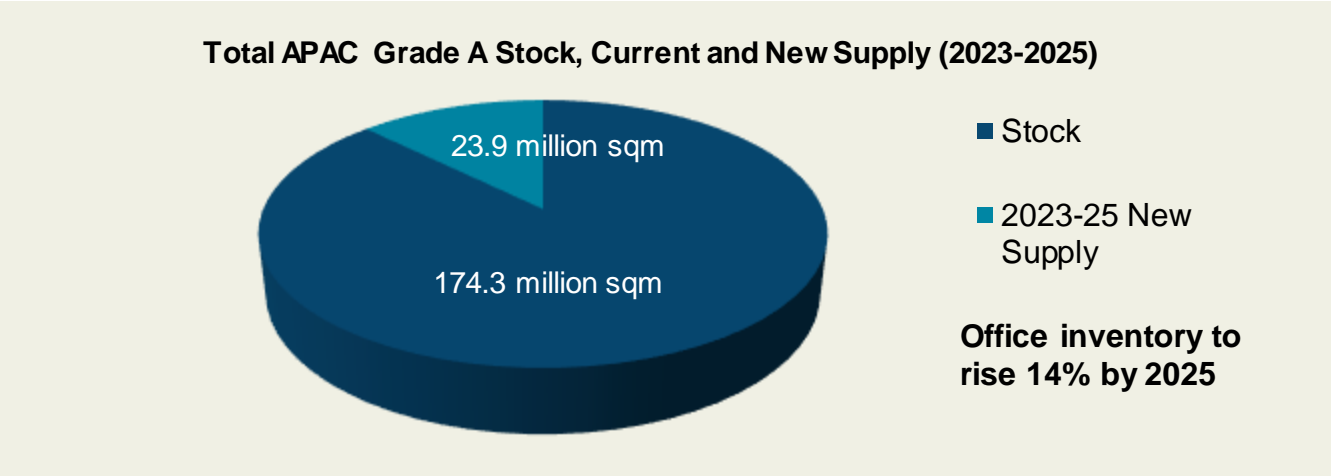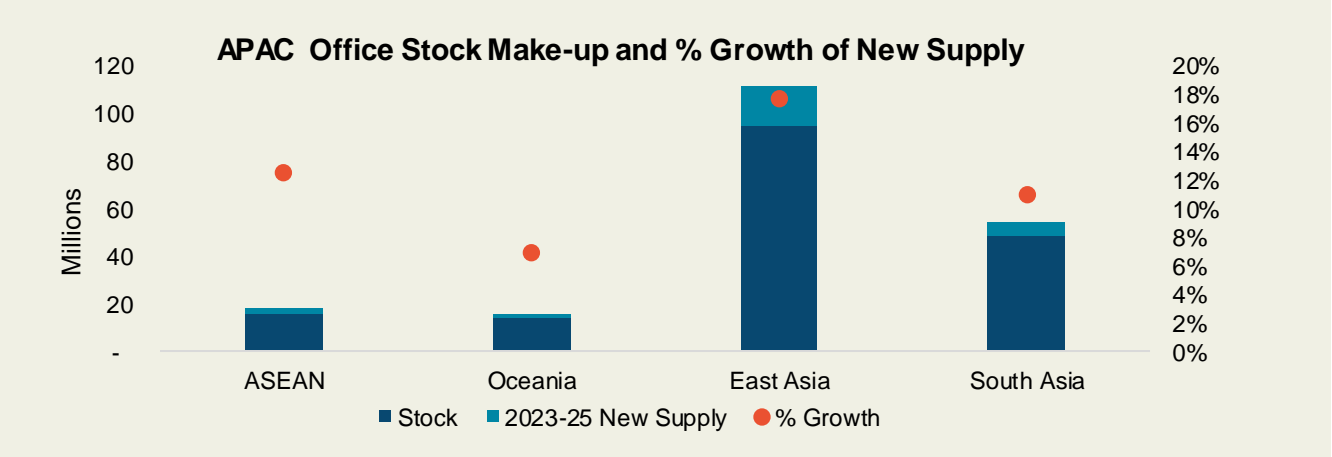
Most cities are currently demonstrating resilience in maintaining their rent levels on both an annual and quarterly basis

Q1 2023 vs Q4 2019 Change

City	Change
Seoul	13.7%
Melbourne	7.4%
Taipei	5.7%
Sydney	5.5%
Brisbane	5.0%
Bangkok	4.8%
Perth	3.9%
Bengaluru	0.6%
New Delhi	0.0%
Phnom Penh	-0.5%
Mumbai	-1.0%
Jakarta	-3.3%
Singapore	-4.3%
Kuala Lumpur	-7.5%
Shanghai	-7.8%
Tokyo	-10.4%
Beijing	-10.8%
Guangzhou	-14.2%
Shenzhen	-16.4%
Hong Kong SAR	-25.8%

Prime Office Q1 2023 Growth YoY (%)

City	Growth
Auckland	8.5%
Melbourne	7.4%
Mumbai	7.0%
Singapore	5.7%
Bangkok	5.6%
Bengaluru	4.9%
Sydney	4.8%
Brisbane	4.5%
Seoul	3.9%
Taipei	3.9%
Perth	2.9%
Manila	0.8%
New Delhi	0.0%
Beijing	-0.9%
Tokyo	-1.0%
Kuala Lumpur	-1.5%
Phnom Penh	-1.7%
HCMC	-1.8%
Shanghai	-2.1%
Shenzhen	-5.7%
Hong Kong SAR	-8.8%
Guangzhou	-9.0%
Jakarta	-9.1%

Prime Office Q1 2023 Growth QoQ (%)

City	Growth
Auckland	3.4%
Seoul	2.5%
Manila	1.9%
Melbourne	1.9%
Sydney	1.8%
Singapore	1.3%
Perth	1.1%
Bangkok	0.9%
HCMC	0.3%
Tokyo	0.2%
Taipei	0.0%
Kuala Lumpur	0.0%
New Delhi	0.0%
Mumbai	0.0%
Bengaluru	0.0%
Brisbane	0.0%
Shanghai	-0.2%
Beijing	-0.3%
Shenzhen	-1.6%
Jakarta	-1.7%
Hong Kong SAR	-2.1%
Phnom Penh	-2.9%
Guangzhou	-3.3%

APAC Office Pipeline Supply

Office inventory increased by a marginal 0.1% QoQ, totalling the total Grade A stock to 174.3 million sqm

Proportion of Upcoming Supply to Current Stock

City	%
Phnom Penh	81.00%
Guangzhou	57.29%
Bangkok	54.9%
Shenzhen	44.41%
Ho Chi Minh City	41.44%
Taipei	36.24%
Shanghai	24.42%
Beijing	20.21%
New Delhi	13.82%
Kuala Lumpur	12.76%
Brisbane	12.72%
Bengaluru	12.29%
Manila	9.65%
Singapore	8.55%
Sydney	8.07%
Tokyo	6.49%
Mumbai	6.15%
Perth	6.12%
Jakarta	5.49%
Seoul	4.80%
Melbourne	3.64%
Hong Kong SAR	0.67%

■ % of Upcoming Supply to Current Stock

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

■ Stock ■ 2023-25 New Supply ● % Growth

Total APAC Grade A Stock, Current and New Supply (2023-2025)

23.9 million sqm

174.3 million sqm

■ Stock

■ 2023-25 New Supply

Office inventory to rise 14% by 2025

APAC 2023 Office Outlook

Knight Frank

12-Month Rental Outlook

Decreasing

- Guangzhou
- Shenzhen
- Hong Kong SAR
- Phnom Penh
- Kuala Lumpur
- Ho Chi Minh City

Unchanged

- Auckland
- Tokyo
- Beijing
- Seoul
- Bengaluru
- Mumbai
- Delhi-NCR
- Jakarta
- Bangkok

Increasing

- Brisbane
- Melbourne
- Perth
- Sydney
- Shanghai
- Taipei
- Singapore
- Manila

2023 MARKET PENDULUM

TENANT — BALANCED — LANDLORD

EAST ASIA

SOUTH ASIA

SOUTHEAST ASIA

AUSTRALASIA

Beijing
Seoul
Tokyo
Shanghai
Delhi-NCR
Taipei
Mumbai
Guangzhou
Hong Kong SAR
Shenzhen
Bengaluru
Bangkok
Manila
Phnom Penh
Ho Chi Minh City
Kuala Lumpur
Singapore
Jakarta
Brisbane
Perth
Sydney
Auckland
Melbourne

Source: Knight Frank Research

Updated as at 10 Apr 2023

Market Dashboards

Oceania

The Australian office market continued its growth streak from last quarter, with all cities tracked either maintaining rent or clinching rental growths. Melbourne led the pack and expanded 7.4% annually and 1.1% quarterly. Despite this, vacancy rates ticked up in all cities, indicating softening demand. With the Australian economy expected to slow in 2023 as rising interest rates cool household consumption and investment, vacancy rates are projected to stay elevated as future pipeline gets completed in a climate of muted demand. However, rents are forecasted to hold, supported by rising incentives. Likewise, neighbouring Auckland experienced a similar situation where both rent and vacancy rate grew in tandem. Outlook for New Zealand's economy is also gloomy, and conditions are already recessionary for some sectors. Low vacancies and rental growth amongst prime properties should persist, albeit at a marginal rate.
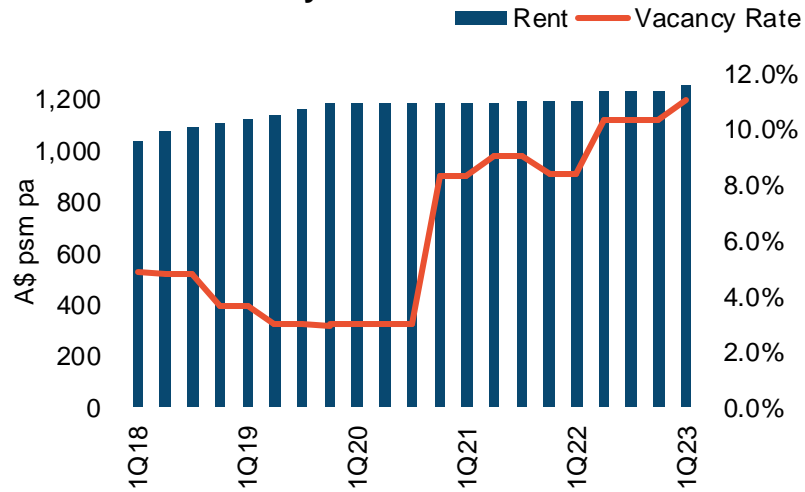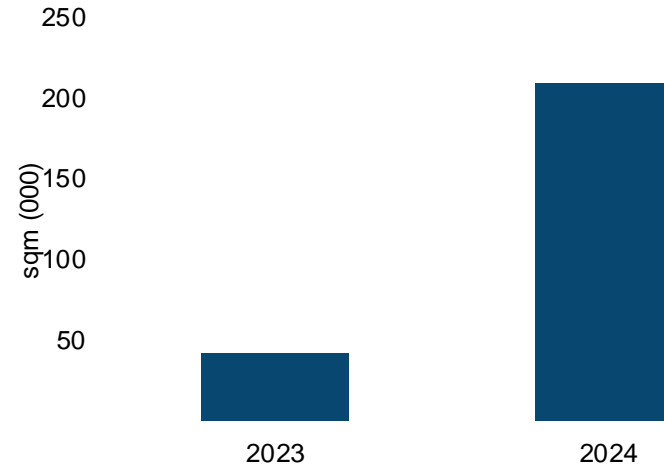
Sydney

Rents and Vacancy

Legend: ▮ Rent — Vacancy Rate

Future Pipeline Supply

Economic Indicators

	2023F	2024F
GDP Growth	1.5%	1.5%
Unemployment Rate	3.8%	4.3%
Inflation	3.7%	4.3%

Real Estate Indicators

	Q1 2023	12mth Forecast
Prime Rent (A$ psm pa)	1,254	↑
Vacancy	11.1%	→
Market Balance	Balanced	Balanced

Source: Knight Frank Research, Reserve Bank of Australia

Updated as at 10 Apr 2023
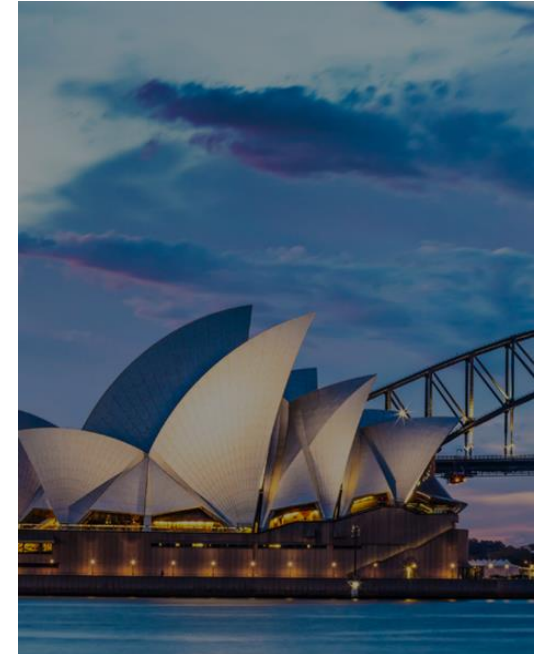
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Melbourne

Rents and Vacancy
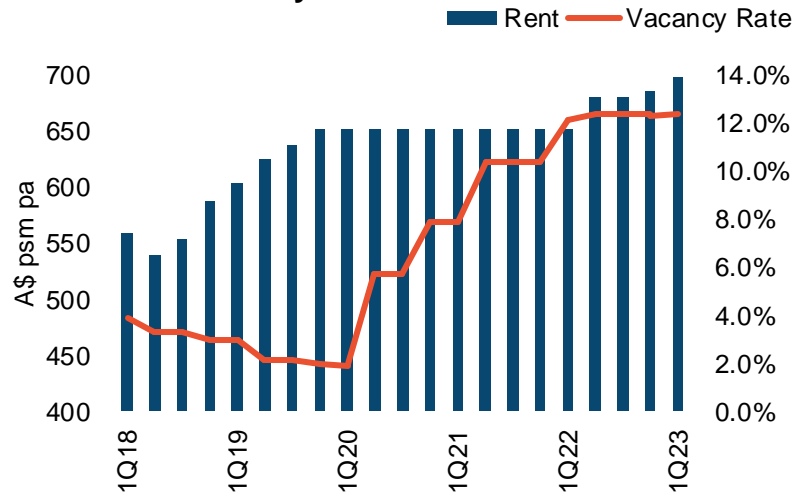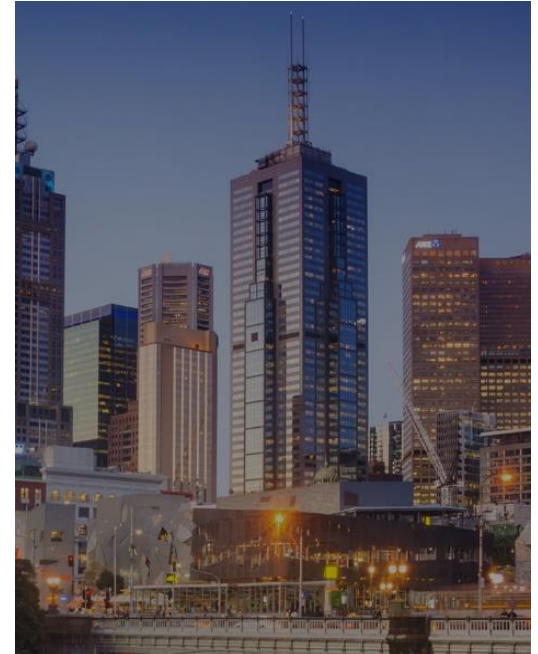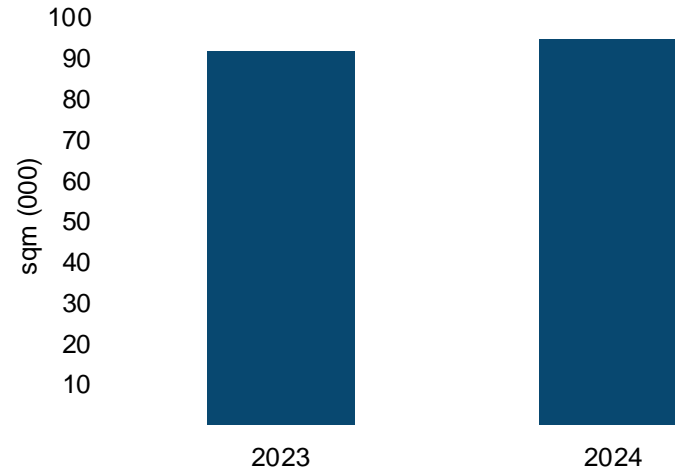
Legend: ■ Rent — Vacancy Rate

Future Pipeline Supply

Economic Indicators

	2023F	2024F
GDP Growth	1.5%	1.5%
Unemployment Rate	3.8%	4.3%
Inflation	3.7%	4.3%

Real Estate Indicators

	Q1 2023	12mth Forecast
Prime Rent (A$ psm pa)	699	↑
Vacancy	12.4%	→
Market Balance	Tenant	Tenant

Source: Knight Frank Research, Reserve Bank of Australia

Updated as at 10 Apr 2023

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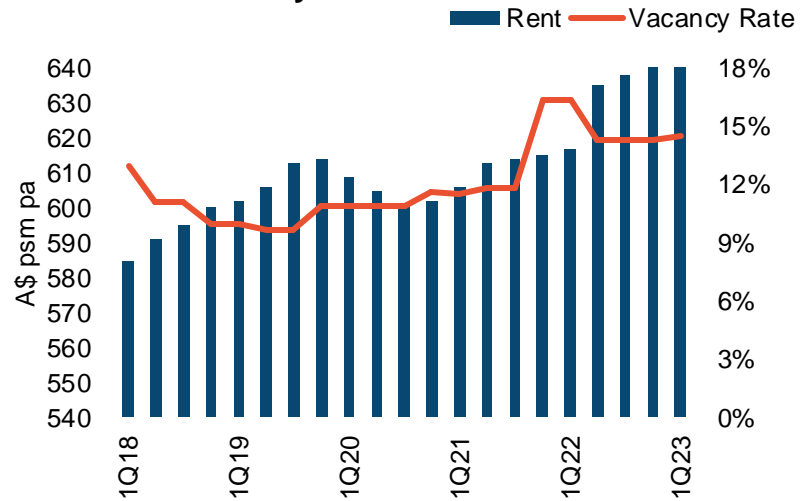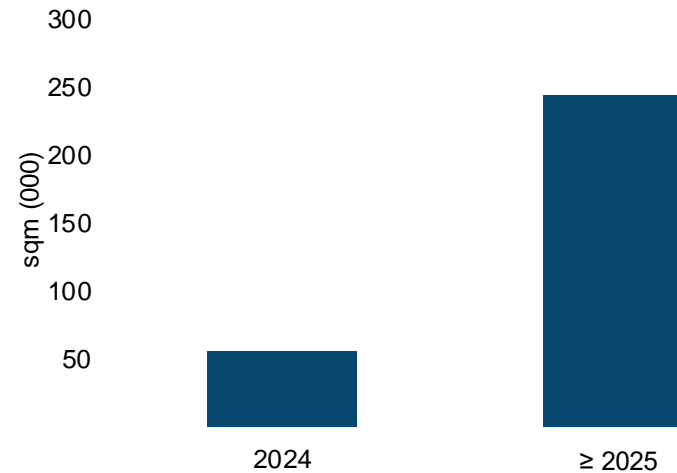
Brisbane

Rents and Vacancy

Legend: Rent, Vacancy Rate

Future Pipeline Supply

Economic Indicators		
	2023F	2024F
GDP Growth	1.5%	1.5%
Unemployment Rate	3.8%	4.3%
Inflation	3.7%	4.3%

Source: Knight Frank Research, Reserve Bank of Australia

Real Estate Indicators		
	Q1 2023	12mth Forecast
Prime Rent (A$ psm pa)	645	↑
Vacancy	14.5%	→
Market Balance	Balanced	Balanced

Updated as at 10 Apr 2023
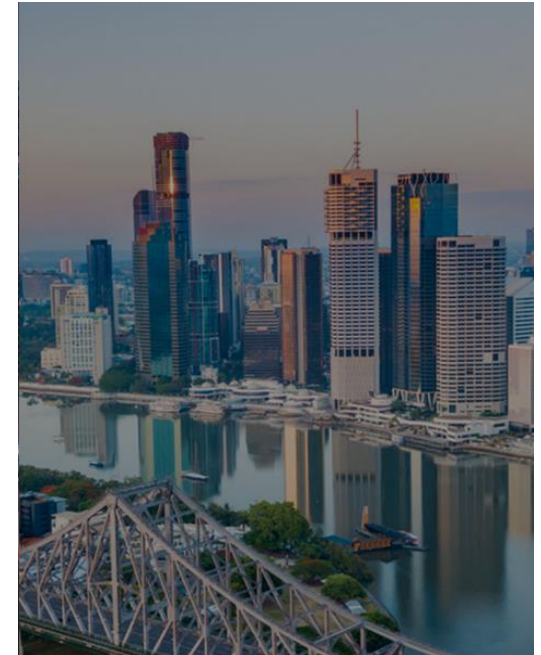
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Perth

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Rents and Vacancy

Legend: Rent, Vacancy Rate

Left axis: A$ psm pa (550–650)
Right axis: 0.0%–20.0%
X-axis: 1Q18, 1Q19, 1Q20, 1Q21, 1Q22, 1Q23

Future Pipeline Supply

Y-axis: sqm (000) (10–90)
X-axis: 2023, 2025
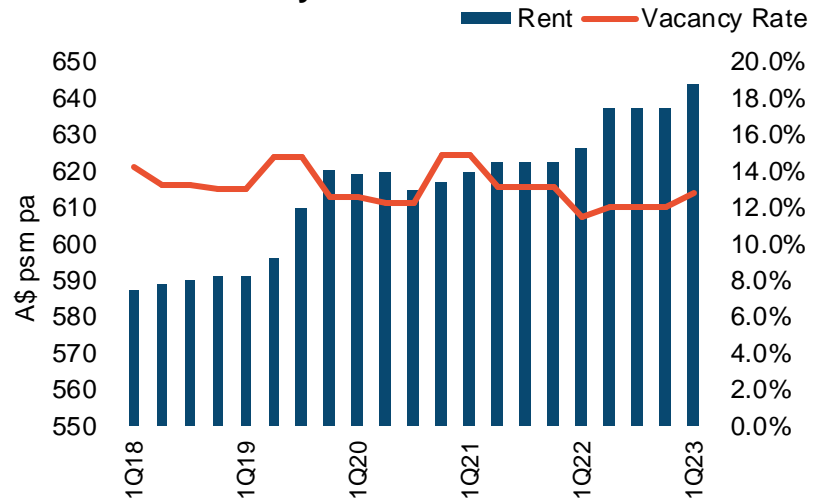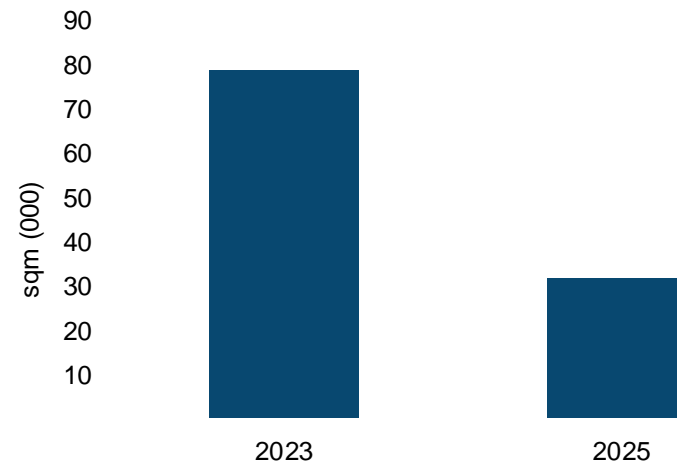
*No supply expected for 2024

Economic Indicators

	2023F	2024F
GDP Growth	1.5%	1.5%
Unemployment Rate	3.8%	4.3%
Inflation	3.7%	4.3%

Real Estate Indicators

	Q1 2023	12mth Forecast
Prime Rent (A$ psm pa)	644	↑
Vacancy	12.8%	→
Market Balance	Balanced	Balanced

Source: Knight Frank Research, Reserve Bank of Australia

Updated as at 10 Apr 2023
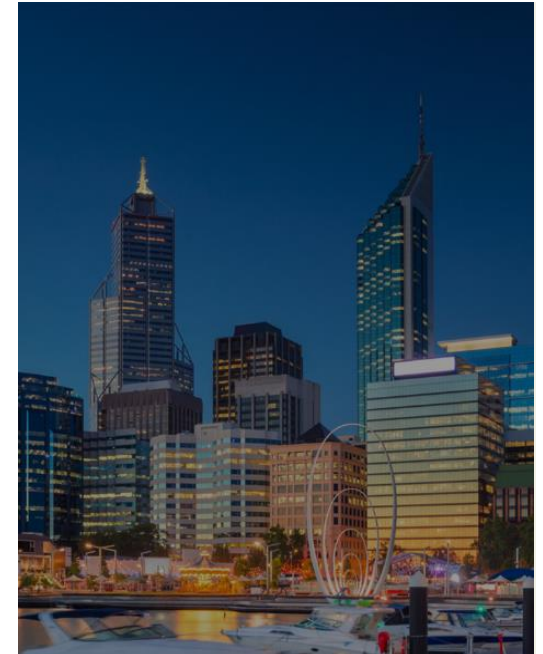
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Auckland

Rents and Vacancy

Legend: Rent | Vacancy Rate
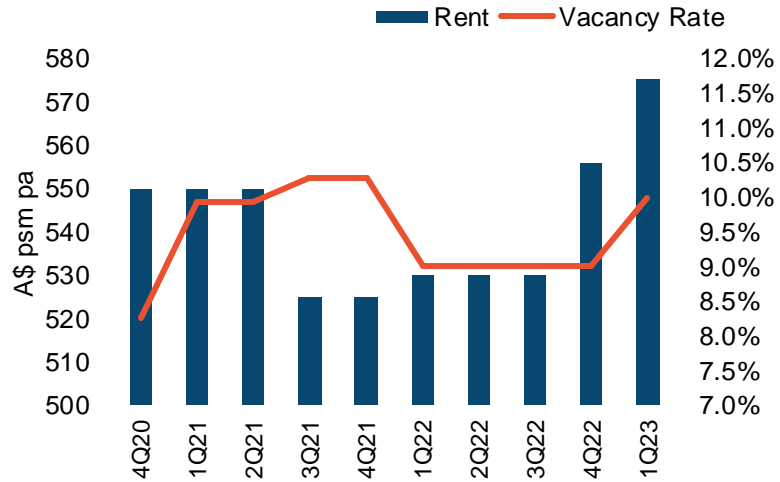
Future Pipeline Supply
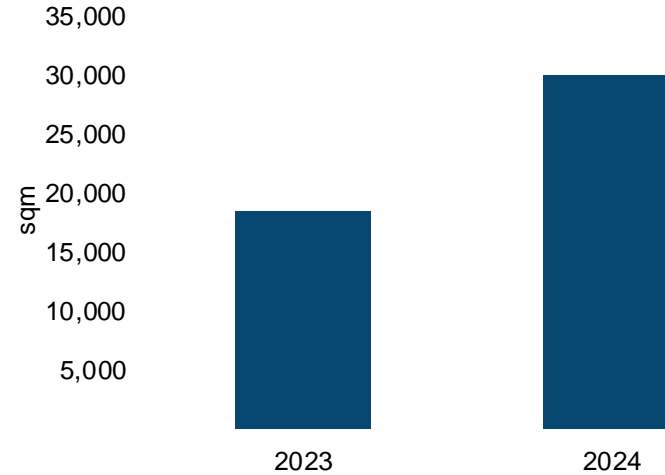
Economic Indicators

	2023F	2024F
GDP Growth	1.0%	1.2%
Unemployment Rate	3.9%	4.7%
Inflation	5.3%	3.2%

Real Estate Indicators

	Q1 2023	12mth Forecast
Prime Rent (NZ$ psm pa)	575	→
Vacancy	10.0%	→
Market Balance	Balanced	Balanced

Source: Knight Frank Research, Macrobond

Updated as at 10 Apr 2023
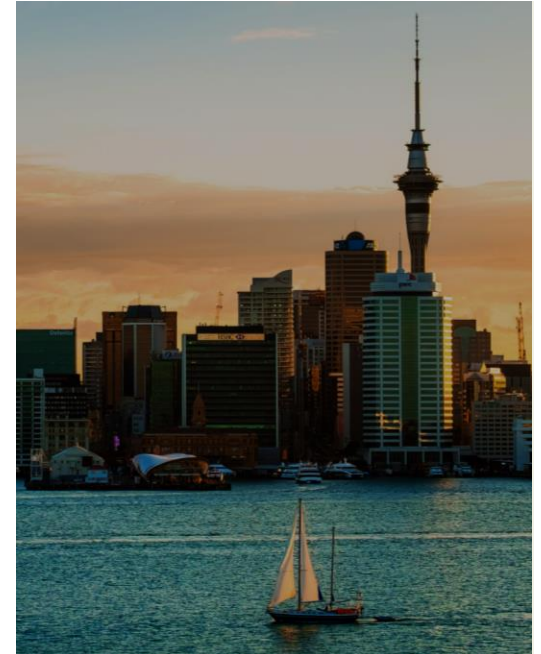
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Southeast Asia

Rental growth records show that the office sector in Southeast Asia (SEA) tackled challenging economic conditions well in Q1 2023, a continuation from previous quarters. Both Singapore and Manila remained resilient against headwinds as they led growth in the region. Annually, rent expanded by 5.7% for Singapore and 1.9% quarterly for Manila. In the same vein, demand for both cities held up as vacancy rates shrank for three consecutive quarters. Ho Chi Minh City saw its prime rent reversed after three quarters of decline, while Kuala Lumpur maintained its value. These are promising signs that with the developing geopolitical situation, corporations strive to diversify their supply chains and expand beyond the Chinese Mainland, boding well for this region.

Bangkok

Rents and Vacancy

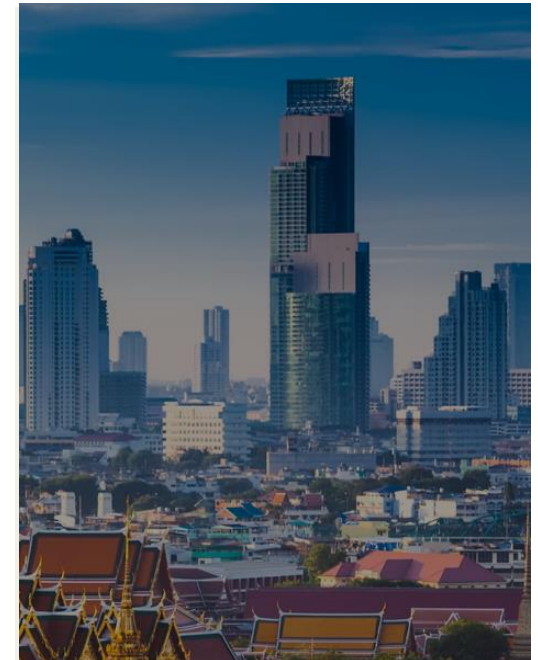Legend: Rent | Vacancy Rate

Y-axis left: THB psm pm (900–1,200)
Y-axis right: 0.0%–15.0%
X-axis: 1Q18, 1Q19, 1Q20, 1Q21, 1Q22, 1Q23

Future Pipeline Supply

Y-axis: sqm (000) (50–500)
X-axis: 2023, 2024, ≥ 2025
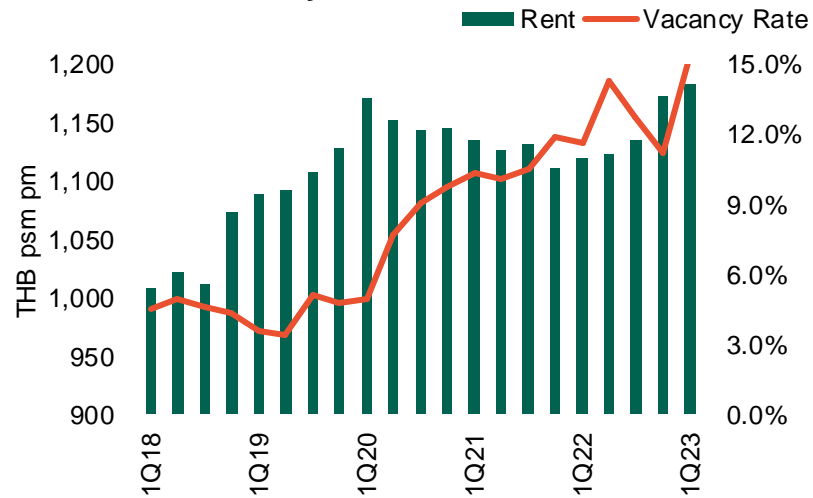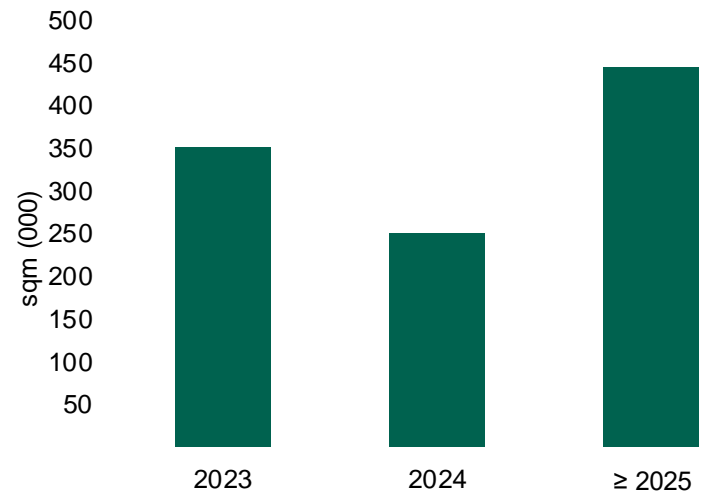
Economic Indicators		
	2023F	**2024F**
GDP Growth	3.3%	3.7%
Unemployment Rate	N/A	N/A
Inflation	2.9%	2.3%

Real Estate Indicators		
	Q1 2023	**12mth Forecast**
Prime Rent (THB psm pm)	1,183	→
Vacancy	15.2%	→
Market Balance	Tenant	Tenant

Source: Knight Frank Research, Macrobond

Updated as at 10 Apr 2023

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Jakarta

Rents and Vacancy

Legend: Rent ▬ Vacancy Rate

Chart: IDR psm pm (000) on left axis (310–390), Vacancy Rate on right axis (0.0%–25.0%), quarters from 3Q20 to 1Q23.
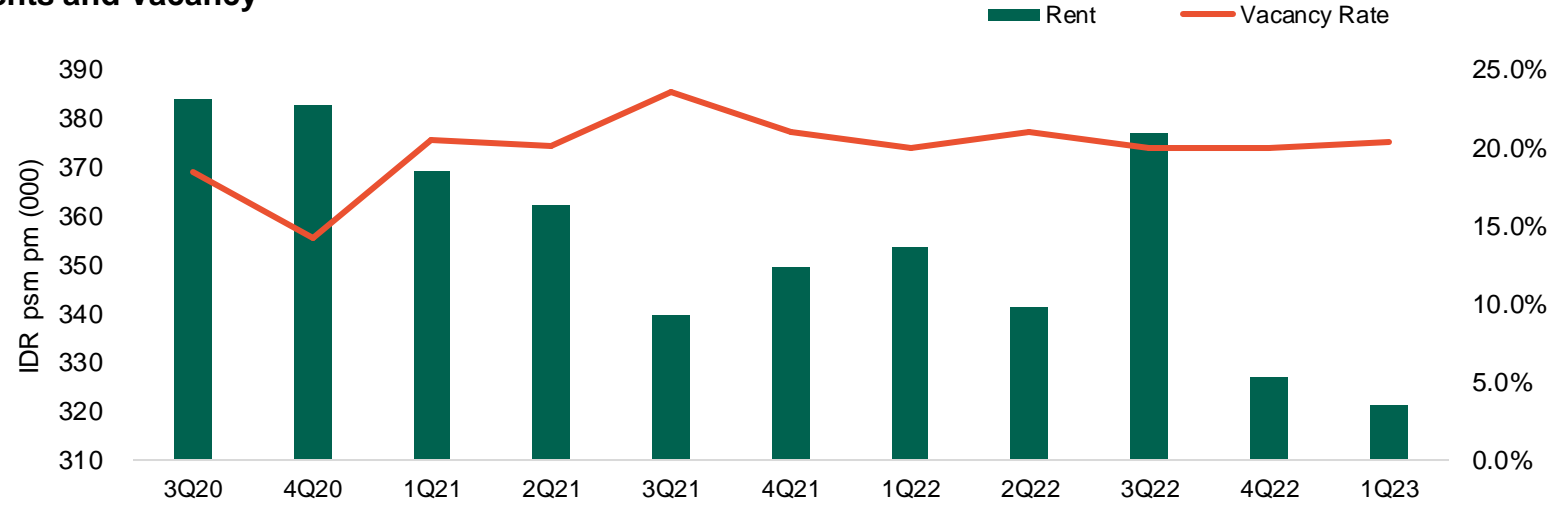
Economic Indicators	2023F	2024F
GDP Growth	4.8%	5.0%
Unemployment Rate	5.4%	6.0%
Inflation	4.2%	3.0%

Real Estate Indicators	Q1 2023	12mth Forecast
Prime Rent (IDR psm pm)	321,303	→
Vacancy	20.4%	→
Market Balance	Tenant	Tenant

Source: Knight Frank Research, Macrobond, ADB

Updated as at 10 Apr 2023
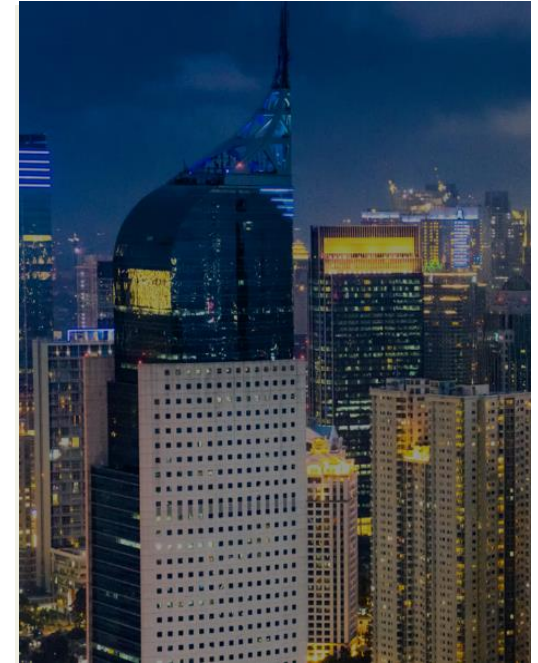
For more information, please contact:

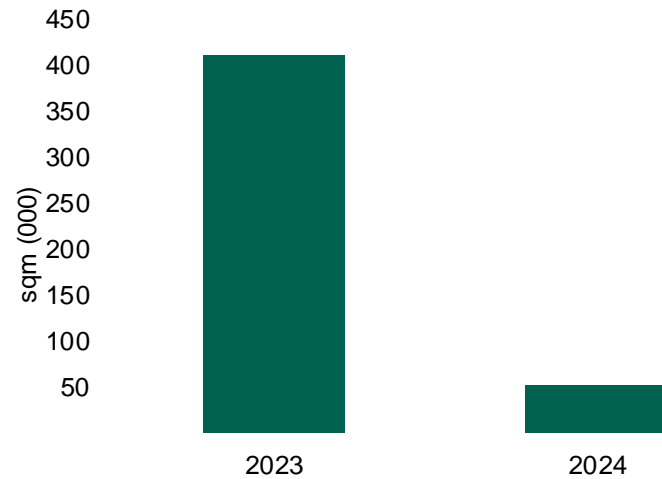**Rina Martianti**
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Kuala Lumpur

Rents and Vacancy

Legend: Rent (bar) — Vacancy Rate (line)
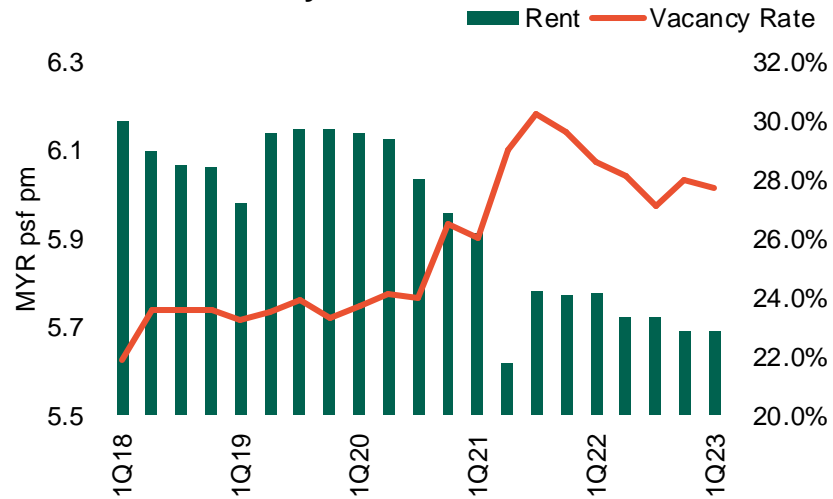
Future Pipeline Supply

Economic Indicators		
	2023F	**2024F**
GDP Growth	4.0% – 5.0%	4.9%
Unemployment Rate	3.5%	3.3%
Inflation	2.8% – 3.8%	2.8%

Real Estate Indicators		
	Q1 2023	**12mth Forecast**
Prime Rent (MYR psf pm)	5.69	↓
Vacancy	27.7%	→
Market Balance	Tenant	Tenant

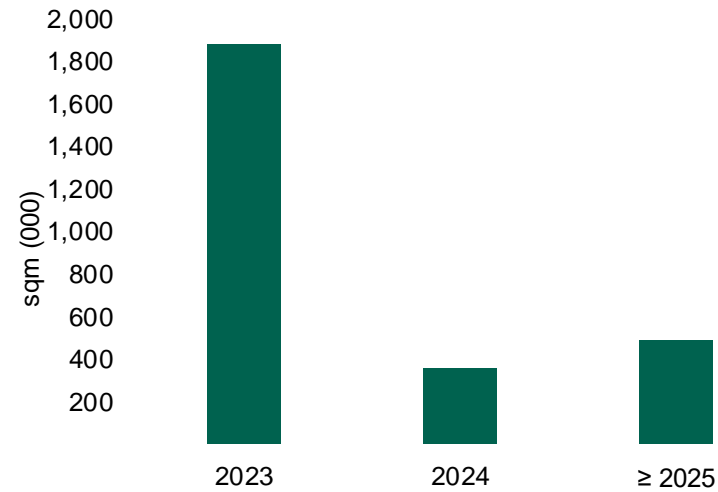Source: Knight Frank Research, Macrobond, ADB

Updated as at 10 Apr 2023

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Manila

Rents and Vacancy

Legend: ■ Rent — Vacancy Rate

PHP psm pm (left axis): 1300, 1350, 1400, 1450, 1500, 1550
Vacancy (right axis): 0.0%, 5.0%, 10.0%, 15.0%, 20.0%, 25.0%
X-axis: 3Q20, 1Q21, 3Q21, 1Q22, 3Q22, 1Q23

Future Pipeline Supply

sqm (000): 200 – 2,000
X-axis: 2023, 2024, ≥ 2025
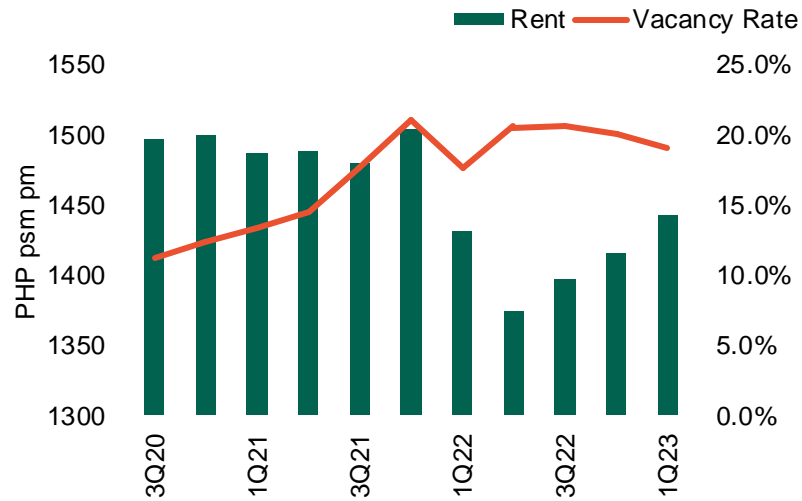
Economic Indicators		
	2023F	**2024F**
GDP Growth	6.0%	6.2%
Unemployment Rate	5.1%	5.1%
Inflation	6.2%	4.0%

Real Estate Indicators		
	Q1 2023	**12mth Forecast**
Prime Rent (PHP psm pm)	1,442	↑
Vacancy	19.0%	↓
Market Balance	Landlord	Landlord

Source: Knight Frank Research, Macrobond, ADB
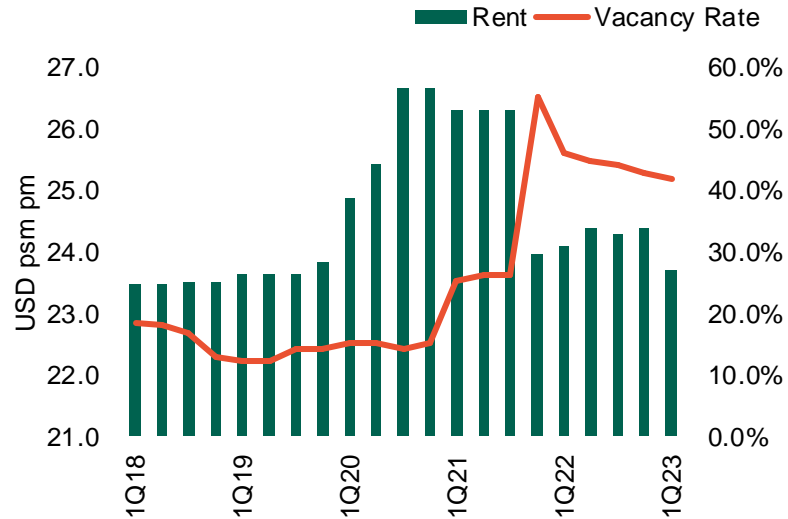
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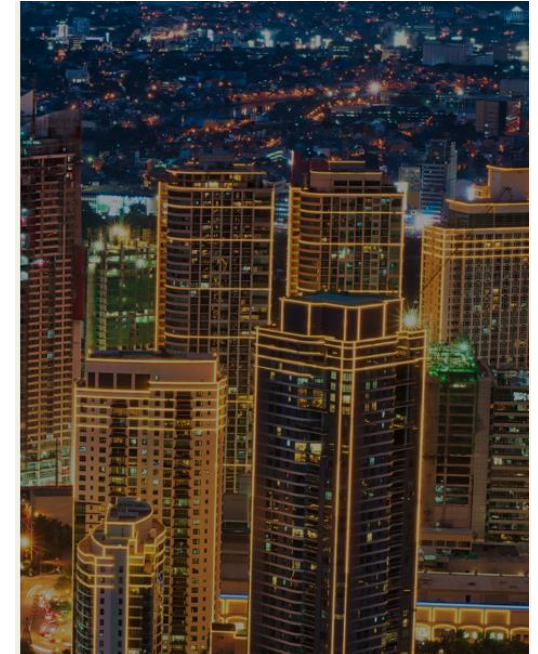
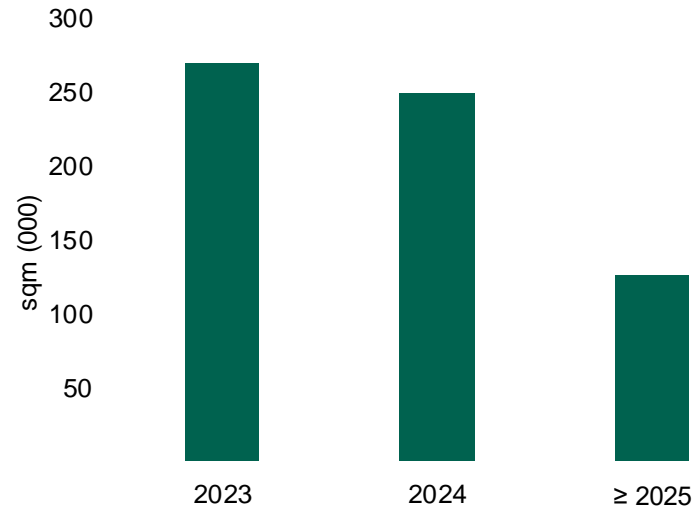**For more information, please contact:**

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Phnom Penh

Rents and Vacancy

Legend: Rent (bar), Vacancy Rate (line)

X-axis: 1Q18, 1Q19, 1Q20, 1Q21, 1Q22, 1Q23
Left Y-axis (USD psm pm): 21.0 – 27.0
Right Y-axis: 0.0% – 60.0%

Future Pipeline Supply

Y-axis: sqm (000): 50 – 300
X-axis: 2023, 2024, ≥ 2025

Economic Indicators

	2023F	2024F
GDP Growth	5.5%	6.0%
Unemployment Rate	N/A	N/A
Inflation	3.0%	4.0%

Real Estate Indicators

	Q1 2023	12mth Forecast
Prime Rent (US$ psm pm)	23.7	↓
Vacancy	41.9%	→
Market Balance	Tenant	Tenant

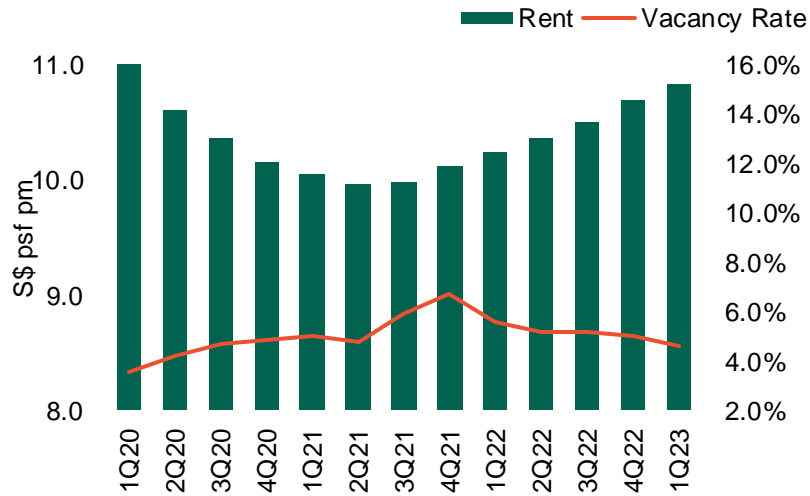Source: Knight Frank Research, ADB

Updated as at 10 Apr 2023
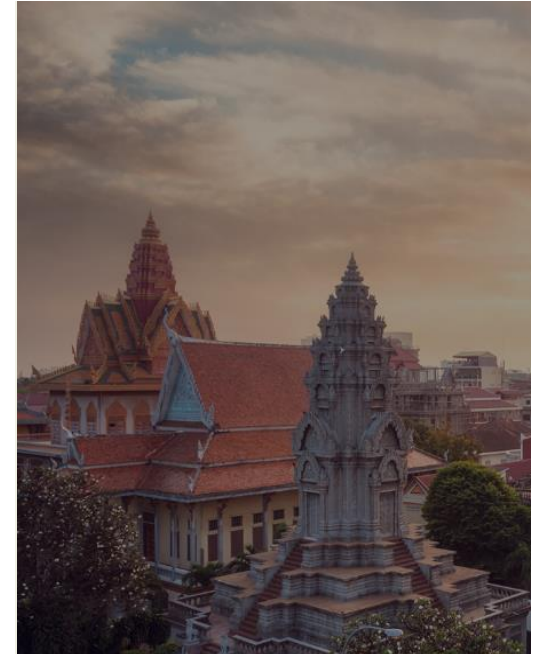
For more information, please contact:

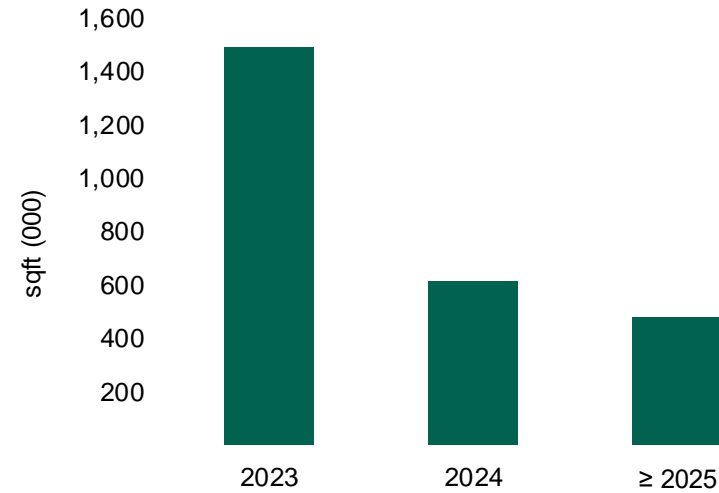**Ross Wheble**
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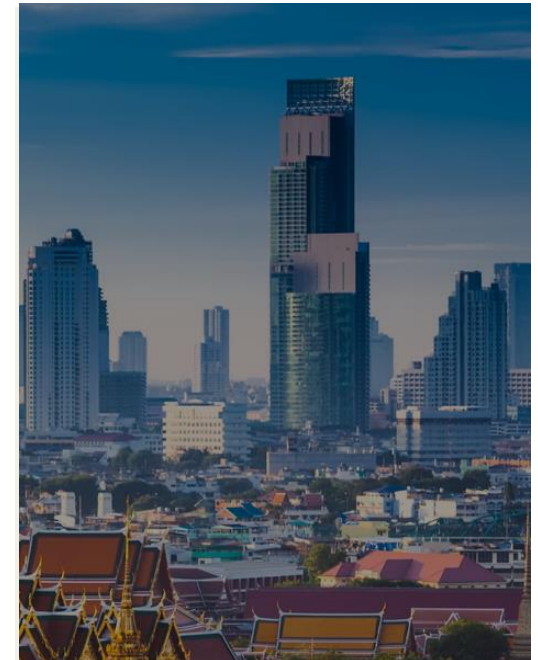ross.wheble@kh.knightfrank.com

Singapore

Rents and Vacancy

Legend: Rent (bar), Vacancy Rate (line)

X-axis: 1Q20, 2Q20, 3Q20, 4Q20, 1Q21, 2Q21, 3Q21, 4Q21, 1Q22, 2Q22, 3Q22, 4Q22, 1Q23

Left Y-axis: S$ psf pm (8.0–11.0)
Right Y-axis: 2.0%–16.0%

Future Pipeline Supply

Y-axis: sqft (000) (200–1,600)
X-axis: 2023, 2024, ≥ 2025

Economic Indicators	2023F	2024F
GDP Growth	0.5%	2.5%
Unemployment Rate	2.4%	2.5%
Inflation	5.0%	3.1%

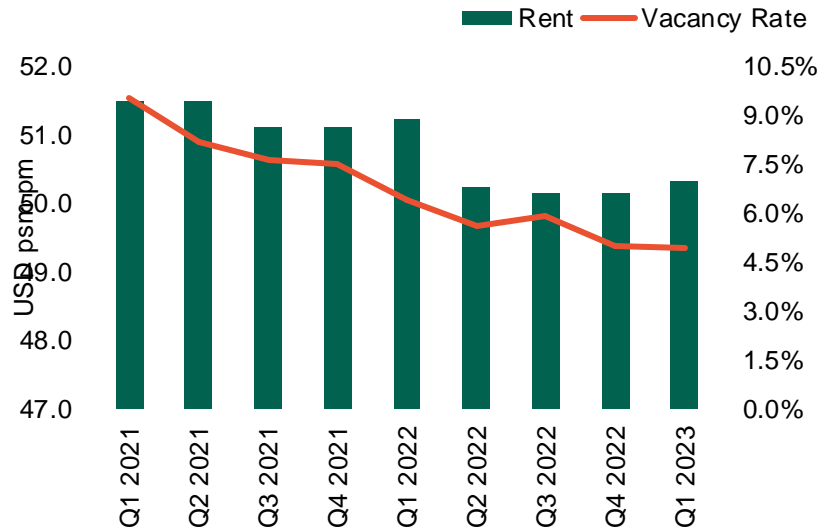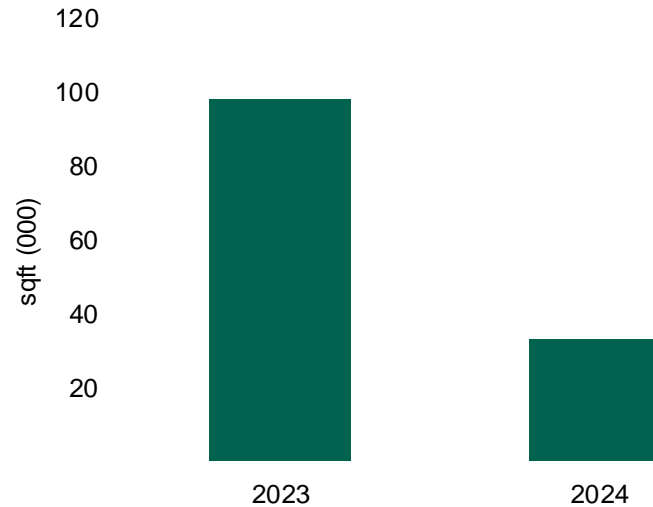| Real Estate Indicators	Q1 2023	12mth Forecast
Prime Rent (S$ psf pm)	10.83	↑
Vacancy	4.6%	↓
Market Balance	Landlord	Balanced

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Source: Knight Frank Research, Macrobond

Updated as at 10 Apr 2023

Ho Chi Minh City

Rents and Vacancy

Legend: Rent (bar) — Vacancy Rate (line)

USD psm pm (left axis): 47.0 – 52.0
Vacancy (right axis): 0.0% – 10.5%

Categories: Q1 2021, Q2 2021, Q3 2021, Q4 2021, Q1 2022, Q2 2022, Q3 2022, Q4 2022, Q1 2023

Future Pipeline Supply

sqft (000): 20 – 120

2023, 2024

Economic Indicators		
	2023F	**2024F**
GDP Growth	6.5%	6.8%
Unemployment Rate	2.2%	2.3%
Inflation	4.5%	4.2%

Real Estate Indicators		
	Q1 2023	**12mth Forecast**
Prime Rent (US$ psm pm)	50.32	↓
Vacancy	4.9%	↑
Market Balance	Balanced	Tenant

Source: Knight Frank Research, Macrobond, ADB

Updated as at 10 Apr 2023

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East Asia

With the complete relaxation of restrictive measures in the Chinese Mainland, the impact of the pandemic has been dissipating, and early signs point to market activities picking up in Greater China. Although rental growth has yet to capture this optimism, the rate of negative growth has slowed as compared to prior quarters, with some Chinese cities even recording positive net absorptions. More leasing enquiries were also received in Q1 2023 in tandem with economic revival — but the majority did not translate to successful transactions, with businesses remaining cautious about expenses . With an influx of upcoming supply for the year, vacancy rate will continue to reign high in Greater China before market demand recovers. Over in Seoul, vacancy rates rose slightly by 0.2%, the first increase following seven consecutive quarters of decline. The overall office rent, however, still gained 2.5% quarterly, which we forecast will continue to expand to reflect inflation. Vacancy rate will most likely rise marginally on the back of new completions and rate hikes.

Shanghai

Rents and Vacancy
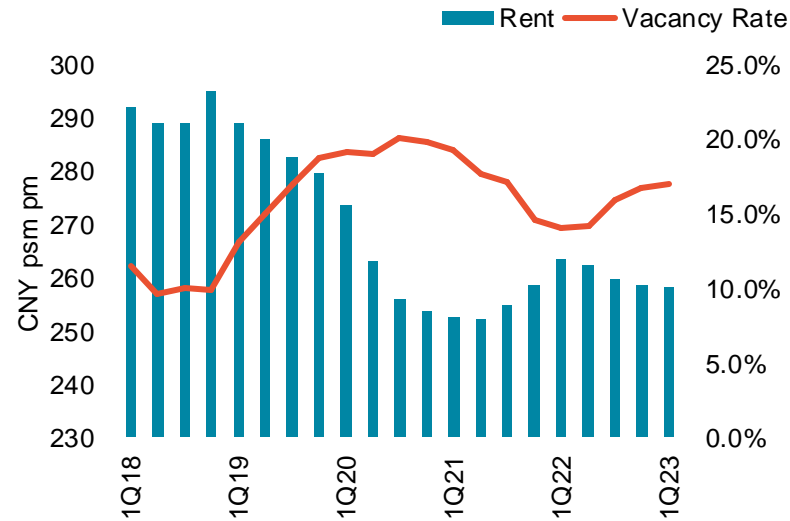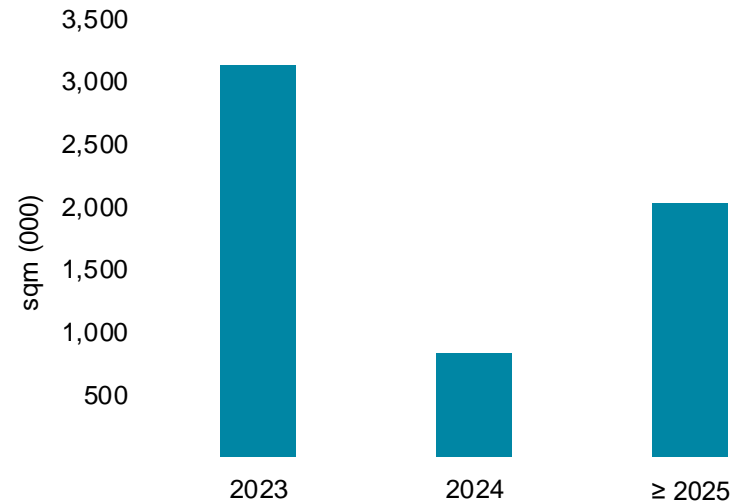
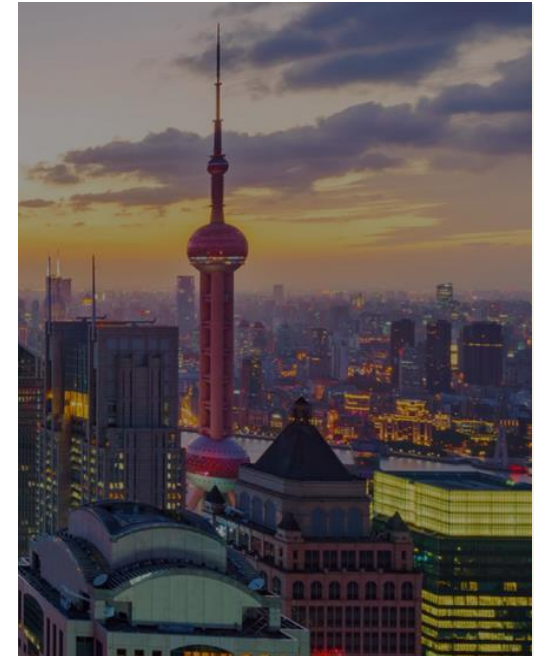Legend: Rent — Vacancy Rate

Future Pipeline Supply

Economic Indicators

	2023F	2024F
GDP Growth	5.1%	5.0%
Unemployment Rate	3.6%	3.9%
Inflation	2.5%	2.3%

Real Estate Indicators

	Q1 2023	12mth Forecast
Prime Rent (CNY psm pm)	257.9	↑
Vacancy	16.9%	↓
Market Balance	Tenant	Tenant

Source: Knight Frank Research, Macrobond,
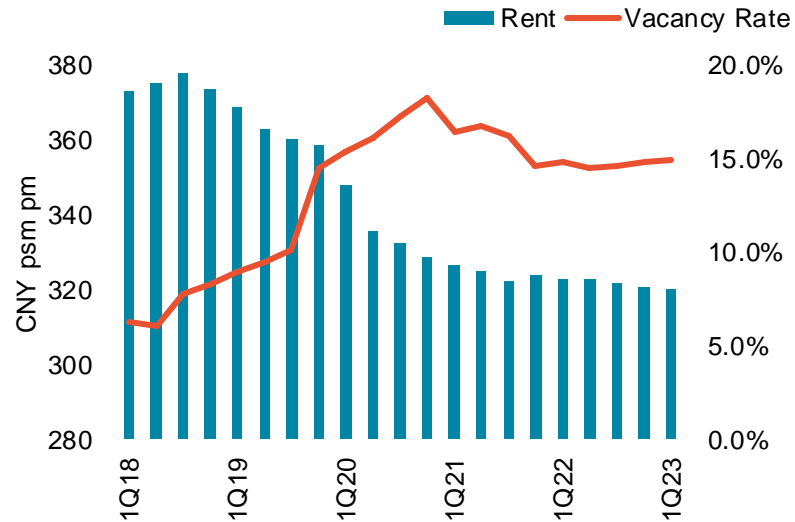
Updated as at 10 Apr 2023

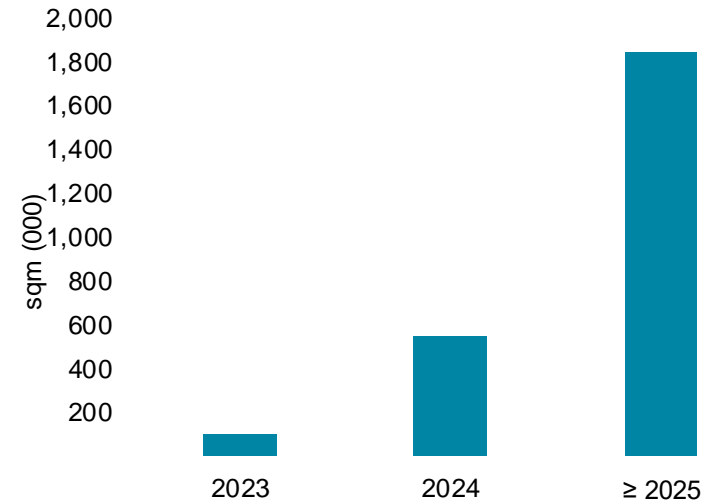**For more information, please contact:**

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Beijing

Rents and Vacancy

Legend: Rent (bar), Vacancy Rate (line)

Y-axis left: CNY psm pm (280–380)
Y-axis right: 0.0%–20.0%
X-axis: 1Q18, 1Q19, 1Q20, 1Q21, 1Q22, 1Q23

Future Pipeline Supply

Y-axis: sqm (000) (200–2,000)
X-axis: 2023, 2024, ≥ 2025

Economic Indicators		
	2023F	**2024F**
GDP Growth	5.1%	5.0%
Unemployment Rate	3.6%	3.9%
Inflation	2.5%	2.3%

Real Estate Indicators		
	Q1 2023	**12mth Forecast**
Prime Rent (CNY psm pm)	320	→
Vacancy	14.9%	↑
Market Balance	Balanced	Tenant

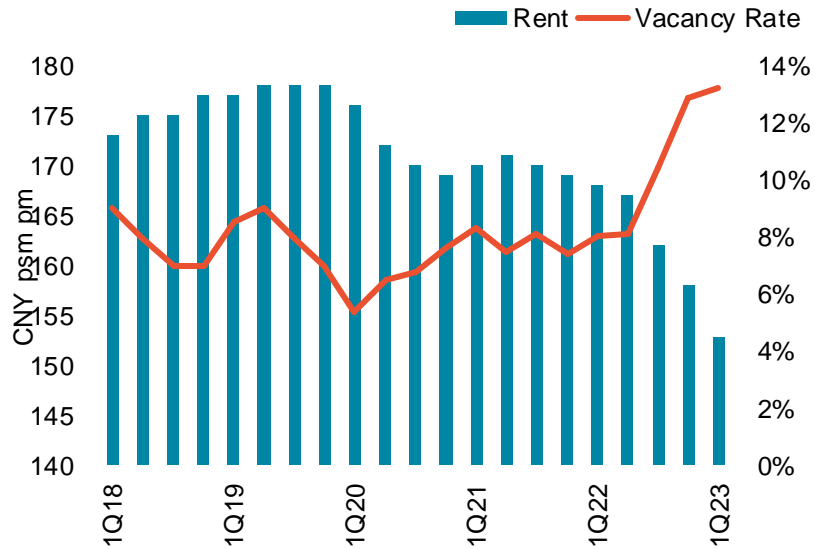Source: Knight Frank Research, Macrobond,
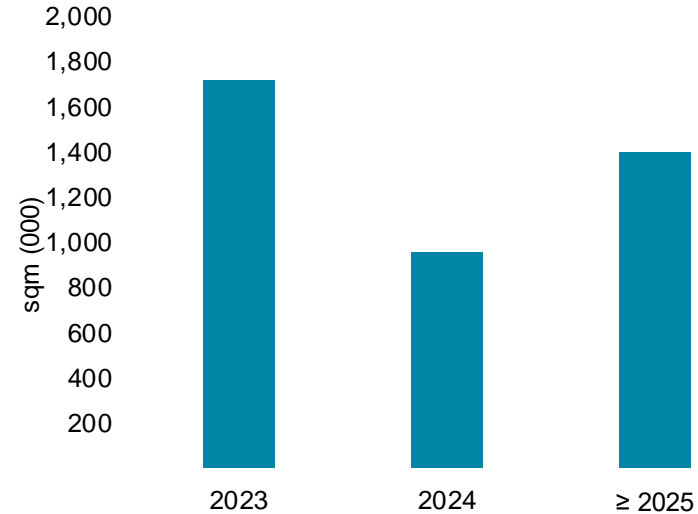
Updated as at 10 Apr 2023
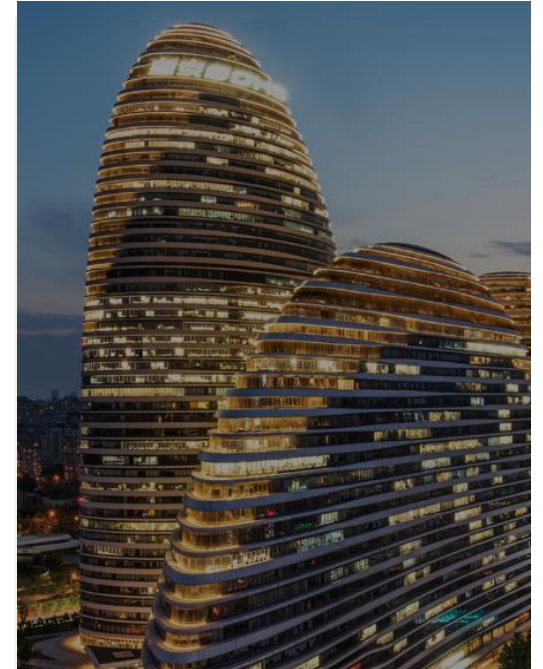
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Guangzhou

Rents and Vacancy

Legend: Rent ▮ | Vacancy Rate ▬

Y-axis left (CNY psm pm): 140, 145, 150, 155, 160, 165, 170, 175, 180
Y-axis right: 0%, 2%, 4%, 6%, 8%, 10%, 12%, 14%
X-axis: 1Q18, 1Q19, 1Q20, 1Q21, 1Q22, 1Q23

Future Pipeline Supply

Y-axis (sqm (000)): 200, 400, 600, 800, 1,000, 1,200, 1,400, 1,600, 1,800, 2,000
X-axis: 2023, 2024, ≥ 2025

Economic Indicators	2023F	2024F
GDP Growth	5.1%	5.0%
Unemployment Rate	3.6%	3.9%
Inflation	2.5%	2.3%

Real Estate Indicators	Q1 2023	12mth Forecast
Prime Rent (CNY psm pm)	153	↓
Vacancy	13.2%	↑
Market Balance	Tenant	Tenant
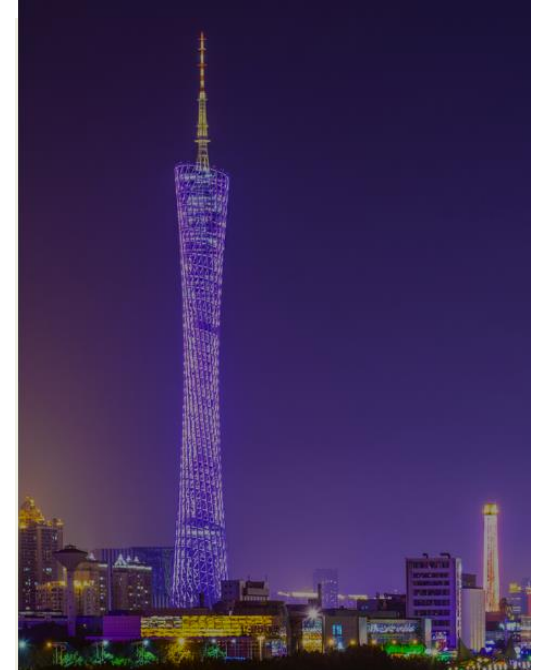
Source: Knight Frank Research, Macrobond,
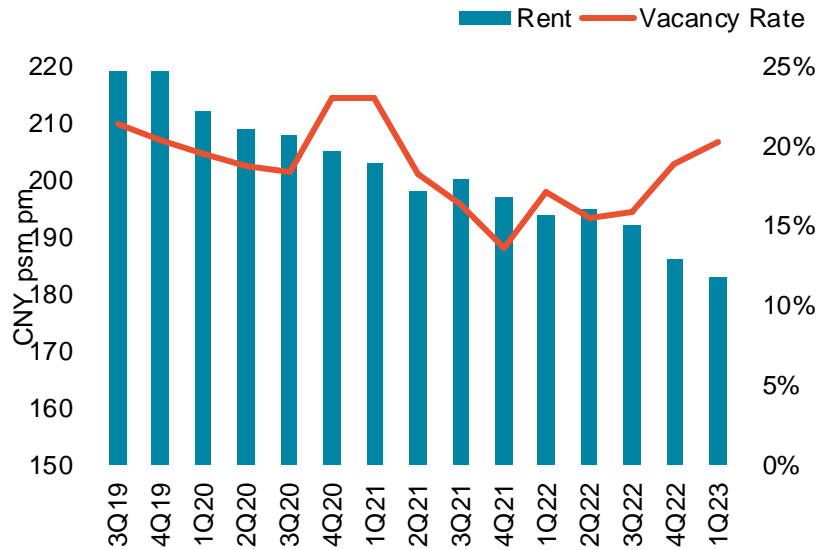
Updated as at 10 Apr 2023

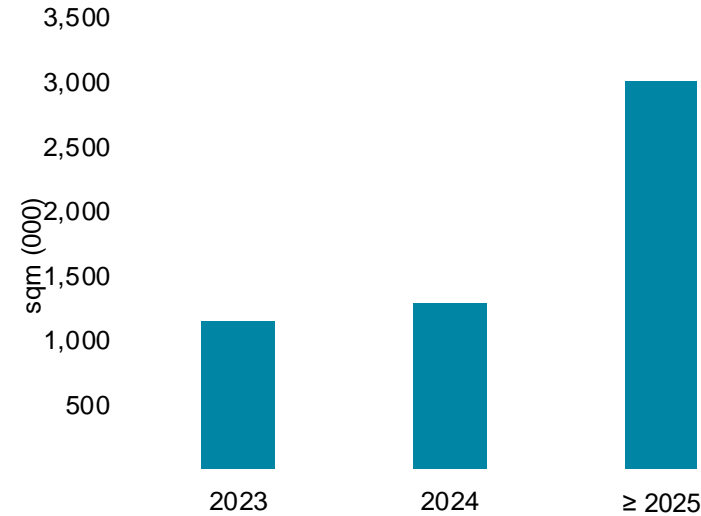**For more information, please contact:**

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Shenzhen

Rents and Vacancy

Legend: ▮ Rent — Vacancy Rate

Y-axis left: CNY psm pm (150–220)
Y-axis right: 0%–25%
X-axis: 3Q19, 4Q19, 1Q20, 2Q20, 3Q20, 4Q20, 1Q21, 2Q21, 3Q21, 4Q21, 1Q22, 2Q22, 3Q22, 4Q22, 1Q23

Future Pipeline Supply

Y-axis: sqm (000) (500–3,500)
X-axis: 2023, 2024, ≥ 2025

Economic Indicators

	2023F	2024F
GDP Growth	5.1%	5.0%
Unemployment Rate	3.6%	3.9%
Inflation	2.5%	2.3%

Real Estate Indicators

	Q1 2023	12mth Forecast
Prime Rent (CNY psm pm)	183	↓
Vacancy	20.2%	↑
Market Balance	Tenant	Tenant

Source: Knight Frank Research, Macrobond,
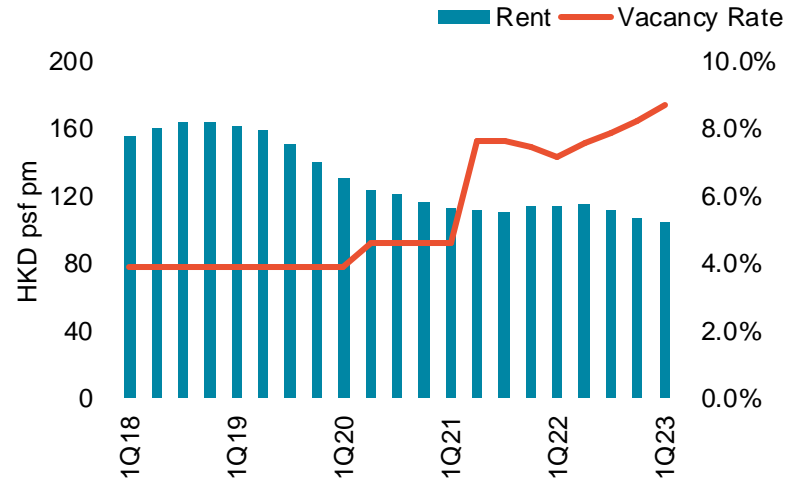
Updated as at 10 Apr 2023

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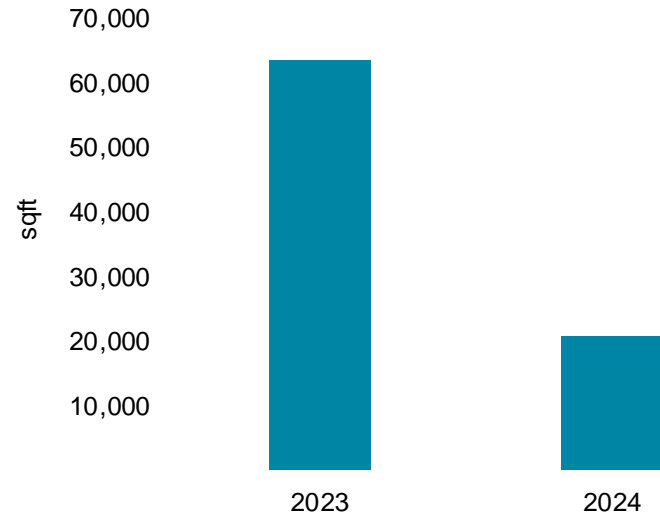patrick.mak@hk.knightfrank.com

Hong Kong SAR

Rents and Vacancy

Legend: Rent — Vacancy Rate

*Grade A office space in prime area in Hong Kong Island, aka Central

Future Pipeline Supply

Economic Indicators		
	2023F	**2024F**
GDP Growth	3.6%	3.7%
Unemployment Rate	3.3%	3.5%
Inflation	2.5%	2.1%

Real Estate Indicators		
	Q1 2023	**12mth Forecast**
Prime Rent (HK$ psf pm)	104.2	↓
Vacancy	8.7%	↑
Market Balance	Tenant	Tenant

Source: Knight Frank Research, Macrobond, ADB

Updated as at 10 Apr 2023
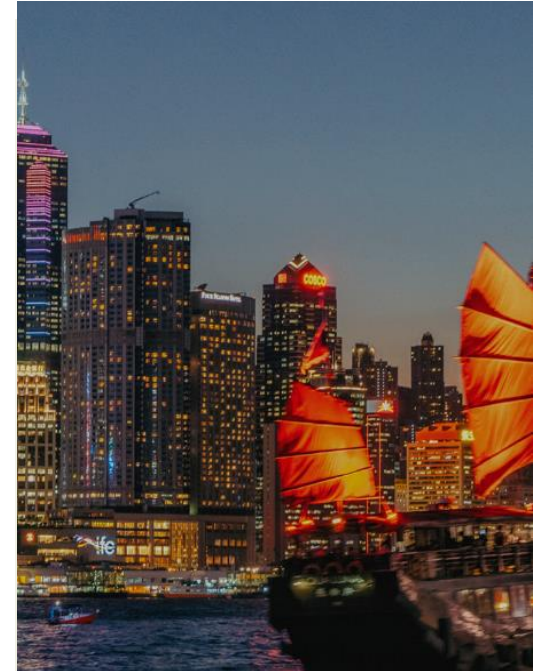
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Taipei

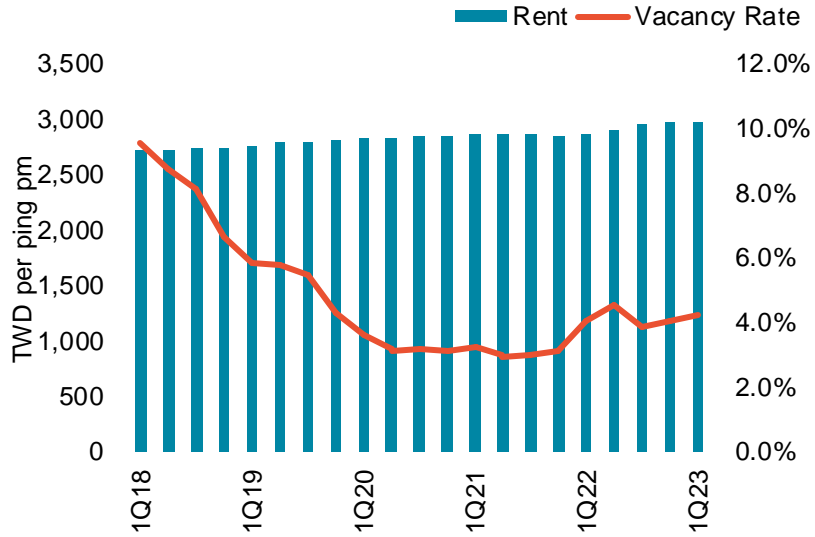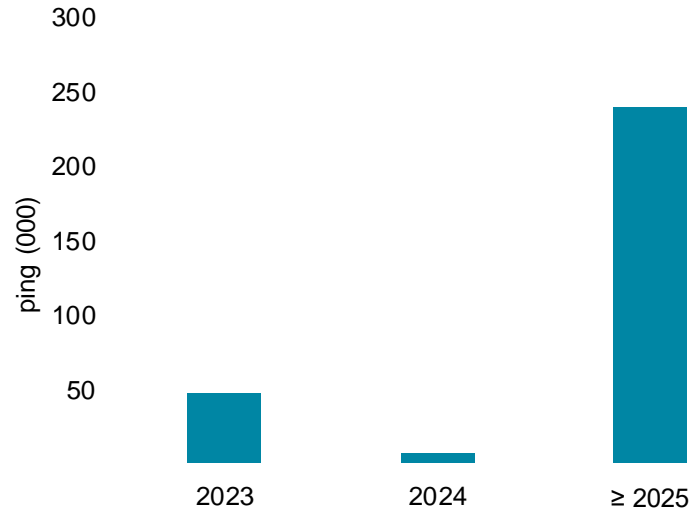## Rents and Vacancy

Legend: Rent ■ | Vacancy Rate ▬

Future Pipeline Supply

Economic Indicators

	2023F	2024F
GDP Growth	2.0%	2.6%
Unemployment Rate	3.6%	3.6%
Inflation	2.0%	2.0%

Real Estate Indicators

	Q1 2023	12mth Forecast
Prime Rent (TW$ per ping pm)	2,968	↑
Vacancy	4.2%	→
Market Balance	Landlord	Landlord

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Source: Knight Frank Research, Macrobond, ADB

Updated as at 10 Apr 2023

Tokyo

Rents and Vacancy

Legend: Rent, Vacancy Rate

Chart shows quarterly data from 1Q18 to 1Q23. Left axis: JPY per tsubo pm (25,000 to 35,000). Right axis: Vacancy Rate (0.0% to 5.0%).
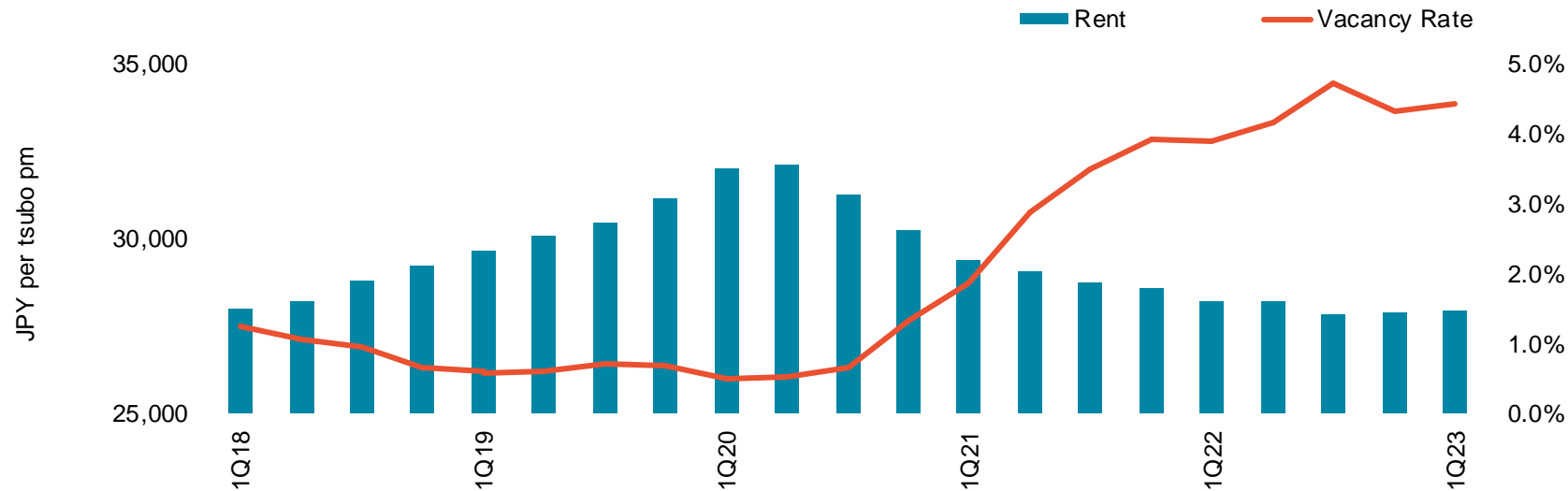
Economic Indicators	2023F	2024F
GDP Growth	1.6%	1.0%
Unemployment Rate	2.4%	2.4%
Inflation	1.8%	2.0%

Real Estate Indicators	Q1 2023	12mth Forecast
Prime Rent (JPY per tsubo pm)	27,946	→
Vacancy	4.44%	→
Market Balance	Tenant	Tenant

Source: Knight Frank Research, Macrobond,

Updated as at 10 Apr 2023
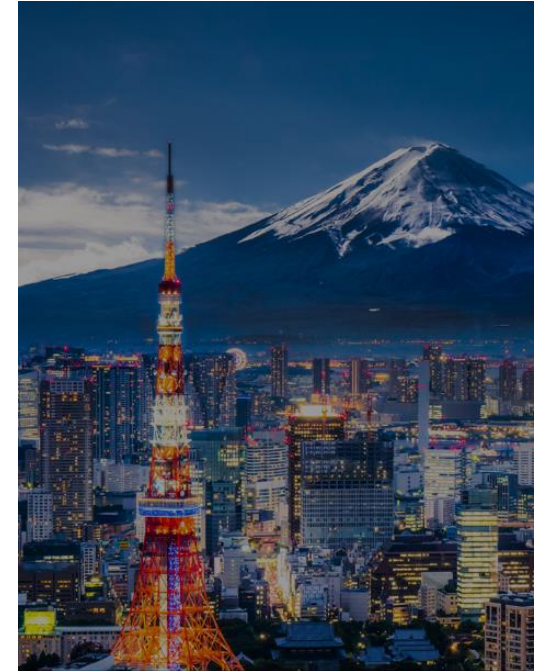
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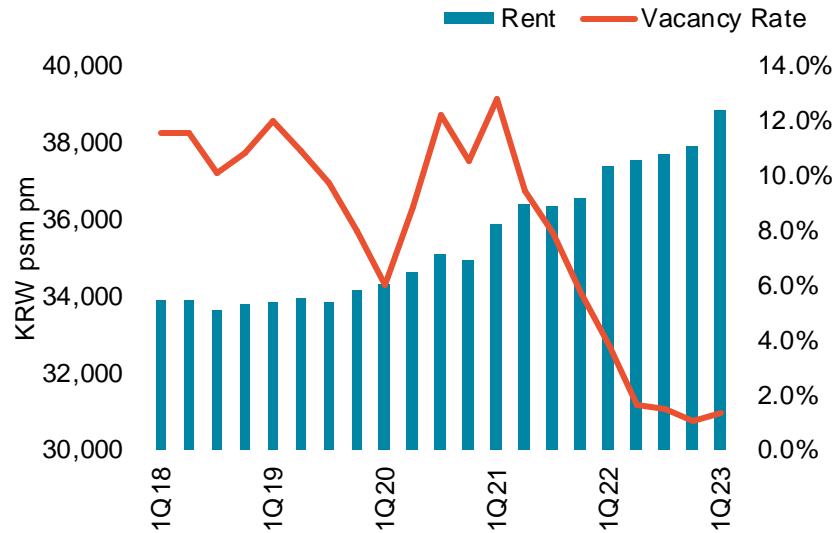
Seoul

Rents and Vacancy

Legend: Rent, Vacancy Rate

Y-axis left: KRW psm pm — 30,000 to 40,000
Y-axis right: 0.0% to 14.0%
X-axis: 1Q18, 1Q19, 1Q20, 1Q21, 1Q22, 1Q23

Future Pipeline Supply

Y-axis: sqm (000) — 50 to 350
X-axis: 2023, 2024

Economic Indicators		
	2023F	**2024F**
GDP Growth	2.0%	2.6%
Unemployment Rate	3.4%	3.3%
Inflation	3.2%	2.0%

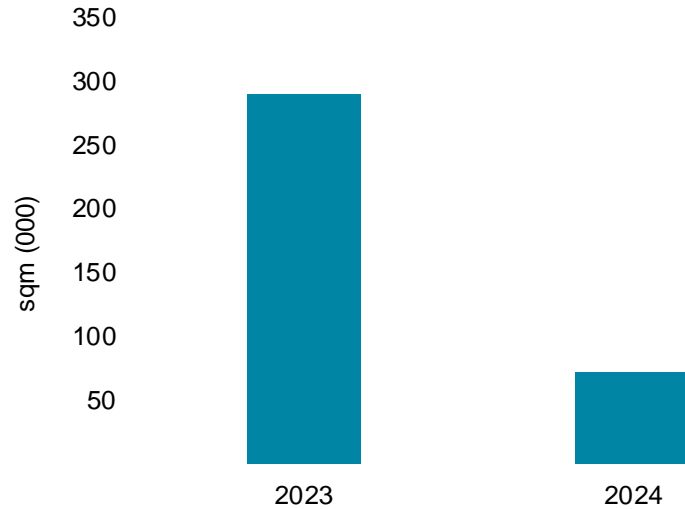| Real Estate Indicators		
	Q1 2023	**12mth Forecast**
Prime Rent (KRW psm pm)	38,824	→
Vacancy	1.30%	→
Market Balance	Landlord	Landlord

Source: Knight Frank Research, Macrobond, ADB

Updated as at 10 Apr 2023
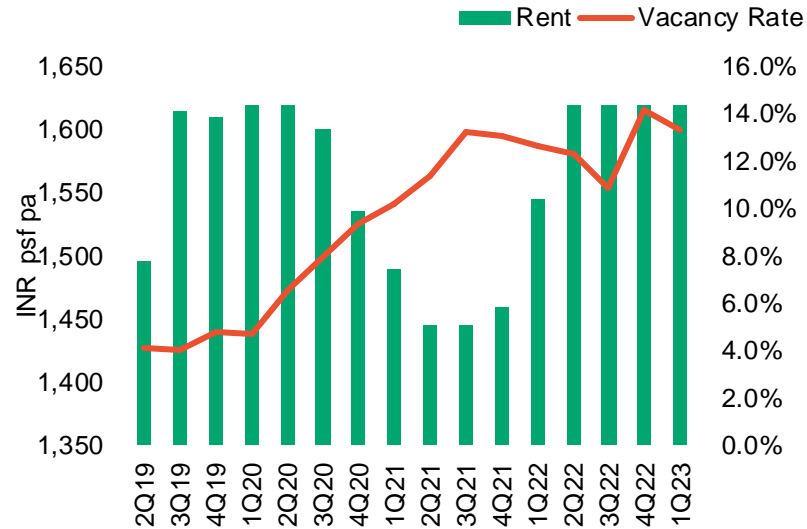
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South Asia

Despite an unfavourable global inflationary environment, the Indian economy weathered the storm well with prompt rate hikes and other timely interventions by the Central Bank to keep inflation under control. This backdrop of economic stability and development is mirrored by the Indian office market's comparatively steady leasing activities, where Bengaluru was the most active market for the first quarter of the year while occupier activities in Mumbai grew significantly YoY. Demand from flex space operators sustained this quarter, with notable transactions by the IT and BFSI sectors as supported by the 'back to office' transition. Along the same vein, rental and vacancy levels have stabilised or improved in both QoQ and YoY terms. Overall, the optimistic start to 2023 is laying the foundation for an encouraging office market performance for India.

Bengaluru

Rents and Vacancy
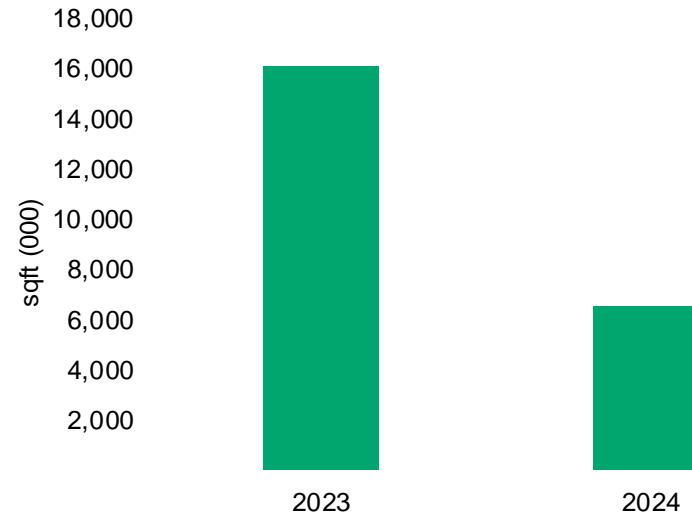
Legend: ▮ Rent — Vacancy Rate

Y-axis (left): INR psf pa — 1,350 to 1,650
Y-axis (right): 0.0% to 16.0%
X-axis: 2Q19, 3Q19, 4Q19, 1Q20, 2Q20, 3Q20, 4Q20, 1Q21, 2Q21, 3Q21, 4Q21, 1Q22, 2Q22, 3Q22, 4Q22, 1Q23

Future Pipeline Supply

Y-axis: sqft (000) — 2,000 to 18,000
X-axis: 2023, 2024

Economic Indicators

	2023F	2024F
GDP Growth	7.0%	6.4%
Unemployment Rate	NA	NA
Inflation	5.0%	4.5%

Real Estate Indicators

	Q1 2023	12mth Forecast
Prime Rent (INR psf pa)	1,620	→
Vacancy	13.3%	→
Market Balance	Tenant	Tenant

Source: Knight Frank Research, ADB, RBI

Updated as at 10 Apr 2023
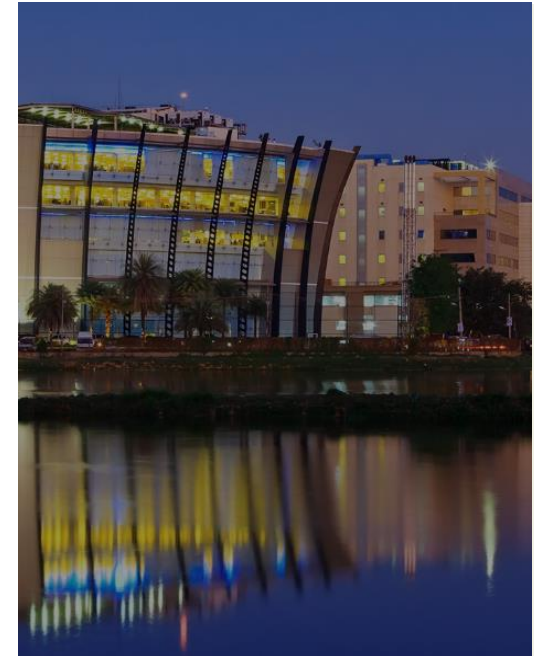
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Mumbai Metropolitan Region (MMR)

Knight Frank

Rents and Vacancy

Legend: Rent (bar), Vacancy Rate (line)

Y-axis left: INR psf pa — 3,200 / 3,300 / 3,400 / 3,500 / 3,600 / 3,700 / 3,800
Y-axis right: 16.0% / 17.0% / 18.0% / 19.0% / 20.0% / 21.0% / 22.0%
X-axis: 2Q19, 3Q19, 4Q19, 1Q20, 2Q20, 3Q20, 4Q20, 1Q21, 2Q21, 3Q21, 4Q21, 1Q22, 2Q22, 3Q22, 4Q22, 1Q23

Future Pipeline Supply

Y-axis: sqft (000) — 1,000 to 9,000
X-axis: 2023, 2024

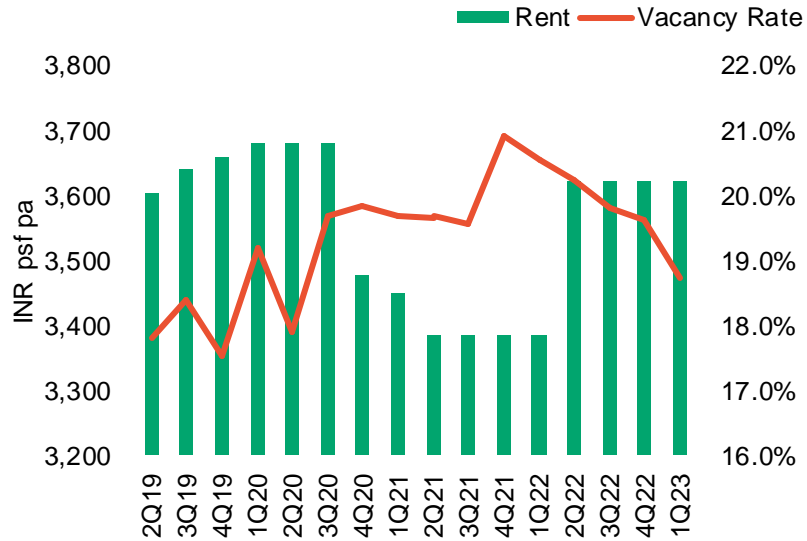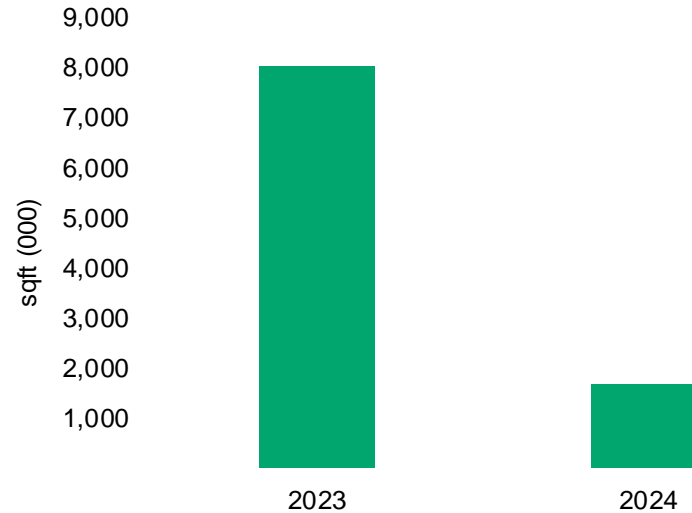| Economic Indicators	2023F	2024F
GDP Growth	7.0%	6.4%
Unemployment Rate	NA	NA
Inflation	5.0%	4.5%

Real Estate Indicators	Q1 2023	12mth Forecast
Prime Rent (INR psf pa)	3,622	→
Vacancy	18.7%	→
Market Balance	Balanced	Balanced

Source: Knight Frank Research, ADB, RBI

Updated as at 10 Apr 2023
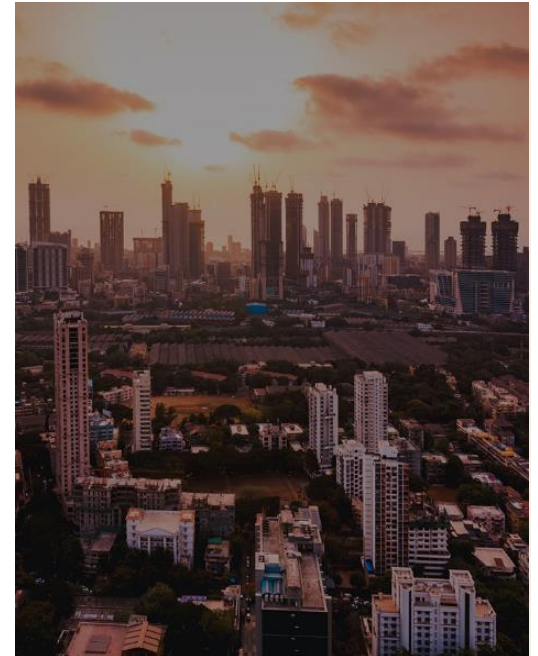
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Delhi-NCR

Rents and Vacancy

Legend: Rent (bars) — Vacancy Rate (line)

INR psf pa (left axis): 3,850 / 3,900 / 3,950 / 4,000 / 4,050 / 4,100
Vacancy (right axis): 0.0% / 4.0% / 8.0% / 12.0% / 16.0% / 20.0%

Quarters: 2Q19, 3Q19, 4Q19, 1Q20, 2Q20, 3Q20, 4Q20, 1Q21, 2Q21, 3Q21, 4Q21, 1Q22, 2Q22, 3Q22, 4Q22, 1Q23

Future Pipeline Supply

sqm (000): 2,000 / 4,000 / 6,000 / 8,000 / 10,000 / 12,000 / 14,000 / 16,000

2023, 2024

Economic Indicators

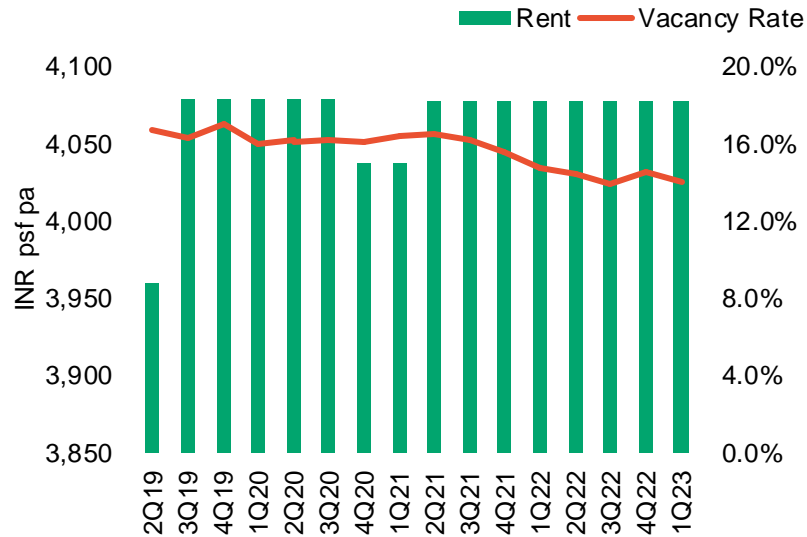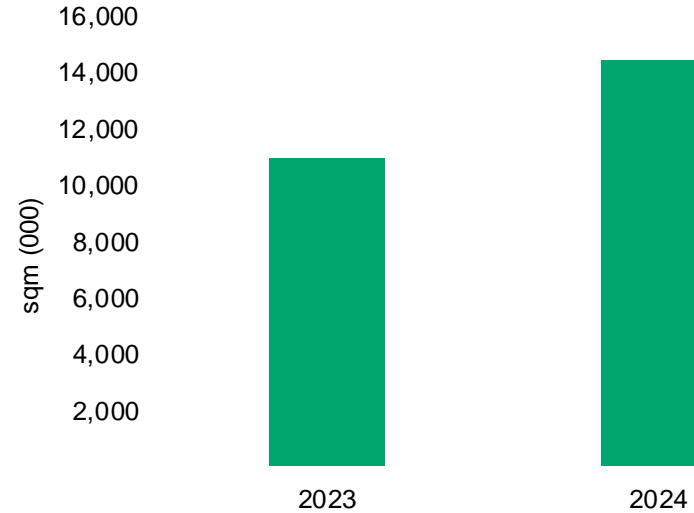|	2023F	2024F
GDP Growth	7.0%	6.4%
Unemployment Rate	NA	NA
Inflation	5.0%	4.5%

Real Estate Indicators

	Q1 2023	12mth Forecast
Prime Rent (INR psf pa)	4,078	→
Vacancy	14.1%	→
Market Balance	Balanced	Balanced

Source: Knight Frank Research, ADB, RBI

Updated as at 10 Apr 2023
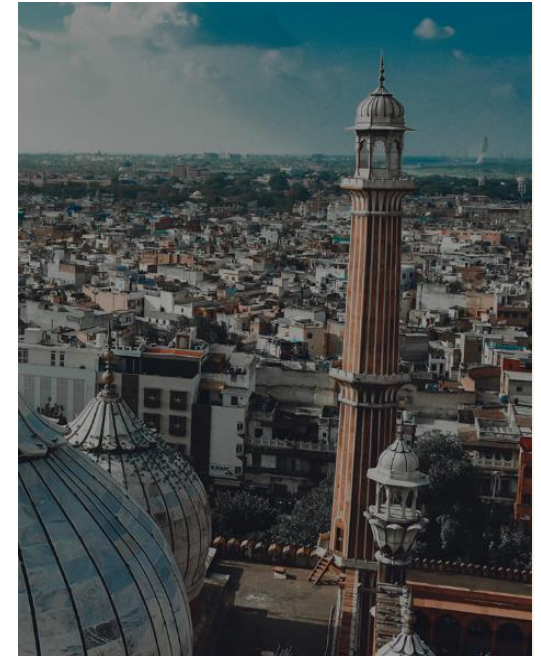
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Knight Frank

The Americas

3 Territories

Canada
The Caribbean | USA

162 OFFICES
7,502 PEOPLE

SAN FRANCISCO

NEW YORK

United Kingdom

4 Territories

England | Jersey | Scotland | Wales

79 OFFICES
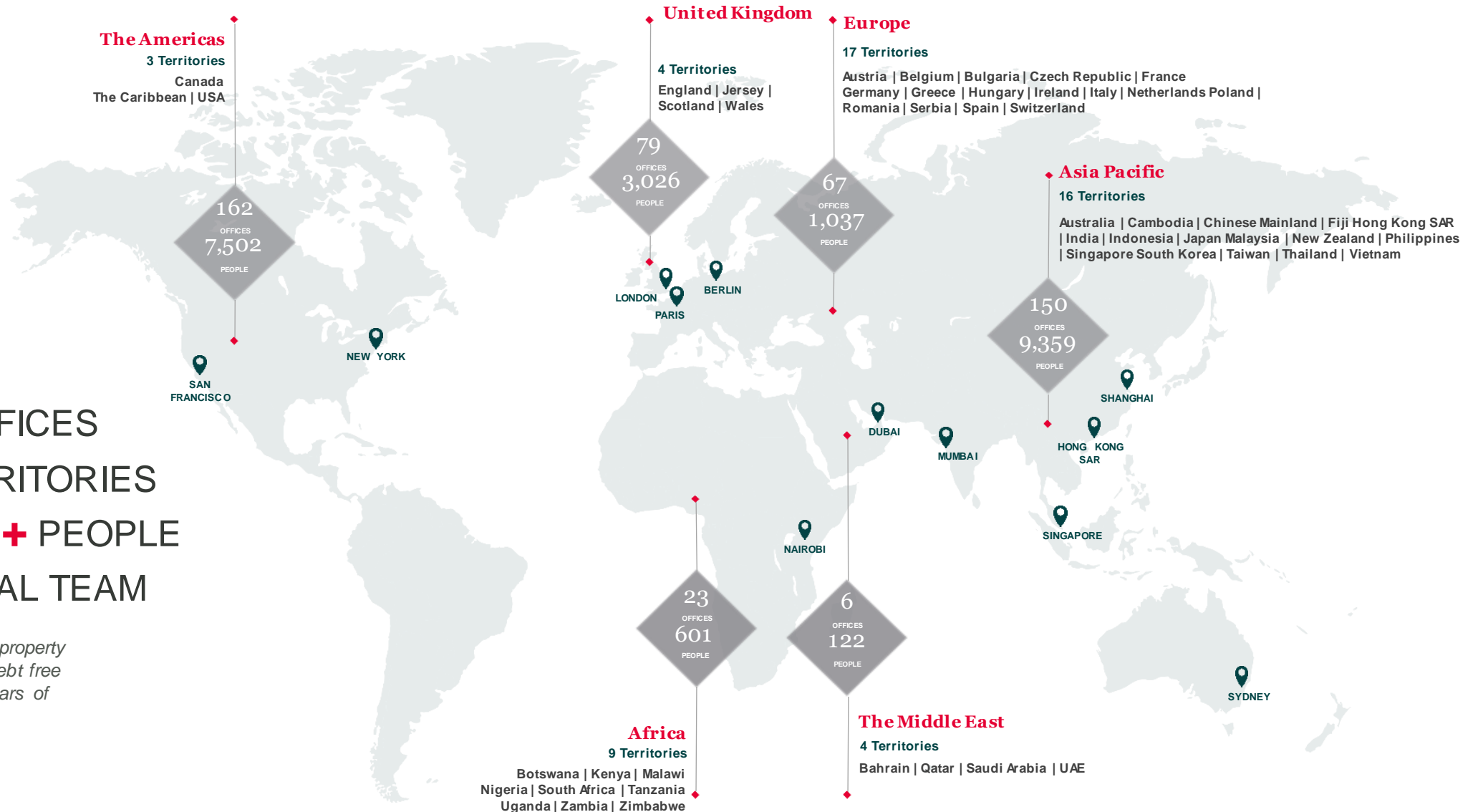**3,026** PEOPLE

LONDON
PARIS
BERLIN

Europe

17 Territories

Austria | Belgium | Bulgaria | Czech Republic | France
Germany | Greece | Hungary | Ireland | Italy | Netherlands Poland | Romania | Serbia | Spain | Switzerland

67 OFFICES
1,037 PEOPLE

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16 Territories

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150 OFFICES
9,359 PEOPLE

SHANGHAI

HONG KONG SAR

DUBAI

MUMBAI

SINGAPORE

NAIROBI

SYDNEY

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53 TERRITORIES
20,000+ PEOPLE
1 GLOBAL TEAM

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Independent & debt free
With over 125 years of
experience

GATEWAY CITIES

23 OFFICES
601 PEOPLE

6 OFFICES
122 PEOPLE

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9 Territories

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Nigeria | South Africa | Tanzania
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![Knight Frank logo]

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

The Asia Pacific Occupier Strategy and 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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