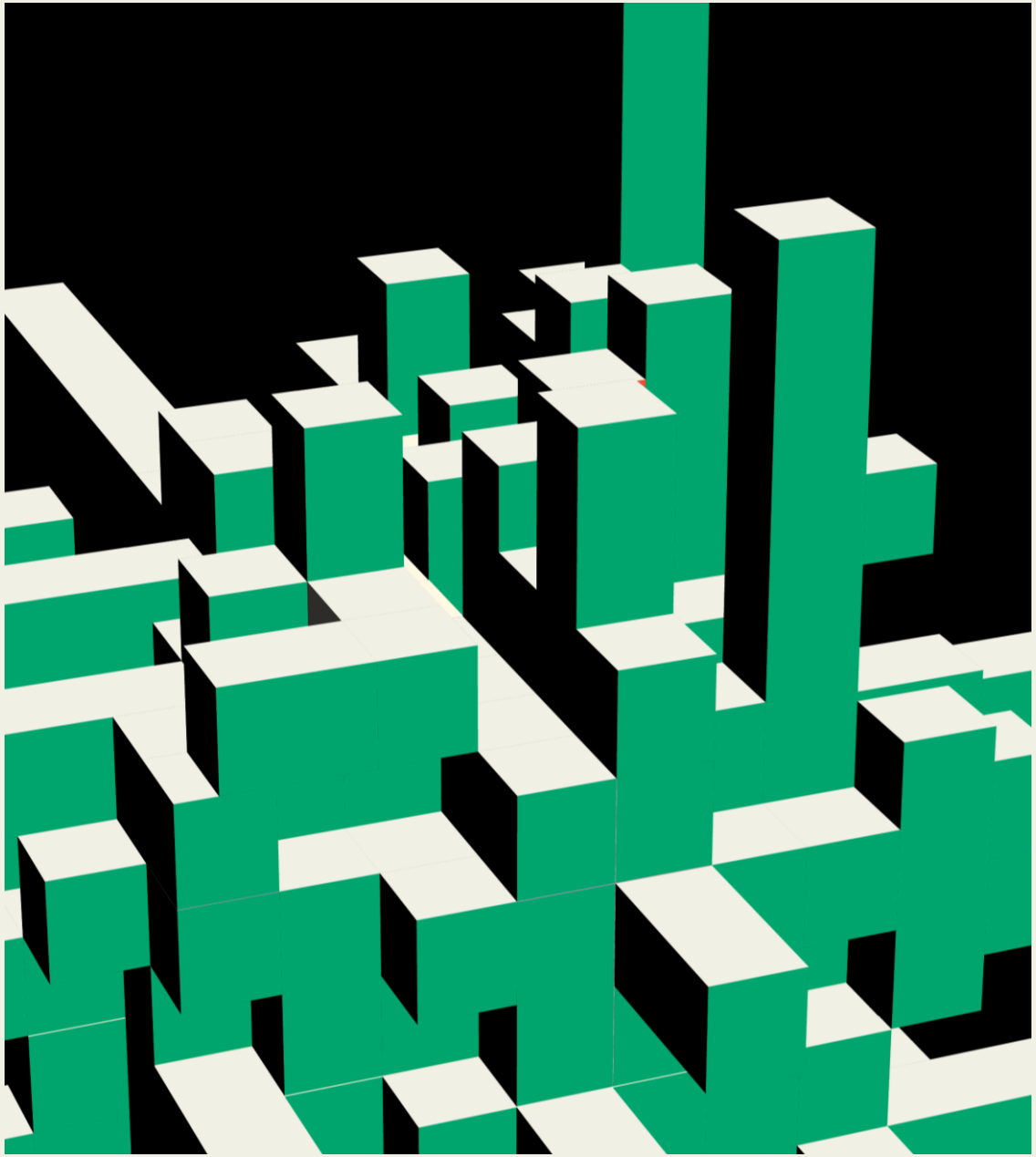
Knight Frank

Office Highlights
Q2 2025

Knight Frank Asia-Pacific



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Asia-Pacific Overview – **Q2 2025**

Summary

Prime rents in the region registered their first quarterly uptick in close to three years, rising a marginal 0.2% quarter-on-quarter. While the Chinese mainland prime office market continues to drag on the region's rents, policy support has stabilised vacancy rates and moderated rental declines, particularly in Beijing. However, it is still too soon to call a bottom yet as conditions remain volatile.

Healthy demand in major Indian and Australian office markets were able to offset the drop in the Chinese mainland. Brisbane continued to lead rental growth, which rose by over 14% year-on-year, due to the uplift in premium-grade assets as competition for high-quality spaces remain in force, driven by legal firms and government bodies.

Notably, leasing volumes in Bengaluru, Mumbai and Delhi-NCR were at 1.2 million sqm in Q2 2025, marking the highest second-quarter volume on record and representing a 20% increase from the previous year. Regionwide vacancies remained stable amid tightening availabilities in India and Southeast Asian markets.

US quant trading firm, Jane Street, struck one of Hong Kong's largest prime office leases, taking up over 220,000 sq ft. The territory is benefiting from US-China financial decoupling, as the city emerges as a leading centre for Chinese mainland firms seeking offshore funding.

Amid ongoing trade tensions with the US, Chinese and Hong Kong firms are also targeting Southeast Asia for expansion. Chinese companies are reportedly keen to tap Singapore's bourse to enter or expand in Southeast Asia.

However, companies looking to expand in Hong Kong will find current rentals attractive, which have fallen by 34% since Q4 2019. The premium Hong Kong offices once held over Singapore has narrowed sharply, from 105% in Q4 2019 to just 24%.

With tariff fatigue setting in, the expiration of Trump's deadline, now delayed to August, continues to cloud visibility. The lack of consistency can be expected to weigh on leasing momentum in the short term.

0.2%

QoQ change for Asia-Pacific Rental Index in Q2 2025

Mumbai

Recorded the highest QoQ rental growth in Q2 2025

17 of 23

Tracked cities recorded stable or increasing rents YoY in Q2 2025

Cautious

Expectations for 2025 office outlook

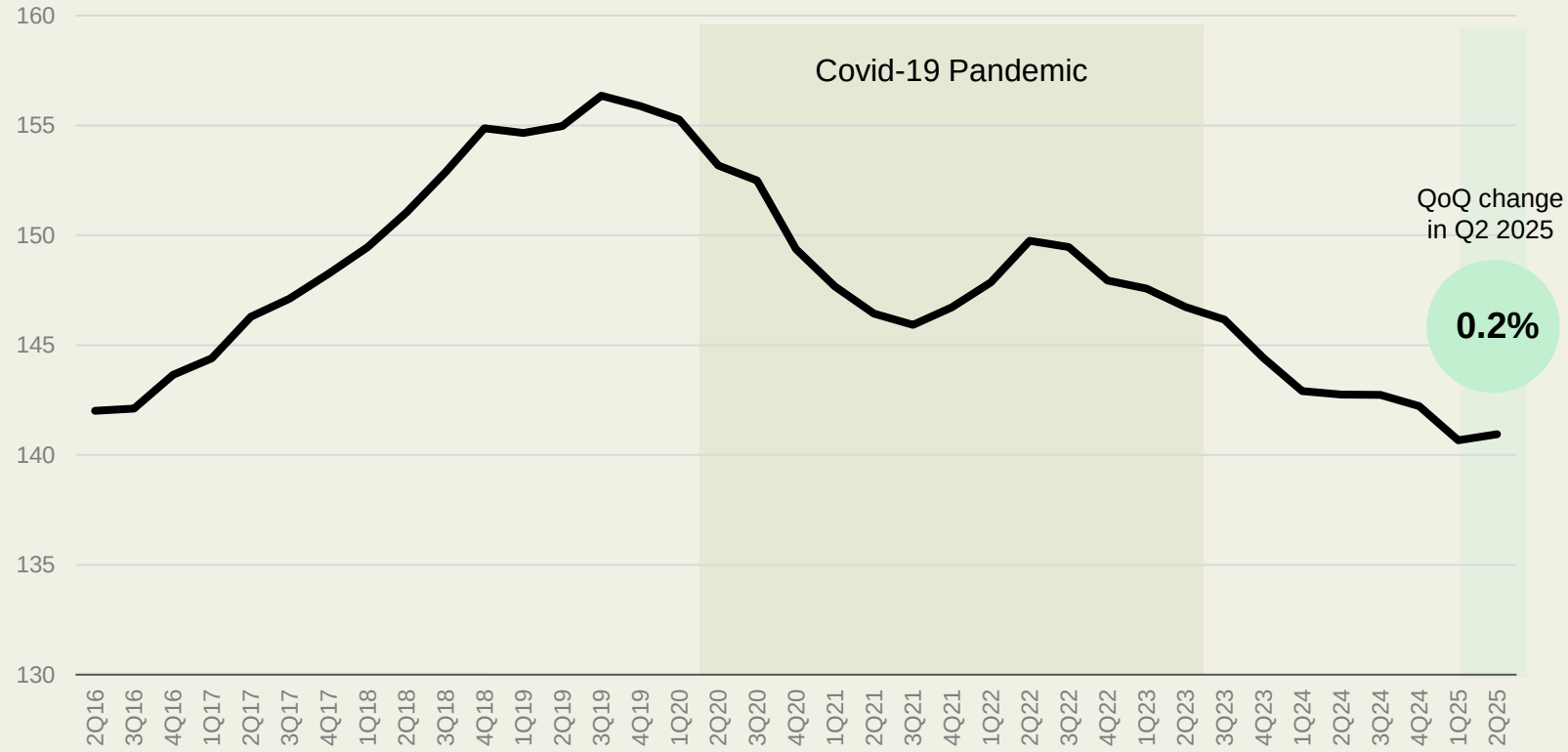
"As global disruption becomes the status quo, occupiers are rethinking real estate not just as a place to work, but as a strategic platform for growth. They want flexibility to pivot with speed, functionality that supports evolving business models, and resilience built into every square foot to weather what's ahead. Tenant activity for relocations is likely to remain modest for now as occupiers turn selective, shifting focus towards more holistic and dynamic strategies amid a flight-to-functionality."

Tim Armstrong
Global Head of Occupier Strategy and Solutions

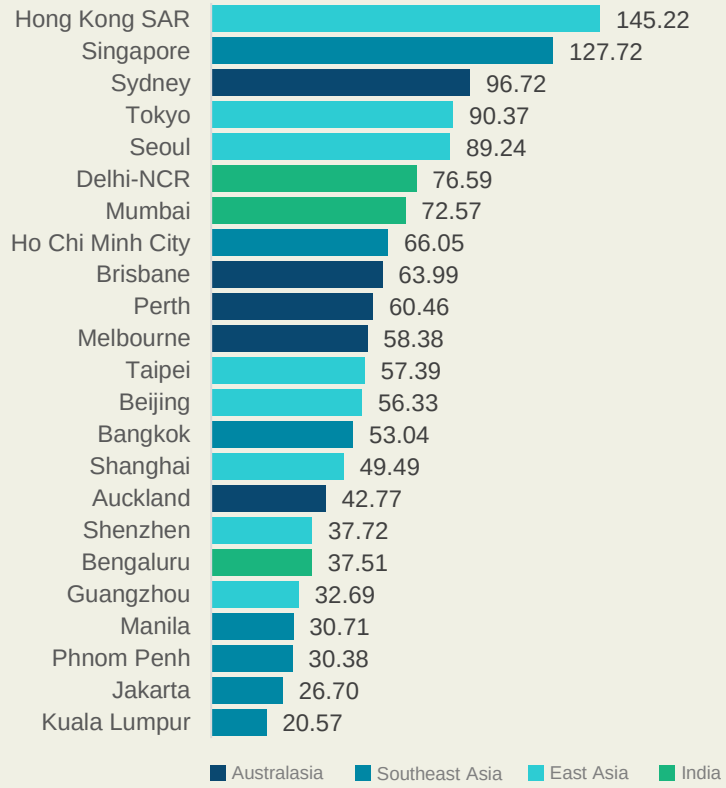
APAC Prime Office Rental Index

Prime rents in the region registered its first uptick in close to three years

APAC Prime Office Rental Index – 10 Year Historical



Q2 2025 Occupancy Cost (US$/sqft/Year)



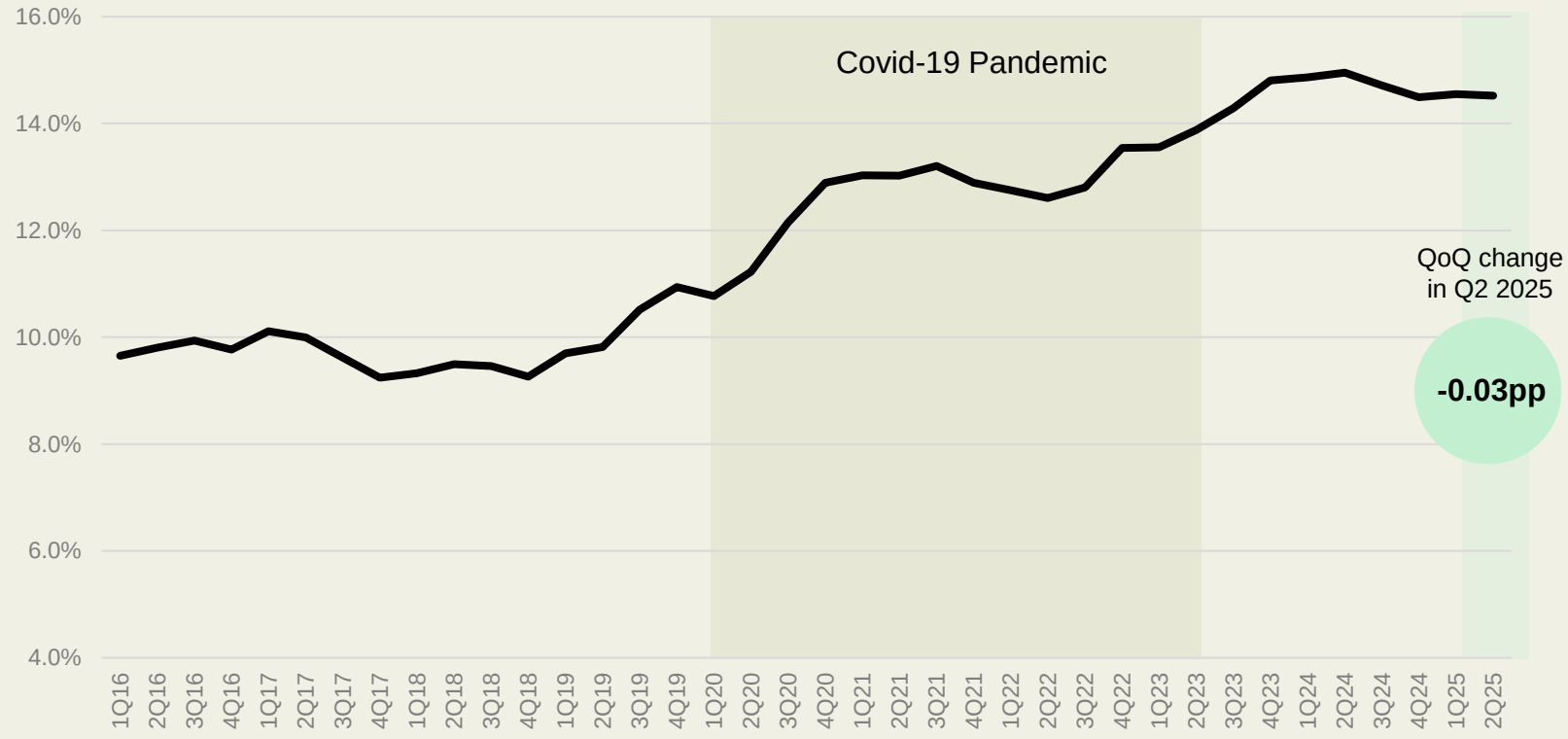
Updated 4 July 2025

Source: Knight Frank Research

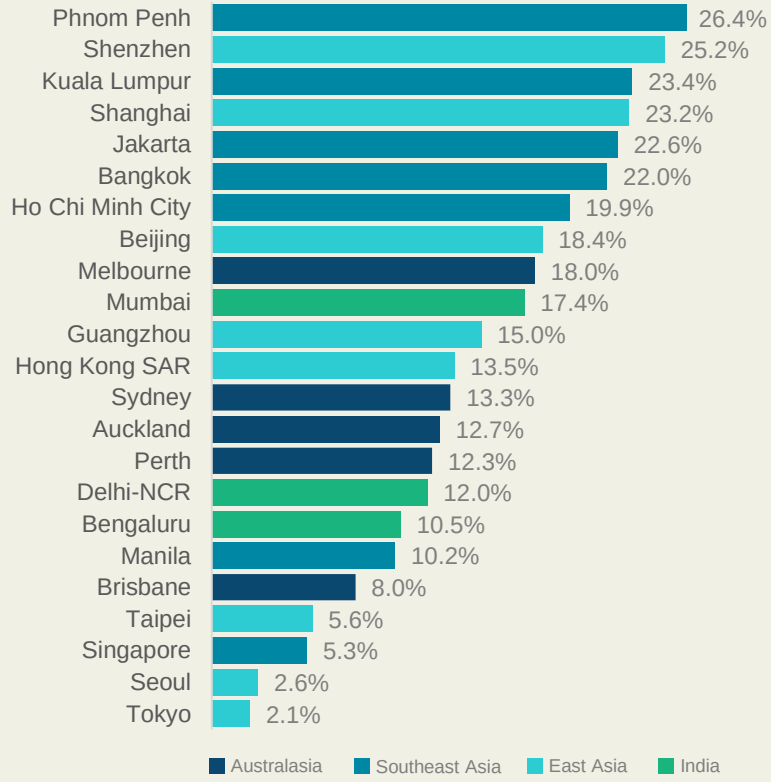
APAC Prime Office Vacancy Rate

Tightening availabilities in India and Southeast Asia stabilise vacancy rate

APAC Prime Office Vacancy Rate – 10 Year Historical



Q2 2025 Vacancy Rate



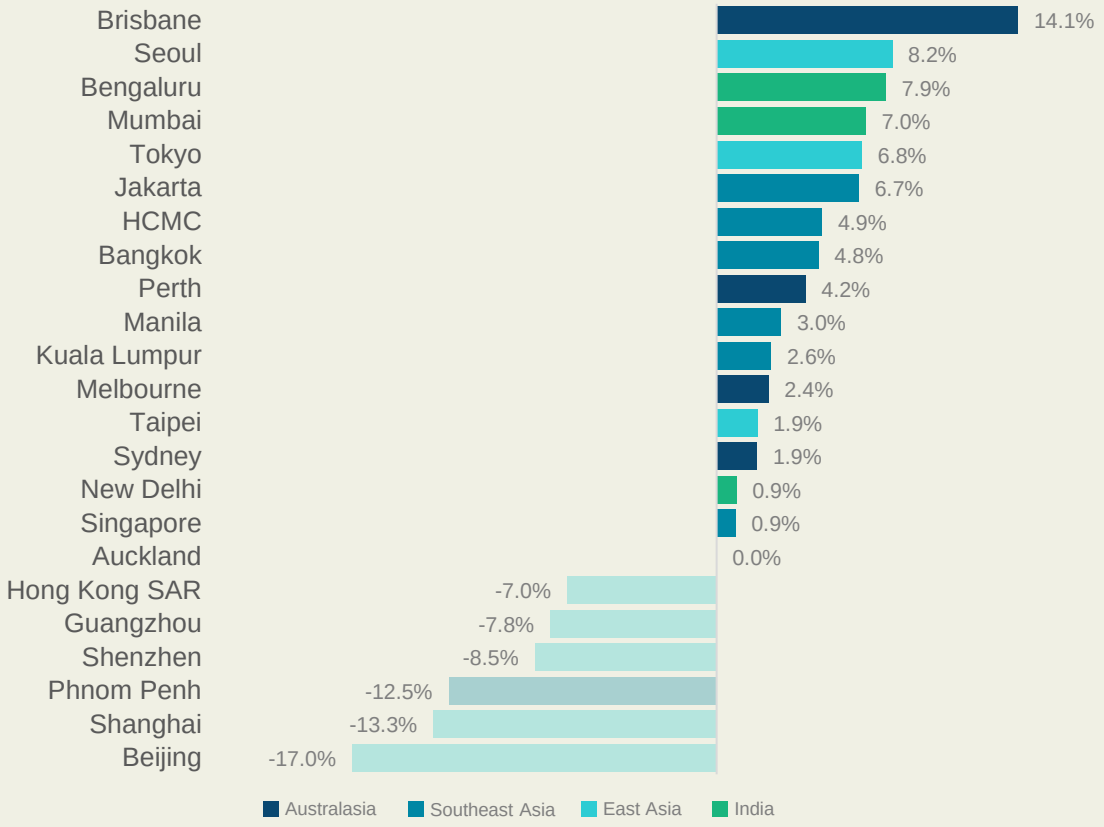
Updated 4 July 2025

Source: Knight Frank Research

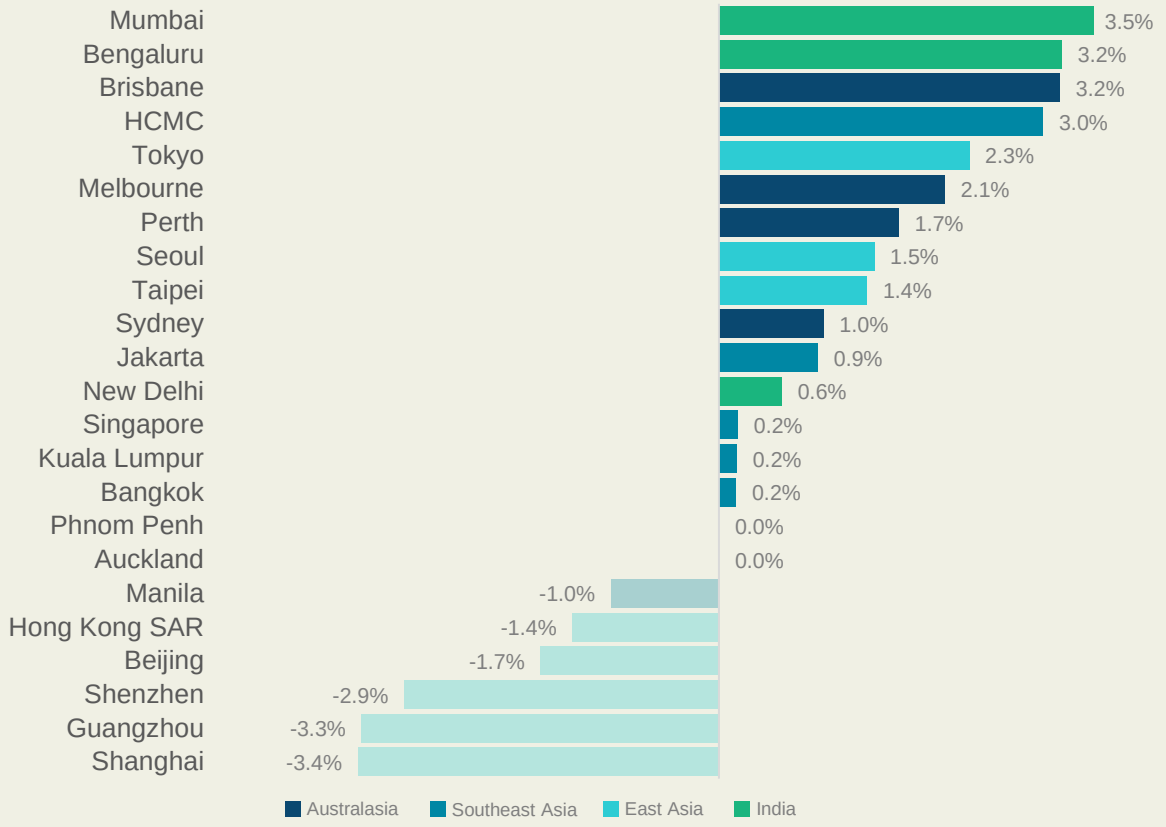
APAC Prime Rental Rate Growth – **Q2 2025**

Prime rental growth decelerates across the region

Year-on-Year Change (%)



Quarter-on-Quarter Change (%)



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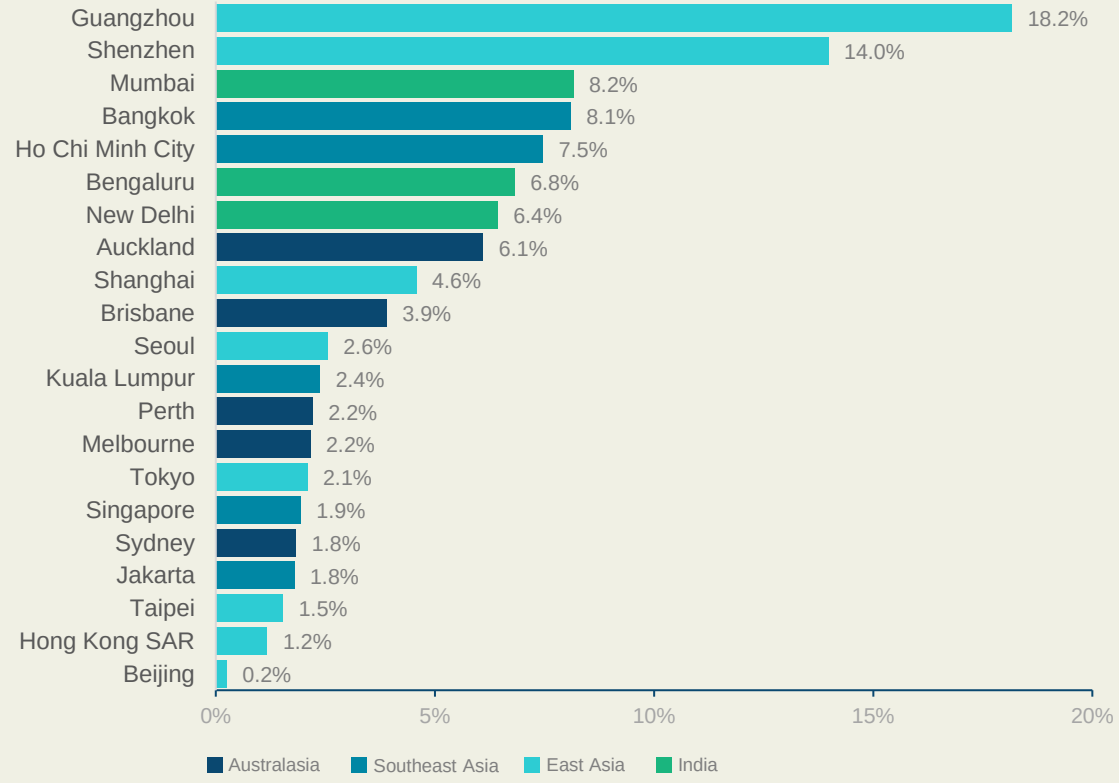
Source: Knight Frank Research

APAC Office Pipeline Supply

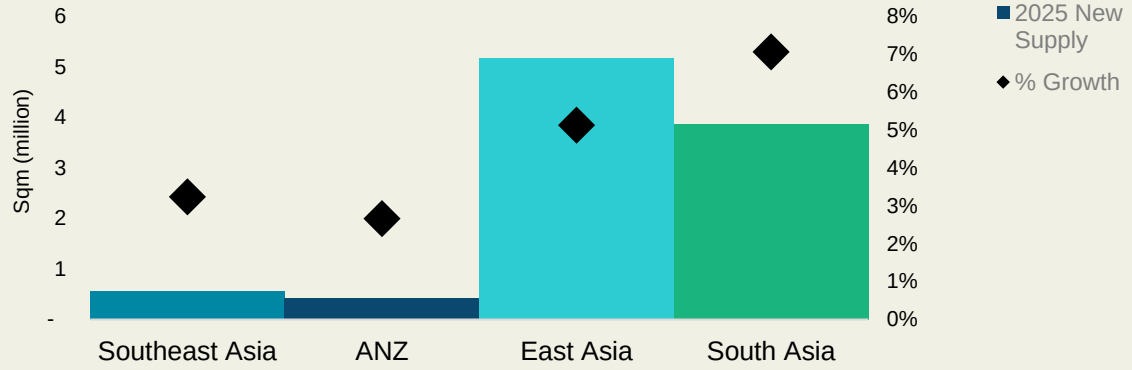
Deferred completions swell development pipeline in 2025

New Supply Growth in 2025

Proportion of 2025 Supply to 2024 Stock

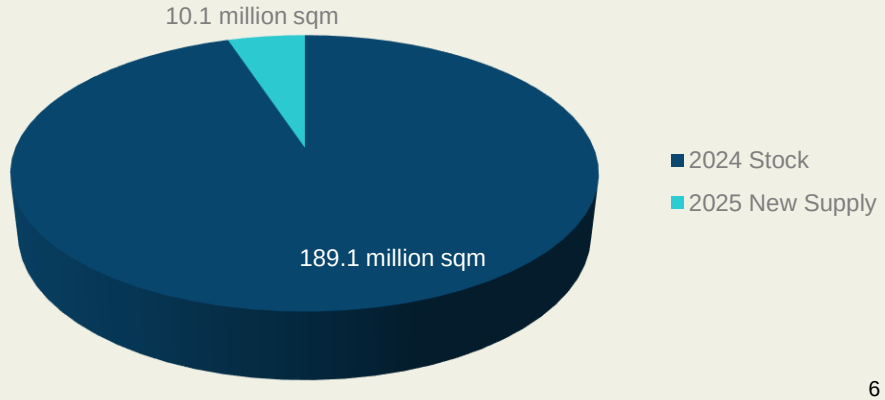


New Supply by Sub-Region



APAC Grade A Stock

Office inventory to rise 5.3% in 2025



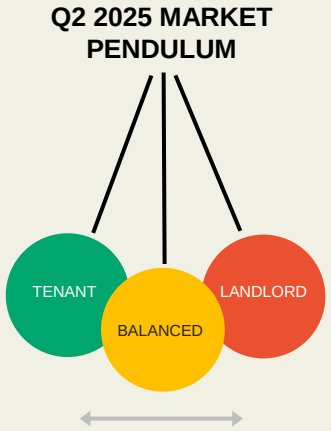
Updated 4 July 2025

Source: Knight Frank Research

APAC Office Snapshot – **Q2 2025**

12-Month Rental Outlook

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



Updated 4 July 2025

Source: Knight Frank Research

APAC Rent Summary – **Q2 2025**

City	Submarket(s)	Units	Prime Net Headline Rent	YoY % Change	QoQ %Change	12-month Outlook	Vacancy
Brisbane	CBD	AUD/sqm/annum	842	14.1%	3.2%	↑	8.0%
Melbourne	CBD	AUD/sqm/annum	735	2.4%	2.1%	→	18.0%
Perth	CBD	AUD/sqm/annum	756	4.2%	1.7%	↑	12.3%
Sydney	CBD	AUD/sqm/annum	1,342	1.9%	1.0%	↑	13.3%
Auckland	CBD	NZD/sqm/annum	590	0.0%	0.0%	→	12.7%
Tokyo	Central 5 Wards	JPY/tsubo/month	30,273	6.8%	2.3%	↑	2.1%
Beijing	Various	CNY/sqm/month	233	-17.0%	-1.7%	↓	18.4%
Guangzhou	CBD	CNY/sqm/month	125	-7.8%	-3.3%	↓	15.0%
Shanghai	Puxi, Pudong	CNY/sqm/month	198	-13.3%	-3.4%	↓	23.2%
Shenzhen	CBD	CNY/sqm/month	152	-8.5%	-2.9%	↓	25.2%
Hong Kong SAR	Central	HKD/sqft/month	86.50	-7.0%	-1.4%	↓	13.5%
Taipei	Downtown	TWD/ping/month	3,347	1.9%	1.4%	↑	5.6%
Seoul	CBD, GBD, YBD	KRW/sqm/month	43,805	8.2%	1.5%	↑	2.6%
Bengaluru	CBD	INR/sqft/annum	1,771	7.9%	3.2%	→	10.5%
Mumbai	BKC	INR/sqft/annum	3,875	7.0%	3.5%	→	17.4%
Delhi-NCR	Connaught Place	INR/sqft/annum	4,116	0.9%	0.6%	→	12.0%
Phnom Penh	City Centre	USD/sqm/month	21.29	-12.5%	0.0%	→	26.4%
Jakarta	CBD	IDR/sqm/month	330,040	6.7%	0.9%	↑	25.0%
Kuala Lumpur	City Centre	MYR/sqft/month	6.02	2.6%	0.2%	→	23.4%
Singapore	Raffles Place, Marina Bay	SGD/sqft/month	11.38	0.9%	0.2%	→	5.3%
Bangkok	CBD	THB/sqm/month	1,250	4.8%	0.2%	→	22.0%
Manila	Various	PHP/sqm/month	1,373	3.0%	-1.0%	↓	10.2%
Ho Chi Minh City	CBD	USD/sqm/mth	53.39	4.9%	3.0%	↓	9.0%

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Source: Knight Frank Research

Selected Leasing Deals/Negotiations

City	Tenant	Building Name	Submarket	Size (sqm)	Type
Bengaluru	Tablespace	Gopalan Fortune City	Non-CBD	46,452	Expansion
	Qualcomm	Bagmane Constellation	Non-CBD	13,935	Expansion
	WSP Consultant	Embassy Manyata Tech Park	Non-CBD	13,860	Expansion
Guangzhou	Hikvision	Guangzhou HEMC Wisdom Valley	Non-CBD	6,000	New Lease
	Yuanfang Goods	Joyy Building	Non-CBD	4,000	Relocation/Expansion
	FWD Tech	GT Land Plaza	CBD	4,460	Renewal
Ho Chi Minh City	Astrazeneca	Marina Central Tower	CBD	2,400	Relocation
	HCL	Riverfront Financial Centre	CBD	1,600	Relocation
	JustCo	Riverfront Financial Centre	CBD	1,300	New Lease
Hong Kong	Jane Street Asia	New Central Harbourfront	CBD	20,758	New Lease
Shanghai	Everest Medicines	AIA Centre	Non-CBD	3,300	Relocation
	Luxottica	IFC Phase Two	CBD	2,500	Renewal
Shenzhen	Huawei Harmony Department	Gemdale Viseen Tower	CBD	10,000	New Lease
	GEM	Satcom Building	Non-CBD	6,000	Relocation
	China Merchants Life Insurance	Xinyi Qianhai Building	Non-CBD	5,500	Relocation
Singapore	Singlife	Marina One East Tower	CBD	6,810	Relocation
	Bank of New York Mellon (BNY)	Marina One East Tower	CBD	4,645	Relocation
	Quantedge Capital	Capital Square	CBD	2,787	Relocation/Expansion
Sydney	Mott MacDonald	Darling Park Tower 1	CBD	3,726	New Lease
	Steadfast	2 Park St	CBD	2,647	New Lease
Taipei	Dentsu	Fubon A25	CBD	16,400	Relocation

Updated 4 July 2025

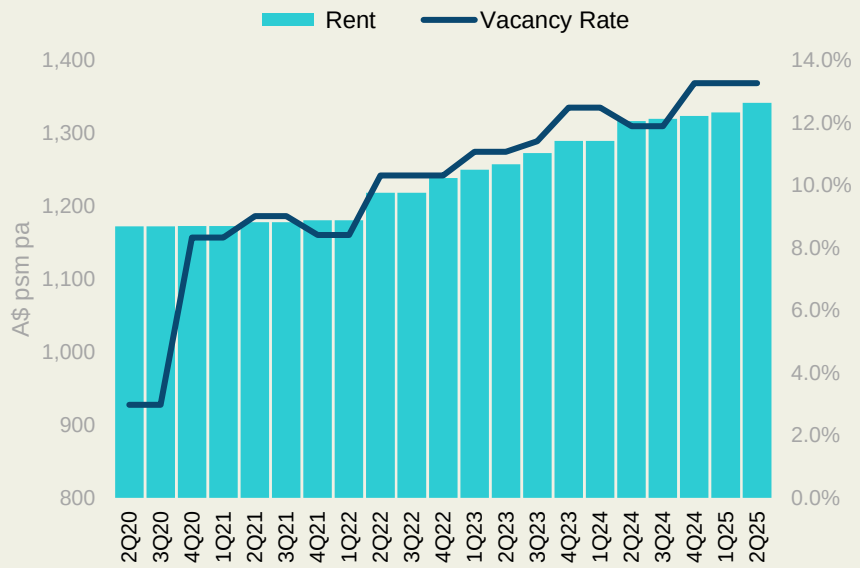
Source: Knight Frank Research

Australasia

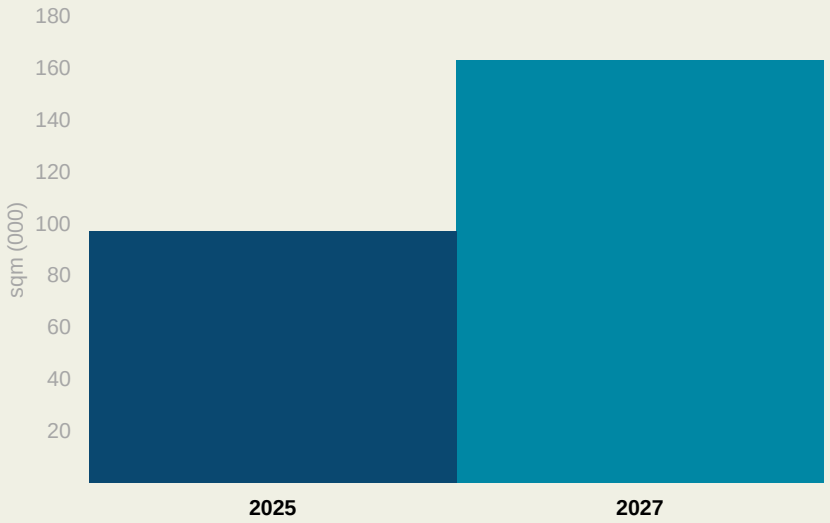
Rental growth picked up steam, with broad based rises across the Eastern Seaboard markets. Prime net effective rents across Australia's prime office markets rose 4.3% year-on-year, lifted by the 14.1% increase in Brisbane. Average incentives, estimated at 38.5% in 2025, are down from an average of 40% in the last two years, while new supply in 2025 is coming online with almost full pre-commitments. Rents in Melbourne also reversed the preceding quarter's decline to rise 1.8%. Growth was observed to be largely concentrated in the prime Eastern Core submarket, driven by legal and professional services firms. The area is rich in amenities and well-connected, which is what tenants are gravitating to and prepared to pay for. While face rent in Perth continued to rise, higher incentives to get deals over the line, which rose to about 47%, led to a marginal dip in effective rents. Auckland's office leasing market has remained in a holding pattern due to softer business confidence.

Sydney

Rents and Vacancy



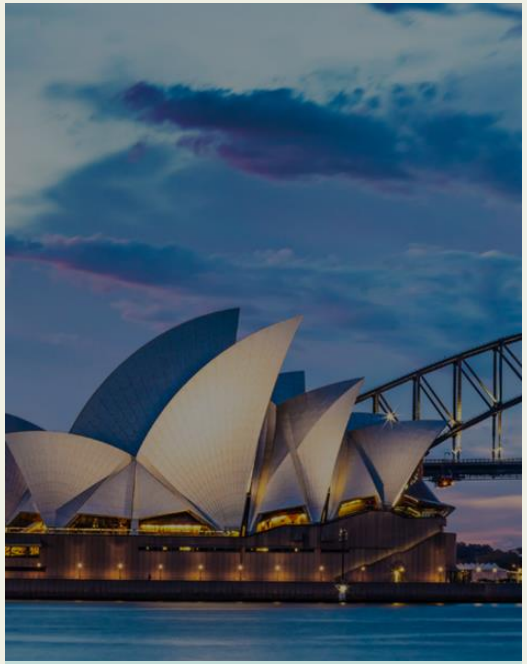
Pipeline Supply



*No supply expected in 2026

Economic Indicators	2025F	2026F
GDP Growth	2.4%	2.3%
Unemployment Rate	4.2%	4.2%
Inflation	3.7%	2.8%

Real Estate Indicators	Q2 2025	12mth Forecast
Prime Rent (A$ psm pa)	1,342	↑
Vacancy	13.3%	→
Market Balance	Tenant	Tenant



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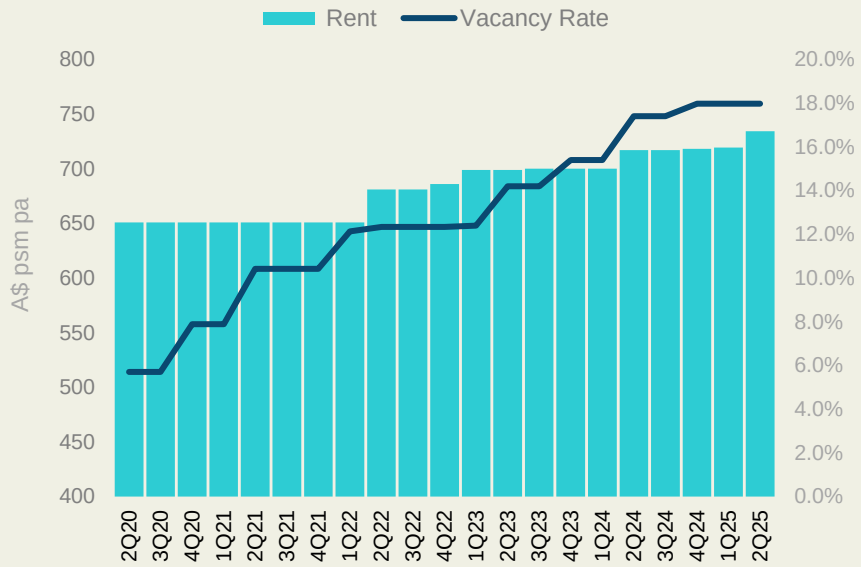
Updated 4 July 2025

Source: Reserve Bank of Australia, Knight Frank Research

Melbourne

Rents and Vacancy



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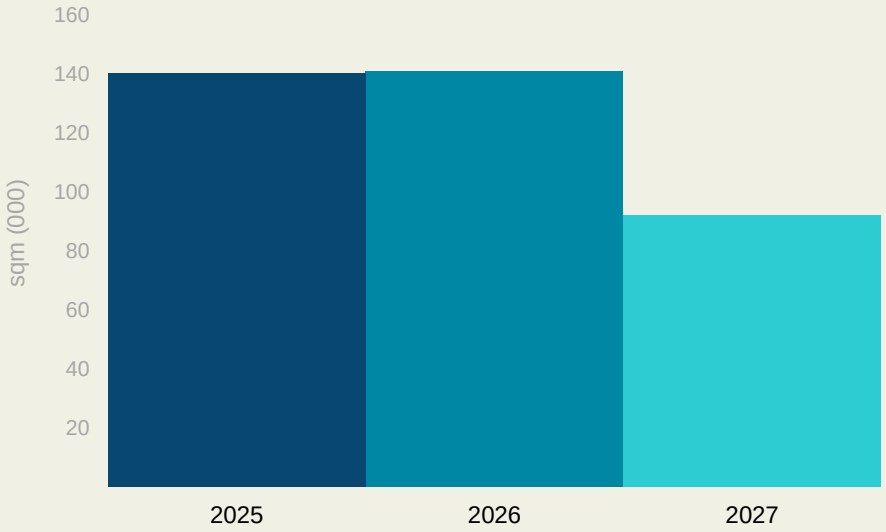

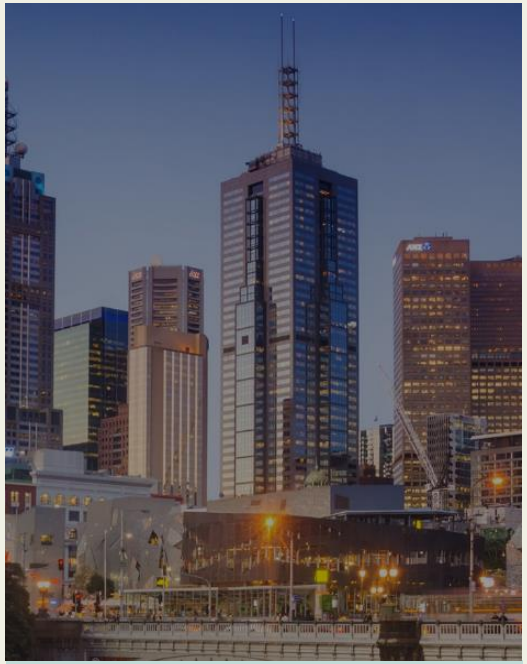

Economic Indicators	2025F	2026F
GDP Growth	2.4%	2.3%
Unemployment Rate	4.2%	4.2%
Inflation	3.7%	2.8%

Real Estate Indicators	Q2 2025	12mth Forecast
Prime Rent (A$ psm pa)	735	→
Vacancy	18.0%	→
Market Balance	Balanced	Balanced

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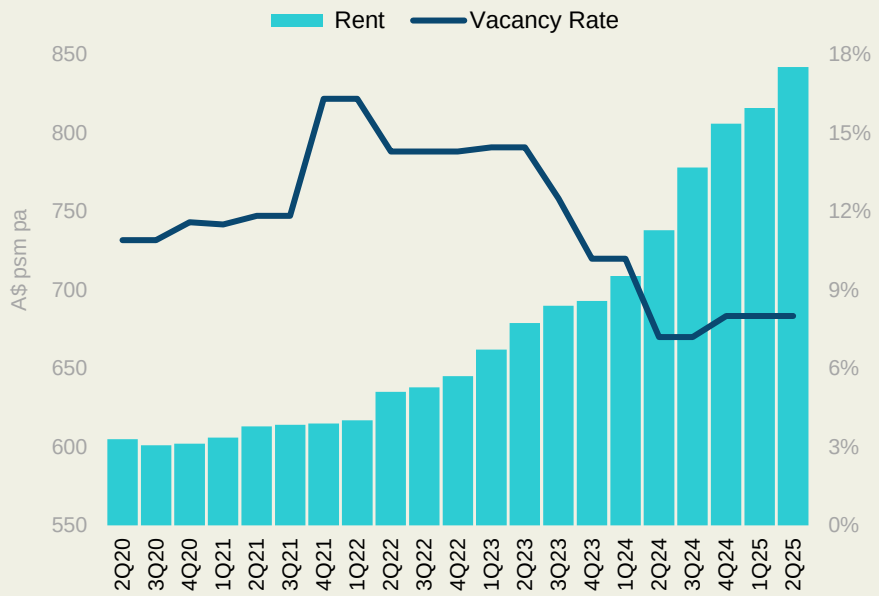
Updated 4 July 2025

Source: Reserve Bank of Australia, Knight Frank Research

Brisbane

Rents and Vacancy



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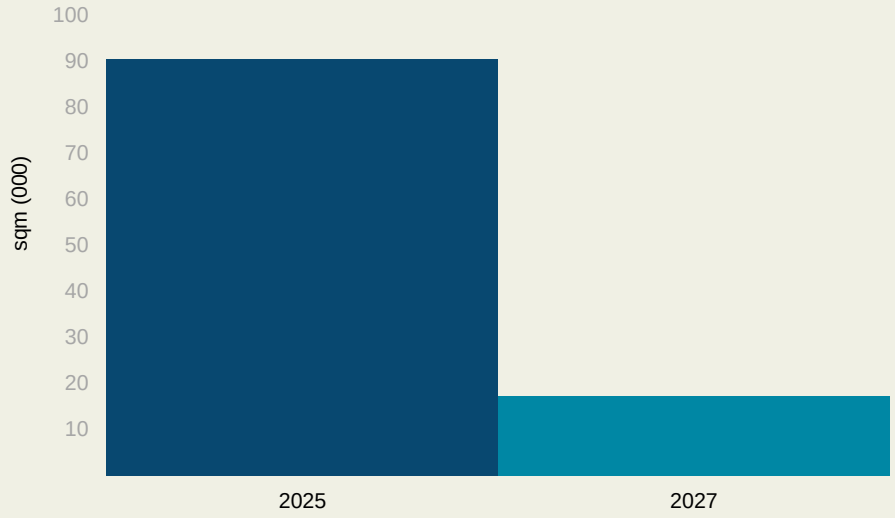
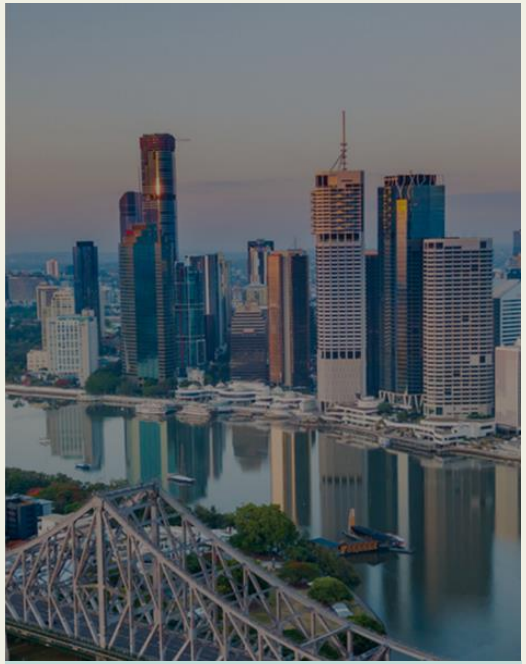


*No supply expected in 2026

Economic Indicators	2025F	2026F
GDP Growth	2.4%	2.3%
Unemployment Rate	4.2%	4.2%
Inflation	3.7%	2.8%

Real Estate Indicators	Q2 2025	12mth Forecast
Prime Rent (A$ psm pa)	842	↑
Vacancy	8.0%	↑
Market Balance	Balanced	Balanced



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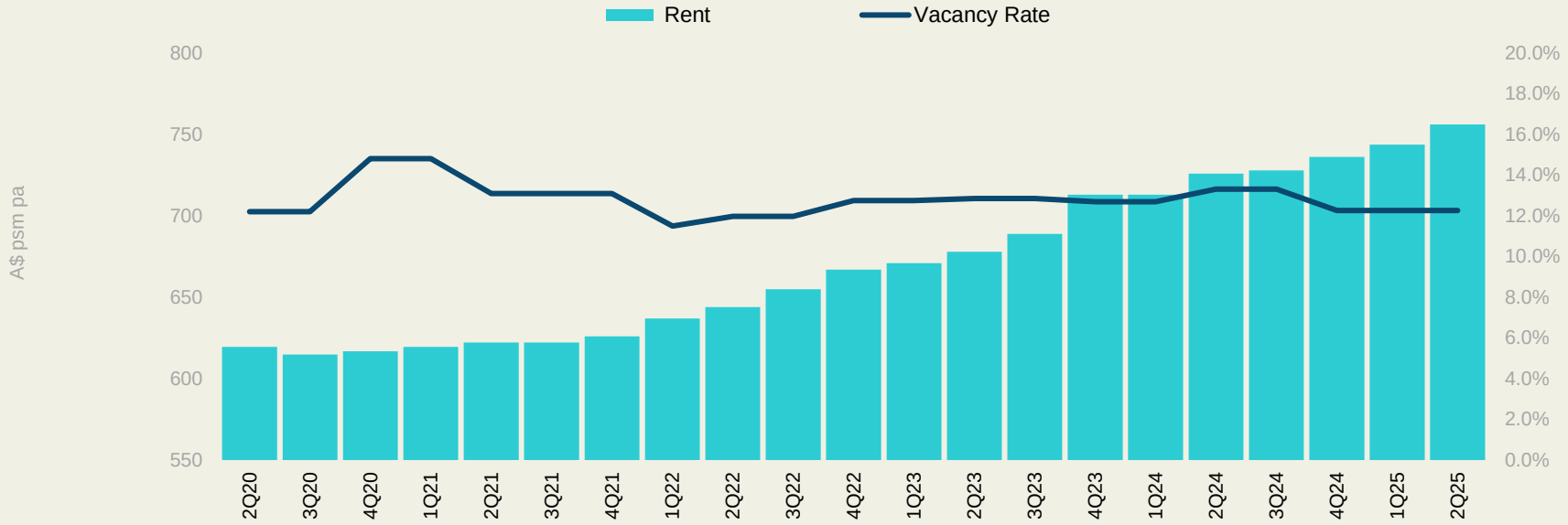
Source: Reserve Bank of Australia, Knight Frank Research

Perth

Rents and Vacancy



Economic Indicators	2025F	2026F
GDP Growth	2.4%	2.3%
Unemployment Rate	4.2%	4.2%
Inflation	3.7%	2.8%

Real Estate Indicators	Q2 2025	12mth Forecast
Prime Rent (A$ psm pa)	756	↑
Vacancy	12.3%	→
Market Balance	Tenant	Balanced

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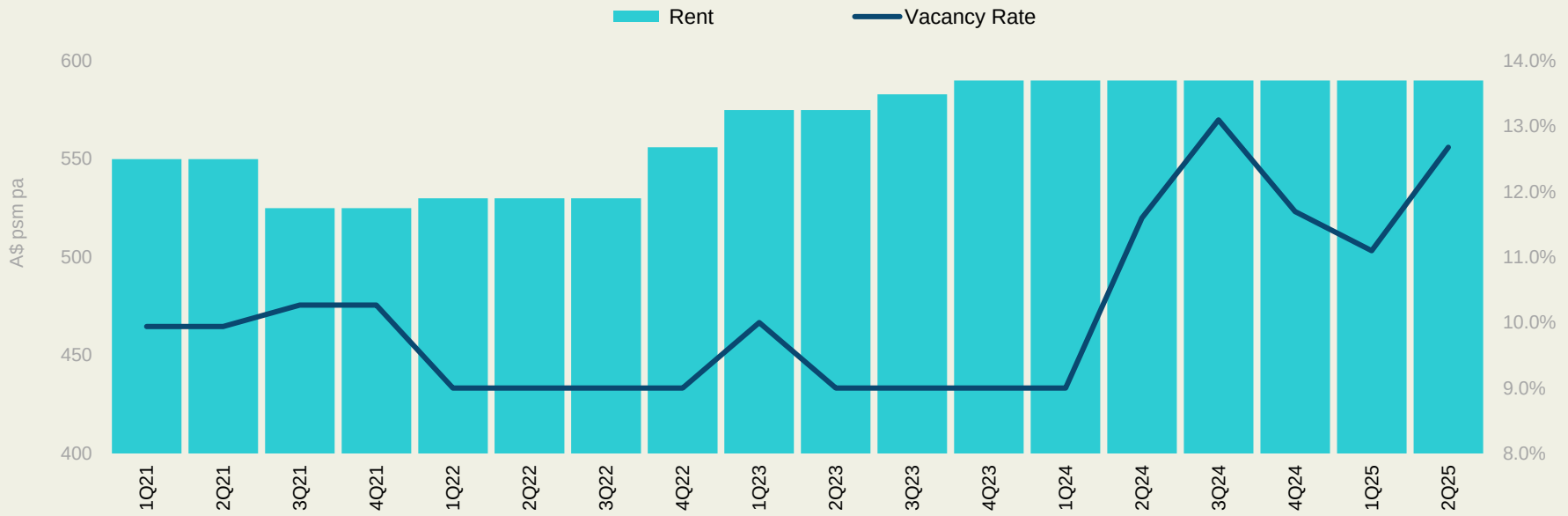
Source: Reserve Bank of Australia, Knight Frank Research

Auckland

Rents and Vacancy



Economic Indicators	2025F	2026F
GDP Growth	1.0%	3.0%
Unemployment Rate	5.1%	4.4%
Inflation	2.6%	1.9%

Real Estate Indicators	Q2 2025	12mth Forecast
Prime Rent (NZ$ psm pa)	590	→
Vacancy	12.7%	→
Market Balance	Balanced	Balanced

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Updated 4 July 2025

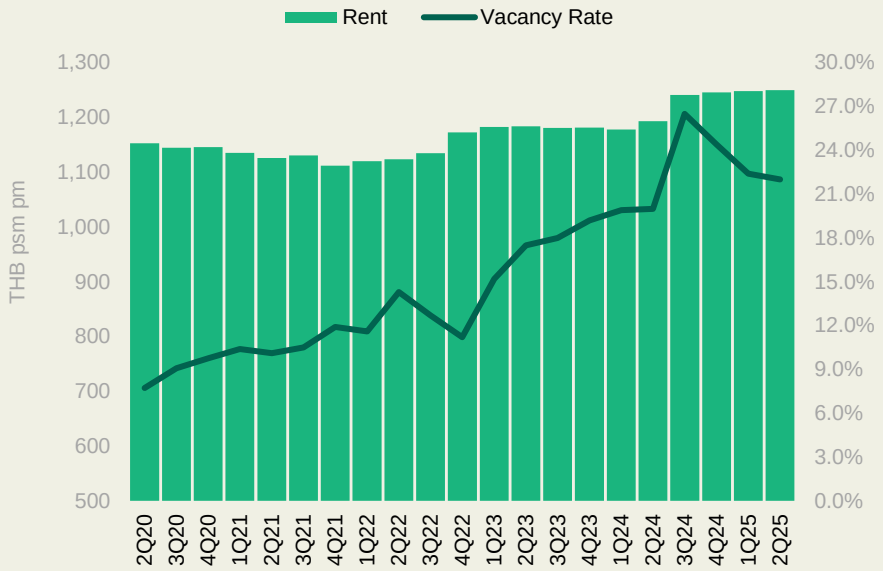
Source: ANZ, Knight Frank Research

Southeast Asia

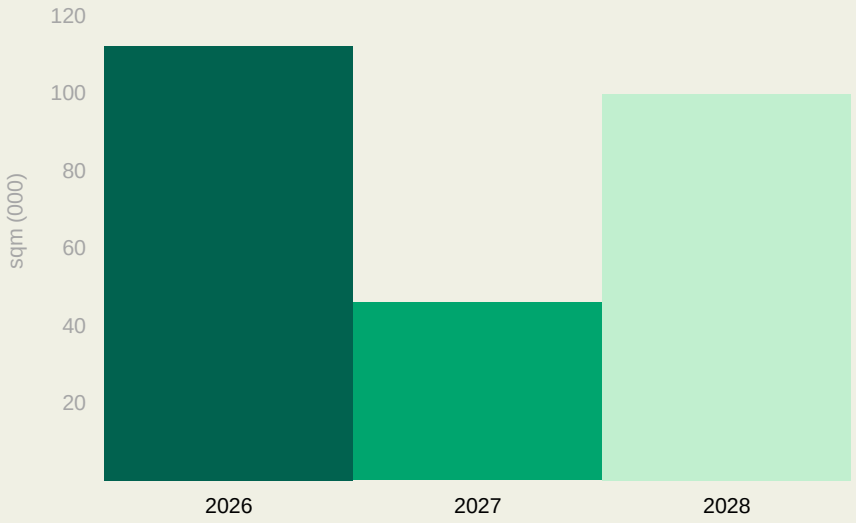
With most markets pass the peak in the development cycle, vacancies tightened across Southeast Asia's emerging markets. Rents in Jakarta rose the fastest, up 6.9% quarter-on-quarter as the reduction in new supply fostered a more balanced market which lifted rentals in the capital for a second consecutive quarter. Those in Bangkok also rose as prime-grade buildings entering the market charged a premium. Those in Kuala Lumpur remained relatively unchanged despite elevated vacancies, due to higher rents, particularly in transit-linked and/or Grade A buildings within integrated developments. However, prime vacancy rate spiked in Ho Chi Minh City, which hit close to 20% during the quarter, due to the completion of over 69,000 sqm of new office space. Singapore's prime office market remained largely stable. Most occupiers continued to prefer renewals to avoid raising CAPEX where possible. As such, leasing activity will mostly be made up of small and mid-size spaces in flight-to-quality moves in the latter part of 2025.

Bangkok

Rents and Vacancy



Pipeline Supply



Economic Indicators		
	2025F	2026F
GDP Growth	3.1%	3.0%
Unemployment Rate	1.0	1.0
Inflation	1.6%	1.1%

Real Estate Indicators		
	Q2 2025	12mth Forecast
Prime Rent (THB psm pm)	1,250	→
Vacancy	%	↑
Market Balance	Tenant	Tenant

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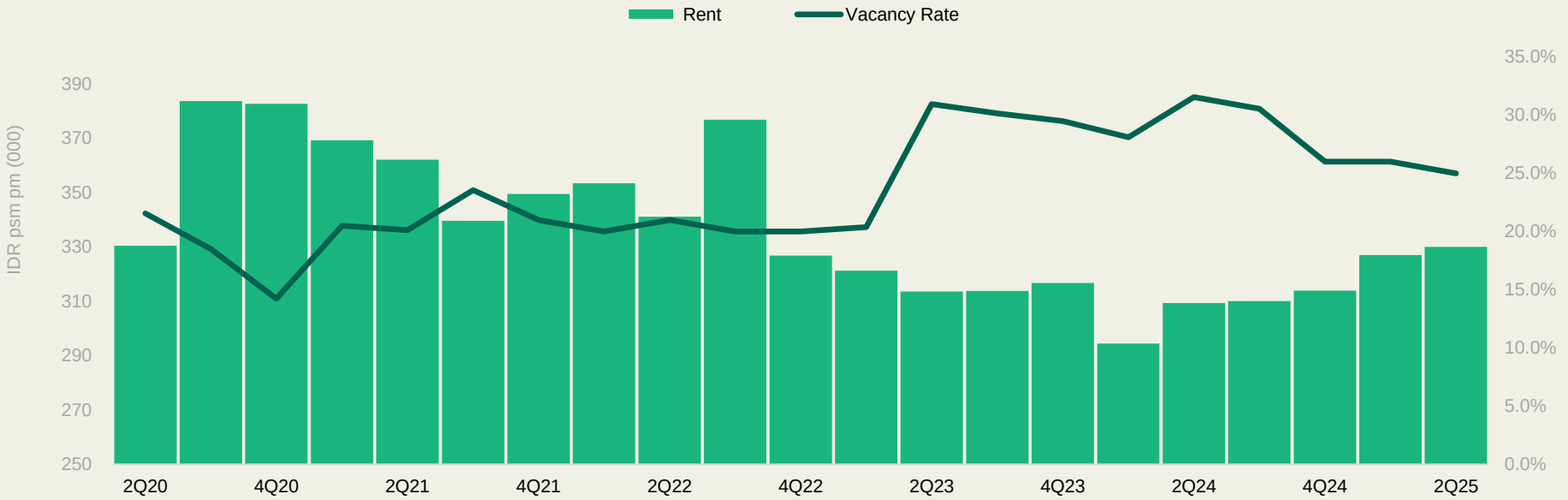
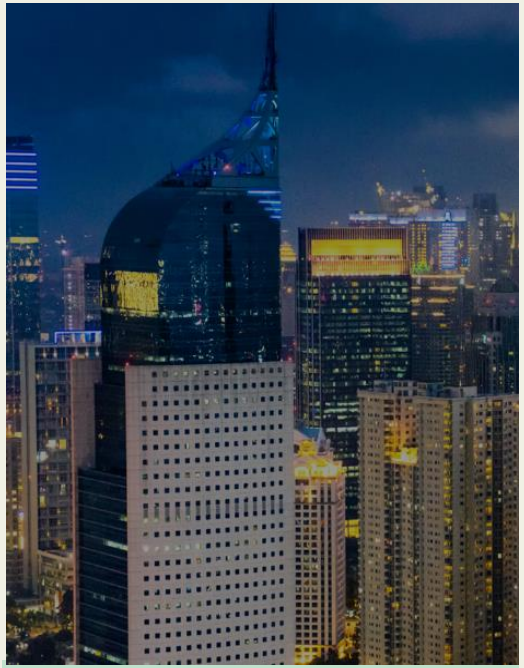
Source: S&P Global, Knight Frank Research

Jakarta

Rents and Vacancy





Economic Indicators	2025F	2026F
GDP Growth	4.9%	4.9%
Unemployment Rate	5.0%	4.9%
Inflation	2.3%	2.7%

Real Estate Indicators	Q2 2025	12mth Forecast
Prime Rent (IDR psm pm)	330,040	↑
Vacancy	25.0%	↓
Market Balance	Tenant	Tenant

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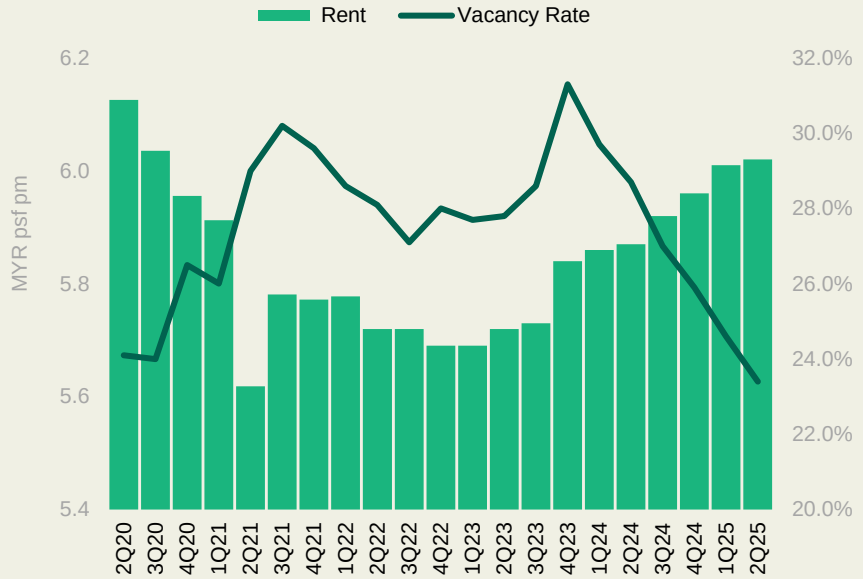
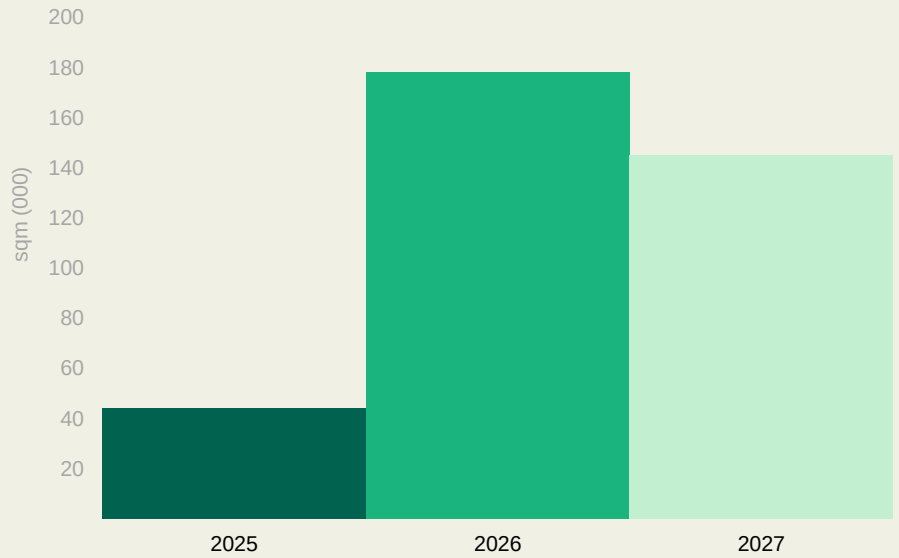
Source: S&P Global, Knight Frank Research

Kuala Lumpur

Rents and Vacancy



Pipeline Supply



Economic Indicators	2025F	2026F
GDP Growth	4.5% - 5.5%	4.5%
Unemployment Rate	3.1%	3.2%
Inflation	2.0% - 3.5%	2.0%

Real Estate Indicators	Q2 2025	12mth Forecast
Prime Rent (MYR psf pm)	6.0	→
Vacancy	23.4%	→
Market Balance	Tenant	Tenant

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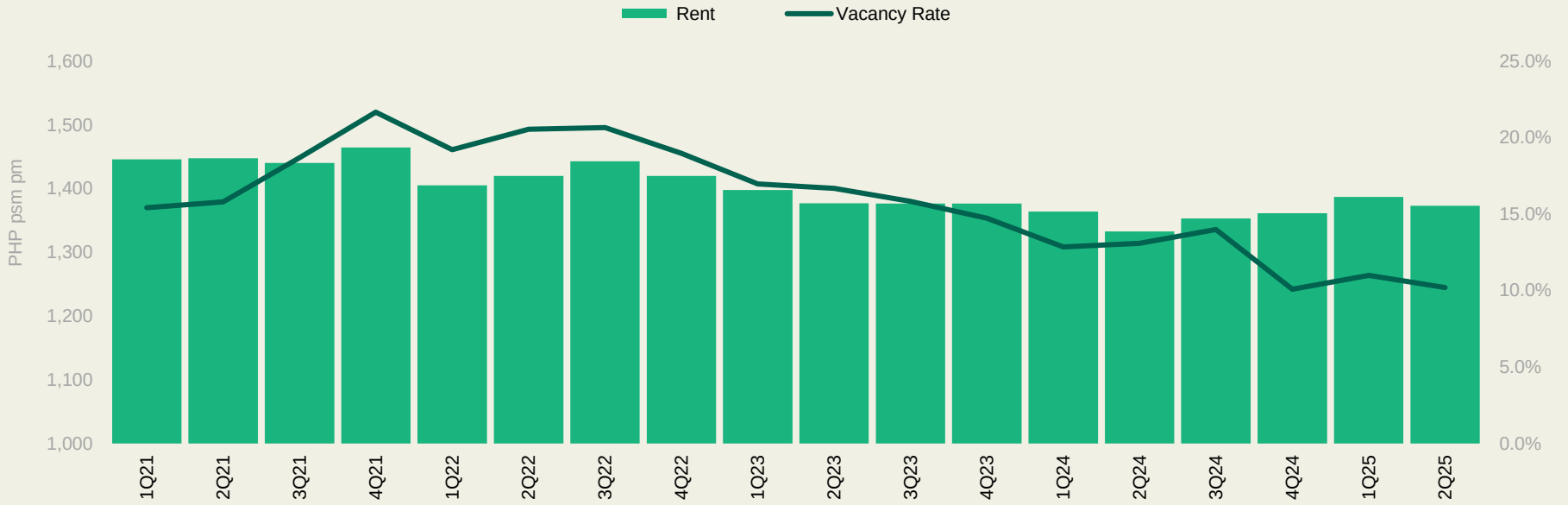
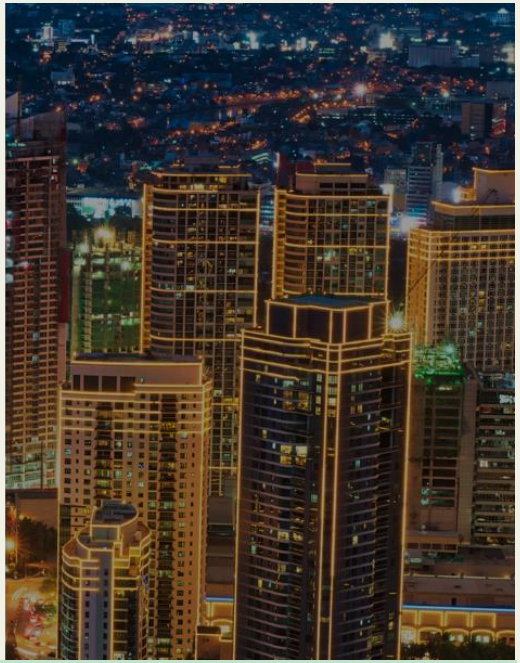
Updated 4 July 2025

Source: S&P Global, Bank Negara Malaysia, Ministry of Finance Malaysia, Knight Frank Research

Manila

Rents and Vacancy





Economic Indicators	2025F	2026F
GDP Growth	6.0%	6.5%
Unemployment Rate	4.1%	4.1%
Inflation	2.5%	3.0%

Real Estate Indicators	Q2 2025	12mth Forecast
Prime Rent (PHP psm pm)	1,373	↓
Vacancy	10.2%	↓
Market Balance	Tenant	Tenant

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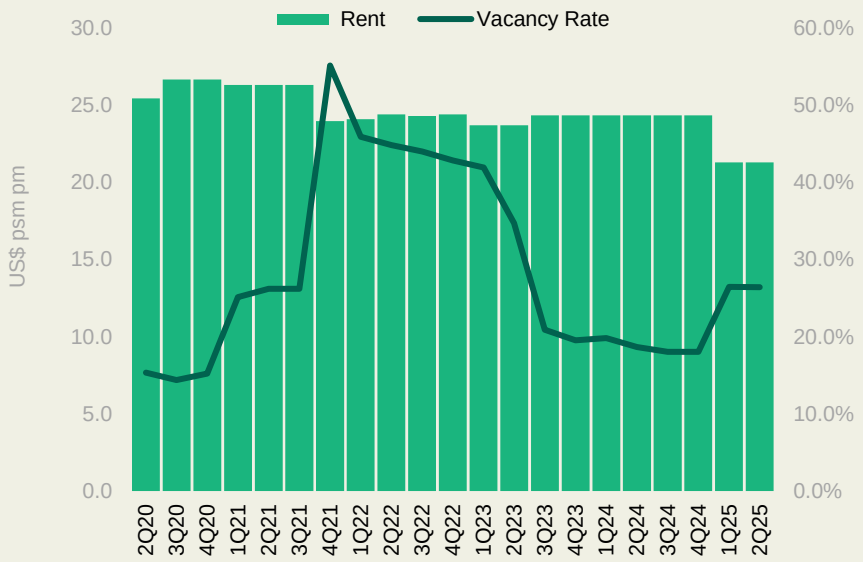
Updated 4 July 2025

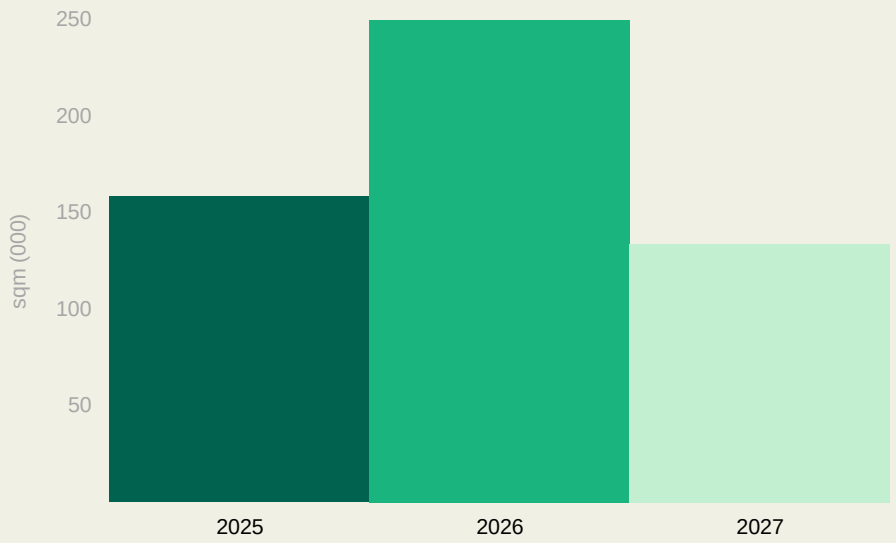
Source: Philippines Development Budget Coordination Committee (DBCC), Knight Frank Research

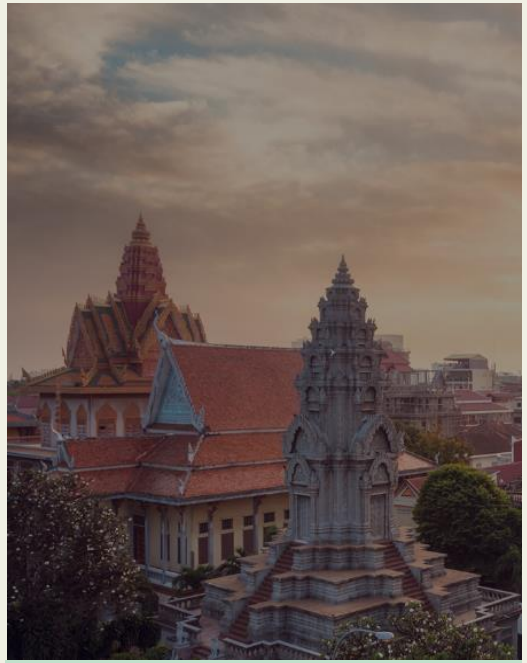
Phnom Penh

Rents and Vacancy



Pipeline Supply (All Grades)





Economic Indicators	2025F	2026F
GDP Growth	5.8%	6.2%
Unemployment Rate	NA	NA
Inflation	2.1%	3.2%

Real Estate Indicators	Q2 2025	12mth Forecast
Prime Rent (US$ psm pm)	21.3	→
Vacancy	26.4%	→
Market Balance	Tenant	Tenant

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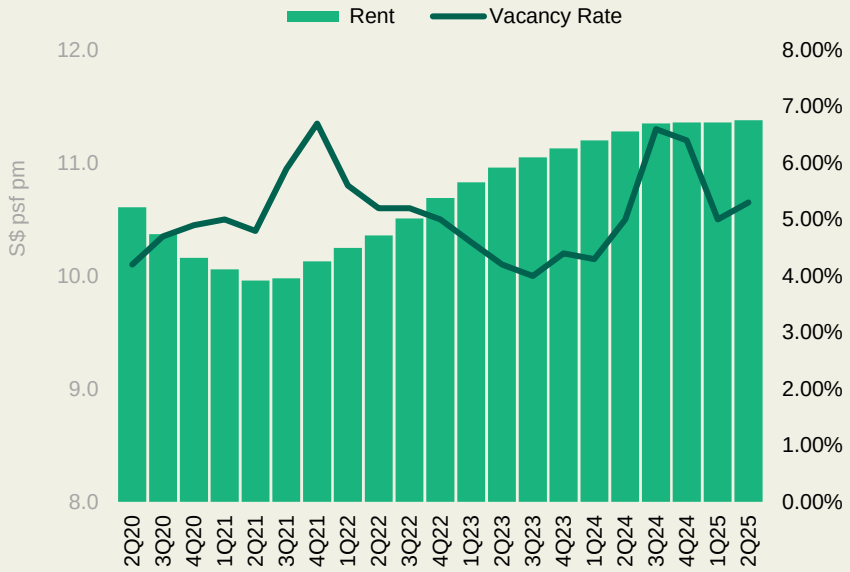
Updated 4 July 2025

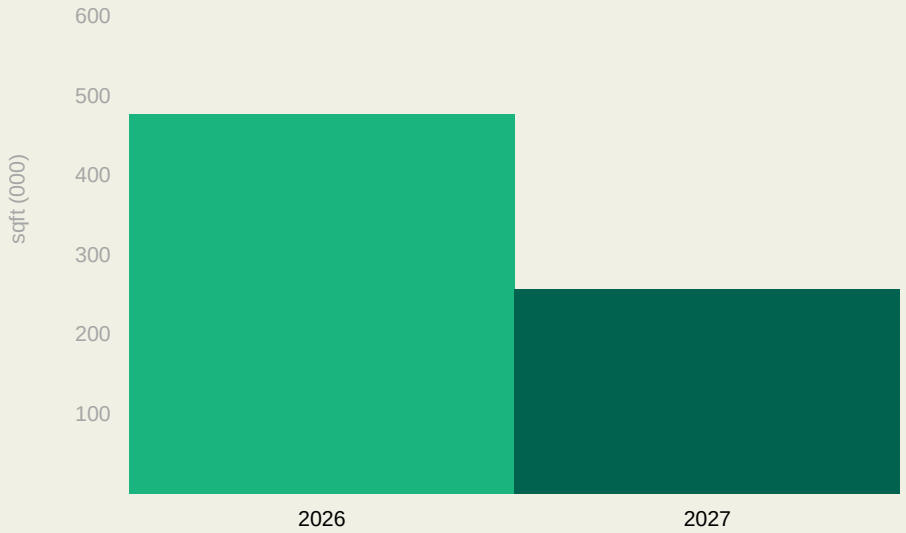
Source: IMF WEO, Knight Frank Research

Singapore

Rents and Vacancy



Pipeline Supply



Economic Indicators	2025F	2026F
GDP Growth	1.0%	2.3%
Unemployment Rate	1.0%	1.8%
Inflation	1.5%	1.9%

Real Estate Indicators	Q2 2025	12mth Forecast
Prime Rent (S$ psf pm)	11.4	→
Vacancy	5.3%	↑
Market Balance	Balanced	Balanced

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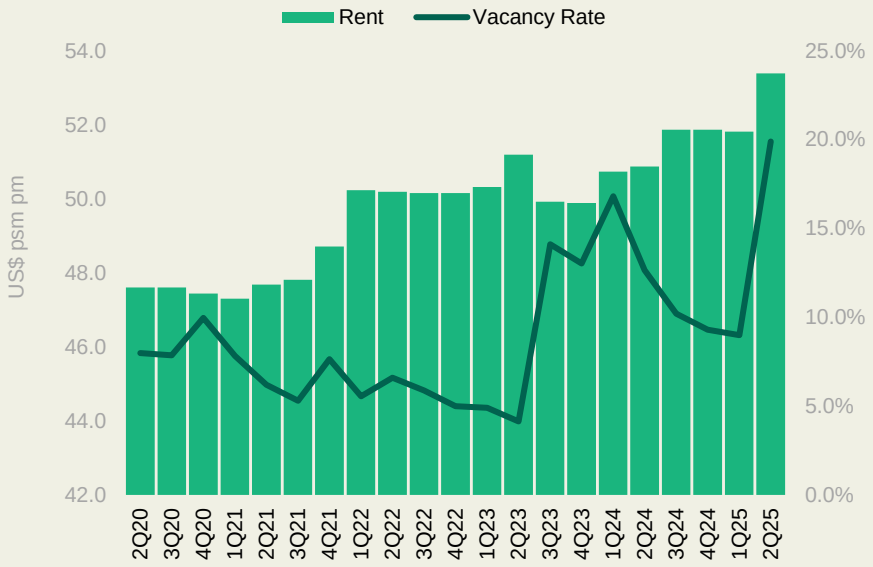
Updated 4 July 2025

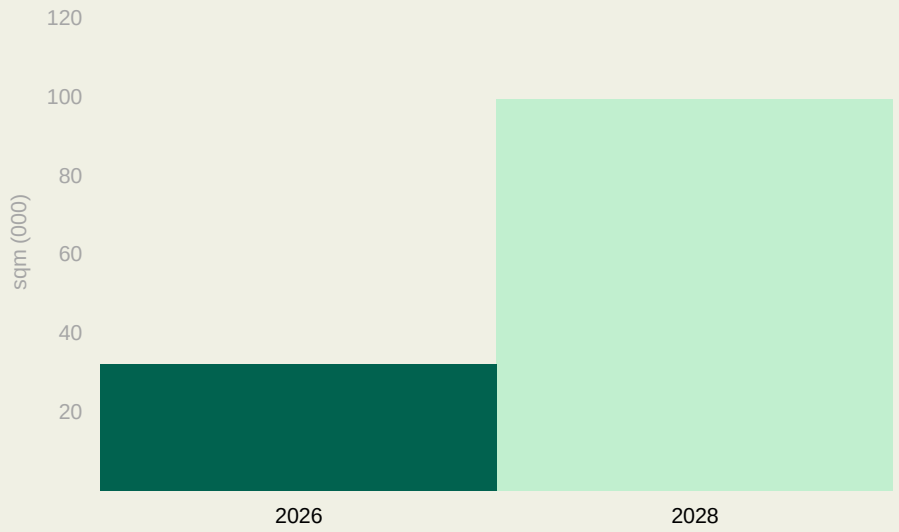
Source: Ministry of Trade and Industry, Monetary Authority of Singapore, Knight Frank Research

Ho Chi Minh City

Rents and Vacancy



Pipeline Supply



*No supply expected in 2025 and 2027

Economic Indicators	2025F	2026F
GDP Growth	6.6%	6.7%
Unemployment Rate	3-4%	3-4%
Inflation	3.4%	3.5%

Real Estate Indicators	Q2 2025	12mth Forecast
Prime Rent (US$ psm pm)	53.4	↓
Vacancy	19.9%	↓
Market Balance	Tenant	Tenant

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Updated 4 July 2025

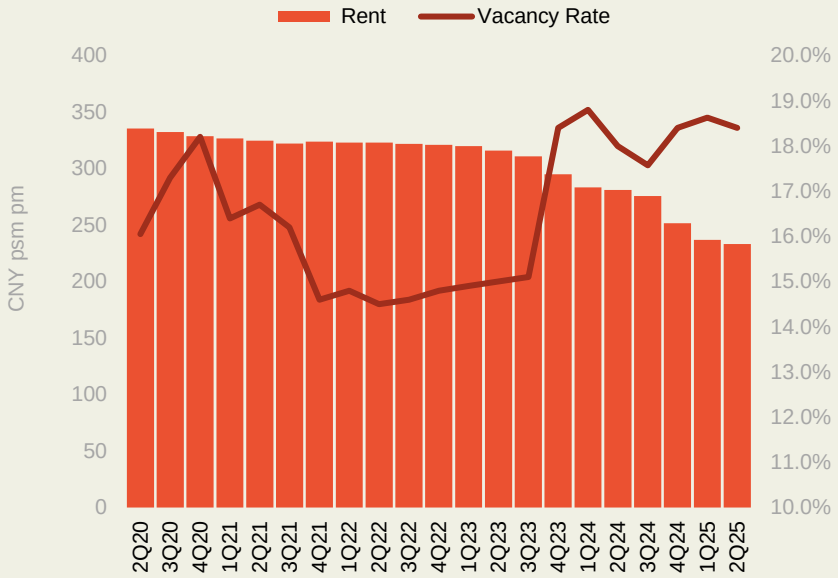
Source: S&P Global, Knight Frank Research

East Asia

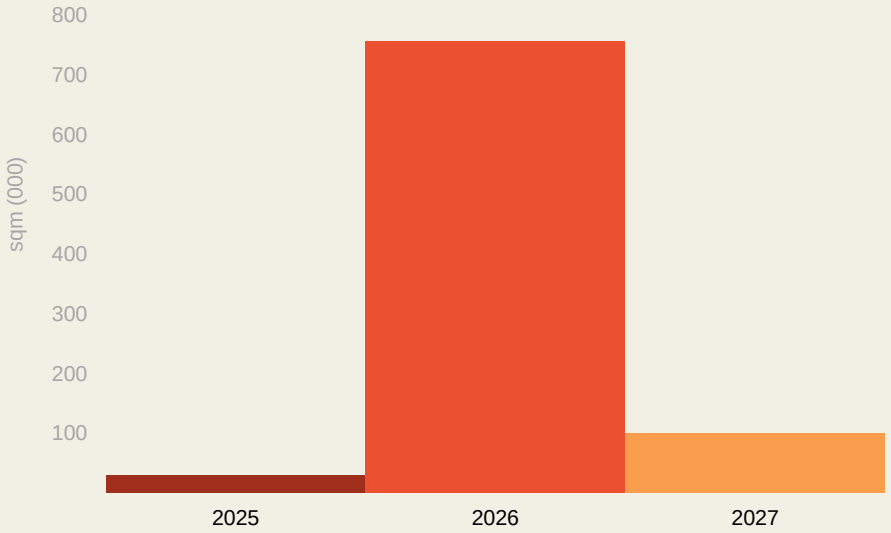
The rental decline across the Chinese mainland's tier-one cities moderated in Q1 2025, with prime rents softening 2.9% quarter-on-quarter, compared to 4.3% in Q1 2025. Leasing demand picked up in Shenzhen, driven by TMT and professional services firms. Notably, a division of Huawei Technologies took up 10,000 sqm in a prime office tower, as the government begins a drive to promote technology self-sufficiency. Absorption also picked up in Shanghai, with some occupiers observed to have upgraded their spaces in the current down market. Consumption subsidies have propelled occupier demand in the consumer electronics and automobile sectors as well as new retail brands. Although the downtrend persists in Hong Kong, Jane Street's deal for over 230,000 sqft shows that the city remains an important financial hub, underscored by a buoyant stock market and reviving IPOs. Citadel Securities and Tower Research Capital are also reportedly recruiting and expanding their presence in Hong Kong SAR. Meanwhile, Tokyo overtook Seoul as the region's tightest market, as the delivery of new supply and a delay in negotiations amid South Korea's elections marginally lifted vacancy rate in its capital.

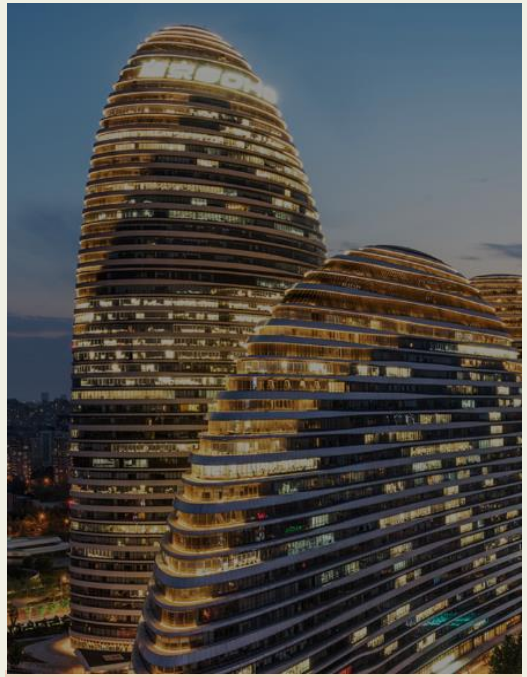
Beijing

Rents and Vacancy



Pipeline Supply





Economic Indicators	2025F	2026F
GDP Growth	4.1%	3.8%
Unemployment Rate	5.3%	5.5%
Inflation	0.3%	0.4%

Real Estate Indicators	Q2 2025	12mth Forecast
Prime Rent (CNY psm pm)	233.1	↓
Vacancy	18.4%	↑
Market Balance	Tenant	Tenant

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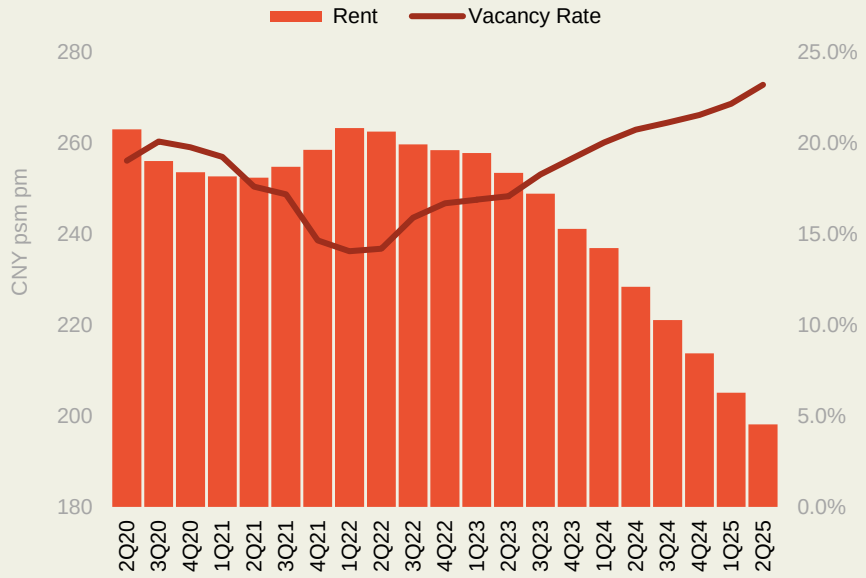
Updated 4 July 2025

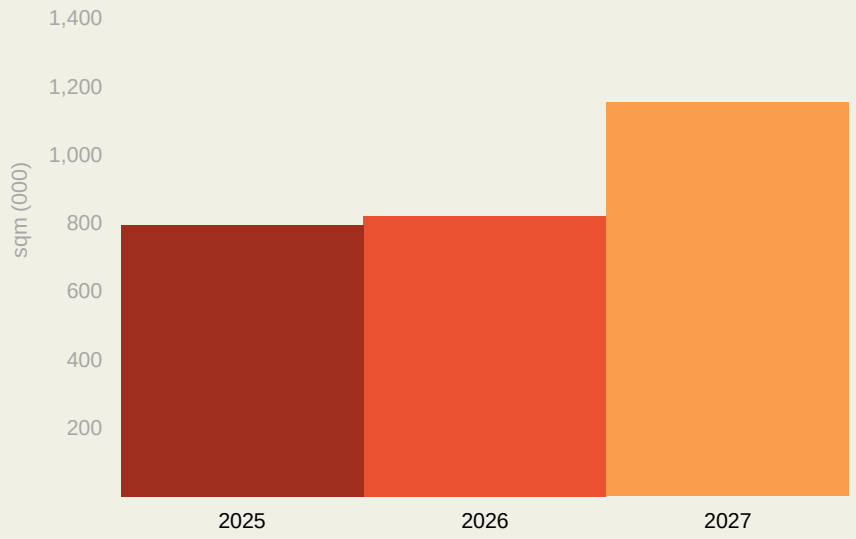
Source: S&P Global, Knight Frank Research

Shanghai

Rents and Vacancy



Pipeline Supply



Economic Indicators	2025F	2026F
GDP Growth	4.1%	3.8%
Unemployment Rate	5.3%	5.5%
Inflation	0.3%	0.4%

Real Estate Indicators	Q2 2025	12mth Forecast
Prime Rent (CNY psm pm)	198.0	↓
Vacancy	23.2%	↑
Market Balance	Tenant	Tenant

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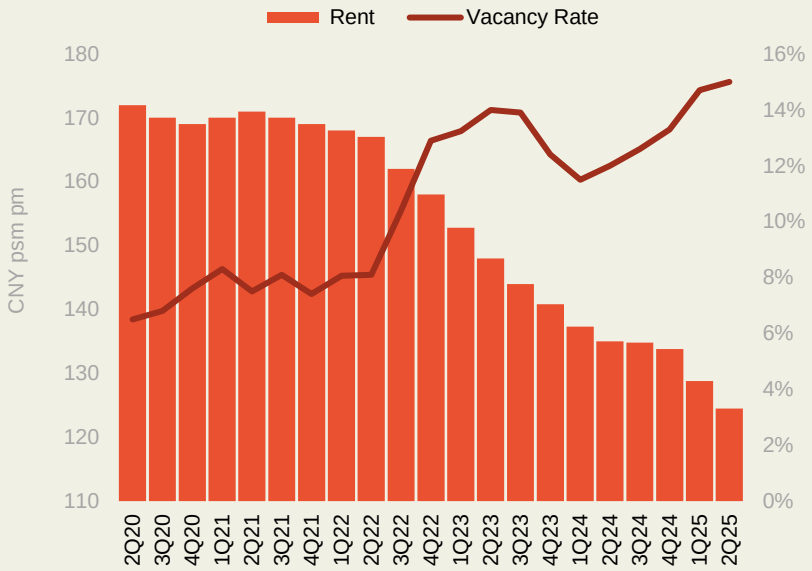
Updated 4 July 2025

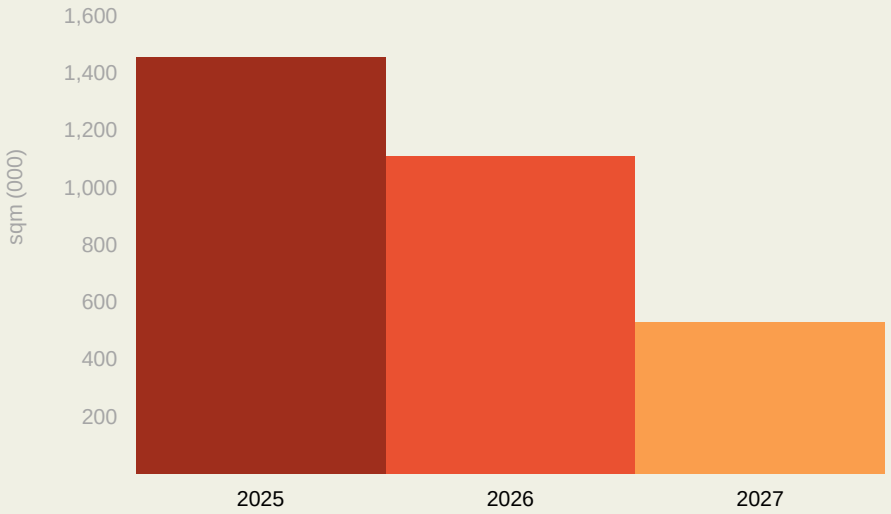
Source: S&P Global, Knight Frank Research

Guangzhou

Rents and Vacancy



Pipeline Supply



Economic Indicators	2025F	2026F
GDP Growth	4.1%	3.8%
Unemployment Rate	5.3%	5.5%
Inflation	0.3%	0.4%

Real Estate Indicators	Q2 2025	12mth Forecast
Prime Rent (CNY psm pm)	124.5	↓
Vacancy	15.0%	↑
Market Balance	Tenant	Tenant

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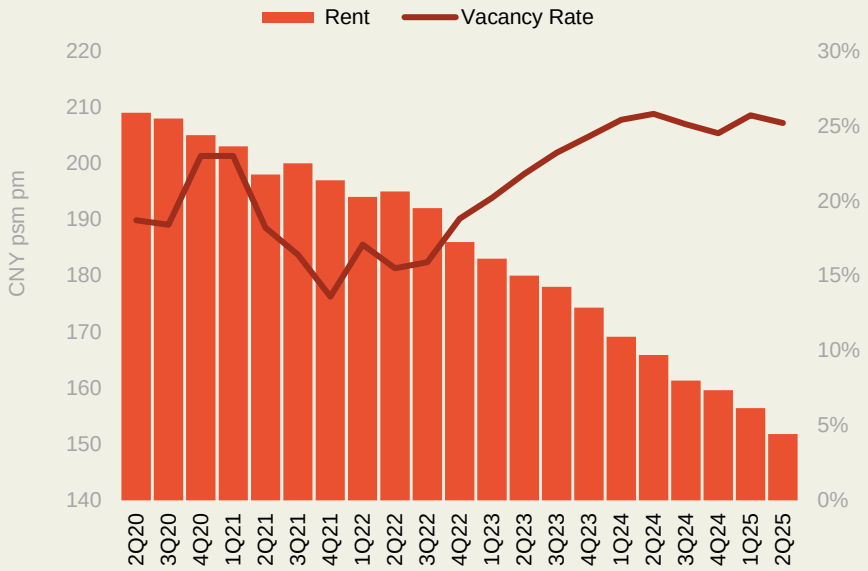
Updated 4 July 2025

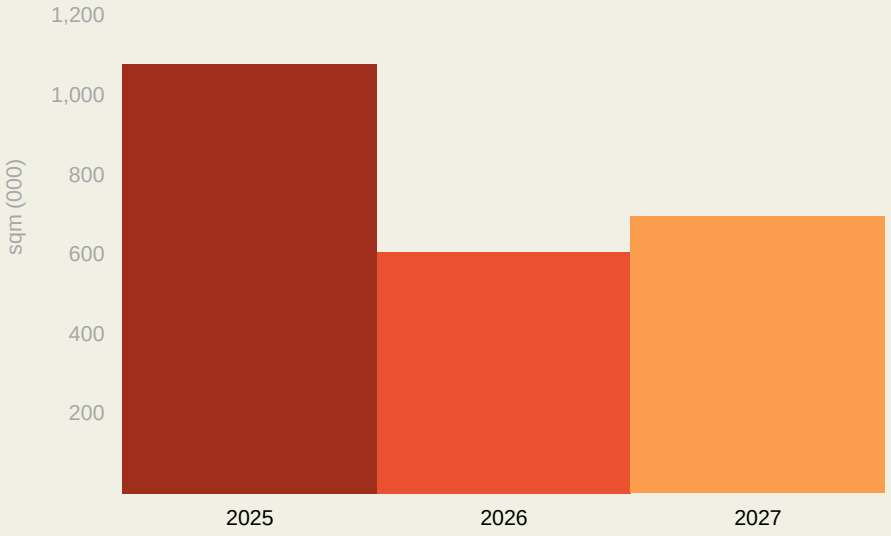
Source: S&P Global, Knight Frank Research

Shenzhen

Rents and Vacancy



Pipeline Supply



Economic Indicators	2025F	2026F
GDP Growth	4.1%	3.8%
Unemployment Rate	5.3%	5.5%
Inflation	0.3%	0.4%

Real Estate Indicators	Q2 2025	12mth Forecast
Prime Rent (CNY psm pm)	151.8	↓
Vacancy	25.2%	↑
Market Balance	Tenant	Tenant

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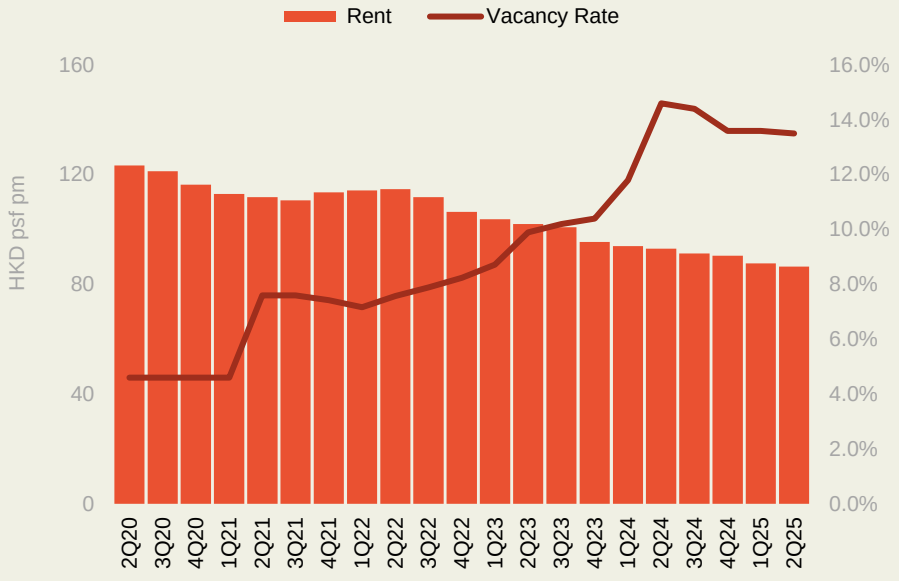
Updated 4 July 2025

Source: S&P Global, Knight Frank Research

Hong Kong SAR

Rents and Vacancy



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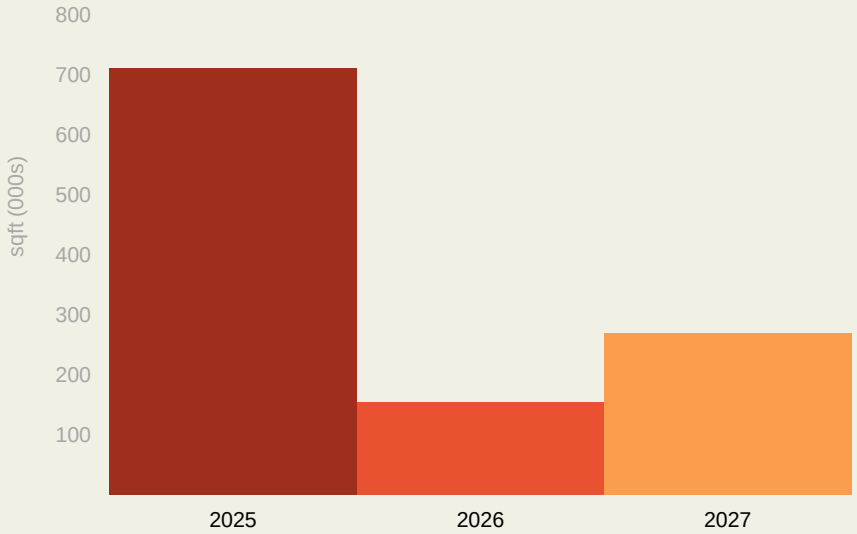

Economic Indicators	2025F	2026F
GDP Growth	2.3%	2.3%
Unemployment Rate	3.0%	2.9%
Inflation	1.7%	1.6%

Real Estate Indicators	Q2 2025	12mth Forecast
Prime Rent (HK$ psf pm)	86.5	↓
Vacancy	13.5%	→
Market Balance	Tenant	Tenant

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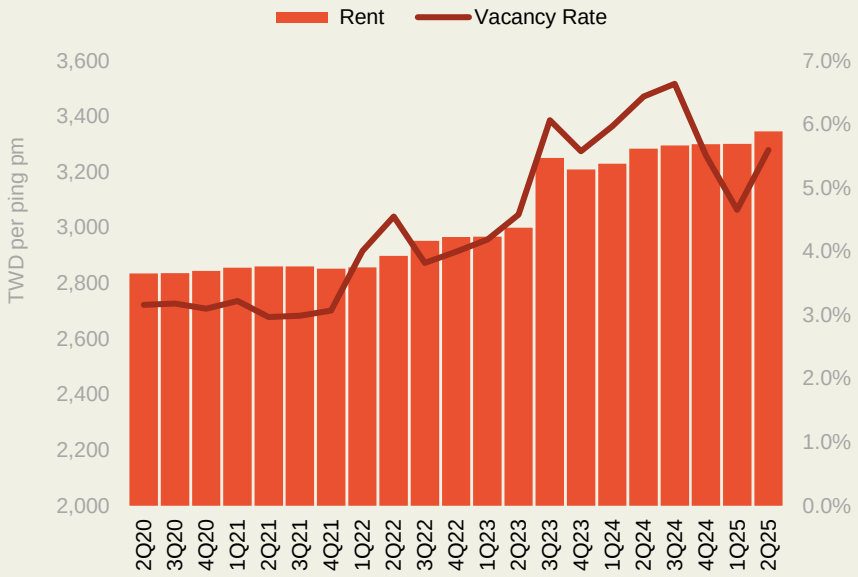
Updated 4 July 2025

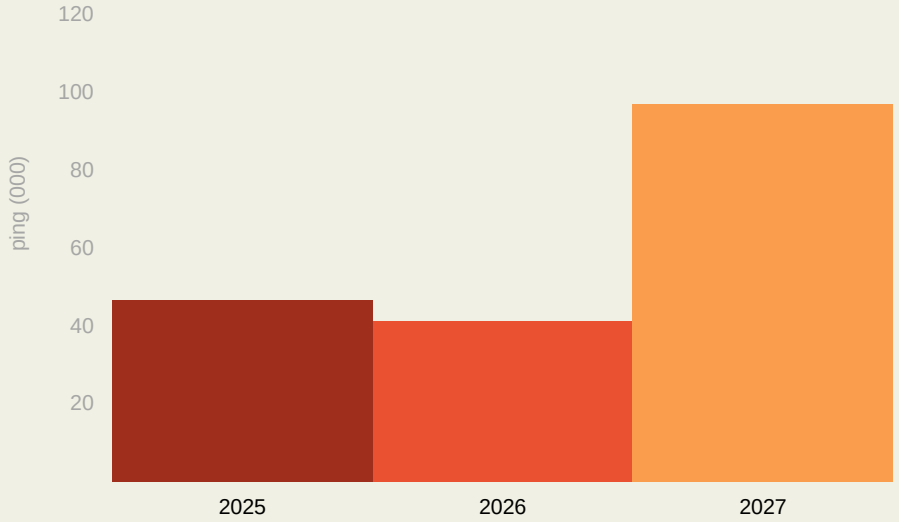
Source: S&P Global, Knight Frank Research

Taipei

Rents and Vacancy



Pipeline Supply



Economic Indicators	2025F	2026F
GDP Growth	2.1%	2.4%
Unemployment Rate	3.6%	3.5%
Inflation	1.5%	0.8%

Real Estate Indicators	Q2 2025	12mth Forecast
Prime Rent (TW$ per ping pm)	3,347	↑
Vacancy	5.6%	↑
Market Balance	Balanced	Tenant

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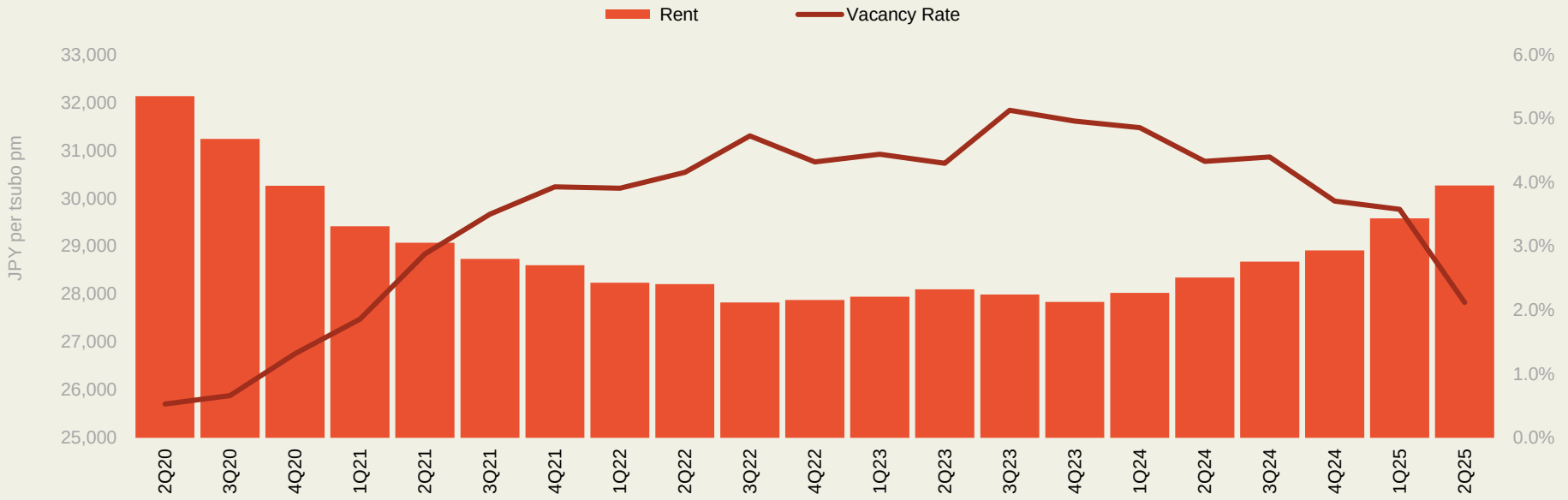
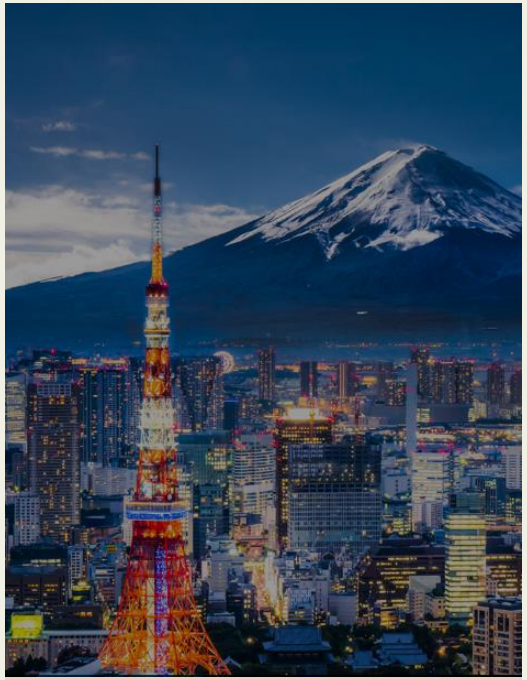
Updated 4 July 2025

Source: S&P Global, Knight Frank Research

Tokyo

Rents and Vacancy





Economic Indicators	2025F	2026F
GDP Growth	0.5%	0.7%
Unemployment Rate	2.6%	2.5%
Inflation	2.3%	2.7%

Real Estate Indicators	Q2 2025	12mth Forecast
Prime Rent (JPY psm pa)	30,273	↑
Vacancy	2.12%	→
Market Balance	Balanced	Balanced

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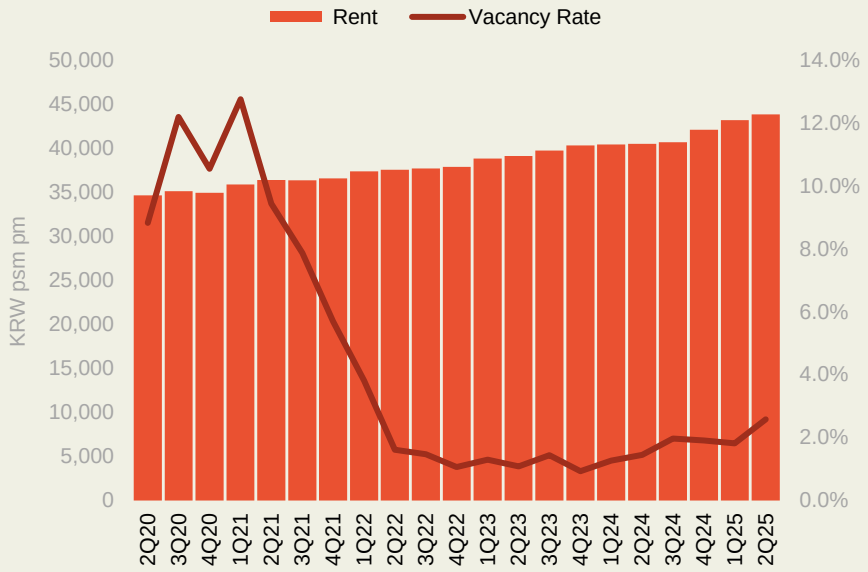
Updated 4 July 2025

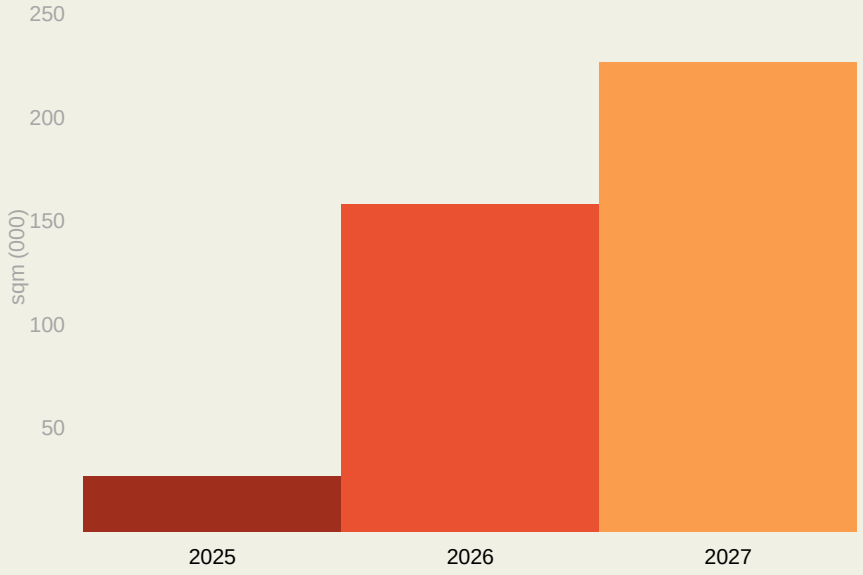
Source: Bank of Japan, Knight Frank Research

Seoul

Rents and Vacancy



Pipeline Supply



Economic Indicators	2025F	2026F
GDP Growth	2.0%	2.0%
Unemployment Rate	2.7%	2.7%
Inflation	1.9%	1.8%

Real Estate Indicators	Q2 2025	12mth Forecast
Prime Rent (KRW psm pm)	43,805	→
Vacancy	2.58%	→
Market Balance	Landlord	Balanced

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Updated 4 July 2025

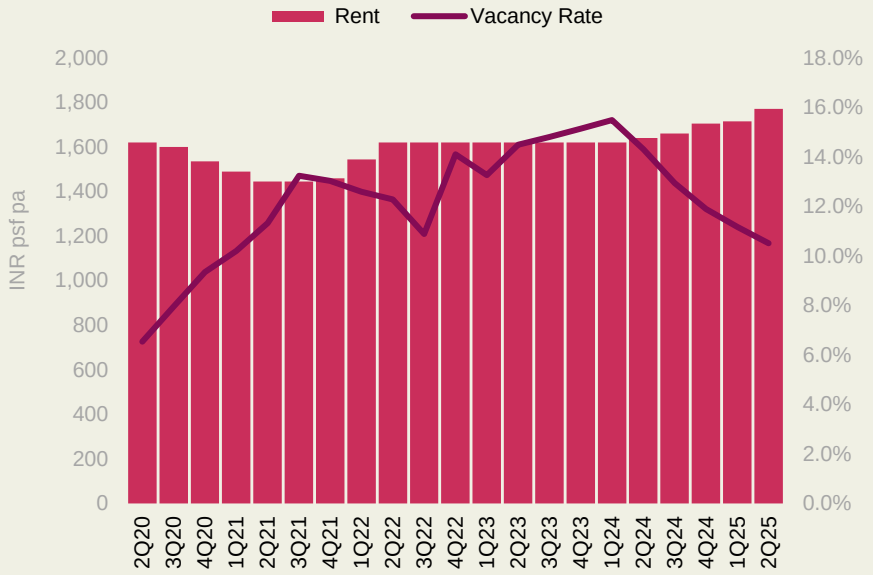
Source: S&P Global, Knight Frank Research

India

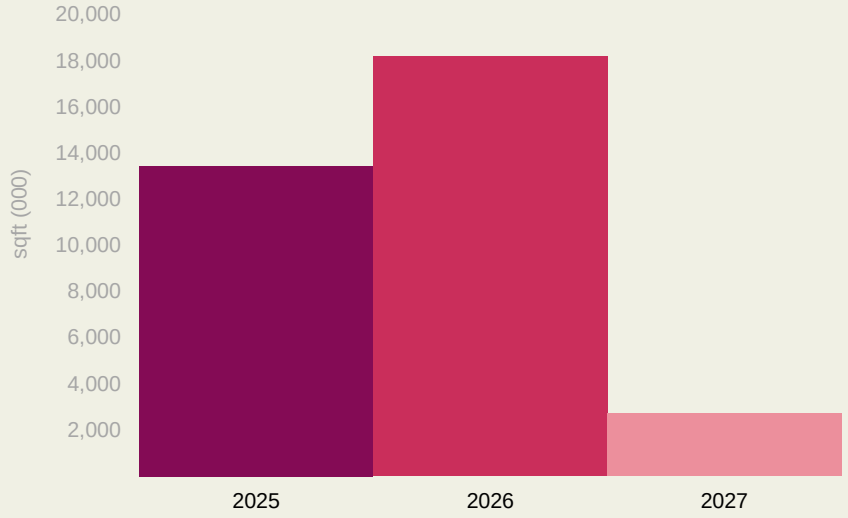
Leasing volumes in India’s three largest office occupier markets rose over 20% to reach 1.2 million sqm in Q2 2025, as business sentiment remained robust despite geopolitical headwinds. Consequently, rental growth accelerated during the quarter to rise 4.5% year-on-year. GCCs made up the largest share among all occupier segments, with Bengaluru once again dominating GCC-related leasing activity. The city continued to headline India’s occupier markets, with the 1.7 million sqm leased in H1 2025 already surpassing volumes for the whole of 2024. NCR also scaled new heights during H1 2025, with the 700,000 sqm leased a record for the city. Third-party IT service providers have re-emerged as a major force in the first half of 2025, more than doubling their 10% share from the same period last year, as AI adoption reinforces India’s position as a preferred hub for outsourced IT services. The increasing impact of GCCs and the steady revival of third-party IT services are expected to continue powering demand in the country.

Bengaluru

Rents and Vacancy



Pipeline Supply



Economic Indicators	2025F	2026F
GDP Growth	6.5%	6.5%
Unemployment Rate	NA	NA
Inflation	3.7%	4.0%

Real Estate Indicators	Q2 2025	12mth Forecast
Prime Rent (INR psf pa)	1,771	→
Vacancy	10.5%	→
Market Balance	Landlord	Balanced

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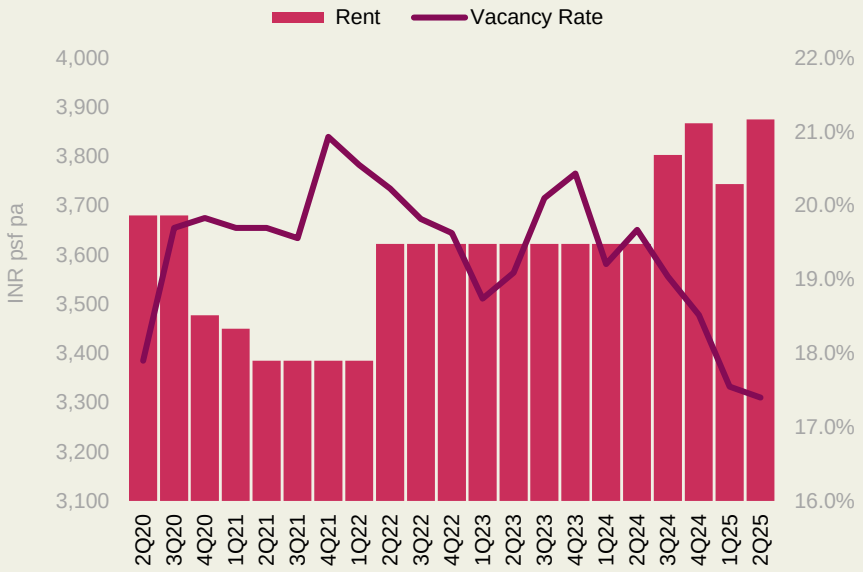
Updated 4 July 2025

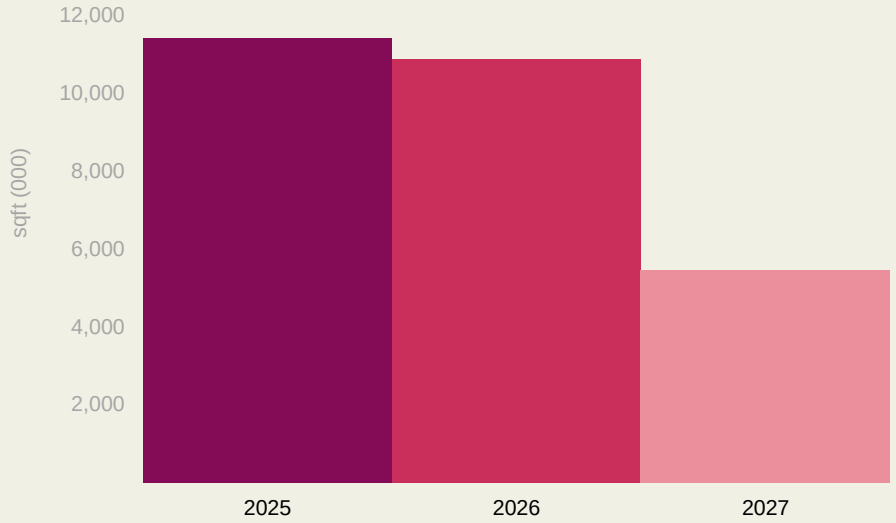
Source: Reserve Bank of India, Knight Frank Research

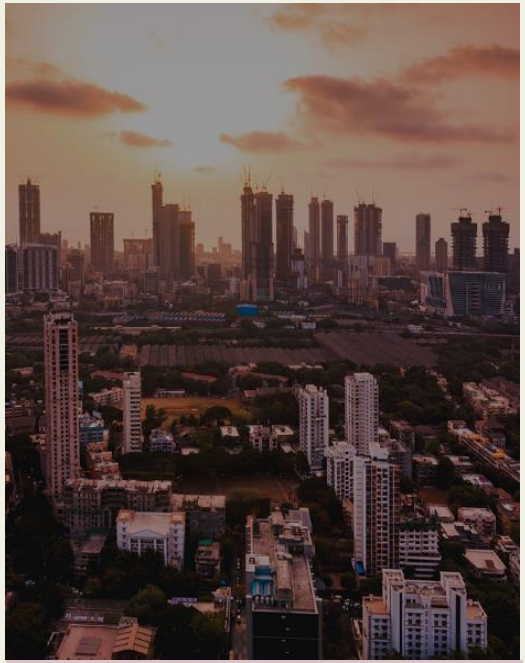
Mumbai Metropolitan Region (MMR)

Rents and Vacancy



Pipeline Supply





Economic Indicators	2025F	2026F
GDP Growth	6.5%	6.5%
Unemployment Rate	NA	NA
Inflation	3.7%	4.0%

Real Estate Indicators	Q2 2025	12mth Forecast
Prime Rent (INR psf pa)	3,875	→
Vacancy	17.4%	→
Market Balance	Landlord	Balanced

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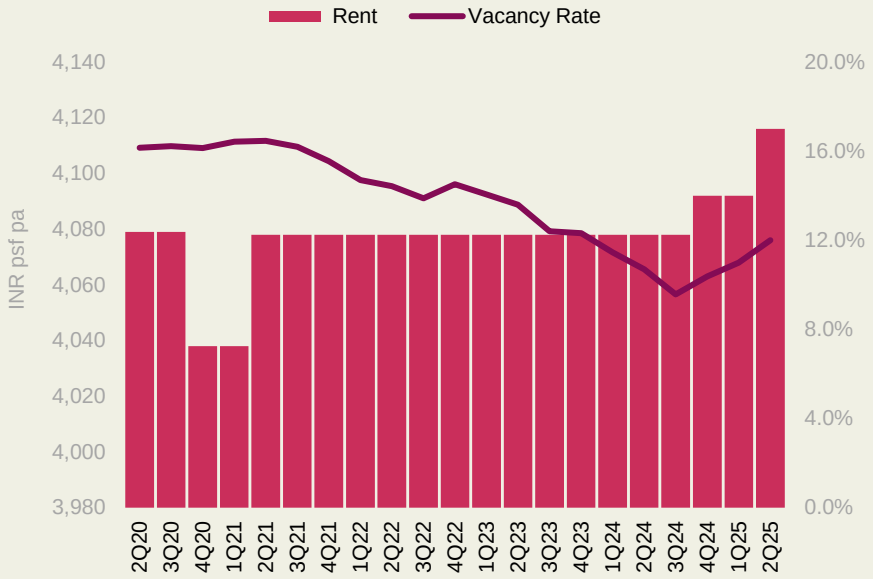
Updated 4 July 2025

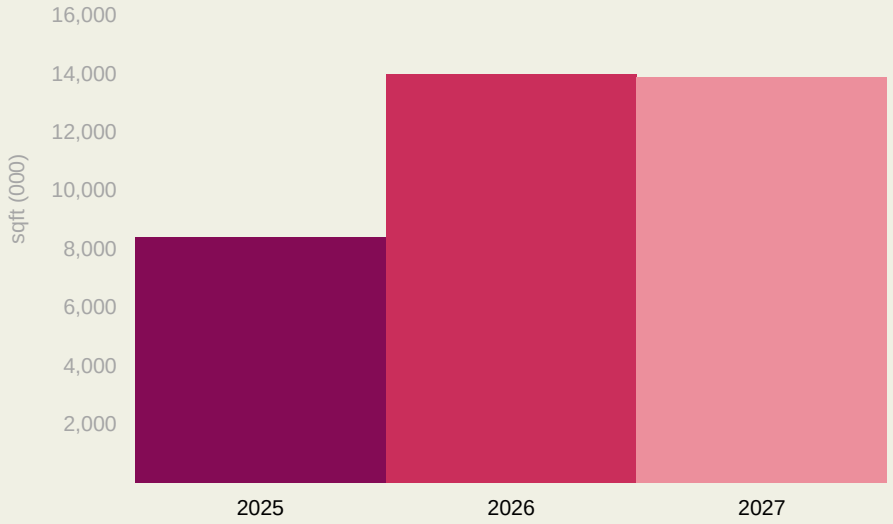
Source: Reserve Bank of India, Knight Frank Research

Delhi–NCR

Rents and Vacancy



Pipeline Supply



Economic Indicators

	2025F	2026F
GDP Growth	6.5%	6.5%
Unemployment Rate	NA	NA
Inflation	3.7%	4.0%

Real Estate Indicators

	Q2 2025	12mth Forecast
Prime Rent (INR psf pa)	4,116	→
Vacancy	12.0%%	→
Market Balance	Landlord	Balanced

For more information, please contact:

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Source: Reserve Bank of India, Knight Frank Research

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