Asia-Pacific Capital Markets Insights

Q1 2026

This is an investor focused report which provides an in-depth look at the performance of the commercial real estate markets across the region.

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"The rebound in first-quarter volumes marks a clear inflection point for Asia-Pacific real estate, with capital moving decisively from price discovery into deployment. We are seeing institutional investors re-engage with greater conviction, particularly for prime assets and larger-scale opportunities that offer liquidity, income resilience and clearer execution pathways. While macro risks remain, the depth of capital targeting the region suggests that activity will stay resilient, albeit with a continued focus on quality and pricing discipline."

DANIEL DIXON
HEAD OF CAPITAL MARKETS
ASIA-PACIFIC

TOTAL INVESTMENT VOLUME IN Q1 2026

US$64.6 Billion

YoY Q1 2026 % GROWTH

64.7%

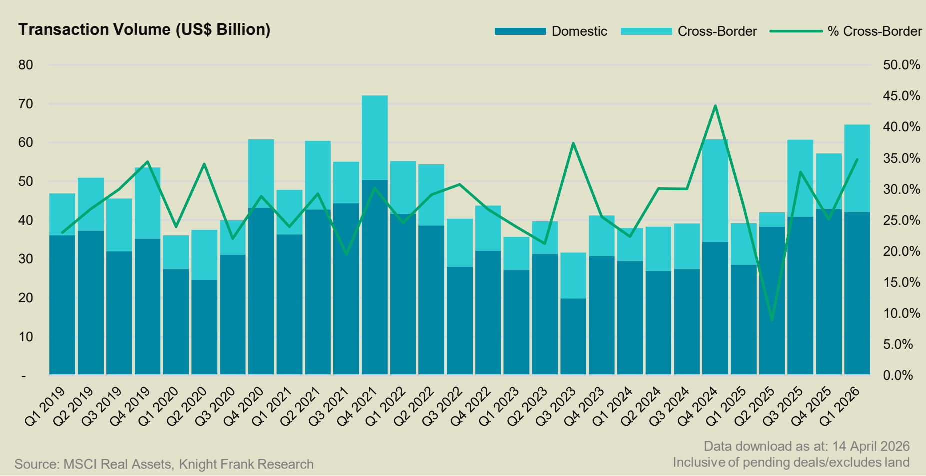
SECTOR IN FOCUS

Office Sector

ASIA-PACIFIC INVESTMENT VOLUMES HIT POST-2021 HIGH

Asia-Pacific investment activity extended its recovery into Q1 2026, with total volumes reaching US$64.6 billion, rising 13.0% quarter-on-quarter (QoQ) and 64.7% year-on-year (YoY), the strongest quarterly performance since Q4 2021. Significantly, the first-quarter rebound, typically a seasonally softer period, signals a clear transition from price discovery to deployment in the region's capital markets cycle. Investors are re-engaging with greater conviction and broader participation.

The office sector accounted for the largest share of investment activity in Q1 2026, with volumes reaching US$23.5 billion, up 46.7% YoY. This resurgence reflects a selective reallocation of capital into prime, income-resilient assets at reset pricing levels, rather than a broad-based recovery across the sector. Investors remain focused on high-quality buildings in core locations, supported by improving leasing fundamentals, sustained occupier flight-to-quality, and structurally constrained development pipelines. Simultaneously, the widening bifurcation between prime and secondary stock is creating value-add and repositioning opportunities, particularly in markets where ageing supply and limited new completions are converging with resilient demand for Grade A space.



Source: MSCI Real Assets, Knight Frank Research

Data download as at: 14 April 2026
Inclusive of pending deals/excludes land

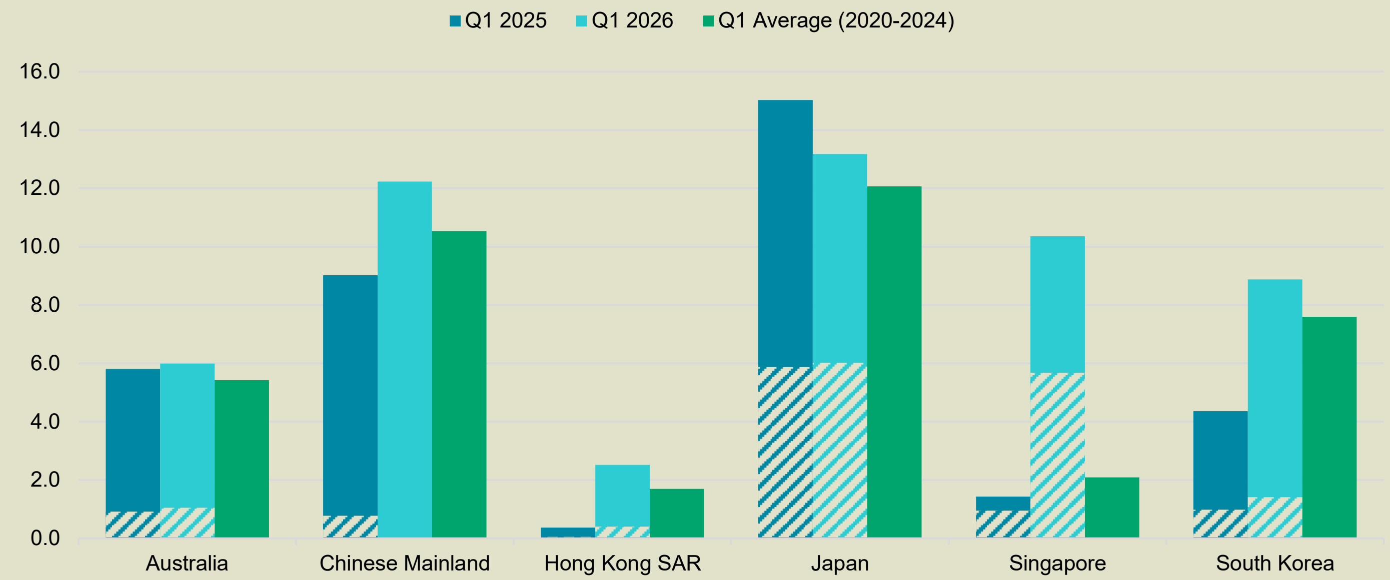
Notable office transactions include G1 Seoul Buildings A and B by Mirae Asset at US$1.05 billion in South Korea, and 78 Shenton Way reported to be around US$473 million by Allgreen Properties in Singapore.

CROSS-BORDER CAPITAL RETURNS TO SCALE

Cross-border volume reached US$22.4 billion during the quarter, more than doubling YoY and increasing 56.3% QoQ to account for 34.8% of total investment volume. This resurgence reflects renewed deployment by sovereign and institutional capital, favouring entity-level transactions as a means of achieving scale in a supply-constrained environment. Cross-border capital is becoming structurally embedded in the region's recovery, with investors prioritising liquidity and deployable scale.

Japan remained the region's most active cross-border destination, recording US$6.0 billion in inbound investment, up 2.5% YoY. International institutional investors are still very keen on its office sector, anchored by persistently low prime vacancy, strong occupier demand and a limited development pipeline. For instance, Brookfield Asset Management has acquired Dentsu HQ Building for nearly US$2.0 billion from Hulic. Limited availability of prime assets is also driving investors towards entity acquisitions, such as GIC and Tosei Asset

Q1 2026 Regional Heavyweights (US$ Billion)



Note: proportion of cross-border deals indicated by non-solid areas
Source: MSCI Real Assets, Knight Frank Research

Data download as at: 14 April 2026
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Advisors' purchase of Sankei Real Estate, which holds nine office buildings, six hotels and a single logistics property, at US$372.6 million.

Singapore recorded a historic level of cross-border investment in Q1 2026, with volumes surging to US$5.7 billion from under US$1.0 billion in the prior year period, a near sixfold increase. The uplift was largely attributable to Hongkong Land's strategic spin-off of multiple institutional-grade office assets and a retail mall into a private real estate fund co-anchored by sovereign wealth fund QIA and Dutch pension manager APG Group, one of the most significant portfolio transactions recorded in Singapore in recent years.

Its retail investment also gained traction, with volumes reaching US$1.1 billion during the quarter. The divestment of Bukit Panjang Plaza by CICT to US-based global real estate firm Hines for US$337 million was among this quarter's notable transactions, adding to a growing body of evidence that investors are actively repositioning their portfolios and strategically capital recycling to unlock value from stabilised assets and create capacity for higher-conviction acquisitions in an increasingly competitive market.

South Korea ranked third among cross-border investment destinations, with volumes reaching US$1.4 billion, a 45.0% increase YoY. The structural appeal of its logistics sector showed little sign of abating, with industrial assets once again commanding the greatest share of cross-border activity at 38.8% of volume, underpinned by the fall in new supply completion and steady leasing demand for prime industrial assets. One transaction was KKR's acquisition of Shinsegae Food Hub for US$201.1 million, extending the firm's substantial and growing industrial portfolio in the country.

OUTLOOK

While Q1 2026 delivered a solid performance, geopolitical headwinds stemming from the escalating conflict in the Middle East have begun to temper sentiment heading into the second quarter. A prolonged conflict risks reigniting inflationary pressures, which could in turn weigh on the trajectory of interest rates across major economies and dampen the improving financing conditions that have supported the region's recovery. Bid-ask spread could widen as a result.

Against this backdrop, capital deployment is likely to remain active but increasingly selective. Core and well-located assets in safe haven markets should continue to attract strong interest, but any shift in rate expectations may moderate transaction velocity rather than reverse current momentum.

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