

Evolving Workforces

Global Tech Talent Guidebook 2024 – Asia Pacific View

VIEWPOINT

CBRE RESEARCH
APRIL 2024



Introduction

2023 was a challenging year for the tech sector amid ongoing layoffs; tighter access to capital; and a focus on cost savings rather than growth. However, amidst these difficulties, Asia Pacific has been a bright spot for the tech sector thanks to its vibrant landscape and diversity; wage differential; and strong growth of generative Artificial Intelligence (AI) talent.

CBRE recently launched its [Global Tech Talent Guidebook](#), which explores the global market for tech talent and how it is shaping real estate and location strategy decisions.

The Guidebook assesses 75 global markets as falling into “powerhouse,” “established” or “emerging” categories. Powerhouse markets are major urban centres with large tech talent pools, mature tech ecosystems, stable regulatory environments, access to capital and the ability to attract tech entrepreneurs and talent from across the world. Established markets have similar characteristics but on a smaller scale, wielding more regional than global strength. Emerging markets are rapidly developing tech ecosystems that have some but not all of the key ingredients to become more established, including workforce skills and a concentration of homegrown tech companies.

Among the 11 powerhouses identified globally, five are in Asia Pacific. This Viewpoint explores:

- The appeal of Asia Pacific for hiring tech talent;
- Key considerations for companies seeking to identify markets in Asia Pacific for tech talent, and;
- Approaches to talent attraction and location that companies are adopting in Asia Pacific and how is this shaping their real estate strategies.



Rohini Saluja
Managing Director,
Head of Consulting &
Integrated Client Solutions,
Asia Pacific



Udit Sabharwal
Labor & Location Analytics Lead,
Asia Pacific
CBRE Consulting,
Asia Pacific



Ada Choi, CFA
Head of Occupier Research,
Asia Pacific
Head of Data Intelligence and
Management,
Asia Pacific

Asia Pacific is a bright spot for growth among global markets

Asia Pacific’s vibrant landscape and diversity, wage differential and spurt of generative AI talent are facilitating the growth of tech hiring.

Five cities in Asia Pacific - Shanghai, Beijing, Bangalore, Tokyo and Singapore - are classified as “powerhouse” markets. Among these markets, the two mainland China cities stand out globally with their significant working age population and corresponding share of the overall population. Additionally, Bangalore has experienced the highest average annual five-year working population growth (2.0% p.a. between 2018 and 2023) among the twelve powerhouse markets.

These markets boast large and diverse clusters of tech companies, as well as a high concentration of tech talent. These clusters often develop around high-quality universities that heavily invest in technology innovation programmes, ensuring a continuous influx of new talent. Universities in these markets often establish formal connections between academic research and commercial product development, thus accelerating the innovation process within the tech industry.

Figure 1: Powerhouse and established markets in Asia Pacific



Table 1: Working age population of Asia Pacific markets

Markets	Market Category	Working Age Population (2023, thousands)
Shanghai	Powerhouse	18,333
Beijing	Powerhouse	16,405
Guangzhou	Established	15,368
Delhi	Established	15,356
Shenzhen	Established	15,227
Bangalore	Powerhouse	11,682
Mumbai	Established	9,568
Tokyo	Powerhouse	8,963
Seoul	Established	6,803
Hong Kong SAR	Established	5,001
Singapore	Powerhouse	4,263
Sydney	Established	3,670
Melbourne	Established	3,528
New Taipei City	Established	2,886

Source: CBRE Research, Oxford Economics, data as of 18th April 2024.

Tech-related employment rises 34% from 2019-2023

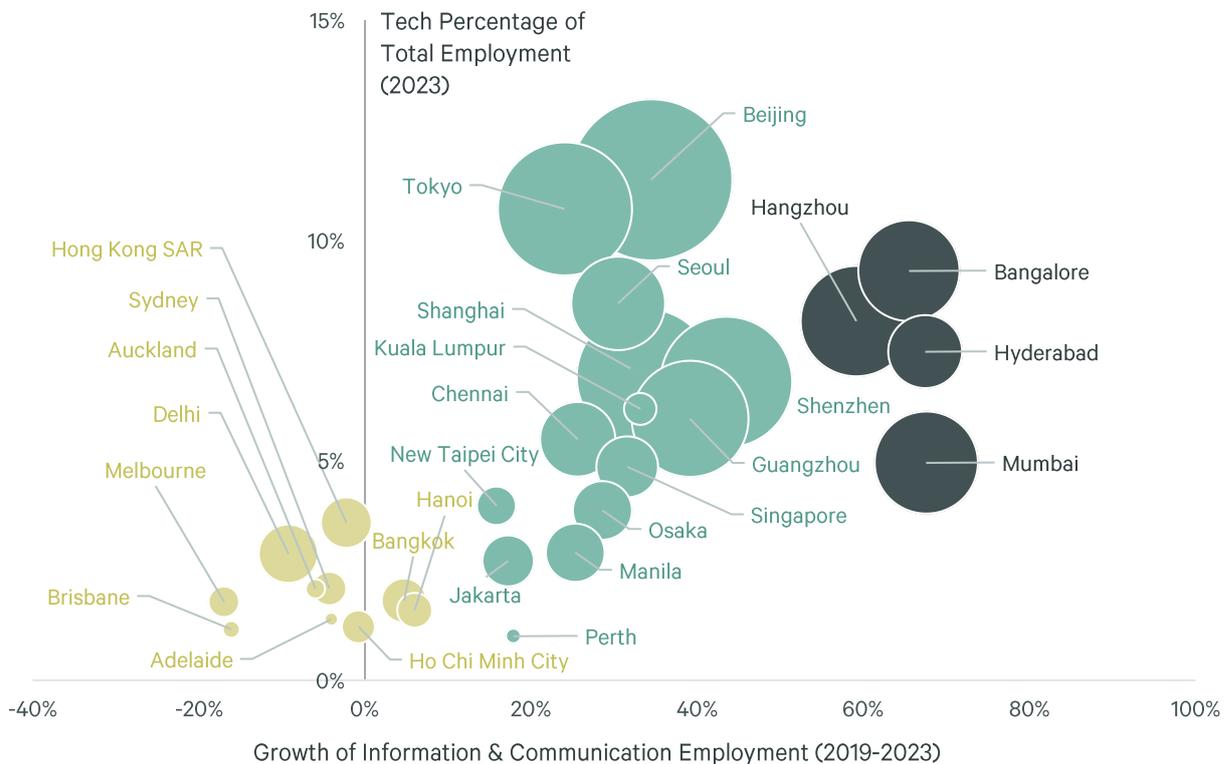
Indian cities have experienced the highest growth in tech employment, followed by Chinese cities. Most Asian cities have seen tech sector employment grow faster than general employment. CBRE has identified three key elements underpinning this growth.

Scalable Talent Pool: With the six largest tech markets in the world being in Asia Pacific, it is an ideal region for companies seeking to grow fast and hire at scale.

Cost: Asia Pacific offers significant cost savings over high-cost markets in other regions. While the magnitude will vary depending upon the function and city, cost savings can start from 30% and go as high as 70% in some cases.

Ecosystem: Asia Pacific is home to regional hubs (e.g. Singapore & Hong Kong SAR); has an ability to attract investment (three of the top five markets with the largest venture capital funding globally are in Asia Pacific); and hosts numerous multinational corporates spanning the length and breadth of every key industry.

Figure 2: Growth rate in tech employment vs. tech percentage of total employment



Note: Bubble size refers to the number of people employed in the information & communication employment sectors in 2023.
Source: Oxford Economics, February 2024.

Cost of tech talent varies across Asia Pacific

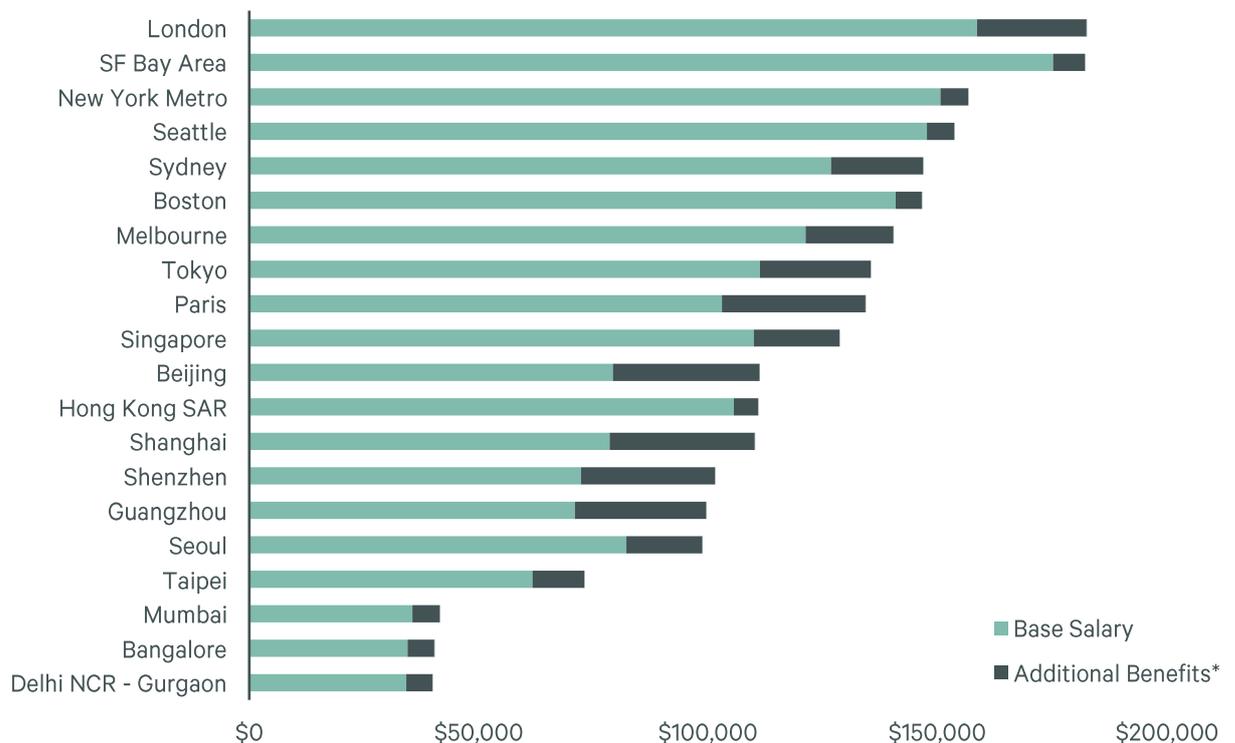
The lower cost of tech talent is one of Asia Pacific’s key competitive advantages. Referencing the average salary of a software engineer, the cost differential can be up to 77% cheaper than the most expensive markets globally.

Costs include both basic salaries along with additional benefits that companies must offer to attract and retain employees. Recent years have seen an increase in wage inflation, with some low wage markets registering annual wage hikes, which in some cases have exceeded 10%.

Other considerations for companies selecting markets to conduct business and operations in Asia Pacific include:

- Demand-supply dynamics: Companies keen to understand the supply of talent must ascertain whether market attrition rates are within norms and applicants’ skills are suitable.
- Risk: Companies must minimise their exposure to macroeconomic, political, geographic and business risk.

Figure 3: Average software engineer salary by market in USD (2022)



***Note:** Additional benefits vary by market and may include mandatory employer costs like disability insurance, social security and health care.
Source: CBRE Labour & Location Analytics, local government agencies, October 2023.

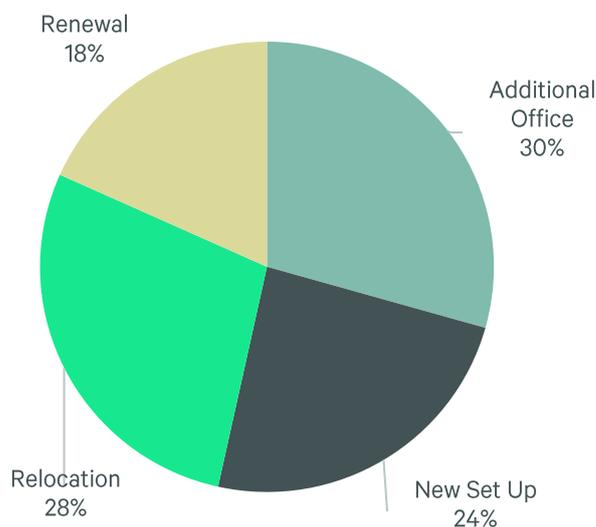
Tech sector appetite for real estate footprint expansion remains

Real estate is a magnet for talent attraction. The office is a means to drive culture, cohesion and collaboration. The right space backed with connectivity can enable a holistic mix of live-work and play.

In 2023, close to 54% of leases signed by tech companies were related to expansion and new business. These expansions are being balanced against the broader goal of cost savings among companies with cost savings metrics built into their expansion strategies.

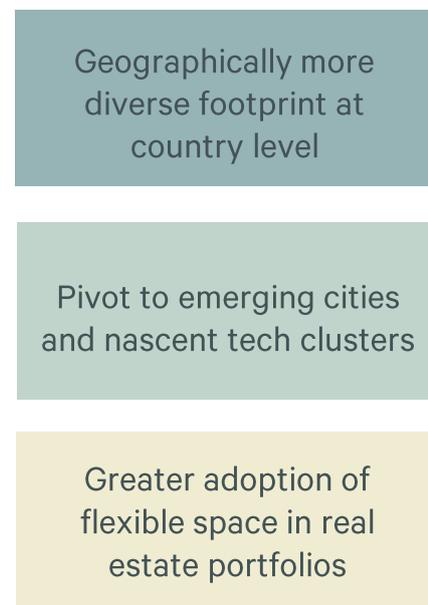
Tech companies are adopting a broad range of strategies in the region including cost containment; remote hiring; and a rising emphasis on DE&I. Companies are keen to ensure they balance emerging trends such as hybrid and remote work with concentration and cost risk.

Figure 4: Type of lease signed by tech firms (2023)



Note: Beijing, Shanghai, Hong Kong SAR, Seoul, Singapore, Delhi NCR, Bangalore, Mumbai, Sydney CBD and Melbourne CBD are the markets covered.
Source: CBRE Research, February 2024.

Figure 5: Locational strategies for tech companies



Contacts

Henry Chin, Ph.D
 Global Head of Investor Thought Leadership
 Head of Research, Asia Pacific

henry.chin@cbre.com

Ada Choi, CFA
 Head of Occupier Research, Asia Pacific
 Head of Data Intelligence and Management, Asia Pacific

ada.choi@cbre.com

Rohini Saluja
 Managing Director, Head of Consulting & Integrated Client Solutions, Asia Pacific

rohini.saluja@cbre.com

Udit Sabharwal
 Labor & Location Analytics Lead, Asia Pacific
 CBRE Consulting, Asia Pacific

udit.sabharwal@cbre.com

© Copyright 2024. All rights reserved. This report has been prepared in good faith, based on CBRE's current anecdotal and evidence based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.

Nothing in this report should be construed as an indicator of the future performance of CBRE's securities or of the performance of any other company's securities. You should not purchase or sell securities—of CBRE or any other company—based on the views herein. CBRE disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CBRE as well as against CBRE's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.