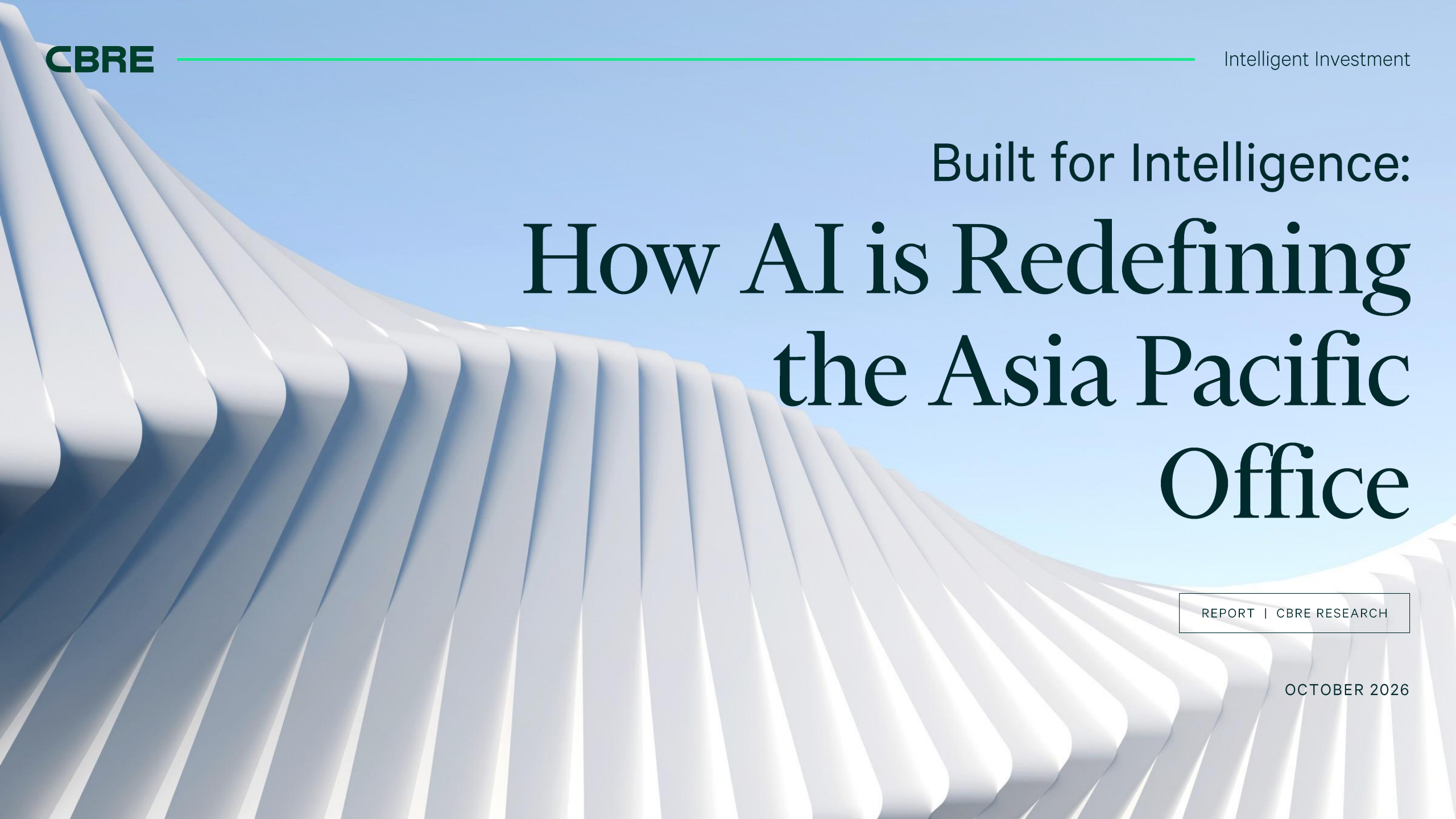


The background of the entire page is an abstract architectural rendering. It features a series of white, curved, rib-like structures that create a sense of depth and movement, receding into the distance under a clear blue sky.

Built for Intelligence: How AI is Redefining the Asia Pacific Office

REPORT | CBRE RESEARCH

OCTOBER 2026

Introduction

The adoption of artificial intelligence (AI) is no longer a prediction; it is already starting to reshape the corporate landscape.

As in other regions, the technology is beginning to impact the Asia Pacific labour market, driving a dual wave of rapid productivity gains and structural disruption. Fears of widespread, large-scale unemployment have yet to materialise, however, with adoption thus far characterised by task transformation and shifting occupational composition.

The integration of AI into white-collar workplaces inevitably raises questions over the future of commercial office demand. While AI may somewhat moderate future office absorption, CBRE believes its most significant impact will be to polarise the regional office market.

As routine and administrative tasks become increasingly automated, demand is expected to concentrate in high-quality office buildings that support knowledge-intensive, collaborative and client-facing work. In contrast, older and less competitive assets are likely to face increasing pressure as occupiers place greater emphasis on connectivity and building quality to attract and retain talent.

This CBRE report addresses these and other issues by analysing how AI will reshape the office-based employment market in Asia Pacific and identifying the implications for commercial real estate demand and supply.



Key figures

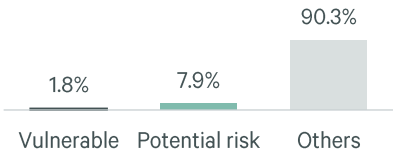
SCENARIOS **Base Case:** No AI job displacement (AI's productivity effect on employment included)
 Moderate: Vulnerable office jobs are displaced at a moderate pace
(All growth rates are cumulative)

01 JOBS AT RISK

Limited job displacement risk

<2%

of regional employment comprises vulnerable office jobs to be fully displaced



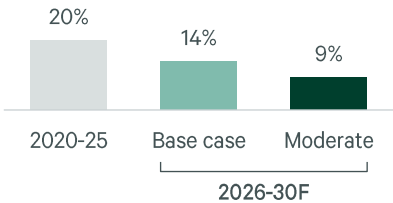
Vulnerable: High AI exposure and low capacity to adapt
Potential risk: High AI exposure but high capacity to adapt

02 OFFICE EMPLOYMENT

Slower but positive employment growth

9%

growth in office jobs is projected for 2026-30F if vulnerable office jobs are moderately displaced

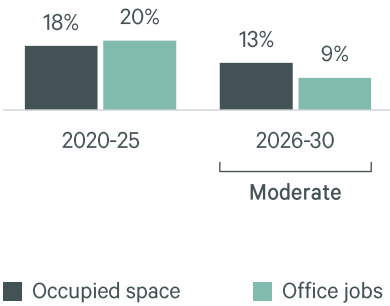


03 OFFICE DEMAND

Growth of occupied space will outgrow office jobs

OCCUPIED SPACE vs OFFICE JOBS
13% vs 9%

In 2026-30F under moderate scenario
Portfolios rebalance as occupied space growth has lagged jobs in past few years



04 NEW SUPPLY

New supply is easing

3.2%

annual completions in 2028F as a percentage of Q4 2027 stock

Down from 5.3% in pre-pandemic 2019

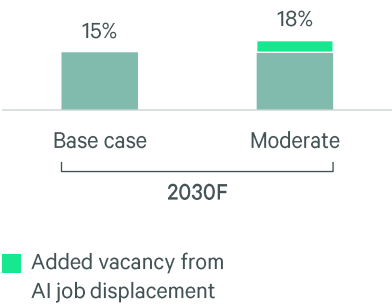
Demand uncertainty and high construction costs curb new projects

05 VACANCY

Vacancy rate will remain contained

3-4 ppt

increase in vacancy by 2030F in the moderate scenario vs the base case



Note: Supply refers to annual completions as a share of the previous year's fourth quarter stock, using Grade A data for Hong Kong SAR, Seoul, Kuala Lumpur and India and total grade data for other markets. **Source:** CBRE Research, 2026.

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01

What can AI do? Jobs vs tasks



Jobs vs Tasks: What is the role of AI?

Since the launch of ChatGPT in late 2022, AI adoption has grown at an unprecedented pace.

Generative AI tools such as Claude, Gemini and DeepSeek have achieved rapid uptake on the back of their ability to enable users to perform complex cognitive tasks through natural-language instructions. As of May 2026, 45% of employees in the U.S. reported using generative AI at work, according to the Harvard Project on Workforce.

The accelerating adoption of AI has inevitably fuelled concerns that the technology could result in the large-scale displacement of white-collar workers. However, CBRE believes the relationship between AI capability and employment is extremely nuanced. While AI can perform a task traditionally undertaken by humans, it does not mean that AI can perform an entire occupation. The scope of jobs has always been in a state of flux as technology advances.



Jobs vs Tasks: What is the role of AI?

Tasks vs Jobs

Distinguishing between tasks and jobs is critical. Tasks are individual units of work, while jobs or occupations involve missions and visions that require judgement, coordination, stakeholder management, accountability and relationship building. Human communication is complex; it goes beyond the execution of a specified set of tasks to accommodate non-verbal cues and longer-term goals.

AI capability is improving rapidly and can increasingly perform expert-level tasks. In September 2025, Open AI’s AI evaluation benchmark GDPval published “*Evaluating AI model performance on real-world economically valuable tasks*”. The study found that leading frontier models can match or exceed human performance in selected activities across occupations such as editing, software development, and financial advisory services. However, the study also observed that when paired with human oversight, AI models could complete tasks faster and at lower costs, pointing to the importance of augmenting knowledge workers.

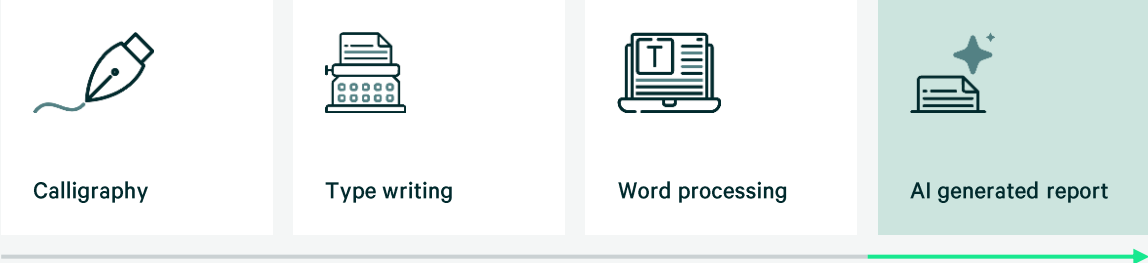
Evolution of tasks along with technological advancement

The history of writing demonstrates that while technological progress can change the nature of work, it does not eliminate it altogether. Innovations such as typewriters, word processors, and, more recently, AI-powered drafting tools have increased the efficiency of the writing process. However, the originality, creativity and critical thinking in the writing process remain in human hands.

This distinction suggests that AI should be viewed primarily as a productivity-enhancing technology rather than a direct substitute for labour. While certain tasks will become increasingly automated, human judgement, creativity, collaboration, and relationship management will remain crucial.

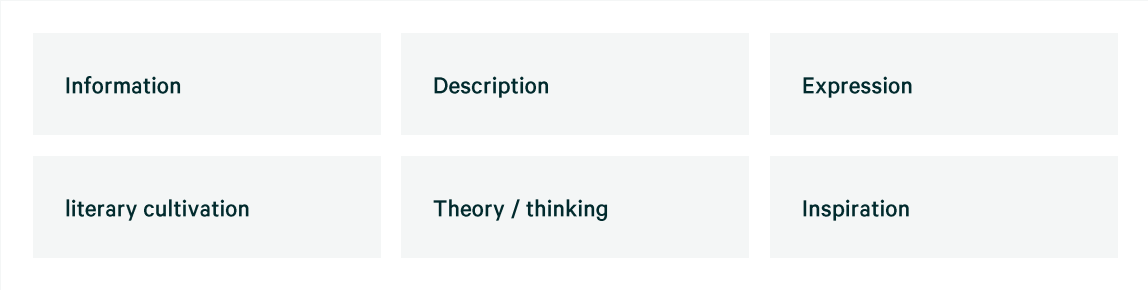
Task (The Small Step):

A task is a single, functional unit of work



Job (The Big Picture):

A specific role that has a broad set of responsibilities



AI sparks fears of office job disruption

The raft of speculative headlines linking AI to job cuts has fuelled concerns that a large volume of white-collar jobs could become redundant. Job data in the U.S., a market viewed as a leading indicator of technological disruption, show an increasing number of AI-driven redundancies. Since 2023, when 4,000 job cuts cited AI as a key factor, companies have attributed more than 180,000 layoffs to adoption of the technology.

However, these figures tell only part of the story. The cumulative total of 180,000 over the past three years

amounts to only around 0.1% of U.S. total employment. The U.S. unemployment rate stood at 4.1% in August 2026, broadly consistent with the average recorded in the past three years.

There is therefore little evidence so far to prove that AI adoption is leading to the material deterioration of the overall U.S. labour market.

Since 2023, when 4,000 job cuts cited AI as a key factor, companies have attributed more than

180,000

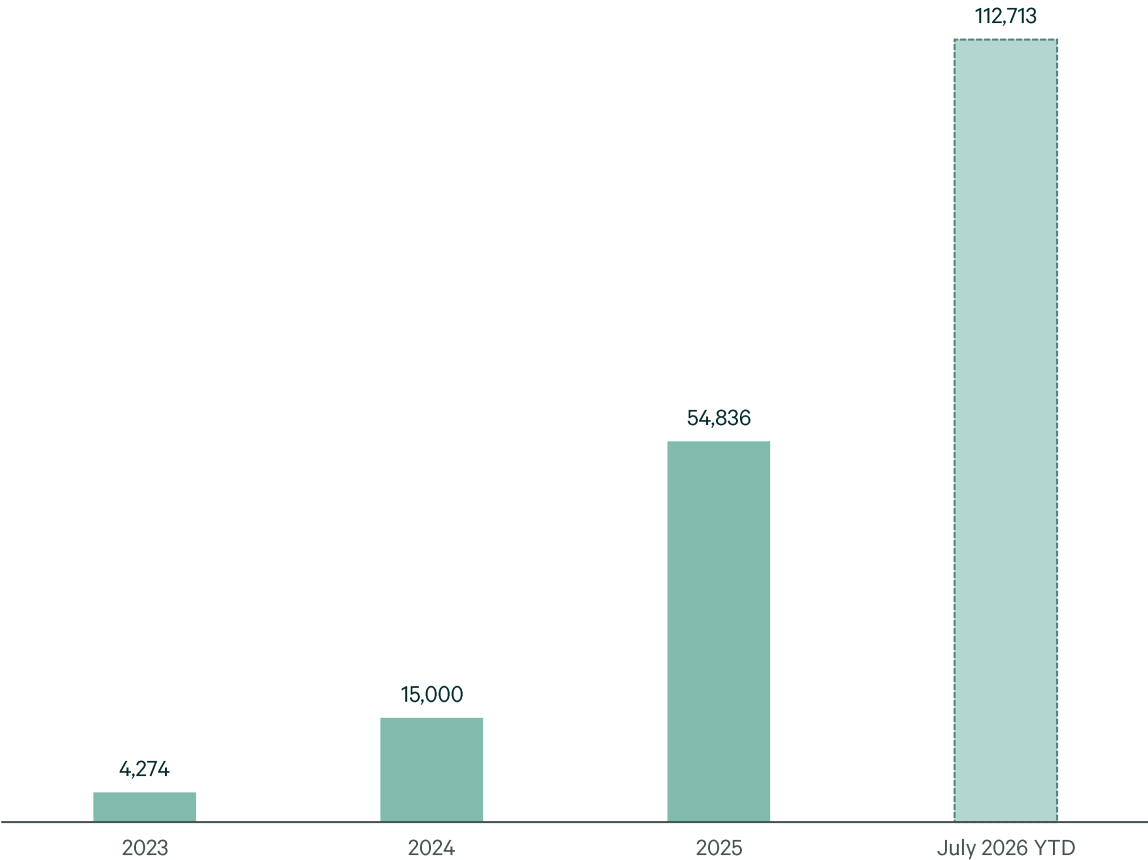
layoffs to adoption of the technology

The cumulative total of 180,000 over the past three years amounts to only around

0.1%

of U.S. total employment

FIGURE 1:
Number of U.S. Job Cuts Since 2023 Citing AI as a Reason



Source: The Challenger Report, Challenger, Gray & Christmas Inc, October 2026.

AI appears to be having a bigger impact on junior roles

Although the impact of AI on overall employment has so far been limited, early signs suggests that entry-level and junior roles are more exposed. These positions typically involve a higher concentration of routine, process-driven tasks that are easier to automate.

Youth unemployment rates (age 15-24) have been structurally higher the overall unemployment rates across all economies, even before the introduction of AI. Reasons for this include younger employees' limited experience and lack of direction about how to start their career.

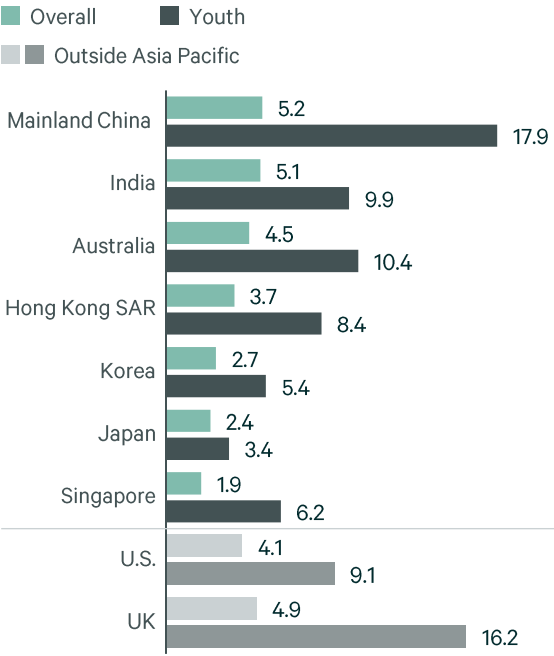
Recent evidence suggests AI may be amplifying this trend. A Stanford University study found that U.S. employment growth among young workers aged 22 to 25 in AI-exposed occupations, including software engineering and customer service, was 20% lower than the growth of jobs that are less AI-exposed. This gap widened from 15% in July 2025 to 20% in July 2026.

While no similar studies have yet been conducted in Asia Pacific, job openings for university graduates in Hong Kong SAR fell from 80,000 in 2022 to just 31,000 in 2025, according to the Joint Institutions Job Information System, an online platform for students in Hong Kong's universities.

Recent university graduates are more affected by the implementation of AI because university programmes have not yet adjusted to help graduates develop AI job skills, and companies are slowing hiring and reassessing their workforce structure, particularly the need for junior roles.

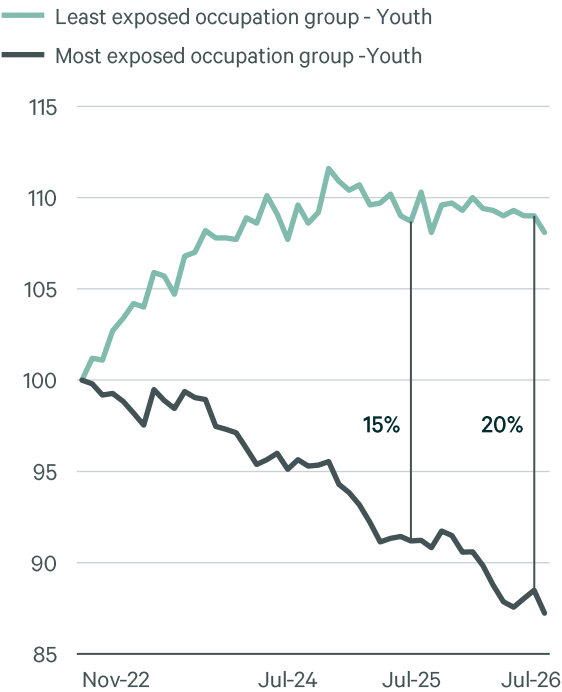
However, this trend is still evolving as university programmes are being redesigned to better equip young professionals with AI-enhanced skills. Future graduates may therefore be more resilient as they will develop AI capabilities over the duration of their education and early stage of their career.

FIGURE 2:
Comparison of Latest Unemployment Rate for Overall and Youth Population
Latest unemployment rate (%)



Note: Youth unemployment definitions vary between markets but in general youth is defined as age 15-24. India, Korea and Singapore youth unemployment refers to age under 30.
Source: Various statistics departments, 2026.

FIGURE 3:
Change in U.S. Headcount Among Youth Population Since November 2022 by Occupational AI Exposure
Employment Index (Nov 2022= 100)



Note: data as of July 2026
Source : Stanford Digital Economy Lab, ADP Research, Eloundou et al. (2024), CBRE Research, 2026.

02

Job exposure to AI

Measuring exposure to AI and the capacity to adapt

CBRE's evaluation of Asia Pacific workforce vulnerability to AI draws on two complementary academic frameworks.

The first is the AI Exposure Score, developed in the University of Chicago's *"GPTs are GPTs: Labour Market Impact Potential of LLMs"*, which estimates the share of tasks within an occupation that AI can assist with or automate.

The second is the Adaptive Capacity Score, based on the National Bureau of Economic Research's *"How Adaptable*

Are American Workers to AI-Induced Job Displacement?", which measures how workers can respond to disruption through factors such as transferable skills, financial resilience, access to alternative employment and age.

Both measures are critical because exposure alone overstates displacement risk. Staff can be retrained, move into adjacent roles or transition into new occupations as labour demands evolve. Together, these two indicators provide a framework for assessing AI-related workforce vulnerability.



FIGURE 4:
Methodology to Build AI Exposure and Capacity Scores

AI Exposure Score

What it measures The share of an occupation's tasks that a GPT-4 class large language model (LLM) could plausibly assist with. It captures the potential for AI to change a job, not a forecast of displacement.

How it is calculated (Eloundou et al., 2024)

Task mapping

Each occupation's tasks come from O*NET, the U.S. Department of Labour's database of standardised job activities

LLM capability rating

Researchers rated whether GPT-4 could do each task fully, partially or not at all.

Occupation-level score

Task ratings aggregate into a single score for each occupation.

Score range: 0 (No task exposed) → 1 (All tasks exposed)

Adaptive Capacity Score

What it measures How well-placed workers in an occupation are to find new work, and to absorb the financial cost, if their job disappears.

How it is calculated (four equal-weighted components)

Net liquid wealth

Median savings, excluding home, vehicle and business equity, and net of debt. More savings buys a longer job search.

Skill transferability

Cosine similarity of O*NET skill profiles to other occupations, weighted by BLS job growth projections.

Geographic density

Employment-weighted average of local labour market density. Denser markets mean more options.

Age, share aged 55+

A higher share of older workers lowers the score. Older workers take longer to get rehired.

Score range: 0 (Lowest capacity) → 1 (Highest capacity)

Note: Exposure benchmarks tasks against GPT-4, following Eloundou et al. (2024). Current frontier models, including OpenAI's GPT-6 Astra and Anthropic's Claude Fable, are considerably more capable than GPT-4 was.
Source: Manning, S. J., & Aguirre, T. (2026), CBRE Research, October 2026.

High exposure and low adaptive jobs are most vulnerable to displacement

To assess occupational vulnerability across Asia Pacific, CBRE standardised regional employment data by mapping AI Exposure and Adaptive Capacity scores to the International Standard Classification of Occupations (ISCO) framework and deriving weighted-average scores for each occupational group.

Cognitive and office-based occupations tend to have much higher AI exposure while physical roles such as drivers, factory workers and agricultural labourers, generally exhibit low AI exposure.

The most significant finding is that exposure to AI does not necessarily translate into job disruption. While AI exposure is high among Information and communications technology (ICT) professionals, business professionals and managers,

these workers possess the strongest capacity to adapt. Higher educational attainment, transferable skills and greater career mobility mean AI is more likely to augment their work than replace it.

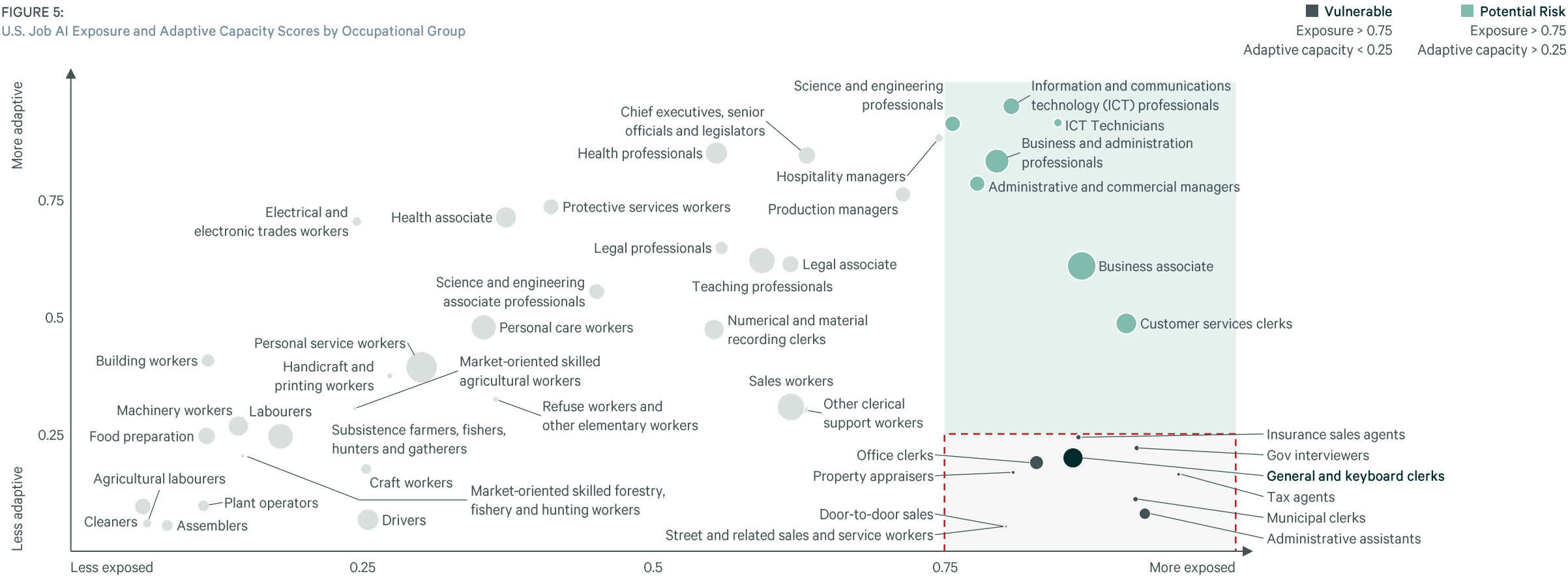
The greatest displacement risk is concentrated in clerical and administrative occupations as a larger share of their work consists of routine, process-driven tasks that are easier to automate and harder to redeploy.

CBRE's assessment is that AI is more likely to transform and redefine jobs rather than replace them completely. The Asia Pacific labour market of the future is likely to favour workers who can effectively collaborate with AI while leveraging unique human capabilities such as judgement, creativity, leadership and relationships.



High exposure and low adaptive jobs are most vulnerable to displacement

FIGURE 5:
U.S. Job AI Exposure and Adaptive Capacity Scores by Occupational Group



Note: For illustrative purposes only. The analysis covers 356 occupations, grouped into 40 International Standard Classification of Occupations (ISCO) groups. Bubbles outside the red box show employment-weighted average scores for each group. Bubbles inside the red box show individual occupations, plotted separately to identify the most vulnerable roles; these occupations also sit within their parent groups shown elsewhere on the chart. Bubble size represents employment.

Source: Manning, S. J., & Aguirre, T. (2026), US Bureau of Labor Statistics, CBRE Research, October 2026.

Less than 2% of regional employment is vulnerable to AI

Extending the occupational analysis across Asia Pacific suggests that only 1.8% of total regional employment is vulnerable to AI (occupations with high AI exposure but low adaptive capacity).

A further 8% of the workforce carries potential risk. These are jobs that are highly exposed to AI but possess strong capacity to adapt through reskilling and occupational mobility.

Developed economies have a higher ratio of jobs that are vulnerable to AI compared to emerging Asia. This reflects

the difference in employment structure as developed Asia Pacific markets are home to a higher portion of knowledge and cognitive workers. Office workers account for more than 35% of employment in Singapore, Hong Kong SAR and Australia, compared with less than 10% in Indonesia and Vietnam.

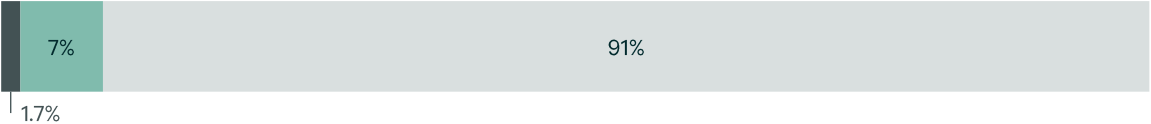
Despite the low percentage of total regional employment that is vulnerable to AI, CBRE believes that AI will reshape the regional labour market by altering the scope of current jobs but also spurring the emergence of new occupations and industries.



FIGURE 6:
Split of Total Asia Pacific Workforce by AI Exposure and Adaptive Capacity, 2025
% of total employment

■ Vulnerable office job ■ Potential risk office job ■ Low exposure and non-office Job

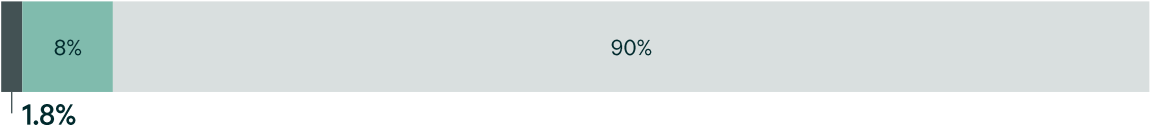
DEVELOPING ASIA MARKETS



DEVELOPED ASIA PACIFIC MARKETS



ASIA PACIFIC



Note: Developed Asia Pacific markets include Australia, Hong Kong, Japan, New Zealand, Singapore, South Korea and Taiwan. Developing Asia markets include Mainland China, India, Indonesia, Malaysia, Philippines, Thailand, Vietnam
Source: Manning, S. J., & Aguirre, T. (2026), US Bureau of Labor Statistics, International Labour Organisation, CBRE Research, October 2026.

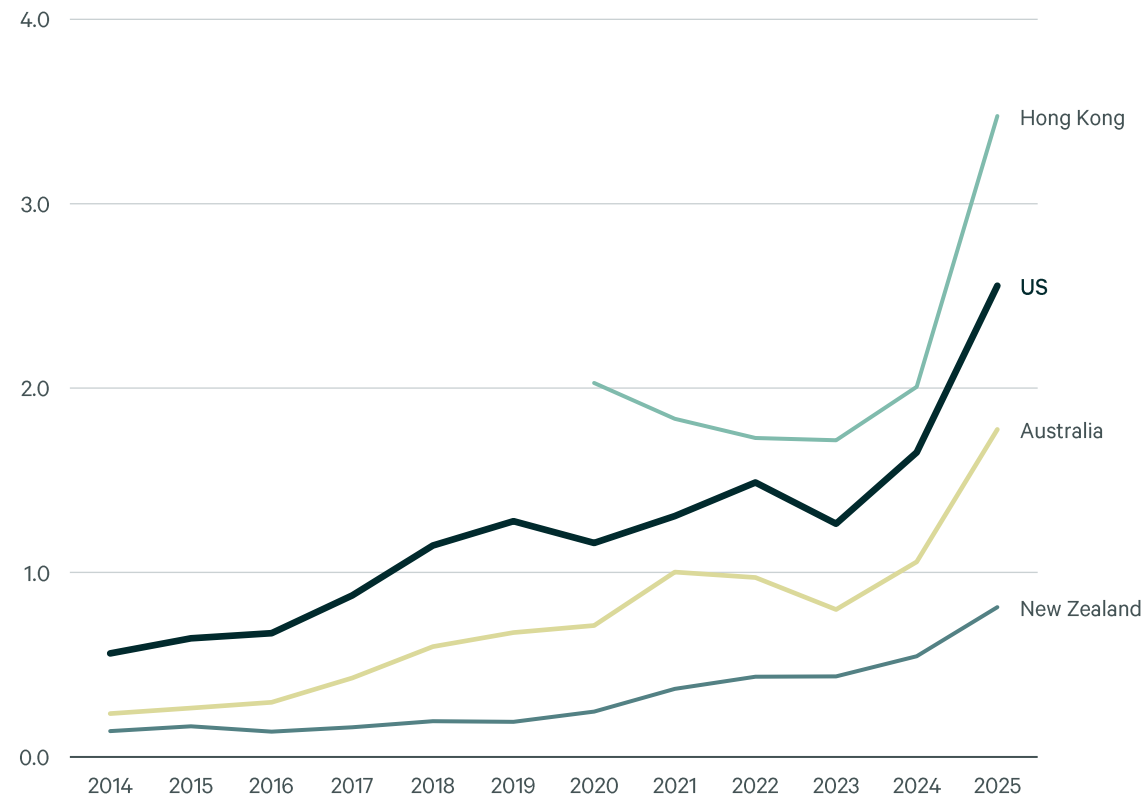
AI adoption is creating new jobs

While much of the debate around AI has focused on job displacement, adoption of the technology is creating new sources of labour demand, evidenced by the growing importance of AI-related skills in recruitment.

Data show more jobs in major markets now require AI-related skills. In the U.S., 2.5 out of 100 job postings required AI knowledge in 2025, compared to only 0.6% a decade ago. Similar patterns can be observed across many parts of Asia Pacific, highlighting how rapidly AI competencies are becoming an important skillset for jobs.

The hiring of individuals possessing these skills is not confined to AI and related tech firms. As companies pursue digital transformation and integrate AI into operations, the need for AI-enabled talent is spreading across industries. This shift is also beginning to reshape corporate real estate demand, with CBRE observing both the expansion of existing AI companies and the entry of new market players in Asia Pacific.

FIGURE 7:
Job Postings that Require AI-Related Skills in Major Markets, 2020 to 2025
Share of job postings that require at least one AI-related skill(%)



Source: The Stanford AI Index Report 2026, Our World in Data, CBRE Research, October 2026.

History shows job markets grow during periods of major technological advancement

Recent history shows that rather than negatively impacting the job market, major technological breakthroughs have generally supported employment growth, particularly in office-based occupations.

The commercialisation of the Internet in the 1990s and the widespread adoption of smartphones in the late 2000s both sparked concerns about automation-driven job losses. However, both periods coincided with strong growth in total employment and, more notably, office-based employment across the U.S. and Asia Pacific.

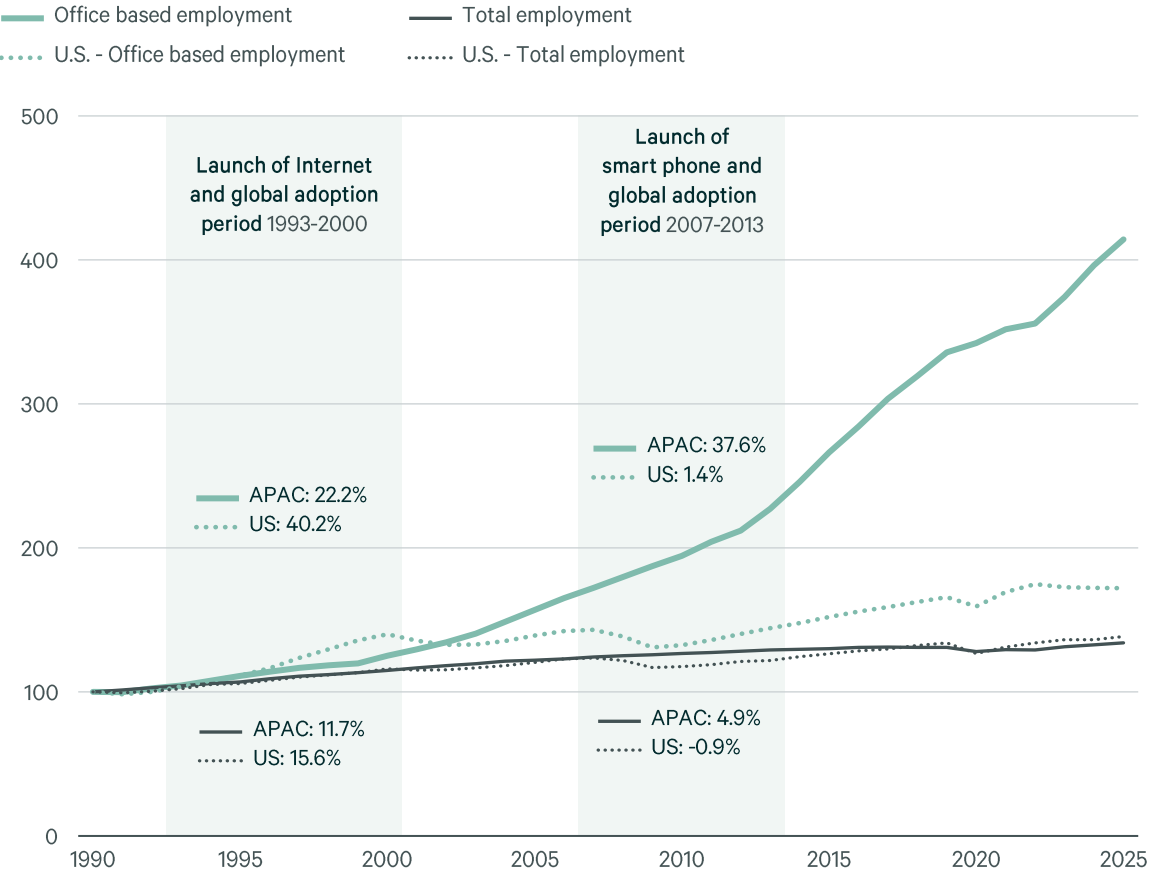
This reflects the fact that technological advancement creates new business models, new industries and new forms of work that outweigh the jobs displaced by automation. Furthermore, any transition from invention to economy-wide adoption typically takes many years, with workforce and business transformation occurring gradually rather than immediately.

Asia Pacific job growth over the past 15 years has been robust, with the region comfortably outperforming the U.S., recording 4.9% growth in total employment and 37.6% growth in office-based employment during the smartphone adoption era. Total employment in the U.S. declined by 0.9% over the same period, while office-based employment grew by just 1.4%.

This divergence reflects Asia Pacific's rapid shift towards service-oriented and knowledge-intensive industries, where technology increasingly complements rather than replaces labour.

While certain occupations and tasks will inevitably be disrupted by the adoption of AI, recent history suggests that technological advancement is far more likely to reshape the composition of employment rather than result in significant labour retrenchment.

FIGURE 8:
Asia Pacific vs U.S. Total and Office-Based Employment (Index Yr 1990=100)



Source: Oxford Economics, CBRE Research, October 2026.

Structural upgrading to tertiary industries supports job growth in Asia Pacific

Asia Pacific’s structural transition toward service-oriented and knowledge-based industries underpins the long-term outlook for office employment. In 2005, tertiary industries accounted for one-third of total regional employment. This had risen to 46% in 2025 and is projected to approach 50% by 2030, reflecting urbanisation, economic upgrading and rising demand for knowledge-intensive services.

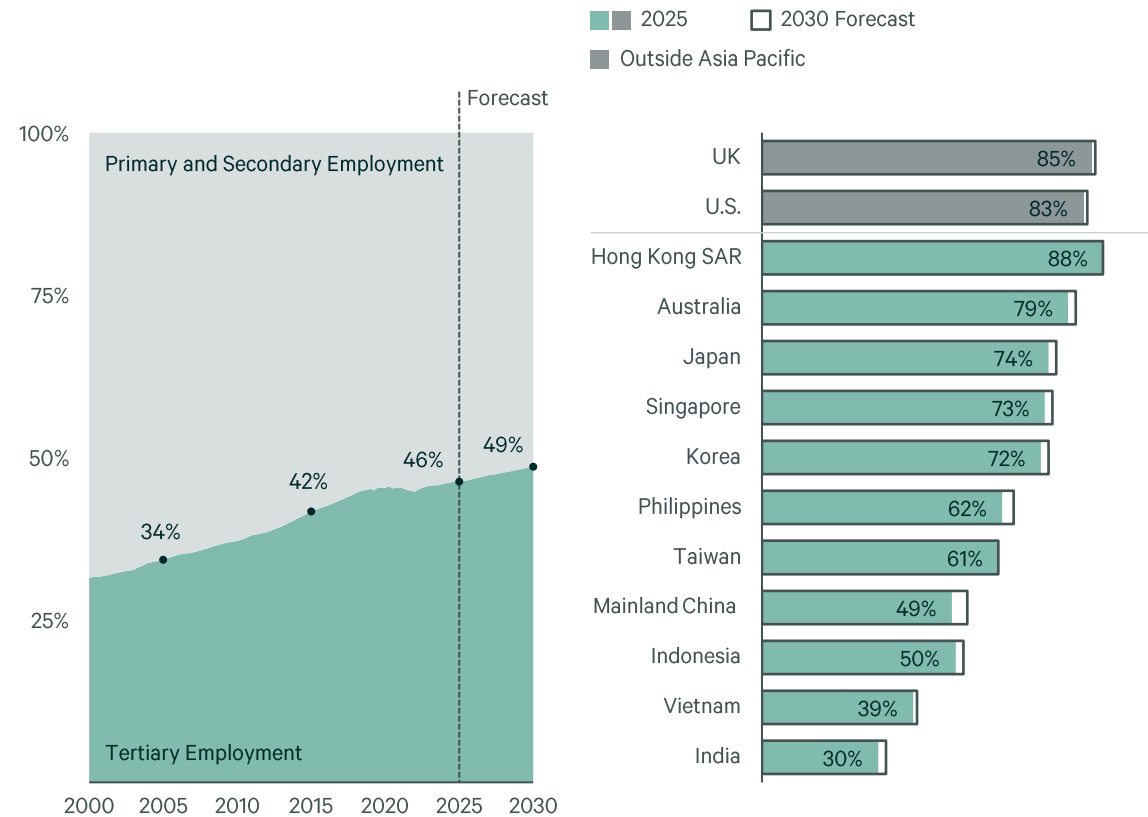
Compared with the U.S., where tertiary industries account for more than 80% of total employment, Asia Pacific still has considerable room for expansion. Only Hong Kong SAR and

Australia have high levels of tertiary employment, with other mature Asian economies retaining significant high-end manufacturing industries. Tertiary employment accounts for 49% of employment in mainland China, 39% in Vietnam and 30% in India, indicating scope for workforce migration into service industries.

This structural shift explains why office-based employment in Asia Pacific has outperformed overall employment growth and why the region remains well positioned to absorb technological change.



FIGURE 9:
Share of Tertiary Employment in Total Employment, Asia Pacific and by Market



Note: APAC data includes Australia, Mainland China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand, Vietnam.

Source: Oxford Economics, CBRE Research, October 2026.

03

Job growth and office demand growth



AI-driven office job displacement will vary and depends on multiple factors

While AI will reshape the white-collar employment market, multiple factors will determine how rapidly job displacement materialises. These include;

Substitution costs: The business case for AI-driven labour substitution is less compelling in lower-wage markets, where potential labour cost savings are relatively modest. While the unit cost of AI models continues to decline, overall enterprise spending on AI is increasing. The growing shift towards consumption-based pricing means AI costs are increasingly linked to utilisation.

Employment protection: Several markets in the region have strong labour laws to protect employees against arbitrary dismissal. The regulatory framework is especially strong in Japan and Korea, where companies are required to provide strong justification for redundancies.

Digital readiness: AI adoption is not achieved simply by purchasing tokens or subscriptions. Firms must implement the necessary digital infrastructure, data processes and organisational capabilities to integrate AI into daily workflows.

Regulatory constraints: Companies need to protect data privacy and governance before deploying AI at scale. Human endorsement is required for many regulatory activities, particularly those involving professional advisory.

Cultural barrier: Technology adoption often depends more on people than on technology itself. Companies aiming to implement new technology successfully also need to transform their management culture and manage employee acceptance.

	Rapid displacement	Moderate displacement	Slow displacement
Substitution cost	High labour costs relative to AI deployment costs	Labour cost savings are meaningful but not decisive	Low labour costs relative to AI deployment costs, resulting in a weak business case for automation
Employment protection	Low severance, at-will or short notice periods	Moderate notice, consultation, and redundancy requirements	Strong employment protection such as work councils or unions
Digital & AI readiness	Advanced digital infrastructure and high AI adoption readiness	Moderate digital infrastructure and AI readiness	Fragmented digital systems and low AI readiness
Regulatory & legal constraints	Limited regulatory barriers to AI adoption	Moderate regulatory oversight	Stringent data security, data localisation, and human oversight requirements that constrain automation
Cultural barriers	Adaptive culture prioritises efficiency, low resistance to automating tasks or roles	Mix of adaptive and conservative attitudes	Conservative culture emphasising precision, strong resistance to automating tasks or roles

Source: CBRE Research, October 2026.

AI-driven office job displacement will vary and depends on multiple factors

Taking these factors into consideration, CBRE's analysis of AI's impact on job and office demand growth assesses the potential pace of displacement under three scenarios.

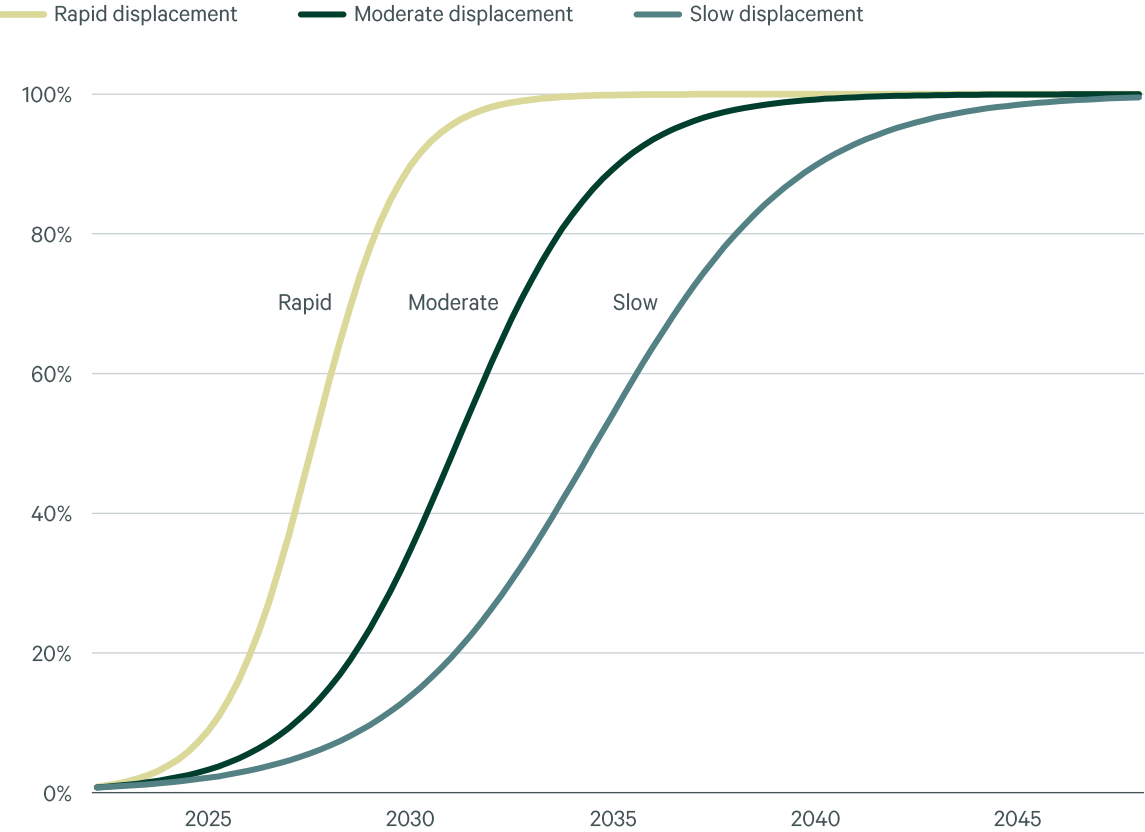
Under the **rapid displacement scenario**, organisations aggressively automate routine office functions, with a majority of vulnerable positions displaced within the next five years. This outcome is most plausible in markets that combine advanced digital ecosystems, strong AI readiness and supportive policy frameworks designed to accelerate economic transformation. Mainland China, with its strategic focus on technology-led growth and industrial upgrading, exhibits many of the characteristics associated with this trajectory.

The **moderate displacement scenario** assumes a more balanced transition, as organisations weigh productivity gains against implementation costs, operational risks and workforce considerations. Automation adoption gathers pace during the early 2030s, with most vulnerable roles affected between 2030 and 2035. This represents CBRE's expectation for most office markets across Asia Pacific.

Under the **slow displacement scenario**, adoption is constrained by organisational and cultural barriers to change, despite technological availability. Markets characterised by more hierarchical decision-making processes and a more cautious approach to organisational transformation, such as Japan, are more likely to experience this trajectory. In such cases, workforce adjustment would occur progressively over the span of the next two decades, with displacement extending well into the 2040s.

These scenarios are designed to provide a framework for assessing the downside risks of AI-driven job displacement and the potential implications for office demand. They should not be interpreted as forecasts of broad labour market contraction, nor do they attempt to capture the potential employment gains arising from the creation of new occupations, business set-ups and productivity-driven economic growth.

FIGURE 10:
Office Employment Displacement Scenarios
% of displacement



Source: CBRE Research, October 2026.

Office employment growth remains resilient under downside scenarios

To quantify downside risks to office-based labour demand, CBRE evaluated office-based employment growth in the coming five years separately for developed markets and developing markets due to their different employment structure. CBRE also applied the three scenarios of pace of displacement in both markets.

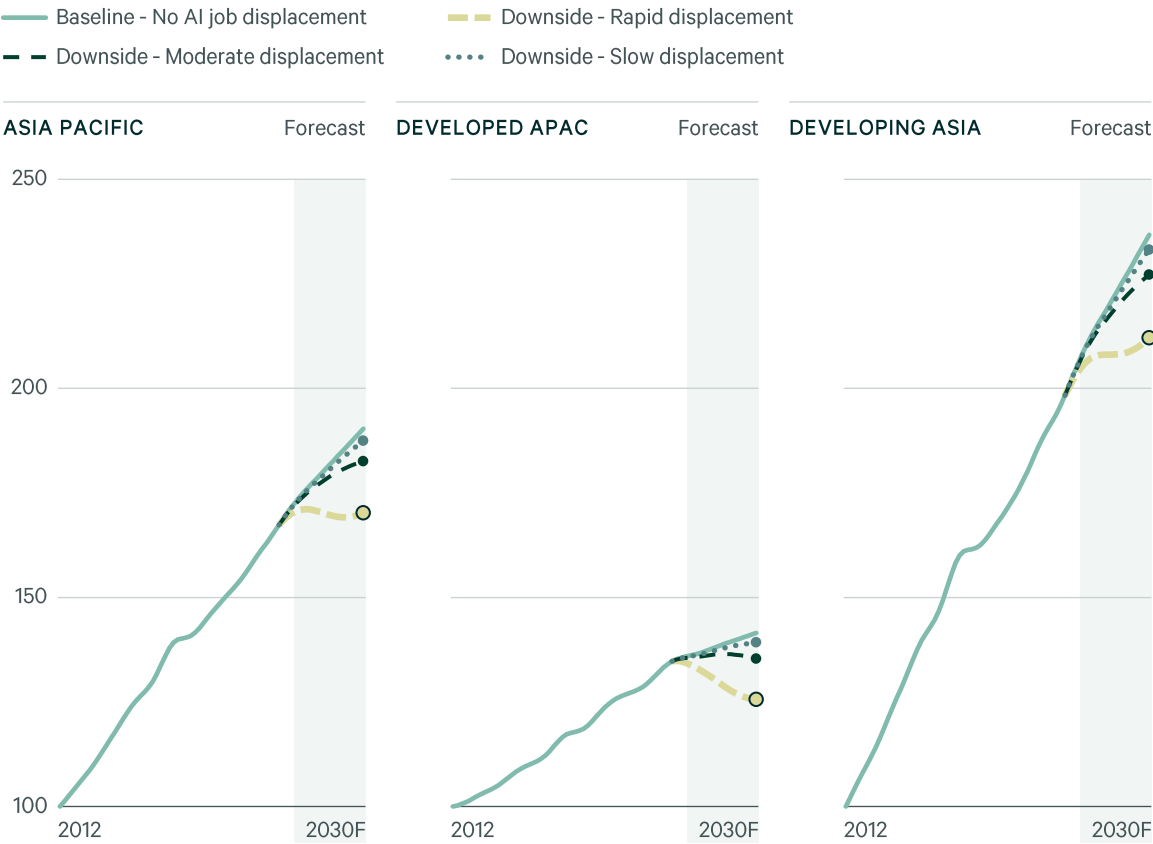
Under the baseline projection, office-based employment across Asia Pacific will grow at 14% cumulatively between 2026 and 2030, underpinned by broad economic expansion, rising educational attainment and shift toward service-oriented industries. By market, developed Asia Pacific will grow at a slower pace of 5%, while developing Asia (including India, mainland China and most of Southeast Asia) will grow at 19%.

Displacement Scenarios

Three scenarios model AI-driven job displacement at different rates of automation.

Under the slow-displacement scenario, office employment growth moderates to 12% over the period, a marginal reduction from the 14% baseline. The moderate-displacement scenario, reflecting a faster pace of automation, projects growth of 9%. Under the rapid-displacement scenario, where all occupations identified as highly vulnerable to AI are automated over the shortest modelled timeframe, office employment continues to expand, recording growth of 2% between 2026 and 2030.

FIGURE 11:
Office Employment Growth in Downside Scenarios 2012 – 2030F, indexed to 2012



Note: Office employment uses aggregation of city level data to match with occupied space tracked by CBRE.
Source: Oxford Economics, CBRE Research, October 2026.

Office employment growth remains resilient under downside scenarios

Across all three scenarios, AI displacement does not reverse the long-term growth trajectory of office employment. Growth narrows materially under the more adverse assumptions, but the direction remains positive.

Market-Level Variation

The impact differs considerably across markets. Developed economies face greater exposure to displacement risks due to higher labour costs, stronger digital readiness and a higher concentration of office-based occupations. Under the rapid-displacement scenario, certain developed markets could witness a net decline in office employment.

Developing economies will benefit from structural tailwinds such as urbanisation, industrial upgrading and the continued expansion of tertiary industries, which will provide a buffer against automation-driven job losses. Favourable demographic trends will further support labour demand, with AI-driven displacement largely absorbed within broader workforce growth.

Slower job growth under the risk of job displacement

When considering employment under the impact of AI job displacement along with generic economic and industrial growth, office employment in Asia Pacific is still likely to grow, albeit at a moderate pace. This conclusion is based on a conservative assumption that all occupations highly vulnerable to AI will be automated and displaced. CBRE's analysis shows these occupations comprise less than 2% of the region's total workforce.

This analysis has limitations as it does not consider the creation of new occupations and rising demand for AI-related skills. New industries are emerging as the region transitions to a green economy, while stronger demand for healthcare as populations age will create a substantial number of new jobs.

Another limitation of this projection is the impact of workforce adaptation. The scope of occupation will change across time, while workers displaced by AI will be retrained and adapt to new roles.

ASIA PACIFIC OFFICE EMPLOYMENT GROWTH

between 2026 and 2030

14%

Baseline - No AI job displacement

12%

Downside - Slow displacement

9%

Downside - Moderate displacement

2%

Downside - Rapid displacement

Note: Office employment uses aggregation of city level data to match with occupied space tracked by CBRE.
Source: Oxford Economics, CBRE Research, October 2026.

Base case (without job displacement under AI impact):

Office demand will grow in tandem with office employment

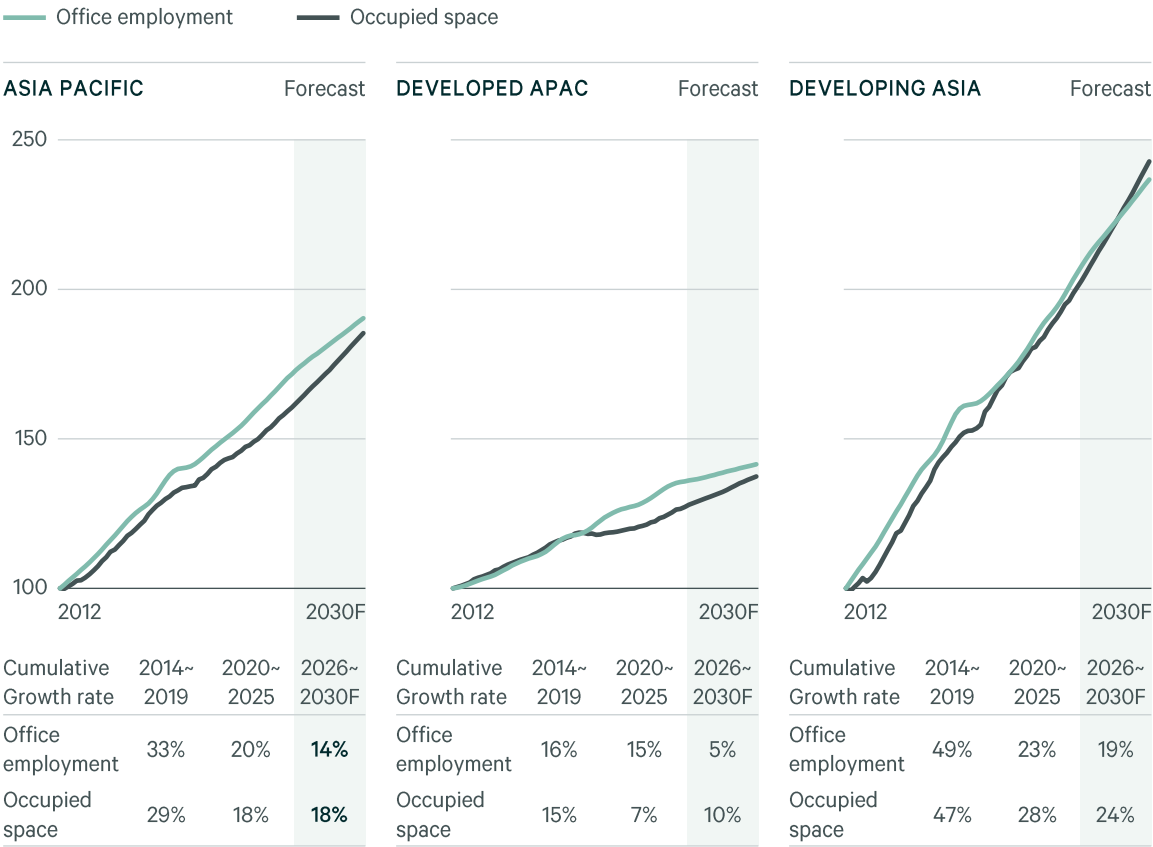
There is usually a strong correlation between office-based employment growth and office demand; a trend supported by historical data in Asia Pacific.

Before the pandemic (2014-2019), Asia Pacific office demand expanded broadly in line with growth in office-based employment, with both expanding by around 30% during the period.

This relationship shifted during the pandemic and the adjustment period (2020-2025) due to the adoption of hybrid working arrangements and flexible workplace strategies. Office demand growth lagged office employment growth, a trend most prominent in developed Asia Pacific markets, which recorded 15% growth in office-based employment but just 7% growth in office demand.

For the upcoming five-year period (2026-2030), CBRE forecasts office occupied space to expand at a slightly faster pace than office employment. This projection is based on the observation that around half of occupiers intend to expand their real estate footprint over the next three years, according to CBRE's 2026 Asia Pacific Office Occupier Survey. Occupiers are in the process of rebalancing portfolios to consider factors such as high workplace utilisation under stricter return-to-office policies, less aggressive space-efficiency targets and continued confidence in long-term business growth.

FIGURE 12:
Office Based Employment & Office Occupied Space Indexed to 2012



Note: Office employment uses aggregation of city level data to match with occupied space tracked by CBRE.
Source: Oxford Economics, CBRE Research, October 2026.

Base case (without job displacement under AI impact):
Office demand will grow
in tandem with office employment



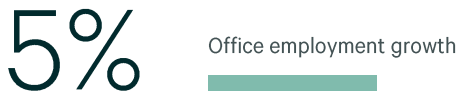
The outlook for office demand nevertheless differs across developed and developing markets in Asia Pacific.

In developed Asia Pacific markets, occupiers were more aggressive in reducing office space during the pandemic, even though headcount continued to grow. The next phase of office demand is likely to be driven by rebalancing office portfolios to augment employees' office experience. Office supply is tightening in many developed markets, with Tokyo reporting vacancy of as low as 1%. This is prompting occupiers to plan well ahead to secure space. As a result, occupied space in developed markets is expected to outpace projected growth in office employment.

In developing Asia markets, office demand remains closely tied to workforce expansion. CBRE forecasts office employment and occupied space to increase by 19% and 24%, respectively, between 2026 and 2030. In addition to supportive factors such as structural upgrading to tertiary industries, occupiers are shifting their workspace to institutional grade office stock. Nonetheless, projected growth in office demand is slower compared to the last decade.

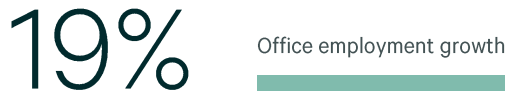
DEVELOPED ASIA PACIFIC MARKETS

2026-2030F



DEVELOPING ASIA MARKETS

2026-2030F



Note: Office employment uses aggregation of city level data to match with occupied space tracked by CBRE.
Source: Oxford Economics, CBRE Research, October 2026.

Moderate job displacement by AI:

Office demand growth will soften

Under CBRE's moderate displacement scenario, Asia Pacific office employment will grow at 9% between 2026 and 2030, while occupied office space is projected to rise by 13%. This implies a 5 ppt reduction in growth in both employment and office demand compared to the no-impact baseline. The impact will be more visible in developed Asia Pacific markets, where occupied office space growth is projected to slow to 5% over the next five years. Developing Asia markets

remain comparatively resilient, with occupied office space projected to grow by almost 20%. Once again, this scenario captures only the downside effects of displacement and excludes new demand generated by AI-related business formation. AI companies are already expanding their office footprint across the region.

Asia Pacific office employment will grow at

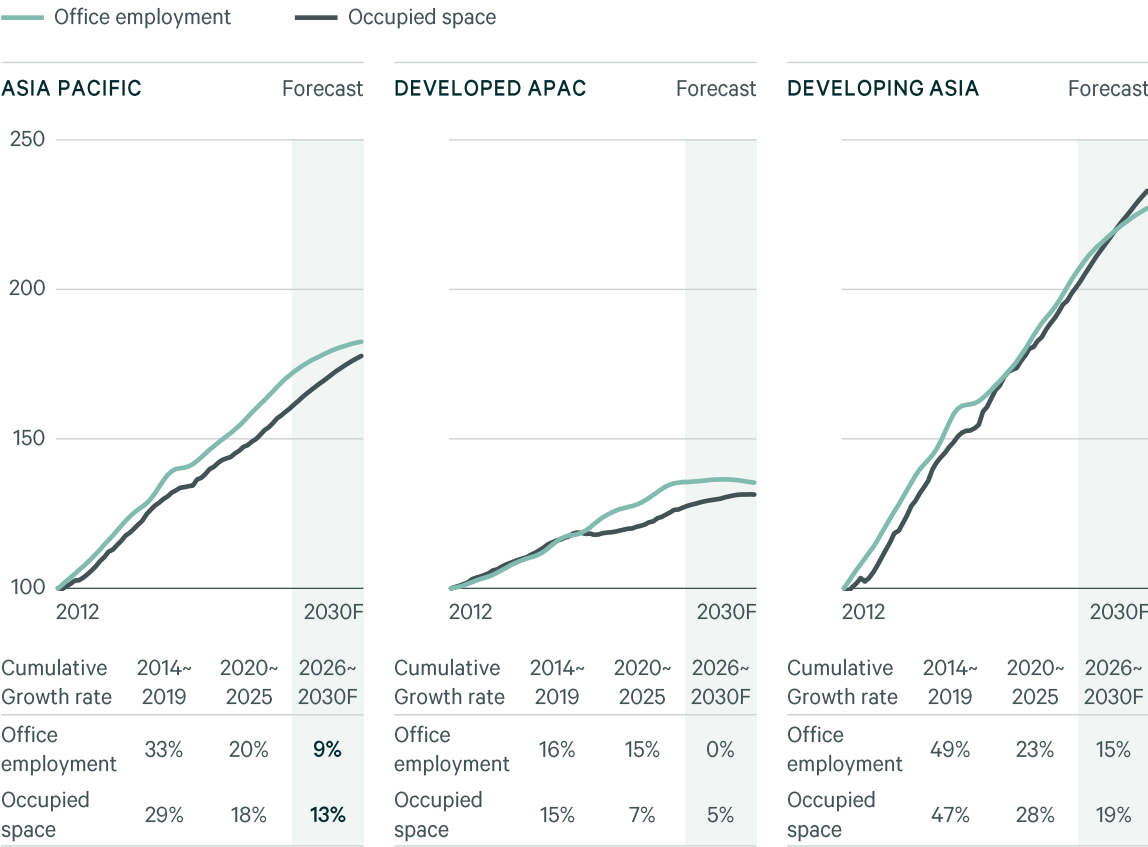
9%

between 2026 and 2030

occupied office space is projected to rise by

13%

FIGURE 13:
Moderate Displacement: Office Based Employment & Office Occupied Space Indexed to 2012



Note: Office employment uses aggregation of city level data to match with occupied space tracked by CBRE.
Source: Oxford Economics, CBRE Research, October 2026.

Supply will shrink amid demand uncertainty and rising cost

The shrinking supply pipeline is set to act as an important stabilising force for the Asia Pacific office market. Following a peak in completions this year, new stock across both developed and developing markets are expected to contract in the coming years. Annual completions in 2028F as a percentage of Q4 2027 stock will be 3.2%, down from the 2019 figure of 5.3%.

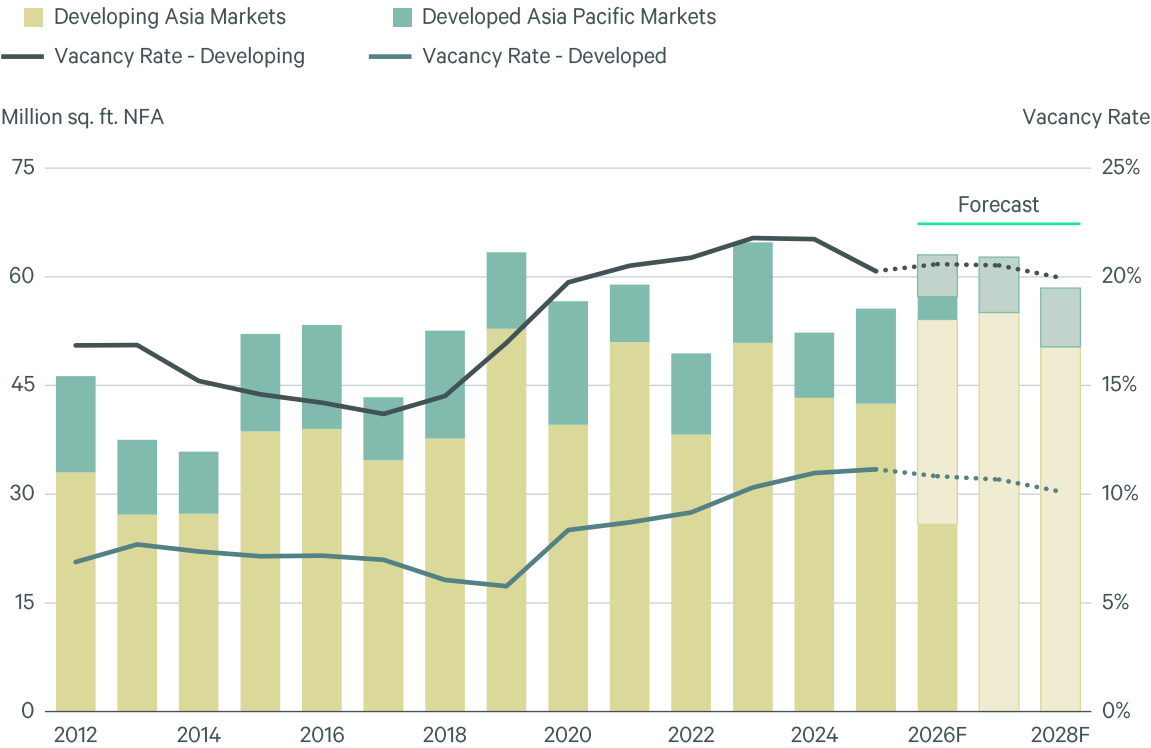
Elevated construction and replacement costs, labour shortages and increasingly challenging financing conditions are constraining new project starts and delaying project delivery. At the same time, developers are increasingly considering redevelopment and conversion of aged office stock, further tightening office availability.

The uncertain impact of AI disruption and office demand is prompting landlords and investors to adopt a more disciplined approach toward development. New projects are therefore likely to face greater scrutiny, providing an additional buffer against the risk of oversupply and supporting medium-term market fundamentals.

The easing supply pipeline is most pronounced in developed Asia Pacific markets. Over the next three years, annual completions in key markets such as Tokyo, Singapore, Hong Kong SAR and most Australian cities are expected to remain well below historical averages. Occupiers are therefore becoming increasingly concerned about securing sufficient high-quality space amid the current supply-constrained environment.

Supply growth in developing Asia markets such as mainland China is also moderating from previous peaks. Demand for high-quality office space in core business districts remains robust, driven by occupiers' focus on talent attraction and workplace quality. However, a large share of future supply is set to come on stream in emerging locations where connectivity and supporting amenities are still evolving. This is likely to widen the performance gap between core and non-core office submarkets.

FIGURE 14:
Asia Pacific Grade A Supply and Vacancy
Lighter filled colour indicates forecast



Developed markets include Hong Kong SAR, Taipei, Tokyo, Seoul, Singapore and the Pacific.
Developing markets include mainland China, India and Southeast Asia.
Note: Grade A completion is used for Asia markets; total grade completion is used for Pacific markets.
Source: CBRE Research, October 2026.

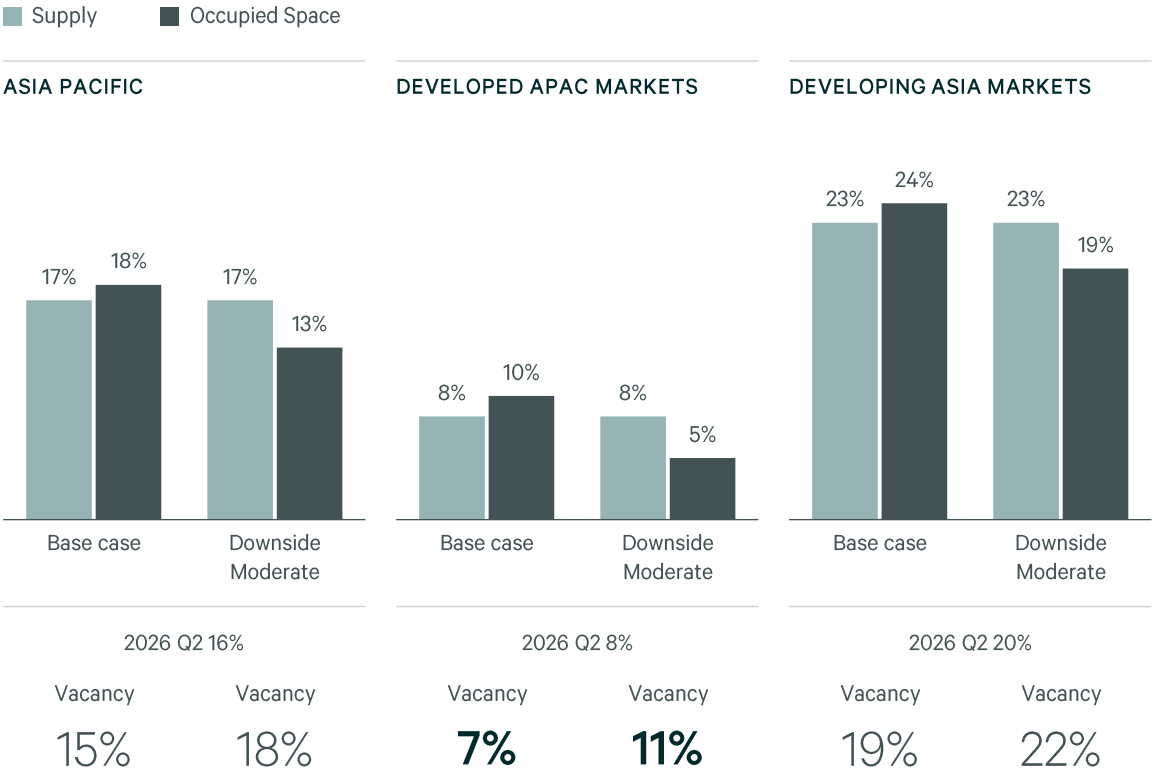
Large scale increase in vacancy is unlikely as availability in developed markets remains tight

While AI may moderate future office absorption, new supply is also easing, limiting the risk of a demand-supply imbalance. CBRE therefore expects the overall impact on vacancy will be limited.

Under the base case, Asia Pacific total office vacancy is projected to edge down from 16% in Q2 2026 to 15% in 2030 as growth in occupied space continues to outpace new supply across both developed Asia Pacific markets and developing Asia markets. Developed Asia Pacific markets are expected to remain particularly tight given the limited pipeline of high-quality office stock, with vacancy projected to fall from 8% in Q2 2026 to 7% in 2030.

Under CBRE's moderate displacement scenario, office demand growth will soften, while new supply will slightly exceed occupied space growth. Even under this scenario, vacancy rates in both developed Asia Pacific markets and developing Asia markets are projected to rise by only 3 to 4 pts above the baseline forecast. This reflects a constrained development pipeline, elevated replacement costs and increasing barriers to new construction.

FIGURE 15:
Base Case vs. Moderate Downside Forecast, 2025 vs 2030F
% growth



Note: Developed Asia Pacific markets include Australia, Hong Kong SAR, Japan, New Zealand, Singapore, Korea and Taiwan. Developing Asia markets include mainland China, India, Indonesia, Malaysia, Philippines, Thailand and Vietnam. Vacancy rate refer to all grade vacancy for both developed Asia Pacific markets and developing Asia markets.
Source: CBRE Research, October 2026.

Large scale increase in vacancy is unlikely as availability in developed markets remains tight



While AI is unlikely to boost overall vacancy, it could stimulate the polarisation of the office market. Demand will increasingly be focused on top quality buildings in core districts that support high-value collaborative and knowledge-intensive work. However, shrinking development pipelines are likely to keep high-quality space in core locations in short supply.

Secondary assets will come under pressure as occupiers place greater emphasis on connectivity and building quality to attract and retain talent. Landlords must therefore address the growing mismatch between the quality of space occupiers are seeking and the type of space being offered in the market.

This mismatch is likely to accelerate the redevelopment, repositioning and conversion of older office buildings. Owners of such properties must undertake major refurbishments to enhance building hardware, amenities and sustainability features to remain competitive. For assets where upgrading is no longer economically viable, redevelopment or conversion to alternative use will be the best course of action.

04

Conclusion



Conclusion

Implications: How AI Is Redefining the Asia Pacific Office

- 01

AI is boosting work efficiency;
but remains very task specific
- 02

Jobs have varied AI vulnerability;
but workforces are adaptive and the pace of displacement depends on multiple factors
- 03

History shows job growth expands in tandem with tech advancement;
structural upgrades to tertiary industry will continue to support employment growth
- 04

Office-based employment growth may moderate under the impact of AI;
but office space growth already lags and companies need to adjust
- 05

AI concerns and high construction costs are already inhibiting new office construction;
there is a mismatch between new supply (in non-core locations) and demand (for prime areas)



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