

ASIA PACIFIC OFFICE TRENDS | Q3 2026

Leasing demand remains strong as occupiers target high-quality space



Key Trends

- Occupiers in **Australia's** major cities are accelerating decision-making to secure quality space amid tightening supply. Flight-to-quality remains a dominant theme, with occupiers favouring core CBD assets in particular. Financial and business services firms continue to drive expansion and relocation as previous corporate downsizing stabilises. Fit-out and construction costs remain key considerations influencing space selection.
- Leasing activity in **Hong Kong SAR** is strengthening in core markets, supported by large-sized requirements in premium new developments. Financial services and asset management firms are the major source of demand in Central, while global insurance occupiers are active in Tsim Sha Tsui West. Decentralised submarkets' performance is diverging further from core areas amid elevated vacancy and subdued demand.
- In **Korea**, Seoul citywide vacancy remains in the low single digits, supported by firm demand for well-located assets. Foreign tech firms are seeking space, with major AI companies establishing or relocating offices in the GBD. Developers are launching pre-leasing marketing up to three years before completion ahead of significant new supply due in 2029.

“Regional leasing momentum across Asia Pacific is improving, underpinned by occupier demand for core offices. Beyond traditional sectors, expanding requirements from AI and defence industries are providing additional support.”

Richard Stevenson
Managing Director
Head of Office Leasing,
Advisory Services,
Asia Pacific

Australia

Lack of quality space forces occupiers to accelerate decision-making

STATE OF THE MARKET

- Occupiers are moving earlier to secure quality space amid tightening supply. Flight-to-quality remains a dominant theme, with occupiers favouring premium CBD assets.
- Fit-out and construction costs remain key considerations influencing occupier decision-making.
- Brisbane and Sydney are shifting in favour of landlords, while Melbourne remains a tenants' market amid high vacancy.

TRANSACTION ACTIVITY

- Relocations are concentrated among occupiers seeking space of around 2,500 sq. m.. Larger occupiers favour renewals due to more limited relocation options and elevated fit-out costs.
- Financial and business services occupiers continue to drive expansion and relocation as previous corporate downsizing stabilises.
- Growing defence and government-related spending is generating additional office demand, particularly in Brisbane and Adelaide.

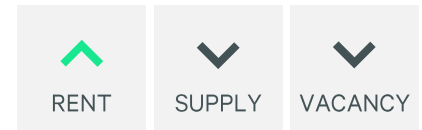
EMERGING TRENDS

- Concern over AI-driven headcount reductions remains limited, as many roles most exposed to automation have been offshored.
- Newly established AI firms initially opting for flexible workspaces are now transitioning to traditional offices as headcount and space requirements grow.
- Return-to-office is no longer a hot topic, with most companies having established workplace policies. However, Victoria's proposed two-day work-from-home legislation is creating uncertainty in Melbourne, although plans have been deferred.

OUTLOOK

- Smaller occupiers retain significant choice and negotiating leverage but larger tenants should start planning earlier given limited premium-grade availability.
- Landlords struggling to attract tenants should adjust rental expectations and enhance amenities to capture demand.

SIX-MONTH OUTLOOK



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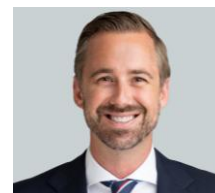
Tim Courtnall

Senior Director
Head of Office Leasing
Pacific
Tim.Courtnall@cbre.com



Genna McCarthy

Regional Director
Head of Office Tenant Representation
Pacific
Genna.Mccarthy@cbre.com



Tom Schell

Senior Director
Office Leasing Services
Sydney
Tom.Schell@cbre.com.au

Hong Kong SAR

Central reports strong leasing momentum as financial tenants seek prime office space

STATE OF THE MARKET

- Space availability in Central is tightening, with vacancy falling to single-digits, driven by financial sector demand for prime (Grade A1) buildings. Landlords, especially those of buildings at near full occupancy, are adopting a more optimistic attitude in negotiations.
- Leasing activity in Tsim Sha Tsui West is robust with whole-floor committing to flight-to-quality relocations.
- Decentralised submarkets continue to face challenges due to cautious demand from non-financial sector firms. This has led rents and occupancy to diverge from that in core markets.

TRANSACTION ACTIVITY

- Financial services dominates leasing activity in Central, exemplified by U.S. quantitative trading firm Susquehanna International Group's relocation and expansion to three floors in a Central development, more than doubling its previous footprint.
- Insurance occupiers remain active, with AXA taking two-and-a-half floors in a new scheme in Tsim Sha Tsui West.
- Some major professional services firms are exploring relocations and upgrading within decentralised submarkets.

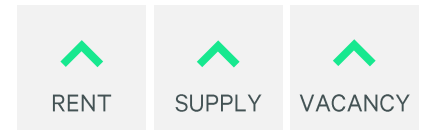
EMERGING TRENDS

- The falling number of whole-floors in Central means Tsim Sha Tsui West is set to attract more interest from large CBD-based firms.
- Competitive rents in Tsim Sha Tsui West as well as Causeway Bay are attracting whole-floor tenants from other major submarkets to these districts, where new space is concentrated.

OUTLOOK

- Occupiers with upcoming lease expiries in core locations should begin negotiations early as bullish landlords hike rents. In decentralised markets, tenants should continue to leverage favourable conditions for relocations and upgrades.
- With the market set to remain divergent, owners of older core buildings should keep rents realistic instead of matching newer assets. Landlords in decentralised markets should raise occupancy by securing long-term commitments through attractive terms.

SIX-MONTH OUTLOOK



CONTACT US FOR DETAILS



Ada Fung

Chief Operating Officer
Head of Advisory Services
Hong Kong
Ada.Fung@cbre.com.hk

Korea

Foreign technology firms drive demand while semiconductor growth expands outside Seoul

STATE OF THE MARKET

- Seoul citywide vacancy remains tight in the low single digits, supported by firm demand for well-located assets. Limited availability in prime buildings is directing demand to alternative Grade A assets.
- Rental growth is slowing but remains positive. Most landlords remain reluctant to reduce face rents, preferring instead to offer incentives such as rent-free periods.

TRANSACTION ACTIVITY

- The GBD remains the preferred destination for foreign tech firms. Anthropic is reported to have signed a lease to open its first office in Seoul within the GBD, while Tesla is expanding by an additional floor at Gangnam Finance Plaza, adding to its existing floor in the property.
- Government demand is supporting leasing activity in upcoming CBD supply, with a newly established investigation agency master-leasing an entire building on a five-year term.
- Semiconductor companies are expanding outside of Seoul in areas of Southern Gyeonggi such as Yongin, Dongtan and Icheon, driven by proximity to major semiconductor production clusters.

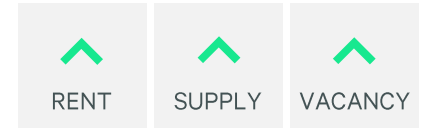
EMERGING TRENDS

- Developers and investors are launching pre-leasing marketing up to three years before completion to secure occupiers ahead of the significant supply pipeline expected to commence in 2029.
- Major AI and K-beauty companies are establishing or relocating offices with the GBD. Due to tight availability, landlords are favouring longer commitments, with five-year terms more common, and shorter leases providing fewer incentives.

OUTLOOK

- Occupiers with near- to medium-term lease expiries should assess their options early, as abundant availability in 2028-29 will improve the likelihood of securing favourable terms.
- Landlords should offer competitive incentive packages to capture demand. Enhancing building amenities can also boost a property's desirability, especially in fringe locations.

SIX-MONTH OUTLOOK



CONTACT US FOR DETAILS



Victoria Choi

Executive Director,
Head of Office Occupier Leasing,
Transaction Management,
Advisory Services
Korea
Victoria.Choi@cbre.com

Contact

Asia Pacific Research

Ada Choi, CFA

Head of Research
Asia Pacific
ada.choi@cbre.com

Jonathan Hills

Senior Director
Asia Pacific
jonathan.hills@cbre.com

Cynthia Chan

Senior Director
Asia Pacific
cynthia.chan@cbre.com.hk

Anthony Wong

Associate Director
Asia Pacific
anthony.wong1@cbre.com

Sean Liu

Senior Analyst
Asia Pacific
sean.liu@cbre.com

Asia Pacific Leasing Services

Tom Gaffney

Regional Managing Director
Head of Leasing,
Advisory Services
Asia Pacific
tom.gaffney@cbre.com

Richard Stevenson

Managing Director
Head of Office Leasing,
Advisory Services
Asia Pacific
richard.stevenson@cbre.com

Hugh Hamilton

Managing Director
Head of Occupier Accounts,
Advisory Services
Asia Pacific
hugh.hamilton@cbre.com.sg

Rohini Saluja

Managing Director
Head of Consulting & Integrated
Client Solutions, Advisory Services
Asia Pacific
rohini.saluja@cbre.com

Shobhit Choubey

Managing Director
Head of Investor Leasing,
Advisory Services
Asia Pacific
shobhit.choubey@cbre.com.sg

Sidharth Dhawan

Executive Director
Head of Flex and Auto Leasing,
Advisory Services
Asia Pacific
sidharth.dhawan@cbre.com

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