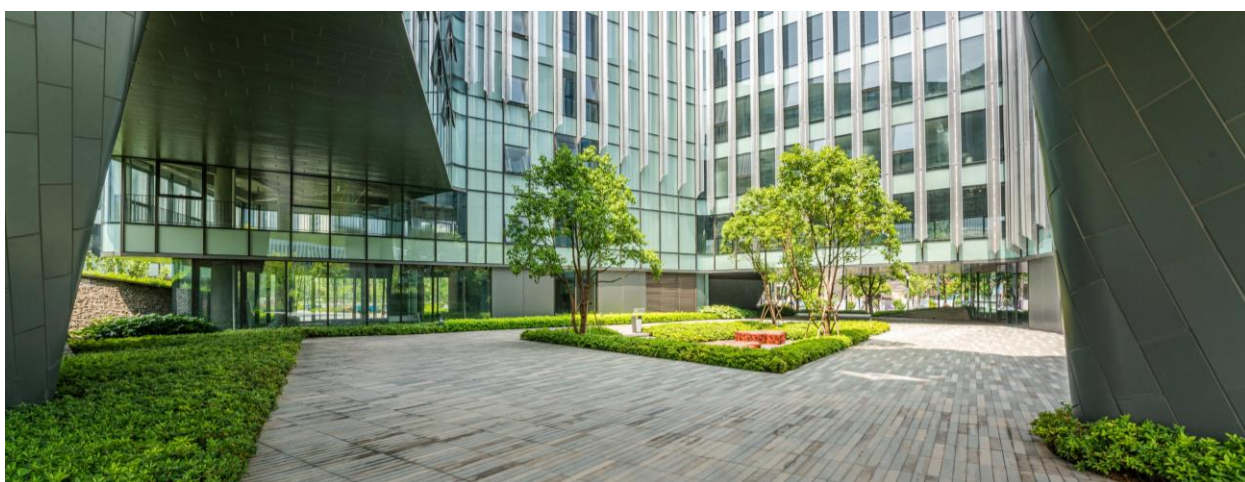


Asia Pacific Office Trends | Q2 2025

Solid demand for CBD office space continues as availability tightens



Key Trends

- Despite improving leasing demand, oversupply resulted in a further rental correction across key cities in **mainland China** in Q2 2025. Renewals and cost-saving relocations dominated leasing activity. Demand drivers for new space included FMCG, consumption related tenants and “new quality productive forces” such as AI, robotics and semiconductors.
- The bulk of demand in **Australia** focused on CBD areas amid a continuation of the centralisation and flight-to-quality trend. Occupiers continued to prioritise location, F&B options, and infrastructure to attract and retain talent. The period witnessed green shoots in the tech sector, with the growth of AI companies and emerging office demand from expanding startups.
- In the **Middle East**, office leasing sentiment remains upbeat and on par with six months ago. Availability is limited; a trend expected to continue for two years at least before development activity starts to catch up. Robust demand was seen across all grades of building and most locations.

“ Despite slower demand and supply pressure, CBRE is observing numerous bright spots including flight-to-quality leasing activity in Australian CBDs and robust office demand in the Middle East due to tight availability

”

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

Mainland China

Competition between landlords intensifies as leasing demand remains under pressure

STATE OF THE MARKET

- Despite improving leasing demand, oversupply resulted in a further rental correction across key cities in Q2 2025. Renewals and cost-saving relocations dominated leasing activity.
- Landlords of new projects are under greater pressure to fill vacancy due to a lack of potential tenants and are therefore relatively more aggressive in offering favourable terms compared to owners of more established buildings.

TRANSACTION ACTIVITY

- Demand drivers for new spaces include FMCG, consumption related tenants and “new quality productive forces” such as AI, robotics and semiconductors.
- Major deals included a headquarters relocation by an international athletic apparel company and expansions by multinational e-commerce and tech firms.
- Professional services firms have contributed to new lettings in recent quarters, with domestic law firms completing upgrading relocation and consolidation moves following M&A activity.

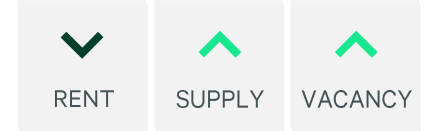
EMERGING TRENDS

- In addition to providing rent-free periods and fit out allowances, landlords are offering a more comprehensive amenity offering to attract and retain tenants.
- Occupiers in business parks, especially tech firms, are leveraging market conditions to upgrade to office buildings in mature districts or core locations. The motives for such moves are usually driven by talent attraction and business growth rather than cost.
- While the imposition of U.S. tariffs in early April prompted many occupiers to move into wait-and-see mode, conditions have since stabilised and firms are proceeding with real estate-related plans.

OUTLOOK

- Leasing volume is projected to increase slightly in H2 2025 as many existing leases are due to expire at year’s end.
- With the office supply peak set to continue for another three years, rents in most cities will remain under pressure. Beijing may be the lone exception, with rents set to bottom-out in 2027 as the development pipeline eases.

SIX-MONTH OUTLOOK



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Australia

Centralisation and flight-to-quality drives leasing demand; diminishing high quality options spurs higher renewal rates

STATE OF THE MARKET

- Sydney and Brisbane reported slow leasing activity in H1 2025 due to slower decision making from traditional office occupying sectors including banking and professional services. Melbourne, Adelaide, and Perth experienced more buoyant conditions in early 2025.
- Rising construction costs are inhibiting the development of new supply, with a below average pipeline over the next five years. High economic rents for new developments will inevitably push up face rents for existing supply.
- Adelaide saw the strongest rental growth of any market in Q2 2025 backed by solid demand from the government and private sector.

TRANSACTION ACTIVITY

- The bulk of demand this quarter focused on CBD areas amid a continuation of the centralisation and flight-to-quality trend. Occupiers continued to prioritise location, F&B options, and infrastructure to attract and retain talent.
- An example of the trend is Ernst & Young (EY) signing a 10-year lease to relocate within the same district in Melbourne CBD to a newly refurbished building in 2026.

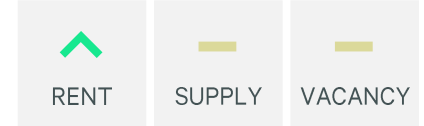
EMERGING TRENDS

- The stabilising unemployment rate and growing headcount across all sectors provide solid fundamentals for core CBD office demand.
- Despite high fit out costs, large occupiers are investing CapEx to create more attractive workplaces to retain and attract employees.
- The quarter witnessed green shoots in the tech sector, with the growth of AI companies and emerging office demand from expanding startups.

OUTLOOK

- Limited supply over the next five to ten years means occupiers should carefully assess real estate needs and plan leasing decisions well ahead.
- More companies will seek moves to CBDs or higher quality buildings at the edge of CBDs to lure employees back to the office.
- While suburban areas continue to witness rising vacancy and high incentives, markets where core CBD vacancy is low are expected to receive spillover demand due to the lack of future availability.

SIX-MONTH OUTLOOK



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Middle East

Tight office availability prompts occupiers to proactively review real estate strategies, generating more pre-leasing demand

STATE OF THE MARKET

- Despite the ongoing geopolitical landscape, office leasing sentiment remains upbeat and on par with six months ago.
- Availability is limited; a trend expected to continue for two years at least before development activity starts to catch up, posing challenges for large occupiers looking to secure desirable space.

TRANSACTION ACTIVITY

- Leasing activity was constrained due to near full occupancy across high quality assets. However, robust demand was seen across all grades of buildings and most locations, including the CBD and secondary areas.
- The finance sector, particularly hedge funds and alternative finance, continues to support demand in the DIFC. The TECOM area of Dubai reported a steady flow of enquiries from tech firms.
- Interest among global institutions to invest in the UAE's office market is currently very high. This will help establish a larger long-term pipeline of premium grade offices, providing greater newer premium grade office optionality for office occupiers in future.

EMERGING TRENDS

- While the push for sustainability continues across the region, only a handful of existing buildings have secured LEED Platinum and Gold certification. However, with more landlords committing to progress their ESG credentials, CBRE expects to see growth in adoption of green leases and a general shift towards more sustainable real estate development.
- There is a growing trend for the hotelisation of offices to optimise functionality and employee experience, aligning with the demands of younger talent in the workforce.

OUTLOOK

- The wave of new office supply completed before the pandemic has nearly been fully absorbed. Given tight availability over the next 18-24 months, occupiers must carefully plan space requirements until the supply pipeline starts to rise again in the next three to four years.
- Landlords should focus on developing Grade A, green-certified buildings to meet international standards and ensure a healthy supply pipeline as well as catering to strong investor and occupier demand for premium quality assets.

SIX-MONTH OUTLOOK



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