Press Release

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Contact:
Katherine Yu
+852 6017 2476
katherine.yu@cbre.com

Asia Pacific Real Estate Market Poised for Multi-Speed Growth in 2025: CBRE

CBRE Forecasts Investment to Increase Up to 10% Year-Over-Year, Led by Australia, Korea and Singapore

Asia Pacific – January 23, 2025 – The Asia Pacific commercial real estate market is poised for steady growth in 2025, driven by a resilient regional economy and downward interest rate cycle, with varied performance across markets and sectors, according to CBRE's 2025 Asia Pacific Real Estate Market Outlook.

Investors are expected to prioritise value-add opportunities, owing to the high internal rate of return. Office assets will remain in favour, particularly in Australia, Korea, and Singapore. The industrial sector will continue to attract strong investor interest, targeting super prime logistics in Australia and dry logistics assets in Seoul.

Leasing activity is projected to grow modestly, with occupiers prioritising high-quality, sustainable, and wellness-focused office spaces. Flight-to-quality will drive demand, while occupiers in mainland China, India and Southeast Asia will have greater choice due to ample availability.

"Asia Pacific markets are at different points in their pricing cycles, leading to varied expectations for future returns on investments across the region," said Ada Choi, Head of Research, Asia Pacific for CBRE. "We expect investment volumes to gradually recover amid a cautious rate cut cycle. Prime yields in the Pacific and Korea will begin to decrease, while Greater China will experience further price adjustments."

Key CBRE forecasts:

Investment

CBRE forecasts investment volumes to increase by 5% to 10% year-over-year, with Australia, Korea, and Singapore leading activity. Japan and India are also anticipated to attract sustained investor interest.

Office

Nearly 70 million sq. ft. of new office supply is expected to be completed across Asia Pacific in 2025, the highest in two decades. Despite increased vacancy rates, flight-to-quality demand will support leasing activity. Prime-core assets are poised to outperform. Office rental outlook will be varied, with

Brisbane and Sydney's core CBDs to be the key driver, former robust market, like Seoul, will see normalised growth at 2-3% after over 40% increase since 2020.

Industrial & Logistics

160 million sq. ft. of new logistics space is projected to be completed in 2025, marking a 4% year-on-year increase. Downward pressure on rents is expected to stabilise from the second half of 2025 as supply pressures dissipate. Indian cities will lead rental growth, driven by growing third-party logistics (3PLs), e-commerce and manufacturing demand, while Greater Seoul will see a 70% drop year-on-year in new completions this year, leading to a gradual decline in vacancy and strengthening of rental performance.

Retail

Retailers are displaying strong demand for prime core retail assets across Asia Pacific. Tokyo's Ginza will see continued rent increases driven by strong demand and low vacancy, while regional centers in Australia will see rental growth due to steady population growth and limited new supply.

Hotels

Modest growth in Revenue Per Available Room (RevPAR) is expected in 2025, driven by further occupancy gains as international tourism rebounds. Short-haul markets, such as Japan, Singapore, and Hong Kong SAR, which have eased visa requirements or have visa-free policies for mainland Chinese tourists, will be the main beneficiaries in 2025.

To read the full report, click here.

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