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APAC Commercial Property Monitor

Q4 2025

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Commercial real estate market trends turning more divergent across the region

- Headline Sentiment Indices remain slightly negative but less so than previously, with caution from China still exerting a downward influence
- Japan seeing strong momentum, while India continues to post upbeat results
- Prime office and industrial assets, along with alternatives, generally seen outperforming

The Q4 2025 RICS Global Commercial Property Monitor results for APAC continue to point to a challenging market environment at the aggregate level. However, this headline weakness masks significant divergence across the region. In particular, the subdued regional averages largely reflect the ongoing drag from China, while a number of other markets are reporting markedly firmer conditions and, in several cases, clearly positive momentum.

Occupier and investment sentiment remains negative, but shows signs of stabilisation

At the APAC-wide level, the Occupier Sentiment Index remained in negative territory in Q4, albeit the latest reading improved to -13 from -16 in the previous quarter. Notably, this represents the least negative outcome since the start of 2023 (Chart 1). While this does not yet signal a broad-based upturn across the region, it does suggest that conditions are stabilising. On the investment side, the headline sentiment index registered -16, modestly improved from -20 in Q3, but still indicative of generally subdued investment momentum.

National data highlights widening divergence across APAC

As shown in Chart 2, the composite Commercial Property Sentiment Index (CPSI) varies widely at a country level across the region. As noted above, China continues to weigh heavily on the regional headline figures, with the Q4 reading of -46 remaining deeply negative and showing little evidence of a meaningful turnaround. While Hong Kong also remains in negative territory, sentiment has begun to shift in a more favourable direction, with the latest CPSI reading the least pessimistic since Q1 2023.

Elsewhere in APAC, a far more constructive picture is emerging. Japan, in particular, is experiencing an acceleration in activity, with the CPSI rising sharply to +33 (from +18 previously), marking the strongest reading since 2015. Activity in India also remains robust, albeit no longer accelerating, with the CPSI holding firmly in positive territory for a sixteenth consecutive quarter at +22. Moderately positive readings were also recorded in Australia and Sri Lanka, with Australia continuing to see a steady, gradual improvement over recent quarters. In contrast, sentiment appears broadly flat for now in Malaysia and Singapore, while remaining marginally negative in New Zealand.

Offices see improving occupier demand in several markets, while industrials stabilise in China

An examination of tenant demand dynamics suggests that, at a regional aggregate level, occupier demand remains subdued. The headline net balance stands at -9%, marking the fifth consecutive quarter in negative territory. At the sector level, however, performance is more mixed. The industrial sector recorded a modest pickup in tenant

Chart 1 - Occupier & Investment Sentiment Index

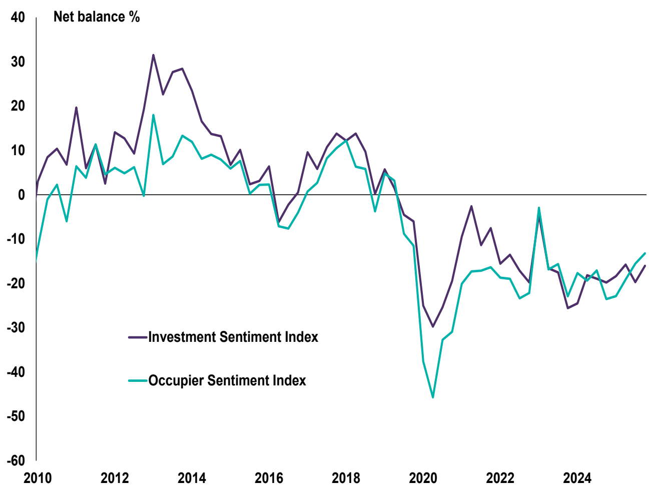


Chart 2 - Commercial Property Sentiment Index by country

demand, while both the office and retail segments continued to report contractions.

Chart 3 illustrates the balance between supply and demand (derived from a combination of relevant RICS series) across the major property sectors. Most notably, the industrial sector has moved closer to an equilibrium position in recent quarters. In contrast, the office and retail segments remain characterised by a persistent overhang of supply relative to demand.

This aggregate picture is more reflective of developments in China, where the industrial sector continues to demonstrate greater resilience than other mainstream property types. Elsewhere across the region, offices stand out as benefiting from more positive momentum of late. In fact, the net balance for office tenant demand exceeds that of other sectors in Australia, Hong Kong, India, Japan and Singapore. By contrast, Malaysia is the only APAC market covered in which retail is recording stronger growth in occupier enquiries (on a net balance basis) than both the office and industrial sectors.

India and Japan exhibit the strongest rental growth prospects

Chart 4 presents twelve-month rental growth projections at the all-sector average level across national markets, with results shown separately for prime and secondary space. Among the most positive markets, India, Japan and Sri Lanka are expected to record a solid uplift in rents, with growth anticipated across both prime and secondary assets.

Elsewhere, Malaysia, Australia and New Zealand are projected to see modest rental growth for prime space, alongside a broadly flat outlook for secondary properties. Sentiment in Singapore is similarly neutral across both segments. By contrast, rental growth expectations for mainland China and Hong Kong remain negative over the year ahead, although prime assets are expected to experience a much shallower decline than more challenged secondary space.

Investment enquiries improve across most nations, with China and Hong Kong still exceptions

Despite the regional ISI still sitting in negative territory, looking into the data at a country level shows many

Chart 3 - Occupier Supply/Demand Balance

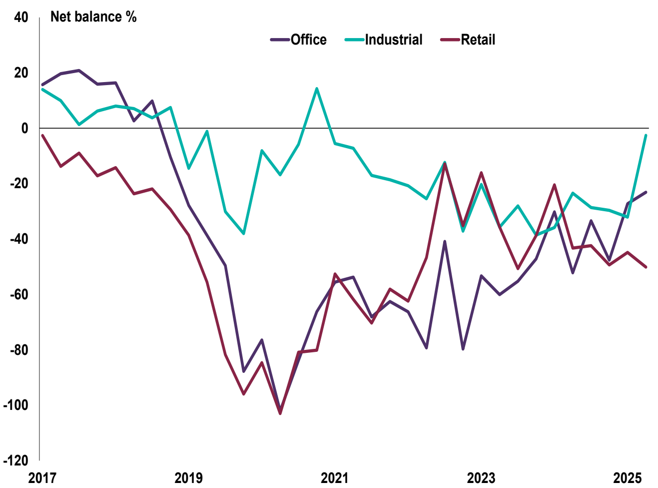
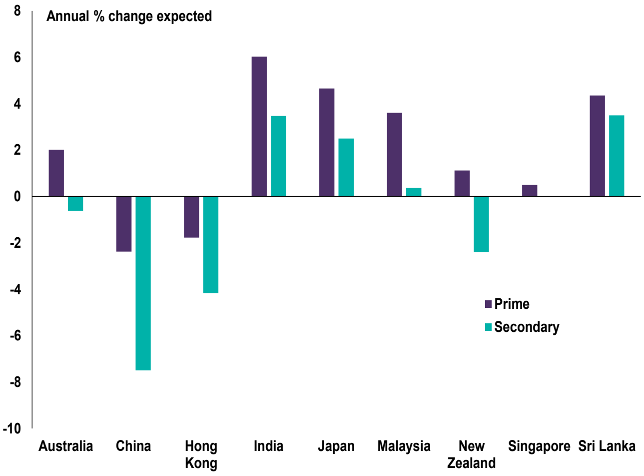


Chart 4 - Twelve-month All-property Rental Growth Projections



markets across APAC are seeing a rise in investment demand. Leading the way, at net balance of +47% of respondents based in Japan reported an increase in buyer demand, the strongest reading across the nation in close to a decade. Similarly, investor demand remains robust across the Indian CRE market, while Australia has also seen a consistently positive trend in recent quarters. Running counter to this, respondents in mainland China and Hong Kong continue to cite falling demand, although in the case of the latter, the latest net balance of -22% is less negative than any other quarter since early 2023.

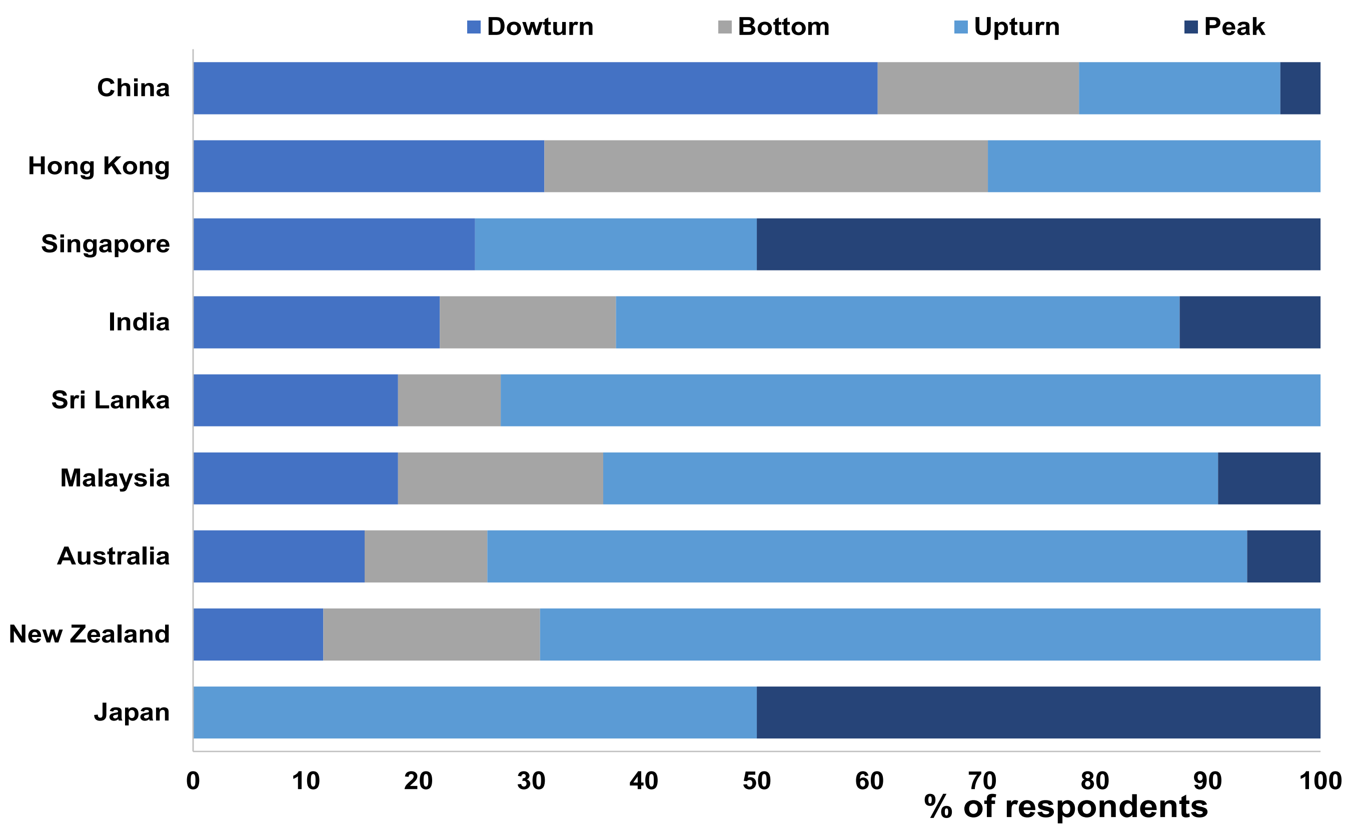
Looking at twelve-month capital value expectations, the heatmap (Figure 5) on the next page shows a clear divergence in real estate performance across regional markets, with India and Sri Lanka standing out as the strongest and most broad-based performers, delivering consistently positive capital value growth expectations across almost all sectors, particularly in offices, hospitality, student housing, and data centres. Japan and Malaysia display more moderate but still upbeat trends, with strength concentrated in prime assets and alternative sectors such as data centres, hotels, and aged care, while secondary retail remains comparatively weaker. Australia and Singapore appear relatively stable, posting modestly positive projections overall, led by data centres, multifamily, and hotels, but with softer outcomes anticipated in secondary office and retail. In contrast, China and Hong Kong show widespread weakness across most traditional commercial sectors (especially secondary office and retail) reflecting structural and cyclical headwind. That said, segments like data centres and student housing demonstrate relative resilience.

Perceptions of the property cycle vary sharply by market (Chart 6). China and Hong Kong are widely seen as being in a downturn or near the bottom, reflecting ongoing weakness, while Australia, New Zealand, Malaysia, India, and Sri Lanka are predominantly viewed as being in an upturn, signalling improving sentiment and recovery momentum. Singapore and Japan stand out as the most mature markets, with a large share of respondents placing them at or near the peak of the cycle.

Figure 5 - Twelve-month Capital Value Growth Expectations by Sector and Country (% point estimate)

	Prime Office	Prime Industrial	Prime Retail	Secondary Office	Secondary Industrial	Secondary Retail	Multifamily	Hotels	Data centre	Aged care facilities	Student housing	Leisure	Life sciences
Australia	2.3	2.7	1.5	0.0	0.5	-1.0	2.2	2.2	5.0	2.0	3.0	0.9	0.9
China	-2.9	-1.7	-2.9	-7.7	-5.9	-7.9	-3.6	-2.6	0.1	0.1	-1.8	-2.4	-1.1
Hong Kong	-1.5	-2.0	-3.0	-3.3	-3.5	-3.8	0.8	-0.1	1.1	1.1	4.7	-1.6	-1.8
India	7.8	6.7	5.9	4.9	3.0	4.3	5.9	7.1	6.9	3.6	6.6	6.2	5.0
Japan	6.6	4.7	4.1	4.4	1.7	2.5	0.6	3.8	6.3	2.5	0.6	3.1	1.3
Malaysia	3.5	4.9	2.1	1.1	1.5	-0.8	1.5	2.2	4.0	5.9	4.2	2.7	3.1
New Zealand	0.6	3.3	0.2	-2.8	1.1	-3.1	0.3	1.8	2.1	3.0	2.5	1.6	0.7
Singapore	1.0	0.5	1.0	1.0	0.5	1.0	1.5	1.5	2.5	2.0	1.0	1.3	0.8
Sri Lanka	5.0	3.9	3.5	4.8	5.0	4.6	4.8	5.3	4.4	5.0	7.0	6.6	5.3

Chart 6 - Perceptions Regarding Current Stage of the Property Cycle



Regional comments from survey participants

Australia

Constrained supply is driving rents. Construction costs remain elevated, any type of development over 5 storeys doesn't stack up. Brisbane

International capital is returning to Australia. - Brisbane

Lack of new construction is a problem. Whilst land prices have continued to grow construction costs put many projects at risk. A number of builders will continue to go bust. The 2032 Olympics construction will place further demand on the skilled construction workforce and put further pressure on construction costs. High federal government expenditure seems to be heading for a rise in the cash rate making things worse. - Brisbane

The availability for industrial space within Brisbane is low. Land availability for development is limited and as a result is expensive. Build costs are high. Demand is likely to increase, particularly due to continued immigration and infrastructure development & spending associated with the 2032 Olympics. - Brisbane

Government expenditure for the Olympic venues, Health program and Infrastructure is likely to continue to increase construction costs significantly in excess of CPI making it difficult for the Private Sector to make projects financially feasible. - Brisbane City

Subdued market conditions with most owners opting to hold. Those who can't may sell to cheap. - Canberra

Some green shoots in the Prime office market in terms of value stabilization, rent growth and demand especially for well located Premium assets. - Melbourne, Australia (Mel)

Flatlined. - Perth

Australia has been on Summer holidays for the last few months and that seasonally impacts upon all real estate transactions - so that impacts on the answers provided. Furthermore, geopolitcal tensions all are weighing heavy at the outset of 2026. - Sydney

Cambodia

Global issues—including wars, geopolitical rivalries, the proliferation of advanced weapons, and the challenge to dollar dominance—have profound impacts that extend beyond any single nation. For Cambodia, more localized challenges, such as the border dispute with Thailand, also negatively affect the economy and disrupt the overall market. - Phnom Penh

China

Chongqing property market was not active during the past few months, no keen interest in property development or acquisitions from the fund. - Chongqing

Weak demand and supply falling, bad signals. - Hengshui

Demand side remains weak with rentals down in office and retail market. - Shanghai

Shanghai is seeing its most tenant-favourable conditions on record. Cost control dominates demand, with domestic FIs, PE and AI firms upgrading to newer Grade A buildings for better value. New supply continues to outpace demand, keeping vacancy high and rents under pressure. Landlords are highly flexible, while occupiers have a rare window to reset costs and secure better space on strong terms. - Shanghai

China's economic model is undergoing a transition that may last 3-5 years, after which it is expected to become the world's largest import and export market. - Shanghai

Market demand continues to be weak, and the market is in a mid-term downturn. - Shanghai

The fixed asset market remains in a bubble, consumer spending power is weak, and the overall investment market is sluggish. - Shenzhen

The real estate market continues to decline, with the volume and area of government land sales continuing to decrease. - Xi'An

Hong Kong

Hong Kong is gradually regaining its vibrancy, especially in the financial sector. - Central, Hong Kong

Poor governance of local gov't. - Hong Kong

Poor local governance. - Hong Kong

Poor result by poor local goverance. - Hong Kong

Recovering slowly. - Hong Kong

Slow economic recovery still has impact on confidence of potential buyers for commercial properties. - Hong Kong

Waiting for economy recovery, but very soon. - Hong Kong

After 3 bad years we are going in the right direction but fear of owners trying to charge high rents and capital values. - Hong Kong Island

Poor economic sentiment and retail segment is poor. Expect to have slight growth in 2nd half of 2026 in HK. - Kowloon

India

very positive investment sentiments. - Bengaluru

The residential property is continuously increasing. Many first-term home buyers prefer Villas. Apartment prices are also increasing. Resale apartments are also increasing. Industrial property is rising moderately. Joint venture properties are going up. - Chennai

Sharing of rental office premises. - Coimbatore

Looks like market is at its peak and we may expect some stagnancy in at least the medium term. Residential is cooling off after a bull run for the first time due to unaffordability in this sector.

Construction has also been relatively slowed down. - Gurgaon

There is a new trend of mixed-use development is more prevalent in Delhi NCR. - Gurgaon

Present Market trends in real estate properties are on lower side. Surplus properties are available and demand is less. People are expecting the rates to fall further and negotiating at fifty percent of prevailing Market value. Vendors are not interested to sell unless it is stressed assets. Devlopers unable to sell units as economy is weak and capacity from young generation has come down due to lay off from MNC companies and no job security. - Hyderabad

Retail market and Commercial office place leasing is going to be increased in next 12 months in the region because of the increasing demand for office spaces and many global giants are interested in investing in our city to expand their businesses. - Hyderabad

Strong momentum in office and hosoitality sectors. Retail continues to be attractive. Slower multi-family sector performance compared to last year. Alternates (DC, healthcare, education, senior living, student housing etc.) continue to see strong interest. - Hyderabad

Stable. - New Delhi

Retail properties are in high demand and the capital values, rent etc have increased. - Thiruvananthapuram

Indonesia

Due to geopolitical uncertainties, markets are generally soft,inflationary push on basic items. Jakarta

Overall poor business sentiment. - Jakarta

Regional comments from survey participants

Japan

Core investors demonstrating caution whilst evaluating outlook for expected and sustained rental growth versus BoJ's interest rate normalisation policies i.e. increasing cost of debt. - Tokyo

An increase in land prices of 5% to 20% is observed, driven by demand for DX industrial parks as manufacturing returns domestically. - Tokyo

Malaysia

Housing Industry near CPD area is bullish due to RTS nearing completion. - Johor Bahru

Open market slightly going up to cover post covid phase. - Johore

The whole economy development is currently concentrated in the southern part of Johor, especially the Special Economic Zone between Johor Bahru and Singapore. Thus, economic activities outside Johor Bahru, particularly secondary townships in the northern Johor are badly affected. - Kluang, Johor

Government instability, lack of government funds, chances of change of government. - Kota Kinabalu

Not looking good. - Kuala Lumpur

The long drawn-out office oversupply is in early stages of recovery. - Kuala Lumpur

Myanmar

Overall, Myanmar's outlook remains cautious, with conflicts likely to persist in certain regions. Meanwhile, natural disaster risks, rising temperatures, and increased storm risks pose additional threats to an economy heavily dependent on agriculture despite increase of GDP share in manufacturing and services. From a broader macroeconomic perspective, Myanmar remains a frontier market with significant potential. Many investors consider the current crisis is temporary. - Yangon

New Zealand

Early recovery should commence in 2026. - Auckland

Market still feels bit stagnant. Industrial still the preferred asset class. - Auckland

Very slow recovery / upturn. - Auckland

A nice steady recovery occurring across most asset types. - Christchurch

Business confidence has gradually improved over the past three months as the OCR has reduced to 2.25% (November 2025) reducing interest rates. A significant percentage of mortgage holders are expected to roll off fixed interest rates within the next quarter providing some financial relief. Property market activity has improved in residential although prices remain stable and FOMO remains absent. Commercial markets lack product for sale and transactional evidence is limited outside industrial. - Christchurch

Interest rate reductions appear to have triggered investment demand in Q4, 2025. Increase in tenant demand will require economic growth and business confidence, which should return. - Christchurch

The Dunedin commercial property sector is showing signs of improvement with more enquiry, and a number of sales occurring sub 6%. - Dunedin

Regional New Zealand market is closely linked to economic confidence of New Zealand, particularly it's GDP. The current Government has looked to curb spending which has also curbed that confidence. 2026 should see a strengthening in confidence as larger scale infrastructure projects are re-established. - Nelson

Early stages of economic recovery likely in 2026. - Queenstown

Wellington has been severely impacted by poor Council management and it will take some time to turn this around. - Wellington

Growth in investment demand is lead by high net worth seeking long term growth in values. - Whangarei

This is a small market with limited international appeal, limited national appeal and with limited diversity in investment. - Whangarei

Philippines

Inflation rises despite economic reform, one of the causes is the calamity affected economic zones. - Manila

Weak market conditions due to public works instability and integrity issues. - Metro Manila

Sri Lanka

The unexpected natural disaster, Cyclone Ditwah, caused damage to infrastructure and businesses in the Central and Eastern parts of Sri Lanka. The rebuilding process has commenced, and a gradual recovery is anticipated. Less-affected areas such as Colombo, Gampaha, and Galle remain stable, with commercial investment activities continuing at typical levels. - Colombo

Unpredictable situation due to the disaster. - Colombo

Very lethargic due to economic down tern and cyclone disaster. - Colombo

Very Poor. - Colombo

The property market has not improved as expected. Very slow improvement is visible. The Rental and Capital Valuation index was improving very gently, and it will be further delayed due to bad weather conditions affecting the whole country on the 27th of November 2025. - Dehiwala, Colombo District

IMF regulations affecting negatively aggregate demand. Current account affected by fiscal policies. Lack of production leads to an import economy leading to run on the reserves creating problems in future Sovereign debt repayment. The property sector is stagnant, supply influences rental growth yet cost stands in the way of investment. The impetus must be by the investment by the government not balancing the budget by flogging a dead horse 'taxes'. - Ratmalana

Taiwan (China)

Key trends include companies upgrading offices for talent attraction, increased caution in leasing, and a gradual shift from a landlord's market, with significant new developments expected to challenge older buildings later in the year and into 2026. - Taipei

Thailand

Thailand economy is not growing much. Many foreign investors have moved to Vietnam and Indonesia. However, Thailand is still good for tourism. Thailand has some 1.6 million unoccupied housing units (no housing shortage). - Bangkok

There remains a significant oversupply of office rental space and condominiums in Bangkok. Shopping centers are growing slightly but with the weak economy projected in 2026, investments in this area may see muted growth. Data centers investment is positive currently while industrial growth appears flat. - Bangkok

Global Commercial Property Monitor

RICS' Global Commercial Property Monitor is a quarterly guide to the trends in the commercial property investment and occupier markets. The report is available from the RICS website www.rics.org/economics along with other surveys covering the housing market, residential lettings, commercial property, construction activity and the facilities management market.

Methodology

Survey questionnaires were sent out on 6 December 2025 with responses received until 19 January 2026. Respondents were asked to compare conditions over the latest three months with the previous three months as well as their views as to the outlook. A total of 1610 company responses were received.

Responses have been amalgamated across the three real estate sub-sectors (offices, retail and industrial) at a country level, to form a net balance reading for the market as a whole.

Net balance = proportion of respondents reporting a rise in a variable (e.g. occupier demand) minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%). Net balance data can range from -100 to +100.

A positive net balance reading indicates an overall increase while a negative reading indicates an overall decline. The RICS Occupier Sentiment Index (OSI) is constructed by taking an unweighted average of readings for three series relating to the occupier market measured on a net balance basis; occupier demand, the level of inducements and rent expectations. The RICS Investment Sentiment Index (ISI) is constructed by taking an unweighted average of readings for three series relating to the investment market measured on a net balance basis; investment enquiries, capital value expectations and the supply of properties for sale. The Commercial Property Sentimet Index is an unweighted average of the OSI and ISI. Regional indicators are weighted using estimates of the stock of commercial property provided by LaSalle Investment Management, and are adjusted on an annual basis.

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Delivering confidence

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