For Immediate Release

Seoul and Bengaluru Emerge as APAC's Standout Markets for New Office Development

Cushman & Wakefield's analysis of five major APAC office markets shows a divergent office development outlook, with Seoul and Bengaluru expected to remain viable through 2035, while Singapore, Tokyo and Sydney face viability constraints

SINGAPORE, 16 November 2026 — New office development across Asia Pacific (APAC) is becoming increasingly selective as higher construction costs, elevated borrowing costs and lack of new supply challenge viability, according to Cushman & Wakefield's latest *Global Office Supply: The Development Drought* report. The findings reflect a broader global slowdown in office development activity, with just 580 million square feet (msf) of office space under construction globally in Q3 2026, 45% below the peak of 1.04 billion sf recorded in Q3 2017.

While APAC's average economic rents (the minimum rent a new office development needs to earn to be profitable), currently sit at about 1% below prime market rents, the relationship is expected to reverse by 2030, with economic rents projected to exceed market rents by about 7%, limiting future development across much of the region.

Within APAC itself, market conditions vary. In Seoul, economic rents are about 26% below prime market rents, making it the market with the widest viability margin among the five APAC markets covered in the report. In Sydney, economic rents are 24% above prime market rents, making it the market with the most significant feasibility gap in the region.

Dr Dominic Brown, Head of International Research, Global Think Tank, Cushman & Wakefield, said: "The regional averages only tell part of the story. While APAC remains broadly balanced, office development viability diverges between markets. Seoul and Bengaluru continue to support new supply as strong occupier demand and rental growth offset rising costs, while other markets are seeing development economics come under increasing pressure. Over the next decade, we expect new supply to become more concentrated in markets that combine strong demand growth, talent expansion and supportive development conditions, while some cities may increasingly rely on redevelopment and refurbishment to meet occupier needs."

Seoul leads the five APAC markets on current development viability

Seoul offers the widest development viability margin among the five APAC markets. Prime rents in 2026 are 26% above the economic rent required to justify a new building, giving the city one of APAC's strongest foundations for office development.

Demand has remained resilient as South Korea benefits from growing AI-related investment and strong semiconductor exports. Developers are already responding, with 20.7 msf currently under construction, up significantly from 5.7 msf at the end of 2024. Major projects include the Gangnam Station Prime Development and a wave of mega-developments in the Jongno and Euljiro corridor expected to deliver more than 14 msf of office space.

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Seoul is projected to remain viable for development through 2035, however the margin will narrow to 6% by 2030 and 5% by 2035, as rising cap rates are expected to push economic rents up.

Bengaluru's technology-driven growth underpins long-term viability

Bengaluru has stayed viable throughout the past decade, and is expected to remain viable through 2035. Prime market rents are currently at 16% above economic rents, providing a healthy viability margin for new office development, and are expected to grow by 5.0% annually, outpacing economic rent growth of 2.5% per year.

Driven by technology and global capability centre demand, prime market rents are projected to exceed economic rents by approximately 29% by 2030 and 44% by 2035, creating one of the strongest forecasted development outlooks in the region.

At 36.1 msf, Bengaluru has the largest office supply pipeline in India, equal to about 16% of the stock. With vacancy at 10.6% as of Q3 2026, new space is likely to be absorbed gradually.

Other APAC markets face more constrained outlooks

While Seoul and Bengaluru remain well-positioned for new development, the report finds that development viability is becoming more constrained in other major APAC office markets.

In Singapore, prime market rents have largely tracked economic rents since 2023, and are forecast to broadly track each other through 2028. Subsequently, a wave of new Grade A supply, including The Clifford, The Skywaters and One Comcentre, will test market absorption for backfill space. Development opportunities remain viable in the near term, but future Grade A supply is likely to come from redevelopment of older stock rather than new projects.

Tokyo has maintained development viability throughout the past decade and prime market rents currently sit at 22% above economic rents, with a vacancy of just 0.3%, the lowest among the five APAC markets. However, rising financing costs and cap rates are expected to erode viability, with development viability turning negative from 2030.

Sydney faces the most challenging development environment in the region with current economic rents exceeding prime market rents by 24%. The feasibility gap is expected to persist through 2035 due to pressures such as labour shortages, higher borrowing costs, rising construction expenses and competition from non-office projects.

Selective strategies in response to market outlooks

A limited pipeline of future developments means competition for high-quality office space is likely to intensify. Occupiers will need to plan lease events earlier to secure suitable space and consider flexible space options as supply options narrow in some markets, while investors and developers will need to focus on locations where strong demand fundamentals continue to support development growth and new construction.

Anshul Jain, Head of APAC Offices & Retail, Cushman & Wakefield, said: "Occupiers can no longer assume a steady pipeline of new office space across APAC's major markets. As development viability differs from city to city, real estate strategies will need to become more market specific. Organisations that actively review their

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portfolio strategies and have a clear view of local market dynamics will be better positioned to manage costs and secure quality space that support their long-term office needs."

About the Global Office Supply: The Development Drought report
The *Global Office Supply: The Development Drought* report examines when development may become viable again. It compares market rents for top-tier space with the economic rents needed to justify new construction in 17 key markets across North America, APAC and Europe, and sets out what the outlook means for occupiers, investors, developers and owners. Read the full report here.

About Cushman & Wakefield
Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for occupiers and investors with approximately 53,000 employees in over 350 offices and nearly 60 countries. In 2025, the firm reported revenue of $10.3 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that *Better never settles*, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit www.cushmanwakefield.com.

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