

# Insights from CLI: Tracking AI's Impact on Offices and Business Parks in APAC

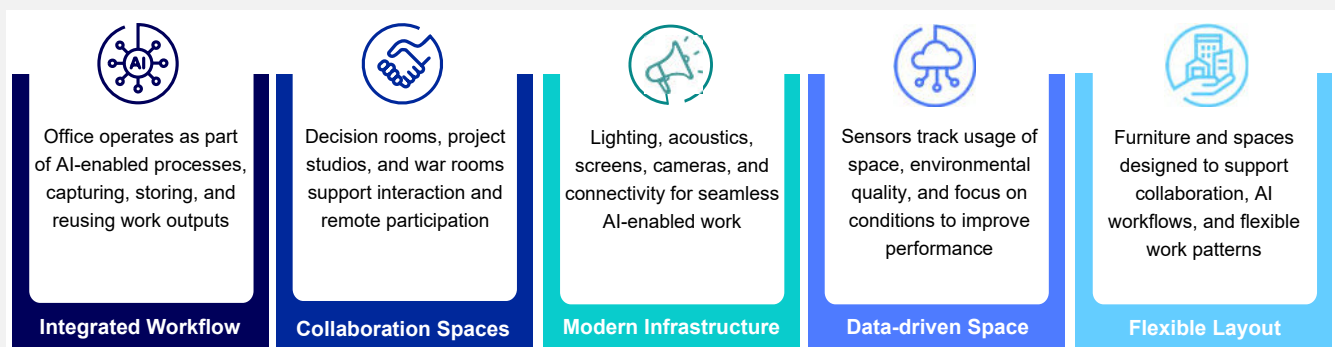


Artificial intelligence (AI) will be one of the most consequential technological shifts of the current era. It will fundamentally rewire firms' decision around business processes, organisation structure, talent strategies, and physical footprints. Understanding this structural and broad-based shift is essential context for assessing the long-term trajectory of occupier demand for office and business park (BP) sectors.

What kinds of workspaces remain essential in an AI-enabled economy? **Based on CapitaLand Investment (CLI)'s engagement with occupiers across Singapore, China and India, the emerging pattern is not a broad-based contraction, but a redistribution of demand.** AI is accelerating a K-shaped divergence: high-specification, well-located and infrastructure-ready assets will remain integral to business operations, while commoditised space will face structural pressure. The role of the workplace will shift from a site of routine task execution to a platform for decision-making, innovation and human-AI collaboration (Figure 1). Markets with significant supply pipelines and/or high proportion of commoditised space will face challenges. AI-driven efficiency gains are compressing space needs in back-office and support functions, and some occupiers are actively consolidating footprint as headcount-to-desk ratios tighten.

Across CLI's portfolio, tenant requirements are increasingly centred on infrastructure readiness, collaboration density and the ability to support data-intensive workflows. These factors feature prominently in both new leasing decisions and renewal negotiations. The flip side is that space which cannot meet these requirements is losing relevance faster than before, as older stock with limited upgrade potential faces occupancy losses and value reduction overtime<sup>1</sup>.

Figure 1: Features of AI-Ready Workspaces



Source: Cushman & Wakefield, CLI Group Research, April 2026

<sup>1</sup> Source: JLL – "Futureproofing 4.0: Opportunity through Obsolescence", April 2025.

## AI – Not Just About Headcount and Cost Reduction, but Also a Growth Lever

### AI is redistributing jobs, not just eliminating them.

While AI-driven job displacement is a widely discussed concern, historical data points to a more complex and ultimately more optimistic outcome. In over 30 months since ChatGPT’s launch, the impact of AI on overall occupational mix in the US was only marginally faster than previous technological waves, from the computer to the Internet, showing no clear sign of AI currently eroding demand for knowledge-based work at scale<sup>2</sup>.

Though previous technological advances eliminated certain tasks, they also created entirely new categories of work. Roughly 60% of US workers today hold jobs that didn’t exist in 1940, and technology has driven 85% of employment growth since then<sup>3</sup>. **AI represents the latest iteration of this dynamic – it is replacing tasks, not just eliminating them.** OpenAI is preparing for a major hiring push for 4,500 to 8,000 employees by 2026, concentrating across product development, engineering, research and sales functions<sup>4</sup>

While AI is automating routine tasks in many sectors, AI adoption has the potential to generate superior revenue and productivity outcomes, not solely to reduce costs<sup>5</sup>. Industries most exposed to AI saw three-times higher growth in revenue per employee compared to those least exposed<sup>6</sup>.

Early adopters of AI are also expanding their workforces, and for specialised, higher-skilled roles that can work alongside and leverage AI capabilities. Across APAC, office employment is projected to grow steadily by 3.5% in 2026<sup>7</sup>. However, office occupiers’ expansion plans vary significantly by country and sector. The technology sector (including Big Data and AI) recorded the highest proportion of occupiers planning to expand, led by China, Singapore, and India. In contrast, fewer than half of tenants in other sectors indicated intentions to expand (Figure 2).

The transition to higher-value roles will not be without challenges, and some frictional unemployment is expected as workers adapt and reskill. The pace and severity of adjustment will be shaped by labour market conditions and government reskilling initiatives. According to World Economic Forum’s four futures for jobs in 2030<sup>8</sup>, employment is likely to face greater volatility and systemic risk when AI advances at a greater pace than the workforce’s ability to adopt. On the other hand, when the workforce is ready to integrate AI development in various workflows, there is potential for further augmentation, with human-AI collaboration to reshape value chains and business models.

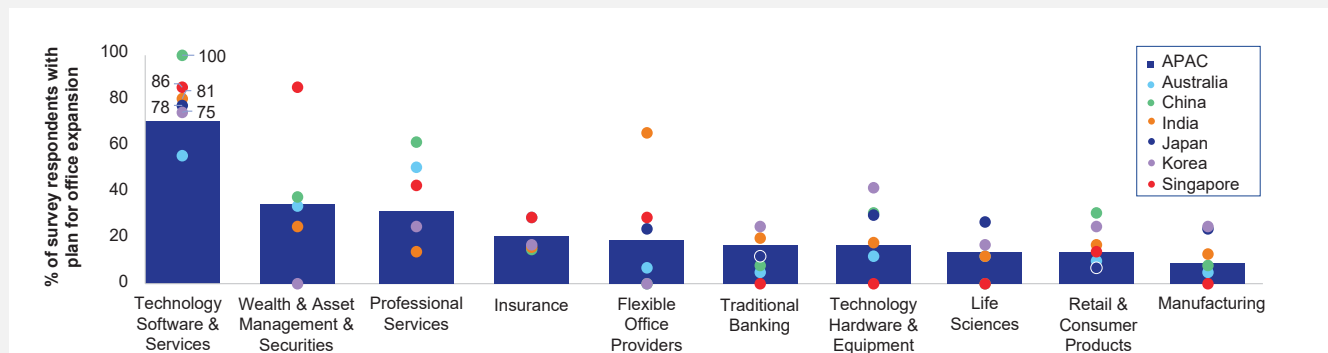
## Singapore

### Singapore’s office and business park market fundamentals remain solid, driven by strong AI infrastructure, a highly AI-literate workforce, and a well-managed supply of quality workspace attracting global AI leaders and start-ups.

Singapore’s appeal stems from its stability, strong regulatory environment and innovation-driven economy, qualities that are prized amid today’s volatile geopolitical environment. Combined with decades of investment in digital infrastructure, AI skilling, and government adoption, Singapore has gained AI leadership on various fronts and continues to attract leading AI firms and multinational corporations (MNC)s (Figure 3).

As a result, growing AI adoption is shaping office demand in Singapore, with both traditional sectors and AI-native occupiers seeking premium, strategically located APAC headquarters (HQ). Greater use of AI workflows, analytics, and digital tools is driving tenants to prioritise high-quality, well-located, and amenity-rich offices, reinforcing the ongoing flight-to-quality trend. Demand is coming not only from AI-native firms but also from traditional sectors such as financial institutions, legal, and professional services, which are increasingly integrating AI into their operations.

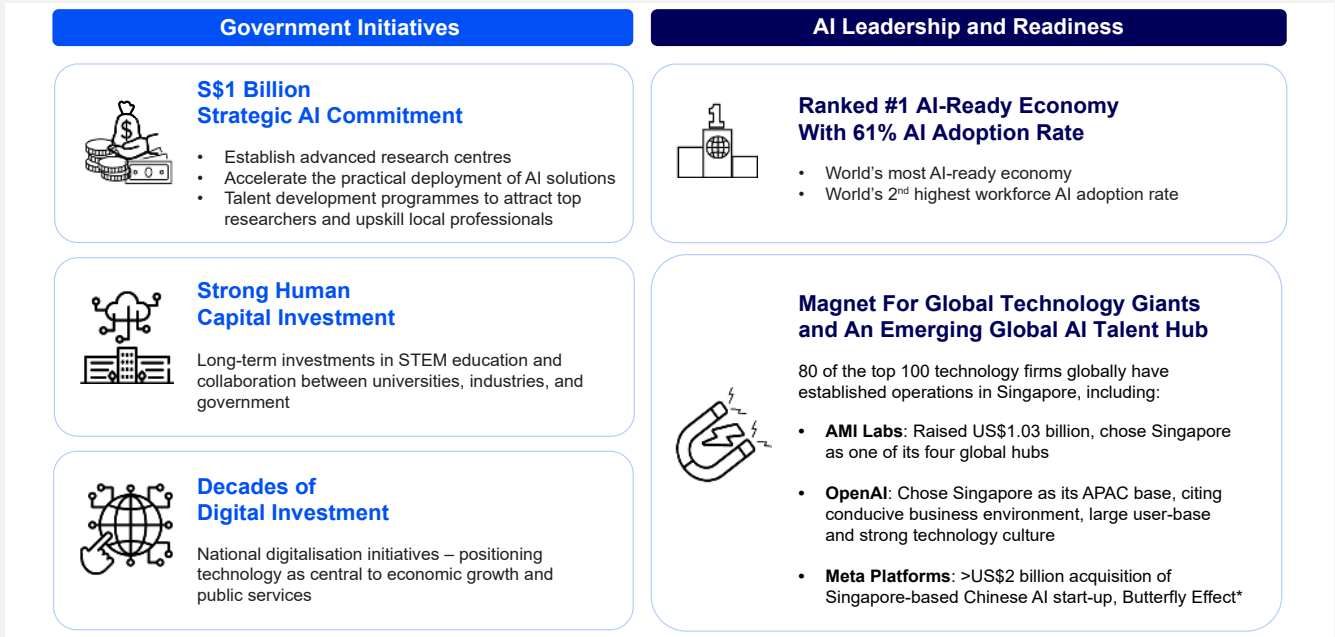
Figure 2: APAC 2026 Office Space Expansionary Demand by Sector



Source: CBRE, CLI Group Research, April 2026

2 Source: The Budget Lab – “Evaluating the Impact of AI on the Labour Market: Current State of Affairs”, October 2025.  
3 Source: Goldman Sachs – “How Will AI Affect the Global Workforce?”, August 2025.  
4 Source: The Financial Times – “OpenAI to Double Workforce as Business Push Intensifies”, March 2026.  
5 Source: PwC – “Leading Through Uncertainty: AI’s Impact on the Workforce”, March 2026.  
6 Source: PwC – “AI Fuels Fourfold Productivity Gains With Job Growth Bucking Expectations: PwC’s 2025 Global AI Jobs Barometer”, 2025.  
7 Source: CBRE – “2026 Asia Pacific Real Estate Market Outlook”, January 2026.  
8 Source: World Economic Forum – “The Future of Jobs: 6 Decision-Makers on AI and Talent Strategies”, January 2026.

Figure 3: Singapore's Digital and AI Initiatives Drive AI Leadership



Note: (\*) Butterfly Effect is the developer of autonomous agent, Manus AI.

Source: Microsoft – "Global AI Adoption in 2025: A Widening Digital Divide", Singapore Economic Development Board, CLI Group Research, April 2026

Notably, some of the largest AI players in the quantitative finance sector operate at CapitaSpring and Raffles City Tower, with one demonstrating cross market synergies in Singapore and Shanghai – a key strength of CLI as office owner and operator with a pan-Asia presence.

This strong, AI-driven demand is further supported by limited new Grade A completions in Singapore's core CBD, keeping the market supply-constrained with vacancy rates of just 4-5%. Only 0.35 million sqft of new space is expected by 2028, underpinning projected rental growth of around 4.4% per annum between 2026-2028<sup>9</sup>.

Turning to the **BP subsector**, past declines in occupancies due to hybrid work and back-office offshoring have stabilised. After previous over-consolidation, tenants are exploring expansion. Despite caution on long-term commitments, AI has not led to reduced space requirements or downsizing. BPs with technology, biomedical, and research tenants remain resilient, supported by nearby research institutions, hospitals, and the growing AI ecosystem.

One-North exemplifies this, hosting global technology and software tenants' main research and development (R&D) facilities and AI hubs, which drive innovation and collaboration among ecosystem partners. The government's recently announced **AI Park (Kampong AI)**, expected to anchor approximately 70 additional AI firms in the area<sup>10</sup>, and the upcoming brand new 27 International Business Park (27 IBP)

will further strengthen demand for high-quality BP space. Overall, Singapore is well-positioned to absorb AI-related demand shifts from a position of structural strength, reinforcing its role as a high-quality office hub in APAC.

## India

**Supported by a large AI workforce, AI adoption will increase the strategic scope and complexity of roles outsourced to Global Capability Centres (GCCs), boosting demand for high-specification workspaces.**

India is embedding AI across its economy through targeted spending, institutions and upskilling initiatives. It launched the ~US\$1.25 billion IndiaAI Mission in March 2024, and hosted the first Global South AI summit in February 2026<sup>11</sup>. (Figure 4). The aim is to move beyond outsourcing toward building indigenous AI capability at scale.

**India's large and young AI-ready workforce is translating directly into rising occupier demand, as global corporations increasingly channel AI-related investments into the country<sup>12</sup>.** India's AI workforce is projected to reach ~1.25 million professionals by 2027, with the Indian AI market projected to grow at 25-35% through 2027<sup>13</sup>. India also leads in AI hiring growth and accounts for ~20% of all AI projects globally on GitHub, ranking second<sup>14</sup>.

9 Source: CBRE, February 2026.

10 Source: The Straits Times – "Kampong AI: New Park in One-North to House Work, Living Facilities for AI Start-ups", March 2026.

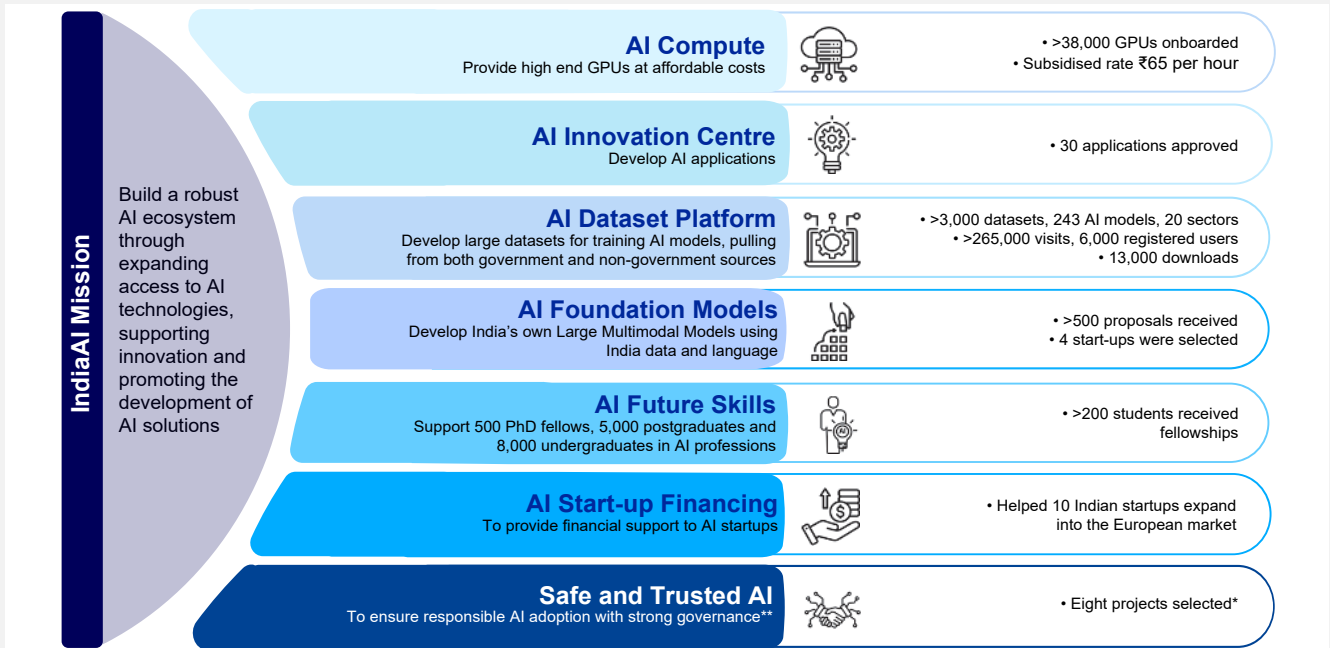
11 The summit drew delegations from over 100 countries and nearly 300,000 participants.

12 Source: CNBC – "Tech giants commit billions to Indian AI as New Delhi pushes for superpower status", February 2026.

13 Source: Nasscom, Deloitte – "Advancing India's AI Skills: Interventions and Programmes Needed", August 2024.

14 Note: GitHub AI projects reflect broader real-world AI activity, including coding, experimentation, and open-source innovation beyond academic publications. Source: Stanford Human-Centered Artificial Intelligence Institute – "Artificial Intelligence Index Report 2025", April 2025.

Figure 4: Seven Key Pillars of IndiaAI Mission and Their Implementation Progress



Note: (\*) Healthcare, agriculture, climate change, governance and assistive learning technologies; (\*\*) Focusing on machine unlearning, bias mitigation, privacy-preserving machine learning (ML), explainability, auditing, and governance testing.

Source: Press Information Bureau India, CLI Group Research, April 2026

**GCCs are the largest driver of Grade-A office demand in India**, and expected to account for 35-40% of total office leasing demand in 2026 (consistent with the historical average of 38% between 2020 and 2025<sup>15</sup>). New growth is anticipated from mid-market companies, global unicorns and emerging sectors<sup>16</sup>. Bengaluru, Hyderabad and Delhi are the top three metros for GCC expansion; together they accounted for 69% of total GCC absorption in 2025<sup>17</sup>.

Driven by rising AI adoption, MNCs are increasingly insourcing higher value, intellectual property (IP)-critical work previously outsourced to third party information technology (IT) services and consultancy firms, even as routine functions face automation. **This shift is driving India's GCCs towards higher value and strategic roles** that emphasise innovation, efficiency, and technological advancement. These span across advanced analytics and data science, supply chain operations and optimisation, semiconductor and hardware design, drug discovery and research, cybersecurity and risk management, and high-end technology development, including product design and engineering, AI and ML solutions, and cloud-native platforms. Overall, 92% of India GCC leaders are moving beyond cost arbitrage and towards innovation arbitrage<sup>18</sup>.

The share of technology roles requiring AI exposure is expected to increase from 20% in 2025 to 32% by 2027<sup>19</sup>.

This shift toward AI-heavy functions, such as product engineering, data, cybersecurity, and governance, require advanced infrastructure, strong security and close control, is shaping asset selection.

- **Occupier demand driven by AI functions:** Tenants are focusing on integrated technology parks and campus-style environments to accommodate larger, more complex and innovation-led teams. For example, a global software development services provider serving leading technology firms such as Google, AWS, SAP, leased over 125,000 sqft in the last few years at International Tech Park Hyderabad, with further expansion planned in 2026.
- **Future supply aligns with demand:** In 2026-2027, around 45% of new office supply is expected to be Grade A, with around 65-68% located within integrated technology parks, up from 54-58% in 2024-2025<sup>17</sup>.

Overall, AI is increasing the complexity and strategic importance of work conducted in India, reinforcing occupier preference for high-quality office space. Occupancy across well-located, institutional-grade technology parks has consistently exceeded 90%, with double-digit rental increases on lease renewals, underlining significant growth potential.

15 Source: Colliers – “GCCs to Drive Up to 50% of India Office Demand; US to Dominate While UK and EU to Gain Share”, February 2026.

16 Note: Mid-market companies refer to firms with global revenues of US\$100 million to US\$1 billion. Source: CBRE – “India Office Figures Q4 2025”, January 2026.

17 Source: CBRE – “India Office Market Outlook 2026”, March 2026.

18 Source: EY – “What’s Next for India’s GCCs?”, November 2025.

19 Source: upGrad Rekrut – “The Tech Talent Landscape”, January 2026.

## China

**AI is an increasingly measurable demand driver, although both office and BP markets continue to be impacted by broader economic headwinds and a supply glut.**

China's AI development is the result of deliberate, decade-long policy construction, establishing AI integration as a core pillar of China's shifts towards an innovation-led economy. China's AI+ initiative is designed to reshape the labour market, stimulating AI-driven innovation, entrepreneurship and re-employment<sup>20</sup>. DeepSeek's large language model is an example of this progress, having developed a high-impact AI model for just US\$5.6 million, mere fractions of what leading technology giants typically invest, catalysing a wave of Chinese AI applications and accelerating consumer adoption.

AI is emerging as a meaningful source of new leasing demand for both China's offices and BPs, but there also has been some space consolidation due to AI-driven optimisation (Figure 5).

However, **broader macroeconomic headwinds remain the dominant influence** on overall activity. Economic volatility, geopolitical uncertainty, and US-China technological competition continue to weigh on business confidence and corporate expansion. In 2025, nationwide average office rents declined 10.4% YoY, the second largest annual decline since 2008, while vacancy rose 1.3% YoY to 24.7%, reflecting supply additions (4.43 million sqm) that continue to outpace demand (2.15 million sqm)<sup>21</sup>.

Nonetheless, early signs of demand stabilisation are emerging: full-year net absorption surpassed 2 million sqm for the first time in three years, while expansionary momentum from the TMT sector drove Beijing's vacancy to its lowest level in three

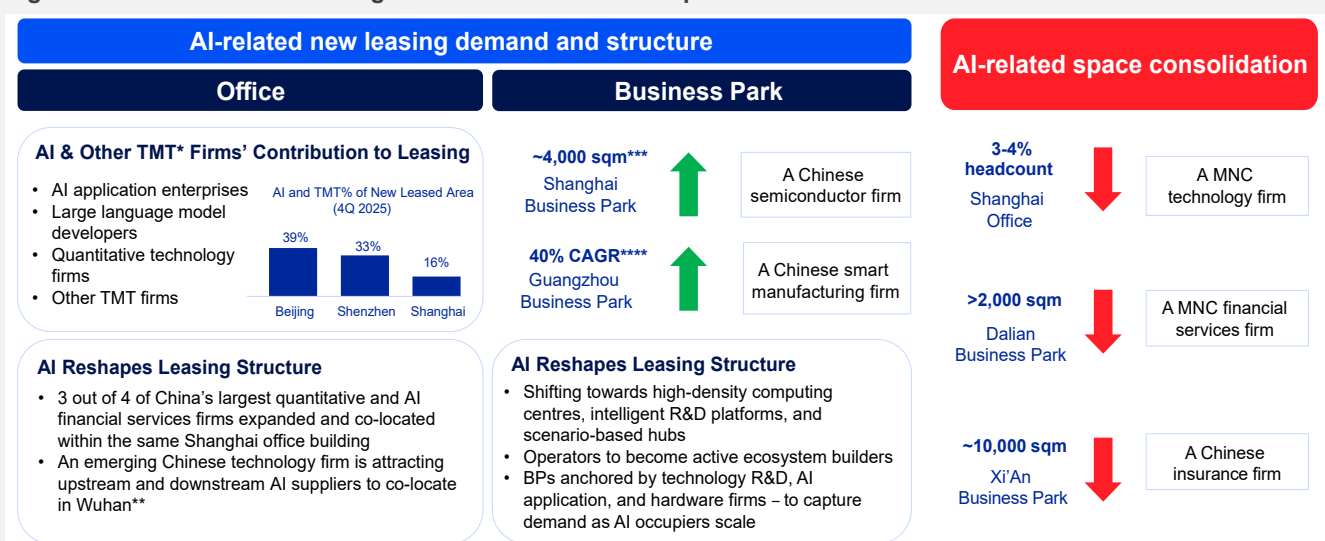
years. **Leasing demand is becoming more concentrated in specific submarkets and asset types aligned with AI development, even as broader market conditions remain challenging.** This suggests AI is becoming a more measurable demand at the submarket level, but remains insufficient to absorb the broader supply overhang. Yet, not all AI-driven demand flows to the institutional leasing market as well-capitalised technology giants are increasingly developing proprietary HQ<sup>22</sup>.

## Conclusion

AI is unlikely to reduce the relevance of physical workspace across APAC any more than COVID did, but it will reshape its purpose and value. Demand will become more selective, concentrating in locations and assets that can support innovation, coordination and still-nascent but increasingly complex human-AI workflows. At the same time, space that is unable to adapt to these requirements will face growing structural headwinds. In this environment, quality, infrastructure and ecosystem will increasingly define which assets remain essential, and the gap between differentiated and commoditised space will only widen.

For investors, this reinforces a more selective allocation approach. Core capital should prioritise office and business parks with enduring demand visibility, while value-add opportunities could be pursued to unlock relevance through asset repositioning. At the same time, capital should be rotated away from structurally challenged stock, and towards sectors and strategies benefiting from AI-driven demand (e.g. data centres, tech-enabled logistics) and complementary capital structures such as real estate private credit. As dispersion widens, performance will be increasingly driven by asset selection and execution rather than broad market movement.

**Figure 5: AI-Related New Leasing Demand and AI-Related Space Consolidation**



Note: (\*) Technology, Media and Telecommunications; (\*\*) The firm leased >2,000 sqm of space for its central China R&D hub in Wuhan; (\*\*\*) Size of its independent office as of 2026, from an incubator in 2020; (\*\*\*\*) Compounded Annual Growth Rate.

Source: Cushman & Wakefield, CLI Group Research, April 2026.

20 Source: State Council of the People's Republic of China – "Opinions of the State Council on the In-Depth Implementation of the 'Artificial Intelligence+' Action", August 2025.

21 Source: CBRE – "China Figures Q4 2025", February 2026.

22 ByteDance is delivering a 115,000 sqm Shanghai HQ in 2026 and has committed RMB 2.8 billion to a 100,000 sqm Beijing HQ. Source: Sina Finance, February 2026.

## About CapitaLand Investment Limited ([www.capitalandinvest.com](http://www.capitalandinvest.com))

Headquartered and listed in Singapore in 2021, CapitaLand Investment Limited (CLI) is a leading global real asset manager with a strong Asia foothold. As at 31 December 2025, CLI had S\$125 billion of funds under management. CLI holds stakes in eight listed real estate investment trusts and business trusts and a suite of private real asset vehicles that invest in demographics, disruption and digitalisation-themed strategies. Its diversified real asset classes include retail, office, lodging, industrial, logistics, business parks, wellness, self-storage, data centres and credit.

CLI aims to scale its fund management, commercial management and lodging management businesses globally and maintain effective capital management. As the investment management arm of CapitaLand Group, CLI has access to the development capabilities of and pipeline investment opportunities from CapitaLand Group's development arm.

CLI is committed to growing in a responsible manner, delivering long-term economic value and contributing to the environmental and social well-being of its communities.

## Authors

### TRAN Hanh Linh

Associate Director, Group Strategy and Research  
CapitaLand Investment  
[tran.hanhlinh@capitaland.com](mailto:tran.hanhlinh@capitaland.com)

### Wayne TEO

Assistant Manager, Group Strategy and Research  
CapitaLand Investment  
[wayne.teo@capitaland.com](mailto:wayne.teo@capitaland.com)

## Contributors

### Gauri Shankar NAGABHUSHANAM

Chief Executive Officer  
CapitaLand India Trust Management  
[gauri.nagabhushanam@capitaland.com](mailto:gauri.nagabhushanam@capitaland.com)

### LOH Chee Seng

Managing Director & Head, Commercial Management, China  
CapitaLand Investment  
[loh.cheeseng@capitaland.com](mailto:loh.cheeseng@capitaland.com)

### TAN Yi-Xun

Head, Asset Management  
CapitaLand Ascendas REIT  
[tan.yi-xun@capitaland.com](mailto:tan.yi-xun@capitaland.com)

## Important Information

Real estate investments are subject to various risks associated with ownership of real estate-related assets, including fluctuations in property values, higher expenses or lower income than expected, potential environmental problems and liability, and risks related to leasing of properties. This material is provided for informational or educational purposes only and does not constitute a solicitation of any securities in any jurisdiction in which such solicitation is unlawful or to any person to whom it is unlawful. Moreover, it neither constitutes an offer to enter into an investment agreement with the recipient of this document nor an invitation to respond to it by making an offer to enter into an investment agreement. This material may contain forward-looking information that is not purely historical in nature. Such information may include projections, forecasts, estimates of yields or returns, and proposed or expected portfolio composition. This material is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. The information and opinions contained in this material are derived from proprietary and non-proprietary sources deemed by CapitaLand Investment to be reliable, and not necessarily all-inclusive and are not guaranteed as to accuracy. There is no guarantee that any forecasts made will come to pass. Past performance is not a guide to future performance. Investment involves risk, including loss of principal. The value of investments and the income from them can fall as well as rise and is not guaranteed. Changes in the rates of exchange between currencies may cause the value of investments to fluctuate.

CAPITALAND INVESTMENT LIMITED  
Company Registration No.: 200308451M  
Incorporated in the Republic of Singapore

168 Robinson Road #30-01, Capital Tower, Singapore 068912  
Tel: +65 6713 2888

[capitalandinvest.com](http://capitalandinvest.com)