

APAC Market Report – Business Expansion

Key Insights

- This report explores business expansion trends in APAC, focusing on sectors and company sizes driving office openings.
- Expansion into APAC countries grew by 35% between 2019 to 2023. This is above the average for Europe (29%) and US (26%).
- This expansion activity was dominated by the Professional Services sector, with more than 1 in 4 companies coming from that sector.
- Companies must closely monitor the sectors and markets driving this growth to seize emerging opportunities, while governments need to understand these trends to create policies that foster business expansion and support economic development.

[Pei Ying CHUA](#)

Head Economist, APAC
Economic Graph Research Institute
LinkedIn

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Introduction

As APAC continues to emerge as a primary engine of global economic growth, businesses, policymakers, and investors must navigate the forces reshaping the region's economic landscape. Business expansion patterns are key indicators of where the future of APAC business is headed, as well as where opportunities will arise for those looking to lead.

This report offers an in-depth analysis of a key factor shaping APAC's economic future: the flow of business expansion activity. The insights shed light on which sectors and markets are gaining momentum, highlighting emerging trends that are driving growth across the region. By analysing these business expansion trends, we can provide valuable insights that help companies identify growth opportunities and assist governments in making informed investment decisions to support economic development in the region.

Business Expansion Trends Into APAC

Business expansion reflects an investment made by a company from one country into a business or assets in another country (the host country). By setting up new operations (e.g., opening offices or factories), businesses are helping to drive economic growth and bring multiple benefits to the host country, including job creation and new expertise – our [prior research](#)¹ has found that labour expansion also results in upskilling co-workers (in addition to new expertise).

The APAC region has been a key hub for global business expansion in recent years. In this report, we leverage LinkedIn's Economic Graph data to analyse these trends by identifying companies that have started operations in a new host country within the APAC region. Specifically, we define "started operations" as companies that have hired at least 5 new employees in a given year, offering a clear indication of significant business activity and commitment in the local market. This approach allows us to capture not only the initial market entry, but also gain insights into the sectors driving growth and the geographic origins of these investments.

By analysing the types of companies entering host countries and the regions from which they originate, we can identify patterns in business expansion, such as which industries are most active in the APAC market and which countries are the primary sources of foreign investment. This approach also sheds light on the scale of operations, helping to distinguish between small-scale market entries and larger, more established investments. Ultimately, this analysis provides a clearer understanding of how expansion activity is shaping the economic landscape across APAC, offering valuable insights for policymakers, businesses, and investors alike.

¹ *Harnessing the hidden value: How US tech workers boost the growth of Australia's tech ecosystem.*

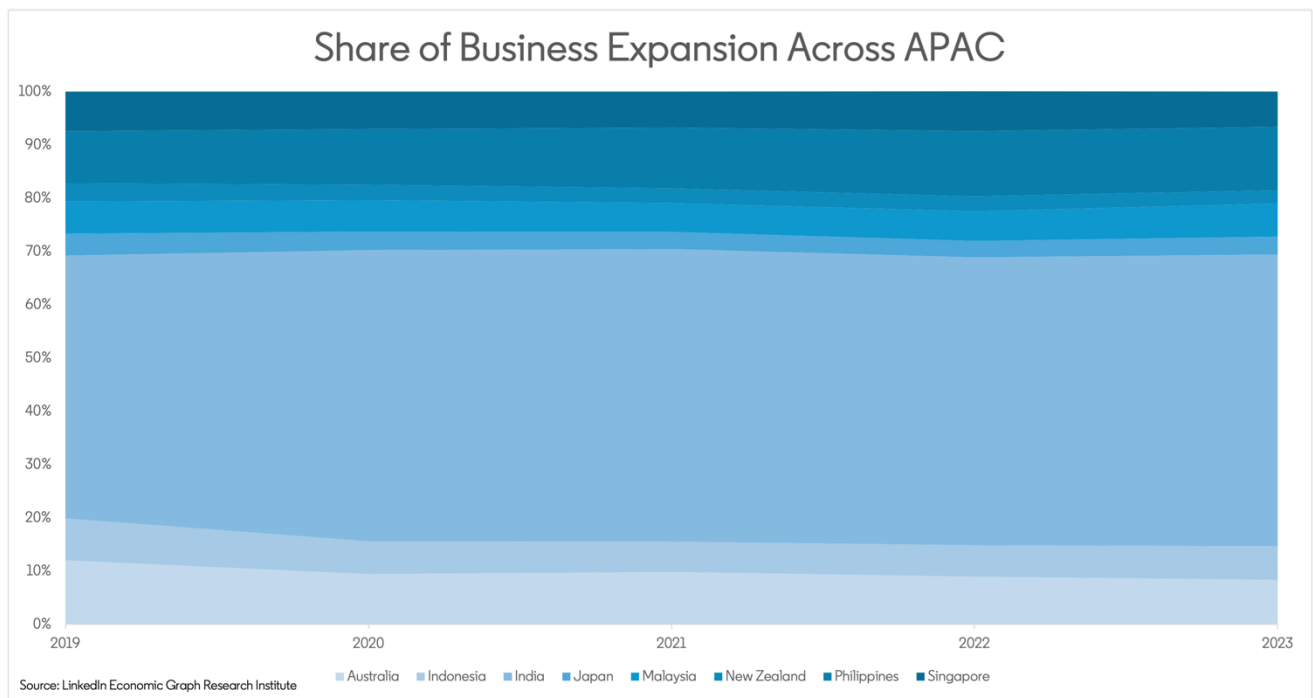
<https://techcouncil.com.au/wp-content/uploads/2023/08/20230807-Harnessing-the-hidden-value-vfff-portrait891.pdf>

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Business Expansion into APAC

Between 2019 and 2023, business expansion into APAC grew by 35%, outpacing growth in both Europe (29%) and the US (26%). This trend was driven largely by India, which accounted for over half of the region’s total expansion. India’s rapid ascent, with a 5.5 percentage point increase in its share of regional investment, highlights its growing stature as a global business hub, leveraging strengths in IT, outsourcing, and a burgeoning startup ecosystem. In other parts of APAC, while the expansion activity is still strong and growing, we also see a shift towards India. This underscores the shifting dynamics within APAC itself.

India's rise as a key driver of business expansion in APAC is not only reshaping the country’s economic landscape but also setting the stage for broader growth across the region. As India's stature as a global business hub grows, its increasing integration into global supply chains, technology ecosystems, and investment flows is likely to create ripple effects throughout the region. Neighbouring economies, particularly in Southeast Asia, stand to benefit from India's expanding economic influence through trade partnerships, investment collaborations, and shared innovation ecosystems. As businesses look to establish a presence in India, they may also explore opportunities in surrounding markets, leveraging the region's interconnectedness to tap into a broader range of growth prospects across APAC.



Source: LinkedIn Economic Graph
 Notes: Data can be found in the Appendix

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Key Sectors for Business Expansion

Expansion activity in APAC was dominated by the Professional Services sector, with more than 1 in 4 companies coming from that sector. On average, across APAC, the Professional Services sector took up around over 25% of expansion activity, followed by Tech (17%), Manufacturing (14%), and Financial Services (8%).

Across expansion activity in specific countries, the share of Professional Services companies was particularly high in the Philippines (35%) and India (32%), indicating strong growth in service-oriented industries in these markets.

- India has a broader range of professional services, excelling in IT consulting, legal services, and accounting, along with a strong focus on innovation and advanced technologies.
- The Philippines is primarily known for its BPO and customer service outsourcing, with a strong emphasis on administrative support and KPO, leveraging its English-speaking workforce and cultural affinity with Western markets.

The Tech sector also saw strong representation, especially in India (19%) and Japan (22%), reflecting the importance of technology in both established and emerging APAC economies.

- India primarily excels in software services, IT outsourcing, and a dynamic startup ecosystem, emphasising cost-effectiveness, innovation in software, and rapid growth in emerging technologies.
- Japan leads in advanced technology, robotics, and precision engineering, with a focus on high-quality manufacturing, automation, and R&D in cutting-edge industries.

Financial Services also contributed a notable share in Singapore (14%), which is nearly double that of the APAC average.

- Singapore has established itself as one of the world’s leading financial centres, known for its robust regulatory framework, business-friendly environment, and strategic geographical location.

Meanwhile, Manufacturing played a significant role in Malaysia (20%) and Japan (18%), demonstrating the continued importance of these countries as production centres.

- Malaysia focuses more on mass production in the electronics and electrical sectors, benefiting from lower costs and its position in global supply chains, particularly in Southeast Asia.
- Japan excels in high-tech, precision, and advanced manufacturing, with a strong emphasis on innovation, quality, and sophisticated industrial technologies.

These trends highlight the diversity of industries driving foreign investment in APAC, with significant variations across individual countries based on their unique economic landscapes, infrastructure and strengths.

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Who’s expanding to APAC?

The US and UK are expanding to advanced APAC countries and India, while advanced APAC countries are expanding to emerging SEA countries.

While companies from the US and UK represent a large share of the expansion activity into APAC, their expansion seems to focus more on the advanced APAC economies such as Australia, Singapore, India and Japan.

When we look at the expansion activity into APAC, we find that companies from the US and UK tend to expand into advanced APAC economies such as Australia, Japan and Singapore, as well as the fast-growing India market. In contrast, advanced APAC economies such as Japan, Australia, and Singapore channel a much larger proportion of their APAC expansions into South-East Asia (SEA). The difference is significant - Japan directs 6 times more expansion into SEA compared to advanced APAC economies, Australia 7 times more, and Singapore nearly 10 times more.

This layered approach reflects a cascading business expansion pattern, where developed economies focus on expanding operations into well-established APAC countries with strong infrastructure, while advanced APAC nations with better contextual knowledge of the region are better able to identify growth opportunities in the emerging markets. It also underscores the strategic focus of advanced APAC economies on leveraging growth opportunities in developing SEA markets.

Source Country	Share of expansion into Advanced APAC Economies (Australia, Japan, Singapore)	Share of expansion into India	Share of expansion into South-East Asia (excluding Singapore)
US	14.53%	54.11%	20.90%
UK	22.14%	46.00%	19.77%
Australia	5.39%	37.74%	39.65%
Japan	10.58%	18.27%	59.62%
Singapore	6.41%	23.10%	58.48%

Source: LinkedIn Economic Graph

Methodology: We look at the expansion activity into various groups of countries, as a share of the total expansion activity entering APAC.

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Smaller-sized companies may be significantly driving expansion activity.

Preliminary analysis suggests that smaller companies (with fewer than 200 employees) are playing a growing role in driving expansion into APAC. These smaller firms appear to be taking on a more prominent position, whereas larger multinational corporations have traditionally led such activity. Early findings indicate that the smaller companies could account for a significant portion of recent expansions, though this is an area that warrants further investigation. We will explore this potential trend more thoroughly in future analyses.

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Key Takeaways

As APAC solidifies its position as the world's leading region for GDP growth, surpassing traditional powerhouses like Europe and North America, the opportunities for businesses to expand have never been more promising.

In recent years, favourable market conditions, access to diverse talent pools, and strategic geographic positioning have driven a surge in expansion activity into APAC. This increase in expansion can serve as an indicator of market confidence and future growth potential. It signals long-term commitment, the transfer of expertise, and alignment with APAC's economic prospects.

Companies must closely monitor the sectors and markets driving this growth to seize emerging opportunities, while governments need to understand these trends to create policies that foster business expansion and support economic development.

The diversity of sectors attracting businesses to APAC underscores its multi-dimensional economic landscape. Professional services, tech, manufacturing, and financial services are key areas of growth, revealing where future opportunities are likely to emerge. However, companies must adopt a tailored approach to expansion, navigating the complex regulatory environments, cultural differences, and unique market needs across the region.

Governments also need this information to shape policies that support both business and economic growth. By understanding which sectors are driving expansion and where investment is concentrated, governments can create more targeted incentives, improve infrastructure, and craft regulations that foster a favourable business environment, in order to ensure sustained economic development across APAC.

Appendix

Share of Expansion Activity Across APAC

Expansion activity for each country as a share of the total for APAC. For example, in 2023, out of all the APAC expansion activity, 8.33% of expansions were to Australia.

Year	Australia	Indonesia	India	Japan	Malaysia	New Zealand	Philippines	Singapore
2019	12.00%	7.87%	49.32%	4.14%	6.04%	3.43%	9.78%	7.42%
2020	9.38%	6.19%	54.70%	3.47%	5.88%	2.85%	10.53%	7.00%
2021	9.84%	5.64%	54.99%	3.19%	5.39%	2.78%	11.41%	6.76%
2022	8.93%	5.90%	54.05%	3.09%	5.51%	2.84%	12.22%	7.47%
2023	8.33%	6.28%	54.84%	3.35%	6.23%	2.45%	11.90%	6.62%
Change (2019 to 2023)	-3.67pp	-1.59pp	5.52pp	-0.79pp	0.19pp	-0.98pp	2.12pp	-0.80pp

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Share of Expansion Activity By Sector (2023)

Expansion activity for each country-sector, as a share of all expansion activity to the country. For example, out of all expansions into Australia, 6.30% went to the Financial Services industry..

Country	Financial Services	Manufacturing	Professional Services	Tech
APAC Average	8.03%	13.70%	25.51%	16.94%
Australia	6.30%	14.34%	19.65%	17.55%
Indonesia	6.56%	15.08%	21.31%	16.89%
India	5.75%	11.06%	32.46%	19.23%
Japan	9.85%	18.46%	25.85%	21.54%
Malaysia	8.60%	19.83%	22.15%	14.55%
New Zealand	6.72%	10.92%	23.53%	13.03%
Philippines	6.66%	6.06%	35.03%	16.26%
Singapore	13.84%	13.84%	24.11%	16.49%

Methodology

Data and Privacy. This body of work represents the world seen through LinkedIn data, drawn from the anonymized and aggregated profile information of LinkedIn's 1+ billion members around the world. As such, it is influenced by how members choose to use the platform, which can vary based on professional, social, and regional culture, as well as overall site availability and accessibility. In publishing these insights from LinkedIn's Economic Graph, we want to provide accurate statistics while ensuring our members' privacy. As a result, all data show aggregated information for the corresponding period following strict data quality thresholds that prevent disclosing any information about specific individuals.

Company size. A company's size is determined by the 12-month average number of LinkedIn members who listed an active position in the listed company for the 12-month period of July 2023 to July 2024. We split company sizes into 3 main categories: small (less than 200 global employees), medium (201-4,999 global employees), and large (5,000 or more) global employees.

Headquarters country location. A company's headquarters country location is determined by what they list on their company's LinkedIn page. If the company has not listed a location, we use the location with the most number of employees as the headquarters location.