Beijing Grade-A Office Market Report

Q1 2026

This report focuses on the Grade-A office market in Beijing, including information about supply and demand, rents, vacancy rates and the market outlook

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Overview and Outlook

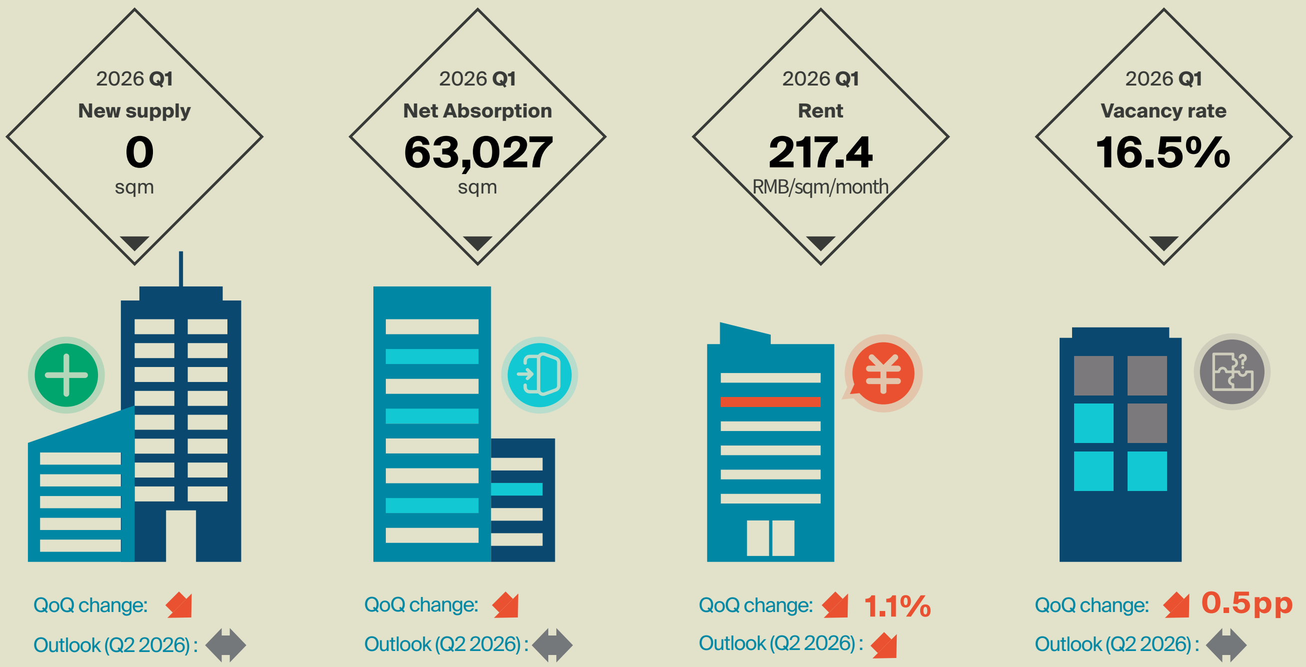
Market stabilises amid growing divergence

In Q1 2026, Beijing's Grade-A office market continued its stock optimisation phase, with no new supply delivered during the quarter. Overall conditions showed early signs of stabilisation, as the pace of rental decline moderated and vacancy rates edged lower. The citywide average effective net rent stood at RMB217.4 per sqm per month, representing a 1.1% quarter-on-quarter (QoQ) decline. Notably, the rate of decline narrowed by 2.8 percentage points compared with Q4 2025, reflecting landlords reduced reliance on aggressive price concessions once used to secure occupancy. Meanwhile, the average vacancy rate fell by 0.5 percentage points QoQ to 16.5%, underpinned by steady absorption of existing stock.

Submarket divergence became more pronounced during the quarter. Industry-clustered submarkets, most notably Zhongguancun (ZGC), continued to demonstrate strong rental resilience, with rents remaining broadly flat QoQ. Core business districts such as the CBD and Beijing Financial Street (BFS) benefited from stable lease renewals and selective relocation demand from high-quality occupiers, resulting in a visible narrowing of rental declines and continued vacancy compression. By contrast, submarkets including Lufthansa and Yizhuang remained under pressure from structural supply–demand imbalances, with either ongoing rental decline or rising vacancy yet to meaningfully reverse.

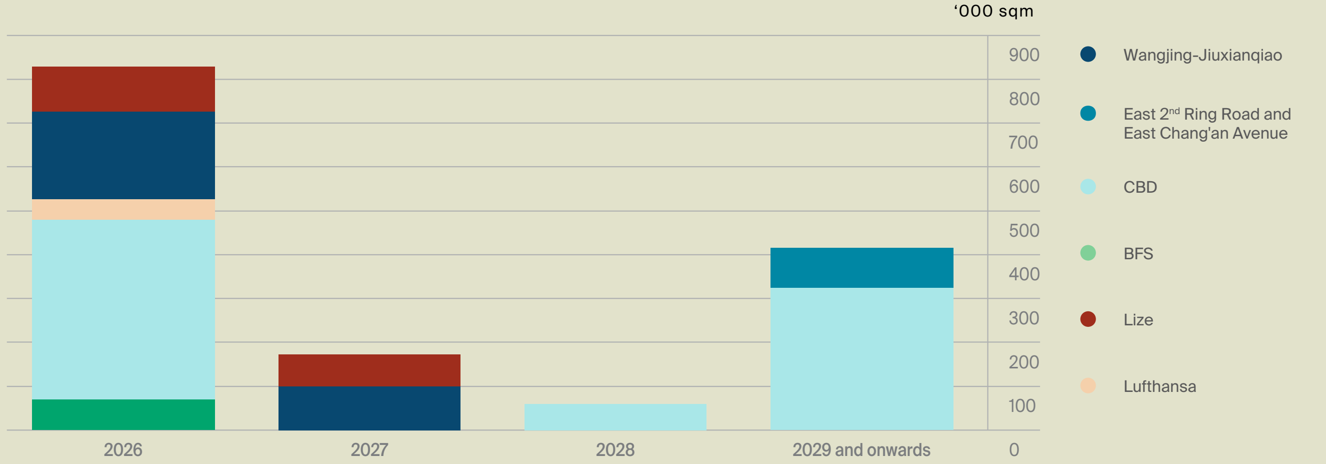
Policy signals released during China's 2026 Two Sessions have reinforced a supportive long-term outlook for Beijing's Grade-A office market. Government initiatives to deepen the "AI+" strategy and accelerate the rollout of new infrastructure are expected to stimulate office demand from technology and digital-economy sectors, providing medium to long-term support to industry-oriented submarkets such as ZGC and Yizhuang. At the same time, China's real estate policy framework is shifting decisively from scale-driven expansion towards quality-led and efficiency-focused development. Beijing's 2026 land supply plan, which for the first time introduces a standalone urban-renewal quota alongside plans to revitalise more than 200 hectares of underperforming commercial land, is expected to further accelerate stock restructuring and reinforce the scarcity value of high-quality assets in core locations. In the near term, approximately 829,000 sqm of Grade-A office supply is entering its delivery window, with new projects concentrated in areas such as the CBD and Lize. This upcoming wave of supply is likely to intensify market competition, particularly in eastern and emerging submarkets, where rental pressure is expected to persist. Net absorption is likely to remain volatile, with vacancy rates potentially experiencing temporary upward fluctuations. Over the longer term, however, policy-driven industrial upgrading and urban renewal are expected to generate structural recovery opportunities. Projects aligned with priority industries and supported by meaningful product and quality upgrades are likely to emerge as key market outperformers.

Fig 1: Beijing Grade-A office market indicators[1]



Source: Knight Frank Research
[1] Rent refers to average effective rent

Fig 2: Beijing office development pipeline, 2026-2029 and onwards



Source: Knight Frank Research

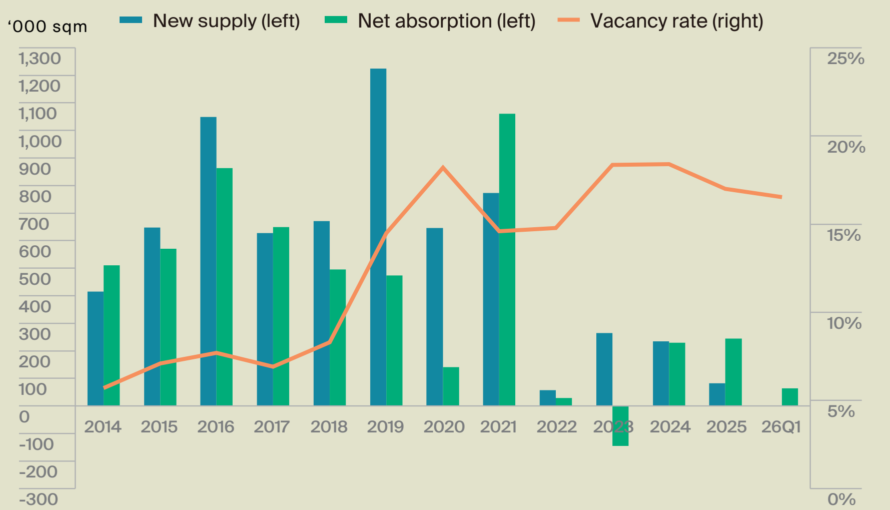
Supply and Demand

Demand continues to gravitate towards core assets

No new Grade-A office projects were delivered in Q1 2026, leaving total citywide stock unchanged at approximately 12.639 million sqm. Net absorption during the quarter amounted to 63,027 sqm. Supported by ongoing stock digestion, the average vacancy rate edged down further to 16.5%. Leasing demand remained concentrated in core business districts and industry-clustered submarkets.

The CBD continued to be the most active submarket, underpinned by multiple lease renewals and relocation transactions involving high-quality occupiers, and remained the key driver of overall absorption. BFS and ZGC also recorded steady leasing activity, supported by sustained demand from the financial and technology sectors. Enterprise expansion and relocation continued to lift occupancy levels in prime buildings.

Fig 3: Grade-A office supply, net absorption and vacancy rate



Source: Knight Frank Research

From the perspective of the tenants' industries, leasing demand continued to be dominated by professional services, financial services and technology, which together accounted for the majority of total take-up. Professional services demand was largely driven by renewals from major accounting and law firms, supporting overall stability. Financial institutions, particularly insurers and fund managers, continued to consolidate operations within core business districts. Technology demand remained concentrated in ZGC, where leading firms pursued portfolio optimisation and location upgrades. Domestic enterprises continued to dominate market activity, while foreign demand remained stable overall, mainly supported by renewals from multinational regional headquarters.

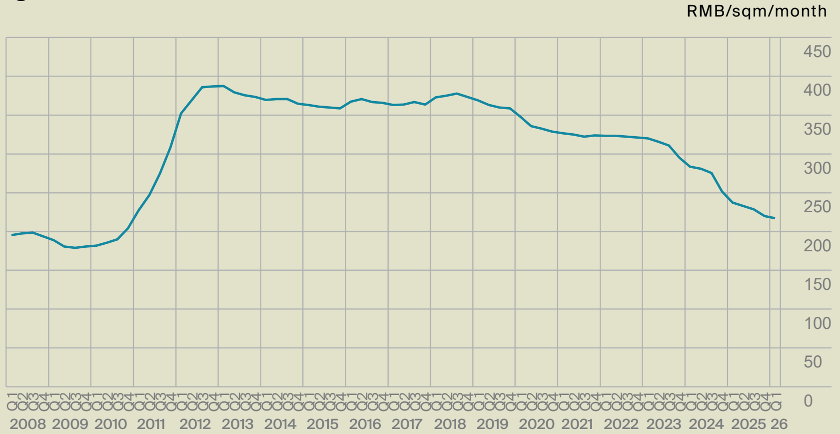
Transaction activity continued to concentrate in high-quality projects within established core areas, underscoring occupiers' strong preference for mature business environments and superior office specifications. Notable transactions during the quarter included the relocation of China Insurance Security Fund's 8,600 sqm office to Pacific Insurance Tower in BFS, and Samsung Semiconductor's relocation of 6,900 sqm within the CBD. Overall, corporate leasing decisions remained cautious; however, improving vacancy metrics and greater emphasis on quality supported a gradual, measured recovery in market absorption.

Rents

Rental decline persists but shows clear signs of easing

In Q1 2026, Grade-A office rents in Beijing continued to soften, with the citywide average declining to RMB217.4 per sqm per month. While trading price for occupancy remained the prevailing leasing strategy, the pace of rental decline slowed noticeably compared with recent quarters. Rental performance continued to diverge across submarkets. Industry-clustered areas displayed relatively strong rental resistance, CBD experienced a meaningful easing of downward pressure, while selected non-core submarkets continued to face pronounced pricing challenges.

Fig 4: Grade-A office rental trend



Source: Knight Frank Research

ZGC delivered the strongest rental performance during the quarter, with average rents holding broadly flat QoQ at RMB250.8 per sqm per month. Sustained demand from the technology sector underpinned rental stability and highlighted the submarket's resilience. In the CBD, average rents edged down by just 0.61% QoQ to RMB233.4 per sqm per month, supported by stable renewals and selective relocation demand from financial and professional-services occupiers. BFS remained the city's most expensive submarket, with average rents at RMB344.4 per sqm per month, down 1.51% QoQ. This modest decline largely reflected targeted landlord concessions aimed at attracting high-quality tenants rather than any deterioration in underlying demand fundamentals. By contrast, the Lufthansa submarket recorded the steepest rental decline among major submarkets, with average rents falling 2.07% QoQ to RMB185.8 per sqm per month. Demand diversion to surrounding areas, ongoing corporate downsizing and slow progress in asset upgrading continued to weigh on the submarket's competitiveness, suggesting that rental pressure is likely to persist in the near term.

Table 1: Major Grade-A office leasing transactions, Q1 2026

Submarket	Building	Tenant	Area (sqm)	Type
BFS	CPIC Tower	China Insurance Security Fund	8,600	Relocation
CBD	Samsung Tower	Samsung Semiconductor	6,900	Relocation
OGV	ChengAo Plaza	Beijing Jiayou Network Technology	4,916	Expansion
CBD	Beijing IFC	Thyseed	4,000	Relocation

Source: Knight Frank Research

Note: All transactions are subject to confirmation

INVESTMENT MARKET

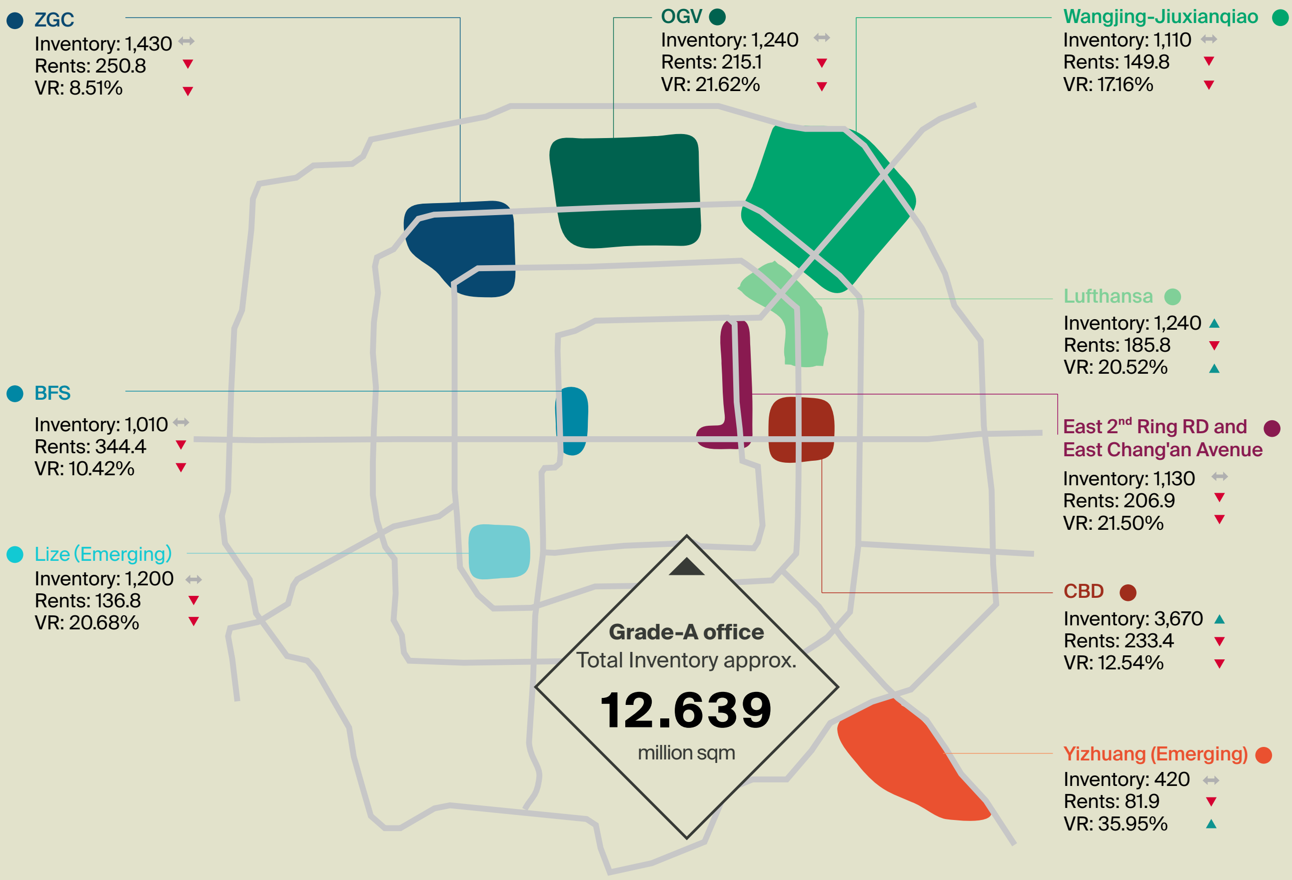
Domestic capital remains dominant, targeting industry-aligned locations

In Q1 2026, Beijing's Grade-A office investment market remained firmly dominated by domestic capital. Large-scale transactions were primarily characterised by internal asset reallocation and stock consolidation among local enterprises, with investment activity focused on high-quality office and mixed-use assets in emerging cores and established industry clusters. Notable transaction activity was concentrated in Lize, the CBD and ZGC.

The most significant transaction of the quarter involved Dahongmen (Beijing) Construction & Development Co., Ltd acquiring approximately 50,000 sqm of office and retail space at the Lize Digital Finance Technology Demonstration Park from Beijing Jintanglikong Real Estate, for a consideration exceeding RMB2.4 billion. This transaction represents a typical example of domestic stock integration, with the asset strategically located within Lize's core digital-finance cluster and closely aligned with the submarket's long-term industrial positioning. Additional transactions included listed company Sursen International acquiring an entire office floor at China World Huaxi International Centre (Tower C) in the CBD for RMB57.5 million, intended for owner-occupation as an intelligent interaction centre. In ZGC, investment activity from the technology sector was also notable: a ByteDance subsidiary acquired a commercial land parcel in Haidian for RMB2.8 billion, with plans for long-term self-use. Collectively, these transactions underline continued long-term confidence in Lize, the CBD and ZGC, while also highlighting domestic investors' clear preference for assets closely aligned with core industry development themes.

Beijing Grade-A office market dashboard Q1 2026

Beijing Grade-A office inventory, rents and vacancy rates of major business districts



Source: Knight Frank Research

Note: unit for market inventory – 1,000 sqm; rents using average effective rent at RMB/sqm/month; VR refers to average vacancy rate.

Given that since Q1 2025, Knight Frank has implemented annual adjustments to the office supply database, the stock data presented in this quarter's report is not directly comparable to those in previous reports.

The Tongzhou area is not included in the current office stock reported by Knight Frank.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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