Beijing Grade-A Office Market Report

Q2 2025

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

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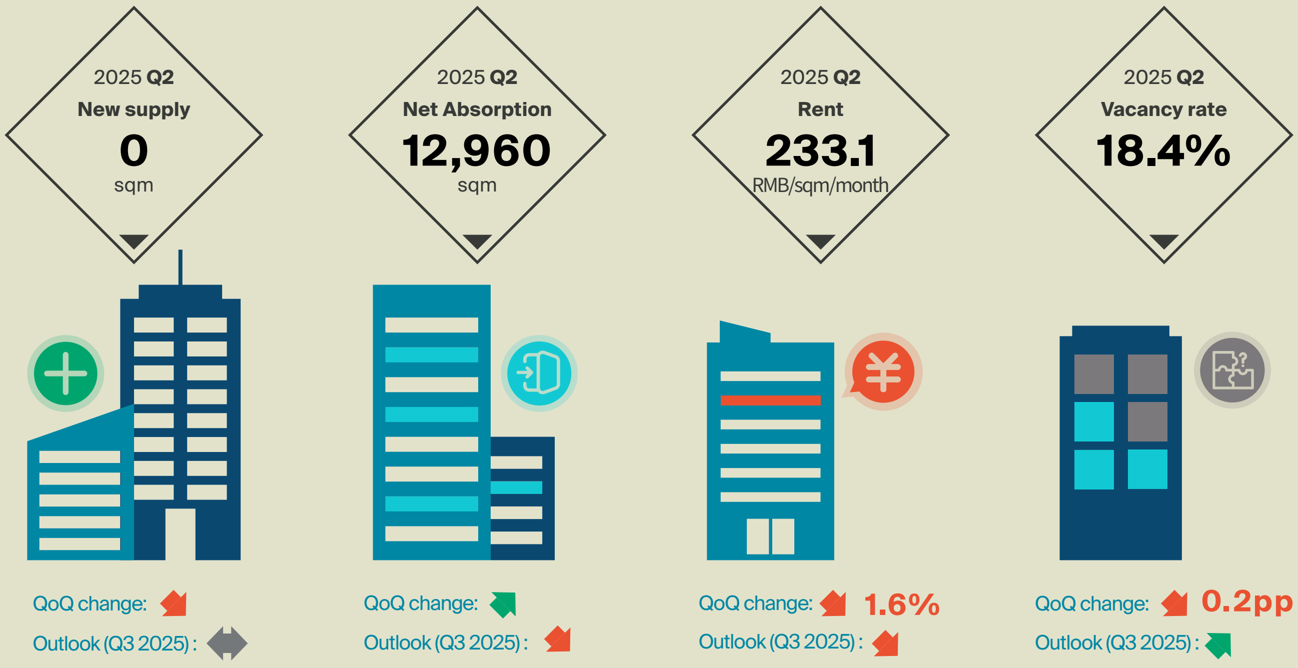
Overview and Outlook

Market activities on the rise

In the second quarter of 2025 (Q2 2025), the average rent for Grade-A office buildings in Beijing fell by 1.6% QoQ to RMB233.1 per sqm per month, with the rate of decline slightly narrowing compared to the previous quarter. No new projects were completed and delivered this quarter. The average vacancy rate came to 18.4%, a slight decrease of 0.2 percentage points from the previous quarter. Net absorption reached 12,960 sqm, reversing the negative absorption trend from the last quarter, indicating a recovery in market demand. The increasing trend of state-owned enterprises returning to self-owned office buildings, due to policy guidance, leads to more cautious expansion plan among high-quality state-owned enterprises, putting pressure on the absorption of office buildings in core areas. However, the expansion and growth of leading tech companies remain robust, injecting vitality into Beijing's office market. Additionally, landlords are actively adopting customised renovation delivery and other leasing strategies, which support the rebound in market activity.

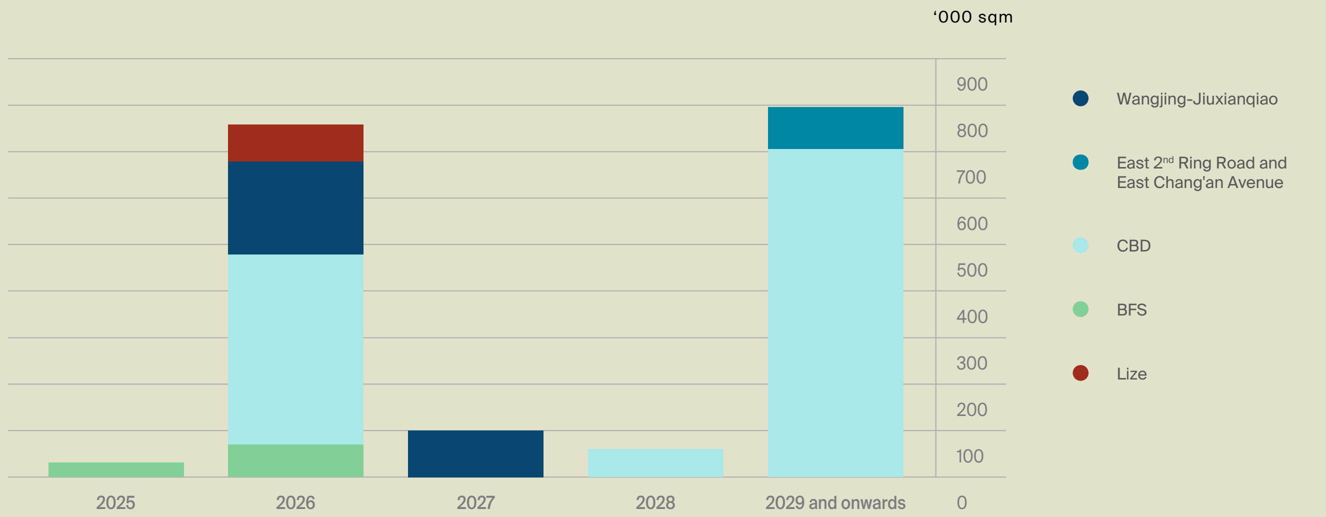
Looking ahead, 2026 is expected to be a peak year for future supply, with an anticipated 757,000 sqm of office space to come into the market. In the CBD area, four projects are expected to be completed: Z3, Z5, Z6, and the Qijiayuan Diplomatic Office Building (tentative name), with a total office area of approximately 409,000 sqm. The impact of U.S.- China tariff policies remain uncertain, and global economic uncertainty is expected to persist, leading domestic companies to maintain a cautious approach to long-term investments. Meanwhile, domestic consumption-boosting policies have significantly stimulated both production and market demand for enterprises. As a result, tenants will increasingly prioritise flexible terms in office leases to adjust their leasing strategies in response to market changes. With intensified competition for attracting enterprises across various regions in Beijing, the market will further tilt in favour of tenants. In addition to lowering rents, enhancing the quality of services, offering customised renovations, and providing fully furnished options will become common choices for landlords. It is anticipated that the vacancy rate for Grade-A office buildings in Beijing will continue to rise slightly in the second half of 2025, with market rents expected to decline further.

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



Source: Knight Frank Research
[1] Rent refers to average effective rent
[2] pp refers to percentage point

Fig 2: Beijing office development pipeline, 2025-2029 and onwards



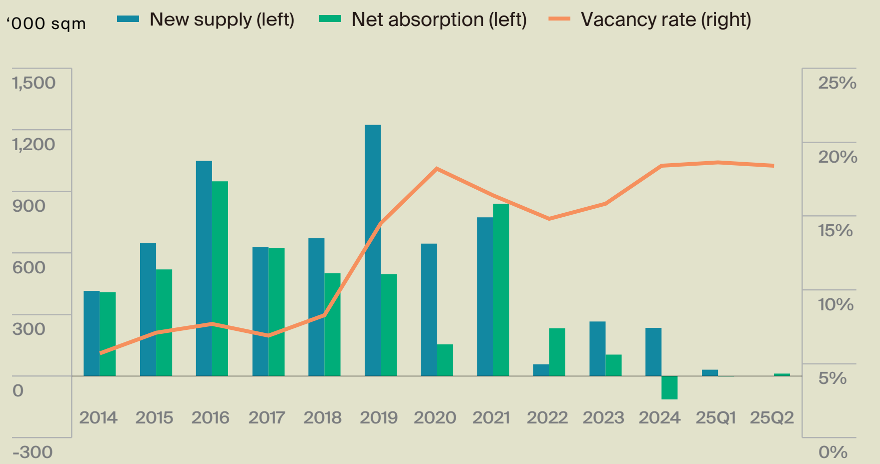
Source: Knight Frank Research

Supply and Demand

The high-tech industry has become the main driving force

In Q2 2025, there was no new supply in Beijing's Grade-A office market. The Qijiayuan diplomatic office building project (tentative name), which was originally scheduled for completion in Q3 2025, has been postponed to the end of 2026. Therefore, no new projects are expected to be completed and delivered in the market in the second half of 2025.

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



Source: Knight Frank Research

The high-tech industry continued to dominate leasing transactions in Q2 2025, accounting for 36% of the total transaction area and driving the recovery of market activity. ByteDance and its holding companies signed new leases of 28,000 and 16,000 sqm at the KR Centre and North Star Centre Building F respectively, supporting the activity of transactions in the ZGC and OGV submarkets. The financial and professional services sectors also contributed significantly, accounting for 23% and 19% respectively.
Notable transactions included Dajia Insurance relocating to the C01 Tower in Tongzhou area, leasing an area of 8,000 sqm, and JunZeJun Law Offices moved to Taikang Tower, leasing approximately 3,400 sqm. Due to the lack of new project completions, the vacancy rate for Grade-A office buildings in Beijing slightly decreased to 18.4%, a QoQ decrease of 0.2 percentage points. Net absorption for the quarter was 12,960 sqm, marking a shift from negative to positive.

Rents

The decline in rental price continues to narrow

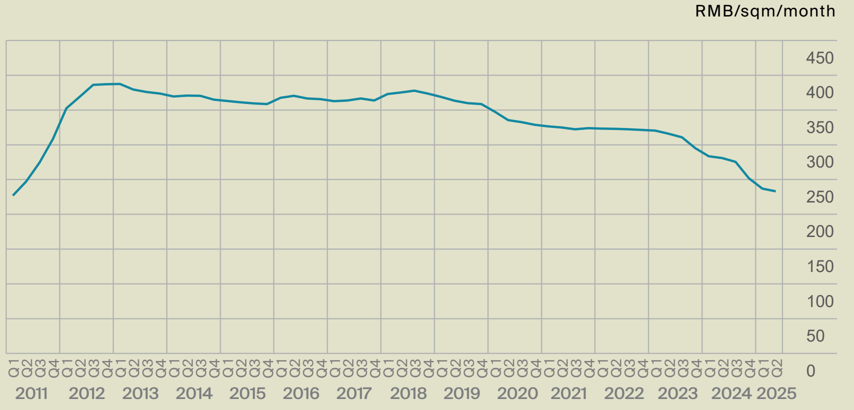
In Q2, the average rent for Grade-A office buildings in Beijing decreased by 1.6% QoQ to RMB233.1 per sqm per month, a decrease narrowed by 4.2 percentage points compared to the previous quarter.

In terms of the sub-market, the rent in the BFS area, which has been the highest among submarkets, has dropped below RMB400, falling to RMB389.2 per sqm per month, a decrease of 6.1% QoQ and 17.1% YoY. At the same time, the vacancy rate in BFS increased by 0.2 percentage points to 9.7%. Since the beginning of this year, state-owned financial enterprises have accelerated the optimisation of internal assets, relocating back to self-owned office buildings, which has added pressure to the destocking of the BFS market. Landlords are continuously lowering rents to attract new tenants and retain existing ones.

The rent in the CBD decreased by 2.8% QoQ to RMB255.4 per sqm per month, with a vacancy rate dropping by 0.7 percentage points QoQ to 15.1%. The professional services and finance sectors are the primary drivers of leasing transactions in this area with demand mainly stemming from relocations, which remain relatively stable. The rent in the Wangjing-Jiuxianqiao submarket is RMB161.2 per sqm per month, a decrease of 0.9% QoQ. Starting from Q1 2024, due to the large-scale moving out of Alibaba Group, the rent in the area has shown a clear downward trend. Since the beginning of this year, this trend has gradually stabilised, with the vacancy rate remaining below 19%.

In Q2 2025, the rent in the ZGC area was RMB258.2 per sqm per month, a QoQ decrease of 1.0%. Meanwhile, the vacancy rate in the area decreased by 3.2 percentage points QoQ to 12.8%, making the largest decrease among all submarkets for the quarter. The continuous strengthening of policy support for the technology industry has driven high-tech enterprises to become the main source of new demand in the ZGC area.

Fig 4: Grade-A office rental trend



Source: Knight Frank Research

Table 1: Major Grade-A office leasing transactions, Q2 2025

Submarket	Building	Tenant	Area (sqm)	Type
ZGC	KR Centre	Secondhand Dida (TikTok Hong Kong holding company)	28,000	New lease
OGV	North Star Centre Building F	ByteDance	16,000	New lease
Tongzhou	C01 Tower	Dajia Insurance	8,000	Relocation
CBD	Taikang Tower	JunZeJun Law Offices	3,400	Relocation
CBD	Jiaming Centre	Sinosafe Insurance	3,000	Relocation

Source: Knight Frank Research

Note: All transactions are subject to confirmation

Investment Market

Large domestic enterprises actively investing in the market

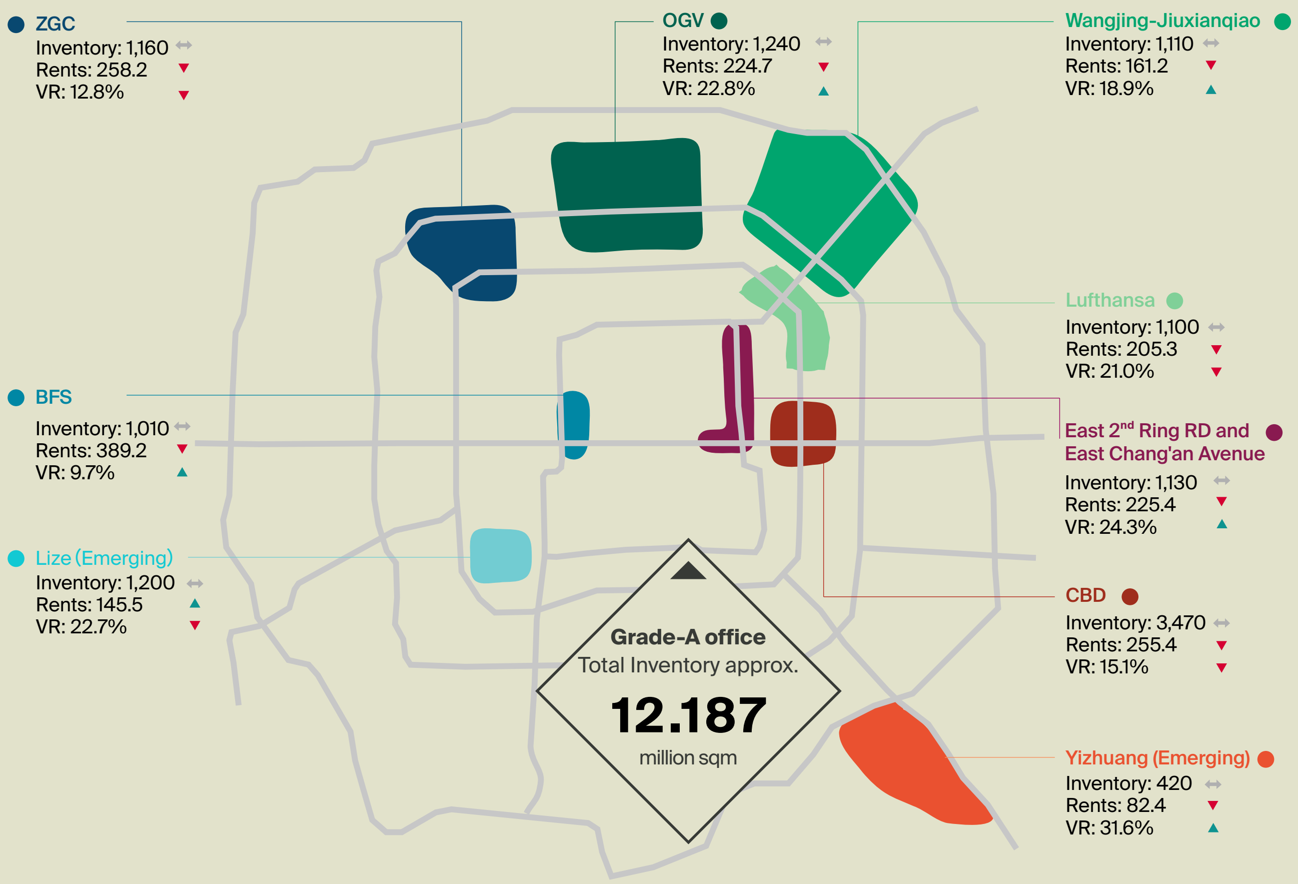
In Q2, Beijing office market recorded two en-bloc transactions, both involving domestic investors. The transaction amounts were RMB322 million and RMB215 million respectively, which are relatively small in scale. Both purchases were for investment rather than own use. In the current real estate market downturn, it is common for developers to sell off certain assets due to cash flow pressures.

On 11 April, Rizhao Steel announced the acquisition of a 23% stake in Beijing Shengyong Real Estate Investment Co., Ltd. from Sino-ocean Group for approximately RMB322 million. After this transaction, Rizhao Steel strengthened its control over the Ocean International Centre Phase II. The Ocean International Centre project is adjacent to the central CBD Guomao-Huamao area and was developed in two phases. Phase I was completed and put into use in 2008, while Phase II was launched in 2013-2014, consisting of two office buildings (E and F) and a shopping centre. Office Building E and F have a construction area of 34,700 sqm and 21,300 sqm, respectively. Since 2020, under cash flow pressure, Sino-ocean Group has accelerated its asset liquidation. Rizhao Steel has been actively investing in real estate market both domestically and internationally. In 2025, the group established a wholly owned real estate company with an investment amount of RMB30 million.

On 15 May, Shanghai New Huang Pu Industrial Group Co., Ltd. announced the successful acquisition of the project of Beijing Boxing Zhongye Real Estate Development Co., Ltd. located in Building 2 of Silicon Valley SOHO in Changping District, with a transaction price of RMB215 million. The project has a total construction area of 21,759 sqm and is currently unfinished. Following this acquisition, New Huang Pu plans to integrate the asset into Beijing's affordable housing system. By leveraging low-cost acquisition and subsequent renovations, the company aims to realise asset appreciation in the future through rental income or a potential REITs exit.

Beijing Grade-A office market dashboard Q2 2025

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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