Beijing Grade-A Office Market Report

Q3 2025

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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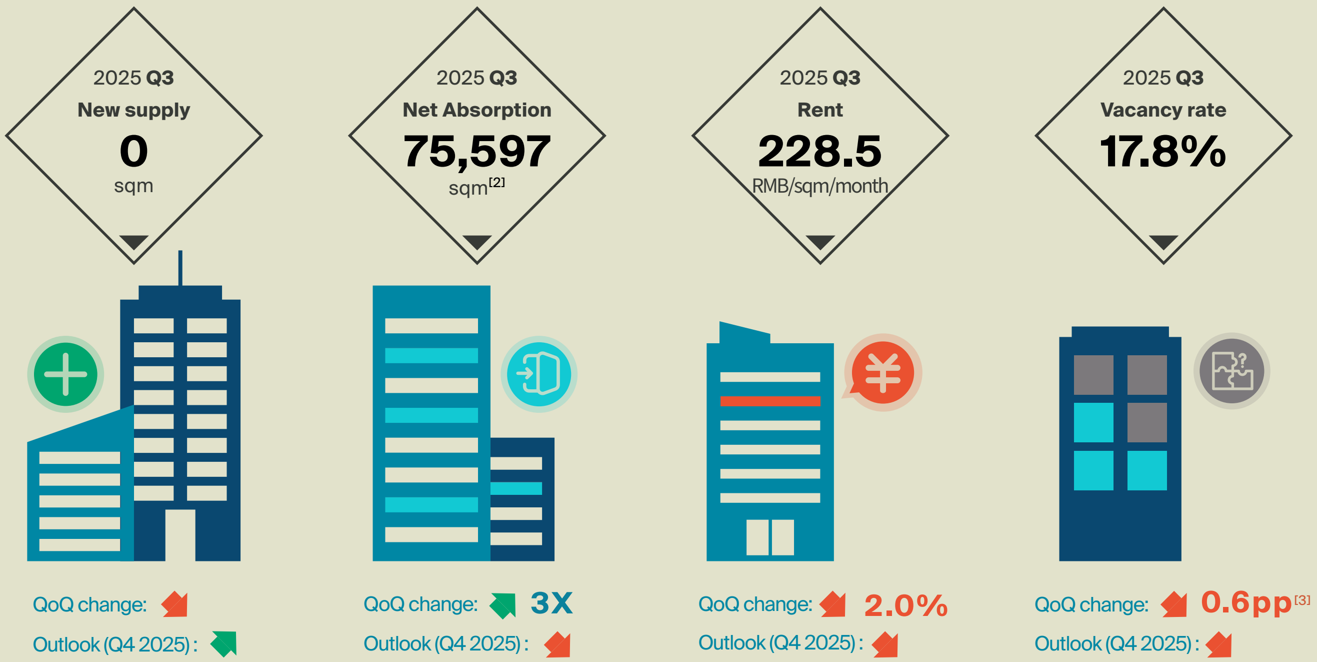
Market Overview

Demand rebounds as market enters a phase of stable adjustment

In the third quarter of 2025 (Q3 2025), Beijing's Grade-A office market showed signs of bottoming out and stabilising, with demand gradually recovering. The average rent declined to RMB228.5 per sqm per month, down 2.0% QoQ. This slight acceleration in the rate of decline reflects landlords' continued adoption of a "volume-over-price" strategy to sustain occupancy levels. Notably, no new projects were completed or delivered during the quarter, creating favorable conditions for absorbing existing inventory. As a result, the city-wide average vacancy rate fell 0.6 percentage points QoQ to 17.8%, easing the pressure of inventory absorption. Meanwhile, the net absorption volume reached 75,597 sqm, marking two consecutive quarters of growth. This indicates a steady rebound in leasing demand from enterprises in sectors including technology, media, and telecommunications (TMT), finance, and professional services, signifying a gradual enhancement of market confidence. Overall, with slower supply growth and a moderate recovery in demand, Beijing's office market is entering a critical phase of rebalancing supply and demand dynamics.

Tenant demand in Beijing during Q3 2025 exhibited three key characteristics: First, in terms of location preferences, premium properties in core areas became the top choice for leasing. Tenants are increasingly adopting a "flight to quality" strategy in office space selection, with new leasing demand consistently drawn to the well-equipped supporting facilities (such as transportation hubs, commercial services, and business amenities) in core markets. Second, demand from technology, finance, and high-end professional services sectors continues to expand. This growth not only drives net absorption but also effectively offsets the demand gap created by the relocation of traditional manufacturing and low-end service industries due to industrial upgrading. Third, corporate leasing decisions are becoming more rational and pragmatic, with cost control emerging as a core consideration. Tenants are prioritizing office properties that offer reasonable rents, comprehensive amenities and high space utilisation rates.

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



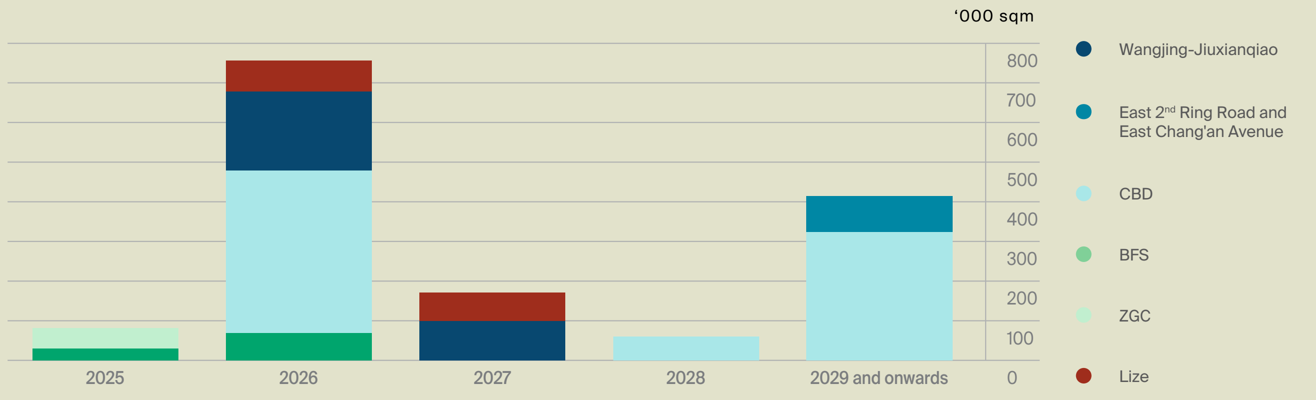
Source: Knight Frank Research

[1] Rent refers to average effective rent

[2] Historical figures have been restated and are therefore not directly comparable with data from previous reports

[3] pp refers to percentage point

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



Source: Knight Frank Research

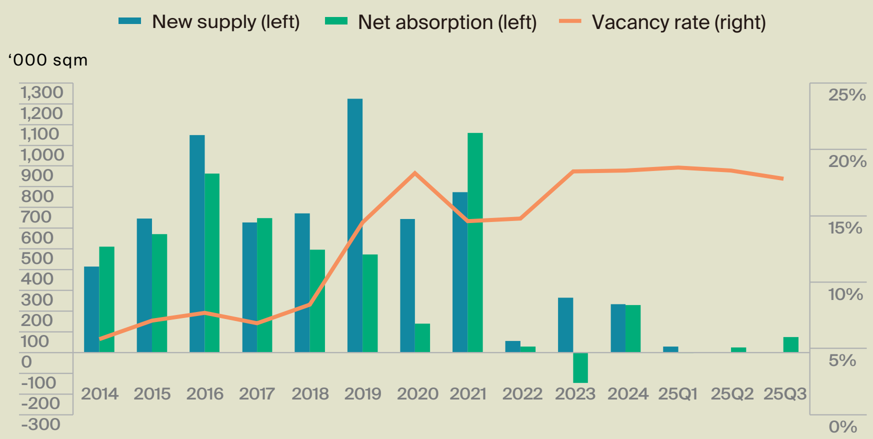
Supply and Demand

Demand in western submarkets accelerates recovery

In Q3 2025, Beijing's Grade-A office market saw no new supply, signalling a shift from an "incremental expansion" model to "stock optimisation". Future competition is expected to centre on the absorption of existing projects, operational enhancements, and adjustment of tenant structure. Landmark buildings in the core area of the Central Business District (CBD), such as China World Trade Centre and Kerry Centre, are responding to structural changes in the market by undertaking systematic hardware upgrades and obtaining green building certifications like LEED, aiming to attract high-quality tenants that value ESG performance.

There are notable performance disparities among different submarkets in Beijing's current office leasing market, with several western submarkets showing signs of recovery. Among these, the OGV, BFS, and ZGC submarkets have continued to gain momentum and have become the market focus recently. Beijing Jiayou Network Technology Co., Ltd., a leading internet enterprise, undertook a large-scale strategic relocation and established its new headquarters in Cheng'ao Tower in the OGV submarket, with a leased area of 15,000 sqm of office space. In the BFS submarket, China Export & Credit Insurance Corporation expanded its footprint by leasing an additional 6,670 sqm in Tower A of Fengming International Plaza. The ZGC submarket stands out as a stabilising force in the market due to its low vacancy rate. In Q3 2025, the vacancy rate of ZGC reached 11.08%, which was much lower than the city-wide average of 17.8%, representing a 6 percentage points difference. During the quarter, Tianfu Qingyuan Holdings Co., Ltd. and Beijing Jijia Vision Technology Co., Ltd. moved into the Innovation Tower at Zhongguancun Tsinghua Science Park, leasing 3,000 sqm and 1,000 sqm of office space respectively.

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



Source: Knight Frank Research

This concentrated inflow of enterprises is expected to further enhance the attractiveness of the ZGC submarket to high-tech enterprises. The recovery of these western Beijing submarkets not only reflects the growing emphasis placed by technology and financial enterprises on upgrading office quality and optimising location strategies but also highlights their relatively strong expansion demand. These firms are actively leveraging high-quality resources in the western Beijing to strengthen their core competitiveness.

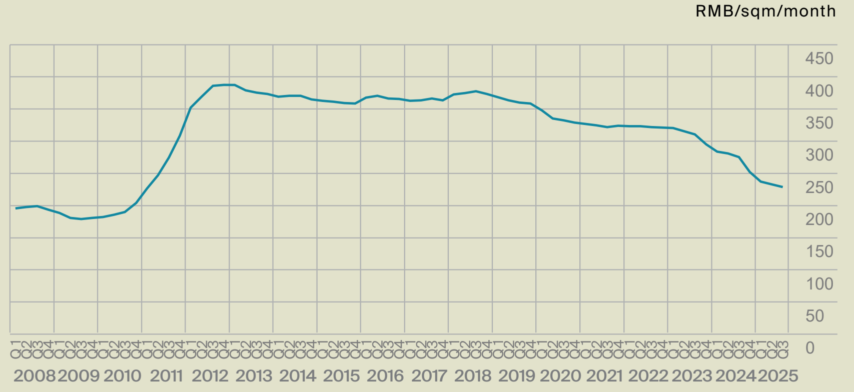
Rents

Rental declines narrow in select submarkets

The overall rental level of Beijing's Grade-A office market remains in a downward cycle. Citywide, the average rent decreased by 2.0% QoQ to RMB228.5 per sqm per month. This decline is largely driven by landlords actively lowering rents and introducing a range of incentive measures to enhance competitiveness, aiming to retain existing tenants and attract new demand. The "price-for-volume" strategy continues to dominate, although some submarkets have shown signs of demand recovery.

Notably some submarkets in the western area have shown signs of a slowdown in rental declines, indicating an impending stabilisation. For instance, the average rental decline in the OGV submarket narrowed significantly, decelerating from nearly 5% in the previous quarter to 1.6% this quarter. This shift primarily stems from increased activity in the OGV area, particularly sustained demand for upgrades as enterprises relocate from Grade-B to Grade-A office buildings to enhance their corporate image and meet functional requirements. This trend has effectively stimulated the market, eased downward pressure on rents in the submarket. Similarly, the ZGC submarket also saw only a marginal 0.3% QoQ decline in rents during Q3, 1.7 percentage points lower than the citywide average. This divergence highlights the submarket's stronger resilience and operational flexibility, underpinned by sustained expansion demand from technology enterprises.

Fig 4: Grade-A office rental trend



Source: Knight Frank Research

Table 1: Major Grade-A office leasing transactions, Q3 2025

Submarket	Building	Tenant	Area (sqm)	Type
OGV	Beijing Jiayou Network Technology Co., Ltd.	Cheng'ao Building	15,000	Relocation
OGV	Yuandian Interactive (Beijing) Technology Co., Ltd.	Hengyi Building	2,700	Relocation
ZGC	Beijing GigaAI Technology Co., Ltd.	Tsinghua Science Park Innovation Tower	1,000	Relocation
ZGC	Tianfu Qingyuan Holding Co., Ltd.	Tsinghua Science Park Innovation Tower	3,000	Relocation
BFS	China Export & Credit Insurance Corporation	Fengming Int'l Tower A	6,670	Expansion

Source: Knight Frank Research

Note: All transactions are subject to confirmation

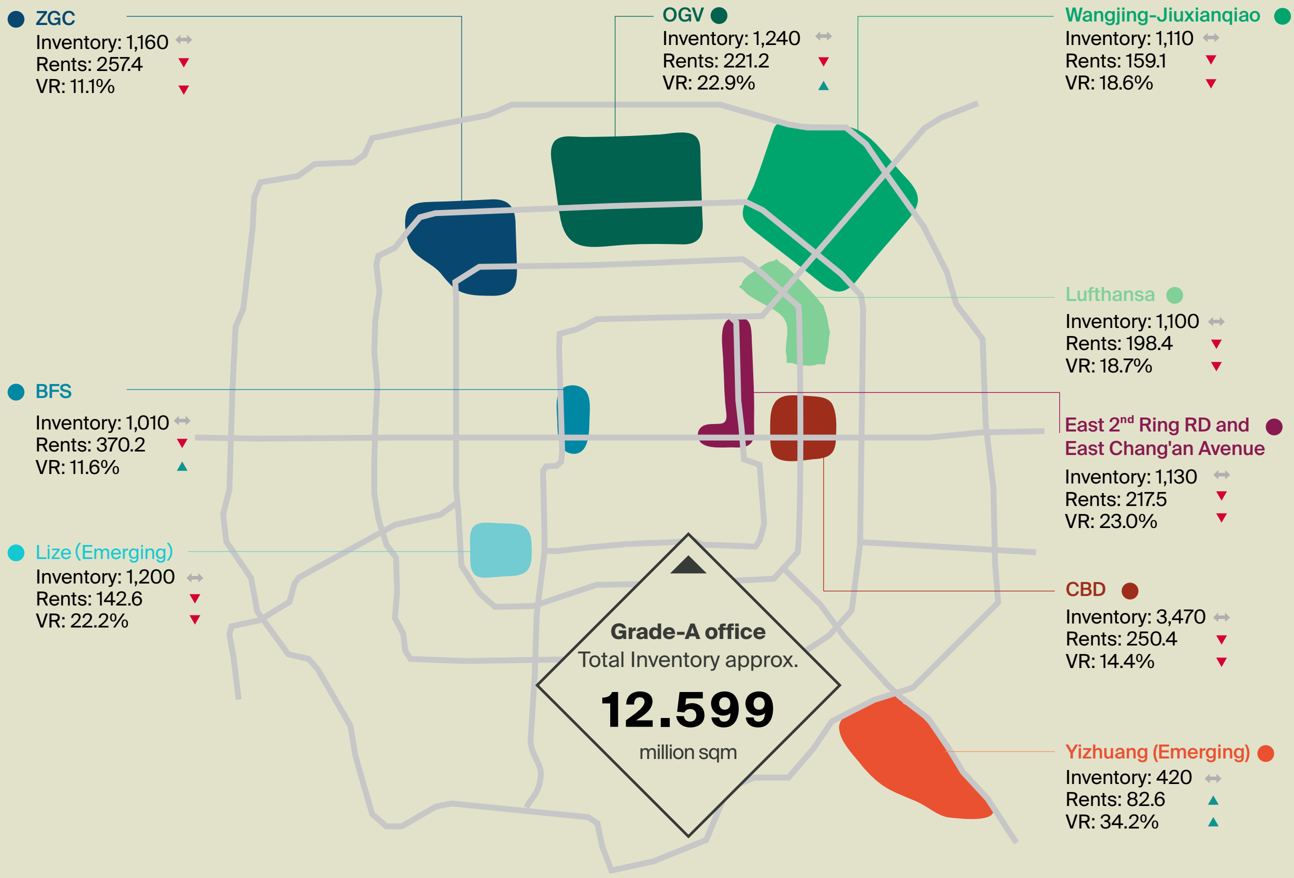
Outlook

Tenant demand for "cost reduction and efficiency enhancement" expected to continue

Looking ahead, rental rates in Beijing's core business districts such as BFS and the CBD are expected to continue declining. Lower occupational costs will enhance the attractiveness of these areas to enterprises, driving a gradual decrease in vacancy rates and a steady recovery in actual leasing demand. Net absorption is projected to maintain an upward trajectory. Landlords are expected to enhance competitiveness by improving operational efficiency, optimising space allocation, and increasing investments in green and smart facilities. Tenants, meanwhile, will prioritise "cost reduction and efficiency enhancement" in their core leasing strategies, seizing rental adjustment windows to secure cost-effective office resources. This two-way interaction is anticipated to sustain market activity, promote a gradual supply-demand equilibrium, and drive rents and vacancy rates toward stability. Regarding new supply, one project is expected to be completed in the fourth quarter of 2025: the Yufu Business Centre in Haidian District, offering approximately 53,000 sqm of office space. Overall new supply in 2025 will be limited, while 2026 is projected to see a supply peak with approximately 757,000 sqm of new projects entering the market. These phased fluctuations in supply volume are expected to significantly impact market dynamics, particularly during the concentrated new supply influx in 2026, when vacancy rates in certain submarkets may face upward pressure.

Beijing Grade-A office market dashboard Q3 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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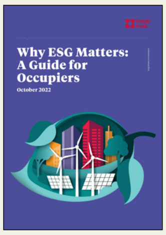

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