

Guangzhou Grade-A Office Market Report



Q2 2025

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

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Overview and Outlook

► Tepid Recovery with Escalating Supply-Demand Disequilibrium

In Q2 2025, Guangzhou's Grade-A office market exhibited a recovery marked by "strong supply growth paired with a moderate demand rebound." The quarter's sole new supply, Taiping Financial Tower, added approximately 83,000 sqm to the market. Net absorption area climbed to 41,643 sqm, reflecting a notable improvement from the previous quarter. However, the new supply outstripped demand recovery, pushing the vacancy rate up by 0.3 percentage points to 15.0%, while average rents slipped 2.5% to RMB 124.5 per sqm per month.

From a demand standpoint, the TMT sector (43.9%), professional services (26.7%), and financial services (9.1%) emerged as the top three drivers

of leasing activity. TMT's dominance stemmed from robust requirements in e-commerce operations, data platform development, and digital security solutions. Professional services held steady in second place, bolstered by resilient education and training sector alongside a recovering legal service sector. Financial services regained third place, fueled by renewed interest in life insurance and fund management. On the transaction front, relocation demand fell to 34.3% (with 64.3% classified as downgraded relocations), signaling intensified corporate cost pressure. Meanwhile, new leases and expansions—spurred by growth in biomedicine and TMT—together made up 44.5% of demand, highlighting counter-cyclical growth momentum in certain sectors. The

investment market saw a standout en-bloc transaction: Xinxuan acquired Buildings G and E in Baiyun Lake Technology Industrial Park for roughly RMB 200 million, underscoring self-use demand as the key trend in the near-term office investment market.

Looking to Q3, despite cyclical and phased recovery on the demand side, the market faces mounting pressure on vacancy rates, with over 200,000 sqm of new supply slated to launch. The rental downward trajectory is expected to continue. As the effectiveness of price cuts diminishes, landlords may lean more heavily on a variety of incentive packages to stimulate demand.

Fig 1: Guangzhou Grade-A office market reference index^[1]

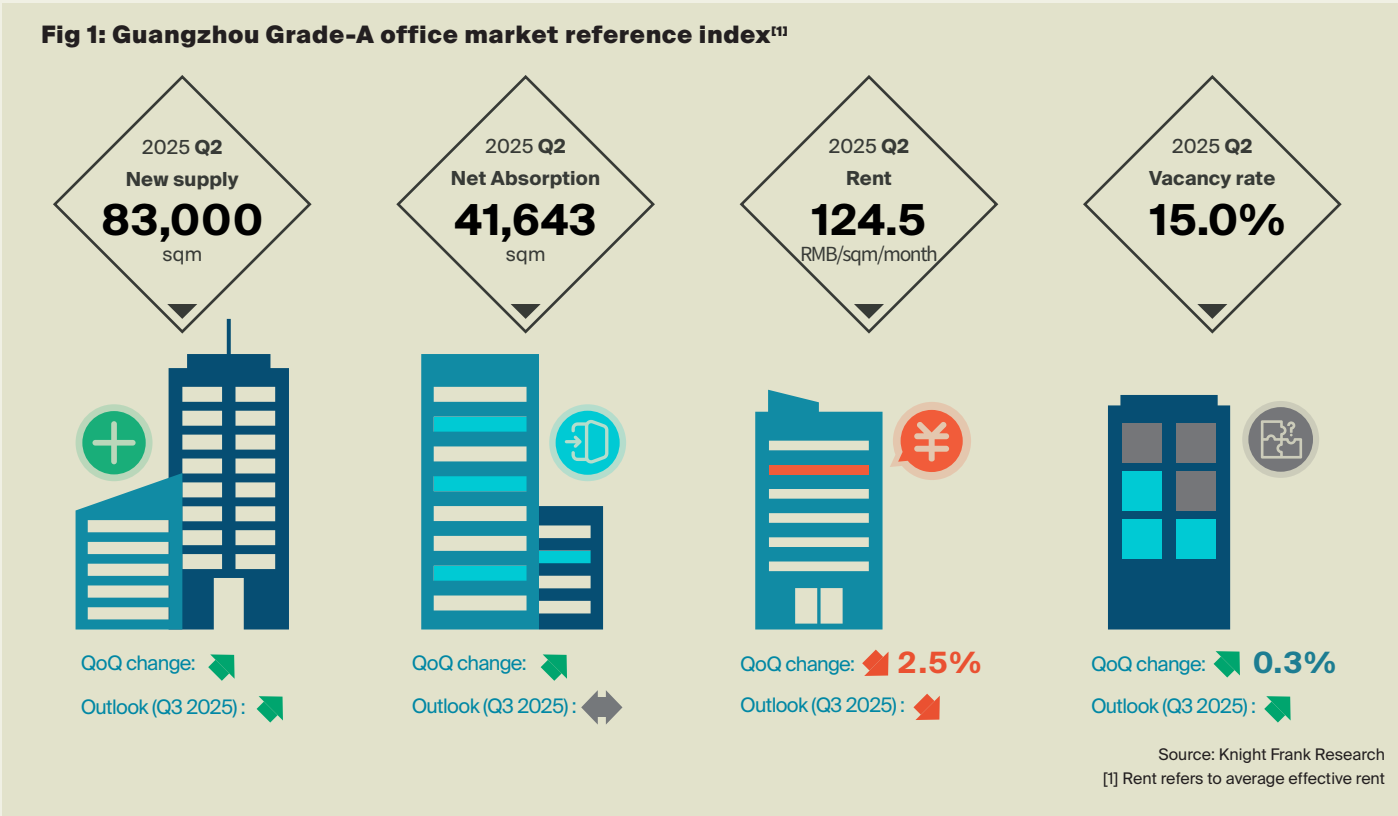
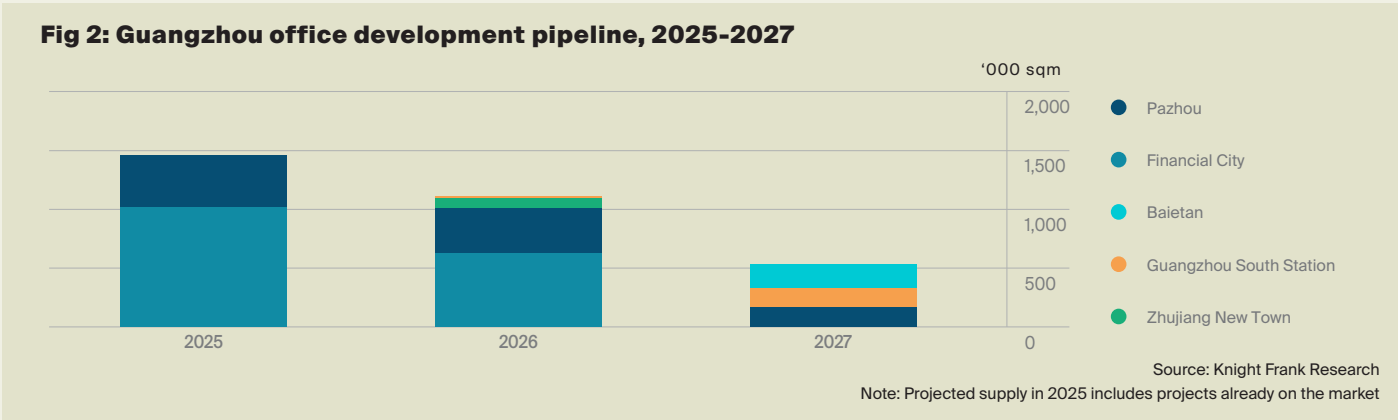


Fig 2: Guangzhou office development pipeline, 2025-2027

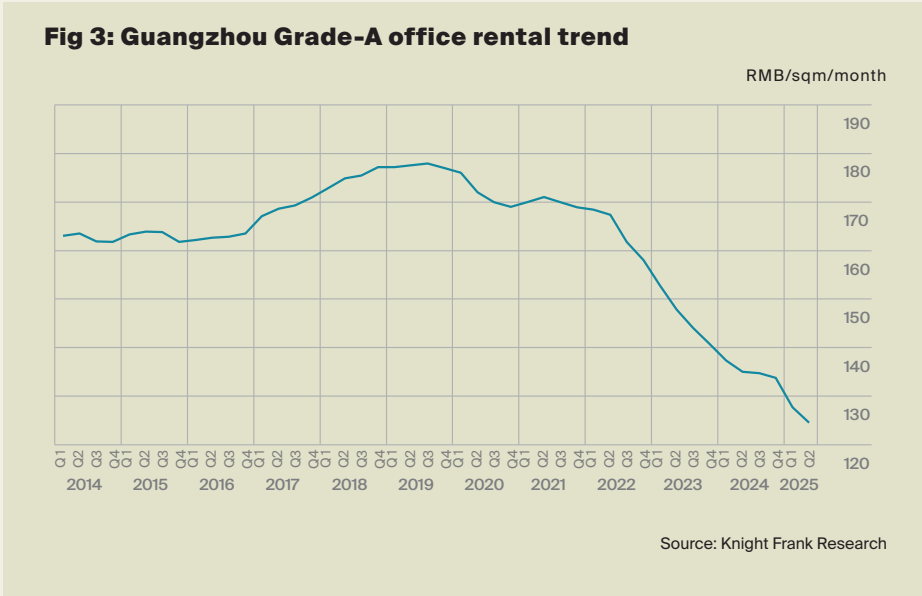


Rental Level

► Rents Continue to Face Pressure Amid Mild Recovery

In Q2 2025, Guangzhou’s Grade-A office market remained on a downward trajectory, with average rents declining 2.5% QoQ to RMB 124.5 per sqm per month. This marks the 16th consecutive quarter of market adjustment. While the rate of decline has eased compared to Q1, persistent supply-demand imbalances continued to drive significant leasing pressure, especially in submarkets with significant ageing inventory, where intensified competition constrained rental recovery.

Breaking down by submarket, rental declines were observed across all submarkets. Yuexiu and Tianhe North took the hardest hits, posting quarter-on-quarter drops of 5.7% and 4.6%, respectively. Aging building stock has weakened landlords’ leverage, triggering stronger leasing restructuring willingness of tenants. To lure new occupants and narrow the gap with emerging hubs like Financial District, landlords adopted combo incentives: flexible rental structures, fit-out subsidies, and extended rent-free periods—effectively bridging the implicit cost differential to retain tenants. Meanwhile, Zhujiang New Town, Pazhou, and the Financial City saw milder dips, with rent



reductions staying under 2%. After aggressive repricing in Q1, their locational advantages supported marginal demand improvement. The decelerating declines signal that rents are approaching tenants’ pricing thresholds, extending the timeline for any adjustment-driven upside.

Looking to Q3 2025, the Guangzhou Grade-A office market is bracing for a

hefty influx of over 200,000 sqm of new supply. Combined with the destocking pressure from existing inventory, this downward trend of citywide rent is set to deepen, with declines likely to remain steady or steepen further.

Table 1: Major Guangzhou Grade-A office sub-market indicators, Q2 2025					
Submarket	Rent		Rental % changes (QoQ)	Vacancy Rate	Vacancy rate percentage change (QoQ)
	RMB/sqm/mth	RMB/sqm/day			
Tianhe North	116.7	3.8	↓4.6%	7.5%	↓0.8%
Zhujiang New Town	141.5	4.7	↓1.2%	12.4%	↑0.5%
Yuexiu	100.8	3.3	↓5.7%	8.5%	↓0.3%
Pazhou	112.6	3.7	↓1.5%	23.9%	↓0.7%
Financial City	95.5	3.1	↓1.9%	47.7%	↑4.3%

Source: Knight Frank Research

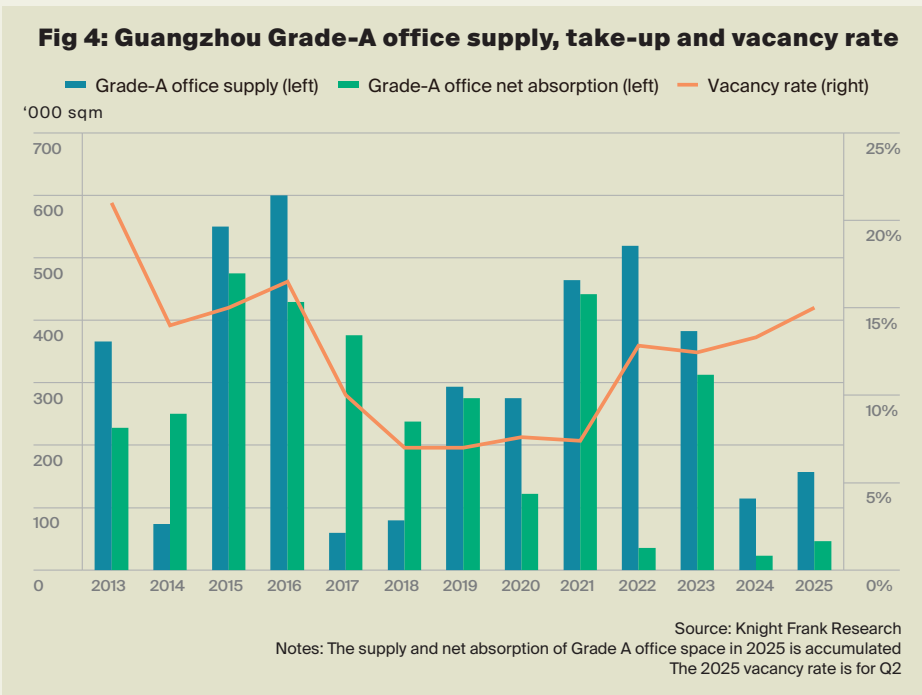
Supply and Demand

► Structural Divergence and Recovery Dynamics Amid Supply-Demand Tug-of-War

In Q2 2025, the Guangzhou Grade-A office market exhibited a dynamic interplay between a mild recovery and significant supply pressure. The sole new supply was the Taiping Financial Tower, which added approximately 83,000 sqm to the market. Despite a steady increase in demand and a moderate recovery of leasing activity, with citywide net absorption reaching 41,643 sqm, the new supply pressure still outweighed the momentum of demand recovery, elevating the citywide vacancy rate by 0.3 percentage points QoQ to 15.0%.

From a demand perspective, the TMT sector (43.9%), professional services (26.7%), and financial services (9.1%) were the primary drivers of leasing activity this quarter, with TMT and professional services accounting for the majority of demand. The TMT sector continued to lead the market, driven by robust demand in e-commerce platform operations, enterprise backend data platform development, and digital security and scenario-based digital products and services. Professional services demonstrated resilience, with steady growth in education and training, and a rotational recovery in digital marketing and legal services. The financial sector regained third place, largely due to a resurgence in demand from insurance and fund management, as life insurance business experienced particularly strong growth.

In terms of lease dynamic, corporate strategies showed a bifurcated trend. While relocation demand remained dominant, its share decreased to 34.3%, with 64.3% of relocating tenants opting for downgrades, reflecting a deepening of cost-control measures.



The renewal rate rose to 21.2%, as many landlords became more open to lease restructuring and flexible rent adjustments to retain existing tenants. In contrast, new leases and setups remained robust at 29.5%, driven primarily by expansion in the biomedicine and TMT sectors. Expansion demand surged to 15.0%, fueled by the growth needs of internet platforms. Overall, the Guangzhou leasing market exhibits sustained structural divergence. While the majority of tenants optimize operational efficiency through spatial downgrading and cost rationalization, enterprises in high-value-added sectors like TMT and biopharma are driving countercyclical expansion. Tenant mix shift is closely aligned with the emergence of new

regional growth drivers.

Looking ahead to Q3, the temporary demand recovery spurred by deep rental corrections in certain areas may lose momentum, while the concentrated influx of over 200,000 sqm of new supply will exacerbate upward pressure on vacancy rates. In the short term, expansion in TMT and biomedicine may support a phased demand recovery, but without fundamental improvements in the macroeconomic environment, this growth may lack sustainability. Citywide leasing demand is expected to remain flat or see marginal growth, but the vacancy rate will likely continue to rise due to the impact of hefty new supply entering the market.

Table 2: Major Guangzhou Grade-A office leasing transactions, Q2 2025				
District	Building	Tenant	Area (sqm)	Transaction Type
Financial district	Hanyin Plaza	Sun Entertainment	5,600	New Setup
Tianhe North	Taikoo Hui	Rednote	2,800	Relocation
Zhujiang New Town	Tiande Centre	Sofit	2,000	New Setup
Zhujiang New Town	IMP	Native Password	1,600	Relocation

Source: Knight Frank Research
Note: all transactions are subject to confirmation

Investment Market

► Structural Divergence Under Self-Use Demand Dominance

In Q2 2025, the Guangzhou office investment market recorded an en-bloc transaction: live-streaming e-commerce firm, Xinxuan, acquired Buildings G and E in Baiyun Lake Technology Industrial Park for approximately RMB 200 million as its headquarters. This move reinforces the prevailing dynamic in the city - a buyer's market where self-use demand dominates, while investment demand continues to shrink.

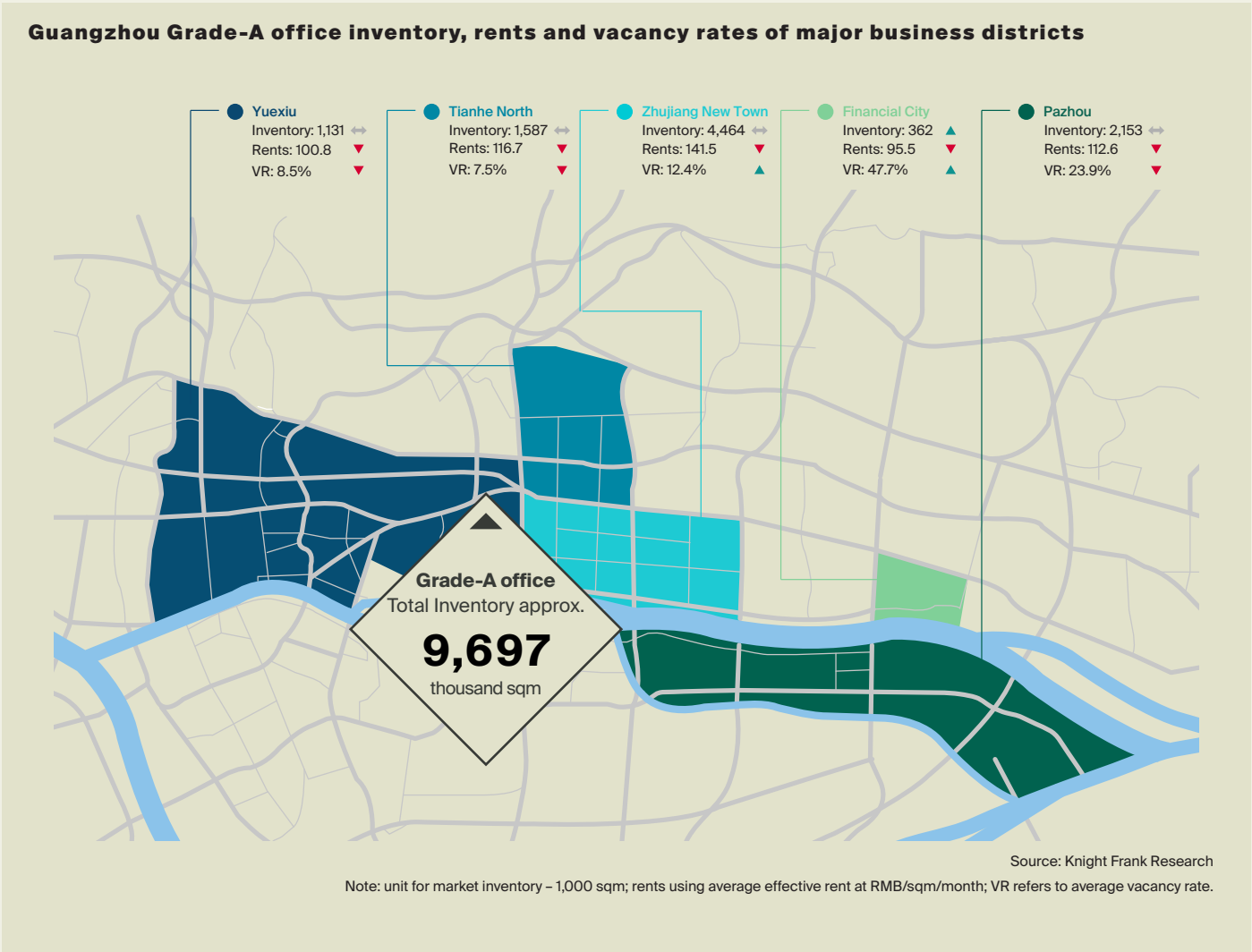
Over the past year, the en-bloc transaction market in Guangzhou

has exhibited a bifurcation: industrial expansions accelerate, while investment-driven deals remain stuck in the deep freeze. On one hand, TMT giants like 4399, Douyin, Xinxuan are aggressively securing lands for new headquarters and industrial park projects, fuelling demand for industrial-use assets. On the other hand, office assets in prime districts are facing a liquidity crunch - Multiple listings in Zhujiang New Town, Haizhu, and Yuexiu failed to attract buyers, exposing a structural imbalance between demand and

supply that undermines traditional valuation models. Financial investors' requirements for stable yields and appreciation potential remain unmet under current market conditions.

Looking ahead, the investment market slump is unlikely to reverse in Q3. With rents and vacancy rates still under pressure, investment interest in Guangzhou's office market will likely stay suppressed. Till the second half of 2025, self-use demand will remain dominant in the en-bloc transaction market.

Guangzhou Grade-A office market dashboard Q2 2025



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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