Guangzhou Grade-A Office Market Report

Q2 2026

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

Pent-up demand supports take-up, but rental pressure persists

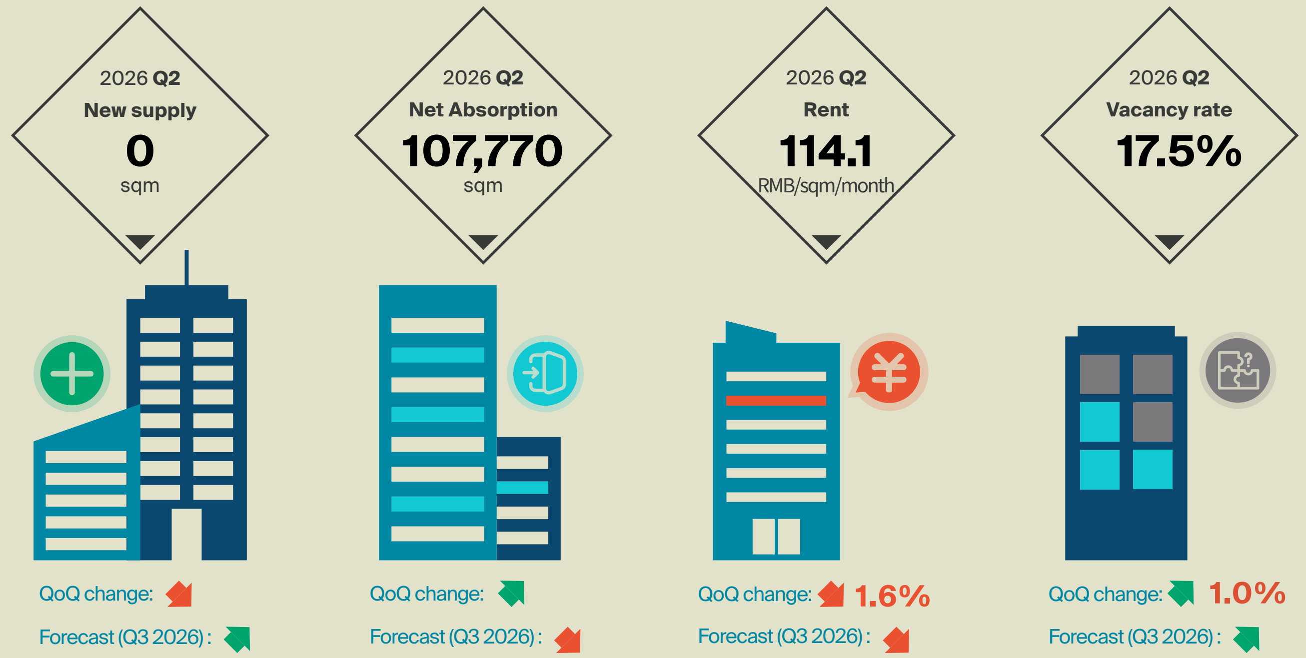
Guangzhou's Grade A office market improved further in Q2 2026. Citywide average rents fell 1.6% QoQ to RMB 114.1 per sq m per month, while the vacancy rate declined by 1.0 percentage point to 17.5%. After sustained rental declines, previously deferred relocation, upgrade and lease restructuring demand gradually materialised, enabling the market to rebound from negative net absorption in the previous quarter to positive net absorption in Q2.

No new supply was completed during the quarter, while net absorption reached approximately 108,000 sqm. The reduction in vacancy was mainly attributable to the materialization of previously pent-up demand. TMT remained the largest source of leasing activity, while finance, cultural, creative and entertainment, and professional services also accounted for notable shares. Transactions remained dominated by relocations, while incremental demand from tenant expansion stayed limited. The improvement in demand was mainly supported by the release of pent-up demand, leading to a more active leasing market than in Q1.

In the investment market, Yuexiu Property sold Nansha International Finance Centre and other assets and businesses to subsidiaries of its parent group. Nansha IFC was valued at approximately RMB 1.93 billion. The transaction was an intra-group asset restructuring, while third-party office investment activity remained subdued.

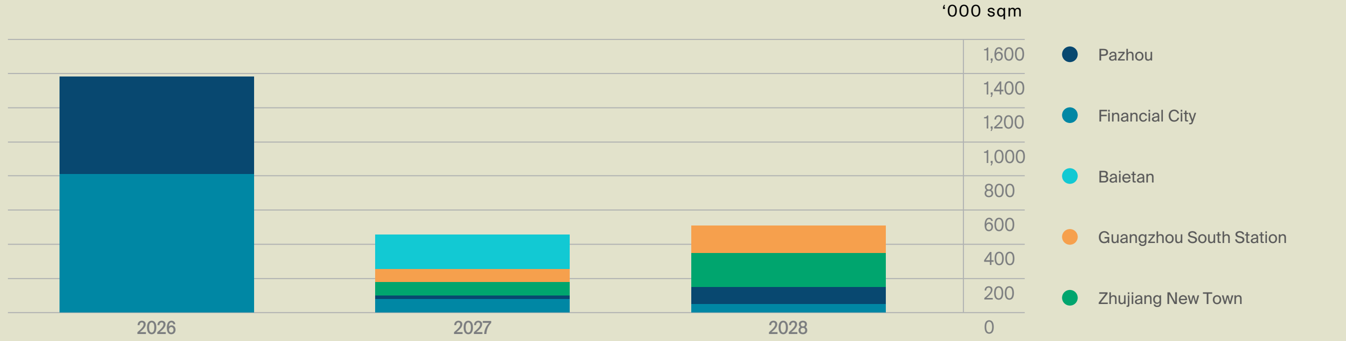
Looking ahead to Q3, the boost from the release of pent-up demand is expected to weaken going forward. Corporate expansion is expected to remain limited, with incremental demand continuing to come mainly from flight-to-quality move, lease restructurings and newly established businesses. As further supply enters the market, take-up is unlikely to keep pace and the citywide vacancy rate is expected to rise again. Average rents should continue to soften, although the pace of decline may ease after several rounds of repricing at some projects. Rent-free periods, delivery specifications and payment arrangements are therefore likely to play a greater role in lease negotiations.

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



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

Fig 2: Guangzhou office development pipeline, 2026-2028



Source: Knight Frank Research
Note: Projected supply in 2026 includes projects already on the market

Rental Level

Existing projects continue to adjust rents; declines are more pronounced in mature CBDs

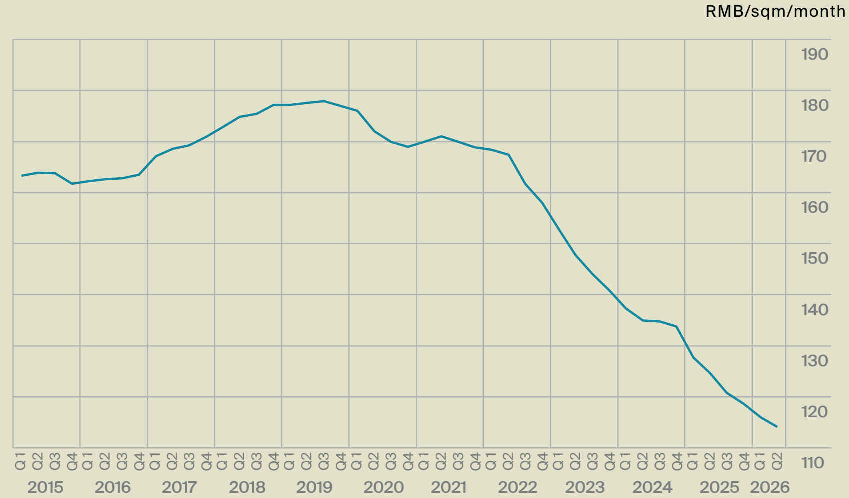
Citywide Grade A office rents fell by 1.6% QoQ in Q2 to RMB 114.1 per sqm per month. The decline was largely driven by proactive adjustments at existing projects, with some landlords narrowing the pricing gap against higher-quality buildings within the same submarket and projects in emerging submarkets to support transactions. Tianhe North and Yuexiu recorded QoQ declines of 3.3% and 2.2%, respectively, accounting for the main pull-down in citywide rents.

At the submarket level, Tianhe North posted the sharpest decline, suggesting that its location premium as a mature CBD is no longer sufficient to offset the effects of ageing building quality and rental differentials across submarkets. As tenants seek better-quality space while managing budgets, certain existing projects have had to lower asking rents to retain a clear price advantage over prime buildings in Zhujiang New Town and newer buildings in Pazhou. Yuexiu faced similar pressure, but its more stable tenant base meant that adjustments were concentrated in older buildings with weaker specifications.

By contrast, average rent in Financial City held at RMB 92.3 per sqm per month. Landlords continued to leverage the submarket's lower rental levels to attract cross-submarket relocation and upgrade demand, leaving asking rents at mainstream projects broadly stable. Zhujiang New Town and Pazhou recorded more moderate QoQ declines of 1.1% and 1.5%, respectively. The former remained supported by Grade A stock and demand from finance and professional services, while adjustments at some Pazhou projects moderated following price cuts in the prior quarter.

Looking ahead to Q3, citywide rents are expected to remain under downward pressure, with adjustments likely to remain concentrated on existing projects where building quality is misaligned with current asking rents. The rental gap between Grade A stock and standard existing projects may widen further, while average rents across the city are expected to continue their gradual downward trend.

Fig 3: Guangzhou Grade-A office rental trend



Source: Knight Frank Research

Table 1: Major Guangzhou Grade-A office sub-market indicators, Q2 2026

Submarket	Rent RMB/sqm/mth	Rent RMB/sqm/day	Rental % changes (QoQ)	Vacancy Rate	Vacancy rate percentage change (QoQ)
Tianhe North	106.1	3.5	↓3.3%	12.9%	↑0.2%
Zhujiang New Town	130.9	4.3	↓1.1%	13.5%↑	↓1.5%
Yuexiu	98.5	3.2	↓2.2%	9.6%	↓0.3%
Pazhou	101.9	3.4	↓1.5%	20.9%	↓0.9%
Financial City	92.3	3.0	0.0%	54.6%	↓2.0%

Source: Knight Frank Research

Supply and Demand

Release of pent-up demand drives temporary vacancy decline

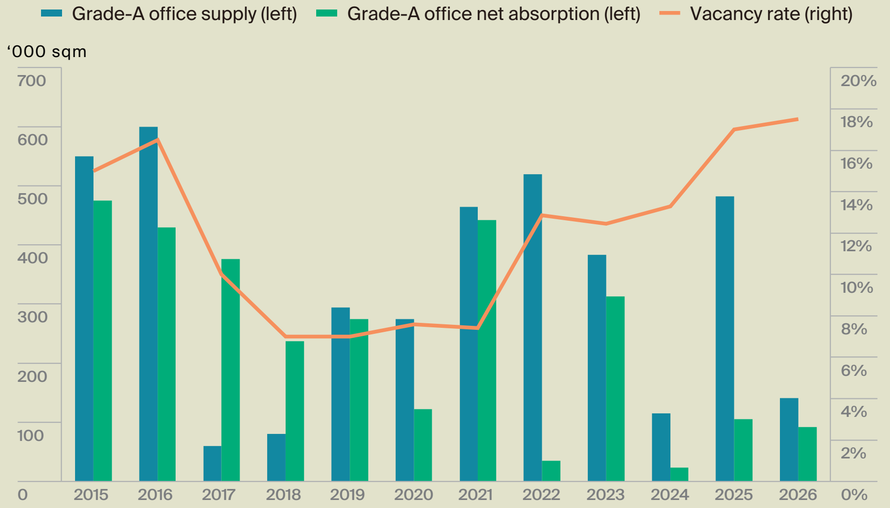
No new supply entered the Guangzhou Grade A office market in Q2. Net absorption reached approximately 108,000 sqm, pushing citywide vacancy down 1.0 percentage point QoQ to 17.5%. The improvement in take-up was primarily driven by pent-up relocation, upgrade and lease-restructuring demand releasing after successive rental adjustments. Given that corporate expansion appetite remained limited, positive net absorption is better regarded as a concentrated release of accumulated demand rather than a broad-based recovery.

By industry, TMT accounted for around 25.8% of leased area and remained the largest source of demand, with software, digital services, telecommunications and e-commerce operations showing relatively active take-up. Finance made up about 17.5%, as insurance, securities, investment and banking-related demand continued to support transactions in core business districts. Cultural, creative and entertainment accounted for around 14.7%, driven mainly by gaming, content production and advertising and media firms. Professional services represented approximately 12.6%, with law firms, consultancies and enterprise services staying active. Together, these four sectors contributed roughly 70% of transactions.

By transaction type, relocations continued to dominate at around 70.8%, followed by renewals, new lettings and expansions at approximately 14.5%, 11.6% and 3.1%, respectively. The elevated share of relocations indicates that tenants are primarily changing submarkets and buildings to balance cost with quality. Financial City and Pazhou continued to attract cross-submarket inflows, while Zhujiang New Town maintained mild net inflows. Tianhe North and Yuexiu recorded net outflows.

Looking ahead to Q3, the support from the release of pent-up demand is expected to weaken. Corporate expansion appetite is likely to remain limited, and incremental demand should continue to be driven by relocation-upgrades, lease restructurings and newly established entities. With further new supply coming on stream and demand growth unable to keep pace, citywide vacancy is expected to rise again.

Fig 4: Guangzhou Grade-A office supply, take-up and vacancy rate



Source: Knight Frank Research
Notes: The supply and net absorption of Grade A office space in 2026 is accumulated
The 2026 vacancy rate is for Q2

Table 2: Major Guangzhou Grade-A office leasing transactions, Q2 2026

District	Building	Tenant	Area (sqm)	Transaction Type
Pazhou	Chengtou Pazhou Centre	Shanghai Chiyue Information Technology Co., Ltd. Guangzhou Branch	7,500	Relocation
Zhujiang New Town	International Finance Centre	China Export & Credit Insurance Corporation	5,600	Renewal
Pazhou	JOYY Tower	Guangdong Embodied Intelligence Technology Co., Ltd.	5,500	Relocation
Pazhou	Huaxin Centre	Guangzhou Pazhou Large Model Innovation Service Centre	4,300	New Set-up

Source: Knight Frank Research

Note: all transactions are subject to confirmation

Investment Market

Related-party asset restructuring drives a headline transaction; third-party investment appetite remains cautious

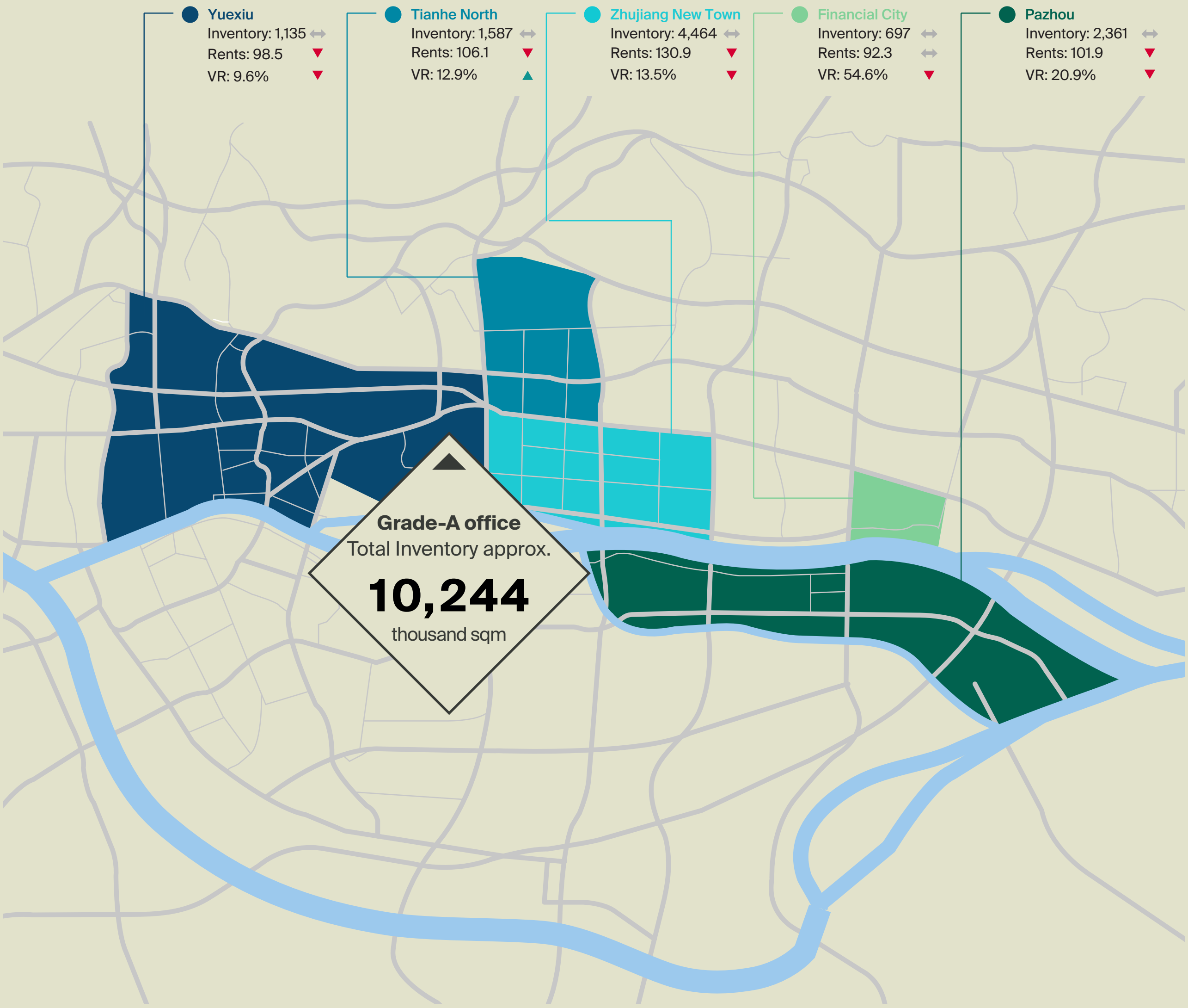
In Q2, the Guangzhou en-bloc office market recorded a major related-party asset disposal. On 1 May, Yuexiu Property (00123.HK) entered into a series of transfer agreements with wholly owned subsidiaries of its parent group, Yuexiu Group, divesting Nansha International Finance Centre, Yungu Industrial Park including the S1 tower, Zhigu Industrial Park, Bijie Hotel and its healthcare business. Nansha IFC was transacted at approximately RMB 1.93 billion, comprising a 41-storey and a 29-storey office tower with total GFA of around 129,000 sqm. Net proceeds amounted to approximately RMB 4.46 billion, earmarked primarily for debt repayment and working capital for the group's core residential development business.

The transaction represents an intra-group asset restructuring, reflecting the developer's strategy of monetising non-core assets to recycle capital on its core business. Meanwhile, third-party office investment activity remained limited, with investors continuing to focus on lease stability, tenant quality, ongoing capital expenditure and exit arrangements. Owner-occupiers and buyers able to bring in industry tenants remained the principal drivers of individual transactions.

Looking ahead to Q3, the Guangzhou office investment market is expected to remain driven by developer asset monetisation and intra-group restructurings, while selected third-party transactions should continue. However, investors are likely to remain cautious in the absence of clear signals of rental recovery. The gap in pricing expectations between buyers and sellers has yet to narrow materially and is expected to continue to constrain deal progression and transaction volumes.

Guangzhou Grade-A office market dashboard Q2 2026

Guangzhou 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.

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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