

Guangzhou Grade-A Office Market Report



Q3 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

► Supply peaks while demand eases amid decelerating recovery

In Q3 2025, Guangzhou's Grade-A office market experienced a surge in supply alongside softening demand. Sany-Rootcloud Plaza, Haihao International Tower, Skyview Plaza, and Grancentral Center were completed in quick succession, collectively delivering approximately 320,000 sqm—the highest quarterly addition in nearly a decade. This pushed the citywide stock above 10 million sqm for the first time. However, Net absorption reached only 19,032 sqm, causing the vacancy rate up by 1.2 percentage points to 16.2%. At the pricing level, the average rent in Guangzhou's office market declined by 3.1% to RMB 120.7 per sqm per month, reflecting a slower recovery pace compared to Q2.

This quarter, multiple simultaneous project launches drove a pronounced jump in supply, while demand was dominated by relocations and reconfiguration within the existing tenant base, with limited net new expansion. As a result, the gap between net absorption and new

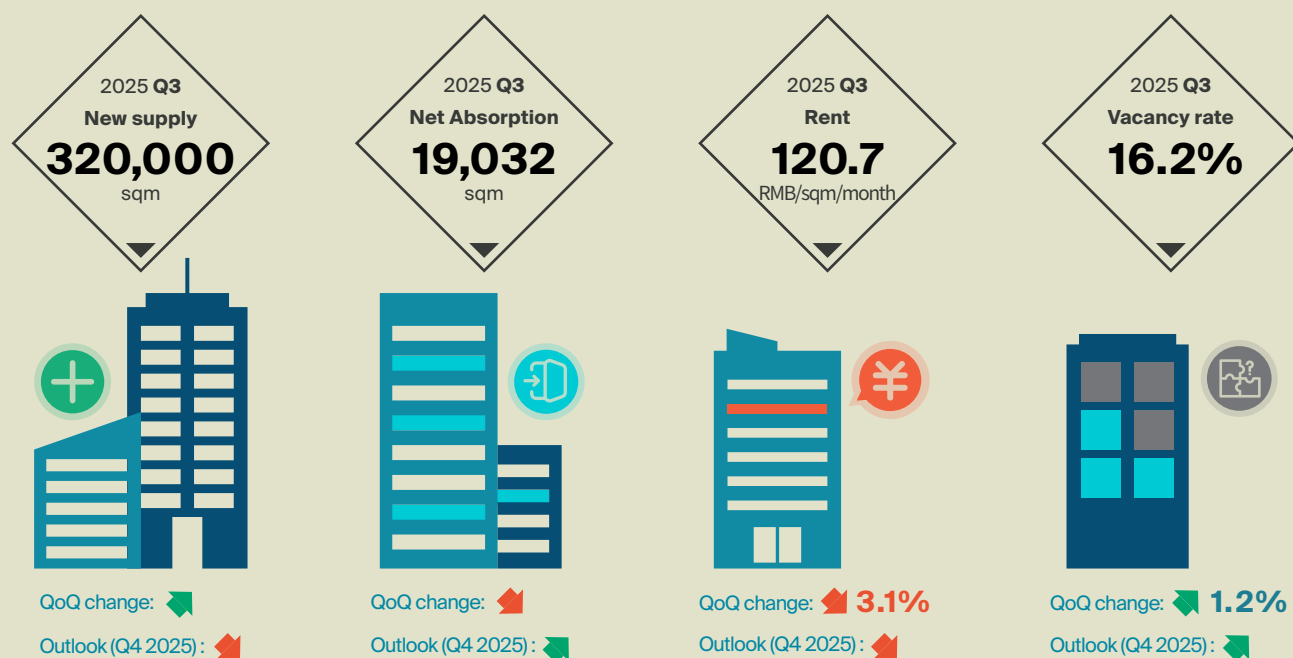
supply widened. By sector, Financials (37.9%) led take-up—driven mainly by investment banks, commercial banks, and back-office expansions. Professional Services (16.5%) remained resilient, supported by steady demand from consultancies and law firms. Manufacturing (14.3%) returned to the top three, led by active consumer-goods chains such as beauty and mother-&-baby brands. Conversely, TMT (13.0%) softened. By deal type, relocations accounted for 72.3% (of which 57.1% were upgrade relocations), underscoring a “flight-to-quality” trend. Lease restructurings rose to 9.7%—now the second-largest category—highlighting how more flexible terms are unlocking demand. New set-ups (2.9%) and new leases (6.4%) contracted from the previous quarter, indicating still-weak incremental drivers.

On the investment front, one notable transaction was recorded: Yuexiu REIT announced the sale of a 50% interest in Yuexiu Financial Tower to its affiliate, Guangzhou

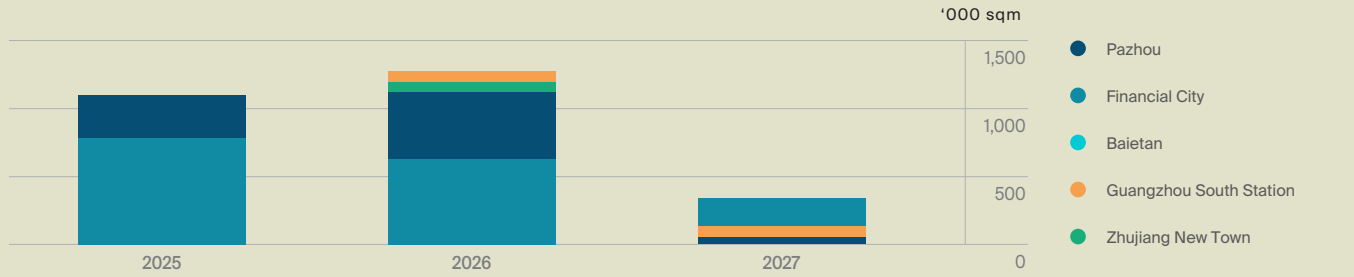
Yuexiu Development Group Co., Ltd., alongside an internal reorganization. The total consideration amounted to RMB 3.433124 billion for the combined external disposal (50%) and internal restructuring (50%), with completion by the end of the reporting period.

Looking ahead to Q4, some pent-up demand is likely to be released. With leasing progress at select projects, transaction volumes should improve QoQ. However, with supply still elevated and negotiations taking longer, citywide Grade-A rents are expected to remain under pressure, though the decline may narrow. Net absorption is poised to recover, yet with given continued incoming supply and no clear acceleration in sectoral growth engines, the vacancy rate will likely stay flat to slightly higher. Tenants are advised to leverage the Q4 negotiation window to structure lease terms that optimize total occupancy cost and flexibility across the lease cycle.

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, 2025-2027

Source: Knight Frank Research
 Note: Projected supply in 2025 includes projects already on the market

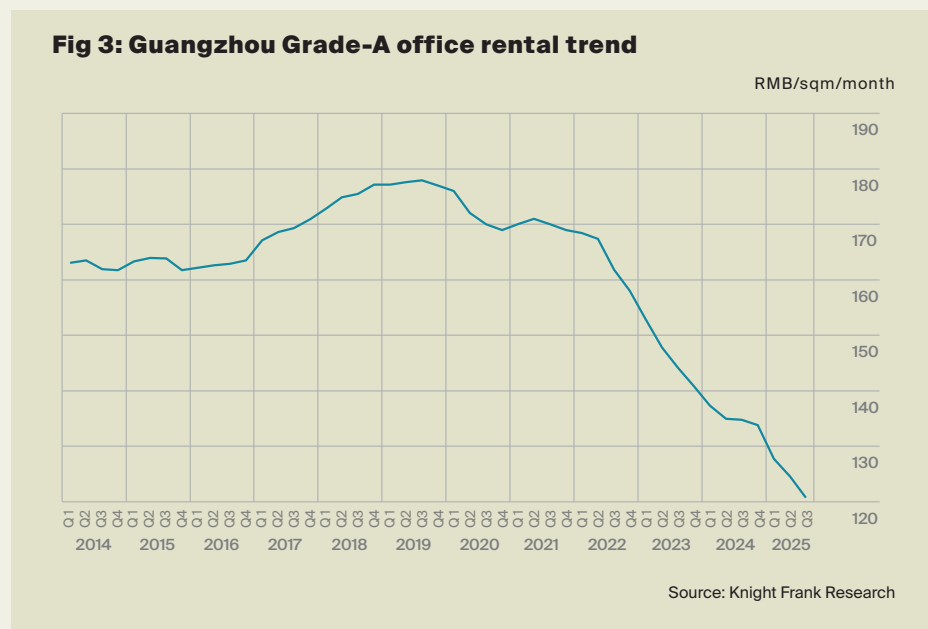
Rental Level

► Rents continued to soften

In Q3 2025, Guangzhou's Grade-A office rents continued to soften, falling 3.1% QoQ to RMB 120.7 per sqm per month—a wider decline compared to Q2.

By submarket, Pazhou led the decline with a 4.6% QoQ drop, driven by new projects launches priced below the area average and deeper incentives, such as longer rent-free periods and fit-out support. Zhujiang New Town rents fell 3.4% QoQ as exits by large TMT occupiers and intensified like-for-like competition expanded negotiation room. Tianhe North and Yuexiu saw small rebounds following sharp adjustments last quarter, reflecting the support of mature locations and stable tenant bases. Despite new supply, rent movement in Financial City was relatively mild, underpinned by effective pre-leasing and an improving tenant mix.

Looking ahead to Q4, with new supply continuing to materialize and transactions still driven by incentives,



Source: Knight Frank Research

citywide rents will likely remain soft. Any “price” recovery is more likely to be reflected in improved rent-free and fit-out terms rather than higher face

rents. The overall decline may narrow slightly compared to Q3.

Table 1: Major Guangzhou Grade-A office sub-market indicators, Q3 2025

Submarket	Rent		Rental % changes (QoQ)	Vacancy Rate	Vacancy rate percentage change (QoQ)
	RMB/sqm/mth	RMB/sqm/day			
Tianhe North	117.8	3.9	↑0.9%	7.2%	↓0.4%
Zhujiang New Town	136.6	4.5	↓3.4%	13.8%	↑1.4%
Yuexiu	102.1	3.4	↑1.3%	10.4%	↑1.9%
Pazhou	107.4	3.5	↓4.6%	22.4%	↓1.5%
Financial City	93.5	3.1	↓2.0%	35.3%	↓12.5%

Source: Knight Frank Research

Supply and Demand

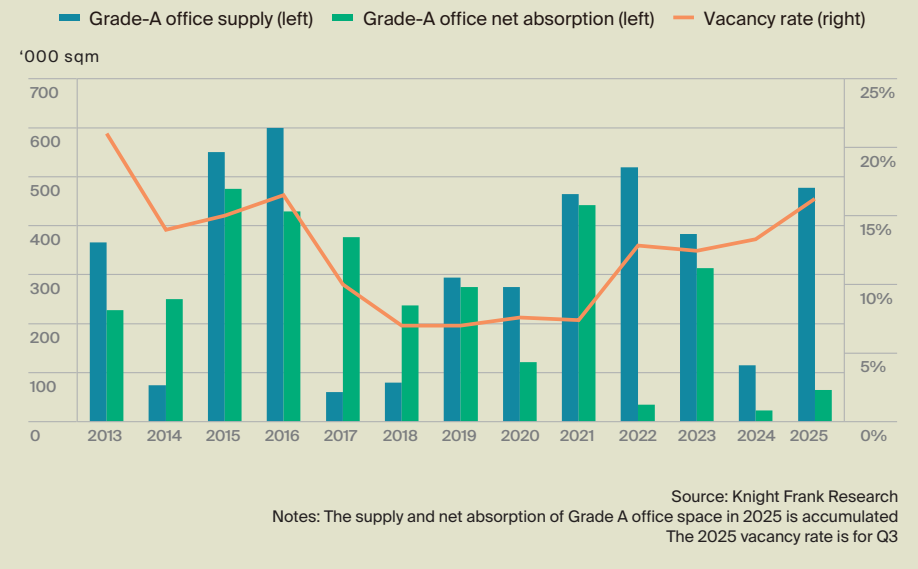
► Quarterly new supply hit a record high, while demand momentum remained weak

In Q3, supply-demand mismatch intensified noticeably. Sany-Rootcloud Plaza, Haihao International Tower, Skyview Plaza, and Grancentral Center all launched this quarter, collectively adding approximately 320,000 sqm—marking a near ten-year high for a single quarter. In contrast, demand weakened further, with net absorption of only 19,032 sqm, pushing the vacancy by 1.2 percentage points QoQ to 16.2%.

By demand composition, Financials, Professional Services, and Manufacturing were the main drivers. Financials (37.9%) surged, driven by headcount consolidation and expansion by investment banks, commercial banks, and back-office teams. Professional Services (16.5%) remained resilient, supported by steady contributions from consultancies and law firms. Manufacturing (14.3%) re-entered the top three led by active consumer-goods chains in the beauty and mother-&-baby segments. Notably, the previously dominant TMT sector (13.0%) weakened this quarter, slipping to fourth place.

By transaction type, relocations accounted for 72.3%, with 57.1% being upgrade relocations, reflecting the prevailing strategy of “same-price-for-better-quality” or “modest premium for better quality.”

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



Lease restructurings climbed to second place at 9.7%, largely due to landlords offering more flexible terms to maintain occupancy and retain tenants. New set-ups (2.9%) and new leases (6.4%) declined significantly from last quarter, indicating a temporary pullback in incremental demand as occupiers focus on portfolio reconfiguration.

Looking to Q4, with pent-up demand gradually releasing and elevated

supply persisting, deal volumes are expected to improve QoQ. However, given ongoing destocking pressure and lengthening negotiation cycles, the supply-demand gap will likely narrow only slowly. Leasing demand is expected to pick up notably, but vacancy rates may remain broadly flat or edge higher. Transactions will likely continue to focus on term optimization and stock reconfiguration.

Table 2: Major Guangzhou Grade-A office leasing transactions, Q3 2025

District	Building	Tenant	Area (sqm)	Transaction Type
Zhujiang New Town	Yuxiu Financial Tower	HSBC IT Dept.	5,000	Relocation
Pazhou	JOYY Tower	Forcallure	2,200	Relocation
Zhujiang New Town	Guangzhou International Finance Center	CMB Wing Lung Bank	1,666	Lease Restructuring
Zhujiang New Town	Central Tower	J.P. Morgan	1,200	Relocation

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

Investment Market

► Related-party disposals paired with refinancing while capital-structure optimization in focus

In Q3 2025, Guangzhou's Grade-A office investment market saw a landmark related-party disposal coupled with refinancing. Yuexiu REIT announced the transfer a 50% interest in Yuexiu Financial Tower to its affiliate, Guangzhou Yuexiu Development Group Co., Ltd., alongside an internal restructuring and new bank financing. The total consideration was RMB 3.433124 billion, representing the aggregate price for the external 50% disposal and the internal 50% restructuring. Completion occurred by the end of the reporting period. The transaction aims to reshape the equity structure and replenish liquidity to optimize capital structure, reduce overall financing costs, and strengthen medium- to long-term financial resilience and

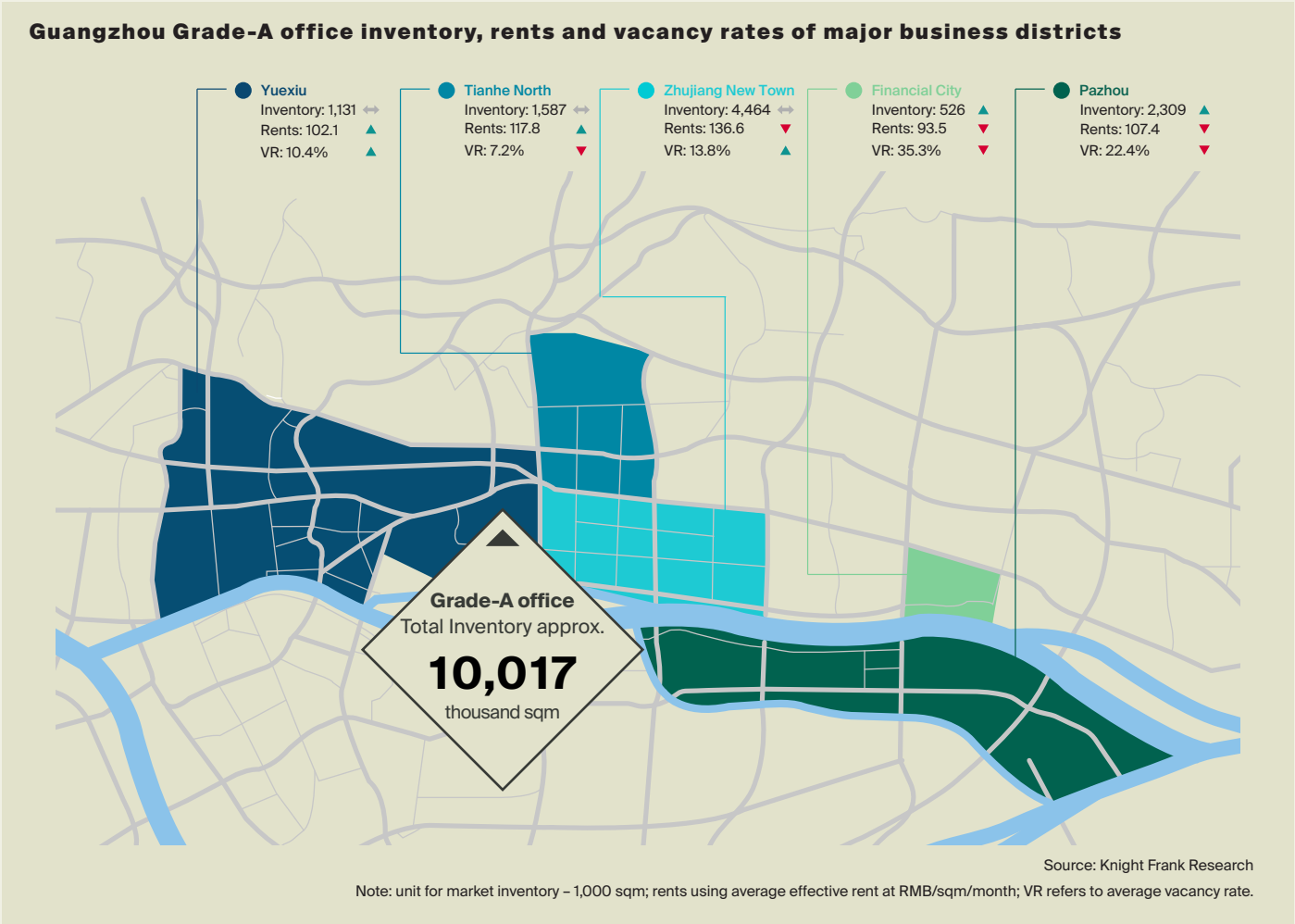
cash-flow stability.

To support the transaction, the REIT secured a new financing commitment of up to RMB 4.0 billion from an independent third-party bank. Proceeds will refinance existing debt and top up working capital. The facility is secured primarily by a mortgage over the subject property and a pledge over receivable rents, with a comfort letter from Guangzhou Yuexiu providing credit enhancement. Following receipt of the consideration and the new financing, leverage is expected to fall from 48.1% to around 41.2%, improving debt maturity profile and liquidity buffers.

From a market perspective, amid tighter balance-sheet constraints

and elevated external uncertainty, leading and state-backed players are prioritizing intra-group asset re-allocation and unlocking financing attributes of owned assets—with debt duration management and interest-burden reduction as primary goals. Traditional cross-party M&A focused on investment returns has temporarily receded. Looking into Q4, even if global monetary policy eases marginally, risk appetite recovery is likely to remain cautious. As such, user/near-user acquisitions, equity restructurings, and sale-and-leaseback or other financing-oriented transactions should remain mainstream. Third-party financial investors will stay highly selective on pricing and asset quality, and deal flow will remain structural and bespoke.

Guangzhou Grade-A office market dashboard Q3 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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