Guangzhou Grade-A Office Market Report

Q4 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

Year-end uptick, full-year pressure

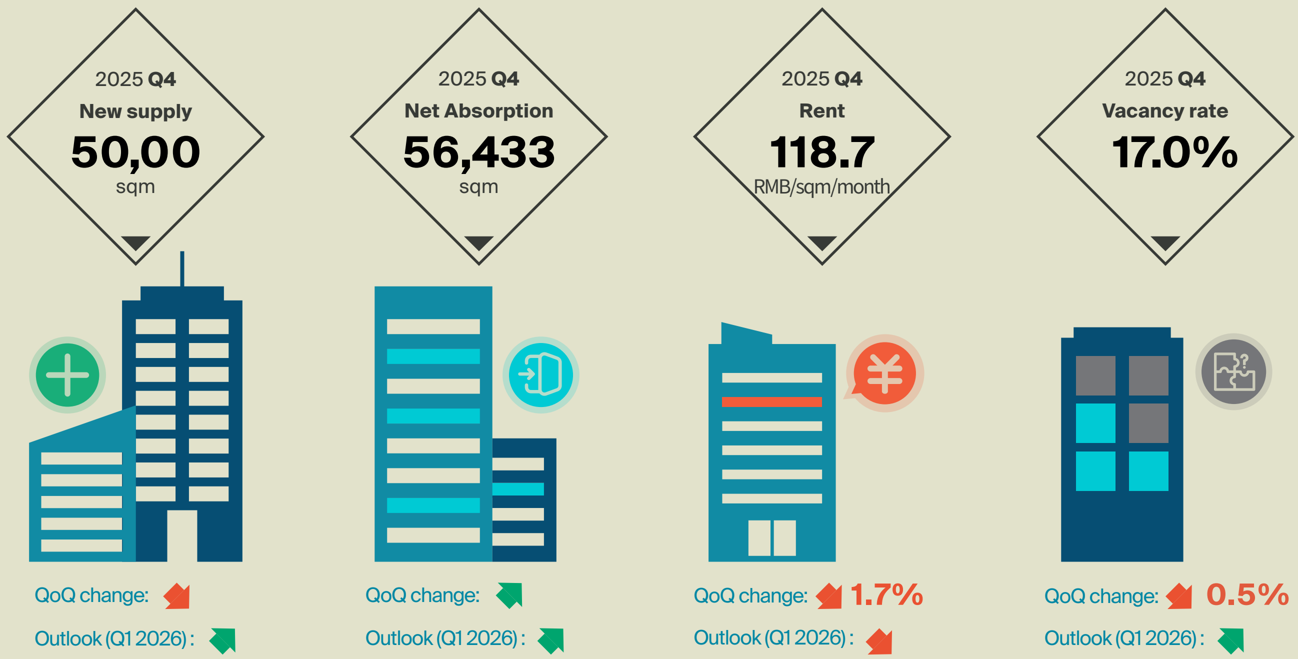
In Q4 2025, the Guangzhou Grade A office market saw modest short-term improvements, driven by a combination of tightening new supply and a year-end release of pent-up leasing demand. New completions were limited to around 5,000 sqm, while net absorption rose to 56,433 sqm—the highest quarterly level of the year. As a result, the vacancy rate edged down by 0.5 percentage points QoQ to 17.0%. Rents continued to soften, although the pace of decline moderated: average net effective rent fell by 1.7% QoQ to RMB 118.7 per sqm per month. These indicators do not yet signal a definitive market turning point; rather, but they suggest that adjustment is shifting from broad-based price cuts to more structured deal-making—exchanging better terms to secure transactions.

Market dynamics in Q4 reinforce a demand profile centered on "relocation, cost control, and quality upgrade." By sector, TMT remained dominant (63.9%), followed by financial services (24.8%) and professional services (11.3%).In terms of transactions, relocations accounted for roughly 83% of deals, with nearly 40% of relocations involving expansion; New lease demand contributed about 10%. In other words, occupiers remain cautious overall, but activity has not stalled. Higher-quality buildings, flexible terms, and locations better suited to cost control still attract 'upgrade plus selective expansion' demand. On a full-year basis, the imbalance between supply and demand continued to be the dominant theme. Approximately 482,000 sqm of new supply was delivered in 2025, while full-year net absorption totalled only about 121,000 sqm—keeping vacancy under sustained pressure.

In the investment market, activity remained subdued, but the pattern was clear: transactable assets are trading first. Q4 recorded only one office en-bloc transaction (around RMB 120 million), while full-year office investment turnover reached roughly RMB 3.75 billion, a slight YoY improvement from a low base.

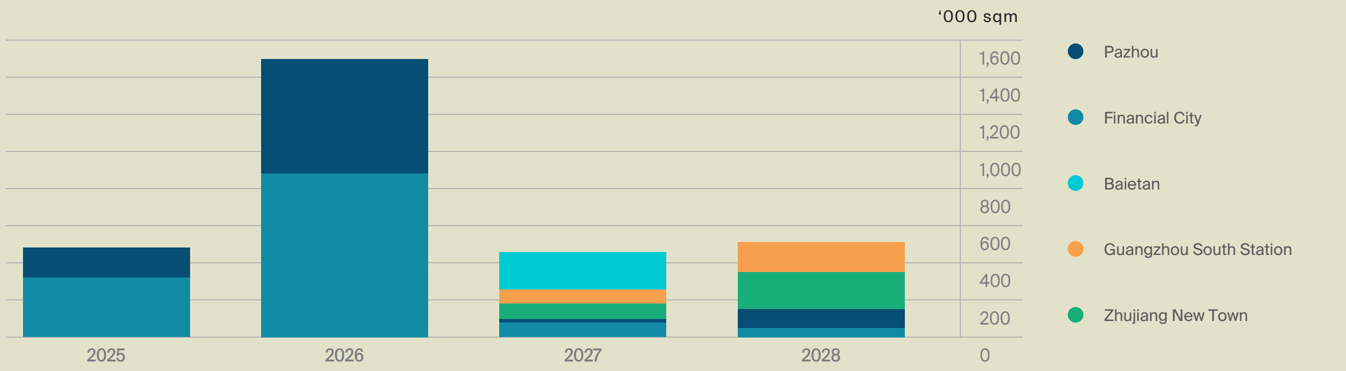
Looking ahead to 2026, market pressure will continue to be supply-led. Known upcoming supply totals around 1.4 million sqm, concentrated in Financial City and Pazhou, implying ongoing competition on both rents and destocking. Two implications stand out. First, rental competition is likely to persist, but will increasingly focus on targeted concessions and structured packages (rent-free periods, fit-out subsidies, flexible lease terms) rather than broad face-rent cuts. Second, vacancy levels will be more sensitive to the actual delivery pace of new supplies and the conversion of pre-leasing into move-ins. In the near term, "terms-for-take-up" will remain the core landlord strategy.

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, 2025-2028



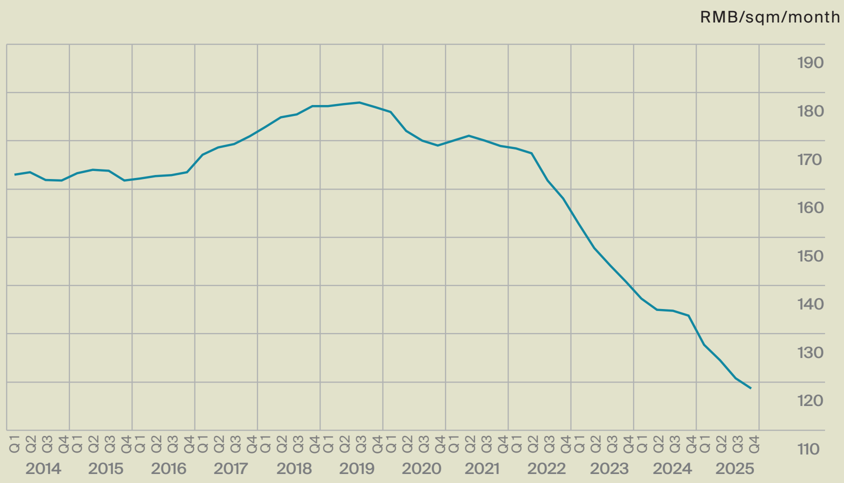
Source: Knight Frank Research
Note: Projected supply in 2025 includes projects already on the market

Rental Level

Continued downward trend, wider divergence

In Q4, Guangzhou office rents extended their downward trend, falling 1.7% QoQ to RMB 118.7 per sqm per month. That said, this represented the smallest quarterly drop of the year, signaling a transition from steeper corrections to a more moderate phase of adjustment. Over 2025, the pace of rent decline slowed in phases, yet volatility remained elevated near decade-high levels. Landlords have relied more on flexible leasing terms to defend occupancy, while occupiers have become more deliberate in balancing cost and quality—leaving the market oscillating between attempts to stabilize and ongoing downside pressure.

Fig 3: Guangzhou Grade-A office rental trend



Source: Knight Frank Research

Submarket performance diverged. Financial City was comparatively resilient, while most other areas weakened. Pazhou recorded the steepest decline (-3.6% QoQ), driven by proactive leasing strategies at several earlier-built, large-scale projects aiming to accelerate year-end take-up. In some cases, effective concessions widened to roughly 10%, further enhanced by rent-free periods and fit-out subsidies—materially lowering effective rents. Zhujiang New Town, Tianhe North, and Yuexiu each recorded declines in the 1%–2% range, reflecting incremental adjustments following the price reset earlier in the year. Where vacancy remained manageable, landlords generally prioritized term optimization and selective discounts over another round of sharp rent cuts. Transaction mix also tilted toward renewals and upgrade-driven relocations—typically associated with tighter budgets and shorter decision cycles.

In 2026, Guangzhou is expected to see more than 1.4 million sqm of new supply. Even if some projects shift toward sales or owner-occupation, supply pressure will remain significant. With the market still in a "stabilize first, recover later" phase, downward trend in rents is unlikely to reverse quickly. Competition will continue, targeted concessions—securing priority sectors and key occupiers, using rent-free/fit-out/flexible lease structures to secure signings and occupancy. Under a base case, rents are likely to remain weak in 1H 2026; Stabilization in the 2H will hinge on the timing of new supply deliveries, pre-leasing conversion in core buildings, and any marginal changes in occupier office-cost budgets.

Table 1: Major Guangzhou Grade-A office sub-market indicators, Q4 2025

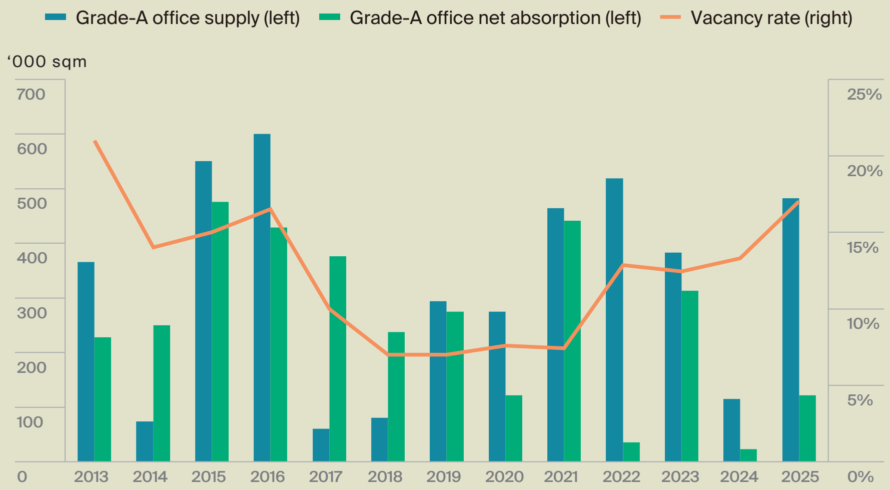
Submarket	Rent		Rental % changes (QoQ)	Vacancy Rate	Vacancy rate percentage change (QoQ)
	RMB/sqm/mth	RMB/sqm/day			
Tianhe North	116.1	3.8	↓1.4%	7.5%	↑0.3%
Zhujiang New Town	135.0	4.4	↓1.2%	13.8%	0.0%
Yuexiu	100.8	3.3	↓1.2%	10.0%	↓0.4%
Pazhou	103.5	3.5	↓3.6%	23.6%	↑1.2%
Financial City	93.3	3.1	↓0.2%	58.8%	↓1.2%

Source: Knight Frank Research

Supply and Demand

High supply base, softer demand

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 2025 is accumulated
The 2025 vacancy rate is for Q4

In Q4, Guangzhou recorded only one new Grade A office project delivered—the Marubi Group headquarters building. As the development is largely for owner-occupation, only a small portion was released to the leasing market, around 5,000 sqm of effective new supply and limited incremental pressure. With pent-up demand concentrating toward year-end, net absorption rebounded to 56,433 sqm (the highest quarterly level in 2025), resulting in a 0.5 pp QoQ decline in vacancy to 17.0%. For the full year, while demand increased to 121,461 sqm, it remained well below 482,076 sqm of supply delivered. As a result, annual net absorption fell in the mid-range of the past five years, and the ongoing supply wave remained the primary driver of higher vacancy levels.

By tenant profile, TMT, financial services, and professional services led leasing activity during the quarter. TMT (63.9%) remained the largest demand driver, with notable contributions from aerospace remote-sensing big data and software development. Financial services ranked second, supported by more active expansion from asset management firms. Professional services ranked third, with incremental demand concentrated in internet marketing-related segments. By transaction type, relocation-driven demand dominated (83.0%), and nearly 40% of relocation deals involved expansion—suggesting that occupiers, while optimizing location selection and costs, there remains demand for targeted expansions and upgrades. Newly established demand softened to around 10%.

In 2025, TMT remained the largest demand driver (over 50%), driven by software developers and film/media companies. Professional services ranked second, with law firms, education/training providers, and consulting maintaining stable demand. Manufacturing ranked third—outpacing financial services—supported by relatively steady leasing from beauty and medical device companies. By transaction mix, relocations accounted for about 51.9%, with expansion relocations near 10%; new lease demand eased slightly to 27.2%. Notably, lease restructurings approached 10%, highlighting that term optimization (rent-free, fit-out support, flexible lease structures) is emerging as a key measure beyond rent levels to facilitate lease renewals and secure tenants.

In 2026, the market will face over 1.4 million sqm of new supply. While demand improved in 2025, the supply–demand gap has not meaningfully narrowed, and vacancy is likely to remain on an upward trend through 2026. In Q1 2026, several delayed projects may deliver after 6–12 months of pre-leasing, potentially generating initial net absorption. However, with supply still outsizing demand, vacancy will likely rise further,, and competition will hinge on "targeted concessions plus bundled lease terms" to drive destocking.

Table 2: Major Guangzhou Grade-A office leasing transactions, Q4 2025

District	Building	Tenant	Area (sqm)	Transaction Type
Huangpu	Hongtai Wisdom Valley	TyuanSpace	5,455	Relocation & Expansion
Zhujiang New Town	BCC	China CITIC Financial Asset Management Co., Ltd.	3,500	Relocation
Financial City	Skyline Plaza	Zhisuan·Info	2,200	Relocation
Zhujiang New Town	Kingold Century	Treasure Your Core	1,100	Expansion

Source: Knight Frank Research

Note: all transactions are subject to confirmation

Investment Market

Gradual rebound from a low base, higher selectivity

In Q4 2025, Guangzhou's office investment (en-bloc) market recorded only one transaction, with a consideration of approximately RMB 120 million. In terms of pace and structure, buyers remained focused on smaller, clearly-defined assets, prioritizing pricing comparability, title clarity, and lease stability—signaling an early-stage recovery. For the full year, total investment volume reached around RMB 3.75 billion, representing a slight YoY increase—a rebound from a low base. Willingness to transact improved marginally, but sentiment stayed cautious, and execution remained sensitive to financing conditions and cashflow requirements.

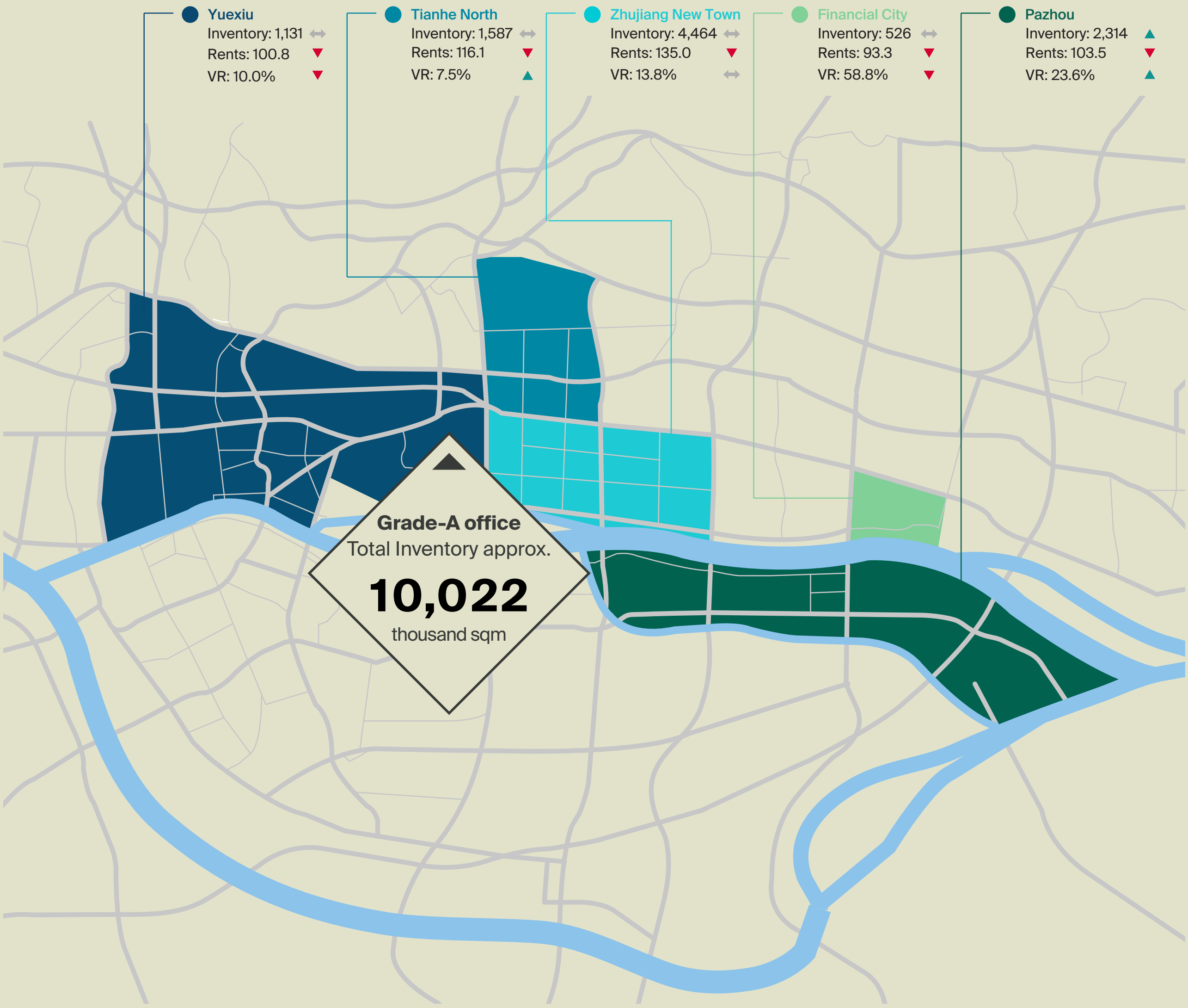
The quarter's transaction involved Topscore Co., Ltd. selling units 3501–3505 at IGC, located at No. 222 Xingmin Road (Tianhe District), to Ningbo Shengde Rontai Zhonghe Private Fund Management Co., Ltd. and individual counterparties. The transacted GFA totaled 2,712.8 sqm, structured as an asset transaction, implying a unit price of approximately RMB 44,500 per sqm and a total consideration of about RMB 121 million. This transaction represents "standardized small-scale asset disposal/configuration" with limited spillover to market pricing signals. That said, it is directionally indicative for year-end sentiment: in a highly uncertain environment, capital tends to favor assets that are controllable in size, clean in legal structure, and lower in closing risk.

Looking back at 2025, investment activity was more concentrated in non-office assets such as industrial, retail malls, and hotels, with offices comparatively quiet. On one hand, leasing fundamentals were still adjusting, leading buyers to take a more conservative view on future cashflows. On the other hand, some owners faced financing and cashflow pressure, increasing willingness to sell—yet bid/ask gaps on pricing and terms remained. In H2, marginal shifts in interest rates and financing conditions improved feasibility for certain trades, and encouraged more proactive portfolio actions, resulting in incremental office deal flow. Still, transactions remained case-driven rather than signaling a sustained upcycle.

In 2026, office investment in Guangzhou is likely to see a gradual increase in number but with even greater asset selectivity. Expansion in transaction volume will depend mainly on (i) whether funding costs continue to fall, and (ii) whether leasing cashflows become more predictable. With elevated supply and tenants retaining bargaining power, the market is expected to price and transact more readily in two categories: (1) core-location assets with stable tenants and clearer remaining lease terms; and (2) assets where pricing has already adjusted sufficiently, offering higher certainty of returns. Overall, market activity should improve versus 2025—but as a growing set of cashflow-driven individual cases, rather than broad rapid recovery.

Guangzhou Grade-A office market dashboard Q4 2025

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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