Shenzhen Grade-A Office Market Report

Q2 2025

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

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Overview and Outlook

Structural recovery of demand under rental pressure

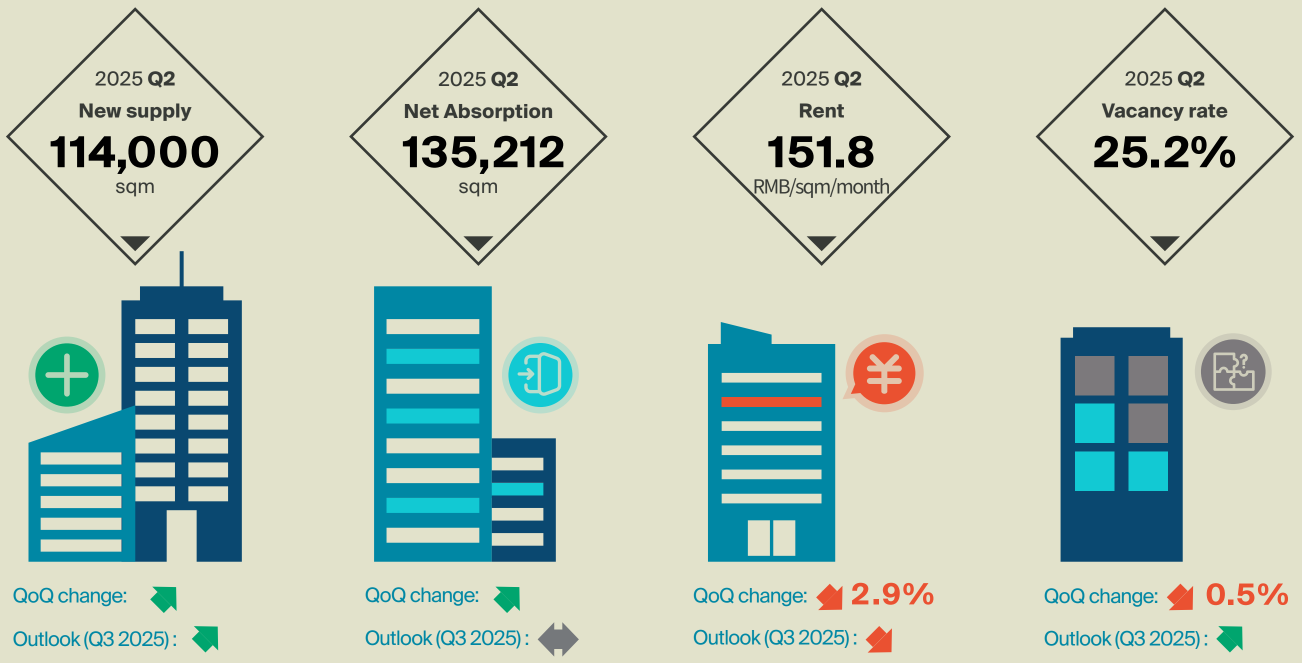
The Shenzhen Grade A office market in Q2 2025 exhibited a unique phase where rental pressures and demand recovery occurred simultaneously. The rental market continued its deep adjustment cycle, with the average effective rent for Grade A office buildings in the city declining by 2.9% QoQ to RMB 151.8 per sqm per month—marking three consecutive years of decline. On the demand-side, recovery momentum was significantly released as expected, driving net absorption above 135,000 sqm. Despite the addition of nearly 114,000 sqm of new supply from the Ping An Credit Card Center, robust absorption capacity supported dynamic supply-demand balance, narrowing the vacancy rate by 0.5 percentage points QoQ to 25.2%.

Leasing demand in Shenzhen's Grade A office market was primarily driven by three key sectors: TMT (38.9%), professional services (22.7%), and finance (14.2%). The TMT sector regained its position as the top demand driver, with active leasing in sub-sectors such as software development, new energy batteries, and semiconductors. The professional services demonstrated notable resilience, bolstered by law firm expansions and strategic marketing firms specializing in live streaming. The finance sector's demand was bolstered by life insurance companies. Relocation continued to dominant, driven by intra-district flight-to-quality demands (e.g., High-tech Park and Qianhai attracting major relocations demands within Nanshan). In contrast, Futian faced heightened tenant outflow pressures due to lower retention rates. Notably, new leasing demand rebounded significantly, led by subsidiaries of state-owned energy enterprises and TMT giants. Meanwhile, expansion demand surpassed downsizing activity, signalling counter-cyclical asset allocation strategies among select occupiers.

The investment market witnessed a significant en-bloc transaction as Aier Eye Hospital Group acquired a 60% stake in Guang Sheng Digital for RMB 650 million, thereby gaining full control of Guang Sheng Technology Tower. This transaction underscores the growing interest from non-property enterprises in acquiring core-location assets with attractive yields.

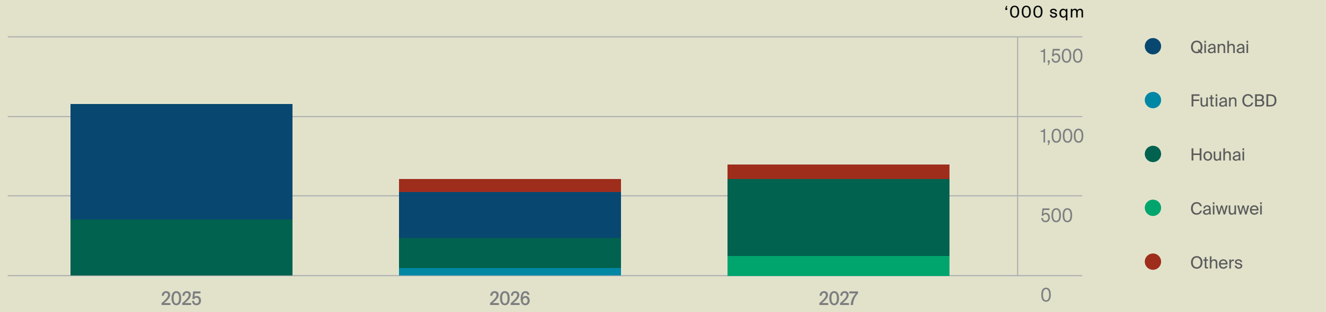
Looking ahead to Q3 2025, supply-demand imbalances are expected to intensify. While seasonal peak demand may sustain net absorption above 100,000 sqm, over 300,000 sqm of new supply is projected to enter the market—likely driving vacancy rates higher. Amid the dual pressures of existing competition and incoming supply, the downward trend in rents appears irreversible, with declines expected to persist at current levels.

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



Source: Knight Frank Research
[1] Rent refers to average effective rent
Owner-occupied office area is based on new supply

Fig 2: Shenzhen office development pipeline, 2025-2027



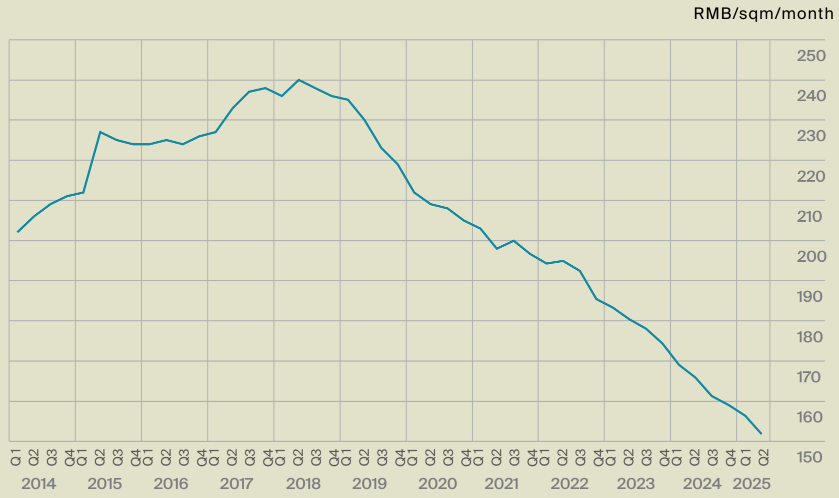
Source: Knight Frank Research
Others include Chegongmiao, Shekou and Bao'an CBD
Projected supply in 2025 includes projects already on the market
Caiwuwei represents Luohu district

Rental Level

Intensified rent pressure and strategic upgrades

In Q2 2025, the downward trend in rents for Shenzhen's Grade A office market deepened, with pressure becoming more pronounced. The citywide average effective rent fell to RMB 151.8 per sqm per month, reflecting an accelerated QoQ decline of 2.9% and marking three consecutive years of contraction. Amid fierce competition, property owners have significantly upgraded their strategies. Rather than merely adjusting prices, they are now offering more attractive leasing incentives, such as extended rent-free periods and and customized renovation packages. These incentives have increasingly become crucial factors in tenants' leasing decisions.

Fig 3: Shenzhen Grade-A office rental trend



Source: Knight Frank Research

This quarter, all submarkets recorded QoQ rent declines, though the extent varied sharply. The Chegongmiao submarket led the city with an 8.3% plunge, driven by a sustained tenant outflows and aggressive rent strategies by owners to retain occupancy. Qianhai followed with a 4.5% decline, as some projects—particularly new developments—adopted more flexible pricing and high-intensity incentives like customized renovations packages to accelerate absorption and boost occupancy rates, intensifying price competition in the area. In contrast, the Shekou and Bao'an submarkets experienced milder rent corrections. Bao'an, leveraging its locational advantages and more attractive rent levels, continued to draw price-sensitive tenants. Additionally, a temporary pause from Joint Statement on U.S.- China Economic and Trade Meeting in Geneva provided short-term support to cross-border e-commerce demand, offering some resilience to Bao'an's leasing market and partially cushioning rental pressures.

Looking ahead to Q3, Shenzhen's Grade A office market is expected to see over 300,000 sqm of new supply delivered. Coinciding with the traditional leasing peak season, property owners are likely to adopt more flexible leasing strategies and proactive incentive packages to capitalize on the leasing window and navigate the highly competitive environment. Against this backdrop, the citywide average rent is projected to continue its downward trend, with the QoQ decline expected to remain around the current level of 2.9%.

Table 1: Major Shenzhen Grade-A office sub-market indicators, Q2 2025

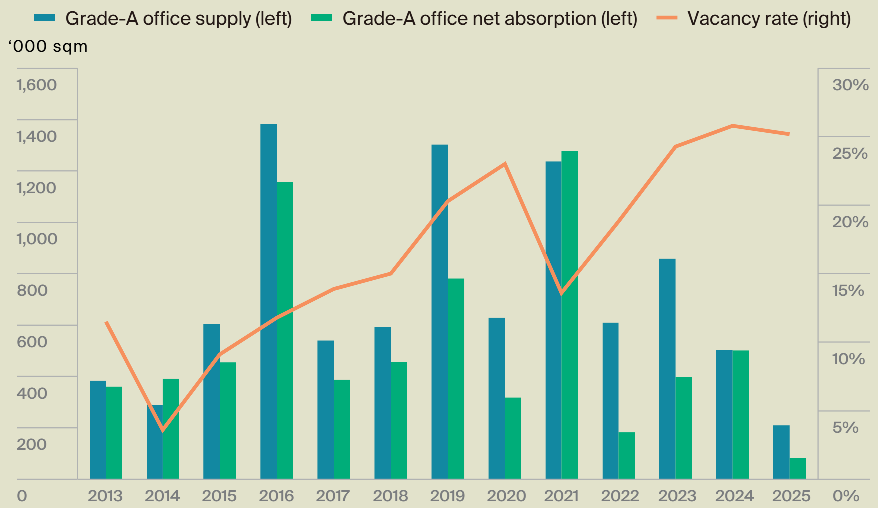
Submarket	Rent (RMB / sqm / month)	Rental % changes (QoQ)	Vacancy Rate	Vacancy rate percentage change (QoQ)
Luohu	125.0	↓1.8%	30.0%	↓1.8%
Futian CBD	182.1	↓2.4%	18.0%	↑2.8%
Futian-Chegongmiao	147.5	↓8.3%	28.3%	↓1.7%
Nanshan- High-tech Park	134.6	↓3.0%	16.1%	↑2.4%
Nanshan- Houhai	175.2	↓1.7%	29.2%	↓3.8%
Nanshan- Shekou	159.6	0.0%	41.3%	↑4.3%
Nanshan- Qianhai	133.1	↓4.5%	35.4%	↑0.8%
Bao'an CBD	131.0	↓0.9%	25.6%	↓5.7%

Source: Knight Frank Research
Note: Owing to database adjustments, some data may be different, specific values are based on Q2

Supply and Demand

Demand recovery stabilizes amid looming supply challenges

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



Source: Knight Frank Research
The supply and net absorption of Grade A office space in 2025 is accumulated
The 2025 vacancy rate is for Q2

In Q2 2025, Shenzhen's Grade A office market witnessed a steady recovery in leasing demand as anticipated. The only new supply was the Ping An Credit Card Center, introducing 114,000 sqm and reflecting a structured release on the supply side. Concurrently, corporate office demand rebounded significantly, driving net absorption to 135,000 sqm, marking a notable growth both by QoQ and YoY. This robust absorption effectively digested the new supply, reducing the citywide vacancy rate by 0.5 percentage points to 25.2%, signaling a phase of stabilization.

From a demand structure perspective, the TMT sector led with 38.9% of leasing transactions, reclaiming its position as the primary demand driver. Key subsectors included software development, new energy batteries, and semiconductors, highlighting the expansion needs of tech innovation and advanced manufacturing. The professional services followed with 22.7%, supported by steady demand from law firms and livestream marketing consultancies, with emerging growth in exhibition services and pet healthcare. The financial sector contributed 14.2%, with life insurance firms being particularly active.

Tenant behavior exhibited distinct patterns. Relocation dominated at 59.6%, with a striking 74% of relocators upgrading to higher-quality buildings, reflecting a widespread "Flight-to-quality" strategy. Regional mobility analysis revealed a citywide median intra-district relocation rate of 61.1%. Tenants in Nanshan district and Qianhai submarket showed a pronounced preference for staying within their areas (63.8%), with High-tech Park and Qianwan as primary destinations. In contrast, Futian's tenant retention rate was only 28.1%, indicating significant outflow pressure from the core business district. Additionally, new leasing demand surged to 34.2%, driven by subsidiaries of TMT giants and branch setups by state-owned energy enterprises. Notably, expansion activity consistently outpaced downsizing, highlighting strategic counter-cyclical asset allocation by select occupiers.

Looking ahead to Q3 2025, the market is poised for sustained momentum in leasing activity, with net absorption expected to remain above 100,000 sqm and viewing volumes projected to grow significantly by QoQ. However, supply-side pressure will intensify, as over 300,000 sqm of new projects are slated for delivery in Qianhai and Houhai. This supply surge is likely to push vacancy rates higher, keeping the market in a phase of digesting new supply and seeking a new equilibrium.

Table 2: Major Shenzhen Grade-A office leasing transactions, Q2 2025

District	Building	Tenant	Area (sqm)	Transaction Type
Nanshan	Gemdale Viseen Tower	Huawei Harmony Department	10,000	New Lease
Bao'an	Satcom Building	GEM	6,000	Relocation
Nanshan	Xinyi Qianhai Building	China Merchants Life Insurance	5,500	Relocation
Nanshan	C Future City	Renpho	4,000	Relocation
Nanshan	Microsoft Comtech Building	JCMA	3,000	Relocation
Nanshan	Xiangjiang Financial Center	Bytter	2,300	Relocation
Futian	Rongchao Building	SGLA Law Firm	2,000	Expansion
Futian	Plantium Towers	New Ruipeng Pet Healcare Group	1,800	Relocation

Source: Knight Frank Research

Note: all transactions are subject to confirmation

Investment Market

Value reconstruction driven by industrial capital

In Q2 2025, Shenzhen Grade-A office investment market witnessed a notable en-bloc transaction: Aier Eye Hospital Group acquired a 60% equity stake and specific claims in Shenzhen Guangzheng Digital Technology Co., Ltd. for approximately RMB 650 million. The core asset of this deal is the Guang Sheng Technology Tower, translating to a unit price of RMB 12,029 per sqm. Once finalized, this building will serve as a long-term, self-use medical hub for Shenzhen Binhai Aier.

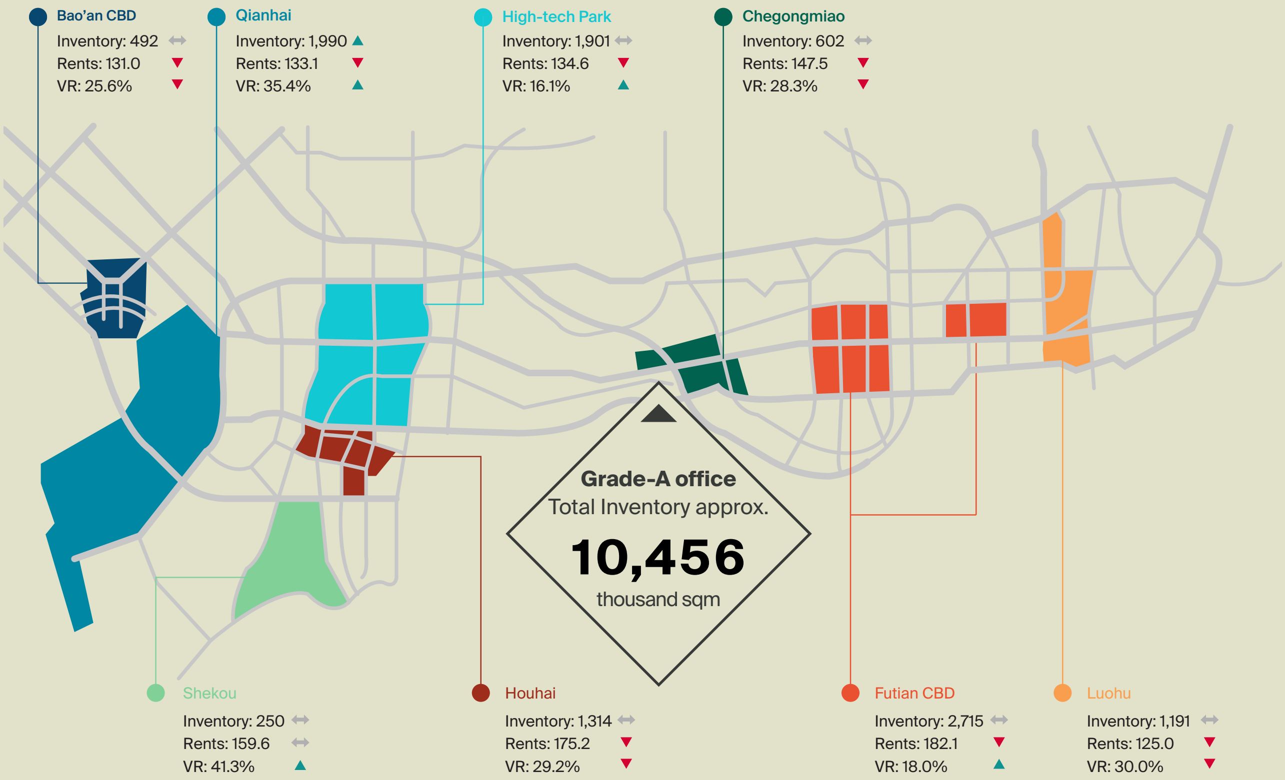
The Guang Sheng Technology Tower is in the heart of Nanshan District's High-tech Park, with a gross floor area of approximately 54,000 sqm (23 above-ground floors for commercial and office space, and 4 underground levels for parking). This acquisition completes Aier Eye Hospital's consolidation of Guangsheng Digital's equity interests. Back in April 2023, Shenzhen Liangshi—a wholly-owned subsidiary indirectly controlled by Aier—had already secured a 40% equity stake in Guangsheng Digital for RMB 8.81 million. With this latest move, Aier has gained direct control of 60% and leveraged indirect influence over related entities, achieving full ownership of the target company and complete integration of the property.

The en-bloc transaction market has now entered a phase where "operational value" takes the lead, with self-use buyers—particularly those backed by industrial capital—are set to outpace financial investors as the dominant players. On the financial front, opting to "buy rather than rent" secures long-term cost stability, shields against volatile office rental rates, and uses depreciation and amortization to streamline tax burdens while boosting mortgage financing options for greater capital flexibility. From an asset allocation perspective, prime-location properties that outperform average market returns carry a hefty risk premium, positioning them as potential "anchors" to weather economic cycles. At the industrial synergy level, snapping up assets via equity deals broadens a company's operational scope, diversifies its business footprint, and aligns seamlessly with growth ambitions, unlocking multiple layers of industrial empowerment.

Looking ahead, self-use buyers with operational synergy and asset-reconfiguration capabilities will dominate this market. By integrating resources and redefining property purposes, they will unlock the latent potential of core-area assets. As this trend unfolds, the focus of transactions will shift from pure property pricing to a richer mix of returns driven by operational upside, location advantages, and functional enhancements.

Shenzhen Grade-A office market dashboard Q2 2025

Shenzhen 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

Owing to database adjustments, some data may be different, specific values are based on Q2

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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