Shenzhen Grade-A Office Market Report

Q3 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

Pressure persists and price discovery continues amid intensifying structural competition

In Q3 2025, Shenzhen's Grade-A office market remained in a correction phase. Rents continued to decline, new supply was released in clusters, and absorption momentum softened. The citywide average effective rent fell to RMB 148.4/sqm/month, down 2.2% QoQ. Although the rate of decline narrowed slightly from the previous quarter, it still reflects a clear downtrend, reflecting ongoing price concessions from landlords to support leasing. New supply surged approximately 219,000 sqm—the highest quarterly addition year-to-date—while net absorption was only 68,000 sqm. The widened supply–demand gap pushed the citywide vacancy rate up to 26.1%, an increase of 0.9 percentage points QoQ.

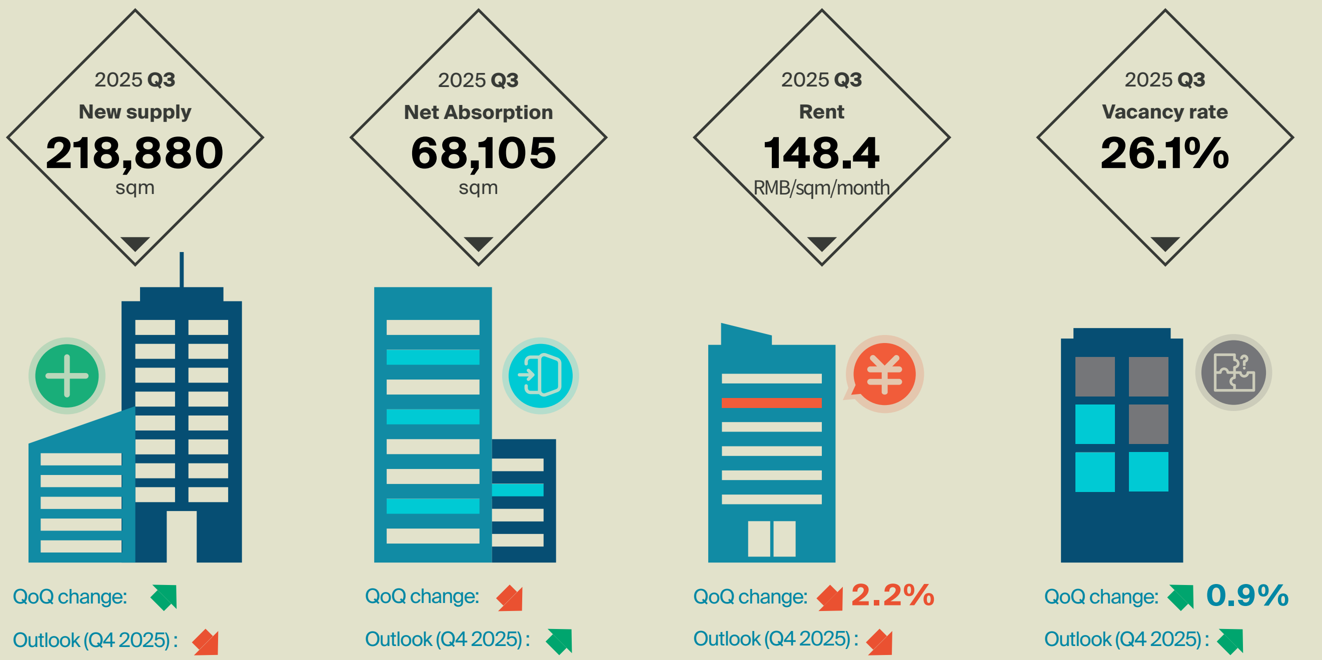
Across submarkets, rental cuts remained prevalent. Bao'an led the declines (-5.8% QoQ) amid rent reductions by cross-border e-commerce tenants and proactive repricing by landlords. Chegongmiao and Futian fell 3.9% and 3.5%, respectively, amid intensified local competition. Nanshan was comparatively resilient, with core precincts such as Hi-Tech Park, Qianhai, and Shekou generally keeping declines within 2%. Overall, pricing games intensified and the downward pressure on rents persisted.

Demand continued to contract. The TMT dominated with a 52.0% share, driven mainly by internet platforms and software developers. Professional services accounted for 21.3%, supported by digital marketing and go-global advisory. Healthcare ranked third, with online medical services particularly active. Corporate leasing strategies remained conservative: relocations covered 77.0% of deals, while upgrade relocations fell to 31.3%, indicating a preference for flight-to-quality upgrades or modest cost reductions. Renewals represented 10.9%, whereas new leases and expansions were just 6.6% and 4.0%, respectively—signaling subdued market activity.

Investment activity remained muted, with only one notable en-bloc transaction: China Merchants Shekou transferred CM Property Operation Building to China Merchants Energy Shipping for RMB 716 million, implying a unit price of RMB 21,607/sqm. The deal reflects intragroup asset reallocation aimed at recouping cash and optimizing the balance sheet. Overall liquidity stayed low, with owner-occupiers and strategic/industrial capital as the main buyers, while traditional financial and institutional investors largely stayed on the sidelines.

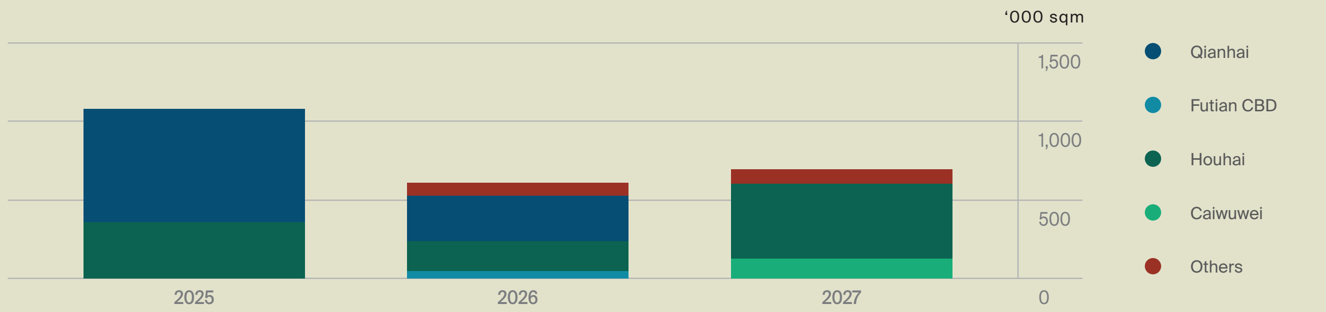
Looking ahead to Q4 2025, the market is expected to continue facing heavy supply, soft absorption, and downward rental pressure. Approximately 150,000 sqm of new supply is anticipated, and with rising macro uncertainty and cautious tenant decision-making, landlords are likely to combine pricing flexibility with lease incentives. The year-end leasing season may deliver a temporary improvement, with net absorption potentially rebounding above 100,000 sqm. Nevertheless, the broader downtrend will be hard to reverse, and citywide rents are expected to edge lower at a rate comparable to Q3. Stronger precincts (e.g., Nanshan Hi-Tech Park, Qianhai) should outperform due to solid industry bases and tenant stickiness, while Futian and Bao'an may experience sharper price competition.

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

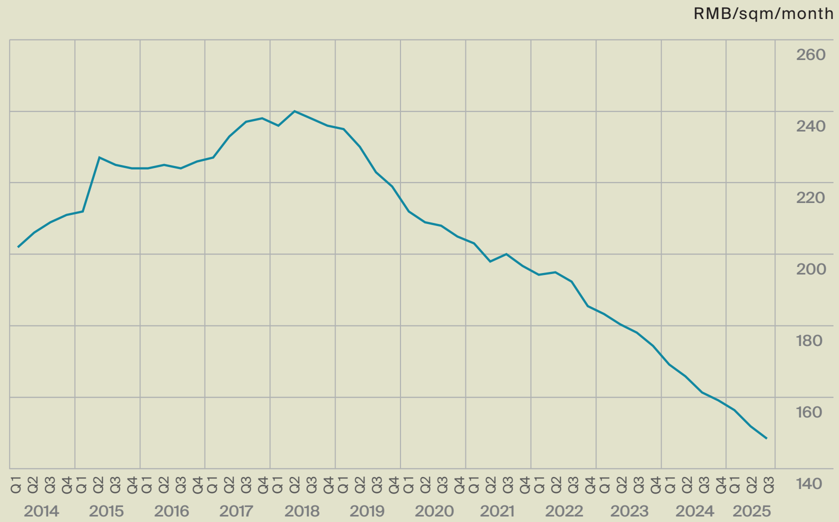
Rental Level

Rents continue to decline and pricing competition intensifies

In Q3 2025, citywide average effective rent fell further to RMB 148.4/sq m/month (-2.2% QoQ), a 0.7-ppt narrowing from the prior quarter's decline. While the downtrend persisted, the pace of adjustment moderated as landlords adopted more targeted leasing strategies to stabilize occupancies in a more competitive landscape.

By submarket, Bao'an posted the steepest QoQ drop at 5.8%, driven by proactive repricing and enhanced incentives at benchmark assets. Lingering US-China uncertainties also weighed on cross-border e-commerce expansion, prompting elevated rent reductions and surrenders activity, which pulled down achieved pricing. Chegongmiao followed (-3.9% QoQ) as older projects offered deeper concessions. Futian (-3.5% QoQ) was pressured by Nanshan's "magnet effect" and flexible pricing at new deliveries. In contrast, Nanshan remained relatively stable—rents in Tech Park, Qianhai and Houhai mostly slipped within 2%—reflecting strong tenant stickiness among core corporates.

Fig 3: Shenzhen Grade-A office rental trend



Source: Knight Frank Research

Looking ahead to Q4, concentrated new supply coupled with subdued demand is expected to keep rental pricing under pressure. Landlords are likely to continue deploying a toolkit of "price adjustments + longer lease terms + rent-free periods" to attract occupiers. Citywiderents are likely to edge down further, with QoQ declines similar to those seen in Q3.

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

Submarket	Rent (RMB / sqm / month)	Rental % changes (QoQ)	Vacancy Rate	Vacancy rate percentage change (QoQ)
Luohu	122.8	↓1.8%	28.4%	↓1.6%
Futian CBD	175.7	↓3.5%	18.5%	↑0.5%
Futian-Chegongmiao	141.7	↓3.9%	24.5%	↓3.8%
Nanshan- High-tech Park	132.3	↓1.7%	15.9%	↓0.2%
Nanshan- Houhai	173.8	↓0.8%	36.2%	↑7.0%
Nanshan- Shekou	156.2	↓2.1%	34.8%	↓6.5%
Nanshan- Qianhai	131.2	↓1.4%	36.5%	↑1.1%
Bao'an CBD	123.4	↓5.8%	26.9%	↑1.3%

Source: Knight Frank Research

Note: Owing to database adjustments, some data may be different, specific values are based on Q3

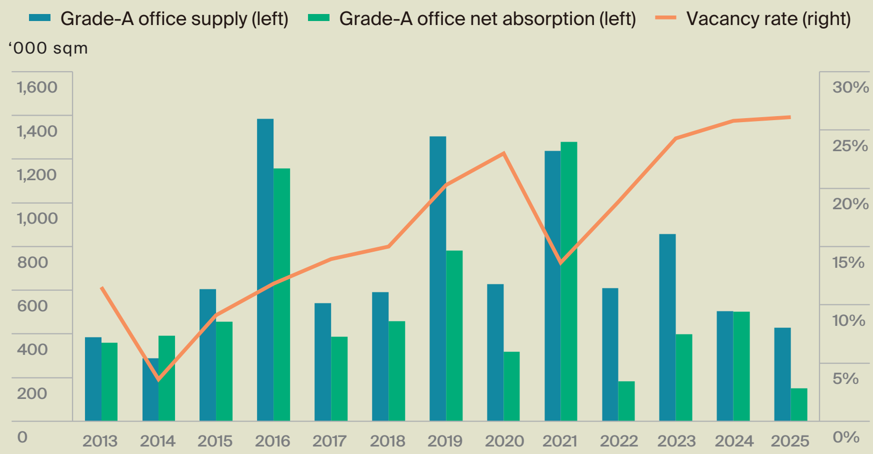
Supply and Demand

New supply surged while softer take-up widened the supply–demand imbalance

This quarter saw a spike in new Grade-A supply as Dajia Financial Centre, Skyworth Overseas HQ Tower and TruValue Asset Headquarter Building were delivered, totaling about 219,000 sqm—the year's peak. In contrast, leasing demand slowed notably, with net absorption retreating to 68,000 sqm, re-exposing the structural oversupply.

By sector, TMT maintained leadership with 52.0% of transactions—driven by internet platforms and software developers, with cloud computing and points-based e-commerce particularly active. Professional services ranked second at 21.3%, focused on digital marketing, outbound advisory and brand-management services. Notably, private-domain operations tool providers and mini-drama producers were active, reflecting diversified marketing models and accelerated content internationalization. Healthcare overtook finance to third place, led by online-medical platforms and innovative med-tech expansion. In sum, digital platforms/development, content-to-overseas, and internet healthcare were the three key demand engines this quarter, with rising sectoral concentration and continued tilt toward new-economy and innovation services.

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 Q3

By deal type, relocations strengthened their dominance at 77.0%, yet the share of "upgrade relocations" fell to 31.3% QoQ, highlighting tighter cost control and a greater tilt toward "like-for-like improvement" or mild downgrades. Renewals accounted for 10.9%, supported by landlord pricing and term optimization. New-to-market and expansion deals were 6.6% and 4.0%, both weaker, indicating to limited incremental demand and reduced market activity. Intra-area churn was evident within Qianhai and Tech Park, suggesting strong location stickiness; Futian's tenant retention rate fell to 22.5% amid intensifying competition and siphoning effects.

Looking ahead to Q4, year-end "needs-driven" activity could bring a temporary improvement, with citywide net absorption likely to climb back above 100,000 sqm. However, roughly 150,000 sqm of new supply across Qianhai and Houhai will likely push vacancy higher and intensify competition among Landlords.

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

District	Building	Tenant	Area (sqm)	Transaction Type
Nanshan	Shenzhen International Innovation Center	Amazon	15,000	Relocation
Bao'an	China Venture Capital Building	Codemao	10,000	Relocation
Nanshan	CSCEC Steel Structure Tower	JD Health	5,000	Relocation
Nanshan	Upperhills	Goldfields Bank	3,000	Relocation
Nanshan	Chow Tai Fook Finance Tower	Beyond Infinity Technology	2,800	Relocation
Nanshan	C Future City	Cheng Chung Design	2,200	Relocation
Futian	Dinghe Tower	Philip Morris	2,000	Renewal
Futian	East Pacific International Center	Linking Pharma	2,000	Relocation

Source: Knight Frank Research

Note: all transactions are subject to confirmation

Investment Market

En-bloc momentum cooled while cash recovery and portfolio optimization dominated

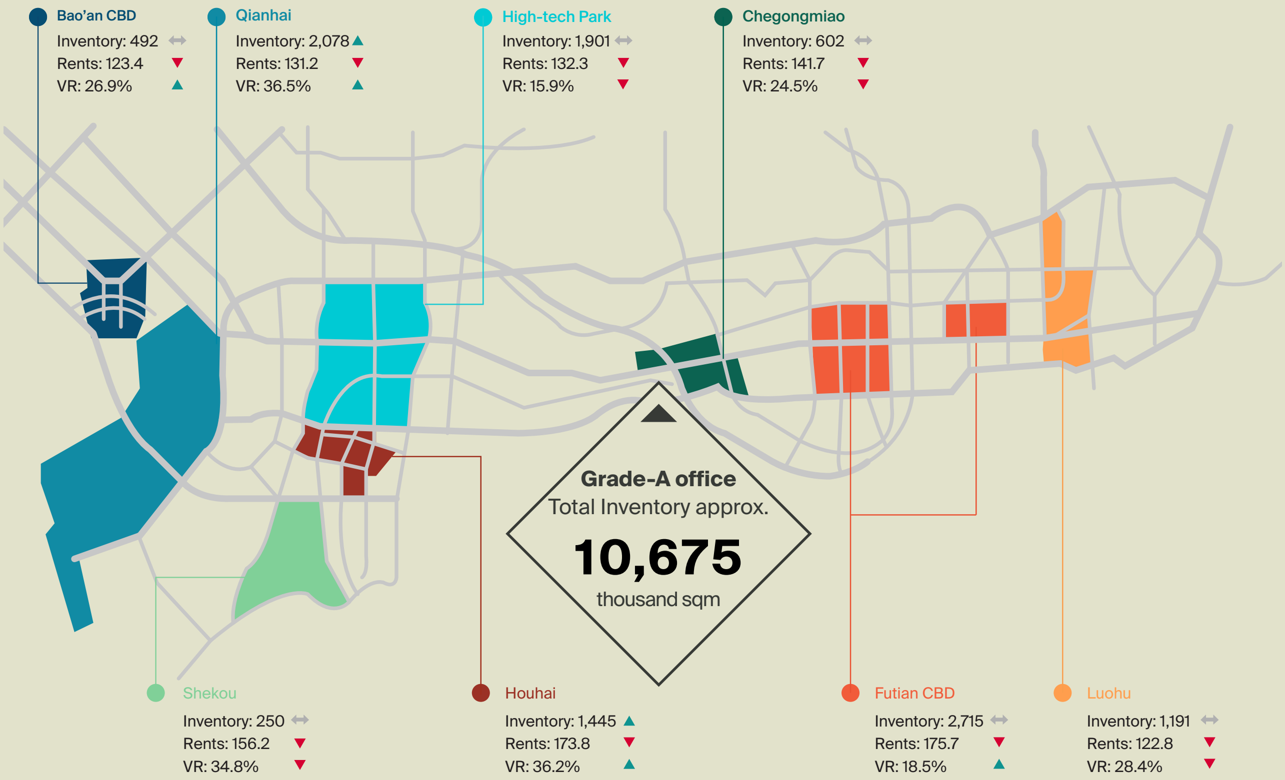
In Q3 2025, only one notable transaction was recorded: China Merchants Shekou sold CM Property Operation Building (Nanshan, Prince Bay core) to China Merchants Energy Shipping for RMB 716 million, implying a unit price of RMB 21,607/sqm.The deal was an intragroup adjustment.

The sale brought RMB 716 million cash inflow to CM Shekou, helping de-risk the balance sheet and enhance liquidity. Given the target company posted a RMB 1.12 million net loss in H1 2025, the disposal sheds a low-yield asset, aligning with the group's 'asset reorganization – funding optimization – core-business focus' strategy.

Overall, Shenzhen's en-bloc market remained low-liquidity, with multiple office assets failing at judicial auctions. Buyers skewed toward self-use and industrial/strategic capital, while investment logic shifted from short-term returns to long-term value preservation and structural optimization. Intragroup adjustments and industry-chain consolidation are expected to dominate, keeping overall volumes measured and contained.

Shenzhen Grade-A office market dashboard Q3 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 Q3

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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