Shenzhen Grade-A Office Market Report

Q4 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

Market stabilization continues, recovery pace hinges on macroeconomic and confidence shifts

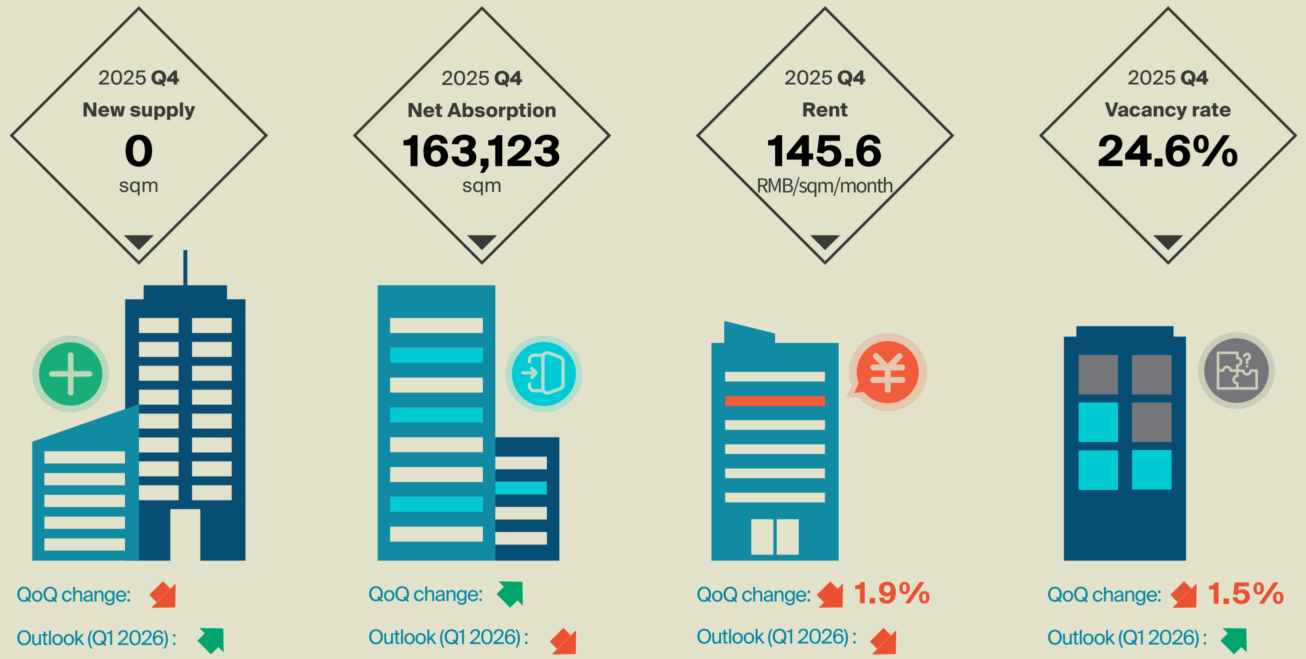
In Q4 2025, Shenzhen's Grade A office market continued to exhibit the dual pattern of "recovering absorption amid sustained rental pressure." Year-end concentrated lease signings drove net absorption to 163,123 sqm—the highest quarterly level of the year—while zero new supply in the quarter contributed to a citywide vacancy rate decline of 1.5 percentage points QoQ, reaching 24.6%. Despite this improvement, rents remained under downward pressure. The citywide average net effective rent fell to RMB 145.6 per sqm per month, down 1.9% QoQ. Although the rate of decline narrowed by 0.3 percentage points compared to the previous quarter, indicating marginal easing in price adjustments, there are still no definitive factors to support a stabilization of rents.

On the demand side, the rebound appears more cyclical than structural. By industry, TMT (47.9%) and financial services (25.9%) together accounted for over 70% of total transactions. Within the technology sector, companies in AI, cross-border e-commerce, and cybersecurity continued selective expansion. Trade and retail ranked third at 12.5%, reflecting newly lease office demand linked to consumption-driven businesses. Over the full year, relocations (54.2%) remained the dominant transaction type, as corporates preferred cost control via relocation, consolidation, and space optimization, while expansion-driven leases declined.

The investment market continued a cautious recovery, with owner-occupiers as the main force. Total en-bloc transaction volume reached RMB 8.67 billion for the year, reflecting a prudent corporate approach amid ongoing asset revaluation cycles.

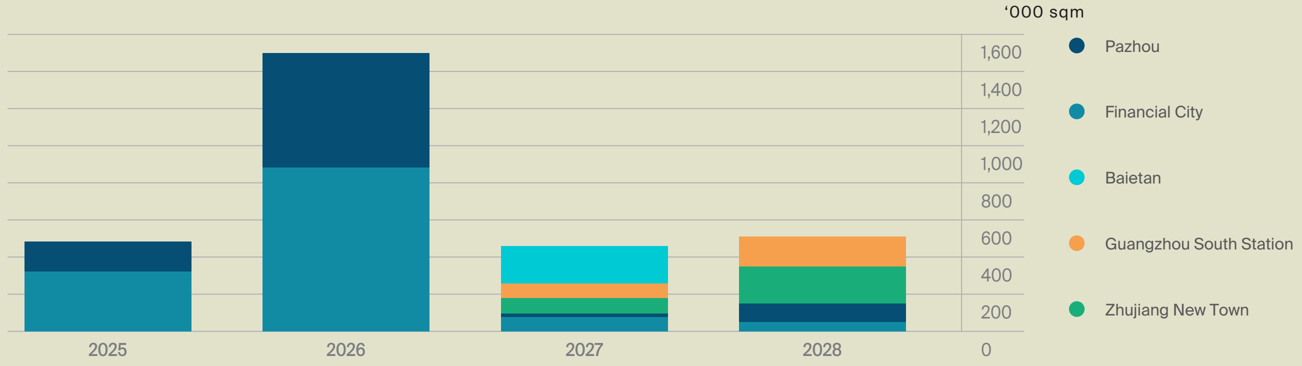
Looking ahead to 2026, market fluctuations will continue to be primarily shaped by supply volumes and timing of new supply deliveries. Total new supply is projected to exceed 1.04 million sqm, with Qianhai and Shenzhen Headquarter Base serving as the primary areas for new project deliveries. During periods of concentrated supply delivery, upward pressure on vacancy and downward pressure on rents is likely to be more pronounced in 1H 2026. 2H performance will depend on macroeconomic trends, corporate earnings expectations, and capital flows. Should corporate confidence recover, leasing demand may gradually improve; conversely, sustained uncertainty could extend the period of market bottoming. Overall, rental volatility is expected to moderate, but adjustment pace will continue to diverge across segments. Emerging areas, supported by favorable industry and policy factors, are likely to remain relatively active, whereas traditional business districts will continue to focus on rent stabilization.

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, 2025-2028



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

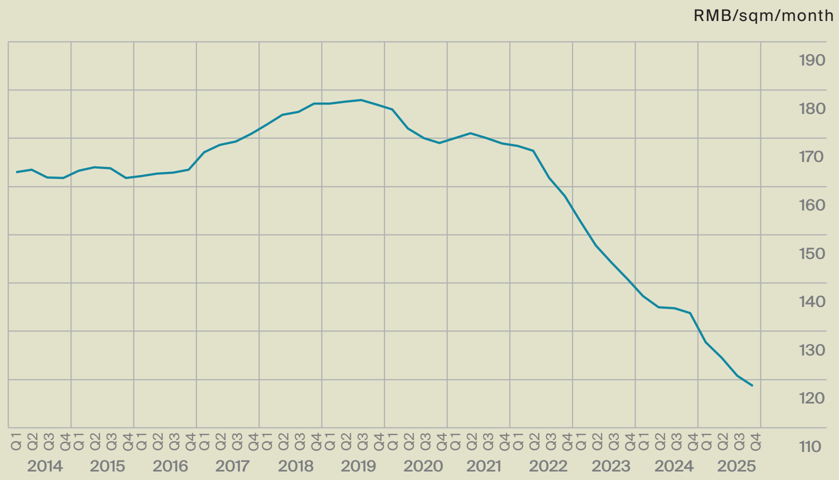
Rental Level

Slowdown in rental decline; Landlords turn to internal restructuring to mitigate pressures

In Q4, the citywide average net effective rent for Grade A offices fell to RMB 145.6 per sqm per month, marking a 1.9% QoQ decline—0.3 percentage points narrower than the contraction recorded in the previous quarter. Over the year, rents remained on a sustained downward trajectory, indicating that current rent levels are primarily driven by supply and competitive dynamics rather than short-term transaction spikes. Landlords are increasingly shifting pricing strategies from broad-based concessions to targeted, absorption-driven incentives, including more flexible rent-free periods and customized lease terms, in exchange for occupancy levels aligned with expectations.

By submarket, Qianhai and Bao'an experienced the largest declines, with rents down 3.4% and 3.2% QoQ respectively, remaining among the areas with the steepest adjustments. Futian CBD and High Tech Park recorded more moderate declines of approximately 2.0%, with landlords maintaining aggressive concessionary strategies to attract tenants. In contrast, Luohu and Houhai exhibited relative stability. Notably, in Q4 several buildings in Qianhai and Shekou saw landlords partially offset vacancy pressures through internal office relocations, subsidiary backfills, and space consolidation, temporarily alleviating absorption pressure and helping limit further rapid rent declines.

Fig 3: Shenzhen Grade-A office rental trend



Source: Knight Frank Research

Looking ahead to Q1 2026, if projects postponed from 2025 are brought to market, rents may continue to face short-term downward pressure. With high levels of new supply expected throughout the year, rents are likely to follow a trajectory of "moderating volatility but remaining weak." Whether a more definitive stabilization signal emerges will depend on the extent to which demand shifts beyond relocations and internal consolidation toward larger-scale, newly established, and expansion-driven leasing activity.

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

Submarket	Rent (RMB / sqm / month)	Rental % changes (QoQ)	Vacancy Rate	Vacancy rate percentage change (QoQ)
Luohu	122.0	↓0.7%	29.3%	↑0.9%
Futian CBD	172.1	↓2.0%	17.7%	↓0.8%
Futian-Chegongmiao	140.0	↓1.2%	24.8%	↑0.3%
Nanshan- High-tech Park	129.7	↓2.0%	14.8%	↓1.1%
Nanshan- Houhai	173.3	↓0.3%	33.2%	↓3.0%
Nanshan- Shekou	151.8	↓2.8%	27.2%	↓7.6%
Nanshan- Qianhai	126.7	↓3.4%	32.9%	↓3.6%
Bao'an CBD	119.5	↓3.2%	27.6%	↑0.7%

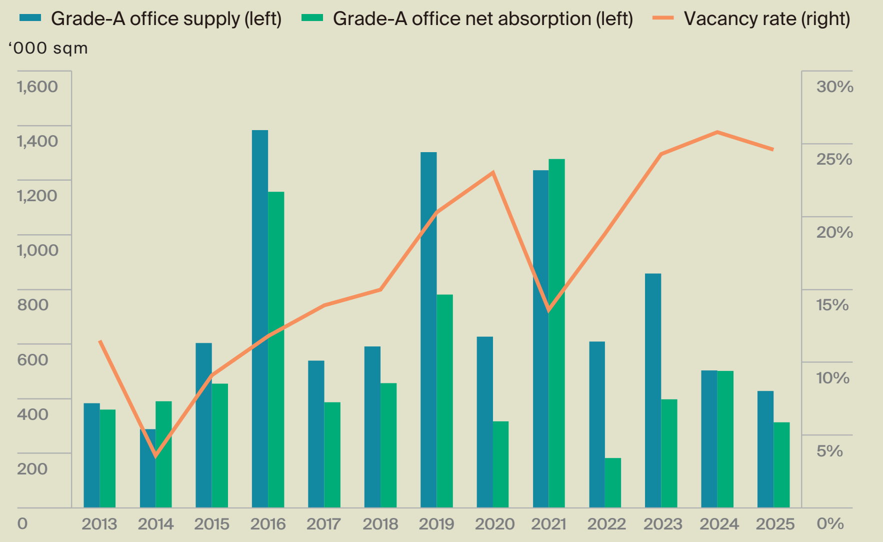
Source: Knight Frank Research
Note: Owing to database adjustments, some data may be different, specific values are based on Q4

Supply and Demand

Moderate demand recovery, Supply–demand imbalance yet to be resolved

In Q4 2025, Shenzhen's Grade A office market recorded no new supply, primarily due to delays in project deliveries. The temporary pause in supply, combined with a year-end release of pent-up demand, lifted net absorption to 163,123 sqm. From a full-year perspective, however, the market continued to exhibit a "mutually weak supply and demand" pattern. New supply for 2025 totaled approximately 429,000 sqm, while net absorption reached about 314,000 sqm—both near the lower end of the past decade's range. This indicates that the improvement in absorption was driven more from cyclical rhythmic shifts rather than a broad-based demand upturn.

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 Q4

In terms of quarterly leasing composition, TMT, financial services, and trade & retail were the three largest sources of demand. TMT led with a 47.9% share, with activity concentrated in AI-enabled applications, cross-border e-commerce platforms, and cybersecurity. Financial services ranked second at 25.9%, supported mainly by cross-border payments, securities, and futures-related firms. Trade and retail rose to 12.5% of total transactions, driven primarily by companies in trendy consumer retail and food-related segments. By transaction type, relocations remained dominant (54.2%), while newly established demand accounted for 34.7%, with new entrants largely concentrated in TMT and financial services. From a submarket perspective, tenant outflows from Futian eased on a QoQ basis, lifting tenant retention rate to 66.7%. Qianhai continued to attract cross-district relocations, functioning more as a hub for accommodating relocation-driven absorption rather than relying solely on new expansion demand.

Looking at the full year, the core pillars of Shenzhen's office leasing demand remained TMT, professional services, and financial services. TMT continued to rank first, driven mainly by software developers and internet platform companies. Professional services placed second, with transactions concentrated in sub-segments such as marketing and branding. Financial services ranked third, with insurance-related occupiers particularly active. In terms of transaction structure, relocations remained the primary driver of leasing activity, with Luohu, Houhai, and Qianhai showing relatively higher tenant retention. Notably, the share of newly established demand declined YoY to 25.7%, underscoring corporates' cautious stance toward new setups and expansion.

Looking ahead to 2026, new supply is expected to exceed 1.04 million sqm. A number of projects have already entered extended pre-leasing phases during 2025, aiming to secure higher occupancy upon delivery. Even allowing for uncertainties such as higher owner-occupation ratios or a shift toward for-sale models due to operational pressures, the impact of incoming supply on market fundamentals will remain significant. In the first half of the year, concentrated completions are likely to drive a temporary rise in vacancy and continued rental concessions. Market performance in the second half will hinge on both the actual pace of supply delivery and whether demand can shifting from relocation-driven activity toward more sustained, expansion-led leasing.

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

District	Building	Tenant	Area (sqm)	Transaction Type
Futian	Dabaihui Plaza	Syholidings	5,000	Relocation
Qianhai	Qianhai Hengchang Building	Xtransfer	3,400	Relocation
Nanshan	Lenovo Houhai Center	Mercado Libre	2,800	New Setup
Qianhai	Qianhai Chow Tai Fook Finance Centre	Letsvan	2,800	Relocation
Qianhai	Qianhai Kerry Centre	Willand	2,500	Relocation
Nanshan	China Resources Tower	Guosheng Securities	2,400	New Setup
Qianhai	Qianhai Chow Tai Fook Finance Centre	Profound Investment	1,000	Renewal
Qianhai	Qianhai Chow Tai Fook Finance Centre	Shenzhen Feida Chef Catering Management	1,000	New Setup

Source: Knight Frank Research

Note: all transactions are subject to confirmation

Investment Market

Owner-Occupiers in the lead, a cautious market recovery

In Q4 2025, Shenzhen's office investment market remained broadly stable, with only one en-bloc transaction recorded during the quarter. Fortior Tech acquired the entire Runrong Building for approximately RMB 710 million, to be used primarily for R&D and owner-occupation. The transaction implied a unit price of around RMB 28,258 per sqm.

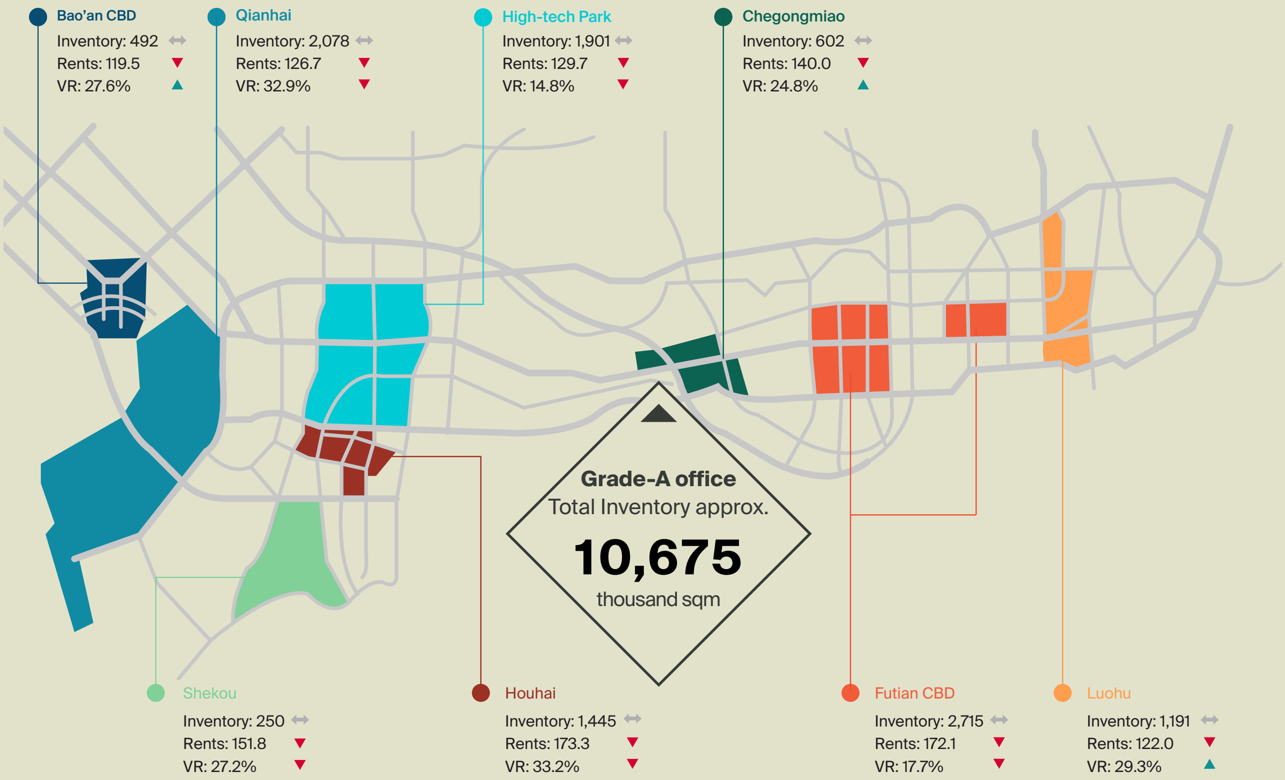
For the full year, total office en-bloc transaction volume in Shenzhen reached approximately RMB 8.67 billion, representing a notable YoY increase. This reflects a measured recovery from a low valuation base rather than a broad-based rebound in investor sentiment.

Owner-occupiers dominated transaction activity throughout the year, while investment-led deals remained limited. Against a backdrop of continued rental declines and easing financing costs, corporates increasingly favored owning office assets to lock in long-term occupancy costs and optimising balance-sheet structures. At the same time, some owners divested non-core assets to alleviate debt pressure, contributing to a gradual downward adjustment in market valuations. Overall, capital allocation remained defensive, with buyers placing greater emphasis on price discounts and certainty around lease structures and cashflows.

Looking ahead to 2026, transaction momentum will continue hinging on financing conditions, pricing expectations, and the trajectory of rents and vacancy rates. In the near term, en-bloc activity is likely to remain concentrated in owner-occupier acquisitions and opportunistic strategies low-entry pricing . A broader return of institutional capital will depend on clearer signals of absorption, cashflow stabilization, and the re-anchoring of market valuations.

Shenzhen Grade-A office market dashboard Q4 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 Q4

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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