

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
17.16% Vacancy Rate	▼	▼
13.68M Stock, sqm	▲	▲
¥227.22 Rent (PSM/MO) <small>(Property of GRADE A)</small>	▼	▼

Source: Cushman & Wakefield Research

ECONOMIC INDICATORS

Q4 2024	Q3 2024	12-Month Forecast
5.2% GDP Growth	5.1%	—
5.1% Tertiary Sector Growth	5.1%	—
0.1% CPI Growth	0.1%	▲
-10.6% Real Estate Development & Investment Growth	-4.5%	▲

Source: Beijing Statistics Bureau / Moody's Analytics / Cushman & Wakefield Research

LEASING TRANSACTION TRENDS RELATIVELY POSITIVE

No new supply entered the Beijing office market in Q1 2025, with total Grade A office stock unchanged at 13.68 million sq m. Landlords continued to adopt aggressive leasing strategies and value-added services to drive occupancy and reduce operational pressures in the quarter, including further rent reductions, longer rent-free periods, fit out services and high-quality facilities. As a result, the overall average rental level continued to decline. The citywide average rental level dropped 7.2% q-o-q to RMB227.2 per sq m per month, and the five core submarkets retreated 8.7% q-o-q to RMB264.4 per sq m per month. The downwards rental adjustment prompted non-Grade A office tenants to pursue upgrade moves, while also attracting tenants with large space requirements to take the opportunity for relocation and expansion, bolstering overall Grade A office market destocking. Such relocation strategies pushed quarterly citywide net absorption to 154,073 sq m, with the five core submarkets recording 114,613 sq m. The overall vacancy rate dropped 1.1 percentage points y-o-y to record 17.2%, with the core submarkets falling 2.3 pp y-o-y to 10.8%.

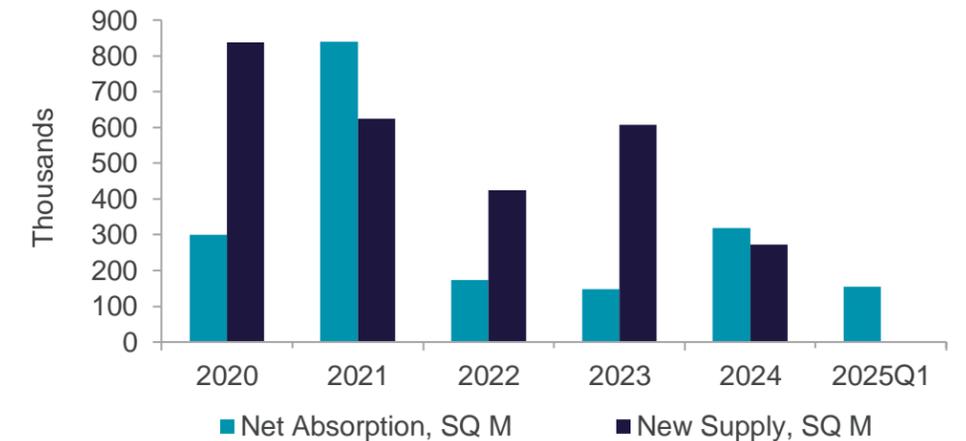
RENEWALS PREVALENT IN LEASING ACTIVITY

In terms of lease transaction type, renewals were prevalent in Q1, taking a 45.9% share of total transactions by area. For new leases and relocations, the TMT, finance, and professional services sectors accounted for 38.7%, 41.2%, and 10.1% of total new setup transactions by area, respectively. In the TMT sector, specialized, high-end and innovation-driven SMEs were most notable. In the finance sector, investment banks and securities companies remained active. In the professional services sector, law firms were most visible.

HI-TECH INDUSTRY MAINTAINS MOMENTUM

Ahead, 1.98 million sq m of new supply is scheduled to enter the market by the end of 2028, of which 30,000 sq m will complete in 2025. In the coming year, the limited new supply, coupled with a gradually warming market, should pull the vacancy rate further downwards. However, in the short-term, cost reductions and improved efficiencies, and trimming rents to spur occupancy, will remain the main objectives for tenants and landlords, and we expect the overall rental level to continue to soften. In the Beijing Government Work Report concluded in January, "Developing high-end, precision, and cutting-edge industries to create key drivers of new quality productive forces" was stated as one of the key tasks. In the future, enterprises in the humanoid robotic, commercial aerospace, bio-manufacturing, new materials and future energy sectors are expected to generate further demand in the Beijing office leasing market.

OVERALL GRADE A DEMAND / NEW SUPPLY



OVERALL GRADE A RENT & VACANCY RATE



MARKET STATISTICS

SUBMARKET	INVENTORY (SQ M)	OVERALL VACANCY (SQ M)	OVERALL VACANCY RATE	PLANNED & UNDER CONSTRUCTION (2025Q2 - 2028) (SQ M)	GRADE A EFFECTIVE RENT		
					RMB/SQ M/MO	US\$/SF/MO	EUR/SF/MO
CBD	3,217,236	392,342	12.19%	1,004,000	¥257.06	US\$3.29	€ 3.04
Financial Street	1,637,800	79,471	4.85%	57,800	¥364.95	US\$4.68	€ 4.31
Lufthansa	1,014,410	181,500	17.89%		¥209.39	US\$2.68	€ 2.47
East 2nd Ring Road	1,516,110	172,688	11.39%		¥228.36	US\$2.93	€ 2.70
Zhongguancun	1,301,972	113,207	8.70%		¥280.25	US\$3.59	€ 3.31
WangJing-Jiuxianqiao	922,342	213,836	23.18%	387,000	¥173.57	US\$2.22	€ 2.05
Olympic Games Village (OGV)	1,169,884	230,674	19.72%	33,000	¥239.36	US\$3.07	€ 2.83
Beijing Development Area (BDA)	614,648	125,448	20.41%	0	¥84.75	US\$1.09	€ 1.00
Li'ze Financial Business District	1,255,676	372,934	29.70%	156,500	¥162.36	US\$2.08	€ 1.92
Others*	573,953	166,843	29.07%	0	¥215.53	US\$2.76	€ 2.55
BEIJING GRADE A CBD TOTAL	8,687,528	939,208	10.81%	1,061,800	¥264.36	US\$3.39	€ 3.12
BEIJING GRADE A SUBURBAN TOTAL	4,992,389	1,408,083	28.20%	921,500	¥173.34	US\$2.22	€ 2.05
BEIJING GRADE A OVERALL TOTAL	13,679,917	2,347,291	17.16%	1,983,300	¥227.22	US\$2.91	€ 2.69

*Other projects not classified in the above submarkets.

Effective Rent is calculated based on gross floor area and assuming a letting of mid floors for a typical three-year lease term with VAT and rent-free periods factored in.

Exchange Rate: 1USD = 7.248109 CNY = 0.92195437 EUR as of March 14th, 2025

KEY LEASE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	TENANT	SQ M	TYPE
China Overseas Plaza	CBD	Huatong Kaidu Insight (Beijing) Information Consulting Co., Ltd	2,096	Relocation
Global Trade Center	OGV	CICC WM	1,955	Renewal

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	DEVELOPER	SQ M	COMPLETION DATE
Polaris Plaza. Anzhen	OGV	Sino-Ocean Capital	33,000	2025Q2
Taikoo Place Beijing T1-T4	WangJing-Jiuxianqiao	China Life & Swire Properties	160,000	2026Q3
Zhaotai Financial Street	Financial Street	Zhaotai Group	57,800	2026Q3

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ABOUT CUSHMAN & WAKEFIELD

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