

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
16.87% Vacancy Rate	▼	▲
13.68M Stock, sqm	▲	▲
¥221.94 Rent (PSM/MO)	▼	—

(Property of GRADE A )  
Source: Cushman & Wakefield Research

ECONOMIC INDICATORS

Q1 2025	Q4 2024	12-Month Forecast
5.5% GDP Growth	5.2%	—
5.4% Tertiary Sector Growth	5.1%	—
-0.5% CPI Growth	0.1%	▲
-5.0% Real Estate Development & Investment Growth	-10.6%	▲

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

BEIJING OFFICE MARKET RENTAL DECLINE NARROWS

No new supply entered the Beijing office market in Q2, with total Grade A office stock unchanged at 13.68 million sq m. Lack of new leasing demand coupled with continuing lease surrenders and space downsizing resulted in weak leasing activity during Q2, with citywide quarterly net absorption at 39,677 sq m and the five core submarkets recorded at -3,984 sq m. However, large leasing deals in Q1 pushed up first-half 2025 citywide net absorption by 2.5% y-o-y to 193,749 sq m, and core submarket net absorption up 9.0% y-o-y to 110,629 sq m. The citywide and core submarket vacancy rates fell 1.4 and 1.3 percentage points compared to 2024Q4 to record 16.9% and 10.9%, respectively. After seven consecutive quarters of significant adjustments since 2H 2023, the overall rental level decline trend narrowed significantly in Q2. The citywide average rental level fell 2.3% q-o-q to RMB221.94 per sq m per month. In the five core submarkets, the average rental level dropped 2.6% q-o-q to RMB257.58 per sq m per month.

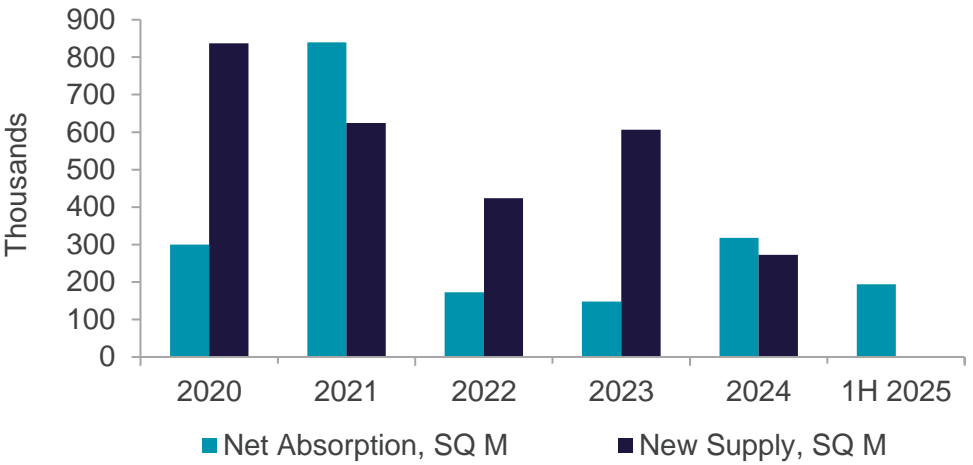
RENEWALS PREVALENT, TMT FIRMS DRIVE LEASING DEMAND

Landlords offered further incentives to retain existing tenants in Q2, with lease renewals taking a 29.2% share of total transactions by area. By industry sector, TMT firms took a 55% share of total leased area, bolstered by many new leases from AI and telecommunication companies. The professional services sector accounted for 13.1% of total leased area, supported by strong performance from law firms. The financial industry also continued to rank in the top three with a 10.9% share of total leased area. Notably, the retail sector ranked fourth with an 8.5% share of total lease transaction area, with favorable pro-consumption policies boosting demand.

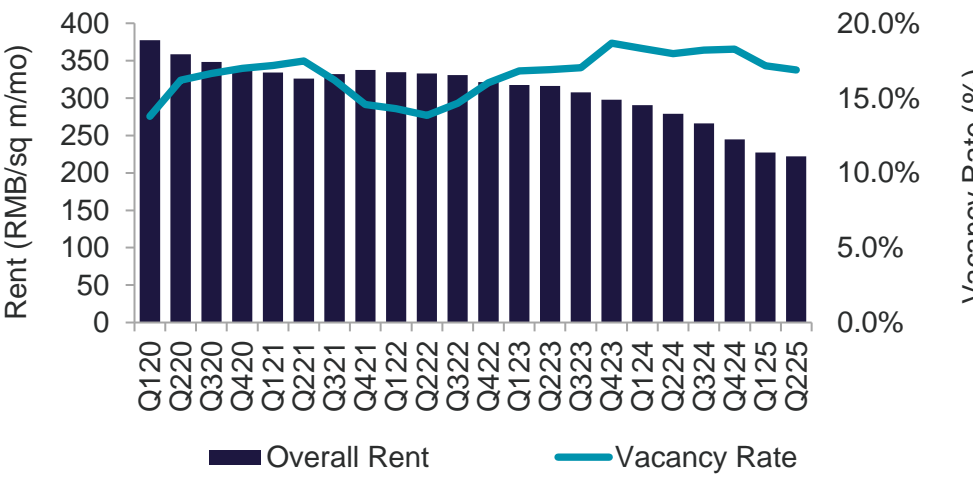
OFFICE MARKET RENTAL LEVELS EXPECTED TO STABILIZE IN 2025

No new supply is scheduled to enter the Beijing Grade A office market in 2H 2025. We expect the market to continue to digest existing stock, in turn further pulling the overall vacancy rate downwards. Ahead, 1.80 million sq m of new supply is scheduled to enter the market from 2026 to 2028, of which 70% will be in the CBD and Wangjing-Jiuxianqiao submarkets. The two submarkets will face higher vacancy rates and greater leasing pressures into the future. Regarding rental levels, landlords' current room for rent concessions is approaching a limit, and the overall market is now in a bottoming-out phase. We expect office rents to stabilize by the end of 2025.

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 (2025Q3 - 2028) (SQ M)	GRADE A EFFECTIVE RENT		
					RMB/SQ M/MO	US\$/SF/MO	EUR/SF/MO
CBD	3,217,236	400,416	12.45%	854,000	¥244.38	US\$2.89	€ 2.51
Financial Street	1,637,800	84,876	5.18%	57,800	¥363.15	US\$4.30	€ 3.73
Lufthansa	1,014,410	190,339	18.76%		¥199.29	US\$2.36	€ 2.04
East 2nd Ring Road	1,516,110	166,227	10.96%		¥227.85	US\$2.70	€ 2.34
Zhongguancun	1,301,972	101,333	7.78%		¥280.31	US\$3.32	€ 2.88
WangJing-Jiuxianqiao	922,342	195,778	21.23%	387,000	¥167.51	US\$1.98	€ 1.72
Olympic Games Village (OGV)	1,169,884	217,749	18.61%	0	¥235.42	US\$2.79	€ 2.42
Beijing Development Area (BDA)	614,648	119,509	19.44%	0	¥84.75	US\$1.00	€ 0.87
Li'ze Financial Business District	1,255,676	375,561	29.91%	156,500	¥161.62	US\$1.91	€ 1.66
Others*	573,953	158,959	27.70%	0	¥208.60	US\$2.47	€ 2.14
BEIJING GRADE A CBD TOTAL	8,687,528	943,191	10.86%	911,800	¥257.58	US\$3.05	€ 2.64
BEIJING GRADE A SUBURBAN TOTAL	4,992,389	1,364,423	27.33%	888,500	¥170.62	US\$2.02	€ 1.75
BEIJING GRADE A OVERALL TOTAL	13,679,917	2,307,614	16.87%	1,800,300	¥221.94	US\$2.63	€ 2.28

\*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 = 7.8497623 CNY = 0.86685683 EUR as of June 16<sup>th</sup> 2025

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET		TENANT	SQ M	TYPE
Bo Rui Tower II	CBD		Huaxia Bank	22,000	Renewal
Raffles City	East 2nd Ring Road	Pharmaceutical Product Development (Beijing)Co., Ltd.	PPD	2,284	Renewal
China Central Place	CBD		VISTRA	974	Relocation
Kerry Centre	CBD		McKinsey	770	Renewal

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	DEVELOPER	SQ M	COMPLETION DATE
Taikoo Place Beijing T1-T4	WangJing-Jiuxianqiao	China Life & Swire Properties	160,000	2026Q3
Zhaotai Financial Street	Financial Street	Zhaotai Group	57,800	2026Q3
Zhongfu Plot (Z3)	CBD	GLP/CICC/HongKong Land	120,000	2026Q3
Zhongfu Plot (Z5)	CBD	Dajia Insurance	166,000	2026Q3
Zhongfu Plot (Z6)	CBD	Sino-Ocean Land/HSBC	120,000	2026Q3

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