

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
27.8% Vacancy Rate	▲	▲
8.60M Stock, sqm	▲	▲
¥160.1 Rent (PSM/MO) <i>(Property of GRADE A)</i>	▼	▼

ECONOMIC INDICATORS

Q1 2025	YOY Chg	12-Month Forecast
5.2% GDP Growth	▼	—
6.0% Tertiary Sector Growth	▲	—
0.1% CPI Growth	▼	▲
-5.3% Real Estate Development & Investment Growth	▲	—

Sources: Shenzhen Statistic Bureau,
Moody's Analytics, Cushman & Wakefield Research

OVERALL GRADE A OFFICE RENTAL LEVEL CONTINUES TO SOFTEN

Citywide total Grade A office stock expanded to 8.6 million sq m as at the end of Q2 2025. Global uncertainties, combined with structural pressures on the domestic economy, exerted negative impacts on office leasing demand in the quarter. Pipeline new supply, competing with existing stock for limited demand, further intensified the supply-demand imbalance, pushing the citywide overall vacancy rate up 1.2 percentage points since the end of 2024 to reach 27.8%.

Office market leasing pressures have in part been further exacerbated by the Shenzhen government's active support for high-tech companies, providing quality office space at competitive rates, together with firms relocating into newly completed headquarters buildings. This diversion of market demand has further increased pressures on Grade A office rents, in turn pulling down the Q2 monthly average rental level 5.3% from Q4 2024 to record RMB160.1 sq m.

AI-RELATED FIRMS SHOW RELATIVELY STRONG LEASING DEMAND

The TMT, retail & trade, and finance, sectors were the primary drivers of Grade A office leasing demand in the 1H 2025 period, accounting for 28.1%, 18.1%, and 16.5%, respectively, of total leased space. TMT companies focusing on integrated hardware and software development are increasingly active in the Grade A office leasing market. Leasing demand from AI-related enterprises was also relatively strong, with leasing transactions from firms specializing in computing power, AI chips, and AI applications. Despite Shenzhen's exposure to global trade conflicts, related tariff policies had yet to significantly impact leasing activity by cross-border related enterprises in the 1H period. Notably, cross-border supply chain management enterprises recorded large-area leasing transactions in Q2. The finance sector still ranked third for transaction area in the 1H period, although its recorded leased area dropped 40% y-o-y, reflecting weakened leasing activity among related enterprises.

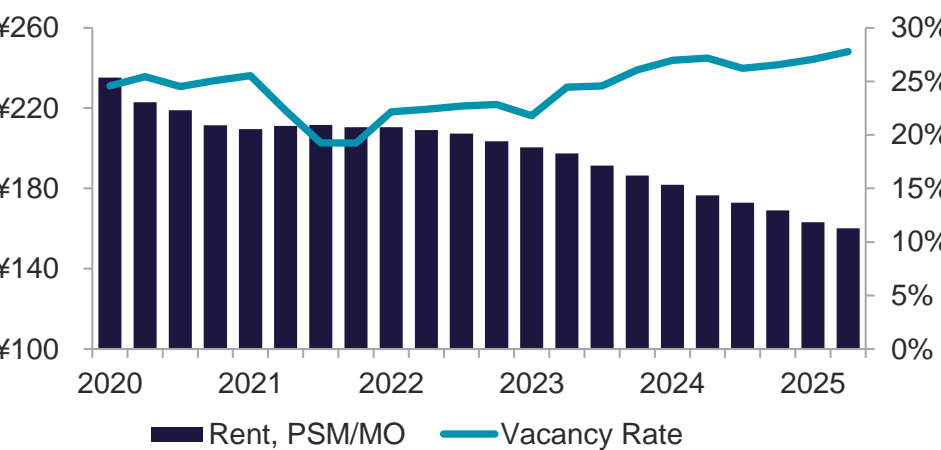
TENANTS' MARKET EXPECTED TO YIELD FAVORABLE LEASING TERMS

Approximately 1.2 million sq m of new supply is scheduled to enter the market in the 2H 2025 period, undoubtedly bringing existing properties under greater pressure. The growing challenges of attracting new tenants means that retaining existing clients will also become important for landlords. We can expect that landlords will continue to demonstrate further flexibility in providing favorable leasing terms and expanded services in the near- to mid-term future.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY RATE & GRADE A RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SQ M)	VACANT (SQ M)	VACANCY RATE	FUTURE SUPPLY TILL 2027 (SQ M)	GRADE A FACE RENT		
					RMB/SQ M/MO	US\$/SF/MO	EUR/SF/MO
Luohu	676,813	242,800	35.9%	180,200	¥129.06	US\$1.67	€1.45
Futian	3,567,697	753,999	21.1%	182,230	¥176.35	US\$2.28	€1.98
Nanshan	2,263,310	637,007	28.1%	2,070,951	¥167.27	US\$2.16	€1.87
Qianhai	1,678,670	644,850	38.4%	1,411,791	¥130.44	US\$1.69	€1.46
Bao'an	418,280	111,784	26.7%	354,622	¥151.38	US\$1.96	€1.70
SHENZHEN GRADE A TOTAL	8,604,770	2,390,440	27.8%	4,199,794	¥160.07	US\$2.07	€1.79

Face Rent is calculated based on gross floor area and assuming a letting of mid floors for a typical three-year lease term with VAT.

Exchange Rate: 1 USD = 7.1845929 RMB= 0.86685683 Euros (2025.6.16)

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SQ M	TYPE
COFCO Qianhai Innovation Center	Qianhai	Xingyun Group	9,000	Relocation
K11 Atelier	Qianhai	Macnica Cytech Limited	2,800	Relocation
Time Tower	Shekou	L&A GROUP	2,200	Relocation
Huaqiang Financial Building	Qianhai	Shenzhen Xinglian IoT Intelligent Technology	2,000	Relocation

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	DEVELOPER	SQ M	COMPLETION DATE
Telling Communication Building	SZ Bay HQ Base	Telling Telecommunication	80,000	2025
The Dajia Headquarters	Houhai	Dajia Property & Casualty Insurance	130,000	2025
The Wumart Office Tower	Futian CBD	Wumart South Technology	49,800	2026
Hongfan Building	Bao'an Center	Hongqiao Investment Holdings	52,800	2026
Smoores Technology Tower	Bao'an Center	Smoores	64,200	2027

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