

**MARKET FUNDAMENTALS**

	YOY Chg	12-Month Forecast
<b>29.8%</b> Vacancy Rate	▲	▲
<b>9.28M</b> Stock, sqm	▲	▲
<b>¥146.4</b> Rent (PSM/MO) <i>(Property of GRADE A)</i>	▼	▼

**ECONOMIC INDICATORS**

2025	YOY Chg	12-Month Forecast
<b>5.5%</b> GDP Growth	▼	—
<b>6.3%</b> Tertiary Sector Growth	▲	—
<b>0.2%</b> CPI Growth	▲	▲
<b>-31.0%</b> Real Estate Development & Investment Growth	▼	▲

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

**LOWER RENTAL COSTS STIMULATE DIVERSIFIED DEMAND**

Shenzhen's Grade A office market recorded approximately 201,000 sq m of new supply in Q1 2026, pushing the city's total stock to 9.28 million sq m. Driven by the incoming supply and rapid leasing activity at some projects, citywide Q1 quarterly net absorption hit a five-year high. However, the absorption performance came at the cost of downward rental levels. As at the end of Q1, the monthly average rental level dropped by 2.0% q-o-q and 10.2% y-o-y to record RMB146.4 per sq m. The new supply also prompted the citywide overall vacancy rate up to 29.8%.

Some fractional ownership office buildings have adopted more flexible leasing strategies, effectively accelerating the lease transaction pace. Compared with sole-ownership properties, they feature a more diversified tenant mix. In addition, furnished office space leasing, which can significantly reduce tenants' costs, has gradually become a trend.

**LEASING DEMAND FROM AI-RELATED ENTERPRISES CONTINUES**

The TMT and professional services sectors emerged as the two main sources of Grade A office market leasing demand in Shenzhen in Q1, accounting for more than 50% of the total leased area. Leasing interest among AI-related enterprises continued, covering areas such as AI agents, computer vision, computing power services, and multimodal AI technology. Furthermore, enterprises in smart manufacturing, video games, and semiconductors also contributed large-area leasing transactions.

Against the backdrop of fierce market competition, introducing professional office space operators has become an important measure for owners to ease pressure. Leased space by operators accounted for approximately half of the total leased area in the professional services sector in Q1. Logistics and supply chain enterprises also maintained relatively robust leasing activity, reflecting Shenzhen as a hub for cross-border trade.

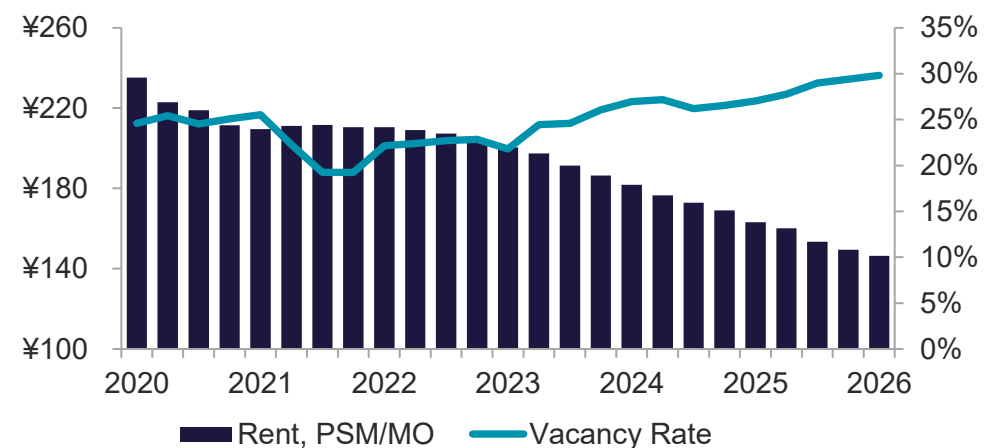
**GRADE A OFFICE BUILDINGS EXPECTED TO FURTHER DIVERGE**

Amid the challenging market environment, Grade A office building competitiveness is expected to further diverge, with properties focusing on improved operational efficiency and customized industrial services likely to achieve superior market performance.

**SPACE DEMAND / DELIVERIES**



**OVERALL VACANCY RATE & GRADE A RENT**



MARKET STATISTICS

SUBMARKET	INVENTORY (SQ M)	VACANT (SQ M)	VACANCY RATE	FUTURE SUPPLY TILL 2028 (SQ M)	GRADE A FACE RENT		
					RMB/SQ M/MO	US\$/SF/MO	EUR/SF/MO
Luohu	676,813	247,666	36.6%	320,634	¥117.96	US\$1.59	€1.38
Futian	3,638,107	781,476	21.5%	424,580	¥162.41	US\$2.19	€1.91
Nanshan	2,394,190	746,671	31.2%	2,184,849	¥157.87	US\$2.13	€1.85
Qianhai	2,067,103	814,728	39.4%	1,206,963	¥118.16	US\$1.59	€1.39
Bao'an	506,624	177,516	35.0%	220,978	¥131.12	US\$1.77	€1.54
<b>SHENZHEN GRADE A TOTAL</b>	<b>9,282,837</b>	<b>2,768,058</b>	<b>29.8%</b>	<b>4,358,004</b>	<b>¥146.43</b>	<b>US\$1.98</b>	<b>€1.72</b>

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 = 6.88324962 RMB= 0.86957486 Euros (2025.3.17)

KEY LEASE TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	TENANT	SQ M	TYPE
Excellence Center	Houhai	Profitech securities limited	2,000	Relocation
Skyworth Overseas Development Tower	Qianhai	Coocaa	6,600	Relocation
Huanggang Business Center	Futian CBD	YBCN	17,743	New Set up

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	DEVELOPER	SQ M	COMPLETION DATE
Smoores Technology Tower	Bao'an Center	Smoores	64,200	2027
The Wumart Office Tower	Futian CBD	Wumart South Technology	49,820	2027
Hongfan Building	Bao'an Center	Hongqiao Investment Holdings	52,900	2028
Qianhai CIMC International Commerce Center West Tower	Qianhai	CIMC	65,303	2028
ZTE Headquarters Base Project	SZ Bay HQ Base	ZTE	121,540	2028

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