

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
18.28% Vacancy Rate	▼	▼
13.68M Stock, sqm	▲	▲
¥244.79 Rent (PSM/MO)	▼	▼

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

ECONOMIC INDICATORS

Q3 2024	Q2 2024	12-Month Forecast
5.1% GDP Growth	5.4%	—
5.1% Tertiary Sector Growth	5.4%	—
0.1% CPI Growth	0.1%	▲
-4.5% Real Estate Development & Investment Growth	-1.7%	▲

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

OFFICE MARKET 2024 NET ABSORPTION SURPASSES PRIOR YEARS

The Beijing office market welcomed 150,000 sq m of new supply in Q4 2024, taking full-year new supply to 273,000 sq m, down 55% and 35.6% compared to 2023 and 2022, respectively. Occupiers' priorities of cost reductions and improved efficiencies, coupled with landlords' moves to trim rents to spur occupancy, saw the overall average rental level continue to fall, down 8.0% q-o-q and 17.8% y-o-y, to record RMB244.8 per sq m per month. The softening rental market, combined with pre-leasing at new entrants, boosted citywide quarterly net absorption to 105,513 sq m. In turn, full-year 2024 net absorption surpassed the 2023 and 2022 performance, at 318,278 sq m. The overall office market vacancy rate trended down 0.4 percentage points y-o-y to record 18.3%.

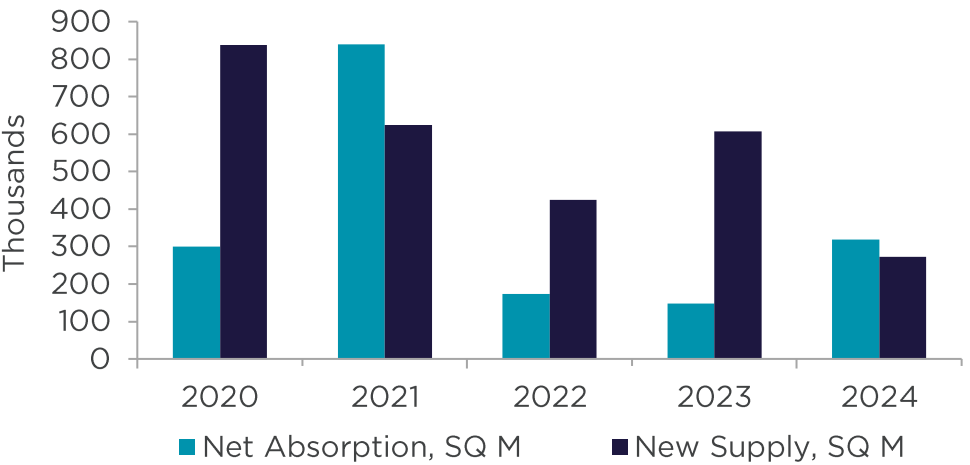
TMT SECTOR DOMINATES TOTAL LEASED AREA IN Q4

The TMT, professional services, and finance sectors accounted for 51.6%, 15.9%, and 11.2% of total transactions by area, respectively, in Q4. In the professional services sector, law firms were the most active. In the finance sector, insurance and wealth management companies remained active. The healthcare sector also maintained momentum to take a 5.0% share of total leased area. For the full-year 2024, the TMT industry claimed a 39.1% share of total transaction area, more than the second-ranked finance industry by nearly 14 percentage points. In the context of the economic downturn and weakened performance across industries, the TMT sector has gained further prominence in the Beijing office market.

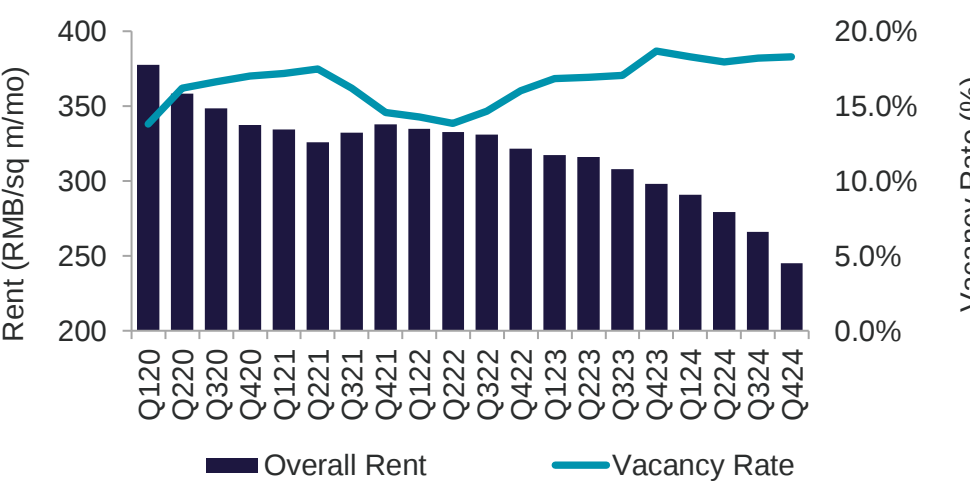
MODEST NEW SUPPLY FORECAST FOR 2025

Ahead, 1.66 million sq m of new supply is scheduled to enter the market through to the end of 2028, of which 143,700 sq m will complete in 2025. The modest new supply in 2025 will prompt favorable conditions for market destocking, and the vacancy rate may further adjust downwards. However, in the short term, occupiers' cost control priorities will exert downwards pressure on the overall rental level. In terms of industrial development, strategic emerging industries expanded by 14% y-o-y in the first three quarters, demonstrating that Beijing's high-end, precision and advanced technology sectors are undergoing growth momentum. Into the future, related industry firms will strengthen leasing demand in the Beijing office 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 (2025 - 2028) (SQ M)	GRADE A EFFECTIVE RENT		
					RMB/SQ M/MO	US\$/SF/MO	EUR/SF/MO
CBD	3,217,236	417,899	12.99%	800,000	¥272.48	US\$3.93	€3.56
Financial Street	1,637,800	85,225	5.20%		¥453.37	US\$6.23	€5.63
Lufthansa	1,014,410	171,598	16.92%		¥228.20	US\$3.19	€2.88
East 2nd Ring Road	1,516,110	223,176	14.72%		¥237.97	US\$3.37	€3.04
Zhongguancun	1,301,972	155,923	11.98%		¥294.61	US\$4.09	€3.70
WangJing-Jiuxianqiao	922,342	213,971	23.20%	280,000	¥180.68	US\$2.75	€2.48
Olympic Games Village (OGV)	1,169,884	221,345	18.92%	31,700	¥248.12	US\$3.74	€3.38
Beijing Development Area (BDA)	614,648	119,236	19.40%	0	¥87.12	US\$1.33	€1.20
Li'ze Financial Business District	1,255,676	409,018	32.57%	200,000	¥158.92	US\$2.14	€1.93
Others*	573,953	182,301	31.76%	0	¥244.70	US\$3.25	€2.94
BEIJING GRADE A CBD TOTAL	8,687,528	1,053,821	12.13%	800,000	¥289.74	US\$4.09	€3.69
BEIJING GRADE A SUBURBAN TOTAL	4,992,389	1,447,543	28.99%	857,700	¥180.08	US\$2.59	€2.34
BEIJING GRADE A OVERALL TOTAL	13,679,917	2,501,364	18.28%	1,657,700	¥244.79	US\$3.65	€3.30

**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 = 7.277963 CNY = 0.95060247 EUR as of December 16th, 2024*

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET		TENANT	SQ M	TYPE
Ping AN Fortune Center	Li’ze		Glory Terminal Co., Ltd	10,000	Relocation
Cheng'ao Plaza	OGV		Shuxing Technology (Beijing) Co., Ltd	4,600	Relocation

King Region Center	Zhongguancun	Postal Savings Bank of China Limited Beijing Branch	3,400	Relocation
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SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	DEVELOPER	SQ M	COMPLETION DATE
Polaris Plaza. Anzhen	OGV	Sino-Ocean Capital	33,000	2025Q2
INDIGO II T1-T4	WangJing-Jiuxianqiao	China Life & Swire Properties	160,000	2026Q3
CBD Zhongfu Plot (Z5)	CBD	Dajia Insurance	167,200	2027Q4

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