APR 2025 | GREATER BAY AREA OFFICE MARKET

Pressure Persists, New Forces Emerge

savills 第一太平戴维斯

Key Insights

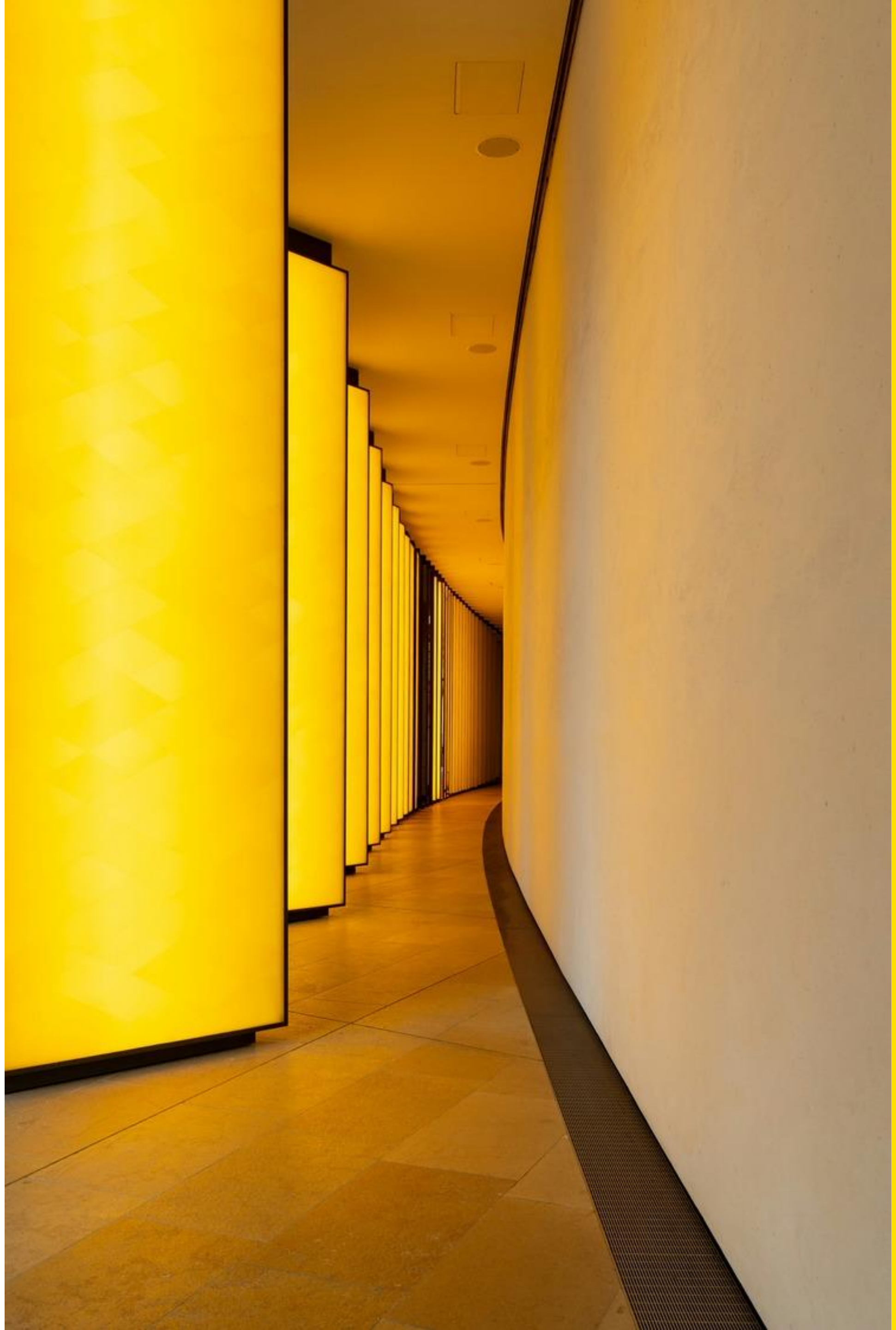
The Greater Bay Area (GBA) economy expanded by 5.1% YoY in 2024, outperforming the national average by 0.1 ppts despite facing persistent external headwinds and weak domestic demand. Growth momentum moderated by 1.1 ppts from 2023, but was supported by the rapid emergence of high-quality productive forces. In response, local governments across mainland GBA cities intensified efforts to foster strategic industries such as artificial intelligence (AI), the low-altitude economy, and biopharmaceuticals.

The GBA office leasing market remained in a corrective phase. Net take-up totalled approximately 500,000 sqm — just 22.0% of 2021 levels — falling short of even a decade-low new supply volume. As a result, the regional average vacancy rate rose for a sixth consecutive year, reaching 28.0% by end-2024, up 0.5 ppts YoY.

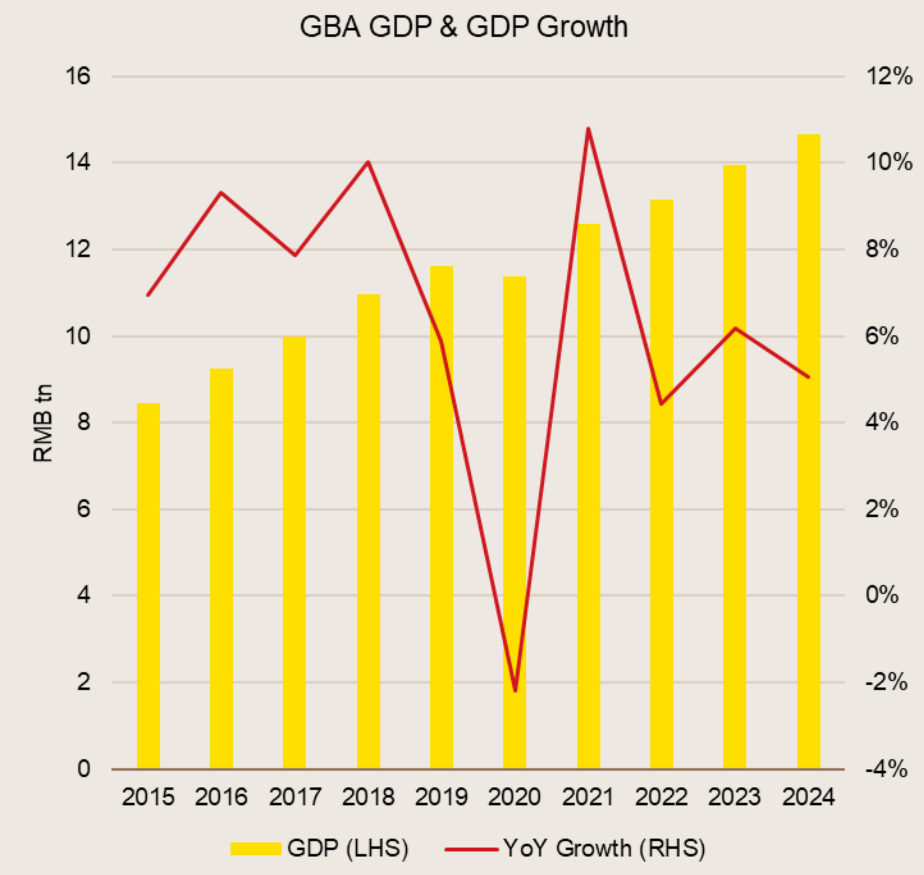
Amid ongoing pressure to cut costs, occupiers continued to prioritise CAPEX control and implement CRE strategies focused on relocation and consolidation. Landlords responded with deeper rental concessions, supporting modest demand recovery but weighing heavily on pricing. The GBA office rental index declined by 7.0% YoY, marking a cumulative drop of 28.6% from its 2018 peak. All GBA cities recorded rental declines of between 4.9% and 9.0% YoY.

In the sales market, buyer interest remained limited and price sensitivity intensified. The GBA office price index fell by 9.4% YoY — a 28.0% cumulative decrease from its historical high. All cities except Guangzhou saw price declines exceeding 8.5%, highlighting broader pricing pressure and a more significant correction in capital values than rents.

Looking into 2025, the external environment is expected to remain challenging, with global trade tensions continuing to weigh on growth prospects. Even so, expanding policy support and targeted government incentives should help stimulate endogenous demand, offering a measure of support to the GBA office market amid ongoing uncertainty.



Slowing Growth; Emerging Productive Forces Boost the GBA



GDP by City (2024)

City/ Region	GDP (RMB bn)	GDP Increment (RMB bn)	YoY Change
SZ	3,680	220	5.8%
GZ	3,103	68	2.1%
HK	2,768	139	2.5%
FS	1,336	9	1.3%
DG	1,228	84	4.6%
HZ	614	50	4.2%
ZH	448	25	3.5%
JM	421	19	3.4%
ZS	414	29	3.7%
MO	369	53	8.8%
ZQ	292	13	2.2%
GBA	**14,674**	**707**	**5.1%**

In 2024, the Greater Bay Area's (GBA) GDP reached RMB 14.67 tn, rising by 5.1% YoY. Although this marked a 1.1 ppts deceleration compared with 2023, it remained 0.1 ppts higher than the national average. Notably, Macao (MO) and Shenzhen (SZ) posted GDP growth above the regional average, while the rest of the GBA cities stayed below it.

In terms of absolute GDP increment by city, SZ, Hong Kong (HK), and Dongguan (DG) were the top three contributors, collectively accounting for about 31.0%, 19.6%, and 11.9% of the regional GDP increase, respectively. SZ demonstrated the most dynamic economic performance within the GBA — and even among China's first-tier cities — thanks largely to its focus on new, high-quality productive forces. Over the year, the added value of SZ's strategic emerging industries surged by 10.5% YoY, accounting for 42.3% of the city's GDP.

Note: GDPs of HK & MO have been converted into RMB, using the year-end FX rates. The 2024 HK GDP was estimated based on growth rate, with actual figures subject to the final results released by the Census and Statistics Department.

Source: GBA Cities' Bureaus of Statistics

New Supply Hits a Ten-Year Low

Total Stock & New Supply by City (2024)

City/Region	Total Stock (mn sqm)	New supply (sqm)
SZ	11.4	459,861
HK	8.8	193,289
GZ	7.2	236,922
ZH	2.6	105,564
DG	2.1	0
FS	1.6	81,400
HZ	1.5	126,452
ZS	1.2	0
JM	0.4	0
ZQ	0.2	0
GBA	**36.9**	**1,203,489**

Source: Savills Research

NEW SUPPLY DOWN 46.5% YOY

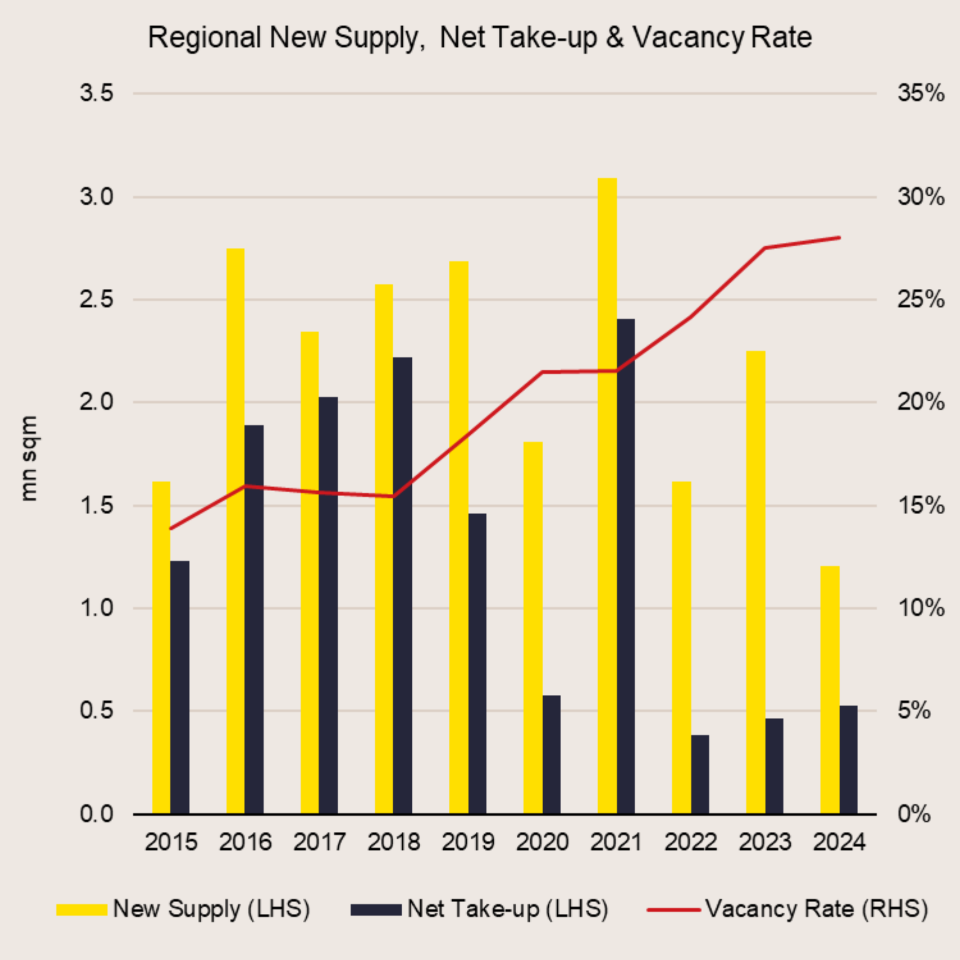
In 2024, some landlords postponed their new office projects' completion due to softening leasing demand, financial difficulties and some other issues. Owing to this, the pace of supply entering the market in the GBA decelerated. Whilst there was no new supply in DG, ZS, JM, and ZQ, the volume of new completion in GZ, SZ, and ZH contracted, compared to 2023. The total annual new supply of the GBA office market amounted to 1.2 mn sqm. This was a decrease of 46.5% YoY and the lowest level in the last ten years.

SZ, GZ, and HK were the main sources of new supply in the region, with over 70% of the regional new supply concentrated in these three cities. Among them, SZ's annual new supply volume has ranked first in the GBA for nine consecutive years.

SHENZHEN WIDENING ITS MARKET-SIZE LEAD

By end-2024, total Grade A office stock in the GBA rose to 36.9 mn sqm, a 3.4% YoY increase. SZ, HK, and GZ remained the top three markets for aggregate stock, together representing 74.2% of the regional total. The gap between SZ's office stock and that of HK and GZ widened further, with SZ's stock standing 29.7% and 58.4% above HK and GZ, respectively — an expansion of 2.4 and 1.2 ppts compared to 2023.

Recovery Still Lagging: Vacancy Rate Up 0.5 ppts



Source: Savills Research

Overall, the GBA office leasing market remained under correction in 2024, with demand still needing time to rebound. By year-end, regional net take-up stood at 530,000 sqm—falling far short of the year's total new supply — causing the vacancy rate to continue rising. By end-2024, the GBA's average vacancy rate reached 28.0%, an increase of 0.5 ppts YoY.

01 EMERGING INDUSTRIES MODERATE VACANCY INCREASES

In 2024, regional net take-up improved by 13.5% YoY, largely buoyed by the expansion of high-quality productive forces alongside traditional demand drivers. Nevertheless, net take-up hovered at around 500,000+ sqm, and the GBA's overall vacancy rate still climbed. Its rate of increase, however, narrowed by 2.8 ppts YoY.

02 SZ LEADS REGIONAL NET TAKE-UP

Bolstered by stronger government–enterprise collaboration, extensive policy support, and a robust industrial ecosystem, SZ drew more emerging enterprises to the city in 2024. Quarterly net take-up rose consistently, culminating in 312,000 sqm for the year, which accounted for roughly 58.8% of total regional net take-up.

2024 Leasing Strategies: Key Highlights

COST REDUCTION AND EFFICIENCY GAINS

In 2024, the emphasis on cost-saving and efficiency gains shaped office leasing decisions across the Greater Bay Area (GBA). Emerging CBDs attracted a growing number of enterprises to relocate and consolidate, as new buildings in these locations often offered high specifications and superior value-for-rent. Furthermore, landlords increasingly adopted aggressive rental discount strategies in a tenant-favoured market, drawing in tenants from non-Grade A premises and boosting regional net take-up.

Office Occupancy Cost Comparison between Prime and Emerging Areas

City	Prime Area		Emerging Area		Cost Variance
	Name	Average Cost (RMB psm pmth)	Name	Average Cost (RMB psm pmth)	
GZ	Zhujiang New Town	190.3	Pazhou	153.0	24.4%
SZ	Futian CBD	222.4	Qianhai	171.2	29.9%

Note: Occupancy cost is the sum of office rent, VAT and management fee.

Source: Savills Research

POLICY-DRIVEN GROWTH IN EMERGING PRODUCTIVE FORCES

Policies encouraging the development of strategic emerging industries — such as artificial intelligence (AI), the low-altitude economy, and biopharmaceuticals and healthcare—continued to expand in both central and local governments. This fostered faster growth of upstream and downstream enterprises, spurring office leasing demand. In 2024, mainland GBA cities like Shenzhen (SZ), Guangzhou (GZ), and Dongguan (DG) registered multiple leasing transactions from these industries, evidencing their rising impact on office demand.

SOE BUILDINGS OUTPERFORM

Landlords backed by SOEs cultivated relatively stable industrial clusters in their buildings by leveraging advantages in government–enterprise cooperation, industry networking, and targeted investment promotion. This strengthened their ability to attract related businesses, resulting in better property leasing outcomes. SZ, Zhuhai (ZH), and DG stood out in this regard, exceeding the performance of other markets in the region.

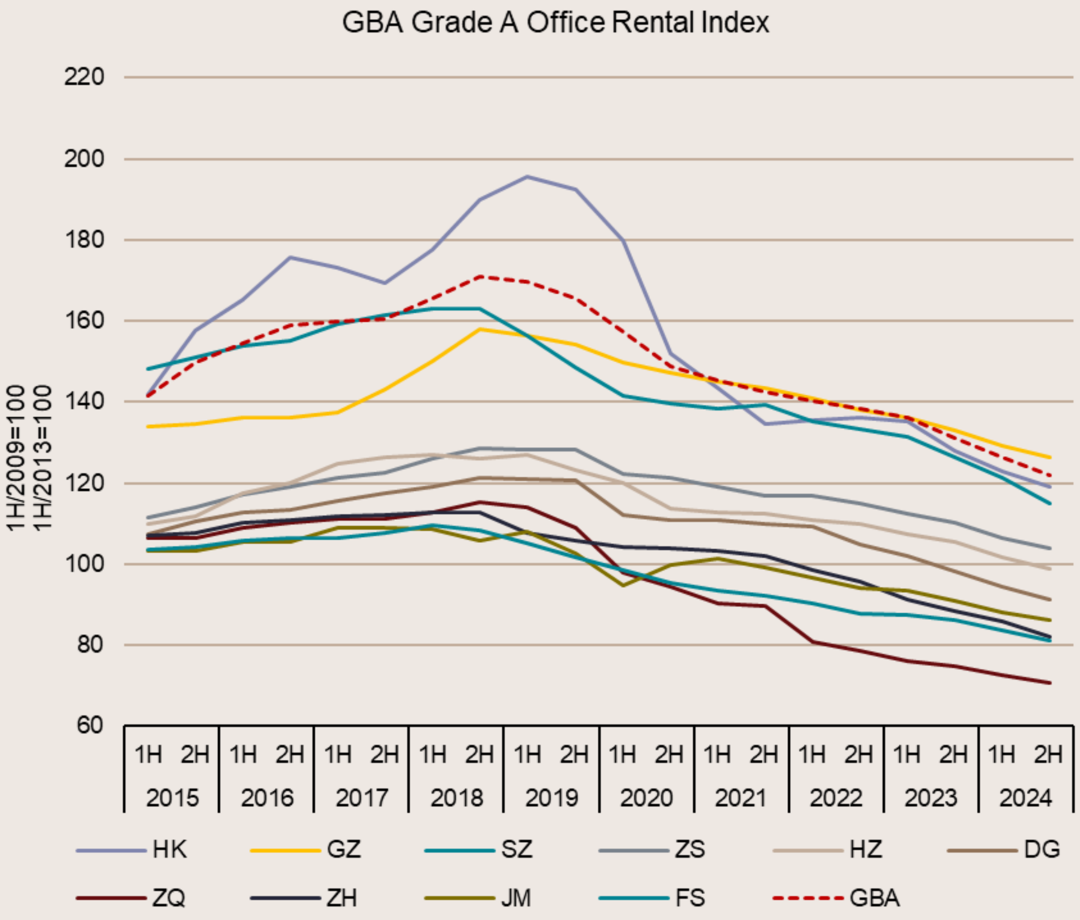
2024 Leasing Demand: Sector Highlights

Our 2024 research revealed three notable trends in GBA Grade A office demand:

- *Growing demand from new-quality productive forces*
- *Increased leasing activity from consumer service providers*
- *Continued fundamental support from traditional industries*

Demand Source	**New-Quality Productive Forces**	**Consumer Services Industry**	**Traditional Industries**
Key Takeaways	Became an important new demand source in 2024, driven by innovative industrial types and diverse enterprise profiles.	Enterprises specialising in education, leisure, and wellness-oriented sectors became more active in taking up office space compared to previous years.	Remained the principal demand generator, showcasing resilience in the leasing market.
Representative Industries / Enterprise Types	IT, AI, New Energy, Semiconductors, Intelligent Manufacturing, Low-Altitude Economy, Biopharmaceuticals and Healthcare	Education and Training, Travel Agencies, Fitness Studios	Banks, Brokerages, Insurance, Investment Firms, Law and Accounting Practices, HR Services, E-commerce and Trading Firms, Media and Advertising Agencies
Representative Cities	SZ, GZ, DG	GZ, SZ, ZH	All Cities

Rental Index Down Nearly 30% from Peak



City/ Region	YoY Change
SZ	-9.0%
HK	-6.8%
GZ	-4.9%
ZH	-7.0%
DG	-6.9%
FS	-5.7%
HZ	-6.4%
ZS	-6.0%
JM	-5.5%
ZQ	-5.4%
GBA	**-7.0%**

Source: Savills Research

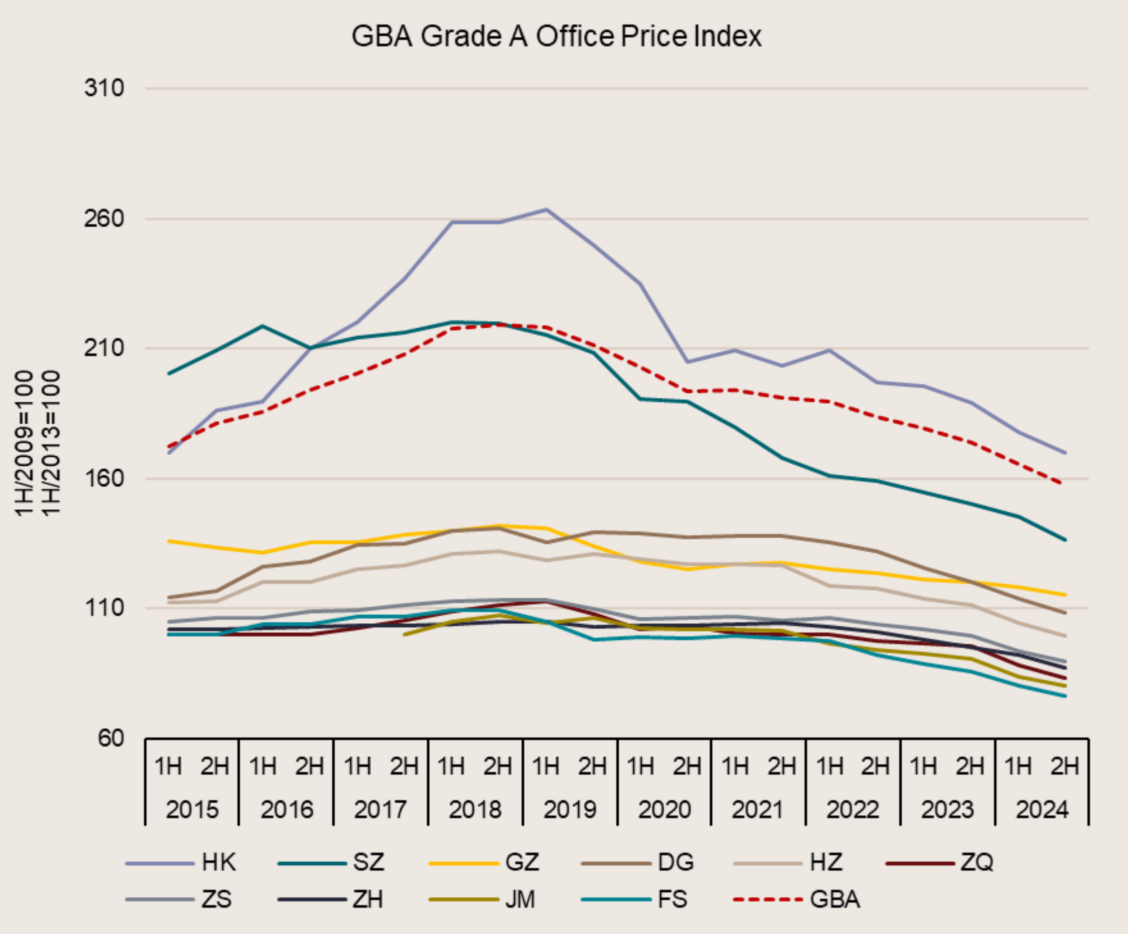
RENTAL INDEX CONTINUES DOWNWARD

The GBA office rental index continued with its downward trend in 2024, with the regional rental index decreasing by 7.0% YoY – down 28.6% cumulatively from the historical peak at end-2018. Office rental indexes of all GBA cities decreased, with their YoY decrement ranging from 4.9% to 9.0%.

SHARPEST DROP IN FOUR YEARS

Amid softening leasing demand and heightened tenant scrutiny of real estate costs, landlords resorted to deeper rental concessions to remain competitive. Consequently, the 2024 decline in the GBA office rental index was the most pronounced of the past four years — 2.9, 4.0, and 1.8 ppts larger than the respective decreases in 2021, 2022, and 2023.

Limited Buyers, Higher Hurdle Rates Spur Further Price Concessions



City/ Region	YoY Change
SZ	-9.2%
HK	-10.0%
GZ	-4.1%
ZH	-8.5%
DG	-9.6%
FS	-10.9%
HZ	-10.6%
ZS	-10.0%
JM	-11.5%
ZQ	-12.8%
GBA	**-9.4%**

Source: Savills Research

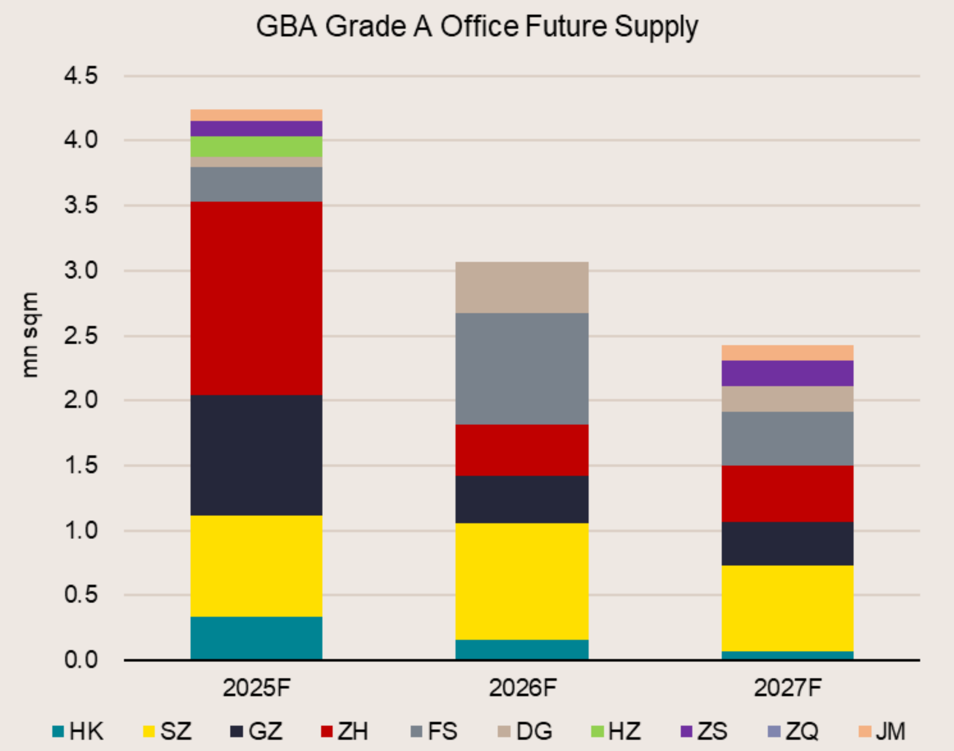
PRICES FALLING FASTER THAN RENTS

In 2024, the GBA office price index slid by 9.4% YoY, a cumulative decline of 28.0% from its end-2018 high. All cities saw a downturn ranging from 4.1% to 12.8% YoY, with every city except Guangzhou (GZ) experiencing a decrease of at least 8.5%. Compared to the rental index, office prices saw a more pronounced decline.

WIDENING DECLINES ACROSS CITIES

Overall, the GBA office sales market remained subdued, constrained by limited buyers and higher hurdle rates. With sellers forced to concede more on pricing, city-wide price indexes continued to decline, marking larger decrements compared with 2023. Notably, price falls in Hong Kong (HK), Huizhou (HZ), Zhongshan (ZS), Jiangmen (JM), and Zhaoqing (ZQ) all exceeded 5 ppts YoY.

New Supply to Peak in 2025, Stock Surpasses 40 mn sqm



Year	2025	2026	2027
Supply (mn sqm)	4.2	3.1	2.4

Source: Savills Research

A fresh wave of new completions — totalling approximately 4.2 mn sqm — is projected to enter the market in 2025, setting a new historical supply high. If delivery schedules proceed as planned, total GBA office stock should exceed 40 mn sqm by the end of 2025.

01 ZHUHAI ON TRACK FOR ONE MILLION SQM

In 2025, ZH, GZ, and SZ are poised to dominate regional new supply. ZH, in particular, is anticipated to add over one mn sqm of fresh space — the highest on record—expanding its total office stock by 57.1% YoY. This surge will further widen the gap between ZH and other GBA node cities in terms of total stock.

02 GUANGZHOU – HONG KONG GAP NARROWS

Although HK is likely to see its largest supply influx in a decade — about 337,000 sqm — the figure remains modest compared to GZ's 926,000 sqm. Nevertheless, upon completion of these new projects, the gap between GZ and HK's total stock will shrink from 18.1% to 11.0%.

2025:

Challenges and opportunities

Looking into 2025, external uncertainties remain pronounced, including ongoing global trade disputes that could influence the GBA's economic expansion and corporate activity. However, local governments continue to enhance city and market competitiveness through various policies aimed at stimulating growth — especially in strategic emerging industries. While these measures promise to inject more endogenous demand into the economy and the GBA office market, persistent headwinds will likely endure.

The focus of economic development will shift from quantity to quality, with a transformed and upgraded demand structure.

The forthcoming new supply peak will further intensify leasing competition.

The accelerated rise of emerging productive forces will generate end-user demand with higher leasing thresholds.

Macro uncertainties persist, and economic growth is moderating.

Projects offering superior value-for-money are better poised to attract upgrade-driven demand.

Global trade disputes are intensifying, leading to diminished external demand.

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