CBRE

Office vacancy declines for sixth straight quarter; first-half investment volume reaches five-year high

+5.4%
GDP
(H1 2026, Y-o-Y)

-2.2%
Retail Sales
(Jan to Jun 2026, Y-o-Y)

+3.0%
Fixed Asset Investment
(Jan to Jun 2026, Y-o-Y)

Source: CBRE Research, Beijing Municipal Statistics Bureau,. Jul 2026.

Executive Summary

- **Office:** The absence of new supply for 12 months ensured office vacancy fell for a sixth consecutive quarter. Both the scale and frequency of office relocations declined. Landlords continued to lower rents to retain quality tenants.
- **Retail:** One refurbished retail asset was delivered in Wangjing in Q2 2026. Landlords of decentralised malls with high vacancy were seen targeting footfall-generating brands to support traffic growth and push up occupancy.
- **Logistics:** Net absorption in Pinggu was almost equal to that of the whole city as downsizing or cost reduction occurred in other submarkets. However, the area's significant rental decline exerted downward pressure on rents in surrounding areas.
- **Business Park:** Two multi-functional life science parks were delivered this quarter. Conventional R&D office projects continued to find success in attracting tenants through offering rental incentives, flexible leasing structures and customised fit-out packages.
- **Investment:** Transaction volume reached a five-year high in H1 2026. Activity expanded to the data centre and logistics sectors, reflecting investors' greater portfolio diversification.

Table 1: Quick Statistics

Office	q-o-q	y-t-d	y-o-y
Rent	-2.3%	-4.4%	-9.6%
Vacancy	-0.7 pp	-1.3 pp	-2.4 pp
Retail	**q-o-q**	**y-t-d**	**y-o-y**
Rent	-0.4%	-0.8%	-2.5%
Vacancy	-0.1 pp	-0.2 pp	-0.4 pp
Logistics	**q-o-q**	**y-t-d**	**y-o-y**
Rent	-2.7%	-6.7%	-14.6%
Vacancy	-1.4 pp	-1.4 pp	+9.8 pp
Business Park	**q-o-q**	**y-t-d**	**y-o-y**
Rent	-1.6%	-3.1%	-7.8%
Vacancy	-0.4 pp	+0.9 pp	-0.1 pp
Investment	**q-o-q**	**y-o-y**	**y-t-d total, y-o-y**
Total volume	-7.3%	+112.5%	+49.9%
Domestic	-7.3%	+204.0%	+67.0%

Note: Office rent is the weighted average striking face rent for GFA, excl. mgmt. fee and incl. tax. Retail rent is the simple average shopping mall G/F asking rent for NLA, excl. mgmt. fee and incl. tax. Logistics rent is the weighted average asking rent for GFA, incl. mgmt. fee and excl. tax. Business Park rent is the weighted average asking rent for GFA, incl. mgmt. fee and incl. tax. Transactions include deals above US$10 million in the office, retail, mixed, industrial, hotel and other commercial sectors.

Source: CBRE Research, Q2 2026.

Office

Net Absorption 108,500 sq. m.

Vacancy -0.7 pp q-o-q

Face Rent -2.3% q-o-q

Vacancy declines for sixth consecutive quarter amid absence of new supply

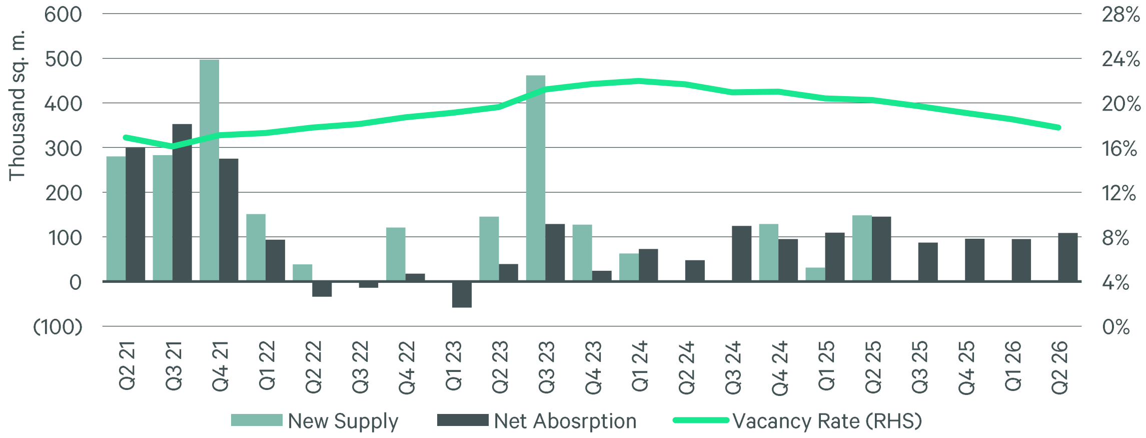
The absence of new supply over the past 12 months ensured Beijing's overall office vacancy rate fell to 17.8% in H1 2026, marking a sixth consecutive quarterly decline.

Although relocations accounted for 72% of leasing volume in H1 2026, both the scale and frequency of such activity declined from the previous year. More favourable renewal terms encouraged occupiers to renew leases or consolidate headquarters to avoid fit-out and relocation costs. TMT remained the key demand driver, led by systems solutions, internet platforms and AI firms. Financial demand was led by funds and smaller-sized deals. Professional services firms favoured offices below 1,000 sq. m., particularly in the CBD. Robotics leasing within the industrial manufacturing segment picked up, driven by new set-up and expansion. Occupiers opted for locations near major tech hubs, with ZGC and Wangjing the preferred destinations due to supportive policies and suitable building specifications.

Net absorption totaled 109,000 sq. m. in Q2 2026 and 204,000 sq. m. in H1 2026, with Grade A offices accounting for the bulk of activity. Submarket performance continued to diverge. The CBD was a leading contributor to first-half absorption, benefiting from improved affordability and fewer large-scale contractions. Vacancy in ZGC fell to 7.1% while Olympic maintained steady absorption due to strong tech clustering. Tongzhou recorded steady absorption, benefiting from policy incentives and space advantages. Activity in Wangjing slowed amid corporate downsizing, while Lufthansa, Wangfujing, E2R and Lize continued to report weak activity amid reduced appeal, ongoing consolidation and muted demand. Facing a sizeable H2 2026 supply pipeline, landlords continued to lower rents to retain quality occupiers and support occupancy. Face rents fell 4.4% in H1 2026 to RMB 218.4 per sq. m. per month.

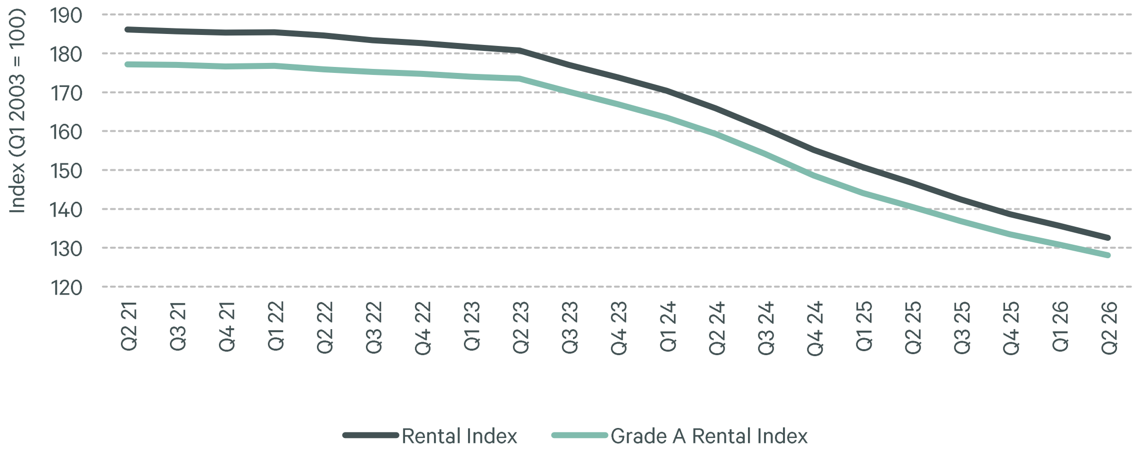
With approximately 480,000 sq. m. of new supply scheduled for H2 2026, Beijing's vacancy rate is expected to edge up in the coming months, although high-quality completions should stimulate contiguous-floor relocations. Incentives for the AI, technology services and robotics industries are expected to generate medium-term demand but are unlikely to offset near-term supply pressure. AI adoption will drive workplace consolidation and space optimisation in sectors such as the Internet industry, resulting in further space contraction. Higher requirements for power capacity, digital infrastructure, security and industry ecosystems will prolong the leasing cycle and intensify competition, further polarising asset performance by building quality and operational capability.

FIGURE 2: Office Supply and Demand



Source: CBRE Research, Q2 2026.

FIGURE 3: Office Rental Index



Source: CBRE Research, Q2 2026.

Retail

Net Absorption 8,700 sq. m. | Vacancy -0.1 pp q-o-q | Rent -0.4% q-o-q

Department stores retreat as experience-driven commerce accelerates

One refurbished retail asset came on stream in Wangjing in H1 2026. Highlights this quarter included the ongoing retreat by department stores due to the growing mismatch between conventional operating models and rapidly evolving consumer expectations. Several department stores were shuttered during the period and replaced by social or themed retail concepts.

Beijing's retail sales for the January-Jun period declined 2.2% y-o-y, reflecting ongoing pressure on consumer spending. The F&B segment remained active, accounting for a 49% share of new openings in H1 2026. Group-dining formats (BBQ, grilled meal, hotpot and hybrid cuisine restaurants) continued to expand, while snack and fast-food outlets along with cafés & tea shops maintained strong expansion momentum. However, bakery & dessert shops slowed their pace of new store openings.

Retailers' share of new openings fell from 31% in H1 2025 to 24% in H1 2026 as middle class consumers cut back on optional spending. Store closures by Burberry in Xidan and Tasaki in the CBD reflected high-end retailers' strategic shift toward consolidating their footprint to enhance per-store productivity. Outdoor sportswear brands were active, with Makundu and Norrøna making their Beijing debuts at Chaoyang Joy City and SKP, respectively. Lifestyle, children retailing, and the 3C categories maintained steady growth in non-prime submarkets. Department stores' pullback and downsizing of high-end brands saw net take-up contract to -11,000 sq. m. in H1 2026. Amid consumer segmentation and brand repositioning, prime locations began to experience leasing pressure during the period.

With discretionary consumption remaining subdued, high-frequency necessities, social-driven experiences, and agile formats (pop-up stores and temporary markets) were key consumption triggers this quarter. The period saw landlords of centralised malls with high-vacancy prioritise securing footfall-generating brands at lower rents to support traffic growth and occupancy gains. Vacancy stabilised at 7.2% while average citywide shopping centre ground floor rents fell 0.8% y-t-d to RMB 29.8 per sq. m. per day, with sharper declines seen in Olympic, ZGC and Xidan.

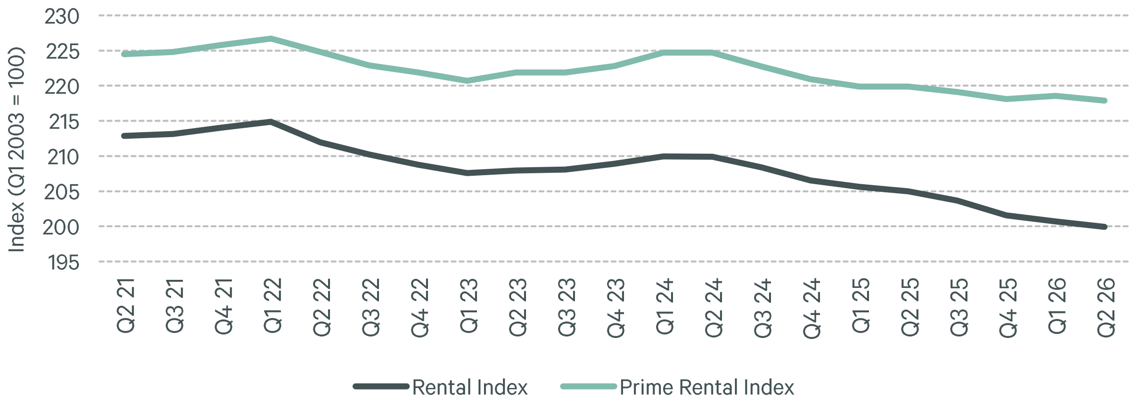
440,000 sq. m. of new stock will come on stream in non-prime submarkets in H2 2026, half of which are renovated projects. Government policies to support commercial upgrades and transit-oriented retail are expected to reshape the retail landscape in southern and eastern Beijing in the coming years.

FIGURE 4: New Supply and select Leasing Transactions

New Supply	Submarket	GFA (sq. m.)	Landlord
V-HUB	Wangjing	40,000	Xinchen Group
New Openings	**Sector**	**Property**	**Submarket**
Yeah Gelato	Bakery & Dissert	Xiyue Paradise Walk	Others
Kailas	Sports	China Central Mall	CBD
Niu New Sukiyaki	F&B	Chaoyang Joy City	Outer CBD
Qu Cha Shan	Café & Tea	WF Central	Wangfujing
Sea New York	Fashion	Taikoo Li	Sanlitun
Five Guys	Fast Food	Xidan Joy City	Xidan
JINLUX	Jewelries	China World Mall	CBD
Huawei	3C	Glory Mall	Dongcheng Others

Source: CBRE Research, Q2 2026.

FIGURE 5: Retail Rental Index



Note: : Prime retail submarkets are CBD, Wangfujing, Sanlitun and Xidan.
Source: CBRE Research, Q2 2026.

Logistics

Net Absorption 138,300 sq. m. | Vacancy -1.4 pps. q-o-q | Rent -2.7% q-o-q

Submarkets witness deeper polarisation; Pinggu attracts flight-for-cost demand

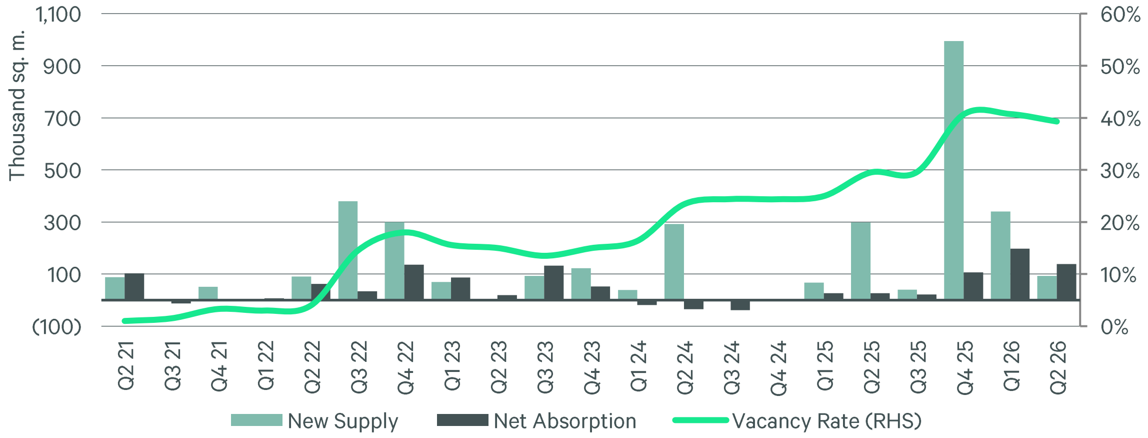
Beijing's vacancy rate fell by 1.4-pps. y-t-d to 39.3% in H1 2026. The addition of 433,000 sq. m. of new supply helped net take-up accelerate to 336,000 sq. m.. New leases were driven by 3PLs, which accounted for 61% of leasing activity. Manufacturing occupiers such as auto-parts and pharmaceutical firms displayed steady demand, while retailers and wholesalers remained active. Pinggu's cost advantages ensured net absorption for the district was almost equal to that of the whole city. Some 99% of leasing volume in Pinggu was contributed by additional demand including new setups, expansions, cross-regional and upgrading relocations. Lease withdrawals driven by downsizing or cost reduction were recorded in Shunyi Airport, BDA, Tongzhou and Miyun. Supported by its advantageous location for in-city logistics, Majuqiao maintained its ultra-low vacancy rate during the period.

In Greater Beijing, Langfang welcomed 177,000 sq. m. of new supply in H1 2026. Expansion by consumer-related 3PLs and retailers remained robust, driving H1 2026 net take-up to 498,000 sq. m.. Vacancy fell to a post-2021 low of 16.3%. New leases were led by Gu'an, Guangyang and Bei'sanxian. No new facilities were completed in Tianjin during the first half of the year. Driven by 3PL operators and local manufacturers, net absorption rebounded from negative territory in the previous quarter to 95,000 sq. m. in H1 2026. New leases were led by Airport, Jinnan and Jinghai.

Average rents in Beijing fell by 6.7% in H1 2026 on a like-for-like basis to 33.4 RMB per sq. m. per month, largely driven by a decline of 19% in Pinggu, where rents now stand 45-50% lower than those in adjacent Beijing submarkets and close to those of Greater Beijing. However, rental declines in Beijing's prime areas remained limited as selected high-quality well-located projects continued to attract replacement demand.

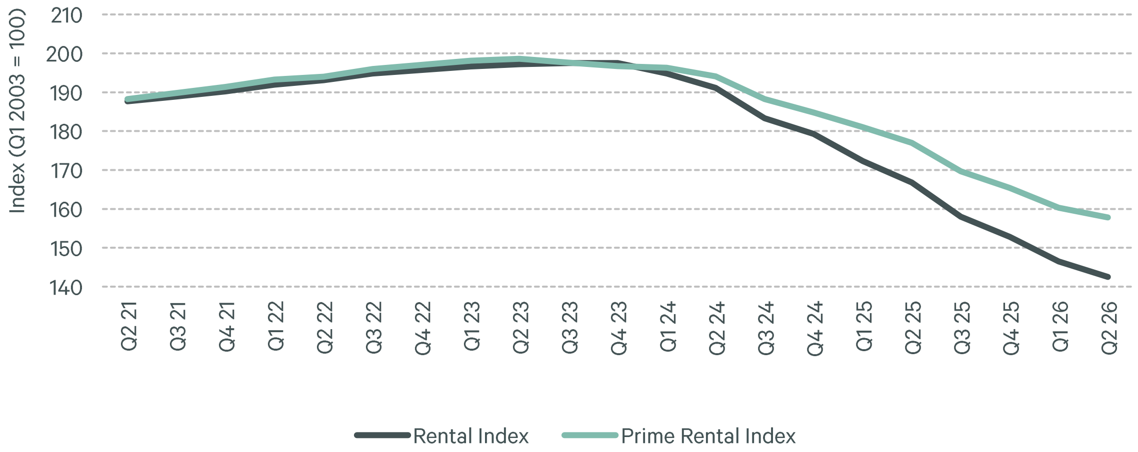
Approximately 880,000 sq. m. of new supply is scheduled for completion in Pinggu, Shunyi and Fangshan in Beijing in H2 2026; a supply influx that will exacerbate the market stress currently witnessed in the intra-Beijing area. While the rental decline in Pinggu is expected to moderate after a significant adjustment, rents will remain under pressure in other submarkets. 84,000 sq. m. and 167,000 sq. m. of new stock will come on stream in Langfang and Tianjin, respectively, in the back-half of the year. Increased rental flexibility will provide occupiers with cost-effective space options and should attract additional demand.

FIGURE 6: Logistics Supply and Demand



Source: CBRE Research, Q2 2026.

FIGURE 7: Logistics Rental Index



Note: : Prime logistics submarkets are Shunyi Airport, Majuqiao and Jingnan.
Source: CBRE Research, Q2 2026.

Business Park

Net Absorption 61,100 sq. m.

Vacancy -0.4 pps q-o-q

Rent -1.6% q-o-q

New life science park stock remains substantial

Approximately 422,000 sq. m. of new business park supply was added in H1 2026, including 176,000 sq. m. across two multi-functional life science parks in Greater ZGC in Q2 2026. Although occupancy in new projects remains below 30%, pre-leasing has been brisk, reflecting growing demand for multi-functional projects that combine R&D, pilot-scale manufacturing and light production.

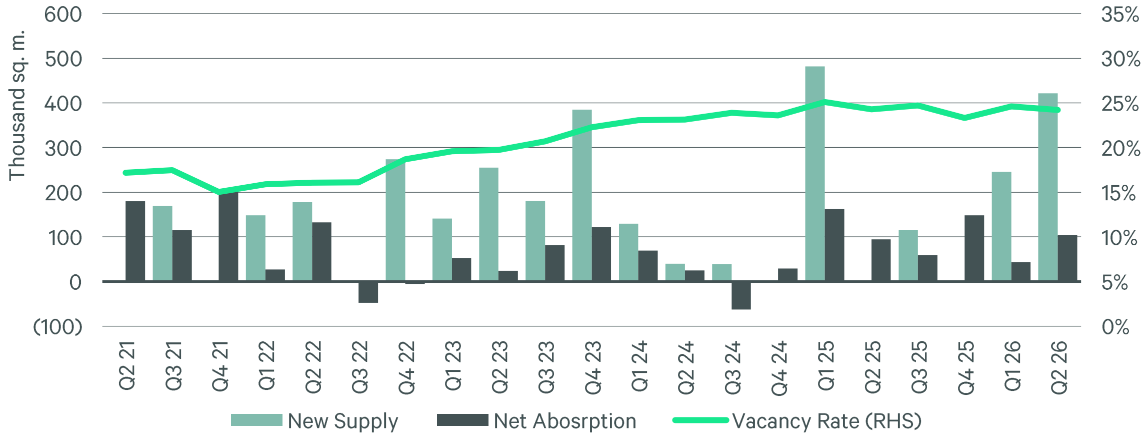
Tech innovations drive divergence in market demand

Overall net absorption reached 104,000 sq. m. in H1 2026, with 61,000 sq. m. recorded in Q2 2026, up 41% q-o-q but down 35% y-o-y. Technology-related industries continued to underpin leasing activity, with the TMT sector accounting for 42% of new demand, followed by pharmaceuticals and life sciences (21%), public organisations (13%), and industrial manufacturing (13%). Government-related leasing activity strengthened in Q2 2026, representing 21% of quarterly demand. Occupier preferences continued to evolve beyond rent levels, with AI and tech firms increasingly prioritising high-quality office environments with strong talent pools and collaborative ecosystems, and pharmaceutical, life sciences and manufacturing companies targeting specialised facilities that support R&D, pilot production and light manufacturing. As a result, multi-functional parks captured the bulk of net absorption during H1 2026.

Overall vacancy rose 0.9-pps. y-t-d to 24.2% in H1 2026. Leasing conditions remained competitive, with average asking rents declining 1.6% q-o-q on a like-for-like basis to RMB 126.8 per sq. m. per month, bringing the cumulative rental decline for H1 2026 to 3.1%. Conventional R&D office projects continued to compete through rental incentives, flexible leasing structures and customised fit-out packages; a trend especially common in the ZGC, Beiqing Road and Dongsheng submarkets.

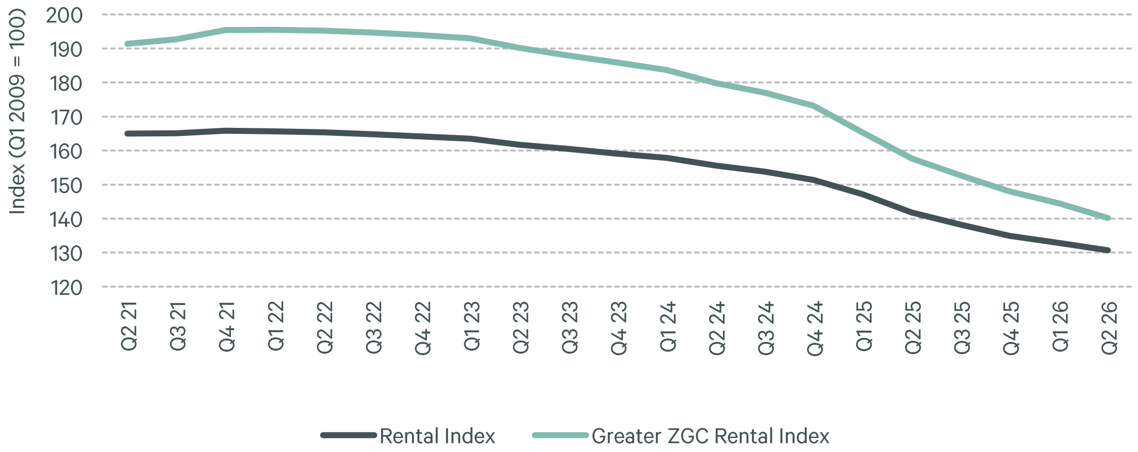
With 208,000 sq. m. of new supply due to come on stream in H2 2026, the vacancy rate is set to rise in the coming quarters. Recent policies supporting technology innovation, artificial intelligence and data-driven sectors—including AI computing vouchers and expanded R&D subsidies—are expected to stimulate demand from strategic emerging sectors. Business parks offering clear industry positioning, multi-functional uses and strong operational capability will outperform as occupiers increasingly prioritise specialised, high-quality space.

FIGURE 8: Business Park Supply and Demand



Source: CBRE Research, Q2 2026.

FIGURE 9: Business Park Rental Index



Note: : Greater ZGC contains Shangdi, Z-Park, Beiqing Road and Dongsheng.
Source: CBRE Research, Q2 2026.

Investment

Transaction Volume
-7.3% q-o-q

Transaction Number
9

Investment volume reaches five-year high in H1 2026

Beijing commercial real estate investment volume reached RMB 25.7 billion in H1 2026, marking a rise of 50% y-o-y and the strongest first half performance since 2022. Investment activity remained solid in Q2 2026, with nine transactions completed for a total value of RMB 12.36 billion.

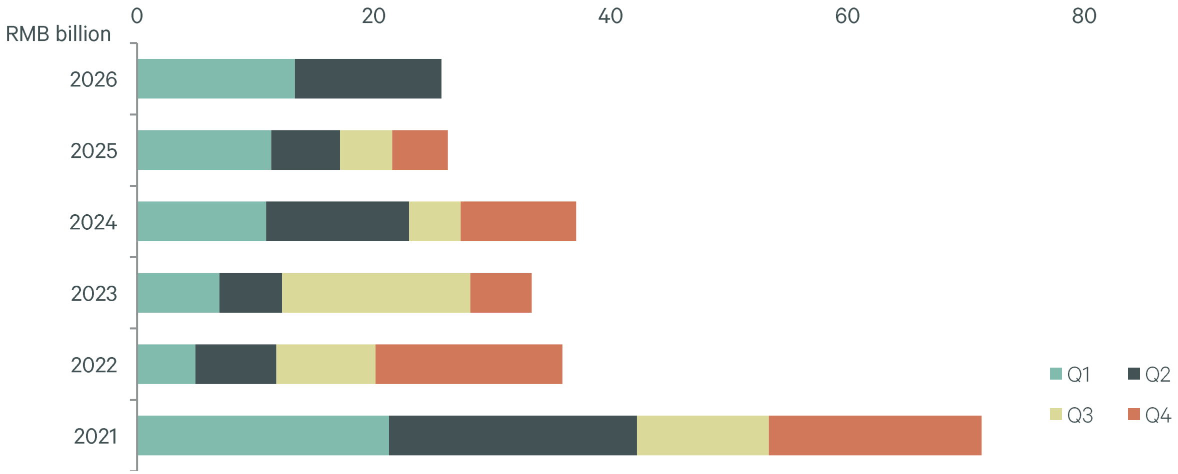
Activity broadens beyond office assets

Offices remained the most traded asset class, accounting for 37% of total transaction value. However, purchasing activity was seen across a broader range of sectors including retail, data centres and logistics, reflecting investors' increasingly diverse preferences. Supported by the rapid development of AI and cloud computing, data centres continued to attract long-term institutional capital, with a landmark transaction in Fangshan significantly increasing the sector's share of investment volume this quarter. Elsewhere, BDA's sale of a logistics property highlighted investor demand for high-quality logistics assets with resilient cash flows.

Asset disposals increased over the quarter as some landlords sought to improve liquidity, optimise portfolios, reduce leverage or refocus on core businesses, creating additional acquisition opportunities. Continued price adjustments narrowed valuation gaps between buyers and sellers. At the same time, several office buildings changed hands through judicial auctions, reflecting ongoing distressed sales by owners under financial pressure. Together, these transactions contributed to the recovery in market liquidity observed during the first half of the year. Corporate buyers remained active, acquiring office assets for either self-use or long-term strategic use, while institutional investors selectively increased exposure to assets offering stable income and long-term appreciation potential as pricing became more attractive.

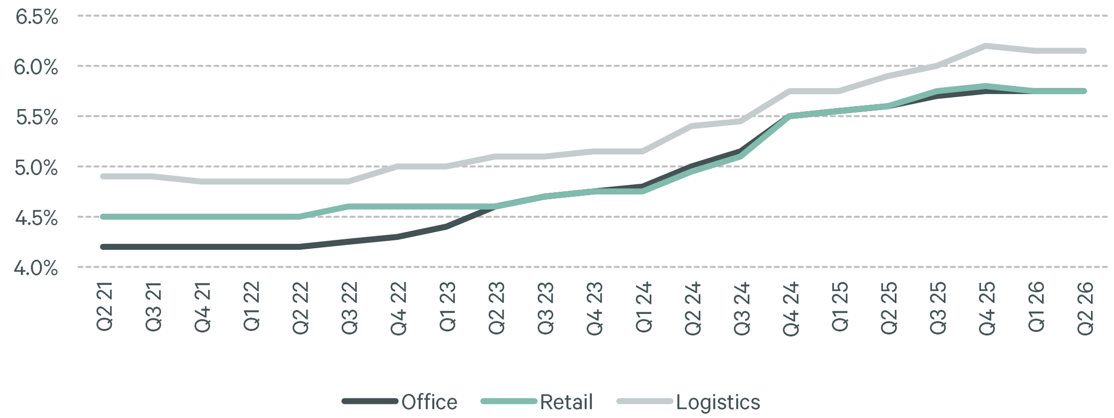
Investment activity is expected to maintain momentum in H2 2026, with the availability of quality assets including office buildings and multifamily apartments set to boost transaction volume. Institutional capital will continue to favour core assets alongside other properties such as multifamily and data centres. While the continued expansion of public and institutional REITs should improve exit channels for eligible assets. Downside risks remain, particularly as continued office supply growth may place further pressure on asset valuations.

Figure 10: Investment Volume by Market



Source: CBRE Research, Q2 2026.

Figure 11: Yield Trends



Source: CBRE Research, Q2 2026.

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