

FIGURES | CHINA | Q3 2026

Office net absorption hits highest total in almost five years; logistics leasing accelerates

+4.6%

GDP
(Q1-Q3 2026, Y-o-Y)

+1.1%

Retail Sales
(Q1-Q3 2026, Y-o-Y)

-7.2%

Fixed Asset Investment
(Q1-Q3 2026, Y-o-Y)

Source: National Municipal Statistics Bureau, CBRE Research, October 2026.

Executive Summary

- Office: Nationwide net absorption rose 45% q-o-q and 66% y-o-y to 820,000 sq. m., the highest single-quarter total since Q4 2021, with 85% contributed by Shenzhen, Shanghai, Beijing and Hangzhou. New supply reached 1.07 million sq. m., a decline of 19% y-o-y. Vacancy held flat q-o-q at 25.0%. The nationwide average rental index fell 1.9% q-o-q, bringing the y-t-d decline to 6%, 2.3 pps. narrower than a year earlier.
- Retail: New nationwide retail property supply totalled 720,000 sq. m. in Q3 2026, flat q-o-q. Net absorption fell 17% q-o-q to 620,000 sq. m. as shopping malls continued repositioning and some new projects opened below expected occupancy. Nationwide vacancy held at 7.5% at quarter end. Shopping mall ground-floor rents fell 0.5% q-o-q, with the y-t-d decline standing at 1.3%, 0.5 pps. wider than a year earlier.
- Logistics: Nationwide net absorption reached 2.63 million sq. m. in Q3 2026, up 24% y-o-y, with 3PL tenants accounting for 45% of new leasing volume. New supply totalled 1.88 million sq. m., over 1.0 million sq. m. of which was located in South China. The national average vacancy rate fell 1.1 pps q-o-q to 17.4%, while the national rental index declined 4.1% q-o-q.
- Investment: A total of 102 transactions worth RMB 32.1 billion were completed nationwide in Q3 2026, a drop of 62% q-o-q and 47% y-o-y, amid a lack of large portfolio transactions. Logistics continued to drive new economy asset investment. Shanghai core office investment rebounded, with the city contributing 83% of national office transaction volume.

FIGURE 1: Quick Statistics

Office	q-o-q	y-t-d	y-o-y
Rent	-1.9%	-6.0%	-8.2%
Vacancy Rate	+0.0 pps.	+0.3 pps.	+0.7 pps.
Retail	q-o-q	y-t-d	y-o-y
Rent	-0.5%	-1.3%	-1.9%
Vacancy Rate	+0.1 pps.	+0.0 pps.	+0.0 pps.
Logistics	q-o-q	y-t-d	y-o-y
Rent	-4.1%	-8.3%	-10.9%
Vacancy Rate	-1.1 pps	-1.3 pps	-1.7 pps
Investment	q-o-q	y-t-d total, y-o-y	y-o-y
Total volume ¹	-62.2%	-11.8%	-46.9%

Note 1: Transactions include deals above US\$10 million in the office, retail, mixed, industrial, hotel and other commercial sectors
Source: CBRE Research, Q3 2026.

Economy

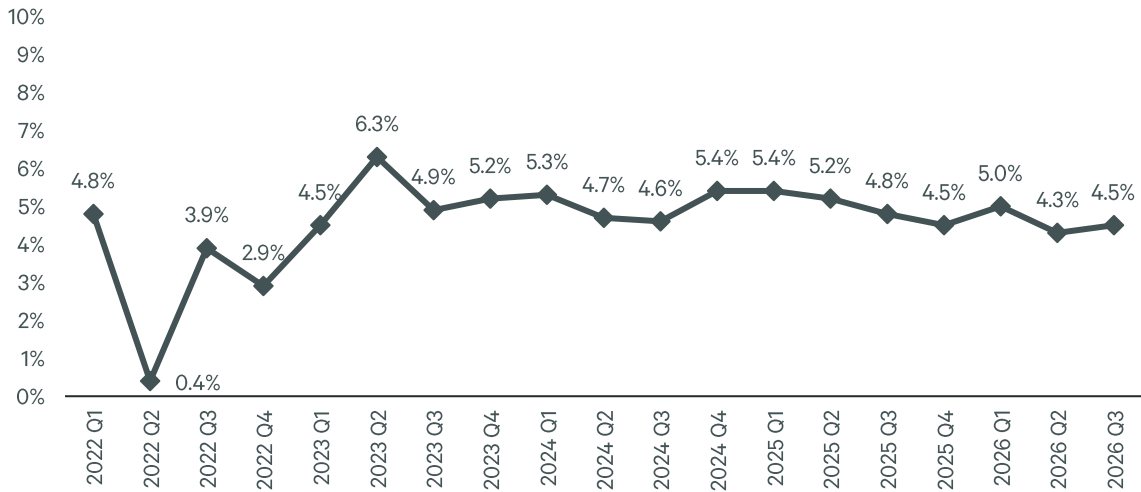
China's GDP grew 4.6% y-o-y in the first three quarters of 2026, in line with official targets. Growth in Q3 2026 accelerated to 4.5% y-o-y and 1.2% q-o-q as momentum shifted toward new economic drivers and the structural mix continued to improve.

Total trade in goods approached RMB 40 trillion in Q3 2026, rising 18.8% y-o-y and continuing to accelerate q-o-q. Single-quarter exports surpassed RMB 8 trillion for the first time, up 22% y-o-y. Sustained export strength is propelling economic growth, with the export mix accelerating its upgrading toward intelligent and green products. Equipment manufacturing contributed nearly 90% of export growth this quarter, while integrated circuit exports jumped 99.1% y-o-y. Exports of electric vehicles, lithium batteries, and wind turbine generators and parts grew 72.3%, 36.4% and 22.4%, respectively, over the period.

Retail sales of consumer goods rose 1.1% y-o-y in September, accelerating 0.7 pps. from August. Growth for the first three quarters of the year also stood at 1.1%, however, indicating still-subdued goods consumption. Services retail sales grew 5.0% in the first three quarters, well ahead of the 1.0% rise in goods retail sales, as household spending continued to shift from acquiring goods toward purchasing experiences and services. Retail sales of mobile communication devices slowed but remained the top upgrade-type category, while cosmetics and apparel posted moderate growth that was nevertheless still faster than in 2025.

Investment remained under pressure, with nationwide fixed asset investment falling 7.2% y-o-y in the first three quarters, dragged down by weaker real estate development investment, which declined 20.6%. The manufacturing investment tilted further toward high-end and intelligent segments: high-tech industry investment rose 4.9% y-o-y, led by information services at 20.2%, followed by aerospace equipment and electronics and communication equipment manufacturing at 12.5% and 7.6%, respectively.

FIGURE 2: China GDP Growth (% Y-o-Y)

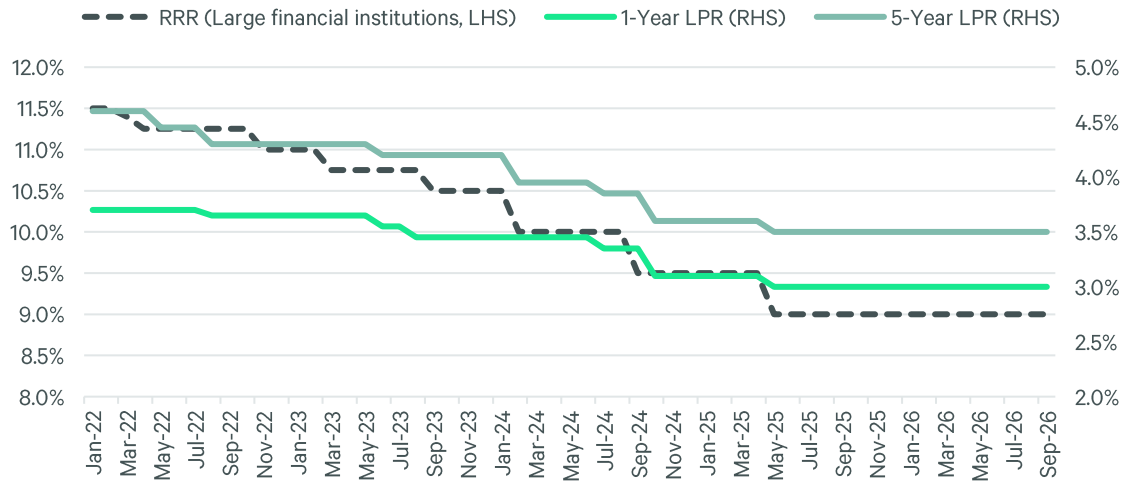


Source: National Statistics Bureau, Q3 2026.

The residential sector remained in a phase of deep adjustment, though signals of stabilization emerged on the price front. New home prices for September in tier I cities rose 0.1% m-o-m and second-hand home prices edged up 0.2% m-o-m, while m-o-m declines in tier II and III cities generally narrowed.

The Q3 2026 executive meeting of the State Council of the People's Republic of China culminated with an announcement that a batch of practical and effective incremental policies would be rolled out. The People's Bank of China's (PBoC) package of structural monetary policy tools and the Ministry of Finance's RMB 550 billion in remaining local government debt quota both landed at the end of September, while policies to stabilise investment and expand domestic demand are expected to continue gaining traction in Q4 2026, supporting a marginal pickup in economic momentum.

FIGURE 3: Reserve Requirement Ratio (RRR) and 1-year Loan Prime Rate (LPR)



Source: PBoC, CBRE Research, Q3 2026.

Office



Net Absorption
+66% y-o-y



Vacancy
+0.7 pps. y-o-y



Rent
-8.2% y-o-y

Tech and advanced manufacturing lead demand; net absorption hits highest level since Q4 2021

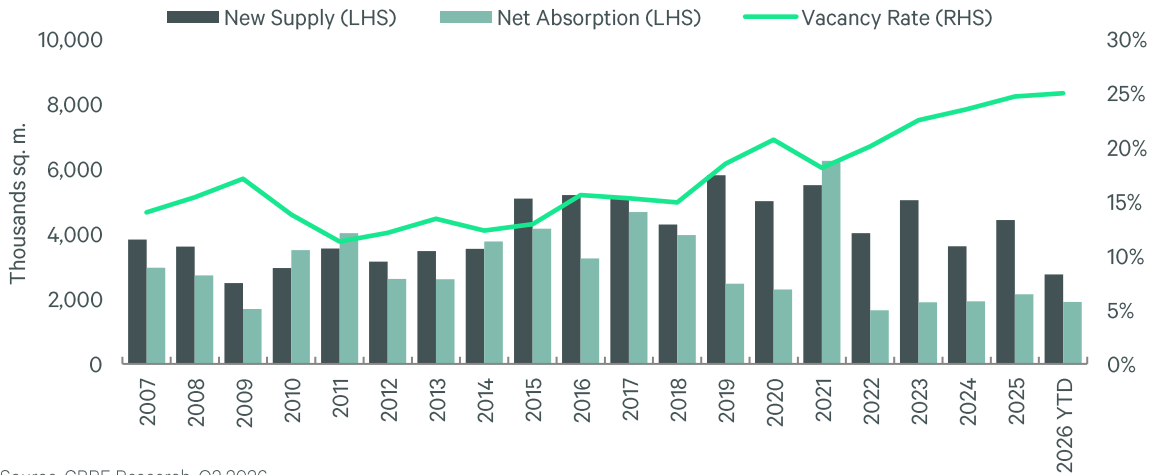
New office supply in the ten major cities CBRE tracks nationwide reached 1.07 million sq. m. in Q3 2026, down 19% y-o-y. Supply in the first three quarters totalled 2.76 million sq. m., a decline of 16% y-o-y. Net absorption rose 45% q-o-q and 66% y-o-y to 820,000 sq. m., the highest single-quarter total since Q4 2021, with 85% contributed by Shenzhen, Shanghai, Beijing and Hangzhou, the country's four leading tech cluster cities. Nationwide net absorption in the first three quarters reached 1.91 million sq. m., up 13% y-o-y.

Vacancy stood at 25% at quarter end, flat q-o-q, with vacancy in seven of the ten cities stable or improving q-o-q. The nationwide average rental index fell 1.9% q-o-q, continuing to narrow from the decline seen in Q2 2026, bringing the drop seen over the first three quarters to 6%, 2.3 pps. smaller than a year earlier.

Incremental demand rises; robotics-related leasing deals set new record

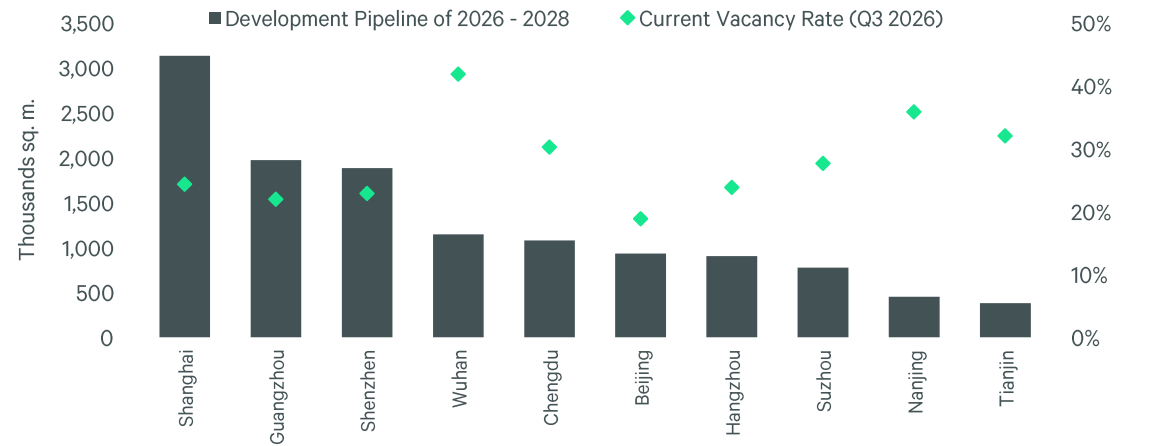
New office leasing volume was flat q-o-q but rose 10% y-o-y in Q3 2026. New set-up and expansion transactions grew 26% and 50% y-o-y, respectively, lifting momentum of incremental demand.

FIGURE 4: China Office New Supply, Net Absorption and Vacancy Rate



Source: CBRE Research, Q3 2026.

FIGURE 5: Vacancy Rate and Development Pipeline

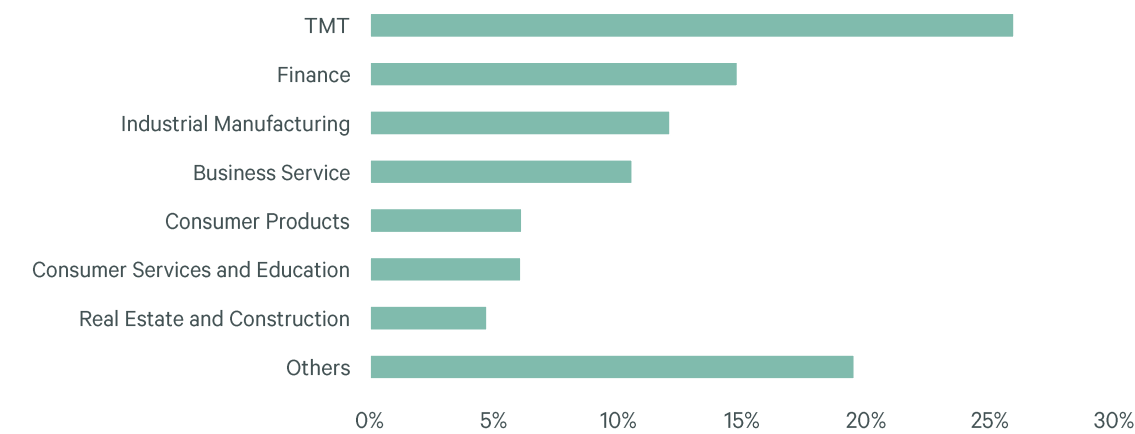


Source: CBRE Research, Q3 2026.

TMT contributed 26% of new leased area this quarter. Robotics demand surged, with new leased area up 274% q-o-q and 27x y-o-y, surpassing the previous record and driving a rise in upstream chip and semiconductor and software and systems development leasing volume by 75% and 22% q-o-q, respectively, and downstream industrial goods manufacturing by 167% q-o-q. During the quarter, large leasing deals were signed in Beijing Zhongguancun, Shenzhen High-tech Park and Houhai, Shanghai Xuhui Riverside and Qiantan, Guangzhou Pazhou, and Hangzhou Future Sci-Tech City and Qianjiang Century City.

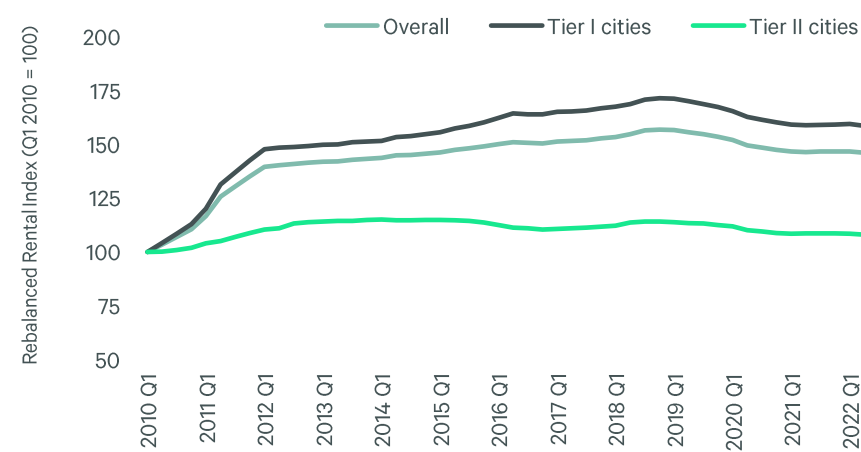
Finance ranked next with 15% of leasing volume. Securities sector new leasing jumped 152% q-o-q and 102% y-o-y, with Beijing and Shanghai accounting for 60% of leased area.

FIGURE 6: Proportion of Leased Office Space by Industry²



Note 2: Office leasing transactions include new set up, expansion, relocation and upgrading.
Source: CBRE Research, Q3 2026.

FIGURE 7: China Office Rental Index³



Note 3: China Office Rental Index calculated by nationwide office market average face rent.
Source: CBRE Research, Q3 2026.

Retail

 Net Absorption
+11% y-o-y

 Vacancy
0.0 pps y-o-y

 Rent
-1.9% y-o-y

Market characterised by weaker leasing momentum and ongoing repositioning

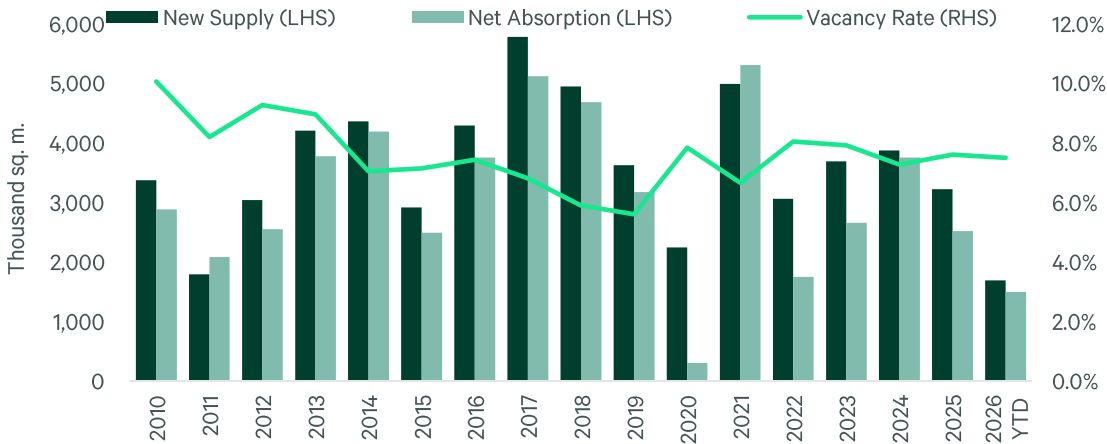
New nationwide retail property supply recorded 720,000 sq. m. in Q3 2026, flat q-o-q. Net absorption fell 17% q-o-q to 620,000 sq. m., largely due to repositioning exercises underway at shopping malls and several new projects opening below expected occupancy.

Nationwide vacancy held at 7.5% at quarter end. Shopping mall ground-floor rents fell 0.5% q-o-q, with the decline for the first three quarters reaching 1.3%, 0.5 pps. wider than a year earlier.

F&B remains top demand driver; outdoor, sports and tech toy brands expand aggressively

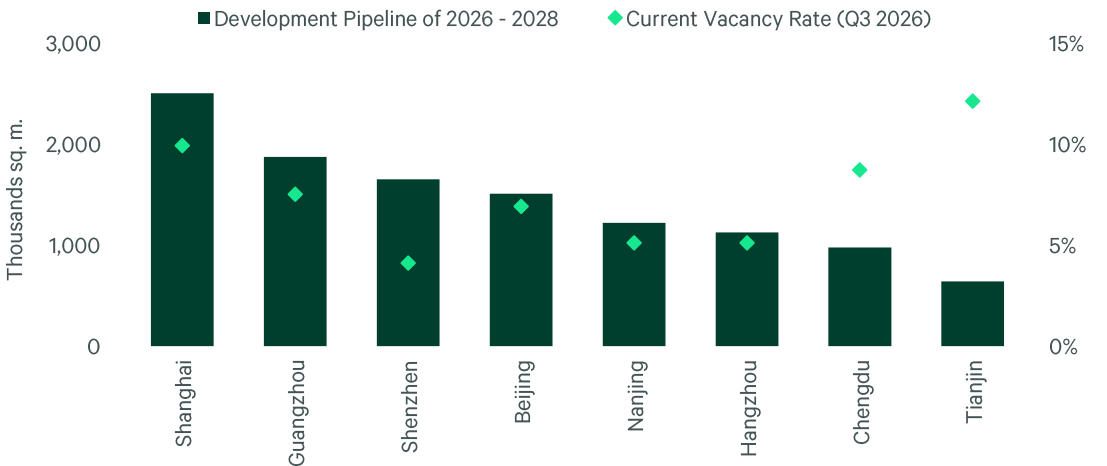
F&B accounted for 40% of new store openings in Q3 2026, maintaining its status as the leading driver of leasing demand. Chinese regional cuisine and coffee and tea shops together accounted for 60% of F&B expansion, with Li Ruotao, Chayan Yuese etc. opening new stores in multiple cities.

FIGURE 8: China Retail New Supply, Net Absorption and Vacancy Rate



Source: CBRE Research, Q3 2026.

FIGURE 9: Vacancy Rate and Development Pipeline



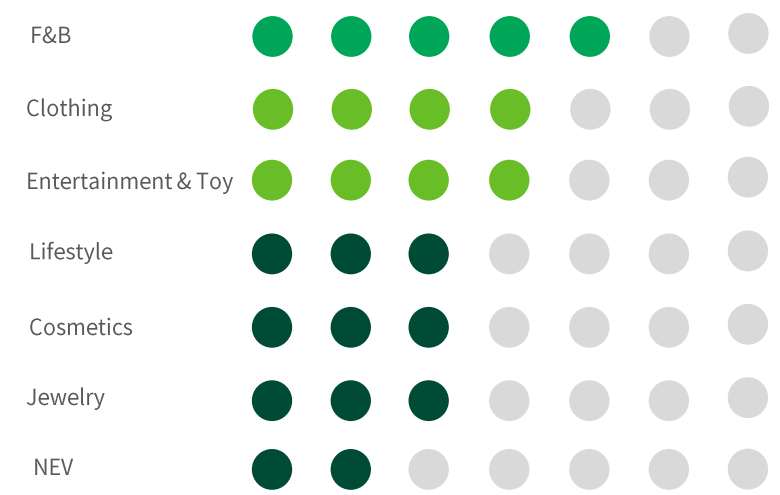
Source: CBRE Research, Q3 2026.

In the apparel segment, outdoor and professional sports brands remained the mainstays: Alo opened multiple new stores; Arc'teryx unveiled a two-level cliffhouse concept store at Chengdu SKP; Salomon took over the former Lancome flagship at Beijing Wangfujing APM; and NikeSKIMS opened its first offline experience space in China at Shanghai HKRI Taikoo Hui.

IP toy brands emerged as a key driver of mall footfall and expansion this quarter, with Pop Mart opening its largest China store across a three-level unit at Hangzhou Hubin in77, along with regional flagships at Chengdu IFS, Changsha IFS and Beijing Chaoyang Hopson One. Also this quarter, MINISO LAND opened large-format stores in Shanghai and Chengdu, while Damai Entertainment subsidiary Luck Loop opened eight stores across six cities in August.

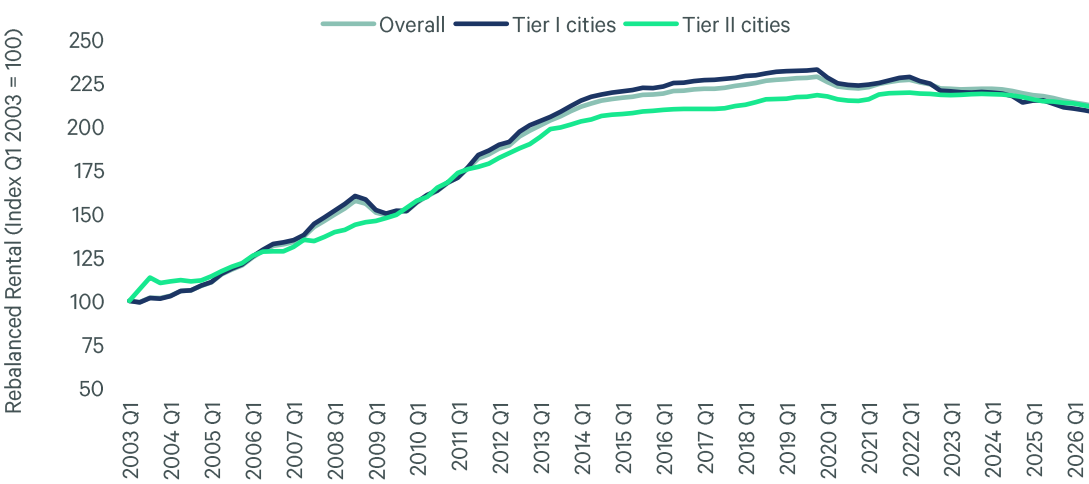
3C electronics retailers maintained their active leasing pace, with demand concentrated in emerging product categories such as action cameras, AI glasses and gaming hardware and peripherals. Experiential formats, including climbing gyms and beauty and wellness services, completed several new store openings across multiple cities, emerging as a key source of demand for upper-floor and basement space.

FIGURE 10: New Store Opening Momentum by Trade Category



Source: CBRE Research, Q3 2026.

FIGURE 11: China Shopping Mall Ground Floor Rental Index⁴



Note 4: China shopping mall ground floor rental index calculated by nationwide shopping mall average asking rent.
Source: CBRE Research, Q3 2026.

Logistics



Net Absorption
+23.8% y-o-y



Vacancy
-1.7% y-o-y



Rents
-10.9% y-o-y

Export growth and retail transformation drive demand expansion and accelerate decline in vacancy

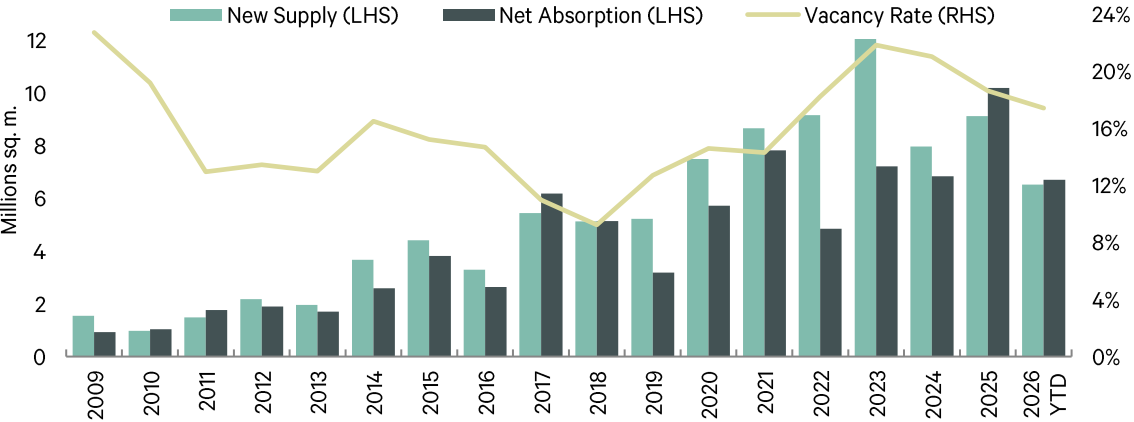
Logistics net absorption reached 2.63 million sq. m. in Q3 2026, up 24% y-o-y. Cumulative net absorption for the first three quarters of the year totaled 6.7 million sq. m., a slight decline of 4% y-o-y due to the high base effect from the previous year.

Driven by major e-commerce promotional events, 3PLs accounted for 45% of new leasing activity this quarter, with a portion consisting of short-term leases. The share of new leases from the manufacturing sector expanded to 22%, with emerging industries such as biopharmaceuticals, robotics testing, and communications/electronics emerging as new growth drivers alongside the automotive sector. These industries are primarily concentrated in South China and East China.

New leasing demand from retail enterprises continued to grow. In addition to traditional food chain operators and large membership-based supermarkets, emerging retail formats such as instant retail, fresh snack brands, and discount snack retailers are expanding rapidly, creating new demand for modern logistics facilities. During the first three quarters of 2026, new leasing demand from wholesale and retail companies exceeded the total for all of last year, reaching a record high and accounting for 14% of total new leasing volume.

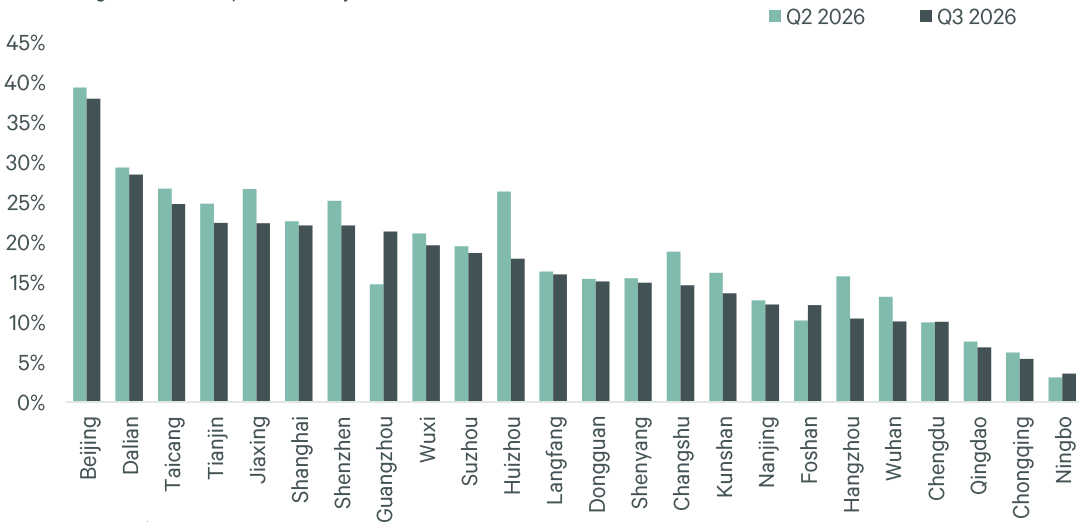
Consolidation among cross-border e-commerce operators accelerated over the quarter, with more than 500,000 sq. m. of space vacated, mainly in Guangzhou-Foshan. However, supported by the continued expansion of 3PL providers, manufacturing upgrades, and relocation-driven demand, South China remained broadly resilient, with y-t-d net absorption declining by just 10% y-o-y.

FIGURE 12: China Logistics New Supply, Net Absorption and Vacancy Rate



Source: CBRE Research, Q3 2026.

FIGURE 13: Logistics Vacancy Rate in Major Cities



Source: CBRE Research, Q3 2026.

New supply continues to enter South China

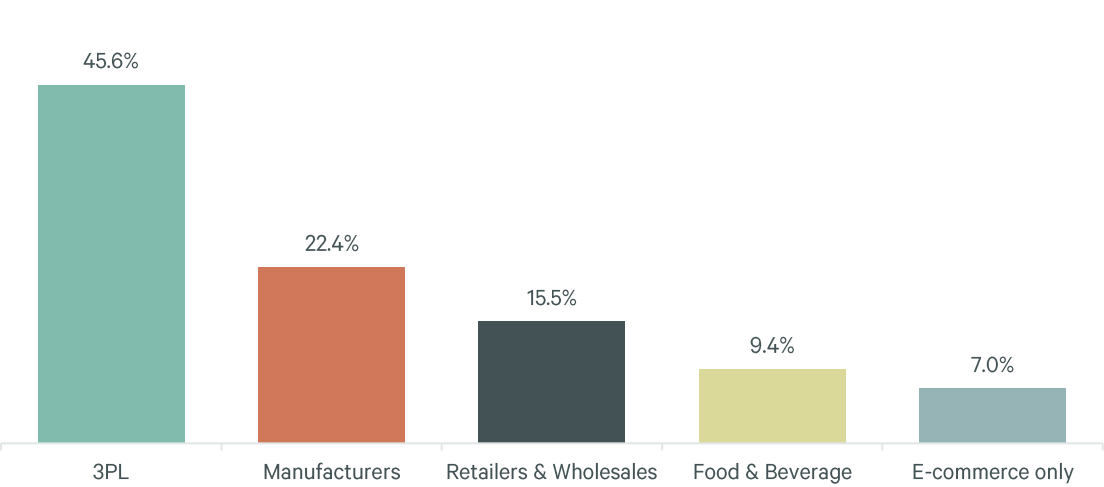
New logistics supply totaled 1.88 million sq. m. in Q3 2026, of which more than 1 million sq. m. was delivered in South China. Guangzhou alone accounted for 970,000 sq. m. of newly completed space this quarter.

Nationwide average vacancy declined by 1.1 pps. q-o-q to 17.4%. Of the different regions, only South China recorded an increase in vacancy. Vacancy in East China declined by nearly 2 pps., while vacancy in Central and Western China remained below 10%.

Rental decline accelerates

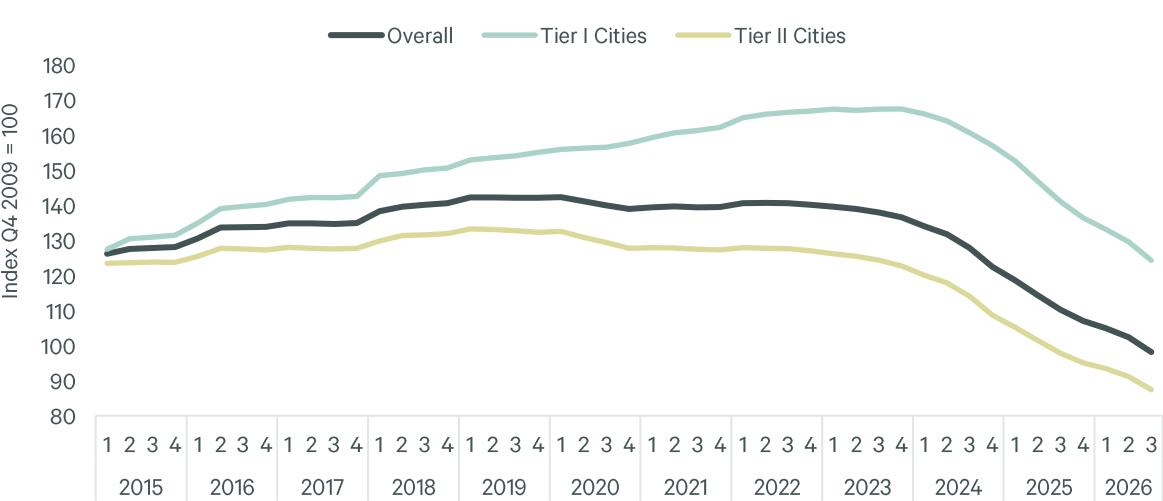
The national logistics rental index fell 4.1% q-o-q in Q3 2026. The rental decline in East China continued to moderate, narrowing to 0.7% q-o-q, while South China experienced an accelerated decline, with rents falling 10% q-o-q.

FIGURE 14: Proportion of Leased Logistics Space by Industry



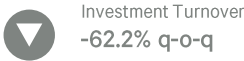
Source: CBRE Research, Q3 2026.

FIGURE 15: China Logistics Rental Index



Source: CBRE Research, Q3 2026.

Investment



Absence of large portfolio transactions pulls down investment volume

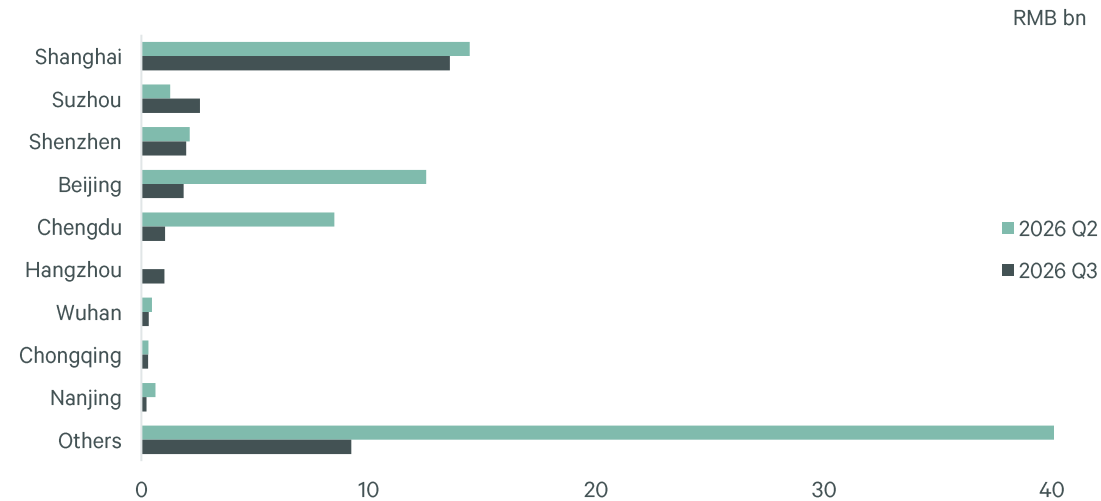
A total of 102 transactions with an aggregate transaction value of RMB 32.1 billion were recorded in Q3 2026, down 62% q-o-q and 47% y-o-y. Cumulative transaction volume for the first three quarters of the year reached RMB 178.2 billion, representing a 12% decline from the same period last year. Corporate buyers remained the most active investor group, accounting for nearly 60% of total transaction volume. Institutional investors and real estate funds together completed transactions worth RMB 6.4 billion, representing 20% of total investment volume.

Logistics continues to drive investment activity in new economy assets; Shanghai office investment rebounds

Transaction volume in new economy assets totaled RMB 14.1 billion, accounting for 44% of investment volume. Of this total, deals for warehousing and logistics assets contributed RMB 6.4 billion, reflecting continued institutional capital allocation to logistics assets. Rental housing transactions totaled RMB 1.4 billion. Notable deals included CR Land Youcha's acquisition of Suzhou Jinlin Apartment and an individual buyer's acquisition of Base Sanlitun Worker Stadium in Beijing.

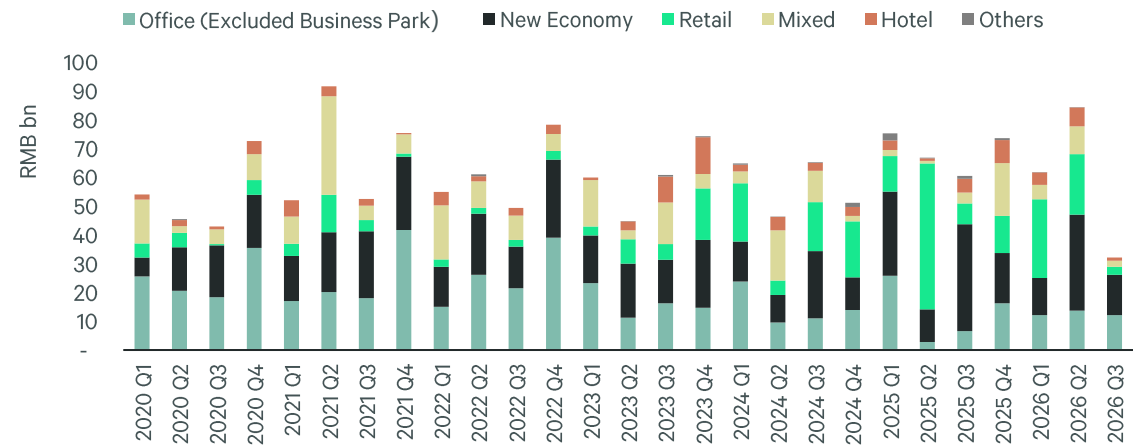
Office transactions (excluding business parks) reached RMB 12.1 billion, accounting for 38% of total investment volume, a significant increase from the previous quarter's 16%. Capital remained highly concentrated in tier I cities, with Shanghai contributing 83% of national office investment volume, primarily driven by the transactions of Xingyun-1 Building and DBS Bank Tower.

FIGURE 16: Transaction Volume by Market⁵



Note 5: Transactions include deals above US\$10 million in the Office, Retail, Mixed, Industrial, Hotel and Other commercial sectors.
Source: CBRE Research, RCA, Q3 2026.

FIGURE 17: Transaction Volume by Sector⁶



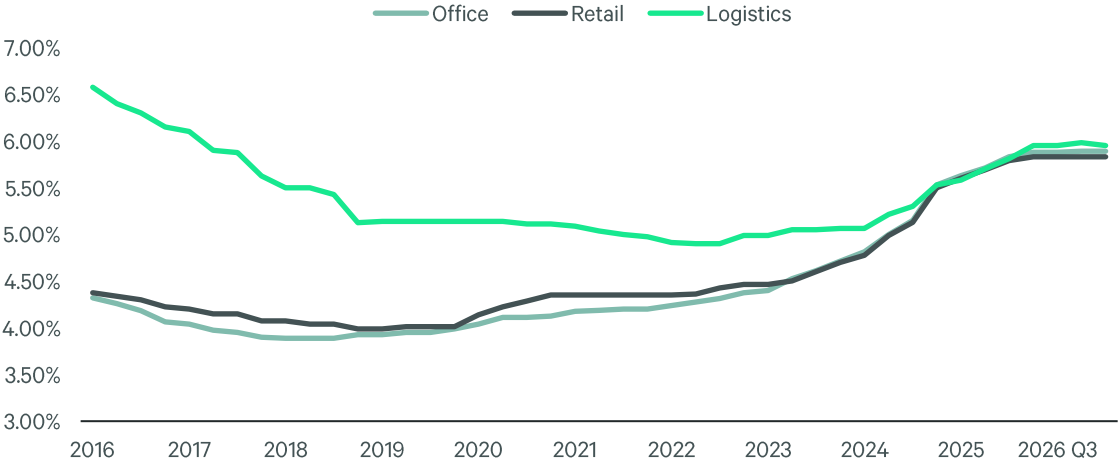
Note 6: New economy sector includes logistics, business parks, residential for income generating, data centres, cold storage and self storage.
Source: CBRE Research, Q3 2026.

Eight publicly offered REITs backed by property ownership assets were approved during the quarter, with a proposed fundraising amount of RMB 12.1 billion. These covered a broader range of asset classes beyond industrial facilities and data centres. Since the launch of commercial real estate REIT application submissions earlier this year, a total of 33 REITs have been filed, with an aggregate proposed fundraising scale of RMB 102.0 billion. Four real estate private REITs were also approved during the quarter, totaling RMB 8.8 billion. In addition, 16 new private REIT applications were accepted, with a proposed fundraising amount of approximately RMB 25.6 billion, indicating a strong future pipeline.

Logistics cap rates in tier I cities edge down

Average cap rates for office and retail properties in tier I cities remained stable during the quarter, while Shanghai logistics cap rates peaked and then began to decline on the back of improving leasing fundamentals and stronger investment liquidity.

FIGURE 18: Tier I Cities Average Net Yields



Source: CBRE Research, Q3 2026.

Outlook

OFFICE

CBRE's 2026 China Office Occupier Survey shows net expansionary intentions among occupiers sit at around 9% over the next three years, with mega- and large-sized firms expressing stronger expansion intentions than SMEs. Firms in high-tech sectors, led by TMT and advanced manufacturing, along with modern service industries such as securities and funds and law firms, all sit in net expansion territory. This should support a continued recovery in office demand through 2027. Amid elevated vacancy and the more than 5.0 million sq. m. of new supply due to come on stream before the end of next year, rents will remain under downward pressure. However, the average full-year decline is expected to narrow to around 5% in 2027.

RETAIL

Around 1.5 million sq. m. of new shopping mall supply is expected to open nationwide in Q4 2026. With ongoing repositioning and brand consolidation taking place in existing projects, absorption pressure and divergence in performance between projects will widen further. CBRE expects the vacancy rate to edge up to around 8% by year end, with full-year 2026 supply and demand broadly in line with that seen in 2025. Limited near-term improvements in consumer confidence, combined with the supply surge, means rents are expected to continue to edge down.

LOGISTICS

New supply is expected to peak in Q4 2026, with approximately 2.8 million sq. m. scheduled for completion, still heavily concentrated in South China. With strong exports and ongoing retail sector transformation set to continue driving demand for modern logistics facilities nationwide, CBRE retains its forecast for net absorption to reach 8.0-8.5 million sq. m. for the full year. New supply is expected to decline by approximately 70% y-o-y in 2027. Rents in selected cities across East China and Central and Western China are therefore expected to stabilise and potentially return to growth.

INVESTMENT

Market enquiries and investment sentiment continue to improve, while price expectations between buyers and sellers are increasingly aligned. Together with the approach of the traditional period for dealmaking, previously delayed transactions are expected to gradually reach completion in Q4 2026. Authorities in Shanghai recently introduced renewal policies for industrial and commercial land-use rights, providing greater clarity around renewal mechanisms. As a result, investors have gained a clearer understanding of renewal terms, renewal premiums, and their implications for asset valuation. Investors are advised to continue focusing on high-quality logistics assets benefiting from improving supply-demand fundamentals, as well as hotels, retail properties, and core office assets that stand to benefit from the ongoing expansion of the public REIT market.

Rental Cycle

FIGURE 19: China Office Rental Cycle Q3 2026

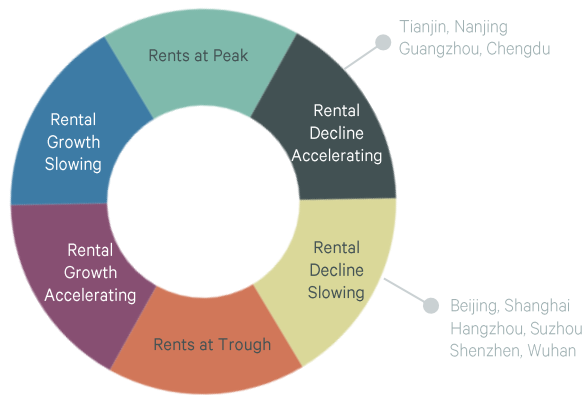


FIGURE 20: China Retail Rental Cycle Q3 2026

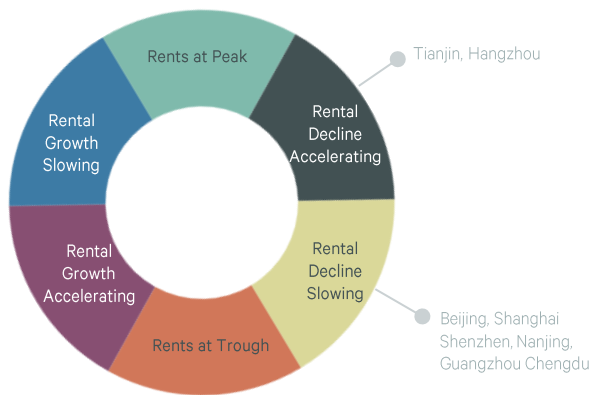
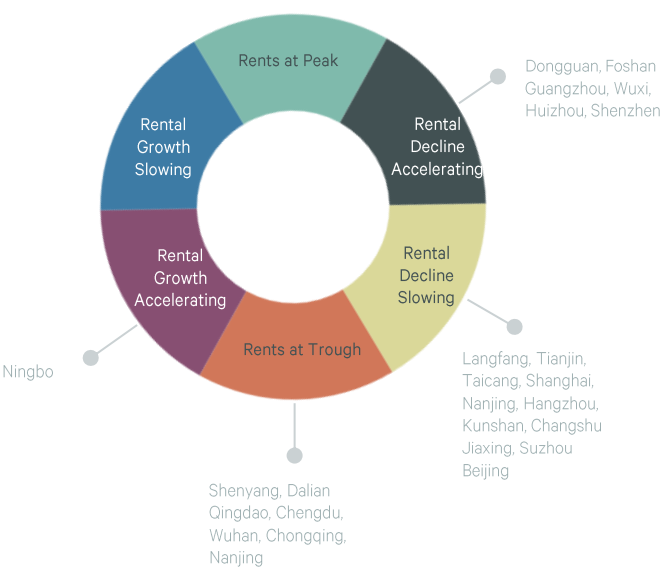


FIGURE 21: China Logistics Rental Cycle Q3 2026



* Office cycle calculated by citywide face rent, retail shopping mall cycle calculated by citywide shopping mall ground floor asking rent, logistics cycle calculated by citywide asking rent.
Source: CBRE Research, Q3 2026.

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