TMT drives office and business park leasing demand; en-bloc transactions show q-o-q increase

+5.5%
Shanghai GDP Growth
(Jan to Sep 2025 | y-o-y)

+4.3%
Retail Sales
(Jan to Sep 2025 | y-o-y)

+6.0%
Fixed Asset Investment
(Jan to Sep 2025 | y-o-y)

Source: Shanghai Statistics Bureau, CBRE Research, Oct 2025

Executive Summary

- **Office:** Two new office buildings providing 116,324 sq. m. of new space were completed in Q3 2025. Net absorption increased 6.7% q-o-q to 100,214 sq. m., while overall vacancy decreased by 0.1 pps. to 22.4%. Companies in the insurance, TMT and consumer products & retail sectors led leasing activity.
- **Retail:** One new mall with 88,000 sq. m. of space was added this quarter. Net absorption totaled 50,899 sq. m., while vacancy rose to 8.8%. Outdoor sports brands upgraded stores, while the growth of the 'emotional economy' drove retailer expansion.
- **Logistics:** Three new projects totaling 366,000 sq. m. were delivered this quarter. Net absorption reached 136,000 sq. m. thanks to the improving economy and landlords' price for volume strategies. Citywide vacancy rose slightly q-o-q to 29.0%.
- **Business Park:** Zhangjiang Science Gate (East Tower) came on stream in Q3 2025, adding 174,500 sq. m. of space to the market. Quarterly net absorption narrowed to 56,507 sq. m.. New leasing demand mainly came from TMT, consumer goods manufacturing, and third-party coworking space providers.
- **Investment:** A total of 25 deals were closed with a combined value of RMB 11.10 billion, an increase of 40% q-o-q. Office transactions reclaimed top position with a 60% share of total transactions on the back of a steady flow of business park deals.

Table 1: Quick Figures

Office	q-o-q	y-t-d	y-o-y
Rent	-0.8%	-3.9%	-5.4%
Vacancy Rate	-0.1%	+0.1%	+0.9%
Retail	**q-o-q**	**y-t-d**	**y-o-y**
Rent	-0.8%	-1.5%	-1.9%
Vacancy Rate	+0.2%	+0.3%	+0.5%
Logistics	**q-o-q**	**y-t-d**	**y-o-y**
Rent	-4.9%	-15.2%	-18.9%
Vacancy Rate	+1.2%	+0.9%	+3.0%
Business Park	**q-o-q**	**y-t-d**	**y-o-y**
Rent	-1.1%	-3.3%	-3.3%
Vacancy Rate	+0.5%	+1.7%	+3.3%
Investment*	**q-o-q**	**y-t-d**	**y-o-y**
Total volume	+40.4%	-35.0%	-44.1%
Domestic	+67.6%	-24.6%	-18.1%

Source: CBRE Research, Q3 2025.
*Transactions include deals above US$10 million in the office, retail, mixed, industrial, hotel and other commercial sectors.

Office

Net Absorption
100,214 sq. m.

Vacancy Rate
-0.1% q-o-q

Rental Values
-0.8% q-o-q

TMT demand strengthens as AI sector drives new requirements

Two new projects were completed in Q3 2025. These were Expo Place T2 and New Bund Infinite, which provided a total of 116,324 sq. m. of new space to the Shanghai office market.

Leasing volume continued to gradually recover over the quarter, with net absorption rising by 6.7% q-o-q to 100,214 sq. m.. Net absorption for the first three quarters reached 272,923 sq. m., surpassing the full-year total for 2024. Overall vacancy slightly decreased 0.1 pps. q-o-q to 22.4%.

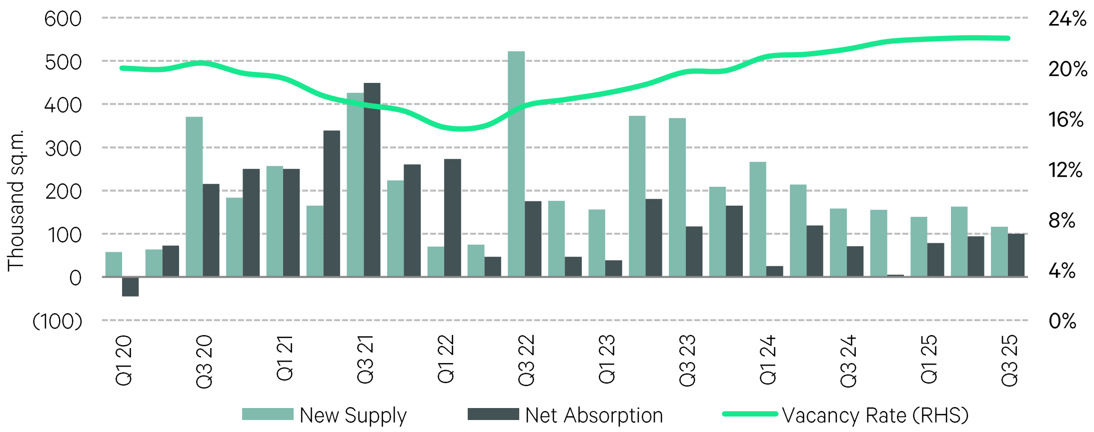
Finance maintained its position as the leading source of leasing demand for the third consecutive quarter, contributing 23% of total volume, primarily driven by insurance and fund companies. TMT rose to second place with 22%, buoyed by robust demand from AI and digital solution enterprises. Consumer products & retail ranked third with 15%, supported by expansion by FMCG and fashion brands. Business services held fourth position with 11%, underpinned by relocations by law and consulting firms. Logistics & transportation entered the top five with 5%, reflecting growth in the e-commerce and export trade segments.

Overall asking rents fell by 0.8% q-o-q to RMB 8.1 per sq. m. per day, while effective rents dropped by 2.3% q-o-q to RMB 5.6 per sq. m. per day.

Absorption of office stock set to accelerate amid steady market recovery

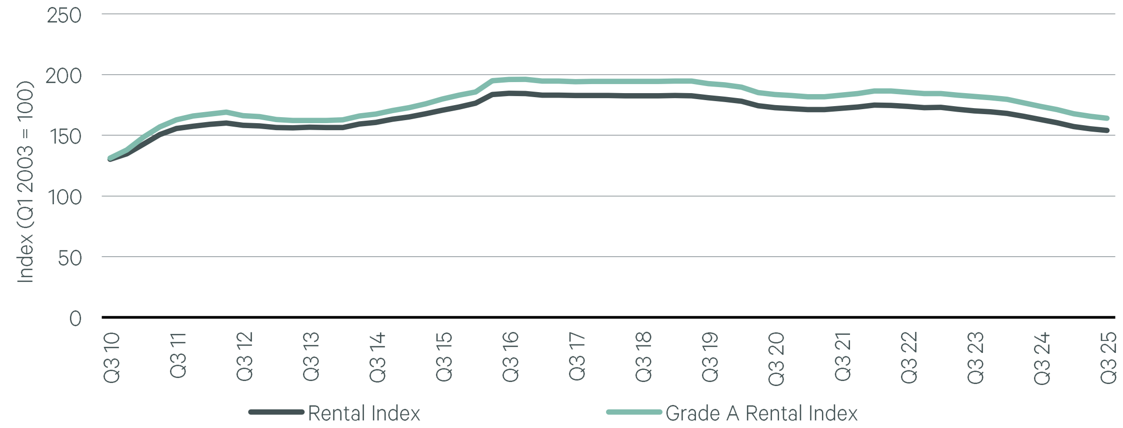
Approximately 820,000 sq. m. of new office supply will enter the market over next six months, led by premium Grade A projects such as China Resources Centre and SHK ITC Ph3 (Tower B). Despite ongoing competition, leasing demand is expected to remain stable, supported by upgrading relocations from enterprises in the finance, TMT, and consumer product and retail sectors.

FIGURE 2: Shanghai Office Supply and Demand



Source: CBRE Research, Q3 2025.

FIGURE 3: Shanghai Office Rental Index



Source: CBRE Research, Q3 2025.

Retail

Net Absorption 50,899 sq. m.

Vacancy Rate +0.2% q-o-q

Rental Values -0.8% q-o-q

'Emotional economy' boosts leasing from toys, gifts, and jewellery retailers

Xintiandi Galleria was the only new mall completed this quarter, providing approximately 88,000 sq. m. of new retail space to the market. Featuring an open-block design, the project integrates concept stores and nightlife elements, setting a new benchmark for an urban-integrated retail mall.

Vacancy edged up slightly to 8.8%. In core business districts, landlords of existing projects continued to upgrade their tenant-mix. Shopping mall ground floor rents fell to RMB 31.7 per sq. m. per day, reflecting the structural adjustment of the market.

Retail categories dominated demand, accounting for 68% of total leasing volume. Among them, the sports and outdoor segment performed exceptionally well. Within the fashion category (representing 38% of retail demand), upgrading remained a key trend.

Driven by the 'emotional economy', toys, gifts, and jewellery categories also exhibited strong demand this quarter. New brands are leveraging a first-store economy + experiential retail strategy to strengthen brand awareness and create a differentiated competitive edge through targeted, scene-based engagement.

F&B demand ranked second, accounting for 28% of total leasing activity. Restaurants offering regional Chinese cuisine, especially from Yunnan, Guizhou, and Sichuan, continued to expand their presence. The summer season also boosted ice cream consumption, while local tea and yogurt brands sustained their expansion momentum across business districts of all tiers.

Upcoming projects to enhance commercial vitality

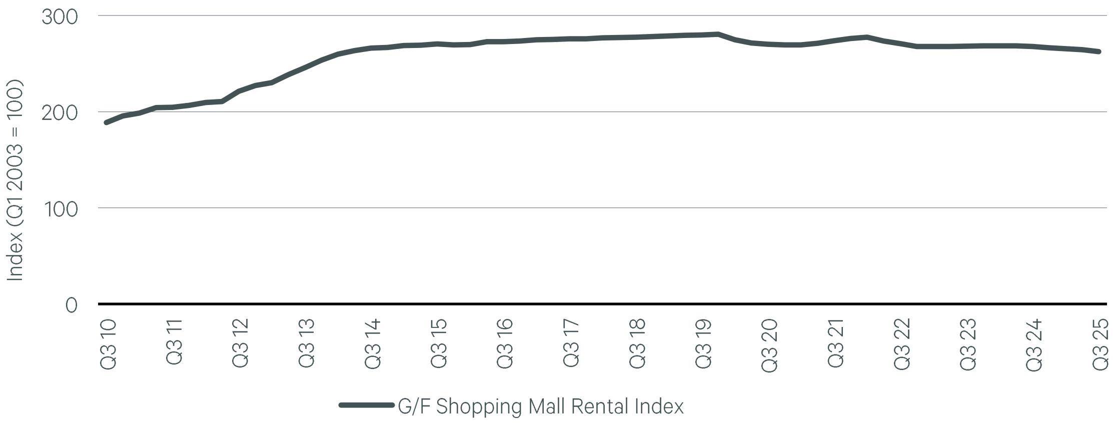
Approximately 489,000 sq. m. of new retail supply will come on stream in the coming six months. New projects include Yongyuanbang in the core CBD as well as several high-quality retail properties in non-core areas such as Xuhui Riverside and Jiangwan New City. The introduction of these diverse commercial property formats will satisfy diverse consumer needs through innovation and brand collaboration and enhance the overall commercial vitality of their respective areas.

FIGURE 4: Selected Leasing Transactions in Q3 2025

Property	Submarket	Tenant	Sector
Grand Gateway 66	Xujiahui	The North Face	Fashion
XINTIANDI GALLERIA	Huaihai	Oneup	Fashion
Crystal Galleria	Nanjing Rd W	Mchugs	Gifts, Toys & Grocery
Shimao Festival City	Nanjing Rd E	Onitsuka Tiger	Fashion
Taikoo Li Qiantan	Qiantan	Aesop	Cosmetics & Personal Care
Mixc	Qibao	Fascino	F&B

Source: CBRE Research, Q3 2025.

FIGURE 5: Shanghai Retail Rental Index



Source: CBRE Research, Q3 2025.

Logistics

Net Absorption 136,000 sq. m.

Vacancy Rate +1.2% q-o-q

Rental Values -4.9% q-o-q

New projects show strong pre-leasing demand, with rental declines narrowing q-o-q.

Three new facilities totaling 366,000 sq. m. were completed this quarter. These comprised GLP Taopu Cold Chain Industrial Park Phase I (74,000 sq. m.), EQT Qingpu logistics Park, (85,000 sq. m.) and GLP Lingang Zhichuang Green Valley.

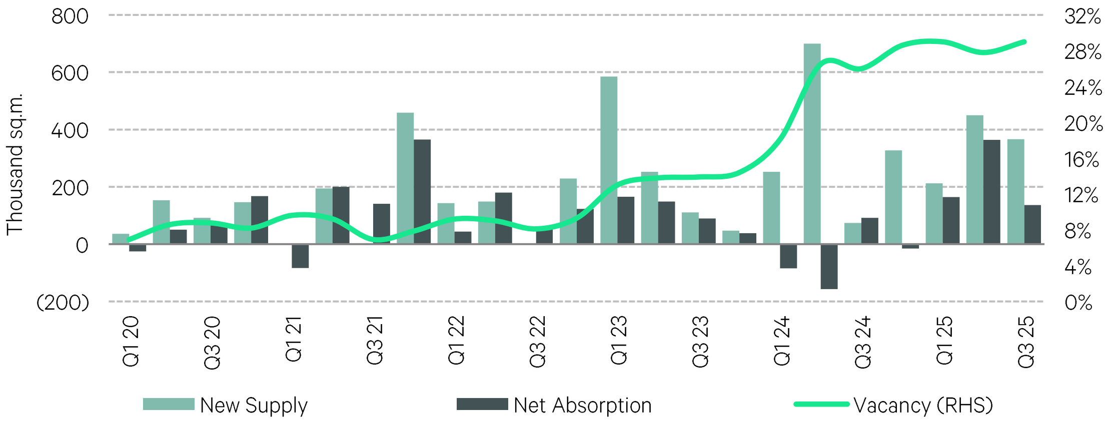
Shanghai's economy continues to recover, with exports growing over 10% y-o-y in the first eight months of the year. Industrial output and consumption growth rebounded to around 4%, signaling a comprehensive recovery. Backed by these favourable economic conditions, warehouse net absorption reached 136,000 sq. m. in Q3 2025. As well as steady demand growth in Putuo and Qingpu districts, Minhang district achieved positive net absorption through landlords' price-for-volume strategies. The fading effect of national subsidies led to some short-term lease terminations, however, resulting in negative absorption in Jinshan district. 3PLs remained the largest source of new leasing volume, accounting for 48%, unchanged from the previous quarter. Manufacturing tenants increased their share to 42%, led by medical device and semiconductor companies.

While citywide vacancy remained high, at 29%, the q-o-q decline in rents narrowed to 4.3%. Most areas reported vacancy rates below 25%, except Jiading, Qingpu, Jinshan, and Lingang, where vacancy exceeded 25%. Submarkets that had experienced larger declines earlier this year, such as Jinshan and Qingpu, reported smaller q-o-q decreases this quarter, while submarkets closer to the city centre, such as Minhang district, saw the rental decline accelerate. Rents remained stable in areas such as PVG and Putuo.

Rents in Shanghai Metropolitan Area set to stabilise after hitting bottom

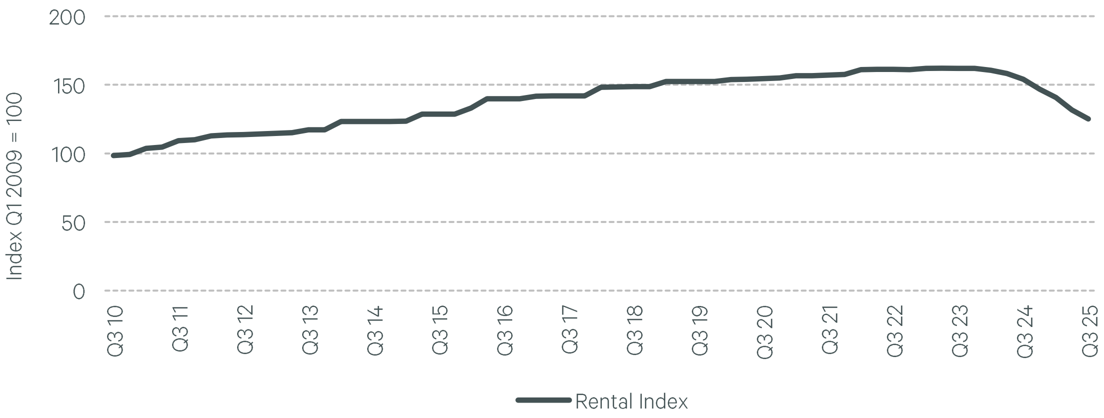
The Shanghai Metropolitan Area (Shanghai, Jiaxing, and Greater Suzhou) will see the addition of 270,000 sq. m. of premium warehouse space over the next six months. This represents a steep decline from the the 1 million sq. m. of stock added in the Shanghai Metropolitan Area during 2024 and will ease market pressure. With new supply in the Shanghai metropolitan area falling, rents are expected to bottom out and then stabilise.

FIGURE 6: Shanghai Logistics Supply and Demand



Source: CBRE Research, Q3 2025.

FIGURE 7: Shanghai Logistics Rental Index



Source: CBRE Research, Q3 2025.

Business Park

Net Absorption **56,507** sq. m.

Vacancy Rate **+0.5%** q-o-q

Rental Values **-1.1%** q-o-q

Policy support fuels demand from semiconductor chip industry

Zhangjiang Science Gate (Easter Tower) was completed in Q3 2025, adding 174,500 sq. m. of high-quality business park stock to the market. Net absorption for the quarter narrowed to 56,507 sq. m., while the vacancy rate rose to 24%.

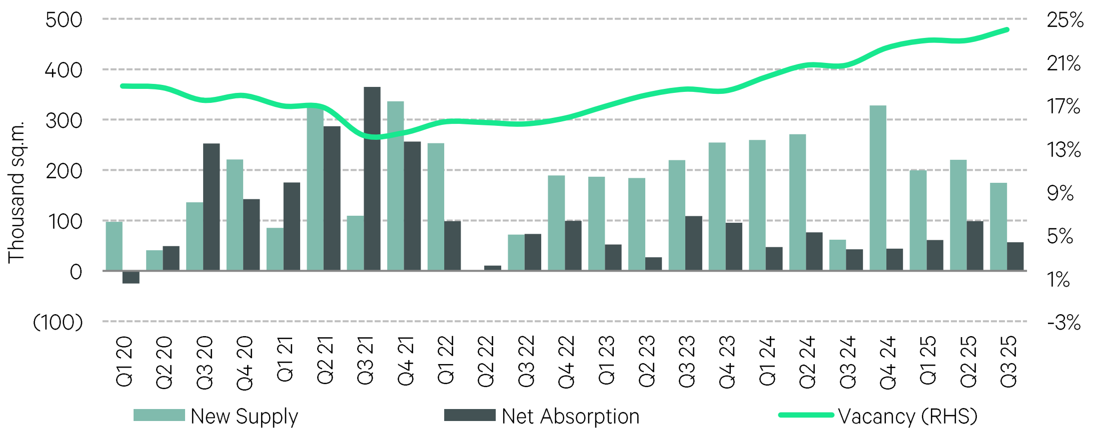
The TMT sector accounted for 22.8% of leasing volume this quarter, with the semiconductor industry especially active due to supportive policies and technological advancements. Tenants in the system solutions and AI segments displayed solid expansionary demand during the period. Consumer goods retail ranked second, accounting for 21% of leasing volume, with relocation requirements in Caohejing especially prominent. Third-party offices ranked third with a share of 15.5%, while transportation and warehousing comprised 10.7%.

Leasing demand in Jinqiao, Caohejing, and Zhangjiang underpinned city-wide absorption, accounting for 32%, 29%, and 20% of the quarterly total, respectively. Jinqiao benefitted from third-party office relocations while demand in Caohejing was driven by headquarters relocations by retail enterprises. Activity in Zhangjiang was also charactered by relocations, albeit from TMT (semiconductor/chips) and biomedicine firms. While leasing demand showed a moderate recovery, absorption remained low, leading to a 1.1% decline in average rents to RMB 4.4 per sq. m per day.

Increase in supply and drop in rents set to continue in short-term

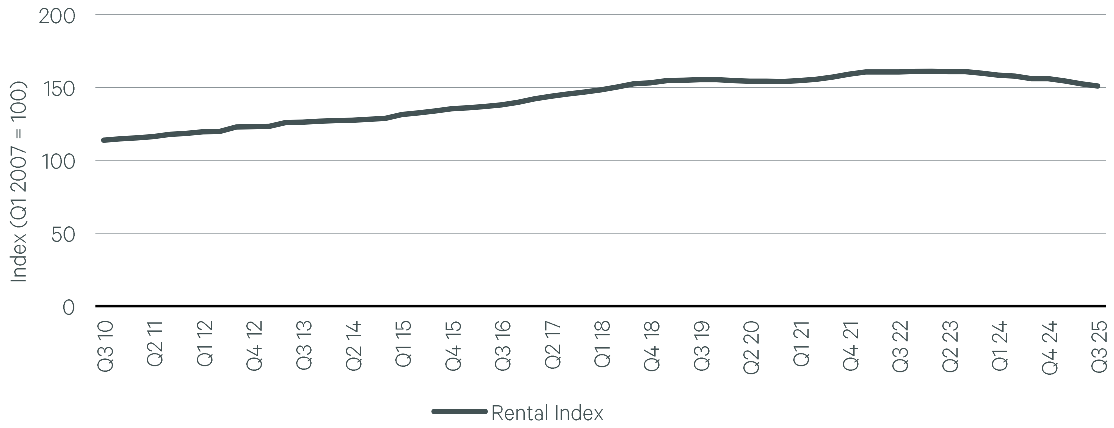
“Shanghai's high-tech industries, including artificial intelligence, integrated circuits, and high-end equipment, recorded double-digit y-o-y growth in terms of industry output value in the first three quarters of the year, which is expected to support demand for R&D office space. However, around 800,000 sq. m. of new supply will enter the market in the next six months, pushing up availability and weighing on rents.

FIGURE 8: Shanghai Business Park Supply and Demand



Source: CBRE Research, Q3 2025.

FIGURE 9: Shanghai Business Park Rental Index



Source: CBRE Research, Q3 2025.

Investment

Total Turnover
+40.4% q-o-q

Number of Transactions
25

Transaction activity recovers as office sector regains dominance

A total of 25 transactions worth a combined RMB 11.10 billion were recorded in Shanghai in Q3 2025, an increase of 40% q-o-q but a decline of 44% y-o-y. Investment activity picked up from the previous quarter, driven primarily by investors' pursuit of stable cash flow.

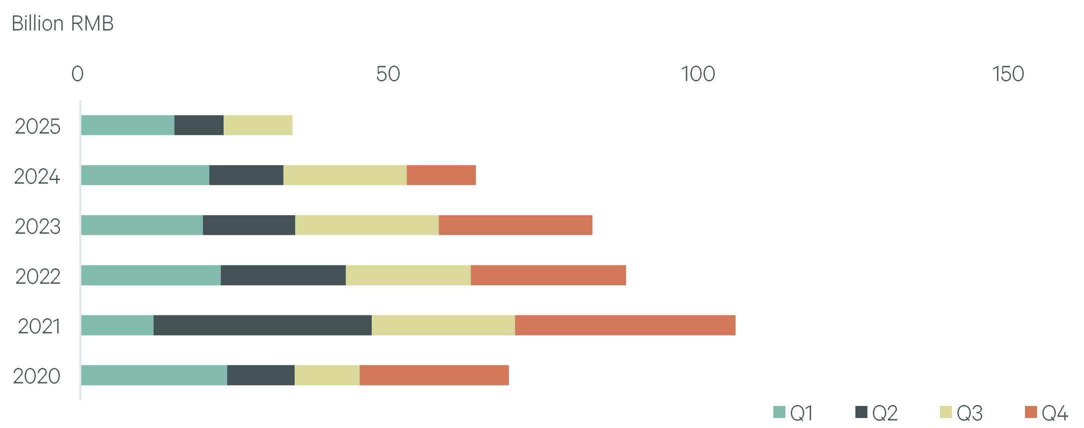
Office transactions reclaimed the dominant position with a 60% share of total transactions. Business parks saw brisk activity as transactions were completed by end-users and state-owned enterprises in both mature and emerging submarkets. Several corporate acquisitions of commercial office properties were successfully concluded, effectively balancing the dual values of office usage and asset allocation. Retail properties accounted for 16%, primarily driven by individual buyers targeting leased shops or community commercial assets. Multifamily and mixed-use complexes each contributed 8%, as investors maintained a preference for high-quality assets in prime locations with stable operations and robust cash flow.

Investment-driven deals retain top spot

Investment-driven transactions accounted for over 80% of total transaction volumes, reflecting the current strong investment focus. Property developers and corporate buyers emerged as the main players, contributing 38% and 25% of total transaction value, respectively, with a strong focus on office assets. Individual buyers remained active at the lower end of the market, contributing 11% of investment volume, with judicial auctions remaining a common transaction method.

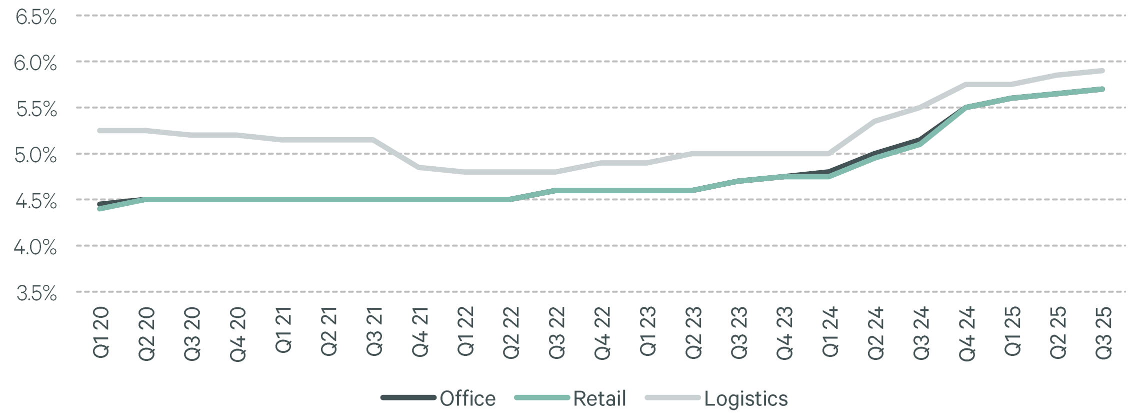
Investment activity is set to pick up further in the coming months, with the coexistence of core assets and special opportunities becoming increasingly prominent. Institutional investors will maintain their focus on retail properties and multifamily in prime locations with stable operations; corporate buyers will continue to release purchasing power based on self-use development and investment needs; and individual buyers will seek investment opportunities in small-to-medium-sized assets such as strata-titled properties through judicial auction channels. The joint participation of diverse investment entities will inject greater resilience and vitality into Shanghai's investment market.

FIGURE 10: Shanghai En-bloc Transaction Volume



Source: CBRE Research, Q3 2025.

FIGURE 11: Yield by Sector



Source: CBRE Research, Q3 2025.

CBRE Research

Ivy Lu
Senior Director, China Research
ivy.lu@cbre.com

Sam Xie
Head of Research, China
sam.xie@cbre.com

Qianqian Zhang
Senior Analyst, Eastern China
qianqian.zhang@cbre.com

Molly Hu
Director, China Research
molly.hu@cbre.com

Joanna Qiang
Analyst , Eastern China
joanna.qiang@cbre.com

Faye Qiao
Senior Manager, China Research
mengyang.qiao@cbre.com

Hanny Zhou
Analyst , Eastern China
yuhan.zhou@cbre.com

Business Line

Alex Chen
Executive Director, Head of Consulting, China
Regional MD, Eastern China
Alex.chen@cbre.com

CBRE Office

Shanghai Office
17&18F, JC Plaza
No. 1225 West Nanjing Road,
Shanghai, China 200040