

Robotics sector drives office and business park absorption; tenant mix refreshes boost shopping mall performance

+5.6%

Shanghai GDP Growth
(Jan to Jun 2026 | y-o-y)

-0.1%

Retail Sales
(Jan to Aug 2026 | y-o-y)

+4.8%

Fixed Asset Investment
(Jan to Aug 2026 | y-o-y)

Source: Shanghai Statistics Bureau, CBRE Research, October 2026

Executive Summary

- **Office:** Three new office buildings totalling 257,489 sq. m. were completed in Q3 2026. Strong demand from the robotics sector ensured the industrial manufacturing sector was the largest source of demand. Net absorption surged 23% q-o-q to 207,047 sq. m., pushing down vacancy to 24.4% and marking the first q-o-q decline this year.
- **Retail:** Three new malls providing 170,000 sq. m. of space were added this quarter. Net absorption totaled 61,000 sq. m., while vacancy rose to 9.9%. Trendy fashion and toys & gifts stores dominated leasing demand, with new-style tea and Asian F&B brands also remaining active.
- **Logistics:** Two new projects totaling 243,000 sq. m. were completed during the period. Driven by strong demand from 3PLs and the wholesale & retail sector, net absorption reached 246,000 sq. m.. The vacancy rate dropped by 0.5 pps. q-o-q to 22.1%.
- **Business Park:** Manufacturing remained the largest demand driver (47%), led by robotics and drone firms. TMT and pharma & life sciences accounted for 22.5% and 8.5%, respectively;
- **Investment:** A total of 29 transactions worth RMB 13.56 billion were recorded in Shanghai in Q3 2026, a rise of 0.6% q-o-q and 13.5% y-o-y. Y-t-d investment volume grew by 14% y-o-y, signaling that the market is bottoming out and stabilising.

Table 1: Quick Figures

Office	q-o-q	y-t-d	y-o-y
Rent	-0.6%	-2.3%	-3.7%
Vacancy Rate	-0.1%	+1.2%	+2.1%
Retail	q-o-q	y-t-d	y-o-y
Rent	-0.7%	-0.4%	-1.2%
Vacancy Rate	+0.7%	+0.7%	+1.1%
Logistics	q-o-q	y-t-d	y-o-y
Rent	-1.2%	-3.9%	-6.9%
Vacancy Rate	-0.5%	-0.4%	-6.7%
Business Park	q-o-q	y-t-d	y-o-y
Rent	-1.6%	-4.0%	-3.9%
Vacancy Rate	-0.9%	+0.5%	+3.2%
Investment*	q-o-q	y-t-d	y-o-y
Total volume	+0.6%	+13.6%	+13.5%
Domestic	+23.4%	+10.7%	+13.5%

Source: CBRE Research, Q3 2026.

*Transactions include deals above US\$10 million in the office, retail, mixed, industrial, hotel and other commercial sectors.

Office

Net Absorption
207,047 sq. m.

Vacancy Rate
-0.1% q-o-q

Rental Values
-0.6% q-o-q

Demand continues to recover as net absorption rises for eighth consecutive quarter

Three new office projects were completed in Q3 2026. These consisted of INC, Upper West Shanghai T1, and AXIOM Tower B, which added a total of 257,489 sq. m. of new space to the market. This brought cumulative new y-t-d supply to just under 1 million sq. m.

Leasing demand remained robust, with new set-up and expansion deals accounting for 38% of total demand, staying above 30% for two consecutive quarters. The Grade A and premium Grade A segments showed strong resilience, while Grade B office leasing remained lacklustre. Citywide net absorption rose 23% q-o-q to 207,047 sq. m., while vacancy edged down 0.1 pps. to 24.4%, marking its first q-o-q decline since last year.

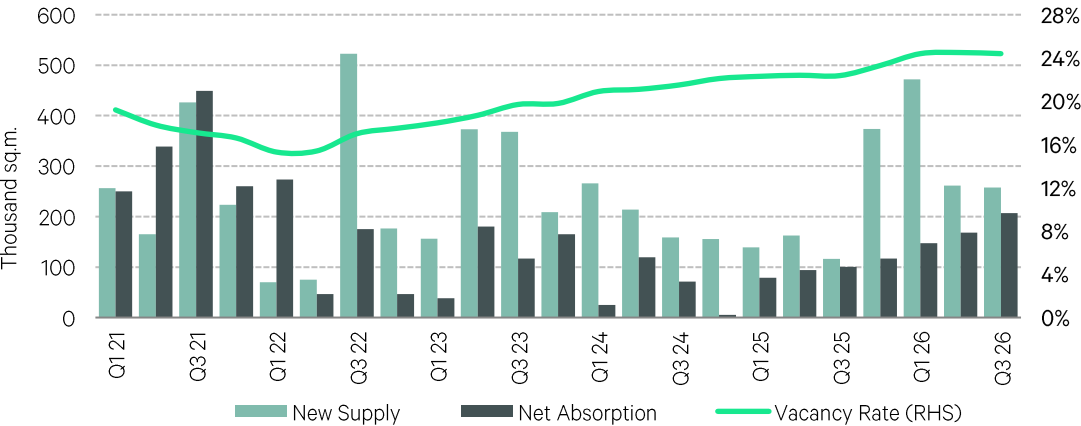
By sector, industrial manufacturing led leasing demand with a 22% share, underpinned by robotics industry expansion, mainly in New Bund and Xuhui Riverside. TMT ranked second with 19% as the gaming, e-commerce, AI, chips and internet companies completed large scale leasing transactions. Finance followed with 17%, driven by securities firms’ expansion and consolidation. Consumer products took a 10% share, with over 90% of transactions from this sector involving relocations in Nanjing West Rd. and Sichuan Rd.

Overall asking rents declined 0.6% q-o-q to RMB 7.7 per sq. m. per day, while effective rents fell 0.8% q-o-q to RMB 5.1 per sq. m. per day. The declines narrowed by 0.6 and 1.5 pps., respectively, compared with the prior quarter.

Market continues to favour tenants as early signs of improvement emerge

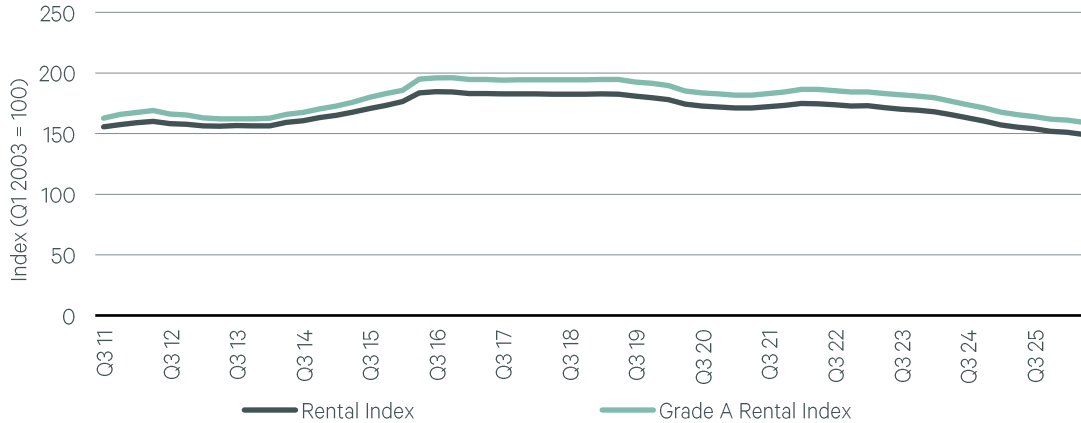
Market conditions have shown signs of improvement in recent quarters. Despite the continued wave of new supply, resilient demand from the robotics, TMT, and financial sectors has supported a recovery in net absorption. While rents remain under downward pressure, strengthening occupier demand is expected to gradually provide support to rental performance. While CBRE retains its cautiously optimistic outlook for the remainder of the year, close monitoring will be required to assess whether the current recovery in demand can be sustained. The impact of increasing building polarisation on market competition and rental recovery also warrants attention.

FIGURE 2: Shanghai Office Supply and Demand



Source: CBRE Research, Q3 2026.

FIGURE 3: Shanghai Office Rental Index



Source: CBRE Research, Q3 2026.

Retail

Net Absorption
170,083 sq. m.

Vacancy Rate
+0.7% q-o-q

Rental Values
-0.7% q-o-q

Apparel and F&B brands remain active as brand refreshes drive operating performance

Three new retail projects opened in Shanghai during Q3 2026: ITC Mall, Plaza 66 Pavilion, and Metro Binjiang. Together they added approximately 170,000 sq. m. of GFA, anchored around night-time consumption, premium lifestyle, and diversified consumption scenarios.

With some new projects still in a phased opening and leasing stage, citywide net absorption reached 61,000 sq. m., while vacancy rose 0.7 pps. q-o-q to 9.9%. Landlords of malls in core submarkets continued to refresh brands and tenant mixes over the quarter, boosting performance. Amid the addition of new supply and intensifying competition, citywide average ground-floor rents fell by 0.7% q-o-q to RMB 31.8 per sq. m. per day.

Retailers accounted for 49.7% of leasing activity. Apparel ranked first with 21% of leasing demand, led by womenswear and designer brands. Leasing activity by retailers in the gifts, toys & grocery category saw a notable uptick this quarter, as trendy toy and collectible brands accelerated expansion across multiple submarket tiers, ensuring this cohort ranked second among retail categories.

F&B accounted for 45% of leasing demand, ranking second across all trade categories citywide. New-style tea, Chinese dining, and Asian cuisine were among the most active segments, with specialty milk tea and fruit-and-vegetable tea brands expanding at a rapid pace. Regional cuisines, hotpot, and barbecue restaurants continued to attract strong operator interest, while Asian dining openings were led by conveyor belt sushi and sukiyaki formats.

Experience upgrades and scene innovation advance alongside rising supply

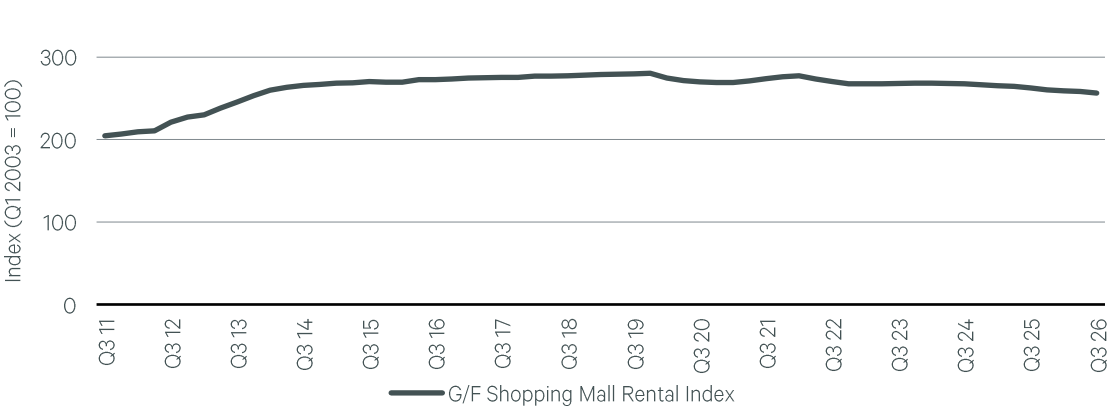
Consumer spending in China is shifting from standardised products toward personalised, health-oriented, and smart experiences. This is prompting brands to place a stronger emphasis on scene creation and content operations. Since the start of Q3 2026, the “Shanghai Summer” International Consumption Season has encouraged shopping malls to introduce night-time economy and curated consumption elements. Approximately 377,000 sq. m. of new supply is due to come on stream over the next six months, concentrated in non-core submarkets such as Pudong and Hongqiao. As competition intensifies, projects with differentiated positioning and refined operations are expected to outperform and keep attracting brands and footfall.

FIGURE 4: Selected Leasing Transactions in Q3 2026

Property	Submarket	Tenant	Sector
IAPM	Huaihai	W.management	Fashion
Grand Gateway 66	Xujiahui	FITH	Fashion
Crystal Galleria	Nanjing Rd W	Liruotao	F&B
Raffles Square	Nanjing Rd E	POP MART	Gifts, Toys & Grocery
Hall of the Sun	North Bund	Rollin Bubble	F&B
Hopson One	Wujiaochang	+5LBS	Service

Source: CBRE Research, Q3 2026.

FIGURE 5: Shanghai Retail Rental Index



Source: CBRE Research, Q3 2026.

Logistics



Net Absorption
246,000 sq. m.



Vacancy Rate
-0.5% q-o-q



Rental Values
-1.2% q-o-q

Brisk absorption in new projects pulls down vacancy

Two new projects adding approximately 243,000 sq. m. of new supply were added this quarter: the JD.com Shanghai Songjiang Smart Industrial Park and the Goodman Qingpu Huaxin Express Logistics Equipment and Intelligent Manufacturing Industrial Park.

Demand held up over the quarter, with citywide net absorption reaching 246,000 sq. m., nearly double the total for Q2 2026 and marking a new high for the year so far. Absorption momentum strengthened further over the period, with Songjiang, Jinshan and Qingpu driving take-up. Citywide vacancy fell 0.5 pps. q-o-q to 22.1%, further improving the supply-demand balance. Jiading, Qingpu and Jinshan continued to report vacancy of over 25%, while that in Putuo, Baoshan and Waigaoqiao stayed below 15%.

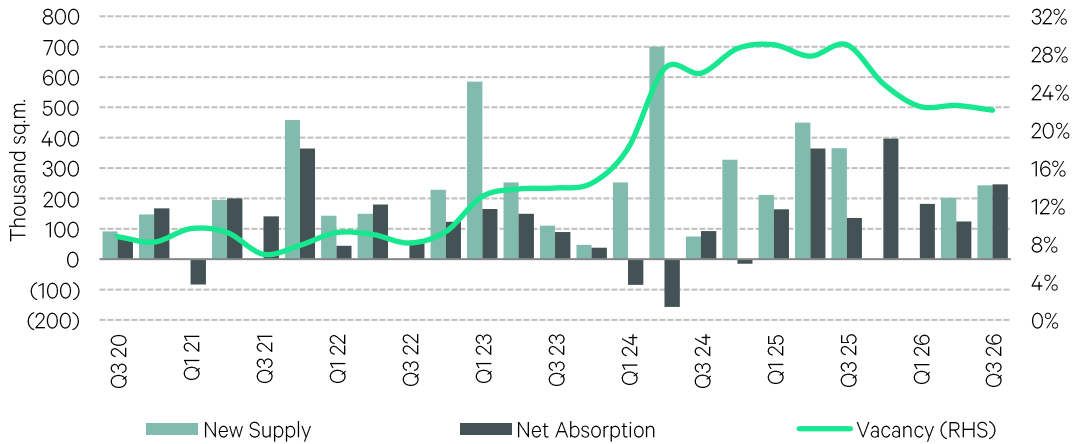
New leasing demand came mainly from 3PLs, e-commerce and wholesale and retail, and continued to underpin absorption. 3PLs remained the market's main driver, accounting for about 40% of total transaction volume over the quarter, with supply chain management, contract logistics, express delivery and less-than-truckload operators particularly active. Wholesale and retail have been active all year: community retail, instant delivery and integrated warehousing-and-delivery firms continued to take space during the period, while consumer goods companies contributed several new lease and renewal deals.

Supply and demand keep rebalancing; rents set to stabilise

Citywide average rents fell 1.2% q-o-q to RMB 1.14 per sq. m. per day. The q-o-q decline continues to narrow, and rents are now entering a bottoming-out phase. At the submarket level, asking rents for existing stock in Songjiang eased as new supply entered the market, while renewal rents in Putuo came in above the area average. Asking rents held steady elsewhere.

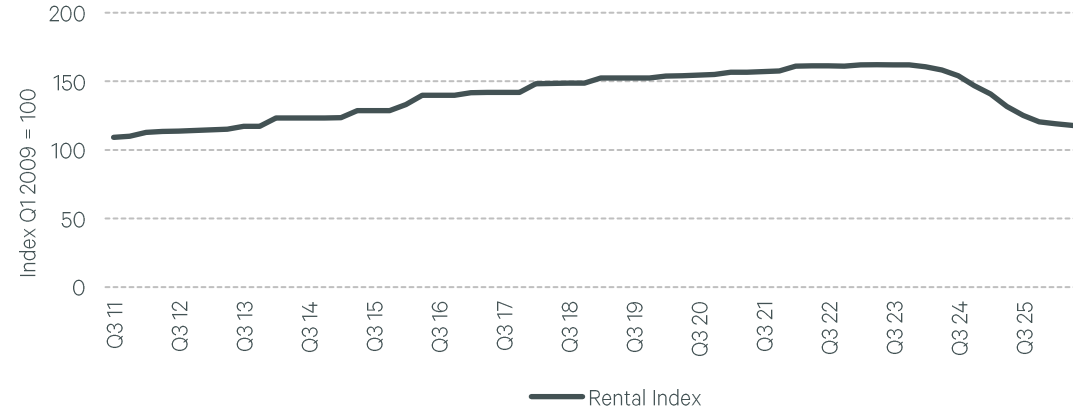
Approximately 67,000 sq. m. of new supply is expected to enter the market over the next six months, while no new projects are currently scheduled for 2027. The slower pace of new supply alongside steady demand growth should continue to support the market, with the rate of rental decline narrowing further and rents gradually finding a floor.

FIGURE 6: Shanghai Logistics Supply and Demand



Source: CBRE Research, Q3 2026.

FIGURE 7: Shanghai Logistics Rental Index



Source: CBRE Research, Q3 2026.

Business Park

Net Absorption
132,048 sq. m.

Vacancy Rate
-0.9% q-o-q

Rental Values
-1.6% q-o-q

Robotics sector drives demand recovery in business parks

No new supply was completed in Q3 2026. Net absorption reached 132,000 sq. m., driving down the vacancy rate 0.9 pps. q-o-q to 27.2%.

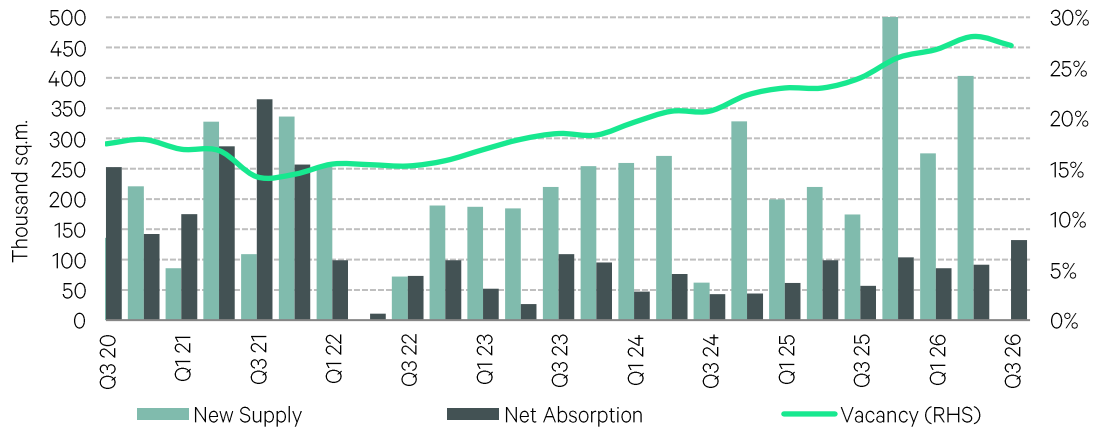
Manufacturing accounted for 47% of leasing activity, retaining its status as the largest demand driver. Expansion by robotics-related advanced manufacturers continued to underpin demand growth. TMT ranked second with a 22.5% share, supported by demand from semiconductor, AI, e-commerce and software companies, while pharma & life sciences contributed 8.5%. Leasing activity remained concentrated in innovation-driven industries as policy support for embodied AI and humanoid robotics continued to strengthen occupier demand.

Yuqiao, Zhangjiang and Jinqiao accounted for 75.1% of total leasing volume. Yuqiao was the most active submarket this quarter, supported by several large transactions from leading robotics and drone companies. Average asking rents declined 1.6% q-o-q to RMB 4.24 per sq. m. per day, while effective rents fell 0.6% q-o-q to RMB 2.9 per sq. m. per day amid ongoing competition between landlords to attract and retain tenants.

Supply pressure persists as demand outlook improves

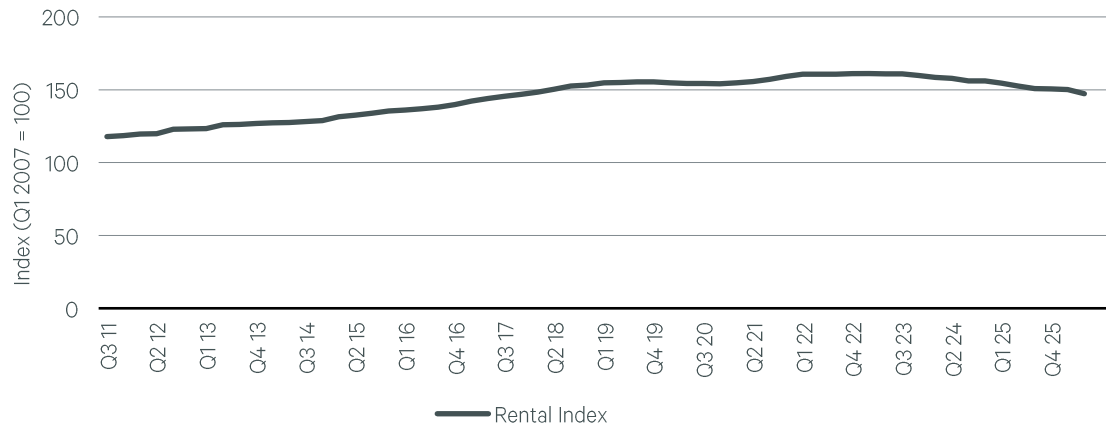
Nearly 500,000 sq. m. of new supply is expected to be completed over the next six months, keeping rents under pressure. However, continued expansion by advanced manufacturing and TMT occupiers will reinforce demand. Rental adjustments are also improving cost competitiveness, encouraging office upgrades by innovation-driven firms. While the market is likely to remain in a supply-demand adjustment phase in the near term, improving occupier demand should help strengthen resilience.

FIGURE 8: Shanghai Business Park Supply and Demand



Source: CBRE Research, Q3 2026.

FIGURE 9: Shanghai Business Park Rental Index



Source: CBRE Research, Q3 2026.

Investment

Total Turnover
+0.6% q-o-q

Number of Transactions
29

Core asset appeal strengthens as investment-driven deals rise

A total of 29 transactions worth a combined RMB 13.56 billion were recorded in Shanghai in Q3 2026, a rise of 0.6% q-o-q and 13.5% y-o-y. Investment-driven deals accounted for 60% of total volume, with core assets remaining most sought-after.

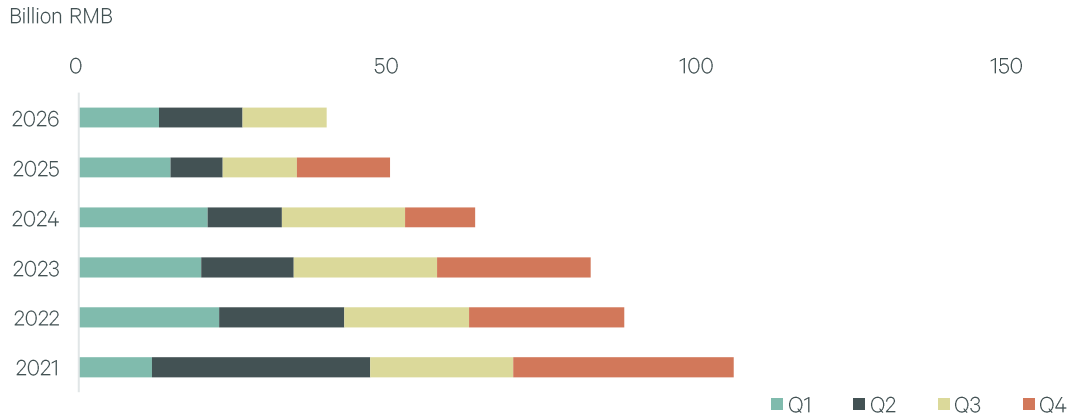
Office remained the most active sector, accounting for 55% of total transactions and 81% of deal volume. End-user acquisitions and investment deployments progressed in parallel over the quarter. Domestic tech giants expanded along riverside areas, while semiconductor and new energy leaders actively acquired space for self-use. Over 60% of office deals this quarter involved assets within the Middle Ring Road, confirming buyer confidence in core assets. Retail and industrial accounted for 17% and 14% of deal count, respectively. Rental housing contributed 7%, with activity led by real estate funds and insurers partnering to target stable returns.

Corporate capital dominates market; asset pricing logic undergoes deep restructuring

Corporate buyers led activity this quarter with an 82% market share, with over half this total being investment-driven. High-net-worth individuals, notably the founder of Dayao Soda purchasing Bund NEO, expanded into small core assets this quarter, bringing individual buyers' share to 6%. Institutional investors and funds stayed cautious at 5%, while property companies were quiet. The share of deals arising from judicial auctions dropped to 3%, signaling that distressed asset liquidations have passed their peak.

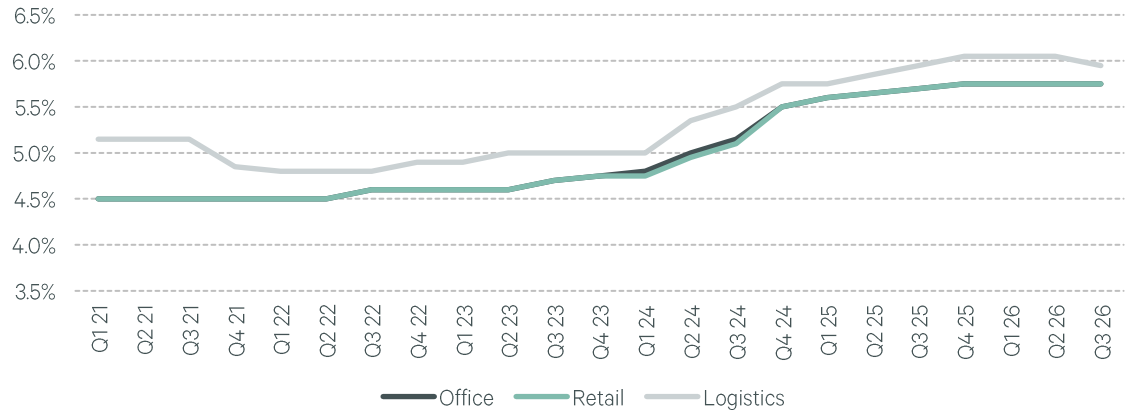
Y-t-d investment volume grew by 14% y-o-y, signaling that the market is bottoming out and stabilising. Ongoing adjustments to and repricing of existing assets, along with further policy clarifications regarding the renewal of land use rights for industrial and commercial projects, will make holding costs, renewal terms, and long-term operating expectations key considerations in investment decision-making. CBRE expects assets providing stable cash flow or clear self-use value, such as office buildings, logistics warehouses, and rental housing, to remain most favoured by investors over the remainder of the year.

FIGURE 10: Shanghai En-Bloc Transaction Volume



Source: CBRE Research, Q3 2026.

FIGURE 11: Yield by Sector



Source: CBRE Research, Q3 2026.

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