Intelligent Investment

Shanghai Multifamily 2026: Strong Fundamentals, Resilient Returns

REPORT

CBRE Research
November 2026



Executive Summary

Vacancy eases and rents per unit stabilise: Shanghai's net multifamily supply and absorption matched at around 24,000 units in H1 2026, cutting citywide vacancy to 12.3% as studio rents edged up.

Affordable Rental Housing (ARH) expands its share: ARH accounted for 94% of H1 2026 new supply (75% beyond the Outer Ring), lifting its share of citywide stock to 68%.

Market-rate projects outperform ARH: Market-rate studio rents held steady in H1 2026, with average vacancy standing at 8.4%, around 5.8 pps lower than that for ARH.

Construction to slow while youth demand grows: During the 15th Five-Year Plan (FYP) period (2026-2030), R4 rental-land supply is forecast to drop by 30%, while graduates, overseas returnees, and talent-scheme entrants will generate 250,000 units of new demand.

Solid increase in investment activity: H1 2026 Shanghai multifamily investment volume reached RMB 5.43 billion (75% of full-year 2025 and 58% of the national total), supported by stable public REIT pricing and modestly compressed cap-rate spreads.

Core-city conversions offer sizeable upside: CBRE estimates 1.5–2.5 million sq. m. of office and industrial space can be converted to ARH during the 15th Five-Year Plan. Multifamily core penetration sits mostly below 10%, while ARH rents command a 20%–110% premium over ageing Grade-B offices.



© 2026 CBRE, INC.

1

Rental Performance

Shanghai multifamily market at a glance[1]

Total stock
961 projects
413,000 units

New openings
41 projects
36,000 units

Occupancy
87.7 %

Rent (Studio)
RMB **128** /mo/sq. m.

Figure 1: Existing Stock Distribution by District (by Units)

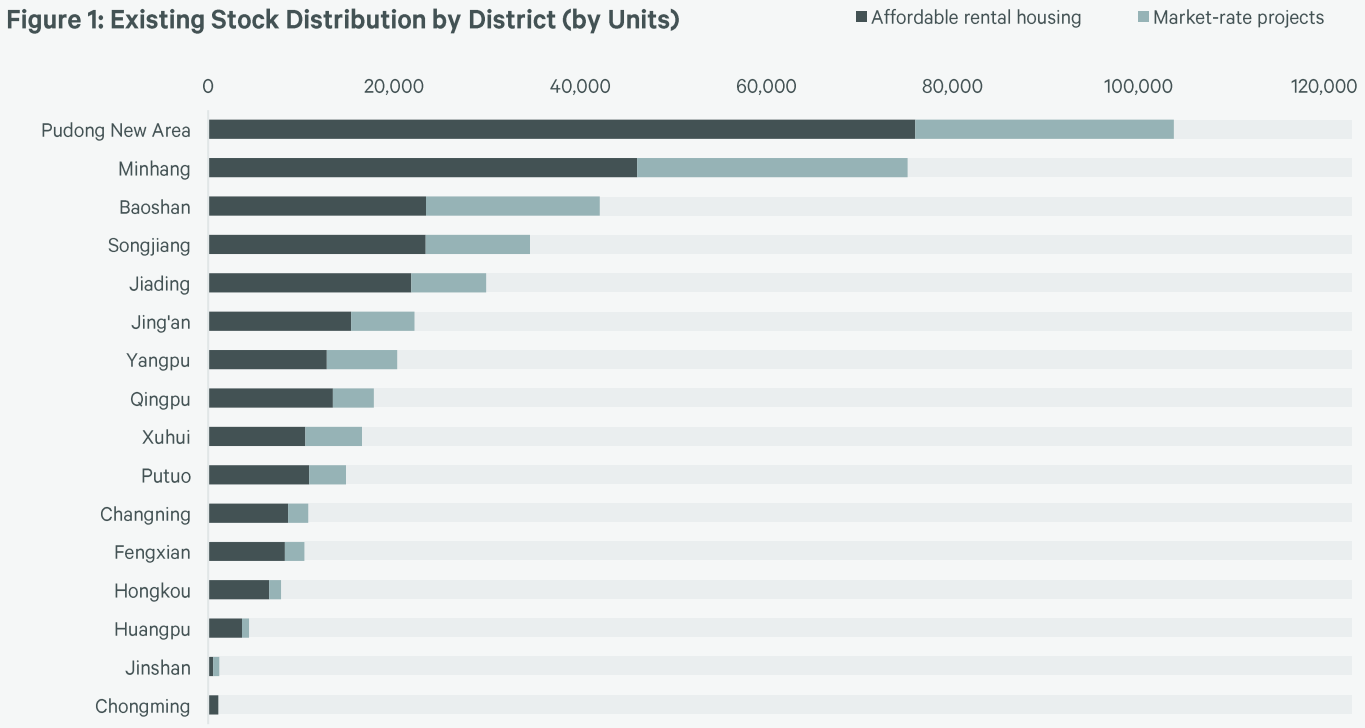
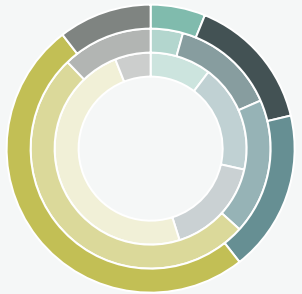


Figure 2: Stock Distribution by Ring Road (by Units)

Outer ring: total stock

Middle ring: affordable rental housing

Inner ring: market-rate projects



Ring road	Total stock	Affordable rental housing	Market-rate projects
Inside Inner Ring	6%	4%	10%
Inner–Middle Ring	15%	14%	18%
Middle–Outer Ring	18%	18%	17%
Outer–Suburban Ring	50%	51%	49%
Beyond Suburban Ring	10%	12%	6%

Note 1: Data as of end-Q2 2026; new openings are H1 2026 figures. Ring-road shares are rounded and may not add up to 100%.

Source: CBRE Research, November 2026.

© 2026 CBRE, INC.

New openings accelerate modestly driven by affordable rental housing

New multifamily supply in Shanghai totalled 36,000 in H1 2026, accelerating q-o-q and y-o-y. The increase was driven by a rise in Affordable Rental Housing (ARH), which accounted for 94% of new stock, as several new schemes by state-backed rental operators including Pufa Youjia, Chengtou Kuanting and Chengfang came to market. ARH accounted for 68% of total citywide multifamily stock as of the end of H1 2026, up 5 pps y-o-y.

Figure 4: Annual New Openings and ARH Share

	New openings ('000 units)	ARH share
2022	41	55%
2023	79	71%
2024	80	82%
2025	54	80%
2026 H1	36	94%

Figure 3: Shanghai Multifamily New Openings



Source: CBRE Research, November 2026.

© 2026 CBRE, INC.

New openings analysis

Pudong New Area accounted for 44% of new Shanghai multifamily supply in H1 2026. Six of the nine new projects completed during the period were rental communities[2], mostly in industry-clustered submarkets such as Zhoukang and Zhangjiang. By ring road, 72% were located between the Outer and Suburban Rings, 98% of which was ARH. The seven market-based projects added 2,009 units, 70% inside the Outer Ring.

Conversions made up 15% of projects by count, well below the 25% average seen in 2022–25, with all inside the Outer Ring. Among projects involving conversions, 32% of units were inside the Inner Ring. Major new conversion projects included C&D Longting Phase II in Yangpu, which involved the reconfiguration of an office building into Shengguangli Apartments providing a total of 661 units.

Figure 5: Distribution of New Openings by District (by Units)

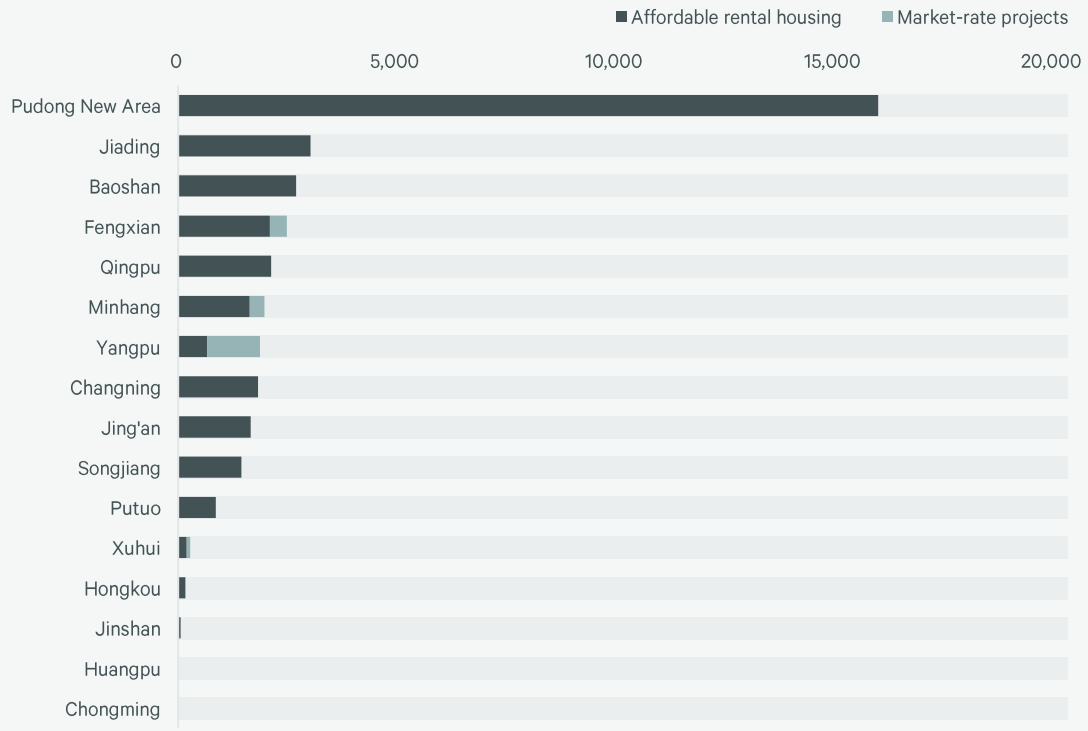
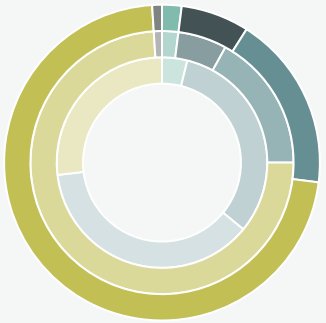


Figure 6: New Openings by Ring Road (by Units)

Outer ring: total supply

Middle ring: affordable rental housing

Inner ring: market-rate projects



Ring road	New openings	Affordable rental housing	Market-rate projects
Inside Inner Ring	2%	2%	4%
Inner–Middle Ring	7%	6%	32%
Middle–Outer Ring	18%	17%	37%
Outer–Suburban Ring	72%	74%	27%
Beyond Suburban Ring	1%	1%	0%

Conversion Share (by Project Count)

15 %

Rental Community Share (by Project Count)

35 %

Note 2: A rental community is a project with 1,000+ units. Ring-road shares are rounded and may not add up to 100%.

Source: CBRE Research, November 2026.

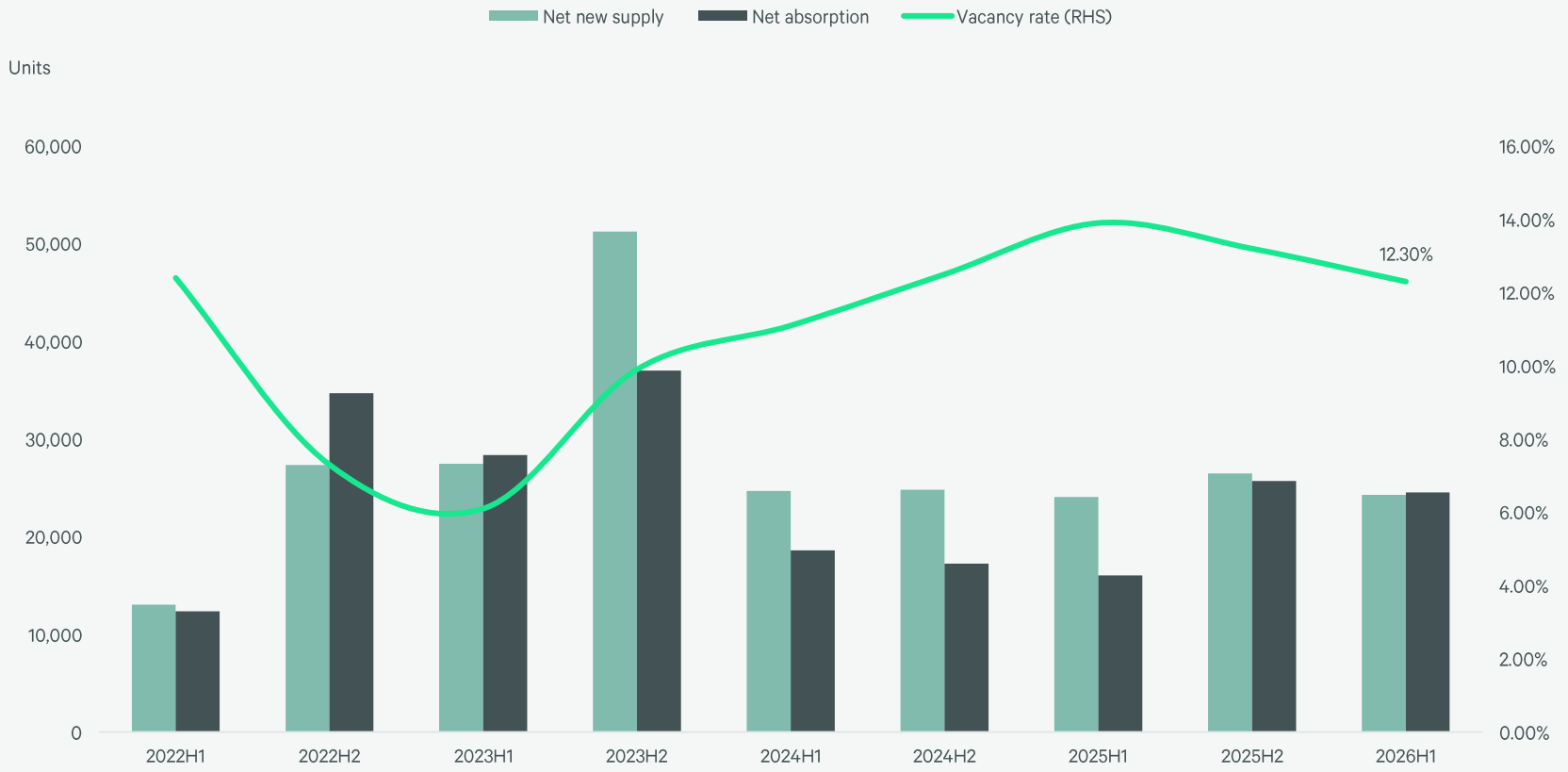
© 2026 CBRE, INC.

Upbeat demand helps push down vacancy

Factoring in market adjustments and closures, net new Shanghai multifamily supply[3] totalled 24,000 units in H1 2026, down 8% q-o-q but broadly flat y-o-y.

Absorption was brisk during the period, with new projects averaging 71% occupancy. Net absorption of 24,000 units in H1 2026 pushed citywide vacancy down to 12.3%, a drop of 1.6 pps y-o-y.

Figure 7: Shanghai Multifamily Supply and Demand



Note 3: Net new supply is gross new supply less units lost to closures.

Source: CBRE Research, November 2026.

© 2026 CBRE, INC.

Rents per unit stabilise but rents per sq. m. remain under pressure

Using the most common studio unit as the sample, Shanghai multifamily rents per unit stabilised and then started to recover in H2 2025. During H1 2026, rents per unit increased by 0.6% to RMB 3,667 per month per unit.

With ARH now dominating the market, the average studio unit size grew from 26 sq. m. in 2022 to 29 sq. m. in H1 2026. This ensured studio rents per sq. m. fell 2.4% in the first six months of the year.

Figure 8: Shanghai Multifamily Rental Trends (Studio Units)

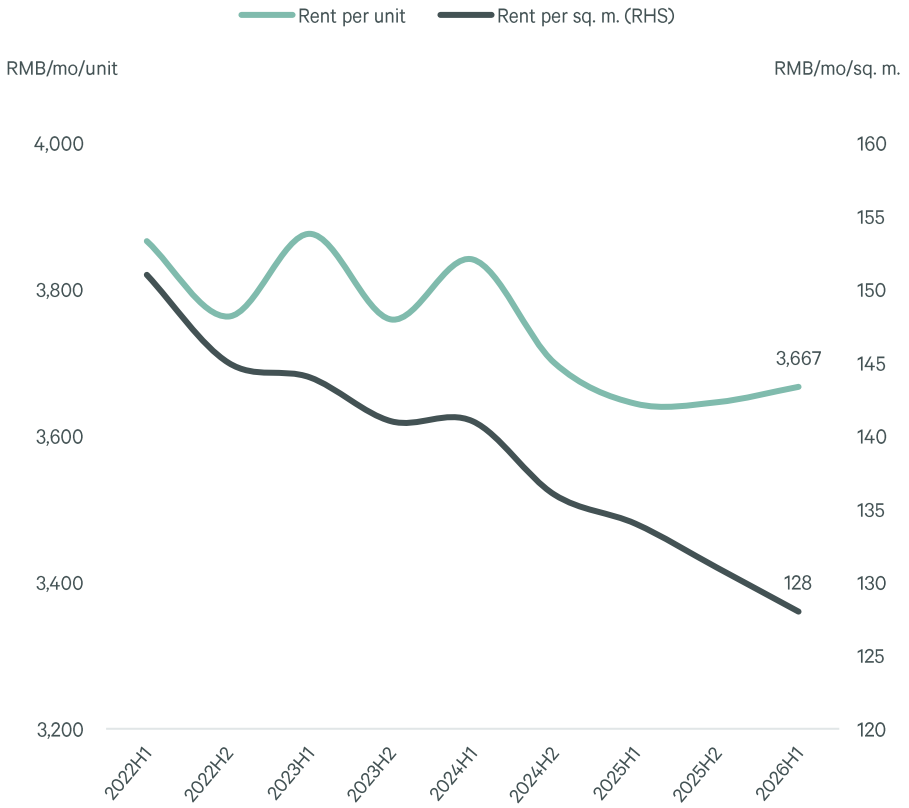


Figure 9: Shanghai Multifamily Rent per Unit vs Rent per sq. m. (by Room Type)

Room type	Rent per unit (RMB/mo/unit)	Rent per sq. m. (RMB/mo/sq. m.)	Avg unit size (sq. m.)
Studio	3,667	128	29
Loft	3,685	127	29
One-bedroom	5,613	106	53
Two-bedroom and above	8,060	96	84

Source: CBRE Research, November 2026.

© 2026 CBRE, INC.

Rental advantage aids ARH absorption; market-rate projects maintain stable occupancy and rent per sq. m.

Thanks to the segment's strong value-for-money proposition, ARH citywide average vacancy fell 2.1 pps from end-2025 to 14.2% in H1 2026. With projects clustering between the Outer and Suburban Rings and new openings offering larger units, ARH average rents per sq. m. slipped 3.4% during the period.

Market-rate projects exhibited resilient performance, logging a slight 0.9 pps increase in vacancy to 8.4% by end-June, and flat average rents per sq. m. in q-o-q terms.

Figure 10: Vacancy Trends (ARH vs Market-rate Projects)

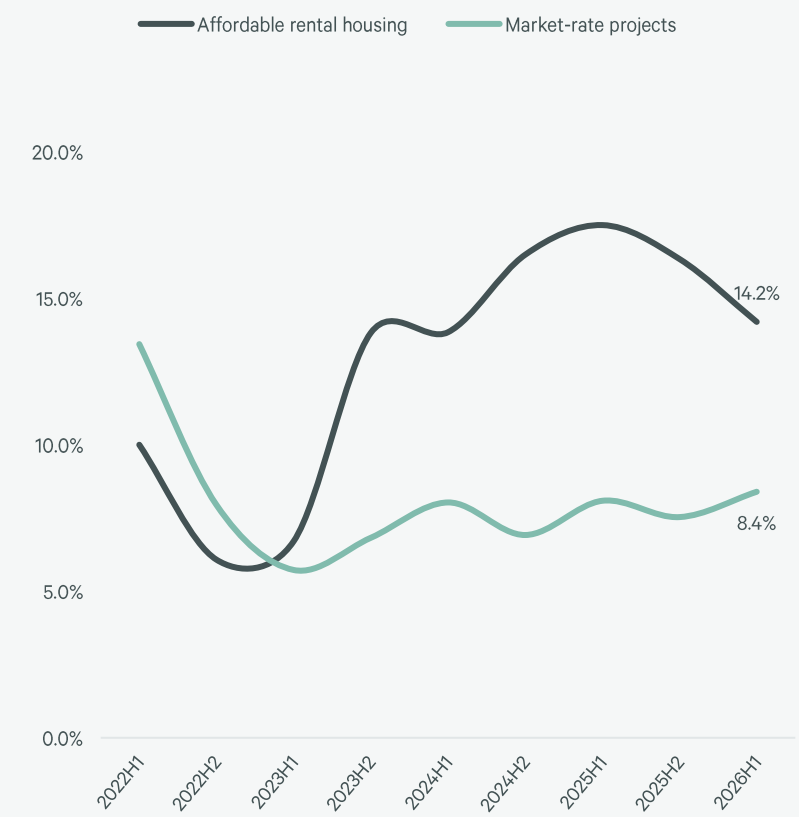
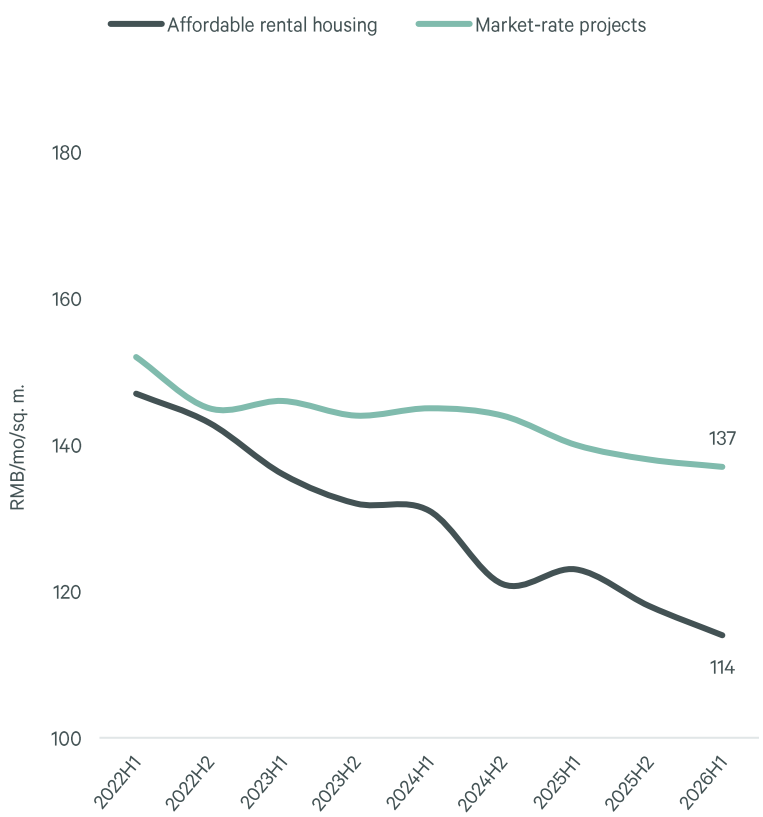


Figure 11: Studio Rents per sq. m. Trends (ARH vs Market-rate Projects)



Source: CBRE Research, November 2026.

© 2026 CBRE, INC.

ARH vs market-rate projects rental performance by ring road

Competition between market-rate projects and ARH is fiercest between the Inner and Middle Rings. Owing to the recent addition of high-quality ARH schemes from local State-owned Enterprises (SoEs) in submarkets such as Gubei and Riverside, differences in vacancy and rent-per-sq. m. between the two project types are at their narrowest in this area. ARH vacancy is as low as 12.6%, the lowest among all ring zones, while its rent per sq. m. matches same-zone market-based projects.

Inside the Inner Ring, between the Middle and Outer Rings, and beyond the Outer Ring, market-based projects hold a clear edge over ARH in terms of both vacancy and rent per sq. m..

Rent per sq. m. for market-based projects inside the Inner Ring fell 4% between end-2025 and end H1 2026 as the quality of some older high-rent stock lagged that for new entrants. Between the Middle and Outer Rings, maturing rental communities raised rents, lifting ARH rents per sq. m. by 3% from end-2025. Beyond the Outer Ring, the main ARH supply battleground, the price-for-volume dynamic is most pronounced.

Figure 12: Vacancy Rate by Ring Road (ARH vs Market-rate Projects)

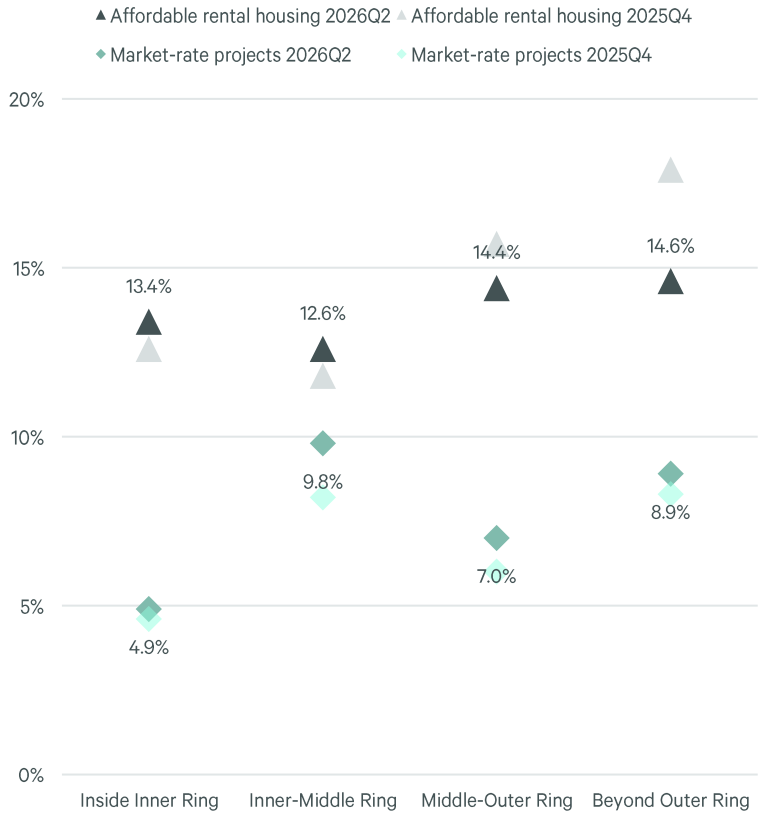
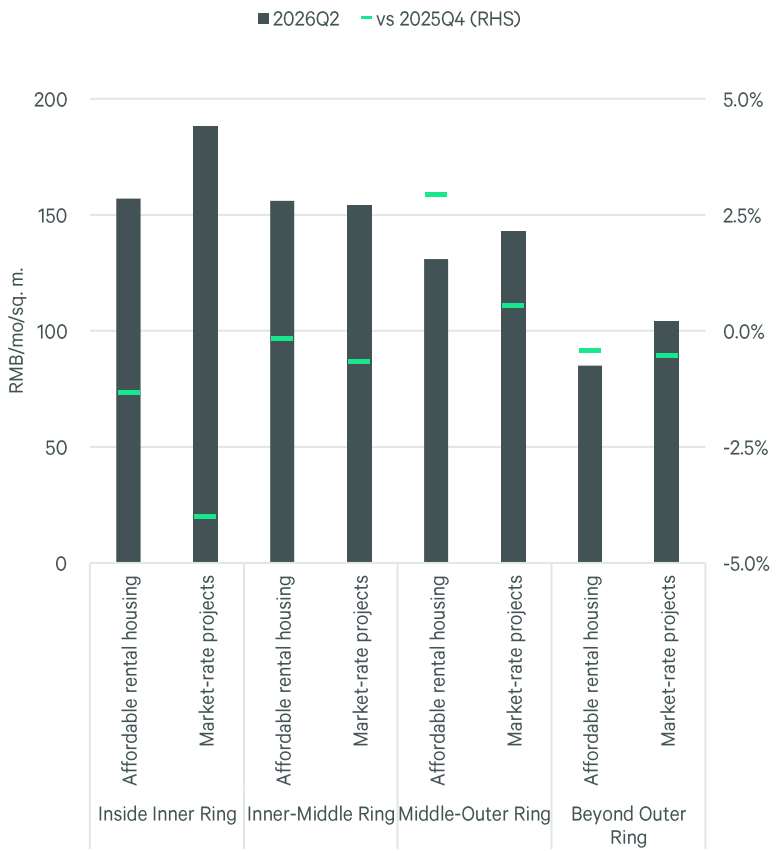


Figure 13: Studio Rent per sq. m. by Ring Road (ARH vs Market-rate Projects)



Source: CBRE Research, November 2026.

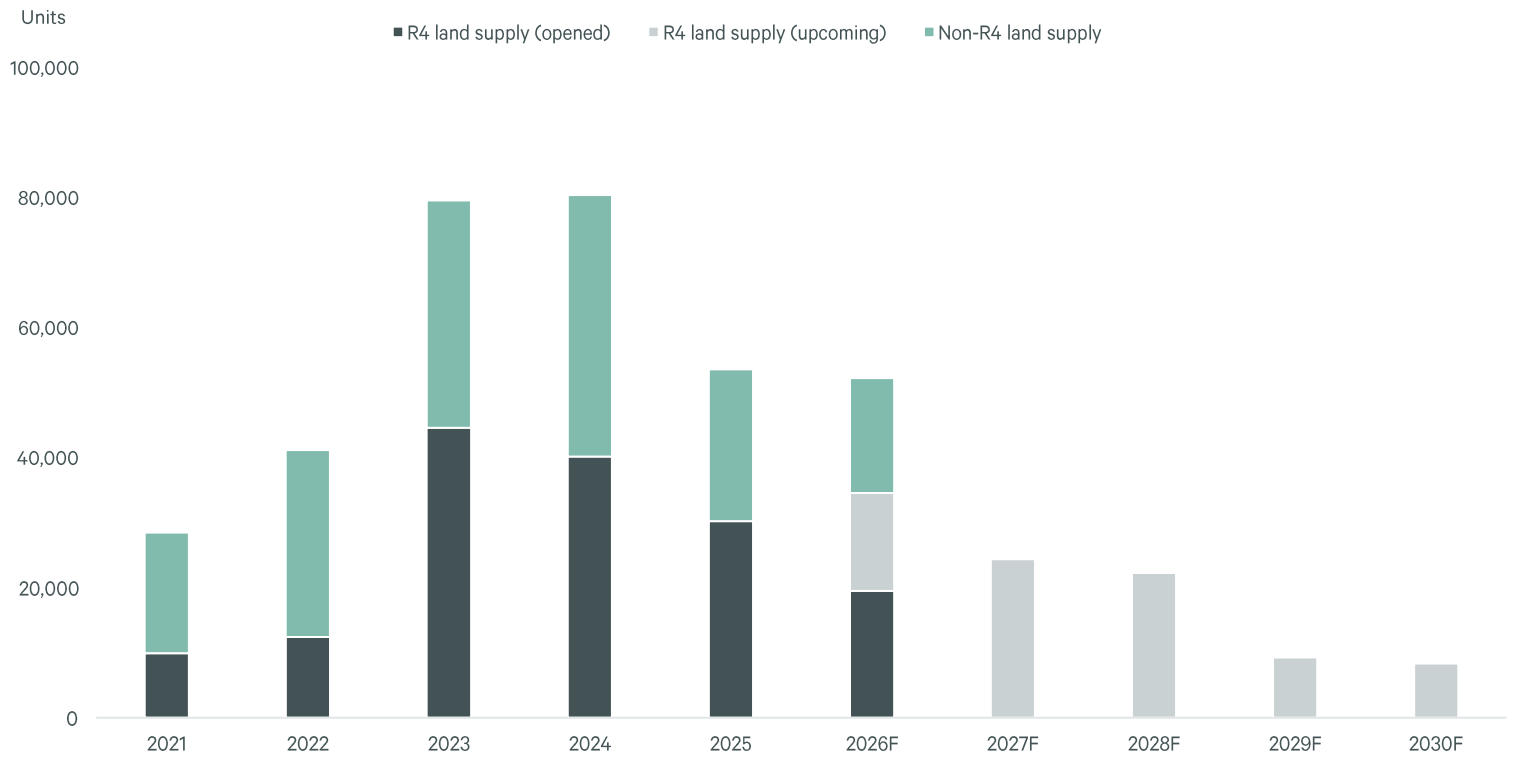
© 2026 CBRE, INC.

New ARH supply set to remain manageable; stock conversion to fill core-city gap

R4 rental housing-land transaction data show new ARH supply during the 15th Five-Year Plan (2026-2030) is projected to reach 99,000 units, roughly a third below that completed during the 14th Five-Year Plan (2020-2025). Shanghai's 15th Five-Year Plan calls for the addition of 250,000–270,000 new ARH units, of which R4 new-builds comprise just 38%. This indicates stock conversion via second-hand residential acquisitions, mergers of public and affordable rental housing, and non-residential conversions will play a bigger role in new supply.

Shanghai authorities continue to promote office-building renewal. The city's latest Urban Renewal Three-Year Action Plan (2026-2028) targets the renewal of no fewer than 90 office buildings covering 1.2 million sq. m. and over 3 million sq. m. of commercial facilities, supporting the conversion of under-used and idle space into ARH. Examples of new supply completed under this initiative include Huangpu's first office-to-residential ARH project, Suhe Mansion.

Figure 14: Shanghai Rental Housing New Openings[4]



Note 4: 2021–2025 are actual openings; for 2026, non-R4 land supply covers H1 2026 only. The 2026–2030 forecast is derived from disclosed R4 land transactions (tenders and negotiated grants): units are converted at 50 sq. m./unit, and timing is set by land-acquisition date—H1 2026 acquisitions enter the market after four years, H2 2026 acquisitions after five years.

Source: CBRE Research, November 2026.

© 2026 CBRE, INC.

Younger renters set to underpin multifamily demand growth

Excluding graduates moving to Shanghai from other provinces to work, the city's young migrant workforce is projected to reach 1.1 million in 2026–2030, making this cohort the main source of rental demand from younger residents in Shanghai.

A national tenant survey by China Index Academy conducted in mid-2026 found 23% of renters in tier I cities preferred centralised rental housing. Based on this finding, CBRE calculates Shanghai's young workforce will generate 250,000 units of new multifamily demand[6] in 2026–2030, roughly in line with new ARH supply planned for that period.

Amenities and metro proximity are the top two factors considered by tenants of centralised rental housing, with this cohort also exhibiting stricter requirements for standards of property management, interiors and furnishing relative to tenants of individual listings or dispersed apartments. They are also willing to pay a premium for properties offering free shuttle services and pet-friendly facilities.

Figure 15: Shanghai's Young Migrant Workforce[5], Estimated

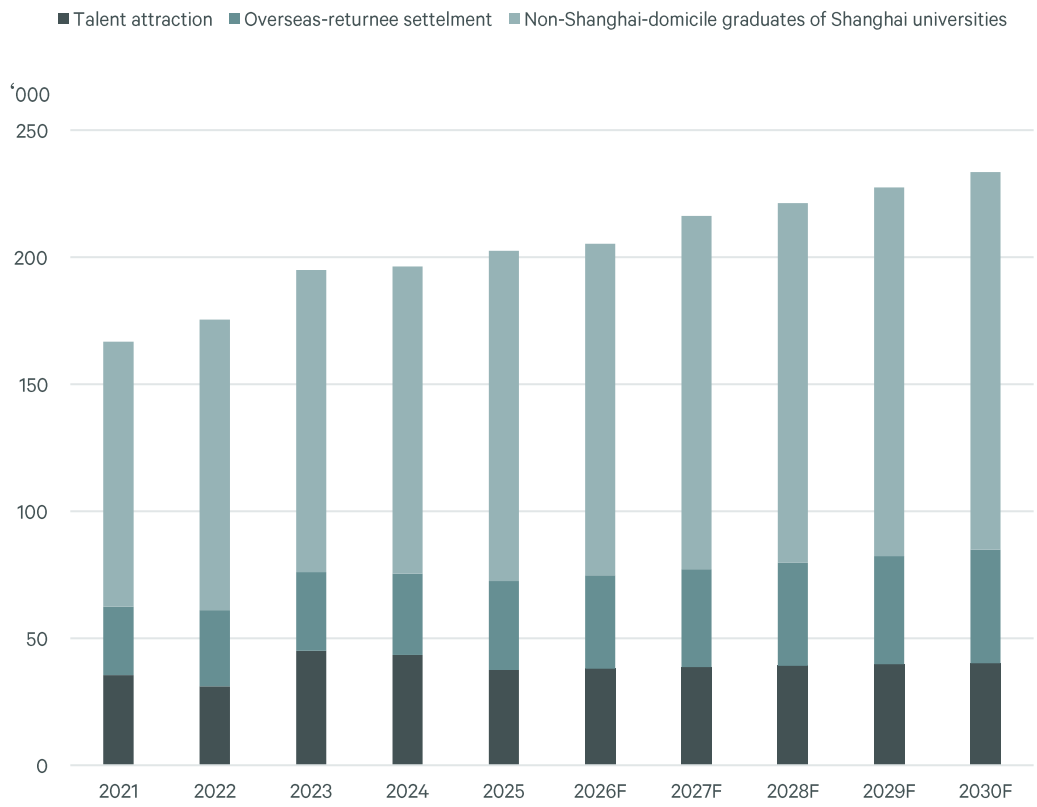


Figure 16: Multifamily Tenant Preferences

Top two rental considerations for centralised rental housing tenants (share of tenants)

- Amenities: 47%
- Metro station proximity: 36%

Compared with dispersed apartments and individual listings, centralised rental housing tenants place a stronger emphasis on:

- Property management: 26%
- Interior fit-out quality: 23%

Share of tenants willing to pay a 10% rental premium for the following:

- Free shuttle: 29%
- Pet-friendly: 26%

Note 5: Young migrant workers comprise three groups—those moving to the city under talent attraction schemes, overseas-returnee settlement, and non-Shanghai-domicile graduates of Shanghai universities—each modelled for 2026–2030 on stated assumptions. Talent attraction is based on 37,500 arrivals in 2025 rising to 40,000 by 2030 (1.5% p.a.). Returnee settlement uses 5% p.a. growth (the 2021–2025 average). For non-Shanghai-domicile graduates of Shanghai universities, total graduates are projected to rise by 13% p.a. in 2027–2030, of which 72% are non-local and 70% of those stay to work in Shanghai.

Note 6: As tenants choosing centralised rental housing have higher budgets and quality requirements, flat-sharing is excluded from the estimate.

Source: China Index Academy, CBRE Research, November 2026.

© 2026 CBRE, INC.

2

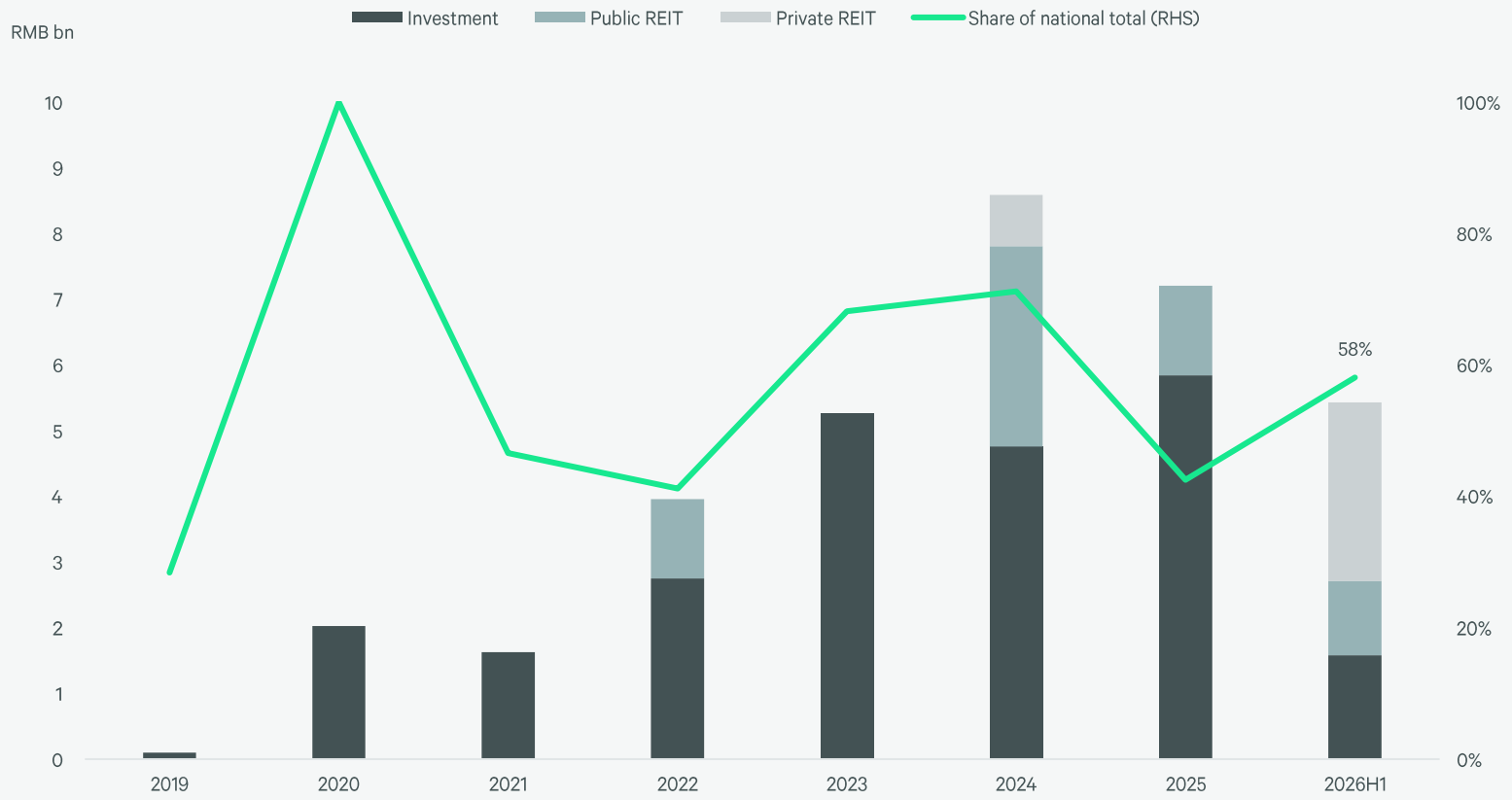
Investment Trends

Shanghai remains most active multifamily investment city in China

Shanghai multifamily investment volume reached RMB 5.43 billion in H1 2026, already 75% of the full-year total for 2025. Private REITs completed RMB 2.71 billion of acquisitions while public REITs accounted for RMB 1.13 billion, with the two groups comprising 71% of total investment volume via securitisation channels.

The wave of REIT purchases helped Shanghai's share of national multifamily transaction value recover from 42.5% in 2025 to 58.1% in H1 2026.

Figure 17: Shanghai Multifamily Transaction Volume[7]



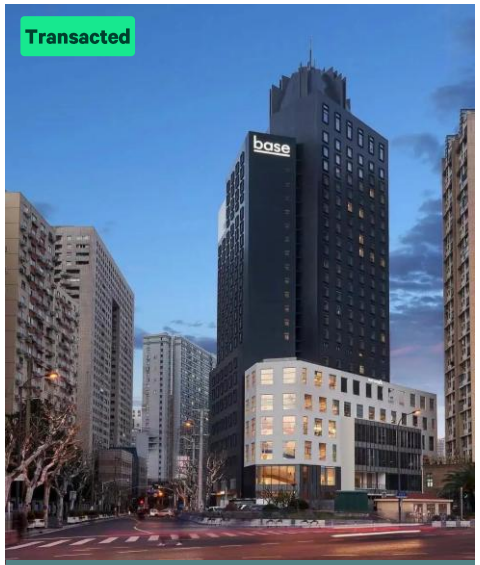
Note 7: Investment transactions cover real-estate trades of US$10m+ (excluding land and residential). “Multifamily" includes market-rate projects, affordable rental housing and staff dormitories; conversion deals are included. For the CCB Rental Housing Private REIT, Shanghai asset value is allocated by GFA share.

Source: CBRE Research, November 2026.

© 2026 CBRE, INC.

H1 2026 Shanghai multifamily investment case studies

Figure 18: Investment Cases



Investment deal

Suhe base

Market-rate project

Deal value

RMB 760 million

Deal date Q1 2026



Public REIT - Shanghai Land Rental

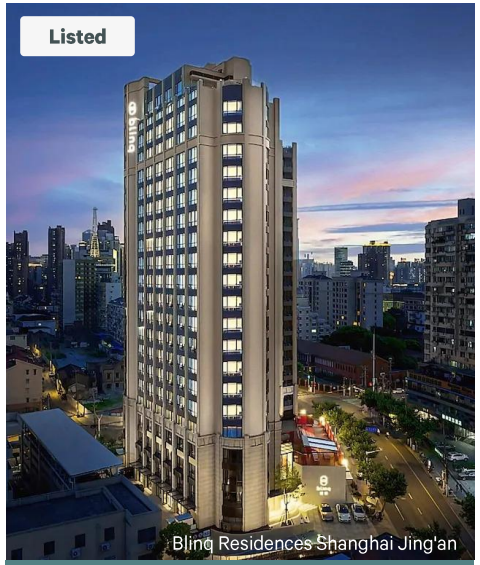
Jingyao, Jingbo project

Affordable rental housing

Proposed issuance

RMB 3.66 billion

Filing date Q3 2026



Private REIT – Blinq Residence

Blinq Jing'an, Blinq Wujiaochang

Market-rate project

Issuance (current tranche)

RMB 1.52 billion (RMB 800 million)

Listing date Q2 2026

Source: CBRE Research, November 2026.

© 2026 CBRE, INC.

15th Five-Year Plan opens window for conversion investment

CBRE expects the fall in R4 land new-build supply during the 15th Five-Year Plan and steady rise in rental demand from younger segments of the population to create a strong investment case for existing property conversions to multifamily housing.

Should 20%–30% of 15th-FYP ARH new supply originate from conversions and assuming 50 sq. m. of GFA per unit, this would involve 1.5–2.5 million sq. m. of office/commercial and industrial stock.

CBRE's analysis of typical conversion-potential areas within the Middle Ring shows multifamily penetration remains low across most submarkets, with substantial room to rise. Comparing pre-2015 Grade-B offices with affordable rental housing in the same submarkets, affordable rental housing commands a 20%–110% premium in terms of rent per sq. m..

Figure 19: Shanghai Key-Submarkets: Rental Demand[8] and Multifamily Penetration

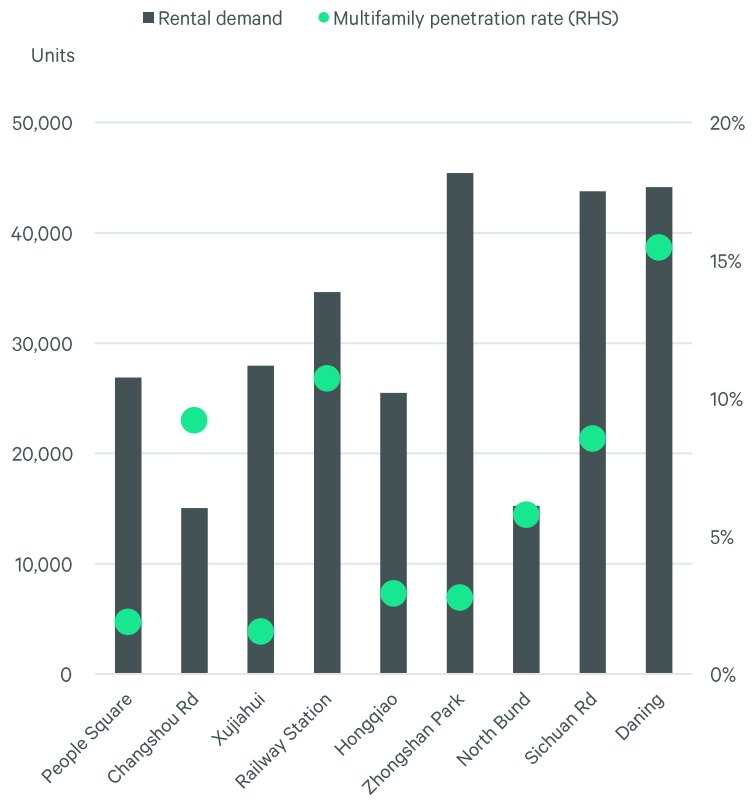
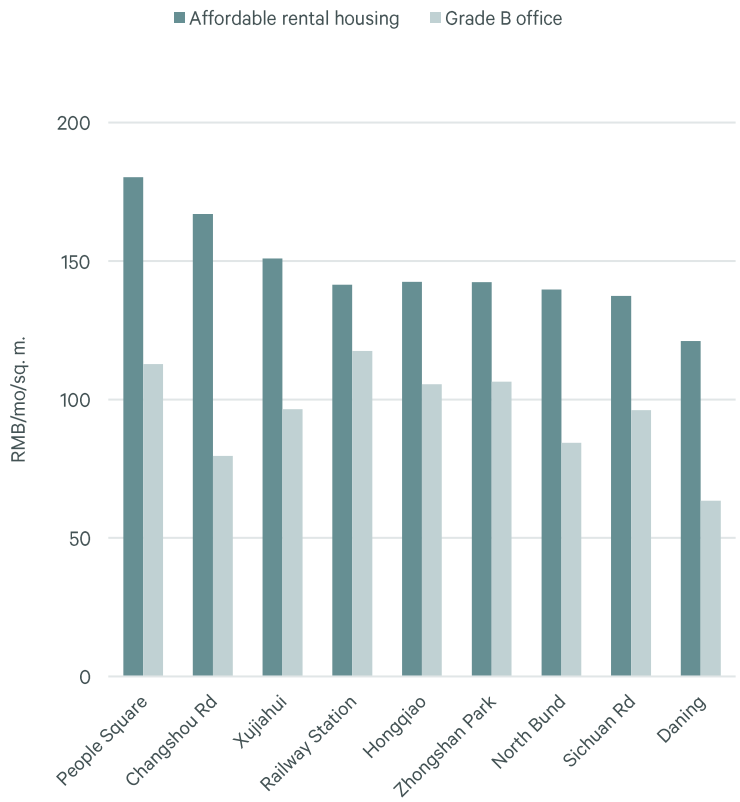


Figure 20: Shanghai Key-Submarkets: ARH vs Grade-B Office Rent per sq. m.[9]



Note 8: Rental demand is derived from submarket resident population using Shanghai's renter share (40%) and average household size (2.63). Centralised-apartment penetration counts only multifamily projects, excluding serviced apartments.

Note 9: Rent per sq. m. is net of occupancy. ARH occupancy uses the within-Middle-Ring ARH average (87%). ARH rent per sq. m. is blended by unit-count weights of ARH vs market-based stock within the Middle Ring, ARH priced at 90% of market-based, and one month's rent-free per year. Grade-B office rent per sq. m. is based on effective rent and submarket average occupancy.

Source: CBRE Research, November 2026.

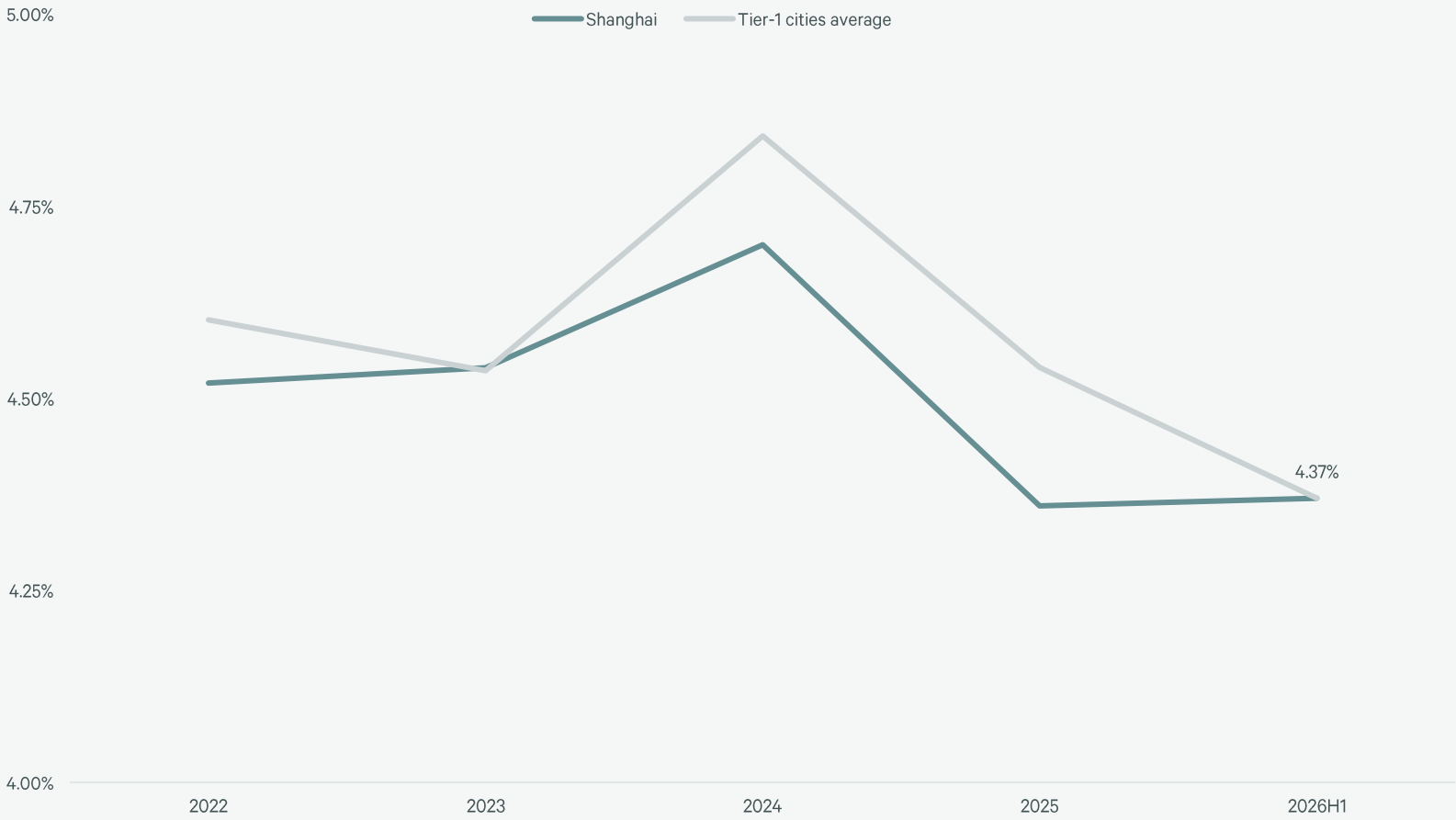
© 2026 CBRE, INC.

Lower investment-transaction cap rates signal optimistic pricing expectations

Shanghai's rental housing public REIT initial cap rate fell to 4.37% in H1 2026, representing cumulative compression of 33bps from the 2024 peak.

CBRE's Q3 2026 Asia Pacific Cap Rate Survey illustrated the same trend, with Shanghai multifamily investment-transaction cap rates ranging from 4.5%–6.5% during the period, down from 4.9%–6.5% six months earlier.

Figure 21: Tier-1 City Rental Housing Public REIT Initial Cap Rate[10]



Note 10: Cap rates are based on underlying-asset valuations over the nearest available full-year forecast NOI. In 2023 and H1 2026, Shanghai was the only city with a public REIT approval.

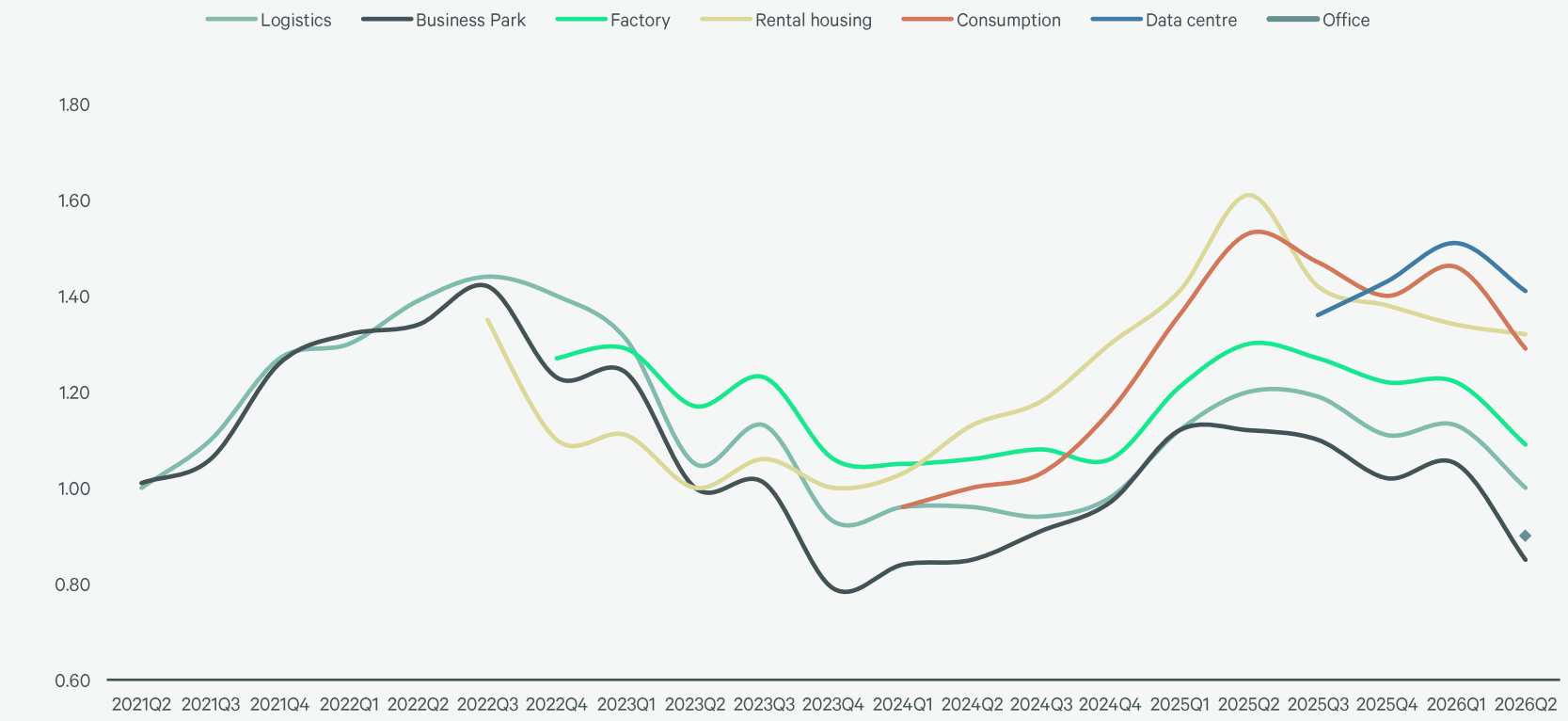
Source: Public REIT prospectuses, CBRE Research, November 2026.

© 2026 CBRE, INC.

Rental housing REIT P/NAV premium continues to lead

Amid fluctuations in both the equity market and rental performance, P/NAV across public REIT sectors fell broadly in Q2 2026. Among property types, rental housing REITs were the most stable, with P/NAV easing slightly from 1.34 to 1.32, and premiums second only to data centres (1.41).

Figure 22: Public REIT P/NAV Trend



Source: CBRE Research, November 2026.

© 2026 CBRE, INC.

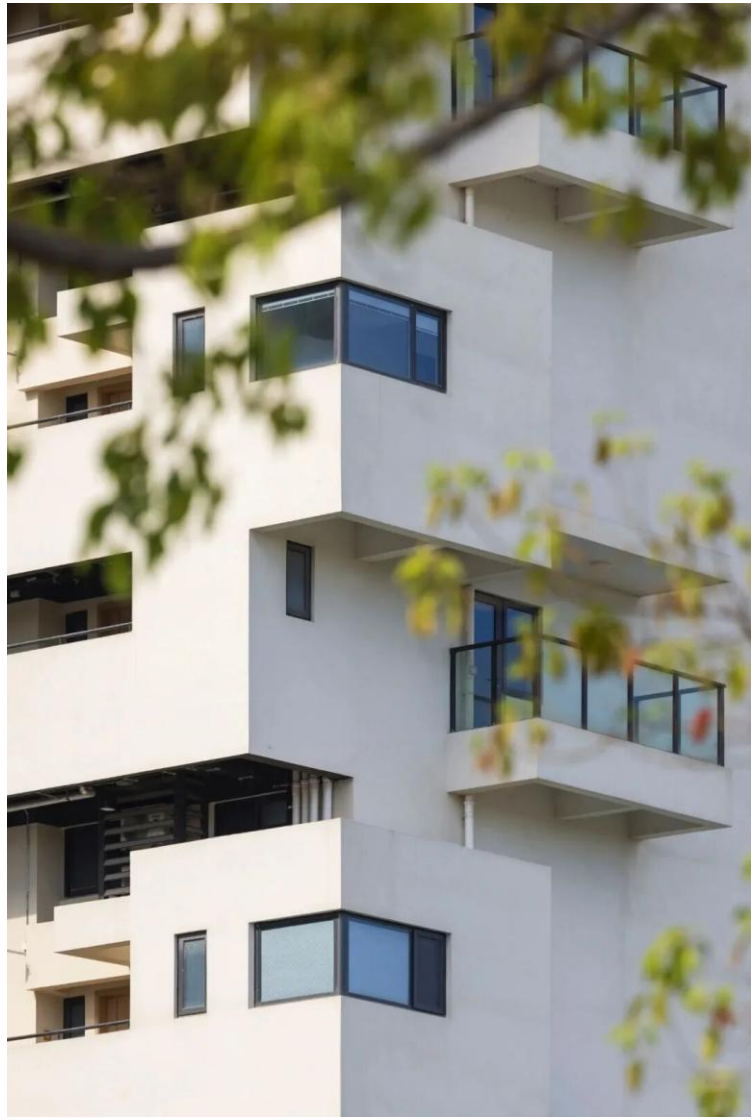
Conclusion

Shanghai multifamily vacancy trended steadily down and rents per unit stabilised over the course of H1 2026. With R4 land supply slowing and youth rental demand strengthening, supply-demand fundamentals should improve further over the next five years, putting rents on a firm recovery path.

The recent wave of foreign and domestic multifamily acquisitions by public REITs and private REITs confirms the asset class's liquidity and underscores investors' medium- to long-term confidence in Shanghai's multifamily sector performance.

As R4 land new-build supply is projected to decline by around 30% during the 15th Five-Year Plan, over 60% of ARH supply must come from stock conversion. Backed by Shanghai's office-building renewal policy, underused core-city assets converted to residential usage are expected to provide a 20%–110% rent-per-sq. m. premium.

CBRE recommends investors target value-add conversion opportunities inside the Outer Ring with strong rent-premium certainty, while also considering assets located in large rental communities on the periphery with good transport links or proximity to industry clusters.



© 2026 CBRE, INC.

3

Appendix

Shanghai rental-housing public REITs: key metrics[11]

Public REIT	Underlying assets	Total GFA (sq. m.)	Units	Avg occupancy	Avg rent (RMB/mo/sq. m.)	Asset value (RMB 100 million)	Unit price (RMB/sq. m.)	Net rental yield
CR Youchao	Youchao Sijing	55,137	1,264	95.39%	73.00	5.84	10,592	-
	Youchao Eastern Econ-Dev Zone	66,334	1,348	95.71%	55.05	5.30	7,990	-
	Youchao Maqiao	107,230	2,475	94.30%	67.53	9.91	9,242	-
	Total	**228,701**	**5,087**	**94.98%**	**64.48**	**21.05**	**9,204**	**4.3%**
Chengtou Kuanting	Jiangwan Community	110,327	1,719	94.18%	129.41	19.76	17,910	-
	Guanghua Community	59,115	1,234	94.13%	133.99	10.82	18,303	-
	Total	**169,442**	**2,953**	**94.16%**	**130.99**	**30.58**	**18,047**	**4.5%**
Shanghai Land Rental	Hongqiao project	30,706	318	93.16%	86.38	3.56	11,594	4.6%
	Jiangyue Road project	57,561	1,080	97.69%	84.25	8.75	15,201	4.5%
	Total	**88,267**	**1,398**	**96.43%**	**84.86**	**12.31**	**13,946**	**4.6%**

Note 11: Occupancy is a period-end point-in-time figure (let area ÷ available-to-let area). Average rent is the area-weighted average of active-lease unit rents at each month-end in the period (CR Youchao and Chengtou Kuanting are tax-inclusive). Asset value uses 31 December, 2025, valuations; unit price is that valuation over total GFA. Net rental yield is next-year forecast NOI from the 2025 valuation report ÷ end-2025 asset value.

Source: Relevant infrastructure public REIT Q2 2026 reports and 2025 valuation reports; CBRE Research, November 2026.

© 2026 CBRE, INC.

Contacts

RESEARCH

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

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

Faye Qiao
Associate Director
China Research
mengyang.qiao@cbre.com

CAPITAL MARKETS

Candice Wang
Executive Director
Head of Capital Markets, Eastern China
candice.wang@cbre.com.cn

© Copyright 2026. All rights reserved. This report has been prepared in good faith, based on CBRE's current anecdotal and evidence based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.

Nothing in this report should be construed as an indicator of the future performance of CBRE's securities or of the performance of any other company's securities. You should not purchase or sell securities—of CBRE or any other company—based on the views herein. CBRE disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CBRE as well as against CBRE's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.