

Office and business park leasing activity strengthens as investment volume ramps up

+5.4%

Shanghai GDP Growth
(2025 | y-o-y)

+5.0%

Retail Sales
(Jan to Nov 2025 | y-o-y)

+4.6%

Fixed Asset Investment
(2025 | y-o-y)

Source: Shanghai Statistics Bureau, CBRE Research, January 2025

Executive Summary

- **Office:** Five new projects totaling 373,837 sq. m. were completed in Q4 2025. Net absorption increased by 16.7% q-o-q to 116,980 sq. m., led by TMT, while overall vacancy rose 0.9 pps. to 23.3%. Annual net absorption improved steadily over the year, but the rental decline continued to widen.
- **Retail:** Two new malls providing 426,000 sq. m. of space were added this quarter. Net absorption totaled 377,100 sq. m. while vacancy remained at 8.8%. Designer brands and performance sports brands continued to expand, generating strong new street-front opening momentum.
- **Logistics:** No new projects were launched this quarter. Driven by third-party logistics expansion and active leases, the city recorded a net absorption of 397,000 sq.m., surpassing 1 million for the year—a historical high. The vacancy rate fell to 24.9% q-o-q.
- **Business Park:** 521,000 sq. m. of high-quality new supply was delivered in Q4 2025, representing 47% of the annual total. This backloading of new supply pushed up citywide vacancy to 26%, the highest in a decade, signaling a notable shift in market dynamics.
- **Investment:** A total of 39 transactions worth a combined RMB 15.04 billion were recorded this quarter, marking increases of 37% q-o-q and 33% y-o-y. Office deals continued to dominate as corporate buyers retained a strong appetite for acquisitions.

Table 1: Quick Figures

Office	q-o-q	y-t-d	y-o-y
Rent	-1.4%	-5.2%	-5.2%
Vacancy Rate	+0.9%	+1.2%	+1.2%
Retail	q-o-q	y-t-d	y-o-y
Rent	-0.7%	0.0%	0.0%
Vacancy Rate	0.0%	+0.6%	+0.6%
Logistics	q-o-q	y-t-d	y-o-y
Rent	-3.3%	-17.3%	-17.3%
Vacancy Rate	-3.9%	-4.0%	-4.0%
Business Park	q-o-q	y-t-d	y-o-y
Rent	0.0%	-3.4%	-3.4%
Vacancy Rate	+2.0%	+2.7%	+2.7%
Investment*	q-o-q	y-t-d	y-o-y
Total volume	+37.1%	-25.8%	+33.0%
Domestic	+37.1%	-13.6%	+33.0%

Source: CBRE Research, Q4 2025.

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

Office

▲ Net Absorption
116,980 sq. m.

▲ Vacancy Rate
+0.9% q-o-q

▼ Rental Values
-1.4% q-o-q

TMT demand strengthens as AI sector drives new office requirements

Five new projects were completed in Q4 2025 providing a total of 373,837 sq. m. of new space to the Shanghai office market. New supply drove up citywide net absorption by 16.7% q-o-q to 116,980 sq. m., while overall vacancy rose by 0.9 pps. to 23.3%.

TMT was the most active sector this quarter, accounting for 18.6% of leasing volume, with e-commerce contributing over one-third. TMT also led demand for the full year. In addition to e-commerce, AI and semiconductor & chip companies were active, driving leasing momentum in emerging CBDs such as Wujiaochang and Xuhui Riverside. Business services ranked second with 12.8%, supported by a wave of law firm relocations. Consumer products placed third with 11.2%, led by FMCG, cosmetics and women’s apparel. Finance dropped to fourth with 10.3%, though on a full-year basis it ranked second after TMT. Hospitality and F&B placed fifth at 6.8%.

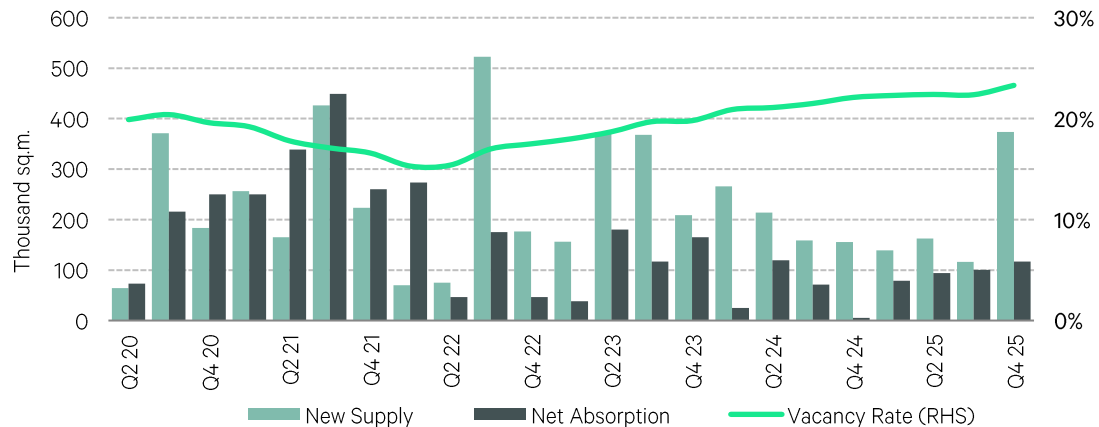
A total of 11 new projects totaling 790,000 sq. m. were completed in 2025, roughly flat y-o-y. Consistently high levels of new supply ensured the average pre-leasing rate stayed below 10%. Net absorption reached 389,903 sq. m., which while below the five-year average showed a y-o-y rebound. Emerging subdistricts accounted for over two-thirds of net absorption in 2025, remaining the main driver of take-up.

Overall asking rents fell by 1.4% q-o-q to RMB 7.9 per sq. m. per day, while effective rents dropped by 2.8% q-o-q to RMB 5.4 per sq. m. per day. The gap between asking and effective rents further increased over the course of 2025.

Office absorption set to accelerate amid steady market recovery

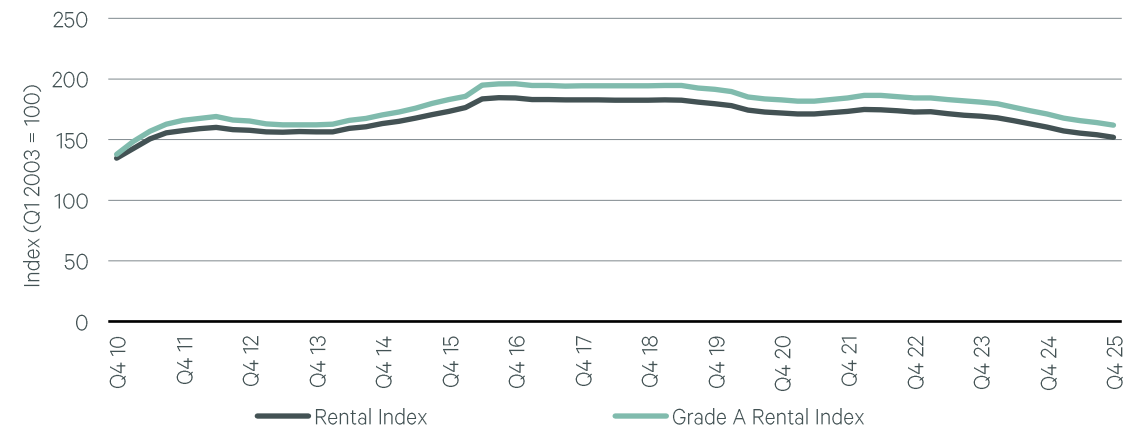
Approximately 1.3 million sq. m. of new office supply will enter the market in 2026, led by premium Grade A projects such as China Resources Centre and SHK ITC Ph3 (Tower B). Despite intensifying competition among landlords to attract tenants, leasing demand is expected to remain stable, supported by upgrading relocations from enterprises in the finance, TMT, and consumer product and retail sectors.

FIGURE 2: Shanghai Office Supply and Demand



Source: CBRE Research, Q4 2025.

FIGURE 3: Shanghai Office Rental Index



Source: CBRE Research, Q4 2025.

Retail

Net Absorption
377,100 sq. m.

Vacancy Rate
+0.0% q-o-q

Rental Values
-0.7% q-o-q

Designer and sports brands drive upgrades and new openings

Shanghai welcomed the launch of two new projects: Zhangjiang L+ Mall and Mega Incity in Q4 2025, bringing to six the total number of projects delivered throughout the year. New developments placed a strong emphasis on integrating semi-open blocks and natural landscapes, accelerating the transformation of commercial space from traditional retail into social and experiential hubs.

Annual net absorption reached 562,000 sq. m. while the vacancy rate remained stable at 8.8%. Despite rents fluctuating across different submarkets, city-wide average shopping centre ground-floor rents stayed flat at RMB 31.1 per sq. m. per day.

Retail brands dominated leasing demand this quarter with a 79% share. Designer brands expanded aggressively, while the outdoor sector saw an influx of specialised niche brands. Within the sports category, mature brands adopted an upgrading strategy, enhancing their influence by securing larger spaces or flagship stores. South Korean brands demonstrated their vitality with several new store openings. Driven by the “emotional economy” trend, gift shops, cultural/creative products, and toys emerged as consistent drivers of leasing demand throughout the year. Brand strategies shifted from standard stores to large-scale experiential retail, leveraging size and experience to generate footfall.

F&B demand ranked second, accounting for 17% of the total. Demand remained resilient, with light meals and value-for-money options becoming mainstream. While bakery and coffee brands stayed active, freshly made yogurt outlets saw rapid growth, reflecting a consumer shift toward healthy supplements.

Steady growth ahead of increased supply in 2026

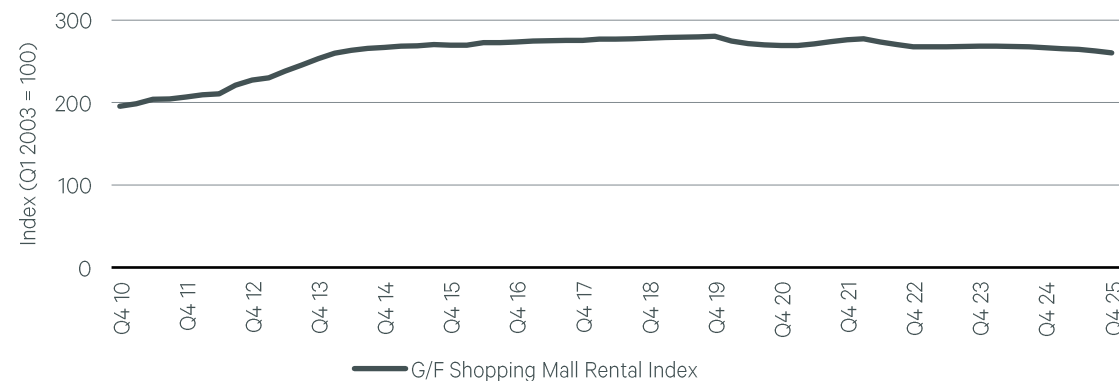
Shanghai’s retail market recorded steady growth throughout the year, with supply–demand dynamics remaining relatively stable. Looking to 2026, supply is projected to peak, particularly in Xujiahui, Xuhui Riverside, Greater Hongqiao, and Xinzhuang. These new projects will further shift the city’s commercial landscape toward social-experiential and emotion-driven formats within open-block, multi-functional spaces.

FIGURE 4: Selected Leasing Transactions in Q4 2025

Property	Submarket	Tenant	Sector
IFC Mall	Lujiazui	On	Shoe
Xintiandi Style PhI	Huaihai	Rest & Creation	Fashion
HKRI Taikoo Hui	Nanjing Rd W	CosmicSpeculation	Cosmetics & Personal Care
Shimao Festival City	Nanjing Rd E	POPMART	Gifts, Toys & Grocery
Taikoo Li Qiantan	Qiantan	GRVRGROVE	Fashion
Mixc	Qibao	O566 COFFEE	F&B

Source: CBRE Research, Q4 2025.

FIGURE 5: Shanghai Retail Rental Index



Source: CBRE Research, Q4 2025.

Logistics

Net Absorption
397,000 sq. m.

Vacancy Rate
-3.9% q-o-q

Rental Values
-3.3% q-o-q

Quarterly net absorption reaches annual high; vacancy rate declines q-o-q

No new logistics facilities were completed in Q4 2025. For the full year, nine new projects entered the market, adding 899,000 sq. m of space, a 43% y-o-y decrease. These projects were mainly multi-storey properties primarily distributed across the southwest regions including Lingang, Jinshan, Qingpu, Songjiang, and Fengxian.

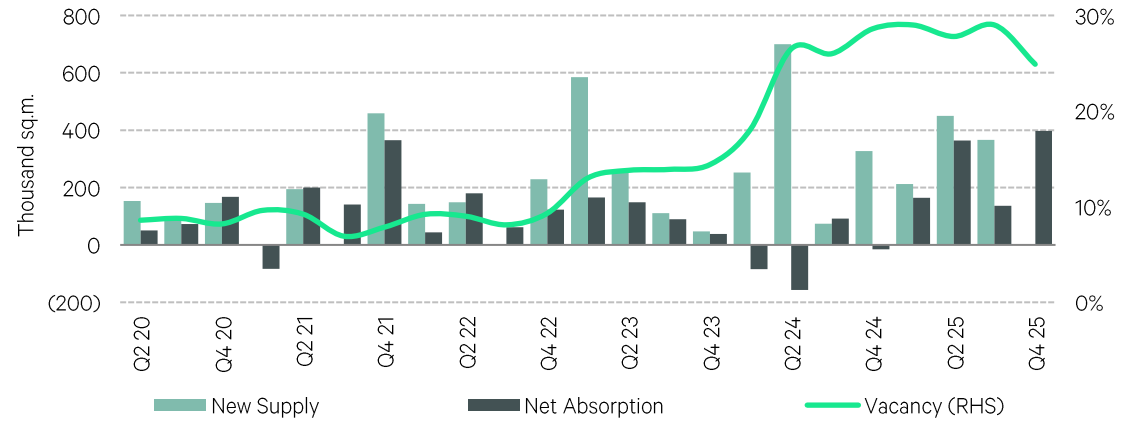
Net absorption totalled 397,000 sq. m. this quarter, bringing the annual total to over 1 million sq. m., a historic high. This growth stemmed from Shanghai's sustained macroeconomic recovery and the year-end surge in sales during the Double Eleven shopping festival, which spurred rapid expansion in logistics market. On the demand side, 3PLs remained the primary driver of new leasing activity, accounting for 91% of leasing volume. New leases were primarily driven by supply chain enterprises and express delivery companies, concentrated in Qingpu, Jinshan, and Fengxian. E-commerce accounted for 6.9%, mainly from new leases by home appliance and furniture companies, as well as e-commerce platforms. Manufacturers showed expansion throughout the year, accounting for 2% of leasing volume this quarter, primarily driven by the electronic and telecommunications, auto and parts, and medical equipment industries.

By the end of 2025, the citywide vacancy rate decreased by 3.9 pps q-o-q to 24.9%. Significant divergence was observed: submarkets in Jinshan, Qingpu, Songjiang, Jiading, and Lingang recorded vacancy rates exceeding 20%; while Putuo and Baoshan maintained relatively low vacancy levels below 5%. Rents remained in a downward trend, with the citywide average rent decreasing by 3.3% q-o-q to RMB 1.19 per sq.m. per day.

Robust demand drives new phase of high-quality development

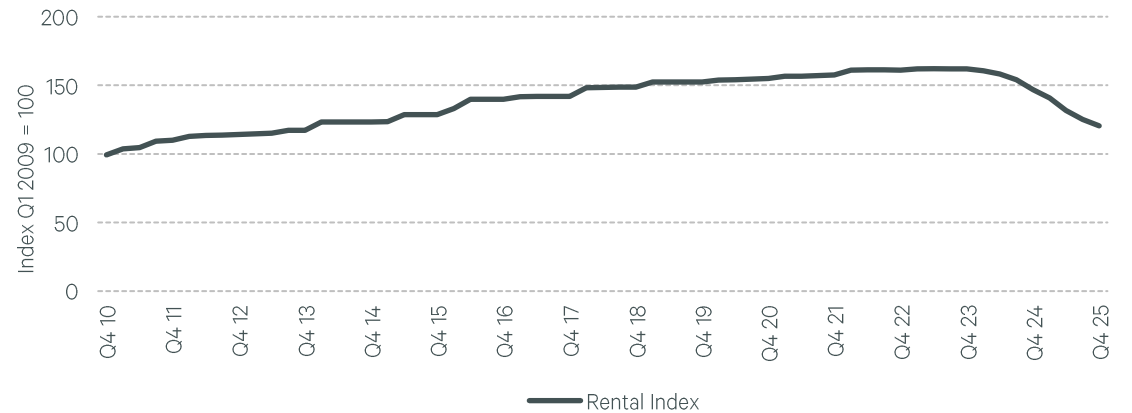
The Shanghai logistics market demonstrated remarkable resilience over the course of 2025 despite considerable supply-demand adjustments. Net absorption reached a record high, while demand was supported by the dual growth of domestic and international demand, coupled with landlords' price-for-volume strategies. Vacancy rates entered a downward trajectory, signaling the market's gradual shift toward a supply-demand equilibrium. Looking ahead, new supply in Shanghai's warehouse and logistics market is projected to decline by 40% y-o-y in 2026, further improving the city's supply-demand dynamics.

FIGURE 6: Shanghai Logistics Supply and Demand



Source: CBRE Research, Q4 2025.

FIGURE 7: Shanghai Logistics Rental Index



Source: CBRE Research, Q4 2025.

Business Park

 Net Absorption
103,833 sq. m.

 Vacancy Rate
+2.0% q-o-q

 Rental Values
0.0% q-o-q

New supply drives up citywide vacancy rate

In Q4 2025, 521,000 sq. m. of new high-quality business park supply was added, representing 47% of the annual total. This concentration of new stock pushed up citywide vacancy to 26%, the highest in a decade, signaling a notable shift in market dynamics.

In terms of quarterly leasing volume, TMT led with 33%, mostly from semiconductor and software R&D solution firms. Public organisations accounted for 18.7%, while third-party space providers comprised 18.3%. Pharmaceuticals and life sciences firms followed closely behind, contributing 10%.

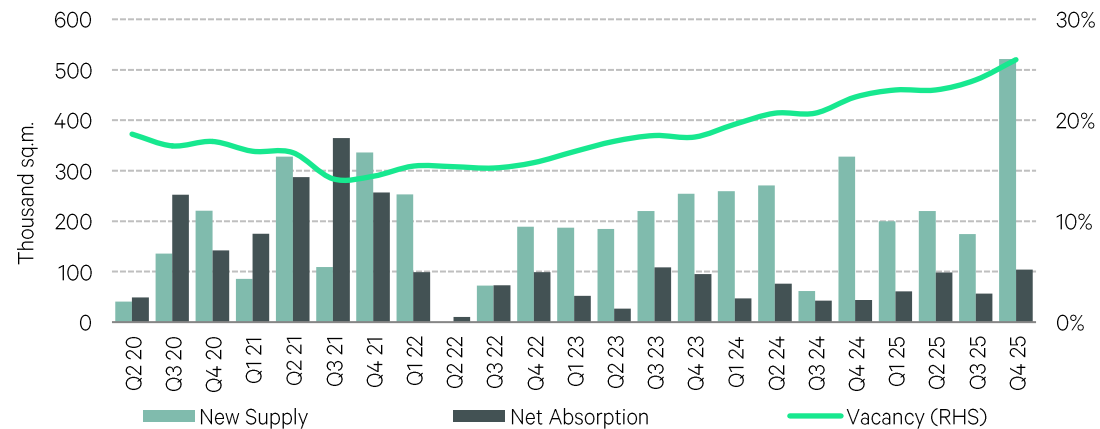
Zhangjiang (32%), Linkong (29%), and Caohejing (13%) collectively accounted for over 70% of leasing volume this quarter. The increase in Linkong’s share was driven by the establishment of the Changning Overseas Service Centre (25,000 sq. m.) in IPB Hongqiao Upper Town.

The concentration of new supply, coupled with diverging demand, intensified competition between landlords. Citywide rental rates held steady at RMB 4.4 per sq. m. per day, while effective rents fell 0.9% q-o-q to RMB 3.0 per sq. m. per day.

Sizable upcoming supply to exert further downward pressure on rents

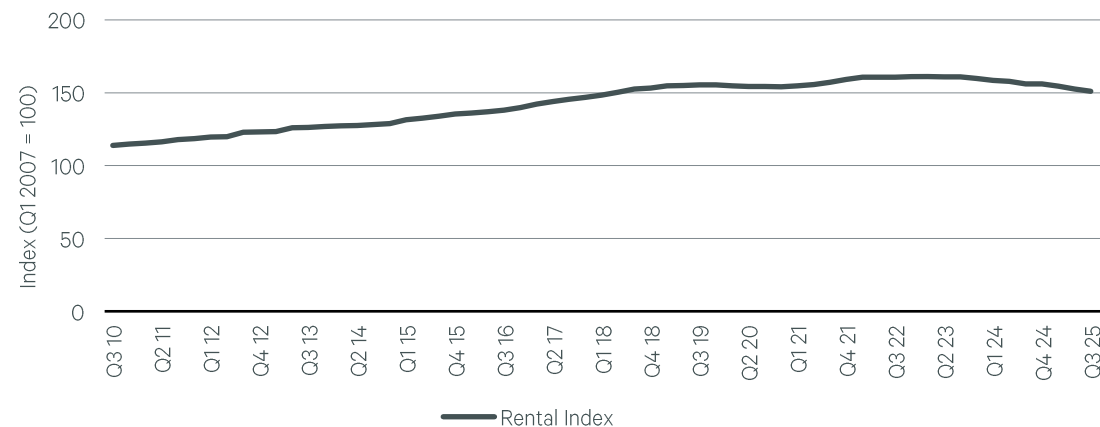
Around 700,000 sq. m. of new business park supply will be completed over the next six months, exacerbating the supply-demand imbalance. With the rising vacancy rate and downward pressure on rents set to persist, tenants can leverage this market adjustment period to optimise their office costs. Property owners are advised to focus on enhancing competitiveness through innovative service offerings. This shift indicates a transition in the business park market from rapid growth to quality development.

FIGURE 8: Shanghai Business Park Supply and Demand



Source: CBRE Research, Q4 2025.


FIGURE 9: Shanghai Business Park Rental Index



Source: CBRE Research, Q4 2025.

Investment

 Total Turnover
+37.1% q-o-q

 Number of Transactions
39

Purchasing activity recovers with office sector remaining dominant

A total of 39 transactions worth a combined RMB 15.04 billion were recorded in Shanghai in Q4 2025, marking a rise of 37% q-o-q and 33% y-o-y. Annual transaction volume reached RMB 47.4 billion across 97 deals.

Office transactions continued to lead, with a 46% share. Key deals included Kosmos Group’s acquisition of Yango Holding Plaza and Lalamove’s purchase of Crystal Plaza T6. Business parks maintained a steady 30% share, driven by end-users such as CellWise and Chery. Retail followed with 23%, primarily involving leased shops and community commercial assets, while industrial and hotels contributed 15% and 8%, respectively.

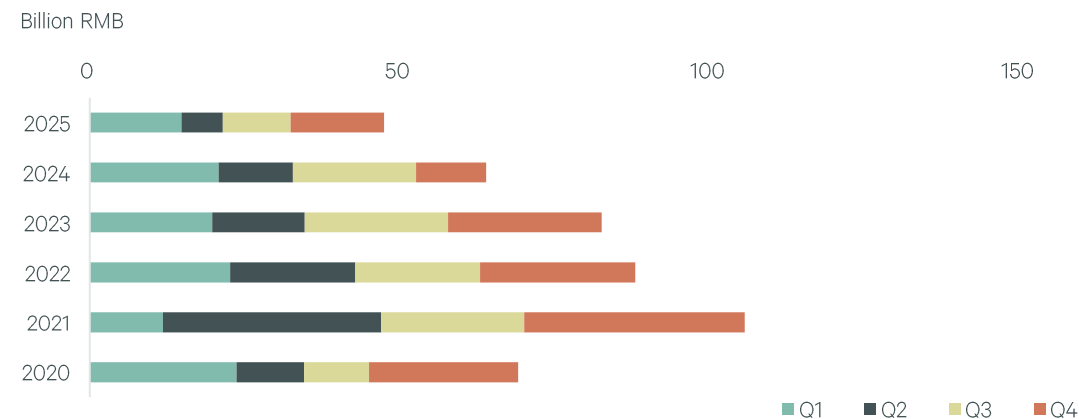
Corporate buyers were most active this quarter, accounting for 38% of total volume, largely for self-use. Property companies (29%) and institutional investors (20%) continued to diversify their portfolios, highlighted by Zhonghui Life’s acquisition of Caohejing Fosun Tech Park and the joint purchase of Xuhui Changqiao senior facilities by Fosun and Dajia Insurance.

Activity at judicial auctions surged during the year, with a total of 35 transactions recorded, accounting for approximately 36% of the annual total—the highest since 2021. Beyond retail and industrial assets, the disposal of Tahoe Tower and Yango Holding Plaza attracted considerable interest among buyers.

Asset repricing and C-REIT expansion to boost liquidity

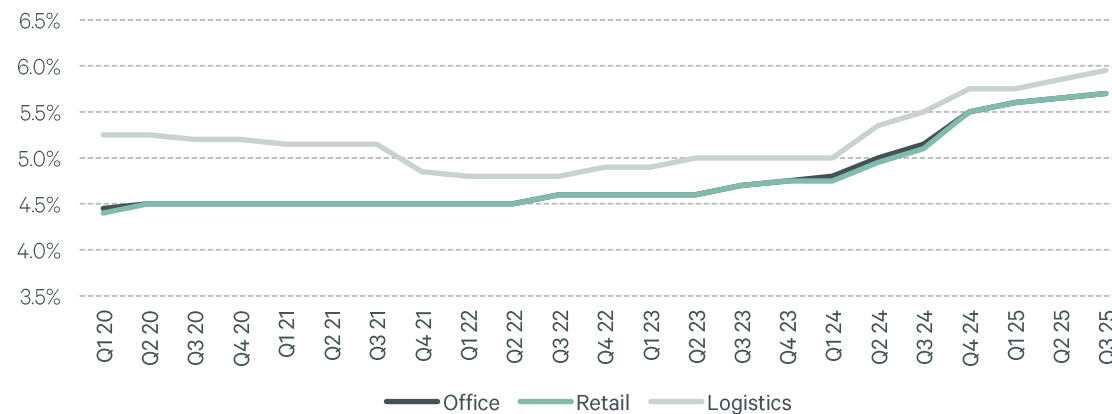
Shanghai’s investment market exhibited resilience amid volatility throughout the year. Despite a decline in total transaction volume due to shrinking deal sizes, this quarter’s rise in investment activity signaled the market’s bottoming out. Amid a period of asset repricing, investment-driven deals continued to lead the market with a share of over 70%, highlighting the enduring value of core assets. The expansion of C-REITs is expected to unlock liquidity for premium offices and hotels, further enhancing the appeal of these underlying assets for strategic allocation.

FIGURE 10: Shanghai en-bloc Transaction Volume



Source: CBRE Research, Q4 2025.

FIGURE 11: Yield by Sector



Source: CBRE Research, Q4 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

Faye Qiao

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

Joanna Qiang

Analyst , Eastern China
joanna.qiang@cbre.com

Hanny Zhou

Analyst , Eastern China
yuhan.zhou@cbre.com

Business Line

Alan Li

President, CBRE China, Advisory
alan.li@cbre.com

CBRE Office

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

© 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.

