

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
23.0% Vacancy Rate	▲	▲
17.38M Stock, SQM	▲	▲
¥216.6 Rent (PSM/MO)	▼	▼

Source: Cushman & Wakefield Research

ECONOMIC INDICATORS

Q4 2024	Q3 2024	12-Month Forecast
5.0% GDP Growth	4.7%	—
5.7% Tertiary Sector Growth	5.8%	▲
0.0% CPI Growth	0.0%	▲
2.8% Real Estate Development & Investment Growth	7.8%	▲

Source: Shanghai Bureau of Statistics, Moody's Analytics, Cushman & Wakefield Research

FOUR NEW PROJECTS ENTERED THE OFFICE MARKET IN Q1

2025 marks the conclusion of China's 14th Five-Year Plan and the start of planning for the 15th Five-Year Plan. Against a backdrop of further global uncertainty and transformation, addressing insufficient effective domestic demand remains a key challenge. This year, Shanghai aims to maintain a GDP growth rate of 5%, is looking to accelerate the development of its "Five Centers," and is expected to promote the growth of new quality productive forces.

Shanghai's Grade A office market will remain in a peak supply period through 2025. Four new projects entered the market in Q1: the Jing'an Investment Center in core Jing'an, the Apex Center in the emerging Expo area in Pudong, the China Overseas Center Tower B in Putuo District's Zhenru Sub-Center (converted from sales to leasing), and T2 at Xuhui Vanke Centre III. These projects added a total of 307,287 sq m of premium space.

FINANCE SECTOR SHOWS SIGNS OF LEASING DEMAND RECOVERY

Shanghai's Grade A office market remains in a rental downturn, with the q-o-q rent decline widening to 3.0%, pulling the average rental level down to RMB216.6 per sq m per month. The supply-demand imbalance has obliged newly launched projects to lower rent expectations. Rents in core and emerging areas fell to RMB256.1 and RMB170.9 per sq m per month, respectively. The citywide average vacancy rate rose modestly to 23.0%.

Citywide net absorption reached 104,610 sq m in Q1, 34% of the new supply. Some emerging submarkets such as Putuo, Hongkou, and Yangpu achieved strong absorption, exceeding 20,000 sq m per district. By sector, the retail & trade sector, led by FMCG, was the key demand driver, taking a 19.4% share of total leased area. Professional services continued to exhibit robust activity with a 17.3% share of leased area. The financial sector took 15.3%, with marked expansion from funds, securities, and insurance firms. The TMT sector accounted for 14.3%, with advancements particularly in AI solidifying its role in driving office space absorption. Foreign enterprises' share of leased space, including renewals and expansions, fell slightly to 38% in Q1.

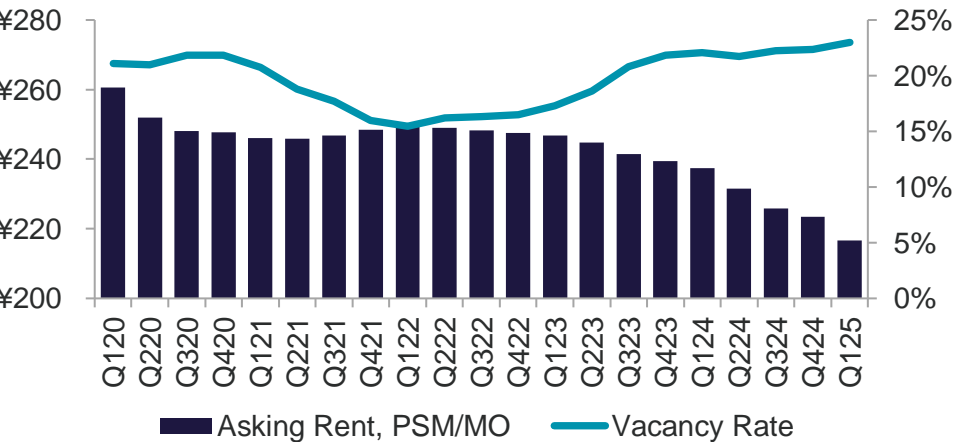
PROJECT LAUNCH DATE ADJUSTMENTS TO CONTINUE

Technological innovation breakthroughs and development of new quality productive forces are actively driving the office market's transformation. Ahead, 17 projects are set to be launched in the coming three quarters of 2025, adding 1.43 million sq m of prime office space to the market. However, we expect landlords to continue to adjust the pace of project launches based on the prevailing supply-demand dynamics.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	VACANT (SQM)	OVERALL VACANCY RATE	UNDER CNSTR (Q2 2025– 2028, SQM)	OVERALL AVG FACE RENT		
					RMB/SQM/MO	USD/SF/MO	EUR/SF/MO
Core Jing’an	1,467,591	290,289	19.8%	168,069	¥280.39	US\$3.59	€3.31
Huangpu	2,122,976	382,764	18.0%	464,071	¥252.38	US\$3.23	€2.98
Lujiazui	2,224,646	301,626	13.6%	164,055	¥301.23	US\$3.86	€3.56
Zhuyuan	1,087,583	217,885	20.0%	101,545	¥232.52	US\$2.98	€2.75
Core Xuhui	635,714	99,145	15.6%	206,283	¥258.54	US\$3.31	€3.06
Changning	1,350,640	243,346	18.0%	239,820	¥193.87	US\$2.48	€2.29
CBD TOTALS	8,889,150	1,535,053	17.3%	1,343,843	¥256.08	US\$3.28	€3.03
EMERGING TOTALS	8,488,185	2,461,045	29.0%	2,254,372	¥170.94	US\$2.19	€2.02
SHANGHAI TOTALS	17,377,335	3,996,098	23.0%	3,598,215	¥216.63	US\$2.78	€2.56

** Rental equals Gross Transacted Face Rental*
1.00 USD = 0.9219543 EUR = 7.248109 RMB (14.03.2025)
The database was adjusted.

KEY LEASE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	TENANT	SQ M	TYPE
ICC	Huangpu	Asahi Kasei	3,000	Renewal
Wanchuang Centre	Minhang	Omni Interactive	3,000	Relocation
IFC Phase II	Lujiazui	Franklin Templeton Sealand Fund Management	2,600	Renewal
Mirae Asset Tower	Lujiazui	X-Giants	2,000	Relocation

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	DEVELOPER	SQ M	COMPLETION DATE
Three ITC Tower B	Core Xuhui	Sun Hung Kai	206,283	2025
Crystal Bridge	Changning	TSP, New Changning, Mitsubishi Estate	140,000	2025
Origin New Bund	Expo & New Bund	Lujiazui Properties	86,000	2025
China Resources Centre	Core Jing’an	China Resources	80,069	2025

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