

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
23.6% Vacancy Rate	▲	▲
17.60M Stock, SQM	▲	▲
¥212.6 Rent (PSM/MO)	▼	▼

Source: Cushman & Wakefield Research

ECONOMIC INDICATORS

Q1 2025	Q4 2024	12-Month Forecast
5.1% GDP Growth	5.0%	—
5.6% Tertiary Sector Growth	5.7%	▲
0.1% CPI Growth	0.0%	▲
5.1% Real Estate Development & Investment Growth	2.8%	▲

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

NEW SUPPLY CONTINUES INTO Q2

Four new Grade A office projects were completed in Shanghai In Q2 2025, contributing a combined 243,366 sq m of premium office space. These comprised Century Fortune Plaza in Zhuyuan, the A.F.A Rongqiao Centre (a steel plant urban renewal project) in Changning, The Pier in Yangjing, and Todtown Tower, part of the Minhang Xinzhuang TOD complex.

In total, the first half of 2025 saw 550,653 sq m of new supply added to the market, equivalent to 34% and 70% of the total new supply recorded in 2023 and 2024, respectively.

LEASING DEMAND LARGELY DRIVEN BY RELOCATIONS

Demand in Shanghai's Grade A office market in Q2 remained largely driven by relocation activity, as expansion and new set-up activity stayed limited. The TMT sector continued to lead leasing demand, with major short video platforms, e-commerce firms, and high-tech companies accounting for 22.7% of total leasing volume. The retail and trade industry, primarily focused on consumer goods, followed at 21.7%; while the financial sector, including securities, insurance, and fund firms, ranked third at 14.8%.

Despite steady relocation-driven activity, overall leasing volume softened. Net absorption fell below the 100,000 sq m mark, representing an 18% q-o-q decline. The average vacancy rate rose to 23.6%, reflecting ongoing imbalance between new supply and market absorption.

Against this backdrop, average transacted rents dropped 1.9% q-o-q to RMB212.6 per sq m per month. Core areas proved more resilient, with rents falling by just 1.5%, while emerging areas saw a sharper decline of 2.7%. Facing rising vacancy pressure and intensifying competition, landlords continued to reduce rents to attract and retain tenants, encouraging many occupiers to upgrade or restructure existing leases.

FAVOURABLE POLICIES TO INJECT NEW VITALITY INTO THE MARKET

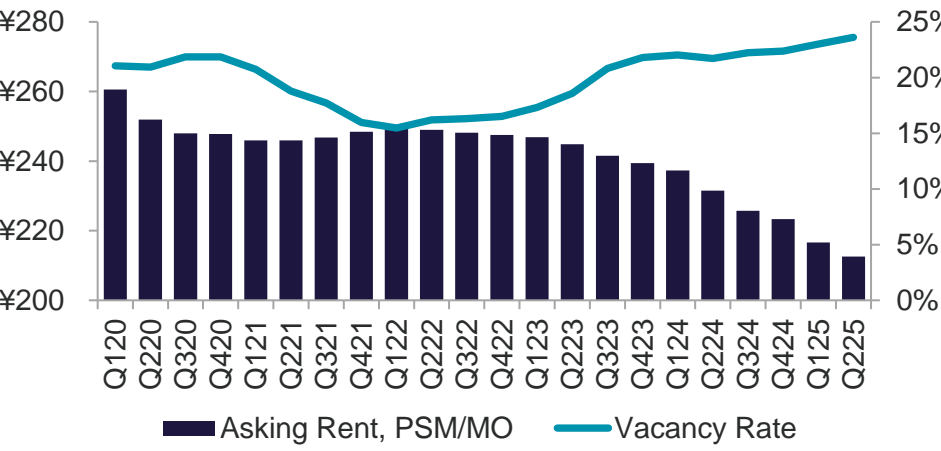
Twelve new office projects are scheduled for completion in the H2 2025 period, adding 102,000 sq m of high-quality office space. Notably, 80% of this upcoming supply will be in emerging business districts, enhancing diversification and depth in Shanghai's office market.

With enterprises focusing on cost reductions and efficiency gains, the Shanghai government has introduced a series of supportive measures. These include cultivation of innovative enterprises, promotion of "specialized, refined, distinctive, and innovative" (SRDI) SMEs, greater support for private enterprise development, and deeper industrial transformation and upgrading. Enhanced financial support mechanisms for industrial growth are also part of the policy mix. These initiatives are expected to inject new momentum into the market and foster demand in the medium term.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	VACANT (SQM)	OVERALL VACANCY RATE	UNDER CNSTR (Q3 2025– 2028, SQM)	OVERALL AVG FACE RENT		
					RMB/SQM/MO	USD/SF/MO	EUR/SF/MO
Core Jing’an	1,467,591	292,705	19.9%	168,069	¥280.80	US\$3.63	€3.15
Huangpu	2,122,976	378,780	17.8%	464,071	¥247.58	US\$3.20	€2.78
Lujiazui	2,224,646	311,416	14.0%	164,055	¥294.31	US\$3.81	€3.30
Zhuyuan	1,119,128	232,656	20.8%	70,000	¥231.49	US\$2.99	€2.59
Core Xuhui	635,714	95,641	15.0%	206,283	¥254.67	US\$3.29	€2.85
Changning	1,450,460	348,991	24.1%	140,000	¥192.52	US\$2.49	€2.16
CBD TOTALS	9,020,515	1,660,190	18.4%	1,212,478	¥252.17	US\$3.26	€2.83
EMERGING TOTALS	8,577,186	2,493,929	29.1%	2,306,950	¥166.39	US\$2.15	€1.87
SHANGHAI TOTALS	17,597,701	4,154,119	23.6%	3,519,428	¥212.55	US\$2.75	€2.38

** Rental equals Gross Transacted Face Rental*
1.00 USD = 0.86685683 EUR = 7.1845929 RMB (16.06.2025)
The database was adjusted.

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SQ M	TYPE
K11 Atelier	Huangpu	Hermès	10,000	Relocation
Lumina	Fringe Xuhui	ARM	6,000	Relocation
Suhe Centre	Suhe Bay	Eisai	4,000	Relocation
Qiantan Center	New Bund	Casio	3,300	Relocation

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	DEVELOPER	SQ M	COMPLETION DATE
Three ITC Tower B	Core Xuhui	Sun Hung Kai	206,283	2026
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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