Shanghai Grade-A Office Market Report

Knight Frank

Q3 2026

This report focuses on the Grade-A office market in Shanghai, with information about supply and demand, rents, vacancy rates and the office investment market

knightfrank.com.cn/research



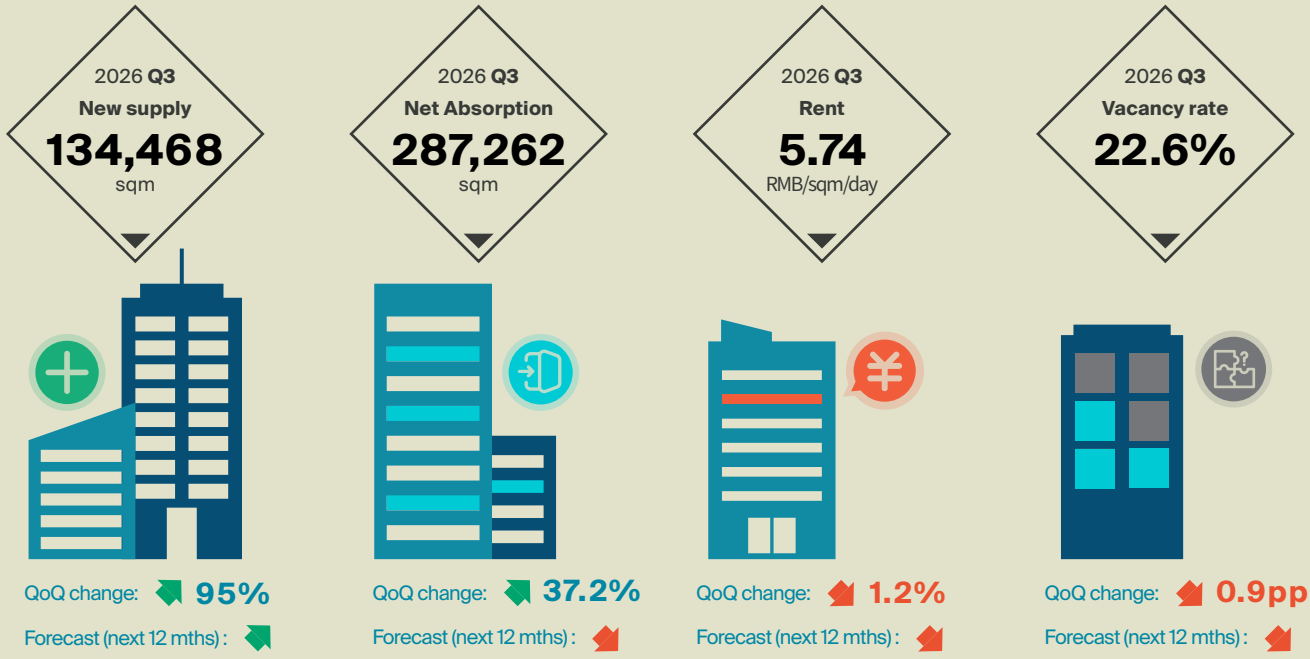
Overview and Outlook

Sustained demand drives a further decline in vacancy

In the third quarter (Q3), Shanghai's Grade-A office market maintained the improving trend established in Q2. New supply totalled 134,468 sqm. Driven by relocation and upgrading, new leasing and expansion demand from the TMT, financial services, professional services and retail sectors, net absorption rose to 287,262 sqm, up 37.2% QoQ. As incremental leasing demand continued to be released, the market-wide vacancy rate declined by a further 0.9 percentage points QoQ to 22.6%. Average rent continued to fall, reaching RMB5.74 per sqm per day in Q3, with a further QoQ narrowed decline.

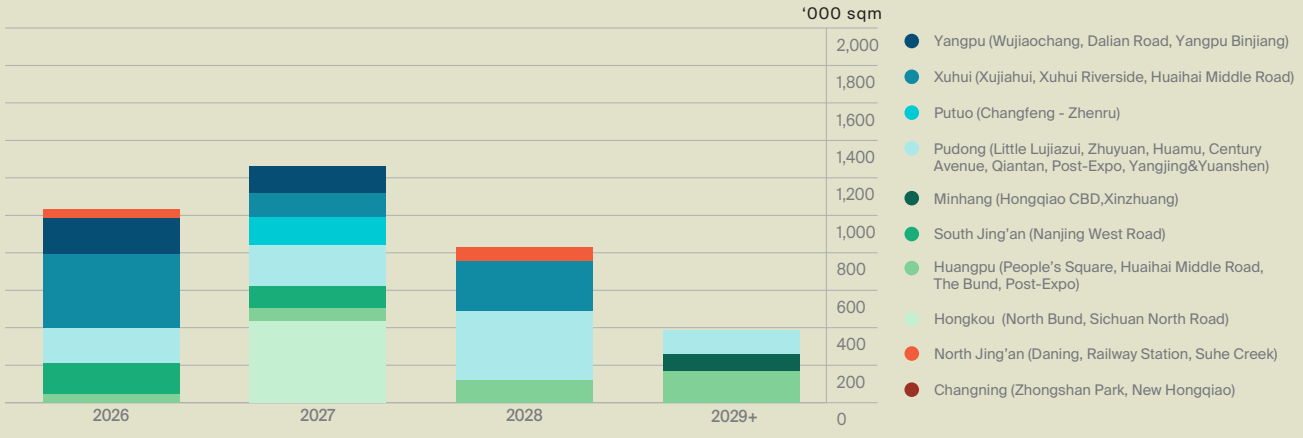
Looking ahead, elevated existing vacancy and the planned supply pipeline will continue to constrain rental recovery over the next 12 months. However, continued expansion by technology companies and financial institutions, together with occupiers' greater emphasis on corporate image, is expected to support demand for Grade-A and premium Grade-A office space. This should facilitate further absorption of existing vacant space and help alleviate competitive pressure from incoming supply. Although demand is expected to remain resilient, net absorption is likely to moderate from the high level recorded this quarter, particularly amid economic uncertainty.

Fig 1: Shanghai Grade-A office market indicators[1]



Source: Knight Frank Research
[1] Rent refers to average net effective rent

Fig 2: Shanghai office development pipeline by district, 2026-2029+



Source: Knight Frank Research

Supply and Demand

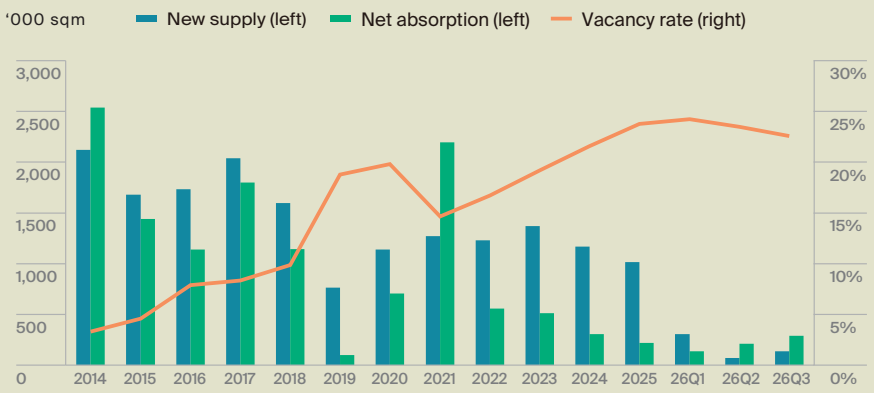
New leases and new set-ups by technology occupiers support market absorption

Two Grade-A office projects were completed in Q3, adding 134,468 sqm of new supply to the market. International New Centre in Nanjing West Road, a core CBD market was completed with 90,000 sqm of office space. OPUS One Centre in Daning was also delivered, contributing approximately 44,468 sqm to the market.

Steady leasing demand, combined with moderate supply growth, supported the continued absorption of vacant space in existing projects. Net absorption continued to increase significantly quarter on quarter in Q3. The TMT, financial services, professional services and retail sectors all recorded new leases, new set-ups or expansions. Demand from the TMT sector was particularly active. Technology occupiers in AI, gaming and data services showed strong demand for new leases and new set-ups, accounting for more than 25% of office space absorbed during the quarter. In terms of location strategy, these occupiers favoured emerging business districts with stronger industry clustering and more competitive rents. Xuhui Riverside captured nearly 30% of technology-sector new-leasing and new-set-up demand in Q3. The accelerated asset-light expansion of hotel brands also supported demand for well-located office space with comprehensive amenities.

As a result, vacancy rates in Xuhui Riverside, Huamu, and Yuanshen–Yangjing each fell by more than 2 percentage points during the quarter. CBD fringe areas also captured some relocation-upgrade and expansion demand spilling over from core districts, supported by proximity to prime CBDs, good transport connectivity and established amenities. For professional services firms and financial institutions that place a premium on corporate image, core CBD markets such as Little Lujiazui and Huaihai Middle Road remained attractive, with vacancy rates continuing to decline during the quarter.

Fig 3: Grade-A office new supply, net absorption and vacancy rate



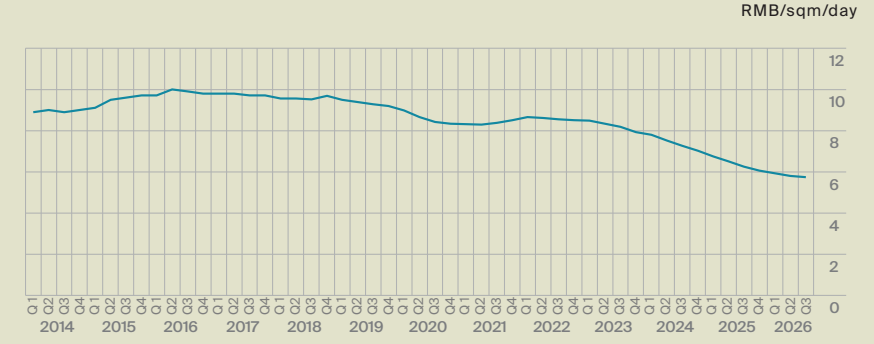
Source: Knight Frank Research

Rents

The decline in rents continues to narrow

In Q3, Shanghai Grade-A office rents declined by 1.2% QoQ to RMB5.74 per sqm per day. The pace of decline narrowed by 0.7 percentage points from the previous quarter. By market tier, CBD fringe rents recorded the largest adjustment, falling 1.8% QoQ. Rents in the CBDs, core CBDs and emerging business districts declined by 1.6%, 0.9% and 1.3%, respectively. Core CBDs remained relatively resilient. Although CBD fringe areas captured some spillover demand, they continued to face supply pressure and competition among relatively homogeneous projects, similar to

Fig 4: Grade-A office rental trend



Source: Knight Frank Research

expected CBD markets, keeping rents under downward pressure.

Submarket divergence became more pronounced. Supported by active new-leasing demand from technology companies, average rent in Xuhui Riverside edged up to RMB5.28 per sqm per day. In Little Lujiazui, demand from financial and professional services firms helped the rental decline narrow further. By contrast, submarkets with high existing vacancy or concentrated recent supply continued to face significant absorption pressure.

Landlords therefore had to offer more competitive lease terms, including lower asking rents, longer rent-free periods and fit-out contributions, to secure transactions. As a result, average rents in some submarkets therefore recorded relatively sharp declines.

Table 1: Major Grade-A office leasing transactions, Q3 2026

Submarket	Building	Tenant	Area (sqm)	Type
Huaihai Middle Road	LuOne	Rednote	22,000	Renewal
Yangpu Binjiang	The Riverside Plaza	XTransfer	20,000	New Lease
Xuhui Riverside	Nebula One	KPS	4,500	New Lease
Huaihai Middle Road	CPIC Xintiandi Commercial Centre T1	Publicis Groupe	3,000	Renewal with Expansion
Nanjing West Road	HKRI Taikoo Hui T2	Han Kun Law	2,100	Renewal with Expansion

Source: MSCI Real Assets, Knight Frank Research
Note: All transactions are subject to confirmation

Investment Market

Owner-occupier activity rebounds

In Q3, Shanghai's office investment market recorded 13 office and business park transactions, with disclosed or estimated consideration exceeding RMB6 billion. Market activity improved from the previous quarter, with owner--occupiers were the primary buyer group. The ongoing repricing of assets increased corporates' willingness to acquire premises for self-use.

The proposed mechanism for renewing land-use rights for industrial and commercial projects has improved visibility over renewal arrangements. This should help investors, valuers and financial institutions assess remaining land tenure and potential renewal costs more systematically.

Over the longer term, the policy may reduce tenure uncertainty for some existing industrial and commercial properties. However, its actual impact will depend on project-specific conditions, the renewal term and the final land-premium arrangements.

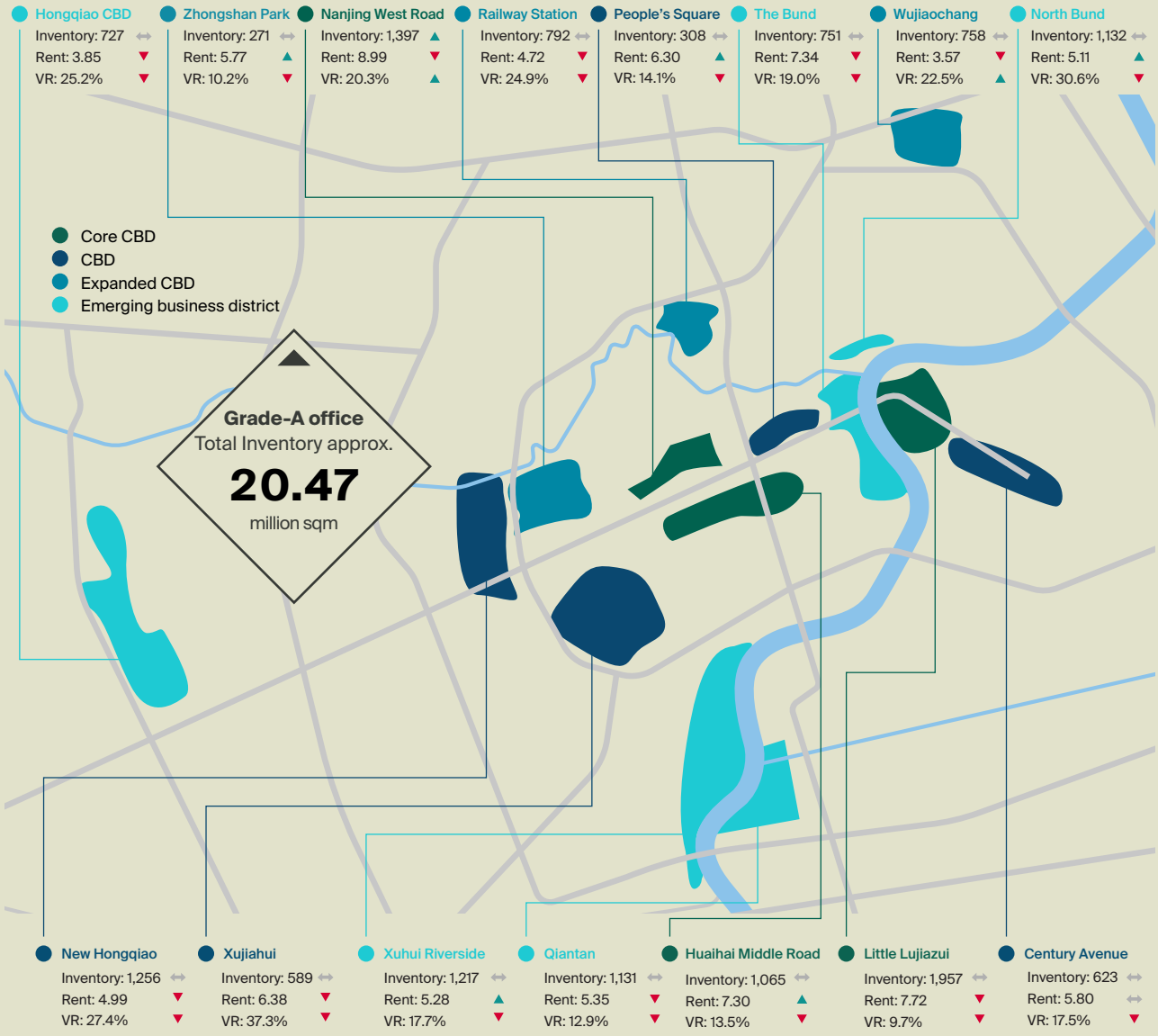
Table 2: Major office bulk transactions, Q3 2026

Property	Buyer	Seller	District	Transacted GFA (sqm)	Acquisition Structure
Crystal Hongqiao T5	PDD Holdings	Tishman Speyer/Shanghai New Changning/Mitsubishi Estate	Changning	25,199	Asset sale
Huiyin Building	Shanghai Xietong Group	Citic Capital	Jing'an	21,861	Equity transfer
Innoland Bay Building 2	Brite Semiconductor	Shanghai Jixinsheng Construction Technology	Pudong	4,515	Asset sale

Source: Knight Frank Research
Note: All transactions are subject to confirmation

Shanghai Grade-A office market dashboard Q3 2026

Shanghai Grade-A office inventory, rents and vacancy rates of major business districts



Source: Knight Frank Research

Note: unit for market inventory – 1,000 sqm; rents using average net effective rent at RMB/sqm/day; VR refers to average vacancy rate.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

Research & Consultancy



Esther Liu
Director, Head of Research & Consultancy,
Greater China
+852 2846 4813
esther.liu@hk.knightfrank.com



Regina Yang
Director, Head of Research & Consultancy,
Shanghai & Beijing
+86 139 1872 3123
regina.yang@cn.knightfrank.com

Shanghai Office
Strategy & Solutions



Virginia Huang
Managing Director,
North and East China
+86 21 6032 1719
virginia.huang@cn.knightfrank.com



Mars Yin
Senior Manager
Research & Consultancy
+86 21 6032 1730
mars.yin@cn.knightfrank.com

Recent market-leading research publications



Beijing Office Market Report Q3 2026



Shanghai Office Market Report Q2 2026



Guangzhou Office Market Report Q2 2026



Shenzhen Office Market Report Q2 2026



From ESG Ambition to Action - A 3-Stage Framework for China Occupiers

Knight Frank

Knight Frank Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs. Important Notice: ©Knight Frank: This document and the material contained in it is general information only and is subject to change without notice. All images are for illustration only. No representations or warranties of any nature whatsoever are given, intended or implied. Knight Frank will not be liable for negligence, or for any direct or indirect consequential losses or damages arising from the use of this information. You should satisfy yourself about the completeness or accuracy of any information or materials and seek professional advice in regard to all the information contained herein. This document and the material contained in it is the property of Knight Frank and is given to you on the understanding that such material and the ideas, concepts and proposals expressed in it are the intellectual property of Knight Frank and protected by copyright. It is understood that you may not use this material or any part of it for any reason other than the evaluation of the document unless we have entered into a further agreement for its use. This document is provided to you in confidence on the understanding it is not disclosed to anyone other than to your employees who need to evaluate it.