Shanghai Grade-A Office Market Report

Q4 2025

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

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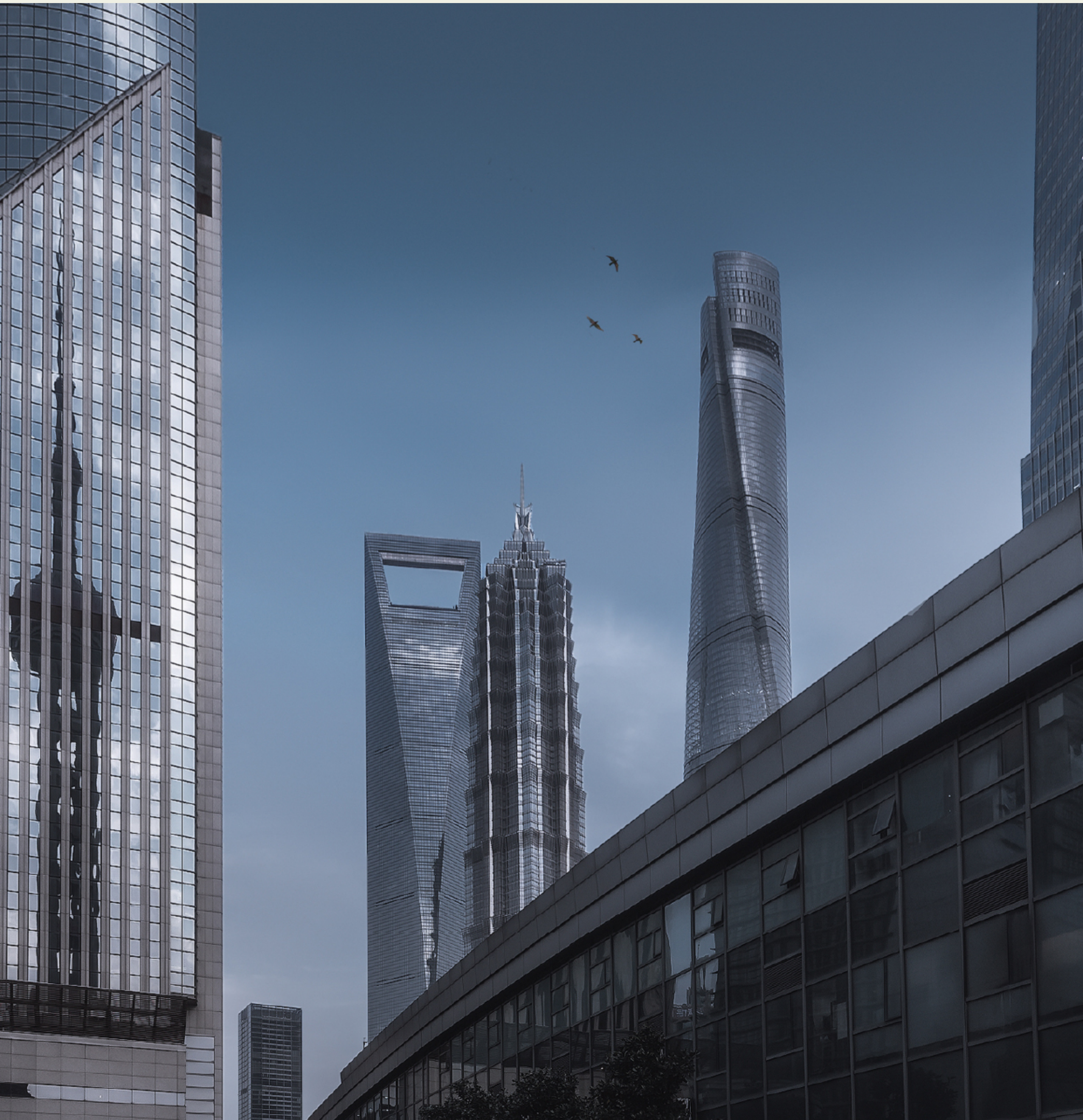


Overview and Outlook

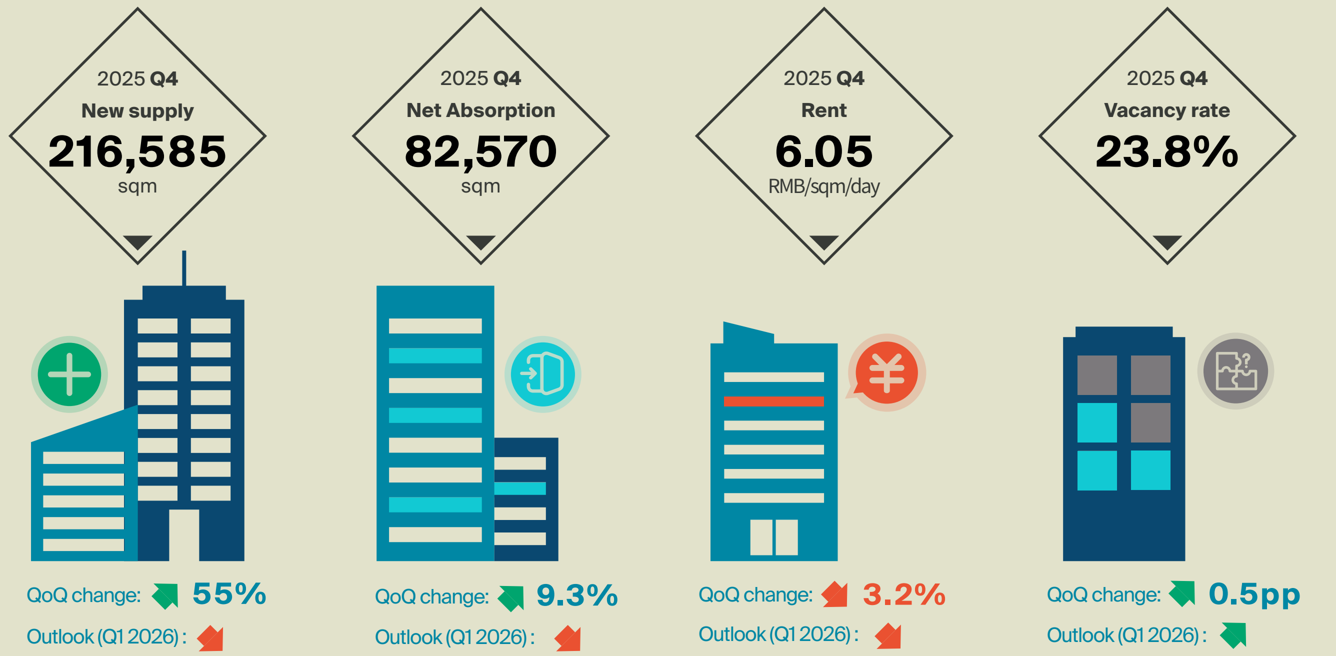
The market remains in an adjustment period amid dual pressures from supply and demand

In the fourth quarter (Q4), Shanghai's overall office market rents continued the downward trajectory, falling 3.2% QoQ to RMB6.05 per sqm per day. On the supply side, two new projects with a total office area of 216,585 sqm were completed and delivered, pushing the market vacancy rate up slightly to 23.8%. Market net absorption rose to 82,570 sqm in the quarter. Regarding leasing demand, this quarter's leasing activity were mainly driven by financial institutions and TMT (technology, media, and telecommunications) enterprises, while co-working space brands continued their expansion.

The Central Economic Work Conference held in December set the tone for economic development next year and during the 15th Five-Year Plan period, continuing to expand domestic demand, boost scientific and technological innovation, and actively promote the upgrading of industries towards high-end, intelligent and green development. Under proactive policy guidance, the domestic economy is expected to mitigate the negative impact of deflation during the 15th Five-Year Plan period, which may also bring moderate recovery opportunities to the office market.

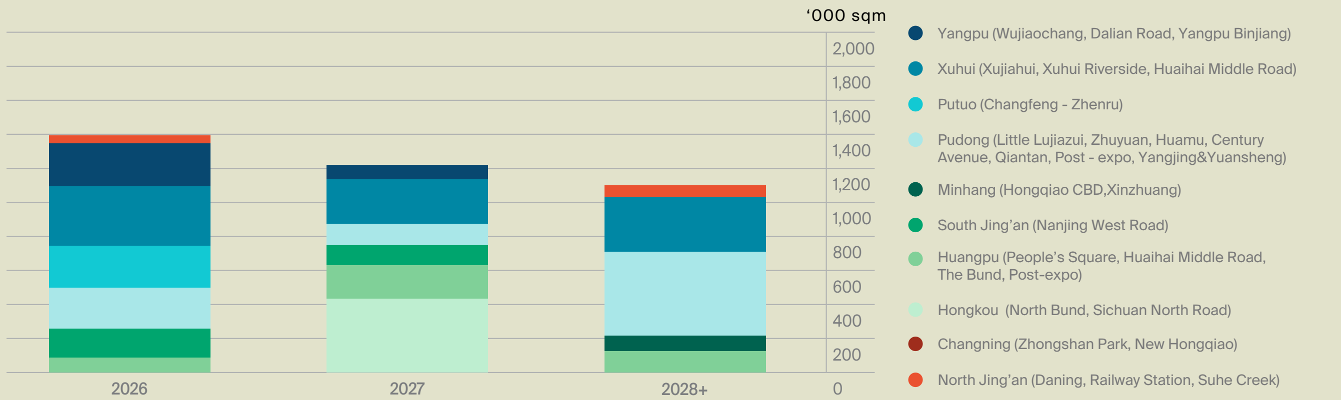
In the coming year, nearly 1.4 million sqm of new office space is scheduled to enter the Shanghai market, keeping sustained pressure on the leasing market. We expect the market will maintain the current downward trend in rents in the first quarter of 2026, with vacancy rates continuing to edge up slightly. However, guided by the policy direction of the 15th Five-Year Plan, enterprises in sectors such as AI-enabled technology, dual carbon goals, and high-end manufacturing are expected to maintain robust growth. Leasing demand from these industries is projected to grow in tandem, driven by business expansion and office space upgrading needs.

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



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

Fig 2: Shanghai office development pipeline by district, 2026-2028+



Source: Knight Frank Research

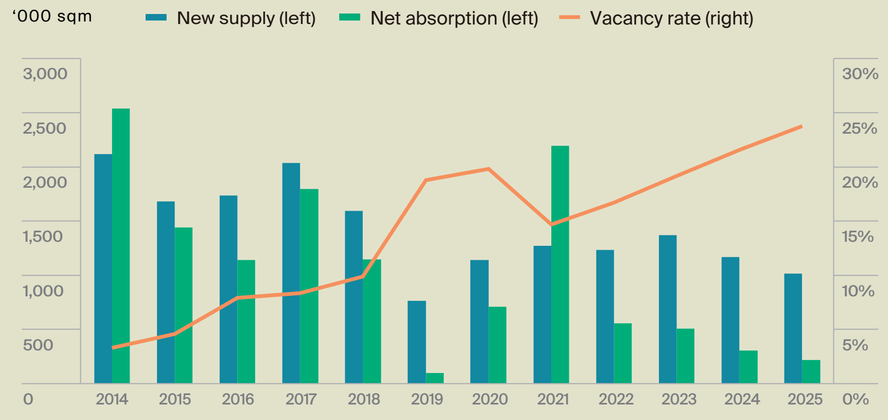
Supply and Demand

Cross-district relocation activity among enterprises has increased

In Q4, two new projects were completed and delivered, bringing 216,585 sqm of new supply to the market — a 55% QoQ increase. The annual new market supply reached 1.01 million sqm, of which 46% of the newly added office space was located in emerging markets. The two new projects are Crystal Hongqiao (160,000 sqm) in New Hongqiao area and FC Jinmao Plaza (56,585 sqm), a leasehold conversion project in North Bund of Hongkou District.

Nearly 80% of the leasing transactions in Shanghai's office market in Q4 came from lease renewals and office relocations, with the share of cross-district relocations showing a gradual upward trend. Driven by cost-control considerations, many enterprises chose office buildings outside the area with lower rents — for instance, downtown-based companies relocating to well-connected new projects in emerging submarkets. Additionally, affected by the impact of supply-demand imbalance, market rents continued their recent downward trend, creating opportunities for budget-constrained enterprises with specific location requirements to upgrade their office spaces. Over the quarter, notable relocation activities included tech startups in business parks moving into Grade-A and even premium Grade-A office buildings, as well as financial firms from non-core urban areas upgrading to high-quality offices in core CBD markets.

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



Source: Knight Frank Research

Finance and TMT enterprises led Q4 leasing transactions, contributing nearly 45% of the total market share combined. Professional service firms and retail brands remained indispensable players in the market, accounting for over 20% of leasing transactions. Co-working operators maintained a high market activity, with their share climbing by quarters. This quarter, a nearly 7% of the market's leasing transactions came from co-working operators.

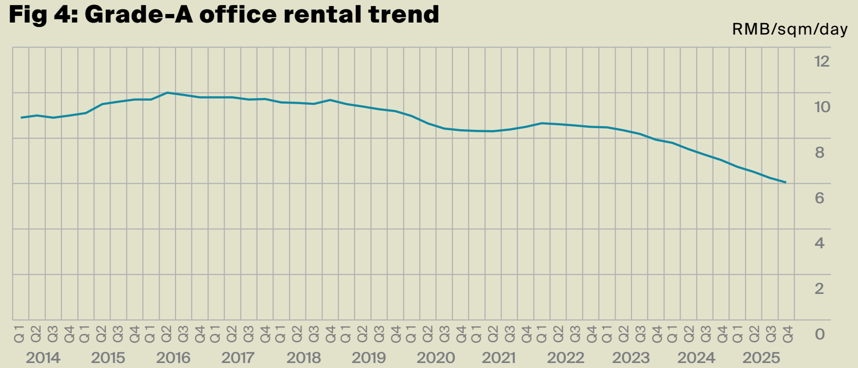
Amid the dual pressures of weak demand and new supply in Q4, the market vacancy rate continued to rise to 23.8%, with quarterly net absorption at 82,570 sqm. Full-year net absorption fell 28.6% YoY to approximately 220,000 sqm, of which, nearly 70% was absorbed by four major tenant sectors: professional services (law firms and consulting firms), TMT (AI technology), finance (securities and asset management), and retail (FMCG).

Rents

Premium Grade-A office rents continued to see their decline narrow

In Q4, Grade-A office market rents continued to fall 3.2% QoQ to RMB6.05 per sqm per day. Limited market demand and intensified competition are the key reasons for landlords to continue implementing rent reductions and preferential subsidies. The QoQ decline in in core CBD premium Grade-A office rents continued to narrow. Their siphon effect on the upgrading demand from enterprises with strong rental affordability drove a 1.3% QoQ drop to RMB10.35 per sqm per day.

Fig 4: Grade-A office rental trend



Source: Knight Frank Research

Emerging submarkets continued

to face competitive pressure from new project launches and absorption challenges for existing stock. Landlords continued to adopt a volume-driven pricing strategy, prioritising faster absorption over higher rental rates. In Q4, average rents in emerging business districts fell by 2.3% QoQ to RMB5.14 per sqm per day. CBD extension areas saw a sharper decline, with rents dropping 3.4% QoQ to RMB4.62 per sqm per day. Disadvantages in location and older building ages were the main factors driving landlords there to keep cutting rents.

In Q4, Nanjing West Road and Huaihai Middle Road in core CBDs were among the submarkets that recorded the smallest rental declines. These areas are attractive to finance and high-tech enterprises with strong rental affordability and high requirements for office locations. This drove the rents of Nanjing West Road and Huaihai Middle Road down by only 1.3% and 0.9% respectively, to RMB9.48 and RMB7.41 per sqm per day.

Table 1: Major Grade-A office leasing transactions, Q4 2025

Submarket	Building	Tenant	Area (sqm)	Type
Xuhui Riverside	U Centre	China Fortune Securities	48,000	Relocation
Zhenru-changfeng	China Overseas Centre Tower C	Vland	7,000	Relocation
Xuhui Riverside	Lumina Shanghai	Arm Limited	6,000	Relocation
Huaihai Middle Road	The Roof	Pernod Ricard	5,000	Renewal
Huaihai Middle Road	China Overseas International Centre	Charles & Keith	3,000	Relocation
Little Lujiazui	Shanghai Tower	Peng Sheng Group	2,700	Relocation

Source: Knight Frank Research

Note: All transactions are subject to confirmation

Investment Market

Owner-occupier demand drives asset revitalisation

In Q4 2025, the Shanghai office investment market recorded 14 major bulk transactions totally over RMB6 billion. For the full year of 2025, the market saw around 39 transactions with an aggregate turnover exceeding RMB30 billion. Owner-occupier buyers have actively targeted office properties in a value depression, aiming to achieve regional operation and value investment through office property acquisitions.

Among these transactions, government-backed institutions and private enterprises successively purchased office buildings. For example, China Cinda, in partnership with Shaanxi Cultural Investment, acquired Floors 1 – 4 of Tower A, Global Plaza, in the Post-Expo area; Zhonghui Life purchased the industrial park owned by Fosun Pharma (a subsidiary of the Fosun Group) in Xuhui District; Lalamove acquired Tower T6 of Crystal Hongqiao; and WT Technologies, a leading semiconductor firm, purchased an office project on Shenhong Road in the Hongqiao CBD.

Table 2: Major office bulk transactions, Q4 2025

Property	Buyer	Seller	District	Transacted GFA (sqm)	Acquisition Structure
Fosun Industrial Park	Zhonghui Life	Fosun Group	Xuhui	45,239	Equity Transaction
Crystal Hongqiao T6	Lalamove	Tishman Speyer/ Shanghai New Changning/Mitsubishi Estate	Changning	25,199	Asset Transaction
Global Plaza Tower A (1-4F)	China Cinda Asset Management/Shaanxi Culture Industry Investment Holding/Zhouzhi County Jinzhou State-owned Capital Investment and Operation (Group)	Shanghai Dongfang Huafa Enterprise Development/Shanghai Hongbang Enterprise Development	Pudong	11,152	Asset Transaction

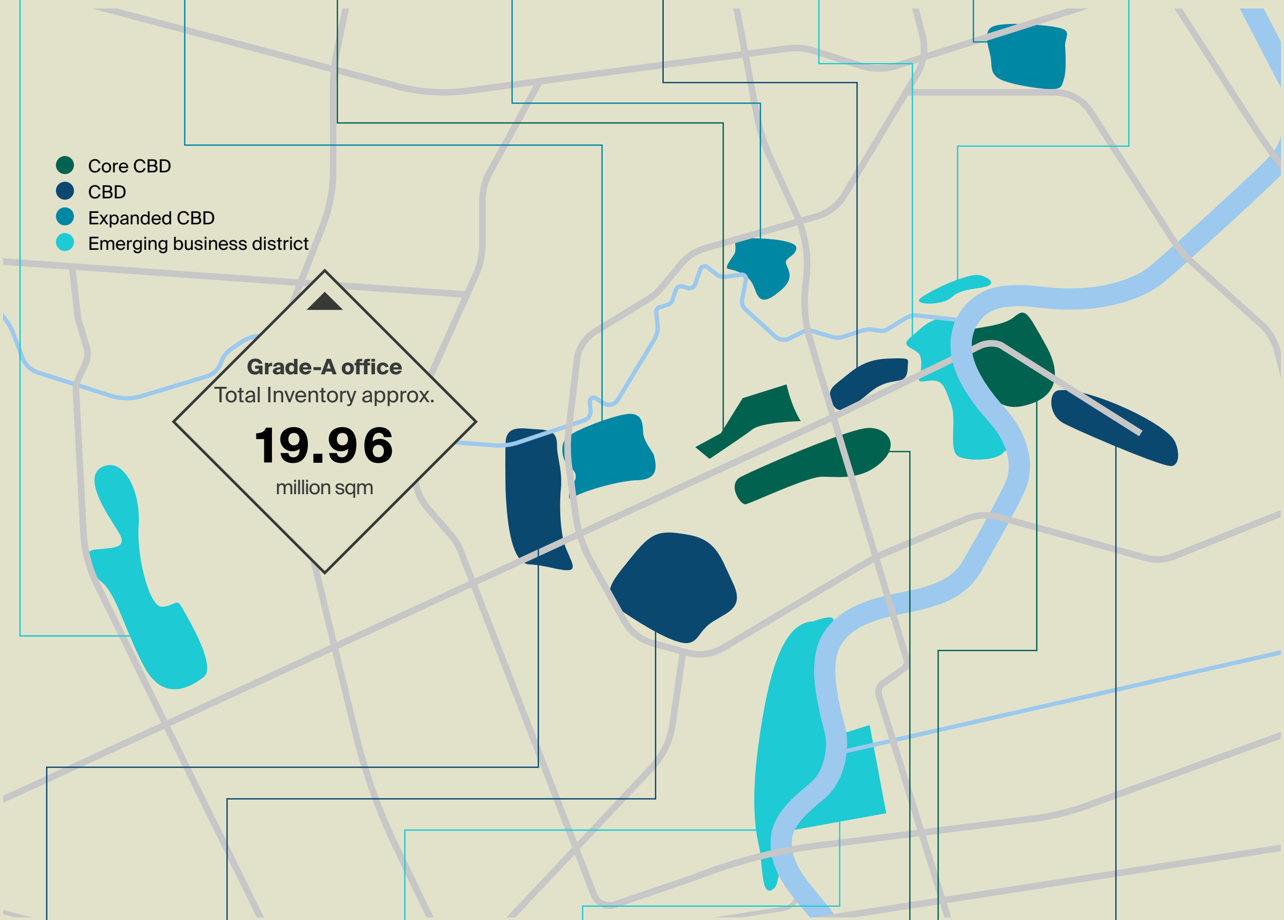
Source: Knight Frank Research

Note: All transactions are subject to confirmation

Shanghai Grade-A office market dashboard Q4 2025

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

District	Inventory	Rent		VR	
Hongqiao CBD	727	4.36	▼	25.7%	▲
Zhongshan Park	271	6.05	▼	14.3%	▼
Nanjing West Road	1,227	9.48	▼	14.8%	▲
Railway Station	792	4.94	▼	21.2%	▼
People's Square	308	6.33	▼	14.9%	▼
The Bund	751	7.70	▼	21.8%	▲
Wujiaochang	758	3.87	▼	23.8%	▲
North Bund	1,132	5.37	▼	33.4%	▼



District	Inventory	Rent		VR	
New Honqiao	1,256	5.33	▼	28.7%	▲
Xujiahui	389	6.87	▼	13.7%	▼
Xuhui Riverside	1,192	5.40	▼	20.8%	▼
Qiantan	1,131	5.70	▼	21.7%	▲
Huaihai Middle Road	1,021	7.41	▼	19.1%	▼
Little Lujiazui	1,957	8.08	▼	12.1%	▲
Century Avenue	623	6.28	▼	17.1%	▲

Source: Knight Frank Research

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

Adjustments were made to Grade-A office building stock this quarter, and figures are not directly comparable with the previous quarter.

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

Regina Yang
Director, Head of Research & Consultancy,
Shanghai & Beijing
+86 21 6032 1728
regina.yang@cn.knightfrank.com

Martin Wong
Senior Director,
Head of Research & Consultancy,
Greater China
+852 2846 7184
martin.wong@hk.knightfrank.com

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

Shanghai Office
Strategy & Solutions

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

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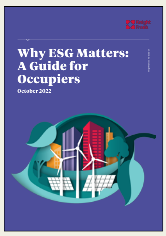

Why ESG Matters for Occupiers

Quantifying ESG in Real Estate

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