

# HONG KONG

## OFFICE, RETAIL & RESIDENTIAL MARKETS

Q 1 2 0 2 5

Better never settles

# 01

**OFFICE MARKET**



# GRADE A OFFICE RENT CORRECTED BY 2.5% IN Q1

We expect 7 to 9% rental decline in 2025

| Submarkets             | Jan 19<br>(Peak) | Q1 24  | Q2 24  | Q3 24  | Q4 24  | Q1 25 | Q-o-Q Δ | YTD Δ | 2025<br>Forecast |
|------------------------|------------------|--------|--------|--------|--------|-------|---------|-------|------------------|
| Prime Central          | \$166.1          | \$98.9 | \$96.7 | 93.5   | 92.1   | 89.8  | -2.1%   | -2.1% | -8 ~ -10%        |
| Greater Central        | \$139.0          | \$85.0 | \$83.8 | 81.0   | 80.1   | 77.2  | -3.2%   | -3.2% | -8 ~ -10%        |
| Wanchai / Causeway Bay | \$79.2           | \$49.6 | \$48.3 | 47.8   | 47.0   | 46.0  | -2.0%   | -2.0% | -7 ~ -9%         |
| Hong Kong East         | \$55.3           | \$38.6 | \$37.6 | 36.1   | 34.4   | 33.3  | -3.2%   | -3.2% | -9 ~ -11%        |
| Hong Kong South        | \$36.1           | \$26.4 | \$26.2 | 25.0   | 24.3   | 22.6  | -6.9%   | -6.9% | -9 ~ -11%        |
| Greater Tsimshatsui    | \$68.0           | \$43.5 | \$43.1 | 42.8   | 42.6   | 42.3  | -0.7%   | -0.7% | -5 ~ -7%         |
| Kowloon East           | \$36.8           | \$25.9 | \$25.8 | 25.4   | 24.8   | 24.0  | -2.5%   | -2.5% | -4 ~ -6%         |
| Kowloon West           | \$44.0           | \$30.1 | \$29.3 | 29.1   | 29.0   | 28.7  | -1.0%   | -1.0% | -4 ~ -6%         |
| All Districts Average  | \$76.0           | \$47.6 | \$47.0 | \$45.9 | \$45.1 | 43.9  | -2.5%   | -2.5% | -7 ~ -9%         |

Unit: Net effective rent, HK\$ / sf / month

Prime Central: 14 prime office buildings in Greater Central

Greater Central: Admiralty, Central and Sheung Wan including Prime Central

Hong Kong East: North Point, Quarry Bay and Tai Koo Shing

Hong Kong South: Wong Chuk Hang and Pok Fu Lam

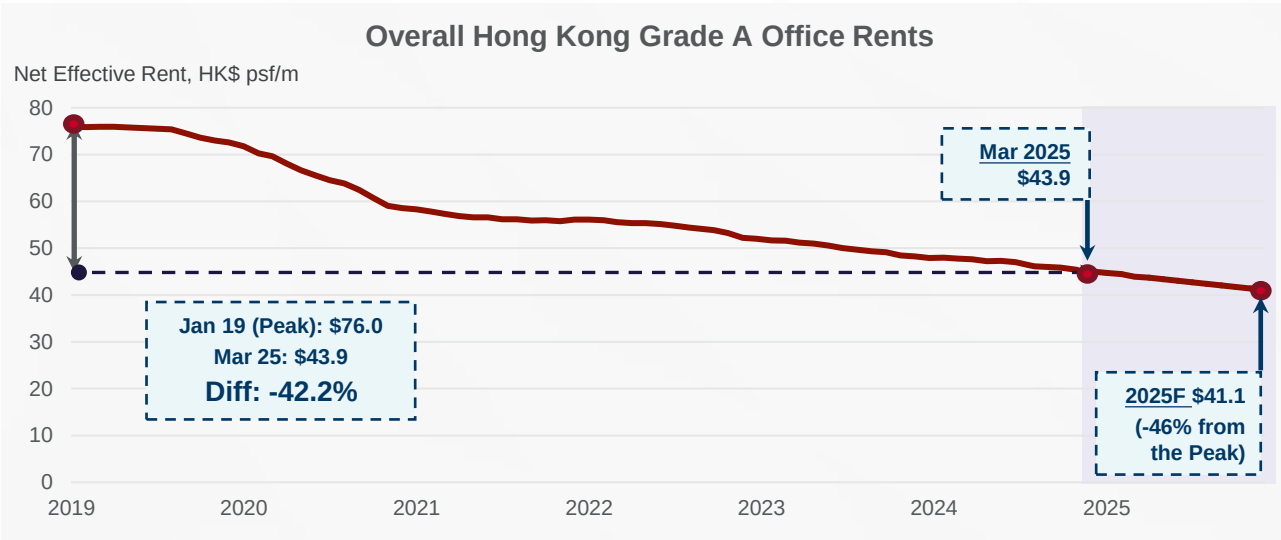
Greater Tsimshatsui: Tsimshatsui, Tsimshatsui East, Hung Hom and Kowloon Station

Kowloon East: Kwun Tong, Ngau Tau Kok, Kowloon Bay and Kai Tak

Kowloon West: Kowloon Tong, Mongkok, Cheung Sha Wan, Kwai Chung and Tsuen Wan

Note: Rents are based on NFA, exclusive of air conditioning & management fees, and gov. rates

Source: Cushman & Wakefield Research



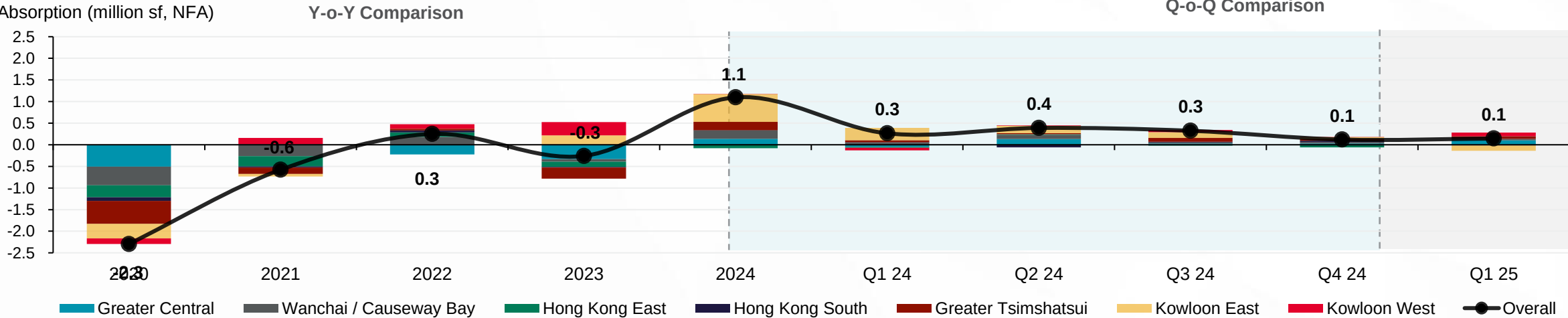


# NET ABSORPTION STAYED POSITIVE FOR THE SIXTH CONSECUTIVE QUARTER

Core districts outperformed in Q1

| Submarkets             | 2021     | 2022     | 2023     | 2024      | Q1 24   | Q2 24   | Q3 24   | Q4 24   | Q1 25    |
|------------------------|----------|----------|----------|-----------|---------|---------|---------|---------|----------|
| Greater Central        | 10,400   | -224,400 | -330,500 | 138,200   | -49,700 | 130,800 | 28,000  | 29,300  | 103,700  |
| Wanchai / Causeway Bay | -261,700 | 181,300  | -59,800  | 196,200   | 47,000  | 94,100  | 26,200  | 28,900  | 32,500   |
| Hong Kong East         | -241,500 | 105,400  | -118,400 | -79,300   | -20,500 | 18,400  | -19,000 | -58,200 | -6,400   |
| Hong Kong South        | -20,800  | 46,900   | -17,300  | 4,100     | 13,400  | -61,400 | 15,700  | 36,300  | -11,200  |
| Greater Tsimshatsui    | -152,500 | 37,400   | -259,400 | 192,300   | 41,800  | 24,300  | 86,300  | 39,800  | 61,100   |
| Kowloon East           | -59,300  | 1,500    | 216,800  | 642,300   | 289,700 | 173,600 | 136,300 | 42,700  | -120,000 |
| Kowloon West           | 146,800  | 102,400  | 309,800  | 3,900     | -57,400 | 9,300   | 50,600  | 1,420   | 83,700   |
| Overall                | -578,700 | 250,600  | -258,800 | 1,097,600 | 264,200 | 389,100 | 324,100 | 120,200 | 143,700  |

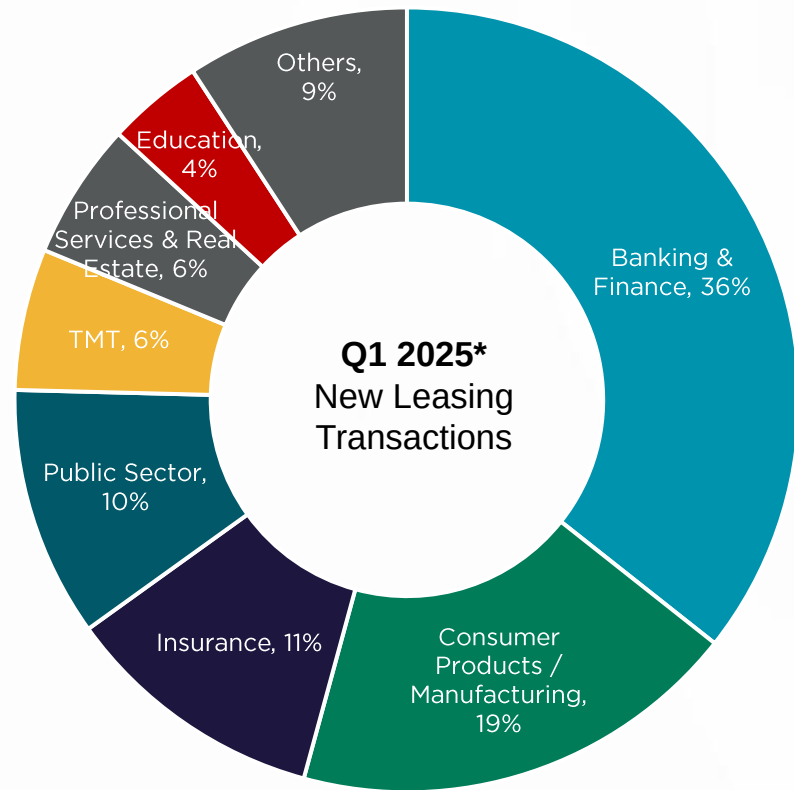
Note: Data as of mid-March 2025



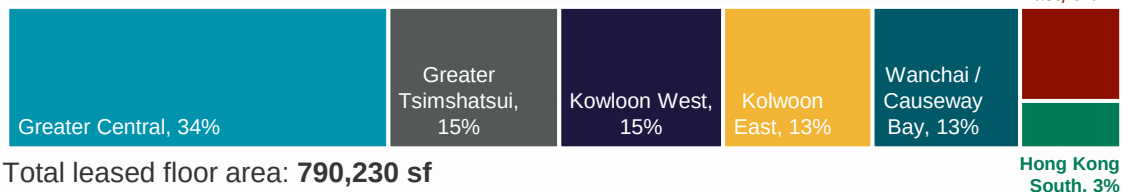
Source: Cushman & Wakefield Research

# LEASING MOMENTUM UNDERPINNED BY BANKING & FINANCE SECTOR

New letting area in Greater Central reached the highest level since Q3 2021



\*Data as of mid March 2025, the above chart only covers deals with tenant background identified



Total leased floor area: 790,230 sf

Source: Cushman & Wakefield Research

## Banking & Finance



The Henderson  
49,500 sf



ICC  
20,000 sf



2IFC  
12,400 sf

## Consumer Products / Manufacturing



83 King Lam Street  
45,500 sf



Millennium City 1  
15,600 sf



Berkshire House  
7,900 sf

## Insurance



AIRSIDE  
27,100 sf



Two Taikoo Place  
21,300 sf

## Public Sector



83 King Lam Street  
23,100 sf



HOSPITAL  
AUTHORITY  
Harbourside HQ  
14,700 sf

## TMT



Jardine House  
14,000 sf



Times Square  
6,200 sf

# OVERALL AVAILABILITY RATE SLIGHTLY EDGED UP IN Q1 25

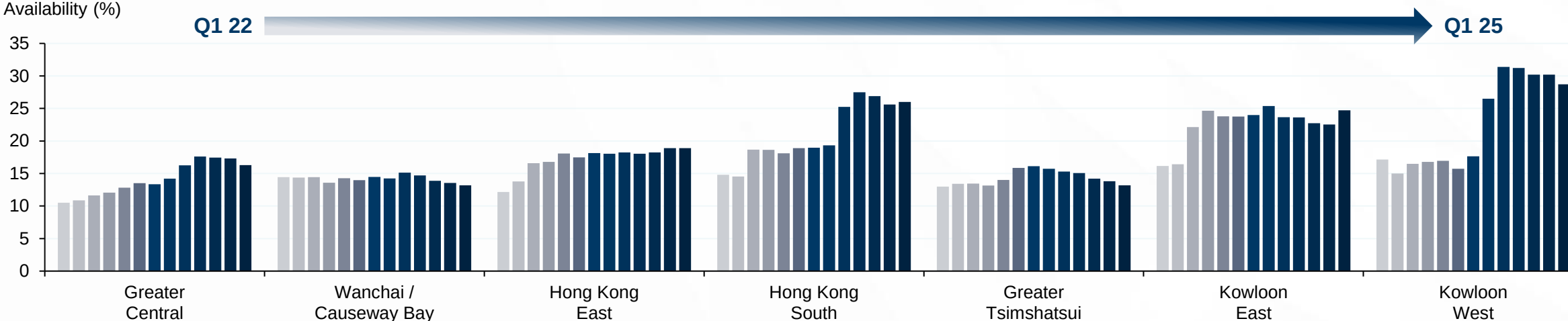
The increase was mainly in decentralized area, while Kowloon East witnessed a new completion in Q1

| Submarkets             | Q1 22 | Q2 22 | Q3 22 | Q4 22 | Q1 23 | Q2 23 | Q3 23 | Q4 23 | Q1 24 | Q2 24 | Q3 24 | Q4 24 | Q1 25 |
|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Greater Central        | 10.5% | 10.9% | 11.6% | 12.1% | 12.8% | 13.5% | 13.4% | 14.2% | 16.3% | 17.6% | 17.5% | 17.3% | 16.3% |
| Wanchai / Causeway Bay | 14.4% | 14.4% | 14.4% | 13.6% | 14.3% | 14.0% | 14.5% | 14.2% | 15.1% | 14.1% | 13.9% | 13.6% | 13.2% |
| Hong Kong East         | 12.2% | 13.8% | 16.6% | 16.8% | 18.1% | 17.5% | 18.1% | 18.0% | 18.2% | 18.1% | 18.3% | 18.9% | 18.9% |
| Hong Kong South        | 14.8% | 14.5% | 18.7% | 18.7% | 18.1% | 18.9% | 19.0% | 19.3% | 25.3% | 27.5% | 26.9% | 25.6% | 26.0% |
| Greater Tsimshatsui    | 13.0% | 13.4% | 13.4% | 13.1% | 14.0% | 15.9% | 16.1% | 15.7% | 15.3% | 15.1% | 14.2% | 13.8% | 13.2% |
| Kowloon East           | 16.2% | 16.4% | 22.1% | 24.6% | 23.8% | 23.8% | 24.0% | 25.4% | 23.7% | 23.5% | 22.7% | 22.5% | 24.7% |
| Kowloon West           | 17.1% | 15.0% | 16.5% | 16.8% | 16.9% | 15.7% | 17.7% | 26.5% | 31.4% | 31.2% | 30.2% | 30.2% | 28.7% |
| Overall Availability*  | 13.6% | 13.8% | 16.1% | 16.7% | 17.1% | 17.3% | 17.7% | 18.8% | 19.6% | 19.7% | 19.3% | 19.1% | 19.2% |

Note: Availability includes confirmed leasing stock that is currently vacant or becoming vacant over the next 12 months. Numbers highlighted in red indicates a q-o-q decline of availability rate

Note: Data as of mid-March 2025

Availability (%)

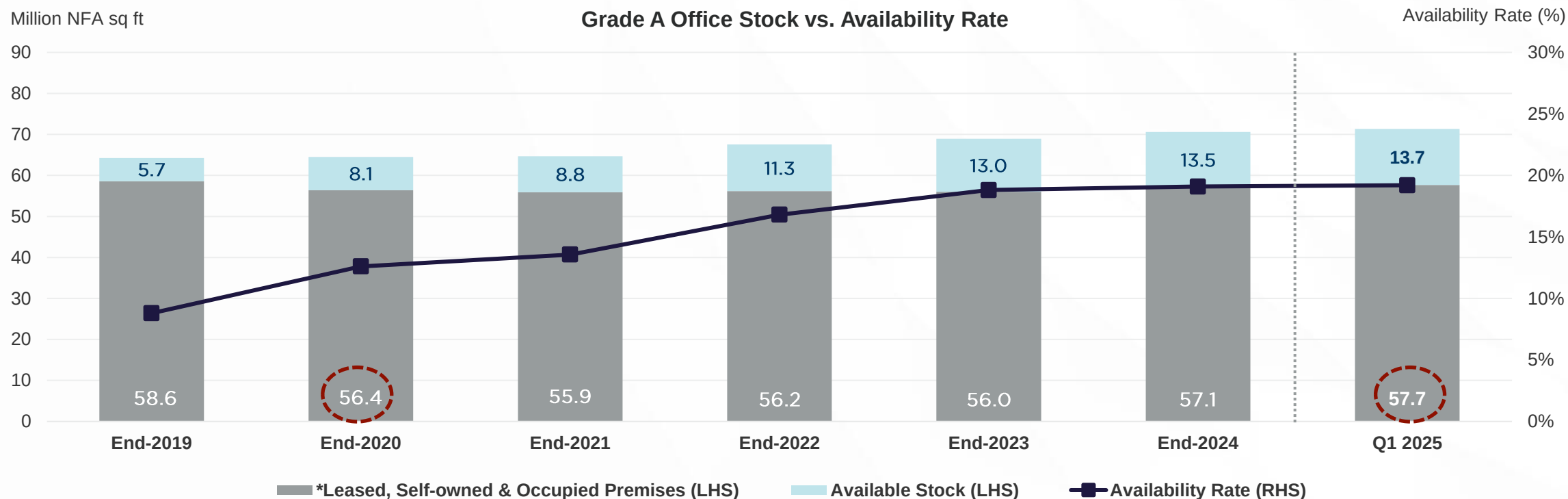


Source: Cushman & Wakefield Research

# TOTAL UNAVAILABLE STOCKS STEADILY INCREASE

The high availability rate was mainly due to the ongoing new supply pipeline

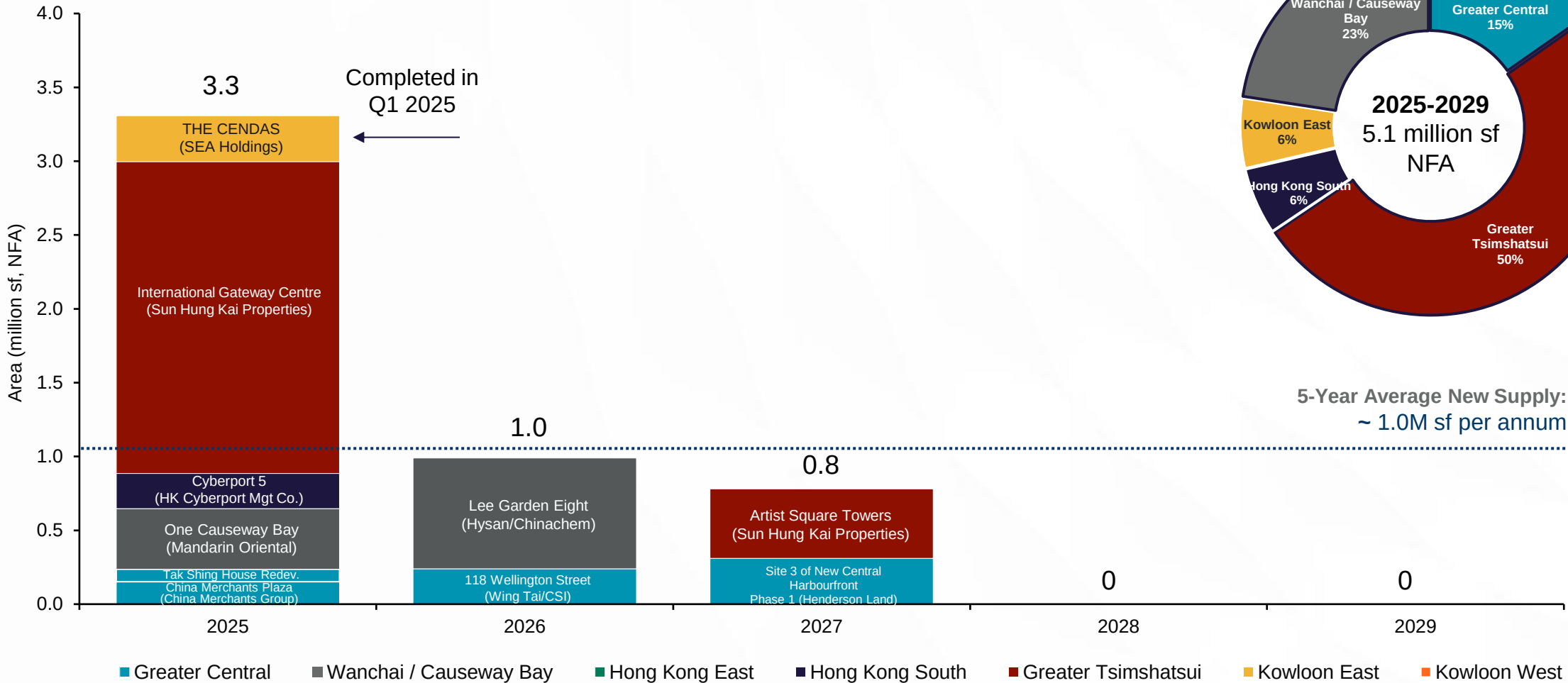
|                                 | End-2019    | End-2020     | End-2021     | End-2022     | End-2023     | End-2024     | Q1 2025      |
|---------------------------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Total Stock (NFA mil sf)</b> | <b>64.2</b> | <b>64.5</b>  | <b>64.7</b>  | <b>67.5</b>  | <b>69.0</b>  | <b>70.6</b>  | <b>71.4</b>  |
| <b>Availability Rate (%)</b>    | <b>8.8%</b> | <b>12.6%</b> | <b>13.6%</b> | <b>16.7%</b> | <b>18.8%</b> | <b>19.1%</b> | <b>19.2%</b> |



Source: Cushman & Wakefield Research

# FUTURE SUPPLY PIPELINE

Core submarkets account for almost 90% of new supply



Source: Cushman & Wakefield Research





## Office Market Q1 25 Review & Outlook

### Key Takeaways

1

Market recorded positive net absorption for the sixth consecutive quarter, mainly driven by the expansion activities of Banking & Finance and Insurance sectors.

2

Despite the improving leasing momentum, the availability rate expanded to 19.2% in Q1 due to a new completion in Kowloon East.

3

Rents further declined by 2.5% in Q1, and amidst the supply boom ahead, we forecast rents will remain under pressure to drop by 7%-9% in 2025.

4

The recovery of IPO activities and stock market should help underpin the market sentiment and downstream demand from Banking & Finance sector

5

Some tenants may consider flight-to-quality move to prime areas due to the more attractive rental level, supporting the occupancy level in those submarkets.

# 02

## RETAIL MARKET

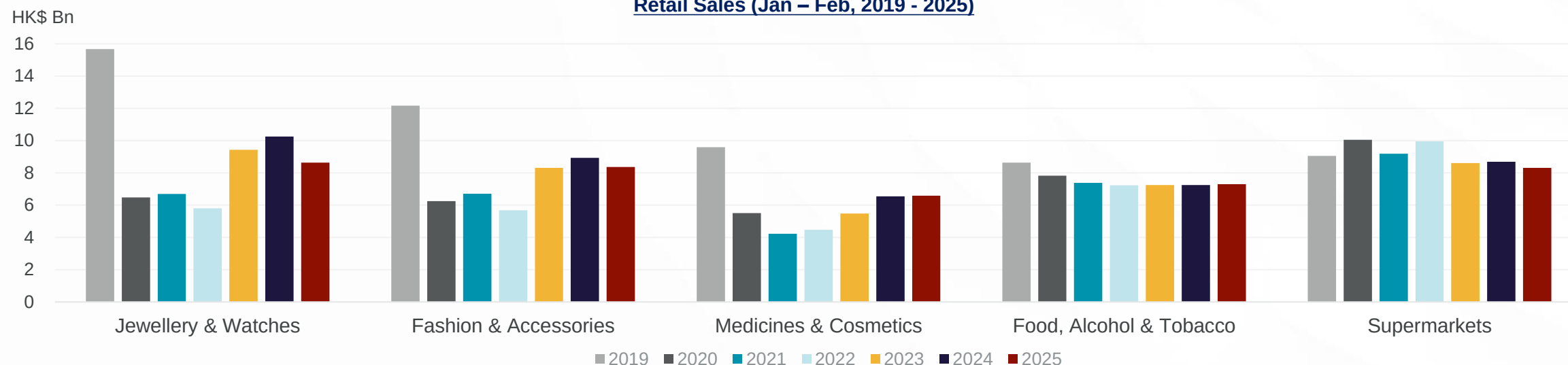


# RETAIL SALES YET TO REBOUND

The near-term performance to be affected by changed consumption patterns

| Retail Sales<br>(HK\$ Bn) | Jan – Feb    |              |              |              |              |              | 2025         | Y-o-Y Δ      |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                           | 2019         | 2020         | 2021         | 2022         | 2023         | 2024         |              |              |
| Jewellery & Watches       | 15.67        | 6.48         | 6.69         | 5.80         | 9.43         | 10.25        | 8.63         | -15.8%       |
| Fashion & Accessories     | 12.16        | 6.25         | 6.70         | 5.68         | 8.32         | 8.93         | 8.36         | -6.4%        |
| Medicines & Cosmetics     | 9.59         | 5.50         | 4.23         | 4.47         | 5.47         | 6.55         | 6.58         | 0.6%         |
| Food, Alcohol & Tobacco   | 8.63         | 7.83         | 7.39         | 7.24         | 7.25         | 7.25         | 7.30         | 0.7%         |
| Supermarkets              | 9.05         | 10.06        | 9.19         | 9.95         | 8.61         | 8.69         | 8.31         | -4.4%        |
| <b>Total</b>              | <b>88.69</b> | <b>60.46</b> | <b>62.08</b> | <b>59.05</b> | <b>69.29</b> | <b>70.28</b> | <b>64.77</b> | <b>-7.8%</b> |

Retail Sales (Jan – Feb, 2019 - 2025)

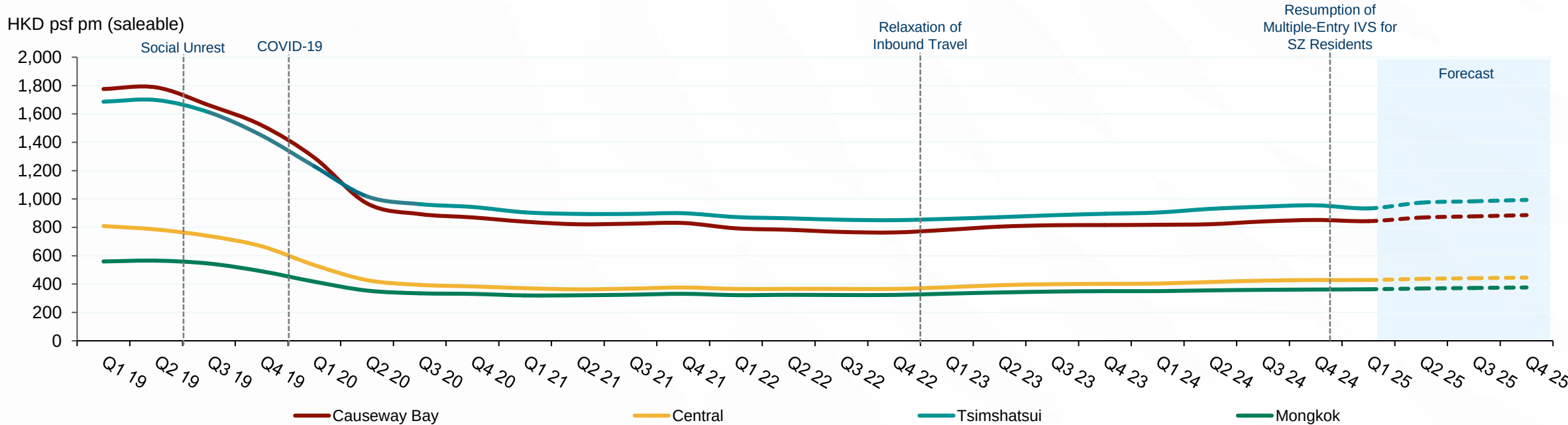


Source: Hong Kong Census & Statistics Department; Cushman & Wakefield Research

# HIGH STREET RENTS IN CORE AREA SHOWED DIFFERENT TRENDS

Rents in Central and Mongkok were relatively stable

| Districts    | 2019    | 2020  | 2021  | 2022  | 2023  | 2024  | Q1 2025 | Q-o-Q Δ | Y-o-Y Δ | 2025F    |
|--------------|---------|-------|-------|-------|-------|-------|---------|---------|---------|----------|
| Causeway Bay | \$1,520 | \$870 | \$831 | \$764 | \$816 | \$852 | \$844   | -1.0%   | 3.1%    | +3 ~ +5% |
| Tsimshatsui  | \$1,448 | \$944 | \$900 | \$851 | \$896 | \$956 | \$934   | -2.3%   | 3.2%    |          |
| Central      | \$667   | \$384 | \$376 | \$366 | \$402 | \$429 | \$429   | 0.0%    | 6.1%    |          |
| Mongkok      | \$491   | \$331 | \$332 | \$323 | \$350 | \$362 | \$363   | 0.5%    | 3.7%    |          |



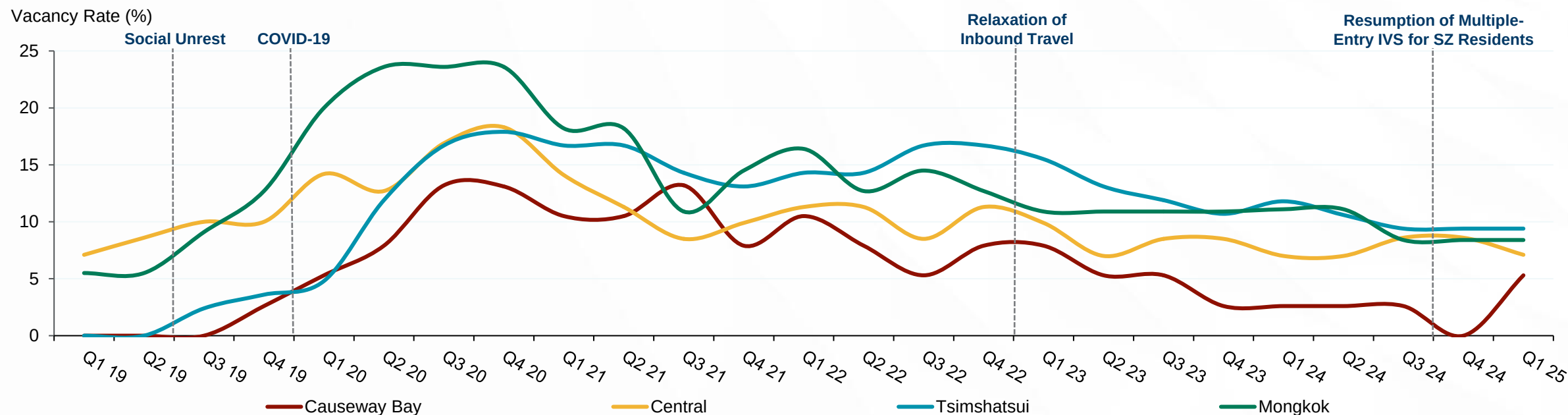
\* Causeway Bay: Russell Street, Kai Chiu Road; Tsimshatsui: Canton Road, Haiphong Road; Central: Queen's Road Central, Pedder Street; Mongkok: Sai Yeung Choi Street South, Argyle Street  
Source: The Land Registry; Market Info; Cushman & Wakefield Research



# VACANCIES ON KOWLOON SIDE REMAINED STABLE

Causeway Bay was the only district that recorded increasing vacancy rate

| Districts    | 2019  | 2020  | 2021  | 2022  | 2023  | 2024 | Q1 2025 |
|--------------|-------|-------|-------|-------|-------|------|---------|
| Causeway Bay | 2.6%  | 13.1% | 7.9%  | 7.9%  | 2.6%  | 0.0% | 5.3%    |
| Central      | 10.0% | 18.3% | 9.9%  | 11.3% | 8.5%  | 8.6% | 7.1%    |
| Tsimshatsui  | 3.6%  | 17.9% | 13.1% | 16.7% | 10.7% | 9.4% | 9.4%    |
| Mongkok      | 12.7% | 23.6% | 14.5% | 12.7% | 10.9% | 8.4% | 8.4%    |
| Overall      | 7.3%  | 18.5% | 11.7% | 12.9% | 8.9%  | 7.6% | 8.0%    |



\* Causeway Bay: Russell Street, Kai Chiu Road; Tsimshatsui: Canton Road, Haiphong Road; Central: Queen's Road Central, Pedder Street; Mongkok: Sai Yeung Choi Street South, Argyle Street

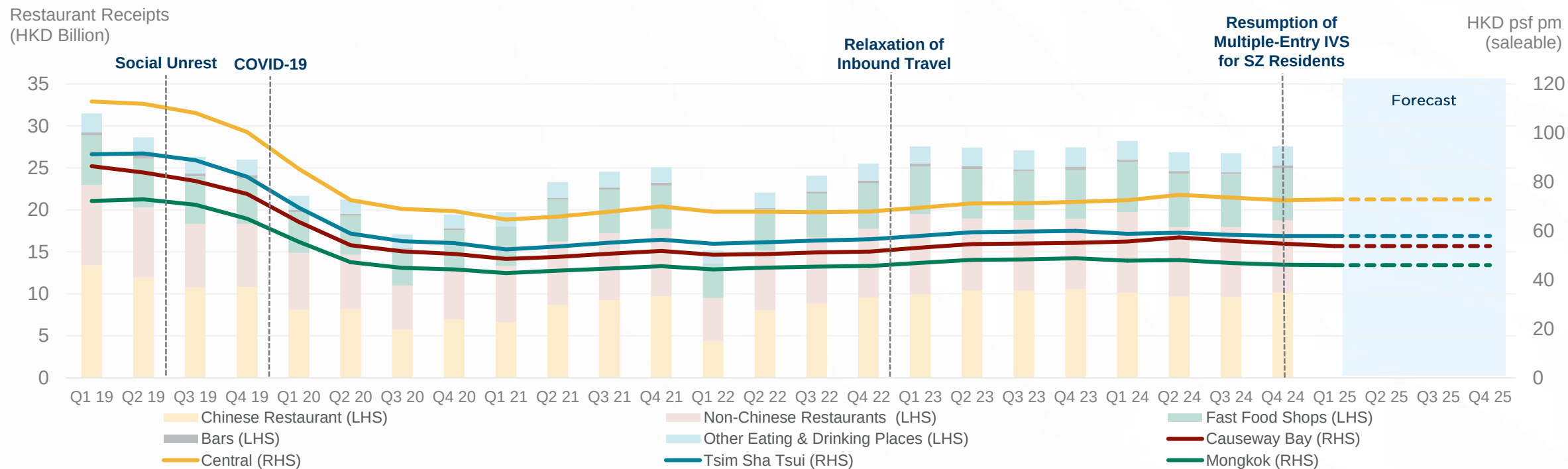
Source: The Land Registry; Market Info; Cushman & Wakefield Research



# F&B RENTS REMAINED WEAK

Impacted by change of spending patterns of tourists and outbound traveling of local residents

| Districts    | 2019    | 2020   | 2021   | 2022   | 2023   | 2024   | Q1 2025 | Q-o-Q Δ | Y-o-Y Δ | 2025F |
|--------------|---------|--------|--------|--------|--------|--------|---------|---------|---------|-------|
| Causeway Bay | \$75.1  | \$50.6 | \$51.8 | \$51.5 | \$55.1 | \$54.8 | \$53.8  | -1.8%   | -3.3%   | Flat  |
| Central      | \$100.3 | \$68.1 | \$69.9 | \$67.9 | \$71.8 | \$72.5 | \$72.8  | 0.5%    | 0.4%    |       |
| Tsimshatsui  | \$82.1  | \$55.0 | \$56.4 | \$56.5 | \$60.0 | \$57.9 | \$57.9  | 0.0%    | -1.5%   |       |
| Mongkok      | \$65.0  | \$44.3 | \$45.5 | \$45.6 | \$48.8 | \$46.2 | \$46.0  | -0.4%   | -3.8%   |       |



Source: The Land Registry; Market Info; Cushman & Wakefield Research



## Retail Market Q1 2025 Review & Outlook

### Key Takeaways

1

Retail sales recorded a narrower decline for the January to February period, and the near-term performance of the retail sector would continue to be affected by the structural change in consumption patterns

2

Vacancy rates on Kowloon side were relatively stable, while Causeway Bay vacancy rate recorded an increase

3

Given landlords are now more willing to offer rental discounts, more retailers to consider resuming relocation plan to better location

4

Mainland Chinese brands will remain the key new leasing demand, catering to the consumption habits and preferences of the growing population of mainland professionals and students

5

The economic stimulus measures launched by the Central government and the HKSAR government's efforts to promote tourism development are likely to boost local retail sentiment





03

**RESIDENTIAL  
MARKET**

# RESIDENTIAL SALES GAINED MOMENTUM AFTER BUDGET SPEECH

Transactions rebounded by 24% y-o-y

| Month     | 2012   | ... | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   | 2024   | 2025   | Y-o-Y Change |
|-----------|--------|-----|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------------|
| Jan       | 3,507  | ... | 6,412  | 2,045  | 3,286  | 5,270  | 4,543  | 2,762  | 4,562  | 4,275  | 3,051  | 3,477  | 3,626  | 4%           |
| Feb       | 3,884  | ... | 6,027  | 1,807  | 4,079  | 5,482  | 4,089  | 3,572  | 6,125  | 2,912  | 4,282  | 2,375  | 3,200  | 35%          |
| Mar       | 11,358 | ... | 4,329  | 2,369  | 5,856  | 4,263  | 5,231  | 3,870  | 7,444  | 2,869  | 6,690  | 3,971  | 5,367  | 35%          |
| Apr       | 8,217  | ... | 4,549  | 4,494  | 7,060  | 6,646  | 7,822  | 4,102  | 7,325  | 3,897  | 4,583  | 8,551  |        |              |
| May       | 8,349  | ... | 5,168  | 4,586  | 5,732  | 5,522  | 8,208  | 5,984  | 7,084  | 6,202  | 4,003  | 5,546  |        |              |
| Jun       | 5,886  | ... | 5,776  | 4,620  | 6,100  | 6,713  | 4,627  | 6,987  | 7,591  | 4,826  | 3,613  | 3,856  |        |              |
| Jul       | 5,709  | ... | 5,393  | 4,243  | 3,515  | 6,091  | 4,805  | 6,133  | 7,579  | 3,671  | 3,065  | 3,723  |        |              |
| Aug       | 8,087  | ... | 3,896  | 5,821  | 4,014  | 4,822  | 4,084  | 4,358  | 5,546  | 4,137  | 3,247  | 3,654  |        |              |
| Sep       | 7,301  | ... | 4,263  | 7,826  | 5,629  | 3,500  | 3,447  | 5,024  | 5,844  | 3,875  | 2,862  | 2,848  |        |              |
| Oct       | 8,714  | ... | 3,300  | 6,601  | 5,289  | 4,243  | 4,001  | 4,951  | 4,643  | 3,148  | 2,123  | 4,697  |        |              |
| Nov       | 7,035  | ... | 2,826  | 6,739  | 5,694  | 2,635  | 5,756  | 6,070  | 5,409  | 2,731  | 2,554  | 6,298  |        |              |
| Dec       | 3,286  | ... | 4,043  | 3,550  | 5,337  | 2,060  | 3,184  | 6,067  | 5,145  | 2,507  | 2,929  | 4,103  |        |              |
| Total     | 81,333 | ... | 55,982 | 54,701 | 61,591 | 57,247 | 59,797 | 59,880 | 74,297 | 45,050 | 43,002 | 53,099 |        |              |
| Jan - Mar | 14,386 | ... | 16,768 | 6,221  | 13,221 | 15,015 | 13,863 | 10,204 | 18,131 | 10,056 | 14,023 | 9,823  | 12,193 | 24%          |

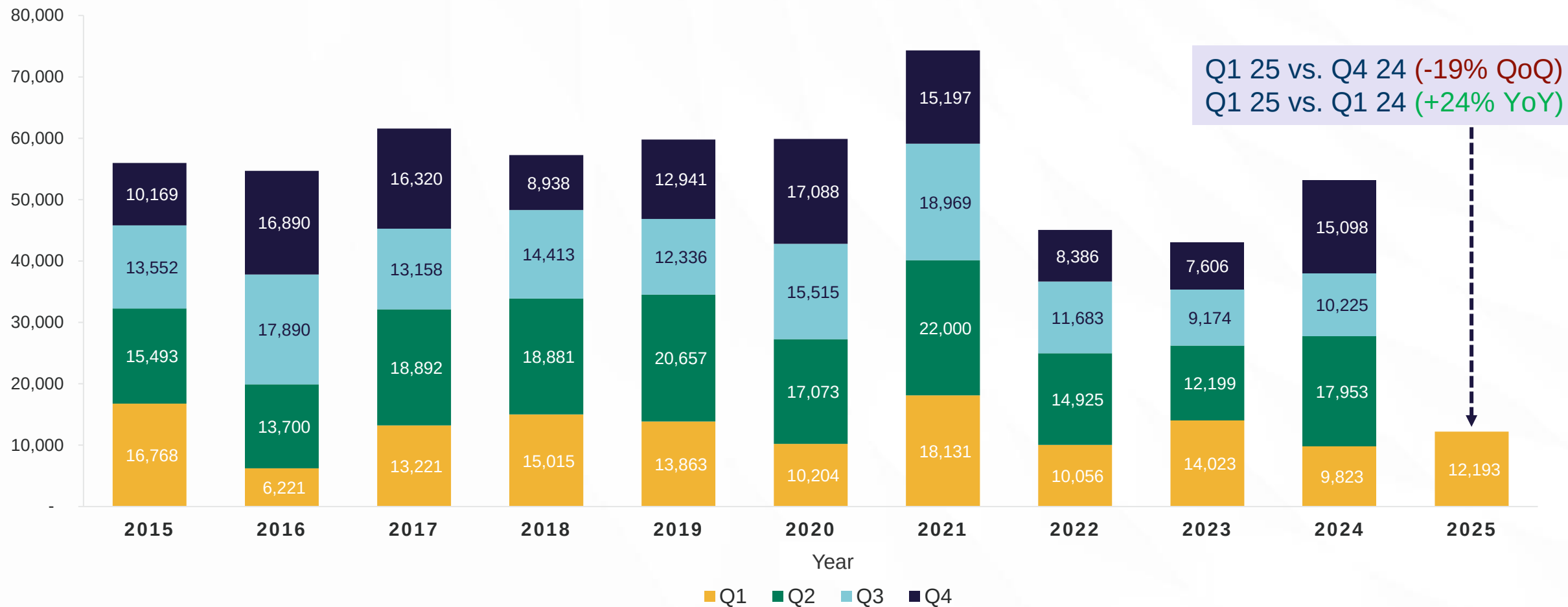
Note: S&Ps: Sales & Purchase Agreements  
Source: Land Registry; Cushman & Wakefield Research

Q1 25 vs. Q4 24 (-19% QoQ)  
Q1 25 vs. Q1 24 (+24% YoY)

# TOTAL RESIDENTIAL S&PS – HISTORICAL COMPARISON

Forecasted to reach circa 12,200 cases in Q1 2025

No. of Residential S&Ps



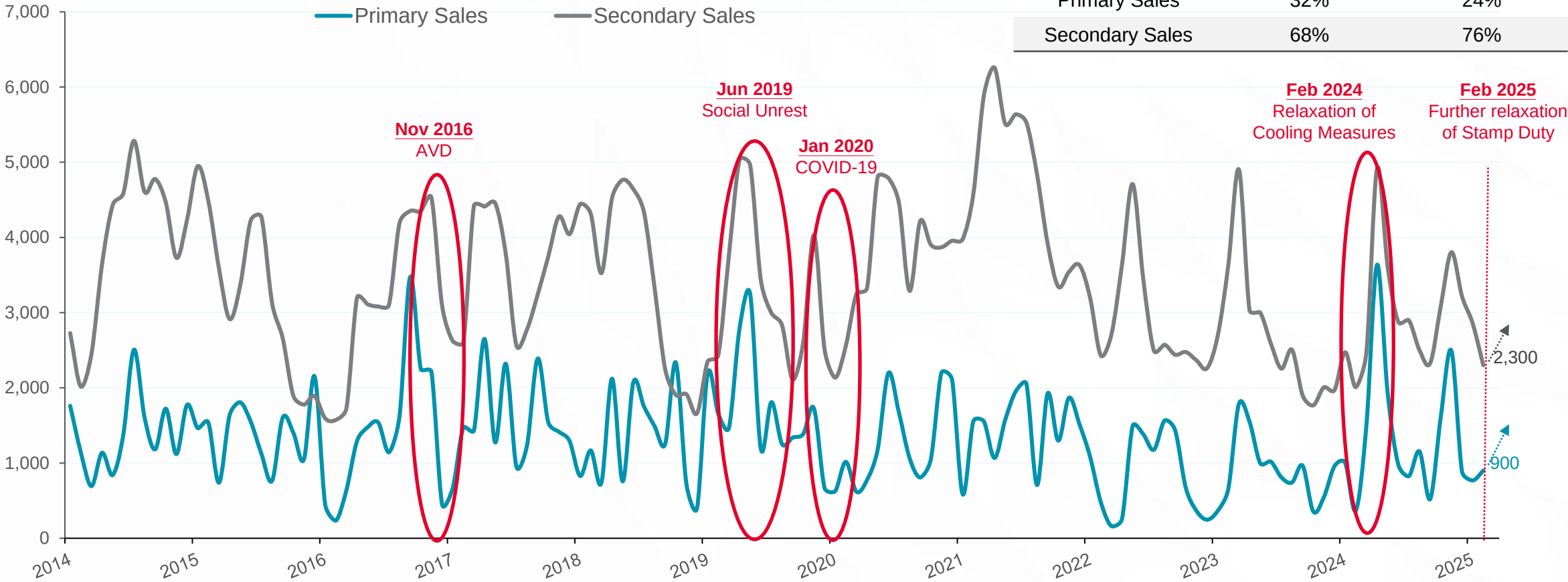
Note: S&Ps: Sales & Purchase Agreements  
Source: Land Registry; Cushman & Wakefield Research



# PRIMARY AND SECONDARY SALES

Supportive housing policies boosted market sentiment and lifted home sales in March

No. of Residential S&Ps



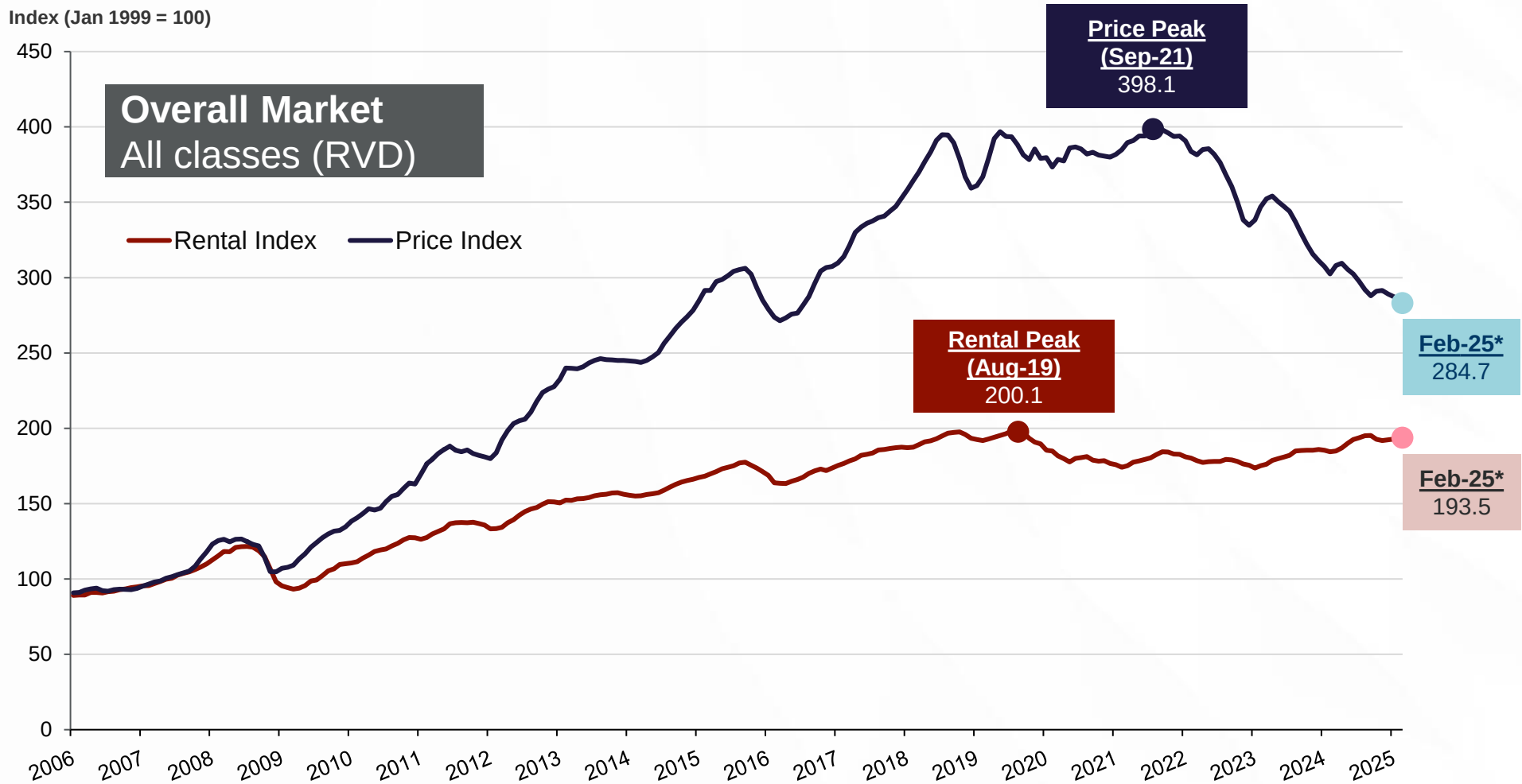
Breakdown of Residential Sales (%)

|                 | 2024 | Jan - Feb 2025 |
|-----------------|------|----------------|
| Primary Sales   | 32%  | 24%            |
| Secondary Sales | 68%  | 76%            |

Notes: AVD is short for Ad Valorem Stamp Duty  
Source: Land Registry; Cushman & Wakefield Research

# HOME PRICES DROPPED CONTINUED TO DROP SLIGHTLY IN FEB 2025

Buyers remain conservative as the interest rates are still standing at a relatively high level



| Price Changes (%)<br>Feb 2025*   |        |
|----------------------------------|--------|
| YTD                              | -1.6%  |
| Y-o-Y                            | -5.9%  |
| From Sep-21<br>(Historical Peak) | -28.5% |

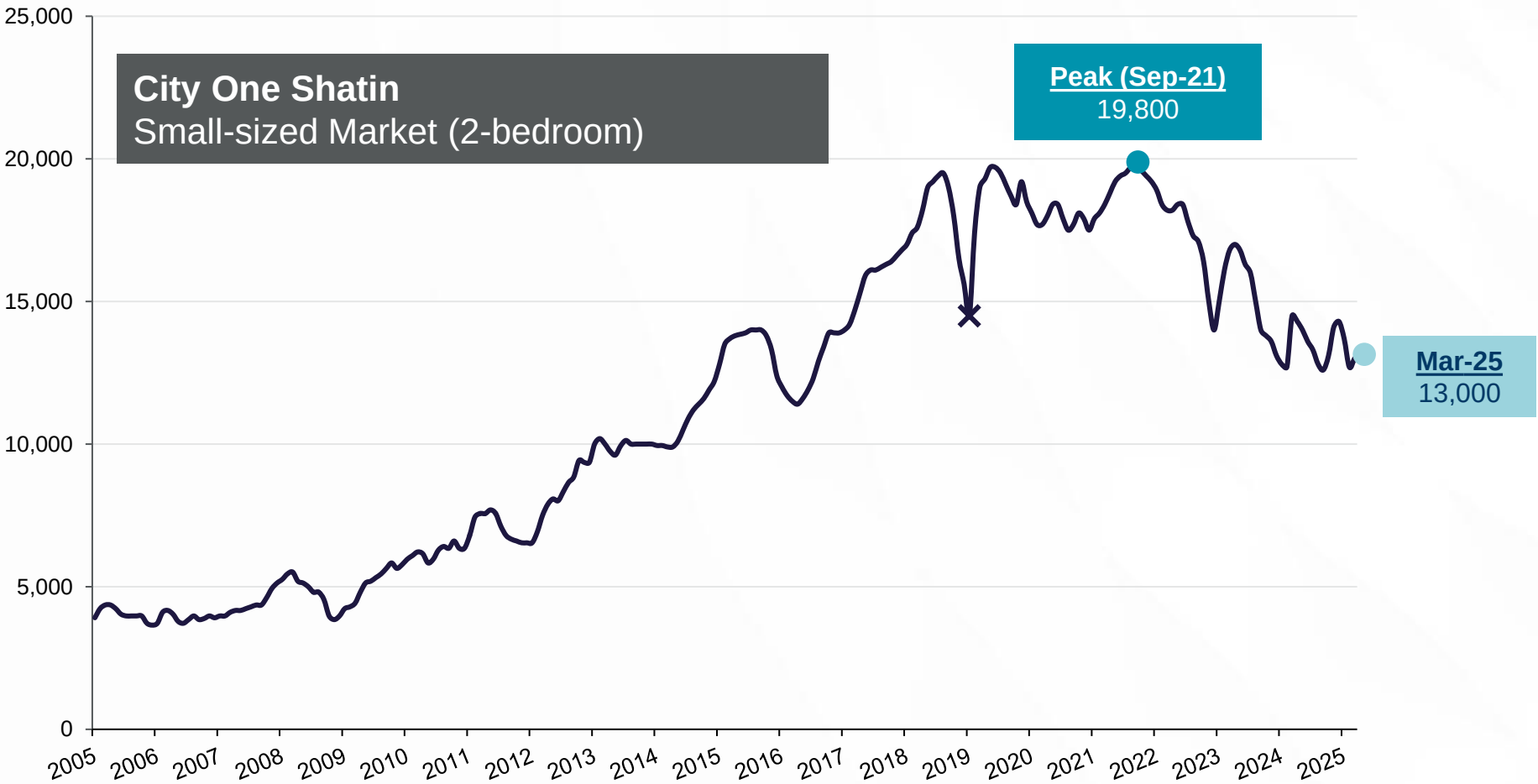
| Rental Changes (%)<br>Feb 2025*  |       |
|----------------------------------|-------|
| YTD                              | +0.6% |
| Y-o-Y                            | +4.9% |
| From Aug-19<br>(Historical Peak) | -3.3% |

\* Preliminary figure from Rating & Valuation Department as of Feb 2025  
Source: Rating & Valuation Department; Cushman & Wakefield Research

# MASS MARKET RESIDENTIAL PRICE

Prices at City One Shatin dropped 9.1% q-o-q in Q1

HKD psf (Saleable)

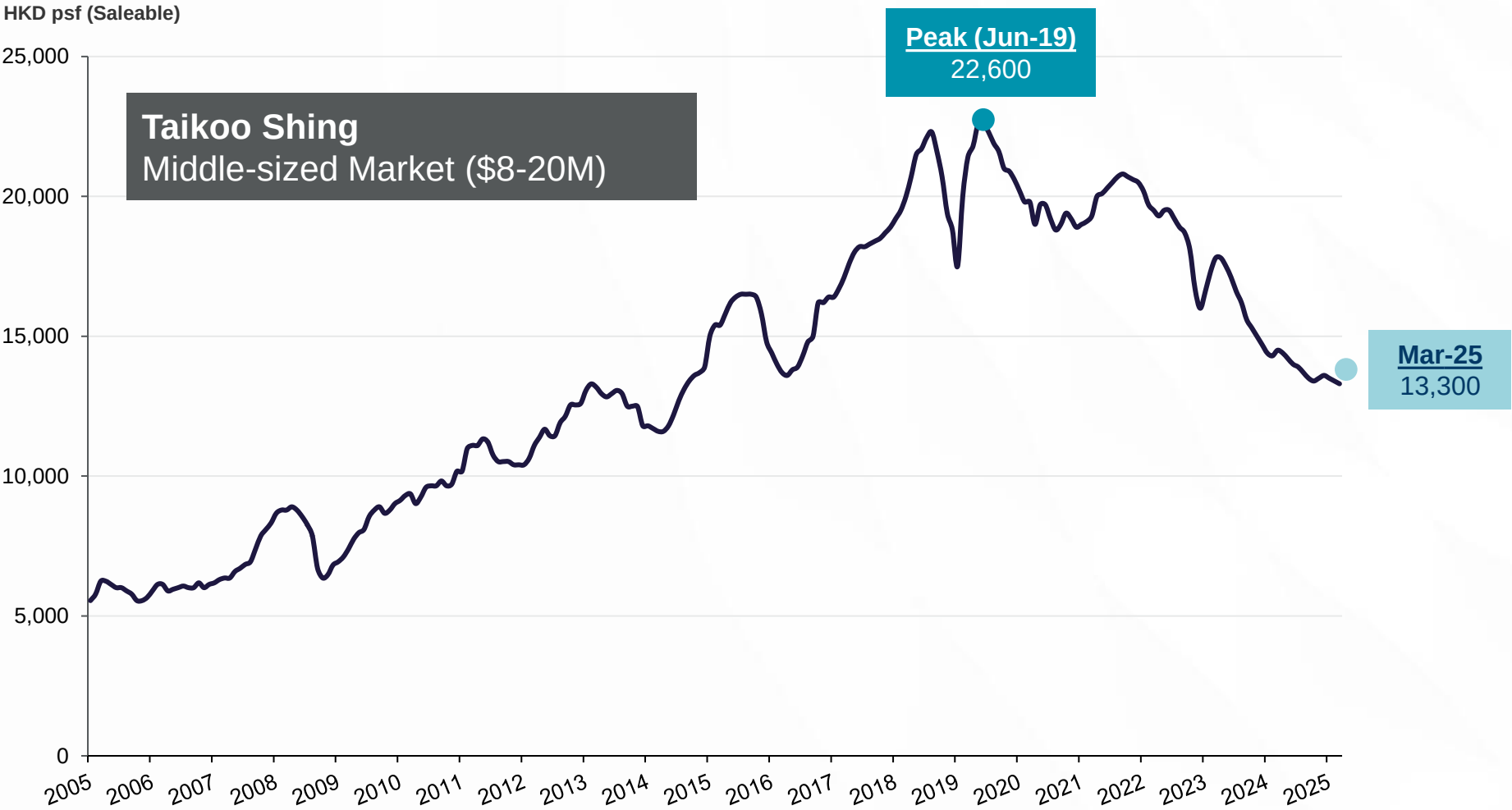


| Residential Price Changes (%)<br>Mar 2025 |        |
|-------------------------------------------|--------|
| Q-o-Q                                     | -9.1%  |
| Y-o-Y                                     | -10.3% |
| From Sep-21<br>(Historical Peak)          | -34.3% |

Source: Cushman & Wakefield Research

# MIDDLE MARKET RESIDENTIAL PRICE

Prices at Taikoo Shing (Kao Shan Terrace) recorded a 2.2% drop in Q1



| Residential Price Changes (%)<br>Mar 2025 |        |
|-------------------------------------------|--------|
| Q-o-Q                                     | -2.2%  |
| Y-o-Y                                     | -8.3%  |
| From Jun-19<br>(Historical Peak)          | -41.2% |

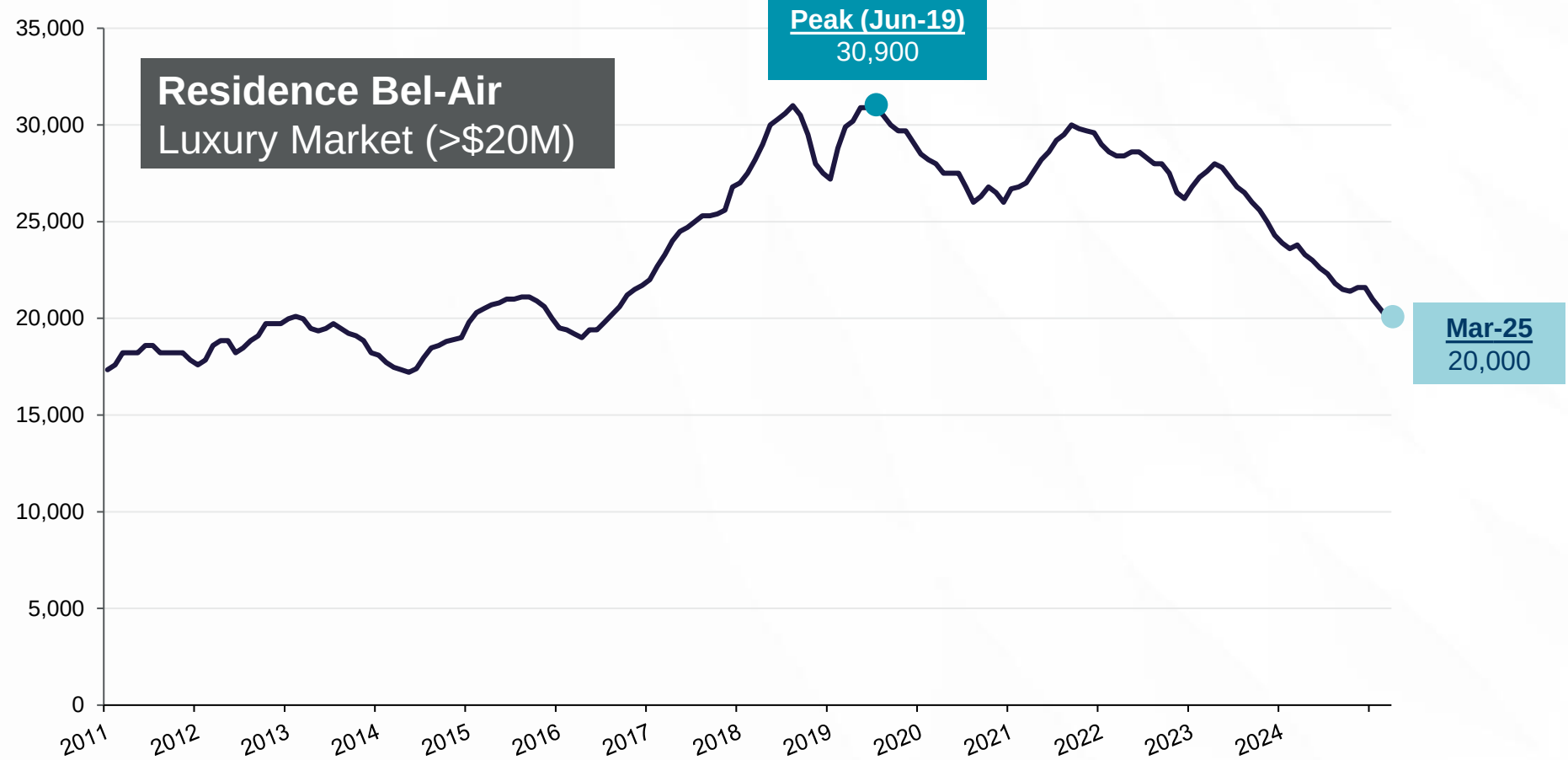
Source: Cushman & Wakefield Research



# LUXURY MARKET RESIDENTIAL PRICE

Prices at Residence Bel-Air (Phase 2) retreated at 7.4% q-o-q

HKD psf (Saleable)



| Residential Price Changes (%)<br>Mar 2025 |        |
|-------------------------------------------|--------|
| Q-o-Q                                     | -7.4%  |
| Y-o-Y                                     | -16.0% |
| From Jun-19<br>(Historical Peak)          | -35.3% |

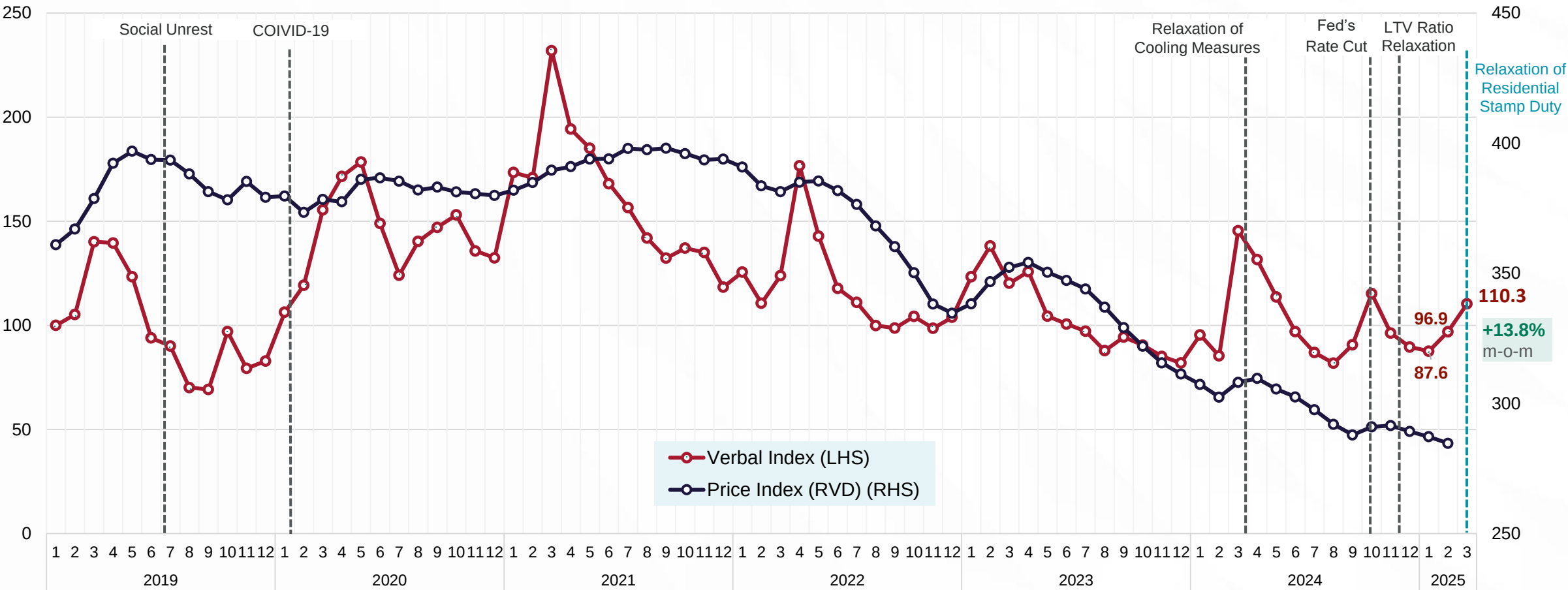
Source: Cushman & Wakefield Research

# C&W VERBAL ENQUIRY INDEX: A LEADING INDICATOR TO HOUSING PRICE

The index rebounded after the relaxation of residential stamp duty announced in late Feb

Verbal Index  
(Jan 2019 = 100)

Price Index  
(1999= 100)



Source: Rating & Valuation Department; Cushman & Wakefield Research



## Residential Market Review & Outlook

### Key Takeaways

- 1 Residential market sentiment and transaction volume has improved after the further relaxation of residential stamp duty announced in the Budget
- 2 Residential S&Ps in Q1 2025 rose 24% y-o-y to ~12,200 units. Small lump-sum units have been sought after.
- 3 According to C&W data, overall mass market home prices in Q1 was down around 1.7% q-o-q
- 4 Full-year residential transaction volume is expected to be similar to 2024 level
- 5 2025 home prices to fluctuate within a range of  $\pm 3\%$  during the year



# Q&A SESSION



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