

# HONG KONG

## OFFICE, RETAIL & RESIDENTIAL MARKETS

### 1H 2025 REVIEW & 2H 2025 OUTLOOK

July 2025

Better never settles

# 01

**OFFICE MARKET**



# GRADE A OFFICE RENTAL CORRECTION NARROWED TO 1% Q-O-Q IN Q2 2025

We expect 7% to 9% rental decline in 2025

Submarkets	Jan 19 (Peak)	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25	Q-o-Q Δ	YTD Δ	2025 Forecast
Prime Central	\$166.1	\$96.7	93.5	91.7	89.8	89.3	-0.6%	-2.7%	-4 ~ -6%
Greater Central	\$139.0	\$83.8	81.0	79.8	77.2	76.5	-0.9%	-4.1%	-8 ~ -10%
Wanchai / Causeway Bay	\$79.2	\$48.3	47.8	47.0	46.0	45.3	-1.7%	-3.7%	-7 ~ -9%
Hong Kong East	\$55.3	\$37.6	36.1	34.4	33.3	32.6	-2.2%	-5.3%	-9 ~ -11%
Hong Kong South	\$36.1	\$26.2	25.0	24.3	22.6	22.5	-0.4%	-7.2%	-9 ~ -11%
Greater Tsimshatsui	\$68.0	\$43.1	42.8	42.6	42.3	42.2	-0.1%	-0.9%	-3 ~ -5%
Kowloon East	\$36.8	\$25.8	25.4	24.6	24.0	23.6	-1.8%	-4.2%	-4 ~ -6%
Kowloon West	\$44.0	\$29.3	29.1	29.0	28.7	28.6	-0.3%	-1.3%	-4 ~ -6%
All Districts Average	\$76.0	\$47.0	\$45.9	\$45.0	43.9	43.5	-1.0%	-3.4%	-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

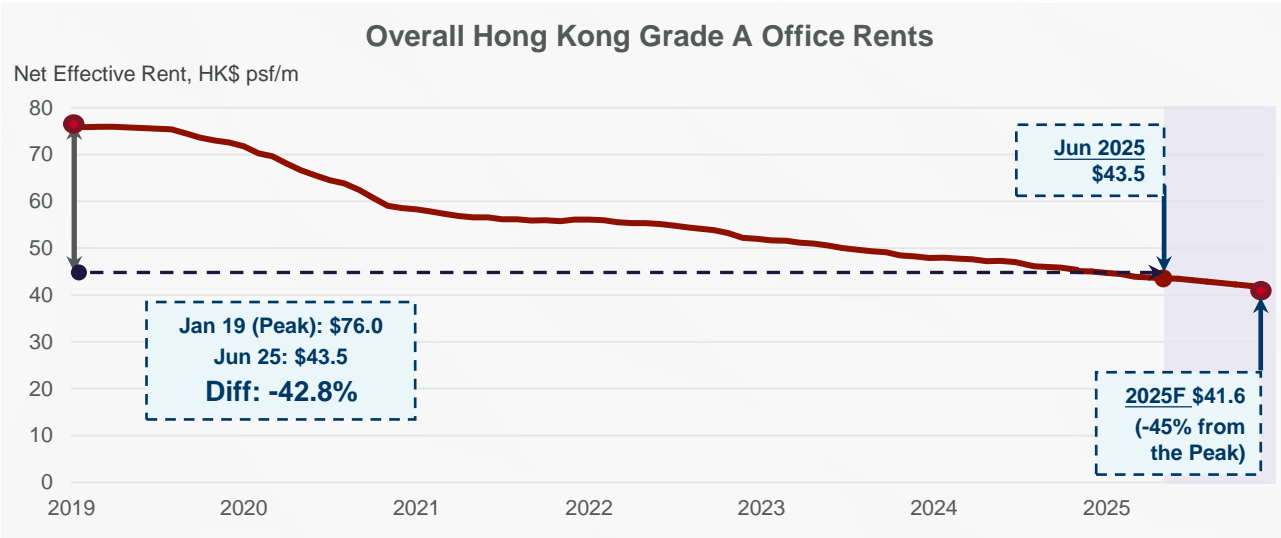
Greater Tsimshatsui: Tsimshatsui, Tsimshatsui East, Hung Hom and Kowloon Station

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

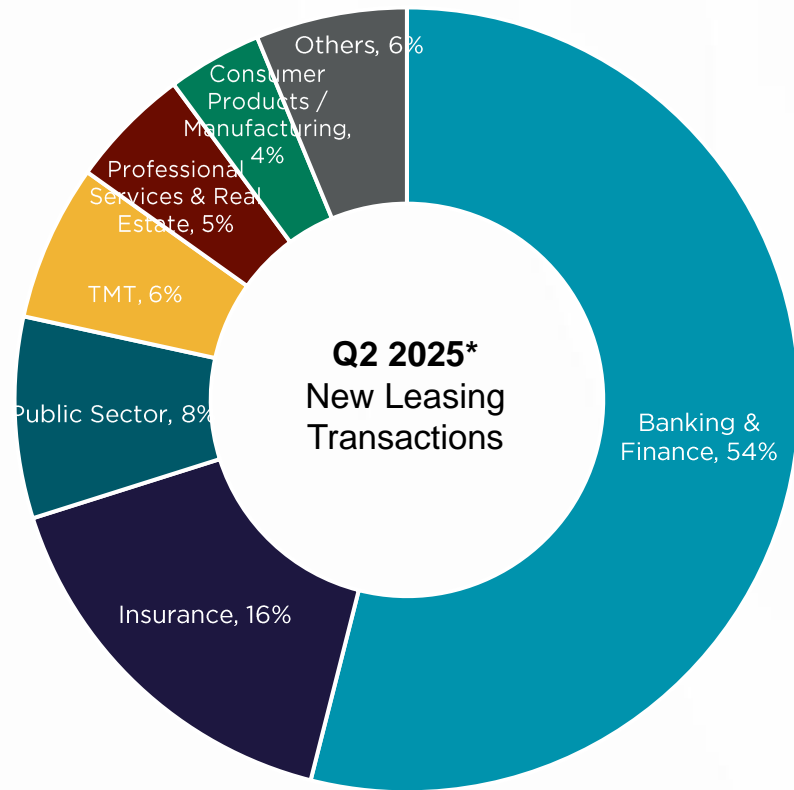
Source: Cushman & Wakefield Research



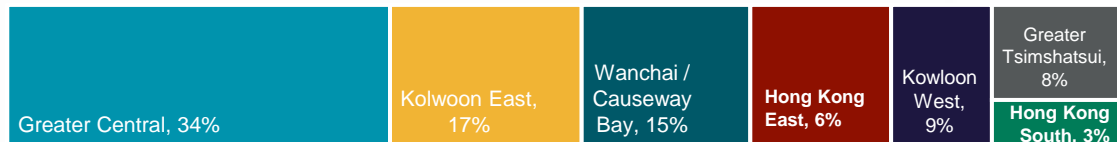


# BANKING & FINANCE / INSURANCE SECTORS WERE MAJOR SOURCES OF DEMAND

Big-ticket deals were recorded in some new developments



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



Total leased floor area: 1,194,000 sf

Source: Cushman & Wakefield Research

## Banking & Finance



Site 3 (Central Harbourfront)  
207,400 sf



國泰世華銀行  
Cathay United Bank

One Causeway Bay  
38,800 sf



Gloucester Tower  
24,800 sf

## Insurance



Devon House  
107,000 sf



AIRSIDE  
20,600 sf



The Gateway Tower 2  
7,100 sf

## Consumer Products / Manufacturing



One Harbourgate  
11,000 sf



One Kowloon  
4,700 sf

## Professional Services & Real Estate



Kingston International Centre  
13,300 sf



Gloucester Tower  
10,300 sf

## Public Sector



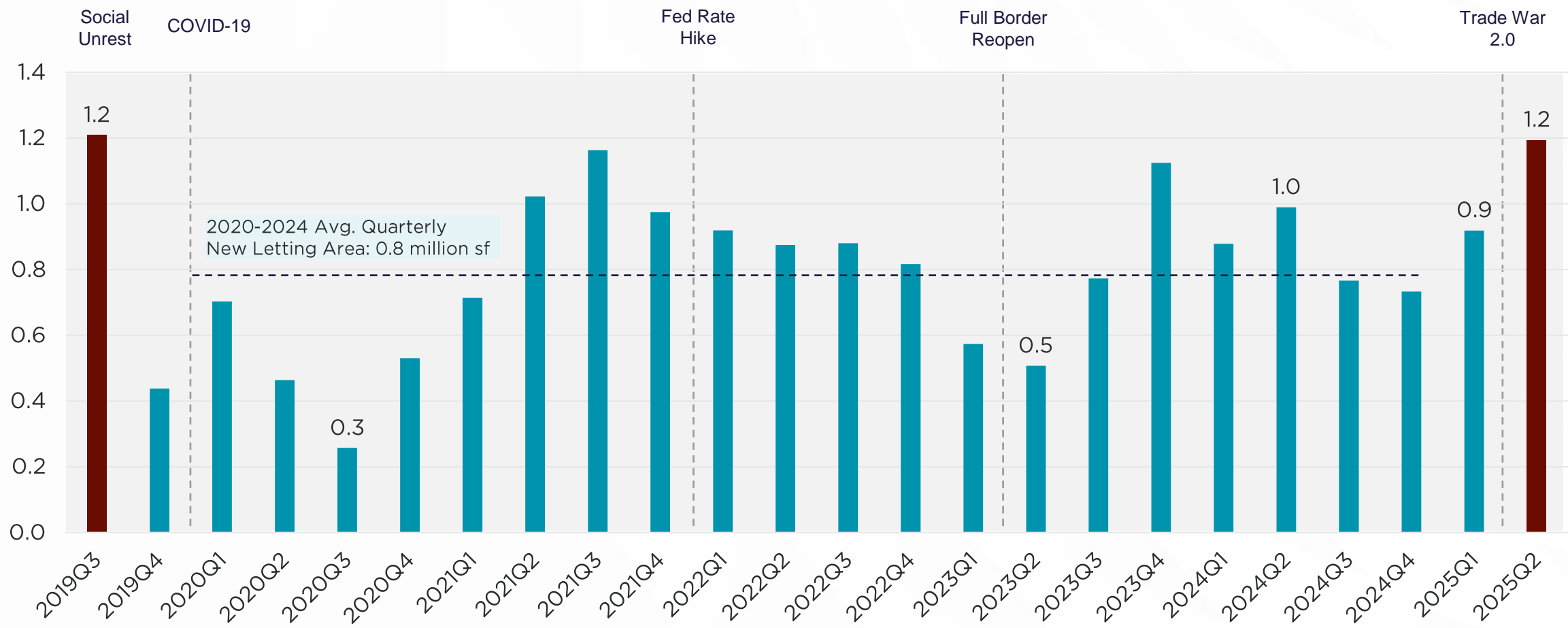
香港賽馬會  
The Hong Kong  
Jockey Club

Lee Garden One / Two  
40,700 sf

# NEW LETTING AREA REACHED THE HIGHEST LEVEL SINCE THE PANDEMIC

Around 1.2 million sf were recorded in Q2 2025

NFA (million sf)



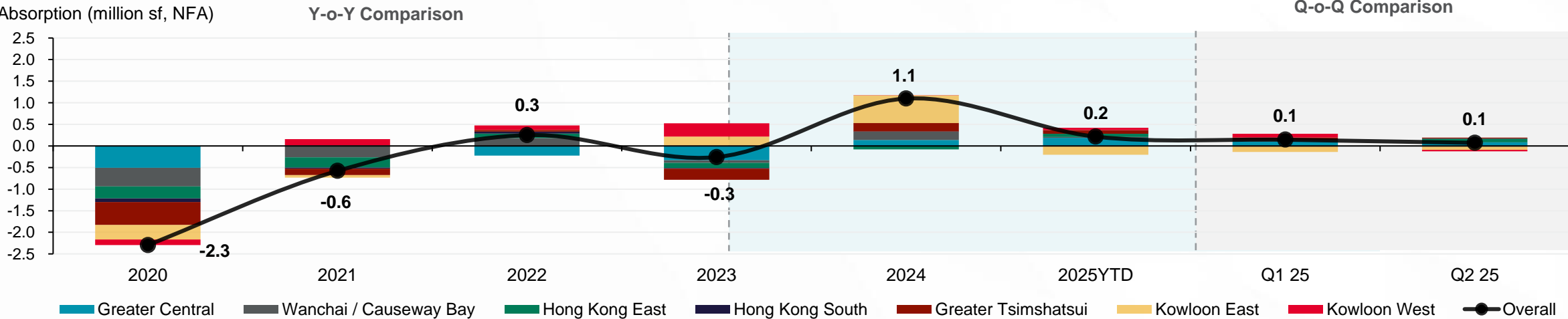
Source: Cushman & Wakefield Research, data as of mid-June 2025

# POSITIVE NET ABSORPTION IN Q2 MAINLY FOCUSED ON HONG KONG ISLAND

Pre-lease activities in under-construction developments have yet to be reflected in the net absorption

Submarkets	2021	2022	2023	2024	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25
Greater Central	10,400	-224,400	-330,500	138,200	130,800	28,000	29,300	103,700	84,200
Wanchai / Causeway Bay	-261,700	181,300	-59,800	196,200	94,100	26,200	28,900	32,500	-14,900
Hong Kong East	-241,500	105,400	-118,400	-79,300	18,400	-19,000	-58,200	-6,400	81,400
Hong Kong South	-20,800	46,900	-17,300	4,100	-61,400	15,700	36,300	-11,200	5,400
Greater Tsimshatsui	-152,500	37,400	-259,400	192,300	24,300	86,300	39,800	61,100	23,100
Kowloon East	-59,300	1,500	216,800	642,300	173,600	136,300	42,700	-120,000	-77,400
Kowloon West	146,800	102,400	309,800	3,900	9,300	50,600	1,420	83,700	-30,500
Overall	-578,700	250,600	-258,800	1,097,600	389,100	324,100	120,200	143,700	71,400

Note: Data as of mid-June 2025



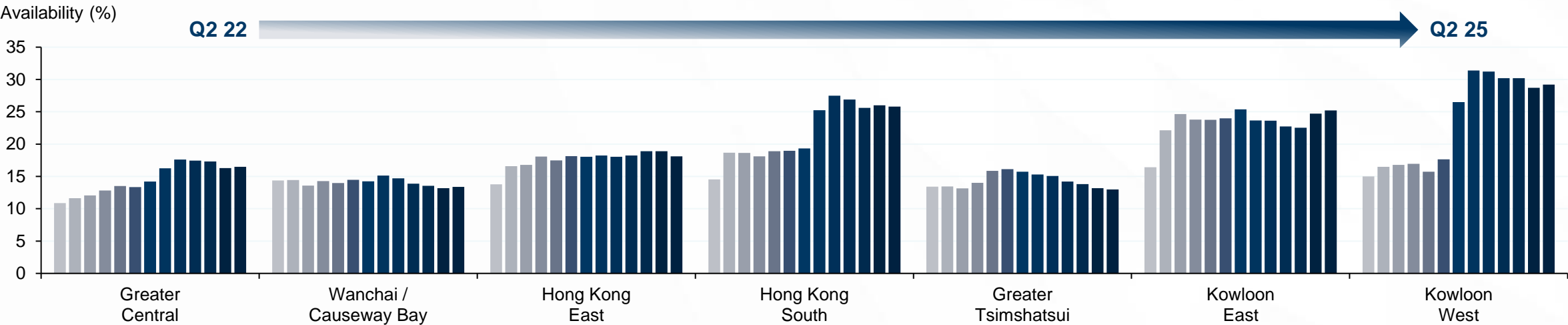
Source: Cushman & Wakefield Research

# OVERALL AVAILABILITY RATE REMAINED STABLE

Yet the performance between core vs. non-core submarkets is widening

Submarkets	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25
Greater Central	10.9%	11.6%	12.1%	12.8%	13.5%	13.4%	14.2%	16.3%	17.6%	17.5%	17.3%	16.3%	16.5%
Wanchai / Causeway Bay	14.4%	14.4%	13.6%	14.3%	14.0%	14.5%	14.2%	15.1%	14.1%	13.9%	13.6%	13.2%	13.4%
Hong Kong East	13.8%	16.6%	16.8%	18.1%	17.5%	18.1%	18.0%	18.2%	18.1%	18.3%	18.9%	18.9%	18.1%
Hong Kong South	14.5%	18.7%	18.7%	18.1%	18.9%	19.0%	19.3%	25.3%	27.5%	26.9%	25.6%	26.0%	25.8%
Greater Tsimshatsui	13.4%	13.4%	13.1%	14.0%	15.9%	16.1%	15.7%	15.3%	15.1%	14.2%	13.8%	13.2%	13.0%
Kowloon East	16.4%	22.1%	24.6%	23.8%	23.8%	24.0%	25.4%	23.7%	23.5%	22.7%	22.5%	24.7%	25.2%
Kowloon West	15.0%	16.5%	16.8%	16.9%	15.7%	17.7%	26.5%	31.4%	31.2%	30.2%	30.2%	28.7%	29.2%
Overall Availability*	13.8%	16.1%	16.7%	17.1%	17.3%	17.7%	18.8%	19.6%	19.7%	19.3%	19.1%	19.2%	19.3%

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-June 2025



Source: Cushman & Wakefield Research

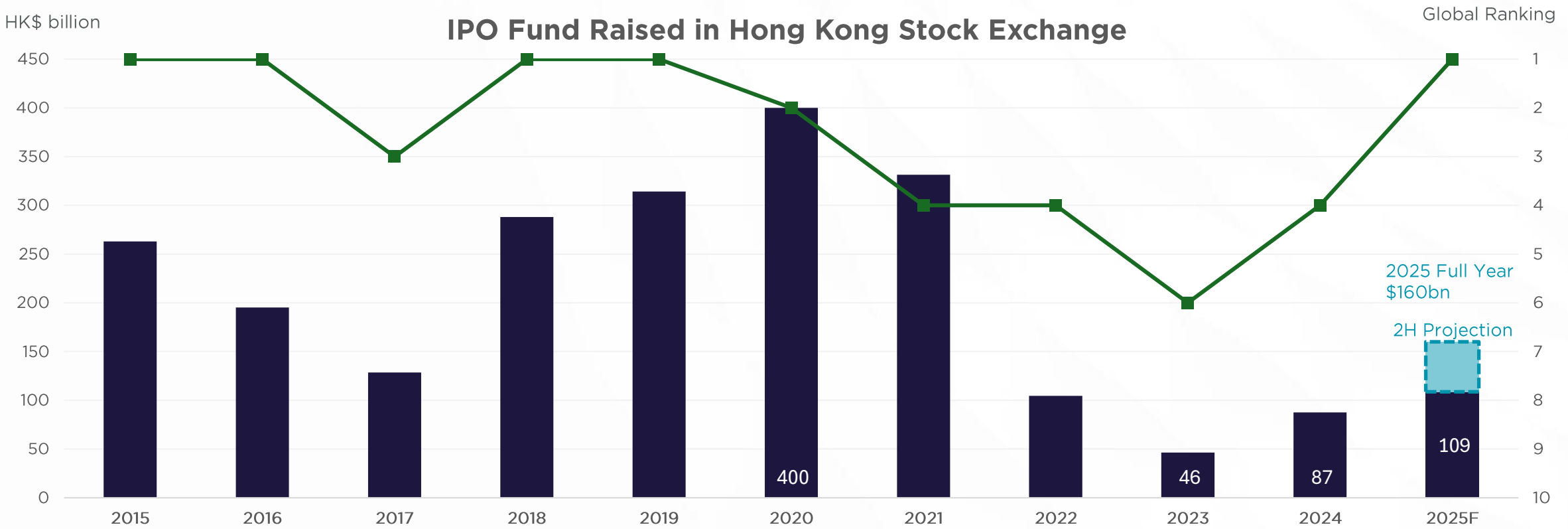
IPO REVIVAL WILL FAVOUR BANKING & FINANCE + PROFESSIONAL SERVICES SECTORS

CUSHMAN & WAKEFIELD

戴德梁行

IPO fund raised in Hong Kong Stock Exchange ranked 1<sup>st</sup> across the world in 1H 2025

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	1H 2025	YoY%	2025F	YoY%
IPO Fund Raised (HK\$ billion)	263.1	195.3	128.5	288.0	314.2	400.1	331.3	104.6	46.3	87.5	108.7	+711%	160	+84%



Source: Hong Kong Stock Exchange, Ernst & Young, data as of 11 Jun 2025



# CUSHMAN & WAKEFIELD “WHAT OCCUPIERS WANT 2025” SURVEY

Cost control and talent retention are the most important considerations to occupiers

## WHAT DOES OCCUPIERS WANT IN THE CURRENT MARKET?

### Occupiers’ top considerations in determining leasing strategies

### What occupiers think?

### Implication to landlords

1



Cost

Cost control: CRE strategies shaped by financial KPIs

Provide more rental incentives

2



Talent Sourcing & Retention

A better workplace (more amenities & services) can foster company culture & collaboration

Provide better amenities & services to maintain competitive

3



Operational Excellence

An ideal workplace can help achieve effective operations

Work with occupiers to create unique, value-driven work environments

Source: “What Occupiers Want 2025” by Cushman & Wakefield Research



## Office Market 1H 25 Review & 2H Outlook

### Key Takeaways

1

Underpinned by Banking & Finance sector, new letting area reached 1.2 million sf in Q2, the highest quarter since the outbreak of COVID-19 in Q1 2020

2

Overall rental decline narrowed to -1.0% q-o-q in Q2 (vs. 2.5% q-o-q in Q1), with overall availability rate remained largely flat at 19.3%

3

The recovery of IPO should help support market sentiment and downstream office demand, from banking & finance and professional services firms

4

We forecast overall office rent to drop by 7% to 9% in 2025, amid the heavy new supply pipeline whilst occupiers are still cost-cautious

5

We advise landlords to provide better amenities and services to create unique and value-driven work environments for occupiers to maintain competitiveness

# 02

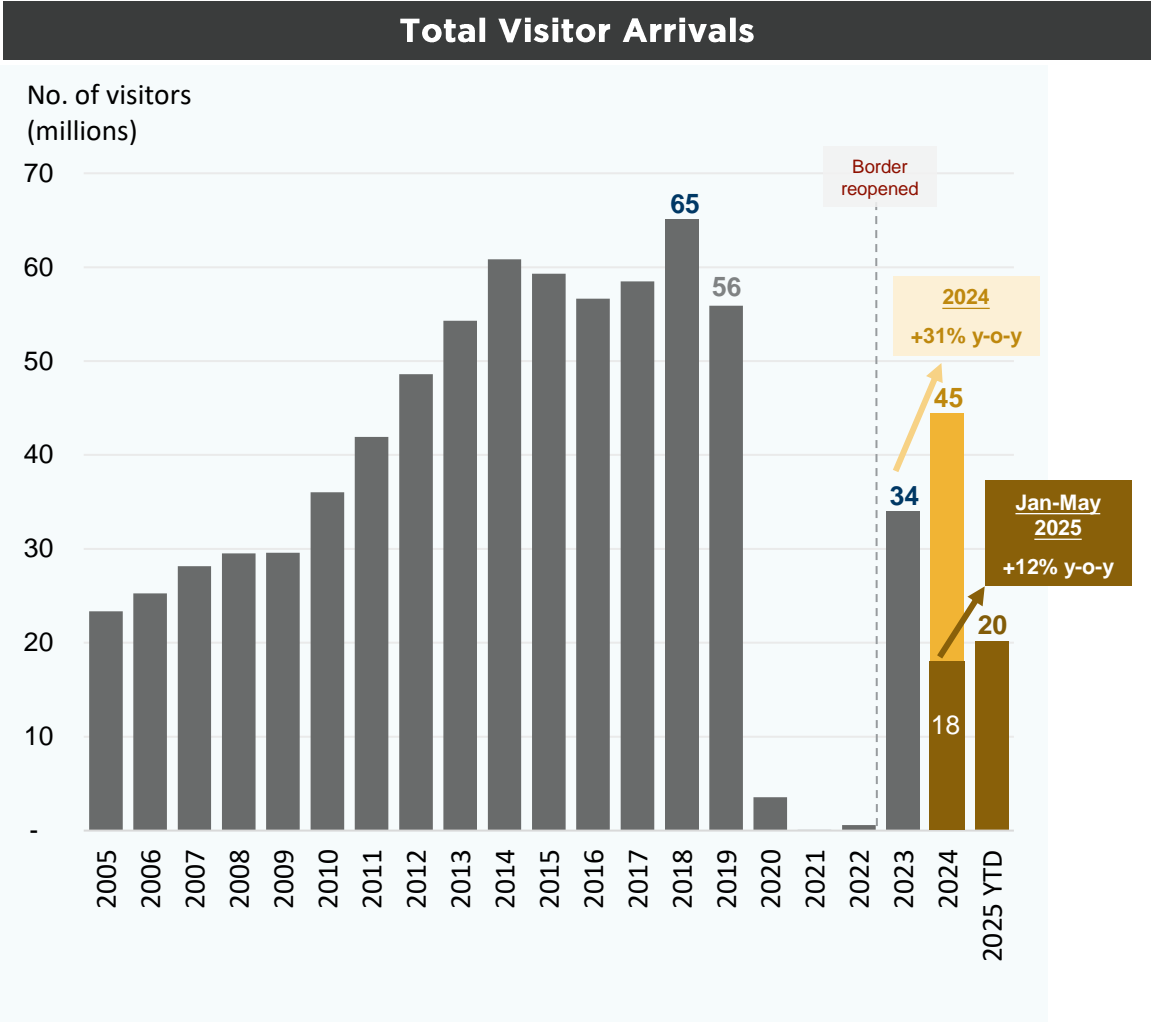
## RETAIL MARKET



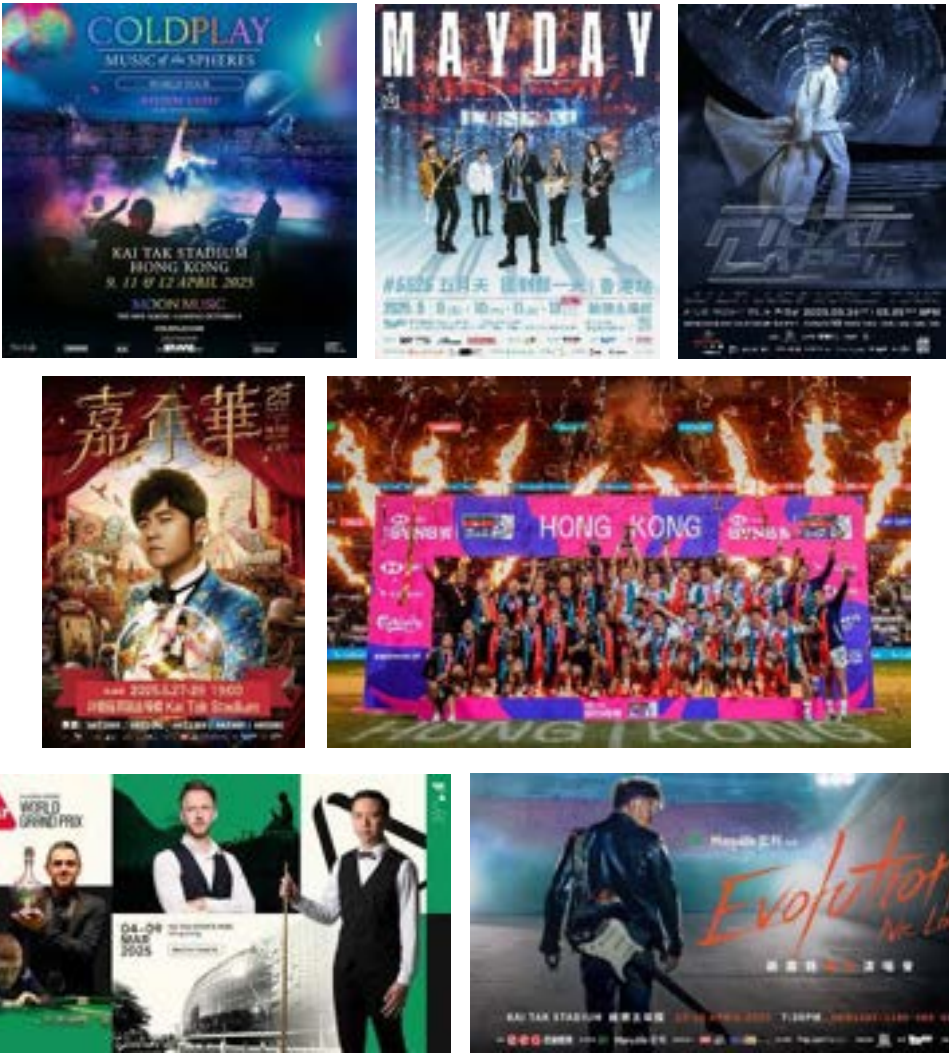


# VISITOR ARRIVALS ARE CONTINUOUSLY PICKING UP

Supported by the new opening of Kai Tak Stadium and mega events



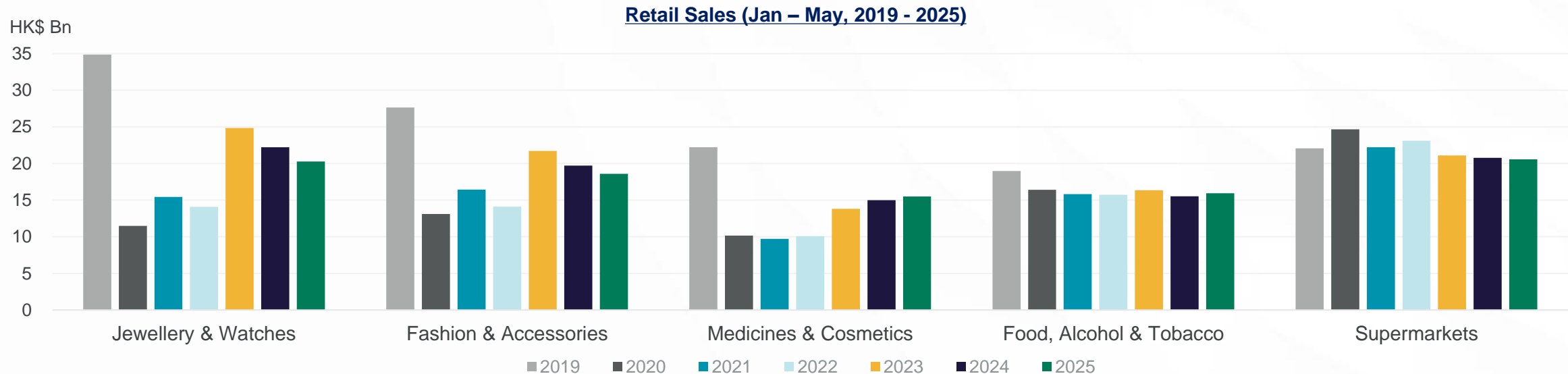
Source: Cushman & Wakefield Research, HK Census & Statistics Department, Tourism Board



# MORE CAUTIOUS SPENDING HABITS ARE STILL WEIGHING ON RETAIL SALES

Yet trades in Medicines & Cosmetics and F&B are showing some recovery

Retail Sales (HK\$ Bn)	Jan – May						2025	Y-o-Y Δ
	2019	2020	2021	2022	2023	2024		
Jewellery & Watches	34.87	11.50	15.43	14.07	24.85	22.23	20.27	-8.8%
Fashion & Accessories	27.66	13.10	16.45	14.11	21.72	19.71	18.59	-5.7%
Medicines & Cosmetics	22.22	10.16	9.73	10.06	13.82	15.00	15.51	3.4%
Food, Alcohol & Tobacco	18.99	16.40	15.81	15.72	16.34	15.51	15.92	2.7%
Supermarkets	22.07	24.68	22.22	23.10	21.11	20.79	20.57	-1.0%
Total	206.06	134.33	146.29	142.14	171.96	161.59	155.05	-4.0%



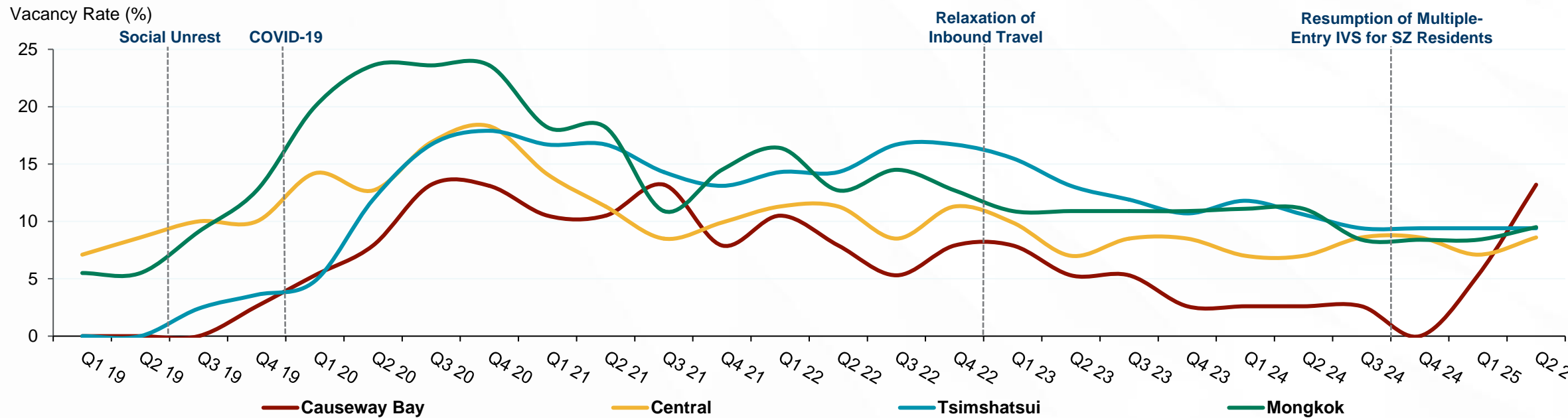
Source: Hong Kong Census & Statistics Department; Cushman & Wakefield Research



# OVERALL VACANCY RATE PICKED UP IN Q2

Only Tsimshatsui remained stable

Districts	2019	2020	2021	2022	2023	2024	Q1 2025	Q2 2025
Causeway Bay	2.6%	13.1%	7.9%	7.9%	2.6%	0.0%	5.3%	13.2%
Central	10.0%	18.3%	9.9%	11.3%	8.5%	8.6%	7.1%	8.6%
Tsimshatsui	3.6%	17.9%	13.1%	16.7%	10.7%	9.4%	9.4%	9.4%
Mongkok	12.7%	23.6%	14.5%	12.7%	10.9%	8.4%	8.4%	9.5%
Overall	7.3%	18.5%	11.7%	12.9%	8.9%	7.6%	8.0%	9.7%



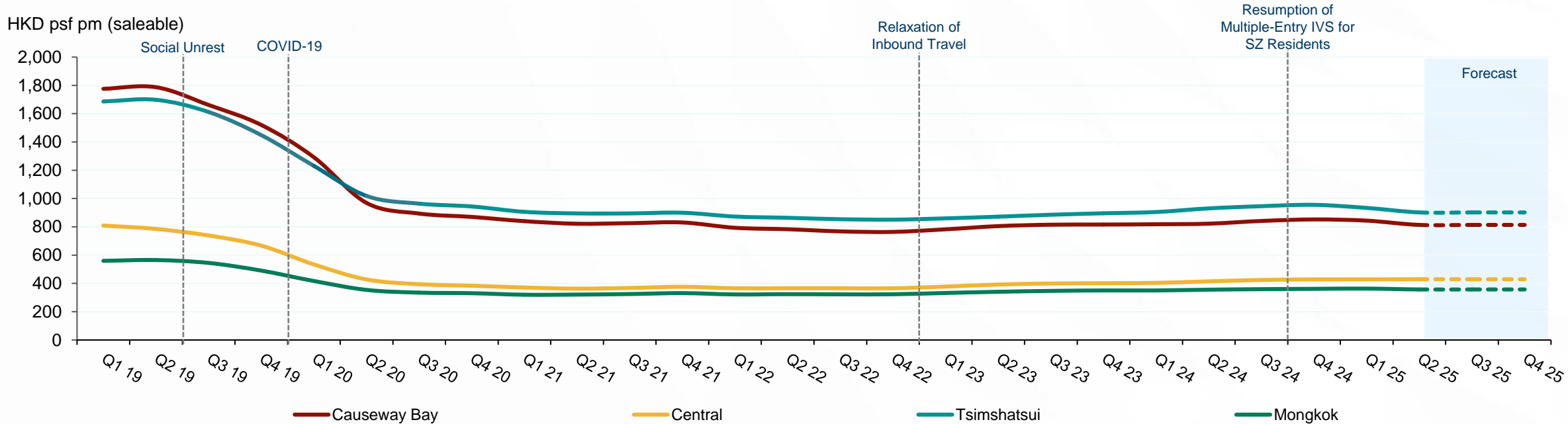
\* Causeway Bay: Russell Street, Kai Chiu Road; Tsimshatsui: Canton Road, Haiphong Road; Central: Queen's Road Central, Pedder Street; Mongkok: Sai Yeung Choi Street South, Argyle Street

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

# HIGH STREET RENTS SHOWED SOME WEAKNESS AGAIN

Rents corrected across submarkets except Central

Districts	2019	2020	2021	2022	2023	2024	Q1 2025	Q2 2025	Q-o-Q Δ	YTD Δ	Y-o-Y Δ	2025F
Causeway Bay	\$1,520	\$870	\$831	\$764	\$816	\$852	\$844	\$814	-3.6%	-4.5%	-1.1%	-1% ~ -3%
Central	\$667	\$384	\$376	\$366	\$402	\$429	\$429	\$430	0.2%	0.2%	3.5%	
Tsimshatsui	\$1,448	\$944	\$900	\$851	\$896	\$956	\$934	\$902	-3.4%	-5.6%	-3.1%	
Mongkok	\$491	\$331	\$332	\$323	\$350	\$362	\$363	\$357	-1.7%	-1.2%	0.5%	

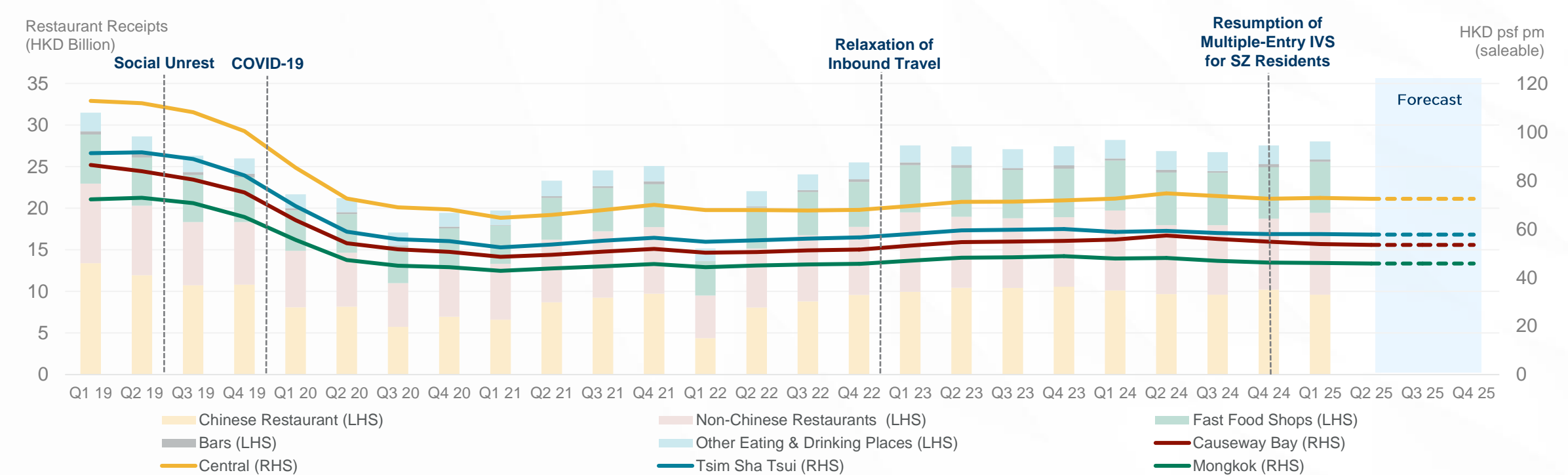


\* Causeway Bay: Russell Street, Kai Chiu Road; Tsimshatsui: Canton Road, Haiphong Road; Central: Queen's Road Central, Pedder Street; Mongkok: Sai Yeung Choi Street South, Argyle Street  
Source: The Land Registry; Market Info; Cushman & Wakefield Research

# F&B RENTS CONTINUED TO EDGE DOWN IN Q2

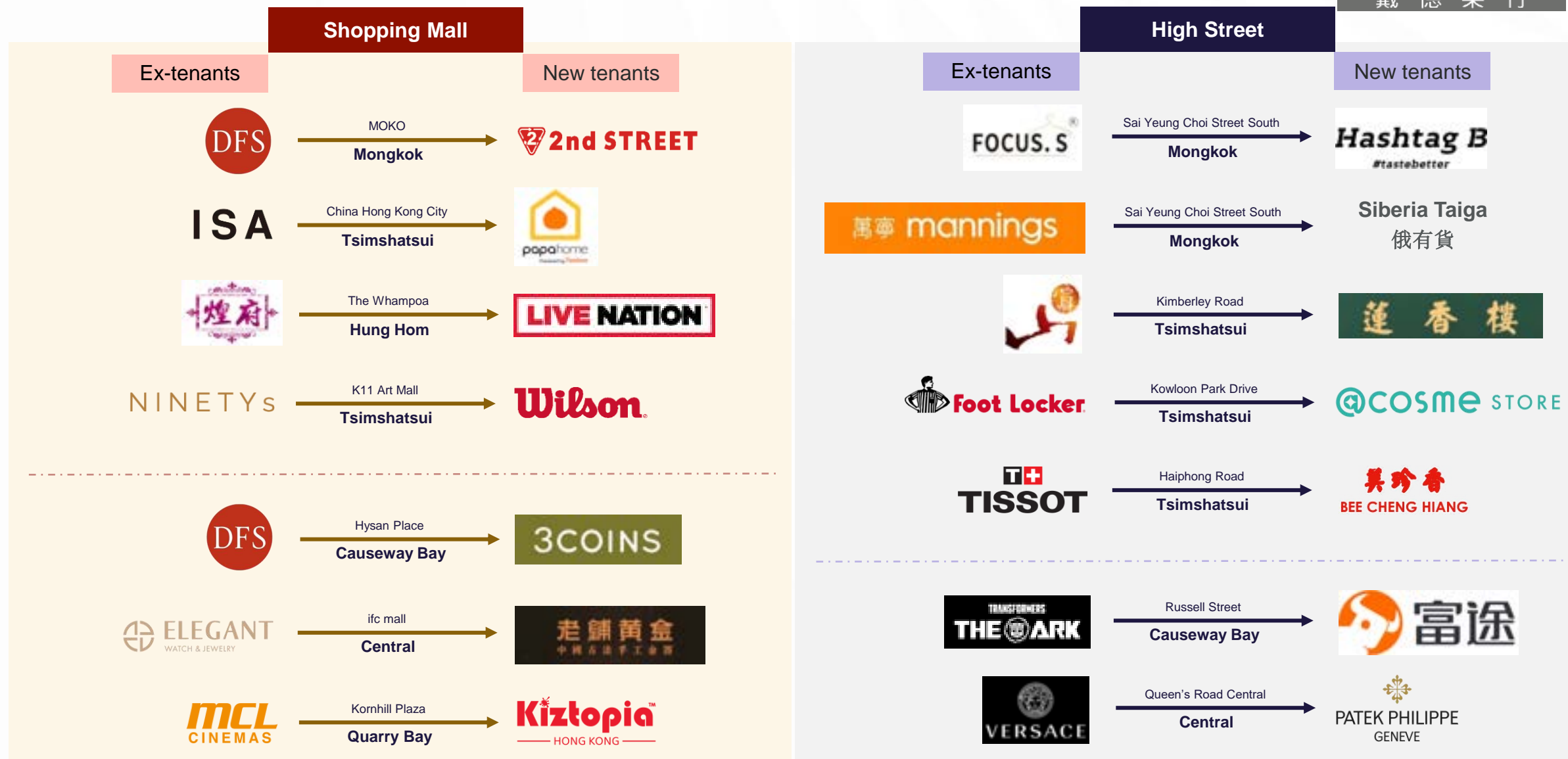
Restaurant brands are swapping in-and-out as some new comers enter the city

Districts	2019	2020	2021	2022	2023	2024	Q1 2025	Q2 2025	Q-o-Q Δ	YTD Δ	Y-o-Y Δ	2025F
Causeway Bay	\$75.1	\$50.6	\$51.8	\$51.5	\$55.1	\$54.8	\$53.8	\$53.5	-0.7%	-2.4%	-6.8%	-1% ~ -3%
Central	\$100.3	\$68.1	\$69.9	\$67.9	\$71.8	\$72.5	\$72.8	\$72.5	-0.5%	0.0%	-3.0%	
Tsimshatsui	\$82.1	\$55.0	\$56.4	\$56.5	\$60.0	\$57.9	\$57.9	\$57.7	-0.4%	-0.4%	-2.6%	
Mongkok	\$65.0	\$44.3	\$45.5	\$45.6	\$48.8	\$46.2	\$46.0	\$45.8	-0.5%	-0.8%	-4.8%	



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

# THE MARKET IS EXPERIENCING THE RESHUFFLING OF TENANTS





## Retail Market 1H 25 Review & 2H Outlook

### Key Takeaways

1

Retail sales performance continued to witness negative growth, yet with a narrower decline

2

Overall vacancy rate trended upward in Q2. Leasing transactions were relatively active in Mongkok and Tsimshatsui, with more activities by affordable brands

3

The market is experiencing a reshuffling of retailers, which is likely to continue throughout the year, creating a more diversified and dynamic tenant-mix in the retail landscape

4

Core high street retail and F&B rents are expected to drop by 1% to 3% on a yearly basis

5

The proactive promotion of mega-events by the government will continue to attract international tourists and hence benefitting the catchment area





# 03

## **RESIDENTIAL MARKET**

# RESIDENTIAL SALES MOMENTUM SUSTAINED IN Q2

Monthly transactions remained >5,000 units; supported by relatively low HIBOR rate and active launches of primary sales

戴德梁行

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	5,694	-33%
May	8,349	...	5,168	4,586	5,732	5,522	8,208	5,984	7,084	6,202	4,003	5,546	5,105	-8%
Jun	5,886	...	5,776	4,620	6,100	6,713	4,627	6,987	7,591	4,826	3,613	3,856	5,100*	32%
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		
<b>Total</b>	<b>81,333</b>	...	<b>55,982</b>	<b>54,701</b>	<b>61,591</b>	<b>57,247</b>	<b>59,797</b>	<b>59,880</b>	<b>74,297</b>	<b>45,050</b>	<b>43,002</b>	<b>53,099</b>		
<b>Jan - Jun</b>	<b>41,201</b>	...	<b>32,261</b>	<b>19,921</b>	<b>32,113</b>	<b>33,896</b>	<b>34,520</b>	<b>27,277</b>	<b>40,131</b>	<b>24,981</b>	<b>26,222</b>	<b>27,776</b>	<b>28,092*</b>	<b>1%</b>

Note: S&Ps: Sales & Purchase Agreements

\*Estimated by Cushman & Wakefield

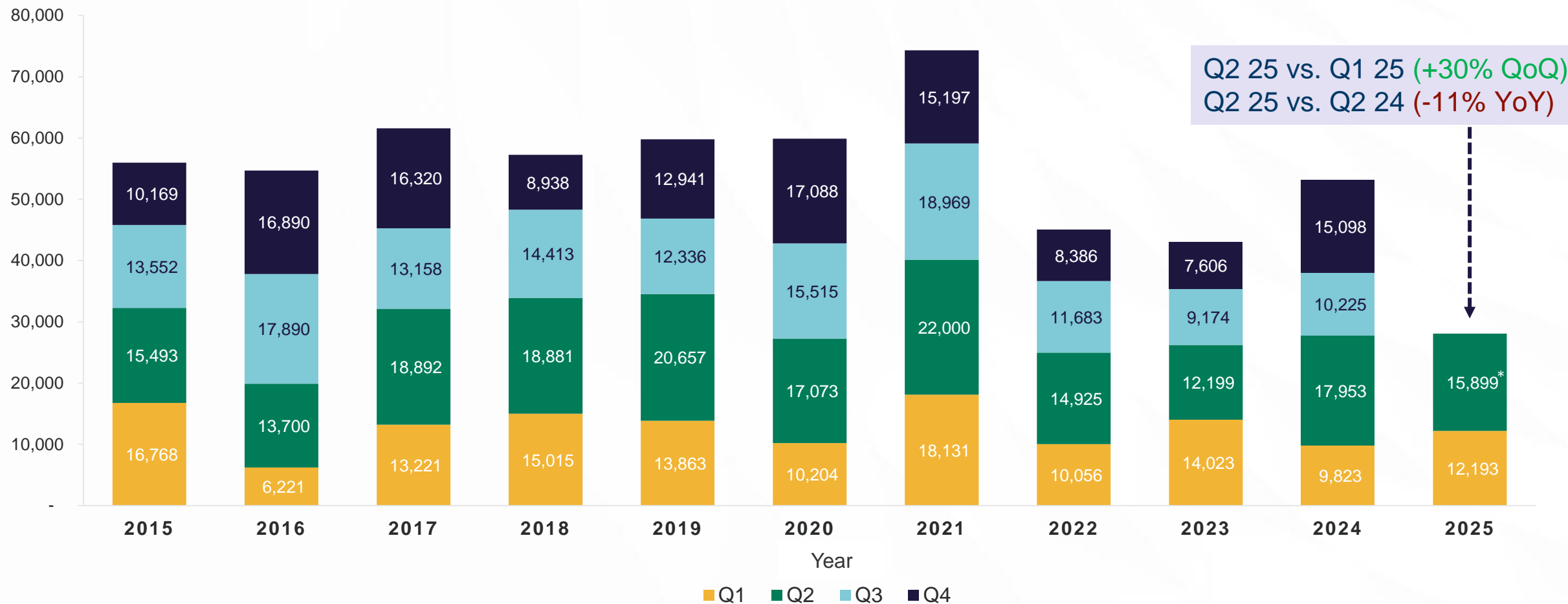
Source: Land Registry; Cushman & Wakefield Research

Q2 25 vs. Q1 25 (+30% QoQ)  
Q2 25 vs. Q2 24 (-11% YoY)

# TOTAL RESIDENTIAL S&PS – HISTORICAL COMPARISON

Forecasted to reach circa 15,900 cases in Q2 2025

No. of Residential S&Ps



Note: S&Ps: Sales & Purchase Agreements

\*Estimated by Cushman & Wakefield

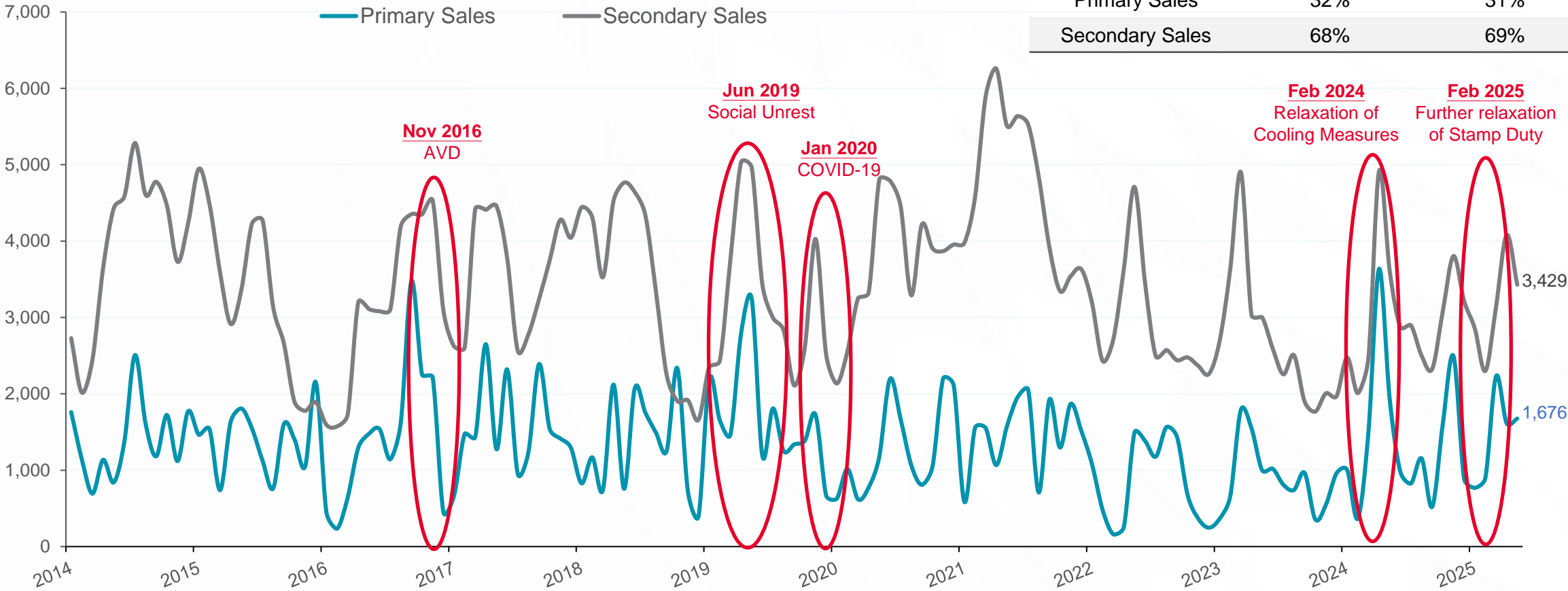
Source: Land Registry; Cushman & Wakefield Research



# PRIMARY AND SECONDARY SALES

Developers actively launched new home sales amid relatively low HIBOR

No. of Residential S&Ps



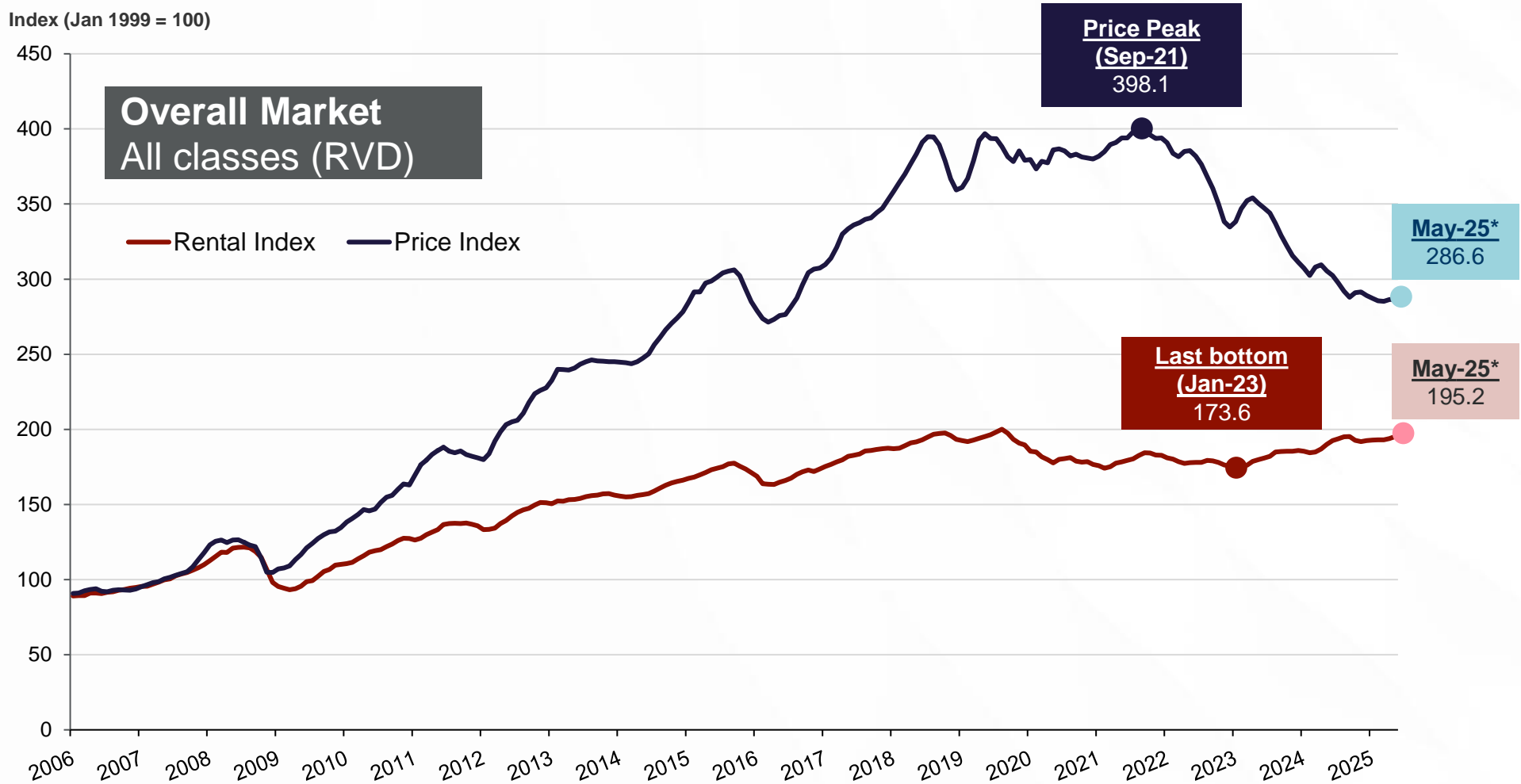
Breakdown of Residential Sales (%)

	2024	Jan - May 2025
Primary Sales	32%	31%
Secondary Sales	68%	69%

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

# HOME PRICES STOPPED FALLING SINCE APRIL

The solid rental level and more attractive home prices draw some investors to return to housing market



Price Changes (%) May 2025*	
YTD	-0.9%
Y-o-Y	-6.2%
From Sep-21 (Historical Peak)	-28.0%

Rental Changes (%) May 2025*	
YTD	+1.4%
Y-o-Y	+2.7%
From Jan-23 (Last bottom)	+12.4%

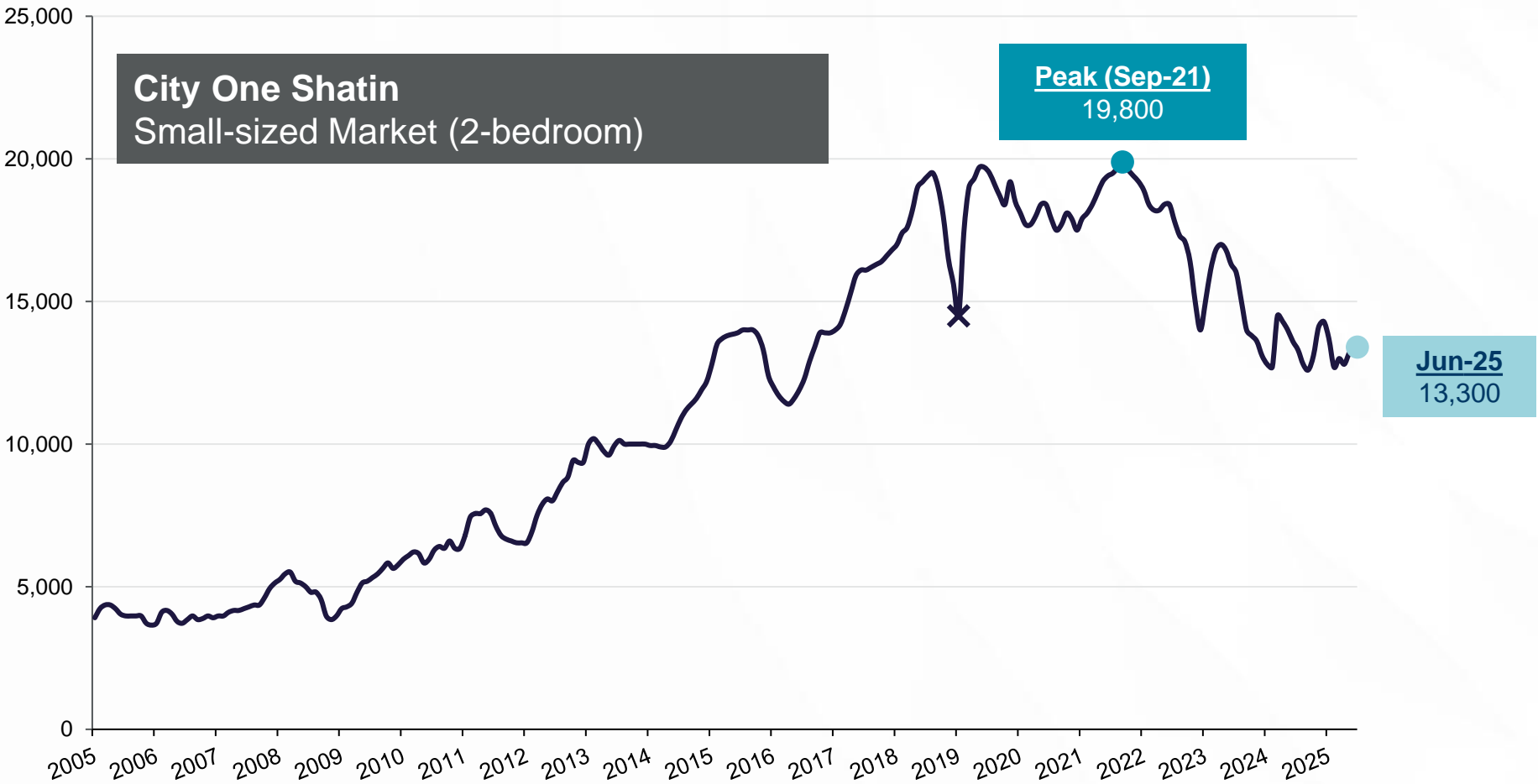
\* Preliminary figure from Rating & Valuation Department as of May 2025  
Source: Rating & Valuation Department; Cushman & Wakefield Research



# MASS MARKET RESIDENTIAL PRICE

Prices at City One Shatin rebounded 2.3% q-o-q in Q2

HKD psf (Saleable)



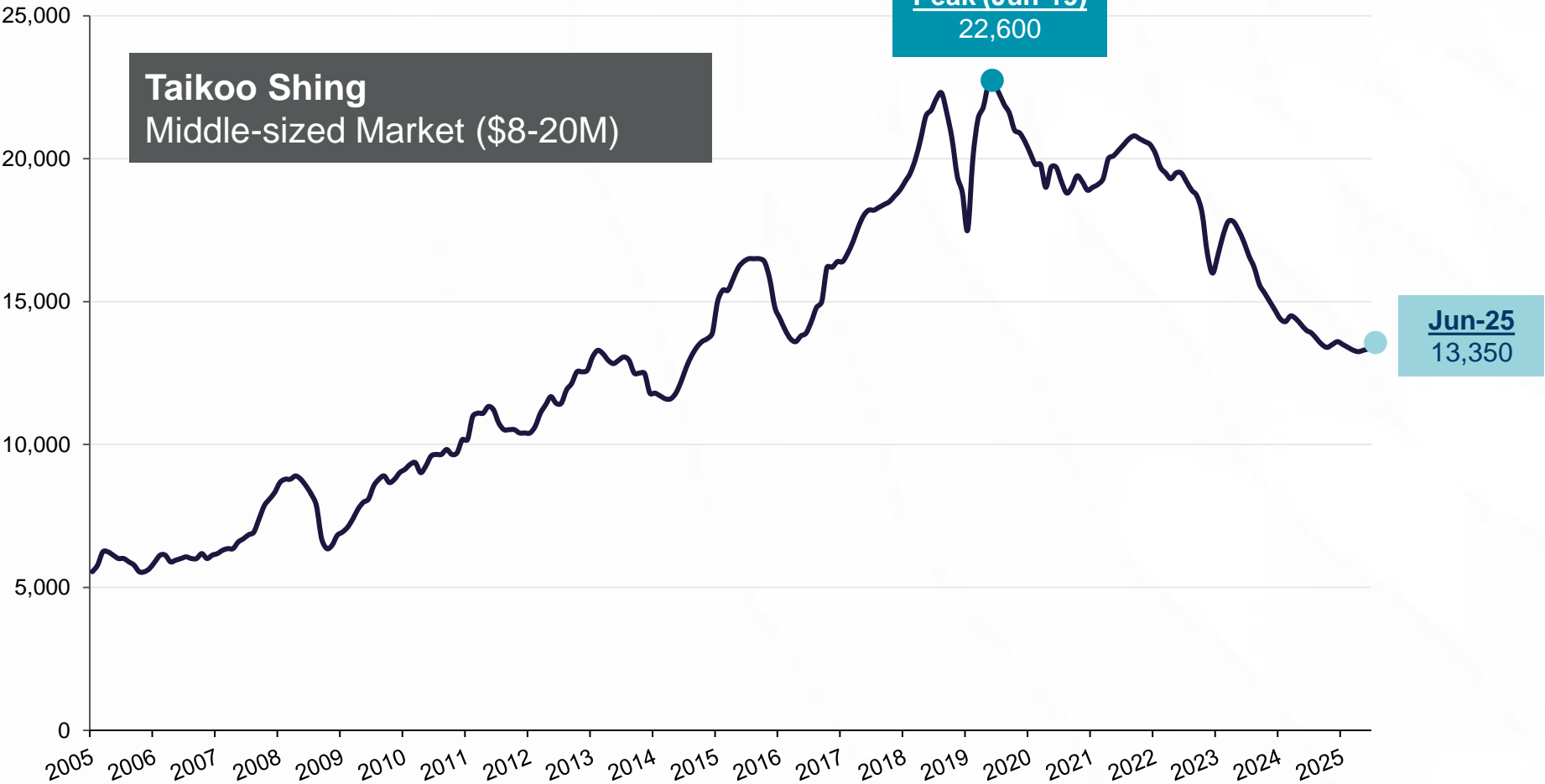
Residential Price Changes (%) Jun 2025	
Q-o-Q	+2.3%
YTD	-7.0%
Y-o-Y	-2.2%
From Sep-21 (Historical Peak)	-32.8%

Source: Cushman & Wakefield Research

# MIDDLE MARKET RESIDENTIAL PRICE

Prices at Taikoo Shing (Kao Shan Terrace) remained largely stable in Q2

HKD psf (Saleable)



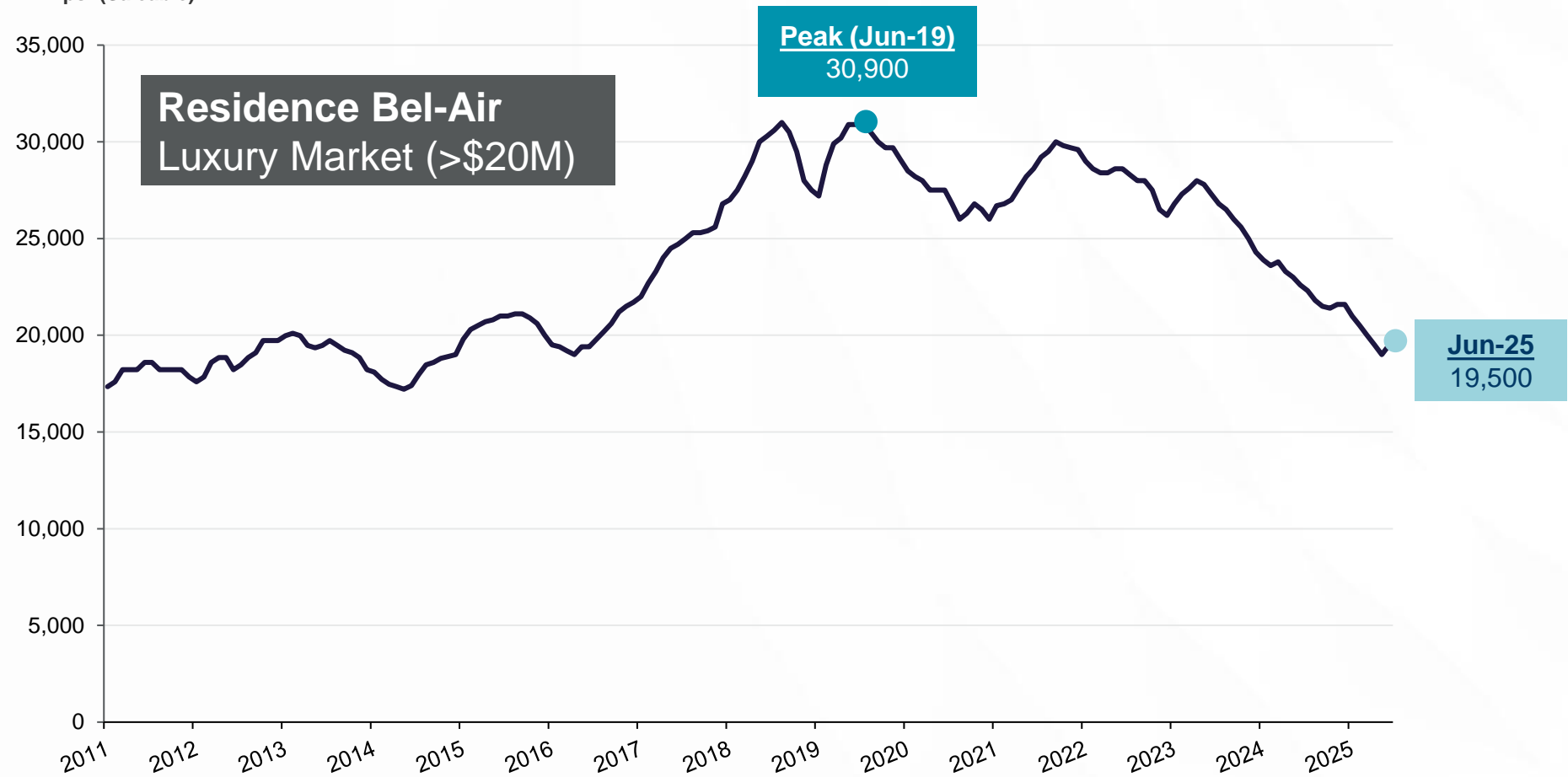
Residential Price Changes (%) Jun 2025	
Q-o-Q	+0.4%
YTD	-1.8%
Y-o-Y	-4.6%
From Jun-19 (Historical Peak)	-40.9%

Source: Cushman & Wakefield Research

# LUXURY MARKET RESIDENTIAL PRICE

Prices at Residence Bel-Air (Phase 2) retreated at 2.5% q-o-q

HKD psf (Saleable)



Residential Price Changes (%) Jun 2025	
Q-o-Q	-2.5%
YTD	-9.7%
Y-o-Y	-13.7%
From Jun-19 (Historical Peak)	-36.9%

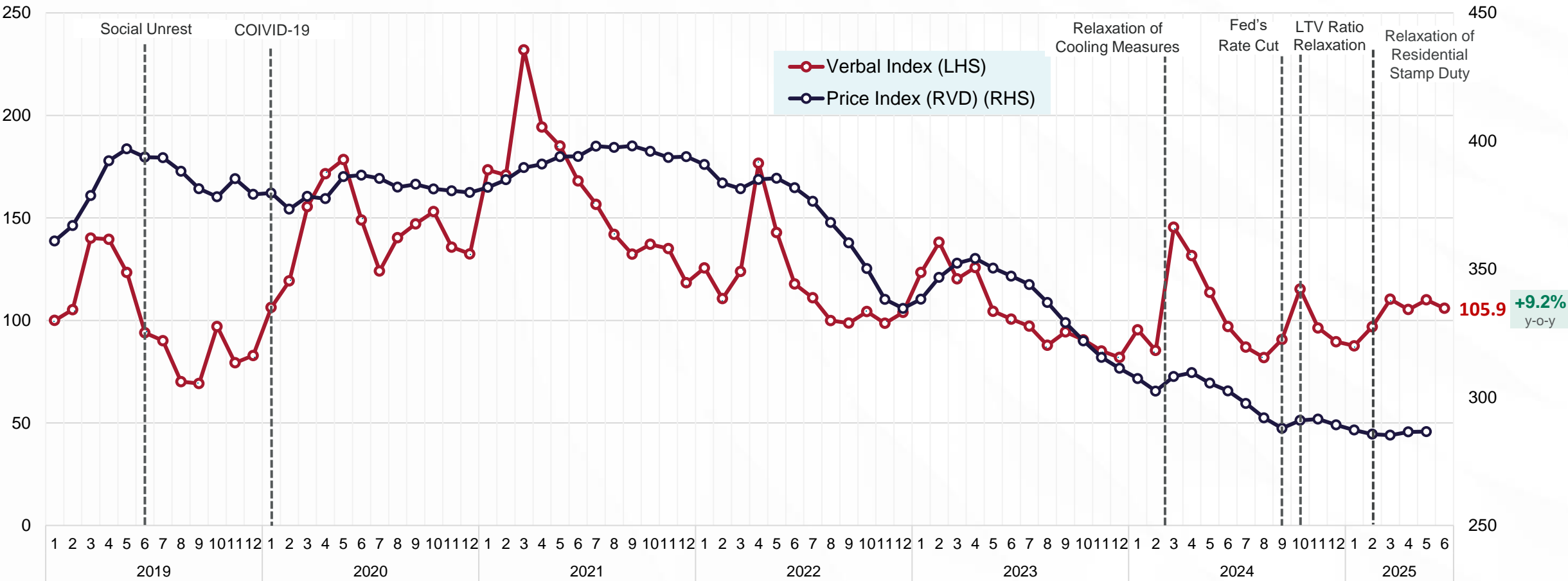
Source: Cushman & Wakefield Research

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

Momentum supported by the falling H-rate and attractive pricing for the first-hand launches

Verbal Index  
(Jan 2019 = 100)

Price Index  
(1999= 100)



Source: Rating & Valuation Department; Cushman & Wakefield Research



## Residential Market 1H 25 Review & 2H Outlook

### Key Takeaways

1

Residential market sentiment has been supported by the relatively low HIBOR and active launch of primary sales

2

Momentum of housing sales sustained, with S&Ps volume in Q2 2025 expected to rise by 30% q-o-q to ~15,900 units

3

C&W small-to-mid size home price index went up 0.45% q-o-q, along with the recovery of our verbal enquiry index

4

2025 residential transaction volume is expected to be similar to 2024 level

5

2025 home prices to fluctuate within a range of  $\pm 3\%$ , amidst the uncertainties in geopolitical and rate movement



# Q&A SESSION



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