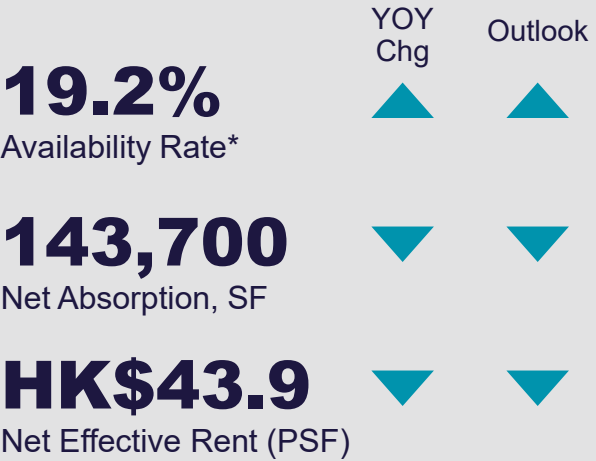
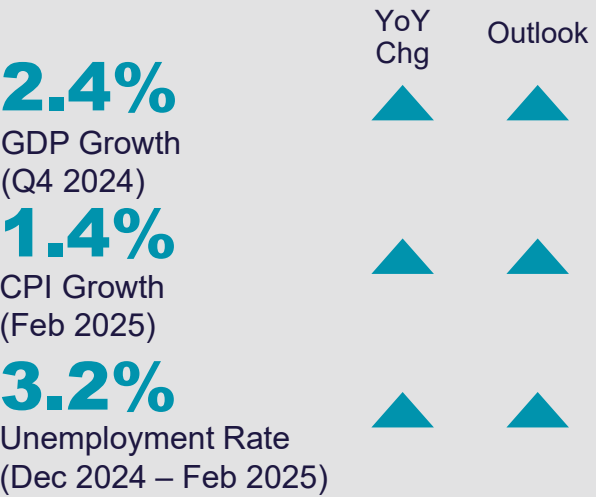


MARKET FUNDAMENTALS



All SF are on NFA basis  
\*Note: Availability includes confirmed leasing stock that is currently vacant or becoming vacant over the next 12 months

ECONOMIC INDICATORS



Source: Cushman & Wakefield Research, Hong Kong Census and Statistics Department, Moody's Analytics

STRONGER OFFICE LEASING MOMENTUM IN CORE DISTRICTS

The Hong Kong Grade A office market achieved a sixth consecutive quarter of positive net absorption in Q1 2025, reaching 143,700 sf. Core districts were the most sought-after by occupiers, with Greater Central accounting for 34% of the 790,200 sf of new leased space recorded in the quarter.

Despite the positive leasing momentum, the citywide overall availability rate edged up q-o-q to 19.2%. The expanded availability was primarily due to the completion of THE CENDAS project in Kowloon East, bringing 352,800 sf of new Grade A space to the office market. However, despite the overall rise, core areas such as Greater Central, Wanchai / Causeway Bay, and Greater Tsimshatsui all saw q-o-q declines in availability rates.

NEW LEASING DEMAND LED BY BANKING & FINANCE SECTOR

Relocation and expansion activities from the banking & finance and insurance sectors were the key drivers of new leasing activity in the quarter, with the two sectors accounting for approximately 46% of new lease area with known tenant backgrounds. Notable transactions included American hedge fund Point72's commitment to a 49,500 sf space across four floors at The Henderson, while HSBC secured 20,000 sf at ICC. In the insurance sector, AIA took an additional floor with 27,100 sf at AIRSIDE, together with 6,900 sf at The Gateway Tower 1.

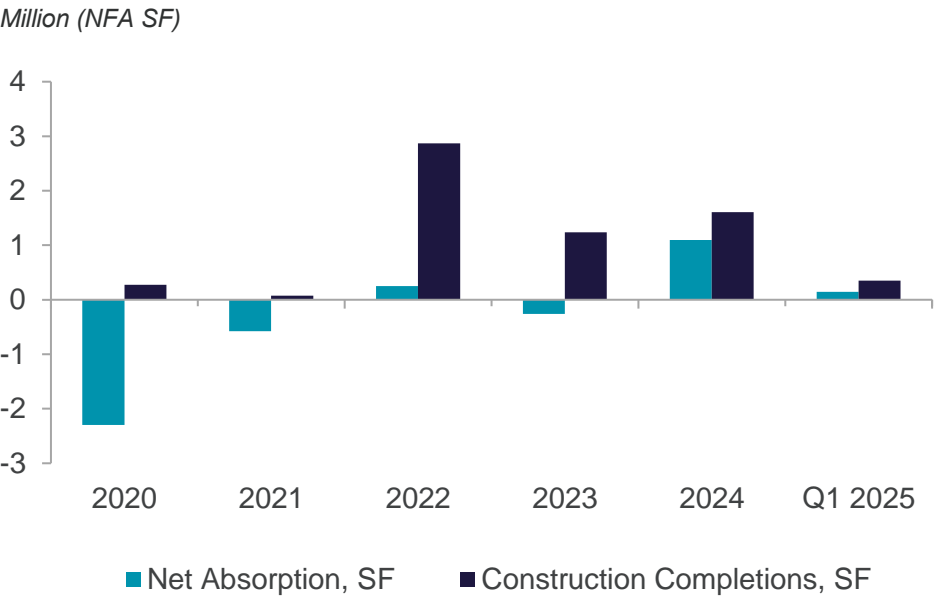
With new supply and availability remaining at a high level, the citywide overall Grade A office rental level softened further by 2.5% q-o-q, to record HK\$43.9 per sf per month. Compared with the peak of Q1 2019, the overall rental level has now fallen by 42.2%.

NEW SUPPLY AHEAD TO EXERT PRESSURE ON RENTAL LEVELS

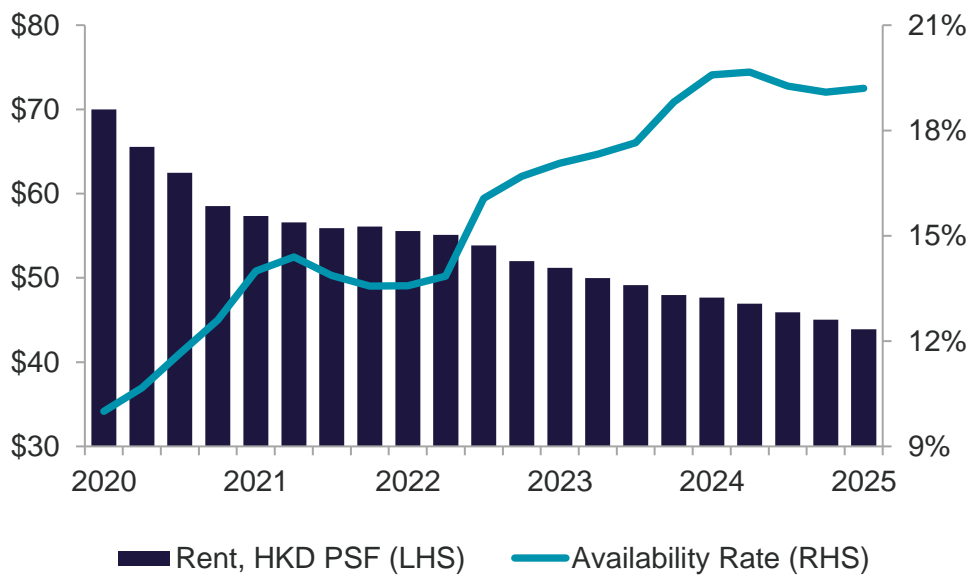
Looking ahead, the recovery of Hong Kong's initial public offering (IPO) pipeline and stock market performance should help support downstream demand from the finance sector, in turn underpinning the city's office market sentiment. As well, the measures introduced by the Hong Kong Government to attract more global capital, enterprises and family offices will help stimulate market demand in the longer run.

Amid the notable discount of current office rents against the peak level, flight-to-quality remains a key strategy for occupiers. In the coming three quarters of 2025, around 3 million sf of new supply is expected to enter the market, with most projects in the core districts. This presages a further intensifying of the competitive leasing environment for core district landlords. We can expect the overall average office rental level to remain under pressure, and we forecast a decline of 7%–9% through 2025.

NET ABSORPTIONS / COMPLETIONS



OVERALL AVAILABILITY & NET EFFECTIVE RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	AVAILABILITY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	FUTURE SUPPLY (SF)***	GRADE A NET EFFECTIVE RENT				
						HK\$/SF/MO	US\$/SF/MO	EUR/SF/MO	Q-o-Q change	YTD change
Greater Central	16,689,572	16.3%	103,749	103,749	786,300	\$77.2	\$9.9	\$9.2	-3.2%	-3.2%
Wanchai / Causeway Bay	9,434,924	13.2%	32,533	32,533	1,160,400	\$46.0	\$5.9	\$5.5	-2.0%	-2.0%
Greater Tsimshatsui	10,073,414	13.2%	61,139	61,139	2,582,400	\$42.3	\$5.4	\$5.0	-0.7%	-0.7%
CORE AREA TOTALS	36,197,911	14.6%	197,421	197,421	4,529,100	\$59.4	\$7.6	\$7.0	-2.4%	-2.4%
Hong Kong East	9,430,396	18.9%	-6,365	-6,365	-	\$33.3	\$4.3	\$3.9	-3.2%	-3.2%
Hong Kong South	2,761,041	26.0%	-119,968	-119,968	238,400	\$22.6	\$2.9	\$2.7	-6.9%	-6.9%
Kowloon East	17,422,108	24.7%	83,771	83,771	-	\$24.0	\$3.1	\$2.8	-2.5%	-2.5%
Kowloon West	5,556,372	28.7%	-11,209	-11,209	-	\$28.7	\$3.7	\$3.4	-1.0%	-1.0%
NON-CORE AREA TOTALS	35,169,916	23.9%	-53,771	-53,771	238,400	\$27.2	\$3.5	\$3.2	-2.8%	-2.8%
OVERALL TOTAL	71,367,827	19.2%	143,650	143,650	4,767,500	\$43.9	\$5.6	\$5.2	-2.5%	-2.5%

\*Exchange Rate: 1USD = 0.9220 EUR 7.7729 HKD (as of 14 Mar, 2025)  
\*\*All areas presented are on NFA bases  
\*\*\* Covers planned and under construction projects (2025-29)

KEY LEASE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	TENANT	SF (NFA)	TYPE
The Henderson	Greater Central	Point72 Asia	49,500	Expansion
83 King Lam Street	Kowloon West	Ralph Lauren	45,500	Relocation
AIRSIDE	Kowloon East	AIA International	27,100	Expansion
Two Taikoo Place	Hong Kong East	Willis Tower Watson	21,300	Relocation
International Commerce Centre	Greater Tsimshatsui	HSBC	20,000	Expansion

KEY PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	OWNER / DEVELOPER	SF (NFA)	COMPLETION YEAR
International Gateway Centre	Greater Tsimshatsui	Sun Hung Kai Properties	2,112,000	2025
Lee Garden Eight	Wanchai / Causeway Bay	Hysan / Chinachem	750,000	2026
Artist Square Towers	Greater Tsimshatsui	Sun Hung Kai Properties	470,400	2027
One Causeway Bay	Wanchai / Causeway Bay	Mandarin Oriental / Hongkong Land	410,400	2025
IL 9088 (Site 3) Phase 1	Greater Central	Henderson	310,300	2027

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