



MARKET FUNDAMENTALS

	YOY Chg	Outlook
<div>HK\$14.0</div> <div>Prime warehouse Gross Effective Rent (PSF / month)</div>	▼	▼
<div>8.3%</div> <div>Prime warehouse vacancy rate</div>	▲	▲

Source: Cushman & Wakefield Research

HONG KONG ECONOMIC INDICATORS Q2 2025

	YOY Chg	Outlook
<div>3.1%</div> <div>GDP Growth (Q1 2025)</div>	▲	▲
<div>HK\$869B</div> <div>Total Export (Apr – May 2025)</div>	▲	▲
<div>HK\$912B</div> <div>Total Import (Apr – May 2025)</div>	▲	▲
<div>49.0</div> <div>PMI (May 2025)</div>	▼	▲

Source: Hong Kong Census and Statistics Department, Moody Analytics

TRADING ENVIRONMENT DISRUPTED BY US TARIFF POLICIES

The United States’ new trading and tariff policies weighed on Hong Kong’s logistics market performance in the Q2 2025 period. In April and May, the city’s total imports and exports climbed by 17% and 15% y-o-y respectively, mainly due to accelerated shipments ahead of the U.S. retroactive tariff program. The S&P Manufacturing Purchasing Manger’s Index (PMI) fell to 49.0 in May 2025, staying below the contraction line. Hong Kong’s ports handled 5.6 million TEU shipping containers for the first five months of 2025, down 0.6% y-o-y. This figure also marked the fourth consecutive year of decline for the five-month period, at a -22% cumulative change for Jan–May 2025 vs. Jan–May 2021.

WAREHOUSE RENTS PRESSURED BY LIFTED VACANCY RATE

Growing market uncertainties prompted occupiers into a wait-and-see stance again in Q2 2025, with leasing activities mostly focused on renewal or relocation cases. The market did witness some notable new lease transactions in Q2, including Kerry Logistics’ 72,000 sf en-bloc commitment at 10 San Hi Tsuen Street in Yuen Long; and with Wilson Logistics’ 28,000 sf take-up at Kerry TC Warehouse 1 in Kwai Chung.

The overall prime warehouse vacancy rate edged up 0.1 percentage points q-o-q to record 8.3%, mainly due to greater vacant space at Tsing Yi and Kwai Chung facilities. However, if excluding the Cainiao Smart Gateway, a 4 million sf warehouse at Chek Lap Kok, completed in 2023, the overall prime warehouse vacancy rate stood at 5.6%.

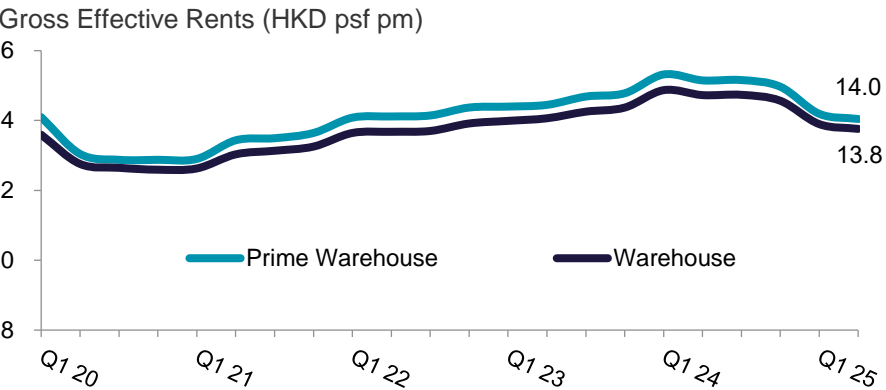
Amid the changing market sentiment and fierce competition to attract tenants, the prime warehouse rental level continued to fall, for the third consecutive quarter, although the decline narrowed to 1.0% q-o-q, to record HK\$14.0 psf per month.

PRIME WAREHOUSE RENT FORECAST TO DROP BY 8% IN 2025

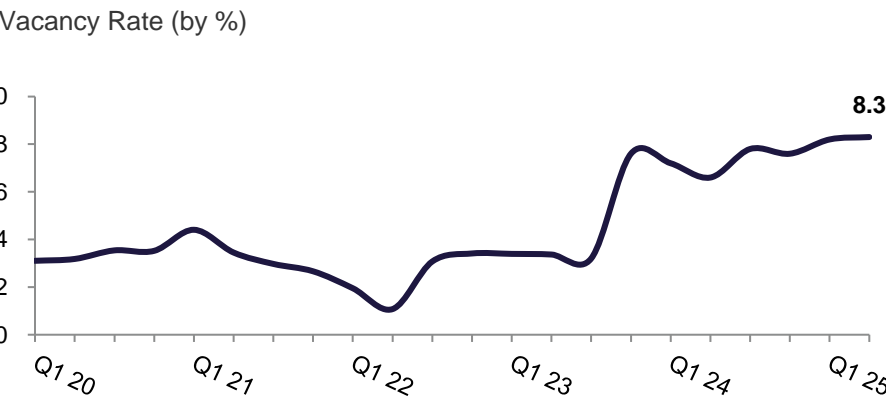
In the long term, when the market can regain more confidence, we expect demand from e-commerce operators and the related third-party logistics players (3PLs) will become the key drivers for warehouse again, supported by well-established land, sea and air trade routes in the city, and the growing demand from shoppers on e-commerce platforms.

In the short term, however, the sluggish market sentiment brought by uncertain trading policies, couple with the softening leasing demand amid the ample new supply pipeline, prime warehouse rent is expected to face pressure in the coming quarters, and we forecast a rental decline of 8% in 2025.

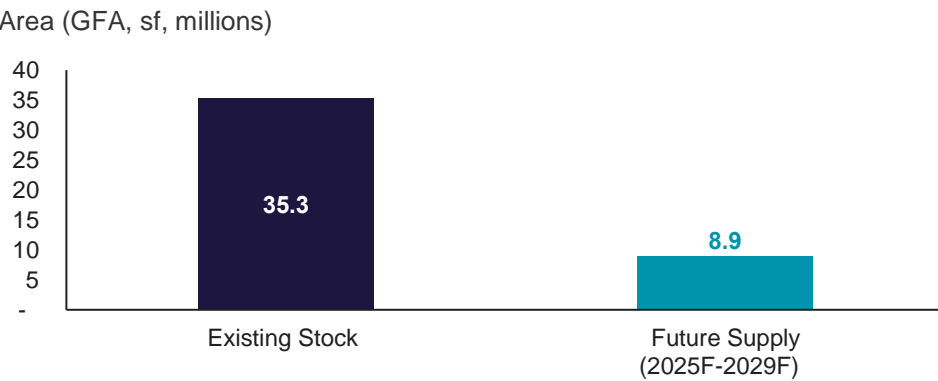
Overall and Prime Warehouse Rents



Prime Warehouse Vacancy (%)



Existing Stock and Future Supply (2025F-2029F)



PRIME WAREHOUSE RENTS Q2 2025

	GROSS EFFECTIVE RENT			Q-O-Q CHANGE	Y-O-Y CHANGE	12-MONTH OUTLOOK
	HK\$/SF/MO	US\$/SF/MO	EUR/SF/MO			
Hong Kong Island	\$15.6	\$2.0	€1.9	-5.7%	-5.7%	▼
Kowloon	\$14.6	\$1.9	€1.8	-1.3%	-8.6%	▼
New Territories	\$12.6	\$1.6	€1.5	-0.1%	-3.9%	▼
HONG KONG AVERAGE	\$14.0	\$1.8	€1.7	-1.0%	-7.3%	▼

Exchange Rate: 1USD = 0.8669 EUR = 7.8498HKD (as of Jun 16, 2025)

PRIME WAREHOUSE VACANCY RATE Q2 2025

	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Hong Kong Island	2.0%	2.0%	2.0%	2.0%	2.0%
Kowloon	2.0%	3.5%	3.5%	5.1%	5.7%
New Territories	16.9%	17.6%	16.9%	15.2%	14.5%
HONG KONG AVERAGE	6.6%	7.8%	7.6%	8.2%	8.3%

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SECTOR	SF (GFA)	Type
10 San Hi Tsuen Street	Yuen Long	Kerry Logistics	3PL	72,000	New Lease
Kerry TC Warehouse 1	Kwai Chung	Wilson Logistics	3PL	28,000	New Lease
Goodman Tuen Mun Distribution Centre Block 1	Tuen Mun	Newpower Worldwide	Electronic	20,200	New Lease
Goodman Dynamic Centre	Tsuen Wan	Mitsubishi Elevator	Engineering	33,900	Renewal
ATL Logistics Centre Block B	Kwai Chung	Lotus Fine Arts	3PL	25,400	Renewal

ROSANNA TANG

Executive Director,
Head of Research, Hong Kong
Tel: +852 2956 7021
rosanna.tang@cushwake.com

THOMAS CHAN

Associate Director, Research, Hong Kong
Tel: +852 2956 7043
thomas.chan@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In Greater China, a network of 23 offices serves local markets across the region. In 2024, the firm reported revenue of \$9.4 billion across its core services of Valuation, Consulting, Project & Development Services, Capital Markets, Project & Occupier Services, Industrial & Logistics, Retail, and others. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit www.cushmanwakefield.com.hk or follow us on LinkedIn (<https://www.linkedin.com/company/cushman-&-wakefield-greater-china>).

©2025 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield (“CWK”). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy.

Nothing in this report should be construed as an indicator of the future performance of CWK’s securities. You should not purchase or sell securities—of CWK or any other company—based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK’s affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.