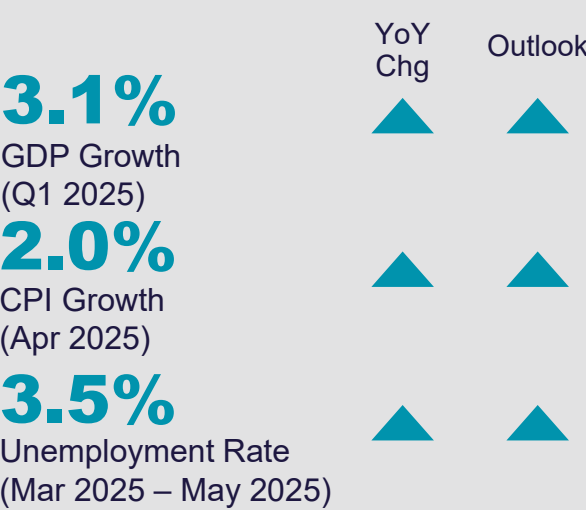


MARKET FUNDAMENTALS



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

NEW LEASE AREA REACHES HIGHEST LEVEL SINCE COVID-19

The Hong Kong Grade A office market witnessed accelerated leasing momentum in Q2 2025, underpinned by relocation and expansion activities from the banking & finance and insurance sectors. The new lease area for Q2 reached 1.2 million sf, the highest quarterly level since the outbreak of COVID-19 pandemic in Q1 2020.

Several big-ticket transactions were recorded in the quarter, including Jane Street's commitment of more than 207,000 sf at Site 3 of the Central Harbourfront project, which is expected to be completed in 2027. Elsewhere, FWD Life Insurance secured more than 107,000 sf at Devon House in Hong Kong East as a relocation and expansion action.

The citywide overall office availability rate remained largely stable at 19.3% in Q2. However, quarterly positive net absorption shrank around 50% q-o-q to record 71,400 sf, with pre-lease activities in under-construction developments yet to be included in the figure. With supply remaining abundant, the citywide overall Grade A office rental level continued to trend down, falling 1% in Q2 to make a 3.4% drop overall in the 1H 2025 period.

REVIVAL OF IPO ACTIVITY TO SUPPORT MARKET SENTIMENT

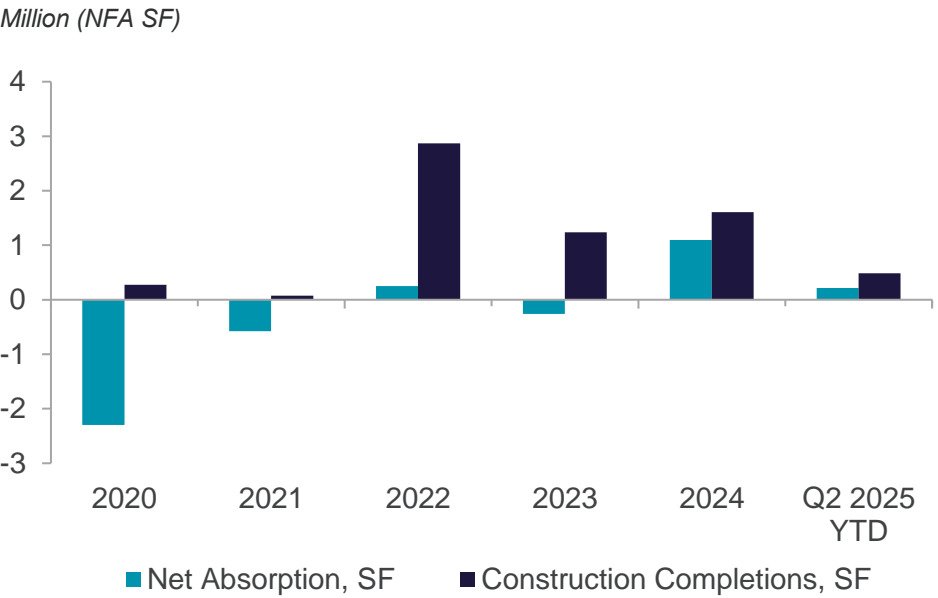
There were signs of recovery in Hong Kong's initial public offering (IPO) market in 1H 2025, with the Hong Kong Stock Exchange ranked first globally for funds raised through IPO activities (HK\$109 billion at June 11, 2025) for the first time since 2019. With further Chinese mainland stocks expected in the pipeline, we expect the IPO resurgence to help support office market sentiment and downstream leasing demand, such as in the banking & finance sector and professional services sectors.

SUPERIOR AMENITIES AND SERVICES KEY TO COMPETITIVENESS

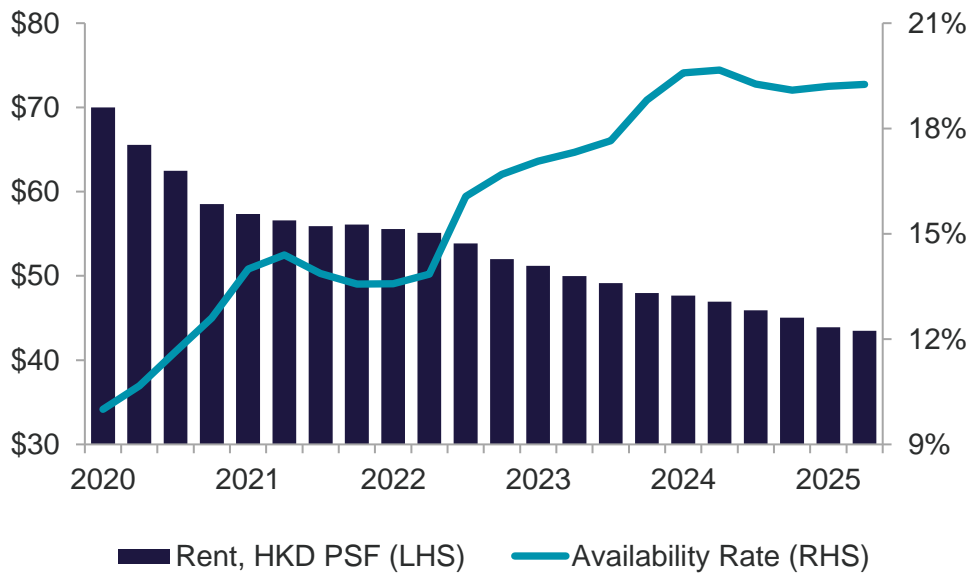
Despite the improving market sentiment, we expect the supply boom and high availability to still weigh on rental level performance in the coming quarters. Consequently, we forecast the overall Grade A office rental level to decline by 7%–9% through 2025. According to Cushman & Wakefield [What Occupiers Want 2025](#) report, cost, talent retention and operational excellence are the top three drivers for occupiers in determining leasing strategies. While occupiers are still cost-cautious, they do recognize the importance of a healthy workplace for talent retention. As such, occupiers are attracted to high quality office premises with superior amenities, services, and community-focused events within and beyond the workspace.

Against this backdrop, as well as offering rental incentives, we advise landlords to work closely with occupiers to create unique and value-driven work environments, as the key to presenting as an attractive option amid the current highly competitive office landscape.

NET ABSORPTIONS / COMPLETIONS



OVERALL AVAILABILITY & NET EFFECTIVE RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	AVAILABILITY RATE	CURRENT QTR 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	16,819,940	16.5%	84,225	1,029,400	\$76.5	\$9.8	\$8.5	-0.9%	-4.1%
Wanchai / Causeway Bay	9,434,924	13.4%	-14,866	1,160,400	\$45.3	\$5.8	\$5.0	-1.7%	-3.7%
Greater Tsimshatsui	10,073,414	13.0%	23,122	2,582,400	\$42.2	\$5.4	\$4.7	-0.1%	-0.9%
CORE AREA TOTALS	36,328,279	14.7%	92,480	4,772,200	\$58.9	\$7.5	\$6.5	-0.8%	-3.2%
Hong Kong East	9,430,396	18.1%	81,388	-	\$32.6	\$4.2	\$3.6	-2.2%	-5.3%
Hong Kong South	2,761,041	25.8%	5,431	238,400	\$22.5	\$2.9	\$2.5	-0.4%	-7.2%
Kowloon East	17,422,108	25.2%	-77,389	187,500	\$23.6	\$3.0	\$2.6	-1.8%	-4.2%
Kowloon West	5,556,372	29.2%	-30,502	-	\$28.6	\$3.6	\$3.2	-0.3%	-1.3%
NON-CORE AREA TOTALS	35,169,916	24.0%	-21,073	425,900	\$26.8	\$3.4	\$3.0	-1.6%	-4.3%
OVERALL TOTAL	71,498,195	19.3%	71,408	5,198,100	\$43.5	\$5.5	\$4.8	-1.0%	-3.4%

\*Exchange Rate: 1USD = 0.8669 EUR 7.8498 HKD (as of 16 Jun, 2025)  
\*\*All areas presented are on NFA bases  
\*\*\* Covers planned and under construction projects (2025-29)

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SF (NFA)	TYPE
Site 3, Central, Phase 1	Greater Central	Jane Street Asia	207,400	Expansion
Devon House	Hong Kong East	FWD Life Insurance	107,000	Expansion & Relocation
Lee Garden One / Lee Garden Two	Wanchai / Causeway Bay	The Hong Kong Jockey Club	40,700	Relocation
One Causeway Bay	Wanchai / Causeway Bay	Cathay United Bank	38,800	Expansion
AIRSIDE	Kowloon East	OKBL Technology	25,900	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
One Causeway Bay	Wanchai / Causeway Bay	Mandarin Oriental / Hongkong Land	410,400	2025
Lee Garden Eight	Wanchai / Causeway Bay	Hysan / Chinachem	750,000	2026
Artist Square Towers	Greater Tsimshatsui	Sun Hung Kai Properties	470,400	2027
Site 3, Central, Phase 1	Greater Central	Henderson	310,300	2027

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