MARKETBEAT
HONG KONG
CAPITAL MARKETS Q3 2025

CUSHMAN & WAKEFIELD
戴德梁行

MARKET FUNDAMENTALS

	Y-o-Y Chg
21.5B[1] YTD Investment Volume (HKD)	+5.0%
8,320 Office Capital Value (HKD/sf)	-23.7%
3.40% Office Gross Yield	+37bps

[1] Data as of 30 Sep 2025
Source: Cushman & Wakefield Research

ECONOMIC INDICATORS Q3 2025

	YOY Chg	Outlook
3.1% GDP growth (Q2 2025)	▲	▲
1.1% CPI Growth[2] Aug 2025	▲	▲
4.16% 10-year government bond rate (U.S.) (Sep 2025)	▲	▼

[2] Composite CPI, non-seasonally adjusted
Source: Hong Kong Census and Statistics Department; U.S. Department of Treasury; Moody's Analytics

INVESTMENT MARKET SENTIMENT STRENGTHENS SLIGHTLY IN Q3

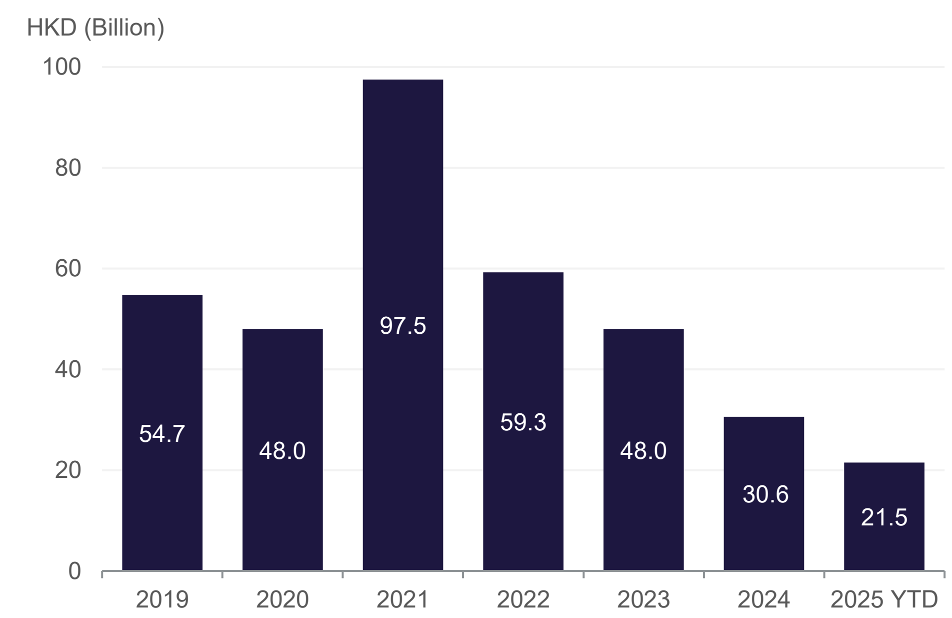
Real estate investment sentiment in Hong Kong showed signs of recovery in Q3 2025, supported by gradual interest rate cuts and attractive pricing across property sectors. Total large-sized (>HK$100 million) non-residential transaction volume for the quarter reached HK$8.9 billion, representing an 17.5% increase q-o-q. In terms of deal count, 27 transactions were concluded in Q3, surpassing the combined total of 20 deals recorded in 1H 2025. However, despite the pickup in activity, ample stock remains available in the market, and this will continue to weigh on asset prices in the near term.

RISING REAL ESTATE DEMAND FROM THE EDUCATION SECTOR

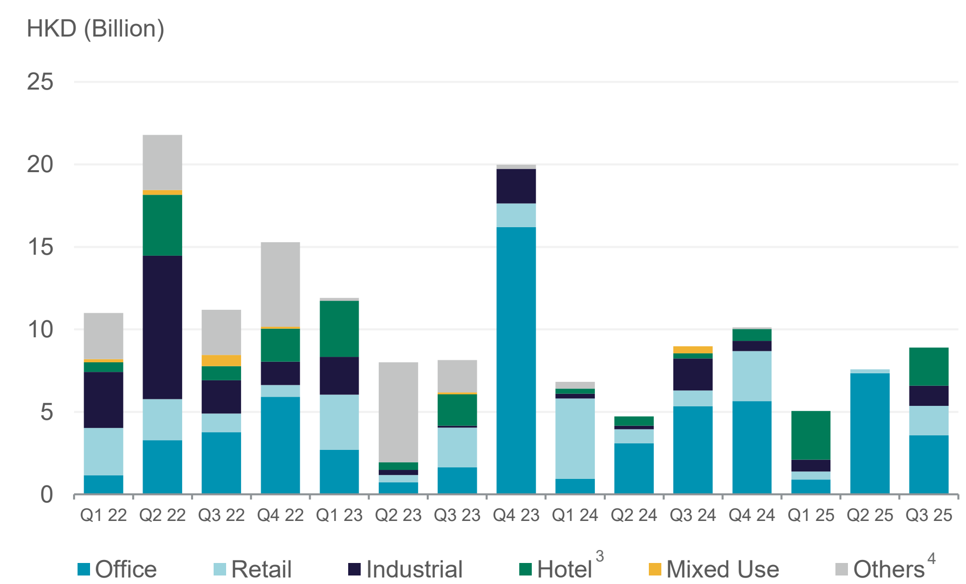
Eight office sector transactions were concluded in Q3, accounting for 40% of the quarter's total investment consideration. The weaker pricing level has made this sector attractive to end-users and long-term investors, with at least 60% of transactions completed by end-users. One such was Meitu's co-founder's purchase of an under-construction office project at 20-28 Cannon Street in Causeway Bay for HK$750 million, marking the investor's second office purchase this year for the development of crypto, AI and Web3 businesses. Dongwu Securities also bought an en-bloc office building at 122-126 Queen's Road Central for HK$1 billion, potentially reserving the property for self-use and establishing a flagship presence in the CBD. Other acquisitions by end-users included the Employees Retraining Board buying six floors at First Group Centre in Kowloon Bay for HK$478 million, The Law Society of Hong Kong purchasing a floor at The Center for HK$345 million, and AIRLAND acquiring an office floor at Four Seas Group Centre in Kwun Tong for HK$126 million. The remaining three office transactions in Q3 were all located in Central, indicating that investors remain interested in prime office assets when pricing becomes attractive.

In the hotel / rental housing sector, seven transactions comprised 26% of Q3 investment volume. The government is strongly promoting development of an international education hub and global talent attraction, meaning that properties with good conversion potential into student accommodation, co-living spaces, or serviced apartments are highly sought-after due to expected market demand. Of the seven deals, four are slated for conversion to student housing, comprising Hotel Ease Mong Kok, acquired by Wang On and Angelo Gordon at a price of HK$435 million; Bonham Residence in Mid-Levels west bought by Centaline Investment for HK$335 million; the Henry hotel in Sai Ying Pun transacted at HK$185 million; and Kum Lum Building in Mongkok at HK$108 million.

OVERALL INVESTMENT VOLUME



INVESTMENT VOLUME BY SECTOR



[3] "Hotel" category includes investment for co-living and rental apartments;
[4] "Others" category covers carparks and private sites for development or conversion purpose
Source: EPRC; Media articles; HKEx; Cushman & Wakefield Research

All four of the planned student housing properties are strategically located near university campuses. Existing co-living and serviced apartment assets were also in demand during the quarter. The CHI 138 in Wanchai and THE NATE properties were acquired at HK$550 million and HK$272 million, respectively. A local investor also acquired The Connaught hotel in Sai Ying Pun for HK$410 million.

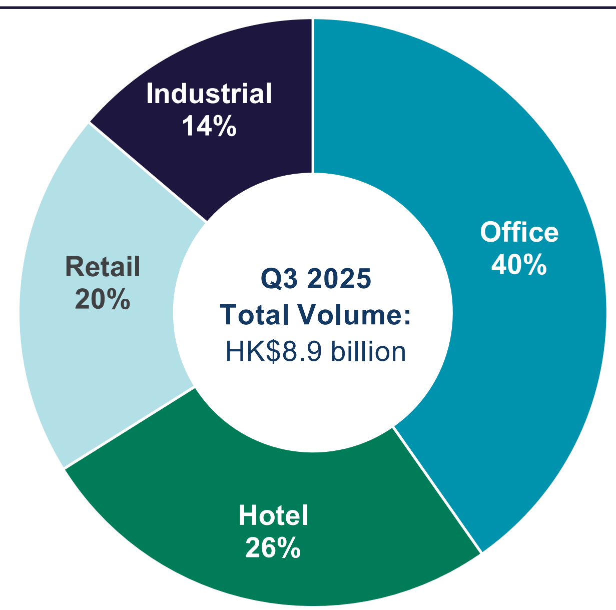
In the retail sector, ten transactions accounted for 20% of total investment consideration in Q3. Under the government's initiatives to promote the "Study in Hong Kong" brand, education institutions have emerged as key demand drivers of the investment market, actively pursuing acquisition opportunities amid softer prices. The Hong Kong University of Science and Technology acquired the fourth floor at United Centre in Admiralty, an area occupied by Metropol Restaurant for more then three decades, for more than HK$354 million, with plans to convert the space into MBA program teaching facilities. Similarly, Lingnan University purchased the retail arcade of T Plus in Tuen Mun, near its campus, for HK$120 million, intending to repurpose the space into classrooms. Other retail acquisition transactions in Q3 were all completed by local investors, including the ground-floor retail space at Capital Centre at HK$260 million, a basket of ground-floor shops at THF (Tsuen Wan) Centre at HK$260 million, and a retail portfolio at Mei foo Sun Chuen at HK$188 million. These deals demonstrate that retail assets with stable rental returns and attractive pricing are still favored by long-term investors.

The two industrial sector transactions in Q3 took a 14% share of the quarter's total investment volume. An industrial and warehouse portfolio at 4-6 Tsing Tim Street in Tsing Yi was reported to be acquired by Uni-China Group and its investment partner at a cost of HK$750 million. Furthermore, Maykong Godown, a three-storey warehouse in Tsuen Wan, was bought by Billion Development for HK$476 million, for expanding the company's land bank.

STRONG GROWTH POTENTIAL IN STUDENT HOUSING SECTOR

Following the launch of the *Hostels in the City Scheme* by the government in July, which facilitates the conversion of existing commercial buildings into student housing by relaxing the need for rezoning and allowing the retention of exempted gross floor area (GFA), the government announced in its latest Policy Address that the Scheme will further expand to also cover newly built student hostels. These policy enhancements are expected to encourage greater participation from the private sector, and to continue to attract cash-rich investors seeking opportunities in this resilient and increasingly promising segment of the property market.

Q3 2025 TRANSACTIONS BY SECTORS

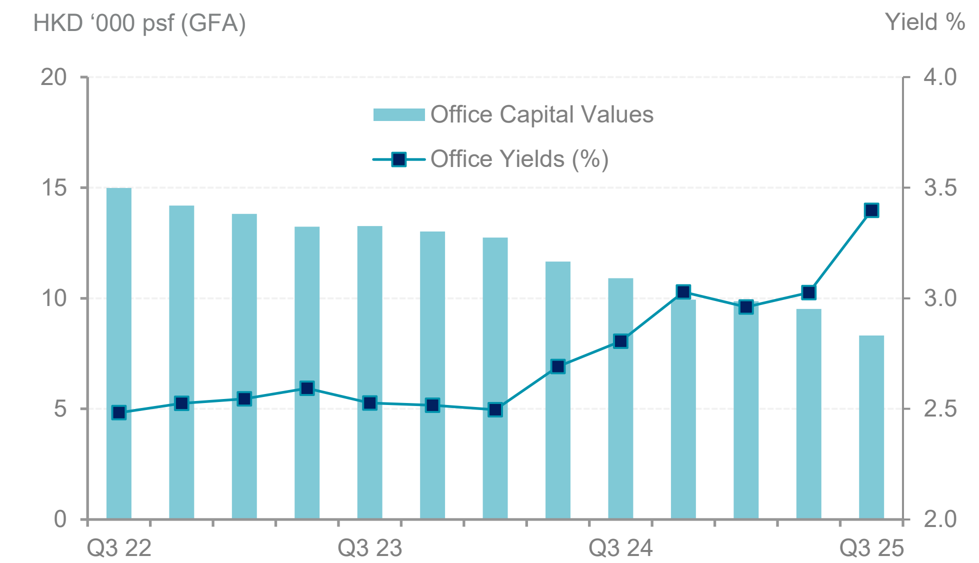


Q3 2025 KEY INVESTMENT TRANSACTIONS

PROPERTY	LOCATION	PURCHASER	VENDOR	SECTOR	PRICE (HKD MN)
122-126 Queen's Road Central (En-bloc)	Central	Dongwu Securities	Tai Hung Fai	Office	1,000
20-28 Cannon Street (Office project)	Causeway Bay	Meitu Co-founder	Winland Group	Office	750
4-6 Tsing Tim Street (En-bloc)	Tsing Yi	Uni-China, Brookfield	Swire Properties	Industrial	750
CHI 138 (En-bloc)	Wanchai	Local Investor	CHI Residences	Hotel	550
Multiple Office Floors, First Group Centre	Kowloon Bay	Employees Retraining Board	First Group	Office	478

Source: EPRC; Media articles; HKEx; Cushman & Wakefield Research

OFFICE CAPITAL VALUE AND GROSS YIELD



ROSANNA TANG
Executive Director,
Head of Research, Hong Kong
27th Floor, One Island East,
Taikoo Place, 18 Westlands Road, Quarry Bay
Tel: +852 2956 7021
rosanna.tang@cushwake.com

JULIA LAW
Manager, Research, Hong Kong
27th Floor, One Island East,
Taikoo Place, 18 Westlands Road, Quarry Bay
Tel: +852 2956 7042
julia.law@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).