

MARKET FUNDAMENTALS

	YOY Chg	Outlook
HK\$13.6 Prime warehouse Gross Effective Rent (PSF / month)	▼	▼
10.6% Prime warehouse vacancy rate	▲	▲

Source: Cushman & Wakefield Research

HONG KONG ECONOMIC INDICATORS Q3 2025

	YOY Chg	Outlook
3.1% GDP Growth (Q2 2025)	▲	▲
HK\$883B Total Export (Jul – Aug 2025)	▲	▼
HK\$942B Total Import (Jul – Aug 2025)	▲	▼
50.7 PMI (Aug 2025)	▲	▲

Source: Hong Kong Census and Statistics Department, Moody Analytics

MARKET SENTIMENT DAMPENED BY U.S. TARIFF POLICIES

Hong Kong's total imports and exports surged by 14% y-o-y in the two months of July and August combined, on the back of enhanced trade relations with different markets. The S&P Manufacturing Purchasing Managers' Index (PMI) also edged up to 50.7 in August. However, ongoing uncertainties surrounding global trading and U.S. tariff policies continued to cast a shadow over Hong Kong's logistics sector. In turn, logistics operators and warehouse occupiers have adopted a more cost-cautious approach, resulting in a relatively subdued leasing market.

Most new lease transactions in the Q3 period were driven by consolidation or cost-saving relocations. Notable deals included SF Supply Chain's relocation from Tsing Yi to Cainiao Smart Gateway at Chek Lap Kok, committing to 95,500 sf. In Kwai Chung, 3PL Hot-Line Transport leased 57,500 sf at Hutchison Logistics Centre, relocating from a tin-shed warehouse in the Northern New Territories.

Hong Kong's approval as a delivery point for the London Metal Exchange (LME) means the logistics market has begun to see emerging demand for metal storage, although this still represents a small portion of total transactions. One such transaction was GKE Metal Group's lease of 10,000 sf in a Cheung Sha Wan warehouse, with an additional 30,000 sq ft considered for expansion.

VACANCY RATE HITS HIGHEST LEVEL SINCE COVID-19

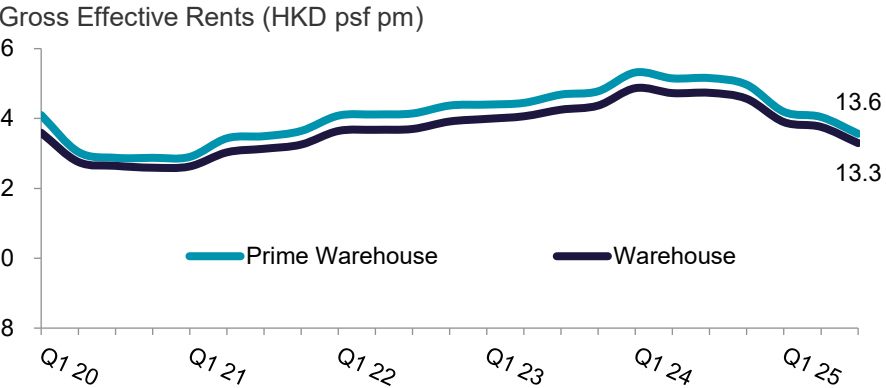
Despite no new supply being completed in Q3 2025, overall sluggish market demand led some logistics players to relinquish warehouse space. As a result, the overall prime warehouse vacancy rate rose notably to 10.6% in Q3, from 8.3% in Q2, adding approximately 800,000 sf of vacant stock to the market. Vacancy in prime warehouses in the New Territories also moved up, to 16.9%.

In response to softer market sentiment, landlords have become more flexible, offering incentives and attractive rental package to retain and attract tenants. Hence, the overall average prime warehouse rental level dropped by 3.4% q-o-q in Q3, marking the fourth consecutive quarterly decline, bringing the YTD rental adjustment to -9.4%.

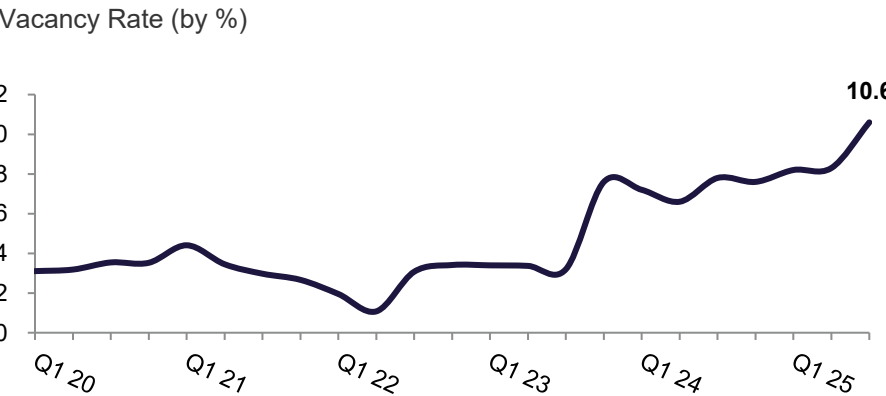
PRIME WAREHOUSE RENT FORECAST TO DECLINE BY 10% IN 2025

Looking ahead, persistent uncertainties surrounding U.S. trading policy are expected to continue to weigh on the near-term outlook for global trade flows. This will likely prompt multinational companies to reassess their supply chain strategies and business planning. Prime warehouse rents are expected to face further downward pressure in the coming quarters, with a projected y-o-y rental decline of around 10% for the full year of 2025.

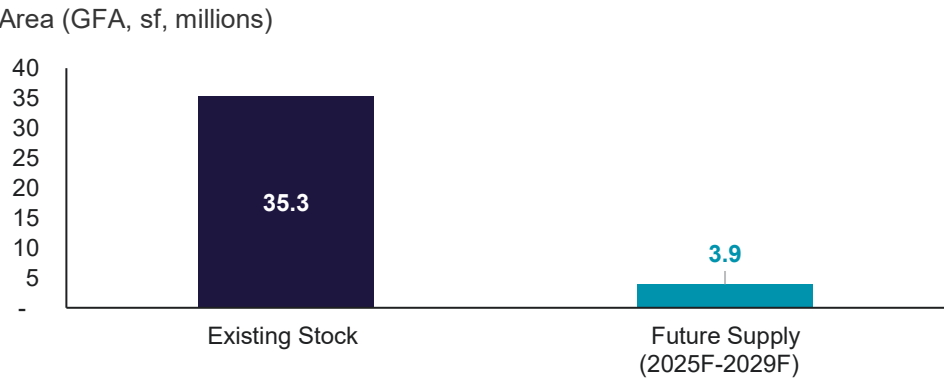
Overall and Prime Warehouse Rents



Prime Warehouse Vacancy (%)



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



PRIME WAREHOUSE RENTS Q3 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	€1.7	---	-5.7%	▼
Kowloon	\$14.0	\$1.8	€1.5	-4.2%	-12.0%	▼
New Territories	\$12.4	\$1.6	€1.3	-1.6%	-2.5%	▼
HONG KONG AVERAGE	\$13.6	\$1.7	€1.5	-3.4%	-9.4%	▼

Exchange Rate: 1USD = 0.8439 EUR = 7.7771HKD (as of Sep 17, 2025)

PRIME WAREHOUSE VACANCY RATE Q3 2025

	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025
Hong Kong Island	2.0%	2.0%	2.0%	2.0%	2.0%
Kowloon	3.5%	3.5%	5.1%	5.7%	7.9%
New Territories	17.6%	16.9%	15.2%	14.5%	16.9%
HONG KONG AVERAGE	7.8%	7.6%	8.2%	8.3%	10.6%

KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	TENANT	SECTOR	SF (GFA)	Type
Hutchison Logistics Centre	Kwai Chung	Wealth Sun Logistics	3PL	100,000	New Lease
Cainiao Smart Gateway	Chek Lap Kok	SF Supply Chain	3PL	95,500	New Lease
Hutchison Logistics Centre	Kwai Chung	Hot-line Transport	3PL	57,500	New Lease
ATL Logistics Centre Block A	Kwai Chung	Etak Logistics	Cold Storage	48,000	New Lease
Goodman Tuen Mun Distribution Centre Block 2	Tuen Mun	Kwai Bon Transportation	3PL	28,500	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

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