

MARKET FUNDAMENTALS

30,000

Median HH Income (HKD)

YOY Chg

Outlook

3.7%¹

Unemployment Rate
(Jun – Aug 2025)

YOY Chg

Outlook

12.4%²

Tourist Arrival Growth

YOY Chg

Outlook

¹ Three-month moving average, seasonally adjusted

² The figure refers to Jan – Aug 2025 combined

ECONOMIC INDICATORS

3.1%

GDP Growth (Q2 2025)

YOY Chg

Outlook

2.8%

Retail Sales Growth³

YOY Chg

Outlook

1.1%

CPI Growth⁴ (Aug 2025)

YOY Chg

Outlook

2.9%

Private Consumption
Expenditure Growth
(Q2 2025)

YOY Chg

Outlook

³ The figure refers to the Jul – Aug of Q3 2025

⁴ Composite CPI, non-seasonally adjusted

Source: Hong Kong Census and Statistics Department, Hong Kong Tourism Board, Moody's Analytics

RETAIL SALES SHOW SIGNS OF STABILIZATION

Hong Kong’s overall retail sales experienced some stabilization in the first two months of Q3, with an uptick of 2.8% y-o-y through July and August. In August alone, retail sales grew by 3.8% y-o-y, marking the fourth consecutive month of growth and suggesting the beginnings of a turnaround from the previously sluggish performance. The buoyant stock market and the government’s continuous proactive efforts in promoting tourism have provided support to more stable local consumption and growing tourist arrivals, bolstering overall retail market sentiment. As a result, the city’s overall retail sales for the January to August 2025 period saw a narrower y-o-y decline of 1.9% to record HK\$245.1 billion.

OVERALL VACANCY RATE REVERTS TO DOWNWARDS TREND

Retail leasing activities in the Q3 period were most active in the Causeway Bay and Mongkok districts, supported by strong tourist footfall and attractive rental levels. In Causeway Bay, local pharmacy chain Yu Cheng expanded to Russell Street with a multi-floor retail space of more than 4,800 sf. International athleisure brand Skechers also committed to a 760 sf store on Russell Street, previously occupied by luxury Swiss watchmaker Patek Philippe. Skechers will potentially forgo its existing flagship store on nearby Kai Chiu Road. In Mongkok, Chief Securities, a local brokerage and securities services chain, opened a 850 sf store on Sai Yeung Choi Street South to grow its customer base. Hong Kong-based handmade cookie chain PIN Cookies also signed a new ground-floor store lease of 480 sf on the same street. Elsewhere, in Central district, Japan-based luxury handbag reseller Ginza Xiaoma committed to a 2,660 sf retail space at Pacific House on Queen’s Road Central, upgrading and relocating from a commercial building to a high-street store amid the attractive rental levels.

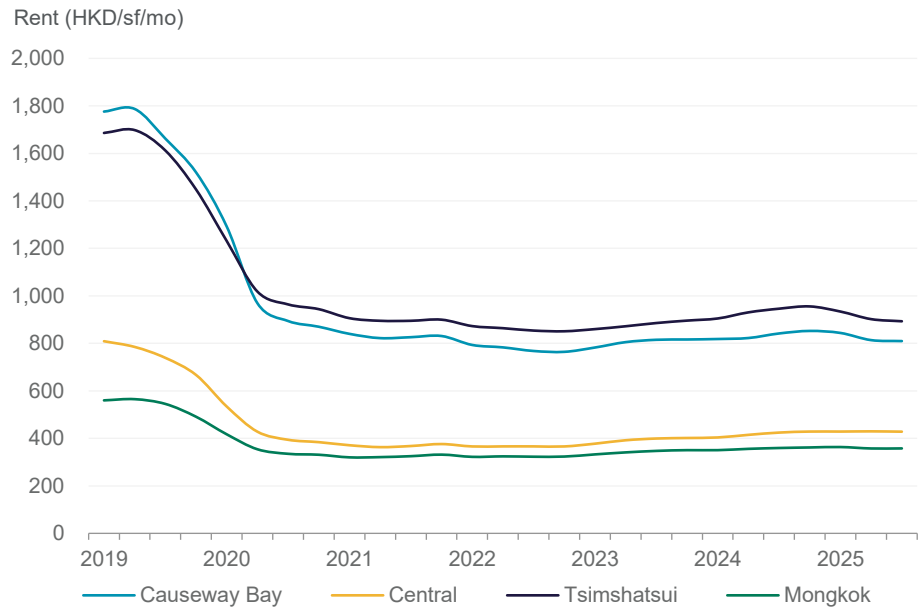
As a result of such activity the overall high street vacancy rate across the four core districts fell to 8.3% in Q3 from 9.7% in Q2. Vacancy rates in Causeway Bay and Mongkok dropped to 7.9% and 5.3%, respectively, while Central and Tsimshatsui rose slightly to 10.0% and 10.6%, respectively.

As for high street rental levels, Causeway Bay, Central and Tsimshatsui recorded q-o-q declines within a 1% range, while Mongkok edged up 0.1% q-o-q. Given sustained leasing momentum in core districts, coupled with landlords’ more pragmatic attitudes, overall high street rents are expected to gradually stabilize. Our full-year 2025 forecast is now for the overall rental level to decline in the range of 1% to 2%. Regarding F&B rents, fluctuations across districts were within ±1% in Q3, although overall leasing activity in the sector was relatively subdued, suggesting room for negotiation in the near term.

FURTHER INTERNATIONAL BRAND EXPANSION

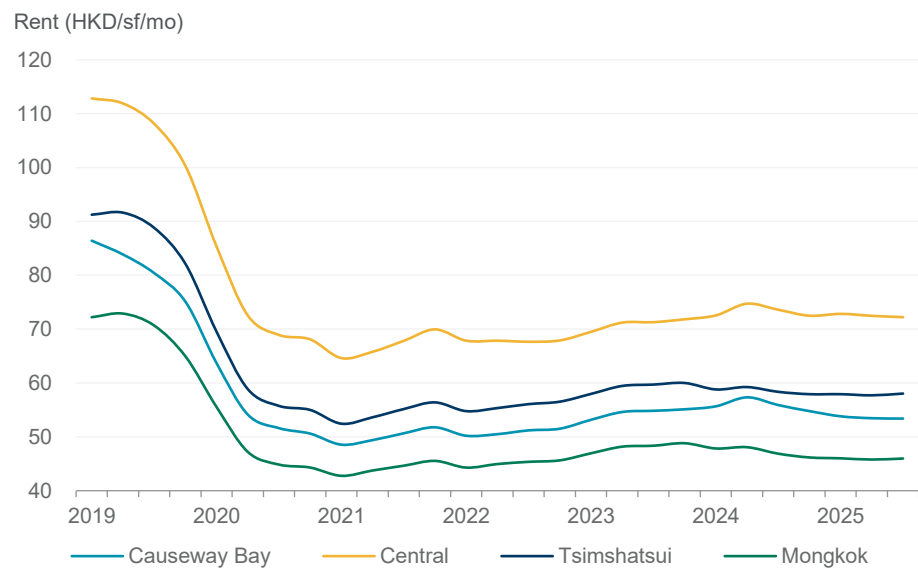
During the first nine months of 2025, Cushman & Wakefield recorded at least 91 non-local brands setting up first permanent stores in Hong Kong, of which about 60% chose their first location in the four core retail districts. More than 40% of these brands originate from Asia-Pacific, with around 39% from the Chinese mainland, reaffirming Hong Kong as a favored destination for both international and China brands. Notably, we have received increasing enquiries on available high street retail spaces in Causeway Bay, which has formed a vibrant cluster with new fashion brands and bakeries popular with young consumers and tourists. Given limited stock, we anticipate that rents in the district will soon bottom out and then lead a rental level recovery.

HIGH STREET AVERAGE RENT



Source: Cushman & Wakefield Research

F&B AVERAGE RENT



Source: Cushman & Wakefield Research

HIGH STREET RENTS Q3 2025

	EFFECTIVE RENT			Q-O-Q CHANGE	2025 FORECAST
	HKD/SF/MO	US\$/SF/MO	EUR/SF/MO		
Causeway Bay	810	104	88	-0.5%	
Central	428	55	46	-0.3%	
Tsimshatsui	893	115	97	-1.0%	
Mongkok	358	46	39	0.1%	
HONG KONG AVERAGE	622	80	68	-0.6%	

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

HIGH STREET VACANCY RATE

	Q4 2024	Q1 2025	Q2 2025	Q3 2025
Causeway Bay	0.0%	5.3%	13.2%	7.9%
Central	8.6%	7.1%	8.6%	10.0%
Tsimshatsui	9.4%	9.4%	9.4%	10.6%
Mongkok	8.4%	8.4%	9.5%	5.3%
Overall	7.6%	8.0%	9.7%	8.3%

KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	DISTRICT	TENANT	SECTOR	SF (APPROX.)
G/F, 1/F, 2/F & 3/F, 22-24 Russell Street	Causeway Bay	Yu Cheng Pharmacy	Pharmacy	4,830
Shop 20B on G/F & B/F, Pacific House, 20-20B Queen's Road Central	Central	Ginza Xiaoma	Fashion & Accessories	2,660
G/F, 70 Sai Yeung Choi Street South	Mongkok	Chief Securities	Banking & Finance	850
Shop A on G/F, 50-52 Russell Street	Causeway Bay	Skechers	Athleisure	760
Shop D on G/F, Cheong Kee House, 4 Sai Yeung Choi Street South	Mongkok	Pin Cookies	F&B	480

Note:
Causeway Bay: Russell Street, Kai Chiu Road; Tsimshatsui: Canton Road, Haiphong Road; Central: Queen’s Road Central, Pedder Street; Mongkok: Sai Yeung Choi Street South, Argyle Street
Source: Cushman & Wakefield Research

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