

MARKET FUNDAMENTALS

40.6B¹

YTD Investment Volume (HKD)

Y-o-Y Chg

+32.6%

8,320

Office Capital Value (HKD/sf)

-16.3%

3.36%

Office Gross Yield

+33bps

¹ Data as of 31 Dec 2025

Source: Cushman & Wakefield Research

ECONOMIC INDICATORS

Q4 2025

3.8%

GDP growth (Q3 2025)

YOY Chg

▲

Outlook

▲

1.2%

CPI Growth² Nov 2025

▲

▲

4.18%

10-year government bond rate (U.S.) (Dec 2025)

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² Composite CPI, non-seasonally adjusted

Source: Hong Kong Census and Statistics Department; U.S. Department of Treasury; Moody's Analytics

TRANSACTION ACTIVITY PICKS UP IN Q4

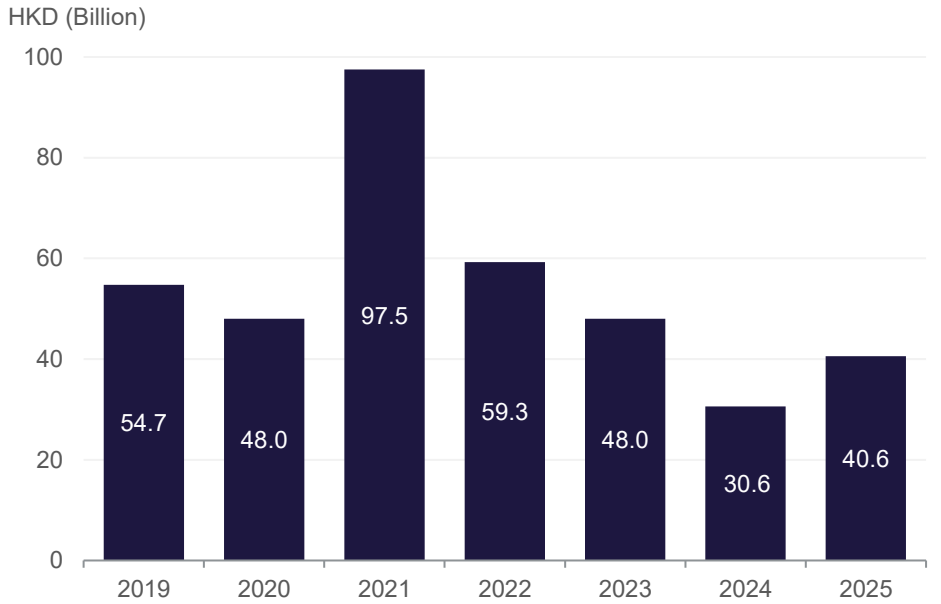
Real estate investment sentiment in Hong Kong continued to recover in Q4 2025 on the back of interest rate reductions and price corrections across property sectors. Total large-sized (>HK\$100 million) non-residential transaction volume for the quarter reached HK\$19.1 billion, jumping 115% q-o-q and 89% y-o-y, chiefly due to a handful of mega-sized transactions. End-user buyers and cash-rich investors continued to seek bottom-fishing opportunities in the market amid attractive pricing, including local and Chinese mainland capital — with the latter taking an approximately two-thirds share of Q4 total transaction volume by consideration.

LARGE-TICKET DEALS CENTERED ON END-USER DEMAND

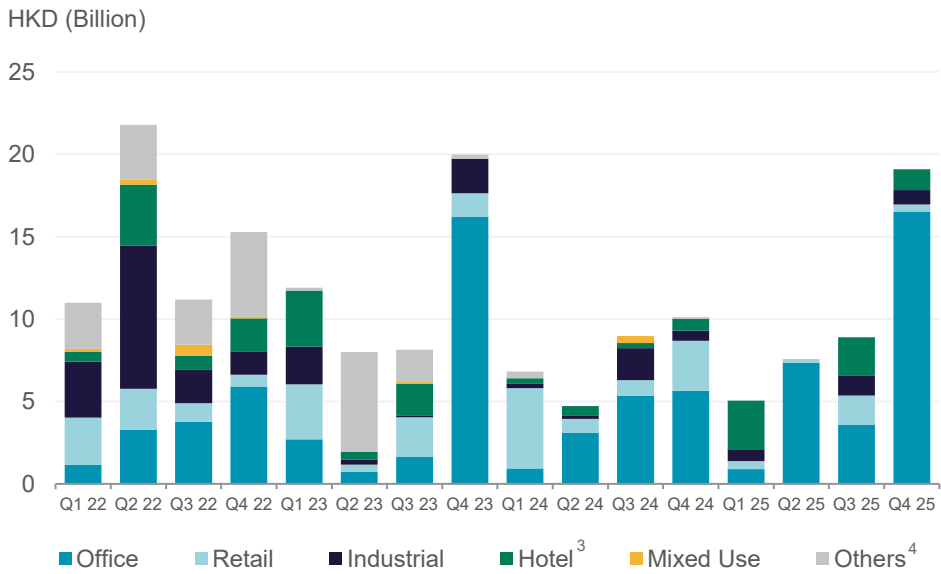
Thirteen office sector transactions were concluded in Q4, comprising 87% of the quarter's total investment consideration, led by several large-ticket self-use purchases. The headline transaction was the acquisition by Alibaba and Ant Group of multiple floors at One Causeway Bay for approximately HK\$7.2 billion for use as their Hong Kong headquarters, marking the city's most valuable CRE deal of 2025. This was followed by JD.com's acquisition of a half-stake in Central's CCB Tower from Lai Sun Group at nearly HK\$3.5 billion. These deals demonstrate Chinese mainland corporates' confidence in Hong Kong's business environment. Other notable self-use office property transactions comprised Mapletree Pan Asia Commercial Trust's disposal of the office portion of Festival Walk to the City University of Hong Kong at HK\$1.96 billion, OCBC Bank's purchase of the en-bloc office tower at 60 Gloucester Road for HK\$1.16 billion, and a local buyer's acquisition of an en-bloc office building at 1-2A Humphreys Avenue in Tsimshatsui for HK\$768 million. These top five transactions accounted for almost 90% of the office sector's total Q4 transaction consideration. Office property transactions taking the largest share of both investment consideration and deal count signals a strengthening market.

Six hotel / rental housing transactions in Q4 took a 7% share of the quarter's investment volume. Given the government's proactive efforts in establishing the *Study in Hong Kong* brand and launching the *Hostels in the City* scheme, student housing assets remained sought after, with five related transactions recorded in the quarter. A highlight was a local investor's HK\$340 million acquisition of The Bauhinia Hotel in Tsimshatsui, strategically located near PolyU. Chinese mainland investors have also started to engage in investment in the sector, with China Merchants Commercial REIT purchasing an en-bloc hotel situated at 2 Austin Avenue in Tsim Sha Tsui for HK\$206 million and Sino United Publishing

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

acquiring the Wifi Boutique Hotel in Wanchai for HK\$205 million. Also, China Marchants Land purchased an en-bloc housing asset on Chatham Road North in Hung Hom for HK\$140 million, and a Chinese mainland corporate bought the en-bloc property at 80 Kimberley Road for HK\$118 million. These assets are all planned for conversion to student accommodation. Finally in Q4, a local investor acquired the Ovolo Central property at a price of more than HK\$250 million.

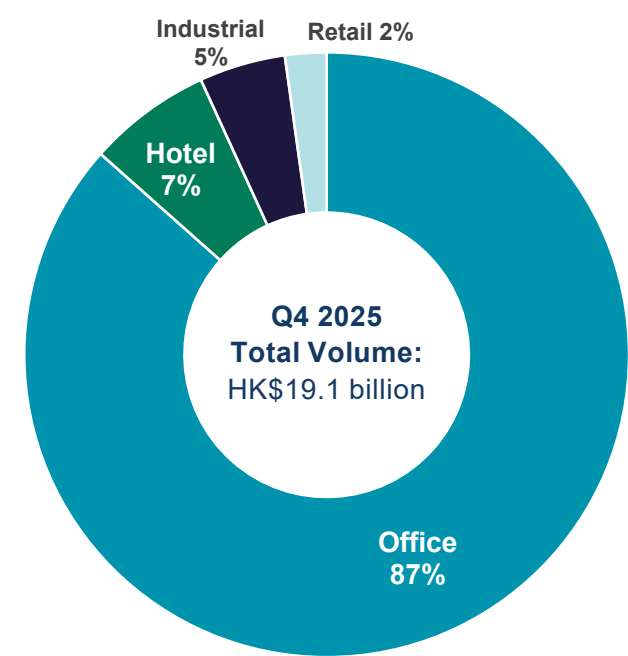
Two industrial sector transactions in Q4 accounted for 5% of total investment consideration in Q4. JEBN, a food product retailer, acquired the en-bloc industrial building “Big Orange” in Tai Wai for HK\$500 million, a move anticipated to support the firm’s growing warehousing capacity needs. In addition, a Chinese mainland corporate purchased the G2000 Warehouse Building in Fanling for HK\$380 million.

In the retail sector, three transactions were concluded during the quarter. These comprised McDonald’s disposal of two self-occupied shops in Sai Wan and Mongkok, SC Capital Partners’ sale of the retail portion of the Lee Kee Building in Kowloon Bay, and a local investor’s purchase of an upper-floor shop at Roca Centre Arcade in North Point, all offering stable rental returns.

STUDENT HOUSING SECTOR TO REMAIN SOUGHT AFTER

Looking ahead, supported by strong fundamentals, resilient demand and stable rental incomes, student housing and rental housing assets are expected to remain highly attractive in the market. In particular, two-and three-star hotels and other assets with strong conversion potential will likely be the most sought after by investors. Additionally, we believe investors will continue to pursue assets that provide stable rental returns. End-users are also expected to remain active in seeking attractively priced office premises as capital value have softened. Coupled with the anticipated pick up of en-bloc and large-scale sales in the near term, total investment volume is projected to remain stable at approximately HK\$40 billion in 2026, primarily driven by local and Chinese mainland capital.

Q4 2025 TRANSACTIONS BY SECTORS

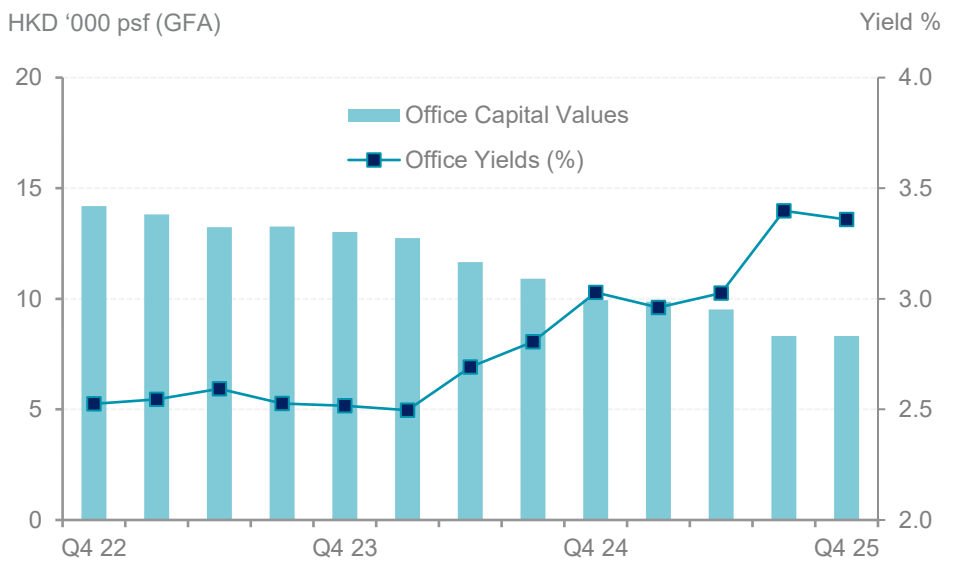


Source: EPRC; Media articles; HKEx; Cushman & Wakefield Research

Q4 2025 KEY INVESTMENT TRANSACTIONS

PROPERTY	LOCATION	PURCHASER	VENDOR	SECTOR	PRICE (HKD MN)
One Causeway Bay (Top 13 floors)	Causeway Bay	Alibaba, Ant Group	Mandarin Oriental	Office	7,200
CCB Tower (50% Stake)	Central	JD.com	Lai Sun	Office	3,498
Festival Walk Tower (En-bloc)	Kowloon Tong	City University of Hong Kong	MPACT	Office	1,960
60 Gloucester Road (En-bloc)	Wanchai	OCBC Bank	Emperor Group	Office	1,160
1-2A Humphreys Avenue (En-bloc)	Tsimshatsui	Local Investor	Local Investor	Office	768

OFFICE CAPITAL VALUE AND GROSS YIELD



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