

MARKET SUBDUE DESPITE POSITIVE MACROECONOMIC SIGNALS

Hong Kong's overall logistics leasing market remained subdued in Q4, despite the relative easing of external trade tensions and sustained growth in the city's total trade performance. For the first eleven months of 2025, both total imports and exports climbed by 14% y-o-y, primarily driven by demand for electrical equipment, machinery, and mechanical appliances, which all sustained strong growth. The S&P Global Hong Kong Purchasing Managers' Index (PMI) moved up to 52.9 in November.

VACANCY CLIMBS FURTHER, HITTING A POST-COVID RECORD HIGH

Local warehouse space demand has softened as logistics operators have turned cautious amid economic uncertainties, while retailers have also consolidated storage space to cut costs. Consequently, the overall prime warehouse vacancy rate rose by 0.8 percentage points to 11.2% in Q4, the highest level since the COVID-19 outbreak in 2020.

The elevated vacancy rate spurred warehouse landlords to reduce asking rents and extend greater incentives to remain competitive. In turn, the overall prime warehouse rental level retreated by a further 3.4% q-o-q and 12.5% y-o-y in Q4 to HK\$13.1 per sq ft per month, the lowest level since Q3 2021.

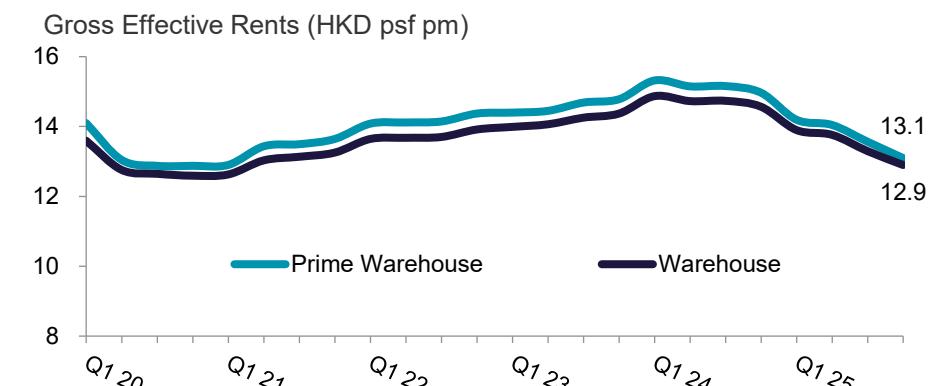
Among Q4 new leases, notable deals included Iron Mountain's 322,400 sq ft lease of the en-bloc Goodman Yuen Long Logistics Centre, encompassing both renewal and a new lease. As well, third-party logistics operator SJ Logistics leased the 123,600 sq ft en-bloc G2000 Warehouse Building in Fanling, while automobile dealer Blackbird Concessionaires secured 21,000 sq ft at Goodman Global Gateway in Tseun Wan.

PRIME WAREHOUSE RENT FORECAST TO DECLINE BY 7% IN 2026

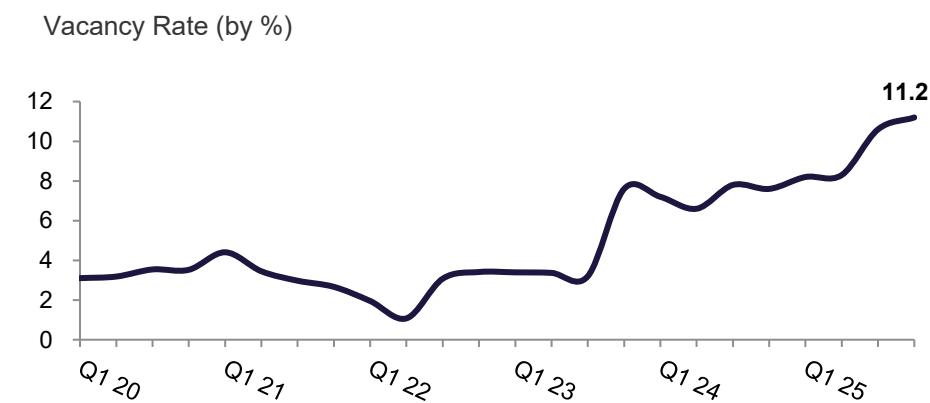
Looking ahead, despite the expected positive performance of total trade, occupiers will likely stay cautious, prioritizing cost efficiencies and operational resilience amid global supply chain disruptions. Leasing activity will likely focus on consolidation and cost-saving strategies rather than expansion, although demand from sectors such as e-commerce and high-value goods distribution is anticipated to show resilience. However, high warehouse vacancy, coupled with cautious leasing strategies, will weigh on prime warehouse rents, with a projected -7% y-o-y rental decline for 2026.

On the positive side, several recommendations related to Hong Kong's logistics development are outlined in China's new 15th Five-Year-Plan, including leveraging Hong Kong's distinctive advantages of combining strong support from the Chinese mainland with close global connections, and enhancing Hong Kong's status as an international shipping center. These factors will support Hong Kong's development as a key logistics hub in the long term perspective.

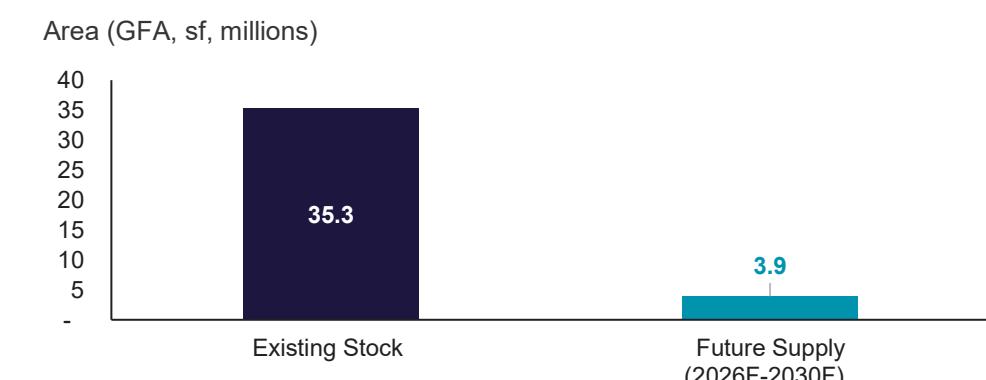
Overall and Prime Warehouse Rents



Prime Warehouse Vacancy (%)



Existing Stock and Future Supply (2026F-2030F)



PRIME WAREHOUSE RENTS Q4 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	\$13.5	\$1.7	€1.5	-3.8%	-15.3%	▼
New Territories	\$12.1	\$1.6	€1.3	-2.8%	-5.3%	▼
HONG KONG AVERAGE	\$13.1	\$1.7	€1.4	-3.4%	-12.5%	▼

Exchange Rate: 1USD = 0.8516 EUR = 7.784HKD (as of Dec 15, 2025)

PRIME WAREHOUSE VACANCY RATE Q4 2025

	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Hong Kong Island	2.0%	2.0%	2.0%	2.0%	2.0%
Kowloon	3.5%	5.1%	5.7%	7.9%	9.3%
New Territories	16.9%	15.2%	14.5%	16.9%	16.0%
HONG KONG AVERAGE	7.6%	8.2%	8.3%	10.6%	11.2%

KEY LEASING TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	TENANT	SECTOR	SF (GFA)	Type
Goodman Yuen Long Logistics Centre	Yuen Long	Iron Mountain HK	TMT	322,400	New Lease & Renewal
G2000 Warehouse Building	Fanling	SJ Logistics	3PL	123,600	New Lease
Goodman Global Gateway	Tsuen Wan	Blackbird Concessionaires Ltd	Automobile	21,000	New Lease
Goodman Western Plaza	Tuen Mun	OM Logistics	3PL	106,000	Renewal
ATL Logistics Centre Block B	Kwai Chung	Parisi Grand Smooth Logistics Ltd	3PL	41,800	Renewal

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