

MARKET FUNDAMENTALS

	YOY Chg	Outlook
30,000 Median HH Income (HKD)	<div></div>	<div></div>
3.8% ¹ Unemployment Rate (Sep – Nov 2025)	<div></div>	<div></div>
12.4% ² Tourist Arrival Growth	<div></div>	<div></div>
¹ Three-month moving average, seasonally adjusted ² The figure refers to Jan – Nov 2025 combined		

ECONOMIC INDICATORS

	YOY Chg	Outlook
3.8% GDP Growth (Q3 2025)	<div></div>	<div></div>
6.7% Retail Sales Growth ³	<div></div>	<div></div>
1.2% CPI Growth ⁴ (Nov 2025)	<div></div>	<div></div>
3.5% Private Consumption Expenditure Growth (Q3 2025)	<div></div>	<div></div>
³ The figure refers to the Oct – Nov of Q4 2025 ⁴ Composite CPI, non-seasonally adjusted		

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

OVERALL RETAIL SALES CONTINUE TO STRENGTHEN

Sustained growth in visitor arrivals and steadier local consumption sentiment supported a continued pick up in Hong Kong retail sales in Q4, enabling citywide overall retail sales to record y-o-y growth for seven consecutive months since May. Through October and November, retail sales climbed by 6.7% y-o-y, with growth recorded across most retail sectors. Total retail sales for the January to November 2025 period reached HK\$345.4 billion, with the y-o-y change turning slightly positive at 0.4%.

HIGH STREET VACANCY RATES HIT POST-PANDEMIC LOW

The overall high street vacancy rate dropped further to 5.9% in Q4, from 8.3% in Q3, marking the lowest level since the pandemic. Central submarket stood out with the strongest leasing momentum, with vacancy falling significantly to 4.3% from 10.0% in Q3, supported by several large-sized deals. Notable Q4 transactions included OCBC Bank's lease of a 7,490 sq ft multi-floor retail space on Queen's Road Central, expanding its presence in the strategic core location. On the same street, Futu Securities leased a 970 sq ft multi-floor retail space, while Orogold committed to a 730 sq ft ground floor space. Also in Central district, French fashion label Lacoste has committed to opening a new Hong Kong flagship store in the Pedder Building.

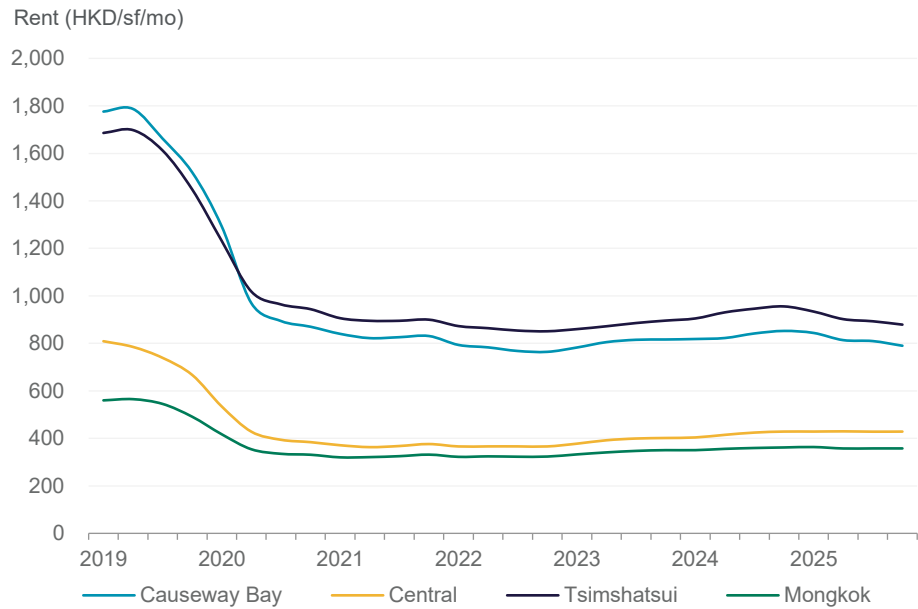
Leasing activity was also strong in Causeway Bay, pulling the district's vacancy rate down to 2.6% in Q4 from 7.9% in Q3. On Russell Street, Longbridge Securities expanded into a prominent multi-floor corner store, further strengthening its market presence within the retail cluster, and highlighting securities firms' growth beyond online operations and into physical outlets. Other transactions in the district included Italian teen fashion brand Subdued's first Hong Kong store, at more than 3,000 sq ft, on Kai Chiu Road. A local fashion chain also took a 950 sq ft store on the same road during the quarter. Elsewhere, vacancy in Tsimshatsui fell to 8.3%, supported by jeweler Chow Tai Fook's 5,800 sq ft lease at Silvercord and a fashion retailer's store lease fronting Canton Road at 1881 Heritage. Vacancy in Mongkok rose mildly to reach 6.1% in Q4.

GENTLE RENTAL RECOVERY EXPECTED IN 2026

Backed by lower vacancy rates and relatively robust local consumption, high street retail rents in Central and Mongkok demonstrated resilience in Q4, edging up 0.1% and holding steady q-o-q, respectively. On the other hand, despite active leasing demand, retail rents in Causeway Bay and Tsimshatsui dropped by 2.4% and 1.6% q-o-q, respectively, due to the entry of affordable brands and landlords' more pragmatic negotiation approach. Regarding F&B sector performance, high availability of dining spaces continued to weigh on rents, with q-o-q declines recorded at 2.3% and 1.1% in Central and Causeway Bay, respectively. F&B rental levels in Tsimshatsui and Mongkok remained largely stable, supported by new leases for premium harbourview outlets and restaurant premises with fit outs.

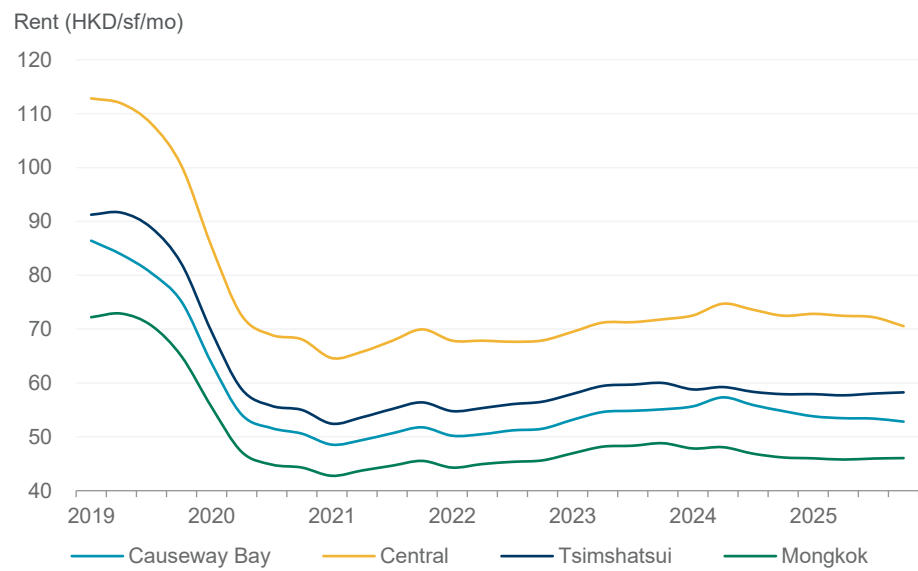
Looking ahead, some new tenants are now willing to commit to leases at rental levels comparable to previous leases, especially for those in prime retail streets with high footfall, demonstrating market confidence and anticipation of future rental recovery. We expect overall high street retail rents to rise by approximately 2% to 3% in 1H 2026, whereas F&B rents are likely to remain under pressure until more of the available F&B space is absorbed.

HIGH STREET AVERAGE RENT



Source: Cushman & Wakefield Research

F&B AVERAGE RENT



Source: Cushman & Wakefield Research

HIGH STREET RENTS Q4 2025

	EFFECTIVE RENT			Q-O-Q CHANGE	1H 2026 FORECAST
	HKD/SF/MO	US\$/SF/MO	EUR/SF/MO		
Causeway Bay	790	101	86	-2.4%	<div></div>
Central	429	55	47	0.1%	
Tsimshatsui	879	113	96	-1.6%	
Mongkok	358	46	39	0.0%	
HONG KONG AVERAGE	614	79	67	-1.3%	

Exchange Rate: 1USD = 0.8516EUR = 7.7839HKD (as of Dec 15, 2025)

HIGH STREET VACANCY RATE

	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Causeway Bay	5.3%	13.2%	7.9%	2.6%
Central	7.1%	8.6%	10.0%	4.3%
Tsimshatsui	9.4%	9.4%	10.6%	8.3%
Mongkok	8.4%	9.5%	5.3%	6.1%
Overall	8.0%	9.7%	8.3%	5.9%

KEY LEASE TRANSACTIONS Q4 2025

PROPERTY	DISTRICT	TENANT	SECTOR	SF (APPROX.)
G/F and 1-5/F, 35 Queen's Road Central	Central	OCBC Bank	Banking & Finance	7,490
Multiple floors, 58 Russell Street & 73-75 Percival Street	Causeway Bay	Longbridge Securities	Banking & Finance	6,720
Shop G38D, G/F, Silvercord, 30 Canton Road	Tsimshatsui	Chow Tai Fook	Jewelry & Watches	5,800
G/F, Pedder Building, 12 Pedder Street	Central	Lacoste	Fashion & Accessories	3,580
G/F, 6 Kai Chiu Road and 1/F, 4-8 Kai Chiu Road	Causeway Bay	Subdued	Fashion & Accessories	3,300

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

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

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