

MARKET FUNDAMENTALS

13.7B¹
YTD Investment Volume (HKD) Y-o-Y Chg
+171%

8,320
Office Capital Value (HKD/sf) **-16%**

3.38%
Office Gross Yield **+2bps**

¹ Data as of 31 Mar 2026
Source: Cushman & Wakefield Research

ECONOMIC INDICATORS
Q1 2026

3.8% YOY Chg
▲ Outlook
▲
GDP growth (Q4 2025)

1.7% YOY Chg
▲ Outlook
▲
CPI Growth² Feb 2026

4.30% YOY Chg
▲ Outlook
▲
10-year government bond rate (U.S.) (Mar 2026)

² Composite CPI, non-seasonally adjusted
Source: Hong Kong Census and Statistics Department; U.S. Department of Treasury; Moody's Analytics

TRANSACTION ACTIVITY CONTINUES TO RECOVER

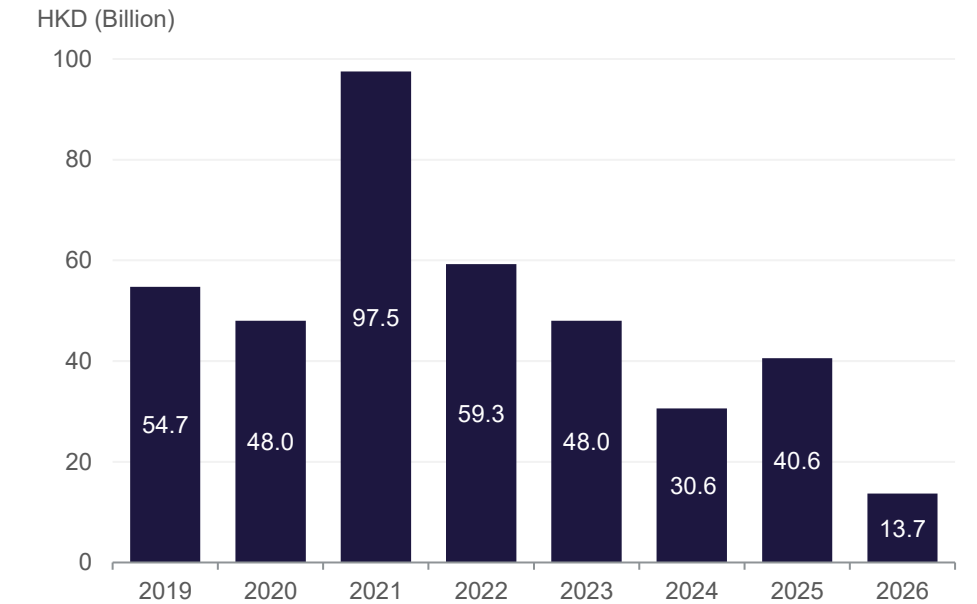
Hong Kong real estate investment sentiment continued to improve in Q1 2026, supported by lower financing costs and attractive pricing across property sectors. Total large-sized (>HK\$100 million) non-residential transaction volume for the quarter recorded HK\$13.7 billion, representing a 171% increase y-o-y, but a 28% q-o-q decline compared with the relatively high base in Q4 2025. Given expanding leasing demand in core districts and consolidating price levels, potential buyers are expediting acquisition decisions to capture opportunities before further market recovery. Local buyers, including end-users and long-term investors, remained the major driving force in the investment market, accounting for almost 80% of the total number of transactions.

OFFICE AND RENTAL HOUSING REMAIN MOST-TRADED ASSETS

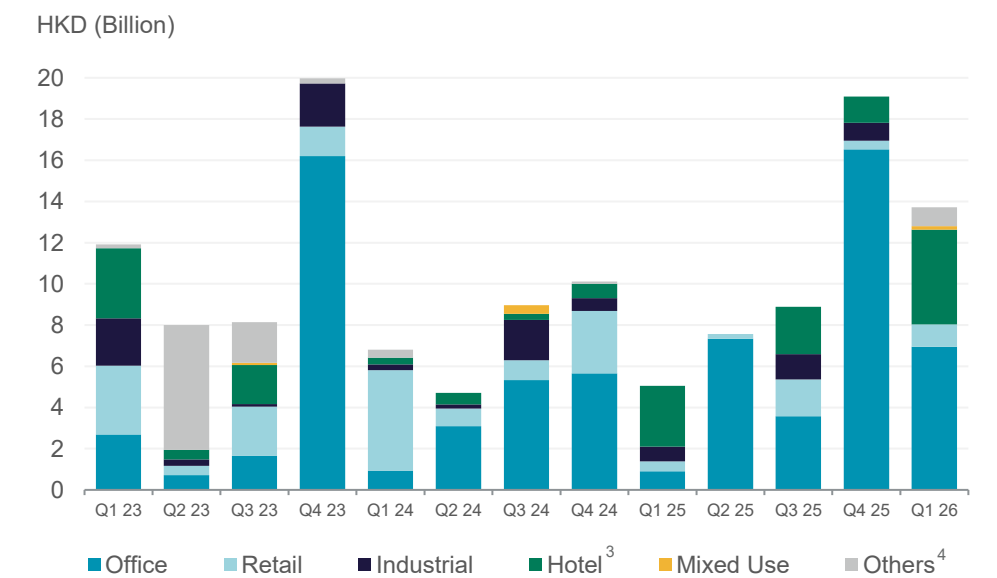
Eight office sector transactions were concluded in Q1, comprising 51% of the quarter's total investment consideration. The University of Hong Kong's HK\$4 billion end-user acquisition of the en-bloc commercial development at 92-103A Connaught Road West in Sai Wan was the headline transaction in the quarter. The acquired asset is expected to be used as the university's teaching spaces, serving as part of the campus expansion. This also represents the largest acquisition by an education institution in recent years. This deal was followed by Dah Sing Bank's HK\$839 million purchase of 10 office floors and a ground-floor retail unit at Viva Place in Wong Chuk Hang from Viva Properties. The space will house the bank's back-office operations. We can see that corporates continue to seek large-sized office portfolios for expansion and consolidation, with particular interest in brand-new, strategically located, and attractively-priced assets. The remaining six office transactions in the quarter were all acquired by long-term investors, with five of the assets located in core Hong Kong Island districts. They included the en-bloc 299 QRC in Sheung Wan, purchased by a local investor for around HK\$611 million; and the en-bloc 250 Hennessy Road in Wanchai, bought by a Chinese mainland investor for HK\$410 million.

The hotel / rental housing sector recorded nine transactions in Q1, accounting for 33% of the quarter's total investment volume. The ongoing demand-supply imbalance of student beds has continued to attract investors seeking suitable properties for conversion into student accommodation, with at least five of the transactions in the quarter acquired for such purposes. Notable deals included Regal REIT's sale of the Regal Oriental Hotel in Kowloon City to Centaline Investment for more than HK\$1.5 billion.

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

Additionally in the sector, China Resources Longdation acquired Hotel COZi · Oasis in Tsuen Wan for HK\$953 million, while Asia-based fund Templewater purchased Ovolo Southside in Wong Chuk Hang for HK\$500 million. Other rental housing transactions in the quarter comprised a youth hostel in Wanchai, a serviced apartment in the Mid-levels, and a rental housing block on Staunton Street, catering to the growing housing needs from incoming talent and young professionals.

Meanwhile, mixed-use assets with living sector components and strong potential for conversion into rental housing assets also attracted investor interest in Q1. For example, an en-bloc mixed-use asset on 108-110 Wellington Street in the heart of Central was transacted at HK\$180 million.

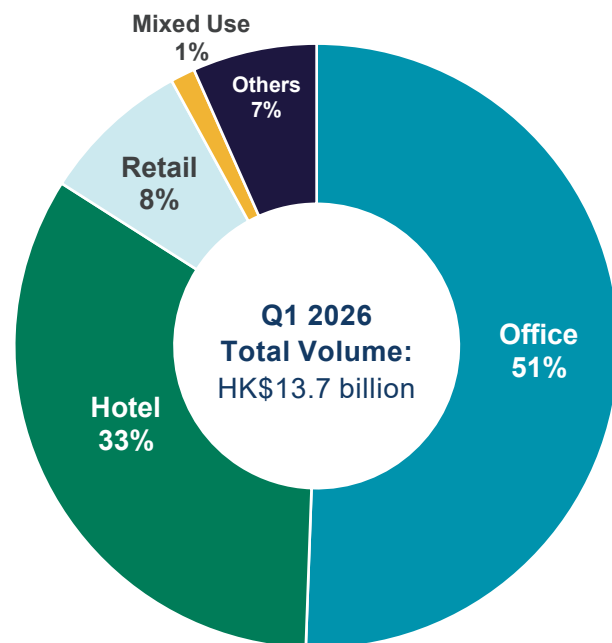
In the retail sector, seven transactions were concluded in Q1, accounting for 8% of total investment consideration in the quarter, all of which were completed by local capital. The most notable deal was the HK\$300 million purchase of a mega retail space at Lippo Centre in Admiralty, spanning more than 28,000 sf. The transaction price represented a 60% discount from the prior last purchase price in 2017. Another eye-catching transaction was Harrow International School’s acquisition of a four-story commercial building in Tuen Mun, underscoring the strong momentum of the education sector.

Our “Others” asset sector transactions took a 7% share of the Q1 total consideration. Two residential sites were acquired by Kerry Properties — comprising an Eastbourne Road site in Kowloon Tong at approximately HK\$430 million, and a site at 62E Robinson Road in Mid-levels West for more than HK\$350 million — highlighting the Group’s confidence in the market outlook. The quarter also saw a local veteran investor’s purchase of a car park with more than 170 parking spaces in a prime Causeway Bay location for approximately HK\$128 million. These deals demonstrate that investors are identifying underutilized assets with potential for upgrade and redevelopment to secure higher returns in the future.

FURTHER LARGE-SCALE TRANSACTIONS TO COME

Ahead, following the headline acquisitions by leading Chinese mainland enterprises Alibaba and JD.com, further large-scale acquisitions by Chinese mainland capital to establish regional headquarters in Hong Kong are anticipated through 2026. Furthermore, given the limited availability of ready-for-sale hotel assets suitable for conversion into student housing, and with the support of the *Hostels in the City Scheme*, potential investors in the sector may shift their focus towards acquiring Grade B/C office buildings for value-added conversions. We believe corporate end-users will remain the most active buyers, amid bottoming prices in core areas and a contracting pool of available stock for sale in the market.

Q1 2026 TRANSACTIONS BY SECTORS

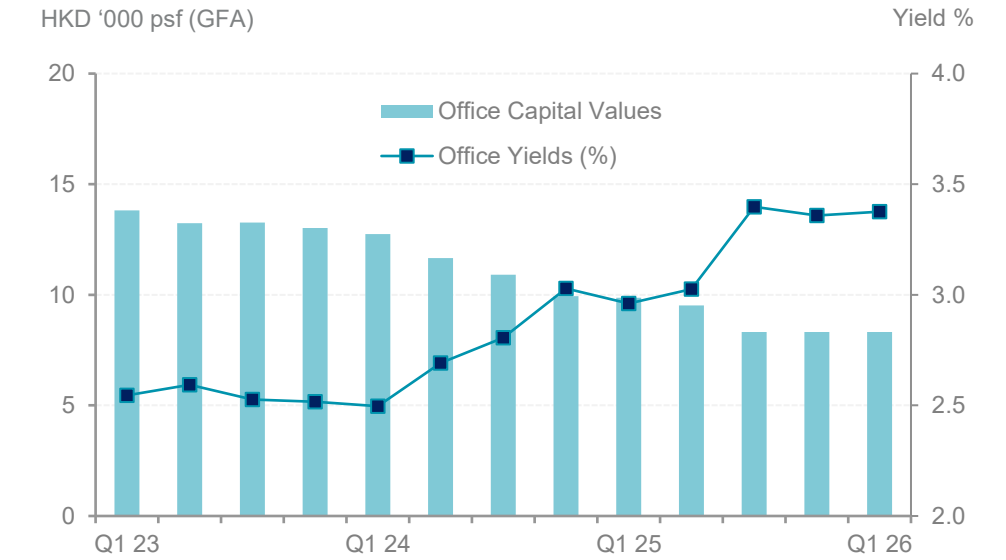


Source: EPRC; Media articles; HKEx; Cushman & Wakefield Research

Q1 2026 KEY INVESTMENT TRANSACTIONS

PROPERTY	LOCATION	PURCHASER	VENDOR	SECTOR	PRICE (HKD MN)
92-103A Connaught Road West (En-bloc)	Sai Wan	HKU	Tai Hung Fai	Office	4,000
Regal Oriental Hotel (En-bloc)	Kowloon City	Centaline Investment	Regal REIT	Hotel	1,518
Hotel COZI · Oasis (En-bloc)	Tsuen Wan	China Resources Longdation	Local Investor	Hotel	953
Viva Place (10 office floors + G/F retail unit)	Wong Chuk Hang	Dah Sing Bang	Viva Properties	Office	839
299 QRC (En-bloc)	Sheung Wan	Local Investor	Receivership Deal	Office	611

OFFICE CAPITAL VALUE AND GROSS YIELD



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

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for occupiers and investors with approximately 53,000 employees in over 350 offices and nearly 60 countries. In Greater China, a network of 23 offices serves local markets across the region. In 2025, the firm reported revenue of \$10.3 billion across its core services of Valuation, Consulting, Project & Development Services, Capital Markets, Project & Occupier Services, Industrial & Logistics, Retail, and others. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit www.cushmanwakefield.com.hk or follow us on LinkedIn (<https://www.linkedin.com/company/cushman-&-wakefield-greater-china>).

©2026 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield (“CWK”). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy.

Nothing in this report should be construed as an indicator of the future performance of CWK’s securities. You should not purchase or sell securities—of CWK or any other company—based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK’s affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.