



## MARKET FUNDAMENTALS

**HK\$12.9**  
Prime warehouse Gross Effective Rent (PSF / month)

YOY Chg	Outlook
▼	▼

**11.8%**  
Prime warehouse vacancy rate

YOY Chg	Outlook
▲	▲

Source: Cushman & Wakefield Research

## HONG KONG ECONOMIC INDICATORS Q1 2026

**3.8%**  
GDP Growth (Q4 2025)

YOY Chg	Outlook
▲	▲

**HK\$929B**  
Total Export (Jan – Feb 2026)

YOY Chg	Outlook
▲	▲

**HK\$1,008B**  
Total Import (Jan – Feb 2026)

YOY Chg	Outlook
▲	▲

**49.3**  
PMI (Mar 2026)

YOY Chg	Outlook
▲	▼

Source: Hong Kong Census and Statistics Department, Moody Analytics

## A MIXED MACROECONOMIC ENVIRONMENT

Hong Kong's overall logistics market performance remained mixed in Q1 2026. From January to February 2026, total imports and exports grew by 34% and 30% y-o-y, respectively, driven primarily by demand for high-value goods such as electronic products related to AI, although these figures have yet to reflect the potential impact of the recent Middle East conflict. The S&P Global Hong Kong Purchasing Manager's Index (PMI) contracted to 49.3 by March, as geopolitical tensions weighed on market sentiment.

The airfreight volume reached 771,000 tonne for the first two months in 2026, gaining 8.3% y-o-y, but container throughput declined by 5.4% y-o-y over the same period. This divergence highlights a structural shift toward high-value, airfreight-driven trade, with limited spillover benefits for port-centric logistics and traditional warehouse demand.

## E-COMMERCE EMERGES AS MAIN SOURCE OF NEW LEASING

The prime warehouse leasing market remained sluggish in Q1, as most 3PLs opted to take a wait-and-see stance amid greater uncertainties from the Middle East conflict. Coupled with the elevated citywide vacancy rate, which jumped to 11.8% in Q1 2026 from 11.2% in Q4 2025, the overall prime warehouse rental level further retreated by 1.6% q-o-q in Q1, to HK\$ 12.9 per sq ft per month, marking the lowest level since Q1 2021.

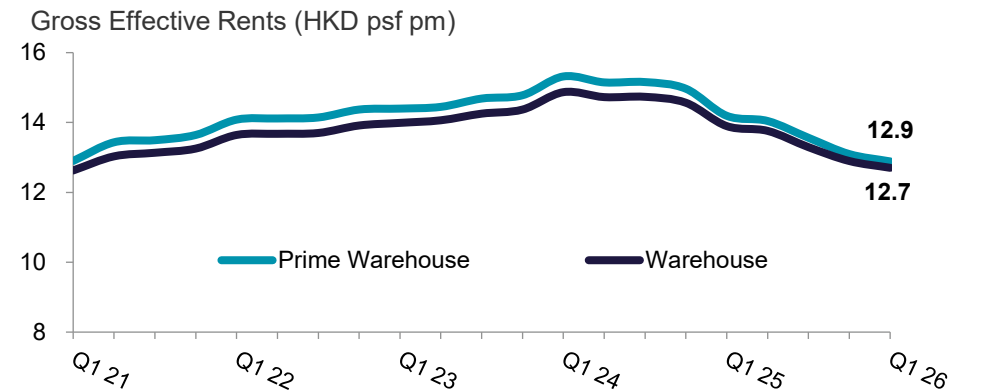
Despite this backdrop, the e-commerce sector emerged as a key demand driver for prime warehouse leasing in Q1, supported by the growing proportion of online retail sales, which accounted for 9.4% of 2025 total retail sales. Transaction highlights in Q1 included a 59,200 sq ft commitment by HKTVexpress, a local e-commerce operator, at Goodman Interlink in Tsing Yi. In Kwai Chung, Chinese mainland logistics player JD.com took 17,000 sq ft at ATL Logistics Centre as part of their expansion plans.

## POLICY VISION SUPPORTS LONG-TERM LOGISTICS DEVELOPMENT

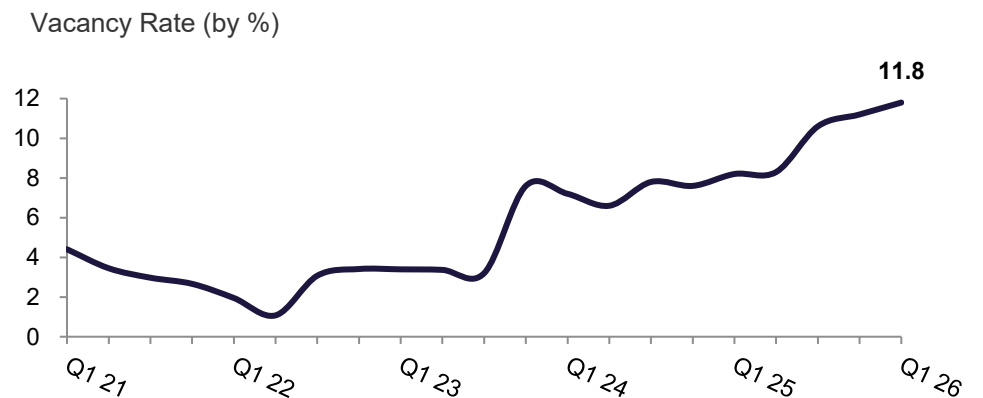
To enhance the long-term competitiveness of Hong Kong as an international logistics hub, the government has proposed that the logistics cluster in the Northern Metropolis adopt an enterprise-oriented approach and pursue innovation-led industry development. It has also suggested measures such as providing tailor-made entry terms for anchor tenants. The government also plans to invite the market to submit expressions of interest (EOI) for a logistics site at Sik Kong Wai Road near Ha Tsuen later this year. These initiatives are expected to help reinforce Hong Kong's position as a strategic logistics hub and support the development of a more resilient logistics ecosystem over the long term.

In the near term, no new supply is expected in 2026, but the cautious leasing strategies among occupiers, especially 3PL operators, are likely to continue weighing on the leasing market. We therefore project prime warehouse rents to decline by 7% y-o-y in 2026.

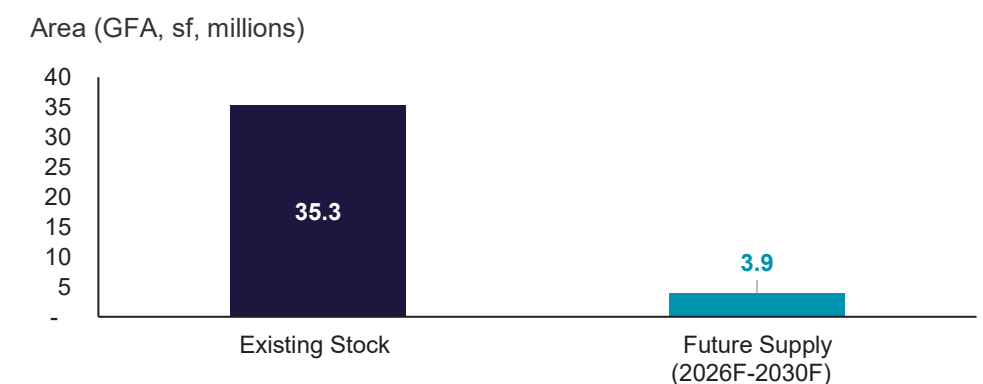
## Overall and Prime Warehouse Rents



## Prime Warehouse Vacancy (%)



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



**PRIME WAREHOUSE RENTS Q1 2026**

	GROSS EFFECTIVE RENT			Q-O-Q CHANGE	YTD CHANGE	12-MONTH OUTLOOK
	HK\$/SF/MO	US\$/SF/MO	EUR/SF/MO			
Hong Kong Island	\$15.6	\$2.0	€1.7	---	---	▼
Kowloon	\$13.3	\$1.7	€1.4	-1.1%	-1.1%	▼
New Territories	\$11.7	\$1.5	€1.3	-3.0%	-3.0%	▼
<b>HONG KONG AVERAGE</b>	<b>\$12.9</b>	<b>\$1.7</b>	<b>€1.4</b>	<b>-1.6%</b>	<b>-1.6%</b>	▼

Exchange Rate: 1USD = 0.8696 EUR = 7.8334HKD (as of Mar 17, 2026)

**PRIME WAREHOUSE VACANCY RATE Q1 2026**

	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Hong Kong Island	2.0%	2.0%	2.0%	2.0%	2.0%
Kowloon	5.1%	5.7%	7.9%	9.3%	9.9%
New Territories	15.2%	14.5%	16.9%	16.0%	16.5%
<b>HONG KONG AVERAGE</b>	<b>8.2%</b>	<b>8.3%</b>	<b>10.6%</b>	<b>11.2%</b>	<b>11.8%</b>

**KEY LEASING TRANSACTIONS Q1 2026**

PROPERTY	SUBMARKET	TENANT	SECTOR	SF (GFA)	Type
9 Hong Yip Street (Jing Hin Godowns)	Yuen Long	Mapei China	Manufacturing	65,000	New Lease
Goodman Interlink	Tsing Yi	HKTVexpress	E-commerce	59,200	New Lease
SKYTOPIA	Chek Lap Kok	Eythos	3PL	53,000	New Lease
ATL Logistics Centre Block B	Kwai Chung	JD.com	E-commerce	17,000	New Lease
Goodman Global Gateway	Kwai Chung	Boeing	Aircraft	19,800	Renewal

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