MARKETBEAT
HONG KONG
OFFICE Q2 2026

MARKET FUNDAMENTALS

	YOY Chg	Outlook
19.5% Availability Rate*	▲	▲
396,100 Net Absorption, SF	▲	▲
HK$45.2 Net Effective Rent (PSF)	▲	▲

All SF are on NFA basis
**Note: Availability includes confirmed leasing stock that is currently vacant or becoming vacant over the next 12 months*

ECONOMIC INDICATORS

	YoY Chg	Outlook
5.9% GDP Growth (Q1 2026)	▲	▲
2.0% CPI Growth (May 2026)	▲	▲
3.7% Unemployment Rate (Mar 2026 – May 2026)	▲	▼

Source: Cushman & Wakefield Research, Hong Kong Census and Statistics Department, Moody's Analytics

POSITIVE NET ABSORPTION BACKED BY DEMAND IN CORE AREAS

Hong Kong's Grade A office market extended its positive momentum into Q2 2026, underpinned by sustained expansion and flight-to-quality demand in core submarkets. Driven by take-up at recent new entrants into the market, citywide net absorption reached 396,100 sq ft in the quarter, mainly led by Greater Central and Greater Tsimshatsui.

A two-tier market persisted between core and non-core areas. Rents in Greater Central continued to pick up, rising by a further 4.1% q-o-q in Q2 for total growth of 9.7% in the 1H 2026 period. Spillover effects were also seen in Wanchai/ Causeway Bay, with rental level growth of 2.9% q-o-q. In contrast, rents in non-core areas remained soft, with all four non-core submarkets experiencing rental corrections in 1H. The recovery in core areas has supported citywide overall rental growth of 1.9% q-o-q in Q2 and 4.3% for 1H 2026.

INSURANCE SECTOR GAINS NEW LEASING MOMENTUM

Total new leased area reached 1.2 million sq ft in Q2, underpinned by activities from the banking & finance and insurance sectors — and driven by ongoing expansion in the wealth management area together with positive sentiment in the IPO fundraising market. The insurance sector accounted for at least 192,000 sq ft of new leased area, the sector's highest level since Q4 2023. Notable transactions included Prudential Hong Kong's commitment of 55,500 sf at One Taikoo Place. AIA also leased more than 35,500 sq ft across AIRSIDE and One IGC as part of its expansion strategy. New leasing activity from the banking & finance sector included ZA Bank taking up four floors, at 39,100 sq ft, at Lee Garden Eight.

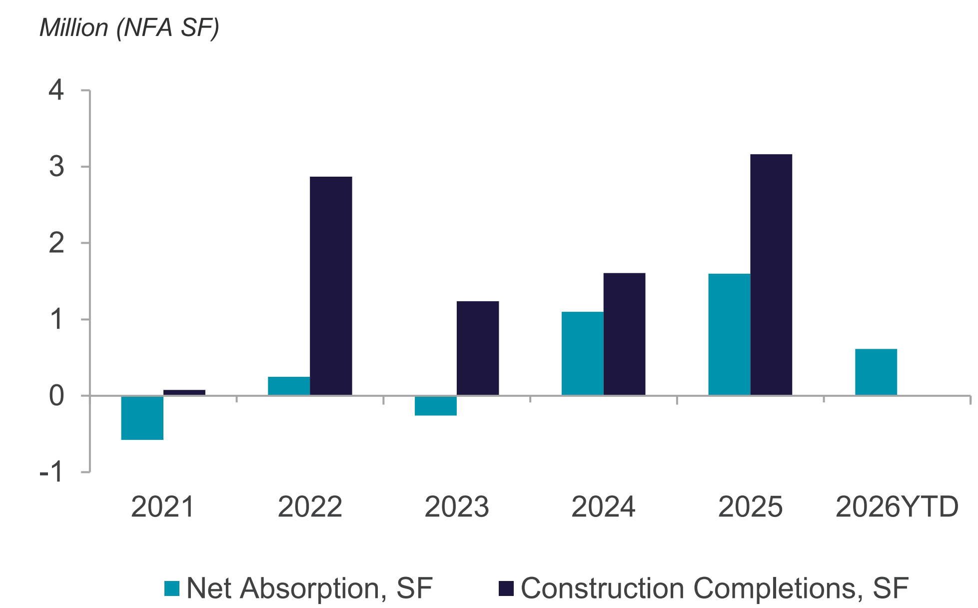
In the absence of new completions in Q2, the overall availability rate stood at 19.5%, moving down by 0.5 percentage point q-o-q. While around 1.4 million sq ft of new supply is expected in 2026, most of the new projects will commence in Q4, suggesting that availability is likely to remain broadly stable in the coming quarter.

OVERALL RENTS EXPECTED TO RISE BY 4% TO 6% IN 2026

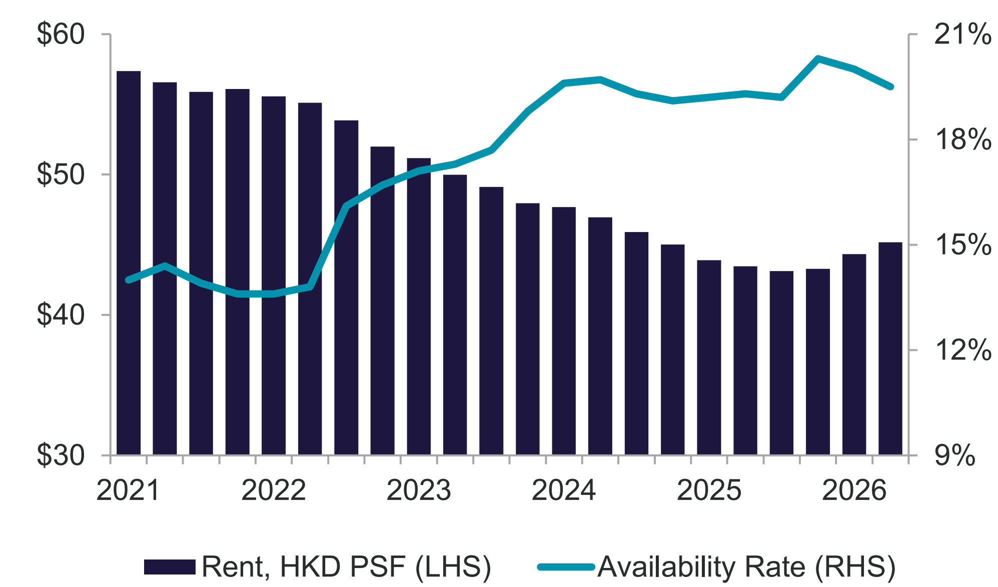
Despite recent stock market volatility and tighter capital outflow controls imposed by the Chinese mainland government, leasing demand from the banking & finance sector is expected to remain resilient, backed by ongoing wealth management activities, an active IPO pipeline, and long-term operational needs from banking and financial institutions.

Following strong rental growth in Greater Central in 1H 2026, further upwards momentum is expected to moderate in 2H. Full-year rental growth in the submarket is projected in the +10% to +12% range. This will help offset the impact of rental corrections in certain non-core submarkets, and support the citywide Grade A office rental level to rise by +4% to +6% in 2026, revised upward from the previous forecast of +1% to +3%.

NET ABSORPTIONS / COMPLETIONS



OVERALL AVAILABILITY & NET EFFECTIVE RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	AVAILABILITY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	FUTURE SUPPLY (SF)***	GRADE A NET EFFECTIVE RENT				
					HK$/SF/MO	US$/SF/MO	EUR/SF/MO	Q-o-Q change	YTD change
Greater Central	16,893,386	13.1%	146,813	945,400	$85.5	$10.9	$9.4	4.1%	9.7%
Wanchai / Causeway Bay	9,898,364	13.6%	22,776	750,000	$46.6	$5.9	$5.1	2.9%	4.0%
Greater Tsimshatsui	11,961,164	22.1%	157,219	470,400	$44.2	$5.6	$4.9	0.9%	1.4%
CORE AREA TOTALS	38,752,913	16.0%	326,809	2,165,800	$62.8	$8.0	$6.9	3.2%	6.8%
Hong Kong East	9,430,396	16.7%	-18,138	90,750	$30.8	$3.9	$3.4	0.0%	-1.0%
Hong Kong South	2,992,016	24.0%	39,761	-	$21.2	$2.7	$2.3	-1.4%	-1.2%
Kowloon East	17,422,108	26.2%	16,350	474,900	$22.1	$2.8	$2.4	-1.6%	-2.2%
Kowloon West	5,575,981	24.9%	31,275	1,242,000	$28.1	$3.6	$3.1	-1.3%	-0.9%
NON-CORE AREA TOTALS	35,420,501	23.3%	69,248	1,716,900	$25.4	$3.2	$2.8	-0.9%	-1.4%
OVERALL TOTAL	**74,173,414**	**19.5%**	**396,056**	**3,973,450**	**$45.2**	**$5.8**	**$5.0**	**1.9%**	**4.3%**

**Exchange Rate: 1USD = 0.8624 EUR 7.8353 HKD (as of 15 June, 2026)*
***All areas presented are on NFA*
**** Covers planned and under construction projects (2026-30) bases*

KEY LEASE TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	TENANT	SF (NFA)	TYPE
One Taikoo Place	Hong Kong East	Prudential Hong Kong	55,500	Relocation
One Island South	Hong Kong South	Odoo Hong Kong	39,400	Relocation
Lee Garden Eight	Wanchai / Causeway Bay	ZA Bank	39,100	Expansion & Relocation
Three International Gateway Centre	Greater Tsimshatsui	UBS	24,500	Expansion
Two Taikoo Place	Hong Kong East	RGA Reinsurance	21,300	Relocation

KEY PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	OWNER / DEVELOPER	SF (NFA)	COMPLETION YEAR
Lee Garden Eight	Wanchai / Causeway Bay	Hysan / Chinachem	750,000	2026
Central Crossing	Greater Central	Wing Tai / CSI	268,700	2026
92-103A Connaught Road West	Greater Central	Tai Hung Fai	240,200	2026
Artist Square Towers	Greater Tsimshatsui	Sun Hung Kai Properties	470,400	2027
Central Yards Phase 1	Greater Central	Henderson	310,300	2027

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