

MARKET FUNDAMENTALS

40.5B¹

YTD Investment Volume (HKD)

Y-o-Y Chg

+88%

8,150

Office Capital Value (HKD/sf)

-2%

3.49%

Office Gross Yield

+9bps

¹ Data as of 30 Sep 2026

Source: Cushman & Wakefield Research

ECONOMIC INDICATORS

Q3 2026

4.3%

GDP growth (Q2 2026)

YOY Chg

▲

Outlook

▲

1.7%

CPI Growth² Aug 2026

▲

▲

5.29%

10-year government bond rate (U.S.) (Sep 2026)

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▲

² Composite CPI, non-seasonally adjusted

Source: Hong Kong Census and Statistics Department; U.S. Department of Treasury; Moody's Analytics

FURTHER BIG-TICKET DEALS SUPPORT Q3 TRANSACTION GROWTH

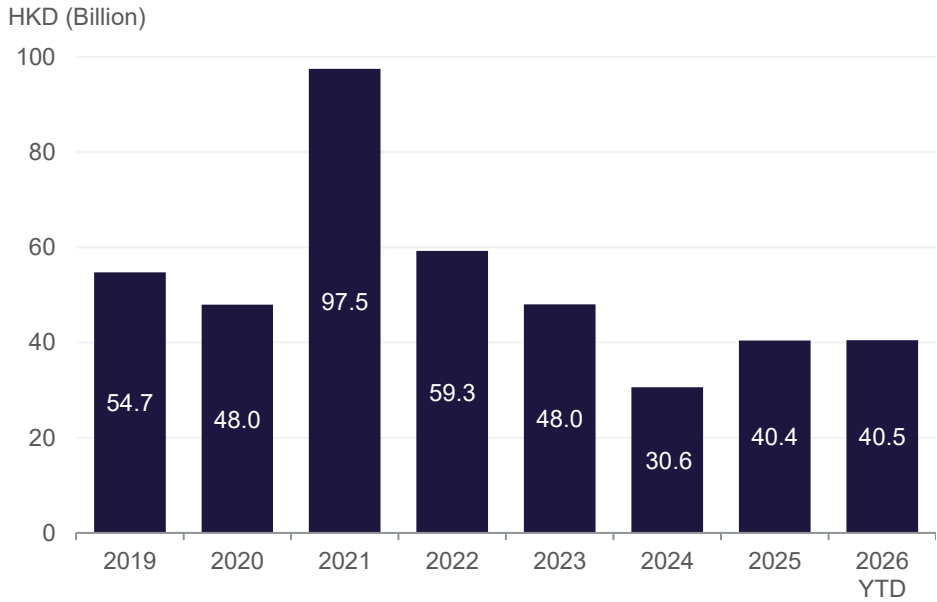
Although the U.S. Federal Reserve has resumed a rate-hiking cycle, the Hong Kong real estate investment market sustained momentum in Q3 2026, broadly driven by attractive pricing across sectors and value-added investment opportunities, which have encouraged large-scale and en-bloc acquisitions. The city’s total large-sized (>HK\$100 million) non-residential transaction volume for the quarter recorded approximately HK\$17.3 billion, up 76% q-o-q and 94% y-o-y. This pushed year-to-date investment volume exceeding the full-year 2025 record. Notably, investment volume from Southeast Asian investors in Q3 totaled close to HK\$ 4.4 billion, accounting for 25% of the quarterly total investment consideration. This activity signals growing regional interest in Hong Kong’s repriced assets and bottom-fishing, ahead of a potential return to the market by some relatively conservative local investors.

DEVELOPERS EXPAND LAND BANKS VIA SITE ACQUISITIONS

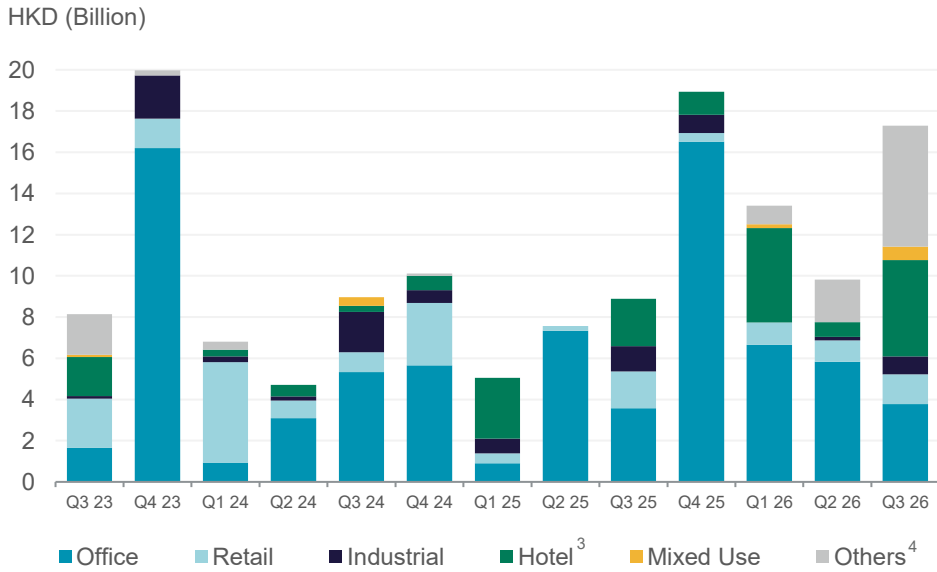
Three site acquisitions in Q3 took a 34% share of the quarterly total investment volume. The largest transaction by consideration was a local developer’s acquisition of the residential site at 2-16 Mount Parker Road and 992-998 King's Road. Strategically located near the Grade A office cluster and blue-chip residential estates in Quarry Bay, coupled with a limited pipeline of new residential supply in the area, the site is well positioned for future residential development. Also in Q3, a Singaporean investor acquired the Jadebeach Villa residential development in Chung Hom Kok, presenting strong redevelopment potential for a luxury residential project, while National Electronics acquired a commercial site on Bonham Strand in Sheung Wan for HK\$195 million. These site acquisitions demonstrate that investors and developers are proactively expanding their land banks while land prices are still attractive, positioning themselves to capture future value-added opportunities.

The hotel / rental housing sector accounted for 27% of total investment consideration in the quarter. Of the seven related deals concluded in Q3, six are planned for student housing conversion. The most noted deal was CapitaLand’s HK\$2.3 billion acquisition of the Ibis Hong Kong Central & Sheung Wan hotel, as a seed asset for expanding its living sector platform in the city. Chinese mainland investors are also showing growing interest in Hong Kong’s student housing sector. JD.com acquired two hotels for such conversion in Q3, namely the Silka Seaview Hotel in Yau Ma Tei and 218 Apartment in Wanchai, at HK\$750 million and HK\$280 million, respectively. China Resources Longdation also purchased two hotels for student housing conversion in Kwai Chung, from a local family for a total consideration of HK\$440 million. Finally, CMC REIT bought its second student accommodation asset in Hong Kong, located in Hung Hom, for approximately HK\$530 million.

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

Ten office sector deals were concluded in Q3, comprising 22% of the quarter’s total transaction volume. Some investor purchases of en-bloc office assets were to capture future rental income amid attractive pricing. A local investor acquired the HDH Centre in Causeway Bay from Henry Group for over HK\$890 million, while a Chinese mainland investor purchased the KONNECT en-bloc office in Wanchai for HK\$800 million. In addition, two office assets were reportedly acquired for student housing conversion under the Hostels in the City Scheme, including Singaporean firm Shorea Capital’s HK\$440 million acquisition of The Pemberton in Sheung Wan, potentially for student housing conversion.

Mixed-use assets transacted in Q3 also targeted value-added opportunities. Singaporean investment firm Centurion purchased the en-bloc Yan Wo Building in North Point for HK\$364 million, with plans to reposition the property as a student housing asset. Similarly, the acquisition of the en-bloc property at 315 Nathan Road provided the buyer with flexibility to redevelop or convert the asset into alternative commercial uses.

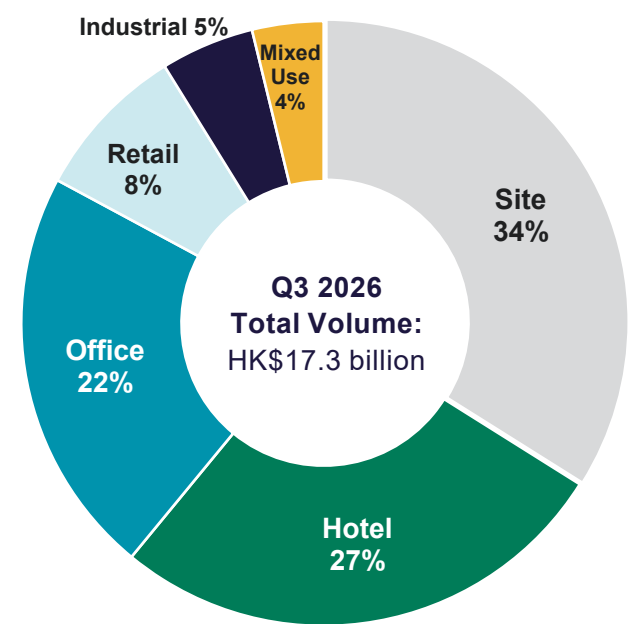
Retail sector transactions accounted for 8% of total Q3 investment consideration. Two retail assets in Mongkok transacted in the quarter caught market attention. These were the Miramar Hotel’s acquisition of a 50% stake of MPM Plaza for HK\$650 million, forming a joint venture with Tai Hung Fai, and Hip Shing Hong’s purchase of the en-bloc property at 67-71 Argyle Street. Both acquisitions were driven by the assets’ ability to generate stable rental incomes, supported by quality tenant bases and favorable core retail locations.

Three industrial assets were transacted in Q3. The first was CC Land’s purchase of a 25% stake of the Lai San Yuen Long Centre. The existing building is planned for demolition and residential redevelopment, subject to the land lease conditions and statutory requirements. Two end-users then acquired en-bloc industrial buildings in Tai Kok Tsui and Sai Kung, at HK\$473 million and HK\$141 million, respectively.

MORE INVESTORS EYEING VALUE-ADDED OPPORTUNITIES

Looking ahead, still-attractive pricing and continued interest in value-added opportunities are expected to remain the key demand drivers. Transaction momentum in the city’s commercial real estate investment market will likely sustain through the year, despite the resumption of a rate hike cycle that may push some investors to return to a wait-and-see attitude. Cash-rich investors are likely to continue targeting lower-grade office properties and mixed-use assets that are suitable and well-located for student housing conversions, while we expect developers to continue to expand land banks for future redevelopment projects. Against this backdrop, the 2026 full-year investment volume is anticipated to reach more than HK\$45 billion.

Q3 2026 TRANSACTIONS BY SECTORS

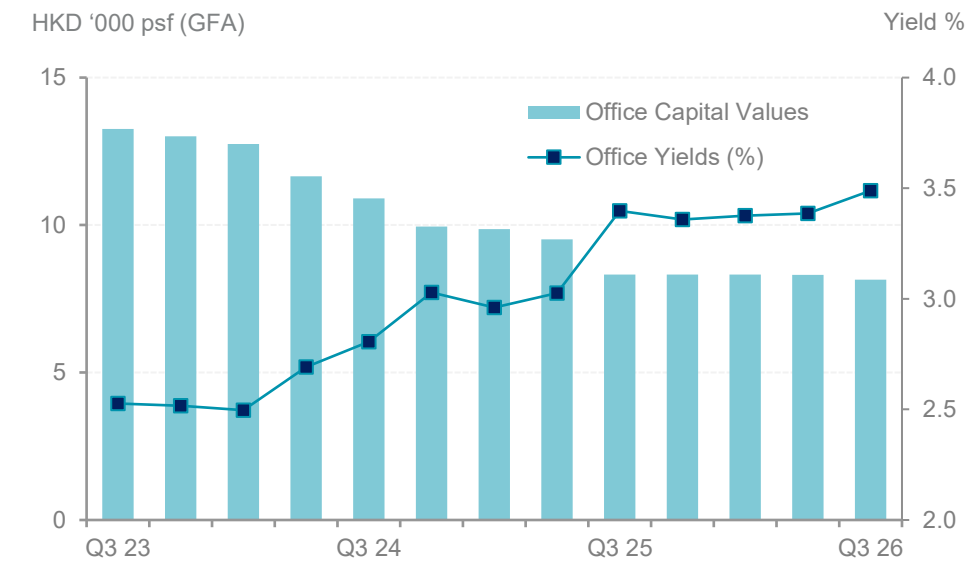


Source: EPRC; Media articles; HKEx; Cushman & Wakefield Research

Q3 2026 KEY INVESTMENT TRANSACTIONS

PROPERTY	LOCATION	PURCHASER	VENDOR	SECTOR	PRICE (HKD MN)
Site at 2-16 Mount Parker Rd. and 992-998 King’s Rd.	Quarry Bay	Local Developer	Receivership Deal	Site	4,500
Ibis Hong Kong Central & Sheung Wan (En-bloc)	Sheung Wan	CapitaLand	Butterfly Hospitality Group	Hotel	2,300
Jadebeach Villa	Southern	Singaporean Investor	Gale Well Group	Site	1,168
HDH Centre (En-bloc)	Causeway Bay	Local Investor	Henry Group	Office	892
KONNECT (En-bloc)	Wanchai	Chinese Investor	Receivership Deal	Office	800

OFFICE CAPITAL VALUE AND GROSS YIELD



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