

MARKET FUNDAMENTALS

	YOY Chg	Outlook
30,100 Median HH Income (HKD)	▲	▲
3.8% ¹ Unemployment Rate (Jun – Aug 2026)	▲	▼
10.5% ² Tourist Arrival Growth	▲	▲
¹ Three-month moving average, seasonally adjusted ² The figure refers to Jan - Aug 2026 combined		

ECONOMIC INDICATORS

	YOY Chg	Outlook
4.3% GDP Growth (Q2 2026)	▲	▲
5.1% Retail Sales Growth ³	▲	▲
1.7% CPI Growth ⁴ (Aug 2026)	▲	▲
4.9% Private Consumption Expenditure Growth (Q2 2026)	▲	▲
³ The figure refers to the Jul – Aug of Q3 2026 ⁴ Composite CPI, non-seasonally adjusted		

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

OVERALL RETAIL SALES REMAIN IN MODERATE GROWTH TERRITORY

Hong Kong retail sales growth remained resilient in Q3, driven by growing tourist arrivals and stronger economic fundamentals supporting local consumption sentiment. The city's overall retail sales for the January to August 2026 period reached HK\$266 billion, up 8.5% y-o-y, with August marking the sixteenth consecutive months of y-o-y growth. However, growth has slowed from the stronger pace seen earlier this year. Among key retail categories, the Jewellery & Watches sector recorded the strongest performance, recording y-o-y sales growth of 22.6% during the January to August period. Other sectors, such as Medicines & Cosmetics (+5.0%) and Fashion & Accessories (+3.2%), recorded more modest low single-digit growth.

KOWLOON DISTRICTS LEAD Q3 ACTIVITIES

The overall high street vacancy rate remained broadly stable at 5.4% in Q3, chiefly supported by more active leasing commitments in Mongkok, with the district's vacancy rate dropping to 4.8% from 8.6% in Q2. Activities included local securities firm Longbridge's expansion to a prominent 3,230 sf retail corner on Argyle Street, aiming to enhance brand visibility across core retail districts and capture business opportunities. Also in Mongkok, local beauty brand PL Beautie leased a 1,920 sf store at Sai Yeung Choi Street South. On the same street, new leases included Tong Tong Tong Dessert and Soup expanding into a 520 sf ground-floor space, and Chinese mainland Thai-style beverage brand TamKoKo opening a 450 sf Hong Kong first-store. These transactions reflect Mongkok's growing appeal to a more diversified tenant base given its relatively attractive rental level.

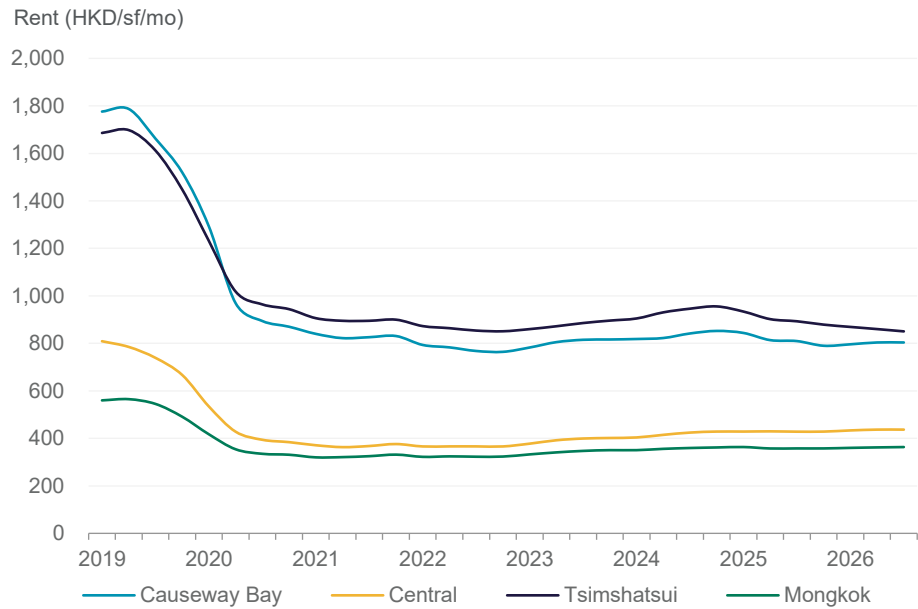
In Tsimshatsui, although the vacancy rate moved up to 9.5%, notable new transactions were also recorded in Q3. Japanese fashion label APEE opened its second worldwide flagship store at an iconic ground-floor space on Canton Road, while local drugstore chain Lung Fung Mall committed to a 2,110 sf ground-floor retail space at Silvercord.

On Hong Kong Island, vacancy rates in Causeway Bay and Central increased in Q3, rising to 5.1% and 1.4%, respectively, having remained at 0% for two consecutive quarters. With prime retail spaces in both districts fully occupied in previous quarters, leasing activity moderated in Q3, leading to a pause in rental growth. High street retail rents in both districts remained unchanged in the quarter. In Mongkok, stronger leasing momentum supported a 0.4% q-o-q rise in rental levels. As for Tsimshatsui, a slowdown in the luxury segment combined with relatively high vacancy weighed on the district's rental performance, resulting in a fall of 1.1% q-o-q. In the F&B sector, rents remained under pressure amid high availability, dropping within a 1% range q-o-q across the four key districts.

STEADY RECOVERY EXPECTED THROUGH REMAINDER OF 2026

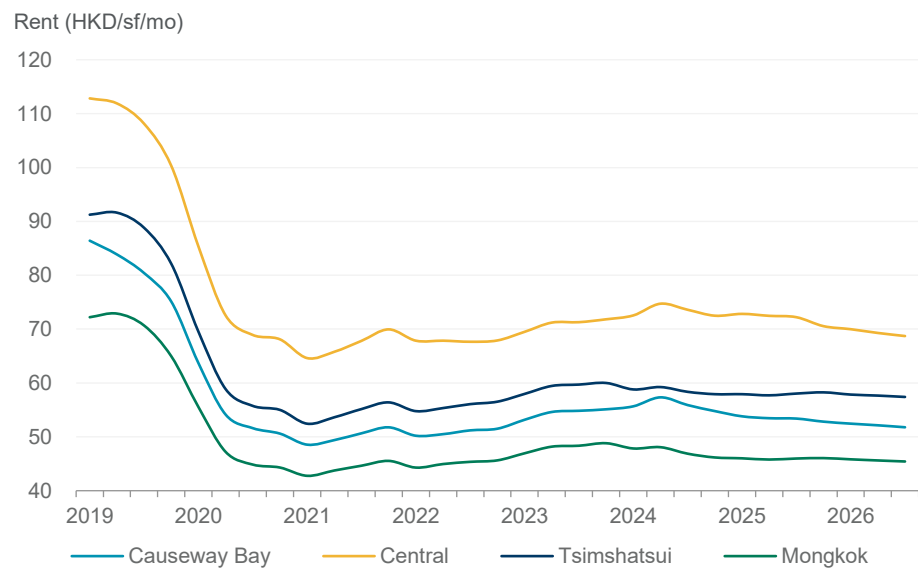
Looking ahead, the Hong Kong retail market is expected to remain supported by resilient local consumption resulting from stronger economic fundamentals, together with greater tourist spending underpinned by a stronger RMB, and a pipeline of planned mega-events. We expect local and non-local retailers to remain selective, with demand focused on well-located retail spaces in core districts offering attractive rental packages. In turn, the city's retail market is likely to maintain a gradual recovery trajectory. We forecast high street retail rents in Causeway Bay and Central to pick up by 2% to 3% y-o-y in 2026, with Tsimshatsui and Mongkok recording modest rental growth of 1% to 2% y-o-y.

HIGH STREET AVERAGE RENT



Source: Cushman & Wakefield Research

F&B AVERAGE RENT



Source: Cushman & Wakefield Research

HIGH STREET RENTS Q3 2026

	EFFECTIVE RENT			Q-O-Q CHANGE	2026 FORECAST
	HKD/SF/MO	US\$/SF/MO	EUR/SF/MO		
Causeway Bay	804	102	89	0.0%	
Central	437	56	49	0.0%	
Tsimshatsui	850	108	95	-1.1%	
Mongkok	363	46	40	0.4%	
HONG KONG AVERAGE	614	78	68	-0.3%	

Exchange Rate: 1USD = 0.8727EUR = 7.8441HKD (as of Sep 17, 2026)

HIGH STREET VACANCY RATE

	Q4 2025	Q1 2026	Q2 2026	Q3 2026
Causeway Bay	2.6%	0.0%	0.0%	5.1%
Central	4.3%	0.0%	0.0%	1.4%
Tsimshatsui	8.3%	7.1%	8.3%	9.5%
Mongkok	6.1%	6.1%	8.6%	4.8%
Overall	5.9%	4.2%	5.4%	5.4%

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	DISTRICT	TENANT	SECTOR	SF (APPROX.)
Shop on G/F - 2/F, Oriental House, 24-26 Argyle Street	Mongkok	Longbridge	Banking & Finance	3,230
Shop G16&17A on G/F, 1881 Heritage, 2A Canton Road	Tsimshatsui	APEE	Fashion & Accesories	2,600
Shop G07 on G/F, Silvercord, 30 Canton Road	Tsimshatsui	Lung Fung Mall	Medicines & Cosmetics	2,110
G/F & M/F, 52-54 Sai Yeung Choi Street South	Mongkok	PL Beautie	Medicines & Cosmetics	1,920
Shop G3-4 on G/F, CTMA Centre, 1N Sai Yeung Choi St. S.	Mongkok	TamKoKo	F&B	450

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

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