

Hong Kong Property Market Monitor

Year-on-year retail sales decline for three consecutive months

Office

- In June, the overall market recorded a negative net absorption of 53,700 sq ft. New buildings continued to attract corporate tenants in the leasing market. As a sizable new letting case, AIA International leased four floors of 149,300 sq ft (GFA) at AIRSIDE in Kai Tak, as its operations and training centre, becoming the largest tenant in the building.
- The overall vacancy rate rose to 13.6% as at end-June. Notably, Central's vacancy rose to 12.1%, while vacancy in Tsimshatsui and Kowloon East dropped 0.4 and 0.2 percentage points, respectively.
- Overall net effective rent dropped further by 0.6% m-o-m in June, a drop of 4.3% in 1H24. Among the major office submarkets, Central and Kowloon East saw rents decrease further, by 0.8% and 0.6%, respectively. Rents also fell in the Tsimshatsui and Hong Kong East submarkets, declining by 0.3% and 0.4%, respectively.
- Two connected units on a high-zone floor at Capital Tower (Tower A and B) in Kowloon Bay were sold for a total consideration of HKD 160 million (HKD 6,644 per sq ft, GFA), a 54% discount from the reported purchase price in 2018.



Grade A Office Vacancy (end- Jun 2024)

Overall	13.6%
Central	12.1%
Wanchai / Causeway Bay	10.0%
Hong Kong East	13.4%
Tsimshatsui	9.1%
Kowloon East	18.3%

Source: JLL



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Major Office Leasing Transactions (Jun 2024)

Property	Monthly Rental (HKD per sq ft)	Area (sq ft)
Two Harbour Square (High zone)	High 10s	26,100 (G)
The Center (Mid-zone)	Low 40s	25,700 (G)
One Peking (High-zone)	High 60s	12,000 (G)

Source: Market Sources

49.7

Average Monthly Rent
(Jun 24, HKD per sq ft)

Source: JLL

-0.6%

Rental Growth
(Jun 24, m-o-m)

-53,700

Net Absorption
(Jun 24, sq ft)

Residential

- The residential leasing market remains robust with a continuing increase in demand as it enters the peak season. Between February and May, the RVD private domestic rental index experienced a 2.5% rise, achieving its highest level since 2019.
- The sales transaction volume in June dropped to 980 units in the primary market and 2,876 units in the secondary market, respectively, resulting in the total volume falling by 30.5% m-o-m. In June, mass residential capital values retreated by 0.7% m-o-m, after increasing by 0.2% in May.
- Competitive prices at new primary launches spurred remarkably high sales rates. 'Pavilia Forest' in Kai Tak offloaded 180 out of 198 units on the first day of project launch in July.
- Among major luxury sales transactions, a mansion at 'Pano Harbour' in Kai Tak was sold for HKD 340.0 million or HKD 73,339 per sq ft, SA.

34.5	3,856	980	2,876	-0.7%
Total Residential S&P Value	Total Residential S&P Volume	Primary S&P Volume	Secondary S&P Volume	Mass Capital Value Growth
(Jun 24, HKD B)	(Jun 24)	(Jun 24)	(Jun 24)	(Jun 24, m-o-m)

Source: The Land Registry, JLL


[View available listings for sale](#)

Major Residential Sales Transactions (Jun 2024)

Property	Price (HKD million)	Unit Rate (HKD per sq ft)
Pano Harbour (Mansion A, Villa 2)	340.0	73,339 (SA)
Mont Verra (5/F, Unit A)	255.8	57,060 (SA)
23-39 Blue Pool Rd (Unit 29B)	250.0	54,360 (SA)

Source : EPRC, SRPE, Market Sources

Retail

- Total retail sales slid by 11.5% y-o-y in May, resulting in a 6.1% year-to-date y-o-y drop. Sales decline of "supermarkets" and "consumer durable goods" widened slightly to a 3.4% and 11.1% drop, respectively. Meanwhile, online sales surged by 21.9%, accounting for 8.7% of the total retail sales in May.
- Inbound visitations in May approached 3.4 million, accounting for 69% of the level in May 2018 (pre-pandemic). Total inbound arrivals in the first five months of the year jumped 77.8% to 18.0 million, compared to the same period last year.
- Demand for High Street shops in core shopping districts remained strong. In Causeway Bay, Xiaomi leased the G-1/F shop unit (4,093 sq ft) at Hong Kong Chinese Bank Causeway Bay Centre for a monthly rental of about HKD 550,000, resulting in a 22% rental increment from the lease of the previous tenant, Broadway Lifestyle.
- Two notable acquisitions took place in June, both for self-use. Fairwood Fast Food Limited acquired several G/F shop units (3,588 sq ft in total) at Rhythm Garden in San Po Kong for HKD 62.88 million from Ma Ah Muk Group Limited. The property is currently tenanted by the purchaser for a monthly rent of HKD 223,100 on a two-year lease until March-2025. Meanwhile, the Chinese Rhenish Church Hong Kong Synod purchased several G-1/F shop units (5,177 sq ft in total) at Happy View Building in Ap Lei Chau for HKD 42.0 million from Tanway Consultants Limited.

20.2%	14.8%	-11.5%
Visitor Arrivals	PRC Visitor Arrivals	Retail Sales
[3,398,458 persons]	[2,627,401 persons]	[30,510 HKD mln]
(May 24, y-o-y)	(May 24, y-o-y)	(May 24, y-o-y)

Source: Hong Kong Tourism Board, Census and Statistics Department



Major Retail Leasing Transactions (Jun 2024)

Property	Monthly Rental (HKD per sq ft)	Area (sq ft)
Hong Kong Chinese Bank Causeway Bay Centre (G-1/F, 42-44 Yee Wo St)	134	4,093 (G)
Nathan Centre (Shop 1-2 and 13, G/F, 580G-K Nathan Rd)	144	2,430 (G)
Yue Wong Building (G/F, 7-9 Fa Yuen St)	343	350 (G)

Source: Market Sources

Industrial

- External trade continued to pick up in May, increasing by 12.1% y-o-y, with imports and total exports climbing by 9.6% and 14.8%, respectively.
- According to market source, Zung Fu Co. Ltd – an automotive group, newly took up 30,362 sq ft (GFA) in Excelsior Building in Tsuen Wan.
- In June, Vita Green Health Products purchased one floor in Prowell Asia Centre (Global Commerce City 2) and two floors in Vita Green Tower (Global Commerce City 1) in Cheung Sha Wan, with a total consideration of HKD 167.9 million (HKD 9,000 per sq ft, GFA). The health brand secured the naming right of Global Commerce City 1 with this significant acquisition.
- Kailong reportedly initiated the pre-sale process for its latest modern industrial project in Cheung Sha Wan, known as 'Verde Heights'. The price for each unit is around HKD 10 million, making it an opportunity for non-local investors who are interested in the New Capital Entrant Scheme.



Major Industrial Sales Transactions (Jun 2024)

Property	Price (HKD million)	Unit Rate (HKD per sq ft)
Vita Green Tower & Prowell Asia Centre (Basket of units)	167.9	9,000 (G)
Ko Fai Industrial Building Block C (Unit 6, 8/F)	33.0	3,474 (G)
First Group Centre (Unit 1, 15/F)	24.9	N.A.

Source: EPRC, Market Sources



Key Economic Indicators

Real GDP Growth¹ (1Q24, y-o-y)	2.7%
Unemployment Rate² (Mar 24 – May 24)	3.0%
Composite Consumer Price Index Growth (May 24, y-o-y)	1.2%
Hang Seng Index (end Jun 24)	17,719 pts (-2.0% m-o-m)
HSBC Best Lending Rate (Jun 24)	5.875%
HKAB 1-month HIBOR (end Jun 24)	4.61%

¹ Revised figure

² Provisional figure

Source: Census and Statistics Department, HSI Company Limited, Hong Kong Monetary Authority

9.6%	14.8%	19.0%	-3.1%	12.1%
Imports	Total Exports	Air Freight Cargo	Container Throughput	Aggregate Trade
(May-24, y-o-y)	(May-24, y-o-y)	(May-24, y-o-y)	(May-24, y-o-y)	(May-24, y-o-y)

Source: Census and Statistics Department, Airport Authority Hong Kong, Hong Kong Maritime and Port Board

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