

Hong Kong Property Market Monitor

Office vacancy rate stabilises at 13.4%

Office

- In September, the overall leasing market recorded a negative net absorption of 57,500 sq ft, due to lack of sizable transactions. Arrowpoint Investment Partners leased one floor of 7,600 sq ft (LFA) at Six Pacific Place in Wanchai, relocating from flex space.
- The overall vacancy rate remained at 13.4% as at end-September. Vacancy rates in Central rose to 12.2%, while those in Wanchai / Causeway Bay and Tsimshatsui also rose to 10.3% and 9.4%, respectively. Vacancy in Hong Kong East dropped to 12.4%.
- In September, the overall net effective rent dropped further by 1.1% on a m-o-m basis. Central and Kowloon East saw further rent declines, dropping 1.6% and 0.7%, respectively. Rents also fell in the Wanchai / Causeway Bay and Hong Kong East submarkets, declining by 0.4% and 0.8%, respectively.
- Two high-zone floors at The Center in Sheung Wan were reportedly sold for a total consideration of HKD 1,420.0 million (HKD 27,915 per sq ft, GFA) to DBS Bank (Hong Kong) Limited from local investor Chan Ping-chi.



Grade A Office Vacancy (end- Sep 2024)

Overall	13.4%
Central	12.2%
Wanchai / Causeway Bay	10.3%
Hong Kong East	12.4%
Tsimshatsui	9.4%
Kowloon East	18.5%

Source: JLL



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Major Office Leasing Transactions (Sep 2024)

Property	Monthly Rental (HKD per sq ft)	Area (sq ft)
14 Taikoo Wan Road (High-zone)	Mid-high 20s	8,000 (L)
100 Queen's Road Central (High-zone)	High 40s	4,800 (G)
Central Plaza (Mid-zone)	Low 50s	3,700 (L)

Source: Market Sources

48.2	-1.1%	-57,500
Average Monthly Rent (Sep 24, HKD per sq ft)	Rental Growth (Sep 24, m-o-m)	Net Absorption (Sep 24, sq ft)

Source: JLL

Residential

- In September, the transaction volume in the primary market fell to 532 units and the secondary market saw a further decline to 2,327 units, resulting in an overall m-o-m decrease of 22.1%. Mass residential capital values declined by 1.3% m-o-m in September, following a 1.5% decline in August.
- The recent rate cut, combined with a declining price level, have improved home affordability and are expected to stimulate a recovery in homebuying sentiment in the primary market among local end-users. At the same time, monetary easing and policy stimulus in mainland China could generate a wealth effect, potentially driving sustained home purchases from mainland Chinese buyers.
- With strong product quality and competitive average pricing at HKD 19,668 per sq ft, SA, 'Cullinan Sky' in Kai Tak sold all units put up for sale within a single day during both its first and second launches, offering 204 and 238 units, respectively.
- Among major luxury sales transactions, a unit at 'Mont Verra' in Beacon Hill was sold for HKD 220.0 million or HKD 48,277 per sq ft, SA.

20.8	2,848	521	2,327	-1.3%
Total Residential S&P Value	Total Residential S&P Volume	Primary S&P Volume	Secondary S&P Volume	Mass Capital Value Growth
(Sep 24, HKD B)	(Sep 24)	(Sep 24)	(Sep 24)	(Sep 24, m-o-m)

Source: The Land Registry, JLL


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Major Residential Sales Transactions (Sep 2024)

Property	Price (HKD million)	Unit Rate (HKD per sq ft)
Mont Verra Twr 03 (3/F, Unit B)	220.0	48,277 (SA)
Mont Verra Twr 03 (G/F, Unit B)	208.5	47,055 (SA)
Residence Bel-Air Ph 04 Peak Twr 01 (50-51/F, Unit A)	190.0	41,767 (SA)

Source : EPRC, SRPE, Market Sources

Retail

- Total retail sales shrank by 10.1% y-o-y in August, moderating from the 11.7% decline in July. While most major retail categories were still in a downturn, sales decrease of "department stores" slowed to 15.8%, compared to the 24.3% slump in July. Meanwhile, online sales retreated by 0.5%.
- Total inbound visitations increased 9.2% y-o-y in August to near 4.5 million, which represents 75.5% of the monthly total in August 2018.
- Emperor Watch and Jewellery leased a G/F shop unit (with whole of 1/F and storeroom on G/F) (7,354 sq ft in total) in Shanghai Commercial Bank Tower in Central, at HKD 1.52 million per month, as their new flagship store. The transaction is on a five-year lease term from March 2025 to March 2030.
- In Tsimshatsui, four connecting G/F shop units (4,000 sq ft in total) in Comfort Building were sold for HKD 200.0 million by Hong Kong Tax Free Co Ltd to LCKL Ltd at an estimated initial yield of 3.5%. The subject property is currently tenanted by Sa Sa Cosmetic.

9.2%	6.6%	-10.1%
[4,453,877 persons]	[3,660,390 persons]	[29,182 HKD mln]
Visitor Arrivals	PRC Visitor Arrivals	Retail Sales
(Aug 24, y-o-y)	(Aug 24, y-o-y)	(Aug 24, y-o-y)

Source: Hong Kong Tourism Board, Census and Statistics Department



Major Retail Leasing Transactions (Sep 2024)

Property	Monthly Rental (HKD per sq ft)	Area (sq ft)
Shanghai Commercial Bank Tower (Shop A on G/F, with whole of 1/F and storeroom on G/F, Queen's Rd C 12)	207	7,354 (G)
Percival House (Shop Q, G/F, Percival St 77-83)	308	650 (G)
16 Pak Sha Road (G/F, Pak Sha Rd 16)	212	1,562 (G)

Source: Market Sources

Industrial

- External trade growth showed signs of slowing down in August with total trade rising by 7.2% y-o-y. Imports and total exports increased by 7.9% and 6.4%, respectively.
- According to a market source, SF Express leased the entirety of Mapletree Logistics Centre (Fanling), which is 137,382 sq ft.
- A significant sales transaction was recorded in September. JINGDONG Property acquired Li Fung Centre in Shatin for reportedly HKD 1.8 billion (HKD 3,693 per sq ft) from M&G Real Estate. Maersk Contract Logistics is currently the sole tenant of the premises.
- The third building at the Goodman Tsuen Wan West data centre campus was handed over to GDS in October, which is expected to be the third data centre in GDS' Hong Kong portfolio. The fourth building, which is nearing its completion at end-2024, is also pre-leased by GDS. The whole campus consists of four fully-leased data centres, delivering 225 MW in total.

7.9%	6.4%	10.6%	-6.7%	7.2%
Imports	Total Exports	Air Freight Cargo	Container Throughput	Aggregate Trade
(Aug-24, y-o-y)	(Aug-24, y-o-y)	(Aug-24, y-o-y)	(Aug-24, y-o-y)	(Aug-24, y-o-y)

Source: Census and Statistics Department, Civil Aviation Department, Hong Kong Maritime and Port Board



Major Industrial Sales Transactions (Sep 2024)

Property	Price (HKD million)	Unit Rate (HKD per sq ft)
Li Fung Centre	1,800.0	3,693 (G)
Camelpaint Centre	410.0	4,817 (G)
Ever Gain Plaza (22/F)	75.9	3,200 (G)

Source: EPRC, Market Sources



Key Economic Indicators

Real GDP Growth¹ (2Q24, y-o-y)	3.3%
Unemployment Rate² (Jun 24 – Aug 24)	3.0%
Composite Consumer Price Index Growth (Aug 24, y-o-y)	2.5%
Hang Seng Index (end Sep 24)	21,134 pts (17.5% m-o-m)
HSBC Best Lending Rate (Sep 24)	5.625%
HKAB 1-month HIBOR (end Sep 24)	4.32%

¹ Revised figure

² Provisional figure

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

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