

Hong Kong Industrial Summary

Q1 2025

This summary analyses the performance of Hong Kong's industrial property market

knightfrank.com.hk/research

Highlights

Q1 2025 Market Overview



The market sentiment regarding industrial properties has continued from the previous quarter in 2024. Rents for general industrial properties decreased by 2.5% QoQ to HK\$12.5 per sq ft, while modern logistics fell similarly by 1.9% QoQ to HK\$16.8 per sq ft. Meanwhile, the general industrial properties experienced a positive take-up, total vacancy rate improving slightly to 6.3% compared to 6.7% last quarter. However, modern logistics faced a significant increase in vacancy rate, rising from 9.2% to 12.7%, mainly due to lack of new leasing demand.

Significant Transactions



The overall market remains relatively unchanged from Q4 2024, with tenants still searching for high quality space at decreasing rent. For instance, Hellman Worldwide relocated from Hutchison Logistics Centre to CaiNiao Smart Gateway, occupying around 46,000 sq ft, while Kintetsu moved from ATL to China Resources International Logistics Centre, taking up approximately 170,000 sq ft.

Market Trend



JD.com (JD), a prominent Mainland e-commerce company, has announced plans to expand its footprint in the Hong Kong market. Capitalising on the growing online shopping trends among Hong Kong consumers, JD is offering free shipping for self-pick-up, aggressive pricing strategies and coupons. To solidify its presence, JD expanded approximately 10,000 sq ft on G/F Hong Man Industrial Centre in Chai Wan, totaling 5 locations in different districts. While northbound travel has drawn significant local consumption outside Hong Kong, JD's ambitious expansion will pose challenges to existing online shopping platforms as well as physical stores.

Northern Metropolis Land Sale Extension



The Lands Department has declared a further extension for the tender of the site designated for Multi-storey Buildings (MSBs) in Hung Kiu and Yuen Long until July 25th, 2025. The winning bidder will lease part of the MSB floor space to the government for ten years at a nominal rent, rather than permanently transferring rights. This change allows enterprises to fully own the MSB while the government manages and rents out the space to brownfield operators. Additionally, the basis for calculating the floor space leased to the government has shifted from the maximum permissible GFA to the minimum, while also relaxing the building's loading requirements. Although the tender for these sites still require tender submission under a two-envelop approach, the eased conditions and postponement suggest a lack of enthusiasm for these projects.

Market Outlook



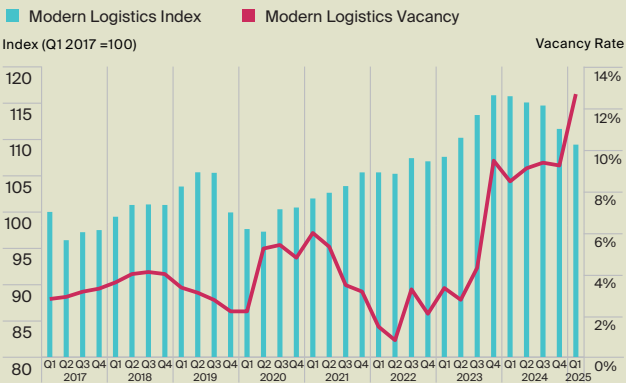
Looking ahead, major modern logistics operators will continue their leasing strategy to prioritise stable rent over maintaining current occupancy. The rise of AI technology and cloud services in Mainland could increase demand for electronics parts, chips, and related materials in Hong Kong. The impact of tariffs from Trump's administration will seriously disrupt the industrial sectors across the board, and its impact on Chinese Mainland products will become more apparent over time. With future development projects such as ESR, MTL, and Mapletree in line accounting for 9 million sq ft, coupled with uncertainty in global trade and a slow recovery in the local retail market, we anticipate that industrial rents will likely decrease in 2025.

Table 1 : Hong Kong Industrial Rents by District or Type (Q1 2025)

District or Type	Rent	Change	
	HK\$ psf / mth	QoQ %	YoY %
General Industrial Building	12.5	-2.5%	-2.6%
Kwai Chung, Tsing Yi, Tsuen Wan	13.2	-3.1%	-4.5%
Kowloon East	13.1	-5.4%	-4.1%
Fanling, Sheung Shui, Sha Tin	13.0	0.0%	-1.0%
Tuen Mun, Yuen Long	10.5	-0.6%	1.5%
Modern Logistics	16.8	-1.9%	-5.8%

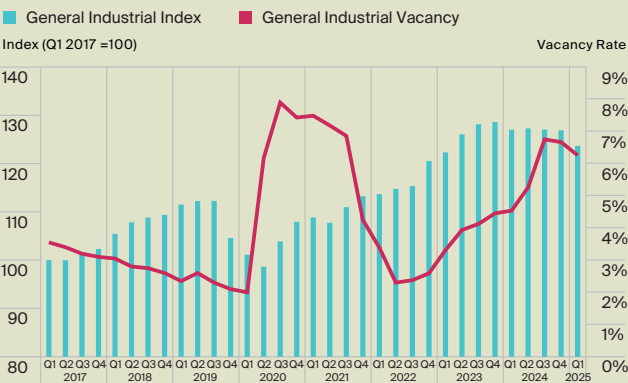
Source: Knight Frank Research

Chart 1 : Modern Logistics Rental Index and Vacancy Rate



Source: Knight Frank Research

Chart 2 : General Industrial Rental Index and Vacancy Rate



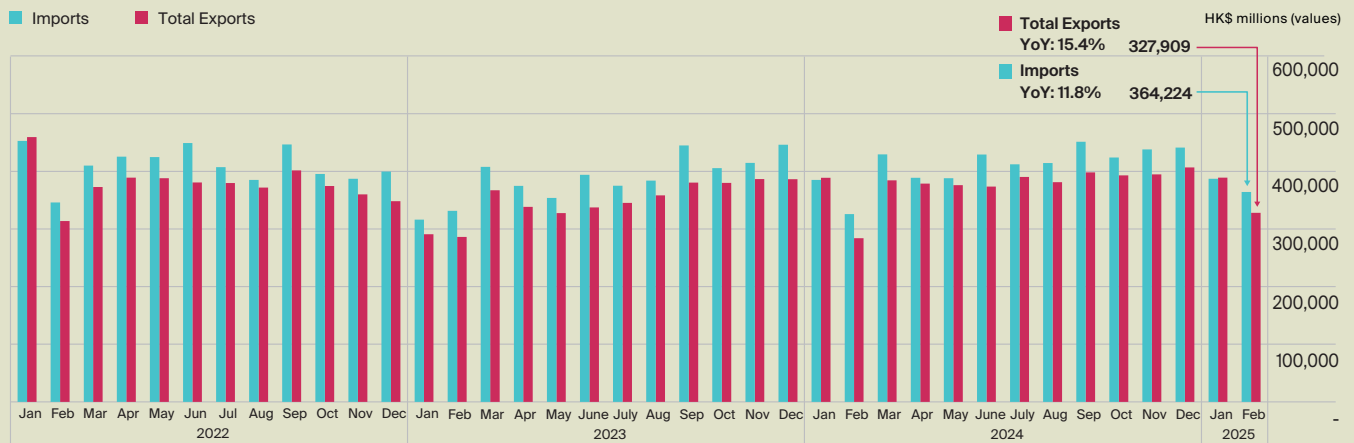
Source: Knight Frank Research

Table 2 : Major Industrial Leasing Transactions (Q1 2025)

District	Building	Area (approx sq ft)	Type of Tenants	Indicative Rent (HK\$ / sq ft / month)	Nature of Tenancy
Shatin	Topsail Plaza	11,761	Guangzhou Medicine	14.5	New Lease
Kwai Chung	ATL Logistics Centre Block B	15,404	Air Mail & Cargo (HK) Ltd	18.0	Renewal
Kwai Chung	ATL Logistics Centre Block B	16,808	Kerry Logistics	18.0	New Lease
Kwun Tong	Mai Gar Industrial Building	6,578	MGI-A Storage Ltd	10.8	Renewal
Aberdeen	Shing Dao Industrial Building	16,317	Orient Logistics Ltd	19.3	Renewal
Chai Wan	Cheung Lee Industrial Building	12,376	Gateway Services Asia Ltd	10.0	New Lease
Kwai Chung	ATL Logistics Centre Block A	16,808	Crozier Hong Kong Ltd	18.0	Expansion
Tsuen Wan	Goodman Dynamic Centre	33,933	Avnet Technology Hong Kong Ltd	10.8	Renewal
Kwai Chung	Wyler Centre 2	25,618	PrizeMart	6.1	New Lease
Kwai Chung	Wyler Centre 2	25,618	The Pacific Cigar Co Ltd	11.3	Renewal








Source: Knight Frank Research

Chart 3 : Import and Total Export



Source: Census and Statistics Department

Table 3 : Major Industrial Landlords Vacancy Rate (Q1 2025)

Landlords	Vacancy Rate
 Goodman	8.15%
 ATL Logistics Centre Hong Kong	6.16%
 HUTCHISON PORTS HUTCHISON LOGISTICS	3.79%
 KERRY LOGISTICS	3.04%
 華潤物流 CR Logistics	4.74%
 mapletree	2.02%
 Modern Terminals	12.19%

We like questions. If you've got one about our research, or would like some property advice, we'd love to hear from you.

Research & Consultancy



Martin Wong
Senior Director
Head of Research & Consultancy,
Greater China
+852 2846 7184
martin.wong@hk.knightfrank.com

Industrial & Logistic Services



Nathan Chan (E-442806)
Director
Head of Industrial & Logistic Services
+852 2846 4859
nathanmt.chan@hk.knightfrank.com

Commercial Markets

Paul Hart (E-127564)
Managing Director, Greater China,
Head of Commercial
+852 2846 9537
paul.hart@hk.knightfrank.com

Office Strategy & Solutions

Wendy Lau (E-141423)
Executive Director
Head of Hong Kong Office
Strategy & Solutions
+852 2846 4988
wendy.lau@hk.knightfrank.com

Steve Ng (E-188091)
Executive Director
Head of Kowloon Office
Strategy & Solutions
+852 2846 0688
steve.ng@hk.knightfrank.com

Capital Markets

Antonio Wu (E-053542)
Head of Capital Markets,
Greater China
+852 2846 4998
antonio.wu@hk.knightfrank.com

Residential Agency

William Lau (E-096365)
Senior Director
Head of Residential Agency
+852 2846 9550
williammw.lau@hk.knightfrank.com

Retail Services

Helen Mak (E-087455)
Senior Director
Head of Retail Services
+852 2846 9543
helen.mak@hk.knightfrank.com

Valuation & Advisory

Cyrus Fong (S-368139)
Executive Director
Head of Valuation & Advisory,
Greater China
+852 2846 7135
cyrus.fong@hk.knightfrank.com