

Hong Kong Industrial Summary

Q1 2026

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

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Highlights



General Vacancy and Rent Changes

Despite external headwinds in Q1, demand for industrial leasing remained steady, driven primarily by major logistics and e-commerce companies that led leasing activity. Meanwhile, rents for modern logistics spaces saw a slight decrease of 0.6% QoQ, while general industrial properties experienced a more notable 2.2% QoQ drop. Kowloon East recorded the steepest drop of 10.8%, reflecting rising vacancy that prompted landlords to adjust rents downward.

The vacancy rate for modern logistics fell by 0.9 percentage points to 11.9%, due to expansion activities during the quarter. For general industrial properties, despite rising vacancies in Kowloon East, other districts recorded positive absorption, leading to a reduction in the segment's vacancy rate to 7.7%. As a result, the overall industrial vacancy rate stood at 10.0% as at Q1 2026.



Significant Transaction - Logistics & E-commerce

Significant expansions by Mainland e-commerce firms and local logistics companies fueled the leasing momentum in Q1 2026, reflecting strong confidence in future prospects. JD established its first ATL presence by taking approximately 17,000 sq ft at ATL Logistics Block B. HKTVMall expanded its footprint by leasing 27,000 sq ft at Goodman Interlink, while Temu undertook a substantial increase of about 98,000 sq ft at Cainiao Smart Gateway.



Significant Transaction - Pharmaceutical

Leasing demand within the pharmaceutical sector continued from 2025 into 2026. Wright Life Pharmaceutical secured 35,000 sq ft at Southeast Industrial Building.



Significant Transaction - Art

With government initiatives promoting events and exhibitions, the art sector, including galleries and auction houses, is seeking more integrated ecosystems and storage facilities. Eythos committed to 53,000 sq ft for an Art & Valuables Storage Facility near the airport, while Crozier Hong Kong leased roughly 20,000 sq ft at ATL in Kwai Chung.



2026 Market Outlook

Logistics and e-commerce players have started 2026 with strong confidence not only in domestic markets but also in cross-border trade and global commerce. Alongside these sectors' expansion, pharmaceutical and art-related industries are making organic expansion, supported by business growth and government backing. However, traditional industrial buildings, particularly those in Kowloon East, are seeing higher vacancies as rental differentials between industrial and office spaces narrow, prompting tenants to consolidate operations into office buildings.

Table 1 : Hong Kong Industrial Rents by District or Type (Q1 2026)

| District or Type | Rent | Change | |
|------------------------------------|----------------|--------------|--------------|
| | HK\$ psf / mth | QoQ% | YoY% |
| General Industrial Building | 12.1 | -2.2% | -3.4% |
| Kwai Chung, Tsing Yi, Tsuen Wan | 13.0 | -0.4% | -1.9% |
| Kowloon East | 11.2 | -10.8% | -14.1% |
| Fanling, Sheung Shui, Sha Tin | 12.9 | -1.1% | -0.4% |
| Tuen Mun, Yuen Long | 10.5 | 0.0% | -0.1% |
| Modern Logistics | 16.4 | -0.6% | -2.4% |

Source: Knight Frank Research

Chart 1 : Modern Logistics Rental Index and Vacancy Rate

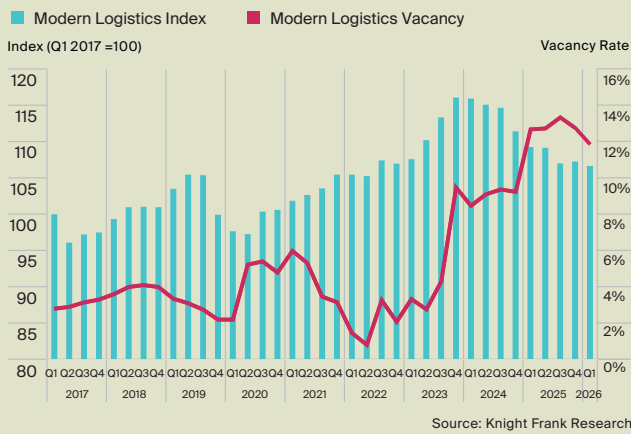


Chart 2 : General Industrial Rental Index and Vacancy Rate

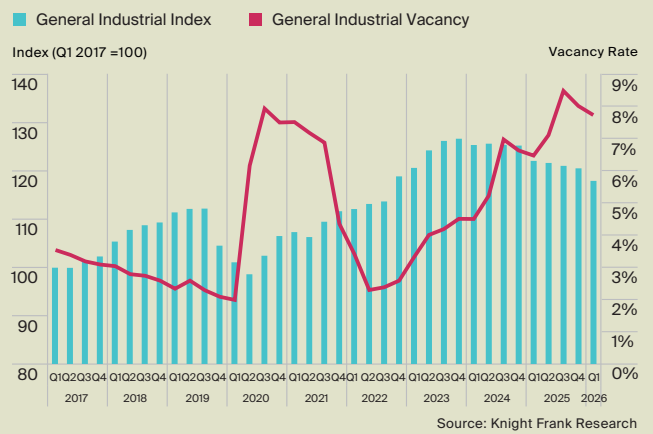
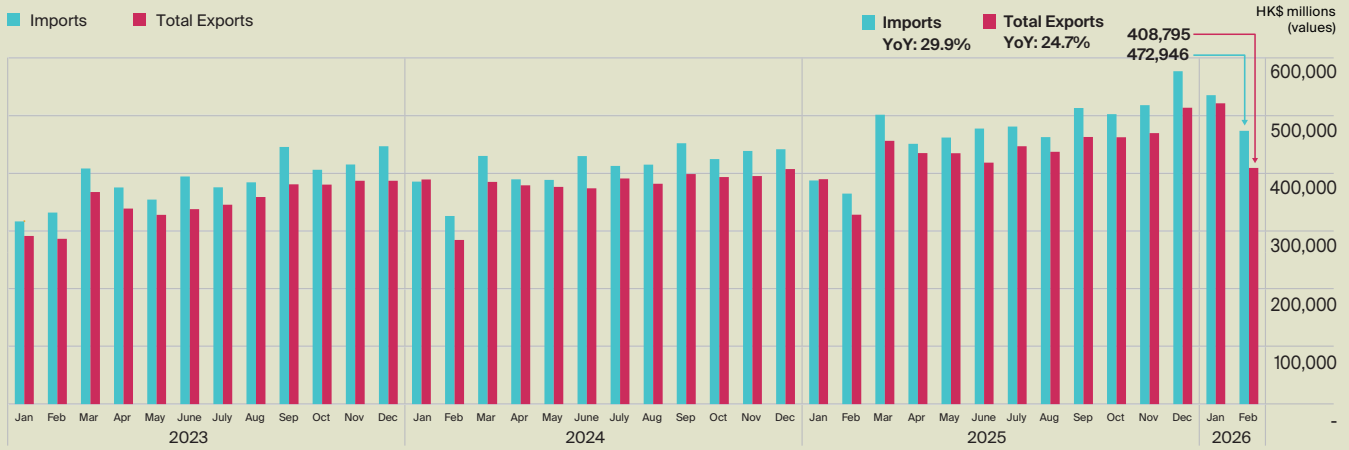


Table 2 : Major Industrial Leasing Transactions (Q1 2026)

| District | Building | Area (approx sq ft) | Tenants | Nature of Tenancy |
|--------------|-------------------------------|---------------------|----------------------------------|-------------------|
| Kwai Chung | ATL Logistics Centre Block B | 17,141 | JD Express Inv I (Hong Kong) Ltd | New lease |
| Tsuen Wan | Southeast Industrial Building | 34,996 | Wright Life Pharmaceutical Ltd | New lease |
| Kwai Chung | ATL Logistics Centre Block B | 19,674 | Crozier Hong Kong Ltd | Renewal |
| Tsing Yi | Goodman Interlink | 27,597 | HKTVEXPRESS Ltd | New lease |
| Chek Lap Kok | Cainiao Smart Gateway | 97,543 | Azure Blue HK Limited / Temu | Expansion |

Source: Knight Frank Research

Chart 3 : Import and Total Export



Source: Census and Statistics Department

Table 3 : Major Industrial Landlords Vacancy Rate (Q1 2026)

| Landlords | Vacancy Rate |
|--|--------------|
| Goodman | 6.6% |
| ATL Logistics Centre Hong Kong | 10.5% |
| HUTCHISON PORTS HUTCHISON LOGISTICS | 3% |
| KERRY LOGISTICS | 1.75% |
| 華潤物流 CR Logistics | 5.7% |
| maple tree | 2.4% |
| Modern Terminals | 10.4% |

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

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