Hong Kong Industrial Summary

Knight Frank

Q2 2026

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

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Highlights

General Vacancy and Rent Changes

The leasing market showed signs of stabilisation in Q2 2026, with the pace of rental decline moderating from 1.2% QoQ in Q1 2026 to 0.7% QoQ in the second quarter. In the modern logistics sector, rents fell by 2.4% YoY, while vacancy improved slightly by 0.1 percentage points to 11.8%, reflecting a gradual recovery in occupier demand. Leasing activity was driven mainly by logistics and e-commerce operators relocating from brownfield facilities, supported by more flexible leasing terms and incentives offered by landlords of high-specification logistics centres.

In contrast, the general industrial sector remained under pressure. Rents declined by 4.8% YoY and vacancy edged up to 7.8%. Kowloon East continued to face competitive challenges as the rental gap between industrial and office premises narrowed. At the same time, the growing supply of revitalised industrial projects created more owner-occupier opportunities, increasing competition for traditional industrial buildings. This was particularly evident among properties with ancillary office space, where occupiers were able to upgrade to higher-quality premises at relatively competitive rents.

Significant Transaction – Logistics & E-commerce

Third-party logistics and e-commerce operators continued to expand and upgrade their storage capacity in the first half of 2026. HKTVmall reinforced its operational commitment to Hong Kong through a further expansion of 20,000 sq ft at Goodman Interlink, marking its second major expansion during the period. 759 Store, a local retail chain, relocated approximately 60,000 sq ft to ATL Logistics Centre to facilitate building upgrades. Meanwhile, YesAsia, an e-commerce platform operator, has allocated an additional 48,000 sq ft for in-house expansion at the Mapletree Logistics Hub. Supported by the recovery in retail sales and continued growth in online consumption, demand from logistics and e-commerce occupiers has aligned with a broader market rebound.

Significant Transaction – Retail

Alo Yoga previously established its flagship store at K11 Musea and is set to open a second location in Causeway Bay. In addition to strengthening its retail presence, the brand has expanded its logistics footprint at ATL Logistics Centre, positioning the facility as its Asia Pacific warehouse hub. This coordinated expansion across retail and logistics functions reflects growing confidence in both the local and regional market outlook, as well as the brand's long-term business strategy in Hong Kong.

Market Overview

The acceleration of Northern Metropolis development, alongside ongoing land resumption and exchange, has driven the relocation of brownfield logistics operators. With rental levels between inner-city high specification ramp access logistics facilities and brownfield warehouses converging, occupiers are increasingly taking the opportunity to upgrade to higher quality space.

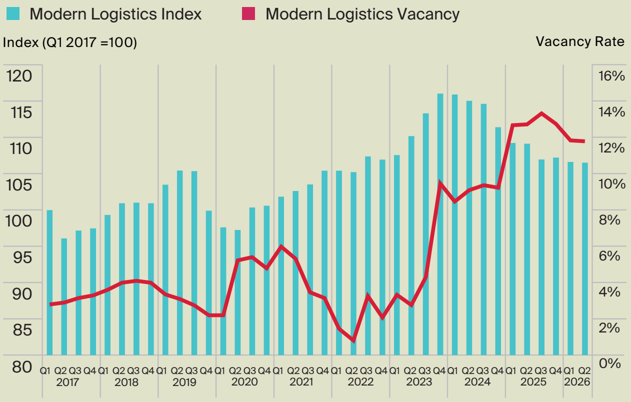
Despite leasing activity driven by relocation and expansion among logistics and e-commerce operators, market momentum is expected to moderate in the second half of 2026. Demand arising from brownfield relocations is likely to taper as near-term requirements are gradually fulfilled. At the same time, general industrial occupiers remain cautious amid ongoing market uncertainty, with a preference for lease renewals over relocation or expansion. As a result, rental performance across both modern logistics facilities and general industrial assets is expected to remain under pressure.

Table 1 : Hong Kong Industrial Rents by District or Type (Q2 2026)

District or Type	Rent	Change	
	HK$ psf / mth	QoQ%	YoY%
General Industrial Building	**11.8**	**-1.8%**	**-4.8%**
Kwai Chung, Tsing Yi, Tsuen Wan	12.6	-3.2%	-4.7%
Kowloon East	11.0	-1.8%	-14.3%
Fanling, Sheung Shui, Sha Tin	12.9	-0.3%	-1.4%
Tuen Mun, Yuen Long	10.5	0.0%	0.0%
Modern Logistics	**16.4**	**-0.1%**	**-2.4%**

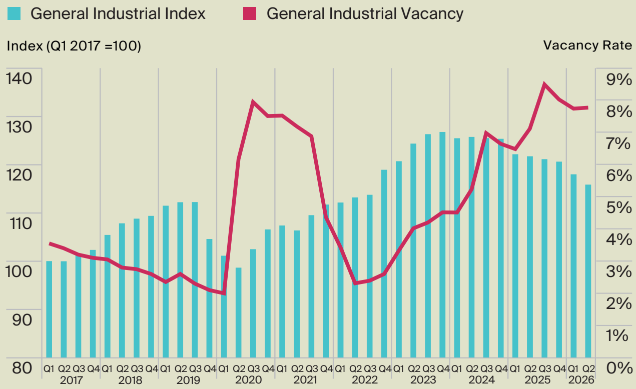
Source: Knight Frank Research

Chart 1 : Modern Logistics Rental Index and Vacancy Rate



Source: Knight Frank Research

Chart 2 : General Industrial Rental Index and Vacancy Rate



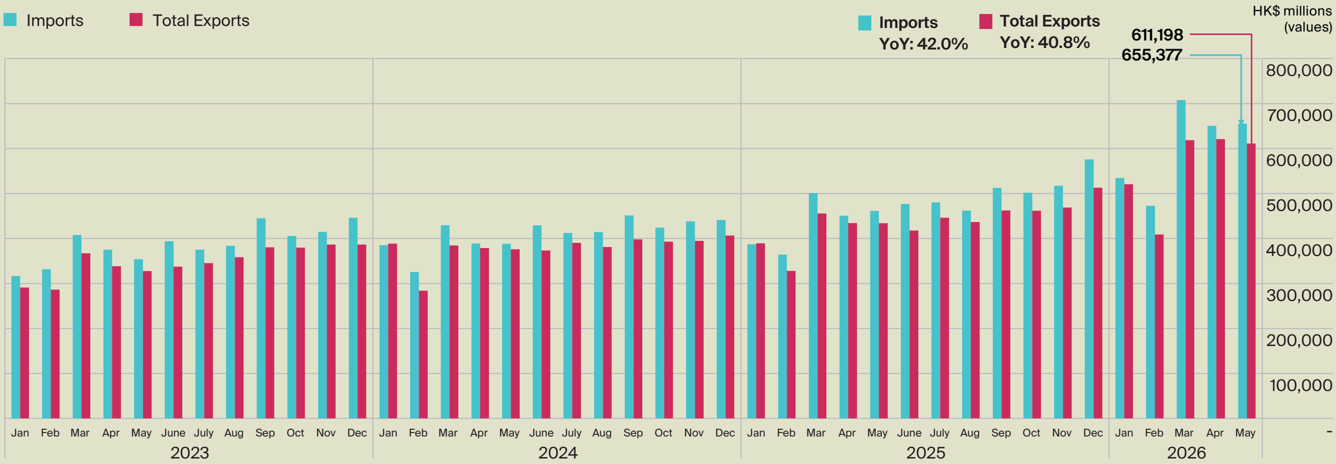
Source: Knight Frank Research

Table 2 : Major Industrial Leasing Transactions (Q2 2026)

District	Building	Area (approx sq ft)	Tenants	Nature of Tenancy
Eastern	Westlands Centre	18,871 (G)	Schindler Lifts	Renewal
Tsing Yi	Tsing Yi Industrial Centre Block C	12,566 (G)	YA Logistics Ltd	Renewal
Tsing Yi	Tsing Yi Industrial Centre Block C	28,676 (G)	YA Logistics Ltd	Renewal
Tsuen Wan	Southeast Industrial Building	19,573 (G)	Uchiya HK Ltd	Renewal
Tsuen Wan	Ming Wah Industrial Building	17,982 (G)	Lane Crawford (HK) Ltd	Renewal

Source: Knight Frank Research

Chart 3 : Import and Total Export



Source: Census and Statistics Department

Table 3 : Major Industrial Landlords Vacancy Rate (Q2 2026)

Landlords	Vacancy Rate
Goodman	7%
ATL Logistics Centre Hong Kong	15%
Hutchison Ports Hutchison Logistics	2.5%
Kerry Logistics	1.7%
華潤物流 CR Logistics	5.1%
mapletree	0.5%
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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