

Hong Kong Market Report Q1 2026



April 2026

This report analyses the performance of Hong Kong's office, residential and retail property markets

knightfrank.com.hk/research



Office

- Following robust leasing activity by alternative investment institutions in 2025, the banking sector has seen business conditions stabilise and has begun pursuing relocations and office upgrades in Q1 2026.

Q1 2026 Office Highlights

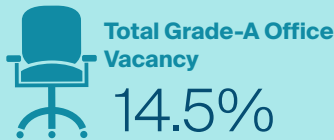


Table 1: Q1 2026 Major Leasing Transactions

District	Property	Tenant	Area (Net sq ft)
West Kowloon	Artist Square Tower	JP Morgan Chase	246,000
West Kowloon	International Gateway Centre	AXA	100,000
Kwun Tong	Manulife Place	Continental Conair	35,779
Causeway Bay	Soundwill Plaza II	Wework	21,332
Causeway Bay	One Causeway Bay	Standard Chartered Bank	18,000
Causeway Bay	One Causeway Bay	Mandarin Oriental Hotel Group	18,000

Source: Knight Frank Research

Market Highlights



The newly completed International Gateway Centre (IGC) recorded the fourth major tenant, AXA, taking up about 100,000 sq ft.

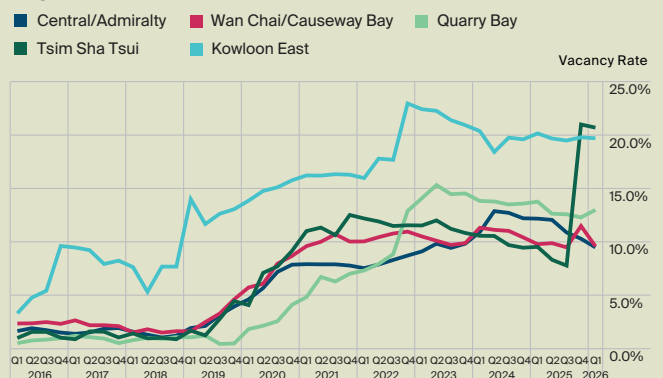


JP Morgan committed to the pre-lease agreement with six combined floors at about 250,000 sq ft at Artist Square Tower (AST) which will be completed in 2027.



Mashreq Bank leased Cheung Kong Centre II about 8,000 sq ft, represting both district and building upgrade.

Fig 1: Office Vacancy Rate



Source: Knight Frank Research

HONG KONG ISLAND

Leasing sentiment and performance improved across selected submarkets in Q1. Premium Central continued to outperform, recording solid rental growth of 5.1% QoQ. Leasing momentum also spilled over into neighbouring districts, with rents in Traditional Central and Admiralty rising by 5.7% and 2.6% QoQ, respectively. By contrast, North Point/Quarry Bay and Causeway Bay remained under pressure, with rents declining by 2.4% and 0.9% QoQ.

The finance sector remained the primary demand driver. While hedge funds and quantitative funds were

highly active in 2025, leasing activity this quarter shifted towards traditional securities and asset management firms, alongside banks establishing or expanding wealth management centres. Over the quarter, foreign bank expansion continued, with two Middle Eastern banks committing to relocate to CKC II, driven by building upgrades and office space expansion.

Looking ahead, leasing momentum is expected to strengthen further in Q2, extending beyond Premium Central to Traditional Central, Admiralty and Wan Chai.



The two significant leasing deals at West Kowloon, involving approximately 350,000 sq ft of pre-committed space, have generated strong leasing momentum, while other areas remain relatively quiet due to the holiday season. Additionally, the major leases secured at IGC and AST highlight the ongoing expansion demand from large corporations, particularly for offices featuring large floor plates, high specifications, and sea views.

At the same time, Tsim Sha Tsui District remains popular among Mainland companies and SMEs seeking district

upgrades. The occupancy rate continues to rise, and office spaces over 10,000 sq ft with sea views are now fully leased within the district.

Although Tsim Sha Tsui and West Kowloon are seeing increased relocation and expansion deals leading to higher positive take-up, leasing activities in Kowloon East mainly involve renewals or relocations driven by consolidation. As a result, the vacancy rate in Kowloon East remains high, which hinders rental growth in that area.

Table 2 : Prime Office Market Indicators (Mar 2026)

District	Net effective rent		Change		Vacancy	
	HK\$ psf / mth	QoQ %	YoY %	Q120 %	Q1 26 %	
Premium Central	111.2	5.1	9.2	-	-	
Traditional Central	81.6	5.7	3.3	-	-	
Overall Central	92.8	5.4	5.9	4.3	10.6	
Admiralty	57.0	2.6	1.9	5.7	6.0	
Sheung Wan	48.4	0.0	-1.3	4.8	10.9	
Wan Chai	49.8	2.6	1.5	6.4	10.2	
Causeway Bay	47.1	-0.9	-6.0	4.8	9.5	
North Point	26.4	1.3	-13.3	5.1	15.6	
Quarry Bay	36.8	-1.5	-10	1.9	12.3	
Tsim Sha Tsui	51.8	0.0	0.4	4.1	20.7	
Cheung Sha Wan	26.1	0.0	-3.5	0.9	15.5	
Hung Hom	35.9	0.0	1.1	7.8	12.6	
Kowloon East	24.5	-0.6	-4.4	13.9	19.7	
Mong Kok / Yau Ma Tei	42.3	-0.4	-7.0	-	-	

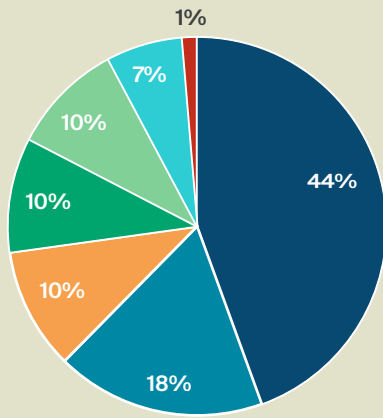
Source: Knight Frank Research
Note: Rents are subject to revision.

QUARTERLY INSIGHT

Although leasing transactions and demand drivers differ between Hong Kong Island and Kowloon District, flight-to-quality continues to be the primary consideration for relocation. As prime office space in Central becomes increasingly scarce, commercial banks have expanded their presence by establishing wealth management centers in other high-quality office buildings, requiring 15,000 sq ft or more. Hence, demand for premium office space in Central, underpinned by the finance and banking sector, has intensified spillover demand into neighbouring districts, specifically Admiralty and Wan Chai.

While raising leasing activities by the banking and insurance sectors in Tsim Sha Tsui and West Kowloon continue to develop the area into a more mature financial services hub, vacancies resulting from relocations still present challenges to the overall office recovery. Additionally, despite significant committed floor space scheduled for Q1 2026 at West Kowloon, the current and potential vacancy rates in the two developments remain elevated. Although a soft landing for Kowloon offices remains on track, organic business growth and expansion within trading, IT, and professional services sectors are vital for accelerating the recovery process.

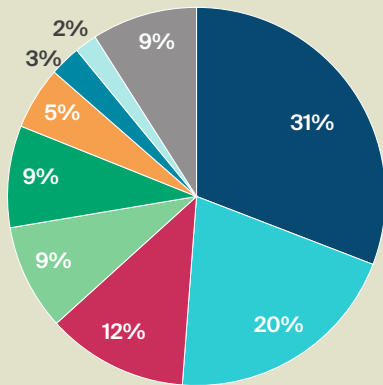
Fig 2 : Quarterly Take-up by Sectors - Hong Kong Island



Sector

- Banking and Finance
- Co-working
- Accommodation and food services
- TMT
- Professional and business services
- Import/export, wholesale and retail trades
- Legal

Fig 3 : Quarterly Take-up by Sectors - Kowloon

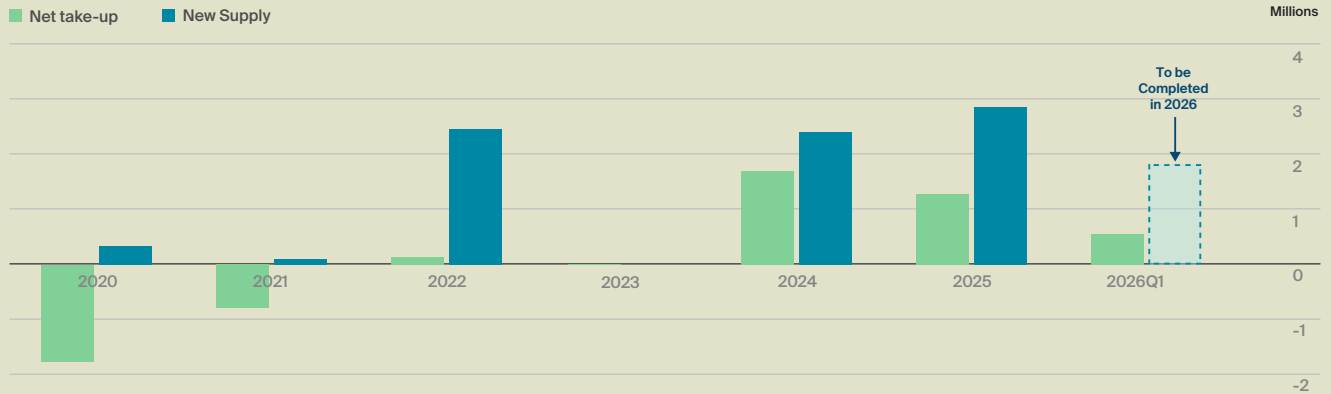


Sector

- Banking and Finance
- Import/export, wholesale and retail trades
- Insurance
- Professional and Business Services
- TMT
- Construction
- Public Sector
- Transportation, storage, postal and courier services
- Others

Source: Knight Frank Research

Fig 4 : Net Take-up & Completion (Net million sq ft)



Source: Knight Frank Research

Table 3 : Future Supply Y2026

District	Development	Area (Net sq ft)	Developer
Wan Chai	199-203 Hennessy Road	83,637	Tung Wah Group of Hospitals
Sheung Wan	212-232 Des Voeux Road Central	135,000	Tai Hung Fai
Hung Hom	Conic Investment Building	385,718	Cheung Kong
Central	Central Crossing	135,102	Wing Tai / CSI
Kwun Tong	Crystal Tower	158,715	Crystal Group
Causeway Bay	Lee Garden Eight	697,500	Hysan / Chinachem
Sai Wan	92-103 Connaught Road West	232,918	Tai Hung Fai

Source: Knight Frank Research

Residential

► Residential transactions remain firm amid active mainland Chinese demand

In the first quarter, overall transaction activity further picked up, total volumes rose 9% QoQ to 18,654 units. Primary sales remained broadly flat, while secondary sales rose 13% QoQ reflecting a strong sales momentum across the board. Prices rose 1.4% MoM in March, following 1.8% MoM increase in February. Increasing capital inflows and rising enquiry levels continue to support the market sentiment.

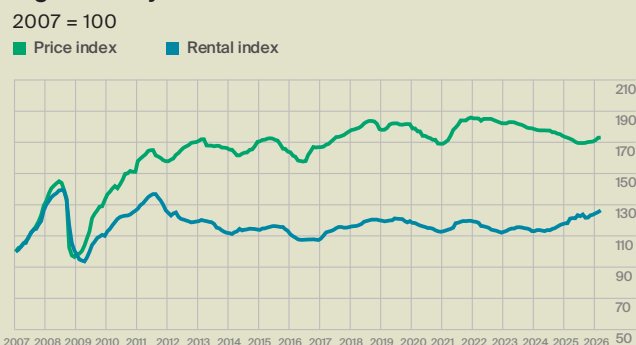
Heightened geopolitical uncertainties in the Middle East have further reinforced Hong Kong's appeal as a relative safe haven, while some buyers have structured acquisitions through investment companies registered under individual names to facilitate purchases. With demand remaining resilient and mainland Chinese buyers staying active, primary market transaction volumes are expected to remain firm in Q2, although growth is likely to stabilize as the market transitions out of its initial rebound phase.

In the primary market, new developments were launched across Kowloon and the New Territories. Several projects recorded strong sales performance during Q1, including Grand Austin Bohemian, which achieved a 100% sell through of its 64 units; Zendo House, with all 164 units sold; and Sierra Sea (Phase 2B), which sold 98% of its 775 units. Both small scale and large scale developments performed well, underscoring resilient demand across different project sizes.

Luxury residential sales also strengthened in Q1, with 96 transactions priced above HK\$78 million (US\$10 million), representing a 19% QoQ increase. A key highlight was the sale of Flat A at Cullinan Harbour, Kai Tak, a 2,141 sq ft unit transacted at HK\$139.2 million, or approximately HK\$65,000 per sq ft.

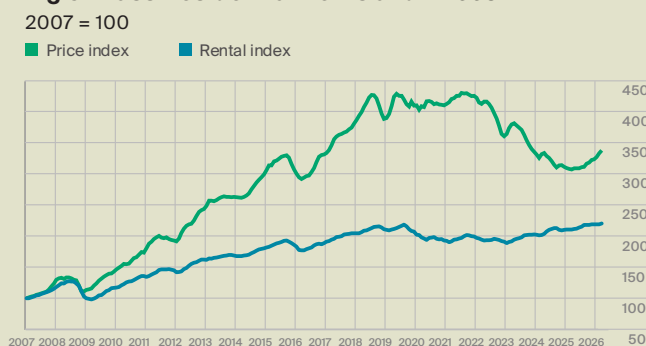
The leasing market maintained its upward trajectory, with mass rents rising 4.7% YoY or 0.8% YTD in March. Leasing demand picked up following the Lunar New Year,

Fig 5. Luxury Residential Rents and Prices



Source: Knight Frank Research

Fig 6. Mass Residential Rents and Prices



Source: Knight Frank Research / Rating and Valuation Department

supported by the influx of mainland Chinese professionals relocating to Hong Kong. Wong Chuk Hang, Ap Lei Chau, and the Western District continued to rank among the most sought after leasing locations. On the other hand, the luxury rental market outperformed, with luxury rents rising 11.2% YoY or 0.6% YTD in March, by Knight Frank's luxury rental index.

2026 Forecast - Residential Sector



Mass Residential Prices ↑ 8-10%



Luxury Residential Prices ↑ 5-8%



Mass Residential Rents ↑ 5-8%



Luxury Residential Rents ↑ 3-5%

Nine residential sites were sold between 2024 and 2026. Overall, the government predominantly released small to medium sized sites, each yielding fewer than 1,100 units. Such site sizes are favoured by developers due to the lower upfront capital investment required. Notably, six out of the nine sites recorded a premium gap between winning and second bid of less than 10%, reflecting less conservative bidding sentiment. In addition, six of these sites are in well-located urban areas, which should have strong homebuyer demand.

With ongoing improvement in the transaction activity, sentiment and liquidity conditions, the market recovery is strengthened by solid end-user demand and increasing investment demand, supporting an uplift of full-year price growth forecast to 8%–10%. In the primary market, strong sales momentum is likely to allow developers to scale back incentives and implement modest price increases. Total first-hand sales are projected to reach around 20,000 units in 2026, broadly in line with, or potentially exceeding, 2025 levels.

Table 4 : Selected Residential Sales Transactions (Mar 2026)

District	Building	Tower / Floor / Unit	Saleable Area (sq ft)	Price (HK\$ million)	Price (HK\$ per sq ft)
Wong Chuk Hang	The Southside	Phase 6B, Tower 1A, 36/F, Flat A	1,696	86.4	50,943
Wong Chuk Hang	The Southside	Phase 6B, Tower 1A, 33/F, Flat A	1,696	79.7	46,993
Mid-Levels West	The Legacy	Phase 2, Tower 1, 23/F, Flat A	2,772	141.5	51,046
Kai Tak	Cullinan Harbour	Phase 1, Tower 1, 23/F, Flat A	2,141	139.2	65,016
Kai Tak	Cullinan Harbour	Phase 1, Tower 5, 10/F, Flat A	1,401	66	47,109

Source: Knight Frank Research
Note: All transactions are subject to confirmation.

Table 5 : Selected Residential Lease Transactions (Mar 2026)

District	Building	Tower / Floor / Unit	Lettable Area (sq ft)	Monthly Rent (HK\$)	Monthly Rent (HK\$ per sq ft)
Mid-Levels East	Central Peak	Phase 1, Alpex II, Lower Floor, Manor B	2,080	260,000	125
Ho Man Tin	St. George's Mansions	Tower 1, Middle floor, Flat B	1,724	160,000	93
Ho Man Tin	King's Park Hill	House 8	2,997	230,000	77
The Peak	Kellet House	House 6	3,106	230,000	74
Mid-Levels West	Azura	Upper Floor, Flat C	1,301	98,000	75

Source: Knight Frank Research
Note: All transactions are subject to confirmation.

Table 6 : Key First Hand Sales Residential Launches (Q1 2026)

First Sale Date	Development	District	No. of Units	Average Price per sq ft (HK\$)	Incentives (Highest discount rate)
30 Mar 26	KT Marina 2	Kai Tak	1,121	21,156	25%
28 Mar 26	Chester	Hung Hom	241	23,000	10%
27 Mar 26	Foto+	Tai Kok Tsui	122	21,247	12%
27 Mar 26	Connex	Diamond Hill	195	18,298	30%
22 Mar 26	Deep Water South Phase 6A	Aberdeen	463	30,039	NA
20 Mar 26	La Mirabelle I	Lohas Park	1,266	18,284	15%
13 Mar 26	Cloudview	Sheung Shui	765	14,516	23.5%
13 Mar 26	Zendo House	Tsim Sha Tsui	164	24,787	17%
11 Mar 26	Deep Water South Phase 6B	Aberdeen	154	30,039	NA
11 Mar 26	Grand Austin Bohemian	Tsim Sha Tsui	64	23,029	20%
3 Mar 26	Kennedy Bay	Kennedy Town	125	30,514	NA
28 Jan 26	Sierra Sea (Phase 2B)	Tai Po	775	15,607	15%
22 Jan 26	Central Residence By The Park	Central	99	48,450	NA
16 Jan 26	Kabiatat Tin Hau	North Point	74	28,714	30%
16 Jan 26	26 Ko Shan	Hung Hom	83	20,838	10%
6 Jan 26	Sierra Sea (Phase 2A)	Sai Kung	727	16,756	15%

Source: Knight Frank Research / Market Source

Table 7 : Bid Gap Analysis in Residential Land Sales (2024–2026): Actual Premium vs. Second-Highest Bid

Tender Award Date	Lot Number	Location	District	Area (sq ft)	Max GFA (sq ft)	Awarded to	*Estimated No. of Units	Actual Bid vs 2nd Bid (%)	Actual Bid (HK\$ Mil)	Second Highest Bid (HK\$ Mil)	AV (HK\$ per sq ft)
17 Jul 2024	STTL 623	Sha Tin	NT	26,103	156,616	SHKP	392	4.68%	619	590	3,952
29 Oct 2024	STTL 625	Sha Tin	NT	60,838	304,191	Chinachem	760	19.5%	1,021.165	822	3,357
27 Jan 2025	STTL 651	Sha Tin	NT	38,750	193,752	SHKP	484	3.99%	606	581.8	3,128
19 Feb 2025	TCTL 55	Tung Chung	NT	114,615	401,153	SHKP	1,003	14.62%	602	514	1,501
13 Aug 2025	TMTL 569	Tuen Mun	NT	47,017	282,103	Sino Land	705	35.9%	1,089	698	3,860
18 Nov 2025	TWTL 441	Tsuen Wan	NT	70,127	434,790	Chinachem	1,087	7.07%	2,475	2,300	5,692
7 Jan 2026	NKIL 6674	Jordan Valley	KN	41,226	371,035	Sino Land & Great Eagle	928	0.39%	1,610	1,603.8	4,339
10 Feb 2026	NKIL 6675	Ngau Tau Kok	KN	33,713	252,846	China Overseas	632	3.09%	1,806.88	1,751	7,146
16 Feb 2026	SIL 860	Shau Kei Wan	HK	14,521	130,696	Kerry	327	8.37%	1,383.899	1,268	10,589

Source: Lands Department / Market Source / Knight Frank Research

*Estimated number of residential units is derived by dividing the maximum GFA by an assumed average unit size of 400 sq ft

Retail

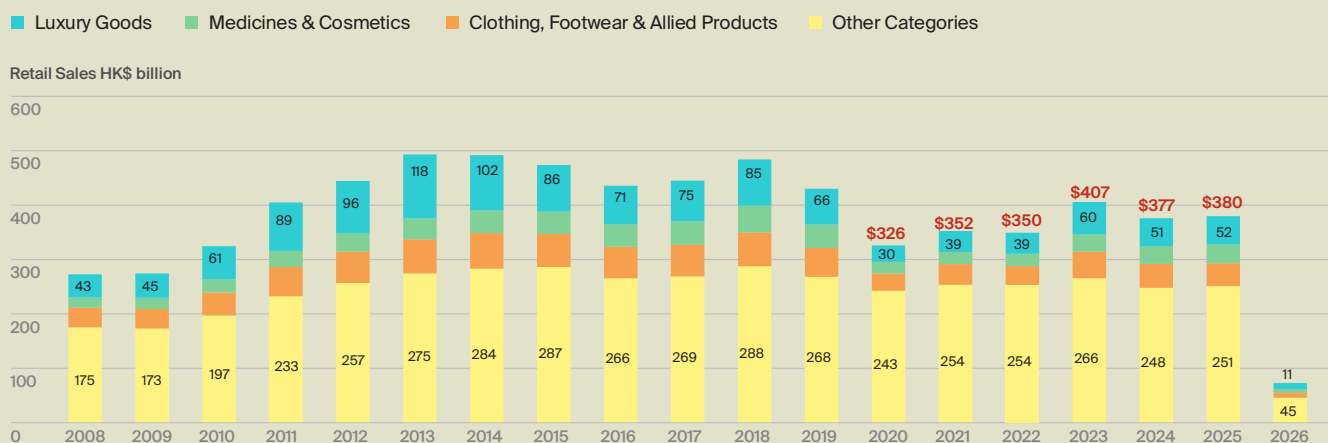
► Retail sentiment strengthens amid tourism recovery

Hong Kong's retail sales performance continued to recover in early 2026, supported by strong tourism demand and major festive events. From January to February, total retail sales increased by 11.8% year on year to HK\$72.4 billion. Discretionary spending outperformed during the period, with sales of jewellery, watches and clocks, and valuable gifts surging by 27.8% YoY, reflecting a rebound in high value consumption driven by event led footfall and tourist spending.

Tourism remained a key pillar underpinning retail performance. Visitor arrivals rose by 18.4% YoY to 9.95 million over the two month period, boosted by the Chinese New Year holiday and related large scale events, such as the Lunar New Year Night Parade and New Year Fireworks Display. Mainland Chinese visitors accounted for approximately 7.89 million arrivals, or 79% of the total, underscoring their continued importance in sustaining retail activity, particularly in prime shopping districts.



Fig 7 : Retail Rents and Sales



Source: Knight Frank Research / Market Source / Census and Statistic Department

Beyond tourism, education related leasing and investment have emerged as a key player in retail property. Demand has been driven by an increasing number of families relocating to Hong Kong under talent admission schemes, which has in turn boosted demand for primary and secondary school capacity. A recent example is Harrow International School Hong Kong's acquisition of a four storey retail property in Tuen Mun, with a total gross floor area of 52,122 sq ft, for HK\$122 million. On the leasing front, Stamford American School recorded one of the largest education related retail leasing transactions last year, taking a three storey duplex podium retail space of more than 95,000 sq ft at Imperial Cullinan in Tai Kok Tsui, at a monthly rent exceeding HK\$3 million.

In addition, cultural events and broader cultural engagement are playing an increasingly important role in

supporting Hong Kong's retail market by driving footfall, visitor spending and place vitality. Flagship events such as Art Basel Hong Kong and Art Central attract both local and overseas visitors, thereby supporting demand for retail, dining and experiential offerings. The closer integration of culture, lifestyle and retail further enhances the attractiveness and resilience of prime retail locations.

Overall, the retail market is expected to remain stable in 2026. Large scale cultural and sports events, such as concerts and the Hong Kong Rugby Sevens, continue to underpin visitor arrivals and retail spending. There is strong demand for well located retail properties in the core shopping districts of Central, Tsim Sha Tsui, Causeway Bay and Mong Kok. Against this backdrop, rents in core shopping centres and prime street locations are expected to continue their upward trajectory.

Table 9 : Key Retail Lettings in Q1

District	Property	Floor	Monthly Rental (HK\$)	Area (sq ft)	Rental (HK\$ per sq ft)	Tenant
Wan Chai	129 Johnston Road	Ground Floor / Unit C	\$238,000	700	\$340	FUTU Securities
Tsim Sha Tsui	Daily House	Ground floor / Unit D	\$238,000	840	\$283	Cha Chaan Teng
Tsim Sha Tsui	32-34 Nathan Road	Ground floor / Unit A	\$300,000	1,100	\$273	Cookies Quartet
Causeway Bay	6 Kai Chiu Road	Ground Floor & 1st Floor	\$650,000	4,700	\$138	Korean fashion store

Source: Knight Frank Research / Market Source

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
research.all@hk.knightfrank.com

Commercial Markets



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

Capital Markets



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

Residential Agency



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



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

RECENT MARKET-LEADING RESEARCH PUBLICATIONS



Student Living
Revisited



(Y)OUR SPACE
2025



From Volatility to
Opportunity

Knight Frank Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs. Important Notice: ©Knight Frank 2026. This document and the material contained in it is general information only and is subject to change without notice. All images are for illustration only. No representations or warranties of any nature whatsoever are given, intended or implied. Knight Frank will not be liable for negligence, or for any direct or indirect consequential losses or damages arising from the use of this information. You should satisfy yourself about the completeness or accuracy of any information or materials and seek professional advice in regard to all the information contained herein.

This document and the material contained in it is the property of Knight Frank and is given to you on the understanding that such material and the ideas, concepts and proposals expressed in it are the intellectual property of Knight Frank and protected by copyright. It is understood that you may not use this material or any part of it for any reason other than the evaluation of the document unless we have entered into a further agreement for its use. This document is provided to you in confidence on the understanding it is not disclosed to anyone other than to your employees who need to evaluate it.

Knight Frank Petty Limited EAA (Company) Lic No C-010431
Knight Frank Hong Kong Limited EAA (Company) Lic No C-013197

