Hong Kong Monthly

August 2026

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

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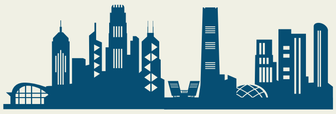
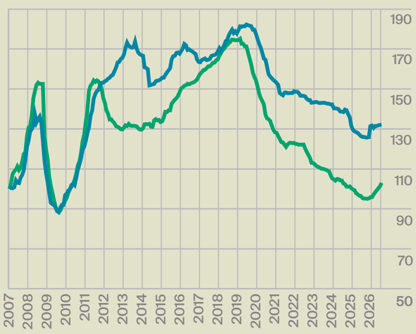
Office



HONG KONG ISLAND

Premium Central office spaces remained the most sought-after option in the market, with vacancy falling to 9.7% in July from 14.5% at the beginning of the year. Demand from Chinese mainland financial institutions continued to underpin leasing activity, driven by both expansion and new occupiers establishing a presence in Hong Kong. Nevertheless, the scarcity of large floor plates has led occupiers with substantial space requirements to look beyond immediately available options, focusing instead on future availabilities and opportunities within Traditional Central office stock. Meanwhile, sea-view office premises attracted significant attention across both Central and Wan Chai North. Strong enquiry levels for existing and upcoming sea-view vacancies enhanced landlords' negotiating position, contributing to firmer rental performance and lower vacancy for offices offering harbour-facing views.

Fig 1. Grade-A Office Rents
2007 = 100



Source: Knight Frank Research

KOWLOON

Leasing activity strengthened in July, with a notable increase in transactions involving occupiers requiring larger floor plates. Vacancy in Kowloon East edged down to 21.5% in July from 22.0% at the beginning of the year, while Tsim Sha Tsui edged down to 7.3% from 8.1%. A total of 16 transactions (size: more than 10,000 sq ft) were recorded during the month, representing more than 55% of total take-up. Relocation activity also increased, representing 40% of transactions, up from one-third share in 1H 2026. Given the substantial office stock available in Kowloon East, the area continued to capture the majority of relocation demand, particularly from occupiers seeking to remain within the district.

Kowloon Central, particularly The Gateway, remained among the most in-demand office locations. In addition to its harbourfront settings, established business ecosystem and prime location, the area continued to attract corporate occupiers, especially Chinese mainland firms. Nevertheless, growing competition from newly completed projects in West Kowloon has encouraged landlords to engage tenants earlier in the renewal process and offer more flexible leasing packages to enhance retention.

Table 1. Prime Office Market Indicators (July 2026)

District	Net effective rent	Change		Vacancy		
	HK$ psf / mth	MoM %	YoY %	Sep 2024 (Recent High) %	Jan 2026 %	July 2026 %
Premium Central	120.7	3.9	19.0	-	14.5	9.7
Traditional Central	83.6	2.0	12.8	-	9.5	8.8
Overall Central	95.9	2.8	14.6	14.4	11.3	9.1
Admiralty	59.5	1.1	6.9	7.7	5.9	4.4
Sheung Wan	49.1	0.0	0.1	10.8	12.6	10.0
Wan Chai	50.2	0.6	3.5	12.5	11.0	9.7
Causeway Bay	46.3	0.7	-5.4	7.9	8.8	9.6
North Point	27.3	3.3	-7.7	16.2	16.9	14.7
Quarry Bay	36.4	0.0	-3.8	13.5	12.1	11.5
Tsim Sha Tsui	46.6	0.0	0.0	9.7	8.1	7.3
Cheung Sha Wan	26.4	0.0	5.9	22.8	16.9	12.6
Hung Hom	34.1	0.0	3.2	12.1	13.5	13.1
Kowloon East	26.6	-0.4	0.6	21.5	22.0	21.5
Mong Kok / Yau Ma Tei	42.3	0.0	1.0	-	8.4	9.7

Note: Net effective rent refers to the average rental payable over the lease term after adjusting for all landlord incentives and concessions.
Premium Central offices are selected based on building height, specifications, floor plate size, quality and age.
Tsim Sha Tsui excludes West Kowloon cluster.

Source: Knight Frank Research

Residential

Market momentum moderated following a strong performance in the first half of the year. Monthly primary sales in July fell to 796 transactions (-60% MoM), while secondary sales declined to 3,666 units (-35% MoM). Mass residential price declined marginally by 0.5% MoM, while Knight Frank Luxury Price Index in July slightly declined by 2.0% MoM.

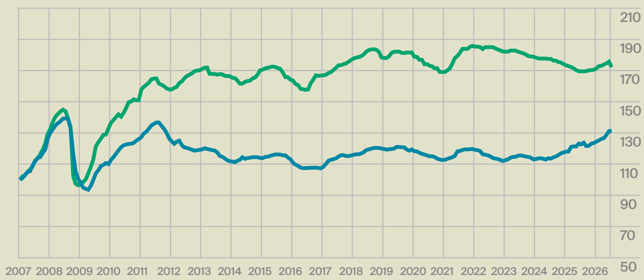
Market sentiment has become more mixed amid stricter enforcement of taxation and capital control policies from the Chinese Mainland. These measures have prompted buyers to be more cautious. We expect the price to stabilise while volume picks up with more launches in the coming months, including The Sterling (CR Land, approx 2,200 units) and Park Silicon (Wheelock, 781 units). First-hand activity has rebounded in the first three weeks of August and is expected to rebound to 1,000 units.

The leasing market remains vibrant. The Knight Frank Luxury Rental Index records a 6.3% increase YTD and a 9.2% increase YoY in July. Robust rental demand supports an elevated rental level as it enters the middle of peak season driven by education and talent demand.

Fig 2. Luxury Residential Rents and Prices

2007 = 100

Price index   Rental index

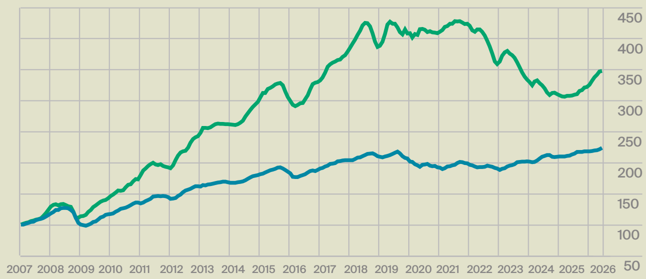


Source: Knight Frank Research

Fig 3. Mass Residential Rents and Prices

2007 = 100

Price index   Rental index



Source: Knight Frank Research / Rating and Valuation Department

Table 2. Selected Residential Sales transactions (July 2026)

District	Building	Tower / floor / unit	Saleable area (sq ft)	Price (HK$)	Price (HK$ per sq ft)
Wong Chuk Hang	Deep Water South	Phase 6B, Tower 1A, 25/F, Flat A	1,696	75,523,000	44,530
Wan Chai	Eight-Star Street	25/F, Flat B	980	42,420,000	43,286
Kai Tak	Cullinan Harbour	Phase 2B, Tower 8, 16/F, Flat A	1,159	48,300,000	41,674
West Kowloon	The Cullinan Zone 2 Luna Sky	18/F, Flat C	1,028	43,380,000	42,198
Kai Tak	Cullinan Harbour	Phase 2B, Tower 8, 17/F, Flat B	1,157	46,870,000	40,510

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

Table 3. Selected Residential Lease Transactions (July 2026)

District	Building	Tower / floor / unit	Lettable area (sq ft)	Monthly rent (HK$)	Monthly rent (HK$ per sq ft)
Mid-Levels East	Mount Nicholson	Phase 2, Tower B, Lower Floor, No.8	4,214	610,000	145
Kai Tak	Cullinan Harbour	Phase 1, Tower 3, Upper Floor, Sky Manor	2,191	260,000	119
North Point	The Pavilia Hill	Tower 2, Middle Floor, Flat A	1,136	85,000	75
Mid- Levels Central	22 Kennedy Road	Middle Floor, Flat South	1,033	80,000	77
Mid- Levels Central	Dynasty Court	Tower 3, Upper Floor, Flat B	1,522	108,000	71

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

Retail

Hong Kong's retail sales grew by 4.6% YoY in June following a 7.9% YoY rise in May, extending the recovery to a 14th consecutive month of growth. Luxury sales remained the main growth driver, with sales rising 20.1% YoY, although this was slower than the 26.0% YoY increase recorded in the previous month. Meanwhile, local consumption remained subdued, supermarkets sales and department store sales dropped 1.1% and 4.2% YoY respectively.

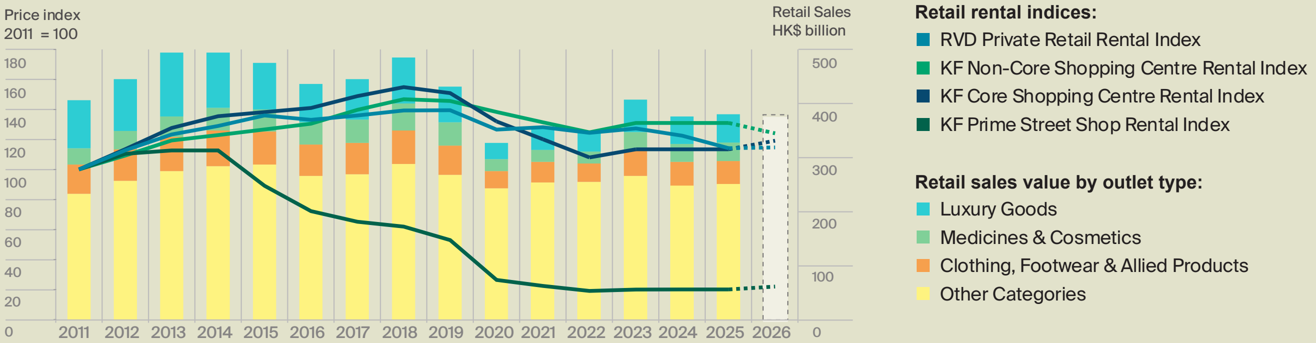
From a leasing perspective, the recent sale of the ground-floor shop and cockloft at 32 Cochrane Street, Central underscores the resilience of the district's prime retail market. The property was sold for HK$75 million, reflecting a 15.7% capital gain over three years. Having previously achieved a monthly rent of HK$150,000, the asset demonstrates the sustained appeal of well-located Central retail units. Brentwood Coffee's lease commitment further highlights strong demand from café and lifestyle operators seeking to benefit from Central's office population and tourist traffic. These developments reinforce Central's position as Hong Kong's most sought-after retail leasing destination.

Table 4. Retail sales by outlet type (June 2026)

	Value (HK$ billion)	Share of Total %	YoY %
Overall retail sales	**31.5**	**-**	**4.6**
- Jewellery, watches and clocks, and valuable gifts	5.5	17.4	20.1
- Clothing, footwear and allied products	3.3	10.5	0.5
- Department stores	2.2	7.1	-4.2
- Consumer durable goods	4.1	12.9	5.4
- Supermarkets	4.1	13.1	-1.1
Online retail sales	**3.0**	**9.4**	**11.6%**

Source: Knight Frank Research

Fig 4. Retail Rents and Sales



Source: Knight Frank Research / Rating and Valuation Department / Census and Statistics Department

Table 5. Latest Tourism Statistics – Chinese Mainland Visitors

	Same Day Visitors (No.)
June 2026	1,597,273
June 2025	1,645,579
Differences	**-2.9%**

	Same Day Per-Capita Spending (HK$)	Overnight Per-Capita Spending (HK$)
Q1 2026	$1,215	$5,305
Q1 2019	$2,298	$6,219
Differences	**-47.1%**	**-14.7%**

Source: Knight Frank Research / Tourism Board

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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