Hong Kong Monthly

December 2025

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

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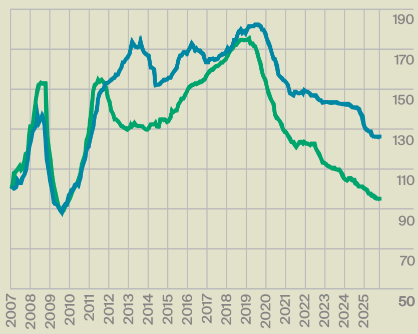
Office

HONG KONG ISLAND

In addition to increasing demand from PRC companies related to IPO activities, banks and funds from the PRC continue to fuel leasing transactions and expansions in Central. In December, Three Garden Road recorded several financial firms with in-house expansion, totalling about two floors, approximately 32,000 sq ft. Moreover, the level of leasing activities within the wellness sector in Central remains steady. A medical center leased two floors at the China Building, covering around 20,000 sq ft.

Fig 1. Grade-A Office Rents
2007 = 100



Source: Knight Frank Research

KOWLOON

Prior to the holiday season, sizeable tenants in Kowloon have seen an uptick in relocation activity. While size optimisation remains the primary driver for these moves, there is also stronger demand for higher-quality buildings and prime locations. Compared to a few quarters ago, these large occupiers are now demonstrating greater readiness in risk management, leading to clearer goals for investing in relocation and securing extended lease terms from landlords amid the tenant-favoured market — signalling some support for Kowloon's long-declining office sector.

Office premises in Tsim Sha Tsui offering sea views have performed particularly well overall, driven by additional demand from insurance companies and funds. This surge stems from the area's proximity and connectivity to Chinese mainland, which benefits their related business operations. As we approach the end of 2025, the market is experiencing a slowdown in its downward adjustment trend, with a further slowdown expected in early 2026.

Prime Office Market Indicators (Nov 2025)

	Net effective rent	Change		Vacancy	
District	HK$ psf / mth	MoM %	YoY %	Jan 19 %	Nov 25 %
Premium Central	102.8	0.7	-2.2	-	-
Traditional Central	76.3	0.4	-8.7	-	-
Overall Central	86.4	0.5	-5.9	1.2	11.9
Admiralty	55.4	0.3	-6.2	1.9	6.2
Sheung Wan	48.4	0.0	-6.0	1.3	13.7
Wan Chai	48.7	0.6	-1.3	1.7	11.5
Causeway Bay	47.9	0.2	-7.4	1.5	12.4
North Point	28.6	-3.4	-6.8	6.9	17.0
Quarry Bay	37.8	-0.5	-8.6	1.1	12.3
Tsim Sha Tsui	51.2	0.1	-3.0	1.8	7.3
Cheung Sha Wan	25.9	0.0	-9.2	1.9	18.3
Hung Hom	35.5	0.5	-3.9	11.3	11.9
Kowloon East	24.5	0.1	-11.0	7.5	19.3
Mong Kok / Yau Ma Tei	42.1	0.5	-14.4	-	-

Note: Rents and Vacancies are subject to revision.

Source: Knight Frank Research

Residential

Residential market saw a gradual recovery. As of November, primary sales reached 18,801 units, up 17.3% YTD and exceeded 2024's level. Secondary sales also reached 38,148 units, up 15.7% YTD. As such, total transaction has reached 56,949 units as of November. We expect total transaction to reach 60,000 – 62,000 units by year end, returning to 2021's level.

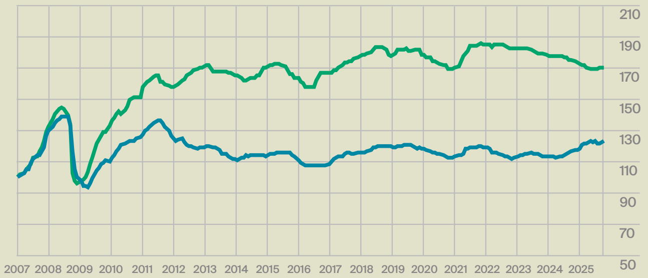
Luxury market also sustained momentum with record-setting sales. Notably, the month included a sale of a house at 39 Deep Water Bay, Unit 2, spanning 4,736 sq ft and sold for HK$342 million, equating to HK$72,213 per sq ft. On the leasing market front, activity slowed due to seasonal factors. Investor activity has picked up, with increased acquisitions of smaller properties ranging from 220 - 250 sq ft for investment purposes, often leased to students.

With the rebounding sales momentum and market sentiment, we expect the luxury price +3% to 5%, mass price 5% to 8% in 2026. Similarly with strong tenant demand from professionals and families, luxury rents +3% to 5% and mass rents +3% to 5%.

Fig 2. Luxury Residential Rents and Prices

2007 = 100

Price index   Rental index



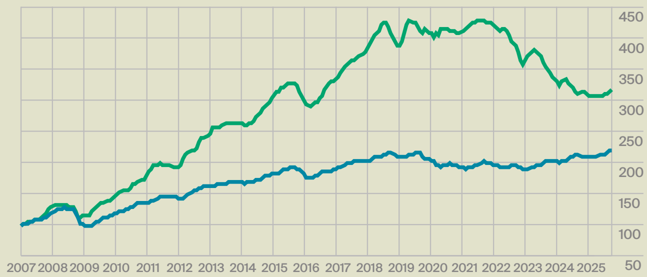
Note: Owing to database adjustments, some data may be different, specific values are based on 2025 May

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

Selected Residential Sales transactions (Nov 2025)

District	Building	Tower / floor / unit	Saleable area (sq ft)	Price (HK$ million)	Price (HK$ per sq ft)
Deep Water Bay	Deep Water Bay Road 39	Unit 2	4,736	342	72,213
Mid-Levels Central	Legacy Phase 2	Tower 1, 35/F, Unit B	2,773	158	56,900
West Kowloon	The Cullinan Zone 6 Aster Sky	38/F, Unit B	1,379	58	42,059

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

Selected Residential Lease Transactions (Nov 2025)

District	Building	Tower / floor / unit	Lettable area (sq ft)	Monthly rent (HK$)	Monthly rent (HK$ per sq ft)
West Kowloon	The Cullinan Zone 1 Diamond Sky	Tower 20, Lower Floor, Flat D	1,396	102,000	73
Southern	Residence Bel-Air Phase 2 South Tower	Tower 2, Upper Floor, Flat A	1,401	153,000	109
Ho Man Tin	St. George's Mansions	Tower 2, Middle Floor, Flat B	1,752	148,000	84
Mid-Levels Central	Dynasty Court	Tower 2, Lower Floor, Flat B	1,806	128,000	71
North Point	Harbour Glory	Tower 8, Middle Floor, Flat B	1,245	83,000	67

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

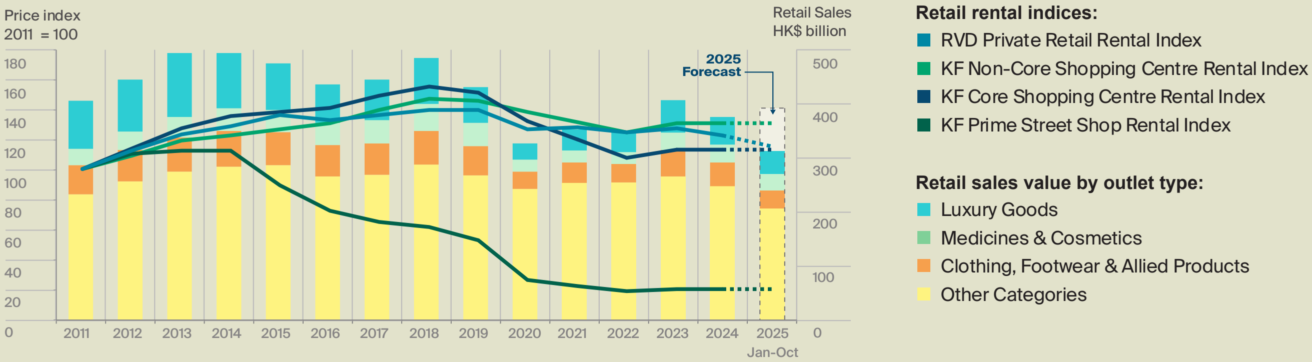
Retail

From January to October, total retail sales reached HK$311.7 billion, narrowing the YTD decline to -0.2%. October sales rose 6.9% YoY, led by a 16.4% surge in consumer durables. Luxury sales also edged up, posting a 9.5% YoY gain.

Meanwhile, a notable trend has emerged as finance and banking firms increasingly occupy retail spaces in prime districts. For instance, HSBC is set to lease over 40,000 sq ft of prime corner space at Capitol Centre in Causeway Bay, marking the first non-fashion, long-term tenant in one of the district's busiest shopping lanes since 2008—a shift away from traditional fashion retail.

We expect a rental split of prime retail and non-prime retail in 2026. Prime assets will remain resilient with positive rental growth, due to tourism recovery and improving retailer demand. On the other hand, non-prime retail will remain under pressure amid structural shifts caused by northbound spending and online spending.

Fig 4. Retail Rents and Sales



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

Latest Tourism Statistics – Chinese Mainland Visitors

	Same Day Visitors (No.)
Oct 2025	2,187,184
Oct 2024	1,898,619
Differences	**15.2%**

	Same Day Per-Capita Spending (HK$)	Overnight Per-Capita Spending (HK$)
Q3 2025	$1,166	$4,857
Q1 2019	$2,298	$6,219
Differences	**-49.3%**	**-21.9%**

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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