

June 2025

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

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Office

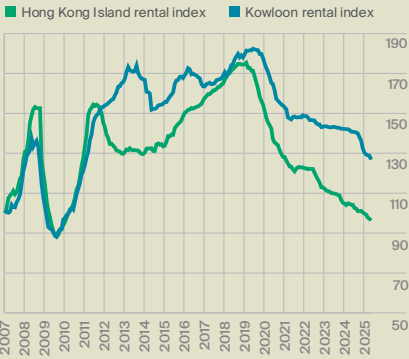
HONG KONG ISLAND

As the market steadily recovers, tenants are finding chances to secure high-quality office space at attractive rates, with mainland Chinese firms driving a shift toward premium buildings such as IFC and The Henderson. Leasing demand from the TMT sector and companies preparing for IPOs is on the rise. Still, many other businesses remain cautious, favouring smaller office units under 5,000 sq ft or choosing co-working relocations.

KOWLOON

The Kowloon office market was largely driven by lease renewals, especially in Kowloon Bay, with major occupiers from the electronics, IT, and professional services sectors. As landlords prioritised retaining existing tenants, many occupiers opted for short-term lease extensions. Market sentiment stayed cautious overall, with many tenants showing limited confidence and reluctance to commit to relocation-related capital spending.

Fig 1. Grade-A office rents
2007 = 100



Source: Knight Frank Research

Grade-A office market indicators (May 2025)

District	Net effective rent	Change		Vacancy	
	HK\$ psf / mth	MoM %	YoY %	Jan 19 %	May 25 %
Premium Central	101.3	-0.1	-6.6	-	-
Traditional Central	77.6	-0.5	-7.2	-	-
Overall Central	86.6	-0.4	-6.9	1.2	13.5
Admiralty	55.9	0.0	-8.7	1.9	7.9
Sheung Wan	48.8	-0.2	-9.3	1.3	10.9
Wan Chai	48.4	-0.9	-3.1	1.7	11.4
Causeway Bay	49.5	-1.2	-7.3	1.5	6.1
North Point	30.5	0.0	-9.8	6.9	16.6
Quarry Bay	39.6	-3.0	-6.9	1.1	13.3
Tsim Sha Tsui	51.1	0.0	-4.3	1.8	8.7
Cheung Sha Wan	27.2	0.6	-6.3	1.9	25.2
Hung Hom	35.3	-0.5	-4.6	11.3	10.9
Kowloon East	24.8	-3.0	-13.0	7.5	19.8
Mong Kok / Yau Ma Tei	44.2	-1.4	-11.2	-	-

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

Residential

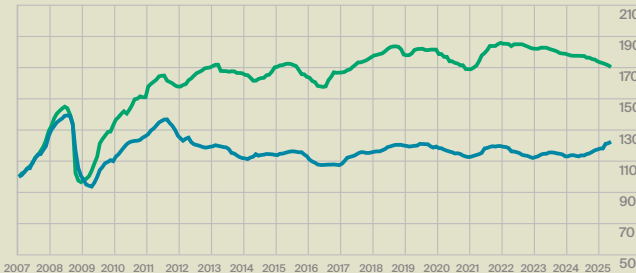
Home prices tracked by the Rating and Valuation Department (RVD) in Hong Kong broke a four-month decline in May, posting a modest 0.4% MoM increase, though they remain down 1.2% YTD. During the month, three new residential projects launched, bringing 1,481 units to market. Among them, Sierra Sea (Phase 1B) stood out, selling 95% of its 794 units and 40% were reported as Mainland buyers. The strong uptake was largely fuelled by developer incentives, including flexible payment options, attractive mortgage schemes and rental perks. In contrast, the luxury market continues to see muted activity, with discerning buyers facing limited availability of distinctive properties.



Fig 2. Luxury residential rents and prices

2007 = 100

Price index Rental index

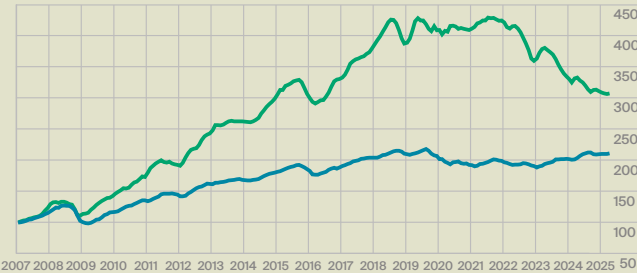


Source: Knight Frank Research

Fig 3. Mass residential rents and prices

2007 = 100

Price index Rental index



Source: Knight Frank Research / Rating and Valuation Department

Selected residential sales transactions (May 2025)

District	Building	Tower / floor / unit	Saleable area (sq ft)	Price (HK\$ million)	Price (HK\$ per sq ft)
The Peak	Carolina Garden	Tower B, 6/F, Unit B12	2,700	130	48,148
Jardine's Lookout	Dukes Place	8-9/F, Duplex, Unit A	2,846	125	43,921
Mid-Levels Central	Grenville House	Tower G, 5/F, Unit G	3,280	119	36,280
Stanley	No. 50 Stanley Village Road	House 8	2,895	106.8	36,891
Ho Man Tin	St. George's Mansions	Tower 2, 15/F, Unit B	1,868	82.5	44,165

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

Selected residential lease transactions (May 2025)

District	Building	Tower / floor / unit	Lettable area (sq ft)	Monthly rent (HK\$)	Monthly rent (HK\$ per sq ft)
Repulse Bay	The Lily	Tower 2, Low- Floor	2,541	133,000	52
Mid-Levels Central	May Tower	Tower 1, Mid-Floor, Flat 3	2,218	122,000	55
Ho Man Tin	Ultima	Phase 1, Tower 6, High-Floor, Flat 3	1,266	80,000	63
Mid-Levels Central	Dynasty Court	Block 2, High- Floor, Flat A	2,141	160,000	75
Happy Valley	The Leighton Hill	Block 8, Mid- Floor, Flat A	1,240	83,000	67

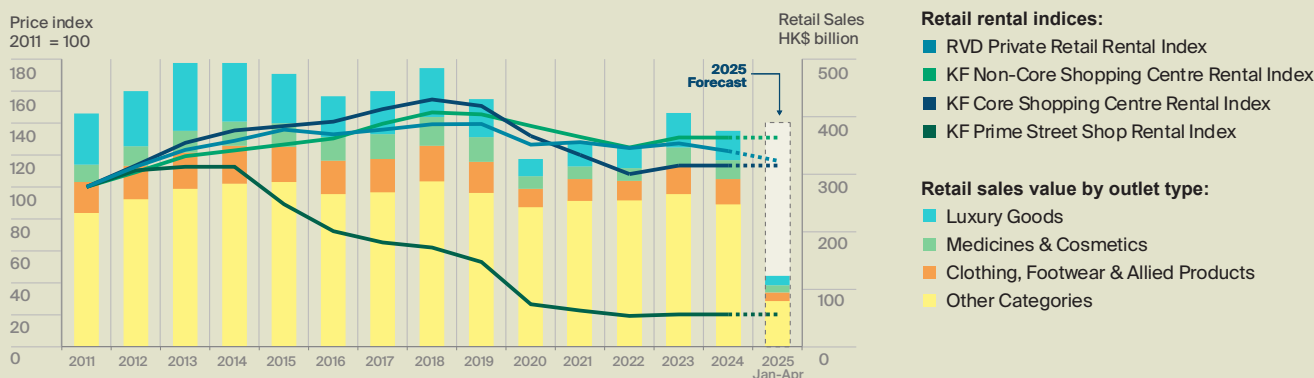
Source: Knight Frank Research
Note: All transactions are subject to confirmation.

Retail

During the first four months of the year, retail sales dropped 5.6% YoY, accompanied by a noticeable increase in store closures. Retailers are taking a more restrained approach to expansion, leading to lower transaction volumes. The sector's downturn is largely attributed to weakening local consumption, driven by demographic shifts like an ageing population. Both the negative wealth effect stemming from a faltering property market and a decelerating economy are weighing on consumer spending power. Additionally, tourists are showing a stronger preference for experiences over high-end shopping.



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.)		Same Day Per-Capita Spending (HK\$)	Overnight Per-Capita Spending (HK\$)
Apr 2025	1,619,202	Q1 2025	\$1,217	\$5,113
Apr 2019	2,650,879	Q1 2019	\$2,298	\$6,219
Differences	-39%	Differences	-47%	-18%

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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