Hong Kong Monthly

May 2026

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

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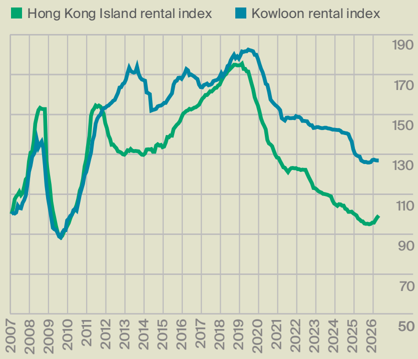
Office

HONG KONG ISLAND

Premium Grade-A premises in Central have continued to attract robust demand, largely driven by financial services, a flight to quality and future proofing for expansion by large institutional occupiers. This dynamic has played a key role in supporting significant rental growth of circa 10% in the past 12 months. Traditional Grade-A Central is also experiencing strong leasing activity, benefiting from the near-zero vacancy in the Premium Grade segment.

In West Kowloon and Quarry Bay, leasing activity has also noticeably picked up, especially for new, higher-specification buildings. Multinational occupiers are right-sizing, while pursuing quality upgrades and taking advantage of favourable market conditions. Rental levels and landlords' expectations have increased. This continued "flight-to-quality" trend is shaping tenant preferences across Hong Kong Island, highlighting how the pursuit of premium spaces is driving much of the current activity.

Fig 1. Grade-A Office Rents
2007 = 100



Source: Knight Frank Research

KOWLOON

Leasing activity in April was predominantly driven by renewals and lease restructurings rather than relocations, with transactions concentrated in the IT and electronics sectors. Many of these renewals and restructurings are in response to the Kowloon market entering its bottom-out phase, as tenants capture the last chance to sign leases at low rents. Tenants have increasingly sought early renegotiation to lock in more stable rental expectations, while renewal discounts narrowed to 0% to -2% in Kowloon Central, 3% to -6% in Kowloon West and -4% to -7% in Kowloon East, indicating improving market sentiment. With a smaller pipeline of new office supply expected in 2026, positive net absorption could support a stabilisation in rents. This suggests the Kowloon office market is approaching a soft-landing phase, with rental declines likely to moderate going forward.

Prime Office Market Indicators (April 2026)

District	Net effective rent HK$ psf / mth	Change MoM %	Change YoY %	Vacancy Jan 19 %	Vacancy Apr 26 %
Premium Central	113.6	2.2	12.0	-	-
Traditional Central	83.0	1.7	6.4	-	-
Overall Central	94.6	1.9	8.9	1.2	10.0
Admiralty	57.0	0.0	1.9	1.9	5.5
Sheung Wan	48.8	1.0	-0.1	1.3	10.1
Wan Chai	49.8	0.0	1.9	1.7	9.9
Causeway Bay	46.6	-1.1	-7.0	1.5	9.7
North Point	26.4	0.0	-13.3	6.9	15.1
Quarry Bay	36.8	0.0	-9.9	1.1	12.1
Tsim Sha Tsui	51.8	0.0	0.4	1.8	20.6
Cheung Sha Wan	26.1	0.0	-3.5	1.9	15.2
Hung Hom	35.9	0.0	1.1	11.3	12.4
Kowloon East	24.5	0.0	-4.1	7.5	19.7
Mong Kok / Yau Ma Tei	42.3	0.0	-5.6	-	-

Note: Rents and Vacancies are subject to revision.

Source: Knight Frank Research

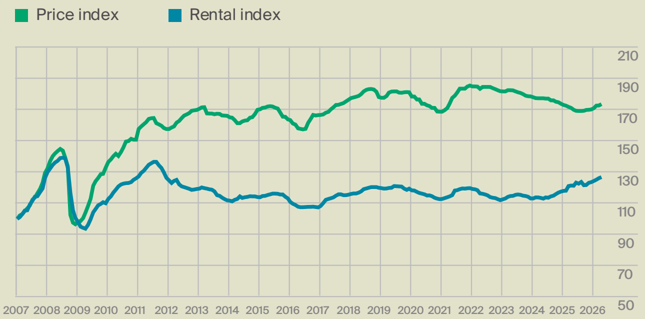
Residential

Primary sales reached 8,146 units between January and April (+47.8% YTD), with total transactions at 26,022 units (+45.5% YTD). Investment demand has strengthened, driven by mainland Chinese buyers targeting university catchment areas and emerging districts. Domestic homebuyer demand also remains resilient, projects such as Lime Spark in Tsuen Wan have recorded strong take-up from local homebuyers within the same district. Overall, this broad-based rally is driven by heightened buyer urgency amid shrinking inventory, paired with capital inflows drawn to Hong Kong's favourable tax policies and free flow of capital.

The leasing market remains active, underpinned by strong enquiry levels, particularly from mainland Chinese families seeking schooling options, alongside some MNC demand for corporate relocations. Supply remains tight, with activity largely focused on renewals. Overall, rental demand is supported by capital reallocation to Hong Kong, overseas talent-related relocations, and schooling needs.

Fig 2. Luxury Residential Rents and Prices

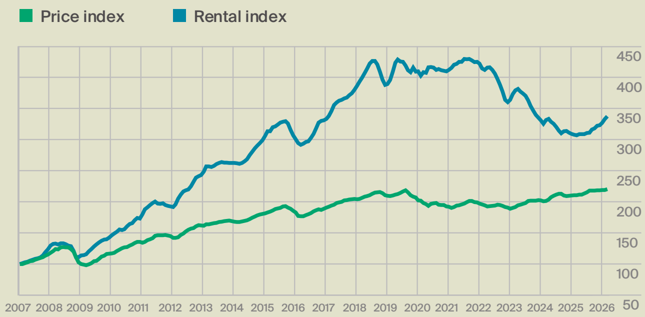
2007 = 100



Source: Knight Frank Research

Fig 3. Mass Residential Rents and Prices

2007 = 100



Source: Knight Frank Research / Rating and Valuation Department

Selected Residential Sales transactions (April 2026)

District	Building	Tower / floor / unit	Saleable area (sq ft)	Price (HK$ million)	Price (HK$ per sq ft)
Aberdeen	The Corniche	Tower 5, 5/F, Flat A	2,310	120.66	52,235
Mid-Levels	Central Residence by the Park	22/F, Flat A	1,029	50.94	49,500
Wong Chuk Hang	Southside Phase 6B Deepwater South	Tower 1A, 37/F, Flat A	1,696	86.86	51,217
Kai Tak	Cullinan Harbour	Phase 1, Tower 1, 17/F, Flat B	1,408	69.7	49,500
Pak Shek Kok	Mayfair by the Sea II	House 5	3,649	133.8	36,668

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

Selected Residential Lease Transactions (April 2026)

District	Building	Tower / floor / unit	Lettable area (sq ft)	Monthly rent (HK$)	Monthly rent (HK$ per sq ft)
Mid-Levels West	The Legacy	Phase 1, Tower 2, Mid Floor, Flat B	2,335	250,000	107
Kai Tak	Cullinan Harbour	Phase 1, Tower 1, Mid Floor, Flat A	2,157	190,000	88
West Kowloon	The Cullinan Zone 1 Sun Sky	Lower Floor, Flat B	1,295	100,000	77
Mid-Levels West	Yoo18 Bonham	Mid Floor	2,499	175,000	70
North Point Mid-Levels	The Pavilia Hill	Lower Floor, Flat B	1,154	80,000	69

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

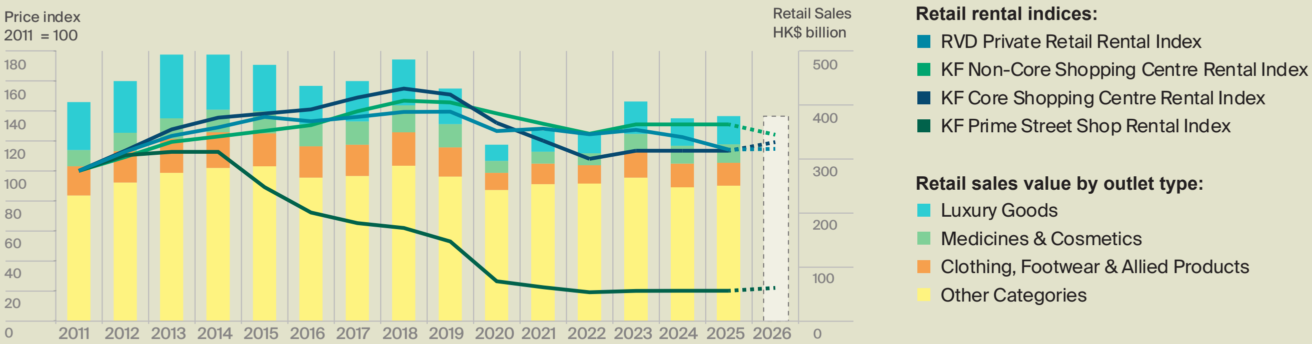
Retail

Hong Kong's retail sales extended their growth streak to an eleventh consecutive month with a 12.8% YoY surge in March. Motor vehicles led the increase (+80.8%) as purchases were advanced ahead of the expiry of EV tax concessions, while jewellery and luxury gifts grew 27.2%.

High-end retailer leasing activity also signals improving market sentiment. A 700 sq ft ground-floor unit at 16 Canton Road has been leased by Emperor Watch & Jewellery at around HK$550,000 per month (HK$786 per sq ft). Chow Tai Fook has likewise returned to the street with a 10,000 sq ft flagship at about HK$2 million per month. The luxury segment, particularly gold-related products, is expected to outperform, supported by sustained local and mainland demand. In contrast, price-sensitive retailers are likely to accelerate their shift online amid rising store costs.

Current tourist demographics in Hong Kong are increasingly focused on cultural experiences rather than traditional shopping, which is a natural and expected shift. As a result, retailers may become more selective in their expansion strategies, focusing less on broad footprint growth and more on securing locations that integrate cultural and experiential elements to better engage and attract visitors. We expect that the prime street retail and shopping mall will continue to outperform.

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.)
Jan-Mar 2026	2,333,239
Jan-Mar 2025	2,188,669
Differences	**6.6%**

	Same Day Per-Capita Spending (HK$)	Overnight Per-Capita Spending (HK$)
Q4 2025	$1,206	$5,347
Q1 2019	$2,298	$6,219
Differences	**-47.5%**	**-14%**

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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