

September 2025

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

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Office

HONG KONG ISLAND

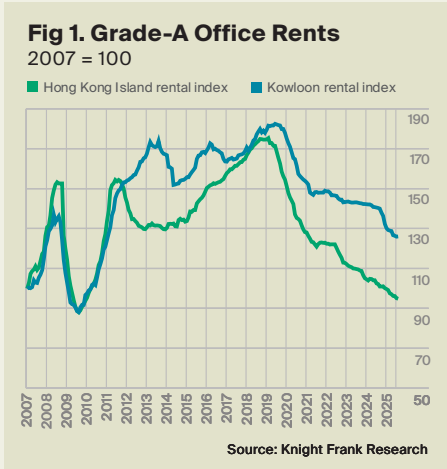


Premium Grade-A office spaces are experiencing an increase in new leases exceeding 10,000 sq ft, reflecting a recovery of market confidence, particularly in the banking and finance sectors. At the same time, rents in these premium Grade-A buildings with low vacancies are beginning to stabilize. The largest lease of the year, with an insurance company committing 330,000 sq ft in Quarry Bay, underscores a solid growth momentum of insurance sector. It also reflects corporates to capitalise on more competitive rentals for upgrading and consolidating office space.



KOWLOON

Market sentiment in Kowloon remains steady compared to the previous month, with the sourcing and engineering industries dominating leasing activities. Following the announcement of tariffs in early April, it has been observed that large corporates are leaning away from long leases due to the rapidly changing business landscape. As rents continue to decline, particularly in the Cheung Sha Wan area and Kowloon East, an American retail brand has chosen to consolidate its office presence at The Bay Hub in Kowloon Bay to better control costs. Meanwhile, prime office spaces in Tsim Sha Tsui continue to attract interest from professional services and insurance firms. This has led to a decrease in vacancy rates in Kowloon Central and may slow the pace of the ongoing rent decline in Kowloon.



Prime Office Market Indicators (August 2025)					
District	Net effective rent	Change		Vacancy	
	HK\$ psf / mth	MoM %	YoY %	Jan 19 %	July 25 %
Premium Central	100.5	-0.5	-4.6	-	-
Traditional Central	76.2	-0.5	-7.9	-	-
Overall Central	85.4	-0.5	-6.5	1.2	12.7
Admiralty	55.6	0.0	-6.5	1.9	6.9
Sheung Wan	48.5	-0.6	-8.7	1.3	14.0
Wan Chai	48.5	0.0	-2.1	1.7	11.4
Causeway Bay	48.9	0.5	-6.8	1.5	6.8
North Point	29.6	0.0	-8.1	6.9	17.7
Quarry Bay	38.0	-0.2	-8.4	1.1	12.5
Tsim Sha Tsui	51.4	0.1	-3.6	1.8	8.0
Cheung Sha Wan	26.1	0.0	-9.8	1.9	23.3
Hung Hom	35.3	0.0	-4.4	11.3	10.8
Kowloon East	24.4	0.0	-13.5	7.5	19.3
Mong Kok / Yau Ma Tei	41.9	0.0	-15.8	-	-

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

Residential

Hong Kong's private residential market showed modest growth in July, with the overall price index rising 0.4% MoM—marking the fourth consecutive monthly increase. YTD price decline narrowed to 0.4%. According to the Land Registry, 5,291 residential transactions were recorded in August, reflecting an 8.2% decline MoM but a significant 44.8% increase YoY. A record-breaking sale was recorded at The Cullinan, a high floor unit (1,798 sq ft saleable + 591 sq ft terrace + parking) sold for HK\$231.97 million, equating to HK\$129,014 per sq ft. Kai Tak remains a market hotspot for Mainland buyers, with over half of 1,316 transactions this year using Mandarin pinyin in registration.

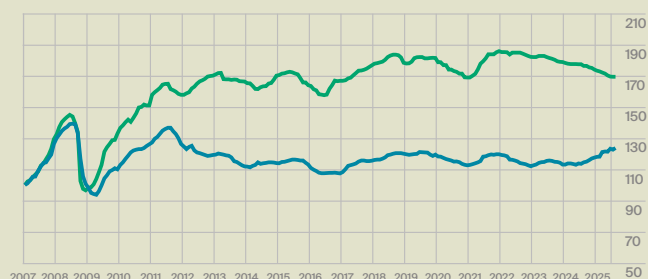


The rental index rose by 0.6% MoM, continuing its eighth consecutive month of growth. Rents are now up 2.0% YTD and 1.3% YoY. Luxury leasing remains polarized, with strong rental performance in prime locations and softer rents in less desirable areas.

Fig 2. Luxury Residential Rents and Prices

2007 = 100

■ Price index ■ Rental index

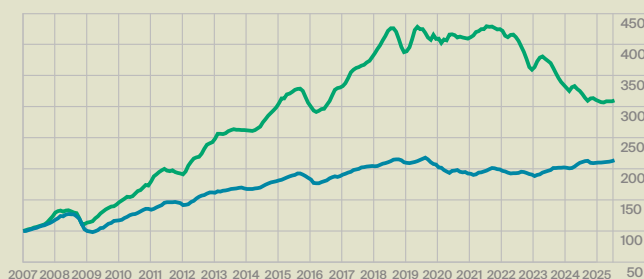


Source: Knight Frank Research

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 (August 2025)

District	Building	Tower / floor / unit	Saleable area (sq ft)	Price (HK\$ million)	Price (HK\$ per sq ft)
West Kowloon	The Cullinan	Zone 1 Diamond Sky, 91-92/F, Unit C	1,798	231.97	129,014
Mid-Levels Central	21 Borrett Road PH 01 No.3 & 5	16/F, Unit 3	2,193	162	73,871
Mid-Levels Central	21 Borrett Road PH 01 No.6 & 7	10/F, Unit 6	2,169	144	66,390
Shouson Hill	Shouson Peak	Unit 11A	3,553	230	64,734
West Kowloon	Masterpiece	63/F, 65/F, Unit G	1,974	105.8	53,597

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

Selected Residential Lease Transactions (August 2025)

District	Building	Tower / floor / unit	Lettable area (sq ft)	Monthly rent (HK\$)	Monthly rent (HK\$ per sq ft)
Mid-Levels West	Alassio	Upper Floor, Flat C	3,128	420,000	134
Mid-Levels Central	21 Borrett Road PH 01 No.6 & 7	Middle Floor, Flat 6	2,112	200,000	95
North Point	Victoria Harbour	Phase 1B, Tower 3, Middle Floor, Flat B	1,129	102,100	90
Mid-Levels Central	21 borrett road PH 01 No.1 & 2	Upper Floor, Flat 2	2,096	180,000	86
West Kowloon	The Arch	Sky Tower (Block 1), Middle Floor, Flat A	1,955	167,500	86

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

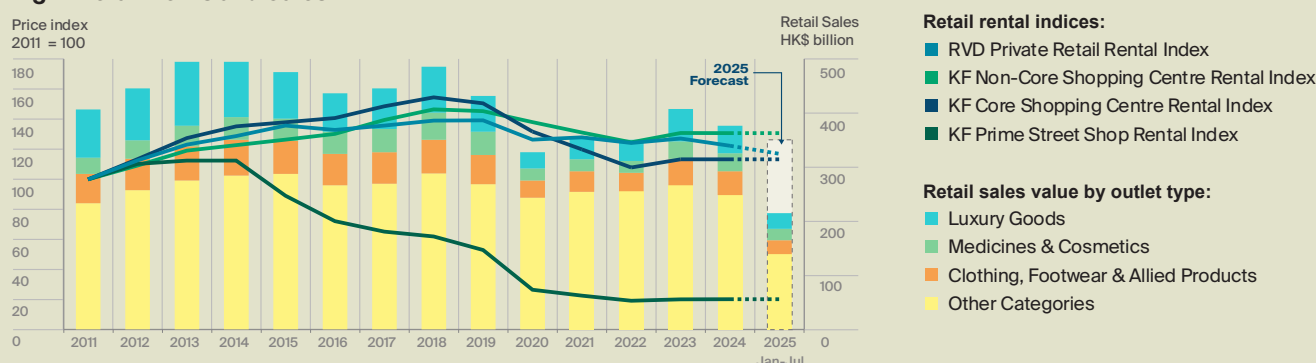
Retail

Retail sales in July maintained positive momentum, +1.8% YoY, marking the third consecutive month of growth. YTD decline from January to July narrowed to 2.6%, indicating a gradual recovery in consumer spending. Supermarkets are struggling, with only a slight 0.2% increase in July. Big chains like M&S, DONKI, ParknShop, and Wellcome have closed several stores. This reflects changing shopping habits, as people shift to online groceries or travel to Shenzhen for cheaper options.



Neighbourhood shopping centres are under pressure, as supermarkets typically the anchor tenants and other daily essentials stores may also struggle to stay open. With limited new demand for retail space in these areas, vacancy rates may rise, putting further downward pressure on rental levels.

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\$)
July 2025	2,004,993	\$1,143	\$4,892
July 2024	1,642,603	\$2,298	\$6,219
Differences	22.1%	-50.3%	-21.3%

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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