

Hong Kong Monthly

September 2026

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

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Office

HONG KONG ISLAND



Hong Kong's prime Central office market has decisively reached an inflection point, with vacancy rates of Premium Central tightening to 8.5% and rents grew up 20.7% YTD, bottoming out faster than the market anticipated. Driven by an aggressive flight to quality and sustained demand from global and mainland financial institutions, demand for core Grade A harbourfront assets is rapidly outstripping prime contiguous supply.

Trophy towers that once weighed on market absorption—notably Cheung Kong Center II and The Henderson—are now nearing full occupancy this month, bolstered by multi-floor commitments from US quantitative trading firm taking three floors and mainland securities house taking two floors.

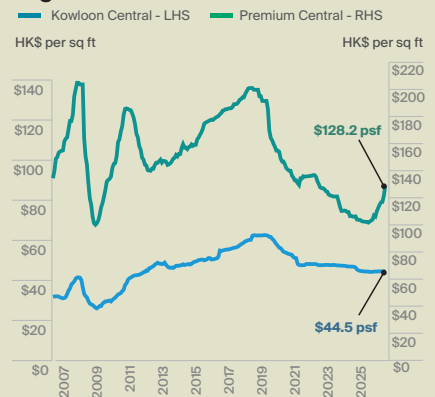
Causeway Bay, Lee Garden Eight's activity level turned high and the landlord received multiple offers.

KOWLOON

In August, more occupiers opted to relocate rather than renew with existing landlords, using the opportunity to upgrade and reposition their office footprints to lock in rents at current levels ahead of expected rent growth. Relocations accounted for approximately 55% of the top 10 office transactions by floor area, up from roughly 40% over the preceding three months. Leasing activity was supported by several high-profile transactions and growing demand from the entertainment sector.

The largest leasing transactions in August 2026 involved the Chinese University of Hong Kong, which committed to approximately 110,000 sq ft of former AECOM office space in Sha Tin, underscoring continued demand from the education sector. The insurance sector also remained active as Sun Life secured 38,000 sq ft at IGC, while Virtual Gaming took 17,000 sq ft at Gateway Tower 5, adding to the momentum generated by entertainment and technology occupiers.

Fig 1. Grade-A Office Rents



Note: Kowloon Central refer to TST Central, TST East, Hung Hom and Mong Kok.

Source: Knight Frank Research

Table 1. Prime Office Market Indicators (August 2026)

District	Net effective rent	Change			Vacancy	
	HK\$ psf / mth	MoM %	YoY %	Sep 2024 (Recent High) %	Jan 2026 %	Aug 2026 %
Premium Central	128.2	6.2	27.0	-	14.5	8.5
Traditional Central	86.7	3.7	17.4	-	9.5	9.0
Overall Central	100.4	4.7	20.5	14.4	11.3	8.9
Admiralty	61.9	4.1	11.3	7.7	5.9	4.2
Sheung Wan	49.9	1.8	2.5	10.8	12.6	10.0
Wan Chai	49.6	-1.2	2.3	12.5	11.0	10.1
Causeway Bay	46.3	0.0	-5.8	7.9	8.8	9.7
North Point	27.3	0.0	-7.7	16.2	16.9	14.1
Quarry Bay	36.2	-0.6	-4.3	13.5	12.1	11.8
Tsim Sha Tsui	53.0	0.0	-0.1	9.7	8.1	16.6
Cheung Sha Wan	26.3	-0.5	5.4	22.8	16.9	12.7
Hung Hom	34.1	0.0	3.2	12.1	13.5	13.0
Kowloon East	26.6	0.0	0.6	21.5	22.0	20.2
Mong Kok / Yau Ma Tei	41.7	-1.4	-0.5	-	8.4	8.2

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

Hong Kong's residential market remained resilient in August despite typical summer slowdown, supported by healthy demand and sustained buyer confidence. During the first eight months of 2026, primary sales rose 10% YoY to 14,272 units, while secondary transactions jumped 32% to 35,690 units, reflecting sustained buyer confidence and improving market sentiment.



With developers continuing to launch new projects and demand remaining healthy, primary sales are well positioned to surpass our previous expectation of 20,000 units this year if monthly sales maintain a pace of over 1,500 units through year-end.

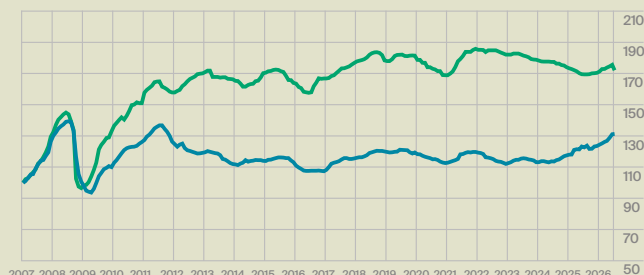
In the luxury segment, transactions above HK\$78 million (Knight Frank global classification) eased 15% MoM to 29 deals in August. However, we view this moderation as largely seasonal and temporary, reflecting the summer holiday period rather than any weakening in underlying demand. Luxury leasing demand remained robust, with the Knight Frank Luxury Rental Index increasing 5.8% YTD and 7.7% YoY, driven by strong demand from Chinese mainland professionals and expatriates for premium homes.

As confidence gradually returns to the housing market, Hong Kong's residential sector appears set for a stronger finish to 2026. Healthy transaction volumes, coupled with sustained end-user demand and improving financing conditions, should provide a firm foundation for the market. Against this backdrop, mass residential prices are forecast to increase by 0% to 3%, while well-positioned new projects could see price growth of up to 5%.

Fig 2. Luxury Residential Rents and Prices

2007 = 100

Price index Rental index

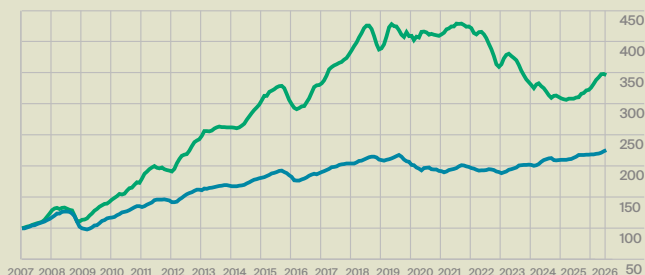


Source: Knight Frank Research

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 (August 2026)

District	Building	Tower / floor / unit	Saleable area (sq ft)	Price (HK\$)	Price (HK\$ per sq ft)
Kai Tak	Cullinan Sky	Phase 1, Tower 3, 43/F, Flat A	1,921	91,500,000	47,631
Mid-Levels East	Mount Nicholson	House 18	8,050	470,000,000	58,385
Kai Tak	Cullinan Harbour	Phase 1, Tower 1, 7/F, Flat B	1,408	64,000,000	45,455
Kai Tak	Knightsbridge	Tower 8, 21/F, Flat A	1,259	54,750,000	43,487

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

Table 3. Selected Residential Lease Transactions (August 2026)

District	Building	Tower / floor / unit	Lettable area (sq ft)	Monthly rent (HK\$)	Monthly rent (HK\$ per sq ft)
Repulse Bay	Repulse Bay Apartments	Block D, Upper Floor, Flat D2	1,892	193,000	102
Mid-Levels West	Alassio	Upper Floor, Flat B	1,152	100,000	87
Mid-Levels Central	33 Kennedy Road	Upper Floor, Flat South	1,033	88,000	85
Wong Chuk Hang	The Southside	Phase 2 La Marina, Tower 1 (1B), Lower floor, Flat A	1,420	105,000	74

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

Retail

Hong Kong's retail recovery remained firmly on track in July, demonstrating resilience despite a series of headwinds. Retail sales grew by 4.5% YoY, following a 4.6% increase in June, even as typhoons, rainy weather and increased outbound travel during the summer holidays weighed on consumer activity. Luxury spending continued to outperform, rising 19.7% YoY. Looking ahead, the upcoming Golden Week holiday is expected to boost visitor arrivals and retail spending, providing further support for the sector.



Retail property transactions, however, tell a mixed story. In Lan Kwai Fong, the former Insomnia bar at G/F Ho Lee Commercial Building (GFA: 3,228 sq ft) was sold by the mortgagee for HK\$58.68 million, or HK\$18,178 sq ft, more than 65% below its original asking price. The transaction underscores the ongoing repricing of Hong Kong's retail property market, particularly for distressed assets. Nevertheless, continued interest from Chinese mainland investors suggests demand for value-add and opportunistic acquisitions remains active.

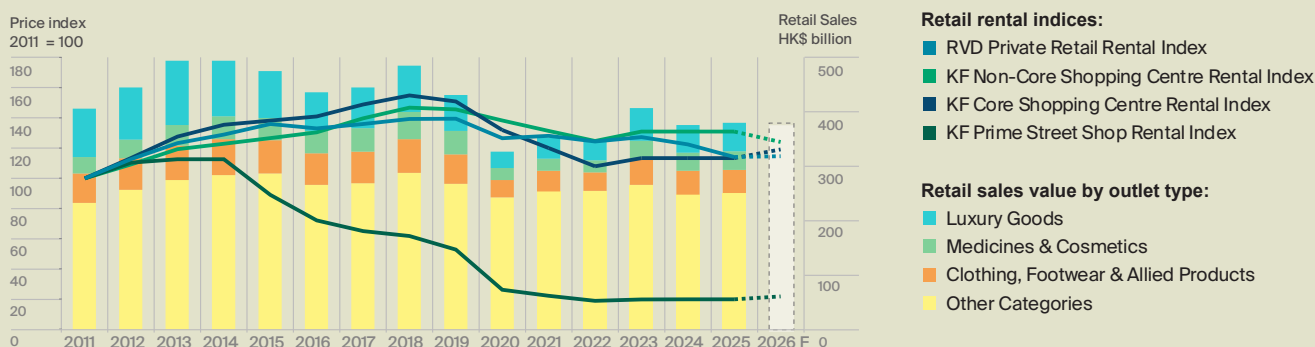
At the other end of the spectrum, prime retail assets continue to attract strong investor interest. In 2025, BANDAI acquired the entire building at 8 Cochrane Street, Central for approximately HK\$95 million. The seven-storey property, formerly occupied by the century-old Chun Wo Tong, has since been transformed into the flagship store of Hong Kong online toy retailer TOYC, which opened on 22 September 2026. The acquisition and subsequent opening underscore the enduring appeal of prime street-front retail assets, as well as the growing popularity of experiential and collectibles-driven retail concepts. Supported by the recovery in tourism and sustained demand from lifestyle and entertainment retailers, prime street shops are well positioned to outperform the broader market, underpinning our forecast of 5% to 10% rental growth in 2026.

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

	Value (HK\$ billion)	Share of Total %	MoM %	YoY %
Overall retail sales	31.0	-	-1.5	4.5
- Jewellery, watches and clocks, and valuable gifts	4.9	15.8	-11.0	19.7
- Clothing, footwear and allied products	3.7	11.9	11.7	-1.6
- Department stores	2.2	7.2	0.7	0.5
- Consumer durable goods	3.7	12.1	-7.9	2.5
- Supermarkets	4.4	14.1	6.0	0.3
Online retail sales	2.8	9.1	-4.6%	9.5%

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.)	Same Day Per-Capita Spending (HK\$)	Overnight Per-Capita Spending (HK\$)
July 2026	2,176,870	\$1,199	\$4,970
July 2025	2,004,993	\$2,298	\$6,219
Differences	+8.6%	-47.8%	-20.1%

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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