

HONG KONG

Cushman & Wakefield

Global Cities Retail Guide

Hong Kong, one of the most mature and thriving retail markets in Asia, has undergone a structural change in its retail sector after enjoying more than a decade of phenomenal retail growth due to robust tourism spending from Mainland China.

The market has shifted away from reliance on top-end luxury brands to support retail sales, towards one that is seeing mass market and affordable luxury brands come to the fore, including many fast fashion, cosmetics, sports and food & beverage operators.

Rents have become more achievable and reasonable as landlords have lowered their expectations in terms of rental income. It has created opportunity for some retailers who are looking to enter and/or expand in Hong Kong to snap up units on prime pitches on good rental terms. Hong Kong is attracting a large array of international brands who see the market as a gateway to China and a platform for establishing their brand identity.

Foreign companies face no restrictions when renting or purchasing property in Hong Kong, so both new retailers and investors must levy the advantages and costs of both options. Leases are generally for three to five years, and often longer for anchor tenants, providing for significant flexibility. Rents and service charges are paid monthly and tenants are also levied government rates (tax) on a quarterly basis. Rent review provisions are available on longer leases. It often takes retailers up to two years to locate, negotiate leasing terms and fit-out new premises.



HONG KONG OVERVIEW

HONG KONG

KEY RETAIL STREETS & AREAS

MONGKOK

Located to the north of Tsim Sha Tsui, Mongkok is the most congested shopping area in Hong Kong. This is partly due to the area's extremely high population density of 130,000 persons/km², according to the Guinness World Records. Mongkok contains a mixture of old and new markets, a unique combination of products, longer trading hours and a wide variety of choice. A combination of these factors gives the area a vibrant and energetic atmosphere which separates Mongkok from other more traditional shopping areas. In recent years, mid-end fashion brands and accessories and cosmetic retailers have made the area highly popular among Hong Kong's fashion conscious youth. Mainland tourists frequent the area to purchase jewellery and electronics and visit nearby attractions including "Sneaker Street", and Ladies Market. Notable shopping centres in Mongkok include Langham Place.

CAUSEWAY BAY

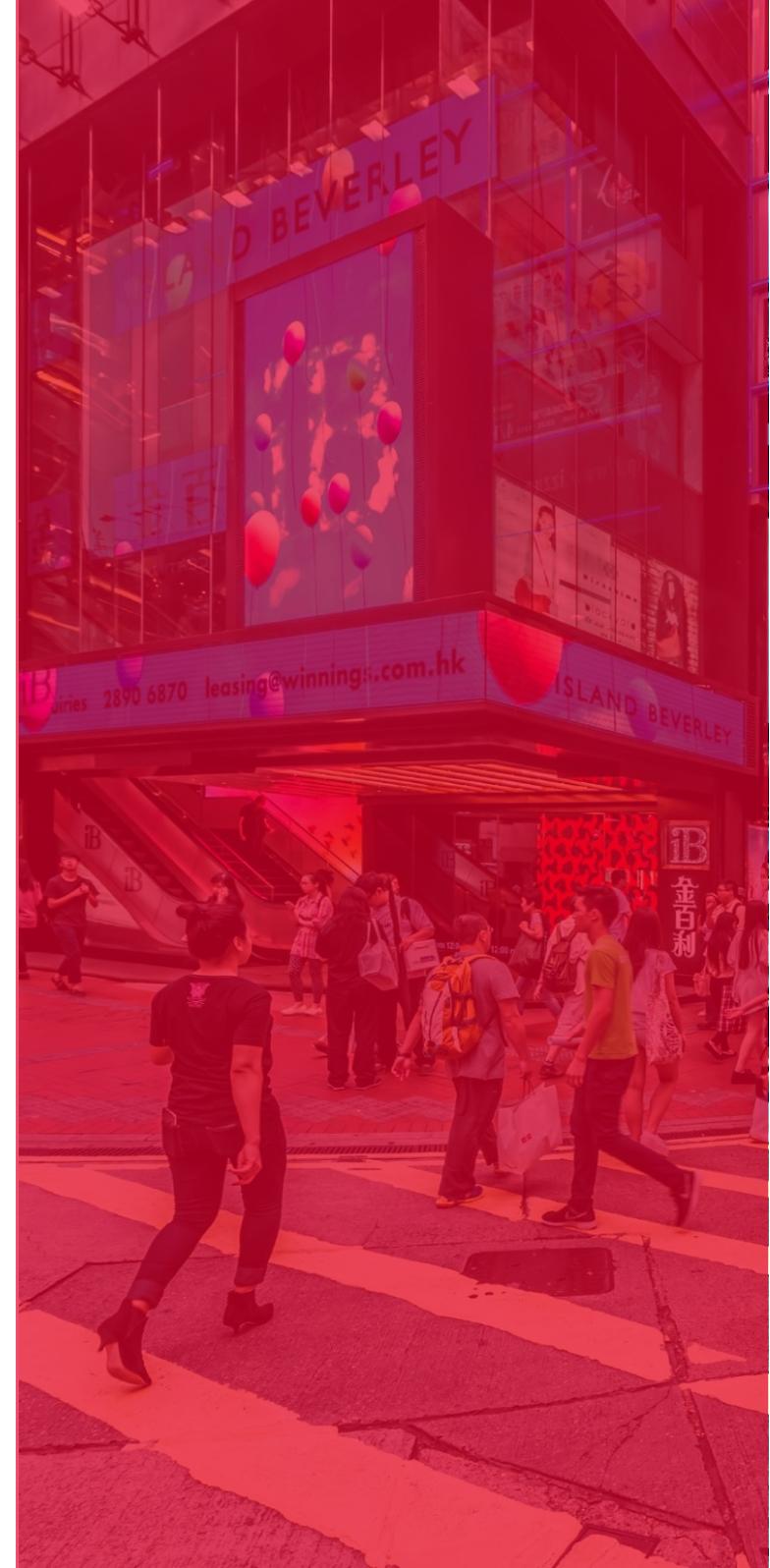
The busiest shopping district on Hong Kong Island is very popular amongst locals and tourists. A good mixture of luxury brands, designer brands, international retailers, department stores and specialty stores are located here. This area contains many international flagship stores for retailers such as H&M, Apple, Adidas, Line Friends and Victoria's Secret, to name a few. It is the locale of the renowned Times Square shopping centre and SOGO department store. Outside of several large shopping centers, the area is lined with street shops of luxury brands, watch and jewellery shops, fashion and cosmetic shops.

CENTRAL

Central is the Financial Centre of Hong Kong which serves many headquarters of multinational companies as well as general consulates, High Court, City Hall, several five-star hotels and Central Government Complex. Amongst the office buildings Central has a high concentration of luxury brands, designer fashion brands and specialty stores. Watch and jewellery stores are popular along Queen's Road Central, where there are also large flagships such as Marks & Spencer, Gap, Zara and Hugo Boss. Several popular shopping centres are located in Greater Central including IFC Mall and The Landmark.

TSIM SHA TSUI

Along with Causeway Bay, Tsim Sha Tsui is immensely popular among Mainland Chinese shoppers as well as locals. Harbour City, Hong Kong's largest prime shopping centre is located here and targets a wide range of consumers. Harbour City is approximately two million square feet of retail space with over 800 tenants, including a mix of luxury brand flagship stores, designer brands, plus mid-market and local retailers. On the high street, a number of luxury brand shops are located along the west side of Canton Road. Boutique shops, watch and jewellery stores and mid to high-end fashion outlets can also be found here.



HONG KONG

KEY RETAIL STREETS & AREAS

RUSSELL STREET

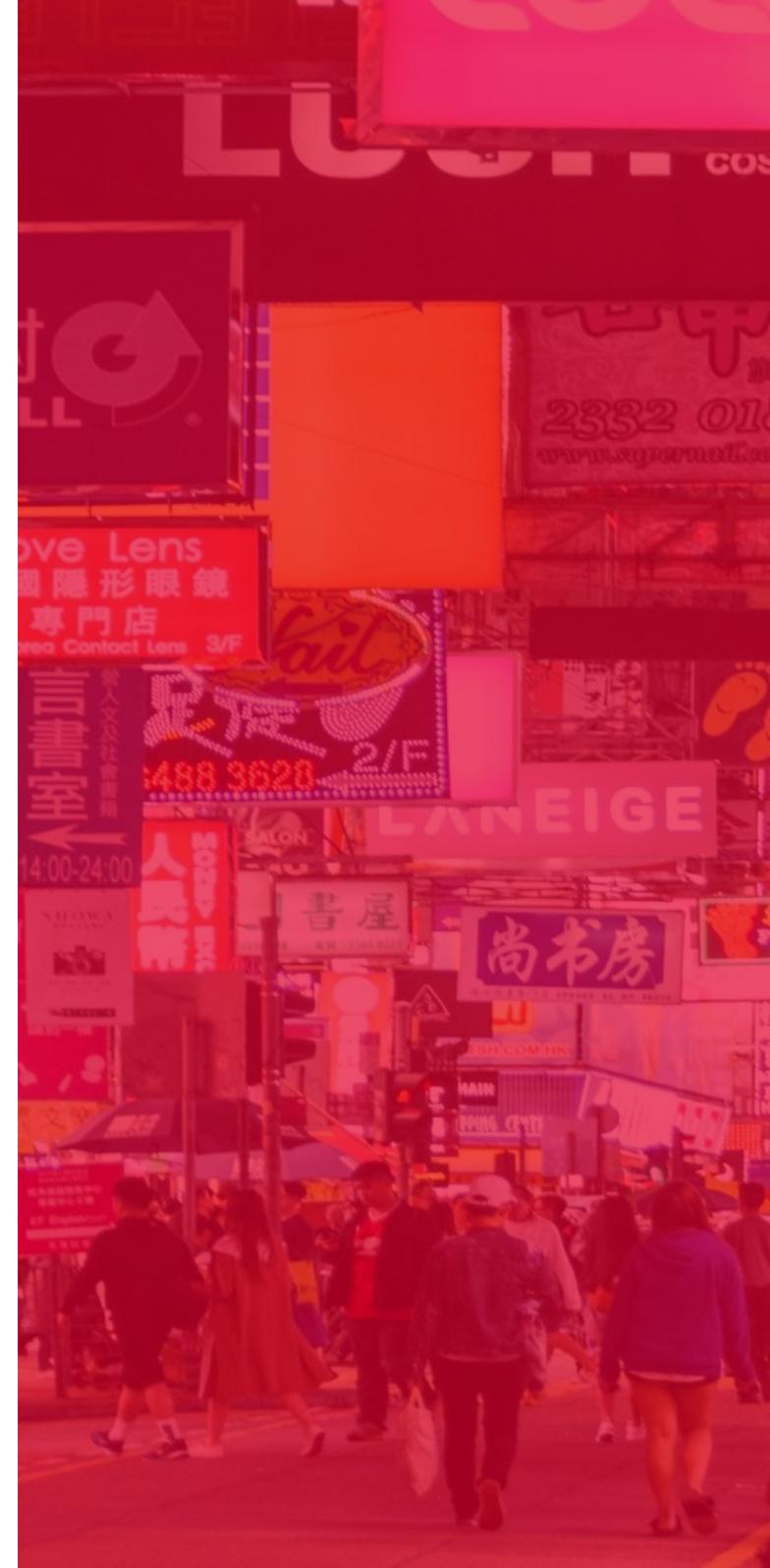
Only several hundred meters in length and located adjacent to Times Square in Causeway Bay, Russell Street is currently the world's second most expensive high street location. It has a high concentration of international luxury brands, watch and jewellery retailers.

CANTON ROAD

Canton Road, where Harbour City is situated, is the busiest prime retail street on the Kowloon Peninsula and has the largest and the best performing shopping facility in Hong Kong. It spans roughly 500 meters, running from Salisbury Road in the south to Gateway Boulevard in the north. Canton Road has a growing collection of luxury flagships and watch and jewellery stores. With numerous four and five-star hotels in the vicinity, Canton Road is extremely popular among tourists, notably wealthy Mainland Chinese.

QUEEN'S ROAD CENTRAL

Comprising of the central business district of Hong Kong, Central is surrounded by Grade A office buildings that are home to multinational headquarters. Queen's Road Central runs east to west through core Central, where a large number of luxury flagships and watch and jewellery stores locate in the ground floor spaces of commercial buildings. Other distinct retail areas and streets in the immediate vicinity include Pedder Street and Chater Road, as well as the F&B and nightlife area of Lan Kwai Fong.



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MARKET OVERVIEW

KEY AREAS/ STREETS/ SHOPPING CENTRES	CONSUMER PROFILE	MAJOR RETAILERS PRESENT	NEW ENTRANTS	TYPICAL RENT FOR 2,000 SQFT UNIT	RANGE OF UNIT SIZES (SQFT)
Causeway Bay /Russell Street, Kai Chiu Road/ Times Square, Hysan Place	Tourists, locals, business executives, affluent individuals	Apple Store, Victoria's Secret, H&M, Innisfree, Prada, Louis Vuitton, Hermes, Chanel, Cartier, Eslite Bookstore	Victoria's Secret, Adidas, Skechers, Decathlon, GU, Elegant Watch	HKD1,500-2,000 PSF	100 - 50,000
Central / Queen's Road Central, Pedder Street / The Landmark, IFC Mall	Wealthy individuals, expats and professionals. business executives	Cartier, Louis Vuitton, Gucci, Coach, Marks & Spencer, H&M, Apple Store, Gap, Chow Tai Fook, Rolex, Chanel, Armani, Adidas, MCM, Longchamp, Omega	Adidas, Lululemon, Versace	HKD700-1,000 PSF	100 - 20,000
Tsim Sha Tsui /Canton Road/Haiphong Road/Harbour City	Tourists, business executives, wealthy individuals, locals	Chanel, Dolce & Gabbana, Hermes, Coach, Chow Sang Sang, Prince Jewellery & Watch, Chow Tai Fook, Van Cleef & Arpels, Lao Feng Xiang, Adidas, FILA, Pandora, H&M	GU, Eslite Bookstore, Nike	HKD1,400-1,800 PSF	100 - 10,000
Mongkok Sai Yeung Choi Street South/ Argyle Street/ Langham Place	Fashion conscious youth, locals and Mainland shoppers.	Broadway, Fortress, Giordano, I.T, Bossini, Chow Tai Fook, Laneige, Innisfree	M.A.X., Kiko Milano, NYX, Lao Feng Xiang, Adidas, Decathlon	HKD400-800 PSF	100 – 3,000



HONG KONG

SHOPPING CENTRES

TIMES SQUARE

Situated at Russell Street, the world's second most expensive street, Times Square is a retail landmark in Causeway Bay. It provides more than 900,000 square feet of retail floor area and targets a wide range of consumers. It houses everything from mass-market to high-end and luxury brands. Times Square enjoys direct underground access to the Causeway Bay MTR Station and is a major stop along the Hong Kong-Shenzhen Bay Bus Route.

IFC MALL

IFC Mall comprises the retail portion of the International Finance Centre complex, which also includes two prime office blocks, the Four Seasons Hotel, and Four Seasons Place apartments. IFC Mall attracts affluent locals, professionals and expats working and living on Hong Kong Island, as well as international tourists. The 800,000 square feet retail space provides a comprehensive mix of fast-fashion and luxury brands, from Zara to Bvlgari and Kiko Milano to Chanel Beauté. It is situated on top of the Hong Kong MTR Station which is just 28 minutes from the airport via the Airport Express.

THE LANDMARK

The Landmark comprises a shopping centre and retail podium of six office buildings in core Central. Its prestigious brand mix attracts well-heeled shoppers including both wealthy tourists and affluent locals. The Landmark has more than 180 retail stores, one of which is the iconic Louis Vuitton shop on Pedder Street, one of the brand's largest flagship stores in the world.

HARBOUR CITY

The long-established shopping centre is Hong Kong's largest, providing over two million square feet of retail area in core Tsim Sha Tsui. Harbour City's street front luxury flagships have made Canton Road an increasingly popular and recognised retail destination. Shoppers are frequently seen queuing along the luxury store fronts waiting to snap up the latest designer handbags and fashions. The shopping centre houses the most comprehensive offering of international brands in Hong Kong and targets a vast range of consumers over its sprawling area.

HYSAN PLACE

Open since mid-2012, Hysan Place is Hong Kong's newest shopping centre within the traditional prime retail districts. It is located in the heart of Causeway Bay along Hennessy Road and provides over 450,000 square feet of retail floor area. It primarily targets younger shoppers by housing international fashion brands including Gap and Hollister. Other major tenants include T-Galleria, an Apple Store, and the first Eslite Bookstore in Hong Kong which spans three floors.

DEVELOPMENT TO WATCH OUT FOR

VICTORIA DOCKSIDE

Total Size (SQFT)	Approx. 1.1 mil (retail portion)
Planned Opening Date	Q2-2019.
Consumer Profile	Affluent local residents and tourists

ABOUT THE DEVELOPMENT

A USD 2.6 billion redevelopment project situated in the heart of Tsimshatsui, Victoria Dockside, will reinvigorate the harbourfront upon its opening in Q2 2019. The mixed-use development will provide three million square feet of Grade A office (Atelier K11), retail (K11 MUSEA), hotel (Rosewood Hong Kong) and serviced apartment (Rosewood Residences) spaces. As the crown jewel of the project, the 10-storey museum-retail complex K11 MUSEA will offer an unique and luxury shopping experience that blends art and culture. Shoppers will get to enjoy a world-class public art collections that will be displayed within the mall.

HONG KONG NEW DEVELOPMENT WATCH

HONG KONG

FOOD & BEVERAGE

Hong Kong, known as “The Food Paradise,” has many new restaurants, ranging from family operated to international chains which are being awarded a Michelin star rating.

F&B operators are continuing to reap strong revenues stemming from local consumption growth and recovering tourist arrivals, in particular those from Mainland China.

In contrast to other retail trades, the F&B segment has weathered the slowdown well, and retailers in this segment retain a positive outlook, although expansions have slowed in recent months in the face of rising labour costs. The value of total Restaurant Receipt in the first quarter of 2018 was HKD30.5 billion, an increase of 10% over the same period last year.

KEY AREAS	CONSUMER PROFILE	FOOD & BEVERAGE OPERATORS	RENT FOR 3,500 SQFT UNIT
Causeway Bay	Longstanding entertainment area. Fashionable district of upmarket restaurants, offices and hotels.	Jamie's Italian, Burgerroom, Alto, Shelter, La Bombance, Penthouse	HKD90-100 PSF
Central	Commercial lunches catering for office workers and high-end dining during evening time.	L'Atelier de Joël Robuchon, Isola, Wolfgang's Steakhouse, Mott 32, Yung Kee Restaurant,	HKD110-120 PSF
Mongkok	Mix of both local customers and tourists as well serving a wide range of choices from Food Stall to mid-end and upmarket restaurants with the most lengthy business hours in town.	Goobne Chicken, Daikiya Japanese Restaurant, TeaWood Taiwanese Café, Yahataya Shabu Shabu	HKD65-75 PSF
Tsim Sha Tsui	Traditional shopping and dining area with a composition of commercial elements, tourists and residents.	Harlan's, Aqua, Nanhai No.1, Teppanyaki Kaika, U-Banquet, Wooloomooloo, ANA TEN, Jamie's Italian	HKD90-100 PSF



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