

## MARKETBEATS

**\$1,209**RENT  
(HKD/PSF/MO)**+0.1%**RENTAL GROWTH  
(Q-o-Q)**3.6%**

VACANCY RATE

WHAT'S  
NEXT

## HIGHLIGHTS

## New Infrastructure Boosts Chinese Arrivals

A surge in mainland Chinese visitors (up 23.6% y-o-y) pushed up overall tourism arrivals by 19.5% y-o-y in May. Benefiting from easier accessibility brought about by new cross-border transport infrastructure, same-day Chinese arrivals climbed 28.6% y-o-y in May and 17.5% y-o-y during the first two months of the quarter. For many of them, Tsimshatsui and Mongkok remained a popular destination due to the close proximity to the West Kowloon high-speed rail station, lending support to rentals in the two submarkets, which edged up 0.7% and 1.0% q-o-q, respectively, in Q2.

## Retail Sales Decline for Fourth Straight Month

Strong growth in inbound tourism, however, failed to lift the city's total retail sales, which softened 4.5% and 1.3% y-o-y in April and May, respectively. The decline in retail sales for the fourth straight month was largely attributable to the ongoing global economic uncertainties and changing mainland Chinese spending patterns in the city, reflected in the jewellery and watches sector registering a drop of 11.8% y-o-y and 2.7% y-o-y in sales growth in April and May, respectively.

## Cloudy Outlook Ahead

The market is expected to face headwinds from continuing global economic uncertainty and resulting volatility in the stock market. Meanwhile, the two new infrastructure developments that connect Hong Kong to mainland China should continue to boost cross-border arrivals, particularly same-day visitors. In view of the changes in spending patterns, we expect retailers in the medicine and cosmetics and athleisure sectors, particularly those in Tsimshatsui and Mongkok, to reap the most benefits.

## ECONOMIC INDICATORS

	Q4 2018	Q1 2019*	12-Month Forecast
GDP Growth	1.2%	0.6%	▼
CPI Growth	2.5%	2.1%	▼
Unemployment Rate	2.8%	2.8%	▲
Private Consumption	4.9%	4.5%	▼

Source: Hong Kong Census and Statistics Department, Oxford Economics

\* Provisional figures

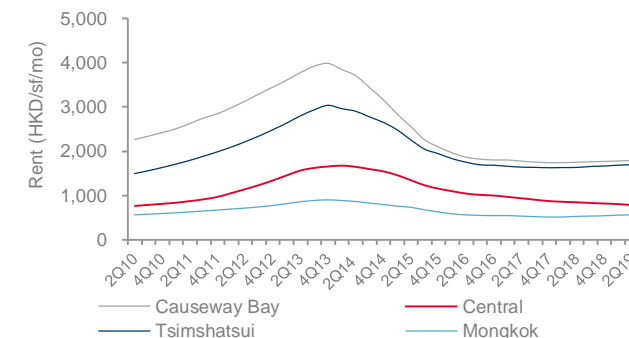
## RETAIL INDICATORS

	May 19*	YTD	12-Month Forecast
Retail Sales	-1.3%	-1.8%	▼
Tourist Arrivals	19.5%	14.9%	▲

Source: Hong Kong Census and Statistics Department, Oxford Economics, HKTB

\*: Provisional Figure

## HIGH STREET AVERAGE RENT



Source: Cushman &amp; Wakefield Research

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DATA  
INTO  
ACTION

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## HIGH STREET RENTS (Q2 2019)

HIGH STREET RENTS	EFFECTIVE RENT			Q-O-Q CHANGE	12-MONTH OUTLOOK
	HKD/SF/MO	US\$/SF/MO	EUR/SF/MO		
Causeway Bay	1,787	228	203	0.7%	▲
Central	785	100	89	-3.0%	▼
Tsimshatsui	1,698	216	193	0.7%	▲
Mongkok	565	72	64	1.0%	▲

Exchange Rate: 1USD = 0.893136 EUR = 6.89396 RMB = 7.84947 HKD = 31.4690 TWD (as of May 27, 2019)

## HIGH STREET VACANCY (Q2 2019)

HIGH STREET VACANCY	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Causeway Bay	0.0%	0.0%	0.0%	0.0%
Central	8.6%	7.1%	7.1%	7.1%
Tsimshatsui	0.0%	0.0%	1.2%	1.2%
Mongkok	5.5%	5.5%	7.3%	7.3%

## MAJOR LEASING TRANSACTIONS (Q2 2019)

PROPERTY	SUBMARKET	SECTOR	SF (SALEABLE)	TENANT
G & CL, Yu To Sang Building, 37 Queen's Road Central	Central	Sports Fashion	2,160	FILA
Shop C on G/F, Entertainment Building, 30 Queen's Road Central	Central	Cosmetics	1,480	FANCL
Shop 1-3, 5 & 8 on G/F, Carnarvon Plaza, 20 Carnarvon Road	Tsimshatsui	Cosmetics	1,838	Lung Fung
Shop 20 on G/F & 1/F, Excelsior Plaza, 24 East Point Road	Causeway Bay	Cosmetics	719	Universe Dispensary
G/F, 46 Haiphong Road	Tsimshatsui	Sports Fashion	600	Skechers