

## MARKETBEAT

**\$1,140**RENT  
(HKD/PSF/MO)**-5.8%**RENTAL GROWTH  
(Q-o-Q)**5.4%**

VACANCY RATE

WHAT'S  
NEXT

## HIGHLIGHTS

## Tourist Arrivals, Retail Sales Plummet

A summer of escalating social unrest has seen visitor arrivals to Hong Kong plummet as tourists increasingly avoid the city. In August, overall tourist arrivals fell sharply, by 39.1% y-o-y, led by a decline in Mainland tourists, which comprise the vast majority, by 42.3% y-o-y. The impact to retail sales has been severe. In August, retail sales suffered their steepest drop on record, by 23.0% y-o-y. While driven by a drop in sales in the jewelry & watches sector, by 47.4% y-o-y, the decline extended to the more resilient medicine & cosmetics sector, which recorded a drop of more than 30.0% y-o-y.

## Rents Down Across All Retail Districts

Declining retail sales and interruptions to business due to the social unrest put increasing pressure on retail rents, which through the first half of the year, had been climbing in most submarkets. Causeway Bay suffered the most as social unrest resulted in interruptions to business in the area, leading to a drop in rentals of 7.0% q-o-q. The impacts were broadly felt, however, as all other major retail areas also saw rental declines in the quarter, of between 3.6% and 5.9% q-o-q.

## Subdued Market Outlook Through Year End

With no end yet in sight to the social unrest roiling Hong Kong, market sentiment in the city's retail sector is set to remain dismal in Q4 with rentals coming under continued pressure. Amidst the gloom, however, some retailers, particularly those focused on local consumption and mass market demand, have been seen to be on the lookout for opportunities for expansion at more attractive rentals.

## ECONOMIC INDICATORS

	Q1 2019	Q2 2019*	12-Month Forecast
GDP Growth	0.6%	0.5%	▼
CPI Growth	2.1%	3.3%	▲
Unemployment Rate	2.8%	2.9%	▲
Private Consumption	4.5%	3.8%	▼

Source: Hong Kong Census and Statistics Department, Oxford Economics

\* Provisional figures

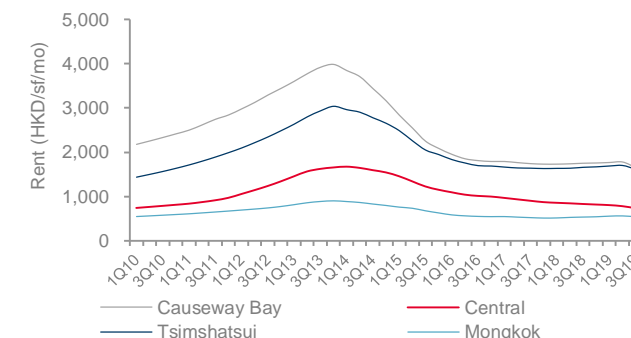
## RETAIL INDICATORS

	Aug 19*	YTD	12-Month Forecast
Retail Sales	-23.0%	-6.0%	▼
Tourist Arrivals	-39.1%	4.0%	▼

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

\*: Provisional Figure

## HIGH STREET AVERAGE RENT



Source: Cushman &amp; Wakefield Research

Reed Hatcher

Director  
Head of Research, Hong Kong  
16/F, Jardine House,  
1 Connaught Place, Central  
Tel: +852 2956 7054  
reed.hatcher@cushwake.com

## HIGH STREET RENTS (Q3 2019)

HIGH STREET RENTS	EFFECTIVE RENT			Q-O-Q CHANGE	12-MONTH OUTLOOK
	HKD/SF/MO	US\$/SF/MO	EUR/SF/MO		
Causeway Bay	1,662	212	192	-7.0%	▼
Central	739	94	85	-5.9%	▼
Tsimshatsui	1,612	206	186	-5.1%	▼
Mongkok	545	70	63	-3.5%	▼

Exchange Rate: 1USD = 0.90361 EUR = 7.08718 RMB = 7.84107 HKD = 31.3742 TWD (as of August 23, 2019)

## HIGH STREET VACANCY (Q3 2019)

HIGH STREET VACANCY	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Causeway Bay	0.0%	0.0%	0.0%	0.0%
Central	10.0%	8.6%	7.1%	7.1%
Tsimshatsui	2.4%	0.0%	0.0%	1.2%
Mongkok	9.1%	5.5%	5.5%	7.3%

## MAJOR LEASING TRANSACTIONS (Q3 2019)

PROPERTY*	SUBMARKET	SECTOR	SF (SALEABLE)	TENANT
Shop C-D on G/F, Yau Shing Commercial Centre, 51 Sai Yeung Choi Street South	Mongkok	Lifestyle	1,020	The Body Shop
Shop A on G/F, 29 Cameron Road	Tsimshatsui	Medicine & Cosmetics	500	Eu Yan Sang
Shops 10, 15 on G/F & Shops 54- 56 on 1/F, Mirador Mansion, 54 - 64B Nathan Road	Tsimshatsui	Jewellery & Watches	2,342	TSL Jewellery
Shop 4 on G/F, V Causeway Bay, 9 - 15 Yee Wo Street	Causeway Bay	Telecommunications	480	Wilson Communications
G/F & 1/F, LKF29, 29 Wyndham Street	Central	Food & Beverage	1,800	The Boil Restaurant & Bar

Notes\*: Due to limited new lettings in Q3, some transactions are renewal cases

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