



28,000

Median HH Income (HKD)

YoY
Chg12-Mo.
Forecast

5.1%*

Unemployment Rate
(Mar – May 22)

26.7%**

Tourist Arrival Growth

Source: Hong Kong Census and Statistics Department,
Hong Kong Tourism Board, Moody's Analytics

* 3-month moving average, seasonally adjusted

** The figure refers to Jan – May 2022

HONG KONG ECONOMIC INDICATORS
Q2 2022

-4.0%

GDP Growth
(Q1 2022)

4.7%

Retail Sales Growth*

-5.3%

Private Consumption
Expenditure Growth
(Q1 2022)

1.2%

CPI Growth**
(May 2022)Source: Hong Kong Census and Statistics Department,
Moody's Analytics

* The figure refers to the first two months of Q2 2022

** Composite CPI, non-seasonally adjusted

Retail Spending Led By F&B, Overall Vacancy Fell

The fifth wave of the pandemic earlier in the year clearly impacted on overall retail growth, with overall sales for the January to May period falling by 2.9% y-o-y. However, some sector sales held up, led by supermarkets at 4.0% y-o-y growth, and medicines & cosmetics at 3.4% y-o-y. In contrast, in luxury-related sectors, fashion & accessories sales dropped 14.2% y-o-y, followed by jewelry & watches with a slide of 8.9% y-o-y. As dining restrictions further eased, vacancy dropped in most retail districts. On a q-o-q basis, Causeway Bay vacancy dropped 2.6 percentage points to 7.9%, the same level as 2021; while Mongkok fell 3.7 percentage points to the 2019 level of 12.7%. Tsimshatsui and Central vacancy rates remained unchanged.

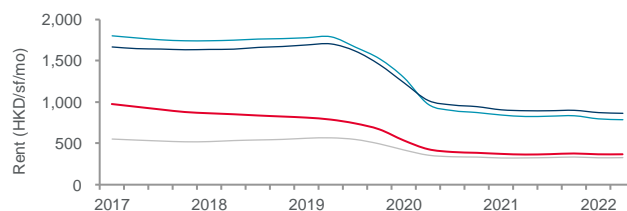
F&B Rents Rose Moderately, Supported by Relaxed Dining Restrictions

The gradual easing of dining restrictions has helped contribute to positive momentum and a mild recovery in F&B rents. Leasing activities have picked up noticeably, as restaurateurs actively look for prime business spaces to meet anticipated renewed demand for dining out activities. Aligning with the drop in high-street vacancies, F&B rents have generally recorded upward adjustments across the board. Mongkok recorded a rise of 1.5% q-o-q, Tsimshatsui 1.0% q-o-q and Causeway Bay 0.6% q-o-q. Central remained unchanged.

Wellness & Lifestyle Sectors to Lead Market Growth, Targeting Local Consumers

Since the pandemic, many local consumers have shifted their spending power from travelling to wellness and lifestyle shopping, seeking to maintain their quality of life. This has been reflected by retailers' activity in the period. For example, UK-based beauty and wellness company LUSH entered a 1,400 sf space at 48-50 Sai Yeung Choi Street, while fashion brand Cotton On entered a two-floor space spanning 3,500 sf in Wing's Building in Central. These transaction headlines indicate that retailers see near-term potential for recovery in local consumer demand. The F&B sector also emerged into the spotlight in the quarter. F&B operator Transformers Themed Restaurant leased two floors spanning 2,750 sf at Soundwill Plaza in Causeway Bay. We see transactions such as these reflecting healthy and diverse demand for new consumer activities in Hong Kong. Moving forward into the second half of the year, we expect retail activities to further pick up, with phase two of the current Consumption Voucher program due to be launched to the public, providing a further stimulus to retailers.

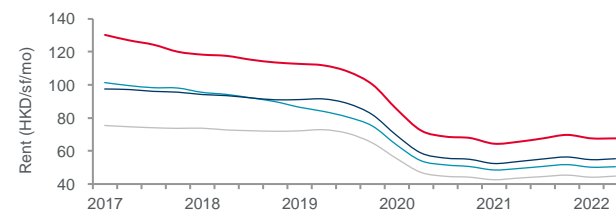
HIGH STREET AVERAGE RENT



— Causeway Bay — Central — Tsimshatsui — Mongkok

Source: Cushman & Wakefield Research

F&B AVERAGE RENT



— Causeway Bay — Central — Tsimshatsui — Mongkok

Source: Cushman & Wakefield Research



HIGH STREET RENTS Q2 2022

	EFFECTIVE RENT			Q-O-Q CHANGE	12-MONTH OUTLOOK
	HKD/SF/MO	US\$/SF/MO	EUR/SF/MO		
Causeway Bay	783	100	96	-1.3%	▲
Central	366	47	45	0.1%	▲
Tsimshatsui	864	110	105	-1.0%	▲
Mongkok	324	41	40	0.6%	▲
HONG KONG AVERAGE	584	74	71	-0.7%	▲

Exchange Rate: 1USD = 0.9578EUR = 7.8500HKD = 6.7411CNY = 29.7170TWD (as of June 15, 2022)

HIGH STREET VACANCY RATE

	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Causeway Bay	13.2%	7.9%	10.5%	7.9%
Central	8.5%	9.9%	11.3%	11.3%
Tsimshatsui	14.3%	13.1%	14.3%	14.3%
Mongkok	10.9%	14.5%	16.4%	12.7%

KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	SECTOR	SF (SALEABLE)
LG/F & UG/F, Wing's Building, 110-116 Queen's Road Central	Central	Cotton On	Clothing	3,510
Shop A&B1 on G/F, Shop A on 1/F, Soundwill Plaza, 38 Russell Street	Causeway Bay	Transformers Themed Restaurant	F&B	2,750
G/F & 1/F, 48-50 Sai Yeung Choi Street South	Mongkok	LUSH	Beauty	1,400
Shop 15-18 on G/F, Causeway Bay Plaza 1, 489 Hennessy Road	Causeway Bay	Chow Tai Fook	Jewelry & Watches	1,220
Shop 3-5 on G/F, 41-43 Dundas Street	Mongkok	MainettiCare	Personal Hygiene	500

Source: Cushman & Wakefield Research

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