

**HK\$14.8**

Prime warehouse rents  
(Gross Effective / sq ft / month)



**7.5%**

Prime warehouse vacancy  
(vacancy rate in %)

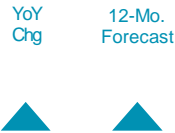


Source: Cushman & Wakefield Research

## HONG KONG ECONOMIC INDICATORS Q4 2023

**4.1%**

GDP Growth  
(Q3 2023)



**HK\$767B**

Total Export  
(Oct – Nov 2023)



**HK\$820B**

Total Import  
(Oct – Nov 2023)



**50.1**

PMI#  
(Nov 2023)



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

#: The Manufacturing Purchasing Managers' Index (PMI) measures the activity level of purchasing managers in the manufacturing sector. A reading above 50 indicates expansion in the sector; below 50 indicates contraction

## Mild Improvement in Trade Environment, Hong Kong PMI Sees November Rebound

While the global economy continued to grapple with the impact of high interest rates, Hong Kong's trade volume and private sector began to stabilize in Q4. In the two months of October and November combined, total exports witnessed rebound with 4.3% y-o-y growth, after having been in the negative zone for 16 months, while imports also picked up 4.8% y-o-y, both picked up from the low base of last year. Notably, exports to mainland China grew 10.4% y-o-y, while 5 out of the top 10 export markets also recorded positive y-o-y growth, compared to only 2 out of top 10 in Q3 2023. Hong Kong's GDP growth in Q3 2023 strengthened to 4.1% y-o-y, following a weaker performance of 1.5% y-o-y in Q2. The [S&P PMI](#)# index for Hong Kong also rose slightly to 50.1 points in November, rebounding from the 48.9 contraction recorded in October, indicating a modest improvement in the private sector.

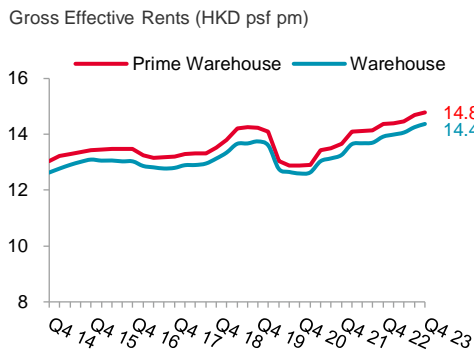
## Leasing Activities Gain Momentum, Prime New Completion Enters the Market

New leasing activity gained momentum in Q4, driven by several large-scale deals. Notable transactions included a new lease of 20,200 sf by Kaga Electronics in the Chuan Kei Factory Building in Kwai Chung, as well as a 32,100 sf lease by Deutschland Auto Spare Parts in the Fu Hang Industrial Building in Hung Hom. The market also saw more leasing enquiries from F&B central kitchen operators in the quarter. In terms of supply, the completion of the Cainiao Hong Kong Smart Gateway, a prime warehouse project located at the Hong Kong International Airport, introduced 4.1 million sf of new logistics space to the market. The new supply availability pushed the overall prime warehouse vacancy rate to 7.5% in Q4, up from 3.1% in Q3. Looking ahead, the new warehouse supply pipeline is expected to be limited over the next few years, until a new 1.5 million sf project in Kwai Chung, led by a joint venture between Hong Kong-based ESR and Chinachem, is scheduled for completion in 2027.

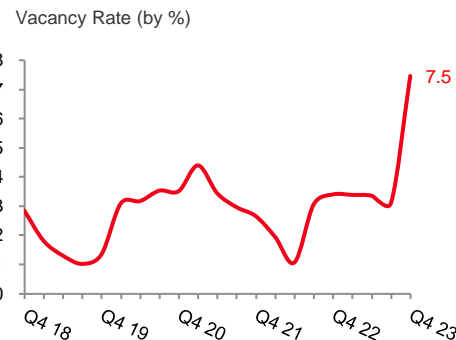
## Rents Continued to Edge Up in Q4, Expected to See Modest Gains in 2024

Despite the challenging global trade environment and elevated vacancy rate, Hong Kong prime warehouse rents edged up 0.6% q-o-q in Q4 to reach HK\$14.8 per sf per month. The increase was chiefly due to the addition of Cainiao Hong Kong Smart Gateway into the rental basket. By submarket, Hong Kong Island and Kowloon rental levels remained stable, while New Territories rents saw a significant 9.5% q-o-q rise due to the impact of the new entrant. Looking ahead to 2024, overall prime warehouse rents are expected to continue seeing growth in the low single digits, forecast at a further 3% amid the limited new supply pipeline.

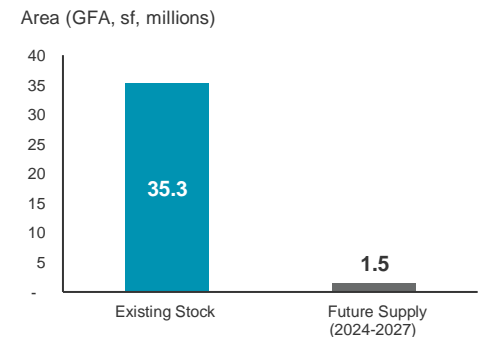
### Overall and Prime Warehouse Rents



### Prime Warehouse Vacancy (%)



### Existing Stock and Future Supply



## PRIME WAREHOUSE RENTS Q4 2023

	GROSS EFFECTIVE RENT			Q-O-Q CHANGE	Y-O-Y CHANGE	12-MONTH OUTLOOK
	HK\$/SF/MO	US\$/SF/MO	EUR/SF/MO			
Hong Kong Island	16.5	\$2.1	€ 1.9	0.0%	0.0%	▲
Kowloon	15.3	\$2.0	€ 1.8	0.0%	2.3%	▲
New Territories	13.6	\$1.7	€ 1.6	9.5%	11.7%	▲
<b>HONG KONG AVERAGE</b>	<b>14.8</b>	<b>\$1.9</b>	<b>€ 1.7</b>	<b>0.6%</b>	<b>2.8%</b>	▲

Exchange Rate: 1 USD = 0.91026438 Euros = 7.8063166 Hong Kong Dollars (as of Dec 15, 2023)

## PRIME WAREHOUSE VACANCY RATE Q4 2023

	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Hong Kong Island	2.0%	2.0%	2.0%	2.0%	2.0%
Kowloon	1.3%	1.2%	1.4%	1.4%	1.8%
New Territories	11.1%	11.1%	10.5%	9.3%	20.5%
<b>HONG KONG AVERAGE</b>	<b>3.4%</b>	<b>3.4%</b>	<b>3.4%</b>	<b>3.1%</b>	<b>7.5%</b>

## KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	SECTOR	SF (GFA)	Type
Tai Hing Industrial Building	Tuen Mun	Bollere Logistics	Freight & Logistics	52,200	Renewal
Fu Hang Industrial Building	Hung Hom	Deutschland Auto Spare Parts	Auto	33,100	New Lease
Goodman Global Gateway	Tsuen Wan	Vpower Finance Security	Freight & Logistics	21,000	Renewal
Chuan Kei Factory Building	Kwai Chung	Kaga Electronics	Consumer Products	20,200	New Lease

Source: Cushman & Wakefield Research

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