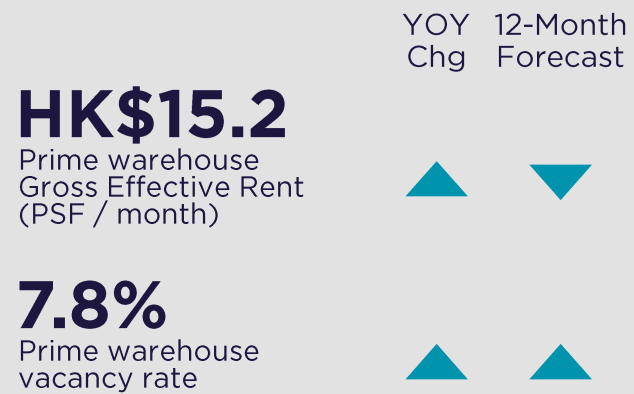


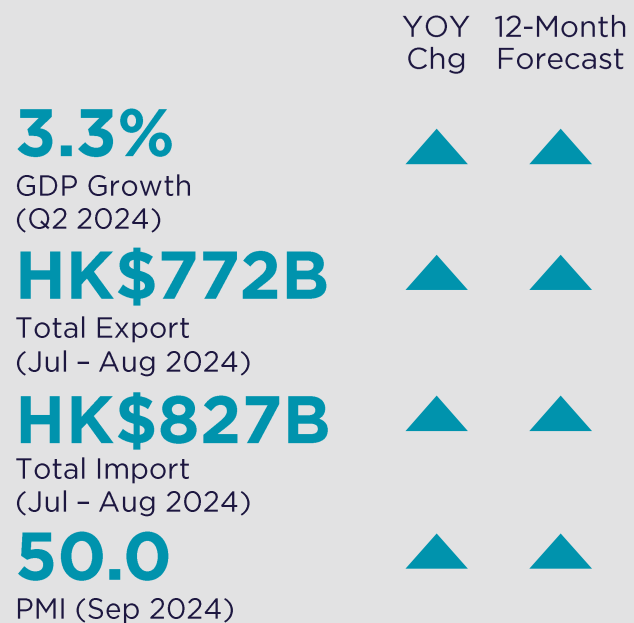


### MARKET FUNDAMENTALS



Source: Cushman & Wakefield Research

### HONG KONG ECONOMIC INDICATORS Q3 2024



Source: Hong Kong Census and Statistics Department, Moody Analytics

### A MIX OF MACROECONOMIC ENVIRONMENT

Hong Kong's macroeconomic environment continued to recover from the low base of 2023, with the city's total imports and exports in July and August 2024 growing by 8.9% and 9.7% y-o-y, respectively. Meanwhile, the S&P Manufacturing Purchasing Managers' Index (PMI) in September climbed to 50.0, ending the contraction (index below 50.0) for four consecutive months, and this suggests overall market sentiment is gradually picking up. However, Hong Kong retail sales for the January to August 2024 period dropped by 7.7% y-o-y, predominantly due to the changing spending habits of tourists and locals, and this is also likely to impact demand for warehouse and logistics facilities.

### LEASING MOMENTUM REMAINED SLOW AS 3PLS WERE CAUTIOUS

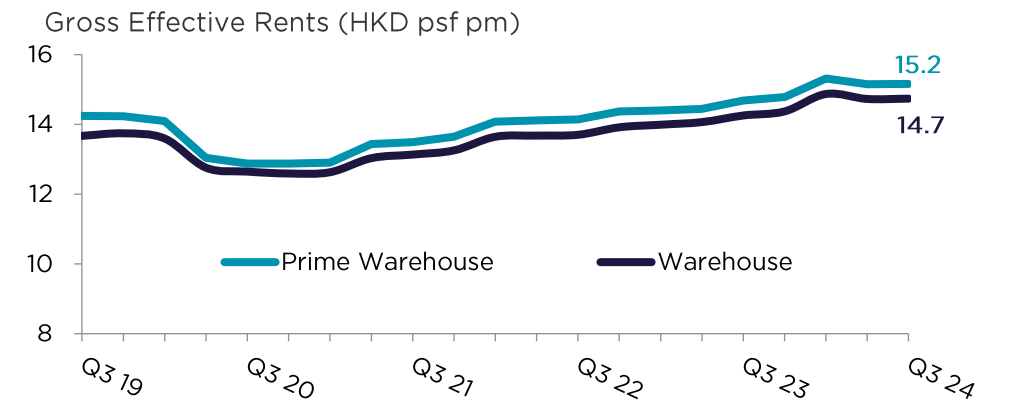
Against this economic backdrop, third-party logistics operators (3PLs) remained cautious and leasing momentum was relatively slow in Q3. While most leasing activities were driven by renewal cases, notable transactions in the quarter included SF DHL's 130,000 sf commitment of the en-bloc Mapletree Logistics Centre in Fanling as part of their expansion plan. Tesla also expanded by committing to a further 34,100 sf at the YKK Building Phase I in Tuen Mun. The overall prime warehouse vacancy rate rose in Q3 by 1.2 percentage points q-o-q to record 7.8%, mainly due to a notable expansion of available stock in Tsing Yi. However, the overall prime warehouse rental level stayed relatively stable at HK\$15.2 per sf per month, up 0.1% q-o-q.

### VACANCY TO STAY STABLE WITH NO NEW SUPPLY UNTIL 2027

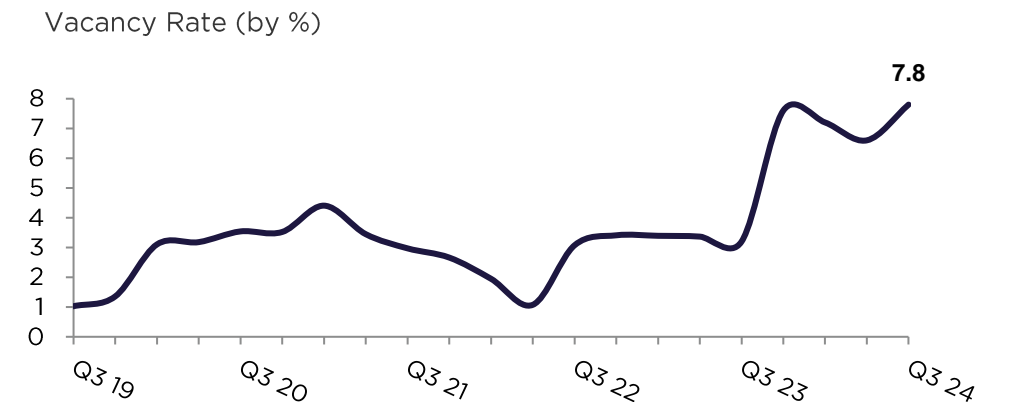
Looking ahead, occupiers will likely remain in a wait-and-see stance and take a prudent approach towards the end of 2024. We expect the vacancy rate to remain stable, as the market will not be seeing other significant new logistics facilities supply until 2027.

On a positive note, the development of the Northern Metropolis will likely drive greater relocation demand from tenants in brownfield sites to other warehouse facilities. We also expect to see increasing demand from Chinese mainland vehicle brands and electric vehicle operators to further drive leasing demand in the coming months. Overall, we expect overall warehouse rents to remain stable through the remainder of 2024.

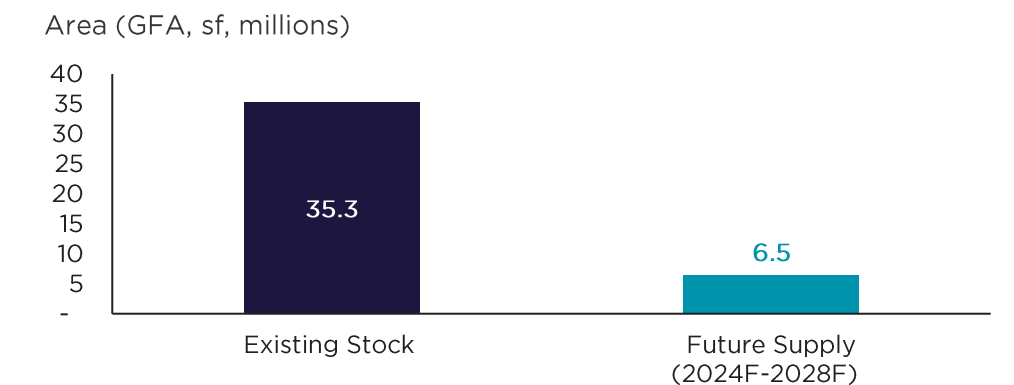
### Overall and Prime Warehouse Rents



### Prime Warehouse Vacancy (%)



### Existing Stock and Future Supply (2024F-2028F)



**PRIME WAREHOUSE RENTS Q3 2024**

	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	\$16.0	\$2.1	€1.9	0.1%	4.8%	▼
New Territories	\$13.2	\$1.7	€1.5	0.0%	6.3%	▼
<b>HONG KONG AVERAGE</b>	<b>\$15.2</b>	<b>\$1.9</b>	<b>€1.8</b>	<b>0.1%</b>	<b>3.2%</b>	▼

Exchange Rate: 1USD = 0.9040 EUR = 7.7961HKD (as of Sep 9, 2024)

**PRIME WAREHOUSE VACANCY RATE Q3 2024**

	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Hong Kong Island	2.0%	2.0%	2.0%	2.0%	2.0%
Kowloon	1.4%	1.8%	2.3%	2.0%	3.5%
New Territories	9.3%	20.5%	18.3%	16.9%	17.6%
<b>HONG KONG AVERAGE</b>	<b>3.2%</b>	<b>7.6%</b>	<b>7.2%</b>	<b>6.6%</b>	<b>7.8%</b>

**KEY LEASE TRANSACTIONS Q3 2024**

PROPERTY	SUBMARKET	TENANT	SECTOR	SF (GFA)	Type
Mapletree Fanling Logistics Centre	Fanling	SF DHL	3PL	130,000	New Lease
Goodman Interlink	Tsing Yi	Eythos HK	3PL	68,900	New Lease
YKK Building Phase I	Tuen Mun	Tesla	Automobile	34,100	New Lease
Crowning United Centre	Tsuen Wan	Worldex Logistics	3PL	25,800	Renewal
Goodman Shatin Logistics Centre Phase 2	Shatin	Bausch & Lomb	Consumer Products	26,400	Renewal

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