

## MARKET FUNDAMENTALS

YTD Investment Volume (HKD) **30.6B<sup>1</sup>** **-36.3%** Y-o-Y Chg

Office Capital Value (HKD/sf) **9,940** **-23.6%** Y-o-Y Chg

Office Gross Yield **3.0%** **+22bps** Y-o-Y Chg

<sup>1</sup> Data as of 31 Dec 2024  
Source: Cushman & Wakefield Research

## ECONOMIC INDICATORS Q4 2024

GDP growth (Q3 2024) **1.8%** **▲** YOY Chg **▲** Outlook

CPI Growth<sup>2</sup> (Nov 2024) **1.4%** **▲** YOY Chg **▲** Outlook

10-year government bond rate (U.S.) (Dec 2024) **4.58%** **▲** YOY Chg **▼** Outlook

<sup>2</sup> Composite CPI, non-seasonally adjusted  
Source: Hong Kong Census and Statistics Department; U.S. Department of Treasury; Moody's Analytics

## EN-BLOC AND PORTFOLIO TRANSACTIONS LEAD ACTIVITY

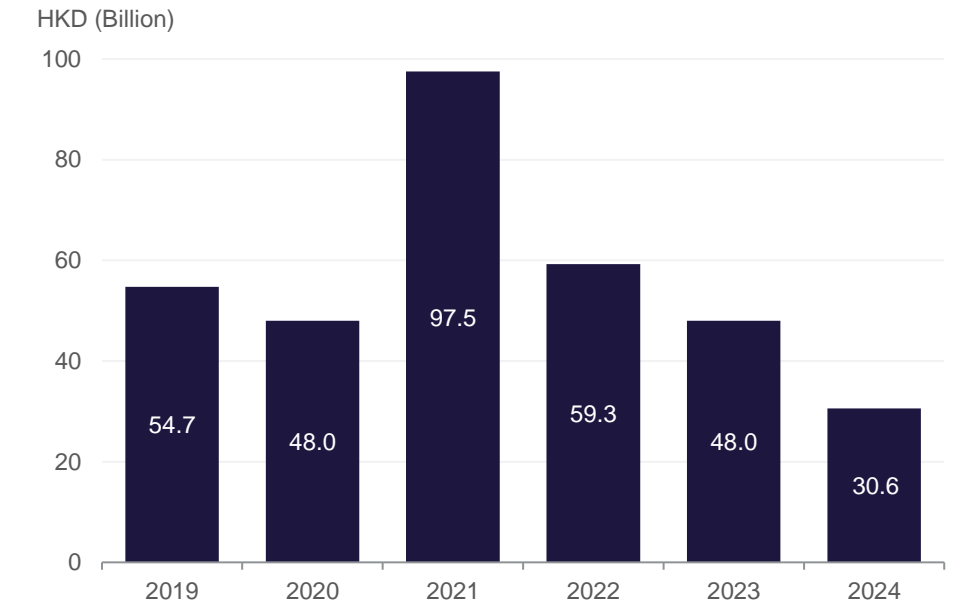
Despite the U.S. Federal Reserve's commencement of an interest rate easing cycle, Hong Kong capital market sentiment remained cautious in Q4, given that interest rates were still at a relatively high level. Total large-sized (>HK\$100 million) non-residential transaction volume recorded HK\$10.1 billion<sup>1</sup> in Q4, down 49.3% y-o-y but up 12.8% q-o-q. Of the eighteen transactions concluded in the quarter, ten were en-bloc transactions, with another three deals as portfolio sales, prompted by landlords' greater willingness to dispose of assets at discounted prices in the face of liquidity challenges. Cash-rich investors and end-users also continued to bargain hunt as asset prices dropped across sectors.

## OFFICE SECTOR CONTINUES TO DOMINATE INVESTMENT ACTIVITY

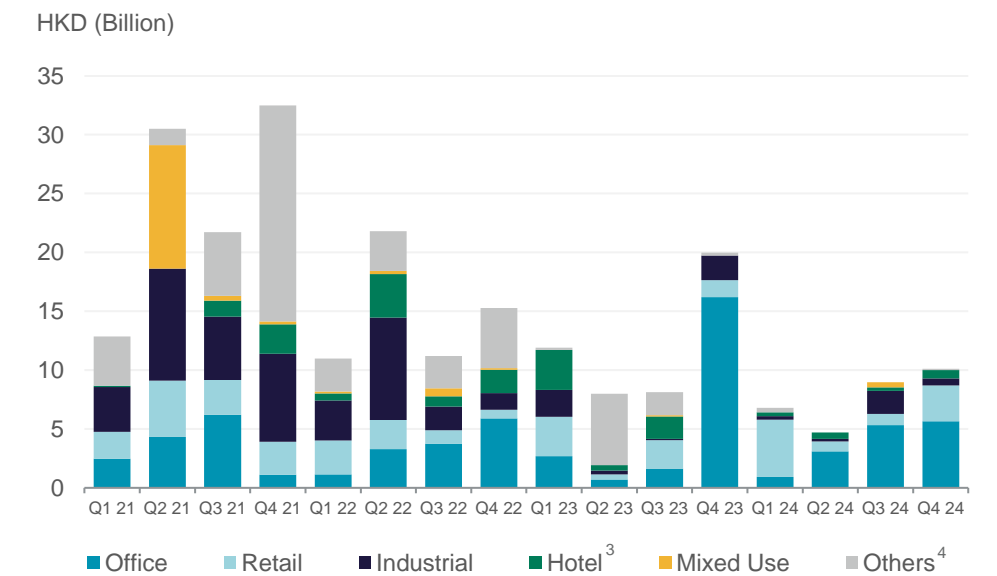
Among all asset sectors, office property transactions accounted for 56% of total investment volume in Q4, chiefly driven by big-ticket deals signed in the quarter. The biggest transaction was Hong Kong Metropolitan University's purchase of Cheung Kei Center, an en-bloc office building in Hung Hom, for HK\$2.65 billion. The Hong Kong government aims to develop the city as an "international hub for post-secondary education," and this property could serve as the university's additional campus space to support the growing number of students and programs. A second notable transaction was Chiyu Bank's acquisition of the en-bloc office at 40-44 Bonham Strand in Sheung Wan for HK\$1.32 billion. Both these deals were concluded at notable discounts. A further en-bloc office transaction was the disposal of 152 Queen's Road Central by a local investor for HK\$1.08 billion. The remaining office sector transactions included strata-titled assets at Rykadan Capital Tower in Kwun Tong and The Center in Central.

The retail sector comprised 30% of total investment volume in Q4. Retail assets serving community needs with stable rental returns continued to attract investors' interest. China Resources Longdation purchased a portfolio of five retail podiums in the Kowloon area from the Hong Kong Housing Society at a total cost of HK\$1.04 billion, while the same seller also disposed of a neighborhood retail asset portfolio to a Taiwanese investor at HK\$298 million. The retail podiums of Marble Garden in North Point and The Campton in Cheung Sha Wan were also transacted at HK\$250 million and HK\$104 million, respectively. City University of Hong Kong's acquisition of the retail portion of Inter-Continental Plaza in Tsimshatsui for HK\$850 million was also eye-catching, supporting the university's expansion plans to meet the growing demand in the post-secondary education field.

## OVERALL INVESTMENT VOLUME



## INVESTMENT VOLUME BY SECTOR



<sup>3</sup> "Hotel" category includes investment for co-living and rental apartments;  
<sup>4</sup> "Others" category covers carparks and private sites for development or conversion purpose  
Source: EPRC; Media articles; HKEx; Cushman & Wakefield Research

In Q4, some Southeast Asia monies acquired the Artisan Lab and Artisan Hub properties in San Po Kong from New World at a cost of HK\$620 million and HK\$367 million, respectively, in Q4. The former is a modern industrial building and has emerged as a hub for artisans and creatives, while the latter is a fully-occupied revitalized industrial building for commercial use.

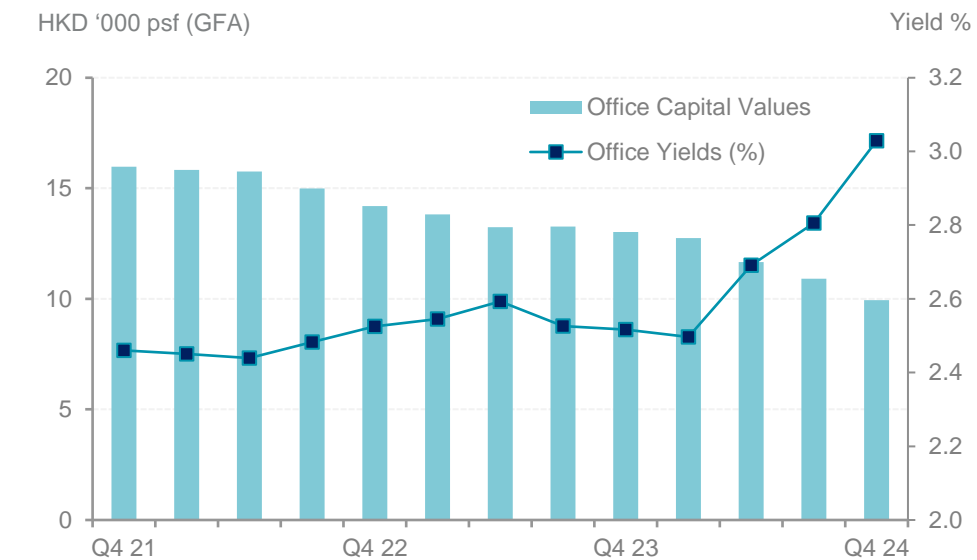
The hotel/ rental housing sector remained sought after in Q4, with three deals concluded to take a 7% share of total quarterly transaction volume, including the receivership deal of the en-bloc Twenty One Whitfield hotel in Tin Hau, sold at HK\$268 million. Two serviced apartment assets were also transacted in the quarter, comprising The Unit Davis in Sai Wan sold by Emperor Hotels Group; and the en-bloc property at 100-102 Queen’s Road East, acquired by a local investor. These transactions reiterate the growing market demand for rental housing properties, following the growing inflows of expat talent and non-local students.

Finally in the quarter, a vast basket of parking spaces at Sunningdale Garden in Sheung Shui was acquired by a local investor at HK\$105 million. The buyer was attracted by reduced asking prices, high yields and stable rental return.

**STUDENT HOUSING SECTOR TO REMAIN AS INVESTORS’ KEY FOCUS**

As examined in our latest [Talent Housing Part II: Student Accommodation](#) report, in the latest Hong Kong Policy Address, the government is encouraging the private sector to convert hotels and commercial buildings into student housing. Given the notable shortfall of local university beds, we believe this sector will continue to be sought after in the coming year, particularly for those assets in prime locations with strong conversion potential. Looking ahead, however, as the commercial loans rate is still standing at a relatively high level, coupled with the limited options of high-yielding assets and uncertainty surrounding U.S. monetary and tariff policies, we expect overall investment volume to record approximately HK\$30 billion in 2025.

**OFFICE CAPITAL VALUE AND GROSS YIELD**



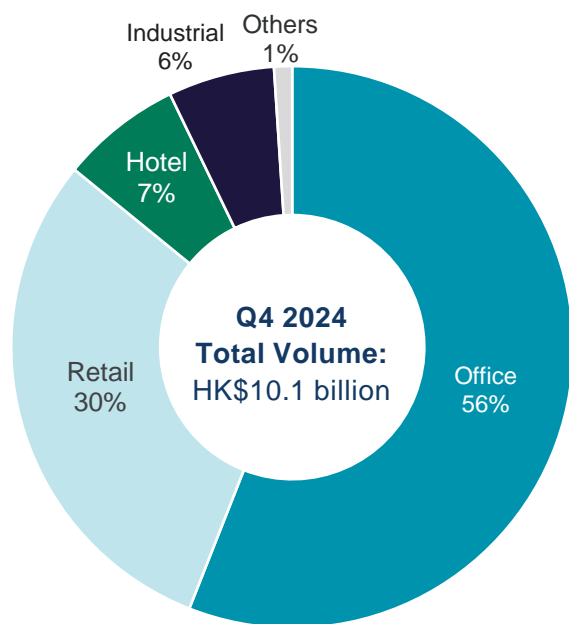
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**Q4 2024 TRANSACTIONS BY SECTORS**



Source: EPRC; Media articles; HKEx; Cushman & Wakefield Research

**Q4 2024 KEY INVESTMENT TRANSACTIONS**

PROPERTY	LOCATION	PURCHASER	VENDOR	SECTOR	PRICE (HKD MN)
Cheung Kei Center (En-bloc)	Hung Hom	Hong Kong Metropolitan University	Receivership Deal	Office	2,650
40-44 Bonham Strand (En-bloc)	Sheung Wan	Chiyu Bank	PRC Investor	Office	1,320
152 Queen’s Road Central (En-bloc)	Central	Southeast Asia Investor	Local Investor	Office	1,080
Five retail assets	Across Districts	China Resources Longdation	Hong Kong Housing Society	Retail	1,040
Retail Podium of Inter-Continental Plaza	Tsim Sha Tsui	City University of Hong Kong	Local Investor	Retail	850

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