



MARKET FUNDAMENTALS

HK\$15.0
Prime warehouse
Gross Effective Rent
(PSF / month)

YOY Chg ▲ Outlook ▼

7.6%
Prime warehouse
vacancy rate

YOY Chg ◀▶ Outlook ▲

Source: Cushman & Wakefield Research

HONG KONG ECONOMIC INDICATORS Q4 2024

1.8%
GDP Growth
(Q3 2024)

YOY Chg ▲ Outlook ▲

HK\$788B
Total Export
(Oct - Nov 2024)

YOY Chg ▲ Outlook ▲

HK\$862B
Total Import
(Oct - Nov 2024)

YOY Chg ▲ Outlook ▲

51.2
PMI (Nov 2024)

YOY Chg ▲ Outlook ▲

Source: Hong Kong Census and Statistics Department, Moody Analytics

MACROECONOMIC ENVIRONMENT CONTINUE TO RECOVER

Hong Kong's business conditions are steadily improving, with the S&P Manufacturing Purchasing Manager's Index (PMI) climbing to 51.2 in November, standing above the contraction line (50.0) for three consecutive months. The city's trading performance also picked up in October and November, bringing the city's aggregate imports and exports to a rise of 6.8% YoY and 9.1% YoY for the first 11 months, respectively.

LOGISTICS LEASING MOMENTUM FURTHER SLOWS

Third-party logistics operators (3PLs) remained cautious and leasing momentum further slowed in Q4. The market mainly focused on renewal activities, with a few notable cases recorded. In new leasing activity, key transactions included consumer goods firm RB & Manon committing to 13,200 sf at Goodman Shatin Logistics Centre Phase 2. While most occupiers remained in a wait-and-see stance towards the end of 2024, the overall prime warehouse vacancy rate stabilized at 7.6%, down 0.2 percentage points q-o-q.

Landlords were generally more willing to provide additional incentives to occupiers in the period, with little sign of market sentiment strengthening notably in the short-term. In turn, the overall prime warehouse rental level retreated by 1.3% q-o-q to record HK\$15.0 per sf per month in Q4, the steepest quarterly downward adjustment since Q3 2020. However, the rental level for the full-year 2024 still grew by 1.3%.

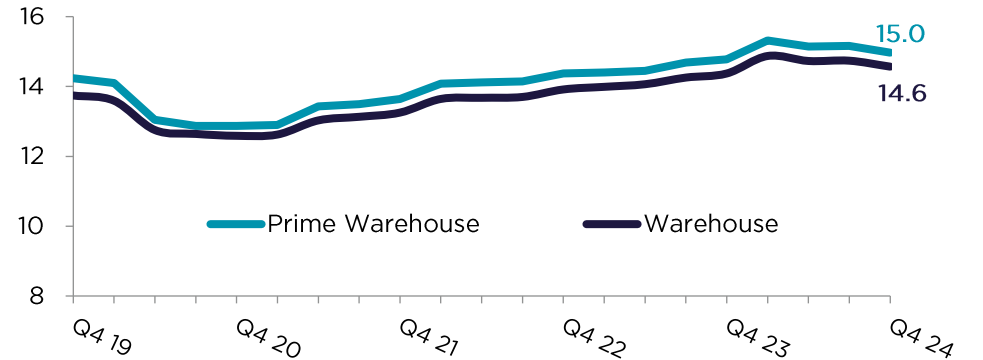
PRIME WAREHOUSE RENT FORECAST TO DROP BY 5% IN 2025

The U.S. Presidential election result may bring for more uncertainties of Sino-U.S. relations. Coupled with the generally cautious business sentiment, this may continue to curtail leasing appetite from 3PLs. More brightly, initiatives launched by the Central Government to boost the economy and consumption power should contribute to stabilizing leasing demand from e-commerce and consumer goods in the mid-to-long run.

On the supply side, the tenders for three logistics sites in Tsing Yi, Yuen Long and Hung Shui Kiu will close by Q1 2025, bringing potential new supply of 8.4 million sf in 2030+. However, mid- to short-term new supply will remain scarce, with no further major new logistics projects to be seen before 2027. As such, we expect the vacancy rate will remain stable in the coming 1-2 years, and we forecast the prime warehouse rent to decline by 5% throughout 2025.

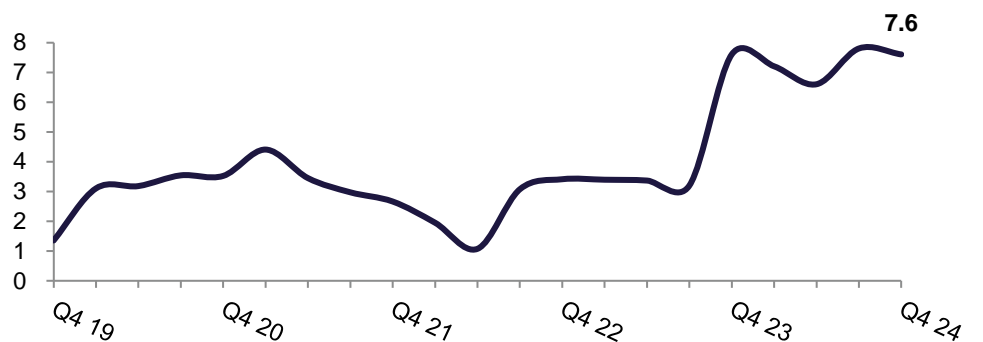
Overall and Prime Warehouse Rents

Gross Effective Rents (HKD psf pm)



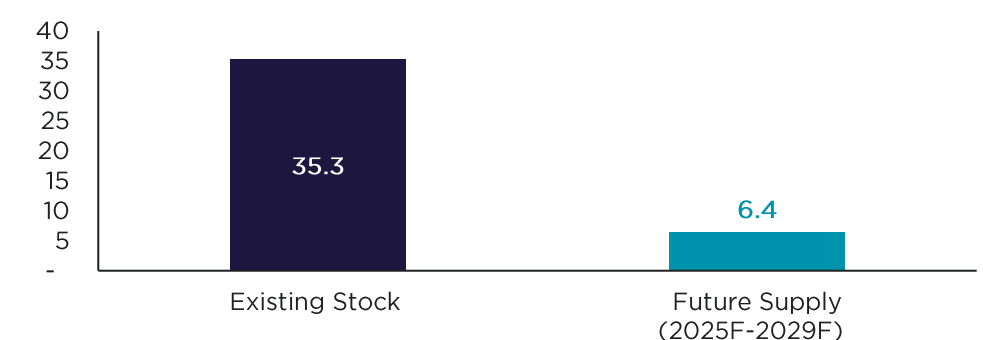
Prime Warehouse Vacancy (%)

Vacancy Rate (by %)



Existing Stock and Future Supply (2025F-2029F)

Area (GFA, sf, millions)



PRIME WAREHOUSE RENTS Q4 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	€2.0	0.0%	0.0%	▼
Kowloon	\$15.9	\$2.0	€1.9	-0.7%	4.2%	▼
New Territories	\$12.8	\$1.6	€1.6	-3.0%	-5.9%	▼
HONG KONG AVERAGE	\$15.0	\$1.9	€1.8	-1.3%	1.3%	▼

Exchange Rate: 1USD = 0.9506 EUR = 7.7752HKD (as of Dec 16, 2024)

PRIME WAREHOUSE VACANCY RATE Q4 2024

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

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SECTOR	SF (GFA)	Type
Goodman Shatin Logistics Centre Phase 2	Shatin	RB & Manon	Consumer Products	13,200	New Lease
ATL Logistics Centre B	Kwai Chung	H&M	Consumer Products	138,000	Renewal
Tuen Mun Distribution Centre	Tuen Mun	Geodis HK	3PL	57,000	Renewal
Tai Hing Industrial Building	Tuen Mun	Bollere Logistics	3PL	26,100	Renewal
Goodman Global Gateway	Tsuen Wan	Vpower Security	Others	21,000	Renewal

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