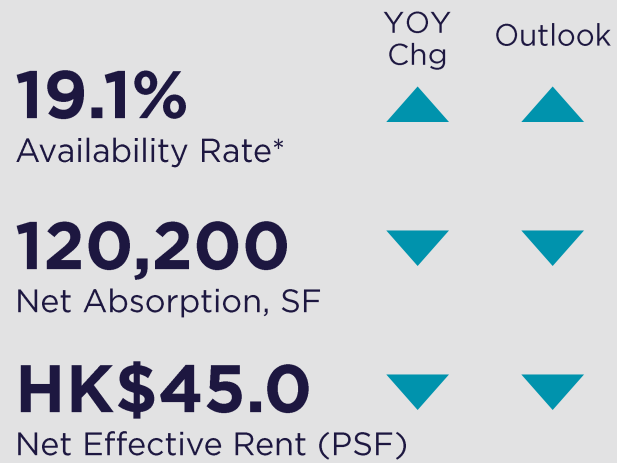


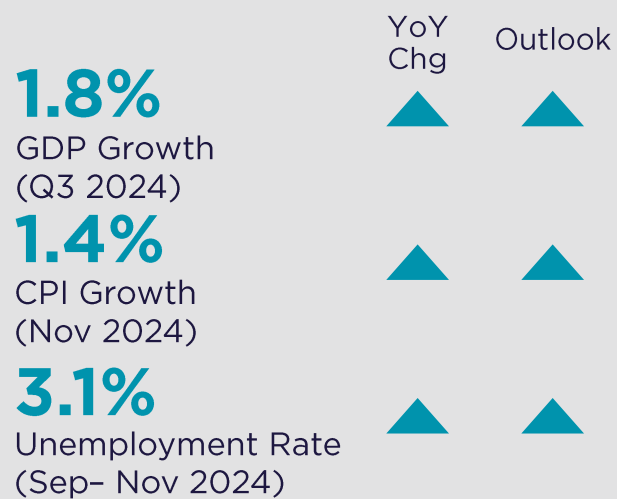
MARKET FUNDAMENTALS



All SF are on NFA basis

*Note: Availability includes confirmed leasing stock that is currently vacant or becoming vacant over the next 12 months

ECONOMIC INDICATORS



Source: Cushman & Wakefield Research, Hong Kong Census and Statistics Department, Moody's Analytics

FULL-YEAR 2024 NET ABSORPTION REACHES 1.1 MILLION SF

The Hong Kong Grade A office market registered a fifth consecutive quarter of positive net absorption in Q4 2024, bringing full-year 2024 net absorption to almost 1.1 million sf. The momentum was mainly generated by flight-to-quality activities, from occupiers moving from Grade B offices or from modern industrial buildings to Grade A offices, along with upgrades and new setups in the city. The overall availability rate moderated slightly amid the pause in new completions in the last two quarters, dropping back to 19.1% by the end of 2024, marking the second consecutive quarterly fall.

Despite the more positive market performance, the overall Grade A office rental level in Q4 adjusted further downwards at 1.9% q-o-q and 6.1% y-o-y, to record HK\$45.0 per sf per month. Compared with the peak of Q1 2019, the overall rental level has now fallen by 41%, returning to the level of Q2 2010.

DEMAND FROM EDUCATION SECTOR RISING NOTABLY

Office market leasing momentum through 2024 was chiefly driven by the banking & finance sector. However, in Q4 the education sector emerged to account for 8% of new lettings (among known tenant backgrounds). The University of Hong Kong committed to 16,600 sf at the Kingston International Centre in Kowloon Bay, while the Hong Kong University of Science and Technology secured 22,600 sf at Manulife Financial Centre in Kwun Tong. Elsewhere, other notable deals included Taiwan-based KGI Bank taking 35,300 sf at One Pacific Place for their inaugural Hong Kong branch.

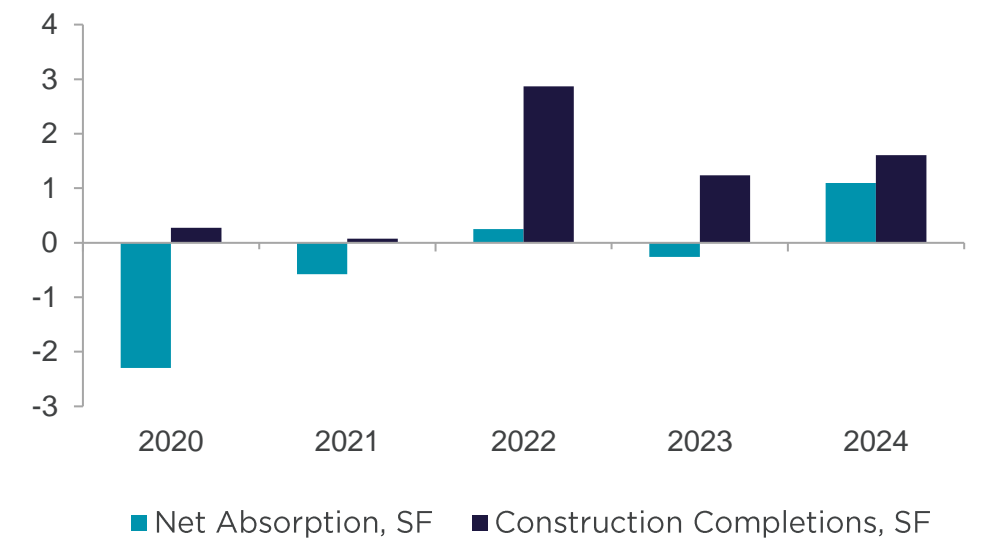
AMPLE SUPPLY PIPELINE IN 2025 TO WEIGH ON RENTS

The office supply pipeline is expected to peak in 2025, with 3.5 million sf of new office space entering the market, mostly in 2H 2025. This is more than double the 10-year average annual new supply seen from 2015 to 2024. We expect overall availability rate may then climb to 22%, and the overall Grade A rental level to fall in a range of 7%-9% in 2025.

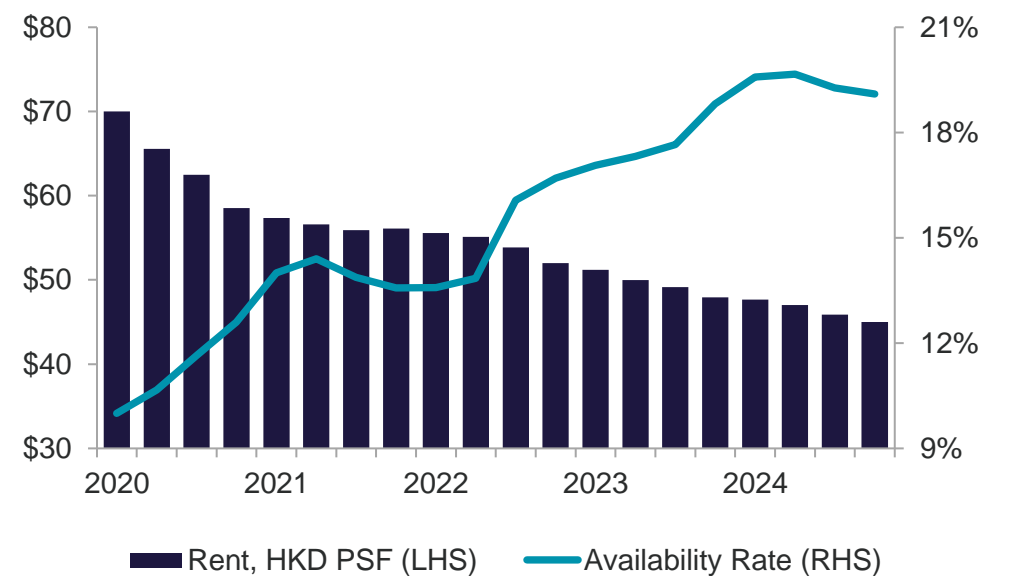
Further new supply will then taper off, with no new major supply due to enter in 2028-2029, helping to restore demand-supply dynamics in the next few years. Stimulus measures issued by the Central Government aimed at boosting the stock market and economy may also provide support to the Hong Kong office market. If Initial Public Offering (IPO) activities and the stock market overall can strengthen, leasing demand from the banking & finance and professional services sectors will likely pick up and help bolster office market sentiment.

NET ABSORPTIONS / COMPLETIONS

Million (NFA SF)



OVERALL AVAILABILITY & NET EFFECTIVE RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	AVAILABILITY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	GRADE A NET EFFECTIVE RENT				
						HK\$/SF/MO	US\$/SF/MO	EUR/SF/MO	Q-o-Q change	YTD change
Greater Central	16,266,486	17.3%	29,287	138,230	786,300	\$79.8	\$10.3	\$9.8	-1.5%	-6.4%
Wanchai / Causeway Bay	9,434,924	13.6%	28,907	196,181	1,160,400	\$47.0	\$6.0	\$5.7	-1.8%	-5.9%
Greater Tsimshatsui	10,073,414	13.8%	39,821	192,273	2,582,400	\$42.4	\$5.5	\$5.2	-0.4%	-2.3%
CORE AREA TOTALS	35,774,825	15.3%	98,014	526,685	4,529,100	\$60.6	\$7.8	\$7.4	-1.4%	-5.1%
Hong Kong East	9,430,396	18.9%	-58,234	-79,302	-	\$34.4	\$4.4	\$4.2	-4.7%	-12.8%
Hong Kong South	2,761,041	25.6%	36,326	4,066	238,400	\$24.3	\$3.1	\$3.0	-2.9%	-10.9%
Kowloon East	17,069,255	22.5%	42,703	642,290	310,700	\$24.6	\$3.2	\$3.0	-3.1%	-5.1%
Kowloon West	5,556,372	30.2%	1,420	3,908	-	\$29.0	\$3.7	\$3.5	-0.4%	-6.4%
NON-CORE AREA TOTALS	34,817,064	23.0%	22,215	570,962	649,100	\$28.0	\$3.6	\$3.4	-3.3%	-8.8%
OVERALL TOTAL	70,591,889	19.1%	120,229	1,097,646	5,078,200	\$45.0	\$5.8	€5.5	-1.9%	-6.1%

*Exchange Rate: 1USD = 0.9506 EUR 7.7753 HKD (as of 16 Dec, 2024)

**All areas presented are on NFA bases

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SF (NFA)	TYPE
One Pacific Place	Greater Central	KGI Bank	35,300	New Setup
Manulife Financial Centre	Kowloon East	The Hong Kong University of Science & Technology	22,600	Expansion
Two IFC	Greater Central	Millennium Capital Management	22,000	Expansion
Kingston International Centre	Kowloon East	The University of Hong Kong	16,600	Expansion
Dorset House	Hong Kong East	LVMH Fashion Group	12,700	Relocation

KEY PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	OWNER / DEVELOPER	SF (NFA)	COMPLETION YEAR
International Gateway Centre	Greater Tsimshatsui	Sun Hung Kai Properties	2,112,000	2025
Lee Garden Eight	Wanchai / Causeway Bay	Hysan / Chinachem	750,000	2026
Artist Square Towers	Greater Tsimshatsui	Sun Hung Kai Properties	470,400	2027
One Causeway Bay	Wanchai / Causeway Bay	Mandarin Oriental / Hongkong Land	410,400	2025
THE CENDAS	Kowloon East	SEA Holdings	310,700	2025

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