

THE SANDHÜTEL LENS

EDITION 17: HONG KONG

OCTOBER 2026



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Spaces, Places, Journeys



THE SANDHÜTEL LENS

Hong Kong: The Asian Base

THE WEALTH SERIES

Edition 17 · October 2026 · sandhutel.com

THE HONG KONG ZERO IS REAL. THE UK TAIL IS NOT.

On the headline numbers, Hong Kong is the easiest base in Asia to own a home in. There is no capital gains tax, and estate duty was abolished in 2006. Salaries tax is capped at a standard rate of 15 percent, 16 percent above HK\$5m of income, and since February 2024 a foreign buyer pays the same stamp duty as a local. The official price index stood 19.5 percent below its September 2021 peak in August, while the rental index set another record. On that reading, a British professional or a family leaving the UK should buy.

That reading leaves out the country the buyer is leaving. Since April 2025, anyone UK resident for 10 of the previous 20 tax years is a long term UK resident, and their worldwide estate stays inside UK inheritance tax for 3 to 10 tax years after they go. A Hong Kong home bought in that window is inside it too. Some gains realised abroad are taxed on return if the absence is five complete tax years or less, and the UK and Hong Kong tax treaty covers income and gains, not inheritance tax. The Hong Kong zero is real. It is not the client's zero.

The local numbers carry a second correction. Record rents do not make buying the answer. On our arithmetic, a HK\$10m home bought at flat prices takes 12 to 13 years to beat renting, and against a flat provided by an employer, buying never wins inside 15 years unless prices compound at 5 percent. Nor is the British buyer visible in this market at all. Hong Kong records no buyer nationality; the best available proxy puts Mainland named buyers at 33.6 percent of transaction value in the first seven months of 2025.

This edition is written for the UK client who is moving to Hong Kong rather than holidaying there: the professional on a three to five year posting, the family leaving the UK after the April 2025 reforms, and the principal arriving with capital. The home is a primary base, so there is no yield here. Rent appears only as the cost of living in the city, and the test of every address is what it costs to own once both ledgers, Hong Kong's and London's, are counted.

THE REAL DIVERGENCE

Hong Kong's divergence runs between what a home costs to rent and what it costs to own. The Rating and Valuation Department's rental index reached 210.3 in August 2026, a record, up 1.6 percent in the month. Its price index, at 320.5, is 12.5 percent above the March 2025 trough and still 19.5 percent below the September 2021 peak. Read quickly, that gap says buy. It says something narrower. The recovery has stalled: prices fell in July and were flat in August, and Centaline's secondary index hit a 10 week low in mid October. Supply has not gone away either, with 96,000 private homes projected over three to four years and 19,000 completed flats still unsold.

The second divergence is in who is buying. Larger flats have joined the recovery: in August the price index for units above 100 square metres rose more than twice as fast as mid sized flats while the smallest were flat, and CBRE counted 64 sales above HK\$100m in the first quarter, up 156 percent on a year earlier. The demand behind it is Mainland led. Midland's name based proxy put Mainland buyers at 52.0 percent of primary sales value and 21.6 percent of secondary in January to July 2025. There is no comparable figure for British or Western buyers, because nobody measures it. A UK client is buying into a market priced by someone else's demand.

On a three to five year posting, rent. At flat prices a HK\$10m home takes 12 to 13 years to beat renting, and against a flat provided by an employer it never does inside 15 years.

The Hong Kong zero is real; the UK tail is not. Twenty years of UK residence keeps a HK\$100m home inside UK inheritance tax for ten years after you leave: £3.70m of exposure.

For a family, Southside beats The Peak. Repulse Bay resales clear at HK\$28,900 to 37,500 per square foot, against HK\$62,700 to 72,800 on The Peak, with the schools on the doorstep.

Buy the building, not the district. Taikoo Shing at HK\$15,400 to 22,200 per square foot, with real resale depth, is the cleanest base in the city; new Kennedy Town stock at up to HK\$40,500 is a rent.

STRUCTURAL DRAG: TWO LEDGERS

Hong Kong's own ledger is light at the door and light after it. Since the February 2024 abolition of the extra duties, a British buyer pays ad valorem stamp duty on the same scale as a permanent resident: HK\$100 up to HK\$4m, then progressive bands to 4.25 percent. From 26 February 2026 the rate on homes above HK\$109.57m rose to 6.5 percent of the whole price. Add 1 percent agency and legal fees, and a cash buyer pays 5.00 percent to enter at HK\$10m and 7.52 percent at HK\$150m. After that come rates, charged on progressive bands of 5, 8 and 12 percent of the official rateable value, Government rent at 3 percent where the lease requires it, and management fees set estate by estate. Rateable values are fixed against rents at 1 October 2025, so after this year's rent run the bill is lower than current rents would suggest. In buildings over 30 years old, the Mandatory Building Inspection Scheme can bring a repair bill, so read the owners' corporation minutes and accounts before making an offer.

PRICE	IN STERLING	STAMP DUTY	COST TO BUY, CASH	UK IHT WHILE IN THE TAIL
HK\$10m	£957,488	HK\$370,000	5.00%	£252,995
HK\$20m	£1.91m	HK\$750,000	4.90%	£635,990
HK\$50m	£4.79m	HK\$2,125,000	5.31%	£1.78m
HK\$100m	£9.57m	HK\$4,250,000	5.28%	£3.70m
HK\$150m	£14.36m	HK\$9,750,000	7.52%	£5.61m

Cash purchase by an individual: stamp duty on Scale 2 from 26 February 2026, 1 percent agency and HK\$30,000 legal fees. The inheritance tax column is the potential 40 percent charge on the home alone above the £325,000 nil rate band, while the owner remains a long term UK resident, ignoring spouse exemption, other reliefs and the rest of the estate. Sterling at HK\$10.444 to the pound, 19 October 2026. Sandhütel calculation from IRD and HMRC rules.

London's ledger is the heavier one, and it runs for years. The Statutory Residence Test decides when a client leaves, not the flight: keeping a usable UK home can create an accommodation tie that holds them resident. Temporary non residence brings certain gains realised abroad back into UK tax if the absence is five complete tax years or less, which puts the classic three to five year posting squarely in range. A client who returns and sells can claim private residence relief on the Hong Kong home, subject to the 90 day occupation test in years abroad. The largest line is inheritance tax. A long term UK resident who leaves stays within it on worldwide assets for 3 tax years after 10 to 13 years of residence, 5 after 15 and 10 after 20. Hong Kong has no estate duty to credit, and the 2010 treaty does not cover it.

5.00%

COST TO BUY AT HK\$10M
Cash, stamp duty plus fees

HK\$3.375m

THE 6.5% LINE AT HK\$150M
Extra duty against the old 4.25%

10 years

UK INHERITANCE TAX TAIL
After 20 years of UK residence

THE RENT OR BUY LEDGER

Record rents make buying look obvious. The arithmetic says otherwise for anyone with less than a decade in the city. The model below counts what owning actually costs: stamp duty and fees at both ends, rates, Government rent, management and upkeep, mortgage interest, and a 3 percent return forgone on the buyer's own capital, whether that is the whole price or the deposit. It then asks in which year the owner is better off than a tenant paying the market rent for the same flat. The answer turns almost entirely on price growth.

PRICE	CASH BUYER, YEARS	70% MORTGAGE, YEARS	VS EMPLOYER FLAT, YEARS
HK\$10m	12 / 3 / 2	13 / 3 / 2	never / never / 4
HK\$20m	never / 3 / 2	never / 3 / 2	never / never / 5
HK\$50m	never / 4 / 2	never / 4 / 2	never / never / 5
HK\$100m	never / 5 / 2	never / 5 / 3	never / never / 5
HK\$150m	never / 6 / 3	never / 7 / 3	never / never / 6

Years until owning beats renting at 0, 3 and 5 percent annual price growth; never means not within 15 years. Rents rise 3 percent and holding costs 2 percent a year; mortgage at 3.5 percent on 70 percent of the price. The employer column, shown for the mortgaged buyer, assumes the employer provides the flat and the employee bears only the salaries tax on its rental value, at 15 percent of a 10 percent benefit on HK\$3m of income. Sandhütel scenario model from cited source data; illustrations, not forecasts.

At flat prices, only the HK\$10m home ever crosses, and it takes 12 to 13 years. At 3 percent growth every band crosses within 3 to 7 years, which is why a buyer's view of prices matters more than the rent. Against a flat provided by an employer, buying does not win inside 15 years at 0 or 3 percent growth in any band. The housing package is the decisive variable, and a cash housing allowance is taxed as ordinary income, which changes the answer again.

A posting is a rent. A base you mean to keep for a decade, at a price you believe will grow, is a buy.

THE BASES WORTH BUYING

Taikoo Shing (and Quarry Bay)

Opportunity: family size flats in Hong Kong's deepest resale estate, at the lower end of Island prices. Avoid: the oldest blocks without a clean repair record.

Taikoo Shing is where a price in Hong Kong is proved by repetition. Recent resales on the estate run from about HK\$15,400 to 22,200 per square foot of saleable area, and the size of the estate produces a steady record of repeat sales that no trophy address can match. That depth is the point for a UK client: the home that is easiest to buy at a fair price is also the easiest to sell when the posting ends. The trade is age. Much of the estate is past the 30 year threshold for the Mandatory Building Inspection Scheme, so the building accounts and any planned works belong in the offer. Central is 20 to 25 minutes on the Island Line and the airport 45 to 55.

Buy the resale depth. If a Hong Kong home has to be sold in five years, this is the one with buyers waiting.

Mid-Levels West (Robinson Road and Conduit Road)

Opportunity: older, well run buildings close to Central, priced well below new towers. Avoid: buildings with weak owners' corporations and no parking, where cheapness is capex in disguise.

Mid-Levels West is the classic expatriate base, and its older stock is the value. Robinson Place resales in 2026 cleared at about HK\$16,200 to 20,800 per square foot, against HK\$28,200 to 32,400 for recent sales in the newer Kowloon Station towers across the harbour. On our arithmetic, a 1,000 square foot flat at those prices costs between £1.55m and £1.99m. The district has good secondary depth, and Central is 10 to 20 minutes away by escalator, road or MTR. The risk is the building, not the district: quality, management and repair history vary from one tower to the next, and renovated stock is offered well above the resale range.

Pay for the building's records, not its lobby. A well run older tower in Mid-Levels West is the best value walk to Central in the city.

Kowloon Tong (the school district)

Opportunity: family size flats in the city's international school cluster. Avoid: buying before the school place is secured.

Kowloon Tong is a school decision with a property attached. Recent resales at One Beacon Hill ran at about HK\$22,500 to 25,400 per square foot, below the top of the Island family market. For context, the price of a terraced family house in SW3 or SW10, about £4.0m or HK\$41.8m, buys roughly 1,650 to 1,860 square feet here on those figures. Central is 20 to 30 minutes away and the airport 35 to 45. The cost that changes the arithmetic is school capital: ESF primary tuition is HK\$145,000 a year, and debentures and capital levies at the private schools can rival the stamp duty on the flat.

Secure the school, then buy within walking distance of it. In Kowloon Tong the flat follows the admission letter.

Jardine's Lookout (and Happy Valley)

Opportunity: low density family flats with Island access and no trophy premium. Avoid: Happy Valley blocks where age and mixed management cut the discount to nothing.

Jardine's Lookout gives a family the Island without the Southside commute or The Peak's price. Recent resales at The Legend ran at about HK\$22,900 to 31,600 per square foot, with seven secondary sales

recorded on the estate in 180 days, a usable record for a market of this size. Central is 15 to 25 minutes away. Happy Valley below offers an established resale market at lower prices, with wider variation in building age and quality. Neither carries the scarcity of Southside, and neither needs to: the case is convenience at a fair price.

Buy the low density estate on the hill, not the cheapest block in the valley. This is the Island family base for a working parent.

Repulse Bay (and Shouson Hill)

Opportunity: the Southside family base, beside the schools, at roughly 40 to 60 percent of The Peak's price per square foot. Avoid: treating one sale as a district price; these are building by building markets.

Southside is where a relocating family's two priorities, space and school, meet. Achieved resales in Repulse Bay include the Beachside at HK\$28,861 per square foot in September 2026 and Celestial Garden at about HK\$37,544; Parkview Heights, indexed with Repulse Bay though set further inland, sold at HK\$27,759 in October. In Shouson Hill, the Woodgreen Estate cleared HK\$32,833. Houses sit in another tier: a Bello Horizonte house sold for HK\$187m, or HK\$60,284 per square foot, and at that price the 6.5 percent duty alone is HK\$12.2m. Hong Kong International School has its primary campus in Repulse Bay, with tuition from HK\$231,600 a year plus a HK\$24,500 capital levy, and an optional HK\$3m family debenture. Central is 20 to 30 minutes by road, and peak hours stretch it.

For a family, this is the base. Buy the apartment beside the school; leave the house for the client who will stay twenty years.

The Peak (the trophy address)

Opportunity: genuine scarcity, with fewer than 100 traditional new homes a year. Avoid: any purchase on a horizon shorter than a decade, at a duty rate that has just gone up.

The Peak is the one address in Hong Kong where scarcity is not a marketing claim. CBRE estimates fewer than 100 traditional new homes a year, and recent sales show the price of it: about HK\$72,760 per square foot for a 4,398 square foot home on Peak Road and about HK\$62,677 for 6,700 square feet at High Peak. On our arithmetic, the Peak Road sale is roughly HK\$320m, and its 6.5 percent duty is about HK\$20.8m, or £1.99m, before agency or legal fees. Turnover is thin, and one sale can move any average. The New Capital Investment Entrant Scheme now accepts a home from HK\$30m, but counts only HK\$10m of it towards the HK\$30m investment, so residency is no reason to buy here.

Buy The Peak as the last home, not the next one. At 6.5 percent on the way in, it needs the longest hold in the city.

THE WATCHLIST

Watchlist: Kennedy Town and Sai Ying Pun (Central and Western). Excellent access to Central, but new stock at The Highline runs from about HK\$22,700 to HK\$40,500 per square foot, while older Sai Ying Pun blocks such as Kwan Yick have traded near HK\$8,600 to 12,400. Rent the new; buy the old only with clean building records.

Watchlist: Wong Chuk Hang (The Southside, Southern). La Marina resales cleared at HK\$27,700 to 37,700 per square foot in 2026, level with older Repulse Bay stock, beside the MTR. Wait for liquidity once the remaining phases complete.

Watchlist: Deep Water Bay (Southern). Exceptional scarcity, but no validated 2026 resale to price it. Watch for one.

Watchlist: Kowloon Station (West Kowloon). The Airport Express makes it the best connected address here, with recent sales at about HK\$28,200 to 32,400 per square foot, but tower charges and nearby launches weigh on resale.

Watchlist: Kai Tak (Kowloon City). About 1,128 approved luxury units not yet launched in two schemes at the end of June, and developer incentives cloud every price. Wait for resale depth.

Watchlist: Discovery Bay (Lantau). Space at around HK\$7,000 to 10,000 per square foot across the estate, with schools and the airport close, but a narrow pool of buyers on exit and a ferry to Central.

Watchlist: Sai Kung and Clearwater Bay (New Territories East). The most space for the money, on too few sales to price, with village house titles that need legal review before any offer.

Watchlist: Northern Metropolis (North and Yuen Long). A planned city still being built. A forward story, not a base to live in today.

SELECTED DATA SIGNALS

MACRO AND STRUCTURAL

-19.5%

PRICES VS 2021 PEAK
RVD price index, August 2026

210.3

RENTAL INDEX, A RECORD
RVD, August 2026

6.5%

DUTY ABOVE HK\$109.57M
IRD, from 26 February 2026

10.44

HK DOLLARS PER POUND
Rate at 19 October 2026

DEMAND, ACCESS AND SCARCITY

33.6%

MAINLAND NAMED BUYERS
Midland proxy, Jan to Jul 2025

64

SALES ABOVE HK\$100M
CBRE, Q1 2026, up 156%

<100

NEW PEAK HOMES A YEAR
CBRE estimate, 2026

1,762

INVESTOR VISA APPROVALS
New CIES, to 28 February 2026

Price and rental indices are the Rating and Valuation Department's official series. Transaction prices quoted in the entries are achieved sales on saleable area from Land Registry based estate records, not area averages. The Mainland share is a name based proxy of transaction value, excluding companies; Hong Kong records no buyer nationality. Costs and the rent or buy model are Sandhütel calculations.

Read together, the top row is a market that has recovered but not repriced. Prices are a fifth below their peak while rents set records, and the state has chosen this moment to raise the duty on its most expensive homes. For a sterling buyer, the peg of 7.75 to 7.85 makes it a dollar decision.

The second row shows whose market it is. Capital is arriving through the investor visa and through Mainland buyers, the trophy segment has revived, and The Peak adds fewer than a hundred homes a year. None of those signals is British.

THE JURISDICTION, ON THE RECORD

A UK client moving a family, a home and possibly an office to Hong Kong will weigh more than prices. These are the facts as published, without commentary. The National Security Law has been in force since 30 June 2020, and the Safeguarding National Security Ordinance since 23 March 2024. Current FCDO travel advice states that the national security laws can be interpreted broadly and apply to all nationalities, inside and outside Hong Kong. The UK government's latest six monthly report on Hong Kong, covering July to December 2025, was published on 26 March 2026.

On 16 October 2026 the Judiciary said five overseas non permanent judges were serving on the Court of Final Appeal, with a sixth recommended subject to Legislative Council endorsement. In the US, the national emergency under Executive Order 13936 expired in July 2026 and OFAC removed persons sanctioned solely under it; the Hong Kong Autonomy Act and the Hong Kong Human Rights and Democracy Act remain, so banks may still screen counterparties. The World Justice Project ranked Hong Kong 24th of 143 for rule of law in 2025; IMD ranked it 2nd of 70 for competitiveness in 2026.

Hong Kong is not the tax free base the headline promises. Its own ledger is unusually light, but a UK client carries London's ledger with them, and for most of the people who move there, London's is the one that decides.

Put the signals together and the choices narrow. Rents are at a record while prices sit 19.5 percent below their peak, which looks like an invitation to buy. But buying only beats renting within a posting's length if prices grow, and the recovery has already stalled, with 19,000 unsold new flats waiting. Against a flat provided by an employer, buying does not win inside 15 years without 5 percent growth. Then the UK tail lands on top: a client with 20 years of UK residence keeps a HK\$100m home inside UK inheritance tax for a decade after leaving, an exposure of £3.70m on the home alone, while a posting of five tax years or less leaves gains open to UK tax on return.

The allocation follows from the client. The professional on a three to five year posting should rent, ideally in a home the employer provides, in Kennedy Town or Mid-Levels. The client making Hong Kong a base for a decade should buy resale depth: Taikoo Shing first, or a well run older tower in Mid-Levels West. A family should secure the school and then buy beside it, in Kowloon Tong or on Southside at Repulse Bay and Shouson Hill. The Peak is for the last home, not the next one. The principal arriving with capital should settle UK residence and the inheritance tax tail before choosing an address; Hong Kong's family office regime is real, with a minimum of HK\$240m in specified assets, but the home sits outside it.

At Sandhütel, we price a Hong Kong home on two ledgers: the one Hong Kong sends, and the one London keeps. Settle the second before you sign the first.



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Founder and Principal at Sandhütel, a London based firm focused on strategic property investment, management and design. Over 15 years' leadership across credit strategy, investment management and real asset development, including as Global Head of Credit Product Management at Barclays Wealth. There he led balance sheet strategy, product governance and commercial growth across the UK, EMEA and Asia.

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